Providing water and sanitation services in poor communities is technically, socially and politically complex. Traditional methods of working may be either unaffordable or inappropriate to the situation. Incentives and motivations for undertaking such work may also differ from service to the non-poor. As a consequence, actors working in poor communities often must find new technological and institutional solutions to achieve their pro-poor goals. Partnership approaches may facilitate such innovations.

This Note draws on the experiences of eight BPD focus projects, which have developed a range of alternative solutions for the delivery of cost-effective services to the poor. It examines how and why the approaches were developed, assesses their potential for replication and considers how tri-sector partnership has contributed to their evolution.

Innovative approaches in BPD projects

The term ‘innovative approaches’ has no strict definition; it simply refers to approaches to service delivery that are substantially different to those used prior to project intervention. Though most of the approaches studied serve urban or peri-urban communities, they differ widely in terms of institutional arrangements, size and objectives. Four out of eight involve some degree of technical innovation while others focus on models of management, billing and user payment. Some form part of a much larger programme and not all involve ‘conventional’ tri-sector partnerships; in Port-au-Prince there is no major private sector partner, while in La Paz-El Alto and Jakarta there is no NGO. In some cases, the focus project itself constitutes an innovative approach. In others, the focus project has produced a variety of innovations, only one or two of which are considered here.

Outcomes and added value

Most of the approaches have had notable success in developing viable services for the poor, especially in terms of accelerated expansion of water supply coverage; improved maintenance of tertiary infrastructure; reduced vandalism; affordable charging and payment regimes; and improved recovery of operation and maintenance costs, though not capital costs. Some have also produced benefits beyond the sphere of water and sanitation, for example, the creation of stable ‘social infrastructure’ in project slums in Haiti. Only one innovative approach, the introduction of standpipes with electronic pre-paid meters in the South Africa BoTT Programme, has struggled to produce any benefits though it still provides some valuable lessons in service design for the poor.

Common themes in the innovative approaches

Though the partnerships and the innovative approaches differ widely, common themes offer
Innovative Approaches in BPD Focus Projects

<table>
<thead>
<tr>
<th>Location</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buenos Aires, Argentina</td>
<td>Participative water service (community labour in exchange for house connections; shared connections).</td>
</tr>
<tr>
<td>La Paz-El Alto, Bolivia</td>
<td>Condominial water supply and sewerage (low-cost technology; communal connections).</td>
</tr>
<tr>
<td>Cartagena, Colombia</td>
<td>Billing, payment and collection methods tailored to the needs of the poor, enabling easy payment.</td>
</tr>
<tr>
<td>Port-au-Prince, Haiti</td>
<td>Community-managed standposts.</td>
</tr>
<tr>
<td>Jakarta, Indonesia</td>
<td>Installation of tamper-proof meters.</td>
</tr>
<tr>
<td>Dakar, Senegal</td>
<td>Community-managed standposts.</td>
</tr>
<tr>
<td>BoTT Programme, South Africa</td>
<td>Communal standpipes with electronic pre-payment meters (individual users purchase tokens which slot into meters to release water).</td>
</tr>
</tbody>
</table>

Incentives to innovate

Most of the approaches were developed to address specific problems that could not be resolved through conventional approaches to service delivery. These included low coverage in, or exclusion of, poor settlements; poor cost recovery associated with poor customer relations and inappropriate billing; the need to reduce capital costs; the need for services to be affordable to the very poor; and the slow pace of conventional development.

Such problems are familiar in less developed countries but rarely resolved; a common response is for the service provider to focus on serving middle and high-income areas where infrastructure already exists rather than investing in poor settlements. In the focus projects, however, a variety of incentives led partners to tackle services for the poor directly (as well as to innovate and to seek partnership), including:

1) Contractual obligations. In concessions where explicit targets had been set regarding services for the poor, operators faced penalties if they failed to increase the speed of infrastructure development.

2) Financial considerations. Operators lost revenue if they failed to improve cost recovery.

3) Policy obligations. Some governments adopted an explicit pro-poor policy. In South Africa BoTT, decentralisation of responsibility for water supply to local government and a poor history of payment for services made the prospect of pre-payment technology very attractive to municipalities concerned about their financial burdens.

4) Commercial need. With large-scale private sector participation still relatively new, most operators are on a steep learning curve and, if they are to succeed in this market, need to establish their credibility in developing services for large, predominantly poor, unserved populations.

5) Local political imperatives. In both Cartagena and La Paz-El Alto, municipal governments were keen to be seen responding to the need for services in poor settlements. In the focus projects, however, a variety of incentives led partners to tackle services for the poor directly (as well as to innovate and to seek partnership), including:

Understanding Incentives

In the ‘eau populaire’ project in Dakar, the NGO ENDA’s main incentive is the opportunity to secure viable services for the poor. The private operator, whose income is based on a volumetric flat rate, also has an incentive to increase the number of standposts and introduce a more flexible billing arrangement since both would help to increase its income. The operator does not, however, have the power to install tertiary infrastructure or to modify the billing system; these functions remain with the public utility, SONES. SONES’ revenue is based on a tariff structure that produces little income from standposts. Though there is significant political incentive, there is little financial incentive for them to develop services for the poor.
of external organisations. 

overcoming the collective mistrust to build bridges with residents, campaigns have, however, helped overcome conflict. Education and awareness initiatives to reduce fear of violence or associates with normal service delivery can be a driving force behind the development of a new approach, but can also make an approach redundant. Political instability, however, and the politicisation of service provision can have a profound effect on the development of innovative approaches. Most of the populations served are neither homogenous nor stable and this creates huge difficulties in the planning of communal services. Considerable effort was needed to overcome mistrust of external agencies, low willingness to pay, opposition to large-scale private sector participation, high public expectations and/or resistance to unfamiliar technology.

Financial arrangements

In most cases the innovative approach has provided a service that is both cheaper to operate and more affordable to users than that which it replaced, especially where people were previously reliant on water vendors. Developing a new approach through research and piloting, however, incurs costs over and above those associated with normal service delivery. Measures to improve affordability for users include reduced connection charges, payment in instalments or as labour, decentralised collection, pay-as-you-go systems or frequent billing which obviates the need to save. Some innovative approaches are subject to user attitudes that may change over time, such as a reluctance to pay for standpost water in the South Africa BoTT Programme.

For those innovative approaches developed within concessions or management contracts the scope for innovation is to a large extent set by the regulator who has, in some cases, been flexible and allowed some deviation from existing norms. Rigid technical standards, caps on fees and tariffs and inflexible billing regimes have, however, proved a major stumbling block in some projects. At the opposite end of the spectrum, the absence of a regulator can also be a constraint and exacerbate local problems of political interference and instability.

Impact of external environment

The development of innovative approaches has, in many cases, been affected profoundly by the external environment, which may foster or constrain success. The policy context can be vital. Pro-poor government policy can be a driving force behind the development of a new approach, but can also make an approach redundant. Political instability, however, and the politicisation of service provision can have a profound effect on the development of innovative approaches. Most of the populations served are neither homogenous nor stable and this creates huge difficulties in the planning of communal services. Considerable effort was needed to overcome mistrust of external agencies, low willingness to pay, opposition to large-scale private sector participation, high public expectations and/or resistance to unfamiliar technology.

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In Cartagena, the residents of El Pozón come from every part of the country, as well as from various cultural and ethnic groups, and the majority are people who have been displaced from their homes by armed conflict, or the threat of conflict. Education and awareness campaigns have, however, helped to build bridges with residents, overcoming the collective mistrust of external organisations.

Working with communities in Cartagena

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somewhat reluctant to do so. This highlights the importance of getting the incentives right when undertaking macro reform (particularly in making private sector participation pro-poor) and developing an enabling context for partnerships. Furthermore multi-sector partnerships must be well-designed in order to properly incorporate (and possibly strengthen) these incentives.
Defining roles and responsibilities

Clear (and mutually agreed) roles and responsibilities is often cited as important for collaborative partnerships. Partner roles and responsibilities in the development of innovative approaches are not always formally allocated however; the process has in some cases been more iterative and roles may change over time.

Factors important in assigning roles and responsibilities include: clarity - to prevent confusion, duplication or the neglect of important tasks; flexibility - project agreements should be sufficiently flexible to accommodate role changes where appropriate; incentives - match responsibilities with incentives so that each partner maximises their contribution; complementarity - incorporate holistic planning that capitalises on the complementary skills and resources of each partner; and innovation - the partnership should operate in a way that allows creative input from all involved.

The added value of partnership

Innovation has been central to the development of effective new models of service delivery in the focus projects. In each case, multi-sector partnerships have played an important role, providing both an environment that fosters innovation and the resources needed to maximise the potential of new approaches. Partnerships can foster, promote and enhance innovation in several ways:

1) Complementarity. Partnership brings together organisations with widely differing skills, experience, resources, and access to the community and government bodies.

2) Institutional learning. Through collaborative ventures, partners learn from each other and can become more productive in their own field; ultimately this benefits poor consumers through more effective service delivery.

3) Developing a common project. By bringing together service providers and users, a common understanding of how services should function can be developed.

4) The role of personalities. Key individuals within partnerships make things happen. By the same token, personality clashes can also impede progress. This highlights the importance of institutionalising effective approaches wherever possible, such that they reach beyond individuals into institutions.

5) Documentation. Multi-sector partnerships tend to dedicate the resources needed to record and disseminate the lessons learned. Such learning and sharing is often a key objective of the partnership from the outset.

However, not all of the projects have made full use of the opportunities that partnership can bring. The early stages of partnership, where potential partners map the territory (to see who the actors are, what they can offer, what their incentives for being involved are and where gaps may lie) is very important. Such an exercise should also form a part of the planning for innovation, where likely roles and responsibilities are reviewed alongside partnership incentives and structures.

Mainstreaming Innovative Approaches

The focus projects provide ample evidence that, where conventional models of service delivery have failed, innovation through partnership brings significant benefits to both service providers and poor consumers. Innovation requires increased co-operation and dialogue between the sectors, a wider range of skills and a conducive legislative and regulatory framework.

Overall, the prospects for replication and mainstreaming of the innovative approaches within the focus projects look promising. Innovation may require higher up-front costs and the financial outlay involved in adopting some alternative approaches will clearly be a constraint (although this is rewarded by a reduction in future costs and increased sustainability). Careful consideration thus needs to be given to how these costs are shared between partners and over time. The scope for innovation also depends heavily on the interest of government partners and the degree of flexibility they are prepared to allow in service design.

The principal lesson from the focus projects seems to be to ‘begin with the end in mind’. In other words, if replication and mainstreaming are sought, this objective should be the ultimate driver throughout the partnership project.

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For example, the multi-faceted role of an NGO can vary from that of innovative approach instigator to facilitator to consumer watchdog. [See NGO Workshop Report and the Practitioner Note on Contracting NGOs, at www.bpd-waterandsanitation.org.]