

Strengthening Local Authorities to better meet the water challenge

By
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Introduction

Access to regular and sufficient supply of funds for investment in infrastructure and management of clean water and sanitation services is the key to meeting MDG 7 target 10 and the environmental goal of sustainable development. To “*reduce by half the proportion of persons without access to safe drinking water, and to reduce by half the proportion of people without access to basic sanitation by 2015*”, is a daunting challenge which strikes at the core of survival of humanity.

The Camdessus report has summarized nearly a dozen global meetings that mark the path of evolution of a global consensus and understanding of the problems of the water sector. These have indeed brought the water challenge to the eye level of the global community. However, the best of these marks have remained nice reports and proposals followed at best by well crafted and well intentioned budgets and signed agreements even with funds disbursed, stopping short of making a visible impact on the lives of the teeming poor in human settlements.

The depravity and sense of urgency created by the lack of basic services is most felt at the local levels, yet the overwhelming nature of the problem can be more manageable when seen through the prism of local governance and community involvement. Even for water and sanitation as a single sector, local planning and investments that are determined by local priorities and demands should drive mobilization. This requires that development goes beyond watching and analyzing macro-economic trends at the regional or national levels to work with municipal authorities where local democracy provides fertile ground for innovative ways to articulate and satisfy people’s demands. Yet the municipalities and local authorities which are the frontier sphere of power are often weak and institutionally disabled.

The multifarious problems which the MDGs seek to address cannot obviously be tackled in isolation from the broader remit of management of national development, nor from the wider macro-policy level environment of decision-making. In the context of service delivery, the Habitat Agenda argues for more focus on the human habitat, more support for local processes of governance and decision –making and a bigger role for the community in service provision. Ultimately, this is where the difference between failure and success lies in addressing the challenges of poverty and reversing the increasing vulnerability of human settlements.

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All actors in the development field need to recognize the strategic place of local authorities as drivers of sustainable development at the frontier closer to the people. They deal directly with the associated daily challenges and should therefore be empowered to drive development and globalisation through local plans and local actions. At the global level, the united voice of local authorities such as the United Cities and Local Authorities (UCLG), and this should be given global listening at the international meetings that mark benchmarks in global strategy for attainment of the MDGs. UN-HABITAT by its mandate has since Istanbul Conference supported the decentralization process and the promotion of local authority representation at international fora.

Constraints

Decentralization has been recommended as a tool to strengthen local authorities for more effective service delivery, but the devolution of functional responsibilities has presented local governments with a major challenge compounded by adverse economic political conditions. The process, especially in many African countries is either faulty or incomplete as the elements required for successful reform of municipal services have not been put in place to a significant extent. Municipalities are therefore faced with a mismatch between their newly acquired responsibilities to provide services and fund capital improvements and a lack of control over their revenue sources.ⁱ This situation is now beginning to improve gradually with rise in locally generated revenue in some countries e.g. Burkina Faso, where the dependence on transfers is down to zero.

Financing water infrastructure means spending cash to procure long term physical assets. This can be afforded only when the municipality is credit worthy and can access money market beyond the budgetary transfers from central government. For a local government to be able to invest in assets that are financed by long term loans, it must yield budget surplus for several years running. In many countries, local authorities do not have much control of their most revenue yielding resources, and are thus unable to build an attractive credit profile for the money market.

Local governments are commonly fraught with poor performance due to weak internal structures, lack of funds, lack of technical capacity and experience, and poor levels of representation. Inadequate governance at the local level affects the poor in many ways, often exacerbating the problem of exclusion. Weak participation means that the poor do not have a choice in determining their own development needs and prioritiesⁱⁱ. Compounded also by the unwillingness of higher levels of government to allocate local institutions the resources and revenue-raising powers they need to become more effective, a resulting high level of by stander apathy sets in, which accounts for the rapid decay and breakdown of service infrastructure that is 'delivered' to the poor.

Bureaucratic, complex and non-transparent municipal administrative practices lead to lower revenues, which in turn results in lower expenditure on social programmes that benefit the poor. Non-responsive allocation of resources can lead to disproportionate spending on the priorities of the better-off rather than those of the poor. Non-transparent land allocation practices push the poor to the urban periphery and hazardous areas prone to earthquakes, landslides and floods, depriving them of secure access to major productive assets. Moreover, poor women are even more severely affected by these phenomena as they often shoulder the major burden of household responsibility and are more vulnerable to exploitation

In theory, the optimization of service delivery in every service sector may be a complicated balance in operations management, but in practice, it is a political problem that local authorities have to handle. Their inability to organize, plan and manage the investments needed to generate controlled growth often leaves room for corruption, and waste of meager resources. To succeed, they need a clear legal and institutional framework in which their rights and responsibilities vis-à-vis the citizenry, the state, and private enterprise are clearly defined.²

If the infrastructure of most municipalities is to be improved, the problems surrounding their inability to raise investment funds from their national capital markets must be seriously confronted. These problems are fivefold:ⁱⁱⁱ

- Ownership of, and identification with the local government by citizens especially the wealthier ones, is weak. Often times they run parallel systems which saps away rather than enrich the municipality;
- Lack of democratic culture with respect to consultation and consensus building with the majority before raising funds to pay for bonds that may be floated;
- Low capacities to collect taxes that are required to generate surpluses to pay for the capital raised ;
- Statutory transfers have created a culture of dependence on central governments thus making it difficult for most councils to raise from capital markets,
- Weak information base on rateable properties, entities, etc, due to poor development or total absence of cadastres and registers.

These are some of the problems which will have to be resolved for real development to take off at the local level.

Solutions

The Camdessus report makes an impressive listing of sources of funds for water. Yet it is a marvel that the majority of citizens in the cities of developing countries are going without supply, or descent sanitation. In order to improve the performance of funds allocated for water supply and sanitation at the municipal level, it is important to consider and understand 3 sets of interdependent and mutually reinforcing sub-systems at the municipal level:

- i. The Municipal finance system. This includes analysis and assessment of the planning and budgeting process, as well as the financial management of resources; local external revenue sources, such as taxation of property, taxation of income, taxation of good and services, charging for services rendered, income-generating enterprises, borrowing and central government allocation, as assessed against the basic public financial management criteria of adequacy, elasticity, equity, administrative feasibility and public acceptability.
- ii. Existing system of developing and maintaining urban infrastructure and services. This includes water supply, sanitation, roads, public transport, electricity, education, health and public markets, and assessing the performance of these systems against basic criteria such as : balance of centre-local responsibilities, effectiveness – in terms of quantitative adequacy of supply and degrees of access by different socio-economic classes or equity, efficiency – in terms of the application of resources, quality – in terms of the physical

² UN-HABITAT and UNITAR (2004) Access to Basic Services for All: Towards and International Declaration on Partnerships.

standard of services/infrastructure and reliability of use, and sustainability – in both environmental terms, where appropriate, and the socio-economic ability of local authorities to continue provision and maintenance with little assistance.

- iii. *Adequacy of local governance systems*. This is measured against criteria such as centre-local relations, democratic elections and representation, the rule of law, transparency and accountability, participation and inclusiveness, gender balance and mechanisms for accommodating civil society organizations and partnerships between local authorities civil society organizations and the private sector.

The governance framework which under girds the first two set of sub-systems determines the efficiency with which finances allocated will be effectively applied to reach the target group. The social basis of public policy should be clearly defined, with known and quantified expectations, which are the prerequisites for effective service delivery.

Integrated Planning and Budget Support

Sponsoring local capacity building institutions is an effective mechanism fostering the achievement of MDGs. A significant approach to strengthen the local governments for the attainment of the MDGs is to secure their finance base to be more stable, predictable, and sustainable while empowering them to manage their development plans within the broader framework of national development goals. To stem the heavy dependence on central-local transfers, countries' budget support programmes should aim to strengthen the local government budget structures as well. This is best done by integrating the MDGs and all donor sponsored programmes into the national poverty reduction frameworks. Budget support process should not stop at the national level, but should go deeper to the local authorities and even community unit structures.

UN-HABITAT's Water and Sanitation Trust Fund

In May 2003 the Governing Council approved a Water and Sanitation Trust Fund to support the Water for Cities Programme of UN-HABITAT. The fund is supported by Netherlands, Canada, Norway, Sweden, and there is a growing interest from other partners. The Water and Sanitation Trust Fund is an innovative approach that coordinates the thematic priorities of donors with the broad programmatic methods required in integrated human settlements management. It channels relatively stable funds into areas where they are much needed such as capacity building, and local institutional support and sustains country interventions long enough to provide a confidence building platform. It deepens the support process from the usual upstream activities and processes to the local councils and their community groups such that the skills for community relations, mobilization, information dissemination and infrastructure services maintenance are well inculcated in the citizens. The approach includes strengthening the participation of municipal engineers, local government departments of sanitation, while the over all budget for the intervention is shared in a portion of 70:30 with government. In turn the government shares its contribution between central, local and community levels. This not only brings the central governments in direct appreciation of the local challenges, and ensures direct targeting of the poor in an institutionally secure and sustainable policy environment.

Training and Capacity Building

Through the multi-donor supported Water and Sanitation Trust Fund, UN-HABITAT is building capacity of municipal managers and utility operators from middle to senior to top level managers

in a cascaded double cycle structure of training. It is hands on through their real on-going programmes and has a bottom up and top down feed back loops (see fig). The first phase which was implemented in 6 cities was concluded in August 2005 and about 120 managers in three levels from different related ministries and agencies were trained. The second phase is about to commence in 17 cities including the first 6 who now become peer leaders in the course. At the end of the second phase in 2008, it is expected that over 500 practitioners in the water and sanitation sector would have received training to equip them essentially for pro-poor service delivery to operate in a multi stake holder environment. In this second phase, we are deepening the base of training to include community representatives and CBOs. In addition to country programmes that work with municipalities to target selected poor communities in capital cities, the direct hands on work of UN-HABITAT in small towns of Lake Victoria region, provides a test platform for dealing with the real challenges of meeting the MDG target 10.

Institutional Strengthening of Local Authorities

Many past attempts to sustain improved water and sanitation services in urban centres have failed as attempts to provide supportive capacity-building was not clearly thought out in the planning stages of the design of the systems, and merely a token attempt was made for capacity-building and still less effort was made to anchor the newly developed capacity in local or regional institutions. The resultant lack of human resources and capacity to operate and maintain the existing systems (where they do exist) is but one of the main reasons, out of a number, that has led to the non-functionality of WATSAN services in urban areas, especially in the slums.

Furthermore there are many dynamic NGOs and community groups at the local level with fresh ideas, but there are few linkages with city-level government, meaning that good practices are seldom replicated or properly evaluated with respect to their impact on local government systems.

The Trust fund supported LVWATSAN initiative in Kenya, Uganda and Tanzania is seeking to develop the right balance between investments on water and sanitation infrastructure in the secondary towns and capacity-building at the local and regional level, based on a needs assessment to be conducted in the three countries

Specifically, the capacity building efforts is focusing at the following levels:

- Advocacy and awareness raising at all levels
- Local service providers in the areas of business plan development, financial management (including tariff setting), technical management including O&M and demand management
- NGOs and CBOs in the areas of community mobilization and partnership-building with local authorities
- Local authorities in the areas of solid waste management, drainage, health and hygiene education in schools and communities
- Water resource management authorities at local and regional level in the area of water quality management (to be coordinated with other ongoing donor initiatives mentioned elsewhere in this document)
- Regional Water Service Boards etc. in the areas of regulation, management of local service providers etc.

Pro-poor Mapping and Gender Mainstreaming

A very important key to unraveling the complexity of meeting MDG 7 is not only that local authorities and communities must be empowered to be effective partners, but lies in the opening paragraph of the foreword by Michael Camdessus to the Report of his Committee – i.e that the injustice to women must be addressed. In working with local authorities, UN-HABITAT has come to know that until, and unless the needs of women are sensitively addressed within the

overall context of community needs, and their potential unleashed in the search for solutions, in providing water and basic sanitation – the dream of MDG 7 target 10 will continue to elude us, and other goals stand threatened as well. That is why since 2004, the agency has embarked on a bold effort by going beyond expert group meetings and reports, to hit the field in 17 African Cities, 4 cities in Mathya Pradesh in India to conduct a rapid multi-stake holder, participatory rapid gender assessment of public utilities and institutions concerned. The goal was to identify the gaps of gender equity in the institutional structure, the delivery mechanisms, set standards, tariff structure and the budget processes of the utilities. The results of these assessments were then synthesized in a consultative and participatory workshop during which action plans were drawn up and strategies developed. These tools are integrated systematically into the main programme designs and project implementations in the cities.

We have also used pro-poor mapping to identify where the poor live and to measure their vulnerability and special needs, in order to better design strategies to support them, including raising their awareness to what they can do themselves. All these present operators in the sector with a challenge of a paradigm shift. Through pro-poor participatory and consultative governance approaches, sanitation services and water supply and sanitation services are being provided in the poor quarters of the cities by deliberately promoting the different needs of men and women through choice of technology, water demand management approaches, and decision-making structures.

Partnership

In the Water and Sanitation Trust Fund, UN-HABITAT pursues partnership as the key strategy for leveraging more funds and expertise for the water and sanitation sector. With a modest sum of USD 10.44 million, we are partnering with the African Development Bank to leverage USD 206.89 in grants and an expected follow up investment loan of USD362.33 million. Thus a total USD500m in loans and grants are coming into 14 countries over the next 2 years. Through such partnerships, a synergy is built to ensure sustainability. UN-HABITAT executes the soft components like training and capacity building, public awareness and advocacy, community mobilisation and value based water education. These are backed up by piloting, demonstrations and special regional initiatives, to draw lessons and establish norms and principles. Without the soft components, the heavier infrastructures hang as a discordant system to the community who are not usually well prepared to own them. On the other hand, left only with a highly sensitized, mobilized and trained people without the follow up investment, expectations remain un- met and disenchantment sets in.

The partnership approach as demonstrated in Africa and so far is profitable in the following ways:

- it leverages more funds into the sector
- builds more confidence and ownership in the beneficiaries
- it builds economies of scale in use of human and financial resources
- it stabilizes the community and build bridges
- it creates positive spill over into other spheres e.g income-generating activities, health, social, security, safety, productivity, peace and development
- it enhances a win-win profile of intergovernmental relations. Managing the funds at country level necessitates clear role definitions and negotiation of proportionate involvement by the community, sub-national and national governments.

Gaps observed so far. The role of private industries and commercial outfits is still grey especially where the water services are not yet privatized and the public management systems are weak in collecting rates

or curbing unaccounted for water. As a stop gap, and as found appropriate independent water vendors are streamlined and strengthened to play a critical interface between the utilities and the communities and local authorities. However evidence now abounds that with some support from the development partners, and strong political leadership, it is possible to turn around utilities to perform profitably without necessarily private

Table 1: UN-HABITAT Trust Fund- Resource Deployment in some African Cities

Country	UN-HABITAT (U\$)	Government (U\$)	Other Partners
Cameroon (Douala, Yaounde and Edea)	787,600	495,066(36%)	AfDB, ENDA Tiers Monde (\$69,200)
Ghana (Accra)	1,326,150	284,600	AfDB, World Bank, Water Aid
Mali (Bamako)	898,275	363,846 (29%)	AfDB, Water Aid
Nigeria (Jos)	1,199,741	740,000 (39%)	Water Aid (\$55,000)
Burkina Faso (Ouagadougou)	811,000	310,000	AfDB
Ethiopia (Harar, Addis, Dire Dawa)	1,024, 260	594,490	AfDB
Uganda (Kampala)	823,000	177,000	KfW

Recommendations

Central governments will make a big difference in empowering their local authorities through constitutional and legislative provisions. The UCLG as the umbrella and the voice of the local authorities through their regional and national chapters are veritable advocates for channelling funds to the water sector at the local level. While not dispensing of national (or Federal) guarantees necessary to ensure accountability, every thing must be done to build their capacity in applying the funds in a more effective and sustainable manner. Most local authorities in Africa need support to apply for such funds as the ACP-EU Facility. . The UCLGA must thus rise to prove a veritable channel of representation and negotiation for local authorities at the central government and global level.

The notion of ‘sustainable development’ needs to be made operational, rather than just a normative and rhetorical objective of governments and visionaries. The task of mobilising finance should not simply be intended to have more resources to extend current water network, but rather to change the production and consumption of these services in the direction of methods. Costs and impacts that can enhance the sustainability of cities especially alleviate the suffering in the slums. The Local authorities should thus be actively integrated in the PRSPs.

Water policy and upstream decisions should not be alienated from the local authorities in whose domain the resources lie. They should thus be actively involved with integrated resources management – form conservation, to pollution control to storage and distribution. The central government commissions charged with these responsibilities could gain much in discharging their duties and meeting their targets if they forge a strong link with the local authorities concerned.

Transparency and Accountability

A growing demand for accountability and transparency in municipal budget has accompanied political and fiscal decentralization. There has thus been a marked trend for more vigorous financial management, clear procedure for allocation of resources and the participation of residents in decision affecting their communities.

Transparency International highlights that “a triangular relationship exists between government, capital and civil society. Corruption can take root in all three parties to the relationship. It is thus both theoretically and practically impossible for one party to address the issue of corruption on its own and in isolation from the other two –arguably, it is impossible to tackle the issue effectively without the participation of all three”^{iv}

Private Sector

The debate about the role of private sector is on-going, but it is now become clear that their role should be managed not by a one size fits all approach, but through a variety of more flexible private –public partnerships. This should go beyond multinational companies to encompass local domestic companies, small scale vendors and community – base organizations. Effective private sector participation will succeed only if there is a pro-poor governance framework in place, for which the pre-requisites are clarity, transparency, definitions, information, free choice, confidence and local democratic structures.

While municipalities must adopt global development goals and strategies, they must be supported to build their own local participatory space. Unless the inequities generated by globalization, decentralization, central-local fiscal relations, and the dynamics of urban growth are addressed, the sustainability of urban development and water and sanitation services delivery, primarily in the south will remain highly problematic.

In this context, our challenge in the field as professionals is to understand what the people want at their level and to translate that into sustainable plans which they can own, implement, and maintain. Information to the people is where the power lies. If they are well informed, they can stop most any project that does not fit, or hold a public figure up to a failed promise.

ⁱ World Bank (1995) Better Urban Services.

ⁱⁱ UN-HABITAT Tools to Support Transparency in Local Governance. Foreword by Anna Tibaijuka, Executive Director of UN-HABITAT

ⁱⁱⁱ Professor Akin Mabogunje(1995) The Development of Municipal Bonds In African Capital Markets. In Expanding Investment Frontiers in Africa, A Colloquium organized by Accra Metropolitan Assembly.

^{iv} Eigen ,Peter (1977) The role of Civil Society, in UNDP (1997), Corruption and Integrity Improvements in Developing Countries.