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EFFICIENCY

Principle 1. Innovative governance

Target group / Relevant stakeholder: National Policy-Makers, Municipal Governments, Regulators, Urban Water Utilities, Medium Water Utilities, Rural Service Providers, Watershed or River Basin Organisations, User Groups, Networks or Platforms, and/or Private Sector

DESCRIPTION

Promote the adoption and implementation of innovative water governance practices across responsible authorities, levels of government and relevant stakeholders (OECD, 2024, 43).

EXPECTED RESULTS

Outputs:

- Experimentation and pilot-testing on water governance, drawing lessons from success and failures, and scaling up replicable practices (OECD, 2024, 43).
- Social learning facilitates dialogue and consensus building, for example, through networking platforms, social media, Information and Communication Technologies (ICTs) and user-friendly interface (e.g., digital maps, big data, smart data and open data) and other means (OECD, 2024, 43).
- Innovative ways to cooperate, to pool resources and capacity, to build synergies across sectors and search for efficiency gains, notably through metropolitan governance, inter-municipal collaboration, urban-rural partnerships, and performance-based contracts (OECD, 2024, 43).
- Strong science-policy interface contributes to better water governance and bridge the divide between scientific findings and water governance practices (OECD, 2024, 43).
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CONDITIONS FOR SUCCESS

- Governance structures that foster cooperation (Lopes and Farias, 2020) rely on the active participation of diverse actors from the private, public, and non-profit sectors. In the public sphere, joint efforts drive innovation more effectively than working in isolation or competition. Meaningful multi-stakeholder engagement requires the involvement of decision-makers, well-defined objectives, and a clear understanding of needs. Furthermore, effective communication and knowledge sharing mechanisms equip managers and policy-makers with valuable lessons from past successes and failures.
- Political leadership and commitment: Leadership plays a key role in shaping innovation capacity, often having a greater impact than institutional structures, processes, or external agreements (Lewis et al., 2017). In the public sector, political pressure is a major catalyst for large-scale organisational innovations (Andersen and Jakobsen, 2018).
- Clearly defined goals (Arundel et al., 2015).
- Accountability and responsiveness (Arundel et al., 2015).
- Commitment to compromise, political support, and entrepreneurs advancing change (Rouillard et al., 2014).
- Trust-based relationships.
- Technology tools, such as Online Open Innovation platforms (Mergel, 2017).
- Policy drivers alone are not enough for public sector innovation (Arundel et al., 2015). In Europe, agencies that prioritise collaboration and knowledge sharing achieve better results than those reliant solely on policy, which highlights the importance of strengthening the innovative capacity of public administration agencies.

BARRIERS

- Complexity of water issues: Innovation strategies are driven in a context of uncertainty about the effectiveness of efforts and the complexity involved as water affects political, economic, social, and technical aspects.
- Socio-economic context: Public sector innovation is determined by factors such as economic stability, size of the public administration, budget deficits, unemployment rates, research and development investment, and the type of government (Bernier et al., 2014).
- Scope of changes: Changes on constituents, the global economy and technological developments, such as climate disruptions, extreme weather events, demographic trends, conflicts, socio-economic fragility, or environmental depletion, can destabilise organisations and undermine their capacities to innovate.
- Lack of flexibility: Fixed organisational structures and decision-making can negatively affect adaptability and responsiveness (Janssen and van der Voort, 2016).
- Resistance to organisational reform (Boon and Verhoest, 2017): Resistance can result in the rejection or discontinuation of innovations.
- Path dependency: Organisations often prioritise stability and accountability, leaving limited space for innovation.
- Different rhythms of governance (Janssen and van der Voort, 2016): Disparities in responsiveness across different levels of governance create challenges for coordination.
- Misaligned public capacities to support innovation.
- Inability to mobilise capabilities (Janssen and van der Voort, 2016): Innovation in the water sector relies on open collaboration among stakeholders from different organisations. However, some public institutions struggle to engage and mobilise stakeholders in the innovation process.
- Disruptive innovations: Significant disruptions require adjustments to policies, legal frameworks, decision-making, and coordination structures (Patterson and Huitema, 2019), which may challenge organisational stability.
- Trial-and-error strategies can conflict with the state's responsibility to fulfil the human right to water and maintain governance stability.
- Bottom-up approaches can be more suitable for high-income countries with greater resources and an established culture of innovation (Arundel et al., 2015).

SOLUTIONS

- Knowledge-based approaches and operational interfaces, such as the WISE-RTD web portal, can bridge scientific progress with water policy and implementation (Quevauviller, 2007).
- Innovation policies alignment with organisational goals fosters opportunities for adopting innovations and implementing procedural changes (Mergel, 2017).
- The growing importance of local governments highlights their role in driving innovation policies (Grotenberg and van Buuren, 2018).
- Balancing expectations regarding government roles in public-private partnerships (Grotenberg and van Buuren, 2018).
- Integration of short-term market dynamics with medium-term innovation cycles can align innovation with market demands and policy needs (Eshuis and van Buuren, 2014).
- Adaptive governance can support decentralised decision-making, incorporate both internal and external expertise, and leverage bottom-up insights to guide higher-level decisions (Janssen and van der Voort, 2016).

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