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Corporatization of the water sector: implications for transitioning to sustainable urban water management

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Abstract

In the context of climate change, the Danish urban water sector is experiencing two major pressures. On one hand, a number of agents are pushing towards more sustainable urban water management (SUWM) approaches with the aim of improving surface water quality and mitigating flood risk. On the other hand, as part of an international trend, the municipal water management departments were transformed in locally created not-for-profit corporatized companies. Among the drivers are: increase efficiency and cost recovering by reducing political control on utility budgets.

Scholars have described the influencing factors for transitioning to SUWM and highlighted the potential governance attributes for enhancing and/or constraining such change. This paper explores the corporatization of the water sector and its implications for transitioning to sustainable urban water management. Corporatization is described and compared to other water governance models. The principles and the challenges of SUWM are introduced on the base of the existing literature. The aim is to develop a conceptual framework to analyse and discuss the implications of this governance shift for transitioning to SUWM.

Corporatization is a hybrid between hierarchical and market based governance models, whose attributes demonstrated to represent potential barriers for transitioning to SUWM if not counterbalanced by parallel network-based governance approaches where the involvement of a large range of stakeholders allow cumulative insights from local-scale experiments. If such mechanisms are not created and sustained with proper intuitional reforms to build capacity for change, the transition towards SUWM might be at risk of failure.