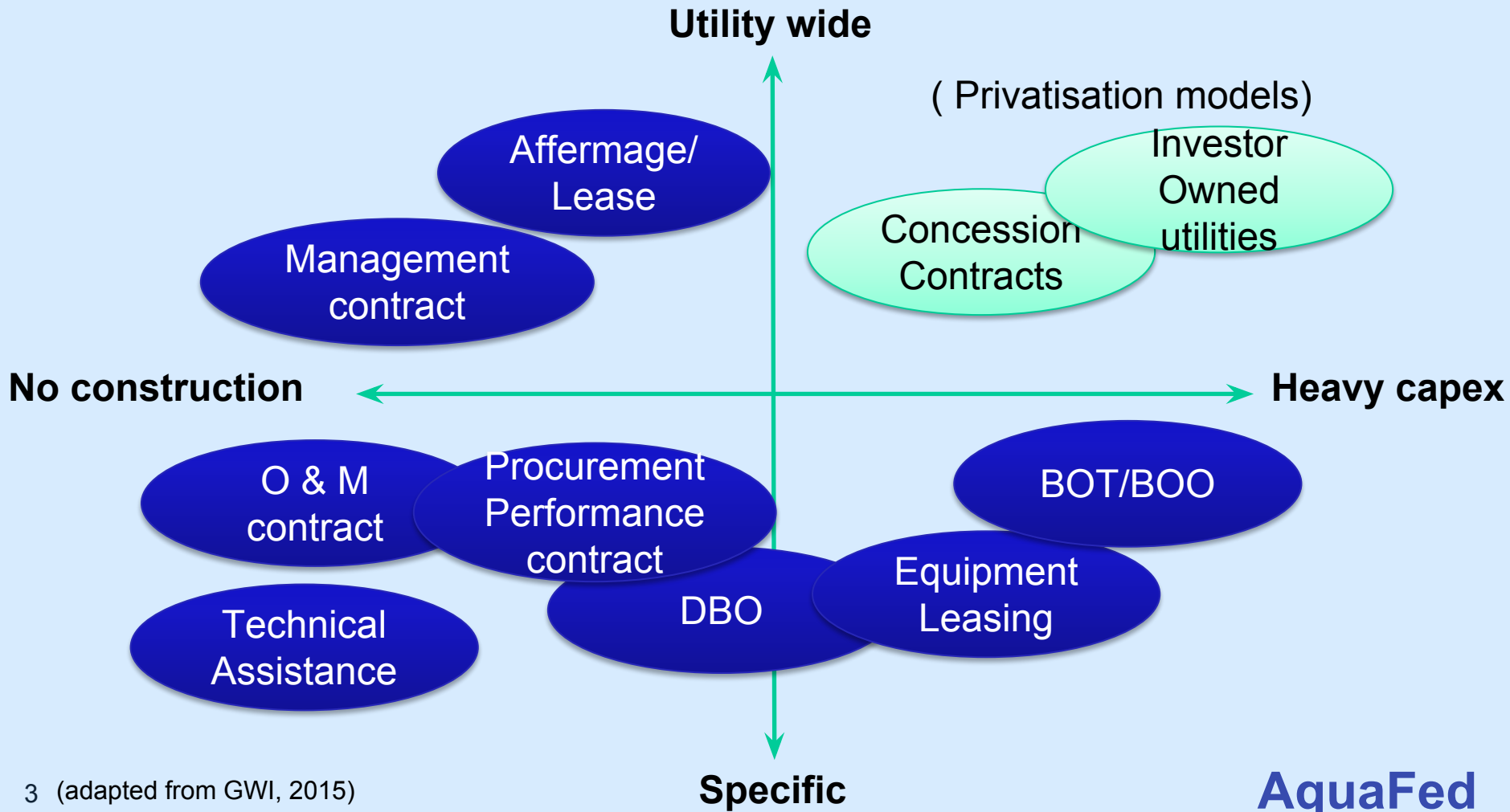


Session SW7: Creating an enabling environment for better performing urban utilities

Dominique Gâtel

AquaFed & Members' mission

- **Private Water operators:** provide high quality water and sanitation services under the direction and control of its public authorities.
- **AquaFed:** facilitates contacts and information exchange between multilateral institutions and private water service operators.



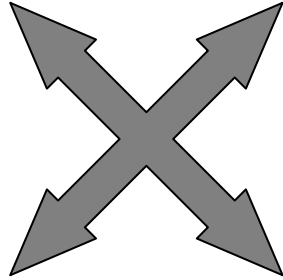
Key messages

- **Holistic approach needed:** Finance, Social, Managerial and Technical performance must progress jointly
- **Stronger Social Contract:** need for all stakeholders to agree long-term vision and on key issues eg affordability
- **Human Right to Water and Sanitation:** is still not being recognised in national law/regulations
- **More common/standardised indicators:** improves performance, empowers citizens
- **Simultaneous national and utility reform:** both to work in tandem

Challenges with Large Urban projects

Secure funding and cost-recovery

- Access to finance depends on this



Social

- Creative solutions to make water affordable and inclusive (acceptance of connection and charges)
- Setting up customer services that meet the needs of very diverse customers

Technical Performance:

- Continuity of service
- Metering (Mexico City: 10,000 meters/month)
- Network (Nagpur: 2,900 km)

Managerial (example of affermage)

- Building a new company spirit
- Training all employees of the municipality(s) and new recruits

Need for a renewed, local, social, contract



How to manage **heritage**: the **natural** and the **constructed** heritage?

How to address **poverty** issues, **unemployment**?
Balance between social justice and economic efficiency?

3. **“Sovereign responsibility”**: Elected officials to broker this dialogue

Enabling environment...

1. Sovereign States bear the duty of HRTWS

- These rights should be recognised in **national laws and regulations** E.g: UK & FR: disconnection banned
- **Long term national vision** = clarity for donors/investors
- **Regulatory Monitoring** ensure the policies and service implementation are reviewed and adjusted E.g: DK, UK, PT, FR, BR, BG, ...

2. At local level

- **Committed Tandem of leaders**: Elected + Authority

3. PPPs are (just) tools that public authorities **may** use

Cost-Recovery

1. Operator does not decide the tariffs
2. Strong political will and long-term vision needed for tariff policy E.g: Niger, Morocco, Some Indian States, ...
3. Two main criteria when determining tariff grid:
 - Social acceptance & pro-poor tariffs (connection/ volume): support those who cannot pay rather than lower the price of water to everyone
 - Allow recovery of OPEX at least

Last but not least: Public entities must pay their water bills!

Two-track approach: paramount

National level

- **Sectoral reform** E.g: **separate roles, sector consolidation, ...** and reform enforcement!!
- **Finance**
 - Ring-fencing water money
 - Tariff policies
 - Recognition of the investment programmes
- **Service standards & KPIs** E.g: **continuity of supply, quality, pressure, complaints,..**

Utility level

- Formalizing **contracts** targeting performance between the utility and partners E.g: **IFIs Output-based Aid, NGOs, contractors, regions/municipalities, regulators**
- **No global model-contract**

Food for thought (or complexifying further)

1. Growth = Ultimate driver of needs, and of means
2. Low rate of capital coverage in water (compared to electricity or phone): we cannot afford short term fixes
3. Admit that the local ambitions can only be considerably different - as long as they are legal
4. Everyone uses unitary costs: common definitions and KPIs reduce information asymmetries and scale up impacts
5. Rural needs ad-hoc solutions

Thank you for your attention!



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