



# Practitioner Note Series:

## Making Innovation Work Through Partnerships in Water and Sanitation Projects

**Authors** Jeremy Colin and Harold Lockwood

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*Providing water and sanitation services in poor communities is technically, socially and politically complex. Traditional methods of working may be either unaffordable or inappropriate to the situation. Incentives and motivations for undertaking such work may also differ from service to the non-poor. As a consequence, actors working in poor communities often must find new technological and institutional solutions to achieve their pro-poor goals. Partnership approaches may facilitate such innovations.*

*This Note draws on the experiences of eight BPD focus projects,<sup>1</sup> which have developed a range of alternative solutions for the delivery of cost-effective services to the poor. It examines how and why the approaches were developed, assesses their potential for replication and considers how tri-sector partnership has contributed to their evolution.*

### **Innovative approaches in BPD projects<sup>2</sup>**

The term 'innovative approaches' has no strict definition; it simply refers to approaches to service delivery that are substantially different to those used prior to project intervention. Though most of the approaches studied serve urban or peri-urban communities, they differ widely in terms of institutional arrangements, size and

objectives. Four out of eight involve some degree of technical innovation while others focus on models of management, billing and user payment. Some form part of a much larger programme and not all involve 'conventional' tri-sector partnerships:<sup>3</sup> in Port-au-Prince there is no major private sector partner, while in La Paz-El Alto and Jakarta there is no NGO. In some cases, the focus project itself constitutes an innovative approach. In others, the focus project has produced a variety of innovations, only one or two of which are considered here.

### **Outcomes and added value**

Most of the approaches have had notable success in developing viable services for the poor, especially in terms of accelerated expansion of water supply coverage; improved maintenance of tertiary infrastructure; reduced vandalism; affordable charging and payment regimes; and improved recovery of operation and maintenance costs, though not capital costs. Some have also produced benefits beyond the sphere of water and sanitation, for example, the creation of stable 'social infrastructure'<sup>4</sup> in project slums in Haiti. Only one innovative approach, the introduction of standpipes with electronic pre-paid meters in the South Africa BoTT Programme, has struggled to produce any benefits though it still provides some valuable lessons in service design for the poor.

### **Common themes in the innovative approaches**

Though the partnerships and the innovative approaches differ widely, common themes offer

<sup>1</sup>The Cluster supports partnership-oriented research on specific project themes (cost recovery, education and awareness, etc.); creates forums where sector specific (civil society, public and private sector) benefits and challenges are debated; and documents the evolution of the partnership in each specific focus project.

<sup>2</sup>For further analysis of the individual projects, please refer to the full report which can be found on the BPD website – <http://www.bpd-waterandsanitation.org>

<sup>3</sup>Many of the current Cluster partnerships see an international private operator working within a structured partnership together with national or local government (often municipalities) and either NGOs or local community structures.

<sup>4</sup>Reducing conflict and violence within the shantytowns by building up a sense of community, and improving the capacity of the community to manage its own affairs.

clues to the essential ingredients of pro-poor service design. These include:

- 1) **Progress through innovation.** Developing a partnership culture has been a vital ingredient in the development of effective innovative approaches. The scope for innovation depends, however, on the flexibility of the regulatory environment.
- 2) **Customer-orientation.** Project partners have recognised the value of communication and consultation with poor consumers to inform design of the new approach and develop a customer-client relationship in which both parties have rights and obligations.
- 3) **Community participation.** Several projects promote active community participation in the development and management of innovative approaches.
- 4) **Pro-poor institutional arrangements.** Several of the service providers and/or the partnerships within which they work have undergone significant change in order to become more effective in serving the poor, including:
  - making the service provider accessible to poor consumers, for example, by establishing special units for poor consumers and/or setting up decentralised customer service outlets close to poor settlements; and
  - adopting holistic approaches that avoid a rigid division of ‘social’ and ‘technical’ functions.
- 5) **Promotion, education and awareness raising.** All of the innovative approaches have an education and awareness component. Most promote consumer rights and obligations; some also include hygiene education.
- 6) **Moves towards financial viability.** The new approaches recognise the need for services to be both affordable to poor customers and financially sustainable for the service provider.

### Incentives to innovate

Most of the approaches were developed to address specific problems that could not be resolved through conventional approaches to service delivery. These included low coverage in, or exclusion of, poor settlements; poor cost recovery associated with poor customer relations and inappropriate billing; the need to reduce capital costs; the need for services to be affordable to the very poor; and the slow pace of conventional development.

Such problems are familiar in less developed countries but rarely resolved; a common response is for the service provider to focus on serving middle and high-income areas where

Innovative Approaches in BPD Focus Projects	
<i>Buenos Aires, Argentina</i>	Participative water service (community labour in exchange for house connections; shared connections).
<i>La Paz-El Alto, Bolivia</i>	Condominial water supply and sewerage (low-cost technology, communal connections).
<i>Cartagena, Colombia</i>	Billing, payment and collection methods tailored to the needs of the poor, enabling easy payment.
<i>Port-au-Prince, Haiti</i>	Community-managed standposts.
<i>Jakarta, Indonesia</i>	Installation of tamper-proof meters.
<i>Dakar, Senegal</i>	Community-managed standposts.
<i>BoTT Programme, South Africa</i>	Communal standpipes with electronic pre-payment meters (individual users purchase tokens which slot into meters to release water).
<i>KwaZulu-Natal Pilot Project, South Africa</i>	‘BPD Stand’ (marketing an indoor water tank). Development of Customer Management Approach.

infrastructure already exists rather than investing in poor settlements. In the focus projects, however, a variety of incentives led partners to tackle services for the poor directly (as well as to innovate and to seek partnership), including:

- 1) **Contractual obligations.** In concessions where explicit targets had been set regarding services for the poor, operators faced penalties if they failed to increase the speed of infrastructure development.
- 2) **Financial considerations.** Operators lost revenue if they failed to improve cost recovery.
- 3) **Policy obligations.** Some governments adopted an explicit pro-poor policy. In South Africa BoTT, decentralisation of responsibility for water supply to local government and a poor history of payment for services made the prospect of pre-payment technology very attractive to municipalities concerned about their financial burdens.
- 4) **Commercial need.** With large-scale private sector participation still relatively new, most operators are on a steep learning curve and, if they are to succeed in this market, need to establish their credibility in developing services for large, predominantly poor, unserved populations.
- 5) **Local political imperatives.** In both Cartagena and La Paz-El Alto, municipal governments were keen to be seen responding to

### Understanding Incentives

In the ‘eau populaire’ project in **Dakar**, the NGO ENDA’s main incentive is the opportunity to secure viable services for the poor. The private operator, whose income is based on a volumetric flat rate, also has an incentive to increase the number of standposts and introduce a more flexible billing arrangement since both would help to increase its income. The operator does not, however, have the power to install tertiary infrastructure or to modify the billing system; these functions remain with the public utility, SONES. SONES’ revenue is based on a tariff structure that produces little income from standposts. Though there is significant political incentive, there is little financial incentive for them to develop services for the poor.

### KwaZulu-Natal ‘BPD Stand’

In a low-cost housing project in Pietermaritzburg, each property was provided with an outdoor, 200 litre trickle-fed water tank. Residents raised complaints relating to drainage, heating by the sun, and the fear of tampering due to the siting of the tank outside. With the community, the project team modified the design so that the tank was housed indoors on a steel support structure, feeding an indoor tap and wash basin with an outlet pipe discharging to a soakaway outside. The indoor stand was piloted in one neighbourhood and proved both popular and cheaper than the previous arrangement.

electors’ demands.

6) *Civil society concern* for the needs of the poor. In Dakar and Port-au-Prince, NGOs initiated the projects in response to demand from slum communities.

Experience from the focus projects suggests that solutions to service delivery problems can be found where there is real pressure to do so. This highlights the importance of getting the incentives right when undertaking macro reform (particularly in making private sector participation pro-poor) and developing an enabling context for partnerships. Furthermore multi-sector partnerships

must be well-designed in order to properly incorporate (and possibly strengthen) these incentives.

### Impact of external environment

The development of innovative approaches has, in many cases, been affected profoundly by the external environment, which may foster or constrain success. The **policy context** can be pivotal. Pro-poor government policy can be a driving force behind the development of a new approach, but can also make an approach redundant.<sup>5</sup> Political instability, however, and the politicisation of service provision overshadow the operating environment in several of the focus projects.

Where there have been **institutional** obstacles to the development of innovative approaches, the most difficult problems have generally

originated not with civil society or private sector partners, but with municipal authorities, who have proved less willing than other partners to deviate from standard approaches, perhaps fearing they will be (or perceived to be) second class solutions.

For those innovative approaches developed within concessions or management contracts the scope for innovation is to a

large extent set by the **regulator** who has, in some cases, been flexible and allowed some deviation from existing norms. Rigid technical standards, caps on fees and tariffs and inflexible billing regimes have, however, proved a major stumbling block in some projects. At the opposite end of the spectrum, the absence of a regulator can also be a constraint and exacerbate local problems of political interference and instability.

**Social factors** can have a profound effect on the development of innovative approaches. Most of the populations served are neither homogenous nor stable and this creates huge difficulties in the planning of communal services. Considerable effort was needed to overcome mistrust of external agencies, low willingness to pay, opposition to large-scale private sector participation, high public expectations and/or resistance to unfamiliar technology.

### Financial arrangements<sup>6</sup>

In most cases the innovative approach has provided a service that is both cheaper to operate and more affordable to users than that which it replaced, especially where people were previously reliant on water vendors. Developing a new approach through research and piloting, however, incurs costs over and above those associated with normal service delivery and most of the projects used special funds, often provided by donor grants or soft loans. This prompts the question of whether the development of an innovative approach is only possible with external funding; if so, the scope for innovation may be restricted to a few locations. The private company in two of the focus projects has committed substantial research funds from its own global resources. This indicates that, given the right incentives (including the definite possibility for replication), private sector partners may be willing to invest in an innovative approach, especially one that could save them money in the long term.

Measures to improve affordability for users include reduced connection charges, payment in instalments or as labour, decentralised collection, pay-as-you-go systems or frequent billing which obviates the need to save. Some innovative approaches are subject to user attitudes that may change over time, such as a reluctance to pay for standpost water in the South Africa BoTT Programme.

### Working with communities in Cartagena

In Cartagena, the residents of El Pozón come from every part of the country, as well as from various cultural and ethnic groups, and the majority are people who have been displaced from their homes by armed conflict, or the threat of conflict. Education and awareness campaigns have, however, helped to build bridges with residents, overcoming the collective mistrust of external organisations.

<sup>5</sup> For example, in South Africa the Free Water policy made pre-paid meters inappropriate.

<sup>6</sup> See also [Cost Recovery in Partnership: Results, attitudes, lessons and strategies](#), BPD, October 2000.

## Defining roles and responsibilities

Clear (and mutually agreed) roles and responsibilities is often cited as important for collaborative partnerships. Partner roles and responsibilities in the development of innovative approaches are not always formally allocated however; the process has in some cases been more iterative and roles may change over time.<sup>7</sup>

Factors important in assigning roles and responsibilities include: *clarity* - to prevent confusion, duplication or the neglect of important tasks; *flexibility* - project agreements should be sufficiently flexible to accommodate role changes where appropriate; *incentives* - match responsibilities with incentives so that each partner maximises their contribution; *complementarity* - incorporate holistic planning that capitalises on the complementary skills and resources of each partner; and *innovation* - the partnership should operate in a way that allows creative input from all involved.

## The added value of partnership

Innovation has been central to the development of effective new models of service delivery in the focus projects. In each case, multi-sector partnerships have played an important role, providing both an environment that fosters innovation and the resources needed to maximise the potential of new approaches. Partnerships can foster, promote and enhance innovation in several ways:

- 1) *Complementarity*. Partnership brings together organisations with widely differing skills, experience, resources, and access to the community and government bodies.
- 2) *Institutional learning*. Through collaborative ventures, partners learn from each other and can become more productive in their own field; ultimately this benefits poor consumers through more effective service delivery.
- 3) *Developing a common project*. By bringing together service providers and users, a common understanding of how services should function can be developed.
- 4) *The role of personalities*. Key individuals within partnerships make things happen. By the same token, personality clashes can also impede progress. This highlights the importance of institutionalising effective approaches wherever possible, such that they reach beyond individuals into institutions.

5) *Documentation*. Multi-sector partnerships tend to dedicate the resources needed to record and disseminate the lessons learned. Such learning and sharing is often a key objective of the partnership from the outset.

However, not all of the projects have made full use of the opportunities that partnership can bring. The early stages of partnership, where potential partners map the territory (to see who the actors are, what they can offer, what their incentives for being involved are and where gaps may lie) is very important. Such an exercise should also form a part of the planning for innovation, where likely roles and responsibilities are reviewed alongside partnership incentives and structures.

## Mainstreaming Innovative Approaches

The focus projects provide ample evidence that, where conventional models of service delivery have failed, innovation through partnership brings significant benefits to both service providers and poor consumers. Innovation requires increased co-operation and dialogue between the sectors, a wider range of skills and a conducive legislative and regulatory framework.

Overall, the prospects for replication and mainstreaming of the innovative approaches within the focus projects look promising. Innovation may require higher up-front costs and the financial outlay involved in adopting some alternative approaches will clearly be a constraint (although this is rewarded by a reduction in future costs and increased sustainability). Careful consideration thus needs to be given to how these costs are shared between partners and over time. The scope for innovation also depends heavily on the interest of government partners and the degree of flexibility they are prepared to allow in service design.

The principal lesson from the focus projects seems to be to 'begin with the end in mind'. In other words, if replication and mainstreaming are sought, this objective should be the ultimate driver throughout the partnership project.

Series Editor: **David Jones**  
Series Production Manager: **Tracey Keatman**

BPD Water and Sanitation Cluster  
**Prince Consort House**  
**27-29 Albert Embankment**  
**London SE1 7UB United Kingdom**  
info@bpd-waterandsanitation.org  
<http://www.bpd-waterandsanitation.org>

<sup>7</sup> For example, the multi-faceted role of an NGO can vary from that of innovative approach instigator to facilitator to consumer watchdog. [See [NGO Workshop Report](#) and the [Practitioner Note on Contracting NGOs](#), at [www.bpd-waterandsanitation.org](http://www.bpd-waterandsanitation.org).]

