



**THE WATER UTILITY PARTNERSHIP
CURRENT STATUS, STRATEGIC AND
INSTITUTIONAL FRAMEWORK**

1. INTRODUCTION

1.1 Establishment

The Water Utility Partnership (WUP) is an **African regional** capacity building program with a focus on urban (including the urban poor) **water utilities**. It is a joint Programme initiated by four institutions -the former Union of Africa Water Suppliers (UAWS) now known as the African Water Association (AfWA), the Regional Centre for Low Cost Water and Sanitation (CREPA), whose headquarters is in Ouagadougou, Burkina Faso, the Training, Research and Networking for Development (TREND) Ghana and the World Bank. CREPA and TREND are training centres. CREPA is represented in 16 Countries mainly in Central and West French speaking Africa. The Programme was launched in July 1996 during an international conference on the reform of the Water Sector in Africa held in Johannesburg, South Africa. The AFWA provided a commitment to mobilise water supply and sanitation utilities in Africa to participate in the programme. In addition to these founding agencies and in the broader context of programme implementation, the WUP considers all agencies providing support for the implementation of this programme as Partners. The core funding for the programme was provided by a grant from the World Bank. The initial grant amounting to US\$1.5 Million was provided through the Development Grant Facility of the World Bank.

The goal of the WUP Programme is to develop best practices on utility management and promote exchange of these experiences, facilitate the increase in the coverage of water supply and sanitation services and to improve the quality of this service through increased investments and reform of utilities. WUP was established on the premise that there are some very successfully managed water utilities in Africa from which the weaker ones can learn hence promoting a South-South collaboration. However in certain instances WUP appreciates that it can learn a lot from the North as well. For this purpose WUP aims to bring together all utilities, other service providers and support agencies in the water supply and sanitation sector in Africa. It seeks to develop a database of successful experiences (good practices) and to provide all partners with methodological, technical and information tools.

1.2 MEMBERSHIP OF THE WUP

The WUP is not a membership organisation. Participation in its activities is open to all water service providers on the continent (public (including municipalities, parastatals e.t.c.) as well as private utilities). The main client for the WUP activities are therefore urban water service providers commonly termed as water utilities in Africa. However activities especially related to reform are open to the participation of Governments, regulators, NGOs etc.

1.3 WUP Legal Status and Governance

At the time of establishment the WUP was seen to be a temporary organization (hence termed as the WUP programme). The WUP legal status is that it is a program of the AfWA, an African regional professional membership organization legally registered in Côte d'Ivoire. AfWA is recognised as an international organisation by the Government of Cote d'Ivoire and enjoys such status in accordance with the Act No. 60-315 of 21st September 1960 and specifically article No. 24 which among other issues gives the authority to international associations operating in Cote d'Ivoire to be registered and recognised as international organisations. A specific accord of establishment was signed between the Government of Cote d'Ivoire and the African Water Association on Thursday 28th October 2004. The

legality of the WUP therefore is derived from the fact that the WUP is a programme operating under the African Water Association.

WUP was conceived to spearhead, facilitate and organize advocacy and knowledge networks for utilities and other stakeholders. WUP is directed at the entire African Region.

Officially, AFWA provides the institutional and legal framework for WUP Secretariat located on the premises of AFWA in Abidjan, Cote d'Ivoire. However due to the recent civil strife in Cote d'Ivoire the steering Committee decided to temporarily relocate the WUP to Dakar, Senegal. The WUP is therefore currently hosted by the Water and Sanitation Programme of the World Bank (WSP-AF) in Dakar, Senegal. This hosting is on a temporary basis and will cease when the situation in Cote d'Ivoire normalises when the WUP is expected to relocate back to Abidjan. The host in this respect provides office accommodation and utilities such as water and electricity. The rest of the expenses are met out of the operational budget of the WUP.

WUP Secretariat was set up as a lean planning and coordination unit, with the responsibilities for carrying out specific projects through partnerships involving participating utilities as well as training and research organizations and external partners.

1.4 Governance

Since establishment the WUP was governed by a six member steering committee mainly representing the founding members. Recently and as a result of an institutional review financed by the World Bank, the Steering Committee was expanded to include more stakeholders. The WUP therefore now operates under the oversight of a 9 member Steering Committee headed by the chair of the AFWA Scientific and Technical Council. The Steering Committee includes representatives from other WUP partners. The full compliment of the Steering Committee is as given below:

- 1.0 Two representatives from the African Water Association
- 1.1 The Chairman of the Scientific and Technical Council
- 1.2 The General Secretary of the AfWA
- 2.0 One representative of the ESAR-IWA
- 3.0 One representative of the ITN Centres (i.e. CREPA, TREND, NETWAS (Kenya), IWSD (Zimbabwe))
- 4.0 Two representatives of Utilities (One of which must be nominated by the AfWA and the two must be representing Francophone/Anglophone Africa)
- 5.0 A representative of the WSP-Africa
- 6.0 A representative of the African Ministerial Council on Water (AMCOW)
- 7.0 A representative of the External Support Agencies (World Bank or any other ESA)

The Managing Director of the Programme is a non-voting member of the Steering Committee. The MD has to participate in all the meetings of the Steering Committee and assures the Secretarial support to the Steering Committee.

The Steering Committee meets twice per year. The meetings take place in different places and usually attached to some activity i.e. a seminar or conference where most members of the Steering Committee would normally be participating.

External Support Agencies or indeed other partners can attend meetings on invitation but may not vote.

1.7 Institutional location

As stated above, the WUP from 1st January 2005 is temporarily located in Dakar, Senegal. The WSP-Africa provides the temporary institutional host of the WUP. This was formalised through a memorandum of understanding signed between the WUP and the hosts –the WSP - Africa.

1.8 Financial management

The WUP accounts are normally managed by SODECI the Water Company in Cote d’Ivoire. However with the temporary relocation of the Programme to Dakar, Senegal the accounts are handled by the Water Company in Senegal –SDE. Any funds that is mobilised by the WUP including actual cash from institutions like the World Bank are managed by SDE. The Managing Director of the WUP is a signatory to the account.

The WUP accounts are audited annually by internationally recognized auditors. Currently PriceWaterhouseCoopers audits the accounts for the WUP.

2.0 THE MISSION FOR THE WUP

The Mission of the WUP was developed based on the needs of its main constituency which are Water Utilities.

WUP’s mission: *To spearhead the development of a vibrant knowledge and advocacy network anchored in WSS utilities for water and sanitation for all.*

2.1 WUP Thematic Focus and Strategy

The WUP has structured its activities in five “projects” directed at three priority objectives with distinct constituencies namely :

- (i) institutional reform of water utilities and sector policies Generally termed as Project No 1
- (ii) operational efficiency of water utilities (Generally termed as Projects # 2 which concentrates on benchmarking of water utilities and Project # 3 utility management and reduction of UFW (unaccounted for water); and,
- (iii) WSS services to low-income urban communities and Hygiene promotion (termed generally as Project # 4 & 5 which was eventually merged in one project known as WUP # 5).

The communication and dissemination functions were regrouped under Project # 6 including the development and upkeep of WUP web-site.

The regional conference organized by WUP in Kampala (Feb. 2001) on water and sanitation sector reform in Africa, was a milestone in consolidating the position of WUP as an effective organizer and network anchor for advocacy and knowledge building among the constituency of institutional actors engaged in urban WSS services in Africa.

By 2002, the initial batch of WUP projects had been launched, WUP operations had been reviewed (the so-called Phase 1 Review¹ 2000) and WUP had conducted broad consultations² on its future.

3.0 OPERATIONS OF THE WUP

The WUP operates on the following principles:

(i) Information Sharing

Facilitate information sharing and the application of common and consistent decision making practices and procedures among water utilities in Africa. Including the collection and dissemination of good practices in different utility operations. This is to be achieved through seminars workshops, periodic publications e.t.c.

(ii) Capacity Building

Facilitate capacity building of water utility staff and other key stakeholders like policy makers through skills training and development. The WUP is also involved in organising training courses for policy makers and utility staff on utility reforms and regulatory frameworks.

(iii) Promotion of establishment of autonomous water utilities with a conducive policy and regulatory framework

Facilitate the reforms of the water sector in different Countries with a possibility of leading to establishment of autonomous water utilities operating under conducive policies and legislation. This is done through organising thematic workshops on policies and regulatory reforms in the water sector.

(iv) Support to Other African Initiatives in the Water Sector

Provide support as necessary to other African initiatives, such as NEPAD, AMCOW, AWTF etc. by providing the necessary regional perspectives of the urban water supply and sanitation sector –including status of reforms on the continent.

4.0 FUNDING ARRANGEMENTS

WUP operational budget is supported from the projects that it undertakes. The projects are in line with the above stated strategy. Even though there is a specific budget for the operational costs of the WUP its funds are based on the project costs.

The WUP is currently funded by external support agencies. The support is tied to projects. There is no deliberate fund raising activity for the Secretariat alone. An agreement is usually

¹ The Phase 1 Review was carried out over the period July to October 2000. The Review focused on WUP organization and relevance rather than on the results and impact of its projects as most of them were still in progress. The Review gave a positive assessment of WUP progress in establishing itself and building its constituency and “brand name” and provided useful recommendations on the ways to streamline project execution which it identified as WUP’s immediate priority.

² Stakeholders Consultation on the future of WUP; Abidjan December 2001.

made with the donor or partner providing the funding that a certain amount would go towards meeting the costs of the Secretariat. Since establishment the WUP has received funding from a number of donors including:

- The World Bank (which provided the initial grant) and has continued supporting the WUP in its operations. Other Wings of the World Bank have provided support to the WUP including the World Bank Institute, PPIAF, WSP etc.
- DfID of the UK
- The EU
- The Netherlands Government
- The French Government through its Ministry of Foreign Affairs and Technical Cooperation
- The Swedish International Development Agency

There have also been occasions where the WUP has received part support for specific activities such as a consultative workshop on a particular theme or subject. Such support has been received from organisations like:

- The WEDC in the UK
- GTZ –provision of an intern who worked with the WUP for three months -January to March 2004.
- Canadian CIDA provided an intern to the WUP for a six month period from September 2005.

4.1 Funding Requirements

The Water Utility Partnership needs budget support to run the secretariat. Currently the Secretariat has completely run out of funds to support the running of the projects which have been outstanding for a while. Perhaps any consideration should give priority to provide some bridging funding for the secretariat while a more permanent solution is being sought.

Since 2001 the WUP secretariat has had an average annual budget of US\$290,000. Project costs have however been in the range of US\$500 to 800 thousand per year

WUP operates on a project funding basis. As mentioned above the funding for the WUP secretariat is usually tied to funding of particular projects or activities. In other words there is no independent funding for the Secretariat alone. In any case the Secretariat has an annual budget. As stated above the WUP developed a workplan for 2005 to 2009. this has since been revised to reflect the current needs and is now for up to 2009 from 2006. While the total budgetary requirements may seem colossal, the actual individual costs are much less. What is necessary to note however is that the annual cost of running the Secretariat is in the range of US\$225,000 (two hundred and twenty five thousand United States Dollars). This amount is about 15% of the total annual project cost requirement. If all the projects planned in the workplan were to be undertaken then the total budgetary requirements is about US\$5.3 Million. This represents about **US\$1.5 million** annually, which is in line with the target indicated in the Strategy.

4.2 WSP's role in the interim

As stated above the WUP secretariat has completely run out of funds. There are no projects that are currently running hence there are no specific activities being undertaken by the WUP The Managing Director of the programme has not had a salary for 4 months now (as of 30th

November 2006). At the last steering committee it was agreed that without funds it was not wise for the Managing Director to continue working. The MD will therefore step down on 31st December 2006. The Steering Committee will continue existing.

In the interim WSP will be coordinating the activities of the WUP until the funding situation improves after which recruitment for the MD will be undertaken. Sida already expressed interest in continuing to support a project which they had already been supporting. This support would only be mobilised based on a project proposal from the WUP. Sida is even willing to provide support in developing and finalising the proposal.

WSP on the other hand offered to finalise a proposal on benchmarking and submit to potential donors. AfDB expressed an interest to possibly finance such a project.

A consultant will need to be appointed by possibly WSP to develop a concept note for the WUP outlining possible projects and seek the interest of donors through a round table meeting which can be planned for March 2007.

Establishment of the proposed Water Operators Partnership provides a great opportunity for WUP to get revived. WUP can take on the role of the African chapter of the WOP as it has already an existing constituency of utilities in the whole of Africa. It has a track record in its activities and with the appointment of a dynamic and motivated person to lead the programme would work very well.

4.3 Workplan 2005 - 2008

The WUP has recently developed a workplan to run from 2006 to 2009. The workplan was approved by the Steering Committee and was to be presented to donors for further consideration. However this could not take place due to the need to have an institutional review of the WUP programme which took place in August and September 2004.

The Work Programme is designed to accomplish the strategic objectives of the WUP and meet the challenges raised by the main constituency of the WUP –the Water Utilities in Africa.

5.0 Achievements of the WUP so far

The WUP has over the years grown into being a truly capacity building programme for Water Utilities in Africa. It has made a lot of headway in four areas including: Institutional reforms, benchmarking, utility management and reduction of unaccounted for water and tools for services to the urban poor.

5.1 Theme 1. Institutional Framework and Reform (WUP Project 1: Phase 1 and 2)

Since its inception in 1996, WUP has successfully developed its role of trusted agent of change in Africa's water and sanitation sector through advocacy, knowledge sharing and capacity building. Evaluators have pointed the major role played by WUP Project # 1 in bringing recognition of the need to reform the WSS sector. This was achieved through:

- regional conferences (Johannesburg, 1996; Kampala, 2001); the Kampala Conference which gathered more than 300 WSS senior including Ministers, Permanent Secretaries, Directors in Government and utilities, sector actors produced consensus declaration (the Kampala Statement) that is a call for reform and an objective

synthesis of the initial lessons emerging from the African experience with WSS sector reform.

- The survey on institutional arrangements and PPP options in the WSS sector covering 48 African countries found in the book produced in 2001 “Issues and Challenges of urban water supply and sanitation delivery in Africa”.
- A number of workshops for journalists on WSS sector reform in different parts of the continent
- Special seminars and WSS Utility CEOs forum organized in the context of UAWS congresses and other regional meetings.
- Contribution to WSS forum including ESAR-IWA meetings; World Water Forum (2000); workshop on PPP-based reform (Dakar, 2001), regulatory issues e.t.c.

These activities have revealed a strong demand for sharing experience across countries, and have highlighted the constraints hampering reform in particular:

- (i) the limited capacity to design and implement reform;
- (ii) How to achieve better operating efficiencies by public utilities especially that the services will for sometime to come be managed by public utilities
- (iii) the small number of international operators and their declining interest in Africa;
- (iv) the difficulties of involving national and regional actors;
- (v) the inability to attract private financing.

This led the WUP to stress more on implementation and learning under the ongoing Phase 2 of Project #1. Activities carried out under Phase 2 (2001-2004) of Project # 1 include:

- Regional Workshops and meetings:
 - Nairobi³ (June 2003). Subject: The implementation of WSS sector reform involving; 70 participants (from 30 countries);
 - Maputo (August 2003). Subject: PPP and the urban poor; 54 participants from 15 African countries; the workshop was attended by Ministers from Zambia and Mozambique and drew attention to the need to include issues of the urban poor in any reform programme.
 - Brazzaville (December 2003). Subject: Institutional options for the regulation and management of PPP based reform of the WSS Sector mainly for Central Africa.
 - Utility Leaders Forum organized jointly with UAWS and IWA⁴ in the context of the IWA conference in Cape Town in September 2003. This was the first meeting of such a forum which will have a standing membership and meet at the occasion of UAWS and IWA congresses.
 - The second meeting of the Utility Leader Forum in the framework of the UAWS Congress took place in Accra, Ghana (Feb. 2004);
 - Johannesburg, South Africa: Training course on water sector reforms, this course included the design and implementation of water sector reforms. The course was held in Johannesburg in May

³ The Nairobi workshop was followed by a one-day workshop on the future of WUP involving CEOs of major utilities, senior government officials responsible for the WSS sector as well as WUP ITN partners

⁴ International Water Association which has a East and Southern Africa regional branch: ESAR-IWA

- 2004 with 43 participants. The course was organized in partnership with the World Bank Institute.
- Dakar, Senegal (December 2004): Short intensive course on water sector reforms organized jointly with the World Bank Institute in French. A total of 45 participants attended the course from 16 French speaking Countries.
- The information on water sector reforms in Africa is available on the WUP website: www.wupafrica.org
- National workshops/symposium:
 - Nigeria (Abuja, Sept, 2003): national symposium on the reform of the water sector (250 participants from 30 states) focusing on institutional and financial aspects.
 - DR Congo (Kinshasa, October 2003): national seminar on the institutional framework for undertaking the reform of the water and sanitation sector (80 participants) co-funded by PPIAF...
 - Kenya (Nairobi, Feb. 2004): national workshop on institutional arrangements for the regulation of WSS services under the Kenya new Water Act (40 participants); co-funded by PPIAF.
 - Madagascar (Antananarivo, Aug. 2004) national workshop on urban water sector reforms. More than 80 mainly local sector professionals interested in moving the agenda of reforms in Madagascar participated.

Further activities planned for which were planned but could not be finalised included:

- The finalisation of the second edition of the report on the WSS sector reform in Africa for which many individual country reports have already been produced awaiting finalisation in terms of production of the final report. Not finalised due to budgetary constraints.
- Country workshop for Sierra Leone. Workshop on water sector reforms in this Country which underwent a lot of difficulties could not be undertaken mainly due to budgetary constraints.

The above activities have been undertaken with financial support from the Netherlands Government through a World Bank Trust Fund. This TF will be exhausted by the implementation of the remaining activities planned in 2004. New funding will have to be mobilized for the activities outlined below.

5.2 Theme 2 : Operational Efficiency and Innovations

5.2.1 Utility Benchmarking up to 2003

WUP initiated work on benchmarking in 1998 by securing the collaboration of 21 utilities, the so-called “core group”, in testing a first version of the benchmarking questionnaire. This pilot effort led to the planning of a more detailed questionnaire and to the formulation of a project based on a bottom-up approach and aiming at a much larger number of utilities. The so-called Benchmarking Project Phase 1 obtained funding from the DfID in 2000 and was carried out in 2001.

The new indicators were piloted with core group utilities. The questionnaires were reviewed by the team of regional consultants and benchmarking experts. Regional workshops were then held across the continent to introduce the project to utilities and come to agreement of the indicators and their metrics. . Eventually 110 water and sanitation utilities of all sizes and institutional types responded to the Phase 1 questionnaires. The results were reviewed through a second series of regional seminars. The final report was issued in early 2002. The full set of data as well as the synthesis are available on WUP web site (www.wupafrica.org).

Utilities have shown strong interest in pursuing what they saw from the outset as an initial step. They have pointed out that periodic monitoring conducted objectively would allow them to:

- (i) Gauge themselves against their better performing African peers
- (ii) Identify areas for improvement. It would also allow the industry as a whole to track regional trends and assess the outcome of various institutional options and managerial and technical innovations. The strong interest of utilities led WUP to formulate a Phase 2 to pursue the regional benchmarking program.

Unfortunately the second phase of the programme could not be undertaken due to budgetary constraints. It is necessary to mention that there is a global initiative on benchmarking led by the World Bank. The global programme is termed as International Benchmarking Network (IBNet).

5.2.2 Unaccounted for Water and Performance Improvement Plans (PIP)

Considering that in many African cities as much as half of the potable water produced is wasted (either through technical losses or commercial losses (including illegal connections, low metering e.t.c)), the reduction of unaccounted for water (UFW) came naturally as the single most important operational issues on which WUP should focus. The fact that many countries are confronted with worsening water scarcity has made mastery of wasted water ever more urgent.

WUP approach was to develop a project intended not only to understand the problems but to work with interested utilities in developing performance improvement plans (PIP) to address it and in the process learn what works and what does not.

Phase 1: “Water Utility Management and UFW” 2000-2003

Phase 1 of Project # 3 was launched in 2000 with SIDA support. Its focus was on the development of performance audits methodology through a bottom-up action research approach working closely with five utilities (WASA in Lesotho, Mwanza in Tanzania, Entebbe part of NWSC, Uganda, Brazzaville part of SNDE, Congo (B) and Cotonou part of SONEB, Benin). KIWASCO –Kisumu town in Kenya was later added to make it six utilities. Phase 1 was completed in 2001 and subsequently evaluated. The evaluation concluded that Phase 1 had essentially met its objectives in actively engaging utilities in the development and use of performance audits as a starting point for performance improvement plans. The evaluation saw Phase 1 as a preparatory step for Phase 2 focused on implementation, training and dissemination. Utility staff were trained on how to undertake performance audits.

Phase 2 Development of Performance Improvement Plans.

This was funded by SIDA, was launched in July 2003 (Kampala) and ended in November 2005 with a final workshop held in Cape Town, South Africa. The project provided support to selected utilities for the full development and implementation of performance improvement plans starting from undertaking a performance audit. Phase 2 also included training for utility managers and dissemination of the audit and PIP approach to WUP constituency.

A particular interest of the project is that some of the participating utilities are serving secondary towns (Mwanza, Entebbe, Kisumu). The importance of project # 3 comes from the fact that the majority of utilities, especially in secondary towns, will have to improve on their utility management principles.

Technical Assistance was provided by the Consultants –Severn Trent Water International and WEDC of the UK.

A two-week training course on water utility management principles and how to undertake a Performance Improvement Plan was held for the English speaking participating utilities in Durban, South Africa. The course was hosted by Umgeni Water. A similar course was undertaken for the French speaking utilities. This took place in Dakar, Senegal and was hosted by SDE.

Utilities were then assisted to develop Performance Improvement Plans through utility visits followed by another meeting of the utilities. The meetings took place in Lusaka hosted by Lusaka Water and Sewerage Company (for the English speaking utilities) and in Lome – Togo hosted by the Togolese Water Company for the French speaking utilities. These were held in 2004 (July and October respectively).

Reports on the evolution of the project including its conclusion are available with the WUP Secretariat in Dakar, Senegal.

5.3 Theme 3: WSS Services to Low-Income Communities WUP Project # 5 : Phase 1 to 3 1998-2002

Reform, operational efficiency and financial viability are not enough to tackle the challenge of WSS services for the urban poor at scale. They need to be complemented by policy measures, partnerships and programs specifically directed at low-income communities involving utilities working with municipalities, CBOs, NGO's and small scale providers. WUP Project # 5 was developed as early as 1997 to uncover principles and practices to guide such policies and programs.

WUP Project # 5 was conceived as a phased action research program to uncover good practices and develop related tools and guiding principles. WUP 5 was carried out in three phases:

- Phase 1 (1998-99) piloted the methodology; the methods to be followed were developed and tested in two participating countries of Zambia and Ethiopia.

- Phase 2 (1999-2000) uncovered and documented practices from nine countries (zambia, Malawi, Tanzania, Ethiopia, Nigeria, Ghana, Senegal, Cote d'Ivoire and Mali) leading to the Nairobi workshop (June 2000);

- Phase 3 (2001) synthesized and disseminated principles and selected “good practices” for extending WSS services to the urban poor through the Abidjan workshop (November 2001) and the Good Practice Document which was produced and the Toolkit. (2003). Both the good practice document and the toolkit are available on CD but also on the WUP website (www.wupafrica.org).

The main output of the project is the Good Practice document and the toolkit on services to the urban poor. The document brings together the experiences on how utilities have been working to provide services to the urban poor. The Good Practice document was produced in both English and French. One thousand copies in each language was produced and have been distributed to each water utility.

The toolkit is meant to assist utilities design better ways of serving the urban poor. It is a CD based and is also available on the WUP website.

The Pre-Audit (2002) on Phases 1 to 3 found that the project design had proven sound and that the implementation, involving WSP-AF as Executing Partner had been altogether efficient and flexible.

Core funding from the EU (US\$500,000 equiv.) was complemented by support from WSP-AF and from participating utilities. WUP in collaboration with WSP-AF has planned Phase 4 directed at dissemination, training and support to country implementation. WUP has undertaken to share the Project Document (dated March 2003) with potential funding partners. The project to date remains unfunded.