

An Adaptation of the PBAS Internal Assessment

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Summary

My Final Project provides a critique of a PBAS tool, the Internal Assessment (IA). I used this tool during PBAS Part II with some success. I adapted the tool in the following ways and for the reasons stated:

1. I focused the IA on the advantages of a range of collaborative forms, including a tri-sector partnership, because:
 - No party (the private company or any other) had actually identified any interest in exploring the need for a tri-sector partnership;
 - Initial assessment of the context suggested to me there would be benefits in a tri-sector partnership for all parties, but these parties appeared to have little awareness of their possible interests in partnership.
2. Rather than a 'social theme', I produced a much more in-depth elaboration of the sectoral issues because:
 - The private company is an expert in the development sector under consideration for closer collaboration or partnership.
 - The IA must add value to the company's own reflections and assessment of their interests.
 - A 'task oriented' focus was ultimately of greatest interest to the private company.
3. I did more analysis of potential partners and secondary stakeholders; slightly less of the company's underlying interests. The reasons were:
 - Acting as an External Broker, there was more scope to assess the context and understand the interest of potential partners and secondary stakeholders.
 - Correspondingly, it was less easy to gain full access to the private company. I addressed all the key underlying interests of the company, but was less sure of what 'weight' the company attached to each.
4. The confidentiality clause in the lease restricted my exploration of partnership for the IA.
 - The lease contract between the government and private company contained an all inclusive confidentiality clause.
 - This clause limits understanding among others of the intentions behind the lease.
 - It makes it more difficult for potential partners to see why they might have an interest in tri-sector partnership.
 - It also makes trust-building difficult.

1. Introduction

My Action Plan for PBAS Part II focused on an issue which arose out of a three-year research project. The three-year project is entitled: "Getting the Incentives Right: Incorporating Strategies for Improving Services to Low-Income Consumers within Private Sector Participation Water Sector Contracts". It is being carried out by a British engineering company, Atkins, and funded by the UK Department for International Development. I have been contracted as the Sociologist on the project.

One of the case studies examines a 10 year lease contract in water and sanitation in Dar Es Salaam, Tanzania. Our role in conducting the case studies was to both observe and, where useful, offer advice and recommendations to the private company. My initial assessment of the lease contract in Tanzania between the Government (DAWASA) and the private company, City Water Services Lts, led me to propose to Atkins that I explore the scope for a tri-sector partnership. It seemed unlikely that the specifications of the lease contract alone would ensure that low income consumers received a better service.

Early in PBAS II, I had meetings with City Water and attended their workshop on Community Kiosks. During the workshop, one of the questions asked to an audience of municipal authorities, community groups and international NGOs was “whether and how City Water should cooperate with NGOs and local private companies in unplanned settlements”. I spoke with City Water’s CEO, and secured his agreement that I would explore the scope and need for greater collaboration with a NGO or community groups.

I went on to produce an Options Paper for City Water, modeled on the PBAS Internal Assessment tool. The IA was very useful, and this was discussed in my Logbook. My starting point in developing the IA was to draw upon the PBAS I Hand Out (Components of an IA) and the case example taken from Konkola Copper Mines, Zambia. However, I adapted the case example quite substantially, giving far more weight to some components and less or none to others. The reasons for adapting the tool are explained below.

2. Reasons for Adapting the Internal Assessment

2.1 Advantages of a range of collaborative forms

Neither the private company, City Water, nor the government partner in the private sector participation lease contract, DAWASA, had actually identified an interest in exploring the need for a tri-sector partnership. DAWASA was more confident than City Water that there was a real opportunity to 1) build a closer relationship with communities and 2) secure closer coordination with public works departments responsible for roads and drainage, through a Memorandum of Understanding (MoU) with another project. The other project is called the Community Infrastructure and Upgrading Project, and it is to be managed by an alliance between the City Council and community groups.

I initially explored the understanding of all parties concerning the proposed (as yet unsigned) MoU. It was clear that the roles and relationships of each party had not been established. Most importantly, there was a problem of sequencing. The Community Infrastructure and Upgrading Project (CIUP) had not yet secured World Bank approval, which meant that implementation was unlikely to commence before early 2005. City Water needed to begin installing community kiosks and first time domestic connections in poorer, unplanned settlements by end 2004/early 2005. However, City Water ideally needs first to have identified suitable sites for kiosks and to have CIUP provide the necessary access roads in advance.

I identified that that the key parties (especially the private company) could benefit from a tri-sector partnership. The company was under pressure to deliver results in a difficult, challenging context. There was pressure from NGOs and some donors to bring about improved affordability of the service to the poor. But there was also a really significant level of misunderstanding concerning what components of the lease contract (if any) would actually improve services for the poor. Those more knowledgeable about the lease (government and the President’s Parastatal Reform Commission) realized that the whole of the lease (major rehabilitation of the water network) would serve the poor, because the poor suffer most through an inefficient and unreliable system. Some of the NGOs believed that the poor might only benefit through the community kiosks, but they were convinced that the private company would charge a high tariff for the water in order to make a large profit. They were amazed when I pointed out that the private company would be obliged to sell water from its kiosks at the government-set tariff, which are currently well below what most poor households

actually pay for water. The NGOs also realized that the private company kiosk water would probably be cheaper than water provided by small-scale NGO projects.

This level of misunderstanding about the purpose of the lease and the challenges faced by the private company among those not party to the lease, meant that it was not clear why they might have an interest in and derive benefits from a tri-sector partnership. In this context, it would have been impossible to launch into an analysis of the benefits of tri-sector partnership. It was important to focus first on raising awareness and understanding of the issues and possible relationships of different parties, to build a little trust, and to explore the scope for closer collaboration, as a first step in the exploration of a tri-sector partnership.

I was also very struck by the point made a couple of times during PBAS Part I, that a tri-sector partnership is not right or feasible in every context. I was convinced that some form of closer collaboration would be beneficial and feasible in my case study, but it would have been wrong to have pushed so hard for a tri-sector partnership at this stage, without knowing if it would have worked. We risk de-valuing tri-sector partnerships if their chances of success are weak or uncertain at the outset.

2.2 Elaboration of the sectoral issues

The example of an IA we received during PBAS Part I, was based on a natural resources company. Whereas the substance of development issues and methodologies is often rather new to natural resources companies, it is much closer to mainstream business for water and sanitation companies, who often win contracts on the back of a broader development reform programme (usually World Bank led). Therefore, by writing a rather ‘light touch’ approach to the ‘social theme’ of a partnership approach (along the lines of our PBAS I example) and the organisation’s underlying interests and objectives, there was a risk that the IA would have added little value. For the water company, City Water, most of the technical engineering challenges could or should have a social or community dimension. In other words, the ‘social theme’ of a partnership approach had to relate to core business for the water company, and could be better described as a new ‘sector-wide approach’.

However, I then went through a second stage of reflection on the theme of the IA for City Water. Although I felt there was a case for tri-sector partnership in order to address a wide range of issues (related to serving customers better, making the water management system more efficient and equitable, and complying or enhancing policy in the sector), I became aware that City Water was more concerned with how it should address very specific tasks and activities. In the space between my first and second visits to Tanzania, City Water’s Chief Engineers had increased their interest in the community kiosk programme. I therefore came to the conclusion that instead of a ‘social theme’ or ‘sector-wide approach’, there should be a ‘technical task’ which served as the main motivation for a partnership.

At this time, I referred back to the PBAS reading material for further insight. I read an article by Ken Caplan (BPD, ‘Plotting Partnerships: Ensuring Accountability and Fostering Innovation’, Practitioner Note Series, 2003). Ken points out that most partnerships are generally “Task Oriented”, ie. they deliver something such as water connections, a health centre or a new road. At the other end of the spectrum, “Rules Oriented” partnerships bring together different parties to review policies, regulations, laws or standards. I realised that I had been hoping to bring potential partners together for the purposes of addressing both the tasks and the rules. This was too much to expect so early on.

The drawback of a task oriented partnership is that it may miss out on the opportunity to create a dialogue between different partners, and thereby be less likely to deliver long term impact and sustainability. It is, however, an important starting point in my case, because the company originally demonstrated no interest in working more closely with low income communities.

2.3 Analysis of potential partners and secondary stakeholders

The role of an External Broker brought with it both advantages and limitations. On the spectrum between Internal and External, I realized that my role was much closer to that of an External Broker, although it was not as far along the spectrum as in the case of some of the other PBAS candidates. As the Sociologist for Atkins on a research project, there was a clear understanding that we would provide advice and recommendations where appropriate. I therefore had an entry point into exploring tri-sector partnerships in principle.

The advantage of wearing the External Broker hat was that it was easier to gain access to both potential partners and secondary stakeholders. There were sensitivities concerning private sector participation, and the NGOs demonstrated mixed views and perspectives about City Water's goals and objectives. These were clear from the Stakeholder Mapping exercise I carried out. Had I come to talk to them as an employee or contracted consultant of City Water, potential partners and secondary stakeholders may have been unwilling to talk so openly with me. I may be exaggerating the point (it is difficult to know what would have happened in different circumstances), and it is possible that I would have gained different, additional insight had I spoken to them as an Internal Broker linked to the private company. However, I do believe that it was very useful to be able to bring these different perspectives to City Water at an early stage in the exploration. Had I focused almost exclusively on analyzing City Water's views and perspectives, I believe I would have been a long way from understanding whether a tri-sector partnership was feasible. Because I was not specially commissioned by City Water, but was simply choosing to provide them with advice, it was important early on that I had a good grasp of whether a partnership was feasible.

The downside of being an External Broker was that it proved less easy to gain access to the company's staff. Because City Water was very busy, because there was initially an issue over whether we (Atkins) had secured adequate buy-in from the government body to carry out our work, and because a crisis arose for City Water during my second visit, it was difficult to spend much time with key company staff. In the IA, I believe that I addressed all the key underlying interests of the company, but was less sure what 'weight' or importance the company attached to each interest.

I was aware that I might have had more time to talk with more junior staff if I had focused my communication with the company more exclusively on the Chief Engineer, who was the initial point of contact for the Atkins research project. However, if a tri-sector partnership was ever going to take shape, it seemed essential to me that I had the buy-in of the CEO. Obtaining this buy-in took time, but I believe it was worth the effort.

2.4 Confidentiality clauses and their restrictions

The lease contract between the government and private company contained an all inclusive confidentiality clause. The clause limits understanding among outsiders of the intentions behind the lease, and so makes it more difficult for potential partners to see why they might have an interest in partnership. This point relates to the first issue above – ie. potential partners know little about the lease objectives – but adds a new element – ie. it is difficult to raise awareness and understanding among potential partners because information is restricted.

The confidentiality clause needs to be understood in the context of private sector participation (PSP). PSP is an extremely sensitive issue in Africa, and in Tanzania especially, given its recent Socialist history. Despite government corruption and inefficiency being a 'known fact', the general public seem to be more suspicious when the private sector is invited to run services than when government runs them. In a number of former socialist countries, politicians frequently make speeches claiming that basic services, such as water and education, must be free for the poor. The reality is that they might be free in the very short term, but then the lack or inefficiency of revenue collection across the board means that the services fall into disrepair and the poorest usually end up paying more than anyone else, by being obliged to buy water from small-scale local private sector providers. It is more likely that the rich will not pay for their water due to inefficient metering and billing systems.

I am convinced that the confidentiality clause in the lease is all encompassing due to i.) a general government culture of not providing information, and ii.) a desire to restrict the private company from eliciting popular understanding and support for its difficult task of trying to make a dysfunctional system functional, by explaining the nature of the challenges it faces. The challenges would inevitably point a finger of blame at the government. It is therefore very important to government that the private sector respects the clause.

Given the extreme sensitivities of the confidentiality clause, it becomes difficult to broker a tri-sector partnership: to build trust and understanding, and explore mutual interests. Potential NGO partners take the view that they do not know much about what the private company does, but they do know it is there to make a big profit. They do not understand the extent of the challenges faced by the private company. They are not aware of how most of the company's work to improve the water network will benefit the poor. They are quick to point a finger of accusation at the private company. When the NGOs working in the water sector were informed at a very late stage that they could not operate in the areas designated for City Water, they blamed the private company for grabbing the best areas. They did not think to blame the government body, DAWASA, for its poor coordination and inefficiency. Of course, they may understand who is really at fault, but blaming the private sector is 'fair game', whereas blaming the government creates problems for their own operations.

All this suggests that more time may be required to build understanding and trust, than in situations in which there is greater transparency of all parties.

3. Conclusions

The adapted IA worked well in the context of my case study. The PBAS IA is a very useful tool, and the purpose in this project is not to suggest it should be substantially changed. Rather, it should be seen as a flexible tool, to be adapted as the circumstances require. The key factors which led me to make the adaptations were the fact that the private company with a potential interest in tri-sector partnerships was a specialist in a service sector, a PSP contractual relationship already existed (and contained a wide embracing confidentiality clause), and the broker was an External Broker.

Appendix 1

Options Paper:

A Strategic Approach for City Water in Unplanned Settlements

Background

City Water began operations on a ten year lease contract in the water and sanitation sector with the Government of Tanzania in 2003. The lease contract is complex but lacks detail on the strategies City Water should adopt to implement and manage certain components. City Water has to engage with a difficult political context. There is a government policy commitment to increased private sector participation in the economy (written into the Tanzania Assistance Strategy), but at the same time there is considerable scepticism and even hostility towards the (large scale) private sector among the political classes and the population. There are unrealistic expectations that City Water will deliver an improved service in a short space of time. There is political pressure to improve services, matched by donor pressure to bring about improved affordability of the service, and lobbying pressure from civil society, such as NGOs, to focus on the poor.

An improved water supply system could provide a “win-win” solution for City Water and low income communities (there is a business case for City Water providing water in low income communities, who would then pay less than they tend to pay currently for other sources of water). But there are also interests at stake among individuals in unplanned settlements who benefit from the current, poorly functioning system, as private water sellers.

Community Water Issues in Unplanned Settlements

It is clear that low income communities will benefit in large part from the whole rehabilitation of the water network, and its improved management and reliability. This is the major challenge which faces City Water. However, City Water also needs to establish how best to implement and manage certain components which will impinge very closely on low income communities, namely: the provision of public kiosks, a first time domestic connection fund and a ‘lifeline’ tariff.

The Atkins baseline questionnaire survey (2004) identified key characteristics of water usage as follows:

- In the municipalities of Konondoni, Ilala and Temeke, 45 per cent of households use water from their neighbour’s pipe as a first source of water. This suggests that a significant number of households have access to DAWASA water. We suspect that the neighbours do not pay fully or at all for the water consumed. These households could view City Water’s presence as competition and they could be threatened if they have to pay the full price of water consumed.
- The distance to the first source of water is negligible: 32 per cent of households walk up to 10 metres, and 76 per cent walk less than 100 metres. This has implications in terms of how households value their time, and how far they would be prepared to walk to a public kiosk for water sold at lower cost.
- Households tend to complain about the reliability and availability of water, but when asked factual questions about their first source of water, most (62 per cent) say it is available every day in the month. Kiosk water may therefore not appear to make such a significant impact on most people’s lives.
- The amount of water consumed appears to be far in excess of most estimates from other studies. Preliminary findings suggest that a majority of households (composed on average of 6-7 people) consume over 300 litres of water a day.

Community kiosks and the case for closer collaboration between City Water and a NGO

City Water has expressed some interest in how it should engage with communities in unplanned settlements over the provision and management of public kiosks (workshop on 30 April 2004). The kiosks are recognized by most parties (especially donors and NGOs) as the most immediate and visible aspect of City Water's operations, which will affect the lives of low income communities. The issue about the "lifeline" tariff will become more pressing at a later stage. First time domestic connections are a more complex issue. Evidence from other developing countries suggests that they are not a best option for low income households, due to payment method.

There are many reasons why City Water could benefit from closer collaboration with low income communities on its kiosk programme. These are:

- There may be conflict between local sellers of water and the City Water kiosk vendors.
 - There will be winners and losers in each community, and City Water would benefit from maintaining a close understanding of communities where kiosks are supplied.
- City Water requires certain activities to be conducted which require good community understanding and sensitivity. These include:
 - reporting illegal connections,
 - carrying out disconnections and re-connections,
 - informing and sensitizing the population.
- There will have to be an interface between the kiosk vendors and the local administration together with the Water Development Committee. It could prove difficult to establish this relationship effectively.

Underlying Interests of City Water

City Water's underlying interests relating to community kiosks include the following:

Customer Relations

- City Water needs a better understanding of customers, and how best to site kiosks and institute an effective management model for kiosks.
- Public relations: the private sector tends to suffer bad press in Tanzania. A better relationship with low income communities could improve its legitimacy and reputation.

Financial Return

- Yielding maximum revenue from kiosks (although this is not expected to be a very significant source of its profits).
- Bidding (long term) successfully for other contracts: proven experience in serving the poor adds to a company's credibility and strategic advantage in bidding for new work.

Policy and Regulatory Compliance

- The Lease is not clear on how to deliver services in unplanned settlements. The Regulator is not yet established. Therefore, City Water's understanding of needs in unplanned settlements will strengthen its defence of how it interpreted and served unplanned settlements (eg. the relative need for public kiosks versus domestic connections).

- Cooperating with national water policy (eg. vis-à-vis access, rights and needs of local water vendors, whose livelihood could be threatened by the new kiosks). Again, this is largely to be interpreted, in the absence of clear regulation of local water vendors.

Risk Management and Mitigation

- Cooperation with low income communities can mitigate risk of sabotage or vandalism to main network. A continuation in illegal connections could lower overall water pressure, resulting in failure to achieve KPIs on water pressure and regularity of supply.
- Cooperation with communities (education and awareness) can reverse negative attitudes and behaviour (not paying, assumed right to make connections at will), which are part of the present dysfunctional system.
- City Water can mitigate the risk of political pressure by showing it is keen to cooperate with communities.

Options for Greater Collaboration with Communities

Options for greater collaboration include:

- Working in closer collaboration with the Community Infrastructure and Upgrading Project (CIUP).
- Establishing more regular communication with international NGOs implementing the Community Water and Sanitation Supply Project (CWSSP).
- Contracting out aspects of the community mobilization, capacity building and/or management activities to one of the NGOs.
- Forming a partnership with one of the NGOs.

It is recommended that City Water explores the possibilities of either contracting out aspects of the kiosk programme to a NGO or establishes a partnership with a NGO. The precise parameters of the partnership would need to be explored with one or two of the most suitable candidates. There would be advantages to considering a tri-sector partnership, including DAWASA as the other party. All three CWSSP NGOs have experience of working in the areas where City Water intends to provide kiosks (some had carried out initial exploration with a view to operating there for CWSSP). Two of the three NGOs, WaterAid and CARE, have experience within their organisations of working in partnership with the private sector and government. WaterAid has the most experience in the water sector, with operational, research and policy strengths. Exploratory discussions with the NGOs suggest that there might be interest in some form of collaboration with City Water.

The other options are rejected for the following reasons. Although the kiosk programme is to be implemented in collaboration with CIUP, this will not necessarily provide City Water with the required community understanding. Establishing closer communication with NGOs could prove difficult if there is no additional incentive for meetings to take place and ideas to be exchanged. To some extent, this will occur through the DAWASA-led Steering Committee, but at a high level rather than an operational level.

Obstacles, Risks and Threats

An exploration of closer collaboration with a NGO should outline the expected outcomes, related to City Water's underlying interests, and the advantages of working in collaboration. It should also consider the possible obstacles, risks and threats of working in collaboration. These might include:

- Time required (and opportunity costs) to establish greater collaboration.
- Low level of trust among potential partners, due to inability to share information (restrictions relating to confidentiality clauses in the lease).
- DAWASA might be threatened by closer collaboration between City Water and a NGO.
- Closer collaboration would add to further complexity; there is already a working relationship with DAWASA, there will be some form of collaboration with CIUP, and there are other stakeholders to consider.
- City Water does not have a member of staff with the relevant background, skills and mandate to take this recommendation further.