The Water Governance Programme advises governments at all levels on how to design and implement better water policies for better lives. It relies on multi-stakeholder engagement and bottom-up processes to produce policy analysis, policy dialogues, policy standards and a policy forum. Since its creation in 2009, it has produced evidence-based analysis, benchmarks and peer reviews. Following the adoption of the OECD Principles on Water Governance, work is under way to put them into practice at local, basin and national level in both member and non-member countries.

Water governance is the set of rules, practices, and processes (formal and informal) through which decisions for the management of water resources and services are taken and implemented, stakeholders articulate their interest and decision-makers are held accountable (OECD, 2015a).
The OECD Multi-level Governance Framework “Mind the Gaps, Bridge the Gaps” identified seven categories of governance deficits related to water management that are relevant to all countries regardless of their institutional organisation, water availability and demand. This framework used several perception and fact-based indicators to assess the performance of water governance across 17 OECD countries (2011) and 13 countries from Latin America and the Caribbean (2012). It was used as an analytical background for country reviews in Mexico (2013), the Netherlands, Tunisia, Jordan (2014) and Brazil (2015), as well as analyses on water governance in cities (2016), stakeholder engagement (2015) and on integrity (2014).
Urban, demographic and climate trends are increasingly exposing cities to risks of having too little, too much and too polluted water. Tackling these challenges requires robust policies and governance frameworks to co-ordinate across multiple scales, authorities, and policy domains. Building on a survey of 48 cities in OECD countries and emerging economies, the report analyses key factors affecting urban water governance, discusses trends in allocating roles and responsibilities across levels of government, and assesses multi-level governance gaps in urban water management. It provides a framework for mitigating territorial fragmentation and raising the profile of water in the broader sustainable development agenda, focusing in particular on the contribution of metropolitan governance, rural-urban partnerships and stakeholder engagement.

The report proposes a series of policy responses to multi-level governance gaps, structured around the “3Ps” co-ordination framework for integrated urban water management.

Access the 48 City Profiles online at: http://www.oecd.org/cfe/WaterGovernanceProgramme.htm
This report assesses the current trends, drivers, obstacles, mechanisms, impacts, costs and benefits of stakeholder engagement in the water sector. It builds on empirical data collected through an extensive survey across 215 stakeholders and 69 case studies collected worldwide. Findings highlight the shift of power across stakeholders; the arrival of new entrants that ought to be considered; innovative tools that have emerged to manage the interface between multiple players, and types of costs and benefits at policy and project levels. The Report concludes with six basic principles for stakeholder engagement, a checklist for public action and a list of self-assessment questions for each.

“Often, costs of stakeholder engagement are short term while benefits may arise during the engagement, immediately after, or in the long run” (OECD, 2015c)
The OECD has worked with 34 water regulators, part of the Network of Economic Regulators, to identify the features of dedicated bodies set up to regulate the provision of urban drinking water and wastewater services. The work builds on the OECD Best Practice Principles for the Good Governance of Regulators.

In recent decades water regulators have been established across countries. They can play a key role in maintaining a sustainable tariff system, ensuring transparency and making the drinking water sector more user-centric and accountable to the public. They also constitute a critical link in the regulatory governance cycle by ensuring compliance with and credibility of the regulatory framework.

The OECD Network of Economic Regulators is a forum for economic regulators (water, electricity, gas, etc.) from OECD member and non-member states.

Access the report on the governance of water regulators at: [http://dx.doi.org/10.1787/9789264231092-en](http://dx.doi.org/10.1787/9789264231092-en)
Water is abundant in Brazil, but unevenly distributed across regions and users. Remarkable progress to reform the sector has been achieved since the 1997 National Water Law, but economic, climate and urbanisation trends generate threats that may jeopardize national growth and development. The consequences are particularly acute in regions where tensions across water users already exist or are likely to grow. The report is the result of a policy dialogue with more than 100 stakeholders at different levels in Brazil. It assesses the performance of Brazil’s water governance and suggests policy recommendations for strengthening the co-ordination between federal and state water policies and for setting up more robust water allocation regimes that can better cope with future risks. The report concludes with an action plan, that suggests concrete milestones and champion institutions to implement these recommendations.

**Key recommendations**

- Raise the profile of water in the broader economic, social and environmental national agenda,
- Strengthen the effectiveness of the national and state water resources councils,
- Enhance horizontal and vertical co-ordination for greater policy coherence and consistency,
- Strengthen the capacity of state-level and basin institutions for better outcomes and decisions,
- Encourage pricing mechanisms, including water charges, to reflect opportunity costs,
- Foster public policy continuity and impartiality for a long-term vision on water for growth,
- Raise awareness among stakeholders about future risks and engage with municipalities,
- Set water resources plans that guide water allocation decisions and support implementation,
- Take a consistent approach to define the water resource pool to maximise benefits,
- Facilitate reallocation of water when appropriate to encourage water efficiency,
- Scale up opportunities for sharing experience across states and basins.

"Current demographic, economic and climatic trends suggest continued pressure on water resources in Brazil in the years to come. This calls for a shift from crisis management to risk management” (OECD, 2015b)
Two-thirds of the Dutch territory, more than half of the population and two-thirds of economic activity are at risk from flooding. This report highlights the long-standing excellent track record of Dutch water governance in several areas: the system has managed to “keep Dutch feet dry” and to develop a strong economy and robust water industry. The Netherlands is a global pioneer in water management with a long history of containing flood risks and reclaiming land from the sea. Yet it will need to adapt its water governance policies to meet the looming challenges of shifting demographics, regional development and climate change.

Key recommendations

- Encourage independent mechanisms for transparent information and performance monitoring,
- Strengthen the economic incentives for managing risks efficiently and equitably,
- Strengthen policy coherence among water, land use and spatial planning, building on the opportunities offered by the development of the environmental planning act,
- Organise the wastewater chain in a coherent way, considering issues of scope and scale,
- Shore up the financing system to ensure long-term financial sustainability,
- Provide room for non-technical innovation, in particular in urban water management.

“Dutch citizens are facing a striking awareness gap: many people are not aware of the basics about evacuation policy, the origin of the water they drink, or the real cost of water management” (OECD, 2014a)
Policy dialogues in Jordan and Tunisia were carried out jointly with the Global Water Partnership-Mediterranean (GWP-Med) in the context of the project labelled by the Union for the Mediterranean (UfM) on “Governance and Financing for the Mediterranean Water Sector”. The reports diagnose the main governance and financing challenges to private sector participation (PSP) in water supply and sanitation and suggests ways to address them.

Jordan is the fourth-poorest country worldwide in terms of water resources. Apart from potash and phosphate, other natural resources are also limited and so is agricultural land. With the influx of millions of Syrian refugees, the need to provide food, water and shelter is driving the country into a severe crisis. In this context, innovative solutions are required.

The 2014 Constitution of Tunisia recognizes decentralisation as the fundamental basis for the organisation and distribution of power. This context offered a unique opportunity to adjust the country’s water governance to reflect local preferences and needs and set up place-based policies that can help address territorial disparities.

Key recommendations

- Manage public-private partnerships in a fiscally constrained environment through **appropriate budget processes**,  
- Reduce regulatory risks through supporting the development of a **high-quality framework**,  
- Promote **stakeholder engagement** to improve accountability and buy-in.

Key recommendations

- Understand the **variety of private sector participation modalities**, their objectives and conditions for success, and identify those most appropriate to the Tunisian context,  
- Ensure the **financial and fiscal sustainability** of private sector participation in the water sector,  
- Improve mechanisms for **transparency** and **stakeholder engagement**.
The Mexican population is forecast to reach almost 150 million by 2050. Increasing levels of inequality and climate change are expected to exacerbate today’s challenges. An additional 36 to 40 million Mexicans will require access to a water supply and sanitation system by 2030. Water policy has therefore become a national security issue. The report analyses bottlenecks and identifies good practices in four key areas considered as essential drivers for change in Mexico’s water sector: multi-level and river basin governance; economic efficiency and financial sustainability; and regulatory functions for water supply and sanitation. It highlights many positive achievements but also emphasises that policy implementation is uneven, river basin councils are not fully operational, the regulatory framework for drinking water and sanitation is fragmented and harmful subsidies work against water policy objectives.

Key recommendations

• Address multi-level governance challenges to correct inconsistencies,
• Foster policies and mechanisms providing flexibility to adjust to the needs of each state and basin,
• Clarify the regulatory framework for water services to address overlaps and gaps,
• Strengthen the role, functions and autonomy of river basin councils and their auxiliary bodies,
• Foster information sharing, integrity and stakeholder engagement across all levels of government,
• Establish a platform to share good practices across states, river basin organisations and councils,
• Enhance the cost effectiveness of water policies through better institutional architecture,
• Promote economic instruments to enhance the cost effectiveness and productivity of water policies,
• Sequence and prioritise reform needs,
• Support greater policy coherence with agriculture and energy.

“In Mexico needs to invent its own model for water governance and bring more flexibility into its water policies to cope with future challenges” (OECD, 2013)
The **OECD Principles on Water Governance** set standards for more effective, efficient and inclusive design and implementation of water policies, and encourage governments to put them into action. The Principles were approved by the OECD Regional Development Policy Committee on 11 May 2015, and endorsed by all OECD Ministers at the Ministerial Council Meeting, 4 June 2015. They were developed in a bottom-up and multi-stakeholder fashion, and endorsed by 65 major stakeholder groups.

**OECD Principles on Water Governance**
Source: OECD (2015a)

Next steps seek to put the 12 Principles into action through the identification and scaling up of **best practices** and the development of **water governance indicators** as part of a 3-year implementation strategy. Detailed action-oriented guidance is also under way to translate the principles into specific sub-sectors (drinking water, floods, wastewater, etc.) and shed light on who can do what across territorial scales (local, metropolitan, basin, national) and stakeholders (public, private and non-profit).
The **OECD Water Governance Initiative (WGI)** was created in March 2013 as an international network of 100+ public, private and non-for-profit stakeholders gathering twice a year in a Policy Forum to share experience on water reforms, peer-review analytical work on water governance, and produce bottom-up knowledge and guidance such as the OECD Principles on Water Governance.

**Objectives of the WGI**

- **Contribute to Global Agenda**
- **Support reform processes**
- **Share best practices**
- **Peer-review analytical work**
- **Put Principles into practice**

**Structure of the WGI (2016-18)**

- **Objectives of the WGI**
  - Contribute to Global Agenda
  - Support reform processes
  - Share best practices
  - Peer-review analytical work
  - Put Principles into practice

- **Operational activities**
  - OECD Secretariat

- **Chair & Steering Committee**
  - [Suez, ASTEE, INBO/OIEau, AEAS, WIN, SIWI, Transparency International]

- **Regional partners**
  - [LAC, Europe, Asia-Pacific, MENA, Africa]

- **Working group**
  - Best practices
  - Indicators

- **Communication and outreach**
  - [SDGs, 8th World Water Forum, Habitat III, COP 22]
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