

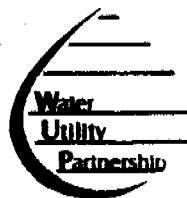
Workshop on  
**BUILDING PARTNERSHIPS  
TO SERVE THE URBAN POOR**

Abidjan, Cote d'Ivoire  
November 19 - 21, 2001

**Proceedings**

Water Utility Partnership

Project Number 5



Water Utility Partnership  
FOR CAPACITY BUILDING - AFRICA



**Water and  
Sanitation**

71-WUP01-17340

## **WUP Vision for African WSS Utilities**

Efficient, well-managed, accountable and responsive utilities which provide equitable, sustainable, quality water and sanitation in their areas of operation.

Sector policies and institutions providing the right incentives for utilities to:

- Extend services to the poor through partnerships with key stakeholders
- Foster a culture of capacity building, knowledge sharing and networking
- Ensure a sound environment and sustainability of the water resource

### **The Challenge....**

- 400 million urban poor by 2025 means...
- roughly 5 to 4 million new connections per year (5 to 8 inhabitants per connection)
- 6,000 to 10,000 connections per day on average.

### **Guiding Policy Principles**

- Water - focus on urban poor as customers with unique needs and demands
- Sanitation - use water as an entry point and as a financing strategy
- Urban - recognise unplanned or informal settlements
- Utility - develop internal strategy and outreach capacity
- Pricing - design around the poor, provide the necessary supports and incentives
- Regulate - quality not price, focus on outputs not inputs.

### **The Way Forward**

- Recognize the role of **utilities as leader and institutional anchor**
- Carry out institutional reform to meet the necessary condition: i.e. **an efficient and financially sound utility**
- Draw in all stakeholders as partners under a coherent strategy
- Set **clear targets**, publicize commitment and build accountability
- Foster a culture of **continuous learning and exchanges** within utilities, within countries and among utilities and countries.

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## LIST OF SELECTED ACRONYMS AND ABBREVIATIONS

<b>AAWSA:</b>	Addis Ababa Water and Sewerage Authority
<b>BNWP WSS:</b>	Bank-Netherlands Partnership Water Supply and Sanitation
<b>BPD:</b>	Business Partners for Development
<b>CAMEP :</b>	Centrale Autonome Métropolitaine de l'Eau Potable
<b>CBO:</b>	Community Based organization
<b>DFID:</b>	Department for International Development
<b>DRA:</b>	Demand Responsive Approach
<b>ESAR:</b>	Eastern and Southern Africa Region
<b>GLN:</b>	Global Learning Network
<b>GRET :</b>	Groupe de Reserche et d'Echanges Technologiques
<b>GWC:</b>	Ghana Water Company Limited
<b>GWP:</b>	Global Water Partnership
<b>HIPC:</b>	Highly Indebted Poor Countries
<b>HPU:</b>	Housing Project Unit
<b>HRD:</b>	Human Resource Development
<b>IBT:</b>	Increasing Block Tariffs
<b>IPG:</b>	Innovative Partnership Grant
<b>ISD:</b>	Institutional and Social Development
<b>ITDG:</b>	Intermediate Technology Development Group
<b>JICA:</b>	Japan International Corporation Agency
<b>LCC:</b>	Lusaka City Council
<b>LIUU:</b>	Low Income User Unit
<b>LWSC:</b>	Lusaka Water and Sewerage Company
<b>MOU:</b>	Memorandum of Understanding
<b>PHAST:</b>	Participatory Hygiene and Sanitation Transformation
<b>PPIAF:</b>	Public Private Infrastructure Advisory Facility
<b>PPP:</b>	Public Private Partnership
<b>PPPUE:</b>	Public Private Partnership for the Urban Environment
<b>PRSP:</b>	Poverty Reduction Strategy Paper
<b>PSP:</b>	Private Sector Participation
<b>SSIP:</b>	Small Scale Independent Providers
<b>SURF:</b>	Sub Regional Resource Facilities
<b>TREND:</b>	Training, Research and Networking for Development
<b>TSP:</b>	Tri-Sector Participation
<b>UADE:</b>	Union Africaine Des Distributeurs d'Eau
<b>UNDP:</b>	United Nations Development Program
<b>UNECA:</b>	United Nations Economic Commission for Africa
<b>WEDC:</b>	Water, Engineering and Development Center
<b>WRM:</b>	Water Resource Management
<b>WSSCC:</b>	Water Supply and Sanitation Collaborative Council
<b>WSP:</b>	Water and Sanitation Program
<b>WSS:</b>	Water Supply and Sanitation
<b>WUP:</b>	Water Utility Partnership
<b>RWSS:</b>	Rural Water Supply and Sanitation
<b>UWSS:</b>	Urban Water Supply and Sanitation
<b>TAC:</b>	Technical Advisory Committee

## FOREWORD

Upon its launch in 1996, the Water Utility Partnership (WUP) took up the mission of helping African water and sanitation utilities to act on the challenge of extending safe water and hygienic sanitation services to the growing number of poor households in African cities.

WUP's objectives, through its Project No. 5, was to foster recognition of the problem and to identify scalable approaches drawing on the experience of African utilities themselves. Project No. 5 has been supported primarily by a grant from the European Union and was carried out over the last three years by the Water and Sanitation Program-Africa Region (WSP-AF) as WUP Executing Partner.

After testing the methodology through a pilot phase, the project reviewed relevant practices in nine countries and evaluated them for effectiveness and potential to bring progress at scale.

The selected practices and the emerging guiding principles were presented and debated at a regional workshop held in Abidjan, November 19-21, 2001, on the theme "**Building Partnerships to serve the Urban Poor in Water and Sanitation**". In addition to its dissemination and validation function, the Abidjan Workshop had the objective to map the way forward for utilities and their partners and set the ground for further learning and exchanges.

The Abidjan Workshop was opened by Mr. Patrick Achi, the Minister for Economic Infrastructure of Cote d'Ivoire and drew 120 sector specialist from across French and English-speaking Africa, including: chief executives and senior staff from a number of utilities, NGO's, small scale operators, and staff from the EC, the AfDB and the World Bank.

The Workshop was organized by WUP in collaboration with the Union of African Water Suppliers (UAWS), the Water and Sanitation Program (WSP) and the World Bank Institute (WBI).

Key points and recommendations from the workshop are captured in:

- a "Workshop Summary"; and in
- the "Conclusions of the Round Table of Utility Managers" .

Dissemination will be organized as follows:

- the **full proceedings** (including: the summaries, the keynote speeches, the presentations, the evaluation and the list of participants) will be distributed to participants and to UAWS members in hard copy, through EM or on CD and will be posted on WUP websites with links to other websites in particular WSP, WBI and UAWS.
- a **flyer** with a synthesis of lessons learned will be disseminated more broadly beyond the participants and WUP core constituency.

WUP in collaboration with WSP-AF will also disseminate to participants key products of the concluding phase of the WUP Project No. 5, namely: the **Toolkit** and the **Compendium of Good Practices**.

WUP sees this dissemination as one of the steps in moving from research and policy development to action at the country level and to further learning and exchanges among regional partners and stakeholders, thereby contributing to our shared vision of an Africa where everyone has access to safe water and hygienic sanitation,

Mukami Kariuki  
Project Manager, WUP 5  
Nairobi, January, 2002

Dennis Mwanza  
Managing Director, WUP  
Abidjan, January, 2002



## ACKNOWLEDGMENTS

The Abidjan Workshop was made possible by the collaboration and support of many organizations and by the expertise and hard work of many individuals who contributed to the various phases of the WUP No. 5 project from its inception and planning to its completion.

The WUP Project No. 5 project was managed by Ms. **Mukami Kariuki** (Sr. Water and Sanitation Specialist, WSP-AF) under the overall guidance of Mr. **Dennis Mwanza**, Managing Director of WUP. Ms. Kariuki also filled the role of Regional Coordinator for Eastern and Southern Africa while for West and Central Africa this function was assumed by Mr. **Lucien Angbo** (Utility Management Specialist, WSP-AF) until the end of 2000 and by Mr. **Peter Kolsky** (Sr. Sanitation Specialist, WSP-AF) thereafter.

The workshop was funded by the **European Commission** with grant of US\$ 500,000, which was the main source of funding for WUP Project No. 5 as a whole. **WUP** and **WSP-AF** provided complementary support in particular during the planning and inception phases of Project No. 5. Partner utilities, development agencies/programs also provided support out of their country funds for participants travel and subsistence.

The Workshop was hosted by the **Government of Cote d'Ivoire** through its Ministry of Public Works and sponsored by the **Union of African Water Suppliers (UAWS)** and **SODECI** (Societe des Eaux de Cote d'Ivoire). WUP would also like to extend its gratitude to Mr. Zadi, Kessy and his staff for their role in organising this meeting.

The Workshop was organized by:

- the Water Utility Partnership for capacity building in Africa (WUP), and
- the Water and Sanitation Program-Africa (WSP-AF)

in collaboration with:

- the World Bank Institute (WBI);
- Business Partners for Development (BPD);
- the Municipal Development Program-West Africa (MDP-West).

Task Team Leader and Chair of Workshop Committee: Mukami Kariuki (Chair)

### Logistics sub-Committee

- Dennis Mwanza (WUP)
- Maferima Toure (WUP)
- N'Dri Koffi (UAWS)
- Pete Kolsky (WSP)
- Esther Muya (WSP)
- Anne Marie Siby (WSP)
- Joyce Addoh (WSP)
- Jacob Angofi (SODECI)

### Program sub-Committee

- J-P Mbassie (MDP), Chief Facilitator
- Jean Doyen, Chief Rapporteur
- Kwabena Manu, Coordinator
- Patrick Canel, WBI
- Barbara Evans (WSP), Co-Facilitator
- Pete Kolsky (WSP)
- Ken Kaplan (BPD)
- Helina Tirfie (WSP)
- Kpli Y. Kouadio (K & K Translation)

Mukami Kariuki, Jean Doyen, Kwabena Manu, Helina Tirfie and Esther Muya were responsible for assembling the proceedings.

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## SUMMARY PROCEEDINGS

### The Challenge

The concluding workshop of WUP Project No. 5 on water and sanitation services to the urban poor gathered 120 sector specialists in Abidjan from November 19-21, 2001. The workshop drew participants from across French and English-speaking Africa, including chief executives and senior staff from a number of utilities, NGO's, small scale operators, and staff from the EC, the AfDB and the World Bank. The workshop was opened by Mr. Patrick Achi, the Minister for Economic Infrastructure of Cote d'Ivoire and a key note speech was delivered by Mr. Zadi Kessy, the Chief Executive of SODECI. Before the day was over, small scale water vendors were on the podium explaining the ins and outs of their relationships with large water utilities.

#### WUP Project No. 5 sets the focus on WSS services for urban poor.

WUP Project No. 5 has unfolded through three phases over the last two and a half years.

- Phase 1 piloted the methodology for case studies;
- Phase 2 researched and documented practices from nine countries leading to the June, 2000 workshop in Nairobi; and, finally
- Phase 3 prepared the *Good Practice Document* and the *Toolkit*. Which will be disseminated after this workshop

The central objective of the WUP Project No. 5 workshop in Abidjan is to raise awareness and obtain the commitment of African water and sanitation utilities to act on the challenge of extending safe water and hygienic sanitation services to the growing number of the poor in African cities.

In addition to its dissemination and validation function, the Abidjan workshop which drew the participation of 40 utility managers and directors, mapped the way forward and encouraged utilities to adapt and scale up the good practices documented and disseminated under WUP Project No. 5. The workshop also identified follow-up actions by WUP and its partners (See conclusions of the Executive Roundtable) for implementation under a fourth phase of the project.

WUP No. 5 has focused on practices that have demonstrated the potential to go to scale in improving services to the urban poor either at city or country level.

#### Learning to move to scale

WUP No. 5 has focused on practices that have demonstrated the potential to go to scale in improving services to the urban poor either at city or country level. While each "good practice" is the product of a specific institutional and policy context, they exhibit a number of common characteristics:

- political goodwill translated into a coherent policy – "governments holds the key"
- support from a reasonably well managed utility with some degree of financial autonomy;
- partnerships involving communities, small scale providers and municipal actors;
- adaptation and innovation on service standards and in the choice of options;
- strong communication, promotion and capacity building functions – outreach to customers;
- reliable and sustainable financial support relying to a large extend on internal cross-subsidies.

#### The strategic challenge for utilities

By 2025, urbanization in Africa will have progressed from about 32% today to about 50 %. The urban population will have grown from the current level of about 300 million to 700 million. If current trends prevail, the large majority of them will be living in poverty in unplanned or informal settlements without access to safe water and hygienic sanitation.

#### Summary and Conclusion

Utilities will be hard pressed to prevent widening of the gap between the decreasing percentage of urban households which are connected to their networks and the growing number of unserved left to depend on more costly and often less safe and inconvenient alternatives. The objective of increasing the overall percentage of urban dwellers served by a connection from the current 50% to 80% in 2025 would require on average about 5 to 4 million new connections every year; i.e. about 6,000 to 10,000 every day (see Box 1).

Extending basic services to the urban poor has to be recognized as a matter of long term survival for utilities confronted with the prospect of playing an increasingly marginal role in sprawling and dysfunctional cities.

#### **Box 1. African WSS Utilities: A Vision for Action**

**The challenge:**

- 400 million urban poor by 2025 means ...
- roughly 5 to 4 million new connections per year (5 to 8 inhabitants per connection)
- **6,000 to 10,000 connections per day on average.**

**The way forward:**

- Recognize the role of **utilities as leader and institutional anchor**
- Carry out institutional reforms to meet the necessary condition: i.e. an **efficient and financially sound utility**
- Draw in all stakeholders as partners under a **coherent strategy**
- Set **clear targets**, publicize **commitment** and build **accountability**
- Foster a **culture of continuous learning and exchanges** within utilities, within countries and among utilities and countries

Extending basic services to the urban poor, long considered a peripheral objective, has to be recognized as a strategic goal by planners and policy makers, and a matter of long term survival for utilities confronted with the prospect of playing an increasingly marginal role in sprawling and dysfunctional cities (see Box 2).

#### **Box 2. Participants' views on services to the urban poor.**

Responses from 68 participants (70% of total) indicate a high level of awareness and consensus on the issues in the sector. Some interesting results include:

- 50% of respondents did not think it necessary for utilities to be provided with exclusive mandate within their service areas.
- 55 % believe that small scale providers are better placed than utilities to offer water supply services to the urban poor.
- 80 % believe that WSS utilities should be allowed to deliver water to the poor through a variety of suitable arrangements whether they have secure land tenure or not.
- 75 % believe that if provision of WSS service providers other than utilities were legal and supported, some micro-enterprises would offer sustainable low cost alternatives to formal network supply.
- 90% believe that most African Governments only pay lip service to the provision of services to the urban poor and that in most cases, there are no clear policies or requirements for utilities to follow to meet the needs of the urban poor.

### Building Partnerships

A well performing and financially sound utility is a necessary, but insufficient condition, for serving the urban poor. While the role of utilities is central, they cannot, as shown by the practices documented by WUP No. 5, succeed on their own.

A well performing and financially sound utility is a necessary, insufficient condition, for serving the urban poor.

First, the population they are meant to serve and the governments that represent them need to assert their **commitment** to the objective of extending basic services to the urban poor who should be seen as full-fledged customers and stakeholders.

Second, they need a **policy and legal framework** that (i) recognizes the broad range of local actors from communities, NGO's and the private sector, that are engaged in water and sanitation services, and, (ii) opens the way for partnerships and innovation aimed at adapting the services to the capacity and preferences of the poor.

Good policies will have to be complemented by **implementation strategies** defining roles and responsibilities, setting frameworks and processes for giving the poor a voice and bringing in all stakeholders engaged in service provision. At the heart of such strategies will be **tariff systems** that make basic services accessible and affordable to the poor while at the same time safeguard the financial autonomy of the utility.

Eventually, good policies and sound strategies should lead to **stepped up levels of investment**. The requirements even for a country like Cote d'Ivoire which stands at the high end of regional performance in water and sanitation services, are staggering; halving the proportion of urban households not yet connected to the network by 2015, would require annual outlays in the order of magnitude of 1.5 % of the current GDP. Most countries will depend on external aid for a large percentage of these requirements.

The conclusions from this workshop and the practices documented by WUP Project No. 5, and validated by the utilities, should inform the programs of donors and be used, in particular to develop the water and sanitation components of **poverty reduction strategy papers (PRSP)**.

### Focus on Improved On-site Sanitation

Access to improved sanitation in many African cities is limited and declining. Currently, an estimated 80% of households in most major African urban centers rely on on-site sanitation, primarily pit latrines, the majority of which are unimproved. In densely populated informal settlements there is not enough space set aside for latrines. The few latrines that exist are overused and rarely emptied. Many residents have no alternatives except "flying toilets" and open defecation. Poor sanitation is a growing public health problem. Diarrhea and other sanitation-related illnesses are among the top five causes of morbidity and mortality. In some cities cholera has become endemic.

In the context of weak municipal institutions, the utilities often emerge as **institutional anchor** for household and community-based sanitation programs.

The role of utilities in the delivery of sanitation services varies from country to country. When involved, their role is typically limited to managing traditional sewer networks serving central business districts and high income/high density areas covering about 10 to 15 per cent of the households and businesses. Public financing for sanitation remains targeted to sewerage networks despite the low level of access.

High investment requirements and high costs of operation for conventional sewerage systems have brought about recognition of the limitations of traditional sewer networks and have led to initiatives to promote **improved forms of on-site sanitation**. The few cases where utilities play a lead role in on-site sanitation initiatives suggest that their involvement is critical for moving to scale.

#### Utilities as institutional anchor for pro-poor urban sanitation program

The scarcity of good examples within the region where on-site sanitation has been replicated and scaled up points to the importance of piloting and strategic planning to test options, match household demand to service delivery and define roles and responsibilities as well as resource flows. Successful programs to promote improved on-site

sanitation and household hygiene have typically unfolded over several years of trials and adaptations before gaining momentum and building a market for their products.

In the context of weak municipal institutions, the utilities often emerge as *institutional anchors* for household and community-based sanitation programs. Their relative institutional strength, legal standing, city-wide perspective, and ability to mobilize financing, put them in unique position to organize and oversee the multi-layered partnerships required for such programs, involving communities, NGO's, artisans, training institutions and municipal actors, among others.

As their mission is centered on services and public health, utilities should be pro-active in advocating for sound sanitation policies and pilot innovative approaches to on-site sanitation.

The case of Burkina, where the national utility ONEA (Office National de l'Eau et de l'Assainissement) initiated and brought to scale a program for the promotion of on-site sanitation to low-income households, illustrates the critical role that utilities can play in institutionalizing the program and ensuring stable financing through a surcharge applicable to the higher tranche of the water tariff.

The surcharge provides for communication, training and capacity building directed at communities, households and artisans. Although these functions absorb a large part of the cost of such programs, typically more than 50 per cent, they are essential in ensuring that the household voice is heard and that their choice is articulated with full understanding of their obligations and responsibilities for subsequent O&M. Direct subsidies to households need not cover more than the critical components, like latrine cover plates and vent pipes, amounting to a small proportion of the cost borne by the households.

### Way forward

- Efforts to tackle the mounting sanitation problem of African cities and towns should prioritize the promotion of improved on-site sanitation.
- As their mission is centered on services and public health, utilities should be pro-active in advocating for sound sanitation policies and piloting innovative approaches to on-site sanitation.
- Utilities have a critical role to play as the institutional anchor for water supply and sanitation and can provide the continuity needed to bring such program to scale, provided:
  - first, that they are reasonably efficient and financially sound, and
  - second, that their involvement is supported by a clear policy expressing broad commitment from all stakeholders at central and municipal levels
- Utilities that are called to take up a lead role in sanitation, should work with partners to define their role in relation to the whole range of options to improve sanitation services for low-income households including on-site solutions and low-cost off-site options.

### Priorities for further learning:

- Study tours to Burkina and other documented good practices.
- Enabling frameworks and models for partnerships between utilities and municipal bodies on the one hand, and small scale operators and community-based organizations on the other.
- Funding mechanisms to ensure the stable support needed to build up capacity and confidence and take programs through the initial trial and error phase.
- Adaptation to African contexts of the condominial approach to serve the denser settlements.

## Delivery Options and Standards that Meet the Needs of the Poor

Opening up standards for review and revision is essential to improving services to low income communities. Infrastructure and service standards designed for formal and often middle and high-income areas, are in fact inappropriate for the majority of urban dwellers who fall below the poverty line and do not reside in planned settlements. Inflexible standards also contribute to the high cost of laying infrastructure in rocky, hilly or waterlogged areas where many informal settlements are located.

In many countries, statutory constraints restrict utilities to formal settlements. The extension of utility networks into informal and peri-urban settlements is often perceived as a considerable risks due to uncertain land tenure, low and often inconsistent incomes, difficulties in revenue collection and to the fact that, often, the majority of the habitants are tenants. Flexibility and innovations are required to enable service delivery in complex socio-economic and physical environments.

**The full realization of the health benefits from improved water services would require a sharper focus on quality of water at the time of consumption.**

The lifting of administrative requirements related to land titles and frontage access have allowed utilities to extend services to low-income groups, often without additional risks, thereby gaining customers and revenues. Delivery schemes to unplanned settlements can overcome higher risks by partnering with communities to rely on them for safekeeping, maintenance and even collection.

Practices from Durban and Manila West Zone (Maynilad Water) show that it is possible to reduce the cost of delivering water while preserving its quality. The two practices were developed in order to meet household preference for in-house connections. In Manila investment costs were brought down by laying pipes (including flexible rubber hosing) above the ground along alleys and regrouping meters in batteries. In Durban the daily quantity of water made available was matched with ability to pay by offering graduated service options; with the lower cost options offering a fixed minimum quantity of water by daily filling a 200-liter tank in the household.

The targeted programs launched in Manila West Zone, and in Durban provide enhanced services at no, or minimum, additional costs to the utility. Manila households participating in the so-called "Bayan Tubig" programs have on average trebled their daily consumption to about 30 l/c/d for less than half of what they were paying before to vendors and resellers, thereby reducing their outlays for water from 4.5% of their income to less than 2 per cent. In both cases, tariff have been set so that the revenues accruing to the utility covers only direct O&M costs.

**Utilities should seek revision of regulatory frameworks under which they operate that restrict their ability to deliver services to low income communities.**

Both the Durban and the Manila West practices rely on community-based user committees to ensure safekeeping, discourage unauthorized connections and collect payments. The community organization typically retains a percentage of revenues collected to cover its O&M responsibilities, to set aside a provision for repairs as well as

a profit margin provided as incentive for use by the community. This is also the case for the Port-au-Prince (Haiti) systems in which area water committees manage tertiary reticulation systems distributing water from bulk meters. The organizational capacity and savings mobilized by the water users committees have typically supported community initiatives in related areas like sanitation, hygiene and drainage.

**Utilities should recognize low income communities and informal settlements as legitimate customers and adapt their services to meet their demand.**

The full realization of the health benefits from improved water services requires a sharper focus on quality of water at the time of consumption. This, as well as user preference, led to increased coverage through piped household connections in Manila West Zone and Durban. In the latter case, public taps were in fact discontinued as the system was extended. Concern for water quality is a strong reason for recognizing and licensing resellers and tankers services, i.e. to foster the acceptance of procedures to ensure proper quality in their operations.

### Way forward

- Utilities, in collaboration with governments, should initiate a review of the legal and regulatory framework under which they operate and identify constraints to their ability to deliver services to low-income communities.

### Summary and Conclusion



- Utilities should recognize low-income communities and informal settlements as legitimate customers and should develop innovative approaches to delivering services adapted to their demand.
- Utilities should work with low income communities to lower the cost of services and overcome security and operating constraints.
- As more flexibility is accepted, utilities should keep the focus on water quality. They should give preference to delivery systems that maintain the quality of water at the time of consumption and should work together with water resellers, vendors and tanker services to foster procedures that preserve water quality.

**Priorities for further learning:**

- Increase the level of understanding on the need for, and implications of, increasing flexibility in standards and preserving service quality.
- Audits of water standards to identify constraints to serving the poor and to enhance quality at the time of consumption.
- Licensing arrangements for resellers and tanker services with related monitoring and enforcement systems to ensure preservation of water quality.

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**Strengthening Utility Outreach Function to Reach the Poor**

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“Knowing your customer” should be the starting point of strategies to improve service delivery to the low-income communities. When utilities have attempted to cover unplanned settlements, they have typically prescribed standard public taps or water kiosks aimed at serving a specified number of users within a given distance. The proliferation of alternative services including vendors, illegal connections, etc., indicates that “one-size-fits-all” approaches cannot respond to what is in fact a differentiated demand.

Working in partnership with NGOs and establishing dedicated community outreach units within the utility are complementary elements of strategies to extend services to low income communities.

Utilities that have extended services to informal settlements have acknowledged the importance of understanding their customers’ needs and have adopted innovative strategies to do so. While the final goal should be to mainstream a pro-poor approach throughout an organization, two particular strategies have allowed utilities to move towards this ultimate goal: either establishing a ‘low-income users unit’ (a dedicated internal unit) or working in partnership with NGOs which assist the utility with the outreach and community mobilization work.

The Peri-Urban Section of the Lusaka Water and Sewerage Corporation chose the first route, building capacity internally and establishing a specialized unit dedicated to reaching poor customers. An early realization was that in order to succeed, such a unit had to get acceptance from the whole organization. Peri-urban dwellers who account for 70 % of the population of Lusaka, had to be recognized as full-fledged customers throughout the organization.

In the case of Port-au-Prince the intermediation function was assumed initially by GRET, an international NGO, under an externally supported project. This NGO worked in partnership with CAMEP, the local utility. This partnership arrangement served to leverage outside funding and make good use of the strong links that the NGO had with the community and harness the specialist community skills that the NGO could contribute. CAMEP provided the necessary institutional backing and gradually internalized the activities of the NGO as capacity was built up within the utility. For this purpose, CAMEP also found it useful to create a dedicated unit within the utility to which GRET’s activities were transferred. This fulfilled GRET’s own mandate, allowing it to move into new areas and is a good example of the evolution and flexibility that characterizes good partnerships.

The commitment to extending services to low-income customers should be internalized by the entire organization and inform its mission and its culture

The long-term goal, whichever interim strategy is chosen, should be to institutionalize the capacity for serving low-income groups throughout the utility. This is necessary to sustain its commitment and fully integrate peri-urban customers in planning and policy development.

**Summary and Conclusion**

**Way forward:**

- Working in partnership with NGOs or establishing dedicated community outreach units within the utility are complementary elements of strategies to extend services to low-income communities.
- Through this approach community input and institutional and social development (ISD) skills can be applied to designing, planning, implementation and management of innovative and sustainable service delivery programs.
- The commitment to extending services to low-income customers should be internalized by the entire organization and inform its mission and its culture.

**Priorities for further learning:**

- Cross fertilization across utilities (study tour, cases) to study success stories of cross-sectoral partnerships and dedicated units for low-income customers. This should lead to planning of how such innovative strategies can be applied in new instances.
- Models for community management: partnership arrangements with utility, linking to municipal structures, sharing responsibilities for system management and O&M, leveraging new financial resources, harnessing ISD skills within contractual and project frameworks, getting partnership and internal incentive structures right, establishing good governance structures (internally and externally), addressing by-laws and other legal barriers, establishing recourse and grievance mechanisms, etc.

**Making tariffs and subsidies work for the poor**

Most utilities have pricing policies based on increasing block tariffs (IBTs) which are geared to the objectives of: (i) ensuring cost recovery for the utility; and, (ii) allowing poor households to afford piped water through a subsidized “social block” tariff applicable to a monthly consumption corresponding to basic services. However, in most cases these subsidies do not reach the poor who typically do not have access to the network because of their location, or because of high up-front connection costs. Furthermore, many poor households rely on a daily wage and can neither save up for a connection nor accumulate the sums needed for monthly payments.

**Subsidies do not reach the poor who typically do not have access to the network because of their location, or because of high up-front connection costs**

Tariff and subsidy policies are central to any effort to extend services to the poor. They are driven by diverse and sometimes conflicting objectives (see Box 3).

**Box 3: Objectives of WSS tariff policy**

- Social: to ensure the right of all people to be able to access social services.
- Financial: to allow the operator to keep his business running, maintain its assets and serve its debt.
- Economic: to take into account costs and benefits to the society as a whole including the user of water resources, the impact on the public and on the environment.
- Political: to achieve a repartition of benefits and costs that can be accepted and sustained through the political process.

The consensus among workshop participants was that:

- Social objectives are important because the poor constitute such a large proportion of the customer base.
- Financial objectives are critical because without a working utility, the poor would not get services.

- Politics is the least "reliable" element in the equation. If the policy depends too heavily on political control, short term considerations will prevail.

**Social objectives are important because the poor constitute a large proportion of the customer base.**

The challenge is to ensure that the institutional framework under which tariffs are set and revised, ensures a balance between long-term financial imperatives and shorter term political considerations. Hence the trend toward independent regulatory bodies.

Subsidies needed to support pro-poor policies can be obtained either externally from the State and municipal budgets, or can be generated internally by charging higher rates to customers in higher consumption brackets. Theoretical considerations favor external subsidies applied to outputs, i.e. linked to services actually supplied to the target groups. However, given the dire state of public finance across Africa, the practical option is to support pro-poor policies with resources from within through increasing block tariffs (IBTs) or consumption cross-subsidies recognizing that they should be applied carefully to protect the revenue bases, and, in the case of industrial and institutional customers, very sparingly.

The application of IBTs to resellers and vendors that rely on the network result in higher charges for their customers, predominantly poor unconnected households. The problem is real. Several utilities e.g. Ghana and Kenya, have approached the problem by recognising resellers and granting them a single block tariff with service obligations and requirements related to water quality.

**Programs that have had a significant impact on services to the poor have been sustained through surcharges and cross-subsidies with a large degree of public acceptance and minimal impact on the financial soundness of the utility.**

Several of the WUP No. 5 practices (e.g. Burkina, Cote d'Ivoire) illustrate examples where programs that have had a significant impact on services to the poor have been sustained through surcharges and cross-subsidies with a large degree of public acceptance and minimal impact on the financial soundness of the utility. In several cases, the funds mobilized by utilities have been used as counterpart funding for external grants and credits.

**Box 4. Pro-poor Tariffs: Guiding Principles**

- Getting the tariff level and the tariff structure right helps all consumers, including the poor.
- Subsidize access not consumption.
- Subsidy delivery mechanisms should be targeted, transparent, and triggered by household indication of demand.
- New information is often required to evaluate whether a proposed tariff or subsidy will hurt or help poor households.
- Tariffs and subsidies require modifications over time. Decisions must be made about how social equity concerns will be incorporated in the tariff and subsidy revision process

**When pricing services for the poor due consideration should be given to aspects beyond the cost per cubic meter.**

The "social connection" programs initiated by a number of the best performing utilities, including SODECI (Cote d'Ivoire) and SONES/SDE (Senegal), show the value of prioritizing access to a household connection. The programs use the proceeds of a surcharge on higher consumption brackets to subsidize low-cost connections (through smaller diameter pipes) with simplified requirements. In the case of SODECI, the newly connected customer has to pay a deposit corresponding to three month of basic services. This contrasts with many cases where very low tariffs are combined with prohibitive and cumbersome connection procedures.

When pricing services for the poor due consideration should be given to aspects beyond the cost per cubic meter and include all the components of the relationship between the customers and the utility, in particular: the connection costs, the deposit requirements, the re-connection fees etc. In one instance, the length of pipes charged to new customers was reduced to a maximum of ten meters, instead of the full length of additional reticulation needed to reach their house.

**Summary and Conclusion**

**Way forward**

- Tariff and subsidy policy needs to evolve. The establishment of appropriate regulatory frameworks to balance long-term requirements for financial sustainability with social and political considerations is a central element of sector reform.
- Local authorities have a key role in the process. All stakeholders need to be involved in the process of setting and revising tariff policy including:
  - the poor whose demand and constraints need to be understood; as well as
  - the customers who will actually finance the subsidies (i.e. commerce, industry and the relatively prosperous) so that they accept the social objectives justifying the need for cross-subsidy.
- Capacity building of *all* stakeholders is needed to enable an informed debate and special attention must be paid to gathering information as a key input to this process.
- A transparent process needs to be set in place to ensure accountability of the utility and on the use and impact of subsidies, the latter usually through a special financing mechanism with its own oversight.
- Sanitation: In some situations (especially in networked sanitation) the tariff can be used as an instrument to generate resources to support investments in appropriate sanitation services.

The establishment of appropriate regulatory frameworks to balance the requirements for long-term financial sustainability with social and political considerations is a central element of sector reform.

**Priorities for further learning**

- Gain a better understanding the outcome of tariff policies on services to the poor.
- Good practice on information and consultation process.
- Options and scope of institutional arrangements for tariff regulation.
- Models of effective use of cross-subsidies for extension of services to low-income households including water supply and, also improved sanitation.

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**Undertaking WSS reforms to benefit the poor**

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Private sector participation (PSP) is increasingly viewed as a means of improving efficiency and effectiveness of utility operations. However, proposals to involve the private sector in water supply and sanitation services often meet resistance as it is feared that the poor will be priced out through higher tariffs and costly connection fees, or overlooked because they live in hard-to-reach locations.

As a rule, the prospects of private deprivation is politically and socially much less acceptable than long-standing public neglect.

As a rule, the prospects of private deprivation is politically and socially much less acceptable than long-standing public neglect. Once the responsibility for service delivery no longer rests with State or municipal bodies, politicians and unions become much more vocal in pressing for improvements.

The reality is that PSP holds the potential to improve services to the poor. Private operators have the skills to innovate in developing suitable options and different levels of service. Much depends on how contracts, policies and regulations are structured, how targets for extending services are specified and financed, and on Government's ability to regulate activities of private operators.

Given proper incentives, the private sector holds the potential to improve services to the poor.

Designing a transaction which brings in the private sector provides an opportunity for changes: technical, social and political. Bringing in the private sector without due attention to low-income consumers can be counterproductive in terms of access to services for low-

income households as the private sector operators unlike the public operator, have to be able to disconnect delinquent accounts.

**Through experience, ways of translating pro-poor objectives into monitorable undertakings imbedded in PSP contracts have emerged.**

Given proper incentives, the private sector can achieve much of what WUP No. 5 advocates: reducing the cost of services in particular connections costs; simplified billings and collection; customers retention scheme, partnerships etc. In fact, as shown by the Manila West concession case, PSP operators have willingly taken initiatives to upgrade or extend services to low-income groups

Through experience ways of translating pro-poor objectives into monitorable undertakings imbedded in PSP contracts have emerged. Contracts can be structured to foster attention to the poor through:

- area-specific coverage targets
- built-in incentives to attend to low-income customers
- licensing or franchising of SSIPs (e.g. by including their services in the monitored targets)
- removing monopoly from legislation and limiting exclusivity clauses from contracts
- allowing flexible technical standards while preserving quality.

The preparation of a sound PSP contract is a lengthy and complex process requiring a well thought through consultation framework, judicious timing and systematic information gathering.

The selection of contract type should align with objectives and incentives (see Box 5).

Box 5. Incentives by Contract Type		
Contract	Expansion	Tariff and level of service
Management	No	Low, apart from efficiency savings
Affermage	No obligation to fund Incentive to increase sales  May lobby for connection fee	No disincentive to serve the poor Operational subsidy may be needed  Service levels secondary
Lease	No obligation to fund fee Incentive to increase sales  May lobby for connection	Some responsibility for determining tariff structure may be given  Service levels are secondary
Concession	Responsible for funding expansion and incentive to add customers.  Connection subsidies will drive expansion, Cross subsidies discourage it.	Affordability will increase customers and revenues.  Universal service obligation would encourage innovation

The majority of utilities in Africa are still publicly managed and although the move towards PSP is gaining momentum, public utilities will continue to play an important role. Where the private sector is not an option, policy and institutional reforms are as important in ensuring improvements in service delivery to low income communities. Much can be learned from the experience in PSP regarding good practice in serving the poor.

**Where the private sector is not an option, policy and institutional reforms are as important in ensuring improvements in service delivery to low income communities.**

**Way Forward**

- The extension of services to the urban poor should be recognized as a central objective of sector reform for cases involving PSP as well as for those involving public sector agencies.

**Summary and Conclusion**

- Pro-poor objectives should be imbedded in PSP contracts with specific targets and monitoring systems that allow for inclusion of services provided through franchises and partnerships.
- The financing of operating subsidies during initial period of reform to allow gradual transition to cost-recovery tariffs.

#### **Priorities for further learning**

- Systematic analysis and documentation of country cases and dissemination of lessons learned and good practices.
- Development of model clauses to include pro-poor objectives in PSP transactions.
- Model of partnership and franchise agreements with community-based organizations and independent operators under PSP with the participation of PSP operators.

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## **Evaluation and Follow-up**

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### **Evaluation**

Listed below are the main findings of the participants' evaluation of the workshop. For details, please see Annex 1.

#### **Key points:**

- Interesting presentations based on practical examples, key underlying principles well analyzed. High relevance to area of work.
- Good program, themes well chosen; but, program too tight, not enough time for discussions, contacts and networking.
- Good mix of people including utility executives and practioners; but, municipal actors under-represented.

#### **Presentations of greatest interest** (ranked by participants)

1. Tariff and subsidies (see page 61)
2. Flexible standards (Durban and Manila, see page 35-53)
3. Pro-poor PSP-based reform (see page 69-75)
4. Outreach (Zambia, see page 59)
5. On-site sanitation (Burkina Faso, see page 26)

#### **Priorities for Follow-up**

- National consultative workshops for all stakeholders
- Implementing or strengthening PSP
- Develop a flexible/innovative action plan for WSS provision to the urban poor
- Improving monitoring and evaluation through guidelines and w/shops
- Link with donors policies

### **Follow-up**

The WUP 5 workshop highlighted the need to prioritize WSS services to low-income households in poverty reduction programs and in sector reform. It highlighted the role of utilities as institutional anchors for progress at scale. It defined the challenge ahead in concrete terms and develop a broad consensus on the policy principles and on critical implementation steps. Box 6 is a ten point summary of WUP No. 5 findings.

<b>Box 6. Ten Steps Towards Serving the Poor</b>	
<ol style="list-style-type: none"> <li>1. <b>Policy Matters!</b> The WUP urges governments, municipalities, utilities and their partners to develop specific policies, strategies and plans for improving access to services in low-income communities.</li> <li>2. Support the policies with legislation and regulations that enable utilities to deliver services to informal settlements.</li> <li>3. <b>Provide incentives to extend services</b> to informal settlements in utility contracts and performance plans.</li> <li>4. <b>Train utility staff, allocate finances, and develop specific plans</b> to improve services for the poor either directly or in partnership with small scale providers.</li> <li>5. <b>Offer a wide range of service delivery options</b> to meet the needs of all consumers, including the poor.</li> </ol>	<ol style="list-style-type: none"> <li>6. <b>Develop appropriate operational and service standards</b> to meet the needs of low-income consumers.</li> <li>7. <b>Recognize and support small scale service providers</b> in order to reduce the high cost associated with the risks of carrying out informal or "illegal" activities.</li> <li>8. <b>Encompass all types of service providers in regulations</b> that are simple, user friendly, fair and appropriate.</li> <li>9. <b>Reform block tariffs to help</b> - not hurt - the poor.</li> <li>10. <b>Don't forget sanitation! Support on-site sanitation improvements</b> and carry out hygiene/environmental health education programs.</li> </ol>

The main responsibilities for follow-up and implementation will rest with the utilities, central and local authorities as well as NGO's and communities organizations. Box 7 based on the consultations on the future of WUP held just after the WUP 5 workshop outlines issues, utility and country response and related WUP activities.

**Immediate Follow-up**

The immediate follow-up WUP will be the dissemination of the workshop proceedings with UAWS and IWA-ESAR as well as with partner organizations/programs including ITN's, WSP-AF, WBI, MDP, BPD, Africities, GWP; and, donors, development agencies and NGO's.

**WUP Project No. 5 Phase IV: support to country level initiatives**

WUP, with WSP-AF as executing partner, will also develop a follow-project (WUP Project No. 5 Phase IV) with the objective of supporting country level implementation and further learning. The project will, over a three-year period, facilitate and support the development and implementation of initiatives undertaken by utilities to build up their capacity to better serve low-income households.

**Country level**

WUP will provide advisory services and facilitate policy development and consensus building and will also support monitoring. The project will be designed to cover about ten utilities selected on the basis of the guiding principles emerging from WUP 5 practices reform underway to increase efficiency and financial autonomy, broad country commitment to reduction of urban poverty. The process would typically proceed through the following steps:

- a situation analysis (coverage, services, prices etc.) and an assessment of the legal and institutional framework, leading to
- an action-planning workshop followed by further studies, policy analysis, strategy , study tours etc..
- programs launch with learning and monitoring.

The country programs will support further learning on issues identified above.

**Regional level:**

The project will support :

- advocacy and networking: newsletter, links with regional programs/organizations, web site etc.
- training in partnership with ITN's and resource centers
- learning and sharing of experience through best practices notes, two regional workshops: on the theme of sanitation and at the conclusion of the project.

**Other applied research**

WUP also will seek to support applied research initiatives on the following two themes related to services to the urban poor:

**Summary and Conclusion**

- clauses to include pro-poor objectives in PSP-based institutional reform (possibly in partnership with BPD and WBI)
- community management models for WSS services (in partnership with WSP-AF).

The follow-up measures outlined above will be integrated in WUP mid-term strategy. Funding and implementation arrangements are expected to in place by end of 2002 allowing the initiative to unfold over the period 2003 to 2005.

Box 7. Strengthening Utilities Capacity to Serve the Urban Poor		
Issue	Utility/Country Response	WUP Activity
		Regional & Country level
- General lack of awareness	<ul style="list-style-type: none"> <li>• Increase awareness among all stakeholder groups</li> <li>• Document /publicize situation of WSS services in slums</li> <li>• Assess market for WSS services</li> </ul>	<b>Regional</b> <ul style="list-style-type: none"> <li>• Advocacy with UAWS,MDP, Africities</li> <li>• Partnership with regional initiatives</li> </ul> <b>Country</b> <ul style="list-style-type: none"> <li>• Support/facilitate country initiatives: assessments, communication, workshop to help build stakeholders coalition in partnership with WSP</li> </ul>
- Lack of legal mandate  - Services to the poor not imbedded in sector reform and in related PSP transactions	<ul style="list-style-type: none"> <li>• Review of legislation and policies</li> <li>• Redefine utility's mission and develop strategy</li> <li>• Institutionalize the responsibility to serve the poor within utilities</li> <li>• Include pro-poor clause and targets in PSP-based reform</li> </ul>	<b>Regional</b> <ul style="list-style-type: none"> <li>• Develop and disseminate model and practices on legislation &amp; strategies</li> <li>• Develop training in partnership with ITN's and resource center</li> <li>• Develop model clauses for PSP transaction.</li> </ul> <b>Country</b> <ul style="list-style-type: none"> <li>• Support analysis of legal/institutional framework</li> <li>• Facilitate development of institutional capacity for outreach.</li> </ul>
- Lack of legal status of low-income settlements, insecure tenure etc.	<ul style="list-style-type: none"> <li>• Innovate medium term delivery options within existing framework</li> <li>• Advocate for informal settlement strategies under poverty reduction programs</li> </ul>	<b>Regional</b> <ul style="list-style-type: none"> <li>• Link/develop partnerships with other initiatives e.g. MDP, Africities, Istanbul+ 5, Cities without slums, Cities Alliance</li> </ul>
- Lack financial incentives to serve the poor.  - Lack of funding for investment	<ul style="list-style-type: none"> <li>• Launch targeted programs with dedicated financing m mechanisms</li> <li>• Include urban WSS in PRSP's</li> <li>• Review tariffs systems and access requirements</li> </ul>	<b>Regional</b> <ul style="list-style-type: none"> <li>• Provide best practice/lessons</li> <li>• Participate in review of donors policies</li> </ul> <b>Country</b> <ul style="list-style-type: none"> <li>• Facilitate/support reviews of financing options and preparation and monitoring of targeted programs</li> </ul>
- No focus on on-site sanitation; no links established with management of water supply	<ul style="list-style-type: none"> <li>• Review legislation to streamline/coordinate the roles of various actors</li> <li>• Develop alternative management arrangements for on-site sanitation</li> </ul>	<b>Regional</b> <ul style="list-style-type: none"> <li>• Provide best practice/lessons</li> <li>• Organize regional workshop on role of utilities in sanitation</li> </ul> <b>Country</b> <ul style="list-style-type: none"> <li>• Facilitate country initiatives</li> </ul>
- Lack of capacity/practice to deal with communities.	<ul style="list-style-type: none"> <li>• Review community involvement and</li> <li>• Develop coherent framework/model for community management</li> </ul>	<b>Regional</b> <ul style="list-style-type: none"> <li>• Provide best practice/lessons</li> <li>• Sponsor regional workshop (WSP-AF)</li> </ul> <b>Country</b> <ul style="list-style-type: none"> <li>• Facilitate country initiatives: mobilization, sensitization and training</li> </ul>



## ROUND TABLE MEETING OF CHIEF EXECUTIVES OF WSS UTILITIES AND POLICY MAKERS

In order to take advantage of the presence in Abidjan of a number of utility managers, policy makers and advisors, a special Round Table was organized to discuss those issues and challenges that confront them in the provision of WSS services to the poor.

The Round Table was co-chaired by Zadi, Kessy of SODECI, Cote d'Ivoire and Neil Macleod of Durban Metro Water Services, South Africa.

Summarized below are conclusions of the proceedings beginning with the broad enabling issues followed by recommendations on services to low-income households.

### **Ensuring adequate urban planning**

Part of the problem in serving low-income areas is the lack of planning and the haphazard manner in which developments in some African cities have taken place. Governments should therefore place greater emphasis on proper planning, and define appropriate and specific standards for settlements that will permit the provision of basic affordable services

### **Improving the efficiency of utilities**

Utilities should strive towards greater efficiency in their operations, in particular in the area of reducing unaccounted-for-water. Improved efficiency will allow utilities the opportunity to provide services to all customers and in particular those in low-income areas.

### **Speeding-up reform processes**

A number of African governments are undertaking various reforms in the WSS sector. In most cases these seem to be moving slowly and have delayed the expected benefits from these reforms. It is imperative that governments speed-up these reforms and ensure that they include new policy, legal and institutional arrangements as well as incentives to enable utilities carry out their mandate to serve the urban poor.

### **Training and capacity building**

Manpower training should be a continuing feature of the management of utilities. African utilities should take advantage of available opportunities for training and capacity building through both internal and external resources. Major financing partners are ready to assist in this direction. Training and capacity-building should however not be limited to utilities alone but also to customers and other stakeholders so that they understand the business of water and sanitation.

### **The problem of sanitation**

Discussions on service to the poor always dwell on water supply, leaving out sanitation. However the promotion of good health requires that serious attention is paid to sanitation. In order to create demand for sanitation services, it may therefore be appropriate to extend subsidies for both off-site and on-site sanitation to low-income urban households. On their part utilities should define strategic plans for providing sanitation services to the poor.

### **Services to low-income urban areas**

#### *The need for innovation*

The technical problems associated with providing water and sanitation services to the poor are known and can be solved. They are, therefore, not a good reason for denying water and sanitation services to low-income areas. The issue therefore is how utilities can develop standards and streamline their technologies so as to respond to the requirements of low-income urban consumers. This will also require appropriate legislative and institutional support, as well as incentives

#### *Cost recovery and subsidies*

Utilities can provide sustainable services only if they can achieve some measure of cost recovery. There is convincing evidence that the un-served poor pay relatively more per unit for the same water produced by the utility than those who are connected. There is also clear evidence that the poor have been able and are willing to pay for WSS services provided the necessary education and sensitization are carried out and standards are

#### **Conclusions of executive round table**

developed to suit their needs. Serving low-income areas is therefore unlikely to compromise cost recovery. Subsidies, when available, should be targeted at providing access to service connections for the urban poor.

*Creating greater awareness for provision of WSS services to low-income urban areas*

- Legal status, whether permanent or temporary, should be given to informal and peri-urban settlements to enable utilities to extend services to them.
- African WSS utilities should consider the establishment of dedicated units within their organizations to deal specifically with services to low-income urban communities.
- Country level consultations among utilities and sanitation providers, policymakers and politicians should be organized in order to create greater awareness on the provision of WSS services to the poor.
- The provision of water and sanitation services for low-income areas should receive adequate treatment in country poverty reduction strategies (PRSP) and in negotiations with development partners.

### ROUND TABLE MEETING PARTICIPANTS

No.	First Name	Last Name	Position	Institution	Country
1.	Maurus	Ahokossi	Chef du Département de l'Approvisionnement Eau Potable	Direction de l'Hydraulique	Bénin
2.	André	Toupe	Directeur	Direction de l'Hydraulique	Benin
3.	Felix	Adegnika	Charge de Mission	Programme de Développement Municipal (PDM)	Bénin
4.	Claude	Baehral	Conseiller Régional Principal	Programme de Développement Municipal (PDM)	Bénin
5.	Baba-Moussa	Alassane	Directeur Technique Eau	Société Béninoise d'Electricité et d'Eau (SBEE)	Bénin
6.	Gilbert	Sah	-	Société Béninoise d'Electricité et d'Eau (SBEE)	Benin
7.	Arba Jules	Ouedraogo	Directeur de l'Assainissement	Office National de l'Eau et l'Assainissement (ONEA)	Burkina Faso
8.	Ambrose G.	Bongouande	Directeur Générale	Société Nationale de Distribution d'Eau (SNDE)	Congo
9.	Kessy	Zadi	Directeur Générale	SODEC	Cote d'Ivoire
10.	Dennis D.	Mwanza	Managing Director	Water Utility Partnership (WUP)	Cote d'Ivoire
11.	Bahiru Geneti	Fufa	Head, HR Dev & Admin Dept	Addis Ababa Water & Sewerage Authority (AAWSA)	Ethiopia
12.	Tadesse K.	Tesema	General Manager	Addis Ababa Water & Sewerage Authority (AAWSA)	Ethiopia
13.	Jonathan	Nunoo	Ag. Managing Director	Ghana Water Company Ltd.	Ghana
14.	Kwabena S.	Manu	Consultant	Mime Consult Ltd	Ghana
15.	Stephen	Adu	Executive Secretary	Public Utilities Regulatory Commission (PURC)	Ghana
16.	Simon	Thuo	Assistant Director	Department for Water Development	Kenya
17.	Lawrence	Mwangi	Assistant General Manager	Nairobi City Council, Water and Sewerage Dept	Kenya
18.	Mukami	Kariuki	Project Manager	WUP Project No.5	Kenya
19.	John	Kandulu	Chief Executive Officer	Blantyre Water Board (BWB)	Malawi
20.	Owen	Kankhulurigo	Controller of Water Services	Ministry of Water Development	Malawi
21.	Seyni	Salou	Directeur Générale	Société de Patrimoine des Eaux du Niger (SPEN)	Niger
22.	Babacar	Dieng	Consultant	-	Sénégal
23.	Seynabou	Diop	Chef de Project	SONES	Sénégal
24.	Neil	Macleod	Executive Director	Durban Metro Water Services	South Africa
25.	Isaac	Ngwenya	Engineer	Umgeni Water	South Africa
26.	Bernard M.	Mfugale	Managing Director	Iringa Urban Water and Sewerage Authority	Tanzania
27.	Joshua	Kalebu	Managing Director	Kalebu Ltd.	Uganda
28.	Charles	Chipulu	Managing Director	Lusaka Water and Sewerage Company	Zambia
29.	Oswald	Chanda	Director	National Water Supply and Sanitation Council	Zambia



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# **1. OPENING AND INTRODUCTION**

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## BUILDING PARTNERSHIPS TO SERVE THE URBAN POOR

By Dennis Mwanza, Managing Director, Water Utility Partnership

The Water Utility Partnership (WUP) aims to build capacity of Water and Sanitation Utilities and their partners - including small scale service providers, community and non-governmental organisations. Through a series of case studies, workshops and learning events, carried out over the past 2 years, WUP has facilitated sharing of experiences among utilities in Africa and promoted a partnership approach to the delivery of water supply and sanitation services to the urban poor.

Between 1999 and 2000, WUP Project No.5 and its partner utilities in nine sub-Saharan African countries organized country level workshops aimed at improving awareness and understanding among key stakeholders, of the problems facing the delivery of water and sanitation services to low income urban communities. The workshops identified "good" practices and initiated the preparation of country case studies describing about 40 practices in 12 different cities or municipalities.

The findings from these case studies were presented at a workshop held in Nairobi, Kenya on 19-22 June, 2000. Based on lessons learned, a Good Practice document and Toolkit on Improving WSS Services to the Urban Poor for sector practitioners are also being prepared. The Toolkit will provide operation principles, experience, sample documents, training material, and knowledge sources (contacts, publications).

Participants at the June 2000 workshop identified the need to organise follow up workshops on more specific topics to allow further learning on key subjects. The November 2001 workshop in Abidjan will therefore provide utilities and their partners a further opportunity to explore key issues identified the previous year including the following topics: pricing policy and tariff structures; management and outreach arrangements; financing sanitation; and pro-poor reforms.

The WUP 5 Final Workshop will be held from **19-21 November, 2001 in Abidjan, Cote d'Ivoire**. As in June 2000, participants will be drawn from various institutions on the sub-continent including: Utilities (General Managers, Technical/Operations Managers); Municipalities; NGOs (Project/Program Managers); CBOs, SSIPs, private sector, Governments (Health Agencies), Development Partners (potential funding agencies for follow up phase of the project), Associates (AULA, ESAR) etc.

The main objectives of the workshop are:

- ❖ Present the Good Practice Document and Toolkit and gather feedback
- ❖ Share knowledge, key innovations and advocate for immediate action on key topics
- ❖ Identify areas for further action in a proposed next phase (Phase IV) of the project
- ❖ The following is a list of themes that will be explored during the workshop. In addition to presentations on key issues, approaches and experiences, the workshop will also allow participants to discuss and share experience with each other. A field trip to an informal settlement will also be arranged.

**Theme 1: Financing and Delivering on-site Sanitation:**

Who should take responsibility for facilitating access to on-site sanitation?  
 What arrangements can be put in place to finance on-site sanitation?

**Theme 2: Pricing Policy, Tariff Structure, Subsidies, Cost Recovery, Fund:**

How should pricing policy be designed to enable access to WSS service to the urban poor?  
 How should tariffs be structured be set to avoid hurting the poor?

**Theme 3: Understanding your customer - Strengthening utility outreach functions.**

Building internal policy and capacity to serve the poor through special units.  
 Options for outsourcing or mainstreaming utility services to the poor.

- Theme 4: Levels of Service and Options for Service Delivery.**  
Extending network services to the poor - experiences from Asia, Latin America and Africa
- Theme 5: Reforming the Water Supply and Sanitation Sector - A pro-poor approach**  
What reforms are necessary, when should they be carried out and why?  
Involving the Private Sector - Designing PSP to help the Poor.

Funding for the workshop will be provided by the European Commission, Water and Sanitation Program (WSP), and Business Partners for Development (BPD)

The costs of travel and accommodation for a limited number of participants from case study countries, resource persons/consultants will be covered by WUP/WSP.

Details regarding funding will be forwarded to participants along with the formal mailing.

- Hosts:** Union of African Water Supplies (UAWS)/UADE  
Water Utility Cote d'Ivoire - SODECI  
Ministry of Infrastructure
- Chief Guest:** President of UADE/UAWS
- Management:** Water Utility Partnership  
Water and Sanitation Program - Africa
- Contributors:** European Commission  
Business Partnerships for Development  
Water Supply and Sanitation Collaborative Council  
Water and Sanitation Program - Africa  
Water Utilities Partnership  
World Bank Institute
- Facilitators:** Municipal Development Program  
Training Network for Development  
Massachusetts Institute for Technology

Abidjan, November, 2001

## MESSAGE FROM THE EUROPEAN COMMISSION

By Andre Liebaert, D.G Development

Colleagues, Friends,

The European Commission is proud to provide its support to the Water Utility Partnership. WUP is recognized as a genuine African initiative, and an example of a South-South cooperation that deserves to be replicated; which is already the case with the creation of a similar partnership in Asia. Moreover, being one of the programs affiliated to the Global Water Partnership allows it to broaden its audience to all the international actors in the water sector.

The project that has brought us together, here in Abidjan, studies one of the most critical issue in this sector, access to water, sanitation and hygiene education services for the underprivileged urban populations, **where the poverty concentration is undoubtedly among the most significant. The European Commission's development policy is centered on the priorities of poverty reduction, and on sustainable development.** For African countries, within the framework of the Europe Partnership - ACP, the Cotonou Convention highlights the social, economic and environmental aspects that underlie EC's programs. The sectoral policy of the Water Resources Commission rests on a series of institutional and management, social, economic and financial, environmental, educational and communication as well as technological principles. Their application aims at following a strategic approach for equitable, effective and sustainable management of water resources, and particularly in the context of supply of basic services, on which we shall focus on during these three days here.

This involves a large number of projects supported by the European Commission in several African countries, and I'm delighted to be with colleagues from our representations in Ghana, Nigeria and Tanzania, which are directly involved in these activities in their respective pays.

We should have a chance, later during this meeting, to further look into the links between the principles guiding the sectoral policy of the Commission and the results of the WUP project. It will be useful to explore how they will be integrated in a program of reinforcement of capacities that is currently in place.

Striking a balance between principles of equity and sustainability is a complex equation as it entails reaching the poorest, and we hope that the studies carried out by this project will bring us innovative solutions. These solutions will involve the participation of all, and a definition of respective roles of the public and private sectors, users and the state corporations. They must enable prices to be maintained at an affordable level for the beneficiaries, while ensuring the durability/sustainability of the systems set up.

The results of this project, and all the Water Utility Partnership's activities, will be of interest to, besides all those present at this workshop, the majority of stakeholders who have continued to develop this undertaking with regard to the water sector at international level. Without the support of political involvement, our fine principles will remain unheeded.

The issues affecting us will be the subject of debate in two weeks in Bonn, in preparation for the World Summit for Sustainable Development which will be held in the African continent in 2002.

I am certain that the results of the work accomplished by all those who contributed to this project, will be significantly dealt with in these debates, with the objective of bringing quality water and sanitation services to all.

Thank you

## ISSUES AND CHALLENGES FOR IMPROVING WATER AND SANITATION SERVICE DELIVERY TO THE URBAN POOR

By Zadi Kessy, Chairman and Chief Executive, SODECI

Hon Minister of Infrastructure, Mr. Patrick Achi,  
Representatives from the European Union,  
Representatives from the Water and Sanitation Program,  
Representatives from other Donor Agencies,  
The Managing Director of Water Utility Partnership,  
Distinguished Guests,  
Ladies and Gentlemen,

It is with great honor and privilege that I stand before this gathering to share some thoughts on the **"issues and challenges for improving water and sanitation service delivery to the urban poor"**. I make this presentation to you with the full conviction that all of us here have the responsibility to ensure that the urban poor are brought to the front and center of our service delivery agendas.

I would like to start my presentation with a question: **"why should we focus on serving low income urban communities?"** I will let the following facts speak for themselves:

Africa currently has the fastest rate of urbanization worldwide, and it is expected that by 2025, the continents urban population would have grown from 30% to 52% or from 300 million to 700 million. Although the majority of urban residents will be in large cities (over 1 million), many will be in small towns. It is important to note that the majority of the urban population will reside in low income urban settlements.

Low-income urban settlements- often called informal, slum or peri-urban- account for between 30 and 70 % of the population in most African countries. Often unplanned and sometimes illegal, these settlements share a common problem:- inadequate access to basic services such as safe water and sanitation. As a result poor environmental health and hygiene are a chronic feature in these settlements contributing significantly to rising morbidity and mortality rates.

In many countries, technical and /or legal factors constrain utilities from extending services to low-income urban settlements that are unplanned and/or illegal. Unable to keep up with the pace of urban growth, utilities are no longer the sole provider of water services, and households are forced to rely on alternative providers such as community organizations, NGOs and small scale private sector who operate as water vendors/tankers, water resellers/kiosks, etc. However, despite the efforts of these agencies, rapid urban growth and increasing poverty have led to an increase in the gap between households with access to basic services and those without.

In many countries the gap between the connected and unconnected households is growing as coverage levels drop and access to water declines. The Magnitude of requirements to bridge the gap is significant. According to data from the GLOBAL water and Sanitation assessment carried out by WHO and Unicef in the year 2000, in order to meet the target of 50% served by 2015 urban Africa will require an 80% increase in the number of people served over the next 15 years. Just to maintain current levels of coverage in the face of natural growth and rural migration, the served urban population must increase by more than 10 million each year over the same period.

Given the above trend and the fact that poverty alleviation is high on the agenda of most governments in Africa, it is clear that utilities face an important challenge in delivering water and sanitation services to low-income communities. To meet this challenge we as utilities must address a number of issues, which I will highlight in my address.

**Firstly, in many countries utilities do not have clear mandate to deliver water supply, and where applicable, sanitation services to the urban poor.**

Residents of low income areas and particularly unplanned or informal settlements, often have the right to vote but not to receive services such as water and sanitation. The poor therefore access services at higher rates than households connected to the utility network. As low-income consumers form the largest block of future customers for water supply and sanitation services. Governments should develop pro-poor policies that provide utilities with explicit mandate and appropriate mechanisms for targeting the poor. Pro-poor policies may include:

- Recognition and accommodation of informal settlements as part of urban development plan
- Creating a level playing field that accommodates both the public and private sector including small scale service providers; and
- Introducing the necessary incentives and support mechanisms for utilities and other providers to extend services to the urban poor

Pro-poor policies should be established as part of overall reforms aimed at improving the efficiency and effectiveness of utility services. Government policies must therefore be supported by appropriate and up-to-date legislation that removes unnecessary barriers to service delivery. Legislation should also provide for a lifeline/basic services using appropriate financing channels and mechanisms; and recognize the role of other existing actors such as Small Scale Independent Providers and Community Based Organizations.

**Secondly, once a clear policy framework and mandate is provided utilities must develop a better understanding of the specific requirements of low-income households.**

Due to the unplanned or illegal nature of the settlements in which the urban poor live, and the fact that utilities have often not been provided a clear mandate to serve these communities, relevant information on the requirements of these communities is often poor or lacking. If utilities perceive the urban poor as informal customers because they fall outside the formal service area, they may not involve them in decision making. The urban poor may therefore regard the utility with mistrust and be unwilling to cooperate.

Lack of accurate and reliable information is a hindrance to proper planning for service delivery and expansion and is often cited as a constraint when considering private sector participation. Development of accurate information is essential for both planning and regulation enabling better resource allocation and targeting of subsidies. Often this lack of information leads to inaccurate targeting of subsidies and as a result subsidies may benefit the rich instead of the poor.

To ensure that services for the urban poor are given priority, governments should assist in making information available and utilities should establish adequate capacity in form of specialized programs, units or teams that work with the urban poor to plan appropriate services.

**Thirdly, in responding to demand from low income communities, utilities must design solutions that are appropriate to poor households, including partnerships with small scale providers.**

Low income communities are not homogenous and households of different economic status should be provided with a range of service options that reflects their varied needs. Services options offered to customers by utilities should be adapted in response to customers needs and conventional networked services made more unaffordable through appropriate subsidy schemes for connection. Inappropriate standards often put services outside the reach of the poorest households and financing arrangements may need to be adjusted to accommodate incomes earned/affordability levels of poor households.

The demand for alternative service delivery options is clearly demonstrated by the growing number and wide range of alternatives offered by small scale private providers. These providers often operate as an extension of utility services buying water from the network and delivering it to customers.



Governments and utilities should seek ways of legalizing or regularizing the operations of these providers – through contracting, licensing and other means – thereby reducing risk and the cost of service to consumers.

**Fourthly, utility services should be designed to correspond to the economic levels and earning patterns of poor households.**

Given that 30-70% of households reside in low income areas and a growing number fall below the poverty line, services should be designed to suit the economic circumstances of poor households. Tariffs should strike a balance between cost of services provision and household affordability and mechanisms established to meet the difference. Where necessary, installment and pre-payment systems should be introduced to improve access to water supply and enhance revenue collection.

Governments should establish appropriate pricing policy that takes into account poverty levels and work with utilities to devise mechanisms for enabling them to extend affordable services to low income communities.

Finally, I would like to end with a question...." **Are we as utilities doing enough about sanitation?**" while much has been said in the course of this presentation about water and sanitation, the latter continues to lag far behind. This issue has been made a priority for discussion today and presentations made should provide us food for thought.

### **Conclusion**

In conclusion, good examples of government and utility efforts to address each of the issues outlined above exist. Several will be presented in the course of the next few days. These include: establishment of a per-urban policy in Lusaka, Zambia; partnerships with NGOs in Port au Prince, Haiti; the application of flexible standards in Manila, Philippines; appropriate technology options in Durban, South Africa, Pro-poor WSS financing arrangements in Burkina Faso, Cote d'Ivoire and Senegal. Over the course the week we will have the opportunity to share experiences and discuss solutions based on examples from utilities from various corners of the world. As co-host of this event and a partner of the Water Utilities Partnership, I look forward to the opportunity to jointly map out a plan of action to address the challenge of serving the urban poor.

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## OFFICIAL OPENING MESSAGE

*By Honorable Patrick Achi, Minister for Infrastructure, Côte d'Ivoire*

The representative from the European Union,  
Representatives of the institutions of aid and development,  
The Managing Director of the Water Utility Partnership,  
Distinguished guests,  
Ladies and gentlemen,

Before anything else, allow me to welcome you to Abidjan, our economic capital, to participate in this workshop on building capacity to serve the urban poor. I hope that, in addition to this work, you will have the opportunity to enjoy the best that the Côte d'Ivoire has to offer you in terms of hospitality.

I would like at the same time to thank the organizers for their choice of Abidjan, which is eloquent testimony to the confidence in our sector and country of our partners.

We are particularly proud to host this workshop on water and sanitation for the urban poor because this is a subject where Côte d'Ivoire has some experience to share. In fact, we have confronted these problems and met them with a degree of success, although a great deal remains to be done.

Sustainable access of the poor to water and sanitation services is a major challenge for our young nations.

In fact, despite the fact that Côte d'Ivoire is one of the relatively rich countries of Africa, we face enormous difficulties to establish adequate infrastructure for all our urban population. Our cities and towns, like those elsewhere in Africa, have undergone very rapid growth, far outstripping the normal rate of development of urban infrastructure.

It is to remedy this that we are currently engaged in a process of reform of the drinking water sector, for which we are organizing a workshop in December to analyze the strengths and weaknesses of the sector. We will focus our attention in particular on the necessary evolution of sector policy in the context of decentralization.

This reform, the essence of which is found in the poverty reduction strategy of Côte d'Ivoire, will obviously be enriched by the ideas communicated to us over the next three days.

Allow me to now describe some characteristics of our urban water supply policy

Since 1959, before independence, the technical and commercial management of the urban public water utility has been delegated to the private sector, under the supervision of the Ministry of Economic Infrastructure.

From 1973, the management of public water networks has been delegated to a single concession in the form of SODECI, in order to achieve a single price for water across the entire extent of the territory, and thus make this service a true act of national solidarity.

In fact, the privatization of the public water utility, which could appear a disadvantage to the urban poor, has turned out in practice to be a true tool for the social development of service for all.

The urban poor have been a particular concern for public authorities here who have taken steps to meet their needs through a policy of free connections and appropriate tariffs. Elsewhere, in cooperation with SODECI, we have been able to increase service coverage significantly through the authorization of water resellers.

Cost recovery is the keystone to the Ivorian system which supports this policy through two instruments: the Water Development Fund and the National Water Fund, which are financed by required contributions from the water bill. Thus, water consumers have financed the majority of water distribution projects in urban areas for over a dozen years, thus permitting the renewal of infrastructure, the reinforcement and extension of water networks, the construction of new treatment works, the subsidy of new house connections, and the service of investment debt.

### Role of different actors

This workshop concerns the partnership between the State, the private sector, NGOs, communities, and individual consumers. It's only when each actor plays his role that we can achieve effective results with our efforts. In Côte d'Ivoire, we have understood for a long time that the principle responsibility of the State in water supply is to create and sustain an effective framework.

NGOs and community organizations have their unique role to play. They work, in collaboration with the Ministry of Health, in providing the essential elements of hygiene promotion that are so important to achieve the full impact of water and sanitation investments. This is an activity that lies outside the business of most water companies.

The perspective of decentralisation naturally brings us to consider how we can continue to satisfy the needs of rural and deprived areas, and how to restructure our water policy to maintain its fundamental social character.

Like every other nation in the world, we have made more progress in water supply than we have made in sanitation, where much remains to be done, particularly for the poor. How can improvements in sanitation be financed? How can we assure appropriate sanitation is accessible to all Ivoirians, in both rural and urban settings?


We have made some progress, as I have said, but we know we need to make more. We thus look forward to working with all of you, and listening to all of your ideas over the next three days, in the confident hope that together we can find ways to build effective partnerships to meet the needs of the urban poor in water and sanitation.

I thank you for your attention and I declare the workshop on "Building capacity to serve the urban poor in Africa" officially open.

## THE GOOD PRACTICE DOCUMENT

By Mukami Kariuki, Project Manager, WUP 5


1



### BACKGROUND

- Eight partner countries – Ethiopia, Cote d'Ivoire, Malawi, Mali, Nigeria, Senegal, Tanzania, Zambia
- Workshops with stakeholders from the small scale private sector, municipalities, utilities, government, communities
- Case studies identified and documented by local consultants with input/support from utilities
- Case study findings from the region presented in June 2000, Nairobi workshop
- A Good Practice document and Toolkit Compiled building on lessons from the region and beyond

2




### Development Objective

**"To increase access and affordability of water supply and sanitation services for low income urban communities in Africa, through sustainable service delivery mechanisms, building on partnerships between utilities and other service providers"**

*The Project objective remains an important one and has gained prominence and significance over the last few years*


3



### Key Conclusions

- The need to serve the poor has long been recognized and attended to by utilities ...but *responses have been piecemeal and have not been mainstreamed or prioritized*
- Government holds the key to improved services to the poor...*a clear policy framework that provides the mandate, incentives and resources to serve the poor*
- An efficient and effective utility is a necessary but not sufficient condition for serving the poor...*pro poor reform is essential (e.g. the role of SSIPs)*

4




### Overview of Presentation

- Improving Access to Water Supply – *wide range of experience and examples*
- Improving Access to Sanitation – *less developed, particularly hygiene education*
- Policy Framework – *what are the key elements of a pro-poor policy*

*Good practices compiled from experience in the region and beyond*

5




### Improving Access to Water Supply

- ◆ The goal – *to provide all customers with a "private" connection to the piped water supply network*
- ◆ The reality - *declining access through the network...increased access through alternative sources*

↕ Actions to bridge the gap...


6



### Water Supply.....1

- ◆ Extend the network to unplanned areas through...
  - Permits, agreements with municipalities
  - Financing of extensions in non-commercial areas
  - Adapting standards to suit local conditions
- ◆ Increase access to a connection by...
  - Establishing subsidy and/or credit mechanisms
  - Remove unnecessary administrative/legal barriers
- ◆ Reduce the cost of water by introducing...
  - Progressive tariffs and social blocks/bands
  - Flat or bulk rates for shared/public taps
  - Improved payment terms and mechanisms


7



### Water Supply.....2

- ◆ Develop standposts/water kiosks
  - An evolving management role...from salaried attendant to commercial contract to mechanised systems
- ◆ Improve pricing and payment terms
  - Open up and increase competition
  - Provide bulk prices to individuals/groups
- ◆ Permit retailing of water from household level
  - Adjust tariff to cater to more consumers
  - Design system to provide volumes required


8



### Water Supply....3

- ◆ Provide bulk supply to alternative providers
  - Sell in bulk to community managers/private providers
  - Improve terms and conditions of service – contracts, agreements, incentives
  - Facilitate regularisation of informal service provision and provide support alternative WS providers


9



### Improving Access to Sanitation

- ◆ Sewerage systems are often most suitable for high density areas
- ◆ However, despite heavy public investment over the past four decades, only 10-15% of the urban population are connected.
- ◆ On-site sanitation is the predominant mode of key form of excreta disposal -- 80% coverage


10



### Sanitation....1

- ◆ Financing on-site pit latrines
  - Municipal or government finances
  - Access to credit facilities
  - Technical and software advise
- ◆ Managing shared/communal latrines
  - Joint contribution to construction, maintenance
- ◆ Subsidising sewerage connections
  - The role of condominium systems


11



### Sanitation...2

- ◆ Access to public latrines
  - Leasing arrangements for management of public latrines
  - Private financing of public latrines
- ◆ Pit emptying and disposal
  - Tipping and dumping arrangements
  - Private management of treatment works

12



### A Policy Framework

- ◆ Water – recognise urban poor are different from the rest and require focused attention
- ◆ Sanitation – use water as an entry point and as a financing strategy
- ◆ Urban – recognise unplanned or informal settlements – in short/medium/long term
- ◆ Utility – develop internal policy, plans and capacity
- ◆ Pricing – design around the poor, provide the necessary supports and incentives
- ◆ Regulate – quality not price, focus on outputs not inputs

# TOOLKIT: A PRACTITIONER'S COMPANION

By Rheinhard Goethert, Associate Professor, MIT

1

**TOOLKIT**  
**A Practitioner's Companion**

Dissemination and Technology  
Issues  
Questions  
Next Steps

2

**Some things to keep in mind**

- Browsers are different
  - Things do not necessarily work the same
  - Colors vary
  - Layout can vary
- Individuals may have set it differently: no control of what it will look like
- Speed of viewing, control, and 'richness' of presentation are tradeoffs

3

**Experience from other web sites**

- Tends to take more time, and thus more expensive than anticipated
  - A bigger task than most anticipate
  - 'Good things' to add keep increasing
- Difficult to build a committed, actively involved interest group
  - How do you get users to participate?
- Maintenance of site often overlooked and more difficult to fund
  - The site needs a 'home'

4

**What is lacking?**

- Must do
  - A 'Home'
  - Decide on strategy/target
  - Complete basic data (find, edit, post)
  - Review, update links
  - Add 'search' (dependent on server)
  - Translate into other languages; priorities?
- Useful things to do
  - Develop web forums, news, to improve interchange
  - On-line self-learning
  - Graphics to illustrate topics, sections
- Nice additions
  - Captions on images
  - Photographs to add depth to topics, enliven text

5

**Q: What is your vision for the website?**

- Choice 1: As means of information dissemination, periodically updated
- Choice 2: Additionally, as vehicle for active interchange via discussion forums, newsletters, and generally a periodic 'what's new' (*Keep in mind the difficulty of developing and keeping active participation*)

6

**Q: What target level of information?**

<p>Framework to organize and find information</p> <p>Basic data = headings; with links, downloads</p> <p>Annotated information = 2-5 sentences</p>	<p>Framework to organize and find information</p> <p>Basic data = headings; with links, downloads</p> <p>Annotated information = 2-5 sentences</p>	<p>Framework to organize and find information</p> <p>Basic data = headings; with links, downloads</p> <p>Annotated information = 2-5 sentences</p> <p>Data summaries = lists, illustrations, etc. 1/2-1 page</p>	<p>Framework to organize and find information</p> <p>Basic data = headings; with links, downloads</p> <p>Annotated information = 2-5 sentences</p> <p>Data summaries = lists, illustrations, etc. 1/2-1 page</p> <p>Full data on site = pdf downloads, links</p>
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Time to do, funding, requests increase →

7

### Q: What is the future?

- Will computers become more and more widespread?
  - CD becomes a viable means of making data available
    - = *Less need for printed versions*
- Will internet accessibility increase?
  - Fast, relatively cheap networks become norm
    - = *Reliance on internet can be taken for granted*
- Will the technology change, and what we are doing becomes obsolete?



7

8

### Q: So what are the implications?

*(A website is accepted as basic to all.)*

- Computers and internet remain as not commonly available
  - = Additionally provide annual updated printed versions?
- Computers become common, but internet remains costly and not common
  - = Provide annual updated CD versions, with all data incorporated as pdf downloads?
- Computers and internet become common
  - = Maintain web site as primary means of dissemination and interchange?



8

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## 2. SANITATION

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Access to improved sanitation in many African cities is limited and declining. Currently, an estimated 80% of households in most major African urban centers rely on on-site sanitation, primarily pit latrines, the majority of which are unimproved. In densely populated informal settlements there is not enough space set aside for latrines. The few latrines that exist are overused and rarely emptied. Many residents have no alternatives except "flying toilets" and open defecation. Poor sanitation is a growing public health problem. Diarrhea and other sanitation-related illnesses are among the top five causes of morbidity and mortality. In some cities cholera has become endemic.

Access to off-site sanitation (sewerage) systems in most African cities is limited to major (primary and secondary) urban centers and in most cases only a small proportion of the population in these centers - 15 to 30% of the population - are connected to the network. Despite the low level of access to sewerage networks, public financing for sanitation remains targeted to off-site systems. Financing of on site sanitation is considered largely a household responsibility and little, if any public financing/support is provided to households.

Only a small fraction of utilities in Africa have responsibility for sewerage and almost none are directly involved in on-site sanitation. Many are not directly for managing sewerage services but are directly involved in collection of wastewater charges through the tariff. As such, many utilities have an opportunity to facilitate financing of on-site sanitation facilities such as pit latrines. One example of a utility that is involved in delivery of on-site sanitation services is ONEA in Burkina Faso.

*The challenge: Given that on-site sanitation is the primary form of sanitation in most African cities, what role can, and should, utilities play in facilitating household access to on-site sanitation? The following presentations provide experience and lessons with regard to sustainable financing of on-site sanitation, and findings from brainstorming sessions on options for improving access to financing of on-site sanitation through utility and municipal programmes.*



# FINANCING ONSITE SANITATION THROUGH SURCHARGE ON THE WATER TARIFF: LESSONS FROM BURKINA FASO

By Arba Jules Ouedraogo, Director of Sanitation, ONEA

1

BURKINA - FASO  
-----  
MINISTRY OF ENVIRONMENT AND WATER  
-----  
NATIONAL OFFICE OF DRINKING WATER AND SANITATION  
-----  
SANITATION DIRECTORATE  
-----  
THEME :  
« FINANCING ON-SITE SANITATION THROUGH A TARIFF SYSTEM: the  
experience of ONEA in the city of Ouagadougou »  
  
Presentation : Arba Jules OUEDRAOGO  
Director of sanitation/ ONEA  
  
WSP, Abidjan 19 - 21 November, 2001

2

**Presentation**

- Introduction
- I. Background: Burkina-Faso, Ouagadougou, ONEA
- II. Sanitation tax
- III. Finance of on-site sanitation in the city of Ouagadougou
- Conclusion

3

**Introduction**

☒ Urban sanitation:  
A major problem in Africa

- ✓ galoping demographics
- ✓ Uncontrolled growth of peri-urban areas, unplanned housing
- ✓ Growth of pollution and various nuisances
- ✓ Recurrent epidemic disease
- ✓ Growing poverty
- ✓ Safe water and sanitation coverage always low, sometimes nonexistent
- ✓ Etc.

4

**☒ The fundamental problem of finance**

- Financing sanitation remains difficult!
  - Considered 'onerous' and 'unproductive' despite the obvious nuisance and harm to health
  - What is the experience of ONEA in establishing a sanitation tariff?
  - How can this contribute to improving conditions for the populations in the most deprived areas?

5

**I. Background**

A. BURKINA-FASO

- ✓ Surface area : 274.000 km<sup>2</sup>
- ✓ Population : 11.3 million in 2000
- ✓ Growth rate : 2.37%
- ✓ Mortality rate : 16.4 ‰
- ✓ Urbanisation rate : 15.5 %

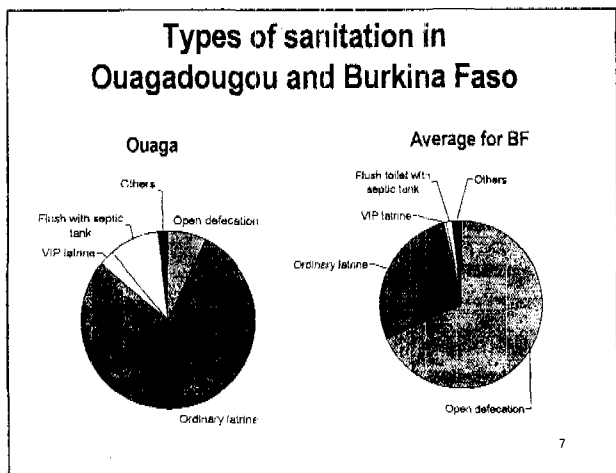
- Poverty level : 72.690 Fcfa/year/adult  
- (approximately \$100 per year)
- 44.5% of the population is below the poverty line
  - 16.5% in urban areas
  - 51% in rural areas

6

**B. Ouagadougou**

- Commune of 5 Boroughs
- Urban population: 876,028 inhabitants in 2001 (44% of the urban population of Burkina-Faso)
- Growth rate : 4.3 %
- Unemployment rate : 16.4 % (exode)
- Literacy rate : 54.1%
- School rate : 68.8%

7



8

### C. ONEA

- Parastatal organisation
- Capital : 3.0 billion Fcfa (approx. \$4.5 million)
- Personnel : 575
  - 85% water service
  - 2.6% sanitation service

	Total	Ouaga
Total consumption	25 million m <sup>3</sup> year	14 million m <sup>3</sup> year
House connections	60,000	35,000
Public taps	2,469	536
Public water points	8	5

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## ii. Sanitation Tax

### A. PRINCIPLES AND APPLICATION

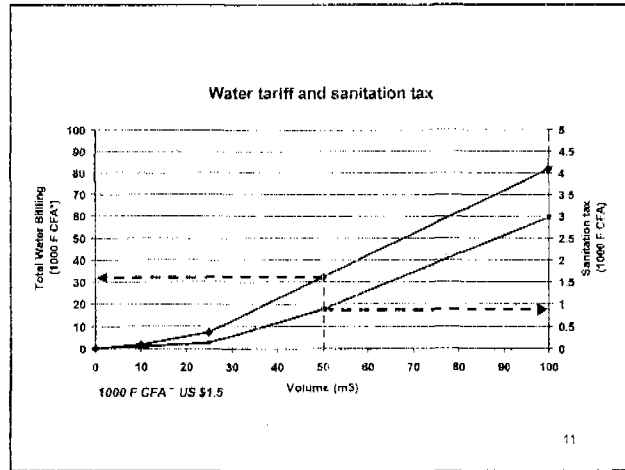
- Initiated by the government in 1985
- Applied on all the bills for consumption of raw and treated water (including water from public taps and public water points)
- Tariff varies with consumption
- Collection and management of funds by ONEA
- The sanitation account is separate from the water account

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## B. Purpose and Use of Tax

- ONEA mission in sanitation :
  - The creation, promotion, improvement and management of collective, individual and on-site sanitation facilities for the removal of wastewater and excreta in urban and peri-urban areas.
- Use of the tax:
  - Promotion activities for management of wastewater and excreta
  - functioning of the Sanitation Directorate

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## Observations :

- The estimated annual revenue for the sanitation tax averages 400 million Fcfa (approx US \$600,000);
- These sums cover (among other items):
  - In Ouagadougou: Subsidies for on-site sanitation construction (85 million); Contracts for sanitation promotion and awareness raising (65 million); services of private trainers and the construction of school latrines (90 million) and the financing of the sewerage system under construction.
  - In Bobo Dioulasso: Subsidies for individual construction and the sanitation promotion contract (100 million)
  - In 4 secondary towns, for the implementation of strategic plans for sanitation (35 million per centre)

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### III. Finance Of Onsite Sanitation In Ouagadougou

OUTLINE

1. Objectives of the strategic sanitation plan
2. Operational strategy
3. Financial mechanisms
4. Lessons to draw
5. Current concerns

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### 1. Strategic Sanitation Plan for Ouagadougou (PSAO): the objectives

- Manage wastewater and excreta in a coherent fashion
- Link the management to cost recovery
- Identify realistic financial mechanisms, favoring short and rapid financial paths and the direct linkage of resources provided with expenses
- Adopt appropriate technical solution compatible with local resources and knowledge
- Maximize coverage
- Develop innovations with local partners
- Develop a demand-responsive market in sanitation goods and services

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### 2. The Operational Strategy

*Involvement of the communities in the improvement of their environment*

- ✓ Develop an information system and put in place the first communication links
- ✓ Guarantee a truly effective representative accountable to the community at all stages of the program
- ✓ Formalise relations with the communities
- ✓ Strengthen the negotiating capacities of the various partners

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### Principal Actors in the PSAO

- *The inhabitants*
  - Define the demand for goods and services,
  - Cofinance the major part of the costs for facilities that respond to their needs
  - Responsables de l'entretien
- ONEA
  - Supervises the work delegated to other actors
  - Is responsible for the quality of service
  - Co-ordinates the amounts and mechanisms of subsidy directly to the beneficiary

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### Other important actors of PSAO

- ◆ The private sector, trained by ONEA to respond to demand
- ◆ The sanitation promoters, who mobilise the communities
- ◆ The technical services of the state, who support the enabling framework
- ◆ The donors, who respond to requests for technical and financial support

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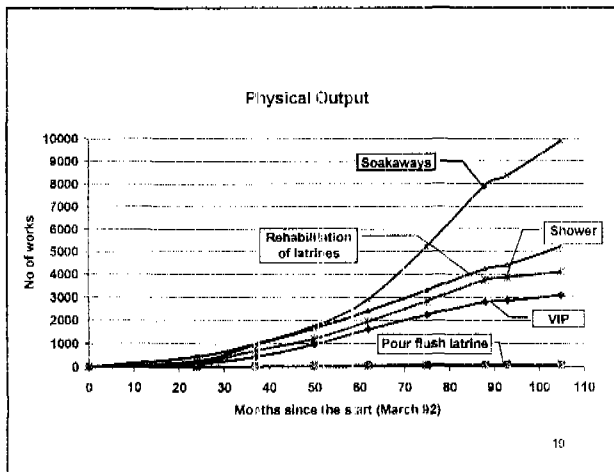
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### 3. The financial mechanisms

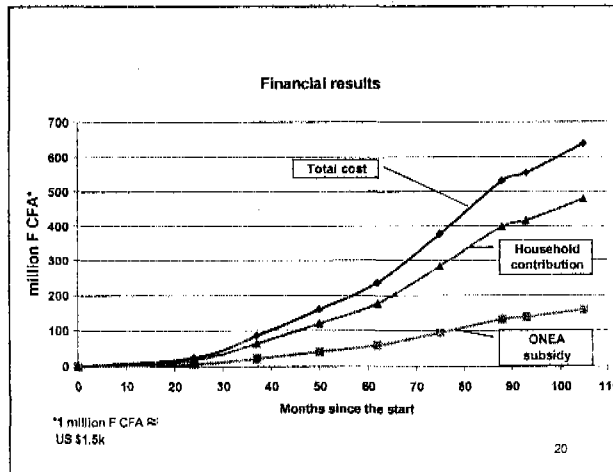
- *The promotion of demand*
  - ◆ Fieldworkers hired by NGOs or consulting firms promote demand at the household level
  - ◆ Information is supplied about the type and quantity of materials to be supplied.
- *The contract*
  - ◆ The fieldworker contacts the sanitation artisan, and puts him into contact with the household;
  - ◆ The artisan and household agree on a price
- *The subsidy*
  - ◆ ONEA pays a subsidy during the construction, as a function of the types of work and materials used.

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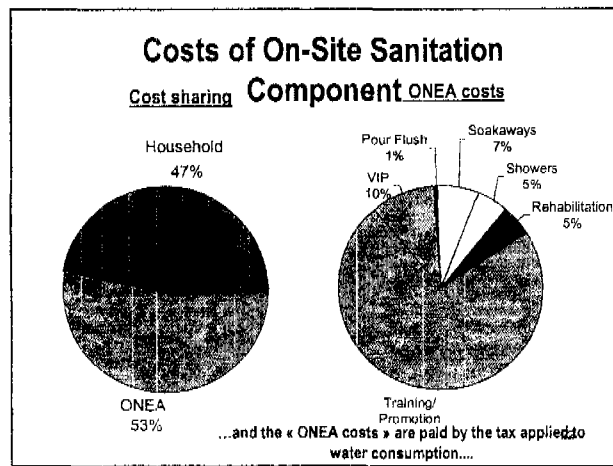


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**Costs Of The Ouagadougou Strategic Sanitation Plan (2010)**

Program	(billions F CFA) 1 billion F CFA ≈ US \$1.5 million			
	Total Cost	ONEA	Household	External Loan
Sewerage	4.7	0.04	0.5	4.1
On-site sanitation	6.3	3.4	3.0	-
School sanitation	0.3	0.3	-	-
<b>Grand total</b>	<b>11.3</b>	<b>3.7</b>	<b>3.5</b>	<b>4.1</b>

22



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- 4. Successes To Learn From**
- Household financial participation covers 75% of the construction costs.
  - Creation of a stable sanitation market
    - More than 210 masons trained and
    - More than 60 active manufacturers of latrine slabs
  - The creation of permanent employment for at least 35 field workers, and 5 managers and trainers of artisans
  - The improvement of the quality of life of the population;
  - Development of a culture of sanitation;
  - Increased concern for environmental protection (from the public, and from politicians).

24

- 5. Current Concerns**
- How to assure the *transfer of knowledge* to local government in the context of decentralisation.
  - How to *measure coverage* for on-site sanitation in a meaningful way
  - How to *identify the poorest of the poor* to enhance the subsidy of sanitation with equity
  - How to *evaluate qualitatively the impact* on health, the environment, the reduction of poverty, the result of the promotion of on-site sanitation in an urban environment

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### Conclusion

- ✓ The promotion of peri-urban onsite sanitation is a major innovation for the protection of the environment, the reduction of sanitation-related diseases, and the struggle against poverty
  
- ✓ The implementation of a strategic sanitation plan is the best overall response to improve the management of wastewater and excreta in the urban African context.

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### Next steps!

- ✓ Develop exchange of experience
  
- ✓ Continue to seek support from the international community
  
- ✓ Take the poor into account in urban projects and programs, to assure a better balance between sustainable development and environmental protection.

26

# INCREASING ACCESS TO OFF-SITE SANITATION SYSTEM THE ROLE OF CONDOMINIAL SYSTEMS: EXPERIENCE FROM ASAFO, GHANA

By Daniel Bampoh, Regional Engineer, GWSC

1

## INCREASING ACCESS TO OFF-SITE SANITATION SYSTEMS -- LESSONS FROM ASAFO

2

### STRUCTURE OF PRESENTATION

- Background information
- Profile of Asafo Scheme
- Need for review of Asafo Scheme
- Asafo Sewerage Scheme- Findings
- Condominial Systems
- Comparison of the Asafo Scheme & The Condominial Model
- Asafo Scheme - Lessons Learnt.


3

### The Asafo Scheme - Profile

- Profile of Asafo:
  - High density tenement area in central Kumasi, Ghana (Covers 45 ha)
  - Target Population -- 20,000 (300persons/ha)
  - 318 houses (63 persons per house)
  - Population/House -- 4.6
  - 90% household water connection
  - Water Consumption = 68 l/p/d.

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### Overview of Asafo Area



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### The Asafo Scheme -- Profile (contd)

- Project Cost: US\$ 600,000
  - 60% funding from UNDP Grant
  - Co-funding from KMA and Gov of Ghana
- Final Output:
  - 8 km of sewers (100mm-300mm dia.);
  - 320 junction boxes
  - Treatment Plant, Waste Stabilization Pond, (900 m3/day)
  - Type of System: Simplified Sewerage System.

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### The Need to Review Asafo Scheme

- Workshop in La-Paz Bolivia, June 2000
- Successful experiences in Brazil and Bolivia were espoused
- New scope of knowledge allows for assessment in terms of sustainability
- Documentation/dissemination of Schemes like Asafo will contribute towards awareness of potential of Condominial Systems

7

### Asafo Sewerage Scheme- Findings

- High standard of design and construction
- Most Physical facilities in good condition
- Capacity building of Private Sector
- Capacity building of KMA
- Privatisation of O&M services
- Satisfactory system maintenance programme.

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### Asafo Sewerage Scheme-Findings

- Low Level of connection
  - only 50% connection after 8 years
  - Major sewage generation institutions like army barracks not connected
- Plans for cost recovery not operationalised since Project was commissioned
- Contract with private entity for O&M services abrogated since 1999. Institutionalised maintenance arrangements not in place.
- Inadequate level of community mobilisation
- High demand for household connections not cashed upon

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### Asafo Sewerage Scheme - Findings

- Inadequate in-house capacity to update and refine the strategies of the Sanitation Plan
- Poor documentation of system performance and related experiences
- Inadequate monitoring & evaluation

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### Condominial Systems

- Started in Brazil in the early 1980s
- Involves community-based, demand driven process as a strategy for planning and implementation
- Focuses on communal development with active participation of all stakeholders to solve water and sanitation problems
- Lower installation costs hence increased Water and sanitation services coverage without increasing planned investment

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### Condominial Systems (continued)

- Based on technical modification of conventional sewerage design that enables economising in all aspects:
  - pipe layout
  - Dia of collector pipes
  - Excavation volumes
  - Construction materials etc.

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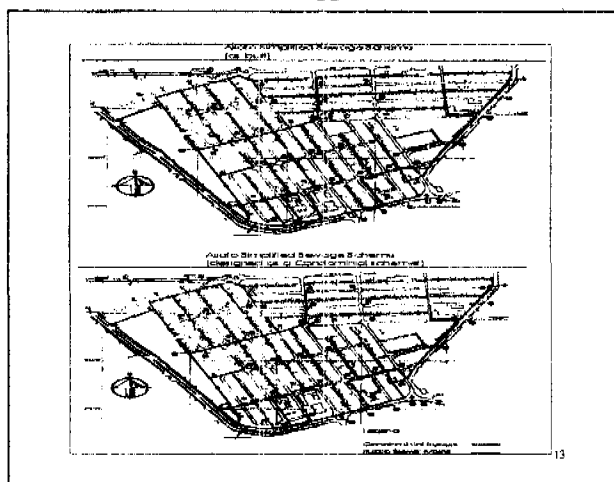
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### The Asafo Scheme & the Condominial Model

- Technical Features
  - Layout of the system
- Design and construction
  - Shallow depth
  - Pipe sizes
  - O & M issues
- Community Mobilisation
  - Demand driven
- Institutional Responsibility
  - Lead role

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### The Asafo Scheme & the Model (contd)

- Institutional Responsibility
- Financing Scheme
  - Cost recovery and sanitation problems

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### Lessons Learnt from Asafo

Community Mobilisation

- Should seek to change attitudes and engender demand and full participation
- Information dissemination plays a major role and should be carefully planned and implemented
- Joint planning to ensure collective decisions making within the community and between the community and other actors

16

### Cost Of Sewerage Options.

	Total Public Investment	Cost of House Connections	Condominial Extensions	Total Project Costs	Cost Per Head
Simplified Sewerage System	323,305.14	67,234.30	0	390,539.44	19.53
Conventional Sewerage System	714,334.18	67,234.30	0	781,568.48	39.08
Condominial Sewerage System	258,510.71	67,234.30	62,814.86	388,559.87	19.43

17

### Lessons Learnt from Asafo (continued)

- Role of Government (and its decentralised agencies) is crucial in terms of :
  - promotion and establishment of clear national policies and regulatory environment.
  - promoting capacity building and learning
  - Creating an environment that is favourable for participation of private sector and NGOs

18

### Lessons Learnt from Asafo (Continued)

- Innovative financing mechanisms
  - The absence of appropriate financing major reason for low coverage in Asafo
  - Financing scheme should aim at 100% connection of all beneficiaries
  - Credits and long term financing often required.



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**Lessons Learnt from Asafo  
(Continued)**

- **Cost Recovery Issues.**
  - Recovery of at least O&M costs is a necessary condition to ensure the sustainability of a scheme.

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**Recommendations.**

The following are recommended for increasing utilisation of the Asafo Scheme.

- **Technical Issues:**
  - Cut down on household Connection Costs
  - Meter connected properties to provide a uniform and fair Basis for billing.
- **Institutional Issues.**
  - Implement O&M proposals, including liaison with GWCL for billing purposes.

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**Recommendations.**

**Others :**

- Provide Appropriate regulatory framework
- Provide financing support.

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## 3. INNOVATING TO SERVE THE POOR

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The most common denominator in all informal settlements is poor geographical location. Physical constraints to infrastructure and service provision constitute the primary challenge to most utilities. The high cost of laying infrastructure in rocky, hilly and waterlogged areas is also a result of inflexible standards which can not be met without disruption to life and . This is especially the case because informal settlements are by nature unplanned.

Opening up standards for review and revision is essential to improving services to low income communities. Technical and service standards designed for formal and often middle and high income areas, are often assumed to be adequate for addressing the needs of low income communities. In many cases these standards are inappropriate for the majority of urban dwellers who fall below the poverty line and do not reside in planned areas. Flexibility and innovation are therefore required to enable service delivery in complex socio-economic and physical environments.

*The challenge: National Governments play a critical role in creating the legal and regulatory environment within which utilities operate. Utilities should be encouraged to innovate in the delivery of services to low income communities and where necessary the conditions created to allow changes in policies, standards and procedures. How can national Governments create the necessary conditions to foster innovation?*

*The following section provides examples of what some utilities have done to ensure that they reach low income groups with appropriate services.*

## THE CHALLENGE OF IMPROVING SERVICES TO THE URBAN POOR

By Neil Macleod, Chief Executive, Durban Metro Water Services

1

**DURBAN :  
IMPROVING SERVICE DELIVERY  
TO LOW INCOME CUSTOMERS, A  
DEMAND RESPONSIVE  
APPROACH**

2

**Characteristics of Low Income  
Communities in Need**

- Land tenure problems
- Dense settlements
- Poverty
- Illiteracy
- Poor public health

3

**Understanding the Demand**

- Affordable services
- Well located services
- Appropriate information and education
- Improved public health
- Gender sensitive solutions
- Fairness or equity in service delivery

4

**The Durban Approach**

- Have a range of service options, priced differently
- Engage communities, especially women
- Provide information and education to assist communities who have to make service choices
- Involve communities in project implementation
- Provide ongoing technical support

5



6

**Specific Interventions**

- Land Issues
  - The failure of Government to provide adequate housing opportunities can lead to land invasions and squatting.
- We choose to recognise informal settlements established before a formal housing programme began, and to provide water services to them
- Affordable, quality services
  - The Durban ground tank option for informal settlements.

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- Ground Tank



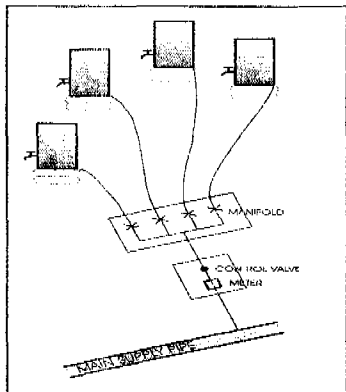
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- Ground Tank



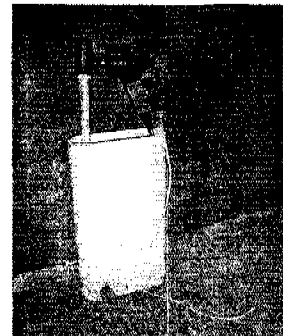
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- Manifold with ground tanks



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- The flow limiting device for formally housed, urban poor



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### Tariff Policy Evolution

- Initially all domestic customers paid one rate per cubic metre, regardless of the quantity used.
- Then introduced a three part rising block tariff, with the tariff for the first six cubic metres per month set to recover operating and maintenance costs.
- Then reduced the charge for the first six cubic metres to zero (free basic water).
- Why free and why six cubic metres?
  - Costs of billing and collection
  - Political acceptability
  - Allows for disconnection for non-payment
  - Limits financial losses
  - Based on average family size

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### Conclusion


- These approaches ensure that the urban poor have access to sufficient water of a quality necessary to sustain good public health at a cost that is affordable to both the water supply authority and its residents.

12

# WATER SUPPLY IN LOW INCOME AREAS: THE ROLE OF FLEXIBLE TECHNICAL STANDARDS IN WEST ZONE METRO MANILA

By Ervin Senson, Project Manger, ONDEO

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


**Water for All**


**Building Partnerships to Serve the Urban Poor**



How the Urban Poor of Manila West Zone benefited from it?

Ervin Senson

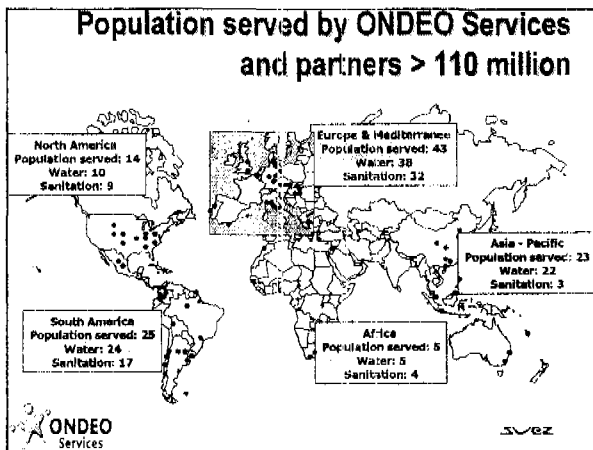


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
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**Field Experience**



- ▶ On-going:
  - ▶ Buenos-Aires, Argentina
  - ▶ La Paz - El Alto, Bolivia
  - ▶ Manila, Philippines
  - ▶ Casablanca, Morocco
  - ▶ Durban, South Africa
- ▶ In development:
  - ▶ Johannesburg, South Africa
  - ▶ Manaus, Brazil
  - ▶ Cameroon, Africa





5




**Challenges**

- ▶ Rapid growth of urban population
- ▶ High proportion of urban population that live in slums without adequate urban services
- ▶ Urban poverty
- ▶ Need for large financial investment
- ▶ Lack of replicable models




6



**Why Do We Care About the Urban Poor?**


- ▶ Public service mission
- ▶ Respect of contractual agreements
- ▶ Strengthening of contract's long term sustainability
- ▶ Improvement of institutional relations
- ▶ Citizenship and responsible commitment
- ▶ Business development
  - ▶ Growing market
  - ▶ Contribution to company's image (country, international)
  - ▶ Competitiveness



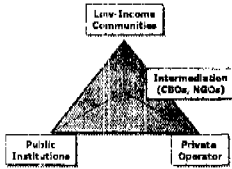
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**ONDEO Services**

## ONDEO's Approach to Low-Income Areas



- ▶ Development of a specific know-how and a customer-oriented field based approach
- ▶ Knowledge management
  - make this knowledge available to our partners
- ▶ Development of strategic partnerships



SVEZ

8

**ONDEO Services**

## Mis-conceptions

General idea	Reality
The poor cannot afford safe water and should not have to pay for it	The poor actually do pay for water, often far more than their fair share
Subsidies are provided to help the poor	But the subsidies benefit mainly those who are not poor
The government will raise the financial resources needed for water and sanitation	But the investment needs for water/sanitation are far too great for the government to afford it

SVEZ

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**ONDEO Services**

## Mis-conceptions

General idea	Reality
The poor do not pay their bill	With the proper arrangement, they are willing to pay
Sanitation is not possible in the low income areas	It is feasible and the demand for sanitation is higher than expected
A private operator will serve only the rich	A private operator will serve ALL ITS CUSTOMERS

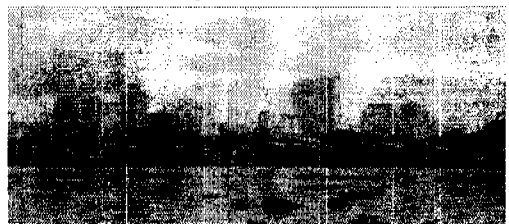
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**ONDEO Services**

## Philippine Case

### Experience in Manila-West Zone



SVEZ


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**ONDEO Services**

## Experience in Manila-West Zone

### The Manila Concession

- ▶ January 1997 - Maynilad Water Services, Inc. (MWSI) won the 25 years concession
  - MWSI is a consortium formed by Benpres Holdings Corp. of the Philippines and Ondeo Services of France
- ▶ It took the right to operate water, wastewater and sanitation services of the West Zone of Manila



SVEZ

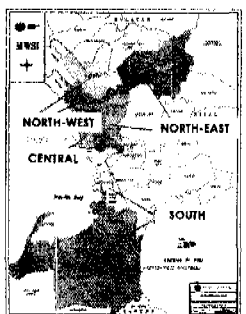
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**ONDEO Services**

## Experience in Manila West Zone

### The Service Area

- ▶ West zone comprises:
  - **Metro Manila**
    - ↳ 8 cities
    - ↳ 3 municipalities
  - **Cavite Province**
    - ↳ 1 city
    - ↳ 5 municipalities
- ▶ Divided into 4 Business Areas



SVEZ



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**ONDEO Services**

### Experience in Manila-West Zone

The Urban Poor Situation

- ▶ Service area has hundreds of pockets of the so-called 'blighted' areas
- ▶ They were generally denied of water service networks before privatization
- ▶ The West Zone 1999 survey showed:
  - ↳ 35% of households lives in "blighted" areas
  - ↳ 18% of households is illegal occupant of lot they live
  - ↳ 20% of the population (~ 1.5M people) earns less than 1,550 PhP/month/capita (\$1 a day)



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### Experience in Manila-West Zone

The Urban Poor Situation (Continuation)...

- ▶ People in the "blighted" areas obtain their highly priced water from:
  - public faucets (3% of the household)
  - water vendors
  - illegal connections
  - shallow wells
  - rain water
  - etc.

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### Experience in Manila-West Zone

- ▶ The 1999 survey also highlighted the difference between those connected or not connected to MWSI Network:

	Consumption (lit/month)	Amt. Devoted To Water (Pesos/month)	Percent of Their Income	Pesos Per cu. m.
Connected to MWSI Network	27	141.80 (\$ 1.84)	1.8%	5.25 (\$ 0.11)
When Not Connected	8	329.70 (\$ 5.60)	4.5%	41.21 (\$ 0.82)

- ▶ Expansion of the services is part of the concession agreement



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### Experience in Manila-West Zone

Looking for a Solution

- ▶ Problems: property titles, space, house connections, etc.
- ▶ Initial idea was to make additional public faucets, but customers requested for individual connections
- ▶ This preference is more intensified because of poor management of community's association/manager
- ▶ Solutions have to be found with the customers, and must have the support of the barangay leader, the associations and the community.

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**ONDEO Services**

### Experience in Manila-West Zone

The ANSWER...  
**Bayan Tubig Program**  
("Water for the Community")

Two Bayan Tubig Projects:

1. Parola, Manila (Central Business Area)
2. F. Carlos, Quezon City (Northeast Business Area)

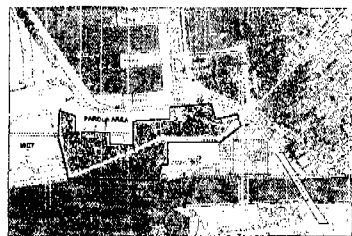
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**ONDEO Services**

### The Bayan-Tubig\* Projects



\*Water for the Community

1. Parola, Manila



Background:

- ▶ Area: 9.6 ha
- ▶ Population: 48,000
- ▶ No. of Families: 8,000
- ▶ Population Density: 833 households/ha

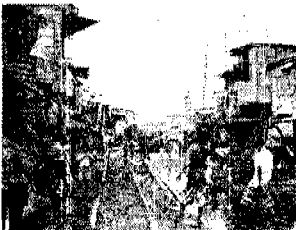





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**ONDEO Services**  
**The Bayan-Tubig Projects**  
 Parola, Manila

**Background:** (Continuation)

- ▶ Houses:
  - ↳ Unstable in general
  - ↳ Characterized as shanties
- ▶ Alleys:
  - ↳ Normally are very narrow (1-3m width)
  - ↳ Sinuous or twisting
- ▶ Occupations:
  - ↳ drivers, stevedores, market vendors, laborers & construction workers








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**ONDEO Services**  
**The Bayan-Tubig Projects**  
 Parola, Manila

**Water Supply:**

- ▶ Served by public faucets
- ▶ Managed by a *barangay* head
  - ↳ 32 sub-connections installed
  - ↳ PhP3,400 (\$68 US)/week per sub-connection for remittance to him
  - ↳ A 20-L container cost PhP1.50 (\$0.03) versus MWSI PhP0.07 (\$0.001)







21

**ONDEO Services**  
**The Bayan-Tubig Projects**  
 Parola, Manila

**Introduction of Bayan Tubig:**




- ▶ Clearance of city government that area is not for eviction
- ▶ Exempted from usual requirements for regular applicants
  - ↳ Property titles
  - ↳ Excavation Permits
  - ↳ Traffic Permits

22

**ONDEO Services**  
**The Bayan-Tubig Projects**  
 Parola, Manila

- ▶ Conduct information meetings
  - ↳ Development of project with community's representatives / leaders
  - ↳ Fees Involved:
    - (\$80 US) Connection Fee
    - (\$4 US) Down Payment
    - (\$76 US) Balance in 12 monthly installment with ZERO interest

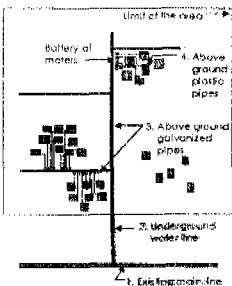


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**ONDEO Services**  
**The Bayan-Tubig Projects**  
 Parola, Manila

**Construction Method:** Field adapted technical design

- ▶ Underground distribution line is laid up to where it is possible to bury the pipes
- ▶ The rest of the network will be laid either:
  - ↳ above or on the ground
  - ↳ partially covered
  - ↳ attached to a wall or fence
- ▶ Extends and ends to the battery or cluster of meters

From meters, plastic connection is laid above/below ground








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**ONDEO Services**  
**The Bayan-Tubig Projects**  
 Parola, Manila

**Construction Method:** (Cont...)

- ▶ Some existing Bayan-Tubig laid water distribution pipes





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**ONDEO Services**  
**The Bayan-Tubig Projects**  
 Parola, Manila

**Memorandum of Agreement**


- For an effective and efficient collection system
  - For monitoring illegal connections, pilferage & leaks
  - To assist water meter readers
- An agreed fee per bill collected is paid to the association
- Fund raised is used for community projects

**Agreement with the association for billing collection**

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**ONDEO Services**  
**The Bayan-Tubig Projects**  
 Parola, Manila





**Actual Installation:**

- A 1,000 lm 250mm f PVC mainline was laid underground
- Laterals or tertiary lines were laid up to the batteries or clusters of meters

**Results:**


- Initial Survey = 5,000 potential water connections
- As of October 2001 = 4,656 water connections

27



**ONDEO Services**  
**The Bayan-Tubig Projects**

**2. F. Carlos, Quezon City**



**Background:**

- Area: 2.5 ha land of national government property covered with shanties
- Population: 6,000
- Types of houses & occupations: the same as Parola







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**ONDEO Services**  
**The Bayan-Tubig Projects**  
 F. Carlos, Quezon City

**Water Supply:**

- Served by 6 public faucets
  - Supply 40% of the water needs
  - Each household gets water for 1 hour every other day
  - Cost = PhP15 (\$0.30)/hour or PhP225 (\$4.50)/month per household
  - The other 60% obtained from: water vendors & illegal connections







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**ONDEO Services**  
**The Bayan-Tubig Projects**  
 F. Carlos, Quezon City

- Cost of water coming from water vendors
  - A 200-L drum is PhP25 (\$0.50)
  - Consumption is 1 drum daily
  - Per month, PhP750-900 (\$15-18)/household
- Overall estimated cost and consumption:

	Consumption (in month)	Cost/Family (PhP/month)	Cost (PhP/cu. m.)
Faucet	7.5	225 (\$ 4.50)	
Vendors	6	900 (\$18)	
MWSI (Oct. 2001 Tariff)	For the same 13.5 used	75 (\$1.50)	5 (\$0.10)

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**ONDEO Services**  
**The Bayan-Tubig Projects**  
 F. Carlos, Quezon City

**Campaign/ Implementation of Bayan Tubig:**

- Same as in Parola, Manila

**Results:**

- Initially, a mass registration & application processing for ~700 families
- As of today, a total of 884 water service connections were installed
- Household only paid PhP348 (\$7 US) per month (monthly installment for connection fee included)


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**ONDEO Services**

### Total Bayan Tubig Beneficiaries

**Results:**

- ▶ Since the concession begun (August 1997):
  - Increase of 136,672 water connections
  - 58,062 of these water connections were through Bayan Tubig scheme
- ▶ Meaning F 42% of the new water connections are in "blighted" areas



**ONDEO Services**

**SEZ**

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**ONDEO Services**

### Lessons Learned

- ▶ The worth of including low-income communities into business plans
- ▶ To adapt services to local conditions
- ▶ Base the development of service on communities demand
- ▶ The development of services has to be profitable for the community and the company
- ▶ 'Water for All' can become a reality for existing cities and cities to come

**ONDEO Services**

**SEZ**

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MAYNILAD WATER SERVICES INC.

**WATER SUPPLY IN LOW-INCOME AREAS  
WEST ZONE METRO MANILA**

**EXECUTIVE SUMMARY**

Since the beginning of the concession in August 1997, Maynilad Water Services Inc. (MWSI) has increased by 136,672 the number of water connections. From this number, 58,062 (or 42% of the increase) are connections in the low-income areas, under the so-called "bayan tubig" scheme.

A survey done in Metro Manila in 1999 indicated that the price of water was the following:

- Residential connection to MWSI's network: 6.4 PhP/cu.m.(average residential tariff)
- Private network: 12.3 PhP/cu.m. (average over the concession area)
- Non-connected: 50 PhP/cu.m. (average over the concession area).

More specifically, for the low-income area, the consumption and the prices vary greatly:

	Consumption (cu.m./month)	Amount devoted to water (PhP/month)	% of their income	PhP/cu.m.
When connected to Maynilad network	27	141.80	1.8%	5.25
When not connected (average)	8	329.70	4.5%	41.21
When not connected (as in F. Carlos, QC)	13.5	1,125		83.33

These figures show that, when they are connected to the network, people consume more and pay less for a better quality of service (no need to spend time to get the water) and for a better quality of water.

**INTRODUCTION**

It was the beginning of 1997 when Maynilad Water Services, Inc. (MWSI) won the 25 years concession for the water and wastewater services for the West Zone of Metro Manila. Maynilad Water Services, Inc. is the consortium formed by Benpres Holdings Corporation and Ondeo Services (formerly Lyonnaise des Eaux).

It took the operations of the water, sewerage and sanitation for Metro-Manila in the cities of Pasay, Kalookan, Muntinlupa, major parts of Manila, some parts of Makati, and less than half of Quezon City; and, the municipalities of Malabon, Navotas, Las Piñas, Parañaque and Valenzuela. Outside Metro-Manila in the province of Cavite, the concession covers the municipalities of Bacoor, Imus, Kawit, Noveleta and Rosario; and, the City of Cavite.

Located in these areas are hundreds of pockets of the so-called "blighted" areas that were generally denied of water service networks before privatization. In fact, the latest survey conducted in 1999 showed that the West Zone has:

- ♦ 35% households living in "blighted" areas;
- ♦ 18% households are illegal occupant of the lot they live;
- ♦ 3% households use public faucets; and,
- ♦ 20% of the population (~ 1.5 M people) earns less than PhP 1,550/month<sup>1</sup> (\$1.00/day)

Therefore, residents of these areas use to obtain their highly priced waters from public faucets, water vendors, illegal connections, shallow wells, and so on. More specifically, for 20% of the population considered as the poorest, the 1999 survey also highlighted the difference between those connected or not connected to Maynilad's network:

	Consumption (m <sup>3</sup> /month)	Amt. Devoted to Water (PhP/month)	Percent of Their Income	PhP/cu. m.
Connected to MWSI Network	27	141.80	1.8%	5.25
Not Connected to MWSI Network (Average)	8	329.70	4.6%	41.21

### CONCESSION AGREEMENT

The concession agreement signed between Metropolitan Waterworks & Sewerage System (MWSS) and Maynilad Water Services, Inc. gave fresh hope to these blighted areas to enjoy benefits of being connected to the water networks and obtain water of better quality at a cheaper cost. The agreement entailed the commitment to expand the water services in all the areas under the West Zone at a given timeframe.

### MWSI POLICY

A policy for water supply to the blighted areas has been set up in September 1998. Three (3) levels of services were identified:

1. *Public Faucet Level I* – Local Government Unit endorsed
2. *Public Faucet Level II* – NGO / Community Association requested
3. *Individual Metering Scheme*

The Barangay Water Association or the Community Water Association may provide labor requirement and materials subject to and in conformity with MWSI specifications in the installation of *Public Faucet I & II*. The billing shall be based on bulk selling at a specific public faucet rate<sup>2</sup>. For the payment of water bills, the Barangay Chairman and/or President of the Community Water Association together with their respective Treasurer shall be jointly and severally liable.

MWSI is currently billing 415 public faucets majority of which are located in Quezon City, Manila, Cavite, Malabon, Kalookan, Pasay and Parañaque. Quezon City and Manila alone accounts for almost half of these public faucets.

<sup>1</sup> 1 USD ≅ 50 Pesos

<sup>2</sup> The basic water charge for a public faucet is calculated by taking the product of the applied tariff per family taking water from it by the total number of registered users (families). The applied tariff per family is determined by dividing the total water consumption drawn from the public faucet in a month by the number of registered users (families) and computed for the corresponding water charge.

### BAYAN-TUBIG PROJECTS

It was realized that people, even in the blighted areas, prefer to have individual water connections rather than getting the water through the public faucets. The water bill appears not to be a problem as the price is much lower than what they use to pay for water.

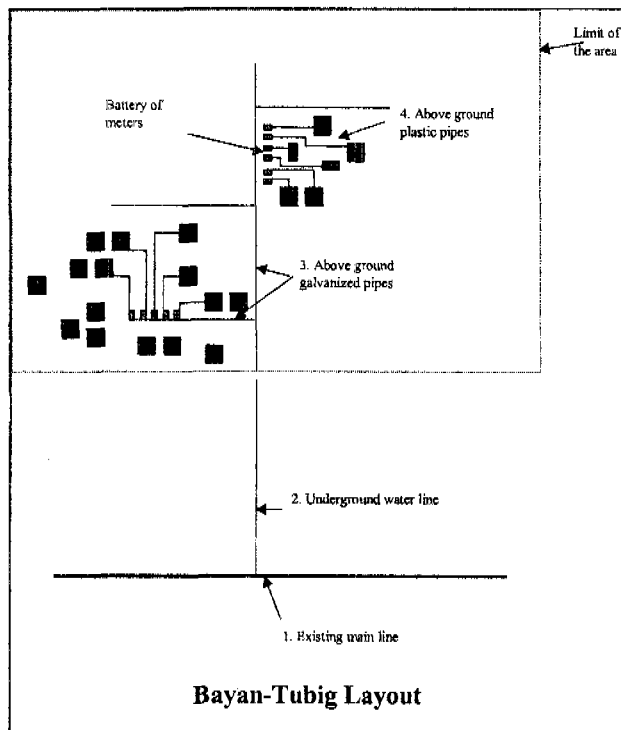
This preference for an individual water connection is more intensified by the poor outcome of the actual management of public faucets. In many cases, the "manager" of the public faucet – when it is not managed by an association - applies high cost for water. In the case of public faucets managed by an association, in some areas, "political fights" for the control of the public faucet occurs.

In order to address the needs of our customers, taking into account the fact that most of them are informal settlers (who do not have property titles to their occupied lots) the "Bayan-Tubig"<sup>3</sup> project was developed.

The "Bayan-Tubig" has the following general framework:

The underground distribution line is laid on up to where it is possible to bury. When burying the pipe becomes difficult and not possible (e.g., very narrow alleys), the rest of the network will be laid either above the ground, on the ground, partially covered or even attached to a wall and/or fence. This line extends up to the battery of meters. Location of these meters is carefully selected to best serve the customers, protect the meters, give easy access for meter readings and maintenance, and avoid obstruction on the path / alley. From the meters, a plastic connection is laid either above, below or under the ground.

Since the concession begun, the total number of house service connections (HSC) increased by 136,672 and 58,062 of these were done through the "Bayan-Tubig" program<sup>4</sup>. This 42% new connection through the "Bayan-Tubig" scheme is spread in the different areas of the concession as follows:

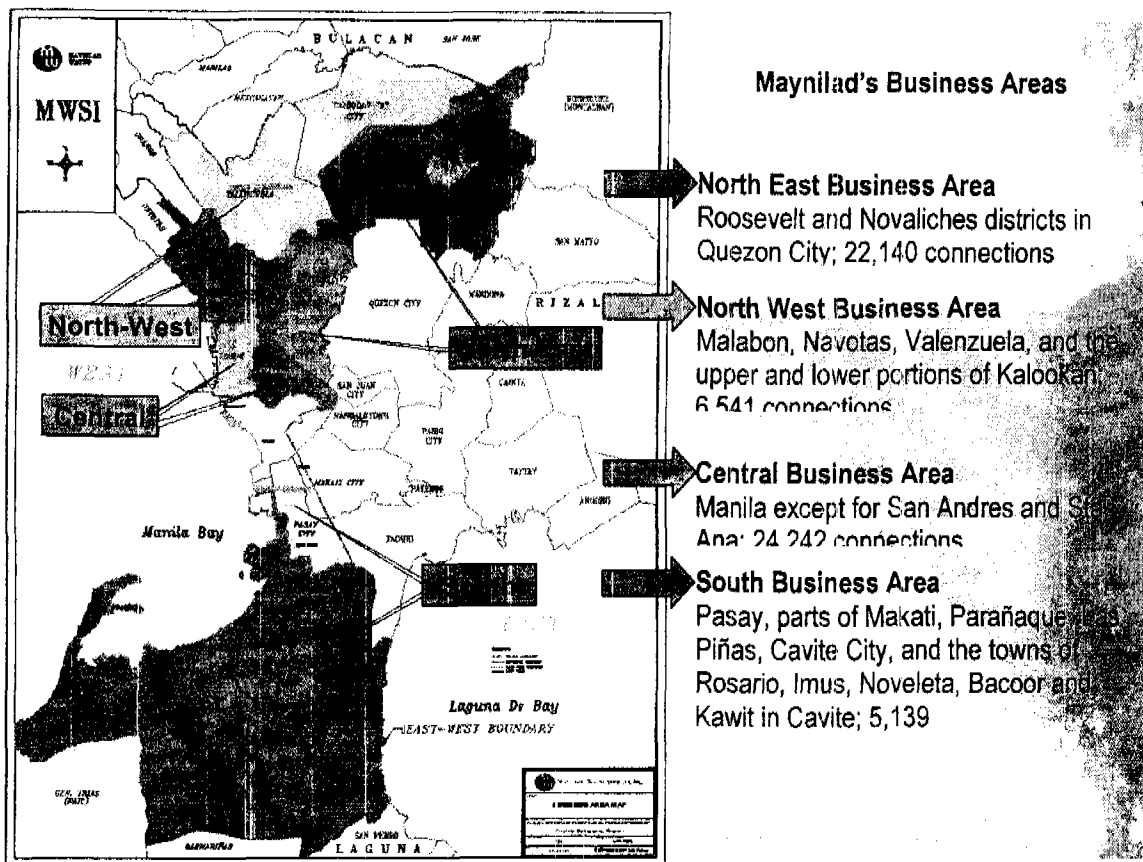


BUSINESS AREA	Number of Projects	HSC Installed
Central	18	24,242
Northeast	220	22,140
Northwest	48	6,541
South	25	5,139
<b>TOTAL</b>	<b>311</b>	<b>58,062</b>

The geographical implementation of the 'Bayan-Tubig' connections is shown on the attached map.

<sup>3</sup> Bayan Tubig – Water for the community

<sup>4</sup> As of August 2001

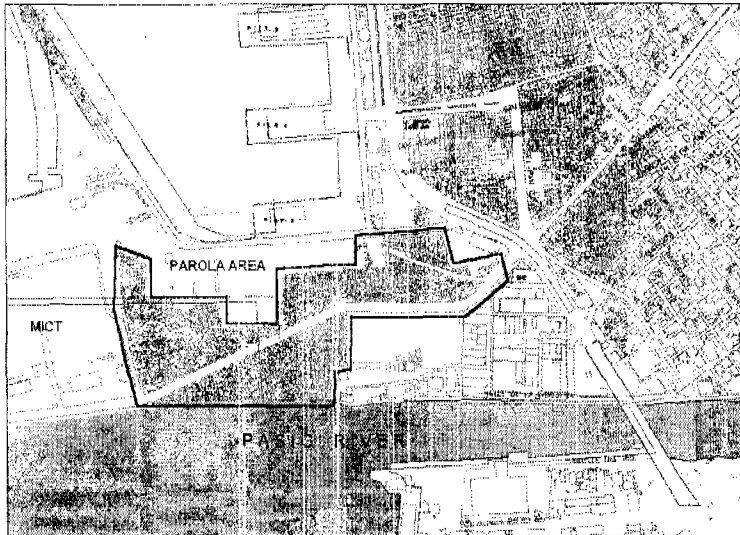


Presented in the following pages are representative areas from different business areas of the West Zone enjoying the benefits of the "Bayan-Tubig" project. Sizes of the area ranges from 1.6 ha to 9.6 ha with 3,700 to 48,000 inhabitants respectively.

**BAYAN-TUBIG PROJECTS: CENTRAL BUSINESS AREA  
Parola (Tondo & Binondo, Manila)**

**Background**

Parola is the biggest area to undergo a "Bayan-Tubig" project. This is a 9.6 hectare shore land property of the Pangasiwaan Ng Daungan Ng Pilipinas (Philippine Ports Authority). Sprawling on both sides of Manila International Container Terminal (MICT) access road that stretches from the main intersection up to the MICT property gate, about 0.8 kilometer long, are the numerous houses and shanties. This has been the home of about 48,000 residents for almost three decades.



Parola is composed of two portions. The bigger portion, which is on the right side of the access road towards MICT, is Parola Tondo. The size is 6.3 hectare. The smaller portion known as Parola Binondo of 3.3 hectare is located on the opposite side of the same road and is bounded on the other side by the Pasig River. Both areas are very dense containing 833 households per hectare.

Habitation is generally characterized by shanties and unstable houses. The construction material used by the

residents to build their houses are plywood, pieces of wood and plastic/ rubberized sheet materials while roofs are made of mix wood and galvanized iron sheets. A railroad track of Philippine National Railways (PNR) passes Parola Tondo connecting MICT to the main railroad tracks in Tutuban Station, Divisoria, Manila. This is the central station and train depot. The lateral streets and alleys from the MICT access road are very irregular in design. They are normally narrow with widths of 1 to 3 meters and most of them are more or less sinuous.



Because of proximity of the area to the ports and huge market, most of the residents here work as stevedores, market vendors, food peddlers, tricycle / pedicab drivers and the like. Construction workers and laborers are common too. However, there are few office workers, department store salesclerks and government personnel like police officers.

There are eight neighborhood associations in this extensive area like KABAKA, KASAMA, Bagong Pangarap, Urban Poor Livelihood, Mandaragat, etc. These organizations were formed to protect their members against land eviction or house demolition; to facilitate in resettlement program; and, to coordinate with government and private groups for livelihood programs.

## Water Supply

Parola was one of the areas being served by public faucets that began since the time of MWSS. The same was inherited by MWSI. An existing public faucet, being managed by a Barangay Chairman, was the main source of water for the residents of Parola. It was distributed through the installed 32 sub-connections and



operated by the people appointed by the Chairman. From each sub-connection, a PhP 3,400.00 set amount had to be remitted to the Chairman weekly. This caused the high selling price of water. Each household was finally getting potable water for PhP 1.50/20-liter container or PhP 15 for a 200-liter drum. Normally a family consumes one drum of water per day and therefore was spending PhP 450 a month for its water needs. The PhP 1.50/20-liter container price is exorbitant compared to MWSI's equivalent rate of PhP 0.07/20-liter

container for the lowest bracket in the tariff rate<sup>5</sup>. Thus, the Chairman was making good profit out of this; and in addition, he was not remitting to MWSI the billed water consumption of the public faucet.

MWSI quickly acted upon this by disconnecting the system and instead entered a contract with three (3) Parola organizations that were given the temporary task to manage three (3) newly installed public faucets. Part of the agreement was to decommission these public faucets once the new system was implemented.

### Introduction of 'Bayan-Tubig'

In February 2000, the Central Business Area (CBA) began the design and procedure to install the '*Bayan-Tubig*' scheme in Parola. This was realized after obtaining a clearance from the Manila City government that the area will not be evicted and demolished.

The CBA's Marketing Department started the campaign of informing the residents of Parola about the '*Bayan-Tubig*' project starting May 2000. To ensure that everyone is properly informed about the project scheme, meetings with the residents were conducted and these were done with the support coming from the different associations operating in the area. The process of application, fees involved, and different payment options are discussed during the meetings.

In accordance with the standard price MWSI has for '*Bayan-Tubig*' projects, an initial down payment of PhP 200 is required so one can avail the connection to the system instead of paying the whole PhP 4,000 installation fee. The balance of which is to be paid in equal monthly amortization for twelve (12) months without interest.

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<sup>5</sup> New tariff, as of October 20, 2001.



### Actual Installation

A 250mm  $\phi$  PVC mainline covering 1000 linear meters along the MICT road was laid underground. Afterwards, the 50-mm  $\phi$  GI pipes as laterals or tertiary lines were installed and the batteries of water meters were then connected to these laterals. The actual installation of individual connections started in the third week of August 2000.



The initial survey showed that 5,000 individual house service connections would be added to our lists of growing customers from this area. As of July 2001, 4,656 water service connections were installed.

### Memorandum of Agreement (MOA) for Billing Collection

In order to have an effective and efficient system in collecting the water bills and monitoring illegal connections within the area, a memorandum of agreement was signed between Maynilad Water and Parola Water Association. This is an association validly existing and duly registered with the Securities and Exchange Commission. The association through its personnel is responsible for collecting the water bills from the residents and remits the same to MWSI Branch Office on a daily basis before a set time. They are also responsible for guarding the waterlines from illegal connections, other forms of pilferage and leaks.

In return, for the complete and satisfactory performance of the association for its service and obligations in accordance with the MOA, Maynilad shall pay the association a fee of:

- ◆ Seven pesos per water bill collected within 30 days from date of issue
- ◆ Six pesos per water bill collected from 31 days to 90 days from the date of issue
- ◆ One peso per water bill paid in MWSI Branch Office

The other obligation of the association, as part of the MOA, is to assist the Maynilad's personnel in the reading of the individual water meters. Maynilad can also ask the association, if so required, to assign its collectors to deliver notices / flyers or brochures issued by Maynilad, free of charge, provided, it is within the regular route of the collectors.

Moreover, this agreement gives the association the source of fund for their planned Day Care Center and Health Care Center projects for the community. The Parola Water Association plans to set aside some amounts for these projects from the proceeds they will get from Maynilad.

## NORTHWEST BUSINESS AREA Paradise Village (Malabon, Metro Manila)

### Background

Located south west of Metro-Manila is the Municipality of Malabon. Paradise Village is one of its 21 Barangays<sup>6</sup>. Paradise Village has a land area of 6 hectares and an estimated population of 41,700 people. The whole area is flat and frequently flooded due to the rainy season on one hand and to the occurrence of high tides on the other hand. A creek on its side serves as the community's central waste disposal system and there are portions where water becomes stagnant instead of flowing toward the Catmon River.

Paradise Village is divided into 6 phases with Phase I and II as the oldest. Both phases are estimated to cover 1.5 hectare with 654 families.

In the beginning, most of the houses in these areas were constructed using wooden structures, galvanized sheets and galvanized roofs. Alleys were unpaved and there was no proper drainage system in the area. Stagnant dirty water including wastewater was visible throughout the year.



One important step Phase I and Phase II accomplished was to successfully secure land legalization under the Community Mortgage Program (CMP)<sup>7</sup>. Both areas were also able to benefit from *Medecins Sans Frontieres* (MsF) which is an international Non-Government Organization (NGO). This NGO sponsored a 'Water Sanitation Project' in the area and the project started with the completion of a bridge across the creek allowing the access from the main road.

Maynilad Water Services, Inc. extended its services by introducing the 'Bayan-Tubig' project and coordinated its action with MsF. Pipe

<sup>6</sup> Barangay is the basic political unit that services as the primary planning and implementing unit of government policies, plans, programs, projects and activities in the community.

<sup>7</sup> Is a mortgage financing program of the National Home Mortgage Finance Corporation (NHMFC). The primary objective is to assist residents of depressed areas to own the lots they occupy, or where they desire to move in, and eventually to improve their neighborhood and houses to the extent of their affordability.

distribution network was laid and the locations for the batteries of meters were carefully selected. All these works were done ahead of the restoration of the streets/alleys and canal development.

Afterwards, the main street that traverses the area was cemented up to the portion bounded by Phase I and Phase II. On the sides of this main street were open canals about 0.40m width which were covered by flat iron grids. Perpendicularly and slantly connected to this main street were narrow cemented alleys of 1.5m to 2m width. In the midst of these alleys were the 0.30m width open canals covered with flat iron grids. These canals received the storm water, sullage and effluents of septic tanks. All these improvements were done through the financial help of MsF while the labor force was provided by the residents.

At present, houses in these two zones are better than the rest of the phases. Many of the houses have been upgraded with concrete hollow blocks and galvanized roofs. The rest are made of wooden structures and galvanized roofs.

Aside from MsF, there are two other local NGOs operating in Paradise Village with different areas of concern but join together to develop the area. The first is *Lingkuran Sa Ikaunlad Na Ganap Ng Pamilya* (LINGAP). It was created and supported by INTER AIDE - a French NGO working in the Philippines since 1986. LINGAP is the partner of MsF for the social part of the project. The second is *Urban Program for Livelihood Finance and Training Philippines* (UPLIFT) who is offering micro-credit in Paradise Village.

Family income in Paradise Village is generally earned by men through different manual jobs such as works in factories, masons, painters or jeepney drivers. Some of the women help the family earn a living by being a market / fish vendors. Very few are office workers. It is also a normal sight to find "sari-sari" stores in the area.

#### **Former Water Supply System**

Prior to the "*Bayan-Tubig*" project, Paradise Village (Phase I & II) residents used to depend from a public faucet. Others fetched water from Dagat-Dagatan area that is about half a kilometer distance using pushcarts filled with 20-liter containers.

An association managed the public faucet. They also did the collection of payment share from each registered family-household taking water from it. The monthly water bill was based on the monthly reading of the meter and corresponding water bill payment was equally shared among the family-household users. However, not everybody was able to pay its share on time thus monthly remittances to MWSI were delayed. The system of equally sharing the bills despite the unequal consumption per family-household was becoming an issue. Residents preferred to have individual water connections instead.

#### **Introduction of 'Bayan-Tubig'**

In the early part of 1999, Maynilad Water through its Malabon Branch started the information campaign to make the residents of Paradise Village aware of the '*Bayan-Tubig*' project. Clearance from the municipal government whether there was demolition/eviction plan for the area was not necessary inasmuch as Phase 1 and Phase 2 were already under legalization process through the 'Community Mortgage Program'.

To ensure that everyone was properly informed about the project scheme, meetings with the residents were conducted in the presence of the association and barangay officials. Application procedures, fees involved, and different payment options were discussed during the meetings.

In accordance with the standard price MWSI has for '*Bayan-Tubig*' projects, an initial down payment of PhP 200 is required so one can avail the connection to the system instead of paying the whole PhP 4,000

installation fee. The balance of which is to be paid in equal monthly amortization for six (6) months without any interest.

### Implementation

Three (3) pipe sizes: 250mm  $\phi$ , 150mm  $\phi$ , and 100mm  $\phi$  were used in installing the water network. Batteries of water meters were then connected and installed in strategic locations of the area. The project started to be implemented last July 1999 and was completed in April 2000. It resulted to 520 house service connections.

### NORTHEAST BUSINESS AREA

F. Carlos, Barangay Apolonio Samson/Baesa, Quezon City

### Background

At the dead end of F. Carlos St. (Bgy. A. Samson and Baesa, Quezon City) lies an area of 2.5-hectare of governmental land, covered by shanties.

Roughly 6,000 men, women and children dwell in this vast area where Meralco Electric Towers are a common sight.

Blue-collar workers such as carpenters, laborers, and vendors are the breadwinners for each family. Some have small-scale businesses like sari-sari store, bakeries, eateries and repair shops of small electric equipment.

Five (5) associations namely: F. Cena, NAMAFA, Tanglaw, SAMAKAPA and Friendship each with its own set of officers are considered neighborhood associations whose function is to unite every family for the good of the community.



### Water supply

Before the project, 40% of potable water needs were covered by six (6) MWSI's public faucets, inherited from MWSS time. Each household would get one hour of water (from public faucet through a hose) every other day. The cost was 15 Pesos/hour or a minimum of 225 Pesos/month/household (15 Pesos x 15 days).

The difference of the potable water needs (60%) came from water vendors, selling water from illegal water connections. Each household would get one drum (200 liters) per day. Cost was 25 to 30 pesos per drum or 750 to 900 Pesos/month per household (25 to 30 Pesos x 30 days).

Other water needs (washing, etc.) were supplied from manual shallow wells (the barangay F. Carlos has several), rain water, etc.

The overall estimated cost and consumption is the following:

Consumption (cu.m./month)	Cost (Php/month/household)	Cost (Php/cu.m.)
------------------------------	-------------------------------	---------------------

Faucet	7.5	225	
Vendors	6	900	
<b>Total</b>	<b>13.5</b>	<b>1,125</b>	<b>83.33</b>
MWSI <sup>8</sup>	For the same consumption of 13.5 cu.m.	73.36 (including fixed charge, sanitation charge, CERA, but excluding VAT of 10%)	5.43

With the high cost of water affecting their meager income, a much cheaper and alternative source from the MWSI was then considered. Representatives from the associations came to MWSI to request for a water network.

### Campaign and implementation

Meetings with the different associations were conducted discussing the procedures of registration and pricing in July and August 1999.



The connection charge, as prescribed in the concession agreement was representing 3,500 PhP in 1999. An installment program over 12 months was proposed to the people who needed it. Even with the connection charge, the households were still paying three times less for the water than what they used to pay (348 PhP/month vs. 1,125 PhP/month).

Mass registration and application processing of about 700 families responded and paid the down payment. It was on September 16, 1999 that the project started. A 422 linear meter 150-mm Ø PVC main pipe was laid. The layout was completed and the hydro-test passed on September 25, 1999. A contractor was utilized for the activity. In-house teams were then utilized to install 2,500 linear meters of 50 mm Ø GI pipe to serve as laterals or tertiary mainlines. Water meters were subsequently hooked-up from these tertiary mains. A total of 884 water service connections were installed. The first bills were delivered on November 14, 1999.

### CONCLUSION

These examples show how the private sector can deliver services to the urban poor. As a private operator of a public service, Maynilad is dedicated to serve all its customers, the poor and the rich.

Happily for Maynilad Water Services Inc., both partners Ondeo Services and Benpres share the same vision, as expressed by the Founder of the Lopez group of Company, Eugenio Lopez:

*"Public service is the only reason for our existence. Profit alone is not enough of a reason to go into business. But if we can serve people, then I think our growth and success will follow. If we take care of our customers, then they will take care of us. This is the kind of culture a company should have."*

<sup>8</sup> New tariff, as of October 20, 2001.

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## 4. CUSTOMER OUTREACH

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"Knowing your customer" should be the starting point of strategies to improve service delivery to the low-income communities. When utilities have attempted to cover unplanned settlements, they have typically prescribed standard public taps or water kiosks aimed at serving a specified number of users within a given distance. The proliferation of alternative services including vendors, illegal connections, etc., indicates that "one-size-fits-all" approaches cannot respond to what is in fact a differentiated demand.

Utilities that have extended services to informal settlements have acknowledged the importance of understanding their customers' needs and have adopted innovative strategies in order to do so. While the final goal should be to mainstream a pro-poor approach throughout an organization, two particular strategies have allowed utilities to move towards this ultimate goal: either establishing a 'low-income users unit' (a dedicated internal unit) or working in partnership with NGOs

*The challenge: What capacity does a utility need to build to successfully interact with and delivery services to low income communities? Is there a need to build capacity within the utility to respond specifically to the needs of low income groups, or can this function be outsourced? NGOs have played a key role in bridging the gap between utilities and the urban poor. What role can they play in strengthening and developing these links?*

# A GLOBAL PERSPECTIVE ON UTILITY- NGO PARTNERSHIPS TO SERVE THE URBAN POOR: AN OVERVIEW OF LESSONS FROM BPD

By Ken Caplan, Cluster Coordinator, BPD


1

## Business Partners for Development

Customer Outreach and the Poor

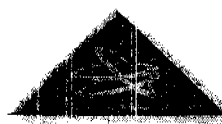
WUP/WSP 19-21 November 2001  
Abidjan, Ivory Coast

Ken Caplan & David Jones  
Water and Sanitation Cluster  
Business Partners for Development



2

## Tri-sector partnerships



Cluster Aim - To determine how TSPs can deliver cost-effective and sustainable solutions to meet challenge of providing W&S services to the poor

3



Dakar, Senegal      Jakarta, Indonesia

Port-au-Prince, Haiti

Cartagena, Colombia

Buenos Aires, Argentina

La Paz-El Alto, Bolivia


KwaZulu Natal, South Africa

Eastern Cape & Northern Province, South Africa

4

## Cluster Approaches


- Theme-specific research (e.g. cost recovery, education and awareness, etc.)
- Sector-specific (civil society, private sector & public sector)
- Project-specific documentation / support



5

## Process Considerations


- Understand context
- Build on existing assets
- Understand incentives & conflicts
- Understand time frames
- Expect transformation



6

## Engaging with Poor Communities

- Improves access to information
- Increases cost recovery - converting users to customers
- Improves chances of sustainability through enhanced accountability
- Enhances system efficiencies
- Improves customer-focus



7

### Communities as Partners

- Community management / water committees
- Representation on project committees
- Driving E&A agendas
- Setting indicators of success
- Different options for levels of service & payment structures



8

### Obstacles to Community Access

- Fragmented community leadership
- Inflexible standards and regulations
- Project design and management
- Mixed messages from partners
- Politics as usual



9

### NGOs as Partners

- Research
- Mobilising communities / Intermediation
- Capacity building (incl. Partners)
- Education & Awareness Activities
- Service Delivery
- Unmet/Unresolved Community Needs
- Monitoring & Evaluation



10

### Working with NGOs

#### CONSIDERATIONS

- Where local governance is lacking
- Clear added-value articulated
- Conflicts (timeframes, dual accountability)
- Funding
- Designing the contract
- Transition Period / Exit Strategy



11

### Low Income Users Unit

#### CONSIDERATIONS

- Staffing (skill sets, incentives, integration, performance targets, etc.)
- Timeframes / Scaling Up
- Core competency
- Tasks (design, implementation, E&A, M&E...)
- Funding



12



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# OPTIONS FOR OUTSOURCING OR UTILITY SERVICE TO NGOS - IMPROVING OUTREACH AND CUSTOMER RELATIONS WITH THE URBAN POOR

By Djinah Thomas, Secretary General, CAMEP

1

**Water supply to the poor in Port au Prince**

CAMEP / GRET

2

**A difficult context**

- ✦ Political instability
- ✦ Anarchic urban development
  - rapid expansion of the population,
  - insufficient infrastructure, unhygienic conditions,
  - poverty

Gret & FAQ 2

3

**A difficult context**

- ✦ Characteristics of the water supply system
  - ✦ 2 millions inhabitants of which 900 000 live in poor quarters
  - ✦ 60 % of the population does not have direct access to services
- ✦ The existing (informal) private sector demands an unaffordable price

Gret & FAQ 3

4

**The project**

- ✦ Installation of standposts in poor quarters
- ✦ Undertaken by CAMEP / GRET
- ✦ Innovative aspects:
  - ✦ social engineering
  - ✦ the role of the actors

The investment in human resources reduces the costs for CAMEP, for the committees and for the user.

Gret & FAQ 4

5

**Project achievements**

Period	6 years
Port-au-Prince	28 quarters
Population	About 700 000 habitants
Achvements	204 standposts 3 360 m3 of storage About 70 km pipework
Distribution	249 m3 per day in 1995 1 879 m3 oper day in 2000

Gret & FAQ 5

6

**Economic data**

Total cost	12.0 M \$
Cost of works	10.0 M \$
Cost of social engineering (ISD)	2.0 M \$

Gret & FAQ 6

7

### How the service works

- ✓ Poor quarters are connected by Camep using as bulk meter
- ✓ Standposts are managed by community organisations
  - Bulk water price: 0.2 \$ / m<sup>3</sup>
  - Sale price of water ≈ 0,6 \$ / m<sup>3</sup>
- ✓ Community : maintenance of the local network, saving for refurbishment
- ✓ Direct relations between Camep & the community committees:
  - Contrat
  - UCCQD (fonction d'appui/formation et d'audit)

Crea & F&C 7

8

### Evolution of CBO and CAMEP revenues

Crea & F&C 8

9

### Budget split of the community receipts

Crea & F&C 9

10

### How the committees work

- ✓ Comité numbers between 7 & 9 members
- ✓ Elected (criteria depend on the relevant post)
- ✓ Specific skill training
  - institutional (community liaison etc)
  - Communication and social organisation skills, conflict management
  - Management (tools & procedures)
- ✓ networking and links between committees

Crea & F&C 10

11

### ISD

- Means of ensuring participation in decision-making and in management methods
- The introduction of legitimate and competent management structures

Crea & F&C 11

12

### ISD

Interests	instead of needs or demands
Taking part	instead of community participation
Broker	instead of operator
Real partnership	instead of paternalistic relations
With a permanent eye on financial sustainability	

Crea & F&C 12

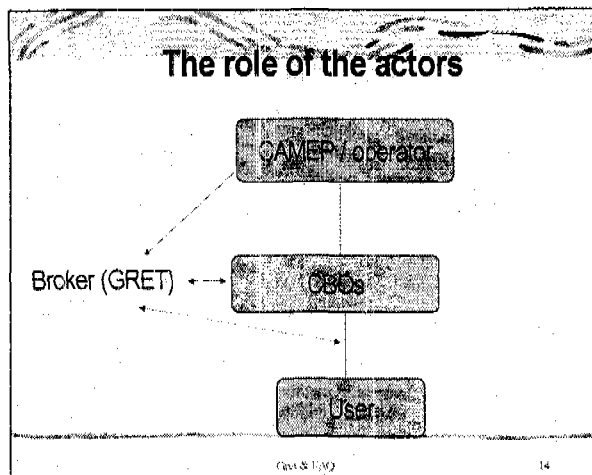
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### The role of the animator

- In the quarters
  - to identify and analyse local realities
  - to assist with the formation of management structures
  - to support and train committees
  - to put in place financial and social management tools
  - support the process of self-sufficiency
- Within the operator
  - participate in definition of strategies
  - participate in planning activities
  - ensure the link between the program and the reality on the ground

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### The role of NGO

- Role : broker, facilitator
- Strategy: Gradual planned withdrawal following design stages
  - regarding level of service: Assure sustainability by giving actors their own space and voice
  - regarding brokering: reinforcing local partnership, CAMEP et the CBOs (skills, organisation, costs, access to financing)

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### Project impacts for CAMEP

- Technical impacts (reduced number of illegal connections, maintenance et repairs are the responsibility of the CBOs)
- Economic impacts (simplifying billing, 4% of annual receipts)

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### Project impacts in the quarters

- Health impacts
  - Reduction in water-related illnesses
  - Reinvestment of the profits in sanitation projects
- Economics impacts
  - Cuts in the price of water for users
  - Job creation
  - Reinvestment of the profits in micro-credit activities
- Reinforcement and professionalisation of local actors
- Sewerage projects

17

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### Disseminating the method

- Replicating the concept
  - other countries, other towns
  - other sectors : waste, wastewater, electrification
- Dissemination principles
  - use lessons to launch new projects
  - organise exchanges and new learning
  - put in place a strategy of support / basic training on Southern experience

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## BUILDING INTERNAL POLICY AND CAPACITY TO SERVE THE POOR: CASE OF LWSC PERI-URBAN UNIT

By Charles Chipulu, Managing Director, LWSC and Astrid Banda-Head of Peri-Urban Unit

1

### Workshop on "Building Partnerships to Serve the Urban Poor"

Water Utility Partnership Project No. 5

**Building internal policy and capacity to serve the poor through special Organisational units**  
November 19 - 21, 2001, Abidjan, Cote d'Ivoire

Astrid Choongo Banda and Charles Chipulu  
Lusaka Water and Sewerage Company, Zambia

1

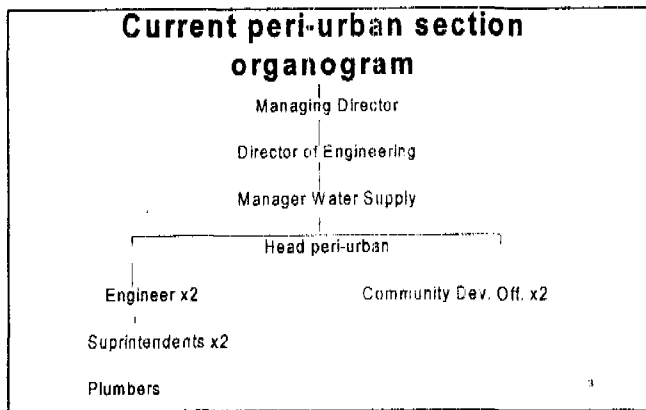
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### LWSC approach: Key milestones

- 1970s Lusaka City Council (LCC) upgrading project (US\$26mWB credit) implemented by Housing Project Unit (HPU) for illegal settlements.
- 1979 HPU reconstituted into peri-urban housing section under LCC.
- 1988 LWSC incorporated as a wholly owned LCC Company and started operations in 1990
- 1993 George compound JICA funded water supply project
- 1995 Peri-urban section established formally in LWSC
- 1997- 2001 Major changes in policy, strategy, organizational and staffing .

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### New peri-urban section objectives

- Water supply improvement to all peri-urban areas
- Development of payment mechanism
- Sensitization of communities for payment for water and security of water supply infrastructure
- Organization of stakeholder meetings for planning and information sharing.

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### Key features of Peri-urban section

- Multi-disciplinary team of 11 (engineers, sociologists and technicians)
- Headed by a Sociologist
- Responsible to Water Supply Manager
- "Open-access" to Managing Director
- Participation in management meetings

5

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### Management implications for the utility

- **Think strategically** - develop a clear sense of direction
- **Think tactically** - identify most appropriate means to pursue the utility's chosen path
- **Think people** - maintain morale, cohesion and commitment of staff

➤ **Approach: Develop the internal customer to serve the external customer**

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### Think customer

- Who does the poor customer belong to?  
Peri-urban section or the company?
- What does this imply for the utility?

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### Developing the internal customer

- All employees and departments are customer to each other
- Should constantly be looking for solutions to serve the poor better, and
- Promoting horizontal decision making

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### Getting started

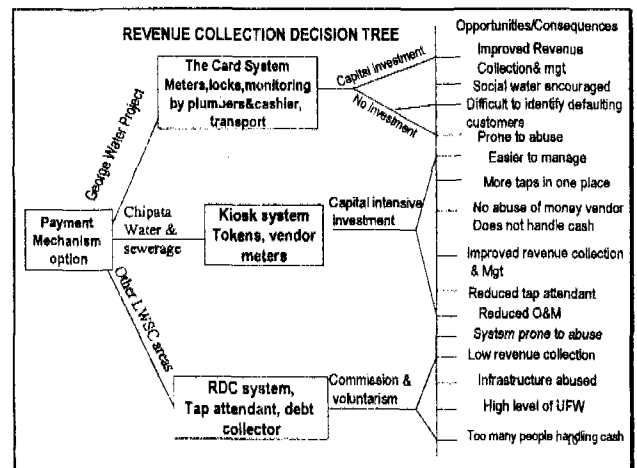
(develop the internal customer to serve the external customer)

- Mobilise commitment through joint diagnosis and planning
- Identify a shared vision
- Bring others on board and foster consensus
- Monitor and adjust strategies

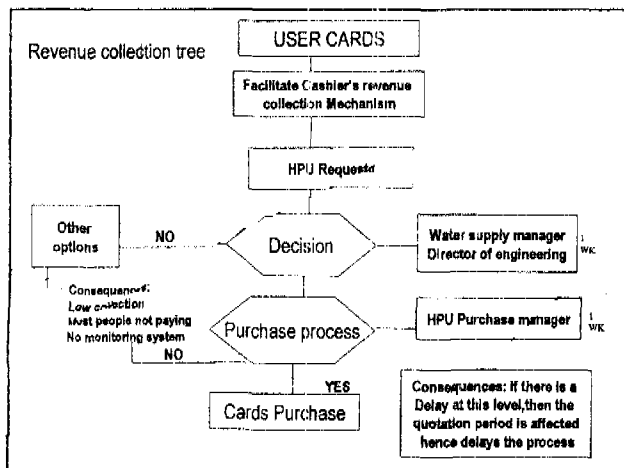
(Develop capacity to use participatory analysis tools and staff survey methods)

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### Emerging lessons

- The poor are legitimate customers of the Company
- Peri-urban section can't work in isolation
- External and internal partnership is critical
- Participation in solution finding is key
- All employees must buy into equitable customer concept
- Requires change in attitude, skills, knowledge and experience of staff.

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## 5. REFORMING TARIFFS & SUBSIDIES

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Many African countries have pricing policies that recognize the importance of cost recovery, while emphasising the importance of structuring tariffs to meet social objectives. The structure of a tariff may be as important as the tariff level for a poor household. Most tariffs are structured as increasing block tariffs (IBTs) with a subsidized social block that is expected to allow poor households access to water at an affordable price. However, despite good intentions, it is increasingly evident that in most countries, these subsidies do not reach the poor who typically share a private (house or yard) connection or purchase water, second or third hand through intermediaries who charge several times more than the recommended price.

Furthermore, the poor are often not connected to the network because of their location, or because high up-front connection costs are beyond their reach. Many poor households rely on a daily wage and can neither save up for a connection nor pay for water on a monthly basis. As a result they pay for water as and when they have the funds available – often by the jerrican. Those sharing a connection with several households may be charged in higher bands of the tariff, and tenants may have no control over their water supply if the cost of amenities (water, electricity) is included in rental charges.

In designing pricing policies and establishing tariffs, care should be taken to ensure that the conditions under which the poor access water supply and sanitation are known and that specific measures are taken to put in place specific measures geared to this customer group.

*The challenge: How can pricing policy can be designed to enable access to WSS service for the urban poor. Presentations on various tariff structures are designed to increase participants' understanding of how tariffs can be structured to avoid hurting the poor.*

# DESIGNING PRICING POLICIES AND TARIFFS TO HELP, NOT TO HURT THE POOR – KEY PRINCIPLES


By Jan Janssens, Lead Specialist, World Bank

1

Final Workshop  
Water Utility Partnership - WUP Project No. 5  
"Building Partnerships to Serve the Urban Poor"  
Abidjan, Cote d'Ivoire  
19-21 November, 2001

SESSION FOUR: TARIFFS AND SUBSIDIES  
*Reforming tariffs to help, not hurt the poor.  
Lessons on Pricing Policy, Tariff Structures, Subsidies*


## Designing pricing policy and tariffs to help the poor – Key Principles



2

## Outline


- ◆ Introduction
- ◆ Creating the enabling environment
- ◆ Designing tariffs
- ◆ Designing subsidies
- ◆ Conclusions



3

## Introduction - 1


- A water tariff is an important management tool that can be used to promote the sector reform process
- The pricing of water services is, however, controversial, and it is important understand why there is so little consensus on water pricing issues.



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## Introduction - 2

1. There is disagreement over the objectives of water pricing and tariff design. Water pricing decisions affect several different objectives or goals of policymakers, often in conflicting ways.
2. There is disagreement over what would actually happen if different water tariffs were implemented.
3. Although there is some competition in the water market, there is no market test for different water tariff structures.




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## Creating the Enabling Environment

a well performing and financially viable utility

- Increasing efficiency, reducing costs
- Creating sufficient and stable revenues, adequate pricing




6

## Increasing Access / Serving the Poor Objectives

- Equity
  - Ensuring that the benefits of reform accrue to the poor as well as the rich
- Sustainability
  - The poor won't benefit unless the system as a whole delivers a technically workable and financially viable service which is socially appropriate, environmentally sound and delivered by an organization which endures.


... but the poor are "consumers" with specific characteristics who won't benefit from reform unless specific action is taken to address their demands.



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## Designing Tariffs


- **Setting water tariffs requires that one strikes a balance between four main objectives:**
  - Revenue sufficiency (and stability)
  - Economic efficiency
  - Equity
  - Income distribution and basic needs



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## Basic Types of Water Tariff Structures

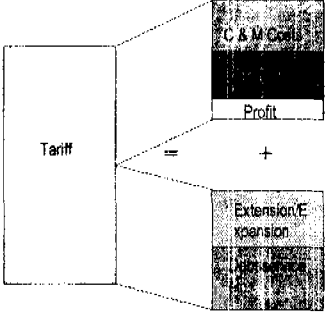
- Fixed charge - monthly water bill is independent of the volume consumed
- Water use charge
  - Uniform volumetric tariff (unblocked)
  - Increasing linear tariff - unit charge increases linearly as water use increases
  - Block tariff - unit charge is constant over a specified range of water use and then shifts as use increases
    - (i) Increasing block
    - (ii) Decreasing block




**Two-part tariffs (fixed charge + water use charges)**

9

## Composition of the Tariff Rate




The diagram illustrates the components of a tariff rate. A central box labeled 'Tariff' is shown to be equal to the sum of three other components: 'C & M Costs' (Costs and Maintenance), 'Profit', and 'Extension/Expansion'.



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## Functions of the Tariff


- Determines level and pattern of revenue
- Contributes to ability to attract capital
- Creates incentives affecting the production and use of services
- Influences the value of the services received and the total cost of production
- Allocates cost among customers, groups of customers, and over time



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## Additional Purposes of the Tariff

- Fairness (a perception)
- Simplicity and understandability
- Resource conservation



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## Designing subsidies targeting the poor





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### Make subsidies work harder

- Scalable? • Can the same subsidization rate be rolled out sector-wide, within resources?
- Targeted? • Are eligibility criteria sharp enough to avoid "dead weight"?
- Neutral? • Doesn't the program distort technology choices, institutions, incentives?  
• Are grants tied to outcomes, or just inputs?



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### Possible subsidy mechanism - 1 Subsidy of WSS infrastructure

- large works and network development capital investments
  - public/donor funds passed on as equity
  - grants (externalities targeted grants to lower costs of funds)
  - subsidized interest rate (on-lending at below-market rates)
- access to WSS services  
(subsidize connection, limit burden on household budgets)
  - direct subsidy of connection cost
  - cross-subsidy through uniform fixed charge, paid by all customers (existing and future)
  - subsidy attached to level of service
  - subsidized interest rate in financing mechanism



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### Possible subsidy mechanism - 2 Subsidy of WSS services (consumption subsidy)

- cross-subsidy linked with tariff structure
  - industry vs domestic
  - 'social' or 'lifeline' tariff in increasing block tariffs (IBT)
  - tariff discount for targeted customers
  - targeting subsidy according to household consumption level
- subsidy of temporary operating deficit of service provider (e.g. utility)



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### Constraints for applying subsidy mechanisms

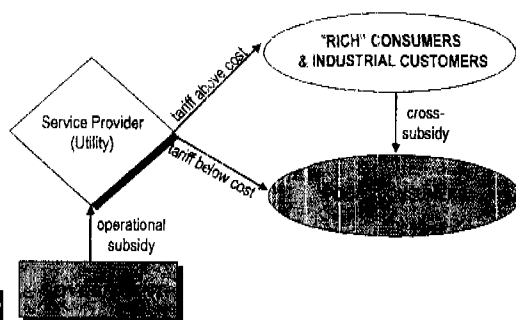
- Origin of subsidy (existing customers, general utility revenue, state fiscal resources, donor finance-social fund)
- High elasticity in demand from industrial consumers
- Lack of metering
- Intermittent water supply (distribution of the 'deficit')
- Low billing and collection efficiency
- Existing connection ratio (among the poor) to the network
- Process to obtain connection
- Cost of connection



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### Traditional subsidy model



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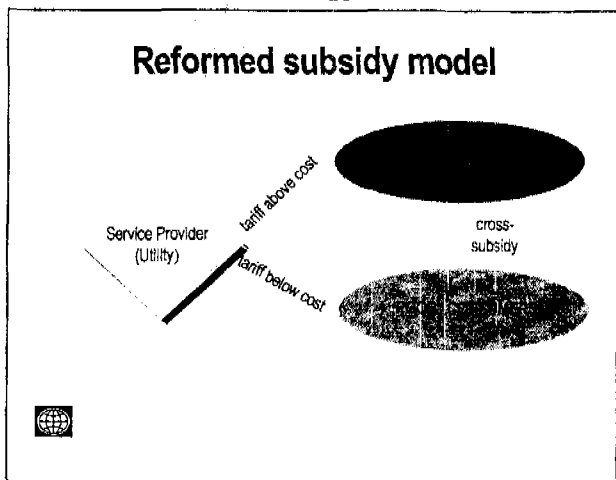
### Problems with traditional model

- Operational subsidies
  - immediate financial drain on the state
  - larger than warranted by equity concerns
- Cross-subsidies
  - poorly targeted towards the poor
  - poorly designed increasing Block Tariffs (IBT)
  - undue burden on industrial customers
  - potentially financially destabilizing over time
  - fail to promote network connections

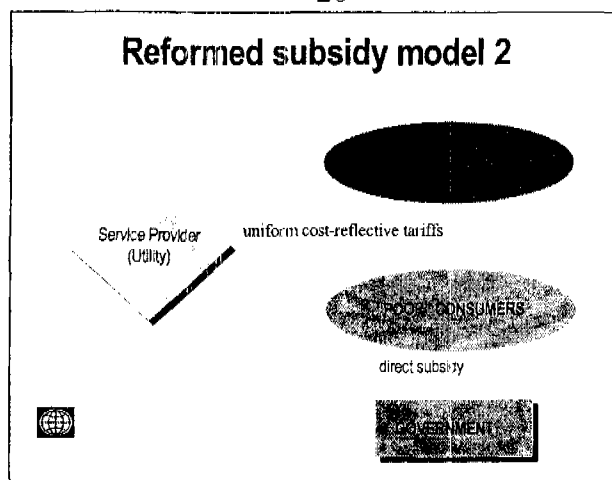


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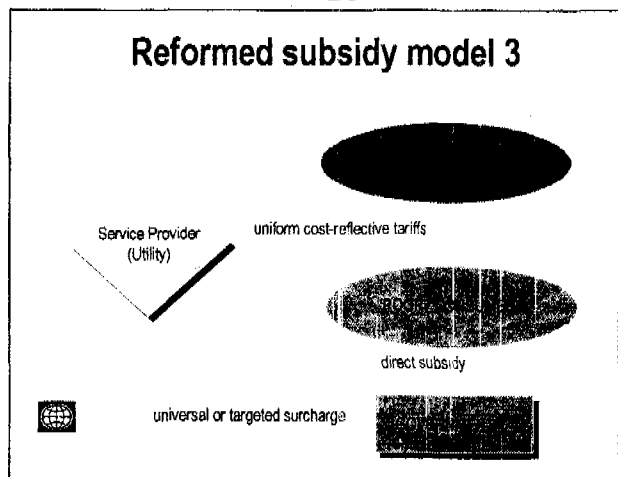
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- ### Characteristics of a good subsidy
- Genuine need
  - Accurate targeting
  - Low administrative costs
  - No perverse incentives
- 22

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- ### Accurate targeting
- Every subsidy scheme should have a clearly defined 'target population'
  - Targeting is the extent to which the subsidy reaches its target population
  - Two types of errors can arise
    - *Errors of exclusion*—when members of the target population fail to receive the subsidy
    - *Errors of inclusion*—when the subsidy is received by those who do not belong to the target population
- 23

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- ### No perverse incentives
- A poorly designed subsidy can generate the following perverse incentives
    - Reduces commercial incentive to provide service
    - Over-consumption due to depressed charges
    - Failure to seek subsidy if value is too low
    - Loss of payment habits
    - Distortion of behavior to meet eligibility criteria
    - Dilution of work incentives
- 24

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## Other pro-poor policy instruments

- Subsidies are not the only way to make water services affordable to the poor
- A number of other policy instruments exist
  - Innovative technologies
  - Flexible technical standards
  - Payment in kind
  - Micro-credit lines
  - Budgeting devices
  - Small-scale providers



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## Instruments for promoting affordability of WSS services

- increase frequency of billing and smaller more frequent payments
- spreading service connection fee over time (e.g. number of monthly or two-monthly payments)
- offer different levels of service at different prices.



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## Conclusions - 1

- Principle #1:  
Getting the tariff level and the tariff structure right helps all consumers, including the poor.
- Principle #2:  
Subsidize access not consumption.
- Principle #3:  
Subsidy delivery mechanisms should be targeted, transparent, and triggered by household indication of demand.



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## Conclusions - 2

- Principle #4:  
New information is often required to evaluate whether a proposed tariff or subsidy will hurt or help poor households.
- Principle #5:  
Tariffs and subsidies require modifications over time. Decisions must be made about how social equity concerns will be incorporated in the tariff and subsidy revision process.



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Thank You



## THE CHALLENGE OF DESIGNING A PRO-POOR TARIFF STRUCTURE FOR ADDIS ABABA'S POOR HOUSEHOLDS

*By Tekalign Sahilu, Consultant, Tropics Ltd.*

### 1. Background

Addis Ababa is the capital city of the Federal Government of Ethiopia. It is the seat of international organizations like OAU and UNECA and a number of Embassies as well as representatives of other international organizations. Apart from its political significance, it is also economically important to the country.

The city has an autonomous status and the city's council is the responsible organ for its overall administration. The members of the city council are elected by the public every five years.

From administrative point of view the city is divided into zones, each zone is sub-divided into *woredas*, and each *woreda* is subdivided into *kebeles*. There are 6 zones, 28 *woredas* and 325 *kebeles*. *Kebeles* are the lowest organs within the city structure that are closer to the community.

In the year 2001 the situations of the city, with respect to water supply services, are the following.

- ◆ The population is projected to be 2,723,420.
- ◆ There are 187,846 customers with private connection and 1077 public stand posts.
- ◆ The city's water supply sources are three dams, a number of boreholes and springs developed around the city.
- ◆ The total current average daily production is estimated to be 198,000 m<sup>3</sup>
- ◆ Total current average daily water consumption, based on billed consumption, is reported as 136,315 m<sup>3</sup>.
- ◆ Accordingly, average daily consumption per person served is estimated as 50 litres and average consumption per connection per day is 725 litres.

### 2. Existing Water Management Policy

Among the Drinking Water Supply Policies of the country, the following finance and tariff related policies have impacts on the urban poor.

- *Provide subsidies to communities who cannot afford to pay for basic services on capital costs only; based on established criteria and phase out subsidy gradually.*
- *Ensure that all water supply undertakings will adequately address costs associated with operation and maintenance and be based on "cost-recovery" principles.*
- *Establish a "Social Tariff" that enables poor communities to cover operation and maintenance costs.*
- *Establish progressive tariff rates, in urban supplies, tied to consumption rates.*
- *Develop flat rate tariffs for communal services like hand pumps and public stand posts.*

### 3. Important Features of Existing Water & Sewerage Tariff of AAWSA

The prevailing tariff structure and tariff rates have been implemented since July 1995. The tariff rates have been determined for the three main cost centres i.e. water supply, reticulated sewerage and sludge disposal. Marginal Cost analysis was used to determine the marginal cost of the cost centres.

Connection costs for water and for sewerage are based on full cost coverage. Customers are required to cover the cost of materials and labour including some overhead expenses. The payment system is up front.

The tariff rates for water consumption are based on operation & maintenance cost coverage. Meter reading and billing are made every two months. It is a mixed system where flat rate is applied for public stand posts and progressive rate tied to consumption is applied for customers privately connected to the distribution system. Three blocks have been set for bi-monthly consumption ranges. The tariff rates include sewerage service charges and all customers, whether connected or not to the sewerage system, whose water consumption fall in block 2 and above are paying sewerage tariff. The existing tariff rates are shown below.

Service level	Consumption/Two months	Birr/M <sup>3</sup>		
		Water	Sewerage	Total
Public Stand Post	All consumption	0.50	0.00	0.50
Block 1	Up to 15 M <sup>3</sup>	0.50	0.00	0.50
Block 2	16-40 M <sup>3</sup>	0.75	0.08	0.83
Block 3	Above 40	1.50	0.17	1.67

Sludge is removed and disposed of by means of sanction trucks. The charge per trip for sludge is not covering the full cost of removing the sludge. The full cost, per trip, is substantially higher than what is charged at present. The charge per trip for domestic customers is birr 49/trip and for non-domestic customers is birr 130/trip. There are private service providers in this area and their charge is higher than birr 150/trip for all customers.

#### 4. Important Features of Proposed Water & Sewerage Tariff of AAWSA

The existing tariff was recommended for short term (maximum of two years). The tariff structure and the associated tariff rates remained unchanged since 1995. This has affected the level of operation & maintenance cost coverage and as a result the authority had initiated the revision of the tariff structure and rates.

The study of revising a new tariff structure and associated rates is completed. The features of the newly proposed tariff structure are similar in most of the cases to the existing tariff structure except some modifications. The proposed tariff structure has the following features.

- ◆ Water and sewerage connection costs are based on coverage of actual costs (material and labour costs).
- ◆ Meter reading and billing are proposed to be done on monthly basis.
- ◆ Consumption charges are based on coverage of full financial costs of providing services.
- ◆ Tariff rates of consumption include water and sewerage services.
- ◆ Flat rate tariff is proposed for public stand post users and non-domestic customers.
- ◆ Public stand post users and customers fall under block 1 consumption range are set to cover social tariff block which is equated to operation & maintenance cost coverage level.
- ◆ Non-domestic customers' pay a fixed tariff rate to all consumption and it is the third block tariff rate, which is equal to full cost plus mark up percentage.
- ◆ The new tariff is proposed to be implemented stage by stage over five years (1994-1998).

The proposed tariff structure and tariff rates are shown in the following table.

Customer Type	Consumption Range M <sup>3</sup> /M	Birr/M <sup>3</sup>														
		1994			1995			1996			1997			1998		
		W	S	T	W	S	T	W	S	T	W	S	T	W	S	T
Public Sta. Post	All consumption	1.15	-	1.15	1.30	-	1.30	1.45	-	1.45	1.60	-	1.60	1.75	-	1.75
Domestic	1-7	1.15	-	1.15	1.30	-	1.30	1.45	-	1.45	1.60	-	1.60	1.75	-	1.75
	8-20	1.60	0.35	1.95	1.85	0.40	2.25	2.10	0.45	2.55	2.35	0.50	2.85	2.60	0.55	3.15
	Above 20	2.30	0.35	2.65	2.60	0.40	3.00	2.95	0.45	3.40	3.25	0.50	3.75	3.25	0.55	3.80
Non-Domestic	All consumption	2.30	0.35	2.65	2.60	0.40	3.00	2.95	0.45	3.40	3.25	0.50	3.75	3.25	0.55	3.80

Note:- W=Water, S=Sewerage, T=Total, Birr is the official currency of Ethiopia, 1US\$ = Birr 8.50

### 5. Impact of the Tariff Structure on the Urban Poor

The urban poor are assumed to use public stand posts or to fall under block 1 consumption ranges. In this case, it can be argued that the prevailing tariff structure is favouring the urban poor by setting the minimum tariff rate (social block tariff as defined in the policy) for public stand posts consumption and block 1 consumption ranges.

However, the urban poor that are connected to the system are supposed to have yard connection. There are situations where one-yard connection serves more than one household. Households with yard connection are mostly characterized as urban poor and could not have the possibility of installing their private connection lines due to mainly their inability to cover cost of connection. Newly connected customers are required to cover full cost (material plus labour) for new connection and the up front payment system is beyond the ability of such customers.

High number of households per connection leads to high consumption of water per month. Therefore, there is a possibility of jumping to the next higher block of consumption range and hence to higher tariff rate by the households with yard connection. Such situation is considered to be against the objective of protecting the urban poor from high water tariff rates.

### 6. AAWSA's Strategy to Address the Problem of the Urban Poor

The strategy that AAWSA could follow to solve the above problem is to increase the access for private connection of the urban poor and modify the mode of payment for connection charge. The main purpose of the strategy is to enable households with yard connection to have their own connection lines. This will result in one household to one connection system.

This strategy can be actualised in many ways. One of the approaches is that AAWSA shall expand the distribution system bring the public water lines close to the boundaries of the customers (urban poor) in order to minimize connection costs. The other approach is to arrange the payment for connection charges on instalment basis. The third approach is to establish a revolving fund from which the urban poor can have an access to borrow and pay back the money in a long period of time. The three approaches are complimentary and can be implemented simultaneously. This will help each of the households with yard connection to make their own private connection and minimize their consumption of water and enable them to enjoy the social tariff block.

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## 6. PRO-POOR REFORM

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In the current environment of declining coverage and poor performance of public utilities, private sector participation is increasingly viewed as a means of improving efficiency and effectiveness of utility operations. However, proposals to involve the private sector in water supply and sanitation services often meet with resistance as it is feared that the poor will be priced out through higher tariffs and costly connection fees, or overlooked because they live in hard to reach locations.

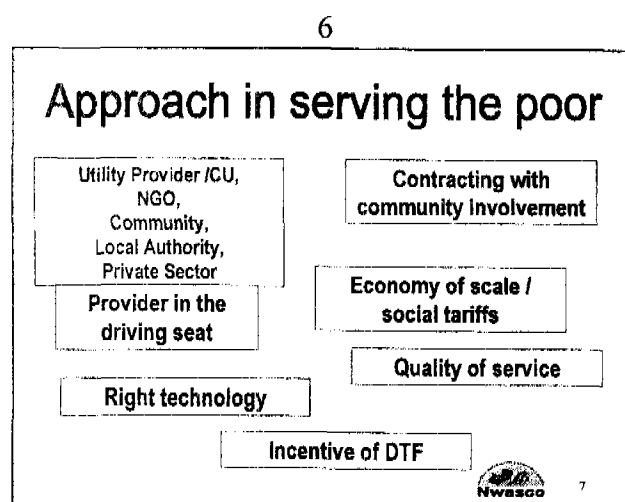
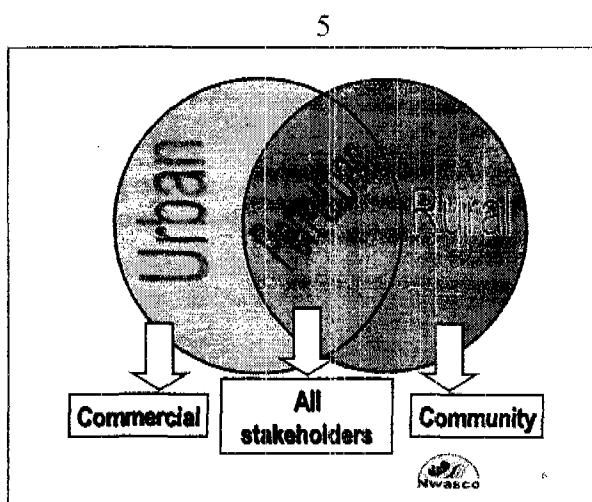
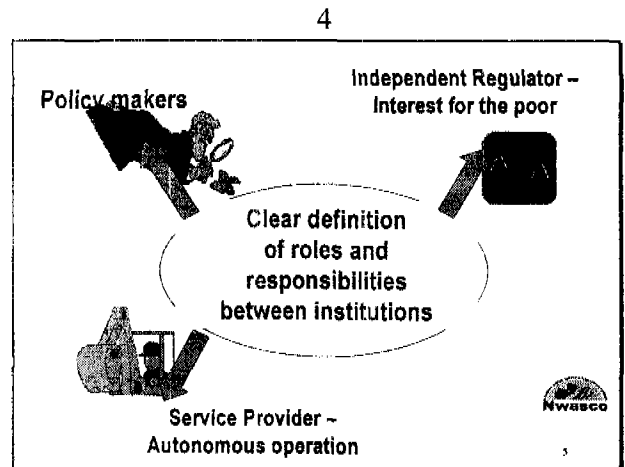
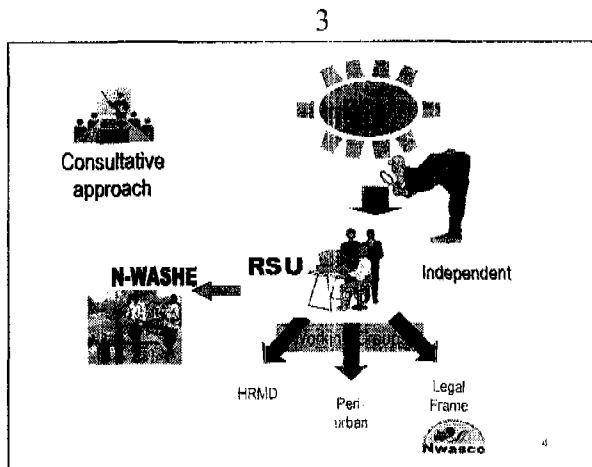
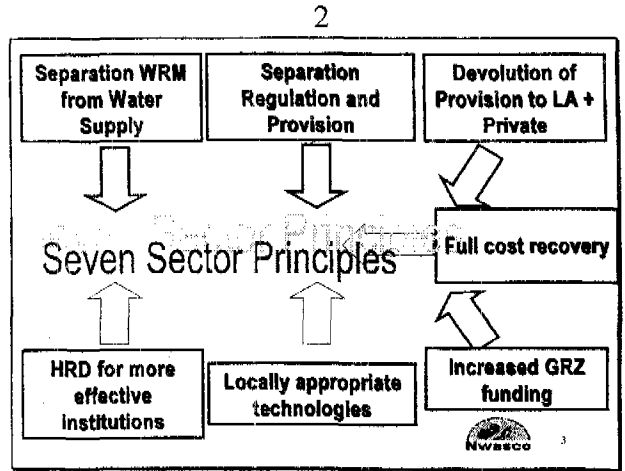
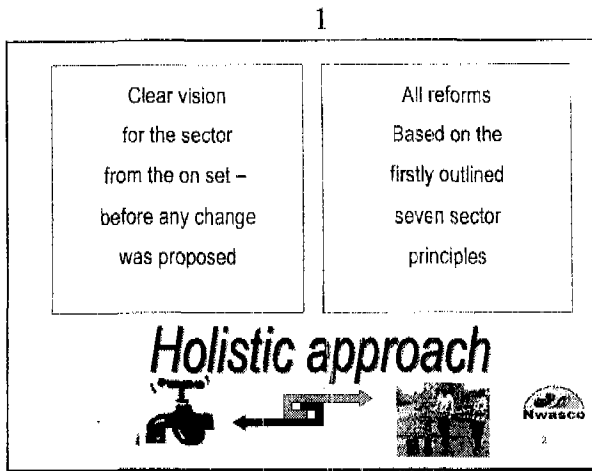
The reality is that the private sector has the capacity and interest to serve the poor and has the skills to innovate in developing suitable options and different levels of service. Much depends on how contracts, policies and regulations are structured, how targets for extending services are specified and financed, and on Government's ability to regulate activities of private operators.

The majority of utilities in Africa are still publicly managed and although the move towards PSP is gaining momentum, public utilities will continue to play an important role for some time to come. Where the private sector is not an option, policy and institutional reforms are as important in ensuring improvements in service delivery to low income communities. Much can be learned from the experience in PSP regarding good practice in serving the poor.

*The challenge: Through case study presentations and sharing of experiences from the around the world, these proceedings address the following questions: What issues should pro-poor reforms consider? Who should take a lead role in carrying these out? If the Private Sector is an option, how should transactions be structured to ensure that the poor are catered for?*

# OVERVIEW OF EXPERIENCE IN CARRYING OUT SECTOR REFORMS: LESSONS FROM ZAMBIA EXPERIENCE

By Oswald Chanda, Director, NWASCO





# OVERVIEW OF EXPERIENCE IN CARRYING OUT SECTOR REFORMS

By Chimwanga Maseka, Water and Sanitation Specialist, WSP-AF

1

## Background setting in peri-urban areas

- Rapid urbanization given rise to informal settlements
- 40-80% population, with no basic services
- Water utilities' risks in extending WSS facilities to informal settlements :
  - uncertainty of land tenure situation,
  - low income,
  - difficulties in revenue collection,
  - inhabitants who are tenants

2

2

## To address the need for improved services in peri urban and informal settlements

- GRZ initiated the peri urban WSS strategy as part of the sector reforms
- Appointed a Working Group of key sector actors to oversee the process
- The Working Group agreed to the following stages for the process:

3

3

## 5 Stages of Strategy Development

- Data assembly: desk review, informant interviews, representative field surveys
- Stakeholder consultation and review of Situation Analysis report
- Strategy preparation based on Situation Analysis report
- Stakeholder review, analysis and consensus building on Strategy, & Action Plan
- Finalization, ratification and launch

4

4

## WSS Strategy Objective and Elements

- **Objective:**
  - ' to establish a framework for effective and efficient planning, implementation and management of WSS in peri-urban areas'
- **Elements of the Peri-urban WSS Strategy:**
  - Demand Responsive Approach (DRA)
  - Cost Recovery
  - Technology Options

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## Lessons learnt from the process

- Partnerships between CU/Local Authority/NGOs and communities
- Opportunity for structured learning (discussions, analysis & consensus building on sector issues)
- Process created awareness & strengthened networking
- Need for a local champion & ownership

6

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## The Challenge

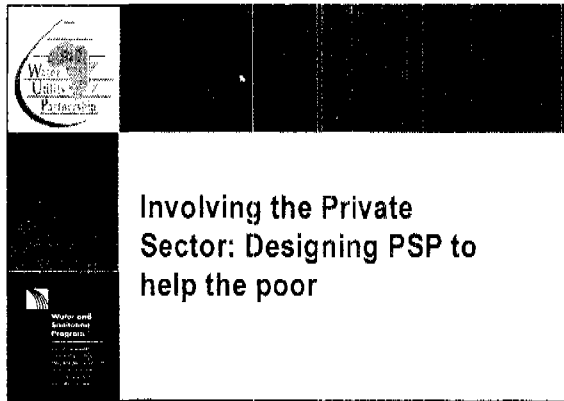
- The challenge for Water Utilities is to use the strategy to come up with options that:
  - ✓ consider the needs of marginal consumers
  - ✓ facilitate flexible payment systems
  - ✓ allow for alternative service provision (SSIP, vendors etc) while ensuring quality control
  - ✓ recognize existing community structures and organizations

7

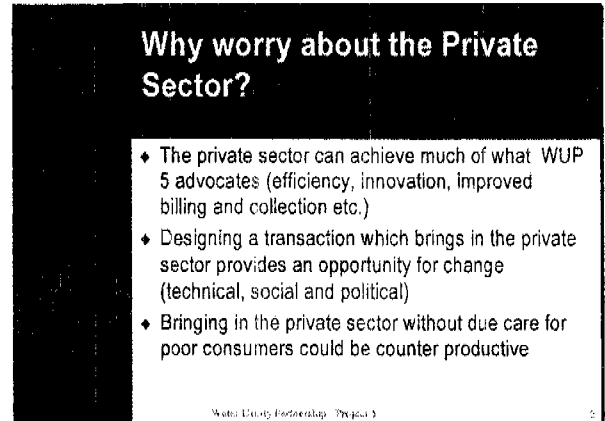
# INVOLVING THE PRIVATE SECTOR: DESIGNING PSP TO HELP THE POOR

By Barbara Evans, Senior Water and Sanitation Specialist, WSP- HQ

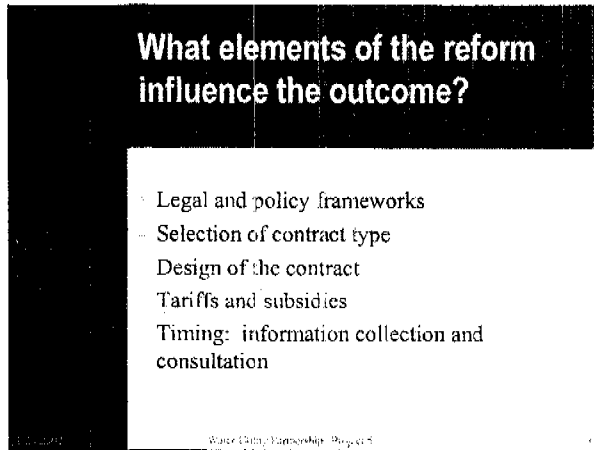
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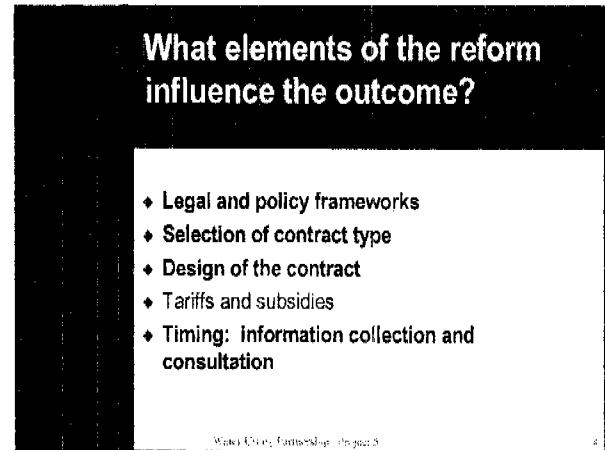
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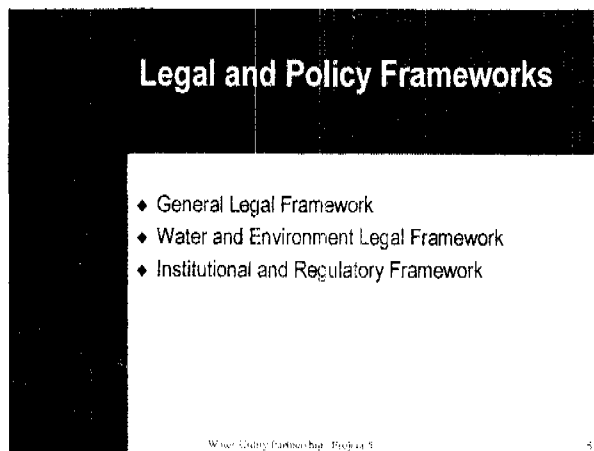
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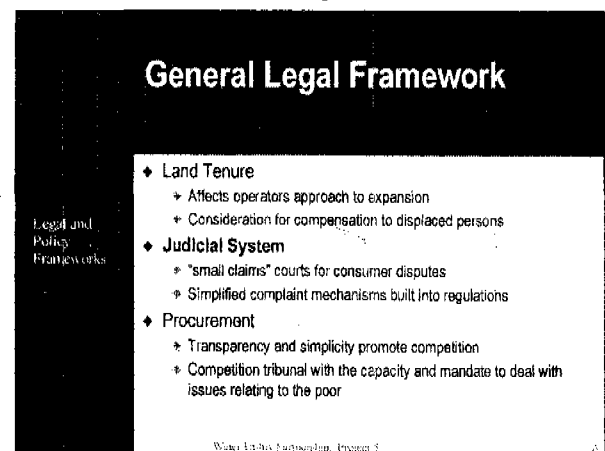
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## Water and Environment Legal Framework

Legal and Policy Frameworks

- ◆ **Abstraction Rights**
  - ◆ Practical, to protect resources
  - ◆ Alternative providers should have access
  - ◆ Charging would lead to efficiency
- ◆ **Technical Standards**
  - ◆ Tariff and standards should be coordinated
  - ◆ Flexibility is important

Water Utility Partnership: Project 5 7

8

## Institutional and Regulatory Framework

Legal and Policy Frameworks

- ◆ Allocation of responsibilities
  - ◆ Who has the power to grant contracts?
- ◆ **Regulation**
  - ◆ Is it needed?
  - ◆ Should be equipped with the capacity to deal with poor consumers
  - ◆ Scope should be widened to include all providers
- ◆ **Exclusivity**
- ◆ Tariffs and Social Obligations
- ◆ Consultation

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9

## Other legal/institutional factors

Legal and Policy Frameworks

- ◆ Decentralisation
- ◆ Regulatory Stability
- ◆ Legal conventions ("French" versus "English" models)
  - ◆ Do obligations to serve the poor have to be written into the contract?
- ◆ Appropriate allocation between laws and contracts

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10

## Selection of Contract Type

Selection of Contract Type

- ◆ Objectives are to create incentives to:
  - ◆ Get the price right
  - ◆ Invest for expansion
  - ◆ Offer appropriate levels of service
- ◆ Some contract types do this better than others.

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11

## Incentives by contract type

Expansion	Tariff and level of service
No No obligation to fund Incentive to increase sales May lobby for connection fee No obligation to fund Incentive to increase sales May lobby for connection fee Responsible for funding expansion and incentive to add customers. Connection subsidies will drive expansion, Cross subsidies discourage it.	Low, apart from efficiency savings No disincentive to serve the poor Operational subsidy may be needed Service levels secondary Some responsibility for determining tariff structure may be given Service levels are secondary Affordability will increase customers and revenues. Universal service obligation would encourage innovation.

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## Making the Contract Work for the Poor

Contract Design

- Contracting for Expansion:**
  - ◆ Some contracts are more "powerful" (concessions)
  - ◆ Coverage targets (geographical if necessary)
  - ◆ Make the poor financially attractive
  - ◆ Encourage partnerships/ contracts with small scale providers
- Contracting for Multiple Providers:**
  - ◆ Exclusivity creates barriers, if necessary it should be restricted to networked services
  - ◆ Define coverage flexibly (i.e. Manila)
- Contracting for Multiple Service Levels**
  - ◆ Flexible Standards, focus on outputs
  - ◆ Respect Minimum standards for Public Health

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## Timing It Right: Information and Consultation

Timing It Right: Information & Consultation

- ◆ A lot of information is needed:
  - ✦ Where and who are poor
  - ✦ Existing market for service provision
  - ✦ Access to and understanding of information
  - ✦ Demand, willingness to pay for what level of service
  - ✦ Etc.
- ◆ Consultation:
  - ✦ Collect additional information
  - ✦ Generate new ideas for improving services to the poor
  - ✦ Educate and gain support for the reforms

Water Utility Partnership: Project 5

13

14

## Objectives and Timing

Timing It Right: Information & Consultation

- ◆ Agreeing the objectives up front is crucial:
  - ✦ Be realistic
  - ✦ Be consultative
  - ✦ Define Roles
- ◆ Timing:
  - ✦ This all takes a LONG time (not less than 2 years?)
  - ✦ Preparatory activities need to be completed on time
  - ✦ Legal reform is the first step and starts early

Water Utility Partnership: Project 5

14

# THE CHALLENGE OF PRO-POOR REFORM

By Mukami Kariuki, Project Manager, WUP5

1

**The Challenge of Pro-poor Reform**

A summary of key areas

2

**Meeting the Challenge**

- What would it take to meet the challenge of serving the urban poor....
  - \* 400 million by 2025 means....
  - \* roughly 5-4 million connections per year
  - \* 6000-10000 connections per day on average....
- Too much to do and too far to go it alone.... need to accept the problem, change strategy, and build partnerships in meeting this challenge.

3

**Summary of key constraints....1**

In 75% of cases stakeholders identified these constraints.....

- Low government priority/lack of political will
- No dialogue/poor coordination among actors
- Inadequate skills/knowledge about the poor
- Inadequate cost recovery constrains services delivery
- Inadequate community/user consultation/ participation

4

**Summary of key constraints....2**

- Poor organisational/management skills of CBOs, SSIPs
- Limited community-utility interface, dialogue
- Lack of awareness -hygiene/use of facilities
- Poor urban/physical planning and limited upgrading
- Poor distribution of services/limited access
- Limited access to financing for service delivery to the urban poor

5

**Key Areas for Reform**

- Does the policy framework enable pro poor action?
  - \* at national, local, utility level
  - \* peri-urban strategy, PRSPs, HIPC
  - \* pricing policy and financing mechanisms
- Are institutional responsibilities well defined?
  - \* water...and/or sanitation... and/or hygiene
  - \* decentralisation...community, local, national
  - \* Mainstream, special unit, outsource

6

**Key Reforms....2**

- Are utilities performing efficiently and effective service?
  - \* autonomy, incentives, accountability
  - \* partnerships with private sector, SSIPs
  - \* Agreements, contracts, other tools
- Do service providers have access to necessary financial resources?
  - \* appropriate pricing and tariff structure
  - \* internal or external sources
  - \* payment arrangements

7

### Next Steps On Reform

Are we getting the message across to Policy Makers.....councillors, members of parliament, local leaders?

Do we understand the issue well and can we mobilise the know how and build the necessary capacity to deal with it?

What inputs do we need to implement what we have learnt..... financial, human resources?

7

8

### Next Steps On Reform

- Advocacy and Awareness
  - Disseminate information more widely
  - Generate and make available new information (toolkit)
  - Convince decision makers... politicians, funding agencies
- Training and Capacity Building
  - Develop new skills through special training (e.g. Tariffs)
  - Exchange ideas among the partners (toolkit, further meetings)
  - Promote and support internal change processes (LWSC)
- Widespread Implementation
  - Investment Programmes and projects with pro-poor focus
- Applied Research and development of tools
  - Community Management Models - BNWP
  - Small Change Vendors - WEDC/TDG
  - PSR and the Poor - WSP/PIAF, others

8



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## **7. SUPPORT TO MOVE FORWARD**

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## Way Forward and Priorities for further Learning

Theme	Way Forward	Further Learning
<p><b>1. Reform that benefits the poor</b></p>	<ul style="list-style-type: none"> <li>• The extension of services to the urban poor should be recognized as a central objective of sector reform for cases involving PSP as well as for those involving public sector agencies.</li> <li>• Pro-poor objectives should be imbedded in PSP contracts with specific targets and monitoring systems that allow for inclusion of services provided through franchises and partnerships.</li> <li>• The financing of operating subsidies during initial period of reform to allow gradual transition cost-recovery tariffs.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Systematic analysis and documentation of cases and dissemination of lessons learned and good practices.</li> <li>➤ Development of model clauses to include pro-poor objectives in PSP transactions</li> <li>➤ Model of partnership and franchise agreements with community-based organizations and independent operators under PSP with the participation of PSP operators.</li> </ul>
<p><b>2. Delivery options and standards to meet the needs of the poor</b></p>	<ul style="list-style-type: none"> <li>• Utilities, in collaboration with governments, should initiate a review of the legal and regulatory framework under which they operate and identify constraints to their ability to deliver services to low-income communities.</li> <li>• Utilities should recognize low-income communities and informal settlements as legitimate customers and should develop innovative approaches to delivering services adapted to their demand.</li> <li>• Utilities should work with communities to lower the cost of services to low-income communities and overcome security and operating constraints</li> <li>• As more flexibility is accepted, utilities should keep the focus on water quality. They should give preference to delivery systems that facilitate maintenance of water quality at the time of consumption and should work together with water resellers, vendors and tanker services to foster procedures that preserve water quality.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Increase the level of understanding of the need for, and implications of, increasing flexibility in standards and preserving service quality.</li> <li>➤ Audits of water standards to identify constraints to serving the poor and to enhance quality at the time of consumption.</li> <li>➤ Licensing arrangements for resellers and tanker services with related monitoring and enforcement systems to ensure preservation of water quality.</li> </ul>
<p><b>3. Utility outreach and partnerships</b></p>	<ul style="list-style-type: none"> <li>• Working in partnership with NGOs or establishing dedicated community outreach units within the utility are complementary elements of strategies to extend services to low-income communities.</li> <li>• Through this approach, community input and institutional and social development (ISD) skills can be applied to designing, planning, implementation and management of innovative and sustainable service delivery programs.</li> <li>• The commitment to extending services to low-income customers should be internalized by the entire organization and inform its mission and its culture.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Cross fertilization across utilities (study tour, cases) to study success stories of cross-sectoral partnerships and dedicated units for low-income customers. This should lead to planning of how such innovative strategies can be applied in new instances.</li> <li>➤ Models for community management: partnership arrangements with utility, linking to municipal structures, sharing responsibilities for system management and O&amp;M, leveraging new financial resources, harnessing ISD skills within contractual and project frameworks, getting partnership and internal incentive structures right, establishing good governance structures (internally and externally), addressing by-laws and other legal barriers, establishing recourse and grievance mechanisms, etc.</li> </ul>



## Theme

### 4. Pro-Poor tariffs

## Way Forward

- Tariff and subsidy policy needs to evolve. The establishment of appropriate regulatory frameworks to balance long-term financial sustainability requirements with social and political considerations is a central element of sector reform.
- Local authorities have a key role in the process. All stakeholders need to be involved in the process of setting and revising tariff policy including:
  - a. The poor whose demand and constraints need to be understood; and,
  - b. The customers who will actually finance the subsidies (commerce, industry and the relatively prosperous) so that they accept the social objectives justifying the need for cross-subsidy
- Capacity building of *all* stakeholders is needed to enable an informed debate and special attention must be paid to gathering information as key a key input to this process.
- A transparent process needs to be set in place to ensure accountability of the utility and on the use and impact of subsidies, the latter usually through a special financing mechanism with its own oversight.
- Sanitation: In some situations (especially networked sanitation) the tariff can be used as an instrument to generate resources to support investments in appropriate sanitation services

### 5. On-Site Sanitation

- Efforts to tackle the mounting sanitation problem of African cities and towns should prioritize the promotion of improved on-site sanitation.
- As their mission is centered on services and public health, utilities should be proactive in advocating for sound sanitation policies and piloting innovative approaches to on-site sanitation.
- Utilities have a critical role to play as the institutional anchor for water supply and sanitation and can provide the continuity needed to bring such program to scale, provided:
  - first, that they are reasonably efficient and financially sound, and
  - second, that their involvement is supported by a clear policy expressing broad commitment from all stakeholders at central and municipal levels
- Utilities that are called to take up a lead role in sanitation, should work with partners to define their role in relation to the whole range of options to improve sanitation services for low-income households including on-site solutions and low-cost off-site options


## Further Learning

- Gain a better understanding the outcome of tariff policies on services to the poor.
- Good practice on information and consultation process.
- Options and scope of institutional arrangements for tariff regulation.
- Models of effective use of cross-subsidies for extension of services to low-income households including water supply and, also improved sanitation.
- Study tours to Burkina and other documented good practices.
- Enabling frameworks and models for the relationships between utilities and municipal bodies on the one hand, and small scale operators and community-based organizations on the other hand.
- Funding mechanisms to ensure the stable support needed to build up capacity and confidence and take programs through the initial trial and error phase.
- Adaptation to African contexts of the condominal approach to serve the denser settlements

# BUILDING CAPACITY FOR A STRATEGIC APPROACH TO WATER RESOURCE DEVELOPMENT AND MANAGEMENT

By Dr. Nigel Walmsley, EC

1




**Towards Sustainable Water Resources Management**

**Building Capacity for a Strategic Approach to Water Resource Development & Management**

Dr Nigel Walmsley

2

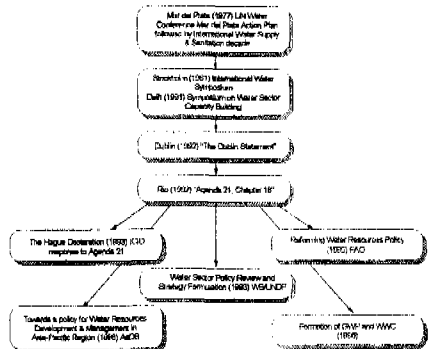


**Towards Sustainable Water Resources Management**

**A Strategic Approach**

3

**The importance of water**



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    graph TD
      A[Madrid Plan (1977) UN Water Conference] --> B[Strasbourg (1981) International Water Symposium]
      B --> C[Oslo (1983) Symposium on Water Sector Capacity Building]
      C --> D[Dublin (1992) 'The Dublin Statement']
      D --> E[Rio (1992) Agenda 21, Chapter 18]
      E --> F[The Hague Declaration (1999) ECIO response to Agenda 21]
      E --> G[Water Sector Policy Review and Strategy Formulation (1999) WSP/PSD]
      E --> H[Forming Water Resources Policy (WRC) (1999)]
      F --> I[Towards a Policy for Water Resources Development & Management in Asia Pacific Region (1998) AWP]
      G --> J[Formation of DWR and WWC (1999)]
      H --> J
  
```

4

**Background**

**EC Guidelines**

- Rationale**
  - The aim was to improve the Commission's investments in the Water Resources Sector by ensuring projects deliver sustainable benefits to users and beneficiaries
  - Essentially the study aimed to set out a new strategy in harmony with and complementary to the approaches of the EU member country aid agencies and international donor community
- Output**
  - A set of Guidelines which will establish agreed principles for funding water-related projects and a set of best practice guidelines which can be used by EC officials in Brussels, EC Delegations and recipient member governments to improve project quality throughout the project cycle

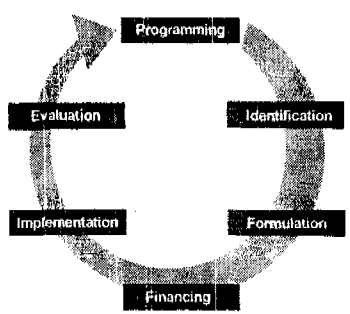
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**EC Guidelines**

**A practical tool**

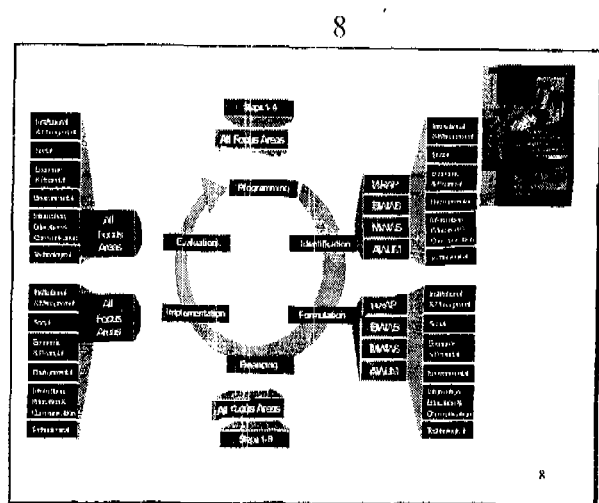
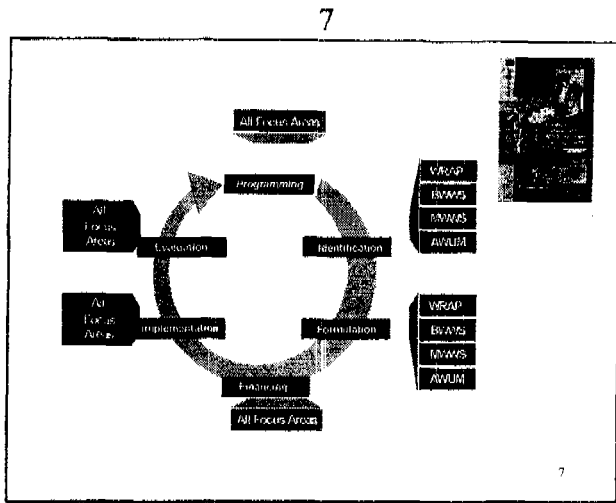
- Part I: Rationale and key concepts**
  - the challenges and guiding principles
  - programmatic contexts
- Part II: The Strategic Approach - Application**
  - description of the PCM approach
  - checklists of issues and potential responses
- Part III: Aids for the Application**
  - supplementary tools and aids for application of the approach
  - glossary of key concepts and specific project aids
  - standard ToRs and bibliography

6



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    graph TD
      A[Programming] --> B[Identification]
      B --> C[Formulation]
      C --> D[Financing]
      D --> E[Implementation]
      E --> F[Evaluation]
      F --> A
  
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9

### Water Resource Assessment and Planning (formulation)

**Essential and Foundational Principles**

Essential elements of the project should reflect the economic value of water in all its competing uses. Therefore consider:

- 1. To what extent have appropriate levels of design been achieved in terms of:
  - a) water supply reliability?
  - b) water use efficiency?
  - c) water quality?
  - d) water quantity?
  - e) water quality?
- 2. To what extent have appropriate levels of design been achieved in terms of:
  - a) water supply reliability?
  - b) water use efficiency?
  - c) water quality?
  - d) water quantity?
  - e) water quality?
- 3. To what extent have appropriate levels of design been achieved in terms of:
  - a) water supply reliability?
  - b) water use efficiency?
  - c) water quality?
  - d) water quantity?
  - e) water quality?

If implementation is to begin:

Essential elements of the project should reflect the economic value of water in all its competing uses. Therefore consider:

- 1. To what extent have appropriate levels of design been achieved in terms of:
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  - b) water use efficiency?
  - c) water quality?
  - d) water quantity?
  - e) water quality?

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### EC Guidelines

#### What they offer

- a strategic approach - an operational framework centred on a set of guiding principles that enables diverse water related activities to be developed and managed in an organised, integrated and sustainable way
- advances the principles articulated at the international level and provides a framework in which they can be applied - bridging the gap between principles and operational practice
- prepared with extensive consultation (member states and recipient countries) to ensure comprehensive, usable and responsive
- harmonised on with the latest international thinking assure they enjoy far wider application in water related activities

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### The Project

#### Purpose and objectives

- material and courses
- Co-sponsored by EC and DFID purpose and objectives
  - to improve the effectiveness of water-related programmes and projects
  - to develop and enhance capacity for a strategic approach to water resources development and management
- outputs and activities
  - raise awareness of the EC Water Guidelines as a tool
  - develop capacity of regional training institutes
  - develop and deliver training courses
  - further needs-based development of training

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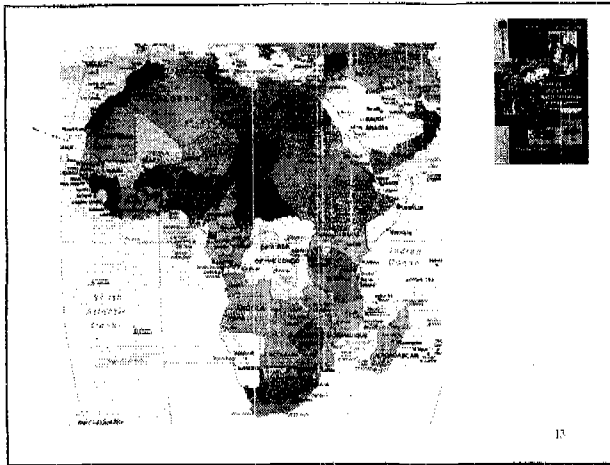
### Main activities

#### ACP region

- Raising awareness of the strategic approach
  - some nine 3-day country and/or sub-regional awareness workshops
  - focus on countries/regions with strong on-going planned EC programmes
  - target senior counterparts (i.e. EC) in government or elsewhere
  - a balance across sub-regions and language versions
- Regional seminars
  - links with regional/sub-regional organisations in the ACP region
  - complement on going initiatives and disseminate Guidelines
- Short-course training
  - partnerships with three 'regional' training institutes for development and delivery of 3-week training courses (3 nos)
  - potential for distance learning explored

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## Main activities

### Other regions

- Awareness and training needs assessment for the ALAMED region
  - the project primarily focuses on the ACP region
  - also undertake a preliminary needs assessment for the Asia, Latin America and Mediterranean (ALAMED) region
  - support for three regional awareness workshops
  - Spanish translation of the EC Guidelines prepared
- Complementary support
  - a number of short events to complement on-going EC activities and/or provide a vehicle to demonstrate the application and use of the Guidelines (eg. logframe workshops)

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## Main activities

### Timeframe

- Project started in July 2001 and ends in December 2002
- Month 1-3 Inception phase
  - initiating liaison with key actors and review priority areas
  - consultation on workshop locations and preliminary visits
- Month 3-15 Awareness raising
  - plan and deliver some nine workshops in ACP region
  - evaluate response and assess further training needs
- Month 9-15 Develop and deliver short-course training
  - develop course structure, approach and training material
  - deliver three short courses (in 3 sub-regions)
  - post-evaluation and development of long-term training strategy
- Month 15-18 Needs assessment for ALAMED countries

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16

## Co-ordination

### Links & liaison

- Project is not seen in isolation but rather as a contribution to a much wider body of work aimed at improving sustainable water resource management and use.
- Developing links with complementary initiatives in the ACP region including:
  - government (and regional) programmes and projects
  - multi-lateral and bi-lateral co-operation activities
  - training institutes (national and international)
  - capacity building networks
  - information providers

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## Round-up

### Closing points

- Guidelines were developed to enhance the Commission's development co-operation, but have a wider application
- provide a good means to assimilate IWRM principles and concepts and apply these in a practical context
- provide a generic framework which could be adapted for more specific applications and contexts
- should be seen as a contribution to an overall "tool-set" rather than mutually exclusive
- project is providing "seeding" for something which should grow and adapt to evolving needs and circumstances

17

18

## Round-up

### Contacts and further information

- Information Unit/EC Guidelines
  - +32 2 209 25 25 (fax)
  - development@ec.eu.int (email)
  - [http://europa.eu.int/comm/development/sector/intro\\_en.htm](http://europa.eu.int/comm/development/sector/intro_en.htm)
- Project information
  - Dr Nigel Walsley
  - HR Wallingford, Howbery Park, Wallingford, Oxon, OX10 8BA
  - +44 1491 822 217 (tel) or +44 1491 826 352 (fax)
  - n.walsley@hrwallingford.co.uk

18

# IMPROVING DELIVERY OF WATER SUPPLY AND SANITATION SERVICES TO THE POOR

By Jan Janssens, Lead Specialist, World Bank

1

Extension of the Bank-Netherlands Partnership  
Water Supply and Sanitation  
(BNWP - WSS)

**Improving Delivery of  
Water Supply and Sanitation  
Services to the Poor**

2

**General Framework**

Website: [http://wbi0023/rmc/mc.nsf/DOCs/BNWP+Home?Open Document](http://wbi0023/rmc/mc.nsf/DOCs/BNWP+Home?Open+Document)

3

**Objectives and Strategy**

Innovative, demand-linked

Enhance performance of World Bank operations in WSS sector

Support broad sector reform agenda with strong poverty focus

- Targeted interventions that provide incentives for, and support implementation of structural changes

4

**Objectives and Strategy**

Link with other sectors, where learning could offer immediate insights for water and sanitation, e.g. electricity

Work through various units within the World Bank, from regional operations to central operational units, and, WBI Capacity Building Program in WSS

Manage as cohesive program based on good quality proposals, not as a 'slush' fund

5

**Objectives and Strategy**

Concept of 'additionality' can complement WSP activities

Operate through a framework of windows

Engage with a broad array of stakeholders to plug gaps in WSS sector knowledge to test policy and service delivery innovations to catalyze sector reforms

partners include: GWP, WSSCC, national, state or local governments, NGOs, community groups, private sector

6

**Proposed guiding principles**

- Aiming at areas with maximum possibilities for success
- Projects not spread too thin
- Leverage with partners, donor co-financing
- Client responsiveness
- Project quality at entry, including
  - thematic cohesion, and reflecting work of others
  - clear methodology
  - governance and accountability arrangements
  - monitoring and evaluation arrangements

7

### Criteria would include

- Consistency with BNWP-WSS mission
- Poverty alleviation
- South-South cooperation
- Scale up
- Gender issues
- Value added aspects to Bank operations
- Cross-Bank (at least two regions) and outside Bank collaboration
- Output/Product oriented
- Link with WATSAN sector strategic priorities

8

### Window - 1 Water Supply and Sanitation in Rural Areas and Small Towns

Develop and strengthen demand responsive approaches (DRA) to delivery of WSS services in rural areas and small towns, while ensuring their integration with decentralization, *including:*

- addressing transfer of WSS schemes from government to community or private sector control
- supporting performance benchmarking and new forms of regulation, including self-regulation for community managed WSS systems
- scaling up DRA through appropriate policies and financing mechanisms
- supporting both utility and non-utility approaches, where a commitment for such reforms is strong and clearly emerging, and promise to improve services to the poor

9

### Window - 2 Reform of Urban Water Supply and Sanitation

Stimulate and support institutional reforms in the delivery of urban WSS services linked to decentralization and state/city level institutional restructuring, *including:*

- supporting both utility and non-utility approaches, where a commitment for such reforms is strong and clearly emerging, and promise to improve services to the poor
- supporting restructuring of state WSS boards, city level restructuring and transfer of schemes to commercial utilities or the private sector, and development of municipal regulatory institutions
- supporting efforts to enhance the performance of existing or newly formed WSS utilities to operate on commercial principles and with appropriate consumer orientation

10

### Window - 2 Reform of Urban Water Supply and Sanitation (cont.)

enhancing outreach to the poor through improved corporate governance, frameworks for private sector participation, performance benchmarking, reduction of non-revenue water, and integration of small scale independent providers (SSIPs) with utility services

recognizing the considerable cross-fertilization possible between experiences in water and energy (both in network and non-network supply possibilities)

supplementing regional efforts such as those being undertaken for utility regulation in South Asia and Africa by supporting the WSS component in these

assisting in raising awareness and shaping the process of change and reform

11

### Window - 3 Development of Sustainable Financing Systems

Address the challenge of financing water and sanitation access by the poor, and finance-related issues in water and sanitation components of poverty reduction strategies, *including:*

- Financing for the small-scale independent providers who often serve the poor
- Financing systems such as social funds, micro-finance and commercial financial intermediation for infrastructure finance
- Project development or guarantee facilities for projects targeted to the poor

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### Window - 4 Sanitation and Hygiene Promotion

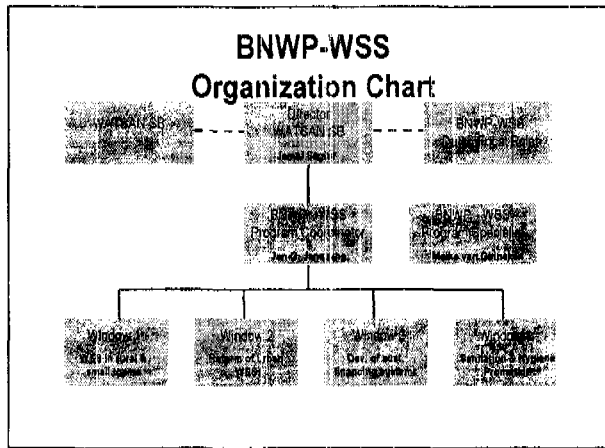
Emphasis on sustainable sanitation systems, ensuring recycling and participation of communities or private sector as appropriate

Support to pilot projects and experience sharing

Emphasis on new approaches of participatory hygiene promotion, including social marketing and school sanitation

Support to activities such as the proposed PHAST network in Africa, would receive priority

13



14

**BNWP-WSS Proposed Implementation Arrangements**

**Two streams:**

**Projects**  
including pilot/demonstration in the field, phased approach with clear triggers to move to next phase, preferably multi-regional

and,

**Activities/Studies**  
awareness building, lessons learning evaluation, window development, stock taking event, short in time

15

**BNWP-WSS Proposed Implementation Arrangements**

**1. Projects**

call for proposals, every 6 months, first: 1 Jan. 2002  
average value US\$200,000  
phased, preferably involve more than one region, south-south collaboration  
two step approach: (i) short concept paper; (ii) full proposal  
selection process: (i) screening of concept papers [pre-qualification]; (ii) peer review of proposals; and, (iii) approval by WATSAN SB (Subcommittee)  
writing of :  
concept paper: own time  
project proposal: limited resources available, from BNWP-WSS or from TG's budget

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**BNWP-WSS Proposed Implementation Arrangements**

**Selection & Approval of Project Proposals**

**Screening Committee (pre-qualification stage)**  
(to screen and assess submitted project concept papers, in response to call for proposals)  
Members ex-officio:  
- WATSAN Sector Board Director (Chair)  
- Chairperson of RWSS and UWSS TGs  
- Program Coordinator  
- Program Specialist (Secretary)  
Members ad-hoc:  
- Bank Lead Sector Specialists, not more than three, chosen in function of areas of submitted project concept papers

**Roster of Peer Reviewers (quality at entry)**  
(minimum two peer reviewers per project proposal)  
Chosen from within and outside Bank

**WATSAN Sector Board (approval stage)**  
(to decide on funding of peer reviewed project proposals)  
Decision function can be delegated to SB Subcommittee

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**BNWP-WSS Proposed Implementation Arrangements**

**2. Activities / Studies**

unsolicited proposals, on rolling basis  
ceiling value US\$50,000  
one step approach: short proposal note  
approval process: assessment of proposal (by PC & TG Chairs) and approval by SB Director (with discretionary authority, aggregate annual ceiling value US\$300,000)  
writing of activity proposal: own time

# PUBLIC-PRIVATE PARTNERSHIP FOR THE URBAN ENVIRONMENT

By Maleye Diop, PPPUE Advisor, South Africa



1

United Nations Development Programme

**United Nations Development Programme**

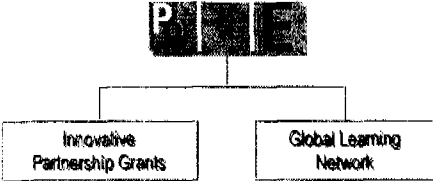


*Bureau for Development Policy*

Public-Private Partnerships for the Urban Environment  
- PPPUE -

2

PPPUE Facility Overview

3

Innovative Partnership Grants



- A demand driven instrument to identify and support innovative ideas (proposal basis);
- A competitive selection process to award outstanding projects with grants up to maximum \$US100,000;
- A flexible instrument that responds quickly to proposals from municipalities, central governments, NGOs, private sector associations and municipal associations;
- A partner friendly instrument that makes collaboration with country level and international programmes easy.




4

Global Learning Network


- A decentralized, open source network for all institutions and individuals interest in PPP at the local level;
- An instrument to gather and disseminate innovative PPP approaches worldwide;
- A supporting framework of guidance, tools, etc. to the innovative partnership grants;
- An instrument to help develop PPP expertise in developing countries;
- A portal to information on municipal PPP.

5



PPP: Who are the Partners?

**Government**  
National Government,  
Federal States,  
Municipalities



**Business**  
National & International,  
Formal & Informal  
Enterprises

Civil Society  
Communities, NGO,  
Universities,  
Research Centres






6

PPP Spectrum of Options


Broadest Definition of "Public-Private Partnerships"

Fully Public Sector	Agreing Frameworks Local Agenda 21 Community Marketing	Traditional Public Contracting Design Build	Joint Ventures Co-ownership Co-responsibility	Passive Public Investment Equity Debt Guarantees Grants	Fully Private Sector
	Passive Private Investment Government Bonds	Service Contracts Operate Maintain Lease	Build Operate and Invest BOT Concession	Agreing Frameworks Regulatory Dialogue Covenants	
Investment Responsibility					




7


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### PPPUE Partnerships

- ⇒ IPG: flexible instrument to work with existing international programmes and Institutions
- ⇒ PPIAF: complementarity and close collaboration
- ⇒ GLN: global cooperation with centres of excellence, development institutions, NGOs
- ⇒ Consultative Group and Technical Advisory Committee: institutionalised partnerships



8


Innovative Partnership Grant 

### Development Objective


To increase the access of the urban poor to basic urban environmental services

by helping ...

- To develop sound policy frameworks for private sector participation in local services;
- To strengthen managerial, technical and organisational capacities of municipalities for PPP development;
- To facilitate partnership projects involving public sector, business and civil society.



9


Innovative Partnership Grant 

### Learning Objective

To understand and promote public-private partnerships as an approach to reduce poverty at the local level

by helping ...

- To exchange best practices and lessons learned on innovative PPP;
- To develop PPP professional capacity;
- To develop and disseminate PPP tools and other resources.




10




### Innovative Partnerships Grant

11


Innovative Partnership Grant 

### Eligibility

- All UNDP Countries Programmes
- Municipalities, Central Governments, NGOs, CSOs, Private Sector Associations, Local Authorities Associations




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Innovative Partnership Grant 


### Areas of Support # 1

Establishing Adequate Policy, Legal and Institutional Frameworks for local PPP

- Removal of Bottlenecks
- Development of Policy Guidelines for PPPs
- Consensus Building on PPPs




13

Innovative Partnership Grant 


## IPG Areas of Support # 2

*Building Local Capacity for PPP*

- Understanding Local PPP Legal and Regulatory Strategies, Negotiation skills, PPP options and issues
- Understanding Legal Contracting & Monitoring Procedures
- Issues of Contract Compliance: Monitoring technical and service performance, Institutional Management for Contract Compliance and Performance Monitoring




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Innovative Partnership Grant 


## IPG Areas of Support # 3

*Designing and Implementing Innovative Partnership Arrangements*

- Advisory Services for Business Plan Development
- Selection of PPP Options
- Development of Financial Engineering/Arrangement
- Procurement Policies, Procedures & Contract Design




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Innovative Partnership Grant 

## Selection Criteria

1. Poverty Reduction Impact
2. Positive Impact on the Environment
3. Show Innovation
4. Tripartite Partnerships: Govt. + Private + CSOs
5. Results Orientation
6. Build upon Existing Initiatives and Commitments
7. Effective Coordination with other programs
8. Co-financing/Cost-sharing
9. Policy Impact and potential for replication
10. Lessons Learning Strategy




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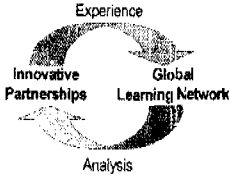
## Global Learning Network


17

Innovative Partnership Grant 


## Purpose

➤ The GLN will provide a constant feedback mechanism which closes the gap between country level experience and global level analysis and learning through providing a forum for the sharing of lessons, and the analysis and dissemination of cutting edge thinking on pro-poor PPP for basic service delivery






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Innovative Partnership Grant 

## Areas of Activity

- Facilitate the exchange of PPP experiences
- Develop PPP Professional Capacity
- Facilitate the exchange and development of PPP Resources

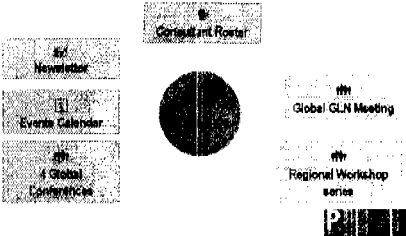


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Innovative Partnership Grant 

### PPP Experience Exchange

- ⇒ To enable those engaged in PPP to share and learn from the experience of others engaged in related activities
- ⇒ Wide range of fora
- ⇒ Means to evaluate demand for project support from partners




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Innovative Partnership Grant 

### Develop PPP Professional Capacity

- ⇒ To provide those engaged in the planning, design and implementation of tripartite, pro poor PPP with the training, tools and awareness required to achieve their desired results
- ⇒ Global level activity in support of local level learning

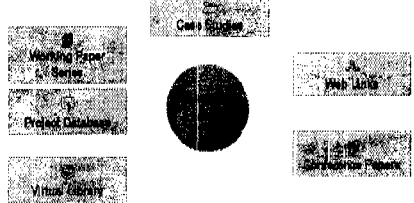


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### PPP Resource Development and Exchange

- ⇒ To ensure that high quality resources for the planning, design and implementation of local level pro poor PPPs are developed and made widely accessible to GLN partners




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Innovative Partnership Grant 

### Collaborative Learning

- ⇒ To develop the capacity of the next generation of PPP professionals, to institutionalise the inclusion of the treatment of PPP in postgraduate courses and where necessary to raise awareness of PPP
- ⇒ Framework syllabus and reading material provided by Yale School of Forestry and the Environment to be "fleshed out" by participating institutions
- ⇒ 15 Universities, 184 students
- ⇒ 10 Universities confirmed to include course in 2002 syllabus
- ⇒ 27 case studies produced

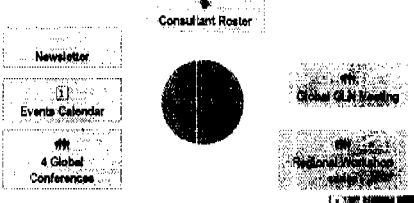


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Innovative Partnership Grant 

### PPP Experience Exchange

- ⇒ Global Learning Network Meeting
  - Strengthening the network
  - Increasing Decentralisation
- ⇒ Innovative Partnership Grants and other programmes

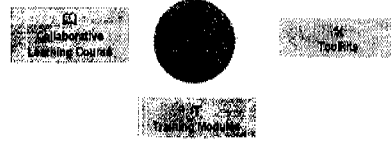


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### Develop PPP Professional Capacity

- ⇒ Expand and develop the collaborative learning course
- ⇒ Develop Toolkits and training modules
  - Focusing Partnerships: A Sourcebook for Municipal Capacity Building in Public-Private Partnerships (DFID research project)
  - National Programmes and IPGs




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## PPP Resource Development & Exchange

- ⇒ One Stop PPP Shop
  - Consolidation
  - Expansion
  - Collaboration




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Innovative Partnership Grant 

## Organizational Structure

- ⇒ Consultative Group
  - Overall policy and work programme
- ⇒ Technical Advisory Committee
  - Project selection and technical advice
- ⇒ Programme Management Unit (Pretoria)
  - Global coordination, project support, strategic partnerships, global learning, secretariat to CG and TAC
- ⇒ UNDP Country Offices and Sub-regional Resource Facilities (SURF)
  - Country/regional coordination, facilitate implementation




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Innovative Partnership Grant 

## Consultative Group

- ⇒ Membership:
  - Contributing Donors, Representatives from Recipient Countries, PPIAF Representative;
  - Open to invite representatives from potential donors, private sector, local government, civil society and partner programmes.
- ⇒ Responsibilities:
  - Overall PPPUE policies and strategies
  - Endorse annual work programme
  - Review PPPUE performance



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## UNDP/PPPUE Contacts

UN House Metro Park Building  
 351 Schoeman Street – P.O. Box 6541  
 Pretoria 0001 - South Africa  
 Tel: (27)-12-320-3820  
 Fax: (27)-320-2414/5  
 Email: [pppue@undp.org](mailto:pppue@undp.org)  
 Website: <http://www.undp.org/pppue/>



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# ANNEXES

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## ANNEXE 1: EVALUATION

### *Some Responses from Participants on Various Questions*

**Q1. How would you rate this workshop in terms of its value to you individually?** Those who rated the workshop highly gave the following reasons:

- "Just in time for ongoing and planned studies on PSP and low income services"
- "Was an opportunity to share with others"
- "It answered my questions"
- "Exposure to practical solutions in similar circumstances"
- "A forum for understanding pro-poor issues"
- "The innovative ways of WSS provision to the poor"

**Q2. How would you rate this workshop in terms of its trickle down?** High ratings were given with the following reasons:

- "I received a lot of practical information"
- "There are two senior managers attending and I shall report back"
- "Enabled me to know where my organization stands in provision of services to the urban poor – a major benefit"
- "Informing and guiding principles better understood"
- "High, through dissemination of best practices"

**Q3. The workshop will be a useful reference to me in the future.** High ratings were given with the following reasons:

- "I gathered tools and methodologies to address the problems"
- "Collected many references and established contacts"
- "Directly relates to my present assignment"
- "Provided a checklist of things to look out for"
- "Networks"

**Q4. The workshop presentations were valuable and focused.** High ratings were given with the following reasons:

- "Many complex issues were addressed in a short time"
- "Covered all critical areas relating to services for the poor"
- "The presentations addressed critical thematic principles with real examples"
- "Objective"
- "Well researched, new and to the point"

**Q5. I received valuable insights, models and suggestions for my area of work.** High ratings were given with the following reasons:

- "Will now be able to participate in water sector reform more confidently"
- "Concepts were very innovative. It was not a repetition of past workshops"
- "The toolkit"

**Q6. What did you like most about the workshop?**

Rank	Item	% of Respondents
1	Presentations of which <ul style="list-style-type: none"> <li>• Tariff presentation</li> <li>• Durban case</li> <li>• Manila case</li> <li>• PSP Experiences</li> <li>• Zambia Experience</li> <li>• Sanitation</li> </ul>	80 28 15 12 11 8 6
2	Participants mix	10
3	Group discussions/plenary	9
4	Field visit	1

- "Finding out that the problems are common"
- "Wealth of experience"
- "The involvement of a diversity of key players in the sector"
- "Ambiance and gender balance"
- "Constructive and incisive approach to the workshop"
- "Conclusions of guidelines and toolkit"
- "Quality of innovative practices presented on pro-poor approaches"
- "Innovation in service delivery"

**Q7. What did you like the least about the workshop?**

Rank	Item	% of Respondents
1	Too little time/tight program	38
2	Group work	29
3	Translation	22
4	Others*	11

\*Others include sitting arrangement, lack of politicians, gender imbalance,

**Q8. What are three ways this workshop could have been improved?**

- Add time for group discussions, plenary, networking and relaxing
- Good translation
- Pre-select groups for richer output in group work
- Send presentations before workshop for better participation
- Have video captions in presentations, not text only
- More political presentations

**Q9. List three key lessons which you learnt and which you expect will strengthen/improve your work.**

Rank	Item	% of respondents
1	Need for flexibility/Innovation in service provision to the urban poor	27
1	Importance of partnerships/networking/collaboration/dialogue between stakeholders	27
3	The urban poor are a viable market and are receiving greater focus	17
4	Tariffs	12
5	More needs to be done in sanitation	7
6	Others**	10

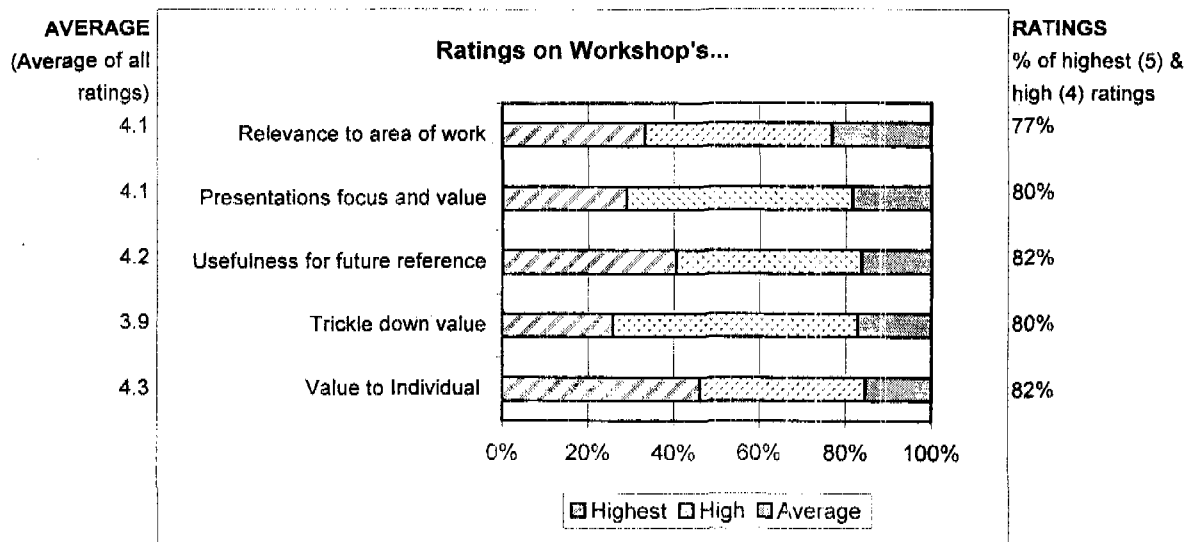
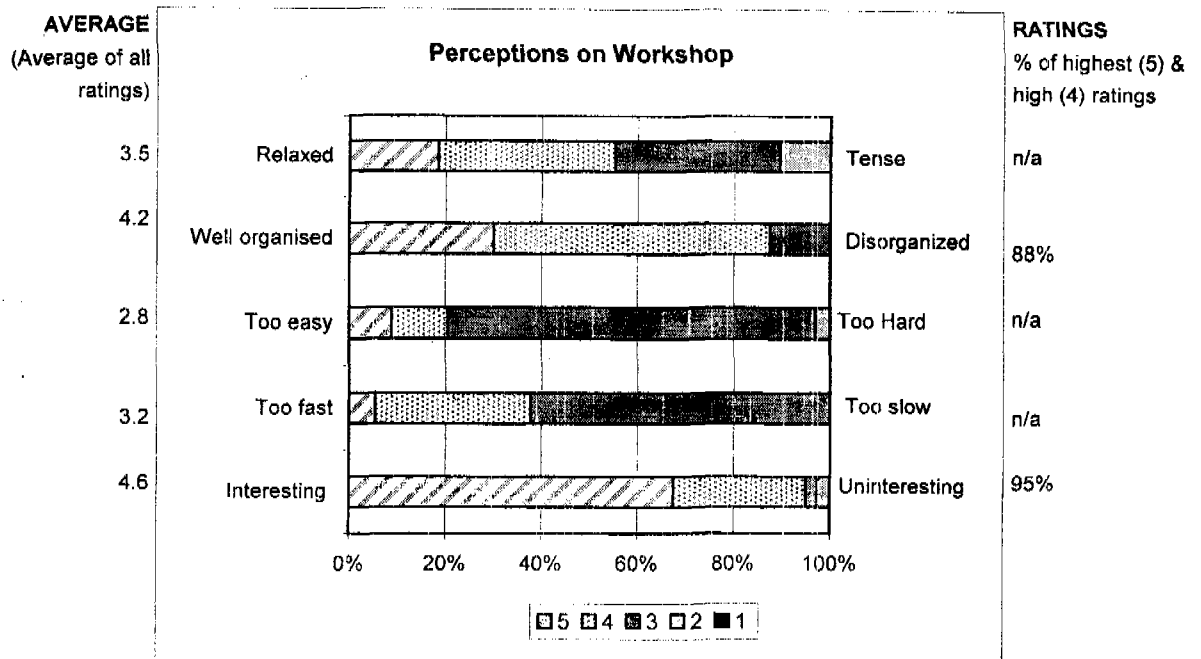
\*\* others includes: - Funds are available for well thought-out plans; changes/reform take time; sources of information; after so many years, lessons are learnt; Anglophone-francophone differences; key reform issues.

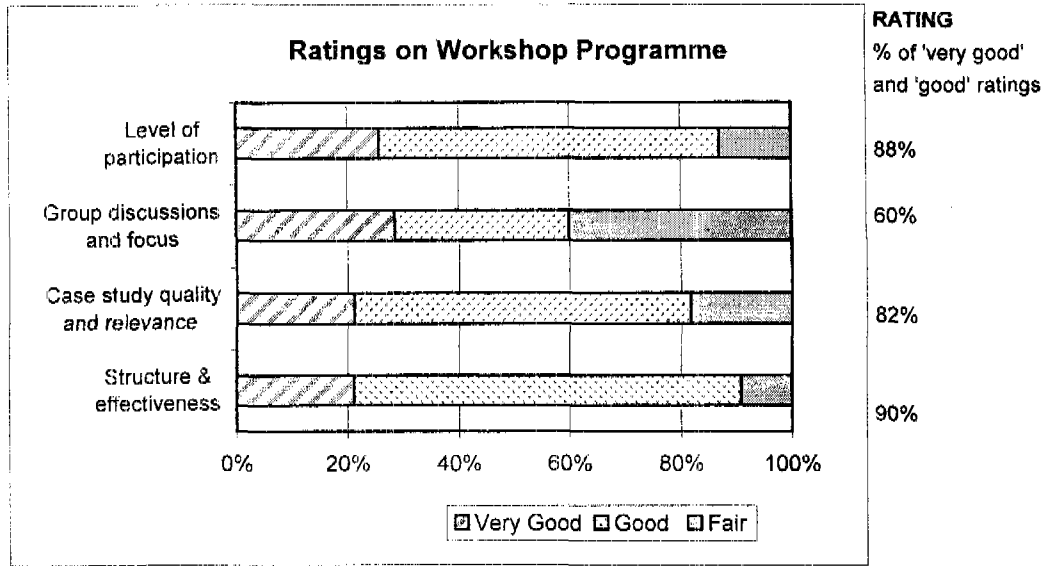
**Q10. List three activities for follow-up at country/organizational level and type of support needed to accomplish these activities.**

Rank	Recommended activities	Support needed to accomplish	% of Respondents
1	National consultative workshops for all stakeholders	Funding	22
2	Implementing or strengthening PSP	Research, funding	19
3	Develop a flexible/innovative action plan for WSS provision to the urban poor		13
4	Improving monitoring and evaluation through guidelines and w/shops	Funding, technical support	9
4	Information/advocacy (get political support)		9
4	Workshop on tariffs		9
6	Capacity building		7
7	Other***		2

\*\*\* Other include: pilot on community management of utility infrastructure; Improved sanitation for the urban poor







## ANNEX 2

## WORKSHOP PROGRAMME

SUNDAY 18<sup>th</sup> NOVEMBER 2001

10:00 – 13:00 Registration of participants

14:00 – 17:00 Field trip especially for participants arriving on Saturday 17<sup>th</sup> November 2001

DAY 1: MONDAY 19<sup>th</sup> NOVEMBER 2001

08:00 – 09:00 Registration of Participants (continued)

## OPENING SESSION: ISSUES AND CHALLENGES FOR IMPROVING SERVICES TO THE URBAN POOR

*Chair: Dennis D. Mwanza, Managing Director for the WUP*

09:00 – 09:10 Introductory and Welcome Remarks including objectives of the workshop: *Dennis D. Mwanza*

09:10 – 09:25 European Commission's water strategy – *Mr Andre Liebaert, EU, Brussels*

09:25 – 09:45 Keynote Address: Issues and Challenges for improving water and sanitation service delivery to the urban poor: *Mr Zadi Kessy, Chairman and Chief Executive, SODECI, Cote d'Ivoire*

09:45 – 10:00 Official Opening Message: *Mr ACHI, Patrick Jérôme, Minister of Economic Infrastructure, Cote d'Ivoire*

10:00 – 10:30 Tea Break

## SESSION 1: BUILDING PARTNERSHIPS FOR PROVISION OF SERVICES TO THE URBAN POOR: LESSONS LEARNT AND THE WAY FORWARD

*Mr. J P Mbassi, Chief Facilitator, Executive Secretary, MDP, Benin.*

10:30– 10:40 Presentation of the programme, process, approach and expectations

*Mr. J P Mbassi, Chief Facilitator, Executive Secretary, MDP, Benin.*

10:40 – 10:55 Developing the lessons on services to the urban poor: presentation of WUP 5 project  
*Mukami Kariuki, Project Manager, WUP5.*

10:55 – 11:20 Good practices: Presentation of the good practices document

*Mukami Kariuki, Project Manager, WUP5*

11:20 – 11:45 The way forward on services for the urban poor: Presentation of the toolkits

*Rheinhard Goethert MIT/TREND*

## SESSION 2: SANITATION

Theme 1: Don't Forget Sanitation! Experience and Lessons in Sustainable Financing and Delivery of on-site Sanitation (*Convened by Pete Kolsky assisted by Chief facilitator*)

11:45 – 12:05 Financing on-site sanitation through a surcharge on the water tariff, lessons from Burkina Faso,  
*M. Ouedraogo, DASS-ONEA*

12:05 - 12:25 Increasing access to off-site sanitation systems –Lessons from Asafo, *Daniel Bampoh, Ghana Water Company Limited.*

12:25 – 13:00 Open plenary discussions

13:00 – 14:00 **Lunch Break**

14:00 - 15:00 Group Work Session - SANITATION

15:00 – 15:30 Plenary Presentation of Group Work

15:30 **Tea**

**SESSION 3: INNOVATING TO SERVE THE POOR**

Theme 2: Appropriate Levels of Service and Service Delivery Options for Low Income Communities

16:00 – 16:20 Extending services into unplanned settlements, the role of flexible technical standards in Manila, *Ervin Senson, ONDEO*

16:20 – 16:40 Provision of services to the urban poor: The case of Durban  
*Neil Macleod, Chief Executive, Durban Metro Water Services, Durban, South Africa*

16:40 – 17:30 Panel Discussion on flexible standards, are utility standards too rigid, will flexibility compromise standards – how far should we go, how much is enough, how will we know we have succeeded

17:30 – 17:35 Close of business for the first day

18:00 – 20:00 **Cocktail within the Golf hotel grounds**

**DAY 2: TUESDAY 20<sup>th</sup> NOVEMBER 2001**

08:00 – 08:20 Recap and plan for the day (*Chief Facilitator*).

**SESSION 4: REFORMING TARIFFS AND SUBSIDIES**

Theme 3: Reforming Tariffs to Help, Not Hurt the Poor: Lessons Learnt on Pricing Policy, Tariff Structures, Subsidies

08:20 – 08:50 Designing pricing policy and tariffs to help, not hurt the poor – Key Principles. *Jan Janssens The World Bank*

08:50 – 09:20 The challenge of designing a poor tariff structure for Addis Ababa's poor households by *Tekalign Sahilu Ethiopia*

09:20 – 09:50 Financing access to water supply through social connections, A comparison of financing mechanisms in Senegal, *Mamadou Dia SONES, Senegal*

09:50 – 10:00 Details on group work on tariffs

10:00 – 10:30 **Tea Break**

10:30 – 12:00 Working Group sessions on tariffs

12:00 – 13:00 Reporting back from group work

13:00 – 14:00 **Lunch**

**SESSION 5: CUSTOMER OUTREACH AND PARTNERSHIP**

- Theme 4: Understanding your Customer - Strengthening Utility Outreach Functions.
- 14:00 – 14:20 A global perspective on utility-NGO partnerships to serve the urban poor. An overview of lessons from BPD, *Ken Caplan, Manager WSS, BPD*
- 14:20 – 14:40 Options for outsourcing or utility services to NGOs. Improving outreach and customer relations with the urban poor, *Thomas Djajah, CAMEP, Haiti*
- 14:40 – 15:00 Building internal policy and capacity to serve the poor through special units. An update on the Lusaka Water and Sewerage Companies peri-urban unit, *Ms Astrid Choongo Banda, LWSC, Zambia*
- 15:00 – 16:45 Group Work (tea break taken at own time during group work)
- 16:45 – 17:30 Reporting back to Plenary Session
- 17:30 – 17:45 Closing remarks for the day
- 20:00 – 22:00 **WORKSHOP DINNER**

**DAY 3: WEDNESDAY 21<sup>st</sup> NOVEMBER 2001**

- 08:00 – 08:20 Recap and any logistical announcements

**SESSION 6: PRO-POOR REFORMS**

- Theme 5: Reforming the Water Supply and Sanitation Sector - A Pro-poor Approach
- 08:20 – 08:50 Overview of experience in carrying out sector reforms. Lessons from the *Zambian experience, Oswald Chanda, NWASCO, Zambia/Chimwanga Maseka WSp-AF, Zambia*
- 08:50 – 09:15 Involving the Private Sector - Designing PSP to help the Poor.  
*Barbara Evans Water and Sanitation Programme - Washington, USA*
- 09:15 – 09:20 Details on group work
- 09:20 – 10:00 Group work on PRO-POOR REFORM
- 10:00 – 10:30 **TEA BREAK**
- 10:30 – 11:30 Working Group sessions (continued)
- 11:30 – 12:00 Reporting back from group work
- 12:00 – 12:30 Announcements/Presentation of Results of Questionnaire
- 13:00 – 14:00 **LUNCH**
- 14:00 – 16:00 4 Parallel Sessions
- Utility Managers Roundtable (by invitation only)
  - EC guidelines on Water Strategy
  - Dutch Financing Window
  - Training and Capacity Building
- 16:00 – 16:15 Plenary presentation of Abidjan Statement on "*Improving WSS Services for the urban poor*"
- 16:15 – 16:20 Closing announcements

16:20 – 16:40 Closing statement by the President of the Union of African Water Suppliers, Mr. Abdoulaye Fall

**DAY 4: THURSDAY 22<sup>nd</sup> NOVEMBER 2001**

09:00 – 12:00 Field visit organised by the SODECI (open to all but requirement to sign up in advance) details to be given during the workshop.

08:00 – 10:00 Post workshop wrap up session for WUP 5 Final Workshop

10:30 - 17:00 Special workshop to redefine the mission, objectives and priority areas for the future of the WUP (by invitation from WUP) –programme to be circulated separately.

## ANNEX 3 LIST OF PARTICIPANTS

No.	First Name	Last Name	Position	Institution	Address	Country	Tel	Fax	Email
1.	David	Jones	Research Officer	Business Partners for Development (BPD)	38 rue Général Capiaumont, B1040, Brussels	Belgium	+32-2-647-3225	+44-870-132-3651	davidjones@wateraid.org.uk
2.	André	Liebaert	D.G. Development	European Commission (EC)	Unit B/5 – Water Sector Policies, Rue de la Loi 200 1049 Brussels	Belgium	+32-2-299-2753	+32-2-299-0603	andre.liebaert@cec.eu.int
3.	K. Marcel	Detondji	Président	Association des Revendeurs d'Eau	Carre 513, Jericho, BP 03-0052, Cotonou	Benin	+229-300-769/322017	-	mdetondji@yahoo.fr
4.	Maurius	Ahokossi	Chef du Département de l'Approvisionnement Eau Potable	Direction de l'Hydraulique	Carre 2091 Memomfin, 01 BP 385, Cotonou	Bénin	+229-313298/487	+229-310890	Dre.dh@intnet.bj
5.	André	Toupe	Directeur	Direction de l'Hydraulique	01 BP 385, Cotonou	Benin	+229-313-298/487	+229-310-890	Dre.dh@intnet.bj
6.	Felix	Adegnika	Charge de Mission	Programme de Développement Municipal (PDM)	116 Rue des Amoureux, 01 BP 3445, Cotonou	Bénin	+229-300560/304242	+229-301976	fadegnika@pdm-net.org
7.	Claude	Baehrel	Conseiller Régional Principal	Programme de Développement Municipal (PDM)	116 Rue des Amoureux, 01 BP 3445, Cotonou	Bénin	+229-300560/304242	+229-301976	cbaehrel@pdm-net.org
8.	Jean-Pierre	Elong Mbassi	Coordinateur Régional	Programme de Développement Municipal (PDM)	116 Rue des Amoureux, 01 BP 3445, Cotonou	Bénin	+229-300560/304242	+229-301976	jpem@pdm-net.org
9.	Baba-Moussa	Alassane	Directeur Technique Eau	Société Béninoise d'Electricité et d'Eau (SBEE)	01 BP 123 RP, Cotonou	Bénin	+229-311-852/312145	+229-315-028	-
10.	Gilbert	Sah	-	Société Béninoise d'Electricité et d'Eau (SBEE)	01 BP 123 RP, Cotonou	Benin	+229-331-856	-	-
11.	Campaore	Athanase	Chairman	Global Water Partnership GWP/WATAC	10 BP 13346 Ouagadougou 10	Burkina Faso	+226-373-097	+226-373-097	athanas@fasonet.bf
12.	Arba Jules	Ouedraogo	Directeur de l'Assainissement	Office National de l'Eau et l'Assainissement (ONEA)	01 BP 170, Ouagadougou	Burkina Faso	+226-303402/308955/343459	+226-317512	dass.onea@fasonet.bf
13.	Ambroise G.	Bongouande	Directeur Générale	Société Nationale de Distribution d'Eau (SNDE)	Rue du Sergeant Malamine, BP 229, Brazzaville	Congo	+242-813485/810217	+242-813-485	-
14.	Wayne	Coffin	Consultant	-	C/o E. Kasalu-Coffin African Development Bank OCDW 3 BPV 316 Abidjan	Cote d'Ivoire	+225-2243-3794	-	coffin@giobeaccess.net
15.	-	Habte-Selassie	Sanitary Engineer	African Development Bank (ADB)	01 BP 1389, Abidjan 01	Cote d'Ivoire	+225-2020-4663	+225-2020-5901	-
16.	Gennet	Yirga-Hall	Principal Post-Evaluation Officer	African Development Bank (ADB)	01 BP 1389, Abidjan 01	Cote d'Ivoire	+225-2020-4294	+225-2020-5987	g.hall-yirga@afdb.org
17.	Dominique	Logeay	Chef de Mission	Agence Française de Développement (AFD)	01 BP 1814, Abidjan	Cote d'Ivoire	+225-2240-7004	+225-2-412178	afdc@aviso.ci
18.	Kouassi S.	N'dri	Attache Adjoint de Coopération Internationale	Ambassade Belgique	Immeuble Alliance, 2eme Etage, Abidjan	Cote d'Ivoire	+225-2022-0497/8	+225-2022-0499	-
19.	Yao	Kossonou	-	Animation Rurale Korhogo (ARK)	BP 704, Korhogo	Cote d'Ivoire	+225-3686-0901	+225-3686-2957	-
20.	Albert T.	Mabri	Médecin de Santé Publique - Député	Assemblée Nationale Cote d'Ivoire	04 BP 267 Abidjan, 04	Cote d'Ivoire	+225-2242-9371	+225-2124-3871	atmabri@hotmail.com
21.	Patrice Sawo	Any	Président	Association des Revendeurs d'Eau des Cartiers Précaire (AREQUAP-CI)	03 BP 965, Abidjan	Cote d'Ivoire	+225-2350-9844	225-2124-2033	noumar@sodeci.ci
22.	Charles	Groga	Secrétaire Générale	Association des Revendeurs	03 BP 1074 Abidjan	Cote d'Ivoire	+225-2351-6551	-	Groga-charles@yahoo.fr

No.	First Name	Last Name	Position	Institution	Address	Country	Tel	Fax	Email
				d'Eau des Cartiers Précaire (AREQUAP-CI)					
23.	Theophile	Gnagne	-	CREPA-CI	18 BP 80, Abidjan	Cote d'Ivoire	+225-2125-1758	-	-
24.	Catherine	Pravin	Economic Counselor	Delegation of the European Commission	01 BP 1821, Abidjan	Cote d'Ivoire	+225-2031-8350	+225-2021-4089	Ecco.eudelciv@globeaccess.net
25.	Gban Dama	Kouadjo	-	Direction de l'Hydraulique Humaine	BP V83 Abidjan	Cote d'Ivoire	+225-2021-2271	-	-
26.	Bile Joseph	Amon	-	Direction de l'Hydraulique Humaine S/D Hydraulique Urbaine	BP V 161, Abidjan	Cote d'Ivoire	+225-2022-2488	-	-
27.	Bertin	Oueriko	-	Direction SODECI, Yamoussoukro	BP 324 Yamoussoukro	Cote d'Ivoire	+225-3064-0049	+225-2124-2033	boueniko@sodeci.ci
28.	Bruno	Schoen	Director	KfW (German Development Bank)	Riviera Face Grand Mosque, BP 7172, Abidjan 01	Cote d'Ivoire	+225-2243-3580	+225-2243-3581	kfw-abj@globeaccess.net
29.	Marie Véronique B.	Wacouboue	-	Ministère de l'Education Nationale	08 BP 1702, Abidjan	Cote d'Ivoire	+225-2241-0797	-	-
30.	Emmanuel	Sarre	-	Ministère de l'Intérieure et de la Décentralisation	Plateau (cité Policier) Bat.B . Porte 38, BP 241, Abidjan	Cote d'Ivoire	+225-2021-8021	-	-
31.	Hilaire N'touvi	Doffou	Directeur des Ressources en Eau	Ministère des Eaux et Forêts, Direction de Ressources en Eau	Cité Tour D, 19eme Etage, 01 BP 5066, Abidjan	Cote d'Ivoire	+225-2021-3650	+225-2021-0512	doffouhilaire@hotmail.com
32.	Patrick	Achi	Minister	Ministère des Infrastructures	Postel 2001, 23eme Etage, P14, Abidjan	Cote d'Ivoire	+225-20-347323	+225-20-347322	
33.	M. Sakho	Mamadou	Directeur de Cabinet	Ministère des Infrastructures	Postel 2001, 23eme Etage, P14, Abidjan	Cote d'Ivoire	+225-20-347323	+225-20-347322	sakhoma@globeaccess.net
34.	Zady	Kessy	Directeur Générale	Société de Distribution d'Eau et de l'Assainissement (SODECI)	1 Avenue Christian Treichville, 01 BP 1843, Abidjan 01	Cote d'Ivoire	+225-2123-3060	+225-2124-2033	ntrapre@sodeci.ci
35.	Jacob	Angofi	Directeur d'Exploitation Adjoint	SODECI	1 Avenue Christian Treichville, 01 BP 1843, Abidjan 01	Cote d'Ivoire	+225-2123-3145	+225-2124-2033	jangofi@sodeci.ci
36.	Dominique	Da Cruz	-	SODECI	1 Avenue Christian Treichville, 01 BP 1843, Abidjan 01	Cote d'Ivoire	+225-2123-3012	+225-2123-3006	ddacruz@sodeci.ci
37.	Basile	Ebah	-	SODECI	1 Avenue Christian Treichville, 01 BP 1843, Abidjan 01	Cote d'Ivoire	+225-2123-3139	+225-2123-3006	bebah@sodeci.ci
38.	Zadi Thierry	Gozaa	Responsable Technique	SODECI	1 Avenue Christian Treichville, 01 BP 1843, Abidjan 01	Cote d'Ivoire	+225-2345-6618	-	zgozaa@sodeci.ci
39.	Hilaire	Kinimo	Directeur Régional	SODECI	1 Avenue Christian Treichville, 01 BP 1843, Abidjan 01	Cote d'Ivoire	+225-2124-6619	+225-2135-8353	hkinimo@sodeci.ci
40.	Situe	Zahalo	-	SODECI	1 Avenue Christian Treichville, 01 BP 1843, Abidjan 01	Cote d'Ivoire	+225-2123-3007	+225-2124-2033	zsiue@sodeci.ci
41.	N'dri	Koffi	Administrative Secretary	UADE/UAWS	01 BP 1843, Abidjan	Cote d'Ivoire	+225-2124-1443	+225-2124-2629	uade@globeaccess.net
42.	Jon	Tunniciiffe	Programme Officer, WATSAN	UNICEF	Ave rue LeCoeur, Immeuble Alliance B, BP 443, Abidjan 04	Cote d'Ivoire	+225-0507-0893	+225-2022-7607	jtunniciiffe@unicef.org
43.	Véronique	Mambo	Enseigneur-Chercheur	Université d'Abobo, Adjame	Riviera Bounoumim, Lauriers IV, 02 BP 801, Abidjan 02	Cote d'Ivoire	+225-07-599-213	+225-2037-8118	-
44.	Carelle	Malendoma	Environmental Assistant	US Embassy	01 BP 1712, Abidjan	Cote d'Ivoire	+225-2021-0979 ext 6628	+225-2021-1059	malendomacp@state.gov
45.	Sourou	Kone	Maire	UVOCOCI	01 BP 1090 Abidjan, 01	Cote d'Ivoire	+225-2021-0085	+225-2346-4470	-
46.	Eric	Cole	Senior Sanitary Engineer	Water and Sanitation Program - Africa (WSP-AF)	World Bank, Cocody/Booker Washington Avenue, 01 bp 1850, Abidjan 01	Cote d'Ivoire	+225-2247-4448	+225-2244-1687	ecole@worldbank.org
47.	Peter J.	Kolsky	Senior Water and Sanitation Specialist	Water and Sanitation Program - Africa (WSP-AF)	World Bank, Cocody/Booker Washington Avenue, 01 bp 1850, Abidjan 01	Cote d'Ivoire	+225-2240-0483	+225-2244-1687	pkolsky@worldbank.org



No.	First Name	Last Name	Position	Institution	Address	Country	Tel	Fax	Email
48.	Dennis D.	Mwanza	Managing Director	Water Utility Partnership (WUP)	05 BP2642, Abidjan 05	Cote d'Ivoire	+225-2124-0828	+225-2124-0063	ddmwanza@africaonline.co.ci
49.	Maferima	Toure	Directeur Adjoint	Water Utility Partnership (WUP)	05 BP2642, Abidjan 05	Cote d'Ivoire	+225-2124-8028	+225-2124-0063	wup@africaonline.co.ci
50.	Bahiru Geneti	Fufa	Head, Manpower Development and Administration Dept	Addis Ababa Water and Sewerage Authority (AAWSA)	Belay Zeleke Road, P.O. Box 1505, Addis Ababa	Ethiopia	+251-1-124-436	+251-1-214-275	aawsa.ha@telecom.net.et
51.	Tadesse K.	Tesema	General Manager	Addis Ababa Water and Sewerage Authority (AAWSA)	Belay Zeleke Road, P.O. Box 1505, Addis Ababa	Ethiopia	+251-1-551-962/116045	+251-1-553-793	aawsa.ha@telecom.net.et
52.	Yohannes G.	Redda	Head of Water Supply and Sewerage Dept	Ministry of Water Resources	Haile Gebreselassie Str., P.O. Box 100816, Addis Ababa	Ethiopia	+251-1-625-526	+251-1-553-793	yohannesg8@hotmail.com
53.	Tekaling T.	Sahilu	Consultant	Tropics Consultants	Bole Road, P.O. Box 351, Addis Ababa	Ethiopia	+251-1-517-810	+251-1-512-443	tropics@telecom.net.et
54.	Rupert A.	Wright	Consultant	-	Sainte Cecile, Gabain	France	+33-4-6724-7644	-	rupert.wright@wanadoo.fr
55.	Lionel A.	Robaux	Directeur Adjoint	Office Nationale de l'Eau (OIEau)	21 Rue de Madrid 75008, Paris	France	+33-1-4490-8865	+33-6-1014-7846	l.robaux@oieau.fr
56.	Kwabena B.	Nyarko	Lecturer, Utility Management	Civil Engineering Dept. Kwame Nkrumah University of Science and Technology		Ghana	+233-51-60235	+233-51-60266	Nyark10@yahoo.com
57.	Robert	De Raeve	First Secretary (Civil Engineering)	European Commission	82 Cantonments Road, Cantonments, P.O. Box 9505, KIA, Accra	Ghana	+233-21-774-202	+233-21-774-159	Robert.De-Raeve@delcomgh.org
58.	Daniel	Bampoh	Regional Engineer	Ghana Water Company Ltd	P.O. Box 41, Ho, Voltage Region	Ghana	+233-91-263312	-	dbampoh@yahoo.com
59.	George	Acolor	Area Commercial Manager	Ghana Water Company Ltd.	Nr. 37 Military Hospital, P.O. Box 1840, Accra	Ghana	+233-21 763-819	+233-777-715	gacolor@yahoo.com
60.	Jonathan	Nunoo	Ag. Managing Director	Ghana Water Company Ltd.	Independence Ave. P.O. Box M.194, Accra	Ghana	+233-21-662037/667822	+233-21-663-522	gwsc@africaonline.com.gh
61.	Kwabena S.	Manu	Consultant	Mime Consult Ltd	Cantonments P.O. Box CT 901, Accra	Ghana	+233-21-231-462	+233-212-314662	mime@ghana.com
62.	Stephen	Adu	Executive Secretary	Public Utilities Regulatory Commission (PURC)	Unicom House, Barnes Rd P.O. Box C3095, Accra	Ghana	+233-21-244-181/2/3	+233-21-244-188	purc@ghana.com
63.	Vincent E.	Tay	Materials Devt and Info Mgt. Officer	Training, Research and Networking for Dev't (TREND)	02 Cedar Crescent Ridge, P.O. Box 6808, Kumasi	Ghana	+233-51-28294/5	+233-51-28296	trend@ghana.com
64.	Tanoundy	Keita	Ingenieur en Chef des Travaux Neufs	Société Nationale des Eaux de Guinée (SONEG)	Rond Point Bellevue, BP 150, Conakry	Guinée	+224-454-370	-	tanoundyk@hotmail.com
65.	Loubert	Leopold	Coordonnateur ICQC	Centrale Autonome Métropolitaine de l'Eau Potable (CAMEP)	2 Ave Mais Gate, BP 1012, Port-au-Prince	Haïti	+509-250-1843/5	+509-250-1834	Camep@acn2.net
66.	Djinah	Thomas	Secrétaire Générale de l'Entreprise	Centrale Autonome Métropolitaine de l'Eau Potable (CAMEP)	2 Ave Mais Gate, BP 1012, Port-au-Prince	Haïti	+509-250-1843/5	+509-250-1831	djinahthomas@hotmail.com
67.	Sarah	Matthieusent	-	Groupe de Recherche et d'Echanges Technologiques (GRET)	#25 Rue 7, Bababiole, Port-au-Prince	Haïti	+509-245-6632	-	grethaiti@acn2.net
68.	Elias	George	Secretary, Labor	Government of Kerala	88 Ashadeepam PTP Nagar, P.O Trivandrum, Trivandrum	India	+91-471-361-774	+91-471-333-407	eliasgeorg@netscape.net
69.	Paul	Kriss	Economist	World Bank	3A Shalag Street, Apt #8, Tel Aviv	Israel	+971-3522-8447	-	pkriss@worldbank.org
70.	Simon	Thuo	Assistant Director	Department for Water Development, Ministry of Environment and Natural Resources	Maji House, Community, P.O. Box 30521, Nairobi	Kenya	+254-2-716-103/686	+254-2-727-622	thuo@engineer.com
71.	George R.	Wasonga	Director of Environment	Kisumu Municipal Council – SIDA Program	Court Road, P.O. Box 105, Kisumu	Kenya	+254-72-736-845	+254-35-43614	grwasonga@hotmail.com
72.	Lawrence	Mwangi	Assistant General	Nairobi City Council, Water and	City Hall, City Hall Way, P.O. Box	Kenya	+254-2-211-913	-	wdsom@intesurf.com

No.	First Name	Last Name	Position	Institution	Address	Country	Tel	Fax	Email
			Manager	Sewerage Department	30656, Nairobi				
73.	Edward S.	Kelengwe	Chief Corporate Planning Manager	National Water Conservation & Pipeline Corporation	Dunga Road, P.O. Box 30173, Nairobi	Kenya	+254-2-534-566	+254-2-545-882	nawaco@onlinekenya.com
74.	Jean	Doyen	Consultant, Sr Advisor	Water and Sanitation Program - Africa	World Bank, Hill Park Building, Upper Hill, P.O. Box 30577, Nairobi	Kenya	+254-2-260301	+254-2-260386	jdoyen@worldbank.org
75.	Mukami	Kariuki	Senior Water and Sanitation Specialist	Water and Sanitation Program - Africa	World Bank, Hill Park Building, Upper Hill, P.O. Box 30577, Nairobi	Kenya	+254-2-260301	+254-2-260386	rkariuki@worldbank.org
76.	Esther E.	Muya	Program Assistant	Water and Sanitation Program - Africa	World Bank, Hill Park Building, Upper Hill, P.O. Box 30577, Nairobi	Kenya	+254-2-260303	+254-2-260386	emuya@worldbank.org
77.	Helina	Tirfie	-	Water and Sanitation Program - Africa	World Bank, Hill Park Building, Upper Hill, P.O. Box 30577, Nairobi	Kenya	+254-2-260301	+254-2-260386	emuya@worldbank.org
78.	John	Kandulu	Chief Executive Officer	Blantyre Water Board	Chirichiri Blantyre 3, Off Mukata Road, P.O. Box 30369, Blantyre	Malawi	+265-671-616	+265-672-026	jkandulu@sdp.org.mw
79.	Exwell	Nkhoma	Distribution Controller	Blantyre Water Board	Chirichiri Blantyre 3, Off Mukata Road, P.O. Box 30369, Blantyre	Malawi	+265-672-000	+265-672-026	enkhoma@bwb.mw
80.	Jonathan M.	Kuntambila	Secretary	Likhubula Development Community	C/o Exwell Nkhomam BWB Chirichiri Blantyre 3, Off Mukata Road, P.O. Box 30369, Blantyre	Malawi	+265-672-000	+265-672-026	enkhoma@bwb.mw
81.	Owen	Kankhulungo	Controller of Water Services and PSP Coordinator	Ministry of Water Development	Tikwere House, Private Bag 390, Lilongwe 3	Malawi	+265-770-344	+265-773-591	water@malawi.net
82.	Zacarias Esau	Cossa	Environment Councilor	Maputo City Council	Praca da Independencia, Maputo, pccas do Municipia, P.O. Box 251, Maputo	Mozambique	+258-1-301-274	+258-1-420-053	-
83.	Abdelkader	Dodo	Dr. Hydrogeologue, Directeur Nationale des Ressources en Eau	Ministère de l'Hydraulique de l'Environnement et de la lutte contre la désertification	BP 257 Niamey	Niger	+227-723-889	+227-724-015	mre@intnet.ne
84.	Seyni	Salou	Directeur Générale	Société de Patrimoine des Eaux du Niger (SPEN)	BP 10728, Niamey	Niger	+227-738-628	+227-734-640	dg-spen@intnet.ne
85.	Mohammed H.	Ilyas	Managing Director	Darl-Hab Limited	F2 Yoruba Road, Kowa New Extension, P.O. Box 7085, Kaduna	Nigeria	+234-62-317-190	+234-62-317-192	iiyas@infoweb.abs.net
86.	Graham	Gass	Social Development Advisor	European Union	Europe House, 63 Usuma Street, Maitama, Abuja	Nigeria	+234-9-4133-144/6	+234-9-4133-147	Graham.gass@dehga.cec.eu.int
87.	Ervin	Senson	Project Manager	Maynilad Water Services Inc.	MWSS Compound Balara, Quezon City	Philippines	+632-434-3747	-	ervin.senson@mayniladwater.com.ph
88.	Babacar	Dieng	Consultant	-	Villa No.75 Cite Front de Terre, Bourgniba, Dakar Grd. Yoff	Sénégal	+221-864-3308	+221-823-6504	babacardieng@yahoo.fr
89.	Alioune	Ndiaye	Chef du Service Assainissement Autonome	Office National de l'Assainissement du Sénégal (ONAS)	BP13428, Dakar Ground, Cite TP SOM No.30, Dakar	Senegal	+221-832-3534/7	+21-832-3531	onas@seutoo.sn
90.	Seynabou	Diop	Chef de Project	SONES	Route du Front de Terre, BP 400, Dakar	Sénégal	+221-839-7851	+221-832-2038	seynaboudiagnediop@hotmail.com
91.	Teddy G.	Gounden	Education Officer	Durban Metro Water Services	3 Prior Rd, P.O. Box 1038, Durban 4000	South Africa	+27-31-307-4667	+27-31-302-4747	teddygo@dmws.durban.gov.za
92.	Neil	Macleod	Executive Director	Durban Metro Water Services	3 Prior Rd, P.O. Box 1038,	South Africa	+27-31-302-4600	+27-31-302-2225	nam@dmws.durban.gov.za

No.	First Name	Last Name	Position	Institution	Address	Country	Tel	Fax	Email
					Durban 4000				
93.	Beata N.	Chamane	Councillor	eThekweni Unicity Council, Durban Metro	9 <sup>th</sup> Floor, Embassy Building, Smith Street, P.O. Box 1014, Durban 4001	South Africa	+27-31-311-2010	+27-31-261-5971	-
94.	Rodney	Dowie	Pilot Projects Contracts Manager	Johannesburg Water	58 Frederick Street, Marshalltown, P.O. Box 833, Walkerville, 1876, Johannesburg	South Africa	+27-11-688-1636	+27-11-688-1521	rdowie@jwater.co.za
95.	Pascale E.	Guiffant	-	Johannesburg Water	58 Frederick Street, P.O. Box 833, Marshalltown 2107, Johannesburg	South Africa	+27-11-688-1633	+27-11-688-1521	pascale@worldonline.co.za
96.	Pau J.	Viljoen	Low Income Services Manager	Johannesburg Water	41 Friar Tuck Road, Robindale 2194, Johannesburg	South Africa	+27-11-688-1632	+27-11-688-1521	pviljoen@jwater.co.za
97.	Maleye	Diop	Public-Private Partnership Advisor	PPUE/UNDP	351 Schoeman str. UNDP, P.O. Box 6541, Pretoria	South Africa	+27-12-320-3820 xt 1124	+27-12-320-2414	maleye.diop@undp.org
98.	Isaac	Ngwenya	Engineer	Umgeni Water	310 Burger Street, P.O. Box 9, Pietermaritzburg	South Africa	+27-33-341-1282	+27-33-341-1241	isaac.ngwenya@umgeni.co.za
99.	Maxwell	Sirenya	Reticulation Manager	Umgeni Water	310 Burger Street, P.O. Box 9, Pietermaritzburg	South Africa	+27-33-341-1111	+27-33-386-3673	Maxwell.sirenya@umgeni.co.za
100.	Linus	Materu	Planning and Design Manager	Dar es Salaam Water and Sewerage Authority (DAWASA)	Gerezani Str. Plot 2453/118, P.O. Box 5340, Dar es Salaam	Tanzania	+255-22-213-1191/2/3	+255-22-211-0872	dawasapiu@raha.com
101.	Hannes	Hauser	Conseiller	European Commission	EC Delegation Dar es Salaam, 38 Mirambo Street, P.O. Box 9514, Dar es Salaam	Tanzania	+255-2-211-7973/6	+255-22-211-3277	Hannes.hauser@deltza.cec.eu.int
102.	Bernard M.	Mfugale	Managing Director	Iringu Urban Water and Sewerage Authority	Uhuru Avenue, P.O. Box 570, Iringa	Tanzania	+255-26-270-0017	+255-26-270-2434	-
103.	Joseph Didas	Kessy	Executive Chairman	Tabata Development Fund	Pamba House, Plot 289, Tabata, P.O. Box 8632, Dar es Salaam	Tanzania	+255-22-280-7821	+255-22-213-5022	lvc@africaonline.co.tz
104.	Venus B.	Kimei	Coordinator	Community Infrastructure Project (CIP)	Dar es Salaam City Council, Old Boma Bld, Sokoine/Morogoro Rd Junction, P.O. Box 70686, Dar es Salaam	Tanzania	+255-22-2137-561	+255-22-2114-014	cip@raha.com
105.	Marcel	van den Heuvel	-	-	Oude Spiegelstraat 2, NL-1016 BM Amsterdam	The Netherlands	+31-20-4226-777	+31-20-4226-775	mhl@davidii.com
106.	Agouta	Aladjou	Secrétaire Générale	Association Togolaise des Consommateurs (ATC)	Quartier Doumassemme, BP 30621, Lomé	Togo	+228-904-3713	+228-221-8125	alaatctogo@yahoo.fr
107.	Patrick	Kagoro	Assistant Commissioner (Urban Water)	Directorate of Water Development	Plot 24-28, Portbell Road, P.O. Box 20026, Kampala	Uganda	+256-41-222-300	+256-41-23-311	Kagoro-urban@dwd.co.ug
108.	Joshua	Kalebu	Managing Director	Kalebu Ltd.	Plot 56 Church Road, P.O. Box 642, Entebbe	Uganda	+256-41-321-474	+256-41-349-422	jkalebu@yahoo.com
109.	Patrick	Twesigye	Project Manager	National Water and Sewerage Corporation	P.O. Box 7053, Kampala	Uganda	+256-41-257-911	+256-41-258-299	twepadber@yahoo.co.uk
110.	Kenneth A.	Caplan	Cluster Coordinator	Business Partners for Development (BPD)	C/o Water Aid, 6 <sup>th</sup> Floor, Water 27-29 Albert Embankment, London	UK	+44-207-793-4557	+44-22-207-5820962	kencaplan@wateraid.org.uk
111.	John David	Davies	Management and Engineering Consultant	Department for International Devt (DfID)	8 Ashridge Close, Kenton Harrow, Middlesex HA3 0JE	UK	+44-20-890-1957	+44-20-8909-9104	jddavies@compuserve.com
112.	Nick	King	Director	IWA Foundation	Alliance House, 12 Caxton Street, London SW1H 0QS,	UK	+44-20-7654-5500/7	+44-20-7654-555	Nick.king@iwhq.org.uk
113.	Sue	Coates	Programme Manager	Water, Engineering and Development Center (WEDC)	Institute of Development Engineering, Loughborough	UK	+44-1509-222-393	+44-1509-211-079	s.coates@lboro.ac.uk

No.	First Name	Last Name	Position	Institution	Address	Country	Tel	Fax	Email
					University, Ashby Road, Leicestershire LE11 3TU				
114.	Muhammad	Sohail	Research Manager	Water, Engineering and Development Center (WEDC)	Institute of Development Engineering, Loughborough University, Ashby Road, Leicestershire LE11 3TU	UK	+44-1509-222-890	+44-1509-211-079	m.sohail@lboro.ac.uk
115.	Reinhard	Goethert	Principal Research Associate	Massachusetts Institute of Technology (MIT)	N52-357A, Cambridge 01742, MA	USA	+1-617-253-2402	-	rkg@mit.edu
116.	Heather	Skilling	Director	Stone and Webster Consultants	1717 Pennsylvania Ave. N.W. Washington D.C. 20006	USA	+1-202-2611-914	+1-202-2611-948	heather.skilling@swec.com
117.	Yao	Badjo	Senior Sanitary Engineer	The World Bank	AFTU2, Room J11-095 1818 H. Street, N.W., Washington D.C. 20433	USA	+1-202-473-3315	+1-202-473-4406	ybadjo@worldbank.org
118.	David	Henley	Senior Sanitary Engineer	The World Bank	AFTU2, Room J11-109 1818 H. Street, N.W., Washington D.C. 20433	USA	+1-202-473-4854	+1-202-473-8249	dhenley@worldbank.org
119.	Jan	Janssens	Lead Specialist	The World Bank	Energy and Water Dept, Room FK164, 1818 H. Street, N.W., Washington D.C. 20433	USA	+1-202-458-7247	-	jjanssens1@worldbank.org
120.	Javier	Jarquín	Environmental Specialist	The World Bank	WBIEN, Room J4-400 1818 H. Street, N.W., Washington D.C. 20433	USA	+1-202-473-6386	+1-202-676-0977	jjarquín@worldbank.org
121.	Midori	Makino	Financial Analyst	The World Bank	SASEI, Room MV 10-767, 1818 H. Street, N.W., Washington D.C. 20433	USA	+1-202-458-2492	+1-202-522-2418	mmakino@worldbank.org
122.	Tracey J.	Osborne	Coordinator	The World Bank	Water Journalists' Program, WBI Room J4-011, 1818 H. Street, N.W., Washington D.C. 20433	USA	+1-202-473-4044	-	Tosborne@worldbank.org
123.	Patrick	Canel	Urban Management Specialist	The World Bank	WBI, 1818 H. Street, N.W., Washington D.C. 20433	USA	+1-202-473-4767	-	pcanel@worldbank.org
124.	Barbara	Evans	Senior Water and Sanitation Specialist	Water and Sanitation Program	The World Bank, 1818 H. Street, N.W., Washington D.C. 20433	USA	+1-202-473-6316	-	Bevans1@worldbank.org
125.	Astrid C.	Banda	Head of Peri-Urban Section	Lusaka Water and Sewerage Company	Plot 871/872 Katemo Rd, Rhodes Park, P.O. Box 50198, Lusaka	Zambia	+260-1-250-682	+260-1-252-578	astrid@lwsc.com.zm
126.	Charles	Chipulu	Managing Director	Lusaka Water and Sewerage Company	Plot 871/872 Katemo Rd, Rhodes Park, P.O. Box 50198, Lusaka	Zambia	+260-1-251-712	+260-1-251-712	cchipulu@lwsc.com.zm
127.	Henry	Mtine	Director of Engineering	Lusaka Water and Sewerage Company	Plot 871/872 Katemo Rd, Rhodes Park, P.O. Box 50198, Lusaka	Zambia	+260-1-252-578	+260-1-252-578	hmtine@lwsc.com.zm
128.	Oswald	Chanda	Director	National Water Supply and Sanitation Council	164 Mulombwa Close, Fairview, P.O. Box 34358, Lusaka	Zambia	+260-1-226-941/2	+260-1-226-904	omchanda@zamnet.zm
129.	Rosemary	Chimansa	Programme Manager	PROSPECT, Care International	takata Road, Olympia Extension, P.O. Box 36238, Lusaka	Zambia	+260-1-293-310/2/3	+260-1-292-544	chimansa@zamnet.zm
130.	Darren Kirk	Hedley	Program Director	Urban Insaka	Care International, 11038 Choji Road, P.O. Box 36238, Lusaka	Zambia	+260-1-291-191	+260-1-292-184	dhinsaka@zamnet.zm
131.	Chimwanga	Maseka	Water and Sanitation Specialist	Water and Sanitation Program - Africa	The World Bank, Anglo American Building, 74 Independence Av. 3 <sup>rd</sup> Floor, P.O. Box 35410, Lusaka	Zambia	+260-1-252-811	+260-1-254-283	cmaseka@worldbank.org

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For a hard copy of the proceedings, kindly contact :

Water Utility Partnership (WUP)  
05 BP 2642, Abidjan 05  
Cote d'Ivoire  
Tel: +225-21-24082/241443,  
Fax: +225-21-240063/242609,  
E-mail: [wup@africaonline.co.ci](mailto:wup@africaonline.co.ci)

Water and Sanitation Program - Africa  
P.O. Box 30577,  
Nairobi, Kenya  
Tel: +254-2-260300/260303  
Fax: +254-260380/6  
E-mail: [wspaf@worldbank.org](mailto:wspaf@worldbank.org)



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