Stakeholder Engagement for Effective Water Governance

Workshop – IWA World Water Congress
24 September 2014, Lisbon
Where do we come from?

6th World Water Forum (Marseille, March 2012)
By 2015, 50% of countries will have adopted consultation, participation and co-ordination mechanism allowing stakeholders at local, regional, national and international levels to effectively contribute to decision-making in a coherent, holistic and integrated way. By 2021, 100% will have done so.

Coordinators of the target group
OECD & Suez Environnement

38 solutions collected
74 contributors world-wide
1 dedicated session at the 6th WWF

Creation of the OECD Water Governance Initiative
=> Specific working group on stakeholder engagement

⇒ Call for more evidence-based policy guidance and international comparison to support stakeholder engagement
OECD Survey

- International Organisations: 19
- Governments (national, regional, local): 45
- Service providers: 27
- Civil Society: 27
- Business: 11
- Regulators: 6
- Watershed institutions: 18
- Financial Actors (Donors, Financial institutions): 9
- Science and academia: 35
- Advisors: 13
- Others: 5
Project Timeline

**OECD Survey on across 210+ stakeholders**

=> Quantitative & Qualitative evidence on **trends, practices, tools, effectiveness** and **costs and benefits** of stakeholder engagement in the water sector

**Collection of 60+ case studies**

=> **Practical on-the-ground experiences** and **good practices** of impactful stakeholder engagement

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**2 webinars** [January & June 2014]

=> Discussion of preliminary results & key messages

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**Issues Paper and Draft Report**

=> Preliminary **policy Principles, Indicators** and **Checklist for Action**

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**OECD Workshop**

[19 September]

**IWA Meeting**

[24 September]

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**Revision and Peer-review Process**

4th OECD-WGI Meeting [24-25 November 2014, Paris]

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**Launch of the final report at the 7th World Water Forum**

[12-17 April 2015, Korea]
HIGHLIGHTS
## Levels of engagement

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Co-production &amp; Co-decision</strong></td>
<td>Balanced share of power among stakeholders involved</td>
</tr>
<tr>
<td><strong>Partnerships</strong></td>
<td>Agreed-upon collaboration between stakeholders</td>
</tr>
<tr>
<td></td>
<td>Characterised by joint agreement</td>
</tr>
<tr>
<td><strong>Representation</strong></td>
<td>Structural level of engagement with the objective to develop collective choices</td>
</tr>
<tr>
<td></td>
<td>Often embedded in organisation's structure</td>
</tr>
<tr>
<td><strong>Consultation</strong></td>
<td>Gather comments, perception, information, and experience of stakeholders</td>
</tr>
<tr>
<td></td>
<td>No obligation to take views of stakeholders into consideration in the final outcomes</td>
</tr>
<tr>
<td><strong>Awareness-raising</strong></td>
<td>Making targeted audience more knowledgeable and sensitive to specific water issue</td>
</tr>
<tr>
<td></td>
<td>Encourage stakeholders to relate to the issue and take action</td>
</tr>
<tr>
<td><strong>Information-sharing</strong></td>
<td>Making water-related information and data available to other parties</td>
</tr>
<tr>
<td></td>
<td>Sharing information unilaterally, bilaterally or multi-laterally</td>
</tr>
<tr>
<td>Analytical Framework</td>
<td></td>
</tr>
<tr>
<td>----------------------</td>
<td></td>
</tr>
<tr>
<td><strong>Drivers</strong></td>
<td></td>
</tr>
<tr>
<td>Trends, driving forces and levers for actions</td>
<td></td>
</tr>
<tr>
<td>=&gt; <strong>Outcome-oriented</strong> stakeholder engagement</td>
<td></td>
</tr>
<tr>
<td><strong>Stakeholders Mapping</strong></td>
<td></td>
</tr>
<tr>
<td>Roles, responsibilities and influence; motivations and interests; connectivity; scale of intervention</td>
<td></td>
</tr>
<tr>
<td>=&gt; <strong>Target-oriented</strong> stakeholder engagement, at the relevant scale</td>
<td></td>
</tr>
<tr>
<td><strong>Obstacles</strong></td>
<td></td>
</tr>
<tr>
<td>Challenges &amp; Risks</td>
<td></td>
</tr>
<tr>
<td>=&gt; <strong>Anticipatory</strong> and <strong>resilient</strong> stakeholder engagement</td>
<td></td>
</tr>
<tr>
<td><strong>Mechanisms</strong></td>
<td></td>
</tr>
<tr>
<td>Tools &amp; Timeliness</td>
<td></td>
</tr>
<tr>
<td>=&gt; <strong>Fit-for-purpose</strong> stakeholder engagement</td>
<td></td>
</tr>
<tr>
<td><strong>Evaluation</strong></td>
<td></td>
</tr>
<tr>
<td>Effectiveness, costs &amp; benefits (monetary or not)</td>
<td></td>
</tr>
<tr>
<td>=&gt; <strong>Adaptive</strong> and <strong>sustainable</strong> stakeholder engagement</td>
<td></td>
</tr>
</tbody>
</table>
1. DRIVERS

**Structural drivers**
- Climate change
- Economic and demographic trends (financial crisis, urban growth)
- Socio-political trends (national and EU reforms, global water agenda)
- Technological drivers (web-based technology, innovations)

=> **Call for concerted efforts to meet future water challenges**

**Conjunctural drivers**
- Policy reforms and project under development
- Crisis and emergency-driven situations
- Political and demographic situations
- Regulatory frameworks
- Water allocation
- Call for adaptive governance

=> **Call for new collective ideas where stakeholders are part of the solutions**

**Policy implications**
Provide new **rationales** for stakeholder engagement
Underpin the **objectives** (why) and **expected outcomes** (what for) of engagement processes

=> **Fit-for-purpose stakeholder engagement**
Drivers - Results from the Survey

- Policy reform or project under discussion: 46%
- Crisis, change or emergency-driven situation: 39%
- Political & democratic pressure: 39%
- Regulatory frameworks for public participation: 36%
- Competition over water resources: 31%
- Adaptive governance: 30%
- Cost-efficiency: 24%
- Change in organisational culture: 18%
- Incentives from donors: 13%
- Information and communication technologies: 10%
- Market opportunities: 8%
2. MAPPING STAKEHOLDERS

Policy implications
Provide a clear picture of the categories of stakeholders (who) that should be engaged in water-related decision-making and what are their interests and expectations

Stakeholders mapping
Roles, responsibilities and functions in the water sector
Traditional actors, new players and unheard stakeholders
Areas of interests and motivations
Connectivity and interactions
=> Call for representativeness in engagement process to reflect on-the-ground diversity of stakeholders and interests

Scale of intervention
Multi-level approach (from international to community level)
Mismatch between hydrological and administrative scales
=> Call for reconciling decisions within and across scales

=> Fit-for-target stakeholder engagement at the relevant scale
Stakeholder mappings can help identify core functions, gaps and overlaps in roles and responsibilities.

Stakeholder engagement needs to include new players and unheard voices.
Stakeholders’ motivations (1/2)

Importance of water resources management across categories of stakeholders

<table>
<thead>
<tr>
<th>Category</th>
<th>Access to water resources</th>
<th>Quality of water resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business</td>
<td>91%</td>
<td>84%</td>
</tr>
<tr>
<td>Financial Actors</td>
<td>64%</td>
<td>11%</td>
</tr>
<tr>
<td>Civil Society</td>
<td>80%</td>
<td>44%</td>
</tr>
<tr>
<td>Science and Academia</td>
<td>71%</td>
<td>53%</td>
</tr>
<tr>
<td>Advisors</td>
<td>69%</td>
<td>38%</td>
</tr>
<tr>
<td>Watershed Institutions</td>
<td>68%</td>
<td>56%</td>
</tr>
<tr>
<td>Service Providers</td>
<td>59%</td>
<td>56%</td>
</tr>
<tr>
<td>International organisation</td>
<td>56%</td>
<td>47%</td>
</tr>
<tr>
<td>Governments</td>
<td>56%</td>
<td>47%</td>
</tr>
<tr>
<td>Regulators</td>
<td>50%</td>
<td>44%</td>
</tr>
</tbody>
</table>

Importance of water and sanitation services across categories of stakeholders

<table>
<thead>
<tr>
<th>Category</th>
<th>Access to water and sanitation services</th>
<th>Quality of water and sanitation services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulators</td>
<td>89%</td>
<td>83%</td>
</tr>
<tr>
<td>Service providers</td>
<td>89%</td>
<td>81%</td>
</tr>
<tr>
<td>Financial Actors</td>
<td>78%</td>
<td>78%</td>
</tr>
<tr>
<td>Advisors</td>
<td>79%</td>
<td>79%</td>
</tr>
<tr>
<td>Civil society</td>
<td>79%</td>
<td>78%</td>
</tr>
<tr>
<td>International organisation</td>
<td>62%</td>
<td>62%</td>
</tr>
<tr>
<td>Science and academia</td>
<td>60%</td>
<td>59%</td>
</tr>
<tr>
<td>Governments</td>
<td>59%</td>
<td>53%</td>
</tr>
<tr>
<td>Watershed institutions</td>
<td>56%</td>
<td>56%</td>
</tr>
<tr>
<td>Business</td>
<td>44%</td>
<td>42%</td>
</tr>
<tr>
<td>Business</td>
<td>37%</td>
<td>32%</td>
</tr>
<tr>
<td>Business</td>
<td>27%</td>
<td>27%</td>
</tr>
</tbody>
</table>
Stakeholders’ motivations (2/2)

Importance of protection against water-related disasters across categories of stakeholders

- Watershed institutions: 79%
- Business: 55%
- International organisation: 47%
- Governments: 44%
- Science and academia: 44%
- Service Providers: 30%
- Advisors: 23%
- Civil society: 22%
- Financial actors: 22%
- Regulators: 17%

Importance of environmental protection across categories of stakeholders

- Governments: 56%
- Business: 55%
- Advisors: 54%
- Civil society: 48%
- Watershed institutions: 47%
- International organisation: 42%
- Science and academia: 38%
- Regulators: 33%
- Financial actors: 22%
- Service providers: 19%
Key terms associated to stakeholder engagement in water resources management

good governance

knowledge, information, coordination, partnerships, participation, trust, capacity, dialogue, inclusion, efficiency, efficiency, ownership, capacity, dialogue
Key terms associated to stakeholder engagement in water and sanitation services

- ownership
- knowledge
- advocacy
- awareness
- consultation
- consensus
- shared understanding
- efficiency
- customers
- trust
- transparency
- citizens
- capacity
- satisfaction
- law
- governance
- civil society
- participation
- rights
- partnerships
- challenge
Key terms associated to stakeholder engagement in water disasters management
**Issue of scale**

- Stakeholders intervene at different institutional and hydrographic scales

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**OECD Multi-level Governance Framework**

- Policy gap
- Accountability gap
- Administrative gap
- Funding gap
- Information gap
- Capacity gap

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**Most frequent territorial scale of intervention**

- International level
- WRM level
- National level
- Regional level
- Municipal level
- Community level
3. OBSTACLES

Obstacles to the integration of stakeholder engagement in water policies and practices

- Lack of political will
- Institutional fragmentation
- Weak legal frameworks

=> Absence of leaderships, coordination and requirements for integrating stakeholder engagement principles into water policies and practices

Obstacles to the effective implementation of engagement processes

- Lack of clarify on the use of stakeholders’ inputs
- Lack of funding
- Information asymmetries
- Conflict and/or lack of interests

=> Absence of clear objectives, financial means and sufficient transparency to support the effective implementation of engagement processes

Policy implications

Diagnose obstacles through ex-ante evaluation of the governance context and resources at hand

Mitigate the risks through incentives mechanisms and procedures (rewards/sanction, information platforms, integrity scans)

=> Anticipatory and resilient stakeholder engagement
Obstacles – Results from the Survey

Major obstacles to stakeholder engagement in the water sector

- Lack of political will and leadership: 86%
- No clarity on the expected use of inputs in the decision-making process: 73%
- Multiple authorities across levels of government: 70%
- Political discontinuity or leadership change: 69%
- Lack of funding to support stakeholder engagement: 69%
- Resistance to change: 68%
- Misaligned objectives of stakeholders: 64%
- Information asymmetries and/or lack of transparency: 63%
- Lack of citizens’ concern and awareness on water issues: 62%
- Weak legal framework to support stakeholder engagement: 61%
- Difficulty to reach out certain types of stakeholders: 61%
- Complexity of issues at hand: 58%
- Consultation “capture”: 57%
- Decision-makers’ fear of losing influence and power: 56%
- Stakeholder consultation “fatigue”: 52%
- Low capacity to engage in consultation: 49%
- Lack of time: 49%
- Differences in organisational culture: 37%
- Geographical distance from decision-making cores: 29%
- Language barrier: 22%
4. MECHANISMS

Formal mechanisms

- e.g. river basin organisations/councils, water associations, interest-pay-say principles, shareholding, representative democracy, citizen committee, polls/surveys, referendums, consensus conference, innovative contracts, etc.

  => Foster systematic stakeholder engagement and provide a strong sense of legitimacy

Informal mechanisms

- Meeting/workshops, hotlines, web-based technologies, media, stakeholder mapping, focus group, expert panels

  => Remain flexible time- and focus-wise, and allow inputs from a wide range of stakeholders

Policy implications

- Match mechanisms to intended objectives
- Align tools with stages of the policy/project cycle, the level of engagement expected, the category of stakeholders targeted and the local context

  => Fit-for-purpose stakeholder engagement
### Mechanisms – Results from the Survey

<table>
<thead>
<tr>
<th>Mechanism</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meetings</td>
<td>71%</td>
</tr>
<tr>
<td>Workshops / Fora</td>
<td>65%</td>
</tr>
<tr>
<td>Expert panels</td>
<td>60%</td>
</tr>
<tr>
<td>Web-based communication technologies</td>
<td>52%</td>
</tr>
<tr>
<td>Water associations</td>
<td>51%</td>
</tr>
<tr>
<td>Consultations in regulatory processes</td>
<td>48%</td>
</tr>
<tr>
<td>Capacity development</td>
<td>48%</td>
</tr>
<tr>
<td>River basin organisations</td>
<td>46%</td>
</tr>
<tr>
<td>Traditional media</td>
<td>46%</td>
</tr>
<tr>
<td>Stakeholder mapping / analysis</td>
<td>41%</td>
</tr>
<tr>
<td>Surveys / Polls</td>
<td>40%</td>
</tr>
<tr>
<td>Inter-agency programs</td>
<td>38%</td>
</tr>
<tr>
<td>Focus groups</td>
<td>38%</td>
</tr>
<tr>
<td>Innovative contracts and partnerships</td>
<td>34%</td>
</tr>
<tr>
<td>Consensus conferences</td>
<td>33%</td>
</tr>
<tr>
<td>Inter-ministerial consultation</td>
<td>32%</td>
</tr>
<tr>
<td>Citizen committees</td>
<td>28%</td>
</tr>
<tr>
<td>Decentralised assemblies</td>
<td>23%</td>
</tr>
<tr>
<td>Alert systems</td>
<td>20%</td>
</tr>
<tr>
<td>Decentralised cooperation mechanisms</td>
<td>19%</td>
</tr>
<tr>
<td>Shareholding</td>
<td>16%</td>
</tr>
<tr>
<td>Hotlines</td>
<td>15%</td>
</tr>
<tr>
<td>Referendum</td>
<td>11%</td>
</tr>
<tr>
<td>Interest-pay-say principle</td>
<td>9%</td>
</tr>
</tbody>
</table>
5. ASSESSMENT

**Policy implications**

- Measure what needs to be improved using indicators and adjust or implement new engagement practices
- Manage trade-off between costs and benefits through compensation measures

**Effectiveness**

- Process (i.e. how it performs)
- Outcomes (i.e. if objectives have been achieved)
- => Decisions are better supported and accepted, disruptions are limited, and outcomes are reached

**Costs**

- Material costs
- Process costs
- Reputational costs
- Social costs
- => Stakeholder engagement is an investment raising direct/indirect and monetary/non-monetary costs

**Benefits**

- Acceptability and sustainability
- Social equity and cohesion
- Capacity development
- Economic development
- => Stakeholder engagement yields short- and long term benefits
Evaluation - Results from the Survey

Evaluation mechanisms used for stakeholder engagement

<table>
<thead>
<tr>
<th>Evaluation mechanism</th>
<th>Average</th>
<th>As a promoter</th>
<th>As a target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi-stakeholder meeting / workshop</td>
<td>53%</td>
<td>37%</td>
<td>68%</td>
</tr>
<tr>
<td>Evaluation report</td>
<td>46%</td>
<td>33%</td>
<td>59%</td>
</tr>
<tr>
<td>Satisfaction survey/ poll</td>
<td>40%</td>
<td>29%</td>
<td>52%</td>
</tr>
<tr>
<td>Benchmark</td>
<td>39%</td>
<td>29%</td>
<td>52%</td>
</tr>
<tr>
<td>Financial analysis</td>
<td>37%</td>
<td>23%</td>
<td>37%</td>
</tr>
</tbody>
</table>

Frequency of use across categories of stakeholders

<table>
<thead>
<tr>
<th>Category</th>
<th>Average</th>
<th>As a promoter</th>
<th>As a target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil Society</td>
<td>67%</td>
<td>58%</td>
<td>56%</td>
</tr>
<tr>
<td>International organisations</td>
<td>58%</td>
<td>58%</td>
<td>56%</td>
</tr>
<tr>
<td>Watershed institutions</td>
<td>56%</td>
<td>56%</td>
<td>56%</td>
</tr>
<tr>
<td>Service providers</td>
<td>50%</td>
<td>51%</td>
<td>50%</td>
</tr>
<tr>
<td>Financial actors</td>
<td>46%</td>
<td>45%</td>
<td>45%</td>
</tr>
<tr>
<td>Governments</td>
<td>45%</td>
<td>46%</td>
<td>45%</td>
</tr>
<tr>
<td>Science and academia</td>
<td>40%</td>
<td>40%</td>
<td>33%</td>
</tr>
<tr>
<td>Advisors</td>
<td>33%</td>
<td>40%</td>
<td>33%</td>
</tr>
<tr>
<td>Business</td>
<td>40%</td>
<td>45%</td>
<td>45%</td>
</tr>
<tr>
<td>Others</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
</tr>
<tr>
<td>Regulators</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
</tr>
</tbody>
</table>
Costs

- Material costs: e.g. facilities, travel expenses, staff overtime
- Process costs: e.g. opposition, unpredictability, poor contribution to decision making
- Reputational costs: e.g. failure to deliver expected outcomes
- Social costs: e.g. conflicts, capture
Costs – Results from the Survey

Most important costs of stakeholder engagement

- Delays in the decision-making process: 66% (Average), 70% (Promoters), 62% (Targets)
- Logistical and process expenses: 56% (Average), 64% (Promoters), 60% (Targets)
- Production and disclosure of specific information: 48% (Average), 49% (Promoters), 48% (Targets)
- Political capture: 38% (Average), 51% (Promoters), 44% (Targets)
- Social conflict: 34% (Average), 38% (Promoters), 36% (Targets)
- Staff overtime: 32% (Average), 39% (Promoters), 35% (Targets)

Colors represent:
- Green: Average
- Red: Promoters
- Blue: Targets
Benefits

- Economic efficiency
  - e.g. cost-saving (value for money), time-saving, broader economic benefits (policy coherence, synergies across projects)

- Acceptability & Sustainability
  - e.g. effective implementation; proper enforcement of regulation; political acceptability; ownership of decision and outcomes

- Social equity & Cohesion
  - e.g. by building trust and confidence; customers’ satisfaction, fostering corporate social responsibility

- Capacity development
  - e.g. awareness-raising; information-sharing; opinion forming
Benefits – Results from the Survey

Most important benefits identified in the Survey

- **Acceptability – Ownership**: 63% (Average), 63% (Promoters), 62% (Targets)
- **Stakeholders’ trust**: 59% (Average), 63% (Promoters), 55% (Targets)
- **Sustainability – Resilience**: 52% (Average), 52% (Promoters), 51% (Targets)
- **Broader economic benefits**: 35% (Average), 37% (Promoters), 33% (Targets)
- **Capacity development**: 30% (Average), 31% (Promoters), 30% (Targets)
- **Customers satisfaction**: 26% (Average), 27% (Promoters), 26% (Targets)
- **Cost-saving**: 17% (Average), 17% (Promoters), 22% (Targets)
- **Time saving**: 8% (Average), 11% (Promoters), 13% (Targets)
### Tentative indicators for effective stakeholder engagement

#### Drivers:
- Identification of political, economic, social and environmental trends
- Consensus on the pressure points over water resources
- Explanation of rationale, objective, level of engagement
- Agreement on the outcomes, the engagement process and use of inputs

#### Stakeholder mapping
- Understanding of who does what at which level and how
- Special attention to newcomers and unheard voices to ensure inclusiveness
- Mapping of diverging and complementary interests to manage trade-offs
- Appraisal of interactions across stakeholders to bridge gaps
- Strategies and tools for multi-level governance

#### Obstacles
- Consensus on the main obstacles and holistic efforts to address them
- Mitigation measures to manage the risks to the engagement process

#### Mechanisms
- Tools tailored to issues, context, actors, type of engagement and capabilities
- Incentives in place to use them

#### Evaluation
- Regular monitoring on the engagement process and communication of results
- Achievement of desired (and indirect) outcomes, objectives of the engagement process
- Clear assessment of (monetary and non-monetary) costs and benefits
- Compensation measures for the losers and management of short/long-term dual temporality
1. Inclusiveness and equity. Map who does what, core motivations and interactions across all those having a stake in the outcome or likely to be affected.

2. Clarity, transparency and accountability. Define the ultimate line of decision-making, the objectives of stakeholder engagement and the expected use of inputs.


4. Efficiency and effectiveness: Assess regularly the process and outcomes of stakeholder engagement to learn, adjust and improve accordingly.

5. Institutionalisation, structuring and integration: Embed participatory processes in clear legal and policy frameworks, organisational structures/principles and responsible authorities.

6. Adaptiveness: Customise the type and level of engagement to the needs and keep the process flexible to changing circumstances.