PART I

REVIEW OF EXISTING CONCEPTS OF WATER GOVERNANCE

AND

AN ANALYSIS OF PRO-POOR APPROACHES IN UN-HABITAT INTERVENTIONS

UN-HABITAT

UNITED NATIONS HUMAN SETTLEMENTS PROGRAMME

Nairobi, 2008

Review of existing concepts of water governance and an analysis of pro-poor approaches in UN-HABITAT interventions

Disclaimer

Acknowledgements:

Author : Rose Osinde
Editors : James Ohayo and Noordin Thierry
Design and Layout : Sarah Oiro
Sponsors : Urban Governance Branch
Printer : United Nations Office in Nairobi Print Shop

ISBN:978-92-1-132023-7
ISBN:978-92-1-131988-0
HS/1008/08

Table of Contents

Executive Summary.....4

1.0. Introduction :
Rationale and Significance of Pro-poor Urban Water and Sanitation ordinances.....5

1.1. Why Pro-poor Urban water and sanitation Governance?.....7

2.0. Understanding Governance:
General Concepts & Definintions of Water Governance.....15

3.0. Regional urban water and sanitation: Challenges and dynamics
Current Practices in Asia, Africa, Latin America and the Caribbean.....25

4.0. An inventory of UN-HABITAT prejects/Programmes:
Focus on developing a pro-poor urban water and sanitation governance framework.....32

5.0. Approaches & activities of other by donors and development agencies 51

6.0. Emerging typologies and guiding principles for developing a pro-poor urban water and sanitation governance framework.....61

7.0. Proposed Framework & Possible tools:
(See the proposed framework for promoting pro-poor water and sanitation governance in urban programmes and projects - Part II – separate document).....68

8.0. Conclusions and Recommendations.....69

Executive Summary

Through its mandates, global programmes and country interventions, UN-HABITAT recognises lack of access to safe drinking water and adequate sanitation as one of the greatest humanitarian, social and developmental challenges affecting the most vulnerable group in the world– the poor.

The purpose of this extensive review (Part I) is to provide the basis for defining a pro-poor water and sanitation governance framework and the tools required to improve UN-HABITAT efforts in favour of adequate water supply and sanitation services for the urban poor. Accordingly, Part I provides an understanding of the needs and approaches and identifies the strategic parameters for governance in the delivery of water and sanitation services to the urban poor.

The review, therefore, is an attempt to explain why water and sanitation governance frameworks must to be pro-poor. It acknowledges that if the critical challenges underlying the MDG for water and sanitation are to be met, it is essential to understand why most countries lag behind in the first place, which in turn calls for a critical review of the following issues: inadequacy of political will at all levels of government (from national to local); the limited scope of governance approaches for implementing this goal, including inadequacy of legal frameworks and poor management structures in both utilities and regulatory functions; inappropriate stakeholders involvement; apparent shortage of financial resources to meet the goals; and inadequate provision for resolving conflicts between water supply and sanitation needs and interests.

The proposed pro-poor urban water and sanitation governance framework (Part II) is based on global reviews of existing definitions and concepts of water supply and sanitation governance and draws heavily on UN-HABITAT's programmes, projects and concepts; its aim is to be as operationally feasible as possible.

The main principles governing this framework are the following:

- Pro-poor legislation and policies;
- Pro-poor Institutional arrangements;
- Innovative financing/investment mechanisms; and
- Pro-poor technical arrangements.

Cross cutting-issues that facilitate implementation of the framework have been addressed to support the core components, i.e.:

- Development of mapping tools;
- Negotiation and conflict resolution mechanisms;
- Monitoring and evaluation; and
- Embedding gender into the four main components mentioned above, as well as in the design, planning, implementation and management of interventions.

This report concludes that, in order for pro-poor urban water and sanitation governance to work effectively, cross-cutting obstacles - including the role of policies along with institutional and regulatory arrangements that are beyond the water supply and sanitation sector - must be taken into consideration in the wider framework of poverty reduction.

1.0. Introduction :

Rationale and Significance of Pro-poor Urban Water and Sanitation ordinances

The urban poor are generally regarded as a 'vulnerable' group, often plagued by problems related to insecurity of land tenure, crowded conditions, inadequate access basic services, and exposure to environmental hazards as it is they who frequently live in unsafe environments. Most of the poor are still to be found in Asia, although this region has witnessed the sharpest reductions in poverty. However, extreme poverty is on the increase in Africa, largely as a consequence of HIV/AIDS, inappropriate policies and the prevalence of conflicts.[1]

The population of the un-served poor differs from city to city with the characteristics and determinants of the urban poor being much more complex than the rural poor; the latter being able to access off-farm employment or land, while the former are faced with a multiplicity of factors mainly those affecting their access to labour markets or to basic services and amenities. For instance, the great majority of the urban poor in Mexico live in overcrowded conditions in precarious dwellings (made of poor-quality or waste materials) that lack basic services and urban infrastructure (such as potable water, sewers and paved streets). In the poorer areas of Mexico City, the average amount of water provided per capita is less than 50 litres per day. In more affluent residential areas, by contrast, the figure is close to 500 litres per day.[2]

One of the factors contributing to the vulnerability of the urban poor is marginalisation, which occurs at different levels: exclusion in policies, lack of involvement in decision-making processes and inadequate service provision. While the persistent marginalisation and exclusion of the urban poor can often be traced to the formal and informal processes by which economic opportunities and public goods and services are presented or allocated, these processes reflect the relationships between poor households and communities and formal social, economic and political organisations, including city level government agencies and non-governmental organizations.

The situation of the poor groups is also partly shaped by a range of informal institutional arrangements that impact on the ability of low-income and vulnerable urban dwellers to secure or enhance their well-being. These informal institutional arrangements – understood here as rule-enforcing mechanisms, include: customs; norms and values; religious beliefs, and social and solidarity networks. These structures govern the ability of the poor to access employment, commodity markets, land and housing, basic services, personal security in the home, as well as wider social support.

With regard to service provision, the urban poor are the group that most suffers from the declining performance of utilities that provide basic services such as water and sanitation; for instance, during shortages, rationing of water affects the poor most adversely as their storage facilities are either non-existent or inadequate. At the same time, and despite the popular belief that the poor cannot pay for water, there is increasing evidence that the poor often do pay more than the better-off consumers: for instance, buying water from street vendors at high cost, bribing water officials, paying fees to slum landlords for access to illegal connections, or

1 *Poverty is understood to be a condition where people are deprived of the freedom to decide over their own lives and shape their future. Lack of power and choice and lack of material resources form the essence of poverty. See, SIDA, 2002. Perspectives on poverty. Available at http://www.sida.se*

2 *Schteingart, Martha, "The environmental problems associated with urban development in Mexico City" in Environment and Urbanisation, Vol. 1, no.1, April, England, 1989.*

queuing for long hours at public water sources.[3] As formal utilities normally do not provide for demand by the poor for water supply and sanitation services, small-scale providers account for up to 70 per cent of water supply and sanitation service provision in most developing countries; the services are of poor quality, and tariffs are normally higher than those charged by formal utilities, given that there are no legal, institutional and regulatory frameworks defining the activities, roles and responsibilities of the independent service providers, particularly those operating in informal settlements.[4]

As far as national authorities are concerned, one of the most direct influences city governments have on the scale and nature of poverty is in what they do or do not do with regard to provision for water, sanitation, drainage, solid waste collection and health care and in supporting housing construction and improvement. Most nations have undergone some form of decentralisation that has affected urban governments, and in cities like Cebu, Philippines and Ahmedabad, India, this has given city authorities more scope for improving infrastructure and service provision; however, it is still common for the power and control over funding for most infrastructure investment to be retained by higher levels of government, as is evident in Bangalore (India), Santiago (Chile) and Mombasa (Kenya).[5] One reason for this is the desire to keep power and resources in the hands of the political party in power at national or state level. It should not, therefore, be necessarily assumed that the introduction of elected municipal governments and mayors ensures more effective infrastructure and service provision, especially – as in Mombasa, Kenya - higher tiers of government inhibit the development of effective urban authorities.

The potential contribution of city and municipal authorities to poverty reduction is often under-estimated, as discussions of poverty reduction usually focus on inadequate incomes or consumption, and on the role of national government and international agencies in addressing this. Still, with the multiple deprivations associated with poverty, city and municipal authorities usually open up considerable scope for action: unsafe, insufficient, poorly accessible and often expensive water, unsafe or inaccessible (and often expensive) sanitation, lack of solid waste collection, and lack of health care. Inevitably, the quality and extent of housing, infrastructure and service provision is influenced by local power structures, including the extent to which low-income groups can influence local government policies and resource allocation, and by the relationships between local and higher tiers of government.

Provision of clean drinking water, sanitation and storm water disposal has evidently become a major challenge for urban centres in the developing world. This review addresses the many issues of urban water and sanitation governance and attempts to develop a pro-poor urban water and sanitation framework; it works from the premise that although there is no agreed standard definition of the concepts of governance, (water governance, pro-poor water governance, etc.), it is now widely accepted that with regard to water supply and sanitation, governance is much more than the formal institutions of government, as it includes a whole range of actors within society such as community-based or grassroots organisations, non-governmental organizations, trade unions, faith based organisations, and businesses - both formal and informal, alongside the various branches of both national and local government.

The next section (1.1.) provides an overview of the issues that account for the need to develop a pro-poor urban water and sanitation governance framework. Section 2.0 offers examples of existing definitions and concepts of water governance, identifying the inherent gaps within them. Section 3.0 gives a regional snapshot of the water supply and sanitation issues and challenges facing Africa, Asia, Latin America and the Caribbean, using available statistics and actual case studies. Section 4.0, assesses current UN-HABITAT programmes and their application of concepts pertaining to water governance, including the strengths and weaknesses

3 WSP, 2004. *New Designs for Water and Sanitation Transactions: Making private participation work for the poor.* Available at http://www.wsp.org/publications/global_newdesigns.pdf

4 *WSP, 2004. Ibid.*

5 See ADB report, 2004. *'Local governance and pro-poor service delivery'.* Available at: http://www.adb.org/Governance/Pro_poor/Urban_case/PDF/ten_cities.pdf

of different approaches. Some examples of pro-poor water and sanitation policies by donor and development agencies are reviewed under section 5.0. The emerging typologies of pro-poor governance principles gathered from reviews of the discussions in sections 1.0 to 5.0 are presented under section 6.0. Section 7.0 details the proposed pro-poor urban water and sanitation governance framework, which has been prepared as a separate document. General conclusions at the end of the report (section 8.0.) highlight the strengths and potential challenges in implementing the proposed framework.

The framework focuses on the practicalities of implementation in pro-poor governance and the inclusion of existing relevant concepts in the operations of UN-HABITAT projects and programmes.

1.1. Why Pro-poor Urban water and sanitation Governance?

In many parts of the globe, access to water is coming under increasing focus as a crucial ingredient in economic advancement; efforts are made to understand the limiting factors impeding its sustainable development.[6] Most 21st century water forums have, therefore, focused on water and poverty as one of the major themes for discussion, in the process highlighting a rapid increase in the number of urban residents without adequate water and sanitation services, and the fact that many settlements that have traditionally been categorised as rural are now showing increasingly urban characteristics.[7]

There is a global recognition that urban poor groups in low-income areas are hardest-hit by water supply and sanitation problems; more specifically, urban sanitation lags behind water provision, both in delivery infrastructure and allocations in national budgets. Many poor people also face problems of water security because of natural disasters and as victims of conflicts over water resources.

The majority of people without access to adequate water services live in Asia, while Sub-Saharan Africa has the highest proportion of people without water. Other countries like China face a water resources crisis of multiple dimensions throughout the country: the fundamental issues for China are not only technical, but also involve institutions and management instruments, and solutions may depend more on political understanding and political will rather than funding.

The role of governance in improving the lot of poor people is succinctly captured in the following statement by the director of Britain's overseas aid agency, the Department for International Development:

"There is an array of evidence that suggests that poor people are less able to avoid the adverse consequences of poor governance and therefore bear a disproportionate share of the ill effects of systems and structures of governance that do not reflect their interests… There is … a very strong case, supported both by anecdotal and by more rigorous analytical work, that leads to the conclusion that there should be a concern to improve governance."[8]

Other reasons explaining the focus of this study on improving water supply and sanitation services to the urban poor include the issues discussed below: demographic changes; the need to widen the governance scope; monitoring the progress towards achieving the Millennium Development Goals; addressing accountability issues; and increasing investment and funding in favour of the poor.

1.1.1. Demographic changes

According to the UN World Water Development Report 2 (WWDR II)[9], the present global population is around 6.4 billion and growing at some 70 million per year, mostly in low-income countries. It is further projected that by 2030 the number will stand at 8.1 billion and at 8.9 billion by 2050, with most of the growth occurring in low-income countries. In these

See, Inter-American Development Bank (IADB). Water Governance in Latin America and the Caribbean. At http://www.idbdocs.iadb.org.wsdocs Visited on 02/07/06

7 It is almost universally agreed that any settlement with over 20,000 inhabitants is urban. However, many countries consider smaller areas as urban as well. The criteria that most countries use in defining 'urban' includes: population size, population density, and social and economic factors. See International Journal of water resources Development: Water Management for Large Cities. Volume 22 No. 2 June 2006. pp185

Cornell, Stephen and Joseph P. Kalt, Reloading the Dice: Improving the Chances for Economic Development on American Indian Reservations, Harvard Project on American Indian Development, John F. Kennedy School of Government, Harvard University, March 1992.

9 UNESCO/UN Water, 2006. The World Water Development Report 2. Water, A shared Responsibility. See http://www.unesco.org/water/wwap.

countries, growth over the next two decades will be concentrated in urban areas; by 2020, 50 percent of the developing world's population will be urban, with most living in small and medium-sized towns and many of these being low-income households.[10]

In Sub-Saharan Africa, by 2015, urbanisation will have progressed from about 32 per cent today to about 45 per cent; to put it differently, the urban population will have grown from the current 215 million to about 400 million. Rapid urban growth means that more than half of the additional increase in services must be in urban areas, despite their higher current levels of coverage.

It must be noted that rapid urbanisation presents both challenges and opportunities, and therefore the fact that cities grow is not necessarily negative. However, an all too rapid pace of growth entails a number of problems if the process is not managed properly for all inhabitants. For instance, infrastructure cannot be developed rapidly enough to provide adequate water, sanitation, transport, electricity etc. for the people moving into urban areas. Given these rapid demographic changes, the challenge is to provide the basic infrastructure required by nearly two billion people in urban areas in the developing world, while at the same time reducing the proportion of people without access to water supply and sanitation services. Improving water supply and sanitation provision to the urban poor, therefore, remains an urgent priority, since incremental improvements in water supply and sanitation can have major positive impacts on health, efficiency and productivity.

Clearly, a major problem for many urban centres stems from the fact that the rates of urbanisation have generally far exceeded the capacities of national and local governments to plan and manage the demographic transition processes in an efficient, equitable and sustainable way.[11] As far as water supply and sanitation is concerned, the poor comprise the majority of potential new customers in most urbanizing cities, and utilities need the skills, knowledge and will to adequately respond to this demand and design services with the particular needs of low-income customers in mind. In addition to substantial demand for new infrastructure, there will also be a need for commensurate investments in capacity building, operations and maintenance.

1.1.2. Widening the governance scope

In many countries, effective laws/regulations and regulatory frameworks are in place, but actual water supply and sanitation provision and management in the water sector in general remain very poor. Most references to decision-making processes on governance, and in particular water governance, tend to explain away existing problems as the by-products of institutional arrangements and the participation of stakeholders. However, in reality, underlying political processes are also involved that are as much about economic and social power as they are about institutional problems.

Recent research has confirmed that the way in which societies govern their water resources has a profound impact on settlements, livelihoods and environmental sustainability. Many current water crises are in fact largely problems of governance rather than the application of appropriate technical and management criteria in harnessing water sources and water quality[12], and yet governance has traditionally received less attention than technical issues. Governance structures that exclude the poor clearly contribute to the fact that more than a billion people in the world lack safe drinking water and nearly three billion have no access to adequate sanitation.

Therefore, water governance is a complex and dynamic process that calls for adaptive analysis, as highlighted in the World Water Development Report II: "conventional water planning remains rigid and the challenge remains to develop adaptive governance frameworks and institutions… " and "the most appropriate solutions may be those that emphasise both the importance of enabling processes and frameworks that can be applied to resolve issues in situations of economic or other constraints and in

10 Cross,P. and Morel A.WSP-AF, Nairobi. Pro-poor strategies for urban water and sanitation services delivery in Africa.

11 International Journal of Water Resources Development: Water Management for Large Cities. Volume 22 No. 2 June 2006. pp185.

12 UNESCO/UN Water, 2006, ibid

contexts of change".[13] It has also been pointed out in this report that most water governance problems are generated by the structures and relationships between socio-economic groups (including local communities and indigenous peoples), socio-cultural perceptions (including incentives to sustainable use) and development expectations.

This suggests that on a wider scale (particularly on the local and ecosystem/basin level), any proposed approaches to water governance may have to make provision for economic and conservation financing instruments that are highly adaptive if they are to address the needs of diverse socio-economic segments of the population.

A framework is needed within which to examine the interaction between politics, laws, regulations, institutions, civil society, water service providers and the consumer-voter.[14]

1.1.3. Monitoring achievement of the Millennium Development Goals (MDGs)

In order to meet the target related to water and sanitation, it is necessary to examine and/or establish the means through which approaches to water and sanitation access and provision can be made to work for the poor and the most underprivileged segments of society by linking the Goal 1, Eradicate extreme poverty and hunger' with target 10 Halve, by 2015, the proportion of people without sustainable access to safe drinking water and sanitation'; and the Johannesburg Plan of Implementation adopted at the World Summit on Sustainable Development (WSSD) and its new target (reducing by half the proportion of people who have no access to basic sanitation by 2015); and the commitment by all nations to produce plans for integrated water resources management by 2005.

A recent study by the UK Department for International Development on the target for water supply and sanitation[15] analyzed key elements of governance in 12 countries in Sub-Saharan Africa and Asia. Though preliminary and qualitative in nature, the study found strong evidence that those countries with the strongest governance frameworks also tended to be the most likely to achieve the target for water supply and sanitation.

Although the general international consensus is that improved governance is a necessary condition for achieving integrated water management in line with the Millennium Development Goals, there is an identified lack of understanding about the measures required to improve and secure pro-poor water governance. It may be important, therefore, to explore the reasons why most of the urban poor have to rely on more costly and lower quality water supply and sanitation alternatives instead of more affordable and sustainable conventional means.

This goes to show that achievement of many of the MDGs is dependent upon the effective delivery of services at the local level, and it is primarily at the local level that citizens can meaningfully hold their leaders accountable for fulfilling these goals. This is particularly true for the poorest populations.

1.3.4. Strengthening the existing weak water and sanitation utilities

In most countries of the developing world, the legitimacy of governments seems questionable since water governance institutions are weak and mismanaged.[16] In spite of efforts to change policies affecting access to water access, and its allocation, development and management, the question still stands: How does water governance work to help improve the delivery of water and sanitation services to the poor? Although country sector reforms have been implemented in many areas, newly-formed utilities are yet to fully optimise service delivery to the poor.

Water utilities in many developing countries are predominantly in the public sector, although private sector involvement is being considered in one form or other in some areas of the world. For utilities in most parts of Africa, Asia and Latin America, delivery of water supply and sanitation services to the urban poor is clearly a key strategic challenge: operation

13 *Ibid.*

14 *IADB,2002.*

15 *ERM DFID study: Meeting the MDGs – what will it take? April 2005.*

16 *Merlee S. Grindle. Good Governance: Poverty Reduction and reform in Developing Countries. Kennedy School of Government Havard University, November 2002.*

and maintenance (of which utilities have different conceptions) of the existing water supply and waste water treatment systems are often hampered by inadequate funding, as is the construction of new ones. This challenge will also determine the long-term survival of utilities confronted with the prospect of playing a more marginal role in sprawling and dysfunctional cities. The Kampala Statement - published in February 2001 during the water utility partnership conference in Kampala, Uganda and endorsed by 317 delegates from 38 African countries, including six ministers - captured this situation well: "a well-performing and financially sound utility is an absolute necessity, but an insufficient condition for serving the urban poor".

Although extending basic services to the urban poor has for a long time been considered a peripheral issue for utilities, it is now increasingly recognised as a strategic goal by planners and policy-makers alike. For instance, ongoing sector reforms have brought the issue of services to the poor into sharp focus, although most developing countries in Africa and elsewhere lack the governance frameworks required to enhance business partnerships between main utilities and small-scale providers.

Bringing water supply and sanitation to informal settlements in urban centres poses a huge challenge to service providers, as nearly all tiers of government have generally given lower priority to these areas. In addition, urban planners believe that adequate cost recovery for the provision of services is not possible, since services are delivered to poor people. A recent assessment of the water supply and sanitation situation in informal settlements in Nairobi, Kenya indicates that conflict between utilities and small-scale independent providers of water and sanitation services is rife due to lack of appropriate governance structures for the operations of the latter.[17]

Source: World Bank (2005)

Figure 1: The stagnation cycle of WSS utilities in Africa

17 *Osinde, 2006. An Assessment of the activities of small-scale providers of water and sanitation in Nairobi's informal settlements. (a WSP-AF commissioned study).*

The stagnation cycle (Figure 1 above) highlights the challenges facing many water and sanitation utilities operating in urban areas if they are to extend and maintain adequate and sustainable services to all poor groups, including those who live in low-income and unplanned settlements. The cycle emphasises the fact that utilities are critical for water supply and sanitation service provision in urban Africa and that services to the poor must become a central tenet of their business strategy.

Extensive use of public taps in most urban areas has been seen as a good indicator of poor management practices. The better managed utilities in regions like Asia (e.g. in Bangkok, Thailand; Kuala Lumpur, Malaysia; and Singapore) have no public taps because they already have 100 per cent coverage. This means that public taps often indicate lower levels of service, as well as higher water wastage. In addition, utilities cannot recover revenue from such taps, and city authorities are reluctant to subsidise them directly from municipal taxes.[18]

The dire economic situation of most utilities in major urban centres and small towns is compounded by inadequate cost recovery as well as inefficient billing and collection systems. As indicated in an Asian Development Bank review (ADB, 2003) of Asian cities, fewer than 50 per cent of connections are metered properly and the cost of reading, billing and maintaining meters is often significantly higher than the total revenue collected from consumers.

Experience from a number of countries shows that significant improvement in service delivery to low-income urban areas is possible through innovative management and financing mechanisms as well as community and private sector initiatives. However, many utilities do not know how to achieve this, nor do they understand the pitfalls or the obstacles involved.

1.1.5. Improving local government institutional accountability

Local government institutions (e.g. water ministries and local sub-branches) - the conventional political and administrative institutions which, for the most part, are the organizing principles of water management in most countries - are intended to be one of the levels of water governance which facilitates accountability and democratic control. The assumption is that local government has existing institutions and mechanisms in place for ensuring and regulating service delivery.

Still, this (local) tier of governance faces challenges of its own; this is because in most developing countries, society is typically strong but Government is weak and exposed to the risk of mismanagement and financial bad practice. This is why proposals for effective water governance, as outlined above, highlight the need for openness and transparency in the structures and institutions governing water.

In this regard, it has been noted that in most developing countries, public authorities are responsible for essential development infrastructure but that this form of (water) resource governance has shifted towards society-steered approaches in a bid to find the accountability and coherence required to overcome corruption.[19] Rogers and Hall have advocated a combined effort - i.e., more specifically, some joint commitment by government and various groups in civil society, particularly at local/community levels as well as the private sector, in order to ensure pro-poor water governance.

1.1.6. Global concern for human rights

Because lack of power and choice often makes it difficult for the poor to obtain adequate material resources, the democratic or human rights aspect of poverty interacts with the material dimension. As such, the human-rights approach emphasises the inclusion of all people, including the poor and the poorest.
As articulated in the 'Human Development Report 2000', what the human rights approach can add,

18 *International Journal of Water Resources Development: Water Management for Large Cities. Volume 22 No. 2 June 2006. pp197.*

19 *According to Rogers and Hall, governments are too often caught up in contradictory roles, being the simultaneous provider of services and the guaranteed source of accountability for the same services. Where local government is weak or non-existent, society has no legal base.*

and has already added, to human development work is a focus not just on overall development outcomes, but on the processes by which such outcomes are achieved; and not merely the achievement of national development goals, but the achievement of human development at the individual level.

A human rights approach has also integrated the achievement of political and civil rights and democratic freedoms such as participation in development dialogue. Furthermore, as the approach introduces the language of entitlement to certain development goals, it has allowed the apportionment of responsibility and accountability where human rights are not fulfilled. Accountability has become one of the defining elements of good governance, among both countries and donors. Based as it is upon the individual, the human rights approach has focused attention on marginalised groups such as the poorest, in the process increasing the importance of governance at the local level because this is where the poor have the greatest hope of participating and of holding public authorities accountable for the fulfilment of these rights.

1.1.7. The need to intensify a pro-poor focus at the local level

In both new and existing democracies, there often exist entrenched systems of power and privilege, both at the national and the local levels. However, as emphasised in the 'Human Development Report 2003'[20], "there is nothing automatically pro-poor about decentralisation." At the local level, decentralisation without appropriate controls can further exacerbate the problems faced by the very poor, as local governance mechanisms may be captured by local elites to their own advantage. This is particularly true where the poor may be the majority nation-wide, but a powerless minority at many local levels. Their needs may be further overlooked when power is devolved away from the centre, where some of their rights may be safeguarded, to the local level where the reverse situation may prevail.
With regard to water supply and sanitation provision, it appears that most national governments have failed to delegate adequate powers and resources to local authorities and groups, and as a result there is a lack of capacity to make water supply and sanitation for the urban poor work effectively. The tendency is for national governments to separate policy (and related decision-making mechanisms) from implementation, which poses a huge challenge to any effective water governance structure.

1.1.8. Responding to urban conflicts over water in low-income settlements

Water-related urban conflicts often arise where power relations control and effectively restrict access to water by the inhabitants of squatter settlements; that is, when urban leaders and local power groups hold control over water and impose their own interests upon those of the community as a whole.

In both cases, conflicts emerge because of the institutional vacuum caused by lack of government involvement in urban water management. In the typical low-income squatter settlements, there is neither a legal framework nor institutions to regulate access to water and the provision of this service. This situation allows certain individuals or entities to exercise a kind of independent power over water, as the only law is the one they impose upon the rest of the population. As a result, violence becomes a way of resolving differences. Potential for dialogue or negotiation is scarce for lack of social regulation which, if any, is constantly transgressed.[21] Ever-increasing competition for water affects the poor most, and scarcity at local level causes conflict within households and between the various groups of users.

1.1.9. Addressing the challenge of leveraging financing/investment

A core challenge facing the water supply and sanitation sector is financing. The current trend is to promote 'leveraging' of additional finance into this type of activity, looking beyond sector-focused allocations in the national budget as well as traditional grants and sovereign loans. These promotion efforts include the

20 UNDP, 'Human Development Report 2003', pp. 140.

21 Osinde, 2005. Integrating Conflicting Resolution Approaches in water governance institutions and structures. A case study of Kenya and Tanzania. Published MA dissertation submitted to the department of Peace Studies, University of Bradford, UK, March 2005.

development and growth of domestic capital markets, support for domestic private sector entrepreneurs, and use of different types of finance (including equity, guarantees, and commercially-based debt). Still, the potential for leveraging is often limited, due to constraints relating to legal and regulatory banking frameworks, financial sector governance, and capacity within the sector to manage and expand business using different products and services.

In order to create the enabling environment necessary for reforms of both the financial sector within countries, and the business environment for domestic private entrepreneurs to operate, efforts towards establishing effective mechanisms for the leveraging of pro-poor financing/investments are necessary. Depending on the country and the structure of its Poverty Reduction Strategy Paper, it might make sense to focus on core governance issues – including institutional arrangements, legal and regulatory functions, and monitoring and evaluation – before focusing on specific water sector or financial reforms.

1.2.0. Lack of emphasis on overall sanitation

Sanitation is one of the most important interventions in favour of an improved human condition. Yet many agencies overlook hygiene and sanitation because they are not included in their mandates. In some cases, an implementing agency has appropriate staff or structures for the water but not the sanitation element. It is recognised that delivering the new sanitation target requires considerable political will, together with significant technical, financial and human resources. Therefore, improved sanitation provision has a major role to play in development and poverty reduction and brings major benefits to the urban poor.

Clearly, the pace of sanitation implementation is set not by administrative ability to provide facilities, but by consumer demand, so that it rarely matches the progress of other measures.

Box 1: Demand-responsive approaches to sanitation

Past experiences by development agencies show that the main problems in achieving sustainable sanitation projects were an over-reliance on supply-driven approaches, neglect of user requirements, and an emphasis on large-scale projects. Agencies found that for projects to be sustainable, the focus must be on the demand for sanitation at household level. Additionally, projects need community involvement, especially by women. However, the demand-responsive approach to sanitation may be constrained by poor people's inadequate purchasing power. Similarly, sanitation suppliers may not be able to meet demand.

Marketing sanitation

Selling sanitation on the strength of its health benefits alone has been largely ineffective, although sanitation can be marketed like any other consumer good. Social marketing could increase demand, with sanitation advertised as a home improvement that provides security, convenience, privacy, lack of smell and flies, and improved social status. However, there has been limited research into the effectiveness of marketing as far as increasing demand is concerned.

Source: Post note, December 2002 Number 190 Access to sanitation in developing countries Page 4. Available at: www.parliament.uk/post/home.htm

On the basis of the above analysis, it is evident that provision of clean water and adequate sanitation services to all residents of urban areas, and particularly the poor, is a complex endeavour and, therefore, a major challenge of the 21st century. Efforts must be accelerated in a number of areas: improved financing mechanisms; capacities and resources of utilities; improved infrastructure development for improved water quality; strong and adequate political will; and efficient legal, institutional and regulatory structures. Greater focus should be placed on adequate sanitation services covering both basic sanitation and wider-hygiene sanitation.

Low-income countries are where the impact of urbanisation seems bound to be at its strongest, posing enormous challenges particularly with regard to infrastructure and services. Many of the existing water supply and sanitation service arrangements will face the specific challenge of reducing the number of urban poor people with inadequate water supply and sanitation services. Therefore, various political, economic, financial, institutional and governance issues will be of great material import to the achievement of the water and sanitation target.

The main reason for focusing on urban water supply and sanitation is that inadequate water and sanitation remains the most critical and widespread poverty-related problem in low-income urban settlements (UN-HABITAT, 2003).

Section 2.0 below reviews various general concepts and definitions of water governance, highlighting their common underlying principles and providing the basis for a discussion of urban water and sanitation governance.

2.0. Understanding Governance: General Concepts & Definintions of Water Governance

The emergence of governance can be traced at country level to a disgruntlement with the State-dominated models for economic and social development that were prevalent throughout the Socialist bloc and most Third World countries in the 1950s, 1960s and 1970s. From about 1990 to 1999, the word 'governance' progressed from obscurity to widespread use, with a variety of views emerging as to what it means, with 'governance' sometimes even being used as a synonym for 'government'.[22] Despite the fact that its appearance in discussions about social organisation is a recent development, 'governance' is therefore not a new word. See Box 2 below.

2.1. The Difference between 'government' and 'governance'

'Governance opens new intellectual space… it provides a concept that allows us to discuss the role of government in coping with public issues and the contribution that other players make. It opens one's mind to the possibility that groups in society other than government (e.g. communities of the voluntary sector) may have to play a stronger role in addressing problems.' (Institute of Governance, Ottawa, Canada: Principles of good governance in the 21st century. Policy Brief No. 15)

Box 2: The Origins of " governance"

In 1999, an international gathering of some 20 academics and government officials traced the roots of 'governance' back to the 17th or 18th century in English, and collected definitions from different sources which illustrated the progressive widening of its meaning. As the group's rapporteur noted, "The changed role of government and the changed environment in which it has to discharge its role have brought governance into common usage as a process for which the word 'government' is no longer sufficient."

Source: Corkery, Joan, "Introductory Report", in Governance: Concepts and Applications, Corkery, Joan (ed.), with IIAS Working Group, International Institute for Administrative Studies, (Brussels, 1999), p.12.

The quote referred to in Box 2 above mentions two important notions featuring in this review: 'government' and 'governance'. Making a distinction between the two is significant at this stage to avoid confusion, which could otherwise have serious practical consequences (for instance, it may affect not only the definition of a problem, but also the analysis of how to resolve it).

Government

'Government' as representation: Representation is inevitable in large societies and more often than not is inevitably imperfect, too.[23] This capacity involves government to play a central public role of being responsible for:

- setting the overall policies and laws for developing and managing resources[24];
- establishing both regulatory and management

22 *A World Conference on Governance in Manila in June 1999 attracted over 850 participants from countries around the world. A study on the incidence of articles on governance in development literature identified that while at the start of the current decade, the subject received little attention, during the late 1990s there has been almost geometric growth in articles on this topic. Unpublished literature review by Dr. Jay Gonzalez at National University of Singapore, 1999.*

23 *Restructuring the Relationship, Part One, Canadian Communications Group, Ottawa, 1996, p.115.*

24 *Resources will be referring to the water and other related infrastructure (infrastructure being the means by which water is conveyed from the resource to users, and returned, often at lower quality, to the resource base) needed to meet user demand. The factors that need to be considered when assessing resources are the potential impacts of short- or long-term land use and/or climate change, as well as those of agricultural intensification, demographic change and industrialisation on water quality. Given that access to, or use of, water resources may be regulated, assessment of water needs must also take in water policy and the institutions that have responsibility for managing and regulating the use of water resources (including their capacity and effectiveness). See also WHiRL working paper No. 10.*

frameworks and institutions which will correctly implement these policies and water regulations and which will accommodate all the stakeholders – from both the public and private sectors;
- developing necessary cooperation at all levels of water users and providing basic services to society.

Representatives rather than citizens direct the activities of governments, and at times this arrangement opens up a gap between these groups. For effective implementation of national and local government policies and laws, governments cannot operate in isolation; therefore it is essential to involve all those with a role in the development and formulation of the policies and regulations that lead to effective water management and use.

It is important to note that because government establishes overall laws and regulations, most people mistakenly assume that the responsibility of governing the resources of various sectors is, or should be, carried out through government governance, which comprises management, control, supervision and accountability.[25] However, managing resources engages diverse stakeholders at different levels, and therefore both decision-making on allocation, and regulation of the resource, go beyond government governance since government is just but one of several agents in any given society. Interest in public issues (for example, resources and public services) is not confined to government but involves other agents.[26]

With regard to water, we must note the State's important role in defining property rights, laws (i.e. the policing responsibilities that protect productive assets) and the challenging issues with this aspect of government role, i.e. the extent to which public awareness and allocation of water rights serve only certain segments of a population or its whole. For instance, if management of water resources is excessively dependent on private markets or public authorities, will the poor, isolated and socially un-mobilised groups maintain access to water in proportion to their numbers or needs?

Governance

'Governance' is a more inclusive term, which reaches beyond government functions and "embraces the relationship between society and its government"[27]. Governance concerns itself with the way governments and other societal organisations interact, how they relate to citizens, and how decisions are made in an increasingly complex world.

Therefore, with regard to water, the focus of governance is the human and institutional resource capacities for the sustainable development and operation of water resources and management systems. This is achieved through involvement of decision-makers, managers and users of the resource, who share an interest and sometimes a role in addressing public issues in a socially acceptable manner. The idea of governance makes it easier to have discussions about the way communities or other social actors can take action in collaboration with, or perhaps independently of, established government structures to address issues of concern to citizens.

When understood as taking decisions about direction[28] (as different from government), governance does not provide the framework with details of who steers the decisions for the relevant society; some observers have expressed concern that this formulation has objectionable connotations of top-down direction. Defining governance as an art of steering societies can also be erroneous in its assumption that it is a straightforward process, akin to the task of the steersman in a boat.
As Joan Cockery points out, governance is neither simple nor neat—by its nature it may be messy, tentative, unpredictable and fluid because it involves multiple actors. One definition of governance that captures the difference with 'government' is one proposed by Louise Fréchette, Deputy Secretary General of the United Nations:
"Governance is the process through which ... institutions, businesses and citizens' groups articulate their interests, exercise their rights and obligations

25 *The design and operation of governance is important at various levels, from government minister to implementing organisations. Central government is concerned with policy objectives set by parliament. Ministers are responsible and accountable for achieving these objectives. The essence of sound governance, from the perspective of ministerial responsibility, is that there are enough safeguards enabling a minister to bear ministerial responsibility. Human society always comes with some form of governance. Private organisations such as corporations and clubs have management, rules, and financial administration similar in function to those of government. The difference is that private governance is voluntary, while state-based government is coercively imposed on the people within a given jurisdiction.*

26 *The list of other agents also includes civil society—sometimes referred to as the non-profit sector—encompassing voluntary agencies and non-governmental organisations (NGOs); the media; business organisations; religious organisations; and sometimes the military.*

27 *Rogers, P. and Hall, A.W. 2003. Effective water Governance.*

28 *Corkery, Joan, "Introductory Report", in Governance: Concepts and Applications, Corkery, Joan (ed.), with IIAS Working Group, International Institute for Administrative Studies, (Brussels, 1999), p.12.*

and mediate their differences."[29]

In this definition, 'government' is thought of as an institution, while 'governance' is seen as the process, and this is perhaps where the fundamental difference between the two terms lies. It is therefore important to note that governance is not synonymous with government but is instead a complex process which considers, inter alia, multi-level participation, beyond the State, where decision-making includes not only public institutions, but also the private sector, non-governmental organisations, and society in general.

2.2. An analysis of existing definitions of water governance

Governance is generally understood to refer to the way decisions are made, who participates in decision making, and how they participate.[30] More specific to this assignment, concern over water governance is due to perceived crises in existing water management resulting in the failure to provide water for poor people, resolve conflict, and protect the environmental and human health. Improved understanding of water governance will, therefore, reveal how societies can develop and change water management practices over time, although there is so far no one standard definition of water governance. As hinted to in Joan Cockery's point above, water governance cannot be captured in a simple definition. However, it is important to refer to some of the existing definitions of water governance and identify the commonly accepted attributes of an effective water governance structure.

a) The International Development Research Centre (IDRC) definition

'Water governance is a trans-disciplinary field, which explores how water management policies and practices are formed and changed over time…. It involves the processes that encourage people to actively participate in designing, planning, managing and implementing water management activities while fostering communities' ability to innovate and adapt to changing circumstances'.[31]

According to the International Development Research Centre, water governance is as much about the art of social change as it is about the science of hydrology, underscoring the whole idea of conceptualizing water governance within the specific needs of a given region, city and/or sub-city. The attributes of water governance that the International Development Research Centre espouses in this definition are hinged on the fact that to be effective, water governance should encourage participation in the processes for deciding how water is used; promote innovation and learning among stakeholders; and foster adaptation to changes in water availability.

It is suggested in this approach that three elements will contribute to effectiveness of water governance regimes, namely policies that enable participatory water management; capacity to engage in the policy process and the ability to negotiate among stakeholders.

b) The Global water Partnership (GWP) definition

'Water governance refers to 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"[32]

In this definition, the Global Water Partnership provides a set of principles that could necessitate effective application of water policies and subsequent sustainable development. The Global Water Partnership clearly states the different levels of relevant systems while providing an appropriate starting point from which to consider many difficult issues of water policy and related development issues. However, one of the criticisms levelled at the Global Water Partnership definition in the United Nations World Water Development Report is as follows: considering that it makes a different use of the notion of water governance and that its scope is evolving with ethical implications and political dimensions

29 *This was quoted in a speech to the 'World Conference on Governance', Manila, May 31, 1999.*

30 *UN-HABITAT, 2003. Concept Paper*

31 *Bruce Currie-Alder, Lorra Thompson and Rocio Bustamante Draft, 13 April 2006.*

32 *Global Water Partnership, 2003. Effective Water Governance: Learning from Dialogues. Report presented to the World Water Forum, Japan, March 2003.pp.16*

that are still under debate[33], the definition should include the following dimension:

"… questions of financial and administrative efficiency… broader political concerns related to democracy, human rights and participatory processes…relationship between the political-administrative and ecological systems… management, operation and maintenance of infrastructure and service."[34]

c) Rogers and Hall's definition

Rogers and Hall[35] have pointed out that, in its own specific way, governance is intensely political: It acknowledges the fact that power exists inside and outside the formal authority and institutions of government, and because of the ever-increasing demand for accountability and transparency, effective water governance should be in place both in the public and in the private water sectors. From this perspective, governance is all about the way in which power is exercised: who has influence, who decides, and how decision-makers are held accountable, i.e., a network of inter-related activities through which societies or communities articulate their interests and reach decisions. The goal of governance here is to create safeguards enabling the objectives to be achieved, against a background of management responsibility, effectively establishing an 'enabling environment'.

Some general 'principles of effective water governance'[36] that have been identified by Rogers and Hall and which are underpinned in most water governance frameworks include the following: openness and transparency; inclusiveness and effective communication; coherence and integration; equitability and ethics.

The emphasis on performance and operation as provided for in Rogers and Hall's definition is on accountable, efficient, responsive and sustainable processes. One of the basic and common tenets of effective water governance highlighted in this discussion is the creation of an enabling environment that facilitates efficiency across all the various dimensions and which articulates the involvement of various stakeholders, including the poor and other underprivileged members of the community.[37]

Specific areas (highlighted by Rogers and Hall) of interest in current water resource discussions and fora that influence the effectiveness of water governance systems include: the role of information and consultation networks; the role of legal instruments – formal and informal institutions; the relationship between structures of law and government, and the room for action by individuals and groups on an informal and flexible basis.

One of the approaches suggested by Rogers and Hall[38] regarding the formulation of effective water governance structures includes the following:

a) an ability to design public policies and institutional frameworks that are socially acceptable and can mobilise social resources to support them;
b) the main focus is on the internal governance (with politics as the main driving force) in relation to the functions, balances and structures that govern the water resource and its delivery;
c) the framing of social agreements on property rights and the relevant structure to administer and enforce them (i.e., the law); and
d) the role of external governance (i.e., influence from civil society and 'current' government).

This is also in line with suggestions made in Debating Governance[39] on the need to search for new forms of pursuing collective action that enable coordination of social systems, considering that the capacity of the State to endorse such collective action has been reduced due to globalisation, internationalisation, decentralisation, and the development of other cohesive policy networks. It is suggested in Debating Governance that good governance generally ensures transparent use of public funds and encourages private sector growth while promoting effective delivery of public services and helping to establish the rule of law.

33 *The United Nations World Water Development Report. Water for People Water for Life. World Water Assessment Programme. 2003. pp 371-372.*

34 See, The United Nations World Water Development Report. *Water for People Water for Life.* World Water Assessment Programme. 2003. pp 371-372.

35 *Rogers, P. and Hall, A.W. 2003. ibid.*

36 *Rogers and Hall, 2003. ibid.*

37 *Rogers and Hall, 2003, ibid.*

38 *Central to effective water governance is the need for combined commitment of government and various groups in civil society, especially at community level as well as the private sector. See Rogers, P. and Hall, A., Effective Water Governance. Global Water Partnership Technical Committee (TEC), The Background Papers No. 7. pp. 16-17.*

39 *Good governance generally ensures transparent use of public funds, encourages growth in the private sector, promotes effective delivery of public services and helps establish the rule of law; but it is still not quite clear how the tools that are suggested in most studies and/or frameworks and their indicators, actually work for the poor. See Pierre, 2000. Debating Governance.*

The principles of water governance as articulated by Rogers and Hall are reiterated in the first World Development Report (UN 2003), which emphasises the need to give consideration to the way power and authority are exercised and distributed in society, and to what extent citizens can participate in decision-making. In other words, water governance includes the political processes through which water management institutions and practices are created or changed. This understanding is similar to the adaptive governance referred to by Dietz et al. (2003) as the 'need to (make decisions) in the face of substantial uncertainty, and … reconciling amongst people and groups who differ in values, interests, perspectives, power, and the kinds of information they bring to situations.'

d) The United Nations Development Programme definition

The United Nations Development Programme defines State governance 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.'[40]

The United Nations Development Programme definition merely states what water governance is comprised of, i.e., process, mechanisms and institutions, etc.; it does not indicate who undertakes these or how to proceed, considering that challenges are systemic in nature and inextricably linked to broader social, political and economic issues in water governance. The concern is about ensuring reliable access to safe drinking water and proper sanitation, where one of the important ingredients would be creating a platform for integrating the poor community's voice in decision making. The key issue is about establishing a framework that allows engagement of the urban poor to satisfy their water needs and requirements.

e) The Asian Development Bank definition

The Asian Development Bank's definition is limited to the way power is exercised in the management of a country's economic and social resources for development.

Notably, in both the United Nations Development Programme (2001) and the Asian Development Bank (1999) reports, some general similarities are apparent in what is perceived as effective water governance: both institutions emphasise the significance of the principles mentioned above and put forward participation, transparency, equity, accountability, coherence, responsiveness, integration, predictability and ethics as some of the key dimensions for effective water governance that meets the needs of the poor.[41] These key principles indeed provide the basis for evaluating the performance and operation of the public utilities that provide water and sanitation services, and therefore also a basis for identifying any existing weaknesses in management structures.

f) The Inter-American Development Bank (IADB) definition

'Governance of water is a sub-set of the more general issue of society's creation of physical and institutional infrastructure, and of the still more general issue of social cooperation, which reminds us of the problems of defining who are the stakeholders, communication among stakeholders, the allocating of contributions and outputs, and the creation of institutions'[42]

With this definition the IADB acknowledges that governance is more inclusive concept than government per se, and embraces the relationship between society and government.

As it highlights the important aspects of water governance, the IADB identifies two sets of governance: interior governance and exterior governance. It suggests that both the water provision enterprise, with its rules and provisions for monitoring and enforcing its rules, and the social

40 UNDP Report, 2001. UNDP Water Governance Available at: at http://www.undp.org/water/, Water Resources Management.

41 The ADB definition of governance is, however, limited to the way power is exercised in the management of a country's economic and social resources for development.

42 IADB, 2002.

arrangements and laws outside it, provide governance with its context, and one within which the provision enterprise is nested. Both interior and exterior governance affect the water provision enterprise and can make it succeed or fail. According to the IADB, exterior governance may be such that the provision enterprise never comes into existence, or never even occurs to anyone as a solution to a collective water access problem. Therefore, in a sense, a favourable or, at least, neutral external environment or setting is critical for the existence and success of a water provision enterprise, subject to its ability to meet certain conditions internally as well.

The IADB framework identifies the following categories for water governance principles: ethical, sustainable, integrative, equitable, communicative, efficient, coherent, effective, accountable, participative, transparent, and open.

In this framework, IADB goes further to identify those aspects contributing to the inefficiency of water supply and sanitation service delivery:

- market failure (including existence of upstream or downstream externalities; poor economies of scale; high transaction costs of buying and selling water; irreversible choices; water utility monopolies ; inadequate policies);
- government failure (including failure to correct market distortions; price regulation; over- or under-regulation; conflicting regulatory regimes; voter ignorance and imperfect information; little entrepreneurial incentives for internal efficiency; inadequate response to consumer preferences, and the bundle purchase effect); and
- system failures (including institutional structures that impede use of politics; absence of legislation; lack of mechanisms for cross-sector dialogue; coordination, decision making, and conflict resolution).

Many of these failures are serious and must be faced when developing water governance. These three types of failure are inherent to all liberal economic regimes in all countries and must be addressed through government action. Those likely to prove most difficult deal with are institutional and communication gaps. An empirical examination of how to overcome the problems caused by these failures is essential in each individual setting if effective water governance is to be achieved.[43]

2.3. International principles of water governance

a) The Dublin Principles, 1992

The Dublin principles that guide Integrated Water Resource Management are as follows:

(i) Fresh water is a finite and vulnerable resource, and one that is essential to sustain life, development and the environment.

(ii) Water development and management should be based on a participatory approach involving users, planners and policy-makers at all levels

(iii) Women play a central role in the provision, management and safeguarding of water; and

(iv) Water has an economic value in all its competing uses and should be recognised as an economic good.

Through the "participation clause" and "water as an economic good," the Dublin Principles bring water firmly under the State's function of establishing and maintaining a system of property rights, while the principle of management at the lowest feasible level asserts the relevance of meaningful decentralisation.

b) The Hague Ministerial Declaration, 1998

At the 2nd World Water Forum at The Hague in 1998, good water governance was identified as one of the main challenges facing governments looking to achieve water security. The Hague Ministerial declaration calls for "governing water wisely to ensure good governance, so that the involvement of the public and the interests of all stakeholders are included in the management of water resources." The Ministers viewed good governance as water

43 Rogers, Peter, 2003. Water Governance in Latin America and the Caribbean.

resource management involving public interest and stakeholder participation.

c) The UN Millennium Assembly, 2000

At the UN Millennium Assembly (2000), Heads of State emphasised conservation and stewardship in protecting our common environment and especially "to stop the unsustainable exploitation of water resources, by developing water management strategies at the regional, national and local levels, which promote both equitable access and adequate supplies".

d) The Bonn 2000 Ministerial Declaration

The Bonn 2000 Ministerial Declaration recommended that "each country should have in place applicable arrangements for the governance of water affairs at all levels and, where appropriate, accelerate water sector reforms."[44] It identified three areas where priority action was required, one of these being governance. The approach taken to governance at Bonn was a macro one, however, and demanded action to ensure that water resource management was both equitable and sustainable, putting the onus on national governments. The elements that were initially associated with governance, such as public participation, transparency and information availability, remained intact while mobilisation of financial resources was tackled separately from governance.

e) The Johannesburg Plan of Implementation

At Johannesburg, governance was seen as encompassing "sound environmental, social and economic policies, democratic institutions responsive to the needs of the people, the rule of law, anti-corruption measures, gender equality and an enabling environment for investment"[45]. Acknowledgement that the financing of water projects depends upon "good governance" was made explicit at Johannesburg. Para. 26 of the Johannesburg Plan of Implementation sets out a comprehensive list of actions to be taken in the legal sphere for the achievement of Integrated Water Resource Management, which will lay the foundations for improved governance.

f) The World Urban Forum III, Kyoto

At the third World Water Forum, the much-awaited Camdessus Panel Report asserted that "serious defects in the "governance" of the global water sector hamper its ability to generate and attract finance".[46]

The importance of water supply and sanitation service provision by private actors, as highlighted in both the Johannesburg Plan of Implementation and the Camdessus Report mentioned above, demands that attention be paid to the transnational legal issues relevant to business transactions involving foreign investors. Consequently, the role of law in water governance must be assessed in three different contexts:

- International (sovereign, State-to-State level);
- National (domestic legislation); and
- Transnational (public-private relations at multinational level).

g) Integrated Water Resource Management (IWRM)

The three main stakeholders that Integrated Water Resource Management must coordinate have been identified as resource managers, system managers, and users (and their representatives).[47] Since these groups function at different and multiple levels, the boundaries of their areas of interest and responsibility seldom coincide. Consequently, the major challenge for Integrated Water Resource Management lies in determining the procedures and practical tools for establishing a common understanding of the causes of water-related problems, and agreement on steps to overcome these problems, as a vital component

44 Bonn Recommendations for Action, and the Bonn Keys, available at http://www.water-2001.de/.

45 Report of the World Summit on Sustainable Development U.N Doc. A/Conf.199/20, 2002, Plan of Implementation, 8. Available at http://www.johannesburgsummit.org/.

46 Report of the World Panel on Financing Water Infrastructure: Financing Water For All, 2003, 9.

47 Resource managers: are responsible for the macro level development and management of water resources. Increasingly organised on a catchment (or aquifer) basis, their responsibilities typically include licensing, data collection and management, and large-scale balancing the needs and resources.

System managers: are responsible for managing water supply systems and infrastructure (usually on a sector basis) for domestic, irrigation, industrial or other uses. The scale of responsibility for system managers ranges from individuals managing their own water source to utilities and authorities working on a municipal or catchment basis.

Users (and their representatives): are the people (and wider environment) that use water, and their representatives responsible for ensuring that needs are met. It includes individual users (who at the smallest scale are also the system managers), user groups, NGOs, regulatory authorities, and various tiers of government. See WhiRL

of the Integrated Water Resource Management framework.

The Integrated Water Resource Management toolbox (detailed in Global Water Partnership, 2004) includes decentralisation/devolution, public private partnerships, the use of pricing to help drive efficiency, and the use of other market mechanisms, including domestic trade in water in some instances. It is, however, currently lacking in practical tools for integrated problem identification and domain definition. What the tools do not take into consideration is the fact that not every one of them is well suited to every nation or community, and not every tool will be applied in the same way in every instance. In fact, Integrated Water Resource Management is increasingly seen as too complicated because it requires that a whole list of individually challenging tasks be completed before anything can be done. Integrated Water Resource Management is also seen as too long-term oriented and incapable of addressing real, current needs, whilst governments and water managers are faced with a whole host of immediate and tangible problems (such as domestic water supply and sanitation) for which practical solutions must be found.[48]

While the implementation and achievement of international goals and targets is the preserve of national governments, it must be remembered that governance covers a wide range of issues, which may transcend individual nations and extend beyond national borders.[49] For example, the implementation of Integrated Water Resource Management requires a basin-wide approach to trans-boundary waters – and more than 250 of the world's major rivers are shared by two or more countries. The diversity in the interests of potential actors or stakeholders in water management is one of the major challenges facing Integrated Water Resource Management[50].

In the field of water management, therefore, governance has become a popular concept, especially in the post-2000 period, although there is still no accepted definition of this concept, or consensus on the way in which good governance can be achieved. While water governance has become a popular concept, it should be noted that it is neither equivalent to Integrated Water Resources Management, nor is it an alternative to water management.

h) The World Water Development Reports, I and II

The emphasis on the role of negotiation in ensuring that services work for low-income groups implied here lies in the framework developed for the 2004 World Water Development Report on Making Services Work for the Poor and is based on the notion that demands for improvement must come from the poor people themselves, with the expected degree of improvement depending on the level of influence these poor groups have on service providers (directly or through governments).

The Second World Water Development Report further offers a comprehensive and holistic assessment of the world's water resources, bringing issues of water governance, knowledge accessibility, and specific challenges of managing water into the mainstream of development thinking and practice. The World Water Development Report outlook on water governance is summarised as: 'Governance systems determine who gets water, when and how, and decide who has the right to water and related services'.[51]

This WWD report, therefore, reiterates what has been noted in most definitions above, namely, that governance systems are not limited to 'government' but include local authorities, the private sector and civil society. Although significant and steady progress is being made in ensuring adequate water supply, and although at the global scale there is plenty of freshwater, estimates in the WHO/UNICEF Monitoring Programme of the people lacking adequate supply and access to basic sanitation are alarming. The reasons cited in this report include

48 *See, Butterworth, J. and J. Soussan (2001) Water Supply and Sanitation & Integrated Water Resources Management: Why Seek Better Integration?, WHIRL Project Working Paper 2, Paper Prepared for WHIRL Project Workshop on 'Water Supply & Sanitation and Watershed Development: Positive and Negative Interactions', Andhra Pradesh, India, 5-14 May 2001. NRI,UK http://www.nri.org/WSS-IWRM/*

49 Alan & Wouters, 2004. What Role for Water Law in the Emerging 'Good Governance' Debate. At www.dundee.ac.ak/law/iwrlri

50 *"Integrated Water Resources Management" (IWRM) is now the dominant paradigm for water management in both rich and poor countries. IWRM is defined as a process that promotes the coordinated development and management of water, land and related resources, in order to maximise the resultant economic and social welfare in an equitable manner without compromising the sustainability of vital ecosystems (See, GWP 2000). The World Bank, regional development banks, most bilateral donors, and many national governments have adopted IWRM policies, following similar definitions.*

51 *The UN World Water Development Report is the joint effort of 24 UN agencies and entities involved in water resource management and is produced on their behalf by the UN Water Assessment Programme, whose secretariat is based at UNESCO.*

mismanagement, corruption, lack of appropriate institutions, bureaucratic inertia, and a shortage of new investments in building human capacity as well as physical infrastructure.

It is further argued that pro-poor interventions intended to support the water sector are not achieving wider coverage because financial resources for water are stagnating: Out of a total of US $ 3 billion in Official Development Assistance a year, and an additional US $ 1.5. billion allocated to the water sector, only 10 per cent is directed to support development of water policy, planning and programmes; and only 12 per cent of these funds reach those most in need. In addition, although private sector investment in water services is also declining because of the high political and financial risks in developing countries, it 'would be a mistake' to write off the private sector altogether.

The second World Water Development Report emphasises that lack of citizen access to basic information on water quality and quantity can seriously hamper their chances of halting environmentally unsound water projects or of holding relevant government agencies accountable. Therefore, the report highlights that lack of capacity and of a knowledge base as today's primary obstacles to achieving the required levels of water governance.

i) The UN-HABITAT definition of urban governance

UN-HABITAT's understanding of good urban governance is based on its operational experience and the Habitat Agenda, which highlights the fact that good governance means the difference between a well-managed and inclusive city and one that is poorly managed and exclusive. The understanding is that urban governance is the sum of the many ways in which individuals and institutions (both public and private, formal and informal) plan and manage the common affairs of the city, and also as the continuing process through which conflicting or diverse interests may be accommodated and cooperative action taken.[52]

UN-HABITAT 's definition embraces the principle of urban citizenship and affirms that no man, woman or child should be denied access to the necessities of urban life including adequate shelter, security of tenure, safe water, sanitation, a clean environment, health, education, etc.

2.4. Conclusions from the definitions

Inherent in most of the above frameworks/concepts of water governance is the subtle agreement that ethical issues such as responsibility, accountability, transparency, equity and fairness are fundamental requirements for good governance.

It is equally evident that good (water) governance acts as an active ingredient in reducing poverty since it touches all aspects of both the public sector and other social fabric, ranging from institutions that set the rules of the game for economic and political interaction, to organisations that manage administrative systems and deliver goods and services to the public, to the human resources in government bureaucracies, and the interface of all of these arenas.

The existing definitions show that more water infrastructure alone is not the solution to water scarcity; perhaps more innovative planning, operation and maintenance using existing processes and frameworks will enable identification of constraints within given contexts.

It is worth noting that most of the definitions of water governance given above do not place enough emphasis on the poor as potential key stakeholders; it is still not quite clear how the tools, principles and indicators that are put forward actually work for the poor, showing a clear need for an improved understanding of governance, which will in turn reveal how societies develop and thereby change water management practices over time.

What is also missing in most of the discussions on water governance reviewed here is how strategies must

52 *UNHABITAT, 2002. Concept Paper: The Global Campaign on Urban Governance. 2nd edition.*

be formulated to implement adequate governance in more realistic terms, instead of generalised statements which merely outline the general principles of 'good governance'. Governance is clearly an extremely complex concept to implement, not only in the water sector, but also in all other development-related sectors. Too many factors and actors intersect at different points, times and locations, which means that good governance can probably best be considered as a general road map to progress, rather than a specific and well-defined destination to reach.[53]

Most of the definitions and concepts discussed above show a lack of understanding of the legal issues underpinning governance, which is an essential aspect of effective water resource management and achievement of the Millennium Development Goals. Clearly, water laws (local, national, regional and international) must be part of the solution – a failure to recognise this will certainly undermine the best of all intentions.[54]

However, it must be noted that the quest for further understanding of water governance is already evident in the agendas of most international and local discussions on water and its relation to poverty, where a host of questions arise about how whatever needs to be done is to be negotiated to serve the interests of civil society, and in particular the poor and marginalised members at local level and in small towns.

There is also a growing perception that effective water governance requires open social structures, which enable broader participation by civil society, private enterprises, information networks and other legal institutions that relate to access to, allocation, development and management of water resources. This is pointed out in a recent research study by the UK Department for International Development on water governance and poverty undertaken by the Bradford Centre for International Development (BCID),[55] which highlights that the diffusion of pro-poor governance will be facilitated by, or even be dependent on, poor groups gaining more power and influence either through representative political structures or through more direct participation in water and sanitation provision – whether in planning, installing, managing and/or monitoring. This report argues that, inevitably, this type of outcome is influenced by the larger governance context – for instance, whether poor groups can organise and, when necessary, protest; and also whether they can get adequate and accurate information about water management.[56]

It can be concluded from these observations that there are no general solutions for a very heterogeneous world, and any definitions of water governance or pro-poor water governance should be focused at regional, national and even sub-national levels, with due recognition of the importance of adding more voices, responsibilities, transparency and accountability to the formal and informal organisations associated with water access and management as a whole. These observations should also inspire proposals for practical principles and measures to improve existing governance or the means to create new structures in which the poor can participate in the planning and implementation processes of interventions aimed at improved water supply and sanitation service delivery.

Overall, 'good governance is essential for managing our increasingly-stretched supplies of freshwater and indispensable for tackling poverty… there is no one blueprint for good governance, which is both complex and dynamic… it must include adequate institutions – nationally, regionally and locally – strong, effective legal frameworks and sufficient human and financial resources'.[57]

53 See, *Water Governance*. Available at http://www.thirdworldcentre.org/governance.html

54 Andrew Allan and Dr Patricia Wouters *"Good Water Governance for People & Nature: What Roles for Law, Institutions & Finance?" 29 August – 1 Sept 2004*

55 BCID, 2005. Water Governance and Poverty: What Works for the Poor? June 2005.

56 See, UNHABITAT, 2006. Meeting Developing Goals in Small Urban Centres. pp. 248

57 UNESCO's secretary General's comment of the importance of good governance in tackling poverty. Quoted in the Second WWDR

3.0. Regional urban water and sanitation: Challenges and dynamics

Current Practices in Asia, Africa, Latin America and the Caribbean

According to the Global Water Supply and Sanitation Assessment 2000 report, the majority of the world's population without access to improved water supply or sanitation services lives in Africa and Asia. Two-thirds of those without access to improved water supply and more than 3/4 of those without access to improved sanitation live in Asia. Box 3 below provides a summary of the regional levels of access

Box 3: Regional Snapshots of water supply and sanitation situation in Asia, Africa, Latin America and the Caribbean

Asia: Lowest for Sanitation

Estimates for Asia in 2000 show that sanitation coverage is by far the lowest of any world region, with 54 per cent still lacking sanitary facilities. Easy access to a safe water supply is the second lowest, after Africa, with 20 per cent yet to be served. Disparities in sanitation coverage vary even more: 69 per cent of the rural population lacks sanitation coverage compared with 26 per cent in urban areas. The same is true for safe water coverage: 27 per cent of the rural population are without safe access compared with seven per cent in urban areas.

Africa: Lowest for Water Supply

Home to about 13 per cent of the world population, Africa remains the greatest challenge in accelerating water and sanitation services coverage in the world. In 2000, approximately 36 per cent of the population had no easy access to safe water supplies and about 40 per cent had no access to sanitary facilities. The figures for various areas show greater disparities: 50 per cent of those in rural areas have no easy access to safe water compared with 14 per cent in urban areas. As much as 52 per cent of the rural population lacks sanitation, compared with 20 per cent in urban areas. And these gaps are widening.

Latin America & the Caribbean: Greatest Disparity between Urban and Rural Areas

This region has relatively high service levels, and coverage efforts are slowly closing the gap between the haves and have-nots. The remaining overall coverage gap for safe water supply is estimated at 14 per cent and for sanitation at 23 per cent. But stark disparities surface in different areas. While sanitation coverage is estimated to be around 86 per cent in urban areas, it falls to about 49 per cent in rural ones. Urban water supply coverage is estimated at 94 per cent, while the figure in rural areas is 66 per cent.

Independent water supply and sanitation providers

Research in six Latin American and 10 African countries has confirmed the important role of independent water supply and sanitation service providers. It is estimated that 25 per cent of urban residents in Latin America and 50 per cent in Africa depend on such providers for water. Levels increase to 50 per cent and 85 per cent, respectively, for sanitation. Independent providers emerge in response to demand and an enabling environment. Where they provide network services, as is common in Latin America, they compete for clients and sometimes charge even lower prices than formal-sector utilities, which are often subsidised.

Source: WEHAB Working group, August 2002: A framework for action for water and sanitation; and UNDP/World Bank Water and Sanitation Programme, 1999: Water and sanitation programme 98-99 Report. Final draft.

and provision of water supply and sanitation for Asia, Africa, Latin America and the Caribbean.

3.1. Asia

Although statistics show that most of the world's poor live in Asia, the region has experienced the sharpest reductions in poverty.[58] In Bangalore, Colombo, Naga and Makati, there is evidence that steps taken towards poverty reduction have worked well (see Box 4 below).

Box 4: Case studies showing improved water supply and sanitation delivery in Asia –Bangalore, Colombo, Naga, and Makati

These cities face a variety of challenges in addressing the needs of the urban poor. They have addressed poverty reduction in different ways and it is interesting to see the routes they have taken- and some of the future directions they are planning to take to reduce urban poverty. All the practices shared are concerned with implementation. Although some of the cases started as pilots, they have now gone beyond that stage and have been mainstreamed into routine municipal business.

Many of the improvements came about as a direct result of working in partnership with stakeholders outside government. These presentations review experiences of local government working in partnership with civil society and the citizenry, and in some instances, with the private sector. These cases demonstrate how a variety of actions over a number of years have led municipalities to reflect on their experiences and formalise aspects of their work practices on service delivery through new policies. Through experimentation and learning-by-doing, new policies on services delivery, partnerships, and participation have emerged.

Source: http://www.adb.org

In 'Asian Water Supplies - Reaching the Urban Poor', Arthur C. McIntosh views water governance as both a core problem and part of a core solution; he points out that when water supplies in developing countries are examined, low tariffs, which allow governments (not consumers) to take charge, lie at the core of the water access problems facing the urban poor.[59]

3.2. Latin America and the Caribbean

Latin America and the Caribbean (LAC) is the most urbanised region in the developing world: 70 per cent of the population live in cities and towns. According to the World Bank, in the LAC region seven out of every 10 poor people live in urban areas, and 39 per cent of urban households live below the poverty line.[60] A number of cities in Latin America and the Caribbean have been experiencing problematic and, to some extent, conflict situations with the quantity and quality of their water supply despite continuous efforts to establish adequate water governance frameworks and interventions. In Latin America, and regardless of the enormous water resources in many parts of the continent, attention has turned away from the financial aspects of development[61] and to governance as the bottleneck to sustainable use of water resources.

According to IADB research (Lord and Israel, 1996, Garcia and Valdes, 2000, Garcia, 1999, and Garcia, 2000) and its own, December 1998 paper on Strategy for Integrated Water Resources Management, the five major factors behind water crises are the following:

- lack of integrated planning of water use;
- the dispersion and poor coordination between government agencies, non-governmental organizations, local authorities, the intellectual community and the multilateral, bilateral,

58 *See http://www.adb.org/water/theme/thematic_framework.pdf*

59 *Examples of problems facing the urban poor are: high NRW rates, intermittent water supplies, lack of demand management, and conflict among users.*

60 UN-HABITAT, Global Urban Observatory. Slums of the World: The face of urban poverty in the new millennium? Working Paper, 2003, p.41

61 *Clearly, huge sums of money will still need to be spent in the water sector in the coming years, but there is a nagging suspicion that similar huge sums have already been spent in the past decades and which have not been wisely used.*

Photo ©:

and international agencies who are involved in water planning (in any one case as many as 150 different actors may intervene in a plan);

- a lack of transparent (clear) rules and effective institutions for arbitrating conflicts over water use;
- an emphasis on certain management instruments, and often imported concepts, over carefully thought-through instruments that may fit the local conditions better; and
- a lack of awareness of what is actually necessary for effective water governance.

Lord and Israel (1996) provide a good description of market, government and system failures, as discussed earlier, together with suggested remedies for the national water strategies of the various Latin American countries, including:

- Roles and functions of the public and private sectors;
- Balance between environmental and production/economic roles;
- The extent and means of centralisation and decentralisation of functions;
- Sector-based and integrated management;
- Degree and practicalities of community and stakeholders participation; and
- Extent and practicalities of public regulation and areas of entrepreneurial freedom.

A major governance (political) dilemma faced in the development of water resources in Latin America, according to Garcia and Valdes (2000), is the tendency to privatise the benefits and socialise the costs. Many of the countries in the region have now adopted a national water policy and are in the process of completing national water plans. According to IADB, Water Policy must be translated into laws articulating water rights and how to deal with water quality. The plans should also include investment policies, public sector institutional reform, an indication of the balance to be struck between environmental and productive/economic roles for water, the role of the private sector, cost recovery and pricing policies, as well as investment appraisal.

In Latin America, apart from Argentina, Brazil, and Mexico, most countries still rely solely upon national-level institutions. The range of service providers is wide, usually including local authorities but increasingly public-private partnerships of some sort for water supply and, to a lesser extent, wastewater treatment. Latin America is richly endowed with civil society institutions and community-based organisations, many of which are involved in grass-roots level water and sanitation service delivery.

An effective pro-poor urban water and sanitation governance framework would help address institutional capacity-building needs and provide mechanisms for assessment of public institution performance. A comparative study of institutional regimes is suggested by Rees and Solanes, (2001) as an attempt to devise criteria for the assessment of institutions and management systems as part of governance principles: operational effectiveness; economic efficiency; distributive equity; environmental quality; consultation/participation; integrated, holistic management; and declared governmental expectations.

3.3. Africa

Currently, most African cities are characterised by rising urban poverty, unsustainable environmental practices and social exclusion of the poor. According to a Global Urban Observatory Working Paper (2003), several factors account for this situation, including lack of clear pro-poor urban policies, poor governance, and decelerating economic growth.[62] The report argues that poverty will continue to concentrate in cities if national and local governments fail to address this policy dimension. In 2001, out of the 49 Least Developed Countries (LDCs), 34 were located in Africa, and in these as much as 82 per cent of the total urban population were living in slums.

Africa has the lowest water supply and sanitation coverage of any region in the world; more than one in three Africans has no access to improved water supply or to sanitation facilities. The Millennium Task Force on Water and Sanitation noted that, while some impressive gains had been made towards meeting Target 10, "Africa is the only continent off track towards meeting Target 10 with both water and sanitation". Therefore, Africa raises the most difficult challenge with regard to timely achievement of Target 10; to do so, the number of people served with safe drinking water would have to double. An estimated 350 million more people, half rural and half urban, will need to be served by 2015. It is estimated that the total investment required to achieve the 2015 target for water is at least US $ 20 billion (or US $ 1.5 billion per year). For sanitation to meet Target 10, at least another US $ 10 billion would be needed. The Millennium Development Goals have therefore highlighted the urgency in meeting the challenge of developing water supply and sanitation services for rapidly expanding informal and peri-urban settlements in African cities and towns.

62 Global Urban Observatory. Slums of the World: The face of urban poverty in the new millennium? Working Paper, 2003

The challenges facing Benin as listed in Box 5 above are a reflection of what is going on in many other countries within Africa. In Kenya, although provision has been made under the New Water Act 2002 to better serve the poor in informal settlements, operational and implementation realities must be worked out by all those concerned. Practical strategies for collaboration and effective provision of water and sanitation services must be developed, considering that currently there is no systematic link between the utilities and small-scale independent providers (SSIPs). Among other things, well-defined governance structures must be designed for guidance to ensure that collaboration and partnerships with SSIPs effectively improve service delivery.

With regard to Kenya, although under the New Water Act 2002, the Nairobi Water and Sewerage Company (NAWASCO) has been mandated to provide water to all people under its jurisdiction, it is important to note that some constraints effectively discourage and restrict or even prohibit utilities and local authorities from providing adequate services to low-income urban settlements. Therefore, inadequate

Box 5: Water supply and sanitation challenges in Benin

The Ministry of Mines, Energy and Water is responsible for water supply in Benin. In urban areas, SONEB is a new, national public utility in charge of water supply in urban areas. At present, the urban sub-sector lacks a cohesive strategy and the major challenges there relate to billing and financing. Sanitation (including solid and liquid waste management) in both urban and rural areas is handled by a department within the Ministry of Health (DHAB). The need for capacity building of the local municipalities is evident, including strengthening local divisions of both DHAB and the Hydraulic General Directorate (DGH) if these are to carry out their mandates. In urban areas, substantial funds and capacity will be required to help the newly-created SONEB increase its coverage and provide improved services.

According to available statistics, at the end of 2004, 57 per cent of Benin's population had access to safe water, and 37 per cent had access to sanitation. To reach the goals in 2015, an additional 4.25 million people will require access to safe water, and 3.24 million to sanitation. If these objectives are reached, nearly two million will still lack access to safe water, and 4.5 million will lack access to sanitation. To achieve the Millennium Development Goals, current capacity must be increased by a factor of 3.83 (based on the last four years). For sanitation, current capacity must be increased by a factor of 1.93.

The key issues to be addressed in order to facilitate the sustainability of water supply and sanitation approaches in urban areas in Benin include the lack of:

- capacity at the district and local levels to implement policy changes that shift responsibility to these levels;
- institutional capacity to implement legislative and regulatory reforms;
- financing capacity to implement and scale up programmes at national level;
- a sanitation strategy and a programmatic approach at sub-sector level that would facilitate improved water supply and sanitation performance, particularly given limited awareness of the need for proper drainage systems in urban and peri-urban areas.

Source: WSP-AF. Draft MDG review on Africa: Is Africa on Target to meet the MDGs on water and sanitation? May, 2006.

household water and sanitation remains the most critical and widespread problem in these low-income urban settlements, hindered as it is by factors like lack of appropriate institutional arrangements and unclear organisational mandates.

As one of the strategies for improving service provision, most governments are trying to provide frameworks that encourage and support participatory engagement as well as 'smart partnerships' to allow for development of locally appropriate solutions. In Kenya, for instance, where the government is committed to reducing the proportion of people without sustainable access to safe drinking water by 2015 (as spelt out in the United Nations Millennium Development Goals), production capacity is large and theoretically sufficient to meet demand, and yet total water available for actual sale and use is significantly lower. Unaccounted-for water (UFW)[63] is estimated at about 50 per cent. More specifically, Nairobi, (estimated population: 3.5 million) has an installed production capacity of 420,000 cubic meters of water per day and 182,295 legal connections, (of which 164,000 are household), with many single water connections shared by multiple households. This means that there are huge deficiencies in the provision of water and sanitation services, and it is the low-income informal settlements (being areas of lowest water supply and sanitation priority), which suffer the most.

In a World Bank-WSP 10-country study on independent water and sanitation providers in African cities,[64] it is suggested that in order to set the stage for better delivery of water and sanitation services to the urban poor, it is crucial to recognise and regularise the activities, roles and institutional position of independent providers, and also to facilitate intermediation, coordination and partnership between city-wide operators and independent providers as well as municipal and national authorities.

63 The UFW is attributable to both technical losses (leakages, especially in older pipes) and commercial losses (unbilled and uncollected revenues, and theft). Both bulk- and client-level metering are highly inadequate, and the data on water use and losses are unreliable. For households, bills are based on presumed consumption. The billing system is poor, collection efficiency (or revenues collected as a proportion of total billed) is 65 per cent , and accounts receivable stand at more than two years of billings (World Bank, Paper No. 5, January 2005).

64 WSP, April 2000. *Independent water and sanitation Providers in African Cities.*

There is evidence of a growing consensus that those water and sanitation providers and utilities supplying low-income areas, including informal settlements, must be more accountable to those they serve "by putting poor people at the centre of service provision: by enabling them to monitor and discipline service providers, by amplifying their voice in policy-making, and by strengthening the incentives for providers to serve the poor."[65]

3.4. Conclusions from regional analysis

Across Africa, Asia and Latin America, the interface and interplay between water and urbanisation has caused many governments to recognise the need for structural reforms in order to break out of the cycle of poor service[66] delivery which includes: lagging collection, weak finances, inadequate maintenance, deteriorating assets, and lagging coverage.

The challenges to water supply and sanitation arising from the rapid urbanisation processes are enormous and impact on many of the prevailing water management, institutional and governance paradigms. The question is whether the current sector reforms are indeed pro-poor: Underlying this question is the important role of strong regulatory agencies for improved and adequate service delivery.

65 WSP, World Bank, 2004. City-Wide Universal Sanitation: Challenges and strategies. 16th Meeting of the Urban Think Tank, WSP, World Bank, Washington, D.C.

66 P.Cross and A. Morel

4.0. An inventory of UN-HABITAT prejects/Programmes: Focus on developing a pro-poor urban water and sanitation governance framework

The main objective of this section is to understand how best to strengthen water and sanitation governance in the context of UN-HABITAT's work, with a view to ensure that delivery of water supply and sanitation services to the urban poor is adequately improved. The pro-poor urban water and sanitation governance framework will generally build on the UN-HABITAT working definition of governance, i.e. ' actions and processes at the local level, within existing authorities' mandates, which positively engage poor communities in their pursuit of adequate water and sanitation' (see the UN-HABITAT Concept paper on Pro-poor Urban Water Governance developed by David Satterthwaite).

In this section, we review some of UN-HABITAT's past and current programmes and its perspectives on what constitutes an effective pro-poor water and sanitation framework. The aim is to improve our understanding of the following crucial questions:

- What are the current gaps in the understanding of water (and sanitation) governance?
- How can pro-poor water governance be practically supported and facilitated?
- How adequate are existing tools, where do they need further development, and why?

The overall objective is to ensure that there is adequate recognition of the mutual dependency between governance and policies, and the need to translate the general principles of good policies into specific pro-poor interventions that involve government, civil society and the private sector in extending water and sanitation services to the urban poor. UN-HABITAT has identified the global scale of under-provision in urban areas and recognised that the role of water in achieving poverty reduction is integral to achieving a number of the Millennium Development Goals including eradication of poverty and extreme hunger, the promotion of gender equality; improved health and education; and environmental sustainability.

This is reiterated in several analyses (including David Satterthwaite, 2003, 2006; World Bank; United Nations Development Programme; Official Development Assistance; Asian Development Bank, etc.,) reviewed in this report and which have identified gaps while providing an understanding of the way in which context-specific mechanisms of water governance can effectively include or exclude the poor and un-served, which in turn highlights the need for better monitoring and evaluation of water governance procedures and their impact on the poor (University of Bradford 2005).

4.1. A review of UN-HABITAT programme activities in urban water and sanitation governance

In some of its programmes, UN-HABITAT has, to a large extent, addressed the detrimental consequences of insufficient water supply and sanitation provision as it assessed the scale of the phenomenon in urban areas of the developing world; the agency has also identified the major constraints to achieving effective pro-poor urban water and sanitation governance as it reviewed all relevant policy, institutional, legal, technical, financial, economic and social factors. The concept papers developed by UN-HABITAT on what constitutes the principles and the basis for assessment of pro-poor urban water and sanitation governance have equally raised important questions addressed in this review, including:

- how to map the poor and other stakeholders in the water supply and sanitation processes;

- how to reconcile the governance perspectives of different stakeholders;
- developing workable field strategies for securing good governance;
- identifying appropriate intervention points; and
- the need to develop robust diagnostic tools of specific relevance to water governance.

Current attention, both in projects and in the concept papers, focuses on the best ways of improving service delivery, particularly to the poor and the unserved through strengthened water and sanitation governance. UN-HABITAT recognises that addressing the water and sanitation needs of these urban poor groups transcends aggregated demand management, and includes assessing approaches to decision-making; designing appropriate delivery mechanisms; establishing efficient linkages between households, communities, local authorities, utilities and regulatory bodies; and, finally, defining clear management and leadership systems and structures.

4.1.1. The Global Campaigns for Urban Governance and Secure Tenure

The Global Campaign for Secure Tenure was launched by UN-HABITAT in 1999 to support the implementation of the Habitat Agenda and contribute to the eradication of poverty through improved urban governance. The need for this campaign arose from a growing recognition that the way land and housing access is regulated in the West does not work well for the poor in developing countries. The Campaign's goal therefore is to increase the capacity of local governments and other stakeholders to practice good urban governance, and to raise awareness of, and advocate for, good urban governance around the world. The Campaign views governance as networks of collaboration both at the institutional level and within social relationships at the community level.

UN-HABITAT identifies key governance concepts in its Global Campaign, which include the following elements: sustainability, subsidiarity, equity, efficiency, transparency and accountability, civic engagement and citizenship, and security. The Campaign is implemented through four principal strategies: normative debate; advocacy; capacity building; and knowledge management.

A survey on governance in 165 countries has concluded that 'the result of good governance is development that gives priority to the poor, advances the cause of women, sustains the environment, and creates needed opportunities for employment and other livelihood.'[67] This conclusion supports other research at the national level, which has demonstrated that good governance correlates with positive development outcomes.[68] UN-HABITAT recognises that good urban governance is vital in improving the quality of life in cities. The development of the Urban Governance Index, for example, is meant to support the capacity building and advocacy strategies of the Governance Campaign: at the global and regional level, it is expected to facilitate comparison between cities based on the quality of urban governance, while at the local level it is expected to catalyze local action in favour of improved urban governance by developing indicators that respond directly to their unique contexts and needs.

As it promotes good urban governance at the global, regional and local levels, the UN-HABITAT campaign adopts an explicitly normative position: it acknowledges that actors, mechanisms, processes and institutions make a contribution to urban poverty reduction and to the promotion or otherwise of social inclusion, since they help inclusion or exclusion vis-à-vis the benefits of urban life.[69]

According to a recent evaluation,[70] the launch of the governance campaigns has taken different forms as individual countries chose to emphasise specific issues: for instance, in Brazil the campaign focuses on financing local development and the municipalisation of public security, while Burkina Faso places emphasis on capacity building to deliver water and sewerage services.

67 *UNDP, 1997. Re-conceptualizing Governance. Pg.1*

68 See, World Bank, 1998. D. Kaufmann, A. Kraay and P. Zoido-Lobaton . *Governance Matters I and II*. Washington DC. August, 1998.

69 *Refer to the Discussion of the Expert Group Meeting, Urban Governance Indicators, November, 2002.*

70 *UN-HABITAT, 2005. Evaluation of UN-HABITAT's Global Campaigns for secure tenure and urban governance. Evaluation report3/2005.*

The issues highlighted in the campaign have gained political value, bringing together various stakeholders and encouraging socio-political mobilisation (for example, in Brazil and in the Philippines). In West Africa, the campaigns are seen as an excellent way of harnessing political energy, while in the Philippines, the secure tenure campaign is noted for its success in involving the urban poor as partners in tenure and shelter improvements.

At national government level, therefore, the governance index can be used to promote the identification and exchange of best practices in urban governance as well as in identifying national capacity-building and policy priorities. This information would further provide professionals and institutions with information for comparing individual performance of cities, which in turn can lead on to corrective or constructive action.[71]

One of the gaps that have been identified (in the evaluation report 3/2005) in the current governance campaigns is that the general principles of participation, transparency, accountability, subsidiarity, security, equity, effectiveness, etc. (as reviewed in June 2001 at a UN inter-agency meeting) are not automatically inherent in specific issues highlighted by individual national campaigns, and therefore need to be reinforced. For instance, at the local level, where the governance index is expected to catalyze action, local indicators must be selected based on the specific assessment of the key barriers to good urban governance, which will vary from city to city. Indicators must also be supported by tools and methods that are specific to local contexts, particularly if bottom-up, participatory methods are being applied.

National campaigns must design the best ways of maintaining the political momentum (e.g. in West Africa) through clear political and institutional support processes, so that action plans can be formulated more realistically to garner support for implementation.

In addition, as specific needs are addressed, information material must set out those in the clearest possible way, in order to facilitate target monitoring and performance assessments.

4.1.2. The UN-HABITAT Water and Sanitation Programme

The objective of the Water and Sanitation Programme is to contribute to the achievement of the internationally agreed goals related to water and sanitation in human settlements, with a particular focus on the urban poor. With a view to strengthening its work in the field of water and sanitation, UN-HABITAT has moved away from a traditional project by project, donor by donor, country by country approach to a well-coordinated, programmatic approach that allows donors to contribute funds to a facility dedicated to a well-defined goal and a clear set of objectives.

This is achieved through a Trust Fund which provides a fast-track mechanism for reaching out to the urban poor. The fund is structured to provide a bridge for the urban poor to access the benefits of city-wide improvements in water and sanitation which often bypass them. With the poorest water and sanitation coverage among all regions, Africa is a priority area for the Trust Fund and programme activities are initiated through the Water for African Cities Programme and other individual country and city initiatives. Special consideration is also given to initiatives that could improve access to safe water and adequate sanitation for women and children.

In line with the implementation of the Programme of Action (PGA) for the Least Developed Countries (LDCs) for the Decade 2001 – 2010 in the water and sanitation sector (fostering a people-centred policy framework; promoting good governance; reducing vulnerability and protecting the environment; and mobilizing financial resources), the UN-HABITAT Water and Sanitation Programme works through two regional schemes, in Africa and Asia, to facilitate pro-poor, gender-sensitive investment, in partnership with two regional (African and Asian) development banks as well as the World Bank.

71 See discussion in Philippines-Australian Governance Facility, (2001). pp. 54-55. Quoted in UN-HABITAT, 2004. *Urban Governance Index: Conceptual foundation and field test report*

The programme also supports replicable, model-setting initiatives in Africa and Asia, notably through the Lake Victoria Region Water and Sanitation Initiative (LVWATSAN) and a similar initiative in the Mekong region. These programmes support local government efforts to improve Target 10-related water management standards through support to public authorities. These initiatives are guided by the following thematic priorities and pro-poor approaches:

- pro-poor investments which involve communities in the planning, provision and management of both water and sanitation services;
- leveraging funding for improved sanitation through partnerships and development of innovative financing and investment mechanisms;
- enhancing 'software' development through capacity building at the institutional, utility and low-income urban community levels;
- urban catchment management;
- water demand management;
- water education in schools and communities;
- advocacy, awareness-raising and information exchange; and
- community mobilisation and gender mainstreaming.

a) Lake Victoria Water and Sanitation Initiative – A pro-poor approach to sustainable water supply and sanitation services

The main objective of the Lake Victoria Water and Sanitation Initiative is to support secondary urban centres around the lake area to achieve Millennium Development Goal targets for water and sanitation (reducing by half the number of people without access to water and sanitation by 2015). The initiative also aims to promote equitable and sustainable economic, social and environmental development for the local population. The specific objectives of this programme are to:

- Support pro-poor water and sanitation investments in the secondary urban centres of the Lake Victoria Region;
- Build institutional and human resource capacities at both local and regional levels, so that water and sanitation services are improved and become more sustainable;
- Facilitate implementation of upstream water sector reforms at the local level in the participating urban centres; and
- Reduce the environmental impact of urbanisation in the Lake Victoria Basin.

The pro-poor approaches in the design and implementation of this initiative include the following:

- using multi-stakeholder fora for identifying water supply and sanitation options in small urban centres in the Lake Victoria region;
- acknowledging the existence of multiple users of resources and the potential for conflicts;
- sustainability checks on local authorities and utilities – performance benchmarks;
- political will – government involvement in defining mandates through MOUs;
- land use planning;
- catchment management;
- way-leaves and compensation.

In collaboration with national governments (Kenya, Uganda and Tanzania) in the area, UN-HABITAT has facilitated a rapid appraisal of the current status of water and sanitation provision through questionnaire surveys (verified by field missions) in 10 secondary towns in each country, and with the following objectives:

- assessing the state of the water and sanitation infrastructure;
- quantifying the infrastructure investment required to achieve Millennium Development Goals and developing investment plans for selected urban centres;
- identifying capacity building requirements in relation to the needs of the low-income urban population;
- Identifying institutional needs for improved water supply and sanitation service provision.

Relevance of the project design to the pro-poor urban water and sanitation governance:

Demonstrating an integrated approach to the provision of basic services in these towns (five in each country) and creating the capacity for these to manage themselves properly would provide a model for national authorities and donors (including international financing institutions) to replicate this approach in other towns in the region. This initiative puts special emphasis on three types of action: capacity-building at all levels (with particular focus on the local level); raising awareness among the public and policy-makers; and information sharing and coordination with other programmes in the region.

An initial assessment of 30 secondary towns clearly indicates that gains arising from sector reforms in the

region have largely by-passed the poor communities. This is largely due to the lack of governance structures which incorporate the poor in the decision-making processes.

A key strategy of the Lake Victoria Water and Sanitation Initiative is to promote income generation for the poor through provision of the services it promotes. For example, community-managed and micro-enterprise-based water kiosks and pay-and-use community toilet schemes will be introduced, drawing on experiences from the Water for African Cities Programme Phase I. The Lake Victoria Water and Sanitation Initiative also promotes the development of small-scale private water providers in secondary towns, a process which will support the generation of additional employment at local level. The programme will also pay special attention to small - scale independent service providers who are currently responsible for providing most of the water and sanitation services to poor communities in secondary towns in the lake region. The four main areas of intervention by the Lake Victoria Water and Sanitation Initiative will include:

(a) facilitating and supporting the formation of associations of small-scale service providers;

(b) providing access to finance and supporting development of entrepreneurship skills; (c) regulating prices and monitoring the quality of water supplied to consumers; and

(d) establishing linkages with utilities (through franchising, etc.) to ensure vertical integration and synergies.

In all the three participating countries, key government institutions and officials responsible for sector reforms have been included in dedicated Task Forces (see information on Task Groups in Chapter 2: Methodology of Assessment). Government officials see the Lake Victoria Region water and Sanitation Initiative as an important way of implementing sector reforms at local level. For example, in Kenya, the Chief Executive Officer of the Lake Victoria South Water Services Board (an outcome of ongoing sector reforms) is the focal point for this initiative, and UN-HABITAT has supported staffing of the office to respond to the needs of programme implementation.

Challenges:

The initial assessment phase clearly indicates that it is necessary to retain a certain amount of flexibility in the planning, design and implementation phases of the Lake Victoria Water and Sanitation Initiative projects at town level. This is largely attributable to several factors, such as disparities in, and in some cases, lack of information on current and projected urban populations; the impact of changing institutional and legal structures as a result of sector reforms; and varying preferences in technology, willingness to pay, etc.

Flexibility in determining service levels is also important, as user preferences (and willingness to pay) are likely to vary over time (and with the economic development of these towns, which to some extent should be triggered by the project itself). A flexible design would facilitate adjustments to accommodate any changes in local demand. In terms of technological choices, a mix of designs may be preferable in many towns, combining low-tech solutions with standard engineering designs (e.g., on-site sanitation and water-borne systems).

A baseline survey and a series of stakeholder workshops were conducted in the preparatory phase of the programme that provided an opportunity for consensus decisions in these areas to be reached in an informed and participatory manner. Multi-stakeholder forums have been established in each town to help ensure an adequate degree of flexibility through a consultative process over the course of project implementation.

Gender responsiveness (both analysis and approach) will be critical to the realisation of broader LVWATSAN objectives. A gender mainstreaming strategy is being developed for the preparatory phase of the programme, with the focus on gender analysis (e.g., gender balance in the decision-making structure), gender-responsive planning (taking into

account the different needs of women and men with regard to service levels and options in the beneficiary communities) and gender-strategic planning (e.g., gender-sensitive implementation of sector reforms). The gender strategy will also address the need for improved customer relations, as the majority of consumers are women - the traditional water managers in African society.

A coherent pro-poor focus would therefore require that partnerships are promoted between all levels of civil society as well as the market and government levels, and that these all these groups are involved in planning and implementing the various phases and components of the Initiative. This would ensure that, from the onset, accountability and transparency are built into the programme and that investment is targeted at the poor communities; in particular, attention must be given to providing a level and quality of service that the poor can afford and are willing to pay for.

b) The Water for African Cities (WAC) Programme

The Water for African Cities Programme was a direct follow-up to the Cape Town declaration. The document, adopted by African water Ministers on December 1st 1997, addresses the urgent need for improved water management in African Cities. Seven cities participated in the first phase of the Programme which ended in 2002: Abidjan, Accra, Addis Ababa, Dakar, Johannesburg, Lusaka and Nairobi.

The second phase of the Water for African Cities Programme (WAC II) views governance as a social aspect that is very much culture-dependent and, accordingly, has been designed to address the needs of the poor and expand services to low-income areas. In order to achieve this, the following thematic priorities have been agreed upon:

- Pro-poor governance and follow-up investment;
- Sanitation for the urban poor;
- Urban catchment management;
- Water Demand Management;
- Water education in schools and communities; and
- Advocacy, awareness-raising and information exchange.

It is notable that in Water for African Cities programme Phase II, programme development and implementation strategy is multi-faceted:

i) A top-down approach geared to encouraging and supporting national governments in the development of policies, regulations and legal frameworks and equipping them with institutional and management capacity to facilitate decentralisation of decision-making power to local communities. In addition, UN-HABITAT will promote political awareness at the regional level, and continue to develop and nurture networks for regional water and sanitation professionals to promote overall policy coordination.

ii) A bottom-up approach geared to building local authority capacity and strengthening institutions through training programmes and other schemes, empowering them to keep abreast of rapid urban development, as well as creating an enabling environment for effective water supply and sanitation provision, improved drainage services, etc.

Analysis of the Water for African Cities Programme Phase II Approach

Pro-poor investment and financing mechanisms: Implementation of approaches (i) and (ii) mentioned above focuses the Water for African Cities Programme Phase II project on enhancing a pro-poor urban water and sanitation approach that stimulates follow-up investment, by providing low-income communities with appropriate pre-investment capacity-building to support implementation of community projects, and micro-credit facilities to finance programmes that improve their livelihoods. With this approach the Water for African Cities Programme Phase II seeks to exert direct influence on policy, regulatory and

Box 6 : Evaluation results of the Water for African Cities Programme Phase I

Achievements of Water for African Cities Phase I:

- A substantial degree of national and international awareness and exposure of the activities of the Water for African Cities Programme, including information exchange between the African cities;
- Improved awareness of the importance of better water management, particularly through Water Demand Management;
- Improved quality and quantity of information and communication material and sector publications;
- Water saved by better-off consumers could be channelled to consumers in poorer neighbourhoods.

.

Limitations of the Water for African Cities Programme Phase I:

- The project lacked a pro-poor focus, as the primary emphasis was on Water Demand Management which, as a strategy, is not practical in low-income areas. Demand management encompasses a variety of strategies and tools that seek to optimise the productive benefits obtained from a limited supply of water, such as adjusting irrigation patterns to reduce water use; promoting the re-use of treated wastewater and lesser quality water, or adjusting the nature of a task to use less water. Ultimately, demand management seeks to change people's behaviour in favour of more efficient, equitable and sustainable water use. Most urban poor communities have only very limited, if any, access to water;
- Absence of governance structures to manage water saved from better-off areas for use by the poor;
- The focus on sanitation was minimal

Additional areas of focus from evaluation of Water for African Cities Programme Phase I.

- Pro-poor investments in urban water supply through innovative public-private-NGO partnerships;
- Promotion of demand-responsive strategies to give more influence to the urban poor;
- Sanitation: on-site-sanitation, low-cost sewerage, waste water re-use, etc.
- Rainwater harvesting, bringing in experience from other regions, e.g. Asia.

Source UN-HABITAT, 2005

institutional arrangements with a view to leveraging additional investment both at the national level and in participating cities. At the individual level, this pro-poor investment approach targets issues affecting specific groups (e.g., women and youth) and seeks to integrate them into the programme implementation strategy.

Participatory approach:

The participatory approach to decision-making in the Water for African Cities Programme Phase II will encourage the development of local initiatives to solve local problems through collective empowerment, and through stimulation of regional and city-specific scaling up of good practices. To a large extent, Water for African Cities Phase II recognises the role of civil society and their organizing principles, alongside other demands within participating cities. This is a useful approach for the sustainability of water supply and sanitation interventions.

Multi-dimensional components:

The thematic priority areas of the Water for African Cities Programme Phase II are multi-dimensional, with cross-cutting component activities which will increase effectiveness of service delivery and help

participating cities to attain the water and sanitation target of the Millennium Development Goals. This approach effectively recognizes that that addressing the water and sanitation needs of the urban poor transcends aggregate demand management. It also cuts across all the management and leadership systems that affect decision-making, delivery system design and institutional linkages between households, communities, local authorities, utilities, regulatory bodies, etc.

The relevance of a pro-poor urban water and sanitation governance framework for the Water for African Cities Programme Phase II (WAC II)
Pro-poor urban water and sanitation governance is relevant to the Water for African Cities Programme in seven distinct respects:

- Recognition of the needs, demands and bottlenecks existing in the provision of water and sanitation services to the urban poor;
- Incorporating the inputs of stakeholders in setting standards for delivery systems;
- Setting up management systems to enhance financial sustainability, e.g., through participatory budgeting and efficiency improvements;
- Building appropriate linkages between various stakeholders to ensure appropriate contractual arrangements, regulatory frameworks, technical viability, financial support systems, etc.;
- Sharing of experiences, i.e., ensuring up-scaling and replicability;
- Promoting and building monitoring and evaluation systems;
- Promoting political buy-in through advocacy and awareness raising programmes.

Understanding of governance is premised on the fact that methods that have been adopted (formally and informally) by societies for the purpose of reaching collective decisions are culture-dependent. Therefore, governance structures are composed of a series of intricate details, many of which are interdependent and local-specific. Governance is seen here as avenues or processes for achieving social goals - in this case, extending water supply and sanitation services to increasing numbers of poor urban dwellers.

4.1.3. The Slum Upgrading Facility (SUF)

The world's slums are growing; in developing countries, slum dwellers account for 43 per cent of the population, in contrast to about six per cent in more developed regions. In Sub-Saharan Africa, the proportion of urban residents in slums is the highest at 71.9 per cent compared to 24.1 per cent in Oceania, 33.1 per cent in Western Asia, 31.9 per cent in Latin America and the Caribbean, 28.2 per cent in North Africa and 28 per cent in South East Asia (UN-HABITAT, 2003).

The establishment of the Slum Upgrading Facility by UN-HABITAT was in response to four distinct but related trends:

- To address the 'finance gap' in slum upgrading as a contribution to wider, worldwide efforts to identify new sources of finance, considering that public and private investment combined with official development assistance only meet five to 10 per cent of the financing required for improvements in housing and basic services in Sub-Saharan Africa, South Asia and South East Asia.
- To respond to, and make better use of, the decentralisation of public administration (from central government departments to local authorities), given that the degree to which central government empowers local authorities has direct impact on the latter's ability to engage with community organisations and the private sector to plan, manage, and finance the delivery of basic services and other infrastructure.
- To design, field-test and scale-up financial instruments that will capture domestic capital by exploiting the liberalisation of domestic financial services.
- To increase the degree of community and savings mobilisation in slums through innovative schemes in connection with parallel innovation in domestic financial services, local capital markets, and local authorities.

In order to establish global working relations and strengthen institutional links, and in collaboration with the Cities Alliance and the Municipal

Finance task force, the Slum Upgrading Facility shares information on financing mechanisms for municipalities in developing countries with various relevant entities: bilateral and multilateral financial institutions (including USAID and the World Bank Group); development partners (slum dwellers, local authorities, central government) and financial partners (micro-finance institutions, banks, capital markets).

In order to identify local partners, learn from and assess existing financial mechanisms and partnership arrangements, the Slum Upgrading Facility has undertaken scoping missions to 10 countries - Kenya, Tanzania, Uganda, Zambia, Ghana, and Senegal in Africa; Bangladesh and Sri Lanka in South Asia; and Cambodia and Indonesia in South East Asia. These scoping missions clearly showed that governments, communities and domestic financial services are agreed on the need for financing improvements in housing and basic services in slums (including water supply and sanitation) by involving indigenous banks and local capital markets, so long as there is an acceptable notion of risk.

In all 10 countries under review, the perceived risks for the private sector and capital markets were locally considered to be too high, while the capacity of local actors varied greatly:

- some governments are strong but the urban poor are not well organised and capital markets are generally weak;
- some communities are mobilised and the banking institutions and capital markets are well poised to structure instruments for financing and upgrading initiatives, but local governments lack proper governance and the autonomy to support community-led efforts and domestic financial institutions; and
- some local authorities and urban poor movements are working in partnership on a range of upgrading actions, but private sector banks, financial intermediaries and local capital markets are weak if at all existent.

The Slum Upgrading Facility uses a matrix of selection criteria to strengthen its own support services as well as the capacities of local actors and institutions (including the urban poor and local authorities), and to stimulate innovation in domestic capital markets. In addition, the country strategy papers for the pilot countries provide the Slum Upgrading Facility with details of ongoing local initiatives, which helps the Facility to identify the needs for technical assistance and seed capital and any support that may be required.

At Visakapatnam, a DFID-funded slum-upgrading programme has had a major impact on access to basic services. The pilot Slum Networking Project in Ahmedabad sought to develop a new model for providing services in low-income settlements, involving a partnership between municipal authorities, the private sector, local communities and non-governmental organizations. Although difficulties have led to the withdrawal of the private sector partner, the municipal authorities still hope that the programme can expand to reach all 'slums'. In Cebu, a wide range of partnerships has been established between municipal agencies, local non-governmental organizations and grassroots organisations to provide social services, and these have improved provision of primary health care as well as communal water and sanitation facilities.

Under the UN-HABITAT global initiative Cities Without Slums (CWS), the Kenya Slum Upgrading Programme (KENSUP), has been established as a collaborative effort between the Government of Kenya and UN-HABITAT. The objective is to improve the livelihoods of people living and working in Kenya's urban slums. Three pilot urban centres have been selected – Nairobi, Kisumu and Mavoko - to provide a framework that can sustain long-term, nationwide slum upgrading.

As part of its approach, the Kenya Slum Upgrading Programme seeks to harness political will, strengthen slum-dweller organisations, and promote all-inclusive processes based on consensus-building and partnerships. In both Kisumu and Nairobi, a preliminary situation analysis of the identified pilot

slums has been undertaken, with a focus on land tenure issues, housing, infrastructure, social services and livelihoods. Part of this analysis also focused on community values and perceptions and assessed the effectiveness of previous and on-going upgrading initiatives in the selected areas. An analysis of the institutional framework and policy environment has also been undertaken, particularly in the selected slum areas of Kisumu, to provide insights into the factors at play and their relative influence on current conditions in the slums.

At the national level, KENSUP fits clearly in the strategic framework laid out in the country's Poverty Reduction Strategy Plan, while at the international level, it is a clear demonstration of the Kenya government's commitment to the Habitat agenda and the Millennium Development Goal of improving the lives of at least 100 million slum dwellers by the year 2020.

Pro-poor strategies geared towards improving water supply and sanitation services to the urban poor that are integrated in the Kenya Slum Upgrading Programme include:

- promoting pro-poor income-generating activities; and
- promoting citizen participation, engagement and empowerment through active participation of stakeholders including Community Based Organisations, Non-Governmental Organizations, the public and private sectors, development partners, etc.

It is important to note that in Nairobi, the Kenya Slum Upgrading Programme is part of the UN-HABITAT Water for African Cities Programme Phase II that promotes pro-poor water and sanitation governance, and creates a conducive environment for follow-up investments by supporting and improvements to water and sanitation infrastructure for better service delivery and improved coverage within the pilot area of Soweto East in Nairobi's Kibera slums.

In particular, the Kenya Slum Upgrading Programme is designed to be 'demand-driven', with outcomes being determined by the community itself. The focus by Un-HABITAT on infrastructure improvements to facilitate better provision of basic needs (as opposed to designing houses) in itself is a move towards addressing the more immediate need to improve the quality of life for thousands of poor urban dwellers.

Slum Upgrading Facility Limitations and Pitfalls: – The Kenya Slum Upgrading Programme (KENSUP)

a) There is no official attempt to establish a national system for slum upgrading, and consequently no existing official framework within which communities can initiate any upgrading procedures – making for a slow process and a questionable degree of community involvement in decision-making. As a result, the immediate problems facing these poor communities (security of tenure, access to adequate safe water and sanitation) remain unaddressed.

b) The institutional framework for the Kenya Slum Upgrading Programme is yet to be established. Although Kenya Slum Upgrading Programme has mapped and identified the structures and residents in Soweto East, the design, planning and coordination of project activities are handled by government ministries and UN-HABITAT, without adequate community participation in the development of slum upgrading policies.[72] As a result, Soweto East residents seem to lack a real voice in the project, as existing community representation mechanisms are not designed to make them equal partners in the development process (localised participation).

c) The Kenya Slum Upgrading Programme has not addressed the relationships between structure-owner and tenant and how the lack of security of tenure will be resolved. Owners of the existing structures might be encouraged to increase rents as a result of improved conditions once overall slum upgrading is completed!

72 COHRE, June 2006. *Listening to the Poor: Housing rights in Kenya.* COHRE Fact-finding Mission to Nairobi, Kenya. Final report, June 2006.

4.1.4. The Gender Mainstreaming Unit

This is a partnership between UN-HABITAT and the Gender and Water Alliance (GWA), which was established in 2005 with the following objectives:

- Develop a gender mainstreaming strategy and operational action plans for the overall UN-HABITAT water and sanitation programme.
- Facilitate the "genderisation" of water and sanitation utilities through development of gender-sensitive norms and standards, and provide support for enhanced female participation in water and sanitation utilities.
- Identify areas for capacity development and enhancement; and
- Inform and influence national economic development policies and sector reforms to make them more gender-sensitive.

UN bodies are mandated to fulfil the demand for gender mainstreaming in all activities within their respective remits. The Gender Mainstreaming Strategy Initiative (GMSI) is an attempt to mainstream gender into the Un-Habitat water and sanitation programme. The tacit indignities and deprivations visited upon poor women due to lack of proper and adequate sanitation facilities came to the fore at the CSD 13 meeting in New York, when their unheard voices were presented at a session organised by UN-HABITAT.[73]

As part of its pro-poor approach, the Gender Mainstreaming Strategy Initiative uses a Rapid Gender Assessment tool developed by the Gender and Water Alliance and the Water for African Cities Programme to collect preliminary baseline data on various thematic areas in the cities where the programme operates. Gender and Water Alliance members and local stakeholders have also engaged in rapid gender institutional assessments of their respective water and sanitation utilities – both public and private. A gender situational analysis in slum or informal settlements assesses the degree of access to safe and affordable water and sanitation facilities and services (particularly for the poor), together with the existence of formal and informal providers of these services, as well as the living and working conditions of women, men, girls and boys in low-income communities.

Analysis of the data from this assessment has led to the development of a gender mainstreaming strategy for the Water for African Cities Programme Phase II in each city. As a result, gender equity and pro-poor action plans are integrated into project design and implementation.

This strategy is important in gender mainstreaming since it is participatory and, therefore, grounded in the knowledge and networks of local stakeholders. However, the challenge for UN-HABITAT and the Gender and Water Alliance is not only their ability to actually integrate gender and pro-poor analysis in the Water for African Cities programme Phase II; it will also lie in their ability to determine the best way of promoting institutional changes that will engage female and male slum dwellers in decision-making processes for sustainable provision of water and sanitation services.

Evidence of gender mainstreaming in current programmes can be found in the approaches adopted in the Water for Asian Cities Programme. Under this scheme, demonstration projects on innovative public-private-NGO partnerships based on consultation, appropriate technology choice, and new partnerships are being developed. In partnership with Mahila Chetna Manch, a Non-Governmental Organization based in Bhopal, a gender mainstreaming strategy for water supply and sanitation has been developed through rapid gender assessment of four project cities, which has facilitated development of action plans for both capacity building and project implementation in the cities of Madhya Pradesh.

73 *During the 13th session of the Commission on Sustainable Development - CSD-13 in New York, UN-HABITAT organized a side event to call attention to the Unheard Voices of Women in discussions on the provision and improvement of access to clean water and sanitation facilities and services.*

4.2. Evaluation of Existing Pro-poor Urban Water and Sanitation Governance Concepts and Framework

4.2.1. The Joint UN-HABITAT/World Bank Water Governance Performance Assessment Tool (GPT) – Jim Lamb

The Governance Performance Tool was developed jointly by the World Bank and UN-HABITAT to assess the quality of governance for the delivery of water and sanitation services to urban settlements in developing countries, and it focuses on improvements to services for unserved and poor urban communities.

Why the focus on municipalities?
The rationale for this tool is an understanding that conventional assessments of local governance generally focus on government bodies and civil society groups, with little consideration for individuals, households and unplanned settlements. The Governance Performance Tool also recognises that these un-served groups may not necessarily have any linkages that allow interaction with local government.

As it assesses the water and sanitation governance regimes at work in a municipality, the Governance Performance Tool provides an impartial means of identifying areas for improvement and for measuring improvement over time. The tool also hopefully identifies the governance arrangements that are in place and determines whether they are effective in delivering water and sanitation services to all groups, and the poorer communities in particular.

Although it targets municipalities, the Governance Performance Tool recognises that water supply and sanitation governance exists within a larger framework of State governance, and seeks to determine whether national or regional water resource governance issues influence, or are influenced by, local water governance regimes.

The GPT approach: Strengths and weaknesses

Strengths of the World Bank Governance Performance Tool:

- A way of monitoring Millennium Development Goals at the local level: If effective water governance is considered the pathway to achieving Millennium Development Goals (and the sanitation goal agreed at WSSD), the proposed Governance Performance Tool is essential in monitoring progress in those urban communities where the problems affecting delivery of water supply and sanitation services are a result of governance deficiencies.

- The tool is context-specific: The Governance Performance Tool accommodates the socio-cultural perceptions of the communities in a given municipality to determine which principles of water governance can deliver the best possible results. This is a step towards recognizing a given community as an important stakeholder in the social decision-making structures, which in turn stimulates participation and benefit-sharing. Solutions will also be specific to each context and in accordance with existing dynamics.

- This tool shifts attention away from national governance assessment to the local level where a majority of the urban poor remain inadequately served. Municipalities are best placed to lead the planning for capital expenditure on land and services (infrastructure such as roads, drainage, sanitation and water supply) as required for the development of sustainable neighbourhoods.[74] If municipalities receive the required degree of government support to facilitate implementation, the proposed Governance Performance Tool will facilitate better water supply and sanitation services to the urban poor - given that the degree to which central government empowers local authorities impacts directly on the latter's ability to engage with community organisations and the private sector to plan, manage, and finance the delivery of basic services and other

74 UN-HABITAT, 2006. Slum Upgrading Facility (SUF) Handbook, Volume 1, June 2006, Vancouver.

Approach	Activities	Intended results
Quantitative Mapping	Mapping existing governance regime through investigation of: ■ interactions between service providers and users ■ unserved groups and the roles and effectiveness of existing institutions ■ effectiveness of the management/leadership roles and responsibilities ■ the needs and expectations of poor communities	■ identify unserved groups ■ identify problems affecting water supply and sanitation service provision to all groups ■ identify institutional and management gaps in effective delivery of services
Qualitative Appraisal	■ identify the communities' attributes of effective governance ■ measure the current institutions' understanding of effective governance ■ investigate the degree of interaction between the communities and the institutions	
Monitoring and Evaluation	Monitor governance reform processes	

infrastructure.

The Limitations of the World Bank Governance Performance Tool:

- The proposed Governance Performance Tool does not take into consideration the role of existing technical gaps and constraints. For instance, where does the line lie between the influence of governance failures in existing systems, and those failures of a technical nature?
- The suggested appraisal procedures are tailored to match local circumstances and the values of the specific community within a municipality, making the tool unsuitable for direct comparisons between elements of governance in other cities.
- The Governance Performance Tool does not provide guidelines for mapping the poor within the municipalities, since even in a single municipality a variety of governance regimes are at work.
- The criteria for selecting stakeholders and the 'assurance panel' are not defined. The tool does not provide any means of ensuring that those stakeholder panels set up for consultation will be representative.
- The tool assesses governance before defining it – what guiding principles for what good /effective type of governance are used when assessing existing structures?
- Although it involves a situational overview of existing water supply and sanitation structures, this tool assumes that urban poor areas have a governance structure already in place for water supply and sanitation. However, the unplanned settlements where a majority of the urban poor reside are served not by formal utilities, but by small-scale, independent providers. In Nairobi's informal settlements, these providers are not under any set operational rules or obligations, and

have neither the necessary accountability mechanisms nor the facility for consumer voice.

- The existing legal and municipal policies affecting water supply and sanitation provision among the urban poor are not articulated in the Governance Performance Tool. Most developing countries (particularly in the Sub-Saharan region) have no sanitation policies of the holistic type required to facilitate water supply and sanitation provision to low-income settlements. As emphasised in a WSP-AF report (Piers Cross and Alain Morel, 2005), lack of clear policies and effective programmes for meeting the needs of the poor have resulted in the rapid expansion and densification of the slum areas where many residents live in absolute poverty.
- This Governance Performance Tool assumes that communities within municipalities are homogeneous, i.e., share the same social and economic values. However, in view of internal and external migration flows into urban areas and the fast growth of 'slums' which feature ethnic variety, changes in social dynamics can be expected. At the same time, the Governance Performance Tool assumes that municipalities will always be host to well-developed and identifiable households, spaces and institutional structures; yet most informal settlements in developing countries are quite unstructured and often without defined water supply and sanitation service provision networks. For instance, the Kibera informal settlement is home to almost 700,000 people from different ethnic backgrounds living in 12 villages; therefore social dynamics (values, norms, etc.) will vary from village to village, at the very least.
- Given that women tend to be poorly represented in most municipal and town institutions, the Governance Performance Tool is likely to have a gender imbalance. We have noted in our earlier discussion that any governance framework should ensure full participation of women (and young people); it is not clear how the Governance Performance Tool can ensure this. But then distorted representation of 'groups' has a huge impact on decision-making processes and on the livelihoods of these members of the community, and therefore will affect the effectiveness of governance structures at this level.

4.2.2. The UN-HABITAT Pro-poor urban water and sanitation governance framework - David Satterthwaite and Gordon McGranahan

> *'Urban water and sanitation governance covers the full range of arrangements through which governments and other actors work together to develop and manage water and sanitation systems.' (Satterthwaite and McGranahan, 2006)*

Satterthwaite and McGranahan's starting point is that the arrangements mentioned in the definition above often fail the urban poor, who are at a disadvantage in both the market and the public policy arena, and often end up using water and sanitation systems that are unhealthy and even illegal. Existing arrangements also often fail the more affluent urban dwellers, who receive intermittent or otherwise poor-quality services despite their economic and political advantages. One of the basic arguments in Satterthwaite and McGranahan's framework is that the principles and governance tools that are important in getting private providers to improve provision to the urban poor are very similar to those needed to improve public provision; consequently, local governance is critical to getting the best out of private as well as public providers.

With regard to pro-poor strategies for achieving Millennium Development Goals, the two authors argue that the water and sanitation target is intended to place deprived households at the centre of a new water and sanitation agenda, which not only challenges the pro-poor credentials of ongoing reform efforts, but also demands a more coherent and focused approach to the water and sanitation problems of the poor. From a governance perspective, the significant role of international support to improved water and sanitation provision for low-income urban residents is seen as a major challenge, namely, preventing

vested interests (many of which are international) from dominating local water sectors.

Satterthwaite's proposed pro-poor urban water and sanitation governance

The main rationale behind this paper and proposed framework is the failure of current sector-based models of good governance. Many good examples of successful approaches are available, though, most of which share certain common denominators, as follows:

- Where several interventions to improve governance systems are implemented together;
- Where tripartite negotiations are undertaken between the unserved, the service provider and the local government;
- Where partnerships have been made between small public utilities, small private utilities and community groups

This framework proposes that water and sanitation service providers must be more accountable to the poor; the two authors emphasise that accountability, and therefore, any degree of improvement, is directly related to the level of influence the poor can bring to bear. Both private and public utilities must also review their policies with such accountability in mind. A clear focus for strategies is to increase the voice of the poor to make these demands. It is a fact that where communities are better organised in terms of general livelihood development as well as shelter legality and security, they are in a better position to enter into effective negotiation. Indeed, the State is more responsive to these demands if it takes a progressive approach to democracy and decentralisation. These factors of "good governance" have yielded effective approaches in Latin America.

In parallel to government efforts to provide an enabling environment for good water governance, service providers (public or private), must be more responsive to the urban poor. In most cases, larger scale service providers have a contract with the State, their revenues being gained from both a service fee and any revenue they can collect from water sales. As for smaller scale vendors, they derive revenues from water sales only. Larger scale providers are therefore less likely to be ready to provide for the poor, considering current institutional arrangements.

Service providers are not exempt from corrupt practices, but often these are most keenly felt by the poor. Most corruption in water utilities can usually be traced to low-level local utility staff, who demand bribes to "reduce" connection costs or to restore supplies that have been cut off for non payment. High-level corruption is also apparent, especially in the process of awarding tenders.

Satterthwaite and McGranahan argue that perhaps the area that shows greatest promise for promoting pro-poor governance approaches is the promotion of government support for community-driven processes. Good examples that have led to increased government involvement, particularly in the areas of scale-up and replication, have been those where community funded pilot and demonstration schemes have shown government that a particular solution is more cost effective. Such schemes have:

- Linked shelter and slum upgrading to water and sanitation interventions;
- Involved communities in both initial assessment of demand and ex-post evaluation;
- Featured co-financing through community and government funding;
- Integrated livelihood development with water and sanitation interventions.

Regulators have much to do to promote pro-poor approaches. Most of them have no specific policies for providing water and sanitation services to poor un-served areas and do not consider the poor when drawing up private sector management contracts and concessions. They do not encourage service providers to associate economic, efficient and viable operations with serving the poor. In most cases, regulators do not consider major barriers to connection with networked systems, such as high connection costs. Another important consideration, against a background of widespread utility privatisation is that public utilities that served the poor well tend to continue to do so after privatisation.

The framework proposed by Satterthwaite and McGranahan has some limitations:

- It pays little attention to either the role of small-scale vendors or how their relationship with larger scale private enterprises can lead to potential win-win situations.
- It needs a clearer definition of the role of regulators in providing the desirable policy environment.
- Many of the cross-cutting issues are duplicated in the framework.

In this framework, the majority of the issues that affect access to water and sanitation services by the urban poor are well articulated and could provide the basis for expanding the framework further. The framework could do with some additional components, such as identifying the poor, on top of remedying the limitations mentioned above. Placing as it does the influence of the poor (who make up most or all of the un-served or inadequately served) at its core, the framework provides a useful corrective to the tendency for other stakeholders in the water sector to claim that their interests coincide with those of poor groups. Other questions that are central to pro-poor governance of water and sanitation include how the poor can increase their political voice vis-à-vis the State, or increase their consumer power vis-à-vis providers, and how this framework can be fitted to serve the interests of low-income groups.[75]

Conclusions on the UN-HABITAT approach: Strengths and Challenges

From the above discussions, it is clear that UN-HABITAT has played a significant role in the development of and, to a large extent, the implementation of specific pro-poor water supply and sanitation interventions geared towards improving access and provision of both water and sanitation services for the urban poor. This review indicates that there is a strong pro-poor focus in the implementation of UN-HABITAT's projects and programmes, for instance, building the capacities of the communities. In both the Lake Victoria Water and Sanitation Initiative and the Kenya Slum Upgrading Programme, UN-HABITAT has involved local communities in project design and implementation.

Using community-based management models (as with the sanitation user groups of the Vacutug exhausters in Kibera, Nairobi) enables local communities to take responsibility for the management, operations and maintenance of the facilities. However, in order to enhance community-participation in promoting water supply and sanitation services among the urban poor, UN-HABITAT should consider helping communities to set up effective intermediaries in the form of community associations (for both water and sanitation, particularly in informal settlements where small-scale water supply and sanitation providers are not regulated), in order to provide forums for community/consumer voice, and to address issues such as water quality, tariff regulation, user charges, operation and maintenance, etc.

As highlighted in the UN-HABITAT (2006) Global Report,[76] it is clear that proper water and sanitation provision is not just about infrastructure, but also includes local capacities to make appropriate technological and institutional choices that facilitate 'smart partnerships', so that where conventional means are not effective, innovative alternatives can be implemented. For instance, in the Water for Asian Cities programme (launched in 2003) and as part of a collaborative framework (between Thimi Municipality, the Centre for Integrated Urban development (CIUD) and Water Aid Nepal), pro-poor urban water and sanitation governance, mapping of poor communities, rapid gender assessment, and Initial Environmental Examination have resulted in the development of pro-poor urban water and sanitation governance tools which are going to be replicated in the Water for African Cities Programme. Focus has been placed on enhancing capacity at city, country and regional levels, and on the creation of an enabling environment for new investments to be channelled to marginalised poor groups.

75 *Gordon McGranahan and David Satterthwaite. Discussion paper on pro-poor urban water and sanitation governance. Quoted in UN-HABITAT (2003) Water and Sanitation in the World's Cities: Local Action for Global Goals, Earthscan, London.*

76 *UN-Habitat, 2006. 'Meeting Development Goals in Small Urban Centres' pp245*

At the same time, policy reform is an important mechanism that improves water supply and sanitation provision, and related policy options and management models should form the basis for access to and provision of basic services. UN-HABITAT acknowledges that the main challenge lies in turning good policies into a framework that can be used to assess governance at various stages of the reform process.

In addition, important questions have been addressed in concept papers including how to reconcile the governance perspectives of different stakeholders, developing workable field strategies to secure good governance, identifying appropriate intervention points, and the need for robust diagnostic tools with specific relevance to water governance.

5.0. Approaches & activities of other by donors and development agencies

Data recorded by the Organisation for Economic Development's Development Assistance Committee (OECD DAC) show that since 2000, the proportion of combined multilateral (e.g., World Bank, European Commission) and bilateral (direct, country to country) aid devoted to water and sanitation has dropped from six to five per cent of total aid. Among the G7, the world's most powerful economies, the drop was even more dramatic, with bilateral aid for water and sanitation falling from seven per cent to under four per cent, while the UK's share of bilateral aid during that period dropped from 3.8 per cent to 0.86 per cent.[77]

At the same time, a huge impediment to delivery of effective water and sanitation services to the world's poorest is tied aid, which is conditional on recipient countries spending all or part of the aid package on goods and services from the donor country. According to the United Nations Development Programme's 2005 Human Development Report, tied aid costs developing countries an estimated 20 per cent above the cost of buying these goods and services on the open market, which amounts globally to an annual USD 5bn-7bn tax on aid. Tied aid costs Africa alone USD 1.6 billion a year.

However, a growing acceptance of Poverty Reduction Strategy Papers (PRSPs) in recent years has created an opportunity for more coordinated development assistance as well as targeted poverty reduction in a way that reflects the demands and needs of individual countries. Current estimates for achieving the Millennium Development Goals for water and sanitation range from USD 7.5 billion to USD 70 billion annually.[78] Unfortunately, between 2000 and 2004, the bulk of the water and sanitation aid (65 per cent) went to middle-income countries. Low-income countries were allocated only 34 per cent, with the least developed receiving a mere 17 per cent.

Given this situation, it is evident that existing water sector finance and governance systems need to evolve – both to adapt to the current environment, and to create a new one where the water and sanitation sector can attract the resources required – if it is to yield the economic and poverty reduction benefits that are so often associated with it. This would include redefinition of donor and development agencies' pro-poor policies so that water supply and sanitation for the urban poor can be improved. It is, therefore, important to provide an overview of some of the current donor and development agencies' water supply and sanitation pro-poor policies and frameworks, with a view to identifying any gaps which will then be examined in section 6.0.

5.1. The World Bank

One of the pro-poor urban water and sanitation governance frameworks proposed by the World Bank is based on the notion that demands for improvement need to come from the poor people themselves[79] depending on the degree of influence they have on service providers either directly or through government. This framework focuses on the relationship between the citizens as clients, service providers, and the State, distinguishing two routes of accountability: direct pressure on the service provider for better services, and indirect pressure through policy-makers and politicians.

The World Bank's Water and Sanitation Programme, Africa (WSP-AF), on the other hand, suggests the following key entry points for pro-poor urban water and sanitation governance strategies:

(i) Pro-poor tariffs and financing mechanisms for service improvement;

77 See, http://www.wateraid.org/documents/who_is_doing_their_bit__wwd_report_06_1.pdf

78 Fonseca, Catarina and Rachel Cardone, 2004.

79 The World Bank, 2004. World Development Report: Making services work for the poor.

(ii) Institutional arrangements to improve services to the urban poor. WSP-AF argues that institutional and policy reform is needed to break this stagnation cycle, by improving financial and technical performance. These reforms have brought the issue of services to the poor into sharp focus;

(iii) Pro-poor transaction design (including regulation and monitoring);

(iv) Advocacy and communication regarding the urban poor; and

(v) Consumer voice and civil society engagement.

Limitations of the framework:

- The framework assumes that the poor have a 'voice' or channels for voicing their concerns directly to either the service provider or the State, and that their needs and demands will be responded to.
- It fails to make explicit the means through which the urban poor can influence policy change or their inclusion in policy discussions and eventual decisions.
- No provision is made for co-option of various local solutions from poor marginalised communities into the broader, formal systems of the water and sanitation providers

Since service providers are mainly market - driven, one needs to consider the diverse motivations they may have for responding to consumer demands and establish appropriate response mechanisms.

The World Development Report (World Bank, 2004), Making Services Work for the Poor', recommends institutional changes that are apt to strengthen relationships of accountability - between policymakers, providers, and citizens - in order to improve service delivery. The report further argues that where services have worked well for the poor, the following steps had been taken:

- participation of all stakeholders;
- curtailing corruption;
- recognition that resources and their effective use are inseparable;
- adoption of a comprehensive view of development ; and
- strong external support to policy changes and towards effective practical use of resources.

5.2. Official Development Assistance

According to a recent report on lessons for development assistance[80], water service and sanitation delivery is a key element of the Millennium Development Goals since the roles and responsibilities between public, private and community sectors in water management is a key governance issue which requires both the internal development of appropriate institutional arrangements and a diagnostic approach which enables external interventions to remain context specific in approach. For this reason, development in the water sector has increasingly moved away from physical infrastructure provision to focus on management, institutions, regulation, conservation and allocation of water as a scarce resource. This "software" emphasis comes under the broad umbrella of water governance. Australia's experiences with Official Development Assistance and water governance[81], as well as other countries' own experiences (in water reforms), provide the main themes under which water governance can be analysed:

a) Drivers of change in water regulatory systems

Urban water utilities often fail to provide adequate water supplies to urban poor communities; as a result, about 31 per cent and 57 per cent of the urban population in Africa and Asia respectively are not served by piped water supply (WHO/UNICEF, 2000). At the internal level, programs give priority to freshwater provision for basic domestic uses, although past performance of water infrastructure projects has been affected by ambiguities in the responsibility for maintenance as well as by access problems. For instance, user-pays models have implications for the rural and urban poor and any programme intervention is effective only if it

80 *ODA, Water Governance in Context: Lessons for development assistance, Overview report Vol. 1. See, http://www.mekong.es.usyd.edu.au/projects/water_governance.htm*

81 *Australia is at the forefront of innovative water governance reform initiatives at a global level.*

is responding to actual needs, as well as perceived needs for change. It is important to understand why and how change occurs in the way water is used and managed. What drives water governance change and reform in various contexts, therefore, is an understanding of the requisite levels of policy analysis, project design and project management in order to address the underlying causes of water problems for each situation or region.

Drivers of change in water governance include physical and political pressures. Natural hydrological and climatic factors, together with availability of water storage, shape the ways in which water is used and managed. Demographic change and associated infrastructure requirements place pressure on water resources and often trigger reform at the policy and management levels. Ideological influences, economic pressures and wider reform processes can also define water sector reform in specific ways in particular contexts.

Therefore, understanding the contextual drivers that lie behind water governance reform is crucial for programme design, besides acting as a significant restraining influence to ensure that reform is not overly influenced by external factors, but rather responds to endogenous potential and processes. Where drivers of change (e.g., scarcity, conflict and international water policies) are mainly external, compatibility is likely to be low:

- For instance, scarcity among the urban poor needs to be understood in relation to competition between agricultural, industrial and domestic users, as well as environmental and social objectives such as ecological sustainability and equity. Scarcity in urban areas has been constructed relative to historic levels of consumption, rather than a basic needs approach. The threat of future shortages has prompted a debate over alternatives. In Sydney, this can be seen with the proposal to construct a desalination plant. Although demand management has been a component of policy responses, the bulk of solutions have been supply-based. Solutions range from resettlement or denial of citizenship rights, to asserting the need to build storage dams in place of forests as "sponged" natural storage. In this case, scarcity has been used to justify a water governance regime that marginalises minority groups and has a poor basis in the science of forest hydrology.

- Universally accepted principles and policies must be tailored to the specific hydrologic, climatic, political, economic and cultural contexts of each country. The 'model' approach, whereby experiences or policies from one context are replicated wholesale in another, invariably fails when the nuances of each country (physical realities) and nation (political context) are not taken into account. Where internationally endorsed models have been implemented without due reference to the dynamics of the context, initiatives have been problematic and less inclined to improve sustainability in the long-term.

b) Catchment management frameworks and issues of scale

Relations between different scales (or levels) of management are important when designing appropriate frameworks. Appropriate scales of management and intervention differ from one context to another. Development assistance supports institutional reform in catchment management at different levels, therefore there is a pressing need to link broad-scale and community level processes.

c) Public-private-community roles and initiatives

The emphasis here is on the appropriateness of different public-private-community roles and responsibilities in different contexts. Any intervention must engage with these roles and responsibilities in order to plan appropriate mixes of market-based, institutional and participatory approaches in management and water supply and sanitation provision. There is need for an appropriate mix and linkage between roles, with the knowledge that the social acceptability of this mix and linkage may vary according to circumstances.

Community-based management raises questions of capacity, financial management and participation. Long-term sustainability, together with improved demand-driven services and infrastructure, has been the major objective when involving communities in the management of their water supply and sanitation systems. Operations, maintenance and financial sustainability have been the biggest challenges with community-managed systems, followed closely by those of an institutional and cultural nature.

d) Dealing with conflict and risk in water supply and sanitation projects

An assessment should be made of risk management and outcomes for different groups, with an emphasis on adaptive frameworks; such assessment should inherently be concerned with conflict mitigation, understanding that a degree of (non-violent) conflict is a normal part of social change and a likely component of governance reform. Therefore, programme design must be based on understanding of risk from societal, rather than narrow project or investment, perspectives.

Water governance reform can be seen either as a way of mitigating conflict as an end in itself, or as a way of reducing the material basis for conflict such as emerging water scarcity. Water reforms themselves can also be a cause of conflict, if processes are not sensitive to the interests and concerns of key stakeholders, or are perceived to be beholden to a narrow set of interests. Understanding the connections between conflict and water governance reform is essential for effective intervention.

e) Equity implications of market and property rights mechanisms: Gender, poverty and indigenous dimensions

Equity implications of market-based approaches to water in a number of cases should be considered. The gender, poverty and indigenous dimensions of water regulation should be addressed with specific reference to the enhanced roles of markets and changing property regimes. Programmes must strike a balance between efficiency, social equity and sustainability. This aspect covers a key area in which tensions and unforeseen impacts can be anticipated and mitigated with proper awareness and appraisal.

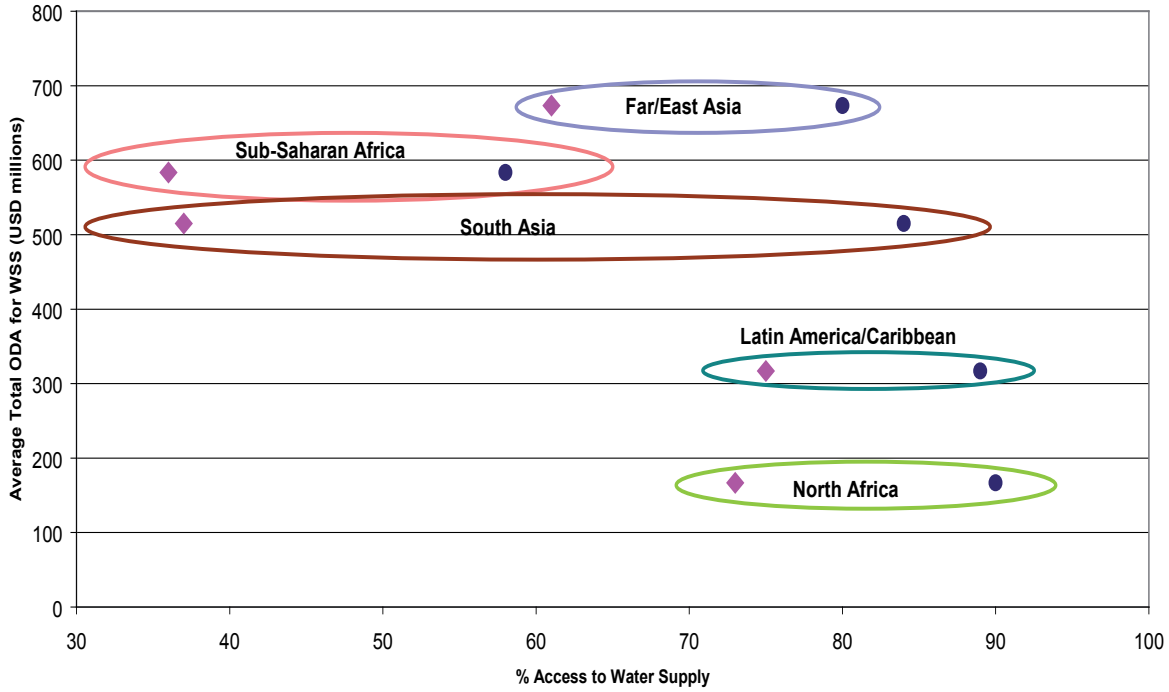
Gaps in the Official Development Assistance approach to providing financial support to water supply and sanitation for the poor

- It is difficult to determine whether water and sanitation commitments are specifically targeted to the poor. It is of course possible, from a broad perspective, to plot access data (as provided by the Joint Monitoring Program (JMP)) against funding flows and to determine whether these are targeted to those areas lacking access.

- Access to sanitation lags behind water supply to a considerable degree. See Figure 1 below showing official development assistance commitments to water supply and sanitation, as drawn from the JMP and CRS databases. Pink and blue dots represent access to sanitation and to water supply, respectively. It must be stressed here that this analysis is not meant to suggest any causality between amounts of funding and access levels, as funding commitments do not necessarily turn into financial flows and such flows as may occur are not necessarily timely or efficient. Rather, the diagram pinpoints where the needs are and, by comparison, where official development assistance flows over the past few years have been directed. It would be useful for policymakers to know whether funding in South Asia is targeted at sanitation more than at water supply, given the wide gap in access data between the two. Based on the historical figures in Figure 2, one can assume that Official Development Assistance commitments continue to support water supply interventions over sanitation activities.

Figure 2: Access to water and sanitation compared with Official Development

Asistance flows to water, based on average commitments, 1999-2003[82]



- Official Development Assistance flows – both in terms of commitments and disbursements - are insufficient to bridge the financing gap at global, regional, and country levels, if they are to achieve Target 10.
- Even if official development assistance flows were sufficient in quantity, it is not clear that the quality is adequate. There is a lack of evidence that flows consistently reach those countries in greatest need; and even where funding does reach the poorest countries, there still appears to be a bias towards larger-scale infrastructure solutions over basic water and sanitation needs.
- Other trends in development tend not to be captured in discussions of official development assistance flows to the water supply and sanitation sector. For example, trends such as strengthening core governance functions through budgetary support and sector -wide approaches, as well as thinking beyond these traditional sources of finance to support more innovative alternatives, may have a positive impact on the water sector overall. As pointed out in a recent paper for the UK Department for International Development [83] on the agency's contributions to Target 10: given the major constraints facing the sector (which relate predominantly to public administration and financial management) it may be appropriate for donors to focus on improving the overall governance framework in a country to the point where things work well, rather than continue to fund unsustainable projects and programmes in an institutionally complex water sector.

82 Fonseca, Catarina and Rachel Cardone, 2004. "Will it cost the earth? An overview of cost estimates for achieving the water and sanitation targets of the Millennium Development Goals". Well Briefing Note 9, WEDC, UK. Available at:http.www.lboro.ac.uk/well/resources/Publications

83 ERM, 2005. "Meeting the Millennium Development Target for Water and Sanitation." DFID, London

5.3. The Asian Development Bank (ADB)

The Asian Development Bank seeks to reduce poverty through targeted assistance to improved access to services, particularly for the poor. The understanding is that many of the Millennium Development Goals cannot be achieved unless poor people have access to equitable, effective, efficient, and affordable basic services. In their efforts to improve the efficiency and responsiveness of basic services, many central governments in Asia have transferred the responsibility for service delivery to local governments, on top of a range of policies and measures to improve responsiveness in delivery of public services, particularly to the poor.

The Pro-poor Urban Water Governance approach adopted by the ADB is based on the 'Water for All Policy'. Under this approach, water governance improvement is brought about through two major types of strategic policy actions: an enabling environment; and a restructured institutional framework, which integrates and coordinates all activities and management instruments developed and implemented through rational and informed choices as explained in the points given below:

a) Creating a favourable, enabling environment for reforms, including the basic laws, policies, and regulations for developing and managing water resources, which governments provide through legislative and executive actions;

b) Restructuring the institutional framework to ensure the integration and coordination of all activities. This includes the roles of, and relationships among various agencies (at all levels of the bureaucracy) involved in developing and managing water resources. Among the strategic policy actions to ensure an effective institutional framework are those related to the creation of an apex or umbrella body as the central national agency to coordinate planning of sub-sectors and across sectors, including decentralisation, river basin management, or such other regional decentralized or devolved entities (including the local government units in charge of water supply, sanitation and other, related activities).

c) Developing and implementing management instruments for effective water governance. These include the tools and techniques for decision makers to make rational and informed choices between alternative courses of action to make governance more effective. These choices should be based on agreed policies, available resources and environmental impacts as well as social and economic consequences. Management instruments may be grouped into distinct functions, such as water resources assessment, communication and information systems, water allocation and conflict resolution, legal instruments, and economic instruments.

An ADB report, Water and Poverty Initiative, points out that the single most important pro-poor water governance intervention is for governments, non-governmental organisations, and funding agencies to put poverty reduction, in all its multi-dimensional aspects, at the top of the development agenda. The report further argues that good governance requires adequate data on water availability, the nature of poverty, and the relevant water-related government, non-governmental organizations, and private sector interventions.[84] As for governments, ADB suggests that they should identify minimum data requirements and ensure that such data is consistently collected, analyzed and made public.

The ADB concurs with bilateral agencies when it suggests, as one of the ways forward, that governments move away from providing services and instead play the role of regulators, in the process untying the link between tariffs and politics. The legal and regulatory systems must ensure that water service providers and resource managers are held accountable by law for their performance relative to prescribed standards.

The ADB also draws attention to the gender disparities that exist in water governance structures and which pro-poor mechanisms must take into account for the sake of equitable water supply and sanitation provision (see details in Box 7 below).

Therefore, emphasis is placed on ensuring greater equity through inclusion of a strong gender

84 See, The Water and Poverty Initiative: What we can learn What we Must do. At: http://www.adb.org/documents/Books/water_for_all_series.

perspective, if good governance is to develop in the water sector. Gender must be seen as a core component of all water governance structures, as this is the only way that the needs and capabilities of the poor can be articulated, as women make up a disproportionate number of the poor and generally have different water and sanitation needs compared to men. Although this is challenging, some positive experiences can be reported from Gujarat (India), Pakistan, Punjab and Nepal, where gender-responsive water-user associations have contributed towards better water governance.

In a study, 'Enhancing Governance for Sustainable Development', conducted in Cambodia, the Cambodia Development Resource Institute and the ADB conclude that good governance is a major cause for successful economic management in East and South-East Asia. The report points out that if fully implemented, pro-poor governance reform programmes could raise real income per head by 250 per cent between now and 2020.[85] However, the report fails to provide details of how the proposed pro-poor water governance reforms would work, who must put in place which action-oriented mechanisms, and for whom.

Some of the other problems that the ADB (2003) identifies with regard to 'poor' water governance include: corruption,[86] which is cited as arising from bureaucratic systems; political interference, particularly in projects and in operations; low tariffs and lack of autonomy of utilities. Among the solutions identified to address the above are:

- Transparent policies and independent regulators
- Tariff reform to put consumers in control
- Civil society involvement

The limitations of the ADB approach to water supply and sanitation provision

- Strategic policy reforms take time to develop and must be adapted to rapidly changing environments. To be successful, a prudent, measured approach may be necessary, with countries prioritizing proposed actions rather than trying to change everything within the sector at once.
- Detailed information is lacking on how the poor as stakeholders are to be involved in the processes for the proposed changes, and what

Box 7 : Asian Development Bank – Gender approaches in pro-poor water governance

The ADB highlights water needs and their effects on people, which it sees as intricately woven throughout the daily lives of poor communities, particularly women and children. (Women, as traditional providers of water, are most affected by lack of access. Some spend their lives as water carriers — and do little else).

In Asia, gender is recognised as a key dimension of actions in favour of pro-poor water governance. Women and men usually play very different roles in water and sanitation activities – especially in rural areas. Men usually dig the latrine pit whereas it is most often the responsibility of the women and children to clean it. Therefore, sanitation programmes offer a natural entry point for gender approaches. Men are, in some instances, more concerned with water for irrigation or livestock, and they traditionally have a greater role than women in public decision-making. Because of these different roles and incentives, it is important to involve both women and men in demand-driven water and sanitation programmes, where communities decide what type of systems they prefer and are willing to finance.

While it is clear that the management of water resources and the delivery of water services are central to investments to reduce poverty, there is much to learn about how such investments can be more effective

Source: Available at:http://www.adb.org/Documents/Periodicals/ADB_Review/2003/vil35_1/governance.asp

85 *ADB, 2001. available at: http://www.adb.org/Documents/News/VRM/vrm_200102.asp*

86 *While corruption undermines good governance, equally bad governance breeds corruption. This is not only because the necessary controls on corrupt behaviour are lacking but also because when official policies do not have public support, corruption thrives.*

pro-poor measures must be taken into account in ensuring access to and sustainable provision of water supply and sanitation among the urban poor, both in small towns and at community levels.

- At the same time, considering that water governance is not merely limited to formal institutions, the ADB proposal on the way forward lacks emphasis on the role of other informal institutions through which the State and society interact in the pursuit of common goals with respect to rural communities and the peri-urban poor. As pointed out by Cleaver et al. in the Bradford Centre for International Development report mentioned earlier, (water) resources are shaped and mediated through 'mechanisms.'[87] Therefore the mechanisms through which water and sanitation facilities are governed across all levels must be understood.

5 .4. SIDA (Swedish International Development Agency)

SIDA supports organisations in Third World countries in their efforts to improve urban water and sanitation supply through capacity building, institutional reforms and funding. The main focus is on improving service delivery to low-income groups in urban and peri-urban areas, with a wider recognition that the task of reducing poverty through adequate provision of services rests not only with partner countries and the development cooperation funds and agencies, but also requires consistent and coherent pro-poor policies at the international level and in many areas such as trade, agriculture, research and intellectual property rights.

The SIDA framework for the promotion of improved water supply, sanitation and hygiene recognises that conditions vary widely across and within regions; therefore, the framework provided in the water supply and sanitation strategy is only a guide which should be adjusted to suit specific conditions. The strategy focuses on the following areas:

- Water supply, sanitation and hygiene promotion in urban and peri-urban slums.
- Water supply, sanitation and hygiene promotion in rural areas.
- Capacity building for industrial water and wastewater management.
- Water supply, sanitation and hygiene promotion in emergency situations.
- Waste water in urban areas.

This strategy acknowledges that while poor inhabitants of both rural and urban settings are affected by problems related to inadequate water supply and sanitation, the respective contexts raise different challenges that need to be addressed specifically. This is reflected in the distinctions made in SIDA's priority areas for sector support, in which emphasis is laid on:

- Interventions oriented towards improving water supply and sanitation services for the poor, with additional emphasis on servicing the needs of the most vulnerable groups, such as people living with HIV/AIDS and households headed by children.
- Development of water supply and sanitation technology options that are appropriate, adaptable and affordable within a variety of changing spatial and socio-economic conditions.
- Cost recovery systems that ensure sustainable yet affordable services. Where necessary, this may require forms of cross-subsidisation in favour of the poor;
- Interventions that contribute, where possible, to the enhancement of livelihood opportunities, especially for the more impoverished and marginalised users; and
- Integration of water supply and sanitation sector programmes with national poverty reduction strategies.

In its approach, SIDA stresses the importance of participatory methods in planning, design and implementation, thereby ensuring the involvement of, and endorsement by, the respective users in planning and implementation, which is crucial for sustainability and for finding appropriate

87 *Mechanisms are understood as arrangements which can be negotiated and shaped over time. Emphasis is on the fact that mechanisms are not fixed*

technical, financial and institutional solutions. In relation to this, the Swedish agency also emphasises that information and education are important components in any dialogue with users.

Gaps in the SIDA Strategy for improved water supply and sanitation for the urban poor

It is important to point out that the SIDA strategy does not explicitly deal with management of solid waste other than sewage sludge, although this is a very significant aspect of urban sanitation in low-income urban settlements since health problems arising from wider sanitation issues have long been identified as a critical contributing factor to poverty. Sanitation, in the SIDA strategy, therefore, is meant to encompass on-site solutions, collection and treatment of wastewater, as well as sewage sludge management.

5.5. DANIDA (Danish International Development Agency)

The contribution by Danida to the poverty debate goes back to the last 20 years and, in common with other donors, the Danish agency has long recognised the fundamental importance of participation and empowerment of the underprivileged.

The overall objective of assistance by Danida to the water sector is sustainable poverty alleviation, with six distinct objectives: improving health; reducing the waste of time and drudgery associated with poor levels of service; increasing the involvement of poor people in development; supporting coordination between water, sanitation and health; building capacity; and striving for financial viability.

In recent years, Danish assistance at country level has been designed with an increased focus on improved water supply and sanitation services to the urban poor. In addition to addressing poverty in urban areas, support by Danida is intended to have a significant impact on the achievement of the water target In the Millennium Development Goals. Examples of major water supply and sanitation projects and programmes by Danida include Bangladesh, Benin, Bhutan, Burkina Faso, Ghana, Kenya, Sri Lanka, Uganda, Vietnam, and Zambia, among others. Box 8 summarises a Danida -supported water sector programme in Vietnam, which is recognised as having had a significant impact on the way country has come to consider servicing the poor in low-income urban communities.

Box 8 : Innovations in Vietnam (on-site sanitation)

In Vietnam, Danida has provided significant support and innovative approaches for poor communities, such as with the Buon Ma Thuot sanitation scheme, a multi-dimensional programme to support the poor. This includes private latrines for households, and public latrines for primary and secondary schools as well as for city health stations. Based upon an initial USD 350 000 Danida-funded investment, an estimated 44 500 poor people in low-income areas have benefited from improved sanitation.

Key to the success of the scheme was its demand-driven nature, based on both financial contributions and the establishment of workable management arrangements for all facilities. In addition, recipients were closely involved in the development of appropriate technical solutions for on-site school sanitation, with an education campaign central to the public school latrine programme. The students in turn take the message of appropriate health and hygiene back to their families at home.

In addition to capitalizing on this methodology, the next phase expanded the scope of improved sanitation with the construction of 30 public latrines in the Ede ethnic minority villages located within the city's low-income area. The overall on-site programme has provided access to improved sanitation facilities to over 110 000 people within the city's urban and low-income areas, at an overall cost of USD 850 000. With an implementation cost under USD 8.00 per head, this programme demonstrates that low- cost implementation can be associated with long-term sustainability.

Source: Available at: http://www.adb.org/Documents/Periodicals/ADB_Review/2003/vol35_1/governance.asp

5.6. Conclusions on development agencies' and donors' pro-poor approaches to water supply and sanitation provision

As major providers of financial support to the water sector, donors play an important role in shaping sustainable development of the water and sanitation sector and the delivery of water and sanitation services, whether in urban, peri-urban, small town, or rural areas. In this regard, institutions such as development banks and other multilateral and bilateral financing entities can help by encouraging countries to choose governance policies that address economic, environmental and social water issues in an integrated and holistic manner.

Such encouragement can take the form of intellectual sharing, institutional capacity building, and even financial support for appropriate institutions. The encouragement should not, however, be short-term because, as experience demonstrates, it takes a long time for policies to be implemented and their benefits to be felt. It is in the long term that fruitful adjustment to local realities will occur.

Although Danida emphasises the need to use a range of development instruments to achieve a balance of service delivery against policy influence, it is important to point out that projects are often implemented with a high degree of external control and management.

6.0. Emerging typologies and guiding principles for developing a pro-poor urban water and sanitation governance framework

In order to identify which governance mechanisms are inclusive and /or exclusive of the poor and marginalised groups, we shall attempt to identify some of the gaps in existing typologies in a manner that will contribute to, and strengthen the key competencies of UN-HABITAT by incorporating normative work (including setting norms, standards, and priorities); monitoring and evaluation; capacity building; advocacy and awareness raising campaigns; partnership building at local level; and demonstration and piloting of innovative approaches.

6.1. A multi-stakeholder engagement approach

Most attempts at developing pro-poor water governance frameworks have proposed an approach that involves all stakeholders in decision-making processes that affect access to and provision of water and sanitation services. Developing a tri-sectoral approach to leveraging expertise from various stakeholders in which government, civil society and the private sector are linked, is seen as a crucial step, which needs to precede the allocation of roles to national governments or to other participants.[88] In this approach, it has been suggested that multi-stakeholder engagements must be supported by multi-tier management so that national government water supply and sanitation policies and strategies for the urban poor do not undermine other stakeholders, and particularly those at local levels i.e. civil society and communities.

Clearly, in most low–income urban areas, problems associated with access to safe water are more often related to power relations rather than to lack of water supply, whether this is on a large scale, through the lowering of groundwater, or on a local scale with access to standpipes, or pricing issues[89].

The limitations of the multi-stakeholder engagement approach:

a) The difficulty of identifying stakeholder groups and, more specifically, ensuring accurate representation of the different groups.

b) Establishing effective processes for linking local practices and government policy-making: The interface between service providers and users, i.e., turning policy into practice, is a process that is mediated by social relations and negotiated through mutual understanding of the value of equitable access, use and management. This is a process that most proposed frameworks have not evaluated.

c) Inadequate tools for mapping institutional plurality and for articulating conflicting needs: Given that most local water governance is not necessarily pro-poor, the chronic nature of poverty requires a framework that helps poor urban communities to identify, articulate and participate in activities that affect equitable access to water supply and sanitation services. As a pro-poor approach, therefore, the multi-stakeholder type of engagement lacks the conflict resolution mechanisms that are required to address the inherent competition and latent conflicts often associated with diverse institutional arrangements and with interaction between multiple actors.

d) Coordination problems: Involving multiple stakeholders across scales and sectors is often difficult to realise because of coordination problems and conflicts in perceptions, needs and desirable outcomes.

88 See, Ashley Roe, BCID seminar series, 2006

89 See, BCID Seminar Series, 2006.

6.2. Pro-poor national and local institutional and legal frameworks

The term 'institution' comprises a wide variety of arrangements[90], including:

- Legislation detailing rights and responsibilities.
- Public policies setting out objectives and mechanisms for management.
- Decision-making and/or consulting institutions.
- Public agencies to carry out mandated functions.
- Cultural norms and values underlying the way different actors think and act.
- Informal or traditional institutions underpinning historical water management practices; and,
- Financial arrangements for setting use charges and other tariffs, market segmentation, sanctions, etc.

It has been argued that water governance takes place within the wider framework of local or State governance, and any assessment of the legal and institutional arrangements that support pro-poor urban water governance must analyze the following:

- The degree of interference of the wider local governance on pro-poor urban water supply and sanitation service provision;
- The impact of other sector policies and institutional arrangements, e.g., those concerned with housing, physical infrastructure, land tenure, environment, health, etc.
- The impact of legal and institutional arrangements on the performance of utilities and small scale service providers; and
- The role of privatisation legislation on water supply and sanitation services for the urban poor.

From an institutional perspective, corruption is a major challenge and a symptom of poor governance, which should, at the very least, be addressed by governments, bilateral and multilateral organisations as it entails many negative consequences for the development of the water and sanitation sector. [91] The underlying causes of the high degrees of corruption inherent in the current institutional and legal structures include factors such as the wide latitude and authority endowed on public officials, lack of accountability, and perverse incentives that detract from adherence to existing rules, regulations and contractual requirements. These consequences are disproportionately borne by the poor as they lack the resources to compete with those who are better off and willing to pay the bribes.

Limitations of the legal and institutions approach:

a) The role of national government in exclusion: Through their structures, procedures and legal frameworks, governments exclude some groups from full enjoyment of economic rights, while including others. To define pro-poor water policies through legal and institutional regimes, an understanding of the processes that create poverty is necessary; while individuals experience poverty and can work their way out of it, there is also truth in the statement that societies produce poverty through processes of exclusion.[92] The deprivation commonly associated with exclusion is related to a lack not only of economic resources, but also of recognition and entitlements. In this sense, access to water can be viewed as a potential vehicle for achieving economic and political rights. These are prerequisites for full citizenship, which in turn open up opportunities for political participation.

b) It is also clear from recent international discussions on improving water supply and sanitation to the urban poor that most legal frameworks for water, sanitation and the environment still support models of service provision that are either inadequate, or simply based on outmoded standards, with no proper definition of what constitutes equitable access to or provision (in regulation or engagement) of services for the urban poor.

90 See http://www.fao.org/ag/wfe2005/docs/Theme_III.doc

91 WWDRI, 2006 pp66; UNDP, 2004. Anticorruption. New York, Practice Note. Corruption reduces economic growth, discourages investment, decreases and diverts government revenues, and renders rules and regulations ineffective.

92 Philippus Wester, Hugo de Vos and Jim Woodhill. Discussion Paper Theme 3: 'The Enabling Environment' See, http://www.fao.org/ag/wfe2005/docs/Theme_III.doc

c) Most of the sector reforms geared towards meeting Target 10 are based on institutional arrangements and management practices that are not appropriate for achieving economies of scale in various socio-economic contexts, i.e., they have no cost-efficiency scale of management; this is particularly the case when the reforms are applied at individual and household levels and when they deal with poor informal urban settlements that have no formal arrangements with service providers.

Although legal and institutional provisions are made to extend water supply and sanitation to the urban poor, it is important that any new Pro-poor Urban Water Governance framework identifies to what extent current policies and institutional frameworks accommodate the needs of these vulnerable groups, since obstacles to water supply and sanitation provision for the urban poor are, for a large extent, institutional rather than technical.[93] Consequently, the focus should be on the following three areas: designing innovative regulatory frameworks which evaluate the impact of existing legal and institutional arrangements on water supply and sanitation for the urban poor; establishing pro-poor mechanisms in existing policy provisions; and designing means of actively engaging communities at all levels in planning, design and management. This would help make policy decisions more accountable to the poor.[94]

Therefore, available institutional choices should not be confined to public versus private sector, but should instead adopt the multi-tier approach suggested under section 5.1. above, while also catering for sustainability (to be able to cover operational, maintenance and replacement costs).

6.3. Pro-poor financing and investment mechanisms

In addition to improvements in multi-stakeholder and sector capacities, adequate water supply and sanitation provision to poor urban settlements requires dramatic improvements in financing and investment for improved sustainability, as well as in the reduction of the risks associated with the urban water cycle; the need here is to catalyze new investment opportunities and to promote donor collaboration in pro-poor interventions. However, while it is clear that the management of water resources and the delivery of water and sanitation

Box 9 : What constitutes pro-poor institutional innovations?

In South Africa, the government has enacted water legislation that sets out procedures for the creation of a reserve of water for basic human needs and the environment, after lengthy public consultations. In Durban, utilities have been given incentives to improve service for the urban poor, which included abolishing water charges altogether. However, reviews of this approach have pointed out that necessary as it is, innovation must not ignore potential conflicts involving financial, economic and environmental sustainability. Urban water utilities often fail to provide adequate water supply and sanitation to urban low-income communities; consequently, any improvement must include institutional and technical innovations at the following levels:

a) within the community;
b) at the interface between community and the utility; and
c) in national government policies and strategies.

Source: http//www.dwaf.pwv.gov.za/idwaf/documents [accessed 02 June 2006].

93 McGranahan and Satterthwaite, IIED, 2003, 'Pro-poor Urban Water and Sanitation governance'

94 The 2004 World Development Report on 'Making Services Work for the Poor' suggests that a simple PPUWG framework should be based on the fact that the demand for improvement must come from the poor people themselves, and that any degree of improvement will depend upon the influence that poor people can bring to bear on service providers, either directly or through the government.

services are central to poverty-reduction, there is much to be learned about how investments in these areas could be made more effective.

Experience from a number of countries shows that significant improvement in services to low-income urban areas can be achieved through innovation in management and financing mechanisms, and by building on community and private sector initiatives.[95] However, many utilities do not know how to handle this, nor do they understand the pitfalls and obstacles. For instance, reforming tariff structures to achieve cost recovery is not incompatible with the objective of making water available and affordable to all households. The greatest scope for establishing transparent and equitable charges lies at the planning stage and depends on the degree of commitment given to pro-poor policies. Once arrangements are in place, however, it becomes gradually harder to implement a pro-poor policy, unless these are anticipated in regulatory mechanisms. Considering that the construction, operation and maintenance of water systems entail huge costs, sustainability cannot be achieved unless costs are fairly shared among all system customers.

It is important to analyze the range of factors that cause the failures in water governance inherent in most countries. These include: inappropriate price regulation and tax incentives, perverse subsidies, lack of entrepreneurial incentives for internal efficiency, conflicting regulatory regimes, inaccurate reflection of consumer preferences, monopoly situations, non-payment for services, bureaucratic inaction, ill-defined property rights, and ignorance and uncertainty about water markets.

From the typologies of governance emerging today, it appears that the essence of establishing pro-poor urban water and sanitation governance is to promote the recognition of the role of civil society and communities (including the way they organise themselves) alongside other demands made in urban contexts, and to do so in a sustainable manner. Consequently, the bottlenecks that contribute to inadequate water supply and sanitation provision among the urban poor must be considered in the proposed framework for pro-poor urban water and sanitation governance.

Those six bottlenecks are listed below:

a) The extent of political and stakeholder participation in water use issues:

Clearly, stakeholders seek to assert control over water in order protect their own values and interests, and therefore engage in a variety of forums at different levels, both formal and informal. However, given the political nature of water management and use in most countries, a certain amount of fragmentation is to be expected, and therefore participation must be polycentric - i.e., involving a number of organisations and stakeholders - with various stakeholder coalitions determining exactly how water is to be used, and thereby setting standards for delivery systems.

Analysts of water governance have explored the interests of various stakeholders in a bid to assess who is and is not involved in water management, as well as how and why they are involved. At the watershed or river basin level, existing perspectives have to a large extent failed to capture the complexity of the way in which water use is affected by actions at the local, regional and national levels, ranging from water legislation, labour force migration, market demands, etc.

In most poor urban areas, both national and local government have failed to establish the mutual dependency necessary for collaboration between national and sector policies on the one hand, and stakeholders and institutions (utilities, small-scale providers, civil society and low-income residents) on the other. It should be noted that political participation determines in part whether change occurs, as well as who benefits and who loses in terms of access to and use of water resources.

Governments and international agencies have failed to support local actions in ways that involve (and are accountable to) those who are ill-served if at all, and that tap into local resources and capacities, and this failure has been identified as a major reason for inadequate water supply and sanitation provision to

95 *Cross,P. and Morel A.WSP-AF, Nairobi. Pro-poor strategies for urban water and sanitation services delivery in Africa.*

most poor urban areas, (UN-HABITAT, 2006).

b) Inadequate pro-poor water and sanitation policies:

With regard to access to water and sanitation services by the urban poor, and the management and regulation of these services, the policies and laws that determine relevant practices and technologies pose challenging questions: how effectively is water used under these policies? For what purposes? What alternatives exist for both water and sanitation? How can policy be changed to become pro-poor? Policies necessarily engage the politics of water governance and play a crucial role in clarifying the rights and obligations of various stakeholders, and in ensuring effective monitoring, compliance, and enforcement.[96] Conflicts, such as those over privatisation of water supply networks, become sharper in the absence of social cohesion, or when formal policy threatens the ability of the poor to access and use water.

c) Lack of capacities among poor urban communities:

This highlights the need to enhance the capacity of water users to influence decision-making.[97] Capacity includes a wide range of skills, including the ability of poor communities to identify policy gaps, design workable programmes, assess the policy environment, and communicate effectively with service providers, water managers and those who influence water and sanitation provision. Enhancing the capacity of both civil society and urban poor communities to govern water and sanitation can focus on the individual level - the skills and experiences of people - or the institutional level - the existence and ability of organisations that can host and support such individuals.

d) Innovativeness and adaptability at community levels:

Innovation is more than a matter of developing new technologies or installing devices; it involves transforming society and its value systems (Sagasti, 2004). Care should be taken to ensure that innovative institutional change involving the development of mechanisms for equitable water sharing does not result from a perceived threat of conflict. Whilst water related conflict can be a catalyst for innovation, the absence of overt conflict as a measure of the success of such changes may obscure the more subtle forms conflict may take.

e) Shifts in water management strategies:

This is to recognise the fact that as the marginal cost of improving supply increases, the strategy shifts to maximizing the economic value of water use. As a result, under extreme scarcity, society faces trade-offs between economic and social objectives, and the strategy shifts to addressing the underlying culture and values that govern the way society uses water. Understanding water governance is essential for navigating such shifts in water management strategy.

f) Competing water uses and effect on tariffs:

Inadequate incentives to invest in improved efficiency in water use by various consumers (upstream and downstream) endangers the ability of the urban (and rural) poor to secure sufficient amounts of water for their daily needs.

6.4. Human Rights approach[98]

"Billions of people are unable to hold governments, corporations and international organisations accountable when they deliberately neglect the poor, such as people living in informal settlements, and when they violate the right of water users to participate in decision making on how their services are managed, as has been seen in many cases of water utility privatisation."[99]

The human right to water concentrates on five primary features that make a significant contribution

96 *Allen and Wouters 2004.*

97 *Wester et al. 2003.*

98 *Quoting Scott Leckie, Executive Director of the Geneva-based Centre on Housing Rights and Evictions (COHRE), at the World Water Forum in Mexico, March 2006.*

99 *Quoting Scott Leckie, Executive Director of the Geneva-based Centre on Housing Rights and Evictions (COHRE), at the World Water Forum in Mexico, March 2006.*

to current developmental efforts to improve access to water by the poor:

a) The right to water means that government must make it a priority to ensure access to adequate water services for all, using available resources in a pro-poor manner. The UN General Comment on the Right to Water notes that in far too many situations, States put in place expensive services for the sole benefit of a small privileged fraction of the population, rather than low-cost alternatives that would provide water for a greater number of people.

b) The right to water provides a strong basis for individuals and groups to hold States and other actors to account. Communities can use this right when lobbying the State for water services, or lobbying to manage their own water programmes without arbitrary interference from the State, or without demands for bribes. A legal entitlement to water effectively gives sympathetic government officials a mandate to ensure access to water for poor and marginalised groups. It can also increase the political profile of issues related to access to water. The right to water would also exert greater pressure on wealthier States to contribute to the efforts by developing countries to ensure access to safe water for all.

c) Informal settlements across the world are often denied water services as a matter of policy. Denial of access to water can, in some situations result from a deliberate choice by governments, or local authorities, to exclude communities that are seen as undesirable. For instance, the European Roma Rights Centre has documented the refusal of a local authority to supply a Roma informal settlement with water and sanitation despite offers from international foundations to provide funding; Roma residents subsequently contracted skin diseases after using contaminated groundwater.

d) The human right to water requires genuine consultation and participation of affected communities in water service delivery and in efforts to conserve water resources. One good example is the municipality of Porto Alegre, Brazil, where the operations of the public water utility undergo a participatory budgeting process. In public meetings, every citizen can have a say on which new investments should be made first. This model has contributed to a dramatic increases in access to water by poor communities in Porto Alegre.

e) Two of the most significant obstacles to access to water, particularly for the poor, are lack of political will and corruption. National institutions, such as courts and human rights commissions, as well as Non-Governmental Organizations involved in the promotion of human rights can monitor government programmes in order to ensure accountability. In Argentina, communities suffering from the use of polluted groundwater have obtained a court order requiring the government to provide emergency water supplies and to decontaminate water resources. Courts in India, Argentina, Brazil and South Africa, among others, have reversed decisions to cut off water supplies to people who were unable to pay. At the international level, UN human rights institutions monitor whether States have implemented their commitments and publicly point out when they have failed to do so.

This approach argues that every individual must have access to water that is:

- Sufficient. An adequate quantity must be available in accordance with international guidelines. This normally means 50-100 litres per day, and an absolute minimum of 20 litres.
- Safe. Water used for personal and domestic uses must be safe.
- Physically accessible. Water must be within safe physical reach, in or near the house, school or health facility.
- Affordable. Water should be affordable, and not reduce an individual's capacity to buy other essential goods.

Consequently, the human rights-based approach to development can be seen as a responsibility-based approach: It asks 'who is, and who should be, responsible for what with respect to whom?' In this respect, one of the most useful outcomes of a responsibility-based analysis of the role of individual

duty bearers is recognition of the interdependence of various rights, together with the identification of actors whose behaviour could contribute to changes that enhance the effectiveness of those rights.

The limitations of the Human rights-based approach:

Human rights are principally concerned with obligations imposed on governments; however, other actors in society should participate in making the right to water a reality, and this approach fails to specify how all these actors can be held to account where water is not accessed or adequately provided.

Developing a pro-poor urban water and sanitation governance framework is clearly necessary in order to establish rules of engagement between stakeholders of differing opinions, and as a first step in the development of a range of tools for assessing pro-poor governance structures. A pro-poor urban water and sanitation governance framework will also set the pace for the implementation of pro-poor water and sanitation concepts in the water sector as well as other fields.

7.0. Proposed Framework & Possible tools:

(See the proposed framework for promoting pro-poor water and sanitation governance in urban programmes and projects - Part II – separate document)

8.0. Conclusions and Recommendations

It is important to note that even where appropriate pro-poor approaches for ensuring adequate water supply and sanitation services to the urban poor are developed, one should expect to come up against certain 'cross-cutting' constraints that go beyond the sector[100]. These may include:

- legal/tenure issues, particularly in low-income and informal areas, which interfere with the ability of service providers/ small-scale operators to deliver services to the poor;
- capacity constraints, in the absence of decentralized governance and administration;
- budgetary constraints, which affect the design and implementation of a workable subsidy regime for the poor;
- policy and legal constraints with regard to the operations of small-scale and independent providers;
- legal and regulatory constraints to private sector participation, which may be detrimental to small community-based schemes;
- lack of a reliable national monitoring and evaluation scheme, which may result in the development of isolated and costly local sector-specific systems;
- legal constraints linked to payment for services, which may prevent utilities from implementing a frequent payment system (for example in kiosks, which may be ineffective for poor households reliant on daily wages).

In view of these forms of constraints, the key to improving water supply and sanitation services to the urban poor may lie first in mapping the poor, then identifying real sector constraints and developing appropriate programme support or interventions which help to address these constraints.

If proposed pro-poor urban water and sanitation governance frameworks are to meet current challenges in urban areas, and if water supply and sanitation service delivery is to meet the Millennium Development Goals, programmes must include the following elements:

- coherent sector plans and programmes must blend more instruments in their interventions (including pro-poor pilots) to maintain progress, and test innovative approaches;
- increase budgetary support through enhanced partnerships;
- engage in water supply and sanitation investment interventions, with an emphasis on urban low-income areas and small towns;
- promote participatory planning for appropriate technologies and overall interventions ;
- build capacities and establish links and dialogue across government departments, donors, promote implementation of designs and processes relevant to the water supply and sanitation sector for the sake of consistency, and improve monitoring and evaluation mechanisms.

100 Danida, 2006. Ibid, pp.18

REFERENCES

ADB, 2004. Local governance and pro-poor service delivery. Available at: http://www.adb.org/Governance/Pro_poor/Urban_case/PDF/ten_cities.pdf

ADB, 2004. The Water and Poverty Initiative: What we can learn and what we must do. Working Paper for the 3rd World Water Forum, Kyoto, Japan, 2004.

Andrew, A. and Wouters, P., 2004. Good Water Governance for People & Nature: What Roles for Law, Institutions & Finance?

Alan A. & Wouters, P. 2004. What Role for Water Law in the Emerging 'Good Governance' Debate. At www.dundee.ac.ak/law/iwrlri.

BCID, 2005. Water Governance and Poverty: What Works for the Poor? University of Bradford, June 2005.

Butterworth, J. and J. Soussan (2001) Water Supply and Sanitation & Integrated Water Resources Management: Why Seek Better Integration? WHIRL Project Working Paper 2, Paper Prepared for WHIRL Project Workshop on 'Water Supply & Sanitation and Watershed Development: Positive and Negative Interactions', Andhra Pradesh, India, 5-14 May 2001. NRI, UK. http://www.nri.org/water supply and sanitation-IWRM/

Bonn, International conference on Freshwater, 3-7 December 2001. Bonn Recommendations for Action, and the Bonn Keys. Available at http://www.water-2001.de/.

Canadian Communications Group, Ottawa, 1996. Restructuring the Relationship, Part One. Available at: http://www.worldcatlibraries.org/wcpa/

Cardone, R. and Fonseca, C. 2004. "Will it cost the earth? An overview of cost estimates for achieving the water and sanitation targets of the Millennium Development Goals". Well Briefing Note 9, WEDC, UK. Available at: http://www.lboro.ac.uk/well/resources/Publications/

CIDA, 2006. Thinking Big: Responding to Urbanisation in the developing World. CANADA.

COHRE, June 2006. Listening to the Poor: Housing rights in Kenya. COHRE Fact-finding Mission to Nairobi, Kenya. Final report, June 2006.

Coing, Henri, "Revisando los servicios urbanos" in VIII Encuentro de la Red Nacional de Investigación Urbana, Ciudad Juárez, 1991.

Cornell, S. and Kalt. J.P. March 1992. Reloading the Dice: Improving the Chances for Economic Development on American Indian Reservations, Harvard Project on American Indian Development, John F. Kennedy School of Government, Harvard University.

Corkery, J. 1999. "Introductory Report", in Governance: Concepts and Applications, Corkery, Joan (ed.), with IIAS Working Group, International Institute for Administrative Studies, Brussels.

Cross,P. and Morel A.WSP-AF, 2006. Nairobi. Propoor strategies for urban water and sanitation services delivery in Africa. International Journal of Water Resources Development: Water Management for Large Cities. Volume 22 No. 2 June 2006. pp185.

CPRC, 2003. Staying Poor: chronic poverty and development policy. Chronic poverty research centre conference, April, 2003.

DANIDA, March 2006. Water supply and sanitation in low-income areas. Good Practice Paper, Ministry of Foreign Affairs of Denmark.

DFID, 2006. DFID's medium term action Planon

aid effectiveness: Our response to the Paris Declaration. Available at: http://www.dfid.org

ERM, 2003. "The European Union Water Initiative: Final Report of the Finance Component." Report for DFID, London, UK.

ERM, 2005a. "EU Water Initiative Finance Working Group Final Report". Report for DFID, London, UK.

ERM, 2005b. "Meeting the Water and Sanitation Millennium Development Goal. What will it take?" DFID, UK.

Global Water Partnership, 2003. Effective water Governance: Learning from Dialogues. Report presented to the World Water Forum, Japan, March 2003.pp.16

GWA, 2003. Tapping into sustainability: Issues and trends in gender mainstreaming in water and sanitation. Background document for the gender and Water session, 3rd World Water Forum, Kyoto, Japan, 2003.

International American Development Bank (IADB). Water Governance in Latin America and the Caribbean. At http://www.idbdocs.iadb.org.wsdocs. Visited on 02/07/06

International Journal of water resources Development: Water Management for Large Cities. Volume 22 No. 2 June 2006. pp185.

Report of the World Summit on Sustainable Development U.N Doc. A/Conf.199/20, 2002, Plan of Implementation, 8. Available at http://www.johannesburgsummit.org/.

Report of the World Panel on Financing Water Infrastructure: Financing Water For All, 2003.

JMP Database: Available at: http://www.wssinfo.org.

McGranahan, G. and Satterthwaite, D. 2003, 'Propoor Urban Water and Sanitation governance' IIED, LONDON.

Merlee S. G. November 2002. Good Governance: Poverty Reduction and reform in Developing Countries. Kennedy School of Government Havard University.

Mehta, M. and Thomas F. 2003. Water and Sanitation in Poverty Reduction Strategy Papers in Sub-Saharan Africa: Developing a Benchmarking Review and Exploring the Way Forward. WSP Africa, Nairobi. Available at : http://www.wsp.org/publications/af_benchmarking.pdf

Mehta, M. 2002. Water and Sanitation in PRSP Initiatives: A Desk Review of Emerging Experience in Sub-Saharan Africa. WSP Africa, Nairobi.Available at : http://www.wsp.org/publications/af_prsp.pdf

Ministry of Foreign Affairs, Danida, 2006. Water Supply and sanitation in low-income urban areas. Good Practice paper, 2006.

official development assistance , Water Governance in Context: Lessons for development assistance, Overview report Vol. 1. Available at: http://www.mekong.es.usyd.edu.au/projects/water_governance.htm

OECD, 2002. Supporting the development of water and sanitation services in developing countries. OECD, Internet: http://www.oecd.org/dataoecd/27/22/2955840.pdf

OECD, 2004. "Aid for water supply and sanitation" TIWA seminar "Water for the Poorest", World Water Week, Stockholm 2004

OECD CRS and DAC Databases. Available at: http://www.oecd.org/dac/stats/idsonline

Osinde, R. 2005. Local water-related conflicts in Kenya and Tanzania: Integrating Conflict Resolution approaches in water governance. Unpublished MA dissertation submitted to the Department of Peace Studies, University of Bradford, UK. March 2005.

Osinde, R. 2006. An Assessment of the activities of small-scale providers of water and sanitation in Nairobi's informal settlements, (WSP-AF commis-

sioned study).

Philippus W., Hugo de Vos and Jim Woodhill. Discussion Paper Theme 3: 'The Enabling Environment' See, http://www.fao.org/ag/wfe2005/docs/Theme_III.doc

Pierre, 2000. Debating Governance.

Redhouse, David. 2005. "Getting to Boiling Point: Turning up the heat on water and sanitation."Wateraid, London. Available at http://www.wateraid.org/documents/Getting per cent 20to per cent 20boiling per cent 20point.pdf

Republic of Kenya, 2002. The Water Act, 2002. Kenya Gazzette Supplement, ACTS 2002.

Rogers, P. and Hall, A.W. 2003. Effective Water Governance. Global Water Partnership. Elanders Novum, Sweden.

Schteingart, Martha, "The environmental problems associated with urban development in Mexico City" in Environment and Urbanisation, Vol. 1, no.1, April, England, 1989.

SIDA, 2002. Perspectives on Poverty. Available at http://www.sida.se/shared/jsp/

UNDP Report, 2001. UNDP Water Governance Available at: at http://www.undp.org/water/, Water Resources Management.

UNESCO/UN Water, 2006. The World Water Development Report 2. Water, A shared Responsibility. See, http://www.unesco.org/water/wwap.

UN-HABITAT, 2002. Concept Paper: The Global Campaign on Urban Governance. 2nd Edition, March 2002.

UN-HABITAT, 2003a. Water and Sanitation in The World's Cities: Local Action for Global Goals. Earth-scan Publications Ltd., LONDON.

UN-HABITAT, 2003b. Slums of the World: The face of urban poverty in the new millennium? Global Urban Observatory, Working Paper.

UN-HABITAT, 2003c. Concept Paper on Pro-poor Urban Water Governance.

UN-HABITAT, 2003d. Slums of the World: The face of urban poverty in the new millennium? Global Urban Observatory, Working Paper.

UN-HABITAT, 2004a. Urban Governance Index: conceptual Foundation and Field Test Report.

UN-HABITAT, 2004b. Aide memoire and Proceedings from a UN-HABITAT review meeting on Pro-poor Urban Water Governance. 10-11th February, 2004.

UN-HABITAT-World Bank, 2004. The Governance Performance Assessment Tool.

UN-HABITAT, 2005a. Pro-poor water & sanitation governance: methodologies for mapping the poor, gender assessment & environmental examination. A case study from Tifni, Madhyapur thimi Municipality, Nepal (draft for peer review).

UN-HABITAT, 2005b. Evaluation of UN-HABITAT's Global Campaigns for Secure Tenure and Urban Governance. Evaluation Report 3/2005.

UN-HABITAT, 2006a. Localizing the Millennium Development Goals: A guide for local authorities and Partners. May 2006.

UN-HABITAT, 2006b. Slum Upgrading Facility: SUF Handbook, (1st draft). Presented at WUF II, Vancouver, CANADA, June 2006.

UNHCR, 2006. Frequently asked questions on a Human Rights-based Approach to Development Cooperation. UN, Geneva.

UNDP, 2001. UNDP Water Governance. Available at: at http://www.undp.org/water/

UNDP, 2003. Water for People Water For Life. World Water Assessment Programme.

Wester, P. et al.., 2005. 'The Enabling Environment' Discussion Paper Theme 3. Available at: http://www.fao.org/ag/wfe2005/docs/Theme_III.doc

WHiRL, 2003. Resources, Infrastructure, Demands and Entitlements (RIDe): a framework for holistic

and problem-focussed water resources assessments. Working Paper No. 10. Available at: http://www.nri.org/whirl

Wolf, A. 2002. Conflict prevention and resolution in water systems. The management of water resources series, Cheltenham, UK.

World Bank, I998. Governance Matters I and II. Washington DC.

World Bank, 2004. Making services work for the poor. World Development Report.

World Bank, 2005. Global Monitoring Report, Millennium Development Goals: From Consensus to Momentum. World Bank, Washington DC. Available at: http://siteresources.worldbank.org/GLOBAL-MONITORINGEXT/Resources/complete.pdf

WSP, April 2000. Independent water and sanitation Providers in African Cities.

WSP, World Bank, 2004. City-Wide Universal Sanitation: Challenges and strategies. 16th Meeting of the Urban Think Tank, WSP, World Bank, Washington, D.C.

WSP, 2004. New Designs for Water and Sanitation Transactions: Making private participation work for the poor. Available at http://www.wsp.org/publications/global_newdesign