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AfDB STUDY ON WATER SECTOR GOVERNANCE:

DRAFT FINAL REPORT

Prepared for:
The African Development Bank

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November 2008

COWATER INTERNATIONAL INC.

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List of Acronyms

AfDB	African Development Bank
AG	Auditors General
AMCOW	African Ministers' Council on Water
ASP	Alternative Service Provider
CBO	Community-based organisations
CCAEP	Council for Supply of Treated Water
CEDAW	Convention on the Elimination of all forms of Discrimination Against Women
CPIA	Country Policy and Institutional Assessment (World Bank)
CRC	Convention on the Rights of the Child
CSO	Civil Society Organization
DANIDA	Danish International Development Agency
DHU	Direction de l'Hydraulique
DNH	National Directorate for Water
DWFA	Department of Water and Forestry Affairs
EIAs	Environmental Impact Assessments
GAD	Gender and Development
GRSEN	Direction Général de Recherche Scientifique (Congo-Brazzaville)
GWP	Global Water Partnership
ICESCR	International Covenant on Economic, Social and Cultural Rights
ICWE	International Conference on Water and Environment
IWRM	Integrated Water Resources Management
JMP	Joint Monitoring Program
JW	Joburg Water (South Africa)
LDP	Local Development Plan
LMDGI	Local MDG Initiative
LWSP	Local Water & Sanitation Plans
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MDWPP	Multi-Donor Water Partnership Program Bank
MoIWD	Ministry of Irrigation and Water Development (Malawi)
MTBF	Medium-Term Budget Framework
MTEF	Medium Term Expenditure Framework
MTFF	Medium Term Financial Framework
NBI	Nile Basin initiative
NGO	Non-governmental organization
O&M	Operation and Maintenance
OECD	Organization for Economic Cooperation and Development
OpsCom	Operations Committee
OWAS	Operations Water and Sanitation
PAR	Project appraisal report
PCR	Project completion report
PCRC	Performance contract review committee

PCU	Program Coordination Unit
PEPAM	Programme d'Eau Potable et d'Assainissement du Millénaire (Senegal)
PFMA	Public Financial Management Act
PHAST	Participatory Hygiene and Sanitation Transformation
PNC	Project Concept Note
PP	Project preparation
PPP	Public Private Partnership
PRA	Participatory rural appraisal
PRSP	Poverty Reduction Strategy Paper
PSP	Private sector participation
RBO	River basin organization
RMC	Regional Member Country
RSA	Republic of South Africa
RWSSI	Rural Water Supply and Sanitation Initiative
SADC	Southern African Development Community
SDE	Sénégalaise des Eaux
SIMS	National Water Information System (Senegal)
SIP	Sector Investment Plan
SONES	La Socétié National des Eaux du Sénégal
SWAp	Sector Wide Approach
TPTC	Tripartite Technical Committee
TWRM	Transboundary Water Resources Management
UA	Users' Associations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
WAN	Wide area network
WAP	Water Action Plan
WARIS	Water Resources Information System (Kenya)
WBOs	Water based organizations
WGI	World Governance Indicators
WHO	World Health Organization
WID	Women and Development
WPD	Water density profiles
WPM	Water Point Mapping
WRMA	Water Resource Management Authority
WSA	Water Services Act (South Africa)
WSB	Water Services Board (Kenya)
WSP	Water and Sanitation Programme
WSS	Water supply and sanitation
WWC	World Water Council

EXECUTIVE SUMMARY

The Consultancy Assignment on Water Governance was launched in mid-June 2008 by OWAS-AfDB. It is funded by the Multi-donor Partnership Programme. The main objective of the assignment is to assess the current state of water sector governance, develop indicators and targets for improvement, and provide guidelines for AfDB sector staff to use when developing programs and projects.

This report is presented in three sections. The first section presents a summary of the literature review and an issues paper that were prepared during the first months of the assignment and are presented in full as Annexes A and B to this report.

Section two describes water sector governance, in practice, today in Africa. It is presented in fifteen sub-sections following a first that discusses overall governance at the country level across Africa. Each subsequent sub-section presents an overview of the governance topic, its background, specific topics of interest, findings of the assignment during its country missions to review sector governance in the field, and opportunities and challenges of improving sector governance through projects and programmes.

Recommendations are given in specific areas responding to specific outputs set out in the assignment's terms of reference. These have been integrated into the text of the report, specific sections thereof are listed in the table on the following page.

Section three presents guidelines and a list of targets and indicators for improved governance that can be integrated in RWSSI and other programs and projects to ensure long term sustainability of investments. It is prepared to be used as a stand alone document by task teams and managers in assessing sector governance. Indicators have been identified through country missions. The first two (Senegal and Uganda) included governance workshops in which the initial set of indicators were used to assess sector governance locally. These were refined and again used in subsequent missions for sector governance assessment. The final list of indicators are presented in this section.

The first part of Section 3 introduces the indicators, provides background on the specific sub-topic and gives guidance on indicator use. The remaining sub-sections are designed to support their use during the project cycle of (1) project identification for which a 'rapid assessment' is presented, (2) project preparation and concept note, (3) project appraisal, (3) supervision and (project completion reporting.

Finally, examples of Light, Rapid and Project Preparation Assessments are presented using the Malawi NWD Project in Section 3.8. The example includes use of the indicator templates in Project Appraisal, Project Supervision and Preparation of the Project Completion Report.

Expected Outputs – Water Governance Study		
Output		**Location**
a	Methods to characterize and establish a baseline for sector governance and indicators to lead its progress	• 3: Guidelines and Template • 2.1.1: Governance • 3.1: Governance Assessment Indicators • 3.2: Rapid Assessment of Water Governance • 3.3: Governance Assessments for PP & PCN
b	Targets for the desired state of improved water sector governance	• 2.1.1: Governance • 3: Guidelines and Template • Tables 3.2 & 3.5: Governance Assessment Template
c	Water sector institutional development and networking approaches	• 2.1.2: Sector Policy and Legislation • 2.1.6: SWAps • 2.1.9: IWRM/TWRM • 2.2.1: Country Field Assessments • Appendix A-4: IWRM/TWRM
d	Strategies to increase the participation of civil society organizations	• 2.1.2: Sector Policy and Legislation • 2.1.12: Civil Society Participation • 2.1.14: Voice, Choice and Rights • Appendix A-8: Civil Society Participation
e	Methods to enhance local participation in program design and implementation	• 2.1.12: Civil Society Participation • 2.1.13: Gender • 2.1.14: Voice, Choice and Rights • 2.1.15: Equitable Service Delivery • Appendix A-8: Civil Society Participation
f	Alternatives to regulation for urban utilities	• 2.1.3: Regulation • 2.1.5: Alternative Service Providers
	Indicators to benchmark and monitor utility performance	• Table 3.5 (5 & 17): Governance Assessment Indicators for Project Preparation and Project Concept Note
g	Indicators to determine optimal extent of decentralization	• 2.1.4: Decentralization • Table 3.5 (4): Governance Assessment Indicators for Project Preparation and Project Concept Note • Appendix A-3: Decentralization
h	Methods with indicators to entrench the Dublin Principles in projects	• 2.1.9: Water resources and environment • 2.1.4 & 2.1.12: Subsidiarity and user involvement • 2.1.13: Women's central role • 2.1.2, 2.1.7, 2.1.14: Water's economic and social value
i	Inclusive and coordinated approach to sector development	• 2.1.2: Sector Policy and Legislation • 2.1.6: SWAps • 3.1.4: Sector Management
j	Strategy for departmental implementation of sector governance assessment guidelines and template.	• TBD following discussion of draft report with OWAS staff 2008/11/06
	Recommendations on how to link their usage to OWAS staff performance evaluations.	• TBD following discussion of draft report with OWAS staff 2008/11/06

1. OVERVIEW AND ISSUES

The study's literature review and issues paper, attached as annexes A and B, respectively, were prepared to inform the development of this study's main report and its associated sector governance assessment guidelines and template. They provide an overview of current thinking and research on the key elements and issues affecting the quality of sector governance in any particular country: 1) sector policy, legislation and regulation; 2) water sector financial management; 3) decentralization and devolution; 4) integrated and transboundary water resources management (IWRM and TWRM); 5) transparency, accountability and corruption; 6) monitoring and evaluation (M&E); 7) contemporary sector governance reform mechanisms; 8) civil society participation; 9) rights, voice and recourse and equitable service delivery; and, 10) public-private partnerships (PPPs) and alternative service providers. This section provides a summary of the main issues and themes discussed in both the literature review and issues paper.

While local and national institutions have the most visible role to play in governing the water sector, it is the sector's underlying **policies, legislation and regulations** that provide the foundation for its overall governance. Some of the key roles sector institutions and organizations need to fulfil in developing and carrying out the underlying legislation, policies and regulations include strategic policy making and planning for water and related sectors; conflict resolution and arbitration; and, the regulation and monitoring of water users and service providers. The various approaches and principles underlying each of these roles have been the subject of significant debate and are addressed individually in the literature review. In short, however, it can be said that sector policy is widely recognized in the literature as the means for creating the enabling environment necessary for sector development, despite the lack of a clear blueprint on what related policies should entail; that legislation is the mechanism for incorporating this policy into national political and legal frameworks, ensuring the effective functioning of the sector, protecting individual and communal water rights and establishing conflict resolution mechanisms; and that regulation entails the system of instruments that enforces and oversees the implementation of sector policy and legislation.

The contemporary literature on **water sector financing** – epitomized by the 2006 Gurria Task Force on Financing Water for All[1] – focuses predominantly on the mechanisms and challenges associated with funding tangible water supply and sanitation services, from rural and urban water supply schemes to sanitation infrastructure. Yet what this focus on financing water supply and sanitation (WSS) services ignores, others argue, is the importance of financing overarching water management and governance functions, from strategy, planning and policymaking and engagement with sector stakeholders to water resource development, allocation and management[2]. In other words, effective water governance depends not only on how much financing can be mobilized, but also on the extent to which these resources are managed and allocated efficiently, effectively and sustainably by recipient institutions across the sector. While the literature demonstrates a strong degree of consensus on the importance of decentralising WSS delivery and expenditure management responsibilities to the lowest appropriate level, this is accompanied by recognition of the need to first improve the managerial and technical capacities of local authorities.

Decentralization has become a key mechanism in sector reform since the concept of subsidiarity – the management of water resources at the lowest appropriate level – was introduced within the Dublin Principles in 1992, and is therefore the focus of its own section in the literature review. The concept of *decentralization* – a general term commonly referring to the transfer of political, financial and administrative authority, including decision-making and management, from central government to

[1] Van Hofwegen, Paul (2006) "Task Force on Financing Water for All: Enhancing Access to Finance for Local Governments; Financing Water for Agriculture," World Water Council (WWC), Global Water Partnership (GWP) and the 4th World Water Forum.

[2] Rees, Judith, Winpenny, James and Hall, Alan W. (2008) "Water as a Social and Economic Good," TEC Background Papers No. 12, Global Water Partnership.

lower levels – is first distinguished from *devolution*, which falls under the larger concept of decentralization and refers to the transfer of management and decision-making powers, rights and assets to local institutions, governments or communities that are largely outside the direct control of the central government, and from *deconcentration* - referring to the transfer of administrative responsibility for specific functions to lower levels within the central government bureaucracy without any real transfer of authority between levels of government. The section goes on to note that while the process of decentralization has become widespread through Africa, the devolution of water sector decision-making authority to local levels is occurring with varying degrees of success, in many cases due to excessive central control over sector revenues and intergovernmental transfers, which can often serve as a major constraint to effective and transparent planning.

The section on **integrated and transboundary water resources management** (IWRM and TWRM, respectively) notes that the two are inter-related concepts that have been the basis for sector reform in recent years. Although the principles to be applied in the sector under IWRM are sound, actual implementation is complicated. The review of the literature found that African countries are lagging behind in this regard, yet advances are beginning to be seen in the sector. The Dublin Principles[3] form the basis for IWRM, which has since become an accepted model for improved governance in the water sector by providing a viable framework for the sustainable use and management of water resources based on the catchment or basin being the most appropriate scale for water resources management. Transboundary water resource management, on the other hand, represents a situation in which water governance is complicated by issues of politics and competition for scarce resources between two or more countries. The literature notes that TWRM cannot be conducted purely on a state-to-state basis, however, for many other stakeholders from the local to the international level typically need to be involved. Furthermore, weak legal and regulatory frameworks, a lack of basin-wide institutional arrangements for joint development and management of transboundary water resources, poor water resources information systems, poor financing and a lack of stakeholder participation are issues affecting the success of TWRM initiatives.

Three basic principles discussed in the literature and considered prerequisites for good water governance are **transparency and accountability**, which are closely related to one another within the context of governance systems. For instance, transparency necessitates strong sector performance monitoring systems, which will enhance accountability for the use of resources by service providers. As discussed elsewhere in the literature review, decentralization provides an opportunity for the introduction of transparency and accountability measures, but also introduces threats to the same if community and civil society voices are not well articulated.

Moreover, the literature establishes clearly that **corruption** in the water sector results from a lack of transparency and accountability and that corrupt practices are endemic to most WSS institutions and transactions in Africa, leading to increased costs to users for WSS service provision. According to Transparency International, the water sector is especially vulnerable to corruption for several reasons: the existence of numerous agencies, actors and government institutions in a single sector blurs lines of accountability and reduces transparency; the water sector involves the procurement of significant quantities of goods with large volumes of public money; informal service providers less subject to official oversight mechanisms play a key role in service delivery; and the widespread presence of monopolies promotes unfair or discretionary business practices. Finally, informal providers, often vulnerable to corruption, play a key role in service delivery. Others add that the sector is characterized by widespread financial disorder, few service providers are accountable to their customers and financial management is not transparent.

The literature review and issues paper note that **monitoring and evaluation** has become an essential tool not only for good water governance, but also for sector development and environmental sustainability. Nevertheless, the calibre of water sector M&E systems across the African continent is

[3] Dublin Statement (1992) "Dublin Statemet on Water and Sustainable Development," International Conference on Water and the Environment, Dublin, Ireland.

generally recognized to be at an early stage of development. Most evaluation systems are project-based and have served mainly the purposes of donors, doing little to support sector planning, budgeting and management processes. Far more in-depth and better quality monitoring is therefore needed for sector management, transparency and accountability, especially within the budget support framework.

The papers also highlight several **contemporary sector governance reform mechanisms and trends** that have come to characterize efforts to improve aid effectiveness and maximize poverty reduction efforts in developing countries over the last decade: decentralization and devolution (discussed above); the evolution of central sector institutions from implementers to facilitators and regulators; sector-wide approaches (SWAps), Poverty Reduction Strategy Papers (PRSPs) and Medium-Term Expenditure Frameworks (MTEFs). In relation to the changing role of institutions, there are widespread signs that local level governments and service providers are taking the place of central sector institutions as the primary implementers of water sector programs and services, while the former are reforming their mandates, roles, responsibilities and activities under revised policies so as to reduce duplication and focus on sector coordination, facilitation and regulation. With regards to **SWAps, PRSPs and MTEFs**, it is noted that while each looks promising in theory, debate continues over their effectiveness in practice across the developing world, particularly with regards to the water sector and the degree to which they are demand-driven. In summary, the literature on the impact of contemporary reform mechanisms on water sector governance reveals a range of effects and implications. Whereas in some countries, such as Uganda and Botswana, Medium-term Budgetary Frameworks (MTBFs) and the SWAp and PRSP processes appear to be having a positive impact on sector governance, their impact in the many Sub-Saharan African countries that lack the appropriate institutional capacity to carry them out effectively appears to be neutral at best and inhibiting at worst if they divert attention away from more critical budgetary reforms.

With regards to **civil society participation** in sector governance, the literature illustrates clearly that the involvement of all users in the process of developing appropriate policies and regulations for water resources management and use is essential for effective water sector governance. Participation of civil society and the permanent mechanisms that will enable it are essential in every aspect of governance, from project and program selection and planning, to budgeting, policy and regulation. This not only improves sustainability of services, but also improves transparency, accountability and regulation.

Closely related to the question of civil society participation in water sector governance are the issues of **rights, voice and recourse and equitable service provision.** Numerous international conventions protect individual rights to basic services such as sufficient, clean, accessible, and affordable water and sanitation and seek to protect vulnerable and marginalized groups from discrimination. All too often, however, research indicates that water is not distributed equitably among all users, resulting from factors relating to transparency and accountability underscored by inadequate mechanisms for citizen participation. Of particular concern are the large and increasing numbers of slums and peri-urban areas and their female inhabitants in particular who, despite being responsible for water, sanitation and the health of their families, are often disempowered and left out of decision-making processes.

Finally, **public private partnerships and alternative service providers** are shown to play a significant role in the water sector in Africa and that further investment from the private sector will be required to meet the Millennium Development Goals (MDGs). The literature indicates that there is no clear blue print solution for private sector participation (PSP) in water sector reforms, but if the realities of their situation are understood, the poor can stand to benefit from it.

2. WATER SECTOR GOVERNANCE IN PRACTICE

2.1. Governance Framework

2.1.1. Governance

The concept of governance, which has evolved over time and can be expected to continue to do so, can be applied to the way countries or organizations are governed as a whole as well as to individual sectors and sub-sectors within them. That is, it can apply at both the macro and micro levels. As a result, the concept of governance can mean different things depending on the context within which it is used. For the purposes of this study, however, governance at the macro level is defined as:

> *The exercise of economic, political and administrative authority to manage a country's affairs at all levels…it comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences.*[4]

While this definition implies that governments at the central, regional or local level are the primary actors in a country's system of governance, public institutions are in fact only one category of actors with a determining stake in national governance. Civil society, which is made up of non-governmental organisations (NGOs) and community-based organisations (CBOs), donors, research institutes, finance institutes, religious groups, media, lobbyists, small business owners and multi-national corporations, among others, also play an important role. An analysis of governance, therefore, must focus on all actors and structures that are in place to take and implement decisions.

Governance at the macro (country) level is increasingly becoming a central focus of development assistance programs. As a result, several different tools and frameworks have been developed to assess the quality of governance within individual countries. These include indicators that enable comparisons over time and across countries and regions. They generally focus on specific subsets of governance that relate to democracy, human rights, policies, public sector management, accountability, legislation, corruption, financial management and internal conflict.

Macro-level governance indicators such as these provide a general overview of governance in a country but seldom address the gap between formal arrangements and realities on the ground. It is therefore prudent to use them only as one of many sets of tools to inform policy rather than as a soul source of information on the quality of governance in any particular country. Subsets of micro-level indicators, such as "water sector policy" can be used to explore specific aspects of governance. In both cases, however, attention should be paid to margins of error as few governance indicators are objectively measurable; most include subjective perceptions.

Some of the most informative data sets on governance currently in the public domain include:

- World Bank Country Policy and Institutional Assessment (CPIA-WB)
- African Development Bank Country Policy and Institutional Assessment (CPIA-AfDB)
- World Governance Indicators (WGI), Kauffman, Kraay and Mastruzzi, World Bank)
- Corruption Perception Index, (CPI) Transparency International
- Failed States Index, Fund for Peace
- Millennium Challenge Corporation Country Scorecards
- Ibrahim Index of African Governance

[4] UNDP (2001) in Rogers, Peter and Hall, Alan, (2003) "Effective Water Governance," GWP TEC.#7

From these assessments, trends in the state of governance can be observed. The World Governance Indicators, for example, demonstrate significant changes in 31 percent of countries in the world over the past decade in at least one of the six aggregate indicators measured.[5] This indicates that changes in governance can occur within relatively short periods of time, but those changes are not necessarily improvements. After twelve years of monitoring governance using the indicators, there is no convincing evidence to conclude that there have been significant improvements in governance worldwide. With respect to corruption, Transparency International's latest Corruption Perception Index rates all sub-Saharan African countries below 6 out of 10, and most below 5.[6] Some countries have experienced significant changes from the last index, while others have witnessed significant deteriorations. The CPI serves to highlight that perceptions of corruption are capable of changing quickly both positively and negatively.

Water Sector Governance

As described above, the concept of governance can be applied at both the macro and micro levels – to countries or organizations as a whole as well as to individual and sub-sectors within them. Water sector governance, at the micro level, is defined by GWP and UNDP as: "…the range of political, social, economic and administrative systems that are in place to develop and manage water resources and the delivery of water services, at different levels of society."[7] Many of the processes and institutions will be defined directly by the central government, and these must function within the existing governance framework in the country.

Recent studies have demonstrated that there is a direct correlation between the countries most lacking water services and those with the weakest governance.[8] Improving governance in the water sector is therefore not only about government systems and services delivery, but encompasses a much broader range of factors, including engaging civil society, non-state agents and their relationship to government. Governments play an important role in ensuring equitable and sustainable water resources management and establishing the overall policies and laws for development. But sustainable services are not achieved without involvement of other stakeholders and particularly the water users in the development of the policies and laws for sector development.

Good water governance is based on principles of good governance, which include equity, efficiency, participation, decentralization, integration, transparency and accountability.[8] Yet there is also a tendency in the water sector to reduce issues to their component parts and thereby lose sight of the overall governance picture. Until recently, most aspects of governance have been treated in isolation. The application of mitigation measures (e.g. decentralization, participatory planning, etc.) has often been seen as an end in itself. Real improvements in governance have been lost and linkages between sector governance and the wider governance context overlooked.

Table 2.1 (adapted from Plummer and Slaymaker, 2007) demonstrates how water sector governance is closely tied into broader governance systems at the national level and how it cannot be taken out of context from each country's overall governance structure.

[5] Kauffman et al, (2008), Governance Matters VII: Aggregate and Individual Governance Indicators 1996 – 2007, World Bank, Washington.
[6] Transparency International, (2008), Corruption Perceptions Index.
[7] UNDP, (2004), "Water Governance for Poverty Reduction," UNDP, New York, p.17,
[8] Plummer and Slaymaker, (2007), "Rethinking Governance in Water Services," Overseas Development Institute, London, UK.

Table 2.1 Aspects of Governance and their Linkage to Broader and Water Governance Contexts

Governance Aspect	Broader Governance Context	Water Governance Context
Political stability and personal security	Improving state commitment to peace and stability, and includes establishing linkages between poverty reduction and political stability	Role of water in conflict-resolution, and in prioritizing water services as an essential basic service in recovery and reconstruction
Economic and social policy management	Developing macro-economic stability and linking poverty reduction to sound economic management at the macro level	Policy efforts to get water in poverty reduction strategies and understanding how water services can connect poor people into economic growth
Government effectiveness and service delivery	Decentralization, civil service reform, effective public administration and participatory planning and budgeting at the macro level	Strengthening capacity of local government/utilities in managing, and maintaining service delivery; strengthening leadership; separating institutional roles and responsibilities, etc.
Revenue mobilization and public financial management	Improving fiduciary accountability, strengthening financial management performance, and improving planning, budgeting and monitoring	Management of finances by water ministry and local governments – budgetary and financial management, quality of decision-making, planning, budgeting and monitoring, tracking sector financial flows and sustainable financing strategies
Conditions for private sector investment	Rules and regulations, adherence to the rule of law, creating conditions for investment and trade, promoting growth in jobs and income and development of enabling environment for private sector investment	Putting in place well considered strategies that contribute to an overall water services policy framework, including policy, legislation, appropriate regulation and incentives toward PPP, small scale private providers and investment in the sector
Political participation and checks & balances	Political participation and citizen empowerment, information, political rights and awareness, improving capacity of parliamentarians and councillors, strengthening decentralization at the local level	Improving the accountability and capacity of national and local politicians and strengthening consumer/user voice to enhance political accountability for water services
Transparency and media	Legislation and policy toward the media, establishing and enforcing the freedom of the press and right to information	Improving access to reliable information that is understandable to citizens, information and transparency on water rights, access, planning, budgeting and expenditures
Judiciary and rule of law	Functional court systems and creating the environment for enforcement of rules and for sector behaviour, and contract law, equitable water and property rights, and access to justice for all	Ensuring water rights and providing for recourse, arbitration, conflict resolution and appeal.
Civil society	Strengthening the operating environment for civil society, empowering citizens to demand accountability	Support sectoral social accountability mechanisms (participatory planning, budgeting, monitoring of water services, water expenditure tracking and to promote citizen voice and empowerment of marginalized groups

Respecting human rights	Improving state commitment to human rights, women's rights, and rights to development and may be closely linked to poverty reduction strategies	Process of articulating, agreeing, implementing and monitoring the fulfillment of rights to water resources, water supply and sanitation
Pro-poor policy	Formulation and implementation of policies to meet the needs to the poor, strategic planning and implementation for poverty reduction, pro-poor spending, addressing regional disparities	Developing pro-poor water service delivery approaches, institutional mechanisms to deliver policy, financing strategies, pro-poor approaches in the water sector, responding to increasing demand from poor households for adequate and affordable services
Gender equity	Women's roles in politics, management positions in government and NGOs, and decision making at national and regional levels	Gender-based approaches to service delivery, gender mainstreaming of service inputs and outcomes, women's participation in user groups and decision making bodies.
Regulatory quality	Labour laws that protect the poor, environmental and pollution laws	Regulatory environment that encourages the types of services the poor use, minimum standards for water services, water pollution issues, integration of alternative service providers.
Corruption and integrity	Improving integrity of civil service, procurement reform, transparency and access to information, developing anti-corruption laws and institutions	Tackling misallocation and diversion of resources intended for water resources, mapping and prioritizing the anti-corruption agenda

With an understanding of the linkages between the broad concept of governance and its application at the sectoral level, water sector practitioners are better equipped to formulate policies, projects and programmes intended to improve the governance of their sector and its subcomponents. The sections that follow describe how each of the sub-components noted in the table above affect and fit into water governance systems and practices and therefore contribute to or detract from the quality of macro-level governance writ-large.

2.1.2. Sector Policy and Legislation

The overall purpose of **sector policy** is to serve as the means for establishing and maintaining the enabling environment necessary for sector development. In creating the enabling environment, from the governance perspective, involving all relevant stakeholders in the policy making process is as important as the definition of policy objectives and mechanisms itself[9].

With regards to objectives and mechanisms, policies tend to either (1) focus on objectives such as increasing access to water and sanitation for the poor and improving the water distribution capacity of irrigation schemes[10] [11], or attaining the MDGs – a common feature of most contemporary PRSPs, or (2) emphasize mechanisms such as the use of local resources in WSS infrastructure development,

[9] Gordon McGranahan and David Satterthwaite, "Governance and Getting the Private Sector to Provide Better Water and Sanitation Services to the Urban Poor," Human Settlements Discussion Paper Series (International Institute for Environment and Development, 2006)

[10] International Water Management Institute (IWMI) (2006) "Water Governance in the Mekong Region: The Need for More Informed Policy-Making," Water Policy Briefing, Issue 22, based on research by Francois Molle and Randolph Barker, IWMI.

[11] Global Water Partnership (GWP) (2005) "Integrated Water Resources Management Plans: Training Manual and Operational Guide," GWP, Stockholm, Sweden.

mechanisms to finance sector projects[12], or inclusion of private sector participation as in Ghana.[13] Many policies combine objectives and mechanisms, as in Ethiopia's sanitation sector. There, stakeholders have been working to create an enabling environment for and achievement of universal access to sanitation over the past five years "through the formulation of an appropriate policy and strategy followed by the launch of a National WASH program. The national hygiene and sanitation strategy sets out key principles, and the National Hygiene and Sanitation Protocol describes what needs to be done to achieve universal access." Moreover, "the strategy and protocol are rooted in government programs like the WASH Universal Access Program and the Health Services Extension Program."[14]

As above, from a governance perspective the process of policy development is crucial and may be as important to the eventual policy outcomes as the product. Two broad approaches to policy development processes- centralized and decentralized policy-making - can be compared.

In centralised systems, an executive-level planning body of senior officials from apex ministries coordinates and controls sector planning and policy development. Policy formulation is unencumbered by long consultative processes with local governments and user associations. Some argue that governance is thereby strengthened through rapid development and implementation of sector policy. This approach seems to have served Tunisia and Israel well but it doesn't allow for sufficient demand-side input during the policy making process, so that there is a far greater risk of the policies not being appropriate to or accepted at lower echelons. The opportunity of building networks around sector ministries that determine the eventual success of policy implementation is missed.

Box 1 Uganda and Mali: Participatory Policy-making Processes

Uganda's Water Action Plan[15]

The first milestone in Uganda's IWRM process was the development of the Water Action Plan (WAP) – the first of its kind following the internationally agreed principles from the UN Conference on Environment and Development in Rio de Janeiro in 1992. The WAP outlined a framework for water resources management based on identification of the key water resources issues set against the background of gaps and constraints in the enabling environment, the institutional roles and the management instruments. The action plan assisted the development of the water resources policy and the legislative framework, defined short term and long-term roles and responsibilities of the involved institutions and assessed their needs for capacities, capabilities and management instruments. Cross-sectoral aspects were dealt with in a committee with representatives from a number of relevant ministries, from districts, from water services providers and from private sector. A number of actions were programmed all aiming at supporting the overall policies and strategies.

Over the last ten years the IWRM framework has been built up to a degree where Uganda has asserted its role in the Nile Basin, where a consistent policy and legislation provides the guidance and rules for priorities of water use, allocation and wastewater discharge and where stakeholder participation and decentralisation provides local level involvement. The identified programme activities in the Water Action Plan 1994 has provided the road map for this development which has resulted, among other things, in empowerment both at local, regional and international levels.

Mali's National Sanitation Policy[16]

Mali's first National Sanitation Forum took place in Bamako in 2006 and concluded that there was an urgent need for a National Sanitation Policy and sub-sector strategies. Since then, draft documents have been written by the DNACPN in collaboration with the National Directorate for Water (DNH) and assisted by international and national consultants. They were discussed and improved upon at the second National Sanitation Forum in 2007 by representatives of central State institutions, local authorities, international and domestic NGOs, private sector representatives and donor agencies.

[12] AMCOW (2008) "Can Africa Afford to Miss the Sanitation MDG Target?" A contribution to AfricaSan 2008, African Development Bank, World Bank and WSP pp 41.
[13] Veronika Fuest and Stefan A. Haffner, "PPP-Policies, Practices and Problems in Ghana's Urban Water Supply," Water Policy, Vol.9. No.2 (IWA Publishing, 2007) pp 169-192
[14] AMCOW, 2008, 41.

The final version of the National Sanitation Policy was disseminated the following week to the Secretariat General of the Government for discussion and validation. The new policy determines guiding principles for the sector, sets goals to be achieved by 2015 or 2020, clarifies the responsibilities of each stakeholder, proposes the creation of a coordination mechanism, exposes guidelines for a sustainable financing of the sector and describes the main features of the capacity building plan and M&E system to be put in place. The Parliament was expected to pass the National Policy law by the end of March 2008.

In decentralized participatory policy making, local government can play a much stronger role in the policy-making process, as can the water users themselves, along with their associations. In doing so, have a far greater impact on the policy itself and on governance in the sector than in the case of a centralized policy-making. Two countries demonstrating the benefits of decentralized consultation-rich policy-making are Mali in its National Sanitation Policy,[17] and Uganda in its National Water Action Plan.[18]

Lastly, feeding the processes discussed above are institutions, organizations and individuals recommending a wide variety of policies and associated frameworks recognized as "best practices." Though some may indeed by suitable for a number of different countries, research indicates that caution should be employed by any country thinking of adopting them before they have been fully scrutinized and tailored to the local context. As argued in Carter[19] and IWMI)[20], "off-the-shelf" policy proposals not tailored to local contexts but championed by donors and some international organizations should be examined critically, as they may be unsuitable governance tools in many countries despite their effectiveness in others.

Legislation is the mechanism for incorporating policy into national political and legal frameworks, setting water quality standards, protecting individual and communal water rights, managing conflict resolution and, perhaps most importantly, for specifying the roles and responsibilities of sector institutions. Given the plurality of institutions involved developing and managing the water sector, the latter function can be a particularly strong determinant of effective water governance.

The World Health Organization (WHO), for example, advises that the key principle that should underlie the legislative structure of the drinking water sector should be to "protect and improve public health through the sustainable provision of drinking-water of adequate quality in sufficient quantities to all the population continuously at a price which is affordable."[21] IWRM legislation, should "be based on a stated national water policy that cuts across sectoral and stakeholder divisions, addresses water as a resource and stresses the societal priority for basic human needs and ecosystem protection.[22] In the case of transboundary water management, clear legislation is essential to provide clarity over institutional roles and responsibilities across shared jurisdictions and be based on the

[15] from Jønch-Clausen, Torkil (2004) "IWRM and Water Efficiency Plans by 2005: Why, What and How?" TEC Background Papers No. 10, Global Water Partnership, Annex 4.5, p. 43.
[16] from AMCOW (2008), Box 4, p. 42.
[17] AMCOW, 2008, 42.
[18] Jonch-Clausen, Torkil (2004) "IWRM and Water Efficiency Plans by 2005: Why, What and How?" TEC Background Papers No. 10, Global Water Partnership, 43.
[19] Carter, Richard C. (1998) "Prospects for Sustainable Water Management Policy in Sub-Sharan Africa," in Water Resource Management: A Comparative Perspective, (Ed: Dhirendra K. Vajpeyi), Greenwood Publishing.
[20] International Water Management Institute (IWMI) (2006) "Water Governance in the Mekong Region: The Need for More Informed Policy-Making," Water Policy Briefing, Issue 22, based on research by Francois Molle and Randolph Barker, IWMI.
[21] World Health Organization (WHO), "WHO Seminar Pack for Drinking Water Quality", WHO, Geneva, http://www.who.int/water_sanitation_health/dwq/S16.pdf
[22] Ferragina, Eugenia, M. Marra and D.A.L. Quagliarotti (2002) "The Role of Formal and Informal Institutions in the Water Sector," Plan Bleu, Sophia Antipolis.

principles of equitable and reasonable use; duty to cooperate; and dispute prevention, resolution and compliance.[23]

As in the case of water policy formulation, experience cautions against adopting overly rigid or "off-the-shelf" legislation. While legislation empowers regulators, an overly legalistic approach towards water quality and supply is self-defeating. "The primary concern should be to influence management decision-making to reduce risks to public health."[24] Caution is also advised against relying on legislation to push forward water sector reforms, as many are not enforced despite being set out in law due.

Although there are good examples, African water legislation often consists of a disparate collection of laws and regulations developed over past decades even into colonial times. They are complex, duplicative and leave numerous legislative gaps that handicap good governance. For example, remnants of colonial laws may still exist that define institutional roles long after institutions have been replaced. Customary water law in which water was seen as a collective right and safeguarded by the tribal group may persist in spite of new laws modernizing the sector. Unfortunately, harmonizing and up-dating sector legislation can be a daunting task. Strong political commitment and tenacity is needed to drive the process forward.

Policies and legislation may over-reach government's capacity to implement and enforce them. Policies that are developed without sufficient finance in place for implementation complicate sector governance by adding to the existing collection of unenforceable or unrealistic legislative or policy initiatives. Likewise, the pursuit of targets or objectives set out policy without sufficient attention being given to processes and resources needed to attain them also debilitates effective sector governance.

2.1.3. Regulation

The regulatory framework is basically a set of rules and processes that bind the service providers through monitoring and enforcement mechanisms to 'level the playing field' in an otherwise monopolistic environment to protect the customer/user. It is thereby a central feature of sector governance.

The effectiveness and enforceability of regulation depend to a great extent on overall governance in the country that Kauffman defines as "the set of traditions and institutions by which authority in a country is exercised"[25]. Overall national governance is assessed using indicators such as the six World Governance Indicators (see section 3) of (1) voice and accountability, (2) political stability and the absence of violence, (3) government effectiveness, (4) regulatory quality, (5) rule of law and (6) control of corruption. The rule of law is probably the most important indicator for regulation in the water sector as it enables its enforcement. Within the rule of law are the key requisites of (1) sound law courts, and (2) the ability to enforce contracts.

Regulation is typically applied to urban bulk water suppliers and service providers. The focus is on tariffs, service quality and consumer protection. Although the usual institutional model is the Regulatory Authority; water sector regulators encompass many oversight mechanisms including the Authority, a Ministry, an asset holding company or authority, a customer group, independent experts and/or the service provider itself through self-regulation. Regulations are stipulated in legislation, contracts, bye-laws, personal commitments and service charters. They are enforced by the regulator exacting penalties, financial incentives (both positive and negative), withdrawing licenses, political pressure and use of the public media.

[23] Shultz, Anna (2007) "Creating a Legal Framework for Good Transboundary Water Governance in the Zambezi and Incomati River Basins," Georgetown International Environmental Law Review, 2007(1), Georgetown University Law Centre, Georgetown.
[24] WHO, "WHO Seminar Pack for Drinking Water Quality"
[25] Kaufmann, D., A. Kraay, and M. Mastruzzi. (2004). "*Governance Matters*", Washington, DC: World Bank.

Table 2.2 Regulation Models of the African Water Sector

	Self-Regulation	Regulation by Contract	Regulation by Contract with Regulator	Regulation by Agency with Licensing Regime
Municipal	Durban, RSA			Zambia - 6 utilities
Regional & National	Djibouti	Senegal, Gabon Uganda, Burkina Faso	Niger Mali	

In most countries urban water services are provided by the municipality, a publicly owned utility and by private operators that are contracted by the municipality under performance contracts. In some cases the utility may be regional or even national in scope, providing services to a group of municipalities. The ways in which the providers are regulated are listed in the above Table 2.2:[26]

- Self-regulation is most often used by municipalities, ministry departments or state-owned companies. Private entrepreneur service providers also use a form of self-regulation through peer-to-peer regulation in a competitive environment.
- Performance monitoring-regulation by a specific performance contract review committee (PCRC) made up of a multi-disciplinary membership. This approach is being used in Uganda.
- Regulation by performance contract is common between asset owner and public or private utility as in Uganda and Burkina Faso.
- Regulation by contract is also used in a hybrid form in which an independent regulator provides supervision but also uses contracts.
- Licenses are provided by independent regulators (as in the case of Zambia) that set out the terms under which they are to provide services.
- Regulation through an asset holding authority such as SONEDE of Senegal that uses a performance contract as the basis of regulation but otherwise monitors and assures good customer relations by the service provider.
- Regulation by a network of stakeholders each representing an agency facet or sub-sector.

The regulator that is most often considered most desirable is the independent or autonomous regulatory authority. The advantage this model has is that the regulator is independent from the political arena in its decision making and is able to satisfy the three criteria stipulated for infrastructure regulatory systems[27]:

1. Legitimacy: the regulatory system protects consumers from the exercise of monopoly power, whether through high prices, low quality of service or both,
2. Credibility: investors (e.g. private sector utilities or capital market investors) must have confidence that the regulatory system will honour its commitments (e.g. maintain agreed minimum tariff levels), and
3. Transparency: regulation and related information are transparent.

Complete autonomy may be the ideal but it is rarely seen in practice. There is inevitably some form of government and/or political influence. In practice, partial independence has become accepted although most often with the hope and understanding that the regulatory system is transitioning to independence. The country, however, may lack commitment, capacity or both. Indeed, the full

[26] Adapted from Trémolet, s. & C Hunt (2006) "Taking Account of the Poor in Water Sector Regulation", WSP, Washington, DC, USA

[27] World Bank (2006) "Handbook for Evaluating Infrastructure Regulatory Systems", Washington, DC.

independent regulator may be too risky a model to attempt as a first step in regulation. Also, some aspects of the ideal autonomous model regulator may be incompatible with the legal and cultural norms of a country. In the real world, the best approach is to obtain the best fit, instead of insisting on 'best practice.'

The greatest number and most deprived of services are undoubtedly the poor. In meeting the MDGs they are the primary target group. They are special in that they are least served by formal and regulated service providers such as the urban utilities. For example, in 2006 it was reported that Maputo's water utility provided only 20% of the urban population through house connections and 20% by standpipes. 20% bought their water from their neighbours, 30% bought water from small unregulated network operators and the remaining 10% collected/bought water at wells or boreholes and/or from vendors.

The poor are unlikely to have house connections, particularly if connection charges are high or they do not have land tenure. They commonly pay much more per litre that those that enjoy piped water. Their services are often poor and intermittent. In addition, they lack influence, voice and channels to complain to the regulator, if indeed their services are regulated. The poor represent the most difficult to reach but need to be if the MDGs are to be achieved. This is a key governance issue for the water sector.

Reaching the poor can be facilitated through special provisions in the regulatory framework. Trémolet and Halpern[28] make recommendations for getting better services to the poor that are paraphrased below.

Regulating access expansion: Coverage targets may be restrictive by defining service at higher levels than can be afforded whether by the utility or the customer. Allowing differentiated service levels, such as through regulated independent networks or vendors can provide greater access and improve services. Coverage targets may be too ambitious making it impossible for utilities to achieve, even under pro-poor performance contracts. Using positive incentives rather than penalties to encourage achievement of targets (particularly in poor areas) can be more effective, especially when funds are scarce and capital financing difficult.

Regulating tariffs: Tariffs need to be set at appropriate levels to permit cost recovery and contribute to investments while not generating excessive profits. Tariffs that are too low, although favoured by politicians, lead to financial insolvency and inability to extend services, particularly in the less accessible poor areas. Tariffs that are too high, as may happen in non-competitive or unregulated environments, provide little incentive to improve productivity and enable poor management and rent-seeking. Subsidies need to be well targeted. Subsidizing the rich occurs in sewerage provision and low unit costs of water compared to the poor who are excluded from sewerage networks and pay higher prices per litre yet receive lower quality service levels. Subsidized connections such as 'social connections', using clear cut definitions of poor customers, are often better targeted. Also, differentiated service levels (regulated standpipes and private and condominial networks) provide for targeting and a form of self regulation. When faced with low tariffs and difficulties in extending services, there may be possibilities of providing financial incentives to the provider to specifically extend into the poorer areas.

Regulating service quality: One way to keep tariffs at affordable levels is to provide lower-cost services through the use of service standards matched to local needs. Service standards need to be flexible and trade-offs between service quality and price recognized. Care needs to be taken in applying excessively rigid water resources regulation such as banning entrepreneurs from abstracting from wells near poor areas when they are providing a legitimate and improved service. Similarly, the uniform application of service standards can create lost opportunities of cost-savings and reaching the

[28] Trémolet, S., & J. Halpern (2006) Regulation of Water and Sanitation Services, Getting Better Service to Poor People", GPOBA Working Series Paper 8, Washington, DC.

poor. An example is mandatory 24 hour pressure. In some areas reduction of pressure and/or intermittent services (using roof tanks) may be appropriate if well-regulated. There are other areas of service standards, such as hours of service, pressure, taste, physical appearance and customer service standards that could be researched to find innovative ways by which costs could be lowered while not jeopardizing public health.

Regulating alternative service providers: In some countries, alternative service providers provide up to 60 and 70% of urban populations. Unfortunately they are often unrecognized and are regulated against without understanding what they have to offer in extending services to the poor. Indeed, alternative service providers may be the only alternative many utilities have in extending services into poor areas. The first step is to get a better understanding of the situation. Alternative providers offer services in many ways: piped networks, standpipes and vendors, and tankers. Domestic resellers (neighbours) may also provide water to a substantial percentage of consumers. Bringing alternative providers into the formal sector would be complicated, and many might shy away from being 'formalized'. They can be brought under the regulation umbrella by being flexible and recognizing the very different conditions and needs in improving services in low income areas. 'Light handed' regulation is required in order to keep costs down and avoid driving those providers out of business. One objective should be to provide for a 'level playing field', and focus on those aspects most important to the consumer such as affordability, reliability and quality while leaving other less important criteria to market forces. One approach is through licensing, and defining areas of operation and services provided. Monitoring can be conducted by organizations closer to the service areas contracted to do so by the regulator such as an association of alternative providers.

2.1.4. Decentralization

The second principle of the International Conference on Water and Environment (ICWE) in Dublin, Ireland, 31 January 1992 states that:

> *Water development and management should be based on a participatory approach, involving users, planners and policy-makers at all levels. The participatory approach involves raising awareness of the importance of water among policy-makers and the general public. It means that decisions are taken at the lowest appropriate level, with full public consultation and involvement of users in the planning and implementation of water projects.*

This is referred to as the principle of subsidiarity, the goal of which, in this sector, is to achieve more sustainable use of water resources through involvement of stakeholders at the local level.[29] To achieve this, decentralization needs to be implemented in a transparent, accountable and participatory manner.[30] It also needs supportive and enabling policies, legislation, regulation and adequate capacity within local governments are required. Local stakeholders must participate in setting strategic directions, planning and implementation. All of which calls for substantial local government capacity and strong political commitment.[31]

The goal of decentralization is to devolve the authority for decision-making, financing and management to representative and accountable local governments, and the delegation of certain public functions to semi-autonomous bodies, such as public utilities. It is recognized that if roles and responsibilities, functions and duties are to be devolved to lower levels, and if these lower levels lack human resources, management capacity and financial resources, then water service provision will suffer.[32] Service costs may actually increase and service levels may decrease. Fiscal decentralization

[29] Dinar, Ariel et al. (2005) "Decentralization of Basin Management: A Global Analysis," World Bank Policy Working Research Paper 3637, Washington, USA.
[30] Water Aid (2008) "Local Millennium Development Goals Initiative: Local Government and Water and Sanitation Delivery," London, UK.
[31] Rees, et al. (2008)
[32] Global Water Partnership (GWP) (2008) "Water Financing and Governance," GWP, Stockholm, Sweden

requires both improving local revenue generation capacity and devolving budgeting and expenditure authority to the lower levels.

It can be argued that the retention of sector financing control by the centre can have its advantages, such as being able to better respond to national priorities and donors that do not normally deal with sub-national authorities. On the other hand, national governments tend to give lower priority to the water sector than local government. Control over budgeting and expenditure by local government facilitates needs-based and demand-responsive service provision.[33] Obviously, a balance is needed in control over sector financing that is tailored to specific and evolving realities.

Many African countries have attempted to decentralize the water sector but few have achieved devolution. Most have de-concentrated the apex ministry in some form or other, but are reluctant to truly devolve, and have been slow in resources and assets transfer. Key staff may have been moved to the local levels, but they continue to report to the centre, which retains power over their functions and performance. Indeed, there is danger in decentralizing too quickly, before enabling policies and legislation are in place and before local capacity and competence can be strengthened; particularly in the areas of procurement, project and financial management. A major challenge in this regard is the actual level of control assigned to local level institutions to determine how funds will be spent on sector development activities. One indicator of central government support for decentralization is their willingness to support and facilitate local level financial management without maintaining intrusive control over decision-making.[34]

In Uganda for example, the government has developed and implemented policies and an institutional framework that provides clarity and separation of functional roles and responsibilities with minimum overlap, gaps and duplication. Service provision and management is undertaken at the lowest appropriate level and procurement has been devolved to district levels, accompanied by regular audit, capacity building, follow-up monitoring and enforcement of findings, and feedback for learning lessons.

Similarly, in Senegal**,** decentralization has been implemented so that management of service provision is done at the lowest appropriate level and technical capabilities, resources and mandates adequately devolved to regional and local levels to effectively support programs and projects. The needs and preferences of local communities are included in sector plans and project designs through participatory processes, and local operation and maintenance management is achieving cost-effective service delivery. Asset ownership is formalized, and consumer organizations are legally-recognized.

While South Africa has achieved some significant progress in decentralization, problems remain in harmonizing sector legislation to clarify roles and responsibilities of stakeholders. The process of asset transfer has not been straightforward, and asset management has been deficient in the smaller municipalities. Shortage of skills among staff in municipalities is a key constraint, despite training efforts. Procurement skills are particularly weak resulting sometimes in non-transparent transactions and rent-seeking.

Malawi is attempting to decentralize its sector but is facing many difficulties. Beginning with a lack of clarity in and support for decentralization from the ministry of local government, decentralization of the sector has been handicapped by a chronic lack of capacity especially at district levels that has resulted in deconcentration rather than devolution. Accompanied by little progress in fiscal decentralization, most sector development is centrally-controlled and sometimes subject to political influence. While there has been progress in operationalizing regional water boards, the management of significant sector development initiatives is controlled by program and project management units, which can bypass the government structures. Community participation in decision-making is still in its early stages.

[33] WaterAid (2008)
[34] Dinar, et al. (2005)

In assessing what would be the best balance needed for decentralization and preservation of residual capacity in central government the functions at each level need to be determined. The following provides examples under the principal functions of (1) planning and budgeting, (2) project supervision and management, (3) procurement and (4) monitoring and evaluation. For each one, a suitable balance in the devolution of responsibilities between the central government and the decentralized stakeholders (regions, local governments, and communities) is discussed under the general principle of subsidiarity.

These indicators propose a "generic point of balance" applicable in the context of countries where decentralization is still rather limited. They may not be as relevant for countries being already far ahead in decentralization (for instance Benin).

Planning and budgeting. A balanced distribution of functions between the centre and decentralized stakeholders could be that central government is responsible for coordinating dialogue on and setting national sector policy, consolidating budgeting, mobilizing and allocating resources, and arranging for Ministry of Finance transfers. The local stakeholders identify needs, participate in planning (local development plans and local water and sanitation plans), channel demands and set investment priorities and formulate local rolling plans and budgets. In other words, the central government would be mainly responsible for facilitating the sector's planning and budget and setting the rules for distribution and use of resources, while the decentralized stakeholders would be responsible for local planning, project design and effective use of resources.

Project supervision and management covers tasks linked to implementation: raising awareness and facilitating community capacity building and input dialog with beneficiaries, project planning and technical design, works supervision, information-education-communication, and etc. Most of these activities are carried out by service providers (companies, consultants, NGOs) under the supervision of the project team inside the ministries in charge of water supply and/or sanitation.

An appropriate balance between centre and local could be that these tasks are supervised and managed by the decentralized stakeholders: either at the regional level or by decentralized project teams that may be supported by external technical assistance. As such, the role of the centre would be confined to quality assurance and administrative and financial management support.

Where legal authority for water supply and/or sanitation has been devolved to local government (as in South Africa, Tanzania and Uganda) they should have the capacity for assuming responsibility for implementation. The reality is that in most countries, decentralization has reached only the deconcentration stage, and the main flow of resources is still channeled through sector apex ministries. Local governments do not yet have the capacity and staff to assume this level of responsibility (as is the case currently in Malawi and Mozambique). As a temporary measure, a reasonable balance in would be that the local governments delegate part or total responsibility for supervision and management to the region, or contract with them for technical assistance (as is the case in Senegal)

Procurement: Experience in devolving responsibility for procurement has emphasized the essential need to first build procurement skills and capacities locally (e.g. Uganda). A generic point of balance in the meantime could be that the region be made be made responsible for preparation of tender documents, managing the tender process and transfer responsibility for contract management to local authorities. The centre would be responsible for oversight, quality assurance and relations with the Finance Ministry and donors or lending institutions. This balance is not ideal but is a step towards devolution and ahead of an entirely centralized procurement process as is the case for example in Burkina Faso) without requiring substantial reforming of procurement regulations. It is stressed however that even this partial devolution needs procurement staff trained and experienced in procurement.

Monitoring and evaluation is one activity where decentralization is critically important from both data collection and feedback perspectives. An appropriate balance would be that all the responsibilities related to the production of data should as decentralized as possible (local governments, water service providers, water user associations, project implementing teams, communities), while the responsibilities for data consolidation and management (i.e. storage, maintenance, publishing) would be located at regional and central levels. The development of internet services in Africa includes the rural areas in many countries making centralized management of web based databases feasible whose contents would be accessible to any authorized stakeholder with an internet connection. In this configuration, data collection is the responsibility of (trained and authorized) local government, municipality or service provider with community support and participation. Data collation would be at either local or regional levels and analysis, storage, feedback and dissemination would be a central responsibility. Dissemination and use of the data is as important as its collection and analysis. Management at all levels need to be made aware and skilled in its proper use. Likewise the public needs to be given access to the full range of information concerning their systems and overall sector status including access, plans, budgets and expenditure.

There is no one-size-fits-all solution to making decentralization a reality. Each country is attempting to achieve its own balance and rate of change according to its stage of development, size and administrative capabilities. Devolution calls for a major effort in strengthening local government administrative, financial management and technical capacities, increasing financial resources allocated to the sector, and substantial changes in attitudes and perceptions among bureaucrats, politicians and the general public. Institutional roles, responsibilities and accountabilities must also change. While specific tools, such as local development plans, have been promoted to aid decentralization, local governments often lack the necessary skills and political maturity to plan their sector development and management effectively, frequently resulting in unrealistic, un-implementable and inequitable local development plans and programmes.

Decentralization is normally driven by authorities outside of the water sector, such as Offices of the President or Cabinet, through Ministries of Local Government or Finance. Sector agencies respond to and comply with decentralization reforms and directives with varying degrees of enthusiasm and commitment. Strong and consistent leadership from the highest levels is necessary to encourage change in bureaucratic practice and process.

Decentralization has developed from a relatively simple concept expressed as subsidiarity to a complex and often confusing reality that exists in many partially-implemented forms across Africa. But certain areas of emphasis are clearly effective in advancing the process of decentralization to achieve sustainability of sector development. These include continued and more targeted effort in capacity building at all levels, especially in local governments. Supporting and assisting stakeholders at all levels in accepting, adapting to and managing change is often overlooked, but critical. External funding from donor agencies is shifting from project-based to program-based, and eventually to basket funding and SWAp mechanisms, as local level financial management competencies and accountability evolves. Central governments will need to proportionately increase their funding to the decentralized sector, and local government revenue generation capacity will need to increase.

To achieve greater success in decentralizing management of water service provision to the lowest appropriate levels, it is recognized that following criteria need to be considered in designing sector support initiatives:

- The lowest appropriate levels for the management of service provision have been identified for the range of sector services, considering the comparative advantages of each level, their strengths and their capabilities;
- The functional roles and responsibilities of all sector stakeholders are clearly defined and separate from one another, so that confusion and conflicts resulting from overlaps, duplication and gaps are eliminated;

- Stakeholder relationships are clear, legitimized and governed by written procedures, agreements or contracts, so that all parties are aware of each other's roles and responsibilities and can monitor each other's performance and results;
- Interests, incentives, mandates and responsibilities are aligned among all stakeholders and there is a shared commitment to achieving sustainable service provision;
- Regional and local level responsibilities are adequately supported by the decentralization of skills, capabilities, assets, human and financial resources, and mandates;
- Capacity building is aimed at ensuring core competencies at all levels; and
- Devolved procurement is accompanied by capacity building, effective monitoring and regular audit.

2.1.5. Alternative Service Providers

Urban water supply infrastructure development and services provision is typically carried out by a mixture of public and private institutions. In Senegal, for example, *La Société Nationale des Eaux du Sénégal* (SONES) serves as the para-public institution with primary responsibility over the planning, development and regulation of urban water supply infrastructure and services. The institution responsible for the actual operation and maintenance of these networks in Senegal's major towns and cities is the private sector company *Sénégalaise des Eaux* (SDE). Following the construction of urban water facilities and distribution networks, SDE leases this infrastructure from SONES and operates and maintains it according to the regulations and guidelines set forth in formal concessions and performance contracts. As the water supply utility, SDE collects and manages water user fees in addition to sanitation surtaxes at the household level. Also involved in the regulation of the urban water sector is the *Direction de l'Hydraulique Urbain* (DHU), established in 2007 under the Ministry of Water to monitor and enforce adherence to national water supply policies and regulations.[35] Similar but locally adapted arrangements exist in many countries and cities of Africa.[36]

What are most often overlooked are the small and often informal enterprises that fill the demand for water and sanitation services from households beyond the reach of public WSS networked infrastructure. These are the poorer customers in smaller cities, peri-urban and remote areas of most developing countries. They provide access to water through private supplies such as wells, public stand posts, water kiosks, informal distribution networks, tankers and small scale vendors[37] and can account for up to 60 or 70 percent of market share in some countries.[38]

The following table provides an overview of the most common types of alternative service providers.[39]

Table 2.3 Alternative Service Providers:

	Dependent on the main utility for bulk water	**Independent bulk water source**
Piped networks		
Type of system	Private operator purchases bulk water from a public authority or utility and distributes to consumers through piped networks.	Private operator relies on or develops its own bulk water sources (wells, etc) and connects consumers through piped networks.
Main regulatory	• Contract with the utility or bulk	• Groundwater extraction

[35] Cowater International Inc. (2008) "Pan African Water Sector M&E Assessment: Final Report," African Water Facility, July, Tunis.
[36] See PPIAF, "Approaches to Private Sector Participation in Water Services: A Toolkit," World Bank, 2006, Appendix A, for additional examples.
[37] Foster, Vivien et al. (2006) "Africa Infrastructure Country Diagnostic Descriptive Manual: Water Supply and Sanitation Performance Indicators," World Bank, Washington, DC. And OECD (2008) "Private Sector Participation in Water Sector Infrastructure," OECD Investment Division, France.
[38] Trémolet and Hunt (2006:18), adapted from Kariuki and Schwartz, (2003)
[39] Trémolet and Hunt (2006:18), adapted from Kariuki and Schwartz, (2003).

issues	supplier • Bulk water rates • Business or operations license • Customer agreements • Consumer tariffs • Service quality	permits (where applicable) • Land title deeds • Resale permits • Bulk water quality testing • Business or operating licenses • Customer agreements • Consumer tariffs • Service quality
Point sources		
Type of system	Point sources—kiosks, standpipes, institutions and households —are connected to a public utility network. Consumers purchase water in bulk from the point source.	Point source is linked to a private bulk water supply such as a well or borehole. Consumers purchase water in bulk from the point source or from tankers that transport water from the bulk source.
Main regulatory issues	• Contract with the utility and agreement to off-sell • Operating license or permit • Bulk purchase price • Operator performance incentives • Consumer tariffs • Service quality	• Groundwater extraction permit (where applicable) • Operating license or permit • Bulk water quality testing • Consumer tariff structure • Service quality
Mobile distributors		
Type of system	Tankers or trucks purchase water from bulk supplier (public utility) and deliver directly to consumers (institutional, commercial, and other users).	Tankers or trucks obtain water from private source and deliver directly to consumers (institutional, commercial, and other users).
Main regulatory issues	• Bulk water purchase rate • Contract with the utility • Business license • Transport license and vehicle regulations • Consumer tariffs • Service quality	• Abstraction permits (where applicable) • Business license • Bulk water quality testing • Transport license and vehicle regulations • Consumer tariffs • Service quality

There are pertinent questions related to whether and how such informal service providers can be brought into formal regulatory frameworks[40] and the degree to which they can be formally regulated in practice. Many alternative providers are being regulated by institutions that lack the capacity to carry out their oversight responsibilities. The result is often over-kill which works against rather than for increased access to improved services by the poor. In this way 'the best becomes the enemy of the better'. A more effective approach is 'light handed' regulation that recognizes the constraints that alternative service providers work under while at the same time applying flexible and relevant criteria that protects public health but adjusts service quality standards to better reflect local conditions and needs of the consumer. Constraints that alternative service providers work under include barriers to entry such as investment risks, limited availability of credit, uncertain contract enforcement mechanisms, limited access to hydrants in peri-urban and slum environments, insufficient spare parts, monopolistic behaviour by existing service providers, lack of qualified technicians and limited access to business development services. Governments can also act to bring small-scale informal ASPs into the formal sector, which would provide them with increased investment security, lower risk of

[40] See the section in this report on regulation for a full discussion in this regards.

expropriation and improved access to finance, which would bode well for both regulation and service expansion to underserved populations.[41]

There are many models for increased participation of alternative service providers in the sector. The following are examples from Mali and Niger.

As illustrated by the preceding examples from Mali and Niger, local governments also play a significant role in water governance from both a regulatory and sector development perspective. With ongoing decentralization reforms across Africa, this can only be expected to increase. From regulatory and governance perspectives, this includes but is not limited to facilitating the operation of local water services boards, managing contracts with local service providers, and collecting basic data on behalf of national regulatory authorities in order to monitor the activities of ASPs. Other local level institutions might also be involved in the regulation of alternative service providers in towns beyond the reach of national institutions. In Mali, for example, "an ad-hoc body, the CCAEP, is in charge of supervising and providing technical assistance to alternative providers, including verifying their financial accounts and technical performance, in towns of less than 10,000 inhabitants"[41]

From the sector development perspective, there are substantial advantages to local governments and institutions working with Alternative Service Providers (ASPs) in strengthening ASP business and skills development capacities and scaling up their operations given the large economies of scale that can be realized in water delivery and sewerage provision[9] – as demonstrated by CCAEP in Mali.

Box 2: Alternative Service Provision in West Africa

In Mali, the government's National Water Directorate contracts the operation of small-town water supplies to civil society groups called Users' Associations (UAs). The UAs work closely with a government technical unit called the Council for Supply of Treated Water (CCAEP), based in Bamako. Communicating by radio, CCAEP routinely records operational details, guides the work of the UAs and, in the event of a breakdown, can dispatch spare parts. CCAEP also checks the monthly accounts of each operator, and its staff visit biannually to verify the condition of the water supply systems and to balance the operating accounts with the General Assembly of the UA. Each UA contributes to CCAEP a surcharge of US$0.025 per cubic metre of water produced.[42]

A Nigerien company, SONEXIE, manages the water supplies in six centres in the north of Niger. SONEXIE started when its current director was told by the local chief in one village that the water supply had broken down and there was no project to assist them. He then worked with other local entrepreneurs to repair and replace some of the equipment. The same situation ocurred in other places. To formalise their investment in this growing market, the group founded SONEXIE as a company. SONEXIE has capital of about US$6,500. The commissioning communities are shareholders in it. Their shares are financially not very significant, but entitle them to certify the annual financial report. The operator depends on economies of scale, even if in certain cases the selling price of water has to be reduced. SONEXIE aims to break even within its first five years.[42]

2.1.6. Sector-wide Approaches

The sector-wide approach (SWAp) has traditionally fallen under the rubric of the programme-based approach to aid delivery: the coordinated disbursement and implementation of development assistance at the programme rather than project level with the intention to reduce transaction costs and improve aid effectiveness. While this may still be the case in many aid-dependant countries, governments are increasingly viewing the sector-wide approach as a means for coordinating and facilitating sector development. In other words, aid delivery may only be one part of this mechanism. As more countries develop stronger institutional capacities to manage them, SWAps are becoming increasingly recognized as a "common sense planning tool that can help politicians and planners better divide

[41] Trémolet, Sophie and Halpern, Jonathan, "Regulation of Water and Sanitation Services: Getting Better Service to Poor People," OBA Working Paper Series Paper No. 8, GPOBA, World Bank, Washington.
[42] Water and Sanitation Program (2002) "Water services in Small Towns in Africa: The Role of Small and Medium-Sized Organizations," WSP-Africa, Nairobi, Kenya.

public resources over priorities"[43] and a way of coordinating a complex sector, building trust through dialogue among all stakeholders and strengthening domestic ownership.[44]

The water sector includes several sub-sectors; the principle ones being water resources, water supply and sanitation but also other associated sectors such as agriculture, forestry, environment, local government, finance, health and education. It is a complex sector involving many stakeholders encompassing civil society, NGOs, the private sector and of course the beneficiary communities themselves.

Box 3 South Africa's Water SWAp "Masibambane"[45]

South Africa's water SWAp represents a good example of the way in which such mechanisms are less about donor coordination than about guiding sector governance and development. Now in its third phase, "Masibambane," as it is known locally, has evolved from a water and sanitation policy and strategic planning tool to one that is guiding capacity building efforts not only within the WSS sub-sector but also water resources management. These three phases are summarized below.

Masibambane I:
- Three-year €75m pilot initiative begun in 2001 focused only on supporting WSS services in three of nice provinces. Intra-sector collaboration is the overriding theme.
- Managed by the Department of Water Affairs but seen as a vehicle for sector decentralisation
- Water services policy (10-year strategic vision and objectives for the sector) and transfer policy (decentralisation of WSS) developed.

Masibambane II:
- Objectives: strengthen water services sector; support local government; expand from three provinces to entire country.
- 2004-2007, €60m
- Identified too much of a focus on infrastructure as opposed to operation, maintenance and sustainability of water services, quality of sanitation services, the need for an improved monitoring systems and a dependency on consulting support.

Masibambane III:
- Objectives: promote IWRM in the water sector throughout the entire country
- 2007-2010, €110m

The sector-wide approach is becoming recognized as the best way by which development partners and sector stakeholders can move the sector forward as a team within a country. Eleven countries of Africa are now using the SWAp in the water sector and many more have SWAp in their heath and education sectors (ref. Table 3.1). Key elements in moving the sector forward as a team are being found to be SWAp's sector-wide stakeholder working group, regular sector technical assessment and Joint Sector Reviews. These draw all sector stakeholders together, harmonize approaches, underpin monitoring, reduce administration and transaction costs, provide an annual stakeholder renew of the sector and identify key areas for improvement on an annual basis. An important element that SWAp provides is the harmonized approach of donors, their contribution to sector coordination and policy dialogue and the use of earmarked sector budget support.

SWAps encompass five main elements: public financial management, sector policy, accountability and performance monitoring, aid alignment and harmonization, and institutions and capacities – all directly relevant to sector governance. They can therefore link policy and planning objectives to budgeting, implementation and monitoring; set up a framework for scaling up coverage improvements over time; and generate buy-in from ministries of finance and donors.

Sector policies and strategic plans are meant to provide the enabling environment for and articulate the direction of sector development efforts. As a result, they provide a framework

[43] Boesen, Nils and Dietvorst, Disiree (2007) "Sector Wide Approaches: From an aid delivery to a sector development perspective," Reflections from the Joint Learning Program on Sector Wide Approaches, January 2006 to April 2007: 14, www.train4dev.net.
[44] Train4Dev., www.train4dev.net
[45] De la Harpe, Jean, "SWAp in the South African Water Sector: Building the sector through collaboration," PowerPoint presentation to the Local Government Information Dissemination Workshop, June 2008.

for overall sector governance and are crucial to the sector-wide approach. As the Joint Learning Programme has found, "cobbling together a reasonably coherent policy framework can be one of the first steps towards a sector or sub-sector programme…and often a number of policies and acts exist that could begin to form the basis for a broader approach"[46]. The latter point relates to the presence of numerous policies and legislation and is of direct relevance to the challenges of undertaking a SWAp in the water sector given the numerous institutions and actors involved in its implementation. For this reason, as discussed below, it is often said that SWAps are most effectively introduced at the sub-sector level, i.e. water services, before being expanded to include all sub-sectors.

The second major element of the sector-wide approach is the coordination and management of a "sector budget," which in light of the plurality of institutions and budgets involved is difficult to undertake in the water sector. One mechanism used to simplify budget decision-making and management processes at the macro level is the MTEF, a three stage activity and output-based fiscal planning process fed by fiscal policy objectives, macroeconomic projections and medium-term budget estimates. In sectors such as water, where the development of a sector budget may be impossible due to the fact that most budgets are created at the institutional rather than programmatic level, it may be more useful to return to the essence of the SWAp as a governance mechanism. That is, rather than trying to create a sector budget out of thin air, the SWAp, in theory, encourages and necessitates inter-institutional dialogue and financial coordination in the pursuit of shared objectives. This is particularly important in relation to the management of aid contributions and donor coordination. Since considerable donor funding is now disbursed at the program level, a sector-wide approach is a means through which dollars can be channelled to appropriate areas within the sector and aligned with national budgeting processes.

This, of course, requires sufficient financial management capacity to be in place in the focus country, which is often far from guaranteed. Dutch experience in Benin, for example, showed that although considerable preparatory work has been done by donors to help setup a pooled fund mechanism, the formal "conditions for SWAp" have not yet been met due to the weakness of local public financial management capacity[47] Similarly, even when basic budgeting systems are in place, donors and the government in question may still not agree that SWAps are the best approach. The Netherlands found that in Bangladesh, institutional weaknesses, lack of political commitment and lack of interest from donors heavily constrained opportunities for a water sector SWAp, and the Dutch ended up continuing their project-based approach.[48]

These elements combine to determine, in large part, the scope for capacity building and reach of performance monitoring also typically included in sector-wide approaches. A SWAp's holistic approach to sector development can help prioritize capacity building needs and identify those willing and able to undertake them. It can also unearth common disjunctures between policy objectives and a particular government's capacity to implement them. Similarly, the transparency promoted by the inclusion of all sector-stakeholders in planning and budgeting processes can contribute to increased accountability. For example, many SWAps now encourage participation of user groups in the design and implementation process and facilitate stakeholder platforms to ensure their voices are heard.[49] With regards to monitoring, mechanisms such as Sector Technical Assessments and Joint Sector Reviews integrated into SWAps are said to help strengthen mutual accountability between governments and donors.

[46] Boesen and Dietvorst, 2007, 20
[47] Van Woersem, Bert and Heun, Jetze, "Evaluation of Sector Support and Approaches in the Water Sector," Final Report, Policy and Operations Department (IOB), Directorate-General for International Cooperation (DGIS), May 2008.
[48] van Woersem and Heun, 2008
[49] Boesen and Dietvorst, 2007

2.1.7. Sector Financial Management

Budget formulation needs to be policy sensitive so that policy objectives are reflected in sector allocations. Budgets should reflect sector targets, such as MDGs while also ensuring that allocations to the water sector are balanced with those to health and education. Equity is an important objective so that the relative needs of various user groups are addressed.

MTEFs have become a common tool in Africa to strengthen policy and spending linkages in macro-level expenditure planning, although some countries' capacity to effectively implement them is uncertain[50] Decentralization is also viewed as a means to improve budget allocation effectiveness by enabling lower levels to participate in the formulation and expenditure management processes; but capacity weakness especially at local government levels have proven to be a significant constraining factor.[51] One response has been the use of conditional grants to local-levels, changing to block grants as capacity increases.

In service delivery, a variety of fiduciary mechanisms have been used, including inter-ministerial transfers, off-budget allocations (e.g. donor funding), cross-subsidization, taxation, user fees, and public-private partnerships.[52] The relative utility and success of these mechanisms depend to a large extent on the state of decentralization, poverty levels and affordability of services, external donor support, and the effectiveness of financial management systems. In the vast majority of African countries, user fees and debt-financing are not a realistic means to fund service delivery alone;[53] government and donor support will be required for the foreseeable future.

In South Africa, MTEFs and rolling plans are only partly effective. Allocations are still subject to political influence, although allocations to lower-levels are formula-based and weighted to reflect needs, population, poverty and implementation capacity. Efforts are being made to continually improve budget and expenditure monitoring to analyse equity, effectiveness and efficiency of targeted subsidies.

Uganda is also using MTEFs and formula-based allocations to local governments. The MTEF is used to develop multi-year projections of sector expenditures, which provide stakeholders and local governments with reasonable and reliable estimates of future budget allocations, which enable them to develop their own relatively accurate three-year rolling plans. Allocation formulae were developed by consensus and reflect needs at the local-levels, although it has taken several years to have them used on a consistent basis.

The approach to sector financial management in Senegal is centered on management through concession/lease contracts and regulation through performance contracts for both urban and rural sub-sectors. Progress in the urban sub-sector has exceeded that of the rural, although cross-subsidization and free connections for the poorest peri-urban and urban users are required to achieve a degree of equity and expand access to services.

In Malawi, although MTEFs and rolling budgets are in place and are consistent with policies, allocations are not predictable. Formula based allocations are not being used. Monitoring is weak and it is not yet possible, for example, to measure service equity or distribution of allocations among various user groups.

[50] Oxford Policy Management (2002) "MTEFs: Panacea or Dangerous Distraction?" OPM Review, May, Oxford, UK.
[51] Savage, David (2003) "Governance and Financing of Water Supply and Sanitation in Ethiopia, Kenya and South Africa," WSP Sector Working Papers: No.5, Water and Sanitation Program, and Rees et al. (2008)
[52] Mehta, Merra and Mehta, Dinesh (2007) "Financing Water and Sanitation at Local Level," Draft Synthesis Paper, WaterAid UK
[53] Savage, 2003

While many of the tools intended to improve financial management (MTEFs, rolling plans and budgets, accounting systems, value for money audit etc.), they have been found useful, the key areas requiring attention are allocation procedures to local governments, equity of allocation among users, efficiency of subsidy targeting, and financial management at local levels.

Participatory planning and budgeting involving user and local government is essential for improving allocation distribution, subsidy targeting and equitable service provision. Civil society organizations such as user organizations and particularly advocacy NGOs have key roles in monitoring allocations, implementation and management of water resources and services delivery.

The following are relevant to the improvement of sector financial management:

- Rolling plans and budgets to provide reliable estimates of future allocations enabling effective planning at local levels;
- Inclusion in sector budgets and expenditure monitoring of all sources of funds, including national, donor, banks, taxes, tariffs and NGO contributions;
- Accurate financial information enabling the analysis of spending efficiency, equity and effectiveness in meeting social needs.
- Formula-based and weighted allocation procedures that reflect poverty, population, existing services and capacity.
- Harmonization of sector visions and targets with budgets, allocations and subsidies;
- Financial management and accounting in compliance with recognized standards.
- External audit of expenditures is required at least annually and should include value-for-money checks.

2.1.8. Monitoring and Evaluation[54]

Well-functioning water sector monitoring and evaluation (M&E) systems – the mechanisms in place to track water resource consumption and availability; measure access to WSS services; analyse project inputs, outputs and outcomes; and collect data for sector planning purposes – lie at the heart of good water governance due to their impact on transparency and accountability, environmental sustainability, the equitable distribution of resources and sector planning.

Firstly, M&E systems provide the foundation for transparent and accountable sector governance. Through the use of data collected through these systems on sector investments and their associated outputs, for example – such as how much money has been invested, what it was used for, who received it and whether value for money was achieved – sector stakeholders can hold politicians and government officials to account for their decisions and be better equipped to participate in sector planning. Without these mechanisms in place, decision-makers are free to allocate these resources with impunity, to the detriment of the vast majority that are affected by misallocations and corruption known to permeate the water sector in many African countries.[55]

Secondly, M&E systems are essential safeguards for ensuring the sustainable use of water resources. Through the use data derived from the indicators, tools and methods for basic water resources monitoring that have become relatively well known and established across Africa – as opposed to those for water and sanitation services, which tend to be far less harmonized across countries – measures can be put in place to mitigate the depletion of underground water tables,[56] the pollution of surface water resources and the decline in flow of major river systems. Without such data and the policy, regulatory and project-related measures that it would feed, averting innumerable 'tragedy of the commons' scenarios – where common resources such as river systems are depleted or destroyed

[54] This text draws extensively from Cowater International's final report (Cowater, 2008) from the Pan African Water Sector M&E Assessment project for the African Water Facility.
[55] Transparency International (TI) (2008) "Global Corruption Report 2008: Corruption in the Water Sector," Cambridge University Press, New York USA.
[56] Cowater (2008)

through the unregulated and self-interested activities of countless individuals seeking to maximize their own well-being – becomes next to impossible, thereby undermining the sustainability of existing water resources.

Thirdly, water sector M&E systems are essential tools for ensuring equitable access to water resources and WSS services – a key characteristic of good water governance. Monitoring tools such as Water Point Mapping, for example, which provides a geo-referenced map of water points with essential information on water point location, functionality and distribution and is currently being used in Malawi, endow sector practitioners and civil society organisations with the information they need to improve access to water on the basis of need rather than political influence.

Finally – M&E is an essential tool for sector planning and management. Nevertheless, while the use of information derived from M&E systems for planning and budgeting purposes is a strong indicator of good water governance, the bridge between data collection and use for these purposes is lacking in many African countries. For example, while water resources and WSS data may be collected on a regular basis by the sector's apex ministry, such as the Ministry of Water, it may not be shared with other ministries and organisations involved in the sector that could also use it to improve program and policy planning and management. Though this is often the case domestically, such data – if available and reliable – can also assist foreign organisations and governments support a country's water sector from the outside. For instance, data collected by Water Sector Programme (WSP)-Africa for their 16 country report on progress towards the MDGs[57] and by the WHO/UNICEF's Joint Monitoring Programme (JMP) helps donors and international NGOs develop programs to support those countries or sub-sectors that have made limited progress to date in attaining their WSS MDG targets.

When monitoring systems were first introduced during the colonial period, they were primarily used to survey surface water resources. Whereas river gauging networks were generally well maintained under colonial authority and protection, they have since proven expensive to operate and protect from vandalism. The Drinking Water Decade of the 1980's saw an increase in M&E of water supply projects. Project-based M&E systems established during this period were intended primarily for project management and post-project evaluation, but like their water resource monitoring predecessors of the colonial era, most have since been abandoned or downscaled after project completion and withdrawal of donor support.

By the mid-1990s it had become increasingly apparent that in the face of population growth and systems breakdown, the number of people without access to safe water supplies and basic sanitation were increasing rather than decreasing in many countries. Furthermore, doubts were being voiced about the reliability of country data. By the end of the 1990s, donor fatigue and frustration with lack of progress and accountability were tangible. These soon spawned renewed efforts that led to the development of the MDGs, which though aimed at poverty alleviation included key targets related to water supply and sanitation. During that decade the WHO and UNICEF teamed up to jointly track progress towards these goals through the JMP, but it was not until 2000 that JMP statistics became based on direct household surveys and confidence was restored not only in progress reporting but in the sector as a whole.

Since 2000 there have been increasing demands for transparency and accountability by the Auditors General (AGs) of donor countries. With aid gradually shifting away from exclusively project based support to sector wide, pooled funding or direct budgetary support mechanisms, the AGs have been calling for increased and improved monitoring and evaluation of expenditures and use of this less trackable support.[58] Such statements strongly emphasise the need to create and/or strengthen monitoring and evaluation systems in the water sector – highly dependant on external funding in most African countries – since monitoring inputs, outputs and outcomes is one way by which donors can

[57] WSP (2006) "Getting Africa on Track to meet the MDGs on Water and Sanitation: A Status Review of 16 African Countries," AfDB, AMCOW, EUWI, UNDP, WSP-Africa, Nairobi, Kenya.
[58] Cowater (2008)

assure their taxpayers of accountability, as discussed above. M&E will therefore become increasingly important in the years to come as the transparency and accountability of the budgetary support mechanism become more widely scrutinized in donor countries.

In essence, monitoring has become an essential tool for both sector development and environmental sustainability. While monitoring progress regarding access is imperative for global reporting purposes, far more in-depth and better quality monitoring is needed for sector management, transparency and accountability, especially within the budget support framework.

In terms of the quality of current M&E systems across the continent, these can generally be categorized into three broad groups: strong, intermediate and weak. Yet even these general categorizations tend to err on the optimistic side. Most M&E systems across Africa, however, are weak. Typically, they are project based and fragmented, have little capacity to gather, analyse and report, lack national frameworks, lack resources and sustainability and suffer from the little demand for the information they offer. Many evaluations have been undertaken, but they again are of projects and serve mainly the purposes of donors and do little to support planning, budgeting and management processes. Countries with intermediate level M&E systems all have substantial weaknesses but are otherwise committed to their upgrading. These systems can thereby be argued to offer the best potential for early improvement at reasonable cost. Likewise, those few countries with strong M&E systems also need to improve them but have gone to some length in establishing functional M&E.

Box 4 Diversity of M&E Systems in Africa Today

Water sector M&E systems in Africa vary significantly in scope, quality and reliability. Below are descriptions of two systems that exemplify this diversity from both the higher (Senegal) and lower (Congo) ends of the scale.

Senegal's Programme d'Eau Potable et d'Assainissement du Millénaire (PEPAM)

PEPAM is a national program launched in 2005 to help Senegal reach the water and sanitation MDGs. With support from WSP-Africa, PEPAM's Program Coordination Unit (PCU) has developed a framework for a national water information system (SIMS) that will aggregate and harmonize the sector's multiple existing databases and data management systems. Once operational, this SIMS will monitor the evolution of access to safe water and sanitation in Senegal, facilitate performance assessments of sector stakeholders and allow for the use of an iterative approach to PEPAM's implementation. Focusing on water supply and sanitation but also including water resources management, PEPAM's SIMS employs the WSP's conceptual model for SIMS, which allows for both implementation monitoring (e.g. financial inputs, physical and non-physical inputs) and outcome monitoring (e.g. access to services, intermediate results).

Congo-Brazzaville's Water Resources and WSS Monitoring Network

Having only brought to an end in 2003 a decade-long series of devastating civil wars that destroyed much of the country's basic infrastructure and pre-existing water monitoring networks, urban and rural WSS and water resources M&E systems in Congo-Brazzaville are currently either weak or non-existent. Nevertheless, some sub-sector institutions have developed action plans for rebuilding pre-war infrastructure or frameworks for the development of water resources databases, and practitioners recognize the importance of M&E as a tool for effective planning and sector governance. For example, the Congo developed a PRSP in 2003 that serves as a framework for addressing sector-related MDGs.

Water resources data is collected and analyzed primarily by the *Direction Générale de Recherche Scientifique* (GRSEN). Hydrological data is collected through a network of five surface water monitoring stations (down from 40 prior to the civil war) that measure water height, flow and water quality but lack limnographs.

Urban and Rural Water Supply: The country's primary water provider, SNDE, relies largely on the under-resourced *Laboratoire de Bromatologie* of the DHG for water quality testing. The SNDE's water consumption and quality monitoring network is plagued by the lack of automatic counters at the household (consumption) and industrial (production) level. Its information management system is "embryonic" according to officials. Rural water supply monitoring is now the responsibility of the MEH's ANHR, which is still in its infancy.

An over-riding constraint to the growth of M&E systems is the lack of demand for information by management typically inexperienced in the use of MIS. This is true of both water resources and WSS sub-sectors. As a result, water sector information in most countries is typically fragmented, unreliable and out-of-date. Indicators, tools and methods for basic water resources monitoring are relatively well known and established.

The same is not true for water supply and sanitation, however. In a single country it is common to see a variety of indicators and methods of data collection used to measure the same parameter, which renders comparative analysis impossible. Most data are collected, analysed and stored by the service providing agencies and apex ministries, such as Ministries of Water and/or Agriculture and Local Government. These agencies normally estimate 'coverage' using the 'capacity' of systems built rather than determining access to services through direct household observation surveys. This introduces inaccuracies that severely limit use of the information in sector planning and management.

2.1.9. Water Resources Management

Integrated water resources management (IWRM) and Transboundary water resources management (TWRM) are inter-related concepts that, in recent years, have been the basis for sector reform. The principles of IWRM and TWRM are sound, but their implementation is complex and is proving difficult in many African countries.[59]

Integrated water resource management has become an accepted model for improved governance in the water sector and has its basis in the International Conference on Water and the Environment (1992) Dublin Principles. IWRM advocates a shift to more integrated and coordinated water management.[60] IWRM is essentially a political process, providing a viable framework for water resources management at the watershed, basin or catchment scale. Management at the basin level, for example, allows national governments to allocate and regulate water more rationally and equitably, since the basin boundaries cut-across traditional jurisdictional and administrative boundaries, encouraging users to come to agreements on sharing basin water resources. Community involvement and stakeholder participation are fundamental building blocks of IWRM. Stakeholders all have diverse interests in the use of water, and these interests must be accommodated within the political process in order to overcome local development, environment, property and access conflicts.[61] Typically, Basin Organizations are established to institutionalize stakeholder participation and provide for accountability from government.[62]

Transboundary water resources management provides for governance of water resources shared between two or more riparian neighbouring countries. Issues of differing and changeable political agendas and competition for scarce water resources complicate the situation. There are many shared water basins in Africa, the Nile Basin being geographically the largest with 10 riparian countries and complex upstream/downstream issues to be dealt with. In the South African Development Community (SADC) alone, there are 13 transboundary rivers shared by two or more riparian states. As many local, national and international stakeholders are involved, TWRM cannot be conducted purely on a state-by-state basis, Multi-national dialogue and negotiations are the basis of wide-ranging agreements between riparian states. The need for cooperation and information sharing is an essential element. Typically, basin institutions are established to monitor policies of states within the basin, to ensure equitable utilization, to create development strategies, and to monitor the implementation of national IWRM plans.[62]

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[59] UN Water (2008) "Status Report on Integrated Water Resources Management and Water Efficiency Plans," Prepared for the 16th session o the Commission on Sustainable Development; and GWP (2008)

[60] Global Water Partnership (GWP) (2002) "Dialogue on Effective Water Governance," Stockholm, Sweden

[61] Boge, Volker (2006) "Water Governance in Southern Africa – Cooperation and Conflict Prevention in Transboundary River Basins," Bonn International Centre for Conversion, Germany.

[62] Schulz, Anna (2007) "Creating a Legal Framework for Good Transbounday Water Governance in the Zambezi and Incomati River Basins", Georgetown International Environmental Law Review, 2007(1), Georgetown University Law Center, Georgetown.

In Uganda, progress is being made towards IWRM through pilot basin water resource management projects, the most advanced being in the River Risvi basin where basin organizations are being established and resourced, and also through on-going programmes. The pilots have demonstrated examples of effective civil society stakeholder participation and consensus building in water resource allocation, setting of standards, planning and water resource protection.

Senegal has achieved much the same progress as Uganda, and has established functional water user associations for stakeholder participation. Monitoring systems supporting good basin governance are in place, resourced and functional.

In South Africa, IWRM is being piloted in several basins, and in general water allocations are considered to be in line with sustainable use, social equity and economic efficiency. Major water users are managed through a permit or licensing system. The monitoring system is being strengthened and is providing basic management information for decision-making.

Malawi has just recently prepared a national IWRM plan, which awaits cabinet approval. If it can be implemented, it is hoped that further degradation of Malawi's water and associated land resources can be prevented. Malawi's monitoring and information systems have deteriorated over the past several decade but renewed efforts are being planned to rehabilitate and expand them so that they can form the basis of the new IWRM programme.

As one of the world largest and most complex efforts at TWRM, the Nile Basin Initiative (NBI) was established in 1999 as a partnership between the Nile's 10 riparian states. The objective is to develop water resources in a sustainable and equitable way, and to ensure efficient water management and optimal use of the Nile's water resources, The NBI is led by the Council of Ministers of Water Affairs. Major achievements have been the development of a shared vision program to facilitate cooperative action, build confidence and capacity in riparian states; and the simultaneous pursuit of cooperative development opportunities.

In the SADC Region, the SADC Water Protocol was prepared in 1995 to encourage the establishment of appropriate institutions for monitoring, ensuring equitable utilization and strategizing for water resources development. The Protocol also provides for essential data and information exchange between riparian states. Progress has been made in forging agreements in some shared basins, such as the Zambezi, Orange-Senqu and Incomati basins; water monitoring networks are established and now providing information to the riparian states.

This year UN conducted an international review of progress in IWRM and TWRM plan development and their implementation[63]. Africa was found to be lagging in comparison with Asia and the Americas. However, the 22 African countries surveyed were found to be more advanced in specific areas such as stakeholder participation, subsidies and micro-credit programmes. Most countries were found needing to prioritize IWRM and water efficiency measures, for which substantial external support will be required. While most have put IWRM policies in place, or are in the process of doing so, only 38% of the African countries surveyed have completed IWRM plans and few have implementation substantially underway. Implementation needs to be prioritized, roadmaps agreed and financing strategies for implementation prepared with donors, preferably under SWAp arrangements. Experience and lessons learned to date need to be evaluated and shared.

Environmental management is closely associated with IWRM. Missions undertaken to seven countries during this assignment included reviews of governance associated with environmental management. It was found that most countries have established and functional policies and legislation for the environmental management of ground and surface waters. Mandatory project approval procedures provide oversight and definition of mitigation against water pollution, excessive

[63] UN-Water (2008) "Status report on Integrated Water Resources Management and Water Efficiency Plans" by the Task Force on IWRM Monitoring and Reporting, CSD 16

groundwater extraction and watershed protection. All seven countries have environmental impact assessment procedures being used along with social and environmental safeguard measures required by external donors. Enforcement continues to be an area of concern; political influence is used in attempts to reduce investment in mitigation measures, and legislation in many countries does not adequately separate roles and responsibilities of stakeholder agencies involved in environmental management so as to avoid duplication, confusion and even conflict.

Governance indicators relating to IWRM have been selected focus on key issues of:

- The scaling-up of pilot projects in IWRM to regional and national programs through evaluation of results, learning of lessons, and incorporation of this information into planning and design.
- Water allocation procedures and the degree to which they are sustainable, socially-equitable and economically efficient.
- Management of major water users use of water resources through a permit or licensing system.
- Water resources monitoring systems, data management and information sharing and availability.
- The meaningful involvement of stakeholders in regularly updating of basin-level plans.
- Consideration of potential effects of climate change in planning, management and utilization of water resources; and
- Continued efforts at establishing functional transboundary water resources management mechanisms.

2.1.10. Transparency and Accountability

Stemming from colonial times, many African governments remain characterized by bureaucratic behaviour of secrecy, exclusivity and upward accountability rather than downward (government accountable to the people). In the water sector, such behaviour is a recipe for failure, especially when the ability of service providers to reach poorer communities and maintain services in a sustainable manner depends on community participation and input. As a result of these and other factors discussed in this report, it is now acknowledged that the crisis in the water sector is a crisis in governance. In turn, the crisis in water governance is a crisis in accountability, to which transparency is inextricably linked. This project's review of sector governance in seven African countries highlighted the need to address the lack of transparency and accountability in each of them.

Accountability and transparency in governance are closely inter-related, for transparency is a prerequisite for real accountability. For instance, transparency necessitates strong sector performance monitoring systems, which will enhance accountability for the use of resources by service providers. Only through access to the information these systems produce is the public able to keep service providers and governments accountable and participate fully in public consultation and appeal processes. The involvement of beneficiaries in planning, design and management of water systems (be they for water resources or services) implies the sharing of information providers and users, and this in turn necessitates service providers being responsive and thereby accountable to the public they serve. Civil society involvement in expenditure reviews, auditing and performance reviews of sector institutions can therefore provide needed checks and balances that accountable water governance demands. In addition, participation by disempowered groups such as women and the poor in water budgeting and policy development can also enhance the pro-poor focus of spending.

There are several mechanisms that can be used to increase transparency and thereby accountability. Many pertain to access to information and participation of beneficiaries. Several are described below.

- As discussed in section 2.1.4, decentralization provides an opportunity for the introduction of transparency and accountability measures, but also introduces threats to the same if the community and civil society voice is not well articulated. For example, without appropriate

safeguards in place, powerful groups may claim an unjust share of the resource. Nevertheless, while policy reform promoting decentralization may at times provide opportunities for corruption, experts such as Plummer and Cross[64] note that such reforms in many African countries have removed conflicts of interest in sector management and often improved transparency and accountability. Other ways to improve transparency and accountability include the alignment of fiscal powers with functions, internalization of accountability for expenditure decisions, consumers able to exercise choice or voice over service delivery mechanisms and the clear definition of responsibilities of national and local institutions.[65] Furthermore, as noted above, users and communities should have a clearly defined role in sector monitoring and regulation.

- Use of water-point mapping tools (now used in Malawi and Tanzania) to map and analyse the equity of services distribution, service levels and functionality of rural water supply. Such mapping and analysis is useful in identifying distortions in distribution and possible political interference in the planning process. They are also invaluable in district water sector planning and ensuring the equitable distribution of services and investments.
- Sectoral budget analyses and their publication can say a great deal about who actually benefits from water subsidies intended for the poor and disadvantaged. Such analyses are also useful in subsequent public participatory budgeting processes and have been demonstrated to have direct impact on pro-poor budgeting, spending and expanded access. The public should also be involved in tracking and auditing expenditures to provide retrospective information on expenditure. The knowledge that the public may be involved in such investigations has a powerful effect on corruption and inappropriate spending.
- Community-based management, from planning through to operations and maintenance, and the participatory processes this entails opens the door to information on the project and sector to local beneficiaries. This makes local government as service provider far more transparent and accountable than it would otherwise be through centralized management processes.
- The citizen report card is another effective tool to improve transparency, accountability, performance and ultimately the quality of service provision. Coordinated by civil society organizations, the report card monitors performance with direct input from the poor. Benchmarked performance is published and if favourable can be used by local politicians to back their claims or, if unfavourable, can be used to bring both politicians and organizations to account.
- One of the arguments against private sector service provision is that it moves responsibility from the public provider to a more distant private operator. Civil society, as the argument goes, is thereby less able to influence service quality. On the other hand, private sector providers operate under performance contracts that can be upgraded to include requirements for transparency such as clear lines of responsibility, responsiveness to the public and service quality standards. These performance criteria are set into contracts that can be made available to the public and used in ensuring downward accountability. In all such cases disclosure requirements also need to be included into performance contracts, including public disclosure of investment plans, management contracts, rate-setting information, and financial and operational performance information.
- Monitoring, reporting and disclosure of indicator targets and achievements need to be included in performance contracts with utilities. There are several public utility performance indicators and targets that are well recognized, easily understood by the public and in common use. They include coverage rates, unaccounted for water, fee collection rates, employee per connection ratio, service uptime, and water quality.

[64] Plummer, Janelle and Cross, Piers (2007) "The Many Faces of Corruption, Chapter 7: Tackling Corruption in the Water Sector in Africa," World Bank: Washington, DC.
[65] Savage (2003)

- Utilities that interact positively with consumer associations in building consumer relations ensure that their perspective is understood by the public. Dakar's water utility is a case in point. It regularly interacts with its three consumer associations in providing information and even giving tours of expansion works and explaining project and operational costs to its consumers. Similarly, as Johannesburg Water testifies, opening avenues such as complaint centres (internet or call-in) can improve public relations and reduce costs. They allow consumers to voice their concerns and have them addressed and by the utility and keep the utility informed about distribution and service problems. Such interaction also builds trust and confidence between parties that is invaluable when the time comes for tariff negotiations.
- As mentioned in section 2.1.3, one of the three essential criteria for effective regulation is transparency – a requirement if the regulatory authority is to build trust and confidence in utility investors and customers. Unfortunately, transparency is not a common attribute of regulatory authorities. In a 2005 survey of regulators, for example, fewer than one third of regulators published contracts and licenses.[66]

2.1.11. Corruption

Corrupt practices are endemic to most water sector institutions and transactions in Africa[67] and therefore inhibit effective water governance at all levels. On a world scale they directly and profoundly affect the lives of literally billions of people, and to a disproportionate extent, the livelihoods of women, the poor and the marginalized. For instance, corruption in the water sector, as recently highlighted in the latest Transparency International report on Corruption[68], can account for an estimated 30 percent increase in the cost of a household water connection. Not only does this cost get passed on directly to consumers, but it also inflates the overall costs for achieving the MDGs for water and sanitation by more than USD48 billion, thereby diverting money away from beneficial initiatives to improve the lives of thousands. As is frequently recounted in discussions on the topic, this situation led the Hon. Prof. Wangari Maathai to state that "the global water crisis….is a crisis of governance: man-made with ignorance, greed and corruption at its core. But worst of them all is corruption."[68]

Corruption manifests itself in numerous ways throughout the water sector project cycle, from identification through to implementation. The World Bank (2007) has published a useful list of warning signs in the project cycle that may indicate corruption (ref. Section 3), while the United Kingdom's Institution of Civil Engineers through the Engineers Against Poverty organization have also conducted a study of corruption in sector procurement.[69] This research has uncovered the following set of risks typically found at each stage of the project cycle.

- **Project Identification:** Large infrastructure projects in water resources and piped water supply and sewerage are 'high rent', offering greater chances for bribery and commissions. Projects may be 'hard wired' to favoured companies who control market segments (such as the supply of pipe which meets stringent technical specifications).
- **Project Preparation**: Capital expenditures or equipment requirements may be deliberately over-estimated. Studies can be manipulated to open up paths for fraud and corruption during implementation. Supervisory mechanisms may be weak, under-designed or under-resourced, thereby increasing the risk of corruption particularly in remote or inaccessible locations. Projects that give discretionary powers to individuals to grant subsidies, issue permits or authorize payments run the risk of abuse.

[66] Bertolini, l., (2006) "How to Improve regulatory transparency: Lessons Learned from an International Assessment", PPIAF Gridlines Note #11, World bank, Washington, DC.
[67] Plummer and Cross (2007)
[68] Transparency International (TI) (2008) "Global Corruption Report 2008: Corruption in the Water Sector," Cambridge University Press, New York, USA.
[69] Hawkins, J, Herd, C and Wells, Dr. J. (2006) "Modifying Infrastructure Procurement to Enhance Social Development," Institution of Civil Engineers (ICE), London, UK.

- **Project Implementation**: Lax verification of works supervisors or inspectors overseeing and certifying the quality of work and materials opens the doors to corruption risks. Watch for the deliberate use of weak supervisors and monitors: weak financial management substantially increases corruption risk, as does the lack of regular independent audit. Poorly-formulated project budgets provide an opportunity for misallocations that increase rent-seeking behaviour. Faulty procurement practices are most susceptible to corruption, in areas such as contract packaging, procurement methods, technical specifications, and bid evaluation criteria. Tender advertising and prequalification of bidders are other areas susceptible to manipulation. Change orders and product substitution are common ways to circumvent contract administration rules.

Corruption is widely known to pervade scheme operation. It comes in the form of rent seeking between service providers and consumers:

- bribery for falsification of accounts to indicate payment or to avoid disconnection on default of tariff payment,
- fraudulent meter reading or tampering with meters,
- bribery for free bulk water to vendors,
- bribery to allow illegal pollution,
- speed money for new connections,
- and bribery for illegal water extraction.

These are just some of the common forms of corruption. Individually they appear relatively small and petty but combined they represent large losses to both consumer and provider. The other aspect, and just as important is that they affect the poorest the worst. The poor and disempowered have to rely on bribery to get service and the service they get is poor despite having to pay higher prices than the rich and being less able to afford it.

It is commonly agreed that corruption thrives in situations that lack transparency and accountability, and that meaningful stakeholder participation in all stages of the project cycle is a primary means to expose corruption and make it more difficult to get away with.

As a response to these increasingly visible risks and manifestations of corruption and with encouragement and support from external agencies, many African countries have developed or established anti-corruption policies, legislation, guidelines, processes and organizations. Anti-corruption measures often focus on improving procurement procedures, increasing stakeholder participation, and setting-up functional monitoring and evaluation systems. But increased emphasis on these and other areas is required to reduce the costs of and increase access to WSS services by further reducing corruption. Unfortunately, many of these countries continue to lack the necessary human resource capacity to implement these reforms effectively and do not have sufficient political will to drive them forward.[68]

The degree of corruption in the water sector in many cases mirrors the prevailing corruption environment in the country-at-large. Transparency International[68] has rated most African countries using a Corruption Perception Index, and while some are relatively less corrupt – for example: Botswana, Cape Verde, Mauritius, Namibia, Seychelles, South Africa and Tunisia – most still suffer from significant corruption. Political stability, government effectiveness, clear and enforceable legislation, accountability and transparency are all means of mitigating corruption.

The following examples from countries visited over the course of this project exemplify some of the positive measures being put in place in some countries and lack of progress inhibiting good sector governance in others.

- In Uganda there has been progress made in increasing the competitive environment for bidding on sector projects so that unit costs of service provision between projects are

comparable and are independent of project funding sources and implementing agencies. Good sector monitoring systems and procedures have helped ensure that unit costs can be tracked.

- Senegal and South Africa have both focused on making their sector procurement processes for goods and services more open and transparent, and their appeal mechanisms more available, utilized and effective. Bid evaluation results are disclosed to all bidders with financial bids being opened in their presence. Good sector monitoring systems enable equitability of service access and service quality information to be tracked, and this information is made public in readily-understandable forms. In South Africa, progress has been made in facilitating the establishment of civil society advocacy organizations to watch over sector institutions and officials, and politicians.
- Sector procurement in Kenya was heavily affected by corruption in the 1990s, but following introduction of reforms to establish a legal framework, appropriate public procurement institutions and monitoring and evaluation mechanisms, the situation has improved markedly. Implementation of these reforms has been central to the government's agenda objectives. .

Additional steps that are widely recognized as capable of reducing corruption in this sector include:

- Measures to increase commitment to, and advocacy of anticorruption measures in the sector, including procurement reform, skills upgrading, and creating a culture of professionalism and integrity;
- Ensuring that sector regulators and procurement officials are technically-competent through training and oversight;
- Establishing mechanisms that enable civil society organizations to monitor water resources management and environmental protection, and assisting these organizations to become credible, active and vocal;
- Reinforcing decentralized management of service provision by providing capacity building, enabling participatory planning, and encouraging public display of budgets, expenditures and procurement outcomes;
- Insisting on regular, independent audits including comprehensive or value-for-money audits;
- Training of sector professionals including task managers in the revised procurement procedures; and
- Networking of sector specialists and task managers in country offices with RMC anti-corruption campaigns and organizations.

2.1.12. Civil Society Participation

In many respects, civil society participation in water resources management and water supply and sanitation is the key to successful sector governance, encompassing management, quality service provision and sustainability. This has been recognized in the Dublin-Rio principles, which are clear in their statements that "Water development and management should be based on a participatory approach, involving users, planners, policy makers at all levels. And that … women play a central part in the provision, management and safeguarding of water."[70] This calls for a sharing and balance between stakeholders (both top down and bottom up) in their planning and management. It has also been recognized that there are different interests and opinions involved and that tools and mechanisms are needed for dialogue, consensus building and conflict resolution at all levels. Moreover, functions will need to be delegated to the 'lowest appropriate level' at which stakeholders involved in management need to be identified, resourced and mobilized. It follows that in the water sector, far more than most, the beneficiary needs to be involved at all stages of the project cycle from monitoring and needs identification right through maintenance and basin and system management. Despite this

[70] GWP (2000) "Integrated Water Resources Management" TAC Background Paper No. 4

being acknowledged as far back as the 1970's and demonstrated time and again since then, civil society participation has only now become a regular feature of projects and programmes.

There are many reasons for this, but the two of the most significant are tradition and experience. First, following on from the colonial era, as discussed in the previous section, most African governments have continued their traditional top-down bureaucratic behaviour and practice upward accountability, which place the citizen as a secondary priority. Secondly, the experience of the average citizen has been one of the passive recipient and not participant in government projects. On the one hand, government is reluctant to provide information and respond to suggestions from the client public. On the other, the community is unfamiliar with interacting with government and exerting influence in projects.

The 1980's witnessed perhaps the greatest advances in local participation in development projects to date. These projects tended to be isolated and NGO driven, and the participatory experience gained was seldom imported into government programmes. By the 1990's, however, the lack of government outreach and inability to maintain the schemes they were implementing became obvious and reached crisis point. User participation became mandatory in scheme development if only for sustainability reasons. Policies began to emphasise the importance of civil society involvement and projects incorporated it in their design; however, the resources, time and commitment needed to achieve meaningful community participation was often underestimated and success and sustainability were spotty. It was therefore not until this decade, which brought with it clear evidence of failing systems, that governments and donors came to recognize how essential community involvement is to project and programme design and implementation. In a similar time frame, integrated water resources management became recognized as the best, if not only, way by which water resources can be properly managed. At the heart of IWRM is civil society participation in basin planning, resource allocation, environmental protection consensus building and conflict resolution.

Widespread decentralization reforms across Africa over the last decade have also greatly facilitated civil society participation. In line with the principle of subsidiarity, many local governments on the continent have now assumed responsibility for implementing rural water supply projects. Likewise, many municipalities are outsourcing water services delivery to public or private utilities. This has enabled new participatory approaches to be undertaken, although both government and community representatives continue to need orientation and training with such new approaches to service delivery.

Civil Society Participation in Practice: Burkina Faso, Senegal and South Africa use similar approaches to ensure the enhanced participation of target communities in program design and implementation. Benefiting from decentralization and democratic systems that avail responsive representation and local governments the approach centres on participatory planning in the development of Local Development Plans (LDPs) and, commensurate with them, Local Water and Sanitation Plans (LWSPs). The LWSPs are a platform for the identification of specific projects that are prepared in concept and budget estimates for approval by local or municipal councils and forwarded to regional and national levels. The LDPs and LWSPs constitute a useful framework for sector planning that is based on community and community organization participation. It successfully integrates community involvement and local government ratification with regional and national planning and budgeting processes.

Each level of government has separate responsibilities in plan formulation (i) allocating resources across the country in accordance with national priorities is a central responsibility of the apex ministry for the water sector, (ii) further allocation resources to programme level are taken at the regional and local government levels to reduce gaps in the region or the programme intervention zone, (iii) allocation of systems are done on a community demand-responsive basis incorporating the priorities of the LWSPs, and (iv) detailed localization of works and water points/connections within the community are decided at community level by the beneficiaries within the limits of the project.

No one size fits all. There is no one community development methodology to involving communities to ensure sustainability that can be used across Africa. There are many successful variations to the theme and it seems that each country and sometimes regions within countries have their own appropriate approaches. But the objective is consistent and minimum requirements are similar.

WaterAid has coordinated a Local MDG Initiative (LMDGI) encompassing Ghana, Mali, Burkina Faso and Nigeria to demonstrate community participation with local government in implementing rural schemes.[71] Despite differences in local contexts, it was interesting how similar each country's challenges and solutions were. Common to all was the huge gap between local government and communities. Extensive awareness raising and building of trust was needed before the initiative could make progress, which take time, patience and understanding to achieve. Similar experiences have been reported across Africa.[72]

The starting point must be with an assessment of existing services. This can be accomplished through household surveys that are used to assess demand for services. Such assessments are normally made on the basis of overall socio-economic and poverty considerations and seldom on field assessments. An approach used in Senegal is based on market analysis and provides a channel for households to express their voice and choice individually[73]. Its strong points are that (i) the voice of vulnerable groups, especially women and the poorest people can be captured and (ii) statistical market analysis techniques are used assess the willingness to pay along with the elasticity of demand for segregated services and service levels.

Participatory needs assessment and planning call for combined community-based local government facilitated data collection. For most local governments this may be their first experience in working directly with the community in collecting field information data. There are then several steps before a sector development plan is created and project priorities agreed upon before acceptance by the local government council and incorporation into LDPs and LWSPs. In Bushbuckridge Bohlabela's case in South Africa,[74] these included:

- Training of local government officials;
- Field assessment with the community using open meetings and Participatory Rural Appraisal (PRA) tools;
- Local water resources and uses mapping;
- Household surveys and assessments;
- Verification workshops;
- Priority setting and project definition, and;
- Combining participatory approaches with local government planning.

[71] M. Abdul Nashuri (2006) Citizen's Engagement for Transparency and Accountability in Decentralized Water and Sanitation Service delivery, WaterAid, Accra, Ghana.

[72] Mvula Trust (2003) A Decade of the Mvula Trust in South Africa (1993-2003), Johannesburg, RSA; Cowater International (2008) Final report, COMWASH Project, Ottawa

[73] Such an approach has been recently used in Senegal for the preparation of rural electrification concession contracts by the Agence sénégalaise d'electrification rurale (ASER). Surveys made over several thousands households were used to determine the package of services to be proposed and related acceptable tariffs, and then to calculate the level of subsidy required over the investments to make this service activity an attractive business opportunity for private service providers.

[74] Maluleke, T., T. Cousins & S. Smit (2005) Securing Water to Enhance Local Liovelihoods, Community Based Planning of Multiple Uses of Water in Partnership with Service Providers", CARE, RSA

Of note are the several steps and time required, the specialized expertise in working with communities, logistical and transport requirements and the integration of the development approach with project planning and development that is usually driven by targets, budgets and deadlines.

These stages are essential for community ownership and acceptance of responsibility for long term management and maintenance of the facilities, without which the facility cannot be sustained. Omit them and the entire program is in jeopardy. South Africa, where overly ambitious targets and supply driven approaches have cut back drastically on its previously successful community development approaches, is a case in point in this regard. South African municipalities are unwittingly limiting the 'software' components of their projects. As a result inadequate maintenance and poor services management has become a serious threat to the national programme.

Community based user organizations are needed that can actively participate in sector governance alongside democratically elected and representative local governments, consultative committees and market mechanisms. Yet this does not mean that decision making being devolved completely to the community level is desirable or necessary; instead, a balance is needed and possible between community level and government organizations. To achieve, this civil society groups need to be created and strengthened so that they can meaningfully participate in operational water resources management. Community user organizations need to be provided the training and skills to manage and maintain their water supply systems.
A comparative study of three countries (Ethiopia, Kenya and Malawi) identified common elements for success in involving the beneficiary in community management[75]. Beyond the participatory data collection and planning methods described above are:

- The employment of paid staff to undertake technical, administrative and financial management responsibilities at scheme level. Volunteers cannot be relied upon to devote the time required over an extended period. Schemes need good, reliable workers not just for technical tasks but also for management and administration.
- Targeted training to help empower community members in asserting their governance role in relation to their own community.
- Sound financial management and achievement of financial viability through house connections and tariffs. Schemes that attempt to serve everybody commonly experience low water demand and, combined with low tariffs generate inadequate income to pay maintenance costs.
- Cohesion of the community resulting in clarity of purpose, a sense of ownership resulting in sustainability of the system.
- Continuing technical and professional support available for when the community needs it. This is provided by local government or provider authority that also monitors scheme operation and service quality.

In managing water resources, there is a wide variety of roles to be played by private entrepreneurs, NGOs, communities and user groups in the governance of surface water and groundwater resources. At the river basin level, organizations vary enormously, from those with mandates for water rights allocation and licensing to others responsible for advisory services. As a result, a forum is often needed for stakeholders to discuss and decide on water related issues – a kind of 'parliament' for the basin needed to oversee the planning and budget formulation and approval processes. Central government has a role as a stakeholder in ensuring the necessary links and conformity with national policies. It is emphasized, however, that such organizations should only be created and mandate in response to stakeholder demand. In addition, reliable, timely and relevant information needs to be made available for the participatory process to be effective. This means that surveys, inventories,

[75] WSP-AF (2002) "Rural Piped Supplies in Ethiopia, Malawi and Kenya: Community Management and Sustainability", Nairobi, Kenya

benchmarking efforts and information on water use, discharges and water rights and allocations needs to be made available to the public along with operational information and performance assessments of regulators, government agencies and service providers involved. In other words, management of river basin needs to go beyond professionals and experts to include all stakeholders in an open and transparent manner.

2.1.13. Gender

During the 1970's and 1980's women were commonly thought of as passive recipients of water and sanitation services and restricted to roles of water and health care in the home. At that time, the Women and Development (WID) approach was used in an attempt to improve their resources but did little to address unequal relationships. The subsequent Gender and Development (GAD) approach aimed at removing disparities between men and women as a precondition for achieving people-centred development. Although both WID and GAD are still in use, a gender and empowerment approach has been introduced in recent years to transform gender relations by stressing women's self-empowerment.

Since that time, women's participation in water sector governance has become widely recognized as being beneficial, if not essential, to its development. Many declarations have been agreed upon and commitments made at international meetings in support of gender equality. The Dublin Statement (1992) recognized the pivotal role of women, the Rio Declaration (1992) recognized their full participation as essential to sustainable development, the World Summit on Sustainable development called for ensuring that infrastructure and services are gender sensitive, and the MDGs include 2015 targets on gender equality and empowerment of women. Gender equality and mainstreaming in the sector have also been given extensive attention, and methods by which these can be assessed and addressed are being demonstrated. Yet there is still little evidence to suggest that water management has deliberately and consciously addressed gender concerns. National water policies rarely include more than the mention of women's important role and do not have a comprehensive and consistent gender focus.

This was confirmed during the field visits conducted during this study. While gender policies are in place and extend to being specific to the sector (as in Uganda) they have been found difficult to implement in ways that directly affect women in sector programmes and projects. For example, typical gender training may inform policy-makers, but seldom changes attitudes. Real changes in attitudes and practices have proven particularly difficult to achieve in the usual male engineer-dominated sector institutions. Despite women's increasingly influential role on local water and sanitation user committees in countries such as Mozambique, Malawi and Tanzania, few examples exist where women participate meaningfully in planning and decision-making roles in design, implementation and O&M of water services. These shortfalls inhibit effective water governance by preventing the implementation and monitoring of targeted policies and programmes to reduce the disproportionately heavy costs on women's well-being associated with poor access to safe water and sanitation services.

One explanatory factor behind this slow progress is that women and men continue to differ in their access to power and resources. Hierarchical relations of power between women and men tend to disadvantage the former, particularly in poorer and disadvantaged communities. As a result, women are seldom involved in management and decision making; men typically control planning and budgeting; women are often left out of or go unheard in consultations; and despite attempts at inclusiveness and participation, women are often inexperienced in speaking out in public. Gender relations are also dynamic and strongly influenced by age, marital status, caste and position in the family. Family and household relations can make it difficult for women to express their views in front of male members of the family, especially in public, and different abilities to participate, such as varying literacy levels, affect many women's confidence and experience in public fora. Further complicating efforts to improve women's participation in sector management is that communities

cannot be regarded as having harmonious sets of interests and priorities, each containing its own strong divisions based on gender, class, wealth and status.

It is for these and many other reasons that gender mainstreaming and analysis have become essential to programme and project design. Gender mainstreaming is "a strategy for making women's as well as men's concerns and experiences an integral dimension of the design, implementation, monitoring and evaluation of policies and programmes… so that women and men can benefit equally…"[76] It involves a gender analysis that provides for:

- Understanding gender differentiated systems for access to resources, water, rights and project benefits in each community;
- Recognizing that gender influences how people respond both collectively and individually;
- Revealing the gender dimensions of institutions at all levels, from government departments to community based organizations;
- Giving importance and recognition to women's responsibilities and views in project design;
- Identifying concrete project objectives relating to gender equality and developing indicators for results tracking; and,
- Determining how the project will, both positively and negatively, affect gender dimensions in terms of income/resources, quality of life, and distribution of benefits.

There are several ways by which gender-related governance can be improved. These should start at policy level but can focus on the programme or project. The first is the gender analysis mentioned above, followed by women's inclusion in needs identification and project planning and design in such a way that also recognizes the constraints to their participation listed above.

Furthermore, the capacities of both men and women need to be strengthened in gender mainstreaming that goes beyond traditional training to build an enabling environment. Sector professionals have often had an engineering education with little or no experience in incorporating gender and social equity approaches in their work. Capacity building needs to recognize that women at grass-roots level are often semi-literate and inexperienced in playing pro-active roles in projects. In both cases capacity building needs to be a process rather than a one-off training event. The inclusion of a gender unit in the project, staffed by experienced local gender specialists, may be called for.

While the following list of project development elements is not all-inclusive, it is useful in ensuring that risks to gender sensitive programming are mitigated:

- A review of gender and diversity issues in sector policies through a gender analysis conducted by a local gender specialist and feeding results into project objectives, planning and implementation;[77]
- Involvement of government institutions responsible for gender equality as well as women's advocacy organizations in project design;
- Gender responsive budgeting at sector and project levels and ensuring that resources are adequate for implementing gender equity components and monitoring;
- Adequate women's participation in grassroots consultations, as water professionals and at all levels of government;
- Analysis of obstacles to women's participation and definition of ways to overcome them;
- Understanding of men's and women's different views about technology and project design as well as their willingness and ability to contribute to the project;

[76] Gender and Water Alliance, GWA, (2006) 'Mainstreaming gender in Water Management, A Resource Guide', Netherlands

[77] SDC (2005) Gender and Water, Mainstreaming Gender Equality in Water, Hygiene and Sanitation Interventions, Brighton, UK

- Involving both men and women in all stages of the project cycle from needs identification to long term management of services;
- Understanding the commitment and capacity of institutions to work with a gender perspective and promote women's and men's participation at all levels;
- Ensuring that stakeholders are accountable for contributing to and meeting gender equality objectives;
- Analysis of varying patterns of access and control over water sources, supply and sanitation;
- Maximization of both women's and men's participation in consultative processes;
- Assessment of needs, roles and workloads of women and men;
- Sex disaggregation of baseline data;
- Inclusion, if appropriate, of gender specific project objectives;
- Inclusion of gender issues in the results based logical framework;
- Identification and inclusion of gender related indicators and gender disaggregated data measurement.
- Inclusion of gender expertise in project staff for on-going support and monitoring.

2.1.14. Voice, Choice and Rights

The crisis in the water sector is closely linked to inequality, unequal power relationship and poverty. While progress is being made in most countries towards the MDGs, unit costs are rising and access to those remaining without services is getting more and more difficult. This is because those remaining without invariable include the poorest sections of society both in the urban and rural areas.

The right to water and sanitation is implied by the International Covenant on Economic, Social and Cultural Rights (ICESCR) signed by 158 parties including nearly all African countries. The Covenant requires signatories to ensure that everyone within their jurisdiction has access to the underlying determinants of health, such as clean water and sanitation.[78] Similar entitlements to water and sanitation are contained in the Convention on the Rights of the Child (CRC) and the Convention on the elimination of all forms of Discrimination against Women (CEDAW).

These rights do not entitle people to free or unlimited water but they do imply rights to sufficient, clean, accessible, and affordable water and sanitation. They also include non-discrimination and inclusion of vulnerable and marginalized groups.[79] Misconceptions about rights include perceptions that need clarification, these are (1) Rights entitle people to free water. Whereas, water and sanitation should be affordable for all. People are expected to contribute financially or otherwise to the extent that hey can do so. (2) Rights allow for unlimited use of water. Whereas, the rights entitle everyone to sufficient water for personal and domestic uses to be realized in a sustainable manner for present and future generations. (3) Rights entitle all to a house connection. Whereas, water and sanitation facilities need to be within or in the immediate vicinity of the household and can come in the form of wells and standpipes. And, (4) a country is in violation if not all of its citizens have access to water and sanitation. Whereas, the rights require that a state takes steps to the maximum of its available resources to progressively realize the rights.

The degree to which these rights are being recognized in practice include the priority given to water and sanitation in budgetary and political processes, recognition of these rights in revisions to sector legislation and policies, measures taken to improve affordability of services, and the purposeful inclusion of marginal groups through implementation of pro-poor policies and PRSPs. Similarly, the degree to which rights to access, quality and quantity of water are being recognized can be assessed

[78] International Covenant on Economic, Social and Cultural Rights (1966), Articles 11 and 12, and the Cairo Conference on Population and Development (1994).
[79] SDC, AAAS, UN-HABITAT, COHRE (2007) "Manual on the right to Water and Sanitation" http://www.cohre.org/store/attachments/RWP%20-%20summary-A4-lowres.pdf

by policies and implementation of set standards of water quality, distance/time for collection, and services reliability and sustainability.

The human rights conventions and MDGs call for inclusion and non-discrimination against marginalized groups. Groups that are vulnerable to marginalization include women, children, inhabitants of deprived areas such as slums, refugees and asylum seekers, the aged and disabled, victims of natural disasters, people living in arid areas and nomads. Although many countries are implementing poverty reduction programmes which address this issue, few if any are resolving it. Of particular concern are the vast and increasing populations of slums and peri-urban areas, women and girls who, although responsible for water, sanitation and health of their families are disempowered and left out of decision-making, and children – some 4 billion of cases of diarrhoea cause 2.2 million deaths, mostly among children under five.

Bitter experience can teach the public that getting government to improve services is best achieved through influence and bribery. In many countries this is reinforced by the lack of avenues for recourse against delinquent service providers. Even if such mechanisms exist, many users believe that, at best, complaint is futile and, at worst, even dangerous, as retribution is easily taken against those without influence. This has a significant impact on good governance, which demands accountability. This cannot be driven from above but has to begin with those most informed and interested in quality services. The public must have voice and avenues to express it that are effective. Regretfully, few governments recognize the real value of providing open and responsive avenues for consumer complaints, and therefore few have experienced the benefits that can be achieved when the combined interests of the service provider, politician and consumer are aligned.

One government that has recognized the value of giving voice to the consumer is South Africa. A good example is Johannesburg Water's customer care programme. It responded to (1) the Water Commission of RSA's finding of a direct link between non-payment for services with service levels not meeting community expectations, (2) the RSA Municipal Finance Management Act stipulation that customers must have access to query, verify or appeal charges levied and to receive prompt corrective action by the municipalities when appropriate. Joburg Water (WB)operates two call-in centres (24 hours service, one for revenue related complaints and the other for technical) and two walk-in contact centres while also offering contact by mail and email to its customers. Joburg Water maintains an open and transparent relationship with its customers and publishes a Customer Service Charter that declares JW's commitment to provide the best possible service to its customers. Joburg Water has benefited enormously by maintaining good customer care and relations. By responding quickly and providing feedback, customers are more likely to inform the utility of service failures that can then be rectified quickly. In response customers are satisfied and more willing to pay for the services. It is a win-win situation.

Many countries have established systems of voice and recourse through regulatory bodies, human rights commissions, ombudspersons and the judiciary, but these operate at higher levels and are inaccessible to the vast majority of the target population. In most, regulatory bodies lack independence and cannot guarantee impartial decision-making and consumer protection. Given their independence such mechanisms can:

- Review legislation, policy and programmes to ensure their consistency with rights agreements;
- Investigate complaints and ensure adequate redress and resolution of issues and concerns for genuine complaints; and
- Monitor compliance with national legislation and service standards.

Civil society organizations such as advocacy and development NGOs, the media, research organizations and consumer protection associations have a variety of responsibilities:

- Monitoring and providing information, facilitating and strengthening and supporting community based organizations;
- Building awareness and capacities in water and sanitation rights and responsibilities;
- Conducting and sharing research; and
- Advocating rights, equitable services provision, service standards, and consumer voice and protection.

The community and its individuals also have their responsibilities of:

- Identifying needs and priorities and participating in planning, project design, implementation, maintenance, repair and extension;
- Becoming aware of and acting on their rights and responsibilities;
- Contributing to the management, maintenance and financial sustainability of their services;
- Maintaining and conserving their environment by avoiding pollution of their water resources and maintaining good environmental hygiene practices; and
- Assisting marginalized and vulnerable people within their communities gain access to services.

Monitoring adherence to policy and progress towards targets is one thing, while ensuring equity of services distribution and non-discriminatory practices across a broad population of poor and often marginalized is quite another. The issue has to be addressed at the level of the low income family. Unfortunately there is little empathy with or understanding of the poor.

Rights to water call for everyone's access to water and sanitation, without discrimination. Non-discrimination means no exclusion or restriction is made based on any ground (political, national or social origin, property, birth, race, colour sex, language, religion or other status) that differentiates with out legitimate reason. Vulnerable and/or marginalized groups that must not be discriminated against include children and children that require special attention in light of their traditional or current exclusion from political power.

It is the responsibility of the state to (1) ensure that information on water resources and water supply and sanitation is made available to the public in a format (including the media) that is readily understood so that civil society can participate in sector development, policy formulating and decision making. (2) Enable participatory processes in sector planning and management that counter discrimination and encourage equitable access to services. (3) Ensure that civil society participate in sector regulation and monitoring.

2.1.15. Equitable Service Delivery

The preceding sections of this report have addressed numerous issues related to the equity of service delivery including:

- the role of civil society in needs assessment, planning and decision-making processes at the local and national levels;
- the importance of women's involvement in the development and management of water resources and water and sanitation services;
- the role of alternative service providers in reaching under-served populations, typically the urban poor in peri-urban areas;
- adaptation of regulatory requirement to facilitate services provision to the poor and marginalized groups; and
- sector policy and legislation and their roles in championing pro-poor strategies and ensuring equitable access to WSS.
- the decentralization of the water sector and its potential in narrowing the gap between rural and urban access to WSS services;

- the importance of monitoring and evaluation as a tool to hold decision-makers to account and reduce the politicisation of decisions over resource allocation; and
- international conventions that provide for rights to water and prohibit discrimination in service delivery.

As a theme that cuts across all aspects of water governance, the various tangible manifestations of (in)equitable service delivery – urban vs. rural, rich vs. poor, men vs. women and powerful vs. the marginalized– are worth further consideration.

Disparities in access between rural and urban areas are the most easily identified form of inequity in WSS service delivery. Table 2.4 uses JMP data to compare access rates and rural to urban rations for water supply and sanitation in Sub-Saharan Africa between 1990 and 2006. While the gap is large there is evidence that progress is being made to decrease it. These improvements should still be viewed with caution, as some argue the 1990 figures offer an inappropriate and unreliable baseline against which to compare progress towards in the water sector.[80] Regardless, the most important point to acknowledge is that rural water and sanitation coverage in Africa remains roughly half that in urban areas, a clear indicator to those concerned with sector governance as to where to concentrate their efforts and investments.

Table 2.4 Access to improved water supply and sanitation in Sub-Saharan Africa (2006/1990)[81]

	2006		1990	
Sanitation	Urban: 42% Rural: 24%	Rural to urban ratio: .57	Urban: 40% Rural: 20%	Rural to urban ratio: .50
Water supply	Urban: 81% Rural: 46%	Rural to urban ratio: .56	Urban: 82% Rural: 35%	Rural to urban ratio: .42

Arguably the second-most visible manifestation of inequitable service provision today is in the disparity in coverage between the rich and the poor. In general terms, the rich are those who can afford "improved" water connections to piped systems and sanitation while the poor rely predominantly on "unimproved" water and sanitation such unprotected wells for drinking and open defecation for sanitation. Table 2.5 illustrates the sanitation gap between the rich and the poor. It underlines the need for effective governance, such as pro-poor policy development, increased civil society participation in decision-making and better monitoring to reveal the gap.

Table 2.5 Improved Sanitation Coverage by Wealth Quintiles in 38 Developing Countries[81]

Coverage	28%	40%	53%	70%	85%
	Poorest	2nd	3rd	4th	Richest

As discussed in the section on gender in this report, women's unequal position vis-à-vis men manifests itself in numerous ways in the governance of the water sector. Few examples exist in Africa where women participate meaningfully in planning and decision-making roles in design, implementation and operation and maintenance (O&M) of water services. Hierarchical and unequal power relations between women and men disadvantage women, particularly in poorer and disadvantaged communities. Men typically control planning and budgeting, while women are often left out of or go unheard in consultations. Despite attempts at inclusiveness and participation, women often remain inexperienced and reluctant to speak out in public gatherings. Sector development suffers as a result, not only in terms of its not benefiting from women's considerable knowledge and commitment to the sector but also in the poor design of facilities and lack of women's input to their maintenance and management. In addition, women and girls continue to suffer a disproportionate

[80] GTZ, "MDG Monitoring for Urban Water Supply and Sanitation: Catching up with Reality in Sub-Saharan Africa," Federal Ministry for Economic Cooperation and Development (BMZ), Eschborn, Germany.
[81] World Health Organization and United Nations Children's Fund Joint Monitoring Programme for Water Supply and Sanitation (JMP) (2008), "Progress on Drinking Water and Sanitation: Special Focus on Sanitation," UNICEF, New York and WHO, Geneva.

burden of unimproved access to services as Table 2.6 illustrates. Combined, they account for 71% of those responsible for fetching water.

Table 2.6 Distribution of those who usually collect water[81]			
64%	7%	25%	4%
Women	Girls	Men	Boys

Finally, one of the most widespread causes of inequitable service provision – arguably second only to a lack of financial and human resources – is the politicization and/or poor co-ordination of investments in sector infrastructure. This issue served as the basis for WaterAid's pioneering research into WPM and the inequity of water point distribution in Malawi, where, like in many African countries, "in some communities there seems to be a handpump every 250 metres, whilst in others people have to travel long distances to the nearest water point."[82]

WaterAid's study found that methods of allocating resources for the improvement of water supplies had been unfair and lacked coordination. They had resulted in communities who already had access to adequate water receiving more while others that were short of water received none. While poor co-ordination was indeed an indicator of poor sector governance at the local level, so is the politicization of resource allocation that likely contributed to this skewed distribution. As is well known throughout the world, politicians often take advantage of their authority to reward their constituents as a means of strengthening their position in office. In the absence of monitoring tools such as Water Point Mapping (WPM), such politicization and inequitable distribution of services will persist in Africa's water sector.

One of the most useful and innovative aspects of WPM as a tool for governance is its ability to map the (in)equity of water point distribution by geographic area using quantitative data, thereby decreasing reliance on subjective and qualitative assessments. Using a database of improved water points generated through a GPS-based survey of several districts, population data from a recent census WPM provides "water point densities" (WPD); "water density profiles" are then calculated and graphed to compare the equity of services for planning and budgeting purposes.

The outside observer seldom has the opportunity of observing inequities in services provision him or herself. Ways by which inequity can be objectively measured and reported such as by WPM are few and subject to error. As a consequence inequity tends to be either underestimated or blind-sided altogether. This report draws attention to several other ways by which inequity can be identified and addressed. These involve those most affected:

- Participatory planning and needs identification by of grassroots communities themselves;
- Responsive democratic processes involving elected representatives and local councils;
- Ensuring women, marginalized groups and the poor are represented and active in decision making;
- Providing responsive channels for consumer/user complaint, recourse and appeal;
- Raising awareness of inequities amongst government officials and encouraging commitment to counter it;
- Strengthening alternative providers of services, particularly in the more difficult to reach poor neighbourhoods and including them under a 'light handed' regulatory framework;
- Implementing PRSP and championing pro-poor strategies in sector development;
- 'Depoliticizing' the water sector through awareness raising campaigns amongst the politicians themselves;
- Improving monitoring and providing access to information on equity of services to the public and media.

[82] Sugden, Steve and Stoupy, Olivier, (2003) "Halving the Proportion of People without Access to Safe Water by 2015: A Malawian Perspective," WaterAid Malawi, www.wateraid.org.uk

2.2. Field Assessments

2.2.1. Country Assessments

Within the scope of the project thus far, six governance assessments were conducted in-country to develop and refine the indicators and the assessment process. These were carried out in Senegal, Uganda, Burkina Faso, Kenya, Malawi, and South Africa. The objectives of the missions were as follows:

- To undertake a review of water sector governance in the country (including water resources management, and urban and rural water supply and sanitation/sewerage);
- To hold meetings with sector professionals working and experienced in sector governance;
- To meet and brief AfDB Resident Representatives and country teams, where available, on the project and mission findings;
- To identify key governance related issues, lessons learned and best practices; and
- To develop indicators, tools and where possible targets and thresholds by which country governance can be characterized and assessed, and used in programme/project identification, design and appraisal.

Senegal and Uganda were visited by members of the Project Team in the early stages of the project, in August 2008. These two countries represent models of water sector governance which are relatively advanced compared with most other African countries. The missions included brainstorming sessions to develop indicators and governance workshops with key stakeholders where the indicators were tested to assess governance in each country, and subsequently refined.

In Uganda, the key issues of governance in the water sector were found to be:

- Significant differences in water and sewerage service provision, as well as in the equality of service provision between rich and poor, and rural and urban populations;
- M&E system is still disaggregated between sub-sectors, creating problems of data consistency, authenticity and verification;
- Little coordination between investments in the sector, and poor coordination among the sub-sectors, causing inefficient allocation of resources;
- Gaps in the regulatory framework, and a lack of coherence among bodies responsible for sub-regulatory functions;
- The current system of budget allocations to rural areas is formula-based and weighted to reflect coverage and access requirements, but access figures are less than reliable and prone to manipulation by local government leaders;
- Inadequate access to information by civil society organizations (CSOs), hampering meaningful advocacy;
- Lack of strong incentives for alternative service providers and competition in the market deprives customers of increased managerial efficiencies;
- Inadequate gender considerations at all levels of employment and decision-making in the sector; and
- Irregularities in unit costs, especially in rural areas.

Some of the mitigation measures to improve sector governance in Uganda include:

- Implementation of the sanitation strategy (developed in 2006) and mobilization of investment funds for sanitation;
- Integrated information management system is being implemented to ensure harmonization of data capture methods, data verification and trend analysis but needs to be extended to the district level;
- Assessment of the accuracy of access figures and entrenching the use of investment tools (sector investment plans (SIPs), etc.) into sector planning and monitoring.

- Strengthen regulatory framework such that there is meaningful customer protection utilizing credible appeal mechanisms and fair price levels;
- Engage financial experts to provide advice on asset management for WSS assets with low return;
- In consultation with key stakeholders, the Ministry of Water and Environment is refining the allocation formula. The need to focus on equity and sanitation should be examined;
- Strengthen conflict resolution / appeal mechanisms so that meaningful pressure can be put on service providers to improve efficiency;
- Harmonize best practices among sub-sectors through capacity building programmes to increase value for customers; and
- Gender is often considered at a project level, but sector gender policy should be implemented within sector management.

The report discussing key sector governance issues in Senegal will be included before finalization of this report.

Country visits were made by members of the Project Team to Burkina Faso, Kenya, Malawi and South Africa between September and October, 2008. During these visits meetings were held with water sector stakeholders to use the draft tools and indicators to assess governance in the countries. The tools and indicators were then further refined.

In South Africa, the main governance issues in the sector include:

- A substantial disparity in urban and rural, and rich and poor access rates is reported, distributive equity is poor and is coupled with sub-standard financial management and lack of transparency.
- The lack of skilled personnel in nearly all municipalities (apart from metropolitan areas) is cited as the principal reason behind governance and financial woes and failure to meet targets sustainably;
- Contradictions between the Public Finance Management Act (PMFA) and the Water Services Act (WSA) have resulted in overlap and sometimes conflict between sector stakeholders;
- Consumer/user rights and obligations are presently unclear in water legislation;
- There is difficulty in enforcing drinking water regulations, which is underlain by the lack of power of the Minister to make and enforce the regulations;
- Several municipalities are defaulting in debt repayment and not maintaining proper reporting and accounting standards;
- Currently, there is a tendency to view all municipalities (local and district municipalities) as if they have equal management, revenue generation capacities and service needs and are equivalent in complying with the regulations;
- Some municipalities are diverting water and sanitation grant funds for other purposes, especially in the rural areas where oversight by the Department of Water and Forestry Affairs (DWAF) and Treasury is not as stringent;
- Approach, methods and institutional home for sector regulation are yet to be agreed upon;
- The greatest drawback to DWAF being regulator is its lack of independence from the political arena;
- There has been a failure in achieving community ownership, management and system sustainability because service provision is supply driven and target oriented. Development approaches in project planning and implementation are not being used;
- There are wide variations in the quality of monitoring.
- There is reluctance on the part of many municipalities to share power, to democratize, share information and collaborate; and
- Few municipalities have established strong consumer relations programmes by which both civil society and service providers can benefit.

Mitigation measures in South Africa include:

- A review of sector legislation to harmonize and align the various Acts and Regulations has been called for and a framework that attempts to provide a comprehensive approach and ten year vision for the sector is being developed;
- A revised Water Services Act will provide a governable structure which spells out consumer/user rights and obligations, establishes a harmonized framework for water services intermediaries, and details regulations related to water tariffs is being prepared by DWAF;
- Recommendations are being made for restructuring the financial grant system;
- Recognition needs to be made of the difference in capacities between municipalities (particularly between rural and urban);
- DWAF has prepared a Water Resources Regulatory Strategy, instituted an integrated water resources framework, and established electronic water quality monitoring and performance monitoring systems;
- A stronger demand-responsive development and community-based approach to project planning and implementation aimed at ensuring ownership and sustainability is required;
- Strengthened relationships between consumers/users and the service provider would assure improved performance particularly in terms of revenue generation, assets management, monitoring and customer satisfaction;
- Substantial strengthening is needed in financial management, accounting, procurement and loan application, particularly by the smaller municipalities where lack of transparency and accountability is reported; and
- Local examples of joint (community and WSA) monitoring could be scaled up to the benefit of (1) services quality and sustainability, (2) customer/user understanding, ownership and satisfaction, (3) assets management and (4) revenue generation. It would also be the basis of improved transparency and accountability.

Sector governance in Kenya is facing the following issues:

- Selective bypassing of decentralisation structures in terms of disbursement of funds, directly to beneficiaries/districts, instead of going through Water Services Boards (WSBs);
- Bypassing of known procedures for appointment of CEOs of key WSS institutions/units, disregarding core principles of competence, job qualifications and suitability;
- Payment of high amounts of honoraria and allowances to Board members/directors, negatively affecting their independence in providing guidance and policy direction;
- Inadequate independence of the regulatory boards, causing interference in decision making regarding recruitment, tariff approvals, etc;
- Lack of clarity in the ownership of WSS infrastructure, especially in rural settings; Water Services Boards that are legally mandated to hold these assets in trust are reluctant to put them on their balance sheets because they will impose a heavy financial liability which affects these institutions' efforts to move towards credit worthiness;
- Poor sector coordination as demonstrated by irregular meetings and cancellations without adequate consultation of all stakeholders in the sector stakeholder working group;
- Inadequate access to information by CSOs for effective representation of community concerns, which is hampering the 'evidence-based' advocacy by Kenya Water and Sanitation CSO's Network;
- Inadequate gender considerations at all levels of employment in the sector;
- Inequities in service provision between urban water and sewerage and rural versus urban water services, exacerbated by a project approach to investments by some donors; and
- Weak data collection/capture methods for key indicators like water and sewerage access making planning infrastructure investments in an objective manner difficult.

Mitigation measures identified for sector governance in Kenya include:

- The Ministry of Water and Irrigation is trying to minimise disbursement of funds directly to districts; WSBs should be informed, regardless, to improve coordination;

- The required independence in carrying out activities should be upheld as provided for in the relevant legislative frameworks;
- The regulatory bodies have instituted a governance study to assess irregularities and have designed a matrix of strategies/actions to address issues. There are plans to conduct regular corporate planning capacity building for members of Boards on appropriate behaviour and on their on their rights to increase their self-confidence in executing their mandate. The vigorous benchmarking activities that have been conducted in other countries are a positive step in building self confidence and regulatory efficiency and should be considered in Kenya;
- The Ministry of Water and Irrigation, under its Reforms Department, is looking at revising the Deed of Transfer of Assets that ensures adequate asset management, without transferring liabilities, which requires professional input from financial experts;
- The Ater Resurces Management Authority (WRMA) is planning to carry out campaigns sensitising users about the need to pay for water abstraction;
- Increased consultation between all stakeholders to ensure that communication is increased;
- There is a deliberate effort to ensure that CSO's are represented in important stakeholder forums (e.g. Water Sector Working Group, Ministerial Stakeholders Forum) and some Boards of WSS institutions;
- Gender policies are being considered in some WSBs to strengthen gender mainstreaming;
- Sanitation has been incorporated in all National Water Sector improvement strategies and there is increased focus on sanitation; and
- A Water Resources Information System (WARIS) is being developed which will ensure that data is efficiently collected and analysed through a wide area network (WAN).

In Malawi, the most important issues affecting sector governance include:
There are many governance related issues in the sector, not the least of which are:

- The failure by MoIWD to decentralize is affecting staff operations and performance of water supply systems for the communities and human resources, financial and operational capacity is inadequate for effective delivery of services;
- Implementation of water projects funded by different donors/NGOs with different sets of conditions, systems and procedures for the same goal.
- Water resources have been significantly eroded over time as a consequence of incoherent plans and lack of coordination between different stakeholders developing projects and deriving benefits from the same water resources; agricultural, forestry and water policies lack harmonization; cases where irrigation/water supply projects have been developed without adopting proper procedures in obtaining water rights;
- Lax enforcement of regulation, conflicting policies among different sectors and weak institutional capacity are the key challenges in watershed management.
- Lack of adequately qualified staff at district level which results in large gaps particularly for professional positions and that has often led to Districts losing out on funding to administer their own projects;
- The sector suffers from poorly administered procurement procedures and safeguards. The major factor contributing to this is a lack of adequate training among procurement officers and the absence of a comprehensive procurement system that is open and transparent; and
- Lack of a regulatory body has impacted heavily on the sector to the extent that management of rural water supplies by water user groups cannot effectively enforce penalties against defaulters.

Mitigation measures in Malawi include:

- Implementing SWAp will harmonize efforts, including adoption of common standards under programmes run by the MoIWD;
- Efforts are underway to initiate IWRM. The first step has been the recent development of the IWRM plan;
- Setting up institutions such as a regulatory framework (formal and/or informal);

- The MoIWD needs to strengthen decentralization, key to which should be the upgrading of provide human and operational resources to the district and also financing that would be administered at district level;
- For effective watershed management, sector policies that overlap need to be harmonized, regulations enforced and institutions empowered to carry out their mandates;
- District Assemblies must be empowered by developing their capacities through staffing, training and other resource provision and delineated from the central government and implement projects on their own;
- Procurement can be strengthened by training the procurement officers and harmonizing procurement procedures; and
- There is a need to educate consumers on their rights and obligations.

The report detailing the key sector governance issues in Burkina Faso report will be included before finalization of this document.

3. GUIDELINES FOR GOVERNANCE ASSESSMENTS

The Water Governance Assignment is an OWAS initiative funded by the Multi-donor Water Partnership Program. The main objectives of the assignment is to assess the current state of water sector governance, develop indicators and targets for improvement, and provide guidelines for Bank sector staff to use when developing supervising and completing programs and projects. Specific objectives include to:

1) Provide decision makers (task managers, project teams and others) from the African Development Bank and Regional Member Countries with an in-depth understanding of the concepts, opportunities, and challenges for improving governance in the water sector;
2) Provide an in-depth analysis of the social, institutional and legal aspects of sector governance and use it to develop a method for Bank staff to rapidly characterize the state of governance within the sector, and;
3) Prepare guidelines and a list of targets and indicators for improved governance that can be integrated into rural water supply and sanitation and other programs and projects to ensure long term sustainability of water sector investments.

In accordance with these objectives, this third section of the assignment's report provides guidelines and indicators for assessing governance of country-level water sectors and projects. This section's purpose is to enable Bank staff to rapidly characterize the state of governance within the sector throughout all stages of the project cycle by the Task Manager (TM), Field Office and Sector Manager.

The governance assessment template is divided into six subsections that relate to each stage of the project cycle:

1. Light Assessment of Water Sector Governance
2. Rapid Sector Governance Assessment (before and during project identification)
3. Governance Assessment for Project Preparation and Project Concept Note (PCN)
4. Governance Assessment for Project Appraisal
5. Assessment during Project Supervision
6. Project Completion Report Assessment

The Light Assessment (Section 3.2) is intended for use by those most familiar with the country and its water sector as a means of characterizing its governance through 12 broad indicators. It may also be used for inter-country comparison but caution should be taken in that the indicators are perception-based.

The Rapid Assessment (Section 3.3) is an abridged version of the more extensive assessment undertaken during project preparation and for the PCN. The rapid assessment is grouped under seven headings

1. Governance at National Level
2. Legal Framework
3. Institutions
4. Sector Management
5. Resources Management
6. Transparency, Accountability & Corruption
7. Civil Society
8. Equitable Services Provision

This rapid assessment is the primary approach to characterizing and establishing a baseline for sector governance including indicators to monitor its progress.

The more extensive assessment for the PCN (Section 3.4) is grouped under an expanded list of seventeen sub-headings. These are also used for project appraisal and when detailing the more specific indicators for later supervision and project completion assessments (Sections 3.5, 3.6 and 3.7). The TM can choose between categories, with at least one indicator per category (primary, secondary, or Light Assessment indicators).

The following Section 3.1 presents sector governance characteristics under seventeen sub-headings to introduce the indicators and provide guidance on their use. Indicators can be used to set target levels to be achieved in the short, medium and long term. By nature, the governance indicators discussed later in this section (measured as 1 to 5) are subjective. It is anticipated that they will have a margin of variance of one unit depending on the individual assessor. Use of the indicators will provide a valuable assessment of governance overall, and just as importantly identify those key areas of governance that need to be addressed through project design.

The choice of targets and timing of their achievement will depend on the local context, the governance environment overall, what is do-able through the project, local norms and expectations, needs of the project and potential for achievement. All these factors will impact the choice of targets and time-scale and will ultimately be decided by sector professionals of the country in consultation with the task team and manager.

The guidelines and template have been written with first (1) the task manager, task team, and country teams and second (2) stakeholders in regional member countries (RMCs) as audiences. It is recognized that not all users will have sector-side interests, so the indicators have been denoted when specific to rural WSS, urban WSS and water resources. The guidelines begin with consideration of governance at the country level that provides the governance environment in which the water sector functions.

3.1. Application of Governance Assessment Templates

This section describes the eight primary sub-sectors that collectively determine the nature and quality of water governance in any particular country: governance at the national level; the water sector's legal and institutional frameworks; sector management practices; water resources management systems; transparency, accountability and corruption; civil society participation; and ,equitable service provision. The brief descriptions of each sub-sector summarize the content of associated sections in Chapter 2 of this report and correspond with the eight categories of indicators listed in the "light" and "rapid" water sector governance assessment templates beginning in section 3.2.

3.1.1. Governance at National Level

National governance sets the framework for governance in all other sectors across the country. Democracy, human rights, public sector management, legislation, accountability, corruption, and financial management are all affected by national governance. Various international organizations such as the Mo Ibrahim Foundation and Transparency International have developed governance indicators and annually monitor key areas of governance in most African countries. Typically these focus on whether a government is constitutionally-based, whether its courts are sound and functional, adherence to the rule of law, whether the country is politically stable and absent of violence, as well as the degree of accountability, government effectiveness, and corruption. Such cross-sectoral indicators provide a general overview of governance and often underscore a specific aspect of governance such as gender or corruption, but they are rarely sector specific. One can, however, select components of indicators to get an overall impression in specific areas.

The water sector governance assessment therefore begins with an assessment of governance at the national as opposed to sectoral level. The seven indicators in the first half of the Country Governance

Matrix, Table 3.1a, present data on 52 countries published in five primary governance indexes – the World Governance Indicators (WGI), the Ibrahim Index, the AfDB CPIA, Transparency International's Corruption Perceptions Index (CPI) and the UNDP's Gender-related Development Index (GDI) – which collectively provide a general overview of the state of national level governance in each country. The indexes and the specific indicators from each that can be used in national level governance assessments are described below.[83]

4) **World Governance Indicators (WGI)**: The WGI provides aggregate scores out of 100 for 212 countries based on hundreds of specific and disaggregated individual variables measuring various dimensions of governance. Based on the WGI indicators of voice and accountability, which measures the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association and a free media; government effectiveness, which measures the quality of public services and the civil service as well as the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies; and political stability, which measures perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, a score can be assigned in the "governance at the national level" cluster in each of the governance assessment templates presented in this report using 5 for a WGI score $\geq$75, 2 to 4 for scores between 26 and 50, and 1 for scores $\leq$ 25.

5) **The Ibrahim Index**: This index gives the 48 sub-Saharan African countries a score out of 100 in five major categories using a comprehensive series of sub-indicators. Using it's assessment of law, transparency and corruption, which measures ratification of legal norms, existence of independent and efficient judicial systems, and corruption, a score can be assigned for this assessment. A score can be assigned in the "governance at the national level" cluster in each of the governance assessment templates presented in this report using 5 for scores $\geq$70, and 1 for scores $\leq$30.

6) **The AfDB Country Policy and Institutional Assessment (CPIA)**: The Country Policy and Institutional Assessment (CPIA) provides a snapshot of a country's policy and institutional environment. It assesses the efficacy of the country's present policy and institutional framework in encouraging the efficient use of scarce development resources to promote sustainable and poverty reducing development in the Regional Member Countries (RMCs). The CPIA is determined using a questionnaire administered every year in all of the Bank's RMCs.84 Except for the regional integration dimension in the trade and environment criteria, the 2007 CPIA questionnaire of the African Development Bank was closely aligned with that of the World Bank. All countries, including post-conflict countries, were assessed in 2007. The CPIA process rates countries based on scores from eleven assessment criteria grouped into three main clusters: Economic Management, Structural Policies, and Policies for Social Inclusion and Equity. Countries are rated on a scale of 1-6 on each of the 11 criteria in the three clusters: 1.0 "highly unsatisfactory for 2 years or more;" 2.0 "highly unsatisfactory;" 3.0 "unsatisfactory;" 4.0 "satisfactory;" 5.0 "good;" and 6.0 "good for 2 years or more." The average rating for the criteria constitutes the overall CPIA rating. Based on the overall CPIA score, a rating can be assigned in the "governance at the national level" cluster in each of the governance assessment templates presented in this report using a 5 for a CPIA $\geq$ 5.0 and a 1 for a CPIA $\leq$ 2.0.

[83] The Country Governance Matrix was developed using national governance indexes and sector-level assessments to provide an overview of governance issues affecting the water sector. The national-level governance indicators included in Table 3.1a were deemed to best represent the cluster of governance-related factors that affect the water sector in Africa. The sector-specific indicators in Table 3.1b were selected to illustrate the specific parameters that reflect and are directly affected by the quality of water sector governance.
[84] Except Libya which has not requested development financing from the Bank.

7) **Transparency International's Corruption Perceptions Index (CPI):** The annual Corruption Perceptions Index (CPI), first released in 1995, ranks 180 countries by their perceived levels of corruption, as determined by expert assessments and opinion surveys. All sources measure the overall extent of corruption (frequency and/or size of bribes) in the public and political sectors and all sources provide a ranking of countries, i.e., include an assessment of multiple countries. For CPI sources that are surveys, and where multiple years of the same survey are available, data for the last two years are included to provide a smoothing effect. For sources that are scores provided by experts (risk agencies/country analysts), only the most recent iteration of the assessment is included, as these scores are generally peer reviewed and change very little from year to year. To determine the mean value for a country – using a scale of 1 to 10 – standardisation of reports from all sources is carried out via a matching percentiles technique. A rating can be assigned in the "governance at the national level" cluster in each of the governance assessment templates presented in this report using a 5 for scores $\geq$5.5, and 1 for scores $\leq$2.

8) **UNDP Gender-related Development Index (GDI)**: The GDI is a composite index measuring average achievement in the three basic dimensions captured in the human development index: a long and healthy life, knowledge and a decent standard of living, adjusted to account for inequalities between men and women. The index is calculated based on gender inequalities concerning: life expectancy at birth, adult literacy rate, combined gross enrolment ratio for primary, secondary, and tertiary schools, and estimated earned income. A rating can be assigned in the "governance at the national level" cluster in each of the governance assessment templates presented in this report using a 5 for scores $\geq$.75, and 1 for scores $\leq$.400.

It is recommended that the task team and sector manager responsible for each national governance assessment sign off that data has been drawn from these sources.

Table 3.1b is presented to provide additional background information to task managers on specific aspects of water sector governance that can be used to inform their governance assessments. Indicators and data have been drawn from a variety of sector-related studies and surveys described in the footnotes below the table. Of particular relevance to these assessments are the indicators on access to water supply and sanitation services, equitable service provision and the presence of sector-wide approaches.

Table 3.1a Country Governance Matrix – National Level Governance Indicators

Country	AfDB CPIA[1]	Voice and Accountability[2]	Government Effectiveness[2]	Political Stability[2]	Law, Transparency & Corruption[3]	Corruption Perception Index[4]	Environmental Policy & Regulations[5]	Gender Inequality[6]
	1 to 6	0 to 100	0 to 100	0 to 100	0 to 100	1 to 10	1 to 6	0 to 1
Algeria	3.91	19.7	36	13.5		3.2	3.5	0.720
Angola	3.24	15.9	11.4	28.4	38	1.9	3.0	0.439
Benin	3.97	56.7	33.6	58.7	53	3.1	4.00	0.720
Botswana	4.57	61.5	73	78.4	82	5.8	4.00	0.639
Burkina Faso	4.08	38.5	19	46.2	57	3.5	4.00	0.364
Burundi	3.29	25.5	6.6	9.1	49	1.9	3.0	0.409
Cameroon	3.67	21.2	17.1	31.3	43	2.3	3.0	0.524
Cape Verde	4.36	74.5	65.9	83.2	86	5.1	4.00	0.723
C. African Republic	2.89	21.6	4.7	6.7	43	2.0	3.0	0.368
Chad	3.17	9.1	4.3	6.3	40	1.6	3.0	0.370
Comoros	2.51	34.6	0.9	30.3	53	2.5	2.0	0.554
Congo-Brazzaville	3.03	15.4	7.1	19.7	44	1.9	3.0	0.540
Congo, D.R.	2.79	8.7	1.4	2.4	24	1.7	3.0	0.398
Cote d'Ivoire	2.76	11.1	5.2	3.4	36	2.0	3.0	0.413
Djibouti	3.17	18.3	13.7	40.9	44	3.0	3.0	0.507
Egypt	3.90	11.5	38.9	21.6		2.8	4.00	
Equatorial Guinea	3.09	3.8	5.7	38	43	1.7	2.5	0.631
Eritrea	2.43	1	8.5	17.3	57	2.6	3.0	0.469
Ethiopia	3.50	13.5	37.4	7.2	48	2.6	4.00	0.393
Gabon	3.37	24.5	27.5	51.9	56	3.1	3.0	0.670
Gambia	3.31	20.7	26.1	38.5	55	1.9	3.0	0.496
Ghana	4.09	62	55	53.4	73	3.9	4.50	0.549
Guinea	3.19	12.5	3.8	5.3	51	1.6	2.5	0.446
Guinea-Bissau	3.01	32.7	10	29.8	35	1.9	3.5	0.355
Kenya	4.10	46.2	30.3	15.9	56	2.1	3.5	0.521
Lesotho	3.84	52.4	39.8	44.7	69	3.2	3.5	0.541
Liberia	3.54	37.5	10.4	14.4	27	2.4	3.0	
Libya		1.9	12.3	63.9		2.6		0.797
Madagascar	3.96	47.6	46.9	40.4	57	3.4	3.5	0.530
Malawi	3.62	39.9	30.8	41.8	64	2.8	3.5	0.432
Mali	4.21	56.3	34.6	38.9	50	3.1	3.5	0.371
Mauritania	3.88	26.4	27	31.7	59	2.8	3.5	0.543
Mauritius	4.31	72.6	72	71.6	81	5.5	4.50	0.796
Morocco	4.17	29.3	54.5	27.4		3.5	4.00	0.621
Mozambique	3.73	47.1	40.3	57.2	50	2.6	4.00	0.373
Namibia	4.26	64.4	62.1	79.3	77	4.5	4.00	0.645
Niger	3.64	36.1	17.5	26.4	52	2.8	3.5	0.355
Nigeria	3.77	31.7	14.7	4.3	48	2.7	3.0	0.456
Rwanda	3.98	12	43.6	37	46	3.0	4.50	0.450
Sao Tome & Principe	3.39	59.6	23.2	55.3	56	2.7	3.0	0.637
Senegal	4.08	48.1	45	37.5	66	3.4	4.00	0.492
Seychelles	3.06	46.6	55.9	83.7	80	4.8	4.50	
Sierra Leone	3.34	38	11.8	33.2	37	1.9	3.5	0.320
Somalia	1.00	3.4	0	0	8	1.0	1.0	
South Africa	4.82	68.8	74.9	51	78	4.9	4.00	0.667
Sudan	2.82	5.3	10.9	1.9	30	1.6	2.0	0.502
Swaziland	3.26	16.3	25.6	47.6	57	3.6	3.5	0.529
Tanzania	4.07	43.8	39.3	39.9	60	3.0	4.00	0.464
Togo	2.81	14.4	3.3	26.9	47	2.7	3.0	0.494
Tunisia	4.71	13	69.2	47.1		4.4	4.50	0.750
Uganda	4.27	33.2	42.7	13.9	56	2.6	3.5	0.501
Zambia	3.77	40.4	31.3	54.3	61	2.8	3.5	0.425
Zimbabwe	1.76	7.7	2.8	11.5	45	1.8	2.5	0.505

Ranking Criteria:

Good	>4.0	>50	>50	>50	>65	>3.5	>4.0	>.600
Mid-range	3.3-3.9	25.1-49.9	25.1-49.9	25.1-49.9	51-64	2.5-3.4	3.1-3.9	.441-.559
Poor	<3.2	<25	<25	<25	<50	<2.4	<3.0	<.44

NOTES

1) AfDB 2007 CPIA Country Policy and Institutional Assessments Scores (AfDB, 2008). Countries are rated on a scale of 1 ("Highly Unsatisfactory") to 6 (Highly Satisfactory).

2) World Governance Indicators 2007 (http://info.worldbank.org/governance/wgi/sc_country.asp); Kaufmann D., A. Kraay, and M. Mastruzzi 2008: Governance Matters VII: Governance Indicators for 1996-2007. Percentile rank is shown in the table based on a comparison of all countries in the world. 0 is lowest, 100 is highest.

3) Ibrahim Index Indicator for 'Rule of Law, Transparency and Corruption' (Ibrahim, 2007, www.moibrahimfoundation.org). Indicator measures ratification of legal norms, existence of independent and efficient judicial system, and corruption. Scores from 0-100 are shown in the table based on normalized sub-indicator data.

4) Transparency International (2008) Corruption Perception Index (www.transparency.org). Scores assigned on a scale of 1 to 10, based on surveys of perceived levels of public sector corruption.

5) AfDB 2007 CPIA Country Policy and Institutional Assessments Scores (AfDB, 2008)

6) The Gender-related Development Index (GDI) aims to illustrate the inequalities that exist between men and women in the following areas: long and healthy life, knowledge, and a decent standard of living. The GDI score is the unweighted average of the Equally distributed life expectancy index, the Equally distributed education index, and the Equally distributed income index.

Table 3.1b Country Governance Matrix - Water Sector Governance Indicators

Country	*IWRM*	*Water Sector Indicators*					*Access*	*Equity of Service*	*SWAp*	*State of Water Resources*
	IWRM Plan Progress[7]	National Strategies[8]	Institutional Arrangements[8]	Sector Financing[8]	Water Sector M&E[9]	Sector Capacity[8]	Water Access[10]	Difference in Access (Urban - Rural)[11]	Presence of SWAp[12]	Water Poverty Index[13]
Scale	1 to 3	A to C	A to C	A to C	A to C	A to C	Total	Water	-	0 to 100
Algeria							85%	6%		49.7
Angola	3						51%	23%		41.3
Benin	2	C	B	B	C	B	65%	21%	W, H	39.3
Botswana	2						96%	10%	H	56.6
Burkina Faso	1	B	B	B	B	B	72%	31%	W, H, E	41.5
Burundi	3						71%	14%	H, E*	40.2
Cameroon	2						70%	41%	H**	53.6
Cape Verde	3						80%			40.8
C. African Republic	3						66%	39%		44.2
Chad	3						48%	31%		38.5
Comoros							85%	10%		44.4
Congo-Brazzaville	3						71%	60%		57.3
Congo, D.R.	3	C	C	C	C	C	46%	53%		46.0
Cote d'Ivoire							81%	32%		45.7
Djibouti	3						92%	44%		38.4
Egypt	2						98%	1%	H	58.0
Equatorial Guinea							43%	3%		67.7
Eritrea	2						60%	17%		37.4
Ethiopia	2	B	B	B	B	B	42%	65%	W, H	35.4
Gabon							87%	48%		61.5
Gambia							86%	10%		48.3
Ghana	2	A	A	B	B	B	80%	19%	W, H	45.3
Guinea							70%	32%		51.7
Guinea-Bissau							57%	35%		48.1
Kenya	2	B	C	A	C	C	57%	36%	W	47.3
Lesotho	3				C		78%	19%	H	43.2
Liberia							64%	20%		
Libya	3									
Madagascar		A	C	B	A	B	47%	40%		47.5
Malawi	2	B	B	C	B	C	76%	24%	W**, H	38.0
Mali	2						60%	38%	H, E	40.6
Mauritania	2	B	C	B	B	A	60%	16%	H	49.8
Mauritius	2						100%	0%		59.8
Morocco	2						83%	42%		46.2
Mozambique	2	C	B	B	B	C	42%	45%	W**, H	44.9
Namibia	1						93%	9%		60.0
Niger		B	B	B	B	B	42%	59%	H, E	35.2
Nigeria	2						47%	35%		43.9
Rwanda	3						65%	21%	E	39.4
Sao Tome & Principe							86%	5%		
Senegal	2	B	B	A	B	A	77%	28%	W, H	45.3
Seychelles							88%			
Sierra Leone							53%	51%	H	41.9
Somalia							29%	53%		
South Africa	1						93%	18%	W, H	52.2
Sudan	2						70%	14%		49.4
Swaziland	2						60%	36%		53.3
Tanzania	2	B	B	A	B	B	55%	35%	W, H	48.3
Togo							59%	46%		46.0
Tunisia	2				A		94%	15%		50.9
Uganda	1	A	A	B	B	B	64%	30%	W, H	44.0
Zambia	2	C	B	C	C	C	58%	49%	H, E	50.4
Zimbabwe	1						81%	26%		53.4
Ranking Criteria:										
Good	1	A	A	A	A	A	>79%	<20%	W	>56
Mid-range	2	B	B	B	B	B	61-78%	21-39%	H and/or E	49-55
Poor	3	C	C	C	C	C	<60%	>40%	-	<48

NOTES

7) GWP Survey (2006) Results for progress of country's IWRM Plan (UN Water, May 2008) Scale: 1 - IWRM plan in place; 2 - IWRM plan in preparation; 3 - IWRM in initial planning steps only
Scale: A - Good; B - Medium; C - Poor

8) Estimated scores based on information in Getting Africa on Track to Meet the MDGs (WSP, 2006)

9) Estimated scores based on information in "Getting Africa on Track to Meet the WSS MDGs" (WSP, 2006) and the evaluation undertaken of M&E Systems in the Draft Synthesis Report for the Pan-African Water Sector M&E Assessment.

10) Percentage of overall population with access to water (urban and rural) (JMP, 2006, www.wssinfo.org)

11) Difference in water access rates between urban and rural inhabitants (JMP, 2006, www.wssinfo.org), where urban is always > rural.

12) Existence of SWAp in social services sectors (Various sources, 2008) W - Water Sector; H - Health Sector; E - Education Sector.
** SWAp planned in sector in 2008

13) Water Poverty Index (WPI): an International Comparison (Keele Economic Research Papers, 2002). WPI is a measure of available resources, access, capacity, use and environment. The 2002 data, the most recent available, has been categorized based on the existing WPI categories.

3.1.2. Legal Framework

A) Policy and Legislation

Sector policies provide for an enabling environment for sector development, forming the foundation for good governance. As such, they should incorporate principles of good governance throughout. Furthermore, the process of their creation is also important. Consensus building between stakeholders during the formulation of policies builds linkages and networks and is often the first real attempt at a truly sector wide approach. In assessing sector governance, a review of the process taken to develop policy and to gain acceptance across sector stakeholders is useful in understanding its context and determining chances for its implementation in practice.

The content of sector policies can be reviewed from a governance perspective. The indicators (Table 3.2), at the level of rapid assessment provide a basis for this review. The assessor might use the indicators as a checklist to determine the degree to which governance has been addressed in the policies themselves. Indicators related to decentralization, financial management, regulation, IWRM, civil society participation, rights to water and equitable service delivery are all very relevant in this respect.

The assessment should investigate the history of policy and strategy development. Policies need to be kept up-to-date and put into practice. The latter can best be determined through use of the detailed indicators (Table 3.5) during project preparation, which would likely involve field verification.

Legislation is crucial to policy implementation. In most African states, the water sector's legal framework is a combination of related water resources, utilities, health and environmental laws and regulation dating back often to colonial times. Typically, their updating is a complex and on-going effort. Nevertheless, legislation forms the basis of institutional jurisdictions, water rights, regulation and conflict resolution. As a result of often out-of-date and poorly harmonized legislation, institutions overlap and often have conflicting interests and responsibilities, with the result that rights and regulations are difficult if not impossible to enforce. The governance assessment should include an assessment of the state of legislation and the degree to which it supports policy and provides for clear separation of stakeholder roles and responsibilities.

B) Regulation

The vast majority of water sector regulators in Africa are not independent and cannot regulate without referring to government. Although several countries use informal regulation mechanisms such as performance agreements between service providers and authorities and maintenance of good customer relations they usually fall short of requirements. In assessing the regulatory framework, the effectiveness of the following regulatory functions should be reviewed:

- the setting of tariffs and fair prices;
- the setting of standards for services and monitoring of providers;
- the enforcement of regulatory decisions, standards and rules, assurance of compliance with acceptable accounting practices;
- the arbitration of disputes between service providers and consumers;
- the protection of customers from unfair practices; and
- the promotion of competition and the prevention of abuse of monopoly power.

In each, the degree of independence from government and political influence or interference needs to be assessed, particularly from the perspective of consumer protection and fairness to all parties.

Urban and water resources regulation is usually, although not always, provided for by formal regulatory authorities. They seldom regulate in rural or peri-urban areas. There, services are commonly at the behest of government or service providers. Particular attention needs to be given to

the above functions but within the context of rural, poor and marginalized groups. These consumers or users typically have to use such political influence as they have, often through user associations with little assurance of their being heard and no right to recourse or appeal. Inasmuch as regulation is at the heart of good governance, and particularly in monopoly situations, the suggested indicators (Table 3.5) should be applied to all situations, but disaggregated between at least rural and urban consumers/users. A more in-depth assessment would investigate the history of in-country cases of tariff setting, arbitration, standards setting and monitoring of service quality to determine the degree of independence from government and political influence as well as the fairness and equity of decisions and outcomes.

3.1.3. Institutions

A) Decentralization

Decentralization has become a key mechanism in implementing the Dublin principle of subsidiarity. Most countries have decentralized water services provision to district and/or municipal governments and are in the process of decentralizing management of water resources to basin level. The efficiency and effectiveness of the decentralization process directly affects sector governance. Key issues are the extent of decentralization and whether or not the responsibilities allocated to lower tiers of government have been matched with the necessary authority and resources (financial, human and logistical).

Indeed, there is danger in decentralizing too quickly, for example before enabling policies and legislation are in place and before local capacity and competence can be strengthened, particularly in the areas of management and procurement. On the other hand, many country sectors have been reluctant to truly decentralize and have been slow in resources and assets transfer. The result is a form of de-concentration (not devolution) whereby the centre retains power over key staff and functions.

The assessment should look not only into the preparedness of local government and services providers to assume responsibility but also the degree to which they have been provided the necessary capacity building, resources and authority to carry out their new responsibilities. Although local bodies are often given responsibility for services provision, the tools to do so are still in the hands of central government. Their staff, for example, are still under the control of the central government which pays them, and is responsible for their promotions and transfers. Although projects may be implemented locally, they are planned and even designed by central or regional engineers with little or no input by the service provider or community. The assessment should review the entire chain of budgeting, planning, design, implementation, project management and O&M processes to determine the degree of devolution of responsibility, resources and authority to local levels. In addition, one needs to identify all sources of funds and which level of government has influence over their budgeting, allocation, expenditure and procurement functions.

Decentralization is normally driven by authorities outside of the sector such as by the Office of the President or Cabinet through Ministries of Local Government and Finance. The degree to which sector agencies have responded and complied with decentralization reforms and their commitment to the process is indicative of the extent to which the sector will eventually achieve devolution. Clarity of roles and responsibilities is important to the success of decentralization and reform processes, and roles and responsibilities should be clearly spelled out in the applicable laws and regulations. In addition, the arrangements for such things as assets and personnel transfers need to be clearly spelled out in agreements between the cooperating parties.

B) Alternative Service Providers

Small scale private entrepreneurial providers of water and sanitation (including vendors), otherwise known as alternative service providers (ASPs) are important actors to take into account in governance assessments, particularly due to their role in reaching the poor and un-served. ASPs offer the advantage of working in low income areas that are difficult to reach with pipe networks and they

operate without subsidy and dependence on the public purse. By being responsive and innovative they are often an easier, quicker and less expensive way of reaching the poor with improved services.

Sector practitioners have come to realize that with the exclusion of the smaller providers and vendors, privately operated utilities provide only a small portion of the world's water supply and even less of sanitation, 5% to 10% at most. Over time, Africa has therefore developed its own utility models and is finding that efficiency and consumer responsiveness depends less on whether the utility is private or public and more on the local context, the quality of regulation and the nature of their contracts.[85] The question is less about whether international companies should gain access to local markets and more about how both public and private operators can better provide service to the un-served, and particularly the poor and marginalized.

3.1.4. Sector Management

A) Sector-wide Approaches (SWAps)

Eleven African countries are using the sector-wide approaches (SWAps) in their water sectors and many more in health or education sectors. SWAps bring many attributes that strongly benefit governance. These include annual sector performance assessments, joint sector reviews and resultant undertakings, harmonization of sector policies across sub-sectors, adherence to sector investment plans, improved monitoring and use of its information in sector planning and management, increased equity of services provision, unit cost analysis, value for money audits, and expenditure reviews. All can positively affect sector performance, development effectiveness and operational efficiency. SWAps can also provide for general and earmarked budget support with implications for improved project management and lower transaction costs.

As discussed in Chapter 2, although assessment indicators are linked to SWAps, many of the above benefits can be obtained outside of formal SWAps and should be identified whether or not a sector is operating under such an approach. One of the key elements in this regard is the sector stakeholder working group with representation of all stakeholders from government departments through to NGOs, the private sector and user groups. Regular and open meetings of such a working group greatly improve transparency, coordination, harmonization and intra-sector linkages.

There is a separation of institutional roles between stakeholders under SWAps that is also becoming common in countries that are not employing SWAps or even undergoing decentralization. The separation is between policy formation, standards setting and quality assurance on the one hand and project implementation and service provision on the other. These roles need to be clearly defined and separated in policy, legislation and practice. Making an assessment in this regards requires defining the degree to which this is accomplished in practice. The impact of an insufficient separation of roles on governance lies in the lack of transparency and accountability resulting from unclear roles that allow for overlapping jurisdictions and even conflict between sector agencies.

B) Sector Financial Management

The study of financial management practices across the sector reveals many of its governance attributes. A starting point is the process of budget formation and whether or not (1), it is policy sensitive; (2), it responds to sector target requirements such as the MDGs; (3), allocations to the water sector are balanced with those of health and education; and (4), it reflects needs and allocations are distributed equitably.

These are relatively easily assessed. The manner in which allocations are transferred and the various influences over their division to the various levels of government and sub-sectors is also important. Some countries such as South Africa and Uganda have achieved formula-based allocation which minimizes manipulation once the central budget has been formulated. The formulae should be

[85] IIED (2006) "Governance and Getting the Private Sector to Provide Better Water and Sanitation Services to the Urban Poor", UK by Gordon McGranahan and David Satterthwaite

performance based and weighted to reflect sector policy, population, disparities in access to services, and marginalization of target groups. Assessments should review allocative processes beyond the service provision authority. For example, are the resource allocations reaching the populations they were originally targeted to, or are they being diverted to more influential constituencies or consumers with higher capacity to pay for services?

Assessing financial management competencies is particularly relevant in the lower tiers of government under decentralization. Low credit ratings of municipalities, for instance, are the result of poor financial management. These strongly influence municipalities' capacity to raise loans from the private sector and development banks and determine their ability to invest in new and rehabilitate old infrastructure.

Operational and financial management typically function in their separate spheres. Use of financial information seldom goes beyond monitoring project expenditures. The combined analysis of financial and operational information can reveal governance-related parameters such as comparative costs of service delivery between urban and rural or wealthy and poor user groups, disparities in unit costs of services delivery and the effectiveness of subsidies and their distribution across recipient groups.

C) Monitoring and Evaluation

Monitoring and evaluation information is critically important to good governance. It is the basis on which such things as access to and quality of services are assessed. It is also the basis on which water resource allocations are made and pollution controlled. As such it needs to be holistic and inclusive of all sectors. Typically, monitoring has been project funded and thereby limited to project use. Information has been ad hoc and fragmented. Seldom is it integrated into sector operations and reliably funded and is thereby not sustained. In such cases, the information it provides it is of little use to governance assessments.

Information from monitoring must be updated, reliable and used in planning and management to be effective. Some of the best examples of monitoring and the use of information come from countries using SWAps, where annual sector performance evaluation is part of joint sector reviews. In these cases, monitoring information is in demand, annually updated and common knowledge across the sector.

In assessing monitoring systems, some of the key questions are (1) is monitoring consistent, sustained and using harmonized indicators; (2), is the information used in sector planning and management both centrally and by service providers; (3), can key questions be answered such as equity of service provision and unit costs of service delivery; and (4), are regular sector performance assessments using the information produced by monitoring and evaluation systems?

3.1.5. Resources Management

A) Water Resources

Integrated Water Resources Management presents a model for managing water resources based on sound principles of good governance. IWRM is essentially a political process, providing a viable framework for sustainable use and management of water resources at catchment or basin level. The overall goal is to have water resource allocations in line with sustainable use, economic efficiency and social equity principals. Basin plans should be developed incorporating stakeholder views on management and development priorities for the basin. As such the plans should synthesize the technical and social priorities for the basin and act as the basis for action and accountability to the stakeholders. Stakeholder participation and consensus building needs to form the basis of decision making that takes into account the best interests of society, the environment and the development and use of water resources in the basin through effective cooperation between government and basin stakeholders.

While many governments have adopted IWRM in policy and plans, few have put it into practice beyond the pilot basin scale. This is recognized in the governance assessment indicators, which address governance in both integrated and non-integrated forms of WRM. Progress towards IWRM should be assessed not solely on the existence of IWRM policy and plans, but also on the progress towards implementation through programs or pilot projects in place. With the above in mind, assessment of governance in water resources management needs to incorporate the degree and type of stakeholder participation involved in developing plans and decision making. The major water users should be known and their water use managed through a fair and transparent system of licensing or permits. Likewise, the extent of pollution of surface and groundwater should be known and major polluters also managed.

B) Environmental Management

As an associated sub-sector, environmental management refers to the broader environment, of which water resources form a part. As such the state of the environment has a major impact on the water sector, and its governance should be assessed.

The assessment should include environmental law, policies, regulations and procedures and the degree to which they are effectively applied and enforced. Related ministries and agencies such as those in forestry and agriculture should have clear mandates that avoid overlap, duplication and conflict and promote cooperation and teamwork with the environment ministry. There will be examples of such cooperation that are relevant to water sector governance, such as watershed management and conservation efforts, that will deserve investigation. Similarly, nearly all countries have environmental protection acts which incorporate use of Environmental Impact Assessments (EIAs) that are mandatory for all development projects. If correctly applied and enforced, EIAs and associated environmental and social safeguards are appropriate means of ensuring good governance that directly impact the water sector.

3.1.6. Transparency, Accountability & Corruption

A) Transparency and Accountability

Typically, governments are reluctant to divulge information. This is particularly true of governments with a history of colonialism in which withholding information from government was used as tool in ensuring public order. Yet transparency is a key democratic principle and essential to good governance. In the water sector, it is essential for participatory planning and community involvement, which are the basis for sustainable water resources management and community management of rural systems.

Although written into policies and even regulations and procedures, transparency in government is difficult to achieve. There are points in the planning and project cycles, however, where transparency can be introduced with relatively few resources but have a substantial impact. Means of sharing information with the public can include such tools as public information boards at community or local government levels, the internet, radio, television and newspapers. The sharing of sector information in local councils or assemblies is also another effective means of informing the public.

Governance assessments in this regards look into what information is shared, with whom, how and when. Key points in the project cycle where transparency must be taken into account include: budgeting, central planning, program formulation, local needs assessment and development planning, procurement, project implementation and operation. In short, the public should be informed at all stages as information underpins all aspects of public acceptance, ownership and long term sustainability.

Accountability depends heavily on transparency and is yet another principle of good governance and essential to quality services provision and sustainability. Both upward and downward accountability are important. As reflected in legislation and procedures forming the basis of the sector's institutional framework and hierarchy, sector management demands that lower tiers are accountable to central

levels. Yet effective sector management also demands that service providers are accountable and thereby responsive to the consumer/user.

The indicators listed in the governance assessment templates focus on mechanisms and their effectiveness that support accountability of the provider to the recipient. These include participatory planning and budgeting, stakeholder participation in water resource allocation decisions, the transparent sharing of information on projects, services and expenditures, channels for complaint and recourse, regulation, advocacy or 'watchdog' organizations monitoring government decisions and expenditures, consumer organizations and open procurement procedures.

B) Corruption

Corruption is the most prevalent and insidious product of poor governance and flourishes when there is lack of transparency, weak institutions, low accountability and excessive discretionary power. As a result, the global water crisis is often described as "a crisis of governance: man-made, with ignorance, greed and corruption at its core. But the worst of them all is corruption."[86] In the water sector, corruption comes in many forms: petty corruption (e.g. bribes or kick backs), fraud (misleading invoices for work not performed), collusion (e.g. between bidders of a tender), coercion (e.g. threats), obstruction (impeding and investigation) and undue influence (nepotism and favours). On the other hand, it has been amply demonstrated that corruption can be mitigated and even eliminated where systems have been developed and civil society has been enlisted to combat it, and where prosecution mechanisms are effective. These have been incorporated in general terms in the "light" and "rapid" assessment templates and in more detail in the assessment template for the project preparation and project concept note stage.

The World Bank has published a useful list of warning signs that may indicate corruption.[87] It highlights corruption risks occurring within the project cycle. These are listed below with details of warning signs listed in ensuing sections.

- *During project identification* there are risks in project selection evident in preference for "high rent" projects that offer greater chances for bribery and commissions. These include the large infrastructure projects in water resources and piped water supply and sewerage schemes. Projects may be preferred in which favoured companies are "hard-wired" by their having control over market segments such as where there are limited numbers of manufacturers or suppliers of pipes meeting stringent technical specifications

- *During project preparation* there may be an over-estimation of equipment requirements or capital expenditures. Likewise, studies can be manipulated in ways that can pave the way for fraud and corruption during implementation. Supervisory mechanisms may be weak, under-designed or under-resourced thereby increasing the risk of corruption, particularly in remote or inaccessible locations. Projects that give discretionary powers to individuals such as the granting subsidies, issuing licenses and authorizing payments run the risk of these powers being abused. Purposeful expansion of these powers could be made in attempts to maximize opportunities for kickbacks and solicitations.

- *During implementation* there is reliance on works supervisors and inspectors overseeing and certifying the quality of works and materials. Little or no verification opens the doors to corruption risk. The nature and quality of financial management largely determines the ease with which corruption can take place. Poor financial management is an enabling condition and substantially increases risks. The formulation of project budgets provides opportunity for allocation of resources and project activities that increase rent seeking opportunities. Risks are

[86] Transparency International (2008)"Global Corruption Report", 2008, Cambridge Press, UK, Foreword by Prof. Wangari Maathai

[87] World Bank, Latin America and Caribbean Region (2007) "Good Practices: Corruption Warning Signs, Is your project at risk?" Vol. 1, No.1

greatest in during implementation especially in faulty procurement practices, poor accounting and reporting and weaknesses in internal controls and audit. Procurement is most susceptible and within it decisions of contract packaging, procurement methods, technical specifications and bid evaluation criteria are all subject to potential manipulation. Also to watch are the tender advertising process, prequalification of bidders, bid preparation time, access to information by the bidders, and flexibility of bid evaluation criteria. Risks also prevail during contract implementation especially in front loading, change orders, product substitution and deliberate use of weak supervisors or monitors.

It is worth noting that in its Global Corruption Report, Transparency International estimates that in developing countries corruption raises the price of connecting a household to a water network by as much as 30 per cent. This inflates the overall costs for achieving the MDGs for water and sanitation by more than US$48 billion.

Corruption thus takes a special place in the governance assessment. Its indicators point both to positive measures against corruption and to warning signs of corruption during the project cycle.

3.1.7. Civil Society

A) Civil Society Participation

Active involvement of civil society is a cornerstone of good governance in the sector. It positively impacts virtually every aspect of governance from project conceptualization through to the eventual quality, distribution and sustainability of services provision. Despite its incorporation into policy, strategies and even legislation, its implementation has been disappointing. This has been the result of persistent practices of governments that are reluctant to pilot new methods, include new partners as stakeholders, to be open and transparent in their dealings with the public and to become accountable to the communities they are mandated to serve.

In assessing the level and effectiveness of civil society involvement, focus is given in the assessment indicators (Table 3.5) to participatory planning. This should be undertaken both at the project and larger community level in both rural and urban situations, but particularly in the rural sector. Sector planning, for example, should reflect needs at local level in district-wide plans. These should comprise individual projects that are defined at the community level. Municipal and local government sector plans should integrate into overall development planning and be reflected at central levels both in the broader development context and in sector development plans.

In order for rural communities to assume responsibility for and ownership of their schemes, they also have to be involved in their design and be trained in construction supervision, operation, maintenance, repair and overall management (including financial management). This calls for a developmental approach to project implementation that requires time and resources that are often not incorporated into project plans and designs. Accustomed to target0driven and engineering approaches, service providers are unfamiliar with the facilitation, training and mentoring needed. Experience is demonstrating, however, that with effective decentralization, particularly to the point of devolution, greater credence is being given to a development orientation with higher success rates.

In assessing community participation, focus group discussions with user groups is useful if not essential in understanding fully and accurately the degree to which the community has been involved, its influence over the design and governance related events during its implementation. For the same reason, field visits are also recommended to local government in rural areas and to the low income beneficiary groups in the urban and peri-urban areas.

B) Gender

It has been amply demonstrated that women's input in decision-making leads to more equitable and sustainable coverage of water and sanitation services; that involving women in influential roles can hasten the achievement of sustainability in the management of scarce water resources; and that

managing water in an integrated and sustainable way can contribute significantly to better gender equity by improving the access of women and men to water and water-related services to meet their essential needs.[88] Yet in most African countries, explicit gender considerations are not integrated into water policies and ministries, men typically have more influence than women over the utilization of water resources, many poor women are not able to afford water tariffs, and women remain disproportionately affected by water crises such as floods.

Gender is closely related to water governance at all levels, yet efforts to mainstream gender and enhance women's roles have been superficial and difficult to sustain. For example, typical gender training may inform policy-makers, but seldom changes attitudes. Furthermore, while gender equality and mainstreaming in the sector has been given extensive attention, these efforts are typically small scale. Despite women's increasingly influential role on local water and sanitation user committees, few African examples exist where women participate meaningfully in planning and decision-making roles in design, implementation and O&M of water services. Gender mainstreaming requires real changes in attitudes and practices, which has proven extremely difficult in the usual male engineer-dominated sector institutions.

National gender policies tend to have little impact in the typical water sector. Sector policies go further and are likely to impact the sector more directly. Just the same, it cannot be assumed that policies and even gender training will have significant impact on women's roles in practice. The indicators selected for gender assessment are designed to highlight key areas of gender related governance and enable identification of issues that call for further investigation. The contribution of women in decision making roles from planning to project implementation are highlighted in the indicators but just as important to assess are the challenges facing women working in the sector and the recognition they are given as legitimate contributors by their male counterparts.

C) Voice and Choice

Citizens have the right to demand quality services and to hold service providers accountable for failing to carry out their responsibilities. Experience has demonstrated that the quality of services is enhanced where the provider is held accountable to its clients, the consumer. In monopoly situations (typical of water supply) this is only possible where the consumer is specifically provided channels for voicing informed complaint and suggestions, and where the provider is responsive and motivated to resolve issues and improve service. Unfortunately, in the absence of competition and choice, the consumer is faced with accepting the status quo. Lack of information leaves the consumer at a disadvantage and unable to articulate their demands for better services.

Bitter experience teaches the public that getting government to respond is best achieved through influence and bribery. In many countries this is reinforced by the lack of avenues for voice and recourse against delinquent service providers. Even if such mechanisms exist, many users believe that, at best, complaint is futile and, at worst, even dangerous, as retribution is easily taken against those without influence. This has a significant impact on good governance, which demands accountability. This cannot be driven from above but has to begin with those most informed and interested in quality services. The public must have voice and effective avenues for expression. Regretfully, few governments recognize the real value of providing open and responsive avenues for consumer complaints, and therefore few have experienced the benefits that can be achieved when the combined interests of the service provider, politician and consumer are aligned.

There are several alternative approaches to providing channels for consumer voice, including regulatory authorities, town and district councils, water user associations, basin committees, advocacy NGOs, consumer associations, complaint centres, ombudspersons and the judiciary. Most of these operate at higher levels than are accessible to the majority of the target population. All available

[88] Ibid; Gender and Water Alliance, "The Gender and Water Development Report 2003: Gender Perspectives on Policies in the Water Sector," 2003.

channels for expressing one's voice need to be assessed in light of their accessibility, use, effectiveness and responsiveness.

3.1.8. Equitable Services Provision

A) Rights to Water

The right to water and sanitation is implied by the International Covenant on Economic, Social and Cultural Rights (ICESCR) signed by 158 parties including nearly all African countries. The Covenant requires signatories to ensure that everyone within their jurisdiction has access to the underlying determinants of health, such as clean water and sanitation.[89] These rights do not entitle people to free or unlimited water but they do imply rights to sufficient, clean, accessible, and affordable water and sanitation. They also include non-discrimination and inclusion of vulnerable and marginalized groups.[90]

The governance assessment should first determine what rights have been agreed to, their inclusion in policy and law, and the degree to which rights are being recognized in practice. This includes the priority given to water resources management and water and sanitation in budgetary and political processes, measures taken to improve affordability of services, and the purposeful inclusion of marginal groups through implementation of pro-poor policies and PRSPs.

Moreover, the degree to which rights to access, quality and quantity of water are being recognized can be assessed by policies and implementation of set standards of water quality, distance/time for collection, and services reliability and sustainability.

B) Equitable Services Provision

The MDGs call for inclusion and non-discrimination against marginalized groups. Those most vulnerable to marginalization include women, children, inhabitants of deprived areas such as slums, refugees and asylum seekers, the aged and disabled, victims of natural disasters, people living in arid areas and nomads. Although many countries are implementing poverty reduction programmes intended to address this issue, few if any are resolving it.

Budgets may well be responsive to pro-poor policy but by the time expenditures are actually made, allocations are frequently diverted to the more influential and affluent who are able to pay for the services. Public spending therefore typically benefits the rich rather than the poor. Similarly, politicization of the water sector also has its impact on the poor. Politicians, with an eye on their electoral performance, intervene in project design and distort services distribution in favour of their voting constituencies.

As a result, of particular concern are the vast and increasing populations of slums and peri-urban areas, women and girls who, although responsible for water, sanitation and health of their families, are disempowered and left outside decision-making circles.

The above discriminatory practices need to be understood and policies and practices that favour equity distribution need to be identified and assessed. These include PRSPs and their implementation, participatory planning and budgeting where it exists, the monitoring of services provision by user groups and consumer associations, gender and pro-poor responsive budgeting, and the assessment of equity distribution services by monitoring techniques, such as Water Point Mapping.

[89] International Covenant on Economic, Social and Cultural Rights (1966), Articles 11 and 12, and the Cairo Conference on Population and Development (1994).
[90] SDC, AAAS, UN-HABITAT, COHRE (2007) "Manual on the right to Water and Sanitation" http://www.cohre.org/store/attachments/RWP%20-%20summary-A4-lowres.pdf

3.2. Light Assessment of Water Sector Governance

The Light Assessment is intended to broadly characterize sector governance and identify its main areas of risk. It may also be used for inter-country comparison provided that allowance is made for the subjective nature of its indicators that are necessarily perception-based. It should be used by the task manager and task team who are well familiar and experienced in the country's water sector and can be undertaken prior to project identification.

``Light`` Assessment of Water Sector Governance				
Category	**Indicator**	****	**Score**	**Comments**
Governance at National Level	1. Published Governance Indicators a) World Governance Index – Voice and Accountability b) World Governance Index – Government Effectiveness c) World Governance Index – Political Stability d) AfDB Country Policy and Institutional Assessment e) Transparency International Corruption Perception Index f) Gender Related Development Index (UNDP-GDI)			
Legal Framework	2. Sector policies are in place and legislated that support good governance and are up-to-date and being implemented	R,U,WR		
Institutions	3. The regulatory framework provides for: a) Complaint and recourse b) The setting of fair tariffs c) The assurance of service standards and d) Enhances market competition	R,U,WR		
	4. Approaches used by sector institutions reflect principles of good governance in that they are: a) Open and transparent b) inclusive and communicative c) coherent and integrative and d) equitable and ethical	R,U,WR		
Resources Management	5. Water resources and services provision management is undertaken at the lowest appropriate level (decentralization/ subsidiarity)	R,U,WR		
Sector Management	6. Sector management incorporates a sector-wide approach, a stakeholder working group, regular performance assessments and joint sector reviews	R,U,WR		
Transparency, accountability and corruption	7. Procurement of goods and services is transparent and equitable	R,U,WR		
	8. There is commitment to anti-corruption and its advocacy within sector institutions such as procurement reforms, skills upgrading, integrity pacts and a culture of professionalism	R,U,WR		
Civil Society	9. Users participate in planning ensuring that their needs are addressed in local sector plans that are then reflected in national sector plans	R,U,WR		
	10. Service providers are responsive and consumers/users can complain through recognized channels with reasonable confidence that they will be heard	R,U,WR		
Equitable services provision	11. Citizen's rights to water as agreed under international conventions (e.g. the MDGs) are incorporated into policies and programmes	R,U,WR		
	12. Water and sanitation services are provided equitably between rich and poor, urban and rural populations.	R,U,WR		

3.3. Rapid Assessment of Water Sector Governance

The rapid assessment of water sector governance is undertaken as a quick and inexpensive overview of sector governance before or during project identification. It can be used to:

1. Provide an overall understanding of the state of governance at country and sector levels;
2. Identify areas of governance concern;
3. Point to governance risks that may affect project implementation and sustainability;
4. Help suggest mitigation measures, project initiatives or components that might address risks and areas of governance concern; and,
5. Highlight needs for further information and investigation.

The rapid assessment template is designed for use by the individual Task Manager who is familiar with the country's water sector, and/or the Task or Country Team. It is based on scoring 34 indicators and so can be completed within hours or used in facilitating a half day workshop.

The scope of the assessment and its indicators is broad and intended to encourage consideration of a wide range of governance areas and issues. The way each indicator is phrased is intended to encourage further thought, to help identify more specific governance issues and to trigger 'second looks'. Indicators are stated in the positive to ensure consistency in scoring.

Each indicator can be scored along a spectrum from 1-5:

1 Poor
2 Unsatisfactory
3 Fair
4 Satisfactory
5 Good

The use of indicators is open to question, but in light of their accessibility and ability to provide reasonable estimates, indicators are useful and undoubtedly the most affordable tools. Kaufmann and Kraay[91] describe the continuing debate over the use of governance indicators and conclude that there is no "silver bullet" indicators or approach that are about to supersede the current set of available governance indicators, many of which are listed in Table 3.1. There are also debates over 'subjective' versus 'objective' indicators and more over 'aggregate' versus 'individual'. Emphasis is, however, on complementarities between the different types of indicators and that they reflect the purposes for which they are used.

The indicators used in these water sector government assessments include aggregate indicators that are selectively drawn from the many aggregate country level indicators that are relevant to the sector but at country level. In some instances, as presented in Table 3.1 these are somewhat disaggregated to provide greater specificity to the sector as in the case of the World Governance Indicators. Aggregation provides a useful summary (often averaging) of a myriad of indicators while at the same time offers a degree of credibility such as being published by the World Bank or the Mo Ibrahim Foundation. The draw backs to aggregation indicators are the difficulty in their interpretation, their lack of sector specificity, and forecasting how different reforms might impact them. Individual indicators are on the other side of the coin by offering specificity but are often subjective and thereby lacking credibility.

Subjective or perception-based indicators and objective fact-based indicators are seen as complementary rather than alternative approaches. This is evident in the case of assessing corruption

[91] Kaufmann, D., & A Kraay (2007) On Measuring Governance, Framing Issues for Debate", World bank 2007 Roundtable on measuring Governance, Issues Paper

and gender equity where information is difficult to obtain and a perception based approach must be used, as compared to estimating access to services where a fact-base approach may be more appropriate.

The indicators used in these sector governance templates are almost all subjective in light of

1. the need for ease in assessment,
2. unavailability of quantifiable data,
3. the nature of key indicators being 'perception based' and
4. the impartiality, knowledge base of the specific sector and in-country experience of the assessor that enables him or her to be reasonably accurate in scoring.

The indicators have been chosen to represent potential areas of risk to governance. As such they are 'actionable'. The point is made that being actionable does not necessarily make them valuable as indicators if the actions taken do not result in significant improvements in governance. For this reason the indicators selected have purposely been selected at being 'action-worthy'. Also of relevance is that these 'action-worthy' indicators are not biased towards those that are easy to improve ('low-hanging fruits') but are comprehensive in covering the full range of risk areas. As such the most detailed assessment comprising over 90 indicators and can also be used as a checklist, the full use of which provides the assessor the confidence and satisfaction that s/he has probed all facets of sector governance.

Table 3.2 Rapid Assessment of Water Sector Governance

Rapid Assessment of Water Sector Governance				
Category	**Indicator**	****	**Score**	**Comments**
1. Governance at National Level	g) The government is constitutionally based, has a sound law court system and adheres to the rule of law			
	h) The country is politically stable with an absence of violence			
	i) Published Governance Indicators			
	o World Governance Index – Voice and Accountability			
	o World Governance Index – Government Effectiveness			
	o World Governance Index – Political Stability			
	o AfDB Country Policy and Institutional Assessment			
	o Transparency International Corruption Perception Index			
	o Gender Related Development Index (UNDP-GDI)			
2. Legal Framework	a) Sector policies and strategies are up-to-date and include principles of good governance.	R,U,WR		
	b) The regulatory framework provides for efficient pricing and consumer protection.	R,U,WR		
	c) Mechanisms exist for recourse, dispute resolution and appeal	R,U,WR		
3. Institutions	a) Approaches used by sector institutions reflect principles of good governance in that they are: • open and transparent • inclusive and communicative • coherent and integrative and • equitable and ethical	R,U,WR		
	b) Institutional rules and responsibilities are clear and separated with minimum overlap, gaps, duplication and/or conflict	R,U,WR		
	c) The regulatory framework provides for:	R,U,WR		
	• Complaint and recourse			
	• The setting of fair tarrifs			
	• The assurance of service standards, and			
	• Enhances market competition			
	d) Water authorities and utilities work with the smaller private service providers, including vendors, to find ways to make the market function effectively in the interests of consumer/users, particularly those in the un-served and low income areas	R,U,WR		

** R: rural, U: urban, WR: water resources

Category	Indicator	**	Score	Comments
4. Sector Management	a) Regular sector assessments and joint sector reviews are used in planning and managing the sector	R,U,WR		
	b) The sector is managed using a sector-wide approach and incorporates a functional sector-wide stakeholder working group	R,U,WR		
	c) Water resources and services provision management is undertaken at the lowest appropriate level (decentralization/ subsidiarity)	R,U,WR		
	d) Rolling plans and budgets ensure that reliable estimates of future allocations are available for planning at local levels over the mid-term	R,U,WR		
	e) Financial information is used to analyse the equity, effectiveness and efficiency of spending distribution relative to social needs	R,U,WR		
	f) Climate change and its potential impacts have been incorporated into the planning, management and use of water resources.	R,U,WR		
	g) Environmental law, policies, regulations and procedures (including environmental impact assessments (EIAs) and social safeguards) are effectively applied and enforced.	R,U,WR		
5. Resources Management	a) Progress is being made towards integrated water resources management through pilots or on-going programmes	WR		
	b) Basin-level plans are regularly updated through participatory involvement of basin stakeholders and incorporate their views and priorities	WR		
	c) Climate change and its potential impacts have been incorporated into the planning, management and use of water resources	WR		
6. Transparency, Accountability and Corruption	a) Procurement of goods and services is open, transparent and equitable	R,U,WR		
	b) Information on plans, projects, services and expenditures is available to and readily understood by the pubic at project level	R,U,WR		

** R=rural, U=urban, WR=water resources

Category	Indicator	**	Score	Comments
	c) Service providers are accountable to their consumers/users for the level of access and quality of services they provide.	R,U,WR		
	d) There is commitment to anti-corruption and its advocacy within sector institutions such as procurement reforms, skills up-grading, integrity pacts and a culture of professionalism.	R,U,WR		
7. Civil Society	a) Users participate in planning ensuring that their needs and demands are addressed in local sector plans	R,U,WR		
	b) Local plans are rolled up and impact central sector planning ensuring that local needs are reflected in sector plans.	R,U,WR		
	c) The user community is involved in rural services management to assure quality and sustainability of services provision	R		
	d) National and sector gender policies exist and are being implemented effectively	R,U,WR		
	e) Women are being empowered and contributing significantly to the sector in decision making roles	R,U,WR		
	f) Gender responsiveness, mainstreaming and equal opportunity policies are practiced in sector institutions, their staffing patterns and programmes	R,U,WR		
	g) The consumer/user has voice that uses recognized channels, and is not based on political influence or constrained by bureaucratic procedures	R,U,WR		
	h) Service providers are responsive and consumers/users can complain with reasonable confidence that they will be heard and that problems will be rectified	R,U,WR		
	i) Mechanisms for recourse and appeal exist and are functional	R,U,WR		
8. Equitable Service Provision	a) Agreed international conventions on citizens' rights to water (e.g. the MDGs) are adhered to	R,U,WR		
	b) Water and sanitation services are provided equitably between rich and poor, urban and rural populations	R,U,WR		

** R: rural, U: urban, WR: water resources

3.4. Governance Assessment for Project Preparation and Concept Note

The assessment of governance during Project Preparation (PP) and for the Project Concept Note (PCN) calls for greater detail than the above Rapid Assessment. The PP&PCN indicators are grouped under seventeen headings as listed in Table 3.3, below.

Table 3.3 Grouping of Assessment Headings

Light and Rapid Assessment	PP & PCN Assessment
Governance at National Level	Governance at National Level
Legal Framework	Policy and Legislation Regulation
Institutions	Decentralization Alternative Service Providers
Sector Management	Sector Wide Approach & PRSP Sector Financial Management Monitoring and Evaluation
Resources Management	Water Resources Management Environmental Management
Transparency, Accountability & Corruption	Transparency and Accountability Corruption
Civil Society	Civil Society Participation Gender Voice and Choice
Equitable Services Provision	Rights to Water Equitable Services Provision

The objective of the PP&PCN assessment is to inform the project preparation and the Concept Note. The Project Appraisal report (PAR) that follows the PCN requires similar information. Although the PCN is only 5-7 pages, the project is well defined and budget estimated prior to its being presented to the Operations Committee (OpsCom). Thus all governance related information, mitigation measures and components have to be defined prior to PCN preparation. It is for this reason that the PP&PCN Governance Assessment is the most detailed. Its indicators are designed to cover all aspects of water sector governance. Their level of detail requires the assessor to look in some depth at governance aspects that surface as issues. In some respects they are a checklist so that the assessor covers the full range. In addition, s/he is asked to score each indicator so that some thought has to be given and assessment made of each governance aspect.

The assessment is to be made by the task manager and task team with the support of the field office. In practice this means that the task manager takes the lead and calls on the alternative task manager and sector specialist in the field office for support. Likely, the rapid assessment would have identified areas of governance risk that need more information at greater depth than is available. For this, consultants may be needed. In any event, the PP&PCN assessment should be completed within two weeks it being understood that it will likely identify areas which call for yet more information to be sought from the field.

There are several governance related requirements set out by the PCN. These include

- Supervision requirements including procurement oversight;
- Development issues such as regulation, decentralization, subsidies and
- Project activities, outputs, outcomes and indicators in the Results Based Logical-Framework;
- Cross-cutting foci such as gender, transparency and accountability;
- Baseline data including those related to equity distribution of services;
- Participatory processes used to prepare the project and/or are planned as part of the project; and
- Potential risks and mitigation measures, many of them governance related.

The PP&PCN Governance Assessment will likely reveal several governance risks that call for mitigation measures. Mitigation can be incorporated into project design as preventative measures or during project implementation such as by strengthening procurement procedures. Others will be revealed that are of greater risk to project sustainability call for significant intervention in the form of project components.

Table 3.4 Examples of Project Components to Strengthen Governance

- Increased civil society participation in sector planning and community based management of water supply schemes;
- Strengthening of the regulatory framework through performance based service management contracts;
- Introduction of a gender policy specifically for the sector and improving gender sensitivity of sector institutions by introducing of gender resource centres and training in the apex ministry and district governments
- Preparation of procurement guidelines and training of district staff in procurement procedures

Table 3.5 lists assessment indicators to be scored using a scale of 1 to 5, as in the case of the Light and Rapid assessments above. Each group of indicators can be averaged, although it is emphasized that these indicators are necessarily subjective and have not be weighted in accordance with their importance.

Table 3.5 Governance Assessment for Project Preparation and Project Concept Note

GOVERNANCE ASSESSMENT FOR PROJECT PREPARATION AND PROJECT CONCEPT NOTE				
Category	**Indicator**	**	**Score**	**Comments**
1. Governance at National Level	a) Constitutionally based government, functionally sound law courts and adherence to the rule of law.			
	b) Published Governance Indicators			
	• World Governance Index – Voice and Accountability			
	• World Governance Index – Government Effectiveness			
	• World Governance Index – Political Stability			
	• AfDB Country Policy and Institutional Assessment			
	• Transparency International Corruption Perception Index			
2. Policy and Legislation	a) Sector policies and strategies are up-to-date and being implemented.	R,U,WR		
	b) Legislation supports policies and strategy implementation and avoids duplication, gaps and conflicts in institutional mandates and roles.	R,U,WR		
3. Regulation	a) Regulatory mechanisms are in place (either formal or informal) and provide for:	R,U,WR		
	• Consumer protection			
	• Equitable service provision			
	• Complaint and Recourse			
	• Assurance of services standards			
	• Setting of fair tariffs			
	• Market competition			
	b) Regulatory mechanisms / authorities are independent and independently resourced, or are in the process of transitioning to independence.	R,U,WR		
	c) Mechanisms exist for recourse and appeal that do not depend on political influence.	R,U,WR		

** R=rural, U=urban, WR=water resources

Category	Indicator	**	Score	Comments
	d) Relationships between consumers/users, service providers and government are regularly adjusted through negotiation within a competitive environment.	U		
	e) The price of services to the consumer is commensurate with the level and quality of service provided.	R,U,WR		
	f) Contracts and agreements between parties are enforceable, contract law is adhered to.	R,U,WR		
	g) Regulation achieves equity, efficiency and sustainability in allocation and management of water resources.	WR		
4. Institutionalization & Decentralization	a) Approaches used by sector institutions reflect principles of good governance in that they are:	R,U,WR		
	• Open and transparent			
	• Inclusive and communicative			
	• Coherent and integrative and			
	• Equitable and ethical			
	b) Decentralization has been implemented so that management of service provision is at the lowest appropriate level (subsidiary).	R,U,WR		
	c) There is clarity and separation of functional roles and responsibilities with minimum overlap, gaps, duplication and/or conflict.	R,U,WR		
	d) Relationships between stakeholders are clear, legitimized and governed by written procedures, agreements or contracts.	R,U,WR		
	e) There is alignment of interests, incentives, mandates and responsibilities amongst all stakeholders.	R,U,WR		
	f) Skills, capabilities, assets, resources (human and financial) and mandates are decentralized in ways that efficiently and effectively support responsibilities at regional and local levels.	R,U,WR		
	g) Capacity building has ensured adequate competencies and at all levels.	R,U,WR		
	h) Devolution of procurement functions is accompanied with capacity building, monitoring, and regular audit.	R,U,WR		

**R=rural, U=urban, WR=water resources

Category	Indicator	**	Score	Comments
5. Alternative Service Providers	a) Water authorities and utilities work with the smaller private service providers, including vendors, to find ways to make the market function effectively in the interests of consumer/users, particularly those in the un-served and low income areas	R,U,WR		
	b) Long term lease and concessionary contracts provide for regulation and quality assurance and include considerations for and interests of those deprived of water and sanitation services	R,U,WR		
6. Sector Wide Approach	a) Sector management is performance driven and includes regular sector assessments and joint sector reviews	R,U,WR		
	b) A sector-wide approach is used and a sector-wide stakeholder working group is functional	R,U,WR		
	c) There is clear and effective separation of institutional roles between facilitator/standards setting and implementation	R,U,WR		
7. Sector Financial Management	a) Rolling plans and budgets ensure that reliable estimates of future allocations are available for planning at local levels	R,U,WR		
	b) Budgets include all sources of funds (national, donor, banks, taxes, tariffs and NGOs).	R,U,WR		
	c) Financial information is used to analyse the equity, effectiveness and efficiency of spending distribution relative to social needs.	R,U,WR		
	d) Allocations to lower tiers of government are formulae-based and weighted to reflect needs, population, poverty and implementation capacities.	R,U,WR		
	e) Budgets are responsive to policies that reflect harmonization of sector targets, visions and goals	R,U,WR		
	f) Financial management complies with recognized accounting standards	R,U,WR		
	g) Sector audits are less than one year old.	R,U,WR		
8. Monitoring and Evaluation	a) Sector monitoring systems are sector-wide, up-dated, and sustained	R,U,WR		
	b) Monitoring data and information are accessible, in demand and effectively used in sector planning and management	R,U,WR		

** R=rural, U=urban, WR=water resources

Category	Indicator	**	Score	Comments
	c) Data collection, analysis and reporting are transparent and accessible to the public	R,U,WR		
	d) Civil society is actively participating in data collection and monitoring	R,U,WR		
	e) Monitoring and evaluation data is sex and pro-poor disaggregated	R,U,WR		
	f) The sector monitoring system is able to provide for reliable estimations of access and use of services	R,U,WR		
	g) Monitoring captures the equity of distribution of services both geographically and by income group.	R,U,WR		
9. Water Resources Management	a) Progress is being made towards integrated water resources management through pilots or on-going programmes	WR		
	b) Basin-level plans are regularly updated through participatory involvement of basin stakeholders and incorporate their views and priorities.	WR		
	c) Major users are known and managed through a permit or licensing system	WR		
	d) Water allocations are in line with sustainable use, social equity & economic efficiency	WR		
	e) Climate change and its potential impacts are being monitored have been incorporated into the planning, management and use of water resources	WR		
	f) Functional transboundary watershed management mechanisms are in place	WR		
10. Environmental Management	a) Environmental laws and regulations are effectively enforced			
	b) Environmental impact assessments (EIAs), social safeguards and related procedures are adhered to.			
	c) Monitoring provides reliable and adequate information for basin and ground water resources management	WR		
	d) Institutions responsible for environmental conservation and protection have clear and consistent mandates that avoid overlap, duplication and conflict.	WR		
	e) Watershed conservation and management are effective and sustained	WR		

**R=rural, U=urban, WR=water resources

Category	Indicator	**	Score	Comments
	f) Surface and groundwater pollution is monitored and controlled	WR		
11. Transparency and Accountability	a) Planning and budgeting are open and transparent	R,U,WR		
	b) Information on plans, projects, services and expenditures is available and readily understood by the public at project level	R,U,WR		
	c) Civil society advocacy organizations (such as watchdog NGOs) monitor budget decisions, allocations and expenditures and use the media in publicly shaming corrupt officials and politicians.	R,U,WR		
	d) Transparency tools such as citizens' charters and report cards are being used by civil society and government to measure performance and publicize the efficiency and effectiveness of government expenditures.	R,U,WR		
	e) Procurement of goods and services is open, transparent and equitable	R,U,WR		
	f) Competition, effective contract management and transparency ensure fair market-based unit costs of services provision	R,U,WR		
	g) Service providers are accountable to their consumers/users	R,U,WR		
12. Corruption	a) There is commitment to anticorruption and its advocacy within sector institutions through procurement reforms, skills up-grading, integrity pacts and a culture of professionalism	R,U,WR		
	b) Transparency International's Corruption Perception Index of 2008 is 5 and above	R,U,WR		
	c) Regulators and procurement officials are technically competent	R,U,WR		
	d) Stiff judicial, economic and social sanctions is being imposed on offenders and publicly announced in the media	R,U,WR		
	e) The quality of services provision, water resources management and environmental protection is being monitored by civil society	R,U,WR		
	f) "Watchdog" NGOs, water users and consumer associations are active and vocal	R,U,WR		
	g) Channels are available and protection is given to the public and officials in reporting corruption	R,U,WR		
	h) Decentralization is reinforced by measures against corruption such as capacity building, participatory planning and public	R,U,WR		

** R=rural, U=urban, WR=water resources

Category	Indicator	**	Score	Comments
	display of budgets, project expenditures and procurement			
	i) There is regular independent audit, including value-for-money or comprehensive audit	R,U,WR		
13. Civil Society Participation	a) Users participate in planning ensuring that their needs and demands are addressed in local sector plans	R,U,WR		
	b) Local plans are rolled up and impact central sector planning ensuring that local needs are reflected in sector plans.	R,U,WR		
	c) The user community is involved in rural services management to assure quality and sustainability of services provision	R		
	d) Local capacities are strengthened for management, operation, maintenance and repair of services and systems and spare parts made available locally	R		
	e) The development approach is used and adequate time and resources are allocated to facilitate community involvement, build local capacities and create ownership for sustainability	R		
	f) Government provides ongoing monitoring and support including for major repairs	R		
14. Gender	a) National and sector gender policies exist and are being implemented effectively	R,U,WR		
	b) Both men and women are regarded as central to the provision, management and safeguarding of water	R,U,WR		
	c) Women are being empowered and contributing significantly in decision making roles in	R,U,WR		
	• planning			
	• budgeting			
	• implementation			
	• monitoring and			
	• project design			
	d) Gender responsiveness, mainstreaming and equal opportunity policies are practiced in sector institutions, their staffing patterns and programmes.	R,U,WR		
	e) Sector managers and community leaders are gender aware and understand gender issues and their implications to the	R,U,WR		

**R=rural, U=urban, WR=water resources

Category	Indicator	**	Score	Comments
	sector.			
	f) Challenges to women's participation – such as their workload, time availability, levels of literacy, ability to meet in public, power differentials and intra-family relationships – are acknowledged and respected.	R,U,WR		
	g) Safe and practical work environments for women and men exist in sector institutions and organizational cultures (e.g. flexible hours of work and protection against sexual harassment)	R,U,WR		
15. Voice and Choice	a) The consumer/user has voice that uses recognized channels, is not constrained by bureaucratic procedures or frustrated by past failures	R,U,WR		
	b) Service providers are responsive and consumers/users can complain with reasonable confidence that they will be heard and that problems will be rectified	R,U,WR		
	c) Mechanisms for recourse and appeal exist and are functional and not based on political influence	R,U,WR		
	d) The consumer/user is informed, aware of his/her rights and obligations and able to formulate complaint and dialogue with the provider.	R,U,WR		
	e) Users make choices in level and quality of service.	R,U,WR		
16. Rights to Water	a) Agreed international conventions on citizens' rights to water (e.g. the MDGs) are adhered to	R,U,WR		
	b) Priority is given to water and sanitation in policies, plans, budgets and expenditures	R,U,WR		
	c) Progress is being made towards meeting national goals in water resources management, and water supply and sanitation services.	R,U,WR		
17. Equitable Services Provision	a) Water and sanitation services are provided equitably across wealthy and low income groups	R,U,WR		
	b) Disparities between urban and rural access to services are minimized	R,U,WR		
	c) Pro-poor policies, programs and methods are implemented	R,U,WR		

** R=rural, U=urban, WR=water resources

Category	Indicator	**	Score	Comments
	that enable low income, marginalized and vulnerable groups gain equitable access to sector services.			
	d) Fiscal policy and financial management (including cost recovery, tariffs, donor support, market financing, subsidies, and budgets) support financial viability in such a way that equity of service provision achieved.	R,U,WR		
	e) Levels of subsidies per household are commensurate with available resources, affordability of services are in line with pro-poor policies.	R,U,WR		
	f) Price and quality of services provided are equitable across consumer/user groups	R,U,WR		
	g) Subsidies are appropriately targeted and reach their targets in full and in transparent fashion.	R,U,WR		
	h) Projects are designed so as to achieve an appropriate balance between water supply, sanitation and hygiene education provision	R,U,WR		
	i) Adequate planning and preparations have been made for emergencies which incorporate water and sanitation services for displaced persons and refugees	R,U,WR		

**R=rural, U=urban, WR=water resources

3.5. Governance Assessment for Project Appraisal

The Appraisal Report calls for a one paragraph description of issues, risks and mitigation measures linked to governance. In particular, descriptions of safeguards to offset possibilities of fraud and corruption during implementation. Also, issues of sustainability are also to be covered in the appraisal report. Being are closely linked to governance these are included in the above indicators.

Technical annexes to the PAR include procurement (the procurement plan and arrangements), audit (arrangements and procedures for audit), and environmental and social analyses (including EIAs and mitigation measures) and gender analysis (gender surveys, analysis, strategies, project impacts, risks related to gender, and indicators during project implementation). All such annexes have strong links to governance. In addition, there will likely be need for a technical annex on governance itself that is informed by the governance assessment.

The PP&PCN Governance Assessment (Section 3.3) will provide the necessary basis for preparation of governance related sections of the Appraisal Report. It will inevitably identify specific issues that require further information and investigation. These can be provided by the task team and/or country office or consultants in the field. Examples that can be undertaken prior to project appraisal to assist in project design are given below.

- A. i) The existence and effectiveness of channels of complaint and resolution of issues between provider and consumer, leading to improved design of mitigation measures including creation of consumer associations, enactment of consumer protection legislation. This information could be sought from consumers associations, water user groups and advocacy NGOs/CSOs.
- B. Studies of pre-colonial tribal, traditional and customary practices for water resources management and their integration into modern water legislative frameworks This information could be sought through local universities, research institutions and tribal elders in the field.
- C. Further analysis through field surveys of the functional status of water points, access to water supply and quality of services to low income target populations to provide more information on marginalized groups and greater detail for detailed project design
- D. Further analysis combining financial and operational information to reveal the equity, effectiveness and efficiency of spending distribution relative to social needs for purposes of refining project design. This information could be sought from sector stakeholders and institutions such as ministries of water and finance, donors, advocacy NGOs/CSOs and water user groups.

The projects Results Based Logical Framework includes performance indicators that are inevitably linked to governance. These can be designed using the assessment indicators but need to be project specific and relate to the mitigation measures and/or governance components designed into the project.

3.6. Governance Assessment for Supervision during Implementation

Supervisory missions are normally under tight schedules, preventing opportunities to undertake detailed assessments. Supervision during implementation calls for a checklist approach to monitoring. The indicators used relate directly to the project and can be adapted from the indicators listed in Table 3.5 to make them project specific. Drawn from Table 3.5 they need to be tailored to governance initiatives that have been designed into the projects for purposes of mitigating risks and to build better governance into the project. Examples of indicators are presented in the case study in Section 3.8.

A somewhat different case is made for monitoring and mitigating against corruption. In this light a list of corruption warning signs is provided below.[92]These indicators cannot confirm that corruption is taking place, but they can indicate that a second look is warranted to get better clarity as to whether the situation is a result of capacity constraints or actual corruption.

Table 3.6 Corruption Warning Signs

MONITORING AND OVERSIGHT

- Work supervisors and inspectors retained appear to lack capacity
- Creation of seemingly unnecessary work orders or changes to work orders that result in unnecessary contract extensions
- Indication that government staff have been subcontracted
- Unnecessary renegotiation to obtain more favourable contract terms concerning the contract's deadline, investments required from concessionaries, rates charged to end-users, exclusivity granting, tariff setting, etc.
- Delegation of large discretion to public officials
- Procurement particularly prone to collusive agreements, the manufacturing industry tends to be almost monopolistic
- Manipulation of shortlists or invitations to participate in shopping procedures

FINANCIAL MANAGEMENT

- Excessive and concentrated discretionary powers over resource allocations
- Nontransparent systems of decision making over resource allocations for public investments
- Unlimited executive decisions to approve spending through in-year adjustments
- Weak budget estimates or underspecified plans for using the funds
- Significant deviations from planned expenditure targets
- Payments in cash leaving no audit trail
- Excessive delays in procurement processes or unusually short processing time for procurement processes
- Large deposits and transfers of funds
- Multiple invoices for the same work
- Delays in payments to contractors / consultants
- Disbursements not matching physical progress
- Transactions that are odd as to: timing, frequency, amount, parties, etc.
- Discrepancies in accounting records:
    - o Transactions not recorded in a complete or timely manner
    - o Unsupported or unauthorized records
- Conflicting or missing evidential matter: missing documents; missing inventory or physical assets; excessive voids or credits; alterations of invoices.
- Irregularities in reconciliation processes
- Lack of accountability
- Incomplete audit trails and reports
- Delays in the submission of audited financial statements to the Bank
- Absence or deficiency in the management / internal controls

PROCUREMENT

- Upward re-evaluation of needs
- Cost estimates above market rate values
- Lack of consideration of "least-cost" solutions
- Technical specifications tailored to fit a particular bidder
- Inadequate technical specifications
- Advance knowledge of confidential information
- Unnecessarily split contracts
- Biased evaluation criteria

[92] Selected and adapted from World Bank, Latin America and Caribbean Region (2007) "Good Practices – Corruption Warning Signs", Vol 1, No. 1

- Contracts with unusual payment patterns
- Inadequate / restricted and ill-timed advertising of procurement processes
- Incomplete or misleading advertising
- Restriction of competition through excessive charges
- Failure to notify all bidders of changes to bidding documents
- Unclear or ambiguous clarifications

Pre-Qualification
- Unexpectedly narrow subset of pre-selected companies
- Unduly strict pre-qualification criteria
- Rotation of pre-qualified bidders; collusion between pre-qualified companies to submit bids in turn

Bid-Opening
- Irregular bid opening

Bid Evaluation
- Deviation from published evaluation criteria or weights
- Biased application of evaluation criteria
- Special treatment for favoured companies
- Inconsistency between the information stated in the bid evaluation report and actual supporting documents
- Unreasonably long periods of time to evaluate bid submissions
- Inconclusive tender followed by improper negotiations with companies

Contract Implementation
- Front-loading
- Repetitive change orders
- Deliberate use of unqualified supervisors / monitors
- Product substitution
- Special payments not contemplated under the contract
- Failure to execute performance securities
- Substitution of a consultant for less qualified and inexperienced personnel
- Wholesale subcontracting

3.7. GOVERNANCE ASSESSMENT AT PROJECT COMPLETION

The objective of an assessment at project completion is to inform the Project Completion Report (PCR). As per the AfDB's PCR requirements,[93] such reports (1) provide a comprehensive account on all aspects of the project at completion; (2), assess the results of the project and the efficiency and effectiveness of the means employed to achieve them; (3), estimate the project's expected contribution to development and sustainability; (4), identify operational lessons learned relevant for on-going or future operations; and (5), lay the groundwork for in-depth evaluation reports and impact studies. As such, the governance related requirements of the report include:

- Analysis of project execution, including procurement issues, governance strengthening and mitigation measures applied;
- Assessment of results achieved in terms of improved governance, based on the results as outlined in the logical framework using the agreed upon project monitoring indicators and the final governance assessment conducted to compare the state of governance at project completion with the baseline;

[93] See "Synthesis Report on the Review of 2003-2005 Project Completion Reports (PCRs)," African Development Bank, ABD/BD/WP/2007/38.

- Analysis of the social and environmental impact and sustainability resulting from improved governance and mitigation measures; and,
- Identification of lessons learned and development of recommendations for future operations regarding governance strengthening and mitigation measures applied.

While much of the above is project specific and the assessment would have to be tailored as such, a direct comparison with governance conditions before the project would be useful. Comparison with baseline information during project preparation can be made using the indicators of the PP & PCN Assessment of Table 3.5. Again, the data and indicators would have to be selective in that the project would not be expected to impact governance outside of its direct sphere of influence.

3.8. GOVERNANCE ASSESSMENT IN THE PROJECT CYCLE: AN EXAMPLE

This section provides an example of governance assessment within the project cycle of the Malawi National Water Development Program (NWDP). The following description of the project has been adapted from the PAR for the Malawi NWDP[94]. It has four components:

1. Urban Water Supply and Sanitation,
2. Town, Market Centre and Rural Piped and Point Water Supply and Sanitation,
3. Water Resources Management, and,
4. Program Management and Capacity Building.

The NWD Programme covers all of Malawi and aims at 80% coverage of improved water supply and sanitation by 2015. The financing for the rural water supply and sanitation (RWSS) component, which will benefit 4.45 million rural and district people, is UA 89.0 million, and the water resources component, which will benefit all Malawians, is UA 10.0 million. The programme addresses the very low water and sanitation coverage and functionality in the urban and rural areas and the lack of knowledge on available water resources. The Bank will contribute to the financing for the latter three of the above components, the total costs of which will be 26.2, 2.7 and 6.4 UA million respectively. The proposed funds have contributed to the leveraging of five other development partners into the program.

The Bank's mid-term review of the CSP (Feb/08) highlights provision of safe water and sanitation through the National Water Development Programme (NWDP) for rural Malawi, as well as the enhancement of governance and capacity building in District and lower levels of Government for planning and implementation, which are all features of the RWSS component. The Malawi Growth and Development Strategy (MGDS) decentralization target to fully devolve all sectors, plus its targets of 80% and 95%, respectively, for access to clean water and improved sanitation, implies a major shift in focus to the districts. The NWDP is in line with the MGDS (ie. PRSP), the African Water Vision and Framework for Action and the current Country Strategy Paper, Malawi Government's Water Policy and draft National Sanitation Policy, the Bank's Integrated Water Resources Management Policy and the RWSSI.

The NWDP was selected as the modality of intervention because it reinforces the Bank's commitment to the Paris Declaration on Aid Effectiveness. Strong donor coordination through monthly Water and Environmental Sanitation (WES) meetings led by the Principal Secretary, MIWD, have resulted in improvements in harmonization,
coordination of sector activities and information sharing. The water and sanitation needs described in the MIWD's Rural Water Supply and Sanitation Investment Plan highlights all the districts requiring support. The Bank will contribute to new and rehabilitated water infrastructure and sanitation in four

[94] OWAS-2 AfDB (2008) "Malawi: proposal for an ADF Loan of UA 15.2 million and a Grant of UA 10.7 million to Finance the National Water Development Program", Appraisal report ADF/BD/WP/2008/43. Tunis, June 2008

of the worst affected districts. Innovations taken by the Bank include: i) priority to training women as book-keepers for the water point committees, ii) post-construction mentoring to support the operators of the water systems in technical, financial, management and governance aspects, and iii) linking program outputs to decentralization of the sector.

3.8.1. The Light Assessment

The Malawian water sector's 'Light Governance Assessment' (Table 3.7) illustrates several areas of governance assessed as 'unsatisfactory' some of which are already being addressed in the planned project. It is stressed that the Light Assessment is somewhat informal and subjective. It is based on scoring twelve broad indicators. In Malawi, the sector wide approach is being introduced, the sector already having formed an active sector-wide stakeholder working group working toward its first Joint Sector Review by 2008 year end. Other areas of governance concern are

1. A lack of commitment to and advocacy of anti-corruption in sector institutions,
2. Low levels of participatory planning by civil society,
3. Poor responsiveness of service providers to consumers/users exacerbated by lack of recognized channels of complaint and recourse, and
4. Inequitable distribution of services between urban and rural populations and between rich and poor.

The Light Assessment in subjective and lacks detail. It does however enable identification of these broad areas of concern and is useful in prefacing the Rapid Assessment.

3.8.2. The Rapid Assessment

The Rapid Assessment (Table 3.8) was prepared from information obtained during this assignment's mission to Malawi in late-September. The assessors had the opportunity of local enquiry and were otherwise familiar with the sector having worked in it over the past six years. The rapid assessment comprises eight categories of indicators. Of concern are those areas scored as poor and unsatisfactory (1 or 2) as listed below:

- Mechanisms exist for recourse, dispute resolution and appeal – 2
- Approaches used by sector institutions reflect principles of good governance in that they are inclusive and communicative – 2
- The regulatory framework provides for complaint and recourse - 2
- Water authorities and utilities work with the smaller private service providers, including vendors, to find ways to make the market function effectively in the interests of consumer/users, particularly those in the un-served and low income areas - 2
- Regular sector assessments and joint sector reviews are used in planning and managing the sector – 2
- Financial information is used to analyse the equity, effectiveness and efficiency of spending distribution relative to social needs – 2
- Climate change and its potential impacts have been incorporated into the planning, management and use of water resources. – 2
- Basin-level plans are regularly updated through participatory involvement of basin stakeholders and incorporate their views and priorities- 2
- Information on plans, projects, services and expenditures is available to and readily understood by the pubic at project level – 2
- Service providers are accountable to their consumers/users for the level of access and quality of services they provide. - 2
- There is commitment to anti-corruption and its advocacy within sector institutions such as procurement reforms, skills up-grading, integrity pacts and a culture of professionalism. – 2
- Users participate in planning ensuring that their needs and demands are addressed in local sector plans – 2

- Local plans are rolled up and impact central sector planning ensuring that local needs are reflected in sector plans. – 2
- National and sector gender policies exist and are being implemented effectively - 2
- Women are being empowered and contributing significantly to the sector in decision making roles – 2
- Gender responsiveness, mainstreaming and equal opportunity policies are practiced in sector institutions, their staffing patterns and programmes – 1
- Service providers are responsive and consumers/users can complain with reasonable confidence that they will be heard and that problems will be rectified – 2
- Water and sanitation services are provided equitably between rich and poor, urban and rural populations – 2

The rapid assessment illustrates the Malawi sector being unsatisfactory in many areas. The numbers of scores at 2 and below were 19 out of a total of 44. Again, it is noted that scoring is subjective. Several scores of 2 might well have been scored at 3 or 1. This calls for a second look at those governance areas scoring 3. Overall, low scores fell in areas related to the service provider, its interaction with the public and equity. Specifically they are:

- Community involvement in planning
- Service provider accountability
- Provision of information to the consumer/user
- Avenues for complaint and recourse
- Equitable provision of services

Another area of particular concern is gender sensitivity. The three indicators for gender equity all scored badly.

The rapid assessment is useful in defining the areas of concern but having only 44 indicators, it cannot be used a checklist by which nearly all (if not all) governance concerns can be identified. The rapid assessment is carried out by the task manager and possibly also members of the task team. It is useful as a means to identify areas where more detailed information may be required from the field. For example, reliable information on equity distribution of services between rich and poor or between constituencies of the party in power and those un-empowered is difficult to obtain. Data from actual field surveys are needed. In Malawi, this was provided by water point mapping that has clearly illustrated inequitable distribution of services provision, the extent of which had not previously been recognized. Other areas needing investigation are gender and the provider-user relationship, in particular: communications, information provision, accountability and avenues for complaint. These studies would be carried out prior to project preparation to inform project design.

3.8.3. Project Preparation Governance Assessment

The governance assessment template for project preparation provides for far greater detail. It uses the main categories listed in the rapid assessment but breaks them down into 17 sub-categories (Table 3.9) and 95 indicators. As such it calls for much more detailed information. The rapid assessment went some way in defining the critical areas but the project preparation assessment hones in on them while also permitting identification of some of those overlooked by the rapid assessment. The Malawi NWFP provides fertile ground for this. The template is also used as a checklist by which one can be reasonably assured that all areas of questionable governance are addressed. The checklist approach also allows the assessor to go beyond the indicators to other areas that may be site specific.

The Project Preparation Assessment is led by the task manager and involves the task team members. It is intended to be undertaken in the field and use information provided by stakeholders and consultants. Identification of areas needing more detailed and/or reliable information is provided by the rapid assessment so that surveys can be set up in advance and their results available to the project preparation team. There are three areas that would likely have called for such investigations. These

are community involvement in planning (and also implementation and system maintenance), equity provision/distribution of services and gender.

The Project Preparation Assessment template and scores are listed in Table 3.9. It identifies several risk areas that were either not identified by the rapid assessment or were identified but without detail. Broadly these are

1. Lack of regulation, particularly in the areas of consumer protection and avenues for complaint;
2. Decentralization which on further consideration is recognized as having been only to the point of deconcentration (in which the centre maintains control) with serious lack of personnel and skills at district level;
3. The sector has yet to assume SWAp, it is noted however that it is in the process of doing so with stakeholders actively working towards a Joint Sector Review that will substantially benefit sector management;
4. More information is needed for understanding of the processes of budgetary allocations and expenditure in practice;
5. Monitoring is highlighted in this assessment as needing substantial reform and strengthening, particularly in areas of participatory data collection, sex disaggregation of data, access estimation and the equity distribution of services provision. This suggests a need for greater understanding of what systems do exist and how they should be strengthened/reformed.
6. Lack of integrated water resources management in practice although plans have been prepared (outside of the Ministry);
7. Poor water resource monitoring and management, particularly as it may affect water sources through lack of watershed protection;
8. Transparency, accountability and corruption; whereas the rapid assessment had indicted this area as one of concern, corruption had not been highlighted. It is identified as a substantial risk in this assessment;
9. Civil society participation may be included in sector policy but there are indications that participatory planning is uncommon, the community is poorly motivated, facilitated and trained for system management and districts do not provide adequate post-project mentoring, monitoring and support;
10. Although gender policies are in place and there is a Ministry of Women and Child Welfare and Community Services (MGCWCS) actively promoting gender equality, there are serious concerns arising from lack of women's involvement in sector planning, monitoring and management, and women's situation in the work-place.
11. Equity distribution of services is mentioned above. Information from field surveys is currently being updated by UNICEF and NWDP and will provide greater understanding. Existing analyses suggest it to be a high risk concern.

Once the key areas of governance risks have been identified, it may then be necessary to gather further information from the field in support of the design of mitigation measures. The objective, in fact, should be to go beyond mitigation to interventions that will (1) establish good governance in the project and (2) provide lessons demonstrating good governance that will be taken up by the sector as a whole.

Eleven risk areas have been identified above but for purposes of this exercise the last three are selected to illustrate the development of project indicators in the subsequent stages of project appraisal, implementation/supervision, and project completion assessment.

These are:

1. Community involvement in project planning and system management;
2. Gender mainstreaming, and
3. Equitable distribution of services and benefit

Moving from indicators to the design of governance initiatives that will both mitigate poor governance and establish the basis of good governance; the following are suggested as being key requirements to be met by the project in the three risk areas defined above.

Community involvement in planning

- Ensuring the development approach is taken in needs identification at community level through awareness raising, facilitation, focus group discussion, stakeholder analysis, community mapping, and SARAR (or similar) planning led by an experienced Local Government team or NGO.
- Identified needs are incorporated into project plans including service levels, technology (in water, sanitation and hygiene), willingness to contribute/pay and affordability, community contribution and community management roles and responsibilities;
- These project concepts are channelled through local committees (VDCs, ADCs, AECs) and approved by District Assemblies before being incorporated into the project;
- Project plans incorporating community inputs are commensurate with District Development Plans and within them District Sector Development Plans; and
- Concepts identified through participatory planning are included in the project to reinforce ownership, community contributions, management and sustainability.

Community involvement during and after implementation

- Competent facilitators and professionals are used in capacity building, establishing scheme management structure (tap committees, branch and scheme committees, S&H promotion committees, area mechanics, design of community management, S&H marketing, repairs training, accounting and financial management, district support and monitoring and etc);
- Understandable information on project design, expenditures, progress, roles and responsibilities and contact information is available to the community;
- Transparency and awareness of procurement events and procedures – especially of construction contracts and bid evaluation;
- Community contributions in cash and kind;
- Participation in construction supervision and certification.
- Clear understandings of assets transfer and ownership;
- Agreements on post project roles and responsibilities between users, committees and local government;
- Effective marketing through sanitation and hygiene demonstration centres, community S&H committees and latrine mason;
- Good governance in system management (once operational) through community based system management committees; and
- Transparent and effective financial management resulting in financial viability of scheme operation and maintenance;

Gender

- Gender policy is implemented in the projects organizations and workplaces
    - maintaining gender balance in staffing;
    - ensuring work environments are suitable for women and men especially with regard to sexual harassment;
    - gender balance maintained across levels and positions within project organizations, especially in management;
    - women are effectively involved in management and decision making. and
    - Implementation of quality gender sensitivity training in the workplace;

- Women of beneficiary communities are adequately represented and involved in management and decision making at community levels and in system management;
- Consideration and allowances are made of constraints against women's participation and involvement due to their relatively low levels of literacy, work in the home, levels of empowerment, familiarity with working and speaking in public and position in home and society as affected by age and family hierarchy;
- Women's capacities are strengthened, capacities built and empowerment assured so that women can effectively carry out their roles and responsibilities in the project this relating particularly to literacy and bookkeeping/accounting skills for roles as treasurer, secretaries and chairpersons of scheme committees. Literacy levels raised to enable understanding of math and accounting and financial management.
- Effective coordination with and inputs from the Gender Affairs Department
- Inclusion of gender skills within project organizations such as the Ministry and Districts through gender units staffed by gender skilled professionals.

Equitable distribution of services and benefits

- Assurance of equitable access to safe water supply through participatory planning and design of systems especially regarding (1) standpipe/HP location vis-à-vis the marginalized and disempowered groups and (2) elite capture of services;
- Effective participatory monitoring for service quality assurance;
- Channels and procedures for complaints and issues resolution;
- Water point mapping vis-à-vis population groups;
- Equitable distribution of flows, hours of operation if less than 24-hrs service, and water quality;
- Equitable distribution of sanitation opportunities and services through marketing of sanitation and hygiene to all client groups;
- Monitoring and mitigation against political intervention in project design and implementation; and
- Transparency and availability of understandable information on the project such as maps including water point locations, designs, contracts, budgets, and expenditures.

These are used as the basis of project design during its preparation and in the writing of the Project Concept Note for the three risk areas.

3.8.4. The Project Appraisal

During Project Appraisal the above indicators can be used to ensure their inclusion and that associated initiatives are realistic and can be expected to produce the desired results.

The Project Appraisal Report calls for

1. Inclusion of good governance in the results based logical framework in terms of outputs, outcomes, performance indicators and targets as related to its objectives and goals.
2. A brief description of project governance in its Section 4.3;
3. Inclusion of governance measures in all relevant sections such as 4.4 Sustainability, 4.5 Risk Management and 3.2 Environmental and Social Impacts under Gender and Social
4. Although not highlighted at present, a Technical Annex on Governance is recommended.

1. Results based logical framework

The log frame is prepared as a concise but descriptive table and requires inclusive indicators. As examples for the three risk areas listed above, and with reference to the Malawi NWDP PAR suggested modifications are made (in italics):

Mid-Term Outcomes

- Under Objective C-2 for rural water and sanitation: 2. Increased *equitable* access within easy reach *of women and men* of the rural population. Performance Indicators. 2.1 Number of functioning improved Point Water Systems (PWS) and Gravity Flow Schemes (GFS) *accessible by women and men within 500 feet of their households*.

Short Term Outputs

- Under Capacity Building Activity 3.c. Cross sectoral Support for S+H, *women's management* and bookkeeper training. Performance Indicators: # of people trained i) to mobilize on S+H; *ii) as female managers, committee chairpersons and secretaries and* iii) female bookkeepers for WPCs. Indicative Target and Timeframe: 80% of WPCs i) teach S+H to men, ii) *train women as managers, chairpersons and secretaries and 80% have women as bookkeepers or secretaries or chairpersons*
- Under Capacity Building Activity 3.d. *Water Point Committees strengthened, involved in planning, design & implementation and managing schemes.* Reach: *MIWD, District Teams, System Management Committees, WPCs in project districts,* Performance Indicators: *# of WPCS strengthened, system management committees trained, and systems functional,* Indicative Target and Time Frame: *All WPCs strengthened, all system management committees trained and 90% of systems functional at project completion*

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2. Section 4.3 Governance Description

Presently, Section 4.3 in the PAR focuses almost exclusively on transparency and corruption. It could usefully be expanded to cover other aspects of governance listed above focusing on mitigation and initiatives for good governance based on the above list and briefly describing the initiatives and expected results. Being so short this paragraph provides only the concepts and should be backed by a three or four page technical Annex describing all aspects and referring to Annex B8. The Environmental and Social Management Plan and Analysis as appropriate.

3.8.5. Project Implementation and Supervision

The task manager and team are responsible for supervising project implementation. There are two levels of monitoring (1) field monitoring by the district project teams supported by project beneficiaries, their water point committees and systems management committees and (2) the AfDB project team supervisory mission. The latter is time constrained and needs a checklist of indicators that can be verified during the mission. With respect to the three risk areas identified in the preceding sub-sections, example indicators for field monitoring prior to the supervision mission would be:

Community Involvement for Sustainability

- Effective needs identification at community level;
- Identified needs have been recognized by the hierarchy of local committees including the District Assemblies and have been incorporated into project plans and responded to in implementation;
- Project plans incorporating community inputs are commensurate with District Development Plans;
- Concepts identified through participatory planning are included in the project in such a way as to reinforce ownership, community contributions and management and sustainability;
- Effective training, capacity building, facilitation and motivation has established effective scheme management structure (tap committees, branch and scheme committees, S&H promotion committees, area mechanics and etc.) through well designed systems of community management, S&H marketing, maintenance & repairs, accounting and financial management, district support and monitoring and etc);

- Information on project design, expenditures, procurement processes and events, implementation plans & progress, roles and responsibilities and responsible officer contact information is available to community in understandable format;
- Satisfactory community contributions in cash and/or kind;
- Community participation in construction supervision and certification.
- Clear understandings of assets transfer and scheme ownership including agreements on post-project roles and responsibilities between users, committees and local government;
- Effective sanitation and hygiene marketing through demonstration centres, community S&H committees and latrine masons;
- Transparent and effective financial management resulting in financial viability of scheme operation and maintenance; and
- Functional systems management (once they are operational) through community based system management committees and provision of access meeting project objectives;

Gender

- Gender policies and strategies in place and utilized in sector institutions (Ministry, Districts, project committees and organizations at local levels, particularly as related to gender balance in staffing, the work place environment, gender training and women's involvement in decision making;
- Women involved in management and decision making in system management;
- Consideration and allowances are being made of constraints against women's participation and involvement;
- Women's capacities are strengthened, capacities built and empowerment assured so that they can effectively carry out their roles and responsibilities in the project, this relating particularly to literacy and bookkeeping/accounting skills for roles as treasurer, secretaries and chairpersons of scheme committees;
- Effective coordination with and inputs from the Gender Affairs Department; and
- Functional gender resource units established within the Ministry and Districts

Equitable distribution of services and benefits

- Equitable access to safe water supply and adequate sanitation through participatory planning and design of systems;
- Equitable distribution of flows, hours of operation, distances to water points and water quality;
- Effective participatory monitoring of service quality and water point mapping of services to the various population groups providing for analysis of equity of services distribution;
- Available channels and procedures for complaints and issues resolution;
- Equitable opportunities for sanitation and hygiene improvements; and
- Effective monitoring of and mitigation against inappropriate political intervention;

The above indicators would be the basis of field surveys undertaken in all project districts prior to and as essential input to supervision missions. They would be used in personal field verification by the field office's sector specialist or consultant during the supervisory missions.

3.8.6. The Project Completion Report

A Bank review[95] of forty-two project completion reports (PCRs) found them to be untimely, inconsistent and generally unsatisfactory. Whereas the intent is to prepare them six months after project completion, several were very late, being carried out years later. Not only had the project's task manager changed but a lot of the relevant data was out of date or no longer available.

[95] OPEV-AfDB (2006), Synthesis Report on the Review of 2003-2005 Project Completion Reports.

In this example, it is assumed that the PCR is prepared between six and twelve months after project completion and by the task team led by the task manager who, by that time, would likely be based in the country office. The MIWD, as implementing agency, would provide support although a consultant would likely be responsible for collecting data from the field. A large part of the field information related to governance would be gathered through focus group discussion with the beneficiary communities. The indicators used would relate to project outcomes starting with those in the Log Frame but expanded to cover the many areas of governance risk and governance initiatives designed into the project during project preparation.

The Log Frame provides a limited number of governance related outcome indicators. There are also components of the short tem output indicators that are outcome in nature:

- Equity of access to improved functional water supply within easy reach (within 500 feet) of their households to women and men of the rural population;
- Continued effective management of water systems by WPCs and system management committees evidenced by the proper functioning of 90% of water systems;
- Female membership averaging 30% of project water point and scheme management committees;
- Women effectively involved as chairpersons or secretaries or treasurers in 80% of WPCs;
- The drop out rate of girl students in the project area is less than the 2004 national average of 12.4%;
- 80% of project women and men population having access to and properly using their own latrines and hand-washing facilities; and
- District Executive Committees and District Coordination Teams comprise 30% to 70 % women as members;

These need to be expanded by adapting the many indicators used in project preparation as follows:

Community involvement

- Ensuring the development approach is taken in needs identification at community level through awareness raising, facilitation, focus group discussion, stakeholder analysis, community mapping, and SARAR (or similar methodology) planning led by an experienced Local Government team or NGO;
- Identified needs are incorporated into project plans including service levels, technology (in water, sanitation and hygiene), willingness to contribute/pay and affordability, community contribution and community management roles and responsibilities;
- Continued involvement in water supply and sanitation provision of local committees (VDCs, ADCs, AECs and District Assemblies) providing channels for complaint and recourse;
- S&H promotion committees and latrine mason continue to be active in awareness raising and services provision to the remaining un-served households;
- Understandable up-dated information on services provision, expenditures, roles and responsibilities and contact information remains available to the community;
- Agreements being upheld on roles and responsibilities between users, committees and local government;
- Good governance in system management through community based system management committees; and
- Continued transparent and effective financial management resulting in financial viability of scheme operation and maintenance;

Gender

- Gender policy continues to be implemented in the project organizations and workplaces
    - maintaining gender balance in staffing;
    - work environments suitable for women and men especially with regard to sexual harassment;
    - gender balance maintained across levels and positions within project organizations, especially in management; and
    - women continue to be involved in management and decision making.

- Women of beneficiary communities continue to be adequately represented and effectively involved in management and decision making at community levels and in system management;
- Women retain skills and capabilities enabling them to effectively carry out their roles and responsibilities in the system management this relating particularly to their roles as treasurer, secretaries and chairpersons of scheme committees.

Equitable distribution of services and benefits

- Continuing equitable access to safe water supply to the marginalized and disempowered groups avoiding elite capture of services;
- Participatory monitoring for service quality assurance;
- Maintenance of channels and procedures for complaints and issues resolution;
- Up-dating water point mapping vis-à-vis population groups; and
- Equitable distribution of flows, hours of operation if less than 24-hrs service, and water quality;

Investigation should also be made of the demonstration effect that the project has had on other parts of the NWD Program and sector as a whole. At this early stage, impact cannot be expected on other sectors or on governance at the national level. However, lessons learned will likely be utilized in other water sector project designs, as may be encouraged by the Stakeholder Working Group, particularly if project monitoring and supervision reports are regularly presented at the Group's meetings.

Table 3.7 Light Assessment of Water Sector Governance – Malawi NWDP Example

``Light`` Assessment of Water Sector Governance – Malawi NWDP Example				
Category	**Indicator**	****	**Score**	**Comments**
Governance at National Level	1. Published Governance Indicators			
	j) World Governance Index – Voice and Accountability		3	
	k) World Governance Index – Government Effectiveness		3	
	l) World Governance Index – Political Stability		4	
	m) AfDB Country Policy and Institutional Assessment		3	
	n) Transparency International Corruption Perception Index		3	
	o) Gender Related Development Index (UNDP-GDI)			
Legal Framework	2. Sector policies are in place and legislated that support good governance and are up-to-date and being implemented	R,U,WR	4	
Institutions	3. The regulatory framework provides for:	R,U,WR		
	e) Complaint and recourse		2	
	f) The setting of fair tariffs		3	
	g) The assurance of service standards and		3	
	h) Enhances market competition		3	
	4. Approaches used by sector institutions reflect principles of good governance in that they are:	R,U,WR		
	b) Open and transparent		3	
	b) inclusive and communicative		2	
	c) coherent and integrative and		3	
	d) equitable and ethical		3	
Resources Management	5. Water resources and services provision management is undertaken at the lowest appropriate level (decentralization/ subsidiarity)	R,U,WR	3	
Sector Management	6. Sector management incorporates a sector-wide approach, a stakeholder working group, regular performance assessments and joint sector reviews	R,U,WR	2	Being put into place
Transparency, accountability and corruption	7. Procurement of goods and services is transparent and equitable	R,U,WR	3	
	8. There is commitment to anti-corruption and its advocacy within sector institutions such as procurement reforms, skills upgrading, integrity pacts and a culture of professionalism	R,U,WR	2	
Civil Society	9. Users participate in planning ensuring that their needs are addressed in local sector plans that are then reflected in national sector plans	R,U,WR	2	
	10. Service providers are responsive and consumers/users can complain through recognized channels with reasonable confidence that they will be heard	R,U,WR	2	
Equitable services provision	11. Citizen's rights to water as agreed under international conventions (e.g. the MDGs) are incorporated into policies and programmes	R,U,WR	4	
	12. Water and sanitation services are provided equitably between rich and poor, urban and rural populations.	R,U,WR	2	

Table 3.8 Rapid Assessment of Water Sector Governance - Malawi NWDP Example

Rapid Assessment of Water Sector Governance – Malawi UWDP Example				
Category	**Indicator**	******	**Score**	**Comments**
1. Governance at National Level	a) The government is constitutionally based, has a sound law court system and adheres to the rule of law		4	
	b) The country is politically stable with an absence of violence		4	
	c) Published Governance Indicators			
	o World Governance Index – Voice and Accountability		3	
	o World Governance Index – Government Effectiveness		3	
	o World Governance Index – Political Stability		3	
	o AfDB Country Policy and Institutional Assessment		3	
	o Transparency International Corruption Perception Index		3	
	o Gender Related Development Index (UNDP-GDI)			
2. Legal Framework	a) Sector policies and strategies are up-to-date and include principles of good governance.	R,U,WR	4	
	b) The regulatory framework provides for efficient pricing and consumer protection.	R,U,WR	3	
	c) Mechanisms exist for recourse, dispute resolution and appeal	R,U,WR	2	
3. Institutions	a) Approaches used by sector institutions reflect principles of good governance in that they are:	R,U,WR		
	• open and transparent		3	
	• inclusive and communicative		2	
	• coherent and integrative and		3	
	• equitable and ethical		3	
	b) Institutional rules and responsibilities are clear and separated with minimum overlap, gaps, duplication and/or conflict	R,U,WR	3	
	c) The regulatory framework provides for:	R,U,WR		
	• Complaint and recourse		2	
	• The setting of fair tarrifs		3	
	• The assurance of service standards, and		3	
	• Enhances market competition		3	
	d) Water authorities and utilities work with the smaller private service providers, including vendors, to find ways to make the market function effectively in the interests of consumer/users, particularly those in the un-served and low income areas	R,U,WR	2	

R:rural, U:urban, WR:water resources

Category	Indicator	**	Score	Comments
4. Sector Management	a) Regular sector assessments and joint sector reviews are used in planning and managing the sector	R,U,WR	2	Being put into place
	b) The sector is managed using a sector-wide approach and incorporates a functional sector-wide stakeholder working group	R,U,WR	3	Being put into place
	c) Water resources and services provision management is undertaken at the lowest appropriate level (decentralization/ subsidiarity)	R,U,WR	3	
	d) Rolling plans and budgets ensure that reliable estimates of future allocations are available for planning at local levels over the mid-term	R,U,WR	3	
	e) Financial information is used to analyse the equity, effectiveness and efficiency of spending distribution relative to social needs	R,U,WR	2	
	f) Climate change and its potential impacts have been incorporated into the planning, management and use of water resources.	R,U,WR	2	
	g) Environmental law, policies, regulations and procedures (including environmental impact assessments (EIAs) and social safeguards) are effectively applied and enforced.	R,U,WR	3	
5. Resources Management	a) Progress is being made towards integrated water resources management through pilots or on-going programmes	WR	3	
	b) Basin-level plans are regularly updated through participatory involvement of basin stakeholders and incorporate their views and priorities	WR	2	
	c) Climate change and its potential impacts have been incorporated into the planning, management and use of water resources	WR		
6. Transparency, Accountability and Corruption	a) Procurement of goods and services is open, transparent and equitable	R,U,WR	3	
	b) Information on plans, projects, services and expenditures is available to and readily understood by the pubic at project level	R,U,WR	2	

Category	Indicator	**	Score	Comments
	c) Service providers are accountable to their consumers/users for the level of access and quality of services they provide.	R,U,WR	2	
	d) There is commitment to anti-corruption and its advocacy within sector institutions such as procurement reforms, skills up-grading, integrity pacts and a culture of professionalism.	R,U,WR	2	
7. Civil Society	a) Users participate in planning ensuring that their needs and demands are addressed in local sector plans	R,U,WR	2	
	b) Local plans are rolled up and impact central sector planning ensuring that local needs are reflected in sector plans.	R,U,WR	2	
	c) The user community is involved in rural services management to assure quality and sustainability of services provision	R	4	
	d) National and sector gender policies exist and are being implemented effectively	R,U,WR	2	
	e) Women are being empowered and contributing significantly to the sector in decision making roles	R,U,WR	2	
	f) Gender responsiveness, mainstreaming and equal opportunity policies are practiced in sector institutions, their staffing patterns and programmes	R,U,WR	1	
	g) The consumer/user has voice that uses recognized channels, and is not based on political influence or constrained by bureaucratic procedures	R,U,WR	3	
	h) Service providers are responsive and consumers/users can complain with reasonable confidence that they will be heard and that problems will be rectified	R,U,WR	2	
	i) Mechanisms for recourse and appeal exist and are functional	R,U,WR	2	
8. Equitable Service Provision	a) Agreed international conventions on citizens' rights to water (e.g. the MDGs) are adhered to	R,U,WR	4	
	b) Water and sanitation services are provided equitably between rich and poor, urban and rural populations	R,U,WR	2	

R:rural, U:urban, WR:water resources

Table 3.9 Governance Assessment for PP and PCN - Malawi NWDP Example

GOVERNANCE ASSESSMENT FOR PROJECT PREPARATION AND PROJECT CONCEPT NOTE – Malawi NWDP Example				
Category	**Indicator**	******	**Score**	**Comments**
1. Governance at National Level	a) Constitutionally based government, functionally sound law courts and adherence to the rule of law.		4	
	b) Published Governance Indicators			
	• World Governance Index – Voice and Accountability		3	
	• World Governance Index – Government Effectiveness		3	
	• World Governance Index – Political Stability		4	
	• AfDB Country Policy and Institutional Assessment		3	
	• Transparency International Corruption Perception Index		3	
2. Policy and Legislation	a) Sector policies and strategies are up-to-date and being implemented.	R,U,WR	4	
	b) Legislation supports policies and strategy implementation and avoids duplication, gaps and conflicts in institutional mandates and roles.	R,U,WR	2	
3. Regulation	a) Regulatory mechanisms are in place (either formal or informal) and provide for:	R,U,WR		
	• Consumer protection		2	
	• Equitable service provision		3	
	• Complaint and Recourse		2	
	• Assurance of services standards		3	
	• Setting of fair tariffs		3	
	• Market competition		3	
	b) Regulatory mechanisms / authorities are independent and independently resourced, or are in the process of transitioning to independence.	R,U,WR	2	
	c) Mechanisms exist for recourse and appeal that do not depend on political influence.	R,U,WR	2	

Category	Indicator	**	Score	Comments
	d) Relationships between consumers/users, service providers and government are regularly adjusted through negotiation within a competitive environment.	U	3	
	e) The price of services to the consumer is commensurate with the level and quality of service provided.	R,U,WR	3	
	f) Contracts and agreements between parties are enforceable, contract law is adhered to.	R,U,WR	4	
	g) Regulation achieves equity, efficiency and sustainability in allocation and management of water resources.	WR	1	
4. Institutionalization & Decentralization	a) Approaches used by sector institutions reflect principles of good governance in that they are:	R,U,WR		
	• Open and transparent		3	
	• Inclusive and communicative		2	
	• Coherent and integrative and		3	
	• Equitable and ethical		3	
	b) Decentralization has been implemented so that management of service provision is at the lowest appropriate level (subsidiary).	R,U,WR	2	
	c) There is clarity and separation of functional roles and responsibilities with minimum overlap, gaps, duplication and/or conflict.	R,U,WR	3	
	d) Relationships between stakeholders are clear, legitimized and governed by written procedures, agreements or contracts.	R,U,WR	3	
	e) There is alignment of interests, incentives, mandates and responsibilities amongst all stakeholders.	R,U,WR	4	
	f) Skills, capabilities, assets, resources (human and financial) and mandates are decentralized in ways that efficiently and effectively support responsibilities at regional and local levels.	R,U,WR	3	
	g) Capacity building has ensured adequate competencies and at all levels.	R,U,WR	3	
	h) Devolution of procurement functions is accompanied with capacity building, monitoring, and regular audit.	R,U,WR	3	
5. Alternative Service Providers	c) Water authorities and utilities work with the smaller private service providers, including vendors, to find ways to make the market function effectively in the interests of consumer/users, particularly those in the un-served and low income areas	R,U,WR	2	

R:rural, U:urban, WR:water resources

Category	Indicator	**	Score	Comments
	d) Long term lease and concessionary contracts provide for regulation and quality assurance and include considerations for and interests of those deprived of water and sanitation services	R,U,WR	n/a	
6. Sector Wide Approach	d) Sector management is performance driven and includes regular sector assessments and joint sector reviews	R,U,WR	2	
	e) A sector-wide approach is used and a sector-wide stakeholder working group is functional	R,U,WR	3	
	f) There is clear and effective separation of institutional roles between facilitator/standards setting and implementation	R,U,WR	3	
7. Sector Financial Management	a) Rolling plans and budgets ensure that reliable estimates of future allocations are available for planning at local levels	R,U,WR	3	
	b) Budgets include all sources of funds (national, donor, banks, taxes, tariffs and NGOs).	R,U,WR	2	
	c) Financial information is used to analyse the equity, effectiveness and efficiency of spending distribution relative to social needs.	R,U,WR	2	
	d) Allocations to lower tiers of government are formulae-based and weighted to reflect needs, population, poverty and implementation capacities.	R,U,WR	2	
	e) Budgets are responsive to policies that reflect harmonization of sector targets, visions and goals	R,U,WR	3	
	f) Financial management complies with recognized accounting standards	R,U,WR	4	
	g) Sector audits are less than one year old.	R,U,WR	5	
8. Monitoring and Evaluation	a) Sector monitoring systems are sector-wide, up-dated, and sustained	R,U,WR	2	
	b) Monitoring data and information are accessible, in demand and effectively used in sector planning and management	R,U,WR	3	
	c) Data collection, analysis and reporting are transparent and accessible to the public	R,U,WR	1	
	d) Civil society is actively participating in data collection and monitoring	R,U,WR	2	
	e) Monitoring and evaluation data is sex and pro-poor disaggregated	R,U,WR	1	
	f) The sector monitoring system is able to provide for reliable estimations of access and use of services	R,U,WR	2	

Category	Indicator	**	Score	Comments
	g) Monitoring captures the equity of distribution of services both geographically and by income group.	R,U,WR	2	
9. Water Resources Management	a) Progress is being made towards integrated water resources management through pilots or on-going programmes	WR	3	
	b) Basin-level plans are regularly updated through participatory involvement of basin stakeholders and incorporate their views and priorities.	WR	2	
	c) Major users are known and managed through a permit or licensing system	WR	2	
	d) Water allocations are in line with sustainable use, social equity & economic efficiency	WR	3	
	e) Climate change and its potential impacts are being monitored have been incorporated into the planning, management and use of water resources	WR	1	
	f) Functional transboundary watershed management mechanisms are in place	WR	3	
			2	
10. Environmental Management	g) Environmental laws and regulations are effectively enforced	R,U,WR	4	
	h) Environmental impact assessments (EIAs), social safeguards and related procedures are adhered to.	R,U,WR	2	
	i) Monitoring provides reliable and adequate information for basin and ground water resources management	WR	4	
	j) Institutions responsible for environmental conservation and protection have clear and consistent mandates that avoid overlap, duplication and conflict.	WR	2	
	k) Watershed conservation and management are effective and sustained	WR	2	
	l) Surface and groundwater pollution is monitored and controlled	WR	2	
11. Transparency and Accountability	g) Planning and budgeting are open and transparent	R,U,WR	4	
	h) Information on plans, projects, services and expenditures is available and readily understood by the public at project level	R,U,WR	2	
	i) Civil society advocacy organizations (such as watchdog NGOs) monitor budget decisions, allocations and expenditures and use the media in publicly shaming corrupt officials and politicians.	R,U,WR	2	
	j) Transparency tools such as citizens' charters and report cards are being used by civil society and government to measure	R,U,WR	1	

R:rural, U:urban, WR:water resources

Category	Indicator	**	Score	Comments
	performance and publicize the efficiency and effectiveness of government expenditures.			
	k) Procurement of goods and services is open, transparent and equitable	R,U,WR	2	
	l) Competition, effective contract management and transparency ensure fair market-based unit costs of services provision	R,U,WR	3	
	g) Service providers are accountable to their consumers/users	R,U,WR	2	
12. Corruption	a) There is commitment to anticorruption and its advocacy within sector institutions through procurement reforms, skills up-grading, integrity pacts and a culture of professionalism	R,U,WR	2	
	b) Transparency International's Corruption Perception Index of 2008 is 5 and above	R,U,WR	3	
	c) Regulators and procurement officials are technically competent	R,U,WR	3	
	d) Stiff judicial, economic and social sanctions is being imposed on offenders and publicly announced in the media	R,U,WR	2	
	e) The quality of services provision, water resources management and environmental protection is being monitored by civil society	R,U,WR	2	
	f) "Watchdog" NGOs, water users and consumer associations are active and vocal	R,U,WR	2	
	g) Channels are available and protection is given to the public and officials in reporting corruption	R,U,WR	2	
	h) Decentralization is reinforced by measures against corruption such as capacity building, participatory planning and public display of budgets, project expenditures and procurement	R,U,WR	2	
	i) There is regular independent audit, including value-for-money or comprehensive audit	R,U,WR	2	
13. Civil Society Participation	a) Users participate in planning ensuring that their needs and demands are addressed in local sector plans	R,U,WR	2	
	b) Local plans are rolled up and impact central sector planning ensuring that local needs are reflected in sector plans.	R,U,WR	2	
	c) The user community is involved in rural services management to assure quality and sustainability of services provision	R	4	
	d) Local capacities are strengthened for management, operation, maintenance and repair of services and systems and spare parts made available locally	R	3	
	e) The development approach is used and adequate time and resources are allocated to facilitate community involvement, build	R	2	

Category	Indicator	**	Score	Comments
	local capacities and create ownership for sustainability			
	f) Government provides ongoing monitoring and support including for major repairs	R	2	
14. Gender	a) National and sector gender policies exist and are being implemented effectively	R,U,WR	2	
	b) Both men and women are regarded as central to the provision, management and safeguarding of water	R,U,WR	3	
	c) Women are being empowered and contributing significantly in decision making roles in	R,U,WR		
	• planning		2	
	• budgeting		2	
	• implementation		2	
	• monitoring and		1	
	• project design		1	
	d) Gender responsiveness, mainstreaming and equal opportunity policies are practiced in sector institutions, their staffing patterns and programmes.	R,U,WR	1	
	e) Sector managers and community leaders are gender aware and understand gender issues and their implications to the sector.	R,U,WR	3	
	f) Challenges to women's participation – such as their workload, time availability, levels of literacy, ability to meet in public, power differentials and intra-family relationships – are acknowledged and respected.	R,U,WR	2	
	g) Safe and practical work environments for women and men exist in sector institutions and organizational cultures (e.g. flexible hours of work and protection against sexual harassment)	R,U,WR	2	
15. Voice and Choice	a) The consumer/user has voice that uses recognized channels, is not constrained by bureaucratic procedures or frustrated by past failures	R,U,WR	3	
	b) Service providers are responsive and consumers/users can complain with reasonable confidence that they will be heard and that problems will be rectified	R,U,WR	2	
	c) Mechanisms for recourse and appeal exist and are functional and not based on political influence	R,U,WR	2	
	d) The consumer/user is informed, aware of his/her rights and obligations and able to formulate complaint and dialogue with the	R,U,WR	2	

R:rural, U:urban, WR:water resources

Category	Indicator	**	Score	Comments
	provider.			
	e) Users make choices in level and quality of service.	R,U,WR	3	
16. Rights to Water	d) Agreed international conventions on citizens' rights to water (e.g. the MDGs) are adhered to	R,U,WR	4	
	e) Priority is given to water and sanitation in policies, plans, budgets and expenditures	R,U,WR	4	
	f) Progress is being made towards meeting national goals in water resources management, and water supply and sanitation services.	R,U,WR	3	
17. Equitable Services Provision	j) Water and sanitation services are provided equitably across wealthy and low income groups	R,U,WR	2	
	k) Disparities between urban and rural access to services are minimized	R,U,WR	2	
	l) Pro-poor policies, programs and methods are implemented that enable low income, marginalized and vulnerable groups gain equitable access to sector services.	R,U,WR	3	
	m) Fiscal policy and financial management (including cost recovery, tariffs, donor support, market financing, subsidies, and budgets) support financial viability in such a way that equity of service provision achieved.	R,U,WR	2	
	n) Levels of subsidies per household are commensurate with available resources, affordability of services are in line with pro-poor policies.	R,U,WR	2	
	o) Price and quality of services provided are equitable across consumer/user groups	R,U,WR	1	
	p) Subsidies are appropriately targeted and reach their targets in full and in transparent fashion.	R,U,WR		
	q) Projects are designed so as to achieve an appropriate balance between water supply, sanitation and hygiene education provision	R,U,WR	2	
	r) Adequate planning and preparations have been made for emergencies which incorporate water and sanitation services for displaced persons and refugees	R,U,WR	3	

ANNEX A: LITERATURE REVIEW

INTRODUCTION

This literature review was prepared to inform the development of the African Development Bank (AfDB) Water Sector Governance project's final report and associated governance template. It provides an overview of current thinking and research on the ten key elements that collectively define the foundation and quality of sector governance: 1) sector policy, legislation and regulation; 2) water sector financial management; 3) decentralization and devolution; 4) integrated and transboundary water resources management (IWRM and TWRM); 5) transparency, accountability and corruption; 6) monitoring and evaluation (M&E); 7) donor-driven sector governance reforms; 8) civil society participation; 9) equitable service delivery; and 10) public-private partnerships (PPPs) and alternative service providers.

1. SECTOR POLICY, LEGISLATION AND REGULATION

While local and national institutions have the most visible role to play in governing the water sector, it is the sector's underlying policies, legislation and regulations that provide the foundation for its overall governance. These three levels of governance are intricately linked by the roles the institutions play in developing and carrying out the underlying legislation, policies and regulations (Ferragina et al, 2002). Some of the key roles sector institutions and organizations need to fulfil include strategic policy making and planning for water and related sectors; conflict resolution and arbitration; and, the regulation and monitoring of water users and service providers (Rees et al, 2008). The various approaches and principles underlying each of these roles, related to sector policy, legislation and regulation, respectively, have been the subject of significant debate within the contemporary literature and will be addressed in turn below.

Water Sector Policy

Sector policy is widely recognized in the literature as the means for creating the enabling environment necessary for sector development (AMCOW, 2008; GWP, 2005; Ferragina et al, 2002; Liao, 2003; Jønch-Clausen, 2004; Trémolet and Hunt, 2006; OECD, 2008). This can be achieved not only through the agreed-upon policies themselves, but also through the consultative process through which they are developed. For example, the African Ministers' Council on Water (AMCOW) considers "the way a national [sanitation] policy is prepared to be as important as the final document itself" (AMCOW, 2008: 41). Two countries demonstrating the value of the consultation and Uganda regarding the development of its national Water Action Plan (Jønch-Clausen, 2004: 43). Furthermore, the policy-making process also serves the important role of building up networks around sector ministries that will determine the eventual success of policy implementation (Leach et al, 2007 in Rees et al, 2008). Yet, in many countries, such as Benin, sub-sector strategies and policies have been prepared without regard for overall coherence, resulting in a glaring lack of coordination (AfDB, 2004).

Despite widespread agreement on the purpose of policy as a tool to guide sector development, there is no clear blueprint on what it should entail. Some argue that it should take a cross-sector approach, focus on existing local talents and resources, identify concrete solutions to solve the institutional fragmentation of the sector, set realistic targets and standards, able to be implemented, and contain a sound financing strategy (AMCOW, 2008), while others offer more specific recommendations on what national water policies should seek to achieve. This includes improved water distribution in irrigation schemes, cost recovery through water charges, promotion of IWRM, control over water use through permits and rights, and improved overall sector coordination (IWMI, 2006: 1; GWP, 2005); the extension of water and sanitation services to the poor (Trémolet and Hunt, 2006); demand-driven approaches to sector development (Saleth and Dinar, 2004); gender sensitive approaches to address equality of access to resources between men and women (GWA, 2003); or, the adoption of multi-sectoral integrated water resources management approaches (Jønch -Clausen, 2004; Ferragina et al, 2002; Saleth and Dinar, 2004).

Complementing and at times contrasting with these various recommended approaches to water policy development, each of which would have differentiated but significant implications for overall sector governance, are those urging caution before adopting policies and policy frameworks recognized as "best practices." As argued in Carter (1998) and IWMI (2006), "off-the-shelf" policy proposals not tailored to local contexts but championed by donors and some international organizations should be examined critically, as they may be unsuitable in many countries despite their effectiveness in others.

Water Sector Policy and Planning Models

In addition to the contents of sector policy, the literature also explores the strengths and weaknesses of centralised and decentralized water policy and planning mechanisms and their relation to effective water governance. In centralised systems, an executive-level planning body composed of senior officials from relevant ministries coordinates and controls sector planning and ensures that water programs and projects are in practice consistent with national plans and priorities. Such systems have functioned well in Tunisia and Israel, for example, but in many other countries such systems are underfinanced, understaffed and lack operational authority (Ferragina et al, 2002).

In decentralized systems, on the other hand, water resource planning and management is driven at the river basin level, a model that typically requires "a strong knowledge base, suitable governance mechanisms, administrative capacity, adequate stakeholder representation, transparency and political will," (IFPRI, 2001 in Ferragina et al, 2002: 10). As a result, such systems are typically found in better resourced, higher income countries such as those in the Mediterranean basin where these arrangements have had mixed success. Similar in some ways to the decentralized river-basin based system is a third model still found in countries such as Ghana and Burkina Faso. This could be referred to as a customary, traditional or tribal system and predates the colonial era. These systems were organized around ethnic groups and coordinated by chiefs and priests that were seen as "custodians of land and water for, and on behalf of, the gods and ancestors ensuring that they were not overexploited" (Opoku-Ankomah, 2006).

As the preceding example demonstrates, a single country may exhibit a mix of both centralised and decentralized policy-making systems that intersect with one another at various stages of the policy-making process. Many policy decisions affecting water basin management, for example, can be taken only at the national rather than basin level (Jønch-Clausen, 2004: 18), but those policy decisions may be carried out in very different ways depending on the traditions and customs of local groups (Opoku-Ankomah, 2006).

Water Sector Legislation

While water policies establish the enabling environment for sector governance and development, legislation is the mechanism for incorporating this policy into national political and legal frameworks, ensuring the effective functioning of the sector, protecting individual and communal water rights and establishing conflict resolution mechanisms (WHO; Ferragina et al, 2002). The literature illustrates how the principles and content of such legislation can differ by sub-sector and has evolved over time.

The WHO, for example, advises that the key principle that should underlie the legislative structure of the drinking water sector should be to "protect and improve public health through the sustainable provision of drinking-water of adequate quality in sufficient quantities to all the population continuously at a price which is affordable" (WHO: 1). Key elements of such legislation include a policy statement; explanation of institutional roles; source protection, sanitary norms and minimum treatment requirements; liability; monitoring and surveillance aspects; reporting requirements and data access standards; water quality standards; and interim standards and exemptions (Ibid). IWRM legislation, though similar in many ways in terms of its key elements, can differ from drinking water legislation in terms of substance. In particular, water

legislation should: "be based on a stated national water policy that cuts across sectoral and stakeholder divisions, addresses water as a resource and stresses the societal priority for basic human needs and ecosystem protection; present a balanced approach between resource development for economic purposes and the protection of water quality, eco-systems and other public welfare benefits; secure water rights to allow private and community investment and participation in water management; and, reduce the role of government, increasing the importance of local user groups" (Ferragina et al. 2002: 7). Opoku-Ankomah et al. (2006) add a valuable contribution to the water legislation literature, noting that the legislative frameworks that define modern water governance in Africa have evolved over time. In the pre-colonial era, for example, customary water law was most common, through which water was seen as a collective right and safeguards were in place at the tribal or ethnic group level to prevent the exhaustion of common resources.

As in the case of water policy, the literature also raises concerns over adopting overly rigid or "off-the-shelf" legislation (IWMI, 2006; WHO). The WHO notes that while legislation empowers regulators, it is important not to adopt an overly legalistic approach towards water quality and supply. Instead, "the primary concern should be to influence management decision making to reduce risks to public health" (WHO: 1). Similarly, the IWMI (2006) cautions against reliance on legislation to push forward water sector reforms, as many are not implemented in full despite being set out in law due to the need to pass further decrees before the law can be enacted fully.

Lastly, a discussion of water sector legislation would not be complete without reference to the importance of international water law in the case of transboundary water resources management (TWRM). Schulz (2007) provides a detailed explanation of the three principles of international water law that facilitate good TWRM: equitable and reasonable use, duty to cooperate, and dispute prevention, resolution and compliance. Equitable and reasonable use is a fundamental means for allocating water resources within transboundary water courses, and is crucial for avoiding disputes over utilization. The duty to cooperate refers to the obligation that basin states manage resources in a cooperative manner through mechanisms such as river basin organizations (RBOs) and procedural rules for information exchange. Finally, Schulz notes that access to dispute resolution is an essential aspect of accountability. The legal and institutional framework must establish a means of conflict resolution and may need to include recourse to compulsory and binding mechanisms. This is lacking in the Incomati and Zambezi River basins, for example, where dispute settlement mechanisms are weak (Ibid). The major challenge for TWRM in Africa, and therefore for transboundary water governance, is to harmonize respective national water legislation, plans and policies, which are often based on similar principles, so that IWRM in the river basin context can be achieved between riparian states (Boge, 2006).

Water Sector Regulation

The final foundational element supporting the governance of the water sector is its regulatory framework, which is defined largely by sector policy and legislation. As defined in the literature, "a regulatory framework consists of the set of rules and processes that bind the water and sanitation service providers, including formal rules [such as] contracts and bylaws and informal rules such as personal commitments, financial incentives, and reputation" (Trémolet and Hunt, 2006: 2). The literature also reveals that such frameworks can also be defined by specific orientations that go beyond their general functions, such as endeavouring to be pro-poor (Ibid).

For instance, regulation is a key issue in the involvement of the private sector. Private investors will only be comfortable if there is a predictable, transparent regulatory framework in place (Liao, 2003; OECD, 2008). According to the OECD (2008), the transparency and accountability of regulatory authorities needs to increase in order to ensure credibility in the context of recent reforms and low capacity and to better reach out to small informal providers, otherwise known as alternative service providers (ASPs). It is noted in the literature that one of the emerging challenges to regulating the water sector is the regulation of ASPs. Since they often fall outside the jurisdiction of formal regulatory agencies, it has been recommended that policy-makers should

provide guidance on whether or not such providers should be incorporated into more formal regulatory processes (Trémolet and Hunt, 2006). These might include audits, review of implementation of contracts, and benchmarking, which are all important regulation mechanisms to ensure not only adherence to the contract, but also fair and equitable service provision (WSP, 2002).

Regulatory institutions themselves range significantly in size and scope depending on the country and the level of sophistication of its water sector, but they are typically in charge of setting prices, setting and enforcing quality standards or competition rules and protecting consumers. An independent regulatory body need not exist, but other institutions should be in place to carry out regulatory functions. This can include the sector ministry, an asset-holding company, a customer group or even an independent expert (Ibid). At the local scale, coordination, consultation, conflict resolution and arbitration can all occur through community based institutions (Ostrom 1990 in Rees et al, 2008: 14). As discussed with regards to water policy and legislation, the literature also shows how water regulation has also evolved over time, yet many of its features continue to resemble traditional practices. In the pre-colonial period, for example, customary water use regulation was the norm in Africa, through which chiefs and priests rather than independent regulatory bodies carried out primary regulatory functions within their ethnic or tribal groups (Opoku-Ankomah, 2006). Today, for example, "the state officially owns all waters and lands in Burkina Faso, but in practice, land and water use is regulated by traditional authorities who govern them according to local values" (Ibid: xvii).

2. WATER SECTOR FINANCIAL MANAGEMENT

The discussion within the literature on water sector financing and financial management as it relates to sector governance can be said to revolve around two central focal points: financing WSS services, and water sector expenditure management.

Financing Water Supply and Sanitation Services

The contemporary literature on water sector financing – epitomized by the 2006 Gurria Task Force on Financing Water for All (Van Hofwegan, 2006) – focuses predominantly on the mechanisms and challenges associated with funding tangible water supply and sanitation services, from rural and urban water supply schemes to sanitation infrastructure. Financing mechanisms include taxation, user fees, inter-governmental transfers and "off-budget" allocations such as donor funding, as well as cross-subsidization and public-private partnerships (Savage, 2003; Hall, 2004; Rees et al, 2008; Mehta and Mehta, 2007). The weighting of each mechanism depends on several factors, including the state of sector decentralization and politicization; local incomes; the volume of donor support; and the level of sophistication of a country's financial system. For example, Savage (2003: 19) notes that "user charges and debt financing are serious alternatives to grant financing only in South Africa, although even [there] collection levels are volatile." The literature also touches on financing mechanisms for water resource exploitation and management, such as public-private partnerships (PPPs) and tapping into commercial credit markets (Van Hofwegan, 2006; Rees et al, 2008; Hall, 2004; Savage, 2003).

Yet what this focus on financing WSS services ignores, others argue, is the importance of financing overarching water management and governance functions, from strategy, planning and policymaking and engagement with sector stakeholders to water resource development, allocation and management (Rees et al, 2008). This macro level focus on the quality of sector governance systems is echoed by Savage (2003:1), who has argued that "the quality and coherence of institutions (in terms of governance arrangements and processes) is generally held to be the primary factor behind improved productive efficiencies and development effectiveness."[1] In other

[1] Savage (2003: 3) defines *productive efficiency* as the concept that measures the absolute impact of spending, that is, the ability of a unit's worth of public spending to generate productive capital. *Development*

words, effective water governance depends not only on how much financing can be mobilized, but also on the extent to which these resources are managed and allocated efficiently, effectively and sustainably by recipient institutions across the sector. "Financing structures without funding to develop their supporting institutions is ultimately wasteful and nugatory" (Rees et al, 2008: 48). Defining clear institutional roles and responsibilities and promoting intra-sector institutional cooperation can contribute significantly in this regard, if only for their contribution to establishing an appropriate division of labour and financial responsibilities (Ibid; Savage, 2003). One example of challenges faced with respect to financial management is in Zambia, where the commercial units that manage the sector in urban centres have a very weak financial base and the majority cannot cover their O&M costs. Due to this, service has not been expanded into most peri-urban areas (AfDB, 2006b). In the case of water basin organizations (WBOs), clear governance structures are particularly important given the complexities of managing a water resource divided amongst several different countries with very limited revenue generation capabilities (Rees et al, 2008).

Water Sector Expenditure Management

As discussed in section 7, with encouragement from the World Bank and IMF, Medium-Term Expenditure Frameworks (MTEFs) had become the dominant mode of macro-level expenditure planning in most African countries by the late 1990s (Le Houerou and Taliercio, 2002; OPM, 2000) and were seen as processes that could help generate "alternative sector policy financing scenarios" and "link spending to policy while maintaining fiscal discipline" (Train4Dev, 2007). However, given the institutional weaknesses of the water sector and public expenditure management systems throughout most of Africa – home to over half of the world's MTEFs in 2002 (Le Houerou and Taliercio, 2002) – the MTEF's suitability for many developing countries began to be questioned in the early years of this century (OPM, 2000; Le Houerou and Taliercio, 2002), and the debate continues today.

What the literature does agree on, however, is the effectiveness of decentralising WSS delivery and expenditure management responsibilities to the lowest appropriate level. While some (Mehta and Mehta, 2007) are adamant about the importance of decentralising the water sector as early as possible, others (Savage, 2003; Van Hofwegan, 2006; Rees et al, 2008) are more cautious, emphasizing the need for first improving the managerial capacities of local authorities. This is evidenced in Madagascar, where there are various national actors and institutions involved in the sector which has led to fragmentation of activities and irrational spending without achieving results.

Mehta and Mehta (2007) show that amongst a group of predominantly African countries, there is a positive correlation between the level of decentralization and per capita spending on water services. The authors note that a lack of trust of local governments by donors and national governments is impeding greater local control of resources, leading to a "vicious circle" in which capital investment projects are managed through national line departments, no funding is provided for local government capacity building and, in turn, local capacity is eroded. Similarly, the best performers in terms of local water sector service provision have the highest level of resources (mostly through intergovernmental transfers such as block grants and their own resources), while the worst performers are the most dependent on outside "off-budget" allocations and sector projects (Ibid; Savage, 2003). For example, while those in the best performing group receive an average of 5% of their total resources through "off-budget" allocations, the worst performers receive an average of 80% of all resources through these often unpredictable mechanisms (Mehta and Mehta, 2007: 46). Finally, the same study also found that in countries with a low level of decentralization, inter-governmental transfers were predominantly through conditional grants, while in high-decentralization countries, such transfers were primarily block grants, entailing complete local control (Ibid). In the former case, excessive central control over sector revenues

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effectiveness measures the impact of spending relative to key development priorities and Programs, including the distribution of resources relative to social needs.

and intergovernmental transfers can often be seen as a major constraint to effective and transparent planning (Savage, 2003) and water governance, more generally.

Despite the benefits of decentralization under the best of circumstances, the literature generally recommends that decentralizing water sector expenditure management responsibilities to the local level be carried out cautiously. As Savage (2003: 28) notes, "the greatest financial challenge facing the water sector is to build the capacity of municipalities to allocate the financial resources they have soundly," a point echoed by many others (Rees et al, 2008; Van Hofwegan, 2006) and even Mehta and Mehta (2007), otherwise great proponents of decentralization. Financial consequences of overly rapid decentralization in the water sector before local institutions have built up the appropriate capacity can include: increased service costs if economies of scale and scope are lost; reductions in funding of the range of water resource management functions that yield benefits dispersed over space and time; reducing the scope for risk pooling amongst service providers; increases in local indebtedness; and decreases in the scope for attracting commercial finance (Rees et al, 2008: 29).

3. DECENTRALIZATION AND DEVOLUTION

As illustrated by the preceding discussion on water sector expenditure management, decentralization has become a key mechanism in sector reform since the concept of subsidiarity – the management of water resources at the lowest appropriate level – was introduced within the Dublin Principles in 1992 (Dinar et al., 2005; World Bank, 1993; GWP, 2000). *Decentralization* is a general term commonly referring to the transfer of political, financial and administrative authority, including decision-making and management, from central government to lower levels, i.e. regional, or municipal governments (Yuliani, 2004). *Devolution*, a term falling under the larger concept of decentralization, refers to the transfer of management and decision-making powers, rights and assets to local institutions, governments or communities that are largely outside the direct control of the central government. A third term falling under the decentralization umbrella that will not be discussed at length in this section, *deconcentration*, simply refers to the transfer of administrative responsibility for specific functions to lower levels within the central government bureaucracy without any real transfer of authority between levels of government (Ibid), such as the case of the RWSS sector in Tanzania (AfDB, 2006a). While the process of decentralization in the water sector has become widespread across Africa (Liao, 2005; Mehta and Mehta, 2007), the literature indicates that devolution of water sector decision-making authority to local levels is occurring with varying degrees of success.

Decentralization

The goal of subsidiarity, decentralization's underlying foundation, is to achieve more sustainable use of water resources through the involvement of stakeholders at the basin-level (Dinar et al, 2005). To achieve this, it is recognized that decentralization must be implemented in a transparent, participatory and accountable manner (Liao, 2003; Dinar et al, 2005; WaterAid 2008). Successful decentralization also requires supportive and enabling policies, legislation, regulation and adequate capacity within local governments. Furthermore, local stakeholders should be involved in setting strategic direction and defining appropriate actions (Abdul-Nashiru, 2007; WaterAid, 2008). As discussed above, however, to successfully achieve local stakeholder participation in decentralized service delivery, substantial capacity on the part of the local government is required (Ibid; Rees et al, 2008; Van Hofwegan, 2006).

Currently, there is a fundamental lack of financial and human resource capacity within local governments across Africa not only to improve the participation of local stakeholders, but also to fulfil new responsibilities brought about through decentralization such as providing, planning, financing and managing water and sanitation services, as described in the AfDB Appraisal Reports for RWSS in Tanzania (2006a), and Ghana (2003a). In Uganda, the government was addressing this in 2005 by recruiting community development workers and sponsoring capacity building programs for key stakeholders at the sub-county, district and national levels (AfDB, 2005c). Some

international organizations argue that these deficits should be addressed through case-specific capacity building initiatives and that appropriate planning tools and financial management systems are a prerequisite (WaterAid, 2008). If functions and duties are devolved to sub-national bodies lacking human resources capacity to deal with the new responsibilities, and if the responsibilities are transferred without appropriate funding or adequate revenue raising powers, service provision will suffer. For example, service costs may increase and water provision may become politicized increasing the potential for inequality in distribution and also decreasing the likelihood of sufficient financing for sanitation (Rees et al, 2008; GWP, 2008).

Transparency and accountability of service provision are key elements of improved sector governance that apply equally to local and central level governments. It is critical to establish transparent and accountable mechanisms in local government service provision (Abdul-Nashiru, 2007). Reform of the sector through decentralization presents opportunities for increased accountability and transparency. Yet there are a number of issues related to local level governance which may have a negative impact. These include weak programming capacity, state control of finances and revenues, lack of sector or local plans and citizens' lack of knowledge with respect to allocations and flows, which can all lead to misappropriation of funds and inappropriate service distribution (WaterAid, 2008; Liao, 2003). Furthermore, the lack of involvement of local stakeholders raises issues around the transparency and accountability of decision-making and targeting of services (Abdul-Nashiru, 2007). Transparency is further weakened with poor sector coordination, such as in Ghana, where the sector lacks coordination in terms of institutional set-up and implementing approaches (AfDB, 2003a). For example, stringent procurement procedures that are put in place by donors often adversely affect effective performance (AfDB, 2003a).

Several examples, drawn from Savage's (2003) evaluation of governance and financing in three African countries on behalf of the WSP, reflect the numerous mechanisms for achieving decentralization in service provision that must be tailored to each specific set of circumstances. In Kenya, for example, reforms are restructuring the role of national sector institutions and local service providers through appropriate separation of policy, regulation and service delivery functions. The national government is restricting its role to policy formulation, sector coordination, financing and research. Savage notes that new arrangements will need to include a well-informed and funded transfer program paying attention to both local authorities and the private sector, and strengthening the legal basis and capacity of community-based service providers. In South Africa, for instance, where water and sanitation functions have been progressively decentralized since 1998, fiscal instruments are being restructured into an unconditional operating entitlement and a formula-driven, decentralized infrastructure grant for all municipal services.

Devolution

There are two necessary conditions for effective decentralization, and these are "devolution of authority and responsibility from the centre; and acceptance of that authority and responsibility by local or regional units" (Dinar et al, 2005: 10). However, decentralization involves not only devolution of responsibility, but also the transfer of capacity, authority and resources to enable local governments to successfully carry out service provision. The complexity of this devolution of responsibility highlights the importance of adequate policy and regulatory frameworks to guide the process (Savage, 2003; Ferragina et al, 2002; Trémolet and Hunt, 2006), as discussed above.

Differences in the extent of actual devolution vis-à-vis symbolic devolution will affect the level of success of implementation of decentralization policy (Dinar et al, 2005). Central government often retains control of authority in decision-making, disbursement of funds and human resources capacity, leaving local governments unable to respond (Liao, 2005; GWP, 2008). A major challenge in this regard is the actual level of control assigned to local level institutions to determine how funds will be spent on resource management activities. As Dinar (2005: 12) explains, "one of the indicators for central government support for a decentralization policy can be the central government's willingness to provide financial assistance to basin-level organizations

without maintaining intrusive control over basin-level decisions about the priorities on which those funds shall be spent."

The GWP (2008) highlights some possible advantages to central control of financing, such as budgeting that reflects national priorities and the fact that donors do not often deal with sub-sovereign bodies. However, national governments are inclined to give low priority to the water sector and their decisions can be highly politicized (Ibid). In contrast, devolution of financial management responsibilities to local levels would facilitate needs-based and demand-responsive approaches, improve accountability and predictability of financing and give local authorities a stake in the project or service, reinforcing cost recovery (WaterAid, 2008).

4. INTEGRATED AND TRANSBOUNDARY WATER RESOURCES MANAGEMENT

Integrated and transboundary water resources management (IWRM and TWRM, respectively) are inter-related concepts that have been the basis for sector reform in recent years. Although the principles to be applied in the sector under IWRM are sound, actual implementation is complicated. African countries are lagging behind in this regard, yet advances are beginning to be seen in the sector (UN Water 2008; GWP, 2008).

Integrated Water Resources Management

The Dublin Principles (1992) form the basis for IWRM, which has since become an accepted model for improved governance in the water sector (GWP, 2002; UN Water, 2008). The IWRM approach "advocates a move towards a much more integrated and coordinated water development and management process than is currently practiced" (GWP, 2002). At the World Summit on Sustainable Development in Johannesburg in 2002, it was agreed that IWRM plans would be developed by governments around the world by 2005 (UN Water, 2008). Although there has been some recent improvement in the IWRM planning process at the national level in developing countries, much more effort is required to implement these plans where they exist (in 38% of African countries according to UN Water (2008)). Africa is also the least advanced region with respect to poverty reduction strategies that have IWRM components. Countries therefore need to prioritize the development and implementation of IWRM plans through the development of roadmaps and financing strategies (UN Water, 2008). Some examples include Tanzania, where water resources institutions are poorly financed and although the concept of IWRM has been adopted in the past decade, it has not been adequately understood or supported (AfDB, 2006a). In Zambia, a new water law was enacted in 2006 that would establish a National Water Resources Management Authority and provide for catchmnt and sub-catchment bdoes to try to improve IWRM which until recently had been under-funded and lacking appropriate institutional and legal frameworks (AfDB, 2006b).

IWRM is essentially a political process, providing a viable framework for sustainable use and management of water resources based on the catchment or basin being the most appropriate scale for water resources management (UN Water, 2008, Liao, 2003; GWP, 2003). This is due to the fact that national governments cannot easily allocate and regulate water in a basin because they do not fully understand local interests and priorities. Cutting across traditional jurisdictional boundaries, water management at a basin level provides incentives to all user groups in the region to come to agreements with respect to the resource (GWP, 2003). Nevertheless, to achieve IWRM, human and institutional water resources management capacities need to be built at the basin level (WSP, 2002).

Community involvement and stakeholder participation are fundamental building blocks of IWRM. Stakeholders all have distinct interests in the use of water and pursue particular goals. Their interests must be dealt with in the political process as their participation can help to overcome local environment and development conflicts, property rights, equity and literacy issues (GWP, 2003; GWP, 2005; Boge, 2006;). The creation of river basin organizations (RBOs) can serve as a means

of institutionalizing participation, facilitating participation of non-state entities and may help ensure accountability (Schulz, 2007). Uganda has begun to reform its sector in this way (UN Water, 2008).

Transboundary Water Resources Management

Transboundary water resources represent a complex situation in which water governance is complicated by issues of politics and competition for often scarce resources between two or more countries. There are many shared water basins in Africa, such as the Nile Basin, where countries share water resources between upstream and downstream neighbours. Within the SADC alone, there are 13 transboundary rivers shared by two or more states (Boge, 2006). TWRM cannot be conducted purely on a state-to-state basis, for many other stakeholders from the local to the international level typically need to be involved (Boge, 2006). Furthermore, weak legal and regulatory frameworks, a lack of basin-wide institutional arrangements for joint development and management of transboundary water resources, poor water resources information systems, poor financing and a lack of stakeholder participation are issues affecting the success of TWRM initiatives (GWP, 2005).

The need for cooperation and information sharing has been recognized as an essential element for TWRM. The *SADC Water Protocol*, established in 1995, for example, "encourages the establishment of appropriate institutions to accomplish four key objectives: 1) monitor basin-wide policy, 2) ensure equitable utilization, 3) creation of development strategies, and 4) monitor the application of IWRM plans" (Schulz, 2007: 18). Data and information exchange, essential for accountability, is also provided for in the Protocol. Agreements are progressing in some basins, such as the Incomati River Basin, which is shared by South Africa, Mozambique and Swaziland. Most recently, the *Tripartite Interim Agreement for Cooperation on the Protection and Sustainable Utilization of the Incomati and Maputo Watercourses* was signed by all three riparian countries (NDW, 2008). As recognized by the Tripartite Technical Committee (TPTC), "one of the most important documents related to the Agreement is the Resolution of the TPTC on the exchange of information and water quality" (NDW, 2008: 4). A further example of a transboundary water resources management mechanism, in this case referring to shared groundwater resources in West Africa, is that being developed through the Management of Hydrological Risks in the Lullemeden Aquifer System study facilitated by the Sahara and Sahel Observatory (OSS: 2007). This study allowed all state parties to better understand the relationship between shared ground and surface water resources and contributed to a judicial and institutional framework for dialogue between the three riparian countries.

These examples demonstrate the progress being made with respect to TWRM in Africa and the importance being placed on information exchange for enabling cooperation and sustainable water resources management. However, the majority of international rivers in southern Africa are not covered by functional agreements and many river basin organizations are new and still weak (Boge, 2006; Bos, 2007; Bootsma and Jorgensen, 2006).

5. TRANSPARENCY, ACCOUNTABILITY AND CORRUPTION

Three basic principles discussed in the literature that are required for good water governance are accountability, transparency and ethical considerations (Liao, 2003; Savage, 2003; WaterAid, 2008). Despite slight variations in definitions, all three sources link corruption to a lack of transparency and accountability. Perspectives on the latter two from the literature will be discussed in this section before focusing on corruption's impact on water governance.

Transparency and Accountability

Transparency and accountability in governance systems are seen to be closely inter-related. For instance, transparency necessitates strong sector performance monitoring systems, which will enhance accountability for the use of resources by service providers (Savage, 2003; Liao, 2003). Furthermore, only with access to the information these systems produce will the public be enabled to demand accountability from service providers and government and be able to participate in public consultation and appeals processes (TI, 2008). In Malawi, for example, a geographic information system has been used to demonstrate how much funding actually reaches the poor through WPM (Gondwe, 2007; WaterAid, 2006). Discussed in more detail in the section on M&E below, the software showed that new water points were not being distributed equitably, and instead were often being located as a result of political affiliations (TI, 2008).

As discussed elsewhere in this literature review, decentralization provides an opportunity for the introduction of transparency and accountability measures, but also introduces threats to the same if the community and civil society voice is not well articulated (Earle et al, 2008). For example, without appropriate safeguards in place, powerful groups may claim an unjust share of the resource (Liao, 2003). Nevertheless, while policy reform promoting decentralization may have provided more opportunities for corruption, Plummer and Cross (2007) note that such reforms in many African countries have removed conflicts of interest in sector management and often improved transparency and accountability.

The literature goes on to explore ways in which transparency and accountability can be improved in light of these challenges. These include the alignment of fiscal powers with functions, internalization of accountability for expenditure decisions, consumers able to exercise choice or voice over service delivery mechanisms and the clear definition of responsibilities of national and local institutions (Savage, 2003). Furthermore, users and communities should have a clearly defined role in sector monitoring and regulation, and an economic regulation framework must be defined (Ibid). This might be achieved by "strengthening local groups in communities to claim their rights and help them to acquire the necessary influence (claim-making power)" (Laban, 2005: 3), and creating an appropriate political space (policy and program instruments) that includes the under-privileged. Others add that such mechanisms for improved integrity and accountability in water sector institutions constitutes an important tool for achieving poverty reduction and improving sustainable water resources management (Earle et al, 2008).

Corruption in the Water Sector

Corruption in the water sector, as recently highlighted in the latest Transparency International Report on Corruption (TI, 2008), results from a lack of transparency and accountability and can account for an estimated 30% increase in price for a household water connection. Highlighting the extent of corruption in the water sector, corruption is referred to in the literature as the "root cause of poor water governance" (Ibid: 23). Similarly, others have indicated that corrupt practices are endemic to most WSS institutions and transactions in Africa (Plummer and Cross, 2007). According to TI, the water sector is especially vulnerable for several reasons. First, water governance is undertaken by several agencies, actors and government institutions. Secondly, water management is viewed as largely a technical issue. Thirdly, water involves large flows of public money and also involves private sector investment. Finally, informal providers, often vulnerable to corruption, play a key role in service delivery. Plummer and Cross (2007) add that the sector is characterized by widespread financial disorder, few service providers are accountable to their customers and financial management is not transparent.

The widespread presence of monopolies in the water sector adds to the potential for corruption. The water and sanitation sub-sector tends to be highly monopolistic because of high capital costs and economies of scale. This effect – in combination with discretionary planning, design, contracting and implementation of water projects, which are all common in the sector – provides ample opportunities for corruption. In addition, securing a local water monopoly can boost profits at the expense of the poor, and operators may resort to corrupt practices to stave off competition

(TI, 2008). Limited private sector participation also results in limited competition and high implementation costs, as is the case in Ethiopia (AFDB, 2005).

The TI (2008) report makes a series of recommendations on how to improve sector governance by reducing corruption. This includes strengthening regulatory oversight of water management and use, introducing fair competition and transparent implementation of water contracts. Other recommendations in the literature include improving demand for accountability through access to information, institutional and policy reform addressing the complexities and ambiguities of country policy, regulatory and institutional frameworks, leadership that will bring forward these reforms, and effective enforcement of anti-corruption legislation (Plummer and Cross, 2007). The procurement process is also important in reducing corruption, but can be difficult to reform. For example, in Benin, despite clear improvements, the system is still defective specifically regarding transparency and cumbersome bidding procedures (AfDB, 2004). In a study by DANIDA, 30 stages between preparation of bidding documents and project start-up were identified (AfDB, 2004).

In SADC, there exist a number of initiatives to improve accountability and integrity in the sector (Earle et al, 2008). These include numerous laws – such as anti-corruption legislation – policies, reforms, processes and organizations being introduced to address accountability in areas of procurement, human resources management, infrastructure development and maintenance, financial management and accountability and water allocation. In Africa, the most important legal instrument to combat and prevent corruption is the *African Union Convention on Preventing and Combating Corruption and Related Offences*, which came into force in 2006 (Ibid). AMCOW does not have specific initiatives on corruption prevention and combating in the water sector, but as an African Ministerial Body, it subscribes to the principles of the AU Convention (Ibid). At a regional level, the *SADC Protocol Against Corruption* was the first such regional convention in 2001 and provides both preventative and enforcement mechanisms. Furthermore, the *SADC Protocol on Shared Watercourses* and *SADC Regional Water Policy and Strategy* contain elements that indirectly promote transparency (Ibid).

In general, however, the literature notes there is a lack of human resource capacity to attend to these issues within most African countries, and that a political commitment is required to drive institutional change (Ibid; TI, 2008). Again, the issue of citizen engagement is raised as an important step. Awareness raising and capacity building is required at the level of the community, water users and local organizations so that they are aware of their rights and responsibilities regarding the promotion of integrity in the sector under the legislation (Ibid).

6. MONITORING AND EVALUATION[2]

Monitoring and evaluation has become an essential tool not only for good water governance, but also for sector development and environmental sustainability. Nevertheless, the calibre of water sector M&E systems across the African continent is generally recognized to be at an early stage of development (WSP, 2006; DBSA, 2000). Most evaluation systems are project-based and have served mainly the purposes of donors, doing little to support sector planning, budgeting and management processes (DBSA, 2000). Far more in-depth and better quality monitoring is therefore needed for sector management, transparency and accountability, especially within the budget support framework.

M&E systems were first introduced during the colonial era, when they were primarily used for monitoring surface water resources. Whereas river gauging networks were generally well

[2] This section of the literature review is an annotated version of the overview of African water sector M&E included in the final report of the Pan African Water Sector M&E Assessment (Cowater, 2008). The study and subsequent report were undertaken by Cowater International Inc. on behalf of the African Water Facility. In-text references supplement the findings of the final report.

maintained under colonial authority and protection, they have since proven expensive to operate and protect from vandalism. The Drinking Water Decade of the 1980s saw an increase in M&E of water supply projects, the primary focus M&E systems established during this period. Most have since been abandoned or downscaled after project completion and withdrawal of donor support. By the end of the 1990s, donor fatigue and frustration with lack of progress and accountability were tangible. These soon spawned renewed efforts that led to the development of the MDGs, which though aimed at poverty alleviation included key targets related to water supply and sanitation. WHO and UNICEF teamed up to jointly track progress towards these goals through the Joint Monitoring Program (JMP), however this process was made difficult from the very beginning due to the fact that data available for the years 1990, the MDG's baseline year, and 2000 were not tailored to the MDG targets (Schäfer et al, 2007).

Since 2000, there have been increasing demands for transparency and accountability by the Auditors General (AGs) of donor countries. With aid gradually shifting away from exclusively project based support to sector wide, pooled funding or direct budgetary support mechanisms, the AGs have been calling for increased and improved monitoring and evaluation of expenditures and use of this less trackable support (NAO, 2008; Auditor General of Sweden, 2007). Monitoring inputs, outputs and outcomes is one way by which donors can assure their taxpayers of accountability and good governance in aid recipient countries. M&E will therefore become increasingly important in the years to come as the transparency and accountability of the budgetary support mechanism become more widely scrutinized in donor countries.

IWRM M&E

With respect to integrated water resources M&E, many countries are reforming their sectors and introducing integrated river basin management approaches (Dinar et al, 2005; GWP, 2003; UN Water, 2008). With these reforms have come renewed efforts in M&E that are still in their early stages and vary widely in calibre. Moreover, priority given to water resources M&E is still low and suffers in competition with other demands for scarce resources. The other over-riding constraint to the growth of water resources M&E systems in general is the lack of demand for information by management that is typically inexperienced in the use of management information systems (DBSA, 2000). As a result, water resources information in these countries is typically fragmented, unreliable and out-of-date. In Mali, for example, the existing arrangements for knowledge and monitoring of these resources are inadequate and non-operational; water points have not been regularly monitored since 1992 (AfDB, 2003b).

WSS M&E

In a single country it is common to see a variety of indicators and methods of data collection used to measure the same WSS parameter, which renders comparative analysis next-to-impossible. Most countries now have or are preparing sector policies, setting standards and defining indicators that are promoting harmonization, but the process is far from complete (Schäfer et al, 2007; WSP, 2007b). Furthermore, most data are collected, analysed and stored by the service providing agencies and apex ministries, which often estimate coverage using the 'capacity' of systems built rather than determining access to services through direct household observation surveys. This introduces inaccuracies that severely limit use of the information in sector planning and management. Similarly, this data is often out of sync with that collected through household surveys coordinated and feeding into the JMP, such as Demographic and Health Surveys or World Health Surveys (Ibid). In Cameroon, a GIS-based urban monitoring system was put in place in 1998, but there is insufficient capacity to ensure M&E of projects is carried out to any degree, even in the capital city (AfDB, 2005e).

There are notable exceptions, however, such as aspects of WSS M&E systems that have been developed in Uganda and Malawi. Uganda uses a set of ten 'golden indicators' that have been researched over time and standardized across the country (MWE, 2007; WaterAid, 2006; Fisher, 2005). Although there are still questions surrounding their accuracy and the regular availability of data, they are well integrated into sector management systems. In Malawi, as noted above, Water

Point Mapping is a basic but highly informative tool that provides a geo-referenced map of water points with essential information on water point location, functionality and distribution (Gondwe, 2007; WaterAid, 2006). When combined with population data, areas of inequitable distribution of water services can be identified, as can populations falling below national standards. Although WPM is a powerful planning tool, the political sensitivity of information it provides is only now allowing it to be integrated into district and ministry-level planning and management systems.

Trends in Water Sector M&E

Sector-wide approaches: Where it exists, M&E is strongly influenced by SWAps (Cowater, 2008). SWAps not only integrate the IWRM and WSS sub-sectors, but also set in motion a process of performance reviews on which resource allocation is based and in which all sector stakeholders are involved. This creates a regular demand for monitoring information from the highest levels of management and all stakeholders across the sector. Driven by this demand, the M&E system is given the priority required to ensure its sustainability by being integrated into sector programming processes such as PRSPs (DBSA, 2000; WSP, 2006).

Accountability: This assessment also observed increasing demands by the Auditors General (AGs) of donor countries for increased transparency and accountability as aid shifts gradually away from exclusively project-based support to sector earmarked or direct budgetary support mechanisms. This strongly emphasises the need to create and/or strengthen M&E systems in the water sector, which is highly dependant on external funding in most African countries. Monitoring inputs, outputs and outcomes is one way by which donors can assure their taxpayers of accountability and good water governance in recipient countries.

Climate Change Monitoring: The past decade has also witnessed a documented increase in extreme weather events and the publication of research that has shed considerable new light on climate change and its effects on the world's most vulnerable populations (IPCC, 2007). In Mali, for example, rainfall is decreasing, evaporation is increasing and water bodies are becoming increasingly polluted (AfDB, 2003b). Since Africa is predicted to be one of the regions in the world most vulnerable to the impact of climate change over the next century, it is becoming increasingly important for African countries to develop water sector monitoring systems capable of tracking its effects to inform adaptation strategies and long-term sector governance plans.

7. CONTEMPORARY SECTOR REFORM MECHANISMS

Three governance mechanisms have come to characterize donor efforts to improve aid effectiveness and maximize poverty reduction efforts in developing countries over the last decade: sector-wide approaches (SWAps), Poverty Reduction Strategy Papers (PRSPs) and Medium-Term Expenditure Frameworks (MTEFs). While each looks promising in theory, debate continues over their effectiveness in practice across the developing world, particularly with regards to the water sector and the degree to which are demand-driven (Boesen and Dietvorst, 2007; JLP, 2007; Train4Dev, 2008).

Sector-wide Approaches (SWAps)

SWAps have been recognized within the donor community as a "common sense planning tool that can help politicians and planners better divide public resources over priorities" **(**Boesen and Dietvorst, 2007, 14) and a way of coordinating a complex sector, building trust through dialogue among all stakeholders and strengthening domestic ownership (Train4Dev, 2007). In other words, a SWAp can be looked upon not as a tangible financing mechanism or implementation tool, but as an approach to sector governance involving numerous elements: public financial management, sector policy, accountability and performance monitoring, aid alignment and harmonization, and institutions and capacities (Train4Dev, 2007). They have therefore been seen by some as a way of linking policy and planning objectives to budgeting, implementation and monitoring, setting up a framework for scaling up coverage improvements over time, and generating buy-in from ministries of finance and donors (Train4Dev; Cardone and Shaw, 2006).

Yet the political, social, institutional and technical complexity of the water sector introduces challenges to SWAps. Such approaches are often viewed as best suited to sectors characterized by high public investment where the government is the main service provider and governed by a "coherent institutional framework linked to the area of budget responsibility of a single ministry" (JLP, 2007, 38). In the water sector across Africa, however, WSS service provision is divided up amongst government-run, para-public and privatized utilities of varying capacity as well as a myriad of small-scale public and private service providers. Furthermore, the dominance of large donor-funded projects focused on hardware delivery, low budget allocation, and a lack of reliable and coherent sector data all further complicate water sector coordination efforts. Finally, the sector itself is also highly compartmentalized and often fragmented, which poses a challenge to attempts to coordinate efforts under a single ministry (IRC, 2008; Welle et al, 2008). For example, responsibilities for sanitation partly overlap those of the health, education and environment sectors, making it more difficult for donors to align with partner governments" (Welle et al, 2008: 3).

Taking these challenges into account, the IRC (2008) notes that efforts to develop water sector SWAps should begin with individual sub-sectors and build upwards, yet even this approach must adapt to the dearth of good domestic management skills and the lack of clarity of roles and functions of the main players (Ibid). Others respond that a SWAp can be a promising answer to such a complex sector when it is approached "as a flexible and long term process towards improved capacities for negotiation and bargaining of interests, policy-making, planning, resource allocation, implementation, accountability and coordination" (Train4Dev, 2008).

Nevertheless, it is not only the complexity of the water sector but also that of SWAps themselves that impedes their potential utility as water governance enhancement mechanisms. Crossing numerous vertical and horizontal boundaries across numerous sub-sectors "invites the formation of huge consultative committees, intra-sectoral commissions, coordination secretariats, sub-groups, task forces, etc, [many of which] end up with a life of their own and no clear purpose" (Boesen and Dietvorst, 2007: 35). As a result, SWAps often fail to meet the objectives for which they were introduced: reduced transaction costs, increased disbursement rates and empowerment of the relevant sector ministry (Ibid). Resigned to these realities, proponents argue that despite being cumbersome, "it is difficult to see alternatives" (Train4Dev, 2008)

As a result of these challenges, "the WSS sector has been slow to integrate with national poverty reduction and development strategies and with wider national policy frameworks and accompanying efforts towards harmonization and alignment (H&A)" (Welle, et al, 2008: 1). This is exemplified by the following three examples, which demonstrate limited, moderate and strong success with WSS sector SWAps: in Kenya, a European donor-led SWAp was developed without active support from the Ministry of Finance – a key player in the development of any successful SWAp; in Lesotho, a mini-SWAp has been developed for the rural drinking water sector (IRC, 2008); while in Uganda, which has shown the most success in the development and implementation of a water SWAp, the Ministry of Finance lent general support to harmonization and alignment and poverty reduction efforts (Welle et al, 2008). At the sub-sector level, "experience suggests that the rural and urban water supply sectors seem to advance faster than the sanitation sub-sector, where slow progress is linked to low prioritisation, limited funding and greater reliance on private promotion and investment" (Ibid: 3). Despite the varied success of water SWAps to date, certain practitioners remain hopeful that ongoing governance reforms in the WSS sector, such as shifting from supply- to demand-driven service delivery, can complement such H&A initiatives.

Poverty Reduction Strategy Papers (PRSPs)

Similarly varied implementation of contemporary water sector governance mechanisms across African countries has also become apparent in the case of PRSPs, endorsed in 1999 by the World Bank and IMF as nationally-owned poverty reduction strategies intended to "strengthen links between poverty reduction, debt relief…and World Bank/IMF concessional lending, and to provide a broad framework for all external assistance beyond the operations of the Bank and the IMF" (Mehta and Fugelsnes, 2003: 2). Yet water components have been included in PRSPs for reasons other than those expressed by the Bank and IMF: to increase the ability of the poor to raise their incomes, to help build an enabling environment for economic growth, and to directly improve the quality of life of the poor (Calaguas and O'Connell, 2002).

This fragmented implementation is further highlighted by a 2003 benchmarking study by the WSP that found that WSS was poorly integrated into national PRSPs throughout Sub-Saharan Africa, with the exception of Uganda and Mauritania (Mehta and Fugelsnes, 2003). A subsequent and more in-depth follow-up study showed that the majority of countries surveyed had made progress in this regard over the course of three years,[3] "largely due to stronger sector coordination, policy reform and increased attention to sector finance" and the emerge of sub-sector strategies for both rural and urban WSS (Cardone and Shah, 2006: 6).[4] Yet the report also notes that many of these strategies exhibit gaps between "what is expected and what is possible," given resource constraints, unintended consequences of prioritizing certain sub-sectors and ongoing politicization of budgetary allocations. Nevertheless, the growth of the water sector's presence within PRSPs still has important implications for the quality of water sector governance; for example, the priority given to particular sectors in a country's PRSP is reflective of the development spending it receives through the national budget and support provided by donors (Ibid; WSP, 2006).

The literature underlines that the strength and direction of these implications also depend on the quality of civil society participation in the development of PRSPs themselves. The development of these strategies has always been intended to be country-driven, results-oriented and participatory, but research indicates that participation in the PRSP process has not lived up to these ambitions, particularly in the water sector. For example, when WSS sector stakeholder participation in PRSPs has happened, it is argued to have been uncoordinated with other civil society action on PRSPs and typically only towards the end of the process (Calaguas and O'Connell, 2002). One contributing factor in this regard is said to be that sector actors in Africa have typically not had "strong links with central ministries and local government authorities responsible for planning and priority setting" (Ibid: 7). In Malawi, for example, stakeholders have failed to mobilize as a sector in response to the PRSP process, which was largely separate and de-linked from sector review processes. As a result, sectoral policies have not been sufficiently represented and championed and there is little sense of sectoral ownership over the resulting PRSP" (ODI, 2004: 4).

Medium-Term Expenditure Frameworks (MTEF)

A third reform mechanism that has been championed by the World Bank and IMF since the early 1990s is the MTEF, which has been promoted as an important mechanism to support the development of PRSPs and help meet heavily indebted poor countries meet Poverty Reduction and Growth Facility requirements for debt reduction (Le Houerou and Taliercio, 2002; World Bank, 2002). Designed as a mechanism to link policy and planning with national and sectoral budgeting, improve budgetary predictability and improve inter- and intra-sectoral resource allocation (Ibid), the MTEF represents the last of a three stage fiscal planning process. It is typically preceded by a Medium-Term Fiscal Framework (MTFF), which outlines basic fiscal policy objectives and macroeconomic projections, and a Medium-Term Budget Framework (MTBF), through which medium-term budget estimates are developed for individual spending agencies. The MTEF builds

[3] Countries making progress include Uganda, Tanzania, Benin, Burkina Faso, Zambia, Mozambique and Ethiopia; those falling behind include Kenya, Rwanda, Mauritania and Malawi.

[4] The major exception was Mauritania, whose performance in terms of WSS integration into their PRSP had declined considerably due to no visible improvements since 2000.

upon these two prior documents by "adding elements of activity and output-based budgeting to the MTBF framework" (OPM, 2000: 2).

That being said, the literature notes that MTEFs are often limited to priority sectors, in which water is not always included (Train4Dev, 2007). The water sector's fragmented nature, often split between several different ministries, not only makes coordination difficult, but it makes alignment across several ministries on one single 'sector budget' very difficult to achieve (Savage, 2003; Boelsen and Dietvorst, 2007). This is said to be particularly the case in countries with weak basic budget systems, where an MTEF's complexity can turn it into a "wish list rather than an instrument for prioritization against hard budget ceilings" and where its emphasis on sector-based programming "could further distort basic budget processes" (Boelsen and Dietvorst, 2007: 24). Its suitability as a mechanism for improving public expenditure management in many developing countries, and even some in the OECD, is therefore in question, particularly when implemented as a condition for receiving Structural Adjustment Credits, as was the case for Tanzania's FY2000-2002 MTEF (OPM, 2000; Le Houerou and Taliercio, 2002). Nevertheless, experience has shown that limiting MTEF development to the more narrowly focused MTBF stage can be beneficial for countries where such frameworks are difficult to develop government-wide (OPM, 2000). Similarly, it can also serve as an effective mechanism to ensure that commodity revenues are being managed effectively for development, as has been the case in Botswana (Stevens, M., in Le Houerou and Taliercio, 2002).

In summary, the literature on the impact of contemporary reform mechanisms on water sector governance reveals a range of effects and implications. Whereas in some countries, such as Uganda and Botswana, MTBFs and the SWAp and PRSP processes appear to be having a positive impact on sector governance, their impact in the many Sub-Saharan African countries that lack the appropriate institutional capacity to carry them out effectively appears to be neutral at best and inhibiting at worst if they divert attention away from more critical budgetary reforms.

8. CIVIL SOCIETY PARTICIPATION

The literature illustrates clearly that the involvement of all users in the process of developing appropriate policies and regulations for water resources management and use is essential for effective water sector governance. Participation of civil society and the permanent mechanisms that will enable it are essential in every aspect of governance, from project and program selection and planning, to budgeting, policy and regulation. This not only improves sustainability of services, but also improves transparency, accountability and regulation (Liao, 2003; Miazga, 2007; WSP, 2004). This section outlines the various forms of civil society participation in water governance and mechanisms that can enable it according to the literature.

Civil Society Participation in Governance

Actual progress on participatory approaches to water governance has been modest and uneven, often being limited to contribution of funds or free labour (Liao, 2003). At present, despite sector reform efforts and decentralization policies, citizens and civil society groups, and the poor in particular, still lack a voice in decision-making processes (Miazga, 2007). Effective governance requires the combined commitment of governments and civil society groups, particularly at the local level, to ensure the disparate voices are heard and engaged in decisions of common waters and service provision (Ibid). This is a result of the fact that "only end users can determine the type of services they find relevant, convenient and affordable, and only if citizens must complement and oversee their elected representatives' efforts to ensure optimal performance by water utilities will the sector shift toward 'better service for all' rather then preferential treatment for a few" (WSP, 2007c: viii). This argument is echoed by Liao (2003), who notes that accountability of governments and service providers can only increase with improved participation in sector governance.

To create a permanent platform for stakeholder participation, an enabling environment is required. As discussed elsewhere in this review, this consists of the right policy frameworks to allocate and manage water among competing uses and ensuring adequate capacity and accountability within institutions to correctly implement policies (Liao, 2003). Decentralization itself provides an opportunity to create this platform and enhance citizens' ability to influence and enforce service standards (WSP, 2007c), but this is often not realized in practice due to the limited capacity of local governments. Furthermore, a stakeholder approach without a focused and structured interest, such as a planning framework, will not mobilize people and institutions for longer time-spans essential to water resources management and service provision (Empowers, 2006). In Senegal, the sector policy provides for rural communities to fulfill responsibilities involving planning and implementation using a planning tool called the local water and sanitation plan (AfDB, 2005b).

The WSP (2007b) examined several governance-related factors for improving service delivery through increased citizen engagement. Institutional frameworks and feedback system reforms need to ensure clear policies for universal service and the monitoring of providers against agreed standards. Currently, expenditure and construction targets take precedence, however service outcomes need to reflect customer satisfaction. According to WSP (2007: x), "if citizens are provided with voice and client power at all points of the service delivery chain, these policies can be robust and regulation independent." WSP concluded that in general, the responsiveness of frontline staff to consumers is inadequate, especially poor consumers, demonstrating a need for staff training and new incentives, while at the same time a need for improved mechanisms for customer feedback. Poor citizens should be treated as customers; they will require specific service packages and policy measures, designed and monitored with their partnership. The absence of information on utility performance and service outcomes also makes it difficult for citizens and policy makers to demand service improvements and investments, and hinders efficient administration operations and the ability to respond to public demands. Finally, performance benchmarking and public reporting "would exert natural pressures on utilities to become more accountable to consumers" (WSP, 2007c: x).

Mechanisms to Facilitate Participation

Many methodologies and tools have been developed to facilitate community and stakeholder participation in projects. Their success depends on a variety of factors specific to the circumstances. The most significant effort has been undertaken in the water and sanitation sector, with the development of participatory rural appraisal and tools such as PHAST (Participatory Hygiene and Sanitation Transformation), which have been used in the sector with varying degrees of success. Participation in projects is an important form of civil society participation, yet it does not begin to reach the levels of participation required to improve governance. Even with emphasis on project participation, low involvement of stakeholders is being achieved, such as in Ethiopia, where it has resulted in inappropriate technology and unsustainable results (AfDB, 2005a). Consumer groups are also an emerging means through which users voices can be heard (WSP, 2004), however most are not being given a platform in sector reform processes.

Citizen report cards or community score cards are other mechanisms for enhancing citizen participation in service delivery. These have been used with success in India, the Philippines, Vietnam, Ethiopia and Tanzania (Miazga, 2007; Abdul-Nashiru, 2007). The process uses sample surveys to facilitating priority-setting of reforms and corrective actions by drawing attention to problems while also building capacity within local NGOs and government agencies in gathering and analyzing information and collecting feedback from consumers of public services (Miazga, 2007). Another example is participatory budgeting, which has been undertaken in Senegal, among other African countries (Abdul-Nashiru, 2007). In conventional budgeting processes there is a complete lack of community involvement and an overestimation of returns, which can lead to low accountability and suspicion (Ibid). The principles behind participatory budgeting are therefore to increase transparency and participation in decision-making, going to the root of the level of participation that is required in the sector.

9. EQUITABLE SERVICE DELIVERY

Service delivery and allocation of water is influenced in a number of ways by the quality of sector governance. Improved water governance can contribute to more equitable water resources development and access and positive impacts on gender inequalities and vulnerable groups (GWA, 2006; TI, 2008; Savage, 2003). All too often, however, research indicates that water is not distributed equitably among all users, resulting from factors relating to transparency and accountability underscored by inadequate mechanisms for citizen participation. This can be seen in Ethiopia, which has one of the greatest disparities in urban and rural water supply coverage, of 82.5 and 24.2%, respectively (AfDB, 2005a).

Inequality in the Sector

The Dublin Principles suggest that water be treated as an economic good. There are concerns noted in the literature, however, that the principle of water as an economic good ignores the distribution of income in society, which marginalizes the poor, and that making the 'ability to pay' a fundamental rule for allocation of water discriminates against women in terms of their access to water (Liao, 2003). Gender differences may also result in under-investment for domestic use, where women predominate as users, to focus on productive water uses where the economic benefits are more tangible (Ibid). Although the principle of paying for water is justified, others note, (Rogers, Bhatia and Huber, 1998), poor women are often unable to afford the tariffs that have been set. In this manner, it is important to maintain the view of water as a social good. "Access to safe and affordable water is also a basic human right and this right should also inform discussions on the economic value of water" (GWA, 2006: 31).

According to the Gender and Water Alliance (2006), there is little evidence to suggest that water management has deliberately and consciously addressed gender concerns. National water policies rarely include more than the mention of women's important role, and do not have a comprehensive and consistent gender focus. They also note there is clear need to address the male-female divide in decision-making and policy formulation in IWRM (GWA, 2003). For example, the National Water Policy in Tanzania encompasses mainstreaming however its implementation is constrained by the weak institutional structure, lack of support and poor coordination mechanisms between the MOW and the districts (AfDB, 2006a). To address inequality in access to water resources, the livelihood approach would be useful in water management with a focus to tackling poverty and recognizing the gender disparities in water rights (Ibid).

Inequality in the sector does not relate solely to gender, but to all poor and marginalized groups who lack a voice. Many of these inequalities arise from corruption in the sector, as discussed in the section in this review on transparency, accountability and corruption. With respect to financing, public spending has "historically benefited the rich rather than the poor" (Savage, 2003: 3), money has failed to reach service providers and service quality has been low for poor people. This is often a result of fragmented budgets and an exclusive focus on inputs, which have undermined the ability of budget systems to inform policy making and facilitate performance feedback (Ibid). It can also occur due to funds available for spending on water-related PRSP objectives not being well-targeted to the poor (ODI, 2004). Also typical in the sector is the selection of projects through political processes modified by resource constraints, where investments are "contested between politicians with an eye on future electoral performance" (Savage, 2003: 3), which does not benefit the poor and marginalized. Furthermore, a disproportionate portion of investments go to large, multi-village schemes that offer less opportunity for participation, especially by women (GWA, 2006). For example, in Uganda, although 88% of the population are rural inhabitants, rural areas receive only 27% of the overall water budget, while allocation to urban water is 50% (the rest is split between WRM, water for production and institutional development) (AfDB, 2005c).

Improving Governance to Address Inequality

Methods to improve water governance through reducing inequality in service provision discussed in the literature include ensuring poor women and men's human rights and freedoms are respected and that women are equal partners with men in decision-making (GWA, 2006). Participation and monitoring are the mechanisms most noted for improving equality of service delivery and resource allocation (GWA, 2006; Liao, 2003; TI, 2008). However, it should be noted that a people centered approach does not necessarily equate to having the gender perspective taken into account (Liao, 2003). To improve gender equality in the sector, participatory approaches in IWRM need to recognize inequalities and differences between women and men, requiring specific attention and approaches to stakeholder consultation (GWA, 2006). The drinking water sector is one of the few in which gender is starting to be taken into account to any degree, however gender has not been mainstreamed in the engineering or technical design or planning and management of the sector at all levels (Ibid).

Participatory approaches should inform policy and legislation in the sector. Gender sensitive water resources policy will address equality of access to resources between men and women (GWA, 2003). For example, in Uganda, the 2003 Water Sector Gender Strategy stipulates targets for involving women at all levels of management, although this has been found to be difficult to measure on the ground (GWA, 2006). Gender responsive budgeting is another tool that can be implemented to improve the equality of service provision. It provides concrete tools for putting conventions, policies and commitments into practice and was developed in response to "the gender-blindness of macro-economic policies and budgets" (GWA, 2006: 122). The process enhances governance by enabling public participation and transparency in finance and decision-making, thereby enhancing accountability and the targeting of services.

Finally, effective monitoring is another essential tool in both increasing transparency and also decreasing inequalities in the sector. One such tool is the concept of development effectiveness, which measures the impact of spending relative to key development priorities and programs (Savage, 2003). "Key to this concept is the equity of spending, which measures the distribution of resources relative to social needs" (Ibid: 3). The distribution is evaluated based on several indicators including distribution of funding by indicators of poverty and relative need, looking beyond indicators of income. Another leading edge mechanism for reducing inequitable service provision is the use of Water Point Mapping systems, as practiced in Malawi and discussed above.

10. PPPs AND ALTERNATIVE SERVICE PROVIDERS

Public private partnerships and alternative service providers play a significant role in the water sector in Africa. Further investment from the private sector will be required to meet the MDGs. The literature indicates that there is no blue print solution for private sector participation (PSP) in water sector reforms, however if the realities of their situation are understood, the poor can stand to benefit from it (Liao, 2003; Savage, 2003; OECD, 2008; Trémolet and Hunt, 2006).

Public Private Partnerships (PPP)

According to the OECD (2008), there are a number of factors that make cooperation between the public and private sector difficult. These include high fixed costs coupled with long-term irreversible investments, which often lead to monopolies in service provision; the quality of access has effects on health, gender equality and the environment, justifying political interest; the domination of the water and sanitation sector by local issues, calling for local management; the organizational complexity of the sector, with various stakeholders and segmentation of responsibilities across government agencies; and contractual and foreign exchange risk, political interference and complex pricing policies with multiple objectives.

Nevertheless, measures can be implemented to counter some of the risks for private investors and increase the attractiveness of the water sector, such as partial credit guarantees, that can be incorporated into a variety of forms of risk sharing contracts (OECD, 2008). There are also many

options for private sector contracts that can promote private investments in service provision while protecting the poor (Liao, 2003). Output, or performance-based contracts, can ensure accountability on the part of the private sector, in that they include verifiable infrastructure services to be provided to the public (OECD, 2008). As such these are easily enforceable. According to WSP (2002: 6) "The viability of [private partnerships] depends on clearly written contracts that define the operator's financial autonomy and obligations." As discussed elsewhere in this review, regulation is a key issue in the involvement of the private sector (OECD, 2008; WSP, 2002). In Senegal, there is a broad consensus among stakeholders that the 1995 sector reform which involved privatization with concessions to SONES has been a success (AfDB, 2005b). Crucial factors in its success are listed as the broad-based process of involving all stakeholders at all key levels in the design of the reform, as well as the scale of the resources devoted to capacity building (AfDB, 2005b).

Until recently, PPP was only considered to involve governments and large-scale urban utilities run by international companies. However, there is a diversity of small-scale actors which "already cater for the poorer customers in smaller cities, peri-urban and remote areas of most developing countries" (OECD, 2008: 5), and also a wide range of partnerships between private operators, public actors and communities. These small-scale partnerships have been ignored in the formation of policy and legislation, yet they play a significant role in meeting the needs of the poor. PPP has long been a part of the sanitation sector, yet partnerships between public institutions, such as local authorities, and private sanitation operators could be more developed and could yield significant benefit to the sector (AMCOW, 2008).

Alternative Service Providers

The literature illustrates that alternative service providers play a large role in the sector and should therefore be integrated into sector governance frameworks, largely by incorporation into formal regulatory systems. For instance, substantial private sector participation has developed in most countries for service delivery in poorer and isolated areas in the form of small-scale and informal small and medium-sized enterprises (OECD, 2008). With decentralization, it is expected that the autonomy of rural service providers will increase (WSP, 2007a). Private supplies often fill a gap in the service provided by a central utility and can take the form of private wells, public stand posts, water kiosks, informal distribution networks, tankers and small scale vendors (Foster et al, 2006; OECD, 2008). With respect to sanitation, the bulk of household services are provided by the domestic private sector (AMCOW, 2008). The market for pit emptying (i.e. vacuum trucks), is relatively organized and commercially viable, however the construction of household facilities is less attractive to small scale providers (Ibid). Although this market has the potential to become commercially viable, it is often the case that the service providers do not have the experience or knowledge of how to increase their market share (Ibid).

Private operators could play a more substantial role in the sector if they were better organized and if policies and regulatory frameworks took this sub-sector into account by increasing access to legal security and credit (AMCOW, 2008; OECD, 2008; Trémolet and Hunt, 2006). Traditional regulatory tools are ill-suited to reach out to small-scale, often informal private operators: "setting regulations for alternative providers faces a trade-off between the adoption of rules, their enforceability and the flexibility of the market" (OECD, 2008: 15). Nevertheless, regulatory frameworks for the involvement of alternative service providers can take account of the poor in many ways, including providing a framework for competition, creating incentives for increased distribution, establishing tariff levels and structures that encourage higher access without jeopardizing financial stability and establishing a framework to deal with the needs of all customers (Trémolet and Hunt, 2006). There are many models for increased participation of alternative service providers in the sector. For example, in Mali, the government has established a unit that supports and advises users' associations that manage rural water points, and in Tanzania districts own their operations and contract out the water service (WSP, 2002).

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ANNEX B: ISSUES PAPER

ISSUES IN WATER SECTOR GOVERNANCE (DRAFT)

This issues paper, drafted as a part of the African Development Bank's Water Sector Governance project, provides a baseline overview of the primary issues inhibiting effective water governance in Africa. In doing so, it provides a useful starting point for the project, which seeks to assemble and review best practices in water sector governance, to prepare tools for assessments at the sector level, and to provide a basket of strategies from which proposals can be made for improvements in the water sector.

It should be noted that the discussion of issues falling under each of the 13 themes below may lead the reader to conclude that the governance situation in the water sector across the continent is grave. Yet in reality, many countries have been reforming their water sectors (such as through SWAp, redistribution of roles, and IWRM) and developing innovative practices that have demonstrably improved water governance and services over the last two decades. Nevertheless, the purpose of this paper is to bring to light the most significant and chronic challenges in order to help generate solutions through which they can be attenuated.

1. Policy and Legislation

Sector legislation often consists of a disparate collection of laws and regulations developed over the past decades to serve a variety of contemporary needs, leaving numerous legislative gaps as new or particularly difficult issues go unaddressed, as well as contradictions and overlaps, resulting in conflicts between sector stakeholders as experienced in South Africa. Non-adherence to contract law is a particular problem for public-private partnerships, as most of civil society has no recourse to courts that are habitually overburdened and expensive to access.

Unfortunately, the consolidation and revision of sector legislation to address these shortfalls can be daunting. Strong leadership and commitment is therefore required at political and senior bureaucratic levels to drive this process, but even well-prepared legislation is of little use unless effective enforcement and regulatory practices are implemented and adequate monitoring systems are in place. This can be seen in Kenya, where despite legislation, procedures for appointing leaders of WSS institutions and disbursements of funds are often ignored, leading to inefficiencies and highlighting the need for greater transparency and independence.

2. Institutional Reform

Many countries are being encouraged by donors and Banks to reform their water sectors. The focus of these reforms is on water supply and water resources management, with the primary mechanisms being decentralization and devolution with the introduction of sector wide and integrated approaches. However, the latter reforms in particular tend to be externally driven and, although promising from a governance perspective, are often piece-meal and slow in implementation.

Central sector institutions are reforming their mandates, roles, responsibilities and activities under revised policies to shift from serving as implementers to becoming central facilitators

and regulators, thereby enabling local level governments and practitioners to become planners and implementers. However, these changes are often difficult to achieve for reasons including bureaucratic inertia and resistance, human resource capacity constraints, lack of financial resources, and insufficient political will to drive the process. The central institutions typically retain control over implementation, particularly planning and procurement, which inhibits local bodies and civil society in decision-making and limits demand-based service provision. Furthermore, centralized procurement is frequently non-transparent and provides increased opportunities for corruption.

Stimulating these reforms are the overlapping and often conflicting roles and responsibilities of many sector institutions and agencies. Being fragmented, many water supply and sanitation institutions seldom communicate effectively with one another. For example, water resource allocation and conservation agencies are typically separated from those managing resource utilization. Furthermore, sector planning and financing roles are often duplicated, with finance, economic planning, public health and rural development departments and ministries sometimes all being involved. This creates an environment of inefficient and opaque decision-making, both of which represent a waste of financial resources and present opportunities for collusion and corrupt practices.

3. Decentralization

The second principle of the Dublin Conference (1992) states that:

> *Water development and management should be based on a participatory approach, involving users, planners and policy-makers at all levels. The participatory approach involves raising awareness of the importance of water among policy-makers and the general public. It means that decisions are taken at the lowest appropriate level, with full public consultation and involvement of users in the planning and implementation of water projects.*[1]

The most recent wave of attempts at decentralization in Africa has been to transfer decision-making powers to local government and semi-autonomous public agencies. In the water sector, the emphasis has been placed on achieving subsidiarity. This implies both devolution (transfer of authority for decision-making, finance and management to democratic local government) and delegation (transfer of public functions to semi-autonomous bodies such as public utilities).[2] Yet the legacy of unitary colonial government (particularly in francophone and lusophone countries) has constrained devolution and most countries have put decentralization policies and civil reforms in place but have achieved only de-concentration. For the water sector this has meant a redistribution of decision-making and financial and management responsibilities to different levels of the national water ministry. Typically, centrally controlled staff are simply posted to the districts, thereby shifting responsibilities to the district level while keeping decision-making authority at the central level. Under these circumstances, subsidiarity is not achieved and governance through increased civil society participation is only marginally improved.

1 International Conference on Water and the Environment (ICWE) in Dublin, Ireland, 31 January 1992.
2 FAO, GTZ, SDC, World Bank & UNDP (2008) The Online Sourcebook on Decentralization and Local Development, http://www.ciesin.org/decentralization/Entryway/siteindex.html

With regards to fiscal decentralization, this comes in several forms, including local revenue generation and the devolution of budgetary decision-making authority to the local level. Although many local governments may have the legal authority for revenue generation, the weak local tax base and incomplete devolution of budgetary authority amidst wider devolutionary reforms, such as in Mali and Burkina Faso, means that few local governments have managed to exercise that authority or improve their financial management capabilities.

Accompanying the implementation of decentralization processes has been the development of specific tools for local governance such as the "local development plan" (LDP) that is supposed to provide district councils the capacity to plan social service provision, including water supply and sanitation. Lacking the necessary information and technical expertise and being relatively immature politically, district councils have seldom been able to plan their water sector effectively, leading to unrealistic or heavily politically motivated targets in their LDP. This directly and adversely affects sector investment, sustainability and the equitable distribution of services and is a major stumbling block to good governance.

There is no one-fits-all solution to decentralization. Each country is attempting to achieve its own balance and rate of change according to its stage of development, size and administrative capabilities. Devolution calls for major effort at strengthening local government administrative and technical capacities, increased financial resources and substantial change in bureaucratic patterns, roles, responsibilities and accountabilities. The need for capacity building was demonstrated in Malawi, where human resources, financial and operational capacities are inadequate. When properly designed and implemented, decentralization has been shown to promote local participation, improve government responsiveness and has resulted in better and demand-driven services. On the other hand, poorly designed or implemented decentralization programmes can result in few benefits and may lead to deterioration of services and widening disparity between the influential and the marginalized.

4. Integrated Water Resources Management (IWRM)

IWRM provides an exceptionally strong framework for good governance. But, the introduction and scaling-up of IWRM faces many difficulties due in part to the inherent complexity of the concept of itself. Since it involves many sub-sectors and stakeholders, coordination and collaborative action are extremely difficult and complex to manage, thereby overwhelming the local institutional capacity and capabilities. Further complicating the situation is the relative weakness of water resource management institutions compared to others in the sector, such as those for urban water supply, giving water resources a low profile and little clout. Furthermore, the volume of accurate information required for effective IWRM is rarely within the capacity of governments to collect and manage, except perhaps on a project-specific, externally-supported scale, which tends not to be sustainable. Adding to the complexity is the fact that basin boundaries seldom correspond to administrative boundaries, creating overlaps and gaps between IWRM basin offices and local/district and regional government administration offices; this can lead to conflicting and counter-productive planning and activities being undertaken by different arms of government. Failure to implement IWRM directly impacts governance by continuing the practice of poorly-informed and ad hoc decision-making, resulting in inefficiencies, misuse and poor allocation of water, as well as economic and financial losses. In Malawi, this failure has led to shortages of water resources as a result of incoherent plans and lack of coordination between stakeholders.

In addition, IWRM initiatives are frequently under-resourced, especially compared to high profile water supply and irrigation projects with more readily-understandable objectives. Effective IWRM requires significant investment, particularly in capacity building, equipment and infrastructure. Staff shortages plague most water resource departments, and country governments are reluctant and unable to provide more human resources due to constrained national budgets. While out-sourcing work to the private sector can overcome staff shortages in some cases, this is usually externally-supported and sometimes not sustainable. Attention is needed to expand revenue generating activities, such as licensing and service fees, for water resource departments to improve their financial base. Only financially-secure and adequately skilled water resource departments can be expected to contribute to improving governance through effective IWRM.

When IWRM and stakeholder consultations are not implemented, misallocation of water resources can result from pressure by influential political or business interests, where water resource officials lack adequate backup or support to withstand such pressure. Similarly, outright misappropriation can occur where regulatory and enforcement mechanisms are weak and licensing requirements can be ignored with impunity. Water grabs are a more extreme example of misappropriation, where vested interests collude to abstract large volumes of water, ignoring the regulatory regime and subverting attempts to manage the resource effectively.

5. Equity of Access and Service Provision

Politicization of the water sector is common across the continent, given that water is a vital need and the sector is relatively well-funded. Politicization subverts good water governance by influencing decisions regarding national, regional and district distribution of water supply services, down to the level of deciding where taps and pumps are located within communities. Examples include Members of Parliament being allocated funds from water supply projects and being allowed to decide on how and where they are used with impunity; this distorts distribution of services in favour of their constituencies in a form of repayment for political support. Elite capture of water resources occurs when politicians with commercial interests have the power to manipulate allocative decisions to the detriment of other users.

The poor are particularly affected in this regard, a situation compounded by a lack of participation in planning, high service costs, and limited data on the needs and numbers of the poor. In South Africa, for example, where 18.7 million people have been provided with access to water (15.5 million though the free basic water program), in rural municipalities distributive equity is still poor. Furthermore, sector budgets are being increasingly linked to PRSP policy with donor encouragement and support, yet projects and programmes are sometimes slow to incorporate pro-poor strategies and can thereby inhibit equitable service provision. High service costs resulting from attempts at full cost recovery frequently have unintended results, with wealthier users benefiting from the improved service distribution system leaving the poor to buy water from vendors or other higher priced sources.

Considerations beyond willingness and ability to pay are used in planning service distribution to reach the poor, and subsidization of services to them (or cross-subsidization) is required. Public input is sought in determining appropriate water tariff structures in a transparent manner; with consideration of both affordability and cost-of-production factors. This could result in improved customer satisfaction in cases such as in Kenya, where the poor pay tariffs

but do not see results or improvements in service on the ground. One such consideration is tariff indexation, one of the most difficult processes undertaken by African utilities. Such adjustments are incremental and tend to pass unnoticed, without hurting the customer's ability to pay. Nevertheless, progress in this regard is impeded by the fact that politicians do not want to stimulate public resistance with subsequent loss of political support. Tariff adjustments cannot be made without political support.

Such tools must be accompanied by effective regulatory oversight, particularly in pricing and tariff setting, the absence of which can compound the exclusion of the poor from improved water services. Rent-seeking and other corrupt practices further undermine water governance by raising the cost of water and excluding the disadvantaged. Regulatory bodies are under-resourced and many are compromised by not having an arm's length relationship with service providers. Without effective regulation, protection of the interests of all segments of society cannot be ensured.

6. Transparency

One of the difficulties confronting good governance in this sector is governments' traditional practice of not sharing information with their citizens. While exceptions to this tendency continue to grow, many projects are still prepared within the relevant apex ministry with little involvement of the beneficiary community. In these cases, budgets are drawn up, allocations made and projects implemented without sufficient consideration of the needs, preferences and involvement of the communities they are intended to serve.

Similarly, the community is often an ill-informed and passive bystander as government tenders contracts, prepares designs and supervises and certifies construction without knowing how much is being spent, on what, or by whom. Nor do these communities have significant control over the quality of the final product they are receiving as consumers, and the poorest amongst them in particular have little influence in decision-making processes and access to information. Failing to inform the public and ensure their participation can lead to inappropriate technical solutions, prohibitive costs and unaffordable pricing, all characteristics of poor water governance. For example, in South Africa, some municipalities are diverting water and sanitation grant funds for other purposes, especially in rural areas where oversight by the department and treasury is not as stringent.

Transparency and accountability are also issues at the local level with respect to the management of water supply services, especially piped systems in small rural towns. It is generally noted that there is a lack of regular reporting to the users/ consumers who therefore do not know what is done with the money they are paying for the service. Even when placed under a community management system through a water user association or a village committee, the renewal of the management boards is seldom carried out according to the bylaws of the association. The common practice is to reappoint the executive team without adequate public consultation. These practices create the conditions for mistrust and refusal to pay for water services.

Decentralization reforms are being introduced to bring decision-making closer to the public. But such reforms are impossible in an environment of mistrust built on decades of limited transparency and accountability. Building trust and confidence is a painstaking and time consuming process. De-concentration is a first step, but devolution is ultimately a prerequisite.

Despite these challenges, substantial progress is being made in the introduction of transparency and accountability tools in countries such as Indonesia and India, but less so in Africa. Civil society advocacy organizations known locally as 'watchdog NGOs' that maintain a close watch over budget decisions and expenditures use the media to publicly shame corrupt officials and politicians. Less aggressive but still effective transparency tools such as citizens' charters and report cards are also being jointly used by civil society and government to measure and publicize efficiency of government expenditure. Watch-dog NGOs and accountability tools are rare in Africa but can and should be introduced in support of good governance.

7. Corruption

> *"…One fact is clear: the global water crisis… is a crisis of governance: man made with ignorance, greed and corruption at its core. But worst of them all is corruption."*[3]
>
> *Hon. Prof. Wangari Maathai, Nobel Peace Prize Laureate*

Corruption in the water sector directly and profoundly affects the lives of literally billions of people, and to a disproportionate extent the livelihoods of the women, the poor and the marginalized.

Management of water resources is in the hands of the public sector, where governments control water allocations, pollution discharge permits, abstraction licenses and land use zoning. As such, water resources and their management are vulnerable to political influence, administrative corruption and bribery.

Groundwater extraction is particularly difficult to regulate and open to elite capture. Wealthier farmers can out-bribe their poorer counterparts who are more vulnerable to water scarcity and quickly become deprived of essential resources for their livelihoods. Similarly, legal quotas of canal water have become impossible to provide due to an entrenched system of political influence and favours between politicians and the irrigation administration working on behalf of the larger landowners. The downstream and smaller farmers who suffer from low and variable flows are forced to pay fees and bribes for what would otherwise be their legal share of water. Upstream farmers produce high water-use cash crops, while downstream farmers are often barely able to grow enough food crops for their livelihood and family's survival.

In the hydropower sector, massive investments provide ample opportunity for fraud and corruption, particularly in dam design, tendering and construction. Affecting the poor more directly and profoundly are the embezzlement, misuse and mis-appropriation of funds by officials responsible for managing the resettlement of people displaced by dam construction. Resettlement compensation is reduced, options become limited and the quality of life drastically and intolerably affected.

In the water supply and sanitation delivery chain, corruption can potentially be found at nearly every point, from policy design, project identification and procurement through to construction, services distribution and billing. These are captured in Plummer and Cross'

[3] Transparency International (2008) "Global Corruption Report 2008, Corruption in the Water Sector", Cambridge University Press

characterization of the various forms of public sector corruption included in the table below.[4] Tendering and procurement corruption is of greatest interest (and a cause of frustration) to AfDB Task Managers in project appraisal and management. Malawi is but one example of how corruption is integrated into the procurement process, due in part to a lack of training and awareness, as well as inadequate performance monitoring.

Table 1: Characterization of Forms of Public Sector Corruption

	PUBLIC-PUBLIC	PUBLIC-PRIVATE	PUBLIC-CONSUMERS
Management and Programme Design	• Corruption in personnel management, such as payments for preferred candidates (e.g. utility directorships); payments for promotions, transfers and salary perks; • Distortionary decision-making (collusion with leaders in selection and approval of plans); • Corruption in local government programme design.		• Influence in project decision-making; • Bribery for preferential treatment, elite capture; • Distortionary decision-making (project level site selection, equipment, construction).
Tendering and Procurement	• Administrative corruption (fraud, falsification of documents, silence payments); Interdepartmental/agency collusion over corrupt procurement, fraudulent construction; • Cover-up and silence payments linked to corrupt procurement; • Kickbacks in cash or jobs to help politicians secure a preferred contractor.	• Bribery/kickbacks to influence contract/bid organization; • Kickbacks to win large scale projects: to secure contracts, to influence negotiations, for information; • Corruption in procurement/inflated estimates for capital works, supply of chemicals, vehicles, equipment; • Corruption in delegating O&M: awarding contracts, overestimating assets, selection, type, duration of concessions, exclusivity, tariff/subsidy decisions; • Fraudulent documentation, uncertified materials in construction.	

Corruption in the water sector covers the full range of possibilities noted above: from donor-government collusion to meet spending targets and fraudulent meter reading. Unfortunately, the scope and depth of corruption is often well beyond the capacity of Bank procurement procedures to identify and mitigate.

8. Rights, Voice and Recourse

The right to water and sanitation is implied by the International Covenant on Economic, Social and Cultural Rights (ICESCR) signed by 158 parties including nearly all African countries. The Covenant requires signatories to ensure that everyone within their jurisdiction

[4] Tackling Corruption in the Water and Sanitation Sector in Africa: *Starting the Dialogue,* WSP-Africa, 2007.

has access to the underlying determinants of health, such as clean water and sanitation.[5] Similar entitlements to water and sanitation are contained in the Convention on the Rights of the Child (CRC) and the Convention on the elimination of all forms of Discrimination against Women (CEDAW). These rights do not entitle people to free or unlimited water but they do imply rights to sufficient, clean, accessible, and affordable water and sanitation. They also include non-discrimination and inclusion of vulnerable and marginalized groups.[6]

The degree to which these rights are being recognized in practice include the priority given to water and sanitation in budgetary and political processes, recognition of these rights in revisions to sector legislation and policies, measures taken to improve affordability of services, and the purposeful inclusion of marginal groups through implementation of pro-poor policies and PRSPs. Similarly, the degree to which rights to access, quality and quantity of water are being recognized can be assessed by policies and implementation of set standards of water quality, distance/time for collection, and services reliability and sustainability.

The human rights conventions and MDGs call for inclusion and non-discrimination against marginalized groups. Groups that are vulnerable to marginalization include women, children, inhabitants of deprived areas such as slums, refugees and asylum seekers, the aged and disabled, victims of natural disasters, people living in arid areas and nomads. Although many countries are implementing poverty reduction programmes which address this issue, few if any are resolving it. Of particular concern are the vast and increasing populations of slums and peri-urban areas, women and girls who, although responsible for water, sanitation and health of their families are disempowered and left out of decision-making, and children – some 4 billion of cases of diarrhoea cause 2.2 million deaths, mostly among children under five.

Bitter experience can teach the public that getting government to improve services is best achieved through influence and bribery. In many countries this is reinforced by the lack of avenues for recourse against delinquent service providers. Even if such mechanisms exist, many users believe that, at best, complaint is futile and, at worst, even dangerous, as retribution is easily taken against those without influence. This has a significant impact on good governance, which demands accountability. This cannot be driven from above but has to begin with those most informed and interested in quality services. The public must have voice and avenues to express it that are effective. Regretfully, few governments recognize the real value of providing open and responsive avenues for consumer complaints, and therefore few have experienced the benefits that can be achieved when the combined interests of the service provider, politician and consumer are aligned.

Many countries have established a system of regulation through regulatory bodies, human rights commissions, ombudspersons and the judiciary, but these operate at higher levels and are inaccessible to the vast majority of the target population. Yet in other countries regulatory roles have not been separated, therefore regulatory bodies lack independence when the key functions of a regulator are impartial decision-making and consumer protection, such as in South Africa. Another such example is Uganda, where the regulatory framework has many gaps and needs to be strengthened to provide meaningful customer protection with appeal

[5] International Covenant on Economic, Social and Cultural Rights (1966), Articles 11 and 12, and the Cairo Conference on Population and Development (1994).
[6] SDC, AAAS, UN-HABITAT, COHRE (2007) "Manual on the right to Water and Sanitation" http://www.cohre.org/store/attachments/RWP%20-%20summary-A4-lowres.pdf

mechanisms. Monitoring adherence to policy and progress towards targets is one thing, while ensuring equity of services distribution and non-discriminatory practices across a broad population of poor and often marginalized is quite another. The issue has to be addressed at the level of the low income family. Unfortunately there is little empathy with or understanding of the poor. Indeed, research such as that conducted in relation to WPM is demonstrating that estimates of overall coverage provide little information as to the equitable distribution of service provision. [7]

9. Role of Civil Society

Civil society participation is essential for effective and sustainable sector planning and management. This has been established in rural water supply operations and maintenance but is applicable also to planning, where much remains to be done. In the urban water supply and water resources sub-sectors, including irrigation, citizen participation still needs to be actively promoted and facilitated. User buy-in and inclusion of local knowledge and skills are key contributors to success in water governance.

Capacity weaknesses within civil society can be expected at all levels and awareness-raising, education and training are essential components of all sector activities. It is one thing to ask for participation, but quite another to build capacity, prepare simplified and understandable documentation and introduce participatory planning and budgeting. Community involvement in sector planning has become the norm in some West African countries, such as Mali, Senegal and Burkina Faso, but overall it remains rare. In South Africa, there has been a failure in achieving community management and system sustainability because service provision is supply driven and target oriented and development approaches are not being used.

Inexperience and low expectations, particularly of the disadvantaged, are widespread. These are reinforced by the hierarchical structure of most African societies and the low position occupied by the rural and urban poor. Receiving few services, the disadvantaged often expect little if anything more, and lack experience in lobbying for improvement. Empowerment is essential to raise their voice, and the inclusion of pro-active empowerment activities and mechanisms in sector programmes is an indicator of good water governance.

Lack of public oversight of sector planning and management functions can result in lack of accountability of decision-making, contributing to non-sustainable results at best and enabling corrupt practices to flourish at worst. Public oversight through citizen review boards can be established through which improvements in water governance can be monitored, but more effective may be the promotion of advocacy and rights-based NGOs to serve as the public's watchdogs.

10. Financial Management

Good governance depends heavily on policies and institutions that manage public expenditures. Two key elements of financial management are generally lacking. These are 1) clarity of policy, mandates and legal frameworks; and 2) accountable service providers. Even the separation of roles (policy/regulatory from implementation) coupled with decentralization

[7] WSP & ODI (2005) "Learning from Advocacy and Good Practice: WaterAid Water Point Mapping, prepared by K Welle, London, UK.

and civil service reforms has seldom provided the necessary clarity of institutional roles and accountabilities. Most countries are struggling with the introduction of concepts of independent regulators and powers of recourse between stakeholders, including the sanctioning of poor performance by service providers.

Typically, sector institutions manage large quantities of financial information to monitor budgets and expenditures, but few use this in analysing equity and efficiency of spending to measure the distribution of spending relative to social needs. Moreover, the quality and relevance of data is severely lacking, as are policy-sensitive budgeting, compliance with accounting standards, a performance focus backed by incentives and participative and transparent planning and budgeting processes.[8]

Lack of comparative financial information restricts analysis of productive efficiencies in spending. Poor efficiencies are usually caused by sub-standard delivery systems, public sector implementation where the private sector has efficiency advantages, and corruption. Budgeting is also fragmented with its focus on inputs, and budgetary systems are not used to guide policy making. Consequently, public spending often benefits the rich more than the poor, with funds failing to reach front line service providers. Some countries such as Uganda have undertaken value for money and tracking studies,[9] but these are not widespread across the continent.

Opaque budgeting procedures are further undermined by accounting practices and financial management procedures that often do not adhere to comparable standards. Presently, weak expenditure monitoring and reporting practices do not allow for the required rigour in comparative analysis of resource flows and expenditures. As a response, medium term budget systems with multi-year revenue and spending projections, such as medium-term expenditure frameworks, are now being introduced in several countries that are meant to provide opportunities for stronger links between budgets and policies, improved resource allocation efficiencies and greater fiscal discipline.

11. M&E Systems

Well functioning monitoring and evaluation systems at the project, sector and country level support good governance by providing data that can be used for sector planning and resource allocation purposes, thereby supporting sustainable and equitable service provision. When data derived from these systems is publicly available, M&E systems also serve as important mechanisms through which governments can be held to account. Currently, few countries in Africa have water sector M&E systems that serve all or even some of these purposes, with predictable impacts on water governance. Even in Uganda, where the M&E system is relatively advanced, sub-sector M&E systems are still disaggregated, creating problems with data consistency, authenticity and verification.

The first such impact stems from its effect on sector planning and resource allocation. Without current and accurate information, governments cannot plan sector development programmes effectively in accordance with need. What limited information is available comes from M&E systems created for specific projects. Data collection commonly stops once

[8] WSP-Africa (2003) Governance and Financing of Water Supply and Sanitation in Ethiopia, Kenya and South Africa: a Cross Country Synthesis, September 2003, Nairobi

[9] Ministry of Water Lands and Environment, DWD and IDC (2005) Tracking Study of the Water and Sanitation Sector, Kampala, August.

donors support ends. Water governance is therefore weakened by the inability of governments to provide sustainable services according to need.

This is particularly true in the rural water sub-sector. Without independent monitoring of rural water services provided either by user associations, village committees or private operators, it is impossible for stakeholders (clients, districts councils, sector agencies) to be informed about potential weaknesses and risks, and therefore to take necessary action to prevent them.

Similarly, a weak M&E system can have a direct impact on water governance through its effect on the equitable provision of services, as seen in Kenya where weak M&E makes planning difficult. A poorly functioning and under-resourced M&E network implies the absence of tools to measure the equity distribution of services. The WPM tool now being scaled-up in Malawi and Tanzania shows considerate promise as a monitoring tool in this regard.

Finally, a weak M&E system – characterized by its inability to produce current and reliable data and/or the government's inability to make such data publicly available and use it for planning purposes – undermines water governance by failing to serve as a mechanism for holding national and local governments to account, both *ex ante* in terms of resource allocation and *ex post* in terms of the outputs and outcomes of sector investments.

12. Gender

> *Water governance cannot be good governance if there is no deliberate attempt to address the institutions, policies, legal frameworks and technology instruments that perpetuate gender inequalities. A gender approach in governance should be an integral part of setting up governance structures and mechanisms.*[10]

Research indicates that women's input in decision-making leads to more equitable and sustainable coverage of WSS services; that involving women in influential roles at all levels can hasten the achievement of sustainability in the management of scarce water resources; and that managing water in an integrated and sustainable way can contribute significantly to better gender equity by improving the access of women and men to water and water-related services to meet their essential needs.[11] Yet in most African countries, explicit gender considerations are not integrated into water policies and ministries, men typically have more influence than women over the utilization of water resources, many poor women are not able to afford water tariffs, and women remain disproportionately affected by water crises such as floods. As the Gender and Water Alliance has noted, "even well intentioned investments to combat floods and droughts can be gender blind […]. By damning rivers and channeling floodwaters, engineers can prevent the seasonal silt deposition that is the lifeblood of subsistence farmers, mainly women."[12]

Gender is therefore closely related to water governance issues at all levels, yet gender related governance assessment tools and measures that can serve to attenuate some of the persistent

[10] GWP/UNDP, "Resource Guide: Mainstreaming Gender in Water Management," Version 2.1, November 2006, pp. 33
[11] Ibid; Gender and Water Alliance, "The Gender and Water Development Report 2003: Gender Perspectives on Policies in the Water Sector," 2003.
[12] GWA 2003

issues noted above have typically been superficial and difficult to sustain. For example, typical gender training may inform policy-makers, but seldom changes attitudes. Furthermore, while gender equality and mainstreaming in the sector has been given extensive attention and ways by which it can be assessed and addressed are being demonstrated, these efforts are typically small scale and usually carried out by organizations devoted to the cause. Despite women's increasingly influential role on local water and sanitation user committees in countries such as Mozambique, Malawi and Tanzania, few examples exist where women participate meaningfully in planning and decision-making roles in design, implementation and O&M of water services. Gender mainstreaming requires real changes in attitudes and practices, which has proven extremely difficult in the usual male engineer-dominated sector institutions.

These shortfalls inhibit effective water governance by preventing the implementation and monitoring of targeted policies and programmes to reduce the disproportionately heavy costs on women's well-being associated with poor access to safe water and sanitation services.

13. State Fragility

In fragile states, which are characterized not only by low GDP but also by weak institutions, persistent political instability, open or simmering conflict and chronic humanitarian crises, the issues affecting water governance discussed herein are amplified to an even greater degree than those in more stable but equally poor countries. In these states, which contain up to one third of the world's population living without access to safe drinking water, [13] political instability, group rivalries and vulnerability to natural disasters undermine effective water governance.

Chronic political instability can further undermine the equitable distribution of water services through intensified factionalism and nepotism along tribal or political lines or through the limited reach and credibility of the state outside urban centres, which limits access to services for some groups while securing it for others. Such instability also undermines governments' capacity to engage in long-term sector planning and financing, with little certainty over the duration of the current government's stay in power and frequent diversion of funds away from social infrastructure and towards military purposes. Furthermore, it can undermine effective transboundary water governance by minimizing the space within which transboundary agreements can be negotiated and enforced according to credible commitments and enforcement mechanisms.

It should also be noted that the drivers of state fragility are not limited to man-made factors such as internal conflict, but also include vulnerability to natural disasters such as droughts, floods and violent storms. In the context of already weak capacity to develop, maintain and finance public services, such disasters, which may increase in frequency and severity in the future due to the effect of climate change, pollute water supplies, destroy water infrastructure and promote unrest over contested access to what remains.

These factors make efforts to improve water governance in fragile states particularly challenging, thereby underlining the need for gradual and context-specific approaches to sector governance strengthening initiatives.

[13] Lindemann, Stefan, "Addressing the need for water service delivery in fragile states: The case of German donor involvement in Yemen" Environmental Policy Research Centre, Free University of Berlin, 2006.

Annex C: Mission Reports

MISSION REPORT
Water Sector Governance Assignment

Uganda, August 11-14, 2008

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1. INTRODUCTION

The mission to Uganda was undertaken as part of the AfDB assignment on Water Sector Governance in Africa in accordance to the mission terms of reference by Michael McGarry and Silver Mugisha, from August 10 to 14, 2008.

The objectives of the mission were to:

a. Review the key governance issues facing the sector in the country context, their seriousness, the reasons behind the issues, levels of priority given to them, and who/what they impact and to what degree.
b. Suggest how each issue might be mitigated, within what framework, through which governance support mechanism and with what potential for success.
c. Identify which indicators could be used to detect and if possible measure the seriousness of the governance issue, how can it be quantified, what would be its desired level if there is an acceptable level, what could be a threshold, a cut-off or a target that could be used in dealing with the governance issue or in monitoring its mitigation.
d. Prepare a summary of sector governance in Uganda that will:
   (1) outline the state of sector and sub-sector governance in the country,
   (2) outline the most important issues facing sector governance,
   (3) identify measures that could be taken to mitigate them, and
   (4) use the set of proposed governance indicators on a trial basis to assess sector governance.

The mission included a series of brainstorming sessions/focus group discussions involving key stakeholders in the field of water governance in Uganda. The brainstorming sessions were followed by a workshop, on the fourth day, in which the findings were discussed and agreed. The workshop was held at the end of the mission with participants who represented the various stakeholders that the consultants met with throughout the week.

Representatives/groups from the following organizations were met:

- AfDB (Uganda) Office
- National Water and Sewerage Corporation (NWSC)
- Directorate of Water Development (DWD) in the Ministry of Water and Environment
- Directorate of Water Resources Management (DWRM)
- Ministry of Health, Environmental Health Division
- The Community Water User Association of Mukono District
- The Donor Group (GTZ, Swedish Embassy, UWASNET, Water Aid, JICA, Danish Embassy, AfDB)
- NGOs and WSP, World Bank
- Uganda Consumer Protection Association – Mr. Sam Watasa

The mission consultants received strong support from AfDB country staff, namely; the Resident Representative, Mr. Mukaila Ojelade; the Chief Operations Officer, Mr. Benedict Kanu; the Water and Sanitation Specialist, Mr. Andrew Mbiro and the Consultant, Mr. Patrick O. Kahangire.

2. BACKGROUND: STATUS OF THE WATER SECTOR IN UGANDA

Water and sanitation sector governance in Uganda is implemented through a number of overarching governance frameworks: (i) the Water Policy Committee, comprising Ministers, Permanent Secretary and Heads of key sector departments (NWSC, DWD, DWRM, NEMA, Ministry of Health etc), sets the policies and guidelines; (ii) the Water Sector Working Group (WSWG), which comprises technical staff from all key WSS sector departments and donors, vets technical issues, implements policies and reviews progress of undertakings; and (iii) the Good Governance Sub-Sector Working Group (GGSWG) is subordinate to the WSWG and handles governance related undertakings. The sector carries out annual joint technical reviews (JTRs) and joint sector reviews (JSRs) to assess progress on implementing undertakings and formulating new ones.

The Ugandan water sector has:

Sector Political Framework

- The overarching national development framework has been the poverty eradication action plan (PEAP). The PEAP has been Uganda's medium-term planning tool and its poverty reduction strategy (PRSP), guiding the formulation government policy and the implementation of programs through sector wide approaches and a decentralisation system of governance.
- The development of the next National Development Plan (NDP) started in July 2007 and is in its final stages. This work followed Cabinet endorsement to have a 5-year medium term NDP that is consistent with the National Vision for Uganda.
- In the PEAP, the water and sanitation sector falls under three pillars:
- **Pillar 2:** Enhancing production, competitiveness and incomes (including issues of Water for Production and Water Resources Management)
- **Pillar 4:** Good Governance
- **Pillar 5:** Human Development

Institutional and Legal Framework

- The division of roles and responsibilities between the PEAP implementing agencies (Sector Ministries, Parliament, Government Agencies / Commission / Projects and Donor Community) has been clearly defined in the PEAP (2004)
- Specifically in the water and sanitation sector, policy setting is vested in the Water Policy Committee (WPC) while technical work is vested in the multi-stakeholder Water Sector Working Group (WSWG)
- The WSWG implements annual joint technical reviews (JTRs) and joint sector reviews (JSRs)
- The Good Governance Sub-Sector Working Group (GGSWG) specifically handles governance undertakings and is currently in its formative stages.
- The on-going NDP process will strengthen existing institutional arrangements.
- The Water Act (2000), Uganda Water Action Plan (1995) and National Environmental Health Policy (2005), among others, give sufficient legal basis for developing and strengthening governance approaches in the water and sanitation sector.

Contractual Frameworks and Regulation

- For the urban sub-sectors, the contractual and regulation frameworks are established: NWSC operates under a performance contract with Government; non-NWSC towns (small towns) are under Local Government Authorities (LGAs) that also have performance contracts with central government; the LGAs in turn have operating

contracts with local private operators. Regulation in both NWSC and other small towns is by contract; NWSC has a performance contract review committee (PCRC) while other small towns are regulated through the contract by DWD. A study to strengthen the regulatory framework was completed in July 2008.

- For the rural sub-sectors, a permanent contractual and regulatory framework is not yet established between local governments and central government, apart from memoranda of understanding (MoUs) specifying how released funds should be utilised. There is still a need for consolidation, specifically regarding the issue of asset management and the future role of local governments to which the authority of the sector has not yet been transferred.
- The DWD still plays an active role in coordinating the allocation of funds and investments in the rural sub-sector. However, the issue of varying unit costs of investments still needs to be investigated and remedies put in place.

Planning

- The overall planning at national level is coordinated by the National Planning Authority (NPA)
- For the water and sanitation sector, the Water Policy Committee and the Water Sector Working Group are the main planning platforms.
- The Decentralisation Policy as enshrined in the Local Government Act (1997) guides the modus operandi of water and sanitation service planning.

IRWM

- An IRWM action plan has been established through coordination by thr Directorate of Water Resources Management (DWRM) and has started to be implemented, starting with river basin management for River Rwizi and River Nile, among others.
- Significant work on water resources regulation, monitoring and assessment, water quality management is on-going.
- Mechanisms for catchment management at sub-county levels have been put in place and need to be monitored for effectiveness.

Monitoring and evaluation (M&E)

- M&E is undertaken by the quality assurance department in the Ministry of Water and Environment in close liaison with the respective sub-sectors (water resources, rural water, urban water and sanitation, and water for production).
- The performance monitoring sub-committee of the WSWG also has an important M&E responsibility.
- For the rural sub-sector, data collection depends on the feedback from local government reports. The technical support units (TSUs) play an important quality assurance role but this is not sufficient to ensure data accuracy because of they are thin on the ground.
- The NWSC (large towns) keeps its own database of key performance indicators but this still lacks in accurate coverage assessment. Currently the assumptions being used are questionable and need further authentication.

Participation of Civil Society (CS)

- CS is associated with the planning process in rural areas through the DWD and a network of community participation forums, facilitated by district water offices and technical support units.

- CS is associated with the monitoring of access through the NGO community and consumer protection association. The timing is however, erratic and most activities are frustrated by inadequate follow-up action and feedback.
- A Uganda Consumer Protection Association (UCPA) is present but not very active due to an inadequate legal basis. A Bill is currently being prepared to strengthen the legal mandate of UCPA.
- A Local Government – NGO Co-operation Framework has been developed and is expected to enhance the involvement of NGOs, particularly regarding community development and capacity building.

Equitable Provision of Services

- Project planning and resource allocations target gaps in access to water and sanitation between regions and districts.
- There is a free New Connection Policy, to subsidise access for all customers intending to get new connections in small and large towns. Only a nominal commitment fee of about USD 35 is paid in the case of NWSC towns. However, the peri-urban poor get free social connections and their tariff is correspondingly lower.
- Cross-subsidies are applied through the urban water tariff structure allowing the application of a social tariff for public tap stands.
- However, total usage costs still reflect inequities in certain cases, such as: sewage sanitation vs. on-site sanitation, and domestic connections vs. yard tap connections where a nominal connection fee is paid irrespective of the type of connection.
- The water coverage in urban vs. rural also poses inequities in service provision.

Access to Information

- Most departments/institutions (NWSC, DWD, DRWM etc) have websites where they post key information for public access. Other information/data is also accessible at NWSC and other offices of the Sub-sector premises.
- DWD through a network of district water offices share water and sanitation sector information, especially the rural sub-sector, with consumers/public through regular public sensitisation sessions and mandatory public notice boards.
- Dialogue and consultation is used in the resolution of conflicts, until now this approach seems to work satisfactorily in Uganda.
- The Joint Technical Review and Joint Sector Review workshops also provide important avenues for negotiation and dialoguing on key undertakings. This also provides a good opportunity to disseminate performance information.

Sector Financing

- The water and sanitation sector has a formula-based allocation of resources to various districts, based on coverage levels.
- The PEAP related activities in the water and sanitation sector are tied into national budget process through the Medium Term Fiscal Framework (MTFF) and ultimately the Medium Term Expenditure Framework (MTEF), which provides allocations of public expenditure over three year periods.
- The sector ministry prepares and submits budgets but has no control on whether funds will be released.

Sustainability

- Moving towards cost recovery (at least O&M costs including depreciation) in urban water supply is a principle that stakeholders have come to agree upon.

- The structural imbalance of urban sanitation remains a burning issue. Donors and government have recently put emphasis on this imbalance and the coming years will see some improvement, although not sufficient to meet MDG targets.
- Severely limited resources for rural sanitation cannot pay for the approved subsidies, which has raised expectations but exacerbates the disparity between urban and rural sanitation.
- Uncertainty remains as to access and coverage assessments for the rural subsector given that the denominator unit is the sub-county.
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3. KEY ISSUES OF GOVERNANCE AND MITIGATING MEASURES

There are many governance related issues, as described in the table below along with possible mitigating measures.

Sno.	Governance Issue/Gaps(s)	Mitigating Measure(s)
1	There are significant inequities in water and sewerage coverage. Water is estimated at a coverage rate of about 70% while sewerage is about 8%. Those covered by sewerage are the wealthy, whose capital investments are subsidized through tariffs that are paid by those without sewer connections. This is due to the Water Act, which stipulates that those within 200m of a public sewer, whether connected or not must pay for sewerage. Another related issue is the equity associated with sewerage charges. Overall, emphasis on sanitation is still poor and this has tended to create disproportionate health improvements.	A detailed integrated strategy for sanitation improvement was finalised in 2006 to guide sanitation and hygiene service delivery among several stakeholders, including involvement of the private sector. What remains now is rapid implementation, which incorporates mobilisation of investment funds. NWSC, in partnership with AfDB and KfW is moving steadily in this direction. There is need to increase budget allocation and releases to the rural sub-sector, while considering O&M costs for small towns through the engagement of more competent operating companies, who can implement a strong pro-poor strategy.
2	The M&E system in the various sub-sectors is still disaggregated and data integration relies on periodic calls from the various subsector players, especially towards times of joint sector reviews. This is creating problems of data consistency, authenticity and verification.	The Ministry of Water and Environment, with technical assistance from GTZ, is implementing an integrated information management system that will ensure harmonisation of data capture methods, data verification and holistic trend analysis for key WSS performance indicators. This initiative requires awareness raising and buy-in from all key process owners. There will also be a need to extend this system to include M&E frameworks at district levels, to track financing and access information. In addition, there is a need to continue a multi-stakeholder approach to harmonisation of indicators measured by different sources in line with the agreed 'golden indicators'.
3	Investment activities in the sector are still disaggregated, with no coordination among the sub-sectors;	In 2004, the Government of Uganda (GoU) prepared an integrated Sector-wide Investment Plan (SIP) and Sector-wide

	for example investments carried out by NWSC are not adequately harmonised with those carried out by DWD, which tends to cause inefficient allocation of scarce resources.	Investment Model (SIM), which are used to guide sector planning, resource allocation and monitoring. NWSC, has completed (Aug, 2008) a utility specific Strategic Investment Model and 5-Year Investment Plan, for the same purposes. The models rely on access figures, which are generally unreliable in all sub-sectors. There is a need to launch activities to assess the authenticity of access figures and further entrench the use of these investment tools into sector planning and monitoring.
4	The regulatory framework still has gaps, with lack of coherence among the network of bodies responsible for sub-regulatory functions. For example, the Performance Contract Review Committee for NWSC-GoU Performance Contract does not meet regularly to carry out independent assessment of NWSC's corporate performance. The regulatory function vested in DWD is also not efficiently carried out.	There is a need to strengthen the regulatory framework in such a way that there is meaningful customer protection, with credible appeal mechanisms and fair price levels. One way is to strengthen consumer watch groups, so that consumers have a recognised voice to demand for improved services.
5	Lack of clarity in the ownership of WSS assets, especially those in small urban and rural settings. The Local Governments that are legally mandated to hold these assets in trust, through a gazetting process by the Minister of Water, do not keep books of accounts that enable these assets to be depreciated and managed in a professional manner.	The Ministry of Water and Environment is currently strengthening NWSC as the asset holding authority to provide professional asset management, but it is unlikely that this responsibility will extend to rural WSS assets, let alone others in the small urban setting that are considered as a liability that will distort the balance sheet and ruin possibilities of accessing financial markets. There is a need to engage financial experts to provide advice on asset management for WSS assets with low return.
6	The current system of budget allocations to rural areas is formula-based and weighted to reflect service coverage/access needs. However, the access figures, which are assessed, based on a sub-county unit are largely unreliable and prone to manipulation by local government leaders. Moreover, there is still some grumbling from local leaders about the fairness of the allocation activity.	The Ministry of Water and Environment is trying to refine the allocation formula, in consultation with key stakeholders, and is considering strengthening data collection methods for WSS access figures. There is a need to improve focus on equity and sanitation and include relevant updates in the annual performance report.
7	Inadequate access to information by CSOs for effective representation of community concerns, which is	There is deliberate effort to ensure that CSO's are represented in important stakeholder forums (e.g. Water Sector

	hampering meaningful advocacy, based on correct evidence.	Working Group, Joint Sector Reviews). These representatives can advocate for access to information. However, there is a need to strengthen conflict resolution/appeal mechanisms so that meaningful pressure is put on service providers to improve efficiencies.
8.	Lack of strong incentives for alternative service providers and/or competition in the market, which deprives customers of increased managerial efficiencies that would result from increased competitiveness.	Some CBOs are becoming service providers through investments by NGOs like Water Aid and Plan International. However, this is not enough. Local Private Operators (LPOs) are also present in non-NWSC towns but are not operating at desired production levels. NWSC has implemented a series of programmes aimed at enhancing internal managerial competition with efficiency-compatible incentives to drive performance. There is a need to harmonise sets of best practice among sub-sector players, through symbiotic capacity building programmes to increase value for customers.
9.	Inadequate gender considerations at all levels of employment in the sector.	Gender policies are being considered in most WSS project undertakings, especially at project planning and implementation stages. However, when it comes to sector management, whether this approach is incorporated at all levels of management remains to be done.
10.	The unit costs of investments vary greatly according to the source of funding (whether internal, government or donor funded), country of origin of service providers and location where the project is to be implemented. These are particularly high in rural areas and small towns.	The Good Governance Sub-Sector Working Group (GGSWG) is looking at this issue and will come up with recommendations to contain costs and stamp out irregularities, if any. There is a need to carry out independent value-for-money post-project audits by experts who report to an independent body, different from the implementing institution.

4. USE OF PROPOSED GOVERNANCE ASSESSMENT INDICATORS

The following chart lists indicators which can be used to identify and assess aspects of governance within the water sector. Each has been scored 1 to 5, with 1 being unsatisfactory to 5 being fully satisfactory. Each indicator is expressed in the positive. Indicators are grouped under main headings and the scores can be averaged to identify areas needing improvements in governance. Although not exhaustive, the list of indicators is long and detailed. Beyond providing a basis of assessment, the purpose is to provide an appropriate level of detail so that specific deficiencies can be identified by taking a checklist approach. This will help identify specific governance foci needing strengthening while the averaging up of indicator scores enables comparison of overall areas of governance.

While recognizing that the consultant's mission to Uganda was short in time and far from comprehensive in coverage, an attempt has been made to score its governance performance. It obviously does not claim to be definitive, but is used here to illustrate use of the indicators. The fifteen (15) governance area scores ranging from 3.0 to 5.0 are:

Governance Area	**Score**
Decentralization	3.9
Policy and Legislation	4.3
Sector Management	1.3
Public Sector Financial Management	3.8
Regulation	3.0
Governance Environment	3.3
Water Resources Management	3.4
Environment	3.0
Civil Society Participation	3.3
Voice and choice	3.2
Rights to Water	3.8
Gender	3.1
Equitable Services Delivery	3.0
Transparency and Accountability	3.0
Monitoring and Evaluation	3.1

Use of proposed Governance Assessment Indicators

Governance Indicator	Score	Comment
Decentralization (3.9)		
1. Decentralization has been implemented so that management of service provision is at the lowest appropriate level (subsidiarity).	5	In urban areas, there is a local service provider, either NWSC or LPOs and this system works well. In rural areas, water user associations supported by TSUs are operational.
2. Policies and the institutional framework provide for clarity and separation of functional roles and responsibilities with minimum overlap, gaps, duplication and/or conflict.	4	There are occasional overlaps between NWSC responsibilities and those of DWD regarding demarcations between rural and urban areas but there is a coordination mechanism.
3. Relationships between stakeholders are clear, legitimized and governed by written procedures, written agreements or contracts.	4	These are clear and there are no conflicts except when towns are gazetted through political considerations.
4. There is alignment of interests, incentives, mandates and responsibilities amongst all stakeholders.	4	
5. Skills, capabilities, assets, resources (human and financial) and mandates are decentralized in ways that efficiently and effectively support mandates responsibilities at regional and local levels.	4	NWSC towns have competent resources. The LPOs are still being supported by TSUs and other donor-funded technical assistance initiatives.
6. Capacity building and HRD programs have ensured adequate competencies and at all levels	3	There are still capacity gaps especially for small towns and rural areas
7. Devolution of procurement functions is accompanied with regular audit, capacity building, monitoring, and feedback.	3	There are value-for-money tracking studies but these are not regular and have no effective follow up mechanisms.
Policy and Legislation (4.3)		
1. Sector policies and strategies are up to date and incorporate principles of good governance.	5	Governance structures e.g. WSWG, Water Policy Committee, Joint Sector Reviews (JSRs), CSO's etc exist. Good work has been carried out: legislative framework exists.
2. Updated legislation supports policies and strategy implementation and avoids duplication, gaps and conflicts in institutional mandates and roles	4	Sometimes, there are overlaps like public health management responsibilities of Ministries of Health, Local Government and Ministry of Education.
3. Formal channels and mechanisms exist for arbitration and resolution of water-related conflicts	4	There are coordination mechanisms that mitigate conflicts.
Sector Management (4.3)		
1. Clear and effective separation of institutional roles between facilitator/standards setting and implementation	4	Standards are set by independent bodies (e.g. environmental protection standards are set by NEMA

		through a consultative process and implemented by NWSC, among others).
2. Sector performance-based management including regular sector assessments and joint sector reviews	5	There are JTRs and JSRs
3. Functional stakeholder working group	4	There is a WSWG which meets regularly. The body has created a number of sub-groups to become more effective. However, the functionality of some teams remains lacking.
Public Sector Financial Management (3.8)		
1. Rolling budgets (MTEF/MTBF) make reliable estimates of future allocations and ceilings available at local levels and include all sources of funds (national, donor, banks, taxes, tariffs and NGOs).	4	MTEF and rolling budgets are being prepared. The issue is the disparity between budgeted and released funds.
2. Budgets are responsive to policies that reflect harmonization of targets, visions and goals	4	Budgets are policy sensitive and are scrutinized by relevant parliamentary committees, among others.
3. Financial management complies with internationally recognized accounting standards and audits are less than one year old.	4	NWSC fully complies with this requirement. However, some WSS private water companies do not produce annual accounts each year.
4. Financial information is used to monitor budgets and expenditures, and to analyse the equity, effectiveness and efficiency of spending distribution relative to social needs.	3	Data sets are sometimes unreliable
5. Budgets and allocations to all lower tiers of government are formulae-based and weighted to reflect needs, population, poverty and implementation capacities.	4	Formula is being used but the underlying data sets are inherently inaccurate and unreliable.
Regulation (3.0)		
1. Regulatory authorities are independent and independently resourced or are in the process of transitioning to independence	3	Regulation is by a network of bodies, which are not fully independent
2. The regulatory framework provides for equitable services provision, services meeting standards, efficient pricing, consumer protection, competition for the market, and conflict resolution.	3	Tariffs provide for equity and fairness. However, investments in pro-poor communities are still weak. Completion for the market is inadequate, especially in large towns.
3. Public input is sought in determining appropriate water tariff structures and rates in a transparent manner; with consideration of both affordability and cost-of-production. The price of services to the consumer is commensurate with the level and quality of service provided.	3	Tariff reviews go through people's representatives to ensure affordability versus cost of production.
4. Contracts and agreements between parties are enforceable, contract law is adhered to.	3	Contracts are sometimes one sided, making service providers, especially in small towns, weak.
5. Regulation achieves equity, efficiency and sustainability in allocation and management of water resources	4	Regulation is by contract where all terms are agreed and implemented but contract oversight is still weak.
6. Relationships between consumers/users, service providers and government are regularly adjusted through negotiation within a competitive environment.	2	Consumer voice is still weakly provided for, except recourse to the media.

7. The regulatory framework provides for recourse, arbitration and resolution of disputes which do not depend on political influence	3	Contracting arrangement allows for recourse mechanisms but the print media is more effective.
8. Alternative apolitical forms of regulation are being effectively used.	3	
Governance Environment (3.3)		
1. Constitutionally based government operating under rule of law and with a separation of powers between the legal and executive branches.	4	This exists, with occasional conflicts.
2. Sound functioning law courts and adherence to the rule of law	4	Powerful people may not follow court decisions with impunity
3. Political stability and absence of violence	3	There is political stability but occasional violent demonstrations.
4. Effective control of corruption (refer to Ibrahim Index)	2	Governance structures like Anti-Corruption Commission exist but the practice still has gaps.
Water Resources Management (3.4)		
1. Progress is being made towards integrated water resources management (or is actually in place) through pilots or on-going programs.	5	Pilot basins exist
2. Water allocations are in line with sustainable use, social equity & economic efficiency	3	Structures exist but there is no effective O&M
3. Major users are known and managed through a permit or licensing system	4	Permit system exists but lacks effective follow up.
4. Monitoring provides essential management information supporting transparent decision making for sustainable management of water resources in basin	3	Information system exists but some data is missing.
5. Basin-level plans are regularly made and updated by involving stakeholders and incorporating their views and priorities.	3	Users are involved but most often lack information and level of understanding to make informed contribution.
6. The potential for climate change and its effects have been considered in the planning, management and use of water resources and particularly in the design of infrastructure to mitigate its adverse effects.	3	Relatively new phenomenon and efforts are being made to design mitigation measures
7. Functional transboundary watershed management mechanisms are in place	3	Mechanisms exist e.g. Nile Basin Initiative.
Environment (3.0)		
1. Institutions responsible for environmental conservation and protection have clear and consistent mandates that avoid overlap, duplication and conflict.	4	They are clear, but sometimes roles conflict
2. Environmental laws and regulations are effectively enforced	3	Enforcement still faces some challenges because of budget constraints.
3. Application and adherence to environmental impact assessments (EIAs) and related procedures	4	These are normally carried out
4. Effective and sustained watershed conservation, management and protection	2	This is still weak
5. Surface and groundwater pollution is monitored and controlled	2	Monitoring is still weak
6. Environmental and social safeguards are being applied in projects	3	Only donor-funded projects make these considerations

Civil Society Participation (3.3) 1. The user community is involved through user groups in rural services management to assure quality and sustainability 2. The development approach is used in rural areas by which communities are made aware and leadership trained. 3. Technical capacity for operation, maintenance and repair is built and spare parts are accessible 4. Government provides continuing monitoring and support including for major repairs 5. Users participate in planning thereby ensuring that their needs and demands are addressed in local sector plans 6. Local plans are rolled up and impact central sector planning and budgeting such that sector plans are demand responsive to and reflect local needs.	4 3 3 4 3 3	Users do not have information to make meaningful input into development plans Technical capacity at rural level is still weak and spare parts are not readily available locally. This is provided through the technical support units (TSUs) Users participate in planning but their input is not wholly adopted Local plans are made but are not wholly adopted
Voice and choice (3.2) 1. The consumer/user has voice that is respected, utilizes recognized channels, and is not constrained by intimidation, frustrated by past failures, hierarchy and/or bureaucratic procedures. 2. Service providers are responsive and consumers/users can voice complaint in with reasonable confidence that problem will be rectified 3. The consumer/user is informed, aware of his/her rights and obligations and able to formulate complaint and dialogue with the provider. 4. Mechanisms for recourse, appeal and arbitration are apolitical and not based on influence 5. Users make choices in level and quality of service.	3 3 3 3 4	The existing channels are weak and not supported by adequate legislation Service providers especially NWSC are responsive, as they want to maintain their service record There are regular strategic alliances and putting information on public notice boards. The print media is the most widely used mechanism. Users apply for levels of service/technology of their choice.
Rights to Water (3.8) 1. Adherence to agreed international conventions on citizens' rights to water and sanitation (e.g. MDGs) 2. Priority is given to water and sanitation in policies, plans, budgets and expenditures 3. Progress is being made towards meeting national goals in water resources management, and sustainable water supply and sanitation services. 4. Pro-poor policies and programs are being implemented and marginalized and disadvantaged groups are being given priority in services provision	4 4 4 3	
Gender (3.1) 1. National and sector gender policies exist and are being implemented effectively 2. Sector managers, planners and community leaders are gender aware and they understand gender issues and their implications to the sector.	3 4	These exist but not implemented effectively.

3. Gender budgeting is practiced	3	
4. Women are being empowered and contributing in decision making roles in sector and project analyses, planning, budgeting implementation, monitoring and evaluation.	3	
5. Challenges to women's participation – such as their workload, time availability, levels of literacy, ability to meet in public, power differentials and intra-family relationships – are acknowledged and respected.	3	
6. Gender responsiveness, mainstreaming and equal opportunity policies are practiced in sector institutions, their staffing patterns and programmes. Safe and practical work environments for women and men exist in sector institutions and organizational cultures (e.g. flexible hours of work and protection against sexual harassment)	3	
7. Both men and women are regarded as central to the provision, management and safeguarding of water	3	
Equitable Services Delivery (3.0)		
1. Water and sanitation services are provided equitably between rich and poor, urban and rural populations	2	This is still a problem although efforts are being redirected to pro-poor service provision.
2. Pro-poor policies, programs and methods are implemented that enable low income, marginalized and vulnerable groups gain equitable access to sector services.	4	The social connection policy is a good instrument
3. Fiscal policy and financial management (including cost recovery, market financing, subsidies, and operational mandates) support financial viability in such a way that equity of service provision is promoted.	3	Cost recovery especially in rural settings is still a challenge
4. Levels of subsidies per household are commensurate with available resources, affordability of services and in line with pro-poor policies. Subsidies are appropriately targeted and reach their targets in full and in transparent fashion.	2	Targeting of subsidies is still a challenge
5. Price and quality of services provided are equitable across consumer/user groups	4	There is a cross-subsidy mechanism in the tariff to cater to the poor, but this is lacking in small towns where the tariff is uniform. There is no discrimination in quality.
6. Adequate planning and preparations have been made for emergencies which incorporate water and sanitation services for displaced persons and refugees	3	The Ministry of disaster preparedness takes care of this but is not well coordinated.
7. Projects are designed so as to achieve an appropriate balance between water supply, sanitation and hygiene education provision	3	The integrated sanitation strategy has started ensuring that this is carried out.
Transparency and Accountability (3.0)		
1. Procurement of goods and services is equitable, open and transparent	4	Laws and governance structures exist (PPDA)
2. Competition, transparency and contract management ensure fair market-based unit costs of services provision	3	Unit costs of investments are still high
3. Open and transparent planning and budgeting is practiced	3	These exist but are not fully transparent
4. Information on projects, expenditures, access and services is available to and readily understood by the public	3	Information is public but not easily understood
5. Civil society advocacy organizations (watchdog NGOs) maintain a watch over budget	3	The shaming element is not strong

decisions and expenditures and use the media to publicly shame corrupt officials and politicians. 6. Transparency tools such as citizens' charters and report cards are being used by civil society and government to measure and publicize the efficiency and effectiveness of government expenditure.	2	Customer surveys are carried out but this area is still weak
Monitoring and Evaluation (3.1) 1. Sector monitoring and information systems are sector wide, utilized, sustained and able to provide annually updated information	4	The M&E system is sector wide but not effectively integrated through WAN. Efforts to do this have just started. The JAF process is also a good contribution.
2. Civil society actively participating in data collection and monitoring system	3	Participation by UWASNET, through WSWGs but is still not comprehensive
3. Data collection, analysis and reporting are transparent and accessible to the public	2	The approach has not been developed
4. Monitoring and evaluation data is sex and pro-poor disaggregated	3	Not fully disaggregated
5. Sector data and information is in demand and used for sector planning, budgeting and management	4	Planning and budgeting relies on data availability
6. Climate change and its effect on the water sector are being monitored and plans being made to mitigate their negative impact.	3	
7. The sector monitoring system is able to provide for reliable estimations of access and use of services and to capture the equity of distribution of services both geographically and by demographic and income group.	3	Data on accessibility is questionable but efforts to verify population served, on regular basis are being pursed by NWSC, for example.

Recommended Focus Areas to Improve Sector Governance

Making a comparison between the averages of the fifteen governance areas one would likely select those at or below 3.3 for further attention. These are Regulation (3.0), Environment (3.0), Voice and Choice (3.2), Gender (3.1), Equitable Service Delivery (3.0), Transparency and Accountability (3.0) and Monitoring and Evaluation (3.1). A more direct identification of individual low scoring indicators provides greater focus. These would be those indicators scored at 1 or 2. There are eight in number, pointing to specific areas that would benefit from targeted intervention and improvement. In addition there are many indicators scored at 3 which should be, and in many cases are, the focus of ongoing improvements as described above. The eight specific areas that need further attention to improve WSS governance are:

1. Relationships between consumers/users, service providers and government are still weak, not based on strong underlying legislative/operational frameworks and therefore the conflict resolution mechanisms are still unable to provide sufficient consumer/user protection. Customer surveys and citizen score cards should be institutionalised and results enforced.
2. Corruption and generally illicit behaviour in implementation of projects and operations management is still prevalent in the sector and the GGWSWG should be strengthened to focus on this.
3. Effective and sustained watershed conservation, management and protection are still weak and have not shown tangible results on the ground. The DWRM needs to focus and increase outreach activities in this area so that water services are provided sustainably.
4. The control and monitoring of groundwater pollution is a necessary activity but is not adequately being carried out by DWRM. As such, alternative sources of raw water have continued to dwindle.
5. There are obvious inequities between water and sanitation services provision, between rich and poor, urban and rural populations. This imbalance needs to be systematically and continuously addressed in all future projects. The norms of appropriate technologies need to be effectively factored in project design to ensure affordability and sustainability.
6. The levels of subsidies, where required in project design and implementation are currently not adequately monitored to ensure that the right beneficiaries are targeted. Sometimes the rich benefit instead. Targeting approaches and beneficiary identification needs to be strengthened in future WSS infrastructure developments.
7. Currently, the tools such as citizens' charters and report cards being used by civil society and government to measure and publicize the efficiency and effectiveness of government expenditure are not transparent and effective. This is an area that UWASNET needs to strengthen to increase user participation in a meaningful way.
8. The involvement of the public in data collection for key WSS decision making processes is significantly lacking and therefore the public cannot meaningfully participate in sustainable WSS management.

5. LIST OF PERSONS MET – UGANDA

AfDB, Uganda

Mr. Mukaila Ojelade	Resident Representative (AfDB)
Mr. Patrick Kahangire	Consultant (AfDB)
Mr. Andrew Mbiro	Water and Sanitation Specialist (AfDB)

NWSC, Uganda

Mrs. Evelyn Otim	Chief Manager, Commercial and Customer Care, NWSC
Mr. Johnson Amayo	Chief Manager, Planning and Capital Development, NWSC
Mr. Paddy Twesigye	Manager, Projects, NWSC
Mr. David Isingoma	Manager, Corporate Planning
Mr. Mahmood Lutaya	Principal Engineer, M&E, NWSC

DWD, Uganda

Mr. Gilbert Kimanzi	Ag. Assistant Commissioner, Rural Water
Mr. Kabirizi	A.g. Commissioner, Rural Water
Mr. Dominic Kavutse	A.g. Commissioner, Urban
Mr. Chris Azuba	A.g. Assistant Commissioner, Urban Water Authorities
Mr. Disan Ssozi	A.g. Assistant Commissioner, Liason

DWRM, Uganda

Mr. Nicholas Azza	Ag. Assistant Commissioner, Water Resources
Mr. Shillingi	A.g. Director, WRM
Mr. Callist Tindimugaya	A.g. Assistant Commissioner, Regulation
Mr. John Metzeger	WRM Advisor
Mr. Nerbert Owobusobozi	A.g. Commissioner, Water Resources (M&A)
Mrs. Florence Adongo	Ag. Commissioner, Water Quality

Ministry of Health, Uganda

Mr. Natabi Harriet	WSP Technical Advisor, Ministry of Health
Dr. Paul Luyima	Assistant Commissioner, Environmental Health
Julian Kyomuhangi	Community Liaison Officer

Water User Groups, Uganda

Mrs. Debra Mabira	Treasurer, Water User Committee
Mr. W. Semwogerere	Secretary, Kahande Water Board
Mr. S. Guma	Chairman, Kakande Water Board
Mr. A. Twinomugisha	Caretaker, Water Office Borehole
Mr. H. Kizito	Caretaker, Water Office Borehole
Mrs. Eunice Butereba	In charge mobilisation for water and sanitation, Mukono District

The Donor Group, Uganda

Herman Plumm	GTZ
Helen Holm	Swedish Embassy, Uganda
Alex Mbaguta	UWASNET
Tim Fowler	Water Aid, Uganda
Eva Kyobe	JICA, Uganda
Grace Waako Katuramu	Danish Embassy

P. Kahangire	AfDB
Benedict Kanu	AfDB

The CSO/NGO Group, Uganda

Sam Mutono	WSP, Uganda
Maria Jacobsson	WSP, Uganda
Rosemary Robb	WSP, Kenya
Matovu Baker	Water Aid
Opedin Robert	Human Rights Initiative
Abilu Charles	Uganda Water and Sanitation NGO
Catherine Muhumuza	MWE/TSU4
Grace Kanweri	Joint Effort to Save the Environment
Bbosa Christine	MWE/TSU 3

MISSION REPORT
Water Sector Governance Assignment

Senegal, August 4-9, 2008

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1. INTRODUCTION

The mission to Senegal was undertaken as part of the AfDB assignment on Water Sector Governance in Africa in accordance to the mission terms of reference by Mike McGarry and Luc Hoang Gia, from August 4-9. 2008, where he met with representatives of the following organizations:

PEPAM Program coordinating unit (PCU)
Direction de l'hydraulique rurale (DHR)
Direction de l'exploitation et de la maintenance (DEM)
Direction de la gestion et de la planification des ressources en eau (DGPRE)
Direction de l'assainissement (DAS)
Office national de l'assainissement du Senegal (ONAS)
Sénégalaise des Eaux (SDE - private service provider for urban water supply)
Association nationale des conseillers ruraux (ANCR)
Programme national de développement local (PNDL)
Conseil des ONG d'appui au développement (CONGAD)
Water and sanitation program / World Bank (WSP)
Agence Française de Développement (AfD)
African Development Bank (AfDB)

The objectives of the mission were to:

e. Review the key governance issues facing the sector in the country context, their seriousness, the reasons behind the issues, levels of priority given to them, and who/what they impact and to what degree;
f. Suggest how each issue might be mitigated, within what framework, through which governance support mechanism and with what potential for success;
g. Identify which indicators could be used to detect and if possible measure the seriousness of the governance issue, how can it be quantified, what would be its desired level if there is an acceptable level, what could be a threshold, a cut-off or a target that could be used in dealing with the governance issue or in monitoring its mitigation; and
h. Prepare a summary of sector governance in Senegal that will:

(1) outline the state of sector and sub-sector governance in the country,
(2) outline the most important issues facing sector governance,
(3) identify measures that could be taken to mitigate them, and
(4) use the set of proposed governance indicators on a trial basis to assess sector governance.

The mission included a workshop on water sector governance under the form of a "brainstorming session" on governance issues, with a limited number of participants representing the stakeholders met during the week.

2. BACKGROUND: STATUS OF THE WATER SECTOR IN SENEGAL

To achieve the MDGs for water supply and sanitation, Senegal developed a sector-wide program called PEPAM (Programme d'eau potable et d'assainissement du Millénaire) in 2004. The objectives, strategy, instruments and implementation procedures of PEPAM were designed through a large participative process from January to December 2004, approved in a national workshop in January 2005, and finally submitted and validated in a donors' meeting in April 2005. An updated letter of sector policy was issued in October 2005 by the government, concluding the PEPAM design process. For the urban water and sanitation sector, PEPAM continues the former programs (PSE and PLT) that have been successfully implementing sector reforms since 1996.

The institutional and legal frameworks are relatively advanced. The roles and responsibilities of stakeholders (central and local governments, civil society, private sector, etc.) are well defined in the PEPAM program document and the 2005 sector letter of policy. PEPAM is implemented by eight governmental agencies whose missions and responsibilities were fixed in October 2005 through an inter-ministerial decision. Among these agencies, the Program Coordination Unit (PCU) ensures global coordination between governmental and non-governmental stakeholders, and manages the national monitoring and evaluation system. In September 2008, a law on public service of drinking water supply and sanitation was promulgated. It provides the future legal framework for water service delegation contracts in rural areas and direction for future urban water and sanitation services. The Sanitation Code is currently under development. These new texts complement the existing legislation (water code, environment code, hygiene code).

The contractual and regulatory environments are well established in the urban sub-sector but are not yet developed to the same extent in the rural sub-sector. In the urban sub-sector, the SONES concession contract, the SDE lease contract, the SONES performance contract and the ONAS performance contract (yet to be signed) provide a solid contractual framework. There is no regulation agency but the "comité interministériel de suivi" acts as the regulator to the satisfaction of stakeholders. In the rural sub-sectors, a permanent contractual and regulatory framework has not yet been established between ASUFOR, the government and the private sector. There remains a need for consolidation, especially regarding the issue of asset management and the future role of the local government, as authority has not yet been transferred for service provision. However, the DEM is active in achieving its role of regulator for the rural water supply sub-sector.

Adapted planning tools including IRWM have been developed. For the urban sub-sectors, the financial models used by SONES and ONAS are the main tools used for planning decisions. For the rural sub-sectors, new planning tools called "local water and sanitation plans" (WSLP) have been introduced by PEPAM to complement the "local development plans" used by local governments and thus reinforce government capacity and their role as a major stakeholder in the planning process. The implementation of WSLP is in progress. An IRWM action plan (PAGIRE) has been established, with DGPRE leading coordination. PAGIRE will lead to the creation of the "Office du Lac de Guiers", which is the final step in a participative process with all the stakeholders around the Lake of Guiers, which provides 60% of the water for Dakar.

M&E is a full activity in PEPAM with its own resources. M&E is the responsibility of the PEPAM PCU, which allows transversal management of monitoring covering all public and private stakeholder activities. For the rural sub-sectors, data collection procedures rely largely

on regional stakeholders; for the urban sub-sectors, data provision is part of the contractual obligations of SDE and ONAS. Innovative tools have been developed to support M&E activities such as an interactive Internet website, data collection procedures through PPP with a private mobile-to-web operator, as well as a partnership with the national agency of statistics and demography for the management of national household surveys.

Periodic meetings are organized that facilitate information sharing and dialogue among stakeholders. The PEPAM steering committee meeting (end of year) and the joint sector review (mid-year) are two major annual events. These provide an overview of the achievements in the sector and give voice to all stakeholders (central and local governments, private, civil society, development partners) to assess and give their opinion about the results.

Senegal is on track to achieve the MDGs for water supply but faces challenges to meet the targets for sanitation. Financial resources for water supply are in line with the investment plan. By the end 2007, the access rate to water supply was 98% in urban areas 72% in rural areas, which is on track with the MDG Roadmap. The access rate to sanitation was 64% in urban areas and 17% in rural areas. Urban sanitation is also on track with the MDGs, but the revenues generated by ONAS to maintain the sewerage network are much lower than required resulting in poor financial sustainability. Rural sanitation is of much concern, as no significant progress has been recorded for this sub-sector since the launch of PEPAM because of insufficient resources and execution capacities.

3. ISSUES OF GOVERNANCE

There are many governance related issues in the sector, not the least of which are:

- **Little progress has been achieved in decentralization and local governments are not yet involved in decision-making for sector management.** In Senegal, the provision of water supply and sanitation has not yet devolved to local governments. These responsibilities remain in the hands of central government ministries. Water supply is one of the most pressing concerns of rural communities, but local governments don't have formal legitimacy in the sector. However, this does not prevent them from intervening and implementing new installations through supporting programs such as the PNDL. The devolution of implementation responsibilities to regional bodies is very limited and doesn't encompass key activities such as project planning or procurement, as these remain highly centralized.

- **Civil society has a real voice in decision-making in the sector.** The NGOs and user associations have acknowledged that the participative approach adopted in PEPAM has given them opportunities to express their voice, but at the same time they consider their capacity to influence decision-making related to key issues, like tariff setting or improvement of water quality in peri-urban areas, is still very low.

- **Managing the sector has been made difficult by instability in the allocation of sector responsibilities between ministries.** As a consequence of frequent changes of government teams during the past few years, sector responsibilities have moved from one ministry to another, hampering the continuity of strategic management. At present, the responsibility for water supply is split between two ministries: rural water supply forms one ministry, while urban water supply and sanitation are devolved to the ministry responsible for infrastructures and sanitation.

- **Resources allocated to IRWM are not in line with strategic goals.** A national plan for IWRM (PAGIRE) has been developed but its implementation is hampered by lack of resources and capacity compared with the urgency of preventing, managing and resolving conflicts arising in priority zones. With limited resources DGPRE can manage day-to-day activities and at best respond to increasing disputes in sensitive priority zones (Niayes, Réserve de Saint-Louis). External support such as that provided in 2008 by the AWF may help start activities but the issue of channelling recurrent resources for IRWM activities remains.

- **Various issues of equity in access still exist**. Access to water and sanitation is much lower in rural areas than urban areas. In rural areas, access to water is much lower in the three southern regions (Tambacounda, Kolda and Ziguinchor) compared with other regions in Senegal. Access to sanitation is generally very low and there have been no signs of a substantial increase in access since 2005. In urban areas, the total cost of sanitation services is much higher for households using an autonomous system than for those benefiting from a connection to the sewerage network, although both types of households have been awarded public subsidies to access to the services.

- **Transparency and accountability remain important issues for the rural water supply sub-sector**. Although a substantial number of the 1,200 ASUFOR[1] boards achieve remarkable performance, a large majority still do not manage the service with respect for the basic principles of governance contained in their internal regulations. In particular, deadlines for the renewal of boards and general meetings are rarely respected. Weaknesses in financial management and the absence of regular reporting to the population create conditions for local pre-emption and social conflicts. External performance monitoring or independent audits of the ASUFOR are not yet effective. As a result, the sustainability of services has not been secured for many rural schemes. From the observation of their present monetary savings, it can be estimated that 30% of the water user associations do not generate enough revenues to provide a sustainable water supply service because the population served is too small and/or the management is poor. As an indicator of sustainability, the mean percentage of schemes that have failed has increased from 7% in 2006 to 12% in 2007. A rate of 88% for schemes that were operational in 2007 is still an achievement compared with other countries, but the poor financial sustainability represents a major risk since more than 50% of the rural population depends on this infrastructure.

- **The long-term sustainability of urban sanitation is a major concern**. There is a structural gap between the costs faced by ONAS to operate and maintain the sewerage and drainage infrastructure and the regular resources received through the sanitation tax that is included on water bills. Unless appropriate measures are taken, this situation will worsen with the high level of new investments planned in the next years, since operating costs will increase while revenues will not change.

- **The long-term evolution of urban water supply has to be envisaged and constitutes a major challenge**. The ongoing lease contract with SDE will come to an end in 2011, which leaves less than three years to implement a new contractual delegation framework and requires that the government launch preparatory studies now.

[1] ASUFOR = Rural water user association managing rural water supply schemes

4. MEASURES TO MITIGATE GOVERNANCE CONCERNS

Several measures have already been implemented within the unified framework of PEPAM to mitigate the above governance concerns. These include:

- **The voice and choice of the 320 rural municipalities has been strengthened** through regional joint reviews organized for the first time in 2008 prior to the national joint sector review. The municipalities are responsible for updating the inventory of water points and public sanitation installations, and to decide on priority investments needs to be considered in the preparation of the FY 2009 investment budget. The regional reviews have been jointly prepared by PEPAM staff and the national association of rural councils (ANCR). It is expected that these reviews will be renewed every year, becoming a regular planning and review activity for rural municipalities through their regional development agencies (ARD).

- **Important breakthroughs are expected in the rural water supply sub-sector**. A public-private partnership for maintenance should be effective in 2009 for 600 of the 1,200 rural water supply schemes, after a competitive bid. Furthermore, increased resources will be mobilized by the DEM to assist in the development or reinforcement of water user associations, in order to prepare for the implementation of delegation contracts as stipulated in new law on public water service. Thirdly, innovative performance monitoring tools using mobile phone have been developed and are undergoing field tests with ASUFOR managers. Scale-up is planned in 2009.

- **The government has designated a technical committee to study options for the evolution of the urban sector**. This work will cover both technical (introduction of desalination) and contractual (concession, leasing) options to be considered for urban water supply after 2011 and until 2030. It will also deal with strategic adaptations required for urban sanitation. In parallel, the Direction of Sanitation has invited stakeholders of the rural sanitation sub-sector to submit new ideas in order to achieve a significant scaling up in the development of infrastructure through a reduction of unit costs and a remodelling of technical packages proposed to the populations.

- **An improved dialogue framework has been established with civil society**. Consumer associations are members of the board of SONES and ONAS as observers. A partnership protocol has been signed between PEPAM and CONGAD, an apex organization representing the NGOs working in Senegal. The contribution of NGO projects to the development of access to water and sanitation is recognized and accounted for within PEPAM statistics.

Other mitigation measures that could be implemented include:

- Implementation of sector budget support progressively, in parallel with MTEF, with partners willing to endorse this approach, as this may be a way for the government to match its capacity for execution to the effort needed to meet the MDGs

- Intensification of the efforts initiated by the sector to achieve decentralization by accelerating the devolution of responsibilities to regional representative structures.

5. USE OF PROPOSED GOVERNANCE ASSESSMENT INDICATORS

The following chart lists indicators that can be used to identify and assess aspects of governance within the water sector. Each has been scored 1 to 5 with 1 being unsatisfactory to 5 being fully satisfactory. Each indicator is expressed in the positive. Indicators are grouped under main headings and the scores can be averaged to identify areas needing improvements in governance. Although not exhaustive, the list of indicators is long and detailed. Beyond providing a basis for assessment, the purpose is to provide an appropriate level of detail so that taking a checklist approach can identify specific deficiencies. This will help identify specific governance foci needing strengthening while the averaging up of indicator scores enables comparison of overall areas of governance.

The fifteen governance area scores range from 3.0 to 5.0 are:

Governance Area	**Score**
Decentralization	3.0
Policy and Legislation	3.7
Sector Management	4.0
Public Sector Financial Management	3.2
Regulation	3.6
Governance Environment	
Water Resources Management	3.3
Environment	3.5
Civil Society Participation	3.8
Voice and choice	3.6
Rights to Water	4.0
Gender	3.2
Equitable Services Delivery	3.7
Transparency and Accountability	3.2
Monitoring and Evaluation	4.0

Making a comparison between the averages of the fifteen governance areas one would likely select those at or below 3.3 for further attention. These are Decentralization (3.0), Public Sector Financial Management (3.2), Water Resources Management (3.3), Gender (3.2), and Transparency and Accountability (3.2). A more direct identification of individual low scoring indicators provides greater focus. These would be those indicators scored at 1 or 2, of which there are three pointing to specific areas that would benefit from targeted intervention and improvement. In addition there are many indicators scored at 3 which should be, and in many cases are, the focus of ongoing improvements as described above.

Use of proposed Governance Assessment Indicators

Governance Indicator	Score	Comment
Decentralization (3.0)		
8. Decentralization has been implemented so that management of service provision is at the lowest appropriate level (subsidiarity).	4	Management of service provision devolved to ASUFOR
9. Policies and the institutional framework provide for clarity and separation of functional roles and responsibilities with minimum overlap, gaps, duplication and/or conflict.	3	Municipalities claim for devolution of responsibilities.
10. Relationships between stakeholders are clear, legitimized and governed by written procedures, written agreements or contracts.	3	Achieved in urban sub-sector, yet to implement for rural
11. There is alignment of interests, incentives, mandates and responsibilities amongst all stakeholders.	3	Achieved through the unified framework of interventions
12. Skills, capabilities, assets, resources (human and financial) and mandates are decentralized in ways that efficiently and effectively support mandates responsibilities at regional and local levels.	2	Decentralization still limited.
13. Capacity building and HRD programs have ensured adequate competencies and at all levels	3	
14. Devolution of procurement functions is accompanied with regular audit, capacity building, monitoring, and feedback.	3	Achieved in urban sub-sector, yet to implement for rural
Policy and Legislation (3.7)		
4. Sector policies and strategies are up to date and incorporate principles of good governance	4	PEPAM program document, letter of policy
5. Updated legislation supports policies and strategy implementation and avoids duplication, gaps and conflicts in institutional mandates and roles	4	Law on public service of water supply and collective sanitation, code of sanitation
6. Formal channels and mechanisms exist for arbitration and resolution of water-related conflicts	3	Action plan elaborated, not yet validated by the government
Sector Management (4.0)		
4. Clear and effective separation of institutional roles between facilitator/standards setting and implementation	3	Water technical committee
5. Sector performance-based management including regular sector assessments and joint sector reviews	5	Regional reviews, joint sector reviews, steering committee
6. Functional stakeholder working group	4	Donors thematic groups (rural, urban)
Public Sector Financial Management (3.2)		
6. Rolling budgets (MTEF/MTBF) make reliable estimates of future allocations and ceilings available at local levels and include all sources of funds (national, donor, banks, taxes, tariffs and NGOs).	3	No rolling MTEF, but M&E procedures allow a reliable estimation of resources
7. Budgets are responsive to policies that reflect harmonization of targets, visions and	4	

goals 8. Financial management complies with internationally recognized accounting standards and audits are less than one year old. 9. Financial information is used to monitor budgets and expenditures, and to analyse the equity, effectiveness and efficiency of spending distribution relative to social needs. 10. Budgets and allocations to all lower tiers of government are formulae-based and weighted to reflect needs, population, poverty and implementation capacities.	3 3 3	Good practices in the urban sector Starting process Starting process
Regulation (3.6) 9. Regulatory authorities are independent and independently resourced or are in the process of transitioning to independence 10. The regulatory framework provides for equitable services provision, services meeting standards, efficient pricing, consumer protection, competition for the market, and conflict resolution. 11. Public input is sought in determining appropriate water tariff structures and rates in a transparent manner; with consideration of both affordability and cost-of-production. The price of services to the consumer is commensurate with the level and quality of service provided. 12. Contracts and agreements between parties are enforceable, contract law is adhered to. 13. Regulation achieves equity, efficiency and sustainability in allocation and management of water resources 14. Relationships between consumers/users, service providers and government are regularly adjusted through negotiation within a competitive environment. 15. The regulatory framework provides for recourse, arbitration and resolution of disputes which do not depend on political influence 16. Alternative apolitical forms of regulation are being effectively used.	- 4 4 4 3 3 3 4	Senegal has not opted for independent regulator Effective in urban water supply, to be implemented in rural water supply SONES Financial model is shared and recognized by all stakeholders as the reference tool for decision-making SONES and ONAS performance contracts, SDE lease contracts. Delegated management contracts to be implemented for rural water supply Regulation mainly by government agency (DGPRE) Arbitration through consensus searching within an interministerial committee
Governance Environment () 5. Constitutionally based government operating under rule of law and with a separation of powers between the legal and executive branches. 6. Sound functioning law courts and adherence to the rule of law 7. Political stability and absence of violence 8. Effective control of corruption (refer to Ibrahim Index)		
Water Resources Management (3.3) 8. Progress is being made towards integrated water resources management (or is actually in place) through pilots or on-going programs.	4	Office du Lac de Guiers

9. Water allocations are in line with sustainable use, social equity & economic efficiency	4	Effective control on the use of groundwater resource
10. Major users are known and managed through a permit or licensing system	2	Licensing system not really operational
11. Monitoring provides essential management information supporting transparent decision making for sustainable management of water resources in basin	3	Effective control on water extractions by SDE, but not by rural water schemes, data from DGPRE
12. Basin-level plans are regularly made and updated by involving stakeholders and incorporating their views and priorities.	3	Mainly for the Lac de Guiers area (lack of resources)
13. The potential for climate change and its effects have been considered in the planning, management and use of water resources and particularly in the design of infrastructure to mitigate its adverse effects.	-	
14. Functional transboundary watershed management mechanisms are in place	4	OMVS
Environment (3.5)		
7. Institutions responsible for environmental conservation and protection have clear and consistent mandates that avoid overlap, duplication and conflict.	4	
8. Environmental laws and regulations are effectively enforced	4	
9. Application and adherence to environmental impact assessments (EIAs) and related procedures	4	
10. Effective and sustained watershed conservation, management and protection	3	
11. Surface and groundwater pollution is monitored and controlled	3	
12. Environmental and social safeguards are being applied in projects	4	
Civil Society Participation (3.8)		
7. The user community is involved through user groups in rural services management to assure quality and sustainability	4	Ruling principle of ASUFOR
8. The development approach is used in rural areas by which communities are made aware and leadership trained.	3	Need to reinforce the leadership of municipalities
9. Technical capacity for operation, maintenance and repair is built and spare parts are accessible	4	Will be effective with private maintenance operators
10. Government provides continuing monitoring and support including for major repairs	4	Through DEM, despite budget cuts
11. Users participate in planning thereby ensuring that their needs and demands are addressed in local sector plans	4	Starting process
12. Local plans are rolled up and impact central sector planning and budgeting such that sector plans are demand responsive to and reflect local needs.	4	Starting process
Voice and choice (3.6)		
6. The consumer/user has voice that is respected, utilizes recognized channels, and is not constrained by intimidation, frustrated by past failures, hierarchy and/or bureaucratic procedures.	4	
7. Service providers are responsive and consumers/users can voice complaint in with	4	

reasonable confidence that problem will be rectified 8. The consumer/user is informed, aware of his/her rights and obligations and able to formulate complaint and dialogue with the provider. 9. Mechanisms for recourse, appeal and arbitration are apolitical and not based on influence 10. Users make choices in level and quality of service.	 4 3 3	
Rights to Water (4.0) 6. Adherence to agreed international conventions on citizens' rights to water and sanitation (e.g. MDGs) 7. Priority is given to water and sanitation in policies, plans, budgets and expenditures 8. Progress is being made towards meeting national goals in water resources management, and sustainable water supply and sanitation services. 9. Pro-poor policies and programs are being implemented and marginalized and disadvantaged groups are being given priority in services provision	 5 3 4 4	
Gender (3.2) 8. National and sector gender policies exist and are being implemented effectively 9. Sector managers, planners and community leaders are gender aware and they understand gender issues and their implications to the sector. 10. Gender budgeting is practiced 11. Women are being empowered and contributing in decision making roles in sector and project analyses, planning, budgeting implementation, monitoring and evaluation. 12. Challenges to women's participation – such as their workload, time availability, levels of literacy, ability to meet in public, power differentials and intra-family relationships – are acknowledged and respected. 13. Gender responsiveness, mainstreaming and equal opportunity policies are practiced in sector institutions, their staffing patterns and programmes. Safe and practical work environments for women and men exist in sector institutions and organizational cultures (e.g. flexible hours of work and protection against sexual harassment) 14. Both men and women are regarded as central to the provision, management and safeguarding of water	 3 3 2 3 4 - 4	
Equitable Services Delivery (3.7) 8. Water and sanitation services are provided equitably between rich and poor, urban and rural populations 9. Pro-poor policies, programs and methods are implemented that enable low income, marginalized and vulnerable groups gain equitable access to sector services. 10. Fiscal policy and financial management (including cost recovery, market financing, subsidies, and operational mandates) support financial viability in such a way that	 3 4 4	 Inequities issues still pending Social connections to water and large-scale sanitation programs in peri-urban and rural areas,

equity of service provision is promoted. 11. Levels of subsidies per household are commensurate with available resources, affordability of services and in line with pro-poor policies. Subsidies are appropriately targeted and reach their targets in full and in transparent fashion. 12. Price and quality of services provided are equitable across consumer/user groups 13. Adequate planning and preparations have been made for emergencies which incorporate water and sanitation services for displaced persons and refugees 14. Projects are designed so as to achieve an appropriate balance between water supply, sanitation and hygiene education provision	 3 3 - 4	
Transparency and Accountability (3.2) 7. Procurement of goods and services is equitable, open and transparent 8. Competition, transparency and contract management ensure fair market-based unit costs of services provision 9. Open and transparent planning and budgeting is practiced 10. Information on projects, expenditures, access and services is available to and readily understood by the public 11. Civil society advocacy organizations (watchdog NGOs) maintain a watch over budget decisions and expenditures and use the media to publicly shame corrupt officials and politicians. 12. Transparency tools such as citizens' charters and report cards are being used by civil society and government to measure and publicize the efficiency and effectiveness of government expenditure.	 3 3 3 4 3 -	
Monitoring and Evaluation (4.0) 8. Sector monitoring and information systems are sector wide, utilized, sustained and able to provide annually updated information 9. Civil society actively participating in data collection and monitoring system 10. Data collection, analysis and reporting are transparent and accessible to the public 11. Monitoring and evaluation data is sex and pro-poor disaggregated 12. Sector data and information is in demand and used for sector planning, budgeting and management 13. Climate change and its effect on the water sector are being monitored and plans being made to mitigate their negative impact. 14. The sector monitoring system is able to provide for reliable estimations of access and use of services and to capture the equity of distribution of services both geographically and by demographic and income group.	 5 4 4 - 4 - 3	 Leading role of the PEPAM coordinating unit PEPAM website Guiding reference for project design Combines inventories and household surveys. Georeferencing of rural water points not yet completed

6. LIST OF PERSONS MET – SENEGAL

PEPAM Program coordinating unit (PCU) – Mr Amadou Diallo (responsible M&E)
Direction de l'hydraulique rurale (DHR) – Mr Tahirou Ndiaye (Deputy Director)
Direction de l'exploitation et de la maintenance (DEM) – MM. Babou Sarr (Director) and Lamine Ka (engineer)
Direction de la gestion et de la planification des ressources en eau (DGPRE) – M. Gora Ndiaye (Acting Director) and Niokhor Ndour (engineer)
Direction de l'assainissement (DAS) – Mr Adama Mbaye (Director)
Office national de l'assainissement du Senegal (ONAS) – Mr Mamadou Lamine Dieng (General Director) and Baba Coulibaly (engineer)
Sénégalaise des Eaux (SDE - private service provider for urban water supply) – Mr EH Dieng (Acting Director)

7. REPORT OF WATER SECTOR GOVERNANCE WORKSHOP SENEGAL, AUGUST 8

Overview of workshop, objectives and participants

The workshop was held on August 8 at the PEPAM PCU office. There were 13 participants (list below). The objectives of the workshop were to share the findings of the mission and to discuss preliminary indicators. The schedule of the workshop was as follows:

Objectives of the WSG study and goals of the meeting (5mn)
Presentation of the problematic of water sector governance (10 mn)
Summary of the interviews on Governance in Senegal (20 mn)
Discussion on the first two points (30 mn)
Presentation of a set of tentative water sector governance indicators from the experiences in Senegal (20 mn)
Discussion on the indicators (30 mn)
Conclusions (10 mn)

Tentative indicators

The tentative indicators were split into two categories (i) indicators related to governance instruments, and (ii) indicators related to governance criteria.

Indicators related to governance instruments

Decentralization

Decentralization has been implemented so that management of service provision by lowest appropriate level (subsidiarity) is being achieved
Technical capabilities, resources and mandates are adequately decentralized to regional and local levels to effectively support programmes & projects
Within the institutional framework mandates are effectively distributed so that each stakeholder can make best use of its capacities, position, and/or resources in meeting its responsibilities without duplication of or conflict with other stakeholders
Transfer of responsibilities are accompanied by adequate means and resources to meet them
Decentralization has been achieved in a way that the needs and wishes of the beneficiary population are included in sector plans and project designs through participatory planning processes.
Responsibility for operation, maintenance and management of services delivery is achieving cost-effective delivery of services making best use of available local resources and technical and managerial capabilities
Relationships between stakeholders are clear, legitimized and governed by written procedures, written agreements or contracts.
Assets ownerships are legitimate and formalized
Consumer organizations and water user associations (ASUFORs) are legally incorporated or registered and their leadership is representative of members
There is alignment of interests, incentives, mandates and responsibilities of all stakeholders.

Integrated Water Resources Management (IWRM)

Progress being made towards IWRM (or actually in place) through pilots or on-going programmes
Basin organizations established, resourced, mandated for basin water resource management and capable of carrying out its mandate and enforcing good management

Water used associations in place and functioning in achieving consensus among stakeholders in multi-stakeholder sharing use of water resources
Degree to which monitoring systems supporting good basin governance are in place, resourced and functional

Monitoring and Evaluation (M&E)
Monitoring provides up-to-date, reliable and sufficiently accurate information for estimation of inventories and access to services for sector planning and management purposes down to town and village levels
Monitoring and analysis methods and processes are transparent
Monitoring data and information are used in sector planning, management and reviews

Legal
Sector Policy
Policies for each sub-sector have been developed through dialogue and consensus building involving all stakeholders and legitimized through legislation
Regulatory Framework
Where they exist, formal regulatory bodies are independent and adequately resourced enabling them to effectively carry out their mandates
Relationships between consumers, service provider and government are regularly adjusted through consensus building and negotiation within a competitive environment

Indicators related to governance criteria

Civil Society Participation
Civil society participates in local sector planning in meaningful ways
Local plans are rolled up and impact central sector planning and budgeting such that sector plans are demand responsive to and reflect local needs

Voice and Choice
There are formal and informal channels through which the consumer can legitimately voice his or her complaint s, opinions and suggestions
Providers are reasonable and responsive to consumers' demands and complaints
The consumer is adequately informed to be able to formulate complaint and dialogue with the provider, and is reasonably confident of being given a fair hearing and response
The consumers have choices in levels and quality of service and providers. Where monopolies exist, adequate measures have been taken to mitigate effectively against the its effect in a non-competitive environment

Transparency and Accountability
Procurement of goods and services processes are open and transparent
Appeal mechanisms are available, utilized and effective
Scores given against technical proposals are communicated to bidders and financial bids are opened in the presence of bidders.
Monitoring information, particularly those on equitability of services access and quality is publicly available in forms which are readily understood by the public

Equitable Service Delivery
Pro-poor policies, programmes and methods operational which enable low income and marginalized groups gain equitable access to sector services

Levels of subsidies per household are commensurate with available resources, affordability of services and in line with pro-poor policies

- Subsidies are appropriately targeted and reach their targets in full and in transparent fashion
- Subsidies are designed and implemented in such a way as to enable the sector to meet its goals
- Subsidies enable the maximum number of beneficiaries to be served equitably

The price of services to the consumer is commensurate with the level and quality of service provided

- Level of services offered to the consumer are affordable and acceptable
- Price and quality of services provided are equitable across consumer groups

Gender Equity & Mainstreaming

Gender policies in place, ratified and implemented within sector programmes

Discussion points

There was a general agreement on the findings presented by the mission and the content of the proposed indicators. Remarks and discussions regarded:

The possibility to split the WSG indicators by sub-sectors (urban, rural, water, sanitation) and to complement their definition by proposed means of verification

The place of the State in the regulation mechanisms, specially in the rural sub-sectors

The incorporation of pollution and water spill in the WSG indicators.

The efforts achieved to promote gender through the rural water supply reform and the IWRM strategy, even if the results are limited yet.

List of participants

Mr. Momath Cissé, Association des consommateurs du Senegal (ASCOSEN)
Mrs Marième Badji, Direction de l'hydraulique urbaine (DHU)
Mr. Babacar Ndiaye, Office national de l'assainissement du Sénégal (ONAS)
Mr. Mamadou Guèye, Office national de l'assainissement du Sénégal (ONAS)
Mme Mariame Sy Fall, Direction de la gestion et de la planification des resources en eaux (DGPRE)
Mr. Mamour Ngalane, Conseil des ONG d'appui au développement (CONGAD)
Mr. Daouda Gningue, Direction de l'exploitation et de la maintenance (DEM)
Mr. Lamine Ka, Direction de l'exploitation et de la maintenance (DEM)
Mr. Pierre Boulenger, Water and Sanitation Program, World Bank
Mr. Thomas Fugelsnes, Water and Sanitation Program, World Bank
Mme Maimouna Sidibe Diouf, African Development Bank
Mr. Michael McGarry, Cowater
Mr. Luc Hoang Gia, Cowater

MISSION REPORT
Water Sector Governance Assignment

Kenya, September 16-19, 2008

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1. INTRODUCTION

In accordance with the Mission terms of reference, Silver Mugisha visited Nairobi, Kenya from Sept. 16-19, 2008 and held discussions/interviews with representatives of the following organizations:

- African Development Bank Country Office in Nairobi
- Frame Consultants Ltd (undertaking baseline report for the Joint Water Sector Review) – Private Sector
- Athi Water Services Board
- Nairobi Water and Sewerage Company Ltd
- Kenya Water and Sanitation CSO's Network (KEWASNET)
- KfW, Kenya Office
- Sida/Swedish Embassy, Kenya
- AMCOW TAC
- Water Services Regulatory Board (WASREB)
- Department of Water and Sewerage Reforms, Ministry of Water and Irrigation
- Department of Irrigation and Drainage, Ministry of Water and Irrigation
- WSP, Nairobi Office

The objectives of the mission were to:

i. Review the key governance issues facing the sector in the country context, their seriousness, the reasons behind the issues, levels of priority given to them, and who/what they impact and to what degree.
j. Suggest how each issue might be mitigated, within what framework, through which governance support mechanism and with what potential for success.
k. Identify which indicators could be used to detect and if possible measure the seriousness of the governance issue, how can it be quantified, what would be its desired level if there is an acceptable level, what could be a threshold, a cut-off or a target that could be used in dealing with the governance issue or in monitoring its mitigation.
l. Prepare a summary of sector governance in Kenya that will:
    (1) outline the state of sector and sub-sector governance in the country,
    (2) outline the most important issues facing sector governance,
    (3) identify measures that could be taken to mitigate them, and
    (4) use the set of proposed governance indicators on a trial basis to assess sector governance.

2. BACKGROUND: STATUS OF THE WATER SECTOR IN KENYA

Kenya has recently adopted a comprehensive water sector reform strategy and developed a good overall framework for providing sustainable services to the poor. In the next few years reforms on 'paper' will need to be put into practice to benefit all citizens in an equitable manner. The legal framework guiding the implementation of the WSS reforms is the Water

Act 2002, which was enacted in March 2003. The key principles underlying these reforms include: separation of policy, regulation and service provision within the water and sewerage services sector; separation of water resource management from provision of water and sewerage services to avoid conflict of interest in resources allocation and management; devolution of responsibilities for water resource management and water service provision to the local level to facilitate a sense of ownership and responsibility; and enhancement of the sustainability of service provision.

Currently the Kenyan WSS sector has:

- A water access level of between 65-70% and a level of access to acceptable sanitation facilities of 50-55%.
- An institutional framework under the Water Act 2002 that includes the following responsibilities: Ministry of Water and Irrigation for policy formulation (National level); the Water Resources Management Authority (WRMA) for water resources; and Water Services Regulatory Board (WSREB) for regulation of water services provision (National level). At the regional level, Catchment Advisory Committees (CAACs) provide advice on water resources management while water services are managed by Water Services Boards (WSBs). These bodies are delegated a regulatory function and also asset-related responsibilities. At the local level, there are Water Resources User Associations (WRUAs) for water resources and Water Service Provides for water and sewerage services provision. At the lowest local level, the Act provides for the consumer/user.
- A National Water Services Strategy has been developed with the overall framework for ensuring that water and sanitation are provided in a sustainable manner. The strategy incorporates objectives regarding water quantity and quality, and a roadmap to achieving MDG targets.
- MTEF processes in budgeting for WSS activities have been used for more than 8 years and this approach has started gaining momentum in view of the on-going SWAp process, which is yet to be fully concluded.
- Emphasis has been placed on irrigation and water for production activities, creating a new function of water storage under the irrigation department in the Ministry of Water and Irrigation. A Policy on streamlining irrigation has been drafted through a comprehensive stakeholder consultation process and is awaiting approval by parliament. A policy on water storage is still at the draft stage. It is hoped that both policies shall strengthen the provision of water for irrigation activities in the country.
- A Water Services Trust Fund (WSTF) that mobilises funds from various sources, specifically meant for WSS infrastructure development, especially for poor communities. CBOs also have the opportunity to access these funds to reach out to poorer communities/settlements.
- A Water Appeal Board (WAB) is still in its formative stage in terms of functionality and effectiveness. The Board has judicial powers equivalent to that of a Court Judge to help resolve conflicts.
- Urban water supply receives better financing compared to rural water. There is still strong dependence on donors to fund the water sector (e.g. in the last 5 years, more than 50% of WSS funding has been coming from donors).

- A Water Sector Working Group that offers a wide range of sector stakeholders, including donors, the opportunity to periodically review WSS strategies aimed at improving service delivery.

The sector currently faces a number of challenges that hinder progress towards improved performance. These include:

- Lack of a credible integrated database to provide reliable baseline data for investment planning and service improvements.
- There has not been a comprehensive asset re-evaluation activity in view of the recent reform processes that delegated WSS infrastructure assets to various institutions, with varied ownership arrangements.
- Low managerial capacities at local levels to enable meaningful commercial operations management of water services towards best practice production frontier.
- Inadequate implementation of reforms due to political and attitudinal considerations.
- Perceived job instability among key WSS leaders/managers as a result of changes in the political environment in the country.
- Huge financing gaps associated with WSS infrastructure operation and maintenance and/or development in most regional WSS utilities.
- Inadequate attention has been given to water for production activities, leading to arid conditions during dry seasons, yet water could have been harvested during rainy seasons using cost effective technologies.
- Lack of strategic managerial incentives necessary to effectively drive performance among water services providers (WSPs)
- Inadequate regulatory effectiveness due to weak independent decision-making, which does not allow for the creation of an enabling operating environment for service providers.
- Tendency to keep residual power in the Ministry of Water and Irrigation, which undermines decentralisation efforts. In a similar manner, the transfer of funds directly to districts instead of going through Water Service Boards is creating poor coordination in some cases.
- Lack of appropriate incentives to attract alternative services providers, with most regional WSS activities managed through regional utilities created by a conglomerate of municipalities/town councils. In this case, there is no scope for competitiveness, not even for the market. In some cases, CBOs are hooked on the market through peripheral service contracts/MOUs that do measure up to operating efficiencies normally associated with alternative service provision.

3. ISSUES OF GOVERNANCE AND MITIGATING MEASURES

There are many governance related issues in the sector. These are described in the table below, along with possible mitigating measures are.

Sno.	Governance Issue(s)	Mitigating Measure(s)
1	Selective bypassing of decentralisation structures in terms of disbursement of funds, directly from the Central Government to beneficiaries/districts; instead of going through Water Services Boards (WSBs).	The Ministry of Water and Irrigation is aware that this might create problems with efficient allocation of funds, especially if driven by political patronage objectives, and is trying to minimise the anomaly. Even if WSBs are bypassed, they should be consulted and/or informed for coordination purposes.
2	Bypassing of known procedures for appointment of CEOs of key WSS institutions/units, disregarding core principles of competence, job qualifications and suitability.	The Ministry of Water and Irrigation is trying to correct and contextualise these recent developments through a transparent recruitment process by mandated bodies. The required independence in carrying out these activities should be upheld as provided for in the relevant legislative frameworks.
3	Payment of high amounts of honoraria and sitting allowances to Board members/directors making them feel that they are part of the payroll of institutions they are associated with. This negatively affects their independence in providing guidance and policy direction.	The regulatory bodies have instituted a governance study to assess these irregularities and have designed a matrix of strategies/actions to address these anomalies and will monitor compliance. There are plans to conduct regular corporate planning capacity building programmes to sensitize members of Boards on appropriate behaviour.
4	Inadequate independence of the regulatory boards, causing interference in decision making regarding recruitment, tariff approvals, etc.	There are plans to sensitize the Board on their rights and proper business conduct to increase their self-confidence in executing their mandate. The vigorous benchmarking activities that have been conducted in other countries are a positive step in building self confidence and regulatory efficiency and should be considered in Kenya.
5	There is a lack of clarity in the ownership of WSS infrastructure, especially those in rural settings. There is a misconception that he who builds infrastructure owns it and this is creating sustainability problems. The Water Services Boards that are legally mandated to hold these assets in trust are reluctant to put them on their balance sheets because they will impose a heavy financial liability which affects these institutions' efforts to move towards credit worthiness.	The Ministry of Water and Irrigation, under its Reforms Department, is looking at revising the Deed of Transfer of Assets that ensures adequate asset management, without transferring liabilities. This requires professional input from financial experts and will be a long process.

Sno.	Governance Issue(s)	Mitigating Measure(s)
6	Perceived unfairness of abstraction charges (about 50 Kcts/cubic meter of water abstracted) levied by the Water Resources Management Authority (WRMA), as there is often few visible actions/results on the ground, leaving citizens wondering what the money is being used for.	The WRMA is planning to carry out campaigns through the CAACs and WRUAs, sensitising users about the need to pay for water abstraction. In addition, the department of irrigation is planning to construct water storage infrastructure so that water availability during arid seasons is enhanced. This will increase willingness to pay.
7	Although governance structures like Water Sector Working Group (WSWG) exist, there have been issues of irregular meetings and cancellations without adequate consultation of all stakeholders.	There is increased consultation between all stakeholders to ensure that communication is increased. The on-going baseline study in preparation for the annual joint sector review will ensure a successful stakeholder meeting, which should rejuvenate the team spirit among the key sector players.
8	Inadequate access to information by CSOs for effective representation of community concerns, which is hampering the so called 'evidence-based' advocacy by Kenya Water and Sanitation CSO's Network (KEWASNET)	There is a deliberate effort to ensure that CSO's are represented in important stakeholder forums (e.g. Water Sector Working Group, Ministerial Stakeholders Forum) and some Boards of WSS institutions. These representatives should be capable of advocating for access to information.
9.	Lack of strong incentives for alternative service providers and/or competition for the market, which deprives customers of increased managerial efficiencies which would result from increased competitiveness.	Some segments of service provision are being given to CBOs, through investments obtained from Water Services Trust Fund but this is not enough. Some utilities like Nairobi Water and Sewerage Company Ltd (NWSCL) are considering internal managerial competition with efficiency-compatible incentives to drive performance.
10	Inadequate gender considerations at all levels of employment in the sector.	Gender policies (e.g. 30% of employees are to be women) are being considered in some WSBs. It is not known whether this approach will apply throughout the hierarchical levels of management. The NWSCL has recently put in place a Sexual Harassment Policy to strengthen gender mainstreaming.
11	There are considerable inequities in service provision between urban water and sewerage due to perceived high investment costs related to sewerage. In addition there are similar inequities in rural versus urban water services: the latter being exacerbated by a project approach to investments by some donors.	Sanitation has been incorporated in all National Water Sector improvement strategies and there is increased focus on sanitation, not only by the Government of Kenya (GoK) but by donors as well. The current large-scale Water and Sanitation Improvement Program (WASIP) meant for the cities of Nairobi, Mombasa and Kisumu is a step in this direction.
12	Weak data collection/capture methods for key indicators like water and sewerage access make planning infrastructure investments in an objective manner difficult.	The Water Services Regulatory Board is spearheading a Water Resources Information System (WARIS), which will ensure that data is efficiently collected and analysed through a wide area network (WAN). The Ministry of

Sno.	Governance Issue(s)	Mitigating Measure(s)
		Water and Irrigation is also planning to implement a sector-wide Information and Management System (IMS) in coordination with WARIS.

4. USE OF PROPOSED GOVERNANCE ASSESSMENT INDICATORS

The following chart lists indicators which can be used to identify and assess aspects of governance within the water sector. Each has been scored 1 to 5, with 1 being unsatisfactory to 5 being fully satisfactory. Each indicator is expressed in the positive. Indicators are grouped under main headings and the scores can be averaged to identify areas needing improvements in governance. Although not exhaustive, the list of indicators is long and detailed. Beyond providing a basis of assessment, the purpose is to provide an appropriate level of detail so that specific deficiencies can be identified by taking a checklist approach. This will help identify specific governance foci needing strengthening while the averaging up of indicator scores enables comparison of overall areas of governance.

While recognizing that the consultant's mission to Kenya was short in time and far from comprehensive in coverage, an attempt has been made to score its governance performance. It obviously does not claim to be definitive, but is used here to illustrate use of the indicators. The fifteen governance area scores ranging from 2.1 to 5.0 are:

Governance Area	**Score**
Decentralization	3.1
Policy and Legislation	3.7
Sector Management	3.3
Public Sector Financial Management	2.8
Regulation	2.6
Governance Environment	3.0
Water Resources Management	3.0
Environment	3.0
Civil Society Participation	3.1
Voice and choice	3.0
Rights to Water	3.3
Gender	3.0
Equitable Services Delivery	2.4
Transparency and Accountability	2.8
Monitoring and Evaluation	2.1

Clearly, those indicators showing scores less than 3.0 need further attention and improvement, as alluded to in key governance issues discussed before. Specifically, monitoring and evaluation, with the lowest score of 2.1, requires the greatest improvement. A more direct identification of individual low scoring indicators provides greater focus. These would be those sub-indicators scoring at 2. There are 23 of these low-scoring sub-indicators pointing to specific areas that would benefit from targeted intervention and improvement. In addition there are many indicators scored at 3 which should be, and in many cases are, the focus of ongoing improvements as described above.

Use of proposed Governance Assessment Indicators

Governance Indicator	Score	Comment
Decentralization (3.1)		
15. Decentralization has been implemented so that management of service provision is at the lowest appropriate level (subsidiarity).	4	WSPs are on the ground. CBOs are helpful, especially in rural settings. There are also CAACs and WRUAs on the WRM side.
16. Policies and the institutional framework provide for clarity and separation of functional roles and responsibilities with minimum overlap, gaps, duplication and/or conflict.	3	There are still geographical jurisdictional overlaps, e.g. in Nairobi City. Irrigation responsibilities are also not well defined.
17. Relationships between stakeholders are clear, legitimized and governed by written procedures, written agreements or contracts.	3	There is still some interference from a few WSBs and political leadership.
18. There is alignment of interests, incentives, mandates and responsibilities amongst all stakeholders.	4	
19. Skills, capabilities, assets, resources (human and financial) and mandates are decentralized in ways that efficiently and effectively support mandates responsibilities at regional and local levels.	2	Transfer of assets is still a big predicament. Secondment of staff from the Ministry still takes place.
20. Capacity building and HRD programs have ensured adequate competencies and at all levels	3	Apart from residual interference from the Centre, capacities at higher levels exist.
21. Devolution of procurement functions is accompanied with regular audit, capacity building, monitoring, and feedback.	3	Auditing systems (central procurement oversight body) exist but are not fully effective.
Policy and Legislation (3.7)		
7. Sector policies and strategies are up to date and incorporate principles of good governance	4	Governance structures e.g. WSWG, Inter Ministerial Forum, Joint Sector Reviews (JSRs), CSO's etc exist
8. Updated legislation supports policies and strategy implementation and avoids duplication, gaps and conflicts in institutional mandates and roles	4	Good work has been carried out: legislative framework exists
9. Formal channels and mechanisms exist for arbitration and resolution of water-related conflicts	3	There is a Water Appeal Board responsible for conflict resolution but it is not yet fully effective.
Sector Management (3.3)		
8. Clear and effective separation of institutional roles between facilitator/standards setting and implementation	3	The legislative framework (Water Act 2002) provides separation of responsibilities but the practice does not fully follow suit.
9. Sector performance-based management including regular sector assessments and joint sector reviews	4	There are JSRs
10. Functional stakeholder working group	3	Occasional interruption in scheduling meetings

Governance Indicator	Score	Comment
Public Sector Financial Management (2.8)		
11. Rolling budgets (MTEF/MTBF) make reliable estimates of future allocations and ceilings available at local levels and include all sources of funds (national, donor, banks, taxes, tariffs and NGOs).	3	MTEF exists but rolling investment plans are still being developed
12. Budgets are responsive to policies that reflect harmonization of targets, visions and goals	3	Budgets are policy sensitive
13. Financial management complies with internationally recognized accounting standards and audits are less than one year old.	3	Accounting standards (depreciation of all assets) are not fully complied with. Some WSS utilities do not produce annual accounts in a year
14. Financial information is used to monitor budgets and expenditures, and to analyse the equity, effectiveness and efficiency of spending distribution relative to social needs.	2	Data sets are largely unreliable
15. Budgets and allocations to all lower tiers of government are formulae-based and weighted to reflect needs, population, poverty and implementation capacities.	3	Formula is being used but the underlying data sets are largely inaccurate and unreliable.
Regulation (2.6)		
17. Regulatory authorities are independent and independently resourced or are in the process of transitioning to independence	3	Not fully independent
18. The regulatory framework provides for equitable services provision, services meeting standards, efficient pricing, consumer protection, competition for the market, and conflict resolution.	3	No competition in the market since utilities are regionally based and have been formed by a conglomerate of municipalities/town councils.
19. Public input is sought in determining appropriate water tariff structures and rates in a transparent manner; with consideration of both affordability and cost-of-production. The price of services to the consumer is commensurate with the level and quality of service provided.	2	Regulator is in the process of reviewing the tariff for NWSCL but there are still issues of econometric analyses that need to be addressed to yield efficiency-compatible tariff.
20. Contracts and agreements between parties are enforceable, contract law is adhered to.	3	When targets are not achieved, no meaningful penalties are levied, although the frameworks exist.
21. Regulation achieves equity, efficiency and sustainability in allocation and management of water resources	2	Regulatory efficacy is still lacking, especially in ensuring equitable service provision.
22. Relationships between consumers/users, service providers and government are regularly adjusted through negotiation within a competitive environment.	2	There are no regular transparent negotiations
23. The regulatory framework provides for recourse, arbitration and resolution of disputes which do not depend on political influence	3	Water Appeal Board has the powers of High Court Judge
24. Alternative apolitical forms of regulation are being effectively used.	3	CSOs and print media offer viable and practical alternatives.

Governance Indicator	Score	Comment
Governance Environment (3.0)		
9. Constitutionally based government operating under rule of law and with a separation of powers between the legal and executive branches.	4	
10. Sound functioning law courts and adherence to the rule of law	3	Powerful people may not follow court decisions with impunity
11. Political stability and absence of violence	3	Events that occurred at the beginning of 2008 put question marks on stability
12. Effective control of corruption (refer to Ibrahim Index)	2	Governance structures like Anti-Corruption Commission exist but the practice still has gaps.
Water Resources Management (3.0)		
15. Progress is being made towards integrated water resources management (or is actually in place) through pilots or on-going programs.	4	Pilot basins exist
16. Water allocations are in line with sustainable use, social equity & economic efficiency	2	Structures exist but there is no effective O&M
17. Major users are known and managed through a permit or licensing system	4	
18. Monitoring provides essential management information supporting transparent decision making for sustainable management of water resources in basin	3	Still being developed
19. Basin-level plans are regularly made and updated by involving stakeholders and incorporating their views and priorities.	3	Plans are being developed
20. The potential for climate change and its effects have been considered in the planning, management and use of water resources and particularly in the design of infrastructure to mitigate its adverse effects.	2	Relatively new phenomenon and efforts are being made to design mitigation measures
21. Functional transboundary watershed management mechanisms are in place	3	Mechanisms exist.
Environment (3.0)		
13. Institutions responsible for environmental conservation and protection have clear and consistent mandates that avoid overlap, duplication and conflict.	4	
14. Environmental laws and regulations are effectively enforced	3	Enforcement has just started
15. Application and adherence to environmental impact assessments (EIAs) and related procedures	3	These are normally carried out
16. Effective and sustained watershed conservation, management and protection	2	This is still weak
17. Surface and groundwater pollution is monitored and controlled	2	Monitoring is still weak
18. Environmental and social safeguards are being applied in projects	3	Donor funded projects exclusively make these considerations

Governance Indicator	Score	Comment
Civil Society Participation (3.1)		
13. The user community is involved through user groups in rural services management to assure quality and sustainability	4	
14. The development approach is used in rural areas by which communities are made aware and leadership trained.	2	Users do not have information to make meaningful input into development plans
15. Technical capacity for operation, maintenance and repair is built and spare parts are accessible	3	Users are consulted but their needs are not necessarily taken on board
16. Government provides continuing monitoring and support including for major repairs	3	
17. Users participate in planning thereby ensuring that their needs and demands are addressed in local sector plans	3	Local plans are made but are not wholly adopted
18. Local plans are rolled up and impact central sector planning and budgeting such that sector plans are demand responsive to and reflect local needs.	4	
Voice and choice (3.0)		
11. The consumer/user has voice that is respected, utilizes recognized channels, and is not constrained by intimidation, frustrated by past failures, hierarchy and/or bureaucratic procedures.	3	Citizen score card has been tried in Mombasa, Nairobi and Kisumu but the results are yet effective
12. Service providers are responsive and consumers/users can voice complaint in with reasonable confidence that problem will be rectified	3	
13. The consumer/user is informed, aware of his/her rights and obligations and able to formulate complaint and dialogue with the provider.	3	
14. Mechanisms for recourse, appeal and arbitration are apolitical and not based on influence	3	
15. Users make choices in level and quality of service.	3	
Rights to Water (3.3)		
10. Adherence to agreed international conventions on citizens' rights to water and sanitation (e.g. MDGs)	4	Budget allocations are not sufficient
11. Priority is given to water and sanitation in policies, plans, budgets and expenditures	3	
12. Progress is being made towards meeting national goals in water resources management, and sustainable water supply and sanitation services.	3	
13. Pro-poor policies and programs are being implemented and marginalized and disadvantaged groups are being given priority in services provision	3	Water Services Trust Fund financing streams; urban poor concept.

Governance Indicator	Score	Comment
Gender (3.0)		
15. National and sector gender policies exist and are being implemented effectively	3	
16. Sector managers, planners and community leaders are gender aware and they understand gender issues and their implications to the sector.	4	
17. Gender budgeting is practiced	2	
18. Women are being empowered and contributing in decision making roles in sector and project analyses, planning, budgeting implementation, monitoring and evaluation.	3	
19. Challenges to women's participation – such as their workload, time availability, levels of literacy, ability to meet in public, power differentials and intra-family relationships – are acknowledged and respected.	3	
20. Gender responsiveness, mainstreaming and equal opportunity policies are practiced in sector institutions, their staffing patterns and programmes. Safe and practical work environments for women and men exist in sector institutions and organizational cultures (e.g. flexible hours of work and protection against sexual harassment)	3	Sexual harassment policy has been designed for NWSCL
21. Both men and women are regarded as central to the provision, management and safeguarding of water	3	
Equitable Services Delivery (2.4)		
15. Water and sanitation services are provided equitably between rich and poor, urban and rural populations	2	Still being improved
16. Pro-poor policies, programs and methods are implemented that enable low income, marginalized and vulnerable groups gain equitable access to sector services.	3	There are attempts/efforts through CBOs but more work is required
17. Fiscal policy and financial management (including cost recovery, market financing, subsidies, and operational mandates) support financial viability in such a way that equity of service provision is promoted.	2	Cost recovery is far from reach in most WSPs
18. Levels of subsidies per household are commensurate with available resources, affordability of services and in line with pro-poor policies. Subsidies are appropriately targeted and reach their targets in full and in transparent fashion.	2	Subsidies are not well targeted and service inequities are significant. WTP and ATP surveys are very rare.
19. Price and quality of services provided are equitable across consumer/user groups	3	Water kiosks in informal settlements offer opportunities for a special rate of Kshs 10/m^3
20. Adequate planning and preparations have been made for emergencies which incorporate water and sanitation services for displaced persons and refugees	2	No special provisions have been made. Without Red Cross Society, people are in trouble in event of emergencies.
21. Projects are designed so as to achieve an appropriate balance between water supply, sanitation and hygiene education provision	3	This approach has recently been started and has not yet taken root.

Governance Indicator	Score	Comment
Transparency and Accountability (2.8)		
13. Procurement of goods and services is equitable, open and transparent	3	Laws and governance structures exist
14. Competition, transparency and contract management ensure fair market-based unit costs of services provision	3	
15. Open and transparent planning and budgeting is practiced	3	These exist but are not effective
16. Information on projects, expenditures, access and services is available to and readily understood by the public	2	Information is public but not accessible
17. Civil society advocacy organizations (watchdog NGOs) maintain a watch over budget decisions and expenditures and use the media to publicly shame corrupt officials and politicians.	3	The shaming element is not strong
18. Transparency tools such as citizens' charters and report cards are being used by civil society and government to measure and publicize the efficiency and effectiveness of government expenditure.	3	Has just started in a few towns/cities of Nairobi, Mombasa and Kisumu
Monitoring and Evaluation (2.1)		
15. Sector monitoring and information systems are sector wide, utilized, sustained and able to provide annually updated information	3	Not fully operational
16. Civil society actively participating in data collection and monitoring system	2	The approach has not been developed
17. Data collection, analysis and reporting are transparent and accessible to the public	2	Not yet accessible
18. Monitoring and evaluation data is sex and pro-poor disaggregated	2	
19. Sector data and information is in demand and used for sector planning, budgeting and management	2	
20. Climate change and its effect on the water sector are being monitored and plans being made to mitigate their negative impact.	2	
21. The sector monitoring system is able to provide for reliable estimations of access and use of services and to capture the equity of distribution of services both geographically and by demographic and income group.	2	

5. LIST OF PERSONS MET - KENYA

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MISSION REPORT
Water Sector Governance Assignment

South Africa, September 9-14, 2008

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1. INTRODUCTION

In accordance with the mission terms of reference, Michael McGarry visited Pretoria, Midland and Johannesburg, RSA Sept, 9-14, 2008 where he met with representatives of the following organizations:

- Department of Water and Forestry
- Department of Provincial and Local Government
- National Treasury
- AFUR, African Forum for Utility Regulators
- CAP-NET/UNDP
- Development Bank of Southern Africa, DBSA
- Mvula Trust
- ECO-CARE Trust
- SAVE the Vaal Environment NGO
- Water Information Network
- Amanz Abatu, Private Sector Service Provider, contractor
- Beede Municipality
- Water Research Commission
- Valve and pre-paid meter manufacturer

The objectives of the mission were to:

m. Review the key governance issues facing the sector in the country context, their seriousness, the reasons behind the issues, levels of priority given to them, and who/what they impact and to what degree.
n. Suggest how each issue might be mitigated, within what framework, through which governance support mechanism and with what potential for success.
o. Identify which indicators could be used to detect and if possible measure the seriousness of the governance issue, how can it be quantified, what would be its desired level if there is an acceptable level, what could be a threshold, a cut-off or a target that could be used in dealing with the governance issue or in monitoring its mitigation.
p. Prepare a summary of sector governance in South Africa that will:
    (1) outline the state of sector and sub-sector governance in the country,
    (2) outline the most important issues facing sector governance,
    (3) identify measures that could be taken to mitigate them, and
    (4) use the set of proposed governance indicators on a trial basis to assess sector governance.

2. BACKGROUND: STATUS OF THE WATER SECTOR IN SOUTH AFRICA

The South African MDGs are incorporated into its Water Services Act (1998) and the Water Services Strategic Framework (2003), in which the goals of universal water supply by 2008 and basic sanitation by 2010 are set. As a result of considerable effort and resource input, by June 2007 access to water supply had reached 84.7% and to basic sanitation had reached 71% . The MDGs have already been achieved. More recently, the sustainable human settlement goal of universal access to water supply and basic sanitation by 2014 has become the widely accepted goal and is well within reach. These achievements have been accomplished by substantial investment in rapid infrastructure development such as, for example the provision of 300,000 basic sanitation units in 2005 and the eradication of the bucket latrine in seven out of nine provinces by 2008.

The Act and Strategic Framework decentralized responsibility for implementation from the Department of Water Affairs and Forestry to the Department of Provincial and Local Government, through municipalities.. The assets of over 1,700 schemes, valued at some R 6 billion, requiring an estimated refurbishment cost of over R 1 billion have been transferred to the municipalities through the decentralization process.

The South African water sector has:

- A three tier organizational structure: Central government (DWAF), Water Boards providing bulk water, and municipalities (metropolitan, district and local);
- Strong political will and government commitment to rapid universal access, and high service standards backed by substantial financial subsidies;
- A policy of free basic water supply (FBW) and sanitation with implicit cross subsidization and subsidy grants[2]. The first 6 kilolitre per month per household and basic sanitation is provided free to the poor. In 2007, 36 million people or 75% of the population were provided free basic water at a cost of R 1.5 billion;
- Three categories of budgetary support are provided in the form of grants from central government: (1) Multi-purpose Infrastructure Grants, (2) the Local Government Equitable Share and (3) the Water Services Operating Subsidy. The latter will be phased out by 2010 and incorporated into the Equitable Share. All are formula–based support mechanisms, taking into account backlogs, powers, functions and poverty levels. Municipal water and sanitation expenditures amounted to R 9.8 billion in 2005/6 whereas the water Boards spent R 3.3 billion in 2004/5. The Development bank of Southern Africa (DBSA) is an important fiscal provider for the sector having loaned R 2 billion in 2005/6 for capital expenditures; and
- 50% of the municipal finance budget comes from grants and 18% from external borrowing leaving the remaining 32% to come from other contributions and internal funding sources;

[2] The 1996 Constitution of RSA 27(1) states that everyone has the right to have access to sufficient food and water. The Water Services Act (Act 108 of 1997) further defines water rights as right of access to basic water supply and sanitation. The basic water service is defined as 25 litres per day per person of potable water supplied within 200 meters of the household at a minimum flow of 10 litres per minute or 6000 litres per connection per month and available for a minimum of 350 days per year with interruption not longer than 48 hours. The basic sanitation facility is described as infrastructure providing safe, reliable, private, protected from weather, ventilated, keeping smells to the minimum, easy to keep clean and minimizes the risk of spreading sanitation related diseases and enables the safe removal of human waste and wastewater.

At this pace of implementation, there are many challenges facing the sector:

- A shortage of skilled municipal staff resulted in under-spending between 2004 and 2007. Lack of organizational capacity remains the key constraint to the proper installation, operation and maintenance of infrastructure;
- Shortage of revenues to cover O&M costs, manage assets and ensure sustainability. Forty four percent of long-term costs are for operations and maintenance. Furthermore, 35% of sewage treatment plants need substantial capital investment and 50% require additional skilled operational staff;
- Major increases in capital investments are needed meet the 2014 targets. It is estimated that over R 20 billion will be needed to achieve universal access by this date;
- Municipalities must look to market financing for capital investment. Yet, there are substantial variations across municipalities in terms of financial management capability, fiscal viability and credit worthiness;
- Progress in water supply provision has been rapid. In contrast, progress in sanitation has been slow and is underlain by doubtful sustainability resulting from the focus on targets and a lack of demand driven developmental approaches;
- Establishment of a performance-based system of allocation which would increase Municipal Infrastructure Grants to performing municipalities and punish those in non-compliance has been slow;
- The rapid increase of costs due to inflation and erosion in the value of the Rand;
- The uncertainty around the government's ability to sustain current funding levels in the sector;
- WSA's (municipalities) lack of necessary technical, administrative and financial management capacities despite considerable effort at skills development;
- Available funds are R 500 million below what is needed for rehabilitation of assets; and
- A serious shortfall in the Water Services Operating Subsidy to cover actual expenditures and staff costs.

3. ISSUES OF GOVERNANCE

There are many governance related issues in the sector, not the least of which are:

- While RSA has provided 18.7 million people with basic water, 15.5 million with Free Basic Water (FBW), and 11 million with sanitation, there still remains a substantial disparity in urban and rural, and rich and poor access rates. In the larger municipalities capital grants are targeted to areas of low service and poorer areas. However, it is reported that in rural municipalities where WSAs are the service providers, distributive equity is poor and is coupled with sub-standard financial management and lack of transparency. Subsidies often subsidize deficits and thereby undermine financial discipline.
- Water resources and water services policies and legislation have followed separate but parallel streams thereby exacerbating differences in ways by which the sub-sectors are regulated.
- The lack of skilled personnel in nearly all municipalities (apart from metropolitan areas) is cited as the principal reason behind governance and financial woes and failure to meet targets sustainably. Although DWAF provides substantial capacity building support, more is needed, particularly for smaller municipalities. Examples

include the unequal distribution of subsidies, mismanagement of service installers, sub-standard financial management, lack of transparency, and inability to obtain private sector funding.

- Contradictions between the Public Finance Management Act (PMFA) and the Water Services Act (WSA) have resulted in overlap and sometimes conflict between sector stakeholders.
- Current legislation on water quality management is fragmented.
- Consumer/user rights and obligations are presently unclear in water legislation.
- Although the Water Services Act is in place, there is considerable difficulty in enforcing drinking water regulations. This is underlain by the lack of power of the Minister to make and enforce the regulations[3].
- There are constitutional contradictions surrounding the cutting off of water supply to defaulters.
- Many municipalities are defaulting in debt repayment and not maintaining proper reporting and accounting standards.
- DWAF is reported to be "too soft" on the non-performing WSPs which has been enabling non-compliance with the water quality standards regulations.
- Currently, there is a tendency to view all municipalities (local and district municipalities) as if they have equal management, revenue generation capacities and service needs and are equivalent in complying with the regulations.
- Some municipalities are diverting water and sanitation grant funds for other purposes, especially in the rural areas where oversight by the Department and Treasury is not as stringent.
- The disparity in service provision is linked to lack of funding. This is particularly true for rural services. Water Service Authorities (WSAs) are unable to generate adequate revenue through tariffs to cover O&M costs. Additionally, they lack the ability to generate loans from private sources.
- Although there is general agreement on the need for sector regulation, its approach, methods and institutional home are yet to be agreed upon. DWAF is actively studying the various models while at the same time it is assuming the role of regulator itself. This is bound to put DWAF in untenable positions and conflicts of interest. Interestingly, DWAF is cognisant that it is assuming the roles of both "player and referee". For example, DWAF supports municipalities in building capacity to meet drinking water quality standards while at the same time it sets the standards, monitors conformance and imposes fines or intervenes directly against non-conformance.
- The greatest drawback to DWAF being regulator is its lack of independence from the political arena. The key functions of a regulator are impartial decision making and consumer protection. Neither is possible if the regulator is a government department.
- There has been a failure in achieving community ownership, management and system sustainability because service provision is supply driven and target oriented and development approaches in project planning and implementation are not being used.
- Monitoring is the basic essential ingredient for improved governance. There are wide variations in the quality of monitoring. Monitoring is usually carried out by municipalities reporting to DWAF. Opportunities from the involvement of beneficiaries in monitoring their services, including direct feedback, increased credibility of data, and increased partnership, training and ownership are being lost.

[3] DWAF (2008) "Departmental Review Presentation and Public Comment", minutes of the meeting August 12, 2008

- There is a reported reluctance of most municipalities to engage with communities in implementing water and sanitation programmes. On being given the responsibility for implementation in the sector, the municipalities felt that they could "go it alone" without guidance and support from NGOs and the communities themselves. The sector took a decidedly supply driven approach and used contractors as service installers, whereas the development community-based demand-driven approach was taken by such NGOs as Mvula Trust. This change in service provision, occurring at the end of the 1990s, brought about a change in institutional relationships. NGOs lost their core funding and became service installers under contract to municipalities. As such, they lost their independence and ability to innovate by being tied to contracts and approaches determined by the municipalities. Some, however, such as the Mvula Trust, have been able to incorporate some development approaches in their implementation models.
- The lack of appreciation for the development approach is evidenced in the level of investment in community participation, training and involvement in latrine installation contracts between commercial installers and municipalities. Whereas at least 20 to 30% of costs should be devoted to community related activities, only 10 or 11% is typically allocated for the purpose. The result has been poor sustainability of latrines, described as "thousands of filthy mis-used full latrines without provision for their emptying".
- It is well established that opportunities for politicization and manipulation, as well as unit costs, decrease with increased community involvement , decentralization, and access to information . Yet there is a reluctance on the part of many municipalities to share power, to democratize, share information and collaborate. One of the driving forces behind this is that there is too much money chasing too few good projects in a target driven programme suffering from a dearth of skilled professional resources and management systems that extend to the field.
- Few municipalities have established strong consumer relations programmes by which both civil society and service providers can benefit. One of these is Joburg Water (JW). JW has attempted to use the private sector approach to customer relations and care that puts the client at the heart of the business. It now has two call centres for complaints and suggestions, two walk-in contact centres, a written correspondence program and integrates with the Joburg City call centre called Joburg Connect. JW is clear in its Customer Charter that it is committed to providing the best possible services possible in providing its set of deliverables.
- There is currently a court case against the use of "pre-paid" meters for providing Free Basic Water which automatically cut off when the amount provided exceeds the six cubic metres of FBW per month. The case highlights what goes wrong when a provider does not involve the client when introducing new concepts that directly affect the user. The judge ruled in favour of the community which claimed discrimination against the poor in that they were not adequately informed prior to installing the pre-paid FBW meters, are given too little water (especially for households with HIV-AIDS patients) and are not given the opportunity for representation before being cut-off. The case will have a sizeable impact on the FBW programme.

4. MEASURES TO MITIGATE GOVERNANCE CONCERNS

The RSA, and DWAF and DPLG in particular, are actively engaged in trying to mitigate the above concerns. Measures being taken are:

- The Minister has called for a review of sector legislation to harmonize and align the various Acts and Regulations. The DWAF is reviewing and consolidating water sector policy and legislation which has led to the development of the Strategic Framework for Water Services. This framework attempts to provide a comprehensive approach and ten year vision for the sector.
- The DWAF is preparing a revised Water Services Act that will provide a governable structure which spells out consumer/user rights and obligations, establishes a harmonized framework for water services intermediaries, and details regulations related to water tariffs.
- Recommendations are being made for restructuring the financial grant system. Suggestions have been made by which (1) efforts of metropolitan and town municipalities with greater revenue and capital loan generation capacities are recognized, and (2) grants and subsidies budgeted for water-per-household in urban areas are re-allocated to rural areas.
- Recognition needs to be made of the difference in capacities between municipalities (particularly between rural and urban). While support in the form of capacity building is still required, greater emphasis on performance incentives coupled with a tougher stand against non-performing and non conforming municipalities are needed.
- Amongst several initiatives the DWAF has begun, it has prepared a Water Resources Regulatory Strategy, instituted an integrated water resources framework, and established electronic water quality monitoring and performance monitoring systems. It has also conducted audits on WSAs and WSPs, and has begun to implement an enforcement protocol.

These are relevant steps although other mitigation measures could be considered including:

- A stronger demand-responsive development and community-based approach to project planning and implementation aimed at ensuring ownership and sustainability is required. There are many NGOs in RSA that have demonstrated ability in facilitating for sustainable community management of water and sanitation services, Mvula Trust being one of them. Standardized approaches should be taken by private sector “installers” and contracts between them and the WSAs/WSPs should include far greater provision and time for (1) strengthening the WSA/WSP in community based approaches, (2) assessing the community and acquiring understanding of existing water uses and sanitation practices within the community, (3) raising awareness and capacity building of both community organizations and municipal staff and political leadership, (4) developing and dialoguing plans with the community and Ward linked to the District Integrated Development Plans, (5) planning implementation and monitoring, (6) training in operations, maintenance, repair, revenue collection, financial management, scheme management and conflict resolution and (7) assuring provision of continuing monitoring and back-up (particularly in major repairs) by the WSA/WSP. This will take time and money, and also calls for a change in orientation of many of the WSAs/WSPs but it is the only proven way of ensuring sustainability of investments.

- Strengthened relationships between consumers/users and the service provider would assure improved performance particularly in terms of revenue generation, assets management, monitoring and customer satisfaction. Joburg Water is a useful demonstration of a win-win situation.
- Substantial strengthening is needed in financial management, accounting, procurement and loan application, particularly by the smaller municipalities where lack of transparency and accountability is reported.
- There are local examples of joint (community and WSA) monitoring that could be scaled up to the benefit of (1) services quality and sustainability, (2) customer/user understanding, ownership and satisfaction, (3) assets management and (4) revenue generation. It would also be the basis of improved transparency and accountability.

5. USE OF PROPOSED GOVERNANCE ASSESSMENT INDICATORS

The following chart lists indicators which can be used to identify and assess aspects of governance within the water sector. Each has been scored 1 to 5 with 1 being unsatisfactory to 5 being fully satisfactory. Each indicator is expressed in the positive. Indicators are grouped under main headings and the scores can be averaged to identify areas needing improvements in governance. Although not exhaustive, the list of indicators is long and detailed. Beyond providing a basis for assessment, the purpose is to provide an appropriate level of detail so that specific deficiencies can be identified by taking a checklist approach. This will help identify specific governance foci needing strengthening while the averaging up of indicator scores enables comparison of overall areas of governance.

While recognizing that the consultant's mission to South Africa was short in time and far from comprehensive in coverage, an attempt has been made to score its governance performance. It obviously does not claim to be definitive, but is used here to illustrate use of the indicators. The fifteen governance area scores range from 3.0 to 5.0 are:

Governance Area	**Score**
Decentralization	3.6
Policy and Legislation	3.3
Sector Management	4.0
Public Sector Financial Management	4.0
Regulation	3.6
Governance Environment	4.5
Water Resources Management	3.9
Environment	3.7
Civil Society Participation	3.3
Voice and choice	3.0
Rights to Water	5.0
Gender	3.1
Equitable Services Delivery	3.7
Transparency and Accountability	3.4
Monitoring and Evaluation	3.1

Making a comparison between the averages of the fifteen governance areas one would likely select those at or below 3.3 for further attention. These are Policy and Legislation (3.3), Civil Society Participation (3.3), Voice and choice (3.0), Monitoring and Evaluation (3.1) and Gender (3.1). A more direct identification of individual low scoring indicators provides greater focus. These would be those indicators scored at 1 or 2, of which there are five pointing to specific areas that would benefit from targeted intervention and improvement. In addition there are many indicators scored at 3 which should be, and in many cases are, the focus of ongoing improvements as described above.

Use of proposed Governance Assessment Indicators

Governance Indicator	Score	Comment
Decentralization (3.6)		
22. Decentralization has been implemented so that management of service provision is at the lowest appropriate level (subsidiarity).	4	Urban services are appropriately managed by urban and metro municipalities, rural by CBOs and farms as WSPs
23. Policies and the institutional framework provide for clarity and separation of functional roles and responsibilities with minimum overlap, gaps, duplication and/or conflict.	3	WSA and PFMA are not aligned. DWAF is reviewing the legislation and preparing revisions to the WSA
24. Relationships between stakeholders are clear, legitimized and governed by written procedures, written agreements or contracts.	4	As above
25. There is alignment of interests, incentives, mandates and responsibilities amongst all stakeholders.	3	Disparities and disagreement exist between DWAF and the DPLG reflecting lack of harmonization in legislation
26. Skills, capabilities, assets, resources (human and financial) and mandates are decentralized in ways that efficiently and effectively support mandates responsibilities at regional and local levels.	4	Process of transferring assets has not been straight forward. Asset management has been largely deficient especially in the smaller municipalities.
27. Capacity building and HRD programs have ensured adequate competencies and at all levels	3	Shortage of skills in municipalities is a key constraint on sector development despite DWAF HRD efforts.
28. Devolution of procurement functions is accompanied with regular audit, capacity building, monitoring, and feedback.	4	Procurement skills are weak in the smaller municipalities resulting in non-transparent transactions & rent seeking
Policy and Legislation (3.3)		
10. Sector policies and strategies are up to date and incorporate principles of good governance	4	Policies and legislation are under review, as above.
11. Updated legislation supports policies and strategy implementation and avoids duplication, gaps and conflicts in institutional mandates and roles	3	WSA being revised.
12. Formal channels and mechanisms exist for arbitration and resolution of water-related conflicts	3	Conflict resolution is principally dependant on political influence.
Sector Management (4.0)		
11. Clear and effective separation of institutional roles between facilitator/standards setting and implementation	4	Roles not separated, DWAF continuing involvement in implementation (Limpopo particularly)
12. Sector performance-based management including regular sector assessments and joint sector reviews	5	
13. Functional stakeholder working group	3	Water committee thus far unable to resolve divergence between DPLG and DWAF.

Governance Indicator	Score	Comment
Public Sector Financial Management (4.0)		
16. Rolling budgets (MTEF/MTBF) make reliable estimates of future allocations and ceilings available at local levels and include all sources of funds (national, donor, banks, taxes, tariffs and NGOs).	4	Allocations influenced by politics, rolling plans are partially effective in forecasting allocations largely because allocations are formula based.
17. Budgets are responsive to policies that reflect harmonization of targets, visions and goals	3	This year targets have changed from 2008 (water) and 2012 (sanitation) to Vision 2020 goals.
18. Financial management complies with internationally recognized accounting standards and audits are less than one year old.	4	
19. Financial information is used to monitor budgets and expenditures, and to analyse the equity, effectiveness and efficiency of spending distribution relative to social needs.	4	Efforts are being made.
20. Budgets and allocations to all lower tiers of government are formulae-based and weighted to reflect needs, population, poverty and implementation capacities.	5	Formula are weighted. There does not appear to be any major by-passing of the formulae.
Regulation (3.6)		
25. Regulatory authorities are independent and independently resourced or are in the process of transitioning to independence	3	DWAF is the regulator. It is reviewing various regulation models but will likely remain regulator for some time.
26. The regulatory framework provides for equitable services provision, services meeting standards, efficient pricing, consumer protection, competition for the market, and conflict resolution.	3	The regulatory framework is still being designed and put into place.
27. Public input is sought in determining appropriate water tariff structures and rates in a transparent manner; with consideration of both affordability and cost-of-production. The price of services to the consumer is commensurate with the level and quality of service provided.	4	
28. Contracts and agreements between parties are enforceable, contract law is adhered to.	5	
29. Regulation achieves equity, efficiency and sustainability in allocation and management of water resources	4	
30. Relationships between consumers/users, service providers and government are regularly adjusted through negotiation within a competitive environment.	4	Larger municipalities as WSAs outsource the WSP role. Then as in Joburg Water they are government owned.
31. The regulatory framework provides for recourse, arbitration and resolution of disputes which do not depend on political influence	3	Resolution inevitably involves political interference.
32. Alternative apolitical forms of regulation are being effectively used.	3	Corruption is reported as substantial in smaller municipalities, especially as related to procurement.

Governance Indicator	Score	Comment
Governance Environment (4.5)		
13. Constitutionally based government operating under rule of law and with a separation of powers between the legal and executive branches.	5	
14. Sound functioning law courts and adherence to the rule of law	5	
15. Political stability and absence of violence	4	
16. Effective control of corruption (refer to Ibrahim Index)	4	
Water Resources Management (3.9)		
22. Progress is being made towards integrated water resources management (or is actually in place) through pilots or on-going programs.	4	Pilot basins underway.
23. Water allocations are in line with sustainable use, social equity & economic efficiency	4	
24. Major users are known and managed through a permit or licensing system	4	
25. Monitoring provides essential management information supporting transparent decision making for sustainable management of water resources in basin	4	
26. Basin-level plans are regularly made and updated by involving stakeholders and incorporating their views and priorities.	3	
27. The potential for climate change and its effects have been considered in the planning, management and use of water resources and particularly in the design of infrastructure to mitigate its adverse effects.	4	Working with SADC on drought mitigation including possible impact of climate change.
28. Functional transboundary watershed management mechanisms are in place	4	Transboundary management efforts proceeding with SADC.
Environment (3.7)		
19. Institutions responsible for environmental conservation and protection have clear and consistent mandates that avoid overlap, duplication and conflict.	4	
20. Environmental laws and regulations are effectively enforced	4	
21. Application and adherence to environmental impact assessments (EIAs) and related procedures	5	
22. Effective and sustained watershed conservation, management and protection	3	
23. Surface and groundwater pollution is monitored and controlled	3	
24. Environmental and social safeguards are being applied in projects	3	

Governance Indicator	Score	Comment
Civil Society Participation (3.3)		
19. The user community is involved through user groups in rural services management to assure quality and sustainability	3	
20. The development approach is used in rural areas by which communities are made aware and leadership trained.	2	There are wide variations in practices across the municipalities. In general the target and supply driven approach has not allowed the development approach to be widely applied. In rural areas, this has endangered community management and sustainability.
21. Technical capacity for operation, maintenance and repair is built and spare parts are accessible	4	
22. Government provides continuing monitoring and support including for major repairs	3	
23. Users participate in planning thereby ensuring that their needs and demands are addressed in local sector plans	4	
24. Local plans are rolled up and impact central sector planning and budgeting such that sector plans are demand responsive to and reflect local needs.	4	
Voice and choice (3.0)		
16. The consumer/user has voice that is respected, utilizes recognized channels, and is not constrained by intimidation, frustrated by past failures, hierarchy and/or bureaucratic procedures.	3	
17. Service providers are responsive and consumers/users can voice complaint in with reasonable confidence that problem will be rectified	4	
18. The consumer/user is informed, aware of his/her rights and obligations and able to formulate complaint and dialogue with the provider.	3	More so in urban, less in rural where the supply driven approach has not allowed for the development approach.
19. Mechanisms for recourse, appeal and arbitration are apolitical and not based on influence	2	
20. Users make choices in level and quality of service.	3	
Rights to Water (5)		
14. Adherence to agreed international conventions on citizens' rights to water and sanitation (e.g. MDGs)	5	
15. Priority is given to water and sanitation in policies, plans, budgets and expenditures	5	
16. Progress is being made towards meeting national goals in water resources management, and sustainable water supply and sanitation services.	5	
17. Pro-poor policies and programs are being implemented and marginalized and disadvantaged groups are being given priority in services provision	5	

Governance Indicator	Score	Comment
Gender (3.1)		
22. National and sector gender policies exist and are being implemented effectively	3	
23. Sector managers, planners and community leaders are gender aware and they understand gender issues and their implications to the sector.	3	
24. Gender budgeting is practiced	2	
25. Women are being empowered and contributing in decision making roles in sector and project analyses, planning, budgeting implementation, monitoring and evaluation.	3	
26. Challenges to women's participation – such as their workload, time availability, levels of literacy, ability to meet in public, power differentials and intra-family relationships – are acknowledged and respected.	4	
27. Gender responsiveness, mainstreaming and equal opportunity policies are practiced in sector institutions, their staffing patterns and programmes. Safe and practical work environments for women and men exist in sector institutions and organizational cultures (e.g. flexible hours of work and protection against sexual harassment)	3	
28. Both men and women are regarded as central to the provision, management and safeguarding of water	4	
Equitable Services Delivery (3.7)		
22. Water and sanitation services are provided equitably between rich and poor, urban and rural populations	3	
23. Pro-poor policies, programs and methods are implemented that enable low income, marginalized and vulnerable groups gain equitable access to sector services.	5	
24. Fiscal policy and financial management (including cost recovery, market financing, subsidies, and operational mandates) support financial viability in such a way that equity of service provision is promoted.	4	
25. Levels of subsidies per household are commensurate with available resources, affordability of services and in line with pro-poor policies. Subsidies are appropriately targeted and reach their targets in full and in transparent fashion.	4	
26. Price and quality of services provided are equitable across consumer/user groups	3	
27. Adequate planning and preparations have been made for emergencies which incorporate water and sanitation services for displaced persons and refugees	3	
28. Projects are designed so as to achieve an appropriate balance between water supply, sanitation and hygiene education provision	4	

Governance Indicator	Score	Comment
Transparency and Accountability (3.4)		
19. Procurement of goods and services is equitable, open and transparent	4	
20. Competition, transparency and contract management ensure fair market-based unit costs of services provision	4	
21. Open and transparent planning and budgeting is practiced		
22. Information on projects, expenditures, access and services is available to and readily understood by the public	3	
23. Civil society advocacy organizations (watchdog NGOs) maintain a watch over budget decisions and expenditures and use the media to publicly shame corrupt officials and politicians.	3	
24. Transparency tools such as citizens' charters and report cards are being used by civil society and government to measure and publicize the efficiency and effectiveness of government expenditure.	3	
Monitoring and Evaluation (3.1)		
22. Sector monitoring and information systems are sector wide, utilized, sustained and able to provide annually updated information	4	
23. Civil society actively participating in data collection and monitoring system	2	
24. Data collection, analysis and reporting are transparent and accessible to the public	2	
25. Monitoring and evaluation data is sex and pro-poor disaggregated	3	
26. Sector data and information is in demand and used for sector planning, budgeting and management	4	
27. Climate change and its effect on the water sector are being monitored and plans being made to mitigate their negative impact.	4	
28. The sector monitoring system is able to provide for reliable estimations of access and use of services and to capture the equity of distribution of services both geographically and by demographic and income group.	3	

6. LIST OF PERSONS MET - SOUTH AFRICA

Name	Position	Organization	Email/phone
Kgomosoane Mathipa	Chief Operating Officer	Department of Water Affairs and Forestry - DWAF	mathipak@dwaf.gov.ca +27-828042965
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Helgard Muller	Chief Director, Water Services (Policy & Regulation)	DWAF	helgard@dwaf.gov.za
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Others of relevance but not met due to non-availability, vacation, or retirement.

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Onesmus Ayaya	Chief Financial Officer	DWAF	ayayas@dwas.gov.za

MISSION REPORT
Water Sector Governance Assignment

Malawi, September 9-14, 2008

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1. INTRODUCTION

In accordance with the mission terms of reference, Michael McGarry and George Namizinga visited Malawi between Sept. 15 and 18, 2008 where he met with representatives of the following organizations:

- AfDB
- Ministry of Irrigation and Water Development (MIWD)
- National Water Development Program (NWDP)
- WaterAid
- Canadian International Development Agency (CIDA)
- Department of Environmental Affairs
- PEM – SWAp Consultant
- DfID (UK)
- UNICEF
- Training Support for Partners

The objectives of the mission were to:

q. Review the key governance issues facing the sector in the country context, their seriousness, the reasons behind the issues, levels of priority given to them, and who/what they impact and to what degree.
r. Suggest how each issue might be mitigated, within what framework, through which governance support mechanism and with what potential for success.
s. Identify which indicators could be used to detect and if possible measure the seriousness of the governance issue, how can it be quantified, what would be its desired level if there is an acceptable level, what could be a threshold, a cut-off or a target that could be used in dealing with the governance issue or in monitoring its mitigation.
t. Prepare a summary of sector governance in South Africa that will:
    (1) outline the state of sector and sub-sector governance in the country,
    (2) outline the most important issues facing sector governance,
    (3) identify measures that could be taken to mitigate them, and
    (4) use the set of proposed governance indicators on a trial basis to assess sector governance.

2. BACKGROUND: STATUS OF THE WATER SECTOR IN MALAWI

Generally water governance is a new phenomenon amongst most stakeholders and to a large extent it is perceived as corruption in the sector. However, most senior level government staff have a good perspective of governance issues but admit that internalization at middle and junior levels needs strengthening. They realize, for instance, that decentralization, as a key issue in governance, needs to start at the central level and trickle down to District Assemblies with full human and financial resources provided if it is to bring about significant changes.

3. ISSUES OF GOVERNANCE

There are many governance related issues in the sector, not the least of which are:

a) **Decentralization** – All ministries led by the Ministry of Local Government embarked on a decentralization exercise a number of years ago, an exercise which has seen power devolved to District Assemblies. However, for other ministries like MoIWD, starting the process is still a problem and its consequences are impacting service delivery in the District Assemblies. The failure by MoIWD to decentralize is affecting staff operations and performance of water supply systems for the communities. Human resources, financial and operational capacity is inadequate for effective delivery of services. It is noted, however, that central control over the decentralization process would have improved its implementation, which actually began many years ago in the MoIWD but which slowed when the MLG took over. Since the 1980's, the MoIWD has had a well defined, well staffed and well equipped National, Regional and District institutional framework with notable operations, but has since evolved due to sector reforms. Whilst there is a clear sense of acceptance of the concept, deliberate efforts to strengthen and speed up the process need to be increased for any meaningful engagement of the process.

b) **SWAp** - Considerable time and effort are being dedicated to the establishment of a SWAp in the sector. The Ministry has been implementing water projects funded by different donors/NGOs that brought along different sets of conditions, systems and procedures for the same goal. Eventually this led to the development of different standards being followed by communities. The SWAp will harmonize efforts, entailing adoption of common standards under all programmes run by the MoIWD.

c) **IWRM** –Malawi's water resources and their associated land resources have been significantly eroded over time as a consequence of incoherent plans and lack of coordination between different stakeholders developing projects and deriving benefits from the same water resources. To date, several catchment areas for major rivers have lost their forestry cover due to human activity. A number of policies with equally good will and intentions for the community have been known to bear conflicting consequences as a result of lack of coordination between sectors at the development stage. Some agricultural, forestry and water policies have been observed to lack harmonization endangering downstream users since in most cases they are exposed to pollutants or in severe cases their rivers run dry in the hot season. There are a number of cases where irrigation/water supply projects have been developed without adopting proper procedures in obtaining water rights, normally by private investors. These have consequently affected new projects initiated by government, several years down the line due competing demands and lack of coordinated efforts for the same resources.

   Efforts are underway to initiate IWRM as evidenced through the recent development of the IWRM plan for Malawi which is awaiting cabinet approval.

d) **Watershed Management** – Watershed management is a big challenge for the government with devastating consequences if not given the serious attention. Indications suggest lax enforcement of regulation, conflicting policies among different sectors and weak institutional capacity as the key challenges in watershed management. The community's attitude towards the country's natural resources has a

big impact as well. Their perception since colonial times has been that trees and animals belong to government, hence little care is given as these are viewed as government property.

River flows today are decreasing due to poor watershed management. Lack of adequate farming land in most areas of the country has forced communities to encroach and cultivate catchments areas. The benefits though do not match the consequences. With crude farming technologies being employed on a subsistence basis, the yield is normally small and not worth the destruction of the valuable forest cover. Despite the negative effects outweighing the benefits derived from the encroachment, the communities continue with catchment destruction as impacts of such acts are of long term nature.

The end-result of this encroachment is the drying of water resources, implying intermittent supplies for most water systems and in severe cases low performance of irrigations systems due to low water levels.

e) **Institutional Capacity** – This presents a big problem for the government particularly at the district level resulting from decentralization not being implemented in the sector. Generally, there is lack of adequately qualified staff at district level as the working conditions are not attractive, which results in large gaps particularly for professional positions. The government, through a number of initiatives, is addressing the problem by placing professionals to fill in the gaps. The COMWASH project, UNDP and lately UNICEF have placed engineers, MIS and District Water Officers respectively with the intention that government will later absorb the staff into their payroll after phase-out. This lack of capacity has often led to Districts losing out on funding to administer their own projects since they are perceived to be inadequate to carry out the work, leading to projects being administered by the central government.

f) **Corruption** – The sector suffers from corruption, especially in procurement activities. The major factor contributing to this malpractice is a lack of adequate training among procurement officers and the absence of a comprehensive procurement system that is open and transparent, thereby preventing corrupt practices. The procurement process starts with identification of suppliers/ contractors, evaluation of bids, award of contracts, following up on performance to ensure completion on agreed deadlines and effecting variation where necessary. However, the general trend in the process in the water sector is a lack of performance monitoring, endangering investments.

g) **Institutions** – Malawi is challenged with a lack of adequate institutions to manage the water sector. Lack of a regulatory body has impacted heavily on the sector to the extent that for instance management of rural water supplies by water user groups cannot effectively enforce penalties to defaulters due to lack of regulation. This renders them powerless since their authority is bestowed on them without any legal backing.

There is considerable pollution of water resources by effluents from manufacturing companies especially in cities which is not adequately addressed and this is attributed to the absence of a strong regulatory framework.

There is very little participation in water production and management issues from the private sector. Whilst government handles all policy functions, production, distribution and management is taken care of by water boards that ideally are semi-governmental. Drilling and construction contractors (mostly from the private sector) are only involved at the construction stage and more recently, a few companies have licensed to produce and sell bottled water.

h) **Consumer Voice –** Intermittent supplies especially in Blantyre, have led to reaction from reaction from the Consumer Association of Malawi. Whilst this association speaks on behalf of the consumer, individual water consumer groups are rare but complaints are normally noted through the media. Ironically, water boards have out of necessity, created zones through which consumers lodge their complaints and have their problems solved.

4. MEASURES TO MITIGATE GOVERNANCE CONCERNS

Measures to mitigate governance issues in the sector in Malawi include:

- Setting up institutions such as a regulatory body to enable enforcement of specific issues within the sector.
- The MoIWD needs to speed up decentralization. The outcome of this process must not only provide human and operational resources to the district but also finances that would be administered at district level. Direct funding from the treasury to the Assemblies would greatly empower them and hold them accountable. At the District level, there is a need to harmonize the operations of different sectors under the assembly, with a reporting structure headed by the District Commissioner. Sectors should be discouraged to report directly to their line ministries.
- MoIWD should adopt and apply IWRM concepts. The vast water resources Malawi has can be of huge benefit to the country if used appropriately.
- For effective watershed management, sector policies that overlap need to be harmonized, regulations must be enforced and institutions empowered to carry out their mandates. It is also imperative that attitude and mindset changes should start from politicians, government and the community for any meaningful management of the watersheds.
- District Assemblies must be empowered by developing their capacities through staffing, training and other resource provision. They must be delineated from the central government and implement projects on their own.
- Corruption in procurement can be stamped out by adequately training the procurement officers and harmonizing procurement procedures. Enhancing capacity should be carried out with the client and supplier/contractors. They must be knowledgeable of bidding procedures, their rights, partnering with others, etc. as possession of this knowledge ultimately instills the confidence of the public and power to refrain from bribing officials. Establishing a good public procurement system which is preventative would also assist.
- There is a need to educate consumers on their rights and obligations. A lot of consumers suffer in silence due to lack of knowledge. In addition, the service providers need to be aware of their obligations towards the consumers.

5. USE OF PROPOSED GOVERNANCE ASSESSMENT INDICATORS

The following chart lists indicators which can be used to identify and assess aspects of governance within the water sector. Each has been scored 1 to 5, with 1 being unsatisfactory to 5 being fully satisfactory. Each indicator is expressed in the positive. Indicators are grouped under main headings and the scores can be averaged to identify areas needing improvements in governance. Although not exhaustive, the list of indicators is long and detailed. Beyond providing a basis for assessment, the purpose is to provide an appropriate level of detail so that specific deficiencies can be identified by taking a checklist approach. This will help identify specific governance foci needing strengthening while the averaging up of indicator scores enables comparison of overall areas of governance.

While recognizing that the consultant's mission to Malawi was short in time and far from comprehensive in coverage, an attempt has been made to score its governance performance. It obviously does not claim to be definitive, but is used here to illustrate use of the indicators. The fifteen governance area scores range from 1.7 to 4.3 are:

Governance Area	**Score**
Decentralization	3.0
Policy and Legislation	2.7
Sector Management	3.0
Public Sector Financial Management	2.5
Regulation	2.1
Governance Environment	4.3
Water Resources Management	2.5
Environment	2.7
Civil Society Participation	2.7
Voice and Choice	2.4
Rights to Water	3.5
Gender	2.0
Equitable Services Delivery	2.1
Transparency and Accountability	2.3
Monitoring and Evaluation	1.7

Making a comparison between the averages of the fifteen governance areas one would likely select those at or below 2.5 for further attention. These are Public Sector Financial Management (2.5), Regulation (2.1), Water Resources Management (2.5), Voice and Choice (2.4), Gender (2.0), Transparency and Accountability (2.3) and Monitoring and Evaluation (1.7). A more direct identification of individual low scoring indicators provides greater focus. These would be those indicators scored at 1 or 2, of which there are 45 pointing to specific areas that would benefit from targeted intervention and improvement. In addition there are many indicators scored at 3 which should be, and in many cases are, the focus of ongoing improvements as described above.

Use of proposed Governance Assessment Indicators

Governance Indicator	Score	Comment
Decentralization (3.0)	2	Decentralization has been partially implemented but still takes the form of deconcentration
29. Decentralization has been implemented so that management of service provision is at the lowest appropriate level (subsidiarity).	3	Overlaps remain particularly between centre, regional and district levels with responsibilities at village unclear
30. Policies and the institutional framework provide for clarity and separation of functional roles and responsibilities with minimum overlap, gaps, duplication and/or conflict.	3	Relationships are not written and remain relatively unclear
31. Relationships between stakeholders are clear, legitimized and governed by written procedures, written agreements or contracts.	4	Progress is being made with the preparations for SWAp/JSR
32. There is alignment of interests, incentives, mandates and responsibilities amongst all stakeholders.	3	The process of decentralization was not properly supported by Local Government or MoIWD
33. Skills, capabilities, assets, resources (human and financial) and mandates are decentralized in ways that efficiently and effectively support mandates responsibilities at regional and local levels.	3	Capacity building at the district level has been very slow and remains incomplete particularly at professional level
34. Capacity building and HRD programs have or will ensure adequate competencies at all levels	3	Procurement of large goods & services contracts has been retained by the centre
35. Devolution of procurement functions is accompanied with regular audit, capacity building, monitoring, and feedback.		
Policy and Legislation (2.7)		
13. Sector policies and strategies are up to date and incorporate principles of good governance	4	The Water Bill and Sanitation Policy are finalized and under active consideration as legislation
14. Updated legislation supports policies and strategy implementation and avoids duplication, gaps and conflicts in institutional mandates and roles	2	The several acts of legislation are not harmonized & constrain cooperation between Ministries
15. Formal channels and mechanisms exist for arbitration and resolution of water-related conflicts	2	There are no formal channels being used for conflict resolution
Sector Management (3.0)		
14. Clear and effective separation of institutional roles between facilitator/standards setting and implementation	3	Although decentralization has begun the centre remains involved in implementation
15. Sector performance-based management including regular sector assessments and joint sector reviews	2	The JSR will not use a Sector Performance Assessment but rather Thematic Reviews
16. Functional stakeholder working group	4	A Steering Committee and Operational Task Force are now active leading up to the JSR

Governance Indicator	Score	Comment
Public Sector Financial Management (2.5)		
21. MTEF is used in developing multi-year sector projections which provide stakeholders with reliable estimations of future budgets and allocations on which rolling sector plans are based.	3	MTEF and rolling budgets are used but allocations are not predictable although priorities are consistent with policy and budget
22. Policy-sensitive budgeting, compliance with accounting standards and a performance focus backed by incentives are in place	3	Good accounting standards are maintained, regular audits but performance incentives are lacking
23. Financial information is used to monitor budgets and expenditures, and to analyse the equity, effectiveness and efficiency of spending distribution relative to social needs.	2	Monitoring information yielding distribution of benefits to the various groups not yet available Formula based allocations not used
24. Budgets and allocations to lower tiers of government are formulae-based reflecting needs, population and implementation capacities.	2	
Regulation (2.1)		
33. Regulatory authorities are independent and independently resourced or are in the process of transitioning to independence	2	Regulatory authority is under design. It will be combined with MERA which is not independent of government
34. The regulatory framework provides for equitable services provision, services meeting standards, efficient pricing, consumer protection, competition for the market, and conflict resolution.	2	No effective regulatory framework is in place
35. Public input is sought in determining appropriate water tariff structures and rates in a transparent manner; with consideration of both affordability and cost-of-production. The price of services to the consumer is commensurate with the level and quality of service provided.	2	Public not adequately consulted, tariff setting is based on consumer income
36. Contracts and agreements between parties are enforceable through arbitration and/or the courts; adherence to contract law is maintained.	4	Yes
37. Regulation achieves equity, efficiency and sustainability in allocation and management of water resources	1	Regulatory body not in place
38. Relationships between consumers/users, service providers and government are regularly adjusted through negotiation within a competitive environment.	2	User/consumer not adequately involved
39. The regulatory framework provides for recourse, arbitration, appeal and resolution of disputes which do not depend on political influence	1	No
40. Alternative apolitical forms of regulation are being effectively used.	3	The media is used in crisis situations, especially when journalists are personally affected (Blantyre)
Governance Environment (4.3)		
17. Constitutionally based government operating under rule of law and with a separation of powers between the legal and executive branches.	5	Yes

Governance Indicator	Score	Comment
18. Sound functioning law courts and adherence to the rule of law	4	Yes
19. Political stability and absence of violence	4	Currently
20. Effective control of corruption (refer to Ibrahim Index)	4	Government has launched an anti-corruption campaign which is relatively silent about corruption in government
Water Resources Management (2.5)		
29. Progress is being made towards integrated water resources management (or is actually in place) through pilots or on-going programs.	3	IWRM plan is complete and being considered, a first step especially in view of SWAp initiative
30. Water allocations are in line with sustainable use, social equity & economic efficiency	3	Allocations based on demand and influence, no analysis
31. Major users are known and managed through a permit or licensing system	2	Permits are given to major users
32. Monitoring provides essential management information to support transparent decision making for sustainable management of water resources in basin	2	Monitoring is presently very weak although plans are being made and budget being made available
33. Basin-level plans are regularly made and updated incorporating stakeholder views and priorities	2	IWRM not in place although intended
34. Stakeholder participation is implemented as the basis of decision making in the basins	2	
35. The potential for climate change and its effects have been considered in the planning, management and use of water resources and particularly in the design of infrastructure to mitigate its adverse effects.	3	
36. Functional transboundary watershed management mechanisms are in place.	3	TWRM in place through collaboration with SADC although has failed thus far on the River Songwe
Environmental Management (2.7)		
25. Institutions responsible for environmental conservation and protection have clear and consistent mandates that avoid overlap, duplication and conflict.	2	
26. Environmental laws and regulations are effectively enforced	2	
27. Application and adherence to environmental impact assessments (EIAs) and related procedures	4	
28. Effective and sustained watershed conservation, management and protection	2	
29. Surface and groundwater pollution is monitored and controlled		
30. Environmental and social safeguards are being applied in projects	2 4	
Civil Society Participation (2.7)		
25. Users participate in planning thereby ensuring that their needs and demands are addressed to the extent possible in local sector plans	2	Assemblies are now disbanded, urban as well as rural residents not involved in planning.
26. Local plans are rolled up and impact central sector planning and budgeting such	2	District development plans are rolled up although now

Governance Indicator	Score	Comment
that sector plans are demand responsive to and reflect local needs. 27. The user community is involved through user groups in rural services management to assure their quality and sustainability	 4	do not involve civil society Community management is policy and in Water Bill and implemented in projects although support from Districts is weak
Voice and Choice (2.4) 21. The consumer/user has voice that is respected, utilizes recognized channels, and is not constrained by intimidation, frustrated by past failures, hierarchy and/or bureaucratic procedures. 22. Service providers are responsive and consumers/users can voice complaint in with reasonable confidence that problem will be rectified 23. The consumer/user is informed, aware of his/her rights and obligations and able to formulate complaint and dialogue with the provider. 24. Mechanisms for recourse, appeal and arbitration are apolitical and not based on influence 25. Users make choices in level and quality of service.	 3 2 2 2 3	 There are presently no elected body or non-government channels through which complaints can be made
Rights to Water (3.5) 18. Adherence to agreed international conventions on citizens' rights to water and sanitation (e.g. MDGs) 19. Priority is given to water and sanitation in policies, plans, budgets and expenditures 20. Progress is being made towards meeting national goals in water resources management, and sustainable water supply and sanitation services. 21. Pro-poor policies and programs are being implemented and marginalized and disadvantaged groups are being given priority in services provision	 4 4 3 3	
Gender (2.0) 29. National and sector gender policies exist and are being implemented effectively 30. Sector managers, planners and community leaders are gender aware and they understand gender issues and their implications to the sector. 31. Gender budgeting is practiced 32. Women are being empowered and contributing in decision making roles in sector and project analyses, planning, budgeting implementation, monitoring and evaluation. 33. Challenges to women's participation – such as their workload, time availability, levels of literacy, ability to meet in public, power differentials and intra-family relationships – are acknowledged and respected.	 2 3 1 1 2	

Governance Indicator	Score	Comment
34. Gender responsiveness, mainstreaming and equal opportunity policies are practiced in sector institutions, their staffing patterns and programmes. Safe and practical work environments for women and men exist in sector institutions and organizational cultures (e.g. flexible hours of work and protection against sexual harassment)	2	
35. Both men and women are regarded as central to the provision, management and safeguarding of water	3	
Equitable Services Delivery (2.1)		
29. Water and sanitation services are provided equitably between rich and poor, urban and rural populations	2	Substantial disparities exist
30. Pro-poor policies, programs and methods are implemented that enable low income, marginalized and vulnerable groups gain equitable access to sector services.	3	
31. Fiscal policy and financial management (including cost recovery, market financing, subsidies, and operational mandates) support financial viability in such a way that equity of service provision is promoted.	2	Cities are in financial difficulties, cannot finance capital, cannot reach lower income areas with piped services
32. Levels of subsidies per household are commensurate with available resources, affordability of services and in line with pro-poor policies. Subsidies are appropriately targeted and reach their targets in full and in transparent fashion.	2	Subsidies are sometimes subjected to political influences and hence end in wrong hands
33. Price and quality of services provided are equitable across consumer/user groups		
34. Adequate planning and preparations have been made for emergencies which incorporate water and sanitation services for displaced persons and refugees	1	Level of service differs. Maintenance in the squatter areas takes time as compared to low density areas
35. Projects are designed so as to achieve an appropriate balance between water supply, sanitation and hygiene education provision	3	
	2	Sanitation has fallen way behind.
Transparency and Accountability (2.3)		
25. Procurement of goods and services is equitable, open and transparent	4	
26. Competition, transparency and contract management ensure fair market-based unit costs of services provision	3	
27. Open, transparent and participatory planning and budgeting is practiced	2	
28. Information on projects, expenditures, access and services is available to and readily understood by the public	2	
29. Civil society advocacy organizations (watchdog NGOs) maintain a watch over budget decisions and expenditures and use the media to publicly shame corrupt officials and politicians.	2	
30. Transparency tools such as citizens' charters and report cards are being used by	1	

Governance Indicator	Score	Comment
civil society and government to measure and publicize the efficiency and effectiveness of government expenditure.		
Monitoring and Evaluation (1.7)		
29. Sector monitoring and information systems are sector wide, utilized, sustained and able to provide annually updated information	2	District services data out of date and not collated, water resources monitoring to be re-established
30. Civil society actively participating in data collection and monitoring system	2	Rarely
31. Data collection, analysis and reporting are transparent and accessible to the public	1	Not accessible
32. Monitoring and evaluation data is sex and pro-poor disaggregated		
33. Sector data and information is in demand and used for sector planning, budgeting and management	1 3	Seldom disaggregated Used on an irregular basis
34. Climate change and its effect on the water sector are being monitored and plans being made to mitigate their negative impact.	1	
35. The sector monitoring system is able to provide for reliable estimations of access and use of services and to capture the equity of distribution of services both geographically and by demographic and income group.	2	Being set up at district level and then will have to be developed in subsidiary databases in Ministry. At present estimates are unreliable and equity distribution cannot be estimated with confidence

6. LIST OF PERSONS MET - MALAWI

Item	Date	Name	Organization	Position	E-Mail Address	Phone
1	Sept 15, 2008	Sidney Mainala	Ministry of Irrigation & Water Development	Director of Water Resources	smainala@yahoo.com	265 1 770 344
2		Robert Kafakoma	Training Support for Patners	Executive Director	kafakoma@tspmalawi.org	265 8 842 875
3		Kiwe Sebunya	UNICEF	Chief Water & Environmental Sanitation	ksebunya@unicef.org	265 9 964 210
4		Simon Msukwa	UNICEF	MIS Expert		265 1 770 788
5		David Woolnough	DFID	Infrastructure & Growth Advisor	d-woolnough@dfid.gov.uk	265 8 206 875
6		Henrik kjaersig	PEM Consult	SWAP Consultant	hkj@pem.dk	+45 5123 5312
7	Sept 16, 2008	Boniface Gondwe	Ministry of Irrigation & Water Development	Director Water Supply and Sanitation	bncgondwe@yahoo.com	265 9 934 479
8		Dr Kampelewera	Department of Environmental Affairs	Director of Environmental Affairs	kamphatso@gmail.com	265 8 869 446
9		Joseph Kazombo	Ministry of Irrigation & Water Development	Sanitation Coordinator	jkazombo@yahoo.com	265 1 770 344
10		Roger Roome	CIDA	First Secretary (Development)	rooger.roome@cidamalawi.org	265 1 775 713
11		James Mambulu	CIDA	Water & Environmental Specialist	jmambulu@cidamalawi.org	265 9 934 483

Item	Date	Name	Organization	Position	E-Mail Address	Phone
12		Radson Nakanga	Ministry of Irrigation & Water Development	Director of Admin & Finance	nakanga@yahoo.com	265 8 824 085
13		Robert Kampala	Water Aid	Country Manager	rkampala@wateraidmalawi.org	265 9 957 721
14		Inam Raban	Water Aid	Technical Advisor		265 5 550 564
		Geffrey Mamba	Ministry of Irrigation & Water Development	Deputy Director Water Supply & Sanitation	gmamba@yahoo.com	265 8 891 821
14	September 17, 2008	Gershom Jere	Ministry of Irrigation & Water Development	Director of Planning	gjere@yahoo.com	265 9 211 064
15		Oscar Mkhoma	National Water Development Program	ACGF Coordinator	oscar@nwdpmw.com	265 1 758 984
16		Themba Chirwa	Ministry of Irrigation & Water Development	Principal Economist	tchirwa@yahoo.com	265 8 511 848
17	September 18, 2008	Benson Mkhoma	African Development Bank	Infrastructure Specialist	bmkhoma@afdb.org	255 1 774 462
18			African Development Bank	Procurement Officer		255 1 774 462
19		Frank Kufakwandi	African Development Bank	Resident Rep	skufakwandi@afdb.org	255 1 774 462
20		Jesper Klindt Peterson	African Development Bank	Country Programme Officer	j.peterson@afdb.org	255 1 774 462

MISSION REPORT
Water Sector Governance Assignment

Burkina Faso, September 7-12, 2008

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1. INTRODUCTION

The mission to Burkina Faso was undertaken as part of the AfDB assignment on Water Sector Governance in Africa in accordance to the mission terms of reference by Luc Hoang Gia, from September 7-12, 2008, where he met with representatives of the following organizations:

- Direction générale des resources en eau (DGRE)
- Direction de l'approvisionnement en eau potable (DAEP)
- Direction de l'assainissement (DA)
- Direction des études et de l'information sur l'eau (DEIE)
- Direction de la législation et du suivi des organismes (DLSO)
- Office national de l'eau et de l'assainissement (ONEA)
- Secrétariat permanent du Programme de gestion intégrée des resources en eau (SP-PAGIRE)
- Programme d'application de la réforme (PARE)
- Wateraid NGO, representing also the Cadre de concertation des ONG pour l'eau potable et l'assainissement (CCEPA)
- Eau Vive NGO
- Centre régional pour l'eau potable et l'assainissement (CREPA)
- Association des Maires du Burkina-Faso (AMBF)
- Ligue des consommateurs
- Vergnet Hydro (private company)
- Danish Embassy
- KfW, representing also the coordination of the donors
- African Development Bank (AfDB)

The objectives of the mission were to:

u. Review the key governance issues facing the sector in the country context, their seriousness, the reasons behind the issues, levels of priority given to them, and who/what they impact and to what degree;
v. Suggest how each issue might be mitigated, within what framework, through which governance support mechanism and with what potential for success;
w. Identify which indicators could be used to detect and if possible measure the seriousness of the governance issue, how can it be quantified, what would be its desired level if there is an acceptable level, what could be a threshold, a cut-off or a target that could be used in dealing with the governance issue or in monitoring its mitigation; and
x. Prepare a summary of sector governance in Burkina Faso that will:
   (1) outline the state of sector and sub-sector governance in the country,
   (2) outline the most important issues facing sector governance,
   (3) identify measures that could be taken to mitigate them, and
   (4) use the set of proposed governance indicators on a trial basis to assess sector governance.

2. BACKGROUND: STATUS OF THE WATER SECTOR IN BURKINA FASO

Burkina-Faso has been involved for several years in progressively implementing an enabling environment for the water and sanitation sector, characterized by an important number of legal texts, strategy and policy documents which include:

- The law of orientation related to water management (2001) and application decrees (issued from November 2002 to November 2005);
- The code of territorial collectivities (2004);
- The Action Plan for IWRM (March 2003) and the creation of a permanent secretariat;
- The PN-AEPA Program document (November 2006);
- The revised national policy and strategy for sanitation (July 2007); and
- The framework document for the implementation of the strategy of the sub-sector "sewage and excreta" in rural areas within PN-AEPA (January 2008).

In 2005-2006, the national program for water supply and sanitation (PN-AEPA) was formulated and adopted by all stakeholders after a largely participative process. The PN-AEPA implements the program approach as decided by the government to reach the MDGs. It is under the responsibility of the DGRE.

The public company ONEA serves urban areas with water supply and sanitation. ONEA provides its service in 45 main towns and a few rural small towns and operates under a performance contract with the State. A team of independent consultants audits the yearly progress report before its presentation to the board of ONEA. The "Ligue des consommateurs" (the main consumer organization in Burkina) is present on the board of ONEA as a non-voting member.

Progress has been recorded in the implementation of the IRWM action plan with the creation of the Nakambe basin agency. This is the most strategic of the four basin agencies in the IRWM action plan. Activities have begun for the implementation of the Mouhoun basin agency. At an international level, Burkina Faso is a member of the Volta Basin Authority and the Niger Basin Authority.

Several mechanisms for coordination have been implemented, such as the national water council, the technical water committee, the partners' concerting group, the PN-AEPA national and regional steering committees, basin organisations, and the donors' consulting group.

Tools and piloting instruments have been developed to implement the concept of "unified operation framework", which is a component of the PN-AEPA. Among the tools are the MDG roadmap, the national information system on water (SNIEau) which is the M&E system within the INOH database, the joint sector review, the protocol with the donors, the PN-AEPA implementation manual, and the "Police de l'eau" legislation.

3. ISSUES OF GOVERNANCE

A major challenge for the sector will be to "operationalize" the enabling environment, including the development of solutions for the issues that still remain at the national, regional, and local levels. A second challenge will be to ensure proper functioning of dialogue mechanisms. Although numerous, they are not yet functioning on a regular basis and may overlap in some cases. Furthermore, there are many governance related issues in the sector, not the least of which are:

- *Adequate capacity****: The sector faces at least four critical and short-term issues of capacity that must be solved so as not to compromise the effort undertaken to set up a performing operational framework. There is a general consensus that capacity building will be the major challenge within the implementation of the PN-AEPA,***

- ***The first issue, and a major concern for donors, is low performance of the public procurement system, especially for the mobilization of external resources. This problem is not limited to the water sector, so it is difficult to deal with within the sector. Centralization is one of the main reasons for this issue.***

- ***The second issue is inadequate human resources capacity of the DGRE and regional directorates. The number of staff and their qualifications are insufficient and hamper the executing capacity. The insufficient level of budget allocations to cover the operating costs exacerbates this problem.***

- The third issue relates to the lack of capacity of local governments. Decentralization is very recent and a major effort in capacity building will be required to enable assumption of their responsibilities.

- The fourth issue is the insufficient skill and capacity of the private sector, which is still fragmented with very small companies lacking professionalism and financial solidity.

- *Equity in access:* ***At a national level, geographical discrepancies in access to water still exist between regions, and this situation has not significantly evolved (better or worse) during the past few years. At the local level, it is common within the same district for some larger central villages to be over-equipped with water points while others, smaller or isolated, are under-equipped. This situation has resulted both from a lack of coordination between projects and a lack of transparency in the allocation of water points.***

- *Transparency and accountability:* ***Political interference is a real issue at the local level, especially when decision-making is carried out by local governments regarding the location of water points. These practices are still frequent and difficult to prevent. The community management of rural water schemes and water points by water user associations or committees has not succeeded in improving transparency and accountability and has lead to high rates of service failures, justifying the decision of the government to look for of private operators.***

- **Sustainability of services:** Approximately one-quarter of 'modern' water points and one-third of the rural schemes were not functioning in 2005. There are high variations in sustainability between regions. Poor water service management, lack of organization in maintenance and spare parts supply, poor cost recovery and acts of vandalism (solar modules stolen from a large number of pumping stations) largely explain this situation and represent a huge loss of resources. Regarding IRWM, the Nakambe basin agency is not yet able to operate with its own resources because the National Assembly has not yet voted on the required legal framework.

- *Gender and pro-poor policies:* ***Within the DGRE, of the four departments under its umbrella, three are lead by women. However, in general there are no specific achievements on gender issues beyond those currently implemented, such as the participation of women in water point committees. It is interesting to note that WaterAid is now substituting the gender approach with another concept called "equity-inclusion", targeting vulnerable groups (handicapped, women, and children).***

- **The development of sanitation remains low, especially in rural areas**. Some progress has been made in the urban sector with ONEA, but not in the rural sector. Resources for rural sanitation are inadequate and a program for large-scale access has not been launched, except for a few NGO projects and the on-going AfDB PN-AEPA sub-program which has a sanitation

component targeting 20,000 households, but this is not yet being implemented. One reason for this situation is that although a strategy and implementation methods have been defined and approved, consensus within the donor community still does not exist, particularly surrounding the principle of subsidizing latrines to households, which has been refuted by certain donors (such as Danida), while others donors accept it (like the AfDB).

4. MEASURES TO MITIGATE GOVERNANCE CONCERNS

Measures to mitigate governance concerns are being taken, including:

- **The concept of "united framework of operations", which is at the core of the PN-AEPA implementing strategy, has helped to improve overall governance concerns.** It has introduced the principle of shared management of the sector between key stakeholders. Although there remains much to achieve, this approach brought confidence to stakeholders and encouraged them to participate in the sector. The DGRE noted that its dialogue with NGOs has been considerably improved and now their activities are much better known and are positioned in the national planning process.

- **Several initiatives are ongoing to tackle capacity issues.** A capacity building plan has been developed for DGRE, including for the regional level. However, whether this plan will be fully funded is not clear. In the short term, another capacity building plan developed within the SP/PAGIRE will increase staffing levels in DGRE by 40 engineers and technicians in 2008 and another 50 in 2009.

- **The introduction and effective practice of local planning through the "PDC-AEPA"[4] is expected to be a decisive step in mitigating several of governance concerns**. First, the method to design a PDC-AEPA is basic and each rural citizen can participate: each village of the district has to be positioned on a priority scale with regard to its relative access to water. Second, as the population is informed and given voice throughout the PDC-AEPA design process, the internal and external political interferences in the allocation of priorities should be tempered (such benefits are already reported from field experience by WaterAid and the AMBF itself). Third, the PDC-AEPA and its annual update should be the unique reference for any new initiative or investment planning over the communal territory. In this manner, every stakeholder will be informed of what others are doing or will do, which should help avoid duplications and improve resource allocations. Although there is consensus among stakeholders about the relevance of the PDC-AEPA concept, only a few plans have been achieved so far. Funding has been secured to cover at least 50% of the 302 rural communes through several project channels, including NGOs, but additional resources are required to cover all the districts by the end 2009, as expected by the DGRE. A guide for the design of PDC-AEPA has been prepared and disseminated by the DGRE.

- **The introduction by PARE of build-operate-transfer contracts for rural piped schemes is an innovation to improve the participation of the private sector and ensure long term quality and sustainability of water supply services.** The "Reform application program" (PARE) has promoted this approach, which is quite new for rural infrastructure, and piloted it for tendering 15 new rural water schemes. The contractor will operate and maintain the installations for 7 years from commissioning and will be entirely responsible for recovering the tariffs. A key feature of the tender process was its participative dimension where pre-qualified companies were invited to comment and amend the draft technical requirements produced by the project team. Substantial modifications were accepted and incorporated by the project, which encouraged the companies to bid. Two companies with good records in the sector in Burkina Faso have been awarded a contract and should start the works by early 2009. If this method is proven successful in the first year of operation, this would pave the way for its extension such that private service providers will be able to retrieve reasonable profits.

[4] " Plan de développement communal pour l'approvisionnement en eau potable et assainissement"

- **The priority placed by the DGRE on the implementation of monitoring and evaluation fulfils a key condition for the PN-AEPA strategy to be effectively implemented**. The M&E system is a core component that will provide all the required information for appropriate decision-making and efficient budget planning at local, regional and national levels. A first important measure taken by the Government is a decree making mandatory the declaration of every water point newly built or rehabilitated under either governmental or non-governmental projects. NGOs are fully aware of this legislation and willing to respond to it. However, the M&E system has not yet been implemented: this is why the DGRE is about to launch a study to define how to practically apply the procedures and acquire the information defined in the M&E operating manual. This will be a challenge in terms of capacity and sustainability.

- **The devolution of certain responsibilities to regional government, as tested in the PADSEA, could be extended**. The preparation of tender documents, call for tender, and evaluation of bids were all conducted at the regional level, but the approbation procedures still remained at the central level in Ouagadougou. This partial devolution substantially decreased the total time required for procurement procedures and allowed local governments to participate effectively in the evaluations.

- **The possible implementation of joint budget support by the DANIDA, SIDA and UE** could potentially increase the amount and predictability of resources and facilitate the use of planning tools such as a budget program and PDC-AEPA. This would be a unique opportunity for the sector to receive from the Government appropriate resources through favourable budget arbitrations.

- **Pro-poor initiatives are to be emphasized within the context of rising costs of living**. For example, a dialogue was held in May 2008 between ONEA, civil society, the consumer league, the association of mayors and donors to discuss how to lessen the cost of water for the poorest households. After testing different scenarios for tariffs with a financial model, a new tariff structure was adopted, with an increase in social allocation from 6 to 8 m^3 per month, which is a clearly pro-poor achievement. This new tariff was applied in August 2008.

5. USE OF PROPOSED GOVERNANCE ASSESSMENT INDICATORS

The following chart lists indicators that can be used to identify and assess aspects of governance within the water sector. Each has been scored 1 to 5 with 1 being unsatisfactory to 5 being fully satisfactory. Each indicator is expressed in the positive. Indicators are grouped under main headings and the scores can be averaged to identify areas needing improvements in governance. Although not exhaustive, the list of indicators is long and detailed. Beyond providing a basis for assessment, the purpose is to provide an appropriate level of detail so that taking a checklist approach can identify specific deficiencies. This will help identify specific governance foci needing strengthening while the averaging up of indicator scores enables comparison of overall areas of governance.

The fifteen governance area scores range from 3.0 to 5.0 are:

Governance Area	**Score**
Decentralization	3.3
Policy and Legislation	4.0
Sector Management	4.0
Public Sector Financial Management	3.0
Regulation	3.4
Governance Environment	
Water Resources Management	3.3
Environment	3.5
Civil Society Participation	3.3

Voice and choice	3.6
Rights to Water	4.0
Gender	3.5
Equitable Services Delivery	3.5
Transparency and Accountability	3.2
Monitoring and Evaluation	3.2

Making a comparison between the averages of the fifteen governance areas one would likely select those at or below 3.3 for further attention. These are Decentralization (3.3), Public Sector Financial Management (3.0), Water Resources Management (3.3), Civil Society Participation (3.3), Transparency and Accountability (3.2), and Monitoring and Evaluation (3.2). A more direct identification of individual low scoring indicators provides greater focus. These would be those indicators scored at 1 or 2, of which there are three pointing to specific areas that would benefit from targeted intervention and improvement. In addition there are many indicators scored at 3 which should be, and in many cases are, the focus of ongoing improvements as described above.

Use of proposed Governance Assessment Indicators

Governance Indicator	Score	Comment
Decentralization (3.3)		
36. Decentralization has been implemented so that management of service provision is at the lowest appropriate level (subsidiarity).	4	Sector responsibility devolved to rural municipalities
37. Policies and the institutional framework provide for clarity and separation of functional roles and responsibilities with minimum overlap, gaps, duplication and/or conflict.	4	
38. Relationships between stakeholders are clear, legitimized and governed by written procedures, written agreements or contracts.	3	Achieved for urban sectors with ONEA
39. There is alignment of interests, incentives, mandates and responsibilities amongst all stakeholders.	4	
40. Skills, capabilities, assets, resources (human and financial) and mandates are decentralized in ways that efficiently and effectively support mandates responsibilities at regional and local levels.	2	Capacities at decentralized level are still low
41. Capacity building and HRD programs have ensured adequate competencies and at all levels	3	DGRE has a capacity building program, not municipalities
42. Devolution of procurement functions is accompanied with regular audit, capacity building, monitoring, and feedback.	3	Partially applied on some projects
Policy and Legislation (4.0)		
16. Sector policies and strategies are up to date and incorporate principles of good governance	4	
17. Updated legislation supports policies and strategy implementation and avoids duplication, gaps and conflicts in institutional mandates and roles	4	
18. Formal channels and mechanisms exist for arbitration and resolution of water-related conflicts	4	4 basin agencies identified, 1 created
Sector Management (4.0)		
17. Clear and effective separation of institutional roles between facilitator/standards setting and implementation	3	Water technical committee
18. Sector performance-based management including regular sector assessments and joint sector reviews	4	joint sector reviews, steering committee
19. Functional stakeholder working group	5	Donors coordination, NGO coordination
Public Sector Financial Management (3.0)		
25. Rolling budgets (MTEF/MTBF) make reliable estimates of future allocations and ceilings available at local levels and include all sources of funds (national, donor, banks, taxes, tariffs and NGOs).	2	MTEF defined but not used practically
26. Budgets are responsive to policies that reflect harmonization of targets, visions and	4	Good practices in the urban sector

goals 27. Financial management complies with internationally recognized accounting standards and audits are less than one year old. 28. Financial information is used to monitor budgets and expenditures, and to analyse the equity, effectiveness and efficiency of spending distribution relative to social needs. 29. Budgets and allocations to all lower tiers of government are formulae-based and weighted to reflect needs, population, poverty and implementation capacities.	3 3 3	Implemented with ONEA, to be done in rural areas
Regulation (3.4) 41. Regulatory authorities are independent and independently resourced or are in the process of transitioning to independence 42. The regulatory framework provides for equitable services provision, services meeting standards, efficient pricing, consumer protection, competition for the market, and conflict resolution. 43. Public input is sought in determining appropriate water tariff structures and rates in a transparent manner; with consideration of both affordability and cost-of-production. The price of services to the consumer is commensurate with the level and quality of service provided. 44. Contracts and agreements between parties are enforceable, contract law is adhered to. 45. Regulation achieves equity, efficiency and sustainability in allocation and management of water resources 46. Relationships between consumers/users, service providers and government are regularly adjusted through negotiation within a competitive environment. 47. The regulatory framework provides for recourse, arbitration and resolution of disputes which do not depend on political influence 48. Alternative apolitical forms of regulation are being effectively used.	- 4 4 4 3 3 3 3	Burkina has not opted yet for independent regulator Effective in urban water supply, to be implemented in rural water supply ONEA Financial model is shared and recognized by all stakeholders as the reference tool for decision-making
Governance Environment () 21. Constitutionally based government operating under rule of law and with a separation of powers between the legal and executive branches. 22. Sound functioning law courts and adherence to the rule of law 23. Political stability and absence of violence 24. Effective control of corruption (refer to Ibrahim Index)		
Water Resources Management (3.3) 37. Progress is being made towards integrated water resources management (or is actually in place) through pilots or on-going programs.	4	Agence de bassin du Nakambe

38. Water allocations are in line with sustainable use, social equity & economic efficiency	4	
39. Major users are known and managed through a permit or licensing system	3	
40. Monitoring provides essential management information supporting transparent decision making for sustainable management of water resources in basin	3	
41. Basin-level plans are regularly made and updated by involving stakeholders and incorporating their views and priorities.	3	Local water committees
42. The potential for climate change and its effects have been considered in the planning, management and use of water resources and particularly in the design of infrastructure to mitigate its adverse effects.	-	
43. Functional transboundary watershed management mechanisms are in place	4	Autorité du Bassin de la Volta
Environment (3.5)		
31. Institutions responsible for environmental conservation and protection have clear and consistent mandates that avoid overlap, duplication and conflict.	4	
32. Environmental laws and regulations are effectively enforced	4	
33. Application and adherence to environmental impact assessments (EIAs) and related procedures	4	
34. Effective and sustained watershed conservation, management and protection	3	
35. Surface and groundwater pollution is monitored and controlled	3	
36. Environmental and social safeguards are being applied in projects	4	
Civil Society Participation (3.3)		
28. The user community is involved through user groups in rural services management to assure quality and sustainability	4	Through the rural municipalities
29. The development approach is used in rural areas by which communities are made aware and leadership trained.	4	Starting process
30. Technical capacity for operation, maintenance and repair is built and spare parts are accessible	3	Presently a lot of failure, but will be effective with private maintenance operators
31. Government provides continuing monitoring and support including for major repairs	3	Through water points rehabilitation programs
32. Users participate in planning thereby ensuring that their needs and demands are addressed in local sector plans	3	Starting process
33. Local plans are rolled up and impact central sector planning and budgeting such that sector plans are demand responsive to and reflect local needs.	3	Starting process
Voice and choice (3.6)		
26. The consumer/user has voice that is respected, utilizes recognized channels, and is not constrained by intimidation, frustrated by past failures, hierarchy and/or bureaucratic procedures.	4	
27. Service providers are responsive and consumers/users can voice complaint in with	4	

reasonable confidence that problem will be rectified 28. The consumer/user is informed, aware of his/her rights and obligations and able to formulate complaint and dialogue with the provider. 29. Mechanisms for recourse, appeal and arbitration are apolitical and not based on influence 30. Users make choices in level and quality of service.	 4 3 3	
Rights to Water (4.0) 22. Adherence to agreed international conventions on citizens' rights to water and sanitation (e.g. MDGs) 23. Priority is given to water and sanitation in policies, plans, budgets and expenditures 24. Progress is being made towards meeting national goals in water resources management, and sustainable water supply and sanitation services. 25. Pro-poor policies and programs are being implemented and marginalized and disadvantaged groups are being given priority in services provision	 5 3 4 4	
Gender (3.5) 36. National and sector gender policies exist and are being implemented effectively 37. Sector managers, planners and community leaders are gender aware and they understand gender issues and their implications to the sector. 38. Gender budgeting is practiced 39. Women are being empowered and contributing in decision making roles in sector and project analyses, planning, budgeting implementation, monitoring and evaluation. 40. Challenges to women's participation – such as their workload, time availability, levels of literacy, ability to meet in public, power differentials and intra-family relationships – are acknowledged and respected. 41. Gender responsiveness, mainstreaming and equal opportunity policies are practiced in sector institutions, their staffing patterns and programmes. Safe and practical work environments for women and men exist in sector institutions and organizational cultures (e.g. flexible hours of work and protection against sexual harassment) 42. Both men and women are regarded as central to the provision, management and safeguarding of water	 4 3 3 5 4 - 4	
Equitable Services Delivery (3.5) 36. Water and sanitation services are provided equitably between rich and poor, urban and rural populations 37. Pro-poor policies, programs and methods are implemented that enable low income, marginalized and vulnerable groups gain equitable access to sector services. 38. Fiscal policy and financial management (including cost recovery, market financing, subsidies, and operational mandates) support financial viability in such a way that	 3 4 4	 Rural/urban Inequities issues still pending Social connections to water and large-scale sanitation programs in peri-urban and rural areas,

equity of service provision is promoted.		
39. Levels of subsidies per household are commensurate with available resources, affordability of services and in line with pro-poor policies. Subsidies are appropriately targeted and reach their targets in full and in transparent fashion.	3	Problems with rural sanitation
40. Price and quality of services provided are equitable across consumer/user groups	3	
41. Adequate planning and preparations have been made for emergencies which incorporate water and sanitation services for displaced persons and refugees	-	
42. Projects are designed so as to achieve an appropriate balance between water supply, sanitation and hygiene education provision	4	
Transparency and Accountability (3.2)		
31. Procurement of goods and services is equitable, open and transparent	2	Complains from donors
32. Competition, transparency and contract management ensure fair market-based unit costs of services provision	3	
33. Open and transparent planning and budgeting is practiced	3	
34. Information on projects, expenditures, access and services is available to and readily understood by the public	4	
35. Civil society advocacy organizations (watchdog NGOs) maintain a watch over budget decisions and expenditures and use the media to publicly shame corrupt officials and politicians.	4	
36. Transparency tools such as citizens' charters and report cards are being used by civil society and government to measure and publicize the efficiency and effectiveness of government expenditure.	-	
Monitoring and Evaluation (3.2)		
36. Sector monitoring and information systems are sector wide, utilized, sustained and able to provide annually updated information	3	M&E designed, yet to be operationalized
37. Civil society actively participating in data collection and monitoring system	3	
38. Data collection, analysis and reporting are transparent and accessible to the public	3	
39. Monitoring and evaluation data is sex and pro-poor disaggregated	-	
40. Sector data and information is in demand and used for sector planning, budgeting and management	4	
41. Climate change and its effect on the water sector are being monitored and plans being made to mitigate their negative impact.	-	
42. The sector monitoring system is able to provide for reliable estimations of access and use of services and to capture the equity of distribution of services both geographically and by demographic and income group.	3	Water point database not updated for 2 years