

# CRYSTAL CLEAR

The BPD Water and Sanitation Cluster Newsletter

edition no. 1    **august 1999**



## **Business, government and civil society co-operation is fast proving to be a key mechanism for addressing much of the world's water and sanitation problems.**

Even at this early stage, important discoveries and lessons from "tri-sector partnerships" have already started to come in from the seven "focus projects" of the Water and Sanitation Cluster (W&SC) of the Business Partners for Development.

The seven focus projects cover a diverse mix of different problems facing urban poor communities in six Southern countries. These projects intend to show how seemingly insurmountable constraints to sustainable water and sanitation services for underprivileged communities can be overcome through tri-sector partnerships. The challenge is to eventually scale up from this project level to encourage wider, informal networks that can

This first newsletter provides the details and processes that underpin this partnership. It presents the views of different stakeholders, outlines the work and learning campaigns in the project areas, and most importantly, seeks to promote discussion on the wider issues that need to be examined and confronted – low incomes, inadequate infrastructure, poor housing and overcrowding. A highlight is the outcome of the first study visit to Buenos Aires, where participants came out enthusiastic and equipped with a better understanding of tri-sector co-operation.

The Cluster's initiatives form part of a larger World Bank-supported pilot project that seeks to harness the potential of tri-sector co-operation for the development of communities throughout the world.

This newsletter will strive to be a venue where best (and also inappropriate) practice can be documented and analysed. Practitioners, in particular, are encouraged to contribute to the establishment of appropriate indicators and measures of progress of partnerships.



directly address the conditions faced by over 600 million impoverished city dwellers who live permanently at risk from poor conditions and water-borne diseases.

## BPD CONTACT DETAILS

BPD Water and Sanitation Cluster  
c/o WaterAid

Prince Consort House  
27-29 Albert Embankment  
London SE1 7UB  
United Kingdom

phone: +44 (0)171 793 4557

fax: +44 (0)171 582 0962

e-mail: [bpd@wateraid.org.uk](mailto:bpd@wateraid.org.uk)

website: [www.bpd-waterandsanitation.org](http://www.bpd-waterandsanitation.org)

Your queries and contributions are most welcome.

## The Changing Perspectives of Stakeholders

Inadequate provision of water and sanitation to the world's population is one of the biggest failures of the 20th century. Over 1.4 billion people do not have access to a safe daily water supply, while 3 billion (over



half the world's population) lack appropriate sanitation.

Solutions have been difficult to work out because of complexities involving access, investment and use. In the past, governments were the authorities who controlled and regulated development. Business was seen as too preoccupied with profit. "Civil society" then was a term yet to be popularised – and many of its organisations evolved as a reaction to the excesses, inadequacies, or inaction of both government and business.

Today, the concept of "tri-sector co-operation" holds a key to development. Such co-operation has been largely facilitated by important, strategic changes in the perspectives of these three stakeholder groups. Governments realise that development is an

immense task that it can not manage alone. Businesses have begun to understand that their long-term vested interests depend not only in pursuing corporate social responsibility but also in genuinely addressing sustainable development. Evolving from the grassroots, often rooted in the most impoverished communities,

civil society organisations recognise that engaging both government and business has become a key step in promoting more wholistic approaches towards development as well as in replicating wide-ranging experiences.

### **BPD and the Public Sector**

Freshwater resources, by and large, remain public property. As such, governments traditionally pay for everything, administer everything and decide who gets it, at what price and how it is used. Experience has shown how this system has failed for the poor. Thus, more governments today are delegating to the private sector the task of providing water and sanitation services. It spreads huge financial and technical burdens, especially when resources are just not available. Also, when water systems

are run and managed at the lowest appropriate level, operation and maintenance becomes more efficient and relieves over-stretched bureaucracies of cumbersome tasks.

Adequate water and sanitation is now better achieved with private sector and local community participation while political authorities retain the power to set policy objectives and overall regulatory frameworks.

Joint-effort projects are underway in Argentina, Bolivia, Colombia, Haiti, Indonesia, and South Africa.

Lessons from these projects are being disseminated to encourage ways in which the public sector can encourage business to expand its share in the challenge of development. Some international water operators have responded by working with municipal governments to focus on the unserved, most underprivileged communities in many developing countries.

### **BPD and the Private Sector**

A key concern of business in water and sanitation service delivery is the complexity and political sensitivity of the sector. Water and sanitation is extremely capital intensive. Governments often lack not only the capital necessary but also the expertise required. However, business only enters the equation when there can be reasonable returns to investments. With water often seen as a public good "provided" by governments at low costs, investment challenges can lead to financial

losses. But at the same time, water is also a basic resource for survival that may not realistically be given totally for the market to trade, apportion and regulate.

Tri-sector partnerships provide answers to several of these problems. Partnerships with governments and civil society seek to provide suitable guarantees to protect investments and ensure revenues, even as social and political goals of providing quality service to the underprivileged and poorest communities are considered. Perhaps only within this framework of tri-sector partnership can the balance between financial sustainability, social responsibility and political accountability be adequately managed.

The urgency of such a partnership is evident in many parts of the world where ironically the poor pay more for water services. In the biggest cities of developing countries, slum dwellers must spend up to 40 percent of their already meagre incomes on water. As many as 20-30 percent of urban dwellers supplement their supply from private vendors who charge infinitely more than the public supply.

**BPD and Civil Society**

Physical infrastructures alone do not make for an efficient and sustainable water system. A “social infrastructure” is also needed to mobilise community skills and labour; to facilitate community consensus especially on matters of pricing, operation and maintenance; and to raise awareness on good

hygiene practices. Building social infrastructures is the strength of non-government organisations and community organisations. Civil society is the organised voice of local communities in this partnership.

NGOs and community organisations have wide-ranging experience in designing and implementing community-based water and sanitation projects. However, they are often hampered by lack of resources and the difficulties of scaling up initiatives to gain greater impact.

Different NGOs with wide networks of partners have started to be involved with the BPD initiative. WaterAid, for example, an NGO which enjoys a unique relationship with the private sector, hosts the W&SC Secretariat and is committed to increasing its support to urban water and sanitation activities. Through BPD, NGOs and community organisations can learn from – and contribute to – best practice solutions in meeting the development challenge.

**Face to Face with the Issues: Outcomes of the Buenos Aires Study Visit**

From March 22 - 26, 1999, the Cluster held the first in a series of study visits and learning tours designed to enable business, government and civil society representatives to examine actual, on-going innovative approaches in meeting

water and sanitation needs of the urban poor. Opened for scrutiny was the Buenos Aires Focus Project of Aguas Argentinas and Suez Lyonnaise des Eaux, and the La Paz/ El Alto Focus Project in Bolivia.

Different concerns of the three sectors were raised during the visit. Representatives from business, for instance, asked about incentives for the private sector to serve the needs of the poor. NGOs were asked how they could best interface with the other partners. Subsidies from the state and the high costs of infrastructure were also tabled.

Initiated by the water company Aguas Argentinas to look for mechanisms to supply drinking water and sanitation services to the poorest areas, particular attention was paid to the Villas Miserias (shanty towns). From a company perspective, these areas were bad business - the three million people in the poor districts account for a potential 15 percent of the company’s customer base yet delivers only 1.5 percent of income and uses up to 25 percent of investments. Aguas Argentinas asked NGOs to assist in facilitating a dialogue between the water company, public institutions and the community. In no time, innovative solutions were running, such as:

- A ‘labour for connection’ scheme - In small scale water projects that will serve less than 3,000 inhabitants, families provided

the labour requirement needed in exchange for a connection to the water network.

- A government financing and employment scheme - For large-scale projects, a small company financed by the government carried out the network extension work and hired local people. The inhabitants then repay the Province for the connection expenses over a five-year period.
- A tax compensation agreement - A direct agreement between the town council and Aguas Argentinas provided tax credits for the company to pay for work planned and completed in underprivileged areas.

billing inefficient; and high costs of infrastructure and household sanitation that dampened the momentum. Different technology options and delivery modes were explored, such as collective water connections and collective septic tanks that lowered per capita costs. Collective pipes were likewise installed at no cost to users in the temporary settlements.

This led to the concept of collective or "bulk" billing, which relies on a significant level of trust between the community and the company. Intermediaries were identified, who took charge of collecting payment. Groups within the community, rather than individual households,

Poor non-Spanish speaking people in the La Paz and El Alto areas generally considered sanitation facilities as unimportant.

Bolivian solutions are similar to those of Argentina. Additionally, significant awareness raising activities have been introduced and a micro-credit financing scheme has been considered to provide for those wishing to install sanitation facilities inside their households. The target of the Bolivia Focus Project is to start a pilot scheme that will provide water connections for 2000 families and sanitation facilities for another 2000 and hopefully replicate this throughout the poor areas of the country. The role of international organisations in the focus projects must also be noted. The World Bank, UNDP, UNICEF and DfID(UK) are providing some assistance in the schemes.

Formal and informal discussions specifically on managing the politics, the role of the NGO, and the importance of sanitation were held throughout the study visit. The workshops were augmented by site visits to poor neighbourhoods. Needless to say, the participants were very enthusiastic about the experience and the lessons learned. One participant, a representative from the government of Colombia, started the groundwork for a similar process in his country immediately after the visit. Future study/action learning visits, thus, promise to be even richer and more dynamic.



As a result, more than 100,000 new low-income inhabitants were connected to the network between 1997 and 1998, and another 100,000 are scheduled to be connected in 1999. The search for solutions, however, did not end here. Various problems emerged at different stages of the project, such as: the need for greater incentives for the company to expand networks into poor areas; land tenure and ownership problems that make commercial relations difficult and

thus became the functional customers of the company.

Also, small-scale enterprise was facilitated when small companies were contracted for civil works. NGOs were likewise contracted for field studies and community organising.

Similar problems were experienced in Bolivia. High costs were the principal problem, followed by the need to raise awareness on the social and health benefits of sanitation and sewerage networks.

## The Seven Focus Projects

The seven Focus Projects respond to the specific demands and conditions of the communities they serve. They seek to address key issues, knowledge gaps, or "hot" topics in water and sanitation service provision by involving the community in defining the most appropriate and affordable service package.

Further specific criteria were established to ensure that breakthroughs are realised including:

- exploration of sustainable and commercially viable service to the community, particularly technology options, delivery modes, cost recovery systems and roles for small entrepreneurs;
- willingness of project partners to host action learning visits from participants in the BPD programme and to share the findings;
- potential for replication to other regions, provinces and other countries;
- preference for joint venture projects involving smaller national water companies; and
- independent project management and funding by the sponsor(s).

### Drinking water supply and sewer system in the El Pozón quarter, Cartagena, Colombia

Sponsors: Aguas de Cartagena and Aguas de Barcelona

International Plan, Mamonal Foundation, Life, Communal Action Committees, Local Administrator Committees



Aguas de Cartagena, Aguas de Barcelona

Municipal Government

This project, still in its early phases, aims to supply 1,700 of the least privileged people in 309 dwellings located in the Membrillal quarter in southeast Cartagena de Indias. An aqueduct system will be built to supply a limited flow to the dwellings. The system will be divided into sectors in order to measure inlet flows, which will be used for a monthly billing with weekly fees. Alongside, an educational campaign for the rational use of water will be implemented.

Public funds will be used to finance the construction that will hire local labour. Local committees have been formed to oversee delivery, collection and inspection, and to start work in developing micro-credit enterprises. NGOs are assisting in the education programmes and in the formation of micro enterprises. Thus, water service delivery forms a first step in a longer process of starting and sustaining more comprehensive development in this area.

### Water supply improvements to Marunda District, Jakarta, Indonesia

Sponsor: Thames Water

Thames Water, Thames Pam Jaya



Marunda City Planning Council, Cipta Karya (Ministry of Public Works)

Community Groups, Lembaga Swadaya Masyarakat

Residents of the Marunda district (population: 20,000) in eastern Jakarta do not have access to a water supply. Families rely on individuals who carry water for a fee from a distant source, or from mobile private water tankers. To have 20 litres of water delivered each day, a family will need to pay as much as 5 to 15% of its monthly income.

Thames Pam Jaya, the local water company, will lay a principal water main over a distance of 1.8 kilometres, supply customers en route, and establish a water terminal at the boundary of the slum area. Onward delivery will be made by water carriers, although standpipes at 200 metre intervals across the area are being considered. Connections to permanent homes will also follow, paid for in the usual way by customers who can afford the service.

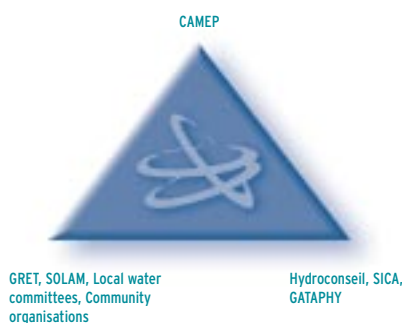
A Water Committee, composed of representatives from the different sectors will be formed and will take responsibility for strategic planning, fundraising, system administration and maintenance. The committee will

also be involved in the appointment of licensees for each hydrant as well as in the determination of pricing and management controls and options on dealing with increased wastewater. Different NGOs have been formed in the community to address social welfare, education and self-sufficiency issues.

The project proponents believe that the Marunda Project, particularly the model of a Water Committee, will serve as a catalyst for starting similar schemes across Jakarta.

### Restructuring the public water service in the shanty towns of Port-Au-Prince, Haiti

Sponsors: Hydro Conseil and Programme Solidarité Eau



Intended to address the service gap within the shanty towns of Port-Au-Prince, the project plans to continue and expand the scheme started in 1994. At that time, GRET (an international NGO) started a water distribution system consisting primarily of paying public fountains managed by local communities.

The public water corporation, CAMEP, does not supply directly to the 14 shanty town districts (combined population of about

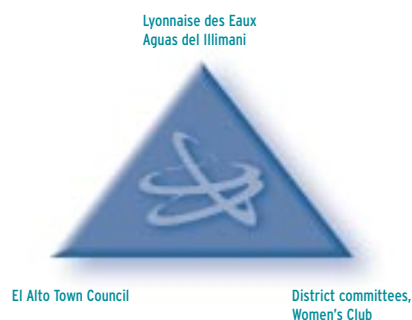
216,000). CAMEP works through GRET particularly in evaluating the demand and supply of water to the general water meter installed at the entrance to the slums. Perhaps somewhat different from the other focus projects, the private sector component is based primarily on technical inputs from external private firms and the work of local construction companies.

With settlements illegally built and without roads or sanitation systems, there are few urban structures in these slums. Public water fountains are managed by local water committees with revenues used by the committees for the construction of wastewater channels or small foot bridges. Building consensus in the community proves one of the most difficult aspects of the project. The layout of networks, for instance, can cause conflicts, so particular attention is given to the technical studies for these networks.

The key factor in the project is the local water committee, which has the potential of stabilising and regularising volatile community relationships as well. The scheme is slowly starting to work, as the rate for payment of CAMEP bills in the established project areas has been extremely high. It has also started to take root even in the more volatile districts. Local private enterprises are expected to take on further construction work to increase the present number of outlets.

### Developing water supply and sanitation services for marginal urban populations in La Paz and El Alto, Bolivia

Sponsors: Suez-Lyonnaise des Eaux and Aguas del Illimani



This project is aimed at very low-income populations of approximately 500,000 people. Many were originally peasants or miners who speak either the Aymara or Quechua language. Their water consumption is relatively low and sanitation proves generally too expensive and is not considered a necessity. In response, a micro-credit programme has been considered integrating an awareness programme aimed at changing and improving local hygiene practices. While land tenure does not prove particularly problematic, much work has to be done to build community consensus, especially in finding a location for common networks. With support from anthropologists specialising in the Aymara and Quechua cultures, the local universities - Universidad Mayor de San Andrés (UMSA) and Universidad Católica Boliviana, and the UNDP, a pilot phase is to be implemented for 4000 families.

Lyonnaise des Eaux and Aguas del Illimani expect that the results may be difficult to quantify in economic terms. The process, however, may provide valuable lessons to be shared with other projects worldwide, particularly in areas where cultural differences further marginalise poor communities.

### Innovative water solutions for underprivileged districts of Buenos Aires, Argentina

Sponsors: Suez-Lyonnaise des Eaux and Aguas Argentinas



Since securing the contract for the Buenos Aires concession in 1993, Aguas Argentinas has implemented several innovative solutions in underprivileged districts. The estimated three million in the poor districts have a monthly income per household of less than US\$500 (whereby overall average monthly GDP per household is approximately \$2,500). At the beginning of the concession, an estimated 500,000 were connected fraudulently to the network. Since it started, Aguas Argentinas has supplied water to more than 1.5 million people and sanitation services to 800,000 inhabitants. (See report on the Buenos Aires study visit for more details)

### Sustainable water and wastewater services in underprivileged areas, Eastern Cape and Northern Province, South Africa

Sponsor: Northumbrian Water



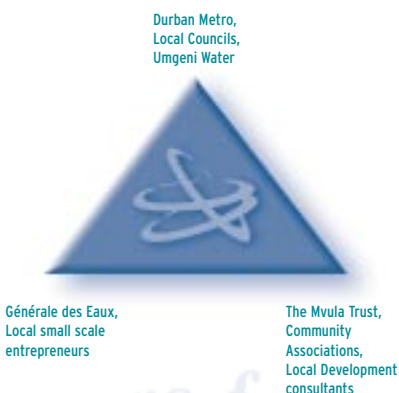
With a service area of approximately two million people, this project seeks to speed up the rate of development of sustainable water service contracts in low-income neighbourhoods in South Africa's Eastern Cape and Northern Province. The Government provides funding for investment in infrastructure and its operation in the early years. Communities access such funding provided that the scheme is viable; costs remain at an affordable level; and plans for the community or local staff to operate the system are clearly designated.

Implementation is through private consortia selected by competitive tendering, with contracts awarded on a "Build, Operate, Train and Transfer" (BOTT) basis. Steering committees, which allow real community participation in decision-making, are then created to approve business plans that lay out the framework for the "transfer" element of the project to the community. This "transfer" element is expected to take place

within three years at which time the community is expected to have acquired the training and the skills to operate, maintain and possibly further develop the projects. Strong emphasis is placed on the use of local contractors capable of providing services and skills, which to a large extent ensures local capacity-building while relying on locally available resources for the project's sustainability.

### Management of water services in suburbs of Durban and Pietermaritzburg, South Africa

Sponsors: Générale des Eaux and The Mvula Trust



Historically, in many poor black areas of South Africa, water supply service was simply excluded from the jurisdiction of the responsible local governments. Among such areas are Inanda and Ntuzuma in Durban; and Ashdown, Imbuli and Newtown in Edendale, a township in Pietermaritzburg, the capital of KwaZulu-Natal Province. Following the 1994 national elections, local boundaries were redrawn and these areas were included under the new local governments. Aside

from huge infrastructure costs in supplying water, these areas lacked functional community organisations as well as basic management infrastructure and town planning, had a high-culture of non-payment, and maintained extremely inefficient billing systems. All of these factors placed tremendous strain on the local government's resources.

Focus projects have been established in both Durban and Pietermaritzburg, funded by Générale des Eaux, The



Mvula Trust, Umgeni Water and the local governments together with the Water Research Commission. The partnership created task teams for each area, which became responsible for raising community awareness and building structures which facilitate community decision-making. Steering Committees which incorporated the local task teams and other local organisations were then given the mandate to determine the most appropriate delivery modes, cost recovery systems and technology options.

## UPCOMING EVENTS

### The Second World Water Forum & Ministerial Conference

Leading experts and top officials from around the world will converge on The Hague, the Netherlands, from 17- 22 March 2000 for the Second World Water Forum.

The major objective is putting water on the agenda as a key political issue at global as well as regional levels. This can only be

done through a significant increase of public awareness of water issues.

The Forum will be held in the Netherlands Congress Centre. The central element is the presentation of the World Water Council's World Water Vision and the Global Water Partnership's Framework for Action. The Vision utilises an extensive world-wide consultation process in which (1) water sector professionals, (2) all stakeholders at the regional level, and (3) a broad cross-section of the public at large will participate. The Framework for Action will translate the Vision into practical action.

The Forum also includes The World Water Fair which is an interactive exhibition for companies,

international organisations and NGOs. It is the ideal market-place for those who wish to present themselves to a global audience.

### Ministerial Conference

Parallel to the Forum, the Netherlands Government will organise a Ministerial Conference, held on Tuesday 21 and Wednesday 22 March 2000 in the Netherlands Congress Centre. The Conference is meant to provide the political commitment for the "World Water Vision" and the "Framework for Action." The results of the Conference will be included in the "Declaration of The Hague"; a final document that will be a political commitment to implement the "World Water Vision" and the "Framework for Action".

For further information, contact:

**World Water Forum Project Secretariat  
Ministry of Foreign Affairs (DML/PS)**

P.O. Box 20061  
2500 EB The Hague  
The Netherlands

phone: +31 70 3485402

fax: +31 70 3486792

e-mail: [secretariat@worldwaterforum.org](mailto:secretariat@worldwaterforum.org)

website: [www.worldwaterforum.org](http://www.worldwaterforum.org)