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## Summary

**Local authorities should work hand in hand with the central government to ensure that IWRM principles are implemented on the ground. Local authorities, particularly municipalities, are heavily involved in managing water supply services, acting also as primary stage for stakeholder engagement, and ensuring sustainability of governmental action plans. This Tool introduces the principle of subsidiarity and the different dimensions of decentralisation, discusses the role of local authorities in different institutional set ups, presents the challenges of vertical and horizontal coordination, and provides practical examples and insights on how to enhance the meaningful participation and coordination with local authorities.**

## Subsidiarity, Decentralisation, and the Role of Local Authorities

The subsidiarity principle in water management suggests that water resources management and water supply service delivery should take place at the lowest appropriate governance level (Stoa, 2014). Subsidiarity, however, still aims to guarantee a degree of coordination between a lower authority in relation to a higher body. It therefore involves the sharing of powers between several levels of authority, (e.g., village, municipal, district/region, provincial/state, and central government) (European Parliament, 2021). The extent to which the subsidiarity principle is put into practice depends on whether the country has a centralised or decentralised form of government and the level and form of decentralisation it has implemented.

Decentralisation involves a transfer of responsibilities from central government to its subordinate local authorities, civil society or private sector (OECD, 2019). Among the types of decentralisation could be political, administrative, fiscal and market decentralisation. Political decentralisation means giving lower-level authorities the policy and decision-making powers. Administrative (or functional) decentralisation redistributes operational authority across different government levels (processing and filing applications, permits, etc.). Fiscal decentralisation gives to lower level of authorities tax

collection powers, meaning that they can have their own revenue stream outside central government transfers. Finally, there is also market decentralisation which refers to the economic liberalization of certain economic activities including the private sector taking up more space in areas that have been previously dominated by government bodies (World Bank, 2013). Decentralisation reforms may have various underlying factors, however, it could often be seen as a counter-reaction to previous strong centralisation and even authoritarianism (Hooghe et al., 2016). Indeed, decentralisation is often back by a narrative on empowering citizens and bringing the state closer to people by entrusting locally elected representatives.

## **Role and Responsibilities of Local Authorities in Water Resources Management**

Depending on the degree of decentralisation in the country, local authorities can play (1) political, (2) administrative, and (3) financial responsibilities in relation to water governance. In the vast majority of countries, the political responsibility (e.g. the power to make laws, policies, and plans) remains in

the hands of the national-level government. Yet, local authorities also have some legislative and regulatory power. For instance, municipalities have the decision-making authority over such local decisions as planning of land uses, developing housing and spatial planning, transportation routes and local economic development.

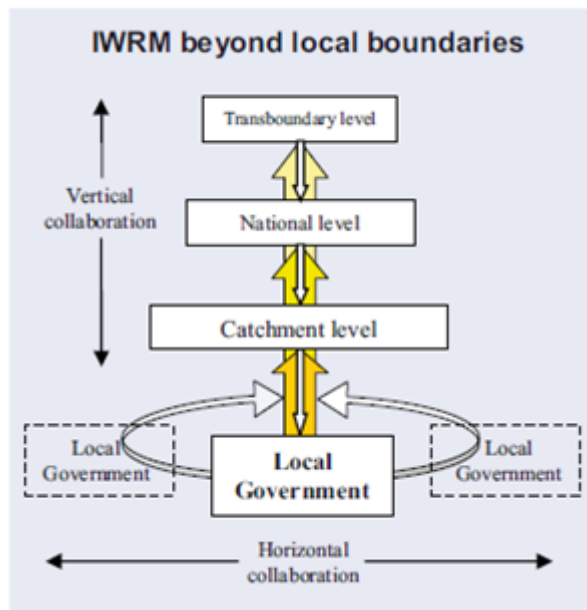
Local authorities have administrative authority over a number of areas that are directly and indirectly related to water management (ICLEI, 2008). In fact, municipalities often have the direct oversight of operations linked to water supply and sanitation services (Tool B2.01), including storm water management, solid waste management, and recreational uses of water. In particular, local governments bear primary responsibility for availability of water resources and their quality to undertake their functions (ICLEI, 2008). While the central government authority sets the standards for water quality, it is often the local authorities that assumes responsibility of ensuring that the “good ecological water status” is maintained (EU WFD, 2001) (Mancilla García et al., 2019).

Finally, local authorities can also have fiscal responsibilities relating to water management. Municipalities often oversee collecting water tariffs, irrigation fees, pollution fees, and can also be involved in the revenue collections associated to local and catchment level water markets (Tool C4.02). The sources of revenue for local authorities must gradually increase over time to recover the costs of achieving objectives set by the central government and secure stable income even despite fluctuating water consumption (Tool D2.04) (OECD, 2016).

## **The Challenge of Horizontal and Vertical Coordination**

Local authorities play many functions related to water management but often face several challenges in terms of vertical and horizontal coordination with other governmental bodies. (Figure 1). Local authorities have administrative and fiscal overlap with catchment authorities, for instance. Despite being the most appropriate management unit for water resources management (Graefe, 2011), catchment-level authorities often causes problems of spatial fit (mismatch between administrative and hydrological borders) and institutional interplay and competition especially with the local governments (Houdret, Horlemann and Dombrowsky, 2014; Lucena, Cardoso and Elias de Oliveira, 2018). For example, abstraction fees for irrigation are traditionally paid to the catchment authority, while fees for drinking water normally fall under the responsibility of the local municipality. From the water user standpoint, it can become difficult to know which authority should paid for what kind of water-related service. Typically, when countries that engage in decentralising processes, they often make the mistake of giving political and administrative powers to local authorities without given them fiscal powers. Local authorities are therefore often in a position of not having the means of their political mandate and administrative ambitions due to a lack of vertical fiscal coordination.

## Image



**Figure 1.** Role of Local Government in IWRM Implementation (ICLEI, 2008)

Local authorities also face horizontal coordination issues. Municipal or district level authorities are normally composed of several different departments which mirror the ministerial organisation at national level. As such, any administrative and political overlaps at national level is often also reflected on the ground as well. This happens in the water, sanitation, and hygiene (WASH) sub-sector, for instance, where the responsibilities are commonly split between the ministry of water or agriculture and the ministry of health (Tool A1.02). On the one hand, the local district or municipal water officers can claim responsibility over sanitation issues as a natural extension of water supply while, on the other hand, health district or municipal officers may see it as a hygiene and health concern. Similar issues of administrative and political overlaps can be seen between the municipal departments of transport, waste management, environment, housing, land planning, etc.

## Insights for Enhancing Coordination

Coordination of multiple actors across the institutional levels is essential for effective water governance but is often hindered by barriers which appear because of conflicts between jurisdictional levels. Power therefore has to be redistributed or delegated in a way that enables coordination within the network of institutional actors, including aspects of reputational power for them to perceive each other as important and having power to carry out their respective functions (Lieberherr and Ingold, 2019).

Here are some positive experiences and insights on trying to reconcile overlapping competencies and promote vertical and horizontal coordination:

- **Regional water administrations in Mozambique:** Another interesting example of decentralised water governance exists in Mozambique, where water management takes place on river basin level through regional water administrations (RWAs) which use river basin committees (RBCs) as their consultative stakeholder forums (Inguane, Gallego-Ayala, Juárez, 2014). Each administration covers several basins, delegating stakeholder engagement and

operational management to its units, in particular through creation of RBCs. Central government provides uneven financial support to RWAs, depending on their strategic importance for economic development, hence their performance differs significantly. It is worth noting that RWAs which oversee transboundary river basins has been additionally benefiting from international IWRM support programmes aimed at advancing transboundary water management (Inguane and Juizo, 2014). In the years following decentralisation RWAs are seen gaining more legitimacy and recognition from local and provincial governments, particularly those which are less dependent on central budget allocation and thus have higher autonomy in decision-making and prioritising local issues (Gallego-Ayala and Juizo, 2011).

- **Water User Associations in Kyrgyzstan:** As the lowest level of administrative authority, WUAs are often expected to deliver on inclusive user participation, full cost recovery and reliable service provision (Aarnoudse et al., 2017). However underlying bureaucratic obstacles might contribute to negative perception of a local institution by water users. Since the reform in early 2000s the water supply is organised by provincial and district level basin water management departments. These departments respectively conclude the contracts with WUAs for water supply, facilitating cooperation through the WUA support units (Nixon et al., 2017). The WUAs appear to be the only institution for water management at village level, responsible for collecting payments from farmers. However, the initial setup of WUAs did not include consultations with water users, instituted by the central water authority as a local government organisation. Hence the participatory role of local institution was lost and reduced overall to a middleman in facilitating delivery of water payments to the central budget (Turmamatova, 2018).
- **Joint Water Consultations in Sweden and Belarus:** A typical example of basin governance authorities can be found in Sweden, which were introduced in 2004 for implementation of the EU Water Framework Directive. Since Sweden is administratively divided into counties, existing administrative boards in each county gained new water governance responsibilities on regional level and assumed the role of water authorities in respective water districts (Mancilla García et al, 2019). Municipalities cooperate with the water authorities through consultations and joint decision-making, while the water authorities also serve as collaboration platforms for non-governmental stakeholders. Similar structure exists in water governance system of Belarus, where local executive bodies within administrative units oversee basin issues according to their area of responsibility. In order to increase collaboration between municipalities and central water authorities, Belarus introduced basin councils, which are intended to serve as a collaborative decision-making mechanism and involves representatives from all stakeholders within one basin (OECD, 2020).
- **County authorities in Kenya:** Challenges of spatial fit for sustainable financing of local authorities have arisen in Kenya since the water services were devolved to county level and entrusted with county authorities in 2012. Focusing on decentralisation of water management in a participatory approach, government established the Water Resources Users Associations by WRMA (Water Resources Management Authority) which deals with operational management of water resources and oversees the county level. Each county then embarked on their own journey of decentralisation, where much better results were seen in cases of using private sector and NGOs to mobilise new resources, opting for local instead of international project financing and delegating responsibility to the community (Mwihaki, 2018).





## Thematic Tagging

Water services

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