

CRYSTAL CLEAR

The BPD Water and Sanitation Cluster Newsletter

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Bringing together the focus project partners with their same sector counterparts from the other projects is the objective of the Cluster's sector-specific workshop series.



In this issue of Crystal Clear we begin to report on the NGO and Public Sector workshops that have recently taken place. We also highlight the BoTT (Build, operate, Train and Transfer) projects in the Northern Province and Eastern Cape of South Africa. We examine the advantages that this model brings and share some of the lessons learned and challenges raised from such collaborations. We also introduce the tri-sector partnership survey - a study to identify other tri-sector working arrangements and networks in order to expand the Cluster's knowledge and experience, and the cost recovery survey - specifically looking at the experiences of the eight Cluster focus projects.

For water and sanitation, physical infrastructure alone does not make for an efficient and sustainable water system, as we have stated in previous issues. It is increasingly accepted that a "social infrastructure" is also needed to ensure the sustainability of these

systems. Engaging the community can mobilise community skills and labour for the private sector, as well as facilitate community consensus especially on matters of pricing, technologies, operations and maintenance, or other issues of wider public policy which can affect sustainability.

With community involvement as a primary focus, the ultimate goal of the Cluster is to capitalise on the experience of the project partners involved in the focus projects. We aim to reach some conclusions and recommendations for other organisations thinking of entering into a similar type of tri-sector partnership. With regard to partnerships, a distinction should be made between a concession or management contract between the public sector and the private sector operator (which may have scope for exploring a tri-sector approach of sorts), and a tri-sector approach at the community level.

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Your queries and contributions are most welcome.

The Workshop Series

The BPD is a learning initiative aimed at better understanding the dynamics and potential impacts of tri-sector partnerships. Activities of the Cluster are aimed in two directions:

- ⊙ to explore the actual relationships of the focus projects to better understand possible options for future project partners; and
- ⊙ to arrive at a broad understanding of constraints and limitations, opportunities and possibilities that can be generalised about tri-sector, core business partnerships.

Core business in this instance refers to those activities that are the direct responsibility or interest of the company. For example, providing water in eastern Jakarta is the direct responsibility of Thames Pam Jaya. The interests of the Cluster therefore lie in the more specific question of whether tri-sector partnerships among the public, private and civil society sectors facilitate the company's mandate to provide water to poor communities.

In line with efforts to draw out the lessons from the different projects, a workshop series has been designed which brings the project partners together with their same sector counterparts from other

projects. Three sector-specific workshops will be held before the Cluster plans to hold a tri-sector workshop of the eight projects in 2001.

In broad terms, the objectives of the three initial workshops are to:

- 1 *foster a sense of a BPD Water and Sanitation Cluster team in order to engender an "ownership" of the Cluster by the projects;*
- 2 *clarify definitions and terms (seeking to ensure that everyone is "on the same page") with regard to partnership and expectations of and by the different sectors. (In separating the sectors, the workshops seek to facilitate a cross-fertilisation that is sector specific - providing a forum for inter-sector discussion before entering into cross-sector debate.);*
- 3 *begin to determine a set of indicators to measure sector-specific contributions toward effective tri-sector partnerships;*
- 4 *establish preliminary recommendations to other external groups of stakeholders thinking of engaging in a similar tri-sector partnership arrangement.*

The workshops are designed to allow for the project partners to step back from their daily work and to think on larger partnership issues. These have not been

designed as training exercises with external experts, but an effort to stimulate as much internal project-generated insights as possible.

The NGO workshop was held in Lewes, England from 7-9 June 2000. We were fortunate enough to have participants from seven of the eight focus projects. Participants are all engaged in some form of tri-sector relationship, though some are more formal and structured than others. The participants were generally project managers rather than NGO executive directors, meaning that they were more likely to be the person actually engaged on a day-to-day basis in the partnership project. This is an important distinction as, for the most part, they are not the primary policy makers for their organisations. They are also more likely to be focused on the project rather than the broader challenges and potential of tri-sector relationships. By focusing on project staff specifically, the effort has been aimed at moving away from sector stereotypes and towards actual relationships and experiences.

The workshop followed on from a conference held in London by the Private Provision of Infrastructure Advisory Facility, the World Bank and DFID on *Infrastructure for Development: Private Solutions and the Poor*. Because of the location and timing, the Cluster was able to invite the Water and

Sanitation Programme (with representation from the New Delhi and Nairobi offices), the Water and Sanitation Division of the World Bank, and the UNDP Public Private Partnerships and the Urban Environment programme.

The Public Sector workshop was held in Paris, France from 10-12 July 2000. Six of the eight focus projects were present. (Due to logistical difficulties, we were unable to arrange for participants from the Jakarta or Dakar projects to attend.) Participants ranged from senior public sector officials to department staff. The workshop followed on from a conference of the International Water Association held in Paris from 3-7 July.

A facilitator was brought in to provide clarity and focus for the discussions in both workshops. Different facilitators will be used for each of the workshops, chosen for their familiarity with that sector and experience in partnership issues. The workshops have been designed by the team of facilitators with the Cluster Co-ordinator. The other BPD Cluster co-ordinators were also given the opportunity to comment on the workshop design and to determine ways in which the workshops could dovetail with their work and/or the work of the Knowledge Resource Group.¹

During both workshops a funnel approach facilitated the

discussions starting from the broader issues of Strengths, Weaknesses, Opportunities and Threats for each sector within the context of tri-sector partnerships. The goal of the workshops will be to arrive at the more specific issues that each project faces including the role of the community, contracting mechanisms and partnership



governance structures. Participants began by brainstorming broad ideas, and continued the process by categorising (i.e. sorting, clarifying and labelling) their initial perceptions. Prioritising the categories (by importance, urgency) led them to draw lessons, determine emerging patterns, and focus on new challenges in order to make preliminary recommendations for others thinking of engaging in a similar type of tri-sector relationship. Again, the workshops were designed to surface sector-specific concerns, options, and opportunities relevant to a tri-sector and core-business partnership. This same structure with some minor modifications will be used for the private sector workshop to be held in October.

Expectations on the part of the participants included gaining a greater understanding of key factors that make partnerships work; methods of evaluating partnerships; and setting objectives in terms of expanding and broadening partnerships. Networking and sharing project specifics were also key objectives for the workshop participants.

Reports on these two workshops are currently being written and the reports for all three workshops will be available on the website and in hard copy towards the end of the year.

¹ The Knowledge Resource Group is a grouping of the four theme-based clusters with representatives from the World Bank Group's Business Partnership and Outreach Group, Civicus (an international NGO network) and the Prince of Wales Business Leaders Forum.

South Africa's BoTT program in the Northern Province and Eastern Cape

The South African government is under significant pressure to rapidly improve water and sanitation services in the former black homelands. The country's national Department of Water

operate, Train, Transfer). BoTT will build new water systems and renovate old ones in rural and peri-urban areas. Tariffs, billing systems, and maintenance programs will be put in place so that the water services will be sustainable.

Funding for BoTT comes from the public sector. Project implementation work is done by private consortiums selected through a competitive

Both consortiums are led by Water and Sanitation Services of South Africa (WSSA), a subsidiary of Northumbrian Lyonnaise International (NLI). The two companies signed two-year contracts with DWAF in 1997, and the contracts were extended for an additional two years in 1999. In the first two years of BoTT, the DWAF sent approximately half of its water and sanitation work in Northern Province and Eastern Cape through the consortiums.² Metsico and Amanz'abantu are currently involved in projects that will improve water services for 2,200,000 people.



Affairs and Forestry (DWAF) is committed to providing all households with a minimum level of water service (25 litres per capita per day from standposts within 250 meters from each home). But DWAF does not want to run these systems itself and does not have the resources to continue national subsidies indefinitely. DWAF plans to pass control over water and sanitation services to newly created local authorities as soon as is feasible. To do this, DWAF must first put financially and operationally sustainable water and sanitation systems in place.

DWAF has enlisted the help of the private sector and civil society in this endeavour through a partnership known as BoTT (Build,

bidding process. Each "consortium" is composed of service providers (private companies and NGOs) with expertise in five key disciplines: design, construction, operation and maintenance (O&M), on-site sanitation, and institutional and social development (ISD). These "one-stop shops" are equipped to handle any water or sanitation project, at any stage of the project cycle. The multi-disciplinary consortiums act as delegated "implementing agents" for DWAF, often from the planning stage of a water project through to initial operation.

Two of the BoTT consortiums are BPD focus projects: Metsico in the Northern Province and Amanz'abantu in Eastern Cape.

Advantages of the BoTT model

A principle advantage of the BoTT model is that it gives DWAF access to professionals from the private sector and civil society who can work on all phases of project development. Organising these professionals in a single consortium helps ensure that they will work together to create sustainable green field projects - from construction to operation. The first green fields project, called Peddie, has just been transferred to the Local Authority, Amatola District Council. Amanz'abantu will support the Local Authority through a mentorship period on a remote basis. The four

² The remainder of the investment budget goes to projects that follow a traditional project development process: tender for design, tender for construction, O & M assumed by responsible government authority immediately after construction is finished.

villages involved have formed a Community Based Organisation to operate and maintain the system where the revenue collection is organised through prepayment standpipes (100% recovery rate).

The multi-disciplinary consortiums are also equipped to work just on certain phases of the project development cycle, if that is what is needed. The regional water schemes in the Northern Province are one example. The peri-urban and rural area of Vondo has a water system supplying around 500,000 people, but in December 1997 the system was in disrepair and virtually no one was paying for the water they received. Metsico did emergency repairs to improve the quality of the water service, but the primary focus of the consortium's work is establishing and enforcing a billing and collection system. Neighbourhoods with 24-hour water services are the first to be asked to start paying. Metsico is assisting DWAF and the Local Authority to completely phase out the 100% subsidy from DWAF over a six-year period. One year into this effort, the revenue collection performance is already meeting the target for the second year.

Another advantage of the BoTT program is that it gives DWAF the capacity to respond very quickly to water and sanitation needs. A good example of this is the El Niño Emergency Water Supply Program

- a program to rapidly improve water supply to 300,000 people in areas threatened by a potential El Niño-caused drought. At DWAF's request, the Amanz'abantu consortium in Eastern Cape drilled or refurbished boreholes and created standposts in 100 communities within a few short months. The consortium's original mandate was simply to design and build. But DWAF soon saw that this approach would send the El Niño projects down the path of similar projects in the past: many of the diesel engines and standposts would soon be broken, and communities would again be without water. DWAF asked Amanz'abantu to expand its activities. The consortium's ISD arm (the NGO Mvula Trust) began to organise village water committees that would be in charge of operating the systems and collecting revenue. The O&M arm (WSSA) began training villagers to operate and repair diesel engines, and visiting the communities to monitor and supervise maintenance efforts. The El Niño projects now have a good prospect for sustainability.

Lessons and challenges

DWAF learned early on that the BoTT program required a larger public sector management role than the agency had anticipated. The BoTT consortiums depend on DWAF for budget allocations, for notices to proceed with projects,

for the approval of business plans and cost projections, and for policy guidance. If the agency does not give fast and definitive responses to the consortiums, the "one-stop shop" consortium goes under-utilised.

The BoTT consortiums also had internal management problems in the early days. Integrated project development does not come naturally to professionals used to working in distinct fields. The disciplines typically have very different working cultures and project time horizons, and no one approach is (on its own) consistent with BoTT's vision. Over time, the companies and NGOs that make up Metsico and Amanz'abantu began to see the advantages of working with each other. The construction companies, for example, have found that they have fewer problems with the community and less vandalism when they coordinate with social development professionals. Similarly, the O&M firms consider upfront dialogue with the communities to be a critical step toward ultimately achieving financially and operationally sustainable systems. The "one-stop shop" consortium structure does not avoid these inter-disciplinary tensions, but the structure has in a sense "forced" the consortium members to learn about the potential benefits of integrated project development.

(Article contributed by Kristin Komives, Consultant)

Looking for Partnerships

Apart from sharing the experience from the eight focus projects with which we are working, the Water and Sanitation Cluster is trying to learn and share by studying other tri-sector partnership arrangements. A research project is currently taking the first step in this: a search to identify other projects and tri-sector working arrangements, and the networks in which they are involved. The Cluster commissioned this study in order to expand its exposure to different tri-sector experiences in water and sanitation. Thus, the purpose of the study is to provide a starting body of knowledge about tri-sector partnership projects and arrangements, in order to inform the work of the Cluster and its focus projects, and other organisations and people working in or thinking about such partnerships. We expect that the survey would reveal examples that could be used for learning and informing the work of the Cluster, and to contribute to a more global body of knowledge

The search

The search has been conducted by e-mail through networks and contacts. An initial enquiry asked if people are working in or knew of a tri-sector partnership, and to forward the enquiry to others.

Altogether more than 70 people and organisations were contacted directly, and many more by forwarding of the enquiry and by circulation through networks. Contacts were also made as a result of searches of relevant databases. If people responded positively, they were sent a questionnaire (in Spanish if required) to complete about the partners and the partnership. The information provided will be compiled for use as the basis for further study.

The findings

The main finding so far is that there are only few examples of tri-sector, as opposed to tri-partite, working arrangements. Only three examples that fit a loose definition of tri-sector partnerships between business/private sector (international and/or domestic), government and its agencies, and communities (including community-based groups and organisations and NGOs) have been submitted so far, and two or three others are expected. The examples are in Angola, the Philippines and Argentina. It appears that the anticipated experience is very limited.

This may be a reflection of the approach used. Contacting formal public and private sector organisations and NGOs may not have reached the less formalised local arrangements that may exist in other places. One local partnership

arrangement was provided by another researcher based on his own knowledge from previously working in the country. BPD would welcome more information on this type of ad hoc informal arrangement in the water and sanitation sector, and ideas on how to reach them. Though partnerships can take many forms, we are generally looking for relationships that are more involved than client-provider, or customer-oriented approaches.

(Article contributed by Jeremy Ockelford, Consultant)

Cost Recovery in BPD Water and Sanitation Focus Projects

The Cluster is also undertaking a study to collate experiences regarding cost recovery in the eight BPD focus projects. The goal of the study is to improve BPD's overall understanding of the context and constraints surrounding cost recovery in the projects. The study is specifically probing which factors in each situation inhibit or promote:

- ① willingness to charge for service (on the part of the service providers), and
 - ② willingness to pay for service (on the part of the consumers).
- The study also seeks to understand better the varied

approaches used by the projects to improve cost recovery.

Methodology and Status of Study

In order to learn about the different projects' concerns and approaches pertaining to cost recovery, a comprehensive survey was sent to each of the project partners. This survey contained questions pertaining to:

- ① attitudes of different partners regarding cost recovery,
- ② the relative difficulty of cost recovery compared to other project aspects,
- ③ the actual connection fees and tariffs and whether different groups of consumers are willing to and able to pay these fees, and
- ④ approaches being used by the various partners to help achieve the cost recovery goals. The majority of project partners have returned their surveys and the data is being tabulated. In many cases, follow-up phone calls are also being made in order to understand better the particular situations.

Preliminary Findings

There are definitely mixed experiences among the eight projects; however, some key findings are emerging in the context of working with poor communities:

- ① **Goal of Cost Recovery** For the most part, the projects are all trying to achieve full cost recovery for operations and maintenance. None of the projects are trying to recoup their full investment in the infrastructure directly from poor households, although several do charge connection fees for private connections to cover the incremental costs of providing service to each



consumer. Capital subsidies in the projects come from the operators, NGOs, international donors, governments, and other users (through cross-subsidies in the tariff or monthly infrastructure expansion fees).

- ② **Success in Cost Recovery** Some of the projects have high success rates in getting people to pay for water. In the case of Haiti, the water was very expensive prior to the installation of standposts, and consumers now willingly pay less money for more water to a standpost operator. In other cases, such as Durban and Pietermaritzburg in South Africa, the social and political situation will make it very difficult for the

projects to achieve full cost recovery. In these towns there is a culture of non-payment for government services, for which the projects are actively seeking solutions.

- ③ **Methods to Improve Cost Recovery** The projects use a variety of approaches to try to improve cost recovery. These approaches include educational



campaigns, improved customer relations, and changes to project norms such as the institutional structure or the levels of service offered. Most projects have highlighted the importance of educational campaigns in improving overall revenue collection.

- ④ **Role of the Partnership** All of the survey respondents have indicated that they believe the partnership has helped facilitate higher rates of cost recovery.

The final report should be forthcoming by December 2000 and available on the website and in hard copy.

(Article contributed by Kristin Komives and Linda Stalker Prokopy, Consultants)

Upcoming Events

Water Supply and Sanitation Collaborative Council Fifth Global Forum

24-29 November 2000

Foz do Iguaçu, Brazil

The aim of the Forum is to achieve a consensus on the overall direction and priorities for the global water supply and sanitation sector over the next few years. The inputs to the Forum will include results and

- ⊙ Water Supply and Sanitation in a broader context
- ⊙ Institutional frameworks
- ⊙ Resource mobilisation and sustainability
- ⊙ Targets, indicators and monitoring

The Fifth Global Forum will be under the umbrella of "Vision 21 - Water for People". Sanitation will be the priority area of attention. The theme will be "Vision 21 - Hygiene, Sanitation and Water for All".



lessons from the Collaborative Council's Vision 21 exercise; the WHO/UNICEF Joint Monitoring Programme's report entitled "Global Assessment 2000 - Status of the water supply and sanitation sector" (GA 2000); 17 different activities that comprised the Collaborative Council's Manila Action Plan; and other relevant work associated with the World Water Forum that was held at The Hague in March 2000.

In preparation for the forum, e-mail conferences are currently being held on seven themed areas:

- ⊙ People-centred approaches
- ⊙ Sanitation and hygiene promotion
- ⊙ Serving the urban poor

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