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Effective Water Governance through the Paradigm of IWRM

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THE GLOBAL WATER Partnership (GWP) defines Water Governance as the range of political, social, economic and administrative systems that are in place to develop and manage water resources and for the delivery of water services at different levels of society. The concern for effective water governance is currently a topic of world-wide public domain, the importance of which was emphasized by the GWP in a concrete and sound way during the Second World Water Forum at the Hague in 2000 in the document entitled "Framework for Action" describing it as a tool to provide water security for the development of humanity.

The notion of water governance includes the ability to design policies and institutional frameworks that are socially acceptable and mobilize resources in support of them. Water governance is therefore concerned with those political, social and economic organisation and institutions that are necessary for water development and management. Given the complexity of water use within society, developing, allocating and managing it equitably and efficiently and ensuring environmental sustainability, require that the disparate voices are heard and respected in decisions over common waters and use of scarce financial and human resources.

Water governance is concerned with the functions, balances and structures internal to the water sector i.e. internal governance. Influences which also come from the civil society, private sector, etc. are referred to as external governance.

Based on the aforementioned, effective governance of water resources and water service delivery will require the combined commitment of government and various groups in civil society particularly at local/community levels as well as the private sector. With this, the State would need to practically implement this notion of distributed governance of water as an institutional response and adaptation to the changed and external environment.

Some necessary conditions for effective water governance are inclusiveness, accountability, participation, transparency, predictability and responsiveness. The governance system becomes a poor and ineffective one when it does not fulfill these conditions. Poor governance leads to increased political and social risks, institutional failure and rigidity and a deterioration in the capacity to cope with shared problems instead of facilitating action on and enhancing the development of water resources and water delivery services. Effective water governance is thus essential to poverty reduction and can help the poor to help themselves. Poor water governance constitutes a barrier to development and hurts the poor through both economic and non-economic channels, making them more vulnerable and unable to adapt to changes. Structural and institutional reforms are needed to turn poor water governance into more effective water governance and include measures such as creating accountability in the use of public funds meant for water resources and delivery development, building national capacity for better policy formulation, implementation and enforcement mechanisms. It also includes converting decision-making and implementation into more inclusive processes where civil society and the private sector have clear roles to play with shared responsibilities on the basis of public-private partnerships. The "division of labour "between the different actors and the sharing of responsibilities and balancing power relations are all that define the effective water governance system.

Effective Water Governance (EWG) and Integrated Water Resources Management (IWRM)

The paradigm of Integrated Water Resources Management with its principles is a useful tool for the realization of effective water governance. The challenges and opportunities currently presented by water resources issues worldwide call for each nation to review the state of legal and institutional arrangements, public policies, the leadership capabilities of its water actors and the economic instruments for effective water governance. Thus the instrumentality of the paradigm of IWRM becomes handy in this respect. IWRM has been defined by GWP as "a process that promotes the coordinated management and development of water, earth and related resources in order to maximize the social and economic benefits that will result in an equitable manner, without compromising the sustainability of vital ecosystems".

The principles adopted by GWP for IWRM are social equity, economic efficiency and environmental sustainability. These centre on and unite the fundamental aspects of water management and therefore form the basis for the achievement of effective water governance. Furthermore, IWRM principles are premised on the Dublin Principles which have been carefully formulated through an international consultative process culminating in the International Conference on Water and the Environment in Dublin, 1992.

The concept of Integrated Water Resource Management in contrast to traditional fragmented water resources management, fundamentally is concerned with the

management of water demand as with its supply. Thus, integration has to occur both within and between the natural system and the human system taking into account the variability in time and space.

The natural system integration therefore must take into consideration the following:

- Integration of freshwater management and coastal zone management
- Integration of land and water management
- Integration between "green water" and "blue water"
- Integration of surface water and groundwater management
- Integration of quantity and quality in water resources management
- Integration of upstream and down stream water-related interests

The aspects of the human system integration also consist of the following consideration:

- Integration of all stakeholders in planning and decision making processes
- Integration of water and waste management
- Cross-sectoral integration in national policy development.

Essential principles for effective water governance

Firstly and on the basis of the approach adopted by a country, effective water governance must be open and transparent. All policy decisions should be transparent so that both insiders and outsiders can easily follow the steps taken in policy formulation especially with regard to financial transactions. The approach must also be inclusive and communicative. Improved participation is likely to create more confidence in the end result and in the institutions that deliver policies. Transparency and accountability are built on the free flow of information. Governance institutions and systems need to communicate among the actors and stakeholders in very direct ways. Moreover, policies and actions must be coherent. Coherence requires political leadership and a strong responsibility on the part of the institutions at different levels to ensure a consistent approach within a complex system. Therefore, water governance should enhance the effectiveness of Integrated Water Resources Management. In addition, the approach should be equitable and ethical. Equity between and among the various interest groups, stakeholders and consumers needs to be carefully monitored throughout the process of policy development and implementation. Above all, water governance has to be strongly based upon the ethical principles of society in which it functions and based on the rule of law. This manifests itself most strongly in the issue of justice, property rights for use, access and ownership of water.

Secondly and on the basis of expected performance and operation, effective water governance must be accountable. Each institution must know and take responsibility for what it does. The **"rules of the game"** need to be explicit and should have an in-built arbitration enforcing mechanism to ensure that satisfactory solutions can still be reached when seemingly irreconcilable conflicts arise among the stakeholders. This accountability however differs depending on the organisation and whether the decision is internal or external to an organisation. Furthermore, an effective water governance must have an attribute of efficiency politically, socially, environmentally and economically. With respect to responsiveness and sustainability, an effective and reliable governance system must deliver what is needed on the basis of demand, clear objectives, an evaluation of future impact and, where available, past experiences. Policies should also be incentive-based. This will ensure that there is a clear social and economic gain to be achieved by following the policy.

Recipe for effective water governance

The following conditions that are the major outcomes of the plethora of global dialogues on effective water governance are being put forward as recipe for the realisation of effective water governance. They are essentially elements of the paradigm of Integrated Water Resources Governance (IWRM) that constitute the fundamental basis for dialogue on effective water governance.

Establishing the enabling environment through legal arrangements

Most dialogues recognised that with the evolution of governance systems - in society as a whole and in water management - the rules of the game need to change. With the trend towards distributed governance the State's role is changing as civil society, communities, local government and the private sector take on more responsibilities. Most dialogues referred to the confusion over the demarcation of responsibilities between and among actors, inadequate co-ordination mechanisms, jurisdictional gaps or overlaps, and the failure to match needs, responsibilities, authorities and capacities for action. These may be seen as 'problems' and government bureaucracies may be fearful of 'losing control' but they are also positive signs of the dynamic transformation from a centralized and overburdened State to a distributed network of players. The Brazil dialogue identified the need to make a distinction between the governance of water supply and sanitation services and the governance of water as a natural resource with more focus given to the latter.

In most cases regulatory functions and service provision functions still intermingle, and there is no transparent assessment of the quality of services. It is unusual to have separate regulatory bodies in the water sector - unlike other sectors with public functions - or to have bodies of customers and stakeholders that oversee the quality of services. Regulation often focuses on establishing regulatory powers and legislation narrowed down to the formulation of new laws. The ultimate test however is effective enforcement. Nearly all dialogues identified this as the single-most important issue in regulation. In some countries there is a plethora of rules and laws. Regulation needs to be complemented by incentives and capacities. Without this, effective, fair and transparent enforcement is in doubt and

regulation becomes meaningless or even worse: counterproductive and arbitrary. Several dialogues made the point that 'people directly concerned' should be involved in the formulation of new law and consultative policy processes and policy pilots were recommended. Regulation should be based on field realities and not just on legal theory. This would help the relevance and the enforceability of new regulation. Another point put forward in several dialogues is to establish implementing bodies. In many cases the institutional architecture is still being designed but the dialogues indicated that this is a sensitive issue and it is most important that powers and relations are clear. Overlapping functions either lead to turf fights or to nothing being done at all.

Economic instruments and financing

Financing was the one issue that was prominent in every dialogue. In spite of the considerable attention for water in recent global debates it appears little progress has been made on the ground. In many countries water management and water services continue to be funded through central sources and funding is often insufficient and insecure. Where charges are collected on the basis of water use, they are often not retained by the organisations responsible for managing water resources. Instead they are paid into a general purse and from this account water service providers are funded. As a result, opportunities are lost to redefine relations between different players - water managers, service providers, water users - and to bring financial mechanisms in line with new distributed forms of governance with larger accountability and ownership. It was clear that there are still many unfulfilled expectations on the use of economic instruments in regulating water resource management through consumption and/or pollution charges.

From the different dialogues, there appears to be general agreement that water management is unlike other businesses. Though returns on investment and running costs should be safeguarded, the bottom line in many dialogues was that water management should be run as a social enterprise rather than as a commercial venture. Yet even with these caveats there was agreement that water services and water management should be self-financing, financially viable and not dependent on external subsidy. There are clearly some contradictory conclusions and confusion between ideals and reality but most felt that increased awareness on the value of water, the cost of water services and the need to be financially sustainable and socially responsible will help to formulate better strategies.

For many participants in the dialogues, willingness to pay was linked to how useful and reliable water services are *perceived* to be. In this context the link between transparency and financing was raised in many dialogues. In many countries it was felt that the water charge itself is not the problem but the actual collection of the charge. Where corruption is (or is perceived to be) rampant, or collection systems poor the motivation to pay water charges is very small. This happens for instance where water is provided to an apartment block or to irrigation command areas and individual defaulters cannot be disconnected. The non-payment by some and the lack of effective sanctions usually translate into widespread non-recovery.

Several dialogues pointed out that discussions on financing have been too focused on water charges but not enough on the expenditure side of the equation. Water projects have often been undertaken for politically strategic reasons. Bulky capital outlays have been made to jump start the economy, provide employment or other politically expedient reason with little attention given to the cost of exploitation. Transparent and accountable systems would go a long way to creating public confidence in paying for water services.

Building capacity for better water governance

Most dialogues felt that integrated water resource management requires new skills and capabilities-in multifunctional water uses and also at the cross points of water management and other disciplines, such as health, food and trade. The dialogue in Ecuador recognised a lack of capacity in the country to deal with and resolve water related conflicts. The traditional sectoral divisions may have been simpler with only two parties around the table, but the recognition of the role of multiple-stakeholders in the governance of water brings to the table the need to develop new capacities for negotiation. Capacity building is also required to introduce new governance systems and familiarise the decision-makers and implementers with different ways of managing water. A number of special groups were singled out for capacity building in the dialogues: policy makers for more understanding of integrated water resource management; local governments for better local water management; and regulators and law implementers for preparing new regulations.

It was identified that capacity building is more than just individual training, but should extend to creating newmanagement systems or cultures within many of the organisations that are responsible for water resources and services management. As governance systems develop, capacity will need to be developed through learning from good examples and by doing. The traditional concept of specialist capacity building institutes may not be appropriate, as each player will have to try and find his own way. It is interesting to note that none of the governance dialogues identified the need for new or more research. Instead the emphasis was on putting things into practice and learning from experience through networks and partnerships.

Governments need to strengthen capacity building institutions with water and land management on their agenda in order to give present and future managers the skills to manager water in a holistic and sustainable way. The ToolBox for IWRM will be a key part of capacity building activities and has already been used by education and training establishments in Malaysia and other countries.

Institutional arrangements and decentralisation

The so-called subsidiarity principle states that water should be managed at the lowest appropriate level. There are many good reasons for this, one being that water management

issues at local level are often profoundly different from water (and land) management issues at national or regional level. Different priorities emerged from the local level dialogues and it is erroneous to automatically assume that issues and agendas are the same at different geographical scales and political levels. Local issues are often unique and not necessarily covered by policies set by central authorities.

In many countries the trend over the past decade has been to decentralise responsibilities away from central government with more responsibility to lower tiers of government or to other actors (communities and private sector). However, responsibility is often given away freely but power is much more difficult to take away from the centre and this contradiction results in poor governance. In several countries in Eastern Europe provision of urban water services has been decentralised to municipal governments although not always with the consequent power to raise funds or ellicit sanctions on those acting against the best interests of the constituency. These developments bring with them opportunities to manage water in an integrated way and the possibilities for practical participation of local communities and other local players. Decentralisation also offers more scope for timely and effective enforcement of rules. There are also threats, highlighted in dialogues in for instance Eastern Europe, Africa and Southeast Asia, which include the lack of capacity at local level, particularly in smaller municipalities and rural areas, and the risk that water issues are buried under many other priorities. Also, in some countries local democracy is vibrant and intensely political and mechanisms and systems are needed to resolve conflicts.

To address these weaknesses the various dialogues emphasised the importance of developing local expertise and the introduction of integrated water management planning at district and municipality level. Where municipalities are autonomous and self-governed bodies they may have the power to raise their own finances and attract domestic and even international investment. There is a need to link local water management with water resource planning at river basin or national level. At present the link between water management at different levels is often disjointed, conflicting or top down. There is a need to have water management that is both top-down and bottom-up. Some local issues may be best addressed in large national and basin framework. More strategies (with budgets and timetables) are needed to make sure river basin plans and national policies are action oriented to solve such issues and not just state the problems.

Many dialogue participants were overwhelmed by the complexity and the time and effort needed to implement reforms. In changing governance systems sequencing and prioritisation are thus essential and practitioners need to decide what can be done now and what has to be put off for the future. Reforms should start with the critical priorities that are politically feasible rather than the impossible 'ideal' solution. As mentioned at the Johannesburg dialogue it is better to start with the 'realistic' third or fourth best as the beginning of a long-term iterative process. International experts, NGOs and academics often paint idealistic or politically correct images that are just not practical in most countries. Several of the dialogues pointed out that there are large differences between countries-their geographic and cultural peculiarities, their capacity to adapt their governance systems, and in the transaction costs they can afford to manage water resources and services – and the debate on water governance should avoid promoting generic solutions. An example, at the West African Ministers Roundtable, a region where climate variations are extreme and electricity shortages persist, they raised their concerns over the difficulty of raising international finance for much needed dam building.

Many dialogues stressed the importance of using existing institutions, where possible, rather than creating new institutions. The donor community endorses this view. In this context river basin organisations need to be based on the usefulness they can play within the administrative systems and not solely on their hydraulic logic. They may thus make sense in basins with intense and competing water use and weak governance systems but not where other satisfactory systems exist. Similarly, 'apex' water authorities, such as ANA in Brazil, may have a considerable contribution to make, whilst in other countries alternative national planning mechanisms may exist that can carry out this co-ordinating role more effectively.

Conclusion

The paper has defined effective water governance from the purview of the Global Water Partnership (GWP) and its activities which are based on the paradigm of Integrated Water Resources Management. IWRM and the advancement of its tools as recipe for the realization of Effective Water Governance have been elaborated upon. The principles, challenges and recipe for effective water governance have been presented based on the plethora of global, regional and national dialogues on effective water governance being organized by GWP

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