

Preface

Competition to access water resources is increasing as a result of population growth, economic development and climate change. As such competition intensifies, the issue of how governments allocate water between uses and users is rising on the policy agenda. International best practice shows that well-designed water allocation regimes help allocate water to where it creates the most value (economic, ecological, or socio-cultural) for society. They can adjust to changing conditions and preferences at least cost for society and can provide incentives for investment in water use efficiency and innovation.

Yet, in most countries today, rules and priorities for water allocation often do not reflect best practice. In many cases, these rules have developed over decades, or even centuries, and tend to be outdated or not adjusted to take into account new needs and realities. Growing pressures are making existing inefficiencies in water allocation regimes increasingly costly: 19th century allocation arrangements are poorly equipped to serve a 21st century society and economy. Conflicts over water use have an impact on both economic growth and environmental sustainability. However, allocation regimes have proven hard to adjust, even as the economic and social values related to water use have shifted over time. This means that water is often locked-in to uses that are no longer as valuable today as they were decades ago and that the risk of shortage falls disproportionately on certain groups of users. Allocation regimes are often ill-prepared to face more rapid and pronounced change in the future, especially in relation to climate change.

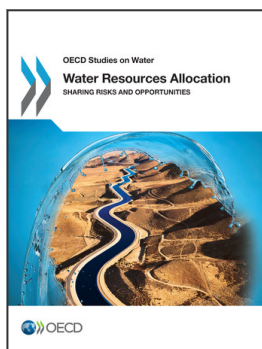
This report, *Water Resources Allocation: Sharing Risks and Opportunities*, takes a major step forward in providing policy guidance for countries seeking opportunities to unlock the value of water resources and to navigate the challenges of water allocation reform. A survey across 27 OECD and key partner countries for the first time establishes a solid evidence base of the current water allocation landscape. It reveals that most allocation regimes have elements that can encourage a robust system, but operate with significant limitations. For example, many allocation regimes suffer from legal ambiguities and unsustainable abstraction levels. Moreover, many countries still apply very low or no charges at all for water abstraction, even though the value of the resource has grown as competition for the resource has intensified.

While the case for reforming water allocation in many countries is clear, how to navigate the transition is particularly challenging. This report draws lessons from the reform experiences of 10 countries to address questions such as: How can intelligent sequencing help the reform process? How to compensate losers? And how to balance competing interests and objectives? The report also provides a practical tool that can be used to undertake a periodic “health check” of current allocation arrangements and identify opportunities for improving performance.

Although reforming water allocation may appear daunting, an improved regime can greatly increase the value that individuals and society obtain from water resources today and in the future. I am confident that policy makers can find both inspiration and pragmatic support in this report.



Angel Gurría,
OECD Secretary-General



From:
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Sharing Risks and Opportunities

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