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1. Introduction

Governments do not always provide urban residents with basic services, but they are invariably involved in their provision and usually claim to be working to ensure that all residents have access to adequate water and sanitation. Urban governance for basic services covers the full range of arrangements through which governments and other actors work together to install and manage the water and sanitation systems. These arrangements often fail the urban poor, who are at a disadvantage in both the market and in the public policy arena and often end up using water and sanitation systems that are unhealthy and even illegal.[1] This paper examines the scope for improving water and sanitation provision for unserved or inadequately served low-income areas through pro-poor, or at least less anti-poor, water governance.

Inadequate household access to basic services remains the most critical and widespread problem in low-income urban settlements (UN-HABITAT, 2003). It is probably one of the most important factors in the high infant and child mortality rates encountered in so many deprived neighbourhoods. Inadequate access to basic services also creates non-health problems, particularly for women, who tend to be especially inconvenienced by inadequate sanitation and typically have to fetch the household's water supplies and care for sick infants and children. In some urban centres, water for agriculture is also of critical importance to low-income residents, who depend on growing food and raising livestock to supplement their diet or their income. In others, low-income residents live on flood plains or other vulnerable locations, and are especially vulnerable to flooding. Neither water for agriculture nor flood vulnerability are addressed in this paper, although a number of the conclusions on water governance would also apply to these issues.

It is almost a tautology that the urban poor benefit when they can make their basic services - related interests felt, and providers have an incentive to respond in a positive fashion. The interests of urban poor groups arise at many different levels, however: they may have an vested interest in whether and how water utilities are regulated by national or municipal government, or whether the utilities operators are public or private, as well as a more direct interest in whether a piped water network is extended to their neighbourhood or what sort of sanitation systems are made available. These interests can be expressed in a number of different ways, by:

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[1] In many urban contexts in low - and middle-income nations, they also fail substantial sections of the non-poor and also commercial and industrial enterprises – many of whom could pay the full cost of conventional piped water and sewer systems – largely because of weak and/or unaccountable institutions.

- paying money to a provider;
- voting in an election or a referendum;
- asserting rights through a legal system;
- moral or religious suasion;
- supporting or working with a community-based organisation or other intermediary on improving provision; or
- installing their own facilities (e.g. digging wells and constructing latrines).

Alternatively, providers may respond (or fail to respond) to the interests of the urban poor for many different reasons, depending on how water and sanitation provision is organised and regulated. While it is clear that some regimes are more favourable to the urban poor than others, it is difficult to generalise about specific practices and arrangements.

While these are not all issues of government, narrowly defined, they are issues of governance, as defined in Box 1. As these definitions indicate, governance extends beyond the institutions of government, and includes the important role governments have in regulating, facilitating and collaborating with other actors and institutions – as well as the important role other actors have in achieving public goals and holding governments to account. Better water and sanitation governance for the urban poor does not necessarily mean that the government needs to provide these services, but is does imply that the government needs to work to ensure that the poor groups can obtain adequate water and sanitation. This means working with utilities (public or private), small-scale vendors, civil society organisations and, perhaps most important, the low-income residents themselves. Moreover, many different government agencies and authorities contribute to the quality of water governance, and not just the agencies formally in charge of water and sanitation services.

Box 1: Sample definitions of governance and governance for basic services

"Governance is the process by which stakeholders articulate their interests, their input is absorbed, decisions are taken and implemented, and decision makers are held accountable." The Institute on Governance (based in Ottawa), quoted in Bakker (2003).

"The exercise of economic, political and administrative authority to manage a country's affairs at all levels. It comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences." (UNDP, see http://magnet.undp.org/policy/summary.htm, accessed June 2004)

"Governance is understood to include not only the political and administrative institutions of government (and their organisation and interrelationships) but also the relationships between government and civil society." (McCarney, 1996)

Following from these, governance for basic services:

"….refers to the range of political, organisational and administrative processes through which communities articulate their interests, their input is absorbed, decisions are made and implemented, and decision makers are held accountable in the development and management of water resources and delivery of water services." (Bakker, 2003)

"The range of political, social, economic and administrative systems that are in place to develop and manage water resources, and the delivery of water services, at different levels of society." (The Global Water Partnership, http://www.gwpforum.org/gwp/library/Governance.pdf, accessed June 2004)

After this introduction, the discussion paper contains a section elaborating a framework for examining whether governance for basic services is pro-poor, followed by sections on pro-poor governance in the context of:

- managing water and sanitation utilities;
- supporting community-driven water and sanitation initiatives; and
- working with informal sector water vendors.

The paper concludes with a section on pro-poor governance and on getting the best out of the government agencies, private enterprises, and civil society organisations.

Managing basic services networks (section 3) is a longstanding governance issue, but the way the issue has been framed in recent decades has made it difficult to promote pro-poor approaches. In particular, there has been a tendency to assume that the key issue is to determine the respective roles of the private and public sectors. This is rarely the most critical issue. The pro-poor governance of water utilities is a serious challenge, whether the utilities are publicly or privately operated. Increasing private sector participation raises particular challenges but there is considerable evidence that water contracts can vary considerably in the extent to which the interests of the poor are taken into account. The majority of large private concessions have given little attention to the needs of poor groups. This does not necessarily distinguish them from public utilities, however. Generally, there is a great deal that could be done in pursuing pro-poor water governance in relation to water and sanitation utilities. This is far more likely to be achieved under pressure from urban poor groups themselves, however.

While public–private partnerships have received all too much attention in recent years, community-driven initiatives and their implications for 'good' governance have received too little, despite some startling successes, as shown in section 4. Section 4 also stresses how many examples of 'good governance' and of partnerships that are not specifically for water and sanitation have contributed to much improved provision.

Small-scale basic services providers (section 5) also raise a number of governance issues though, for the most part, these issues remain relatively unexplored and many of the options for working with small-scale enterprises to improve water and sanitation governance remain untried. It is becoming apparent, however, that while ignoring the informal providers may be preferable to trying to eliminate or regulate them, there are many ways in which the operations of informal provision for basic services could be improved, and that utilities working closely with residents in the communities served by these small-scale providers could help small-scale enterprises to provide better services.

Despite the varied contexts, more pro-poor governance for basic services is usually facilitated by, if not dependent on, poor groups gaining more power and influence either through representative political structures or through more direct participation in provision – whether in planning, installing, managing and/or monitoring provision.

2. A framework for pursuing pro-poor governance for basic services

The framework elaborated in this section summarises some of the accepted principles of governance for basic services, provides a brief critical review of three conventional models of governance for basic services, and combines frameworks presented in the World Bank's last World Development Report (2003) and the recent *UN-HABITAT Report on Water and Sanitation in the World's Cities (2003)* to consider how water and sanitation governance can become more responsive to the needs and demands of the urban poor.

2.1. Principles of governance for basic services provision

A recent paper commissioned by the Global Water Partnership identified the following principles of effective water governance, generally (Rogers and Hall, 2003):

Approaches should be:

- open and transparent;
- inclusive and communicative;
- coherent and integrative; and
- equitable and ethical.

Performance and operation should be:

- accountable;
- efficient; and
- responsive and sustainable.

To some degree at least, these principles respond to perceived weaknesses in existing water (and sanitation) governance. For most of the 20th century the conventional governmental approach to water (and sanitation) management was:

- bureaucratically organised rather the open and transparent;
- expert-driven rather than inclusive and communicative;
- sectoral and segmented rather than coherent and integrative;
- and biased in favour of those able to access the large water and sanitation networks rather than equitable and ethical.

Similarly, the criticisms levied at public utilities typically centred on either their being unaccountable, inefficient, unresponsive to consumer demands, or environmentally unsustainable.

2.2. *Moving beyond sectoral models of governance for basic services*

A focus on governance for basic services not only shifts attention to the institutional forms through which water and sanitation are managed, but should also help to ensure that the institutional options are not reduced to the choice of public versus private, with community provision sometimes thrown in. Table 1 presents stereotyped models of public (planning), private (market) and community alternatives. While it is useful to recognise the somewhat different logics that operate in these three domains, it is just as important to recognise that many of the most important options combine two or more of these models. Moreover, while the market and community models may seem to be distinct from the government-led planning model, government and governance are central to all three.

Table 1: Stereotyped governance models for locally provided public utility services

	Planning	**Market**	**Community**
Asset owner	Government	Private corporation	Users
Asset manager	Government	Private corporation	Users
Consumer role	Citizens	Customers	Community members
Organisational structure	Civil Service	Customers	Association/network
Accountability mechanisms	Hierarchy	Contract	Community norms
Primary decision makers	Administrators, experts, public officials	Individual households, experts, companies	Leaders and members of community organisations
Primary goals of decision makers	Minimize risk Meet legal/policy requirements	Maximise profits Efficient performance	Serve community/leader interest

			Effective performance
Key incentives for good performance	Expert/managerial feedback in public policy process Voter/ratepayer opinion	Price signals (share movements or bond ratings) Customer opinions	Community norms and shared goals Community opinion/ sanctions
Key sanctions for failure to maintain services	State authority backed by coercion Political process via elections Litigation	Financial loss Takeover Litigation	Livelihood needs Social pressure Litigation (in some cases)
Participation of customers	Collective, top-down	Individualistic	Collective, bottom-up
Associated business model	Municipally owned utility	Private corporate utility	Community cooperative
Source: Bakker, K., 2003, *Good Governance in Restructuring Water Supply: A Handbook*, Federation of Canadian Municipalities, Ottawa, Canada, page 19; Adapted from McGranahan, G., P. Jacobi, J. Songsore, C. Surjadi, and M. Kjellén, 2001, *The Citizens at Risk: From Urban Sanitation to Sustainable Cities*, Earthscan, London.			

2.3. Putting low-income (unserved or inadequately served) residents at the centre of urban governance

Better provision of basic services could undoubtedly improve the lives of hundreds of millions of low-income urban dwellers who are currently unserved or inadequately served[2] by official utilities. There is a growing consensus that in order to achieve this, water and sanitation providers and those who work with them need to be more accountable to low-income dwellers; truly pro-poor measures are unlikely to be implemented or sustained otherwise (UN-HABITAT, 2003). In the words of the introductory paragraph to the latest *World Development Report*, service delivery to poor people can be improved "…by putting poor people at the centre of service provision: by enabling them to monitor and discipline service providers, by amplifying their voice in policymaking, and by strengthening the incentives for providers to serve the poor." (World Bank, 2003)

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[2] This paper is about both 'the poor' or 'low-income groups' and about those groups who are deprived of a level of provision for water and sanitation that is adequate with regard to health and to convenience. In most urban contexts in low- and middle-income nations, it is largely the low-income groups that are unserved or inadequately served, and it is these groups that are the primary focus of this paper – both as residents that lack adequate provision and as citizens with rights. When reference is made to 'low-income groups' in this paper, this implies low-income groups that are unserved or inadequately served. However, low-income groups are not always unserved, while middle income groups are not always served. In many urban settings, a proportion of unserved households are not low-income – especially in urban contexts where local governance is particularly weak or ineffective. There are also cities where many low-income households do receive adequate provision for water and sanitation from official providers – generally cities with relatively strong and effective local governance. In most urban areas, a significant proportion of all households fall between 'unserved' and 'adequately served' – for instance, particular settlements that have negotiated a piped connection from the service provider or from some intermediary who has either an official connection or illegal connections that the service provider ignores. It is also common for a significant proportion of households to have poor quality provision provided or allowed by the official service provider – for instance, access to water through water kiosks or public standpipes, and access to sanitation through poor quality public provision. Many settlements have some service provision through local NGOs that are supported by or tolerated by official providers. These could be termed the 'inadequately served', i.e. those who have some form of provision involving the official utility, but which is inadequate.
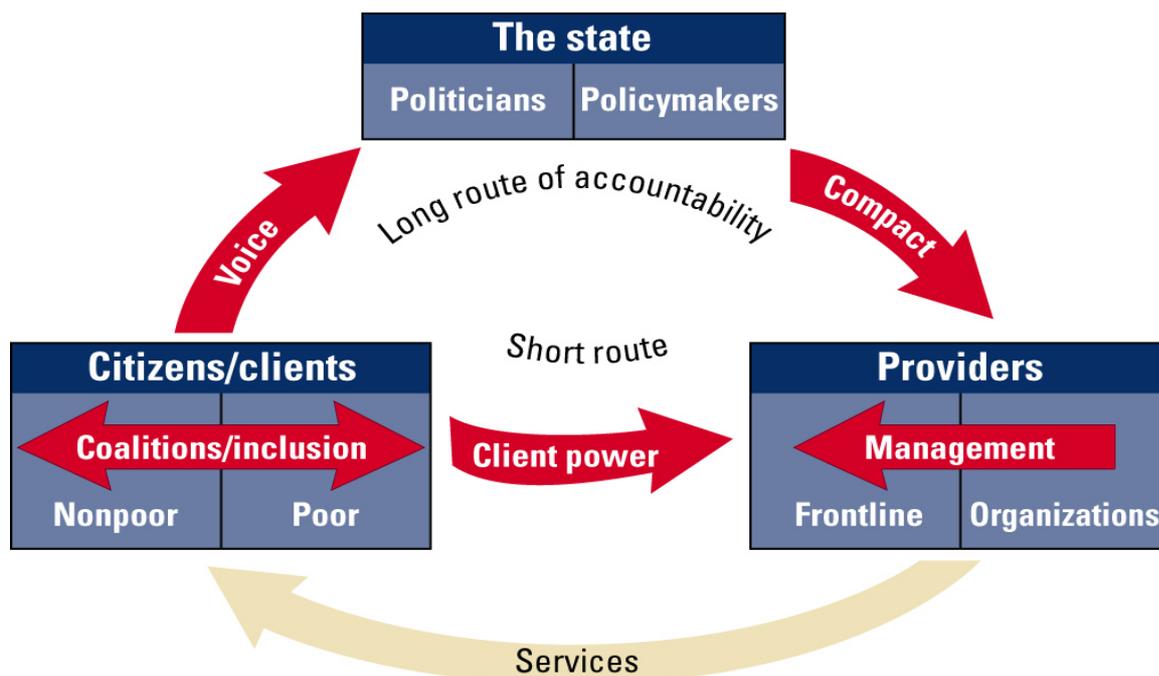
Source: World Bank (2003) *World Development Report 2004: Making Services Work for Poor People*, The World Bank and Oxford University Press, Washington DC.

Figure 1: Key relationships of power and accountability

The obstacles to improving basic services provision for low-income households that are unserved and inadequately served do seem to be in large part institutional, rather than technical, even if they cannot be resolved by increasing or suppressing private sector participation. A simple diagram that emphasizes the role of negotiation in ensuring that services such as water work better for low-income people was developed for the 2004 World Development Report on *Making Services Work for Poor People*. The underlying framework is based on the notion that demands for improvements need to come from poor people themselves and that the level of improvement will depend on the influence that poor people can bring to bear on the service providers, either directly or via the government. Although the World Bank led efforts to increase private sector participation, the framework does not presume that the providers are or should be private. Indeed, by emphasising the importance of making policy decisions more accountable to the poor, even if the framework does not rule out the possibility of increasing private sector participation, it does argue against it being driven by an international agenda rather than local political demands.

As shown in Figure 1, the framework focuses on the relations between 'clients/citizens', 'providers' and 'the state'. It distinguishes between two routes of accountability: the short route whereby the poor exert an influence directly on the provider, and the long route whereby they influence politicians and policy makers who, in turn, influence the providers. By placing the influence of the poor (who make up most or all of the unserved or inadequately served) at the centre, the framework provides a useful corrective to the tendency for other stakeholders in the water sector to claim that their interests coincide with those of poor groups. Also, while it raises more questions than it answers (concerning, for example, how the poor can increase their political voice vis à vis the state, or increase the client power vis à vis providers), the questions it raises are central to water and sanitation governance and how it can be made to serve the interests of low-income groups.

Increasing the power and voice of the urban poor to demand basic services improvements.

The urban poor often lack the resources needed to yield much influence over government policies or over water providers directly. Influencing the state typically involves different actions from influencing water providers – voting or lobbying rather than paying, for example. Nevertheless, many of the changes that help people rise out of poverty, from receiving a good education to gaining income-earning opportunities, can simultaneously help them to influence governments and to make stronger demands on water providers, be they private or public. Four particularly relevant changes are:

- higher incomes – which allow people to pay more for water services, and to live in better-served locations, as well as often contributing to their political influence;

- greater housing legality and security – which can not only confer political legitimacy,[3] but can also increase residents' capacity to negotiate with water providers, and their willingness to invest their own time and resources in water-related infrastructure;

- better-organised communities – who are in a stronger position to negotiate with both government and water providers (and, in some cases, are in a better position to make local investments in water infrastructure); and

- community-driven improvements to water and sanitation provision, which are developed to demonstrate to local governments and water and sanitation providers the possibilities for improving or extending provision from official providers to the currently unserved or inadequately served, with community organisations actively seeking partnerships with the official providers for improving and extending provision.

Although there is some overlap between the third and the fourth, as the discussion in section 3 will make clear, the fourth implies more than well-organised communities with more capacity to negotiate; here, there is a capacity at community level to demonstrate to official service providers precedents with an institutional and technical competence that goes beyond what is suggested in the third.

In most examples of urban poor groups increasing their capacity to negotiate water and sanitary improvements, the providers have been public utilities or small enterprises rather than large, privately operated utilities. This may be because privately operated utilities are rare, however. Also, while the strategy needed to negotiate with private operators may be different, these differences should not be exaggerated. Even if public utilities are not profit-making enterprises, greater income and savings can undoubtedly help residents get public utilities to respond to their needs, particularly when the public utilities are operated along close-to-commercial principles. Alternatively, while private operators are motivated by the search for profits, they are more likely to respond to better organised communities living in settlements with secure land tenure.

While a greater capacity to influence water providers is not always accompanied by a greater capacity to influence water policies, or vice versa, many of the more successful cases of the urban poor negotiating water and sanitation improvements have combined negotiation with local government and with providers (see section 3). In terms of Figure 1, this effectively combines the long and short routes, and raises questions about how the 'long' route is sometimes made far shorter than at other times.

Increasing the responsiveness of the state to the demands of low-income groups.

The capacity of urban poor groups to influence water policies and water providers also depends, of course, on how responsive the government and water providers are. Politicians often promise better water services. Democracy should help to increase the accountability of politicians, and help make governments more responsive to the water demands of their less well-off citizens. Ideally,

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[3] Households living in illegal settlements, i.e. with illegal addresses, are often unable to vote and to access such entitlements as schools and health care

democratisation and decentralisation ought to be a particularly effective means of getting governments to be more responsive to water demands. Indeed, this combination may well have been a factor explaining why public water and sanitation services improved in many urban centres in Latin America even when their economies were not growing during the 1980s and 1990s.

Increasing the responsiveness of providers to the demands of low-income water users.
Similarly, the capacity of urban poor groups to influence water providers directly depends on how responsive these providers are and what they are responsive to. This, in turn, depends on the compact that they have with the state – whether this takes the form of a contract, an agreed-upon regulatory regime or simply the rule of law. Yet again, it is important not to exaggerate the distinction between a privately and publicly operated utility. Under many circumstances, the distinction between negotiating with large utilities as opposed to small enterprises is more significant, especially since large private utility operators are almost always working under contract.

Many contracts with large water companies involve fees that are paid to the company for providing water, that are distinct from the fees paid by water users. Moreover, like a public utility, they are usually officially prohibited from accepting above-tariff payments for better services (with good reason). If the company's contract gives them a strong incentive to do so, they are likely to be very responsive to the demands of the urban poor. If the contract does not give such incentives, they will be less responsive. Market conditions matter, but are mediated by the state.

A small-scale water vendor who earns all his revenue from sales has different motivations for responding to demands. In this case, much will depend on the level of competition in the market (rather than *for* the market, as is the case with competition for large concessions), and on other factors that determine whether the water vendor needs to be concerned about losing sales. But small-scale water vendors include such a large variety of enterprises that it is hard to even begin to generalize.

The next section looks at community-driven water and sanitation initiatives within a pro-poor governance framework. This is followed by sections looking at issues concerning private sector participation in water utilities and at issues concerning the small-scale enterprises. The second section is shorter, not because private utility operators are more important, but because there is comparatively little documentation on small-scale enterprises and how best to negotiate with them. Before these sections, there is a note about corruption – an issue that, clearly, 'good governance' has to address, but about which relatively little is known.

Corruption and good water governance.
The framework illustrated in Figure 1 has its limitations, and these limitations are highlighted by corruption. At least superficially, corruption is a means through which poor residents, and others, can influence both water (and to a far lesser degree sanitation) providers (whether public or private) and the state (politicians and bureaucrats). It often operates at the household level – for instance, through low-level local authority or private utility staff demanding informal additional payments for household connections or for services (for instance, latrine cleaning). It is often evident in the contracting systems used by local authorities – for instance, in the informal payments expected by local authority staff for awarding contracts for work on water and sanitation, or in the means by which private sector groups can subvert tendering processes or prevent other groups competing with them (Davis, 2004). Corrupt practices may influence which urban poor illegal settlements get tenure (which, in turn, can increase possibilities for formal provision for water and sanitation) and who gets land for housing with water and sanitation infrastructure. Local politicians often use means for obtaining votes and for allocating benefits once they are elected, and for influencing what local government bodies do (or do not do), that can be considered corrupt, although the line between what is or is not corrupt is often unclear. Corruption may also reach the highest levels, as in the illegal means used by large private companies to secure contracts from national governments. Many of the conventional characteristics of 'good' governance, such as

accountability, transparency and the rule of law, are meant to be the primary checks on corruption.[4] Many of the 'good governance' initiatives that have received widespread recognition, such as participatory budgeting, have at their centre a commitment by government not only to allow citizens more scope for influencing priorities but also greater transparency and accountability with regard to what funds are available and how they are used (Menegat, 2002, Cabannes, 2004).

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

3. (Pro-poor governance and) supporting community-driven basic services initiatives

There are now many case studies of community-driven basic services initiatives in which governments have been involved (i.e. where there are elements of 'pro-poor' governance). Their involvement varies from 'tolerance', to full-scale support with funding and to allowing community systems to integrate into wider official systems (for instance, connected to official water, sewer and/or drainage networks). Box 2 gives some examples.

The nature of government involvement in community-driven basic services initiatives may also change over time; many government–community partnerships only developed after community-driven initiatives demonstrated the possibilities that such partnerships could achieve. For instance, the large-scale government support for community-designed, built and managed public toilets in Pune and Mumbai in India was, in part, stimulated by some functioning toilet blocks that had already been built by community organisations and local NGOs, independent of government (Burra, Patel and Kerr, 2003). The programme of the Orangi Pilot Project Research and Training Institute, which supports community-managed sewers/drains and is outlined below, began as a programme independent of government (because government provision was too expensive for most low-income communities or not available) but, over time, it encouraged government agencies to follow similar approaches (Hasan, 1997, Hasan, 1999). Many water and sanitation programmes supported by local NGOs, such as the water and sanitation programme supported by Development Workshop Angola in Luanda (Cain, Daly and Robson, 2002) and the one supported by seven Bangladeshi NGOs in Dhaka and Chittagong (with support from the UK charity WaterAid), are also intended to change the way in which government water and sanitation agencies operate, including the form of their relationship with low-income groups and their community organisations (Hanchett, Akhter and Khan, 2003).

Box 2: Examples of community-driven provision for of basic services

Community–municipal partnerships to improve sanitation in India: Community-based organisations demonstrated that they could plan, build and manage community toilet blocks in slum areas that were better designed and managed than those built by local government. But it was only when municipal governments worked in partnership with them that a large-scale programme was possible. Today, hundreds of thousands of people in low-income areas of Mumbai and Pune have much better quality toilets and washing facilities because of government–community partnerships. Two community organisations (the National Slum Dwellers Federation and *Mahila Milan* – savings and loans cooperatives formed by women slum and pavement dwellers) and a local NGO (SPARC) developed community toilets that were better designed and managed than conventional government-funded, contractor-built toilets. But it only became possible for these to be constructed on a large scale when the municipal commissioner in the city of Pune decided to get NGOs and community organisations involved in replacing or building 440 toilet blocks. A third of the construction costs were to come from the city, a third from the state government and a third from the national government. A further condition was that NGOs/communities would agree to maintain the toilets for a set period, as government did not have the

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[4] When the NGO Orangi Pilot Project in Pakistan was accused by local political interests of corrupt practices regarding the use of foreign funding, their response was to allow anyone to view their accounts and to publish detailed accounts regularly in a widely distributed newsletter.

capacity or resources to do this. SPARC, *Mahila Milan* and the National Slum Dwellers Federation successfully bid for 114 toilet contracts. The new toilet blocks were light and airy, with tanks to ensure a constant water supply (conventional toilet blocks often ran out of water), and with toilet blocks at the front specially designed for children (children are frightened of using smelly dark pit latrines and haven't the same capacity as adults to queue). The blocks included a home for a caretaker, who also helps to collect a small monthly fee from community members to pay for maintenance. Some blocks had a authorities to try similar approaches, and these same three organisations obtained a contract to build 320 toilet blocks in the slums of Mumbai. As a result of these community–municipal partnerships, hundreds of thousands of 'slum' households in Pune and Mumbai now have clean, cheap, easily accessed toilets with facilities for washing. There are plans to promote this new approach in smaller towns and cities, where local resources and capacity are even tighter. SPARC, *Mahila Milan* and the National Slum Dwellers Federation also have many other projects and programmes to improve conditions for low-income households that are being developed in partnership with local governments and national government agencies (Burra, Patel and Kerr, 2003).

Water and sanitation improvements in low-income areas of Dhaka and Chittagong: Partnerships between community organisations, Bangladeshi NGOs and the UK Charity WaterAid have provided water points and sanitation blocks or community latrines serving tens of thousands of low-income households in 150 'slums', within a programme that is recovering most of its costs – to allow reinvestment in reaching other low-income communities (Hanchett, Akhter and Khan, 2003).

Community–NGO–local government partnerships for sanitation in Pakistan: A Pakistani NGO, the Orangi Pilot Project, has supported community-managed improvements in water and sanitation in many urban areas in Pakistan, reaching hundreds of thousands of households, and with most of the costs covered by what low-income households can pay. Initially, the support concentrated in Orangi, an informal settlement in Karachi with over one million inhabitants. As a result of this approach, of the 7,256 lanes in Orangi, 6,082 lanes containing 91,531 houses have built their sewer systems. The inhabitants have invested Rs. 80.7 million (US$ 1.5 million) in this effort, while it is estimated that the cost would have been at least seven times more had it been carried out by government alone. While this support for communities initially began as an alternative to local government (because local government improvements were too expensive for low-income households), many local governments now support this approach, and it is being applied in many settlements other than Orangi in Karachi, and in other urban centres (Hasan, 1997, Hasan, 1999).

In discussing community-driven water and sanitation initiatives, it is important to include not only those that are 'water and sanitation' projects but also those that are not classified as water and sanitation and yet ensure better provision for water and sanitation, including:

- *upgrading programmes* (most of which include improved provision for water and sanitation, and many of which are in informal settlements where the land is illegally occupied or developed, and there are important components of tenure reform that then allows a relationship with official water and sanitation service providers);

- *support for new house developments* by urban poor groups that include good provision for water and sanitation (these include serviced site and core housing schemes); and

- housing finance systems that provide lower-income groups with more scope to buy or build better quality housing that may also have better provision for water and sanitation.

For instance, the work of the Community Organisations Development Institute in Thailand or of the Local Development Programme (PRODEL) in Nicaragua would not be considered as 'water and sanitation', yet they provide the means by which water and sanitation is improved for many thousands or tens of thousands of people (see Box 3). The same is true of the work of most of the urban poor or homeless federations that are now active in at least 11 nations and that are developing in many more. For instance, the work of Pamoja Trust and the Kenyan federation (*Muungano wa Wanvijiji*) would not be considered as 'water and sanitation', yet the community-driven agreements that they are developing,

working with local government, will provide the 'governance' means through which agreement is reached on the provision of tenure, the allocation of plots and the installation of infrastructure, including provision for water and sanitation (see Box 3).

Box 3: Government–community partnerships that support improved provision for water and sanitation

Community-based slum-improvement plans in Nairobi: Half of Nairobi's population lives in informal or illegal settlements which have very inadequate provision for water, sanitation and drainage. But attempts to improve conditions in these settlements is complicated by the potential conflicts between landlords and tenants and by the conflicts between different ethnic groups that, in the past, were often exacerbated by powerful political interests. In most informal settlements, the inhabitants do not have tenure of the land they occupy, but any programme to legalise tenure means conflicts between landlords and tenants. However, a partnership between community organisations (based on savings groups) and these organisations' federation (*Muungano wa Wanvijiji)*, a Kenyan NGO (Pamoja Trust) and local government has been developing a consensus among the inhabitants of informal settlements on how to resolve these issues and improve housing conditions and basic services. Community-based savings schemes develop each settlement's capacity to organise and manage funds. 'Slum' enumerations and the development of house designs by local inhabitants provide the basis for planning for improvements and for developing community capacity to manage these. Detailed and accurate slum enumerations are only possible if done by and checked by accountable community organisations. These organisations are also best placed to identify their own needs, and also to plan their own collective solutions. Only in partnership with government, however, can they formalise their plans and take them forward in a manner that tackles poverty at a significant scale and benefits the city as a whole (Weru, 2004).

Improving housing, water and sanitation through the 'People's Housing Process' in South Africa: Over the last ten years, local processes developed by the South African Homeless People's Federation working with a local support NGO (People's Dialogue on Land and Shelter) have helped to create policies, practices and partnerships that have helped secure land for housing for tens of thousands of its members, and also helped them design and build new homes with provision for water, sanitation and other infrastructure. Now, many local governments work in partnership with them to develop new homes for among the poorest households. The Homeless People's Federation has over 1,500 autonomous local savings and credit groups (with more than 100,000 member households). The Federation has developed new homes and neighbourhoods for thousands of low-income households but, perhaps more importantly, it has demonstrated how community-based organisations (based on savings groups) can do this much more cheaply and with better-quality results than contractors. This has encouraged many local authorities to work with them – including Durban Municipality, which is working in partnership with them in an ambitious city-wide programme to improve housing conditions (Baumann, Bolnick and Mitlin, 2002).

Integrated programme for the improvement of Barrio San Jorge and other settlements in San Fernando: A team from IIED–AL has worked with the inhabitants of Barrio San Jorge and its community organisations for some 15 years. This work has included major improvements to housing, infrastructure and services – including much improved provision for water and sanitation and developing a new settlement next door to allow some deconcentration in the original settlement. From the outset, the intention of the work was also to develop links with local government and with water and sanitation providers. Initially, the water and sanitation company would not extend its networks to the settlement, and an autonomous system was developed; subsequently, it proved possible to negotiate for the connection of this system to the official network and for further improvements to be supported by the utility. Strong links have been forged between the community organisations and the local government. This model of intervention in Barrio San Jorge has also been applied in other low–income settlements (Schusterman and Hardoy, 1997)..

CODI (Thailand): The Thai government's Community Organisations Development Institute (CODI) makes loans available to (rural and urban) community organisations for a wide range of activities relating to land acquisition and housing construction, housing improvement (including improved provision for

water and sanitation) and income generation. It provides loans to community organisations and also to networks or federations of community organisations (for instance, networks formed within a particular locality or based around particular occupations) that on-lend to their members. These networks or federations of community organisations also develop the capacity to negotiate with local or provincial authorities, or to influence development planning, or to work together on shared problems. These networks also link communities so that they can share their experiences, learn from each other, work together and pool their resources. Through these networks, CODI is supporting thousands of savings groups. CODI also has a major role in the Thai government's 'Cities without Slums' programme, which has a very large-scale upgrading programme that will include improved provision for water and sanitation for hundreds of thousands of households (CODI, 2004). But, as CODI's director notes, large-scale slum-upgrading programmes are only possible if the 'infrastructure' of community processes and networks and their savings schemes are in place; representative community organisations have to be involved in decision-making, be able to own the decisions that are taken and be in control of the activities that follow (Boonyabancha, 2003).

PRODEL (Nicaragua): The Local Development Programme (PRODEL) in Nicaragua has supported the initiatives of local governments through a small grants programme for infrastructure and service provision or improvement (many of which included components for water and sanitation), and loans to households for home improvement and extension (which included improved provision for water and sanitation). Between 1994 and 1998, some 38,000 households benefited. But PRODEL also saw its role as helping to strengthen the collaboration between community organisations and local authorities, ensuring more scope for citizen participation (Stein, 2001).

Many other examples could be added to Boxes 2 and 3, drawing from the work of other urban poor organisations or federations, i.e. not only in India, Kenya, Thailand and South Africa (as outlined above) but also in Vietnam, Cambodia and the Philippines; Namibia, Zimbabwe, Uganda and Swaziland. In Cambodia, for instance, the Prime Minister has committed his government to supporting the upgrading of 100 informal settlements a year for five years in Phnom Penh, so that almost all of Phnom Penh's poor settlements will be improved and have land title – and this is being done with the Solidarity for the Urban Poor Federation, after this federation demonstrated how urban poor communities could support upgrading as an alternative to resettlement (ACHR, 2004). In most nations where urban poor or homeless federations have developed, there are also support NGOs that work in very close partnership with them.

Certain methods are widely used within these federations in developing their programmes, and these have particular relevance for 'governance' as they support the development of community-based organisations and federations that are able to work together (and support each other), and work in partnership with government agencies. These methods include:[5]

Savings and credit: At the base of the federations are community-managed savings groups. These can provide emergency credit to members when they need it, and can accumulate savings that can help fund housing construction or improvement. These savings and credit groups build community organisations' capacity to manage finance collectively, which also helps to develop their capacity to plan and implement projects, including upgrading, new housing or provision for community toilets, all of which involve improved provision for water and sanitation.

Surveys and slum enumerations: One reason for the lack of government support for improving conditions in 'slums' and squatter settlements is the lack of data – for instance, on who lives there, who claims ownership of the site, and what infrastructure exists. Installing water, sewer and drainage pipes also requires detailed, accurate maps, showing rights of way and plot boundaries. The organisations and federations of the poor organise very detailed 'slum' enumerations and surveys that draw information from each household and develop detailed maps. Those who undertake the enumerations (including many people from that neighbourhood) talk to each household, so everyone is informed about why this is

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[5] This section draws heavily on Patel, Sheela (2004), "Tools and methods for empowerment developed by slum dwellers federations in India", *Participatory Learning and Action 50*, IIED, London, forthcoming.

being done. The information collected is returned to community organisations to check. These then provide the base information for detailed plans to be developed for improvements, and also serve as the basis for detailed negotiations with local infrastructure and service providers. These enumerations cost a very small fraction of the cost of professionally managed enumerations, and are also more detailed and accurate (Patel, 2004, Weru, 2004).

Some water and sanitation providers have drawn on the experience of the federations in these kinds of enumerations. For instance, WaterAid Tanzania has worked with a Tanzanian NGO (PEVODE) in managing a community enumeration and mapping programme in five low-income settlements in Dar es Salaam, through which the inhabitants documented their settlement and its problems in detail, especially for water and sanitation, and used these enumerations as the basis for discussing what improvements were needed and for negotiating with the official water agency (DAWASA). Negotiations with DAWASA in one settlement (Keko Mwanga B) led to a bulk water supply and agreement for the construction of ten water points, a tank and a distribution system (Glöckner, Mkanga and Ndezi, 2004). The Orangi Pilot Project's Research and Training Institute is engaged in developing detailed maps for each of Karachi's informal settlements, which then serve as the basis for developing plans to improve provision for water and sanitation.

House modelling: This is the process through which the community organisations within the urban poor or homeless federations develop designs for the houses that their members will build. It usually begins with individuals drawing or making models of their ideal house, then discussing this is a group and agreeing on what designs serve them best. Then a life-size model is developed, usually in a public site with the involvement of large numbers of people, which serves as the basis for discussing improvements and modifications among federation members and government staff – and for producing accurate estimates of how much it will cost and what modifications can be made to reduce costs. Like slum enumerations, house modelling is used to generate within government interest in the work the federations are doing or planning.

Community exchanges: In all the federations, there are many exchanges between community organisations so that they can learn directly from each other. Most are between community groups within a city – but groups also travel to other cities to see what has been accomplished, and discuss how it was done. Many exchanges include officials from local governments and sometimes from national government agencies, and these too are seen as ways of generating interest among government officials and politicians and of developing relationships with them. Many international exchanges have also taken place, also involving staff from local government.

Urban poor funds: Most federations have developed their own urban poor funds into which their members' savings are put and which can also serve as the fund into which external grant or loan funding can be placed, including that coming from local government. These allow external funders to have confidence that the funds they contribute to community-driven processes will be managed well, with full accountability regarding how the funding is spent.

Precedent-setting: The urban poor federations and their support NGOs are all conscious of the need to work at a scale beyond conventional 'community' or NGO projects, and therefore to work with government. They also recognize the need to change the way in which government agencies operate, including their working relationships with urban poor groups. But the conventional way in which civil society groups within cities seek to change governments is through policy advocacy. They generally base this on consultations with communities, and draw on these consultations to suggest alternative policies to government, which they campaign to have accepted. Often, the policies suggested are good and much needed, but these rarely influence government policy. Even when they do, most communities lack the training, exposure or capacity to take advantage of them.

The National Slum Dwellers Federation in India and its partners Mahila Milan (savings cooperatives formed by women slum and pavement dwellers) and SPARC (an Indian NGO) recognized the need to follow another route – that of setting precedents and using these precedents to negotiate for changes in official policies and practices. For this Alliance of the three organisations mentioned above, precedent-

setting begins by recognizing that the strategies used by the poor are probably the most effective starting point, although they may need to be improved. Precedents are set as this Alliance supports community organisations to try out pilot projects and then to refine and develop them through community exchanges. Because they emerge from the poor's existing practices, they make sense to other grassroots organisations, become widely supported and can easily be scaled up. But these precedents often contravene official rules and standards or, if government is to support these, require changes in official procedures. By demonstrating what can be done, it is easier to negotiate the necessary changes in government regulations or approaches – see Box 4.

Box 4: Setting precedents for improving water and sanitation in Indian cities

Many 'slums' in Mumbai and other Indian cities have government-designed, contractor-built public toilets that do not work well because of poor designs, poor quality construction and lack of maintenance. To have any chance of negotiating with governments for better provision, the National Slum Dwellers Federation and its partner organisation *Mahila* Milan knew that it had to demonstrate to government that better design and management was possible. New designs for community toilets were developed and built in various cities, and were used as learning experiences both for those who built them and for those who visited them (through community exchanges). They set precedents in the ways that toilet blocks were designed, built and managed that could be demonstrated to government officials. They incorporated many innovative features that made them work better, including separate toilets and queues for men and women (in standard government designs with only one queue, men often jump the queue), measures to ensure water was always available (for instance, having large reservoir tanks to draw on when mains supplies were interrupted) and special toilets for children (because children were not using the conventional toilets because they were frightened of falling into the hole and of dark smelly rooms, and because they were often pushed out of the queues). The new toilet block designs also included accommodation for a caretaker and, often, space for community-meeting places (if communities meet regularly within the toilet complex, it also brings pressure to ensure it is kept clean). These new toilet blocks also cost the government less than the poor-quality contractor-built toilets that they had previously supported. This led to government support for hundreds of community toilet blocks in Mumbai and Pune that now serve hundreds of thousands of households.

This, in turn, led to the subject of sanitation for 'slums' entering into the public domain in Pune and Mumbai, as municipal commissioners and other dignitaries were invited to inaugurate the new community-built toilet blocks. Opening each community toilet block is a celebration to which local government staff and politicians can be invited. This also creates a chance for dialogue over other issues such as water supply, electricity, paved roads and secure tenure.

The National Slum Dwellers Federation originally developed to fight the insecurity into which most poor communities are locked because they occupy land illegally. For them, the demand for sanitation is strategic: city government and civil society can easily see the relationship between the sanitation needs of the poor and their own health and well-being. The demands for sanitation by urban poor organisations are less threatening than any demand for land or for land tenure. Of all the basic services that the poor have started to demand, sanitation has begun to be less contested than others. This is especially so when the sensibilities of middle-class citizens are affected by seeing people defecate in the open. It takes longer to make the connection between housing and the sense of security that the urban poor need for their well-being and quality of life.

With these toilet blocks, the traditional relationship of politicians as patrons and voters as clients underwent a transformation. Whereas previously, a toilet block had been the 'gift' of a local councillor, member of the legislative assembly or member of parliament, now citizens saw toilet blocks as their right. Their involvement in designing, building and maintaining each toilet block built their strength and confidence to negotiate with local municipal officials on other issues. As pressures build from below, administrative and political processes are compelled to respond. The culture of silence and subservience begins to give way to a more substantively democratic process. The large-scale programmes in Pune and Mumbai encouraged staff and politicians from other municipalities to learn how to initiate and manage

such a process. These programmes also encouraged federations in other cities to negotiate with municipal authorities to work on this issue.

Source: Patel, Sheela (2004), "Tools and methods for empowerment developed by slum dwellers federations in India", *Participatory Learning and Action 50*, IIED, London, forthcoming.

In reviewing the experiences of the urban poor and homeless federations in water and sanitation initiatives, or in upgrading or new house development that included improved provision for water and sanitation, certain principles emerged that were important in most or all of them:

- *keeping unit costs as low as possible* – this might seem contradictory if working with the poorest groups, but it makes limited resources go further, increases the role that households' own savings can have and increases the possibilities of cost-recovery;
- *strengthening the organisations of the poor and ensuring that they are representative* – usually through supporting community-based savings schemes that also develop the capacity to provide loans to their members. Developing community organisations' capacity to organise, manage and mobilise their own resources also means that they are more able to work with external partners;
- *integrating wherever possible measures to increase poorer households' incomes, or strengthening their asset bases or reducing costs/prices* – in this, there is a recognition that this is necessary when working with low-income groups; and
- *setting precedents* – as noted above.

The text in Box 5 was prepared by staff from SPARC, the Indian NGO that supported the community toilet programme described above; this reflects on what helps form community–government partnerships.

Box 5: Notes on the art of gentle negotiation

A necessary step in building sanitation partnerships between community organisations and local governments is convincing some reluctant and often suspicious government agencies to stop seeing poor communities as problems and start seeing them as contributors to good solutions to city-wide problems. That means negotiation. The increasingly confident negotiating skills of National Slum Dwellers Federations and *Mahila Milan* in Mumbai, Kanpur, Bangalore and Lucknow have obtained commitments to sanitation in slum settlements from many officials in municipal corporations and state governments. Here are some of their negotiating strategies:

Start small and keep pressing: *Mahila Milan* in Kanpur and Bangalore started small – negotiating for the municipal corporations to provide hand pumps and water taps in slums. Through those negotiations they gradually gained the confidence, persistence and visibility to press for the next level – community toilets. Starting with small initiatives can show both government and communities that change is possible. Convince the officials that they can use their limited powers to make a little change. First, they might only give a limited consent, but later, when they see things change, even in small ways, that consent might become support. Support is the first step in the creation of a genuine partnership.

Paint beautiful pictures: Sometimes, grassroots activism involves a great deal of scolding and finger-pointing: 'Isn't this awful!' 'Isn't that shameful!' If you're serious about exploring new ways of bringing the poor and the state together to solve the city's problems, this kind of approach has limited utility. People in power are more likely to retreat into their bureaucratic shells when you start pelting them with 'awfuls' and 'shamefuls'. A better approach is to kindle their imaginations by describing possibilities in ways that make clear how they can contribute.

Know more than they do: When community organisations come into negotiations prepared, with enumeration reports with data on all households in the settlement, with toilet construction costs worked

out and tested, with knowledge of city infrastructure grids, and with examples of community–state partnerships in other cities, it becomes much harder for government officials to argue against the proposals you are making.

Cut an attractive deal: The National Slum Dwellers Federations/*Mahila Milan* around India have developed skills of persuasion in showing local governments that entering into an unconventional toilet-building partnership with a well-organised community organisation is a realistic, even attractive, proposition for solving big problems that stymie municipalities up and down the sub-continent. A sharp city administrator would have difficulties passing up on these features:

- sharing costs with a community reduces the city's sanitation cost burden;
- when communities build toilets, the city's construction burden is eliminated;
- when communities maintain the toilets, the city's maintenance costs are eliminated;
- community-built toilets often cost less than those the city builds, so a city's infrastructure budgets can be spread further, increasing service delivery.

Source: Burra, Sundar, Sheela Patel and Tom Kerr (2003), "Community-designed, built, and managed toilet blocks in Indian cities", *Environment and Urbanization*, Vol. 15, No. 2, pages 11–32.

Precedent-setting by the urban poor or homeless federations can also contribute to changes in policies by higher levels of government. For instance, the Indian government has introduced a new programme where a 50 percent subsidy for the construction of community toilets is available to local bodies and public authorities – and this was influenced by the community toilets built in Pune and Mumbai (Patel 2004). In Namibia, the government has agreed to smaller lot sizes and incremental development of infrastructure (including support for community provision), which makes new house developments more affordable to low-income households, and this happened in large part because of the projects of the Shack Dwellers Federation of Namibia and of the partnership that the Federation developed with government agencies (Mitlin and Mueller, 2004). Similar changes in plot sizes and allowing incremental infrastructure development have been permitted by local governments in Zimbabwe, through their partnerships in new housing projects with the Homeless People's Federation of Zimbabwe (Chitekwe and Mitlin, 2001).

4. (Pro-poor governance and) managing networked water and sanitation systems

In the international arena, it is often assumed that, at least for urban areas, the provision of networked water and sewerage systems is the priority – which is understandable since this is the model that has worked for urban residents in high-income nations and in many of the better-run (generally more wealthy) cities in middle-income nations. But most of the urban population in Africa and Asia and large parts of Latin America are not connected to networked sewers. Hundreds of millions do not have access to networked water supplies or, if they do, this is through public standpipes or water vendors or kiosks.

Whether the water utility is public, private, or a combination, the state plays the lead role in setting the rules by which a water utility operates. In the case of long-term lease and concession contracts, this includes negotiating the contract and creating the regulatory framework (though these two roles may be played by different state agencies and at different scales – thus, the contract could be negotiated at the level of a municipality, while the regulatory framework could be national).

In terms of the framework presented above, for the urban poor to benefit from negotiations for private water contracts, it is important that:

- water issues of concern to the urban poor be part of the negotiations;
- information pertaining to these issues be available; and
- the interests of the unserved or inadequately served be effectively represented.

Indications are that none these conditions were typically met for most of the contacts negotiated in the 1990s. In many instances, there was pressure to appoint an operator in a timely fashion. Technical and financial issues were given considerable attention. Tariffs and, in the case of investment contracts, expansion plans were often subject to negotiation. Bidders were not, however, required to outline their strategy for improving services to low-income residents. Measures were not taken to ensure that information about conditions and problems in low-income areas was collected and made available to bidders. Few efforts were made to represent the interests of the urban poor in the process, let alone to involve representatives from urban poor groups directly.

The concerns of low-income residents also tended to be neglected within the regulatory regimes. The initial focus was almost invariably on contract deliverables such as investment activity, service standards and payments. As long as there are problems with these 'fundamentals', the regulatory activity is unlikely to extend beyond these concerns. In the words of a recent review of water regulation and the poor: "Unless the regulatory framework properly contemplates issues in relation to services to the poor and confers on the regulatory authority for acting, it is unlikely that pro-poor policies can be implemented in the early stages of a PSP (Private Sector Participation) contract"(Halcrow Management Services, 2002).

Even comparatively well-designed concession agreements were inclined to neglect basic issues concerning low-income residents, since the primary goal was to create an economically viable and efficient operation. Thus, two of the best-known obstacles to extending water to unserved or inadequately served low-income settlements are first, that low-income households rarely have large sums of money available or access to market rate loans, and hence find it particularly difficult to pay high connection costs; and second, that many low-income households live in squatter settlements with insecure tenure. Nevertheless, the initial concession agreement for the areas of Buenos Aires managed by *Aguas Argentinas* specified connection fees of up to US$ 600 for water and up to US$ 1,000 for sanitation, and did not make provision for water extensions to be extended to squatter settlements. The connections costs were reduced in a later renegotiation, and localised negotiations between civil society organisations, local government and *Aguas Argentinas* helped to extend provision to at least some settlements on disputed lands. Until the economic crisis undermined much of the basis for reform, some progress was being made. Generally, however, it is more difficult to negotiate with concessionaires once they are in place, and leaving the concerns of the poorest households out of the original negotiations adds to their already considerable disadvantages.

Blame for the relative neglect given to low-income groups in many projects involving private sector participation cannot all be laid at the door of the private operators, however. Governments and international agencies were responsible for guiding the process of private sector involvement. Moreover, if low-income groups were well served by publicly operated water and sanitation utilities, and their interests were already well represented in water and sanitation management, it would be politically far more difficult to ignore their interests when engaging with the private sector.

The urban poor are likely to have a particular interest in the expansion plans, and the mechanisms through which these plans will be realised. Among other issues that are likely to be of particular concern are:

- connection costs and procedures – where the urban poor are unconnected, high connection costs and complex procedures can be a major barrier;

- disconnection procedures, and rights and procedures of appeal – the urban poor often lack a means of recourse in the case of disconnection;

- rights to water abstraction – granting the utility operator exclusive rights to water abstraction can undermine the alternatives available to the urban poor;

- secondary water markets – the urban poor often depend on secondary and, often, informal water markets, and the utilities operations affect these secondary markets (which, in some cases, are a form of competition and, in others, represent an extension of the utility's operations); and

- standards – standards that are too low may leave the urban poor at risk, while standards that are too high may exclude them. (As noted earlier, this is not only a question of standards for water and sanitation provision, as standards for lot sizes and other forms of infrastructure greatly influence whether urban poor households can afford land on which they can build their own homes).

In addition, there are likely to be a number of identifiable measures that could be combined to form a strategy for improving provision in low-income areas. Which of these measures are most appropriate to a given locality cannot be determined in the abstract. Moreover, as the framework of power and accountability relations indicates, a central question is how the interests of the urban poor are brought to bear on these negotiations. This is not a simple question to answer. Most parties to the negotiation will be ignorant of the water-related conditions in low-income neighbourhoods. Residents of low-income neighbourhoods will typically be ignorant of the costs and requirements of operating a water network, and have no obvious representatives in the negotiations – except for government officials who are unlikely to view the urban poor as their primary sponsors, and civil society groups whose legitimacy may be challenged.

Such inadequacies should not be taken to imply that improvements cannot be achieved but, rather, that there are many opportunities for improvement. There are also many lessons that can be learned from recent experiences with water and sanitation contracts as well as from the experiences with public utilities. Indeed, as indicated at the start, it is not clear that the public–private distinction is itself the most important one when it comes to improving water services in urban areas.

5. (Pro-poor governance and) working with small-scale water vendors and sanitation providers

Small-scale and usually informal water vendors and sanitation workers are important for at least three reasons (UN-HABITAT, 2003). First, they provide water and sanitation services to a large proportion of low-income urban households, particularly those who live in areas difficult to service with conventional water distribution and drainage networks (Collignon and Vezina, 2000). Without them, many of the poorly served would be even worse off. Second, informal vendors and providers generally operate without a subsidy and with prices and/or services that compare favourably with what official providers make available; if they did not, they would not be able to operate. Third, there is increasing evidence to suggest that, in many locations, working with and through such independent providers can be a cheaper, more effective way of improving and extending provision for water and sanitation than conventional public sector provision or a reliance on large-scale private (often international) companies (Solo, 2003).

The informal sector is unregulated, virtually by definition. In any case, the issue is not one of deciding whether, how much or in what manner small-scale providers should be regulated. What is needed, as in other parts of the water sector, are effective, accountable local government structures that can encourage and support effective local action and innovation, particularly when it will benefit the unserved or inadequately served. The appropriate responses by local or national governments and international agencies need to be rooted in the specifics of each city or even neighbourhood.

Not all informal water vendor systems deserve support. In some cases, the profits to be made from reselling scarce water have led key suppliers to create non-competitive markets, and the water supplies are, in effect, restricted in order to drive up prices (this is rarely the itinerant vendors, who are unlikely to be able to affect market prices through their actions). In such cases, good water governance may require working with low-income groups and with vendors to determine how best to make the market function more effectively in the interests of users. Simply trying to close down the vendors on the grounds that they do not meet some official standard is in danger of further restricting water supplies, driving prices up even further.

In other cases, the markets are highly competitive, but supplies may be restricted by the water utility's practices. There may be insufficient water hydrants to supply the vendors, or they may be located without any consideration of convenience to the vendors or to the concerns of the users themselves. In some urban centres, itinerant vending is actively discouraged in a variety of ways, at least in the informal

sector. There is comparatively little experience of working with local residents to help design a strategy to improve water supplies that takes account of how the secondary water markets are functioning. On the other hand, in the course of participatory processes surrounding more conventional improvement projects, residents do sometimes develop strategies for addressing problems that arise in the secondary water markets. In Kibera (Nairobi), for example, residents proposed a strategy involving the formation of a water vendors' association, and a collective bargaining process that would address the concerns of both water vendors and users (Katui-Katua and McGranahan, 2002).

As with large-scale water utilities, there is the challenge of ensuring that the interests of the urban poor are brought to bear on policy discussions involving small-scale enterprises and informal sector operators. Perhaps even more important is the challenge of responding directly to the legitimate demands of low-income residents. Even itinerant water vendors operating in the informal sector are subject to pressures from the government as well as from local residents and residents' associations. Often, even the very small-scale water enterprises are regulated and are required to have licenses to operate. Yet, this does not necessarily mean that local residents have any recourse when they suspect that vendors are engaging in monopolistic behaviour, selling contaminated water or engaging in otherwise dubious practices.

And while the services that small-scale water enterprises provide should not be forgotten, nor should it be assumed that they are appropriate. There are usually very large returns to scale in water delivery. In many circumstances, the prevalence of itinerant water vendors, water tankers or small hosepipes carrying water from home to home is a symptom of a failure to provide larger, lower-cost systems. Attacking the symptom, and making it harder for the small enterprises to perform their role, will usually make matters worse. But the presence of small water enterprises is no excuse for neglecting the task of finding less costly alternatives, which may not emerge spontaneously, and may require replacing the small enterprises with a large-scale water network. The appropriate choices are more likely to emerge where local government is responsive to the concerns of low-income residents, and the residents themselves are able to articulate and negotiate for their interests – taking us back to the issue of increasing the power of the urban poor to demand better water supplies.

6. (Pro-poor governance and) getting the best out of out of the private enterprises, public agencies, and civil society groups

The relevant issues and options extend beyond the mechanisms embedded within a particular institutional framework (e.g. how do the interests of the urban poor get represented in the context of a private water concession, or an NGO's water and sanitation programme, or the water and sanitation projects of an international donor), and extend to the selection and evolution of institutional frameworks (e.g. how do the interests of the urban poor get represented when the decision is made to grant a concession). Moreover, water governance cannot be disassociated from other governance issues. There are, as it were, strong returns to good governance. Good governance in one sector typically implies good governance in other sectors, not only because they draw on the same governance institutions, practices and relationships but also because it helps create the aspirations and political strategies that can help address water and other issues of importance to poorer groups. 'Better' governance, much influenced by decentralisation and stronger local democracies (including elected mayors), has provided the context for more attention to water and sanitation in many urban centres (Hardoy, Mitlin and Satterthwaite, 2001, Velásquez, 1998, Lopez Follegatti, 1999).

Annex 1: Case studies in three selected cities

Case studies have been commissioned and are underway on the following:

Developing public–private–community alliances to improve provision for water and sanitation in informal settlements. This is to document how IIED–America Latina is working in Moreno, one of the poorest municipalities in Buenos Aires, to develop ways of improving provision for water and sanitation by brokering partnerships between community organisations, the municipality and the local private company that has the concession. At present, improvements are at a standstill because it is impossible for either the private company that has the concession for water and sanitation or for the municipal authority to invest in extending provision alone. Of the municipality's 380,000 inhabitants, more than 80 percent have no connection to a piped water network and 90 percent lack connection to sewers. Half the population has incomes below the poverty line. Most households draw on groundwater that is of poor quality and use pit latrines or toilets that discharge into open (often poorly maintained) surface drains. There are 18 neighbourhoods where between 200 and 1,000 households share a local piped water system (usually drawing groundwater to a communal tank, although from a depth that guarantees better-quality water) and some also have their own sewer systems. But without support from the private company or the municipality, and with a tradition of non-payment for such services, maintenance is poor in most of these private networks.

The private company that won the 30-year concession in Moreno (AGBA SA) is a mixed-capital consortium made up of two private engineering and construction companies and *Aguas del Bilbao*. It will not provide the large capital sums needed to develop the trunk infrastructure. IIED–AL is working with IDUAR (the Institute for Urban and Regional Environmental Development, which was set up by the municipal government), the private company, representatives from community organisations and the regulator to see what possibilities exist for improving and extending provision. The work includes developing the capacity of community organisations to manage local systems, and seeking to broker a joint management framework for improving and extending provision between all stakeholders. Community organisations have responded enthusiastically and the project is working with and through schools, healthcare centres and community kitchens, as well as with community representatives and those who try to manage the autonomous water and sanitation systems. This initiative has also brought staff from the regulator to visit Moreno regularly (they are located in the provincial capital, 100 kilometres away), and this has allowed communities to make claims about the weaknesses and failings of the private company. Part of the solution is to strengthen the capacity of the existing autonomous systems to work. But the project recognises the need to get the water company involved. This company faces many problems; it has a concession for seven municipalities in Buenos Aires, where a large proportion of the population have very low incomes, a high proportion lack connections to water and sewer systems and the existing water and sewer networks are in poor condition.

The OPP Research and Training Institute's community-mapping programme and its use in developing partnerships with local authorities and other government agencies to improve provision for water and sanitation. The OPP Institute is currently engaged in developing detailed maps for informal settlements in Karachi that will provide the basis for improving provision for water and sanitation and for negotiating support from government agencies. Over 100 of these detailed maps have been completed. This case study will document how these maps are developed and how and in what form they serve as a basis for developing partnerships with local governments.

Water governance and its implications for the unserved and inadequately served population in Bangalore, India. In this city with close to 6 million inhabitants, a baseline survey in 2000, covering 2,923 households, found that 73 percent of households in the municipal corporation area had access to a water supply from the official network within the house or compound; but only 36 percent had individual connections, with 36 percent sharing the connection with others such as the landlord, other tenants or other users in an apartment and commercial complex. Twenty-seven percent of the population did not have access to the piped water network (Sinclair Knight Merz et al., 2002). This case study is looking at water governance within the city, including what factors explain these inadequacies in provision for low-income households in what is one of the most prosperous cities in India.

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