United Nations Human Settlements Programme (UN-HABITAT)
URBAN GOVERNANCE BRANCH

PART I

THE REVIEW OF EXISTING CONCEPTS OF WATER GOVERNANCE AND AN ANALYSIS OF PRO-POOR APPROACHES IN UNHABITAT'S INTERVENTIONS

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LIST OF ACRONYMS/ABBREVIATIONS

ADB - Asian Development Bank

AIDS - Acquired Immune Deficiency Syndrome

BCID – Bradford Centre for International Development

DAC - Development Assistance Committee (of the OECD)

DFID – Department for International Development

GWA – Gender and Water Alliance

GWP – Global Water Partnership

GMSI – Gender Mainstreaming Strategy Initiative

GPT - Governance Performance Tool

IDRC – International Development Research Centre

IDT –

IADB – Inter American Development Bank

IWRM – Integrated water Resource Management

LDC - Least developed countries

MDGs - Millennium Development Goals - A set of eight international development goals for 2015, adopted by the international community in the UN Millennium Declaration in September 2000, and endorsed by IMF, World Bank and OECD.

ODA – Official Development Assistance

NGO - Non-governmental organisation

OECD - Organisation for Economic Co-operation and Development

PGA – Programme of action

PPWG - Pro-poor water governance

PPUWSG - Pro-poor urban water and sanitation governance

Poverty Reduction Strategies - Poverty Reduction Strategies - prepared by developing country governments in collaboration with the World Bank and International Monetary Fund as well as civil society and development partners. These documents describe the country's macroeconomic, structural and social policies and programmes to promote growth and reduce poverty, as well as associated external financing needs and major sources of financing.

PRSP - Poverty Reduction Strategy Paper

SUF - Slum Upgrading Facility

SIDA -

SSPs - Small-scale Providers

SSIPs – Small-scale Independent Providers

UN – United Nations

UNICEF –

UFW - Un-accounted for water

UNDP - United Nations Development Programme

UNHABITAT - United Nations Human Settlements Programme

WAC - Water for African Cities or Water for Asian Cities

WATSAN - Water and Sanitation

WORLD BANK - The term World Bank is commonly used to refer to the International Bank for Reconstruction and Development and the International Development Association. Three other agencies are also part of the World Bank, the International Finance Corporation, the Multilateral Investment Guarantee Agency and the International Centre for Settlement of Investment Disputes. Together these organizations are referred to as the World Bank Group.

WHO – World Health Organization

WSS - Water supply and sanitation

WSSD - World Summit on Sustainable Development

WUP - Water Utility Partnership

WWDR - World Water Development Report

EXECUTIVE SUMMARY

Through its mandates, global programmes and country interventions, UNHABITAT recognizes that lack of access to safe drinking water and adequate sanitation as one of the world's greatest humanitarian, social and developmental challenge affecting the most vulnerable group – the poor.

The purpose of this extensive review (Part I) is to provide the basis for defining a pro-poor water and sanitation governance framework and the necessary tools for facilitating improvement in the operational activities of UNHABITAT in ensuring adequate water supply and sanitation services to the urban poor. Part I therefore provides an understanding of the needs and approaches and identifies the strategic parameters for governance in the delivery of water and sanitation services to the urban poor.

The review is, therefore, an attempt to explain why the water and sanitation governance framework needs to be pro-poor, and acknowledges that in order to meet the critical challenges underlying the MDGs for water and sanitation, it is essential to understand why most countries lag behind in the first place by exploring the following issues: inadequacy of political will at all levels of government, (from national to local); limited scope of governance approaches for implementing this goal, including inadequacy of legal frameworks to poor management structures both at utilities and regulatory levels; inappropriate participation of stakeholders; the apparent shortage of financial resources to meet the goals and lack of adequate provision for resolving WSS needs and interests conflicts.

The proposed pro-poor urban water and sanitation governance framework (Part II) is based on global reviews of existing definitions and concepts of WSS governance and heavily draws from UNHABITAT's programmes, projects and concepts, and is aimed to be as operationally feasible as much as possible. The main principles of this framework are: Pro-poor Legislation and policies; Pro-poor Institutional arrangements; Innovative financing/investment mechanisms; and Pro-poor technical arrangements. Cross cutting issues that facilitate the implementation of the framework have been addressed to

support the mentioned core components, i.e. Mapping; tool development; Negotiation and Conflict resolution mechanisms; Monitoring; evaluation; and embedding gender into the four main components mentioned above, and in the design, planning, implementation and management of interventions.

This report concludes that, in order for any PPUWSG to work effectively, cross-cutting obstacles including the role of the policies, and institutional and regulatory arrangements that are beyond the WSS sector need to be taken into consideration in the wider framework of poverty reduction.

1.0 Introduction

The urban poor are generally regarded as a *'vulnerable'* group, often plagued by problems related to insecurity of land tenure, crowded conditions, lack of access to adequate basic services, environmental hazards, and who frequently live under unsafe environments. Globally, most of the poor people are still found in Asia, although this region has at the same time witnessed the sharpest reductions of poverty. Extreme poverty is however growing in Africa, mainly due to the effects of HIV/AIDS, as well as the existing inefficient policies and the prevalence of conflicts.[1]

The population of the un-served poor differs from city to city with the characteristics and determinants of the urban poor being much more complex than the rural poor; the latter being able to access off-farm employment or land, while the former are faced with a multiplicity of factors mainly those affecting their access into labour markets or basic services and amenities. For instance, the great majority of the urban poor in Mexico live in overcrowded conditions in precarious dwellings (made of poor quality materials or waste materials) that lack basic services and urban infrastructure (such as potable water, sewers and paved streets). In the poor areas of Mexico City, the average amount of water provided per capita is less than 50 liters per day. In residential areas, in contrast, the figure is close to 500 liters per day.[2]

One of the factors contributing to the vulnerability of the urban poor is *marginalization*, which occurs at different levels: exclusion in policies, lack of involvement in decision-making processes and inadequate service provision. While the persistent marginalization and exclusion of the urban poor can often be traced to the *formal and informal processes by which economic opportunities and public goods and services are presented or allocated,* these processes reflect the relationships between poor households and communities and formal social, economic and political organizations, including city level government agencies and NGOs.

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[1] Poverty is understood to be a condition where people are deprived of the freedom to decide over their own lives and shape their future. Lack of power and choice and lack of material resources form the essence of poverty. See, SIDA, 2002. *Perspectives on poverty.* Available at http://www.sida.se

[2] Schteingart, Martha, "The environmental problems associated with urban development in Mexico City" in Environment and Urbanization, Vol. 1, no.1, April, England, 1989.

The situation of the poor groups is also partly shaped by a range of informal *institutional arrangements* that impact on the ability of low-income and vulnerable urban dwellers to secure or enhance their well-being. These informal institutional arrangements – understood here as *rule-enforcing mechanisms*, include: customs; norms and values; religious beliefs and social and; solidarity networks. These structures govern the poor's access to employment, commodity markets, land and housing, services, personal security in the home, as well as wider social support.

At the level of *service provision*, the urban poor are the group that most suffers from the declining performance of utilities who provide basic services such as water and sanitation; for instance, during shortages, rationing of water affects the poor most adversely as their storage facilities are either non-existent or inadequate. At the same time, despite the popular belief that the poor cannot pay for water, there is increasing evidence that the poor do pay, and often pay more than the better-off consumers: for instance, paying for water from vendors at high cost, bribing water officials, paying fees for access to illegal connections to slum landlords, or queuing for long hours at public water sources.[3]

As a result of the urban poor's demand for WSS services which are normally not provided for by formal utilities, small scale providers account for up to 70% of WSS service provision in most developing countries; the services are of poor quality and tariffs are normally higher than formal utilities, given that there are no legal, institutional and regulatory frameworks defining the activities, roles and responsibilities of the independent service providers, particularly those operating within informal settlements.[4]

At the level of national governments, one of the most direct influences city governments have on the scale and nature of poverty is in what they do or do not do in regard to

[3] WSP, 2004. *New Designs for Water and Sanitation Transactions: Making private participation work for the poor.* Available at http://www.wsp.org/publications/global_newdesigns.pdf
[4] WSP, 2004. Ibid.

provision for water, sanitation, drainage, solid waste collection and health care and in supporting housing construction and improvement. While most nations have undergone some form of *decentralisation* that has affected urban governments, in Cebu, Philippines and Ahmedabad, India, this has given the city authorities more scope for improving infrastructure and service provision it is *still common for the power and control over funding for most infrastructure investment, to be retained by higher levels of government*, as is evident for Bangalore, Santiago and Mombasa.[5] One reason for this is to keep power and resources in the hands of the political party in power at national or state level. It should not, therefore, be necessarily assumed that the introduction of elected municipal governments and mayors ensures more effective infrastructure and service provision, especially - as in Mombasa, Kenya - where higher levels inhibit the development of effective urban government.

The potential contribution of city and municipal authorities to poverty reduction is often under-estimated, as discussions of poverty reduction usually focus on inadequate incomes or consumption, and on the role of national government and international agencies in addressing this. Yet within the multiple deprivations associated with poverty, city and municipal authorities usually have considerable scope to address: unsafe, insufficient, inconvenient and often expensive water unsafe or inaccessible (and often expensive) sanitation lack of solid waste collection lack of health care. Inevitably, the quality and extent of housing, infrastructure and service provision is influenced by local power structures, including the extent to which low income groups can influence *local government policies* and *resource allocations*, and by the relationships between local government and higher levels of government.

The provision of clean drinking water, sanitation and stormwater disposal has evidently become a major challenge for the urban centres of the developing world. This review addresses the many issues of urban water and sanitation governance and attempts to develop a pro-poor urban water and sanitation framework (PPUWSG), and works from the premise that despite the fact that there is no agreed standard definition of the

[5] See ADB report, 2004. *'Local governance and pro-poor service delivery'*. Available at: http://www.adb.org/Governance/Pro_poor/Urban_case/PDF/ten_cities.pdf

concepts of governance, (water governance, pro-poor water governance etc), it is now widely accepted that with regard to WSS governance is much more than the formal institutions of government as it includes a whole range of actors within civil society, such as community-based or grass-roots organisations, NGOs, trade unions, religious organisations and businesses, both formal and informal, alongside the various branches of government and governmental agencies, both national and local.

The next section (1.1.) provides an overview of the issues that account for the need to develop a PPUWSG. Section 2.0 offers examples of existing definitions and concepts of water governance, identifying the inherent gaps within them. Section 3.0. gives a regional snapshot of the WSS issues and challenges facing Africa, Asia, Latin America and the Caribbean using available statistics and refers to actual case studies. In section 4.0., UNHABITAT's current programmes and the concepts on water governance are evaluated including the strengths and weaknesses of the approaches employed. Some examples of donor and development agencies' pro-poor water and sanitation policies for the poor are given under section 5.0. The emerging typologies of pro-poor governance principles gathered from the reviews from the discussions from sections 1.0. - 5.0 are presented under section 6.0. Section 7.0. is the proposed PPUWSG framework, which has been prepared as a separate document. General conclusions at the end of the report (section 8.0.) highlight the strengths and possible challenges with implementing the proposed framework.

The framework is intended to be focused on operationalizing pro-poor governance approaches and to enable the existing relevant concepts to be included in the operations of the UNHABITAT's projects and programmes.

1.1. Why pro-poor URBAN water and sanitation governance (PPUWSG)?

In many parts of the globe emphasis on water is increasing as a crucial resource for economic advance; the quest is to understand the limiting factors impeding its sustainable development.[6] Most 21st century water forums have therefore focused water

[6] See, International American Development Bank (IADB). Water Governance in Latin America and the Caribbean. At http://www.idbdocs.iadb.org.wsdocs. Visited on 02/07/06

and poverty as one of the major themes for discussions and have noted that the number of urban residents without adequate water and sanitation services is increasing rapidly and many settlements, which were traditionally classed as rural, are now showing increasingly urban characteristics.[7]

There is a global recognition that urban poor groups in low-income areas are hardest-hit by WSS problems; more specifically, it is noted that urban sanitation services lag behind those of water, both in available infrastructure for service provision and in national budgets allocated towards the realization of the same. Many poor people also face problems with water security: being vulnerable to disasters and as victims of conflicts over water resources.

The majority of those without adequate water services live in Asia, while Sub-Saharan Africa has the highest proportion of people without water. Other countries like China face a water resources crisis of multiple dimensions throughout the country: the fundamental issues for China are not only technical, but concern the institutions and management instruments (and possibly their solution depends more on political understanding and political will, rather than just funding).

The role of governance in improving the lot of poor people, is succinctly captured in the following statement by the director of Britain's overseas aid agency, the Department for International Development:

"There is an array of evidence that suggests that poor people are less able to avoid the adverse consequences of poor governance and therefore bear a disproportionate share of the ill effects of systems and structures of governance that do not reflect their interests... There is ... a very strong case, supported both by anecdotal and by more rigorous analytical work, that leads to the conclusion that there should be a concern to improve governance."[8]

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[7] It is almost universally agreed that any settlement having more than 20,000 peple is urban. However, many countries consider areas of less than this number as urban as well. The criteria that most countries use in defining 'urban' includes: population size, population density, social and economic factors. See, International Journal of water resources Development: Water Management for Large Cities. Volume 22 No. 2 June 2006. pp185.

[8] Cornell, Stephen and Joseph P. Kalt, *Reloading the Dice: Improving the Chances for Economic Development on American Indian Reservations*, Harvard Project on American Indian Development, John F.

Other reasons explaining the focus of this study on improving WSS services to the urban poor include the issues discussed below: demographic changes; the need to widen the governance scope; monitoring the attainment of MDGs; addressing accountability issues and increasing financing and investment facilities for serving the poor.

1.1.1. Demographic changes

According to the UN World Water Development Report 2 (WWDR II)[9], the present global population is around 6.4 billion and growing at some 70 million per year, mostly in low-income countries. It is further projected that by 2030 the population growth will be at 8.1 billion, and 8.9 by 2050 particularly in low-income countries. The bulk of this population growth in developing countries, over the next two decades, will be concentrated in urban areas; by 2020, 50 percent of the developing world's population will be urban, most will live in small and medium-sized towns, and many will be low-income households.[10]

In Sub-Saharan Africa, by 2015, urbanization will have progressed from about 32% today to about 45%, hence the urban population will have grown from the current level of about 215 million to about 400 million. Rapid urban growth means that more than half of the additional services must be in urban areas, despite the higher current levels of coverage.

We need to note that the rapid urbanization process presents both challenges as well as opportunities and therefore the fact that cities grow is not necessarily negative; if growth takes place too rapidly however, a number of problems are created if the process is not managed properly for all its inhabitants. For instance, infrastructure cannot be developed rapidly enough to supply the new people moving into the urban areas with water, sanitation, transport, electricity etc. Given these rapid demographic changes, the challenge is therefore to provide the *basic infrastructure* required by nearly 2 billion

Kennedy School of Government, Harvard University, March 1992.

[9] UNESCO/UN Water, 2006. The World Water Development Report 2. Water, A shared Responsibility. See, http://www.unesco.org/water/wwap.

[10] Cross,P. and Morel A.WSP-AF, Nairobi. Pro-poor strategies for urban water and sanitation services delivery in Africa.

people in urban areas in the developing world, while at the same time reducing the proportion of people without access to water supply and sanitation services. Improving water supply and sanitation provision to the urban poor, therefore, remains an urgent priority since incremental improvements in water supply and sanitation can have major positive impacts on health, efficiency and productivity.

A major problem for major urban centres thus stems from the fact that the rates of urbanization have generally far exceeded the capacities of the national and the local governments to soundly plan and manage the demographic transition processes efficiently, equitably and sustainably.[11] For WSS, the poor comprise the majority of potential new customers in most urbanizing cities, utilities might need to have the *skills, knowledge and will* to adequately respond to this demand and to design services with the particular needs of low-income customers in mind. In addition to the great demand for constructing new infrastructure, there will also be a need for substantive *investments* in capacity building, operations and maintenance.

1.1.2. Widening the governance scope

In many countries, effective laws/regulations and regulatory frameworks are in place, but actual WSS provision and the water sector in general remain very poor. Most references to decision-making processes on governance, and in particular water governance, tends to allocate existing problems as exclusively being due to the institutional arrangements and the participation of stakeholders. However, in reality, there are also underlying political processes that are as much about economical and social power as are institutional problems.

Studies have confirmed that the way in which societies govern their water resources has profound *impact on settlements, livelihoods and environmental sustainability*. The present water crises are in fact largely problems of governance rather than just a problem of applying the correct technical management criteria to water sources and their quality[12], yet governance has traditionally received less attention compared to technical issues.

[11] International Journal of Water Resources Development: Water Management for Large Cities. Volume 22 No. 2 June 2006. pp185.

[12] UNESCO/UN Water, 2006. Ibid

Pro-poor governance is clearly a contributory factor in explaining why more than a billion people in the world lack safe drinking water and nearly three billion people live without access to adequate sanitation.

The complex and dynamic process of water governance, therefore, calls for an analysis which is adaptive, is highlighted in the WWDR II report: the 'conventional water planning remains rigid and the challenge remains to develop adaptive governance frameworks and institutions...' and 'the most appropriate solutions may be those that emphasize, both the importance of enabling processes and frameworks that can be applied to resolve issues in situations of economic or other constraints and in contexts of change'.[13] It has also been pointed out in this report that, most water governance problems are generated by the structure and relationship between socio-economic groups (including local communities and indigenous peoples, socio-cultural perceptions (including incentives to sustainable use) and development expectations.

This suggests that on a wider scale (particularly in the local and ecosystem/basin level), proposed approaches to water governance would perhaps have to make provision for economic instruments and conservation financing instruments in a highly adaptive manner to address the needs of the different socio-economic groups.

A framework is needed within which to examine the interaction between politics, laws, regulations, institutions, civil society, water service providers and the consumer-voter.[14]

1.1.3. Monitoring the attainment of the Millennium Development Goals (MDGs)

In order to meet the MDGS related to water and sanitation, it is necessary to examine and/or establish the means through which approaches to water and sanitation access and provision can be made to work for the poor and the most disadvantaged levels of society by linking the MDG1 ('Eradicate extreme poverty and hunger') with: target 10 ('Halve, by 2015, the proportion of people without sustainable access to safe drinking water and sanitation'); the Johannesburg Plan of Implementation adopted at the World

[13] UNESCO/UN Water, 2006. Ibid.
[14] IADB,2002.

Summit on Sustainable Development (WSSD)'s new target (reducing by half the proportion of people who do not have access to basic sanitation by 2015); and the commitment for all nations to produce plans for integrated water resources management by 2005.

A recent DFID study on the MDG for water supply and sanitation[15] analyzed key elements of governance in 12 countries in Sub-Saharan Africa and Asia. Though preliminary and qualitative in nature, the study found strong evidence that those countries with the strongest governance frameworks also tended to be the most likely to achieve the MDGs for water supply and sanitation.

For WSS, though there is a general international consensus that improved governance is a necessary condition of achieving integrated water management in the context of the MDGs, there is an identified lack of understanding about the measures required to secure pro-poor water governance. It may be important therefore, to explore the reasons why most of the urban poor have to rely on more costly and lower quality WSS alternatives instead of more affordable and sustainable conventional means.

It can therefore be noted that the achievement of many of the MDG goals is dependent upon the effective delivery of services at the local level, and it is primarily at the local level that citizens can meaningfully hold their leaders accountable for fulfilling these goals. This is particularly true for the poorest populations.

1.1.4. Strengthening the existing weak water and sanitation utilities

In most developing countries globally, the legitimacy of poor country governments seems questionable since water governance institutions are weak and mismanaged.[16] In spite of the efforts and change in policies with regard to water access, allocation, development and management, the question still stands: how does water governance work for, and help improve the water and sanitation services for the poor? Country

[15] ERM DFID study: Meeting the MDGs – what will it take? April 2005.
[16] Merlee S. Grindle. *Good Governance: Poverty Reduction and reform in Developing Countries*. Kennedy School of Government Havard University, November 2002.

sector reforms have been implemented in many areas; but newly-formed utilities are yet to fully optimize services to the poor.

Water utilities in many developing countries are predominantly in the public sector although private sector involvement is being considered in one form or other in some parts of the world. For utilities in most parts of Africa, Asia and Latin America, water supply and sanitation services delivery to the urban poor is clearly a key strategic challenge - the operations and maintenance (which utilities have different concepts of) mainly of the existing water supply and waste water treatment systems, as well as the construction of new ones, are often hampered by lack of (sufficient) funds. It is also seen as key to the long-term survival of utilities confronted with the prospect of playing a more marginal role in sprawling and dysfunctional cities. The Kampala Statement, published in February 2001 during the WUP conference in Kampala, and endorsed by 317 delegates from 38 African countries, including six ministers, captured this well: "a well-performing and financially sound utility is an absolute necessity, but an insufficient condition for serving the urban poor".

Although extending basic services to the urban poor has for a long time been considered a peripheral issue for utilities; it is now being increasingly recognized as a strategic goal by planners and policy makers. For instance, the on-going sectoral reform processes have brought the issue of services to the poor into sharp focus, although most developing countries in Africa and other developing countries do not have the necessary governance frameworks necessary for enhancing business partnerships between main utilities and the small-scale providers.

WSS services to informal settlements in urban centres is a huge challenge to service providers as nearly all levels of governments have generally given lower priority to these areas. In addition urban planners believe that adequate cost recovery for the provision of services are not possible, since they are inhabited by poor. A recent assessment on the WSS situation in Nairobi's informal settlements indicates that

conflicts between utilities and small scale independent providers of water and sanitation is rife due to lack of appropriate governance structures for the operations of the latter.[17]

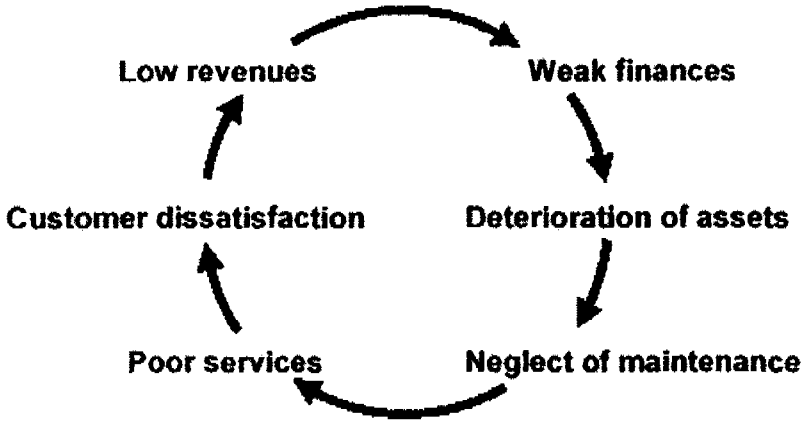

Figure 1: The stagnation cycle of WSS utilities in Africa

Source: World Bank (2005)

The stagnation cycle (Figure 1 above) highlights the challenges facing many water and sanitation utilities, operating in urban areas, in extending and maintaining adequate and sustainable services to all poor groups including those who live in low-income and unplanned settlements. It emphasizes the fact that utilities are critical for WSS service provision in urban Africa and services to the poor must become a central component of their business strategy.

The extensive use of public taps in most urban has been understood as one of the good indicators of poor management practices: The better managed utilities in places like Asia, (e.g. in Bangkok, Kuala Lumpur or Singapore) do not have public taps because they already have 100% coverage. This means that public taps often indicate lower levels of service, as well as higher water wastages. In addition utilities cannot recover revenue from such taps, and city authorities are reluctant to subsidize them directly from city taxes.[18]

[17] Osinde, 2006. *An Assessment of the activities of small-scale providers of water and sanitation in Nairobi's informal settlements.* (WSP-AF commissioned study).

[18] International Journal of Water Resources Development: Water Management for Large Cities. Volume 22 No. 2 June 2006. pp197.

The economic situation of most utilities of major urban centres and small towns is thus compounded by inadequate pricing and inefficient billing and bill collection systems. As indicated in an ADB review (ADB, 2003) of Asian urban cities, less than 50% of the connections are metered properly and the cost of reading, billing and maintaining meters is often significantly higher than the total amount collected from the consumers.

Experience from a number countries shows that, it is possible to significantly improve services to low-income urban areas through innovation in management and financing mechanisms and by building on community and private sector initiatives. However, many utilities do not know how to do this, and neither understand the pitfalls nor the obstacles.

1.1.5. *Improving local government Institutional accountability*

Local government institutions (e.g. water ministries and its sub-branches) i.e. the conventional political and administrative institutions, (which are for the most part the organizing principles of water management in most countries) are intended to be one of the levels of water governance which facilitates accountability and democratic control. The assumption is that the local government has existing institutions and mechanisms in place for ensuring and regulating service delivery.

There are challenges that this level of governance (i.e. at the local authorities level) faces however - most developing countries, which typically have a strong society but a weak state, suffer the risk of mismanagement and financial bad practice. This underlies the reasons behind what most definitions discussed earlier have advocated for in their proposals for effective water governance, i.e. the need for openness and transparency of water governing structures and institutions.

In this regard, it has been noted that in most developing countries the state takes the function of developing the essential infrastructure for development, and this form of

(water) resource governance has shifted towards society-steered approaches in search of accountability and coherence to overcome corruption.[19] Rogers and Hall have advocated a combined effort - commitment from government, and various groups in civil society, particularly at local/community levels as well as the private sector in ensuring pro-poor water governance.

1.1.6. Global concern for human rights

Because lack of *power and choice* often makes it difficult for the poor to obtain adequate material resources, the democratic or human rights aspect of poverty interacts with the material dimension. As such, the human-rights approach emphasizes the inclusion of all people, even the poor and the poorest.

As articulated in the 'Human Development Report 2000', what the human rights approach can add and has already added to human development work is a focus not just on overall development outcomes, but on the processes by which such outcomes are achieved; not merely the achievement of national development goals, but the achievement of human development at the individual level.

A human rights approach has also integrated the achievement of political and civil rights and democratic freedoms such as participation into the development dialogue. Furthermore, by introducing the language of entitlement to certain development goals, it has allowed the apportionment of responsibility and accountability when human rights are not fulfilled. *Accountability* has become one of the defining elements of good governance, among both countries and donors. Based as it is upon the individual, the human rights approach has focused attention upon marginalized groups such as the poorest, thus increasing the importance of governance at the local level, because it is here that the poor have the greatest hope of participating, and of holding their governments accountable for the fulfillment of these rights.

[19] According to Rogers and Hall, governments are too often caught up in contradictory roles , being at once the provider of services and the guaranteed source of accountability for the same services. In the wake of weak and or sometimes absent local governments, society have no legal base.

1.1.7. The need to intensify a pro-poor focus at the local level

In both new and existing democracies, there often exists entrenched systems of power and privilege, both at the national and at the local level. However, as emphasized in the 'Human Development Report 2003'[20], "there is nothing automatically pro-poor about decentralization." At the local level, decentralization without appropriate controls can further exacerbate the problems faced by the very poor, as local governance processes may be captured by local elite to their own advantage. This is particularly true where the poor may be a national majority, but a powerless minority at many local levels. Their needs may be further neglected when power is devolved away from the centre, where some of their rights may be safeguarded, to the local level where their rights may be neglected.

For WSS provision, it appears that most national governments have failed to delegate adequate powers and resources to local governments and groups and hence there is a lack of capacity to make WSS for the urban poor work effectively. The tendency is for national governments to separate policy and related decision-making processes from the implementation processes, which poses a huge challenge to any effective water governance structure.

1.1.8. Responding to urban conflicts over water in low-income settlements

Urban conflicts related to water often arise when there are *power relations that control and limit access to water* by the inhabitants of squatter settlements; that is, when urban leaders and local power groups hold control of water and impose their personal interests upon those of the collectivity.

In both cases, conflicts emerge because there is an *institutional vacuum* caused by the state's lack of participation in urban water management. In low-income squatter settlements, there is normally no *legal framework, nor institutions to regulate access to water and the provision* of this service. This situation allows certain actors to exercise a kind of independent power over water, as the only law is the one they impose upon the rest of

[20] UNDP, 'Human Development Report 2003', pp. 140.

the population. As a result, violence becomes a way of resolving differences. There is little possibility for dialogue or negotiation because no *social regulations* exist, or those that do exist are constantly transgressed.[21] The ever-increasing competition for water affects the poor most, and scarcity at local levels causes conflict within households and between the different groups of users.

1.1.9. Addressing the challenge of leveraging financing/investment

A core challenge facing the WSS sector is financing. The current trend is to promote 'leveraging' of additional finance into the sector by looking beyond sector-wide national budget allocations, traditional grants and sovereign loans. This includes the development and growth of domestic capital markets, support for domestic private sector entrepreneurs, use of different types of finance (including equity, guarantees, and commercially-based debt). Still, the potential for leveraging is often limited, due to constraints relating to legal and regulatory banking frameworks, governance of the financial sector, and capacity within the sector to manage and expand business using different products and services.

In order to create an enabling environment necessary for reforms of both the financial sector within countries, and the business environment for domestic, private entrepreneurs to operate efforts towards establishing frameworks that can promote the leveraging of pro-poor financing/investments are necessary. Depending on the country, and the structure of its PRSP, it might make sense to focus on core governance issues – including institutional arrangements, legal and regulatory functions, and monitoring and evaluation – before focusing on specific water sector or financial reforms.

1.2.0. Lack of emphasis on overall sanitation

Sanitation is one of the most important interventions in improving the human condition. Yet many agencies neglect hygiene and sanitation because they are not included in agency mandates. There have been cases where the implementing agency has

[21] Osinde, 2005. *Integrating Conflicting Resolution Approaches in water governance institutions and structures. A case study of Kenya and Tanzania.* Unpublished MA dissertation submitted to the department of Peace Studies, University of Bradford, UK. March 2005.

appropriate staff or structures for one component but not the sanitation element. It is recognized that delivering the new sanitation target requires considerable political will, together with significant technical, financial and human resources. Improved sanitation provision is therefore a key component of development and poverty reduction and has major benefits to the urban poor.

Box 1: Demand-responsive approaches to sanitation

Past experiences by development agencies have indicated that the main problems in achieving sustainable sanitation projects were an over-reliance on supply-driven approaches, neglect of user requirements and an emphasis on large scale projects. Agencies found that for projects to be sustainable, there was a critical need to focus on the demand for sanitation at the household level. Additionally projects needed community involvement, especially by women. However, the demand-responsive approach may be constrained by poor people not having enough purchasing power to gain access to improved sanitation. Similarly, sanitation suppliers may not be able to meet demand.

Marketing sanitation

Selling sanitation on its health benefits alone has been largely ineffective, although sanitation can be marketed like any other consumer good. Social marketing of sanitation could increase the demand for sanitation by advertising it as a home improvement that provides security, convenience, privacy, lack of smell and flies, and improved social status. However, there has been limited research into the effectiveness of marketing in increasing demand.

Source: Postnote December 2002 Number 190 *Access to sanitation in developing countries* Page 4. Available at: www.parliament.uk/post/home.htm

It is clear that the pace of sanitation implementation is set not by administrative ability to provide facilities but by consumer demand so that it rarely matches the progress of other measures.

On the basis of the above analysis, it is evident that provision of clean water and adequate sanitation services to all residents of urban areas, particularly the poor, is complex and therefore a major challenge of the 21st century. There is a need for accelerated efforts towards, improved financing mechanisms; capacities and resources of utilities; improved infrastructure development for improved water quality; strong and adequate political will and efficient legal, institutional and regulatory structures. Greater focus should be placed on adequate sanitation services covering both basic sanitation and wider hygiene sanitation.

It appears that most fundamental impact of urbanization will be in low-income countries, posing enormous challenges particularly with regard to infrastructure and services. Efforts towards a reduction of the number of urban poor people with inadequate water supply and sanitation services is a clear challenge many of the existing arrangements of WSS services. The various roles of political, economic, financial, institutional and governance questions therefore bear great significance to the achievement of the water and sanitation MDGs.

The main reason for focusing on urban WSS, therefore, is the fact that inadequate water and sanitation remains the most critical and widespread poverty-related problem in low-income urban settlements (UN-HABITAT, 2003).

Section 2.0. below makes reviews the different general concepts and definitions of water governance and highlights the common principles underlying them and to provide the basis for discussing urban water and sanitation governance.

2.0. Defining Water Governance

The emergence of governance can be traced at the country level to a disgruntlement with the state-dominated models for economic and social development that were prevalent throughout the socialist bloc and most of the third world countries in the 1950s, 1960s, and 1970s. From about 1990 to 1999, the word 'governance' has progressed from obscurity to widespread use with diverse views as to what governance means, sometimes even being used as a synonym for 'government'.[22] Despite the fact that its appearance in discussions about social organization is a recent development, 'governance' is therefore not a new word. See Box 2 below:

[22] A *World Conference on Governance* in Manila in June 1999 attracted over 850 participants from countries around the world. A study on the incidence of articles on governance in development literature identified that while at the start of the current decade, the subject received little attention; during the latter years of the 90s there has been almost geometric growth in articles on this topic. Unpublished literature review by Dr. Jay Gonzalez at National University of Singapore, 1999.

Box 2: Origins of "governance" In 1999, an international symposium of about 20 academics and government officials traced the roots of governance back to the 17th or 18th century in English, and collected definitions from different sources which illustrated the progressive widening of its meaning. The group's rapporteur noted, *"The changed role of government and the changed environment in which it has to discharge its role have brought governance into common usage as a process for which the word 'government' is no longer sufficient."*
Source: Corkery, Joan, "Introductory Report", in Governance: Concepts and Applications, Corkery, Joan (ed.), with IIAS Working Group, International Institute for Administrative Studies, (Brussels, 1999), p.12.

The quote referred to in Box 2 above makes reference to two important references, which will feature in most of the text of this review: 'government' and 'governance'. Making a distinction between the two is significant at this stage to avoid confusion, which could otherwise have serious practical consequences (for instance, it may affect not only the definition of a problem, but also the analysis about how to resolve it).

2.1. The Difference between 'government' and 'governance'

'Governance opens new intellectual space... it provides a concept that allows us to discuss the role of government in coping with public issues and the contribution that other players make. It opens one's mind to the possibility that groups in society other than government (e.g. communities of the voluntary sector) may have to play a stronger role in addressing problems.' (Institute of Governance, Ottawa CANADA: Principles of good governance in the 21st century. POLICY BRIEF NO. 15.)

Government

'Government' as representation: *Representation* is inevitable in large societies and is more often than not inevitably imperfect too.[23] This capacity involves government to play a central public role of being responsible for:

- *setting the overall policies and laws* for developing and managing resources[24]

[23] *Restructuring the Relationship, Part One*, Canadian Communications Group, Ottawa, 1996, p.115.
[24] *Resources* will be referring to the water and other related *infrastructure* (infrastructure being the means by which water is conveyed from the resource to users, and returned, often at lower quality, to the resource base) needed to meet the demand of users. The factors that need to be considered when assessing resources are the potential impacts of short or long term land use and/or climate change and the potential impacts on water quality of agricultural intensification, demographic change and industrialisation. Given that access to or use of water resources may be regulated, assessment of water resources needs also to take account of water policy and the institutions that have responsibility for managing and regulating use of water resources (including their capacity and effectiveness). See also WHiRL working paper No. 10.

- *establishing both regulatory and management frameworks and institutions* which will correctly implement these policies and water regulations and which will *accommodate all the stakeholders* – from both the public and private sectors;
- developing *necessary cooperation* at all levels of water users and providing basic services to society.

Representatives rather than citizens direct the activities of governments and sometimes depending on how this is done, there is a gap between the former and the latter. For effective implementation of the national and local governments policies and laws, governments cannot operate in isolation, hence, the inclusion of all actors in the development and formulation of the policies and regulations that lead to effective water management and use is essential.

It is important to note that because the government sets the overall laws and regulations, most people wrongfully assume that the responsibility of governing the different sectoral resources is or should be done through *government governance,* which comprises *management, control, supervision and accountability.*[25] However, managing resources engages diverse stakeholders at different levels, and therefore both decision-making on allocation and regulation of the resource goes beyond government governance since government is just but one of several societal players. Interest in public issues (for example resources and public services) is not confined to government but involves other actors.[26]

With regard to water, we must note the state's important role in defining property rights and the laws (i.e. the responsibilities of policing to protect productive assets) and the challenging issues with this aspect of the government's role, i.e. the extent to which the

[25] The design and operation of governance is important at various levels, from government minister to implementing organizations. Central government is concerned with policy objectives set by parliament. The minister is responsible and also accountable for achieving these objectives. The essence of sound governance, from the perspective of the ministerial responsibility, is that there are enough safeguards enabling the minister to bear ministerial responsibility. Human society always has governance. Private organizations such as corporations and clubs have management, rules, and financial administration similar in function to those of government. The difference is that private governance is voluntary, while state-based government is coercively imposed on the people within some jurisdiction.

[26] The list of other actors also includes civil society—sometimes referred to as the non-profit sector—encompassing voluntary agencies and non-governmental organizations (NGOs); the media; business organizations; religious organizations; and sometimes the military.

processes of publicization and devolution of water rights serve segments of a population, or its entirety including all members. For instance, if water resources are managed excessively through private markets or managed by public authorities, will the poor, isolated and socially un-mobilized groups maintain access to water proportional to their numbers or needs?

Governance

'Governance' is a more inclusive term, which goes beyond the functions of government and "embraces the relationship between society and its government"[27]. Governance concerns itself with how governments and other societal organizations *interact*, how they *relate* to citizens, and how *decisions* are made in an increasingly complex world.

The focus of governance is, therefore, the *human and institutional resource capacities for the sustainable development and management* of water resources and management systems. This is achieved through the inclusion of: decision-makers, managers and users of the resource, who share an interest and sometimes a role in addressing public issues in a socially acceptable manner. The idea of governance makes it easier to have discussions about how communities or other social actors can take action in collaboration with, or perhaps independently of, established government structures to address issues of concern to citizens.

The concept of understanding governance (when differentiating it from government) as taking decisions about direction,[28] does not provide the framework with details of who steers the decisions for the societies; some observers have expressed concern that this formulation has objectionable connotations of top-down direction. Defining governance as an art of steering societies can also be seen as a wrong assumption that governance is a straightforward process, akin to the task of the steersman in a boat.

As Joan Cockery points out, governance is neither simple nor neat—by its nature it may be messy, tentative, unpredictable and fluid because it involves multiple actors. One

[27] Rogers, P. and Hall, A.W. 2003. *Effective water Governance*.

[28] Corkery, Joan, "Introductory Report", in *Governance: Concepts and Applications*, Corkery, Joan (ed.), with IIAS Working Group, International Institute for Administrative Studies, (Brussels, 1999), p.12.

definition of governance that captures the difference between 'government' and 'governance' is one proposed by Louise Fréchette, Deputy Secretary General of the United Nations:

"Governance is the process through which ... institutions, businesses and citizens' groups articulate their interests, exercise their rights and obligations and mediate their differences."[29]

In this definition, 'government' is thought of as an institution, while 'governance' is seen as the process, and this is perhaps where the fundamental difference between the two terms lies. It is therefore important to note that governance is not synonymous with government; but is instead a complex process which considers, inter alia, multi-level participation, beyond the state, where decision-making includes not only public institutions, but also private sector, non-governmental organisations, and the society in general.

2.2. Analysis of existing definitions of water governance

Governance is generally understood to refer to how decisions are made, who participates in decision making, and how to participate.[30] More specific to this assignment, concern over water governance is due to perceived crises in existing water management that has failed to provide water for poor people, resolve conflict, and protect environmental and human health. Improved understanding of water governance will therefore reveal how societies develop and change water management practices over time although there is yet no one standard definition of water governance. As hinted earlier in Joan Cockery's point above, water governance cannot be captured in a simple definition. It is however important to refer to some of the existing definitions of water governance and identify the commonly accepted attributes of an effective water governance structure.

a) International Development Research Centre (*IDRC*) *definition*

'Water governance is trans-disciplinary field, which explores how water management policies and

[29] This was quoted in a Speech to the 'World Conference on Governance', Manila, May 31, 1999.
[30] UNHABITAT, 2003. Concept Paper

practices are formed and changed over time.... It involves the processes that encourage people to actively participate in designing, planning, managing and implementing water management activities while fostering communities' ability to innovate and adapt to changing circumstances'.[31]

According to IDRC water governance is as much about the art of social change as it is about the science of hydrology, and underscore the whole idea of conceptualizing water governance within the specific needs of a given region, city and/or sub-city. The attributes of water governance that IDRC espouses in this definition are hinged on the fact to be effective, water governance should: encourage *participation* in the processes for deciding how water is used; promote *innovation* and learning among stakeholders and foster *adaptation* to changes in water availability.

It is suggested in this approach that three elements will contribute to effectiveness of water governance regimes, i.e.: *policies* that enable participatory water management; *capacity* to engage in the policy process and the *ability* to negotiate among stakeholders.

b) The Global water Partnership (GWP)

'Water governance refers to the range of political, social, economic and administrative systems that are in place to develop and manage water resources, and the delivery of water services, at different levels of society"[32]

In this definition, the GWP provides a set of principles that that could necessitate effective application of water policies and subsequent sustainable development. GWP clearly states the different levels of systems available, and provides an appropriate starting point from which to consider many difficult issues of water policy and related development issues. However one of the criticisms of the this definition by GWP advanced in the United Nations World Water Development Report, is that considering that the water governance notion is used differently and its implication is evolving with

[31] Bruce Currie-Alder, Lorra Thompson and Rocio Bustamante Draft 13 Apr 2006.

[32] Global Water Partnership, 2003. Effective water Governance: Learning from Dialogues. Report presented to the World Water Forum, Japan, March 2003.pp.16

ethical implications and political dimensions still under debate[33] the definition should include the following focus:

"... questions of financial and administrative efficiency... broader political concerns related to democracy, human rights and participatory processes...relationship between the political-administrative and ecological systems...management, operation and maintenance of infrastructure and service."[34]

c) Rogers and Hall's definition

Rogers and Hall[35] have pointed out that, in its manner, governance is intensely political: It acknowledges the fact that power exists inside and outside the formal authority and institutions of government and because of the ever increasing demand for accountability and transparency, effective water governance should therefore be in place both in the public and in the private water sector. From this perspective, governance is all about the way in which power is exercised: who has influence, who decides, and how decision-makers are held accountable i.e. a network of inter-related activities through which societies or communities articulate their interests and reach decisions. The goal of governance here is to *create safeguards* enabling the objectives to be achieved, in view of management's responsibility in this respect and hence *establishing an 'enabling environment'*.

Some general *'principles of effective water governance'*[36] that have been identified by Rogers and Hall and which are underpinned in most water governance frameworks include structures that are: open and transparent; inclusive and communicative; coherent and integrative; equitable and ethical.

The emphasis on performance and operation as provided for in Rogers and Hall's definition, is on processes being accountable, efficient, responsive and sustainable. One

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[33] The United Nations World Water Development Report. *Water for People Water For Life*. World water Assessment Programme. 2003. pp 371-372.
[34] See, The United Nations World Water Development Report. *Water for People Water For Life*. World Water Assessment Programme. 2003. pp 371-372.
[35] Rogers, P. and Hall, A.W. 2003. Ibid.
[36] Rogers and Hall, 2003. Ibid.

of the basic and common tenets of effective water governance highlighted in this discussion, is *creating an enabling environment* which facilitates efficiency through different the sectoral levels and which articulates the involvement of different stakeholders, including the poor and other disadvantaged members of the community.[37]

Specific areas (highlighted by Rogers and Hall) that are of interest in current water resource discussions/forums that influence the effectiveness of water governance systems include: the role of information and consultation networks; the role legal instruments - formal and informal institutions; the relationship between structures of law and government and the space for action by individuals and groups on an informal and flexible basis.

One of the approaches suggested by Rogers and Hall[38] regarding the formulation of effective water governance structures is the fact that it should have:

a) the *ability to design* public policies and institutional frameworks that are socially acceptable and able to mobilize social resources in support of them;
b) the central focus being the *internal governance* (with politics as the main driving force) in relation to the functions, balances and structures that govern the water resource and its service delivery;
c) the *framing of social agreements* on property rights and the structure to administer and enforce (i.e. the law); and
d) the role of *external governance* (influence from civil society and 'current' government).

This is also line with what has been advanced in *Debating Governance*[39] on the need to search for new forms of pursuing collective action that enables coordination of social systems, considering that the capacity of the state to reflect that collective action has

[37] Rogers and Hall, 2003. Ibid.
[38] Central to effective water governance is the need for combined commitment of government and various groups in civil society especially at community levels as well as the private sector. See, Rogers, P. and Hall, A., *Effective Water Governance*. Global Water Partnership Technical Committee (TEC). The Background Papers No. 7. pp. 16-17.
[39] Good governance generally ensures the transparent use of public funds, encourages growth of the private sector, promotes effective delivery of public services and helps to establish the rule of law, it is still not quite clear how the tools that are suggested in most studies and/or frameworks and their indicators, actually work for the poor. See, Pierre, 2000. *Debating Governance*.

been reduced due to globalization, internationalization, decentralization, and the development of other cohesive policy networks. It is suggested in *Debating Governance,* that good governance generally ensures the transparent use of public funds, encourages growth of the private sector, promotes effective delivery of public services and helps to establish the rule of law.

The principles of water governance articulated by Rogers and Hall are reiterated in the first World Development Report (UN 2003) which emphasizes the need to give consideration to how power and authority are excercised and distributed in society, and to what extent citizens can participate in decision making processes. In other words, water governance includes the political processes through which water management institutions and practices are created or changed. This understanding is similar to *adaptive governance* referred to by Dietz et al (2003) as the *'need to (make decisions) in the face of substantial uncertainty, and ... reconciling amongst people and groups who differ in values, interests, perspectives, power, and the kinds of information they bring to situations.'*

d) The UNDP definition

UNDP defines state governance as:

'the exercise of economic, political and administrative authority to manage a country's affairs at all levels. It comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences.'[40]

The UNDP definition merely states what water governance comprises i.e. process, mechanisms and institutions etc.; it does not indicate who undertakes this and how this is to be done considering that challenges are systemic in nature and inextricably linked to broader social, political and economic issues of water governance. The concern is about ensuring reliable access to safe drinking water and proper sanitation, where one of the important ingredients would be creating a platform for integrating the poor community voices in the decision making process. The key issue is about establishing a

[40] UNDP Report, 2001. *UNDP Water Governance* Available at: at http://www.undp.org/water/, Water Resources Management.

framework that allows engagement of the urban poor in realizing their water needs and requirements.

e) Asian Development Bank's definition

The Asian Development Bank's definition is limited to how power is exercised in the management for a country's economic and social resources for development.

Notably, in both the UNDP report, (2001) and the Asian Development Bank, (1999) we can generally discern overall similarities in what is perceived as effective water governance: both emphasize the significance of the principles mentioned above and propose participation, transparency, equity, accountability, coherency, responsiveness, integration, predictability and ethics as part of the key dimensions for effective water governance that meets the needs of the poor.[41] These key principles indeed provide the basis for evaluating the performance and operation of the public utilities that provide water and sanitation services and hence the basis for determining any existing weaknesses of the management structures.

f) Inter American Development Bank (IADB)

'Governance of water is a sub-set of the more general issue of society's creation of physical and institutional infrastructure, and of the still more general issue of social cooperation, which reminds us of the problems of defining who are the stakeholders, communication among stakeholders, the allocating of contributions and outputs, and the creation of institutions'[42]

The IADB definition above acknowledges the fact that governance is an all-inclusive concept than government per se, and embraces the relationship between society and its government.

In identifying the important aspects of water governance, IADB identifies two sets of governance: *interior governance* and *exterior governance*. It advances that both the water provision enterprise, with its rules and its provisions for monitoring and enforcing its

[41] The ADB definition of governance is however limited to how power is exercised in the management for a country's economic and social resources for development.
[42] IADB, 2002.

rules, and the social arrangements and laws outside it, form its setting and within which the provision enterprise is nested. Both the interior and exterior governance affect the water provision enterprise, and can make it succeed or fail. According to IADB, the exterior governance may be such that the provision enterprise never comes into existence, or even occurs to anyone as a solution to a population's water access problem. So in a sense, a favorable or at least neutral external environment/setting is critical for the existence/success of a water provision enterprise, in addition to the requirement that internally it meet certain conditions as well.

The IADB framework identifies the following principles of good water governance: ethical, sustainable, integrative, equitable, communicative, efficient, coherent, effective, accountable, participative, transparent, and open.

In this framework IADB goes further to identify the aspects contributing to the inefficiency of WSS service delivery:

- *market failure* (including: existence of upstream downstream externalities; economies of scale; transaction costs of buying and selling water may be high; irreversible choices; monopolies of water services; policies may be insufficient);
- *government failure* (including: failure to correct market distortions; price regulation; over- or under-regulation; conflicting regulatory regimes; voter ignorance and imperfect information; little entrepreneurial incentives for internal efficiency; imprecise reflection of consumer preferences and the bundle purchase effect) and
- *systems failures* (including: institutional structures that impede use of politics; absence of legislation; lack of mechanisms for inter-sectoral dialogue; coordination, decision and conflict resolution).

Many of these failures are serious and have to be faced when developing water governance. These three types of failures are inherent in all liberal economic regimes in all countries and have to be addressed by government action. The ones that are likely to be the most difficult are those dealing with institutional and communication gaps. An

empirical examination of how to overcome the problems caused by these failures is essential in each setting if effective water governance is to be achieved.[43]

2.3. International principles of water governance

a) The Dublin Principles, 1992

The Dublin principles that guide the IWRM principles are:

(i) Fresh water is a finite and vulnerable resource, essential to sustain life, development and the environment.

(ii) Water development and management should be based on a participatory approach, involving users, planners and policy-makers at all levels

(iii) Women play a central role in the provision, management and safeguarding of water; and

(iv) Water has an economic value in all its competing uses and should be recognized as an economic good.

Through the "participation clause" and through "water as an economic good," the Dublin Principles bring water firmly under the state's function of establishing and maintaining a system of property rights, and through the principle of management at the lowest feasible level asserts the relevance of meaningful decentralizations.

b) The Hague Ministerial Declaration, 1998

Good water governance was identified, at the 2nd World Water Forum at The Hague in 2000, as one of the main challenges facing governments in attaining water security. The Hague Ministerial declaration calls for "*governing water wisely to ensure good governance, so that the involvement of the public and the interests of all stakeholders are included in the management of water resources.*" The Ministers viewed good governance as being water resource management involving public interest and stakeholder participation.

c) UN Millennium Assembly, 2000

At the UN Millennium Assembly (2000), Heads of State emphasized conservation and stewardship in protecting our common environment and especially "*to stop the*

[43] Rogers Peter, 2003. Water Governance in Latin America and the Caribbean.

unsustainable exploitation of water resources, by developing water management strategies at the regional, national and local levels, which promote both equitable access and adequate supplies".

d) Bonn 2000 Ministerial Declaration

The Bonn 2000 Ministerial Declaration recommended that *"each country should have in place applicable arrangements for the governance of water affairs at all levels and, where appropriate, accelerate water sector reforms."*[44] This identified three areas where priority action was required, one of these being governance. The approach taken to governance at Bonn was a macro one, however, and demanded action to ensure that water resources management was both equitable and sustainable, putting the onus on national governments. The elements that were initially associated with governance, those of public participation, transparency and information availability, remained intact while the mobilisation of financial resources was tackled separately from governance.

e) The Johannesburg Plan of Implementation

At Johannesburg, governance was understood to encompass *"sound environmental, social and economic policies, democratic institutions responsive to the needs of the people, the rule of law, anti-corruption measures, gender equality and an enabling environment for investment"*[45]. Acknowledgement that the financing of water projects depends upon "good governance" was made explicit at Johannesburg. Para.26 of the Johannesburg Plan of Implementation sets out a comprehensive list of actions to be taken in the legal sphere for the attainment of IWRM, which will lay the foundations for improved governance.

f) The World Urban Forum III, Kyoto

At the third World Water Forum, the important role of water law, the much awaited Camdessus Panel Report asserted that *"serious defects in the "governance" of the global water sector hamper its ability to generate and attract finance".*[46]

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[44] Bonn Recommendations for Action, and the Bonn Keys, available at http://www.water-2001.de/.
[45] Report of the World Summit on Sustainable Development U.N Doc. A/Conf.199/20, 2002, Plan of Implementation, 8. Available at http://www.johannesburgsummit.org/.
[46] Report of the World Panel on Financing Water Infrastructure: Financing Water For All, 2003, 9.

The importance of water supply and sanitation services provision by private actors, highlighted in both the Johannesburg Implementation Plan and the Camdessus Report mentioned above, demand that attention be paid to transnational legal issues peculiar to business transactions involving foreign investors. Consequently, the role of the law in water governance must be assessed in three different contexts:

- International (sovereign State-State level);
- National (domestic legislation); and
- Transnational (public-private relations at the multinational level).

g) Integrated Water Resource Management (IWRM)

The three main stakeholders that IWRM has to coordinate have been identified as resource managers, system mangers and users (and their representatives).[47] Because these groups function at different and multiple levels, the boundaries of their areas of interest and responsibility seldom coincide. Hence, the key challenge of IWRM is determining the procedures and practical tools for establishing a common understanding of the causes of water-related problems, and agreement on steps for overcoming these problems, as a vital component of the IWRM framework.

The IWRM toolbox (elaborated in the GWP, 2004) provides a useful source of tools which include: include decentralization/devolution, public private partnerships, the use of pricing to help drive efficiency, and the use of other market mechanisms, including domestic trade in water in some instances. It is, however, currently lacking in practical tools for integrated problem identification and domain definition. What the tools do not take into consideration is the fact that not every tool is well suited to every nation or community, and not every tool will be applied in the same way in every instance. In fact,

[47] **Resource managers**: are responsible for the macro level development and management of water resources. Increasingly organised on a catchment (or aquifer basis), their responsibilities typically include licensing, data collection and management, and balancing of needs and resources at the large scale.
System managers: are responsible for managing water supply systems and infrastructure (usually on a sectoral basis) for domestic, irrigation, industrial or other uses. The scale of responsibility for system managers ranges from individuals managing their own water source to utilities and authorities working at a municipal or catchment basis.
Users (and their representatives): are the people (and wider environment) that use water, and their representatives responsible for ensuring that needs are met. It includes individual users (who at the smallest scale are also the system managers), user groups, NGOs, regulatory authorities, and different levels of government. See, WhiRL

IWRM is increasingly being seen as being too complicated because it requires that a whole list of individually challenging tasks are all completed before anything can be done. IWRM is seen as too long-term and incapable of addressing real, current needs, whilst governments and water managers are faced with a whole host of immediate and tangible problems (such as domestic water supply and sanitation) for which practical solutions need to be found.[48]

While the implementation and achievement of international goals and targets is the preserve of national governments, it must be remembered that governance covers a wide range of issues, which may transcend individual nations and extend beyond national borders.[49] For example, the implementation of IWRM requires a basin-wide approach to transboundary waters - and more than 250 of the world's major rivers are shared by two or more countries. The diversity of interests of potential actors or stakeholders in water management is one of the key challenges facing IWRM[50].

In the field of water management therefore, governance has become a popular concept especially during the post-2000 period, although there is still no accepted definition for this concept, or on how good governance can be achieved. While water governance has become a popular concept, it should be noted that it is neither equivalent integrated water resources management, nor is it an alternative for water management.

h) The World Water Development Reports, I and II

The emphasis on the role of negotiation in ensuring that services work for low-income groups implied here lies in the framework developed for the *2004 World Water Development Report on Making Services Work for the Poor* and is based on the notion that demands for improvement need to come from the poor people themselves, with the

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[48] See, Butterworth, J. and J. Soussan (2001) *Water Supply and Sanitation & Integrated Water Resources Management: Why Seek Better Integration?*, WHIRL Project Working Paper 2, Paper Prepared for WHIRL Project Workshop on 'Water Supply & Sanitation and Watershed Development: Positive and Negative Interactions', Andhra Pradesh, India, 5-14 May 2001. NRI, UK. http://www.nri.org/WSS-IWRM/

[49] Alan & Wouters, 2004. What Role for Water Law in the Emerging 'Good Governance' Debate. At www.dundee.ac.ak/law/iwrlri

[50] "Integrated Water Resources Management" (IWRM) is now the dominant paradigm for water management in both rich and poor countries. IWRM is defined as a process that promotes the coordinated development and management of water, land and related resources, in order to maximize the resultant economic and social welfare in an equitable manner without compromising the sustainability of vital ecosystems (See, GWP 2000). The World Bank, regional development banks, most bilateral donors, and many national governments have adopted IWRM policies, following similar definitions.

expected level of improvement depending on the kind of influence these poor groups have either on the service providers (directly or through the government).

The Second World Water Development Report (WWDR) further offers a comprehensive and holistic assessment of the world's water, and brings issues of water governance, knowledge accessibility and specific challenges of managing water into the mainstream of development thinking and practice. The WWDR outlook on water governance is summed as: *'Governance systems determine who gets water, when and how, and decide who has the right to water and related services'.*[51]

This report therefore reiterates what has been noted in most definitions above, that governance systems are not limited to 'government', but include local authorities, the private sector and civil society. It is noted that although significant and steady progress is being made in ensuring adequate water supply, and although at the global scale there is plenty of freshwater, the figures given by the WHO/UNICEF Monitoring Programme on the estimates of people lacking adequate supply to water and access to basic sanitation are alarming. The reasons cited in this report as being responsible for this situation include: mismanagement; corruption; lack of appropriate institutions; and bureaucratic inertia and a shortage of new investments in building human capacity as well as physical infrastructure.

It is further argued that, pro-poor interventions intended to support the water sector are not achieving wider coverage because *financial resources for water are stagnating*: Out of a total of ODA's US$3 billion a year and an additional US$1.5. billion allocated to the water sector, only ten per cent is directed to support development of water policy, planning and programmes; and only twelve percent of these funds reach those most in need. In addition, although *private sector investment* in water services is also declining because of the high political and financial risks in developing countries, it 'would be a mistake' to write off private sector.

[51] The UN World Water Development Report is the joint effort of 24 UN agencies and entities involved in water resource management and is produced on their behalf by the UN water Assessment Programme whose secretariat is based in UNESCO.

The second WWDR emphasizes that lack of citizens' *access to basic information* on water quality and quantity, can seriously hamper their chances of halting environmentally unsound water projects or the chance to hold relevant *government agencies accountable.* It therefore highlights the fact that *lack of capacity and knowledge base* are today's primary obstacles to achieving necessary levels of water governance.

i) UNHABITAT's urban governance definition

UN-HABITAT's understanding of good urban governance is based on its operational experience and the Habitat Agenda which highlights the fact that good governance means the difference between a well-managed and inclusive city and one that is poorly managed and exclusive. The understanding is that urban governance is the sum of the many ways individuals and institutions (both public and private, formal and informal) plan and manage the common affairs of the city, and as the continuing process through which conflicting or diverse interests may be accommodated and cooperative action be taken.[52]

UNHABITAT 's definition embraces the principle of urban citizenship and affirms that no man, woman or child should be denied access to the necessities of urban life including adequate shelter, security of tenure, safe water, sanitation, a clean environment, health, education, etc.

2.4. Conclusions from definitions

Inherent in most of the above frameworks/concepts of water governance is the subtle agreement that ethical issues such as *responsibility, accountability, transparency, equity* and *fairness* are fundamental requirements for good governance.

It is equally evident that good (water) governance acts as an active ingredient in reducing poverty since it touches all aspects of both the public sector and other social fabric: ranging from institutions that set the rules of the game for economic and political interaction, to organizations that manage administrative systems and deliver goods and

[52] UNHABITAT. 2002. Concept Paper: The Global Campaign onUrban Governance. 2nd edition.

services to the public, to human resources that staff government bureaucracies and the interface of all of these arenas.

The existing definitions show that more water infrastructure alone is not the solution to water scarcity; perhaps more innovative planning, operation and maintenance using existing processes and frameworks will enable identification of constraints within given contexts.

It can be noted that most of the above definitions of water governance do not place enough emphasis on the poor as potential key-stakeholders; it is still not quite clear how the tools and principles and indicators that are therefore suggested, actually work for the poor, showing a clear need for an improved understanding of governance, which will in turn reveal how societies develop and change water management practices over time.

What is also missing in most of the discussions on water governance reviewed here is the type of strategies that need be formulated to implement adequate governance in more realistic terms, instead of generalized statements which merely outline the general principles of 'good governance'. Governance is clearly an extremely complex concept to implement, not only in the water sector, but also in all other development-related sectors. Too many factors and actors intersect at different points, times and locations, which means that, good governance can probably be best considered to be a general road map to progress, rather than being a specific and well-defined destination to reach.[53]

Most of the definitions and concepts discussed above, show a lack of an understanding of the legal issues underpinning governance, which is an essential aspect in accomplishing effective water resource management and realizing the Millennium Development Goals. Clearly, water laws (local, national, regional and international)

[53] See, *Water Governance*. Available at http://www.thirdworldcentre.org/governance.html

must be part of the solution – a failure to recognize this will certainly undermine the best of all intentions.[54]

We must, however, note that the quest to further the understanding into water governance is already evident in the agendas of most of the international and local discussions on water and its relation to poverty, in which a host of questions arise about how whatever needs to be done is to be negotiated to serve the interests of the civil society, and in particular the poor and marginalized members at the local levels and in small towns.

There is also a growing perception that effective water governance requires an open social structure, which enables broader participation by civil society, private enterprises, information networks, and other legal institutions that relate to the access, allocation, development and management of the water resource. This is pointed out in a recent DFID research study on water governance and poverty undertaken by the Bradford Centre for International Development (BCID),[55] which highlights that more pro-poor governance will be facilitated or even be dependent on poor groups gaining more power and influence either through representative political structures or through more direction participation in water and sanitation provision – whether in planning, installing, managing and/or monitoring. This report argues that, inevitably, this is influenced by the larger governance context- for instance, whether poor groups can organize and, when needed, protest; and also about whether they can get information about water management.[56]

It can be concluded from these observations that there are no general solutions for a very heterogeneous world, and any definitions of water governance or pro-poor water governance, should be focused at regional, national and even sub-national levels, with recognition of the importance of adding more voices, responsibilities, transparency and accountability to the formal and informal organizations associated with water access,

[54] Andrew Allan and Dr Patricia Wouters *"Good Water Governance for People & Nature: What Roles for Law, Institutions & Finance?" 29 August – 1 Sept 2004*

[55] BCID, 2005. Water Governance and Poverty: What Works for the Poor? June 2005.
[56] See, UNHABITAT, 2006. Meeting Developing Goals in Small Urban Centres. pp. 248

and management as a whole. It should also endeavor to propose practical principles/measures for improving existing governance or the means to create new structures in which the poor can participate in the planning and implementation processes of interventions for improved WSS service delivery.

Overall, *'good governance is essential for managing our increasingly-stretched supplies of freshwater and indispensable for tackling poverty... there is no one blueprint for good governance, which is both complex and dynamic... it must include adequate institutions – nationally, regionally and locally – strong, effective legal frameworks and sufficient human and financial resources'.*[57]

3.0. Regional urban water and sanitation: Challenges and dynamics in Asia, Africa, Latin America and the Caribbean

According to the *Global Water Supply and Sanitation Assessment 2000* report, the majority of the world's population without access to improved water supply or sanitation services lives in Africa and Asia. Two-thirds of people without access to improved water supply and more than three-quarters of those without access to improved sanitation live in Asia. Box 3 below provides a summary of the regional levels of access and provision of WSS for Asia, Africa, Latin America and the Caribbean.

Box 3: Regional Snapshots of WSS situation in Asia, Africa, Latin America and the Caribbean

Asia: Lowest in Sanitation Coverage

Estimates for Asia in 2000 show that sanitation coverage is by far the lowest of any world region, with 54 per cent still lacking sanitary facilities. Easy access to a safe water supply is the second lowest, after Africa, with 20 per cent yet to be served. Disparities in sanitation coverage vary even more: 69 per cent of the rural population lacks sanitation coverage compared with 26 per cent in urban areas. The same is true for safe water coverage: 27 per cent of the rural population without safe access compared with 7 per cent in urban areas.

Africa: Lowest in Water Supply Coverage

Africa, home to about 13 per cent of the world, remains the greatest challenge in accelerating water and sanitation services coverage. In 2000, approximately 36 per cent of the population did not have easy access to a safe water supply and about 40 per cent did not have access to sanitary facilities. The figures for different areas show greater disparities: 50 per cent of those in rural areas have no easy access to safe water compared with 14 per cent in urban areas. As much as 52 per cent of the rural population lacks sanitation, compared with 20 per cent in urban areas. And these gaps are widening.

[57] UNESCO's secretary General's comment of the importance of good governance in tackling poverty. Quoted in the Second WWDR

Latin America & the Caribbean: Greatest Disparity between Urban and Rural
This region has relatively high service levels, and coverage efforts are slowly closing the gap between the haves and have-nots. The remaining overall coverage gap for safe water supply is estimated at 14 per cent and for sanitation at 23 per cent. But striking disparities surface in different areas. While urban sanitation coverage is estimated to be around 86 per cent, rural sanitation coverage is about 49 per cent. Urban water supply coverage is estimated at 94 per cent, while the figure in rural areas is 66 per cent.

Independent WSS providers
Research in six Latin American and ten African countries has confirmed the importance of independent water supply and sanitation service providers. It is estimated that 25 % of urban residents in Latin America and 50 % in Africa depend on such providers for water. Levels increase to 50 % and 85 %, respectively, for sanitation. Independent providers emerge in response to demand and an enabling environment. Where they provide network services, as is common in Latin America, they compete for clients and sometimes charge even lower prices than official companies which are often subsidized.

Source: WEHAB Working group, August 2002.: A framework for action for water and sanitation. and UNDP/World Bank Water and Sanitation Programme, 1999: Water and sanitation programme 98-99 Report. Final draft.

3.1. *Asia*

Although statistics show that most of the poor people live in Asia, this region has witnessed the sharpest reductions in poverty.[58] In Bangalore, Colombo, Naga and Makati, there is evidence of steps taken towards poverty reduction that have worked (see Box 4 below).

Box 4: Case studies showing improved WSS delivery in Asia –Bangalore, Colombo, Naga, and Makati

These cities face a variety of challenges in addressing the needs of the urban poor. They have addressed poverty reduction in different ways and it is interesting to see the routes they have taken and some of the future directions they are planning to take to reduce urban poverty. All the practices shared are concerned with *implementation*. Although some of the cases started as pilots, they have now gone beyond that stage and have been mainstreamed into the business of the municipalities.

Many of the improvements came about as a direct result of *working in partnership with stakeholders outside government*. These presentations contain experiences of local government working in partnership with civil society and citizens, and in some instances, with the private sector. These cases demonstrate how a variety of actions over a number of years have led municipalities to reflect on their experiences and formalize aspects of the work practices on service delivery through *new policies*. Through experimentation and learning-by-doing, new policies on services delivery, partnerships, and participation have emerged.

Source: http://www.adb.org

[58] See, http://www.adb.org/water/theme/thematic_framework.pdf

In *'Asian Water Supplies Reaching the Urban Poor'*, Arthur C. Mcntosh views water governance as being both a core problem and part of a core solution and points out that when water supplies in developing countries are examined, low tariffs which allow governments (not consumers) to take charge, lie at the core of the water access problems facing the urban poor.[59]

3.2. *Latin America and the Caribbean*

Latin America and the Caribbean (LAC) is the most urbanized region in the developing world: 70% of its people live in cities and towns. According to the World Bank, in the LAC region, 7 out of every 10 poor people live in urban areas, and 39% of the urban households live beneath the poverty line.[60] A number of cities in Latin America and the Caribbean have been experiencing problematic and to some extent conflictive situations with their supply of water in good quality and quantity despite continuous efforts to establish adequate water governance frameworks and interventions. In Latin America, despite the enormous water resources in many parts of the continent, attention has turned away from financial aspects of development[61] to look at governance as the bottleneck to sustainable use of water resources.

According to studies undertaken by IADB (Lord and Israel, 1996, Garcia and Valdes, 2000, Garcia, 1999, and Garcia, 2000) and issued its own paper on *Strategy for Integrated Water Resources Management* in December of 1998, the five major factors that that have been identified that lead to the crisis are:

- lack of integrated planning of water use;
- the generally dispersed and uncoordinated agencies of the state, NGOs, local governments, the intellectual community, and the multilateral, bilateral, and international agencies who interfere with water planning (in any one watershed as many as 150 different actors may intervene in a plan);

[59] Examples of problems facing the urban poor are: the high NRW rates, intermittent water supplies, lack of demand management, and conflict among users.

[60] UNHABITAT, Global Urban Observatory. Slums of the World: The face of urban poverty in the new millennium? Working Paper, 2003, pp.41

[61] Clearly huge sums of money will still need to be spent in the water sector in the coming years, but there is a nagging suscipcion that similar huge sums have already been spent in the past decades which have not been wisely utilized.

- the lack of a transparent (clear rules of the game) and effective institutions for arbitrating conflicts over water use;
- the emphasis on certain management instruments, often imported concepts, over carefully thought through instruments that may fit the local conditions better; and
- a lack of perceptions of what is actually necessary to effectively govern water.

Lord and Israel (1996) provide a good description of market, government, and system failures, discussed earlier, and approaches to incorporate the corrections into the national water strategies of the various Latin American countries including:

- Roles and functions of the public and private sector;
- Balance between environmental and production/economic roles;
- The extent and manners of centralisation and decentralisation of functions;
- Sectoral and integrated management;
- Degree and manners of community and stakeholders participation; and
- Extent and manners of public regulation and areas of entrepreneurial freedom.

A major governance (political) dilemma faced in the development of water resources in Latin America, according to Garcia and Valdes (2000) is the tendency *to privatize the benefits and socialize the costs.* Many of the countries in the region have now adopted a national water policy and are in the process of completing national water plans. According to IADB, Water Policy must be translated into laws articulating water rights, and how to deal with water quality. The plans should also include investment policies, public sector institutional reform, an indication of the balance to be struck between environmental and production economic roles for water, the role of the private sector, cost recovery and pricing policies, and investment appraisal.

Most of the countries in Latin America, apart from Argentina, Brazil, and Mexico still rely solely upon national level institutions. There is a wide variety of service providers, usually local authorities, but increasingly public-private partnerships of some sort for water supply and to a lesser extent wastewater treatment. Latin America has a rich

endowment of civil society institutions and community based organizations, many involved in grass-roots level water and sanitation.

An effective PPUWSG would help address the institutional capacity building needs and provide mechanisms for assessment of performance of public institutions. A comparative study of institutional regimes is suggested by Rees and Solanes, (2001) as an attempt to devise criteria for the assessment of institutions and management systems as part of the principles for governance: operational effectiveness; economic efficiency; distributive equity; environmental quality; consultation/participation; integrated, holistic management; and governmental stated expectations.

3.3. Africa

Presently most of African cities are characterized by rising urban poverty, unsustainable environmental practices and social exclusion of the poor. According to the Global Urban Observatory Working Paper (2003), there are several factors advanced to explain this situation namely: the lack of clear pro-poor urban policies; poor governance and the lessening of economic growth, among others.[62] It is argued in this report that poverty will continue to concentrate in cities if national and local governments do not address this policy dimension. By 2001, out of the 49 least developed countries (LDCs) 34 are located in Africa and in these countries, 82%of the total population were living in slums.

Africa has the lowest water supply and sanitation coverage of any region in the world; more than one in three Africans do not have access to improved water supply or to sanitation facilities. Millennium Task Force on Water and Sanitation noted that, while some impressive gains had been made towards meeting the WSS MDGs, "Africa is the only continent off track towards the WSS MDGs with both water and sanitation". Africa, therefore, raises the most difficult challenge with regard to timely attainment of the WSS MDGs; in order to achieve the MDGs, the number of people served with safe drinking water will need to double. An estimated 350 million more people, half rural and half urban, will need to be served by 2015. It is estimated that the investment required to

[62] Global Urban Observatory. Slums of the World: The face of urban poverty in the new millenium? Working Paper, 2003

achieve the 2015 MDG for water is at least $20 billion ($1.5 billion per year). Sanitation would cost at least another $10 billion. Therefore, the MDGS have given added urgency to the challenge of developing water supply and sanitation services for rapidly expanding informal and peri-urban settlements in African cities.

Box 5: WSS Challenges in Benin

The Ministry of Mines, Energy and Water is responsible for water supply in Benin. In urban areas, SONEB is a new, national public service provider (an autonomous, public company, is responsible for urban areas) in charge of water supply in urban areas. At present, the urban sub-sector lacks a cohesive strategy and the major challenges for the urban sub-sector relates to billing and financing. Sanitation is (including solid and liquid waste management) in both urban and rural areas is handled by a department within the Ministry of Health (DHAB). There is an evident need for capacity building of the local municipalities including strengthening local divisions of both the DHAB and Hydraulic General Directorate (DGH) if these institutions are to achieve their mandates. In urban areas, substantial funds and capacity will be required to help the newly-created SONEB increase its coverage and provide improved services in urban areas.

According to available statistics, at the end of 2004, 57% of Benin's population had access to safe water, and 37% had access to sanitation. To reach the MDGs in 2015, an additional 4.25 million people will require access to safe water, and 3.24 million people to sanitation. If these objectives are reached, nearly 2 million people will still lack access to safe water, and 4.5 million will lack access to sanitation. To achieve the MDGs, current capacity needs to be increased by 3.83 times (based on the last four years). For sanitation, current capacity will need to be increased by 1.93 times.

The key issues to be addressed in order to facilitate sustainability of WSS approaches in urban areas in Benin include the lack of:

- capacity at the district and local levels to implement policy changes that shift responsibility to these levels.
- institutional capacity to implement legislative and regulatory reforms.
- financing capacity to implement and scale up programs at a national level.
- capacity at the district and local levels to implement policy changes that shift responsibility to these levels.
- The urban sub-sector in Benin clearly lacks a sanitation strategy and a programmatic approach that would necessitate improved WSS performance particularly given the limited awareness on the need of proper drainage systems in urban and peri-urban areas

Source: WSP-AF. Draft MDG review on Africa: *Is Africa on Target to meet the MDGs on water and sanitation?* May, 2006.

The challenges facing Benin that have been provided in Box 5 above are a reflection of what is going on in many other countries within Africa. In Kenya, although provision has been made under the New Water Act 2002 for better serving the poor in informal settlements, operational and implementation realities need to be worked out by all the actors concerned. Practical strategies for collaboration and effective provision of water and sanitation services need to be developed, considering that currently there is no systematic link between the utility and the small scale independent providers (SSIPs). Among other things, defined governance structures will have to be designed to guide and ensure that collaborations and partnerships with SSIPs are effective in improving delivery of services.

It is important to note that in the case of Kenya, although under the New Water Act 2002, the Nairobi Water and Sewerage Company (NAWASCO) has been mandated to provide water to all people under its jurisdiction, there are constraints that discourage and therefore constrain or even prohibit utilities and local authorities from providing adequate services in low-income urban settlements. Therefore, inadequate household water and sanitation remains the most critical and widespread problem in these low-income urban settlements, hindered by factors like lack of appropriate institutional arrangements and unclear organizational mandates.

As one of the strategies for improving service provision, most governments are trying to provide frameworks, which encourage and support participatory engagements and 'smart partnerships' to allow for development of locally appropriate solutions. In Kenya, for instance, where the government is committed to reducing the proportion of people without sustainable access to safe drinking water by 2015 as spelt out in the United Nations MDGs, and the production capacity is large and theoretically sufficient to meet demand, total water available for actual sale and use is significantly lower. Unaccounted-for water (UFW)[63] is estimated to be about 50 percent. More specifically, Nairobi, (with an estimated population of 3.5 million) has an installed production

[63] The UFW is attributable to both technical losses (leakages, especially in older pipes) and commercial losses (unbilled and uncollected revenues and theft). Both bulk- and client-level metering are highly inadequate, and the data on water use and losses are unreliable. For households, bills are based on presumed consumption. The billings system is poor, collection efficiency (or revenues collected as a proportion of total billed) is 65 percent, and accounts receivable stand at more than two years of billings. (The World Bank, Paper No. 5, January 2005).

capacity of 420,000 cubic meters of water per day and 182,295 legal connections, (of which 164,000 are domestic connections), with single water connections being shared by multiple households. This means that there are huge deficiencies in the provision of water and sanitation services, and it is the low-income informal settlements (being areas of lowest WSS priority), which suffer the most.

In a World Bank, WSP ten-country study on independent water and sanitation providers in African cities,[64] it is suggested that in order to set the stage for better delivery of water and sanitation services to the urban poor, it is crucial to recognize and regularize the activities, roles and institutional position of independent providers and facilitate intermediation, coordination and partnership between city-wide operators and independent providers, municipal and national authorities.

There is evidence of a growing consensus that those working for and within low-income areas including the informal settlements, (the various water and sanitation providers and utilities) need to be more accountable to those they serve "by putting poor people at the center of service provision: by enabling them to monitor and discipline service providers, by amplifying their voice in policy-making, and by strengthening the incentives for providers to serve the poor."[65]

3.4. *Conclusions from regional analysis*

Across Africa, Asia and Latin America, the interface and interplay between water and urbanization has influenced many governments in recognizing the necessity of structural reforms in order to break out from the cycle of poor services[66] which include: lagging collection, weak finances, inadequate maintenance, deteriorating assets, and lagging coverage. The challenges on WSS arising from the rapid urbanization processes are enormous and impact on many of the prevailing water management, institutional and governance paradigms. The question is whether the current sector reforms are

[64] WSP, April 2000. *Independent water and sanitation Providers in African Cities.*
[65] WSP, World Bank, 2004. City-Wide Universal Sanitation: Challenges and strategies. 16th Meeting of the Urban Think Tank, WSP, World Bank, Washington, D.C.
[66] P.cross and A. Morel

indeed pro-poor: Underlying this question is the important role of strong regulatory agencies for improved and adequate service delivery.

4.0. *UNHABITAT's focus on developing a PPUWSG framework*

The main objective of this section is to understand how best to strengthen water and sanitation governance in the context of UNHABITAT's work, to ensure the delivery of WSS services to the urban poor are adequately improved. The PPUWSG will generally build up from the UNHABITAT working definition of governance, i.e. *' actions and processes at the local level, within existing authorities' mandates, which positively engage poor communities in their pursuit of adequate water and sanitation'* (see, UNHABITAT Concept paper on PPUWG developed by David Satterthwaite).

In this section, we will review some of the UNHABITAT's past and current programmes and its perspectives of what constitutes an effective pro-poor water and sanitation framework so that an understanding into the following crucial questions can be achieved:

- What are the current gaps in the understanding of water (and sanitation) governance?
- How can *pro-poor* water governance be practically supported and facilitated?
- How adequate are the existing tools and where do they need further development and why?

The aim is to ensure that there is enough recognition of the mutual dependency between governance and policies and the need to translate the general principles of good policies into specific pro-poor interventions that involve the government, the civil society and the private sector in extending water and sanitation services to the urban poor. UNHABITAT has identified the global scale of under-provision in urban areas and recognized that the role of water in achieving poverty reduction is integral to achieving a number of the Millennium Development Goals, relating to the eradication of poverty and extreme hunger, the promotion of gender equality, improved health and education and environmental sustainability.

This is reiterated in analysis done by other practitioners (including David Satterthwaite, 2003, 2006; The World Bank; UNDP; ODA; ADB etc who will be reviewed in this report) who have also identified gaps by providing an understanding of how context specific mechanisms of water governance work to include or exclude the poor and un-served and hence the need for better monitoring and evaluation of processes of water governance and the impacts of the poor (University of Bradford 2005).

4.1. A review UNHABITAT's programme activities on urban water and sanitation governance

In some of its programmes, UNHABITAT has, to a large extent, addressed the detrimental consequences of insufficient provision of WSS by identifying the scale of inadequate provision of water and sanitation in urban areas of the developing world and identified key constraints in achieving effective PPUWSG, by examining policy, institutional/legal, technical, financial/economic and social factors. The concept papers developed by UNHABITAT on what constitutes principles and the basis for assessment tools of pro-poor urban water and sanitation governance have equally raised important questions that need to be addressed in this review, including:

- how to map the poor and the stakeholders for the WSS processes
- how to reconcile the governance perspectives of different stakeholders,
- developing workable field strategies for securing good governance,
- identifying appropriate intervention points and
- the need for robust diagnostic tools of specific applicability to water governance.

The current attention both in projects and in the concept papers is on how to improve service delivery, particularly to the poor and un-served through strengthened water and sanitation governance. UNHABITAT recognizes that addressing water and sanitation needs of these urban poor groups transcends aggregated demand management including approaches to decision-making, design of the delivery mechanisms, establishing appropriate linkages between households, communities, local authorities, utilities, regulatory bodies and clear definition of the management and leadership systems.

4.1.1. Global Campaigns for Urban Governance and Secure Tenure

This Global Campaign for Secure Tenure was launched in 1999 by UNHABITAT to support the implementation of the Habitat Agenda and contribute to the eradication of poverty through improved urban governance. The need for this campaign arose from a growing recognition that the way land and housing access is regulated in the west does not work well for the poor in the developing countries. The Campaign's goal is therefore to increase the capacity of local governments and other stakeholders to practice good urban governance and to raise awareness of and advocate for good urban governance around the world. It recognizes governance as networks of collaboration both at the institutional level and within social relationships at the community level.

UNHABITAT identifies key governance concepts in its Global Campaign, which include the following elements: sustainability, subsidiarity, equity, efficiency, transparency and accountability, civic engagement and citizenship, and security. The Campaign is implemented through four principle strategies: normative debate; advocacy; capacity building and knowledge management.

A survey on governance in 165 countries concluded that *'the result of good governance is development that gives priority to the poor, advances the cause of women, sustains the environment, and creates needed opportunities for employment and other livelihood.'*[67] This conclusion supports other research at the national level, which has demonstrated that good governance correlates with positive development outcomes.[68] UNHABITAT recognizes the fact that good urban governance is vital in improving the quality of life in cities. The development of the Urban Governance Index, for example, is meant to support the capacity building and advocacy strategies of the Governance Campaign: at the global and regional level it is expected to facilitate comparison of cities based on the quality of their urban governance, while at the local level it is expected to catalyze local

[67] UNDP, 1997. *Re-conceptualizing Governance.* Pg.1

[68] See, World Bank, 1998. D. Kaufmann, A. Kraay and P. Zoido-Lobaton . *Governance Matters I and II. Washington DC. August, 1998.*

action to improve the quality of urban governance by developing indicators that respond directly to their unique contexts and needs.

By promoting good urban governance at the global, regional and local levels, the UNHABITAT campaign adopts an explicitly normative position: it acknowledges that *actors, mechanisms, processes* and *institutions* make a contribution to urban poverty reduction and in promoting social inclusion since they help in either including or excluding people in or from the benefits of urban life.[69]

According to a recent evaluation,[70] the launch of the governance campaigns has taken different forms and specific issues have been chosen, e.g. in Brazil - financing local development and the municipalisation of public security, while in Burkina Faso - capacity building to deliver water and sewerage services.

The chosen issues for the campaign have gained political value, bringing together different stakeholders and encouraging socio-political mobilization (for example in Brazil and in the Philippines). In West Africa, the campaigns are seen as an excellent way to harness political energy, while in the Philippines, the secure tenure campaign is noted for its success in involving the urban poor as partners in undertaking tenure and shelter improvements.

At the national government level, therefore, the governance index can be used to promote the identification and exchange of best practices in urban governance and in identifying national capacity-building and policy priorities. This information would further assist professionals and institutions with information for comparing performance of cities for analysis leading to corrective or constructive action.[71]

One of the gaps that has been identified (in the evaluation report 3/2005) in the current approaches employed in the governance campaigns is the fact that the general principles

[69] Refer to the Discussion of the Expert Group Meeting , Urban Governance Indicators, November, 2002.
[70] UNHABITAT, 2005. Evaluation of UN_HABITAT's Global Campaigns for secure tenure and urban Governance. Evaluation report3/2005.
[71] See discussion in Philippines-Australian Governance Facility, (2001). pp. 54-55. Quoted in UNHABITAT, 2004. *Urban Governance Index: Conceptual foundation and field test report*

of *participation, transparency, accountability, subsidiarity, security, equity, effectiveness* etc (reviewed in June 2001 in a UN inter-agency meeting) are not automatically inherent in such specific issues and need to be reinforced. For instance, at the local level, where the governance index is supposed to catalyze action, local indicators must be selected based on the specific assessment of the key barriers to good urban governance, which will vary from city to city. The indicators have to equally be supported by tools and methods specific to local contexts particularly if bottom-up, participatory methods are being applied.

The campaigns need to design means of maintaining the political momentum (e.g. in West Africa) through clear political and institutional support processes so that action plans can be formulated more realistically to garner support for implementation.

In addition, in addressing specific needs, information (through documents and materials) needs to be clearly defined with indications of the specific needs that are being targeted to facilitate better monitoring and performance assessments.

4.1.2. UNHABITAT's Water and Sanitation Programme

The objective of the Water and Sanitation Programme is to contribute to the achievement of the internationally agreed goals related to water and sanitation in human settlements, with a particular focus on the urban poor. With a view to strengthen the work of UN-HABITAT in the field of water and sanitation, UN-HABITAT has moved away from a traditional project by project, donor by donor, country by country approach to a well-coordinated programmatic approach that could allow donors to contribute funds to a facility dedicated to a well-defined goal and a clear set of objectives.

This is being achieved through that Trust Fund which provides a fast track mechanism for reaching out to the urban poor and is structured to provide a bridge for the urban poor to access benefits from city-wide improvements in water and sanitation which often bypass them. Africa, which has the poorest water and sanitation coverage among all regions, is a priority area for the Trust Fund and programme activities are initiated

through the Water for African Cities and other individual country/city initiatives. Special consideration is also given to initiatives that could reduce the burden of women and children in accessing safe water and adequate sanitation.

In line with the implementation of the Programme of Action (PGA) for the Least Developed Countries (LDCs) for the Decade 2001 - 2010 in the WATSAN sector (i.e. fostering a people-centred policy framework; promoting good governance; reducing vulnerability and protecting the environment; and mobilizing financial resources), the UN-HABITAT Water and Sanitation Programme works through two regional programmes, in Africa and Asia, to facilitate pro-poor, gender sensitive investments, in partnership with the two regional development banks: African and Asian Development Banks (and with the World Bank).

The programme also supports replicable model-setting initiatives in Africa and Asia, notably through the Lake Victoria region secondary towns initiative (LVWATSAN) and a similar initiative in the Mekong region. These are programmes designed to assist the cities to improve water management by providing support to the governments to attain their water and sanitation related MDGs. These initiatives guided by the following thematic priorities and pro-poor approaches:

- pro-poor investments which involve communities in the planning, provision and management of both water and sanitation services;
- leveraging funding for improving sanitation through establishing partnerships and developing innovative financing and investment mechanisms;
- enhancing 'software' development through capacity building at the institutions, utility and low-income urban community levels;
- urban catchment management;
- water demand management;
- water education in schools and communities;
- advocacy awareness-raising and information exchange and
- community mobilization and gender mainstreaming.

a) Lake Victoria water and Sanitation Initiative (LVWATSAN) - A pro-poor approach to sustainable WSS services

The main objective of the LVWATSAN Initiative is to support secondary urban centers around the lake area to achieve Millennium Development Goal target for water and sanitation related to halve the number of people without access to water and sanitation by 2015. The initiative also aims for equitable and sustainable economic, social and environmental development of the inhabitants of the region. The specific objectives of this programme are to:

- Support pro-poor water and sanitation investments in the secondary urban centers of the Lake Victoria Region;
- Build institutional and human resource capacities at both local and regional levels so that water and sanitation services are improved and more sustainable;
- Facilitate implementation of upstream water sector reforms at the local level in participating urban centers; and
- Reduce the environmental impact of urbanization in the Lake Victoria Basin

The pro-poor approaches in the design and implementation of this initiative includes the following aspects:

- Using multi-stakeholder fora for identifying WSS options in small urban centres in East African Lake Victoria region.
- acknowledging multiple users of resources and potential conflicts
- sustainability checks on local authorities and utilities - performance bench-marks
- political will - government involvement in defining mandates through MOU
- land use planning
- catchment management
- way-leaves and compensation

In collaboration with country governments(Kenya, Uganda and Tanzania), UNHABITAT has facilitated a rapid appraisal of the current status of water and sanitation provision, by undertaking questionnaire surveys (verified by field missions) in ten secondary towns in each country with the aim of :

- assessing the state of water and sanitation infrastructure
- quantifying the infrastructure investment needs to attain MDGs and developing investment plans fro selected urban centres
- identifying capacity building needs through assessing the needs of the low-income urban population.
- Identifying institutional needs for improved WSS service provision

Relevance of the project design to the PPUWSG:

Demonstrating an integrated approach to the provision of basic services in these towns (five in each country) and creating capacity at local levels for the towns to manage themselves would provide a model for national authorities and donors (including international financing institutions) to replicate this approach in other towns in the region. This initiative gives special emphasis on capacity-building at all levels (with particular focus at the local level), raising awareness among the public and policy-makers, information sharing and coordination with other programmes in the region.

The initial assessment of the 30 secondary towns clearly indicates that, despite the ongoing reforms, any development in the region has largely bypassed the poor communities. This is largely due to the lack of a governance structure which incorporates the poor communities in the decision-making process.

The programme will develop a strategy for income generation to the poor communities through the provision of services to be developed by the programme. For example, community-managed and micro-enterprise-based water kiosks and pay-and-use community toilet schemes will be introduced by drawing experiences from the Water for African Cities Programme Phase I.

The programme will also promote and support the development of small-scale private water providers in secondary towns which could generate additional employment at local level. Special attention will also be given to support the small-scale independent service providers who are currently responsible for most of the service provision to the poor communities in secondary towns. The key areas of intervention will include: (a)

facilitating and supporting the formation of associations of small-scale service providers; (b) providing access to finance and supporting development of entrepreneurship skills; (c) regulating prices and monitoring quality of water supplied to consumers; (d) establishing linkages with utilities (through franchising etc.) to ensure vertical integration and synergy.

In all the three participating countries, the key government institutions and officials responsible for sector reforms have been included in the Task Forces set up the respective Governments (see information on Task Groups in Chapter 2: Methodology of Assessment). The Lake Victoria region water and sanitation initiative is viewed by these officials as an important way of operationalising sector reforms at the local level. For example, in Kenya, the Executive Secretary of the Lake Victoria (South) Water Services Board (an outcome of ongoing sector reforms) has been made the focal point for this initiative and the office was being staffed already by November 2004 to respond to the needs of programme implementation.

Challenges: The initial assessment phase clearly indicates that it is necessary to retain a certain amount of flexibility in the planning, design and implementation phases of the projects at town level. This is largely attributable to the disparities and lack of readily available information on current and projected urban population, the impact of a changing institutional and legal structure as a result of sector reforms and the varying preferences in technology, willingness to pay, etc.

Flexibility in deciding on service levels is also important as user preferences (and willingness to pay) are likely to vary over time (and with economic development of these towns, some of which should be triggered by the project itself). A flexible design would facilitate easy adjustment to accommodate any changes in local demand. In terms of technological choices, a mix of designs may be preferable in many towns which combines low-tech solutions with standard engineering designs (e.g. on-site sanitation and water-borne systems).

The baseline survey and the stakeholder workshops to be conducted in the Preparatory phase will provide the opportunity to arrive at consensus decisions in these areas in an

informed and participatory manner. The multi-stakeholder forums to be established in each town will also help in ensuring flexibility during implementation through a consultative process.

Gender responsiveness (both analysis and approach) will be critical to the realization of the broader objectives of LVWATSAN. A gender mainstreaming strategy in the programme is being developed for the preparatory phase, focusing on gender analysis (e.g. gender balance in the decision-making structure), gender responsive planning (taking into account differentiated needs of women and men with regard to level and options of service in the beneficiary communities), gender strategic planning (e.g. operationalising sector reforms at local levels in a gender sensitive manner). The gender strategy will also address the need for improving customer relationships as the majority of consumers are women who are the traditional water managers in African society.

A coherent pro-poor focus would therefore require that partnerships are promoted between all levels of civil society, market and government and that these communities are involved in planning and implementing the various phases and components of the Initiative. This will ensure from the onset that accountability and transparency are built into the programme and that investment is targeted to the poor communities, in particular, attention needs to be given to the level of service that the poor can afford and are willing to pay for.

b) The Water for African Cities (WAC)

The Water for African Cities, Phase 1 (WAC I) was a direct follow-up of the Cape Town declaration, adopted by African Ministers I December 1997, addressing the urgent need for improved water management in African Cities. The WAC I programme involved the participation of seven cities: Abidjan, Accra, Addis Ababa, Dakar, Johannesburg, Lusaka and Nairobi by 2002.

Box 6: Evaluation results of the WAC I project

Achievements of WAC I:

- substantial level of national and international consciousness and elevation of the activities of the WAC project including information exchange between the African cities;
- Improved awareness of the importance of better water management particularly through Water Demand Management;
- Improved quality and quantity of information and communication material, sector publication
- Water saved from the able areas could be saved for the poor areas

Limitations of WAC I

- Lacked pro-poor focus as the primary focus was on water demand management. Water demand management as a strategy is not practical in low-income areas. Demand management encompasses a variety of strategies and tools that seek to optimize the productive benefits obtained from a limited supply of water, such as adjusting irrigation patterns to minimize water use; promoting the reuse of treated wastewater and lesser quality water, or shifting the nature of a task to use less water. Ultimately, demand management seeks to change people's behaviour to use water more efficiently, equitably and sustainably. Most urban poor communities do not have access to water or when they do it is quite limited.
- No governance structure to manage the water saved from the medium income and able areas to be used for the poor.
- The sanitation focus was minimal in WAC I

Additional areas of focus from evaluation of WAC I:

- pro-poor investments in urban water supply through innovative public-private-NGO partnerships;
- promotion of demand responsive strategies to give more influence to the urban poor;
- Sanitation: on-site-sanitation, low-cost sewerage, waste water re-use etc.
- Rain water harvesting, bringing in experience from other regions e.g. Asia.

Source UNHABITAT, 2005

The second phase of the Water for African Cities (WAC II) views governance as a social aspect that is very much culture dependent and was, therefore, designed to specifically address the needs of the poor and increasing service to low-income areas. In order to achieve this, the following thematic priorities were designed:

- Pro-poor governance and follow-up investment;
- Sanitation for the urban poor;
- Urban catchment management;
- Water demand management;
- Water education in schools and communities and
- Advocacy, awareness-raising and information exchange.

It is notable that in the WAC II, the programme development and implementation strategy is multi-faceted:

i) *A top-down approach* geared to encourage and support national governments in the development of policies, regulations and legal frameworks, equipping them with institutional and management capacity to facilitate decentralization of decision-making power to local with communities. In addition, UNHABITAT would raise political awareness at the regional level, continue to develop and nurture networks for regional water and sanitation professionals to promote overall policy coordination processes.

ii) *A bottom-up approach* geared to build capacity in local authorities and strengthen institutions through training programmes and other measures, empowering them to keep abreast with rapid urban-development and creating an enabling environment for effective WSS provision, improved drainage services etc.

Analysis of the WAC II Approach

Pro-poor investment and financing mechanisms: By applying approaches (i) and (ii) mentioned above, the WAC II project focuses on enhancing pro-poor urban water and sanitation approaches which will necessary follow-up investment, by providing low-income and displaced communities access to development bank financing for their community projects, and the micro-credit facilities for their livelihood related programmes. This approach is aimed at directly influencing policy, regulatory and institutional arrangements to leverage additional investments both at the national level and in participating cities. At the individual level, this pro-poor investment approach seems to integrate issues affecting groups (e.g. women and youth) and targets

Participatory approach: The participatory approach to decision-making will foster local initiatives to solve local problems by empowering these groups and encourage regional and city-to-city scaling up of good practices. To a large extent the Water for African Cities Phase II recognizes the role of civil society and their organizing principles,

alongside other demands within the cities. This is a useful approach for sustainability of WSS interventions.

Multi-dimensional components: The thematic priority areas of WAC II are multi-dimensional with cross-cutting component activities which will increase effectiveness of service delivery and provide support to achieve the water and sanitation MDGs. This therefore gives recognition to the fact that addressing water and sanitation needs of the urban poor transcends aggregated demand management and cuts across all management and leadership systems that affect decision-making, design of the delivery systems and in the institutional linkages between households, communities, local authorities, utilities, regulatory bodies etc.

Relevance of a PPUWSG to Water for African Cities

- Recognition of the needs, demands and bottlenecks facing provision of water and sanitation services to the urban poor;
- Incorporating the inputs of the stakeholders into setting up standards of delivery systems;
- Setting up management systems for financial sustainability e.g. through participatory budgeting and efficiency gains;
- Building appropriate linkages between the different actors to ensure appropriate contractual arrangements, regulatory frameworks, technical viability, financial support systems etc.
- Sharing of experience i.e. ensuring up-scaling and replicability
- Promoting and building monitoring and evaluation systems
- Promoting political will through awareness programmes.

The Water for African Cities understanding of governance is premised on the fact that the ways that have been adopted formally and informally by a society for the purpose of reaching collective decisions, is a social aspect that is very much culture dependent. Therefore governance structures in this respect are composed of a myriad of intricate details, each of which are interdependent and local specific. Governance is seen here as

the avenues, or processes to attain social goals, in this case, increasing the number of the poor with adequate water supply and sanitation services.

4.1.3. The Slum Upgrading Facility (SUF)

The world's slums are growing; in developing countries slum dwellers account for 43 per cent of population in contrast to about 6 per cent in more developed regions. In Sub-Saharan Africa, the proportion of urban residents in slums is highest at 71.9 per cent, compared to other regions: Oceania with 24.1 per cent, Western Asia, 33.1 per cent, Latin America and Caribbean, 31.9 per cent, North Africa, 28.2 per cent, and South East Asia, 28 per cent, (UNHABITAT, 2003).

The establishment by UNHABITAT of the Slum Upgrading Facility (SUF) is a response to four distinct but related trends:

- *To address the 'finance gap' in slum upgrading* as a contribution to wider worldwide efforts to identify new sources of finance considering that combined public, private investment and official development assistance only meets 5-10% of the financing required for improvements in housing and basic services in Sub-Saharan Africa, South Asia and South East Asia.
- *To respond to and make better use of decentralization of public administration (from central government departments to local authorities)* given that the degree to which the central government empowers the local authorities impacts directly on the latter's ability to engage with community organizations and private sector to plan, manage, and finance the delivery of basic services and other infrastructure.
- *To design, field test and scale-up financial instruments that will capture domestic capita* using the liberalization of the domestic financial service industry.
- *To increase levels of community mobilization and savings in slums* through tapping into innovation and connecting it to parallel innovations in the domestic financial service industry, local capital markets, and local authorities.

In order to establish global working relations, and strengthen institutional relations, SUF, in collaboration with Cities Alliance and the Municipal Finance task force, shares

information on financing mechanisms for municipalities in developing countries with the various actors: bilateral and multilateral financial institutions (including USAID and the WorldBank Group); the development partners (slum dwellers, local authorities, central governments) and the financial partners (micro-finance, banks, capital markets).

In order to identify local partners, learn from and assess the financial mechanisms and partnership arrangements, SUF undertook scoping missions to 10 countries in East Africa (Kenya, Tanzania and Uganda), West Africa (Ghana and Senegal), South Asia (Bangladesh and Sri Lanka), south East Asia(Cambodia and Indonesia) and in Zambia. From these scoping missions, it was evident that the governments, communities and the domestic financial services sector find it necessary that financing improvements in housing and basic services (including WSS) in slums draw from indigenous banks and the local capital market so long as there is an acceptable notion of risk.

In all the 10 scoped countries the perceived risks for the private sector and capital markets are locally considered too high, while the capacity of the local actors varied greatly:

- some governments are strong but the urban poor are not well organized and capital markets are generally weak;
- some communities are mobilized and the banking institutions and capital markets are well poised to structure instruments for financing and upgrading initiatives, but local governments lack proper governance and autonomy to support community-led efforts and domestic financial institutions; and
- some local governments and urban poor movements are working in partnership on a range of upgrading actions, but the private banks, financial intermediaries and local capital markets are weak or non-existent.

The selection criteria matrix is the tool for strengthening SUF's support services and the capacities of the local actors and institutions, including the capacities of the urban poor, local governments and for ensuring innovation of the domestic capital markets. In addition, the country strategy papers for the pilot activity countries enables SUF to get

details of projects that local actors engage in, hence identifying the technical assistance and seed capital that would be required and helps SUF to outline the modalities for support.

In Visakapatnam, a DFID-funded slum-upgrading programme has had a major impact on access to basic services. The pilot Slum Networking Project in Ahmedabad sought to develop a new model for providing services in low income settlements, involving a partnership between the municipal authorities, the private sector, local communities and NGOs. Although this project faced difficulties that led to the withdrawal of the private sector partner, the municipal authorities still hope that the programme can expand to reach all 'slums' by 2003. In Cebu, a wide range of partnerships has been established between municipal government agencies, local NGOs and people's organisations to provide social services, and these have improved provision, especially for primary health care, communal water and sanitation facilities.

Under HABITAT's global initiative - Cities Without Slums (CWS) - the ***Kenya Slum Upgrading Programme (KENSUP)***, was established as a collaborative effort between the Government of Kenya and the UNHABITAT. The objective is to improve the livelihoods of people living and working in slums within the urban areas of Kenya. Three pilot urban centres were selected - Nairobi, Kisumu and Mavoko - to provide a framework that can sustain long-term nation-wide slum upgrading.

In its approach, KENSUP seeks to harness political will; strengthen slum-dweller organizations and promote all-inclusive processes based on consensus building and partnerships. In both Kisumu and Nairobi, preliminary situation analysis study of the identified pilot slums was undertaken to assess the present state with a focus on land tenure issues, housing, infrastructure, social services and livelihoods. Part of this analysis was also to synthesize the communities' values and perceptions as well as analyze the effectiveness of previous and on-going upgrading initiatives within these selected areas. Analysis of the institutional framework and policy environment has also been undertaken particularly in the selected slum areas of Kisumu to provide insights

into the intervening factors and their relative influence on the current conditions of the slums.

At the national level, KENSUP fits clearly in the strategic framework laid out in the Poverty Reduction Strategy Plan (PRSP), while at the international level, it is a clear demonstration of the Kenyan government's commitment to the Habitat agenda and the Millenium Goal of improving the lives of at least 100 million slum dwellers by the year 2020.

The pro-poor strategies geared towards improving the WSS services to the urban poor that are integrated within KENSUP include:

- promoting pro-poor income-generating activities and
- promoting citizen participation, engagement and empowerment through active participation of stakeholders including CBOs, NGOs, public and private sectors, development partners etc.

It is important to note that KENSUP, Nairobi, can be viewed as part of the UNHABITAT's Water for African Cities Phase II hoped to promote pro-poor water and sanitation governance, and follow-up investment through supporting and improving the infrastructure for better water and sanitation within the pilot area of Soweto East.

Notably the KENSUP pilot programme is intended to be a 'demand-driven' with outcomes determined and designed by the community itself. The fact that UNHABITAT's focus is infrastructure for facilitating provision of basic needs (as opposed to designing houses) in itself is a move towards addressing immediate needs to improve the lives of thousands of these urban poor groups.

Limitations/Gaps of the SUF – The KENSUP pilot programme

a) There is no official attempt to establish any national system for slum upgrading, hence no existing official framework within which communities can instigate any process for upgrading which has made the process slow and community-involvement in decision-

making questionable. Immediate problems facing these poor communities – i.e. security of tenure; and access to adequate safe water and sanitation provision - remain unaddressed.

b) The institutional design of the KENSUP project is yet to be established. At the moment, despite the fact that KENSUP has mapped and identified the structures and residents in Soweto East, the design, planning and coordination of activities regarding the project are handled at the level of government ministries and UNHABITAT, without enough participation or information to the community regarding the design of slum upgrading policies.[72] Residents within Soweto East therefore seem to lack a real voice in the project as the current community representative mechanisms are not effectively designed to make them equal partners in the development process (localized participation).

c) The KENSUP programme has not addressed the relationships between structure-owner and tenant and how the problem of insecurity of tenure will be resolved. It may be possible that structure owners might be encouraged to increase rents by having improved conditions after the overall slum upgrading!

4.1.4. *Gender mainstreaming unit*

This is a partnership between UNHABITAT and the Gender and Water Alliance (GWA) which was established in 2005 with the following objectives:

- Develop a gender mainstreaming strategy and operational action plans for the overall UN-HABITAT water and sanitation programme.
- Facilitate the "genderisation" of water and sanitation utilities through the development of gender sensitive norms and standards, as well as support for enhanced participation of women in water and sanitation utilities.
- Identify areas for capacity development and enhancement; and
- Inform and influence national economic development policies and sector reforms to make them more gender sensitive.

[72] COHRE, June 2006. *Listening to the Poor: Housing rights in Kenya.* COHRE Fact-finding Mission to Nairobi, Kenya. Final report, June 2006.

All the UN bodies are all mandated to fulfill the demand for gender mainstreaming in all their activities within the context of the respective agencies. The Gender Mainstreaming Strategy Initiative (GMSI) is an attempt to mainstream gender into the Water for African Cities II. The silent indignities and deprivations suffered by poor women due to lack of proper and adequate sanitation facilities came to the fore at the CSD 13 in New York when their unheard voices were presented at a session organized by UN-HABITAT.[73]

As part of its pro-poor approach, GMSI utilizes a Rapid Gender Assessment tool developed by the Gender and Water Alliance and WAC II to collect preliminary baseline data for thematic areas in the cities where WAC II operates. The GWA members and local stakeholders also engage in a rapid gender institutional assessment of their respective water and sanitation utilities – public and private. A gender situational analysis in slum or informal settlements assesses the level of access to safe and affordable water and sanitation facilities and services, particularly by the poor, the existence of formal and informal providers of these services, and the living and working conditions of women, men, girls, and boys in these low-income communities.

Analysis of the data from this assessment is intended to inform the creation of a gender mainstreaming strategy for the WAC II Programme in each city. Gender equity and pro-poor action plans will therefore be integrated into project implementation plans.

This strategy is important in gender mainstreaming by virtue of the fact that it is participatory and hence grounded in the knowledge and networks of local stakeholders. However, the challenge for UN-HABITAT and the GWA will not only be in their ability to actually integrate a gender and pro-poor analysis into the WAC II Programme, but also in how to promote institutional change that will engage women and men slum dwellers in the decision making process in sustainable water and sanitation services provision.

[73] During the 13th session of the Commission on Sustainable Development - CSD-13 in New York, UN-HABITAT organised a side event to call attention to the *Unheard Voices of Women* in discussions on the provision and improvement of access to clean water and sanitation facilities and services.

Evidence of gender mainstreaming in current programmes can be realized in the approaches adopted in Water for Asian Cities programme, in which demonstration projects on how to create innovative public-private-NGO partnerships, based on consultation, technology choice and new partnerships are being developed. In partnership with Mahila Chetna Manch, an NGO based in Bhopal, a gender mainstreaming strategy for WSS is being developed through a rapid gender assessment of four project cities, which will facilitate an action plan both for capacity building and project implementation in the cities of Madhya Pradesh.

4.2. Evaluation of existing PPUWSG concepts/Framework

4.2.1. The Joint UNHABITAT/World Bank Water Governance Performance Assessment Tool (GPT) - Jim Lamb

The GPT was developed jointly by the World Bank and UNHABITAT to help evaluate the quality of governance for the delivery of water and sanitation services to urban settlements in the developing countries and targets the improvement of services for the unserved and the urban poor communities.

Why the focus on municipalities?

The departure point of this tool is the understanding that conventional assessments of local governance generally focuses on government bodies and civil society groups with little consideration for individuals, households and unplanned settlements. The GPT also recognizes the fact that these un-served groups may not necessarily have any linkages to allow interaction with the local government.

By evaluating the water and sanitation governance regimes within a municipality, it is designed to provide an impartial means of identifying areas for improvement and for measuring improvement over time. This tool hopes to identify the governance arrangements that are in place and determine whether they are effective in delivering water and sanitation services to all the groups, in particular the poor communities.

Although it targets municipalities, the GPT recognizes the fact that WSS governance exists within a larger framework of state governance and hence aims to identify whether the national or regional water resource governance issues influence or are influenced by the local water governance regimes.

The GPT approach, strengths and weaknesses

Approach	***Activities***	***Intended results***
Quantitative Mapping	Map existing governance regime by investigating: • the interaction between the service providers and the served • unserved groups and the role and effectiveness of existing institutions. • Effectiveness of the management/leadership roles and responsibilities • The needs and expectations of poor communities	• Identify groups not served • Identify problems affecting WSS service provision to all groups • Identify institutional and management gaps in effective delivery of services
Qualitative Appraisal	• Identify the communities' attributes of effective governance • Identify the current institutions' understanding of effective governance • Investigate the level of interaction between the communities and the institutions	
Monitoring and Evaluation	Monitor the governance reform processes	

Strengths of the World Bank GPT:

- *A means of monitoring MDGs at the local level:* If effective water governance is considered the pathway to delivering the Millennium Declaration Goals (and the sanitation goal agreed at WSSD), the proposed GPT is essential in monitoring the attainment of the WSS MDGs among the urban communities where the problems affecting delivery of WSS services are a result of governance deficiencies.

- *The tool is context-specific:* It accommodates the socio-cultural perceptions of the communities in a given municipality to determine the water governance principles that can be applied in interventions for more impact. This is a step towards placing the community as important stakeholders in the social decision-making structures, hence this consideration for socio-cultural perceptions act as incentives for participation and benefit-sharing. Solutions will also be specific to each context and in accordance with the existing dynamics.
- This tool *shifts attention from the national level governance assessment to the local level* where majority of the urban poor remain inadequately served. Municipalities are best placed to lead the planning for capital investments in land and services (infrastructure such as roads, drainage, sanitation and water supply) required for the development of sustainable neighbourhoods.[74] If municipalities receive the support to facilitate the processes from the government, the proposed GPT will help to facilitate better WSS services to the urban poor given that the degree to which the central government empowers the local authorities impacts directly on the latter's ability to engage with community organizations and private sector to plan, manage, and finance the delivery of basic services and other infrastructure.

Limitations of the World Bank GPT:

- The proposed GPT *does not take into consideration the role of existing technical gaps and constraints* For instance, where does the line lie between the influence of governance failures in existing systems and technical failures?
- The suggested appraisal procedures are tailored to match local circumstances and the values of the specific community within the municipality, making the tool *unsuitable for direct comparisons between elements of governance in other cities.*
- This GPT *does not provide guidelines for mapping the poor* within the municipalities, given that there are diverse governance regimes in existence even within a municipality.

[74] UNHABITAT, 2006. *Slum Upgrading Facility (SUF) Handbook*, Volume 1, June 2006, Vancouver.

- The *criteria for selecting stakeholders and the assurance panel is not defined.* The tool does not provide the means for ensuring that stakeholder groups that will be consulted will be representative.
- The tool *assesses governance before defining it* - what guiding principles of what good / effective governance is are used in assessing the existing structures?
- Although it suggests a situational overview of existing WSS structures this tool *assumes that urban poor areas have a governance structure already in place* for WSS. However, unplanned settlements within urban cities where majority of urban poor reside are not served by formal utilities but by small-scale independent providers. In Nairobi's informal settlements, the activities of these small-scale providers are not under any set operational rules or obligations and have neither the necessary accountability mechanisms nor the facility for consumer voice.
- The *existing legal and municipal level policies affecting the WSS provision* of services among the urban poor within municipalities are *not articulated* in the GPT. Most developing countries (particularly in sub-saharan region) do not have a sanitation policy that is holistic in approach to facilitate provision of WSS services to the urban poor in low-income settlements. As emphasized in a WSP-AF report (Piers Cross and Alain Morel, 2005) lack of clear policies and effective programs for meeting the needs of the poor has resulted in the rapid expansion and densification of the slum areas where many residents live in absolute poverty.
- This GPT *assumes that communities within municipalities are heteregenous* i.e. have shared social and economic values. However, given the changes due migrations into cities and the fast growth of 'slums' which are often composed of different ethnicities, one expects changing social dynamics. At the same time, this GPT assumes that municipalities will always have well-developed and identifiable households, spaces and existing institutional structures; yet most informal settlements in developing countries are quite unstructured and often without defined WSS service provision networks. For instance, the Kibera informal settlement is home to almost 605 of Nairobi's population is made up of 12

Villages from different ethnicities; the social dynamics (values, norms etc) will vary from village to village at the very least.

- Given that most municipal institutions/towns tend to have a misrepresentation of women, this tool is likely to have a *gender imbalance*. We have noted in our earlier discussion that any governance framework should ensure full participation of women (and the youth); it is not clear how this tool will ensure this is done. *Misrepresentation of the 'groups'* has a huge impact on decision-making processes and on the livelihoods of these members of the community and hence will affect the effectiveness of the governance structures at this level.

4.2.2. *UNHABITAT's Pro-poor Urban water and sanitation governance framework - David Satterthwaite and Gordon McGranahan*

> *'Urban water and sanitation governance covers the full range of arrangements through which governments and other actors work together to develop and manage water and sanitation systems.'* (Satterthwaite and McGranahan, 2006)

Satterthwaite and McGranahan's starting point is that the arrangements mentioned in the definition above often fail the urban poor, who are at a disadvantage in both the market and the public policy arena, and often end up using water and sanitation systems that are unhealthy and even illegal. Existing arrangements also often fail the more affluent urban dwellers, who receive intermittent or otherwise poor-quality services despite their economic and political advantages. One of the basic arguments in Satterthwaite and McGranahan's framework is that the principles and governance tools that are important to getting private providers to improve provision to the urban poor are very similar to those needed to improve public provision, hence, local governance is critical to getting the best out of private as well as public providers.

With regard to pro-poor strategies for meeting the MDG targets, they argue that the water and sanitation target is intended to place deprived households at the centre of a new water and sanitation agenda, not only challenging the pro-poor credentials of existing reform efforts, but demanding a more coherent and focused approach to addressing the water and sanitation problems of the poor. The important role for

international support in improving water and sanitation provision for low-income urban residents, from a governance perspective is advanced as one of the major challenges is to prevent vested interests (many of which are international) from dominating local water sectors.

Satterthwaite's Proposed PPUWSG

The main reason d'etre for this paper and proposed framework is the failure of current sectoral models for good governance. There are many good examples of successful approaches and most of these have certain common denominators, namely:

- Where several interventions to improve governance systems are implemented together;
- Where tripartite negotiations undertaken between the unserved, the service provider and the local government;
- Where partnerships have been made between small public utilities, small private utilities and community groups

This framework proposes that WATSAN *providers must be more accountable* to the poor, they emphasize that accountability and hence levels of improvement are directly related to the levels of influence the poor can bring to bear. There is also a need for both private and public *utilities to review their policies* with this accountability in mind. A clear focus of activity is a strategy to *increase the voice of the poor* to make these demands. It is true that if communities are better organized, in terms of general livelihood development, their shelter legality and security, they are in a better position to enter into effective negotiation. Indeed, *the state is more responsive to meeting these demands if they have a progressive approach to democracy and decentralization.* In sum these factors of "good governance" have yielded effective approaches in Latin America.

In parallel to government efforts to provide an enabling environment for good water governance, *service providers (public or private), must be more responsive to the urban poor.* In most cases, larger scale service providers have a contract with the state, their revenues being gained from both a service fee and revenue they can collect from the sale of water.

For smaller scale vendors, they only get revenue from water sale. Larger scale providers are therefore less likely to want to provide the poor considering current institutional arrangements.

Service providers, suffer from corrupt practices, but often these are most keenly felt by the poor. Most corruption in water utilities can usually be traced to low-level local utility staff who demand bribes to "reduce" connection costs or too reconnect supplies disconnected for non payment. High-level corruption is also apparent especially in the process of awarding tenders.'

Satterthwaite and McGrannahan argue that perhaps the area that shows greatest promise for promoting pro-poor governance approaches is *the promotion of government support for community-driven processes.* Good examples that have led to increased government involvement, particularly in the areas of scale up and replication, have been where community fund pilot and demonstration schemes to show governments that their solution are more cost effective. Such schemes have:

- Linked shelter/slum upgrading to WATSAN interventions
- Involved community in both initial assessment of demand and evaluation
- Co-financing part community part government funds
- Integrated livelihood development with WATSAN interventions

Aside from service providers, the regulators have much to do to promote pro-poor approaches. *Most regulators have no specific policy for the poor un-served areas* and do not consider the poor when drawing up private sector management contracts and concessions. They do not encourage service providers to equate economic and efficient, viable operations with serving the poor. In most cases the regulators do not consider key barriers to connection to networked systems such as high connection costs. One other important consideration, in view of the fact that in many countries sector reform has seen increased privatization, those public utilities who served the poor well tend to continue to do so after privatization.

The framework proposed by Satterthwaite and McGrannahan, has some limitations:

- It pays little attention to either the role of small-scale vendors or how their relationship with larger scale private enterprises, can lead to potential win-win situations.
- It needs to more clearly define the role of regulators in providing the correct policy environment
- Many of the cross-cutting issues are duplicated in the framework

In this framework, the majority of the issues that affect access and provision of water and sanitation services to the urban poor are well articulated and could provide the basis for expanding the framework further. Other components on *identifying the poor*, and more work on the limitation mentioned above should however be included. By placing the influence of the poor (who make up most or all of the unserved or inadequately served) at the centre, the framework provides a useful corrective to the tendency for other stakeholders in the water sector to claim that their interests coincide with those of poor groups. Other questions which are central to water and sanitation pro-poor water governance include *how the poor can increase their political voice* vis à vis the state, or *increase the client power* vis à vis providers, and how this framework can be fitted to serve the interests of the low-income groups.[75]

Conclusions on UNHABITAT's approach: Strengths and Challenges

From the above discussions, it is clear that UNHABITAT has played a significant role in the development of and, to a large extent, the implementation of specific pro-poor WSS interventions geared towards improving access and provision of both water and sanitation services to the urban poor. This review indicates that there is a strong pro-poor focus in the implementation of UNHABITAT's projects/programmes, for instance, *building the capacities of the communities*: In both the LVWATSAN and the KENSUP projects, UNHABITAT has involved the local community in both the project design and the project implementation will remain a joint venture.

[75] Gordon McGranahan and David Satterthwaite. Discussion paper on *pro-poor urban water and sanitation governance*. Quoted in UN-HABITAT (2003) *Water and Sanitation in the World's Cities: Local Action for GlobalGoals*, Earthscan, London.

By using *community-based management models* where (the sanitation user groups of the Vacutug exhausters in Kibera, Nairobi) the local community takes responsibility of the management, operation and maintenance of the facilities. However in order to enhance community-participation in promoting WSS services among the urban poor, UNHABITAT should consider helping the communities in setting up an effective intermediary in the form of community associations (for both water and sanitation particularly in the informal settlements where small scale providers of WSS are not regulated), so as to provide forums for community/consumer voice and in addressing issues including affecting water quality, tariff regulation, user charges, operations and maintenance etc.

As reinforced in the UN-Habitat's (2006) Global Report,[76] it is clear that good water and sanitation provision is not just about infrastructure, but includes local capacities to make appropriate technological and institutional choices that facilitate 'smart partnerships' so that where conventional means are not effective, innovative options can be realized. For instance, it is clear that in the Water for Asian Cities programme, (which was launched in 2003) within a collaborative framework between Thimi Municipality and the Centre for Integrated Urban development (CIUD) and WaterAid Nepal, PPUWSG tools are being developed through mapping of the poor using GIS and remote sensing, rapid gender assessment and Initial Environmental Examination, the results of which will be replicated in the Water for African Cities programmes. There is a clear indication that focus has been placed on enhancing capacity at city, country and regional levels, and creating an enabling environment for new investments to be channelled to the marginalized poor groups.

At the same time, policy reform is an important mechanism that improves WSS provision and its policy options and management models should form the basis for access and provision of basic services. UNHABITAT acknowledges that the main challenge is translating good policies into a specific framework that can be used to assess governance at the various stages of the reform process.

[76] UN-Habitat, 2006. *'Meeting Development Goals in Small Urban Centres'* pp245

In addition, important questions have been addressed in concept papers including; how to reconcile the governance perspectives of different stakeholders, developing workable field strategies for securing good governance, identifying appropriate intervention points and the need for robust diagnostic tools of specific applicability to water governance.

5.0. Analysis of donors and other development Agencies' pro-poor approaches to WSS provision

Data recorded by the Organisation for Economic Development's Development Assistance Committee (OECD DAC) reveals that since 2000 the percentage of combined multilateral (eg World Bank, European Commission) and bilateral (direct country to country) aid devoted to water and sanitation has dropped from 6% to 5% of total aid. Among the G7, the world's most powerful economies, the drop was even more dramatic with bilateral aid for water and sanitation falling from 7% to less than 4% while the UK's share of bilateral aid during this period dropped from 3.8% to 0.86%.[77]

At the same time, a huge impediment to delivery of effective aid to the world's poorest is tied aid which is conditional on recipient countries spending all or part of the aid package on goods and services from the donor country. According to the United Nations Development Programme's 2005 Human Development Report, tied aid costs developing countries an estimated 20% above the cost of buying these goods and services on the open market, which amounts globally to an annual $5bn-7bn tax on aid. Tied aid costs Africa alone $1.6 billion a year.

It must however be acknowledged that there is a growing acceptance of the Poverty Reduction Strategy Paper (PRSP) in recent years which has created an opportunity for more coordinated development assistance as well as targeted poverty reduction in a way that reflects the demands and needs of countries. Current estimates to achieve the Millennium Development Goals (MDGs) for water and sanitation range from US$7.5

[77] See, http://www.wateraid.org/documents/who_is_doing_their_bit__wwd_report_06_1.pdf

billion to US$70 billion annually.[78] Unfortunately between 2000 and 2004, the majority of the water and sanitation aid (65%) went to middle-income countries. Low-income countries were allocated only 34%, with the least developed countries (LDCs) receiving a mere 17%.

Given this situation, it is evident that existing water sector finance and governance systems therefore need to evolve - both to adapt to the current environment, and to create a new environment where the water and sanitation sector can attract the resources required - if they are to yield the economic and poverty reduction benefits so often attributed to it. This would include redefinition of donor and development agencies pro-poor policies so that WSS to the urban poor can be improved. It is therefore important to provide an overview of some of the current donor/development agencies WSS pro-poor policies and frameworks in order to identify existing gaps which can be considered under section 6.0.

5.1. The World Bank

One of the proposed World Bank's PPUWSG framework is based on the notion that demands for improvement need to come from the poor people themselves[79] depending on the level of influence that they have on the service providers directly or through the government. This framework focuses on the relationship between the citizens/clients, service providers and the state, distinguishing two routes of accountability: direct pressure on the service provider for better services, and through influencing policy-makers and politicians to influence the service providers.

The WorldBank's Water and Sanitation Programme, Africa (WSP-AF), on the other hand, suggests the following key entry points for pro-poor urban water and sanitation governance strategies:

(i) Pro-poor tariffs and financing mechanisms for service improvement;

(ii) Institutional arrangements to improve services to the urban poor. WSP-AF argues that institutional and policy reform are needed to break this stagnation

[78] Fonseca, Catarina and Rachel Cardone, 2004.
[79] The World Bank, 2004. World Development Report: *Making services work for the poor.*

cycle, by improving financial and technical performance. These reforms have brought the issue of services to the poor into sharp focus;

(iii) Pro-poor transaction design (including regulation and monitoring);

(iv) Advocacy and communications regarding the urban poor and

(v) Consumer voice and civil society engagement.

Limitations of the framework:

- The framework assumes that the poor have a 'voice' or channels for voicing their concerns directly to either the service provider or the state, and that they will receive a response to the poor people's needs and demands.
- It fails to make explicit the means through which the urban poor can influence policy change or inclusion in policy discussions and eventual decisions.
- No provision is made through which varied local solutions from the poor marginalized communities can be co-opted into the broader formal systems of the WATSAN providers

Service providers are mainly market or competition driven hence a need to consider the different motivations for responding consumer demands and establish the response mechanisms.

The World Development Report (The World Bank, 2004), *Making Services Work for the Poor'* recommends institutional changes that will strengthen relationships of accountability - between policymakers, providers, and citizens - in order to have improved service delivery. The report further argues that where services have worked for the poor, the following steps have been taken:

- participation of all stakeholders;
- societies have curtailed corruption;
- recognition of the fact that resources and their effective use are inseparable;
- comprehensive view of development has been adopted and

- Strong external support to policy changes and towards effective practical use of resources.

5.2. *Official Development Assistance (ODA)*

According to the ODA[80], water service and sanitation delivery is a key element of the Millennium Development Goals (MDGs). For this reason, development in the water sector has increasingly moved away from physical infrastructure provision to focus on management, institutions, regulation, conservation and allocation of water as a scarce resource. This "software" emphasis comes under the broad umbrella of water governance. ODA's experience of water governance in Australia[81] and other countries (in water reforms) provides the main themes under which water governance can be analysed:

a) *Drivers of change in water regulatory systems*

Urban water utilities often fail to provide adequate water supplies to urban poor water communities; as a result, about 31% and 57% of the urban population in Africa and Asia respectively are not served by piped water supply (WHO/UNICEF, 2000). At the internal level, programs give priority to freshwater provision for basic domestic uses although past performance of water infrastructure projects has been affected by ambiguities in responsibility for maintenance and by problems of access. For instance, user-pays models have implications for the rural and urban poor and any programme intervention is effective only if it is responding to actual needs and perceived needs for change. It is important to understand why and how change occurs in the way water is used and managed. What drives water governance change and reform in different contexts is an understanding is required in order to address the underlying causes of water problems.

Drivers of change in water governance include physical and political pressures. Natural hydrological and climatic factors, together with availability of water storages, shape

[80] ODA, *Water Governance in Context: Lessons for development assistance*, Overview report Vol. I. See, http://www.mekong.es.usyd.edu.au/projects/water_governance.htm

[81] Australia is at the forefront of innovative water governance reform initiatives at a global level.

how water is used and managed. Demographic change and associated infrastructure requirements place pressure on water resources and often trigger reform at the policy and management levels. Ideological influences, economic pressures and wider reform processes can also define water sector reform in specific ways in particular contexts.

Therefore, understanding the contextual drivers that lie behind water governance reform is crucial for program design as well as being an important check to ensure that reform is not overly externally influenced but rather responds to endogenous potentials and processes. If drivers of change (e.g. scarcity, conflict and international water policies) are mainly external, compatibility is likely to be low:

- For instance, scarcity among the urban poor needs to be understood in relation to competing water uses between agricultural, industrial and domestic users, and environmental/social objectives such as ecological sustainability and equity. Scarcity in urban areas has been constructed relative to historic levels of consumption rather than a basic needs approach. The threat of future shortages has prompted a debate over alternatives. In Sydney, this can be seen with the recent proposal to construct a desalination plant. Although demand management has been a component of policy responses, supply based solutions have dominated. Solutions range from resettlement or denial of citizenship rights, to asserting the need to build storage dams in place of forests as "sponged" natural storage. In this case, scarcity has been used to justify a water governance regime, which marginalizes minority groups and has a poor basis in the science of forest hydrology.
- Universally accepted principles and policies need to be tailored to the specific hydrologic, climatic, political, economic and cultural contexts of each country. The 'model' approach whereby experiences or policies from one context are replicated in another invariably fails when the nuances of each country (physical realities) and nation (political context) are not taken into account. Where internationally endorsed models have been implemented without due reference to the dynamics of context, initiatives have been problematic and less inclined to improve sustainability in the long-term.

b) *Catchment management frameworks and issues of scale*

Relations between different scales (or levels) of management are important in designing appropriate frameworks. Appropriate scales of management and intervention differ from one context to another. Development assistance supports institutional reform in catchment management at different levels hence there is a pressing need to link broad-scale and community level processes.

c) Public/private/community roles and initiatives

The emphasis is on the appropriateness of different public/private/community roles and responsibilities in different contexts. Interventions need to engage with these roles and responsibilities to plan appropriate mixes of market-based, institutional and participatory approaches in management and WSS provision. There is a need for an appropriate mix and linkage between roles, and the social acceptability of this mix and linkage as situations may vary.

Community-based management raises questions of capacity, financial management and participation. Long-term sustainability and better demand-driven services and infrastructure have been the major objective of involving communities in the management of their water supply and sanitation systems. Operations and maintenance and financial sustainability have been the biggest challenges with community-managed systems, followed closely by institutional and cultural challenges.

d) Dealing with conflict and risk in WSS projects

An assessment should be made of risk management and outcomes for different groups, with an emphasis on adaptive frameworks and should inherently be concerned with minimizing conflict, understanding that a degree of (non-violent) conflict as a normal part of social change and as a likely component of governance reform. Programme designs therefore need to be based on understandings of risk from societal rather than narrow project/investment perspectives.

Water governance reform can either be seen as a way to lessen conflict as an end in itself, or as a means to reduce the material basis for conflict such as emerging water scarcity. Water reforms themselves can also be a cause of conflict, if processes are not sensitive to the interests and concerns of key stakeholders or are perceived to be beholden to a narrow set of interests. Understanding the connections between conflict and water governance reform is essential for effective interventions.

e) Equity implications of market and property rights mechanisms: gender, poverty and indigenous dimensions

Equity implications of market-based approaches to water in a number of cases should be considered. Gender, poverty and indigenous dimensions of water regulation should be addressed with specific reference to the enhanced roles of markets and changing property regimes. Programmes need to achieve a balance between efficiency, social equity and sustainability. This aspect covers a key area in which tensions and unforeseen impacts can be anticipated and mitigated with proper awareness and appraisal.

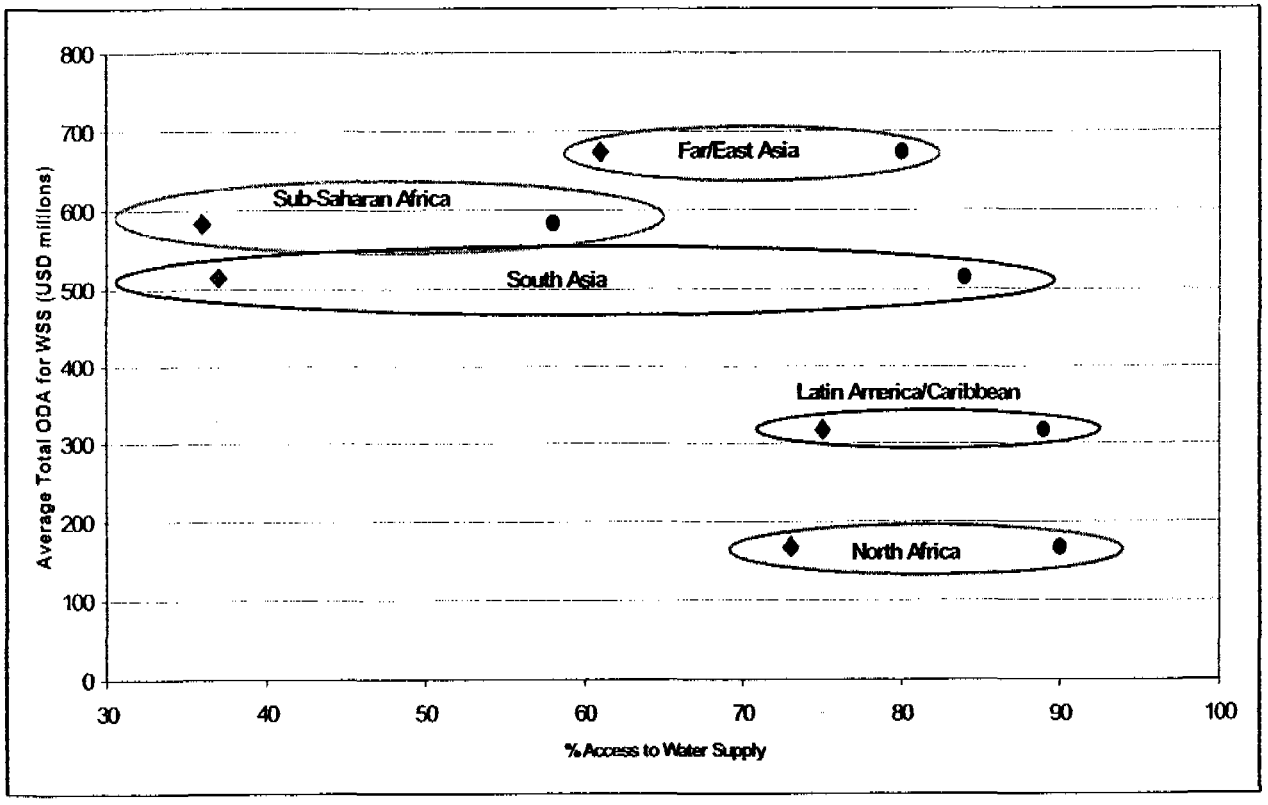
Gaps in ODA's approach to providing financial support to WSS for the poor

- It is difficult to determine whether water and sanitation commitments are specifically targeted to the poor. It is of course possible from a broad perspective, to plot access data, as provided by the Joint Monitoring Program (JMP), against funding flows, and be able to determine whether funding flows are targeted to those areas lacking access.

- Access to sanitation lags considerably behind water supply. See Figure 1 below showing ODA's commitments to water supply and sanitation, drawn from the JMP and CRS databases. Note that the pink dots represent access to sanitation, while the blue dots represent access to water supply. Importantly, this analysis is not meant to suggest causality between amounts of funding and access levels, as the amount of funding committed does not necessarily mean that it results in financial flows, or that such flows as may occur are timely or efficient. Rather, it

should serve to illustrate where the needs are, and, by comparison, where ODA flows over the past few years have been directed. It would be useful for policymakers to know whether funding in South Asia is more targeted to sanitation than to water supply, given the wide gap in access data between the two. Based on the historical figures given in Figure 2, one can assume that ODA commitments continue to support water supply interventions over sanitation activities.

Figure 2: Access to water and sanitation compared with ODA flows to water, based on average commitments, 1999-2003[82]



- ODA flows – both in terms of commitments and disbursements - are insufficient to bridge the financing gap at global, regional, and country levels, to achieve the MDGs for water supply and sanitation.

[82] Fonseca, Catarina and Rachel Cardone, 2004. "Will it cost the earth? An overview of cost estimates for achieving the water and sanitation targets of the Millennium Development Goals". Well Briefing Note 9, WEDC, UK. Available at: http://www.lboro.ac.uk/well/resources/Publications/

- Even if ODA flows were sufficient in quantity, it is not clear that they are sufficient in quality. There is a lack of evidence that flows consistently reach those countries in greatest need; and even where funding does reach the poorest countries, there still appears to be a bias towards larger-scale infrastructure solutions over basic water and sanitation needs.
- Other trends in development tend not to be captured in discussion of ODA flows to the water supply and sanitation sector. For example, trends such as strengthening core governance functions through budgetary support and sector wide approaches, as well as thinking beyond these traditional sources of finance to support more innovative ideas may have a positive impact on the water sector overall. As pointed out in a recent paper for DFID[83] on the agency's contributions to achieving the MDGs for water supply suggested that given the key constraints facing the sector - which relate predominantly to public administration and financial management - it may be appropriate for donors to focus on improving the overall governance framework in a country to the point where things function, rather than continue to fund unsustainable projects and programs in an institutionally complicated water sector.

5.3. Asian Development Bank (ADB)

The ADB works towards realizing poverty reduction through targeted assistance that will improve access to services, particularly for the poor. The understanding is that many of the Millennium Development Goals cannot be achieved unless poor people have access to equitable, effective, efficient, and affordable basic services. In their efforts to improve the efficiency and responsiveness of basic services, many central governments in Asia have transferred the responsibility for service delivery to local governments and additionally introduced a range of policies and measures to improve responsiveness in delivery public services, particularly to the poor.

The PPUWG approach adopted by ADB is based on the 'Water for All Policy'. This approach suggests a framework for improving water governance that includes strategic

[83] ERM, 2005. "Meeting the Millennium Development Target for Water and Sanitation." DFID, London

policy actions that can be classified into the following arenas: an enabling environment, a restructured institutional framework which integrates and coordinates all activities and management instruments developed and implemented through rational and informed choices: These aspects have been explained below and illustrated using Box...:

a) Creating a favorable *enabling environment for reforms* - consists of the basic laws, policies, and regulations for developing and managing water resources, which governments provide through legislative and executive actions;
b) Restructuring the *institutional framework* to ensure the integration and coordination of all activities -includes the roles and relationships among the various water agencies, at all levels of the bureaucracy, involved in developing and managing water resources. Among the strategic policy actions to ensure an effective institutional framework are those related to an apex body as the central national agency to coordinate planning of sub-sectors and planning across sectors, including decentralization; river basin organization, or such other regional models for decentralization and devolution of activities; and local government units as models for decentralization and devolution of water supply, sanitation, and other activities.
c) Developing and implementing the *management instruments* for effective water governance. These include the tools and techniques that enable decision makers to make rational and informed choices between alternative actions that would make governance more effective. These choices should be based on agreed policies, available resources, environmental impacts, and social and economic consequences. Management instruments may be grouped into water resources assessment, communication and information systems, water allocation and conflict resolution, legal instruments, and economic instruments.

An ADB report on the *Water and Poverty Initiative* points out that the single most important pro-poor water governance intervention is for governments, non-governmental organizations (NGOs), and funding agencies to put poverty reduction, in

all its multi-dimensional aspects, at the top of the development agenda. This report further argues that good governance requires adequate data on water availability, the nature of poverty, and the relevant water-related government, NGO, and private sector interventions.[84] At the level of governments, ADB suggests that they should identify minimum data requirements and ensure that it is consistently collected, analyzed and made public.

The ADB, like other bilaterals, suggests as one of the way forward, that governments need to move away from being service providers and play the role of regulators, thus de-linking tariffs from political processes. The legal and regulatory systems need to ensure water service providers and resource managers are held accountable by law for their performance relative to prescribed standards.

The ADB also draws attention to the gender disparities that exist in water governance structures and which pro-poor mechanisms have to take into account to ensure equity to WSS, (see details in Box 7 below).

Box 7: Asian Development Bank – Gender approaches in pro-poor water governance
The ADB highlights the water needs and their effects on people, which it reports, are intricately woven throughout the daily lives of poor communities, particularly of women and children. (Women, traditional providers of water, are most affected by this lack of access. Some spend their lives as water carriers – and do little else).
In Asia, gender is recognized as a key dimension of pro-poor water governance actions. Women and men usually have very different roles in water and sanitation activities - especially in rural areas. Men usually dig the latrine pit whereas it is most often the responsibility of the women and children to clean it. Hence sanitation programmes offer a natural entry point for gender approaches. Men are in some instances more concerned with water for irrigation or livestock, and they traditionally have a greater role than women in public decision-making. Because of these different roles and incentives, it is important to involve both women and men in demand-driven water and sanitation programmes, where communities decide what type of systems they prefer and are willing to finance.
While it is clear that the management of water resources and the delivery of water services are central to investments to reduce poverty, there is much to learn about how such investments can be more effective.
Source: Available at http://www.adb.org/Documents/Periodicals/ADB_Review/2003/vol35_1/governance.asp

[84] See, *The Water and Poverty Initiative: What we can learn What we Must do.* At: http://www.adb.org/documents/Books/water_for_all_series.

Emphasis is therefore placed on ensuring greater equity through the inclusion of a strong gender perspective if good governance is to develop in the water sector. Gender should therefore be seen as a core component of any water governance structures as this is the only way the needs and capabilities of the poor can be articulated, as women make up a disproportionate amount of the poor and generally have different water and sanitation needs compared to men. Although this is challenging there are positive experiences can be reported in Gujarat India, Pakistani Punjab and Nepal in which gender responsive water user associations have contributed towards better water governance.

In a study conducted by the Cambodia Development Resource Institute and Asian Development Bank (ADB) in Cambodia, - *'Enhancing Governance for Sustainable Development'* – it is concluded that good governance is a major cause for successful economic management in East and Southeast Asia. The Cambodia report points out that pro-poor governance reform programs, if fully implemented, could raise real per income capita by 250 percent between now and 2020.[85] This report however fails to provide details of how the proposed pro-poor water governance reforms will work - which actual action-oriented mechanisms need to be in place, by and for whom.

Some of the other problems that the ADB (2003) identifies with regard to 'poor' water governance include: *corruption,*[86] which is cited as arising from *bureaucratic systems; political interference,* particularly in projects and in operations; *low tariffs* and *lack of autonomy* of utilities. As part of the solutions identified to address the above are:

- Transparent policies and independent regulators
- Tariff reform to put consumers in control
- Civil society involvement

Limitations of the ADB approach to WSS provision

[85] ADB, 2001. available at: http://www.adb.org/Documents/News/VRM/vrm_200102.asp

[86] While corruption undermines good governance, equally bad governance breeds corruption. This is not only because the necessary controls on corrupt behaviour are lacking but also because when official policies do not have public support, corruption thrives.

- Strategic policy reforms take time to develop and must be adapted to rapidly changing environments. To be successful, a prudent, measured approach may be necessary with countries prioritizing proposed actions rather than trying to change everything within the sector at once.
- There is a lack of detailed information on how the poor as stakeholders are to be involved in the processes for the proposed changes and what pro-poor measures need to be taken into account in ensuring access and sustainable provision of WSS among the urban poor, both in small towns and at community levels.
- At the same time, considering that water governance is not merely limited to the defined formal institutions, the ADB proposal on the way forward lacks the emphasis on the role other informal institutions through which the state and society interact in seeking to achieve common goals with respect to rural communities and peri-urban poor. As pointed out by Cleaver et al in the BCID report mentioned earlier, (water) resources are shaped and mediated through 'mechanisms.'[87] There is therefore a need to understand the mechanisms through which water and sanitation facilities are governed across all levels.

5.4. SIDA

SIDA supports organizations in third world countries to improve urban water and sanitation supply, through capacity building, institutional reforms and finance. The main focus is on developing services to low income people in urban and peri-urban areas, with a wider recognition that the task of reducing poverty at the level of adequate provision of services rests not only with partner countries and the development cooperation funds and agencies; but also requires consistent and coherent pro-poor policies at the international level and in many areas such as trade, agriculture, research and intellectual property rights.

SIDA's framework for improving water supply, sanitation and hygiene promotion recognizes that conditions vary widely between and within regions, hence the

[87] Mechanisms are understood as the arrangements which can be negotiated and shaped over time. Emphasis is on the fact that mechanisms are not fixed

framework provided in the WSS strategy is only a guide which should be adjusted to suit specific conditions. This strategy focuses on the following areas:

- Water supply, sanitation and hygiene promotion in urban and peri-urban slums.
- Water supply, sanitation and hygiene promotion in rural areas.
- Capacity building for industrial water and wastewater management.
- Water supply, sanitation and hygiene promotion in emergency situations.
- Waste water in urban areas.

This strategy acknowledges that while poor inhabitants of both rural and urban settings are each affected by problems related to inadequate water supply and sanitation, the respective contexts raise different challenges that need to be addressed specifically. This is reflected in the distinctions made in Sida's priority areas for sector support in which emphasis is laid on:

- Interventions oriented towards improving water supply and sanitation services for the poor, with additional emphasis on servicing the needs of the most vulnerable

  groups, such as people living with HIV/AIDS and households headed by children;
- Development of water supply and sanitation technology options that are appropriate, adaptable and affordable within a variety of changing spatial and socio-economic conditions;
- Cost recovery systems that ensure sustainable yet affordable services. Where necessary this may require forms of cross-subsidisation in favour of the poor;
- Interventions that contribute, where possible, to the enhancement of livelihood opportunities especially for the most impoverished and marginalised users; and
- Integration of water supply and sanitation sector programmes with national poverty reduction strategies.

In its approach, SIDA stresses the importance of participatory methods in planning, design and implementation thereby ensuring the involvement of, and endorsement by, the respective users in planning and implementation is crucial for sustainability and for finding appropriate technical, financial and institutional solutions. In relation to this, it

also emphasizes the fact that information and education are important components in a dialogue with users.

Gaps in SIDA's Strategy for improving WSS among the urban poor

It is important to point out that SIDA's strategy does not explicitly deal with management of solid waste other than sewage sludge, although this is a very important aspect of urban sanitation in low-income urban settlements since health problems arising from wider sanitation issues have long been identified as a critical contributing factor to poverty. Sanitation is in this strategy therefore meant to encompass on-site solutions, collection and treatment of wastewater, as well as sewage sludge management.

5.5. DANIDA

Danida's contribution towards the poverty debate goes back to the last 20 years and, in common with other donors, has long recognized the fundamental importance of participation and empowerment for the disadvantaged groups.

The overall objective of Danida's assistance to the water sector is sustainable poverty alleviation with the aim of improving health; reducing time and drudgery associated with poor levels of service; increasing the involvement of poor people in development; supporting coordination between water, sanitation and health; building capacity; and striving for financial viability.

In recent years, Danish assistance at country level has been designed with an increased focus and assistance towards improving WSS services to the urban poor. In addition to addressing poverty in urban areas, Danida's support is intended to have a significant impact on meeting the MDG targets. Examples of Danida's key WSS projects/programmes include Bagladesh, Benin, Bhutan, Burkina Faso, Ghana, Kenya, Sri Lanka, Uganda, Vietnam, Zambia etc. Box 8 contains an example from Danida supported water sector programme in Vietnam which is acknowledged to have had a

significant impact on national thinking about serving the poor in low-income urban communities in Vietnam.

Box 8: Innovations in Vietnam (on-site sanitation)

In Vietnam, Danida has played a significant role in supporting and developing innovative thinking for poor communities, for instance the Buon Ma Thuot sanitation component which is a multi-dimensional programme of support for the poor. This includes private latrines, to households, public latrines to primary and secondary schools and public latrines to city health stations. Based upon an initial USD 350,000 Danida-funded investment, an estimated 44,500 poor people in the low-income areas received benefit from improved sanitation.

The key to the success of the programme component was its demand-driven nature, based on both financial contributions and the establishment of workable management arrangements for all facilities. In addition, recipients were closely involved in the development of appropriate technical solutions for on-site school sanitation, with an education campaign central to the public school latrine programme. The students in turn take the message of appropriate health and hygiene back to their families at home.

In addition to capitalizing on this methodology, the next phase expanded the scope of improved sanitation with the construction of 30 public latrines in the ethnic Edeminority villages, located within the city's low-income area. The overall on-site programme has provided access to improved sanitation facilities to over 110,000 people within the City's urban and low-income areas, at an overall cost of USD 850,000. With a per capita implementation cost of less than USD 8 per person, this programme demonstrates that low cost implementation with possible long-term sustainability for programmes.

Source: Danida, *Water supply and Sanitation in low-income urban areas*. Good Practice Paper, 2006, pp.13.

5.6. Conclusions on development agencies and donor pro-poor approaches to WSS provision

As key financiers for the water sector, donors have an important role in shaping sustainable water development, whether in urban, peri-urban, small town, or rural areas. In this regard, institutions, such as the development banks and the other multilateral and bilateral financing institutions, can help by encouraging countries to

choose governance policies that address economic, environmental and social water issues in an integrated and holistic manner.

Such encouragement can take the form of intellectual sharing, institutional capacity building, and even financial support for appropriate institutions. The encouragement should not, however, be short term, for as the cases demonstrate it takes a long time for policies to be implemented and consequences to be felt. It is in the long term that fruitful adjustment to meet local realities will occur.

Although Danida emphasizes the need to use a range of development instruments to achieve a balance of service delivery against policy influence, it is important to point out that projects are often implemented with a high level of external control and management.

6.0. Emerging typologies and principles for PPUWSG framework development

In order to identify which governance mechanisms are inclusive and /or exclusive to the poor and marginalized groups, we will attempt to identify some of the gaps in existing typologies in a manner that will contribute to, and strengthen UN-HABITAT's key competencies which cover normative work (standards and priority setting, monitoring and evaluation, capacity building), political mobilization and awareness campaigns, partnership building at local level and demonstration and piloting of innovative approaches.

6.1. Multi-stakeholder engagement approach

Most attempts at developing a pro-poor water governance frameworks have proposed an approach that involves all stakeholders in decision making processes affecting access and provision of water and sanitation services. Developing a tri-sector approach to leveraging expertise from various stakeholders in which government, civil society and the private sector are linked is seen as crucial before assigning any roles either to national governments or other actors.[88] In this approach it has been suggested that

[88]See, Ashley Roe, BCID seminar series, 2006

multi-stakeholder engagements must be supported by a multi-tier approach to management so that national government policies and strategies for WSS for the urban poor do not undermine other actors particularly those at local levels i.e. the civil society/communities.

It is clear that in most urban poor areas, problems associated with access to safe water are related to power relations rather than lack of water supply, on both a large scale, through the lowering of the groundwater, and on a local scale with access to standpipes or pricing issues[89].

Limitations to the multi-stakeholder engagement approach:

a) The difficulty of identifying the stakeholder groups and, more specifically, ensuring accurate representation of the different groups.

b) Working out effective processes for linking local practices and government policy-making; the interface between service providers and users i.e. translating policy into practice, is a process that is mediated by social relations and negotiated through mutual understanding of the value of equitable access, use and management, which most proposed frameworks have not evaluated.

c) Insufficient tools for mapping institutional plurality and for articulating conflicting needs: Given that most local water governance is not necessarily pro-poor, the chronic nature of poverty requires a framework that assists the poor urban communities to identify, articulate and participate in activities that affect equitable access to WSS services. The multi-stakeholder engagement, as a pro-poor approach therefore lacks the conflict resolution mechanisms necessary for addressing the inherent competition and latent conflicts that are often associated with diverse institutional arrangements and in the interaction of multiple actors.

[89] See, BCID Seminar Series, 2006.

d) Coordination problems: Involving multiple stakeholders across scales and sectors is often difficult to realize because of coordination problems and conflicts in perceptions, needs and desirable solutions.

6.2. *Pro-poor national and local institutional and legal frameworks*

The term 'institution' comprises a wide variety of arrangements[90] and include:

- Legislation detailing rights and responsibilities;
- Public policies setting objectives and mechanisms for management;
- Decision-making and/or consulting institutions;
- Public agencies to carry out mandated functions;
- Cultural norms and values underlying the way different actors think and act;
- Informal/traditional institutions underpinning historical water management practices; and
- Financial arrangements for charging, taxation, markets, sanctions, etc.

It has been argued that water governance needs to exist within the wider framework of local or state governance and any assessment of the legal and institutional arrangements that support pro-poor urban water governance should be able to analyze the following:

- The level of interference of the wider local governance on pro-poor urban WSS service provision;
- Impact of other sector policies and institutional arrangements e.g. those concerned with housing, physical infrastructure, land tenure, environment, health etc.;
- Impact of legal and institutional arrangements on the performance of utilities and SSIPs; and
- The role of privatization legislation on WSS services to the urban poor

From an institutional perspective, *corruption* is a major challenge and symptom of poor governance, which is least addressed by governments, bilateral and multilateral

[90] See, http://www.fao.org/ag/wfe2005/docs/Theme_III.doc

organizations but which has lots of negative water development consequences.[91] The underlying causes of the high corruption levels inherent in the current institutional and legal structures include: public officials having wide authority, little accountability and perverse incentives, instead of adhering to existing rules, regulations and contracts. These consequences are disproportionately borne by the poor who have no resources to compete with the able and willing to pay the bribes.

Limitations of the legal and institutions approach:

a) National government's role in exclusion: Through their structures, procedures and legal frameworks, governments exclude some groups from fully attaining their economic rights, while including others. To craft pro-poor water policies through the legal and institutional regimes, an understanding of the processes that create poverty is needed; while individuals experience poverty and can work their way out of poverty, there is also truth in the statement that societies produce poverty through processes of exclusion.[92] The deprivation commonly associated with exclusion is not only related to a lack of economic resources but also a lack of recognition and entitlements. In this sense, access to water can be viewed as a potential vehicle to achieve economic and political rights. These are prerequisites for full citizenship, which in turn open opportunities for political participation.

b) It is also clear from recent international discussions on improving WSS to the urban poor that most legal frameworks for water, sanitation and environment still support models of service provision which are inadequate, or which are simply based on outmoded standards, with no proper definition of what constitutes equitable access or provision (in regulation or engagement) of services by the urban poor.

c) Most of the sectoral reforms geared towards meeting the MDG targets are based on institutional arrangements and management practices which are not appropriate for achieving economies of scale for the different socio-economic

[91] WWDRI, 2006 pp66; UNDP, 2004. Anticorruption. New York, Practice Note. Corruption reduces economic growth, discourages investments, decreases and diverts government revenues, and renders rules and regulations ineffective.

[92] Philippus Wester, Hugo de Vos and Jim Woodhill. Discussion Paper Theme 3: 'The Enabling Environment' See, http://www.fao.org/ag/wfe2005/docs/Theme_III.doc

contexts i.e. they have no cost-efficiency scale of management, particularly when applied at individual and household levels, and when dealing with urban poor informal settlements who have no formal arrangements with the service providers.

Although legal and institutional provisions are made for extending WSS to the urban poor, it is important that any new PPUWG identifies to what extent the current policies and institutional frameworks accommodate the needs of these vulnerable groups, since obstacles to WSS provision for the urban poor are to a large part institutional rather than technical.[93] Focus should subsequently be on designing innovative regulatory frameworks, which evaluate the impact of existing legal and institutional arrangements on WSS on the urban poor; establishing pro-poor mechanisms of utilizing existing policy provisions; and designing means of actively engaging communities at all levels including planning, design and management. This would facilitate making policy decisions more accountable to the poor.[94]

Box 8: What constitutes pro-poor institutional innovations?

In South Africa the government has enacted water legislation that sets out procedures for the creation of a reserve of water for basic human needs and the environment, after lengthy consultations with society. In Durban, incentives were given to the utilities to improve service levels for the urban poor which included abolishing water charges altogether. However, reviews of this approach have pointed out that it is necessary while being innovative to watch against possible conflicts in the sustainability mechanisms at the financial, economic and environmental levels. Urban water utilities often fail to provide adequate WSS to the urban low-income communities. Therefore in order to improve and extend adequate WSS to the urban poor, the necessary institutional and technical innovations must occur at the following levels:

a) within the community;
b) at the interface between community and the utility; and
c) in the national government policies and strategies.

Source: Http//www.dwaf.pwv.gov.za/idwaf/documents [accessed, 02 June 2006].

Available institutional choices should not therefore be reduced to the choice of public versus private but should have a multi-tier approach suggested under section 5.1. above,

[93] Mc Granahan and Satterthwaite, IIED, 2003, 'Pro-poor Urban Water and Sanitation governance'
[94] The 2004 World development report on 'Making Services Work for the Poor' advances that a simple PPUWG framework should be based on the fact that the demands for improvement need to come from the poor people themselves and that the level of improvement will depend upon influence that poor people can bring to bear on the service providers, either directly or through the government.

and should cater for sustainability (to be able to cover for operational, maintenance and replacement costs).

6.3. *Pro-poor financing and investment mechanisms*

In addition to improving the multi-stakeholder and sectoral capacities, adequate WSS provision to urban poor areas requires a dramatic improvement in financing and investments for improved sustainability and reducing risks associated with urban water cycle, through catalyzing new investment opportunities and promoting donor collaboration for pro-poor interventions. However, while it is clear that the management of water resources and the delivery of water and sanitation services are central to investments to reduce poverty, there is much to learn about how such investments can be made more effective.

Experience from a number countries shows that it is possible to significantly improve services to low-income urban areas, through innovation in management and financing mechanisms, and by building on community and private sector initiatives.[95] However, many utilities do not know how to do this, and do not understand the pitfalls and obstacles. For instance, reforming tariff structures to achieve cost recovery is not incompatible with the objective of making water available and affordable to all households. The greatest scope for establishing transparent and equitable charges lies at the planning stage and the degree of commitment given to pro-poor policies. Once arrangements are set in place however, it becomes progressively harder to implement a pro-poor policy unless these are anticipated in regulatory mechanisms. Considering the fact that the construction, operation and maintenance of water systems entail huge costs, sustainability cannot be achieved unless costs are fairly shared among all system customers.

It is important to analyze the range of water governance failures inherent in most countries - inappropriate price regulation and tax incentives, perverse subsidies, absence of entrepreneurial incentives for internal efficiency, conflicting regulatory

[95] Cross,P. and Morel A.WSP-AF, Nairobi. Pro-poor strategies for urban water and sanitation services delivery in Africa.

regimes, imprecise reflection of consumer preferences, monopoly provision, non-payment for services, bureaucratic inaction, ill-defined property rights and ignorance and uncertainty about water markets.

It appears from the emerging typologies that the essence of establishing pro-poor urban water and sanitation governance is to promote the recognition of the role of civil society/communities (including the way they organize themselves) alongside other demands within urban cities in a sustainable manner. It is therefore necessary that the *bottlenecks that contribute to the inadequate WSS provision among the urban poor* be considered in the proposed framework for pro-poor urban water and sanitation governance.

These have been summarized below:

a) *The extent of political, and, stakeholder participation on water use*: It is clear that stakeholders seek to assert control over water in order protect their values and interests, by engaging a variety of forums at different levels, both formal and informal. However, given the political nature of water in most countries, a certain amount of fragmentation is to be expected, thus, participation needs to be polycentric -involving multiple organizations and stakeholders- with and different coalitions of actors involved in determining how water is used at different levels and times i.e. in setting up the standards of the delivery systems.

Analysts of water governance have explored the interests of different actors to assess who is and is not involved in defining water management, as well as how they are involved and why. At the watershed or river basin level, existing perspectives have to a large extent failed to capture the complexity of how water use is affected by actions at the local, regional and national levels, ranging from water legislation, labour migrations, market demands etc.

In most urban poor areas, both the national and local government have not illustrated the mutual dependency necessary for collaboration between the national/sector policies and the stakeholders and institutions (utilities, small scale providers, civil society and

the low-income residents). It should be noted that political participation determines in part whether change occurs, who benefits and who loses in terms of access and use of water resources.

However the failure of governments and international agencies to support local actions in ways that involve and are accountable to those who are ill-served or un-served, and that tap local resources and capacities, has been identified as a major reason for inadequate WSS provision to most urban poor areas, (UN-HABITAT, 2006).

b) *Inadequate pro-poor water and sanitation policies:* With regard to the urban poor's access to water and sanitation services, addressing the rules for managing water, and sanitation i.e. the policies and laws that determine which practices and technologies poses difficult questions: how effectively is water used under these policies? For what purposes? What alternatives exist for both water and sanitation? How can policy be changed to be pro-poor? Policies necessarily engage the politics of how water is governed and play a key role in clarifying the rights and obligations of different stakeholders, including actions towards monitoring, compliance and enforcement.[96] Conflicts, such as those over the privatization of water supply networks, are aggravated when no social agreement exists or when formal policy threatens the ability of poor to access and use water.

c) *Lack of capacities among the urban poor communities:* This highlights a need to enhance the capacity of water users to influence decision-making.[97] Capacity includes a wide range of skills including the poor communities' ability to identify policy gaps, to design workable programmes, to assess the policy environment, and to communicate effectively with service providers/water managers and the people who influence water and sanitation provision. Enhancing the capacity of both the civil society and the poor urban communities to govern water and sanitation can focus on the individual level - the skills and experiences of people- or the institutional level -the existence and ability of organizations to host and support such individuals.

[96] Allen and Wouters 2004.
[97] Wester et al. 2003.

d) *Innovativeness and adaptability at community levels:* Innovation is more than a matter of developing new technologies or installing devices, it involves transforming society and its value systems (Sagasti, 2004). Care should be taken to ensure that innovative institutional change involving the development of mechanisms for equitable water sharing doesn't result from a perceived threat of conflict. Whilst water related conflict can be a catalyst for innovative change, the absence of overt conflict as a measure of the success of such changes may obscure the more subtle forms conflict may take.

e) *Shifts in water management strategies*: This is based on the fact that as the margin cost of increasing supply increases, the strategy shifts to maximizing the economic value of water use. As a result, under extreme scarcity, society faces trade-offs between economic and social objectives, and the strategy shifts to addressing the underlining culture and value around how society uses water. Understanding water governance is essential for navigating such shifts in water management strategy.

f) *Competing water uses and effect on tariffs:* Lack of sufficient incentives to invest in improving the productivity of water as used by different users (upstream and downstream) endangers the ability of the urban (and rural) poor to acquire sufficient water for their daily needs.

6.4. Human Rights approach[98]

"Billions of people are unable to hold governments, corporations and international organizations accountable when they deliberately neglect the poor, such as people living in informal settlements, and when they violate the right of water users to participate in decision making on how their services are managed, as has been seen in many enforced privatizations of water services."[99]

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[98] The human right to water is legally binding upon the 152 countries that have ratified the International Covenant on Economic, Social and Cultural Rights. In 2002, the UN Committee empowered to interpret the treaty adopted General Comment 15 on the Right to Water.[98] It sets out detailed standards on what governments must do to respect and ensure the right to water for all. Some countries, such as Uruguay, Indonesia and Ukraine have recently revised their national laws to formally recognize the right to water. However, most countries have not done so as yet. Certain countries such as the United States and Canada have in fact refused to accept the right to water and UN General Comment 15.

[99] Quoting Scott Leckie, Executive Director of the Geneva-based Centre on Housing Rights and Evictions (COHRE), at the World Water Forum in Mexico, March 2006.

The human right to water identifies five primary features which make a significant contribution to current developmental efforts to improve poor groups' access to water:

a) The right to water means that governments must *prioritise ensuring access of adequate water services to all, using available resources in a pro-poor manner.* The UN General Comment on the Right to Water notes that in far too many situations, States construct expensive services that serve a small privileged fraction of the population rather than low-cost alternatives that would provide water for a greater number of people.

b) The right to water provides a strong basis for individuals and groups to *hold States and other actors to account.* Communities can use the right in lobbying the State for water services, or to be allowed permission to manage their own water programmes without arbitrary interference from the State or demands for bribes. Having a legal entitlement to water gives a real mandate to sympathetic government officials to ensure access to water. It also can increase the political profile of access to water. The right to water also obliges wealthier States to contribute sufficient international assistance necessary to complement national efforts in developing countries to ensure that everyone has access to safe water.

c) Informal settlements the world over are often denied water services as a matter of policy. *Denial of access to water* is can in some situation be a deliberate choice of governments, or local authorities, to exclude communities seen as undesirable. For instance, the European Roma Rights Centre has documented the refusal of a local authority to supply a Roma informal settlement with water and sanitation despite offers from international foundations to provide funding; Roma residents consequently contracted skin diseases from using contaminated groundwater.

d) The human right to water requires genuine *consultation and participation of communities* affected in water service delivery and conservation of water resources. One good example is the municipality of Porto Alegre, Brazil, where the public water company's operations undergo a participatory budgeting process. In public meetings, every citizen can have a say on which new investments should be made first. This model

has contributed to dramatic increases in access to water by poor communities in Porto Alegre.

e) One of the most significant obstacles to access to water is *lack of political will and corruption.* National institutions, such as courts and human rights commissions, as well as human rights NGOs can monitor government programmes, so as to ensure *accountability.* In Argentina, communities suffering from polluted groundwater obtained a court order requiring the government to provide an emergency water supply and take steps to decontaminate water supplies. Courts in India, Argentina, Brazil, and South Africa, among others, have reversed disconnections of water supply affecting people unable to pay. At the international level, UN human rights institutions monitor whether States have implemented their human rights commitments and publicly point out when they have failed to do so.

This approach is argues for the following components of the right to water. Each person must have access to water that is:

- *Sufficient.* An adequate quantity must be available in accordance with international guidelines. This normally means 50-100 litres, and an absolute minimum of 20 litres.
- *Safe.* Water used for personal and domestic uses must be safe.
- *Physically accessible.* Water must be within safe physical reach, in or near the house, school or health facility.
- *Affordable.* Water should be affordable, not reducing a persons' capacity to buy other essential goods.

The human rights-based approach to development is therefore seen as a responsibility-based approach: It asks 'who is, and who should be, responsible for what with respect to whom?' In this respect, one of the most useful results of a responsibilities analysis of the role of individual duty bearers is the recognition of the interdependence of various rights together with the identification of actors whose behavior could contribute to changes that enhance the realization of those rights.

Limitations of the Human rights-based approach:

Human rights are principally concerned with obligations of governments; however, other actors in all parts of society should assist in making the right to water a reality and this approach does not define the means to hold all these actors into account when water is not accessed or adequately provided.

It is clear that developing a PPUWSG framework is necessary in order to establish rules of engagement between stakeholders of differing opinions, and as a precursor to development of a range of tools for assessing pro-poor governance structures. This will also set pace for operationalization of pro-poor water and sanitation concepts and in implementing the same in the water sector as well as other fields.

7.0. (See the proposed framework for promoting pro-poor water and sanitation governance in urban programmes and projects - Part II – separate document)

8.0. Conclusions and Recommendations

It is important to note that even where appropriate pro-poor approaches for ensuring adequate WSS services to the urban poor are developed, one should expect certain 'cross-cutting' constraints which go beyond the sector[100]. These may include:

- legal/tenure issues, particularly in low-income and informal areas, which will constrain service providers/ small scale operators to deliver services to the poor;
- capacity constraints in cases where there is lack of decentralised governance and administration;
- budgetary constrains which will affect the design and implementation of a workable subsidy regime for the poor;
- policy and legal constraints with regard to the operations of the small scale providers and independent providers;
- legal and regulatory constraints to private sector participation which may impact on small community-based schemes;

[100] Danida, 2006. Ibid, pp.18

- lack of a reliable national monitoring and evaluation platform which may result in the development of isolated and costly local sector-specific systems;
- legal constraints linked to payment for services which may prohibit utilities from implementing a frequent payment system (for example in kosks, which may be ineffective for poor households reliant on daily wages).

Given these form of constraints, the key to improving WSS services to the urban poor may lie in first mapping the poor, then identifying the real sector constraints and developing appropriate programme support/interventions which will help address these constraints.

If the proposed PPUWSG is to meet the current challenges in urban areas and for rapid WSS service delivery is to be achieved to meet MDG targets, coherent sector plans and programmes have to intensify the use of a blend of instruments for their interventions, including undertaking pro-poor pilots to maintain progress, by first trying out innovative approaches; enhancing budget support through partnerships; engaging in WSS investment interventions with emphasis on urban low-income areas and small towns; promote participatory planning for appropriate technologies and overall interventions ; build capacities and establish links and dialogue with cross-across ministries, donors if budgets, implementation designs and processes relevant to WSS sector for coherence and for improved monitoring and evaluation.

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