PART I

REVIEW OF EXISTING CONCEPTS OF WATER GOVERNANCE

AND

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

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

Disclaimer

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Executive Summary

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

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

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

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

The main principles governing this framework are the following:

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

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

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

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

1.0. Introduction :

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4   *WSP, 2004. Ibid.*

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

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

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

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

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

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

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

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

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

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

1.1.1. Demographic changes

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

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

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

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

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

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

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

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

this demand and design services with the particular needs of low-income customers in mind. In addition to substantial demand for new infrastructure, there will also be a need for commensurate investments in capacity building, operations and maintenance.

1.1.2. Widening the governance scope

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

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