

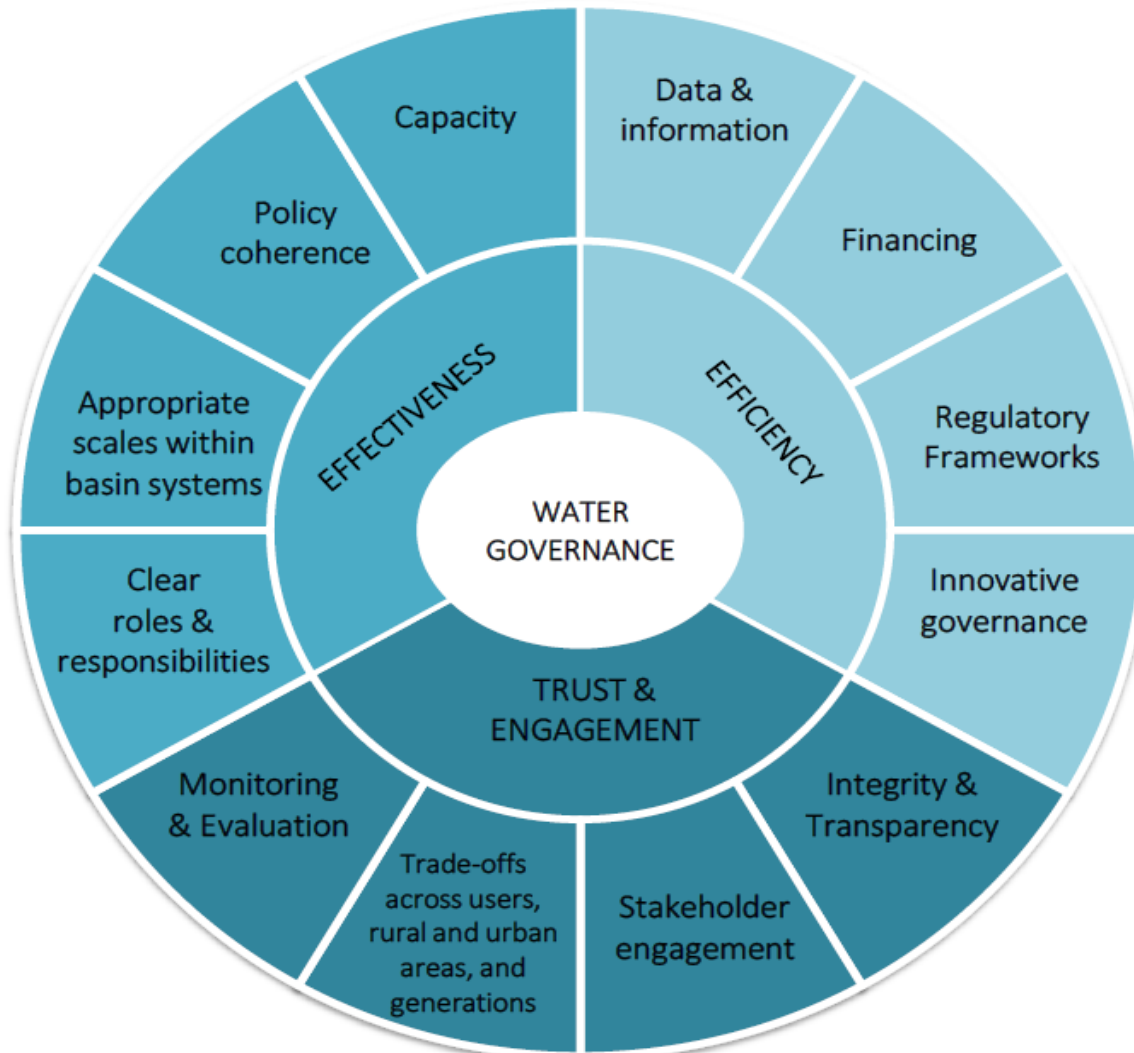


OECD CONTRIBUTION TO THE WORKSHOP: INSTITUTIONS, MARKETS REGULATION AND LOCAL DEVELOPMENT

*OECD Public Governance and Territorial Development
Directorate*



OECD Principles on Water Governance

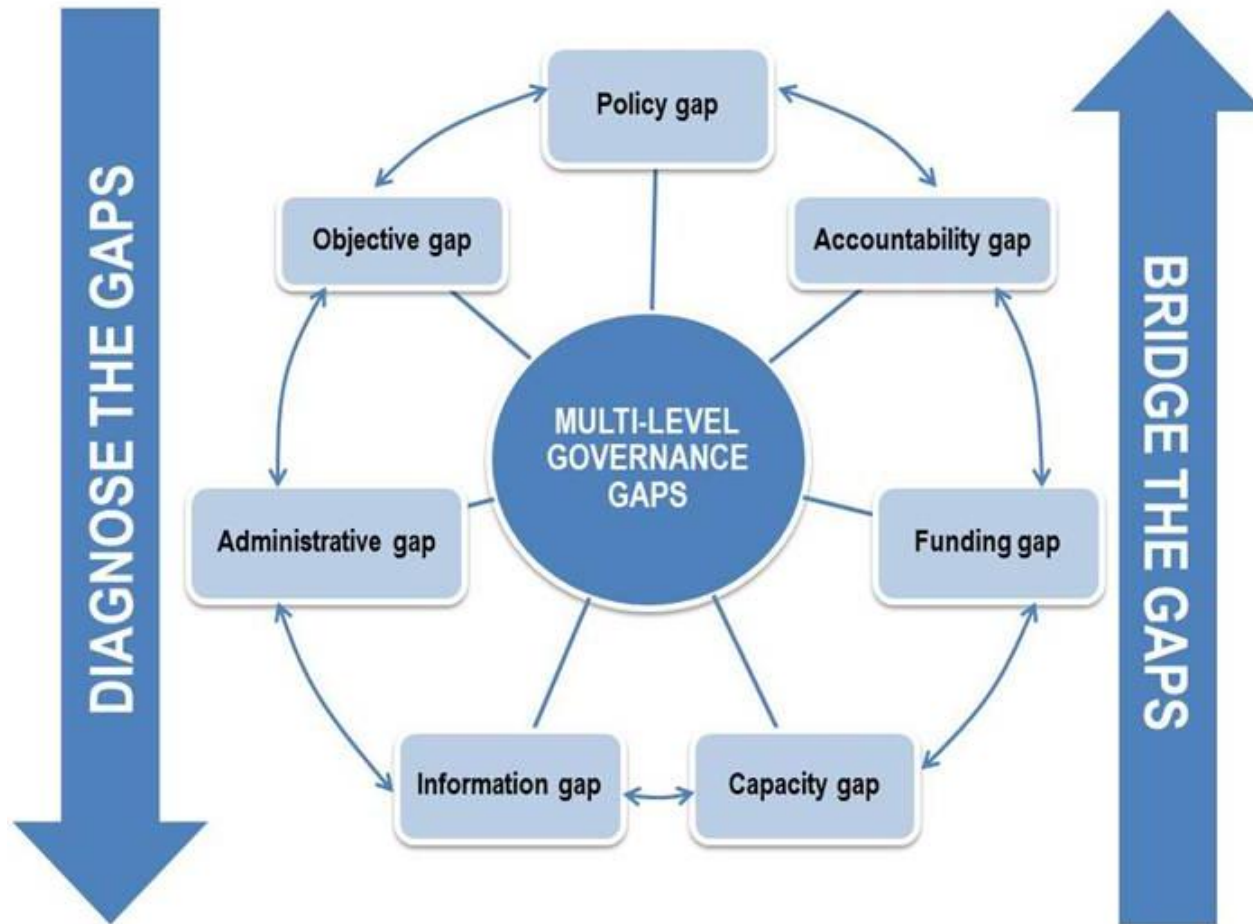




Multi-level governance: how the local dimension fits into the big picture



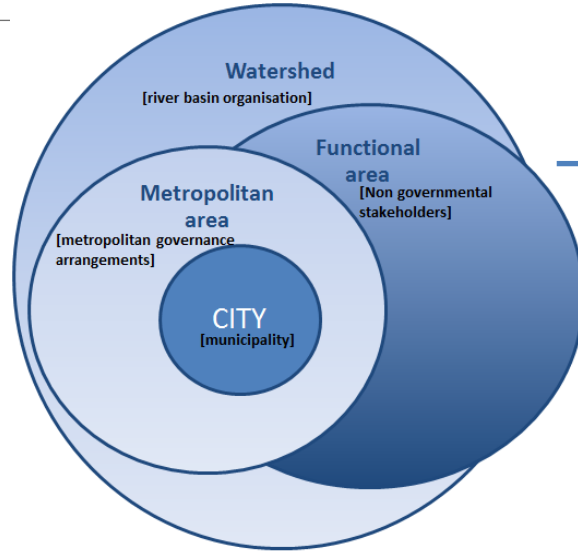
Multilevel governance gaps: the need for co-ordination



Source: OECD (2011) Water Governance in OECD countries. A multi-level approach



Fragmentation across authorities and places

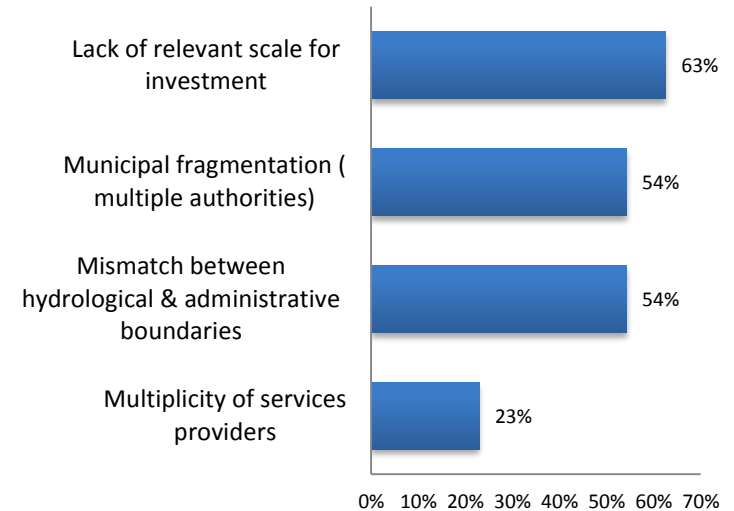
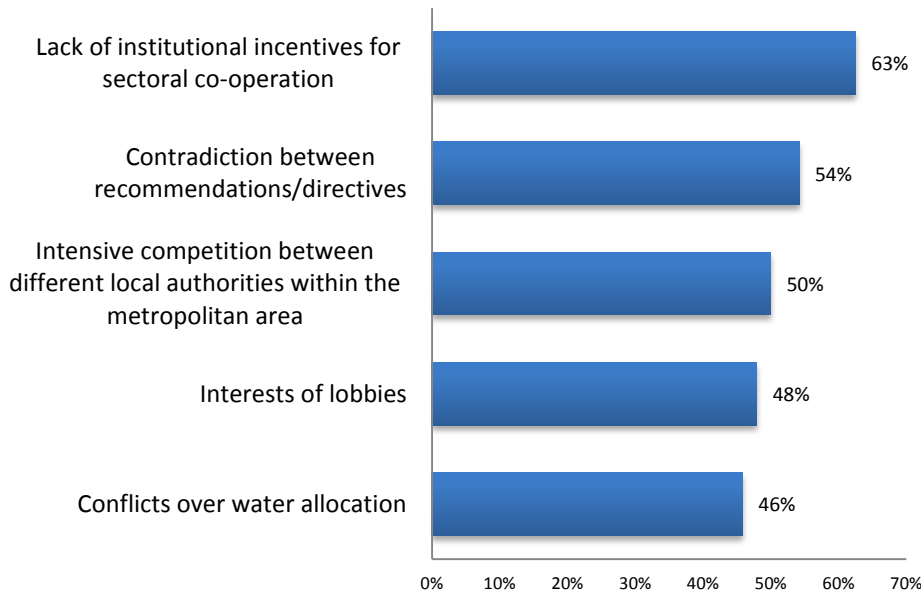


Administrative gap

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

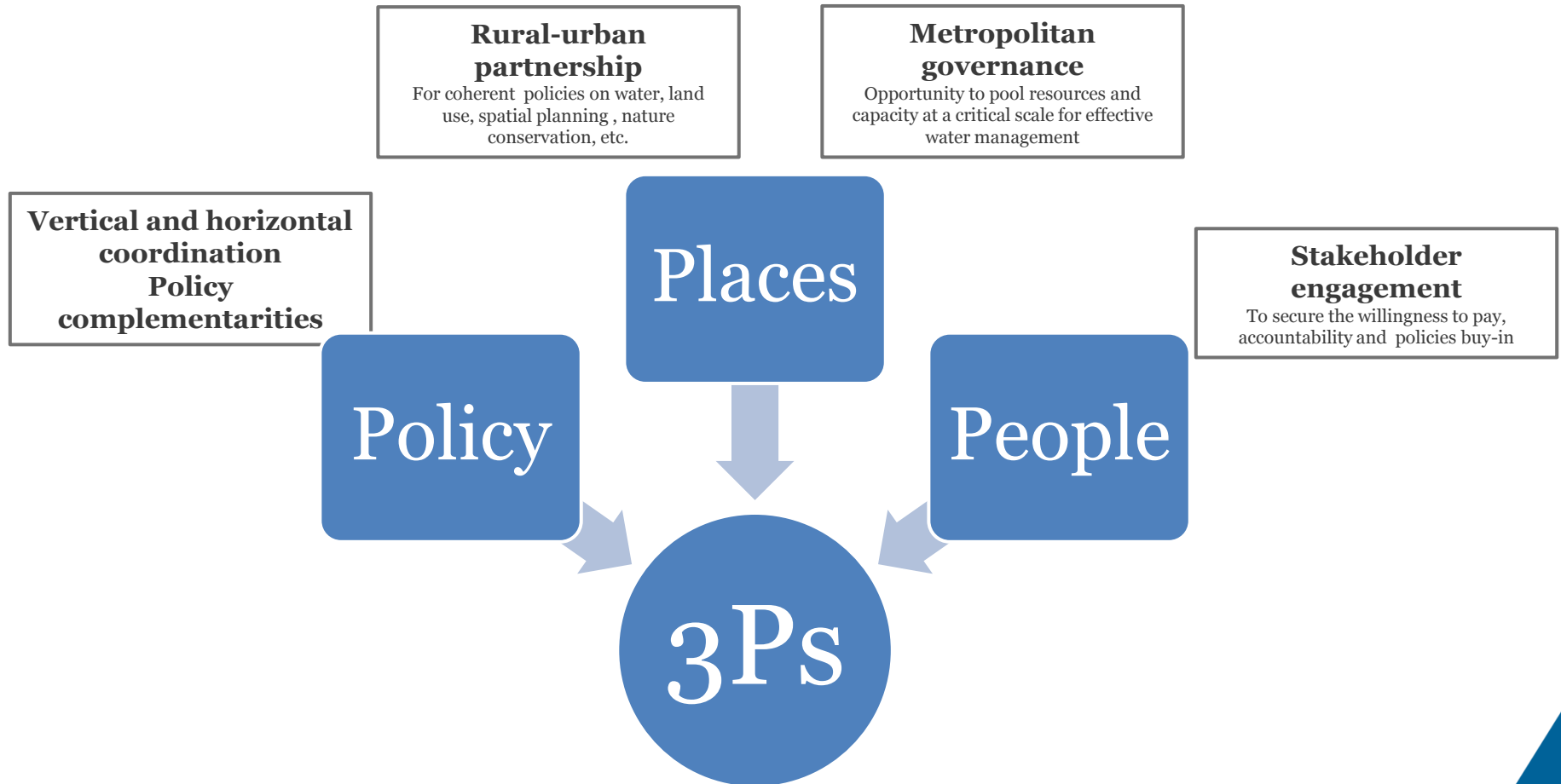
Objective gap

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





Example: Water governance for cities (tools to bridge gaps and address the three Ps)



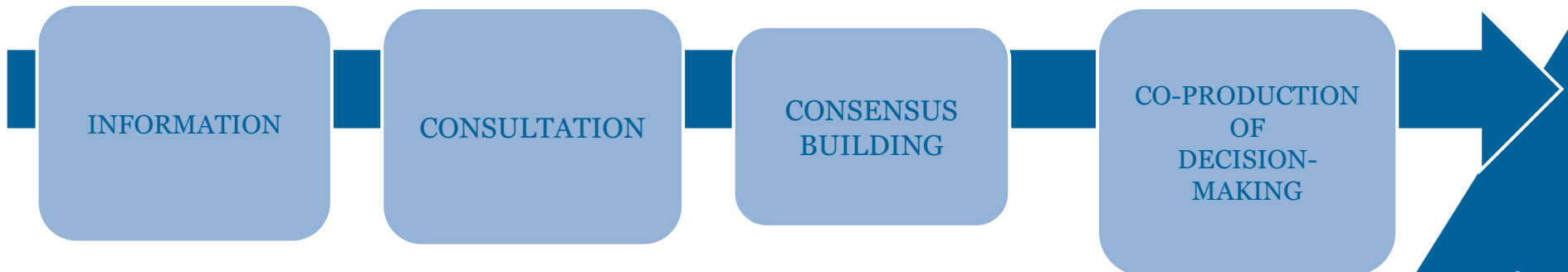


Stakeholder engagement



Stakeholder engagement

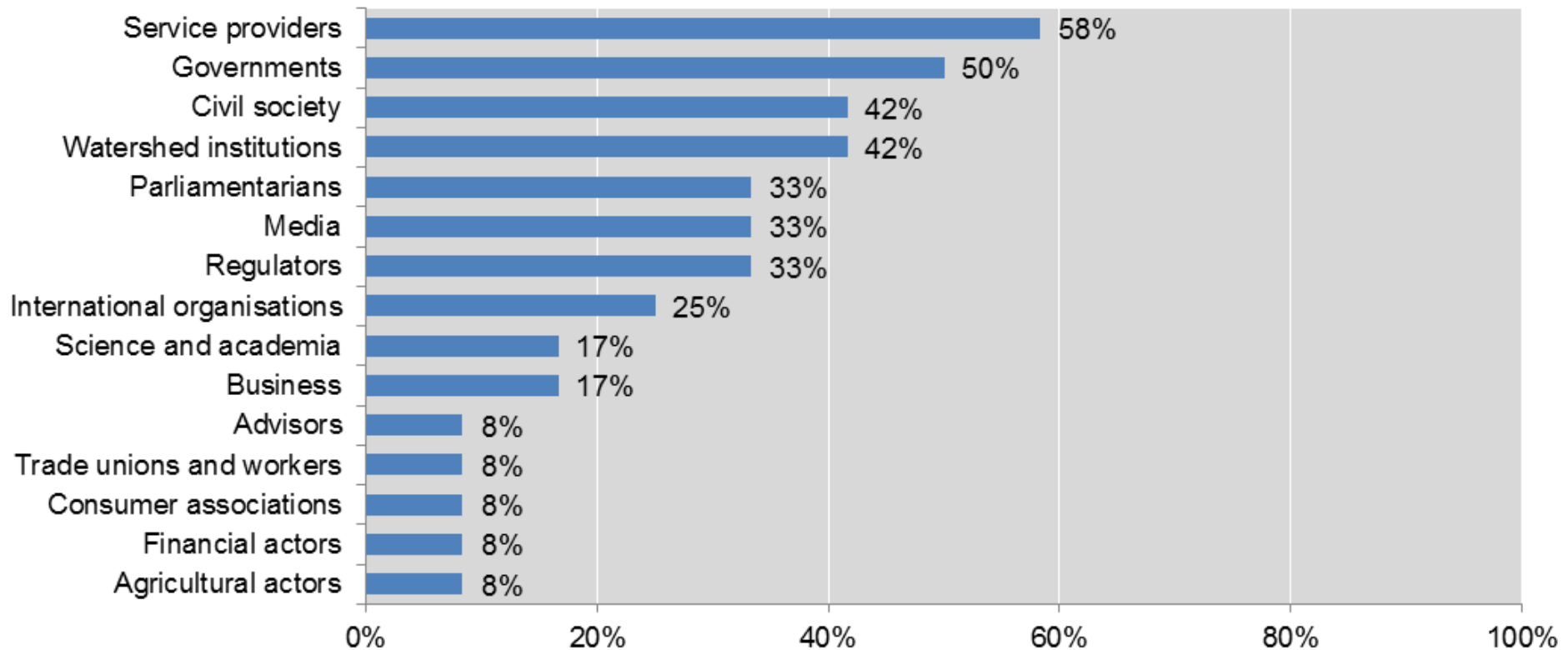
1. Strengthen the **information base and access** to raise awareness on issues of cost and dispel myths on PSP
2. Reinforce **existing mechanisms & platforms** for their effective contribution to decision-making and to better reflect “unheard voices”
3. Clarify **objectives and expected outcomes** of stakeholder engagement to better define who can do what





How do sub-national governments interact ?

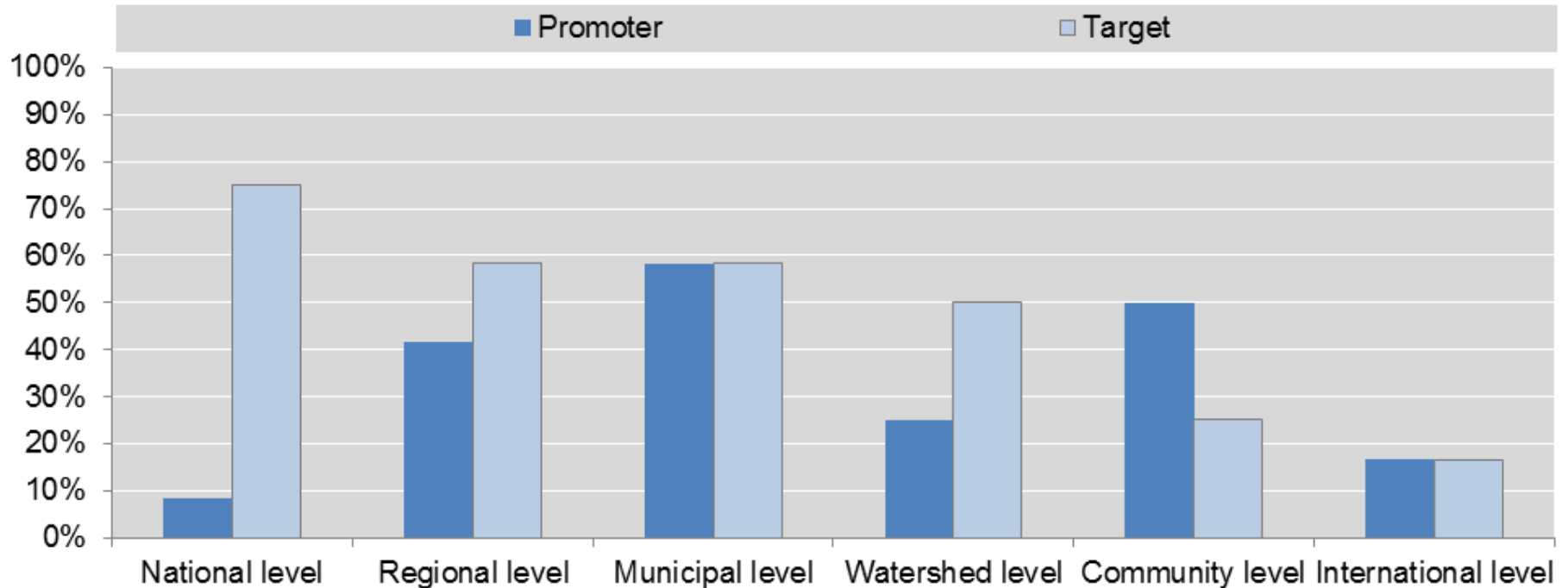
Interactions of sub-national governments with other stakeholders



Source: OECD (2015), Stakeholder Engagement for Inclusive Water Governance, OECD Publishing, Paris



At which territorial scale governments intervene most frequently?



Note: The figure considers the average rate of responses as “yes” to the question “at which territorial scale does your organisation primarily intervene?”

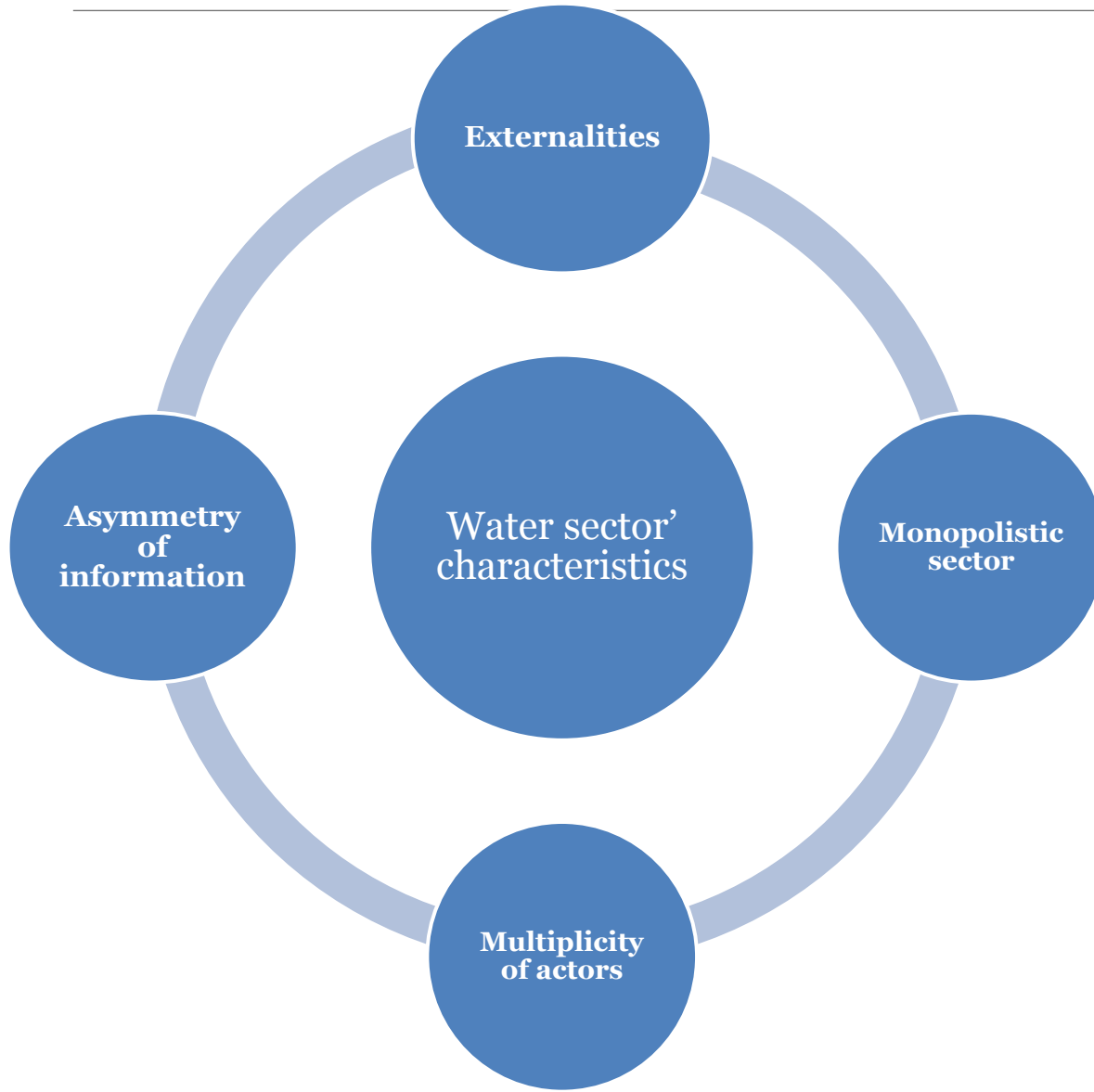
Source: OECD (2015), Stakeholder Engagement for Inclusive Water Governance, OECD Publishing, Paris



CONSIDERATIONS FOR REGULATION



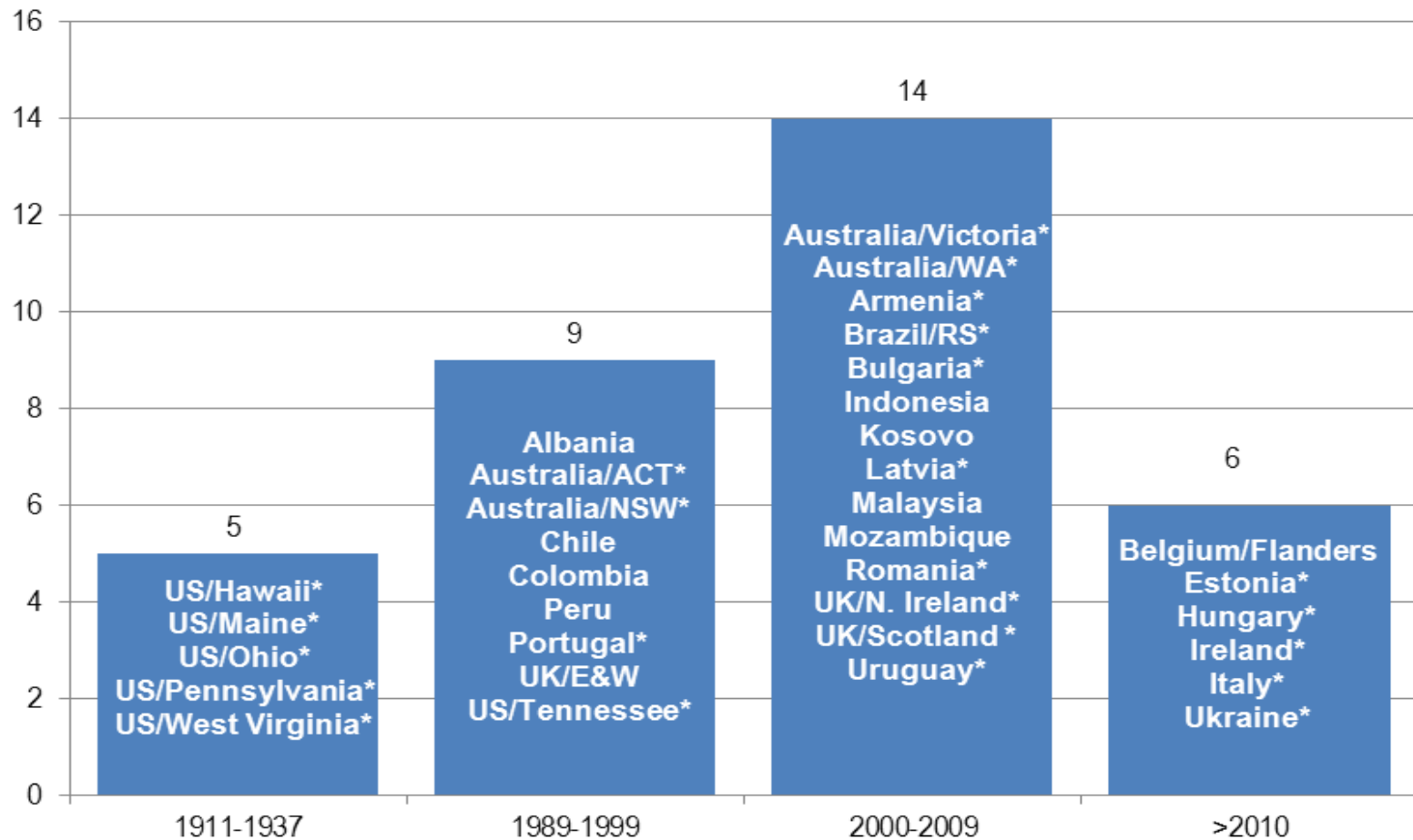
Water: a heavily regulated sector



→ Regulation is crucial to enable the public sector to carry out **long-term policy objectives**, **balance interest** of all parties, **prevent opportunistic behaviours**, **protect customers** from private sector abuses and private sector from politically driven decisions (OECD, 2011).



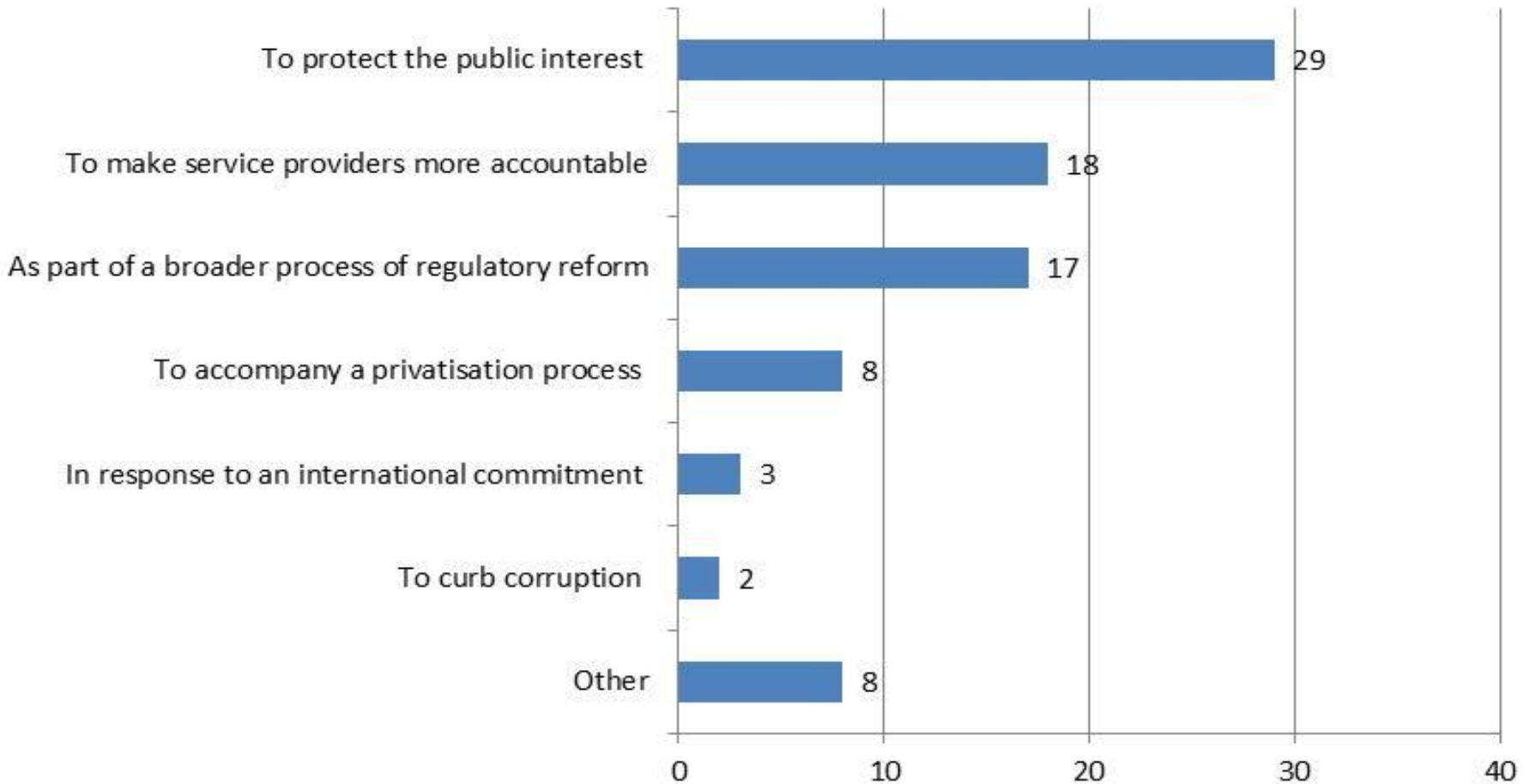
Water regulators in the OECD Survey *by year established*



Source: OECD (2015), The Governance of Water Regulators

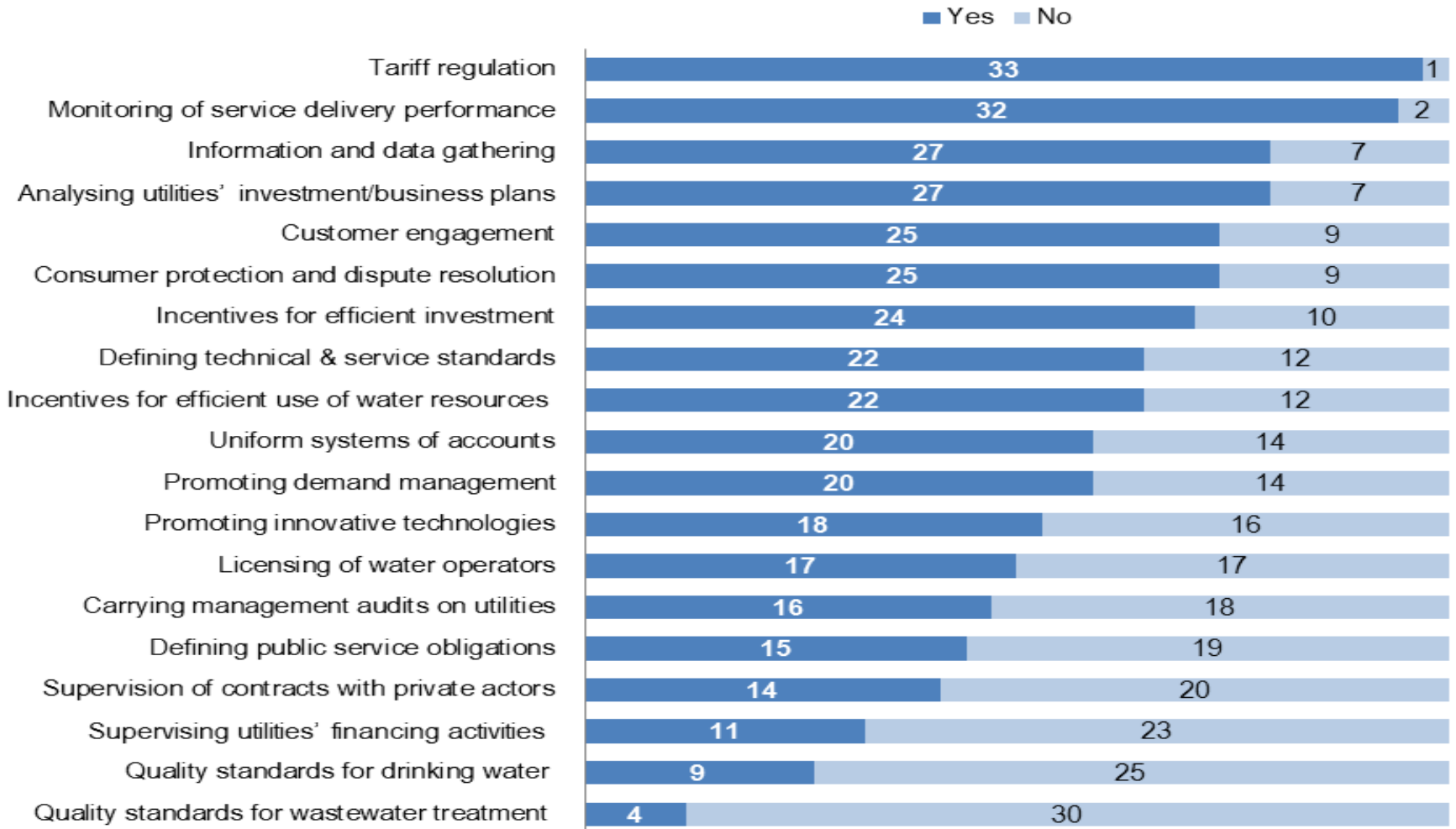


Why are water regulators established?





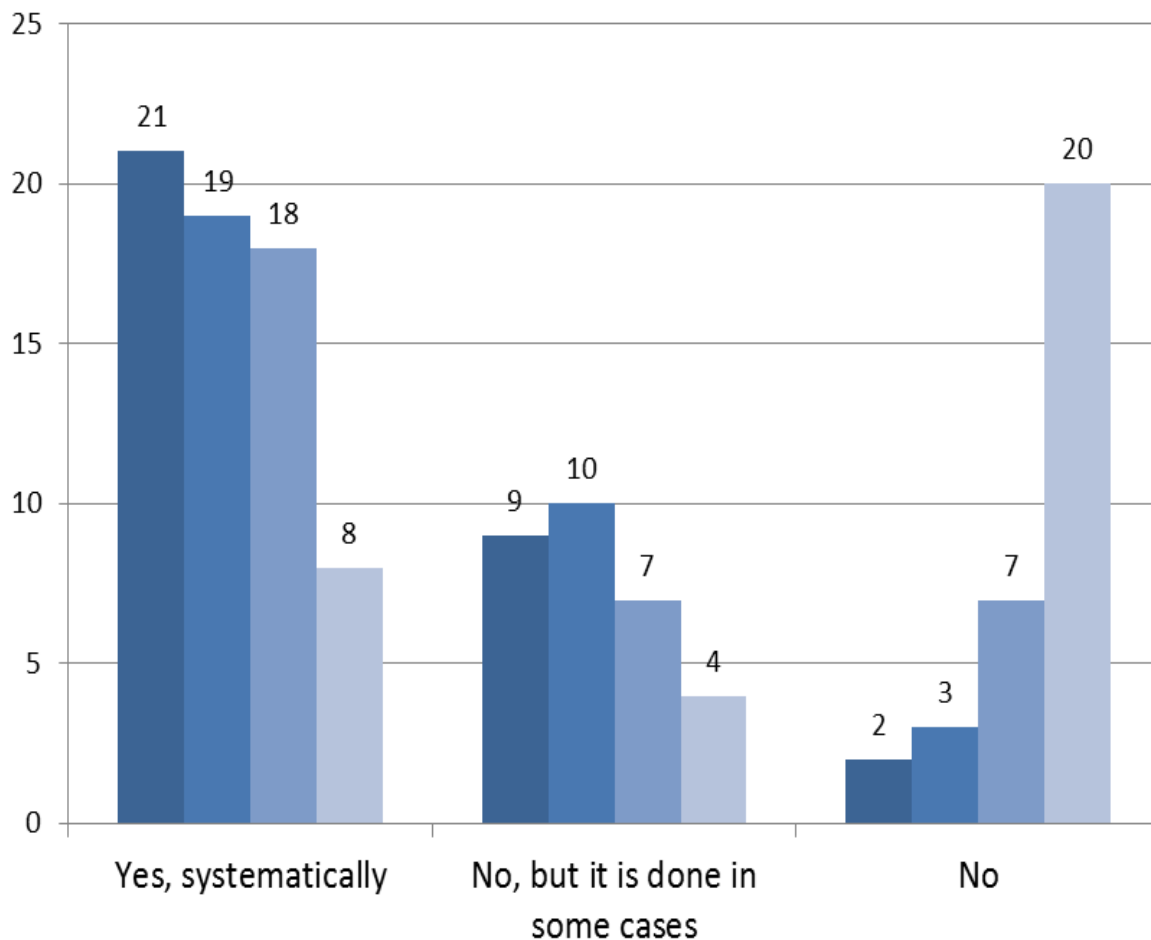
The functions of water regulators



Source: OECD (2015), The Governance of Water Regulators



How do they ensure regulatory quality?

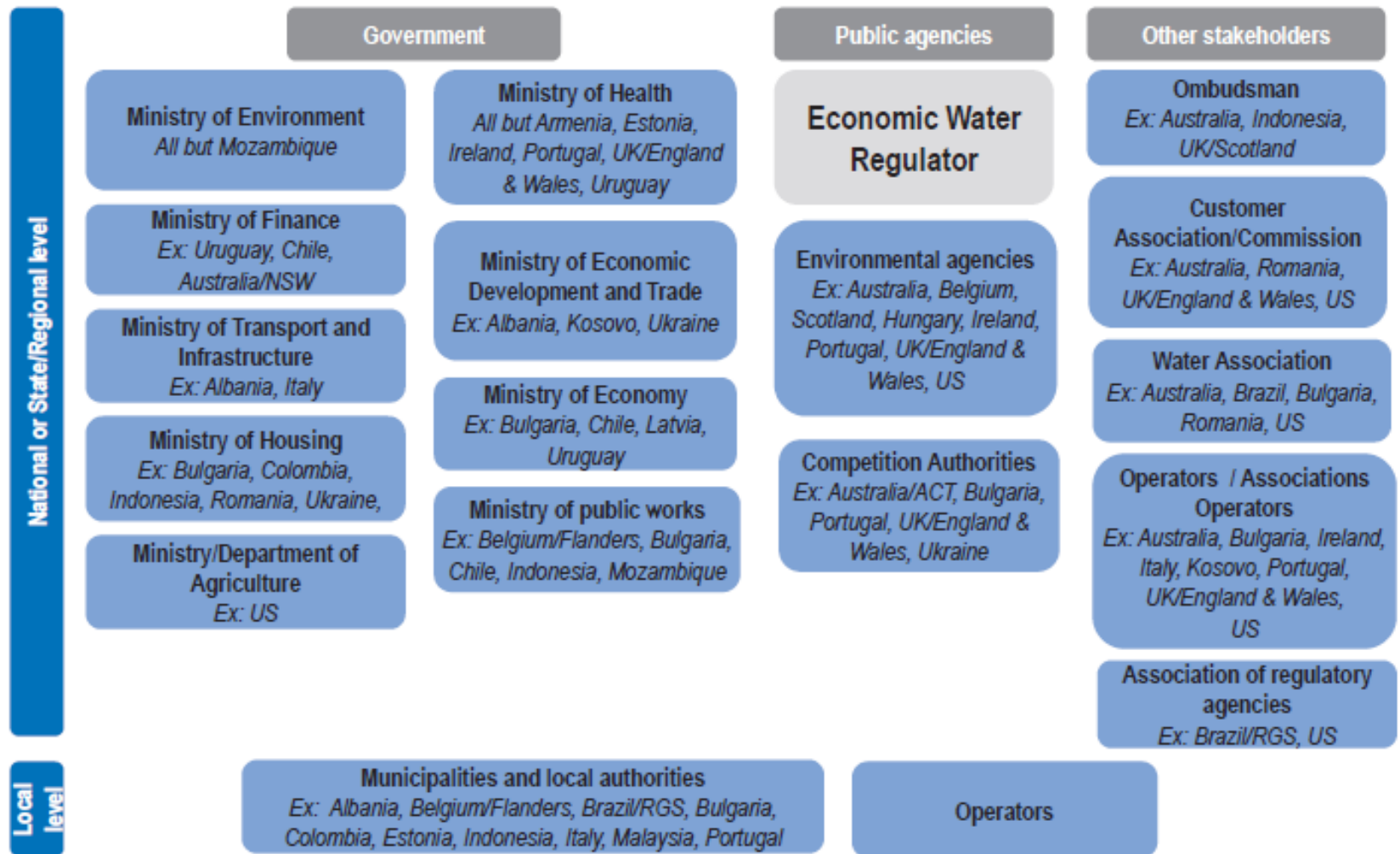


- Is consultation with regulated entities before making a regulatory determination required by the authoring legislation?
- Is there a legislative requirement in place to conduct public consultation in advance of making a regulatory determination?
- Is an economic assessment of the costs and benefits required to be prepared by the regulator to justify a regulatory decision?
- Is periodic ex-post evaluation of existing WWS regulations mandatory?

Source: OECD (2015), The Governance of Water Regulators



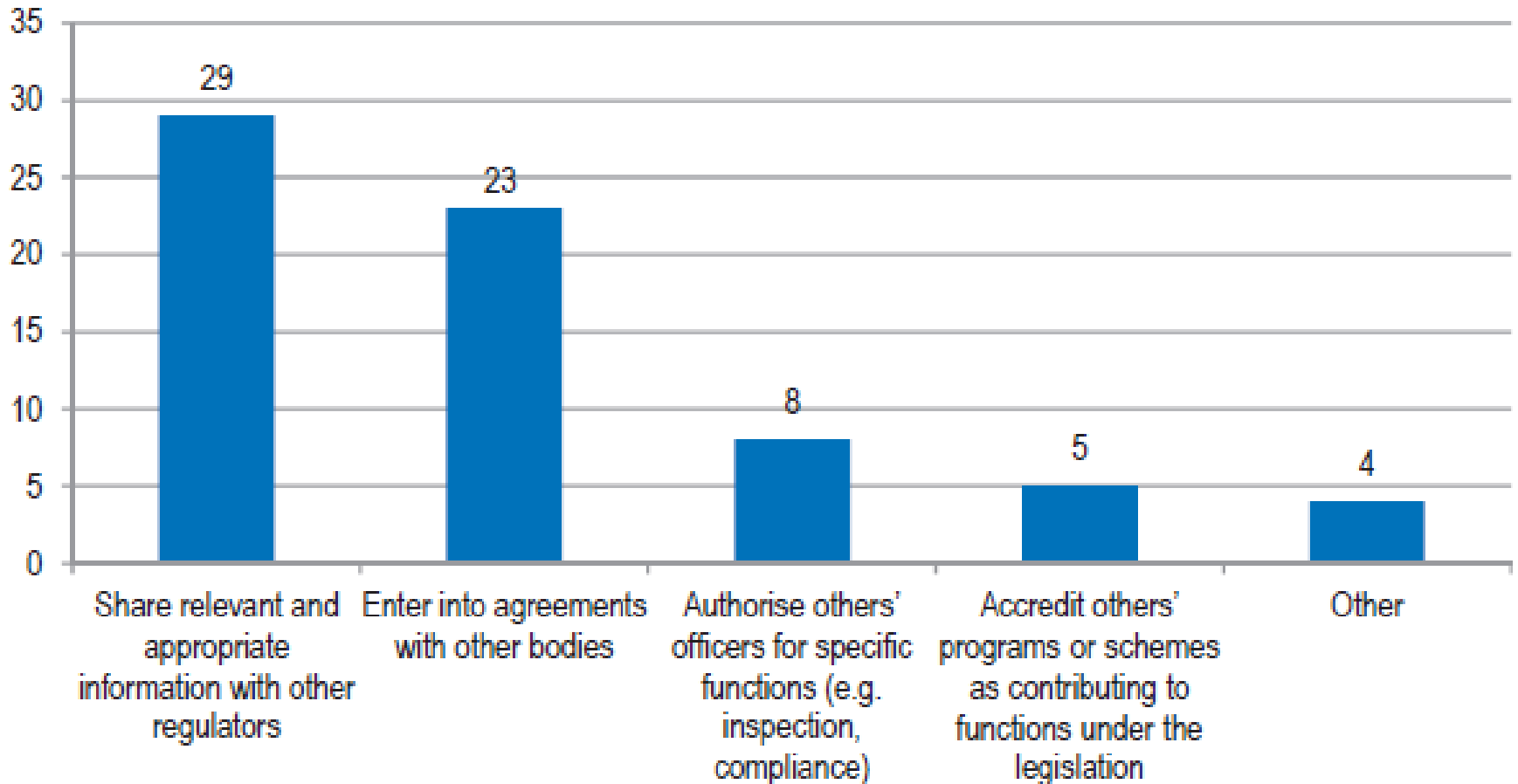
Water regulators in the institutional landscape





Legislative requirements for cooperation

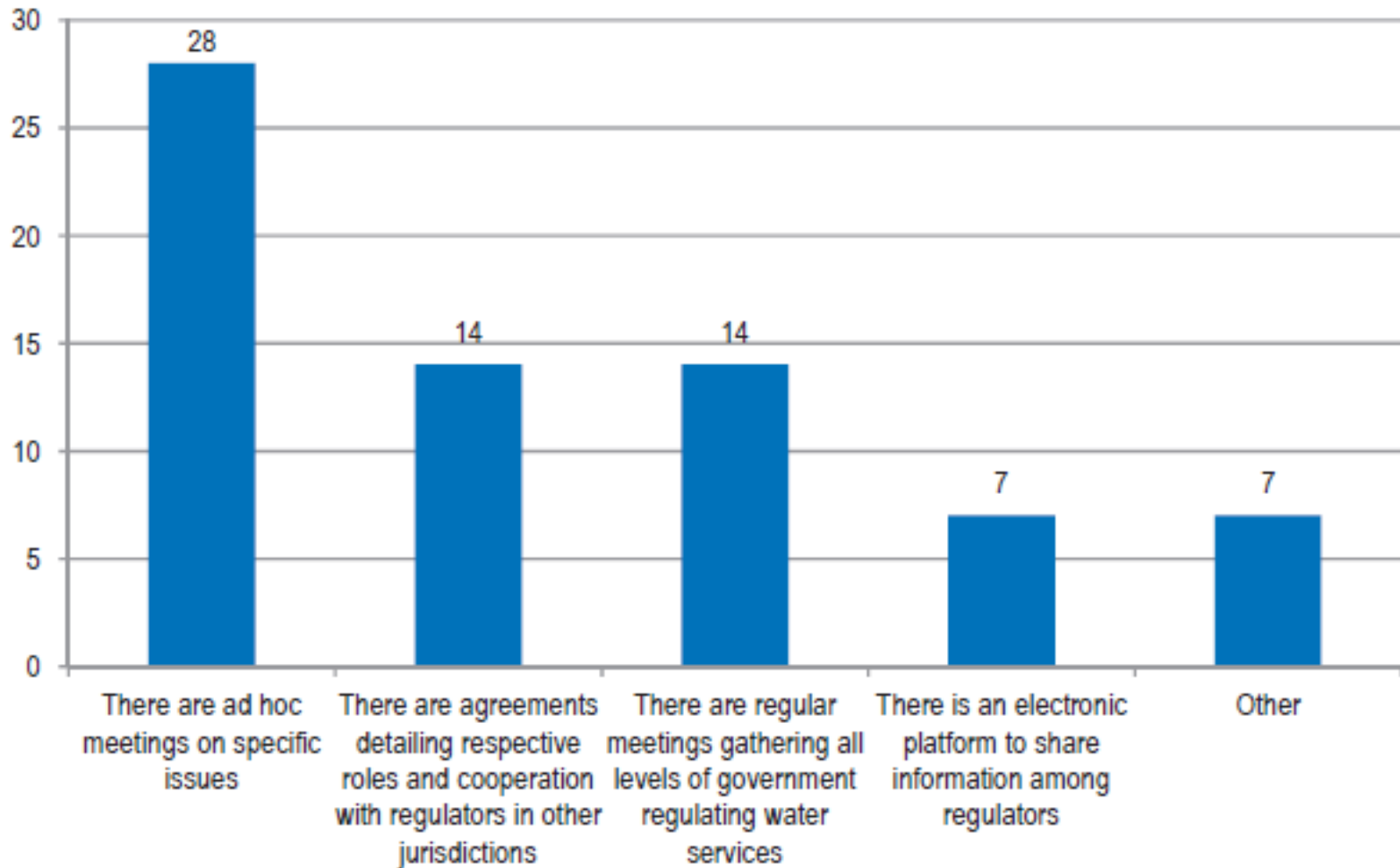
(Number of regulators/34)





Co-ordination mechanisms with all levels of government

(Number of regulators/34)





Overcoming the Challenges to Private Sector Participation in the region: Lessons from Jordan and Tunisia



Contrasted experience in private sector participation

- Tunisia:
 - Limited use & knowledge of PSP in the water sector
 - Shift in government approach towards PSP
- Jordan:
 - Varied experience with both small and large scale PSP projects
 - The country is on the verge of concluding mega project and risks failing reaping the benefits if right conditions are not in place



Different institutional settings

- Tunisia:
 - Centralised setting
 - Competent administration but limited PSP capacity
- Jordan:
 - Responsibilities for water and PPPs are scattered across institutions – some overlaps and unclear allocation
 - Responsibilities are in flux
 - Corporatisation under way



Common challenges

1. Uncertainty & gaps in the legislative & regulatory framework for water and PPPs undermines legal clarity, opportunity and stability of water PSP
2. Limited financial sustainability of water operators, important subsidies & fiscal constraints put pressure on the WWS sector and call for reforms
3. Need for greater accountability mechanisms, territorial development & stakeholders' engagement.



Areas of recommendations

1. Reducing the regulatory risk through supporting the development of a high-quality water regulatory framework
2. Managing PPPs in a fiscally constrained environment through appropriate budget process
3. Enhancing stakeholder engagement to improve accountability and buy-in



OECD References

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OECD Programme on Water Governance

<http://www.oecd.org/governance/watergovernanceprogramme.htm>

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