Advocacy guide to

private sector involvement in water services
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Rachel Blackman, Tearfund
Belinda Calaguas, WaterAid
Emily Cross
Jeff Delmon, Allen and Overy
Estamos, Mozambique
Salathiel Nalli, Eficor, India
WaterAid Nepal

PART 3 of this guide draws heavily on the Advocacy Toolkit by Graham Gordon, Tearfund 2002.

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Advocacy guide to private sector involvement in water services

by Joanne Green

The aim of this guide is to inform and equip NGOs and other civil society organisations to engage with water policy reform processes that involve the private sector.

Note on terminology

The phrases and words private sector participation/involvement and privatisation mean different things to different people at different times. In order for this guide to be accessible to as many people as possible, both phrases are used interchangeably.
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Introduction

1.1 billion people lack access to safe water and 2.4 billion lack access to basic sanitation. The international community has committed itself to halve by 2015 the proportion of people without access to water and sanitation along with other targets, known as the Millennium Development Goals. Many countries are not on track to achieving these targets, but they are achievable with greater political will and resources. We hope that this guide will help civil society to advocate for everybody to have access to these basic human rights.

This guide is based on the findings of research conducted by WaterAid and Tearfund entitled ‘New roles, new rules: does private sector participation (PSP) benefit the poor?’ This research was composed of eight case studies and five desk studies looking at rural and urban situations in twelve countries.

The research was undertaken as a response to the growing debate over the involvement of private international water companies in developing countries. At a large international conference – the Second World Water Forum, held in the Netherlands in 2000 – members of trade unions, non-governmental organisations (NGOs) and many developing country government delegates challenged the promotion by the World Bank and rich countries of private sector roles in the delivery of water services.

WaterAid and Tearfund felt caught in the middle of the debate, unsure how to respond. In order to try to understand the issues better it was decided to carry out research based on the experiences and concerns of poor people who are most in need of solutions.

One of the main findings of this research was the need for community-based organisations, NGOs and civil society to become involved in advocacy work, especially in advocating the needs of poor people during government-led reforms involving the private sector. Involvement by civil society groups in influencing the outcomes of all water policy decision-making and implementation is absolutely vital. The increased participation of the private sector has acted as a catalyst for what Tearfund and WaterAid hope will be greater civil society influence and mobilisation to increase access to safe water and basic sanitation.

This guide draws on the many useful lessons learnt by the authors of the case studies. The issue of private sector involvement in water services is new to many people and organisations. It can also be very complex. Therefore, in PART 1, we include background information on why the role of the private sector is growing, types of private sector involvement, the process for privatisation, and issues behind the financing of the private sector. PART 2 looks at whether the private sector is the...
solution, with a summary of Tearfund and WaterAid’s research findings and some lessons from the case of England and Wales. In PART 3 we set out the main steps involved in an advocacy strategy, including examples from NGOs in Africa and Asia.
Part 1  Context and background information

Why the private sector?

The domestic private sector has always been involved in delivering water and sanitation services to people in developing countries to some extent, primarily because of the failure of public services to serve everyone, especially the poor. But, over the last 20 years, the role of international water companies in providing services has grown substantially. Despite this increasing role, they supply only 3 per cent of the world’s population.

The reasons for the growth of international private water companies providing water services in developing countries include:

- Failure of government and public suppliers to provide safe, sustainable water and sanitation to their population, particularly to the poor
- A widespread belief that the role of the state should be reduced and that privately-run companies are more efficient than publicly-run services
- The promotion of private companies by rich countries and international organisations (e.g., the World Bank and International Monetary Fund) in the provision of water and sanitation services in middle and low income countries because publicly-run services have failed to reform
- Lobbying by the international private sector
- The belief by donors and some developing country governments that the international private sector will bring fresh investments and access to capital to developing countries, and that this will pay for the increased costs of keeping the water flowing and of expanding services to a growing population.

A combination of these factors has led to donors making private sector involvement a condition of aid, loans, debt and potentially, in the future, trade. For donors, private sector involvement has become the preferred model for water sector reform, to the detriment of other options.
Types of private sector involvement

The global debate on PSP has concentrated on the involvement of large international companies in water services. However, private sector involvement in water and sanitation is varied (TABLE 1). It ranges from formal to informal companies and individuals working alone to companies boasting thousands of staff across the world.

International private sector companies play a number of different roles in the provision of water and sanitation services.

As TABLE 2 shows, the international private sector’s role can vary from minor to major contracts. The more involved the private sector is and the longer the contract, the greater the concerns and controversy.
### Table 2: Types of international private sector involvement

<table>
<thead>
<tr>
<th>CONTRACT</th>
<th>EXPLANATION</th>
<th>EXAMPLES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultancy</td>
<td>The government contracts with the private sector to give advice on different aspects of running/reforming a water utility.</td>
<td></td>
</tr>
<tr>
<td>Service</td>
<td>The government contracts out operational or administrative activities. Payments to the service provider are generally related to inputs such as time and money, or outputs such as length of mains repaired. Under this model, the government is responsible for financing of operations and infrastructure upgrade and expansion. The government is also responsible for commercial risk. Average duration: 1 to 3 years</td>
<td>Trinidad and Tobago, Puerto Rico, Israel</td>
</tr>
<tr>
<td>Management</td>
<td>The operator delivers complete and self-contained service, e.g., runs a wastewater treatment plant. The private sector has responsibility for operation and maintenance. The government has responsibility for capital investment and risk. Average duration: 3 to 5 years</td>
<td></td>
</tr>
<tr>
<td>BOT (Build, Operate, Transfer)</td>
<td>Building, financing and operating is done by the private sector with the aim of transferring back to the public sector.</td>
<td>Scotland, Malaysia, Cyprus, Panama</td>
</tr>
<tr>
<td>Lease</td>
<td>The private sector is responsible for management, maintenance and operation of existing infrastructure but not new investment. The company pays a government fee for the use of assets, and in return keeps any profits made. Average duration: 10 to 20 years</td>
<td>Spain, France, Guinea, Czech Republic</td>
</tr>
<tr>
<td>Concession</td>
<td>Assets remain in government ownership. The company is responsible for all aspects of operating, managing and maintaining the existing system – and they may also be responsible for new investments, e.g., connecting new users. Average duration: 15 to 30 years</td>
<td>Jakarta, Indonesia, Manila, Philippines, Buenos Aires, Argentina</td>
</tr>
<tr>
<td>Divestiture</td>
<td>All assets are sold to the private sector. Responsibility is also handed over for operations, management and investment</td>
<td>England and Wales</td>
</tr>
</tbody>
</table>
The government process for privatisation

The process for privatising any publicly-owned service can last many years. The World Bank identifies seven major components of a privatisation:

1. Policy formulation
2. Technical
3. Legal and regulatory
4. Economic and financial regulation
5. Public relations
6. Human resources
7. Transaction

Within each component there are various overlapping phases, all of which have to be carefully co-ordinated (see APPENDIX 1). The problem is that governments may be inexperienced in running such a complicated process.

It is likely that governments will not follow the exact process as recommended by the World Bank. However, it is likely that the process will be very similar. Within each component are important issues at stake for poor people.

1 POLICY FORMULATION An analysis of the current state of the water sector will be needed. It is important that this assessment accurately reflects current coverage levels and the problems poor people have in accessing water services. On the basis of this review, objectives for the privatisation will be established. It is vital to ensure that these objectives are pro-poor.

2 TECHNICAL The service area will be defined, as well as capital expenditure requirements and technology choices. These decisions will determine the overall costs of the project and, ultimately, the fees users will have to pay. Further, lack of information on existing assets will cause the private sector to charge a premium if it is required to bear the risk of the condition of these assets.

3 LEGAL AND REGULATORY The regulatory system that is established will be essential for determining the ways in which users and citizens can express complaints and concerns, and access information. It will also set environmental standards, enforcement mechanisms and tariff mechanisms.

4 ECONOMIC AND FINANCIAL REGULATION Decisions will be made over tariff levels and structures and costs of capital, operation and maintenance expenditure.
5 PUBLIC RELATIONS The government may try to ensure public backing for the privatisation through advertising and surveys.

6 HUMAN RESOURCES It is vital that the government builds good relations with workers and unions.

7 TRANSACTION The process for contracting the private sector should be drawn up during this stage.

The process for contracting with the private sector, particularly the international private sector, begins with a tendering process. International financial organisations such as the World Bank and the European Bank for Reconstruction and Development (EBRD) have specific rules about tendering processes. Not all tendering processes will follow exactly the same format. The following is a typical process.

STAGE 1: PRE-QUALIFICATION Those interested in winning the contract are asked to provide information about themselves. In considering who will ‘pre-qualify’, the authority will judge the companies’ technical ability, capacity, financial position and experience in similar projects. When issuing the pre-qualification documentation, the authority should specify the standards it expects companies to reach in order to pre-qualify. The company then selects a core group of companies, usually six to eight, who will be allowed to bid for the project.

STAGE 2: TENDER DOCUMENTATION Those companies who pre-qualify are invited to bid for the project. The authority provides tender documentation at a cost. The tender documentation sets out a more detailed description of the project and the basis of the bid. The authority reserves the right to change the tender procedure and information provided. It can also decide to choose any of the bidders.

STAGE 3: BID EVALUATION Once bids have been received, the authority will consider each of the bids against the criteria set out in the tender documents. The bid evaluators should select the bid that best fits the criteria. Cost is a major factor in this evaluation.

STAGE 4: PREFERRED BIDDER The authority then awards the project to one of the companies, selecting that company as the preferred bidder. The authority will negotiate with the preferred bidder and agrees and signs project contracts, finance agreements and any other documentation required for the project.

STAGE 5: NEGOTIATING THE CONTRACTUAL STRUCTURE Once selected, the company must negotiate with the authority the structure of the commercial deal according to the specific nature of the project, the requirements of the authority and any other cost, time, technical or financial constraints placed on the project. When structuring the deal, the bidder will have to consider the requirements of the lenders and other financing organisations.1

1 Demon J, Water Projects: A commercial and contractual guide (Kluwer Law, 2001)
Who pays for the private sector?

Many domestic private companies are mainly financed by their owners, whilst others also borrow money from local banks. Most informal private operators use their own money to purchase capital equipment.

However, international private companies bring little of their own shareholders’ money because they believe the risks of working in developing countries are too great. In addition to their own money, they will also borrow money from other commercial financial institutions such as banks and investment agencies. These loans have high rates of interest.

International funding organisations like the World Bank lend money to the international private sector to work in developing countries. They guarantee their loans so that if things go badly wrong the private companies do not lose a lot of money and the company’s creditors are paid. Lenders also ask for guarantees, and these guarantees are given by institutions such as the World Bank’s Multilateral Investment Guarantee Agency (MIGA) and by sovereign governments.

The cost of repaying those loans and the return on investment of the company’s shareholders will be factored into the bills and fees paid to the private sector by the users of the water services or/and taxpayers. So, just like the public sector, it will also ultimately be either consumers or taxpayers who have to pay for improvements and the operations and maintenance of water services.
Part 2  Is the private sector the solution?

Summary of research findings

Governments, both in the North and South, have rightly placed themselves under pressure to achieve better water and sanitation coverage. The set of internationally agreed targets, the Millennium Development Goals, include a target on drinking water and, at the World Summit on Sustainable Development in 2002, a target on sanitation was agreed. The targets aim to halve the proportion of people without access to water and sanitation by 2015.

Most Southern governments have consistently failed to deliver affordable and sustainable water and sanitation to poor people. This applies to both urban and rural contexts. Many of these problems have been blamed on weak government capacity.

However, our research shows that the policy of PSP does not comprehensively tackle the underlying causes of the failure of government services to serve poor people. There are major problems in four key areas: capacity building, community participation, finance and institutional reform. It is therefore unlikely that the private sector will play any significant role in achieving the Millennium Development Goals.

At present, the pursuit of a policy of PSP often undermines local and national government capacity. This leads to a limited ability of governments to take services back into their management when contracts end or if PSP fails. Private sector contracting should not result in increased or irreversible dependence on private companies. There must be clauses in the contract to prevent this dependence.

With a lack of government capacity, no reform processes can be successful. It is essential that donors refocus efforts from promoting the private sector in developing countries to building the capacity of government at local and central levels to serve poor people and manage contracts where appropriate.

The involvement of local communities and users of water and sanitation services is often lacking in PSP reform programmes. Poor people are still seen mainly as recipients rather than contributors to development. Whether projects involve large-scale or small-scale PSP, the focus is on giving contracts to the private sector for constructing or operating services. Urban and rural communities are rarely consulted,
leading to a lack of ownership. It would seem that old problems such as lack of community involvement, which led to previous failures, are continuing, raising serious doubts over the sustainability of PSP projects.

**Inflexible finances**

Cost recovery and capital cost contributions are necessary if water services are to be made sustainable over time. However, the way these principles are applied often denies poor people access to services. Expensive technology choices and a failure to consider the non-cash contribution the poor are able to make are widespread amongst those involved in PSP contracting. Donors are guilty of promoting an approach that is narrow and mechanistic, allowing for little flexibility and wider perspectives incorporating community action and the complexities of poverty.

**Compromised accountability**

Decentralisation – the transfer of power and resources from central government to local government – has not seen the benefits of responsiveness to people’s needs and greater accountability in many countries. Often this is because central governments have not increased local government’s personnel or trained them to manage greater responsibility. Weak, decentralised government agencies cannot be expected to learn quickly about private sector contracting and be able to monitor and supervise the activities of contractors beyond provincial capitals.

The rural case studies also show that decentralisation of government has not led to greater accountability to communities they serve. As contracts are between governments and contractors, the communities are not able to make a legal challenge if services are of low quality.

Communities should be given an opportunity to comment on the proposals through, for example, commenting on tender documents and the planning and design of contracts, so that reforms will further the concerns of poor people. Proactive openness and transparency by government in all reform processes will also lessen the possibility of civil strife.

**Conclusion**

With these findings in mind, Tearfund and WaterAid are opposed to donors pressurising developing countries to accept PSP in water services as a condition of aid, trade or debt relief. To promote a policy regardless of the specific context increases the likelihood of failure, especially when the likelihood of success of that policy is intensely contested. Furthermore, the enforcement of PSP as the central policy reform limits the options available to governments and civil society to improvise and innovate using the best possible arrangements. We believe rather that policies should be used to ensure that, in any reform process, poor people will be protected, their access to services increased, and the process itself should be transparent and actively seeking the opinion of communities.
So, can the private sector work?

Despite the findings of the research, there are some situations where the private sector can work. In England and Wales, where full divestiture (see TABLE 2) took place, the private sector has been relatively successful, compared to the public sector. Yet, this was in a context of a rich country with stable politics and finances. It is a context where government is able to draw up and implement regulations, staff regulatory bodies have experienced personnel, and citizens are informed and active.

Given the right conditions, the private sector can play a positive role in water services provision. It should be for national governments and communities to decide for themselves whether the private sector has a role to play and what that role should be.

There are valuable lessons that have been learnt in the case of England and Wales. These lessons can be applied to both public and private providers to make services better.

- Reform should not be rushed and all options should be considered.
- Need for public consultation on choice of reform options.
- Need for parliamentary monitoring during reform process and afterwards.
- Ensure strong, transparent and accountable regulator for social and economic aspects of reform.
- Regulation is essential for achieving results but is highly complex and demanding.
- Need for an independent consumer body to advocate consumer interests.
- Remember that the customer or taxpayer will ultimately have to pay for all improvements.
- Plan for tensions between economic costs, social needs and environmental demands.
- Environment and water quality regulator needs the power to prosecute to be effective.
- The needs of low-income groups must be central from the start.
- The links between poverty and water should be set down in legislation that protects the vulnerable.
- Monitor potential and actual impact of any price rises on low-income customers and introduce safety nets to protect access to services by poor people.
- Need for strategy to tackle access to water for poor people.
- The economic regulator’s first duty should be to protect customers, with special concern for poor people.
Part 3  Planning and acting

If the government, whether local or national, decides to contract with the private sector and this raises concerns about the interests of the poor and the environment, how should we respond?

This section follows five steps to take in order to organise an advocacy response:

1. Identifying the problem
2. Carrying out research
3. Planning
4. Action
5. Evaluating

Step 1  Identifying the problem

Changes in the provision of water services are often necessary if poor people are to gain access to their basic human rights in a sustainable way. However, not all changes will achieve this end.

The following questions may help:

- Has there been too little research in to why poor people are not being served by public services in our country? Should research be carried out so that reforms address the underlying problems?
- Do we think that the private sector should be involved at all in providing water services?
Are we concerned that the interests of poor people are not being served by private sector involvement? Do we have other concerns about the detail of the proposals?

It is important to work with local communities to find out how they feel about the proposed changes and how those changes will meet their specific needs. We can use participatory tools such as listening, interviews, focus groups, community mapping and agreeing priority needs.

We will need to find out what is driving the change. It is likely that there are a number of factors, eg: pressure from donors to privatise, budgetary problems within government, dissatisfied consumers, or political promises. Some of the pressures may be absolutely legitimate. Understanding who the different players are and their motivations will make efforts to influence decision-makers much more effective.

Research is needed to find out this information.

**Step 2**

**Carrying out research**

Once the problem has been identified, we should try to collect evidence to confirm the concerns. This will involve research. All advocacy work should be based on accurate, reliable and sufficient information.

### 2.1 Key points for information sources

When approaching information sources to try to collect information, we should:

- Be clear about what we want
- Do an initial scan for information available and then go back later to do the detailed research
- Go to the information officer or librarian for advice on how to find and use their information
- Leave enough time to check that we have all the facts we need and that they are correct and up to date.

### 2.2 Information needed before we can advocate

- Numbers of people with and without access to water and sanitation in our area, district, city
- How people without access to water and sanitation services cope
- Identify which stage in the process of privatisation the government is at (see page 8)
- What has been agreed? Can it be changed? What is still to be agreed?
- Type of contract being proposed (see TABLES 1 and 2)
- Details of contract, eg: plans for serving poor people and unserved
- Plans for regulation
- Plans for public consultation
- Companies interested in contract
- Plans for community participation in projects
- Channels of communication, ie: how does the government plan to communicate information about the reforms?
- Key dates for decision-making about above
- Who is likely to be affected by the proposed changes to service provision and how are they likely to be affected?

There may be other questions to ask, depending on the context in which we are working. Some information may be extremely hard to get, so we need to think about who can help us gain access to this information.

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**Case study:**

**Niassa, Mozambique**

Since 1998, the rural province of Niassa has seen the expansion of the small-scale private sector. This was partly due to the government’s gradual withdrawal from directly implementing water and sanitation projects. EPAR (Estaleiro Provincial de Agua Rural), the provincial government-owned company for rural water services, was partly privatised in order to make space for local *empreteiros* to bid and compete for projects.

Aware that these reforms did not seem to be going very well, Estamos, a community-based organisation in Niassa, carried out some research to find out the true impact of the changes. The objective of the study was to investigate whether these moves improved poor communities’ access to water and sanitation services.

The research evaluated eight community water projects implemented by local private firms between 1995 and 2000 that were financed by WaterAid and Niassa’s Provincial Department of Water and Sanitation (Departamento de Agua e Saneamiento, or DAS-Niassa).

The following methodologies were used to collect data:

- Interviews with 17 key informants in the water and sanitation sector, such as government officials, non-governmental organisation (NGO) representatives, and private sector business people
- Focus group discussions with five private sector business people
- Participatory evaluations with 149 community members
- Direct observation of 25 waterpoints
- Informal interviews at 25 waterpoints.

The results of the investigation reveal that, at the Niassa Province level, PSP in water and sanitation programmes did not result in increased access to water and sanitation services by the poor. The research also made recommendations to replace the policy of PSP with the long and less-travelled route of a three-pronged programme of private enterprise development, local government capacity building and community mobilisation and organisation.
2.3 **Assessing information for bias and usefulness**

Sources of information are rarely without bias in what they say and why they are reporting in the first place. It is therefore important to understand:

- who or what is behind the information source
- why it has been produced
- why the conclusions have been reached.

It is also important to assess the information to see:

- whether the facts are up to date
- whether we agree with the analysis and conclusions.

---

**Step 3  Planning**

After assessing the information that has been gathered, a decision has to be made about whether to advocate. The following diagram might be helpful. If it is decided to go ahead with advocacy work, a strategy will need to be put together.
We suggest the following process for putting together a strategy. This planning process involves the following:

1. Goal and objectives
2. Measuring success
3. Stakeholder mapping and analysis
4. Choosing methods
5. Risk management
6. Action planning

(APPENDIX 2 gives a suggested format for planning a strategy.)

3.1 Developing the goal and objectives

Goal

The goal is the overall purpose of the project, whereas the objectives should be SMART (Specific, Measurable, Achievable, Realistic and Time-bound).

Example

- Ensuring that private sector involvement addresses the interests of poor people.

Objectives

Objectives can be short, medium or long term and it is wise to have a variety of these. Short-term objectives, when fulfilled, give encouragement early on and help us to see whether activities are going in the right direction. Long-term objectives usually focus on changing institutions’ policy or practice that affects the community.

Examples

- Government to allow representative of community a seat at the negotiating table (short term)
- Private sector to increase access to water services by poor communities by 20 per cent (medium term)
- Government to implement legislation that protects the water and sanitation needs of poor communities (long term).

Finding out information from government necessary for the research can be very difficult. If the government is not releasing information that should be publicly available, then the release of that information can become one of our objectives.
3.2 Measuring success

Once the objectives have been identified, indicators that show achievement of the objectives should be considered. They are produced by asking: ‘How will we know if we have fulfilled the objectives?’ If the objectives are SMART then the indicator is the objective once it has been achieved. It is often the objective in the past tense!

Sometimes it is necessary to think of less obvious indicators, such as monitoring how frequently the campaign is mentioned in the press. Advocacy is often long term, so measuring impact may take many years.

Example

<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>Government to allow representative of community a seat at the contract negotiating table (short term)</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDICATOR</td>
<td>Representative of community has seat at negotiating table</td>
</tr>
<tr>
<td>MEANS OF MEASUREMENT</td>
<td>Invitation to negotiations sent to community representative from government.</td>
</tr>
</tbody>
</table>

3.3 Stakeholder mapping and analysis

Before undertaking any advocacy work, it is important to identify to whom we should be speaking and with whom we need to be working.

3.3.1 Stakeholders involved in the privatisation and their roles

Many stakeholders involved in the privatisation may be based outside the country. Below is a list of all possible stakeholders. It is important to be specific about who is involved.

**COMMERCIAL BANKS** Commercial banks provide loans for private companies. Their loans tend to be more expensive than loans from other sources, which increases the cost of a project. However, commercial banks now rarely loan money for water privatisations because of a high risk the money won’t be repaid.

**INTERNATIONAL FINANCING INSTITUTIONS (IFIs)** IFIs include the World Bank, International Monetary Fund (IMF), European Investment Bank, Asian Development Bank and African Development Bank. Along with donors, IFIs will make loans to government.

**DONORS** Donors include multi-lateral donors like the European Union, World Bank, African Development Bank and Asian Development Bank. They also include bilateral donors, which are official aid agencies in rich countries. IFIs and donors might force governments to privatise by putting a condition on funding.
GOVERNMENT AUTHORITY (CENTRAL, LOCAL, MUNICIPAL)  The government authority is the client. It is in control of the project and so is the decision-maker, but will face lots of pressure from different stakeholders.

CONSULTANTS  Consultants include lawyers, staff of private companies (but not companies expressing interest in bidding for the contract) like engineers and project managers or independent consultants. Consultants are hired by the government authority to bring in expertise on certain aspects of the privatisation.

PRIVATE COMPANIES  These are the companies involved in bidding for the contract. Companies expressing interest in the contract might include manufacturers, consultancy firms and construction and engineering companies. Many of these companies offer expressions of interest early on, with no intention of submitting a bid, in order to get commercial information on the water market.

3.3.2 Stakeholders affected by or interested in the privatisation

- Lawyers
- International NGOs (INGOs)
- Community-based organisations
- Parliamentarians
- Trade Unions
- Environmentalists
- Human rights advocates
- NGOs
- Media
- Poor communities
- Workers
- Academics

We should write a list of all groups and organisations that may be affected by or are interested in the privatisation, including contact details.
3.3.3 Allies and opponents matrix

After listing all stakeholders either directly involved in or affected by the privatisation, we can decide whether they are allies or opponents. The approach suggested in TABLE 3 may be useful.

<table>
<thead>
<tr>
<th>Level of agreement with our position</th>
<th>OPPONENTS</th>
<th>UNDECIDED</th>
<th>ALLIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMF, government, water dept</td>
<td>LOW</td>
<td>MEDIUM</td>
<td>HIGH</td>
</tr>
<tr>
<td>parliamentary committee</td>
<td>LOW</td>
<td>MEDIUM</td>
<td>HIGH</td>
</tr>
<tr>
<td>international companies</td>
<td>LOW</td>
<td>MEDIUM</td>
<td>HIGH</td>
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<tr>
<td>local govt</td>
<td>LOW</td>
<td>MEDIUM</td>
<td>HIGH</td>
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<tr>
<td>churches</td>
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<td>MEDIUM</td>
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<tr>
<td>INGO</td>
<td>LOW</td>
<td>MEDIUM</td>
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<tr>
<td>media</td>
<td>LOW</td>
<td>MEDIUM</td>
<td>HIGH</td>
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<tr>
<td>environment groups</td>
<td>LOW</td>
<td>MEDIUM</td>
<td>HIGH</td>
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<tr>
<td>neighbouring smallholders</td>
<td>LOW</td>
<td>MEDIUM</td>
<td>HIGH</td>
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<tr>
<td>community</td>
<td>LOW</td>
<td>MEDIUM</td>
<td>HIGH</td>
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</tbody>
</table>

3.3.4 Identifying our targets

Our target is the group or organisation that has the ability to make the decisions about the issue we are concerned about and is currently in disagreement with our position. If using the table above to identify allies and opponents, it is most likely that the targets for our advocacy will be situated in the top left-hand corner of the table.

In identifying the targets, it is important also to consider how likely it is that we will be able to influence the decision-makers. This will depend on experience, alliances and organisational strengths and weaknesses. For example, it may be more likely that we
will be able to influence the policies of our national government than the IMF. In this instance, therefore, we should identify our primary target as the national government.

3.4 Choosing our methods

There are many methods and activities that can be used to carry out advocacy work. It is likely that most of them will be used at various stages of the advocacy process. The activities we choose will be determined by our objectives, skills and resources and targets. The most common methods are shown in TABLE 4:

<table>
<thead>
<tr>
<th>METHOD</th>
<th>EXPLANATION</th>
<th>COMMON USE</th>
<th>EXAMPLES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Networking</td>
<td>Building alliances with as many people as possible</td>
<td>For any long-term advocacy activity to make it sustainable</td>
<td>Meeting other community leaders</td>
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<tr>
<td></td>
<td>Creating a movement for change</td>
<td>When we do not have the skills or strength in numbers</td>
<td>Sharing information via email</td>
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<td></td>
<td></td>
<td></td>
<td>Joint conferences</td>
</tr>
<tr>
<td>Lobbying</td>
<td>Speaking directly to the target to explain in detail the problem and the proposed solution</td>
<td>When target is open and will listen to facts and careful argument</td>
<td>Meetings</td>
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<td></td>
<td></td>
<td></td>
<td>Phone calls</td>
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<td></td>
<td></td>
<td></td>
<td>Briefing document</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Public meetings</td>
</tr>
<tr>
<td>Raising awareness</td>
<td>Informing people of the situation so that they are aware of the issues</td>
<td>When information is hidden</td>
<td>Training</td>
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<tr>
<td></td>
<td>Often the first step in an advocacy process</td>
<td>When issues are complex</td>
<td>Community meetings</td>
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<td></td>
<td></td>
<td>To build confidence</td>
<td>Church services</td>
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<td></td>
<td></td>
<td></td>
<td>Posters and leaflets</td>
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<tr>
<td>Mobilising</td>
<td>Closely connected with awareness-raising and media</td>
<td>When policy-maker can be swayed by public opinion</td>
<td>Letter writing by public marches and rallies</td>
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<tr>
<td></td>
<td>Involves harnessing ‘public pressure’ so that as many people as possible will contact decision-makers and call for change</td>
<td>To show strength of feeling</td>
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<tr>
<td></td>
<td></td>
<td>To use strength in numbers and organisation</td>
<td></td>
</tr>
<tr>
<td>Media</td>
<td>Using the radio, newspapers and television (owned by others as opposed to using our own media, eg: newsletter)</td>
<td>When we cannot get direct access to policy makers</td>
<td>Radio phone-in</td>
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<td></td>
<td></td>
<td>To reach those outside the local area</td>
<td>Press release to newspaper</td>
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<td></td>
<td></td>
<td>Briefing a journalist</td>
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</tbody>
</table>
3.5 Risk management

Any work that we do involves risks. We are constantly seeking to avoid or reduce risk. Risk management is used to make sure that we consider the main risks we face as an organisation before we undertake our advocacy work. Risk management also helps us to plan ways to reduce those risks.

Using TABLE 5 below, we can list the main areas of risk (first column), agree the methods and activities that will be used to reduce the risk (second column), and identify who is responsible for this (third column).

<table>
<thead>
<tr>
<th>MAJOR RISKS</th>
<th>WAYS OF REDUCING RISK</th>
<th>OWNER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Damaged reputation:</td>
<td>• Check information with others before going to policy-maker</td>
<td>specify person</td>
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<tr>
<td>• if information is incorrect…</td>
<td>• Establish clear lines of accountability and clarify process of deciding policy and consulting stakeholders</td>
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<tr>
<td>• if we claim to be speaking for a group we have not consulted…</td>
<td>• Be clear about what we will offer to do before we go to a meeting and be clear about who can speak on behalf of the community / group</td>
<td></td>
</tr>
<tr>
<td>• if fail to deliver on promises…</td>
<td>• Build relationships with those in power who could help us in difficult situations</td>
<td>specify person</td>
</tr>
<tr>
<td></td>
<td>• Work in networks to give strength in numbers</td>
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<tr>
<td></td>
<td>• Work with external allies who are not under the same threat</td>
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<td></td>
<td>• Treating our opponents with respect so as not to cause them to be violent</td>
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<tr>
<td>Personal violence</td>
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</tbody>
</table>

3.6 Action planning

Once an overall advocacy strategy has been developed, it is important to plan how it will take place in terms of timing, resources, budgeting and personnel. Planning should not be too rigid. Rather, the possibility of making changes should be built into the plan. The important things to decide at the beginning of the planning process are:

- Who will do what
- When this will be done and with whom
- What types of inputs besides people will be needed.
Step 4  Action

4.1  Stating our position

A position is a statement of what an organisation, group, or person believes about a particular issue and what action they think should be taken. It may also be called a policy.

The main components of a position or policy are:

- introduction
- executive summary
- effects and evidence
- causes and responsibility
- solutions and recommendations
- appendices.

A position statement should not be longer than four sides of A4 paper.

4.2  Networking

Networking is about making contacts with people and organisations for the purposes of sharing information and possibly working together for greater effectiveness. This can be done informally, such as through individual relationships or sending information that might be of interest, or it can be done more formally through joining or forming a network.

Working with others is important for influencing decision-makers. Once potential allies have been identified (see 3.3.3 above), meet with them and discuss how to work together. What different strengths and weaknesses does each ally bring to the network? How will the network be co-ordinated and how will members communicate with each other?
The water supply situation for almost all of the 1.1 million urban residents of Kathmandu valley is desperate for most of the year. Many households are not connected to the official water supply network. Most of those with such a connection receive an intermittent service of an hour or so a day of very low pressure. Those without a connection use a variety of sources, including shallow tube wells of uncertain quality. Currently, water services are run by the government, but for many years they have failed to deliver an adequate service for the vast majority of people. Attempts at reform and the injection of large amounts of foreign aid have failed.

Over the past decade the government of Nepal and donors have negotiated a reform agenda. One of the main proposals is to bring in a private-sector company.

In Kathmandu, like-minded NGOs and CBOs set up a civil society network with the specific aim of scrutinising and influencing these reforms to ensure both that the water stress of poor people is reduced and that attention is paid to the larger environmental conditions of the Kathmandu valley. In total, 68 different organisations – NGOs (30), INGOs (10), central government (5) and local (6) government, donors (4), media (4), academic institutions (4) and consultants (5) – have participated in the network’s meetings. The engagement of these organisations is a necessary requirement to communicate information to poor people and to have an opportunity to comment on proposals while still in draft form, and for government and donors to pay some attention to these issues.

PSP is a complex process and the costs of civil society involvement are high in terms of the time and energy required to understand the existing situation, the proposed reforms, their likely implication for poor communities and to develop alternative proposals or adjustments. For most NGOs, this does not cleanly fit within their mandates – many of the subject areas are new and complicated, and much data is non-existent, ambiguous or incomplete.

What was clear from the start was that the network needed to understand both the existing situation and the requirements for the objectives of the reform to be met, before they would be able to comment on or propose ways of improving equity.

During this process the recent history of water supply in the city was considered, a list of research and studies and analyses made, and information simplified and summarised. The main points were selected and presented in a succinct manner. Recently these summaries have begun to be translated into Nepali, a major breakthrough for a debate that has been almost totally in English, and an absolute requirement for any wider discussion among users and local governments.

In this process of learning and engagement, many in the network have come to conclude that the root cause of Kathmandu’s water woes is a lack of institutional autonomy to operate the system in an efficient, equitable and environmentally sound manner. As a result, perverse subsidies help to reduce the cost for the affluent, a substantial number of families are unconnected to the distribution network, tariffs are too low to encourage responsible use, the network leaks and one third of all water is wasted, and the Nepal Water Supply Corporation has too many underpaid staff.

So far the network has agreed that:

- the assets should remain under public ownership to emphasise that it is still the government that has ultimate responsibility for water and sanitation services provision
- the water supply system itself has to be managed in a financially sustainable manner, whether under public or private operation, which may only happen if the utility has significant autonomy
- independent and capable regulation is required
- a well-informed and engaged civil society, able independently and critically to scrutinise the policies and actions of the other parties, is necessary to ensure that the system benefits the poor and that its operation is environmentally sound.
4.3 Lobbying

Lobbying is a very effective means of influencing decision-makers and a tool that we often use in advocacy. There are a number of possible approaches to lobbying, including:

- writing a letter or sending a position paper
- making a phone call
- sending an email
- arranging a visit or a meeting
- participating in a public meeting or conference
- taking the opportunities that arise, such as a chance meeting
- using the courts.

It is likely that several, if not all, of these approaches will be used in an advocacy strategy.

Lobbying is likely to be more successful if we acquire good negotiating skills. This will enable us to ensure that others understand the point we are making and help us to persuade others to take our suggested course of action. Bad habits in negotiating can quickly alienate those we are speaking to and undermine our message.

### Some helpful negotiating habits

| WIN-WIN | Seeking solutions that will be beneficial to both parties. Being willing to compromise on some areas, but being very clear about what we will not negotiate. Trying to think of what we can offer so that the other party is satisfied. |
| ASKING QUESTIONS | so that we can identify areas where we may both benefit. This also helps to avoid a spiral of attacking and defending. |
| SEEKING PERMISSION | This puts us in control without having to battle to speak. ‘I would like to suggest that…’ or ‘Could I ask…?’ |
| TESTING AND SUMMARISING | Ensuring that everyone has understood and interpreted things in the same way and agrees on action points. This helps build trust and avoids confusion and relationship breakdown later on. |
| EXPLAINING OUR MOTIVES | to the other parties so that they are clear why we are proposing a particular course of action; not leaving them guessing about hidden agendas. |
| BEING SENSITIVE | to a change in mood, to unexpected revelations or reactions, to defensive responses, to boredom or lack of interest – and changing our approach accordingly. |
| KNOWING WHEN TO STOP | Being aware of how far we can push a particular line of questioning, and being prepared to meet again later on if necessary. |
| LISTENING AND ENGAGING | Listening to concerns and trying to respond to them. Letting them speak first if necessary. |
Some unhelpful negotiating habits

**Emotive Approach** Using subjective or emotive words adds nothing to our case but simply accuses the other side of being unfair or unreasonable.

**Defend/Attack Spirals** If we do not listen to the other point of view and simply defend our own position, an argument can result and it is harder to persuade others.

**Listing** Arguments, reasons and information to strengthen the proposal can annoy the listener and make them forget the main points.

**Counter-Proposals** If every suggestion by the other party is countered with one of our own, it will become harder to persuade them.

**Anger** Shouting at someone could discredit our message, and suggest that we have weak arguments.

**Ridicule/Disrespect** This will cause the other person to close up and they may even close the meeting early.

**Interruptions** This can annoy the person speaking, and others, who will think we are not listening, and they may do the same to us.

**Making it Personal** This can lead to people being offended and insulted and does not necessarily address the problem.

4.4

**Raising awareness and mobilising people for action**

Education and awareness-raising are activities that are central to any development activity in order to empower people to act on new information and understanding.

Useful methods for passing on information to those who have an understanding of the issues but do not necessarily know all the facts are:

- Public meetings and rallies
- Open air films
- Information leaflets
- Slide shows
- Radio broadcasts
- Newsletters
- Newspaper articles
- Community meetings
- Press releases
- Posters
- Participatory rural appraisal (PRA) and participatory learning and action (PLA) tools.

There are two groups of people who can be mobilised for action:

- Those who are directly affected by the involvement of the private sector
- Those who are concerned about the impact of privatisation on the poor – eg: supporters of INGOs.
Once people are aware of the issues and convinced of the need for action, there are several methods that can be used to mobilise them to action. The methods used should depend on factors such as what people are interested in doing and what will have the greatest impact.

**TABLE 6** outlines a number of options, with some of their pros and cons.
### PUBLIC MEETINGS
- **People brought together for a debate**
- **Decision-makers open to public questioning**
- **Everyone invited**

**Benefits:**
- Might get good publicity
- Decision-makers hear views directly
- Chance for discussion

**Drawbacks:**
- Time-consuming and expensive to set up
- Possibility of disruption or confrontation

### VIGILS, DEMONSTRATIONS AND PROTESTS
- **Group of people gathered at a symbolic place to make a visual protest to decision-makers**

**Benefits:**
- Can be very visual and powerful
- Good media coverage

**Drawbacks:**
- Possible violence
- Might lose access to decision-makers if confrontational

### SUPPORTERS MEETING DECISION-MAKERS
- **Groups of concerned people meet with decision-makers, often their local officials to reinforce the message**

**Benefits:**
- Decision-makers hear concerns directly from those affected
- Builds local support for campaign

**Drawbacks:**
- Difficult to co-ordinate message

### PRODUCTION OF MATERIALS (REPORTS, BRIEFINGS)
- **Detailed material which shows the facts behind the campaign, usually with policy recommendations**

**Benefits:**
- Gives credibility among supporters and decision-makers
- Educates others

**Drawbacks:**
- Time-consuming and expensive to produce
- Danger that they will not be read

### STUNTS
- **Unusual actions which draw media attention to our cause, such as street drama**

**Benefits:**
- Good media attention
- Powerful for getting message across to public and decision-makers

**Drawbacks:**
- Can go wrong and look unprofessional
- If very controversial, public may be hostile

### NEWSLETTERS
- **Regular mailing of information to those who are interested**

**Benefits:**
- Keeps people up-to-date
- Encourages regular and alternative actions

**Drawbacks:**
- Can be time-consuming and expensive to produce

### POSTCARDS AND PETITIONS
- **People sign a sheet of paper or sign or write a message on a postcard to decision-makers**

**Benefits:**
- Quick and easy to do
- Many people likely to act
- Can be a good starting point for mobilising the public

**Drawbacks:**
- Impersonal, so possibly ignored by decision-makers

### LETTERS TO DECISION-MAKERS
- **People write personally to decision-makers**

**Benefits:**
- Letters to elected representatives often viewed by policymakers as measure of public concern

**Drawbacks:**
- Decision-maker might receive many letters, so difficult to distinguish from other campaigns

### INTERNET CAMPAIGNING
- **Signing petitions, sending letters to decision-makers**

**Benefits:**
- Easy to set up
- Flexible and responsive
- Can get many people involved

**Drawbacks:**
- Excludes those without internet access
- May be ignored because impersonal

### EXHIBITIONS
- **Set up in public places to raise awareness**
- **Possibly linked with actions/stunts**

**Benefits:**
- Photos, video and audio are very visual and people will stop and take notice

**Drawbacks:**
- Time-consuming
- Often dependent on the weather

### BOYCOTTS
- **Refusal to buy products from a certain company**

**Benefits:**
- Can affect profits and bring pressure for change
- Good media coverage

**Drawbacks:**
- If few people participate, it will not be effective
4.6 Working with the media

The media includes radio, television, newspapers, magazines and the electronic media such as email and the internet. Media work can build awareness, shape public opinion and influence policy decisions. Using the media well can increase the likelihood of bringing about change.

BEING CLEAR ABOUT THE AIM  Why do we want media coverage? Is it to reach decision-makers or a wider audience? Is it to raise awareness or put pressure for policy change?

STICKING TO THE MESSAGE  What particular message do we want to share? We must ensure that this is clear and in line with our messages for lobbying and mobilising people.

REMEMBERING WE ARE DEALING WITH PEOPLE  The media is made up of individuals and departments who have a job to do and need a good story to do it.

TARGETING KEY PEOPLE  To use the media well, we need to have good relationships with relevant people who are in sympathy with what we are trying to do.

PUTTING OURSELVES IN THE SHOES OF THE MEDIA  Asking ‘Why is this interesting? What will catch people’s attention? What is the likely reaction?’

REMEMBERING THAT NO NEWS IS UNBIASED  Most media have values behind them, whether they are political, religious or poverty-focused, etc. We should make sure we find out what this is before approaching them, so as to have a good understanding of how they may view our issues.

Step 5  Evaluating

The reasons for monitoring and evaluating advocacy work are:

- It helps to identify if we are on track
- It shows whether any changes need to be made
- To learn from what went well and what could have been done better
- For purposes of accountability to stakeholders.

MONITORING is a way of checking that we are doing what we said we were doing, and identifying and addressing problems as they arise.
EVALUATION is more complicated than monitoring. It assesses the impact of a project, finds out whether objectives are still realistic and worth aiming for, gives credit for success to various factors or people, and helps with accountability.

(For further information on how to carry out monitoring and evaluation activities, see Practical Action in Advocacy, Tearfund, 2002 and Advocacy, what’s it all about? WaterAid, 2001).
Final thoughts

Although we may be advocating on the issue of privatisation, it is important not to lose sight of the big picture – how to improve water and sanitation services for all, and most especially for poor people.

In doing advocacy on access to water and sanitation, we should concentrate on such issues as:

- Who gets served, who doesn’t, and what additional burdens are placed upon those who do not get served?
- Why do the poor not get served? Is it prejudice, something in the legal system preventing the poor from being served?
- How much does the service cost, how much do people pay? How much do those un-served pay? If revenues do not equal costs, who foots the bill? Who should foot the bill? What does this imply?
Useful resources and websites

- www.tilz.info (Tearfund resources listed above can be downloaded from this site.)

Bibliography

- *Small-scale PSP in Niassa, Mozambique* (2003) by Estamos, WaterAid and Tearfund
- www.isodec.org.gh/isodec/water_NCAP.htm
- www.tearfund.org/campaigns
- www.wateraid.org/research

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<table>
<thead>
<tr>
<th>Critical path</th>
<th>Preparation phase</th>
<th>Implementation phase</th>
</tr>
</thead>
</table>

**Policy formulation**
- Industry analysis – review sector studies
- Financial analysis – review key financial parameters
- Legal and regulatory – review current status
- Institutional – review current arrangements
- Draft central policy paper with principal objectives
- Define bid process and criteria
- Address issues of transaction structure

**Technical**
- Carry out preliminary technical overview of the system
- Define the service area
- Estimate replacement cost and capital expenditure
- Define technical performance standards
- Estimate human resource requirements
- Prepare final report
- Draft relevant sections of information memorandum

**Legal and regulatory**
- Review legal and regulatory issues
- Draft legislation
- Draft regulations
- Prepare briefing papers on legislative package
- Draft paper on privatisation issues
- Draft paper on corporatisation issues
- Review legal aspects of labour issues
- Prepare legal due diligence reports
- Prepare data room
- Draft transaction documents
- Draft relevant sections of information memorandum
- Enact necessary enabling laws
- Enact regulations
- Establish regulatory authority
- Approve charter and operational rules for regulators
- Select and appoint regulators
- Establish customer representative body (if any)
- Provide initial funding for regulators
- Establish regional coordination

**Economic and financial**
- Develop financial model
- Review demand forecasts
- Test alternative tariffs and tariff structures
- Estimate costs (capital, operating, maintenance)
- Draft tariff and schedules (including formulas)
- Propose capital structure (debt equity ratio)

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*APPENDIX 1  World Bank recommended path to privatisation*
<table>
<thead>
<tr>
<th>Critical path</th>
<th>Preparation phase</th>
<th>Implementation phase</th>
</tr>
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<tbody>
<tr>
<td>Determine government support (foreign exchange, etc)</td>
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<tr>
<td>Draft relevant sections of information memorandum</td>
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<tr>
<td>Review existing financial statements</td>
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<td>Assess implications of tax requirements, etc</td>
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<tr>
<td>Review personnel costs and restructuring (if any)</td>
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<tr>
<td>Prepare preliminary financial statements</td>
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<tr>
<td>Prepare financial due diligence report</td>
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<tr>
<td>Define financial covenants</td>
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<tr>
<td>Draft relevant sections of information memorandum</td>
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</table>

**Public relations**

Prepare public attitude surveys (if any)
Run public awareness campaign
Prepare public relations campaign for implementation
Pre-marketing

**Human resources**

Organise interactions with workers
Organise interactions with unions

**Workshop 1: Structure and policy issues**

Sector structure
Tariff policies, subsidies, reform
Legal and regulatory issues and implications
Labour considerations
Performance standards
Legislation and regulations

**Workshop 2: Transaction strategy**

Corporatisation issues
Private sector participation method
Bid process and criteria
Project documents

**Transaction**

Finalise information memorandum
Announce process to the press
Register interested parties
Enter into confidentiality agreements
Issue information memorandum
Pre-qualify bidders
Issue project documents
Negotiate terms with bidders
Receive final bids
Issue letter of award
Reach financial closing

■ represents an event
## Advocacy Strategy Table

<table>
<thead>
<tr>
<th>Goal</th>
<th>Objectives</th>
<th>Success Indicators</th>
<th>Means of Measurement</th>
<th>Targets</th>
<th>Allies and Opportunities</th>
<th>Methods and Activities</th>
<th>Risks and Assumptions</th>
<th>Time-Scale</th>
<th>Responsibility</th>
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