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# **WATER UTILITIES PARTNERSHIP FOR CAPACITY BUILDING - AFRICA**

## **INSTITUTIONAL DEVELOPMENT OF WATER SUPPLY AND SANITATION UTILITIES**

**PHASE II: 1999 - 2001**

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**WATER UTILITY PARTNERSHIP FOR CAPACITY BUILDING - AFRICA**  
**RENFORCEMENT DES CAPACITES PARTENARIAT EAU & ASSAINISSEMENT - AFRIQUE**

# **WATER UTILITY PARTNERSHIP for CAPACITY BUILDING. AFRICA**

## **PROPOSAL for FUTURE ACTIVITIES**

### **1 - Background**

Cities are expected to grow dramatically in the next decades, in Africa and elsewhere. UN Habitat II in 1996 estimated that over the next two decades, the urban population would more than double, with 1,900 million people expected to be added to the present 1,700 million urban dwellers.

Water supply and sanitation delivery is already deficient, partially due to a lack of funds for investments needed to extend services, partially due to deficient management and operation of existing facilities. WHO and UNICEF reported in 1996 that in 1994, some 36% of African urban inhabitants did not have adequate water supply services, and some 45% had deficient sanitation services. WHO and UNICEF also stated that these figures appear to underestimate the deficiencies, because they neglect to account for the many service disruption and less than adequate quality of service. The problem of urban water supply and sanitation, serious now, will be overwhelming in the near future.

Governments alone are clearly unable to improve the situation significantly without massive help, which can only come from the private sector. Water and sanitation utilities, whether private or public, are clearly the anchor of successful urban development activities. Improving their performance through effective public - private partnerships (PPPs) must be the linchpin of any effort designed to improve water supply and sanitation service delivery and, by extension, of urban development.

In response to the needs of the urban populations in Africa, and in recognition that the key to significant progress rests with the improved performance of service providers, the Union of African Water Suppliers (UAWS/UADE) in 1996 launched the Water Utilities Partnership (WUP) for Africa, with the participation of the International Training Network Centers (ITN) in Africa and the support of the World Bank. The basic idea leading to the creation of WUP is the creation of a partnership between Water Supply and Sanitation Utilities (WSSUs) which will permit the weaker organizations to learn from the more experienced ones, dealing with a similar context, how to organize themselves and become more effective service providers.

WUP is a small organization with a very limited budget. Its main role is that of a catalyst and promoter, with partner organizations undertaking the work and providing financial support. In keeping with this approach, some 80% of WUP's project budgets are contributions in kind. As a consequence, WUP partners have a strong sense of ownership in the products of the efforts in which they participate.

### **2 - Actions needed**

As demonstrated by today's inadequate service levels, increased funding is needed for the investments required to meet present and future demand for services. But even greater is the need to improve the capacity of service providers to operate and maintain facilities properly and to sustain services on a long term basis. Help for this effort to improve service delivery must come primarily from successful service providers which often are part of the private sector.

Competent Water and Sanitation Utilities (WSSUs), whether privately or publicly owned and operated, are important not only for the direct service they provide, they are also the anchor of successful urban social and economic development activities. Improving their performance through effective Public - Private Partnerships (PPPs) must therefore be the linchpin of any effort designed to improve water supply and sanitation service delivery and, by extension, of urban social and economic development.

Special efforts must be made to enable WSSUs to extend and improve service delivery in marginal urban and in peri-urban areas. First and foremost, this requires the WSSUs to acquire skills not normally part of a utility's standard approach: encouraging, promoting and supporting the fullest participation of stakeholders and the community to be served in the decision making process leading to the provision of services (including the choice of service level and method of cost recovery), and to subsequently operating services in partnership with the community. The role of the WSSU may well become that of an advisor to the community or stakeholder organisation which assumes responsibility for operation and maintenance of the installed facilities. Implementation of this approach, already successfully practised in many rural areas, demands from Governments and Donors appropriate policies and, at least initially, financial support, and from WSSUs, decentralised operations and staff capable of working in partnership with Communities and Community Based Organisations (CBOs).

### **3 - Purpose**

In response to the needs of the urban populations in Africa, and in recognition that the key to significant progress rests with the improved performance of service providers, the Union of African Water Suppliers (UAWS/UADE) in 1996 launched the Water Utilities Partnership (WUP) for Africa, with the participation of the International Training Network Centres (ITN) in Africa and the financial support of the World Bank.

The basic idea which led to the creation of WUP is the recognition that well functioning WSSUs are the best role models and providers of help for less experienced WSSUs. The main role of WUP is to create partnerships between Water Supply and Sanitation Utilities (WSSUs) which will permit the weaker organisations to learn from the more experienced ones how to organise themselves and how to become more effective service providers.

The program aims to raising awareness of WSSUs to deal with the integrated water resources management and to give an important concern to environmental issues. The ESA didn't directly help the WSSUs considering them as private sector able to get loans and to act as financial operators.

WUP was created to help improve water and sanitation service delivery in Africa, and so far all activities have been in Africa. Following the formation of the Global Water Partnership (GWP), WUP has participated in the development of the GWP activities. WUP is prepared to expand its activities to other regions, if demand for such an expansion exists, provided such expansion does not interfere with its primary mission in Africa. Initially, WUP is prepared participate in two GWP activities, namely to implement in the African Region:

1. the Development of Performance Evaluation and Benchmarking Criteria; and
2. the Urban Environmental Sanitation Network

Joining efforts makes sense for both organisations because (i): WUP has already begun a collaborative effort with EDI and IWSA to develop performance criteria (Project 2) and has ready access to regional WSSUs; (ii) Urban Environmental Sanitation is an important part of Project 4/5; and (iii) GWP is just initiating efforts directed at a world wide audience but has not yet selected an implementing organisation in Africa. Subsequently, WUP would be able to assist in the institutional development activities of the Water Supply and Sanitation Sector under the umbrella of integrated water resources management more generally.

### **4 - Objectives**

The objectives of the Water Utilities Partnership can be summarised as:

- 4.1 - Improving the performance of water supply and sanitation utilities in Africa in terms of service delivery, cost recovery, operation and maintenance, with special emphasis on service delivery improvements in peri-urban areas and the institutional reforms;
- 4.2 - Fostering collaboration between Water Supply and Sanitation Utilities, Community based and Non Government Organisations and strengthen their capacity to improve service to the urban poor and to raise awareness on environmental issues;

- 4.3 - Create an adequate mechanism and a coherent framework for the collaboration of Water Supply and Sanitation Utilities, International Training Network Centres, the Union of African Water Suppliers, and other training, information and research organisations; and
- 4.4 - Build the capacity of institutions and professionals by making full use of the experience of successful African Water Supply and Sanitation Utilities for the benefit of service providers in Africa and, if requested, assist utilities in other regions initiate similar programmes.

## **5 - Basic Concept**

WUP was conceived and functions as a small organisation with a very limited budget. Its main role is that of a catalyst and promoter, with partner organisations undertaking the work and providing financial support. In keeping with this approach, some 80% of WUP's project budgets have been contributions in kind. As a consequence, WUP partners have a strong sense of ownership in the products of the efforts in which they participate.

This concept will guide WUP activities in the future as well. The budget for the next three years is designed to provide funding for preparatory and activity development work and support functions identified in the work plan or subsequently requested and funded by supporting organisations. Actual technical and institutional assistance will be performed only on demand of and with financial support of requesting implementing and donor organisations. This approach will ensure that activities are based on **effective demand**.

For the long term, the WUP secretariat will begin planning for the sustainability of secretariat and central support functions through fees and charges for services. A first step could be to have 50% of such functions paid from fees at the end of the fifth year from the begin of the FY 1999 work plan, with full recovery to be achieved within another five years. Proposals will be developed by the secretariat during the initial period of Phase II and submitted to the *Steering Committee* for review and approval.

## **6 - Experience to date (Phase I)**

### **6.1 First conclusions.**

The project started about two years ago, so it is still somewhat early to draw definite conclusions. Nevertheless, a few important conclusions are already evident:

1. The concept of using the experience of African WSSUs to assist other African WSSUs has been greeted with enthusiasm;
2. Appropriate experience within the region does exist, although support by ESAs can make efforts more effective;
3. The demand to date shows that there is a real need for the assistance provided by WUP and its partner organisations and that WUP fills a real and urgent need in the region;

**6.2 - Conditions for success**

Experience also shows that a necessary, but not in itself sufficient condition for success, is:

1. A link with a strong professional association committed to the objective of the effort;
2. A "champion" in the country supported by Government commitment;
3. Continued strong support by the ESAs, such as the World Bank, the UNDP/WB water and sanitation program, WHO and others;
4. Continuity of effort until agreed upon objectives (workshop follow-up, study reports, etc.) have been accomplished; and
5. Participation of equally committed Partner Organisations which have specific needed skills to offer.

WUP has had a very successful start. The success is the result of the combination of WUP partners skills and efforts, applied under the necessary conditions described above, which have led to the success achieved so far. Annex 1 lists the workshops held, Annex 2 provides a list of sub-projects implemented as part of the work programme of phase I and Annex 3 lists the WSSUs already involved in the WUP actions.

The programme developed for Phase II on the basis of identified demands will stretch available and projected resources. The immediate objective should now be to consolidate the success, plan for a solid financial foundation, and thereafter consider expansion of WUP activities to assist other regions.

**6.3 - New activities.**

The priority should be to implement those projects developed during the first phase, and add new activities identified as financial resources permit. New activities, in order of priority, include:

1. Establishment of an Institutional Observation and Evaluation Unit
2. Implementation of Virtual University Activities in Africa; and
3. Research and Development Activities identified during the Kampala Workshop

Terms of reference for initiating these activities have been drafted, but work will have to await the identification of financial support. The order of priority shown is not an absolute. For example, there may well be individual research activities which will find a sponsor relatively quickly, and there is no reason not to respond positively to such interests and implement the activities in question before establishing the observation unit or implementing virtual university activities.

## **7 - WORK PROGRAMME FOR PHASE II**

### **7.1 - GENERAL**

The proposed work programme for Phase II consists of extensions of ongoing activities, and of new activities for which a demand has been identified. Activities are discussed under the headings of the projects implemented by WUP as part of Phase I and identified as ongoing or additional activity. They are classified either as long term or short term activities, and listed in the budget as core or project activities.

**7.1.1 - Long term activities** are those which extend for several years and will continue as long as demand for them exist. For example, operating the proposed web site for African WSSUs is a long term activity which begins as a design project (short term) and then continues as a maintenance (long term) activity. Such short term preparatory activities are included in the budget of the long term activity, generally as a first year task.

**7.1.2 - Short term activities** are projects which have a definite target date for completion with no further directly related follow up activities, such as, for example, the development of information and instructional materials for cost recovery and tariff design. In this case, follow-up work would clearly be part of capacity building or operational training and technical assistance, and the design is an independent short term activity with a termination date. Development of the material is part of the core budget because without this initial work, the long term capacity building will either not take place or will be less effective.

### **7.2 - MANAGEMENT**

The management of WUP is a long term activity, of course, but is listed separately for budgetary purposes. It includes not only the administration of WUP activities, but also promotional activities, the identification of sources of funds, the recruitment of WSSUs and consultants capable of providing assistance required, as well as the identification of assistance needs, the monitoring of progress, and the design of specific short term projects and the supervision of their implementation.

### **7.3 - BUDGET.**

**7.3.1 - The Core Budget** activities are those WUP will have to implement whether funding for specific project activities becomes available or not. For example, programme, project and budget preparation, maintaining a data base, activities related to identifying sources of funds, are core functions. For budgetary purposes, short term projects are also included as specific tasks of the core budget. Over time, WUP will attempt to also recover such costs through means of a fee for the services it provides and by undertaking specific tasks, for example the drafting of generic regulatory guidelines or the publication of appropriate examples with commentary, under contract with agencies with an interest in seeing such tasks performed. In the following description of proposed tasks and the budget, estimated amounts are listed under core and project budget lines.

**7.3.2 - The Project Budget** will finance long term activities, such as training, implementation of specific capacity building activities, promotion and implementation of private sector participation. Funds for the project budget will be requested from WSSUs, donors and others with a stake in the success of the activity to ensure that such activities are demand driven and respond to

specific situations. For example, capacity building, such as technical assistance and training provided by one WSSU to another, would be provided at cost by the provider and paid by the recipient from funds obtained as part of external or internal lending or financing arrangements for the improvement of facilities and operations. The assumption is that a lender would consider it in his own interest to have the borrower acquire the skills needed to operate facilities properly and the capacity to repay borrowed funds.

WUP's fiscal year begins on July 1 and ends on June 30 of the following year (e.g. FY 1999 begins on July 1, 1998 and ends on June 30, 1999). All amounts are shown in United States Dollars.

**Budget Estimates** are based on data from activities implemented during Phase I, rather than on detailed estimates of the time and cost of specific activities. Detailed estimates will be prepared once specific activities and interests have been identified and requests for assistance received. The cost of staff and consultant input and of other costs have been similarly based on the experience gained with Phase I activities.



## **8 - PROJECTS.**

### **8.1 - PROJECT 1: INSTITUTIONAL OPTIONS (Long term Activities)**

These activities represent the major effort so far undertaken by WUP. They will continue to be the most important activities, but will be supported by additional initiatives designed to make technical assistance activities more effective, reflecting experience gained and needs identified during WUP's initial operations.

#### **8.1.1 - Workshops on Private Sector Participation Options and their Implementation**

This activity is a continuation of the ongoing project 1. Its costs are expected to be recovered from beneficiaries, and are shown in the auxiliary budget. Promotion and limited support activities which included in the budget of the Secretariat.

#### **8.1.2 - Utility Regulations and Strategy for Africa (new activity added for phase II)**

Private Sector Participation (PSP) in many forms has become the focus of attention for institutional reforms in Africa. In providing assistance for sector reform, WUP has learned, that regulations are either insufficient to support and guide private participation, or often lacking altogether. WUP has also learned that in Africa, public enterprises also need to be regulated if the users are to be provided with adequate services (water and service delivery quality, fair tariffs, etc.) To support both private sector initiatives and improve institutional performance in general, WUP will, in consultation with it's WSSU members, develop and disseminate guidelines for utility regulations and suggest strategies for their implementation as a short term activity and then incorporate them into the PSP seminars and implementation activities.

#### **8.1.3 - Management of Asset holding Companies**

A very effective and popular option for PSP adopted by participating WSSUs as a result of WUP Project 1 activities is the creation of an autonomous but local government owned company which owns the water and sanitation assets previously operated by the local government, with management and operation of facilities contracted to private sector organisations under various arrangements. Asset owning non-operating authorities are new in most African countries, and there is therefore a need to provide information and training in "managing" such companies (essentially, how to contract and supervise private entrepreneurs). This also is a short term activity, with the products to be incorporated into the PSP seminars and implementation activities.

**8.1.4 - Participation in the Virtual University Initiative (new activity added for phase II)**

Some of the skills needed in the sector, for example those of future regulators, will probably not justify the establishment of permanent courses at local universities and learning institutions, because the number of professionals required would be too small to justify such a permanent effort. WUP will investigate and pilot the possibility of using the concept of a virtual university administered by local universities or institutions, for the training of professional required in limited numbers.

	Project 1					
	FY 1999		FY 2000		FY 2001	
	Total	Salaries & Fees	Total	Salaries & Fees	Total	Salaries & Fees
Core Budget	200,000	120,000	50,000	30,000	50,000	30,000
Project Budget	400,000	250,000	600,000	400,000	600,000	400,000

**8.2 - PROJECT 2 : PERFORMANCE INDICATORS & BENCHMARKING**  
(Short term Activity)

Regular and systematic performance evaluation is important for the clients of WSSUs because they are monopolistic enterprises and market forces therefore do not play the customary role of determining success or failure. The consumer of services has no choice but to use the WSSUs' service, no matter how inadequate, because there is no alternative available. Well managed WSSUs use their own internal performance criteria to ensure that their services remain efficient. Where regulatory agencies exist, they also develop criteria to evaluate a utility's performance, and to protect the consumers interest by ensuring service delivery quality, the protection of public health, and fair pricing.

To assist African WSSUs, WUP initiated work on a project to establish performance criteria. During the Abidjan and Kampala workshops, it was agreed to co-ordinate activities with ongoing IWSA efforts to develop performance criteria for its member organisations. Initially, the criteria to be selected were intended to measure the performance of the utilities, both for internal use, and as comparative indicators to assess performance in comparison with other utilities in the same region or country. These criteria are able to indicate how well the service provider is performing financially and technically, but they do not measure the impact the service has on the user.

As a result of discussion during the Abidjan and Kampala workshops, IWSA and WUP decided to expand their activities to include the development of ex-post evaluation criteria to measure the impact of projects several (5 or 10) years after project completion. These criteria are intended to measure the benefits of improved service delivery rather than the effectiveness of project completion or system management, because ultimately the success of investments has to be judged on how well the desired benefits have been achieved. That knowledge, in turn, will permit the reformulation of approaches, if necessary, to better achieve long term sustainable benefits.

On an other hand it was agreed to assess the quality of the service and the service to the poor in the same project.

In December of 1997, the **Global Water Partnership (GWP)** also decided to include utility performance and benchmarking amongst its priority activities for the water supply and sanitation sector. WUP has offered to undertake this work for the GWP as a continuation of its work on the establishment of performance criteria, in an effort to avoid duplication of efforts.

In anticipation of proceeding with a joint effort, i.e. performing the necessary work in Africa, WUP conducted a workshop in Casablanca from February 20-21, 1998, to initiate the first steps in capacity building for the data collection. Fifteen utilities participated and were provided with information about a similar effort by the Asian Development Bank which led to the publication of the "Second Water Utilities Data Book - Asian and Pacific Region". WUP has also already had consultations with HABITAT and expects it to become a partner in the data collection effort. Similarly, WUP expects to collaborate with the World Bank on initiating benchmarking amongst the African Region's utilities.

Project 2						
	FY 1999		FY 2000		FY 2001	
	Total	Salaries & Fees	Total	Salaries & Fees	Total	Salaries & Fees
Core Budget	150,000	120,000	100,000	80,000	---	---
Project Budget	---	---	---	---	---	---

### 8.3 - PROJECT 3 : WATER UTILITIES' MANAGEMENT

#### 8.3.1 - Improving Utilities management, Operation and Maintenance and Reduction of Unaccounted for Water (Long term Activities)

These activities are extensions of ongoing activities designed to improve WSSUs performance in WSSUs management, the operation and maintenance of assets, and the reduction of unaccounted for water (administrative and physical leaks). Work in both activities will be based on demand, and financing is expected to be provided by the beneficiaries and their financiers.

The TOR of the project have been finalised during Abidjan workshop, February 1997 and the project is ready to start as soon as funding will be provided. The estimated funding requirement is listed in the project budget.

#### 8.3.2 - Identification of best Practices (Short term Activity)

With WUP activities expanding, more and more information about African Utility Practices becomes available. To ensure that all potential beneficiaries benefit from this information, WUP will conduct a systematic data collection, analysis and dissemination effort, including the publication of news letters, technical advisory notes and other publications, either alone or in co-operation with other organisations, such as UADE and IWSA. The emphasis will be on the production and dissemination of practical guidance and suggestions for use by WSSUs in their daily operations. This is a short term activity (core budget), the results of which will be incorporated into the ongoing project 3 activities financed through the project budget. Some tasks, such as the publication of newsletters, will be financed as part of the core budget and eventually assigned to the IOEU.

**8.3.3 - Cost Recovery (Short term Activity)**

Demand Management. Up to the recent past, water supply and sanitation service delivery has been very much supply driven. Designers of systems generally assumed that demand existed for whatever level of service could be delivered. The result is the failure of service providers to expand service delivery to low income consumers. Evidence suggests that presently unserved potential consumers do have significant capacity to pay for services and are willing to do so, provided the service level reflects their preferences and ability to pay.

This willingness to pay for services, but at specific levels of service and price, permits WSSUs more rational investment planning and, in particular, to find a better match between water supply and sanitation services and investments. Better co-ordination of water supply and sanitation facilities is important not only for the protection of human health and physical well being, but also for the financial health of the service provider and the community being served, because high levels of water consumption require expensive waterborne sewer systems usually unaffordable to low income communities.

These actions, together with water conservation and recycling, will ensure that services will be financially and environmentally sustainable.

The proposed activity is designed to assess the applicability to local African conditions of the considerable work on demand management already done internationally and to provide guidance and training in the practical use of effective demand determination by WSSUs. Use of the products of this short term activity will be part of the long term efforts of project 1.

**8.3.4 - Tariffs and Pricing (Short term Activity)**

Tariffs and Pricing, i.e. the method of charging and collecting funds for services provided, are important for the sustainability of the service. Whatever the method of collection, the income produced must be adequate to finance operation and maintenance, pay debts and generate a surplus as a contribution for future investment. In addition, the price of water must reflect the economic cost of water to ensure the correct allocation of resources, and finally, the price must be seen as socially equitable if the service provider is to enjoy the popular support necessary for consumers to pay bills and contributions.

There are many options for the design of tariffs and methods of payment and collection, but to be successful, they must reflect local conditions and enjoy popular support. WUP will develop guidelines for the design of tariffs and collection methods reflecting African customs and traditions and assist member utilities in their implementation through training and technical assistance. After an initial period of development, this activity also will become part of project long term activities.

Project 3						
	FY 1999		FY 2000		FY 2001	
	Total	Salaries and Fees	Total	Salaries and Fees	Total	Salaries and Fees
Core Budget	200,000	160,000	150,000	110,000	100,000	80,000
Auxiliary Budget	450,000	300,000	600,000	450,000	600,000	450,000

#### 8.4 - PROJECT 4/5: STRENGTHENING WSSUs CAPACITY IN ENVIRONMENT, HYGIENE EDUCATION AND SERVICE TO THE LOW INCOME CONSUMER (Long term Activity)

One of the major problems in the provision of water supply and sanitation services has been the inability of service providers to extend services into informal settlements and peri-urban areas. It is now recognised, that the conventional approach of highly centralised technology driven institutions and systems is beyond the ability of the consumer in those areas to sustain or maintain, indeed beyond the capacity of the centralised institutions to operate successfully.

Extension into these areas requires an approach which is based on community participation in the selection of technologies and operating arrangements to ensure long term sustainability. Traditional institutions generally do not have the capacity to work with communities or community based organisations, regardless of whether they are privately or government owned. It is therefore necessary to make a major attempt to develop approaches, methods, and skills at all levels (planners, operators, community) to enable service providers and communities to jointly succeed in extending services to those not yet served.

The original proposals for projects 4 and 5, which dealt with some of these issues, were reviewed by participants in the Kampala workshop and extensively revised and combined into a single project. The new combined project, for which a proposal is attached as Annex "C", is designed to develop guidelines and training materials, test them in pilot projects, and then produce appropriate training materials for use by WSSUs to train their staff in the planning and implementation of projects designed to improve access to water supply and sanitation by low income users. The project will emphasise **decentralisation of institutional arrangements, the participation of communities and community based organisations, and the participation of the private sector (micro and small enterprises and private financing, possibly using the Grameen Bank model).**

This is a short term activity during the present budgetary period which will begin long term dissemination and training efforts in the third year and then continue in response to demand.

Project 4/5						
	FY 1999		FY 2000		FY 2001	
	Total	Salaries & Fees	Total	Salaries & Fees	Total	Salaries & Fees
Core Budget	200,000	120,000	250,000	150,000	100,000	50,000
Auxiliary Budget	----	----	----	----	350,000	200,000

#### 8.5 - PROJECT 6 : INFORMATION AND COMMUNICATIONS (Long term Activity)

8.5.1 - Institutional Observation and Evaluation Unit (new activity added to phase ii)

The activities during the first two years of WUP's existence revealed that there is relatively little "cross-fertilisation" of ideas and practices across the continent, across sub-regions, or even within countries. Good practices of one WSSU are not known outside the organisation, indeed may not be recognised as being worthy of special attention within the organisation. Similarly, ineffective

practices may continue simply because no one recognises them as ineffective in the absence of knowledge about better methods.

A small Institutional Observation and Evaluation Unit (IOEU) consisting of a “librarian” and necessary report would collect WSSU performance data and experiences, evaluate and disseminate them to encourage replication of good practices by others. The unit would pay particular attention to the need to inform decision makers of the need to establish adequate regulatory practices to ensure that private sector participation in water supply and sanitation results in benefits to all, including low income consumers.

A brief description of the objectives and tasks of the unit prepared on the basis of deliberations by participants of the Kampala workshop, and terms of reference for the initial planning work for the unit, are attached as Annex “B” to this report. Preliminary estimates anticipate expenditures in the following amounts for staff, support and consultancies:

During the first year, the unit would be organised and a study conducted to determine how the unit could become self-sustaining through fees for its services. The first and second year will include extensive training and dissemination activities (marketing) to familiarise prospective customers with the services of the unit, and the benefits of participation. Services would be free during the first two years. It is anticipated that beginning with the fourth year, the IOEU would become self sustaining (a hundred WSSUs paying \$ 1,500 per year would cover costs).

WUP plans to participate in with the Water Supply and Sanitation Collaborative Council’s Working Group on Institutional and Management Options when the group begins to implement their activities. The working group plans to undertake a review of existing practices, and thereafter to produce documentation and implement a dissemination program to enable utility managers to stay informed and learn from experience with institutional reforms in the water and sanitation sector. The IOEU will be WUP’s counterpart to the working group.

**8.5.2 - WWW Home Page**

This activity involves the design and setting up of a internet home page accessible to all WSSUs. The objective is to provide WSSUs with access to information collected by WUP and to provide a forum for the exchange of ideas and data. During the initial three year period beginning with FY 1999 activities, WUP would actively promote use of the home page through seminars and other training opportunities and provide free access. Subsequently, use of the site would be by subscription. The IOEU would assume responsibility for maintaining the home page, would support a network for the exchange of information as part of the home page, and would ensure that contributions would be evaluated so that information disseminated would indeed be “best practice”.

Project 6						
	FY 1999		FY 2000		FY 2001	
	Total	Salaries and Fees	Total	Salaries and Fees	Total	Salaries and Fees
Core Budget	400,000	300,000	300,000	200,000	100,000	60,000
Auxiliary Budget	----	----	----	----	100,000	60,000

**8.6 - RESEARCH & DEVELOPMENT (New short term Activities added to Phase II)**

There are many applied research and development topics which would have potential beneficial impacts on the operations of the water supply and sanitation sector in Africa. Some of these will explore new ways of providing service, develop technologies and making institutions work more effectively. Others will involve adaptations to African conditions of techniques, methods and systems successfully used elsewhere. The participants in Kampala selected the following topics for consideration by WUP:

8.6.1 - Conditions for Effective WSSU Operations

8.6.2 - Criteria for Selecting Options for Private Sector Participation

8.6.3 - Measuring the Impact of WSSU Reforms

8.6.4 - Effective Service Delivery in Informal Settlements and Peri-Urban Areas

8.6.5 - Conservation and Efficiency in Water Use and Reuse

Applied Research and Development						
	FY 1999		FY 2000		FY 2001	
	Total	Salaries & Fees	Total	Salaries & Fees	Total	Salaries & Fees
Core Budget	50,000		50,000		50,000	
Auxiliary Budget	----		150,000		150,000	

**8.7 - MANAGEMENT OF THE WATER UTILITY PARTNERSHIP**

The management of WUP includes all development and implementing functions related to the short and long term activities already described. In particular, it includes the identification of sources of funds to finance the continuous long term activities listed in the auxiliary budget. The auxiliary budgets presents notional amounts, and actual needs for finance may well be substantially greater. However, activities will only be implemented if there is a real demand, as demonstrated by the beneficiary (or his financier) to pay actual costs. WUP management will restrict its financial support to initial contacts, promotional and organisational activities.

The items of the WUP management budget include:

- Secretariat Staff ( 1 Director, 1 technical staff, one assistant to the director, one secretary); project staff located at secretariat is funded form project funds
- Office (for staff, IOEU unit and web site administrator; staff)
- Travel and subsistence for secretariat staff
- Management Support (consultants) to assist in WUP management and promotional tasks
- Revolving fund for consultants assisting in development, project design and promotional tasks, with expenditures to be refunded when long term activities from these tasks are being funded and implemented.

WUP Management						
	FY 1999		FY 2000		FY 2001	
	Total	Salaries and Fees	Total	Salaries and Fees	Total	Salaries and Fees
Core Budget	450,000	250,000	400,000	220,000	400,000	250,000
Auxiliary Budget	----	----	----	----	----	----

## 9 - SUMMARY BUDGET

The estimated budget for all activities and the management of WUP is shown on table 4 below

Table 2 Phase II Budget (in US Dollars)

	FY 1999		FY 2000		FY 2001		TOTAL	
	Core	Project	Core	Project	Core	Project	Core	Project
Project 1	200,000	400,000	50,000	600,000	50,000	600,000	300,000	1,600,000
Project 2	150,000	---	100,000	---	---	---	250,000	---
Project 3	200,000	450,000	150,000	600,000	100,000	600,000	450,000	1,650,000
Project 4/5	200,000	---	250,000	---	100,000	350,000	550,000	350,000
Project 6	400,000	---	300,000	---	100,000	100,000	800,000	100,000
Research	50,000	---	50,000	150,000	50,000	150,000	150,000	300,000
Manag't	450,000	---	400,000	---	400,000	---	1,250,000	---
TOTAL	1,650,000	850,000	1,300,000	1,350,000	800,000	1,800,000	3,750,000	4,000,000

The total amount required for all of the planned activities amounts to US \$ 7.75 million, or between \$ 2. 5 and \$ 2.65 per year, of which the core budget represents \$ 3.75 million and the project budget \$ 4.00 million. The project budget has been conservatively estimated. A greater demand than can be met with this project budget has already been identified, but it is not clear at this point whether funds will become available for all the WSSUs who would like to benefit from the programme. Expansion will likely take place, but all project budget activities will be demand driven and based on the availability of funds. WUP will, of course, assist WSSUs in identifying sources of funds.

Management and administration represents only US \$ 1.25 million for the three year period, or 16% of the total project budget. A considerable proportion of that budget will be devoted to promotional and fund raising activities. Most of the core budget of \$ 2.50 million, will be devoted to developmental activities, including some applied research. All these activities have been designed to strengthen WUP's basic mission, **improving WSSUs' performance in the Region.** They will provide essential tools and information for WUP's work with WSSUs. The first priority is therefore to fund the core budget, and then obtains financing for the project budget on an project by project basis.



The proposed budget represents a small decrease from the budget for the fiscal years 1996 to 1998 which had total expenditures of US \$ 8.459 million. The administrative budget for those years amounted to US \$ 1.407 million, compared to the proposed US \$ 1.25 million for Phase II.

No funds have been allocated to the possible expansion of WUP activities to other regions. The reason is simple: any WUP activity for the benefit of other regions needs to be sponsored (financed) by organisations of the that region or it's supporters. The director of WUP will be able to participate in preliminary discussion of such efforts funded by his promotional budget, but substantive inputs are not provided for in the budget. WUP assumes that such cross-regional efforts would be provided under the GWP umbrella and funded independently.

## ANNEX 1

## WORKSHOPS HELD BY WUP DURING PHASE I

Event or Topic	Date and Partners	Venue
UAWS, 8 <sup>th</sup> Congress	February 16-20, 1996; UAWS	Douala, Cameroon
Institutional Options and Private Sector Participation	July 8-11, 1996; EDI/WB	Johannesburg, South Africa
National Seminar on Water Sector Reform	September 17, 1996; CFD Paris	Yaounde, Cameroon
International Conference of ITN Centres	November 1996; TREND	Accra, Ghana
Performance Indicators Working Group Meeting	January 8 - 10, 1997; WHO	Abidjan, Cote d'Ivoire
WSSUs Management and Unaccounted for Water Performance Indicators Workshop	February 17-18, 1997; AQUANET, WHO February 19-20, 1997; UNDP/WB, HABITAT	Abidjan, Cote d'Ivoire
WUP Steering Committee National Seminar on Water Supply Sector Management	March 1997 March 1997; Government of Togo	Cotonou, Benin Lome, Togo
Training on Leak Detection and Control	March 31-April 11, 1997 ONEP, NANCIEAU	Rabat, Morocco
National Water Sector Reform Seminar, Niger	June 11-13, 1997; Government of Niger	Niamey, Niger
National Conference on the Water Sector, Nigeria	June 16-19, 1997	Abuja, Nigeria
IWSA-ESAR Council Meeting & Coordination of WUP Action	June 26-29, 1997	Blantyre, Malawi
WUP Steering Committee Workshop on Micro-Enterprise	July, 1997 September 22-25, 1997; ENDA, SIE - Montreal	Dakar, Senegal Dakar, Senegal
National Conference on Water Sector Reform, Zambia	October 6-10, 1997; Government of Zambia	Lusaka, Zambia
ITN Conference	December 2-5, 1997	Pretoria, South Africa
International Conference on Partnership for Cities	December 8-10, 1997; HABITAT, UNDP	Cape Town, South Africa
9 <sup>th</sup> UAWS Congress	February 16-20, 1998; UAWS.	Casablanca, Morocco
WUP Steering Committee Workshop on Performance Indicators	February 18, 1998 February 20-21, 1998; IWSA, WB, WHO.	Casablanca, Morocco Casablanca, Morocco
Workshop on PSP design and implementation	February 20-21, 1998; EDI, WB	Casablanca, Morocco

**ANNEX 2****LIST OF INITIAL WUP PROJECTS**

<b>No</b>	<b>Title</b>
1	Institutional Options for Water Supply and Sanitation Sector
2	Regulations and Control
3	Strengthening the Private Sector in African Water Supply
4	Investment Planning
5	Human Resource Development
6	Performance Indicators
7	Water Supply and Sanitation Utility Management
8	Financial Evaluation of Water Supply and Sanitation Utilities
9	Leak Detection and Control
10	Water Treatment Plant Operation and Maintenance
11	Improving Treatment Plant Capacity
12	Methods and best Practice for Urban Low Income Areas
13	Collaboration between Formal and Informal Sectors
14	Strengthening the Informal Sector in Periurban Areas by Water Supply and Sanitation Utilities
15	Strengthening the Capacity of Public Health and Hygiene Education
16	Water Supply and Sanitation Technologies in Periurban Areas

**WUP.**

**Annex 3.**

**WATER UTILITIES & AFRICAN ORGANISATIONS INVOLVED  
IN THE WUP PROGRAM.**

- 1. Angola :**  
EPAL - Empresa Provincial de Aguas de Luanda
- 2. Benin :**  
SBEE - Société Béninoise d'Electricité et d'Eau
- 3. Botswana :**  
WUC - Water Utility Corporation
- 4. Burkina Faso:**  
ONEA - Office National de l'Eau et de l'Assainissement  
EIER - Ecole Inter Etats d'Ingénieurs de l'Equipement Rural  
ETSHER - Ecole Inter Etats de Techniciens Supérieurs de l'Hydraulique et  
de l'Equipement Rural  
CREPA - Centre Régional pour l'Eau et l'Assainissement
- 5. Burundi :**  
REGIDESO - Régie de Production et de Distribution d'Eau et d'Electricité
- 6. Cameroon :**  
SNEC - Société Nationale des Eaux du Cameroon
- 7. Chad:**  
STEE - Société Tchadienne d'Eau et d'Electricité
- 8. Congo :**  
SNDE - Société Nationale de Distribution d'Eau
- 9. Congo : ( République Démocratique) :**  
REGIDESO - Régie de Distribution d'Eau
- 10. Côte d'Ivoire :**  
SODECI - Société de Distribution d'Eau de la Côte d'Ivoire
- 11. Djibouti :**  
ONED - Office National des Eaux de Djibouti
- 12. Ethiopia :**  
AAWSA - Addis Ababa Water and Sewerage Authority
- 13. Gabon :**  
SEEG - Société d'Energie et d'Eau du Gabon

- 14. Gambia :**  
UHC - Utilities Holding Corporation
- 15. Ghana :**  
GWSC - Ghana Water & Sewerage Corporation  
TREND - Training Research & Networking for Development. Kumassi
- 16. Guinea :**  
SEEG - Société d'Exploitation des Eaux de Guinée  
SONEG - Société Nationale des Eaux de Guinée
- 17. Guinée Bissau :**  
EAGB - Electricidad & Agua de Guinea Bissau
- 18. Kenya :**  
Nairobi City Council - Water & Sewerage Department  
National Water Conservation & Pipeline Corporation  
NETWAS
- 19. Lesotho :**  
WASA - Water and Sewerage Authority
- 20. Liberia :**  
LWSC - Liberia Water and Sewerage Corporation
- 21. Madagascar :**  
JIRAMA - Jiro Sy Rano Malagasy (Malagasy Electricity & Water Corporation)
- 22. Malawi :**  
Blantyre Water Board  
Lilongwe Water Board
- 23. Mali :**  
EDM - Energie du Mali
- 24. Mauritania :**  
SONELEC - Société Nationale d'Eau et d'Electricité
- 25. Mauritius :**  
Central Water Authority
- 26. Morocco :**  
ONEP - Office National de l'Eau Potable  
RED - Régie Intercommunale d'eau et d'électricité. Rabat-Salé
- 27. Mozambique :**  
ADM- Empresa de Abastecimento de Agua de Maputo
- 28. Namibia :**  
City of Windhoek, Department of the city Engineer - Water Services
- 29. Niger :**  
SNE - Société Nationale des Eaux

