Regulation of Public Services in OECD countries : A Multilevel Approach

The example of the water sector

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What is OECD?

- International organization (established in 1961) that gathers **33 countries** based on democratic values and market economy to **promote sustainable economic development;**

- OECD provides a platform for governments to **share & compare experiences on public policies**, seek responses to common challenges, identify **good practices** and coordinate domestic and international policies;

- OECD produces **international statistics**, provides comparative analyses of public policies, organizes **workshops**, **seminars** and **experts' meetings**, and publishes about **250 reports** each year on economics and public policies topics;

- Based in **Paris-France** with a Secretariat (2,500 staff) organized in various Directorates and Divisions, supporting the work of different committees and sub-committees

Member Countries and Partnerships

- **OECD Member countries** include :

Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Israel, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States

- OECD is currently in **accession talks** with Estonia, Slovenia, Russia and **enhanced engagement** with Brazil, China, India, Indonesia, South Africa

- OECD has **regional partnerships with : Latin America and the Caribbean** (OECD LAC Initiative), **Middle East and North African countries** (OECD-MENA Programme) and **48 developing countries** (OECD Development Centre)

Outline

1. **Regulatory frameworks for urban services : taking stock from OECD countries' experience and evidence**
   A. Theoretical concepts and definitions
   B. Overview of OECD countries' practices in regulating urban services
      i. *Urban waste management*
      ii. *Public transportation services*
   C. Learning from regulatory frameworks in OECD countries

2. **Going beyond "regulation": local "governance" and territorial challenges in water policy-making**
   A. Institutional and regulatory challenges of water policy
   B. OECD on-going work on water governance
      i. *Objectives, methodology, outputs*
      ii. *Results and conclusion*

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1. Regulatory Frameworks for Urban Services :

Taking Stock from OECD Countries' Experience and Evidence

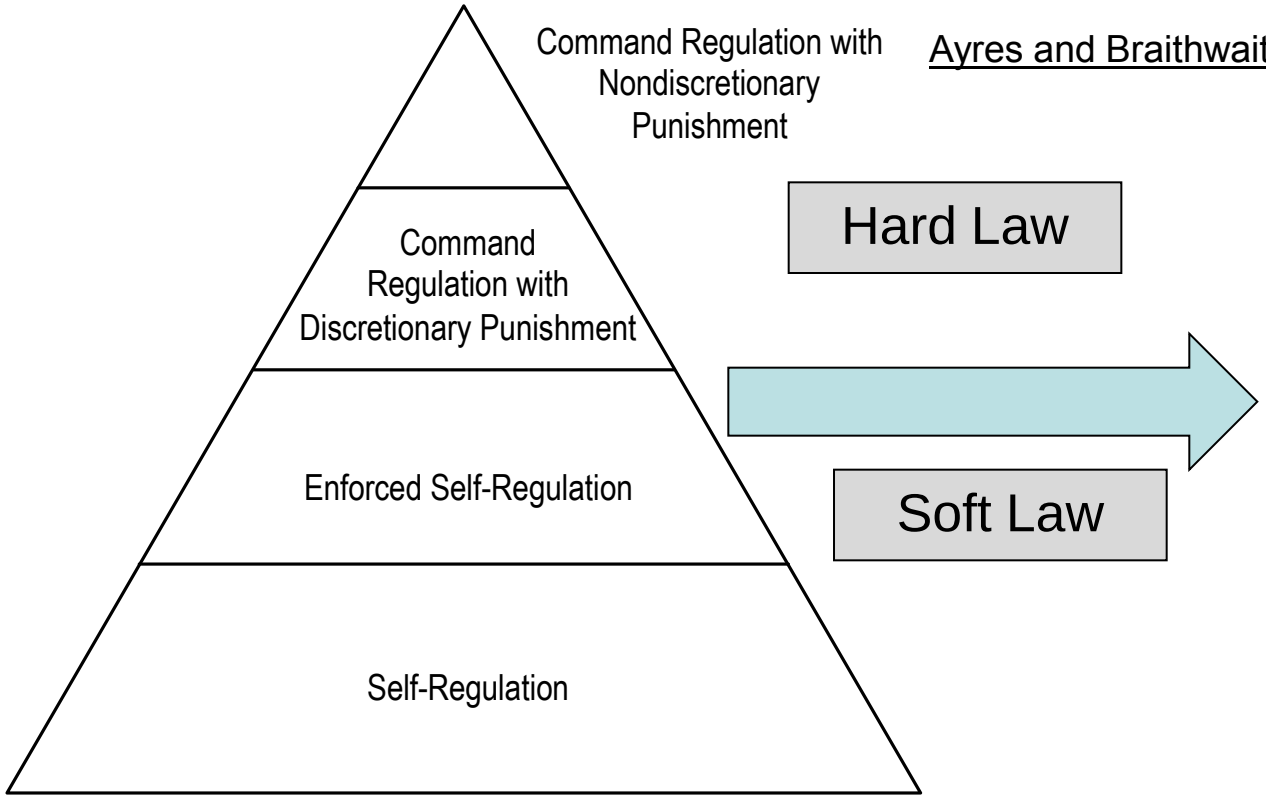
Regulatory Frameworks Concepts : OECD perspective

- Wide variety of definitions ranging from :
  - a **strict legal concept** with rules/regulations determined in black and white (narrow, top down command and control view)
  - … to "a sustained and focused **attempt to alter the behaviour of others…**" (Black, 2002; Freiberg 2006)

=> *For OECD, regulation is equally about* ***broader analyses of political institutions and administrative practices*** *as well as being a distinctive mode of public policy making.*

There are numerous ways of cutting the "regulatory cake" !!!

Considering the "**pyramid of mechanisms**" for regulatory strategies :



Ayres and Braithwaite's Enforcement Pyramid (1992)

OECD Level of Action:

- Guidelines
- Codes of conducts
- Best practices

Focusing on **regulatory functions** and **tools** of governments:

Economic Actor	Party	Facilitator	Information Provider	Legislator

(Source: Freiberg, 2006)

Interpreting regulatory frameworks in terms of **ownership** and **competition**

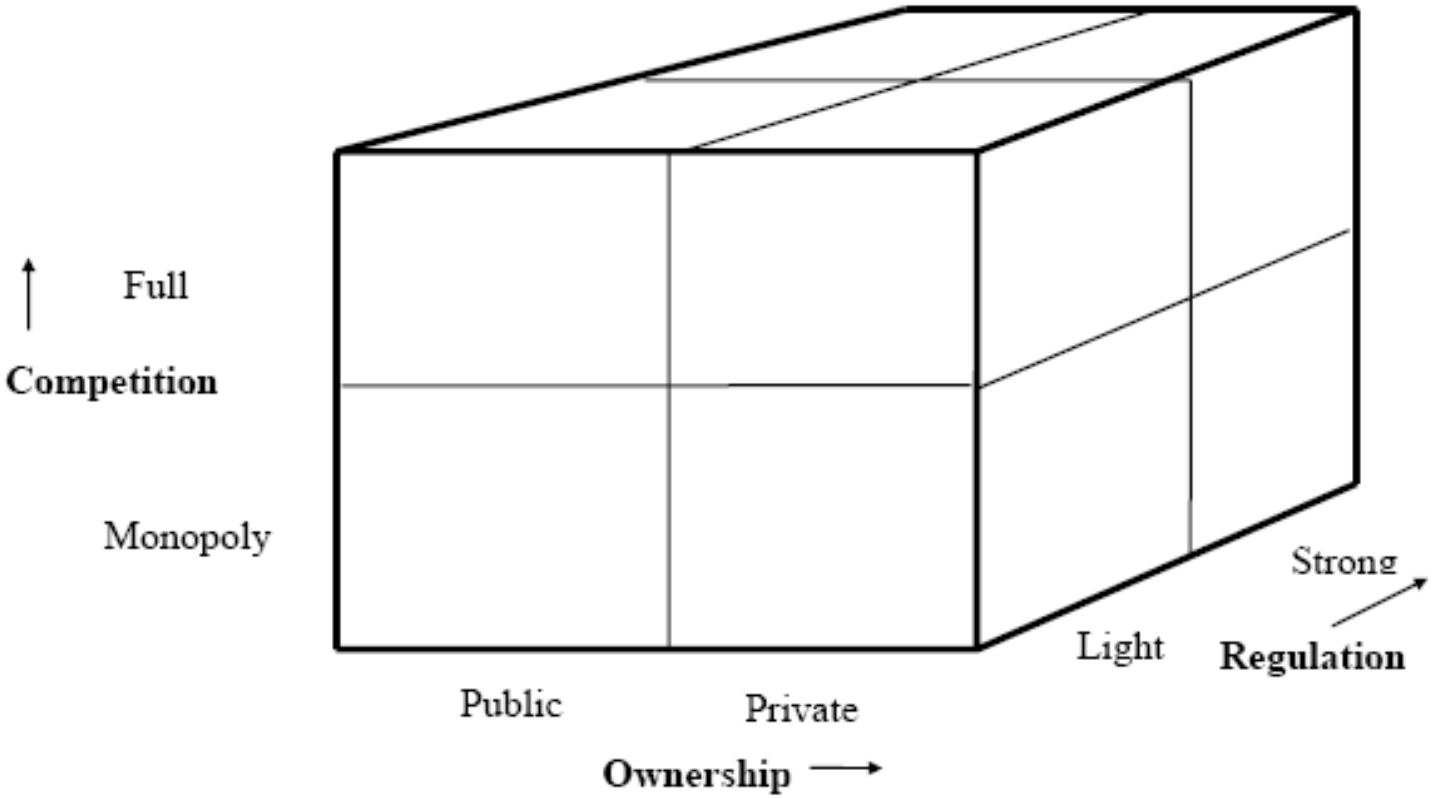


Figure 2 Ownership, Competition and Regulation Cube
(Source: Hodge 2000; 244. Adapted from Hartley and Parker 1991.)

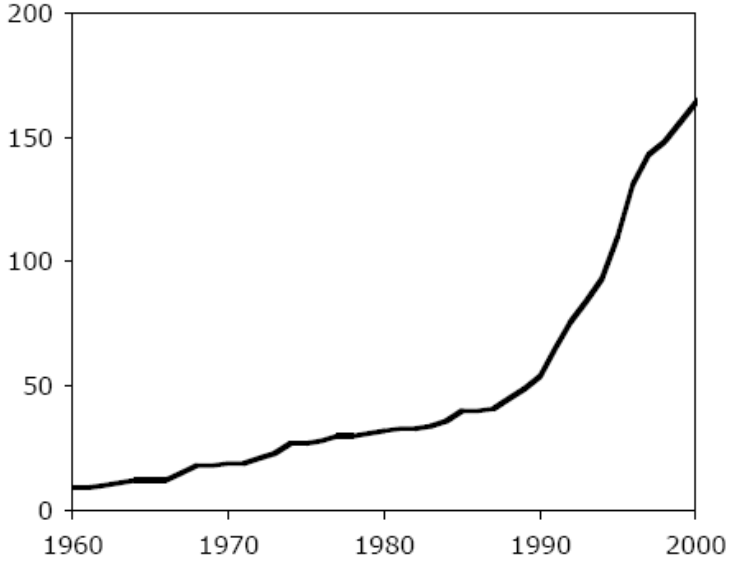
<u>In practice</u> : not that simple as it is not "either/or" but rather "where" in the "continuum" …

OECD Countries' Practices in Regulating Urban Services

- **Recent developments :**
  - Fundamental re-ordering of the state over the past 3-4 decades
  - Questioning of the role of governments and its markets in producing wealth and of the need for a more sophisticated understanding of "regulation" and its structure
  - Progressive trend towards privatisation and contracting-out of services
  - Establishment of independent regulatory agencies around the globe

The diffusion of regulatory agencies in 36 countries and 7 sectors

(Gilardi et al, 2006)



- But today's "regulatory state" does not consist principally of "independent regulators", but involves a **wide range of other regulatory practices !**

Regulation **inside government**	Regulation **outside government**	Regulation **across national government boundaries**	Regulation **in hybrid institutions** that cross the private-public divide	Regulation through mechanisms of **self-regulation**

Figure 4: New Regulatory Practices in Today's 'Regulatory State'
(Source: adapted from Minogue, 2006, 69)

In brief :

- Regulation is a broad construct;
- Independent regulation outside of government is an important part of today's regulatory terrain;
- The traditional "command and control" legislative role is only one of many regulatory tools now available to governments;

OECD Practices in Managing Urban Waste

General insights in OECD countries :

- **Incentives** for local governments to organise "competitive" waste management services are "often **weak**", except in US (balanced budget) and UK (requires competitive tendering);
- Widespread **competition** "in the market" for **industrial** and **commercial** waste but not for households' garbage (except in Finland); 85% of local governments rely on private companies in Denmark, 83% of US cities; 73% of Norway municipalities, 63% in Sweden;
- In virtually all OECD countries, **waste regulation** is carried out at **several levels of government** : supranational (EC, WTO), national (legislation, institutions) and sub-national (State, Lander, regional/local, town/city…);
- **Variety of powers and legal relationships** between layers of government but common characteristics on possible local governments interventions : taxes and subsidies, licensing, controls (prices, output, quality, procurement, franchising, business org. etc.) ;

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- **Waste management** is a classic candidate for **regulation at local level** (public hygiene concerns, minor spillover effects with neighbouring regions …)

- OECD suggests that the **"efficient scale** of solid waste collection firms is no larger than **small municipalities"**

Assessment of the effectiveness of these arrangements:

- **Competitive tendering** in strong markets results in **lower costs** than in-house production…

- … but a **level playing field** between potential bidders and any local government owned bidders **must be carefully maintained**

- **Need for contractual terms** and conditions, clear **selection** of service providers and **punishment** of bid rigging;

- **Risks of corruption** amongst local officials and states (e.g. in France, bids are opened by an independent commission to eliminate risks of collusion)

Broader evaluation insights for urban waste management regulatory arrangements

A framework with 4 dimensions :

- Competition "in the market" : different **US cities** have chosen different approaches : **only a licence requirement** for collectors to operate in Eugene (Oregon) or LA county (no limit on the n° of licences, no price/service public control…) ; **Free competitive commercial collection** in LA and Washington D.C (but not for residential collection); **exclusive franchises** to private collectors in other cities

- Competition "for the market" : typical **competitive bidding process** (e.g. Seattle 5-year period tenders for Northern/southern half of the city)

- Sources of revenues : higher charges on users provide incentives to economise on waste production but can also have impacts on health/nuisance because of illegal dumping of waste

- Price and quality of service : mitigated results of evaluations based on ownership/performance

Urban Waste Management Features in the UK

- **UK Local governments' duties**: strategic planning, highways, traffic, social services, education, libraries, fire, services, consumer protection and refuse disposal;
- **Regulation of urban waste** services is **not a local authority function** but carried out by the Environment Agency (central government);
- Local Government Act 1998 and 1992 (UK) required **compulsory competitive tendering** (under EC legislation);
- Successful tenderer chosen on basis of 'Best Value' and Secretary of State can act against local authority where CCT rules breached;
- **No regulatory controls on who may bid**, nor as to **ownership** (domestic/otherwise) of the firms
- **No regulation of prices ; no licensing requirement** (except EA regulation for waste disposal)

Urban Waste Management Features in the US

- **US Local governments' duties**: education, fire protection, public buildings, highways, hospitals, public housing, public parks, libraries, refuse collection, public transit and water;
- **"Nature"** of the **local control varies** across states;
- Often, **county/state/federal funds** help pay for services ; income for waste management sourced from local sales taxes, property taxes, users pays, franchise fees, government transfers;
- **Restrictions** on local governments' **tendering procedures** (i.e. min n° bidders)
- Trend towards '**block grants**', where local authority has control over expenditure
- **No regulation of** refuse collection **prices** in vast majority of states (47 of 50)

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Urban Waste Management Features in Australia

- Followed UK with **Compulsory Competitive Tendering**
- A **range of approaches to waste management** were taken across states;
  - Victoria – CCT for all government services (Kennett era)
  - '50%' target reached by most departments in 1998
- CTC (Competitive Tendering and Contracting) forced agencies to **review current practices** : need for clear and accurate specifications, adequate monitoring of contract performance, effective competition to choose the best provider …
- Estimate of **$13 billion of urban services** in mid 1990s were **contracted out** by public sector agencies in Australia

Current OECD Practice in Regulating Urban Public Transport

- Urban transport is **crucial to cities/towns**, integral to urban economy with implications for urban planning, equity and employment ;

- **Natural monopoly** worthy of **close regulation;**

- Across OECD countries : vast array of both **structural and regulatory arrangements** between public and privately owned public transport systems

- Focus on **urban bus** transport and **urban rail** transport services (examples of UK and US)

UK Practices in Regulating Urban Public Transport

- 1920s-1930s : less than 1 million private care, public transport = 51% of the UK passenger transport market; **monopoly position of public transports**;

Urban Bus Transport in the UK

- Road Traffic Act of 1930 : framework of **public control** over the British **Bus Industry**;
- Creation of **territorial monopolies** to existing operators in return for running **socially needed services** ;
- Mid 1980s : **National Bus Company** (70 publicly-owned subsidiaries) was pushed for deregulation
- Transports Acts of 1980 and 1985 : **privatisation and deregulation of the bus industry in the UK**, except for London and Northern Ireland;

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Outcomes of the Bus Regulatory Reform in the UK

- Several studies reported a **40% decrease in costs/bus** km and **25% increase in supply** of bus km
- **Net gain** in **consumers**' surplus and **cost saving** (Nash, 1993)
- But … **decrease in demand** by 25% and **loss of passengers** because of a **rise of fares** by 19% resulting from decreased subsidies
- **Lack of coordination** of the buses' timetables

Urban Rail Transport in the UK

- **1948**: Nationalisation of the *British Transport Commission*
- **1962**: Nationalisation of the *British Railways Board* (vertically integrated, i.e. owned its own trains, infrastructure and carried out almost all O&M)
- **1980s** : Privatisations of public utilities (Thatcherism)
- **1994**: British Rail broken into a rail-track company and a European passenger service.
- Further broken into **25** separate passenger operating companies, **6** freight companies, **13** infrastructure maintenance units, **3** rolling stock leasing companies and other engineering, consultancy, design and support enterprises
- **All were then privatised** (1996), **and regulated by a variety of public agencies**

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Urban Rail Transport in the UK (cont.)

- Resulted in **very complex arrangements** (v. previous vertical integration)
- There has been an ongoing **debate on the effectiveness** of these reforms
- Key **features** (Nash, 2000) :
  - **Infrastructure separated** from operations, and **privatised**
  - **Passenger operations franchised** through contracts to reduce subsidies
  - Degree of open **access/competition** of other operators
  - Establishment of an **independent rail regulator**

Assessing Rail Transport Performance

- **Mixed reports on effectiveness** of UK train transport reforms :
  - *Quinet and Vickerman* (2004) : "British reform finished up with the worst aspects of all systems … because of over-regulation, over-complexity, lack of integration, no benefit of competition;
  - *Nash and Jansson* (2001) : "up to 2000, worked reasonably well, difficulties arose from funding investment, Hartfield accident and fragmentation
  - *Economist magazine* : regulatory reforms in London underground essentially failed and need rethinking . Expectations and political promises made when re-regulating UK public rail operations exceeded delivery of regulatory reforms
- Overall, **mixed effectiveness**, with some reforms paying off, whilst others did not.

EU Practices in Regulating Urban Public Transport

- **1990s**: change in EU public transport paradigms;
- Main **characteristics** :
  - Low revenue-cost ratios (24% in Italy, 92% in Finland, 95% in Ireland
  - Significant degree of contracting
  - Extensive control of fares
  - Predominance of planned regulatory systems
  - Reluctance to follow UK full deregulation model, political interest and will to maintain a system if integrated public transport with uniform fare systems;

=> Most regulatory reforms in the EU were not based on ideology but aimed to save money on public budget !

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Experience of EU countries

- ***Sweden*** – concentration of bigger operators, tendency to privatise, competitive tendering leading to subsidy savings;
- **Norway** – public-private ownership in local bus transport ratio of around 50/50
- **Scandinavia** – competitive tendering also resulted in subsidy savings
- **Denmark** – publicly served routes open to tenders
- **Competitive tendering** also in Australia, Germany, France, Portugal, Finland, and Spain
- Pina and Torres (2006) : **43** of the 73 cities analysed (29 from EU) have urban delivered by **local government owned corporations; 11** have **franchised** services**, 12** are delivered by **public-private operators, 7** have **deregulated** services

Learning from EU experience : main observations

- Statistical tests show **no significance** as regards **relation efficiency/ownership**

- In the EU : rather **successful outcomes** (*Egmond et al*, 2003) and **over-organisation** of local public transport systems is generally seen as leading to **failure**

- **Unsatisfactory** social economic/financial **performance if high subsidies** v. good results if "moderate" subsidies

- **EU paradigm** v. British paradigm (unique): European Commission role, economic crisis, technological change, network society (2000 : EU still 50% public participation, except Netherlands, Spain and UK where below 25%)

- **EU** seems to show a **reluctance to deregulate**, although competitive tendering is considerable

=> No single, preponderant, unambiguous cause for local public transportation systems .... Success has multiple origins!

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Learning from OECD Regulatory Frameworks

- **General rules** for urban services regulatory design are **few** and **far between**
- **Regulation** of urban services is carried out **across levels of government** with numerous models
- **Competitive tendering** offers advantages **but majority** of OECD urban services ownership structure is at present **public** (regulation via planned regulatory systems, public utilities etc.)
- **PPPs** remain a **controversial** service delivery option
- **Independent regulators** have enabled a new source of **power** and **accountability** for citizens
- How **countries review, learn, revise and improve their regulatory systems** is still an open question. Our own regulatory systems have **not** been **comprehensively evaluated**, which poses real issues to transferability (e.g. China, Indonesia, India etc.)
- Caution and learning is needed overall in articulating new reform options: need for **"home-grown" regulatory solutions**
- Fundamental role of **national political governance** over technical or economic arrangements

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2. Going beyond “regulation”: local “governance” and territorial challenges in water policy-making

Why is there a need to regulate?

Intrinsic characteristics of the water sector

- **Natural monopolies** (uneconomic to duplicate etc.)
- **Inelasticity** of water demand to customers
- Technological needs and expertise
- High distribution and transportation **costs**
- Economies of scale
- Network infrastructure & large sunk **investments**
- **Local scale of service delivery**
- **Externalities** (equity, health and environmental considerations)
- Increasing water resources **scarcity**
- Groundwater **contamination**

=> Low degree of competition
=> Few international players
=> Risks of abuse of dominant position

"Better" governance and regulation a means to manage complexity in water policy-making

- Variety of **interdependent stakes** and strong **territorial characteristics**

- Plurality of **mutually "dependent" actors**
  - from a sectoral point of view
  - from an institutional point of view
  - regarding the challenges inherent to water resources and services

- Increasing mobilisation of **new actors at different levels:**
  - at local level (citizens, civil society…)
  - at international and supranational level (EU, OECD, etc.)

=> *Water requires a* variety of competencies to be produced and delivered across ministries and levels of government: need for a **whole of government approach** with policy coherence at horizontal, vertical and global levels to manage this complexity !

- **2007-2008 : OECD Horizontal Water Programme** (stage 1) produced important results and guiding principles (2009 *Managing Water for All* report, *Checklist for Public Action etc.)*

=> Pointed out strong "**implementation**" challenges in water policy :

- Fragmented, unclear, overlapping responsibilities in water policy-making;
- Lack of competence of key actors, especially at subnational level; etc.

Beyond the question of "WHAT" water policies should be designed, there is a need to think about "HOW" they will be implemented and "BY WHOM"

=> this implies getting into the "black box" of water policy

- **2009-2010 : OECD Horizontal Water Programme** (stage 2) had a closer look at the contribution of *public* governance to effective design, regulation and implementation of water policy

Better governance : a means to manage complexity generated by multiple actors, sectors, outcomes, places mutually dependent !

Objectives of OECD work on Multilevel governance of water

- Identify good governance practices for coordinating water policy : the focus is exclusively on ***public*** actors

- Provide an **Institutional mapping** of the allocation of roles and responsibilities in 17 OECD countries

- Identify **coordination and capacity challenges** in water policymaking across ministries and levels of government,

- Provide overview of **governance instruments** used in response to identified challenges

- Design **Principles for Integrated governance of water policy**

- **Methodology for data collection :**
  - **OECD Survey** on water governance (35 countries)
  - **Literature review**, existing **case studies** and **fact-finding** missions
- **Geographical scope**

  EU, MENA, EECCA, LAC, North America and Asia
- **Final outputs** (October 2011)
  - 2011 **Report** "Water Governance in OECD countries : a multilevel approach"
  - OECD **Guidelines** for sustainable governance of water policy

Targeted Governance Indicators / proxies (sample)

1. Allocation of roles/responsibilities in water policy making (design, implementation, regulation) at central and subnational government levels
2. Existence of regulatory agencies specific to the water sector
3. Existing vertical and horizontal coordination mechanisms
4. Efforts to coordinate water, agricultural, energy and territorial development policies
5. Key obstacles to effective horizontal and vertical coordination
6. Key coordination and capacity challenges at territorial level
7. Territorial approaches in water policy-making
8. Involvement of water users' associations
9. Existence of river basin organisations / water agencies (constituencies, mission, monitoring, financing)
10. Capacity building mechanisms
11. Water policy experimentations at territorial level
12. Tools measuring monitoring and enforcement of water policies at subnational level
13. Governance tools for transboundary water , climate change and risk management
14. Innovative practices in water governance in terms of policies, regulatory framework, co-ordination reforms and water services delivery

OECD Multilevel Governance Framework
"Mind the Gaps – Bridge the Gaps"

DIMENSION	DESCRIPTION
Administrative gap	Geographical "mismatch" between hydrological and administrative boundaries
Information gap	Asymmetries of information between policy making and/or implementation authorities and between public and non-governmental actors
Policy gap	Sectoral fragmentation of water-related tasks across ministries and agencies. Need to take advantage of synergies and to exercise political leadership and commitment
Capacity gap	Insufficient scientific, technical, and implementation capacity on the part of local water management actors (size & quality of the infrastructure and resource they must manage)
Funding gap	Unstable or insufficient revenues undermine effective implementation of water responsibilities at subnational level
Objective gap	Different rationalities creating obstacles for adopting convergent targets
Accountability gap	Difficulty to ensure the transparency of practices across the different constituencies

Key result 1 : institutional mapping

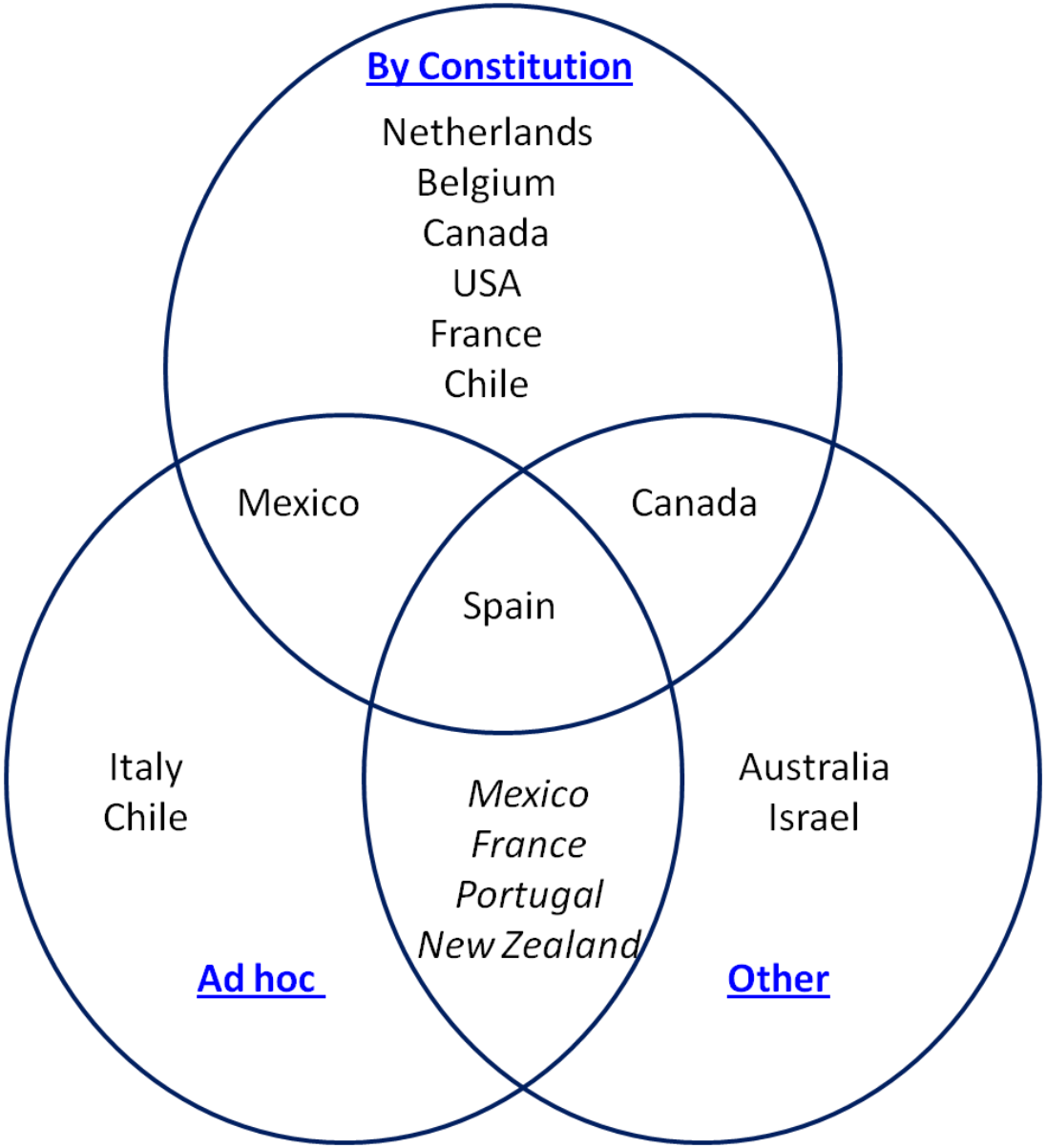
- Diverse area of situations across OECD countries
- In some OECD countries (US, Canada) : **impossible to capture a "national model"** because of the fragmentation of roles in water policy at national and subnational level
- In all countries, **central government plays a certain role** in water policy and multiple actors are involved across ministries and levels of government
- **Varying degrees of involvement of subnational actors** in water policy

Category (water policy design)	Country/region examples
SNG are the **main** actors	US, Canada, Belgium, Australia
Joint role with central government in the design & implementation	France, Spain, Netherlands, Italy, New Zealand, Mexico, Portugal, UK
SNG are mainly "**'implementers**"	Israel, Chile, Korea, Japan

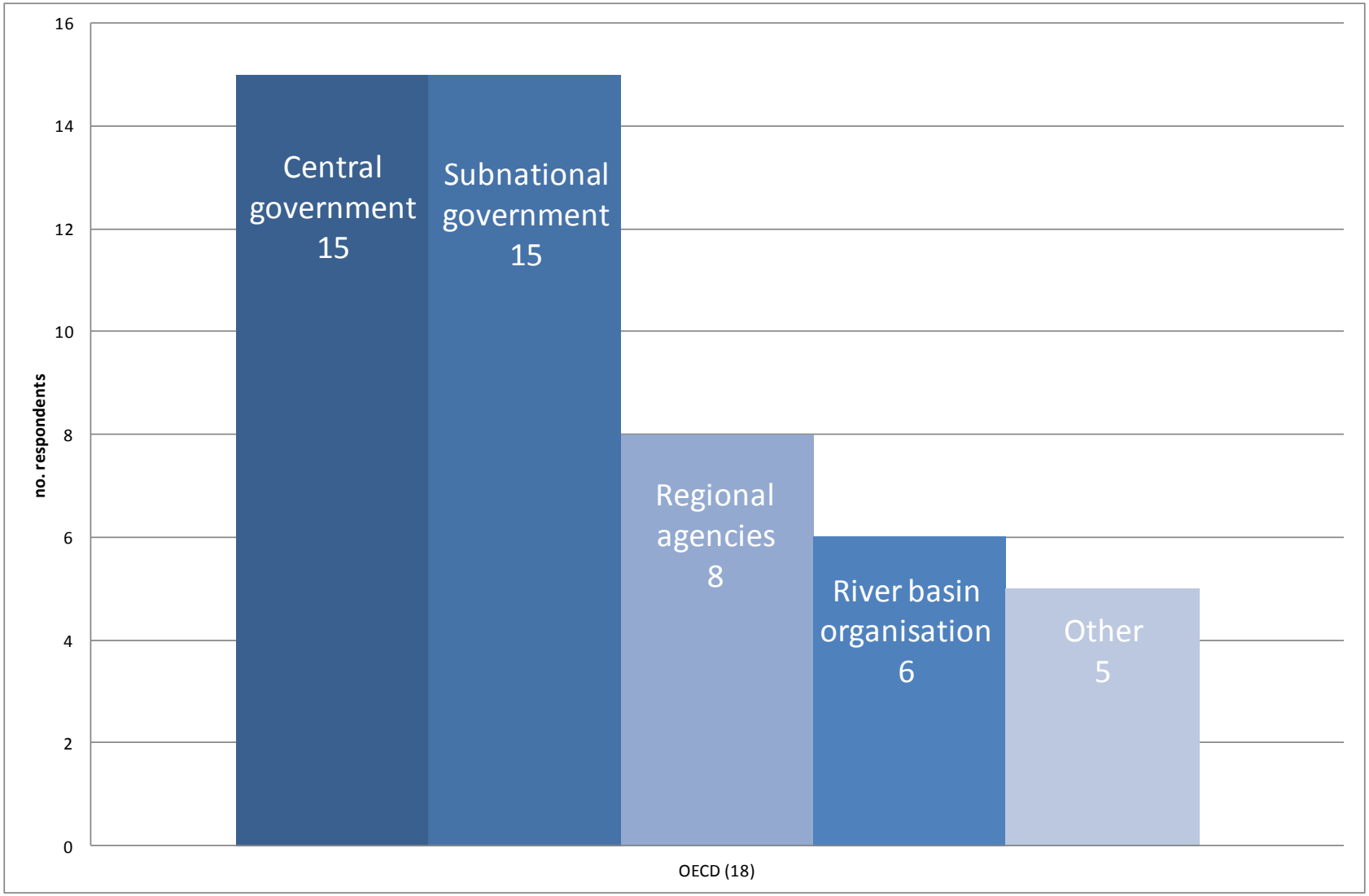
- In 2/3rd of countries surveyed local and regional actors are the main actors in charge of **implementation** at subnational level

Category (water policy implementation)	Country/region examples
Implementation mainly relies on **one single type of actors** (State territorial representatives, deconcentrated services)	Japan, Chile, Israel, Korea
Implementation relies on **multiple actors** (municipalities, inter-municipal bodies, regions, RBOs etc.)	France, Netherlands, Mexico, Italy, US, Canada, Australia, Spain etc.

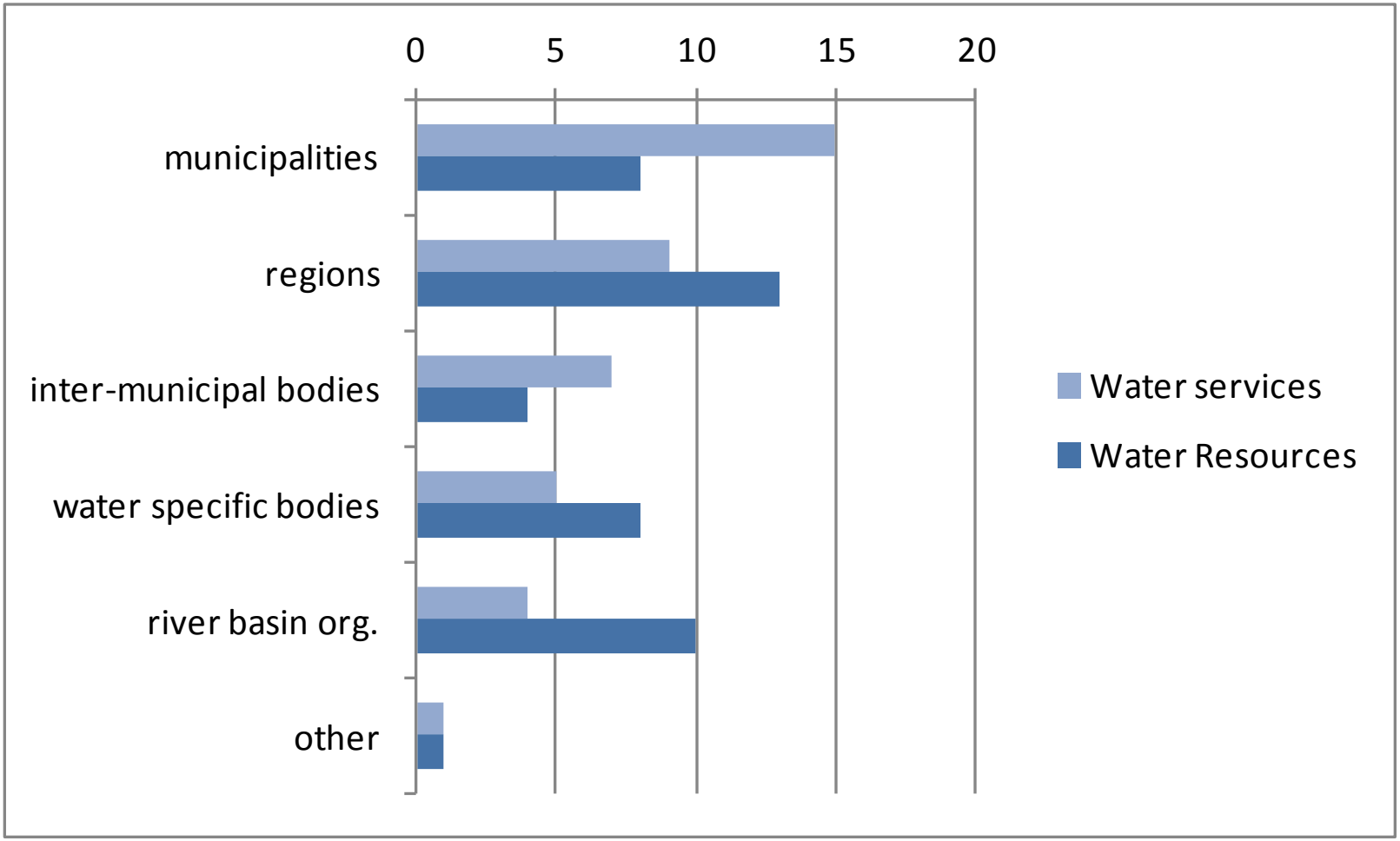
Modalities for allocating roles and responsibilities



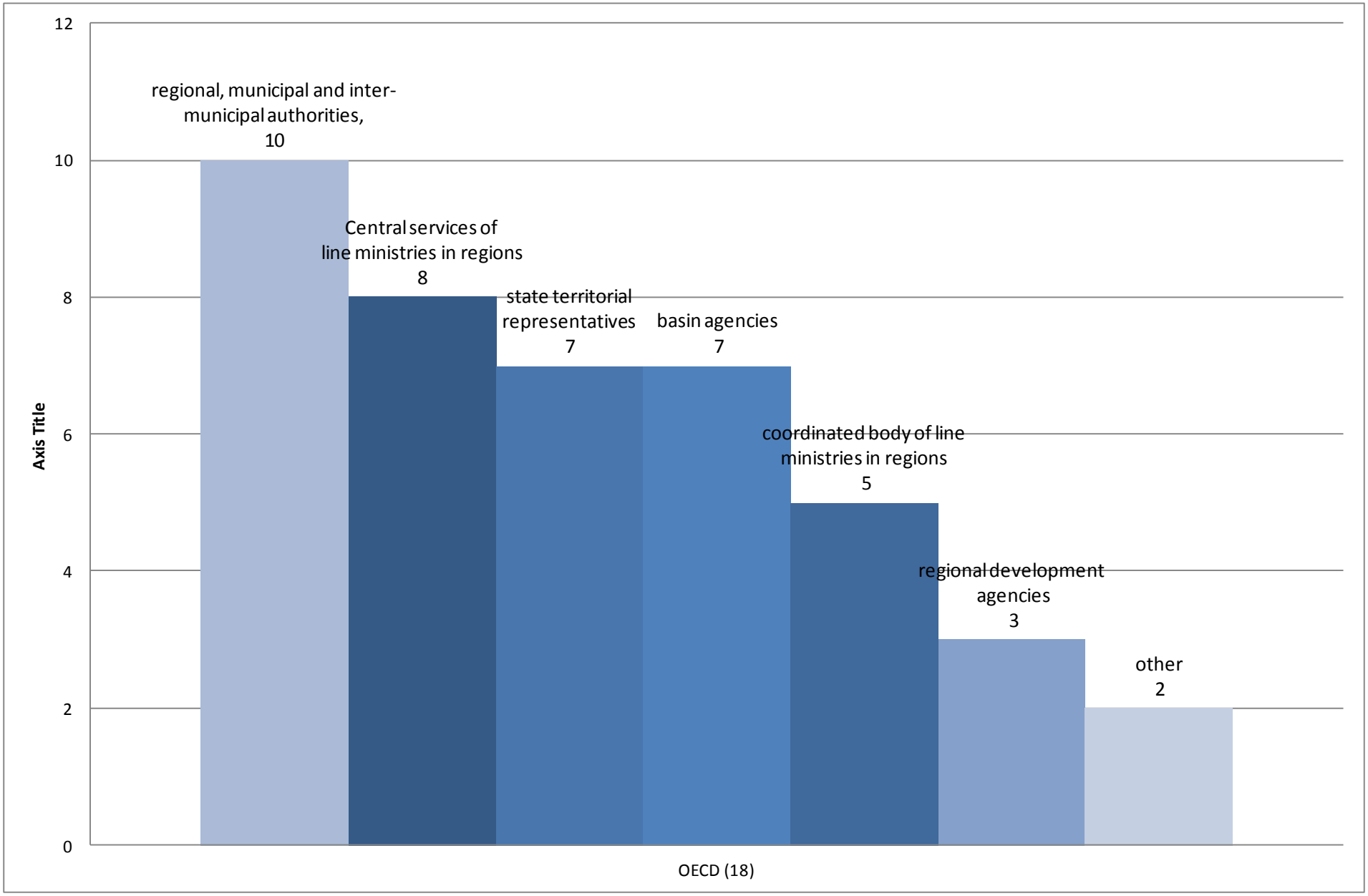
Key actors of water policy budgets



Subnational governments' involvement in water resources management/service delivery



Implementation of water policy at subnational level



Observations from the institutional mapping

- **No master plan for assigning competencies** across ministries and levels of government
- **No systematic correlation** between a country's **institutional organisation** and the **institutional mapping** of water policy (rather conditioned by water challenges in country)
- **Three models** can summarise challenges linked to institutional organisation of water policy

Category n°1:

implementing an integrated and place-based approach at territorial level

CENTRAL ACTORS

Key challenges : coordination across ministries and between levels of government

SUBNATIONAL ACTORS

Example countries : Japan, Korea, Chile, Israel

Category n°2:

integrating the involvement of different actors at central and subnational levels

CENTRAL ACTORS

Key challenges : coordination across ministries, between levels of government and across local actors

SUBNATIONAL ACTORS

Example countries : France, Mexico, Spain

Category n°8:

integrating multisectoral and territorial specificities in strategic planning and design at central level

CENTRAL ACTORS

Key challenge : coordination across subnational actors and between levels of government

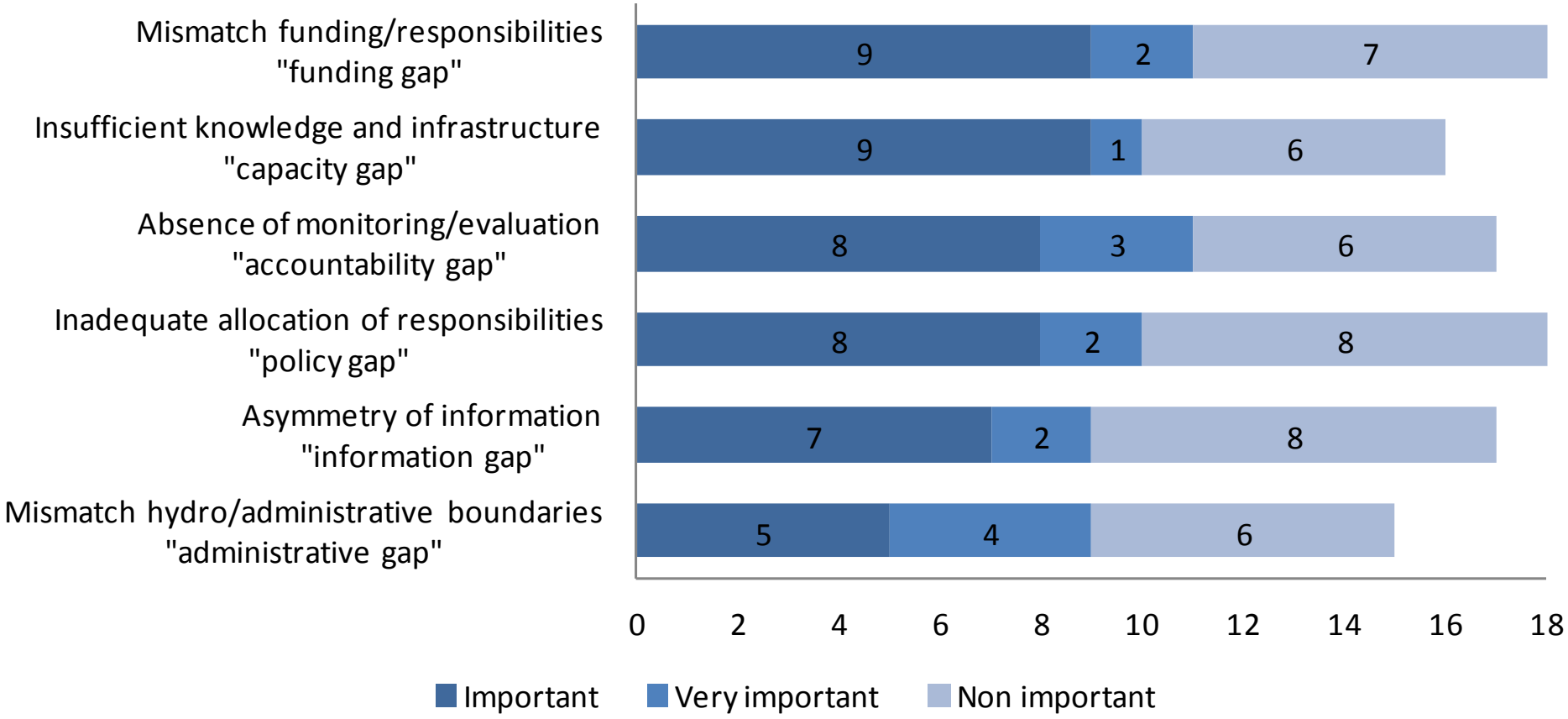
SUBNATIONAL ACTORS

Example countries : United States, Canada, Belgium, Australia

Key result 2 : identifying multilevel governance challenges

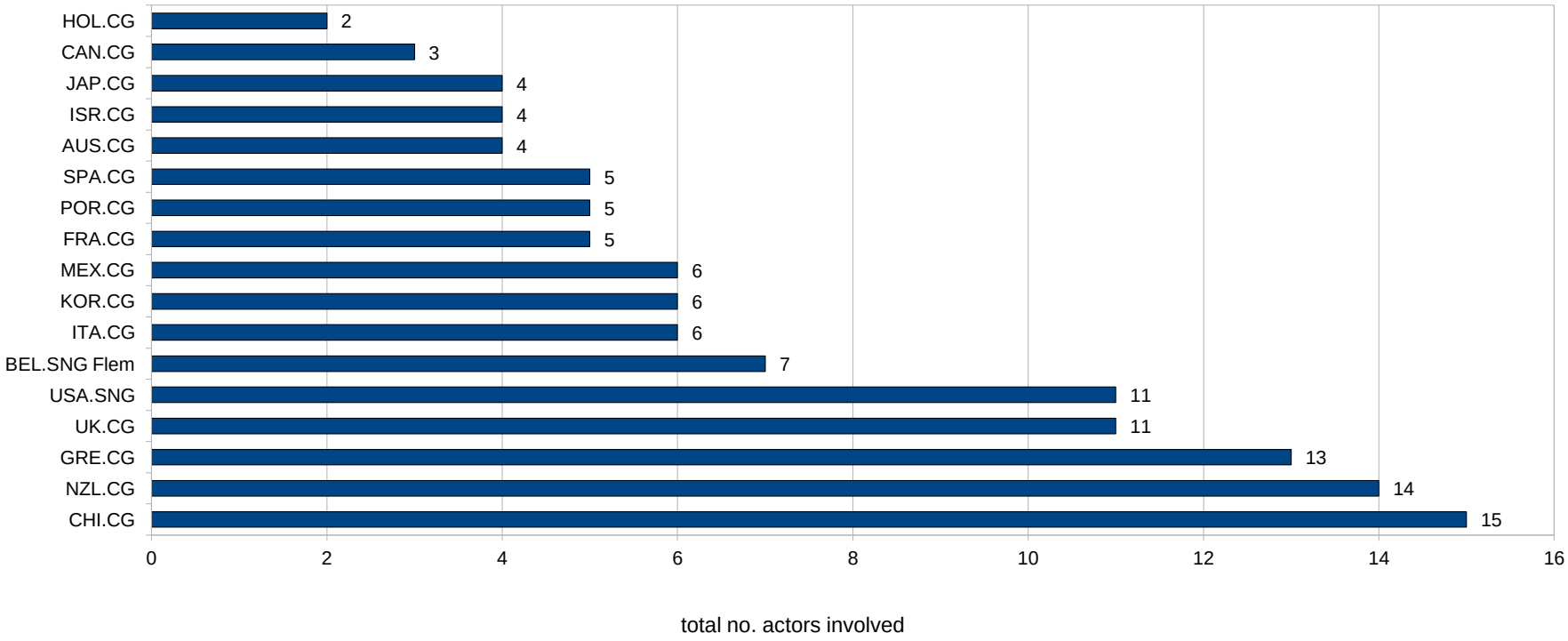
Main coordination gaps (total n° of respondent : 17)	Country examples
Funding gap (11/17)	Australia, Belgium (Flanders), Chile, France, Greece, Israel, Korea, Mexico, New Zealand, Portugal, Spain, United States (Colorado)
Capacity gap (10/17)	Australia, Belgium (Flanders), Chile, Greece, Italy, Korea, Netherlands, Spain, United Kingdom, United States (Colorado)
Policy gap (9/17)	Belgium (Flanders), Canada, France (*subnational actor*), Greece, Israel, Italy, Korea, Spain (*subnational actor*), United States (Colorado)
Administrative gap (9/17)	Australia, Greece, Italy, Korea, Netherlands, Portugal, Spain, United Kingdom, United States (Colorado)
Information gap (9/17)	Australia, Chile, Italy, Korea, Netherlands, New Zealand (subnational actor), United Kingdom, United States (Colorado)
Accountability gap (9/17)	Belgium (Flanders), Chile, Greece, Italy, Korea, Mexico, Netherlands, Portugal, United States (Colorado)
Objective gap (4/17)	Belgium (Flanders), Israel, Korea, Portugal

Multilevel Governance Gaps in OECD countries



The « Policy Gap » at central government level

N° of actors involved in the design / implementation of water policies at central gov. level

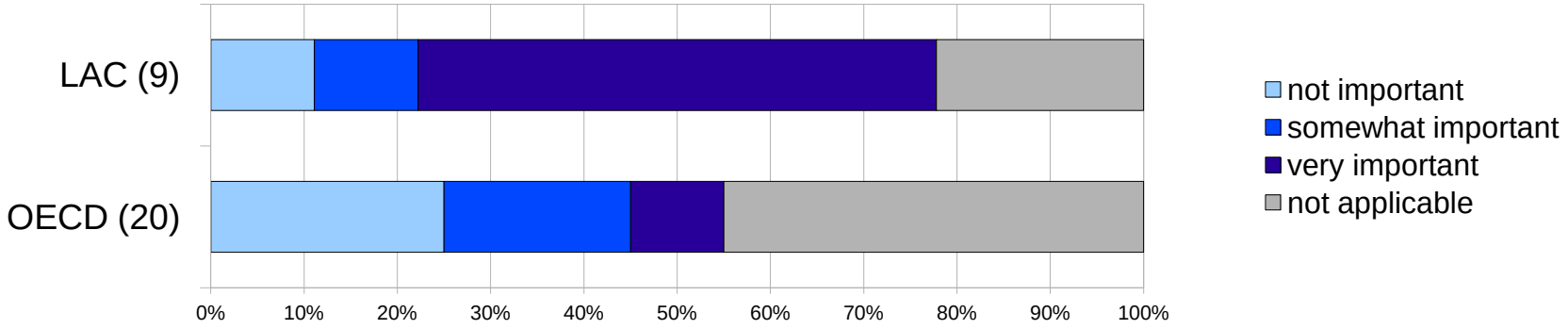


=> the n° of actors involved in water policy design at CG level is not a satisfactory indicator of fragmentation but still a relevant one to measure complexity !

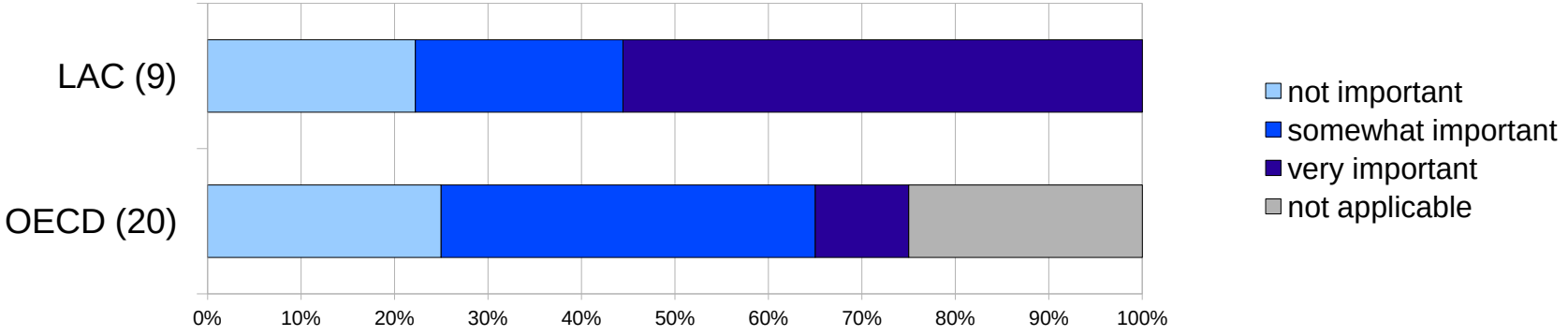
Policy gap

- *Fragmentation of roles and responsibilities across ministries and levels of government is a key challenge for 70% of LAC and 45% of OECD countries surveyed…*

Impact of central government sectoral fragmentation



Over-fragmentation of subnational responsibilities



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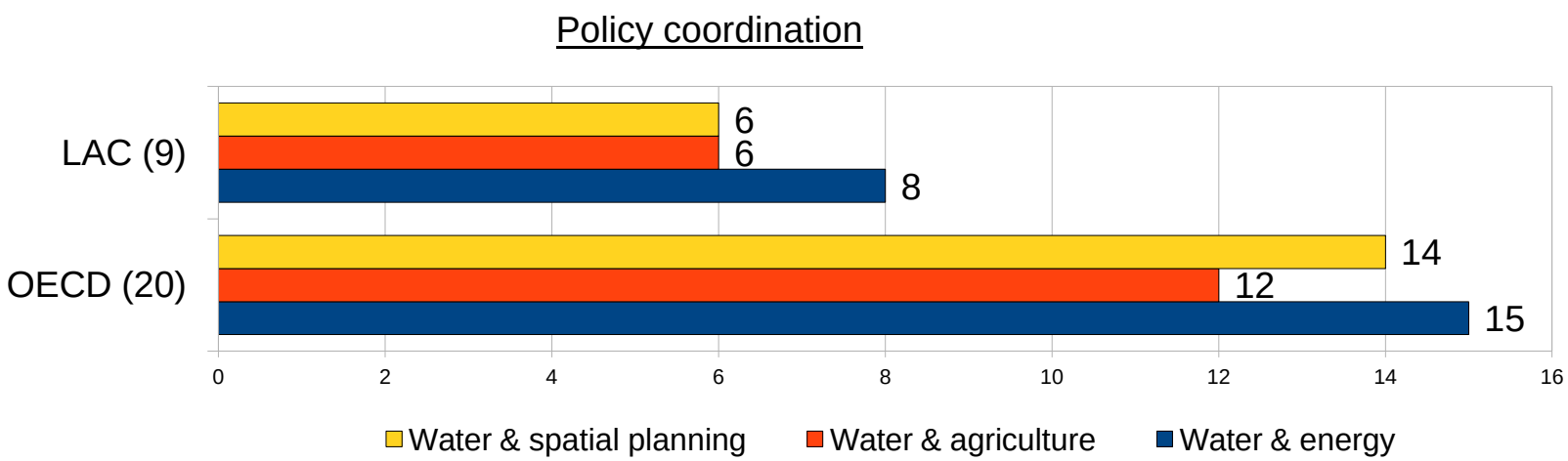
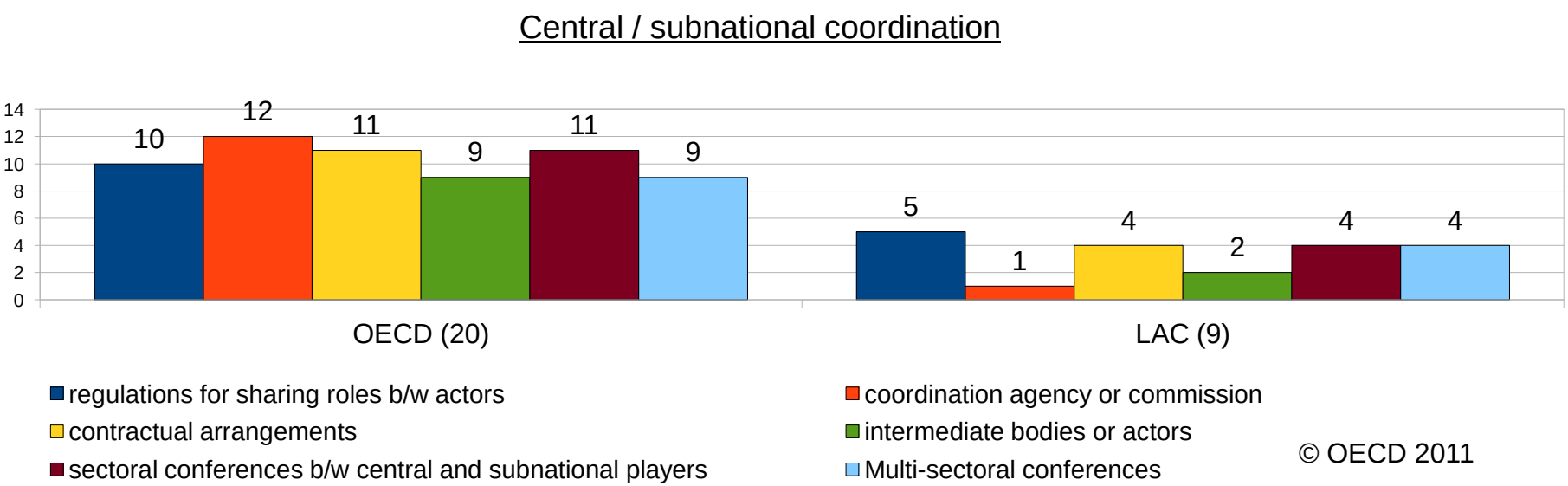
- *.... Despite existing efforts to coordinate water with other policy areas*



- *... and the adoption of coordination instruments between central and sub-national governments*



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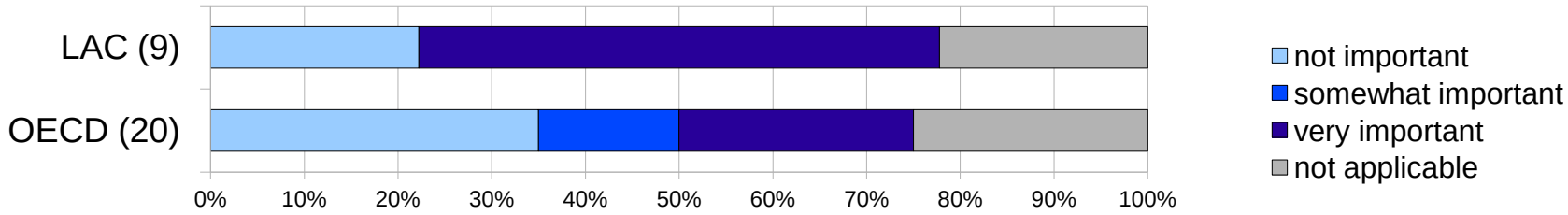
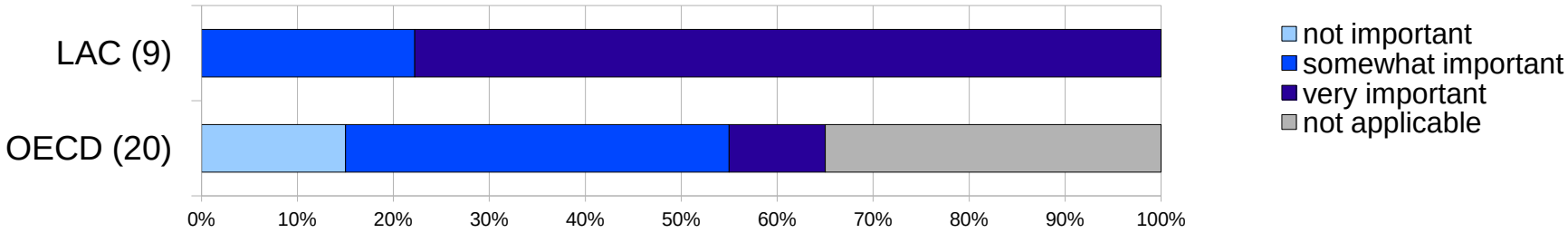
Administrative gap

- *The mismatch between hydrological and administrative boundaries, the lack of synergies between policy areas at local level and the lack of appropriate scale for investment are key concerns for both*

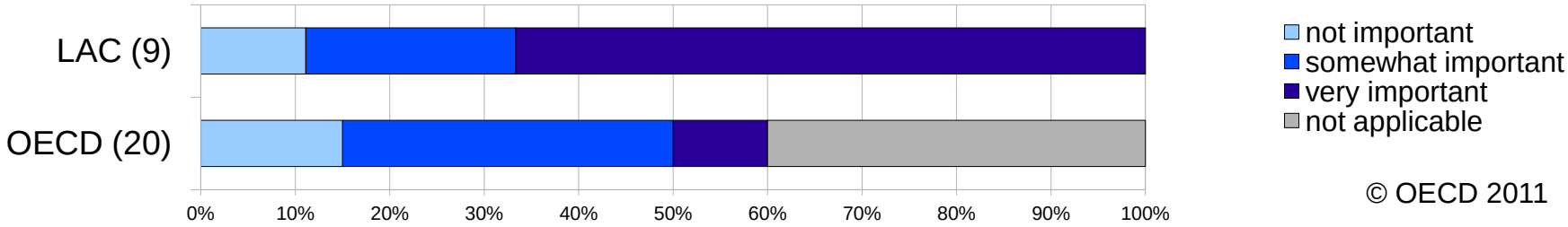
Challenges: mismatch hydrological / administrative boundaries



Challenges: lack of synergies at local level



Challenges: lack of relevant scale for investment



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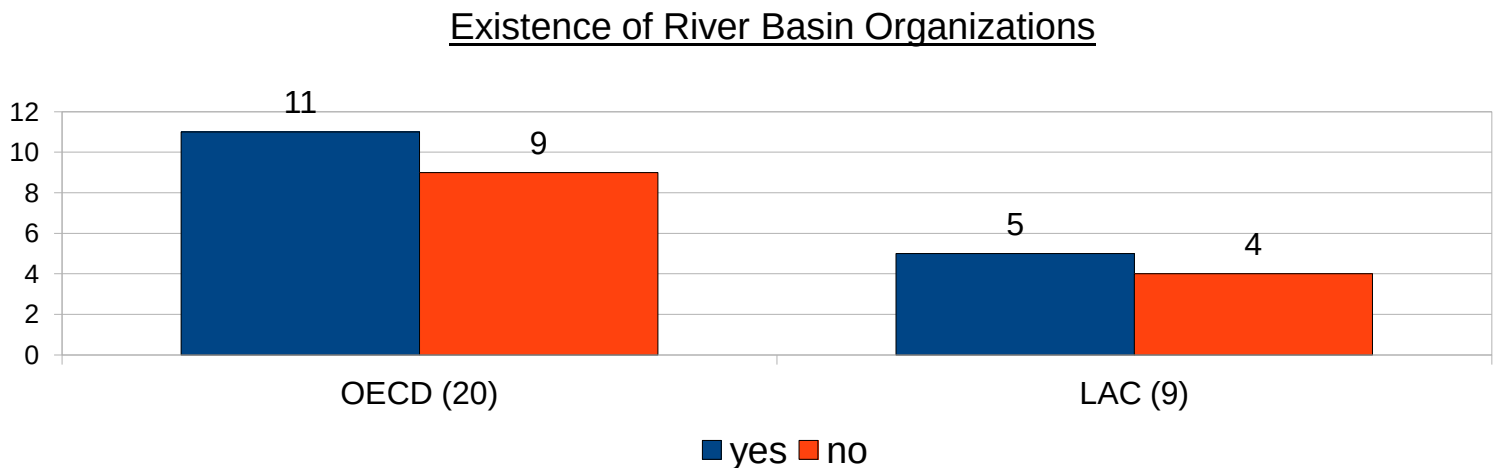
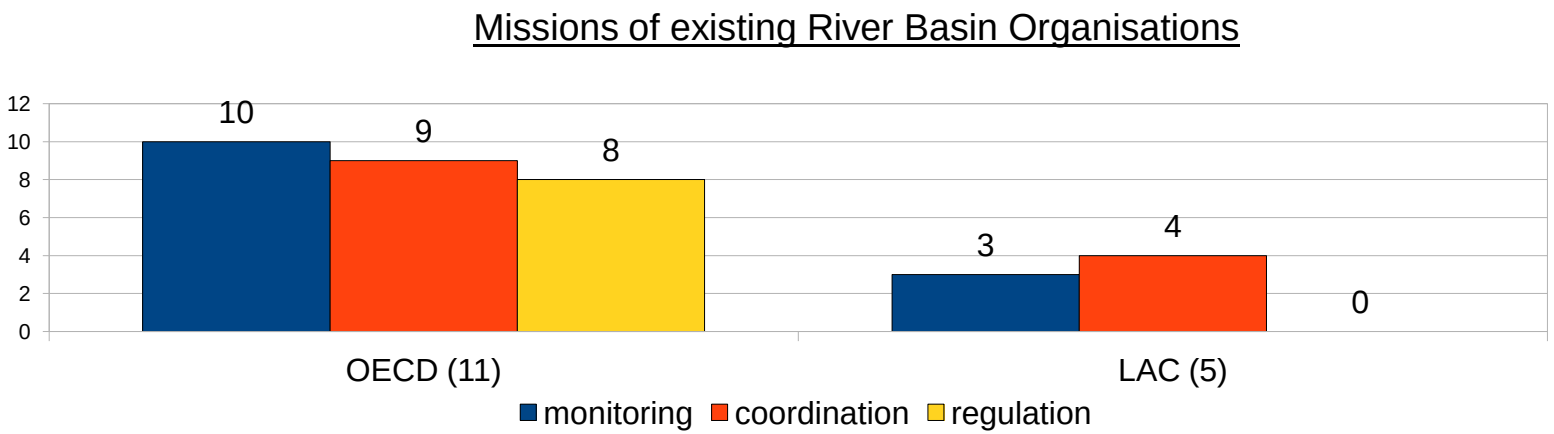
- *Despite the existence of river basin organisations in many countries…*



- *…. which missions vary between OECD and LAC countries in terms of regulatory powers*



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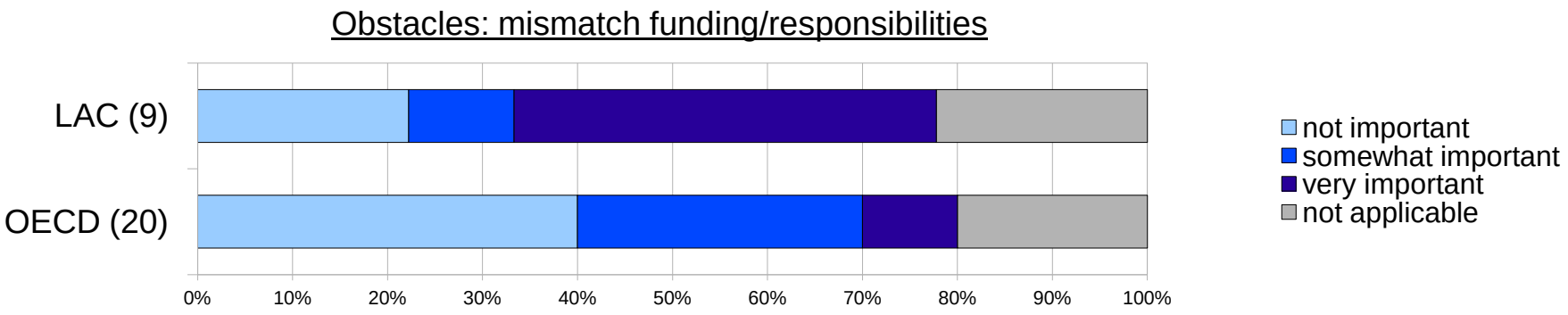
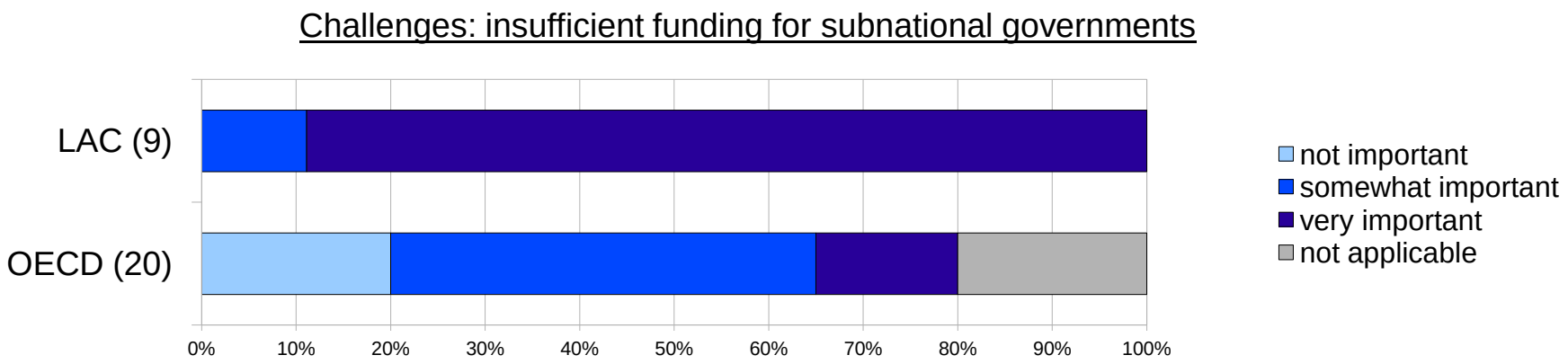
Funding gap

- *The mismatch between financial resources and responsibilities is a major obstacle for horizontal coordination of water policies…*



- *…. And the lack of financial resources of sub-national governments hinders the effective implementation of water policies*



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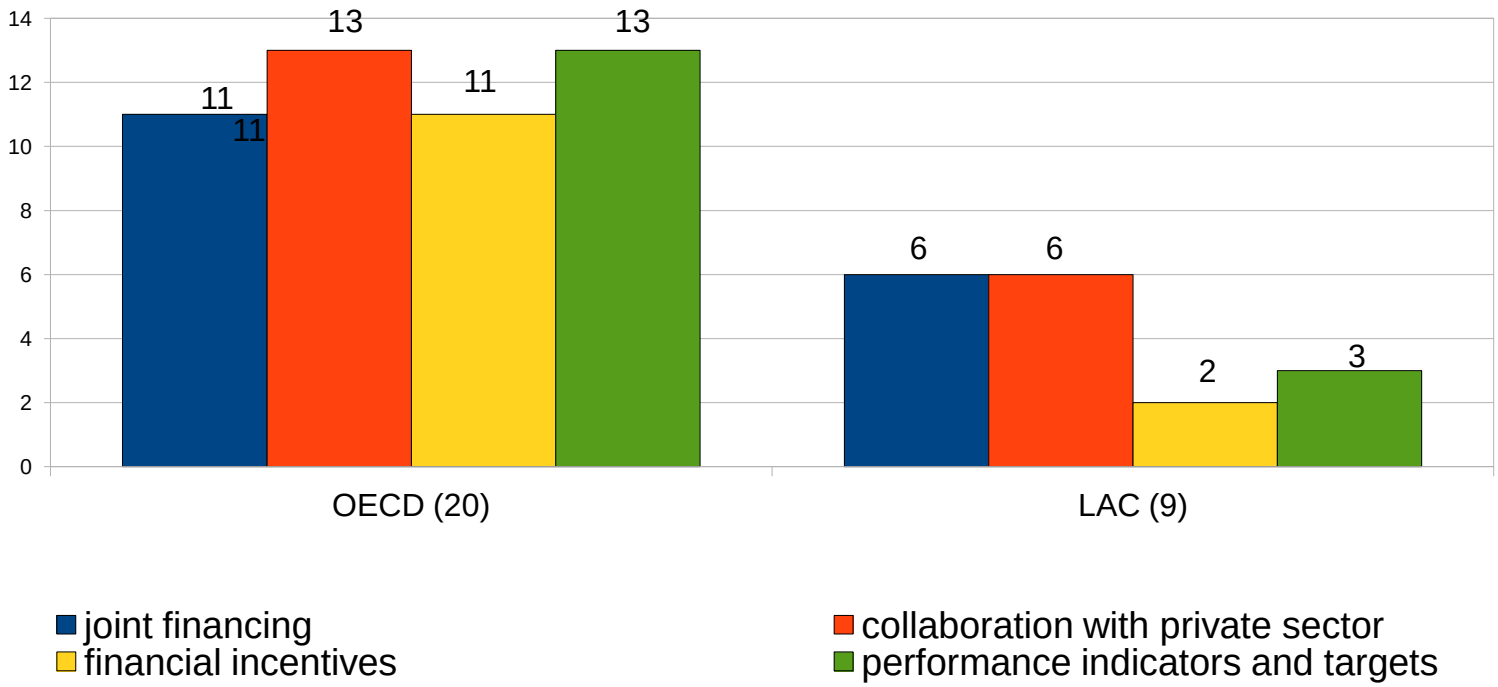
➢ *... Despite the existence of some governance instruments to bridge the funding gap between levels of government*

Financial interface and capacity building mechanisms



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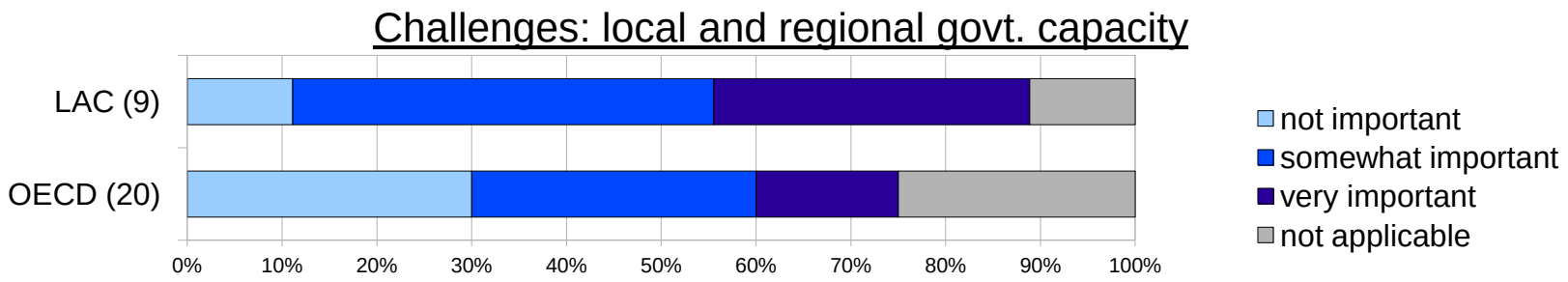
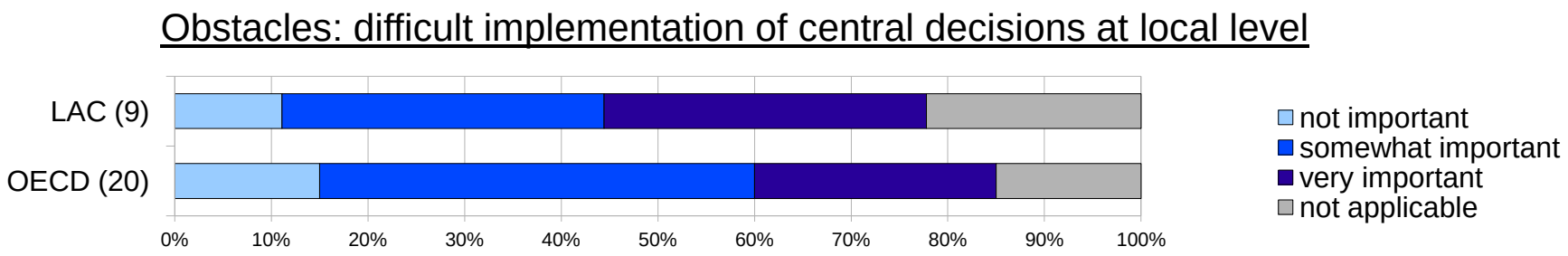
Capacity gap

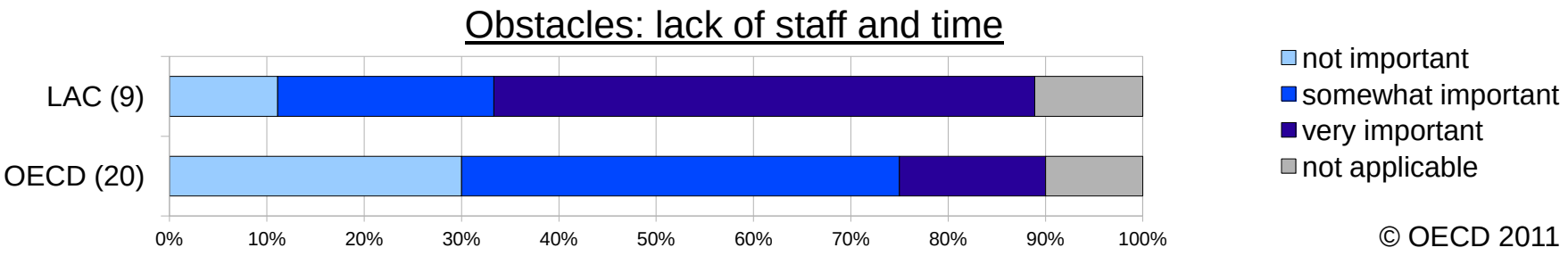
- *The lack of capacity of local and regional governments is a major challenge for 45% of OECD and 70% of LAC countries surveyed*



- *.... Not only to implement decisions from central government ....*



- *... but also in terms of staff and time ...*



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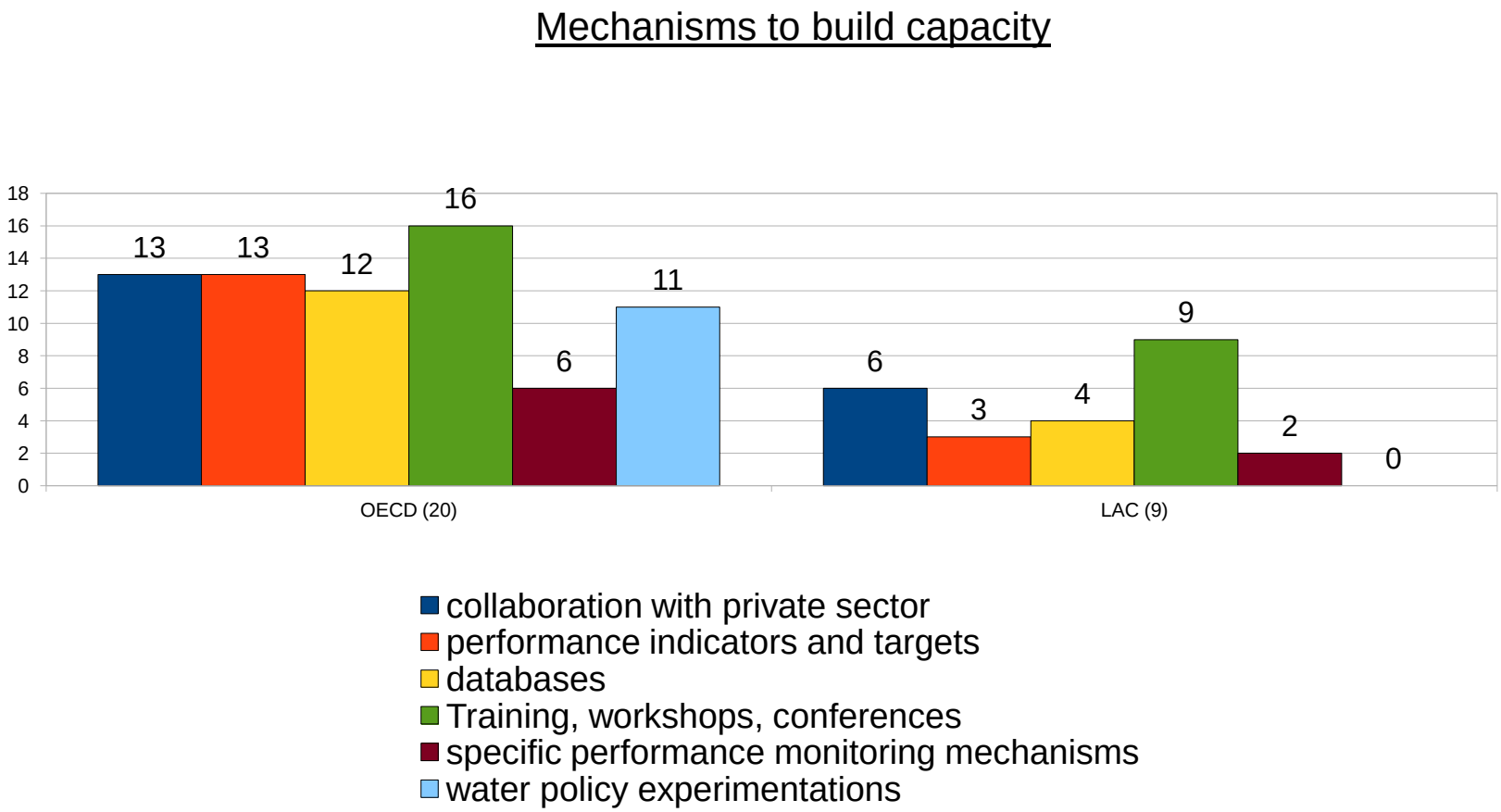
- *All surveyed countries have capacity building mechanisms for local governments (workshops, seminars, conferences) but no systematic experimentation at territorial level*



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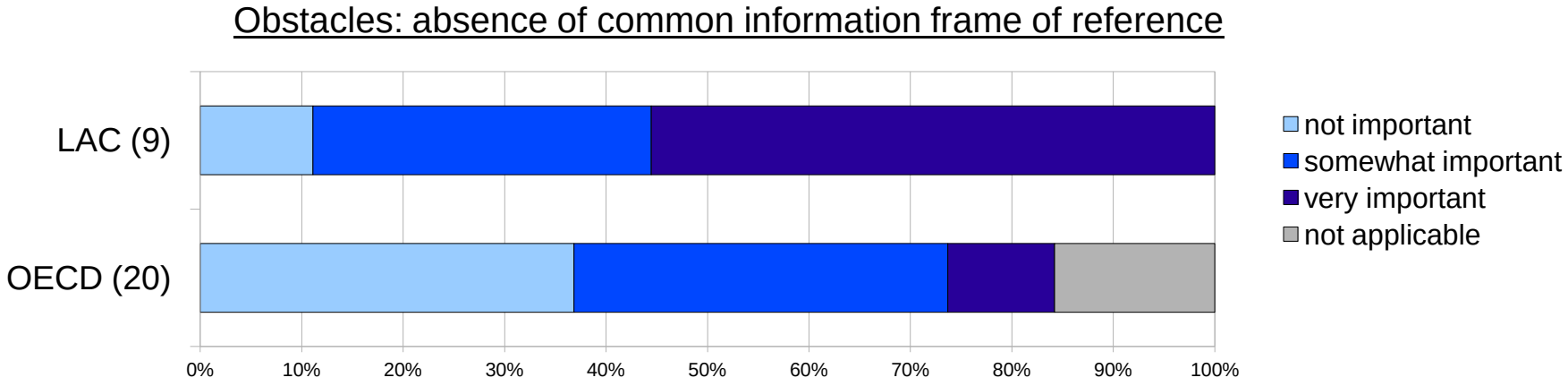
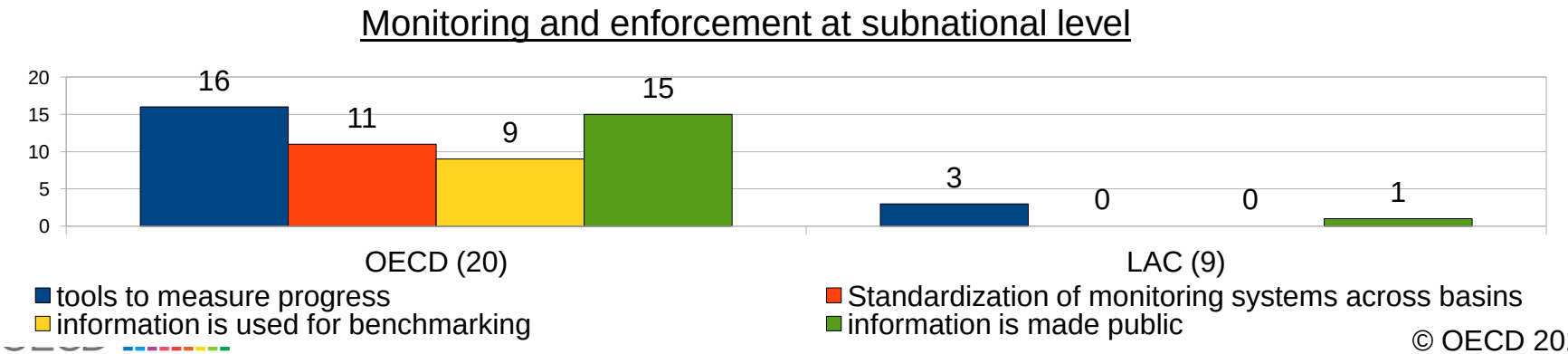
Information gap

- *The lack of a common frame of information is a major challenge for 90% of LAC and50% of OECD countries surveyed (e.g. Australia.)*



- *…. Which has a high impact on monitoring and implementation of water policies at territorial level*



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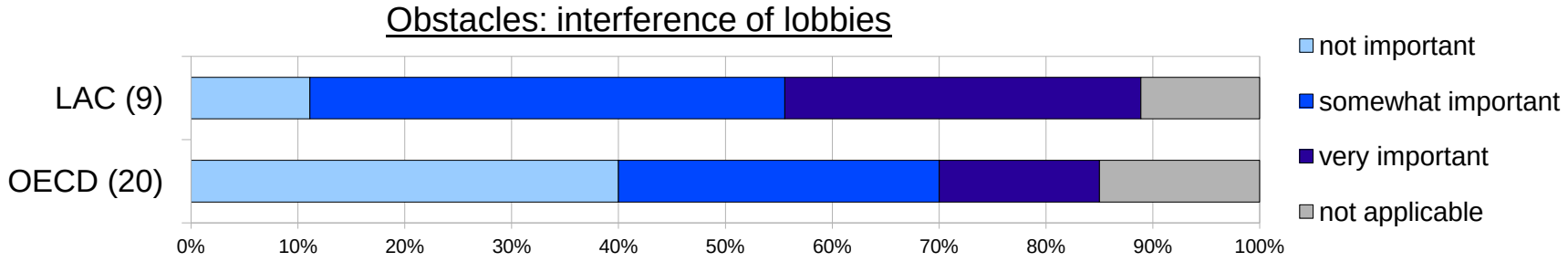
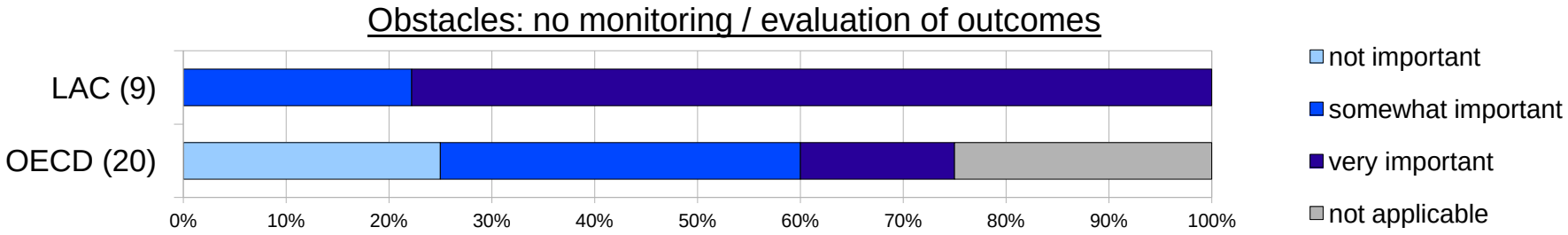
Accountability gap

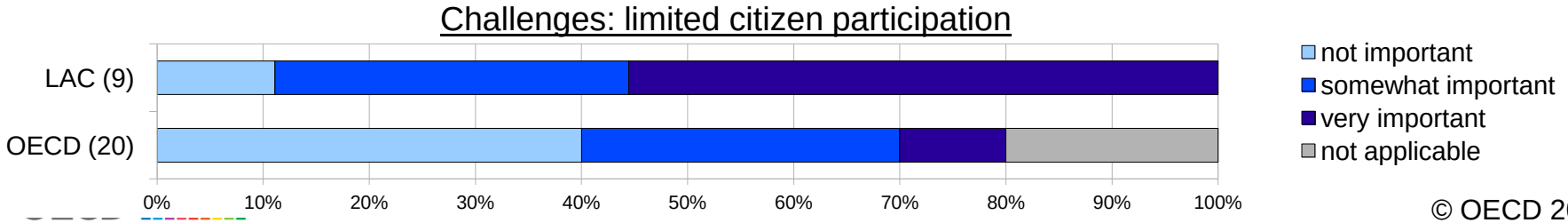
- *Water policies are affected by a high level of interference of lobbies …*



- *The lack of monitoring/evaluation of water policies' results is a key challenge*



- *… as well as public participation*



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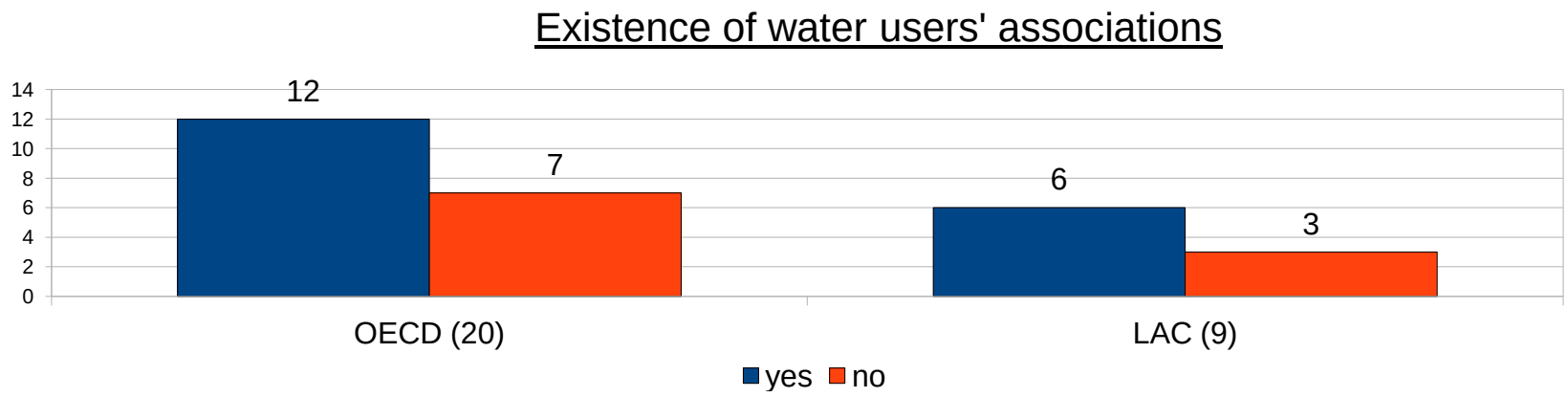
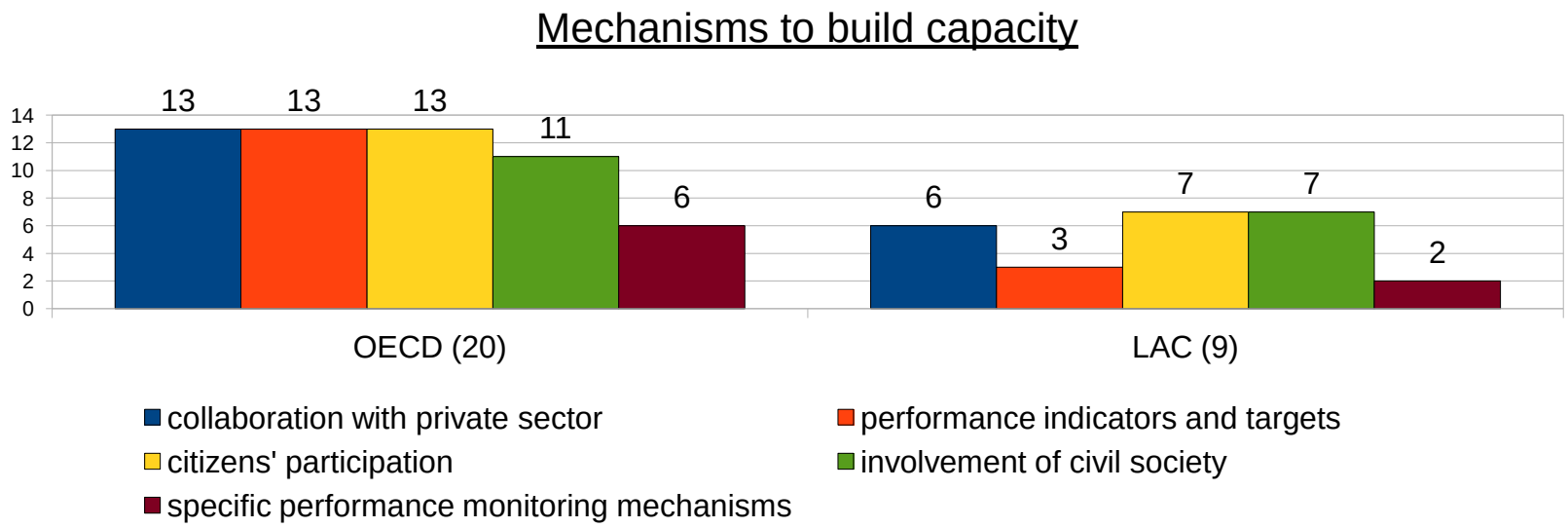
➢ *.... Despite the existing involvement of citizens and civil society in water policy making...*





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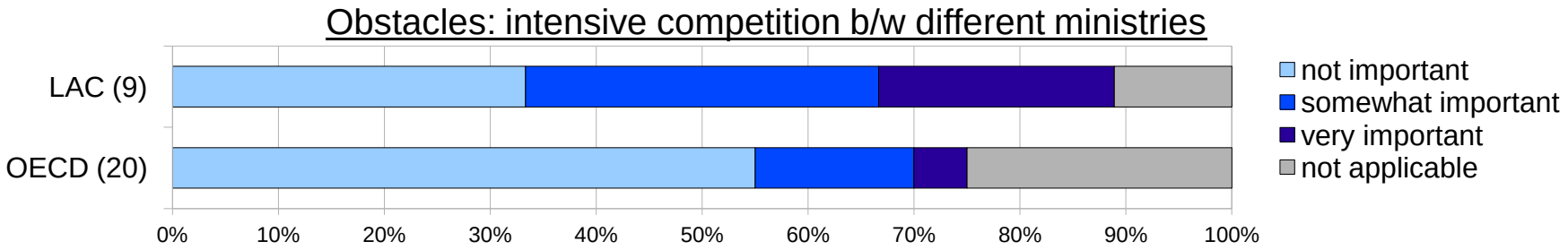
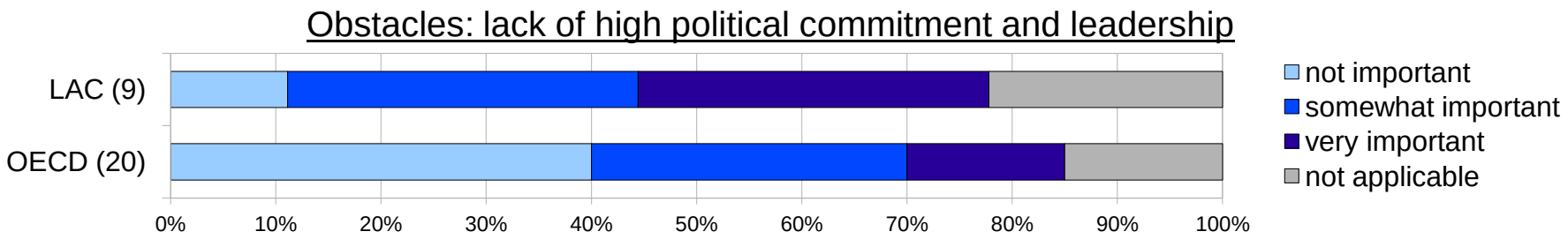
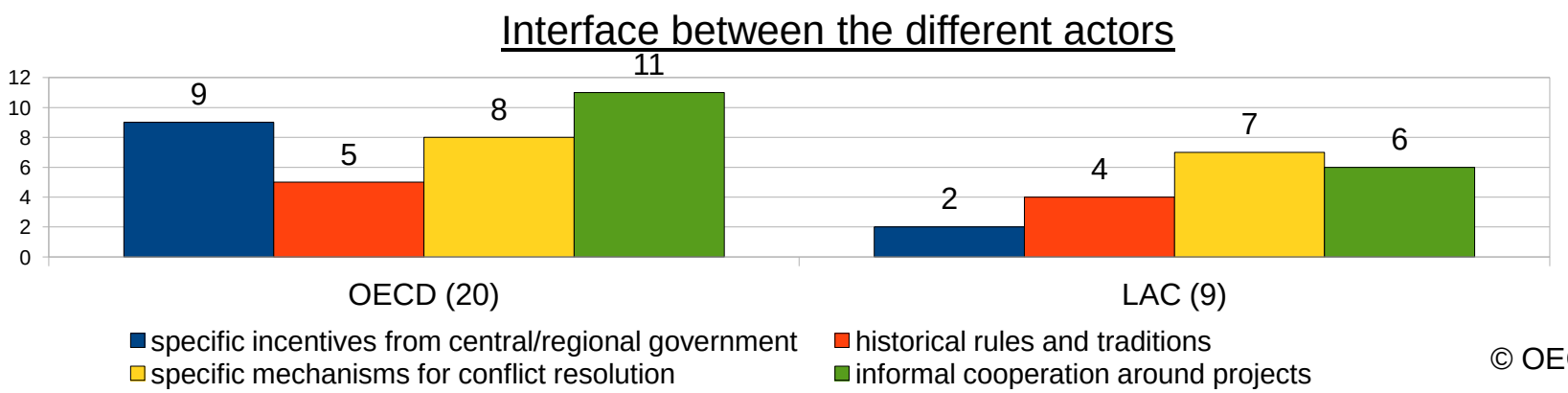
Objective gap

- *Intense rivalries between ministries and the lack of political will and leadership are major obstacles to water policy coherence*





- *... despite some incentives to manage relation across public actors*



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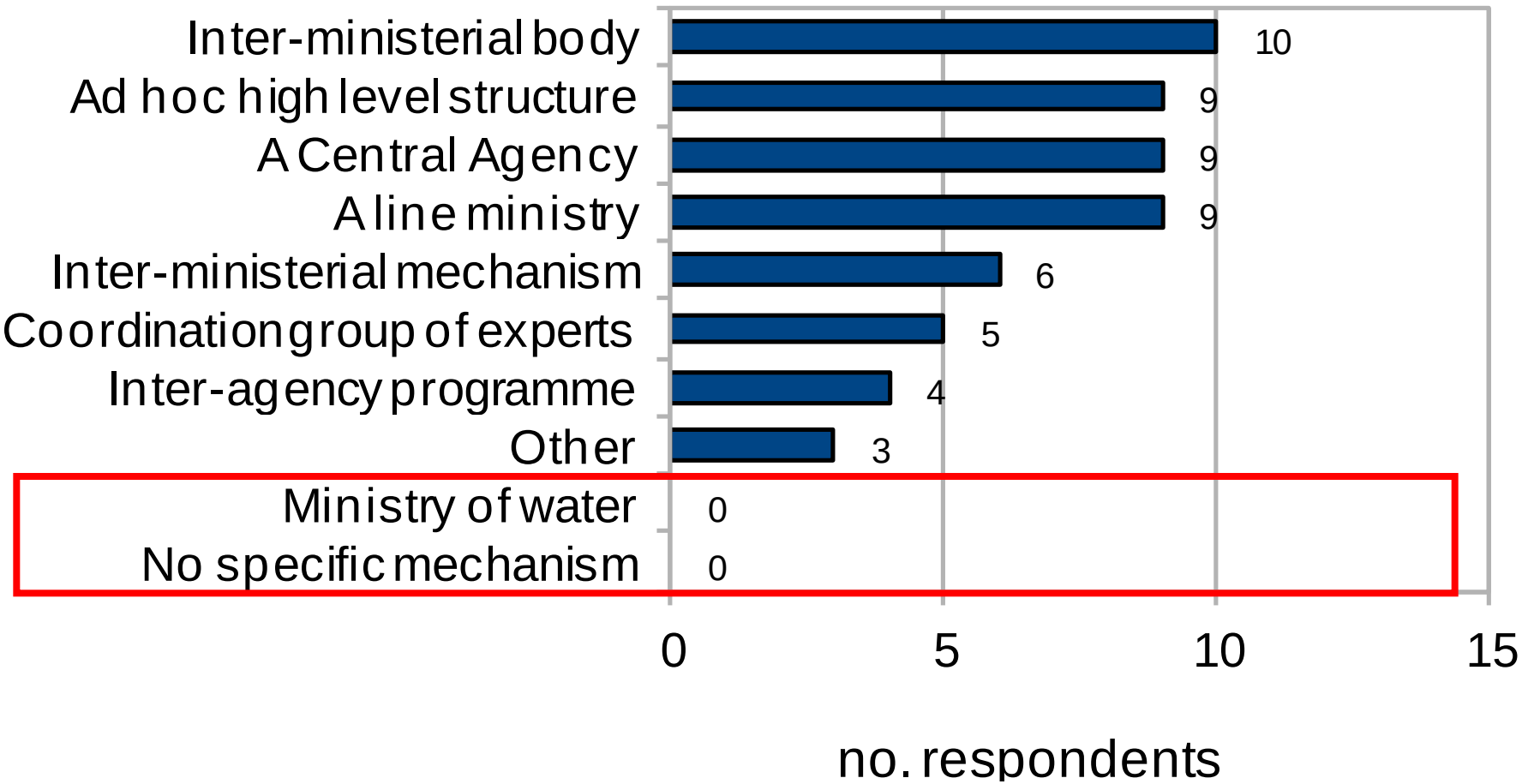
❖ Observations :

- **Multilevel** governance **"gaps" vary** *across* and *within* countries ;
- Need for a **systemic approach** as one "gap" main generate others ;
- Promoting **coordination across public actors** and **capacity building** is a critical step towards bridging identified gaps

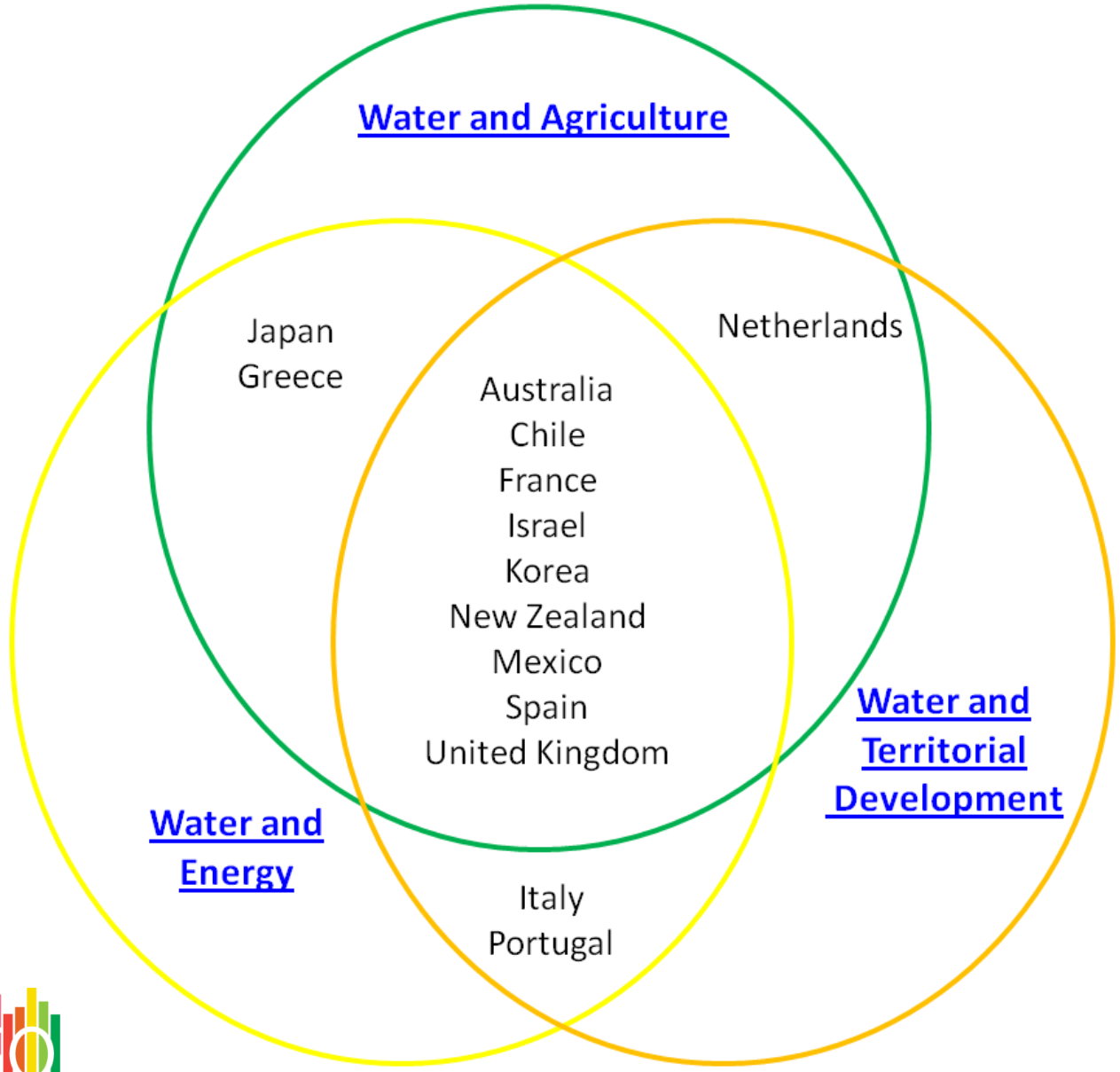
Key result 3 : Identification of existing governance mechanisms

At horizontal Level	At Vertical Level
Ministry of water (Bolivia)	**Water Agency, River Basin Organisation** France, Spain, Brazil, Peru
Line Ministry (DEFRA in the UK)	**Regulations**
High Level Structure (CONAGUA in Mexico, EA in UK, etc.)	**Contracts between levels of govt.**
Interministerial Commissions (France (MISE), Chile (CIPH); Brazil (CNRH)	**Financial transfers, investment funds**
Inter-agency Programmes (Peru (PMGRH) , México (PNH), the Netherlands…)	**Performance indicators**
Coordination Group of Experts (E.g. implementation of EU WFD etc.)	**Databases** WISE, Eurobarometer, Aquastat, National information systems etc.
Multisectoral conferences Chile (roundtables); Mexico (CICM) ;	**Inter-municipal cooperation**
	Citizens' participation
	Private Sector Participation

Existing coordination mechanisms at central government level

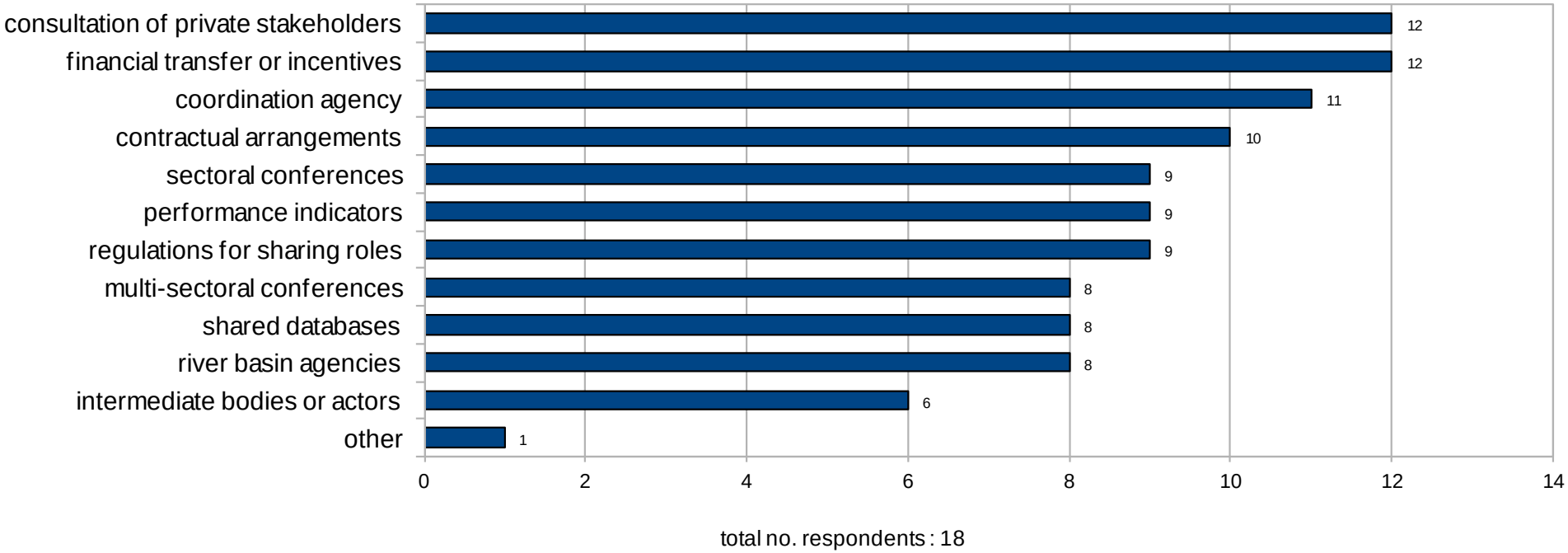


Coordination across policy areas



“Vertical” coordination mechanisms

(across levels of government)



❖ Observations

- There is **no "panacea" governance tool** for integrated water policy but **prerequisites** for good governance in water policy (national policy framework, involvement of local authorities, river basin management) and need for **place-based** policies, **home-grown** solutions and **territorial** approaches

- Each **coordination mechanism** can help bridge several gaps and one single gap may require the adoption of several tools

- Further work should **assess the performance and impact of existing tools** but this requires **in-depth case studies** and specific country/region **policy dialogues.**

Final conclusions and observations

1. **No "optimality" in water governance and regulation** : need to take into account institutions, plurality of actors in design/implementation stages ;
2. … But the confrontation of "local" and "national" experiences allow to identify **good practices**, based on what worked and what did not
3. Public actors agree on the need for a **"systemic" of water policies with other areas of public policies …**
4. … But this does not always occur in practice, because of a **series of "gaps"** preventing both "horizontal" coordination across ministries, and vertical coordination between levels of government;
5. Water sector requires the combination of **a territorial approach** and **national tools** to foster coherent policies ;
6. This requires the evaluation of **governance challenges** (coordination, capacity etc.) and the adoption of **instruments** to meet them;
7. **No "panacea" or "on-fits-all" model** => need for combination various tools according to local needs and specificities

Key result 4:
Preliminary Governance Guidelines for Integrated Water Policy

1. **Diagnose multilevel governance gaps** in water policymaking across ministries and public agencies, between levels of government, across subnational actors
2. **Involve subnational governments** in the "design" stage of water policymaking, beyond their roles as "implementers"
3. **Adopt horizontal co-ordination tools** to foster coherence across water related policy areas and enhance inter-institutional cooperation across ministries and public agencies
4. **Create, update and harmonise water information systems** and databases for sharing water policy needs at basin, country and international levels
5. **Encourage performance measurement** to evaluate and monitor outcomes of water policy at all levels of government
6. **Respond to the fragmentation** of water policy at subnational level by fostering coordination across subnational actors and between levels of government
7. **Foster capacity building at all levels of government**
8. **Encourage public participation** in water policy design and implementation
9. **Assess the effectiveness and adequacy of existing governance instruments** for coordinating water policy at horizontal and vertical levels

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Water Regulatory Frameworks : Institutional Diversity Across Countries

ASIA	Regulatory Agency	Independence	Creation
Cambodia	No. Sectoral responsibility for piped water supply in urban areas is with the Ministry of Industry, Mines and Energy while the Ministry of Rural Development handles rural areas and point sources.		
China	No		
India	No, but creating a regulatory agency has been discussed		
Indonesia	Yes. The Jakarta Water Supply Regulatory Body. Oversees implementation of the 2 concession contracts for Jakarta.	Yes, but limited power	operational in 2001
Malaysia	Yes, the National Water Services Commission (Suruhanjaya Perkhidmatan Air Negara - SPAN).		2007
Nepal	No effective regulatory system. The government has statutory power to safeguard consumer interests but enforcement has been ineffective because the government is also the service provider.		
Philippines	Yes, MWSS-RO. Also a regulatory agency for other water supply providers but no budget, manpower to enforce the law.	Yes, but proliferation of functions across agencies and political interferences.	1997 with the concession contracts for Manila
Singapore	Strong regulatory framework but effectively self regulation.		
Thailand	No		
Vietnam	No. Ministries act as sector regulators.		

LAC	Regulatory Agency	Independence	Creation
Argentina	No national-level services regulatory agency. Provincial level regulation: 14 out of 23 provinces have regulatory bodies.	Weak autonomy	ETOSS, 1992 (Buenos Aires)
Bolivia	Superintendencia de Saneamiento Básico (SISAB).	Yes, but volatile political situation	1999
Brazil	No national-level services regulatory agency, at State or municipal level. Brazilian National Water Agency (ANA) sets and enforces hydraulic policy.	Political interference. Weak and limited regulatory practices	ANA (2000)
Chile	Superintendencia de Servicios Sanitarios (SISS) regulates service providers.	Yes	1990
Colombia	SSPD regulates water service providers; the Water Regulatory Commission (CRA) sets sector policy.	No	1991
Honduras	Ente Regulador de los Servicios de Agua Potable y Saneamiento (ERSAPS).	No	2003
Mexico	No economic regulation by federal government. Limited regulation at state level. CONAGUA enforces National Water Law and promotes sectoral policy.		
Peru	The National Sanitation Services Superintendent (SUNASS).	Yes, but fragile	1992

AFRICA	Regulatory Agency	Independence	Creation
Ghana	Multi-sector utility regulator (Public utilities Regulatory Commission) operates along the State Enterprise Commission, responsible for regulating the national water company (GWCL) through performance contracts.	Yes	PURC: 1997, SEC: 1989
Kenya	The Water Services Regulatory Board (WSRB).	Yes, but fragile.	2002 operational in 2004
Mali	Commission de Regulation de l'Eau et de l'Energie (CREE)	Legal constituted body and financial independence	2000
Mauritania	Autorité de Régulation Multisectorielle (ARE) and Agence Nationale d'Eau Potable et d'Assainissement (ANEPA) for regulation of contracts with small water suppliers.	Yes for ARE. Conflict of interest for ANEPA	2001
Mozambique	Water Regulatory Council (CRA), responsible for regulation of water systems under delegated management.	Yes	1998
Nigeria	No. Creation of a National Water Commission, an independent regulator for water supply and water resources management, is envisaged.		
Senegal	No. Regulation by contract.		
South Africa	No, regulatory functions undertaken by the Department of Water Affairs and Forestry.		
Tanzania	Energy and Water Utilities Regulatory Authorities (EWURA)	Yes	2001
Uganda	No, regulation through performance contracts with the public utility.		
Zambia	National Water Supply and Sanitation Council (NWASCO)	Yes	1997 operational in 2001

OECD	Public Supply	Ownership	Management	Economic Regulator	Environment Regulator
AUSTRALIA	Reg / Municip	Both	Both	Reg/indep.	Prov. Gvts
CANADA	Regional	Public	Public	Prov. Gvts	Prov. Gvts
DENMARK	Municipal	Public	Public	Municipal	Central Gov Municipalities
FRANCE	Municipal	Public	Both	Municipal	Central Govt
ITALY	Municipal	Public	Public	Central & regional Gvts	Central and regional gvts
JAPAN	Municipal	Public	Public	Central Gov	Central Gov
KOREA	National / Reg	Public	Public	Central & Reg. Gov	Central Gov
SWEDEN	Municipal	Public	Public	Municipal	Regional
TURKEY	Municipal	Public	Public	Central Gov	Central & Reg Gvts
UK	Regional	Private	Private	Independent	Independent
USA	Municipal	Both	Both	Independent	Independent

Sub-Indicators	Algeria	Egypt	Jordan	Morocco	Tunisia
Presence of regulatory agency	Not yet, however it has been planned in the article 65 of the new water law 2005	Yes, since the Presidential Decree 136 of 2004	Yes (Water Authority of Jordan and Programme Management Unit)	No	No
Real independence of the regulatory agency		No, agency headed by several Ministers	No, agency headed by the Minister of Water and Irrigation		
Separation of powers	Yes	Important political interferences	Important political interferences	Yes	Some political interferences
Corporatisation of local operators	Possible since 2005	Yes, since the Presidential Decree 135 of 2004	Yes, launch of Miyahuna in 2007	Possible since 2002	No