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INNOVATION, ADAPTATION AND ENGAGEMENT IN A CHANGING WORLD

**Supplying water to informal neighbourhoods through  
delegated management: the case of Ouagadougou**

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*In Burkina Faso, the national utility for water, ONEA, faced a dilemma a few years ago: how to supply water to the people who needed it the most when they are not living in the formal pattern of the city? Is it possible to find technical and contractual arrangements to deliver a network public service in irregular urban areas, bound to be restructured? The ONEA, backed up by the AFD (the French Development Agency), had to pilot-test an innovative approach in 5 areas in the outskirts of Ouagadougou: constructing a simplified network, providing water in bulk and delegating the daily operation, the customer management and the development of the network (house connections) to private operators. And today, it works!*

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**Supplying informal neighbourhoods with drinking water: a project that works**

The drinking water service has now arrived in these outlying neighbourhoods thanks to the AFD and ONEA who initiated the pilot project; it is not the latter, however, who distributes the water, as it does in other parts of the town: there are five small private operators managing these networks, buying water in bulk from the ONEA through a bulk meter, then selling this water onto users based on the ONEA's usual price list. Inside his service area, the 'delegatee' is therefore totally in command of the commercial operation of the water service:

- network operation (water supply, service improvements, maintenance),
- client management (customer services, revenue collection from the users),
- connection development (promotion, sales and construction of metered connection), with the ONEA ensuring that the specifications established in advance are respected (price level lower or equal to that on the price list, service quality, etc.).

Today, through the delegation of the public service which has thus been established, the Delegates sell around 2,500m<sup>3</sup> of water per day, which equates to a total of over 600 million cubic meters distributed to outlying neighbourhoods since November 2009: more water for more users without the ONEA needing to have opened new agencies.

In addition to the daily provision of water, the lease contract linking each Delegatee to the ONEA and to the neighbourhood commune sets out incentive measures for connections, given in the form of a subsidy for each household connection realized by the Delegatee and then verified by the ONEA. As a result, the latter has been able to limit its role to the initial construction of the networks; their subsequent development being undertaken at lower cost thanks to the Delegates.

**New intervention methods for the ONEA**

Both the particularity of these neighbourhoods (notably in terms of land ownership and the demand from users, then at administrative level) and the high constraints of unstructured areas (irregular public roads and continuing development) drove ONEA to take on several challenges to be able to intervene in this context. It was necessary to develop innovative concepts for both the technologies (adapting usual construction

standards) and client management (impossible to manage so many small consumers profitably using the standards applied in the rest of the town).

### **Informal neighbourhoods: specific expertise for a particular problem**

The success of this innovative means of providing access to water (totally new not only in Burkina Faso, but also in Sub-Saharan Africa) is the result of work that started in 2003. This goes back to the time when Ouagadougou suffered from severe water shortages, prior to the realization of the Ziga dam project. The volumes of water that were to become available as a result of this project not only overcame these shortages but also enabled ONEA to distribute water to new clients who had not previously been supplied. In anticipation of this prospect, the ONEA and the AFD sought to define a project for increasing both the distribution network and the connection rate by household connection, which was particularly low in the Burkinabe capital compared to some of its neighbours.

It was Hydroconseil conducting a marketing study, on behalf of the ONEA and AFD, on new connection potential and users' willingness to pay that marked a turning point in this project under definition. The aerial photo and household survey campaigns carried out in Ouagadougou all led to the same conclusion: it was in the outlying neighbourhoods, 'informal' for the most part, that solvent demand for new household connections was to be found; it was therefore necessary for the project to target these neighbourhoods and not the town as was initially planned.

The outlying neighbourhoods contain around one-third of Ouagadougou's 1.5 million inhabitants, not supplied with water and for some of whom their land occupancy status, supposed to be temporary or in the process of being developed, has lasted for 30 years.

Hydroconseil also made use of its expert knowledge of outlying neighbourhoods in large, developing towns to conduct a complete technical feasibility study, on behalf of the ONEA in 2005, for what would become the 'outlying neighbourhood drinking water supply' project (describing the neighbourhoods' characteristics, putting forward the 5 pilot neighbourhoods to be selected, conducting a technical study of the network, adapting standards to the constraints of informal neighbourhoods, assessing the specific demand, proposing network management methods).

It was also Hydroconseil who, in 2007, carried out a detailed technical study of the planned networks in the 5 pilot neighbourhoods, then monitored and controlled the works; this at the same time as supporting the ONEA in the search for, selection of and contract agreement with those private operators who would become the 5 delegatee managers of these networks (drafting of contracts, developing the RFP, identifying candidates, training, support in reviewing proposals). Meanwhile, Hydroconseil was also lending its expertise to a very similar issue in Maputo, in Mozambique (the construction of secondary networks in disadvantaged neighbourhoods, setting up a delegated management system).

Lastly, on behalf of the ONEA with funding from the Water and Sanitation Program (WSP, the World Bank), Hydroconseil has provided support during Delegatee implementation throughout 2010: helping them understand the contracts, monitoring the operating indicators, setting up client management tools adapted to the delegates, training and identifying lessons learnt.

As part of this support function (which will come to an end in December 2010), Hydroconseil has provided the following services:

- Technical support, set up to be provided in the field as required over the first 6 months, aimed at diagnosing everyday issues, particularly during the start-up phase, and at proposing technical, IT or management solutions not only to the delegates, but also within the ONEA's 'delegation' unit;
- Transfer of competencies to the delegates and ONEA (training seminar for around 30 technicians and managers from ONEA, October 2010, 8 workshops on: defining and monitoring performance indicators, using GIS and GPS technologies to monitor household connections, etc.);
- Identification and understanding of lessons learnt from the pilot project and definition of the framework required for reproducing the project in other neighborhoods of the capital or other towns in Burkina Faso.

### **Delegatees achieving financial stability**

The five delegates selected were all companies from the Burkinabe private sector (between 5 and 30 employees) whose activities ranged from import-exports to engineering consultants to metalwork; the only thing they had in common was that none of them had prior experience of managing a network.

The ONEA itself was also starting from scratch as far as the delegation pilot was concerned, which led the WSP to support the first year of operation through the allocation of support funds to both the delegates and the ONEA. This support aimed not only to maximize the chance of success of these delegations (monitoring indicators, assistance, training), but also to identify the key elements necessary to ensure that this type of management model was successful; there were many national and international observers eagerly anticipating the results of this pilot project.

The initial results, presented during the mid-term status report workshop, were very encouraging: all the delegates had really invested in their new profession, which they considered to have good prospects for the future and, following their tentative first steps, the majority had managed to achieve financial stability and had exceeded the annual performance objectives set out in their contracts. The ONEA was evidently satisfied with the operation as they extended the 3 contracts due to expire in October 2010 for an additional 2 years, thereby reaffirming their confidence in the delegates.

This successful experience has been the subject of many fine adjustments and lesson learning. Now that Hydroconseil's support is over, ONEA is ready to take this to the next steps: identifying other irregular neighborhoods in Ouagadougou and other towns to implement the same arrangement. It will probably require some funding to lay the secondary network extensions, but no public money would be needed for the operation and the connections: delegates would take care of that.

### Timeline

- 2001-2002: definition of the Ziga project.
- 2003: marketing survey to identify the demand for 50,000 additional household connections and 400 standpipes.
- 2004: the first tranche of the Ziga project is put into service.
- 2005: feasibility study for the 'outlying neighborhoods' project.
- 2005-2006: Ouagadougou's distribution capacity progressively increased threefold due to completion of the Ziga project.
- 2007-2009: development of the detailed technical study and controlling the work on the 5 'outlying neighborhood' networks.
- End 2009: assisting in the selection of the delegates, 60 standpipes brought into service.
- 2010: monitoring of the first year of delegatee operation, identifying lessons learnt.
- End 2010: nearly 100,000 new users in informal neighborhoods, of which 800 are households connected to the network, 4 out of 5 delegates have commercially viable operations.

### The 5 neighborhoods

- 100,000 inhabitants in total (estimation at end of 2009)
- 60km of reticulated network (of which 40 is PEHD at shallow depth)
- 60 standpipes
- 0 connections at the start, over 800 at the end of 2010
- 5 ONEA conventions – Delegatee – Commune (3 of 1 year, 2 of 5 years)
- Price paid by delegates to purchase water from ONEA: between 198 and 240 FCFA/m<sup>3</sup> (209 on average).
- 42 l/inhab./d. purchased by delegates (actual volumes sold are unavailable yet).
- From 20 to 120 FCFA/m<sup>3</sup>/user spent by the delegates.
- Sale price identical to the price list in force in the rest of the town.



Figure 1. The 5 pilot neighbourhoods on the outskirts of Ouagadougou

Source: Hydroconseil



Photograph 2. All delegates have computers and manage spreadsheets for billing and customer management



Photograph 3. ACD (one of the 5 delegates) comprises 2 book keepers, 1 meter reader and 1 head of agency

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