

**Water Supply and Sanitation Collaborative Council**  
**Working Group on Institutional and Management Options**  
**Co-ordinator: Frank Hartvelt**

**Proposal for Activities 1998/1999**  
**(2nd draft, 2.11.1997, for discussion only)**

**Mandate and Past Activities**

The Working Group on Institutional and Management Options (IMO-WG) was established at the Second Global Forum in Rabat, Marocco, in 1993. The IMO-WG, in keeping with its mandate has since concerned itself with the institutional options that prevail in the drinking water sector. First, attention was paid to the Public-Private partnerships, in particular to the Direct and Delegated Private modes, a.k.a. the 'British' and 'French' models of private sector participation. In the past years, in response to the Councils request, attention was focussed on (delegated) public management options. Of these, the Delegated Public Management Option, in particular the Public Water PLC was highlighted. Besides, a start was made with the collection and analysis of the experiences with institutional reform in the water sector in a number of countries. The output of the IMO-WG has been captured in a number of documents and publications.

**Issues**

The water and sanitation sector in many countries is characterized by unreliable and inadequate services, poor cost recovery, insufficient investment in O&M, a high percentage of unaccounted for water, absence of feedback mechanism for consumer interest into management-level decision making, lack of autonomy of the operator and the subsidy syndrome.

Reform of WSS institutions is aimed at redressing this situation by creating a legal or regulatory environment conducive to sector growth, ensuring continuity of management and rational organization, encouraging human resources development, supporting O&M and instituting new tariff policies for better cost recovery. Central to the long term impact of sector reform is the sustainability of the proposed institutional model that hinges on participation in the choice, and the subsequent ownership, understanding, acceptance and continued support of the model by the key stakeholders, i.e the political environment, the administration, the customers, the operators management and staff, and others. Therefore, the understanding and application of the process of preparing, communicating and implementing change is vital to the success of institutional reform.

**Objectives and Activities for the Coming Years**

The summary objectives of the IMO-WG for the coming years are proposed to be threefold:

- to continue the review of institutional options in water supply and sanitation;
- to describe the experiences with institutional reform;
- to ensure dissemination of the IMO-WG findings.

The related activities would be to cover some of the gaps left in describing and analysing institutional options for water supply; to embark on a thusfar uncovered field, i.e. the institutional options for wastewater and sanitation; to make a start with the description of change processes and the experiences with reform; and lastly, to ensure the dissemination of information on institutional options and change to those that participate in the reform processes.

Concerning the gaps left in the *options for water supply*, these concern the corporatized utility, i.e. the parastatal Authorities, Boards and Corporations that were formed worldwide in the nineteen seventies and that still prevail in a large number of developing countries, and the direct public management mode where water supplies are operated by government departments. The latter form, and particularly the one under direct municipal management continues to be successful and popular in many industrialized and industrializing countries, and became the dominant mode for water supply in Middle European countries in the nineteen nineties. Not covered but proposed to be discussed for inclusion in the work of the IMO-WG are the institutional *options for water supply provision to the urban poor*, where there may be an array of options involving a mix of utility and community management.

Mapping of the institutional *options for sewerage and sanitation* has to be started up. The range of options needs to be inventorized, after which the more detailed discription and analysis of a number of options may be taken up.

Ways and means of *dissemination* need to be investigated but could, apart from the direct distribution of information packages, include the organization of regional seminars and workshops, and the feeding of information into organizations and networks such as EDI, the ITN centres, the Garnet topic network on Institutional Development, and into the Worl Wide Web, etc..

#### Tasks 1998/99

For the period 1998, 1999 it is proposed that the Working Group pursues the following tasks:

1. to investigate the delegated and direct public management options for water supply in more detail, in particular the *corporatized utility* (the parastatal Authorities, Boards and Corporations) and the *direct municipal management* mode; possibly also the *options for service provision to the urban poor* (the interface utility/community management) could be taken up;
2. to inventorize and start the analysis of the the *institutional modes in wastewater and sanitation* sector;
3. to describe and analyse the *processes, experiences, results and effects of institutional reform in the water supply sector*;
4. to *actively disseminate the findings* of the IMO Working Group

#### Outputs

The *first task* is meant to produce the following:

- a document analyzing the corporatized utility in its different forms (corporation, board, authority), its performance and constraints, including case descriptions and a comparison with the other option in delegated public

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- a document analyzing the direct municipal management option, including case descriptions
- a document describing and analysing institutional options for water supply provision to the urban poor

The *second task* will yield the following:

- a document describing and briefly analysing the different institutional modes prevailing in the wastewater and sanitation sector and their application in various countries

The *third task* is proposed to yield the following outputs:

- a bibliography on institutional development in the water and sanitation sector;
- a document outlining the direction of institutional change in a large enough sample of countries to present a global picture of recent, present and planned institutional change;
- a document presenting the process of and the experiences with sector reform and its impact on sector performance for a limited number of country cases in great detail.

The *fourth task* is meant to result in the following:

- a document inventorizing avenues of disseminating the sort of information generated by the IMO Working Group
- a proposal for, and the initial stages of implementation of an active dissemination programme, primarily aimed to increase ownership of the institutional reform agenda among key stakeholders in countries contemplating, planning and executing institutional change.

### **Operationalization**

It is proposed that the tasks be carried out by the Co-ordinator jointly with the members of the Working Group, drawing from the experiences in their countries and agencies. To obtain a representative enough view of the sector, the sample of knowledge and experience represented in the Working Group may be enlarged by inviting the participation of other countries and agencies, in particular those known to be in a position to contribute significantly.

To enable the work of the Co-ordinator it is proposed that he will be supported by a Technical Secretariat. This Secretariat is proposed to be with the Water Sector and Utility Management (SUM) Group of the IHE-Delft. This group will make its staff and facilities available, and will also mobilize the human resources present in the student body of IHE for the benefit of the work by the IMO Working Group. The work may in fact be greatly assisted by investigative work carried out jointly by the staff and the practising professionals from on average 60 developing countries and industrializing countries that are studying at IHE.

**Methodology** The investigative work of the IMO-WG is proposed to be carried out under the guidance of the Co-ordinator by the members of the IMO-WG, by the staff members of the SUM Group and the course participants at the IHE-Delft, and by other individuals and organizations interested to join. The work will be executed through:

- inventory of literature
- literature study
- comprehensive questionnaires

- development of comparative database
- interviews
- regional consultations
- field work
- participatory workshops
- etc..

Where investigations into the results and sustainability of institutional change are concerned, these will be measured through the regular physical and financial indicators, but also by means of social indicators such as the coverage of and service quality to the urban and rural poor, and development indicators such as human resources development, the ownership of reform agenda, and the concurrence of the key parameters of change and the prevailing legal, socio-political and cultural environment.