WATER GOVERNANCE IN OECD COUNTRIES: A MULTI-LEVEL APPROACH

The “water crisis” is largely a governance crisis

There is enough water on Earth for all, even in areas where temporary shortages may exist. Managing water for all is not only a question of resources availability and money, but equally a matter of good governance. Water is essentially a local issue and involves a plethora of stakeholders at basin, municipal, regional, national and international levels. In the absence of effective public governance to manage interdependencies across policy areas and between levels of government, policymakers inevitably face obstacles to effectively designing and implementing water reforms.

Key challenges are institutional and territorial fragmentation and badly managed multi-level governance, but also limited capacity at the local level, unclear allocation of roles and responsibilities and questionable resource allocation. As the 2009 OECD report Managing Water For All stated, patchy financial management and the lack of long-term strategic planning are also to blame, together with poor economic regulation and poorly drafted legislation. Insufficient means for measuring performance have also contributed to weak accountability and transparency. These obstacles are often rooted in misaligned objectives and poor management of interactions between stakeholders.

There is no one-size-fits-all answer, magic blueprint or panacea to respond to governance challenges in the water sector, but rather a plea for home-grown and place-based policies integrating territorial specificities and concerns. The institutions in charge of water management are at different developmental stages in different countries, but common challenges – including in the most developed countries - can be diagnosed ex ante to provide adequate policy responses. To do so, there is a pressing need to take stock of recent experiences, identify good practices and develop pragmatic tools across different levels of government and other stakeholders in engaging shared, effective, fair and sustainable water policies.
A multi-level governance approach for addressing complexity in the water sector

In most countries, regardless of the level of decentralisation, water public governance is fragmented and would benefit from a stronger rationale for efforts to co-ordinate water policy. Given the importance of local actors and territorial specificities in the water sector, policymakers should not avoid complexity by favouring traditional top-down policies but instead find ways to maintain coherence while preserving diversity.

Number of authorities* involved in water policy making at central government level
(17 OECD countries surveyed)

<table>
<thead>
<tr>
<th>Country</th>
<th>Authorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>NLD</td>
<td>2</td>
</tr>
<tr>
<td>PRT</td>
<td>3</td>
</tr>
<tr>
<td>CAN</td>
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</tr>
<tr>
<td>JPN</td>
<td>4</td>
</tr>
<tr>
<td>ISR</td>
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</tr>
<tr>
<td>AUS</td>
<td>5</td>
</tr>
<tr>
<td>ESP</td>
<td>6</td>
</tr>
<tr>
<td>FRA</td>
<td>6</td>
</tr>
<tr>
<td>MEX</td>
<td>6</td>
</tr>
<tr>
<td>KOR</td>
<td>11</td>
</tr>
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<td>ITA</td>
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</tr>
<tr>
<td>GBR</td>
<td>14</td>
</tr>
<tr>
<td>NZL</td>
<td>15</td>
</tr>
</tbody>
</table>

* Ministries, départements, public agencies etc.

Involvement of sub-national levels in water resources management and service delivery
(17 OECD countries surveyed)

OECD previous work on water concluded that the solutions to the water crisis do exist and are well-known. The real challenge is implementing these solutions, tailoring them to local contexts, overcoming obstacles to reform and bringing together the main actors from different sectors to join forces and share the risks and tasks. The OECD’s report Water Governance in OECD Countries: A Multi-level Approach explores the co-ordination “gaps” in water policy, based on a methodological framework designed to diagnose multi-level governance challenges in decentralised public policy and identify relevant policy responses.
Objectives of the Water Multi-level Governance Study

The multi-level approach used in the analysis aims to identify good practices for managing interdependencies between the many stakeholders involved in water management. It takes a close look at the processes through which public actors articulate their concerns, decisions are taken and policy makers are held accountable. Data were collected through an extensive survey on water governance in 2010 to which 17 OECD countries contributed.

The report provides a “reading template” to: i) map the allocation of responsibilities in water policy design, regulation and implementation; ii) identify common multi-level governance bottlenecks for integrated water policy; iii) suggest the main policy responses for managing mutual dependencies across levels of government in water policy design and implementation; iv) promote decision-making that integrates actors at all levels; and v) encourage the adoption of relevant capacity-building, monitoring and evaluation tools.

The OECD Multi-level Governance Framework: Key Co-ordination Gaps in Water Policy

### Administrative gap
Geographical “mismatch” between hydrological and administrative boundaries. This can be at the origin of resource and supply gaps.

- Need for instruments to reach effective size and appropriate scale.

### Information gap
Asymmetries of information (quantity, quality, type) between different stakeholders involved in water policy, either voluntary or not.

- Need for instruments to make relevant and sharing information.

### Policy gap
Sectoral fragmentation of water-related tasks across ministries and agencies.

- Need for mechanisms to create multidimensional systemic approaches, and to exercise political leadership and consultation.

### Capacity gap
Insufficient scientific, technical, infrastructural capacity of local actors to design and implement water policies (size and quality of infrastructure, etc.) as well as relevant strategies.

- Need for instruments to build local capacity.

### Funding gap
Unstable or insufficient revenues undermining effective implementation of water responsibilities at sub-national level, cross-sectoral policies, and investments requested.

- Need for shared financing mechanisms.

### Objective gap
Different rationales creating obstacles for adopting convergent targets, especially in case of motivational gap (referring to the problems reducing the political will to engage substantially in organising the water sector).

- Need for instruments to align objectives.

### Accountability gap
Difficultly ensuring the transparency of practices across the different constituencies, mainly due to insufficient users’ commitment. Lack of concern, awareness and participation.

- Need for institutional quality instruments.
- Need for instruments to strengthen the integrity framework at the local level.
- Need for instruments to enhance citizen involvement.

Key results from the report

The institutional organisation of the water sector varies widely across and within OECD countries

An analysis of the allocation of roles and responsibilities in water policy in 17 OECD countries has resulted in a matrix that permits “institutional mapping” of water policy. Seventeen country/region profiles were also designed to identify who does what in water policy design, regulation, implementation at the central and sub-national levels. They suggest the following observations:

- First, it is not possible to identify a master plan generally adopted for assigning competencies across ministries and levels of government in the water sector. However, common trends across OECD countries are noticeable, especially regarding sub-national actors and their responsibilities as most OECD countries have largely decentralised their water policy making;

- Second, no systematic correlation can be found between a given country’s institutional organisation (unitary or federal, for example) and the institutional mapping of water policy. Geographical, environmental and economic factors also have a considerable impact;
• Third, river basin management has been encouraged in both federal and unitary countries, by institutional factors but also hydrological parameters and international incentives or regulations (e.g. EU Water Framework Directive);

Water policy making at central level in OECD countries: a diversity of situations

<table>
<thead>
<tr>
<th>Country or region</th>
<th>Unitary, federal or quasi-federal country</th>
<th>Number of principal actors in design and implementation</th>
<th>Number of actors in regulation</th>
<th>Role of central government (dominant actor, joint role with local actors, none)</th>
<th>Means of defining roles</th>
<th>Specific water regulatory agency (yes/no)</th>
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<tr>
<td>Australia</td>
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<td>4</td>
<td>Joint</td>
<td>Law</td>
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<tr>
<td>Belgium (H.)</td>
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<td>7</td>
<td>–</td>
<td>None</td>
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<td>–</td>
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<tr>
<td>Israel</td>
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<td>4</td>
<td>Dominant</td>
<td>Law</td>
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<tr>
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<td>5</td>
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<td>Japan</td>
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<td>Korea</td>
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<td>Joint</td>
<td>Law Ad hoc Other</td>
<td>No</td>
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<td>Portugal</td>
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<td>Dominant</td>
<td>Law Ad hoc Other</td>
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<td>Spain</td>
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<td>Joint</td>
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<tr>
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<td>7</td>
<td>Joint</td>
<td>Constitution Law</td>
<td>No</td>
</tr>
</tbody>
</table>


• Fourth, based on comparing the allocation of responsibilities at the central and sub-national levels, the report presents a tentative typology of three categories with different governance challenges for developing and implementing coherent water policies. In most cases countries have developed a series of mechanisms to address the institutional challenges mentioned below.

Tentative categories based on the allocation of roles and responsibilities in water

Model No. 1  Implementing an Integrated and place-based approach at the territorial level

- **Central Actors**
  - Key challenges: co-ordination across ministries and between levels of government
  - Examples: Korea, Chile, Israel

Model No. 2  Integrating the involvement of different actors at central and sub-national levels

- **Central Gvt Actors**
  - Key challenges: co-ordination across ministries, between levels of government and across local actors

- **Subnational Actors**
  - Examples: France, Mexico, Spain

Model No. 3  Integrating multisectoral and territorial specificities in strategic planning and design at central level

- **Central Gvt Actors**
  - Key challenges: co-ordination across subnational actors and between levels of government

- **Subnational Actors**
  - Examples: United States, Canada, Belgium, Australia

*Multi-level governance “gaps” in water policy design, regulation and implementation affect all OECD countries, but to varying degrees*

The next objective of the report is to identify the principal co-ordination and capacity challenges across ministries and public agencies, between levels of government, and across local actors involved in water policy, based on the OECD Multi-level Governance Framework. The degree to which effective co-ordination and implementation of water policies is compromised by multi-level governance gaps varies widely in the OECD region, but common challenges have been identified.
Key multi-level governance in water policy making: an overview of OECD countries

<table>
<thead>
<tr>
<th>“Important” or “very important” gap</th>
<th>No. of countries or regions</th>
<th>Examples of countries or regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding gap</td>
<td>11 out of 17</td>
<td>Australia, Belgium (Flanders), Chile, France, Greece, Israel, Korea, Mexico, New Zealand, Portugal, Spain, United States (Colorado)</td>
</tr>
<tr>
<td>Capacity gap</td>
<td>11 out of 17</td>
<td>Australia, Belgium (Flanders), Chile, Greece, Italy, Korea, Netherlands, Portugal, Spain, United Kingdom, United States (Colorado)</td>
</tr>
<tr>
<td>Policy gap</td>
<td>9 out of 17</td>
<td>Belgium (Flanders), Canada, France (subnational actor), Greece, Israel, Italy, Korea, Spain (subnational actor), United States (Colorado)</td>
</tr>
<tr>
<td>Administrative gap</td>
<td>9 out of 17</td>
<td>Australia, Greece, Italy, Korea, Netherlands, Portugal, Spain, United Kingdom, United States (Colorado)</td>
</tr>
<tr>
<td>Information gap</td>
<td>9 out of 17</td>
<td>Australia, Chile, Italy, Korea, Netherlands, Portugal, Spain, United Kingdom, United States (Colorado)</td>
</tr>
<tr>
<td>Accountability gap</td>
<td>9 out of 17</td>
<td>Belgium (Flanders), Chile, Greece, Italy, Korea, Mexico, Netherlands, Portugal, United States (Colorado)</td>
</tr>
<tr>
<td>Objective gap</td>
<td>4 out of 17</td>
<td>Belgium (Flanders), Israel, Korea, Portugal</td>
</tr>
</tbody>
</table>


- In two-thirds of OECD countries surveyed, the **funding** (or fiscal) gap (i.e. the mismatch between administrative responsibilities and available funding) is the main obstacle to vertical and horizontal co-ordination of water policies;
- Despite the well-developed infrastructure and the regular transfer of expertise, the **capacity gap** is still the second most important challenge in OECD countries – especially at the sub-national level;
- Two-thirds of OECD countries surveyed still face a **policy gap** (i.e. the sectoral division of water related tasks) because of the fragmentation of responsibilities at national and sub-national level and the lack of institutional incentives for horizontal co-ordination between different policy fields;
- The **administrative gap** (mismatch between hydrological and administrative boundaries) still has a significant impact on water policy implementation, even after the adoption of river basin management principles;
- Last but not least, **information** and **accountability gaps** are major obstacles to integrated water policy in half of the OECD countries surveyed.

### Multi-level governance gaps in OECD countries' water policymaking

(17 OECD countries surveyed*)

* There are 18 responses for the 17 countries surveyed. As water is a regional issue in Belgium, Flanders and Walloon replied separately.

Most OECD countries have made significant efforts to co-ordinate water policy across ministries and between levels of government

A third contribution of the report is to identify existing governance instruments for building capacity and co-ordinating water policies at horizontal and vertical levels. OECD experience shows again that there is no panacea for integrating water policy, but that a wide variety of options exist:
All OECD countries surveyed have set up co-ordination tools at the central government level. These mainly consist in line ministries, inter-ministerial bodies or mechanisms, or specific co-ordinating bodies. Most countries have also made efforts to co-ordinate water with other policy areas, including spatial planning, regional development, agriculture and energy (OECD, 2011).

**Horizontal co-ordination mechanisms** across ministries at central government level
(17 OECD countries surveyed)

* A distinction is made between the line ministry which has the lead on water policy (but not only) and the Ministry of Water exclusively dedicated to water policy.


**Horizontal co-ordination across policy areas**


Performance measurements, water information systems and databases, financial transfers, inter-municipal collaboration, citizen participation and innovative mechanisms (e.g. experimentation) are important tools for co-ordinating water policy at the territorial level and between levels of government;

**Vertical co-ordination mechanisms across levels of government**
(17 OECD countries surveyed)

• Where they exist, river basin organisations are a powerful tool for addressing vertical co-ordination challenges and interactions at the local level.

![Graph: Missions of river basin organisations in OECD countries](image)


![Graph: Managing the interface between sub-national actors in water policy](image)


**Guidelines can help manage complexity in water policy and maintain coherence while preserving diversity**

The report ends with tentative guidelines intended to serve as a tool for policy makers to diagnose and overcome multi-level governance challenges in the design of water policy. Such guidelines are interdependent and should not be considered in isolation. However, they can help enhance the prospects for crafting successful water reform strategies in the future. They are intended as a step towards more comprehensive guidelines (to be developed at a later stage), based on in-depth policy dialogues on water reform with countries and recognised principles of water policy, economic bases and good governance practices.

**Preliminary guidelines for effective management of multi-level governance**

• Diagnose multi-level governance gaps in water policy making across ministries and public agencies, between levels of government and across sub-national actors; This will help clearly define roles and responsibilities of public authorities;

• Involve sub-national governments in designing water policy, beyond their roles as “implementers”, and allocate human and financial resources in line with responsibilities of authorities;

• Adopt horizontal governance tools to foster coherence across water-related policy areas and enhance inter-institutional co-operation across ministries and public agencies;

• Create, update and harmonise water information systems and databases for sharing water policy needs at basin, country and international levels;

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7 WATER IN OECD COUNTRIES: A MULTI-LEVEL APPROACH – HIGHLIGHTS
• Encourage performance measurement to evaluate and monitor the outcomes of water policies at all levels of government, and provide incentives for capacity building;

• Respond to the fragmentation of water policy at the sub-national level by encouraging co-ordination across sub-national actors;

• Foster capacity-building at all levels of government. This implies combining investment in physical water and sanitation, or “hard” infrastructure, and providing “soft” infrastructure, i.e. mainly the institutions upon which water outcomes rely and their ability to fulfil their duties in an effective and co-ordinated way;

• Encourage a more open and inclusive approach to water policy making through public participation in water policy design and implementation;

• Assess the adequacy of existing governance instruments for addressing identified challenges and fostering co-ordination of water policy at horizontal and vertical levels.

Further reading


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