GWSP

Institutional capacity and good governance for an effective implementation of the SDGs

SPECIAL ISSUE

on the Sustainable Development Goals

Institutional capacity and good governance for an effective implementation of the SDGs

Local communities and stakeholder groups need to be involved in the process of developing indicators and monitoring progress of SDG implementation.

Such engagement is important to support the development of institutional capacity to negotiate, design and implement polycentric arrangements that enable multi-level and well-coordinated systems of governance

Key Points and Policy Recommendations

Goal setting by the SDGs is key to focusing attention on global priorities, but political will and leadership at national level is a must if this is to be translated into state-level policies and incentives.

Effective implementation of the SDGs requires adaptive and effective governance and the respect of good governance principles in water-related sectors and elsewhere to prevent adverse implications for water.

A lack of institutional capacity and high levels of corruption are the central factors - more important than the state of economic development - to explain poor performance of water governance in many countries. The SDG implementation process must thus support building of institutional capacity to achieve its goals.

The water crisis is a governance crisis. Many water related problems arise from inadequate and dis-functional governance settings, in relation to water, but also in relation to land management and climate change, rather than from problems of the resource base itself. The implementation of the ambitious SDGs poses considerable challenges to water governance. The SDGs are formulated as individual goals but they are not independent and their implementation requires flexible coordination. This is why targets relating to fresh water systems are to be found not only in the Goal 6 on water but also in other goals. Improving water governance requires as well considering food and energy governance and adopting a water-energy-food nexus perspective. The SDGs will not be achieved without political will, adequate institutional capacity and respect of good governance principles. Good governance principles imply that water governance should be participatory, accountable, transparent, responsive, consensus orientated, effective and efficient, equitable and inclusive, and should respect the rule of law. This raises the question: How can political will, institutional capacity and good governance be fostered?

Numerous recommendations often relying on simplistic panaceas such as privatization have been put forward for water governance reform. One governance principle after the other has been implemented without critically reflecting on experience and testing their appropriateness and relevance in diverse contexts. Such practice is an impediment to learning from experience and to assessing the transferability of lessons learned in different countries. Research on the history of water governance and law shows that, in the course of time new rules have been imposed through conquests, colonization or through the imposition of ideologies or scientific conclusions, but that this imposition has not necessarily led to vertically or horizontally coherent policy. More often than not it has led to legal
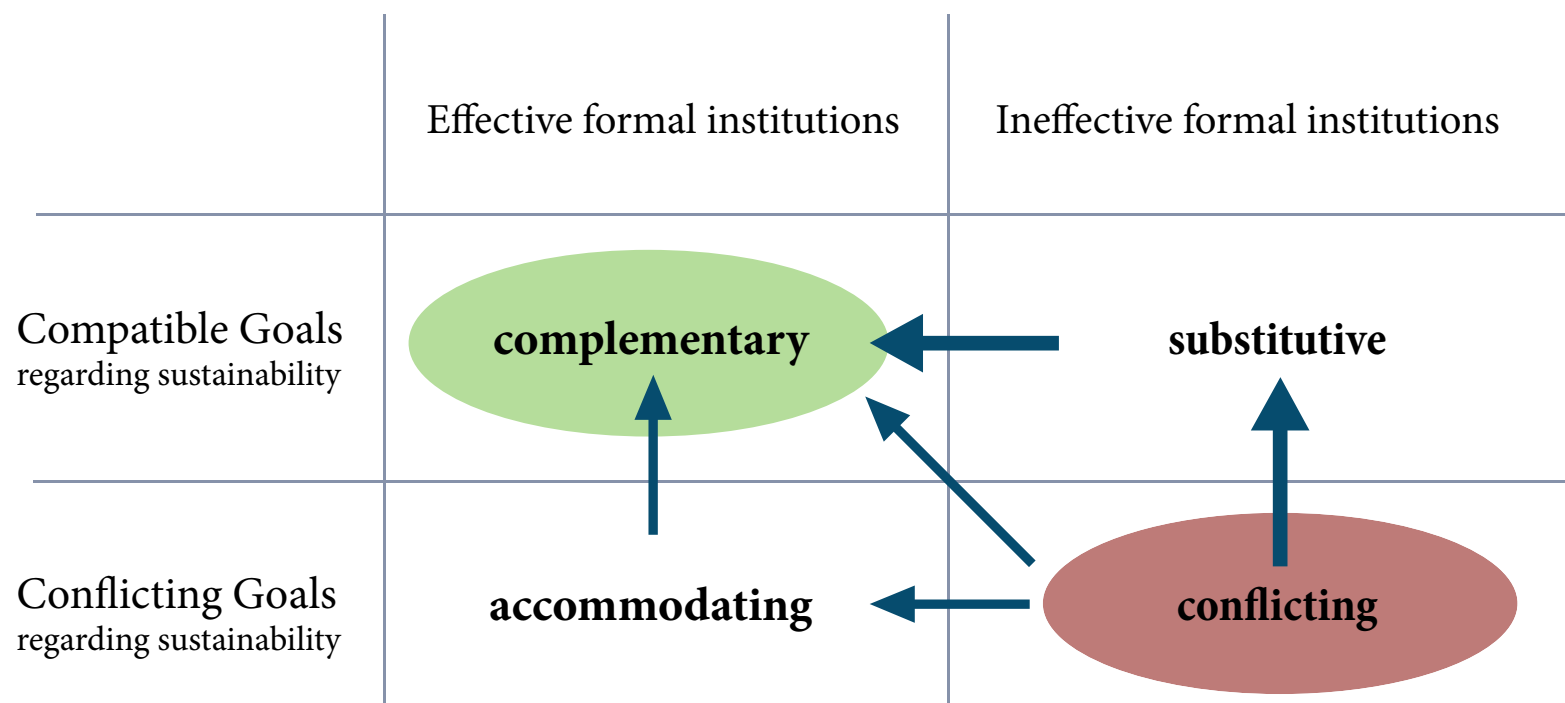
	Effective formal institutions	Ineffective formal institutions
Compatible Goals regarding sustainability	complementary	substitutive
Conflicting Goals regarding sustainability	accommodating	conflicting

Figure 1 Depending on the effectiveness of formal institutions and the compatibility of goals four relationships between formal and informal institutions can arise. In a complementary relationship formal and informal institutions mutually support the achievement of sustainability goals. A competing relationship implies that informal institutions block the effectiveness of formal regulations. In a substitutive relationship informal institutions replace formal institutions in governing the achievement of sustainability goals. The arrows denote potential pathways from competing to complementary relationships. The former are the least, the latter are the most desirable kind of relationship regarding the achievement of sustainability goals.

pluralism – i.e. multiple rules applying to the same jurisdiction which can at once create more room for recognizing local customs and traditions and at the same time create more confusion (Dellapenna and Gupta 2009; Bavinck and Gupta 2014). Adopting governance principles does not imply that they are also effectively implemented. Recent comparative analyses of water governance in a large number of national river basins have shown that the effectiveness of advanced legal frameworks is often impeded by serious implementation gaps (Pahl-Wostl et al. 2012). Furthermore, adaptive capacity and good performance of water governance in general are related to the polycentric nature of governance systems. Such polycentric governance systems combine decentralization with effective vertical and horizontal coordination. However, imposed efforts towards decentralization seem often to lead to fragmentation rather than polycentric governance (Pahl-Wostl et al. 2012). Such efforts do not resolve system governance problems.

A recent follow-up study using methods of configurational analyses provided for the first time compelling evidence that the lack of institutional capacity as measured by the corruption perception index is the key explanatory factor to explain poor performance in water governance (Pahl-Wostl and Knieper 2014). Corruption proved to be more important than the state of economic development to explain poor performance. High levels of corruption are an indicator of the lack of effectiveness of formal institutions. The rule of law is replaced by informal agreements and practices.

The interplay between formal and informal institutions is an important characteristic of the governance system of a country as a whole – not only of the water sector. Formal institutions are linked to any kind of legislation and written contracts. They can be enforced by a regulatory procedure and the corresponding formal bodies. Informal institutions are agreed upon by actors; these include customary law and practices. Compliance depends either on trust or threat of sanctions by the collective. Respect of the rule of law and compliance with formal regulations is one of the key principles for good governance. Countries differ regarding the compliance with this principle in all domains of governance. To understand barriers and requirements for governance reform a distinction should thus be made between countries with effective and those with ineffective formal

institutions. The figure below introduces a two-dimensional classification scheme for water governance systems. One dimension refers to the effectiveness of formal institutions. The other dimension refers to the relationship between the goals of formal and those of informal institutions which can be either compatible or conflicting. The achievement of sustainability goals is of particular interest in the present context.

In the case of ineffective formal institutions and conflicting goals one finds a competing relationship between informal and formal institutions. Conflicting goals lead to a decline of economic, social and environmental sustainability and water security (Helmke and Levitsky 2004; Schlüter et al. 2010). Such conditions encourage rent-seeking behaviour. Rent-seeking implies that governmental representatives and bureaucrats abuse their power and role in the hierarchy to increase their own benefits rather than caring for the provision of public goods. In rent-seeking governance regimes, the reigning elites have few incentives to deal with emerging problems.

The prospects that countries with such weak, highly fragmented formal and informal governance systems will effectively implement the SDGs are bleak. How can one then build capacity for governance reform in such situations?

While formal institutions tend to officially have national coverage, a challenge with informal institutions is that they build in

specific areas which already have high potential and can thus suck up all the resources that become available. It is precisely in the very poorest and marginalized areas that both formal and informal institutions tend to be extremely weak. Addressing these challenges implies finding ways to optimise the best combinations of formal and informal institutions in specific contexts. Sometimes informal institutions such as gangs in Kenya may step in to provide sanitation services as a way to control local populations. Sometimes informal institutions can create effective local resource management systems. Instead of romanticising the one approach or the other, it becomes vital to examine context specific solutions to create mutually supportive relations between the various institutions. This may for example be achieved by encouraging processes of local self-organization and empowerment of local communities who have to bear the consequences from ineffective governance at higher levels. Local communities may display patterns of self-organization supporting a more sustainable management of resources (Ostrom, 2005). Local self-governance cannot substitute government and a functional judicial system in the long-term. However, through history it has and can continue to be a driving force for supporting transformative change towards more effective governance systems.

The process of the implementation of the SDGs can be instrumental in supporting such transformative change. It needs to have a three-pronged strategy – one focusing on state motivation and commitment to develop formal institutions and incentives for change; one focusing on local communities and stakeholder groups that need to be involved in the implementation, in the processes of developing meaningful indicators and of monitoring progress; and one focusing on mobilizing social movements of academics and civil society actors to push for change. Eventually, effective formal institutions and complementary relationships between formal and informal institutions will help to ensure a combination of institutional rigidity and predictability with the flexibility needed for adaptive governance. Informal settings support innovation and learning and formal regulations provide a stabilizing environment which is required for actors to develop long-term expectations and make long-term investments. Nurturing a complementary relationship between formal and informal institutions is essential for building transformative capacity for a sustainability transformation. This applies as well for industrialized countries at a state of high institutional development. The SDG process could become a global process driving transformative change towards sustainability if it succeeds in engaging policy, business, science and civil society at large. Strong political will is required to make this a reality.

Authors

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The Global Water System Project seeks to answer the fundamental and multi-faceted question:

How are humans changing the global water cycle, the associated biogeochemical cycles, and the biological components of the global water system and what are the social feedbacks arising from these changes?

GWSP is a joint project of the four Global Environmental Change Programmes: DIVERSITAS, the international programme of biodiversity science, the International Geosphere-Biosphere Programme (IGBP), the International Human Dimensions Programme on Global Environmental Change (IHDP) and the World Climate Research Programme (WCRP).