

Chapter 5

Water Sector Framework



I. BASIC CONCEPTS

A house is one unit but it has different parts: the foundation carries the whole structure; the walls provide living or working space; the roof makes a shelter, etc.. Each component, however small, is important, but it needs to be rightly placed for the house to be functional, comfortable and safe.

Similarly, a water sector framework makes it possible for water services provision to work effectively for the greater good of society; it ensures that a boy such as this one has access to clean and potable water in a country of abundant water resources.

Imagine spending a lot of money buying quality materials to build a good house, but the foundation is not well designed, or the house is not well ventilated or the bathrooms are all located on the top floor while the house has five levels.

The same applies to the water sector. Even if the country has sufficient funds to invest in the sector and enough expertise, the sector will not thrive unless the roles and duties of all players and institutions are well defined and well designed in relation to each other. This is important to ensure the smooth execution of all the tasks pertaining to the sector.

A. What is Water Sector Framework?

A water sector framework includes organizations that play various roles that may include:

- Ministry of Water Resources
- National Planning Agency
- Regulator
- Local government as the responsible authority for the provision of water services
- Water and wastewater service providers who normally act on behalf of the responsible authority

The Ministry of Health, the Ministry of the Environment, the Ministry of Public Works and the Ministry of Agriculture may also play roles.

The framework considers the ways in which these agencies work together to ensure that the public is well provided with the water and wastewater services that are so essential to public health, safety, environmental protection and economic prosperity. Usually, legislation is enacted to give authority to the agencies to play their roles.

A utility is at the forefront of providing services, performing during droughts, responding to emergencies and dealing with demographic growth, especially in urban areas. Its operations are affected by the affordability of water to consumers, their willingness to

pay, the willingness to charge (by politicians) the social commitment of the State towards the vulnerable, the role of the responsible authority, and by the prevailing political and socio-economic circumstances.

It is therefore important for a utility to understand the framework within which it operates and how the framework impacts the utility. It is also important to understand the legal and policy resources that the utility can access to guide its strategic and operational decisions.

B. Importance of Water Sector Framework

A good Water Sector Framework ensures that responsibilities are assigned so that the country's water sector functions well; it takes advantage of development opportunities and meets its strategic objectives.

For a water utility, a good Water Sector Framework ensures that it can perform its role with a clear mandate, without overlapping of responsibilities. It has the options to make use of different market conditions (labour, financial, etc) and it can take advantage of opportunities.

Without a good Water Sector Framework, a water utility is likely to find itself having to justify its mandate, being uncertain of its future, being unable to act in the ways that make sense or finding it difficult to be sustainable.

To the customers of the water utility, the Water Sector Framework provides tools to hold the utility accountable for the services that it is supposed to deliver and it may provide them with a voice in major decisions.

C. Building Blocks and Accepted Practices

It is important to understand the building blocks of a sound Water Sector Framework:

- National Policy
- Development Strategy including targeted and prioritized investment plans
- Legal Framework including enabling legislation
- Regulatory Regime
- Sector Organization

National Policy

A national policy defines what the government intends to do to manage and develop the sector. Once adopted, it gives all players in the sector guidelines for decision-making and development of other building blocks. It is often translated into national development strategies and it serves as a reference in the day-to-day operation of the sector. The policy often influences the laws that govern the sector.

The National Water Policy often reflects the country's formal international and regional commitments, such as those related to cross-boundary water resources.

A National Water Policy will provide guidance on aspects such as:

- **Centralization and Decentralization:** the extent to which services will be managed and delivered at the local level versus the national level.
- **Cost Recovery and Tariff Setting:** the extent to which tariffs cover operation, maintenance and capital costs and the extent to which the national government will subsidize these costs.
- **Affordability and Access:** the provisions the government will make to serve the needs of the disadvantaged.
- **Commercial Orientation:** the extent to which utilities will be expected to be self-supporting from a financial standpoint.
- **Regulation:** the extent to which government will act to ensure adequate service levels, reasonable tariffs and water quality that complies with standards.
- **Private Sector Participation and Asset Ownership:** the extent to which the private sector will be allowed to participate in the sector with options ranging from outsourcing to private ownership of water sector assets.

The policy framework will affect the ways in which water utilities organize and conduct their business.

Development Strategy

A Development Strategy is based on the National Water Policy and is dictated by the baseline status of the country's water sector and its contribution to public health and socio-economic development. A Strategy sets out how a country intends to implement its policy, accord-

ing to its strategic priorities. It may also define the institutional framework required to execute the Strategy.

The development objectives or vision of the country usually aim to make significant progress in relation to the baseline status, over a given time horizon which might be 10 to 25 years. The vision then translates into a National Development Strategy and a Development Plan (often referred to as “Master Plan”) with specific capital investment priorities, infrastructure projects and capacity building actions which will affect the strategic planning of water utilities.

Water infrastructure, in particular, plays a critical role in meeting social needs associated with human health, safety and dignity through access to potable water and adequate sanitation. It helps to protect the environment and it also serves economic uses for agriculture, energy, industry and tourism.

Since the 1992 conference of Rio de Janeiro, the importance of water for the environment has gained prominent attention. Because of its broad range of services, water is therefore not only a social and an economic good, but also a political one.

A Development Strategy will pave the way for mobilizing financial resources, not only from government funds, but also from the private sector and development partners, such as donor agencies or development banks. Well-defined strategies and priorities will attract the highest funding and investment support.

A Development Strategy is often influenced by global commitments:

- The Millennium Development Goals set by the United Nations are targets to reduce, by 2015, the number of people without access to safe drinking water and adequate sanitation. Many countries have adopted these goals and many have made progress.
- Some national standards are guided by the water quality standards of the World Health Organization. Access to water is often a variable characterized by the distance to a water point, the minimum water per person per day and sometimes by the number of hours per day during which water is running at the taps.



Water is used by many sectors in many ways – from the power sector to the environmental sector to the agriculture sector. Against these competing needs, a country may find itself in a situation of water surplus or deficit, in the present or in the future. A development strategy will seek to balance uses of the country’s water resources without jeopardizing its future needs.

Current thinking puts an emphasis on sustainability and efficient use of water. Many development strategies include the adoption of water conservation and water demand management practices, including the reuse of wastewater and education of water users.

A water utility will align its activities to the key elements of the development strategy to help achieve the country’s objectives. These activities will be reflected in its own strategic plan.

Legal Framework

Laws and regulations enable the sector to implement the institutional framework to achieve the strategic objectives and related plans based on the National Policy. They provide mandates, guidance and the legal justification for the way the sector and the utility operate. In addition, it clearly defines roles and responsibilities including the ownership of assets.

A sector must also operate in harmony with other laws such as environmental laws for the protection of water, management of public funds and labour laws, among others.

A water utility will usually find its legal status and its “reason for being” in a specific act or a general provision in the water law. The water utility must conduct its business in strict compliance with this legal mandate. It will also adhere to all the other laws and regulations that affect its business.

Sector Organization

In many countries, there are agencies to play three major roles:

- Overall Planning and Oversight
- Economic, Quality and Service Level Regulation
- Service Provision

1. Overall Planning and Oversight

At the highest level, there is often a ministry in charge of overall planning and sector oversight. This ministry will normally have three focuses:

- **Water Resources:** Managing and protecting resources to enable the country to balance water supply and water demand into the future
- **Infrastructure:** Planning, financing and constructing infrastructure
- **Oversight:** Setting performance standards and monitoring performance (accessibility, service levels and water quality)
- **International water affairs** including global commitments, trans-boundary and shared waters, and regional cooperation

2. Economic, Quality and Service Level Regulation

In most countries, the water sector is a monopoly. There are two main reasons for this: 1) protection of public health and safety is a classic role of government that it cannot fully delegate and 2) the high costs and configuration of water infrastructure argue for one provider.

The role of the regulatory function is to avoid the potentially negative results of monopoly conditions, such as high pricing and low quality delivery. Most regulatory

functions aim to balance the needs of customers with the needs of the water utilities.

The regulatory agency, ideally an autonomous statutory body, will normally focus on two main areas:

- Enforcement of service level and water quality standards
- Determination of appropriate tariff levels after consideration of a utility’s performance and needs for funding

In some countries, the regulatory agency will also set standards.

3. Service Provision

The utility is normally in charge of providing water and wastewater services to the public and some provide electricity services as well. Some countries have a national water utility and some have more localized water utilities. It all depends on the nature of the country and its policy framework. In a large country with communities that are far from each other, the decentralized approach may make more sense. In a smaller country where communities are close to each other, a national utility may make more sense. Economies of scale are key criteria to build sustainability, which may lead to the establishment of “clustered” utilities, a grouping of a number of water utilities to achieve viability.

Whether nationally or locally established, there is some logic to have local utility offices to which customers can come for service.

Generally speaking, there are three main options for ownership and operation of the utility:

- A government organization at the national or local level
- A parastatal organization which is government owned but has a degree of autonomy to operate commercially as a public company
- A fully private and independent organization

Whatever the ownership structure, the role of the water utility is that of providing services to the public, in line with national requirements and standards. The water utility will normally manage its water resources, treat

water to potable standards, distribute it to customers, collect and treat wastewater. It will also conduct business functions such as meter reading, customer billing, revenue collection, planning and administrative functions.

The actual assignment of the roles discussed in this section will vary from country to country. Some countries have separate agencies to develop and finance infrastructure. Others have the regulatory functions establish and enforce standards. The assignment of roles will depend on each country's size, water challenges and priorities.

D. Implementing the Water Sector Framework

Putting a functional and effective Water Sector Framework in place is a process that can last years; it can be iterative as lessons are learned and implemented to improve the framework.

Water Sector Frameworks normally emerge with support and leadership at the highest levels of government. Most countries have some kind of framework in place. When governments decide to improve their framework, the term that applies is "sector reform".

Sector reforms usually address the 3 E's:

- Efficiency
- Equity
- Environment

Reform efforts will focus on the following:

- Draft or improve the National Water Policy
- Draft or revisit the Development Strategy to implement the policy
- Revise the legal framework, as needed, to enable actions in accordance with policy and development strategy

Development Strategy: Cross-cutting Themes

- A capacity development strategy to ensure that the workforce has the necessary skills
- A financial sustainability strategy to ensure that money is available for the different components of the framework.

On the basis of the legal framework, the implementation of water sector reform may have the following components:

- A new sector organization to create the institutions or agencies that will implement different components of the policy and the development strategy.
- Development of the agencies in the sector organization so that they are well-equipped to perform their intended roles.
- Development of standards and regulations to translate the law into enforceable components such as water quality, water licensing, pricing, service delivery standards, etc.

In the spirit of Integrated Water Resources Management (IWRM) principles, many countries conduct the sector reform process in a consultative way, actively encouraging and seeking the input of various stakeholder groups.

Figure 1 illustrates the sector reform process.



Figure 1: A Water Sector Framework for sustainable development

In the quest for a sustainable water sector framework, the specific circumstances of a country must be taken into account - there is no one size that fits all.

In sector reform implementation, it is important to start with a baseline assessment of a country's preparedness for change. This assessment will consider financial and human capacity; the prevailing situation with regard to water scarcity or abundance; the level of development of water resources to meet the country's needs and the strategic role of water for the country's socio-economic development.

Water utilities can bring the operational perspective to the reform process - showing where and how reforms can help them do a better job.

II. CHALLENGES

This section shares some hypothetical challenges and examples that can result from a new water sector framework. They aim to show that it is not always easy to choose the direction because there are so many things to consider and so many different possible outcomes. The water sector is usually highly political, at national, regional and local levels presenting the challenge of dealing with conflicts of interest and political powers in sensitive and forward looking ways.



A. National Policy Challenges

Example 1: A country is faced with increasing demand for water because of a growing population and increased standards of living. Water resources are limited. Policy provisions are one way to help remedy this situation: the policy might require that development of a new water source will only take place when all options to use existing water in the most efficient manner have been considered.

Example 2: A large portion of the population in a country cannot afford to pay for water. At the same time, the country recognizes that water is a social good, essential for basic human needs and dignity. The country may choose to have a policy that all households have the right to a minimum amount of water per month.

B. Development Strategy Challenge

A country has decided to reach or exceed the Millennium Development Goals for access to potable water and adequate sanitation. Utilities have been established for both urban and rural areas to fast track the provision of these water services.

In the process, water pipes are being laid without following standards. Dams are being built without proper feasibility studies to ensure that they can yield sufficient water.

The country is experiencing a wet spell; the dams fill up and water is supplied with great credit to the politicians. The utilities receive large subsidies to operate. The politicians are reelected. Then a drought comes: the dams do not fill up and the infrastructure that was built in great haste is no longer functional because of improper operation and maintenance. There is great discontent: the taps are running dry, some of the pumps are vandalized, and there is resurgence in water borne diseases. Despite the subsidies given to the utilities, the situation does not improve and the government runs low on funds.

The new government decides to review the overall development strategy and puts in place transitional meas-

ures that will correct the mistakes of the past. It introduces restrictions to enable responsible use of the limited water and it educates the consumers. It investigates each dam that was constructed by the former government and sets realistic water allocations. It carries out a new needs assessment, identifies other water sources, and reconsiders the former government's development strategy.

C. Legal Framework Challenge

A country has adopted new legislation that reflects the principle that 'water is an economic good' while recognizing that 'access to water is a basic human right'. It has also provided for the establishment of decentralized utilities to provide water services at the local level. A metropolitan city has decided to establish a water utility to handle its water service responsibilities. Revenue from the sale of water will be kept within the utility to provide financial sustainability.

The utility is established and sets up new tariffs designed for full cost recovery including operation, maintenance and future refurbishment. This results in price increases for consumers. Some of them cannot afford these new prices and stop paying for their water bills. The utility disconnects them. They in turn take the utility to court because they have been denied their 'basic human right'.

The matter is taken to the constitutional court which instructs the metropolitan city to provide for water to its citizens. However, it also rules that the citizens need to pay for their water at a discounted price. The city provides a subsidy to the utility to cover the shortfall in its revenue.

D. Sector Organization Challenge

After decades of operation as a para-statal entity under the custody of the ministry of water, a national water utility is about to be privatized. With the help of a donor agency, the intent is to create a new, lean and cost effective water utility.

Yet, it is not a straightforward process: the country's constitution clearly states that it is the responsibility of the local governments to provide water services and decide on the organization and roles of water utilities. The local governments are decentralized with considerable control over their own situations. The move to privatize the national water utility is met with high interest by the local governments that want, among other things, to own the assets of the utilities in their areas.

They also want their parliaments to vote on how the water services will be provided; the option of local utilities is being contemplated as a strong way to entrench the decentralized management of the country and to accelerate socio-economic development. The full spectrum of options available to the local governments includes:

- A private water utility, as proposed by the donor agency, at the national level with offices in each local area. This will entail national utility service agreements with each local government.
- Each local government sets up its own water utility which is answerable to it. The donor agency is not in favour of this option because the local governments will control their utilities.
- The last option is a mix of both, whereby some local governments can use the services of a private utility to be selected on a competitive basis. More than one local government can use the same water utility – while others can set up and develop their own utilities. The donor agency is totally against this option.

Each of these three options deserves study to help the stakeholders reach a decision on the way forward.



III. APPROACH

This section illustrates the approach adopted by the United Republic of Tanzania in developing and implementing its water sector framework with:

- A National Water Policy which was adopted in 2002
- A Water Sector Development Strategy for 2006-2015 to implement the National Water Policy
- Two water-related Acts adopted in 2009 and
- A new water sector institutional framework

A. Tanzania National Water Policy^[1]

The Tanzania National Water Policy was developed through an extensive ten year consultative process and was published in July 2002.

The policy seeks to contribute to the achievement of Tanzania's Vision 2025. It considers that water is one of the most important agents to enable Tanzania achieve its Development Vision objectives (both social and economic), such as eradicating poverty, attaining water and food security, sustaining biodiversity and sensitive ecosystems. The new National Water Policy and subsequent reviews and reforms of existing laws, institutional framework and structures are aimed at meeting the objectives of this Vision.

The Tanzania Water Policy contains three sections addressing three sub-sector issues namely:

- The Water Resources Management section provides a comprehensive set of policy statements for promoting optimal, sustainable and equitable development and use of water resources for the benefit of the present and the future generations. It takes into consideration the concerns of all water users.
- The Rural Water Supply section aims at improving health and alleviating poverty of the rural population through improved access to adequate and safe water through community participation.
- The Urban Water Supply and Sewerage section sets a framework for achieving efficient development and management of the Urban Water Supply and Sewerage services by applying commercial principles.

Each section then deals with a set of relevant policy issues.

B. Tanzania Water Sector Development Strategy^[2]

The National Water Sector Development Strategy (NWSDS) 2006-2015 shows how the Ministry responsible for Water will implement the National Water Policy to achieve the national development targets set out in the National Strategy for Growth and Reduction of Poverty (NSGRP) targets and the Millennium Development Goal commitments.

The framework for water sector policy, strategies and planning in Tanzania is derived from the Vision 2025 and the National Strategy for Growth and Reduction of Poverty (NSGRP), which provide the overall guidance.

The NWSDS has been developed to support re-alignment of the water related aspects of other key sectoral policies (for example, energy, irrigation, industry, mining, and the environment) with the National Water Policy, and to provide a focus on specific roles of the various actors through clearly defining roles and responsibilities and hence the removal of duplications, omissions and conflicts of interest.

The new institutional frameworks underscore separation of service delivery and regulation to ensure fair play among the various actors through measures that are in line with the National Water Policy of 2002, taking into account the provisions of the Local Government Reform Policy.

C. Tanzania Water Sector Legal Framework

Two new laws, adopted in April 2009, govern the water sector in Tanzania^[3]:

- The Tanzania Water Resources Act, 2009
- The Tanzania Water Supply and Sanitation Act, 2009

The Tanzania Water Resources Act provides:

- An institutional and legal framework for sustainable management and development of water resources
- Principles of water resources management to prevent and control water pollution
- Participation of stakeholders and the general public in implementation of the National Water Policy
- Repeal of the old Water Utilization Act

The Tanzania Water Supply and Sanitation Act, 2009 is an act to:

- Provide for sustainable management and adequate operation and transparent regulation of water supply and sanitation services to give effect to the National Water Policy, 2002
- Establish water supply and sanitation authorities as well as community-owned water supply organizations
- Appoint service providers and
- Repeal the old Waterworks Act

In addition, there is a separate Act to establish the national multi-sector regulatory authority, which regulates energy and water service providers.

D. Tanzania Water Sector Organization

The water sector organization in Tanzania follows the two Acts covering water resources management and water supply and sanitation.

1. Water Resources Management Institutions

The role of government, through the Ministry responsible for water, is that of coordination; policy and guideline formulation; and regulation. The acts create new institutions:

- National Water Board
- Basin Water Boards
- Catchment Water Committees and
- Water User Associations or Groups



Water User Associations

An emerging approach to mobilize people to contribute to water resources management is that of Water User Associations (WUAs). These are designed to provide a means for water users to participate in decision making in the management of the water resource. WUAs are often organized at local catchment level to provide for democratic management of a shared resource.

The National Water Board (NWB) will ideally be an autonomous, lean, interdisciplinary organization (Figure 2). The NWB will oversee, co-ordinate and facilitate the activities of national interest and will be in charge of overall water resources planning, transboundary and dam safety issues.

The Basin Water Boards will be financially and administratively autonomous, and will be financed through water user charges. These Boards will employ the staff necessary to carry out their functions and responsibilities, and will be accountable to the National Water Board. Water users will participate in Water Resources Management processes through representation on the Boards.

The Catchment and Sub-catchment Committees will be autonomous bodies, financed from user charges, and will carry out functions as delegated by the Basin Water

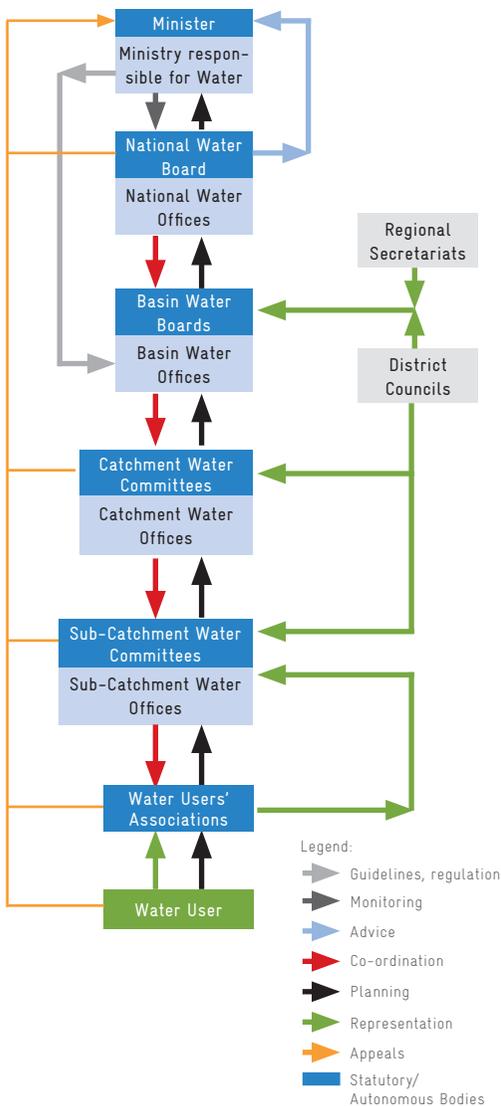


Figure 2: New Institutional Framework for Water Resources Management in Tanzania (source: Tanzania National Water Sector Development Strategy)

Boards. They may employ staff necessary to carry out these functions, or may be supported by Basin Water Board staff.

Water User Associations will be legally constituted bodies drawing their membership from water users in a particular locality. They may need to employ a few staff

in order to carry out the limited functions at the local level and the costs of the Association will be borne from charges levied on its members.

2. Water Supply and Sanitation Institutions

Water supply and sanitation institutions draw their mandate from the Tanzania Water Supply and Sanitation Act (2009). The Tanzania National Water Development Strategy states that the responsibility for water supply and sewerage and sanitation rests with Ministry in charge of water.

In addition, local governments will have varying levels of responsibility for providing water supply, sewerage and sanitation services. The Ministry of Health has overall responsibility for protecting public health through ensuring the provision of adequate sanitation and hygiene education by the local authorities.

In the National Water Sector Development Strategy, the responsibilities are shared as in Table 1 and Figure 3.

Table 1:
Local Government Agencies and Responsibilities

	Cities and Municipalities	Townships	District
Water Supply and Sewerage	WSSA	WSSA, TC. or cluster utility	DWSSA
Sanitation	City Council	Town Council	District Council

WSSA stands for Water Supply and Sanitation Authority

This decentralization and sharing of responsibilities has already been implemented across the country.

Dar es Salaam is a special case with three municipalities making up a City Council. Water supply and sanitation services are provided by the Dar es Salaam Water Supply and Sewerage Authority (DAWASA) as asset holder and the Dar es Salaam Water Supply Corporation as operator. A separate act governs the water and wastewater service provision in Dar es Salaam.

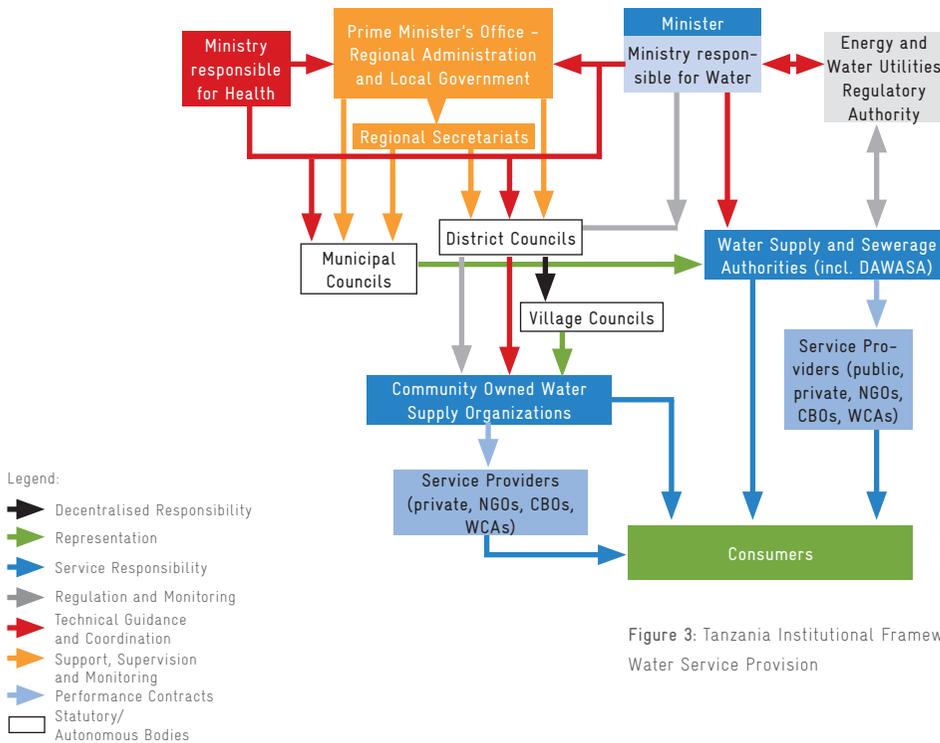


Figure 3: Tanzania Institutional Framework for Water Service Provision

IV. EXAMPLES AND EXERCISES

The following exercises are provided in this chapter:

1. A generic exercise on the country's water sector framework
2. A national policy exercise
3. A development strategy exercise
4. A legal framework exercise
5. A sector organization exercise

Exercise 1: Analyzing the consistency of your country's water sector framework

First, gather your country's constitution, its national water policy, its development strategies, the applicable laws and the sector organization chart.

Is there consistency and harmony in the legal framework, national policy, sector organization and development strategy of the water sector in your country? How does the functioning and operational management of your water utility benefit from this harmony? If there are contradictions and gaps, how would you improve the situation to help water utilities fulfill their mandate in a sustainable way?

Exercise 2: National Policy

Identify in your country's Constitution the specific provisions that relate to the water sector. Next, demonstrate how the national water policy is a reflection of the constitution. Identify which policy pronouncements are likely to affect the status of water utilities. Next, consider perspectives such as the institutional mandate of utilities, decentralization, the possible role of the private sector, social issues and strategic issues.

What can water utilities do to help implement the national policy and the country's development objectives?

Exercise 3: Development Strategy - water sector priorities and role of utilities

What are the priorities of the water sector in your country? What are the best strategies to help meet these priorities? What is the role of a water utility in implementing this strategy?

Exercise 4: Legal framework

What is the key law that gives a mandate to water utilities in your country? Are there other laws that dictate their functioning? Are there conflicting requirements in these different laws? Please propose an alternative way of resolving this situation.

Exercise 5: Sector Organization

Analyze the organizational set up of the water sector in your country. At the highest level, describe the functions of the Ministry in charge of water. Are water resources management, water services and wastewater services under the responsibility of the same ministry? What is the legal status and service area of the water utility you work for? To which public institutions is your utility accountable? Describe the relationship between your utility and these institutions.

V. LESSONS LEARNED

This section draws lessons learned from three countries: Tanzania, Jordan and Uganda.

A. Tanzania

Relevance of the national reform agenda

The water sector reform in Tanzania is part of wider reform which targets the entire public services sector, including Local Governments, Health, Electricity, Water, and Public Finance. The overall national reform agenda has taken place with the support of the highest levels of Government and the ruling party. This high level political commitment is an important prerequisite for comprehensive and substantial reforms. It also obliges the line ministries to go along and do their part, even against resistance from within their ranks.

In Tanzania, the development of the new water sector framework was complemented by the simultaneous establishment of a strong autonomous regulatory authority, which balances consumer and service provider interests and minimizes the intervention from the line ministry into operational affairs.

The lesson is that high level support is needed from the sector line ministry but it is not usually enough because people within the ministry may resist change. That is why the support of the highest levels of government (President's office, Prime Minister's office, Parliamentary committees) is often needed to accomplish reforms, especially when this is within a wider national reform agenda.

Importance of field testing of major reform elements

Tanzania gained extensive practical experience on major reform elements during the policy development phase. The approach of establishing autonomous commercialized water authorities in regional towns with support of the German development cooperation (Arusha, Moshi, Tanga and others) paved the way for policy acceptance and for the country-wide roll out in other urban centers. This approach was adopted as one

of the key reform building blocks, even before new legislation came into place.

In rural Tanzania, water supply used to be a governmental task through the district councils. In the 1990s, a number of community-owned water supply projects were successfully implemented with support of the German development cooperation in Northern Tanzania. These rural projects influenced the policy reforms and broke the ground for a country-wide roll out.

The results of the field tests of various reform elements in rural and urban water supply and sanitation convinced decision makers at the national level and customers alike. Elements like decentralized decision-making, tariff setting and cost recovery, community ownership and change of the government role were all field tested beforehand and introduced into the new water sector framework.

The lesson is that reform measures, approaches and organizational or institutional models have to be “home-grown” and field tested, and not imported and imposed from outside.

“Resistance to change”- how it can be overcome

Despite the encouraging high level support and practical field tests, the translation of the water policy into a national development strategy, the new institutional framework and the new legislation wasn't easy. As the building blocks were developed and put in place, fierce resistance occurred from within the water administration. Mid-management water sector staff started to realize the consequences of the reforms and how their interests and powers would be affected. This was overcome through extensive consultative processes, consensus and alliance building and involvement of high level decision makers from various Governmental offices, including the President's office. Occasionally, a small and short term “window of opportunity” opened to take the reform a big step forward. This was due to courageous decisions by leaders, who would then be relocated to other offices and were no longer in the water sector.

The lesson is that major changes that affect those in power require support from outside and from higher levels in Government. In addition, joint Donor (Develop-

ment Partner) support is helpful and should be orchestrated within a joint Donor/Government dialogue. Donor support can be destructive if it is not harmonized and aligned with the Government agenda. If it is linked to agreed performance indicators within the general and sector budgets, it can be a strong lever for change.

Mainstreaming the new water sector framework and its implications

Once the new water sector framework was enforced, a massive investment and development program was designed to support the implementation of the reforms. This included capacity development on all levels with an aim to sustain the changes and achievements. This sector and country-wide multi-financed program requires strong central steering and monitoring as well as decentralized implementation capacities. Both are in the process of being developed.

B. Jordan

Reform of the water sector in Jordan has included changes to the management of water services for the City of Amman. Previously under the responsibility of the Water Authority of Jordan, the water system transitioned to a commercially oriented company.^[4] A report on this corporatization offers the following lessons:

- “Lesson 1. Demand for reform may come from inside or outside the water and sanitation sector.
- Lesson 2. Donor agencies affect the supply and demand sides of institutional reform.
- Lesson 3. Reformers should engage and sustain strong political support for reform.
- Lesson 4. Reformers should anticipate opposition from existing organizations and individuals that may feel threatened, and then develop a strategy to deal with their interests and concerns.
- Lesson 5. A disciplined approach to reform is essential.
- Lesson 6. Careful planning is critical for the transition from the old to the new organizational arrangements because there is no guarantee of success in setting up the new company.
- Lesson 7. Consultants can provide an important

ingredient in the reform by helping the government in conceptualizing it, in bringing specialized talent, in supporting reform implementation, and in bringing to the discussions issues not necessarily identified at the beginning of the process.

- Lesson 8. Reformers should also keep in mind that, in the real world, things frequently do not work as expected by decision makers.”^[5]

C. Uganda

The existing laws and regulations in Uganda permit the participation of the private sector and offer the following provisions:

- The constitution of Uganda (1995) ensures that all Ugandans enjoy access to safe water.
- The Water Act, 1997 Cap 152, gives the minister powers to declare and appoint water authorities and delegate powers to a certain limit.
- The Local Government Act Cap 243 allows transfer of water and sanitation services from the central government to the local government.

As piped water supply schemes are constructed, the Urban Council is appointed as a Water Authority. The Ministry of Water and Energy (MWE) has a performance contract with each Water Authority. The Water Authority sets up a Water Supply and Sewerage Board which hires a Private Company to operate and maintain the system and provide the services through a management contract.

The Ministry of Water and Environment (MWE), through the Directorate of Water Resources (DWR) is the lead agency for urban water supply. It has the role of planning, policy making and guidance, support to local governments, allocating funds, general mobilization of funds and coordination of donor inputs. The MWE appoints, supervises and inspects activities of the Water Authority. It is the role of the minister to approve tariffs.

Water Authorities own the assets; carry out planning, budgeting, resource allocation and community mobili-

zation; follow up implementation by the private sector. They report to the MWE.

Private Operators are appointed by the Water Authorities to manage the day to day operations and maintenance of the water supply systems and all related operations and is paid a management fee per the contract.

Users and Consumers are obliged to pay for the services, report illegal consumption, and keep custody of their water meters among others.

The above contractual framework and the institutional roles are illustrated in Figure 4.

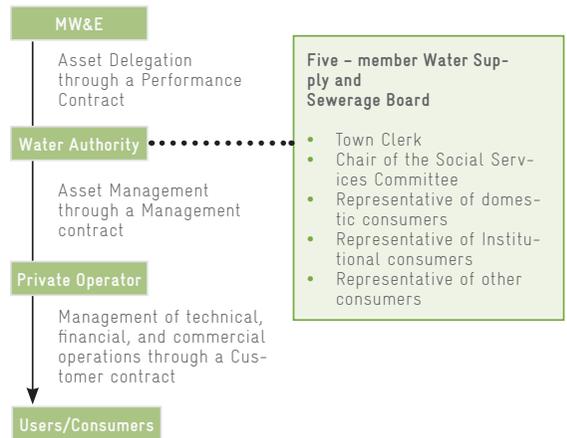


Figure 4: Contractual framework and institutional roles in Uganda

References

- [1] The United Republic of Tanzania, National Water Policy, July 2002
- [2] The United Republic of Tanzania, Ministry of Water and Irrigation, National Water Sector Development Strategy 2006-2015, September 20080
- [3] See http://www.parliament.go.tz/POLIS/BTS/general/GENERAL_FR.asp?fpkey=6-2009
- [4] See http://siteresources.worldbank.org/EXTSOCIALDEV/Resources/PEPR_Annex2_Water_Sector_Reform.pdf, pages 62-64
- [5] Segura/IP3 Partners LLC, Reforming the Water and Sanitation Sector: Challenges in Corporatizing Service Provision – The Case of Jordan, United States Agency for International Development, 2009, pages 42-43, www.segura-co.net/.../Reforming%20the%20Water%20Sector,%20Jordan.Pdf

Other chapters in the Impact Guidebook cover topics that are related to the Water Sector Framework:

- Governance
- Water Sector Management
- Regulatory Framework
- Chapters in the Organization Development section

Other references include:

Global Water Partnership Technical Committee, Background Paper No 7: Effective Water Governance, 2003: http://www.gwptoolbox.org/images/stories/gwplibrary/background/tec_7_english.pdf

Global Water Partnership Technical Committee, Background Paper No 4: Integrated Water Resources Management, 2000: http://www.gwptoolbox.org/images/stories/gwplibrary/background/tac_4_english.pdf

Department of Water Affairs, Republic of South Africa, A National Framework for Institutionalized Water Sector Partnerships, 2009: www.dwa.gov.za



