

EWDAF/URB/83: Supporting the supply side of the urban market
– improving the efficiency and effectiveness of local private providers

Year 2 of 3

Task Manager:

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Clients:

**Water – Kenya, Benin, Mozambique, and potentially Tanzania
Sanitation – Burkina Faso and Kenya.**

Region:

Africa

Partners:

WUP, AFD, UN Habitat

Desired Project Outcome: This project aims to support the development of Small and Medium Private Providers (SMPPs) to create a more dynamic and effective water and sanitation marketplace, more able to extend services to the unserved urban poor.

Project Description: The proposed activity builds on WSPs recent experience with urban WSS SMPPs and will identify and develop a package of supporting instruments, formulate and implement capacity building strategies for water and sanitation service providers business, technical, financial and management development. This can be defined through the following 2 sets of activities, many of which are closely linked to the activities undertaken on EWDAF/URB/82.

1. Developing workable strategies and supporting instruments to build the capacity of SMPPs. Associated with the ongoing water utility reforms that promote engagement with SMPPs (see Project EWDAF/URB/82), the project will support local water providers to access support to remove the constraints blocking them from providing sustainable services in poor areas. The focus of this work is twofold: (a) through the promotion of better organized structures, such as associations, SME, CBOs, Youth groups,...., that not only organize and improve the credibility and status of SMPPs, but provide them with a forum through which they can communicate and negotiate with utilities. Providers organizations also provide a forum for dispute resolution, self regulation, business development and accessing finance, all key issues as demand increases and businesses grow. Initiated efforts to support the formation of such organizations in Nairobi will be extended, lessons learnt and methodologies developed for support in 3 additional cities; (b) through managerial, commercial, technical and financial capacity building. The project will develop strategies and design the means to support water SMPPs business and technical development (e.g. sub-network metering, maintenance), customer service / revenue management (tariffs and collection) and financing (revolving loans). A key part of this process will be the identification and training of partner organizations to roll out support. This activity is closely linked to the work described in Project EWDAF/URB/82, in which the processes of utilities contracting and interacting with SMPPs are developed. The SMPPs involved in this work will also be associated in the work on Promoting Accountability and Strengthening Consumer Voice (EWDAF/URB/72).

2. Supporting Small Scale Providers of Sanitation Services (SSPSS). The project will also analyze the sanitation services market in 2 WSP focus countries (Burkina Faso and Kenya) to establish a deeper understanding of their strengths and constraints. It will develop models of regulation for sanitation SSMPs and evaluate the options for consolidating SSPSSs into associations that promote self-regulation. In Kenya, support will be provided to a pre-identified group of SSPSSs where WSP-AF has been approached to assist in the formation of an association and to engage with the Ministry of Health and the Nairobi City Council to develop a workable partnership. The objectives are to (i) improve the working conditions of providers, (ii) develop an agreed framework for activity with all relevant stakeholders, and (iii) integrate their legal status in the frame of the new sanitation policy currently under preparation. In Burkina Faso, the project will assess the capacity building needs of SSPSS and propose action plans to promote their specialization in the sector, and make their activity more sustainable. This sub project will closely link with the Sanitation Marketing work described in project EWDAF/SAN/76.

Start Date: Jul 2005

End Date: Jun 2008

Assumptions

1. Bulk water is available to supply to poor areas
2. SMPPs committed and willing to collaborate for business and services improvement
3. Additional funding windows available from other partners to support SMPPs capacity building activities

Indicators of outcome:

1. At least 3 utilities/municipalities recognize SMPPs initiatives
2. Associations establish constitutions in 3 locations
3. SMPPs participate in training programmes in at least 3 locations

Project Milestones:

1. Market analysis implemented in Benin – Sep 06

2. Nairobi workshop organized – Sep 06
3. Work programme defined for Maputo – Dec 06
4. Training programmes tested in at least two cities – Dec 07
5. Flagship product ready of global conferences – Jun 08

Project Activities and Products:

<p><u>Market analysis</u>, identification of needs and locations: (Consultations will feed-in BNWP/PPIAF work)</p> <ul style="list-style-type: none"> • Situational assessment in 2 locations (developed in relation with the AFD investment programme for Maputo) • Consultation with SMPPs and their partners to determine needs, capacity constraints and locations 	<ul style="list-style-type: none"> • Benin case study report – Sep 06 • Maputo case study report – Sep 06 • Consultation report in Nairobi for WS and Sanitation – Jun06 • Market analysis in two other locations – Jun 07
<p>Design a <u>package of supporting instruments</u> for SMPP integration and recognition in the water market.</p> <ul style="list-style-type: none"> • Develop toolkits for collaborating organisations. • Develop objectives and action plans through joint consultation between SMPP and utilities 	<ul style="list-style-type: none"> • Nairobi Workshop to develop support package– Sept 06 • Support package: tools and instruments for associations (Legal framework analysis, Organization status, members charter,...) – Dec 06 • MBK action plan – Jun 06 • Action plan and work programme for Maputo – Dec 06 • Workshop in Benin – Dec06
<p>Provide support to <u>build water and sanitation SMPP</u> capacity in business, customer service, technical, financial capacity:</p> <ul style="list-style-type: none"> • Continued support to MBK association in Nairobi • Support for sanitation SMPPs replicating the water model in Nairobi. • Support for other identified SMPP water organizations in locations following market analysis • Scoping for associations with members interested in capacity building • Assessment of capacity of SMPPs to identify skill gaps • Identify vehicle for capacity building (utility, training institutes) • Develop collaborations with NGOs to support processes • Develop and pilot capacity building toolkits 	<ul style="list-style-type: none"> • Capacity assessment and identification of skill gaps for MBK members – Dec 06 • Identification of training partners in Kenya (KEWI, ITN,...) – Jun 06 • Capacity building funding windows for local stakeholders – Jun 06 • SMPPs training modules piloted in Kisumu – Aug 06 • Capacity building toolkits and training for NGOs or other supporting organisations - Jun 06 • SMPPs training programmes defined in Benin and Mozambique – Jun 07 • Pilots and training completed – Dec 07
<p>Document and disseminate best practice and lessons learnt of mechanisms / processes / instruments for improving SMPP engagement at the local level.</p>	<p>FNs on identified topics Dec 06, Jun 07, Jun 08 Toolkits of key analytical and supporting instruments - Jun 06 Inputs to flagship product for global conference – Jun 08</p>