

Strategy for Action

There is no blueprint for improving urban water supplies in Asia. Every country and every city have their own unique social, political, physical, and economic environment that will determine what is appropriate in regard to development. Nevertheless, it will be useful for governments and utilities to have a general strategy for action. The purpose of this chapter is to condense the findings of this book into one “nutshell,” representing a framework for action. **Remember that all solutions are dependent on the resolution of the core problems of governance and tariffs, which can be accomplished by introducing transparent policies, independent regulatory bodies, and involvement of civil society.**

One way of involving civil society is to hold stakeholder consultations as a basis for formulating government policy. First comes the identification of key stakeholder groups. These may include (i) urban poor using vended water, (ii) small-scale water providers, (iii) domestic consumers, (iv) industrial consumers, (v) utility staff, (vi) utility management, (vii) unions, (viii) government officials, (ix) politicians, (x) the private sector, (xi) development agencies, (xii) NGOs, (xiii) academics, (xiv) the media, (xv) consultants, (xvi) contractors and suppliers, and (xvii) professional associations. Second come separate stakeholder consultation meetings, convened by the government, with each group. Ideally these would be 2-day meetings and *Asian Water Supplies* would be used as a sourcebook throughout. The first day would be for

listening to ideas of stakeholders regarding problems and solutions. The second day would be for responding to findings and offering further solutions. A representative of the stakeholder group should be elected. After the proceedings of the first stakeholder consultation meeting for all stakeholder groups have been documented, they should be analyzed as a whole and one report prepared for dissemination to all stakeholder groups. A second phase stakeholder consultation should then be held with representatives of stakeholder groups to discuss the findings. At this meeting, experts from successful water utilities in the region (for example, those from Bangkok, Dalian, Malé, and Phnom Penh) could be invited to tell their stories. Finally, a draft government policy statement would be prepared, based on the views of stakeholder representatives.

In this book there are chapters on specific topics, and at the end of these chapters the solutions in a nutshell are presented. This chapter brings all these together in one place. It is best to view this as a menu from which selections can be made as appropriate for a given enabling environment and location. All the solutions from the chapters are unlikely to be applicable in any given situation, but many can be. It is also important to remember that none of these solutions will work unless the core solution of good governance (policy, regulation, and civil society involvement) and a paradigm shift in tariffs (funding investments out of tariffs) are first addressed.

Realities

- Coverage with piped water does not always require major urban water utilities to seek funds from external sources.
- Shortage of water is not the reason for intermittent water supply.
- The poor are willing and can afford to pay the full cost of piped water.

- It is not possible to run a \$20–100 million per year commercial operation (selling water) with civil servant rules and salaries.
- Reducing NRW below 20% of production is economically justified.
- The private sector will not always bring much needed funds for development to the table and improve water utility efficiency.
- In answer to rapid urbanization, it is not necessary to go farther and farther afield to find more water sources.

- Intermittent water supply is not OK.
- Appropriate legislation does not always allow a water utility to operate with autonomy.
- Water utilities suffer when the money trail runs through governments.
- Households in Asia do not need 200 l/c/d.
- Private operators are not always the cause of higher tariffs.
- Regulatory bodies are not only needed because of private sector contracts.
- Private operators are not always eager to serve the urban poor.
- Private sector participation does not always bring competition.

Problems and Solutions

- An individual problem, such as NRW, cannot be solved in isolation. It can only be addressed after the core problems have been resolved.
- The core problems are poor governance (including corruption) and low tariffs.
- The core solutions include a transparent policy, an independent regulatory body, a paradigm shift in tariffs, and the involvement of civil society.

Water Resources Management

- Water policies and social auditing are needed.
- Have long-term planning horizons.
- Introduce demand management through awareness and pricing.
- Plant more trees to rehabilitate watersheds.
- Plant crops that use much less water than do rice, cotton, and sugarcane.
- Do not subsidize water management.
- Remember the triple bottom line: environmental, social, and economic development.
- Develop rainwater harvesting in cities.
- Remember the beavers—build check dams.
- Trade customary water rights.

Water and Sanitation Service Coverage

- Compare the number of connections with the number of people.
- Examine the extent of intermittent water supply.
- Examine the extent of standpipe supply.
- Examine on-site sanitation versus sewerage versus treatment.
- Undertake independent professional audits of service levels.
- Analyze root causes of inadequate coverage.
- Promote awareness of the situation among civil society.
- Address as a priority the needs of those with no access to piped water.

Intermittent Water Supply

- Promote awareness among stakeholders.
- Address governance issues related to the autonomy of utilities.
- Introduce higher tariffs for 24-hour zones.
- Place moratoriums on new connections.
- Invest in hydraulic modification of distribution systems.
- Start with 24-hour zones, and then expand these.
- Enforce strict metering and collection.
- Reduce NRW.

Water and Poverty

- Public audits are needed to obtain facts about service levels.
- Policies are needed that focus on providing the poor with piped water.
- Raise tariffs to connect the urban poor.
- Employ a block tariff structure, but watch the sizes and prices of blocks.
- Soften terms of payment for connection fees.
- Eliminate standpipes wherever feasible.

- Encourage civil society (NGOs) to champion the poor.
- Detach land tenure issues from access to piped water.
- Governance is at the core of the solutions.
- Develop knowledge bases related to the water needs of the urban poor.
- Enable the poor to influence decision making.

Small-Scale Water Providers

- Services provided include distribution pipework for utility water and/or groundwater, kiosk sales, pushcart and tanker vendor deliveries, and neighborhood resale of utility water.
- Water sources (whether legal or illegal) are mostly water utilities, but also groundwater.
- SSWPs sometimes generate more revenue than formal utilities.
- In default of the water utility, SSWPs provide the urban poor with essential services. Many SSWPs are also poor.
- The great inequity: the connected can pay \$4 for 30 m³ and those not connected (supplied by SSWPs) can pay \$20 for 6 m³. The status quo is maintained by those with vested interests.
- In many cases, SSWPs are not formally recognized by utilities or local governments.
- Tariffs are higher than those charged by utilities but connection fees are lower.
- SSWPs provide more flexible arrangements for connections and payments than water utilities, leading to better relations with customers.
- Officials need to learn more by auditing existing utilities and SSWPs, so that SSWPs can be registered and recognized but not regulated (yet).
- Residents need to have clear policy statements from governments on piped water coverage and SSWPs. Governments should include SSWPs in water supply strategies.
- SSWPs need access to financing.

Management

- Policies must provide autonomy and revenue (tariffs).
- There should be accountability through regulatory bodies and annual reports.
- Organization development is necessary.
- If you cannot measure, you cannot manage.
- Incentives must be linked to performance.
- Use open market salaries for professionals.
- Give O&M prestige.
- Interface between staff and consumers should be given importance in the field.

Non-Revenue Water

- Governance and tariffs must be tackled first.
- Leak-detection equipment comes last, not first.
- Repair visible leaks.
- Make utility staff responsible for small zones (caretakers).
- Meter all production and consumption properly.
- Add district metering.
- Provide incentives for utility staff performance.
- Explore links to water vendors.

Sanitation

- There is a need for explicit government policies.
- In densely developed areas, conventional centralized sewerage systems are a must.
- In less densely developed areas, it may be possible to construct decentralized small sewerage systems with local, appropriately landscaped, sewage treatment facilities.
- On-site sanitation is OK, if the plot size and ground permeability are adequate and the groundwater table is low.
- Eco-sanitation (not mixing feces with water) has promise.
- Reed bed technology for treatment of wastewater is OK.

- Target the urban poor as a matter of priority.
- Divert development agency and government funding from major urban water supply projects to urban sanitation projects.
- Solutions must be part of integrated water resources management.
- Opt for community sanitation facilities, like those in Pune.
- Get the facilities and education in the schools first.

Tariffs, Subsidies, and Development Funding

- Tariffs begin with policy—analyze subsidies.
- Tariff reform is a manifestation of good governance—fewer subsidies.
- Alter the money source from governments to consumers.
- Those connected must pay more so that those not connected can get piped water.
- No question of affordability—the hidden economy proves this.
- Block tariff structures are best when income profile varies greatly.
- Fund investments directly from tariffs—the PRC is doing this now.
- Connection fees can be absorbed by tariffs.
- Tariff reform is needed to encourage PSP.
- Higher tariffs make good things happen in terms of water development options.

Private Sector Participation

- Manage the process of change.
- Domestic PSP is preferred.
- Contracts should be based on policies.
- Consider exit strategies for internationals.
- Tariff reform is a prerequisite.
- Competition and transparency are musts.
- Public-private partnership has promise.
- Principles and guidelines are needed.

- Independent evaluation will help.
- SSWPs should be included.
- Regulatory arrangements must come first.

Governance

- Transparent policies and independent regulators are needed.
- Tariff reform to put consumers in control is necessary.
- Civil society involvement is a must.
- Good things happen when tariffs are raised.
- Governance is at the core of all solutions.

Government Policy

- Obtain good field data and analyze them.
- Consult with stakeholders and civil society.
- Address governance and tariff issues.
- Address NRW, service levels, SSWPs, and the urban poor.
- Address PSP and public utility performance incentives.
- Address the roles of institutions in the sector.
- Civil society will monitor policy implementation.
- Regulatory bodies will monitor policy implementation.
- NGOs and the media will bring policies to the people.

Regulation and Benchmarking

- Regulation and benchmarking should be based on transparent government policy.
- The objective is autonomy and good governance through accountability, transparency, equitability, and efficiency.
- Why, what, who, and how must be addressed.
- There are three options: (i) one regulator, (ii) body of experts, or (iii) body of stakeholders.
- Civil society is the ultimate regulator.

- PSP contracts should be based on policy, not on regulation by contract.
- PSP and public water supplies should be regulated.
- Information technology improves transparency.
- Operators need incentives based on performance.
- Stakeholders should design the journey, which is a dynamic process.
- Benchmarking is fundamental to regulation.
- Evaluating utilities on governance and performance is desirable.

Civil Society Involvement

- Consumers indicate governance and tariffs are core problems.
- Focal points are NGOs, academics, and journalists. City forums help.
- Civil society needs to be better informed.
- Starting point is involvement through key stakeholder consultation in formulating government policy.
- Public awareness and transparency are keys to civil society involvement.
- When consumers pay the full price of water, they will be in the driving seat, which is the objective.
- Civil society should interact with the regulator.
- NGOs can champion the poor and can form consumer societies.
- Academics can investigate facts, especially concerning subsidies.
- The media can be powerful, but first it must be well informed.
- Civil society involvement promotes good governance by monitoring the implementation of government policy.

Research

- Research is a part of the very necessary effort to increase awareness and understanding among all stakeholders.
- Researchers should balance social, economic, and environmental considerations.
- Research should target income profiles, subsidies, service levels, SSWPs, intermittent supply, alternative supplies, health factors, price elasticity of demand, the urban poor, illegal use, illegal sales, corruption, pollution, groundwater, and PSP.
- Focal points are universities, institutes, and water associations.
- Funding could be sourced from ADB, World Bank, and bilateral donors.
- Results should be posted on the Internet.

Guiding Principles

- Learn from history. Success in the past came because the people who ran an undertaking had a stake in it.
- Partner with the people and civil society.
- Plant a million trees.
- There should be a sustainable water ethic for all.
- Good governance is at the core.
- Target the underserved and those not served.
- Remember the epidemics.
- Write women into the equation.