



# **Pushing the Envelope**

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**MAINSTREAMING DELIVERY TO THE URBAN POOR IN  
NWSC REFORM**

**INTERFACE CONSULTING**

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## Summary

This report outlines issues and circumstances of the urban poor regarding water supply and sanitation services in selected towns where NWSC operates. The purpose is to inform the on-going debate in the Uganda Urban Water Sub-sector about the most favourable institutional framework (PPP or Reformed NWSC) which will be pursued in order to improve the functional and fiscal efficiency of the utility so that the challenging targets for coverage of water supply and sanitation services in Uganda by 2015 are met. There are several questions about the various models of privatisation and their delivery of services to the urban poor, which concern Civil Society Organisations particularly that the commercial tone adopted so far will concentrate resources on those who can afford to pay for them and marginalise the poor unless a regulatory shield is in place.

The report is an output of several activities, starting with the development of the methodology for the study followed by consultation consisting of fieldwork in the informal settlements where various exercises were conducted to appraise the urban poor and the services they receive, backed by reviews of recent research, and insights from global experiences.

The consultation stage raised many issues, sometimes by omission and reinforced the picture of vulnerability of the poor in the urban sector reform, and a need for specific legislation and increased capacity in NWSC aimed at ensuring access to water supply and sanitation facilities by the poor.

## Findings

The following are the major findings of the study:

### ***The urban poor***

- Although the urban poor value the NWSC supplies, they live in densely populated informal settlements located in marshy and unplanned areas. Typically this is mailo land which is managed under a freehold tenure system or unused government land. These areas are immensely fragmented with unplanned infrastructure that impedes planned expansion by NWSC to reach the poor.
- The poor consume little water due to the problems tied up with poverty at the household level. Generally, women seem to be more involved in the collection and use of water whereas men are more vocal in deciding where pipes and taps can be constructed for community use. In areas with few standpipes and alternative sources, violence at the collection point is common; it is men that collect water. The poor in their plight have developed coping strategies which have negative health impacts.
- NGOs and other international agencies as part of civil society can be found in the poor areas trying to provide water and sanitation services. However initiatives for infrastructure development within the poor areas do not necessarily benefit the poor. The impact of approaches for the provision of services to the urban poor need to be monitored.
- Sanitation is a major issue which undermines efforts in water supply provision because of the cruel health impacts.
- The majority of respondents did not mind privatisation as long as the water prices remained ordinary and normal as they appear to be now. Private sector participation was viewed as an alternative as long as the rights of the poor are considered.

### ***Problems and issues of the poor***

- Technical problems such as low water pressure which causes low flows, and high air pressure which causes the meters to over record
- High water charges, inaccurate billing, high vendor prices, high connection costs and Value Added Tax , compounded by the low purchasing power of consumers
- Arrears accumulated for various reasons
- Inconsistent NWSC customer care
- Inadequate and in many places non-existent sanitation and solid waste disposal facilities

### ***NWSC***

- Service to the urban poor is not mentioned in and entrenched as NWSC's core values, norms or roles. NWSC does not have targets based on service to the urban poor. It is not clear whether provisions in NWSC's performance contract on the service enhancement to the urban poor have been explored by NWSC. The utility itself receives contradictory signals from the national coordinating and regulating institutions about service to the urban poor
- NWSC's does not have ample information to make informed decisions about the urban poor. Its perception of service to the urban poor is pegged to the provision of public standpipes. However, research has shown that the inbuilt subsidy in NWSC's tariff for stand pipe does not filter through to the intended beneficiaries. On the contrary the urban poor pay much higher prices for the services than those with private connections.
- Major activities planned for the urban poor are externally driven through donor-funded projects. There is minimal internal effort by NWSC. Even for the few planned activities under the projects, there is no evidence of effective coordination between the different departments.
- There are no clear mechanisms within NWSC to involve consumers in low-income settlements in planning, designing, managing and monitoring services in their locations. Recommendations on the urban poor from previous studies have not been implemented, two years down the road. NWSC currently lacks the capacity to effectively tackle the complex situation of low-income settlements
- Though service to the urban poor has been mentioned in the follow-up performance contract between NWSC and GoU, the concept has not been given enough priority. For example, no performance indicators and targets on service to the urban poor have been stipulated. NWSC incentives to serve the urban poor are externally driven by political affairs and not as a corporate mandate. Even the internally delegated area management contracts currently running for the next two years have not made any provision to specifically target the urban poor

### ***Conclusion***

NWSC has the potential to serve the urban poor. It has a well qualified staff, easily one of the most educated in water utilities in the region. In the recent past, its financial performance has been on an impressive positive trend. Furthermore, the macro environment is much more conducive than ever before: Service to the poor is not only on the development agenda of the international donors, but is also high on the national agenda, as evidenced by Uganda's highly publicised Poverty Eradication Action Plan. Clearly, NWSC has got a critical role to play in eradicating poverty in the urban areas of Uganda. There are, however, several gaps. The first one is that the current regulatory body for NWSC (Utility Reform Unit) has not perfectly linked up the PEAP targets to the performance framework for NWSC. The other missing link is that NWSC's management has not embraced and mainstreamed the pro-poor values into the

organisation. There is need, therefore, to synchronise the pro-poor values espoused by the national leadership (as per published plan of action) to regulating interface, and further down to NWSC.

### ***Conclusion regarding the PPP option***

A substantial proportion of the urban poor in Uganda are not receiving water and sanitation services from NWSC and have to pay a high price for alternative supplies. The case studies described from around the world demonstrate that it is possible for utilities to provide quality, affordable service to the poor, including those living in 'illegal' slums and shanties, who benefit disproportionately from the improvement in quality and convenience and reduction in costs. However the utility awareness of this role of serving the poor and any subsequent commitment and ability to undertake this task in the necessarily flexible and creative manner required normally only follows from a significant level of organisational and institutional reform.

Although utilities can reform without private sector involvement, the introduction of PPPs has often been necessary to provide a strong enough impetus to overcome the reluctance to disturb current patterns of working, as well as overcoming various vested interests. The most effective PPPs for reform and service to the poor have been where the utility has retained very clear, comprehensive and integrated responsibilities and authority over operational expenditure and capital expenditure.

The concession model of PPP which best incorporates these characteristics is no longer an option because of the reluctance of international operators to risk their capital in fixed assets and the reluctance of governments to allow them the pricing structure, the profit margin and/or the foreign exchange guarantees which might overcome this reluctance to invest.

If this 'best' option is no longer available the question WaterAid should be asking is whether the 'least bad' option presently tabled is 'good enough'? Does it deliver institutional simplicity and clarity of responsibility and authority? Is the opportunity of organisational gaming and 'buck-passing' minimised? Are the benefits potentially to be gained from any introduction of PPP likely to outweigh the costs, both financial in terms of fees/profits and those deriving from the 'law of unintended consequences' in any institutional reform? Has the extent of reform in NWSC been sufficient to obviate the need for significant restructuring and unfreezing through PPP? Would a 'Super NWSC' with special management partnering and the introduction of an economic regulator be sufficient to deliver EESERT services to the poor? Or has government now gone so far down this road of Public Private Partnerships that politically, nationally and internationally, it is now unable to look at alternative solutions?

The goal remains clear, convenient, good quality, affordable water and sanitation for all urban dwellers in Uganda. The customer specific solutions to achieve this goal are well understood. The institutional framework and the organisational mandate to achieve the goal must be clarified as soon as possible.

## **Glossary**

**ADB-** African Development Bank  
**BOD-** Bio Oxygen Demand  
**BOT-** Build-Operate and Transfer  
**CAPEX-** Capital Expenditure  
**CBO-** Community Based Organisation  
**CSO-** Civil Society Organisation  
**DFID-** Department for International Development  
**EESERT-** Efficient Equitable Sustainable Effective, Replicable, Transparent  
**GI-** Galvanised Iron  
**GOU-** Government of Uganda  
**IPAS-** Peri-urban Initiative for Water and Sanitation  
**KCC-** Kampala City Council  
**KUSP-** Kampala Urban Sanitation Project  
**MoFPED-** Ministry of Finance, Planning and Economic Development  
**MWLE-** Ministry of Water Lands and Environment  
**NGO-** Non-Governmental Organisation  
**NRW-** Non Revenue Water  
**NSDP-** National Slum Development Programme  
**NWSC-** National Water and Sewerage Corporation  
**O+M-** Operation and Maintenance  
**OECD-** Organisation of Economic Cooperation and Development (Developed Countries Group)  
**OPEX-** Operational Expenditure  
**PEAP-** Poverty Eradication Action Plan  
**PC1-** Performance Contract 1  
**PC2-** Performance Contract 2  
**PPP-** Public Private Partnership  
**PUSRP-** Privatisation and Utility Sector Reform Project  
**PSP-** Private Sector Partnership  
**PVC-** Poly Vinyl Chloride  
**SME-** Small Medium Enterprise  
**SSIP-** Small Scale Independent Providers  
**UfW-** Unaccounted for Water  
**UGE-** Employment Generating Unit  
**USO-** Universal Service Obligation  
**UWASNET-** Uganda Water and Sanitation NGO Network  
**VAT-** Value Added Tax  
**WSS-** Water and Sanitation Services

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# **1 Introduction**

## **1.1 Background**

Water and sanitation provision is one of the filaments of the Uganda Poverty Eradication Action Plan. Government of Uganda has set ambitious targets for universal access to these services by 2015. The sector is undergoing reform characterised by decentralisation and commercialisation. The Urban Water Sub-sector is being transformed institutionally, with increasing private sector participation in service delivery through appropriate mechanisms, establishment of an asset holding entity guided by an autonomous regulatory structure as the key features. Private sector management of urban utilities has proved its value but must be regulated to ensure that interests of the poor communities are not neglected. This is the foremost concern of Civil Society Organisations, which are perceived as partners to GoU in the provision of these services especially with respect to the needs of the poor (PEAP,2001).

## **1.2 Purpose, outcomes and outputs**

The purpose of the project was to assess the needs and service requirements of the urban poor, and how they are currently served in order to inform the options review that the Government is currently undertaking.

The main outcome of the assignment is an objective analysis of NWSC and the PSP models with recommendations on the way forward on the following specific issues:

- Access to improved WSS services by the urban poor
- Efficiency and value for money by the utility operator
- Effective involvement of civil society in the reform process
- An implementation framework and guidelines for developing WSS services targeted to the poor

The main output is this final report which records the project process, provides in-depth analysis and conclusions that form the basis of useful contributions by WaterAid in the on going debate in the urban reform process.

## **1.3 Terms of Reference**

WaterAid Uganda engaged Interface Consulting to carry out this assignment. Terms of Reference are in the Annex.

## **1.4 Objectives**

The objectives of the consultancy can be considered in relation to the needs of the service beneficiaries, the institutional environment for reform, the role of PPPs and in relation to NWSC itself.

### *Service Beneficiaries*

1. What are the needs and wants of residents in low-income settlements concerning water supply and sanitation services?
  - a. What are the different water uses of urban poor households? (domestic, livelihood uses – describe what these are) How much do urban poor users pay for their water (measured in per capita/day)?
  - b. How much water, approximately, is used for these different uses? For livelihood uses, estimate of cost of water compared to income from the use of water.
  - c. Who in the household has main responsibility for fetching water? How long does it take to fetch water (go, wait, come back)?

- d. What do people do or where do people go to deal with their sanitation needs? How much do urban poor households pay for use of sanitation facilities? What other costs are borne by urban poor households due to current levels of sanitation 'services' or lack of services?
2. What level of service do the 'urban poor' receive from NWSC? In terms of : technical options, pressure, hours of service, reliability of service, service quality, payment options, customer service, etc.
3. What level of service do the 'urban poor' receive from NWSC? In terms of : technical options, pressure, hours of service, reliability of service, service quality, payment options, customer service, etc.
4. What other coping strategies do the 'urban poor' adopt to address their water and sanitation needs? In terms of alternative sources of supply; what other sources are used; what have they invested in these sources to ensure continuity and reliability; what are the opportunity costs such in terms as time forfeited; How much water do they use from these other sources and for what uses (domestic, livelihood, etc.)? What are the associated costs? How do these costs compare with their approximate income?
5. What services do the urban poor receive from other water and sanitation service providers, if any (as in 1b above)? Who are these providers and where do they get the water? If sanitation providers (pit/septic tank / cesspool emptiers or cleaners), where do they dump the sludge collected? If toilet providers, what is the level of service. If NGO or CBO provider, what is the total water and sanitation service provided to the urban poor community?
6. What are the barriers to receiving piped water services in low-income settlements, in terms of new-connection procedures/costs, and tariff structure? (Transfer this question to under the NWSC section.)
7. What are the experiences world wide of how services can be delivered to the poor in slums

#### NWSC

1. What is the mandate of NWSC concerning provision of service to residents of low-income settlements in the urban areas?
  - a. What is NWSC's current policy on service provision to the 'urban poor'?
  - b. What is the current level of service provided by NWSC in urban poor areas? (Type of technology used, water quality, hours of service, levels of connection and user fees, level at which service is provided – community or household, sanitation/sewerage) What is the uptake level? What have been the successes and shortfalls?
  - c. What structures and procedures are in place to plan, provide, and manage services to the 'urban poor' and for monitoring these services? How does NWSC involve its urban poor clients in any service planning, designing or monitoring?
  - d. Does NWSC provide any service level(s) specifically tailored for the 'urban poor'? How does this service level compare to services provided by NWSC in non-poor areas or non-poor households?
2. What are the barriers to providing services to low-income settlements? (Technical specifications, legal, financial, others – explain the barriers. At what level of NWSC are these barriers identified, monitored and addressed?
3. How has service provision to the 'urban poor' featured as an issue in NWSC's change management programmes since 1998? What progress has been registered?

4. What are NWSC's future plans concerned with service provision to the urban poor or urban poor areas? How is service enhancement to the 'urban poor' provided for in NWSC's enhanced management contract model?
5. What role do independent small scale private providers play in improving service provision to the 'urban poor'?
6. What is in place to monitor and report on 'customer experience' of NWSC services in urban poor areas? What is in place to handle enquiries and any complaints, and are these used by poor individuals? What is the NWSC response time to complaints in urban poor areas compared to response time in other areas?
7. What is NWSC central management perception of their performance on serving the urban poor? What is the NWSC decentralised management perception of their performance on serving the urban poor?

#### *Institutional requirements for Utility service to the urban poor*

1. The Model of service provision – 'product take-up'
2. Segmentation and Differentiation by the Service Provider and Institutional Implications (Avoiding ghettoisation)
3. Implications for Utility Management – breaking through the performance ceiling and reform – with strategic goals agreed with vision, autonomy and financeability with clear responsibility and authority, to deliver mechanistically an exact product along with flexibility to respond to changing customer needs, all as efficiently as possible through comprehensive opex/capex trade-offs delivered with appropriate regulatory oversight
4. Looking for a step-change: organisational behaviour - contingency, context, 'tiredness' and change management.
5. Reinventing or replacing NWSC - evolutionary or revolutionary change

#### *The role of PPP options in delivering a step-change in service delivery*

1. What is the range of PSP options that have been considered for application in the Uganda urban water sector?
2. What is the preferred PSP option in the Ugandan context considering global experiences
3. The limitations of the ideal....Foreign exchange risk and Suez pull-back; political capital risk and restrictions on ideal . . .the risk of the compromise designed in a committee – can the hybrid deliver?
4. What regulatory mechanisms are applicable? What are the experiences in other parts of the world?
5. What role can Civil Society play in improving service provision to the urban poor? In direct service provision? In service regulation? What are perceived roles that different stakeholders expect civil society groups to play in improving service provision to the urban poor? – Perspectives from multiple stakeholders: central government, city government, NWSC, other private providers, the NGOs themselves, and the urban poor 'beneficiaries' as well.

### **1.5 Method**

The work was carried out by an international and local consultant team managed by Interface Consulting. The methodology involved using participant observation; key informant interviews with area operational water managers, local council leaders, public health officers who are KCC staff, elderly landlords ; focus group discussions with women and men ; in depth interviewing of individuals such as women in selected households , water vendors and stand pipe operators; and review of recent research and case studies. The areas studied were selected with the help of local council leaders and NWSC staff concerned with delivering services to the poor. KCC also

helped in drawing our attention to the sanitation question because they know about the planning of the city and have an ongoing project on sanitation. The research team made pre-field visits and tour of Kampala and Masaka towns consulted the local council leaders and communities on conditions and indicators for the poor.

### 1.5.1 Field work

The study was carried out in all the five and three divisions of Kampala and Masaka respectively. Two focus group discussions were held in each of the eight divisions. Altogether, there were 16 focus group discussions held (8 women and 8 men) supplemented by 12 key informant interviews. Selected informal settlements included Namuwongo -Wabigalo, Mulimira zone, Kawempe, Bukoto 1 and Kasubi-Nakulabye; Nyendo, Katwe-Butego and Kimanya-Kyabakuza. This information is summarised in Table 1-1 below.

**Table 1-1 Selected Areas visited for the Study**

<b>Kampala</b>	<i>Parish/ Village</i>	<i>Type Of Urban Setting</i>
<i>Divisions</i>		
Nakawa	Bukoto 1 (Mulimira Zone)	Informal settlement (slum)
Rubaga	Nakulabye,	Mixed: Peri-urban, pockets and informal settlement (slum)
Makindye	Namuwongo-Wabigalo	
Kawempe	Kyebando (Kanyanya quarter zone)	Mixed: Peri-urban, pockets and informal settlement (slum)
Central	Kisenyi	Slum
<b>Masaka</b>		
Nyendo	Mukide, Kitovu -Kasana	Slum
Katwe-Butego	Ndegeya-Saza	Peri-urban and pockets
Kimanya-Kyabakuza		Peri-urban and pockets

## 2 Findings

### 2.1 Who and where are the poor located?

#### 2.1.1 Informal settlements

Most of the poor live on mailo land which is managed under a freehold tenure system or unused government land in marshy or swampy, poorly drained and flood prone areas. Fragmentation and the development of unplanned infrastructure are characteristics of these areas. The houses, typically 9m<sup>2</sup> are overcrowded and made of mud and wattle with unplastered floors. Some of the poor live in houses with exposed un-burnt bricks. In each household, one is likely to find two adults and an average of 4-7 children per family. Population in these settlements is highly mobile because most adults rely on casual labour for a living, and will be in an area only for as long as employment is available. Due to lack of space, the pit latrines are located close to the houses.

#### 2.1.2 Peri-Urban areas

Dwellers are on the fringes of the town such as Nakulabye and Nateete. They are locals who, own land and live in larger and more permanent brick houses with iron sheet and in some cases, tiled roofs equipped with electricity. They are shop keepers and small scale coffee and subsistence farmers. It was observed that most of them owned connections outside their houses. Those without connections buy from their neighbours.

#### 2.1.3 Pockets of the poor

These are poor people located among rich consumers because of several reasons:

- The head of the household has died from AIDS or lost his job and with no defined income it is difficult to pay water bills regularly. Consequently these households have fallen a few places down the economic food chain, but are located in the more affluent residential areas. In these houses, sub-letting is common, with two or three families paying to a pseudo landlord.
- Customary landowners who have held on to their land for cultural and historic reasons, such as ancestral burial grounds and are surrounded by urban growth. These earn an income from casual jobs and petty trading.

#### 2.1.4 Water supply service providers

The Table below shows the providers and types of services offered in the urban poor areas

**Table 2-1 Service Providers in Urban Poor Areas**

Provider	Type of Service
1.NWSC	Kiosks, standpipes and yard taps
2.NGOs	Stand pipes, spring protection, shallow well construction, VIP latrines construction, drainage construction
1.Private Sector a) Vendor b) Cesspool Emptyer	Water supply, and latrine emptying
5. Kampala City Council	Drainage channel construction, On-site sanitation construction(latrines, soakaways and septic tanks )
6. Community Groups	Stand pipes, spring protection, VIP latrines and channel clearing

### 2.1.5 Water Use

Invariably the poor use little amounts of water. Table 2-2 below shows typical daily usage obtained from participants in the Focus Group Discussions.

**Table 2-2: Typical daily water use by the urban poor in Kampala and Masaka**

Division	Household	Water quantity (litres)					
	Size of family or household members	Cooking	Bathing	Washing	Drinking	LitresPer Capita	Livelihood uses (mainly crude gin distillation)
Central	5	10	30	20	5	13	200
Makindye	6	5	12	20	2	6.5	190
Nakawa	7	10	20	20	3	7.6	200
Kawempe	5	40	20	30	2	18.4	200
Rubaga	7	30	40	40	5	16.4	200
Nyendo	5	14	40	40	5	19.8	n.a
Katwe-Butego	5	10	20	10	2	8.4	n.a

#### *Water use per Capita*

Average water use per capita from the Table above is 13 litres, although based on a small sample size that can not be considered representative; it is a good indicator of the per capita consumption by the urban poor. Results obtained from more extensive studies (GKW Consult/Multi-Konsult/Aqua Consult 2003), AquaConsult, 2002), conducted in Kampala indicate an average per capita consumption of 20 litres.

#### *Other uses*

In most informal settlements visited in particularly Kampala, the major economic activity is the distillation of crude gin. As indicated from the data in Table 2.2, substantial amounts of water (10 jerrycans per day or 200 litres), are used in the distillation process but very little or none of the water used in this small scale industry is re-used for domestic purposes especially in cases where water is bought from a standpipe operator or vendor. In households with yard taps, there is a slight increment in water use for domestic purposes. However, in all cases, the pits and pools of black water create an unhygienic environment in the home and this inevitably affects the general health of the people particularly children in the home. In Masaka, it was observed that there was minimal use of water for livelihood purposes in the informal settlements. The major economic activity in the peri-urban areas is rain-fed subsistence agriculture.

Table 2-4 below shows the indicators tested in a study by Maxwell Stamp Plc (2003) which could be used by a utility to track changes in service levels in low income areas. Again the indicators were tested using 27 questionnaires and observation, which is too small a sample size to carry out dependable analysis. They were however found to be useful from observations in this research. The indicators considered vary among the different categories of the poor. On average the urban poor consume between 13 to 15 litres per capita Table 2-3 compares some of the

indicators. The per capita consumption is markedly low for the peri-urban poor yet they have the shortest distance to their piped water source and they pay the least. The reasons for satisfaction are different; the “pockets of the poor” are dissatisfied with NWSC mainly because of the arrears and perceived inaccurate billing, while the peri-urban poor are satisfied with the utility because of the convenience of having a reliable connection outside their houses. The distance to the nearest sanitation facility was not significant; however the latrine types and their state are a more reliable indicator for identification of the poor. The latrine of someone whose main house is made out of mud and wattle is visibly different from that owned by someone living in a brick house.

**Table 2-3 Typical Indicators and how they vary in the different categories of the urban poor (based on a small sample size)**

<i><b>Indicator</b></i>	<i><b>Informal settlements</b></i>	<i><b>Peri-urban poor</b></i>	<i><b>Pockets of the poor</b></i>
Average per capita consumption(lcd)	24	14.3	25
Average weekly expenditure on water (shillings)	1729	1338	3850
Average time spent collecting water (minutes)	37	6	6
Average distance to nearest piped water source	50.4	3	10.4
Percentage satisfied with NWSC service	14.3	62.5	0
Percentage of women and children collecting water	94	84	70

Average consumption per capita is too high at 24 and 25 litres, for the informal settlements and the pockets of the poor, but computation of the figures considered water use for livelihood purposes which is quite high for households distilling gin for an income.

**Table 2-4 Performance of proposed service level indicators based on 27 questionnaires**

Example Indicator	Performance at the time
1. Percentage of h/hs with their own connection	37
2. Average consumption per person in the house lcd	21
3. Average number of hours of utility water supply per day	16
4. Average number of days a week that utility water is supplied	5.7
5. Average time taken to collect water for the household each day (minutes, from yard taps and stand pipes)	22
6. Average distance to nearest usable piped water source (meters)	29
7. Percentage of h/hs which buy water from a neighbour's yard connection	11
8. Percentage of h/hs using water kiosks or stand posts	52
9. Percentage of h/hs which obtain water from cart vendors, water carriers or tankers	0 <sup>1</sup>
10. Percentage of h/hs which use more than one source	67
11. Percentage of water collected by women and children	84.5
12. Average weekly h/h water bill (Shillings)	2000
13. Average vendor prices(Shillings)	37
14. Percentage of people satisfied with utility services	26
15. Percentage of h/hs with access to a functioning sanitation system within 20 meters of their residence	89
16. Percentage of water samples compliant with national standards per year	100 <sup>2</sup>
17. Number of water samples analyzed per year	576
18. Percentage of complaints served within one week of lodging	100 <sup>3</sup>
19. Percentage of households connected to the sewerage system	29

<sup>1</sup> Consumers surveyed all obtain water from NWSC and only buy from cart /bicycle vendors when the utility service is unavailable.

<sup>2</sup> Samples are taken from the waterworks, reservoirs and taps. Source: Principal Analyst NWSC, Bugolobi

<sup>3</sup> Complaints are registered at the reception and through a toll free line (used mainly by the more affluent consumers). Plumbers are assigned and must report back within 6 hours, or by the end of the day. Invariably registered complaints do not last a week.



## **2.2 Issues of the poor**

### **2.2.1 General**

In both towns visited piped water supply is valued by the urban poor irrespective of difficulties such as low-income levels and living in unplanned areas. Particularly in Kampala, respondents appreciated the regular supply, good quality of the water, and prior information about disconnections which were typically twice a month.

### **2.2.2 The poor feel neglected**

Participants in the focus group discussions felt that urban authorities do not consider the poor as priority in service delivery. The urban poor felt that they have been ignored while planning for the development of the city, yet they play a crucial role in the urban economy and oft the politicians rely on their voting capacity during political office elections.

### **2.2.3 Low water pressure**

Some consumers complained about low water pressure at the stand posts which reduced the flow from the tap to a trickle and causes queuing at the neighbouring taps. Queuing also raises the price of a 20 litre jerrican of water from 25 to 100 shillings. Those who are willing to pay more are allowed to jump the queue by the operator. In these areas it's the men who fetch water because collecting at the tap is often violent. Those who cannot pay the high price spend more time collecting water or resort to alternative sources such as springs and shallow wells. Low water pressure is attributed to the following<sup>4</sup>:

- Old GI pipelines have gotten choked over time, and need to be replaced.
- Numerous draw off points where by many stand post operators have tapped off the supply line which the main pipe diameter cannot sustain.

### **2.2.4 Air pressure**

In the peri-urban areas visited, most of the consumers had connections outside their houses, some sold to the neighbours and some did not. They feel that they are paying for water they do not use due to air pressure which causes the meters to over record when the tap is turned on fully.

### **2.2.5 High water charges**

The price of a 20 litre jerri-can in the peri-urban areas is 50 shillings, purchased from neighbours. Whereas the equivalent amount would cost only 12 shillings with an NWSC domestic connection; in the informal settlements it ranges from 25-33 shillings per 20 litre jerrican and the NWSC tariff charged to a stand post operator is 8 shillings. Installation of domestic connections and public stand posts is demand driven. Consumers in the informal settlements request for a standpipe through the village LC I, and are willing to pay 25 shillings for a 20 litre jerri-can. NWSC sells water to the operator at a low price and recommends a sell price which it can not enforce because from then on the stand post operator is treated as any other customer; to pay bills for water supplied.

From the above prices it appears that the standpipe operators should make a tidy profit. In some cases (when the pressure is low and prices shoot up to 100 shillings) this is true. But the operators also have costs and needs which are high compared to the price of water. Operating a stand post requires that you are physically present at all times to receive money and measure out water to a consumer, or hire someone to do it for you (at typically 20,000 shillings per month), making it labour intensive even when the opening times are limited, and yet in the informal settlements, the quantity of water you can sell is limited due to the low per capita consumption, meaning that you have to raise your price in order to break even. In one case in Mukide, Masaka,

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<sup>4</sup> Source: Distribution overseer Masaka Area

the operator also has a more lucrative photography business, as a result, he is only available to sell water for a limited time (2-3hours) and he comes late in the day.

The operators complain that the 20litre jerry-cans are expanded by customers to accommodate between 22-25 litres, who insist that they are filled to the brim and for which they pay the price of a 20litre volume. Most operators interviewed say the bill seems to be high when they get it. On the one hand there is poor financial management by the operators, because in all cases, they can obtain profits, even after paying taxes. NWSC discusses financial issues at the time of connection, advises on a deposit before connection and is willing to receive weekly payments instead of the usual monthly. The operators need to talk to their customers to reach a common stand on the tampered jerry-can issue. Also more contact is required between NWSC and the operators and other consumers to improve their confidence in the system because they seem to be willing to accept the tariffs but are sceptical about the accuracy of their bills.

### **2.2.6 Arrears for the urban poor**

In the urban areas, there are consumers who purchase water from their neighbours but have house or yard connections that are not in service, due to disconnection. Others have huge arrears but have entered into agreements with NWSC to clear the debt by paying a certain amount every month. Failure to pay bills was attributed to the following:

- inability to pay due to delayed billing because the consumer cannot pay for several months accumulated consumption in one payment
- unwillingness to pay due to huge arrears left behind by previous tenants
- Inability to pay at any time(households where the bread winner has died from AIDS or other causes)
- sewerage charges even where there is no connection, and
- the high re-connection charge, which makes buying water from a neighbour a cheaper option

### **2.2.7 Low purchasing power of poor consumers**

The economic activities in the informal settlements are casual labour at building sites and in gardens, local gin distillation, and petty trade. Most inhabitants lack marketable skills. Predominantly, the women do petty trade and some are stand post operators. Households progressively spend less on water as the number of people in the house increases. The lower the income the less money is spent on water. One stand post operator said that she is forced to extend credit to some households because there is no ready money to spend on water. This problem is more marked in the informal settlements. In the peri-urban areas, inhabitants are subsistence farmers and shop keepers and are able to buy water for their domestic needs. Generally, the poor are not able to pay for their optimal water needs.

### **2.2.8 NWSC customer care**

Stand pipe operators and yard tap owners have to travel to the NWSC offices located at the end of Masaka town, to pay their bills, register complaints etc. From the point of view of NWSC, the location is optimal to serve the consumers. Operators at the farthest point complain of the long distance and the lack of contact with NWSC. Unless the meter is locked they never see the meter readers. In addition, the poor expressed the need for water offices to be established at parish levels such that water services and the payment of bills are brought nearer to the communities. Because they are *“afraid of going to 6<sup>th</sup> Street to be attended to alongside the rich people”*. Where as it may be uneconomical for NWSC to decentralise its offices further, there is an opportunity for the field staff to act as the “face” of the corporation, and take on more customer relation duties, so as to improve on the timeliness of responses to problems in the field. This means that their field work has to be designed in such a way that there is more cost effective contact with consumers.

### **2.2.9 Perceived inaccurate billing**

Consumers with their own connections, outside their houses interviewed were unconvinced about the accuracy of their bills for the following reasons:

- Meters are faulty
- Meter readers record erroneously
- Mistakes by the billing section at the NWSC office

These complaints are not hard to believe. NWSC has a track record of high levels of unaccounted for water and corresponding low billing efficiency (40% and 60% respectively for 2002)<sup>5</sup>. This was also confirmed at the complaints desk in the Masaka area, where faulty meters, inaccurate billing are frequently reported. There may also be flaws in the entry of consumer information into the NWSC database.

### **2.2.10 Value added tax**

Consumers with their own connections complained that VAT increases the amount they have to pay. It is contentious if the imposition of VAT on water is proper since it's a social good used to meet basic health needs. As a utility, NWSC has to operate commercially and to do so it has to raise its tariff significantly. But the increment is constrained by affordability and other social criteria, and by political difficulties. Hence it may not be possible to increase tariffs to a point where revenues would allow NWSC to meet all its financial obligations. The constraint would be eased if NWSC was able to keep the total money which consumers can afford to pay without having to pass on 17% of the sum collected to government moreover after billing and not on receipt of payments, which is a potential loss in revenue because it depends on whether all bills are honoured. Therefore the elimination of VAT on water would enable NWSC to increase rates closer to the tariff required for full cost recovery whilst limiting the increased burden on consumers. Specifically VAT on sales to community managed standpipes and other standpipes where the operator has signed an agreement with NWSC limiting his resale price is dubious because these agreements have not helped in keeping down the price the poor have to pay.

A plausible explanation for the current policy on VAT is the purpose of taxes simply to raise money and not to achieve any other objectives. This is not efficient. The net value to government of VAT raised is largely restricted to that charged on domestic sales. First of all industrial and commercial consumers can reclaim the VAT simply by subtracting it from the sum they pay on their own sales. Secondly, government itself consumes most of the institutional sales. This money is simply being moved from one government account to another. Consequently the main financial benefit government derives from VAT on water is from domestic sales; from taxing a basic need (yet there is some items that are less necessary than domestic water on which VAT is not charged). Part of this is lost in as much as NWSC is able to deduct the VAT on its own inputs from the money it hands over to government.

### **2.2.11 Sales promotions sideline the poor**

Some consumers felt that promotions and other social marketing activities by NWSC left them out. In sales promotions decided by the area managers, prizes are awarded for connection, prompt payment of bills and in some cases consumption; inevitably this tends to benefit rich consumers and sideline the poor because the costs involved are prohibitive. Obviously this is an oversight by NWSC because it misses the opportunity to develop strategic approaches to improvement in their services through involvement of poor consumers.

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<sup>5</sup> NWSC Newsletter March 2003

### **2.2.12 High connection costs**

Consumers who are willing to connect on to the distribution system feel that the connection costs are high-priced. Part of this is the connection fee, (UG Shs 58,500 for domestic supplies) but greater dissatisfaction was attributed to the fact that the distance between a convenient connection point on the network and the potential customer's home is great. This means that pipes and fittings required to install a yard tap are many, an exorbitant cost borne solely by the customer.

### **2.2.13 Inadequate Sanitation and solid waste disposal**

All the informal settlements visited lacked adequate sanitation and garbage disposal facilities. Most of the alternative water sources (protected springs and shallow wells) were built close to pit latrines, which has led to contamination of the water and subsequent poor health of the inhabitants. Because of the limited space many households also share latrines and bathrooms, and one could find 5-20 households sharing one latrine in an arrangement where the landlord pays the latrine "rent" and the residents pool money to pay for hiring a cesspool emptier which is an additional cost for the urban poor. Fecal matter and garbage was observed to be strewn all over in all divisions visited. Some residents resort to "doing their thing" in polythene bags which are thrown away at night. Residents cited high charges by KCC for maintaining garbage skips in their locations. Notably water and sanitation related diseases such as cholera and typhoid are endemic in these areas. NWSC says its responsibility is sewerage which means sewers and sewage treatment and to this end, all cesspool trucks empty their contents at the NWSC treatment plant. The institutional responsibility for hygiene and sanitation is with KCC. A Memorandum of Understanding exists between KCC and NWSC in which consumers are supposed to benefit from the complementarities in the different roles of the two bodies with regard to sewerage and sanitation, whereby NWSC provides potable water and KCC deals with environmental sanitation and public health aspects. The effectiveness of this arrangement in the urban poor areas is highly questionable.

### **2.2.14 Gender issues**

Women were found to pay attention to drinking water because of illnesses related to water borne diseases. In Bwaise and Kifumbira, cholera and worms were considered hazardous to their children and themselves. This is because women maintain responsibilities for household chores and prioritise differences between drinking water and water for washing or bathing unlike the men.

## **2.3 Coping strategies and their health impacts**

Residents were asked on how they coped at household level with the difficult water supply and sanitation situation. Below are the various strategies:

### **2.3.1 Using water sparingly**

In some areas, people spend days without bathing due to scarcity of water. Some women use wet clothes to wipe their sweat and the red clinging dust off their bodies. They also wash clothes at the well or water point. Others cook once a day to save on water and washing of dishes.

### **2.3.2 Pooling resources**

Most people collect money and hire cesspool emptier to assist with the toilet facilities because they share and the latrines fill up quickly.

### **2.3.3 Using waste water for household chores**

At the household level, women in focus group discussions in Kifumbira and Wabigalo zones pointed to the fact that they use water in an economic way, by ensuring that they have 2 jerricans per day for all the different uses. Some go ahead to bathe while stepping into the basin of water so that the same water can be re-used in cleaning the house. They also pile up the day's dirty dishes to be washed all at once. They also wash their children one after another in the same

water to save on the water used per day since husbands leave their wives with daily deposits of U Shs.1000/- (US \$ ½) to run a home. Women also make other management decisions over the management of water in the house besides devising means of cost effectiveness. For instance, in most focus groups, men referred to water use and management as women's area. The men gave examples of women deciding to use tap water for cooking and drinking while washing clothes could be done using collected rain water. Low consumption was attributed to the cost of the water and the lack of money or reluctance to spend beyond a given amount due to other pressing needs.

#### **2.3.4 Alternative water sources**

Residents resort to springs and shallow wells for some or all domestic water uses because it is free. However, consumption per capita from these sources does not increase significantly, because of the distances travelled (up to 6km return trip) and the queuing. When there is an interruption in the supply from NWSC cart or bicycle vendors collect spring water and sell it between 25 and 50 shillings per jerrican because of the high demand.

#### **2.3.5 Using Communal project taps**

In relation to the above, local leaders as key informants told of public water kiosks which they set up in their areas to assist residents specifically when there is scarcity and when the rains cause severe contamination of the groundwater sources. However, these were poorly managed. Water was carelessly left to flow by children which led to huge bills and disconnection in almost all villages visited.

#### **2.3.6 Renting latrine facilities**

Some residents such as in the central division have private latrines. These rent the facilities to their neighbours who pay U Shs.10.000 per month for 2-3 households. If a landlord has several rented rooms (about 6), she or he pays U Shs. 20.000 per month to the latrine owner.

#### **2.3.7 Health Impacts**

When water is scarce, little water is available for hand washing, thereby increasing the risk of water-washed diseases. Also the water from springs and shallow wells is heavily contaminated from the surrounding activities and in a particular case by effluent from a soap factory. Using it for drinking increases the incidence of fecal-oral diseases.

#### **2.3.8 Stand pipe operators**

*Using poly water tanks as reserves*

The stand pipe operators and yard tap owners mentioned that they own water tanks acting as reserves to manage the selling of water during periods of shortage.

***"It is easier to store water in tanks such that when it is scarce, then people can buy and I make profit to be able to afford the NWSC bill." Standpipe operator***

Yard tap owners keep big containers and plastic tanks which they fill with water and sell to other residents during water crises. The tanks are for commercial purposes and their costs range from 70,000 Uganda /= (20 pounds) for a 140 litre tank to 2695000/= (770 pounds) for 10,000 litre capacity tank.

### **2.4 NGOs**

NGOs are immensely varied. Some work as non profit service providers, sub contracting work from government, some are linked to churches such as the Catholic and Protestant, some to northern NGOs or international agencies and a few to private capital. Namely, one finds African Evangelistic Enterprises (AEE), Concern Worldwide, KUSP a KCC project. During some interviews with NGO workers, a number of problems that they encountered in trying to help the

urban poor were raised. First of all, there are so many households and areas are densely built close to each other and with no space to offer to NGOs to give them a service. The dense housing is due to landlords increasingly selling patches and plots originally close to their houses and without housing plans approved by the municipal authorities.

***“There is no space to offer to these service providers. The whole area is covered by these very small shanty structures made out of mud and wattle and earth construction. So there is hardly any place left to offer for constructing latrines and laying water pipes.” (Local council chairman Bukoto1, Nakawa) division).***

Sometimes when an NGO builds channels to transport dirty water or prevent stagnant water which may lead to mosquitoes and spreading of malaria, the residents because of lack of garbage deposit areas throw the rubbish comprising of decaying banana peels into the finished channels clogging them. The water drainage channels later flood during the rainy season and then contaminate the water points. For instance in Bukoto 1, Uganda Red Cross has been regularly visiting the area to improve on the drainage systems but the residents abuse them by throwing rubbish and also defecating in polythene bags and using them as toilets.

#### **2.4.1 Approach is important**

It was observed that even though service providers mean well, infrastructure development needs to be strategic and put in the context of the poor. In areas that had been provided with drainage channel, or piped water supply (such as Namuwongo), the value of the land has appreciated, and the landlords are more willing to invest in these areas by constructing more permanent houses and attracting more affluent tenants. The result is that the intended beneficiaries for the improvements in infrastructure are pushed out to the surrounding undeveloped land and a concentric informal settlement springs up around the newly developed area to accommodate those who could not afford the improved conditions.

Related to this is the exploitation of the poor by the more affluent. The landlord will ask his tenants to sign a document to be submitted to an NGO showing that permission has been granted for the use of the land, to construct a communal water supply. Immediately after construction, the landlord will promptly lock tap and sell “his” water to the tenants.

**Table 2-5: Encountered NGO Activities and KUSP Work in Kampala area**

<b>Division</b>	<b>Area</b>	<b>NGO</b>	<b>Water Activities</b>	<b>Sanitation Activities</b>
<b>Central</b>	<b>Kisenyi zone I</b>	<b>Kachepe group (Catholic Church)</b>	<b>Unclogs water drainage channels</b>	
		<b>Concern Worldwide</b>	<b>Unclogs water drainage channels</b>	
		<b>Kamwokya Christian community</b>	<b>10 stand pipes</b>	<b>9 traditional pit latrines and 20 bathrooms</b>
<b>Rubaga</b>	<b>Nakulabye Church zone I</b>	<b>Papsca</b>		<b>VIP latrines</b>
		<b>Bakyala Tweyambe community initiative in conjunction with Concern Worldwide</b>	<b>1 stand pipe</b>	
	<b>Nakulabye</b>	<b>AEE</b>	<b>Tap water and drainage channels</b>	<b>VIP latrines</b>
<b>Makindye</b>	<b>Wabigalo</b>	<b>KUSP</b>	<b>5 stand pipes</b>	<b>4 VIP latrines</b>
		<b>(No NGOs)</b>		
<b>Kawempe</b>				

The Kampala Urban Sanitation Project started in about 2000 to assist the poor areas. It has already started working, training and sensitising leaders in the community to better the urban lives of the poor. To ensure sustainability of the projects put in place, KUSP has asked the communities to elect responsible supervisors so that a water desk is established at the division level and water user committees at selected parishes. However, its work is still limited and so is the funding and yet influx of rural-urban dwellers increases every day.

### 3 Present Service Provision to the Urban Poor – NWSC’s Values, Roles and Norms

#### 3.1 Background Information on NWSC.

NWSC was established as a commercialised utility by Presidential Decree No. 34 of 1972, and was mandated to provide water and sewerage services in the major urban areas of Uganda. NWSC started its operations in the largest three towns of Kampala, Jinja and Entebbe, and has since 1987 incrementally expanded its geographical coverage to the current 15 major towns of the country. As of June 2003, NWSC was supplying about 140,000 m<sup>3</sup> of treated water per day, through a 2,200-kilometres distribution network to 87,172 registered customers’ connections (see Table 3-1 below).

**Table 3-1 Coverage by NWSC by the end of 2003. (Source NWSC Annual Report 2002-2003)**

Town	Total No. Of Connections	Pipe Network (km)	Target Population	Population Served (Water)	% Served (Water)	% Served (Sewerage)
Kampala	52,611	992	1,208,544	749,297	62	8
Jinja	7837	216	139,034	104,276	75	29
Entebbe	4052	121	57,518	34,511	60	4
Tororo	1739	61	42,473	26,333	62	7
Mbale	3496	134	70,437	43,671	62	30
Masaka	2561	96	61,300	44,136	72	9
Mbarara	3800	98	69,208	53,982	78	6
Lira	1608	106	89,871	50,328	56	2
Gulu	1556	46	113,144	78,069	69	5
Fort Portal	1756	67	40,605	27,205	67	2
Kasese	1534	49	53,446	40,619	76	0
Kabale	1453	86	45,757	22,879	50	10
Arua	1076	49	45,883	18,353	40	0
Bushenyi/Ishaka	597	31	23,180	7,186	31	0
Soroti	1496	48	41,470	13,270	32	2
<b>Total</b>	<b>87172</b>	<b>2200</b>	<b>2,101,870</b>	<b>1,314,115</b>	<b>63</b>	<b>9</b>



Under new management since 1998, NWSC has implemented various change management programmes, which have resulted into tremendous performance improvements as depicted by objectively verifiable indicators. For example, between the financial year 1999/2000 and 2002/03, the following major improvements have been registered:

- Water production has increased by about 10%
- Unaccounted for Water has reduced from 43% to 39%
- The number of new connections have grown by 26,110
- Staff productivity improved from 16 to 11 staff per 1000 connections
- The operating profit after depreciation improved from a loss of 2.6 billion Uganda Shillings to a surplus of 778 million Uganda Shillings.

### **3.2 NWSC's Corporate Plan**

In 2003, NWSC updated its third Corporate Plan for the period 2003 to 2004. The vision of NWSC, to be achieved within a 20-year planning horizon, was given as:

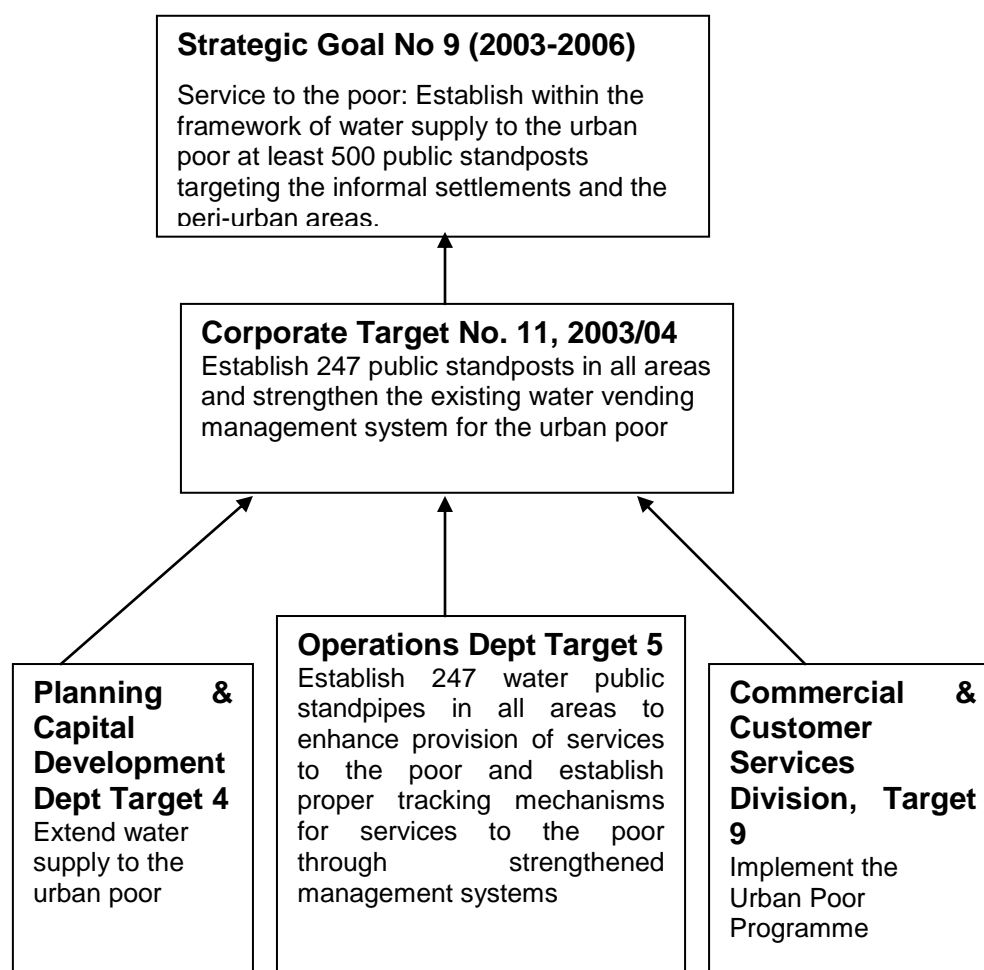
*"To be the pride of the water sector in Africa."*

NWSC plans to fulfil this vision by:

- Creating happy and satisfied customers, who are paying their bills promptly
- Having an adequate water and sewerage network coverage in all specified towns where NWSC operates
- Contributing to the conservation of the environment
- Having a strong, secure and committed workforce dedicated to the service of NWSC
- Working in alliance with the private sector and a high level of devolved power to individual areas
- Providing adequate water and sewerage services to all sectors for increased economic development

The mission of NWSC is to be a customer oriented organisation providing excellent water and sewerage services in a cost-effective manner. The objectives and targets concerned with service to the urban poor may be summarised using the flow diagram below:

Figure 1: A framework of NWSC's corporate goals and departmental targets concerned with service to the urban poor.



#### Issues

Service to the urban poor is not mentioned in the values NWSC espouses for fulfilling its vision.

NWSC's perception of service to the urban poor seems to rotate around provision of public standposts.

Three departments are involved in some activities concerned with 'service to the urban poor'. It is not clear from the corporate plan and from interviews with the concerned officers, whether and how their work is coordinated.

### 3.3 NWSC's Policy on Service Provision to the Urban Poor

NWSC is currently answerable to two government ministries for policy issues: For the purpose of sector reform, it reports to Utility Reform Unit (URU) of the Ministry of Finance. For sector performance linking into the national PEAP (Poverty Eradication Action Plan), NWSC is coordinated through the Water Sector Working Group (WSWG). There seems to be a perceived mismatch of objectives between the two strands by NWSC. Whereas the WSWG emphasises the overarching national objectives of poverty eradication, URU, through the performance contract

with NWSC emphasises the financial sustainability. Table 3-2 highlights the differences in objectives.

**Table 3-2: Objectives stipulated for NWSC by the two responsible ministries**

	Stated Objective	Source
Utility Reform Unit	It is accepted by both parties to this contract that the achievement of a financially viable and creditworthy NWSC is the overriding objective.	Performance contract between GoU and NWSC (2000)
	The original objective of GoU national water policy was to extend the use of safe water supplies to 100%. It is generally expected to achieve this aim in 10 to 15 years from the present situation of 50%	
Water Sector Working Group	To provide 'sustainable safe water and sanitation facilities ...within easy reach of ...80% of urban population by 2005 ...then eventually to 100% of urban population by 2010...'	Poverty Eradication Action Plan, 2000
	<p>Criteria for resource allocation</p> <ol style="list-style-type: none"> <li>1. Have you addressed the needs of the poor in your sector?</li> <li>2. Have you addressed the geographical inequities?</li> <li>3. Have you designed measures to empower the poor people?</li> </ol>	Poverty Eradication Working Group (2003): Criteria for allocation of Poverty Action Fund (PAF) resources

Paradoxically, both the Utility Reform Unit and the Poverty Eradication Working Group are coordinated by the Ministry of Finance, Planning and Economic Development. Another cause of the inclination towards fiscal and functional efficiency, at the expense of service to the poor, could be the fact that NWSC is a commercialised utility, and is not expected to receive budgetary allocations from the national treasury for operations. However, there is scope for NWSC to benefit from the Poverty Action Fund for enhancing service delivery to the poor. This is provided for in the performance contract as presented in the following contract clause:

*“If investments are a ‘social mission’ imposed by GoU on NWSC, then the internal rate of return must be determined in order to calculate the necessary GoU subsidy, to prevent the investment being a burden to NWSC”*

From the NWSC policy documents reviewed, it is clear that in spite of the national focus on poverty eradication, there seems to be no mention on how NWSC plans to contribute to the national overarching goal of poverty eradication. Indeed, NWSC seems to put emphasis on the existing customers, with virtually no mention on the water consumers who are not the registered customers, a category dominated by the urban poor. There is yet any written policy by NWSC to enhance services to the urban poor. Yet the PEAP stipulates clearly how service to the urban poor contributes to poverty alleviation in this subsequent statement

*“In the urban areas the target is to provide 100% of the population (with services) by 2010...In this context particular attention will be given to improving water supply for the peri-urban poor who face acute scarcity of sanitation services....the sector strategy will develop and approach to financing the sector which will attend to the needs of the peri-urban sector and allocate responsibilities between DWD, NWSC and the municipalities” (PEAP, Volume I, pp 134)*

#### Issues

NWSC seems to be receiving inconsistent signals from the national coordinating and regulating institutions on the overarching objectives, e.g. whether it is to enhance service provision through commercialisation, or to enhance commercialisation through service provision.

NWSC does not have targets based on service provision to the urban poor (in terms of population served and areas to be covered)

Although it has not been emphasized, there is a provision in NWSC’s performance contract for service enhancement to the urban poor, which would attract a subvention from the central government. It is not clear if NWSC has in the past been able to access such funds.

Trend at the policy formation level depends on the scale of current capacity and commitment to key institutional issues by NWSC as the host organisation

### **3.4 NWSC’s Structures and Procedures to Serve the Urban Poor**

There seems to be no focussed effort to enhance services to the urban poor in NWSC. As seen above the three departments of Operations, Planning and Capital Development and Commercial and Customer Services Directorate have annual targets contributing to service provision to the urban poor. It is not clear which department is expected to coordinate these activities. NWSC officials interviewed articulate adhoc co-option of staff from the different departments.

A study by AquaConsult (2002) made several recommendations concerning service enhancement to the urban poor:

- Setting up of a special Community Management Department to coordinate a pro-poor strategy and oversee the implementation of the policy
- The Department should report directly to the chief executive, in order to raise the profile of the department
- The CMD should have direct institutional linkage with KCC and Ministry of Health and be charged with the responsibility of formulating the pro-poor policy framework for sanitation.

Two years after the report was produced the core recommendations have not been implemented. The sociologists have been earmarked, the department has not been composed, neither have the sociologists been given the roles and responsibilities envisaged in the report. When asked what NWSC's plans are currently as far as service provision to the poor is concerned, all initiatives mentioned as being in the pipeline are based on foreign funded projects whose implementation has been delayed. Clearly service provision to the urban poor has not quite become one of the core values of NWSC senior management. It might therefore take some time before pro-poor activities become entrenched as NWSC's core activity.

As shown in the previous section, NWSC seems to be out of tune with the overarching national (and international) objectives of improvement of quality of life and poverty elimination. It is true that NWSC leadership are aware that their mission involves some elements of social responsibility. According to NWSC's vision and mission statements, these elements are relegated to the back yard, at the emphasis of commercial orientation. In the "Overview of the Future" of the NWSC 2003 Annual Report the corporate focus is articulated and is reproduced in the box below.

*"In the current competitive environment, the main focus of the NWSC for years to come will be to maintain the improvements in its operations and financial situation., At the same time we intend to re-align our functions in order to be more productive and commercially oriented. At the corporate level, the strategies adopted will include*

- *The continuation of the enhancement programmes aimed at harnessing increased productivity at all levels. These include the One Minute Manager Concept.....*
- *Renewal of the Performance Contract with Government for a further 3 years effective 2003*
- *The strengthening of the Headquarter supervisory roles and the transformation of the Area Performance Contracts into Area Management Contracts. This is aimed at harnessing efficiency, performance improvements and customer satisfaction*
- *The review and strengthening of the Management Services Contract in the Kampala Water Supply and Sewerage Service Area*

*At the functional level, the NWSC will further enhance its performance by improving its commercial and customer care activities with specific emphasis on reducing the number of suppressed (inactive) accounts and implementing a pro-poor strategy. Technical objectives will include the reduction of UfW especially in Kampala and the replacement and expansion of its infrastructure..... "*

In our view, NWSC perceives its role toward service delivery to the urban poor as a secondary role, almost similar to any commercial private enterprise like Coca Cola would contribute to development through social investments or philanthropic activities.

NWSC management also seems to have a fixed view that the informal settlements are not a commercially viable market segment. This assertion has been found to be unrealistic through several research findings. For example a study by AquaConsult (2002) found that even without accounting for the price elasticity of water, NWSC would collect about 300 million Uganda Shillings of revenue (at the current standpipe tariff) per month if they supplied a basic service level of 20 litres per capita per day to the informal settlements of Kampala. But research has shown that with a better service level, the residents would not only consume more water, but are also willing to pay more for it. We therefore concur with AquaConsult (2002, p22) that 'NWSC must recognise that extending services to Kampala's urban poor is a strategic undertaking with attractive commercial and social benefits that deserves focussed policies, real investments and institutional management approaches'.

It may be for the same reason enumerated in the previous paragraph, that NWSC does not have clear mechanisms to involve consumers in the low-income settlements in planning, designing, managing and monitoring service delivery in their localities. However another contributing factor may be lack of technical capacity to deal with service provision to unplanned areas.

#### Issues

The major activities planned as part of a programme to enhance service delivery to the urban poor are externally driven through donor-funded projects. There is minimal effort towards this goal generated internally.

Even for the few planned activities under the projects, there is no evidence of effective coordination between the different departments.

A study conducted by AquaConsult came up with good recommendations to strengthen NWSC's capacity to face the challenges of serving the urban poor. Many of these recommendations have not been implemented, two years after the reports were submitted.

There are no clear mechanisms in NWSC to involve consumers in low-income settlements in planning, designing, managing and monitoring of service delivery in their locations.

NWSC currently has inadequate capacity to effectively tackle the complex situation of low-income settlements

### **3.5 Current Service Levels Provided to the Urban Poor**

NWSC provides three levels of services that can be differentiated according to the level of benefits to the customers:

- House connection
- Yard Connection
- Public Standpost

As far as the tariff is concerned, NWSC does not differentiate between the house connections and yard taps, despite a huge difference in social benefits between the two service levels. Most people living in low income settlements cannot afford the first two service levels, due to various

reasons, some of which have been explored further in other parts of this document. As noted in the previous section, NWSC does not have a deliberate policy to enhance service provision to the urban poor. There are therefore no records in NWSC database on what service levels it offers to the urban poor. However, NWSC is aware of its obligation to provide universal services to all urban residents, which is perceived as a long term vision. As a way of catering for those consumers who cannot afford house connections, NWSC encourages public standpipe initiatives, within a private sector participation framework, as a way of reaching as many consumer groups as possible. In the recent past, NWSC has been constructing public standpipes with a view of increasing the density of these standpipes in low income areas (Interviews with NWSC key informants, March 2004). For example for the period between 2000 and 2003, 426 new standpipes were constructed by NWSC. However, it appears there is no systematic follow-up to ensure that the constructed facilities provide services as planned. Even if it was assumed that these facilities provide the required benefits, it is estimated that at this rate of construction of public standpipes, it would 19 years for NWSC to close the service gap in the informal settlements, if the anticipated population increase is not catered for (AquaConsult, 2002).

The earlier study commissioned by NWSC (Aquaconsult Consulting Engineers, 2002) carried out a survey in the low income settlements in all the administrative divisions of Kampala City to find out about principal sources of water for household use. The study came up with results displayed in Table 3-3.

**Table 3-3: Principal sources of water use in the household (Percentage households)**

Water Sources	Central Division	Kawempe Division	Makindye Division	Nakawa Division	Rubaga Division	Average
Private Connections	9.5	1.2	4.1	1.9	14.4	6
Public kiosks or stand posts	82.4	84.9	89.2	69.2	72.2	80
Springs	4.1	14	1.4	26.9	13.3	12
Wells	2	0	1	0	0	1
Others	1	0	4.1	1.9	0	1

Source: AquaConsult (2002)

It can be seen from Table 3-3 that most people in the low income settlements rely on public kiosks or public standposts for their main sources of water for household use. The same respondents were asked about reliability of services. The data obtained reveal that 47% in Rubaga, 43% in Kawempe and 30% Nakawa reported frequent interruptions in water supply at the public standposts. These interruptions resulted into householders resorting to drawing water from alternative supplies.

One of the few pro-poor policies highlighted by NWSC is socially equitable increasing block tariff, where provision is made for consumers in the low income settlements to pay a lower tariff, through an inbuilt subsidy for public standpipes. However, research findings show that, on the

contrary, consumers of water drawn from public standpipes pay much higher than those with private connections, or even industries like Coca Cola. Table 3-4 below illustrates this point.

**Table 3-4: Range of Prices paid by majority of consumers in informal settlements (2001 prices)**

Level in the price chain	Charges Uganda Shillings			
	Per m <sup>3</sup>	Industrial Tariff per m <sup>3</sup>	Per 20 litres	Industrial Tariff per 20 litres
Public standpipe wholesale (NWSC tariff)	400	1424	8	24.48
Public standpipe recommended retail charge	1650	1424	33	24.48
Public standpipe actual charge	2500	1424	50	24.48
Vended water charge (private vendors)	5000	1424	100	24.48

Adapted from: AquaConsult (2002)

As can be seen from the above data, the recommended price at public standpipes is 20% higher than the highest industrial tariff charged by NWSC. Even then, the actual price paid at the public standpipe is double the recommended rate, and water delivered by vendors at the door post costs 12 times the official public standpipe tariff. These prices are five and ten times higher than the tariff paid by private connections, respectively. As a coping mechanism, therefore, quantities consumed by residents of low-income settlements are much lower, so as to reduce expenditure. Studies carried out in Kampala show that the average per capita consumption in such areas is about 20 litres per day (AquaConsult, 2002).

It is clear that there is a mismatch between what NWSC perceives the problem to be, with what research findings are showing to be the problems on the ground. It looks like NWSC does not have enough capacity to deal with the complex issues of poverty, and is therefore not conversant with issues in the low-income settlements.

#### Issues

NWSC has a service level targeted at residents in low-income settlements. It is the public standpipe or kiosk. This service level is even differentiated by the tariff.

In the recent past, NWSC has constructed public standpipes in low income settlements. However, research has shown that although NWSC's tariff structure has an inbuilt subsidy for public standpipes, these subsidies do not filter through to the intended beneficiaries. On the contrary, the urban poor pay much higher for services than those with private connections.

NWSC does not have ample information to make informed decisions on service delivery to the urban poor



### **3.6 Barriers to Providing Services to Low-income Settlements**

In early March 2004, two key staff at NWSC Headquarters involved with service provision to low income settlements were asked by the consultants, what barriers NWSC faced in service delivery to the poor. They listed the following major barriers:

- Lack of physical and structural plans, making it difficult to plan extensions into these areas
- Population growth is faster than rate of infrastructure development
- Low income levels which hamper private connections and timely payment

Interviews with key customer contact staff of NWSC Masaka Area (March 2004) concurred with their counterparts at Headquarters and added the following challenges for the area staff:

- Low pressure in distribution pipelines in the low-income settlements, since they are located at the fringes of the town.
- No compensation for those through whose land the distribution pipelines are laid, making them reluctant to provide permission for laying the pipeline

The AquaConsult research report (2002) discussed a few root causes for these barriers:

- Low coverage of water distribution pipelines especially in low-income settlements
- The unfavourable service access rules and procedures that can only accept applications from landlords and require upfront payments before carrying out the connections.
- Previous management options for service delivery to the low-income communities have not been sustainable, leading to accumulation of bills and eventual disconnection.
- Mailo land (traditional freehold) accounts for 65% of Kampala City area and 80% of the space covered by informal settlements. The City Council urban planning department does not fully cater for such areas because of the complexities concerned with land tenure issues. Squatters take advantage of lack of development control to build shacks and shanties on the unoccupied land .
- There are no guidelines to regulate and manage the interface between land-owners and squatters, which culminates into a stalemate that limits installations of social infrastructure in these settlements.
- The new land law concentrates on ownership issues at the expense of utilisation of the land
- The water legislation has inadequate provisions for providing services to unplanned, informal settlements.

There is no doubt that NWSC has shown some initiative of analysing and understanding the complexities associated with service delivery to the urban poor. The fact that two major studies on the subject were commissioned (AquaConsult -2002 and Maxwell Stamp- 2003<sup>6</sup>) may perhaps

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<sup>6</sup> The project engineer for urban poor projects in NWSC revealed that the AquaConsult Study was initiated by NWSC and funded externally. The Maxwell Stamp study was a sector initiative under SWAp. It was managed by the Utility Reform Unit and overseen by a technical committee consisting of representatives from MWLE, MoFPED( through PUSRP), NWSC, DFID and UWASNET

bear testimony to this fact. However, it seems that both these studies were initiated and sponsored by external institutions. It is not clear how much the top leadership believes in the cause and spirit of these studies. Even after the studies were completed, it is not clear if any member of top management deeply analysed the findings with a view of extracting implications for practice.

#### Issues

Although there is a national drive to provide services to the urban poor, there are provisions in the existing legal and regulatory system that need to be improved in order to provide an enabling environment to the pro-poor policies.

It is not clear if the findings of various studies on service provision to the urban poor are analysed and discussed by management. There has been no published corporate position on the issues raised.

For an organisation to get round these barriers and provide services in low-income settlements, it needs to have both technological and institutional innovations. Currently, NWSC does not have the capacity to carry out such innovations in order to get round the barriers to serving the urban poor

It is not clear if NWSC has sought to understudy other urban utilities with success stories in serving the urban poor which would enable more effective engagement with the complex issues in provision of water and sanitation services to the urban poor

### **3.7 NWSC's Future Plans for Service Provision to the Urban Poor**

Since 2000, corporate performance of NWSC has been driven by three-year performance contracts (PCs) between the organisation and the Government of Uganda. Following evaluation of the first contract term (PC1), the Government of Uganda has reported deep satisfaction with the performance of NWSC, as shown below:

*In the time since signing of the PC1 between the GoU and NWSC in August 2000, the Corporation has achieved a turnaround in its financial and operational situation and at the same time expanded its services to new customers at a fast rate surpassing the target connection rates of PC1*

Performance Contract between GoU and NWSC, October 2003, p2

In order to consolidate these efficiency gains, the GoU has entered into a follow-up Performance Contract (PC2). This follow up contract has more provisions for serving the urban poor. These are highlighted in the Box below:

Clause 1.6.7, page 3: *“...The Corporation will need funds to make extensions to serve the poor ...”*

Clause 5.5.2, page 11: *NWSC is required to work toward establishment of the following funds from surplus funds that will be internally generated:*

*“A new connection Fund” to cater for connection costs especially to the poor*

In Clause 5.9, NWSC is expected to undertake the following:

Clause 5.9.3: *Review the tariff structure and revisit the supply/customer services objectives by simplifying the structure of the tariff, introducing new social connection policy and establishing a connection fund and modifying the customer charter to cater for the poor.*

Clause 5.9.4: *Work towards the achievement of pro-poor targets as specified below*

Clause 5.9.4.1: *Develop a set of criteria for determining who the ‘Poor ‘ are by using such criteria as volume consumption benchmarks and specific geographical determination of poor areas in the towns served*

Clause 5.9.4.2: *Develop a roll out plan to study the poor customers that could be connected, suggesting a social mission programme in the study and negotiating with GoU on possible subsidy to serve these people.*

Clause 6.2.2.2: *Introduce a ‘new connection fund’ mechanism in the tariff policy that will help accelerate provision of services to the poor and also curb incidence of UFW.*

Clearly, the follow-up Performance Contract (PC2) between GoU and NWSC has introduced elements of service provision to the urban poor. Although it is a good starting point, the emphasis may still be inadequate. The corporate performance of NWSC is evaluated based on key performance indicators, which are summarised as ‘Operational and Financial Targets’ in Appendix I of the document. One of the major deficiencies of the performance contract is the absence of benchmarks for service enhancement to the urban poor in the table of key indicators. Therefore NWSC cannot be objectively evaluated on service improvement to the urban poor.

After NWSC renewed the performance contract with GoU, the top leadership entered into internally delegated area management contracts with the service areas, as part of its medium-term change management programmes. These change management programmes ‘have devolved NWSC operations into a group of profit and cost centres and introduced the concept of performance oriented culture and autonomous decision making business units’ (Performance Contract between GoU and NWSC, October 2003, p2 ). Looking through the contract and business plan for Jinja, the second largest town, there was no mention of service provision to the poor! This is also missing in the one for Masaka, one of the towns in this study. The question is how will service provision to the urban poor be enhanced, as provided for in the NWSC/GoU performance contract? The omission in the internally delegated area management contracts is not an accident, since it was not prioritised in the key performance indicators at the national/corporate interface.

## Issues

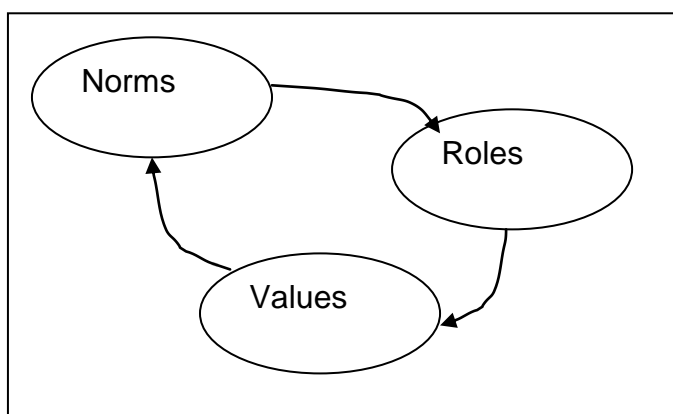
Though service to the urban poor has been mentioned in the follow-up performance contract between NWSC and GoU, the concept has not been given enough priority. For example no performance indicators and targets on service to the urban poor have been provided to NWSC.

NWSC does not have incentives to serve the urban poor in the current performance contract (PC2).

The internally delegated area management contracts currently in force for the next two years have not made any provision to specifically target the urban poor.

### 3.8 Conclusion

NWSC has the potential to serve the urban poor. It has a well qualified staff, easily one of the most educated in water utilities in the region. In the recent past, its financial performance has been on an impressive positive trend. Furthermore, the macro environment is much more conducive than ever before: Service to the poor is not only on the development agenda of the international donors, but is also high on the national agenda, as evidenced by Uganda's highly publicised Poverty Eradication Action Plan. Clearly, NWSC has got a critical role to play in eradicating poverty in the urban areas of Uganda. There are, however, several gaps. The first one is that the current regulatory body for NWSC (Utility Reform Unity) has not perfectly linked up the PEAP targets to the performance framework for NWSC. The other missing link is that NWSC has not embraced and mainstreamed the pro-poor values into the organisation. There is need, therefore, to synchronise the pro-poor values espoused by the national leadership (as per published plan of action) to regulating interface, and further down to NWSC. This will be the starting point to change the organisational way of thinking and doing things, as can be seen in Model shown in the figure below.



Serving the poor is seen as an opportunity, for NWSC to improve its overall service. In the issues of the poor, for instance compared to blanket provision of standpipes, a better or extensive service to the poor areas may be better guaranteed by improving the management of billing and scheduling of payments for the different levels of service, and thereby the overall financial position of NWSC and capacity to serve the urban poor.

#### **4 World-wide experience of utility service to the poor**

The previous section has described how difficult NWSC appears to have found serving the poor. However, there is now a wealth of experience around the world that demonstrates that water utilities can deliver appropriate quality service to the poor at an affordable price. The success of these programmes has demonstrated the willingness to pay of the poor, even the poor in the informal slums, shanties and multi-occupancy dwelling units. The programmes have also demonstrated that the anxieties about serving the 'illegal' poor or those without formal land tenure can easily be overcome when the political license or will is present.

These experiences, many of which the present authors have witnessed personally or have overseen in various research programmes have been described in a number of reports (see Bibliography below), particularly the DFID study 'Pricing and Service Differentiation for the Poor' and ADB's regional technical assistance study 'Beyond Boundaries: Extending Services to the Urban Poor.' Some of these cases are replicated in this document for convenience.

Adapting these ideas to the Ugandan context, they have also been summarised in the Utility Reform Unit's 'Poverty Impact Assessment of the Privatisation of the urban water sector in Uganda' and from a slightly different perspective NWSC's 'Identification of management options for improved water and sanitation services for informal settlements in Kampala'.

The key to all these case studies is the willingness of the utility/direct provider to go beyond the normal technical standards and specifications and to think imaginatively and creatively. Again in all these cases there has been the need to engage with people beyond the normal need to relate to customers – engaging with groups of households, communities (however amorphous these may sometimes be in urban areas) and civil society, often through NGOs.

This very necessary social development awareness has not previously been considered a core competence of a water utility but is an absolute requirement for service to the urban poor. If social development as a concept is too threatening to an engineering led, supply driven, water monopoly the practise may be perceived in conventional business terms as simply one aspect of marketing, that is segmenting the customer group and differentiating the product, price, promotion and place as appropriate.

This product differentiation can be seen in the common desire of poor households to access potable water as close to their home as possible (preferably inside), without necessarily having to pay the costs of a conventional piped supply. This has led to the development of a variety of service options often using distant, perhaps group, water meters and/or flexible/unburied pipes within the actual settlement.

It is recognised that there is a financial cost initially in this investment in becoming more customer focused, as creativity and innovation necessarily limits efficiency in the short term. However, when the appropriate and preferred patterns of differentiated supply have become apparent in any particular area, along with any necessary subsidies to facilitate connection, then companies report that the poor are as good (and bad) customers as any other income segment. The following section describes in detail the range of options available to serve the urban poor (DFID,2004).

#### **4.1 Pricing and service differentiation to serve the poor**

The accepted mode of household water supply in many countries has developed by a variety of routes into metered, full pressure, 24 hour a day, buried pipe connections directly into the consumer's house, for distribution internally to a variety of sanitary devices. But the accepted mode is not the only mode.

There are variations on this approach, even within the high-income countries of Europe. For example, only 21% of households in England and Wales (Ofwat, 2002) have meters (up from just 2% in 1989). If metering adds about 25% to the average water bill, and in the English and Welsh setting only reduces average household water use by 11%, there is an argument as to whether metering is always the appropriate solution to billing for water. Similarly, there has long been the practice in UK to install high level water storage in the dwelling, though with an offtake on the rising main for drinking water. In other parts of Europe such storage is deemed unacceptable as well as unnecessary.

These variations are described to emphasise the idea that there is no right way to deliver water notwithstanding the apparent 'inviolability' of national technical standards. It is therefore quite normal to differentiate water and sanitation services, particularly when it achieves the goal of delivering public health benefits. The examples given below illustrate part of the spectrum of possible differentiation of water supply and sanitation.

##### **4.1.1 Differentiation approaches in Durban**

The public water utility in Durban, South Africa, Durban Metro differentiated its water supply to unplanned peri-urban areas by offering:

- water kiosks where people fetch and pay per 20 litre container
- water kiosk with storage, where people fetch and pay per 20 litre container
- valve clusters (or manifold with a water meter) with plastic pipe offtakes
- individual connection with a 200 litre ground tank in the yard, with trickle feed
- individual house connection with limited pressure through roof tank
- individual house connection with full pressure (conventional 24 hour supply)

Durban Metro Water have systematically developed these various options, with the price of water to consumers also adjusted to suit the costs, and then promoted their use amongst poorer communities in newer areas.

The ground tank concept, perhaps the most unusual of the options, was first piloted at the Cato Crest community in 1993. The utility supplies the ground tank, a plastic barrel, once the householder is committed to this approach. The tank is often mounted on an old car tyre, to lift it a little above the ground. This ensures that there is sufficient pressure to supply water to a tap in the adjoining house or that there is the possibility of filling a water vessel when the tank is almost empty. The tank is covered to prevent contamination and has a float valve to prevent over-filling and wastage. The tank is connected to the water supply main at a manifold or valve cluster situated where it is convenient and cost effective for the utility. The connecting pipe is the responsibility of the householder, usually using flexible plastic pipe or hose, which means the householder, rather than the utility, takes responsibility for finding an acceptable route through the unplanned area.

In the original concept, the ground tank water system is operated and maintained by a water bailiff, who is selected by the community in the informal settlement, and trained by Durban Metro

Water. The bailiff is selected from among those prominent dwellers of the informal settlement, especially those seen as permanent such as those owning a shop in the area. After training by Durban Metro Water, the bailiff looked after about 150 ground tank connections and a water kiosk. Where the consumer had paid their monthly (weekly?) water bill in advance, the water bailiff would open the particular valve once a day until the 200 litre ground tank was filled. Costs, and therefore prices, were significantly reduced (made affordable) because householders could pay significantly lower connection charges, there did not need to be a full pressure distribution system locally and there was no requirement for road-cutting charges or negotiations over access routes. Bill collection costs were also reduced as there was no need for metering, meter reading or bill delivery. Householders did not need to have a formal address, another benefit in an unplanned area.

The system was comprehensive in its approach to serving the poor, also having the water kiosks to complement the ground tank, so that those who could not afford the ground tank were able to fetch water from kiosks. The bailiff selling water at the kiosks (with a franchise) also maintained the manifold system of water supply to ground tanks. Installation of tanks has not been a threat to the bailiffs' income because they made more money selling by ground tanks than selling by buckets. They would collect money and keep 50% and pay Durban Metro the rest.

The approach included the community in that the community was mobilised and made aware of the how the tank system worked and its benefits. Thereafter individual householders were requested to fill in forms to show their interest in this service option. A community liaison section within the utility have participated in effective dialogue with community groups, to encourage them to select their preferred option(s). Site inspections reveal extensive use of the various options within specific communities.

Although the initial attractions of this approach have been changed by the South African requirement that householders have a right to 6m<sup>3</sup> per household per month free of charge, it illustrates the potential for pricing and service differentiation to serve the poor. (Kayaga, 2002).

#### **4.1.2 Differentiation approaches in Manila**

In Manila, Philippines, water supply in the city has been made the responsibility of two private operators who manage water services under a concession form of contract, supervised by a government regulator. The demands of the contract for increases in service coverage have encouraged the private operators to differentiate service and price to previously unserved low-income consumers, using innovative technologies and approaches with generally successful results.

Group taps are yard connections for two to five households which follow the concept of the electricity company in providing electricity in depressed areas. In this type of water service, users form groups, register connections and share the cost for usage. Households either form the groupings by themselves or with the assistance of local government officials or area associations. The group is given one mother meter and while it is encouraged to install sub-meters to avoid problems with the sharing of cost, some households groups who are usually composed of relatives or close friends, opted not to install sub-meters to avoid incurring further costs of installing sub-meters. In each group, a leader is chosen who is then tasked with the collection for the group and payment to Manila Water. To do this, upon receipt of the bill which is based on the mother meter, the leader gets the individual sub-meter readings and distributes the cost

according to the distribution in consumption. The leader collects payments from each member and pays the official bill to Manila Water.

One company took the approach of supplying water in bulk to a community for on-selling. With the support of the water utility, in meeting the requirements and process of application, helping households to fill out and sign the application forms, the majority of the households in one community paid the connection fees as well as the additional costs of installation from the mother meters to the respective households (even if they had to borrow from the informal credit market at an interest rate of 20% per month). To minimize project cost, the community coordinated and organized their efforts and contributed their (men, women, and children alike) labor in the digging and filling, laying of the pipes, and cementing of the surface to avoid illegal tapings and protect the pipes. This project which provided water to initially about 250 families was completed in just two days.

However, these community connections may be registered in the utility accounts as a single residential connection, not charged at the special rates for bulk water which are computed differently from the step tariffs for residential connections.

One community chose the bulk water approach rather than the group taps because the utility is only willing to install meters at the entrance of the compound, given the distance from the main road to the inner-most parts of the subdivision. Also, due to the number of households, there would be just too many hoses lying on the ground and crawling towards the household premises. Since the roads inside the compound are only about four metres wide the group tap approach would mean too many pipes lining or even covering the streets.

With this approach, installation costs as well as non-revenue water on the part of the utility are minimized with the mother meter located outside the area, usually along main roads, where it can be easily seen and monitored for illegal tapping. In this type of service, the non-revenue water is reduced because all water that is lost or consumed legally or illegally after the mother meter is paid for by the community. So, there is an incentive for the community to guard their pipes against illegal connections and to report leaks immediately. Billing and collection costs are also minimized with only one bill for an entire community. And within the association there maybe some "community" pressure for the household members to pay bills on time else the entire community suffers in case of a disconnection for nonpayment. So, there is an incentive for the community to urge the delinquents to pay.

In another variation, the utility gave a permit to a private contractor to operate a water distribution system in the area with bulk water coming from the utility. The private contractor takes care of all the investments required to set up the distribution system to the public standposts. The investment included a 100,000-gallon water tank, water pipes and meters, faucets, and hoses. Repairs and maintenance of the distribution system are also shouldered by the contractor. Under the agreement with the utility and local government, the 60 water vendors, each serving at least 50 families alternately every other day, are paid one third of the on-selling price (legal but high) with ten percent going to the local government with the private contractor paying the utility only the residential rate for water. At present consumption levels the average price per cubic meter is more than twice that for a conventional individual connection.

At first glance, the arrangement appears to be non pro-poor. However, before this development people were getting water from sources of even more doubtful quality such as deepwells at an even higher price. There is also the issue that the utility was not able to bring in its special



programme for the poor as it could not get any guarantee from local government that the area would not be demolished in the near future.

The other approach to differentiating water supply was through the “Bayan Tubig” (“water for the community”) programme, which provides individual household connections in low-income areas. This programme waives the land title requirement and allows payment of connection fees by installment over a period of 6 to 12 months (in some cases this has been stretched to 24 months). These installments are lumped into the regular monthly water bills so that payment begins only upon receipt of first bill and not before the installation. To help in keeping costs as low as possible, in some areas, residents who were farther from the entrance of the area helped the utility people in carrying to their respective premises and assisted in laying them. In addition, the community provided security for all project materials, tools and equipment. The utility confirmed that in this particular project no problems of theft or looting were experienced.

The response to the Bayan Tubig shows that, given the opportunity, residents of unplanned areas would prefer individual water connections rather than public standposts. The individual connections resulted in substantially cheaper water than before the connection where water was charged more and severely limited. Technically, this approach involves constructing a conventional underground water main until the narrowness or condition of the access route makes this infeasible. From this point the rest of the network is built either above ground or on the ground, partially covered or attached to a wall. This distribution pipe delivers water to a battery of water meters from where each homeowner makes their own plastic connection, above ground. This scheme can be modified depending on the characteristics of the area.

As a result of the initial programmes the researchers observed that the once mostly dilapidated houses have been slowly replaced by structures made of more permanent materials. With more time on their hands and water to use, the women are able to clean their surroundings. And where storage containers or drums were a common sight just outside the shanties, many households have disposed of them since they no longer need to store as water is available from the tap anytime. This effect of the Bayan Tubig has addressed an important health concern such as dengue which arises due to the storing of water which provided a breeding ground for dengue-causing mosquitoes. Sanitation in the areas covered has improved as households now have own toilets and bathrooms within their homes. (Weitz and Franceys, 2002)

#### **4.1.3 Differentiation approaches in Guntur & Rajhamundry**

Guntur and Rajhamundry are two important cities in Andhra Pradesh, India that have successfully employed aspects of the Strategic Marketing Approach for improving access to water services particularly to the poor (Narender & Chary, 2002). The poor in these cities depend mainly on free public stand posts provided by the respective Municipal Corporations for potable water. The water supplied through these public stand posts is quite inadequate to cover the needs of the majority of the households.

A significant proportion of the poor have expressed the willingness to take individual connections and were prepared to pay the required monthly charges. However, they were discouraged by the policy of the Corporations which demand a one time connection fee (also called donation) in the range of Rs 5000-7000 (\$100–\$130) for providing a household water supply connection. Though the Government of India provided for a subsidy of Rs 1500-2000 under the National Slum Development Programme (NSDP) for providing individual connections to the poor, the Municipal Corporations were previously not willing to extend this benefit due to the erroneous assumption

that they will not be able to recover capital costs if they were to lower the connection charges. As a result, many poor households were excluded from the system (individual coverage). This has resulted in proliferation of illegal connections.

However, during sustained interactions with the Corporations, as part of strategic marketing research, the leadership of these Municipal Corporations have soon realised the need to increase the coverage of water services to the poor through innovative approaches. Studies have highlighted the fact that the poor are willing to pay user fee for water but were not allowed to enter the “shop” (water supply system).

In 2002 the leadership of the Municipal Corporations has made significant efforts to remove the entry barrier. They have not only lowered the connection charges as prescribed by the Government of India NSDP programme, but also allowed the poor to pay these one time charges in two to three instalments. They have also reduced or waived the associated supervision charges for executing the work. The Mayors and Commissioners have visited several slums, conducted public meetings and issued on the spot connections to the willing households. As a result of these sustained efforts, the number of poor households having individual connections has significantly gone up in these cities in the past year. In another variation poor households were also encouraged to form a groups of six to eight households to access a single connection to reduce the burden of connection and tariff charges.

The Municipal Corporations have also experimented with marketing ideas such as promoting (advertising) new connections in ‘Saturday connection camps’ and through offering the poorest household in a group of ten a special ‘bargain’ low cost connection so as to encourage their neighbours to connect because of envy.

The experiences of Guntur and Rajhamundry from India demonstrate that the city governments are becoming aware of and willing to adopt marketing approaches to increase water services particularly to the poor. (Chary, 2004)

#### **4.1.4 Differentiation approaches in Buenos Aires**

A private operator, Aguas Argentinas, was awarded a concession in 1993 to manage water and sanitation in the capital of Argentina, Buenos Aires. The contract specified a target of full service coverage by the end of the 30 year period, which might have been interpreted to mean that the private operator could postpone the difficult goal of serving the poor until near the end of the concession. However, for a variety of reasons, financial and political as well as regulatory, the concessionaire began to develop programmes to serve the poor through differentiating services and in particular connection charges.

The company explains how the key to the pilot projects was to change the approach from a top-down supply driven pattern to one of equal partnerships, recognising that each partner had their own objectives:

- the objectives of the householders in the low-income neighbourhoods were for a normal service with fair costs and social integration;
- the objectives of the Government were to create infrastructure and to demonstrate their capacity;
- the objectives of the Company were to service all areas whilst controlling investment costs;

In a range of projects the utility found that they had to differentiate their projects to serve the low-income communities - there was no 'one size fits all approach'.

'The Participative Water Service' Projects are described as based on 'direct links' between the residents of the area (via an association or 'leader' or NGO) and Aguas Argentinas. The company found that this 'barter' operating method, with the community providing the construction labour to reduce costs is only conceivable for areas where the idea of community work is accepted. 'Bartering' is more difficult with more than a few thousand residents.'

The utility generally designs the projects and supervises implementation, the Municipality funds materials and the residents construct the system. To promote subsequent payment, a single invoice is given to the community for a year, to see if they are really willing to pay. Meters are installed for the community bill to limit wastage of water. Typically, one person signs on behalf of the neighbourhood, often designated by minuted community committee meetings. Aguas Argentinas has found that there are leaders in poor neighbourhoods who can help resolve people's problems for them. After the trial year is successfully completed, individual billing is introduced, based on an assumption of minimum water usage.

In one Barrio, Aguas Argentinas became much more involved, giving project design and supervision and altering network standards. Labour for construction was hired, paid for by government subsidy and the project was adapted to suit.

In another area, reduced cost water supply had been installed, with unmetered, though valved connections with shallow pipes in each alley and just one meter for the entire area. In this barrio, each family was paying their own bill (unmeasured, using average consumption) because the printed named bill legitimises their occupation and their citizenship. There was no connection fee. Materials were given by the Municipality, supervision by Aguas Argentinas with labour from the people to dig the trenches and lay the pipes, taught by Aguas Argentinas. To reduce costs and promote participation, all the bills for the neighbourhood were given to one community representative for distribution.

Another NGO acting as an intermediary saw the challenge to increase the water supply in the area 'without becoming traitors, that is going against the philosophy of citizenship' that they had been promoting in their other programmes. Therefore they first worked to build a consensus, agreeing that any solutions had to be life-long and that residents should have an individual relationship to the Government (and service suppliers).

The solution was to use 'Corridors of Households' as basic groups of three to thirty households based on existing street and alley patterns, building on internal relationships that already existed and recognising that this pattern would be useful for more than just water supply. After organising these groups, the NGO introduced social and legal elements and negotiated with Aguas Argentinas on the technical aspects of supply.

The NGO made links with an independent building company to construct the network, having requested tenders, based on a variety of skills. The neighbourhood groups were involved in supervision of the works – 'fighting' with the building company as preparation for 'fighting' against the utility in the long term', according to the NGO. The residents made their own connections to the 'semi-collective' connections at the entrance to the alleys.

Residents gave pesos not labour. . 'because we wanted good quality work to last for ever . . there are too many self-help networks from the past which are not standardised, they are clandestine. We wanted a regularised network – just like in a rich part of Buenos Aires. We didn't want to add the difficult task of self-working – but nobody wanted this at first (including ETOSS as well as Aguas Argentinas).' The NGO and the residents also describe their desire to develop a neighbourhood invoicing system (billing per five families) which still included all the resident's names, with the NGO supervising payments for the service for the first two years.

The utility also differentiated its services again by developing the **UGE** (Employment Generating Unit) applies to large-scale projects where the bartering system is impossible. A contractor financed by the province carries out the network extension work under the supervision of the utility. The contractor employs local staff who receive \$200 each for (normal) six hour day per month for this 'community work'. The Provincial Bank pays for materials (as approved by the utility) and the labour through a soft loan.

The residents reimburse the connection charges to the Province over five years for a total of approximately \$200. The utility is also contributing through a special reduced tariff to allow for affordable loan repayment by the residents. This mechanism was necessary, as the company could not change the overall tariff.

Another variation is the **Tax Credit Agreement**, 'which is based on a direct agreement between Aguas Argentinas and the Municipality. Usually, Aguas Argentinas has to pay a fee to the municipality each time it digs a hole in a public road. This agreement provides Aguas Argentinas with a tax credit equivalent to that amount, which may be used to carry out work in disadvantaged sectors. This system actually means that the connection costs are subsidised by the Municipal Corporation. Aguas Argentinas has to advance the cash, but deducts the cost of the work from its tax credit' (Lyonnaise des Eaux, 1999).

#### **4.1.5 Sanitation in Buenos Aires**

A system of shallow sewers was designed because of the high ground water table, utilising 'individual or collective septic tanks with liquid effluent transported by small diameter PVC network (75mm instead of 200mm in traditional Aguas Argentinas secondary networks) with low gradient (1/1000 compared with 2-3/1000 in traditional networks).'

'Since the plots were too small (<<100m<sup>2</sup>) to take both a septic tank and a soakaway, the removal of liquid effluent was essential. The cost of the secondary network (the largest item in the sanitation network) was reduced by more than half by the small diameter network and the low gradients (less excavation required in areas where the water table is less than one metre below the surface).'

'The cost of the shallow sewer system at \$450/household is one quarter of usual contractors' costs and was funded 60% by the international donors and 40% from the community (through community labour) with a small contractor to lay the mains to ensure quality.'

'The effluent collected is at present evacuated directly into a nearby river: as a result Aguas Argentinas does not charge for the service. When the company network is extended into this area, the collector will simply need to be connected to the mains: the service will then be charged for.' (Lyonnaise des Eaux, 1999)

The septic tanks have to be emptied approximately every two years (cost \$60 per operation) and this technical solution, by carrying out pre-treatment, 'reduces the BOD of the effluent by around 40% (from just under 200 to 100 mg/l) and is the best temporary solution for areas which are a long way from sanitation networks.

#### **4.1.6 Revisions to the connection charge**

One of the major challenges in serving the poor is to facilitate the initial connection, both the physical costs of installing pipework and the charge levied by the utility, trying to recover its marginal costs of extending the distribution system.

In Buenos Aires an agreement was reached with the Regulator in 1998 to adjust the connection fees following an earlier agreement to increase them by over 40% to an average of about \$1,500 for water and sanitation. For the poorest a charge of twice the then monthly household income was clearly unaffordable.

The new agreement introduced the idea of a formal cross-subsidy. The 'Infrastructure Charge' was eliminated and replaced by a 'Universal Service and Improvement' charge (Servicio Universal y Mejora Ambiental – SUMA). The defined objectives of this charge were to 'finance the cost of the household network and the supply of new drinking water and sewerage service connections in the expansion areas under the concession, included in the Service Improvements and Expansion Program.'

'The SUMA is charged, on a uniform basis, per functional unit lot (including vacant lots) and per service.' The initial value of SUMA since November 1997 was \$2 bimonthly per lot per service. ETOSS has to verify annually the compliance with the expansion plans and, if necessary, adjust the value of SUMA (Aguas Argentinas, 1998).

The agreement also introduces a Service Connection Charge (Cargo de Incorporacion al Servicio – CIS) for new connections undertaken within the Service Improvement and Expansion Programs. The amount of \$120 is paid at a fixed bimonthly rate of \$4 per service and per functional unit served, including vacant lots.

The introduction of this new arrangement was delayed for many months by a challenge through the courts claiming that it was an 'unfair tax' that could not be introduced without the approval of the parliament. (Lyonnaise des Eaux, 1999) and (Franceys, 1999)

#### **4.1.7 Differentiation approaches in El Alto**

Aguas del Illimani, the private operator in Lae Paz and El Alto, Bolivia has specific performance targets clearly spelled out in the concession contract. These include the expansion of the water services to encompass 100% of the population of both cities and 82% and 41% of sewerage services for La Paz and El Alto respectively by the end of 2001. These targets are set to increase annually until the end of the concession in 2026. To achieve these targets the utility sought to use a marketing approach to target services to the needs of the poor.

Aguas del Illimani has embarked on a series of promotional programmes aimed at raising the company's profile among its users. The "School Programme" increases awareness about the water and sewerage system by taking children to visit the treatment plants, while the "Neighbourhoods Programme" advises and explains the procedures necessary to obtain a water and sewerage connection in selected neighbourhoods. The utility also developed the 'IPAS'

programme (Peri-urban Initiative for Water and Sanitation). The project objective was to test innovative approaches for sustained provision of water and sanitation services in the low-income areas of La Paz and El Alto. The project promoted the use of appropriate technologies, sound social intervention methodology and access to micro-credit mechanisms for the construction of wetcores.

At the IPAS project level, community selection procedures were based on the *Demand Response Approach*, where communities are consulted beforehand about their interest to participate. Aguas del Illimani first approached different communities in their expansion areas and presented the IPAS project, explaining its working characteristic and technology. After internal consultation, the community rendered its commitment to the project by presenting signatures of at least 70% of its dwellers. The project was therefore implemented on a first-come, first served basis.

The next step in the methodology was an area characterization, usually performed by an NGO previously trained by the technical assistance team, to include information about key players in the area, a socioeconomic survey, and a topographical description as an input to the preliminary network design.

The IPAS project introduced an appropriate technology that was used in Brazil, the condominial system. It comprises the introduction of the “condominium” –or group of users - as the basic unit of service. The condominiums range in size from 6 to 30 households each. The relaxation of some technical standards allows the participation of the community in maintaining and operating the local network system.

Different layout characteristics, front yard, back yard or sidewalk servicing, are discussed beforehand with project beneficiaries, resulting in greater cost savings and enhanced community project ownership. The technology relies on the uses of small inspection chambers instead of costly deep manholes. Invert levels, pipe diameter and material characteristics are altered to result in lower excavation volumes, faster construction phases and overall cost savings.

At the social level, the intervention methodology is based in the constructivism and interdisciplinary approaches, where the actions are developed or “constructed”, according to the specific settlement characteristics. This allows for a participatory diagnostic assessment, where the community realizes the need for improved services and acts as an agent –rather than an object- of its own development. The project implementation as organized per “condominium”, now transcends its technical nature to become the “basic social decision unit” within the neighbourhood.

The utility adapted its approach also to payment facilities. As a result of savings in installation costs and also as an incentive for participating communities which also contributed with sweat-equity labour, the utility offered a discounted connection fee. This fee corresponded to about 60% of the original connection fee, payable in 60 monthly instalments in the water bill at no interest.

The IPAS project also organized with different local micro-credit institutions a credit line specifically design for improvement of houses, specifically to finance the construction of wetcores that is water delivery, bathing and sanitary facilities. Guarantees were flexible and interest fixed at market rates. The micro-credit mechanism also allowed families to construct their credit history and later request subsequent loans for income-generating activities.

Finally the utility undertook an educational programme to deliver improved hygiene behaviours. The social methodology used by the IPAS project was very effective in educating the newly served about the importance of sanitation practices and the impact on their health.

Recent reports suggest that, unlike in Manila for example, water consumption by the newly connected poor is not reaching average consumption levels. The utility therefore is not achieving the desired level of revenue it needs to finance these connections. The conventional marketing approach would be to recommend advertising to promote greater use of the product. Recognising that the aim is not to push people into spending more than they can afford, it is however one of the roles of hygiene promotion to encourage people to use the optimum amount necessary for public health. Such promotion has to be part of any marketing approach and the need to support low-income consumers whilst their affordability and willingness to pay develops is a further reason for investigating strategic marketing that is taking a city-wide, long-term approach. (Vargas, 2002)

#### **4.2 Shared management approaches**

There is also considerable scope for different shared management options either between utility and small private operators or between a utility and community groups. There is potential for improved collaboration between the utility and these small scale private operators, particularly in areas where the utility is unable to provide adequate services for some time. Alternatively, where the private vendors are charging a high price, which is very common, the utility can seek to capture more of the water market in those areas, by competing with vendors, so as to increase customer satisfaction.

Shared management of water supplies between a utility and community groups is becoming more common. This arrangement can reduce the utility's operational management costs, empower communities to manage their services and enable improved service provision in areas where a utility may be reluctant to work. For example, in Arusha, Tanzania and Dhaka in Bangladesh, community groups manage water kiosks that are supplied with water by the utility and payment is based on meter readings.

In Nairobi, Haiti and Dakar (Senegal), community groups manage small tertiary water distribution systems and pay the utility or municipal council for the bulk water supply on the basis of bulk meter readings. In Nairobi the division of responsibility for water services in Laini Saba Kibera, Nairobi is shared between a community organisation called Ushirika and the Nairobi city council. (Sansom K, undated)

## Conclusions on Serving the Urban Poor

We trust that these cases demonstrate that serving the urban poor, sustainably, can be an everyday reality. We note that WaterAid in its studies on PPP has also recognised that a new way of striving to serve the poor, often promoted by a new utility management, delivers real benefits, whatever the perception of the overall management approach (see boxes below)

There is nothing conceptually difficult in achieving these success stories, though there is the need to accept the long, hard, detailed, people-centred efforts that make them work in real life. The key factor overall, we would argue, is the institutional framework, the sector wide governance, which must allow, facilitate, encourage and demand these solutions to be implemented urgently.

### Case Study: Serving the poor in Buenos Aires

The land ownership situation and the availability of accessible, secure and sustainable water, of the three women are as follows:

- Cristina, being recently connected to the service from Azurix, is close to obtaining a reliable service. With the certificate of sale, she is in a better condition with respect to the land she occupies.
- Joveli has a water system that functions irregularly and is precarious even though she finished paying for her housing.
- Elisa [having been connected by Aguas Argentinas) has a reliable water service but in order for her to achieve legal land tenure she must either fill the land her house sits on to meet the height regulation, thus burying her house, or be given an exemption to the law.

Civil society organisations can help to make public-private partnerships work for the poor. Elisa, Joveli and Cristina set up community organisations that were instrumental in consolidating the community, making people informed and in dealing with the companies and the municipal governments.

(Florencia Almansi et al, 2003)

### Case Study: Serving the poor in Manila

The two companies showed how they were dealing with the issues of the poor in Manila.

They have both adapted flexible approaches by devolving decisions on billing structure, customer expansion to local area managers. For instance, in the slum areas where residents have no legal land tenure, the companies do not use formal registration of real estate and an address as a prerequisite for a household connection. In some areas, they have sub-contracted revenue collection to neighbourhood associations. In other areas, to go over legal problems, they name water meters to the incumbent local officials. This flexible approach has effectively dealt with the problems poor communities have in accessing water services. (Esguerra, 2003)



## 5 Institutional requirements for utility service to the poor

The institutional framework, the new management approach, mentioned above has been critical in delivering the freedom and the impetus to serve the urban poor in the limited number of situations where that has been achieved.

Your terms of reference required us to '*Evaluate the best PSP /NWSC Reform option*'. Unfortunately, as we hope this next section will explain, the best PSP options may well not be available. Perhaps therefore they could not strictly be called 'options' but in understanding any evaluation of what might be achievable in Uganda we believe that it is necessary to look at globally recognised alternatives before focusing upon potential solutions in the present Ugandan context.

We also recognise the additional comments to the proposed methodology from WaterAid London which helpfully point out that a detailed exposition of the PPP Models and Regulation is not what is required in this document. For completeness we include some overviews developed from work we have undertaken previously. However, we would like to contribute specifically to this study an exploration of what might be required overall in institutional and organisational terms before seeing to what, if any, extent Public Private Partnerships might help. We believe that this will give WaterAid a framework of questions to pose when the Government of Uganda's own consultants report on the preferred PPP options, presumably within an institutional framework, rather than us trying to duplicate and second guess the other consultants at this stage.

In sections 2 and 3 of this report we have described the existing services accessed by the poor, we have described the desire and willingness to pay of the poor and we have examined NWSC's performance to date. We presume that the goal of the Government of Uganda as well as the goal of WaterAid is to see a 'step-change' in service provision to the poor, a dramatic rate of acceleration in service coverage and ongoing service delivery.

the investigation of PPP Options is not that the goal might be the best PPP but is rather the means to an end with the goal being water and sanitation for all. above all else water and sanitation services have to be *effective*, providing the required services in a way that delivers the desired benefits, emphasising outputs rather than means of service. Critically this effective service has to be *equitable* in delivery, which is it can be accessed by all. This is the overwhelming 'human right'. However, solutions must be *sustainable* and there is a 'human responsibility' to contribute towards wise use of water for example, to ensure hygienic disposal of human wastes and to pay a fair and reasonable amount for these services. Particularly where poor customers are paying a contribution any service provision must be *efficient*, using the least possible resources, so as to minimise any tariff. Provision must also be *replicable* in that the solution has to be able to grow to scale to meet new demands and for the sake of widest possible commitment and understanding of all stakeholders it must be *transparent* to consumers and interested parties.

We use the EESERT acronym as a check against existing systems and against possible institutional developments, whether public or private as we begin to ask: 'What are the institutional and organisational requirements to serve the urban poor?'

With these criteria and the main question in mind we developed an understanding of what has been happening in service provision in urban areas,

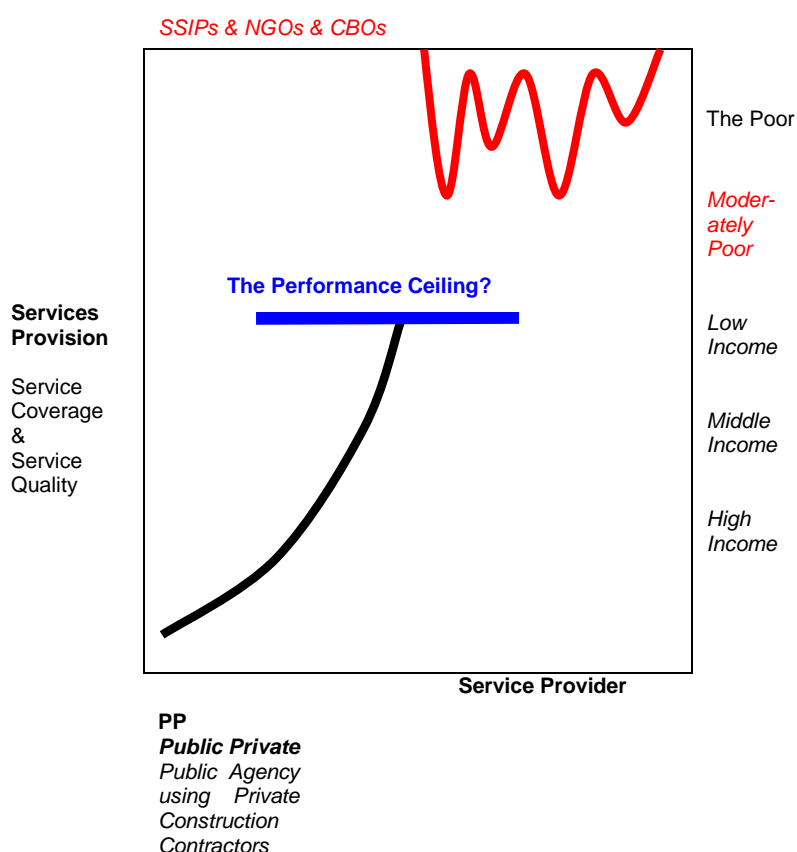
going beyond the 'vicious spiral' often used to describe utility service an understanding of what has been happening in service provision in urban areas was developed based upon an interpretation of the 'S-Curve' used in marketing to describe the take-up of any new product. This model sees a slow beginning to acceptance and purchase of any new product, followed by a rapid expansion as society generally recognises their interest and

value in whatever is on offer with the ‘S-curve’ concluded by a flattening tail as the product reaches its limits of affordability, interest and value.

Transplanting this diagram to urban water supply and sanitation sector shows the initial take up stage describing the process of a typical urban utility where the public sector invests in fixed assets and serves the relatively easy, straightforward customers in the conventional business districts and housing areas. However, this expansion halts somewhere along the expansion phase of the curve when it reaches a ‘performance ceiling’ which is fairly typical of most utilities. Expansion is halted not because of lack of demand but rather because of problems in supply. Typically the service has been underpriced and as water and sanitation is the most capital intensive of all networked utilities the utility simply runs out of productive capacity. The government as prime source of funding (or of guarantor to borrowing) reaches its perceived limits for this one of many sectors for which it is responsible whilst continuing to limit tariff increases (always the main source of long-term funding for necessary fixed assets). The result is that the expansion of this very necessary service halts long before it properly reaches the needs of the poor. Clearly, NWSC has made significant moves towards effectiveness, sustainability, efficiency and transparency – well beyond many comparable utilities – but it has to date failed in equity, particularly in serving the poor, and replicability, that is learning how to scale up service in low-income areas. However, we would recognise that NWSC has begun the process of delivering capacity to move up the ‘S-curve’ and that it has been necessary to achieve some level of efficiency and financial sustainability before it can make the additional effort to serve the much more difficult part of the curve.

**Figure 1**

### Breaking through the Performance Ceiling: Reform PPPs



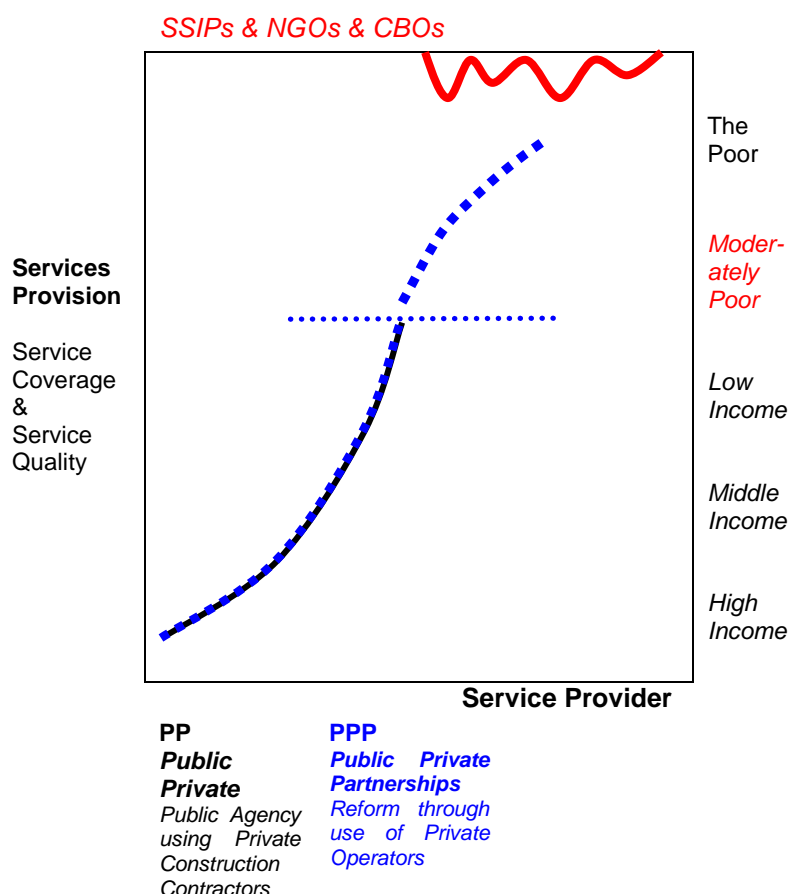
*The widespread failure of government utilities to provide adequate urban services and go past the ‘performance ceiling’ has resulted in an increasing number of unserved urban poor. The service void is filled by various forms of self-provision, by small-scale independent providers (SSIPs) as well as by NGOs, which offer discrete, non-networked services as shown in the above figure. The small providers may deliver poor-quality and expensive*

service, yet consumers are prepared to pay for it. Community-oriented NGOs are creative, innovative, and flexible, often enabling and empowering the poor to control service provision. However, NGOs may demand too high an involvement from the poor beyond service implementation. Poor house-holds find it difficult to stay committed to involvement in O&M over the long term.

The question to ask is whether that vision and progress towards completing the curve, that is full service provision, is sufficient? Does NWSC need encouragement, enabling, protection on tariffs from a regulator etc in order to accelerate its service provision? Or is it in some way constrained from being able to ‘break through the performance ceiling’ such that the necessary reform can only come from a dramatically changed direct provider delivering a ‘step-change’ in performance. The Government of Uganda has apparently decided that this ‘step-change’ is required and that significant private sector involvement in the utility management is therefore necessary. This has definitely been one of the key benefits of ‘privatisation’ in other countries, not so much the much heralded access to private capital (which always has to be repaid through tariffs of course), but the ‘revolutionary’ change (in management terms) in organisational vision and behaviour and access to the necessary incentives to achieve this. This reform through Public Private Partnerships is illustrated in the figure below. With the correct institutional framework that necessarily includes some level of regulation it has been possible to move towards an E-SERT level of service. But please note that the top-end of the S-curve, service to the poorest, most difficult to serve customers is not necessarily the result of this private sector ‘revolution’. The EESERT service will not necessarily include the second E for equity unless this is made a very specific target of government and its regulator and unless the private operator is aware enough of the requirements of marketing to this end of the S-curve, ie that it necessarily has to expend much greater efforts to achieve universal service.

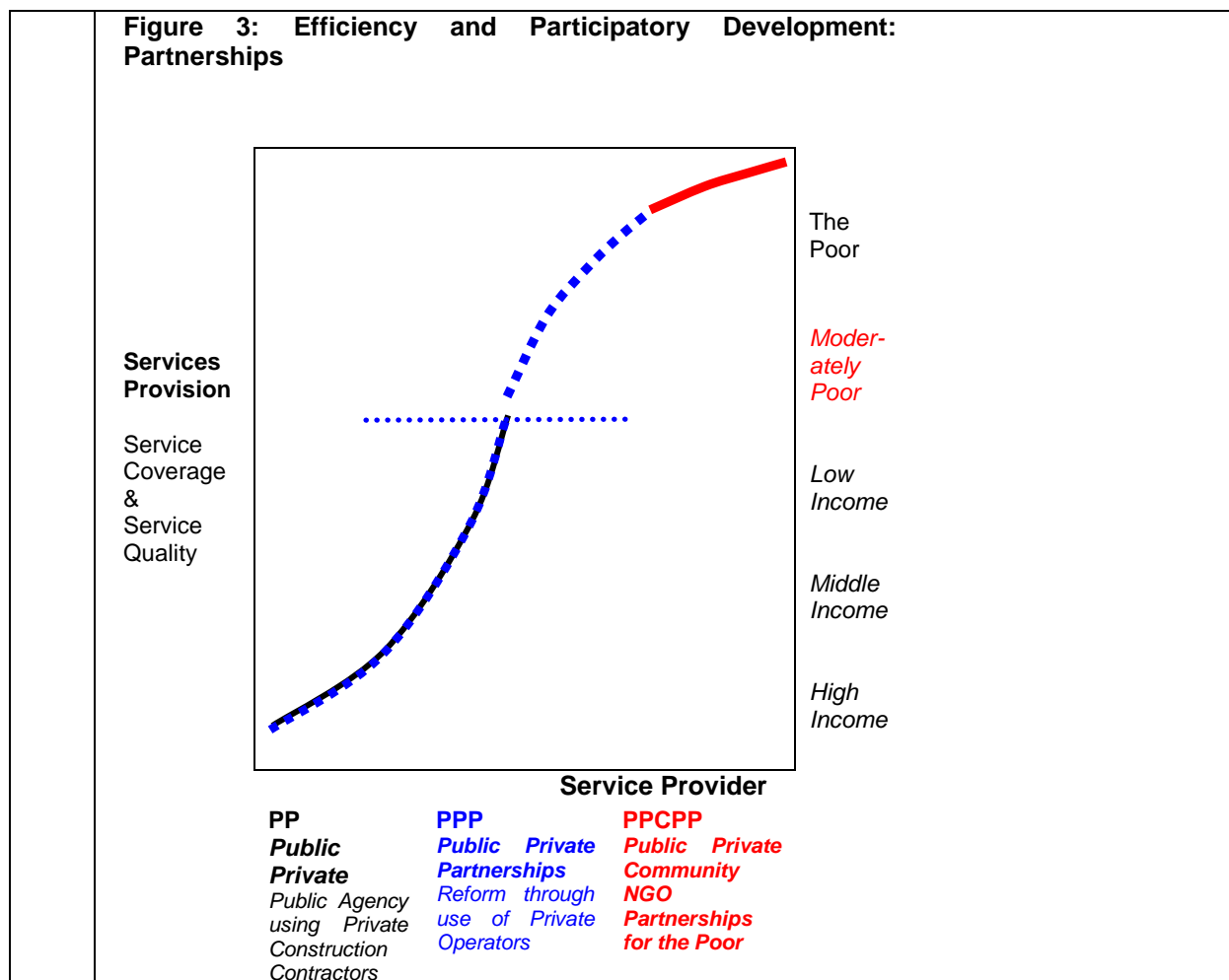
**Figure 2**

**Breaking Through the Performance Ceiling: Reform PPPs**



Larger-scale public-private partnerships designed to reform services and achieve better quality at lower prices are the “classic” public-private partnerships that do not necessarily pay specific attention to the poor but nevertheless may benefit them through providing better sources for accessing water for on-selling

These efforts, in marketing terms segmentation and differentiation, have been described in section 4 but we would stress again that they are not the core competence of a conventional utility and that in our global studies we have only seen them undertaken by the very best of the international private operators. The improvement in the middle of the S curve comes ‘normally’ as part of the PPP package, the move towards completion of the curve, universal service, only comes about as a result of very specific requirements of the client, which is government, and the willingness to learn and invest in creative community oriented service of the private provider. Or, as we have also observed, to creatively partner with NGOs and small ‘low-income customer’ focused businesses. However, without the improvement in service provision by the main utility as a result of some level of reform it is very difficult for NGOs and SMEs to provide that service in the slums.



Genuine tripartite public-private-community partnerships, with active inter-action and cooperation of all partners combining “mechanistic” water supply and creative “organic” elements specially for distribution to the poor. However, these partnerships are still quite rare with the best examples being Manila Water, Philippines and Aguas de Illimani, Bolivia though Aguas Argentinas, Buenos Aires is apparently maintaining some level of service extension to the poor through the economic crisis.

These points we make are independent, at some level, from any specific ‘PSP Option’ which you have asked us to advise on. However, we would make the point here, as we will explain again later, that the more comprehensive the single management responsibility and authority for selling the required services to all the more likely it is to be successful. Any division of responsibility

between organisations can only lead to a lessening of the driving forces to achieve universal service.

We would also like to stress our understanding, which perhaps explains our overt use of marketing terminology not normally associated with this sector, that service to the poor is a conventional part of the business process. It is not a special activity to be 'hived off' into a 'community development unit' part of the business whilst the 'real' managers get on with the 'real' business of engineering etc. Serving half the target population is the business and must have equal weighting within any management and organisational structure. Because to serve the poorest areas requires just as much investment in appropriate fixed assets, treatment, service reservoir and pipe capacity etc and has the potential to deliver very fair revenues for that service.

In all this discussion we are focusing upon water initially as we see it necessarily forming part of the networked responsibilities whereas we see sanitation being initially non-networked and therefore not necessarily a utility obligation and therefore not as closely entwined in the PPP debate. However we do see therefore the necessity for any networked sanitation, ie sewerage usually serving the rich first, not to be subsidised and definitely not subsidised by low-income water customers as is the case in many countries. And equally we see the need for very clear institutional responsibilities within government for targeting the provision of on-plot and on-site sanitation.

To summarise, what we believe WaterAid should be looking for, or rather asking probing questions about, in any models proposed by consultants and government, is the extent to which clear and unambiguous responsibility and authority is given to a single organisation to deliver universal service. We see this as necessarily a significantly 'integrated' organisation (in supply chain terms) if it is to achieve EESERT service. Our experience and investigations show the extent to which significant economies can be achieved by optimising the 'opex/capex trade-offs' – that is the way in which operating costs and capital expenditure can be designed to work together to give the best results. We believe an integrated organisation with access to adequate funding is best placed to respond flexibly to the particular needs of the poorest without any possible 'buck-passing' between organisations. For example, when service to an informal housing area is planned it may not necessarily require only the extension of a distribution main but also the reinforcement of supply from a main reservoir/treatment plant perhaps to a new service reservoir, all of which might be enhanced by using this capacity to provide additional service to a new higher-income housing area which can be used to maximise revenue. When any elements of such decisions are shared between organisations there can only be a reduction in response times, usually more expensive solutions and often failure to deliver from one side or another.

We believe the implications for utility management derived from this analysis (perhaps overly academic ? apologies) is the need for the direct provider to 'break through the performance ceiling' through some sort of reform process – with strategic goals agreed with vision, autonomy and financeability with clear responsibility and authority, to deliver mechanistically an exact product (potable water) along with flexibility to respond to changing customer needs, all as efficiently as possible through comprehensive opex/capex trade-offs delivered with appropriate regulatory oversight.

This is the overall option we believe is best positioned to deliver EESERT service, effective, equitable, sustainable, efficient, replicable and transparent. The role of the private sector in

delivering this service and the extent to which the various PPP options are necessary and able to deliver this step-change in organisational behaviour we will discuss in the final section.

### **5.1 *Best Practice Institutional Framework***

Looking at the wider institutional needs, we consider that a 'best practice' institutional framework comprises a competent direct provider, a utility, whose financeability of the necessarily high investments in fixed assets is guaranteed (so long as they are achieving ever increasing efficiencies) by a quasi-autonomous regulatory office, supported in its monitoring of performance and prices by civil society involvement, all operating under the guidance of the appropriate government department to achieve EESERT universal service.

### **5.2 *'Best Practice Utility'***

The competences of the necessarily world class utility (it has to be world class because having a much more heterogeneous and poorer customer base it has a much harder job than any OECD utility) have been outlined above in our discussion of overall institutional requirements.

The utility has to be 'poor and presently unserved customer' oriented as well as what had been seen to be the initial target of becoming customer focused with a specific requirement to achieve USO, the universal service obligation. It has to be empowered and skilled to serve the unserved areas, not necessarily on its own but also in partnership with NGOs/SMEs, using adapted technologies with an 'organic' flexible, innovative, learning, listening, capability. Overall it has to be a 'commercial and customer' oriented utility, reformed and enabled to access utility best practises from around the world with a 'mechanical' capability to ensure 24/7 water supply and quality for public health with the necessity to be financially sustainable, though with potential to access targeted subsidies where appropriate.

All of this is necessary to have sufficient quality product available to sell in unserved areas. Within its organisational structure it will need to have a 'Services Delivery Director' (or some such title) equally responsible for a mechanistic efficiency focussed 'Conventional Connections Services Manager' (not necessarily an engineer) and an organic effectiveness focussed 'Differentiated Connections Services Manager' or some such (not necessarily a sociologist) who is confident enough to partner CBOs, NGOs, SSIPs, to serve the poorest.

If this seems improbable we can refer to a small number of examples from around the world, both public and private. In this context perhaps the case of Phnom Penh (see box below) is particularly interesting, developing as it has from the after effects of vicious civil war and a shattered economy.

### **Case Study Phnom Penh Water Supply Authority (PPWSA), Cambodia**

Edited version of 'Ek Sonn Chan, Director', in Asian Water Supplies, McIntosh A, Asian Development Bank, 2003

#### **Organization**

In 1993, PPWSA was still operating under heavy subsidy from the Cambodian Government. There were more than 500 staff working for PPWSA, and the average monthly salary of the staff was approximately \$20. The staff were under-qualified, underpaid, had low motivation, and worked with low efficiency. Nepotism was widely practiced, and morale and discipline among the workers were low. The higher management was working for self-interest rather than the interest of PPWSA. They were abusing the property of PPWSA for their own interest.

#### **Existing Water Supply System**

This distribution network covered 40% of the city area and served only 20% of the total city population. Thirty percent of the pipes in the network had been laid more than 100 years ago, with the newest of the pipes being more than 40 years old. The deterioration of pipes and lack of maintenance gave rise to high physical losses in the system. In 1993 alone, the number of illegal connections discovered was about 300. Staff of PPWSA installed most of these illegal connections for their own benefit.

#### **Changing of Culture**

To counter all the negative elements and inefficiencies, PPWSA began a "changing of culture" based on educating, motivating, and disciplining its staff and the public. The first step taken within PPWSA was the restructuring of the whole organization. Higher management was given more direct responsibility. Members of the more dynamic younger generation who possessed better qualifications were promoted to higher levels and given more responsibilities. Inefficient "old timers" in high positions kept their positions, but moved into more dormant roles. This younger generation of managers was given much training in the various skills required to run PPWSA effectively. Incentives such as higher salaries (10 times more than before) and bonuses for good performance were introduced, together with penalties for bad intentions. Managers were also taught to be responsible, and the spirit of teamwork was stressed. The work responsibility of the staff was more streamlined and the number of employees was reduced to less than 400. The second priority was to ensure higher revenue generation. To achieve this, PPWSA took a five-pronged approach. First, PPWSA started to install water meters for all its connections. Second, PPWSA set up an inspection team to stop the illegal connections. As a result, the number of illegal connections dropped from one in a day to less than five in a year, if any. Third, PPWSA revised and improved its consumer files. Fourth, PPWSA embarked on a program to educate the public, especially the high-ranking families, other government agencies, and even the top management of PPWSA, on the importance of paying their water bills. This was not an easy task. However, with a lot of hard work, the strong support of the Prime Minister, and the concept of "leadership by example," the rate of bill collection from the public improved from just 50% in 1993 to 99% now. Fifth, and probably the most difficult task of all, PPWSA increased the water tariff to cover its cost. To avoid having a huge jump in the water tariff, PPWSA proposed to have a three-step increase in the water tariff over a period of 7 years.

#### **Social Responsibilities**

Poor communities in Phnom Penh are mostly located in places that are difficult to access and that have poor sanitation facilities. Most residents spend too much time and use too many resources just to have sufficient water for their daily consumption. To lessen the burden of poor families related to buying water at a high rate from water resellers, PPWSA made it a policy to supply clean and safe water directly to these poor families. By the year 2002, PPWSA had made a total of 3,046 connections among the 31 poor communities within the city of Phnom Penh. This figure reflects an almost 100% supply to all the poor families living in the service area in Phnom Penh.

### **5.3 Economic Regulation**

If a 'Best Practice Utility' is the starting point to serve the poor, performance can likely be enhanced again by bringing in quasi-autonomous economic regulation. An economic Regulator is not necessarily required, but where government and politicians are tempted to become involved, usually by restraining tariff increases, then a regulator can serve a vital role, particularly in promoting transparency. The financing of necessary fixed assets in water and sanitation is more likely to be achieved through combining cost reflective tariffs wherever affordable with whatever

(usually short-term) grants or soft loans may be available through government. Cost reflective tariffs do not rule out the use of cross-subsidies but the general presumption of any regulator should be to assume for overall cost reflective revenue with subsidies best aimed at enabling the poorest customers to connect to the system to gain the convenience, time and health benefits of piped water. This normally leads to a dramatic reduction in the price paid per unit of water as alternative providers necessarily have higher unit costs than a utility supplier.

The Regulator should have the same primary duty of enabling an EESERT water and sanitation service and be prepared and able to risk reputational and political capital in the acceptance of necessary tariff adjustments. Regulation needs to be creative, positive and proactive in looking for ways to ensure service to the poor. It should not be seen only as a contractual monitoring process, which can then degenerate into ongoing attempts to 'catch-out' the direct provider (usually when private) and berating them for failings in respect of which much worse was usually accepted in previously publicly managed utilities.

We see the necessity for some level of economic regulation whether the direct provider is public or private, particularly to promote transparency in price-setting. However, the regulatory tasks can be undertaken within an existing government department to save setting up yet more government public bodies if the appropriate levels of transparency and customer involvement (see below) can be ensured.

If there is to be a separate regulatory office, to assist in achieving the necessary balance with respect to direct providers and to limit costs we favour multi-sector regulation in smaller countries with limited comparators. Many of the business and customer focused processes are mirrored between utilities and with only scarce regulatory capacity we see no need for replication which only increases costs which ultimately have to be borne by customers. We see an additional benefit in multi-sector regulation in that regulators (whether individual or as a regulatory board) have less time to focus upon any particular direct provider and are therefore less tempted to try and make decisions on behalf of that entity. We have seen the temptation to micro-manage by regulators and believe it diminishes the clear responsibility of the direct provider to undertake their role of service to all.

Economic regulators can be given a range of duties, for example monitoring water quality as well as environmental discharges as well as contract compliance etc. We would stress the primary duties to be ensuring the financeability of services and ensuring the access of the poorest to those services, irrespective of whether those poor live in 'illegal' or unplanned areas. We believe that the regulator should have this particular responsibility of ensuring service to the poor as it is the role of regulation to protect the consumer from the monopoly tendencies of a direct water provider. We have noted that the higher income consumers are much more able to look after their own interests in this monopoly situation.

We believe that any regulator should also be required to oversee the relationship between alternative providers and the main conventional direct provider, particularly as that relationship probably changes from one of competition to one of main contractor/sub contractor as we see that the utility will likely want to avail itself of the comparative advantage of the small scale providers in their easy access to the poorest areas if it is to achieve early completion of the 'S-curve' – universal service.



The key role of economic regulation is agreeing (setting?) tariffs and under the Terms of Reference for this study we have been asked to consider patterns of tariffs that might be involved in any PPP option. Again, as this is such a massive subject in its own right, we would propose some questions which WaterAid might like to consider and put forward at the appropriate time. Our starting point on tariffs is that lack of finance has been one of the contributing restrictions to the existing utilities serving the poor. However, we see lack of finance primarily resulting from tariffs being priced below costs rather than any shortage of capital available to be lent. As an example of this please note the performance of the public Water Utilities Corporation of Botswana which has long maintained cost reflective tariffs and has long been able to access capital markets for its very substantial investments necessary in a water resource scarce country.

If overall cost reflective revenue is therefore the requirement and if the poorest customers have generally been overpaying alternative providers (or overpaying through poor health for informal groundwater sources) then we would promote the use, not of increasing block tariffs, but of a fixed rate per cubic metre for all domestic (and domestic on-seller) customers.

The simplicity of this approach is attractive in that customers clearly understand what they are buying for what price and what they might pay if they consume more. It avoids all the distortions of lifeline blocks and the temptation to have multiple connections and the problems of on-selling etc. This fixed rate price would then necessarily be fixed at approximately the level of the average accounting cost for provision of water (and for sewerage for those who have that special service). We would see a separate rate for large consumers, commercial and industrial, which might well be closer to the average incremental cost of providing that water.

Any subsidies should not be directed at supporting the volumetric consumption of water, which partly explains the weakness of so many utilities, but rather at the achievement of connections for the poor. Any such subsidy could be extended for an initial period to supporting the utility in providing easy payment facilities for low-income consumers such that they can pay little and often and preferably in advance. Advance payments are suggested to help the poorest better manage their cash flow. Any benefits gained by the utility in not incurring bad debts amongst the poor should be recognised such that those costs of bad debts arising from servicing conventional customers should not be passed on in the tariff to the poor.

#### **5.4 Regulation and Customer/Citizen Involvement**

Regulation and its necessary transparency can be enhanced again through best practices in customer information, representation, involvement in decision-making, performance monitoring and complaints handling.

Customer involvement at some level is clearly a pre-condition for any successful business, something that a customer focused utility would want to promote whether or not the regulator or government had established any formal 'customer committee' or suchlike.

However, in the context of reforming water supply provision with regulatory oversight, a formal customer forum, with or without specific sub-committees (regional/district/task oriented), to monitor performance levels, discuss pricing issues and adjudicate customer complaints is a valuable tool. It has particular relevance in the context of promoting social development and empowering low-income communities to gain more control over their lives.

However, if any customer involvement is to achieve these customer oriented and social development goals there needs to be a greater understanding of how poor customers might achieve adequate representation on any such forum. Lacking in time and other resources as well as possibly being disadvantaged in education it is unlikely that the average poor customer (or presently unserved but potential customer) will be able to engage easily in this process. There is a particular role for civil society, perhaps NGOs as well as the media, to act as intermediaries in this process as well as the potential for occasional but ongoing focus groups to act as a source of input to customer involvement. This latter approach is currently being researched by the authors as part of a DFID research contract.

Our experience is that whereas we look to see the regulatory function to be balanced and in some level of partnership with the direct provider ('the impartial referee') we see the customer involvement process to be much more like an irritant and critic ('the biased linesman protecting the home team' – the customer). This role, however annoying it may be, should be welcomed by the direct provider as a spur to improved performance and welcomed by government as a channel to understand actual performance at grass roots as well as a route to release frustrations such that they do not spill over in alternative, less helpful ways such as non-payment.

### **5.5 Overarching requirements for Best Practice Institutional Framework**

Having described all the above, we would stress that economic regulation and customer involvement are unlikely to be the driver for exceptional performance in serving the poor. They are not the new panacea, just as the PPP move has not in itself been a panacea, for weak, patrimonial governance without clear goals.

In what appears to be ever expanding requirements for complexity in sector governance, with a multiplication of actors and stakeholders (and there is always a danger for any consultant to include all possible good ideas), we suggest that WaterAid above all else should be questioning and promoting institutional simplicity – simplicity particularly in a comprehensive utility with clear targets. This is especially necessary in a relatively weak system of governance where clear goals, responsibilities and authority are vital. Overlapping responsibilities and authority allow the type of 'buck-passing' which almost always disadvantages the weakest in society.

We must also point out that institution building, the inclusion of new actors such as regulators and civil society, takes time, it needs to 'bed in' in engineering parlance, to be adapted to best fit any new context. It also has to be recognised as an ongoing process (cf UK) which is unlikely to be 'got right' initially so that there is a requirement for continuing flexibility from government departments for whom the USO goal must be the imperative, not the specific institution/s that have to deliver that goal.

If reform of the direct provider, the water utility, remains the key to serving the poor then it is time to consider what sort of options there are available for that reform. The management literature describes *evolutionary reform* whereby an existing institution manages to change itself and *revolutionary reform* whereby takeovers and mergers and wholesale changes to management are required in order to achieve the desired goals.

One strain of management thinking promotes evolutionary change, recognising that staff with all their varied needs and interests can best be enabled to deliver the necessary change if they feel they are part of it and are recognised in the process and not challenged too much – '*nobody likes change*'. Another approach is to see organisations as entities that always become 'captured' by

the various vested interests, in our context by trade unions and the desire to maintain scarce enough formal sector jobs, engineers and their professional hobbyisms, politicians and their perception of vote reservoirs, managers and their satisfaction at having reached the 'top of the tree' and seeing no benefits in progressing further. This understanding of the response of any organisation over time has led to the concept of the vital necessity for 'unfreezing' the existing situation (Lewin) before being able to change performances and systems and staffing patterns etc before allowing the organisation to 're-freeze' in its new pattern. The 'unfreezing' (would 'melting' be a better word in a tropical context?) only occurs when the 'promoting forces' are stronger than *and remain stronger than* the 'restraining forces', that is the vested interests, good and bad, who see no advantage to them in any changes, and often only loss.

We argue that the critical role of introducing private sector involvement in the water sector, way beyond the value of any particular PPP option, is the 'revolutionary' shock it can deliver to the key organisation, the shock to 'unfreeze' the existing approach, and from our perspective then to deliver the necessary reform that not only delivers a step-change in conventional performance but allows, enables and demands a step-change in service to all potential customers by being flexible enough to experiment with new ways of serving the poor, completing the S-curve.

However, we have to add to this analysis that our research around the world shows that in many low-income countries the restraining forces are exceptionally powerful, survival being a stronger driver than advancement perhaps. In many cases, externally driven/promoted change, whether through PPP involvement or the more conventional capacity-building and technical assistance, has failed to deliver long-term benefits when it seeks to move an individual organisation's performance too far ahead of its comparators in that countries' social, political and economic context. Hence in considering PPP options we have to first consider whether evolutionary reform of NWSC might be able to deliver service to the poor, particularly in the context of a reformed institutional framework with formal, transparent regulation and customer involvement.

### **5.6 Evolutionary Reform: 'Super NWSC'**

If the choice is replacing NWSC or reinventing it, revolutionary change or evolutionary change, some would argue that in development terms it would be best to promote reinvention to serve the poor. A 'Super NWSC' should be cheaper overall, should do most to promote Uganda skills and competences, both technical and managerial and would generate least political and civil society resistance.

The experience of the authors is that NWSC is perfectly capable in terms of skills and competences and potential, having already achieved the major success of moving towards commercial sustainability and is doing well relative to other East African utilities/water suppliers.

However the question is whether the promotion of a Super NWSC can achieve the step change necessary to achieve the MDGs for example? Are there sufficient drivers or promoters within the institutional framework (and proposed framework to included regulation) to deliver this change. Another question in this context is to ask whether NWSC would be allowed (in socio-political terms) to move much beyond the Uganda 'average' in terms of utility practise?

NWSC is perceived to be presently constrained by expectations and perceptions: professional, society, political. It is also constrained by practise: governance; political involvement, relational management, tribalism, corruption and customer non-payments. There is therefore only a limited 'license' (to take the necessary steps) to reform.

### **5.7 Revolutionary Reform: 'PPP Concession'**

The 'revolutionary' reform that we have observed elsewhere, overcoming these restraining factors and delivering a 'step-change' in performance, in service to the poor as well as in commercial efficiency and conventional service improvement, has been the concession model of Public Private Partnership. In the concession model the private operator takes on full responsibility and risks for delivering the service, with responsibility for capital investment as and when it is needed as well as operating efficiencies.

We see that this model of PPP best fits the criteria explained above for delivering the necessary shock to unfreeze the existing system as well as for retaining overall responsibility and authority to serve everybody. We see concessions as effective integrating management systems –which are vital for (least cost) optimising of operations and investment. As a concession is too large and too long a contract for conventional contract monitoring and supervision there is the necessity for effective economic regulation to take account of the always necessary adjustments to the initial contract – particularly important when striving to serve the poor where nothing is automatic.

When concessions work well they can deliver real and fast benefits and with international operators involved it is possible to access best-practice from all around the world far more easily than any national utility can achieve. We have seen the best international operators undertake expensive research and development programmes as to how best to serve the poor – something we have never seen from national utilities. Concessions can be further improved through insistence upon, for example, open book accounting and HRD policies such as 'one in-one out' referring to the potential to give national employees exposure to world-wide management experience in return for a temporary expatriate presence. However, we have also seen successful concessions let down by poor regulation as we have also seen unsuccessful concessions let down by poor management. We have seen concessions fail due to massive foreign exchange loss which totally exceed any reasonable level of risk that the private sector might be expected to (let alone be able to) absorb.

However it is this last point that leads us to presume that a concession, however powerful it could have been in serving the poor in Uganda, is no longer an option. The best international operators are now restricting their exposure in emerging markets having lost phenomenal amounts of money in fixed asset investments which they have had to write off when the currency slumped.

We believe that of all the PPP options, the integrated, comprehensive concession model best fits the urgent requirement to deliver a step change in service to the poor: EESERT water and sanitation. But as the level of profitability linked to the level of foreign exchange guarantees that would be required by any world class company would almost certainly be unacceptable politically, even though it might represent best value, we presume other alternatives must be considered.

## **6 The role of PSP options in delivering a step-change in service delivery**

### **6.1 *The present PPP options***

Looking further than the comprehensive concession, there are a large, and sometimes it appears, ever increasing number of PPP options, each with different characteristics and each with varying potential to be instrumental in serving the poor. We include the table (below) to demonstrate our awareness of and (partial) understanding of these many variations on the theme. However, in briefly considering again the main PPP options, we would emphasise our understanding, relating back to the points we have made earlier, that these hybrid solutions could be seen, at best, to be the 'least bad' alternative if government perceives there to be no other alternative drivers for reform. We would have to wonder though whether there is a danger that in this complexity Uganda might end up with the 'worst of both worlds', neither the clarity of the public service commercialised model nor the profit incentivised private model but rather the gaming and buck-passing of organisations with no clear responsibility and authority.

Variations of private sector participation exist along a continuing spectrum and can be applied in different ways to different parts of the environmental health "supply chain": abstraction, treatment, transmission, distribution, collection, treatment, recycling, and disposal (of solid waste and wastewater). The table below summarizes the main contract types with relevant additions and a ranking for their potential to serve the poor.

**Table 6-1: Potential of Public-Private Partnership Models to Serve the Poor**

Option	Potential to Serve Poor	Asset Ownership	Operations and Maintenance	Capital Investment	Commercial Risk	Duration
Household Management	**	Private Household	Private Household	Private with Public	Private Household	Indefinite
Community Management	***	Community	Community	Public with Community	Public with Community	Indefinite
Small-Scale Independent Providers	***	Private Business	Private	Private	Private	Variable
Service Contract	-	Public	Public and Private	Public	Public	1–2 years
Management Contract	**	Public	Private	Public	Public	3–5 years
Lease	*	Public	Private	Public	Shared	8–15 years
Concession	***	Public	Private	Private	Private	25–30 years
Build-Operate-Transfer (BOT)	*	Private and Public	Private	Private	Private	20–30 years
Divestiture	**	Private or Private	Private	Private	Private	Indefinite (may be limited by license)

Source: Adapted from World Bank (1997).

For a more comprehensive list please see Annex A. That list includes some of the more esoteric and unusual combinations which try to apportion risk and responsibility more exactly in a way that should best fit the particular social, political and economic context of the country concerned. However, we have seen in our work that there is never ever a ‘right solution’ to institutional and organisational needs and if, by chance, it has been correct for a while it is unlikely to stay that way if society is evolving at a different rate and maybe even in a different direction from that envisaged by the ‘model solution’ designers. What is most necessary to recognise is that having used the introduction of the new models to provide the necessary ‘shock’ to the existing system, the unfreezing referred to earlier, it will then be necessary to enable the institutional framework and the organisations within it to evolve over time. Staff cannot be expected to deliver good service to all whilst in a state of permanent organisational ‘revolution’ so having achieved the necessary step-change in attitude and performance, in this case service to the poor, it is usually necessary to return to evolutionary change to maintain that level of performance.

## **6.2 The ‘New PPP’ models – the hybrids**

The ‘New PPP’ models, what could be called the hybrids, are attempts to overcome the perceived weaknesses in the existing models, particularly the reluctance of international operators to commit valuable capital to fixed assets in markets where that investment could be easily expropriated by devaluation or regulatory inaction.

However, the weaknesses of these models is that they are potentially to complicated to manage or be managed in a weak governance system in that they promote gaming and/or transaction costs between different organisations, diluting responsibility and authority and allowing the key goals, universal service in this case, to be downgraded in pursuit of other organisational goals.

Writing from a UK base where the current fashion for PPPs started, as government tried to become cleverer in its privatisation campaign, in an attempt to achieve the benefits of PPP without having to pay what were often perceived to be excessive profits, the models became ever more complex. It appears that the contractual negotiations between presumably partner organisations become more important to gain organisational advantage and/or profits than service to customers. The classic failure has been the railways privatisation with its breakdown of responsibility between operating companies, train leasing companies, train maintenance companies, a track company, track maintenance companies, all compounded with a strategic rail authority to undertake strategic planning in addition to a rail regulator and a government department that was expected to subsidise anything required that could not be funded through ticket sales.

#### **6.2.1 Leasing with Asset Holding Authority/'Strategic Urban Water Authority'**

We notice echoes of this UK railways hybrid approach in the proposals in Uganda for an enhanced lease. We understand this to include an international operator with an Asset Holding Authority presumably to manage (and fund and construct [through separate contractors or the private operator?]) that part of the capital programme which does not come under the enhanced part of the lease plus a regulator.

We understand the reasons for this approach; we recognise that it might well be politically more acceptable for the assets to be owned by a Ugandan government institution. We understand that it might be more attractive to an international operator to be involved without risking capital. However, with the proliferation of organisations we see the risk of divided responsibilities and authority, we see that the model loses flexibility which is most important in serving the poor. We see that it is harder to optimise opex/capex trade-offs and that it will be easier always to blame another organisation for any failure.

Looking at the other issues discussed earlier, Uganda and NWSC have had the experience of management contracts and have apparently had to give up on them without necessarily having received the benefits of an 'unfreezing' of the vested interests and significant resulting reform. Will a hybrid PPP deliver anything better relative to the price that will have to be paid, particularly in terms of organisational proliferation and subsequent game playing which may only enhance the relational aspects/power struggles between partners? It will be necessary to accept that progress will be slower than with a clearly focused entity and there is always the danger of 'unintended consequences' in any complex reorganisation of this sort.

The question WaterAid should be asking is 'which single entity in this hybrid has sole responsibility and authority to deliver universal service?'

#### **6.2.2 'Management Partnering'**

As a final PPP option to consider, there is a new hybrid under discussion in the water world that strives to keep the 'purity' of the single responsible public organisation with the willing integration into that organisation of the private sector acting as hand-on integrated management consultants. What could perhaps be described as 'Super Technical Assistance' but which is meant to be more than that with the willing partnering between different companies which is becoming fashionable in large construction projects in other parts of the world, between client and contractors and consultants, all incentivised with shared profits from the reduced costs and improved and timely service provision.

Using phrases such as 'putting the hand-shake back into construction', describing it as 'stepping back from adversarial approaches' through high levels of trust delivering 'win-win situations' this is undoubtedly one way of accelerating evolutionary change if the client, in this case NWSC, really really wants it. The skills which would be harnessed in this way could deliver a significant improvement in service to the poor without necessitating the complexities of asset holding authorities and such like. If the partners were prepared to be as transparent with government and civil society as they would necessarily have to be with each other it might almost be possible to avoid having the expense of a separate regulator, having that task of performance monitoring and price agreement performed by the existing government department.

### **6.2.3 What is Partnering?**

[The] traditional approach to competitive procurement, which invites a number of suppliers, normally no more than six, to bid against its pre-determined requirements and detailed terms and conditions, may not provide the best possible procurement approach to the purchase of complex, high value goods and services. Experience in the USA, and commercial best practice, have demonstrated that there can be benefit from close involvement of suppliers in the definition of the requirement, apportionment of risk and negotiation of key terms and conditions. Procurement embracing these concepts can be adopted .... in appropriate circumstances and are known as partnering arrangements.

Partnering provides an environment in which [the client] and its suppliers work together from the earliest stage of a procurement to achieve the mutual goal of value for money. The relationship, whilst building on the public sector procurement disciplines of accountability and probity, will be pragmatic; questioning and challenging accepted processes and procedures; seeking timely and realistic trade-offs between user needs, equipment/service delivery and performance.

In an effective partnering relationship, [government] will want to be considered by its suppliers as a customer of choice, just as those suppliers will wish to be considered by [government] as suppliers of choice.

Partnering is therefore:

- A commitment to achieve excellence in the timely supply of high quality products and services and excellence in relationships for all those involved;
- an attitude of mind that builds on ... current procurement policies;
- about securing best long-term value for money;
- a culture of trust and openness.

Partnering demands:

- the identification of suitable projects and potential partners;
- professional management;
- commitment at all levels and from all parties.

Partnering creates success by:

- creating a positive working environment;
- harnessing creative energy;
- building co-operation within working relationships to meet business/project challenges;
- addressing issues promptly before they become adversarial.

Partnering is not a soft option:

- it is not synonymous with cosy, non-commercial behaviour;
- it will need to continuously demonstrate delivery of benefits to remain in force.

(Ministry of Defence, UK, 2002)



Please note that Management Partnering is one of the solutions which has emerged from the discussions RWE Thames Water has been having with a variety of stakeholders in its 'Design Group for the Millennium Development Goals' where WaterAid has also been involved.

We are not necessarily recommending that WaterAid Uganda promote the concept of management partnering but we share this to help you question and probe more deeply into the presently proposed PPP solution to help, government clarify its own understanding. Our question remains: would the poor receive better services more quickly through an already improved NWSC willingly benefiting from special technical assistance such as management partnering (perhaps being less in need of the revolutionary 'unfreezing' change that most utilities need PPP for) than through a complex and institutionally uncertain hybrid enhanced lease with asset holding authority?

## Conclusions

A substantial proportion of the urban poor in Uganda are not receiving the water and sanitation services from the government utility. The poor are having to pay a high price for alternative supplies.

The case studies described from around the world demonstrate that it is possible for utilities to provide quality, affordable service to the poor, even the poor living in 'illegal' slums and shanties, who benefit disproportionately from the improvement in quality and convenience and reduction in costs. However the utility awareness of this role of serving the poor and any subsequent commitment and ability to undertake this task in the necessarily flexible and creative manner required normally only follows from a significant level of organisational and institutional reform.

Although utilities can reform without private sector involvement the introduction of PPPs has often been necessary to provide a strong enough impetus to overcome the reluctance to disturb current patterns of working, as well as overcoming various vested interests. The most effective PPPs for reform and service to the poor have been where the utility has retained very clear, comprehensive and integrated responsibilities and authority over operational expenditure and capital expenditure.

The concession model of PPP which best incorporates these characteristics is no longer an option because of the reluctance of international operators to risk their capital in fixed assets and the reluctance of governments to allow them the pricing structure, the profit margin and/or the foreign exchange guarantees which might overcome this reluctance to invest.

If this 'best' option is no longer available the question WaterAid should be asking is whether the 'least bad' option presently tabled is 'good enough'? Does it deliver institutional simplicity and clarity of responsibility and authority? Is the opportunity of organisational gaming and 'buck-passing' minimised? Are the benefits potentially to be gained from any introduction of PPP likely outweigh the costs, both financial in terms of fees/profits and those deriving from the 'law of unintended consequences' in any institutional reform? Has the extent of reform in NWSC been sufficient to obviate the need for significant restructuring and unfreezing through PPP? Would a 'Super NWSC' with special management partnering and the introduction of an economic regulator be sufficient to deliver EESERT services to the poor? Or has government now gone so far down this road of Public Private Partnerships that politically, nationally and internationally, it is now unable to look at alternative solutions?

The goal remains clear, convenient, good quality, affordable water and sanitation for all urban dwellers in Uganda. The customer specific solutions to achieve this goal are well understood. The institutional framework and the organisational mandate to achieve the goal must be clarified as soon as possible.

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## **Annexes**

## Annex A

**Table A-1 Private Partnerships - Characteristics<sup>7</sup>**

			EXAMPLE	Capital Investment Responsibility	Construction Risk	Asset Ownership	Operations & Maintenance Responsibility	Commercial Risk	Competition Potential	Regulatory Requirements/Oversight	Duration
<b>Partnerships – Formal &amp; Informal</b>	TM	Tenant Management	On plot sanitation	Pvt	Pvt	Pvt	Pvt*	Pvt	-	*	
	OOM	Owner Occupier Management	Cleaning of house front storm drains	Pub	Pub	Pub	Pvt	Pub	-	—	
	HOM	Householder (Owner Occupier) Ownership & Management	On plot sanitation	Pvt	Pvt	Pvt	Pvt	Pvt	-	—	
	CM	Community Management through CBO – Community Based Organisations Water Users Associations Non Governmental Organisations 'Not for Profit' Organisations	On site water distribution On site sanitation	Pub	Com	Pub	Com	Pub	-	*	
	CMO	Community Management & Ownership through CBO's etc	On site water distribution On site sanitation	Pub	Com	Com	Com	Com	-	*	
<b>Service Agreements or Arrangements: direct customer service</b>	Franchise	Right, often exclusive, to serve customers in particular area									
	Micro Enterprises; Vendors; SSIPs; IWASPs	Small Scale Independent Water and Sanitation Providers MSE – Micro and small enterprises	Water vending Pit latrine emptying Solid waste collection Kiosks	Pvt	Pvt	Pvt	Pvt	Pvt	**	*	

<sup>7</sup> Notes: Pvt – Private Pub – Public Com – Community

The scoring is on a scale from one star to three stars, the higher numbers representing higher potential or need.

<b>Service Contracts</b>	Community Contracting	Through CBO's etc	Construction of site facilities	Pub	Pub	Pub	Pub & Pvt	Pub	*	-	
	NGO Contracting	Non Governmental Organisations 'Not for Profit' Organisations		Pub	Pvt	Pub	Pub & Pvt	Pub	**	*	
	SME Contracts	Small and Medium Enterprise Contractors		Pub	Pub	Pub	Pub & Pvt	Pub	***	-	
	Service Contracts	Conventional Contractors		Pub	Pvt	Pub	Pub & Pvt	Pub	***	-	1-2 years
<b>Management Contracts - fee based and/or profit sharing</b>	Design, Construction Contracts			Pub	Pub	Pub	Pub	Pub	**	-	
	Turnkey Contracts	Taking total responsibility for the construction of an entire development	Usually treatment facilities	Pub	Pvt	Pub	Pub	Pub	**	-	
	Management Contracts			Pub	Pub	Pub	Pvt	Pub	*	**	3-5 years
	BOTT	Build, Operate, Train, Transfer		Pub	Pvt	Pub	Pvt	Pvt	*	*	1-5 years

<b>Investment Contracts</b>	BTO	Build, Transfer, Operate	Usually treatment facilities	Pub	Pvt	Pvt to Pub	Pvt	Pvt	**	***	20-30 years
	DBO	Design, Build, Operate									
	DBOM	Design, Build, Operate, Maintain									
	DRBO	Design, Rehabilitate, Build, Operate,									
	BROT	Build, Rehabilitate, Operate, Transfer	Usually treatment facilities								
	DRBOT	Design, Rehabilitate, Build, Operate, Transfer									
	BOOT	Build, Own, Operate, Transfer									
	ROM	Rehabilitate, Operate, Maintain									
	MFO	Maintain, Finance, Operate									
	ROT	Rehabilitate, Operate, Transfer									
	DBFO	Design, Build, Finance, Operate (PFI - Private Finance Initiative)									
	BOT	Build, Operate, Transfer									
	Reverse BOT		Public financing of a BOT	Pub	Pvt	Pvt/ Pub	Pvt	Pvt	**	***	
<b>Private sector direct customer service</b>	BOO	Build, Own, Operate	Usually treatment facilities	Pvt	Pvt	Pvt	Pvt	Pvt	**	***	
	DBL	Design, Build, Lease	Paying for use of built assets, presumed including distribution	Pub	Pvt	Pub	Pvt	Pvt	**	***	8-15 years
	Lease			Pub	Pub	Pub	Pvt	Pvt	**	***	8-15 years
	Enhanced Lease	Responsibility for some capital investment		Pub	Pub & small Pvt	Pub	Pvt	Pvt	**	***	10-15 years
	Joint Venture	Part ownership of Private Company by Public Body – operating as if private concession		Pvt (& Pub)	Pvt (& Pub)	Pvt (& Pub)	Pvt (& Pub)	Pvt (& Pub)	-	**	
	Concession	Taking responsibility for all aspects of capital works, operations and service to customers		Pvt	Pvt	Pub	Pvt	Pvt	*	***	25-30 years

	Divestiture	Transfer of company to private sector ownership		Pvt	Pvt	Pvt	Pvt	Pvt	-	***	Indefinite (may be limited by license)
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## **Terms of Reference**

## **Terms of Reference**

### **Back Ground**

Urban reforms are to address the challenges of delivering equitable, affordable, sustainable and high quality services to the urban population. These are a direct contribution towards reaching the goals of the Uganda Poverty Eradication Action Plan in that they enhance the quality of life of the poor and that they contribute towards rapid and sustainable economic growth and structural transformation. Furthermore they contribute towards reaching the Government of Uganda's commitment to the Millennium Development goals to halve by the year 2015 the proportion of people without access to safe water and sanitation facilities.

The Government of Uganda through the Ministry of Water, Lands and Environment has initiated the reforms in the Urban Water and Sanitation Sub Sector following a comprehensive review of the policy, legal institutional framework of the sub sector in 1999-2000.

On October 1<sup>st</sup> 2003 Cabinet approved the Urban Water and Sanitation Reform Strategy. Its key recommendations are summarized as follows:

1. Enhanced Private Sector Participation in the delivery of services in the Urban Water sector through a Management Contract, Lease Contract or a Concession Contract as may be most cost effective and sustainable at any one time.
2. Public ownership of assets under an Asset Holding Authority and
3. Establishment of an independent regulatory framework.

During the joint Sector Review by the Government of Uganda and its development Partners in September 2003, it was agreed that the process of implementing the Urban Water Reform should be accelerated. The MWLE has therefore commissioned a study with the main objective of analyzing and evaluating the options for Private Sector Participation in service delivery in the Urban and Sanitation Sub-Sector focusing on the large towns. The various PSP options should be evaluated against the current NWSC reform initiatives, specifically the internally Delegated Area Management Contracts (IDAMC's)

According to the current estimates, Kampala alone has a population of 914,000 people with a daily transient population of 1.5 million. More than 60% of Kampala's population live in informal settlements scattered around the city, commonly located in low lying wet lands, and experience seasonal flooding during rains.

Providing effective WSS to informal settlements has a number of critical challenges. These include: -

- Poor cost recovery forecasts for investment, operations and maintenance from the point of view of expanding trunk systems to serve outlying and unreachable areas.
- Targeting financing to poor households – a high proportion of poor households are tenants and migrants dwellers (in some cases rental periods do not exceed 3 months)
- Financing mechanisms include effective credit systems and social connection policy.
- Uncontrolled development, congestion and poor nature of dwellings and absentee landlords.
- Physical constraints present a technical challenge for service delivery

- Difficult of employing conventional management arrangements in the delivery of WSS services due to social, economic and technical characteristics.
- Possible risks due to the uncertainty of land tenure.
- Alternative sources of water of doubtful quality are available, often at no cost making paid water sources less attractive to some households
- High water table (wetlands) which makes the use of traditional low-cost sanitation technologies inappropriate

With view of the above constraints to assess Urban Poor with effective WSS, WaterAid would like to undertake a study that will help to supplement the one commissioned by MWLE by mainly focusing on the best PSP/NWSC option, which will provide effective WSS services to the urban poor.

### **Project Objective**

The main objective of the study is to provide input to the ongoing PSP/NWSC options study, which is undertaken by the Ministry of Water, Lands and Environment, on the best option to provide sustainable and improved WSS to the urban poor residents in informal settlements.

### **Specific Objectives of Study.**

1. Evaluate the best Private Sector Participation/NWSC Reform option to
  - a. Increase coverage overtime, building to Universal Coverage for the poor
  - b. Ensure that the measures that are taken are commercially viable
  - c. Ensure that the measures are impementable, practical and sustainable
2. Give recommendations on how the proposed option will improve WSS to low-income areas, including creation of new units
3. Provide advise on the most viable tariff policy
4. Recommend how other stakeholders especially the Civil Society can constructively participate in the reform.
5. Provide an implementation framework and guidelines for developing WSS services targeted at urban poor
6. Provide an appropriate regulatory and policy framework for extending WSS services to the urban poor and particularly residents in informal settlements.

### **Scope of Services**

1. Carry out a literature review to establish the scope and adequacy of existing data/information and identify gaps to be covered by this study in order to achieve the above objectives.
2. Define and evaluate the best PSP option/NWSC reform initiative to best address how to effectively avail WSS services to the Urban Poor in the towns included in the PSP option.
3. Assess and evaluate the financial models of all options including NWSC reform initiatives, which will be able to address issues of the urban poor more effectively and at the same time maintain a commercially viable utility.
4. Assess the capability of NGOs/private vendors in providing WSS services, and give a framework of how best they can be incorporated in WSS provision.
5. Provide international examples of how similar objectives have been met in other countries.

### **Output**

1. Position paper on best PSP/NWSC option to effectively cater for the provision of WSS for the Urban Poor, while at same maintaining a commercially viable utility.

**Reporting Schedule**

The requested output shall be submitted by 10<sup>th</sup> March 2004. The duration of individual activities and thus timing of submission of outputs shall be defined as part of the Consultant's Work Plan.

**Consultant's Input**

The proposal submitted for this consultancy must include a financial proposal as well as a technical proposal stating proposed work and time plan, methodology for implementation, and staff input and costs.

**Office Facilities:**

- The Consultant shall provide her /his office space and the necessary transport, and all secretarial facilities.

**From the Client**

- Co-operation with the consultants in respect of the assignment
- Provide the information required for exercise in the agreed time.

**Reference Materials**

- Poverty Impact Assessment of Privatisation of the Urban Water Sector in Uganda – improving water services for the Urban Poor through Sector Reforms (Maxwell Stamp, 19 August 2003)
- Identification of Management Options for Improved Water and Sanitation Services of Informal Settlements in Kampala. Vol. 1 & 11. (Aqua Consult)
- Feasibility Study for Water Supply for Informal Settlements in Kampala (KFW, MWLE)

## **Focus Group Discussions and Key Informant Interviews**

**MAKINDYE DIVISION**  
**WABIGOLO PARISH**  
**Chairman Mr. Bosco Lule:**

**(Focus Group – Men)**

1.	Kasekende Mazamil	Married	Ganda	32
2.	Tumwesigye Moses	Single	Nyankore	28
3.	Adhum Livingstone	Married	Japadhora	43
4.	Lukyamuzi Hebert	Married	Ganda	41
5.	Kazibwe Julius	Married	Ganda	30
6.	Katende Saidi	Married	Ganda	32
7.	Ojuma Moses	Married	Langi	40
8.	Ssali Benon	Married	Ganda	39

**1. A) Water sources:**

- **Private Tap Water**

This is sold at 50/= (fifty shillings)

- **Shallow protected well**

Water is free but distance is prohibitive. It is approximately a 4 mile return journey.

- **Storage tanks**

Here water is sold at 100/= i.e. during the shortage periods.

**B) Water Vendors - Owner of pipe stand**

- Very frequent water shortages
- Makes some profits
- No bicycle water vendors because they have very many stand pipes approximately 1 tap

H/H uses approximately 4 jerrycans per day. Both women and children fetch water. It takes approximately 5 minutes because there are many pipes and the pressure is good.

**Sanitation**

- No compost pits therefore disposal of rubbish is still a big problem.

**Toilets**

- These comprise of 2 Public toilets, a private toilet and fake latrines.

**Public toilets:** one was provided by Uganda Red Cross and the other by the Local government. These were supposed to be paid for 100/= (one hundred shillings), per visit but this failed and so presently they are few.

**Fake Latrines:** The owners of the fake latrines let them open during down pours.

**Lack of Toilets**

- These comprise of approximately 10% and they use polythene and others break other people's toilet padlocks.

**2. Services:**

- Very frequent shortages of water
- Customer service is poor. After reporting of faults, the water personnel delay to respond.
- Bills: this is a system that is not clear to the customers

**3. Copying Strategies:**

- Bathing once a day instead of twice
- Asking wives to use water sparingly
- Wearing clothes more than once so as to avoid frequent washing.

#### 4. **Other Service Providers:**

- Red Cross – provided one pit latrine with 4 stances
- KUSP provided 5 stand pipes and 4 VIP latrines.

The community will provide the land and KUSP will do the rest. It is the Parish Development Committee, which decides where to build the facilities.

- Cesspool Services cost 70,000/= and the sludge is taken to Bugolobi treatment plant.
- No sewer line. Some rich people in the area want the service of connection to the sewer line.

#### 5. **Barriers:**

- The main pipes are at the wrong side of the road. It is therefore very expensive to cross the road. It costs 500,000/= plus 58,500/= to install the water.
- Bad/unfriendly neighbors who either ask for too much money to let a pipe cross their land or are malicious and do not want one to have water.
- The water connection fee of 58,500/= is too high.
- The personnel for National Water and Sewerage Corporation demand too much money as connection fees.

#### **WOMEN – FOCUS GROUP**

1. Kizza Topi	Married	Ganda	29
2. Nakanwagi Lucia	Single	Ganda	44
3. Birungi Hadija	Married	Ganda	40
4. Olow Stella	Single	Japadhola	31
5. Odhambo Maria	Married	Samya	35
6. Atai Christine	Married	Kakwa	38
7. Babirye Mary	Single	Ganda	26
8. Mrs. Magezi	Married	Ganda	40

#### 1. (a) **Water Sources**

##### **Private tap:**

It is however used as public and it is sold at 50/= per 20 litre jerrycan.

**Spring Water:** This is free but very far approximately more than 2 miles away.

#### (b) **Water Uses: - domestic**

Normal H/H uses 4 jerrycans i.e. 200/=      Big H/H uses up to 10 jerrycans i.e. 500/=. They find this very expensive.

Whenever there is a shortage of water, those who are able to get water from the spring sell it at as much as 300/= per 20 litre jerrycan.

(C) Women fetch water and it takes 30- 1 hr to get cheaper water where it sells 100/= for jerrycans 3 jerrycans and less than 10 minutes a taps selling 50/= per jerrycan.



#### **(d)Sanitation**

##### **Toilets:**

**Private:** - some H/H have: -

- VIP Latrines
- Others have traditional pit latrines.

**Public:** -

- Church (but free service on Sundays)
- Schools: no charge

##### **Lack of Facilities**

- Use neighbours facilities
- Use polythene bags, later throw in water channels.

There is a big need for public facilities in the area, according to the suggestions of these women.

##### **Water Channels:**

- Very dirty and smelly
- Whenever it rains, residents throw out their garbage into the water channels at the skip (K.C.C) residents are charged 200/= every time they take their garbage. Because of this the whole area is littered with the garbage of those who cannot afford.

##### **Copying Strategies.**

- Less washing of clothes i.e. wash once a week.
- Mop house less often i.e. approximately twice a week.
- Save a lot of water whenever it rains.

##### **NGOs**

There isn't much activity in the area. KUSP is yet to start this.

##### **Barriers**

- Land tenure
- Landlords – do not readily allow tenants to install water in their premises.
- Overcrowding of houses makes work very difficult or impossible.

##### **Observations:**

- Feaces/'PUPU' is scattered all over the place
- Even if civil society worked to help out, there is hardly any spare area to use.
- About changing services of NWSC, people are worried about the new Management

##### **Emerging issues**

- No NGO and there is no free land. It is congested with high-density houses and high population.
- World Bank has funded construction of trenches – water drainage channels, which are cemented. People have turned them into compost pits-garbage
- The next dumping place for garbage is near the monitor offices. People are charged shs. 100-200/=. This is far.

- Priority is garbage, sanitation and water last.
- Locking up pit latrines has led to increased poor sanitation.
- Slum upgrading has led to worsening of problem of another slum development behind planned housing.
- Garbage collection is still a problem in Uganda.
- People no longer offer land for eastern garbage collection.
- Mukwano Industries do not treat their factory debris – releases it in Nakivubo Channel and pollutes Lake and Air which may result in National water increasing tariffs.
- encroachment on wetlands has tampered with filtration of water. So NSWC gets dirty.

### ***Privatisation***

As a utility like water has to be handled by a nation's government but not individuals like foreigners. These are often profit making and quality of water is uncatered for (suspect). Osul left 17/2/04 Krep of Germany left before Osul took over in 2002.

- People fear the water tariffs when new owners come up.
- Shallow wells exist all over the slums but the distance is great – 2km away (4km on the whole).
- When there is down outbreaks stand pipes are operated.
- Preference of yard taps and NWSC monitors them and offer water at a cheaper price. NWSC partners with local leaders for monitoring and evaluation. These run so smoothly and there is no disconnection.

**RUBAGA DIVISION****1/3/04****Parish:** Nakulabye**Village:** Church Zone 7**Chairman L.C I** (Mr. Fred Muganga). **Tel:** 075-528520**(Focus Group – Women)**

1.	Kityo Margaret widow	Muganda	60
2.	Masereko Jacqueline Married	Nyankole	27
3.	Nakazzi Grace Married	Muganda	33
4.	Lule Grace	Married Muganda	36
5.	Nabatanzi Hanifa	Widow Muganda	55
6.	Namukwaqya Anne	Married Muganda	50
7.	Namusoke Enid	Widow Muganda	61
8.	Kyoheirwe Irene	Married Nyankole	42

**WATER SOURCE**i) **Tap water:**

This is always sold at 50/= per 20 litre jerrycan during normal service.

ii) **Springs:**

This is popular during water shortage. Some people sell this water to H/Hs at 50/= per 20 litre Jerrycan and during shortages, the price rises to 100/= for the same amount.

iii) **In trenches:**

This is used in extreme water shortage periods.

## b) A normal H/H used 3-5 jerrycanes a day i.e. (150-250/=) per day.

The water vendors buy the water at 50/= and sell the same at 100/= and hence profit of...

## c) It is mostly women and children who fetch water. It takes about 15-30 minutes to fetch water, but it may take up to 2 hrs when there is a shortage and water is only fetched from the spring.

**NOTE:** The Spring is in the valley and the water is highly contaminated.

**Sanitation:**

Some H/Hs have to own facilities mostly Pit Latrines.

- PAPSCA and AEE together have provided VIP latrines in the worst areas. The residents provide 20% of the cost and the rest is made by NGOs.
- Through Bakyala Tweyambe Group, Concern worldwide provided 1 standpipe. They sell the water and the profit is theirs – they make approximately 45,000/= per month.
- PAPSCA has also provided 2 stand pipes in the area.

**2.SERVICE**

- Water flow is quite good. Shortage is approximately once a month and usually with warning.
- Pressure is fine
- Customer service is satisfactory
- The billing system and the bills are fine
- Beneficiaries want training so that they may read and interpret their meters

### **Copying Strategies:**

- The spring water which is mostly cheaper but contaminated, is used for washing clothes and bathing and the tap water is used for cooking.
- Bathing once a day or once in 2 or 3 days
- Washing clothes once a week
- The house wives tend to do the washing. She uses less water
- The community guards the springs in the area to make sure children do not spoil the water.

### **Other Providers**

- PAPSCA, Concern Worldwide and AEE have provided water and sanitation, VIP latrines- 80% contribution.
- Cesspool was contacted privately by community residents to empty a 2 stance latrine at approximately 70,000/=.

### **Barriers**

- a) High Cost: buying pipes, labour e.t.c. it costs more than 250,000/=
- b) Land Tenure: Some are just malicious and yet others have greed for money for example 50,000/=
- c) Location of premises in relation to the main pipe. The further the distance the higher the cost.

### **PROBLEMS:**

25% do not have any toilet facilities. They use polythene bags and throw them outside at night.

Approximately 80% do not afford the cost of water at 50/= and they therefore use the contaminated spring water.

### **Observations**

- The area is very dirty with trenches full of rubbish.
- There is very high rate of unemployment. People do not have money to buy water at 50/= a 20 litre jerrycan
- Residents want ecosan toilets since they do not require the expensive emptying using cesspool

#### **(FOCUS GROUP- MEN)**

1.	Sebunya Robert	Married	Muganda	37
2.	Muganga Fred	Married	Muganda	45
3.	Bisaso John Ssalongo	Married	Muganda	48
4.	Ssemugenyi	Married	Muganda	35
5.	Kawuki Basil	Married	Ugandan of Congolese Origin	29
6.	Kavuma Isma	Single	Muganda	30
7.	Musoke Salim	Married	Muganda	41
8.	Alimpa Paul	Married	Nyankole	46

### **Source of Water**

The source of water includes: tap, springs and rain water.

- Those who afford 50/= for a jerrycan use tap water for cooking and drinking, and use spring water for washing clothes and bathing.

- The very poor use spring water for all needs.
- The average household uses approximately 4 jerrycans i.e. 200/= per day
- Water vendors fetch water from the well at no cost and sell it to H/Hs at 100/= especially during water shortages.
- Women and children fetch the water. It takes 5-30 minutes to fetch water from water taps.
- From the springs it takes longer 30-ihr because of distance and large numbers at the spring.

#### **Sanitation needs:**

- The toilets in H/H are constructed in such a way that when it rains, they are opened and the stuff is let out into the water channels and eventually into the springs in the valley.
- There are people who pour garbage in the toilets because they do not have compost pits. This fills the toilets at a higher rate causing high costs of emptying using the cesspools.
- Where residents have provided 20%, Concern Worldwide, PAPSCA and AEE have provided the rest i.e. 80% and built several facilities approximately 12 in the zone.

#### **Note:**

Each has 6 stances.

There is still high number of people without toilet facilities because those who can afford the 20% contribution to these NGOs use names of neighbors to qualify for the service, but the end result serves him alone. There are no facilities for garbage collection.

#### **NWSC (National Water and Sewerage Corporation)**

- The NWSC lays the main pipes along the main roads from which individuals may tap from.
- Installation of water is done privately. 58,000/= is paid at the water office and buying pipes according to distance from the main pipe.

#### **Copying Strategies**

- The people wash clothes at the spring
- Bathing is done less often.

#### **Sanitation**

Those without toilets use polythene bags and then throw them out especially when it rains.

#### **Other Service Providers**

##### **PAPSCA**

It is no longer in place, but provided 2 water stands whereas the community provided labour and they provided the rest; dug shallow wells and built 2 toilets.

##### **AEE**

- It provided VIP toilet facilities by providing 805 of the cost and the community provided approximately 20% of the remaining cost.
- Tap water is for sale
- It constructed drainage channels.

##### **CONCERN WORLDWIDE**

It provided water to a women's group i.e. Women Focus Group (i.e. 1 tap stand)

### **Barriers**

- Land tenure
- Malice
- Expensive
- Overcrowding of Buildings
- They are built so closely that there is no space for laying down the pipes.
- So many are renting and cannot install water without the Landlord's permission.
- Process is slow due to office bureaucracy at the water office.

### **Emerging issues**

- NGOs are willing to help, one has to offer land and it should be that households are willing to share NGOs to give 80% and 20% by the population. So people cheat and claim that all the people are residents and are willing/agree to share the facility. Afterwards one H/H monopolizes it and thus causing a continuous sanitation problem and the same applies to the water supplies.
- Free water and shallow well is preferred because many people cannot afford the shs.50/=.
- Women benefited from Concern Worldwide.
- Men's attitude towards water is that water is a woman's issue.
- Sanitation is priority to men. It is difficult for them.
- Garbage is thrown in the toilet because sharing is not a good idea.
- The H/Hs do not pay for the services (VIP Toilets) so there are no public facilities or sanitation.

**(Focus Group – Men)**

1.	Ssozi Micheal	Married	Ganda	35	
2.	Lutaro John	Married	Kiga	41	
3.	Magezi Julius	single	Ganda	28	
4.	Mukasa Ssalongo	Married	Ganda	36	
5.	Brown Henry	Married	Nyankore	42	
6.	Kabagambe Jack	Married	Kiga	36	
7.	Lukwago Topher	Married	Ganda	40	
8.	Kirumira Maurice	Married	Ganda	42	

**Source of water**

**1 a)**

- **Tap water.** This is sold at 50/= per 20 litres jerrycan
- **Natural Spring:** This water is not safe and so it is only used when there is a water shortage.
- There are vendors present in the area i.e. using bicycle.
- Water is for domestic use
- During weekdays a normal family uses 2 jerrycans of water i.e. 100/=. Over the weekends the amount of water used doubles i.e. 200/=
- A family of 6 uses 2 jerrycans for cooking, 5 litres for drinking 1 jerrycan for washing and 2 jerrycans for bathing.
- Children and women fetch water
- It takes less than 10 minutes to fetch the water.

**Sanitation**

- There are no public toilets
- There are traditional pit latrines
- Those who do not have toilets use polythene bags and throw them out in water drainages.

**Note:**

There is a problem of a water channel full of sewage water but the city engineers have failed to rectify the situation. It could be due to negligence.

**2 NWSC**

- NWSC has laid the main pipes one on Kira Road and 2 parallel ones in the parish
- Supply is quite irregular. It is approximately 3 times a month but with a pre notice.
- Customer service is not a very good response to faults. They are very slow. For example the drainage channel full of sewage water in the village where engineers are slow to act.

**3. Copying Strategies**

- ❖ Washing of clothes is done once a week.
- ❖ Bathing is done using water from which clothes have been rinsed
- ❖ Washing utensils is done once a day.

#### **4. Other service providers**

- ❖ Concern Worldwide is repairing faulty taps and providing new ones
- ❖ Kamwokya Christian Church is providing both water and sanitation facilities.

#### **5. Barriers**

1. Requirements for connection such as: -

- Land Title
- Letter from L.C
- 50,000/= for National Water and Sewerage Corporation, are not easily attainable

2. To pay a neighbor who has laid pipes already is usually not less than 50,000/=.

This is very expensive for these people whose income is approximately 60,000/= a month.

#### **Observations:**

- The bathrooms in higher areas in altitude do not have soak Pits and just flows to these lower areas causing problems to these people.
- The Pit latrines are now rented to the tune of 1 stance to 20 H/Hs where they Pay shs. 10,000/= per month instead of 100/= per visit, and this combined with the problem of using toilets as compost pits makes them get full quickly requiring cesspool services which are very expensive at 70,000/= per visit.
- Soggy ground makes toilet construction very difficult.

#### **Way Forward:**

- No problem with privatization of water as long as the prices remain the same or Cheaper.
- Contract is best option because when proved incompetent it will be easy to terminate.
- Fear that anybody who takes over the services of NWSC may disregard the urban poor since usually such people are business men and are out for profits and of charity work.



**Central Division: Kamwokya II, Green Valley Village**  
**Chairman Mr. Nathan Tumwine**

**(Women – Focus Group)**

1.Etyangu Eva	Married	Mutoro	31
2.Kemigisha Hope	Married	Kiga	29
3.Mukankusi Allen	Married	Mufumbira	34
4.Lwanga Geraldine	Married	Ganda	42
5.Nantume Ruth	Single	Ganda	44
6.Namutebi Topi	Married	Ganda	36
7.Asimwe Peace	Married	Nyankore	34
8.Karungi Gertrude	Married	Nyankore	30

**1. Source of water**

- Protected spring:

A pipe has been put in a well and water flows continuously

- Tap water:

This is available but it is very expensive at 50/=. People prefer the spring water where they pay 100/= for 3 , 20 litre jerrycans.

**Note:**

This is the main water source used by the majority of the community. They get their water for various uses:

- Bathing
- Cooking
- Washing clothes
- Washing utensils
- Drinking

**The Water Diary**

H/H no.	Cooking	Bathing	Washing clothes	Drinking	Total
5	10 Litres	30 Litres (11/2 jerrycan)	1 Jerrycan (20litres)	5 Litres	3.5 Jerrycans

- It is mainly women and children who fetch water and it takes 15-20 minutes to bring water home.

**Copying Strategies**

- Bathing once instead of the preferred twice daily.
- Washing utensils once a day instead of every time they are used.
- Washing clothes once in 3 days.

**Sanitation**

- Some residents have personal pit latrines.
- Those who do not have, rent their neighbors' facilities at 10,000/= and a Landlord with approximately 6 houses (mizigos) rents a toilet at 20,000/= per month.
- The garbage is a problem and there are several heaps all over the place making the place very smelly.

**Level of Service from NWSC**

The main pipes are present in 3 areas and those with capability financially have been able to get water in their premises mostly in their compounds for sale.

The Pressure is fine

Hours of service: - this is approximately 3 times a month(mistook for maintenance).

**Note:**

They do not usually use this source.

**Other Service Providers**

- Coopi (Coopizoinale Internationale) provided toilets in the area 2 pit latrines in each zone.
- Kachepe Group (under the Catholic Church) comes in now and again to unclog the water drainage channels.
- Concern Worldwide has been involved in water drainage construction.

**Barriers:**

Land tenure: Too many landlords to pay when passing pipes through their land.

Since most are tenants, some landlords will not give their letters authorizing them to install water in their premises.

High costs of installing water i.e. 50,000/= for NWSC plus costs of other materials such as pipes.

**Way Forward:**

Once services are privatized the future becomes uncertain. Since the management may change prices and services may affect beneficiaries negatively.

**Observations:**

- 1) Some plots are so small that there is no area for construction of a toilet facility
- 2) Big heaps of garbage very close to the houses.

## Central Division Kamwokya II L.C I Chairman

### Key Information

#### 1) **Other Service Providers**

- Kamwokya Christian Community has provided: -
  - 10 stand pipes
  - 9 traditional pit latrines.
  - 20 bathrooms.
- There are 10 zones in the parish and each zone got 1 stand pipe plus 1 pit latrine plus 2 bathrooms except Mawanda zone which got 1 pit latrine because it has a sizeable number of rich households.
- The land on which these facilities are built is donated by volunteers and managed by individuals selected by PDCs.
- Users pay 100/= but how the PDCs prefer renting/tendering the facilities where payment is done monthly.

#### **Emerging issues**

The poor are ignored, for example, a sewer line is broken in Kisenyi, but city engineers ignore this Kamwokya II area.

Most of the NGOs have not helped. It is the Catholic Christian group that has plans of building bathrooms and unclogging the channels in Kamwokya.

Eviction of people using the sanitation due to land originally volunteered and now sold by the person who had voluntarily given the land to the community – Mawanda zone.

You cannot stop the lease contract because government determines. However, prices should remain constant.

There is no land for future project development and landlords rent on behalf of their tenants.

Approximately 20 hhs per pit latrine and all are given keys, to the latrine which is kept locked.

**KAWEMPE DIVISION  
KYEBANDO PARISH  
KANYANYA QUARTER ZONE  
CHAIRMAN LC 1 MR. PAUL LUBWAMA**

**(Focus Group – Women)**

<b>Name</b>	<b>Maritus Status</b>	<b>Tribe</b>	<b>Age</b>
1.Muyanja Hasfa	Single	Ganda	42
2.Babirye Margaret	Single	Ganda	36
3.Nampala Gloria		Ganda	43
4.Nakate Justine	Married	Nyankore	29
5.Kakamya Jesica	Married	Dama	33
6.Nalubwama Nowelina	Single	Ganda	39
7.Jjinga Ruth	Married	Ganda	34
8.Bangi Daisy	Married	Nyarwanda	28

**Source and Use of Water  
Stand Pipe**

Water is sold at 100/= for 3 jerrycans.

**Spring Water**

A pipe has been fixed and water flows continuously. This water is free but considering the distance, it is far approximately ½ mile away. This water is preferred to tap water because it is clear.

**Note:**

This water cannot be used to mix fruit juice because, they say, it has a bad smell.

Women and older children are the ones who mostly fetch water.

**Sanitation**

**Toilets**

They are very difficult to construct. The ground is very soggy.

- Most people have private toilets although they are made above the ground.
- There are some toilets approximately 205 who do not have and keep breaking into the neighbors toilets and using the open space or polythene bags.

**Garbage**

There are no K.C.C skips garbage is thrown all over the village.

**Note:** K.C.C cannot find space to put the skip (garbage container)

The worst sanitation problem in the area is the toilets.

**NWSC:**

- In partnership with the local government, there are 6 standpipes, which were built. These stands were built on land volunteered by private owners who are the managers of the very standpipes.
- The pressure of the water is good.
- The service is regular.

- When faults are reported, service is quick.

### Copying strategies

- Harvesting is done with rainwater whenever it rains.
- Opting for free spring water
- After washing, the water is used for scrubbing the bathrooms and mopping the floor.

### Water Diary; Uses of Water

No. of H/H members	Bathing	Cooking	Washing	Drinking
5	2	1	2 1/2 Jerrycans	2 Litres

There are no other service providers in the area because facilities like standpipes and toilets 1n pit latrines.

### Barriers

Poverty is too much here. They think 50,000/= and buying pipes is impossible to get.

### Way forward

- Privatization of water services is not welcome here.
- They prefer government to remain with more shares in the service.

### Observations

- The water channels have become mosquito breeding grounds because of the stagnant water.
- Overcrowding of poorly built houses.

### (Focus Group – Men)

1. Nyanzi Geoffrey	Married	Ganda	45
2. Kawagu Jacob	Married	Ganda	35
3. Ssozi Edward	Married	Dama	42
4. Lubwama Paul	Married	Ganda	55
5. Gingo Cranimar	Married	Ganda	48
6. Mutabazi Eli	Married	Nyankore	50
7. Kizza Andrew	Married	Ganda	37
8. Mugisha Perezi	Married	Kiga	40

### Source of Water and Uses of Water

#### Standpipes

- There are 6 standpipes in the village
- 50/= is paid for a 20 litre jerrycan at the taps.
- Other taps cost 100/= for 3 jerrycans of water.
- The uses of water include: - cooking, bathing, washing, and drinking.
- There are very few water vendors (using bicycles). They can make between 500-1000/= from sell of water.
- Normal H/H uses about 3 jerrycans per day i.e. 100/=.
- It takes as little as 5 minutes to fetch water.

#### Sanitation

- The situation is very bad

- There is no space for construction of toilets
- The area is so swampy; it is therefore not possible to dig pits. The available toilets are built on high platforms.
- Those with facilities agree with ones without to pull resources to have the services of cesspools upon filling of the toilets. Cesspool charges between 30,000/= to 70,000/=.

#### **NWSC Services**

- There is availability of the Main pipe.
- The pressure is good enough
- Quite regular
- Quality is fine

#### **Copying Strategies**

- Bathing is done once a day instead of twice.
- After washing, the water is kept and it is later used to mop the house.
- There are no NGOs in the area

#### **Note:**

There is no space for construction of toilet or water facilities.

#### **Barriers**

- The people live in poverty, their incomes are very low, they earn approximately 50,000/= a month and yet they have large families. For example Mr. Gingo Cranimar has 7 children, 2 of whom are in secondary schools paying an amount of 200,000/= per term. He cannot even save 50,000/= required to install water in his premises.

#### **Privatization**

- From experience since government has already planned to sell off the services, it is useless to discuss the issue.
- It would be alright as long as the prices remain constant.

## NAKAWA DIVISION

### BUKOTO I PARISH

### MULUMIRA ZONE

### L.C.I CHAIRMAN MR. SSEKANDI EDWARD

#### (Women - Focus Group)

	Name	Marital status	Ethnicity	Age
1.	Wabwire Agnes	Married	Soga	37
2.	Nantongo Mary	Married	Ganda	40
3.	Matende Loyce	Single	Kiga	45
4.	Kyoheirwe Grace	Married	Kiga	36
5.	Namaganda Irene	Married	Ganda	38
6.	Namuddu Ida	Married	Ganda	43
7.	Namagembe Topi	Married	Ganda	36
8.	Kobusingye Flavia	Married	Nyankore	29

#### Source of Water

- The main source of water is the spring (98%). A pipe is fixed and there is continuous flow.
- This water is for domestic use i.e. it is used for bathing, washing, drinking, and cooking.
- There are no standpipes in the area. Tap water is in very few houses, where the owners are using house pipes to supply water: Selling a jerrycan of 20 litres at 100/=. This serves only 2% of the residents.

#### WATER DIARY (Uses of Water)

No. of H/H members	Cooking	Washing	Bathing	Drinking
7	10 litres	20 litres	20 litres	3 litres

In this zone fetching water from the spring is a nightmare. It has to be fetched by men and a few women because there is much struggling and even fighting at the spring.

#### NWSC Services

- They have just provided a main line
- The residents have not utilized the main line due to poverty because many of them live on 1000/= a day.

#### Copying Strategies

- Washing clothes less often approximately once in 3 days.
- Putting on the same clothes more than once
- Men go to bathe near the spring at night.

#### Other Service Organisations:

- Red Cross comes regularly to unclog the drainage channels
- Red Cross has identified sites for construction of toilets and water facilities.
- KUSP has also included the area on the list of areas of operation.

**Sanitation**

- There are very few toilets because the water table is very high. They make toilets attached to their houses and once it rains, they let them open pouring into the drainage channels. The area has a permanent foul smell.
- Those without toilets use polythene bags, which they throw on the roof tops and drainage channels at night.
- Both sanitation and safe water supply are critically short in this area.

**Barriers**

- The people are too poor to afford the water services.
- The ground is too soft for toilet construction.

**Privatization**

- It is good to try a new method and management since the present one has not served them.
- Since the new management will want to maximize profits, they may reach more areas than NWSC has been doing and this would give them a chance to get the services.

**Emerging Issues**

1. Lack of space has limited NGO involvement in the provision of water and sanitation for the poor. Kanyanya quarter Zone. Every individual deals with his own garbage.
2. Water table is high, toilet facilities are high above the ground. All contribute and hire cesspool through informal agreement, sharing of sanitation facilities is common.
3. In Bukoto, there is no pipe standpipe. Some people get water for domestic use and sell it. Men are the one who collect water because they all get water from spring well. So 90% use this water. This is in Mulimira Zone in Bukoto Parish, Nakawa village
4. They resigned about privatisation. Because UEB was sold and so many others like water will of course be sold.
5. Polythene (Kaveera) toilet is a featuring problem everywhere. 6 Public standpipes put up by LGDP and others cannot afford.



## Bukoto 1 Parish

## Mulimira Zone

Chairman: E. Ssekandi

## (Focus Group –Men)

No.	Name	Marital status	Ethnicity	Age
1.	Kyokusheka John	Married	Nyankore	39
2.	Ampa Alfred	single	Nyankore	30
3.	Nganda George	Married	Ganda	37
4.	Asimwe Joseph	Married	Nyankore	40
5.	Nkusi Louis	Married	Fumbira	36
6.	Kamya Mike	Married	Ganda	41
7.	Ssemakula Richard	Married	Ganda	34
8.	Ssekandi Vincent	Married	Ganda	47

## WATER SOURCE AND USES

- The most common source is the **spring**. It is used by over 90% of the residents. This water is free if fetched by one, but it is difficult to fetch because of the congestion at the well. It is therefore the responsibility of the men to fetch the water because of too much fighting and struggling at the well.
- The water is for all domestic work. This includes: - bathing, washing, drinking and cooking.
- Bicycle vendors: - these make livelihood by selling a 20 litre jerrycan at 300/=.

## WATER DIARY

<u>No. of Household members</u>	<i>Water uses</i>			
6	<b>Cooking</b> 5 litres	<b>bathing</b> 12 litres	<b>washing</b> 20 litres	<b>drinking</b> 2 litres

- Men and very few women mostly fetch the water because there is too much struggling and even fighting at the spring.
- The tap water is inside vendors' houses and a hoarse pipe is used to fill containers, which are lined outside. A 20-litre jerrycan is sold at 100/=.
- Households have to use the available water very sparingly.

## NWSC

It does not serve the community directly. There is a main water pipe along the main road but the residents are generally too poor and too ignorant to access the services.

Copying strategies:

- People spend several days without bathing.

- Women use wet clothes to clean themselves i.e. they put soap on a piece of cloth and just sort of wipe their bodies and call that a bath.
- Washing clothes is done at the well.
- Cooking is done once a day and just warming the same food for supper.

#### **Other service providers:**

- There is no space to offer to these providers. The whole area is covered by very small shanty structures – call them houses and now there is hardly any space left for construction of toilet facilities and laying of water pipes.
- Red cross has been regularly visiting the area mostly to help unclog the abused water drainage channels. The residents use them as both compost pits and toilets.
- KUSP (Kampala Urban Sanitation Project) has come out to help these poorest areas of Kampala. They have identified these areas (see hand out above) and work has already started with sensitization and training of the leaders in the said communities.
- To ensure continuity, the people have been asked to elect among themselves responsible supervisors.

#### **Barriers**

- **Poverty:** Very few can afford to pay 50,000/= fee required to connect water to the ones premises.
- **Overcrowding:**
- Services are not a priority
- Have negative information about NWSC that they cheat clients when billing. They have seen several being disconnected due to failure of very high bills e for example 120,000/= per month and this has made them reluctant to request for the services.

#### **WAY FORWARD**

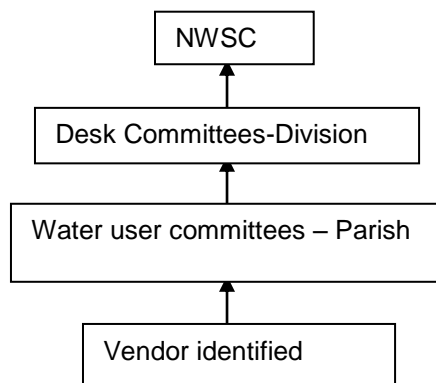
- Since they are not being served now, they hope the new management may make positive changes.

#### **Emerging issues:**

- The poor need complete involvement in the water services provision. They need social empowerment to be able to decide for themselves and do away with the fear of development in terms of gaining access to water. Negative cultural perception of the poor, they need gradual change in the process of development. The poor are afraid of better facilities, so the mentality needs to change.
- Most poor men lack jobs and so they drink and cannot think of how to develop themselves.
- On average majority want NWSC to continue operating, while others are neutral about privatisation since they have not had the NWSC services.
- KCC has put water desks at divisions and known as user committees at the parish and identified tenderers. Their roles is supervision and see how the operations work. They will be answerable in a hierarchical way. Water is going to be freely allocated to the poorest of the poor. KCC through KUSP has paid shs 50,000/= for connection to NWSC

so that the poorest access water. At the water desks personnel are paid and the prices controlled.

*Organisational Chart*



Nyendo Division  
 Parish Mukide  
 Village Kitovu-Kasana  
 L.C. 1 Chairman: Mr. Henry Kiggundu.

**(Focus- Group Women)**

<b>No.</b>	<b>Names</b>	<b>Marital Status</b>	<b>ethnicity</b>	<b>age</b>
1.	Nanyondo Sylvia	married	Ganda	32
2.	Namukasa Rita	married	Ganda	36
3.	Nabweteme Margaret	married	Ganda	30
4.	Nabawanuka Justine	married	Ganda	40
5.	Nantongo Julia	married	Ganda	34
6.	Mrs. Lukwago Joanita	married	Ganda	41
7.	Nakamya Beatrice	married	Ganda	38
8.	Birungi Josephine	married	Nyoro	35

**SOURCE OF WATER****1. Yard stand pipes**

- These are public standpipes – given to local councils for management purposes.
- It is the local L.C. who selects .....of a private operator who is responsible for paying bills of NWSC and keeps the profits as his income.
- 3 jerrycans are sold at 100/=

**2. Protected spring**

- Here water is free. It takes approximately 30 minutes to fetch water.
- During the times of water of water shortage the demand at the spring is almost bearable.

**Water diary**

<b>No. of H/H .....</b>	<b><u>Water Uses</u></b>			
5	<b>Cooking</b>	<b>bathing</b>	<b>washing</b>	<b>drinking</b>
	14	2	2	5 litres

- Women and children are responsible for fetching the water.
- It takes approximately 20 minutes for tap water.
- To fetch from spring depends on distance of H/H from well, approximately 30 minutes in 1 hour.

**Sanitation:**

- Most have pit latrines (traditional)
- Others have simple holes
- Garbage is thrown straight into the gardens.

**NWSC Service level**

- The main pipe has been laid in the village
- Standpipes have been provided and handed over to local councils for maintenance and management.
- The Pressure is fine
- The service is regular
- Reliability is fine.

**Copying Strategies**

- Washing is done less often than required
- Bathing is done once a day instead of twice.
- There are other service providers other than LGDP.

**Privatisation**

- There was general fear of the unknown future featuring hikes of charges.
- In forced privatization they prefer contract because their services may be easily terminated when found unsatisfactory.

**OBSERVATIONS**

- There is real congestion of houses and because the land tenure is mailo, landlord keep selling off very little plots- even one may sell one's own compound.
- There is Nakayiba swamp just below the Nyendo slum, which could be used as a sewage management lagoon if utilized.
- There are public toilets charging 100/= per visit but this is proved too high because people use polythene bags and 'Pupu' is a common sight in the area.

**(Focus Group-Men)**

No.	Name	Marital status	Ethnicity	Age	
1.	Mr. Bukenya Kizito	Married	Ganda	38	
2.	Musoke Laurence	Single	Ganda		30
3.	Lule Jack	Married	Ganda	35	
4.	Ssengendo Deo	Married	Ganda	37	
5.	Bukenya Patrick	Married	Rundi	40	
6.	Kimuli Vincent	Married	Ganda		34
7.	Mukiibi Christopher	Married	Ganda	36.	

**SOURCE OF WATER**

**Protected spring**

This is the only source of water.

- They have formed a committee as a pressure group to get water into the village. Mr. Bukenya Kizito heads the group. They have been given 2 standpipes funded by NWSC; water will flow before the end of this year.
- Mostly children and women fetch water. It takes long to get water ranging between 30 minutes and 1 hour depending on the distance from the spring and the congestion at the spring.
- There is fighting at the well
- Containers get lost
- Children are beaten

**SANITATION**

- Pit latrines (traditional)
- Few people do not have pit latrines and use simple holes which are then covered on daily basis.

**Services by NWSC**

Services expected before end of 2004.

**Copying Strategies**

- Men hardly bathe. It is not uncommon for one to bathe once a week.
- Washing is done at the spring once a week.
- The little water collected is for cooking and drinking.

There is no NGO in the area.

**Barriers**

- Poverty: There is a large number of unemployed people.
- The main line is very far i.e. over 1 km away. So even when one would afford, the pipes needed are very heavy.

**Privatisation**

- Contract or lease where services can be easily terminated if found wanting
- Tariffs may have to be liked since the primary aim is business.

**Observations**

- Not really crowded but people look miserable due to unemployment which means-poverty.

**Division: Katwe-Butengo**

**Ndegeya –Saza,Kiyimbe village**

**L.C. Chairman: Paul Sebunya**

**(Focus Group- Women)**

No.	Name	Marital status	Ethnicity	Age	
1.	Nakate Mary	Married	Ganda	42	
2.	Mukama Joy	Married	Soga	36	
3.	Namirembe Farida	Widow	Ganda	45	
4.	Nabaale Afisa	Married	Ganda	40	
5.	Nabawesi Irene	Single	Ganda	32	
6.	Nabunya Grace	Married	Ganda	35	
7.	Mirembe Lydia	Married	Ganda	34	
8.	Mukisa Ida	Married	Ganda	38	

**Source of Water**

- There is a main line of NWSC going to Ndegeya Core Primary Teachers T. College.
- A few Households who can afford have domestic connections and they sell a jerrycan at 50/=.

**Protected Spring**

- Water is free but may be far depending on where one stays.

**Water Diary**

Household No.	<u>Uses of Water</u>			
5	<b>Cooking</b>	<b>bathing</b>	<b>washing</b>	<b>drinking</b>
	10 litres	20 litres	10 litres	2 litres

**(Total of approximately 2 jerrycans)**

- Mostly mostly children and women do fetching water.
- From tap it takes approximately 20 minutes to fetch water.
- From the well/spring it takes 30-45 minutes depending on where one stays in relation to the spring.

**Sanitation**

- Mostly pit latrines
- Some do not have, they go to neighbors or use shallow holes, which are covered after use.
- Garbage is thrown in the gardens.

**Service level – NWSC**

The main is in place. It is up to the communities to make use of the service.

**Copying Strategies**

- As little as 2 litres of water for bathing an adult.
- Re-using clothes
- Washing less often.

**Note:** **Case:** An old lady sometimes goes without water for a day or two because of lack of money to buy water and lack of a child to send to the spring. She says she feels very miserable. They do not know of any other service providers.

**Barriers**

- Extreme Poverty: -Because surely the main line is very near some households but still they are not connected. They say they do not have 58,500/= to pay to NWSC for connection.

**Observations**

- This is not a slum setting but houses are mud and wattle indicating poverty.
- The NWSC main line is really comfortably near the Households but just a very small number approximately 3 have had water connected to their houses.



**Katwe – Butego**  
**Ndegeya- Saza**  
**Kiyimbe Village**  
**(Focus Group – Men)**

**10/3/2004**

<b>No.</b>	<b>Name</b>	<b>Marital Status</b>	<b>Ethnicity</b>	<b>Age</b>
1.	Kamya Topher	Married	Ganda	36
2.	Sebalu George	Married	Ganda	38
3.	Kizito Agrey	Married	Ganda	35
4.	Ssenyonjo Andrew	Married	Ganda	37
5.	Kaketo Siraj	Married	Ganda	40
6.	Buwule Gerald	Married	Ganda	36
7.	Serwanika Robert	single	Ganda	28
8.	Kijambu Denis	Married	Ganda	36

**Source of Water**

(See women focus group)

**Uses of water**

(See information given by the women group)

- The men say, for them they are concerned with earning money for the family and water fetching is left to the women and children.
- The men do not make water connection a priority because the water sources in the village are serving them-let the women fetch the water and the savings do other things such as school fees for the children

**Sanitation** (see Women Group)

- Those who do not have just are negligent and should be forced by local council to have the facilities.

**Other providers – None.**

**Barriers**

- Poverty
- Wrong attitude

**Privatisation**

- Better not to sell, but if already sold then contract is better because the owner will always be able to check the level of service.

**Observations** (see as women above)

**Division: Kimanya-Kyabakuza**  
**Kisijjagirwa, Kigamba, Kasubi:**  
**L.C. Chairman Nselimi Ssalongo**

**11/3/2004**

**(Men Focus- Group)**

No.	Name	Marital status	Ethnicity	Age
1.	Kakoza Peter	single	Ganda	37
2.	Lubega Fred	Married	Ganda	39
3.	Kabarugire Emmanuel	Single	Nyankore	30
4.	Byaruhanga Robert	Widower	Nyankore	36
5.	Matovu Eddie	Married	Ganda	40
6.	Bwete Ssalongo	Married	Ganda	42
7.	Nyanzi Joseph	Married	Ganda	35
8.	Magooba Dedas	Married	Ganda	40

**Source of water**

There are about 600 people in this village:

- 1) **There are 3 taps only: -**
  - 2 NWSC stand pipes. Water is sold at 50/= per 20 litre jerrycan
  - 1 LGDP stand pipe
  - There is 1 stand pipe under construction by NWSC.
- 2) **Unprotected water wells:**
  - The water is free of charge.
- 3) **Protected Spring**
  - This was done by LGDP but it is 2 miles away from this village.

**Water diary**

Household No.	Water uses (in jerrycans)			
4	<b>Cooking</b>	<b>bathing</b>	<b>washing</b>	<b>drinking</b>
	½	1 1/2	1 jerrycan	(some of the cooking water)

- Women fetch water and children while men go out to look for employment, which is mostly casual, labor and working at construction sites.

**Copying Strategies**

- Bathing less times
- Using clothes more than once.

**Barriers**

The main pipe of NWSC is very far on the main road approximately 1km away. This makes it very expensive to connect water.

**Poverty:** there is lack of income generating activities, the residents find it expensive to pay 58,500/= to install water.

**Common I G As:**

- Farming – for sell
- Construction sites (daily wages)
- Casual labour.

**Sanitation**

- 80% have pit latrines
- 20% do not have: They therefore use the following methods:
  - I. Dig and bury at every visit
  - II. Forcefully using neighbors facility
  - III. Use polythene bags and throw out.

**Privatisation**

- Should be contract for 2 years after which performance is valued and if found unsatisfactory should be terminated.

**Kimanya –Kyabakuza**  
**Kisijjagidwa, Kiganba, Kasubi**  
**(Focus Group-Women)**

1. Namaganda Teddy
2. Namayanja Adrine
3. Namutebi Lillian
4. Namusoke Brenda
5. Nalweiso Harriet
6. Kizza Barbara
7. Nakityo Alice
8. Nabunya Regina

**Source of Water**

(See men Group)

**Fetching Water**

- The women find this job very strenuous because they spend a long time, to fetch 3 jerrycans one may spend as much as 3 hours.
- This leaves them with very little time to attend to their gardens and do other household chores.

**Sanitation**

(See Men Group)

However women say that men who do not have latrines are just lazy because one does not need much money to construct a reasonable facility. It may cost as low as 20,000/=.

**Copying strategies**

- ***Hiding water:*** The husbands do not fetch water and yet they demand for water for bathing so women hide it away.
  - ***Washing:*** This is done less often.
  - ***Bathing:*** This is done using as little as one litre for bathing per person.
- The women are not aware of any other service providers.

**Barriers**

- The husbands do not take water connection as a priority since they know that women and children are there to fetch the water.
- “ If the men did not have us fetching water for them, they would do all they can to connect water in their premises” said Namayanja Adrine.
- ***Poverty:*** Some are genuinely too poor to have water connected to their premises.

**Privatisation**

- Government should know what is best, but complete sale may be dangerous. Prices may be hiked in a short time and nationals would suffer especially, we, the poor.

**Observations**

- The village is just next to Masaka hospital but the level of poverty is high indicating that the residents are extra lazy.
- There is no crowding of houses in the area, but the available arable land is not utilized.
- There is opportunity for petty trade and casual labor demand but the residents do not realize this.
- The residents seem not to be proactive – they resigned to their situation and just wait for handouts.

**Water Vendor:**

**11/3/04**

**Division: Nyendo**

**Village: Kasana**

**Vendor: Mr. Balikudembe**

- He has been operating this NWSC water standpipe for 2 years now.
- He was appointed by the village LC1 and was directed to sell the water at 100/= for 3 jerrycans.
- Mr. Balikudembe is the only person who sells the water because he does not trust anyone else and besides he fears they would spill more water.
- When he is not around, he locks the tap and residents have to wait for him or go to the next nearest source.
- He sells about 400 jerrycans of water daily and says that business is good because he is able to pay the water bills and make some savings. (he refused to tell how much he makes)
- He was disconnected for failure to pay in January but he quickly mobilized money and paid. He says failure to pay was because he had diverted the money. The bill was 100,000/=.
- The service is regular; pressure is enough and is regularly monitored by the local councils and the NWSC.

**Problems**

- During the rainy season business declines because most residents have rain water.
- Since the urban poor are mostly not employed a good number of them opt for other sources where water is free.
- When he has to go out, sales stall because he is the only one operating the stand pipe tap.

## **Interviews with NWSC staff**

**A. What is NWSC's current policy on service provision to the urban poor?**

As a way to reach the poor, NWSC provides water at lower costs by constructing kiosks or stand pipes. In the period 2000-2003, 426 new stand posts were constructed.

NWSC has an intrinsic subsidy system in which the more affluent consumers pay more per unit of water than the poor consumers. Stand pipe rates are subsidized at 450/= per cubic metre of water. Smaller NWSC towns are subsidized by the larger ones in order to offset the higher production costs.

There also a number of studies (Aqua Consult and Maxwell Stamp) that are aimed at helping NWSC understand the urban poor more.

**B. Does NWSC provide any service levels specifically for the poor?**

There are on-going projects aimed at intensifying networks and increasing service points, specifically in Urban poor areas of Kamwokya/ Kifumbira (all in Kampala)

Also recommendations from a KfW funded urban poor study are being implemented with funding from KfW.

There are also some initiatives within NWSC and also with other stakeholders(KCC, Ministry of Health) in the pipe line aimed at improving the conditions in poor areas~ such as the UN Habitat Water for Africa programme which is integrated to target improved water supply, sanitation and value based water and sanitation in schools.

**C. What are the barriers to providing services to low-income settlements?**

- Lack of physical and structural plans, making it difficult to plan extensions into these areas
- Population growth is faster than rate of infrastructure development
- Low income levels which hamper private connections and timely payment

**D. What are NWSC's future plans concerning the urban poor?**

Future activities are as follows:

- Network densification to urban poor areas
- Introduction of pro-poor connection funds by ring fencing funds for development of urban poor areas
- Establishment of pro-poor units among service providers to foster pro-poor activities
- Installation of more yard taps( as part of the recommendations from the Maxwell Stamp study)

A list of the studies was provided to the consultant.

- Identification of management options for improved water and sanitation services in the informal settlements (Aqua Consulting Engineers)
- Urban poor project (Aqua Consulting Engineers)
- Poverty Impact assessment of Privatisation of the Urban Water Sector in Uganda (Maxwell Stamp)

The officers were weary about too many studies that might lead to research fatigue among the urban poor in Kampala.

#### Notes

Urban poor seem to be confined to implementation level, with no deliberate policy entrenched in NWSC's mandate. Therefore opportunities to understand the issues of the urban poor depend on piecemeal studies mainly in Kampala and the larger towns. There is no institutional mechanism to ensure that the urban poor feature as a strand in NWSC's country wide operations. From the future plans, this is also missing.



**E. What is NWSC's current policy on service provision to the urban poor?**

NWSC provides public stand pipes. NWSC in conjunction with the area LCs enters into agreements with vendors, who operate these stand pipes to sell every 20 litre jerry can at 25/= although they actually sell at 100/= for 3 jerrycans.

**F. What is the current level of service**

The agreement stipulates 7am-7pm, the time when water can be collected at the standpipe, but some stand pipes are closed because they are not profitable to the vendors (the vendor has to pay the bill, the actual seller who should be at the tap all day~ typically 20000 as well as make some profit.).

**G. Does NWSC provide any service levels specifically for the poor?**

An initial contract by Spencon services provided 20 stand pipes in 2000. Currently, every year, 6-8 standpipes are constructed from funds sent from the head office (and not the collection account). This is done for all areas, and depends on the money available. For instance in 2004, nothing has happened because no materials have been sent down from head office

Area LCs invite NWSC staff when they have village meetings to talk about the health benefits of water.

There is a programme for mains intensification in the urban poor areas stipulated in the IDAMC

**H. What are the barriers to providing services to low-income settlements?**

- Density in the housing pattern
- Pressure can not serve certain areas
- No compensation for those through whose land the mains pass, making them reluctant to give permission. Yet mobilization is the sole responsibility of the customer
- Poverty, because they cannot pay, some residents resort to breaking the pipes

**I. What is in place to monitor and report, by consumers?**

There is a complaints desk. Typical complaints include:

- Leakages
- High billing
- Faulty meters
- Coloured water

These complaints come from the rich clients. The poor never come to register grievances

Notes

There is no plan for the poor at the Area Office Level. Services to the poor depend on the funds head office will allocate, which in turn is arbitrary, since no data is available to the head office from the area offices about number of poor, or their water and sanitation situation.

Meetings with the poor are initiated by the LCs, and are perceived to be marketing activities by the NWSC staff.

The Internally Delegated Management Contracts are driven by head office, and are motivated by the need to increase operational and financial efficiency. There are no benchmarks or incentives for the Area Offices to serve the poor. The penalty system, indirectly discourages activity in the urban poor areas, because these do not generate a lot of revenues and are fraught with social and land issues to sort out

## **NWSC**

**Manager – Rubaga Division:**

**Mr. Robert Byansi**

### **1. Mandate of NWSC in low income settlements:**

Used to provide public standpipes but these were badly abused by the communities.

- (a) Currently, they lay the main pipes in the areas and then encourage capable residents to own stand pipes and then sell the product to the rest of the community at reasonable prices eg.100/= for 320litre jerrycans.
- (b) To date there are many such stand pipes in these urban poor areas but there is need for more. To encourage the standpipe services, the co-operation charges 449/c per unit of water as compared to 1180/= for the same unit sold to industries such as Mukwano and others.

The connection fees for the poor areas is only 50,000/= as compared to 58,500/= for better areas.

**2.** In these urban poor areas, the NWSC partners with the local concils to install the stand Pipes then the co-operation pulls out but does regular monitoring. The NWSC advocate for privatization of the standpipes services so that there is one person who is responsible for checks and balances and this has proved satisfactory because they hardly disconnect such services.

#### **Sanitation**

The co-operation has not yet provided services in this area. They are not connected to the main sewer line.

The NWSC is aware of cases where raw sewage and other wastes are let into L.Victoria.

#### **Case in point**

Mukwano soap industries lets out all its waste water into Nakivubo channel and eventually into the lake. This will cause higher costs of purifying water or cause diseases when undegradable substances are left in supplied water.

### **3. Barriers**

- Land tenure: - Mailo land, which is privately owned, hinders smooth work since it requires private agreements.
- Overcrowding of houses.
- Poverty extremely among the residents

#### **Way forward**

Laying main pipes in these urban poor areas e.g.: -

- (a) There is a line to greater north Kampala that will be ready by end of 2005.
- (b) There is now a finished main line through Namungona to Nansana.
- (c) There is a line from Natete to Budo which will also be ready by 2005

There is no established desk in NWSC dealing with urban poor issues as such, but general planning includes them.

#### **4. Privatisation:**

This is a very sensitive issue because water for a nation is of permanent importance. It should not be let out of the nation's grip. Ondeo services Uganda Ltd signed a 2-yr contract and was in charge of customer relations, meter reading, billing, collection and operations and maintenance of water and sewerage networks, but they failed half way through the contract.

- The budget of 2003/4 included the Urban Poor i.e. Nyendo-Senyange sub-parishes of Kasana and Bajja, in Kyabakuza there is Kijambu and in Katwe-Butijo, there is Ndegeya-Saza, Namasenene and Kanugambwa.
- The cooperation, unlike in Kampala, takes the services right to the doorsteps of the residents, it actually erects the stand pipes.
- There is now a total of 89 stand pipes in all the 3 divisions of Masaka Municipality and out of these 66 have been erected by NWSC the rest were provided by the LGDP.
- Approximately 705 of the residents in Masaka use safe water. 30% are mostly those in urban Poor areas. These use other sources (both protected and unprotected springs) where water is normally not safe.
- The cooperation charges 449/= per unit of commercial water, plus 17% VAT and 2000/= service fee. Domestic water charge is 669 + 17% VAT + 1500/= service fee.
- There are frequent disconnections due to lack of payment. To solve this problem, the cooperation is going to use its employees as vendors of this water so that in cases of non-payment, the money is deducted from their salaries.
- After a stand pipe has been erected by NWSC, it is handed over to the local councils who in turn select someone in the community to manage it. This vendor sells the water pays bills and keeps the profits as his own.
- In cases of stand pipes which are provided by LGDP, the community sells the water, pays the bills and the profits are saved on the community's bank account.
- NWSC is proposing to sell water to the very poor at 100/= for 10 or 8 jerry cans, because they have realized that the current 100/= for 4 and 3 jerrycans is too expensive for most of the urban poor; and yet NWSC has much more water than is being used.
- NWSC in Masaka has a lot more water than being used. The people here are not eager to get water inside their houses.

### **3. Barriers:**

#### **Land Tenure;**

This is the biggest problem because the pipes have to pass through several plots, which are privately owned. This results in too much compensation money.

#### **Attitude:**

Services have to be made in such a way that will make residents feel that they belong to them otherwise they will be abused. Asking the communities to contribute 10% towards any project

ensures this. This procedure often delays implementation but is always upheld to ensure maintenance.

NWSC has had some major changes including reduction of employees from 114 to 32 now. They have also moved from making losses to making profits. Last year they used 52 million and made 69 million compared to before (1997 ) when they would use 54m and make 25m.

**Privatisation**

- Would prefer contract for 5 years so that evaluation can then be done, and action be taken accordingly.
- Hopeful in having to change management because normally changes go hand in hand with better service.

**NB**

- Since 1997, the urban poor have been included in their programmes.
- Extension is done without consulting Kampala, local contractors are used to lay pipes.
- Salaries are also prepared and paid locally on the 26<sup>th</sup> day of every month unlike before when it would be on 10<sup>th</sup> of the following month.

## **Local Government Interviews**

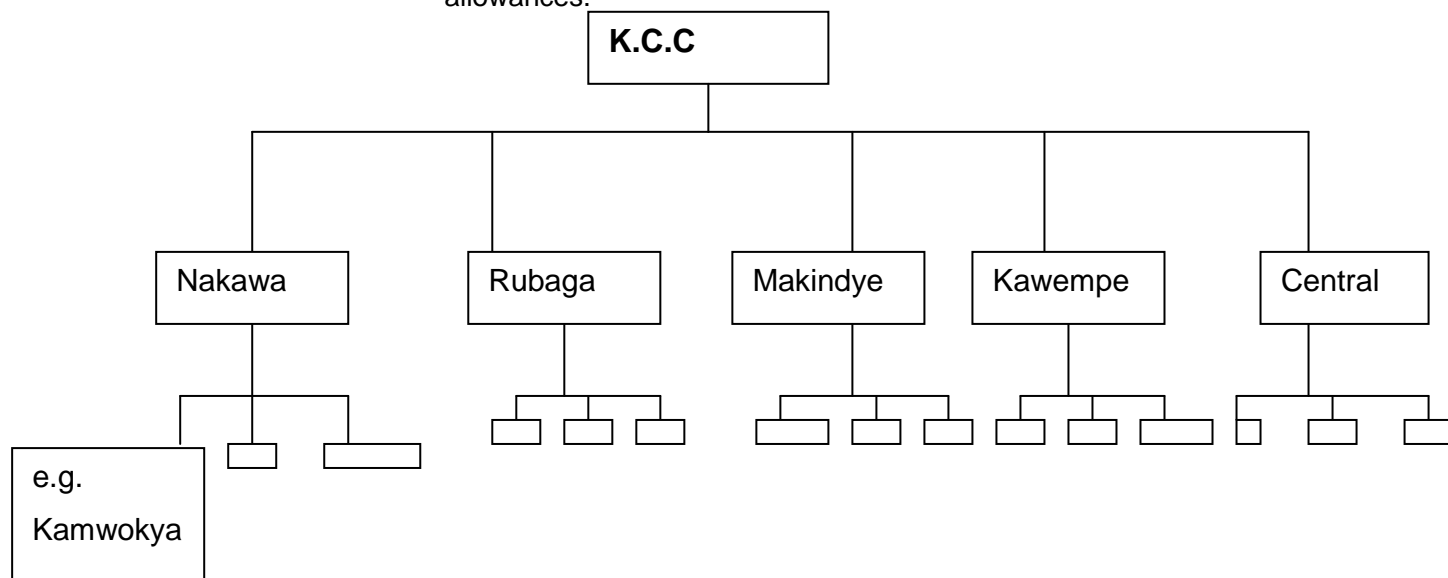
## K.C.C

05/03/04

- With effect from 2003, the Council has set up desks at the Divisions of Kampala to deal with the very poor communities i.e. slum areas of the city. They select user committees from the communities and these are used as monitors of the services but are strictly not allowed to operate any facility list they compromise on some wrong issues.

Kamwokya 11 user committees strictly oversees the services.

**Note:** User communities are employees of the local government and are even paid allowances.





**Deputy Town Clerk Masaka: - Mr. Kiwanuka Edward**

**10/03/04**

- Before the LGDP programme started, there was already the peri-urban infrastructure Project in the district. It was involved in many shallow wells and protecting springs in these poor urban areas.
- When the LGDP programme started, they got involved in larger projects because there was much more money.
- They have made a total of 23 standpipes in the 3 divisions of Masaka municipality in the very poor areas of Nyendo, Katwe and Kyabakuzza.
- To ensure sustainability, the communities are financially involved: They have community based management committees. These employ a tap operator who is paid a salary. The money collected is used to pay the water bills and the balance is banked on the community's account.

**Note:**

Some communities for example in Nyendo, have millions on their accounts which may be used for other needs.

Water is sold at 100/= for 4 jerrycans and there are regular services and enough pressure.

**Sanitation**

- There is less than 50% usage of the water provided by NWSC.
- The Local government has made drainage channels but those who do not have other facilities use these as compost pits and even as toilets.
- The mailo land landlords in Nyendo have brought in the problem of congestion because they sell very little plots of land including even their compounds. This leaves no space for toilet facilities.
- There is no pipe line in Nyendo but can be done since there is a strategically placed swamp at the lower end of the village.
- They have 3 garbage lorries but these are now old and need replacement.
- Cesspool services are available at 35,000/=, the dumping is done at Bukoyolo sewage works.

**Barriers**

- **Poverty:** On everybody's tax there is 1000/= extra meant for development. When tax is not promptly paid, this delays development of projects.
  - **Attitude:** People just do not make a priority especially since there are some natural sources where water is free.
  - *There is lack of enough information.*

**Privatization**

Contract is best: Because it is easy to terminate if services are poor.

**Comment:**

- People are very poor
- Others are very lazy
- Cannot initiate IGAs.

## NGO Interviews

**CONCERN WORLDWIDE:**

- It identifies poorest areas and with acute shortage of water and sanitation services.
- It conducts intensive seminars and sensitizing trainings.
- Concern Worldwide identifies leaders to lead the community-based organizations resident in the areas.
- It also empowers them with funding to provide and maintain the services.
- They have done work in several areas in Kampala including the following:
  - a) In central Division they have formed a CBO, called Kisenyi 111 Community Workers, Association.
    - They funded them to make 2 water standpipes in the area. The local L.C.1 is responsible for maintenance. They identified a vendor who sells water to residents and pays NWSC's bills. So far no problem has come up.
    - They have also done a similar thing in.....
  - b) Action for Slum Health development: this is a CBO based in Kivulu. They have an office and a local users committee, which oversees the operative procedures of the services. So far they have been able to sensitize the community and have erected 4 standpipes in the area.
  - c) Concern Worldwide's main objective is to reach and improve services for the poorest of the poor. They have water and sanitation projects in Kivulu, Ndeeba, Kisenyi 1 and Kisenyi 111 and Kamwokya 11 and these are the most or worst slums of Kampala.



**NWSC Operational and Financial Targets; and Key Indicators (*Source: Performance Contract II*)**

## SUMMARY

SUMMARY		Performance Contract 1				Performance Contract 2		
Year ending June		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Ushs. In millions	-	-	-	-	-			
<b><u>Operations</u></b>								
UFW	(%)	42%	43%	40%	39%	38%	37%	36%
Sales per active connection	(m3/day)	1.7	1.5	1.3	1.2	1.1	1.0	0.9
Billing efficiency		585	57%	60%	61%	62%	63%	64%
Active connections	(nos.)	43,312	48,960	57,127	69,173	82,986	96,158	110,311
Inactive connections	(nos.)	15,482	17,144	17,670	17,999	16,607	15,782	14,419
Total water connections	(nos.)	58,794	66,104	74,797	87,172	99,593	111,940	124,730
Overall collection efficiency	%	97%	110%	105%	100%	112%	103%	103%
Staff employed	(nos.)	1,426	1,213	1,092	889	950	980	1,010
Staff/1000 Connections	(nos.)	21	17	12	11	10	9	8
Staff Reductions	(nos.)	213	121	203	(61)	(30)	(30)	(30)
<b>INCOME</b>								
Annual Turnover	(Ushs.)	25,839	29279	34,052	37,628	38,524	40,883	42,876
Net Income	(Ushs.)	(9,950)	(51765)	6,030	(9,917)	(8,739)	(9,666)	(11,014)

**CASH FLOW**

Net Cash Flow	(Ushs.)	(3,993)	2,382	565	1,507	(1,472)	(2,005)	(415)
<b>Cash Balance</b>	<b>(Ushs.)</b>	<b>1,845</b>	<b>4,227</b>	<b>4,792</b>	<b>6,299</b>	<b>4,872</b>	<b>2,867</b>	2,452

**CREDITOR-GoU**

Interests Outstanding								
B/f	(Ushs.)	9,020	14,198	21,236	30,788	41,831	52,874	63,917
Interest due	(Ushs.)	5,178	7,038	9,552	11,043	11,043	11,043	11,043
GoU Debt Swap	(Ushs.)	0	0	0	0	0	0	0
Total Interest Payment	(Ushs.)	0	0	0	0	0	0	0
Interest Outstanding								
C/f	(Ushs.)	14,198	21,236	30,788	41,831	52,874	63,917	74,960
Principal Outstanding b/f								
	(Ushs.)	3,670	7,340	12,504	17,552	22,852	27,284	31,716
Principal Due	(Ushs.)	3,670	5,164	5,048	5,300	4,432	4,432	4,432
GoU Debt Swap	(Ushs.)	0	0	0	0	0	0	0
Total Principal Payment	(Ushs.)	0	0	0	0	0	0	0
Principal Outstanding c/f	(Ushs.)	7,340	12,504	17,552	22,852	27,284	31,716	36,148

**DEBTOR- GoU**

Arrears Outstanding b/f	(Ushs.)	12,613	11,138	13,426	13,581	10,106	10,223	8,617
Annual Increase	(Ushs.)	1,482	1,459	405	957	358	362	362
GoU Settlement	(Ushs.)	(3,278)	(2,000)	(2,000)	(1,217)	(5,732)	0	0
GoU Debt Swap	(Ushs.)	0	0	0	0	0	0	0

### Key Indicators – Production & Delivery

		Performance Contract 1				Performance Contract 2		
Year Ending June		2000	2001	2002	2003	2004	2005	2006
<b>KAMPALA PRODUCTION</b>	-	-	-	-	-			
Capacity	(mil m3/y)	45.0	45.0	45.0	45.0	46.0	47.0	50.0
Production	(mil m3/y)	31.8	33.6	34.0	36.5	37.7	39.1	40.3
Billed	(mil m3/y)	17.8	17.8	19.0	20.3	21.3	22.5	23.6
UFW	(%)	44%	47%	44%	45%	43.5%	42.5%	41.5%
Billing Efficiency		56%	53%	56%	55%	56.5%	57.5%	58.5%
Sales per Existing connections	(m3/day)	1.91	1.97	1.64	1.47	1.36	1.19	1.08
Sales per New/Newly Activated connection	(m3/day)	1.30	0.50	0.50	0.50	0.35	0.41	0.35
Average sales per connection	(m3/day)	1.97	1.64	1.47	1.36	1.19	1.08	0.99
<b>CONNECTIONS</b>								
Active Connections	(nos.)	24,815	29,700	35,331	40,826	49,146	56,920	65,520
Inactive connections	(nos.)	10,601	9,906	10,915	11,782	11,163	11,101	10,570
Writeoffs	(nos.)					471	1,005	888
Re-activation Target	(% of inactive)	6%	7%	6%	-7%	12%	5%	10%
Re-activation	(nos.)	669	695	700	(867)	1,357	508	1,021
Suppressed during year						1,209	1,451	1,378



Total water								
Connections	(nos.)	35,416	39,606	46,246	52,611	59,838	67,016	75,202
Metered connections	(nos.)	30,142	35,138	42,249	48,952	56,248	63,665	72,194
New Connections	(nos.)	4,434	4,678	5,390	6,821	6,960	7,266	7,579
% increase in connections	(%)	14%	13%	14%	15%	13%	12%	11%
% metered connections	(%)	85%	89%	91%	93%	94%	95%	96%
<b>OTHER AREAS</b>								
Production		-	-	-	-			
Capacity	(mil m3/y)	33.4	33.4	33.4	33.4	34.5	35.5	36.0
Production	(mil m3/y)	13.5	12.8	12.9	14.9	15.4	15.9	16.4
Billed	(mil m3/y)	8.5	8.7	9.0	10.9	11.4	12.0	12.5
UFW	(%)	37%	32%	30%	27%	26%	25%	24%
Billing efficiency		63%	68%	69%	73%	74%	75%	76%
Sales per Existing Connections	(m3/day)	1.38	1.26	1.23	1.13	1.05	0.92	0.88
Sales per New/Newly Activated Connection	(m3/day)	0.40	0.50	0.30	0.81	0.26	0.28	0.25
Average Sales per Connection	(m3/day)	1.26	1.23	1.13	1.05	0.92	0.84	0.76
<b>CONNECTIONS</b>								
Active Connections	(nos.)	18,497	19,260	21,796	28,344	33,840	39,238	44,791
Inactive connections	(nos.)	4,881	7,238	6,755	6,217	5,444	4,681	3,849
Writeoffs	(nos.)							
Re-activation Target	(% of inactive)	15%	9%	3%	8%	15%	12%	14%

Net re-activation	(nos.)	970	439	217	538	956	664	632
Suppressed during year								
Total water connections	(nos.)	23,378	26,498	28,551	34,561	39,284	43,919	48,640
Metered Connections	(nos.)	19,707	21,813	26,519	33,746	38,499	43,041	47,667
New Connections	(nos.)	1,557	2,177	2,374	4,727	4,540	4,734	4,921
% increase in connections	(%)	7%	9%	9%	17%	13%	12%	11%
% metered connections	(%)	84%	82%	93%	98%	98%	98%	98%
<b>ALL AREAS</b>								
<b>PRODUCTION</b>								
Capacity	(mil m3/y)	78.4	78.4	78.4	78.4	80.5	82.5	86.0
Production	(mil m3/y)	45.3	46.4	46.9	51.4	53.1	55.1	56.7
Billed	(mil m3/y)	26.3	26.5	28.0	31.1	32.7	34.5	36.1
UFW	(%)	42%	43%	40%	39%	38%	37%	36%
Sales per active connection	(m3/y)	1.67	1.48	1.34	1.23	1.08	0.98	0.90
Billing Efficiency		58%	57%	60%	61%	62%	63%	64%
<b>CONNECTIONS</b>								
Active Connections	(nos.)	43,312	48,960	57,127	69,173	82,986	96,158	110,311
Inactive Connections	(nos.)	15,482	17,144	17,670	17,999	16,607	15,782	14,419
Total water Connections	(nos.)	58,794	66,104	74,797	87,172	99,593	111,940	124,730
						17%	14%	12%
Metered Connections	(nos.)	49,849	56,951	68,768	82,698	94,746	106,706	119,861
New Connections	(nos.)	5,991	6,855	7,764	11,548	11,500	12,000	12,500
% increase in connections	(%)	11%	12%	12%	15%	13%	12%	11%
% metered connections	(%)	85%	86%	92%	95%	95%	95%	96%

### Key Indicators-Staff and Tariffs

			Performance Contract 1				Performance Contract 2		
Total Staff Analysis		2000	2001	2002	2003	2004	2005	2006	
Staff Employed as of 1 July at start of financial year		1,426	1,213	1,092	889	950	980	1,010	
Staff Employed year end		1,213	1,092	889	950	980	1,010	1,040	
Staff/ 1000 connections active		28	22	16	14	12	11	9	
Staff/ 1000 connections total		21	17	12	11	10	9	8	
Staff Reduction/(increases)		213	121	203	(61)	(30)	(30)	(30)	
Wages	(mil Ushs/yr)	7,906	7,045	8,730	6,822	7,520	8,293	8,539	
Average Wages per Staff	(mil Ushs/yr)	5.54	5.81	7.99	7.67	7.67	8.21	8.21	
Staff costs as a percentage of Operating costs.		44%	42%	39%	29%	29%	30%	29%	
Tariffs									
Average water Tariff									
Kampala	(Ushs/m3)	1,000	1,000	977	1,036	1,103	1,114	1,114	
Other Areas	(Ushs/m3)	930	930	907	961	1,023	1,033	1,033	
All Areas	(Ushs/m3)	881	961	953	1015	1075	1086	1086	
Average Service fee									
Kampala	Ush/conn	0	1,226	1,741	1,702	1,694	1,685	1,677	
Other Areas	Ush/conn	0	1,670	1,529	1,561	1,553	1,546	1,538	
All Areas	Ush/conn	0	1,079	1,660	1,644	1,636	1,628	1,620	