WATER GOVERNANCE IN CITIES: AN OECD SURVEY

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OECD
BETTER POLICIES FOR BETTER LIVES

BACKGROUND

THE PROJECT

OBJECTIVES

- Analyze the relationship between **governance structures** for managing water and **the performance** of water policy outcomes
- Identify **governance mechanisms** dealing with fragmentation across people, places and policies (3Ps)

METHODOLOGY

- **Questionnaire** to cities above 500,000 inhabitants, from OECD and BRICS
- **Case studies** of innovative urban water governance practices
- **Cluster analysis** to synthesize information on multiple dimensions

TARGET

- **Policy makers** at local and national level
- **Water managers** at city and metropolitan level
- **Stakeholders** involved in urban water policy design and implementation

EXPECTED OUTCOMES

- **Taxonomy** of cities and comparative data
- **Policy recommendations** for local-national decision-makers
- Cities "**Profiles**" (who does what, challenges, policy responses)

OECD Survey: geographical coverage

Preliminary results based on 30 cities

Acapulco, Amsterdam, Athens, Barcelona, Budapest, Calgary, Chihuahua , Cologne, Copenhagen , Culiacan Edinburgh, Glasgow , Grenoble, Hong Kong, Krakow, Liverpool, Malaga, Mexico city, Milan , Montreal, Nantes , New York City, Oslo, Phoenix , Rome, Singapore, Stockholm , Toluca, Veracruz, Zaragoza

Updated results based on 40+ cities by the end of November 2014

Including: Belo Horizonte, Bogota, Bologna, Lisbon, Lyon, Marseille, Monterey, Naples, Okayama, Paris, Prague.

Expected contribution by 2015 from 70 cities from OECD and BRIICS

Country coverage: Austria, Belgium, Denmark , France ,Germany ,Hungary, Ireland ,Italy ,Spain ,Switzerland ,Netherlands , Finland , Norway , Poland Czech Republic , Slovak Republic , Portugal , United Kingdom , Canada United States , Slovenia , Korea , Chile , Mexico, Australia , South Africa Brazil , China , Colombia , Turkey

ANALYTICAL FRAMEWORK
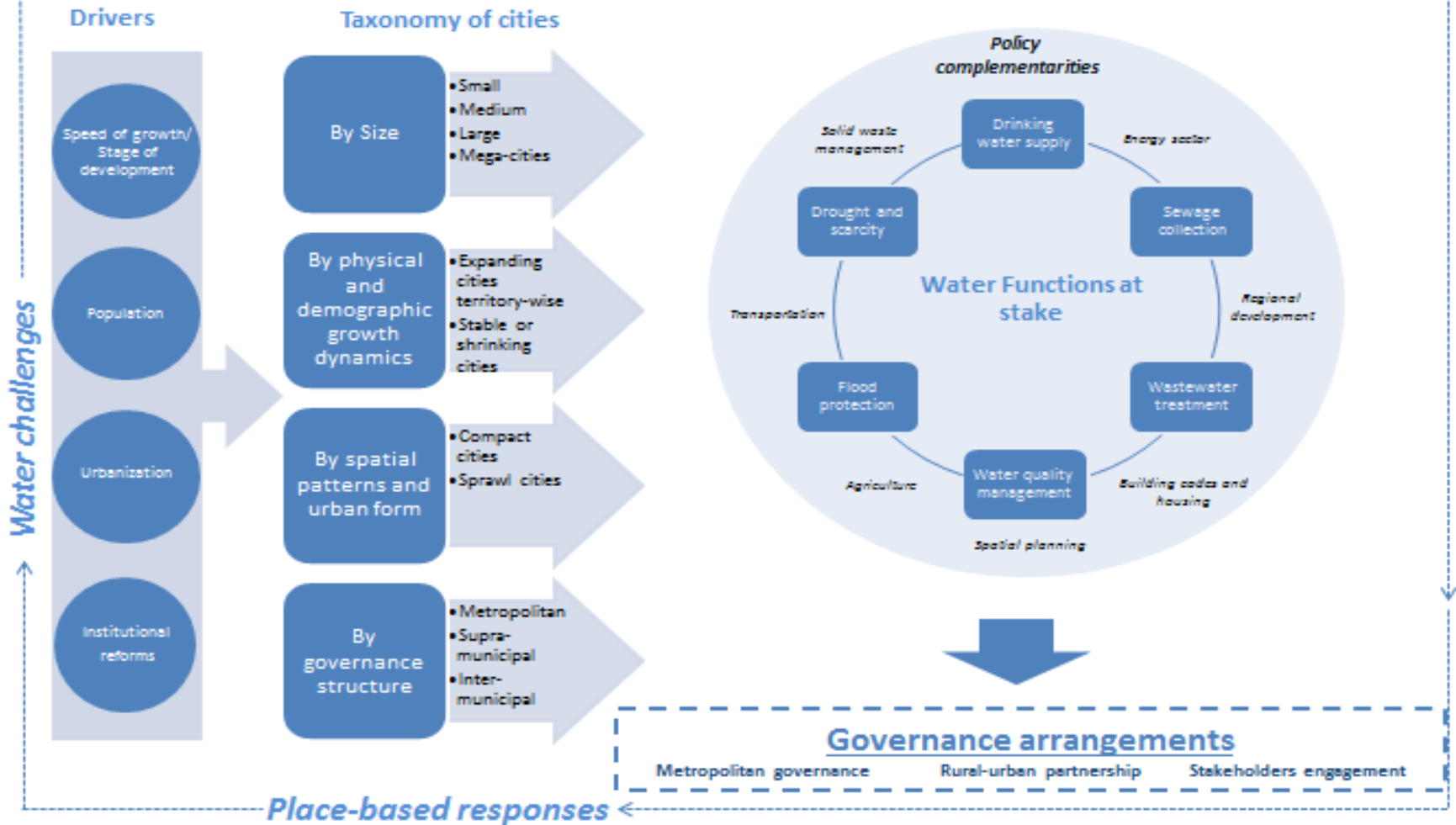
PRELIMINARY RESULTS
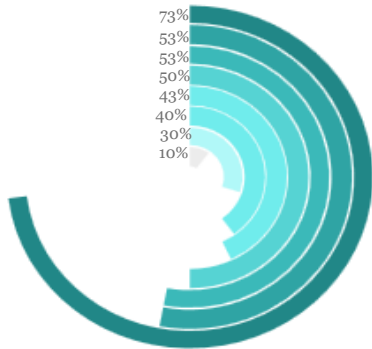
Keywords associated to urban water

Note: Words selected out 65 options and ranked first on a scale from 1 to 5.
Source : OECD, 2015 forthcoming, Water Governance in OECD Cities.

Drivers for adaptive urban water governance

Economic, social and environmental drivers

73%
53%
53%
50%
43%
40%
30%
10%

- Climate change
- Economic crisis
- Urban growth
- Growing population
- Fiscal consolidation measures
- Social inequalities
- Emergency-driven management
- Shrinking population

- Water demand: + **55%** globally between 2000 and 2050.

- People at risk from floods: from 1.2 billion today to around **1.6 billion** in 2050 (nearly 20% of the world's population).

- Economic value of assets at risk: USD 45 trillion by 2050 (+ **340%** from 2010)

OECD Environmental Outlook to 2050 (2012)

Governance drivers

87%
63%
47%
43%
30%
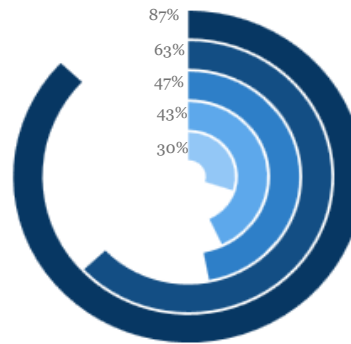
- National laws and regulation
- International laws and regulation
- Re-allocation of competences
- Territorial reform
- Liberalization/privatization

- More than **86 cities** among OECD and non OECD countries re-municipalised water services during the last 15 years

- Territorial reforms had an impact n Australia, Canada, Germany, Norway, Switzerland , The Netherlands and the UK .

OECD , Territorial Reviews: Netherlands (2014) and waterjustice.org

Water- related drivers

90%
87%
77%
73%
53%
40%
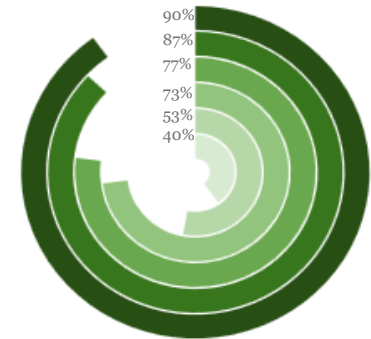
- Ageing, obsolete infrastructure
- Extreme events
- Water pollution
- Water in the political agenda
- Implementation HRWS
- Competition over water allocation

- For OECD countries as a whole, investment. requirements in the water supply and treatment sector are expected to increase by almost **50% .**

OECD, Compact City Policies (2012)

Source : OECD, 2015 forthcoming, Water Governance in OECD Cities, OECD Publishing, Paris

Obstacles to effective urban water governance

Source - OECD, Water Governance in OECD Countries : a multi-level approach, 2011
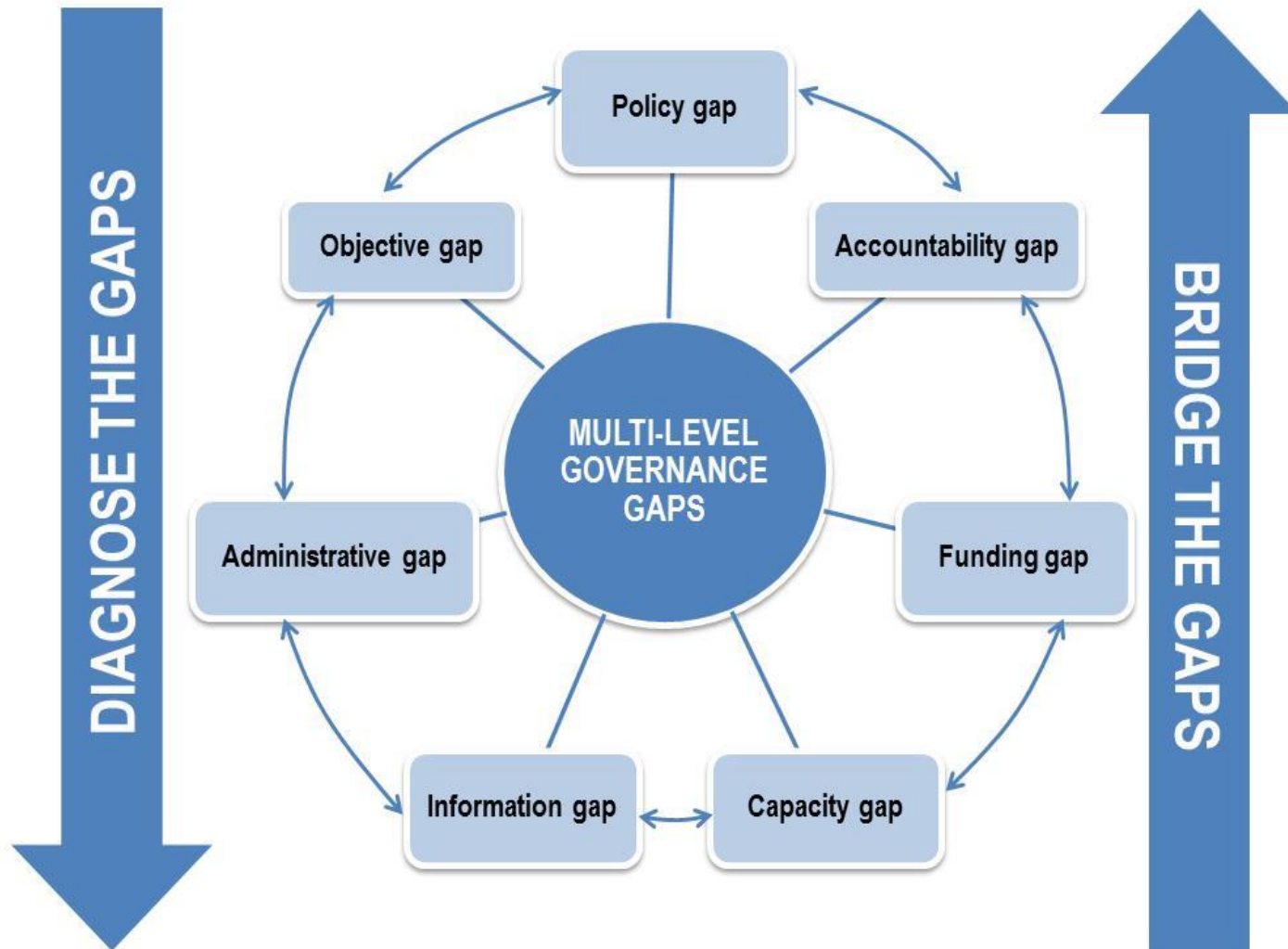
Fragmentation across policies

Policy complementarities

Water Functions at stake

- Drinking water supply
- Sewage collection
- Wastewater treatment
- Water quality management
- Flood protection
- Drought and scarcity

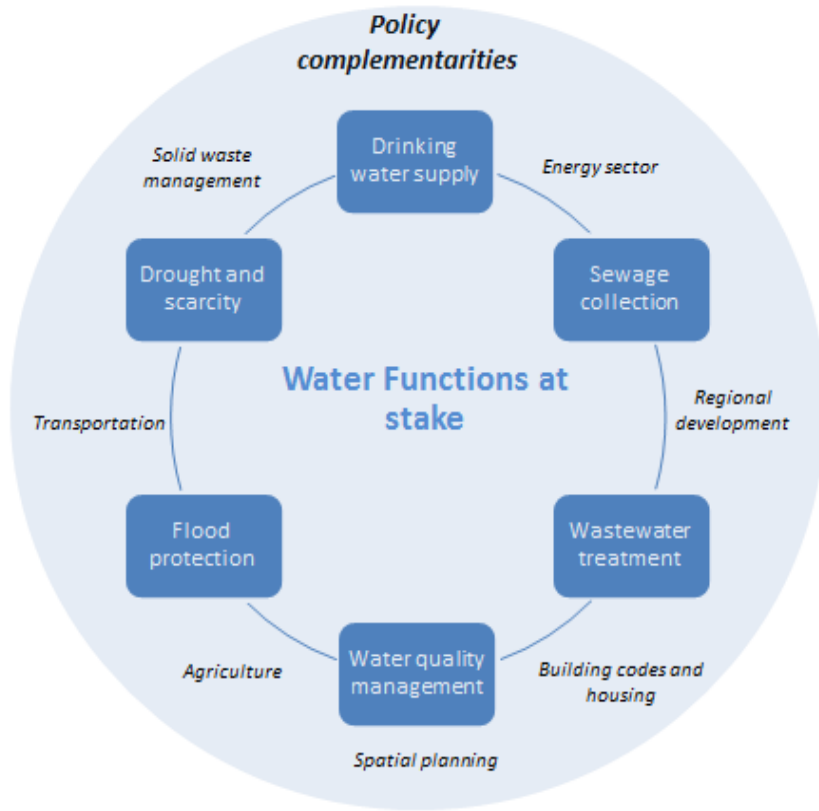Solid waste management · Energy sector · Regional development · Building codes and housing · Spatial planning · Agriculture · Transportation

Policy areas influencing water governance in cities

Policy area	Percentage
Land use and spatial planning	87%
Energy	83%
Territorial development	60%
Building codes and housing	57%
Transportation	40%
Solid waste management	37%
Agriculture	31%
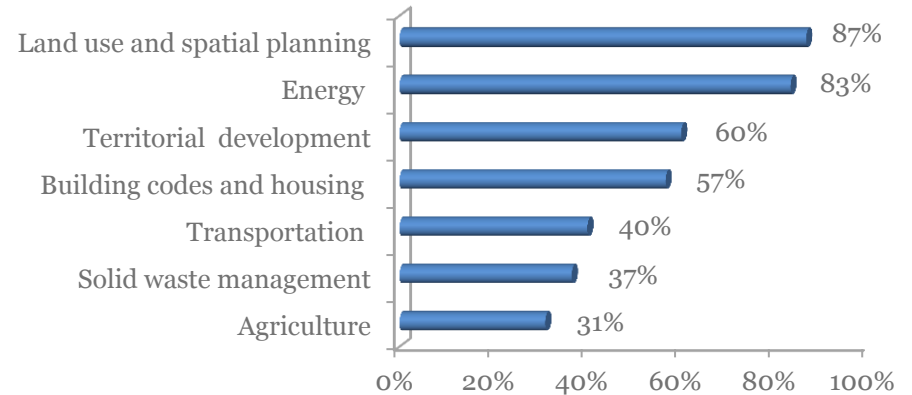
Policy gap

Which obstacles hinder policy coherence and consistency on water in your city?

Lack of strategic vision across water related sectors — 50%

Fragmentation of water related tasks — 50%

Overlapping, unclear allocation of responsibilities — 47%

Unbalanced power between different interests — 43%

Lack of co-ordination of legislation — 40%
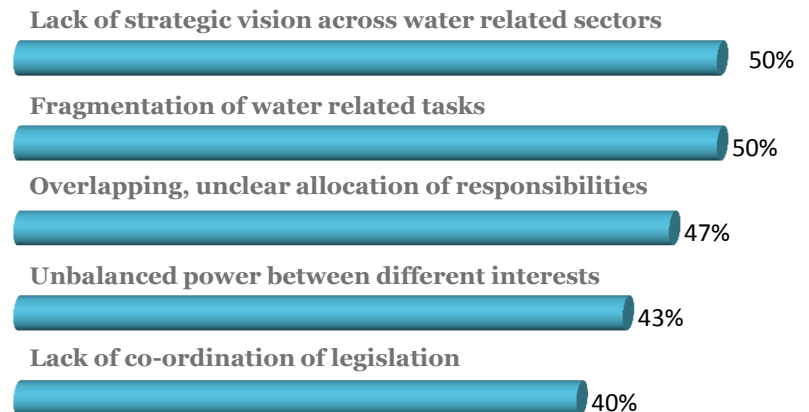
Fragmentation across authorities and places

Watershed
[river basin organisation]

Functional area
[Non governmental stakeholders]

Metropolitan area
[metropolitan governance arrangements]

CITY
[municipality]

Administrative gap
Which obstacles related to the administrative and territorial organisation of your city hinder effective water governance?

Lack of relevant scale for investment
57%

Municipal fragmentation
53%

Mismatch between hydrological & administrative boundaries
47%

Multiplicity of services providers
17%

Objective gap
Which obstacles hinder the convergence of water policy objectives in your city?

Contradiction between different levels of government
60%

Lack of institutional incentives for co-operation
60%

Intensive competition between local authorities
53%

Interference of lobbies
50%

Conflicts over water allocation
40%

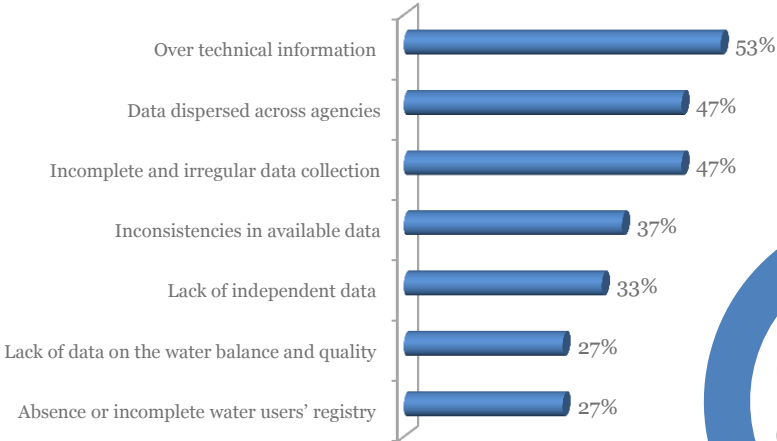Source : OECD, 2015 forthcoming, Water Governance in OECD Cities.

Capacity challenges at sub-national level

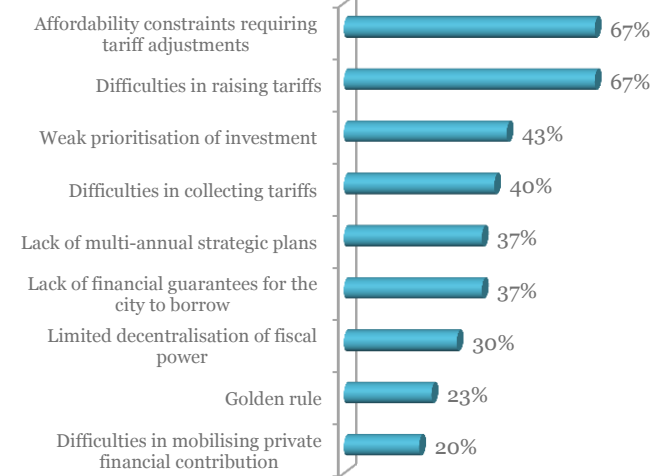## Information gap
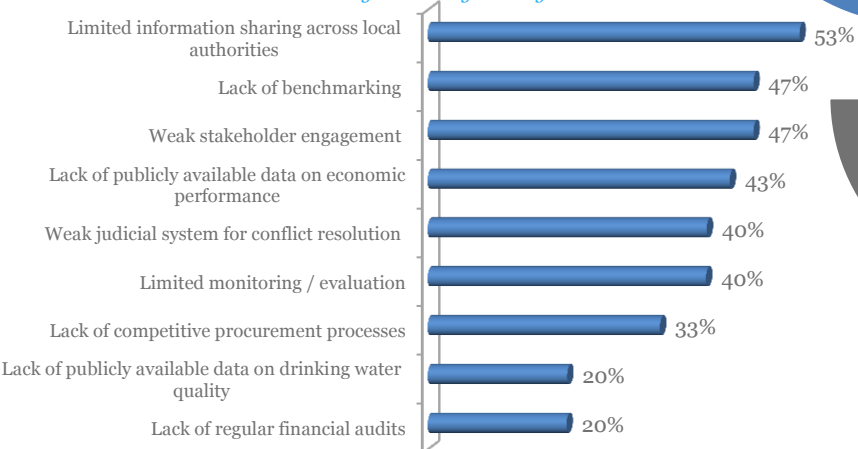*Which obstacles hinder effective use of information to guide decision-making on urban water management?*

- Over technical information — 53%
- Data dispersed across agencies — 47%
- Incomplete and irregular data collection — 47%
- Inconsistencies in available data — 37%
- Lack of independent data — 33%
- Lack of data on the water balance and quality — 27%
- Absence or incomplete water users' registry — 27%

Funding gap
Which obstacles hinder the financial sustainability of water management in your city?

- Affordability constraints requiring tariff adjustments — 67%
- Difficulties in raising tariffs — 67%
- Weak prioritisation of investment — 43%
- Difficulties in collecting tariffs — 40%
- Lack of multi-annual strategic plans — 37%
- Lack of financial guarantees for the city to borrow — 37%
- Limited decentralisation of fiscal power — 30%
- Golden rule — 23%
- Difficulties in mobilising private financial contribution — 20%
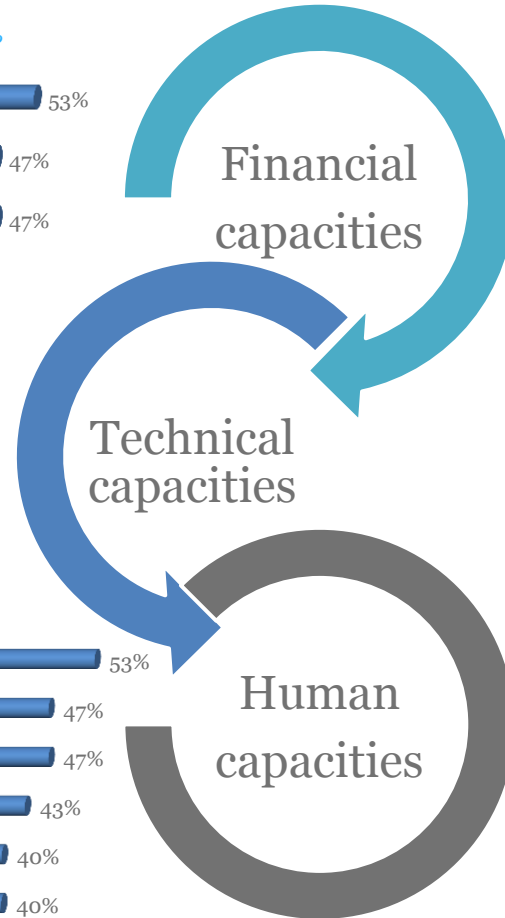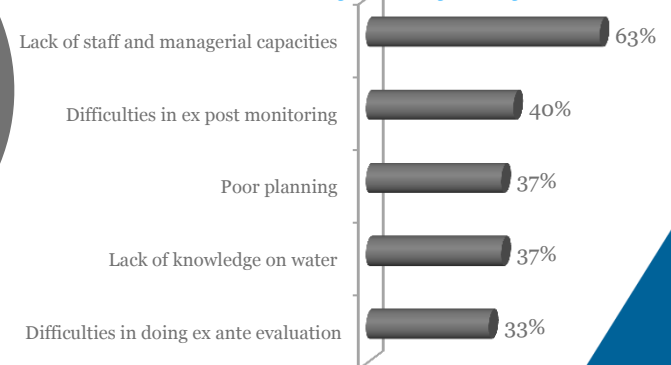
Financial capacities

Technical capacities

Human capacities

Accountability gap
Which obstacles hinder transparency and accountability of water management in your city?

- Limited information sharing across local authorities — 53%
- Lack of benchmarking — 47%
- Weak stakeholder engagement — 47%
- Lack of publicly available data on economic performance — 43%
- Weak judicial system for conflict resolution — 40%
- Limited monitoring / evaluation — 40%
- Lack of competitive procurement processes — 33%
- Lack of publicly available data on drinking water quality — 20%
- Lack of regular financial audits — 20%

Capacity gap
Which capacity challenges hinder the performance of water management in your city?

- Lack of staff and managerial capacities — 63%
- Difficulties in ex post monitoring — 40%
- Poor planning — 37%
- Lack of knowledge on water — 37%
- Difficulties in doing ex ante evaluation — 33%

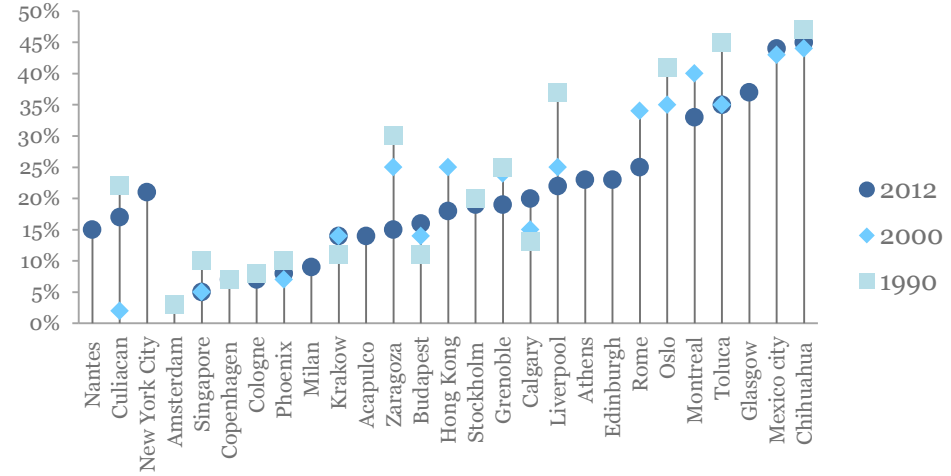Source : OECD, 2015 forthcoming, Water Governance in OECD Cities.

Sample data collected in the Survey

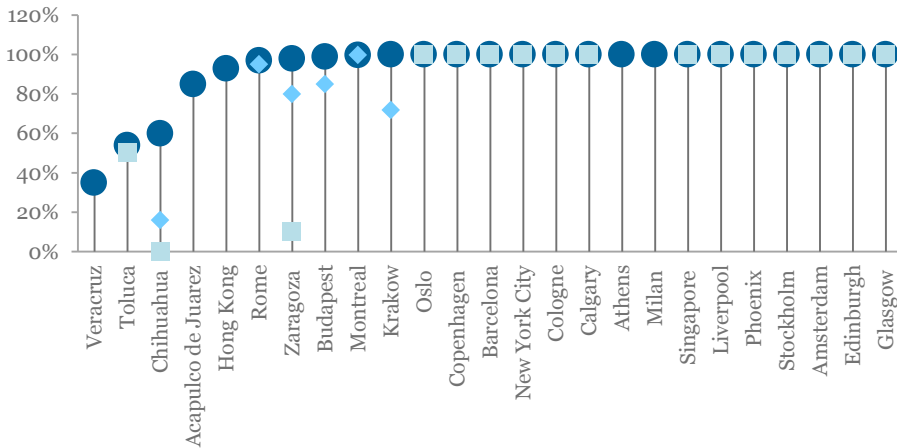## Water consumption (m3/inhabitant/year)
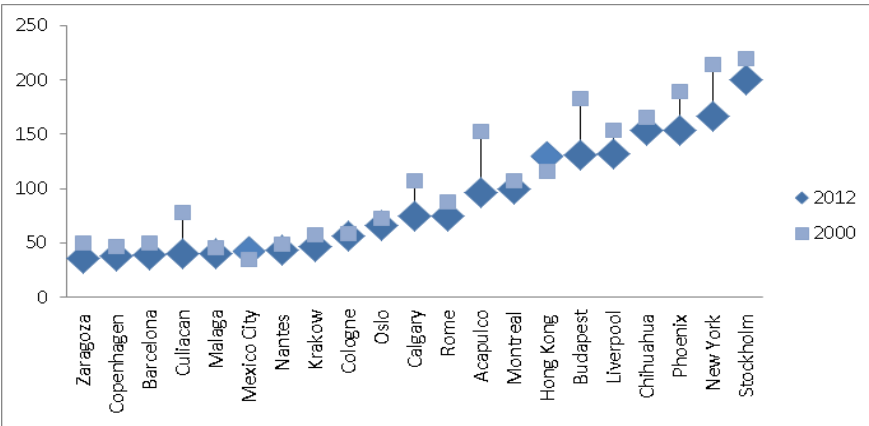
Share of water loss (leakage rate)
As a percentage of net water production (delivered to the distribution system)
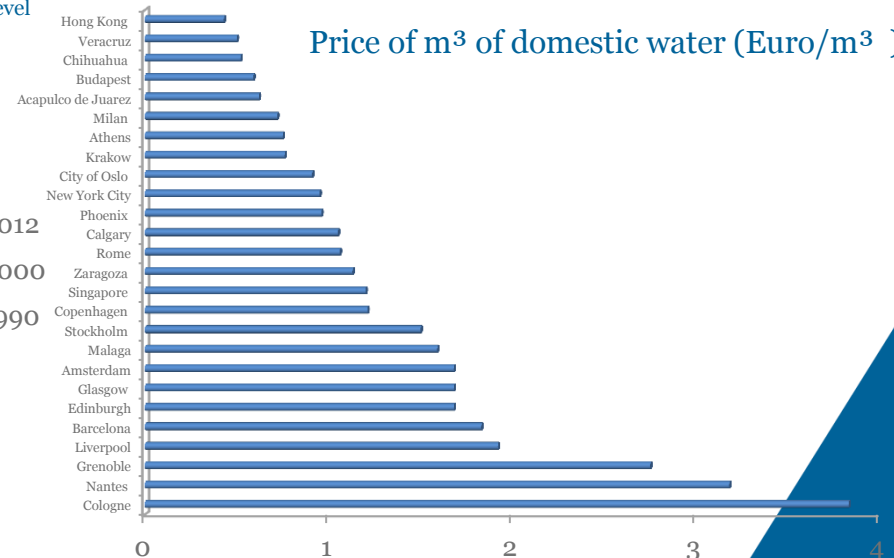

Share of wastewater treated
Percentage of wastewater produced by the city that is collected and treated to at least a basic/primary level
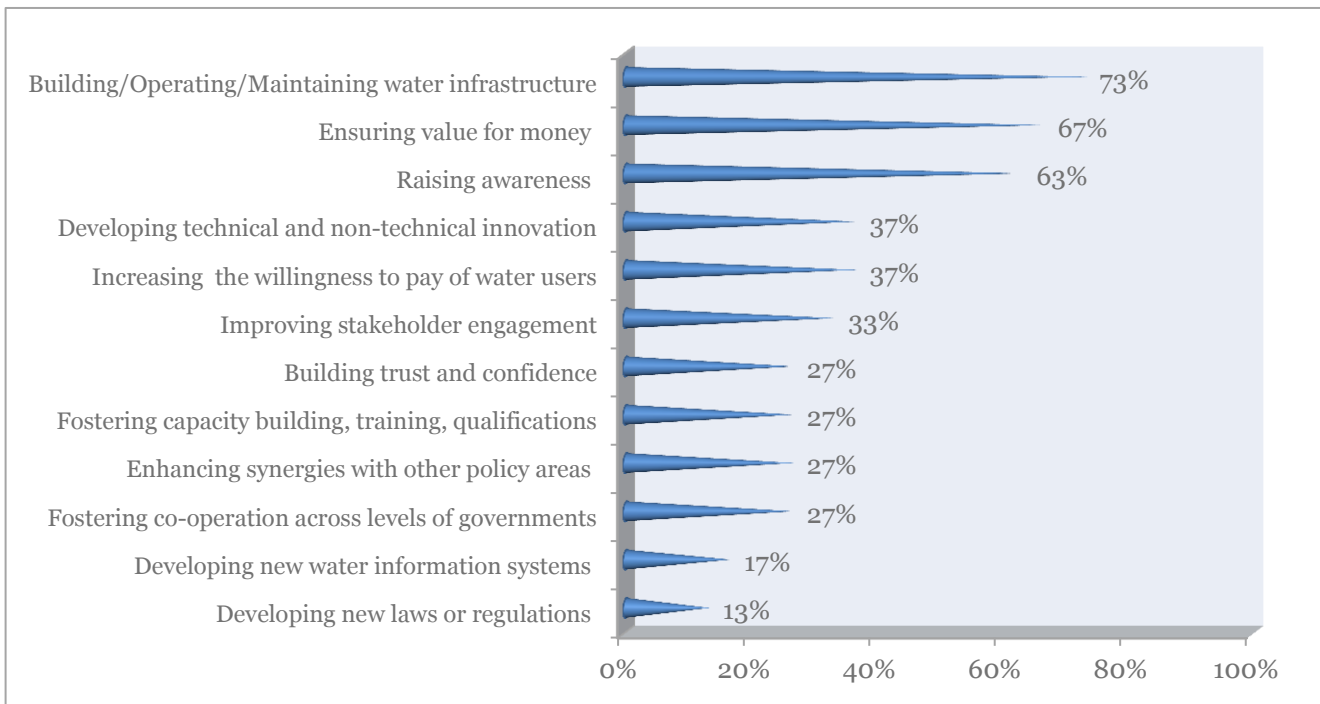

Price of m³ of domestic water (Euro/m³)

Source : OECD, 2015 forthcoming, Water Governance in OECD Cities.

Cities' forward-looking strategies

Cities' top priorities in managing urban water

Priority	Percentage
Building/Operating/Maintaining water infrastructure	73%
Ensuring value for money	67%
Raising awareness	63%
Developing technical and non-technical innovation	37%
Increasing the willingness to pay of water users	37%
Improving stakeholder engagement	33%
Building trust and confidence	27%
Fostering capacity building, training, qualifications	27%
Enhancing synergies with other policy areas	27%
Fostering co-operation across levels of governments	27%
Developing new water information systems	17%
Developing new laws or regulations	13%

POLICY RESPONSES

A Systemic Approach to urban water governance gaps

Stakeholder engagement
To secure the willingness to pay, accountability and policies buy-in

Rural-urban partnership
For coherent policies on water, land use, spatial planning, nature conservation, etc.

Metropolitan governance
Opportunity to pool resources and capacity at a critical scale for effective water management

People

Policy

Places

3Ps

Effectiveness of water governance

Social acceptance of water governance

Efficiency of water governance

Principles of water governance

Conditions of success

Effectiveness of water governance

Focus on →Rural- Urban partnerships

Facts

- **73%** of surveyed cities reckon **flood control** and **water quality** as the major issues generating interdependencies between cities and surrounding areas
- **1/3** of surveyed cities set up policy **mechanisms for coordinating urban-rural areas**

Opportunities

- A positive two-way interaction between rural and urban areas should be promoted to **build synergies**, **manage trade-offs** and **foster complementarities** across places and policies.
- Rural-urban partnerships can help **integrate water management** between cities and their hinterland

Issues generating interdependencies between cities and surrounding areas
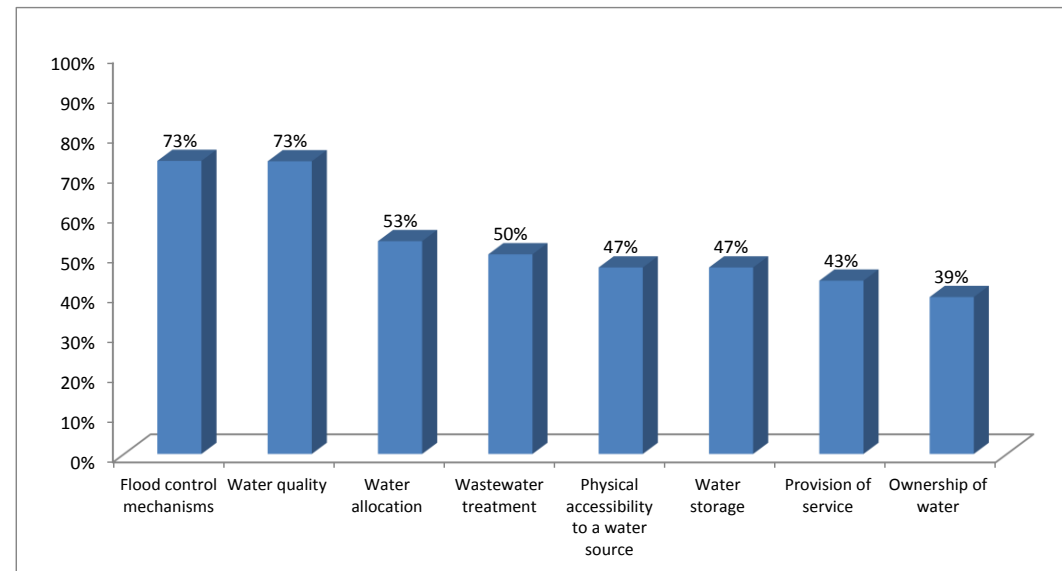
Note: Results based on a sample of 30 respondents who indicated the issues being "very important" and "important".

Source : OECD, 2015 forthcoming, Water Governance in OECD Cities.

Efficiency of water governance

Focus on → Metropolitan governance

Facts

- **47%** of surveyed cities has a **metropolitan body**
- In **93%** of cases metropolitan bodies have competences on water in **information exchange / policy facilitation**
- **40%** of cities implemented **inter-municipal coordination mechanisms**

Opportunities

- Enhancing **information sharing** and costs saving for projects on water
- Promoting **policy complementarities** across different sectors
- Integrate **planning, policy making, strategy setting** and service provision across municipalities
- OECD (2013) points out the pressing need to build more effective metropolitan governance for stronger, more inclusive and sustainable growth in a context of recent crises and long-term pressure on **public finances**.

Competences on water of metropolitan bodies
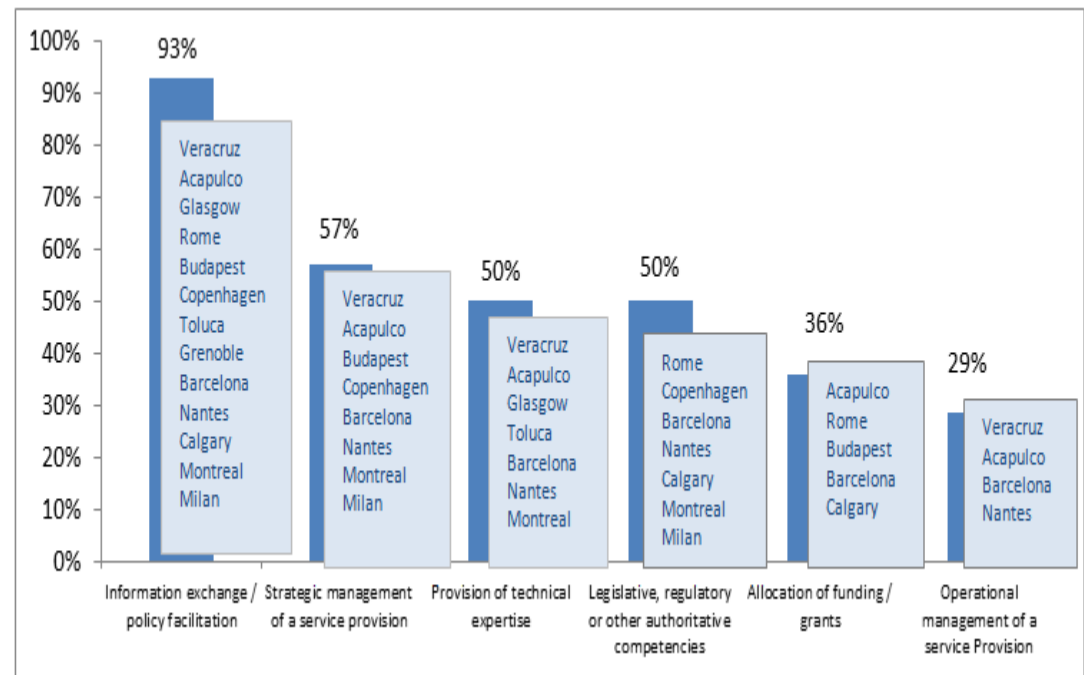
Note: Results based on a sample of 14 respondents who responded "yes" to the options provided

Source : OECD, 2015 forthcoming, Water Governance in OECD Cities.

Social acceptance of water governance

Focus on → Stakeholder engagement

Facts

- **Complexity of issues** at hand and the **resistance to change** are the major obstacles for engaging stakeholders (**50%)**
- **Service providers** are the main counterparts of city departments (**46%)**
- Cities **rarely** interact with **irrigators, civil society and business**
- **77%** uses **web-based communication** technologies to engage with stakeholders

Opportunities

- Building **trust** and ownership
- Securing the **willingness to pay** for water services
- Raising awareness on current and future water challenges
- Ensuring the **accountability** of city managers and service providers to end users and citizens
- Managing **conflicts** on water allocation
- Ensuring the **political acceptability** of different ownership models
- Setting **convergent objectives** across policy areas.

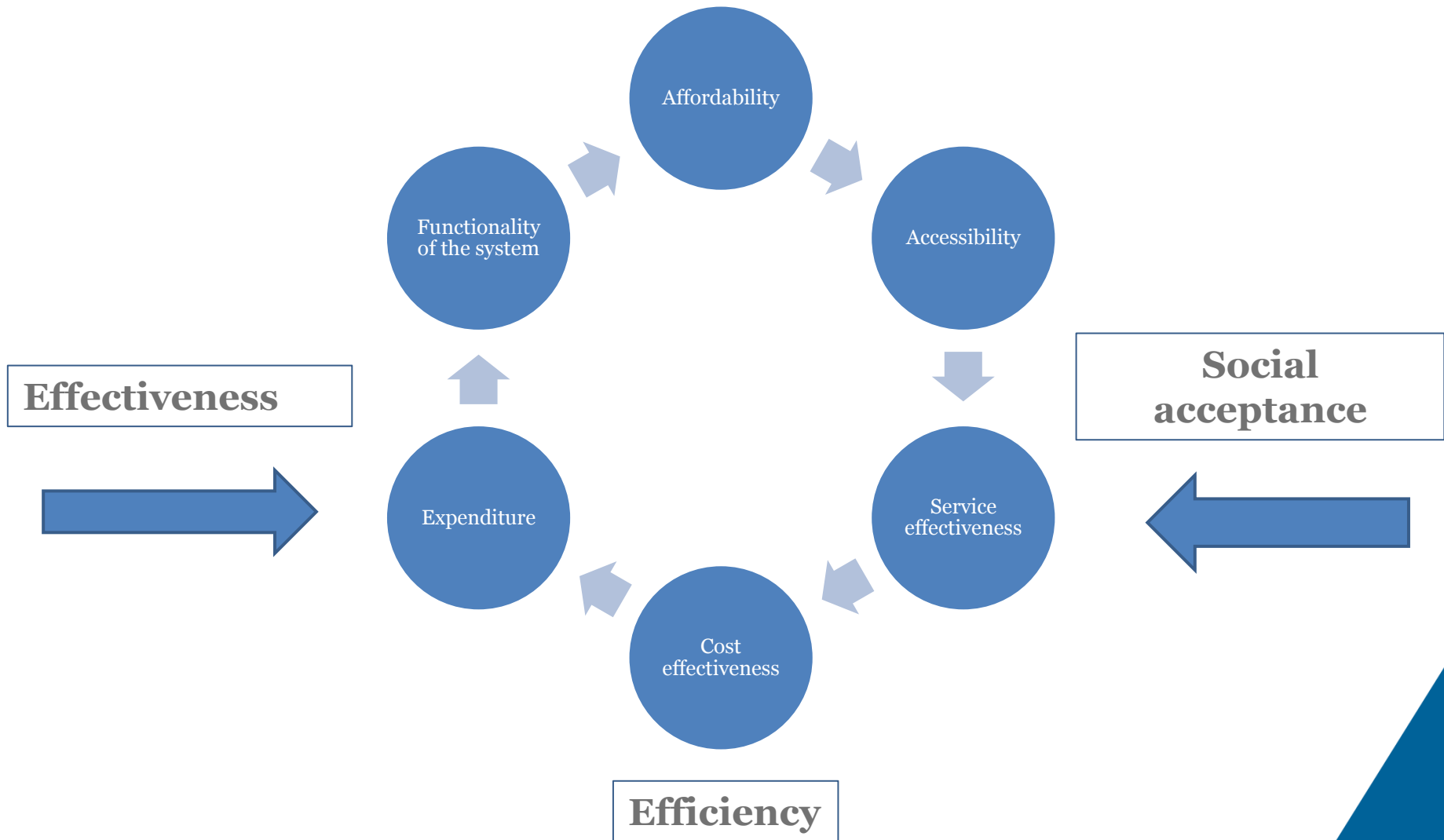## Interactions between the city department and stakeholders
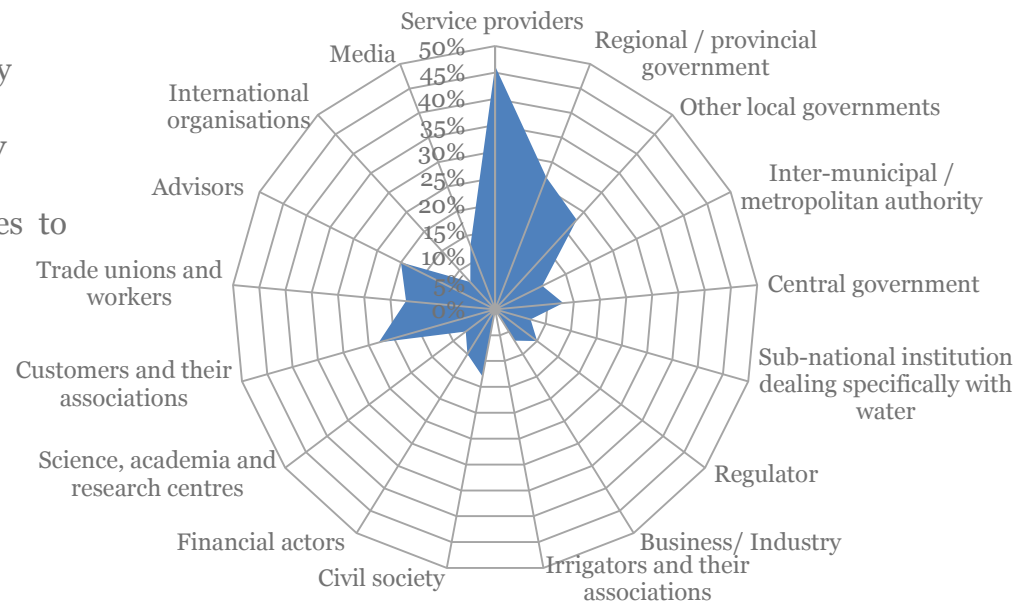
Note: results based on a sample of 30 respondents who indicated the interactions to occur "always, very frequent

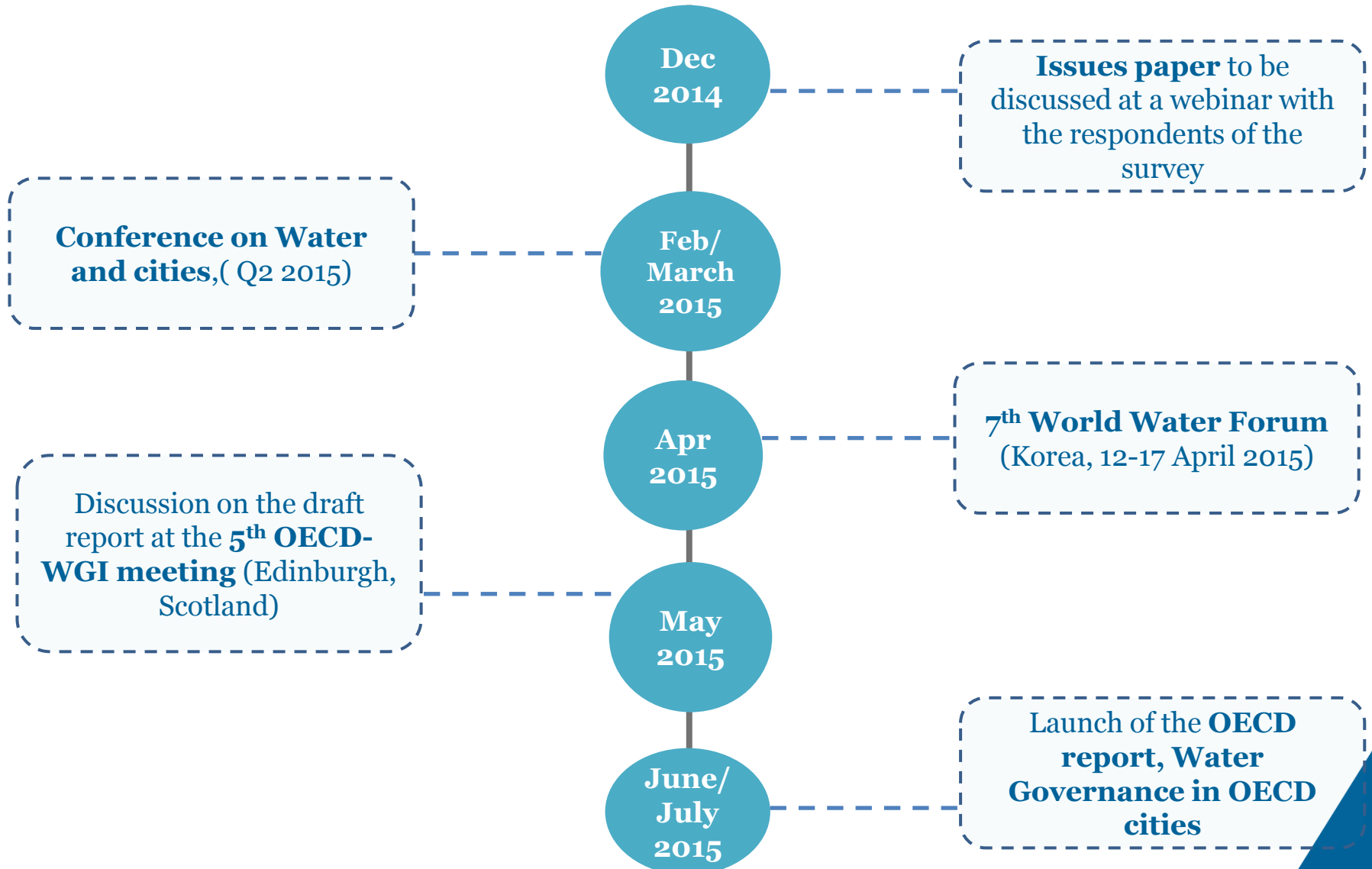*Source : OECD, 2015 forthcoming, Water Governance in OECD Cities.*

TOWARDS WATER GOVERNANCE INDICATORS

NEXT STEPS

Dec 2014

Issues paper to be discussed at a webinar with the respondents of the survey

Conference on Water and cities,(Q2 2015)

Feb/ March 2015

Apr 2015

7ᵗʰ World Water Forum (Korea, 12-17 April 2015)

Discussion on the draft report at the **5ᵗʰ OECD-WGI meeting** (Edinburgh, Scotland)

May 2015

June/ July 2015

Launch of the **OECD report, Water Governance in OECD cities**

THANK YOU!

QUESTIONS?

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OECD
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