

Summary

Water and Sanitation Program

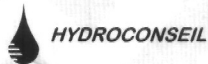
An international partnership to help the poor gain sustained access to improved water supply and sanitation services

Independent Water and Sanitation Providers in African Cities

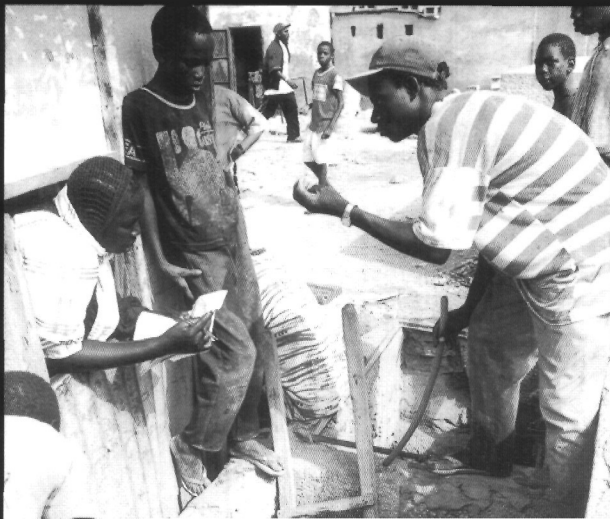
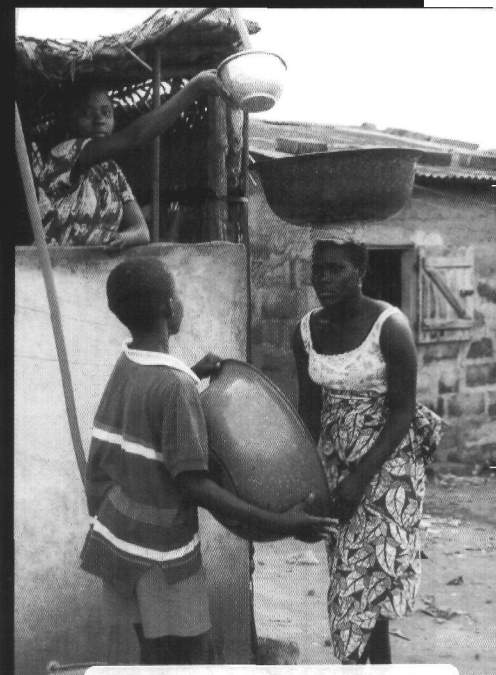
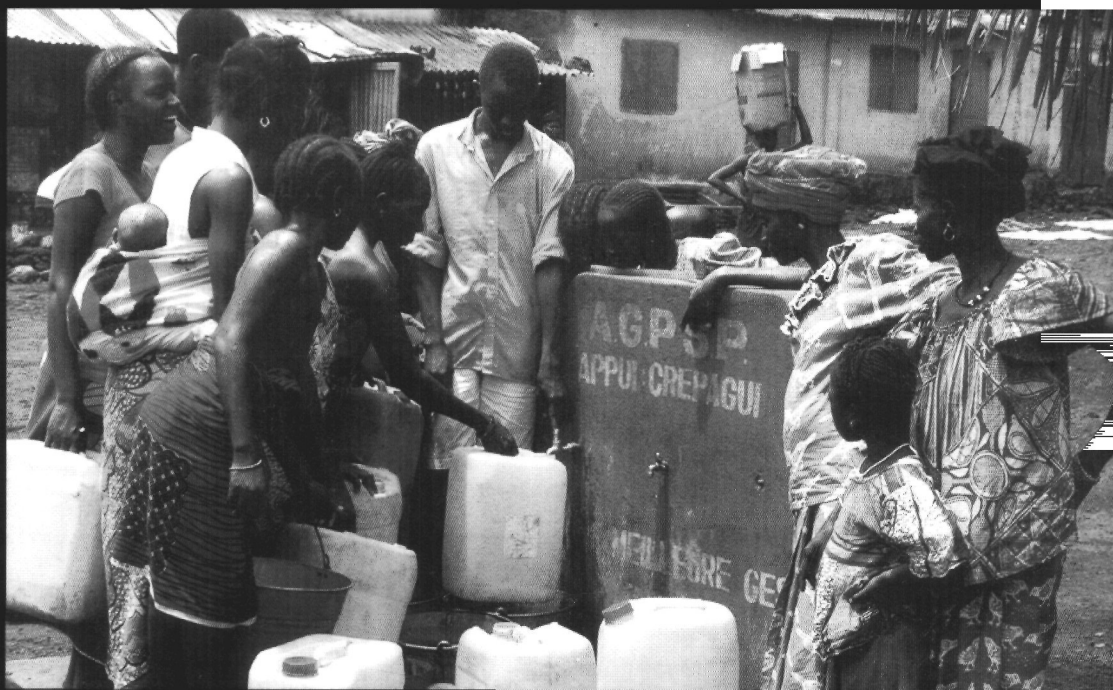
A ten-country study

West and Central Africa Region

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on behalf of the
Federal German Ministry
for Economic Cooperation
and Development



Independent water and sanitation providers in African cities...

Ubiquitous independent providers...



When walking through the low-income neighborhoods of large African cities, one is struck by the presence of countless small artisans going about their business to perform the most basic of public services: delivery of water and removal of sanitation waste.

Whether they are operators of standpipes or public toilets, water carters, resellers of water, or latrine cleaners, these self-employed individual entrepreneurs and small businesses are the ones who distribute water for

domestic use and perform sanitation services for most families in these neighborhoods. Though the water they sell may be drawn from the city's piped water network, these private operators rarely have any official status. Most of the time they work for themselves, independent of the city's water agency or concessionaire and of the modern formal sector. In the case of sanitation, they are virtually the only providers, since piped sewerage systems are virtually non-existent in sub-Saharan Africa. Mostly unregulated and untaxed, they belong rather to the non-formal sector of the economy which employs 70% to 90% of all urban workers in Africa.

In contrast to para-statal or multinational companies that seek new urban service concessions, these independent entrepreneurs reap no monopolistic benefits or rents and provide a public service free of state subsidies. They must win their customers' loyalty and maintain their equipment on a daily basis. They must be ready to innovate and adapt in order

to stay in business in this competitive market. These women and men provide a public service without any subsidy.

Such independent providers were the subject of surveys carried out in 10 sub-Saharan African countries by local private contractors during July 1998 and July 1999 under the supervision of the World Bank-UNDP Water and Sanitation Program (WSP) and the World Bank Institute, with funding from the Netherlands and Belgium and dissemination funds from Germany (GTZ). The purpose of this study was to gather information about independent water and sanitation operators and to bring them together to better understand their roles and their needs. The countries covered were Benin, Burkina Faso, Côte d'Ivoire, Guinea, Kenya, Mali, Mauritania, Uganda, Senegal, and Tanzania. This booklet is a summary of the main report, available separately.

...who deserve to be encouraged because they fulfill the water and sanitation needs of most poor families...

Independent providers respond to the needs and preferences of a clientele composed primarily of low-income families. How do they manage to do this for customers who are said to be too poor to pay for city water? How can they provide service coverage to areas where city water authorities and concessionaires hesitate to invest?

Most of the urban poor live in unplanned or poorly planned subdivisions, often located at the city's edge, on difficult terrain (steep hillsides and valleys) and in undeveloped infill areas. These marginal locations are very difficult to serve through the usual water distribution and drainage networks.

The answer is that independent providers' services are demand-driven





and they deliver them the way their clientele needs them: reliably, and in small quantities which remain affordable when family funds are tight and income irregular. The clients they serve have historically been of little interest to the large concessionaires, whose primary objective is to make a profit.

Independent providers serve many functions in the provision of water and sanitation services. Some manage one or more water points or sell individual buckets of water from door-to-door. Others are hired to clean out latrines and pump out septic tanks. Still others operate small piped water systems and even, in Cotonou (Benin), a sewage treatment plant.

These activities which provide a main source of income for tens of thousands of low-income families and generate a volume of business comparable to that of the city water companies, despite the fact they must survive in a difficult environment, are perceived as operating outside the mainstream, and

are often subject to the hostility of Government authorities.

...and are very much in tune with market-oriented values now being promoted

Neither state monopolies, nor their privatized successors, the concessionaires, nor non-profit organizations have been able to keep up with the burgeoning growth of Africa's cities, nor the pace of rising demand for water and sanitation services in the low-income urban areas. Even the largest international water enterprises have had to admit that they have found it difficult to respond to demand in squatter areas, as witnessed by the low coverage of piped water networks in African capital cities such as Bamako (Mali), Cotonou (Benin), and Dar es Salaam (Tanzania). Piped sewerage is but a distant dream for 90% of urban Africans.

Over the past 10 years, the gap in

access to basic public services, including water and sanitation, has widened between low- and high-income urban areas and between different social classes. To cope with this problem, Governments have generally continued to rely on the tried and tested, standard issue solution: a city-wide piped network run by a single, monopolistic operator.

But this monolithic solution does not match the wide variation in demand for these services by a wide variety of households, living in very different environments and using different amounts of water that vary with the time of day and from season-to-season. Moreover, the democratic spirit sweeping across Africa in recent years has created pressure to share responsibility, has put decentralization at the heart of political debate, and has spurred the practice of delegation of responsibility for public services.

Supporting independent providers is perfectly in tune with current institutional and economic trends in Africa, and it does not imply a choice between city-

wide entities and independent operators. The central and municipal Governments' roles are rather to see that these 2 kinds of providers complement each other in the marketplace and that fair competition is encouraged. Given the choice, users can be trusted to judge for themselves where to take their business.

How water gets delivered



In all African cities, the primary network, run by a monopolistic city-wide operator, coexists with a wide variety of independent providers who resell this piped water, either by delivering it to households by cart or truck, or by selling it from fixed locations such as standpipes or cisterns.

There are at least 4 means of household water delivery:

- Water carriers carry buckets from door-to-door, a hard day's work for little money, and one that seems to be disappearing over the last few years, possibly due to successful competition from handcarts.
- Handcarts are particularly in evidence in Ouagadougou (Burkina Faso) and Conakry (Guinea): young men who push handcarts that can carry from 100 to 200 liters of water. Despite the high rates charged, this service is frequently used by poor families who wish to avoid using precious time to fetch their own water.
- Larger quantities of water — up to 500 liters — can be delivered by carters using animal traction: a horse (as in Dakar, Senegal) or donkey (as in Nouakchott, Mauritania). These are more frequently seen in the cities of Africa's Sahel region, where draft animals are raised in abundance and are not exposed to tsetse flies.
- Water truckers who serve larger customers by filling the cisterns of villas and office buildings are more often seen in Nairobi (Kenya), Nouakchott (Mauritania), and Kampala (Uganda), where the flow of piped water is unpredictable.
- Standpipe vendors are small entrepreneurs who operate a standpipe installed by the city water concessionaire.

Licensed water resellers are micro-entrepreneurs who have contracted to resell water piped to their homes and who may carry out some network extension investment to do this, as in Abidjan (Côte d'Ivoire).

Unlicensed household water resellers are not seen as professionals, although they do provide water to a major share of the market in several cities.

How sanitation services are delivered



In most African cities, most households — 70% to 90% overall, and virtually all poor households — deal with their own waste by building their own latrines or septic tanks or hiring others to do so. Since the public sector is generally not involved in this area, private providers dominate the market and offer a range of services tailored to customers' needs and incomes.

Septic tank cleaners service masonry septic tanks and those in

SELF-CONTAINED MINI-NETWORKS IN KAMPALA (UGANDA)

The operation of standpipes in Kampala is generally left to women and older people, whose family members lend a hand. Most standpipe vendors serve about 200 to 300 users from a single kiosk. While this arrangement appears uncommercial on the surface, it provides a base from which small water distribution networks have grown.

The more enterprising of these vendors have taken over the management of several kiosks, with a market area covering a whole community or "village" within the peri-urban area. And some community user associations have built and operate illegal extensions fed by water from the existing network. However, the water company does not encourage these initiatives: it requires a security deposit of US\$ 125 and installs its own new connections without consulting kiosk managers. Hence the incentive to construct completely free-standing water networks, unconnected to the city system. One independent provider, Kalebu Limits, founded by an engineer and his wife, a marketing specialist, now operates both city standpipes and 5 small self-contained water networks. They started with a single network, fed by water pumped from a well with an electric motor, and financed the second one from the profits on the first. The company also manages a group of 8 coin-operated standpipes connected to the city network.



residential areas, using suction trucks of 6 to 10 m³ capacity.

- Manual cleaning services are

generally offered by pairs of young men from the same neighborhood. Theirs is an unpleasant and unsanitary trade,

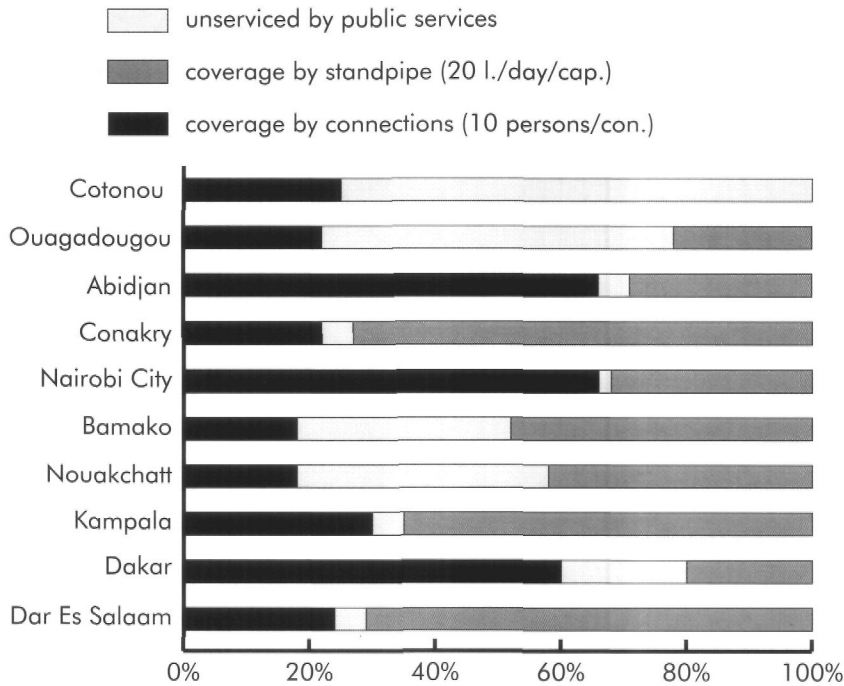
practised with simple tools (shovel, bucket, rope) and generally without protective clothing. It is still the best way to deal with latrine sludge in many unserved areas, where roads are too narrow for trucks and where unlined septic pits are not suited to mechanical cleaning.

- Masons who build latrines do not generally specialize in this work. Most masons who build houses can also build a latrine at the same time, unless the household chooses simply to dig a ditch.

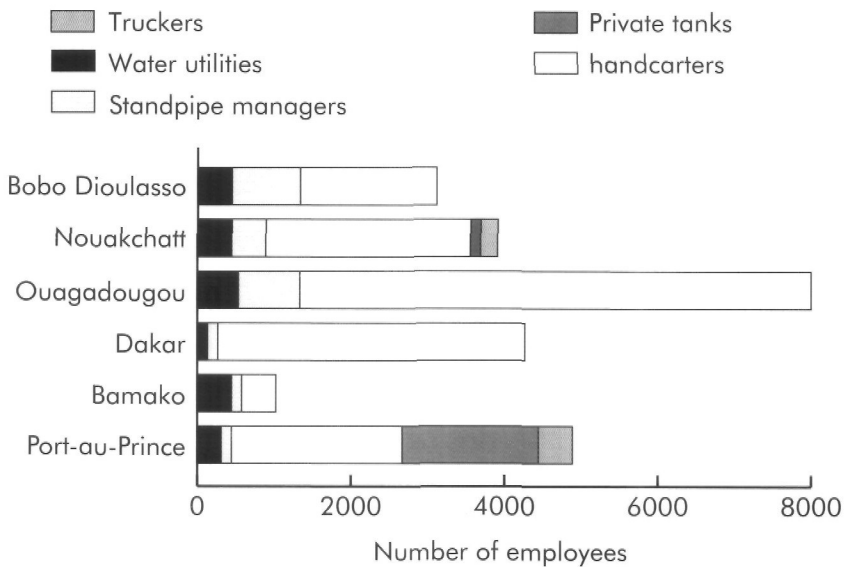
- Public toilets and showers in the larger cities have been entrusted to independent private operators under leasing or concession arrangements with the municipal authorities. Such facilities may be found in most large public gathering places such as train stations, markets, stadiums, and universities. These small enterprises are able to offer a large range of services in response to user demand: toilets, showers, drinking water sales, and even tables where coffee and tea are served.

- Drain and latrine ditch cleaning constitutes an important market for small enterprises, whether they use suction trucks or manual labor.

Percent of households serviced by public water networks in 10 African cities



Water sector employees by type of employer in 6 African cities

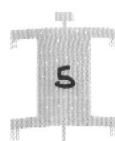


The importance of independent operators

Independent distributors are the ones who provide water to most families in African cities, especially in squatter and illegal settlements



The city water authority's or concessionaire's main market is the homes, offices, and businesses with individual water connections. But they





also install and supply water to standpipes, an invaluable source of water to poor families, who can buy water there in small quantities as their limited means permit.

Standpipes are a good way to link a large water supplier and the smaller distributors who are better suited to provide service at the delivery end,

especially for poor consumers. Standpipes are a very efficient means of water distribution, especially in cities with limited water resources. The table below shows that the city with the best coverage of water service is Ouagadougou (Burkina Faso), despite its low per capita rate of use (34 liters/day/capita), because the water company distributes a considerable share of its water (35%) via standpipes, which serve 60% of households. In contrast, cities such as Cotonou (Benin), Conakry (Guinea), and Dar es Salaam (Tanzania), where few standpipes are in operation, overall coverage is much lower.

Standpipe water distribution is especially efficient in Nouakchott (Mauritania), where individual standpipe vendors are active investors in the system, constructing their own storage tanks to increase their volume of trade in spite of frequent piped water cut-offs.

The standpipe, therefore, constitutes a good way to link a large water supplier and smaller providers who are better suited to provide good service at the delivery end, especially for poor consumers.

Independent providers employ 70% to 90% of water workers



In terms of employment, the role of independent providers is even more important than in terms of volume of business. The water sector employs 2,000 to 8,000 people in the capital cities studied, or about 1% to

		Niangologo (Burkina)	Kayes (Mali)	Bobo Dioulasso (Burkina)	Nouakchott (Mauritania)	Ouagadougou (Burkina)	Dakar (Senegal)	Port-au- Prince
	Population	12,000	55,000	450,000	700,000	1,000,000	2,000,000	2,000,000
TURNOVER OF MAIN OPERATORS IN THE WATER SECTOR								
Turnover of W.Utility	1,000 \$	22	76	2,447	6,756	13,333	10,571	1,774
% of total turnover	%	32%	31%	67%	75%	64%	79%	16%
Turnover: Standpipes	1,000 \$	12	73	415	286	1,309	2,669	226
Turnover: Carriers	1,000 \$	35	95	774	1,481	6,000	148	629
Turnover: Tanks	1,000 \$	0	0	0	190	0	0	4,839
Turnover: Trucks	1,000 \$	0	0	0	267	0	0	3,032
Turnover: Private Boreholes	1,000 \$	0	0	0	0	42	0	645
% of total turnover	%	68%	69%	33%	25%	36%	21%	84%
Turnover by capita	\$/cap/year	5.8	4.4	8.1	12.8	20.7	6.7	5.6

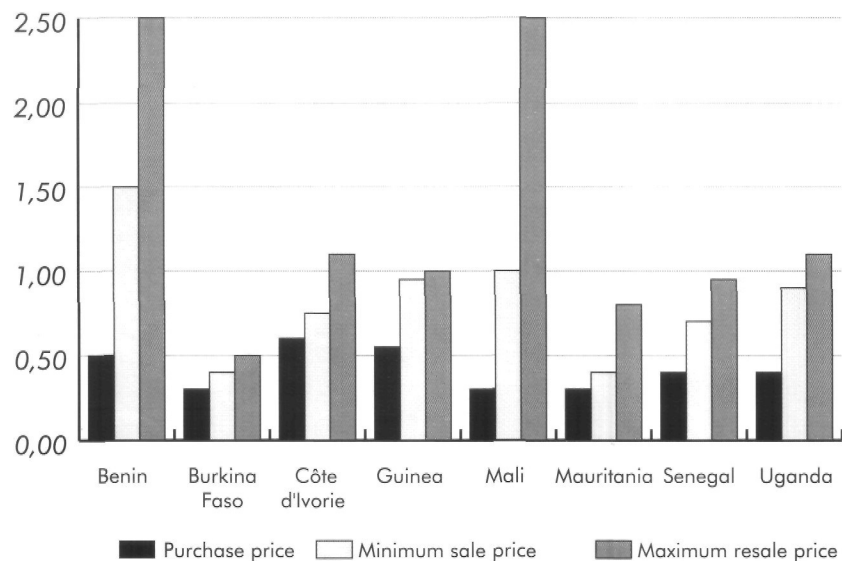
2% of the labor force. The vast majority of these 70% to 90% work for independent providers, and the remaining 30% to 10% for the city water companies. The carters are the most numerous, followed by the standpipe vendors (see chart).

The economic position of independent providers

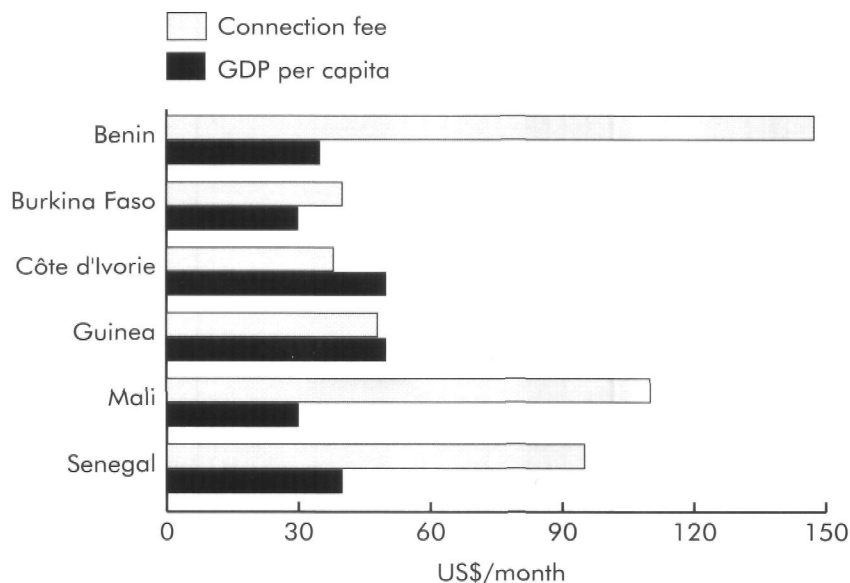
Independent providers earn from 20% to 70% of water sector revenue and the city water companies from 70% to 30%, depending on the city. The independent

providers dominate in Port-au-Prince, a Haitian city of 2 million residents with conditions similar to the African cities studied, and in 2 smaller Sahelian cities, Niangoloko (Burkina Faso) and Kayes (Mali). But even where the city-wide utility dominates, the independent providers earn a substantial share of water income, from one-fifth to one-third (see chart).

Water rates charged by urban standpipe vendors in 8 African cities (US\$/m³)



Water sector annual business turnover by type of employer in 6 African cities



Water operators with innovative solutions, entrepreneurial spirit, and investment capacity



The study found that in all the African cities surveyed, there are many examples of independent water providers who have built new partnerships with local Governments and with water supply companies in order to offer services which complement those that the water companies can offer.

- At the edge of Nairobi (Kenya), a woman who has owned a borehole for 15 years is managing a piped network which carries this water to her neighbors. To distribute water to those not connected to her network, she has purchased and manages a few water tankers that deliver door-to-door.

- Unemployed university graduates in Dakar (Senegal) are operating a standpipe that they built with their own money. They are reinvesting their earnings in other money-making activities, such as rental of a sound system and video showings.

- In Cotonou (Benin), where public

standpipes do not exist, households connected to the water network have built standpipes, extending the pipes up to a kilometer over difficult terrain (lagoons).

- In Abidjan (Côte d'Ivoire), households with water connections who resell to their neighbors don't need to carry it across the street, they use flexible plastic tubing to do the job. Reselling water to neighbors is commonplace in all African cities, but Côte d'Ivoire's water company is the only one that has chosen to legalize the practice and establish contracts with the resellers in order to improve delivery. Such resellers are estimated to number in the thousands and they provide water to more than 500,000 users. Though the water company is considered one of the best in Africa, these resellers are the only source of water for the many households in the squatter neighborhoods who cannot afford an individual connection. The practice of reselling household water is growing in Nouakchott (Mauritania), a measure of the rapid growth of demand for water by low-income households.

- A former public servant in Conakry (Guinea), who began selling water from a handcart after losing his job, today owns 20 carts, which he purchased one at a time with the profits he earned. He now rents his carts to other vendors.

- In Ouagadougou (Burkina Faso) and Nouakchott (Mauritania), standpipes serve primarily as water points for thousands of handcarts (7,000 in Ouagadougou), who then take the water into neighborhoods beyond the reach of the water network (see chart for standpipe water rates).

A users' association in Bamako (Mali) decided to delegate the operation of its water network, including fee collection, to an individual vendor. The vendor is responsible for day-to-day operations and pays a rent of CFAF 80 per cubic meter of water delivered. The users' association is responsible for network maintenance and repair.

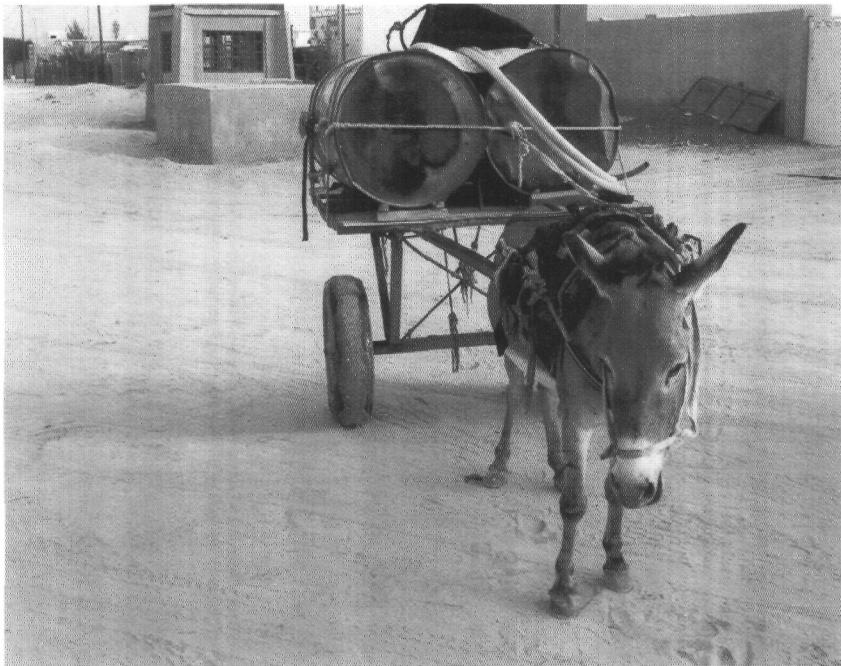
- In Gerou, a town of 15,000 residents in Mauritania, more than 50 km of water pipe extensions were financed by a young go-getter who has been operating this network for the past 4 years. Though his concession licence

The solution is not to limit or prohibit independent provider activity in the delivery of water and sanitation services, in the name of protecting monopoly privilege or social ideals. Bringing independent providers into partnership with other actors can lead to new ideas, sources of energy, and even sources of financing. Reducing the obstacles faced by independent providers will increase their commitment to working in partnership.

gives him the authority to distribute water but no contractual guarantee of continued ownership of any infrastructure he may build, he has financed and built 13 km of secondary pipeline and 40 km of household connections serving 1,450 households.

With an annual turnover of about US\$ 35,000, how did he finance this investment, amounting to about US\$ 250,000? By organizing the users themselves, in groups of about a dozen households, to save enough to pay for construction as it was carried out. This ability to raise funds is all the more remarkable because the house connection fee charged by the water company is considered the main obstacle to extending the network, since it typically represents several months' income for poor families (see chart).

- A group of masons in Ouagadougou (Burkina Faso) has chosen to move into a new market niche by specializing in the construction of an improved latrine design proposed by a program to promote household sanitation. Households wishing to take advantage of the program, which subsidizes 20% to 30% of the construction cost, must hire masons registered with the water company. In this way, participating





masons have embarked on a new commercial strategy based on an innovative product.

- In Dakar (Senegal), hundreds of individual latrine cleaners go from door-to-door in the poorest neighborhoods with their shovels. People call them *baye pelle*, or 'old men with a shovel', a term dating from earlier times when laid-off construction laborers would roam the streets with their shovels, looking for odd jobs. Though theirs is a thankless task and they are looked down on, they play a critical role in maintaining sanitation systems in areas where the lots are too small to dig new latrine pits every year.

- A small septic sludge collecting business in Bamako (Mali) was able to buy its first truck with a loan of CFAF 10 million. Two years later, the company was able self-finance the purchase of a second truck; a third truck will be bought as soon as profits allow. The trucks are bought second-hand at a quarter of the price of a new truck. Maintenance and repair expenses are high but spread out, an important consideration for a business that cannot afford to take chances.

This picture is not specific to African cities but is found also in

Latin American, Asian, and Middle Eastern cities.

- In Paraguay, 400 *aguateros* have built and managed piped drinking water networks, after obtaining a licence to do so from the authorities. Their water rates are lower than those charged by the water company (though the latter receives subsidies), and they still recover all operating costs and enough of a profit to self-finance both the initial construction and to densify and extend it.

Evidence of advantages to consider...



These stories indicate that independent providers in African cities can:

- offer flexible, convenient services, perfectly tailored to the needs of a diverse clientele, who are not served by the standard options available from city water companies;

- mobilize investment capital required to build piped network extensions, mini-

KAMPALA (UGANDA) CITY COUNCIL SIMULTANEOUSLY ENCOURAGES — AND DISCOURAGES — PRIVATE MANAGEMENT OF PUBLIC TOILETS

Three private operators signed contracts with the Kampala city Government to provide municipal public toilets. There is a high volume of business: in the city center, an 8-toilet facility is used by 70 persons an hour, 11 hours a day. But at the same time, the expansion of toilet facilities is hindered by the high cost of repairing the existing facilities, the high cost of water delivered by the water company (US\$ 2 per cubic meter of water for a facility where 16 cubic meters are used per day on average), and the imposition of a monthly municipal tax of US\$ 1,000 after 3 years of operation. And then there are the frequent cuts in water provision. The owner of one of the private operators, KKM All Services Ltd, decided to rehabilitate a well near his facility in order to have access to water from a more reliable source than the city network. He bought a pick-up truck fitted with a water tank to transport water from the well, and undertook to maintain the drains. He earns about US\$ 15,000 a year from his business, 70% of whose clientele are poor households.

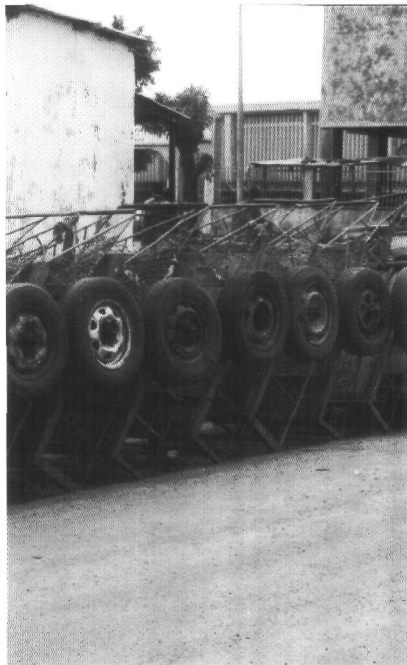
networks, and sludge treatment stations, and to purchase vehicles and pumping equipment;

- set fees to recover costs for water services, even in neighborhoods where this was previously thought to be difficult;
- reinvest their profits in order to expand service delivery.

If these entrepreneurs find that their market is no longer as profitable, or detect a temporary or permanent softening in demand, they can quickly shift their efforts to match the change or expand their involvement in other activities.

They can work within the limitations of their clients' circumstances, for example, by adapting their payment requirements to take into account the daily and weekly variations in income of many poor households.

Independent providers are also appreciated for their commercial sensitivity to client feedback. The user is respected and has no difficulty making herself heard if service quality is not satisfactory. The user is treated as a valued client, is spared



administrative hassles, and has not far to go to be in touch with the neighborhood water vendor.

Because the sector is very competitive, users have some choice between different vendors and this competition keeps value for money high.

...and preconceived ideas to re-examine

While users themselves are satisfied with the level of service and value for money provided by independent entrepreneurs in otherwise unserved areas, others have raised objections to the involvement of independent providers in the water and sanitation sector. Their criticisms may be summarized as follows:

"Water supply has always been a public monopoly."

"Water resellers charge much more than the city water companies."

"Community systems can be run by the community, without involving private operators who do not deserve the fees they charge."

"Vendors outside the system sell poor quality water."

"Private providers push the public water suppliers out of the market."

None of these statements is supported by the results of this study, and each needs to be re-examined to see why it is not valid.

Monopoly is not per se a guarantee of quality service

In Europe, city water monopolies have emerged relatively recently, following a period of 400 years of evolution and fierce competition. City-wide monopoly systems make sense in the context of fully industrialized economies where the desired product is fairly standard: individual water and sewerage connections for each residence. But where this model has been transplanted to African cities, it encounters a much wider variety of customers. Many urban residents need to buy water in small quantities and are not interested in

filling out forms or dealing with billing systems. This clientele is more comfortable buying water from independent local providers.

Independent providers' fees match the conditions of demand from poor households

Comparing water rates charged by independent providers with those charged by water companies fails to take account of the fact that if water companies were to extend their networks into the unplanned areas where low-income residents live, they would be forced to raise their rates to reflect the difficult nature of the terrain. Also, the product they would be offering would not be the same as that offered by the independent providers, who sell smaller quantities and deliver them door-to-door. This group of customers is justified in its choice of

independent providers, who earn very little for the often backbreaking work they do (US\$ 1-4 per day on average).

Administrative and technical constraints imposed on independent providers increase the price of water paid by the poor

Constraints intended to "protect consumers" impose additional costs on independent providers, which are passed on in the form of higher prices. Otherwise, independent providers raise their prices only when water is scarce, alternative sources are limited, or there is collusion among operators. There is a legitimate regulatory role to be played by the public sector, but the objective should be to promote competition rather than limit the number of providers.

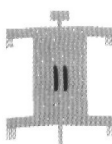


Non-profit and community-based water and sanitation delivery arrangements can lead to hidden costs

Projects carried out with external funding in African cities have often given responsibility for managing community services such as water delivery to non-profit groups. In cases where these groups are not successful, their mistakes have proven costly in the long run. Where they are successful, the heavy burden of sustaining service has driven them to seek some means of remuneration, whether overtly or by creative accounting practices.

Much time and effort might have been saved in these cases by giving management responsibility to professionals from the outset and assigning supervision responsibility to representatives chosen by the community.

For example, in Mali, neighborhood Users' Associations subcontract financial auditing and technical assistance to a Water Supply Advisory Unit, which, for a fee of CFAF 20 per cubic meter of water, periodically audits the accounts and



prepares a financial statement. This gives the associations a source of reliable financial data and performance indicators.

Water quality from independent providers is very similar to that of water companies

The quality of water provided depends primarily on treatment at the source, in particular chlorination. Good water quality depends on the treatment of water as it leaves the city reservoir, not at the retail distribution level.

The involvement of the private sector can support and promote the delivery of public water services

Private sector involvement is not necessarily synonymous with anarchy nor does it keep public water companies

out of the market. On the contrary, strong private sector involvement at the distribution level requires strong public sector performance at the production level, in terms of good production-level performance indicators, good long-term coordination with distributors, and ability to guarantee a stable and favorable regulatory environment.

Overcoming obstacles

Exclusion from public works contracts



Many independent entrepreneurs, including those involved in the water and sanitation sector, would like to be able to participate in bidding for civil works contracts to extend piped

networks or to build pits and tanks, and for service contracts to collect sludge or clean drainage ditches. They are kept from participating by the large size of job lots and sometimes by backroom deals between a few large contractors and the civil servants awarding the contracts.

Lack of access to this market marginalizes the small contractors because such public contracts, especially externally financed ones, make up the lion's share of work in the sector — more than 80%. The lack of competition in bidding hurts not only the independent operators but also the consumers and those paying for the works, since it results in higher costs for works and services.

Unprotected investment

Independent providers must be careful to limit their risks by undertaking only short-term investments that can be recouped in a short time, generally less



than 2 years. They do this not out of a lack of professionalism, but deliberately and out of necessity, in order to protect their investment. For example:

- In Cotonou (Benin), most water network extensions have been made in unplanned settlement areas, where land may be expropriated without compensation from one day to the next.

- In Bamako (Mali), sludge collection trucks are sometimes confiscated under vague pretexts and their owners can never be sure they will recover their property.

- In Kampala (Uganda), the builders of 2 small water distribution networks on the city's edge stand to lose everything when the water company decides to move its own network into the area and sell water at its highly subsidized rates.

Proposals for improving the institutional context



Independent providers are not looking for handouts or grants and often do not need loans. They do not expect technical training or social security benefits. What they would like most of all is a fair institutional and legal environment that would be favorable to more investment and expansion of activity on their part, in response to their clients' demand. They would also like better coordination with city authorities and water companies.

Strengthen legal security

Independent providers avoid long-term investments because their property is unprotected when located, as it is for the most part, in unplanned

SHORTAGE OF PUBLIC SPACE

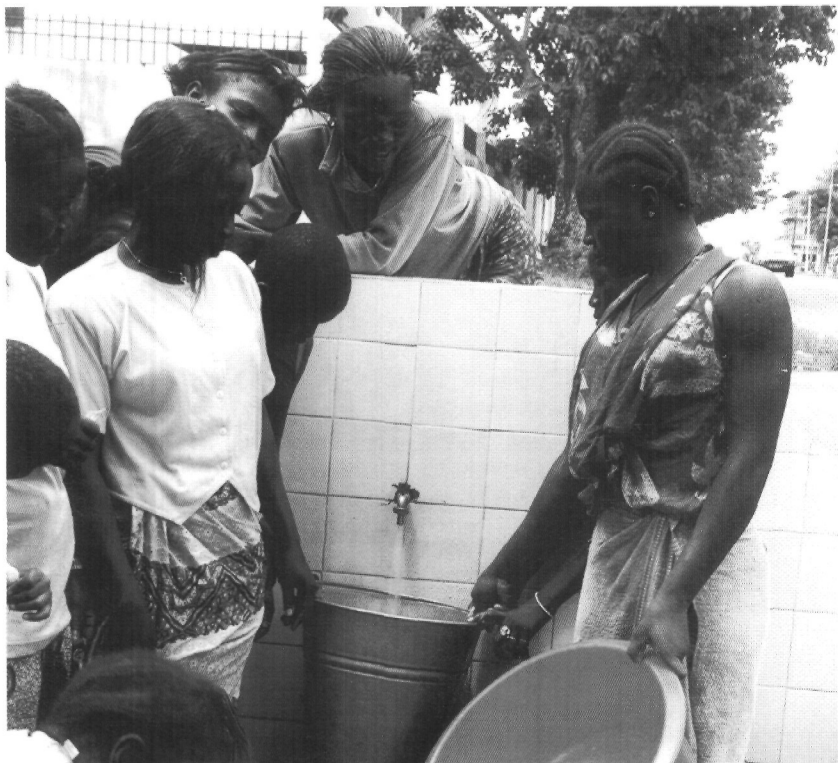
The absence or scarcity of approved dumping areas for sludge in most of the cities imposes extra transport and time costs on the truckers who collect sludge, which raises costs to the users. There is also a need for more authorized spots for parking while collecting sludge.

In Bamako (Mali), the lack of municipal land on which to build public latrines and showers is a major constraint to increasing supply in areas where demand is high (train stations, markets). There is no lack of private operators ready to finance construction and handle facilities management.

settlements. This is a major obstacle to the extension of water supply services in these settlements, where expropriation is always a possibility. Their current vulnerability to punitive fines and harassment by the authorities increases their operating costs and raises the rates they must charge.

Official recognition and contractual relationships with civil authorities

More than anything else, independent providers are unhappy with the lack of recognition from municipal and water company officials for the value of the services they perform. Coordination among public and private actors would clarify the points of mutual interest and the obstacles to better service delivery, such as lack of sludge dumping sites. Users would benefit from better coordination through a reduction in costs and better service coverage.





Transparency and competition

It is in the consumers' interests for the authorities to stimulate competition and transparency, which are driving forces in ensuring responsiveness to consumer demand and in keeping prices low. The public sector has an important role to play in opening public contracting to small entrepreneurs, keeping the market open, avoiding excessive licensing requirements, and promoting the financial audit of water operations.

Recognition of professional associations

In a number of cities, private operators have established professional and trade associations through which they can address common problems and advocate common interests. These include:

- Mali's Union of Water Suppliers (UEAEP-Mali)
- Côte d'Ivoire's Association of Water Resellers (AREQUAPCI-Côte d'Ivoire)
- Benin's Union of Sewerage Entities (USB-Benin)

- Ouagadougou's Association of Standpipe Managers.

These associations can play a key role in improving professional practices, promoting technical innovation, and integrating private and public service systems.

Municipal authorities can support such associations by recognizing their legitimacy and negotiating with them to establish fair conditions for doing business. But they should take care not to confer any sort of exclusive status that would tend to encourage cartel-like, price-fixing business practices.

Some "improvements" to be avoided

Special loans



Before setting up new credit facilities for the private water and sanitation sector operators, it is a good idea to check whether lack of credit is a local constraint. In many

cases, good credit mechanisms already exist.

Unproductive constraints

The performance of independent providers depends on their ability to respond and innovate in response to market changes. It is counterproductive to impose administrative constraints on their activities, such as banning retail activity near standpipes.

Support that encourages monopoly behavior

The smooth functioning of the market, especially competition between providers, is the best way to keep providers on their toes, ready to improve services and respond to demand. Market mechanisms are a powerful force in this direction, and studies in all 10 capital cities have shown that such mechanisms have resulted in the selection of the fittest enterprises, capable of delivering essential services to low-income clients while making a small profit.

Their success has only been possible through a gradual process of

eliminating all but the most capable and innovative providers. It is important to trust the market process and avoid the temptation to interfere.

Better as the enemy of good

Many project funders (donors, NGOs, twin or sister cities) have a tendency to underestimate the role of existing independent providers or to criticize them as charging too much, having low service standards, or operating illegally. Their vision of the ideal provider can be an obstacle in working effectively with those who are already doing the job.

Distrust of the profit motive

When it comes to delivering service to low-income groups, many development organizations, in particular NGOs, have a tendency to favor associations or community-based entities in preference to commercial operations. This preference is not appropriate in the context of African cities, where most households live in low-income areas, and where basic services such as water and sanitation have long been delivered by independent providers because there was no other viable alternative. An aversion to working with private enterprises has led some funders to support short-lived associations that lacked any real community roots and vanished without a trace, after having enjoyed project-related tax benefits.

Unsupervised oversight

Oversight mechanisms are sometimes proposed for the purpose of improving service quality (water quality, rates charged, hygiene practices). Experience has shown that the quality of oversight depends very much on the independence of the overseer and the presence of democratic supervision. In

the absence of community scrutiny, oversight mechanisms can quickly be subverted by corruption and be used to support monopolistic behavior by a few enterprises.

Conclusion

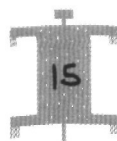
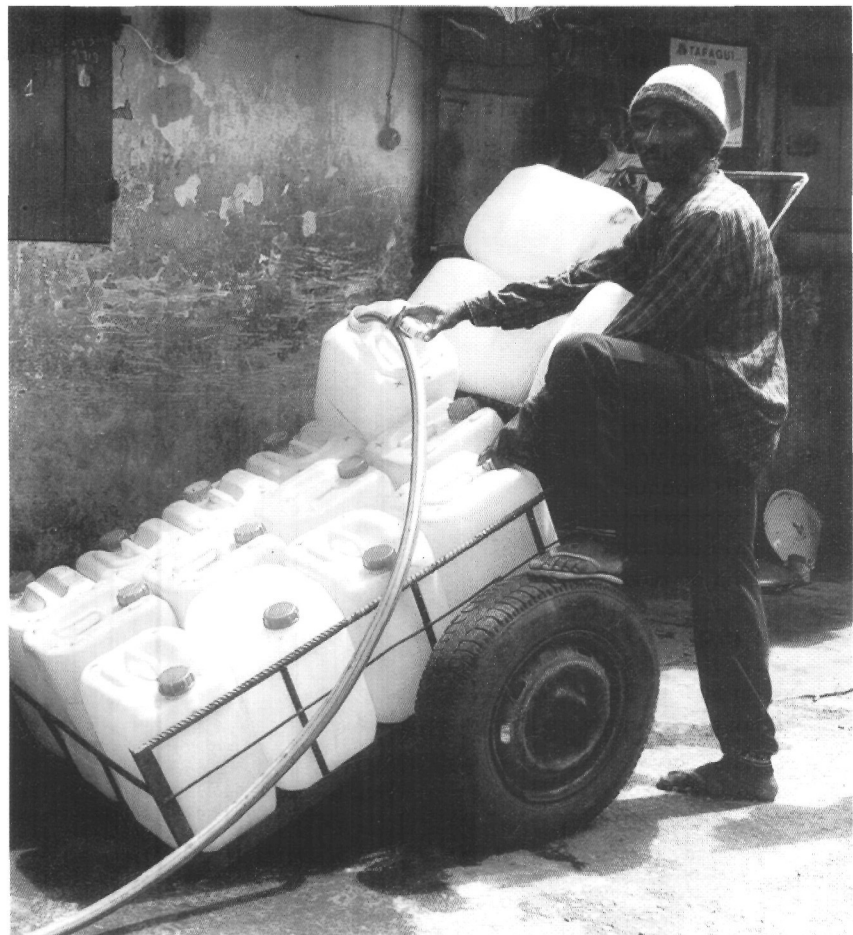


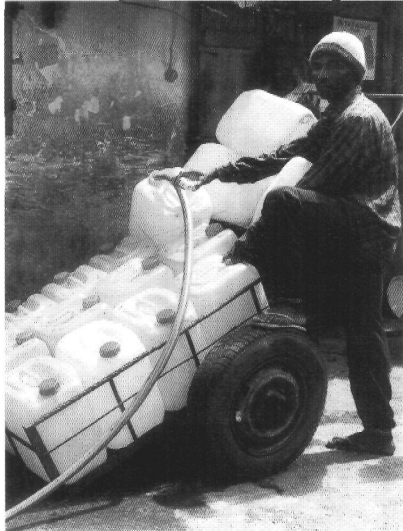
Unplanned settlements, where a growing number of urban Africans reside, are not likely to be connected to the main city water networks in the near future. They will continue to depend on independent providers for delivery of water and sanitation services.

Over the past 10 years, the water and sanitation sectors have been opened to private financing, and

central authorities have transferred much responsibility for water and sanitation services to local authorities. The environment has become favorable for the recognition and support of independent providers, and for new contractual arrangements between independent providers and public authorities.

For those who choose to look beyond standard leasing or licensing formulas and who are willing to give independent providers an incentive to invest in all forms of facilities drainage, standpipes, suction trucks, and sludge processing plants — there are a number of options. Constraints which limit the flexibility of operations are to be avoided, including administrative procedures, expropriation without compensation, punitive fines and





harassment. An effort should be made to limit the extent of unfair competition from subsidized public enterprises.

This does not mean a reduction in the public sector's role, but rather a refocusing on regulatory functions in line with the interests of consumers:

- Financial and technical audit.
- Creation of coordination mechanisms at the municipal and submunicipal levels, with a new look at regulations to make them more realistic and practical in light of actual conditions in the unplanned peri-urban areas.
- Increasing professional awareness and networking through the formation of trade and professional associations.



Competition is a much better way to ensure fair rates and efficient service than administrative supervision

The country-specific surveys on which the study is based may be obtained by contacting the individual consultants, who carried out many interviews and encouraged networking and formation of professional associations of independent providers.

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