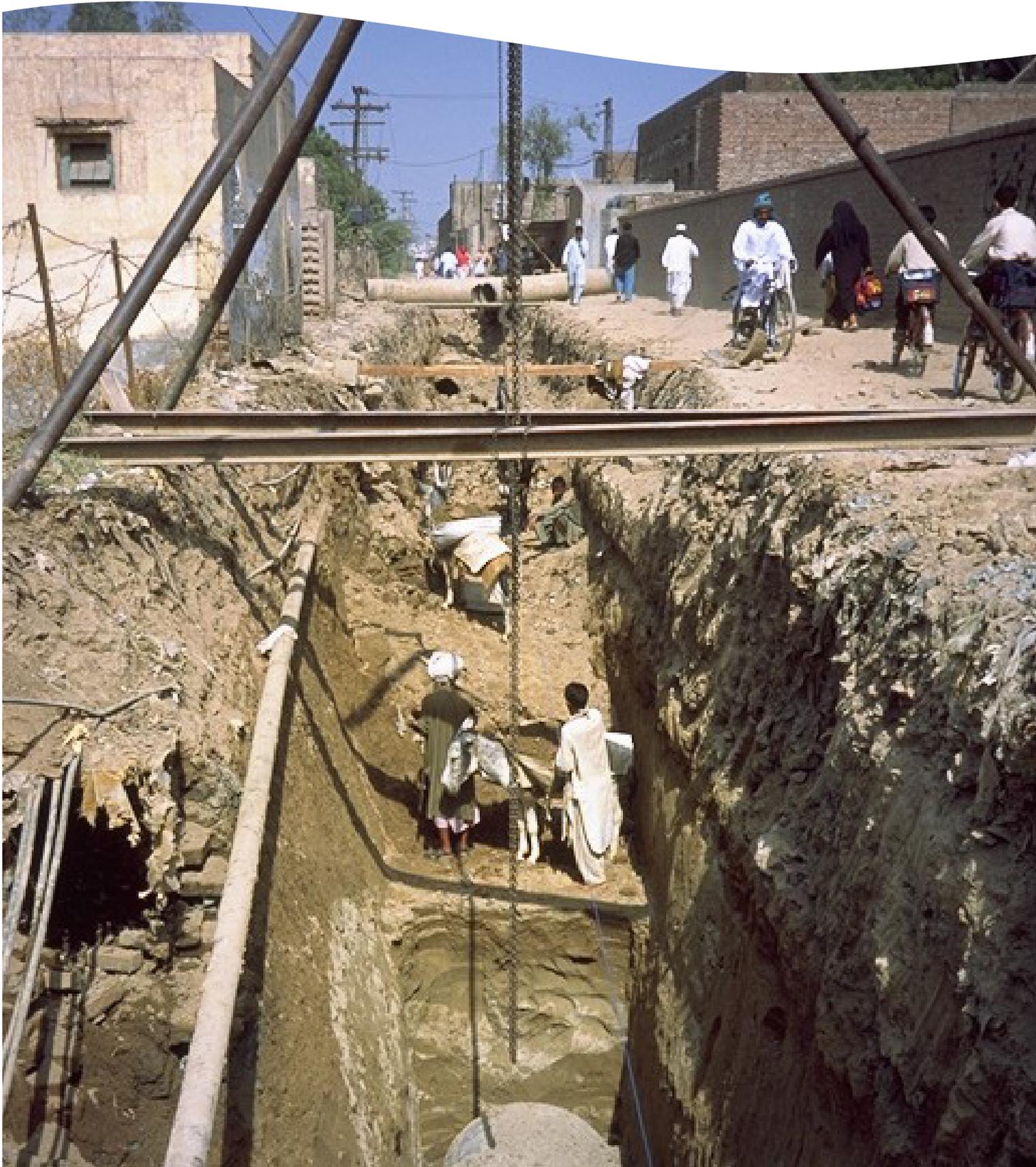


# Pakistan

Civil society organisation involvement in urban water sector reform





*NGOs in Pakistan have been active in helping the urban poor gain access to safe water supplies since the early 1980s.*  
WaterAid/  
Martin Punaks

Front cover photo:  
*A sewer line being installed by a community in Faisalabad, with support from the NGO Anjuman Samaji Behbood.*  
WaterAid/  
Martin Punaks

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This is one of a series of nine case studies outlining civil society organisations' (CSOs) involvement in urban water sector reform. The other case studies cover the following locations:

- **Bangladesh (Chittagong and Dhaka)**
- **Brazil (Recife) and Venezuela (Caracas)**
- **Ghana (Accra)**
- **Kenya (Kisumu, Nairobi and Mombasa)**
- **Nepal (Kathmandu)**
- **Philippines (Manila)**
- **Uganda (Kampala)**
- **Ukraine**

The case studies accompany the guidance manual ***Our water, our waste, our town***, which offers support to civil society in engaging in urban water and sanitation reforms.

The manual and case studies can all be downloaded at:  
**[www.wateraid.org/urbanreform](http://www.wateraid.org/urbanreform)**



WaterAid's mission is to overcome poverty by enabling the world's poorest people to gain access to safe water, sanitation and hygiene education.

## Section one: Background and problem

There have been three phases of attempts at reforms to improve water and sanitation services in the city of Karachi.

### The first phase of reforms: the 1990-1999 Karachi Water and Sewerage Board reform

In the early 1990s, many public services in Pakistan were in decline. Service delivery had weakened, and public institutions had become less efficient and were deeply in debt. Contributing factors for their decline included population growth, political interference in the management of public services, the advent of the military in political governance, and the exclusion of local administrative systems and community organisations from governance<sup>1</sup>. With an external debt of Rs. 32 billion the Government of Pakistan planned to privatise public institutions providing various services including banking, electricity, aviation, railways, telecommunication, and natural gas. Also listed were the water and sanitation agencies (WASAs) in various large cities, including Karachi, Lahore and Faisalabad. A Privatisation

Commission was established to lead the process in 1991<sup>2</sup>.

Under the resulting World Bank-funded Karachi Water and Sewerage Project running from 1990 to 1999, the Karachi Water and Sewerage Board (KWSB) was to be prepared for private sector participation. The World Bank helped the government in developing strategies and initiating discussions with various stakeholders. On the advice of the World Bank, a shortlist of eight international consultants was considered and Banque Paribas/Sir William Halcrow and Partners were recruited to implement the KWSB privatisation project in three phases in 1995. These entailed the development of the most appropriate PSP strategy; the preparation of a feasibility report on PSP; and the implementation of the agreed programme<sup>3</sup>.

The PSP strategy proposed that the KWSB would be managed under a 20 – 25 year concession contract awarded to a private entity. It proposed to reduce physical water losses from 40% to 30%, improve efficiency of labour and reduce costs by cutting staff numbers

<sup>1</sup> Notes from conversation with Tasneem Ahmad Siddiqui, Chairman, Saiban - a retired civil servant working with the Sindh Katchi Abadis Authority for several years.

<sup>2</sup> Noman Ahmed and M Sohail (2000): *Privatisation of KWSB: An Analysis*. City Press.

<sup>3</sup> *ibid*

by 1,500 before privatisation and another 4,000 after privatisation. Bill collection was to more than double for connected households and increase four-fold for unconnected customers. Water tariffs were to increase annually by 20% in real terms, yielding a cumulative increase of 300% by the fifth year under privatisation. Ahead of privatisation, tariffs were increased by 30%.

Coverage levels were proposed to increase from 80% to 100% after an initial delay of three years while systems were expanded to meet additional demand for water connections and water consumption<sup>4</sup>.

The proposal also allowed for renegotiation of service improvement goals, tariffs, and investment commitment after five years. Although no penalties were proposed for failure to meet targets, the PSP proposal required the government to guarantee to review tariffs.

After the completion of the PSP strategy and the preparation of a feasibility report, implementation of private sector participation was to be rolled out, supported by an advocacy and public communication strategy to generate support for privatisation. The strategy was to publicise accurate and impartial information on the process and develop a broad-based consensus with the use of a well defined media campaign, publication

of promotional literature in Urdu and English, and organisation of various stakeholder meetings, debates, seminars, workshops and question and answer sessions with a cross-section of people and organisations.

This advocacy and public communication strategy was not quite as successful as was envisaged. Opposition by the Karachi Water and Sewerage Network, an informal coalition of civil society groups, and a petition to the Sindh (Provincial) High Court, led to the suspension of the reforms, and a Commission of Inquiry into the process was established following a court order.

### The second phase of reform: sewerage and sanitation projects 1995 - 2005

The second attempt at reform was initiated under the Greater Karachi Sewerage plan. The plan was backed by the Asian Development Bank (ADB) and included the \$100 million Korangi Water and Sanitation Project to fix faulty drainage lines laid in the 1960s and channel them to treatment plants to be built under the project.

A review by the Karachi Water and Sanitation Network, led by the Orangi Pilot Project, suggested that the project proposal ignored the fact that most of the city's sewage was being channelled by gravity through open drains to the sea. The new

<sup>4</sup> Pakistan Institute of Labour Education & Research (undated) *Social Watch: Urban Water Reforms: Whose Water? Whose City? Advocacy for People's Rights*

proposal depended on a system of pumps to carry sewage to treatment plants through a system of drains not aligned to the city's topography. They argued that it was as a result of similar mistakes that the Orangi and Baldal Sewerage Projects had failed, with sewage not reaching treatment plants due to faulty construction or maintenance problems with expensive pumping systems.

Following these objections, the project was ultimately cancelled and replaced with the Karachi Sewerage Master Plan, designed by OPP in collaboration with the government.

### The third phase of reform: the internal reform of the utility or the return of privatisation?

Following a directive in January 2004 a third attempt at reform, currently under way, aims to improve the KWSB's service standards, boost revenue collection and reverse its ailing financial systems. The KWSB's weak revenue base has had debilitating effects on the operations and maintenance functions, leading to system depreciation and breakdown. The government has opted for the World Bank's 'Turn Around

*Pipes for a community sewerage project in Faisalabad, Pakistan.*  
WaterAid/Martin Punaks



Programme', involving a restructure of the utility and an injection of capital aimed at transforming the utility into a sustainable and financially viable entity with higher service levels and a higher proportion of customers paying their bills.

As part of the process, a new area-based management structure has been introduced with a team of Chief Engineers responsible for service delivery and revenue generation within defined hydrological areas. Monthly billing and revenue collection has been outsourced to the private sector. In August 2006 an agreement was signed with the National Data and Registration Authority to enable

customers to make payments using ATMs located across the city. It is envisaged that the utility will further outsource some areas of its operation and maintenance, including the installation of wastewater services. The utility has also been investing in repairing leaks and improving its facilities.

The proposals are being received warily by CSOs, who fear full privatisation of the utility will follow. KWSB officials have denied there are plans to privatise the utility, but confirm that the utility is currently undergoing internal reforms to improve performance.

*Poor drainage is a big health risk to children in cities in Pakistan.*  
WaterAid/  
Martin Punaks



## Section two: What CSOs have done

Karachi's CSOs have been working with community groups to improve urban water and sanitation services since the early 1980s. Over time, their relationship with the government has changed from opposition to dialogue to eventual collaboration in the Karachi utility reform process.

### CSO engagement in the first phase of reform: opposition

In the early 1980s NGOs began facilitating community self-help water and sanitation projects and initiatives in Karachi. These initiatives helped to develop a rapport and a system for collaboration between the NGOs and citizens as well as between CSOs. In the 1990s NGOs working on issues of urban development, particularly water supply and sanitation, under an umbrella described as the Water and Sanitation Network, alongside trade unions, ex-officers of the KWSB, sections of the press, CBOs, several professional associations and other public interest groups concerned about some aspects of the reform process, started a campaign to oppose the proposed private sector participation. A petition was also submitted to the Sindh High Court (SHC) against PSP. This petition finally led to the SHC issuing an

order to temporarily freeze the reform process. The court also ordered an inquiry into the process. The Independent Commission of Inquiry was subsequently established and the Usmani Committee Report was produced in 1999.

The points on which civil society criticised the process were quite clear. These include<sup>5</sup>:

- The possible adverse effect on the poor
- The proposed 20% increase in tariff every year for five years, (a 300% cumulative rise) not compatible with the economic reality of the poor
- The guarantee provided by the contract for the private sector operator's profit and protection from operational risk, and
- The absence of any viable accountability measure for monitoring the performance of the operator

### CSO engagement in the second phase of reform: from opposition to dialogue

The Karachi Water and Sanitation Network identified that the concept upon which the design of the Greater Karachi Sewerage Plan was based was

<sup>5</sup> Ahmed and Sohail (2000)

perhaps the source of the drainage problems the city was experiencing. A consensus was reached by the Karachi Water and Sanitation Network to oppose the initial design of the Korangi Project, and a coalition of CBOs and NGOs lobbied against the proposal. At first the government ignored the CSOs, arguing that they were not direct beneficiaries or victims of the project. The coalition then contacted affected communities, raised their knowledge on the issue and started collecting their signatures on a petition calling for a review of the project. The exercise generated a debate in the media and amongst city residents.

Ultimately, public pressure contributed to a decision by ADB to cancel the project, although the immediate explanation for the cancellation given by ADB was that the government was not fulfilling its obligations under the terms of the project.

The Network entered into dialogue with the government on the need to prepare a sewerage plan that fully responded to the city's realities, particularly the topography, in drainage designs and construction. Based on evidence provided, including a volume of the city's drainage maps accumulated over the years by the Orangi Pilot Project (OPP), a proposal was submitted to the government by OPP and OPP was finally engaged to lead in the development of a Sewerage Master Plan for Karachi. OPP, an NGO and member of the Karachi Water and

Sanitation Network, began work in Orangi, a slum community in Karachi with a population of one million, in 1980. It observed people's initiatives in the provision of basic services and through its programmes demonstrated that at the neighbourhood level, people can finance and manage facilities like sewerage, water supply, schools, waste disposal and security.

The basic concept of the Sewerage Master Plan was to secure the routes of open drains and cover them so as to reduce encroachment. The plan ensured that the design would not lead to unnecessary evictions and demolitions of homes to make way for sewers, but allowed community members to voluntarily demolish houses so as to improve their environment. The plan was that construction work should be paid for with government funds rather than loans. The next phase of the proposal is the development of treatment facilities, which may require some external funding.

### CSO engagement in the third phase of reform: from dialogue to collaboration

The third phase of reform attempts of the city's utility has led to a new wave of Water and Sanitation Network engagement in the reforms.

The utility had started to engage with a section of the NGO community soon after the collapse of the earlier attempt to privatise its operation between 1995 and 1999 and the successful dialogue on the



development of the alternative Karachi Sewerage Master Plan proposed by the Network. To ensure civil society was able to participate, a CSO Liaison Cell was established in the KWSB in March 2005.

A system of feedback involving the citizens and elected representatives of the city's regions has been introduced, particularly to monitor revenue and complaints handling. It is expected that the CSO Liaison Cell will be strengthened and about 100 Customer Service Centres will be opened, equipped with modern communication equipment. The

new systems have led to newfound harmony in the relationship between the utility and CSOs.

Besides OPP, the KWSB is also in discussions with two other NGOs, Urban Resource Centre and Saiban, on how to improve services to the Katchi-Abadis (slums) of Karachi. Initial actions have included the separation of the sewerage and water networks to reduce seepages, and the introduction of household water connections. The connection charges for some of the slum dwellers were waived.

*Pools of stagnant water are a common sight in Pakistan's major cities.*

WaterAid/  
Martin Punaks

## Section three: Challenges and outcomes

International financial institutions now operating in Pakistan have some concerns about the approach of CSOs to reforms in Pakistan and the effectiveness of their strategies, based largely on the process of the first phase of reform attempt. They partly attribute these to the weak capacity base and the lack of legitimacy for NGOs in advocacy<sup>6</sup>. Generally, NGOs are perceived to be composed of elites with no grass roots base and there is therefore a sense they could easily be captured by donors. The big NGOs who can include campaigns in their funding are perceived as uninterested in campaigns and only focused on service delivery.

IFIs think the agenda being pursued by civil society in the reform process is not to the benefit of the poor. For instance, there is the question of why “CSOs are not in concert and campaigning against the breakdown of services or the lack of accountability and related mechanisms to guarantee services for

the poor. Instead, NGOs are serving as contractors to government”<sup>7</sup>.

Civil society groups, on the other hand, see the IFIs’ country staff as untrustworthy, disguising every meeting as a consultation for a project even when the meetings are dominated by presentations made by the IFIs. CSOs find it difficult to work with the government against the advice of IFIs, or hold the government to account. They consider the attitude of government and the civil service as patrimonial. Civil servants, however, see CSOs as interfering in the mandate of government and resist the seeming encroachment of their ‘territory’<sup>8</sup>.

These perceptions create a barrier between CSOs, the government and IFIs. There is a near absence of collaboration between CSOs and IFIs in Karachi. The process of building trust between IFIs and CSOs is therefore critical to improving communication and collaboration between the parties. Information

<sup>6</sup> Notes from discussions with World Bank, WSP and ADB staff in Islamabad.

<sup>7</sup> Notes from conversation with Syeda Maheen Zetra, Senior Institutional Development Specialist, WSP Pakistan

<sup>8</sup> Tasneem Ahmad Siddiqui spoke extensively on this conflict between Government and CSOs but added that in the last 20 years some confidence has been developed within the civil service for CSO work and young civil servants are being seconded to CSOs to learn from their work.

sharing and transparency will be a major step in that direction. The second phase of attempts at reform improved on this scenario, albeit not as a planned process.

A relevant question to ask is how the CSOs made the shift from running opposition campaigns to being approached by the government for engagement. In summary, CSOs learnt some critical lessons from their involvement in the early campaigns, which set them up for a different scenario in the second phase and much more so in the third phase of reforms. The advocacy campaign that resisted the privatisation of the KWSB in the 1990s resulted in a model of CSO consensus-building before engagement with the government during the second phase of reforms.

Developing consensus amongst the NGOs entails developing robust, evidence-based positions among members before lobbying the relevant authority. Specifically, NGOs, CBOs, public interest professionals and other collaborators work together within an informal network, sharing knowledge, skills, resources and initiatives without minding who gets the credit. Each network member's research argument is challenged for its robustness by other members at meetings, debates, and seminars. On acceptance of an argument or research result by the team, an implementation plan is designed and each member is assigned a duty,

according to their ability and the funding they can provide. This limits the need to raise any form of central funding for professional services. For example, OPP was selected as the hub on the Sewerage Master Plan because of their expertise on the issue. The group discussion and acceptance of the advocacy argument and campaign messages means that several stakeholders with diverse interests speak with one voice on the issue.

This approach has developed trust among these organisations. One of the NGOs is appointed as the Secretariat but the Water and Sanitation Network remains an informal coalition with no management board, committee or paid officer. The network consists of about 23 members, who are themselves the fulcrum of an extended network of partners and collaborators. For instance, PILER Centre (Pakistan Institute of Labour and Economics and Research) has relations and serves as the link with the labour movement. These extended networks of collaborators serve as the source of legitimacy of most of the arguments and advocacy actions of the coalition as they are mainly citizen and community groups<sup>9</sup>.

In a nutshell, the steps followed are: identify the issue, call a public (CSOs) forum and agree a joint action. If there is consensus, pursue the action plan and keep information flowing among members. If no consensus is

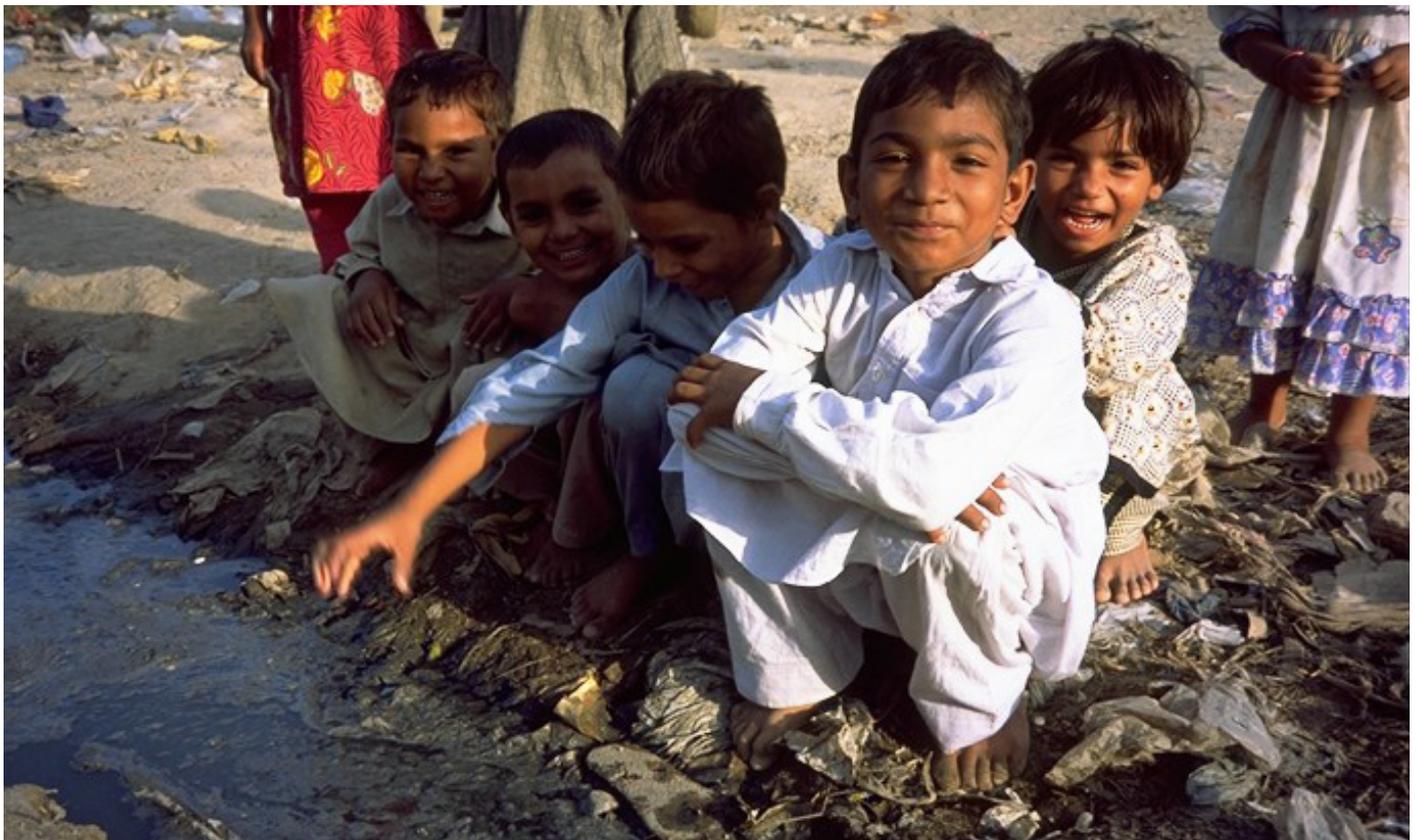
<sup>4</sup> Note from conversation with Perween Rahman, Director, OPP.

reached, the issue is dropped. This is because experience has shown that when an NGO pursues an action alone it exposes itself and its leadership to threats and fatal attacks<sup>10</sup>.

*Children playing in an open drainage channel.*  
WaterAid/  
Martin Punaks

The Network then lobbies the relevant authority for changes in the planned development or process of reform. Where this fails to achieve change or the issues have more grass roots

interest, the second step is rolled out. This entails taking the issue to the extensive network of grass roots organisations and citizens' groups to build public pressure through raising awareness, building a consensus and implementing a joint action plan, such as a campaign. The media are engaged as partners in the process from the early stages of planning.



<sup>10</sup> Conversation with Mahammed Younus, Director, Urban Resource Centre. It should be noted that the history of the Karachi Water and Sewerage Board is intertwined with that of the country. Established in 1983 as part of the Karachi Metropolitan Corporation (KMC), the City Government, the KWSB was separated from the KMC and authority for approval of its annual budget was transferred to the regional government in 1996. However, the head of the Board has been appointed by the central government since 1995. The last four successive Managing Directors have been either serving or retired military officers.

## Section four: Lessons learnt and top tips

### Lessons learnt

**CSOs:** CSOs need to understand the operations and psychology of the government, civil service and IFIs to be able to influence urban reform processes. Some CSOs have realised that it is more productive to work with the government rather than with IFIs, since the government is accountable to its citizens. But IFIs can be instrumental in insisting that governments be more transparent as part of project processes. World Bank project appraisals, for instance, require a commentary on how engagement with stakeholders has been carried out.

CSOs in Karachi show that collaboration is desirable. A lot of resources can be wasted by CSOs trying to reinvent the wheel either when they are unaware that others have gone down that route before or because they are non-collaborative in their approach. The desire to always take the credit for actions and outcomes sometimes leads to this attitude.

The legitimacy of most advocacy or campaign work lies in the ability of the organisers to engage the grass roots. However, it takes effort to divert the attention of the average citizen from daily struggles to engage in advocacy. NGOs have to be patient and understanding when trying to

engage community groups in such processes.

**Governments:** Governments should ensure that CSOs are taken on board from the early stages of initiating a reform process, from the negotiations of any external support to the implementation of the project.

**Media:** The media can make a great deal of difference on advocacy. CSOs can collaborate with the media to raise awareness of debates and educate the public on relevant issues.

**IFIs:** The recruitment by utilities or IFIs of specialists to deal with CSOs or social issues can be useful in building a conducive work environment for reforms. Several IFIs depend on technical staff to deal with issues of social nature and therefore lose good opportunities for dialogue and building social cohesion.

The lead IFI in any transaction also has the responsibility for ensuring that the process is transparent and inclusive of civil society in its design and decision-making.

**INGOs:** International NGOs can play very valuable roles including brokering relationships between IFIs, the government and CSOs.

## Top tips

- 1. Engage with civil service officers** even if you have direct access to the leadership of the reforming institutions and political leaders. Continuously working with the civil service and building a relationship with them can be productive in the long run. Otherwise, the civil service may develop animosity towards CSOs.
- 2. Be ready with various options and alternatives** to meet your objectives. In Karachi, the Greater Karachi Sewerage Plan advocacy actions were successful because practical alternatives were offered.
- 3. Specialise in your area of expertise** rather than trying to be ‘a jack of all trades’. Such specialisations create expertise within networks and help to enhance their effectiveness.
- 4. Prepare well for media briefings.** Providing the media with relevant evidence-based information will maximise the chance of media coverage achieving your aims and minimise the chance of the media looking for sensational stories, which may be detrimental to an approach which aims to carefully criticise, request dialogue and promote alternatives.

There have been three phases of attempts to reform water and sanitation services in the city of Karachi. The first phase, attempting to privatise the Karachi Water and Sewerage Board (KWSB), was suspended, partly due to CSO opposition. The designs of second phase proposals to improve sewerage were criticised by CSOs as unworkable, but following dialogue with the government were replaced with a project featuring CSO design input. The third phase, to improve the KWSB's service standards and financial viability, features active CSO involvement.

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