



WSS 50

INSTITUTIONAL AND FINANCIAL ASPECTS OF WATER
SUPPLY AND SANITATION SECTOR DEVELOPMENT

Evolution of the WSS (1970 - date)

1. Water supply, sanitation, environment and climate: increasing awareness of the need for integrated approaches; whilst water supply (W) is still a top priority at the expense of the other aspects, there are huge backlogs in sanitation (S), environmental management (E) and Climate resilience (C); huge increase in service coverage!!
2. Sustainable services provision: adequate water resources (WR), robust infrastructure (I), effective O&M (O&M), right scale of operations(S), full cost recovery (CR), good customer relations (R) and ICT (C) must all be in place to sustainable and effective services
3. Corporatization: to sustain WSS systems over time and safeguard them from undue political interference, gradually more independent water utilities were created with professional management and staff (Municip dep (M))>>Corporatized Utility (C)>> PPPs (P)>>Utility Turn Around (TA)).
4. Legislation and Regulation: to accelerate development of the WSS sector (A); to ensure good quality (Q), affordable and effective services to consumers (AS); to allow private sector participation (P); to establish independent regulators (R); WSS as human rights (HR)
5. Governance: water and sanitation are public goods and the assets are generally in the public domain; this invites undue political and bureaucratic interference; good governance of the sector and its institutions is critical to the achievement of SDG#6; oversight: Mayor (M), BoD (B), Regulator (R), Stakeholder BoD (SB)

Timelines

	1970s	1980s	1990s	2000s	2010s
Integration	W	W-S	W-S-E	W-S-E-C	W-S-E-C
Sustainable services	I	I-O	I-O-S-T	I-O-S-T-R-W	I-O-S-T-R-W-C
Corporatisation	M-C	M-C	M-C-P	M-C-P	M-C-P-TA
Legislation/regulation	A-Q	A-Q-AS	A-Q-AS-P	A-Q-AS-P-R	A-Q-AS-P-R-H
Governance	M	M-B	M-B	M-B-R	M-B-R-SB

Integration: water supply (W) sanitation (S), environmental management (E) and Climate resilience (C);

O&M: water resources (W), infrastructure (I), proper O&M (O), scale of operations (S), cost recovery (T), customer relations (R), ICT (C)

Corporatization: Municip dep (M)>>Corporatized Utility (C)>> PPPs (P)>>Utility Turn Around (TA)).

Legislation and Regulation: accelerate development (A); ensure good quality (Q), affordable and effective services to consumers (AS); to allow PPP participation (P); establish regulators (R); WSS as human rights (HR)

Governance: : Mayor (M), BoD (B), Regulator (R), Stakeholder BoD (SB)

WSS Sector Development

Phase	Capacity Development	Institutions	Finance
O&M	<ul style="list-style-type: none"> • Training of overseers, management and staff • Educate and involve customers 	<ul style="list-style-type: none"> • Govt. departments and agencies • Water utilities • Association of Water utilities • Worker and Customer associations 	<ul style="list-style-type: none"> • Full cost recovery
Corporatization	<ul style="list-style-type: none"> • Organizational development • HR development • Systems and procedures development 		<ul style="list-style-type: none"> • Financially independent utilities
Sector Development and Regulation	<ul style="list-style-type: none"> • Standards • Benchmarking, KPIs • Economies of scale • Sector restructuring and PPPs • Sector regulation • Financing (loans, grants) • Cost recovery (tariffs, taxes, transfers) 	<ul style="list-style-type: none"> • Independent regulator • Separation of water resources and water services management • Larger/regional Water Utilities • PPPs and Private Operators 	<ul style="list-style-type: none"> • Independent regulator • Local investment financiers (Pension funds, etc..) • Blended finance for investments

WSS Sector Development

Phase	Capacity Development	Institutions	Finance
O&M	<ul style="list-style-type: none"> • OMT Bandung, Indonesia 	<ul style="list-style-type: none"> • BPAM/PDAM Indonesia 	
Corporatization	<ul style="list-style-type: none"> • HRDP, Indonesia • Saint Lucia Water Corp. • SWM, Surinam 	<ul style="list-style-type: none"> • WSS Nablus, Lebanon • Twinning 	<ul style="list-style-type: none"> • SWM Suriname • Solomon Islands Water Corporation
Sector Devel. & Regulation	<ul style="list-style-type: none"> • HRDP Indonesia 	<ul style="list-style-type: none"> • FOPIP Romania • Benchmarking Pacific 	<ul style="list-style-type: none"> • Privatization RGAB Bucharest
O&M	<ul style="list-style-type: none"> • ITN by World Bank • East African Water Utilities • Iranian Water Utilities 		<ul style="list-style-type: none"> • Regulator Kenya
Corporatization	<ul style="list-style-type: none"> • Chittagong Water Authority 	<ul style="list-style-type: none"> • NWSC, Uganda 	
Sector Development and Regulation	<ul style="list-style-type: none"> • Benchmarking for Pro-poor Services Provision 	<ul style="list-style-type: none"> • Devolution and Water Law Kenya 	<ul style="list-style-type: none"> • Regulator Kenya • Water Finance Facility

Observations

- ▶ There is a huge investment gap and under a 'business as usual' scenario, the attainment of SDG 6 is highly unlikely
- ▶ Shift from focus on access (MDG) to focus on safely managed services (SDG)
- ▶ The structure of the WSS sector and the stage of sector development differs from country to country, with sanitation usually being less well organized, managed and financed
- ▶ As long as incomes are low, WSS tariffs remain political issue and do not recover full cost, resulting in constraints in the financing, development and operation of services
- ▶ Poor governance (oversight) of the sector and its WSS utilities is a major constraining issue in many countries
- ▶ Mixed experiences with private sector development in different countries
- ▶ Reduction of water losses and wastage in WSS systems has large beneficial effects on water resources and water pricing
- ▶ Sewerage systems in urban areas are very expensive. Water companies are looking for low cost and innovative solutions to manage sanitation issues.
- ▶ Development of rural WASH makes use of community involvement in combination with appropriate technologies and health education programs