

Chapter 3

Incentives for serving the urban poor

3.1 Introduction and overview

Achieving the right balance of incentives and penalties for utility service provision in order to achieve objectives such as effectiveness, efficiency and equity, is a major challenge for any government. Implementing penalties for organisations in a fair manner can be difficult, requiring comprehensive regulation. It is for this reason that we focus on incentives or incentive mechanisms in this publication. In many cases providing the right incentives can be sufficient motivation for organisations and individuals to improve performance as part of a change process.

Incentives can take many forms; this chapter discusses some of the policy-level incentives governments can usefully provide for urban water utilities and other stakeholders, as well as incentives utilities can provide to other stakeholders and directly to poor consumers.

Potential policy level initiatives

A number of government policy initiatives that can potentially create the right incentive mechanisms and enabling environment for sector stakeholders are outlined in section 3.3. The guiding principles behind such initiatives include the need to improve accountability of service providers for improving services to all consumer groups, through initiatives such as performance agreements. If the accountability of service providers to achieve agreed targets is increased, then those service providers need to be empowered to achieve the agreed objectives. An important step in empowering utilities is to give them sufficient financial and organisational autonomy so that they have the flexibility and capability to achieve targets.

Another key guiding principle is to improve the transparency in the way utilities, government and regulators make decisions and operate. Effective performance measurement arrangements are important for promoting improved transparency. A variety of consumer survey techniques should be used to produce reliable data against key indicators. Survey results need to be cross-checked with the utility's own data. It should be possible to disaggregate data for individual low-income areas in order to properly plan, monitor and evaluate service improvements.

Potential utility initiatives and incentives for serving the poor

A number of detailed initiatives that a utility could develop to provide better incentives for consumers in low income areas to become satisfied customers who pay their water bills are outlined in section 3.4. Such initiatives involve the utility in becoming more

innovative and flexible in overcoming barriers (such as land tenure issues) in order to adequately serve informal settlements. A useful broad aim is to make it easier for consumers to become reliable paying customers, and to encourage preferred alternative service and payment options for those consumers who cannot afford their own connections, such as increasing the on-selling of good quality water.

Initiatives and incentives for working with CBOs, NGOs and SWEs

In the low income areas of most cities and towns CBOs, NGOs and small water enterprises operate to varying degrees doing useful work in providing or supporting services either together with utilities or on their own. Some key questions for utilities, governments and regulators include:

- What work do these stakeholders currently undertake and what comparative advantage do they have to undertake these tasks?
- How could each of these groups be supported to enhance their current performance?
- How could such stakeholders assist utilities in improving services to low income areas?

New initiatives and incentives are likely to be necessary if the last two questions above are to be addressed. Utilities may often be reluctant to engage constructively with NGOs, CBOs and SWEs because they are too busy in day to day operations or because they have different perspectives. It is for this reason that an important role for government and regulators is to facilitate collaboration or partnership between utilities and other stakeholders. This may entail the government taking a leading role at the beginning of the process. In the longer term the objective would be for utilities to actively seek to collaborate better with such stakeholders. Typical facilitator roles for government are outlined in section 4.1.

In conclusion, the main role for government and regulators is to ensure that:

- a) It provides appropriate incentive mechanisms and an enabling environment for utilities to serve the poor effectively, and
- b) It encourages utilities to provide better incentives for CBOs, NGOs and small water enterprises, so that they can contribute more effectively in improving services.

3.2 The need for incentives to serve poor communities

Field studies show that urban water utilities in many low-income countries have not been able to extend services to low-income communities. Often, water and sanitation services in the urban centres are available to high and middle-income earners only. Box 3.1 shows an example of service disparity in a city in a low-income country.

A similar situation occurs in other Africa cities where 75 per cent of the urban poor receive at least some of their water from small-scale providers, usually at very high prices. In India only about 42 per cent of urban dwellers have access to tap water in their premises. Urban water utilities in low-income countries advance several reasons for not servicing low-income communities effectively. Some of these reasons are:

Box 3.1. Water and sanitation service coverage in Kampala City¹

Kampala, the capital city of Uganda, has a daytime population of about 1.2 million people. National Water and Sewerage Corporation (NWSC) is the sole provider of piped water and sewerage services. As of 1997:

- Over 50 per cent of Kampala residents lived below the government-designated poverty line of less than US\$1 per capita per day, and live in low-income, unplanned settlements.
- Only 42 per cent of the residents were served with piped water supply.
- There were virtually no house connections in low-income settlements.
- Only 5 per cent of residents of low-income settlements received water through public standpipes.
- Of the 9 per cent of the residents who had access to the central sewerage system, only two-thirds were connected, while the rest of the people living in planned areas relied on septic tanks for wastewater disposal.

The rest of the residents relied on pit latrines for their waste disposal.

1. Source: Collignon and Vezina (2000)

- Low revenue collection results in little or no provision for infrastructure development to new areas.
- Poor infrastructure in the low-income settlements, i.e. not well planned, no roads, etc. means utilities find it difficult to extend services.
- The complex land tenure system impedes extension of conventional water and sanitation structures and systems.
- The initial capital costs for water and sewerage connections are high, and residents of low-income communities may not be able to afford them.
- Perception (on the side of the utility) that people in low-income settlements cannot afford to pay for services.
- Inadequate capacity on the part of the utility to serve low-income communities, i.e. no provision in the utility for specialized staff to handle such issues.
- Unclear responsibilities for working in informal settlements.

In order to accelerate service provision to low-income communities in urban centres, governments need to create incentives for the urban utilities and other stakeholders to overcome such barriers where it is feasible.

3.3 Potential policy-level initiatives

In order to improve water services in low-income communities, there is a need to have institutional and technical innovations at different levels. A key to encouraging innovations, partnerships and positive action on the ground is to create the right incentives and policies for the key stakeholders. These can be provided by both government and utilities.

At the policymaking level, there should be incentives, disincentives and supporting pro-poor policies. Examples of incentive mechanisms and supportive policies include:

- clear government policies promoting 'universal service obligations' as a primary duty and setting yearly targets for service improvements to all consumer groups, which will form the basis of monitoring progress;
- performance agreements between governments or regulators and the utilities that incorporate service improvements against agreed targets in a financially sustainable manner;
- revised mission statements that reflect improved services to all consumer groups in a financially sustainable manner;
- well designed performance measurement arrangements that use a variety of consumer survey techniques producing reliable data against key indicators. It should be possible to disaggregate data for individual low-income areas in order to properly plan, monitor and evaluate service improvements.
- benchmarking programmes using appropriate indicators, that enable fair comparisons between utilities;
- more flexibility on human resource management issues such as appointments and staff remuneration;
- more flexible service provision standards or norms that allow more innovative service options that specifically meet the needs of low income areas at affordable prices.
- appropriate use of private operators (national and international) with PPP contracts that have incentives for serving the poor;
- ensuring that small water enterprises and community based organisations have the legal right to operate and manage services in low income areas.
- well-designed regulatory arrangements that promote improved transparency and accountability in decision-making.

For further guidance on incentives for serving the poor in PPP contracts, refer to WSP & PPIAF's publication: *New designs for water and sanitation transactions - making private sector participation work for the poor*, 2002. This document provides clear guidance for the various forms of PPP contracts.

Extracts from the performance contract between the Government of Uganda and the National Water and Sewerage Corporation (2000) are set out in Box 3.2. Note that there is a clear policy for serving the poor (100 per cent coverage) and an incentive in the form of potential subsidies from the GoU for 'social mission' work. But the overriding policy of financial viability and creditworthiness for NWSC is clear and is justified; otherwise the utility will not be able to raise sufficient funds for sustainable service provision.

More examples of policy level initiatives for improving incentive mechanisms for service providers are set out in chapter 4.

3.4 Potential utility initiatives and incentives for serving the poor

The service provider (utility), whether it is private or public or a combination of both, can provide incentives for low-income consumer groups and individual households. Examples of incentive mechanisms for these groups include:

Box 3.2. Performance contract for the NWSC water utility in Uganda

Selected provisions from the performance contract between the Government of Uganda and the National Water and Sewerage Corporation (2000) are as follows:

- **Supply/customer service objective:** The original objective of the GoU national water policy was to extend the use of safe water supplies to 100 per cent. It is generally expected to achieve this aim in 10 to 15 years from the present situation of 50 per cent coverage.
- **Financial objective:** It is accepted by both parties to this contract that the achievement of a financially viable and credit worthy NWSC is the overriding objective.

If investments are a 'social mission' imposed by GoU on NWSC, then the internal rate of re-turn of the investment must be determined in order to calculate the necessary GoU subsidy, to prevent the investment being a burden to NWSC.

- a) low connection fees for pipe connections in poorer communities. The processing of new connections could be done with the help of community leaders and CBOs to ensure that the subsidy reaches the people for whom it is intended;
- b) lower tariff levels for less convenient service options such as standposts, kiosks, shared connections, etc.;
- c) providing materials for water connection in low-income settlements at subsidized prices and/or provide for payment in instalments;
- d) opening utility liaison points in low-income settlements to provide services such as payment points, bill dispatch and technical/billing enquires;
- e) investing in research in innovative options, such as local water storage arrangements, suitable for serving low-income settlements;
- f) the inclusion of health promotion programmes to residents of low-income settlements. Refer to Box 3.3 for details about a programme in Ouagadougou's peri-urban areas;

Box 3.3. Training youth committees to promote water hygiene, Ouagadougou¹

The Office National de l'Eau et de l'Assainissement (ONEA) of Burkina Faso has empowered youth health committees in peri-urban areas of Ouagadougou and supported them in hygiene education and in promoting the use of clean water and sanitation facilities in the peri-urban areas of Ouagadougou. The vision of the health committees is to become financially sustainable through funds raised through their activities. Youth health committees are trained prior to carrying out the following activities:

- Advising and raising awareness amongst the public in matters of health, hygiene, and the environment.
- Taking part in preventive health activities.
- Ensuring the cleanliness of the peri-urban areas.

These youth committees have become change agents in their communities, which has led to improved awareness of low-income communities. As a result, ONEA finds it easier to provide water services to these low-income settlements.

1. Source: Cooperation Francaise (1999)

- g) encouraging local community-based labour during the process of connecting services in low-income settlements. This offer will not only reduce the costs of connections, but will also create employment for some members of the community; and
- h) offering more flexible payment options that suit the needs of low-income consumers, such as group connections and community-managed water kiosks with regulated prices.

Examples of incentives offered to people using ground tanks in poorer communities in Durban are included in Box 3.4.

Box 3.4. Incentives offered by Durban Metro Water to ground tank users

Durban Metro Water & Waste of South Africa offers the following incentives to members of low-income communities who apply for a ground tank:

- The connection fee for the ground tank is about six times smaller than that of the conventional full pressure system.
- Unlike users of conventional water supply systems, ground tank owners are not charged a water deposit for security.
- The cost of materials is paid for in six monthly installations.
- Local private plumbers are trained at the Durban Metro water Services Training School, and were engaged in making water service connections in the low-income settlements.
- A community liaison officer is employed to handle issues connected with service delivery to low-income settlements.

3.5 Initiatives and incentives for working with CBOs, NGOs and SWEs

The service provider can, with the necessary support from government, provide incentives for community groups, NGOs, and small water enterprises. Examples of incentive mechanisms for these groups include:

- a) Shared management arrangements with community groups that have potential benefits for both the utility and the community groups.
- b) Effective partnerships with NGOs, such as letting contracts to NGOs or consultants for facilitation work and community capacity building.
- c) Setting up of a department or section in the utility whose officers exclusively handle issues of water and sanitation services in poorer communities and working with community groups.
- d) Supporting small water enterprises, including providing them with accessible points from which to collect their water. Provide relevant training to encourage good water handling practices. Perhaps offer start-up funds in terms of loans, to enable them to provide a better service to low-income communities. These issues are discussed further in the next section.

The service provider, whether private or public, could also provide incentives for its staff members to serve low-income communities. Examples of incentive mechanisms for staff include: raising status and pay of staff working in low-income areas and operation and

maintenance activities; paying bonuses against carefully chosen indicators; and encouraging appropriate capacity building and less hierarchical ways of working.

3.6 Supporting small water enterprises

The range of different types of small water enterprises and some of the reasons that alternative water service providers command large market shares in many cities is discussed in Section 2.5.

Improvement of services levels to existing customers, and extension of services to potential customers in the urban areas, requires large sums of money in terms of capital expenditure. Currently, many utilities in low-income countries do not have the capacity to carry out huge expansion projects. Similarly, alternative water service suppliers in these cities do not have the capacity, on their own, to close the whole gap to meet the growing demands for improved services. It is therefore recommended that in order to accelerate service coverage to low-income settlements, governments should encourage utilities to collaborate with small water enterprises in order to deliver a better services.

Some of the constraints facing small water enterprises are:

- inadequate financing available for small water enterprises;
- lack of trust by the consumers concerning the source of the water that they buy from vendors, and therefore doubts about the quality of the product;
- high capital costs experienced by kiosk operators situated in areas where utility water main pipes are distant;
- lack of co-operation with utility officials concerning water collection points, meter reading frequencies, bill delivery periods, leakage repair periods, and other service-related problems; and
- lack of skills in bookkeeping practices.

It would be beneficial for the utility or municipality to assist in the formation of an association of SWEs in their city, or at least collaborate better with SWE groups, because it would enable them to:

- share experiences about service provision in poorly served areas and how they may be improved;
- to provide a forum to consider how the utility could support SWEs in providing improved services, particularly where the utility is unable to serve for some time; and
- to provide a forum for the utility/municipality to explore how SWEs could support utility initiatives for serving areas that do not have water mains.

There are a number of reasons why a positive market-orientated water utility would seek to collaborate with SWEs to improve services in areas where the utility cannot provide adequate services for some time. If consumers in such areas see that the utility is providing measures such as convenient water collection points for SWEs or vendors, and is publicizing the price it charges to the vendors with a view to keeping prices down, then those consumers will be more favourably disposed to the utility when it eventually starts to provide services in their community. In addition, community members would be pleased if

utilities regulate vendor activities and provide training to SWEs to improve water handling and water quality for their customers.

Central or local government in conjunction with utilities can support such initiatives by undertaking activities such as:

- providing a legal framework that enables SWEs to provide water and sanitation services to serve in areas where there is demand for their services;
- facilitating SWEs to form associations with the support of utilities;
- facilitate partnerships between SWEs, water utilities and other major stakeholders; and
- build utility capacity to regulate operations of SWEs, to ensure services provided conform to minimum standards, although regulation of SWE prices is best done by increasing competition.

Ultimately, it is the responsibility of utilities to make the partnerships effective and thus improve their reputation amongst different consumer groups.

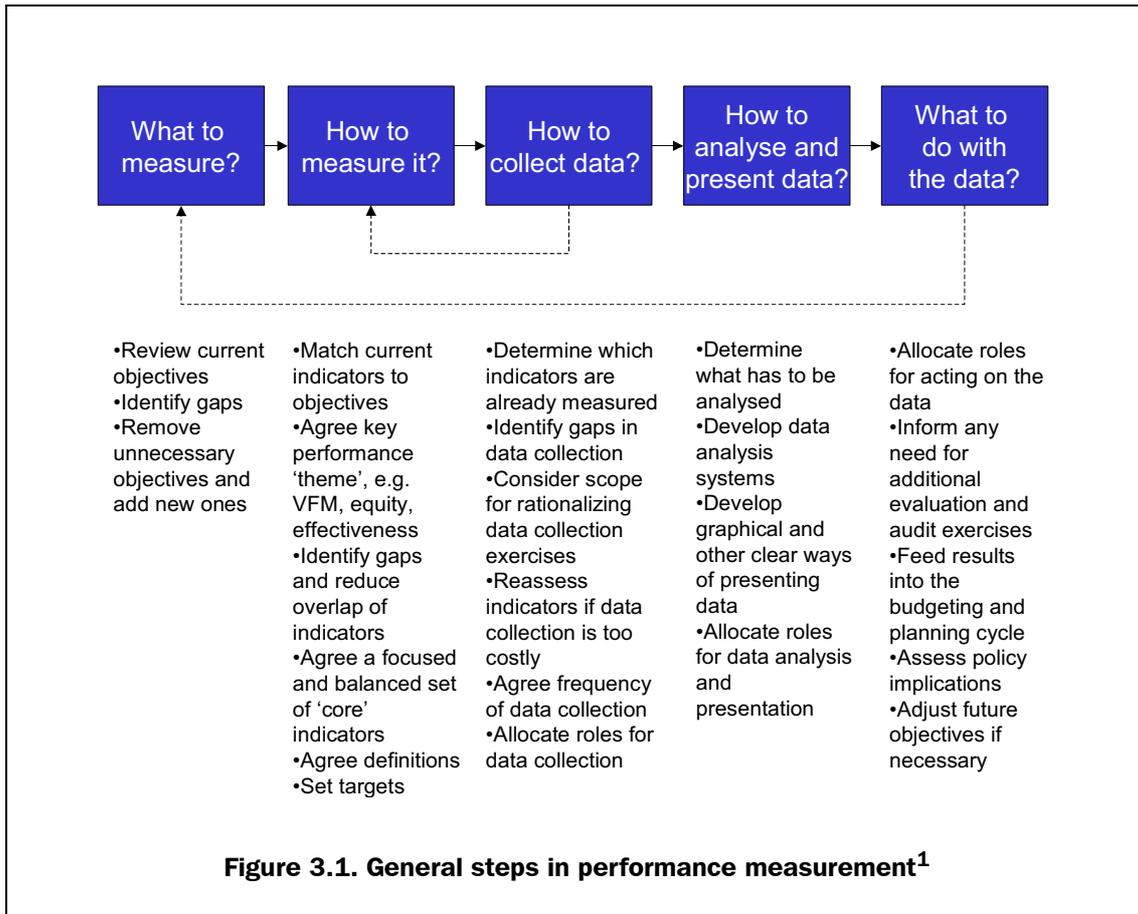
3.7 Performance measurement

Performance measurement against key indicators is an objective means of assessing actual utility performance and services to consumers, in comparison with the agreed corporate and government objectives. Effective performance measurement is essential for city-wide service improvements on a sustainable basis, as part of a strategic marketing approach and the benefits it offers include:

- more focused and better integrated performance data;
- easier identification of good and poor performance and its causes;
- strengthening of mechanisms for identifying the causes of good or poor performance;
- more focused institutional roles for assessing and acting on sector performance and a framework against which capacity building strategies and targets can potentially be developed;
- integration of all the 'tools' of performance measurement, e.g. operational monitoring, value for money review, technical audits, financial tracking studies, evaluation, etc.;
- improved information for assessing the effectiveness of water and sanitation policy and for enabling better policy making; and
- provides a more credible system for arguing for more resources for the water and sanitation sector and allocating resources within the sector.

Source: Thomson (2003)

Such potential benefits are very relevant both for utilities and for government departments who are concerned with broader national economic and social objectives, such as improving services to the poor. Government departments in their enabling role should therefore promote and expect effective performance measurement of utility services. The key performance measurement steps can be broken down into five components, as shown in the Figure 3.1.



1. Source: Thomson (2003)

The key stakeholders such as government, utilities, regulator and consumer representatives have clear interests in ensuring that the performance measurement process is effective. This includes the activities listed in Figure 3.1 and the transparent exchange of information amongst the stakeholders.

Potential indicators for serving all consumer groups

The United Nations Department of Economic and Social Affairs (UNDESA) estimates that by the year 2015, 88 per cent of all the increase in global population will live in urban areas of low-income countries (UNDESA Population Division, 2001). Owing to the fact that the economic growth of these countries will often not match the population increase, a larger fraction of people in urban areas of low-income countries will live in low-income settlements. There is a need, therefore, to ensure that services are delivered to these low-income communities, in order to avert human suffering.

One of the ways national and state governments can ensure that services are provided to low-income settlements by urban water utilities is by entering into performance contracts or agreements with the service providers. In addition to the more general performance indicators for water utilities (referred to in Section 2.8), the governments can agree indicators that specifically cater for improvement in service delivery to the different consumer groups, including low-income settlements. These indicators can then be used to set targets and monitor trends in service levels amongst the different consumer groups or market segments. An sample format is shown in Table 3.1, which has separate columns for each market segment (based on work in Uganda and Mombasa).

Table 3.1. Service levels indicators and ratios by market segment

Example service delivery indicators	Example market segments			
	Residential houses and bungalows	Flats	One to three-room swahili houses	Informal settlements
1. Percentage of households with their own in house pipe connection				
2. Percentage of households with their own yard pipe connection				
3. Percentage of households who buy water from a neighbour				
4. Percentage of households using water kiosks or standposts				
5. Percentage of households who obtain water from alternative sources such as springs, wells and roof catchments				
6. Percentage of households who use more than one source				
7. Average total water consumption per person in the house - litre/person/day				
8. Average number of hours of utility water supply per day				
9. Average number of days per week that utility water is supplied				
10. Average time taken to collect all the water for the household each day from all sources (minutes)				
11. Average distance to nearest usable piped water source				
12. Average monthly household water bill				
13. Average vendor prices				
14. Percentage of both women and men satisfied with utility services				
15. Percentage of households who regularly use a functioning sanitation system within 20 metres of their residence				

Information against the indicators for the various market segments listed in Table 3.1 can be collected and updated on a regular basis, as a means of agreeing priority areas for action and setting targets for improvements in services. Note that information against all the indicators in the table should be obtained from well-designed consumer surveys. Annex 2 shows such a two-page consumer survey questionnaire that was field-tested in five towns in Uganda.

Rationale for proposed indicators

The rationale for the use of each indicator included in Table 3.1 is briefly discussed below.

Indicators 1 to 7 relate to service levels and are important for: assessing utility progress on service improvements; checking on value for money from investments; and for setting realistic targets. The emphasis is on actual use as reported by the consumers. Such indicators can also be used to prioritize new investments.

Indicators 8 and 9 show the average number of hours and days of water supply and are important for verifying progress on utility performance in service provision.

Indicator 10 shows the average time taken to collect all the household water each day from all sources, including travel and queuing time, and is an important investment outcome indicator. This is because if time savings are achieved, then there are clear opportunities for spending time on more productive activities that can be beneficial to a country's economy. Where there are high water collection times it suggests that there is a high demand for piped water.

Indicator 11 illustrates the average distance to the nearest usable piped water source and is useful for prioritizing new investments on extending the pipe distribution network closer to consumers. It can also be used to assess utility progress on service improvements, to check on value for money from investments, and to set realistic targets.

Indicators 12 and 13 concerning household expenditure on water and vendor prices provide support data for assessing people's ability and willingness to pay for improved services.

Indicator 14 on levels of satisfaction with utility service is important for assessing the utility's operational performance. It is suggested that separate data is collected for both men and women, because women often have very different experiences from men in aspects such as the collection and carrying of water.

Indicator 15 on functioning sanitation may be of limited interest to a water and sewerage utility, but it can be useful for policymakers concerned with sanitation in low-income areas.

If such information is regularly collected using well-designed consumer surveys that are representative of each market segment or consumer group, it is very beneficial. It enables both the utility and the regulator/government department to undertake ongoing effective monitoring against targets and analysing trends. Each utility and regulator would need to review the list of indicators that are most appropriate for each city.

Such a list of indicators can also be used on an area or zonal basis, where appropriate. Using a manageable number of market segments as a means of presenting the data, however, retains a poverty focus and is clear to the reader. When utilities use these indicators and agree to work towards reasonable targets, the process can act as an incentive to serve all consumer groups. Benchmarking between cities and towns against such indicators can also be used as an incentive for utility managers to take action.

3.8 Facilitating partnerships to serve the urban poor

One of the barriers urban water utilities find in serving low-income settlements is a lack of human and other resources for delivering services. Most staff in water utilities have received specialized training in engineering, accounts, and, to a lesser extent, in personnel management. Very few utilities have staff that are skilled in human development, sociology, social work, or community management. However, the work involved in serving the urban poor requires skills in human development issues, and therefore requires staff with the right skills to create and sustain dialogue with low-income community members. There is a need, therefore, for urban utilities to work in partnership with other organizations with capacity to work with low-income communities.

There are many stakeholders involved in community development activities, including the community health workers, non-governmental organizations, community-based organizations, local government, small water enterprises, etc, that are listed in Section 2.5. There is a need to create collaboration and synergy between the different actors, for the benefit of people living in low-income settlements. A dedicated government unit can be introduced to bring together the different actors to clarify and harmonize their roles. Such a unit can facilitate improved service provision to the urban poor by activities by:

- building the capacity of the various stakeholders, including utilities who need a broader range of skills to work in informal settlements;
- creating databases of roles, interests and capacities of 'actors' involved with the sector;
- facilitating, monitoring and evaluating development programmes; and
- setting guidelines for various financial issues such as tariff structures, capital funds, and remuneration/incentive schemes for the community members.

Partnerships with civil society organizations can also play important roles in helping regulation to become more pro-poor (Tremolet and Browning, 2002). For example they can:

- help focus the attention of regulatory institutions on poverty issues;
- assist in gathering information on the needs of the poor and make it available for regulators (and utilities);
- create a more flexible, innovative and co-operative environment for developing rules better suited to the needs (and preferences) of the poor;
- help partners understand each other's interests and constraints; and
- develop a self-regulatory mechanism amongst the partners through regular meetings and exchange of information.

Further useful publications on partnerships such as 'Contracting NGOs' are contained on the Building Partnerships for Development (BPD) web-site: www.bpd-waterandsanitation.org. By encouraging such partnerships and developing capacities, the various stakeholders will have more incentives to develop joint initiatives for improving service in low-income areas. The potential facilitator roles of government are discussed further in Section 4.1.

3.9 Streamlining land tenure systems and access in low-income areas

Often, urban water utilities are faced with the difficulty of extending water and sanitation services to some parts of the cities or towns, particularly the low-income areas, due to complex land tenure systems. Land tenure systems affect provision of water services in several ways, such as the:

- ease of acquisition of land for construction of large water supply installations such as water treatment works, water storage tanks, sewage treatment works, and booster stations;
- acquisition of land for laying transmission and distribution mains; and
- ease of establishing clear and specific addresses for the end-user customers.

Different forms of land tenure systems exist in different countries. Similarly, a wide range of legislation to enforce the land tenure system is in place in various countries, with records of enforcement that are also variable. For the purpose of providing water services in an urban area, land tenure systems may be categorized as follows (Lyonnaise des Eaux, 1998):

- Public land, which is more easily accessed by squatters, and may be sub-divided into:
 1. Inalienable public land, which authorities cannot give up under any circumstances
 2. Alienable public land, which the authorities are willing to sell, rent, or grant as a concession. This type of land is attractive to potential squatters.
 3. 'Available' public land, such as forests, national parks, etc, which is not allocated to anyone but is governed under the public land system. This is the type of land most easily accessible to spontaneous urbanization.
- Private land, which is more difficult for the squatters to access, and may be subdivided into the following categories:
 1. Properly and legally registered private land, which clearly has an owner, poses no specific problems as the utility can get into a transaction with the registered owner.
 2. Illegally registered private land, which may have been illegally allocated by local authorities with no reference to the central government land registry office. The best option is to follow up formalization of the registration procedures.
 3. Unregistered private land, which loosely comes under the sovereignty of a community or some other customary group, and governed under a law that is not necessarily laid down in writing. The boundaries of such land are not always clearly established.

It is easier for water utilities to acquire public land when they want to extend water and sanitation services. It is more difficult for the utilities to acquire land from private owners. In some instances, the costs of land compensation are so prohibitive that projects are abandoned altogether.

It is recognized that land tenure laws and systems are difficult to amend overnight. It is therefore suggested that governments should reassess and amend their legal frameworks

to circumvent such land tenure constraints. Examples of initiatives to improve water services in illegal or unauthorized settlements include:

- regularizing appropriate unauthorised settlements;
- de-linking the rights to services from tenure status;
- seeking to resettle some people without legal title (WSP and PPIAF,2002); and
- compulsory acquisition of land by utilities to extend water services to low-income settlements, at a fee agreed by independent arbitration, according to the regulations;
- granting of 'easement' areas for the utility to construct and maintain water and sewerage facilities, with appropriate levels of compensation for disruption paid to land owners, according to the regulations. The utility requires ongoing free access to the facilities constructed for maintenance and rehabilitation purposes, with planning restrictions enforced that prohibit building over pipelines; and
- acquiring land to extend water services to low-income settlements by the central or local government, i.e. the government pays the landowners and owns the land over the public water facilities.

Flexibility should be encouraged to explore which potential solution is the most appropriate in each case. The legal framework should support the preferred options for action. Such initiatives make it easier for utilities to work in unauthorized settlements and hence are likely to increase their willingness to work in those areas.

3.10 Health and hygiene promotion for low-income communities

Although the necessary infrastructure may be constructed in low-income settlements using a combination of loans and grants from central governments and international donor organizations, cost recovery remains a pre-requisite for sustained service delivery. However, for some members of the low-income community, water and sanitation services are not necessarily a high priority for the well being of the family. Many family heads do not consider payment for potable water supply a priority in the family budget. Reasons for this include:

- lack of awareness about the relationship between water and sanitation, and hygiene practices to health;
- lack of knowledge on the effects of poor quality and low quantity of water and poor sanitation practices on the health of the family; and
- lack of understanding and appreciation of the changing natural environment, owing to high population densities. Some families who in the past relied on traditional water sources with limited health hazards have not recognized the increasing level of pollution of these sources.

There is therefore a need for central and local governments to facilitate and support various agencies involved in providing hygiene promotion activities to low-income communities. This can create increased demand for improved water services and thus make the marketing of different options in poor areas more viable. Hygiene promotion may be enhanced in a number of ways:

- Learn to understand existing hygiene practices in low income-communities, identifying the risk practices, the group that carries out the practices, and the channels used for communication. This is best done using participatory approaches that enable community members to analyse community practices and identify possible solutions.
- Develop hygiene messages and promotion strategies based on what community members (men, women, children) perceive as the advantages of the alternative safe practices. Evidence has shown that conventional hygiene promotion efforts focusing on better health are unlikely to have an impact on the uptake of improved hygiene behaviour.
- Involve school-aged children and youths through the introduction of health and promotion in the national school curriculum. Activities can also be facilitated and support by the formation of school health clubs. Competition in various hygiene promotion activities such as community drama could be encouraged amongst schools. Experience has shown that children can be effective agents for change and can bridge the gap between the school and the community.
- Involve existing community groups and decision-makers such as youth clubs, church groups, women groups, elders, teachers and preachers in hygiene promotion activities.
- Use existing channels with a wide coverage such as radios, megaphones, and churches for mass campaigns, especially during the anticipation of major outbreaks. Local radio stations can be facilitated and supported to carry out these campaigns at relevant intervals. An example case where this proved effective is summarized in Box 3.5.
- Develop strategies and indicators that will enable communities to monitor or measure the progress and impact of hygiene promotion activities. Policymakers could encourage this by organizing quarterly competitions and awarding prizes to winning communities.

For guidance on setting up a hygiene promotion programme refer to:

- *Happy, Healthy and Hygienic: How to set up a hygiene promotion programme* by Valerie Curtis and Bernadette Kanki, 1998
- *Hygiene Evaluation Procedures: Approaches and methods for assessing water-and sanitation-related hygiene practices* by Astier Almedom, Ursula Blumenthal and Lenore Manderson. 1997

By promoting the use of enough water of adequate quality and explaining the advantages to community members, there are better prospects of poorer families increasing their demand for and willingness to pay for good utility water services.

3.11 Empowering low-income communities

Empowerment is the extent to which people in the community can and will make decisions on their own in their own environment. Empowerment affects the way of working, the way of organizing, and the relationship between community members and the external public. It involves providing communities with enough relevant information, and giving them more autonomy to take decisions on matters that affect their communities. Empowerment entails a change in the design of authority and responsibility limits among the communities.

Box 3.5. Community radio promotion work in Kampala¹

Sebina Zone in the Kawempe Division of Kampala City Council is a low-lying area, mainly inhabited by low-income earning residents. The houses are unplanned, and prone to seasonal flooding, depending on the intensity of the seasonal rains. Although there is a secondary water main pipe passing along the main road to Gayaza, there are no tertiary mains teeing off the secondary main. Most residents of Sebina rely on traditional water sources such as wells and protected and unprotected springs, as the price of water sold by water vendors is beyond the reach of most people.

During the El-Niño period (1997-8), the skies opened up for days on end, and Sebina zone flooded for a relatively long period, submerging all the traditional water sources. Because of the poor sanitary situation in the community, the quality of water completely deteriorated, resulting in outbreaks of diarrhoeal diseases in the area. The Local Council committee and the local community leaders held an emergency meeting and mapped out a strategy of averting the situation through immediate hygiene education.

The Local Council Committee immediately bought a public address system with a large powerful loudspeaker, which they hung on a high pole mounted in the centre of the zone. The committee immediately earmarked a health worker, one of their residents, to carry out hygiene education on 'Radio Sebina'. Within a couple of weeks, the positive impacts of the health campaigns were realized when incidences of diarrhoeal diseases were tremendously reduced.

The community leaders realized the benefit of the local community radio in information dissemination, so long after the El-Niño floods, the community radio has not only stayed, but has grown in sophistication to carry out other functions, such as radio announcements and entertainment. This innovation has spread to a few other low-income settlements in Kampala City such as Bwaise.

1. Source: Kayaga (2002)

Giving the communities more decision-making powers will enhance the participatory capacity of community members and hence improve prospects for community groups to enter into useful shared management options with the local water utility. To achieve this, a participatory process is required; this consists of letting different actors work together towards a common goal. Participation by community members leads to a greater sense of responsibility and better management of water services in low-income settlements (Brikke and Rojas, 2000). If the communities have the capacity, the role of the service provider will be reduced to facilitating the process of designing, learning and decision-making.

The government has an important role to play in empowering people living in low-income settlements. The central or local government should create an environment that is conducive for the following values to take root (Brikke and Rojas, 2000):

- Democracy, every man and woman have the opportunity to participate without prejudice
- Responsibility, each actor is responsible for his /her experiences and behaviour
- Cooperation, members of the communities work together to achieve the same collective goal

One way of enhancing empowerment of the communities is through capacity-building processes. Governments may build the capacity of the communities by:

- consulting with the communities and creating a legal framework that clearly spells out the roles and responsibilities of the community members, and how they relate to other stakeholders in the provision of services;
- training selected members of the communities in leadership skills, advocacy, basic bookkeeping and financial management; and
- ensuring that water utilities are accountable to the community members, in respect of their service deliverables and activities in the low-income settlements.

3.12 Poverty reduction programmes for low-income communities

- In order to provide a sustainable service to low-income communities, there is a need to institute adequate cost-recovery measures on the users. Many consumers in low-income settlements will have low ability to pay. The government may intervene to reduce poverty as part of broader development programmes that are not just confined to the water sector. Such initiatives can improve consumers ability to pay for services. A few examples are outlined below (Brikke and Rojas, 2000):

Box 3.6. Micro-credit: The Grameen Bank in Bangladesh¹

The Grameen Bank in Bangladesh was created with the assumption that the absence of access to financial resources is one of the major causes of poverty. Its mechanisms rely on a system of reciprocity and mutual guarantee that replaces the system of material guarantee. Groups of five candidates with similar economic status are formed. In order to obtain credit, candidates have to follow a two-week course during which they are exposed to the philosophy, regulations and the procedures of the Grameen Bank.

Candidates have to submit simple plans showing how reimbursements for loan repayment will be made. To start with only two candidates get a loan. If the reimbursement procedures are correctly followed, then the other candidates can borrow as well. However, the goods acquired through the loan remain the property of the bank until the loan has been totally reimbursed. Reimbursements are usually done on a weekly basis, for a period not exceeding a year. 56 per cent of credits are given to women, and the rate of reimbursement is above 95 per cent.

1. Source: Brikke and Rojas, 2000

- The local government may facilitate local leaders or community groups to collect voluntary contributions through public meetings, bazaars, lotteries, and similar social activities. The success of this option depends on the whether the community has a tradition of fundraising.
- The local government may facilitate communities to own collectively income-generating projects such as co-operative shops, the profit from which may be used to pay for water service improvements.
- Households may be encouraged to contribute to cost recovery in kind, by providing labour for trench digging, transport, pipe laying, or provision of local materials.

- The local government may support micro-banking schemes among the low-income communities. Loans obtained may be used to extend services to the individual households. Box 3.6 shows an example of a successful micro-credit scheme in Bangladesh.
- Central government and local authorities may allocate part of their budgets for construction of water supply facilities to low-income settlements. This, however, depends on the government policies and availability of funds.
- The government may acquire grants from international donors to finance capital works to extend water services to low-income communities, perhaps as part of broader development programmes.