

JULIETTE LASSMAN

POLICY ANALYST, WATER GOVERNANCE AND CIRCULAR ECONOMY UNIT
CITIES, SUSTAINABLE DEVELOPMENT AND URBAN POLICIES DIVISION
CENTRE FOR ENTREPRENEURSHIP, SMES, REGIONS AND CITIES (CFE). OECD

“Common water governance challenges are related to financial resources, human capacity and stakeholder engagement”

The OECD refers to water governance as a set of rules, practices, and processes through which decisions for the management of water resources and services are taken and implemented, and decision-makers are held accountable.

 CRISTINA NOVO PÉREZ

“Water crises are often primarily governance crises,” emphasizes the Organisation for Economic Co-operation and Development. The OECD’s water governance work supports inclusive societies and environmental sustainability; they provide guidance to governments at all levels on how to design and implement water policies to ultimately improve quality of life. In this interview, Juliette Lassman, a policy analyst focusing on water governance and circular economy, gives us some insights into how the or-

“The OECD Water Governance Programme has extended its geographical scope, developed new projects on the circular and the blue economy”

ganization sets about finding solutions to governance challenges related to water.

Could you share with us your career path and your current role in the OECD?

Since completing my Master in management majoring in economics at IESEG, Lille (France), my interests and career have very much focused on the intersection between environmental, social and economic issues. I started by working on a portfolio of green water infrastructure solutions as part of a broader economic development project in Mexico City, during an internship at the World Resources Institute’s Mexican office. Then, at the OECD’s International Transport Forum, I worked on the economic implications of decarbonising air transport and the regulation of innovative urban mobility. Currently, I am a policy analyst within the Water Governance and Circular Economy Unit in the OECD



Centre for Entrepreneurship, SMEs, Regions and Cities (CFE). I contribute to our analytical (e.g. “policy dialogues” with local and national governments) and thematic work (e.g. on Cities for a blue economy), and disseminate the results via international events and platforms such as the OECD Water Governance Initiative and the OECD Roundtable on the Circular Economy in Cities and Regions.

Can you tell us about recent developments in the OECD Water Governance Programme?

Over the past three years, the OECD Water Governance Programme has extended its geographical scope, developed new programmes and projects on the circular and the blue economy, and continued supporting the implementation of the OECD Principles on Water Governance.



We have been intensively working in the African, Asia-Pacific and Latin American regions. As part of the Programme's work on Africa, we carried out a survey across 36 African cities and analysed the results in the OECD report on Water Governance in African Cities (2021). We also worked closely with the city of Cape Town, South Africa, at the time when the risk of "Day Zero" was just behind them. The reflection on how to enhance water resilience led to the publication of the report on Water Governance in Cape Town, South Africa (2021). As a follow up, we will launch the Roundtable of African Mayors for Water Security at the 9th World Water Forum in March in Dakar, Senegal.

In the LAC region, we published a report on Water Governance in Peru (2021), the result of a two-year policy dialogue with 175 stakeholders across all levels of government in Peru, and

on Fostering Water Resilience in Brazil (2022), the result of a three-year policy dialogue with the Brazilian National Water and Sanitation Agency (ANA).

Finally, in the OECD report on Water Governance in Asia-Pacific (2021), we analysed the state of play of water governance in the region's 48 countries. The assessment shows that although water policy frameworks and coordination mechanisms are in place and considered to be functioning in most countries, important gaps relating to capacity, data and information, regulatory frameworks and stakeholder engagement remain. Action is urgently needed to address water risks exacerbated by climate change, urbanisation, and strong economic and demographic growth.

To support water-resilient and sustainable economic development across levels of government, we launched the OECD project Cities for a blue econo-

my at COP26 (Glasgow, UK, November 2021). The project aims to raise the profile of cities in the blue economy, as the blue economy conversation has largely taken place at the national level until now. It will support willing cities to create the governance framework and enable conditions for a Resilient, Inclusive, Sustainable and Circular (RISC-Proof) blue economy. It builds on the OECD Principles on Water Governance and the OECD Programme on the Circular Economy in Cities and Regions. We will present preliminary findings from a global survey on the governance of the blue economy in cities at COP27 in Sharm-el-Sheikh, Egypt, in November 2022.

Finally, the Programme continues to support governments with the implementation of the OECD Principles on Water Governance. After the co-development of the Principles with members of the OECD Water Governance Initiative in 2015 and the OECD Water Governance Indicator Framework (2018), the next step consists of the Capacity-Building Toolkit for Self-Assessment, which will be launched at the 9th World Water Forum. The Toolkit is a turnkey solution to support governments and other stakeholders in using the Principles and the Indicator Framework to assess water governance systems through multi-stakeholder dialogues.

How has water governance evolved in different regions of the world since the OECD Water Governance Initiative was launched in 2013?

"The OECD project Cities for a blue economy launched at COP26 in Glasgow aims to raise the profile of cities in the blue economy"



The global landscape has changed a lot over the past ten years. Economic and demographic growth, as well as urbanisation, have remained rampant, especially in emerging regions such as Africa and Asia-Pacific. With an average economic growth rate of 6% in emerging Asia and a projected additional 750 million inhabitants by 2050 in the Asia-Pacific region, the region's water resources will be under increasing pressure. Extreme weather-related events have grown and wrought havoc: in the past 15 years, floods and landslides have affected 38 million people in Africa and caused an estimated USD 4 billion in damages. More recently, the COVID-19 pandemic demonstrated the critical importance of sanitation, hygiene and adequate access to clean water to contain the spread of the virus, especially for the 3 billion people lacking basic handwashing facilities and those in precarious living conditions.

Despite these transformations, many concepts developed ten years ago remain valid. The continued use of the OECD Principles on Water Governance as a guiding framework to assess water governance is proof of this relevance. In 2018, a survey of the 170 stakeholders having endorsed the Principles highlighted that 80% of respondents had been using them to facilitate multi-stakeholder dialogue, assess water governance performance, guide reform processes and practices, build capacities, and/or develop research.

The OECD has observed growing emphasis on the role of local government

toward greater water security; the need for a systemic approach to water policies; and increasing attention on water justice. For example, *Water Governance in African Cities* (2021) highlighted the rise of local leadership in water policy over the past decade. Among the 38 African cities surveyed by the OECD, 75% have adopted dedicated local policies, investment plans and programmes for drinking water and sanitation. The report suggests that local leaders could play a stronger role in addressing the mismatch between hydrological and administrative boundaries by managing water resources within integrated basin systems.

On the shift to a systemic approach, there is growing awareness on the link between water and climate, biodiversity, land use, energy and waste, among others. The first-ever Water Pavilion at COP26 is a testimony to the growing recognition of water's role in climate mitigation and adaptation. However, in some cases, there is still an important gap between policy and practice. For instance, OECD work on *Scaling up Nature-based Solutions to Tackle Water-related Climate Risks* (2021) has shown that despite the fact most OECD countries now include water-related nature-based solutions (NBS) in their adaptation plans, very few countries (2 out of 27 surveyed) believe their NBS implementation is in line with stated policy ambitions.

Finally, in relation to water justice, increasing attention is being paid to under-represented groups in water governance. The OECD Principles call for engaging under-represented stakeholders and vulnerable people in decision-making and implementation. This is the case in many countries. Nevertheless, there is room for making water governance more inclusive, increasing access to safer drinking water and sanitation, and protecting the most vulnerable from water disasters. For example, the OECD report on *Water Governance in Asia-Pacific* (2021) shows that just 20% of countries in the region



have provisions to protect indigenous and traditional rights in their water policy frameworks.

The OECD has been working on water governance challenges in African cities. Could you highlight some lessons learned?

First, African cities face significant water-related risks. Floods are the most frequent and widespread water-related disaster in Africa; combined with landslides, they have affected 38 million people and caused an estimated USD 4 billion in damage over the past 15 years. African cities also face drought and water scarcity, and by 2030, it is estimated 75-250 million people in Africa will be living in areas of high water stress, potentially displacing 24-700 million due

"The Principles on Water Governance are used to facilitate dialogue, assess performance, guide reform, build capacities, and in research"



to difficult living conditions. These risks are exacerbated by megatrends, notably by urban growth and climate change. Africa's urban population will account for 60% of the continent's population by 2050, and two-thirds of African cities are at "extreme" risk of climate-related shocks according to the Climate Vulnerability Index.

A key lesson learned from the OECD report on Water Governance in African Cities concerns the increasing involvement of local authorities in enhancing water security. Although water policy is driven at national level in most African countries, the last decade has seen an increasing leadership of city governments. A significant share of the 36 surveyed cities of all sizes have dedicated local policies, investment plans and programmes

for drinking water and sanitation (75%) and water resource management (42%). The majority (80%) of cities having adopted these local policies report that they contribute to overcoming silos that often result in poor planning and policy coherence and misaligned incentives. In fact, local water policies usually facilitate co-ordination with strategic urban development policies (e.g., housing, land use and solid waste). They also include targeted measures for vulnerable categories of the population. Nevertheless, local authorities in Africa face three main obstacles to good water governance: a lack of funding (42%), a lack of human capacity (40%), and a low level of infrastructure investment (36%).

Another lesson is about making sure that stakeholders are engaged and fi-

nancial and human resources meet the magnitude of challenges to deal with. Raising awareness of water-related risks by engaging with stakeholders is an important priority according to 45% of the 36 respondents to the OECD survey. This problem is compounded by funding issues as more than 85% of sub-Saharan African countries reported that financial resources were less than half of those needed to support community participation in 2017. This highlights how addressing the funding gap has the potential to bridge other water governance gaps. The OECD report also highlights the importance of building local capacity for taking place-based action on water security. Developing capacity and city-to-city learning will be one of the key objectives of the OECD Roundtable of African Mayors for Water Security, to be launched at the 9th World Water Forum in Dakar, Senegal.

Which elements of water governance are the most problematic when governments undertake water policy reforms?

There is no simple answer to this question as the obstacles largely depend on the local context. However, the OECD's latest work on water governance in Africa, Asia-Pacific and Latin America highlight common challenges related to financial resources, human capacity and stakeholder engagement.

On financing, 42% and 36% of African cities surveyed respectively highlighted the lack of funding and the low level of infrastructure investment as the main obstacles to good water gover-

"The first-ever Water Pavilion at COP26 is a testimony to the growing recognition of water's role in climate mitigation and adaptation"



The lack of capacity across levels of government hampers the use of economic instruments for water resources management



nance. In Asia-Pacific, the funding gap stems from the unclear allocation of financial resources in water policies. While the large majority of countries (83%) in the region have dedicated water policies, 82% of which indicate clear objectives and responsibilities, almost all countries' water policies (90%) fail to clearly indicate the resources needed to achieve the objectives. This leads to under-funded mandates and hampers water policy implementation. In Peru, the government has adopted economic and financial instruments for water resources management (e.g., abstraction charges and payments for groundwater), but they are set too low to collect the revenues needed to bridge the current 46 USD million funding gap by 2035.

The lack of capacity across levels of government is another crucial obstacle to good water governance in both regions.

"There is room for more inclusive governance, increase access to water and sanitation, and protect the most vulnerable from disasters"

It is the second most prominent obstacle among African cities, according to 40% of the cities surveyed. This hampers the use of economic instruments for water resources management (e.g., water abstraction and pollution charges), which could help to fund water resources management in African cities. However, this requires a capacity to produce, update and share consistent and comparable data and information. In Brazil, the capacity to plan for water security requires improving data collection from different disciplines (e.g. hydrology, ecology and social science), integrating data collection and planning processes, and using scenarios to understand risk and uncertainty. In Asia-Pacific, the widespread lack of water-related data and information stems from a capacity gap: only one-third of countries have adopted guidelines or standards for capacity building across levels of government. The information and monitoring gap is exacerbated by the lack of capacity and results in a low absorption rate of international grants and transfers.

In addition, three out of four African cities have not yet carried out a stakeholder mapping, which is generally the first step to guide and build stakeholder engagement processes, for their water

sector. In Asia-Pacific, the accountability gap is one of the main culprits behind low stakeholder engagement levels: fewer than 20% of countries have implemented international conventions or anti-corruption mechanisms to track budget transparency. Only three of 48 countries (Australia, New Zealand and the Republic of Korea) have carried out a stakeholder mapping, and one-third of countries have formal or informal mechanisms to engage stakeholders. In Brazil, the OECD recommends engaging stakeholders in water resource management at river basin level to ensure a balanced and representative consultation process, paying attention to the involvement of municipalities and underserved or disadvantaged communities.

Can you comment on the links between water governance and climate resilience?

Water is increasingly included in climate resilience strategies, especially in cities. For instance, water is a key part of the city of Salvador's (Brazil) Resilience Strategy and Climate Action Plan. As part of the plan, the city supports a start-up using a bio-based process to eliminate and bio-transform pollutants into high added-value biomass and bioproducts. By preventing pollutants from entering the ocean, the city boosts ocean health and protects natural assets, notably mangroves and coral reefs, which play an important role in climate resilience by acting as a natural flood barrier.

However, many countries continue to take a reactive (risk management) approach rather than being proactive (resilience-based approach), even though climate change is already exacerbating water risks and putting water resilience to the test. A shift from risk management to resilience is needed in water governance frameworks for climate resilience, as the OECD recommends in its latest water governance report on Fostering Water



The OECD Water Governance and Circular Economy Unit. Left to right: Ander Eizaguirre, Mélissa Kerim-Dikeni, Oriana Romano (Head of Unit), and Juliette Lassman.

Resilience in Brazil (2022). This should be a shared responsibility across levels of government and stakeholders.

As such, national and local governments can ensure water is valued adequately, leverage green infrastructure and improve infrastructure planning. To value water adequately, governments should set up a tariff framework that considers the degree of water scarcity among other factors and follows the “user pays” principle. In the case of Brazil, which is facing increasing water scarcity, the OECD suggested developing drought management plans that set out pre-agreed accountabilities and actions agreed with stakeholders across all sectors beyond water, including agriculture and industry for instance.

Utilities can also play a role by planning infrastructure for water resilience. They can do so by improving infrastructure design; avoiding reliance on a single type of asset; and improving their incident response processes so that failures are dealt with quickly before they can cause any consequential failures.

What are the OECD’s priorities in the area of water policy for the next decade?

With the aim of creating “better policies for better lives”, the continued intention of the OECD Water Governance Programme is to support better water policies across all levels of government: national, regional and local, to improve people’s lives. The Cities for a blue economy project will drive action on climate mitigation and adapta-

tion by supporting resilient, sustainable and circular blue economies in cities, and digitalisation has a key role to play in doing so. At the same time, we will continue to support governments in reaching SDG 6 on water and sanitation by 2030, under the commitment to “leave no one behind”. Inclusiveness and justice will be key elements for water governance in the next decade.

“A lesson learned from the Water Governance in African Cities report is the increasing involvement of local authorities in water security”