Introducing the OECD Principles on Water Governance

Aziza Akhmouch, Delphine Clavreul & Peter Glas

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INTRODUCTION

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The need for resilient governance to face current and future water risks

The intensifying competition for water resources is well documented. Both demand-side and supply-side pressures are on the rise, driven by economic development, population growth, deteriorating water quality and climate change. Projections to 2050 point out that the world population will reach 9.7 billion people and that water demand will rise by 55% (OECD, 2012a). What is more, 4 billion people will live in water-stressed river basins, including in 'water-rich' countries, as evidenced by the recent scarcity crisis between Rio de Janeiro and São Paulo in Brazil. Further conflicts will be inevitable without a serious transition from *crisis* management to *risk* management.

Coping with current and future challenges requires robust public policies, targeting measurable objectives in predetermined time schedules at the appropriate scale, relying on a clear assignment of duties across responsible authorities and subject to regular monitoring and evaluation. It raises the questions, not only of 'what to do' but also of 'who does what', 'why', 'at which level of government' and 'how'. Given that many water crises are often foremost crises of governance (OECD, 2011), the OECD argues that policy responses will be viable only if they are coherent, if stakeholders are properly engaged, if well-designed regulatory frameworks are in place, if there is adequate and accessible information, and if there is sufficient capacity, integrity and transparency.

Water governance can greatly contribute to the design and implementation of such policies, in a shared responsibility across levels of government, civil society, business and the broader range of stakeholders who have an important role to play alongside policy makers to reap the economic, social and environmental benefits of good water governance. It encompasses the range of political, institutional and administrative rules, practices and processes (formal and informal) through which decisions are taken and implemented, stakeholders can articulate their interests and have their concerns considered, and decision makers are held accountable for water management (OECD, 2015a).

Evidence shows that there is not a one-size-fits-all solution to water challenges worldwide, but rather a large diversity of situations within and across countries. Governance responses should therefore be adapted to territorial specificities, recognizing that governance is highly context-dependent and it is important to fit water policies to places. But the governance landscape of freshwater management has changed in the last 25 years. Information flows more easily and potentially sheds greater light on deficiencies, failures and poor practices. Decentralization resulted in opportunities to customize policies to local realities, but also raised capacity and coordination challenges in the delivery of public services.

In 2009, the OECD set up its Water Governance Programme to identify and help governments, at all levels, bridge critical governance gaps in the design and

implementation of their water policies, through economic analysis, policy dialogues, standards and international best practices. This work has relied on the strong affirmation that water management should not be confined to the limits of a *sectoral* or *environmental* issue but be approached primarily as an *economic* issue that is decisive for sustainable and inclusive growth, territorial development and well-being at large.

The OECD Principles on Water Governance

Water management has intrinsic characteristics that make it highly sensitive to and dependent on multilevel governance. First, water connects across sectors, places and people, as well as geographic and temporal scales. In most cases, hydrological boundaries and administrative perimeters do not coincide. Second, freshwater management (surface and groundwater) is both a global and local concern, and involves a plethora of public, private and non-profit stakeholders in the decision-making, policy and project cycles. Third, water is a highly capital-intensive and monopolistic sector, with important market imperfections where coordination is essential. Also, water policy is inherently complex and strongly linked to domains that are critical for development, including health, environment, agriculture, energy, spatial planning, regional development and poverty alleviation. Lastly, to varying degrees, countries have allocated increasingly complex and resource-intensive responsibilities to sub-national governments, resulting in interdependencies across levels of government that require coordination to mitigate fragmentation.

Since 2009, the OECD Water Governance Programme has provided evidence on the main governance gaps hindering water policy design and implementation in 17 OECD countries (OECD, 2011) and 13 Latin American countries (OECD, 2012b), while supporting water reforms as part of national policy dialogues in Mexico (OECD, 2013), the Netherlands (OECD, 2014a), Jordan (OECD, 2014b), Tunisia (OECD, 2014c), Brazil (OECD, 2015b; OECD, 2017a) and Korea (OECD, 2017b). Thematic knowledge and policy guidance were also developed on stakeholder engagement (OECD, 2015c), the governance of water regulators (OECD, 2015d), and water governance in cities (OECD, 2016). This work reached its apex with the OECD Principles on Water Governance (Table 1), which were developed through a bottom-up and multi-stakeholder process within the OECD Water Governance Initiative.[1] The principles were adopted in June 2015 by the 35 OECD member countries to support effective, efficient and inclusive water policies and thus improve the 'water governance cycle', from policy design to implementation (Figure 1). In December 2016, the OECD Principles on Water Governance were included verbatim in a broader OECD Council Recommendation on Water, which also covers issues of water quantity, water quality, water risks and disasters, and sustainable finance, investment and pricing.

The principles are articulated around three mutually reinforcing and complementary dimensions of water governance (Figure 2).

- *Effectiveness* relates to the contribution of governance to define clear sustainable water policy goals and targets at all levels of government, to implement those policy goals, and to meet expected targets. It calls for clearly allocating roles and

Table 1. The OECD Principles on Water Governance.

Enhancing the **effectiveness** of water governance	
Principle 1	a) **Clearly allocate and distinguish roles and responsibilities for water policymaking, policy implementation, operational management and regulation, and foster co-ordination across these responsible authorities**
	b) Specify the allocation of roles and responsibilities, across all levels of government and water-related institutions in regard to water
	c) Help identify and address gaps, overlaps and conflicts of interest through effective co-ordination at and across all levels of government.
Principle 2	d) **Manage water at the appropriate scale(s) within integrated basin governance systems to reflect local conditions, and foster co-ordination between the different scales.**
	e) Respond to long-term environmental, economic and social objectives with a view to making the best use of water resources, through risk prevention and integrated water resources management;
	f) Encourage a sound hydrological cycle management from capture and distribution of freshwater to the release of wastewater and return flows;
	g) Promote adaptive and mitigation strategies, action programs and measures based on clear and coherent mandates, through effective basin management plans that are consistent with national policies and local conditions;
	h) Promote multi-level co-operation among users, stakeholders and levels of government for the management of water resources; and,
	i) Enhance riparian co-operation on the use of transboundary freshwater resources.
Principle 3	j) **Encourage policy coherence through effective cross-sectoral co-ordination, especially between policies for water and the environment, health, energy, agriculture, industry, spatial planning and land use**
	k) Encouraging co-ordination mechanisms to facilitate coherent policies across ministries, public agencies and levels of government, including cross-sectoral plans;
	1) Fostering co-ordinated management of use, protection and clean-up of water resources, taking into account policies that affect water availability, quality and demand (e.g. agriculture, forestry, mining, energy, fisheries, transportation, recreation, and navigation) as well as risk prevention;
	m) Identifying, assessing and addressing the barriers to policy coherence from practices, policies and regulations within and beyond the water sector, using monitoring, reporting and reviews; and
	n) Providing incentives and regulations to mitigate conflicts among sectoral strategies, bringing these strategies into line with water management needs and finding solutions that fit with local governance and norms.
Principle 4	o) **Adapt the level of capacity of responsible authorities to the complexity of water challenges to be met, and to the set of competencies required to carry out their duties**
	p) Identifying and addressing capacity gaps to implement integrated water resources management, notably for planning, rule-making, project management, finance, budgeting, data collection and monitoring, risk management and evaluation;
	q) Matching the level of technical, financial and institutional capacity in water governance systems to the nature of problems and needs;
	r) Encouraging adaptive and evolving assignment of competences upon demonstration of capacity, where appropriate;
	s) Promoting hiring of public officials and water professionals that uses merit-based, transparent processes and are independent from political cycles; and
	t) Promoting education and training of water professionals to strengthen the capacity of water institutions as well as stakeholders at large and to foster co-operation and knowledge-sharing
Enhancing the **efficiency** of water governance	
Principle 5	a) **Produce, update, and share timely, consistent, comparable and policy-relevant water and water-related data and information, and use it to guide, assess and improve water policy**
	b) Defining requirements for cost-effective and sustainable production and methods for sharing high quality water and water-related data and information, e.g. on the status of water resources, water financing, environmental needs, socio-economic features and institutional mapping
	c) Fostering effective co-ordination and experience sharing among organisations and agencies producing water-related data between data producers and users, and across levels of government;
	d) Promoting engagement with stakeholders in the design and implementation of water information systems, and providing guidance on how such information should be shared to foster transparency, trust and comparability (e.g. data banks, reports, maps, diagrams, observatories);
	e) Encouraging the design of harmonised and consistent information systems at the basin scale, including in the case of transboundary water, to foster mutual confidence, reciprocity and comparability within the framework of agreements between riparian countries; and
	f) Reviewing data collection, use, sharing and dissemination to identify overlaps and synergies and track unnecessary data overload.

(Continued)

Table 1. (Continued).

Principle 6	g)	**Ensure that governance arrangements help mobilise water finance and allocate financial resources in an efficient, transparent and timely manner**
	h)	Promoting governance arrangements that help water institutions across levels of government raise the necessary revenues to meet their mandates, building through for example principles such as the polluter-pays and user-pays principles, as well as payment for environmental services;
	i)	Carrying out sector reviews and strategic financial planning to assess short, medium and long term investment and operational needs and take measures to help ensure availability and sustainability of such finance;
	j)	Adopting sound and transparent practices for budgeting and accounting that provide a clear picture of water activities and any associated contingent liabilities including infrastructure investment, and aligning multi-annual strategic plans to annual budgets and medium-term priorities of governments;
	k)	Adopting mechanisms that foster the efficient and transparent allocation of water-related public funds (e.g. through social contracts, scorecards, and audits); and
	1)	Minimising unnecessary administrative burdens related to public expenditure while preserving fiduciary and fiscal safeguards.
Principle 7		**Ensure that sound water management regulatory frameworks are effectively implemented and enforced in pursuit of the public interest**
	a)	Ensuring a comprehensive, coherent and predictable legal and institutional framework that set rules, standards and guidelines for achieving water policy outcomes, and encourage integrated long-term planning;
	b)	Ensuring that key regulatory functions are discharged across public agencies, dedicated institutions and levels of government and that regulatory authorities are endowed with necessary resources;
	c)	Ensuring that rules, institutions and processes are well-co-ordinated, transparent, non-discriminatory, participative and easy to understand and enforce;
	d)	Encouraging the use of regulatory tools (evaluation and consultation mechanisms) to foster the quality of regulatory processes and make the results accessible to the public, where appropriate;
	e)	Setting clear, transparent and proportionate enforcement rules, procedures, incentives and tools (including rewards and penalties) to promote compliance and achieve regulatory objectives in a cost-effective way; and
	f)	Ensuring that effective remedies can be claimed through non-discriminatory access to justice, considering the range of options as appropriate.
Principle 8	g)	**Promote the adoption and implementation of innovative water governance practices across responsible authorities, levels of government and relevant stakeholders**
	h)	Encouraging experimentation and pilot-testing on water governance, drawing lessons from success and failures, and scaling up replicable practices;
	i)	Promoting social learning to facilitate dialogue and consensus-building, for example through networking platforms, social media, Information and Communication Technologies (ICTs) and user-friendly interface (e.g. digital maps, big data, smart data and open data) and other means;
	j)	Promoting innovative ways to co-operate, to pool resources and capacity, to build synergies across sectors and search for efficiency gains, notably through metropolitan governance, inter-municipal collaboration, urban-rural partnerships, and performance-based contracts; and
	k)	Promoting a strong science-policy interface to contribute to better water governance and bridge the divide between scientific findings and water governance practices.
		Enhancing **trust and engagement** in water governance
Principle 9	a)	**Mainstream integrity and transparency practices across water policies, water institutions and water governance frameworks for greater accountability and trust in decision-making**
	b)	Promoting legal and institutional frameworks that hold decision-makers and stakeholders accountable, such as the right to information and independent authorities to investigate water related issues and law enforcement;
	c)	Encouraging norms, codes of conduct or charters on integrity and transparency in national or local
	d)	Diagnosing and mapping on a regular basis existing or potential drivers of corruption and risks in all water-related institutions at different levels, including for public procurement; and
	e)	Adopting multi-stakeholder approaches, dedicated tools and action plans to identify and address water integrity and transparency gaps (e.g. integrity scans/pacts, risk analysis, social witnesses)

(*Continued*)

Table 1. (Continued).

Principle 10	f) **Promote stakeholder engagement for informed and outcome-oriented contributions to water policy design and implementation**
	g) Mapping public, private and non-profit actors who have a stake in the outcome or who are likely to be affected by water-related decisions, as well as their responsibilities, core motivations and interactions;
	h) Paying special attention to under-represented categories (youth, the poor, women, indigenous people, domestic users) newcomers (property developers, institutional investors) and other water-related stakeholders and institutions;
	i) Defining the line of decision-making and the expected use of stakeholders' inputs, and mitigating power imbalances and risks of consultation capture from over-represented or overly vocal categories, as well as between expert and non-expert voices;
	j) Encouraging capacity development of relevant stakeholders as well as accurate, timely and reliable information, as appropriate;
	k) Assessing the process and outcomes of stakeholder engagement to learn, adjust and improve accordingly, including the evaluation of costs and benefits of engagement processes;
	1) contexts and monitoring their implementation; Establishing clear accountability and control mechanisms for transparent water policy making and implementation;
	n) Promoting legal and institutional frameworks, organisational structures and responsible authorities that are conducive to stakeholder engagement, taking account of local circumstances, needs and capacities; and
	o) Customising the type and level of stakeholder engagement to the needs and keeping the process flexible to adapt to changing circumstances.
Principle 11	p) **Encourage water governance frameworks that help manage trade-offs across water users, rural and urban areas, and generations**
	q) Promoting non-discriminatory participation in decision-making across people, especially vulnerable groups and people living in remote areas;
	r) Empowering local authorities and users to identify and address barriers to access quality water services and resources and promoting rural-urban co-operation including through greater partnership between water institutions and spatial planners;
	s) Promoting public debate on the risks and costs associated with too much, too little or too polluted water to raise awareness, build consensus on who pays for what, and contribute to better affordability and sustainability now and in the future; and
	t) Encouraging evidence-based assessment of the distributional consequences of water-related policies on citizens, water users and places to guide decision-making.
Principle 12	u) **Promote regular monitoring and evaluation of water policy and governance where appropriate, share the results with the public and make adjustments when needed**
	v) Promoting dedicated institutions for monitoring and evaluation that are endowed with sufficient capacity, appropriate degree of independence and resources as well as the necessary instruments;
	w) Developing reliable monitoring and reporting mechanisms to effectively guide decision-making;
	x) Assessing to what extent water policy fulfils the intended outcomes and water governance frameworks are fit for purpose; and
	y) Encouraging timely and transparent sharing of the evaluation results and adapting strategies as new information become available.

Source: OECD (2015a).

responsibilities, managing water at the appropriate scales, encouraging policy coherence, and adapting the level of capacity to the complexity of water challenges to be met.

- *Efficiency* relates to the contribution of governance to maximize the benefits of sustainable water management and welfare at the least cost to society. It relies on sharing water-related data and information, mobilizing water finance, enforcing regulatory frameworks, and promoting innovative water governance practices (inter-municipal collaboration, urban–rural partnerships, etc.).
- *Trust and engagement* relate to the contribution of governance to building public confidence and ensuring inclusiveness of stakeholders through democratic legitimacy and fairness for society at large. It is about mainstreaming integrity and
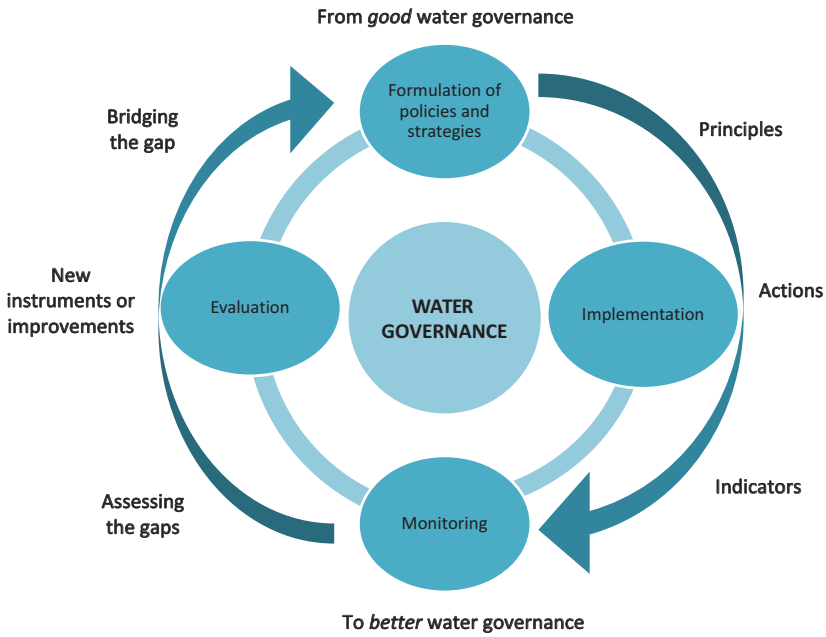
Figure 1. The Water Governance Cycle (*Source*: OECD, 2015a).
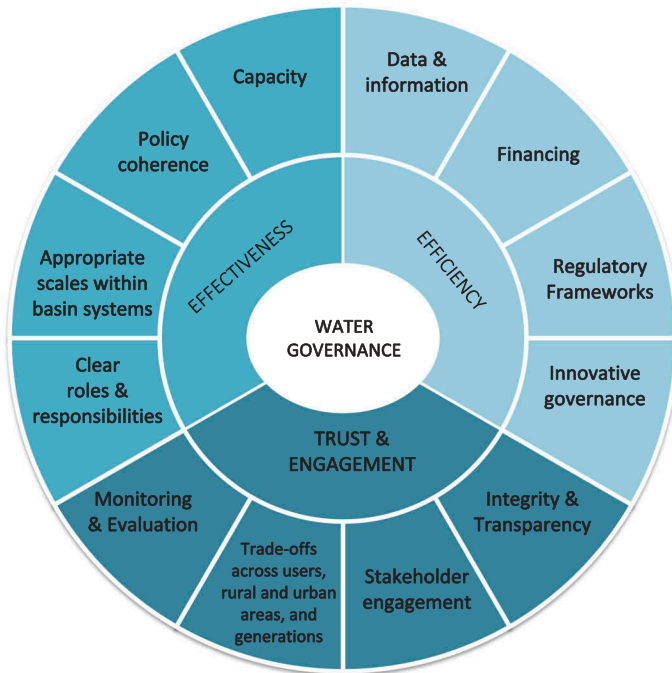

Figure 2. Overview of oecd principles on water governance (*Source*: OECD, 2015a).

transparency, managing trade-offs across water users, rural and urban areas, and generations, and promoting regular monitoring and evaluation to make adjustments when needed.

The principles are relevant for all levels of government. They apply to the overarching water policy cycle and should be implemented in a systemic and inclusive manner. As such, they apply across (1) water management *functions* (e.g. drinking water supply, sanitation, flood protection, water quality, water quantity, rainwater and stormwater); (2) water *uses* (e.g. domestic, industry, agriculture, energy and environment),; and (3) *ownership* of water management, resources and assets (e.g. public, private, or mixed).

Since their adoption by the OECD ministers, seven non-OECD countries (Brazil, China, Colombia, Morocco, Peru, Romania and South Africa) and more than 150 other actors have committed to mainstreaming the principles across their policies and activities through endorsing them formally and joining the Global Coalition for Good Water Governance set up in 2016. The coalition aims to trigger collective action and guide public action from policy makers, business, and society at large through the identification, collection and upscaling of innovative solutions.

From principles to indicators and improved policies and practices

The principles are based on the consideration that water governance is a means to an end, rather than an end in itself. Understanding the performance of governance arrangements is a means to ultimately improve the management of too much, too little and too polluted water in the short, medium and long term.

Assessing governance frameworks requires dialogue between different actors supported by robust evidence on the current state of play and needed actions to guide decision-making processes now and in the future. The OECD principles have been used by different stakeholders (practitioners, researchers, policy makers, etc.) as a framework to appraise water governance efficiency, effectiveness and inclusiveness through dialogues in a specific sub-sector, for instance flood risk governance as applied to the Dutch Flood Protection Programme (see Seijger et al. in this special issue); in a given context, such as Action Against Hunger's humanitarian and development projects on water and sanitation governance; and at a specific scale, in this case the city level as part of the *City Blueprint Approach*.

Since the adoption of the OECD principles, the OECD has been developing an implementation strategy based on the bottom-up and multi-stakeholder development of an indicator framework and the collection of water governance stories addressing some or all of the principles. The indicators are conceived as a self-assessment framework for governments and stakeholders to carry out a dialogue on their water governance systems at a given moment, to track progress over time and to map the concrete actions needed to bridge identified gaps. In particular, the indicators seek to build consensus across a range of public authorities and stakeholders on the strengths and weaknesses of water governance systems and the ways forward. Simultaneously, 60-plus water governance stories illustrating the implementation of the OECD principles have been collected at local, basin, national and global levels to showcase concrete experiences, lessons learned from success and pitfalls to avoid. Both indicators (to be published in a dedicated OECD report) and stories (to be featured in a dedicated database) are expected to encourage and facilitate the

uptake of the OECD Principles on Water Governance at different levels and ultimately contribute to the development of better water policies for better lives.

Note

1. The OECD Water Governance Initiative is an international multi-stakeholder network of members from the public, private and non-for-profit sectors gathering twice a year to share good practices in support of better governance in the water sector.

Disclosure statement

No potential conflict of interest was reported by the authors.

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Aziza Akhmouch
Water Governance Programme OECD Centre for Entrepreneurship, SMEs, Local Development and Tourism
✉ Aziza.akhmouch@oecd.org

Delphine Clavreul
Water Governance Programme OECD Centre for Entrepreneurship, SMEs, Local Development and Tourism

Peter Glas
Water Board De Dommel (Netherlands); and OECD Water Governance Initiative