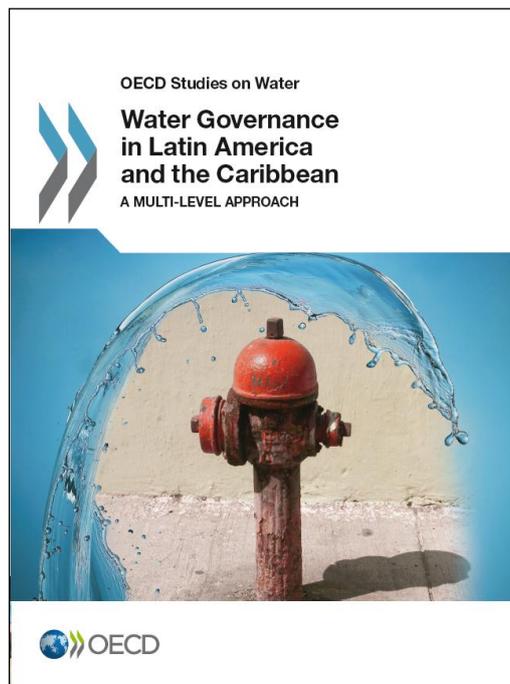




## WATER GOVERNANCE IN LATIN AMERICA AND THE CARIBBEAN: A MULTI-LEVEL APPROACH

In Latin American and Caribbean countries the population is growing faster than the world average, intensifying land use and increasing urbanisation. The region is also prone to the negative impact of climate change and natural disasters, putting further pressure on natural resources. Although the region is expected to meet the Millennium Development Goals on drinking water supply, some 69 million people will not have access to improved sanitation by 2015. Securing and managing water for all is not only a question of financing and infrastructure but also a matter of good governance. In this context, coordinated approaches to effective water policy must be context-specific, adapted to local needs and resources, and beneficial to the poor.



[Click here to download the report](#)

This new OECD study reviews water governance arrangements in 13 LAC countries: Argentina, Brazil, Chile, Costa Rica, Cuba, Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama and Peru. The report identifies governance obstacles to water reforms in all countries surveyed as well as good practices for addressing co-ordination and capacity challenges. The report recommends ways to improve policy outcomes and reduce poverty, among which:

- Increase policy coherence across water-dependent interests such as agriculture, energy and territorial development;
- Strengthen capacities at sub-national level, for example by monitoring performance of water utilities;
- Engage all stakeholders more effectively in service provision and water resources management;
- Improve information access, quality and sharing.

---

## *The water “crisis” is largely a governance crisis*

---

The 6<sup>th</sup> World Water Forum (12-17 March 2012, Marseille, France) showed that the “water crisis” the world community faces today is largely a governance crisis. Managing water scarcity and water-related risks such as floods or natural disasters requires resilient institutions, collaborative efforts and sound capacity at all levels. In most countries, the real challenges are to fully implement already existing solutions, to tailor them to local contexts, and to ensure all stakeholders participate, including governments, agencies, regulators, community associations and end users. Accountability mechanisms need to bring actors together to share the risks and tasks, and achieve positive outcomes.

There is no one-size-fits-all answer to address water governance challenges, but a need for home-grown and place-based policies that take territorial specificities into account. Concrete and pragmatic tools can help diagnose governance challenges *ex ante* and design adequate responses to address the complexity in the water sector. Meeting new global challenges requires innovative policies that “do better with less” and allow the emergence of co-ordination and consultation mechanisms at all levels. This report investigates water policy making in Latin America and the Caribbean, in order to understand better *who* does *what* and at *which level* of government, and examines how the LAC region’s water policy is designed, regulated and implemented

---

## *Water governance as a driver for poverty alleviation in Latin America and the Caribbean*

---

The global economic crisis and recession, climate change and increasing water scarcity are expected to reinforce inequalities and increase poverty in the LAC region. Reduction in poverty depends on more than financial resources and official development assistance flows, and the role of institutions and their co-ordination is critical when it comes to designing and implementing integrated water policies to meet efficiency, equity and environmental concerns. It has become essential to make the best possible use of increasingly limited resources and to move from traditional conditional cash transfer programmes to better access to in-kind services such as water drinking water. Yet, public governance in the water sector is often overlooked, while it is critical to the achievement of the Millennium Development Goals.

### **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 looks 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 carried out in 2010-2011 across 13 LAC countries.

The report provides guidance on how to:

- map the allocation of responsibilities in water policy design, regulation and implementation;
- identify common multi-level governance bottlenecks for integrated water policy;
- suggest the main policy responses for managing mutual dependencies across levels of government promote decision-making that integrates actors at all levels; and
- encourage the adoption of relevant capacity-building, monitoring and evaluation tools.

In most LAC countries, decentralization of water policies has resulted in a dynamic and complex relationship between public actors at all levels of governments, which can have conflicting priorities and interests and create obstacles for adopting convergent targets. Identifying incentives and bottlenecks for sustainable water policies implies listening to this wide variety of stakeholders, increasing respect for

local community input, and working across levels of governments. The OECD report "[Water Governance in Latin America and the Caribbean: A multi-level approach](#)" identifies seven governance "gaps" in water policy, based on the Multi-level Governance Framework.

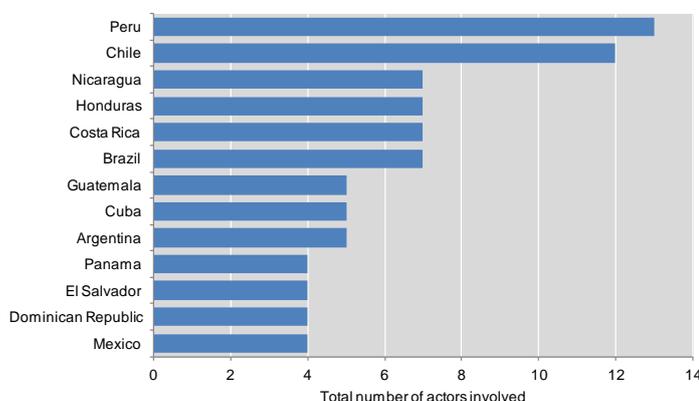
#### OECD Multi-level Governance Framework: An Application to the Water Sector

<b>Administrative gap</b>	Geographical mismatch between hydrological and administrative boundaries. This can be at the origin of resource and supply gaps. <b>=&gt; Need for instruments to reach effective size and appropriate scale.</b>
<b>Information gap</b>	Asymmetries of information (quantity, quality, type) between different stakeholders involved in water policy, either voluntary or involuntary. <b>=&gt; Need for instruments for revealing and sharing information.</b>
<b>Policy gap</b>	Sectoral fragmentation of water-related tasks across ministries and agencies. <b>=&gt; Need for mechanisms to create multidimensional/systemic approaches and to exercise political leadership and commitment.</b>
<b>Capacity gap</b>	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. <b>=&gt; Need for instruments to build local capacity.</b>
<b>Funding gap</b>	Unstable or insufficient revenues undermining effective implementation of water responsibilities at sub-national level, cross-sectoral policies and investments requested. <b>=&gt; Need for shared financing mechanisms.</b>
<b>Objective gap</b>	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). <b>=&gt; Need for instruments to align objectives.</b>
<b>Accountability gap</b>	Difficulty ensuring transparency of practices across different constituencies, mainly due to insufficient user commitment, lack of concern, awareness and participation. <b>=&gt; Need for institutional quality instruments.</b> <b>=&gt; Need for instruments to strengthen the integrity framework at the local level.</b> <b>=&gt; Need for instruments to enhance citizen involvement.</b>

Source : Adapted from OECD methodology presented in Charbit, C. (2011), "Governance of Public Policies in Decentralised Contexts: The Multi-level Approach", *OECD Regional Development Working Papers*, 2011/04, OECD Publishing; and Charbit, C. and M. Michalun (2009), "Mind the Gaps: Managing Mutual Dependence in Relations Among Levels of Government", *OECD Working Papers on Public Governance*, No. 14, OECD Publishing.

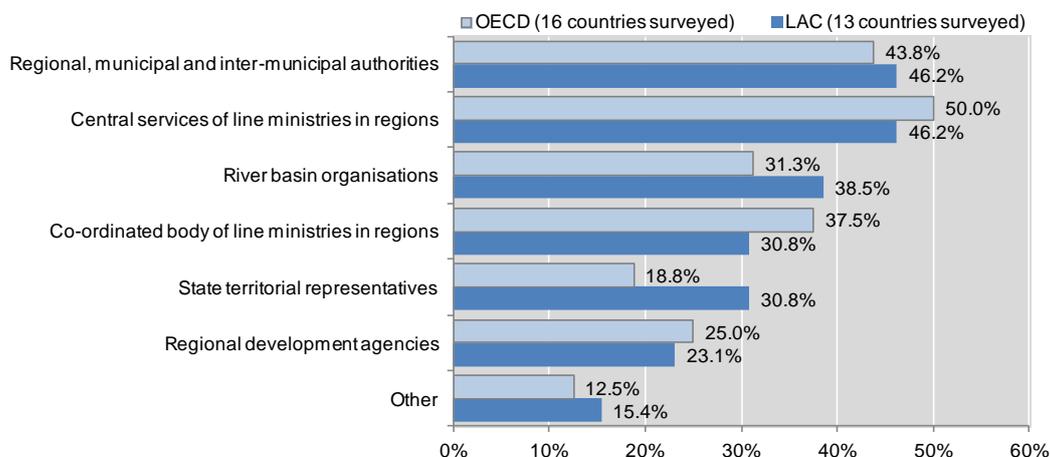
Due to intrinsic characteristics, the water sector, more than other natural resources or infrastructure sectors, involves a plethora of stakeholders at basin, municipal, regional, national and international levels. Water is both a local and global issue, both a human right and an economic good. In the absence of effective public governance, policy makers inevitably face obstacles to effectively designing and implementing water reforms.

**Number of authorities involved in water policy making at central government level (13 LAC countries surveyed)**



Source: OECD (2012), *Water Governance in Latin America and the Caribbean: A multi-level approach*, OECD Publishing, Paris

### Local level implementation of national water policies: Types of actors involved



Source: OECD (2012), *Water Governance in Latin America and the Caribbean: A multi-level approach*, OECD Publishing, Paris

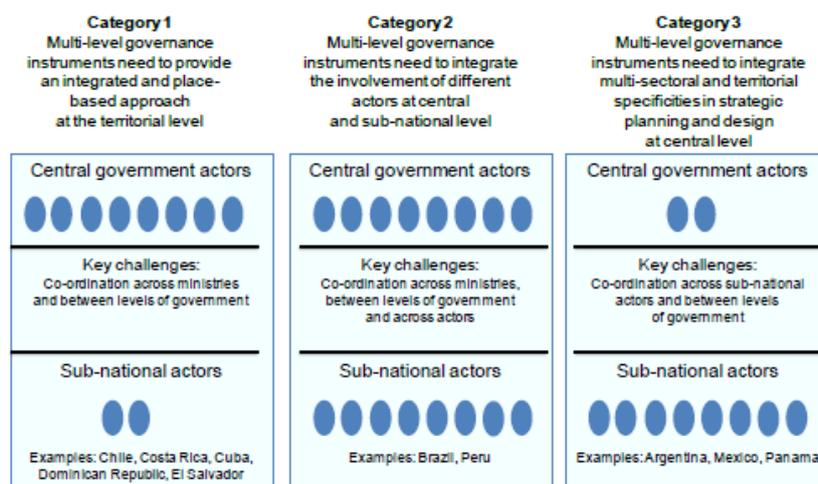
### Key findings from the report

#### **The institutional organization of the water sector varies widely across and within LAC countries**

Before improving water governance in LAC countries, or in any country or region, decision makers need a clear understanding of *who does what, at which level*. The analysis of the allocation of roles and responsibilities in water policy design, implementation and regulation in 13 LAC countries, and the country profiles available in Annex of the report show that:

- Most LAC countries have decentralised service delivery and resource management functions to the local, basin and regional level;
- No systematic correlation can be drawn between a given country's institutional organisation (unitary, federal) and the organisation of its water sector (centralised, decentralised);
- Half of LAC countries surveyed in the report have set up river basin organisations and the trend is increasing with further countries moving to integrated water resources management;

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



Source: OECD (2012), *Water Governance in Latin America and the Caribbean: A multi-level approach*, OECD Publishing, Paris

### Multi-level governance gaps in water policy affect all LAC countries, but to varying degrees

The degree to which co-ordination and implementation of integrated water policy may be hindered by multi-level governance gaps varies widely across and within LAC countries, but common challenges have been identified.

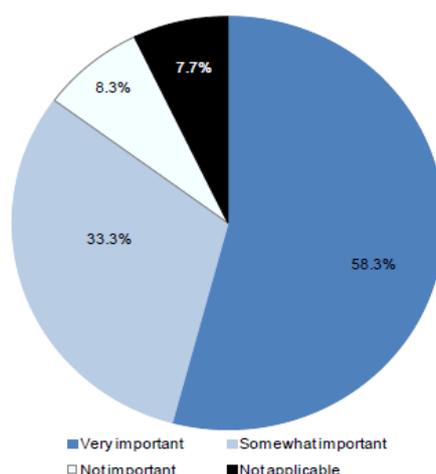
Key multi-level governance challenges for water policy making in LAC countries

“Important” or “very important” gap	Number of countries	Examples
Policy gap	12 out of 12	Argentina, Brazil, Chile, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru
Accountability gap	11 out of 12	Argentina, Brazil, Chile, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru
Funding gap	10 out of 12	Argentina, Chile, Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru
Capacity gap	9 out of 12	Chile, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru
Information gap	9 out of 12	Argentina, Brazil, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Peru
Administrative gap	6 out of 12	Brazil, El Salvador, Guatemala, Honduras, Nicaragua, Peru
Objective gap	4 out of 12	Costa Rica, Guatemala, Honduras, Nicaragua

Source: OECD (2012), *Water Governance in Latin America and the Caribbean: A multi-level approach*, OECD Publishing, Paris

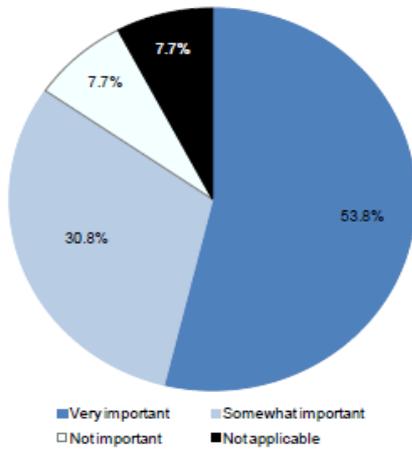
- In almost half of LAC countries surveyed, the **policy gap** (i.e. overlapping, unclear allocation of roles and responsibilities) is the main obstacle to effective water policy. Sectoral fragmentation across ministries and between levels of government is considered as an important challenge to integrated water policy in 92% of countries surveyed;

#### Policy Gap: Sectoral fragmentation across ministries/public agencies (12 LAC countries surveyed)

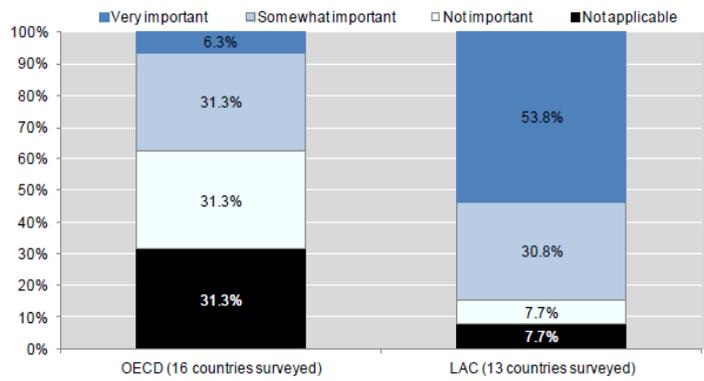


- 90% of LAC countries surveyed experience an **accountability gap**, especially related to a lack of public concern and low involvement of water users’ associations in policy making. The absence of monitoring and the limited evaluation of water policy outcomes were also considered important obstacles to water policy implementation at the territorial level in almost all LAC countries surveyed;

**Accountability Gap: Limited citizens participation**  
(13 LAC countries surveyed)

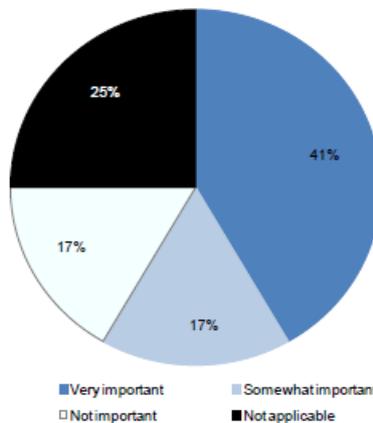


**Public participation challenges in OECD and LAC countries**



- Although not the most important, the **funding gap** remains a significant challenge in LAC countries because of the mismatch between ministerial funding and administrative responsibilities. The absence of stable and sufficient revenues of sub-national actors is an important challenge for co-ordinating water policy between levels of government and for building capacity at the sub-national level;

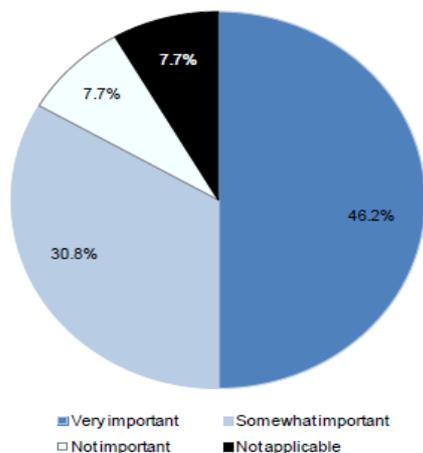
**Funding Gap: Mismatch between ministerial funding and administrative responsibilities (10 LAC countries surveyed)**



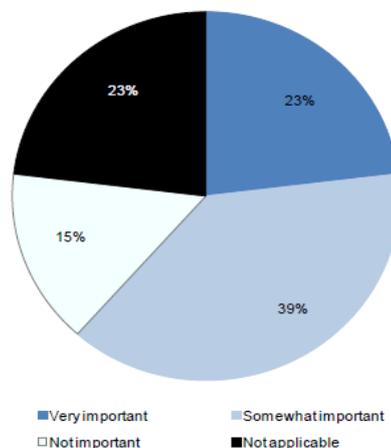
Very important	Argentina, Brazil, Dominican Republic, Honduras, Mexico, Panama, Peru
Somewhat important	Chile, Nicaragua
Not important	El Salvador

- In two-thirds of LAC countries, the **capacity gap** is a major obstacle for effective implementation of water policy, at central and sub-national levels, which refers not only to the technical knowledge and expertise, but also to the lack of staff and the obsolete infrastructure. In many countries, it threatens the implementation of water reform agendas;

**Capacity Gap: Resources and infrastructure for local/regional governments** (12 LAC countries surveyed)

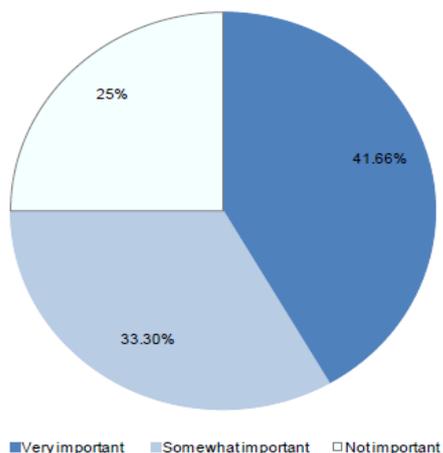


**Obstacles to vertical coordination : Insufficient knowledge/infrastructure** (12 LAC countries surveyed)

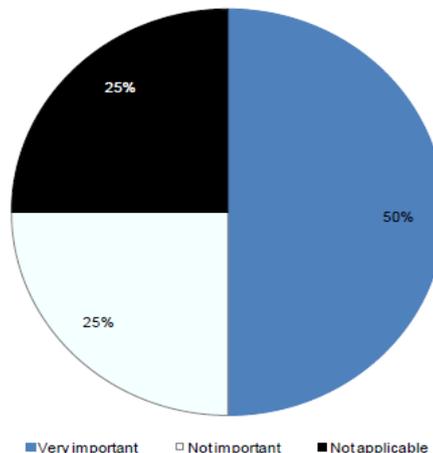


- The **information gap** remains a prominent obstacle to effective water policy implementation in two-thirds of the LAC countries surveyed, in particular for what regards inadequate information generation and sharing among actors, as well as scattered water and environmental data;
- The **administrative gap** is an important governance challenge for half of the LAC countries surveyed. Several countries pointed out the lack of fit between administrative zones and hydrological boundaries, which was not entirely bridged by the creation of river basin organisations;

**Information gap: Absence of a common information frame of reference** (12 LAC countries surveyed)

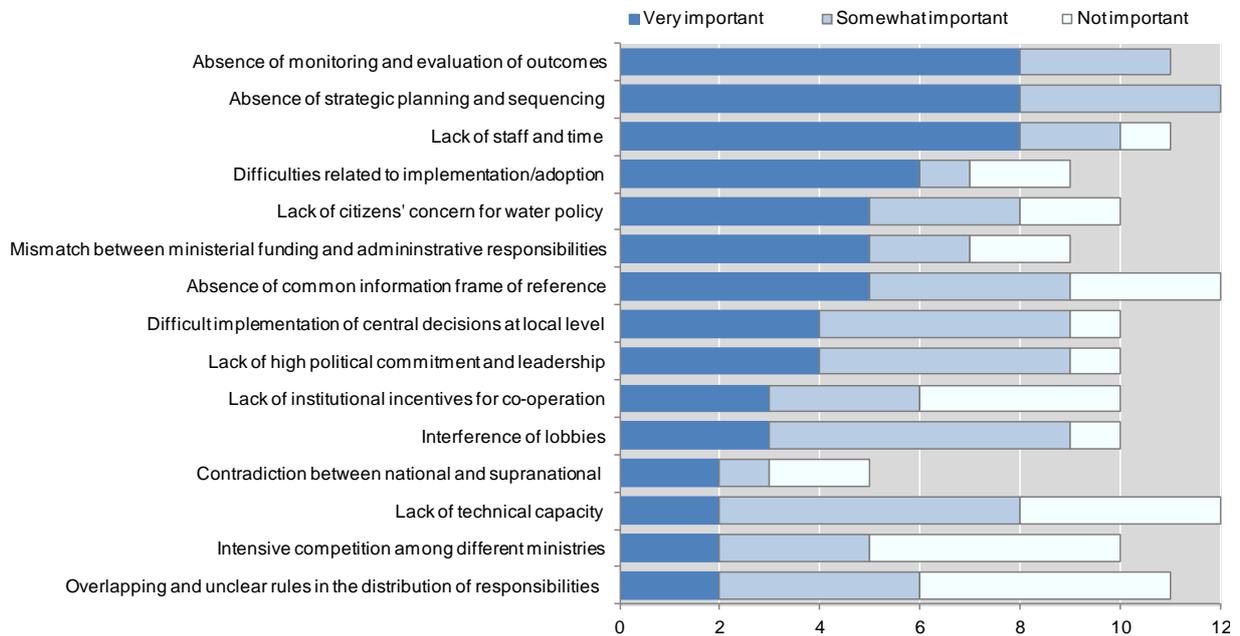


**Administrative gap: Mismatch between hydrological and administrative boundaries** (12 LAC countries surveyed)



- LAC countries also experience an **objective gap** when striking a balance between the often conflicting agendas in financial, economic, social and environmental areas for the collective enforcement of water policy.

**Obstacles to effective co-ordination at central government level (12 LAC countries surveyed\*)**



Note: \* On this specific aspect, Cuba did not answer

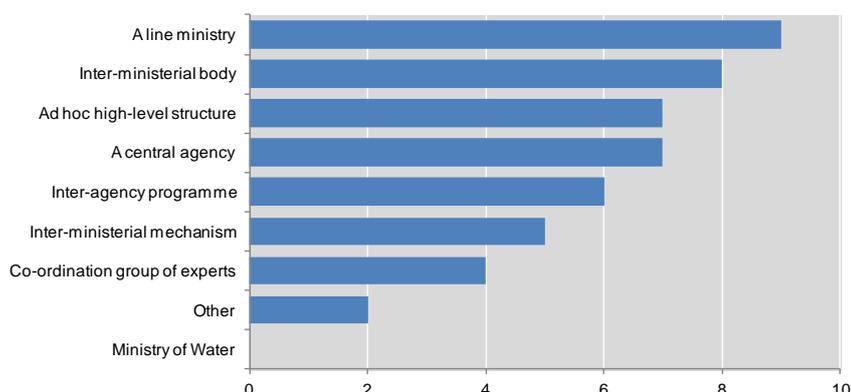
Source: OECD (2012), *Water Governance in Latin America and the Caribbean: A multi-level approach*, OECD Publishing, Paris

***LAC countries are making increasing efforts to co-ordinate water policy across ministries, levels of governments, and sub-national actors***

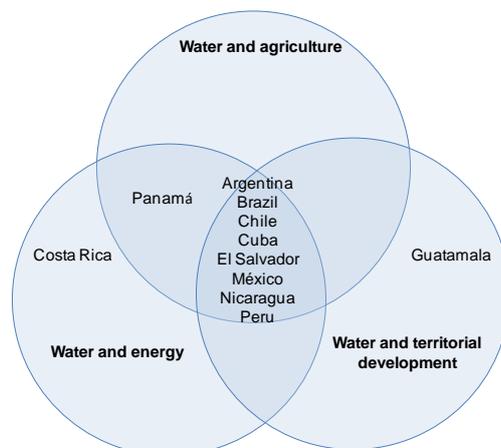
Encouraging co-ordination and capacity-building is a critical step toward bridging multi-level governance gaps in water policy. Meeting water governance challenges calls for a mix of well-integrated policy measures but this can be difficult to achieve in a context of fragmented responsibilities among various public actors. More synergies are called for and it requires mutually reinforcing actions across government, department and agencies for achieving policy objectives, defining long-term strategies and adapting them to different countries. An overview of LAC countries' experiences shows that there is no one-size-fits-all answer for integrating water policy, but rather a wide variety of mechanisms and instruments.

- All LAC countries surveyed have adopted institutional mechanisms for upper horizontal co-ordination of water. These tools mainly consist in line ministries, inter-ministerial bodies or mechanism, or specific co-ordinating bodies. Most countries have also engaged in efforts to co-ordinate water with other policy areas, including regional development, agriculture and energy;

### Existing co-ordination mechanisms at central government level



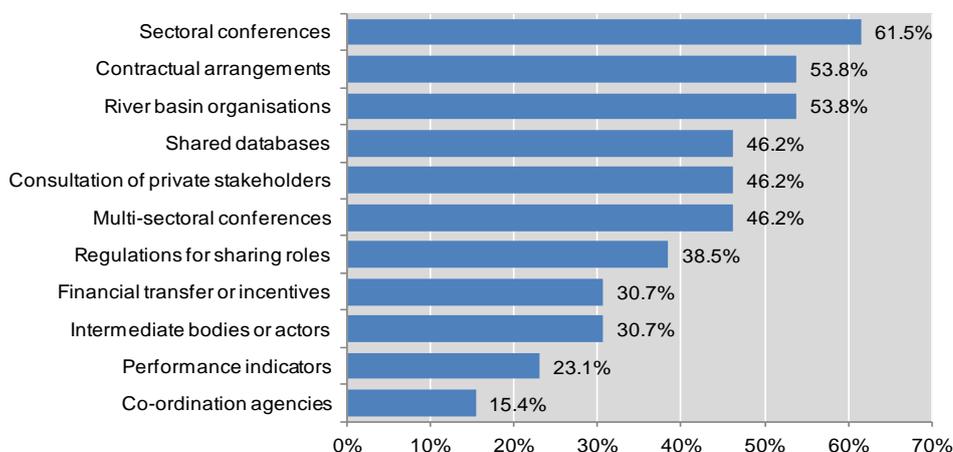
### Co-ordination across policy areas



Source: OECD (2012), *Water Governance in Latin America and the Caribbean: A multi-level approach*, OECD Publishing, Paris

- Co-ordinating water policies between levels of government and across local and regional actors takes different forms in LAC countries including the consultation of private actors, regulations, financial transfers across levels of government, intermediate bodies, contractual arrangements, (multi-)sectoral conferences, performance indicators, shared databases, river basin organisations and performance indicators.

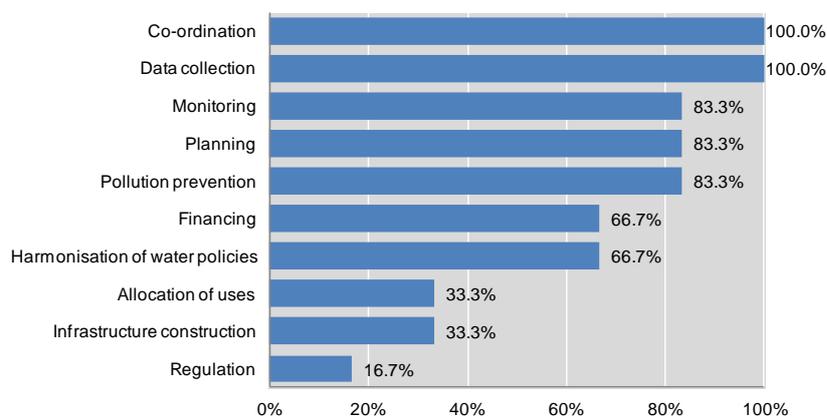
### Vertical co-ordination across levels of government (13 LAC countries surveyed)



Source: OECD (2012), *Water Governance in Latin America and the Caribbean: A multi-level approach*, OECD Publishing, Paris

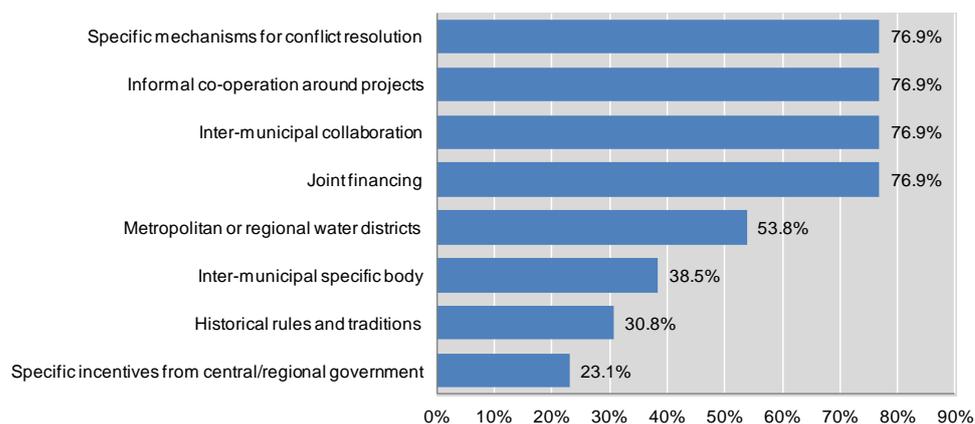
- In all LAC countries, where they exist river basin organisations play a role for addressing the administrative gap, and ensuring a holistic and hydrological approach to co-ordinating water policy across sub-national actors, and between levels of government. River basin organisations missions, constituencies and financing modes vary across LAC countries: while all have functions related to planning, data collection, harmonization of water policies and monitoring, none have regulatory powers contrary to OECD ones. The maturity of river basin organisations also varies across LAC countries, especially in co-ordinating competing uses, which requires conflict resolution mechanisms in the political and legal arenas.

### Missions of LAC river basin organisations (7 LAC countries surveyed)



Note: On this specific aspect, only Argentina, Brazil, Cuba, El Salvador, Guatemala, Mexico and Peru answered the question  
 Source: OECD (2012), *Water Governance in Latin America and the Caribbean: A multi-level approach*, OECD Publishing, Paris

### Tools to manage the interface among different sub-national actors (13 LAC countries surveyed)



Source: OECD (2012), *Water Governance in Latin America and the Caribbean: A multi-level approach*, OECD Publishing, Paris

## Taking solutions forward

While many potential solutions to the water challenges do exist and are relatively well-known, the rate of take-up of these solutions by government in LAC countries has been uneven. LAC countries still face significant challenges in co-ordinating water policy action across ministries and between levels of government. OECD suggests preliminary guidelines for policy makers to diagnose and overcome multi-level governance challenges.

### **OECD Guidelines for effective management of multi-level governance in the water sector (2011)**

- 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 to clearly define the 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;
- 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 involves combining investment in physical water and sanitation (“hard”) infrastructure and investment in institutions that directly influence water outcomes to ensure more effective and co-ordinated implementation (“soft” infrastructure);
- 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.

### *How to buy this publication*

You can buy this publication in English or Spanish at [www.oecdbookshop.org](http://www.oecdbookshop.org) (ISBN: 9789264174542)



Or access it on the OECD iLibrary at:

[10.1787/9789264174542-en](https://doi.org/10.1787/9789264174542-en) (English version )



[10.1787/9789264079779-es](https://doi.org/10.1787/9789264079779-es) (Spanish version)



## Further reading



OECD (2013), *Making Water Reform Happen in Mexico*, OECD Studies on Water, OECD Publishing, Paris. doi: [10.1787/9789264187894-en](https://doi.org/10.1787/9789264187894-en)



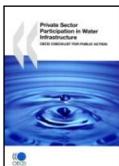
OECD (2012a), *A Framework for Financing Water Resources Management*, OECD Studies on Water, OECD Publishing, Paris. doi: [10.1787/9789264179820-en](https://doi.org/10.1787/9789264179820-en).



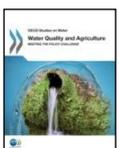
OECD (2012b), *Meeting the Water Reform Challenge*, OECD Studies on Water, OECD Publishing, Paris. doi: [10.1787/9789264170001-en](https://doi.org/10.1787/9789264170001-en).



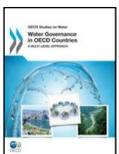
OECD (2012c), *OECD Environmental Outlook to 2050: The Consequences of Inaction*, OECD Publishing, Paris. doi: [10.1787/9789264122246-en](https://doi.org/10.1787/9789264122246-en).



OECD (2012d), *Framework conditions for private sector participation in water infrastructure in Mexico*, OECD Publishing, Paris. <http://www.oecd.org/daf/internationalinvestment/investmentfordevelopment/Checklist%20assessment%20of%20Mexico.pdf>



OECD (2012e), *Water Quality and Agriculture: Meeting the Policy Challenge*, OECD Studies on Water, OECD Publishing, Paris. doi: [10.1787/9789264168060-en](https://doi.org/10.1787/9789264168060-en)



OECD (2011), *Water Governance in OECD Countries: A Multi-level Approach*, OECD Studies on Water, OECD Publishing, Paris. doi: [10.1787/9789264119284-en](https://doi.org/10.1787/9789264119284-en).



OECD (2010), *Sustainable Management of Water Resources in Agriculture*, OECD Studies on Water, OECD Publishing, Paris. doi: [10.1787/9789264083578-en](https://doi.org/10.1787/9789264083578-en)

## Contacts

Email: [Aziza.AKHMOUCH@oecd.org](mailto:Aziza.AKHMOUCH@oecd.org)

Website: [www.oecd.org/gov/water](http://www.oecd.org/gov/water)