

Achieving MDGs

Capacity needs for water access and sanitation

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Meeting capacity needs is essential to achieving the Millennium Development Goals (MDGs). But these needs must be understood in the context of the wider environment in which practitioners work.

This issue of Capacity.org focuses on a practical and specific aspect of capacity development: what is needed to achieve the water and sanitation MDGs by 2015. The question is examined principally from the viewpoint of water supply and sanitation (WSS) and water, sanitation and hygiene (WaSH) workers at national, regional and district levels. This group includes government officials, NGO officers, community representatives and the like, with particular focus on the relationships across the different levels of the government hierarchy.

Donor governments are under political and moral pressure from vocal segments of their electorates, as well as pop stars and other celebrities, to give sufficient financial backing to achieve the water and sanitation MDGs. A number of governments have made commitments in response to this pressure, but actual spending has lagged. Donor governments complain of a lack of sound projects, delays in implementation, difficulties in coordinating with other donors or lack of



On the national level, ministries of finance and water desiring to provide more funding for water and sanitation development encounter obstacles such as bureaucratic delays and other blockages. Another challenge is that local priorities in rural areas often differ from those of cities, where typically there is greater focus on accessing electricity or reliable clean water than on sanitation. (See the article on page 14

of this issue). The fact that dozens of donors and hundreds of NGOs each have their own criteria and procedures to follow is another major challenge. As the dictum goes, if donors and NGOs are not part of the solution, they are part of the problem.

Locally, WSS and WaSH workers concerned with implementation at the community level are

bombarded with messages, exhortations and lectures about the importance of developing water and sanitation services. Few of them need to be reminded of the benefits that improving access to water and sanitation would bring to their constituents, who pay daily in health and financial terms for the poor services they receive.

Budgets that are allocated by central government departments for WSS and WaSH are often difficult to access, and are frequently underspent or diverted for other local priorities. Responsibilities for water and sanitation services, which are now decentralised in many countries, have not been accompanied by a commensurate transfer of financial powers, or administrative and professional capacity.

The predicament of local workers is described in a recent report by an NGO field officer (who shall remain anonymous):

Turning money into water and sanitation is no easy task. Simply getting money and expertise to where it is needed poses real geographical and logistical challenges. Funding to the sector is highly fragmented. There is very limited integration of planning or reporting among actors. Government procurement procedures are a significant brake on budget execution, private sector implementation capacity is very limited, and failed installations are common.

An enabling environment

Local officials, community workers and WSS and WaSH professionals are often caught between the high expectations of the international community and severely limited administrative, professional and financial resources.

WSS and WaSH workers must be empowered to deliver better services. This entails better access to resources and acquiring the skills to deal with the demands posed by the environment in which they operate. The changes that need to be made are not entirely, or even primarily, within the powers of local workers – some involve reforms to their environment that have to be made by others, particularly in the higher echelons of government.

The capacity that local workers need to create for themselves in order to operate more effectively cannot be developed in isolation. The wider environment in which they work must also be considered. Capacity is interpreted as *empowerment*, which can be thought of in terms of the following three layers:

- Reforms to the *vertical* relationships between local workers and others, especially the systems of planning, budgeting and allocation, enable resources to flow more easily from the centre to regions and districts.
- Local workers need to be responsive in a *horizontal* dimension to the needs and demands of their clients, constituents and key local stakeholders.
- Local workers need to create appropriate administrative and professional systems and institutions, and to acquire relevant skills to work effectively within them. These attributes include

some that are of general and universal application, but others will depend on the specific features of their working environment.

Vertical relationships

Enhancing the downward flow of resources requires reforms in sector programming and national budgetary processes, strategic financial planning and the role each has in the delivery of better local services.

Sector programming



The effectiveness of foreign aid is often limited by fragmented donor efforts that can put an enormous administrative strain on recipient governments and increase the transaction costs of aid. Sector programming through SWAs (sector-wide approaches to planning) addresses this. The method involves leadership by the recipient country or organisation, the use of a single comprehensive

programme and budget framework and a formalised process for donor coordination. It also entails the harmonisation of procedures for reporting and budgeting as well as financial and procurement management. An important aim of a SWAp is to increase the use of local systems for programme design and implementation, financial management, monitoring and evaluation. Donors are encouraged to use common channels of finance and procedures for key matters such as procurement and technical standards.

For SWAs to be successful, experience suggests that a strong and independent ministry of finance should take the lead. This ensures that sectoral allocations, financial management and accountability rest with the organisation that is typically best positioned to carry out these functions. Recipient governments also need to ensure that their own systems and procedures are robust, transparent and accountable in the eyes of donors.

National budgetary processes

In addition to foreign aid, central government budgets will remain crucial for providing sufficient financing, both for capital and annual recurrent items. Yet there is often a chasm between allocations appearing in central government budget statements and the availability of funds for spending by the agencies for which they are intended. National budgetary processes are needed to ensure that the structure of budgets (budget lines and classifications) are aligned with the realities of institutions, strategic categories and functions. Budget processes need to be more of a collaborative effort involving relevant stakeholders, thus making allocations more relevant and the process more transparent to users. Such collaboration would make it possible to develop sector information systems that enable budgets to be related to objectives, functions and performance measures in the water and sanitation sector, and to review problems and obstacles in end users' access to funds and developing ways of streamlining processes.

In recent years, in response to the urging of the Camdessus Report for more 'decentralised' funding targeted at the grassroots level, several facilities have been created, notably the EU Water Facility and the African Water Facility. Injecting funds at this level is often more effective. These funds are particularly suitable for NGO projects.

Strategic financial planning

The third process at the national level that affects the enabling environment at the local level is strategic financial planning (SFP). SFP takes a long-term look at the financial needs of a sector, the factors determining those needs, the main sources of funds and the balance between them, along with how these financial needs can be met. SFP requires transparent policy dialogue and a sound analytical base that is acceptable to all stakeholders. It is important to have a comprehensive overview of data on existing WSS and WaSH, and their costs – both operations and maintenance and replacements needs – as well as financing sources and flows (current and future) and assessments of alternative future options for service level achievement and funding. The needs analysis can be done using tools such as the FEASIBLE model used by OECD in Eastern Europe, the Caucasus and Central Asia, and the SWIFT model used by the World Bank's Water and Sanitation Program (WSP) in Africa.

Horizontal relationships

WSS and WaSH workers have to interact effectively with members of local communities. There are five aspects of this horizontal relationship: stakeholder consultation, community involvement, demand-responsiveness, engagement with civil society organisations and recognition of the role of the private sector.

Stakeholder consultation

In a sense everyone is a stakeholder in WSS and WaSH. Lip service is paid to the importance of stakeholder consultation and dialogue, but often this does not work well (see the article on pages

10 and 11 of this issue). Many stakeholder meetings are full of government nominees, present to add legitimacy to decisions that have already been made. At the other extreme, stakeholders may be self-appointed and self-serving agitators with their own agendas. It is important to consider a broad range of local interests in the planning and management of local WSS and WaSH services, but they should be clearly defined, and the people invited should be those with genuine interest and dedication.

Serious stakeholder consultation can take time, and the justification for it is the value ? and sustainability ? it can add. The successful reforms in Senegal's water services over the last decade have relied on the careful building of a consensus on objectives and policies. A concerted effort by all major stakeholders on the basis of this consensus resulted in the successful turnaround of the water sector. An important element was a financial model endorsed by stakeholders and used to support an iterative, participatory process of sector planning that has continued for the last ten years.

Community involvement

Most communities have a high level of collective responsibility for water services. Water systems are commonly owned and managed by a public authority or utility, which may have local accountability. Management and operations may also be delegated to private agents, and communal or cooperative management has been successful in some cases. In the Philippines, for example, low-income families in Manila rely on water provided in bulk at the local community level and then distributed to individual households by collective arrangements.

In sanitation a number of initiatives depend on a high level of community involvement. In South Asian countries and elsewhere, the Community-Led Total Sanitation Movement (CLTS) has been successful. Its model relies on local community initiatives, appropriate technology and strong peer-group pressure to achieve 100% latrine coverage in villages to replace the prevailing practice of open defecation. In different circumstances, the *condominial* systems of local sewerage networks in cities in Brazil and Pakistan depend heavily on community involvement in their planning and implementation.

Accountability and demand-responsiveness

A notable correlation exists between the quality of services provided and the attitude of the supplier to the population served. In systems dominated by a prescriptive and technocratic mentality, users are rarely consulted about their service, or closely involved in decisions about implementation. In short, there is little real accountability of providers to their customers, and the concept of WSS and WaSH users as customers or clients (with choice and purchasing power) would appear a radical step. However, as services expand, consultation and involvement with potential customers will become important. For sanitation in particular, demand-responsiveness is becoming the preferred paradigm, replacing the former supply-oriented, hardware-fixated attitudes.

Involvement of civil society organisations (CSOs)

In developing countries a high proportion of WSS and WaSH programmes in rural and peri-urban areas are undertaken with the involvement of civil society bodies such as NGOs, community-based organisations, church groups, charities and other philanthropic bodies. Many of the largest NGOs have an international origin, but most of these have strong local 'ownership' and act as channels for decentralised donor funds (for example, they have been major recipients of funds from the EU Water Facility).

CSOs can operate in regions where official governments have little presence. They are active in programmes such as sanitation that have not been official priorities. CSOs tend to be flexible operators, adapting to what the situation requires and able to form 'fit for purpose' partnerships with other local bodies as needed. Their staff are often able to work in situations that are no-go areas for government officials or official donor agencies. Conversely, CSO projects may be successful in their own terms but may not be replicable (or 'scaled up?'). One of the most successful rural water supply projects in Ethiopia has been the Rural Water Supply and Environment Program in the Amhara region, supported by the Finnish International Development Agency (FINNIDA). The programme, based in a remote region, has minimal reliance on central administrative and financial systems. It is strongly demand-driven with full local ownership, relies on substantial financial contributions from participants and uses a local microfinance bank for holding and disbursing funds.

Another potential problem with CSOs is the fragmentation of administrative and professional efforts. Governments and NGOs must make a difficult choice: channel resources through official means to build sustainability and ensure replication ' or allow a large number of semi-autonomous projects and programme to go ahead, many of which are likely to be successful in



Engagement with the local private sector

Many plans omit or minimise the role of profit-earning individuals or businesses. This may be due to cultural factors ' officials and NGO workers inhabit different worlds than entrepreneurs, but there may also be ideological hostility . Actually, 'private' involvement is unavoidable, whether in the form of 'in-kind' efforts by individual

households or people selling water to neighbours, local artisans and small businesses, local operators and the like. In particular, the important role of existing small-scale water operators could be recognised and they could become part of the solution.

It is estimated that small-scale operators (SSOs) serve 50% of urban populations across Africa. SSOs are typically financed by personal equity, profits from other businesses, community contributions, or short-term credit from local banks or microcredit agencies. They face a number of constraints to their expansion, and they commonly lack legal recognition, which amongst other things prevents them borrowing from commercial banks. The award of legal status may be essential for scaling up. In Uganda SSOs are formally part of the solution for water supply in small

towns, and local authorities are required to enter management contracts with private operators. Mauritania has a similar arrangement.

Apart from formal recognition, water authorities could also offer SSOs contracts for the sale of bulk public water at agreed prices, agreements on the tariffs charged for publicly obtained water sold on privately, the adoption of technical and water safety standards and so on. Governments may find it easier to deal with associations of SSPs ? hence the German Technical Cooperation Agency Deutsche (GTZ) support for the Association of Private Water Operators of Uganda.

Building the capacity of local institutions

Local WSS and WaSH managers and workers are on the front lines of delivering services to their communities. They need effective local institutions for them to operate in, and personnel must have appropriate skills for their tasks. There is a two-way interaction: institutions are shaped by the people working in them, and the people in turn are affected by their institutional homes.

Institutions are very context-specific, but if they are to relate effectively to the vertical and horizontal forces depicted earlier they need certain general qualities: demand-responsiveness, a collaborative work ethic, some flexibility and resourcefulness in coping with unpredictable events, sufficient authority in the local community and among peer organisations, a framework of accountability for results, a capacity to take the long and broad view and so on.

If this is an accurate portrayal of the institutional environment in which they operate, then typical local WSS and WaSH managers and workers should have an understanding of the following issues (among others):

- National and local budgetary processes, and how to make a good case for official allocations.
- Basic elements of accounting, financial management, stock control and personnel management.
- Presentation of project proposals to external donors and NGOs.
- Management of stakeholder consultation exercises and processes
- Knowledge about how to conduct surveys of potential users and customers to determine their needs and preferences.
- Relevant issues pertaining to discussions with other closely related professions, especially in education, public health and agriculture.
- What local private businesses can bring to service delivery, what their potential contributions are, and how can they be managed, contracted and regulated.

In a just and ideal world for such skills they should be paid like kings. In reality, they are more likely to be paid as paupers.

Links

- The EU Water Initiative contains relevant material including a useful guide, Financing water infrastructure and services: an introductory guide for practitioners in developing countries: www.euwi.net
- The EU Water Facility: europaaid-water-facility@ec.europa.eu
- The Water and Sanitation Program: www.wsp.org

Footnotes

- [1] Winpenny, J. (2003) Financing Water for All. GWP/WWC.
- [2] This topic was dealt with in the report commissioned by WaterAid Ethiopia, Private sector participation in water supply and sanitation, December 2006.