

Our water, our waste, our town

Supporting civil society to engage in urban water and sanitation reforms

4

Governance issues and water sector partnerships in reforms

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

Governance issues and water sector partnerships in reforms

Part one: Governance issues

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

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

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

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

institutions of government.

i. Why we're talking about good governance

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

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

ii. Political interference

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

Examples of political interference:

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

Exercise 4.1



Misguided political interference in Lima, Peru?

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

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

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

iii. Policy making

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

iv. Asset ownership and system management

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

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

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

v. Finance

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

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

vi. Regulation

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

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

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

performance indicators for the utilities.

vii. Transparency

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

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

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



Checklist 4.1

Questions CSOs should ask about transparency

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



Checklist 4.2

What CSOs can do to improve transparency

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

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



Checklist 4.2
(continued)

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



Checklist 4.3

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



Checklist 4.3
(continued)

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

Case studies
of improving
transparency

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



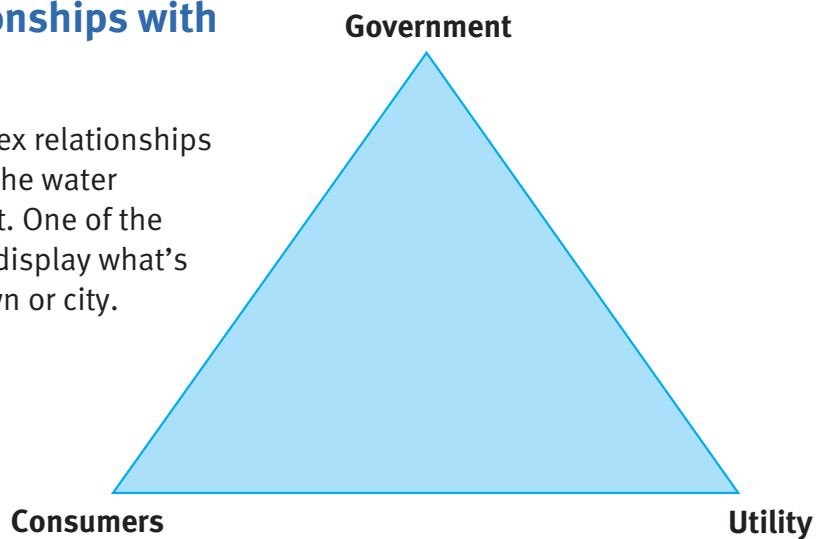
Checklist 4.4

What consumer organisations can do

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

Part two: Relationships with consumers

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



The triangle demonstrates:

The short route to accountability

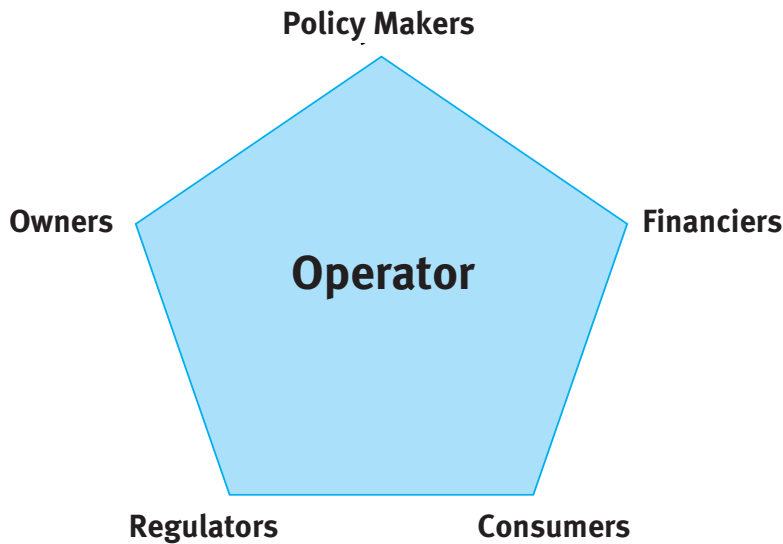
– direct communication between utilities and consumers with water provided in exchange for payment.

The long route to accountability

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

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

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



Questions CSOs can ask about consumers' rights



Checklist 4.5

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

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

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

How to find out answers to the above:

- A** Check utility performance agreements and charters, obtained from the utility
 - A** Contact the regulator
 - A** Contact the water ministry
 - A** Contact the utility
 - A** Check relevant surveys
 - A** Interview customers
 - A** Liaise with consumer organisations
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A tangle of pipes supplies water to unofficial water points in the Korail slum in Dhaka, Bangladesh.

Charlie Bibby/
Financial Times

Consumers have responsibilities too

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

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

Questions CSOs can ask about consumers' behaviour

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



Checklist 4.6



Checklist 4.6 (continued)

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

How to find out answers to the above:

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

What CSOs can do

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



Recap

By now you should...

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

In the next chapter you will...

Understand issues, problems and actions concerning sanitation and sewerage