

Our water, our waste, our town

Supporting civil society to engage in urban
water and sanitation reforms





Many small towns require an informal water delivery system of young men, oil drums, carts and sometimes donkeys.

WaterAid/Jon Spaull

Front cover:
A busy water point in the Tanzanian city of Dar es Salaam.

WaterAid/Marco Betti

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Edited by journalists at ngo.media (www.ngomedia.org.uk) and Libby Plumb

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This guidance manual is part of the *Our water, our waste, our town* toolkit, which offers support to civil society in engaging in urban water and sanitation reforms. The other components of the toolkit are nine case studies outlining civil society organisations' (CSOs) involvement in urban water sector reform in the following locations:

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

The manual and case studies can all be downloaded at:
www.wateraid.org/urbanreform

 WaterAid

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

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Preface

About WaterAid

Established in 1981, WaterAid is a leading independent organisation which enables the world's poorest people to gain access to safe water, sanitation and hygiene education.

WaterAid believes that water, sanitation and improved hygiene are vital for the health, well-being, livelihoods and education of poor people, and that together they form the foundation of development. WaterAid works with local partners who understand the issues in their area, and provides them with the skills and support to help communities set up and manage practical and sustainable projects that meet their needs. We campaign locally and internationally to change policy and practice and ensure water and sanitation's vital role in reducing poverty is recognised.

About this manual

This manual is based on real-life case studies and the authors' experiences of working with civil society organisations (CSOs) on urban water and sanitation reforms.

An annotated framework and a synthesis of the case studies were presented to selected CSOs from Asia and Africa at a WaterAid Urban Water and Sanitation Research Workshop in Uganda in February 2007. Feedback from participants

expressed a strong desire for a manual that would provide technical information alongside advocacy and policy guidance on selected urban water supply issues and specific discussions on urban sanitation. The authors have attempted to meet this need.

Acknowledgements

WaterAid would like to acknowledge the painstaking work of the manual's authors over the last two years:

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Clarissa Brocklehurst – WaterAid Country Representative in Bangladesh from 1997 to 1999, Clarissa worked with water sector providers in South Asia and as a consultant. She was part of this project team, making valuable contributions to the project concept and design before joining UNICEF in New York where she is

currently Chief, Water, Sanitation and Hygiene (WASH).

Belinda Calaguas – WaterAid Head of Policy from 1999 to 2007, Belinda's guidance helped to shape the project concept and design, as well as the selection of case study countries in 2006. She is currently the Director of Policy at ActionAid.

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The editorial contributions of journalists at ngo.media (www.ngomedia.org.uk), Libby Plumb (freelance editor), and Tamsin Maunder, WaterAid's Communications Services Manager, are appreciated.

CSO experiences in engaging in the urban water and sanitation sector reform process in ten countries are available in a synthesis report and individual case studies.

Timeyin Uwejamomere
June 2009

Introduction

Why is this manual needed?

Access to basic water and sanitation is a human right. But these human rights are not enjoyed by everyone.

Clean water is essential for life, but nearly a billion people in the world do not have it. This, and lack of sanitation, result in over two million people dying from water-related diseases every year. The lack of clean water and basic latrines close to people's homes also places a burden on people's time, hampers livelihoods and reduces quality of life.

It is poor people who are most affected.

In developing countries, the expansion of water and sanitation services and infrastructure in towns and cities is not keeping pace with the growth of the urban population and their communities of slums and informal settlements. Access to water and sanitation in urban areas has become even more unequal. The rich are connected to water networks or have their own stand-alone systems. The poor, on the other hand, have to travel far away to collect smaller quantities of water from congested public tap stands and kiosks with intermittent supplies.

Some changes have been introduced to the sector through sector and utility reforms. But many of these reforms have focused on improving existing

services rather than expanding access to the poor. The majority of those living in slums and informal settlements have been forgotten.

National and local governments are ultimately responsible for ensuring all their citizens have access to adequate and affordable water and sanitation services. Not all governments deliver on this responsibility.

People can help change this – and they have. Reforms driven by civil society organisations (CSOs) have helped improve water and sanitation services by expanding access to the poor, opening up decision-making processes and making services more accountable.

What is the aim of this manual?

The aim of this manual is to encourage, support and develop the skills of CSO members to take action to reform urban water and sanitation utilities.

This is a reference manual to show some of the methods and tactics that can be used to make a difference. Various case studies show that CSO-driven urban water and sanitation reforms really do work.

WaterAid's position

We want to be open about our bias, which is to focus on improving water and sanitation services for the poorest and most vulnerable people.

WaterAid's strategy for 2005-2010 commits the organisation to: "working with others to influence and change donor and government policies to favour pro-poor, sustainable and cost-effective water and sanitation services."

Two key WaterAid objectives for improving urban water and sanitation sector reforms are to:

1. Make the poor visible to authorities and get public and political commitment to serve them.
2. Promote accountability of governments, donors and utilities by establishing monitoring methods, access to information and ways for civil society to have their say.

How to use the manual

We've tried to break down this information so it's easy to understand. There are seven sections in the manual and each one can be read independently. Each one can also be used as an independent training module. So, your CSO can take any one of the sections and use it to run a workshop on the issue for staff members or communities. Inside you'll find:

- Background information on the issues
- Exercises
- Questions CSOs can ask
- Checklists listing actions CSOs can take
- Case studies
- A glossary

Most of this manual is concerned with water supplies and water service providers, some of whom may also provide sewerage services. Because sanitation is often delivered by different mechanisms and agencies than water, we discuss this in its own chapter.

We hope that the manual will inspire your group to take action. Your campaigning work could help improve the lives of many poor people living in your town or city.

1

Getting started

This section summarises reasons that reform of urban water and sanitation services are needed, outlines examples of types of reforms and explains why and how CSOs should get involved in reform.

Getting started

Part one: Why are urban water and sanitation reforms needed?

In developing countries, many urban water supply systems perform poorly. A significant number of people living in towns and cities do not have access to improved water sources at all.

Developing countries face enormous challenges in providing reliable water supply and sanitation services. Public utilities are the world's main model of urban water service. Many developing countries have insufficient funding for maintenance and expansion of their network of utilities. This means the utilities are not functioning properly or reaching enough people.

There are not enough incentives for public utilities to improve their performance and sometimes politicians get involved directly in their management, making the delivery of services more difficult.

The reasons why many water utilities are in a poor state include:

- Under-investment due to the lack of stable, predictable and sufficient volume of finance
- High population growth in urban areas without proportionate expansion in the services of utilities
- Public utilities have been treated as social services
- Insufficient operational and managerial autonomy from government

- Poor management – no regulatory mechanisms to monitor public utilities or make them accountable for performance
- Inefficiency – government is often forced to financially 'prop up' failing and bankrupt utilities. The utility cannot expand to serve new customers and uses state funds inefficiently to serve existing ones, almost always the non-poor. This creates a downward spiral as indicated in Figure 1

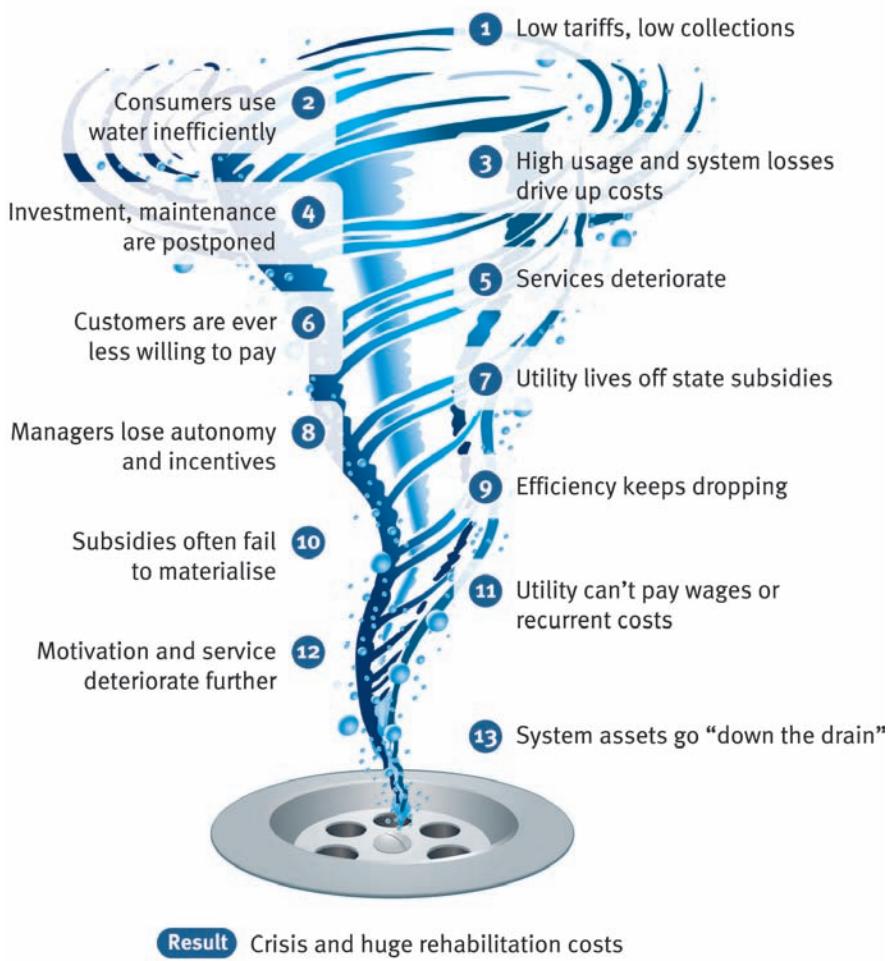


Figure 1.1 - How water utilities go bad

A deteriorating public water standpost in Kathmandu, Nepal.

Charlie Bibby/
Financial Times



The diagram shows how public utilities find themselves locked in a downward spiral of:

- Insufficient funding for maintenance and expansion, leading to serious deterioration of assets and growing service gaps
- Poor quality of services
- Low willingness to pay by customers and the potential inability to pay of some groups,

such as the homeless

- Weak performance incentives
- Political interference

Reversing this spiral requires a massive investment of time and political effort to:

- Make institutional changes – such as greater independence for the operator
- Improve policy
- Introduce more efficient and professional management of the utility
- Introduce changes to the utility's financial structure, including how revenues (tariffs) are generated
- Establish robust sector governance, including getting local communities involved in making utilities more accountable

All of these changes are connected. Implementing one will have little impact unless others are carried out at the same time. 'Reform' is therefore about addressing all of these issues.

Part two: What is urban water sector and utility reform?

Reform brings about changes. Reform of a water service should mean improvements such as:

- Universal access to an adequate level of service that provides water that is sufficient, safe, of good quality, physically accessible and affordable for personal and

domestic use

- Accountability to customers and government
- Security of the water supply for future generations

If the water utility needs to expand coverage or improve quality, then reform may introduce a series of innovations. But reform can also be a radical shake-up, to turn around a service in crisis.

Box 1.1 - Examples of what “reforms” mean

- **Changes to laws, regulations or policies** – those that determine the delivery of water supply and sanitation services, set cost recovery approaches such as tariff levels, structures and subsidies etc.
- **Changes to institutions** – for example, establishing an independent regulator, giving a public utility more autonomy or contracting management of services to the private sector.
- **Changes in organisation of the water operator** – such as opening a telephone hotline for the public to report leaks; improving the complaint procedure to report illegal connections; establishing a rapid response leak repair team; creating a Slum Services Unit or Low Income Consumers Unit or reducing water demand by promoting the use of water-efficient appliances or practices.
- **Strengthening water governance and accountability** – including, for instance, prudent financial management and the participation of civil society in the accountability process.
- **Securing predictable and sufficient funding to invest in the water supply system** – from the finance ministry, municipalities, non-state sources, grants from bilateral donors or through municipal bonds.

Part three: Why should civil society organisations (CSOs) get involved?

If CSOs do not engage in this change process then important issues that affect the lives of every resident will be decided by government, major donors and/or international financial institutions without the input of citizens. Water utilities may not fully consider the needs of poor people.

Some of the issues are complex, but this complexity should not deter CSOs from taking action. This guidance manual aims to help CSOs approach the sector and engage in the reform process in your city or country. You don't have to research every aspect of your city's water supply and sewerage system before speaking out.

Accountability requires the water utility to explain its performance, the challenges it faces and future plans. CSOs can play a hugely useful role just by listening critically to what utilities say and offering fresh perspectives and constructive discussion. Often what seem to be naïve questions are the most telling. A wise utility should welcome this engagement as a way of relating with its community and building support for service reforms.

When reforms are debated, opportunities exist to influence the proposals. Once decisions are taken and the reform process stops, opportunities to influence the process are reduced.

When CSOs invest time and resources in becoming well-informed, they can become part of the debate; they can influence the shape of reform by bringing in the perspective and voice of poor people and helping to ensure that they obtain adequate and reliable water services.

The best way to do this is for CSOs to get involved and ‘learn by

doing’, as opposed to waiting to become ‘experts’. You do not need to have a complete and exhaustive understanding of all the issues before immersing yourself in the advocacy work.

The potential benefits to your CSO, and the communities of poor people it supports or represents, are huge.

Part four: What can CSOs do?

i. Invest time and effort in reforms

The reform examples in Box 1.1 are interconnected and implementing one will have little impact unless others are carried out at the same time. Reform is therefore about addressing all of these issues.

ii. Be pro-poor in reform efforts

Investments and reforms are clearly in the interests of a particular town. However, the reality is that many reform efforts will ignore or downplay the needs of the poorest people. Those living in ‘illegal’ settlements, slums and on the boundaries or outskirts of urban centres will be deemed ‘difficult to reach’. Having a pro-poor reform process from the start is more likely to address the needs of the poorest. Reform priorities for the urban poor are:

1. Access to adequate water supply

2. Making it easier to get a connection, by, for example, removing unaffordable connection fees and the need to show evidence of land ownership
3. The encouragement and regulation of small scale service providers when the water utility is unable to provide and regulate water supplies to sectors of the community

iii. Act as a mediator to poor people who don’t own their land

Most poor people won’t have a title deed or other formal land ownership documentation and, without it, they might not be able to access a water supply. However, evidence shows that where municipal governments and utilities work with communities, they can come up with mutual solutions to ensure access to water for the landless.

Bangladesh — Negotiating service for slum dwellers

In Bangladeshi cities, until very recently water supplies to households without legal ownership of land were not officially permitted. Since 1992 non-governmental organisations (NGOs), led by Dhaka-based Dushtha Shasthya Kendra (DSK), had been acting as intermediaries between the utility and slum dwellers. They took out water connections in slum dwellers' names and paid the water bills on behalf of community-based organisations (CBOs).

In 2008, after 16 years of proving how well communities were paying the bills, DSK secured the landmark agreement of the Dhaka Water Supply and Sewerage Authority (DWASA) to grant water connections directly to CBOs without the need for an intermediary.

DSK still offers support, technical assistance and/or credit to community groups to help them construct and manage water points. The community bears the cost of capital, maintenance, caretakers' salaries and DWASA's bills. DSK runs training for community groups on water point management and maintenance, and health, hygiene and behavioural practices. Women and other socially excluded people are encouraged to get involved in designing the water point, selecting its location and coming up with water use rules and credit repayment schemes.

When all the capital costs have been paid back the water points and latrine units are completely handed over to the community. After this, they are responsible for paying operating costs and DWASA's bills.

Case study 1.1

A water point established with DSK's assistance in the slums of Dhaka.

Charlie Bibby/
Financial Times



Exercise 1.1



The impact of inadequate services on the poor

Get into groups of three or four and write down five reasons why you think poor people suffer most when water utilities are inadequate. Nominate a spokesperson and then share your thoughts with the rest of the group.

Possible answers you might have:

- Poor people have non-existent or inadequate water storage facilities.
- The poor mostly rely on daily wages. Any time spent queuing for and collecting water cuts into their earnings.
- The poor live in communities that are more prone to outbreaks of diseases such as cholera.
- Utilities that are slow to repair leaks in general are even less likely to respond to requests for service from poor neighbourhoods. Poor people have little political influence and may be forced to offer bribes for water or go without.
- It's difficult for utilities experiencing financial problems to extend service to crowded, poorly developed areas where the urban poor live.
- Poor people are perceived to be "difficult" consumers.
- The poor pay a high price for water. Often the urban poor pay more per litre than better-off consumers. They might pay hefty fees for water from vendors or pay fees to slum landlords for access to illegal connections.

iv. Define and consider pre-requisites for reform

Ideally, reform should take place in an environment in which five distinct responsibilities are clearly defined and considered. CSOs should ask the following five questions:

1. What urban water sector assets are owned by the government?
2. What urban water sector policy responsibilities does the government have?
3. Is regulation being undertaken

by a trusted autonomous institution with independent scope for action?

4. Is service provision and management of operations being carried out by skilled professionals, in line with stated policy, and with incentives to provide a good service to all, without undue political interference?
5. Is there a universal service obligation by government and/or the water utility?

v. Encourage flexibility and transparency

Alternative providers (such as local vendors or truckers) often offer the only water service available to the poor. But governments are sometimes reluctant to acknowledge their role, or to provide a workable way to make them part of the formal sector.

In this “informal sector” it is often poor people that suffer. CSOs can improve the situation by, for example, exposing the mark-up charged by the informal sector, working with users to examine how reasonable this is and discussing how it might be changed.

vi. Work with utility trade unions

Water utility staff and their trade unions also form a part of civil society. Water utility reforms will often threaten their employment numbers and benefits, at least in the short term. There may be differences in opinion between CSOs, water utility staff and their trade unions about the need for, and nature of, reforms. These differences must be identified, debated and considered in the process.

Trade unions bring unique perspectives to the reform due to their experiences of working in the organisation and being the point of contact with customers. Unions can also be engines of reform, helping to champion and implement reform. Without their cooperation, reform may be very difficult to undertake.

Ghana - Different positions within the labour movement

The Trade Union Congress (TUC) headed the Ghana National Coalition Against Privatisation (NCAP). The TUC did a lot of work for the NCAP campaign. Members provided strategic leadership, co-management of finances, administrative services and served as the official mouthpiece of the campaign, writing press releases and calling meetings.

However, the Public Utilities’ Workers Union (PUWU), a member union of TUC and responsible for organising workers in public utilities, chose to focus on protecting the interest of its members directly affected by the reform, and to not join NCAP in the campaign.

PUWU worked to obtain the best deal for its members by participating in the reform process through being represented on all important reform committees. These ensured labour issues such as social justice and equity were considered

Case study 1.2

Case study 1.2 (continued)

and staff kept informed. For example, it negotiated handsome severance payouts for staff and secured professional entrepreneurial training and counselling support for staff.

vii. Work with the media

The media are also important. Securing good coverage of water issues on the radio, TV and in newspapers can be a great way to influence public policy and build pressure for reform. It will also allow citizens to get their voices heard and provides water utilities with a right to reply. Media coverage can also be used to encourage behaviour change such as improved hygiene practices, increased water conservation and the payment of tariffs.

viii. Work together

CSOs should work together to speak with one voice. This can create a space for open and fair deliberations, with every group encouraged to present their points of view. CSOs in Kathmandu, Ghana and Karachi have had success in presenting a unified voice in advocacy and negotiation.

It is important to establish good contacts and indeed alliances with labour union organisations and environmental NGOs. Both, for example, are valuable sources of vital information on the running of the services and the condition of the local hydrology.

In Kathmandu, Nepal a weekly radio show on water and sanitation broadcast by Radio Sagarmatha is listened to by everyone from government ministers to workers in the fields.

WaterAid/Libby Plumb



What poverty-focused NGOs can do



Checklist 1.1

- ✓ Develop an understanding of the water sector and the water supply systems in their town or city
- ✓ Assist with research into poor and vulnerable communities – the location of poor communities, current water use patterns, demographics
- ✓ Advise reformers on the potential impacts of changes in tariff structures and rates on the poor and vulnerable. CSOs can use tools such as Citizens' Report Cards to collect citizens' feedback
- ✓ Advocate that the water supply and sanitation needs of the 'unconnected poor' (poor tenants, squatters, pavement-dwellers and 'floating populations') be reflected in reform plans
- ✓ Make governments aware of options that exist for utility reform. (Some NGOs have stronger and more up-to-date links to international expertise than governments do)
- ✓ Provide platforms for interaction between communities and decision-makers
- ✓ Advocate for adequate investment to allow expansion of the distribution system to reach all poor people
- ✓ Advocate for reliable alternative service delivery options (such as stand posts, kiosks or water delivery) for those that cannot be reached by the system, while insisting on continuous improvements to ensure that services achieve conventional levels
- ✓ Advocate for flexible construction standards to allow the installation of low-cost options in poor communities
- ✓ Advocate for strategic, fair and targeted subsidies to help

people connect to the system (such as reduction or waiving of connection fees)

- ✓ Advocate for proper attention to be paid to sanitation
 - ✓ Advocate for a logical separation of responsibilities for sanitation between government and households
 - ✓ Work with governments (ministries and local departments of health and education) and communities to extend hygiene education knowledge and practices
 - ✓ Demand that reform plans are made and policies revised in a transparent manner, open to the inputs and influence of external stakeholders
 - ✓ Carry out public education, empowerment and capacity building of staff and local communities to increase knowledge on the reform process and their responses to it
-

Case studies of action by poverty NGOs

- In Kathmandu, a 20-year chronology of urban water reform efforts prepared by NGOs revealed that a substantial loan in the 1990s had not been used and that local proposals for a more decentralised water supply management were ignored.
 - CSOs in Ukraine and Russia have pointed out that richer people benefit from reduced tariffs or even free water, while others, including the poor, have to bear the brunt of price increases when utilities try to achieve cost recovery. They have argued that subsidy reform should be a condition of the move towards cost recovery.
-



What consumer organisations can do

- ✓ Engage in, and develop an understanding of, the water sector and the water supply systems in their local area

Checklist 1.2

- ✓ Demand that consumer advocacy organisations be allowed to participate in the reform process and represent consumer interests
- ✓ Demand that plans and policies (such as those for tariffs) are revised in a transparent and participatory manner, with public disclosure and accountability
- ✓ Demand that new institutional arrangements include basic customer care
- ✓ Demand that consumers have a voice in the regulation of water utilities
- ✓ Carry out public education, empowerment and capacity building of their members and local communities to increase their knowledge on the reform details, process and their responses.

- In 2001, the Russian consumer federation drew up a water utility manifesto. It called for the targeting of subsidies, development of consumer contracts, and a transparent regulatory structure.
- In Ukraine, consumer participation in governance was made a condition of municipal agreements with local utilities.

Case studies
of action by
consumer
organisations

What environmental NGOs can do

- ✓ Carry out independent water quality testing
- ✓ Provide an independent view of the best use of water resources
- ✓ Carry out pollution checks
- ✓ Advise on the safety of areas where poor people are living



Checklist 1.3

Case studies of action by environmental NGOs

- The Ukrainian environmental NGO, MAMA-86, carried out extensive water testing to measure for contamination following the Chernobyl disaster of 1986. It has also measured industrial pollution in the Donbas region.
 - In Kathmandu, Nepal, the NGO Forum for Urban Water and Sanitation (NGOF) recruited a network of volunteers to carry out a simple test for residual chlorine at households and public tap stands. The data are collected and analysed by the NGOF, reported by the media and used by the utility to adjust how much chlorine it puts in the water. The Tariff Fixation Committee has also discussed these data with NGOF.
-



Checklist 1.4

What labour unions can do

- ✓ Give early warning of staff changes that might disrupt service to consumers
 - ✓ Support decentralised water payment stations making it easier for consumers to pay small sums frequently
 - ✓ Alert other CSOs to discriminatory practices such as favouring richer people in the delivery of water services
 - ✓ Advocate service expansion and local employment
 - ✓ Alert the public to policies which do not work for workers and consumers
-

Case studies of action by labour unions

- In Russia, union members alerted consumer organisations to the fact that funds that were supposed to be used to maintain water utilities were decreasing.
- In Venezuela and Brazil, trade unions have played a prominent role in local neighbourhood forums that aim to develop services for poor populations. For example, the mesas tecnicas of the poor neighbourhoods of Caracas

Exercise 1.2



Challenges in meeting the needs of the poor

What challenges might you face internally in your organisation and in your town/city in order to get water and sanitation reforms to meet the needs of the poorest?
Brainstorm ideas for 20 minutes.

By now you should...

- Understand why reforms are needed
- Know why it's crucial your CSO takes action
- Want to get involved in local water and sanitation reforms
- Have an idea of what reforms your CSO can work towards

Next steps...

Understanding urban water systems



Recap

2

Understanding urban water systems

This section talks readers through finding out more about how the water system in their town or city is set up and the impact of service levels on poor communities. It summarises how water systems can be financed and explores the advantages and disadvantages of different revenue collection systems.

Understanding urban water systems

Part one: What is an urban water system?

The design of each urban water system depends on local conditions, such as the availability of water resources, landscape (especially the topography), the size and distribution of population, and how much money is available to construct the system. Common features of a typical urban water system include:

- Methods to withdraw and store water from its source(s)
- Water treatment:
 1. Pre-treatment – filtering the water to make it cleaner
 2. Final treatment – with chlorine
 3. Water quality control and monitoring – checking the water is safe to drink after it is treated
- Water distribution:
 1. By pumps or gravity through water main pipes
 2. Through pipes to tapstands or households. Valves can be used so that some communities get access to water for a certain number of hours a day
 3. By tankers (known as ‘bowsers’ in some countries) and other alternative methods like animal carts and bicycles
- Wastewater removal: water from bathing, laundry and cooking and from flush toilets soaks into the ground, goes to a septic tank or is taken away by sewer pipes.
- Wastewater treatment – sewage is treated at a wastewater treatment plant and released into a river so it can be reused again, for example in local agriculture.
- Methods to conserve and protect water at the sources (aquifer, river, lake, stream etc).

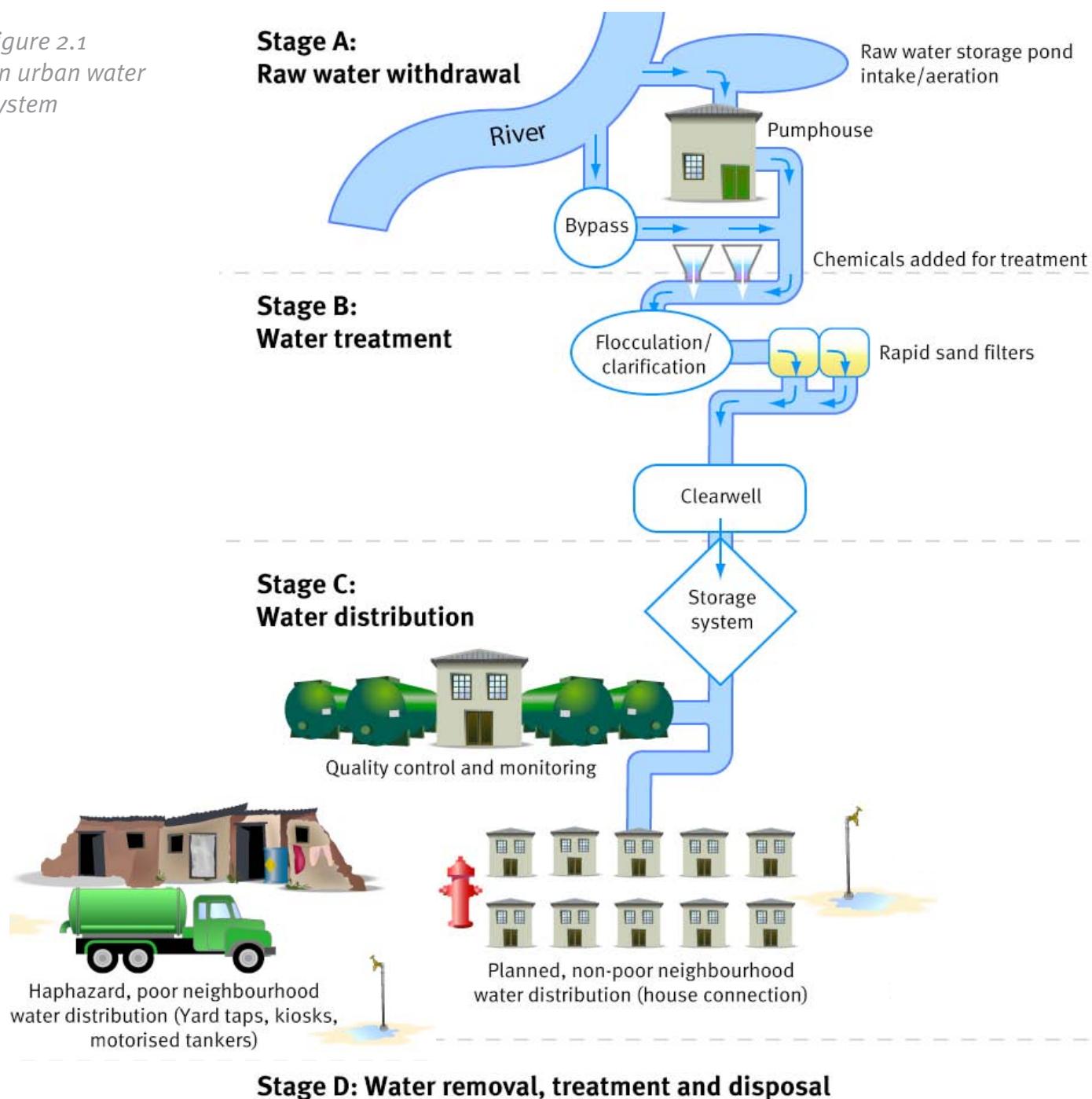
Part two: Understanding the current situation

i. Current water supply coverage

In order to improve coverage, it's important to understand who has access to water in your town/city. Squatters or people living in slums sometimes do not appear

on official maps and population counts and so get excluded when water systems are planned. Poor people may live in non-poor areas and vice versa.

Figure 2.1
An urban water system



Questions CSOs can ask about service coverage

Checklist 2.1

- Q** What is your town/city's total population? (official and actual)
- Q** What percentage of people are poor (ie live below the national poverty line and do not have enough to eat)?
- Q** How many people have access to sanitation? What percentage of the population is this?

- Q** How many people have access to water? What percentage of the population is this?
- Q** How big are slums or squatter settlements in your town or city? Where are they? How many people live in them?
- Q** How many poor renters (tenants earning a low income) are there in your town/city and where do they live?
- Q** Where are other identifiable groups of poor people? How many of them are there? (Many people who live in extra-legal settlements do not appear on official maps and population counts – check the methodology used.)
- Q** How many people live in peri-urban areas? Where are they?

How to find out answers to these questions

- A** Check your town's/city's census
 - A** Research other population studies
 - A** Visit and use the information available at university departments (geography, for example)
-

What CSOs can do to identify gaps in service to the poor

- ✓ Many people who live in extra-legal settlements do not appear on official maps and population counts – check the methodology used
- ✓ Encourage stakeholders to properly list informal settlements and “floating populations” prior to making any plans
- ✓ Check the definitions of poverty lines, they may be loose

Bear in mind that poor people may live in non-poor areas and vice versa



Checklist 2.2

ii. **Water resources**

You need to understand where and

how local people get their drinking water.



Checklist 2.3

Questions CSOs can ask about water resources

- Q** Where do people in your town or city get the water they use for drinking from (groundwater, rivers, lakes, rainfall, other)?
- Q** Where does your town or city's water utility get its raw water (water which comes from a source such as an aquifer, a river, lake or rainfall) from?
- Q** Do all people living in your town/city have a reasonable amount of water all year round?
- Q** If not, how do people cope and what are the utility's plans for meeting the shortfall?
- Q** What is the estimated population growth?
- Q** What are the options for expanding bulk water supplies (treated water supplied by a utility to a facility in large volume for use, onward sale or distribution to consumers)?
- Q** Have all options been explored?
- Q** Have donors or banks been approached to finance new supplies?
- Q** Does the topography prevent some areas from getting access to bulk water supplies?
- Q** Who owns and controls the raw water supply source?
- Q** Does the utility pay for raw water? If so, how much?
- Q** How much does it cost to treat raw water to make it safe to drink?

- Q** How much do raw water costs contribute to the utility's operating costs?

How to find out answers to these questions

- A** Contact the water ministry
 - A** Contact the water utility
 - A** Consult water resources studies
 - A** Conduct surveys
 - A** Find out if there are any Citizens' Report Cards or Scorecards
 - A** Look into analyses done by a development bank or donor
-

What CSOs can do to find out more about water resources

- ✓ If a utility uses a mix of raw water sources, find out what percentage comes from each
 - ✓ Find out if households are using additional sources, such as private wells and rainwater tanks
 - ✓ Find out if there are issues of inter-basin transfer. This is the movement of surface water from one river basin into another. The actual transfer is the amount of water not returned to its source basin. Also find out about water resource management (WRM) and groundwater depletion and contamination
 - ✓ Call attention to the findings from your WRM scoping exercise
-



Checklist 2.4

iii. Water distribution

People living in different areas

in your town or city may access water in different ways. Finding out

exactly how they access water is integral to the reform process and

is a research task that CSOs can perform.



Questions CSOs can ask about water distribution

Checklist 2.5

- Q** Does the water system use pipes? How many people does the system reach? (Many utilities do not have this information, don't be surprised if it is hard to find)
- Q** Are there maps of where the supply pipes are laid? Are these up to date? (CSOs may have to assemble the maps and interview utility staff to obtain this information. NGOs in Kathmandu obtained a grant to do this)
- Q** How many poor people are connected? (It may be hard to determine how many poor people are connected as utilities do not record this information and populations may be mixed)
- Q** How many non-poor people are connected?
- Q** How do poor people access the water they use? Are the sources they use safe for drinking? (Look at both the water sources the poor have access to, ie could use if they wanted or could afford to, and what they actually use.)
- Q** What percentage of service is provided by non-state providers? Who are they and what types of service method? (Small scale service providers etc)
- Q** What percentage of poor people access water from alternative providers? How much do they pay for this? (High costs per volume will often correlate with low total consumption)
- Q** What is the quality of the water from pipes and other sources of drinking water? The utility and/or your laboratory will test both for bacteria and for "residual chlorine" which is a measure of the amount of chlorine left in the water at the time

it reaches the consumer, and therefore an indication of the success of treatment

- Q** Are there areas of the city outside the official water system network? Do utilities have service level standards? Some utilities have service level standards for these criteria (benchmarks) so be sure you are aware of these too in order to compare them with what actually happens
- Q** How often is water from different sources available? How many hours a day? How many days a week? Make sure data are separated, if possible, for poor and non-poor areas. Remember, such data may be extremely sensitive in political terms
- Q** Is piped water equitably allocated? Is there a geographical variation in the allocation to the poor and non-poor?
- Q** Do poor people use unprotected water sources? Is this influenced by the seasons? Are there differences between the dry and wet seasons? Poor people are more likely to use unprotected sources in the wet season
- Q** Are there bulk water meters? Are they working? Are data collected and analysed? If the utility does not use bulk water meter data it cannot know how much water enters different parts of the system and allocate water fairly
- Q** How do people cope with problems such as long waits for collecting water, using unprotected sources and paying others to collect water? Examine what people are doing to cope with interruptions in supply and low quality water. For instance, how much they are spending on water storage, compound wells, boreholes and on home water treatment (“coping costs”)?
- Q** Does the way they cope change seasonally? Separate the data by poor and non-poor, if possible

How to find out answers to the above

- A Contact the water company, water utility or government agency responsible for the water system
- A Contact utility staff and the trade unions representing them
- A Read donor or development bank documents if system improvements are planned
- A Use existing poverty studies, such as the Living Standards Measurement Survey, but bear in mind that sample sizes are sometimes too small to reliably indicate social trends
- A Use your town or city's census information
- A Contact NGOs working with poor people
- A Conduct or consult local surveys
- A Consult utility records – piped water is usually regularly tested by the utility
- A Commission water testing with a reputable laboratory, which collects water samples in a scientific manner
- A If you do not trust or cannot obtain utility records, get piped water laboratory-tested as well. Take a number of samples from different parts of the distribution system
- A Consult utility records of rotas to find out when the valves are opened and water flows in each part of the distribution system
- A Visit households to ask them how many hours a day and days a week they get supply
- A Run focus group discussions and interviews with residents

iv. Identifying problems with maintenance

Many water systems in need of maintenance lose most of their non-revenue water (NRW) because of leaks in the system. Even the best-run utilities face this

challenge. Some utilities have been able to bring their NRW losses to less than 5% - although in a poorly managed system it can be as high as 50% or more.

Questions CSOs can ask about non-revenue water (NRW)

- Q** How much water is lost between being treated and being used by consumers?
- Q** Is water lost through leaks in the system?
- Q** Is water lost through illegal connections or because the utility isn't billing for the connection?
- Q** Does the utility have leak detection equipment? How long does it take the utility to repair leaks?
- Q** What structures are in place to help the utility respond to leakages or illegal uses of its water? Are there customer complaint centres, response time targets etc?
- Q** Does the utility have incentives to reduce NRW?
- Q** How does your CSO think water loss can be tackled in a way that is fair to the poor ?



Checklist 2.6

How to find out answers to the above

- A** Contact the utility
- A** Consider analyses done by a development bank or donor considering improving the sector

Exercise 2.1



Understanding urban water systems

Divide into four sub-groups and each choose one of the issues outlined in Part two (ie current water supply coverage, water resources, water distribution or maintenance problems). Spend 30 minutes running through the questions in the relevant checklist, thinking about what you already know. Think about how you would confirm this knowledge or find out the answers. When the whole group comes together again, each of the four sub-groups should share their ideas. This way you can come up with lots of different perspectives on the same issues.

Part three: How can CSOs work with water utilities' staff?

Most people want to feel that they have done a good job in their working life. We have to work on the assumption that people working for water utilities have the same instinct. Water utility staff members are potential allies, not opponents. But just because they work for the utility does not mean they can resolve all the issues you're concerned about – at least not at once.

Many utility managers face contradictory pressures. For example, governments (national or local) will make promises to the public to reform water systems without providing the resources for the utility to deliver on them. Utility managers take responsibility for the disappointments and frustrations that result.

Also, investment in reforming water supplies is often a slow business. Trenches and pipes have to be dug

and investments in infrastructure made. It can take up to 10 years for coverage levels to be significantly raised.

Certainly, utility managers can better influence politicians if they can point to pressure coming from well-informed CSOs.

CSOs will not usually have the technical expertise of the utility. But sometimes the simplest questions (Why does community X not have coverage? Why do hours of service vary between district A and district B?) trigger changes in utility managers' mind-set and internal operations and approaches.

Questions CSOs can ask about water utilities



Checklist 2.7

- Q** Who is responsible for managing your town or city's water supplies? Is it a government department or an independent utility? On what basis is it set up? (The responsibility for water supply may vary from urban to rural areas and from large cities to small towns. Find out who is responsible for each, as well as who is responsible for your water system)
- Q** Who owns the water system (nearly always government) and who operates it?
- Q** What are the water utility's aims? What are the implications for effective delivery of services?
- Q** Does it have a charter or performance agreement? Would this enhance customer voice and social accountability?
- Q** How is the water utility regulated?
- Q** Are there benchmarks and/or targets?
- Q** Does it have a document detailing how it will treat customers?
- Q** How many staff members are employed? (The number of staff per customer/connection ratio is an indicator of good performance. The target is usually about four to eight staff per 1,000 connections)
- Q** How much management autonomy does the utility have?
- Q** Is government involved in the utility's management? Does this relationship impede the utility's performance? Does that impact on the efficiency of the utility?
- Q** Is the private sector involved in the management of the utility?
- Q** If there is no private sector participation already, is it being considered? By whom? (multinationals, local investors etc)

Q What type of contracting arrangement exists or is being planned? How will companies bid for and be awarded water system contracts? How transparent is the process?

How to find out answers to the above:

- A** Contact the water ministry
- A** Contact other agencies involved in delivering the water system
- A** Contact the development bank or donor supporting reforms
- A** Get hold of any private sector contracts
- A** Become familiar with legislation
- A** Contact the utility
- A** Contact water utility trade unions
- A** Get hold of the water utility's plan
- A** Contact the water utility regulator



What CSOs can do to understand water utility management

Checklist 2.8

- ✓ Make sure you differentiate between who owns the system (nearly always government) and who operates it, and that you are clear on their statutory roles and actual practice
- ✓ Press government to make private sector water supply contracts public, or at least the key operator performance targets. This involves lobbying parliament and campaigning

to secure public information disclosure clauses in these contracts

- ✓ Analyse the constraints under which water utility staff are working by talking to utility managers. Some utilities may be embarrassed to admit poor management and try to disguise the truth. So it's essential to establish a good relationship with utility managers and staff. Reassure them that they are not a target but part of the solution
 - ✓ Make formal requests for information to utility managers. The information you ask for might not already be available but without basic service data, reform is impossible
 - ✓ Help gather information such as through community mapping and report cards
 - ✓ There are many types of contract under which a private operator can be engaged – make sure you understand the differences
-

Kenya - Using Citizens' Report Cards (CRCs)

In Kenya, CSOs have used CRCs to increase the voice of consumers in the water sector. CRCs are surveys in which local communities rate the performance of public utilities, like water and sanitation.

They are a simple and powerful tool which gives agencies feedback from the people who use their services. They allow agencies to identify strengths and weaknesses in their work.

NGOs from Nairobi, Kisumu and Mombasa used a random sample survey to get together consumers' perceptions of water and sanitation services. They presented survey findings at a public event. There, the slogan 'Water and sanitation? Come all, let's discuss and agree,' was adopted to unify citizens, service providers and policy-makers. It was repeated as a rallying call to long-term dialogue.

Case study 2.1

Exercise 2.2



Citizens' Report Cards

Imagine your CSO is going put together a Citizens' Report Card (CRC) on water services in your local town or city. What questions would you ask? As individuals, spend 10 minutes jotting down some ideas, and then come back together as a group to share them with the group.

Part four: How should water utilities generate revenue?

Water utilities are just like any other organisation: they need revenue to

pay for their expenses, otherwise they will collapse. It's important CSOs have a basic understanding of how water utilities are financed.

Major sources of revenue for operations and maintenance:

Item:	Description:
Tariffs	Can be paid as 1. A flat charge 2. Based on volume used (where there are meters) 3. Per container filled Numbers one and two are usually paid monthly
Connection charges	Paid to have a connection to a building or shared public tap
Subsidy	From local or central government
Sewerage charges	Usually paid as a percentage of the water tariff

Major expenditure for operations and maintenance:

Item:	Description:
Salaries and administration	Staff cost
Electricity and fuel	To provide power for operation, transportation, etc
Chemicals	Use in water treatment, water analysis, quality control, etc

Depreciation on assets	Money set aside to offset the cost of ageing assets such as vehicles, buildings, equipment, pumping stations, pipes, etc
Item (continued):	Description (continued):
Replacement of assets	Money spent to buy new assets as they come to the end of their useful life
Interest charges for loans	For example, charges on bank overdrafts, loans, hire purchases and supplies etc
Costs of the regulator (may be borne by central government)	The costs associated with the statutory regulatory body for water services

Sources of revenue for capital investments:

Item:	Description:
Grants from central government and donors	Sometimes have attached conditions but no interest payments
Loans from central government and IFIs	Incur interest payments
Bonds	Money raised by government (central or local) on behalf of a water utility, in effect through direct borrowing from the public for investment
Capital contribution by (potential) water users	Advance cash payments or contributions by the public to the utility for the provision of services
Operational surplus re-invested	A utility's excess revenue over cost

Major costs of capital investments:

Item:	Description:
Rehabilitation of old infrastructure	Major repair works
Improvement to levels of service to existing customers, eg tapping a new source of raw water	For example, investments in new water treatment facility, storage system or network mains
Expanding to additional areas of the town or city	Investments in new connection mains to areas that were previously unserved



Questions CSOs can ask about utilities' revenue and expenditure

Checklist 2.9

- Q** What is the utility's budget for operation and maintenance? Some utilities struggle to pay their salaries and electricity costs, and there is not enough revenue to pay for chemicals, fuel, repairs etc
- Q** What are the utility's revenues? How much comes from tariffs, subsidies etc? It may be useful to balance off government subsidies or grants against any unpaid water bills due to the utility from government departments
- Q** Does the utility have an investment plan? A healthy utility will plan to invest to replace old pipes, equipment etc as well as to expand its coverage and upgrade its services
- Q** Are there any plans to generate funds locally eg through municipal bonds, cooperative funding, and micro-credit based investment? Some towns and utilities seek funds from non-traditional sources rather than depend on governments, IFIs and donors
- Q** What does it cost the utility to deliver a cubic metre of water to a domestic customer? Operating and maintenance costs include chemicals, labour and power. Electricity for pumping is the major expense for a lot of utilities. Find out if the utility pays its electricity bill
- Q** How much money is spent on each type of the utility's expenditure eg electricity, staff, replacing equipment etc?
- Q** How much does the utility spend on expanding the system? Adding new sections to the distribution system is expensive and something a lot of utilities struggle to do if they are in poor financial health
- Q** How many new connections does the utility add each year?
- Q** Does the utility have an explicit aim to serve the poorest and

most vulnerable members of your society? The MDGs target universal access to water and sanitation by 2025. Many nations and towns plan to achieve this before then

- Q** Do consumers pay their bills on time?
- Q** Do government agencies pay their water bills? It is often very useful to determine if government agencies are always in arrears, and if the utility is prevented from disconnecting them or taking other action against them. Sometimes a large amount of water revenue is lost in this way
- Q** Do the commercial and industrial sectors pay their bills on time?
- Q** Does the utility have the powers to disconnect customers for non-payment?
- Q** How much does it cost to connect to the water system? Look for “hidden” fees and costs that make connections unaffordable
- Q** Is the utility padding the connection cost in order to make up for low tariffs?
- Q** Are bribes demanded for connections? If so, does this create barriers to connections for the poor?
- Q** Is the cost of the meter part of the connection cost?
- Q** Are there barriers to connecting to the water system besides connection fees?

How to find out answers to the above:

- A** Contact the utility
- A** Contact the regulator

- A Contact the water ministry
- A Contact any state asset holding companies
- A Get hold of investment plans funded by donors or development banks
- A Contact local government
- A Get hold of relevant utility documents
- A Talk to utility staff and trade unions representing them
- A Consult the utility mission statement, aims and plans
- A Contact political parties
- A The utility will usually publish their official connection fee, which includes the cost of pipe to connect from the residence to the mains
- A Interview local people to find out how much new users have to pay in other costs, such as road cutting charges, meters, additional piping if they live far from the mains, and labour costs. Some of these are levied by the municipality rather than the utility
- A Interview people who want connections but can't get them
- A The financial department of the utility will be able to tell you what proportion of their billings are in arrears. The percentage of the amount billed that is actually collected is called the "billing efficiency". The utility should have this figure, and it may also have been calculated as part of an analysis done by a development bank or donor considering improving the sector, as it is often used as an indicator of utility management

What CSOs can do to improve utility management



Checklist 2.10

- ✓ Check that the utility has accurate and updated accounting and management tools, such as maps of its water network, available. Good management of the utility is not possible without such information
- ✓ Analyse the utility's income statements and balance sheets
- ✓ Link up with other CSOs that do budget analysis to use their expertise to understand the financial situation of the utility. This could reveal how excess revenue or profit is used
- ✓ Find out if there are loans the utility has stopped paying back or has asked the government to take over
- ✓ Find out if the utility has expanded its network in the last few years, and who paid for it. Were expansions planned but never carried out? Find out why
- ✓ Find out if the utility requires new users to have title documents for their land in order to have a water connection. Sometimes this is a requirement imposed on the utility by local government

A meter on a newly installed water point in Dar es Salaam, Tanzania.

WaterAid/Marco Betti



i. Tariffs

To push for water sector reforms in your town or city, you need to understand the various types of tariffs.

a. Monthly fixed rate

Advantages

- It's cheaper than installing, maintaining and reading meters and avoids more complex billing systems required of metered tariffs. It was widely used in industrialised countries, such as the United Kingdom, where historically water has been abundant and metering was not widespread
- It provides the utility with stable cashflow if set at an appropriate level

Disadvantages

- Consumers have no incentive to economise on water use since each additional cubic metre comes free of charge
- Allows customers with a water connection to supply other users (such as vendors or unconnected neighbours), without an additional charge for the volume they sell on
- People who use large quantities of water pay the same as those who use little
- Households are unable to reduce their bills by cutting down on their water use

b. Volume of water used

If the tariff is 'volumetric', then the volume consumed must be measured in some way, which usually means meters are required.

1. Uniform volumetric charge

In this system a household's water bill is simply the quantity used multiplied by the price per unit of water. Paying a fixed price per bucket of water from a tapstand is a common example of a uniform volumetric tariff.

Advantages

- It's easy for the consumer to understand: this is how most commodities are priced (food, for instance)
- People pay according to how much they actually use
- People can reduce their bills by limiting the amount of water they use

2. Block tariff

This is where the price per cubic metre of water depends on the volume used in total. A common system is to charge a low price for the first 10 cubic metres and then a higher price per cubic metre of water beyond this level. Increasing Block Tariffs (IBT) are very common and can provide incentives to conserve water because the more water is used, the more expensive it becomes.

Disadvantages

- Costs more to install meters and meter-readers and a more complicated billing system is required
- Penalises poor families with large households and/or shared connections who use more than the first block volume

c. Two part tariffs

The consumer's water bill is based

on a fixed charge and a charge related to the amount of water used. The fixed charge is often a fee to pay for installing a meter in someone's home or the cost of maintaining the fixed assets of pipes, pumping stations etc.

The charge relating to the volume of water used could be based on either of the two tariffs outlined above.

Questions CSOs can ask about water tariffs

- Q** What is the tariff for the piped water supplies in your town or city? You need to understand the various types of tariffs
- Q** How is the tariff structured?
- Q** Does it differ from other towns' tariffs?
- Q** Who collects it?
- Q** Who sets the tariff and what is the process for doing so?
- Q** Is the tariff structure's impact on the poor being analysed as well as the tariff level?
- Q** Has information on how poor people use water been collected to evaluate the impact of the proposed tariff on poor households?
- Q** How are poor people spending time or money on getting water now?
- Q** Are the needs of the poor being over-simplified and presented, for example, as simply a need for the cheapest water possible?



Checklist 2.11

- Q** Do proposed tariffs only help those who already have connections?
- Q** Are tariff increases a necessary condition for loans?
- Q** Are tariff increases needed to expand coverage and ensure water utilities recover their costs?
- Q** Are tariffs reviewed regularly in a transparent manner?
- Q** Will the regulator responsible for reviewing tariffs hold public hearings or consultations? Are poor people able to influence the reviews?

How to find out answers to the above:

- A** The tariff structure is usually published by the water utility, and may also be printed on the back of water bills
- A** If the water tariff is included in local taxes, then the municipality will have details
- A** Contact the water utility
- A** Contact the water utility regulator



Checklist 2.12

What CSOs can do about water tariffs

- ✓ Push for efficiency in tariff collection
- ✓ Promote water saving devices and practices
- ✓ Argue against prices that would be unaffordable to poor people in tariff reform
- ✓ Argue that investments in water service expansion and upgrading is a responsibility of government, as with

other essential services such as schools, health facilities and roads. Water tariffs should be designed to cover the operations, maintenance and replacement costs of the water supply

- ✓ Determine whether the tariff of your town or city's water utility is a flat rate or volumetric (price proportional to volume consumed), or a hybrid of both and if different prices are charged to different types of consumers (households, businesses, industry) and/or different levels of consumption
- ✓ Find out about tariffs at public stand posts, if they exist

ii. Meters

All tariff structures, except fixed rates, require a meter to measure the volume of water supplied. How much the meter costs depends on how accurate and durable it is.

There are two options for paying for the meter:

1. It can be paid for by the consumer as part of the connection charge, either as a lump sum or spread over time.
2. Its cost can be considered part of the system's operating costs and added on to the water charges over time.

Advantages

- Consumers pay for the amount of water they use

Disadvantages

- For poor people who don't use much water, paying for a meter (which can cost up to \$50) could take several months
- Meters allow more complicated billing systems such as Increasing Block Tariffs, which can be difficult to understand

The Philippines - Water meters

When Manila's water supply was privatised in the late 1990s, the utility worked with CSOs to expand connections to poor communities.

Case study 2.2

Community associations, small scale entrepreneurs and others in Manila came together to buy bulk water from the utility. It was measured by a "mother meter" on the edge of the communities. Water was then distributed within the

communities to metered households or groups of households.

In 2003, water was purchased by the group for the equivalent of \$0.35 per cubic metre and sold to residents at prices ranging from \$0.45 to \$0.64 per cubic metre.

In Manila East, this increased coverage from 64 to 85% between 1997 and 2003. Surplus revenues were used to pay for operating costs and various community projects such as street lighting and paving of footpaths.

Other advantages included:

- **Speedy connections** to new customers – usually within 48 hours
- **Flexible payment schedules** that matched a household's earning pattern
- **A sensitive approach to people not being able to pay** their water bills. The locally-run association which buys the bulk water knows when a family encounters hard times and has difficulties in making payments. They can provide interest-free loans and social pressure ensures families pay when they can afford to and therefore don't get disconnected
- **Reduced non-revenue water.** Staff and residents monitor pipes or hoses located above ground and respond quickly when pipes are damaged
- The system has introduced a **culture of paying for water**



Questions CSOs can ask about water meters

Checklist 2.13

- Q Are meters installed in your town or city?
- Q Do all piped water supply connections have meters?
- Q Who pays for the meters?
- Q Do they work?
- Q Do customers often tamper with meters? Are meter readers honest?

How to find out answers to the above:

- A** Contact the water utility. The utility will have records of how many meters there are, and may be able to tell you what percent are working. Be careful, as this information may be unreliable
 - A** Talk to people in your local community. Be aware that information about meter tampering and meter readings is very hard to collect, and very sensitive. Focus group discussions may be one way to explore this
-

What CSOs can do about water meters



Checklist 2.14

- ✓ Investigate how much meters will cost
 - ✓ Determine whether the customer has to pay for the meter, as this adds to the cost of a connection (a cost that is sometimes hidden). Some utilities spread the cost of meters over all customers
 - ✓ Find out how the cost of installing meters will be paid for
 - ✓ Investigate whether the meters are the best option for poor people
-

iii. Subsidies

Payments by local or central government contribute to the cost of delivering water supplies. Almost all water subsidies have failed to provide better access for poor people. Rather, subsidies are “captured” by the relatively well off who pay less for a higher level of service. Ideally, subsidies should only pay for costs that nobody else will cover.

a. Direct subsidies – through the water utility

These are the simplest form of subsidies. The water utility provides consumers with water at below its cost of supply, and the government steps in to make up the difference. This usually takes the form of a transfer from the government to the water

utility. This can be in the form of a direct contribution of funds or concessions such as the water utility not being required to pay its electricity bill to the government-owned electricity company.

Disadvantages

- The utility has to deal with ongoing government interference in its operations
- Government subsidies can be unreliable, making it difficult to plan maintenance and investments
- Costs are distorted and disguised, so that, for instance, the real cost of producing water is not clear and understood, which in turn makes it hard to know what a cost recovery tariff would be

b. Direct subsidies – through government

The utility charges consumers enough to cover its cost of supplying water, and government provides subsidies directly to the poorest people, for example through vouchers.

Disadvantages

- It is difficult to identify the poorest; they may be hard to locate or be scattered around the town or city
- Administrative costs are high

c. Cross subsidies

Richer people pay more money for their water than poorer people. The water utility needs to have enough rich consumers to cross-subsidise the low tariffs the poor pay.

Disadvantages

- Smaller towns often don't have enough rich people to make this type of subsidy work
- Businesses such as hotels or factories may be able to subsidise household consumers but could decide to develop their own water sources if it is cheaper to do so

d. Connection subsidies

This is a subsidy that enables poor people to get a connection to the utility's water network at no immediate cost. The cost is usually borne through government or donor grants. However, the cost could also be borne through a revolving grant paid for by beneficiaries for their connection (in small instalments as part of their water bills over a long time).

e. Combined subsidies

A combination of direct and cross subsidies.

Questions CSOs can ask about subsidies



Checklist 2.15

- Q** Is a subsidy really needed? Would a certain group of people be unable to afford enough water without it? Are subsidies denying utilities of money for other improvements where the need is greater and that would be more useful in the long term?
- Q** If a subsidy is needed, how can it be set up to benefit the people who really need it?
- Q** Is the process for determining eligibility for the subsidy and delivering it so complicated it will cost a lot of money?
- Q** Will the subsidy make people do undesirable things? For instance, if water is free, will people waste it? If water is very expensive for some people, will they simply disconnect from the network and use private wells instead?
- Q** How are subsidies applied?
- Q** Who benefits from these subsidies?
- Q** What are the results of the subsidies?
- Q** How can poor people benefit from any subsidy?
- Q** Is consideration being given to the fact that it is often better to subsidise access for the poor through connection to the network rather than consumption?
- Q** Have other obstacles to connection (such as who owns the land) been examined?
- Q** How much of the existing subsidy is delivered through the current tariff?
- Q** Has there been any public debate on how subsidies are benefiting the rich and not the poor?

- Q** Are the proposed methods of delivering subsidies targeted and transparent?
- Q** How will eligibility for subsidies be determined, and will there be obstacles that prevent the poor from qualifying?
- Q** Will people who don't have a right to receive the subsidies be able to access them in some way?

How to find out answers to the above:

- A** Contact your town/city's water utility
 - A** Read water utility reports
 - A** Organise focus groups with local communities
 - A** Contact relevant government departments
 - A** Contact local media
-

iv. Government investment

Expanding or upgrading urban water services is usually very expensive. They often cost hundreds of dollars per person – but will benefit many people for decades to come.

These investment costs may be covered by loans and grants which are then paid back over many years. The repayment of these investments is often included in water tariffs. They represent a substantial portion

– often more than half – of the cost per cubic metre.

Government agencies have to pay their water bills too. It is useful to determine if government agencies are always in arrears, and if the utility is prevented from disconnecting them or taking other action. Sometimes a large amount of water revenue is lost in this way.

What CSOs can do about government investment



Checklist 2.16

- Find out what cross subsidies are included in the tariff structure in your town or city
 - Find out what contribution central or local government makes towards the operational costs of the water utility
 - Find out how taxation and other government funds are used to pay for water utility service expansions and improvements
-

v. Challenges of targeting subsidies to the poor

Sadly, the water sector has to date failed miserably in the way it has used subsidies. They have been used to subsidise excessive consumption by rich people, not the poor.

There are two main reasons for this:

1. People who need and are eligible for the subsidy have failed to receive it

2. People who do not need and are not eligible for the subsidy receive it anyway

A more progressive use of subsidies is needed. The best way to do this is to support poor people to get a water connection and charge them for the water they consume, which they can pay via a flexible tariff collection system that matches their income flow.

Box 2.1 - Should the poorest people have to pay for water?

Every human being has a basic right to access water. However, this right does not mean that water should be free across the board.

Rather, the right to water means it should be available and affordable and that for some people, that may mean without charge. Creating a financially healthy utility does not require that every customer pays the full cost of water.

The UN states: “to ensure that water is affordable, state parties must adopt the necessary measures that may include...appropriate pricing policies such as free or low-cost water.”



What CSOs can do to ensure poor people receive affordable water

Checklist 2.17

- ✓ Ensure that water reforms balance economic arguments with social and political considerations
- ✓ Argue for smart subsidies. These are subsidies that aim to increase connections for poor people and provide affordable water for the very poorest
- ✓ Identify and mobilise poor people, ensure that their voices are heard and their needs included when reforms are planned
- ✓ Lobby for flexibility in any water payment system. For example, for frequent small payments for daily wage earners
- ✓ Ensure that reforms include ways of monitoring how affordable water is for poor people and whether they can access it, and that the rich and non-poor pay the right price for water
- ✓ Raise awareness of how public health risks decline for everybody when there is universal access to safe water and basic sanitation
- ✓ Make the case for using government subsidies to pay for water connections for poor people or argue for cross-subsidy from wealthier consumers who receive a higher level of service

vi. Cost recovery

Almost every utility wants to recover its operating costs from its tariff revenue as this helps it work with some financial autonomy. More governments now want utilities which are paying for themselves and not reliant on subsidies from tax

revenues. In this case, tariffs are the utility's only source of regular income.

A utility can also attempt to recover costs for the money it has to borrow, for future improvements and other expenditures. It is a political decision about whether these costs are paid by

the state or by consumers.

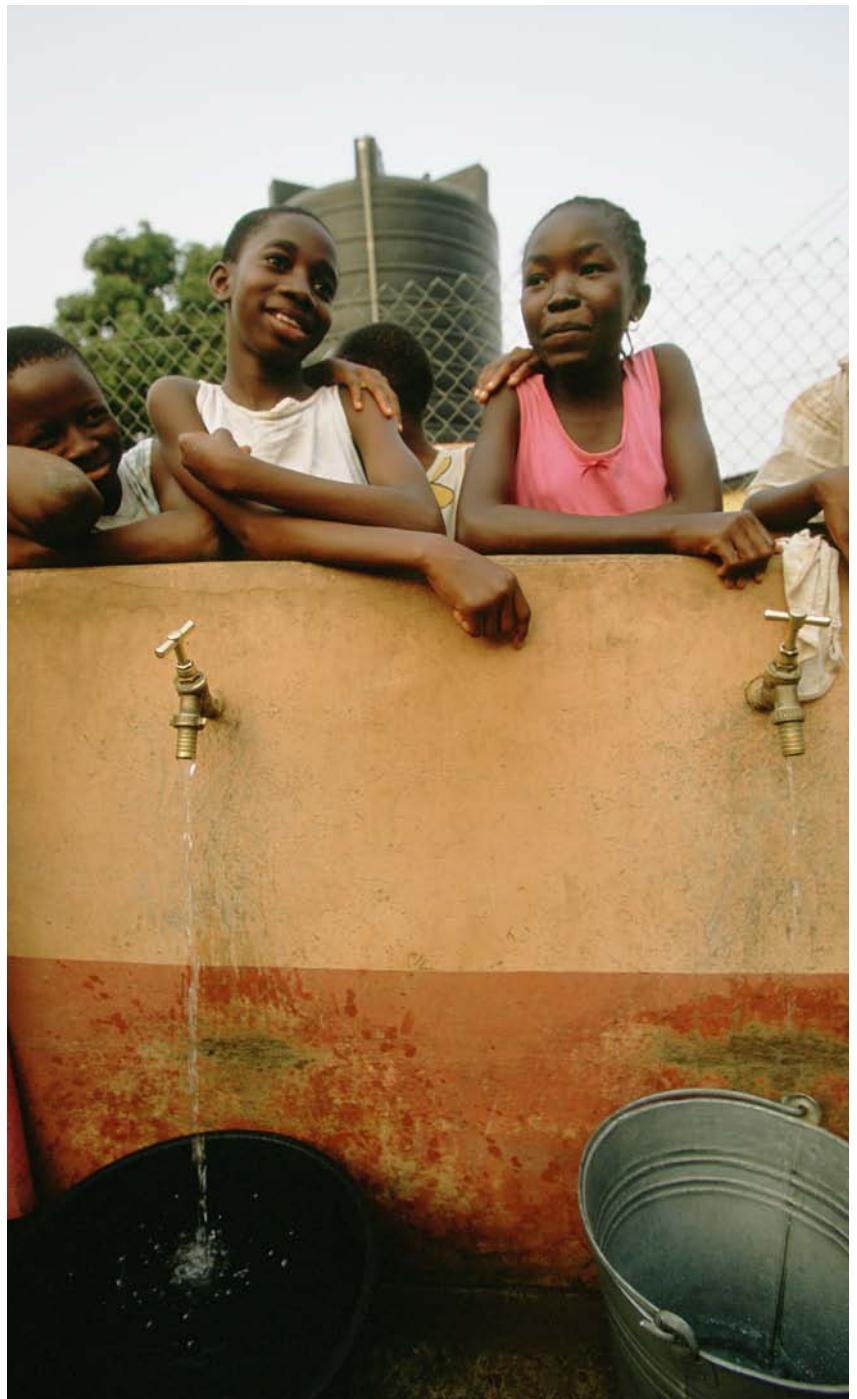
One way to make cost recovery more efficient is to improve revenue collection – both the percentage of water that is billed and the percentage of the billings that are collected. Then there is scope to increase revenues and improve or expand services without a tariff increase.

If people cannot afford a water supply, subsidies may be required from one or more of the following:

- The government, using revenue from taxpayers or industry
- The utility, by borrowing for improvements to the water system
- The international community, via development funds

In summary, the ‘triple A’ test for an urban water system is whether it is:

Affordable – The general assumption is that many poor people do not want to pay for water and that serving poorer neighbourhoods would lead to losses for the utility. This is a myth. Many poor people do pay for water (and usually at a higher price per litre than rich people with water connections) and are prepared to do so for an adequate service. They do, however, require revenue collection systems that are flexible and innovative and fit with the patterns of their personal income flow. On the other hand, many non-poor people are not paying the price they can afford for water. There is a need for equity and fairness, ie treat similar



customers equally and customers in different situations differently.

Accessible – The water supply system is within a reasonable distance of the homes of all residents of the town or city.

A water point in the city of Tamale in Ghana.

WaterAid/Jon Spaull

Adequate – The water supply system provides enough water of a safe quality for enough hours daily to provide everybody with a minimum amount to meet their basic daily need.

Factors to bear in mind when determining how the price of water should be set:

- **Cost recovery** – for the water utility
- **Economic efficiency** – water resources that are available in the town or city are used in an optimal manner by different consumers
- **Conservation of water resources** – water is not wasted by the utility or consumer

A caretaker (left) employed to collect fees per container of water collected in Dhaka, Bangladesh.

WaterAid/Abir Abdullah

- **Equity** – water tariffs are fair for all consumers and services offered by the utility are fair to all
- **Affordability** – every human being has a basic right to access water at an affordable price
- **Simplicity** – tariffs should be easy to explain, understand and administer
- **Enforceability** – water bills need to be easy to pay
- **Ease of payment** – revenue collection systems need to be flexible and responsive to the circumstances of different consumer groups



Exercise 2.3



Revenue collection

Think about the water situation in your town or city. What system of collecting revenues would work best? Divide into two groups. One should consider the pros and cons of different tariffs and the other should do the same for subsidies. Spend an hour listing advantages and disadvantages on a flip chart. Then take a vote on which system you think has more advantages. When the whole group comes together again, be prepared to share your conclusions.

By now you should...

- Understand how an urban water system is set up
- Understand how an urban water system is financed
- Be clear about the advantages and disadvantages of different methods of collecting revenues
- Understand the triple A test of an urban water system



Recap

In the next chapter you will...

Understand management options available to government

3

Management options available to government in reforms

This section explores the pros and cons of the various management options open to governments when tackling water and sanitation reform. They can either plan to turn around public utilities, or choose from a variety of different contracts to engage the private sector in service delivery.

Management options available to government in reforms

Part one: Background

There are two main ways that urban water systems can be run:

1. As public utilities
2. As profit-making private companies

There is also a range of other options such as cooperatives and social businesses, ie businesses that reinvest their profits in the business in order to achieve social goals rather than benefit their shareholders.

The public sector-run utility is by far the most common type of urban water service delivery around the world. However, in many countries, particularly in developing countries, the public sector is criticised for poor service. Several stakeholders agree there is a rationale for both water and sanitation sector supply side reforms. Until recently, the World Bank and other international finance institutions argued four points:

1. There is a need for massive investments in urban water supply, sewerage and sanitation
2. Major changes in the ways water utilities operate are pre-requisites for investments
3. These changes are required urgently

4. Private sector participation, (including its most extreme form – privatisation), would accelerate the introduction of modern management techniques and is the most effective means by which such changes could be introduced

The debate over privatisation and the various incentives for attracting multinational companies and private sources of finance to invest in public water utilities has dominated utility reform since the 1990s.

But things are changing. In 2004, the World Bank said it would lend money to water utilities regardless of what management model they used as long as the schemes proposed were sound.

Increasing attention is now being given to reforming public utilities. Most people have accepted that the public sector is going to be the main provider of water systems in the foreseeable future. Therefore public utilities must be improved if the public are to be better served. Indeed, many of the potential benefits of privatised water systems can be incorporated into public utilities. And as times change, some water systems are beginning to contain elements of social businesses.

Exercise 3.1



Thinking about management models

Before you read any more of this section of the manual, stop and think about why there has been extensive debate about different options of delivering water services: public, private, cooperative, social. What are your initial ideas as to why this is? Brainstorm ideas, as a group, for 20 minutes.

Are reforms pro-poor?

Poor communities need an adequate and reliable supply of water at an affordable price. The central questions for any reform should be whether and how effective it is in improving poor people's access to affordable water and sanitation services. CSOs can judge proposed reforms by considering the key criteria below or issues of concern to the urban poor.

Proposed reforms that are pro-poor should include:

- A priority on expanding the water network to poor neighbourhoods and assisting residents to have connections
- The utility accepting a Universal Service Obligation ie responsibility for serving all of the city or town, especially those areas beyond the water supply network which require service by other methods
- A priority on providing adequate levels of services to poor neighbourhoods
- A guarantee of good quality water
- Tariff reform to ensure affordable prices for poor people and free water for destitute people
- A commitment to higher standards of environmentally responsible water resource management, eg in wastewater treatment and management of urban wetlands
- Stronger management of the water utility, such as:
 - increased financial and management autonomy
 - improving corporate oversight and public reporting
 - setting clear and agreed performance targets
 - increased customer service orientation
- Good governance – expanded opportunities for all sections of the city or town to have a voice in setting investment priorities and guidelines for operations; full and timely reporting on performance etc
- Separation of roles (ownership, operations, policy setting, economic regulation, environmental regulation, finance etc)

- Incentives for management and staff to achieve expanded coverage and improved service levels
-

Part two: Public utility turnaround model

Over 90% of urban water supply services are run as public utilities. Many face difficult management challenges and provide very poor services. Public water utilities are often limited by under-investment and political interference; such factors can be addressed with political will. Many of these public utilities need to be “turned around”, ie improved with reforms.

This is possible.

Evidence shows that public utilities can do well with support, time and autonomy. This has happened in Kampala in Uganda, Tamil Nadu in India, Recife in Brazil and Phnom Phen in Cambodia. With reforms, utilities in these places have expanded their services to reach more

people, moved towards cost recovery and reduced the amount of water lost through leaks.

i. Advantages of public utility turnarounds

- New knowledge and skills developed during the reform process are more likely to stay in the country if management of the water utility remains with the public sector
- A public utility will respond to unanticipated issues and events during the reform process in a manner that serves the national interest. The private sector will perceive these as beyond its contract and seek more money



A communal water point in the city of Gwalior in the Indian state of Madhya Pradesh.

WaterAid/Marco Betti

Box 3.1 - Conditions for public utility turnarounds

- A willingness among management, staff and the board to be self-critical, to acknowledge their shortcomings and be open to change and reform
- Development of a social vision to prioritise democracy, engaging local communities and avoiding security threats, such as riots and protests, induced by imposing unpopular policies
- Accurate information on the utility's systems, operations and assets and use of this information to manage the service better
- A strong, capable board of directors with an appropriate “arm’s length” relationship to government
- Better management of utility staff that encourages initiative and gives frontline staff more powers
- Incentives for staff to meet or exceed performance targets
- A commitment to bring in fresh solutions to old problems and abolish rules and procedures that hinder good service
- Recruitment of new staff with better professional and organisational skills, and capacity building and training for current staff
- Recognition of the rights and responsibilities of consumers as well as less tolerance of irresponsible behaviour by consumer
- Improved dialogue with customers, and better customer service, such as quicker repairs of leaks
- Better communication to the public of how the utility is performing

ii. Challenges in public utility turnarounds

- Changes to turn utilities performing poorly around won’t happen overnight. They may perhaps take longer than

a private sector management contract, but the reforms are likely to be based on local values and culture and be more sustainable

- Theory needs to be put

into practice and a sense of urgency adopted – but a realistic schedule is key. Support might also be needed from other public utilities or consultants

- Leaders capable of making change happen need to be selected and supported by their board
- Public water utilities can be undermined by excessive bureaucracy as they tend to be modelled on governmental ways of managing people,

programmes, budgets, investments etc

- Sometimes public utility staff are appointed on grounds of nepotism and politics rather than because they are the right person for the job
- Public utility trade unions may resist change; they have to be brought along in the reform process
- Need to redress insufficient pay for utility workers

Questions CSOs can ask about turning around a public utility



Checklist 3.1

- Q** Who manages the water system in your town or city? Is it a department of government or an autonomous utility? On what basis is it set up, ie is it a corporation?
- Q** What are the water utility's stated aims? Does it have a performance agreement?
- Q** Does the utility have a document that sets out what its commitments to consumers are?
- Q** How is it regulated?
- Q** Are there benchmarks and/or targets?
- Q** How many staff members does the utility employ?
- Q** How much independence does the utility have to manage its work?

How to find out answers to the above:

- A Read relevant legal documents
 - A Contact the water ministry
 - A Contact the regulator
 - A Contact the utility
 - A Contact trade unions representing water utility staff
 - A Contact the development bank or donor supporting reform
-



Checklist 3.2

What CSOs can do to find out more about public utilities

- ✓ Find out if government interferes with the utility's management
 - ✓ Find out how interference occurs and the implication for the utility's efficiency
-

Part three: Private sector management model

Private sector participation (PSP) in urban water sector reforms is highly controversial. This manual does not set out to recommend or oppose it. That's a choice to be made by CSOs based on the situation in your local area. However, it's important that CSOs have an understanding of the various PSP options and how this works if the government strategy is to adopt Public-Private Partnership (PPP) options for water and sanitation reform.

i. How PPP/PSP management options work

A private company is contracted and paid to help a public utility deliver a water system. This should relieve some of the responsibility from the public utility so that its staff can focus on what they can do well or learn how to better perform on what is required. There are five major ways in which a private company might be contracted to provide its skills and knowledge in the management of a water utility. These are discussed below.

The sixth PSP option - privatisation

- is rarely adopted, though is the most controversial, option of PSP. Under this, a private sector company acquires the assets of the water utility leading to the transfers of ownership and control of the utility to the company. The private company operates as a wholly private entity, but subject to government regulations.

It is important to avoid confusion over the different contract types as advocacy issues will be quite different for each.

Five major ways in which a private company might be contracted to provide its skills and knowledge in the management of a water utility:

1. Service contract

The private sector assumes responsibility for specific tasks such as installing or reading meters, repairing pipes or collecting revenues. They receive a fixed fee for doing this.

2. Management contract

The private sector company typically has responsibility for providing a senior management team to manage all the operations and maintenance of the water utility. For this they either receive a fixed fee or a fee plus performance-related payments based on set targets.

3. Affermage contract

The private operator takes responsibility for the operation and maintenance of the water

system's infrastructure, but the public sector usually retains responsibility for investing in the system. The private company is paid an 'affermage' fee by the contracting authority which is based on the volume of water produced or sold.

4. Lease contract

The private operator takes responsibility for the operation and maintenance of the water system's infrastructure but the public sector retains responsibility for funding future investments. The private company pays rent to the public utility to cover the costs of the infrastructure.

5. Concession contract

The private sector is given a long term right to use all of the utility's assets and take responsibility for all operations and investments. At the end of the contract, the government will take back ownership of the water utility and own everything that the private sector operator may have introduced to the system. The private sector company collects and retains the revenue of the water utility during the concession period. No revenue is paid to government during the period of this contract.

ii. Advantages

- Under affermage and lease contracts the private sector operator is usually rewarded for increasing the volume of water sold so there is an incentive to increase the number of connections. This prompts the operator to look for ways to connect the unconnected (predominantly the poor). Under concession contracts too, there is a potential incentive for service expansion, as long as revenues cover the cost of new connections. If they are given the right tools and incentives, private sector operators can be very willing to serve low-income consumers
- The private sector company may bring managerial expertise, specialist skills and new technology to the sector. For example, they may have state-of-the-art billing methods, leak detection equipment and bring a focus on consumer service
- Working under a demanding contract can make the private sector company more efficient. Incentives can be established for reducing leaks, improving billing and collection, and better customer service
- Private operators may help protect the utility from political interference
- A private operator with a good credit record can support the case for loans and grants for investment in the water system

iii. Challenges

- Under management and lease/affermage contracts, the government makes almost all major investment decisions. Clear and robust government policy is key to making sure that services reach the poor
- Under a concession contract the private operator makes more of the decisions. However, tariff decisions must be approved by the regulator. Obligations to provide subsidies (such as low tariffs for certain types of customers) may still be imposed on the private sector company
- In management contracts, the private sector operator is not usually given responsibility for expansion, tariff setting or level of service. Under a lease contract, the private operator keeps the difference between the tariff revenue and the fee they pays to the authority – which means there is little incentive to serve low tariff-paying customers
- As this business model is profit-based, the operator has to be encouraged to be pro-poor and made to do so through policy, regulation, legal reform, contract design and compensation. These are usually weak in developing countries
- Many of the utilities that were involved in some form of PSP in the 1990s have now

collapsed under the weight of economic downturns, debt from unrealistic bid proposals and risk assessments, difficult political relations with host governments, foreign exchange fluctuations and civil society campaigns

- Multinationals often run management contracts but their performance does not always meet expectations. This has fuelled speculation that the main reason for promoting PSP has not

been to improve services, but to provide an opportunity for profit. The private sector operator earns a lot of money even though they don't usually provide a large professional staff

- Putting together the contracts for PSP is complex and requires sophisticated legal knowledge and government resources. Many contracts are renegotiated before their term is completed

Box 3.2 - Conditions for making PSP-based water reforms work

In practice, establishing PSP is controversial and fraught with difficulty and disappointments for all stakeholders. There are important conditions for making PSP work that exceed those required for reform of a public utility. Unfortunately, in most reform situations these are missing. They include:

- A clear government vision of what PSP will achieve
- Robust water sector policy reflected in contract conditions, including strong policy in terms of serving the poor
- An “unbundled” utility which has its assets, operations and regulatory functions separated
- A competent, confident and independent regulator, free from political interference
- A commitment from government to monitor how private sector companies comply with their contracts and deal with unexpected outcomes and changes in circumstances
- The availability to the private operator of information on the utility infrastructure, networks, management and technical challenges
- Government officials able and available to oversee the design of the contract, define the appropriate roles for the private sector and ensure a value-for-money selection of the contractor
- Members of the public who are alert enough to scrutinise reforms

Box 3.3 - PSP: WaterAid's position on PSP

- Privatisation or PSP should not be imposed on poor countries through aid conditions, trade rules or conditions for debt cancellation
- National and local governments are ultimately responsible for providing their citizens with water and sanitation. They should make the decisions on how services are provided in their country in a transparent way that involves local communities and others
- Even where the private sector is involved, ownership and control over water systems and water resources should never shift from the public to the private sector
- Solutions should be pro-poor, affordable and sustainable
- All service providers (whether public, community or private) must be regulated and their performance monitored to ensure they are accountable. Ideally this should also involve service users
- Local people must have their say in the provision of their water and sanitation facilities
- The role of small and medium size private water providers (whether for-profit or not-for-profit) must be acknowledged and regulated. Poor people often rely on these providers as their only or main source of water



Questions CSOs can ask about PSP

Checklist 3.3

- Q** Is there PSP in the management of the water utility in your town or city?
- Q** If not, might there be in the future?
- Q** If there is PSP, what type is it – a multinational company, private company from your own country or small scale independent providers (SSIPs)?
- Q** What type of PSP contract exists or is being planned? There are many types of contract under which a private operator can be engaged – make sure you understand the differences

Questions CSOs can ask about PSP (continued)

- Q** What was/will be the arrangements for bidding for and the award of the contract?
- Q** How transparent is the process?

How to find out answers to the above:

- A** Read relevant legal documents
- A** Contact the water ministry
- A** Contact the utility
- A** Contact the development bank or donor supporting reform
- A** Contact trade unions representing water utility staff
- A** Contact the regulator
- A** Read the utility's plan
- A** Contact the state asset holding company
- A** Get hold of the private sector contract

What CSOs can do when a PSP approach is proposed

-  Campaign for the extension of services to poor communities and subsidies for connecting the poor in private sector contracts
-  If the government has promised to invest in water systems find out where that investment will come from. Government investment offered under a management or lease/affermage contract is dependent on the government actually having



Checklist 3.4

access to sufficient funds for the investment

- ✓ Press the government to make public the contract, or at least key provisions relating to operator performance targets benchmarks and pro-poor targeting
- ✓ Find out if private sector contracts allow operators to drive out SSIPs. These are often important service providers for the poor but may be squeezed out as networks expand
- ✓ Push for private sector operators to have customer service oriented targets for water quality, hours of service, water pressure etc, rather than internal targets like specifying type of pipe, diameters, depth of trenches etc. This will give operators room to explore innovative solutions to low-cost service options
- ✓ Understand the arguments for PSP, what the main forms of PSP are, how PSP fits into overall reform, and what the implications of PSP can be for the poor
- ✓ Examine the issues and decide whether your campaigning will take the form of outright opposition to PSP, lobbying for changes in the contract to make it pro-poor or monitoring compliance
- ✓ Share your expertise with private sector staff and ensure, before their contract ends, skills are transferred to the public utility

Case study 3.1 **Senegal - Private sector reforms**

In 1995, Senegal undertook major reform of its urban water supply sector. The bankrupt public sector utility that had managed water supply in urban areas since 1983 was dissolved, and a new State Asset Holding Company was created to manage the sector.

The government engaged a private water company to run the production

and distribution systems under a 10-year affermage contract combined with incentives to reduce leakages, improve billing efficiencies etc. At the time of the reform, over a million people living in urban areas had no access to water from the network at all, and over 850,000 used public stand posts to obtain their water.

The private sector operator was paid depending on how much water it sold. There was therefore an incentive to add more customers to the network, including those who were poor. The government paid the operator for making new connections. This fee covered the operator's costs and allowed for a margin of profit.

Over 60,000 subsidised "social connections" were installed by the operator between 1996 and 2002. Extensions to the network, paid for by the State Asset Holding Company and implemented by the operator, also benefited the poor when they were laid in low-income neighbourhoods – the only areas that remained unserved. These extensions increased the number of tapstands and averaged over 150 kilometres per year.

The Philippines - Private sector reforms

Case study 3.2

In Manila, the management of water delivery was handed over to the private sector through two concession contracts, one for each half of the city (East and West Manila) in 1997.

The contracts included coverage targets, and the operators are allowed to use innovative technology and SSIPs by virtue of what the contracts do not say: they do not contain strict standards for what constitutes a connection and do not disallow third party provision.

Households served through means other than conventional connections can still be added to the population that counts as "covered" so there are incentives to include the poor to meet coverage targets.

In a densely-populated, hard-to-reach slum area known as Bayan Tubig, an underground water line was installed to carry water to the edge of the neighbourhood. The line connects to many meters from where each homeowner makes his or her own connection through small diameter plastic pipes. Responsibility for maintenance of the plastic pipes lies with the customers. This transfers the cost of leakages to customers.

Although the concessionaires for West Manila collapsed, the East Manila

Case study 3.2 (continued)

concessionaire, Manila Water Company, had recorded the following improvements by 2007:

Net income – an increase from P558 M in 2002 to P2,419 M in 2007

Non-revenue water – decreased from 63% in 1997 to 23% in 2007

Water coverage – an increase from 58% in 1997 to 99% in 2007

Staff per 1,000 connections – decreased from 9.8 staff members in 1997 to 1.6 in 2007.

Exercise 3.2



Conditions for making public sector water reforms work

Consider the information in the box entitled “Conditions for making public sector water reforms work” on page 65. How many of these conditions do you think could be met by your town or city at the moment? If the condition is not met, what would need to happen for the situation to improve? Go through the conditions one by one and debate these questions as a group.

Exercise 3.3



Private sector participation (PSP)

Split into four groups. Each group should discuss what the main forms of PSP are, how PSP fits into overall reform and what the implications of PSP can be for the poor. One person can take notes on a flipchart to present to the rest of the group. When the groups come together again, work together to decide whether your campaigning will take the form of outright opposition to PSP, whether you’ll lobby for changes in the contract to make it pro-poor or monitor compliance.

Part four: Social business management model

Water utilities are like businesses. They need to perform well or they can cause harm to their customers, the economy and municipal authorities. They must provide a service ideally

on a 24/7 basis or as close to that as possible, to an expanding number of people, who often demand increasing volumes of water. They have to pay for their staff, infrastructure and equipment, power supplies and operations. Utilities are, therefore, complex.

To manage such complexity requires smart management, a motivated and well-equipped workforce, adequate cashflow, available credit, efficient billing and collection, management information, excellent customer service and care, a vision and plan. All of these elements can also be found in businesses.

But a water utility is more than a business because it manages a resource that is both publicly-owned and essential for life. The product – water – is sold without competition, as a monopoly. It has a significant bearing on social objectives such as poverty reduction, school attendance and public health. Extracting water from natural sources and its subsequent disposal after

use has significant environmental implications. Such responsibilities bring a level of expectation, regulation and accountability that no private sector business faces.

This is why public water utilities can be a good example of social business. A social business can earn a profit. But the investors who support it do not take any profits out of the company; rather they reinvest these funds towards achieving its social goals.

Public utilities require a new business model to succeed. Elements of such a model are emerging as more utilities see water as a human right which should be affordable to all.

What CSOs can do to make the social business model work

-  Help public utility managers recognise their unique role as both a business and provider of an essential social service
-  Ensure the social business concepts and ethos are part of reform discussions and proposals
-  Argue that the right staff recruitment and performance contract procedures are essential if the utility is to put in place a professional and competent management and workforce
-  Argue that any reforms should aim to make public utilities improve their performance and deliver affordable services to poor people living in your town or city



Checklist 3.5

Part five: Conclusion

i.Three guiding principles for pro-poor contract design

1. Expansion

It is often poor people who aren't connected to the water supply, so it's in their interests if utilities expand their networks.

But governments often lack resources to finance network expansion to poor neighbourhoods. Some operators may be reluctant to invest in poor neighbourhoods' water systems. They fear the risk of non-payment or think they will make less revenue per connection than in other areas because poor people are perceived as low volume consumers.

However, network expansion can be encouraged by all private or public sector contracts. Concessions may, in theory, have an advantage in attracting large-scale private investment but this is not common in practice. Operators can be given targets and incentives to extend coverage to the poor, but they need to be able to identify poor areas in order to do so.

Good tariff policy and specific bonus payments will encourage operators to find ways to help poorer consumers such as subsidising connection charges and offering credit.

2. Multiple providers

Alternative water providers may be able to provide a more appropriate level of service to poor consumers or provide service until such time as network expansion occurs.

Exclusivity can prevent alternative providers from working in an operator's service area, or from serving certain categories of customers.

Contracts that only allow one operator to deliver water to a community stop alternative providers from offering services which might be better suited to poor people. Exclusivity clauses in private sector contracts should therefore be avoided. If some type of exclusivity is necessary, it should be restricted to network services. Coverage should be defined in a way that encourages operators to collaborate with alternative providers where they are able to provide similar services at lower cost or sooner.

3. Multiple service levels

Technological innovations can reduce costs and hence the price of service to all consumers, including the poor. Conventional service may not be possible at all in some poor neighbourhoods.

Rigid standards, for example on what size, type and supplier of piping should be used, limit the choice of technology, and reduce incentives for the development of innovative solutions.

Standards are often an effective mechanism for bringing about improved service quality, but if badly designed can hinder network and off-network provision in poor areas.

Input standards are warranted under certain contractual forms, but they may stifle innovation. Where possible, it is better to use output standards and leave the operator to decide about means, materials and methods.

It is important to set minimum standards on water quality, quantity, pressure and continuity, but flexibility can be allowed in how these are met.

ii. Common ground

Regardless of the management model in place for urban water systems, governments have a responsibility to ensure they are well managed and committed to continual improvement in service levels and expanding connections. All utilities should be accountable for their performance and have sufficient independence to be able to manage their operations to the best of their ability.



driver of change but that which favour locally-made choices that commit to real improvements in services to the poor and consider how these may best be met.

There is a role for the private sector, but this should be decided by national governments through a transparent process that allows local communities to have their say.

There is not one single solution to ensuring everyone gains access to water and sanitation, so it is impossible to say in general terms whether it is a good idea for private, public or community organisations to be involved in the delivery and management of services.

Each circumstance must be looked at individually and a suitable pro-poor, affordable and sustainable solution found to fit each community.

A water kiosk run by the government water company Jirama in Antananarivo, Madagascar.

WaterAid/Marco Betti

iii. Management options

Nations, cities and towns should be able to take an informed decision about which of these approaches (or blend) make best sense for them at the time of reform. A pro-poor perspective does not support decisions that see profit as the main



What CSOs can do to encourage the best model of urban reform

Checklist 3.6

- ✓ Find out whether reform models include:
 - A priority to expand the water network to poor neighbourhoods and assist residents and communities to have connections
 - A responsibility for serving all of the city or town, especially those areas beyond the water supply network who will require service by other methods
 - A priority to provide adequate levels of services to poor neighbourhoods
 - A promise to provide good quality water for all users
 - Tariff reform to ensure affordable prices for poor people and free water for impoverished people
 - A commitment to higher standards of environmentally responsible water resource management, eg in wastewater treatment and management of urban wetlands
 - Better management of the water utility
 - Better opportunities for all sections of the city or town to have a voice in setting investment priorities and guidelines for operations
 - Separation of water system roles (ownership, operations, policy setting, economic regulation, environmental regulation, finance, etc)
 - Incentives for management and staff to achieve expanded coverage and improved service levels
- ✓ Make the case for the ultimate goal of the reforms to be water coverage for all

- ✓ Understand the risks and benefits of different reform options and share this analysis with communities, government and utility staff
- ✓ Build on the global experience of urban water reforms
- ✓ Make the case for adequate preconditions for successful reform to be in place and try to understand the characteristics of a well-performing utility

Exercise 9



Choosing a water management system

What water management system would work best in your town or city? Divide into three groups. Each group should take a different model: the public utility model, PSP and social business. How would the models work in practice in your town? Spend an hour coming up with pros and cons and then share this information with the rest of the group.

By now you should...

- › Understand the debate around public and private management delivery of water supplies
- › Have an understanding of the social business mode
- › Be familiar with management options
- › Be aware of the pros and cons for each management model



Recap

Next steps...

Understanding governance and relationship with consumers

4

Governance issues and water sector partnerships in reforms

This section explains the importance of good governance of water and sanitation services. It explores how CSOs can work to improve governance, particularly by working to increase transparency and accountability in the sector.

Governance issues and water sector partnerships in reforms

Part one: Governance issues

Before we talk about governance issues, it's helpful to spell out exactly what we mean by "government" and "governance".

Government is the structure of a country that, in the context of this manual, is responsible for:

- Setting laws and policies – including those that relate to the development and management of resources such as water
- Establishing organisations and frameworks – to regulate the development and management of water, accommodating the needs of various stakeholders
- Enabling basic services such as water and sanitation to be delivered
- Finding ways of getting consumers of water – farmers, business, and households – to work with those providing water services

Governance is the process through which individuals and groups of citizens articulate their interests, exercise their legal rights, meet their obligations and mediate their differences. It is intensely political; it recognises that power exists inside and outside formal authority and the

institutions of government.

i. Why we're talking about good governance

Local people, who make up most water consumers, need to have a say in the governance of urban water utilities. Their voice is important along with that of elected policy-makers and appointed regulators.

For civil society organisations (CSOs), the biggest challenge is how to make relevant information easy to understand so that it can be shared and discussed. For consumers, the challenge is how to understand the water system, how it is governed and how service providers can be held responsible for the adequacy of the services they provide. This section is designed to help CSOs in both of these areas.

ii. Political interference

Water is a political issue. Citizens rightly look to politicians for improvement in their water services. Politicians recognise the political benefits that arise from improving and expanding water supplies. There is a difference, however, between the need for political decisions relating to how the sector is governed, and political interference.

Examples of political interference:

- Reducing tariffs or making promises to do so, in order to win elections or for short-term gain
- Rewarding political supporters with jobs in the water utility when they are not the best people for the role
- Influencing the award of contracts to companies connected to politicians or parties
- Directing new investments to well-served but politically sensitive communities rather than to poorly-served areas that vote for another party or do not vote at all
- Going for ‘glamorous’ high technology engineering schemes (eg projects to reverse river flows or reservoir construction) instead of more basic but more appropriate and cost effective repair and maintenance options
- Not providing services to informal settlements where ‘unpopular’ groups may be settled
- Ignoring the needs of sanitation in favour of drinking water services
- Ignoring the possibility of organising a more holistic water system to improve people’s health and livelihood opportunities

Exercise 4.1



Misguided political interference in Lima, Peru?

First read the case study below. Then, in small groups discuss the options politicians had to improve the situation other than reducing tariffs.

Lima is the world’s second largest desert city with a population of approximately eight million. But unlike the largest desert city, Cairo in Egypt, it does not have a large supply of water. This has created many problems. The Andean glaciers are shrinking, the water table is dropping by around one metre a year and a poorly maintained water supply system is contaminated by wastewater. Interruptions of supply are common and many poor people do not receive piped water or sewerage.

The municipal service requires a major injection of money to fund improvements. Tariff increases have been overruled politically on the grounds that they would be harmful to consumers. In fact, during the mid-1990s, tariffs actually declined. If the water table continues to drop, turning the water saline, and cross-contamination worsens because of poor maintenance, will consumers thank politicians for keeping tariffs low?

iii. Policy making

Water sector policy making is often shared between central and local government with legal obligations set by national government. Policies extend beyond consumer matters, such as tariffs and coverage, and include environmental concerns and resource management – for example, licensing extractions and river basin management.

iv. Asset ownership and system management

In almost every nation, water supply assets are owned by government. However, water management may be split between several organisations, each with its own role. One agency may own the equipment while a water utility runs the system and a river-basin authority and regulator oversee the process.

CSOs can help people to understand the various systems by spelling out the roles of central, state and local governments and their agencies.

For some towns, there is one dominant, official provider. In addition, various businesses will provide water supplies where the official provider cannot reach. These small independent providers are also important and should be included in discussions and negotiations.

v. Finance

Funding for water utilities may be provided by national or local government, donors or banks – international finance institutions (IFIs) or commercial banks. The financial

institution therefore has a stake in the utility and is represented in its governance structure, at least in the form of audits. That means they will audit or receive audits from the utility as a form of ‘upward accountability’. Customers and taxpayers also have a legitimate role as financiers - it is their money that is being used to provide the service. Very few systems of ‘downward accountability’ for customers currently exist.

vi. Regulation

This refers to the monitoring of the economic and environmental performance of the water utility. Economic regulation covers things such as tariff levels and structures. Environmental regulation covers everything from how much water can be taken from nature to pollution control and pollution permits. The water utility should be subject to regular audits and comply with legal framework. Audits provide an independent view of any abuse, waste or corruption.

There are various approaches for regulating a utility. Increasingly, countries are coming up with ways to include the public in regulating how water utilities are being managed. For example in Brazil, India and Kenya the public help set priorities for budgets and have their say on specific decisions about how the water system is extended.

There are increasing calls for independent regulation of public sector utilities. This might mean independent regulators setting

performance indicators for the utilities.

vii. Transparency

The details of urban water reform packages are often discussed in a secretive process by a small number of senior civil servants and external funders. These ideas are not shared with residents and consumers, and most of the time utilities and city authorities are not involved in their

design. Even parliaments sometimes have no or limited opportunity for discussion and input.

One important tool to help with transparency is an annual report from the utility, which should be published within a reasonable time at the end of each year.



Checklist 4.1

Questions CSOs should ask about transparency

- Q** What are the main agencies and institutions involved in water supply and management?
- Q** How is the utility governed? Who is it governed by?
- Q** Is there an independent regulator?
- Q** What is the regulator's role?
- Q** Does this body regulate service levels, tariffs, and water resource management?
- Q** Is the utility audited?
- Q** Does the utility, the regulator, water resource agency publish annual reports of their operations?
- Q** What systems exist for accountability to citizens?



Checklist 4.2

What CSOs can do to improve transparency

- ✓** Establish solid relationships with ministries, municipalities and utilities to find out if any water reforms are already

planned. Work with the media to call for early discussion of the reforms before decisions are taken



Checklist 4.2 (continued)

- ✓ Find out who the key decision-makers are and how to reach them with your messages. Write useful, clear and constructive letters and send them to all stakeholders
 - ✓ Details of the water reform process must be made public at certain points. Use this opportunity to have your say even if it's resisted or diluted by government
 - ✓ If World Bank loans are involved then lots of useful information will be posted on their website. Contact the World Bank Task Team Leader and CSO liaison staff for your country and arrange a meeting to discuss your proposals for engagement in reform debates and discussions
 - ✓ Be a watchdog ensuring that any services that are promised are delivered both to the poor and to citizens in general
-

What poverty CSOs can do to improve transparency



Checklist 4.3

- ✓ Help poor communities get the services they need:
 - Inform people of the services available to them
 - Piloting pro-poor water supply mechanisms and share learning with the utility
 - Supply services to the utility such as community mapping, organising communities into different water user groups and even directly supplying water
 - Monitor services and make sure there is a complaints procedure, feedback mechanisms and basic customer care
- ✓ Liaise between government and poor communities informing them of options available and identifying key issues which will affect them



Checklist 4.3 (continued)

- ✓ Sit on the regulatory body or utility's board of directors and advise on progress and impact of services on the poor
- ✓ Participate in reviews of tariffs, subsidies, investment plans, policies, to act as a voice for the poor

Case studies of improving transparency

- In Zambia, the Zambian Consumers Association (ZACA) has a seat on NAWASCO, the water regulatory body. ZACA also participates independently in tariff review consultations.
- In Senegal, the association formed to represent water, electricity and telecommunications consumers has a seat on the Asset Holding Company which manages water and sewerage infrastructure.



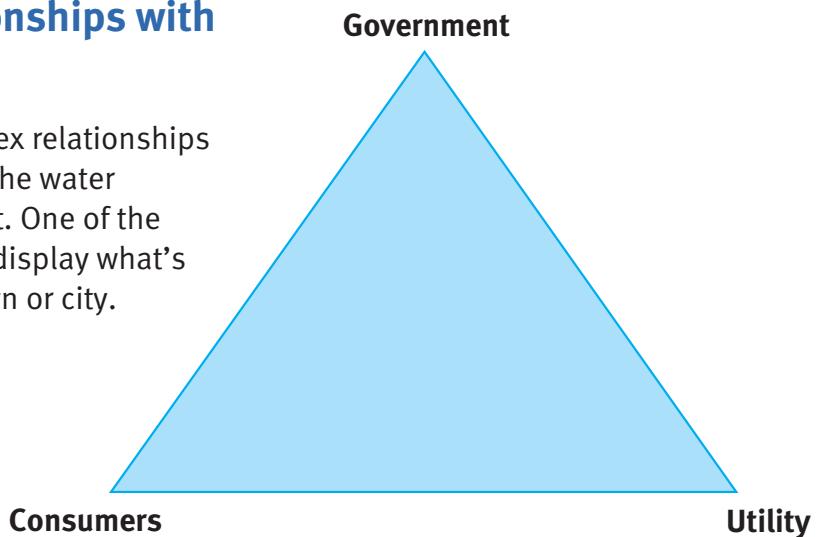
Checklist 4.4

What consumer organisations can do

- ✓ Sit on the regulatory body or utility's board of directors and advise on the progress of service delivery and impact on consumers
- ✓ Participate in reviews of tariffs, subsidies, investment plans, policies etc, representing consumers

Part two: Relationships with consumers

There are often complex relationships between consumers, the water utility and government. One of the two diagrams should display what's happening in your town or city.



The triangle demonstrates:

The short route to accountability

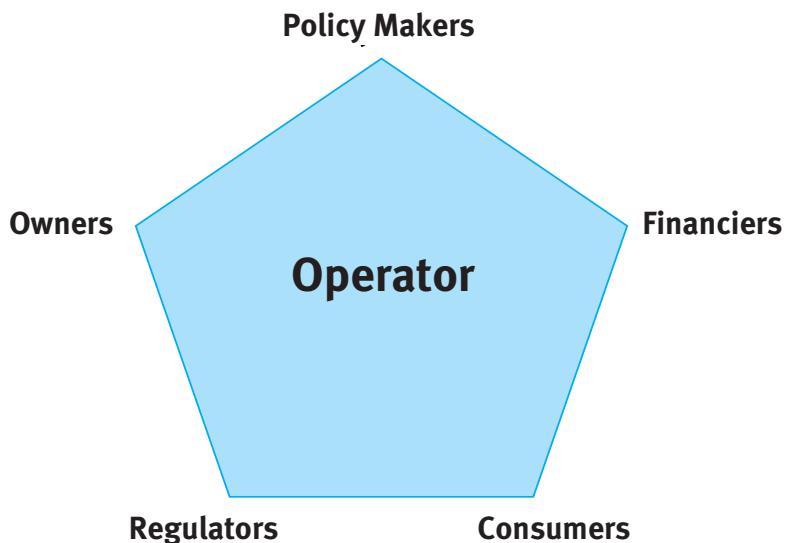
- direct communication between utilities and consumers with water provided in exchange for payment.

The long route to accountability

- indirect communication between citizens via politicians who can exert political influence on the utilities on behalf of consumers.

Some bodies will combine functions set out in the pentagon below. For example, local authorities may combine the roles of utility owner, regulator, policy-maker and financier – and even consumer.

Regardless of what the system in your town looks like, the point is that a well-performing, progressive water utility has good customer service and accountability systems in place for all of its consumers. This gives consumers rights.



Questions CSOs can ask about consumers' rights

- Q** Is there a unit dedicated to serving poor customers?
- Q** Are there flexible payment arrangements that make it easy for poor people to pay their water bill?
- Q** Can consumers make complaints easily?
- Q** Is there a place where customers can make complaints?



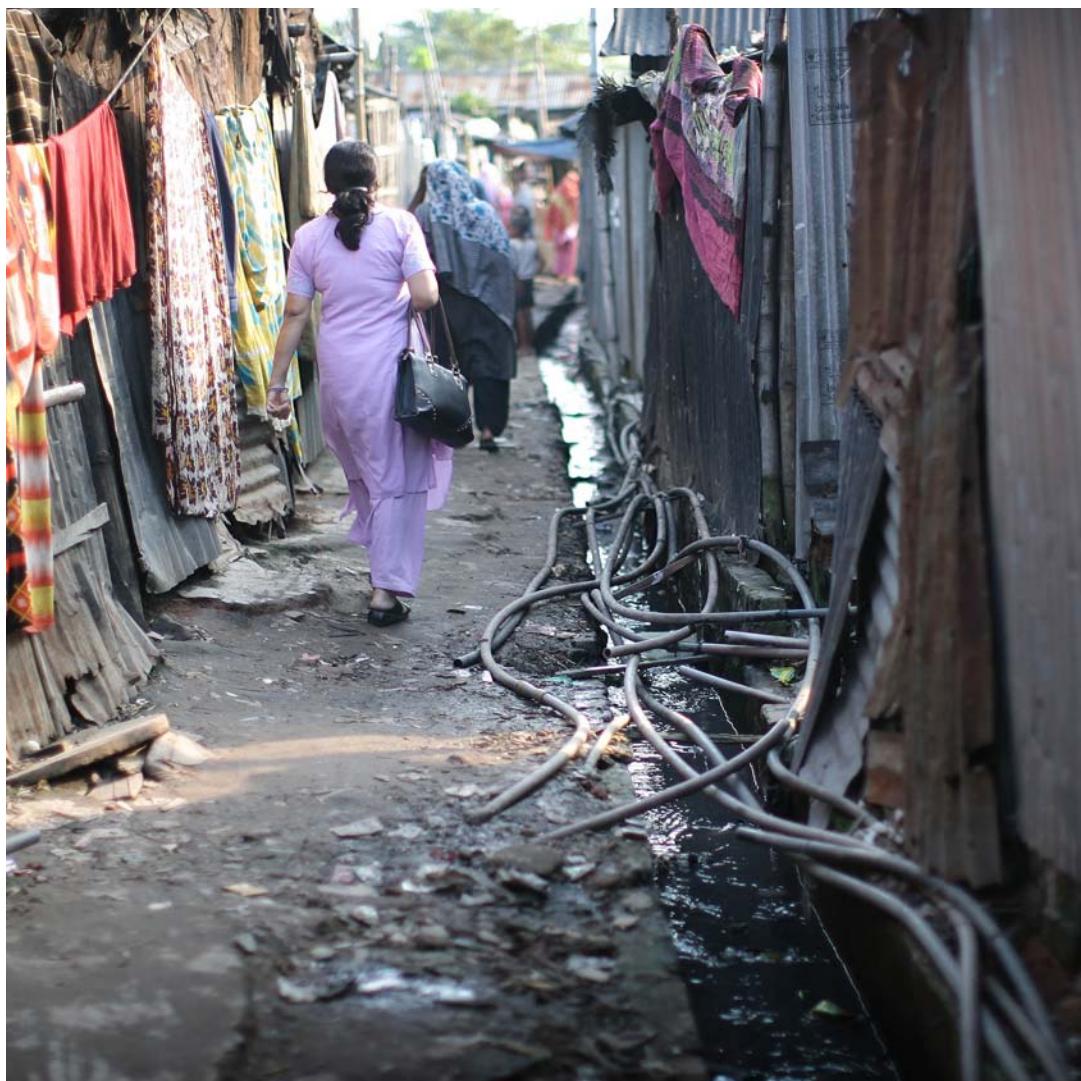
Checklist 4.5

If not, what is the government process to develop an independent regulatory function?

- Q** Do customers know where and who to complain to?
- Q** Does the utility respond in a reasonable amount of time? Are customers happy with the response they get?
- Q** Are bills delivered in a timely manner? Is billing frequency reasonable? Are bills usually correct?
- Q** Does the utility have benchmarks for number of complaints, response time etc?
- Q** Do consumers feel they have rights as customers of the service?
- Q** Is there a utility performance agreement and customer charters? Are these in the public domain?

How to find out answers to the above:

- A** Check utility performance agreements and charters, obtained from the utility
 - A** Contact the regulator
 - A** Contact the water ministry
 - A** Contact the utility
 - A** Check relevant surveys
 - A** Interview customers
 - A** Liaise with consumer organisations
-



A tangle of pipes supplies water to unofficial water points in the Korail slum in Dhaka, Bangladesh.

Charlie Bibby/
Financial Times

Consumers have responsibilities too

At the same time, consumers have responsibilities as well. Responsible

customer behaviours, like paying bills on time or not wasting water, can help a utility perform well and focus its resources on expanding coverage and providing higher levels of service.

Questions CSOs can ask about consumers' behaviour

- Q** Do customers pay bills on time?
- Q** Do customers tamper with or remove meters?
- Q** Are leaks reported?



Checklist 4.6



Checklist 4.6 (continued)

- Q** Is water being illegally diverted for personal use, sale or non-domestic purposes such as irrigation?
- Q** Is there a water demand management programme for the city?

How to find out answers to the above:

- A** Check utility records
- A** Observe what's happening in local communities
- A** Interview consumers

What CSOs can do

Promote good communication between utility staff and communities by allowing each to describe their current problems, what they'd like to see the other do and how they can better work together in the future.



Recap

By now you should...

- Have an understanding of the main governance issues
- Think about ways to develop good relationships between consumers and water utilities

In the next chapter you will...

Understand issues, problems and actions concerning sanitation and sewerage

5

Sanitation and sewerage: Issues, problems and actions

This section summarises the problems caused by poor sanitation, examines why sanitation is a neglected issue, and suggests ways CSOs can engage in sanitation and sewerage reform.

Sanitation and sewerage: Issues, problems and actions

Part one: Issues

i. An important intervention

Inadequate sanitation management is often seen as an outcome of poverty. It is not viewed as something that can

reduce poverty. Evidence shows that providing people with sanitation and water services and promoting hygiene brings about greater improvements in public health than any other single intervention.

Case study 5.1

Investment in sanitation in South East Asia

In the 1960s, Singapore, Korea and Malaysia national development plans gave sanitation a higher priority in government spending, often over and above health and education. This contributed to the phenomenal developments in these countries during the post-colonial period.

ii. Sanitation can drive local economic development

Improving sanitation can drive local economic development. Making basic sanitation and hygiene services part of policies and programmes for urban development or improving slums can create jobs and generate economic activity while improving people's daily lives.

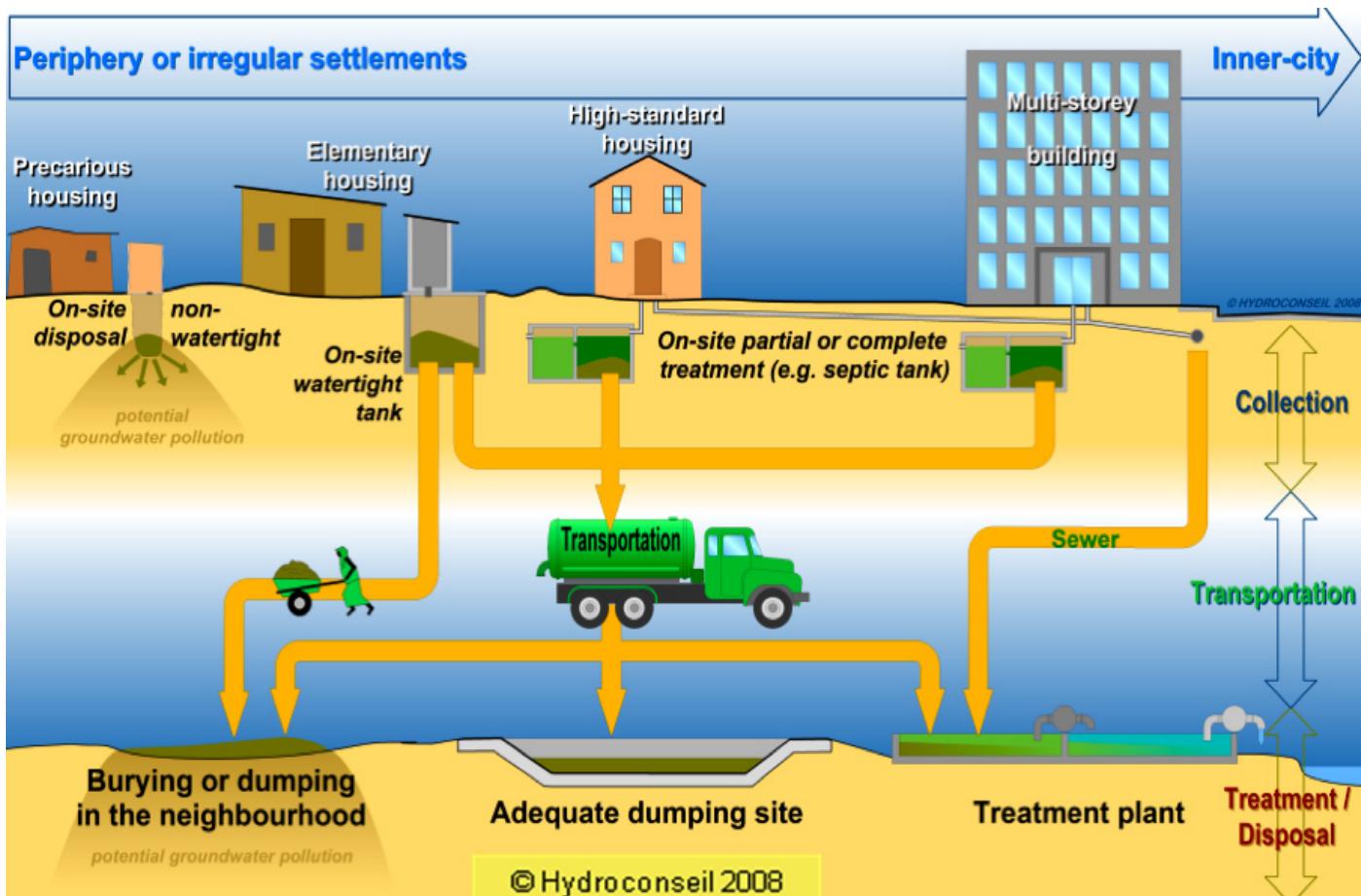
iii. Sanitation is not a right enjoyed by everyone

Nearly 40% of the world's population are "sanitation-stressed". They might use plastic bags to go to the toilet in, defecate behind a bush or use a dirty and dark latrine.

iv. Millennium Development Goal (MDG)

The sanitation MDG seeks to halve the proportion of people without access to basic sanitation between 1990 and 2015. To achieve the target an additional 285,000 people around the world need to gain access to basic sanitation every day from now until 2015 – a 90% increase in progress over the last 15 years.

If this target is to be met, the speed of improvements will need to increase. National and municipal authorities need to mainstream basic sanitation services within urban development programmes. They need to clarify how the sanitation MDG will be met or exceeded in their town or city



Part two: Problems – Why is urban sanitation a problem in developing countries?

i. Not a glamorous subject

Political leaders perceive sanitation to be a low priority for the public. This is an illusion. It reflects a reluctance to discuss what is seen to be an ‘unglamorous’ subject. Urban sanitation and sewerage services are usually worse than water services, but receive less attention and finance.

Responsibility for sanitation can be fragmented among different departments of central government (for example, health, education, and

community development) and also the municipality. Improving urban sanitation is not usually considered to be a priority for achieving the Millennium Development Goals target of achieving significant improvements in the lives of at least 100 million slum dwellers by 2020. In reality, no agency allocates sufficient resources to the issue and it is left to households and communities to manage as best they can.

Figure 5.1
An urban sanitation system

ii. Depends on behaviour change

In developing countries without sewerage networks, improvements in sanitation depend to a large extent on individuals' changes in behaviour. Sanitation behavioural changes are complex. They are about getting people to stop doing something, such as defecating openly or into a plastic bag that is thrown on to a dump site (called 'flying toilets'), and switching to something else, such as using a latrine.

These changes usually require initiatives involving communication, hygiene promotion and education. They take a long time to implement, which deters many governments from taking action.

A household pit latrine in the city of Tamale, Ghana.

WaterAid/Jon Spaul

iii. Water utilities don't prioritise sanitation

Water utilities may include sewerage services – water borne piped waste removal systems – but very few include any other form of sanitation. There are sound reasons for this.

Most household latrines in developing countries have 'drop and store' pits or are pour-flush with a septic tank. They tend to be built by households themselves or constructed by small-scale private masons. They are paid for by the household or landlord as a private investment, and operated and managed by the people living there. Water utilities are more interested in dealing with water borne sewerage systems that transmit, treat and



dispose of wastewater. This includes both foul water (polluted with faeces) and grey water (water from washing, bathing etc) which may sometimes be mixed with stormwater.

iv. Sanitation is expensive

A sewerage system is an expensive system – for anyone. All sewerage systems in Europe, for instance, were constructed with subsidy. Sewerage systems need to be subsidised, usually by government.

Ideally there should be a variety of household latrines available at a range of prices, so people have a choice that meets their income level. People do not generally want to invest in sanitation or pay for sanitation services as they would for water. But, micro-credit banks, masons or development agencies can offer credit for people to buy or construct latrines.

v. Access to sanitation affects the disadvantaged most

Very few latrines are suitable for disabled people, yet 5% or more of a population may be disabled at any time. Managing their sanitation needs can be a major cause of family tension.

Women and girls often have to defecate in the dark at night, risking assault when their privacy and dignity is vulnerable.

People who don't have a home have very restricted choices and those who rent their dwelling rely on their landlord to provide a latrine.

A sanitation component is sometimes added on to a water supply project, or is a component of a health programme. Often these exclude poor people.

vi. An amateur industry

Many simple pit latrines are constructed by users but they do not prevent insects from transmitting germs and they may smell badly. Latrines that are constructed by masons tend to offer a narrow range of traditional designs. They could be improved, with training, to offer a wider selection at a range of prices.

Septic tank and pit emptying is done by municipalities, by contractors and where access is difficult, by hand. Difficulties in emptying can be a major barrier to latrine investment. In some towns, the municipality has a monopoly on providing this service, which can provide an important source of revenue. However if the level of service is poor, then there may be a long waiting period and wealthier households pay more to obtain quicker service. A service delivered by an unofficial contractor may be technically illegal, performed secretly and possibly of low standard. Also, water utilities do not have adequate facilities in place to treat foul water.

vii. Community politics

Poorer urban neighbourhoods have to overcome a number of obstacles to get decent sanitation in their communities. Women show greater interest for improvement in their sanitation facilities than men but

decision-making processes are male-dominated.

viii. Land issues

For the poor, it is difficult to find land on which to put latrines. Most

households are tenants with short term leases who are reluctant to make investments in latrines without some sense of security and compensation from their landlord. Their landlord may not care about such investments.

Exercise 5.1



Thinking about urban sanitation

In groups of four discuss the sanitation problems listed above. Which most apply to the sanitation situation in your town or city? What other sanitation challenges does your town or city and country face?

Part three: Reforms

i. Sanitation reforms

Sanitation reforms deal with sanitation improvements for households or small communities by, for example, fitting latrines into people's homes. Where household latrines are not possible for reasons of space or cost, then a community or shared sanitation block is an option. They can be used by a small number of families and users can pay each time they use them or pay a monthly fee.

Official responsibility for urban sanitation is usually divided between the ministries of health and/or education and the municipal or local government. A ministry of rural development may be assigned the role of promoting sanitation in small towns or peri-urban areas (where urban and rural areas meet). There may be a variety of technical standards, designs and by-laws in place.

CSOs can take the following steps:

Step one: Start to ask questions and understand your town's sanitation situation



Questions CSOs can ask about urban sanitation

- Q** What are the defecation practices in your town or city? Is there open defecation?

Checklist 5.1

- Q** What percentage of people are without reasonable access to safe, convenient, hygienic sanitation that provides privacy and dignity?
- Q** Which groups in your town or city are most affected by the negative impacts of poor sanitation (security, dignity and health issues)?
- Q** What latrine technologies are used?
- Q** Are there any community sanitation blocks? What condition are they in? How are they managed? Who uses them and how much do they pay to do so?
- Q** Are there any public sanitation blocks for non-community users? Do users pay per use or monthly?
- Q** Is there a ‘floating population’ that travels to the city each day for work and leaves at night? What latrines do they use?
- Q** How are latrines constructed – by users or by local masons?
- Q** Are there standards or by-laws in place governing this construction? Are they appropriate? Do people follow them?
- Q** How much do the different types of latrines cost?
- Q** How good are existing latrines? How many years do they last? Do consumers feel their latrine was a good investment?
- Q** Can simple pit latrines be improved using low cost, local materials?
- Q** How are the pits emptied? Are there regulations controlling this operation?
- Q** Which agencies have official responsibility for improving sanitation in the town?
- Q** What sanitation projects have there been already?

- Q** Are there support systems (funding, materials, advice etc) for latrine construction?
- Q** Are landlords obliged to provide latrines for tenants by law?
- Q** Are there any laws or legislation regarding open defecation or sanitation provision?
- Q** Are there facilities for treating excreta before it is reintroduced to the environment?

How to find out answers to the above:

- A** Conduct community surveys
- A** Walk around the community
- A** Organise focus group discussion meetings with groups representing disabled people/women/the homeless/people who rent their home/children/older people
- A** Talk to local masons
- A** Conduct interviews with caretakers
- A** Talk to engineers/technicians
- A** Meet with officials
- A** Liaise with development agencies

Case study 5.2 **Nepal - Putting public latrines on the reform agenda**

In Nepal in 2002, Kathmandu-based NGOs conducted the city's first ever survey of 33 public latrines. They compiled a list of latrines in 15 areas using the knowledge of their staff and partners and from municipal records. They visited each one with a survey form, questionnaire and camera to get a complete picture of its facilities, condition, users, revenue etc.

Analysis of the findings and recommendations for improvements were presented to the municipality. A workshop was held for caretakers to discuss the findings with municipal staff. This generated extensive media coverage and discussion resulting in the construction of new Urban Service Centres – public latrines with an expanded range of facilities – and the destruction of latrines that could not be improved.

Case study 5.2 (continued)

What CSOs can do about urban sanitation

-  Drive and support reforms by understanding the sanitation situation of your town or city
 -  Try to locate someone with training and experience in low-cost sanitation, (often not taught in mainstream technical colleges) and ask them for their advice
 -  Support the production of a sanitation reform plan and help get it implemented
-



Checklist 5.2

Step two – Establish what demand there is for latrines in your town or city

All of the challenges listed in part two, such as sanitation being an unglamorous subject and expensive to change, mean that the demand for sanitation has been suppressed.

The next step is to understand the local demand for latrines, which are usually the basic infrastructure for sanitation.

Questions CSOs can ask about urban sanitation



Checklist 5.3

- Q** How many latrines are currently sold each year?
- Q** How many latrines are constructed each year in your town or city?
- Q** How many masons sell latrines?

- Q** Why and where do users buy a latrine?
- Q** Do users think the price of latrines is too high?
- Q** Is lack of savings an obstacle to buying latrines?
- Q** Do potential customers have accurate information about the types and prices of latrines?
- Q** What problems and obstacles do potential customers foresee in buying a latrine?
- Q** Who empties pit latrines and septic tanks? Is it a municipal service or does the local private sector also offer these services?
- Q** What are existing regulations or legislation for pit emptying?
- Q** How satisfied are users with their latrines? What ideas do they have for improving the design, the construction etc?

How to find out answers to the above:

- A** Run household focus group discussions - one with households that own and use latrines, another with those that do not own a latrine
 - A** Conduct a household survey
 - A** Liaise with key informants (officials, NGOs, journalists)
-

Case study 5.3 Tanzania - Cesspit emptying services

In Dar es Salaam, the largest city in Tanzania, the municipality used to have a monopoly on cesspit emptying. Richer people paid extra cash to get their pits emptied with vacuum equipment while the poor had to employ 'frogmen' to empty the pits manually. They would dump the sludge illegally, which led, predictably, to protests from those nearby. At times the frogmen were attacked,

and their already unpleasant and dangerous work often had to be done at night. Informal workers suffered appalling working conditions and poor people were most affected by health risks.

The city then agreed to operate a licensing system for private operators. This led to charges for cesspit emptying to fall and allowed the numbers served to increase.

The Consumer International's regional conference for Africa in 2002, recommended that municipalities abandon such monopolies to allow alternative provision. This should be set out by a legal framework incorporating community-based organisations.

What CSOs can do to improve urban sanitation



Checklist 5.4

 Conduct household surveys and focus groups to examine how people use existing latrines. Engage business and marketing students as volunteers to carry out the market research. Key issues to uncover are to:

- Find out if households without a latrine would like one and what's stopping them from buying or building one.
- Find out when households with a latrine bought or built them, how much they cost, their quality, and what motivated and enabled the people living in the house to improve their facilities at that time. Women tend to value privacy, safety, and convenience. Men like being seen to be modern, gaining status, and having a facility to offer guests.

 Encourage demand for sanitation

 Support sanitation reforms by understanding why sanitation is a problem in your town or city

 Work with governments to establish institutions, develop capacity and introduce policies to bring together public and household investments in sanitation through incentives and fairer systems

Step three – Find out what latrines are available

The local private sector can be an important ally in sanitation reform. These can include masons as well as shops that supply hardware such as platforms, pans and pipes.

Sometimes masons offer only one or two types of latrines because they are

the only ones they know about. Learning more about the different types of latrines, and any cheaper options available, could allow masons to reduce their costs and, therefore, the prices they charge. Different designs can be considered and latrines can be built in phases.



Checklist 5.5

Questions CSOs can ask about latrine availability

- Q** What choice of latrines do masons offer?
- Q** Are latrines of good value or quality?
- Q** What materials are used for each latrine? Is it possible to use less or cheaper materials and therefore offer better value?
- Q** Where do masons buy materials for latrine construction? How reliable are these supply chains?
- Q** Would masons like to receive training to strengthen their latrine business?
- Q** What regulations or standards exist for latrine construction and are they appropriate?

How to find out answers to the above:

- A** Run focus group discussions with local masons

Exercise 5.2



Planning a focus group for masons

Imagine you are running a focus group for masons. As a group, discuss how you might structure the focus group session. What questions will you ask? What responses are you expecting? Will it last for a day? Half a day? etc

What CSOs can do to improve latrine availability

-  Run focus groups with masons and collect the data. This will provide you with ideas to make the local sanitation market work better, increasing the demand for latrines but ensuring a stronger supply
-



Checklist 5.6

Step four: Establish what latrine designs will work best in your town/city

The cost of technology and available space are crucial in deciding what latrine design will best suit your community's needs. The most viable solution in crowded areas is a sanitation block with a dozen or more latrine units, hand washing facilities and bathing and laundry areas. Sanitation blocks can be designed in many different ways and have different features.

To make sure sanitation blocks are cost effective, there needs to be sufficient funding in place to build and maintain them, as well as arrangements for cleaning, maintenance and emptying. CSOs can collate all available low cost options and convey these in an easy to understand way.

Latrine design and management options

- Child-friendly toilets
- Showers
- Laundry areas
- Menstrual hygiene management facilities and incinerators or drying areas
- Two storey buildings with a tea shop or meeting place
- Living quarters for a caretaker and her/his family

- Units assigned to a few families, each of whom has a key; only they use it and they keep it clean
- Units available for use by all families. They employ their own cleaner for the unit
- Paid for by monthly contribution from each family
- Paid for every time someone uses the latrine



Checklist 5.7

Questions CSOs can ask about plans for new latrines

- Q** What sanitation blocks already exist in the town? What condition are they in and are they being used? If so, by whom? What lessons can be taken from them about how to design and manage future sanitation blocks?
- Q** What ideas do users have for the design of new sanitation facilities?
- Q** What ideas do users have for the management of new sanitation facilities?
- Q** What ideas do users have on how to finance their construction? And how to finance their operating costs?
- Q** In each community, what land is available to construct a sanitation block or facility?
- Q** How will the land be made available?

How to find out answers to the above:

- A** Talk to users or neighbours
- A** Organise focus groups with potential users
- A** Walk around the community with community leaders/members
- A** Engage in discussion with the municipality to find appropriate land



Checklist 5.8

What CSOs can do to improve latrine design

- Use research findings to design sanitation blocks that respond to the aspirations and resources of the users

- ✓ Liaise with experts (engineers, architects, builders or draughtsmen) to come up with the most cost-efficient design and to estimate the cost of construction
 - ✓ Work with local masons to: expand the range of latrines they can build and offer; improve their workmanship; reduce their costs; and market their products better
 - ✓ Come up with a business plan that shows how much it would cost to run the sanitation block and how much it would make. If operating costs and revenues do not balance, it is unlikely that the blocks will provide a sustainable sanitation option
 - ✓ Prepare a proposal using the community's ideas for the design and construction of the latrines and the business plan to seek finance for the project. You might be looking for funds from either the municipality, or central, state or regional government, or from micro-credit banks and donors.
 - ✓ Garner support from the relevant government body or private owner for land, or permission to use land and permission to build
 - ✓ Bring relevant government departments and communities together to discuss the sanitation situation, after you have done your research and come up with proposals
-

ii. Sewerage reforms

These reforms focus on the water and sewerage utility and how the management of the system of sewers and the sewage it carries can be improved. Sewerage reforms are part of water reforms as it is usually the same utility responsible for both.

A town should take responsibility for treating its waste before releasing it back into a water body (sea,

river, lake, groundwater) or the environment. This can be done to a basic minimum environmental standard at relatively low cost.

In developing countries, often only a small percentage of houses with water connections are connected to sewers. All other wastewater is disposed of in ponds, in soak pits or surface drains, which also have to deal with stormwater. If there is a lot of rain,

untreated wastewater is washed into rivers. But in water scarce areas, treated wastewater could be used for irrigation.

As with water pipes, old sewers can leak. Where leaky water pipes lie near to sewers, sewage can infiltrate and pollute the water network.

In developing countries, wastewater treatment plants do not always operate as planned. They lack operating funds to pay for chemicals, power or salaries. Utilities may also

decide that because it is someone else's problem downstream, they do not have to worry about treating their wastewater.

Often a charge, between 50 to 150% of the water cost, is added to the water bill for any household that has a sewer connection or is within a certain distance of a sewer line. Sometimes there is a legal limit on how much is charged. Sewerage systems are generally heavily subsidised, with subsidies for those with a connection – mostly the rich.

Case study 5.4

Pakistan - Civil society's role in urban water and sanitation

NGOs, community-based organisations (CBOs) and local communities have a long history of collaboration around sanitation in various informal urban communities in Pakistan.

The Water Sanitation Network (WSN) in Karachi has 23 members, a minimal structure and no core funding. Members work together with a shared vision of the city rather than a set of rules and or constitution.

Their approach is to identify issues, call a public forum, examine and rigorously research the issue, work with the media and agree a joint action. If there is consensus, together they decide on an action plan and pursue it, making sure all members are in the loop about what's happening. If no consensus is reached the issue is dropped. In Pakistan, when an NGO pursues an action alone it exposes itself and its leadership to threats and even fatal attacks.

The WSN then engages the relevant authority and lobbies for changes in the proposed reform. If this fails, alternative actions are developed, for example campaigning.

One notable campaign involves the Korangi Sewerage and Sanitation Project. It proposed a \$70 million loan from the Asian Development Bank (ADB) and government funds, totalling \$30 million, to repair sewers laid in the 1960s and channel these to new treatment plants.

The WSN challenged the project design. In particular, the WSN opposed the

idea to pump sewage against the natural land gradient to proposed treatment plants. Most of the city's sewage is channelled to the sea through open drains. The government ignored the WSN's arguments on the grounds that they were not directly affected by the project.

The coalition then contacted affected communities telling them about the project and asking them to get a petition together. The communities called for a review of the project which generated debate in the media and across the city. In the face of significant public criticism the project stopped. Work proceeded much later using a lower cost option.



A community sewerage project in Pakistan.

WaterAid/Martin Punaks



Checklist 5.9

Questions CSOs can ask about sewerage

- Q** What percent of households are connected to sewers?
- Q** What is the condition of the sewers? Do they leak sewage?
- Q** How is wastewater disposal and treatment paid for?
- Q** Do the sewers also include stormwater?
- Q** Are there special arrangements for waste such as medical waste, engine oils, industrial waste etc?
- Q** How is this waste treated and to what standards? How is it disposed of?

How to find out answers to the above:

- A** Contact your town or city's water utility
-

Case study 5.5

Brazil - Lower cost sewerage

'Condominium' sewerage networks have been pioneered in Latin America, especially in Brazil. They are systems to connect individual dwellings in neighbourhoods through small bore pipes for water and shallow trenches for sewerage. Communities do a lot of the work to get the system in place and help manage it too. This has helped recover a third of the money used to set up the networks.



Checklist 5.10

What CSOs can do to improve sewerage

- Obtain maps of where new sewers will be laid
- Find out if the poor will be linked up to new and existing sewers and how much it will cost for them to get connected. If they're not connected, what provisions will be made for these communities?

- ✓ Find out if decentralised wastewater management options are being promoted and if government is aware of the options
- ✓ Uncover what proportion of reform budget is allocated to sewerage and if this is adequate given any additional water supply that may be brought into the city
- ✓ Consider what standards are being used to design sewers and whether cheaper options are available
- ✓ Ensure plans take into consideration and build upon existing infrastructure that may have been laid by communities that government may not be aware of
- ✓ Ensure plans take local landscape, geographical formations and environmental conditions into consideration



Finding out more about sewerage

Write a draft letter to the appropriate government department of your town requesting maps of where sewers will be laid.

Exercise 5.3

By now you should...

- Understand the issues and problems associated with sanitation and sewerage reforms
- Have ideas about how to take action on sanitation and sewerage reforms
- Understand your country or area's sanitation situation
- Know how to advocate for a sanitation business plan



Recap

In the next chapter you will...

Learn how to take action

6

How to take action

This section advises on how to prioritise the issues on which to act. It explains how to undertake research on the issues, how to analyse the situation and how to start lobbying and advocacy work aimed at achieving pro-poor reform. This section concludes with advice on ongoing monitoring.

How to take action

We want you to be passionate about water and sanitation reform. But in order to make a difference to the people coping with difficult water and sanitation situations in your town or city, you have to plan how you're going to take action.

This section will give you ideas of how to put together a framework for action.

Step one: Identify the issues

The first step is to identify the issues you need to tackle. You need to be able to prioritise the issues that concern you. To decide on the key issues you want to focus on, you may need to narrow down a shortlist. To do this, assess how important you think the issue is and how possible you think it will be to influence or achieve change.

To help you do this, it's a good idea to prepare a Strengths, Weaknesses

Opportunities and Threats (SWOT) chart. This will list the strengths and weaknesses of your town's water supply system as well as the opportunities that exist to help you bring about change and the threats the water system faces. The SWOT chart summarises these issues on one page.

You can use the SWOT chart as a basis for discussions with water utility staff and other stakeholders including local communities, business groups, regulators, politicians and international finance institutions (IFIs).

For example, look at the SWOT chart overleaf, based on a hypothetical, but typical urban water system.



SWOT analysis

What are the strengths, weaknesses, opportunities and threats relating to your town or city's water supply system? Divide into two groups, one can discuss the weaknesses and opportunities and the other the strengths and threats. Spend half an hour doing this and then come together to go through ideas. Each group can then contribute to and comment on the ideas and display these in a SWOT chart.

This is something your civil society organisation (CSO) can go away and work on in more depth.

Exercise 6.1

Figure 6.1

A SWOT chart for a hypothetical urban water system

Strengths:	Weaknesses:
<ul style="list-style-type: none"> • Two new wells put in place five years ago increased bulk water supplies by 3% • People have mostly accepted tariffs which were increased two years ago • The community and water network is now mapped out • Some water utility staff are helpful and well-motivated • About 55% of connected households have a working meter • Two new utility offices make it easier to pay bills, report leaks and make complaints 	<ul style="list-style-type: none"> • About 40% of water used by local communities is not paid for through formal revenue systems • Only 35% of households have a piped connection • Revenues to the utility only cover salaries and electricity • 60% of poor people use unprotected water sources • There are only two members of local communities represented on the Utility Board. They are unable to convince the Board to adopt pro-poor policies • The utility has no leak detection equipment • Only 40% of customers pay their bills regularly
Opportunities:	Threats:
<ul style="list-style-type: none"> • Government has publicly committed to meet the water and sanitation Millennium Development Goals (MDGs) and has increased budget allocations to urban water • Two or three donors or IFIs have apparently visited the town and may be interested in granting or lending funds to expand the network and reform the utility • Some wealthy members of the community might invest in the utility or other water service businesses 	<ul style="list-style-type: none"> • Declining ground water levels • More boreholes will have to be drilled. Some farmers are angry and suspect that the community is taking their water • Water catchment areas don't have any trees so rain runs off the ground

Step two: Research

A reasonable understanding of water and sanitation issues in your town will help you make your case for reforms. Only with some research can you create a strong and rational argument. Ideally, you need to gain an understanding about everything from latrines and water resources to tariffs and utility governance.

Your research should be:

- Objective, not biased
- Representative of all communities who will benefit from water and sanitation reforms
- Accurate and reliable
- Methodical
- Clearly presented
- Analysed from the point of view of poor people
- Logical, easy to understand for everyone and with clear conclusions

Points to bear in mind when carrying out research:

i. Use secondary sources

Secondary sources are existing documents and data, often collated for another purpose. They should be used as much as possible because collecting “primary” data yourself presents all sorts of challenges. However, secondary data must be used with caution and verified where possible by either comparing it with other sets of data or by seeking expert assessment.

Be cautious, but professional when carrying out any primary research

(ie research your CSO does itself). It is difficult and expensive to produce good quality primary data on demographics and water use, and usually involves skills such as random sampling and statistical analysis. CSOs are often quite strong, however, in qualitative data gathering and participatory methods of data collection, perhaps more so than other agencies.

These could be used for example to produce community profiles of how people cope with their water and sanitation stresses. In view of the fact that data about poor and vulnerable people are often very weak, these topics should usually be a high priority for CSOs to invest their research resources in. Facilities – water point and latrine – mapping is another major contribution CSOs can make to the database for services in poor communities.

ii. Use your contacts

Your CSO may already have data about local communities which the government or municipality is reluctant, or indeed unable, to gather. These may include information about illegal settlements as well as location and functionality of water points or about hours of service per day in different zones.

iii. Be realistic

Information collected through focus groups with communities or local masons are great for identifying issues but they produce local information which can't be used to describe what's happening on a larger scale.

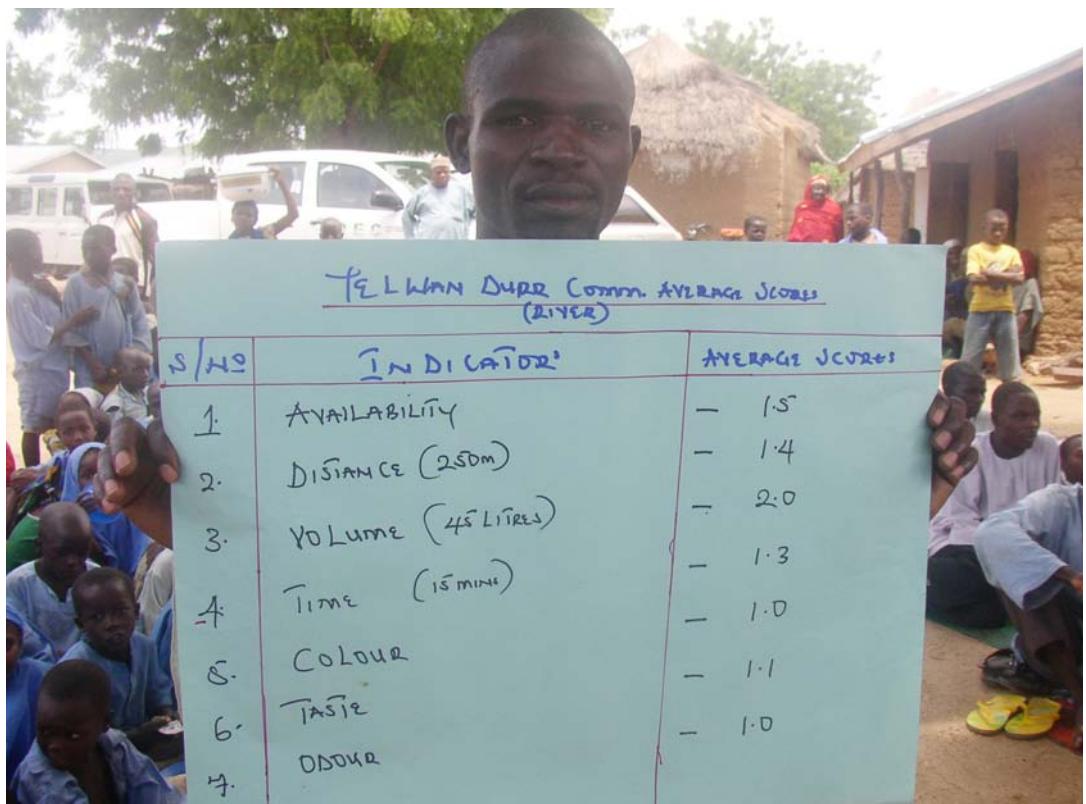
iv. Be professional

If you're going to approach government agencies, development banks, donors and universities for information, tell them what you want it for and reassure them that you will use it responsibly. It helps to know what information you have a right to obtain. Does your government have Right to Information legislation, or do international agencies you're approaching have transparency policies, which require them to divulge key information at their offices or on their website?

v. Map your community

Community mapping can bring communities together in a common purpose, produce an accurate

A community scorecard in Nigeria.



¹ Community Mapping: A tool for community organising, Guidelines for WaterAid Programmes & Partners, WaterAid, 2005 (available at www.wateraid.org).

picture of the community's features, numbers and common assets as well as providing important information for better services¹. These maps can include water outlets and distribution pipes, dwellings, roads and landmarks as well as sanitation facilities and waste disposal sites.

vi. Use Citizens' Report Cards/Community Scorecards

These are surveys in which local communities rate the performance of public utilities, such as water supply. If they already exist, use them in your research. If they don't, consider using them as a research tool².

vii. Be pro-poor from the outset

We assume that CSOs approach research from a position in favour of poor people – those that have low or no incomes, don't own their home, who may be disabled or are socially excluded from decision-making processes that affect their lives. Different groups of the poor, (those connected to the water network and the non-connected, residents of formal and informal settlements) may have different interests.

- Analyse this information
- Identify why this situation exists
- Highlight which of the reasons are significant
- Clarify what seem to be the most important potential pro-poor outcomes to take action on

There is a number of ways of analysing an issue, but each attempts to do the same thing: break the issue down into smaller parts. This helps you understand the issue, its context and how you can bring about change.

Step three: Analysis

By this stage, you should have a better understanding of your town or city's water supply system. You'll know why it has not been possible to provide poor neighbourhoods with an adequate and affordable water supply or why the poor are not getting reasonable access to water. The next stages are to:

For example, consider drawing up an issue chart as shown overleaf. It takes an issue, and lists its sub-issues, consequences, causes and solutions for how to tackle it.

Whatever method you use for analysing an issue, you'll need to get used to continually asking the question 'why?'

Nepal - Research in Kathmandu

In Kathmandu in Nepal, NGOs prepared a research document describing the water and sanitation situation of slum and squatter communities and analysing the barriers they faced to better services.

Case study 6.1

Subsequently, they also mapped the water network system in all 135 wards, including the location of unconnected poor households. This research was used to identify neighbourhoods that could be connected to nearby pipes at relatively low cost. The maps helped everyone understand the scale of the task to expand connectivity.

The total cost of these two surveys was about US \$50,000.

² Find out more about Community Scorecards and Citizens' Report Card in WaterAid's report *Stepping into action* at www.wateraid.org/citizensaction

*Figure 6.2
An issue chart*

Issue: There is very low access to drinking water in unplanned neighbourhoods of our town			
Sub-issues:	Consequences:	Causes:	Solutions:
The water network does not extend outside planned areas	<p>Public tapstands are located only on the edge of planned areas; residents spend hours collecting water every day because of long distances and queues</p> <p>Residents collect unsafe water from other sources</p>	<p>The utility says it has no resources available for network extension</p> <p>Revenues paid to the utility are too low for it to be able to pay all operating costs</p> <p>Massive outstanding debts by some government departments</p> <p>Only 40% of customers pay their bill regularly</p>	<p>Develop a business plan for 12 water kiosks to be supplied by the water network</p> <p>Develop scenarios for different tariff levels and calculate what is required to recover costs of water kiosk expansion</p> <p>Publicise debts and challenge government departments to pay up</p> <p>Develop a record of all the customers and a revenue collection plan</p> <p>Seek grant/loan from government and IFIs.</p>

On their own, statistics don't have much power. Their significance becomes clearer when compared with another statistic or point in time. For example, saying 20% of poor people have a water connection does not have much impact. We only gain a sense of what this means by comparing it to other towns, to the

connection levels of richer people, to government targets, or what the situation was 10 years ago.

Working out the following ratios and comparisons could help you form a convincing argument for change.

i. Subsidy and tariff by monthly consumption

Calculate the tariff paid, the actual cost and the subsidy for three different types of people in your local community. One should have a high water consumption (20,000 litres a month), the other a medium level (10,000 litres a month) and the third, none at all (zero litres per month).

ii. Monthly payments

Compare monthly water payments for:

- People served by piped water supplies
- People served by other means. For example, from water vendors and unprotected sources

iii. Staffing ratio

For every thousand water connections in your local town or city, how many water utility staff members are there? An efficient utility has around four to eight staff per thousand connections. Compare the utility with similar sized ones by type. For instance, compare those only producing bulk water, those only involved in water distribution or those producing bulk water and distributing across certain sized networks or populations. To help you work this out, use the water utility benchmarking data available at www.IB-NET.org

iv. Water supplies for the poorest

How do the poorest X% of your town or city get their water? What do they pay? How do they cope with

inadequate service? How does the total cost per litre of water paid by poor people and the volumes they consume compare with the situation of the non-poor?

v. Connection charges and monthly tariffs compared with average wages

Work out the ratio of connection charges to the average wage to give an indication of why it may never be possible for the poor to purchase water from, or be connected to, the formal network – even if they want to. Estimate the number of months or years poor households may have to save to be able to get a connection.

vi. Demand versus supply

Work out the ratio of demand for water from local residents to the water supplied from authorised water sources.

vii. Utility efficiency ratios

Such as:

1. **Bill collection efficiency** – revenue collected as a percentage of bills issued
2. **Operating ratio** – operating expenses as a percentage of revenue

viii. Unit costs of production versus tariff blocks

How do marginal and average costs of producing water (per cubic metre) compare to tariff levels per cubic metre?

ix. Expansion of connections

Compare the annual number of new connections or people reached by a new connection with the increase in total population size in the same year.

Step four: Lobbying and advocacy

i. Start from the beginning

If CSOs wait for outsiders to launch water reforms, it could mean condemning millions of people to years without access to adequate water supplies. A good place to start is by describing the problem in your town or city, analysing its causes and making proposals to improve the situation. Use this manual to understand and analyse the water and sanitation situation in your town or city and to take action to improve it.

ii. Work with the media

Your local newspaper and regional radio and television stations are always looking for human-interest stories and ideas for improving the lives of readers, viewers and listeners. Contact journalists to tell them about any startling statistics your research reveals or people's stories about how their lives are affected by a lack of access to water and sanitation. Put together a press release or a media briefing which explains the issues. Then invite journalists on an escorted tour to meet residents of your local community. This will give them the resources to write an accurate and powerful story.

iii. Establish a good working relationship with government

CSOs can offer governments access to information and resources which they may not have. You can document how poor water and sanitation situations affect communities; provide criticism of the current situation and suggest ways to make things better; challenge any lack of transparency; and make it clear you share similar aims to improve the well-being of local communities.

iv. Research ways to fund reform efforts

At some point you may need more funds to pay for your efforts to stimulate, support or monitor reforms. Contact local societies or associations that could be open to supporting your activities if you explain that your aim is to improve the water or sanitation infrastructure for many people in the long term. There may also be international NGOs and embassies that may have a fund to provide small grants to activities which benefit local communities.

v. Obtain key documents

Certain key documents will be prepared during the reform process by the government or municipality and all of them will have implications for the extent to which the water situation of poor communities is reformed. All or some of these should be available to the public.

Box 6.1 - Some key documents during the reform process

- **Requests for Proposals (RFP)**
These outline contractors' tasks as set out by government.
- **Bid documents (tenders)**
The contractors' response to RFP. They are quotes for how much the tasks set out by government will cost.
- **Contract**
A legally binding agreement between the contractor and government that spells out what has to be done, by whom, when, how much it will cost and what results have to be achieved.
- **Project Appraisal Document (PAD)**
A technical assessment of all aspects of a proposed project prepared before a loan or grant is approved by an IFI or donor.
- **Project Information Document (PID)**
A summary of the proposed project which is available to the public from an IFI office or on their website.
- **Terms of Reference (ToR)**
A statement detailing what services a contractor is supposed to perform, the processes and schedule they should follow and outputs to be produced. It's often summarised in the contract and included in full in its annex.

Step five: Publicising and monitoring the reform

The reform process will take years and will involve many meetings, proposals and discussion. CSOs need to monitor reforms as well as their own efforts to influence the reform process.



Checklist 6.1

What CSOs can do to publicise and monitor reform

- ✓ Ensure communities understand what is being proposed by government, the water utility or IFIs, and the costs and benefits
- ✓ Summarise the proposals
- ✓ Develop alternative options for reform – assess the merits of these on key tests such as feasibility, affordability and efficiency
- ✓ Translate these summaries into local languages
- ✓ Hold public information sessions
- ✓ Use the media to help communities organise and feed back their questions and concerns to government
- ✓ Organise forums with everyone from local community leaders to government representatives
- ✓ Meet with other local community groups to review what they are doing, the results of their activities and what can be done better



Questions CSOs can ask to critically examine the reform proposals

Checklist 6.2

- Q** Has the World Bank, or others pushing for reforms, attempted to assess how changes to the current water system could impact on the poor?
- Q** Does government policy make it clear that extending service to the poor is a priority?
- Q** Has data been collected on the numbers of poor people living in your town or city, their location, current water usage

patterns and ability to pay? Are assumptions being made about the concerns or needs of the poor without adequate research?



Checklist 6.2 (continued)

- Q** Is the delivery of water services pro-poor?
- Q** Are those delivering the water services contracted to serve the poor well by being monitored on their performance, given incentives and reliable sources of funding? For example, do government plans include funds specifically earmarked to finance new connections for the poor?
- Q** Is the operator required to provide special support to poor consumers (through specialised staff or a dedicated poverty unit), provide low-cost connections, expand the network into poor areas, or build and supply standposts?
- Q** Are all key documents publicly available? Have you made use of Right to Information legislation and transparency policies?
- Q** Are any pilot projects planned as part of the reforms? If so, make sure that they are in areas where the poor live
- Q** Have poor people been included in the contract or investment plans?
- Q** Are there plans to serve poor people living in informal settlements as well as formal settlements?
- Q** Is the operator encouraged or forbidden to serve people living in informal settlements?
- Q** If the private sector will be involved in delivering the water system, which operators are on the short list? What is their record of serving the poor elsewhere under similar contracts?
- Q** While long-term reforms take place, are there any arrangements to improve services for the poor more rapidly through approved interim measures which the operator is responsible for?

- Q** Is there a reasonable timeline for expansion plans?
- Q** Are there incentives for the operator to think of new ways to offer low-cost service alternatives? Are there any obstacles in the operator's contract to this?
- Q** Does the tariff structure complement the type of contract that has been chosen, or does it create disincentives to serve the poor?
- Q** Will the operator be encouraged and allowed to work with small scale independent providers (SSIPs)?
- Q** Will the operator be encouraged to work with CSOs?
- Q** How can CSOs be involved in monitoring and evaluation?
- Q** How will the relevant legal authorities, such as local government, work with members of local communities?
- Q** Under new institutional arrangements who will have the authority for raising tariffs? How will poor people be included in these decisions?

Exercise 6.2



Publicising reform

Divide into groups of four. Each group should brainstorm ideas of how to get a story about the reform of the town or city's water utility into the media. Depending on where you are in the reform process, this could be about the need for reforms or on proposed reforms. Is there someone in your local area who is affected by poor access to water and sanitation who would be happy to talk to the media? What media outlet would you approach? How would you approach them? Take half an hour to do this and then come back to the group to share your ideas.

By now you should...



Recap

- Have identified the issues you want to take action on
- Have researched the issues you want to take action on
- Have analysed this information to identify why the poor water and sanitation situation exists
- Be able to think of ways to lobby for water reforms and have an advocacy plan of action in mind
- Know how to monitor reforms

In the next chapter you will...

Learn why it's important to work with donors and international financial institutions

7

Working with financial institutions

This section explains the role international finance institutions (IFIs) play in urban water and sanitation reform. It outlines the challenges of working with IFIs, summarises the World Bank's project cycle and suggests actions CSOs can take at each stage of the cycle.

Working with financial institutions

Part one: Why civil society organisations need to work with financial institutions

Urban water and sanitation reforms work best when civil society organisations (CSOs) liaise with many different partners, particularly citizens and local politicians. The most important partners are often international finance institutions (IFIs). They provide financial support and knowledge for reforms.

Development banks often urge countries to reform their water sectors

as a condition for loans. Governments may have asked the banks to finance investments or reforms or the banks may simply want to let the country know that funds are available for this purpose. The banks may request that steps are taken to ensure the money they invest is used as effectively as possible.

This section will help CSOs to get a thorough understanding of IFIs and suggest ways of working with them.

Part two: Conditions of lending from financial institutions

If, for example, a city needs more bulk water, and this can be obtained through an expensive pipeline, an IFI may be prepared to lend the money to pay for that pipeline.

In poor countries, the World Bank lends this money at ‘concessional’ rates (low or no interest and long repayment periods) through the International Development Association (IDA). Before granting the loan, the Bank investigates whether this is an efficient use of funds.

If the water distribution system in the city leaks because of its age or poor

maintenance, the newly produced bulk water will be wasted once it enters the system.

These issues would be revealed by an IFI study. They would suggest that it might not be a good investment. The IFI will usually propose a series of conditions to improve the situation overall which, if implemented, would meet their requirements to be able to offer funds. Conditions could include:

- Passing legislation to make the utility more autonomous
- Making the utility more accountable through the creation of new institutions such as an Asset Holding Company to manage assets and investments,

- an operator to manage the water delivery system and a regulator to help set tariffs
- Revising tariff levels and structure to bring the utility ‘closer’ to financial independence by ensuring it recovers costs and that all members of society can afford a minimum amount of water
 - Engaging a private company to manage parts of the water distribution system such as billing and revenue collection
 - Restructuring of the public utility – a ‘turn-around’ that improves levels of service, internal culture and customer service ethics
 - Creating performance contracts between public agencies (government and public utility) or customer charters spelling out how the relationship with the operator and its customers will work
 - Putting in place a leak detection and repair system
 - Introducing metering to generate information about how the system is used and encourage careful use of water at critical points in the network and by consumers
-

Part three: Challenges of working with IFIs

i. A difference of opinion

IFIs argue that conditions like those outlined in part two are necessary prerequisites to ensure that investment is used for its agreed purpose and not wasted. CSOs argue that some of these detailed steps limit the powers of the borrowing government and have been used as a way of making it easier for the international private sector to take over water and sanitation reforms. There is a long history of CSOs disagreeing, and coming into conflict with governments and IFIs over such issues.

ii. Assumptions made by IFIs

During the 1990s, and early parts

of this century, some IFIs assumed that only private operators can improve water and sanitation performance. However, some spectacular failures have set back reforms and investments by years. This has relaxed IFIs’ position on using the international private sector. Meanwhile, the multinationals’ interest in the sector has dwindled. In recent years more attention has been paid to assessing how public utility reforms can be achieved and what are logical roles for the private sector.

iii. Favouring multinationals

When multinational private operators work in developing countries they can benefit from profits, huge contract fees and generous bonuses. This means there are fewer opportunities

to develop local expertise. Loans and revenues that could have been reinvested in the local economy become part of the international private sector's profit and are sent overseas.

iv. Lack of support

IFIs have, in the past, given inadequate attention and support to documenting and promoting how well-performing public utilities have improved their operations.

What CSOs can do to improve IFIs' conditions

-  Assess the extent to which conditions remove responsibility from the government – which has ultimate responsibility for economic and social development, including water sector policy and strategy – and transfer or open it to the IFI's influence above citizens' concerns
-  Demand a public debate and discussion over the volume, terms and conditions attached to IFI financing
-  Assess the reform options being proposed. Are they designed to ensure water delivery to and affordability for the poorest of the poor?



Checklist 7.1



Challenges of working with IFIs

Can you think of any other challenges to working with IFIs which aren't mentioned above? Brainstorm ideas for 10 minutes.

Exercise 7.1

Part four: The eight steps in the World Bank Project Cycle

The World Bank is the oldest and largest IFI.

When the World Bank works with a country with the aim of reforming a

sector and investing in it, it follows a series of eight steps. Each of these provides an opportunity for CSOs to have their say.

We have outlined these steps here because they are often a model for other IFIs, including the African and Asian Development Banks.

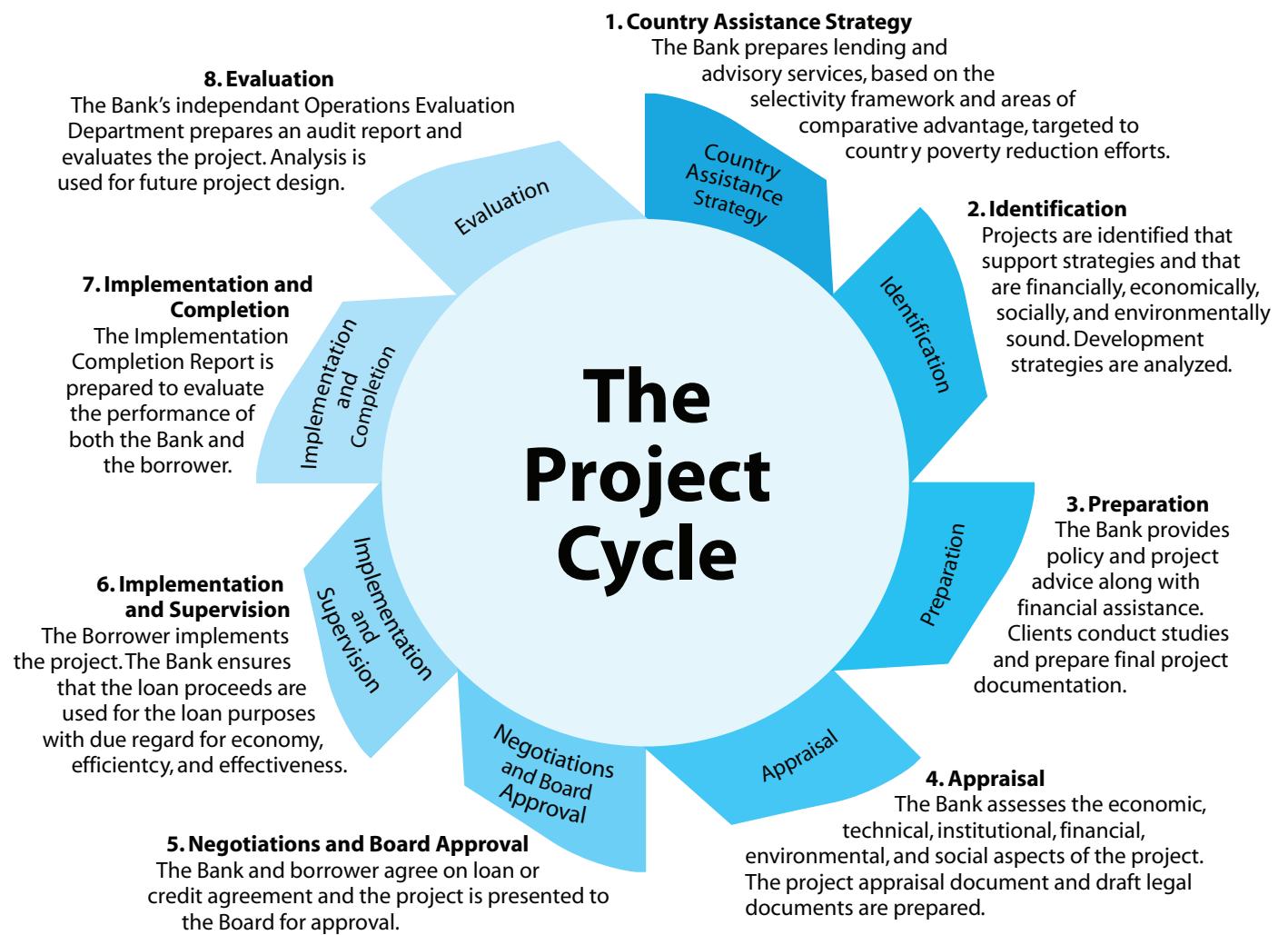


Figure 7.1
The World Bank
project cycle
Source: <http://web.worldbank.org>

Phase one: Steps 1 – 3

1. The Country Assistance Strategy (CAS)

The CAS sets out the World Bank's plans for working with a country based on an assessment of its development priorities. It is prepared every three to five years. The World Bank explains where it is willing to invest money. This may or may not include water services. If it does, the Bank will examine options for reform with government. This is more likely to happen if water and sanitation feature in the country's Poverty

Reduction Strategy Paper (PRSP). Countries that have indicated a willingness to adopt a public-private partnership approach to investment decisions in their PRSP are more likely to receive such investments.

2. Identification

The World Bank identifies the best way to go about reforming the particular sector they may fund. For water services, this could mean considering private sector participation. The Bank may commission studies to determine the strengths and weaknesses of

the current system.

3. Preparation

The World Bank provides policy and project advice and presents loan options, based on any

studies that have been conducted or research undertaken. At this point, the World Bank has made no commitment to finance a project.

What CSOs can do to help in the early steps of the World Bank project cycle



Checklist 7.2

- ✓ A CAS is prepared through a consultative process. But often these consultations are not as open as CSOs would hope. Prepare as much as possible for these consultations and work with other CSOs to monitor the process and influence the content and direction of the final document
- ✓ Find out if World Bank studies are taking place in your country. Use suitable opportunities, such as sector meetings, public consultations and meetings with government or utility officials, to find out about and try to influence them
- ✓ Ensure World Bank studies are pro-poor; that they examine the impact of proposed reforms on the poor, options for serving the poor, and plans for consumer representation
- ✓ Press for transparency and consultation

- In Ghana and Ukraine, CSOs were critical of the procedures involved in the awards of contracts to international water companies.
- In Delhi, CSOs criticised the process of selecting of an international consultancy firm to oversee the water reform process.

Case studies of CSOs criticising reform

Phase two: Steps 4 - 5

At this stage, the World Bank has agreed a course of action with the government and starts the process of preparing a project to be financed by a loan. Engineers, lawyers, legislative experts and economists employed by the World Bank visit the country concerned. They offer opinions to government on what investment is needed, what changes need to be made to legislation, what new institutions should be established, and which existing ones should be changed. This team will sometimes, but not always, include someone responsible for designing services for the poor.

4. Appraisal

All of the above research will culminate with the drafting of an appraisal document. At the World Bank, this is called a Project Appraisal Document (PAD). This 50 to 100 page document will be used to present the project to senior management of the IFI. It's a long and technical document with many annexes.

The appraisal usually contains a section outlining a Social Assessment of the proposed project. This section, and sometimes an accompanying annex, should include options for serving the poor. The IFI team should also describe their consultation and how poor people have been involved in the project. The quality of this section will vary according to the knowledge, resources and commitment of the team.

5. Approval

Once the PAD is complete it is reviewed by World Bank staff, and sent to the World Bank Board for Approval. Only after the project has been approved is the PAD made public. PADs for about 2,000 projects are available on the World Bank website, under Projects and Operations. After the PAD has been approved, detailed loan negotiations then take place between the World Bank and the government.



Checklist 7.3

What CSOs can do when interacting with IFIs

- ✓ Offer assistance to the World Bank or IFI team to address issues of serving the poor. Team members may lack the time, funds or expertise to adequately determine the needs of the poor or develop options for serving them. They may welcome your assistance. You'll be able to influence the project and the PAD – the document that serves as the 'negotiated contract' for the project between the government and the IFI.

Clarify at the outset:

1. That you expect to be a partner, be consulted and actively participate in key decision-making processes
2. That you do or do not necessarily agree with the strategy adopted but you will seek to influence the design of the reform and to try and improve any features which are not pro-poor
3. That you wish to understand the process better and that your unfamiliarity with it cannot be used as an excuse to exclude you
4. That your organisation or NGO alliance has constraints (you may not be able to meet tight deadlines because you're working on many other things and you will not be bound by confidentiality - you have a duty to consult and report to the groups of people you represent)

- ✓ Remember that IFI teams are more used to working with companies and consultants who do not need to consult members of the public
- ✓ Be clear that as a CSO, you cannot be treated as a contractor, and be honest about your constraints. Ask to have the process and timelines explained to you
- ✓ Use Right to Information legislation to get information from government on World Bank projects
- ✓ Approach the World Bank to find out about any projects your country/town/city might be involved in. Their transparency and access to information rules often provide for more openness than the host country
- ✓ Visit the World Bank's Public Information Centre in your country
- ✓ Go to the World Bank website. It contains information on all projects that are being considered or are active



Meet with World Bank teams or country directors. An alliance of CSOs always has a better chance of obtaining a meeting, and an invitation to talk about and explain the project is more welcome than a summons to defend it

Case studies of CSOs working with the World Bank

- In Nigeria, the World Bank is working with CSOs to reform water services in Lagos. CSOs are working on a customer feedback scheme and are contracted under a component of the World Bank loan.
- In India, a retired civil servant, working with an umbrella NGO alliance called Delhi Right to Water Group, used the Right to Information Act to obtain more information about a project funded by the World Bank.

An international accounting company was chosen to be consultants to Delhi Water Board in the process leading up to reform of the service and the possible privatisation of part of it. The World Bank was alleged to have influenced the selection of the accounting company. The NGO alliance pushed for a court case which ordered this disclosure. Opposition to the proposals grew and they were withdrawn under threat of public protests such as payment strikes.

Phase three: Steps 6 – 8

6. Implementation and supervision

The project gets underway. The World Bank monitors the project using its national and international staff and provides ongoing support to government.

Analysis is used for future project design. But the evaluation of a project's impact on poverty reduction, particularly for water and sanitation investments, is mostly overlooked.

7. Implementation and completion

The Bank prepares an implementation completion report to evaluate the performance of itself and the borrower.

8. Evaluation

The Bank's Independent Evaluation Group (IEG) within the World Bank, prepares an audit report and evaluates the project.

What CSOs can do to ensure the implementation and monitoring of IFIs' projects are pro-poor



Checklist 7.4

- ✓ Work with the IFI. Once the project is designed it is implemented by government and not the IFI, which may be reluctant to respond to issues of concern raised by CSOs. But IFIs do continue to monitor and direct project implementation. When this happens – usually every six months – CSOs may meet with IFI representatives, or even try to become part of the evaluation team, usually led by the project's task team leader
- ✓ Become familiar with the appraisal document. This will allow you to monitor whether the project is being implemented as planned
- ✓ Become familiar with performance agreements and contracts that are part of the conditions of the loan. This will help CSOs to see whether their terms are being met
- ✓ Get involved in the eight stage process early. It is important to get involved before step four, preferably at step two or even one. Components of the project may well be re-considered and re-designed, so even if service to the poor or consumer representation were poorly conceived at the outset, there are still opportunities to bring about changes. But being pro-poor from the outset is much better
- ✓ Get involved in the evaluation of Bank-supported projects. It is much more useful when locally-based individuals or groups evaluate the impact of a project than an external evaluator who is unfamiliar with the local environment. Focus should be on the impact the project has on the poor

Exercise 7.2



World Bank Project Cycle

Divide the workshop group into three. Each group should take one of the three stages of the eight-step World Bank Project Cycle. Think about ways your CSO could get involved in the processes in that stage. When the time is up, come back to the main group and share your ideas by nominating spokespeople to write them on a flipchart.



Recap

By now you should...

- Understand why it is important to work with financial institutions
- Be aware of the conditions and challenges of working with financial institutions
- Have an understanding of the eight steps in the World Bank Project Cycle

8

Top tips for CSOs to engage in urban water and sanitation reforms

Drawing on the first seven sections, this section highlights key advice for CSOs planning to engage in the process of reform of the water and/or sanitation services in their town or city.

Top tips for CSOs to engage in urban water and sanitation reforms

Welcome reforms

CSOs should welcome the drive for reforms, which may come from a variety of sources. Water is a political issue and rightly so. Ideally, the drivers of reform should be local politicians responding to pressures from local communities. Sometimes this happens, as some of the case studies in this manual show.

The spread of democratic government in developing countries has increased the rewards to successful water supply reforms. The development of global approaches such as the MDG targets means that a certain intergovernmental peer pressure is emerging.

Pressure for reform can also come from a variety of non-political sources. The utility itself may be a driver, its staff frustrated by the thankless task of running a poor service, and inspiration from success among their peers elsewhere may also initiate reform. External donors can be motivated by a desire to see that investments are completed and sustained and progress is made towards their agency's anti-poverty agenda.

Motivation can therefore take many forms at different levels. CSOs should

not sceptically assume that politicians are only interested in winning votes with easy promises but rather work with politicians and use these reform opportunities to improve the living standards of the poorest.

Be proactive

CSOs have the potential to be drivers for reform. Arguably, that is one of CSOs' prime functions. But in many instances, CSOs have responded to, or even impeded, rather than driven forward, the reform process - running in the slip stream of other agencies. One of the purposes of this manual is to help CSOs move from reactive to proactive mode; to motivate and equip citizens to become the principal agents of pro-poor change and reforms. This is a good way to ensure such reforms are sustained.

Keep politicians thinking pro-poor

Politicians may have the will but they may not always have the resources or expertise necessary to instigate reforms. Large scale investment projects may seem more appealing to them than something more modest, appropriate and cost-effective. It's important that CSOs ensure reforms focus on improving the lives of the poorest people.

Work together

Contact other CSOs and work together to push for change. Working together in a network is more effective and efficient than working alone. Choose a lead organisation that is committed and passionate about the cause and can motivate others to become interested and supportive.

Listen

Work with the communities of poor people that you're representing, and ensure that you listen to and understand their perspectives and wishes. Your work should be built around and promote their priorities.

Research, network and be innovative

Invest time and resources to understand issues thoroughly. Be flexible on strategy and approaches. Allow for continuous innovation and improvements as your research provides you with new evidence. Do not be too rigid to respond and change your perspectives based on new evidence. Use your process of learning and research to build networks with other CSOs as well as with professionals, officials and donors.

Develop options and alternatives. Use your influence to involve as many local communities and experts as possible in the design, implementation and monitoring of policies.

Be tough skinned

When public policy is involved, and large investments are at stake, critics

are likely to label CSOs in various unfair and unkind ways. Do not give in to cynics or pressures to ignore the rights of the poor.

Learn by doing

Don't be afraid to engage in discussions about policy and reforms even without a complete knowledge of the issues.

Work with government

Work with government, rather than against it. Government can be more accountable to local stakeholders than international finance institutions (IFIs). But be sure to maintain your independence.

Be alert while working with government. In any reforms, provide critical support, look out for merely token benefits for the poor, unsustainable 'quick fixes', and corruption and profiteering.

Push for transparency

Freedom of information is gradually being accepted as a major right of citizenship and a governmental obligation, for example, in India (all public services). Transparency is crucial to maintaining any successful reforms. There need to be clear and published accounts, easy to understand and meaningful performance indicators, as well as proper recording of important decisions and how they were made.

Be one step ahead

CSOs that participate in regulatory bodies or company boards may become trapped in obligations of

confidentiality, which may make it difficult to share information with their own members. It is wise to check whether these obligations exist in advance before getting involved. In other words, think through commitments before you make them.

Communicate your frontline knowledge

Share information about what it is actually like to live without access to clean water and basic sanitation. Make your credible communication channels with marginalised communities available to others. This is something you should be doing all the time, not only when the reform programme is starting.

Stay positive

Just reading the case studies in this manual shows that CSO involvement in urban water and sanitation reform brings results. CSOs don't have answers to all the sector's problems, but they clearly make a positive difference. So, when you're feeling stressed or disillusioned, stay motivated, trusting that your reform efforts can really make change happen.

9

Glossary

Glossary

Advocacy

Advocacy means taking action to bring about the change you are seeking. Advocacy work can be targeted at changing national or even international policy. But it can also take place in a local context: it can mean empowering individuals and local communities to take action for themselves to achieve change.

Bulk water

Treated water supplied by a utility to a facility in large volume for use, onward sale or distribution to consumers.

Citizens' Report Cards (CRCs)

CRCs are surveys in which local communities rate the performance of public utilities, like water and sewerage.

Civil society organisations (CSOs)

CSOs include non governmental organisations (NGOs), trade unions, faith-based organisations, community based-groups, professional associations, women's groups and others representing the interests of national, regional and local populations.

These groups become politically active when they identify a need to campaign on a particular issue.

As globalisation increases, CSOs have an important role to play in aligning economic activities with social and environmental priorities.

Consumer

Someone who buys water for their own personal use and therefore has rights under sectoral, consumer or commercial law.

Contract

A legally binding agreement between parties, eg a contractor and government, that spells out what has to be done, by whom, when, how much it will cost and what results have to be achieved.

Cost recovery

This is when the total revenue collected by the utility equals the total cost of supplying the water. The revenue may include tariff collected from customers and subsidies provided by governments or under ODA funds. At minimum,

the cost of supplying the water should include all items of operations, maintenance and repairs. A higher level would include debt servicing charges, such as interest paid on loans.

Country Assistance Strategy (CAS)

The CAS is prepared by the World Bank and other IFIs every three to five years and sets out the World Bank's plans for working with a country based on an assessment of its development priorities.

Evaluation

Evaluation means ascertaining whether the objectives of an activity have been achieved, how they were achieved, and what can be learnt from the success or failure.

Expenditure

All the outgoings the water utility has to pay for.

Governance

Governance is the process through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences within the public domain. It is intensely political; it recognises that power exists inside and outside formal authority and the institutions of government.

Government

Government is the structure of a country that, in the context of this manual, is responsible for:

- Setting laws and policies – including those that relate to the development and management of resources such as water
- Establishing organisations and frameworks – to regulate the development and management of water, accommodating the needs of various stakeholders
- Enabling basic services such as water and sanitation to be delivered
- Finding ways of getting consumers of water – farmers, business, and households – to work with those providing water services

Hydrology

Hydrology is the study of the movement, distribution, and quality of water on the Earth's surface.

International Finance Institutions (IFIs)

These are international organisations which use public funds from governments to loan or grant money to countries for development projects and

other business ventures. They include the World Bank, regional development banks and export agencies.

Latrines

Latrines are simple toilets, the basic infrastructure for sanitation.

Lobbying

The process of trying to directly influence decision-makers, such as politicians, civil servants, or corporate chief executives.

Millennium Development Goals (MDGs)

These targets, agreed by all governments, aim to tackle world poverty through actions including halving the proportions of people without access to safe water and sanitation by 2015.

Monitoring

This is a continuous assessment of progress to check if everything is going well and making adjustments if it's not.

Municipality

The governing body of a city, town or district and its local administrative unit.

Non-revenue water (NRW)

The water for which the utility receives no revenue. It includes unaccounted for water (see below) as well as water that is not paid for because it is used for things like firefighting or for free water from community standposts.

Operations and maintenance (O&M)

The procedures and actions required to keep water flowing from source to consumers. A basic test of tariff revenue is whether it is sufficient to pay for the utility's O&M costs.

Poverty Reduction Strategy Paper (PRSP)

A major national planning document that analyses poverty and proposes detailed strategies, involving many different sectors, to reduce it. Ideally these are prepared by government with extensive participation from communities. These guide national and international investments and it is essential that the poverty reducing impacts of water and sanitation are clearly spelt out.

Private sector participation (PSP)

A private company can be contracted to a public utility water system. The private company might be given various responsibilities – billing, leak detection, design, construction etc – under different forms of contracts.

Privatisation

The transfer or sale of ownership of the assets and liabilities of a utility from the public sector (government) to the private sector (business). It is the most extreme form of private sector participation.

Public utility

A company that provides a public service such as water supply, sewerage, electricity, waste disposal, gas etc. These are predominantly publicly owned but may use private companies for aspects of operation and management or providing specialised services.

Public utility turnaround

Over 90% of urban water supply is provided by utilities managed by the public service. Many need to be “turned around” – improved with reforms that strengthen their performance in delivering better water services to more people at an affordable price.

Raw water

This is pre-treated water which comes from a source such as an aquifer (underground layer of water-bearing permeable rock), a river, lake or rainfall.

Reforms

Water sector reforms include changes in laws, regulations or policies, to institutions; changes in organisation of the water operator; strengthening water governance and accountability and securing funds to invest in the water supply system.

Regulator

An independent body responsible for establishing, monitoring and enforcing regulations in the water sector.

Relationships

When we refer to ‘relationships’ in this manual we are talking about how different organisations involved in water supplies work together. For example, how the government works with the water utility or how the water utility works with consumers.

Water revenue

The sources of funds the water utility uses to pay its operating costs. These mostly consist of revenue from water (and sewerage) tariffs and connection charges. Sometimes utilities also receive a subsidy from central or local government.

Right to Information Act

A law in some countries which allows members of the public to obtain documents from government departments and question the government on decisions, policies and expenditure. In India, the Act came into effect in 2005, and allows people to inspect government records, take copies and question the government for a fee of 10 rupees.

Sanitation

Sanitation is the management of waste, especially human excreta.

Sewage

Sewage is the waste carried away in sewers.

Sewerage

Sewerage is the system of sewers in a city.

Sewers

Sewers are underground pipes which collect and carry storm water, wastewater and trade as well as household waste matter away for treatment and disposal.

Small scale independent providers (SSIPs)

People and businesses involved in buying water (from the official utility) or producing water (eg from a borehole), and selling it on to consumers. They are found in urban areas where the water network does not reach, or where water supplies are inadequate.

Social businesses

Businesses that make profits but reinvest such profits in the business in order to achieve social goals rather than benefit their shareholders.

Stormwater

Rainwater that runs off roads, the ground, roofs, footpaths etc and is ideally carried off in drains to prevent flooding.

Subsidies

A contribution from local or central government to the operating costs of delivering water supplies.

Sustainable cost recovery

This is where at least operation and maintenance costs are covered from tariffs, utilising cross-subsidies between users, and government taxation and donor transfer cover investments in network expansion and renewal.

Tariffs

These are charges for consumers' water usage and are usually the major source

of revenue for the utility. They can be charged monthly on either a flat rate or based on metered volumes of water used, or people pay per container filled.

Unaccounted-for-water (UfW)

Unaccounted-for-water is the water that “disappears” because a utility cannot tell what happened to it, and for which they receive no revenue (water that is stolen, leaked, never billed, etc).

Urban water system

The pipes, pumps, reservoirs, treatment plants and taps through which water is supplied to people living in towns or cities. The system requires people with a range of skills and experience, assets in the form of buildings, equipment, tools and vehicles, and systems for managing water, staff, finances and consumers.

Wastewater

Water that carries waste from homes, businesses, and industries. A small proportion of consumers may be connected to a sewer but many will dispose of wastewater into a soakaway (a deep hole in the ground covered with a solid concrete lid and including a pipe enabling excess water to drain away into the earth), open drains or on the ground.

Water kiosks

Water kiosks consist of a sheltered tapstand, connected to the piped network from which people collect (and usually pay for) water in containers.

10

Useful resources and contacts

Useful resources and contacts

A scorecard for India (2003) Water Tariffs & Subsidies in South Asia, WSP and PPIAF

Bakker K (2004) *Good Governance in Restructuring Water Supply*, FCM

Can subsidies be better targeted? (2003) Water Tariffs and Subsidies in South Asia, WSP and PPIAF

Characteristics of Well-Performing Public Water Utilities, Kingdom, W World Bank

Community Mapping: A tool for community organising (2005) Guidelines for WaterAid Programmes & Partners, WaterAid, Available at: www.wateraid.org

Cordonier Seggier MC and Weerdmant J, (eds) *Sustainable Justice: Reconciling International Economic, Environmental and Social Law*

Do current water subsidies reach the poor? (2003) Water Tariffs and Subsidies in South Asia, WSP and PPIAF

Going public: Southern solutions to the global water crisis (2007) WDM

Komives K, Foster V, Halpern J (2005) *Water Electricity, and the Poor: Who Benefits from Utility Subsidies?*, World Bank

Making Services work for the Poor (2004) World Development Report

Manual on the Right to Water and Sanitation (2007) COHRE, AAAS, SDC, UN-Habitat

Martin B, *Paying for Water - Towards Sustainable Equitable Cost Recovery for Urban Water Supply in Developing Countries*, A discussion paper for WaterAid Public World, London

Morgan B (2005) *Social Protest against Privatization of Water: Forging Cosmopolitan Citizenship?*

Moving from Protest to Proposal: Building the Capacity of Consumer Organisations to Engage in Urban Water Supply and Sanitation Sector Reform in Africa (2004) CI, WSP

Muhammad Y with Weber K, *Creating a World Without Poverty: Social Business and the Future of Capitalism*

New Designs for Water and Sanitation Transactions: Making Private Sector Participation Work for the Poor (2003) WSP

New Roles, New Rules (March 2003) WaterAid and Tearfund

Primer on the African Development Bank (2007) WaterAid

Primer on the Asian Development Bank (2006) WaterAid



Books/ Reports

Reforming public utilities to meet the Water and Sanitation MDG (2006)
WaterAid and WDM

Tariff Structures in Six South Asian Cities (2003) Water Tariffs and Subsidies in South Asia, WSP and PPIAF

The Advocacy Sourcebook (2007)
WaterAid

Transnational Institute and Corporate Europe Observatory (CEO) *Reclaiming Public Water: Achievements, Struggles and Visions from Around the World*, Available at: <http://www.tni.org/books/publicwater.pdf>

Understanding the Basics (2003)
Water Tariffs & Subsidies in South Asia, WSP and PPIAF

WaterWorks: A consumer advocacy guide to water and sanitation (2004)
CI



Websites

Public Services International Research Unit
Database of private sector participation experience in the provision of water services.
www.psiru.org

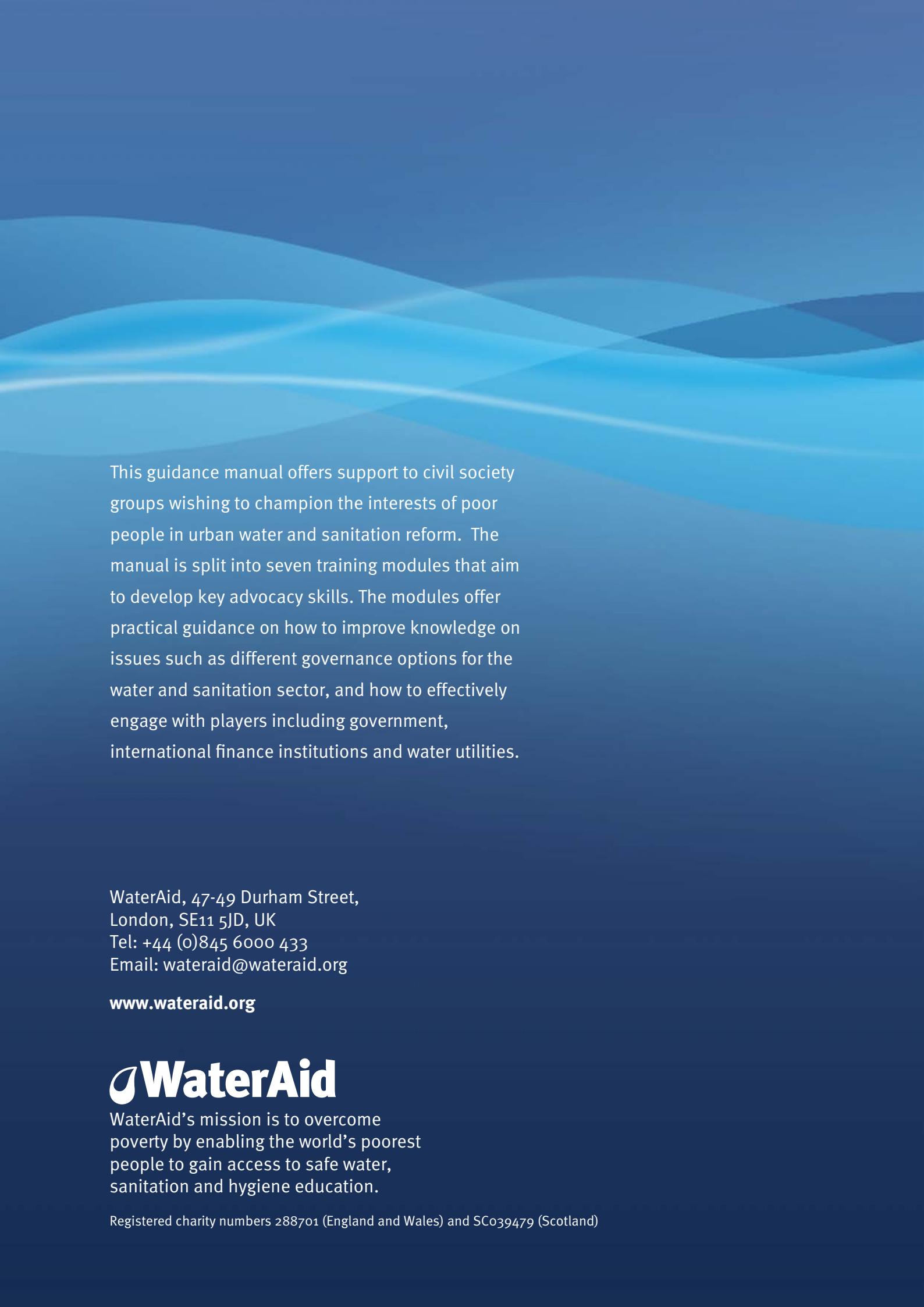
The International Benchmarking Network for Water and Sanitation Utilities (IBNET)
Claims to be the world largest database for water and sanitation utilities' performance data.
www.ib-net.org

World Bank

Project Database (under 'Projects and Operations') includes the Project Appraisal Document for many urban water projects - usually a source of very detailed information.
www.worldbank.org

WaterAid

The international water and sanitation NGO's website.
www.wateraid.org



This guidance manual offers support to civil society groups wishing to champion the interests of poor people in urban water and sanitation reform. The manual is split into seven training modules that aim to develop key advocacy skills. The modules offer practical guidance on how to improve knowledge on issues such as different governance options for the water and sanitation sector, and how to effectively engage with players including government, international finance institutions and water utilities.

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

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