

Water Trading and Global Water Scarcity

International Experiences

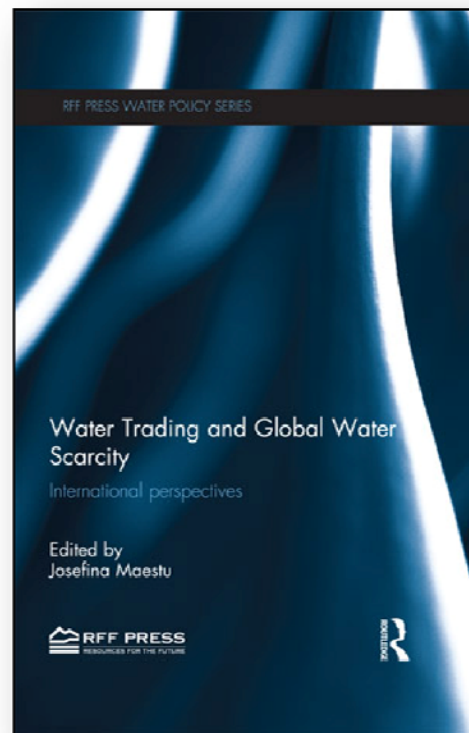
Edited by **Josefina Maestu**

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Water scarcity is an increasing problem in many parts of the world, yet conventional supply-side economics and management are insufficient to deal with it. One of the key water management options for water demand is water trading. This book explores the role of water trading, as an instrument of integrated water resources management.

Water trading can contribute to water reallocation and in this way improve efficiency of water use and decouple economic growth and the use of water resources, thus contributing also to improve environmental river flows. It is also shown to be an instrument for conflict resolution where it may be necessary to reallocate water in the context of increasing scarcity. Water trading is based on voluntary agreements to sell water among different users. Recent experiences of implementation in different river basins have shown their potential as instruments for improving allocation. These experiences, however, also show that there are implementation challenges and some limitations to trading that need to be considered. In this book the various types of water trading formulas are explored through the experience of using them in different parts of the world. The final result is varied because, in most cases, trading is conditioned by the legal and institutional framework in which the transactions are carried out. The role of government and the definition of water rights and licenses are critical for the success of water trading. The book studies the institutional framework and how transactions have been undertaken drawing some lessons on how trading can improve. It also analyses whether trading has really been a positive instrument to manage scarcity, improve water ecosystems and pollution emission problems, in those parts of the world where problems are more serious. The book concludes by making policy proposals to improve implementation of water trading.



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