



# Capacity Building Workshop Bulletin

A summary report of the Capacity Building Workshop on Partnerships for Improving the Performance of Water Utilities in the Africa Region

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## SUMMARY OF THE CAPACITY BUILDING WORKSHOP ON PARTNERSHIPS FOR IMPROVING THE PERFORMANCE OF WATER UTILITIES IN THE AFRICA REGION: 6-8 DECEMBER 2006

### INTRODUCTION

The Capacity Building Workshop on Partnerships for Improving the Performance of Water Utilities in the Africa Region was held from 6-8 December 2006 at the UN Office in Nairobi, Kenya. It was organized by the United Nations Department of Economic and Social Affairs (UN-DESA) and the United Nations Human Settlement Programme (UN-HABITAT). Attended by more than 90 senior water experts representing governmental and inter-governmental organizations and the private sector from over 36 countries, the workshop focused on contributing towards the implementation of the global water and sanitation agenda by strengthening the capacities of water utilities in meeting the dual challenge of service expansion and efficient delivery of services. The workshop's objectives were to help public water utility managers to acquire further expertise in numerous issues, including: implementing institutional and policy reforms; strengthening institutional governance and accountability; formulating capacity building plans for the public utilities; and developing and administering partnerships among water operators.

The workshop was organized into four sessions that addressed ways to enable public utilities to become more efficient.

On Wednesday morning, participants heard welcoming and introductory speeches followed by opening addresses delivered by Anna Tibaijuka, UN-HABITAT Executive Director, and M. Aslam Chaudhry, UN-DESA. During the day, two sessions were held on managing water and sanitation services in urban areas and strengthening institutional governance and accountability. Participants discussed: meeting water and sanitation needs in Africa; providing water for African cities; elaborating a policy framework for small-scale water providers in Africa; examining current trends in regulating public water utilities in Africa; discussing institutional frameworks for improving the performance of water operators; debating contractualization and how to improve accountability of public utilities; promoting partnerships with workers; reforming public water operations; improving performance; harnessing water losses in urban water supply systems; and monitoring global water policy.

On Thursday morning, the third session on financing water and sanitation services took place and participants addressed a number of issues, including: financing water for all; experiences

in financing municipal water services; financing mechanisms and reforms to leverage local resources; water tariffs and subsidies in Africa; and community financing schemes as instruments to facilitate access to water and sanitation services for the urban poor.

On Thursday afternoon, the fourth session addressed the implications of promoting partnerships among water operators, including: the Water Operators Partnership (WOP); the role of the International Water Association (IWA) in supporting WOP; and regional experiences in implementing WOP.

On Friday morning, participants were divided into three parallel working groups to consider capacity building needs of public water utilities in Africa, benchmarking of utilities for performance improvement, and sharing experiences in managing water utilities. On Friday afternoon, participants heard reports on the working groups' outcomes and closing remarks.

### A BRIEF HISTORY OF WATER ISSUES

**MILLENNIUM SUMMIT:** The UN Millennium Summit, held from 6-8 September 2000 in New York, the US, adopted the Millennium Declaration, which includes a number of international development goals. Two of these goals relate directly to water and human settlements, namely, the goals to halve by 2015 the proportion of people who are unable to reach or afford safe drinking water, and to achieve by 2020 a significant improvement in the lives of at least 100 million slum dwellers. These and other development and poverty-related goals contained in the Millennium Declaration were

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elaborated and developed into the Millennium Development Goals (MDGs), as contained in the September 2001 Report of the Secretary-General on the Road Map towards the Implementation of the Millennium Declaration. The MDGs, which have become commonly accepted as a framework for measuring progress in development, comprise eight overarching goals, 18 targets and 48 indicators. The safe drinking water and human settlements goals appear as “targets” under Goal 7 on ensuring environmental sustainability.

**WSSD:** The World Summit on Sustainable Development (WSSD) met from 26 August to 4 September 2002, in Johannesburg, South Africa, and adopted two main documents: the Johannesburg Plan of Implementation (JPOI) and the Johannesburg Declaration on Sustainable Development. In the JPOI, governments reaffirmed their commitment to the safe drinking water and human settlements goals agreed in the Millennium Declaration, and further committed to halve by 2015 the proportion of people who do not have access to basic sanitation. Governments also agreed to develop integrated water resources management (IWRM) and water efficiency plans by 2005. In addition to the JPOI and the Johannesburg Declaration, over 200 non-negotiated partnerships and initiatives for sustainable development were launched at the Summit, supplementing the commitments agreed to by governments through the intergovernmental process.

**CSD-11 ORGANIZATIONAL SESSION:** The eleventh session of the Commission on Sustainable Development (CSD) held its organizational session on 27 January 2003, at UN headquarters in New York, to elect a new Bureau. South Africa’s Minister for Environmental Affairs and Tourism, Mohammed Valli Moosa, was elected as CSD-11 Chair, and Nadine Gouzée (Belgium), Bruno Stagno (Costa Rica), Irena Zubevi (Croatia) and Hossein Moeini Meybodi (Iran) were elected as Vice-Chairs.

**CSD-11:** The eleventh session of the CSD (CSD-11) took place from 28 April to 9 May 2003, at UN headquarters in New York. It decided that the Commission’s multi-year programme of work for the period 2004-2017 would be organized as a series of two-year Implementation Cycles, each comprising a Review Session and a Policy Session and considering a thematic cluster of issues and a number of cross-cutting issues. The CSD further decided on the modalities for reporting, partnerships, and enhancing both UN system coordination and Major Groups’ contributions. A Partnerships Fair and Learning Center courses took place concurrently with the session.

**CSD-12:** CSD-12 was held from 14-30 April 2004, at UN headquarters in New York. The first three days of CSD-12 (14-16 April) served as the preparatory meeting for the International Meeting on the 10-year Review of the Programme of Action for the Sustainable Development of Small Island Developing States. The following two weeks (19-30 April) were devoted to the CSD-12 Review Session. CSD-12 undertook an evaluation of progress in the implementation of Agenda 21, the Programme for the Further Implementation of Agenda 21 and the JPOI, focusing on identifying constraints, obstacles, successes and lessons learned with regard to water, sanitation and human settlements. The Commission also heard reports from the UN Regional Commissions on the status of implementation, and from the Major Groups on their contribution to implementation. A high-level segment, attended by over 100 ministers and addressed by UN Secretary-General Kofi Annan, was held from 28-30 April. At the conclusion of CSD-12, the Commission adopted the report of the session, which included a Chair’s Summary, reflecting inputs from the session and records of activities held as part of the Partnerships Fair and Learning Center.

**FIFTH ORDINARY SESSION OF THE AFRICAN MINISTERS’ COUNCIL ON WATER (AMCOW):** The fifth AMCOW session was held from 4-6 November 2004, in Entebbe, Uganda, and addressed various water policy challenges in Africa, including meeting the goals of the African Union and the New Partnership for Africa’s Development, financing issues, and strategies to achieve water and sanitation targets.

**INTERNATIONAL CONFERENCE ON INTEGRATED MANAGEMENT OF WATER RESOURCES:** Organized by the Japan Water Forum, this conference was held from 6-8 December 2004, in Tokyo, Japan, and produced recommendations on the development of IWRM and water efficiency plans.

**FIRST AFRICA MINISTERIAL CONFERENCE ON HOUSING AND URBAN DEVELOPMENT (AMCHUD):** The first AMCHUD meeting took place from 3-4 February 2005, in Durban, South Africa, and focused on the theme “Urbanization, Shelter and Development: Towards an Enhanced Framework for Sustainable Cities and Towns in Africa.” Ministers discussed policy tools to address the challenges of urbanization in Africa and adopted an Enhanced Framework of Implementation and Related Outputs for more effective African urban development priorities and strategies. The enhanced framework set out Africa’s priorities for the UN-HABITAT Governing Council, CSD-13 and the Millennium Review Meeting, highlighting poverty as a cross-cutting issue for water, sanitation and human settlements.

**CSD-13 INTERGOVERNMENTAL PREPARATORY MEETING:** The Intergovernmental Preparatory Meeting (IPM) for CSD-13 was held from 28 February to 4 March 2005, at the UN Headquarters in New York, and sought to discuss policy options and possible actions to enable the implementation of measures and policies concerning water, sanitation and human settlements. Throughout the week, delegates considered policy options for the three themes and discussed interlinkages and cross-cutting aspects. These deliberations were reflected in a Chair’s text, which formed the basis of further discussions during CSD-13.

**TWENTIETH SESSION OF UN-HABITAT’S GOVERNING COUNCIL:** The 20th session of the Governing Council of UN-HABITAT, was held from 4-8 April 2005, in Nairobi, Kenya, and focused on issues such as inputs to CSD-13, the adequacy of the UN Millennium Declaration goal on improving the lives of 100 million slum dwellers, and cooperation and partnerships. A Chair’s Summary of the session, for consideration at CSD-13, was developed that highlights issues such as integration of CSD-13 themes at the human settlements level, reconstruction in post-conflict and natural disaster situations, decentralization and strengthening of local authorities, enhancing the participation of civil society in local governance, and financing. The Chair’s Summary also indicated that CSD-13 needed to recognize the role of UN-HABITAT as the designated focal point in the UN System for the follow-up on access to basic services, and states that the urban dimension will continue to play a key role in future CSD implementation cycles.

**CSD-13:** At its thirteenth session held in New York from 11-22 April 2005, CSD focused on policies and options to expedite the implementation of international commitments in the areas of water, sanitation and human settlements. The outcome document’s section on water calls, *inter alia*, for: accelerating progress towards the 2015 water access target through increased resources and by using a full range of policy instruments such as regulation, market-based tools, cost recovery, targeted subsidies for the poor and economic incentives for small scale producers; improving water demand and resource management, especially in agriculture; and accelerating the provision of technical and financial assistance to countries that need help to meet the 2005 target on IWRM.

**3RD WORLD WATER FORUM:** Held in Kyoto, Osaka and Shiga, Japan in March 2003, the 3rd World Water Forum adopted a Ministerial Declaration underscoring the role of water as a driving force for sustainable development, and launched the Portfolio of Water Actions – an inventory of more than 3,000 local actions. The “Financing Water for All” report of a high-level Panel chaired by Michel Camdessus, former Director General of the International Monetary Fund, was also presented.

**GURRÍA TASK FORCE:** The Task Force on Financing Water for All (Gurría Task Force), led by José Angel Gurría Treviño, former Finance Minister of Mexico, was established at the 3rd World Water Forum as a follow-up to the report of the Camdessus Panel, and met twice during the intersessional period. The Gurría Task Force, composed of representatives from NGOs, local authorities and financing institutions, was mandated to present a case-based report at the 4th Forum on progress made and challenges ahead, focusing on financing water for agriculture and new models for financing municipalities and local action.

**4TH WORLD WATER FORUM:** The 4th World Water Forum convened in Mexico City, Mexico from 16-22 March 2006. It was the largest international event on freshwater, and sought to enable multi-stakeholder participation and dialogue to influence water policy-making at a global level, in pursuit of sustainable development. Its main theme, “Local actions for a global challenge,” was addressed through five framework themes: water for growth and development; implementing IWRM; water supply and sanitation for all; water management for food and the environment; and risk management. The Forum concluded with a Ministerial Declaration that was adopted, calling for international action on water and sanitation issues.

## REPORT OF THE WORKSHOP

### *WELCOMING AND OPENING ADDRESS*

Anna Tibaijuka, UN-HABITAT Executive Director, welcomed participants and highlighted the importance of access to water and sanitation. She summarized the UN-HABITAT initiative focusing on achieving the Millennium Development Goals (MDGs), noting that the initiative’s trust fund allows for start-up activities, and underscored the need for substantial investment from national governments. Tibaijuka said UN-HABITAT is engaged in assisting the urban poor and stressed that the meeting would consider strengthening capacity for water activities in the Africa region, including effective delivery of water. She pointed out that the workshop was part of a similar process taking place in other regions and would contribute towards recommendations to help ensure that the MDG targets on water and sanitation are met. She highlighted the importance of implementing partnerships among water operators and strengthening their role in achieving MDGs. She reiterated the workshop’s aims to implementing CSD-13 outcomes and concluded by urging participants to focus on concrete actions for providing sustainable solutions.

M. Aslam Chaudhry, UN-DESA, discussed a number of policy decisions emanating from CSD-13 aimed at accelerating the provision of water and sanitation globally, which provided background for the workshop. He underscored the importance of water utilities as the main providers of water and sanitation services, acknowledging the technical and financial constraints they face. Chaudhry reaffirmed the need to strengthen national capacities for implementing water policies, disseminate good practice and scale-up successful experiences. He thanked UN-HABITAT for organizing the workshop and expressed hope that its deliberations would enhance the capacity of water utilities to enable them to overcome challenges, essential for promoting human development and dignity.

Jenipher Namuyangu, Uganda’s Minister for Water, spoke on behalf of Maria Mutagamba, President of the African Ministerial Council on Water (AMCOW). She expressed concern that water utilities are not able to work efficiently and deliver services to urban areas, challenged public utilities regarding their poor performance and underlined the importance of identifying ways for utility managers to improve services. She also stressed the need to provide water services to communities living in informal areas, especially the urban poor. She pointed out that AMCOW is ready to fully support initiatives such as the workshop and proposed establishing a partnership mechanism for water operations to include UN-DESA and UN-HABITAT among other stakeholders.

Bert Diphoom, Chief of UN-HABITAT’s Water and Sanitation Department, outlined the workshop’s background and objectives, explaining that the focus would be on Africa as an initial step towards enhancing the provision of water services in the region.

### *FIRST SESSION: MANAGING WATER AND SANITATION SERVICES IN URBAN AREAS - ISSUES AND CHALLENGES IN AFRICA*

This session was chaired by Bert Diphoom, UN-HABITAT, and Frederik Pischke, UN-DESA, acted as rapporteur.

M. Aslam Chaudhry, UN-DESA, highlighted issues concerning meeting water and sanitation goals in Africa and the role of public water utilities. He pointed out that in Africa 335 million individuals lack access to water, adding that 270 million of them lived in rural areas. Drawing a direct relationship between poverty and lack of access to water and sanitation, he lamented that poor consumers in countries like the Philippines, Ghana and Colombia, without access to the public network, pay 16 times more for water than people living in cities such as New York and London. Relating this situation to the attainment of the MDGs of halving those without water and sanitation by 2015, Chaudhry indicated that current trends suggested the target would be missed, resulting in adverse impacts on health, education and poverty reduction, and stressed the need to attain threshold targets. On public utilities, he acknowledged challenges, such as: population growth and urbanization; the sustainability of existing and new services; limited capacity and financing for and expanding new systems; and the need to balance potentially conflicting social and economic objectives as well as clearly defining the role of operators and regulators.

Daniel Adom, UN-HABITAT, spoke about water for African cities and challenges. He pointed out that Africa’s urban areas are the most rapidly expanding and that, in 2003, 35.7% of its population lived in towns and cities. He correlated the high percentage of city slums and low levels of human development and highlighted the importance of addressing basic needs such as lack of access to safe water. Adom explained the stagnation cycle typically found in urban areas where low revenue collection leads to weak finance and then to deterioration of assets and maintenance neglect. He explained that the UN-HABITAT water and sanitation trust fund has a strategic services component, monitors activities, and provides a feedback mechanism. He said that the UN-HABITAT African cities water programme takes a holistic approach to ensure that implemented activities are scaled-up through partnerships. Adom underscored the need to build capacity for local authorities and other stakeholders on water education and gender issues and to “give voice to the poor” by promoting their participation in all phases from planning to implementation of activities. He also highlighted the importance of establishing strategic partnerships, especially on financing, to assist utilities.



Stephen Donkor, United Nations Economic Commission for Africa (UNECA), addressed the issue of monitoring water development and the urban environments at the regional level and highlighted policy objectives adopted in Africa on urbanization, settlement, water supply and sanitation issues. He discussed Africa in the context of being the least urbanized continent, where urbanization is rapidly growing with a forecasted urban population of 50% by 2025. He observed that the concept of “adequate” urban water supply is dependent on individual country capacity and the respective level of development. He lamented that low-income consumers pay more for very inadequate water provision and added that governments are using financial resources to subsidize richer consumers. Donkor stressed the need to ensure sustainability as urbanization increases as well as to assess the impacts of lack of water and sanitation on the population’s health. On monitoring, he stressed the importance of indicators used to prepare the UNECA’s 2006 African Water Development Report, and cited some indicators being used in Africa, such as: actual and total water supply and sewerage coverage; incidence of water related diseases; water supply cost per liter; pollution generated from industry; and population exposure to water-related disasters. He underscored the need to establish a standardized monitoring system in the region including all interested stakeholders to ensure consistent reporting.

Francis Mugo, Nairobi Water and Sewerage Company, spoke on providing sustainable water services to cities and highlighted Nairobi’s experience. He explained that the company was incorporated under the provisions of Kenya’s Water Act 2002 to address the problems of inefficient service delivery and lack of customer confidence under the Nairobi City Council regime. Highlighting milestones, he mentioned rehabilitation of water mains and treatment works which resulted in an extra 60,000 cubic meters per day; improved water quality; modern and efficient billing systems and doubling monthly revenue collection. Regarding challenges, Mugo lamented the failure of old equipment and machinery; problems relating to collecting government arrears; obstruction and encroachment of water and sewerage facilities; illegal connections; and financial demands from riparian communities.

Roohi Abdullah, Consultant for UN-DESA, addressed policy frameworks for small-scale water providers in Africa and highlighted the importance of small-scale private service providers of water supply (SPSPs) and their characteristics. She explained that SPSPs are commonly known as water vendors, small-scale independent providers or small water enterprises, which provide low-quality water supply where no public service exists. She explained that SPSPs are usually informally run, unregulated and often operate as family businesses. Abdullah noted that numerous countries have SPSPs and that, in Africa, they work with mobile distributors and point sources. She recommended that water managers explicitly establish a legal, institutional and monitoring basis with SPSPs.

## **SECOND SESSION: STRENGTHENING INSTITUTIONAL GOVERNANCE AND ACCOUNTABILITY**

This session was chaired by M. Aslam Chaudhry, UN-DESA, and Roohi Abdullah, UN-DESA, acted as rapporteur.

Symerre Grey-Johnson, African Forum for Utilities Regulators (AFUR), presented on current trends in regulating public water utilities in Africa. He explained that issues such as: inappropriate pricing, managerial and technical difficulties; subsidies for rural and peri-urban dwellers and low levels of access, had led to the formation of AFUR, which derives its membership and existence from the New Partnership for Africa’s Development (NEPAD). He noted that most water regulators are embedded in government ministries with no clear separation between policy-making

and implementation. He underscored AFUR’s commitment to facilitating a consistent system of regulation in Africa based on “the three ‘As’” of availability, accessibility, and affordability, and emphasized the need to encourage investments, stimulate competition and limit barriers to trade.

Antonio Miranda, member of the UN Secretary General’s Advisory Board on Water and Sanitation, gave an overview of the institutional framework for improving the performance of water operators in the context of Brazil. He maintained that public operator performance issues are often due to the absence of clear goals; budgetary constraints and inadequate human resource policies. Highlighting steps for ensuring sustainability he mentioned: accurate diagnosis of the relevant issues; openness to criticism; the avoidance of a purely profit-driven approach; improving participatory practices; tariff reforms, where higher charges could be levied for increased consumption; enhancing public awareness and political support and the need for an external monitoring mechanism to ensure transparency.

Alain Morel, Water and Sanitation Program (WSP), discussed contractualization as a mechanism for making public utilities more accountable. Pointing out that public utilities often have contradicting objectives and lack financial viability, he encapsulated contractualization as a process of creating and implementing a chain of contracts by linking consecutive stakeholders within complex social systems. He explained that the process is facilitated by asking the right questions, being realistic in terms of objectives, identifying resources required and the hidden social and environmental costs in terms of utility management, instilling a customer-centered approach and providing an incentive-based financial transfer fund by channeling to those who can use funds more efficiently. Morel concluded by highlighting contractualization as a tool for promoting change management and achieving service delivery by promoting good governance and access to services.

Graham Alabaster, UN-HABITAT, focused on water and sanitation utilities in small urban centers, noting that currently 20 to 50% of the world’s low and middle income population lives in small towns and villages. He identified the absence of an integrated approach and the difficulty of implementing activities in the “grey area” comprising neither rural nor urban settlements as main challenges faced by small towns. Alabaster underscored the need to identify technology that will work in such areas and acknowledged the lack of technical capacity. He explained that UN-HABITAT has developed an assessment tool to monitor the quality and reliability of water and sanitation in low-income areas. Alabaster said that UN-HABITAT had proposed a water and sanitation governance framework that includes pro-poor legislation and policies, institutional arrangements, and decisions on technical choices. He said small centers need capacity building on utility and urban catchment management, advocacy and communication, and pro-poor governance systems with special attention to gender and marginalized groups. He outlined the Lake Victoria project, an East African initiative in collaboration with UN-HABITAT designed to promote water and sanitation in 15 urban centers around Lake Victoria.

Hakan Tropp, Stockholm International Water Initiative (SIWI), addressed issues and challenges relating to combating corruption in the water sector. He said governance is about how individuals and society manage common resources and services, stressing that corruption has negative impacts on development and increases the cost of attaining the MDGs on water and sanitation. He acknowledged the difficulty in defining corruption and disparities relating to strategies for minimizing it. Tropp highlighted examples of corruption in the water sector, consisting of: interactions regarding bribery, distortions concerning site selection; lack of transparency regarding appointments and

promotions; payments of “kick-backs” to sign contracts; manipulation of documents and reports; tampering with water meter readings; establishing illegal connections, and preferential treatment for repairs and installations. He stressed that corruption reduces the amount of funds available for providing, improving and expanding water services. On minimizing corruption, he underscored the need to: involve all stakeholders in monitoring activities; establish budget tracking systems and consumer complaint and redress mechanisms; identify and implement needed capacities; and continue to develop infrastructure. Tropp mentioned the Water Integrity Network, officially launched in 2005 by SIWI and other partners, which aims to mobilize actors to prevent corruption from impacting on development by committing to accountability, transparency and knowledge sharing.

Emanuele Lobina, University of Greenwich, gave an overview of workers in partnerships and the reform of public water operations. He said international policy concerning water management during the last 20 years typically focused on reducing staffing levels, an approach which is now changing due to the new perspective on the beneficial role that labor can play in reforming and promoting development in the water sector. Citing successful examples, he emphasized how workers react positively to recognition, incentives, and supportive and positive interactions rather than confrontational approaches, which views labor as being inherently inefficient and corrupt. Regarding training programmes, Lobina said that the objective should be to empower workers to commit to goals, entrench knowledge and build capacity and stressed the need for training of trainers. He concluded by calling for governments and others involved in reforms of urban water systems to engage labor as a positive partner in the reform process and noted the need to retain workers in numbers commensurate with development objectives.

William Muhairwe, National Water and Sewerage Corporation, Uganda, shared experiences relating to improving the performance of the water public utility. He highlighted how the utility had turned around its operations by establishing: a sound operational framework; voluntary retirement schemes; and an incentive mechanism based on performance. Underscoring the necessity of controlling costs, he explained that the utility had been returned to profitability by, amongst other strategies, simplifying and rationalizing the index-linked tariff system, and said it now enjoyed a surplus of US\$4 million per month. He outlined the situation before changes were implemented, when the monthly operational deficit was US\$300,000, collection efficiency was at 60 % and unaccounted water supply amounted to 65%. On contractualization, he said that the utility had entered into a contract with the government to define their respective roles and request that the utility's debts be written off. He elaborated on external services which are now being offered relating to partnership services and the opportunity to share experiences.

Migemi Abraham, Mekorot Water Company Ltd., Israel, spoke about harnessing water losses in urban water supply systems. He noted the need to meter both input and output in order to identify water loss and underscored the economic and environmental harm of water loss from collection to consumer supply perspectives. He pointed out that leakages can result in a water quality crisis that reduces the company's credibility. To avoid water losses, he stressed the need to conduct engineering planning and maintenance, select appropriate material, meter “every drop of water,” control water pressure and identify ways for recognizing water leakage and losses.

Umberto Triulzi, Institute for Relations between Italy and Africa, Latin America, and the Middle and Far East, (IPALMO), addressed the contribution of utilities in monitoring global water policy. He said monitoring encompasses the establishment

and management of an information system dedicated to the collection, treatment and transmission of information on realized activities. He underscored monitoring as a useful tool to: support implementation of activities: update strategic planning for improving design; enhance transparency and accountability, leverage additional resources; and incorporate stakeholders' views. He outlined the global water policy model developed by IPALMO and summarized a monitoring proposal for the CSD-13 Intergovernmental Preparatory Meeting (IPM).

Discussions were moderated by Keith Robertson, IWA, and addressed issues such as: barriers to improving performance of water services; local authorities' responsibility for providing water and sanitation; the importance of promoting efficiency; the obstacles in choosing indicators; the need to concentrate on effectiveness rather than cost-efficiency; and outsourcing.

### ***THIRD SESSION: FINANCING WATER AND SANITATION SERVICES***

This session was chaired by Bert Diphooorn, UN-HABITAT, and Daniel Adom, UN-HABITAT, acted as rapporteur. Diphooorn suggested, and participants agreed to, elaborate the Nairobi Statement on capacity building and partnerships for improving the performance of water utilities in Africa as one of the workshop's outcomes.

Gerard Payen, Gurría Task Force on Water Financing, addressed the issue of financing for water and enhancing local government access to finance. He highlighted three high-level reports on financing water: the 2003 World Water Forum Camdessus report; the 2006 Gurría Report that underscores the financing needs of local governments and operators; and the 2006 report of the UN Secretary General's Advisory Board on Water and Sanitation which is an action plan that encompasses financing. He noted the importance of doubling financing flows, including aid, public subsidies, private equity, and consumer and tax payments. Payen underscored the importance of: national and local governments elaborating water action plans to promote improved performance of water utilities; decentralizing central government activities to facilitate access to finance for local actors; and organizing “pooling” mechanisms that allow access to finance with lower interest rates.

Sven-Erik Skogsfors, SIWI, narrated experiences and lessons learned in financing municipal water services. He underscored the need for affordable water for all consumers and for utility operators to be as effective as possible to guarantee low prices and good water quality. Skogsfors outlined Swedish legislation and practices on water and sanitation. Noting the importance of engaging low-income communities, Skogsfors described water education programmes implemented by SIWI in Africa in collaboration with schools and national governments.

Meera Mehta, WSP, discussed leveraging market-based financial resources for the water sector, and highlighted three financing challenges: the increased need for investments to finance infrastructure; the need to focus on leveraging additional local resources; and, in the context of increased coverage, facilitating access to the poor. She reiterated that leveraging should focus on providing basic services, improving the provision of water, increasing sustainability and contributing to the development of the financial sector. On market segments for leveraging, she mentioned small-scale community-based schemes, citing an example from Kenya, where access to local micro finance has enhanced community level access to water. Mehta also noted the need for developed financial institutions and policies to facilitate cost recovery and micro finance.

Thomas Fugelsnes, Water and Sanitation Program Africa (WSP-AF), highlighted outputs from a regional workshop on mobilizing market finance for utilities held in South Africa, which



illustrates that investments made in the water and sanitation sector result in the sustainable delivery of services. He said the availability of market finance is an incentive to reform and cautioned on the “crowding out” effect that official development assistance can have on the potential development of market finance mechanisms. He also emphasized the need to seek finance for investments that target increased revenues and improved performance.

David Le-Blanc, UN-DESA, spoke about water tariffs and subsidies in Africa, and noted the social benefits of improving access to safe water. He explained the difficulty of delivering subsidies to consumers rather than to utilities and suggested that subsidies should target areas where the majority of poor households are located to avoid distortions. He outlined a case study on subsidies used in Cape Verde, concluding that, for each US\$1.00 of subsidy available, poor households only benefitted from US\$0.25. To avoid such distortion, he suggested alternatives, such as a combination of administrative, location and tariff subsidies, and cross-subsidies with industry tariffs carefully designed to subsidize other sectors.

Timeyin Uwejamomere, WaterAid, the UK, presented case studies from Bangladesh and Pakistan on community financing schemes used as instruments to facilitate access to water and sanitation services for the urban poor. He said that the projects demonstrate that pro-poor investor assets strengthen the provision of sustainable access and that an integrated approach which views water and sanitation as an essential part of urban development is effective. On lessons learned, he observed that informal communities are capable of managing financial resources, service delivered to the poor is politically important, and cross-subsidies which facilitate water and sanitation access for poorer communities are desirable. In conclusion, he called for up-scaling successful projects, adding that small-scale financing should ideally be interest free.

The ensuing discussion was moderated by Hakan Tropp, SIWI, and participants addressed issues on: increasing investments in the water sector; available financial mechanisms; managing existing budgets more effectively; practical ways to improve infrastructure; responsibility of States for water management; enhancing private sector performance; and obstacles to setting market prices for water.

#### **FOURTH SESSION: PROMOTING PARTNERSHIPS AMONG WATER OPERATORS**

This session was co-chaired by M. Aslam Chaudhry, UN-DESA, and Bert Diphorn, UN-HABITAT. Frederik Pischke, UN-DESA, acted as rapporteur.

Antonio Miranda gave an overview of the Water Operators Partnership (WOP), a proposed “not-for-profit” internet-based tool, which will provide a platform for water operators to exchange information on good practices and facilitate partnering. He said WOP could help to fill an existing void and would be cost effective. He explained that WOP users should include public and private entities, civil society organizations, NGOs and academic institutions and suggested that UN-HABITAT could act as the host institution. Underscoring the necessity of internet access for all water operators, Miranda demonstrated how the tool would work by matching requests for assistance with offers, thereby allowing partnering to occur. He added that participants will be encouraged to provide feedback to the system.

Keith Robertson, IWA, highlighted the role of the IWA in supporting the WOP. He said his association, a global network for water professionals, has the capacity to bring together individuals to broker expertise, synthesize network learning and partner with other existing associations and also has a regional focus. Elaborating on IWA technical groups, he said they focus

on specific issues like institutional governance, regulation and strategic asset management. Regarding performance indicators for water services which have also been developed, he expanded on how they could be useful for benchmarking and making service delivery improvements. He discussed activities with the World Health Organization concerning both the development of a Charter on safe drinking water and the implementation of water safety plans.

Ede Jorge Ijjasz-Vasquez, WSP and the World Bank, addressed the role of both WSP and the World Bank in supporting the WOP, and highlighted the importance of working with utility operators from various countries to promote capacity building in the region and achieve the MDGs on water and sanitation. He acknowledged World Bank support, especially on actions to implement the WOP. Ijjasz-Vasquez stressed that WOP should complement regional and local activities rather than trying to substitute them. He noted the importance of elaborating a memorandum of understanding for defining the assistance needed to enhance utilities’ performance and accountability. Ijjasz-Vasquez underscored the importance of promoting regional and cross-regional South-South cooperation and elaborating a business plan to raise funds and further partnerships’ initiatives.

Hamanth Kasan, IWA Eastern and Southern African Region and Rand Water, K. I. Binguitcha-Fare, African Water Association (AFWA), and Symerre Grey-Johnson, AFUR, then presented regional experiences in implementing WOP.

Kasan noted that the IWA model is regionally based and includes 40 countries. He outlined IWA work in South Africa and a case study of the private sector experience working with the cities of Johannesburg and Pretoria. He elaborated on the elements needed for a water company to engage successfully with the public sector to promote sustainable development and enhance local community livelihoods. Kasan discussed technical contributions emerging from partnerships, including assisting utilities in using the balance performance management framework. He proposed, on behalf of Rand Water and IWA ESAR, to host a meeting in South Africa in April 2007 to further advance discussions on capacity building and partnerships for improving the performance of water utilities in Africa.

Binguitcha-Fare said AFWA operates in drinking water and sanitation sectors and that its objectives include knowledge and experience sharing among professionals and practitioners from more than 30 governments and a variety of private companies in Africa. Binguitcha-Fare said AFWA established the water utility partnership to manage programmes and developing an information network to respond to peoples’ needs. He further explained that AFWA also works on advocacy with governments to promote institutional reforms in the sector.

Grey-Johnson discussed current trends in regulating public water utilities in Africa. He said that utility regulators should facilitate service delivery by researching the market, examining subsidies and reviewing tariff structures, while also sensitizing citizens on the regulatory process. Regarding operators, he advised them to concentrate on implementing government policy and expanding services to enable consumers to receive affordable access. Emphasizing the importance of collaborating with legislators and other relevant stakeholders, he also elaborated on the role of regulators in facilitating investment by creating an enabling environment and maintaining autonomy and transparency. Citing the Zambian experience, he explained how the Devolution Trust Fund had been created by the water regulator, National Water Supply and Sanitation Council, to improve water and sanitation service provision to the urban poor by assisting commercial utilities to extend their water supply and sanitation to the low-income population in the peri-urban and urban areas. Small private companies are also able to use the fund

to participate in the provision of water services. Grey-Johnson concluded by underscoring the importance of making a case for utility regulators, in countries where they did not exist, in order to complete the stakeholder relationship.

The discussion on WOP Framework elements was moderated by Antonio Miranda and addressed issues on: existing networks; the importance of linking existing networks and avoiding the duplication of efforts concerning partnerships between utilities and operators; the scope of information sharing; the nature and extent of support required by the networks; the need to increase the number of partnerships; and WOP experiences in Madagascar.

### **PARALLEL WORKING GROUPS**

M. Aslam Chaudhry briefed participants on the working groups' themes and expected outcomes. He said each working group would begin with a thematic presentation delivered by a lead speaker, followed by a debate on relevant issues identified for each theme. He explained that working group discussions should follow the general guidelines provided which emphasized finding solutions to current challenges and problems and noting successful experiences of various utilities.

The working group on capacity building needs of public water utilities in Africa was moderated by Stephen Donkor, UNECA, and Roohi Abdullah, UN-DESA, acted as rapporteur. Participants listened to presentations delivered by Colin Mayfield, United Nations University, and Maarten Blokland, the United Nations Educational, Scientific and Cultural Organization's (UNESCO's) Institute for Water Education. The group identified the main issues to be addressed and options to overcome challenges and shared successful experiences in achieving progress regarding capacity building and public water utilities.

The working group on benchmarking of utilities for performance improvement was moderated by Umberto Triulzi, IPALMO, and Pireh Otieno, UN-HABITAT, acted as rapporteur. Dennis Mwanza, WSP, delivered a lead speech, which gave an overview of the challenges facing water operators and discussed definitions and concepts relating to benchmarking. The ensuing discussions focused on: a customer-oriented approach; data collection and analysis; financing for benchmarking; the role of benchmarking in the absence of a regulator; and benchmarking as a managerial tool.

The working group on sharing regional experiences in managing water utilities was moderated by David Le-Blanc, UN-DESA, and Eric Moukoro, UN-HABITAT, acted as rapporteur. The group heard presentations by Neil McCloud, South Africa, on the experience of managing water utility in the cities of Johannesburg and Durban, and by Samir Bensaid, National Office of Potable Water, Morocco, on experiences of partnerships between public operators. The subsequent discussions focused on: WOP and the current constraints to the development of partnerships; financial issues; master planning, technical tools and tariff structures and subsidies.

### **CLOSING SESSION**

M. Aslam Chaudhry, UN-DESA and Bert Diphoom, UN-HABITAT, co-chaired this session.

The rapporteurs from each of the three working groups reported to the workshop on the results of their assigned topics. Roohi Abdullah summarized the working group on capacity building needs of public water utilities in Africa, and narrated the group's recommendations, noting the need for capacity building that relates and responds to specific needs of the utility by customizing training. The group also suggested developing capacity to mobilize and manage finances more efficiently and the valuable role the WOP can play by facilitating the cross-fertilization of technical knowledge.

Pireh Otieno, UN-HABITAT, summarized the working group on benchmarking, and explained that the group had debated numerous issues pertaining to benchmarking as an important managerial tool, the need to exchange experiences, operational efficiency, customer satisfaction and the need for standardization and validation of data and motivating utilities to attain International Organization for Standardization (ISO) certification. The group recommended customer care and benchmarking of individual utility managers as well as financial viability and establishing linkages with government, regulators and utility operators by setting out obligations and responsibilities for all.

David Le-Blanc, on behalf of Eric Moukoro, UN-HABITAT, summarized the working group on sharing regional experiences in managing water utilities, and explained that the main issues highlighted were expanding the provision of piped water, civil society and public participation, and external assessment on the quality of information. The group recommended: institutional reforms to facilitate provision of water services and sanitation; service delivery to low-income communities; and tariff structures and subsidies that including transparency, monitoring, evaluation, proper accounting and tools for tariff-setting.

Co-Chair Aslam Chaudhry presented a draft of the Nairobi Statement which was read to participants by David Onyango, Kisumu Water and Sewerage Company, Kenya. Participants discussed the text and suggested amendments, including mentioning "serving the poor" as well as creating gender balance when establishing benchmarks and adding language on combating corruption when improving water utilities' performance. Co-Chair Diphoom said that the suggestions were incorporated to the revised text of the Nairobi Statement, to which participants agreed.

In concluding, Jenipher Namuyangu, AMCOW, conveyed her satisfaction regarding the workshop outcomes and expressed her thanks to the participants, UN-DESA and UN-HABITAT. Lamenting the absence of regulatory institutions in many African countries, she called for the establishment of independent, accountable credible entities and for increased focus on sanitation issues. She concluded by underscoring the need to ensure that water is accessible and affordable without undermining sustainability.

Co-Chair Chaudhry clarified that UN-DESA would be collaborating with UN-HABITAT to implement the WOP as well as continuing advocacy efforts to place water and sanitation at the top to the development agenda.

Co-Chair Diphoom said UN-HABITAT looked forward to developing the WOP, its launch in June 2007, and acknowledged financial support from UN-HABITAT.

Thanking participants for their contribution, Co-Chair Bert Diphoom, UN-HABITAT, closed the meeting at 4:36 p.m.

### **NAIROBI STATEMENT**

On Friday, participants agreed to the Nairobi Statement, which states the need to, *inter alia*:

- develop and implement programmes to overcome limited technical, financial and institutional capacities;
- promote commitment, support and participation of all stakeholders to improve the performance of water utilities, and encourage governments to consider providing due autonomy to public utilities in the design and implementation of strategies leading to efficiency, effectiveness, transparency, accountability, sustainability and combating corruption;
- increase finance to improve and extend safe and adequate access to water and sanitation for all;
- recommend separation of the dual functions of regulatory and operational activities that will improve the performance of public utilities in delivering water and sanitation services;



- implement actions regarding benchmarking of utilities, such as establishing criteria for customer satisfaction, evaluating the performance of utility managers, serving the poor and creating gender balance in the utilities; and
- develop and institutionalize partnerships to promote the exchange of experiences and facilitate contact among utilities.

The Declaration also requests UN-HABITAT to take further necessary steps in collaboration with its partners to transform this concept into reality, while ensuring due participation of existing regional and sub-regional networks. It welcomes the proposal of Rand Water and IWA Eastern and Southern African Region to host a meeting in South Africa in April 2007 to further advance discussions on capacity building and partnerships for improving the performance of water utilities in Africa.

## UPCOMING MEETINGS

**AFRICAN REGIONAL WORKSHOP ON SUSTAINABLE USE:** This workshop will take place from 12-15 December 2006, in Nairobi, Kenya. It will address: ecosystem services assessment; financial costs and benefits associated with conservation of biodiversity; and sustainable use of biological resources, with a view to contributing to the review of the work programme of the Convention on Biological Diversity (CBD). For more information, contact: CBD Secretariat; tel: +1-514-288-2220; fax: +1-514-288-6588; e-mail: secretariat@biodiv.org; internet: <http://www.biodiv.org/doc/meeting.aspx?mtg=RWSUAFR-01>

**EIGHTH AFRICAN UNION SUMMIT OF HEADS OF STATE AND GOVERNMENT:** This meeting is scheduled for 29-30 January 2007, in Addis Ababa, Ethiopia. Delegates will consider issues related to the Summit theme of "Science, Technology and Research for Africa's Development." For more information, contact: African Union Commission, Department of Human Resources, Science and Technology; tel: +251-1-51-75-23; fax: +2511-551-7844 or 2511-550-5928; e-mail: hambanim@africa-union.org or hamdya@africa-union.org; internet: <http://www.africa-union.org>

**GLOBAL FORUM: BUILDING SCIENCE, TECHNOLOGY AND INNOVATION (STI) CAPACITY FOR SUSTAINABLE GROWTH AND POVERTY REDUCTION:** This World Bank-sponsored meeting will take place from 13-15 February 2007, in Washington, D.C., the US. The forum will seek to understand the lessons of previous and ongoing STI capacity building experiences and to map out new and more effective ways to apply STI capacity building in low and middle income countries. For more information, contact: Alfred Watkins; tel: +1-202-473-7277; fax: +1-202-522-3233; e-mail: awatkins@worldbank.org; internet: <http://www.worldbank.org/STIGlobalForum>

**CSD INTERGOVERNMENTAL PREPARATORY MEETING:** The fifteenth session of the Commission on Sustainable Development will be preceded by an Intergovernmental Preparatory Meeting, which will take place from 26 February to 2 March 2007, in New York, the US. This is the second, or policy year, of the implementation cycle during which the Commission will continue its focus on the following areas: energy for sustainable development; industrial development; air pollution/atmosphere; and climate change. For more information, contact: UN Division for Sustainable Development; tel: +1-212-963-8102; fax: +1-212-963-4260; e-mail: dsd@un.org; internet: [http://www.un.org/esa/sustdev/csd/csd15/csd15\\_ipm.htm](http://www.un.org/esa/sustdev/csd/csd15/csd15_ipm.htm)

**FOLLOW-UP ON THE CAPACITY BUILDING WORKSHOP ON PARTNERSHIPS FOR IMPROVING THE PERFORMANCE OF WATER UTILITIES IN THE AFRICA REGION:** This workshop for senior water utility managers in Africa will be held in April 2007, in South Africa. Organized by

the Division for Sustainable Development of the UN Department of Economic and Social Affairs (UN-DESA) and the UN Human Settlements Programme (UN-HABITAT), the workshop responds to a recommendation from the Capacity Building Workshop on Partnerships for Improving the Performance of Water Utilities in the Africa Region to further strengthen the capacity of water utilities to meet the challenges of efficient delivery and expansion of water services. For more information, contact: UN Division for Sustainable Development; tel: +1-212-963-8102; fax: +1-212-963-4260; e-mail: dsd@un.org; internet: [http://www.un.org/esa/sustdev/sdissues/water/workshop\\_africa/workshop\\_africa.htm](http://www.un.org/esa/sustdev/sdissues/water/workshop_africa/workshop_africa.htm)

**FIFTEENTH SESSION OF THE UN COMMISSION ON SUSTAINABLE DEVELOPMENT:** The fifteenth session of the UN Commission on Sustainable Development (CSD-15) will be held from 30 April to 11 May 2007, in New York, the US. For more information, contact: UN Division for Sustainable Development; tel: +1-212-963-8102; fax: +1-212-963-4260; e-mail: dsd@un.org; internet: <http://www.un.org/esa/sustdev/csd/policy.htm>

For more upcoming meetings, please visit: <http://www.iisd.ca/upcoming/linkagesmeetings.asp?id=10>

## GLOSSARY

AFUR	African Forum for Utilities Regulators
AfWA	African Water Association
AMCHUD	African Ministerial Conference on Housing and Urban Development
AMCOW	African Ministerial Council on Water
CSD	Commission on Sustainable Development
IPALMO	Institute for Relations between Italy and Africa, Latin America, and the Middle and Far East
IPM	Intergovernmental Preparatory Meeting for CSD
ISO	International Organization for Standardization
IWA	International Water Association
IWRM	Integrated water resources management
JPOI	Johannesburg Plan of Implementation adopted at WSSD
MDGs	Millennium Development Goals
NEPAD	New Partnership for Africa's Development
SIWI	Stockholm International Water Initiative
SPSPs	Small-Scale Private Service Providers of Water Supply
UN-DESA	United Nations Department of Economic and Social Affairs
UNECA	United Nations Economic Commission for Africa
UNESCO	United Nations Educational, Scientific and Cultural Organization
UN-HABITAT	United Nations Human Settlement Programme
WOP	Water Operators Partnership
WSP	Water and Sanitation Program
WSSD	World Summit on Sustainable Development