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SUSTAINABLE DEVELOPMENT OF WATER RESOURCES, WATER SUPPLY AND ENVIRONMENTAL SANITATION

A Partnership Model to Deliver Water and Sanitation to the Urban Poor

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More than one billion slum dwellers in developing country cities and surrounding peri-urban areas are disproportionately affected by non-existent or seriously inadequate water and sanitation services. In view of resource constraints faced by NGOs, and society's rejection of the 'development shortcut' private sector participation, ailing public water authorities seem unlikely to be able to meet the Millennium Development Goals for urban water and sanitation. The WSUP alliance combines the strengths of its business, NGO and academic members to facilitate greater effectiveness in delivering water and sanitation services to poor urban communities in management partnerships with local service authorities. This paper introduces the WSUP approach and reflects on lessons from the first pilot projects.

Introduction

The rapid pace of the urbanisation of poverty is presenting the international community with extraordinary challenges for meeting the Millennium Development Goals (MDGs) for water and sanitation. Low-income consumers living in urban slums or squatter settlements on the peri-urban fringe in low and middle-income countries are disproportionately affected by failing water services, the inadequacy of which can be linked to lack of investment and managerial inefficiencies. The provision of an affordable and conveniently accessible water supply at the household level is acknowledged as critical to public health, and has been shown to be a driver of socio-economic development (Weitz and Franceys, 2002). Despite that fact, the poor have been marginalised by monopoly utility providers who struggle to satisfy the demand of their more affluent and influential connected customer base. Informal, or worse, illegal residents have often been conveniently ignored as municipal network extensions into slums are difficult to plan and operate and may prove politically undesirable (Solo et al. 1993).

It appears that providing adequate water and sanitation services to the urban poor is a task beyond the technical, financial and institutional capacities of many developing country governments, where public authorities and publicly-owned and operated water utilities have consistently failed to address the service gaps that affect the over one billion slum dwellers (Brocklehurst, 2002). Neither have decades of international development assistance provided an acceptable solution to a growing problem. Decentralisation and private sector involvement, heavily promoted and widely embraced in the 1990s, proved to be an unsustainable development shortcut. In spite of innovations made by some private operators with noticeable improvements in access

and quality of service for poor communities, international private water companies have made headlines mainly in relation to a number of spectacular contract endings, not their contributions to developing workable alternatives to serving poor urban communities. Following the rejection of the involvement of the international private sector, portrayed as 'failure of the conventional concession model', the challenge of millions of unserved and underserved low-income households in and around developing country cities reverts to the domestic public sector (Hall et al. 2005, Franceys and Gerlach, 2005). Meanwhile, the urban poor rely on a variety of alternative providers who provide an indispensable service to those sidelined by the public utility systems, cutting across administrative and income boundaries. In some locations, NGOs, CBOs or residents' associations work alongside or even replace the small-scale, and sometimes informal, private water service operators. However, excellent NGO and community-led water and/or sanitation schemes face resource constraints that prevent them from scaling up to match the needs of an overwhelmingly large and poor urban population. Where successful, scaling up invariably encounters the same problems faced by utilities. The cost of coping strategies – installing household storage, purchasing vended water, using household water treatment or resorting to bottled water – the corollary of the irregularities that all too often characterise municipal water supply services, reinforce social inequalities across the city.

Inherent economies of scale in larger-scale networks continue to favour monopolistic water services provision by a single utility provider. Reasonably efficient water utilities – stimulated and supported by an economic regulator with a long-term vision and pro-poor bias – can smooth out existing distributive inequalities and provide minimum services to

all. With society having rejected the privatisation development shortcut, capacity building for the public sector is key to achieving national and international sector goals. The challenge is to find a viable approach that will not only accelerate the present rate of progress, but that will catalyse and sustain higher levels of service provision above the 'default trend line' that typically indicates service improvement in line with national or regional socio-economic development. Historical parallels in European countries demonstrate the co-evolution of economic growth, urbanisation and the rise of an ever increasingly sophisticated water and sewerage industry (Franceys, 2006).

The WSUP partnership model

In view of the significant capacity building required to promote the public sector – and the competencies of the various actors involved in urban water services delivery in developing country cities, a formal partnership model is being developed by the WSUP (Water and Sanitation for the Urban Poor) alliance. This innovative partnership of businesses, international NGOs and academia, supported by observer members UNDP and IWA, draws on the individual strengths of its diverse membership, pooling skills and resources to facilitate greater effectiveness in delivering water and sanitation to poor urban and peri-urban communities.

Formally incorporated under English law as a not-for-profit company, the WSUP alliance has set itself the goal of making a significant contribution to the MDG targets, and aims to reach four million slum dwellers with affordable and environmentally sustainable water and sanitation solutions over its first ten years of operation. WSUP picks up some of the past failures of water and sanitation delivery models, by;

- Focusing on densely populated urban and peri-urban communities (50,000 – 150,000 inhabitants), where investments can be most effective: High population density allows for substantial economies of scale to be exploited,

enhancing the prospects of making a realistic contribution to the ambitious MDGs. The choice of beneficiary communities also targets hotspots of social, economic and environmental crisis, which none of the three sectors – government, private and civil sector – have come close to addressing to the extent required.

- Recognising and bringing together the complementary strengths of the WSUP membership.
- Bridging the critical link between water services and health by integrating intensive hygiene promotion activities into community programmes.
- Delivering wider environmental benefits by promoting Integrated Water Resource Management as part of managing the environmental impacts of WSUP projects.

All WSUP projects plan to centre on a medium-term management partnership with a local service provider and as such respond to the expressed needs of local or regional service authorities to increase water and sanitation service coverage. Projects undergo a series of scoping and feasibility stages, with WSUP members working with local partners to develop projects for water and sanitation delivery on a not-for profit basis. Typically, a local representative of an alliance member acts as project champion, whilst work is coordinated between several members representing civil society, NGO and business partners. Once WSUP has completed the integrated consultancy phase and feasible options have been identified, its direct role is focused upon project financing followed by project monitoring and evaluation with a focus on ensuring ongoing community involvement. Project consortia, necessarily requiring technical and social intermediation skills, may involve WSUP and non-WSUP members but are organisationally independent of WSUP. WSUP members bidding for implementation contracts accept a capped profit element. These consortia, however, only act as implementers and interim managers on behalf of the local service provider, such that ownership and responsibility for operations and maintenance remain firmly in the hands of

Table 1. WSUP partnership model

Partners	Contributions to WSUP	Constraints	Advantage of WSUP model
NGOs	<ul style="list-style-type: none"> • many years' experience in working with local communities • willing to experiment with innovative and affordable technologies • skilled at social intermediation • experts in advocacy at international, national and community levels 	<ul style="list-style-type: none"> • restricted access to finance • restricted access to water resources 	<ul style="list-style-type: none"> • scaling up of activities • access to management and technical experience
Private sector	<ul style="list-style-type: none"> • ability to unlock finance • managerial and technical skills in developing assets and operating commercial and customer oriented utilities • product and social marketing skills and experience 	<ul style="list-style-type: none"> • lack of experience in engaging with poor consumers • risk averse: unwilling to enter 'difficult areas', financial pressures 	<ul style="list-style-type: none"> • corporate social responsibility becomes financially worthwhile • learning experience: community participation, alternative technologies • employee satisfaction
Government, local service authorities	<ul style="list-style-type: none"> • can facilitate enabling environment and local political support 	<ul style="list-style-type: none"> • lack of managerial, and sometimes technical capacity • lack of funds 	<ul style="list-style-type: none"> • strong capacity building element • facilitates access to much-needed funding

local authorities. Throughout WSUP's involvement, strong emphasis is placed on comprehensive training and capacity building to facilitate long-term sustainability of water and sanitation services after handover of any project to local operators.

WSUP recognises the importance of an enabling environment, and the WSUP project process seeks to feed into the development of local regulatory frameworks. Successful utility reform most likely requires regulatory reform, and research has shown how capable service providers directed and supported by economic water sector regulation with the necessary 'pro-poor bias' can achieve results that surpass the dictates of economic growth (Franceys and Gerlach, 2005). However, WSUP deliberately focuses on its core competences in hands-on consultancy and enabling service delivery, recognising that projects will be embedded in wider sector and institutional reforms. Capacity building across the hierarchy of local and national stakeholders in the project locations is expected to stimulate the strengthening of water sector governance that will ensure the success of a project far beyond any direct involvement of WSUP partners.

Effective pro-poor approaches

Demand responsiveness is seen as key to achieving the WSUP vision of sustainable and effective water and sanitation services for the urban poor. The initial phase of any WSUP project is thus dedicated to comprehensive assessments of existing service levels and any deficits, as well as the needs and expectations of the prospective service recipients. WSUP's commitment to treating poor households as prospective customers establishes a customer service culture in which customers are treated with respect but are expected to meet the (financial) obligations arising from their subscription to a household-level service. Too often have interventions in the name of 'development' failed as they did not respond to the expressed demands by the urban poor and their willingness to pay for water (or lack thereof), which may be customarily perceived and treated as 'free'. Likewise, official access statistics are rarely linked with socio-economic data, and comprehensive databases on all access modes, including the various types of alternative provider, are virtually non-existent in most places. This lack of knowledge, compounded by misconceptions about 'the poor', prevails amongst many planners and decision-makers, such that policy targets may exceed what even the most efficient system could be reasonably expected to deliver in the given time frames (Franceys and Gerlach, 2005). Cost recovery, increasingly recognised by governments as essential for the sustainability of the water industry, is central to the WSUP approach. To the urban poor, who are already paying cost-reflective prices to small-scale alternative service providers, this concept reflects simply a fact of everyday life, and they only stand to benefit from the economies of scale formal utility provision can offer. Where it is safe to do so, and with the input and approval of local stakeholders, WSUP is prepared to explore the possibility of compromising on restrictive and expensive 'conventional' technical standards to achieve a 'good enough' solution

matching the economic capabilities of the wide spectrum of low-income households that are misleadingly referred to by the collective term 'the urban poor'. Another part of the WSUP approach is to enable the utility and its agents to innovate on traditional billing and collection mechanisms, such as enabling daily wage earners to pay little, often and locally. In recognition of the importance of regulation as an entry-point for poverty-focused and customer-oriented water services delivery, where appropriate, WSUP expects to assist regulatory agencies in developing expertise in promoting, requiring and monitoring the achievement of universal service provision.

Ongoing work

WSUP is currently working on pilot projects to establish the partnership model as a financially viable and sustainable mode of improved service delivery (see table 2). None of the projects have moved beyond the project feasibility study phase.

The Mirera/Karagita community on the shores of Lake Naivasha in Kenya, for example, has no networked water and sanitation services, relying almost exclusively on private water vendors and basic pit latrines. As a consequence, water-related expenditures amount to 15-20% of household income for most families. Due to phenomenally high growth rates in the area, the local WSUP project expects to serve around 70,000 people on handover to the local authorities. Chronically low service levels in Madagascar's capital Antananarivo – estimated as low as 33% for water supply and 25% for sanitation in the poorer parts of the city – are exacerbated by severe difficulties with drainage of wastewater. 90,000 new users are to benefit from a WSUP partnership which includes a significant environmental sanitation component. A third WSUP project targets slum areas in the fast expanding Indian metropolis, Bangalore. The project is proposing to explore differentiated service and payment arrangements to enhance collection rates and counter the presently abysmal water and sanitation situation. Arguably the most challenging of the three, if the Bangalore initiative proves workable and replicable, it has much to offer to Bangalore's poorest residents living in 362 slums in the city itself and a further 121 slums in the urban periphery.

First lessons and outlook

The WSUP approach is facing the challenge of deep-rooted misconceptions. Private sector participation (PSP), however firmly integrated in a partnership with public sector and civil society representatives and even where reduced to consultancy services, is still controversial, albeit in some locations more so than in others. Distrust in the concept of PSP is fuelled by the high profile failures (such as the contract terminations in Manila, Buenos Aires, Dar es Salaam and Cochabamba, for example) and the disputes over tariff rises, which tend to be directly associated with 'privatisation' in the public imagination. Society and local authorities remain suspicious about the involvement of international private operators amidst concerns to protect the local public

Table 2. Current WSUP pilot projects

Project location	WSUP partners involved	Supported authority	Estimated number of beneficiaries
Bangalore, India	WaterAid, RWE Thames	Government of Karnataka, Bangalore Water Supply and Sewerage Board	70,000
Naivasha, Kenya	WWF, CARE, RWE Thames	Rift Valley Water Services Board/ Naivasha Municipality Council, Naivasha Water Company	50,000 (~15% pa growth)
Antananarivo, Madagascar	WaterAid, CARE, WWF, Halcrow	Commune Urbaine d'Antananarivo, JIRAMA water supply company	90,000

interest from over-riding profit motives. On the local level in particular, private WSUP partners acting as technical consultants may find themselves confronted with reservations, being perceived as profit-seeking companies 'riding on the back of NGO partners'. One of the most important lessons so far is that efforts to counter allegations of 'privatisation through the back door' must be strengthened such that promising opportunities with potential to make a tangible and lasting difference to thousands of poor families can be realised. This explains the long initial phase of forming a durable yet flexible alliance, during which WSUP focused on building trust and mutual understanding, in addition to procuring start-up funds and political support. This process is replicated in-country at the local and community level to strengthen links between the local counterparts.

The realities of a management partnership pose further challenges beyond the conceptual interpretation and practical refinement of the 'WSUP approach'. Whilst WSUP is not exposed to any commercial risk (and individual members not during the project preparation phase), reputational risks need to be carefully managed. This is particularly the case where the essential institutional underpinnings for effective implementation of a pro-poor, but financially viable, project have yet to be created. Institutional inefficiencies exist on various levels, affecting decision-makers and service authorities in the pilot locations, and not eluding local WSUP partners, who equally stand to benefit from capacity building and knowledge-sharing between the sectors. The allocation of critical tasks, such as technical support, community involvement and environmental impact assessment, for instance, amongst the local WSUP partners creates mutual dependencies. Partnership aspirations are undermined if low capacity, lack of in-country presence, or lack of commitment to the project on the part of one or more local partners stall progress and jeopardise the success of the entire project due to the interdependence of its various components. In view of the high expectations amongst beneficiary communities, local administrations and political leaders, any weakness reflects negatively not only on the WSUP alliance, but also on its members individually.

Responding to worldwide service gaps, the WSUP members are active in scoping new potential projects in Mozambique, Zambia and Tanzania. The alliance, currently supported by the UK Department for International Development (DFID) and the German Development Bank (KfW), is attracting interest from a growing circle of prospective

donors, suggesting that the model is recognised as a potential solution to an ever-growing problem. First implementation results are awaited to see if WSUP facilitation can enable the breaking through 'performance ceilings' that exist for utility provision without the support of and access to the skills and experience of a tri-sector partnership. The goal remains to develop a mechanism to ensure that development funding is spent effectively on projects producing sustainable solutions for communities with the greatest needs.

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Note

1. Although WSUP receives financial support from DFID and KfW, the interpretations expressed in this paper are entirely those of the authors, and do not necessarily reflect those of the supporting organisations.

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