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# KNOWLEDGE FORUM REPORT



## Path to Financial Sustainability for Urban Water and Sanitation Services in Africa

Kampala, Uganda

May 11-13, 2015

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# ACRONYMS

AFORAMO	Association of Private Water Providers (one of the two associations).
AfWA	African Water Association
BOD	Board of Directors
CLA	Collaboration, Learning and Adapting
CSO	Civil Society Organization
EWURA	Energy and Water Utility Regulatory Authority, Tanzania
FSM	Fecal Sludge Management
GIZ	German Agency for International Development
HH	Households
ICT	Information and Communications Technology
IWA	International Water Association
KIWASCO	Kisumu Water and Sewerage Company Limited, Kenya
KfW	German Development Bank
M&E	Monitoring and Evaluation
MDGs	Millennium Development Goals
NRW	Non- Revenue Water
NWASCO	National Water Supply and Sanitation Council, Zambia
NWSC	National Water and Sewerage Corporation, Uganda
PPIAF	Public-Private Infrastructure Advisory Facility
R&D	Research and Development
SDG	Sustainable Development Goals
SSA	Sub Saharan Africa
UWSRA	Uganda Water and Sewerage Regulatory Authority
WASREB	Water Services Regulatory Board, Kenya
WSP	Water Service Provider
WSUP	Water and Sanitation for the Urban Poor

# FOREWORD

USAID's Sustainable Water and Sanitation in Africa (SUWASA) was launched in 2009 with the aim of transforming the delivery of urban water and sanitation services through the application of market based principles and innovative financing approaches for African water providers. Working from the SUWASA Africa Regional Office in Nairobi, Kenya, the program provided technical assistance and capacity building to promote sector reforms and limited financial support for performance improvements as needed to help assure initiative success.

SUWASA has implemented seventeen reform initiatives in nine countries including Ethiopia, Kenya, Liberia, Mozambique, Nigeria, Senegal, South Sudan, Uganda and Zambia. The initiatives cover five broad areas, namely: 1) Policy, institutional and legislative reforms; 2) Regulatory reforms; 3) Innovative financing; 4) Utility level reforms; and 5) Urban Sanitation. Detailed information on the projects can be found at the SUWASA website, [www.usaid-suwasa.org](http://www.usaid-suwasa.org).

SUWASA was designed against a background of a sub-continent struggling to meet the Millennium Development Goal (MDGs) target of halving the proportion of people living without sustainable access to safe drinking water and basic sanitation by 2015. Sub-Saharan Africa continues to experience the highest rates of urban growth in the world with most of that growth occurring in informal settlements with no access to basic water and sanitation services. A burgeoning population, limited financing and capacity at the national and local levels are stressing already weak systems.

The seventeen reform initiatives implemented by SUWASA complement the region's body of reform experience. These experiences from a broad range of country contexts formed the basis for discussion and reflection at the Knowledge Forum in Kampala, Uganda. During the final year of implementation, SUWASA has placed emphasis on communicating the program's work, lessons learned and accomplishments to support scalability, replicability and sustainability in countries across Sub-Saharan Africa.

The 2015 SUWASA Knowledge Forum focused on practical solutions for delivering sustainable urban water and sanitation services in Africa. The main objective of the regional forum was to share lessons learned and provide a platform for discussion on building momentum and moving the agenda of urban water and sanitation sector reforms forward. The theme of the Knowledge Forum was, *Path to Financial Sustainability for Urban Water and Sanitation Services in Africa*, and was held at the Speke Resort and Conference Centre in Uganda, May 11-13, 2015.

## SUMMARY OF PROCEEDINGS

### Organization

The Knowledge Forum gathered more than 130 participants from 22 countries namely, Burkina Faso, Cameroon, Cote d'Ivoire, Ethiopia, Ghana, Kenya, Liberia, Madagascar, Malawi, Mali, Mozambique, Netherlands, Nigeria, Uganda, South Africa, South Sudan, Senegal, Tanzania, USA, United Kingdom, Zambia and Zimbabwe. Among participants were senior officials from government ministries, municipalities and regulatory agencies, utility managers, managers of dedicated funding units, private operators, commercial bank representatives, civil society and development partners.

The Forum was organized in three broad sessions namely (i) an opening plenary with key note presentations outlining the water and sanitation challenge in Africa as well as opening speeches from USAID and the Government of Uganda; (ii) five thematic areas each comprising three presentations in plenary followed by three break out work groups focusing on the three sub-themes led by a three member panel and a plenary report back session; (iii) a closing plenary for final observations, remarks and key conclusions. All presenters and panelists are listed in Annex 1.

The summary highlights key challenges addressed as well as lessons learned and proposals for moving forward.

### Opening Session

#### **Welcome and introduction, Dennis Mwanza, Chief of Party, SUWASA**

Objectives of the Knowledge Forum:

- Share lessons learned in the design and implementation of urban water and sanitation sector reforms;
- Provide a platform for discussion on building momentum for reforms;
- Identify opportunities and partners that can move the agenda for urban water and sanitation sector reforms; and ultimately;
- Share lessons on how the sector can assure sustainability of the gains achieved in implementing reforms over the past few years.

#### **Key Note Presentation 1: The challenge of water services in the face of rapid urbanization by Chris Heymans, Sr. Water Specialist WSP/World Bank**

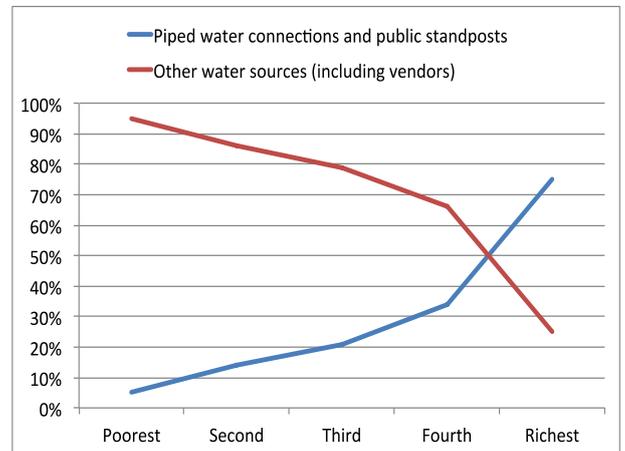
**Sub-Saharan Africa is urbanizing fast off a low infrastructure base:** The rate of urbanization in Sub-Saharan Africa is the fastest in the world. Urban population is growing at 5.8 percent per annum and is set to double by 2030. Over the period 2015 to 2025 the population of African cities will expand by 30 percent on average with several outliers projected to expand by more than 60 percent, notably Nairobi and Dar es Salaam. It is estimated that by 2050, there will be 40 cities with more than 1 million people including four large cities with more than five million and two mega cities above 10 million. A large share of the increase will take place in unplanned settlements and in slums which is where over 50 percent of the urban dwellers live.

While the process of agglomeration increases productivity and opens opportunities, such growth poses major service delivery challenges. These challenges have to be faced from a

situation of dependence on limited and unreliable public grants, poorly performing utilities, and limited networks that disproportionately favor the rich.

**Focus on the quality of access for the poor:** A better understanding of what makes for the quality of access to improved water facilities, has brought into focus the fact that there is a strong correlation between utility performance, access for the poor and network extent.

While access to “improved water” has increased significantly in Sub Saharan Africa (SSA) over the last 20 years, access to piped water on premises has not kept pace. Less than 20% of people living in Africa have access to piped water network. The number of households (HH) connected to the network has almost doubled but they account for a smaller percentage of the population. Hence, the limited water networks are accessible mainly to the rich. The poor incur higher costs for carted water of unclear quality both in terms of health hazards and high price charged by water vendors.



Improving the quality of access in slums calls for tackling the **challenges of informality**.

The creation of pro-poor or peri-urban units (as done for example in Kampala, Nairobi and Lusaka) has enabled utilities to launch dedicated efforts to tackle issues that affect the poor. This approach however carries the risk of “ring-fencing” poverty and failing to integrate the poor in the overall service strategies.

**The need for integrated city-wide approaches:** It has to be recognized that poorer areas do not exist in isolation and have to be integrated in citywide plans and programs for the benefit of the entire city.

**The challenge of sanitation:** Sewer access stands at less than 10 percent in urban Africa. Most urban dwellers, and virtually all poor people, rely on on-site sanitation (i.e. latrines and septic tank systems). City-wide strategies are needed to provide systemic service delivery strategies covering fecal sludge management, sanitation for low-cost rental accommodation and better use and expansion of sewerage systems.

**The challenges of small towns:** Small towns are the cities of tomorrow but they have been neglected by national governments. Traditional approaches to water supply planning lack the flexibility required to introduce appropriate technical standards. Decentralization and devolution of responsibility of water supply to towns presents a challenge of how to combine economies of scale through clustering with local accountability and autonomy.

The seven attributes of a successful water utility in Africa:

1	<b>Accessibility of services</b>	Access through the utility piped network Access to affordable, safe sanitation, with waste safely managed
2	<b>Safety</b>	The water supplied is safe to drink (potable), with appropriate sampling, testing, reporting and verification systems in place
3	<b>Sufficiency</b>	The volume of water provided is sufficient to at least meet basic health requirements; i.e. 50 liters per person per day in an urban settings.
4	<b>Reliability</b>	The water is continuously available, with few supply interruptions of limited duration.
5	<b>Cost-effectiveness</b>	Resources are used both effectively and efficiently
6	<b>Sustainability</b>	City-wide strategy to ensure that the utility has adequate resources to operate, maintain and replace infrastructure and meet its goals on a sustained basis over time
7	<b>Transparency &amp; responsiveness</b>	The customer has access to information on the utility's activities, its finances and its performance, and the utility is responsive to customers.

**Key Note Presentation 2: Prioritizing financial sustainability for urban water & sanitation services in Africa by Heather Skilling, Sr. Water & Sanitation Adviser, USAID**

USAID's Sustainable Water and Sanitation in Africa (SUWASA) was launched in 2009 with the aim of transforming the delivery of urban water and sanitation services through the application of market based principles and commercial financing approaches for African water providers.

Over the last five years SUWASA has operated in nine countries: Ethiopia, Kenya, Liberia, Mozambique, Nigeria, Senegal, South Sudan, Uganda and Zambia. SUWASA country interventions ranged from policies and laws, to tariff, to corporatization, financial products and investment plans. SUWASA recognized the link between investments and reform. In all cases SUWASA was not looking for quick wins but for ways to strengthen the sector by focusing on building of country systems and frameworks able to sustain services and expand services over the long-term. In each country the entry point was selected on the basis of conversation with the respective Governments on where SUWASA might help to unlock sustainable service delivery.

SUWASA interventions were predicated on the fact that utilities cannot perform their role effectively unless they can rely on a continual cycle of financing including revenues from water sales, private sector, government budget, as well as, development partners. Stimulating financial flows will be critical as development aid is expected to provide only US\$ 6 billion of the total US\$ 27 billion required to reach the Sustainable Development Goals (SDG) by 2030. This is from a situation where in 70 percent of African countries, water tariffs do not cover O& M. The challenge will have to be met against the tides of population growth, urbanization, and climate change. SUWASA accomplishments range from stronger regulatory frameworks in Zambia and definition of one in Uganda and, new commercial finance flows in Kenya, and a changed utility culture in Nigeria.

The Knowledge Forum is SUWASA's response to USAID's desire to share the approaches developed and lessons learned over the last five years with sector practitioners and partners from across Sub-Saharan Africa. The Forum is an opportunity not only to share but as well to enrich the lessons from SUWASA with other sector professionals' knowledge and experience.

USAID is extremely grateful to Development partners that have worked with SUWASA in not only designing the Knowledge Forum but also making presentations based on their immense experience in urban water sector reforms.

### **Opening Remarks, Leslie Reed, USAID Mission Director, Uganda**

The work of the USAID/Uganda Mission is guided by the CLA approach, "Collaborating, Learning and Adapting", predicated on the belief that development efforts bring change more effectively if they are coordinated and collaborative, if they innovate in a continuous search for improvement.

By 2025, more than half of the population in Africa will be living in urban areas and the current level of about 550 million urban residents will increase to about 700 million. Urban growth in Uganda stands at almost 6 percent per annum. Uganda has the highest fertility rate in Sub-Saharan Africa and more than half of its population is under 15.

If current trends prevail in Africa, the large majority of urban population will be poor and living in unplanned or informal settlements with limited access to safe water and hygienic sanitation services.

SUWASA is predicated on the belief that accelerated progress in urban water services will require reform with a focus on reaching financial viability combined with investments in rehabilitation, upgrading and capacity expansion with long term sustainability built in from the beginning.

In Uganda, SUWASA supported the Directorate of Water Development, in designing a regulatory framework for the urban water sector. This was done in close collaboration with GIZ. SUWASA provided technical assistance and capacity building as well as limited financial support for infrastructure improvements.

The Knowledge Forum is a further opportunity to collaborate, learn and adapt our approaches by sharing lessons with decision makers at central and local levels as well as development partners thereby providing a platform for steering the African urban water sector towards financial sustainability.

As SUWASA comes to an end, the Forum provides an opportunity for partners to seize up the work done and take the baton from USAID in moving the agenda of transforming the delivery of urban water and sanitation services on the continent.

**Official Opening Address**, Hon Prof. Ephraim Kamuntu, Ugandan Minister of Water and Environment, **Minister of Water & Environment** (Delivered by Eng. Dominick Kaboutse, Commissioner Urban Water and Sewerage Services, Ministry of Water & Environment)

The Knowledge Forum comes at a time when Uganda's water sector is in the process of establishing an autonomous regulatory agency (Uganda Water & Sewerage Regulatory Authority; UWSRA) for which the legal framework was developed with the support of USAID through SUWASA. In fact, the Ugandan water sector has been undergoing reform for more

than ten 10 years. The reform started in the late 90's; since then coverage in urban areas has increased from less than 20 percent to 73 percent today while the number of connections grew from 50,000 to 600,000.

The goal in Uganda is to extend access to clean water to everyone. Financial and management autonomy provided the framework under which the NWSC under new leadership was able to undertake internal reform and eventually mobilize funding from partners to expand services. Small scale water supply services in towns are entrusted to private operators. However, when small town water services increase the scale of their operations, NWSC takes over the management of their systems. Water as a business should be able to attract public funds but also private financing. Uganda is waking up to the need to tackle the challenge of urban sanitation through a holistic city-wide approach. Uganda sector actors come to the Forum eager to learn and share their experience.

### **Pathway to Financial Sustainability, Sam Huston: Deputy Chief of Party, SUWASA**

SUWASA shared the reform pathways for water utilities and also for sanitation illustrating the various steps along the pathway to financial sustainability in a series of posters posted on the conference walls as well as through a short video. The pathways capture SUWASA's lessons on the sequence of steps along the reform pathway progressing from poorly performing to reforming and ultimately on to self-financing (at least for O&M) provider of quality services. The pathway for sanitation shows the sequence of steps for implementing a city-wide approach to urban sanitation. The pathways can be found at <http://usaid-suwasa.org/index.php/modules-menu/knowledge-forum-2015>

## **1.0 THEMATIC SESSION 1: GOVERNANCE & ACCOUNTABILITY OF WATER UTILITIES**

This session was aimed at examining ways to improve the governance and accountability for urban water services through the prism of water sector reforms. Three sub-themes were addressed: Regulation and Institutional Frameworks; Triggering, Implementing, Sustaining Urban Water Sector Reforms; and Performance Measurement, Governance and Accountability.

### **1.1 Sub-Theme 1.1 Regulation and Institutional Framework**

*Dr. Dennis Mwanza, Chief of Party SUWASA*

This presentation was aimed at highlighting the value and challenges of regulation. It highlighted the major challenges any regulatory framework should address and also more appropriate institutional framework which depends on the socio-political situation in any Country. While creation of autonomous regulatory bodies promise yielding of regulatory benefits, the final decision depends on the Country context The full presentation can be found a <http://usaid-suwasa.org/index.php/modules-menu/knowledge-forum-2015>

The take away messages from the group discussions:

<b>1.1 Regulation and Institutional Frameworks</b>	<b>Key Lessons</b> <ul style="list-style-type: none"> <li>• Financial and political autonomy necessary for proper functioning of the regulator</li> <li>• Minimum standards that are set for service delivery</li> <li>• Public consultation process/stakeholder engagement when setting tariffs</li> </ul>
	<b>Moving Forward</b> <ul style="list-style-type: none"> <li>• Regulator unit should be self-financing and not too expensive</li> <li>• Regulator needs effective communication strategy (to minimize political interference, e.g. tariff blocking/elections)</li> <li>• Regulator needs policy and legal framework that is pro-poor</li> </ul>

## 1.2 Sub-theme 1.2: Triggering, Implementing, Sustaining Urban Water Sector Reforms

*Roland Werchota, German Agency for International Development (GIZ)*

This presentation tackled the issue of how to trigger, design and sustain an urban water sector reform program. The full presentation can be found at:

<http://usaid-suwasa.org/index.php/modules-menu/knowledge-forum-2015>

The take away messages from the group discussions:

<b>1.2 Triggering, Implementing and Sustaining Urban Water Sector Reforms</b>	<b>Lessons Learned</b> <ul style="list-style-type: none"> <li>• Need for political will and reform champions</li> <li>• Perception of service improvement and investment is important</li> <li>• Reforms are sustained through investment improvement and other interventions</li> <li>• It is important to consolidate information to justify the problem and disseminate this appropriately</li> </ul>
	<b>Moving Forward</b> <ul style="list-style-type: none"> <li>• Reform agenda should be appropriately supported by infrastructure investments and efficiency improvements (government and provider)</li> <li>• Involve customers in order to be behind reforms for sustainability (provider)</li> </ul>

## 1.3 Performance Measurement, Governance and Accountability

*Francis Musinguzi, Regional Technical Advisor, Water Aid, East Africa*

This presentation discussed the need for performance management in the sector. It also provided for the need to ensure that service providers are accountable for their actions especially to the consumers. The full presentation can be found at:

<http://usaid-suwasa.org/index.php/modules-menu/knowledge-forum-2015>

The take away messages from the group discussions:

<b>1.3 Improve Performance Measurement, Governance and Accountability</b>	<p><b>Lessons Learned</b></p> <ul style="list-style-type: none"> <li>• There is need for clarity of monitoring results and harmonization of reporting indicators</li> <li>• Proper feedback mechanisms are critical for establishing trust and to motivate continued monitoring and reporting</li> <li>• Need for clear laws on accountability, including process of appointment and BOD composition (e.g., skills, representation)</li> </ul>
	<p><b>Moving Forward</b></p> <ul style="list-style-type: none"> <li>• Create space for governance and monitor, including institutionalization and time/place for reporting/feedback</li> <li>• Develop performance measures that incentivize action, e.g., express NRW in financial terms rather than percentage</li> <li>• Ensure independence and autonomy of BODs</li> </ul>

## 2.0 THEMATIC SESSION 2: ACHIEVING FINANCIALLY SUSTAINABLE SERVICES

This session was aimed at highlighting key challenges and approaches for achieving financial sustainability whilst also serving the poor. The three sub-themes were Serving the Urban Poor while Achieving Financial sustainability, Putting Water Service Delivery on a Commercial Footing and Improving Performance for Financial Sustainability.

### 2.1 Sub-Theme 2.1: Serving the Urban Poor

*Chris Heymans, Sr. Water Specialist WSP/World Bank*

This presentation discussed various approaches and lessons on how utilities can better serve the urban poor while not compromising their cost recovery approaches. Download the presentation at <http://usaid-suwasa.org/index.php/modules-menu/knowledge-forum-2015>.

The take away messages from the group discussions:

<b>2.1 Serving the Urban Poor while Achieving Financial Sustainability</b>	<p><b>Lessons Learned</b></p> <ul style="list-style-type: none"> <li>• Have detailed assessment and mapping of where the poor/underserved areas are</li> <li>• A government policy should oblige utilities to serve the poor as part of an integrated service delivery strategy for universal services, e.g., water is a human right</li> <li>• The utility should carefully consider the practicality of interventions to respond to the perspectives of the poor on service options, recognizing that there are no quick fixes.</li> <li>• Corruption and intermediaries hamper service delivery in informal settlements</li> </ul>
	<p><b>Moving Forward</b></p> <ul style="list-style-type: none"> <li>• Introduce water sector reforms that require utilities to report transparently on KPIs in poor areas</li> <li>• Utilities need to have a structure to support services in poor areas, including economies of scale and the application of subsidies in ways that ensure that they reach the poor</li> <li>• Involve the underserved in decision making</li> </ul>

## 2.2 Putting Water Service Delivery on a Commercial Footing – Fundamental Step For Sustainability

Sam Huston, Deputy Chief of Party SUWASA

The presentation focused on highlighting the importance of commercial viability for sustainability of a water utility. The full presentation can be found at:

<http://usaid-suwasa.org/index.php/modules-menu/knowledge-forum-2015>

The take away messages from the group discussions:

<b>2.2 Putting Water Service Delivery on a Commercial Footing</b>	<p><b>Lessons Learned</b></p> <ul style="list-style-type: none"> <li>Public utilities can operate on commercial principles</li> <li>Need to shift mindset in order to have business orientation</li> <li>Building trust is essential for a commercial approach</li> </ul>
	<p><b>Moving Forward</b></p> <ul style="list-style-type: none"> <li>ICT needs to be adopted to increase commercial performance (Improved data base)</li> <li>Commercialization must go with improved customer service</li> <li>Effective communication strategy is necessary</li> <li>Language (Applications), customer focus and awareness campaigns</li> </ul>

## 2.3 Improving Performance for Financial Sustainability

Tom Williams, International Water Association (IWA)

This presentation provided insights on the challenge and opportunities for utilities to move towards financial sustainability. Download the presentation at:

<http://usaid-suwasa.org/index.php/modules-menu/knowledge-forum-2015>.

The take away messages from the group discussions:

<b>2.3 Improving Performance for Financial Sustainability</b>	<p><b>Lessons Learned</b></p> <ul style="list-style-type: none"> <li>Customer engagement drives financial performance improvements (e.g., voluntary civil society committees, illegal connections, leakage reporting) [Port Harcourt]</li> <li>Acquiring and managing data for informed decision making (financial, technical [e.g., metering], commercial)</li> <li>Need for performance based contracting at all levels, e.g., Government, BOD, utility, management</li> </ul>
	<p><b>Moving Forward</b></p> <ul style="list-style-type: none"> <li>Ensure continuous M&amp;E and enforcement for effective Performance contracts</li> <li>Government fulfilling enabling environment obligations to the sector (pay bills, budgetary allocations)</li> <li>Increase R&amp;D innovations for financial sustainability, e.g., SMART meter, energy cost efficiencies</li> <li>Improve measure of NRW through DMAs, consumer metering and production metering</li> <li>Link CapEx/OpEx decision making for performance improvement and final planning</li> </ul>

### 3.0 THEMATIC SESSION 3: MOBILIZING FINANCE

Sessions 3 was targeted at mobilizing finances from non-traditional sources. The three sub-themes included Accessing Commercial Financing, Changing Modes of Aid Delivery and Dedicated Funding Mechanisms.

#### 3.1 SUB-THEME 3.1: Accessing Commercial Financing

*Eric Adams, SUWASA*

This presentation highlighted the opportunities and procedures for accessing commercial financing by utilities. The full presentation can be found at:

<http://usaid-suwasa.org/index.php/modules-menu/knowledge-forum-2015>

The take away messages from the group discussions:

<b>3.1 Accessing Commercial Financing</b>	<b>Lessons Learned</b> <ul style="list-style-type: none"><li>• Need to build capacity of utilities to prepare bankable business plans</li><li>• Enabling and regulatory environment for borrowing (cost reflective tariff ensuring a positive cash flow)</li><li>• Commercial financing drives efficiency and accountability in utility management</li><li>• Commercial lending makes WSPs financially disciplined, accelerates achievement of targets by WSPs. Utilities could become indebted when they cannot meet their financial obligations</li></ul>
	<b>Moving Forward</b> <ul style="list-style-type: none"><li>• Develop enabling environment policy and legal framework that facilitates commercial financing</li><li>• Utilities should develop investment and financial plans (governance and financial records, utility mindset change to commercial orientation)</li><li>• Utilities should have access to external and internal business development resources</li><li>• Banks to be assisted to understand the water and sanitation sector</li></ul>

#### 3.2 Changing Modes of Aid Delivery

*Sheila Karimi, KfW*

The objective of this paper was to present examples of new modes of aid delivery being used to increase access but also enhance commercial orientation in water utilities. The full presentation can be found at: <http://usaid-suwasa.org/index.php/modules-menu/knowledge-forum-2015>

The take away messages from the group discussions:

<b>3.2: Changing Modes of Aid Delivery</b>	<b>Lessons Learned</b> <ul style="list-style-type: none"> <li>• Banks have to see the ‘return on investments’ in the water sector and be supported to understand the water sector</li> <li>• Prioritizing investment needs is important at the utility level</li> <li>• Utilities can develop and submit joint project proposals to be guaranteed</li> </ul>
	<b>Moving Forward</b> <ul style="list-style-type: none"> <li>• Utilities must conduct feasibility studies/assessments before they go out to borrow.</li> <li>• Government should accept the promotion of commercial financing as a strategy (i.e. through Public-Private-Partnerships) for expanding water supply and sanitation services.</li> <li>• Development partners should develop a system to share information through a communication strategy.</li> </ul>

### 3.3 Dedicated Sector Funding Mechanisms: Water Sector Trust Funds

*Dirk Schaefer, Program Officer, GIZ*

This paper shared experiences on how dedicated funds can be used to reach large numbers of urban poor with water supply and sanitation. The full presentation can be found at:

<http://usaid-suwasa.org/index.php/modules-menu/knowledge-forum-2015>

The take away messages from the group discussions:

<b>3.3 Dedicated Sector Funding Mechanisms: Water Sector Trust Funds</b>	<b>Lessons Learned</b> <ul style="list-style-type: none"> <li>• Emphasize integrity and build trust of institution</li> <li>• TF current restricted to services to underserved</li> <li>• Evaluate and report impact assessment and value for money of utilities across the board</li> <li>• Strong steering structure is needed to prevent political intervention (BOD, donors)</li> </ul>
	<b>Moving Forward</b> <ul style="list-style-type: none"> <li>• Ensure focus on last mile infrastructure opportunities</li> <li>• Advise government to establish dedicated, independent trust fund mechanism together with donors and as part of legal reform process</li> <li>• Create viable implementers for the dedicated funding mechanism through capacity development</li> </ul>

## 4.0 THEMATIC SESSION 4: URBAN SANITATION

This session focused on the challenge of urban sanitation with the three sub-themes on the need for City-wide Sanitation Planning, the challenge of Fecal Sludge Management and Market Based Solutions to Urban Sanitation.

## 4.1 City-Wide Sanitation Planning

Jesse Shapiro, USAID WASH Advisor and Sanitation Focal Point

The presentation was aimed at explaining the importance and possible approaches for taking a city-wide approach to sanitation planning. The full presentation can be found at <http://usaid-suwasa.org/index.php/modules-menu/knowledge-forum-2015>

The take away messages from the group discussions:

<b>4.1 City-wide Sanitation Planning</b>	<b>Lessons Learned</b> <ul style="list-style-type: none"><li>• Need to define institutional roles and responsibilities</li><li>• Urban plans for sanitation are not being implemented, including designs for gender and the physically challenged</li><li>• Stakeholder forums can be used to increase ownership of the process and problems</li></ul>
	<b>Moving Forward</b> <ul style="list-style-type: none"><li>• Prioritize urban sanitation in order for public financing to follow</li><li>• A dedicated home to champion sanitation issues and revise sanitation policy where appropriate</li><li>• Focus on behavior change mechanisms</li></ul>

## 4.2 Fecal Sludge Management (FSM)

Barbara Kazimbaya Senkwe, Urban Sanitation Specialist, SUWASA

This presentation focused on highlighting key challenges and opportunities for improving fecal sludge management. The full presentation can be found at:

<http://usaid-suwasa.org/index.php/modules-menu/knowledge-forum-2015>

The take away messages from the group discussions:

<b>4.2: Fecal Sludge Management (FSM)</b>	<b>Lessons Learned</b> <ul style="list-style-type: none"><li>• Software (community, general public, donors, public education and outreach) is key to behavior change in sludge management</li><li>• Incorporate ongoing sanitation solutions with planned interventions (Existing structures /resources for FSM)</li><li>• Importance of stakeholder mapping, capacity building and involvement in FSM</li></ul>
	<b>Moving Forward</b> <ul style="list-style-type: none"><li>• Integrate policies for short and long term management of fecal sludge within urban planning</li><li>• Enact/enforce legislation and develop regulation for sanitation e.g., to compel plot owners to take responsibility for safe management of fecal sludge</li><li>• Use sanitation marketing in development of FSM</li><li>• Adopt appropriate technologies for FSM/Sewerage treatment for different areas</li><li>• Innovative financing for FSM</li></ul>

### 4.3 Market Based Sanitation Solutions

Sam Drabble, *Water and Satiation for the Urban Poor (WSUP)*

The presentation was aimed at sharing emerging experiences in fecal sludge management based on market solutions. The full presentation can be found at:

<http://usaid-suwasa.org/index.php/modules-menu/knowledge-forum-2015>

The take away messages from the group discussions:

<b>4.3: Market Based Sanitation Solutions</b>	<b>Lessons Learned</b> <ul style="list-style-type: none"><li>• Legal and institutional frameworks (regulation, contracts) are not in place to reap public benefits from sanitation services</li><li>• Opportunities exist for technology innovations along the sanitation supply chain.</li><li>• Need for the government to create enable environment to encourage private sector involvement in operations and financing</li></ul>
	<b>Moving Forward</b> <ul style="list-style-type: none"><li>• Create and enforce regulatory framework to formalize current informal service providers</li><li>• Create business models that consider requirements for scaling-up</li><li>• Focus local government to engage in PPPs</li><li>• Use aspirational-based social marketing to stimulate demand</li></ul>

## 5.0 THEMATIC SESSION 5: CROSS-CUTTING THEMES

This session addressed three cross cutting issues of Gender Mainstreaming, Small Town Water Supply and Private Water Network Providers.

### 5.1 Gender Mainstreaming in Urban Water Utility Services

Jaqui Golden, *International Water Association (IWA)*

The paper was intended to share thoughts on the factors limiting female participation in the water utilities. The full presentation can be found at:

<http://usaid-suwasa.org/index.php/modules-menu/knowledge-forum-2015>

The take away messages from the group discussions:

<b>5.1: Gender Mainstreaming in WASH Sector</b>	<b>Lessons Learned</b> <ul style="list-style-type: none"><li>• Women don't always advocate for or believe in their chances and opportunities</li><li>• Traditional and religious practices hinder gender mainstreaming</li><li>• Women have been marginalized and not given as many opportunities</li><li>• Affirmative action/legislation and policies have not delivered on gender</li><li>• Awareness of opportunities for women are not clear</li><li>• Education opportunities in WASH are lacking for women</li><li>• Sector institutions are increasingly formulating gender policies, setting up structures and mechanisms for compliance.</li></ul>
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	<p><b>Moving Forward</b></p> <ul style="list-style-type: none"> <li>• Behavior change communication and sensitization</li> <li>• Need for role models to encourage women</li> <li>• Change the way that men and women think about gender</li> <li>• Undertake cost/benefit analysis of having women in the water sector</li> <li>• Operationalize and enforcement of policies and declarations</li> </ul>
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## 5.2 Small Town Water Supply Management

*Sam K. Watasa, SUWASA Consultant*

This presentation focused on the importance and challenges of addressing the water supply needs of small towns. The full presentation can be found at:

<http://usaid-suwasa.org/index.php/modules-menu/knowledge-forum-2015>

The take away messages from the group discussions:

<b>5.2: Small Town Water Management</b>	<p><b>Lessons Learned</b></p> <ul style="list-style-type: none"> <li>• Clustering less capable schemes/towns to achieve economies of scale; support by centralizing some services, e.g. administration and procurement.</li> <li>• Market based approach is most successful with strong M&amp;E Support</li> <li>• The use of performance contracts at different governance/management levels, e.g. the Uganda Case</li> </ul>
	<p><b>Moving Forward</b></p> <ul style="list-style-type: none"> <li>• Tariff should be cost reflective to sustain operations, ring-fence revenue and have transparent subsidy reporting</li> <li>• Track and respond to growth in all dimensions ( Technical and management) and appropriately train operators to effectively manage the small town schemes</li> <li>• Standardize and strengthen regulation for accountability, to improve monitoring and evaluation of performance</li> </ul>

## 5.3 Private Water Network Providers

*Dennis Mwanza, SUWASA Chief of Party*

This paper presented the role and challenges associated with private water network providers. The full presentation can be found at:

<http://usaid-suwasa.org/index.php/modules-menu/knowledge-forum-2015>

The take away messages from the group discussions:

<b>5.3: Private Water Network Providers</b>	<p><b>Lessons Learned</b></p> <ul style="list-style-type: none"> <li>• There is an opportunity for private water networks to fill in the gap for water supply</li> <li>• Lack of regulation can lead to self-regulation and conflict with government</li> <li>• Inventory of the profile of private water operators is very important (technical and financial capacity)</li> </ul>
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### **Moving Forward**

- Government needs to put in place legal and institutional framework to enable private water networks
- Enable private water operators to access financing for expansion and improved services
- Private water networks need to invest in water resource conservation
- The government should see private operators as partners, not competitors

## **Closing Session**

The closing session began with a summary of key workshop outcomes from the chief rapporteur, followed by remarks on key takeaways by representatives of utility managers, regulators, civil society, government, development partners and closing remarks by USAID and the Government of Uganda.

### **Concluding Statement by the Chief Rapporteur, Jean H. Doyen Consultant WSP**

The challenges arising from rapid urbanization is the most compelling issue facing water and sanitation utilities and city planners in Sub-Saharan Africa. Under current trends, the majority of the expanding urban population will be living in poverty in unplanned or informal settlements with limited access to safe water and hygienic sanitation. Such growth poses major service delivery challenges in terms of financing and resource requirements.

Utility reform in SSA has been underway since the mid 1990's and has been guided by the principles formulated by the 2001 Kampala Conference on Water Sector Reform in Africa, which focused on the need to separate oversight from operations and put water services under an independent corporate entity with managerial autonomy, ring-fenced revenues and cost recovery tariffs.

As the sector progresses on the reform path, the need for separate autonomous regulation arises from the inability of ministries or municipalities to assume regulatory functions. Regulation is not only critical to ensure timely tariff revisions but also to monitor performance and strengthen accountability and ensure that utilities carry out their public service mandate for serving the poor.

The Forum emphasized that operational efficiency and financial sustainability are necessary conditions to serve the poor. It also stressed the need for a renewed focus on services to the poor and unserved. These programs need to be integrated in citywide planning and programs that emphasize network penetration to ensure quality of access to services.

Performance is linked with financial sustainability and needs to be measured, hence the call for a drive to develop or improve utilities' information management systems. In accessing commercial financing, utility business planning processes should drive investment decisions.

City-wide sanitation planning is needed to establish and ensure the operations of comprehensive systems to deal with every step of the service chain running from latrines to the sludge treatment stations. It is also important to design and implement fecal sludge managements systems in order to serve the vast majority of the urban population still unserved by sewer networks. The private sector and market based solutions are a critical part of this process.

## **Concluding Remarks by a Panel of Utility Managers**

**(Ms. Yar Paul Kuol, Managing Director, South Sudan Urban Water Corporation, Alfonso Chikuni, GM Lilongwe Water Board, Israel Agina, Chairman of the BoD Kisumu Water and Sewerage Company, Emmanuel Ewa-Oko, Ebonyi State Water Corporation)**

The panelists expressed their appreciation to USAID-SUWASA, notably for: (i) the work done in Bauchi sector policy and legal framework leading to the establishment of an autonomous water corporation; (ii) assistance given in re-organizing FSM in Juba; and, (iii) for facilitating access to commercial financing for KIWASCO to extend the distribution network in Kenya.

Panelists also stressed the value of study tours and Utility to Utility exchanges, e.g. Bauchi State visit to NWASCO (Zambia) which helped to emphasize the fact that the problem was not infrastructure but more a need for change of mindset and champion to drive the reform.

Panelists also called for celebrating success as the performance of a number of SSA utilities are in fact comparing well with global peers. Among the take-away from the Forum, Panelists mentioned:

- The realization that commercialization does not equate to Private Public Partnership which could be associated with job losses.
- The need to match institutional reform with utility drive to improve performance through Performance Improvement Plans.
- The continuing need for the type of support provided under SUWASA.

## **Representative of Civil Society Organizations (CSO), Obugwe Belema**

The CSO Representative raised the following points:

- It would have been useful to incorporate the involvement of civil society in the design and implementation of the SUWASA projects/activities.
- It is also important to find ways of hearing the voice of consumers in events like the Forum.
- It would be good to find a way to cascade the outcome of the Forum to different constituencies in order to broaden its impact.

## **Regulatory Agencies, Robert Gakubia, WASREB, Kenya**

The Regulator Representative raised the following points:

- Sector reform in Kenya became possible once the water crisis was realized to be above all as a crisis of governance.
- Regulation is a critical aspect of governance and an essential requirement for financial sustainability. Regulation addresses the need to set uniform standards and to have the capacity and authority to monitor and enforce compliance.
- In encouraging Nigerian colleagues, the Panelist pointed out the difficulties in ensuring that administrative structures actually deliver and the fact that shadow networks can disable performance.
- Concluded with preference for using the term 'unserved' rather than the 'poor'.

**Representative from AfWA (African Water Association) Sylvain Usher, General Secretary**

AfWA General Secretary introduced AfWA as a membership organization for agencies and organizations involved in urban water services. AfWA's 150 membership is made up primarily of utilities and also includes regulatory agencies, suppliers, contractors, international operators and consulting firms active in Africa. The General Secretary invited Forum participants to the AfWA Congress to be held in Nairobi in 2016.

**Closing remarks, Tony Kolb USAID**

The USAID spokesman shared his views on the evolution of SUWASA from concept to a full-fledged knowledge and technical assistance program stressing the role played by Tetra Tech and the commitment of SUWASA staff over the years.

**Closing Statement by the Ministry of Water & Environment read by Rose Kagwa, Director Business and Scientific Services National Water and Sewerage Corporation Uganda, representing the Permanent Secretary**

Ms. Kagwa expressed her gratitude to all for their engagement and to USAID and SUWASA for a successful Forum. She called for holding such knowledge meetings periodically to take stock of progress, consider emerging issues and share experiences and practices.

## **ANNEX 1**

### **Acknowledgments**

It is primarily the participants themselves who brought value to the 2015 SUWASA Knowledge Forum by their active engagement in the plenary sessions and working groups and by accepting to share their insights and their experiences. Additionally, a special thanks to all the presenters and panelists that brought their wealth of knowledge and experience to the Knowledge Forum.

The Knowledge Forum was funded by USAID through its Sustainable Water and Sanitation in Africa (SUWASA) program. The Government of Uganda hosted the Forum through its Ministry of Water and Environment, headed by Honorable Professor Ephraim Kamuntu. The Knowledge Forum took place at the hotel Speke Resort and Conference Centre, outside of Kampala, Uganda from May 11 to 13, 2015.

The Forum facilitation team was headed by Gary Forbes with support from Dennis Mwanza and Barbara Senkwe. The rapporteur team was made up of Jean Doyen, Morris Israel, Sam Huston, Robert Hanjahanja, Eric Adams, Annabel Waititu, Winifred Nabakiibi Katonse and Nick Wahome. In charge of documentation and logistics were Emily Mutai, Caroline Amino and Seema Johnson.

## GROUP DISCUSSION PANELISTS

Sub-theme	Facilitator	Panelists
1.1 – Why are defined regulatory frameworks slow to expand in Africa?	Dennis Mwanza, SUWASA	Robert Gakubia, WASREB, Kenya Mutaekulwa Mutegeki, EWURA, Tanzania
1.2– What triggers reform and how to make it sustainable?	Roland Werchota, GIZ	Aminu Gital, Nigeria
1.3 – How to strengthen accountability?	Francis Musinguzi, Water Aid, Uganda	Paul Obura, Water Aid Kelvin Chitumbo, NWASCO, Zambia
2.1 – How can a pro-poor approach be financially sustainable?	Chris Heymans, WSP	Kariuki Mugo, WSUP
2.2 – Putting water service delivery on a commercial footing	Sam Huston SUWASA,	Kenneth Anga, MD, Port Harcourt Water Company Rose Kaggwa, Institutional Development Director, NWSC
2.3 – How to prioritize performance improvements for financial sustainability?	Tom Williams, IWA	Rajab Kombo, MD, Mombasa Water Company, Kenya Letta Yetamo, Hawassa, Ethiopia
3.1 – What conditions are required for commercial financing in the sector?	Eric Adams, SUWASA,	Calvince Odera, K-Rep Bank, Kenya
3.2 – What are the opportunities for non-traditional aid delivery?	Sheila Karimi, KfW, Kenya	Jackie Wakhweya, USAID/Uganda Karugendo, MD, Embu Water, Kenya
3.3 – What impact do dedicated funding mechanisms have on the sector?	Dirk Schaefer, GIZ	Samuel Gongga, DTF, Zambia Wanna Wake, General Manager, Water Resources Development Fund, Ethiopia
4.1 – Why is a city-wide planning approach required for sanitation?	Jesse Shapiro, USAID	Albert Jada, Juba City Council Dr. Okello Ayen Daniel, Uganda
4.2 – What steps ensure a safe Fecal Sludge Management service chain?	Barbara Senkwe, SUWASA	Prof Edward Kairu, Maji na Ufanisi, Kenya Alfonso Chikuni, Lilongwe Water Board, Malawi
4.3 – How can we encourage market based solutions?	Sam Drabble, WSUP	Ibra Sow, Chairman of Vindageurs Association, Senegal Lawrence Muludyang, SSUWC, South Sudan
5.1 – How can we increase gender parity in the WASH sector?	Cheikh Fall	Chola Mbilima, NWASCO, Zambia Senyo Amengor, Ghana Water Company
5.2 – How is small town water supply management different?	Sam Watassa, SUWASA	Chris Azuba, Ministry of Water and Environment, Uganda Robert Hanjahanja, SUWASA
5.3 – Is the private sector effectively filling the demand gap for quality water services?	Dennis Mwanza, SUWASA	Lilian Onduko, PPIAF Paulino Cossa, AFORAMO, Mozambique



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