InnWater Article

#4 OECD Principles on Water Governance

Context

The OECD argues that" **water crises are often primarily governance crises**" (OECD, 2015). Water governance, defined as "the range of political, institutional and administrative rules, practices and processes (formal and informal) through which decisions are taken and implemented, stakeholders can articulate their interests and have their concerns considered, and decision makers are held accountable for **water management**", is ultimately a means to an end.

The OECD Water Governance Principles underlines that "coping with current and future challenges requires robust public policies, targeting measurable objectives in pre-determined time-schedules at the appropriate scale, relying on a clear assignment of duties across responsible authorities and subject to regular monitoring and evaluation. Water governance is a powerful means to achieve this end, and thus strengthen water security, as it can greatly contribute to the design and implementation of such policies, in a shared responsibility across levels of government, civil society, business and the broader range of stakeholders who have an important role to play alongside policymakers to reap the economic, social and environmental benefits of good water governance". Using a multi-level and cross sector approach means connecting actor groups with different types of knowledge systems so as to create common policies.

Defining water principles

The OECD approach to water governance is interested in appraising the state of play of water **legal and policy frameworks** (what), the **institutions in charge** (who), the **instruments used** (how), and the improvements needed to ensure water policies are fit to address current and future water challenges.

Among the OECD principles, special attention is given to understanding the clear allocation of roles and responsibilities for water policy-making and implementation (**Principle 1**); the management of water at the appropriate scales within integrated basin governance systems (**Principle 2**); policy coherence through effective cross-sectoral coordination (**Principle 3**); adaptation of capacity level of responsible authorities (**Principle 4**); the production of policy relevant data and information (**Principle 5**); the mobilization and allocation of adequate water

finance (**Principle 6**); the implementation and enforcement of sound regulatory frameworks (**Principle 7**); the adoption of innovative water governance practices (**Principle 8**); practices to guarantee integrity, accountability and transparency in decision-making (**Principle 9**); stakeholder engagement (**Principle 10**); the acknowledgment of trade-offs across water users, rural and urban areas, and generations (**Principle 11**); and the promotion of regular monitoring and evaluation (**Principle 12**).
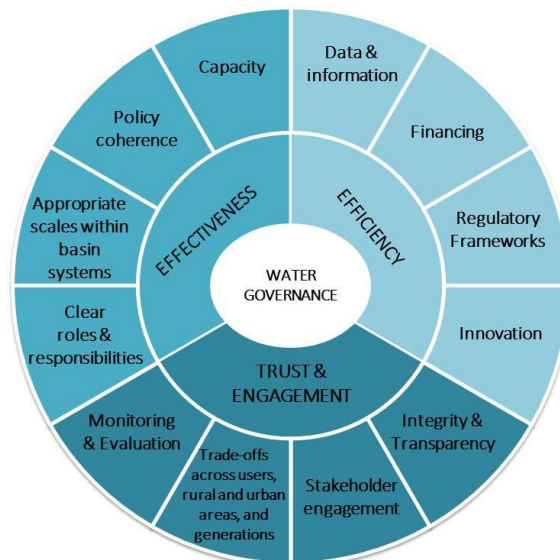

Figure 1*: OECD Water Governance Principles*
Source: OECD, 2015.

Addressing new challenges

Communities worldwide are grappling with the profound impacts of several global mega-trends, including **population growth**, **urbanization**, and **climate change**. The world's population has surged by 2.1 billion over the past 25 years, intensifying the demand for water resources, particularly in urban areas where 54% of the global population resides (UN, 2023). This urbanization trend is also a major driver of economic activity, accounting for 80% of global GDP (UN, 2023). Simultaneously, climate change is exacerbating water-related risks such as droughts, floods, and water scarcity. Earth's **temperature** has been steadily rising, leading to shifts in precipitation patterns and altered wind dynamics, all of which affect water availability and quality. **Droughts** have increased significantly since 2000, causing loss of life and substantial economic damage globally. In the EU, about 30 % of the population is affected by water stress during an average year (European Environment Agency, 2021[1]). In general, water scarcity is more common in southern Europe, where approximately 30 % of the population live in areas with permanent water stress and up to 70 % of the population live in areas with seasonal water stress during summer (European Environment Agency, 2023). **Floods**, another consequence of climate change, are becoming more frequent globally. In Europe, flooding

---

[1] EEA report, 2021. Water resources across Europe -confronting water stress**:** an updated assessment, No 12/2021

affects a significant portion of the population annually, resulting in substantial economic losses. Addressing rising river flood risks requires new strategies and investments.

To cope with these challenges, resilience is crucial. **Resilience** entails the ability of systems and stakeholders to withstand and recover from shocks and stresses, ensuring consistent access to high-quality water services while protecting well-being. Resilience is integrated into various global agendas, including the Sustainable Development Goals, the Paris Agreement, and the Sendai Framework for Disaster Risk Reduction, emphasizing the importance of adaptive capacity and vulnerability reduction.

Sustainability is also paramount in water governance, recognizing finite resources and the need for prudent use to meet the needs of future generations. Sustainable water governance encompasses efforts to ensure water quality, mitigate pollution, treat wastewater, and protect the environment. By prioritizing resilience and sustainability, water governance can effectively address water-related risks associated with climate change and biodiversity degradation while ensuring water security for all communities, particularly those undergoing the **green transition**.

Link with InnWater

In **Deliverable 2.1.** of **InnWater**, the OECD Water Governance Assessment Tool, which is used as the foundation of the enhanced tool that we propose to create, is complemented and enhanced to account for sustainability and resilience, with particular attention to the **EU environmental and water-related strategies and policy frameworks**. This new tool will, therefore, account for the polluter pays principle (Art. 9 WFD), the restoration of freshwater ecosystems (as per the **2030 Biodiversity Strategy**), and the implications of the **EU Green Deal**. Our aim is to produce a tool that encourages sustainable water use across sectors, while insuring transparency and inclusiveness. In addition to empowering citizens and stakeholders to partake in water governance, water management across water-using sectors needs to not only be better integrated and coordinated, but also grow in sustainability and security in terms of access and use. On the one hand, water and sanitation services should be available and sustainable for all. This, for instance, reflects in the development of appropriate tariffs and pricing policies, knowledge systems, as well as gender-sensitive water policies. On the other hand, the water governance framework must respect the needs of the natural aquatic environment, while preventing pollution and protecting biodiversity. This also means adopting decisions that promote resilience in the face of **climatic, ecological, socio-economic, or political disruptions**.

In D2.1., we aim to provide an enhanced methodology for water governance assessment based on the OECD Principles on Water Governance, which focus on **effectiveness** (institutions and policies), **efficiency** (data, financing, regulations), and **trust and engagement from stakeholders**. The dimensions of resilience and sustainability are reflected in the new added principles of *i)* **circular economy**, *ii)* **environmental resilience**, *iii)* **engagement of vulnerable categories**, and *iv)* **integrated strategies and local empowerment**. *i)-iv)* were selected as the common denominators between what policy makers report as existing issues and what researchers deem as fundamental factors to ensure a water governance that is economically, environmentally, socially sustainable and resilient. By integrating *i)-iv)* within the existing OECD framework, based on the twelve efficiency-effectiveness-trust and

engagement water governance principles, we contribute to the applied research by providing a **tool that encompasses the gaps mentioned in the literature; that is empirically applicable at various scales; and that allows for an assessment that addresses current mega trends and water risks affecting water management in Europe, and the world**.

Authors: Maria Salvetti & Chiara Natalie Focacci, European University Institute, maria.salvetti@eui.eu; chiaranatalie.focacci@eui.eu.

Other references: UNCTAD Handbook of Statistics, 2023; EEA Water scarcity conditions in Europe (Water exploitation index plus), 2023; OECD Water Governance Framework.

Disclaimer

Intellectual Property Rights

Project Consortium