

**Submission to World Water Council Research Project**

**The Human Rights to Water and Sanitation:  
Overcoming the Challenges to Implementation**

**By**

**AquaFed**

**THE INTERNATIONAL FEDERATION OF  
PRIVATE WATER OPERATORS**

[www.aquafed.org](http://www.aquafed.org)

## AquaFed Submission to World Water Council Research Project on

## The Human Rights to Water and Sanitation: Overcoming the Challenges to Implementation

October 2017

### Contents

1. Introduction .....	4
1.1. AquaFed .....	4
1.2. Private Operators of Water and Sanitation Services.....	4
1.3. Scope of AquaFed Response to World Water Council Questionnaire.....	4
2. Overview of Human Rights to Water and Sanitation and Private Sector Operators Contribution to Progress .....	5
2.1. AquaFed’s identification of three steps needed to enable implementation .....	5
2.2. AquaFed’s work on the human rights to water and sanitation .....	6
3. Responses to the Consultant’s Questionnaire .....	7
In this section, we respond to each of the consultant’s questions numbered 3.1 to 3.8. The questions are shown in their original format and our replies are presented in a box with a blue background.....	
3.1. Is the human right to water and/or sanitation a driver for or objective of the service provision in your organisation?.....	7
3.2. Is the human right to water and/or sanitation part of your Vision, Mission or Strategy?.....	7
3.3. Which of the human right to water and sanitation dimensions (accessibility, availability, affordability, acceptability and quality) are explicitly in the objectives in your service provision? .....	7
3.4. Is your organisation engaged in projects or (international) cooperation to advance “clean water and sanitation for all” / SDG 6 and/or advance the human rights to water and sanitation?.....	7
3.5. In the handbook on realising the human rights to water and sanitation by former UN special rapporteur Catarina De Albuquerque, five areas are considered to be of great importance for realising the human rights to water and sanitation: legal or regulatory, finance, services, monitoring and access to justice.....	9
3.6. On which of the dimensions of the normative content is your organisation working? .....	9
3.7. Related to the realisation of the human rights to water and sanitation are the principles that should be upheld. These principles are: participation, access to information & transparency, non-discrimination & equality, accountability and sustainability.....	12
3.8. What do you consider the main challenge to achieve SDG 6 – Clean water and sanitation for all by 2030? .....	16
4. Additional Observations.....	17

5.	Submitting Organisation Contacts .....	17
6.	Annexe 1 – Some indicative case studies - Matrix 1 .....	18
6.1.	Legal / Quality .....	18
6.1.1.	Performance-based management contracts in Saudi Arabia .....	18
6.2.	Monitoring / quality .....	19
6.2.1.	INFLUX, a tool to enhance climate risk management in Paris.....	19
6.3.	Finance / Accessibility .....	19
6.3.1.	Financing water connections through Output Based Aid model in Palyja .....	19
6.4.	Service / Accessibility .....	19
6.4.1.	Service provision for underprivileged communities in North Africa .....	19
6.5.	Service / Affordability .....	20
6.5.1.	Social Tariffs.....	20
6.5.2.	Social aid and funds .....	20
7.	Annexe 2 – Some indicative case studies - Matrix 2 .....	21
7.1.	Services / participation and information.....	21
7.1.1.	Social & budgetary coaching.....	21
7.1.2.	Multi-stakeholder’s participation in India .....	21
7.2.	Monitoring / participation .....	21
7.2.1.	Evolving the governance model of water utilities.....	21
7.2.2.	Observatoire éco-solidaire in Dunkerque.....	21
7.3.	Monitoring / Accountability.....	22
7.3.1.	The Alliance model in Australia, : an innovative governance approach .....	22
7.4.	Finance / sustainability .....	22
7.4.1.	Property developer’s taxation in Morocco: .....	22
7.4.2.	Demonstation zones in Karnataka.....	23

## 1. Introduction

### 1.1. AquaFed

AquaFed, the International Federation of Private Water Operators, is honoured to be invited to contribute to the World Water Council research project on “Overcoming the challenges to implementation of the human rights to safe drinking water and sanitation”, by responding to the questions posed in the consultation document.

Our Federation was established to meet requests from multi-lateral institutions to facilitate contacts and information exchange between them and private water service operators. In that context, AquaFed has an established record of contribution to the works of the OHCHR and the Special Rapporteurs on water and sanitation.

We have regularly engaged in public advocacy for the human rights to water and sanitation with many other international institutions, including among others, UN Water, the EU, OECD, the World Water Council and the International Water Association.

We also dedicate considerable effort in assisting and advising our members on the delivery of water and sanitation in compliance with human rights

Our contribution to this enquiry is submitted as a continuation of that effort.

### 1.2. Private Operators of Water and Sanitation Services

The prime business purpose of our Members is to provide high quality water and sanitation services to the whole of each community where they work. They do this under the direction and control of the responsible public authorities. The very core of our Members’ services is the delivery of water, sanitation and wastewater services that are sustainable and support human rights to water and sanitation both now and for future generations.

The Federation encourages its members to:

- engage with public authorities to help and enable them to promote, fulfil and protect the right to safe drinking water and sanitation of their populations.
- to respect the human right to safe drinking water and sanitation and to contribute to implementing the related obligations of public authorities
- to comply with the UN General Assembly and Human Rights Council's resolutions on the Right to Safe Drinking Water and Sanitation.

### 1.3. Scope of AquaFed Response to World Water Council Questionnaire

AquaFed is not directly involved in service delivery itself and this is reflected in our replies to the consultant’s questionnaire.

We stress that the answers given to the questionnaire are generic. Care is required in the interpretation of short responses to the short questions posed as many of the issues raised are complex, inter-related and require a more nuanced response than is possible in a questionnaire of this kind.

## 2. Overview of Human Rights to Water and Sanitation and Private Sector Operators Contribution to Progress

AquaFed and member companies have been involved with the United Nations processes of clarification and formalisation of the human rights to safe drinking water and sanitation since involvement in the preparation of General Comment 15 until the present time.

Our efforts have been focussed on:

- Helping to align the normative and technical aspects to ensure that practical implementation can be achieved.
- Promoting practical processes for converting the rights from international legal definition to national and local action.
- Advocating for the urgency of implementation of these rights in the field so that the services reach those who need them.
- Raising the profile of sanitation in the process of normalisation of the human rights.

When defining the content of these rights in international law in 2010, the United Nations ruled that private operation of public water services is an option that responsible water authorities can use to meet their obligations.

### 2.1. AquaFed's identification of three steps needed to enable implementation

Three steps are necessary for the rights to water and sanitation to be implemented locally:

**step 1.** Acknowledging the content of the rights to water and sanitation. This has been done by the United Nations at the international level, and also increasingly at national level in States' own laws.

**step 2.** Identifying the public authority in charge of the implementation of the rights to water and sanitation, its related duties and its means of action. In many places in the world this has yet to be decided. The Rights include several independent components such as safety (quality), accessibility, acceptability, availability, affordability, etc. Each of these components require elements of regulation and oversight by public or independent authorities. However, this may be by different sets of bodies. Organising the implementation of State duties with respect to the Rights requires the State to define which entities are responsible for each component of the Rights in each situation. In particular, targets must be decided, tariffs structures have to be appropriate, local authorities must be allocated the appropriate financial means and their obligations and reporting lines should be clarified.

**step 3.** Making the rights real to every individual through delivery in the field. This is the stage where efficient operators are needed to produce the expected results. Water operators are the instruments of the public policies that aim at increasing access to water and sanitation. If called on, they can deliver. Obstacles to their action need to be removed. For example, they are often instructed by local authorities not to improve access to water in illegal settlements. This can be for good reasons such as avoiding settling people in dangerous areas. However, it is an issue to be addressed.

## 2.2. AquaFed's work on the human rights to water and sanitation

For an exhaustive view of AquaFed's more recent work and publications on the rights to water and sanitation please visit the website at: <http://www.aquafed.org/WaterIssues/Entry/item/global-issues--4.sls>

An archive of earlier work can be found at this link;

<https://web.archive.org/web/20160330044958/http://aquafed.org/page-5-59.html>

### 3. Responses to the Consultant's Questionnaire

In this section, we respond to each of the consultant's questions numbered 3.1 to 3.8. The questions are shown in their original format and our replies are presented in a box with a blue background.

3.1. *Is the human right to water and/or sanitation a driver for or objective of the service provision in your organisation?*

Yes /  No

If yes: do you have a web link where it is stated? <http://www.aquafed.org/>

3.2. *Is the human right to water and/or sanitation part of your Vision, Mission or Strategy?*

Yes /  No

If yes, please provide a web link or document: <http://www.aquafed.org/AboutUs/Page/item/missions-2.sls>

3.3. *Which of the human right to water and sanitation dimensions (accessibility, availability, affordability, acceptability and quality) are explicitly in the objectives in your service provision?*

AquaFed advocates strongly for all of these dimensions (see the dedicated section on our web site at <http://www.aquafed.org/WaterIssues/Entry/item/global-issues--4.sls> ). Even though we are not ourselves service providers, we constantly promote the dimensions of the human rights to water and sanitation to our members, partners and public authorities.

3.4. *Is your organisation engaged in projects or (international) cooperation to advance "clean water and sanitation for all" / SDG 6 and/or advance the human rights to water and sanitation?*

Yes /  No

If Yes: How? (please provide any document or link if available)

AquaFed has worked consistently at the international level to promote clean water and sanitation for all" / SDG 6 and/or advance the human rights to water and sanitation in many ways. The Federation and its members take a holistic approach to these questions because, in practice they are all interlinked.

Examples include:

- We have been working constantly to emphasise that to comply with human rights and to meet the challenge of the MDG, and now the SDG, water for all needs to be truly 'safe' and that the standard of 'improved' is not sufficient (see for example <http://www.aquafed.org/WaterIssues/Entry/item/safe-drinking-water--1.sls> .)

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- We argued strongly in many public arenas and publications for the need for a higher political profile for water and a human rights compliant Sustainable Development Goal dedicated to it. This includes with international institutions, at the Rio+20 conference and the Open Working Group. (see for example [http://www.aquafed.org/Public/Files/publication/rio\\_20\\_aquafedcontribution\\_pc\\_2011\\_10\\_31\\_694312571b.pdf](http://www.aquafed.org/Public/Files/publication/rio_20_aquafedcontribution_pc_2011_10_31_694312571b.pdf) )
- AquaFed has consistently argued the importance of sanitation and the need to recognise that while closely associated with water supply, sanitation has many significantly different criteria and constraints that need to be met to ensure human rights, public health and individuals dignity.
- In 2011, AquaFed provided input on water and sanitation to the work of Prof. John Ruggie, the Special Representative of UN Secretary General for Business and Human Rights, and in particular a consultation on “Responsible contracting: integrating the human rights dimension, guidance for negotiators”.
- We worked closely with UN Water and the OECD on their advice to the Open Working Group on the formulation of the SDG dedicated to water and assisted UN Habitat in promoting the importance of wastewater management in the SDG context. The consultation has been archived but some evidence from our mobilisation can be found here e.g. <https://twitter.com/search?q=aquafed%20%2B%20consultation&src=typdt>
- AquaFed and its members are active participants in the OECD Water Governance Initiative.
- In March 2013, AquaFed called on the European institutions to include the human right to safe drinking water and sanitation in the European Charter of Fundamental Rights. [http://pr.euractiv.com/files/pr/2013-03-22\\_AquaFed\\_EuropeanCharter\\_PressRelease\\_EN.pdf](http://pr.euractiv.com/files/pr/2013-03-22_AquaFed_EuropeanCharter_PressRelease_EN.pdf)
- We continue to respond to requests about implementing the human rights to water and sanitation such as this one and recent ones from the UN Special Rapporteur. (See for example [http://www.aquafed.org/Public/Files/publication/2016\\_01\\_31\\_vf\\_aquafed\\_wfwp\\_hrws\\_gender\\_equity\\_b8455b5737.pdf](http://www.aquafed.org/Public/Files/publication/2016_01_31_vf_aquafed_wfwp_hrws_gender_equity_b8455b5737.pdf) )
- AquaFed was one of the initiators, sponsors and contributors to the International Water Association handbook “Manual of the Human Rights to Safe Drinking Water and Sanitation for Practitioners“ [http://www.aquafed.org/Public/Files/publication/2016\\_10\\_iwa\\_manual\\_rtws\\_9781780407449\\_full\\_6c14bc9c50.pdf](http://www.aquafed.org/Public/Files/publication/2016_10_iwa_manual_rtws_9781780407449_full_6c14bc9c50.pdf)
- AquaFed has an internal members’ working group that works on practical aspects of the human rights to water and sanitation. A sample of its work can be found at <http://bit.ly/2z8qLt8>
- We are currently the private sector representative in the Steering Committee of Sanitation and Water for All (SWA), where we are promoting all the aspects of access to safe drinking water and sanitation mentioned in the question.

3.5. *In the handbook on realising the human rights to water and sanitation by former UN special rapporteur Catarina De Albuquerque, five areas are considered to be of great importance for realising the human rights to water and sanitation: legal or regulatory, finance, services, monitoring and access to justice.*

In which of these areas is your organisation working?

All of them. Through its advocacy, advice and research, AquaFed’s work touches on all these dimensions. In particular, we seek to provide input on the practical side of the work necessary to facilitate the implementation of good practices in these domains.

In order to fulfil the human rights to water and sanitation, five dimensions are considered as normative content, specifying how the rights should be realised progressively. These dimensions are: availability, accessibility, affordability, acceptability and quality.

3.6. *On which of the dimensions of the normative content is your organisation working?*

All of them. Through its advocacy, advice and research, AquaFed’s work touches on all these dimensions. In particular, we seek to provide input on the practical side of the work necessary to facilitate the implementation of good practices in these domains.

Below is a matrix that demonstrates the framework of this research.

\ Norm.C. Area \	Availability	Accessibility	Affordability	Acceptability	Quality
Legal	What measures have been taken to increase availability?	What measures have been taken to increase accessibility?	What measures have been taken to increase affordability?	What measures have been taken to increase acceptability?	What measures have been taken to increase quality?
Finance	Which ways of financing are used to increase availability?	Which ways of financing are used to increase accessibility?	Which ways of financing are used to increase affordability?	Which ways of financing are used to increase acceptability?	Which ways of financing are used to improve quality?
Services	How has the provider of the services increased availability?	How has the provider of the services increased accessibility?	How has the provider of the services increased affordability?	How has the provider of the services increased acceptability?	How has the provider of the services increased quality?
Monitoring	How is availability for now and future monitored?	How is accessibility for now and future monitored?	How is affordability for now and future monitored?	How is acceptability for now and future monitored?	How is quality for now and future monitored?
Justice	How is availability ensured?	How is accessibility ensured?	How is affordability ensured?	How is acceptability ensured?	How is quality ensured?

*Looking at the area(s) that you are working in and at the dimensions of the normative content that you are working on; could you answer the question(s) in the box(es) where your area(s) meet the dimension of the normative content?*

General answers to these questions are given below. In practice, the range of solutions put in place on individual operations is very extensive and cannot be covered in a generalised response. We have identified appropriate case studies to illustrate these general principles which are provided in the appendices 1 & 2.

The answers given here are generic. Care is required in the interpretation of short responses to the short questions posed in the matrix as many of the issues raised are complex, inter-related and require a more nuanced response than is possible in a questionnaire of this kind.

**Legal** - What measures have been taken to increase availability, accessibility, affordability, acceptability and quality?

- AquaFed has highlighted that needs for appropriate legal structures, allocation of responsibilities, regulation and governance. The Federation has worked with international institutions and other stakeholders on all these issues, recognising that they are essential to the provision of good service delivery and realisation of the human rights to water and sanitation, irrespective of what kind of delivery model (public, private or otherwise) is employed.
- Private operators carry out their work under the direction and control of the public authorities who are responsible for delivery of the human rights on behalf of the state. They do this through legal relations that are established by formal contracts or licenses that include precise terms that define the levels of **availability, accessibility, acceptability** and **quality** that must be delivered.
- The issue of **affordability** is addressed firstly through the contractual determination of the charging system put in place in the contract or license. This is set up by the public authority and normally reviewed between the authority and the operator in predetermined ways. In many cases, this results in an immediate reduction in the prices charged to users at the start of a project.

Private operators do not unilaterally determine the charging systems put in place. These are dependent on the policies and tariffs set up by the public authority and may include specific provisions to support those people who have difficulties in paying.

At a different level, affordability is also addressed in ways the services are provided (see below)

**Finance** - What measures have been taken to increase availability, accessibility, affordability, acceptability and quality?

- Private operators contribute to improved or additional finance in several ways:
  - Under some forms of contract or license, they finance all or part of capital and operating costs directly.
  - In other forms, while not providing finance directly, they attract finance from financial institutions and markets by including such finance in their project structure.

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- In other circumstances, they make it possible for the public authority to attract finance from financial institutions and markets directly to their projects because the presence of a private operator improves the risk rating and security of the operations thus making them ‘bankable’ for the public authority.
- They also contribute to better financing conditions by improving the efficiency of the operations and thus the costs (for example reducing unaccounted for water or improving cost recovery). This means that the amount of financing needed is reduced.

**Services** - What measures have been taken to increase availability, accessibility, affordability, acceptability and quality?

- In accordance with the conditions laid out in the specifications referred to under the heading ‘legal’ above, private operators work is focussed on delivering all of the normative criteria through the way they provide and operate the services.
  - Availability - improving the availability in terms of the regularity and hours of service provided.
  - Accessibility - extending the service zones and improving the service density of zones already served.
  - Affordability - implementing public policies to assist those who have difficulty meeting the service charges. In addition, many private operators have developed local schemes to support those who have difficulty in paying. These include easy payment facilities, special funds, assistance programmes etc...

**Monitoring** - What measures have been taken to increase availability, accessibility, affordability, acceptability and quality?

- Monitoring of all these characteristics is normally part of any contract or regulatory system, which has key performance indicators to enable the reporting and validation of progress on each item.
- Improving monitoring processes and generating accurate data for decision making and progress review is an integral part of private operations.
- The regulatory processes that are usually set up or significantly reinforced in the case of private operation also contribute to data collection and reporting.

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**Justice** – What measures have been taken to increase availability, accessibility, affordability, acceptability and quality?

- Contracts and licenses normally include provisions for users and others to communicate with the service operator or the public authority or both in case of difficulty or conflict over the service delivery and charging.
- Private operators introduce customer relations departments and systems to make it easier for service users to interact with the service deliverer. They also produce statistics and key performance indicators to measure and report on their achievements.

3.7. *Related to the realisation of the human rights to water and sanitation are the principles that should be upheld. These principles are: participation, access to information & transparency, non-discrimination & equality, accountability and sustainability.*

The matrix below sets out the areas against these principles.

\Principles Area\	Participation (i)	Equality (ii)	Accountability (iii)	Information (iv)	Sustainability (v)
Legal 1	How do people participate in decision making processes?	How is equality and non-discrimination ensured in law?	How is accountability ensured in law?	How is access to information and transparency ensured?	How is sustainability ensured in law?
Finance 2	How do people participate in financial decision making?	How does finance promote equality?	How is financial accountability ensured?	How is financial transparency ensured?	How is financial sustainability ensured?
Services 3	How do people participate in service provision?	How do services ensure non-discrimination and equality?	How is accountability of service providers ensured?	How do service providers give access to information over services?	How is sustainability of services ensured?
Monitoring 4	How do people participate in monitoring?	How is equality and non-discrimination monitored?	How is accountability monitored?	How is access to information monitored?	How is sustainability of services monitored?
Justice 5	How do people have access to justice and remedy?	Do all people have access to justice and remedy?	How is access to justice and remedy ensured?	Do all people have access to information?	How is access to justice and remedy ensured?

*Can you answer the questions on how your organization deals with the human rights principles in the area(s) that you are working in?*

To be able to address the relevant issues of the matrix table related to question 3.7, we have added a numerical suffix (1-5) to the criteria on the vertical axis of the table and (i – v) on the horizontal axis.

As with the previous question, the answers given here are generic and illustrated with a few sample cases in appendix 2. Care is required in the interpretation of short responses to the short questions posed in the matrix as many of the issues raised are complex, inter-related and require a more nuanced response than is possible in a questionnaire of this kind.

1 (i) In this area, private operators are usually constrained to follow the instructions of the employing or regulating public authority.

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1 (ii) Equality and non-discrimination need to be enshrined in national laws, which in turn need to be transferred to duly powered local authorities that also needs the powers, resources and information to enact them. Where private operators are used for all or part of the service delivery, they need to be given the responsibility and also the powers and means in their contracts that are necessary to fulfil these obligations. In allocating the tasks between public authorities and private operators, care is needed to ensure that political, ethical, administrative and operational issues are clearly identified and allocated appropriately.

1 (iii) From a private operator's point of view, accountability is ensured through the contract performance and reporting provisions. These must be carried out in collaboration between the contract principle (public authority) and the operator. The effectiveness of such processes can be helped significantly by the role of an appropriate third party independent regulator.

1 (iv) The answer to this is essentially the same as for 1 (iii).

1 (v) Sustainability issues comprise the elements of social, environmental and financial sustainability. These need to be defined in national laws and transferred to the public authorities in similar ways to those described in 1 (ii) above. Beyond the contractual reporting between the contracting parties, different responsible authorities and regulators are often involved to oversee the monitoring of the three sustainable development dimensions.

Financial sustainability is a particularly important dimension, because without it human rights compliant services cannot be provided and maintained over the long term. For this reason, the constraints discussed under the heading 'affordability' in the answer to the previous question (3.6) are significant.

2 (i) See answer to 1 (i) above

2 (ii) Finance in terms of sufficient financial resources to cover all of the investment (CAPEX) operating (OPEX) expenditure is essential to ensure long term equality in service delivery to all rights holders. Where this does not occur, it is almost always the most disadvantaged that suffer the most. Since in the case of both public and private operation of the services the cost recovery systems and levels are determined by the public authority it is important that design and implementation of the financing and cost control of the service constructed, maintained and reviewed realistically by the public authority and its operator. Independent economic regulators can play an important role in assisting the parties to achieve a sustainable economic balance. This can also help to reduce the scope for political interference in the financial position of the service, which can lead to undermining the financial or social sustainability.

2 (iii) Financial accountability can be assured by ringfencing the water services and the production and auditing of the accounts of both the public authority and the operator (public or private). Again, this can be reinforced by the role of an independent economic regulator.

2 (iv) See answer 2 (iii) above

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2 (v) See answer 2 (iii) above

3 (i) See answer to 1 (i) above. In addition, private operators carry out customer surveys and customer consultation processes to enable them to interact with service users and adapt the services to their needs. This often requires them to inform the public authorities of the surveys and the results so that decisions to implement suggestions or new requirements can be validated by the appropriate political processes.

3 (ii) Principles for non-discrimination and equality firstly need to be spelled out in national laws and then transposed into local arrangements and contracts. They then need to be operationalised in the field using the same general approach to that described in the answers given above.

3 (iii) Accountability of service providers of all kinds should firstly be ensured by the monitoring and reporting systems between the public authority and the service operator. These are reinforced by auditors and regulators as outlined above. It is also often further reinforced through the use of regular public meetings at which the public authorities and operators give first hand reports to interested users and other stakeholders.

3 (iv) Transparency and accessibility of information are important characteristics to convey trust and confidence in the provision of services so where possible, the organisers, providers and regulators of services should make information available and respond to questions from rights holders. However, there are points in the decision making and management processes, notably when competitive bidding processes are underway to secure contracts for services, materials or equipment, when confidentiality of information is necessary.

Providing data and responding to questions can also incur considerable costs that bear on the service and thus users. Care has to be taken to ensure that in accepting questions and requests for data costs that are detrimental to the general interests of rights holders and other stakeholders are avoided.

3 (v) Similar processes to those outlined in 3 (iii) above, although an environment regulator as opposed to an economic regulator may be involved.

4 (i) In practice service users are not in a position to engage in monitoring in the sense of measuring and reporting on service performance. However, both public authorities and operators can and do use public opinion surveys to obtain evaluations of the way rights holders appreciate the services they are provided. A formal representative body comprised of rights holders and other stakeholders can also be used.

4 (ii), (iii) (iv) & (v) Monitoring of equality, non-discrimination, access to information and sustainability is achieved initially through contract compliance, followed by the oversight by the regulators and auditors. A representative body can also be useful in this context.

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5 (i) In the first instance people have access to justice and remedy through the channels provided for them to interact with the service providers (organising authority and operator). Beyond this, the ultimate recourse is through the legal system, which may also provide for an ombudsman.

5 (ii), (iii), (iv) & (v) All people should have access to justice, remedy and information and this should be embodied in the way the services are organised and delivered. Contract provisions should embody these principles. However, the ultimate route and recourse depends on the effectiveness of the political and legal systems in place in each locality.

*What do you consider a barrier for your organisation to advance the realization of the human rights to water and sanitation?*

We have identified several barriers that hinder our organisation and our members in helping to advance and implement the human rights to water and sanitation. They are similar to barriers that hold back other organisations including local authorities and public water operators. They include:

- The difficulty that many country governments and local authorities have in giving sufficient priority to water and sanitation among all the other demands that they have on their resources.
- Weaknesses in National and Local level water governance, regulation and purchasing. These weaknesses give rise to high levels of uncertainty that hinder the creation of proper working relations in the service delivery value chain and make it difficult to attract finance.
- Shortcomings in urban and spatial planning that often exacerbate the challenges posed by rampant and often uncontrolled urbanisation.
- Unwillingness of some governments or local authorities to instruct or allow service operators to service certain areas or populations (e.g. low-income zones, informal and illegal settlements, etc.)
- The way certain lobby groups seek to instrumentalise these rights to further their ideologically-based interests. In this way they hinder the use of private operators and private finance by public authorities and as a result disadvantage the people in need that they claim to be trying to help.
- Very limited or non-existent socio-economic data at household level that is sufficient to identify those who need special assistance and affirmative action.
- Infrastructure that has been allowed to fall into a serious state of disrepair and has to be restored and rehabilitated before it can deliver human rights compliant services to existing service areas, and before extensions can be made to currently unserved areas.
- Pollution of water resources from various sources including industry and agriculture that significantly raises the costs of treating water to make it safe and acceptable for user to drink and for person hygiene and cooking purposes.
- Deficiencies in the skills of workers and staff in the sector, outmoded and unsafe working practices, inadequate levels of remuneration and incentives and aging workforces. All these combine to perpetuate low levels of productivity and difficulties to install new technologies and innovation. This must be overcome by extensive training and change management efforts.

*3.8. What do you consider the main challenge to achieve SDG 6 – Clean water and sanitation for all by 2030?*

While it is very dangerous to generalise on matters such as this, we consider that biggest challenge at global level is **“The difficulty that many country governments and local authorities have in giving sufficient priority to water and sanitation among all the other demands that they have on their resources”**.

## 4. Additional Observations

In line with the AquaFed view that providing good quality, human rights compliance water and sanitation services must be provided in an holistic and integrated way, the Federation works with its members and other stakeholders. Examples include contribution to work by the ILO and UN Water on water and employment issues, work with Women for Water Partnership on gender and equality issues, and BORDA on integrating sanitation and wastewater management into urban planning.

In the same way, the private operators represented by AquaFed members made commitments to this holistic approach and the 6<sup>th</sup> World Water Forum in Marseille in 2003. These can be seen in video at:

<https://www.youtube.com/embed/ru-QJWjb9Hw> & <https://www.youtube.com/embed/IGYEazISR18>

## 5. Submitting Organisation Contacts

Organisation: AquaFed

Country: International

Website for further information: [www.aquafed.org](http://www.aquafed.org)

Contact for further information: Thomas Van Waeyenberge [thomas@aquafed.org](mailto:thomas@aquafed.org)

## 6. Annexe 1 – Some indicative case studies - Matrix 1

### 6.1. Legal / Quality

#### 6.1.1. Performance-based management contracts in Saudi Arabia

The Kingdom decided to use the skills of private operators to increase its operational efficiency in the areas of water and wastewater management, while simultaneously contributing to the broader goals of its development strategy. In 2008, the National Water Company (NWC) contracted Jeddah Water Services (JWS), a Joint-Venture between SUEZ and Aqua Power Development to manage the Jeddah City Business Unit (JCBU) through a 7-year management contract serving a population of more than 3.5 million inhabitants. At the same time, NWC contracted Veolia to manage the water treatment and distribution and wastewater collection, for the city of Riyadh. Riyadh, the Kingdom's capital, experienced a 30% population increase between 2008 and 2014, creating a challenge of providing enough water.

These contracts comprised three measures:

- Achievement of world class services:
  - In Jeddah, access to drinking water 24 hours a day, 7 days a week; reduced delays in leak repair (divided by three), a fight against wastewater overflows within the 1,000-km wastewater network.
  - In Riyadh, 1.8 million habitants were connected to the potable water network, with continuity of supply improving from 25% in 2008 to more than 60% in 2016, in spite of the acute water scarcity. 480,000 connections gained continuous supply.
- Effective transfer of knowledge:
  - in Riyadh, 4,000 staff were trained over the course of the contract, representing 1 % of staff costs (2.5 million euros per year); the main areas were, Oracle based software, Customer service management, Health & safety, change management, other technical training and soft skills.
  - In Jeddah, a comprehensive training program was launched for the 1,400 staff and a training centre set up.
- Measured performance:
  - The contracts are both strongly performance-oriented. Contractual indicators have been defined and applied to the two cities, which provided the basis for constant reporting to NWC:
  - 20 Key Performance Indicators (KPIs) cover the whole scope of the contracts from service continuity to leak repair times and availability of wastewater pumps, which lead to performance bonuses or penalties
  - Internal reporting and external benchmarking measures are reported for information, but do not lead to any additional or reduced fees.

## 6.2. Monitoring / quality

### 6.2.1. INFLUX, a tool to enhance climate risk management in Paris

The impact of rainfall events is considerable in cities: urban pollution load in rainfall runoff, saturation of the sewage systems and treatment plants, overflow of wastewater and pollution of the natural environment. With over 8.6 million people to serve and 400 kilometers of pipelines to manage, the Paris area sewerage management board is particularly prone to such risks.

To avoid network saturation and highly polluted overflows resulting from heavy rainfall, it is important to understand and predict variations in water flows, to ensure that sufficient storage capacities are mobilized, at the right place and time.

The INFLUX application does just that. It anticipates impacts of rainfall and delivers an optimum management scenario for the sewage system. It provides a precise overview of the treatment system in real time, including dry and wet/rainfall weather flows, demand on the transportation network and storage and treatment capacities. It uses system and meteorological data to produce 24 hours forecasts and support the design of a six-hour optimum strategy for enhanced storm water management.

Optimization of storage capacity in the Paris area has avoided unnecessary investment (the equivalent of 250 000 m<sup>3</sup> of new storage) and has allowed for a 15 to 30% reduction in spills. It has also enhanced local authorities' capacity to respond to advert events by issuing alerts six hours prior to overflows.

## 6.3. Finance / Accessibility

### 6.3.1. Financing water connections through Output Based Aid model in Palyja

Through the Global Partnership on Output Based Aid (GPOBA), more than 5 000 households gained access to the water service provided by Palyja, in Jakarta. This innovative funding model was based on two outputs:

- the number of individual connection realized
- an averaged water consumption per month higher than 10.8m<sup>3</sup> on 3 consecutive months

## 6.4. Service / Accessibility

### 6.4.1. Service provision for underprivileged communities in North Africa

In North Africa, Private Water Operator bring their support to local authorities of Algiers, Rabat, Tangiers and Tetouan and Casablanca to achieve the access to water and sanitation services for all:

- Using an innovative approach, SEAAL made it possible to connect 30.000 households living in informal areas with a 24/7 supply by regularizing unsafe local systems.
- In Morocco, in 2004 as a part of the Initiative for Human Development, initiated by the king Mohamed VI,
  - o In Casablanca, the program INMAE, launched by LYDEC allowed the company to connect 35.000 households to water and sanitation services and another 43.000 families are expected to be connected by the end of 2018.

- Amendis, which supplies the drinking water in Tangiers and Tetouan, extended connections to 60,000 households thanks to social connection, i.e. at a subsidized price, with payment scheduled over 5 years.
- In Rabat, the same program allowed to connect 30,000 households

## **6.5. Service / Affordability**

### **6.5.1. Social Tariffs**

In accordance with decision of the responsible authorities, Private Water Operators have implemented social tariff within their operating territories. In France, Private operators are involved in 24 of the 50 experimentations registered under the Brottes law, aiming to prepare a new national regulation on social tariffs by 2018.

In Spain, where 400 social tariffs were created, SUEZ Water Spain contributes significantly to the development of this model, as in Barcelona, where 8.000 households are benefitting from an adapted tariff since it was launched in 2014.

Overall, the Private Water Operator apply 3 types of social tariffs, according to the local context:

- Progressive tariff: universality principle with a tariff per cubic meter increasing according to the level of consumption. This solution is in use in a variety of geographies. In Libourne: “vital water” (0-15 m<sup>3</sup>: 0.1€/m<sup>3</sup>), “useful water” (16-120m<sup>3</sup>: 0.7€/m<sup>3</sup>) and “convenience water” (121-150m<sup>3</sup>: 0,75€/m<sup>3</sup>). Veolia applies similar settings in contracts concerning 330.000 customers. This is also applied in Guayaquil (Ecuador), as well as part of the national approaches in Morocco and Niger.
- Differential tariff: equity principle with a specific tariff applied to customers meeting precise criteria (cf. Murcia: specific tariff for elder, social minima etc.), or lower cost of connection for slum dwellers like in Gabon, India or Guayaquil in Ecuador. In Guayaquil, the disadvantaged neighbourhoods on the outskirts of the city benefit from extensive programmes for water connections and sanitation, including reduced rates for people who are below the poverty line.
- Tariff combining differential and progressive models: based on level of consumption and social criteria (cf. Dunkerque, Grenada: type of water (vital, useful...) + beneficiaries from the Complementary Universal Health Cover (CMU-C)).

### **6.5.2. Social aid and funds**

In France, in partnership with local actors, Private Water operators contributes to social aid and funds created to support customers facing difficulties in paying their water bills. Each year, Private operators allocate 4.5 million euros to support the two complementary social mechanisms that exist in France. These are the “Fonds de Solidarité Logement”, through which 35,000 customers were helped in 2014, and aid granted by the operators and delivered through the “Centres Communaux d’Actions Sociales” (Community Centers) for a maximum amount of 200 euros/year/household, in order to help them paying their water bills (Paris Suburbs, Lille, Lyon, Toulouse, Metz, Dijon, Orléans, Cholet).

In Spain, SUEZ participates to 72 local social funds. From 9.000 subsidies provided in 2013 after one year of existence, the Solidarity Fund in Barcelona had granted a total of 55.000 subsidies at the end of 2015.

In Beauvais, and Lens-Lievin, the Water Voucher scheme was introduced by Veolia to provide immediate relief for several thousands of households which are not able to pay their water bills.

## 7. Annexe 2 – Some indicative case studies - Matrix 2

### 7.1. Services / participation and information

#### 7.1.1. Social & budgetary coaching

To ease the work of social workers in their support to citizen, Veolia has created a mobile app to facilitate the access to the various financial supports that are available locally. The app lists the social support systems and allows users to complete and send the forms to the appropriate services and administration. This app is use in Toulouse for example.

#### 7.1.2. Multi-stakeholder's participation in India

In Mumbai, the program Water for Slums, as part of the contract signed between the Municipal Corporation of Greater Mumbai with SUEZ, was launched in 2014 to improve the access to water of slum-dwellers by implementing a specific Services for All methodology, based on the integration of beneficiaries at all stages of the project, from the definition of adapted solutions to the management of local equipment. Moreover, this program allowed the creation of two multi-stakeholders platforms gathering local elected representatives, NGOs, academics, medias etc., at both ward and city levels, to discuss and collectively define the project.

In Nagpur, the authorities have outsourced the operation of the potable water supply to Orange County Water, through a PPP. A 'Social Welfare Team' was recruited and tasked with the organization of timely meetings –566 meetings in 2016 - that included various stakeholders such as local leaders and residents. The meetings intended to educate participants regarding water conservation, and the benefits of continuous water supply, health and hygiene. Most of the participants attending these meetings are women, including the leader of the group. The SWT has also started developing actions dedicated to women, including providing them with various micro financing business opportunities which they can explore in their increased free time and that will help them to create their own business.

### 7.2. Monitoring / participation

#### 7.2.1. Evolving the governance model of water utilities

The governance of drinking water companies usually involves representatives of the authority in charge, together with the Private Operator executives and civil society representatives. For example, in Lille, the board of 'Iléo' has a representative of the national association of consumers (CLVC), a representative of the health associations. In addition, some elected people chose not to be board members to retain freedom, but became "censors", i.e. attend the board and express their opinion without being bound.

#### 7.2.2. Observatoire éco-solidaire in Dunkerque

Local actors can be involved in the monitoring and evaluation process of water public policies, as in Dunkerque, France, where a specific "observatoire éco-solidaire" was created in order to evaluate the implementation of a new social tariff for drinking water service. Bringing together the municipal water department, the private operator and all the social actors, this observatory allows to develop a good level of appropriation and co-construction of water public policies in Dunkerque.

## 7.3. Monitoring / Accountability

### 7.3.1. The Alliance model in Australia, : an innovative governance approach

The Alliance model is based on co-governance and profit sharing, secured during the procurement process:

- The Alliance Management board (AMB) is driven by a co-operative “Alliance Leadership Team” (ALT) made up of representatives of the public authority and of the operator. Decisions are preferably consensual. To guarantee acceptability and cultural alignment, the Alliance Management Team (AMT) is composed of staff from both members, who work cooperatively on a daily basis to manage and improve the water system of the Alliance.
- This co-governance model ensures both parties are aligned on objectives, scope, targets, indicators, action plan. The project base costs (direct and specific overheads) are covered and constitute the minimum revenues for the operator.
- In 2011, the South Australia Water Corporation (SA Water), a state-owned organization which serves 1.5 million people, and the Allwater Joint Venture (Transfield Services, SUEZ) signed a 10-year Operations & Maintenance Alliance contract. Coverage of off-site overheads and possible profit depend on a variable fee, linked to the achievement of KPIs: the gain/pain share is based upon 400 Specific Performance Indicators (non-financial performance) of which about 30% can trigger penalties/incentives. KPIs are related to People & safety, Product Quality, Customer Service, Environmental performance, Asset maintenance, Business enhancement, etc.
- In 2014, Hunter Water Corporation (New South Wales) signed an 8 years alliance OM contract with Veolia. The contract is managed by the Executive Leadership Group (Alliance Management board) and a Collaborative Management Group (Alliance Management Team – AMT), with representatives from Hunter Water Corporation and Veolia) It provides for 20 categories of KPIs (Safety Compliance, Biosolids Beneficial Reuse, Customer Complaints, water quality , Maintenance performance...). Veolia manages all the operational risks.

The Alliance model establishes **co-construction, joint responsibility, enhanced trust, transparency, and no blame/no dispute relationships**. Both parties are encouraged to work co-operatively to overcome operating issues on a cost-effective basis.

## 7.4. Finance / sustainability

### 7.4.1. Property developer’s taxation in Morocco:

Addressing urban development challenges in Morocco, exacerbated by climate change and aging networks, requires financing means that are out of reach for local capabilities. To address this issue, the cities of Casablanca, Rabat, Tangiers and Tetouan created a taxation on real estate developments to finance their connection to water and sanitation services. This resource is also used for general investments like structural infrastructure, network extension, land acquisition and social connections. The tax is collected by the private operator and deposited in a “Works Fund account”, which is managed on behalf of the Public Authority.

## 7.4.2. Demonstration zones in Karnataka

Given the strong arguments against the ability to provide sustainable and continuous water supply in the Indian sub-continent, the Government of Karnataka (GoK), with the assistance of Indian think tanks and the World Bank proposed 'demonstration projects' in three cities in Karnataka in 2003. The projects were to demonstrate to the public and to water sector institutions that it is possible to sustainably deliver 24x7 water supply.

The project was an innovative approach implemented by an Operator-Consultant(OC) under a performance-based contract. Revenue for the services was to be collected by the municipal corporations based on tariffs set by urban local bodies.

The 4 Years project was divided into three phases:

- (A) Preparation of an Investment Plan for achieving the performance targets, which included the preparation of a rehabilitation plan, and estimating the costs involved.
- (B) Implementation of the Investment Plan including procurement, selection of subcontractors, and rehabilitation of the system.
- (C) Operation and maintenance (O&M) of the rehabilitated 24x7 system for 2 years.

The OC's remuneration, separate from the capital expenditure requirement, was divided into two parts. 'Fixed remuneration' was equal to 60% of the total, to be paid to the OC in equal quarterly installments from the start until the end. 'Performance remuneration' was to be paid to the OC in installments through the O&M period based on achievement of performance targets. 10% of all payments (both fixed and performance) was released upon the successful completion of the contract. The contract provided for a 'capital efficiency bonus' linked to savings in capital expenditures.