

Regulating for Citywide Inclusive Sanitation: A Call to Action

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How to *'square the circle'* of 2.1 billion people, many the poorest on the planet, urgently needing the human right of safely managed sanitation? And at an estimated cost of \$105 billion per year², how is this to be delivered in a sustainable AND affordable manner when affordability (and willingness to pay) is so limited, taxation rates are low and donor transfers are not increasing?

'squaring the circle': 'doing something that is very difficult or impossible'¹

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Citywide Inclusive Sanitation (CWIS) is a public service approach to planning and implementing urban sanitation systems to achieve outcomes summarised in **SDG 6: safe, equitable and sustainable sanitation for all by 2030**, irrespective of where people live within the city or what technologies are used to serve them.

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'Sanitation is defined as access to and use of facilities and services for the safe disposal of human urine and faeces'³

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The proportion of the urban population living in slums or informal settlements worldwide was estimated to be 66% in Low-income countries (37% Lower middle, even 24% in Upper middle-

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"Annual per capita costs for the [Kampala, Uganda] sewage regime (\$186) are more than 13-fold those for the Faecal Sludge regime (\$14)."⁵

income countries), the absolute number of people growing to over 1 billion)⁴. Meeting the sanitation needs of informal settlement dwellers is a particular challenge relating to affordability and accessibility, where conventional water-flushed sewerage is even more difficult and expensive to install and where non-sewered service options require regular access to pits or tanks for desludging, in addition to possible institutional prohibitions in serving informal areas.

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Delivering CWIS needs regulators, because regulators have the expertise of finding the pragmatic balance between the policy and standards set by policymakers and legislatures, and the service providers, who need to access the funding (tariffs & taxes), repayable financing and human resources to deliver the service.

Regulating catalyses the progressive realisation of the human right to sanitation

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"Regulation is a policy intervention that aims to promote sector goals in the public interest – balancing the competing interests of the various stakeholders."⁶

Regulators (and equivalents) in a wide variety of contexts have shown that they can make a significant difference in nudging forwards the monopoly piped water supply sector, empowering service providers to improve their performance for the benefit of their customers, whilst challenging them through comparative competition as well as penalising failures.

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Now comes the bigger challenge of asking regulators, particularly in lower-income countries, to extend their art of compromising beyond overseeing limited monopoly piped sewer networks, with similarly limited wastewater treatment, usually supported by subsidies from the water tariff. Regulatory oversight needs to be extended to the service providers of 'Non-Sewered Sanitation' (NSS) in formal and informal housing areas, NSS needing the on-site sanitation service chain of household containment, septic pit/tank emptying, safe transport and necessary delivery to a public faecal sludge treatment & reuse plant.

'A non-sewered sanitation system 1) is not connected to a networked sewer system and 2) collects, conveys, and fully treats the specific input, to allow for safe reuse or disposal of the generated output.'⁷

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13 For CWIS, the mandated service provider is expected to enable and oversee subcontracted elements of the total NSS service potentially delivered by private small and medium enterprises, community-based and non-governmental organisations as well as the public sector.

14 Every country has its own regulatory frameworks and structures which straddle a wide spectrum where power and priorities vary significantly, with 'no best approach'.

15 A "Regulatory Authority, Regulatory Body or Regulator is a public authority responsible for applying and enforcing standards, criteria, rules or requirements – which have been politically, legally or contractually adopted – exercising autonomous authority over the Services, in a supervisory capacity." ⁸

16 The mission of this Call is to support and inspire regulators to catalyse service delivery in the context of affordable and sustainable tariffs, charges and subsidies, all with close linkages to water resources and environmental regulation, supported, with enforcement where necessary, through planning and building, environmental health, occupational health & safety and consumer protection regulations.

17 *Accelerating progress on sanitation delivers health benefits for individuals and the nation (child survival, higher utilisation of health services, elimination of cholera, eradication of polio, control of intestinal worms, less stunting in children), safety and mental health, food safety, environmental justice, decent work and a clean environment for recreation.*⁹

18 **Actions by Regulators for Service Providers: bridging policy-making and service provision**

The task of the regulator is to enable, empower and ensure the financeability of efficient service providers to accelerate delivery of inclusive sanitation services.

19 **REGULATORY ENABLING ENVIRONMENT FOR CWIS**

- a • Undertake a review of the regulatory framework (including laws, charters, decrees and other instruments) to prepare a **regulatory CWIS road map** in the context of developing public policy.
- b • The road map to include a clear understanding of the various **stakeholders involved** in delivering sanitation for all, their roles and responsibilities, any gaps, overlaps and weaknesses, particularly municipal planning and service authorities.
- c • Recognise CWIS as the critical first step to the longer-term goal of '**Integrated Urban Water Management**'¹⁰ planning (including grey water and storm water, particularly in informal settlements), a definition of sanitation also referring to '*the maintenance of hygienic conditions, through services such as garbage collection and wastewater disposal.*'
- d • Adjust the license of the public water (and/or sewerage) supplier to become a '**water and sanitation company**' with responsibilities to manage sanitation service provision for all, NSS in addition to sewerage (possibly the municipality as license holder for service delivery in smaller urban areas). The license to mandate clearly defined geographical boundaries, with the expectation boundaries will adjust over time.

- Facilitate updating and reconfiguration of **quality of service standards, norms and bye-laws**

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*'Householder's willingness to pay [Nakuru, Kenya] is less than 25% of [capital] cost of a high quality pour flush toilet.'*¹¹ *'Willingness to pay for emptying and safe disposal through a transport and treatment route in Kisumu corresponds to 23% of operational costs.'*¹²

to facilitate progressive realisation of non-sewered sanitation, including accessible and emptiable pit/tanks, in addition to sewer (conventional & reduced cost) sanitation.

- Harmonize regulatory requirements across sanitation-related sectors to ensure the protection of **human health and the environment**.

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- Communicate with government as to the likely extent of necessary **subsidies needed from taxes** to support the phased development of CWIS.

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- Promote a culture of **collaboration, shared learning and willingness to innovate** - a willingness to experiment, learn from mistakes and working collaboratively with all stakeholders.

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*Regulating can be undertaken by "Sector Specific National or State Regulator; Multi-Sector Regulator; Self-Regulation at the Municipal Level; Government Department; Regulation by Contract."*¹³

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REGULATING SERVICE PROVIDERS TO DELIVER CWIS

- a • Promote a range of **incentives** to mobilise service providers in **servicing neglected areas** in the context of pragmatism, gradualism and flexibility.
- b • Engage with **private service providers** to understand better what incentives would enable them to cover neglected areas.
- c • Commence development of a joint regulator and service provider transparent **'tariffs and charges financial model'** (spreadsheet), including sewer and non-sewer service chain options.
- d • Develop **Key Performance Indicators** (but not too many!), linked to incentives and efficiency requirements, to ensure service provider plans include incremental service improvement to the poor – with a specific KPI for **ongoing service levels (services used) to the lowest-income quartile**.
- e • Begin **satisfaction surveying**, use of Citizen Report Cards, benchmarking and comparative performance tables across the range of licensed service providers.
- f • Support weaker service providers through **capacity-building**, particularly in supporting the development of risk-based approaches to preparing service and asset management plans.

*"Economic regulation is the set of rules and organizations that set, monitor, enforce, and change allowed tariffs and service standards for water [& sanitation] providers."*¹⁴

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SETTING LICENSED SERVICE PROVIDER REQUIREMENTS

- a • Collect, and report on, appropriate data (**service quality information and costs**, based on regulatory accounting guidelines for sewerage & sanitation costs separation). Incrementally to **strengthen information management and reporting** systems across the entire sanitation service chain.
- b • Deliver periodic (regulator defined) **service and asset management plans** for the entire sanitation service chain, including funding proposals, justifying the balance between sewer and NSS solutions (both also relative to water supply investments), related to anticipated outcomes based on health risk assessments.
- c • Develop **proposed tariffs and user charges** (within the regulator's guidelines & financial model), structured to balance affordability to users and sustainability for service provision, with

appropriate subsidies (from water tariffs, municipal taxes and national or state investment) supporting both access and consumption, well-targeted to reach needy households.

- d • Investigate and develop **innovative funding and financing options**, subsidies and cross-subsidies, including any possible benefits of ‘waste to wealth’.
- e • **Engage with citizen customers**, promoting the value and benefits of sanitation as well as the knowledge, awareness and understanding of the sewered and non-sewered sanitation sector.
- f • Ensure adequacy of **customer consultation mechanisms** in service provider plans.
- g • Deliver **human resources capacity-building**, and health & safety for sanitation workers, through development and implementation of Standard Operating Procedures.

Using regulatory techniques, though not a 'regulator', sewerage connection and treatment rates in the Republic of Korea rose from about 2% (1961) to about 90% (2012), supported by accessing \$800m of private capital financing for 100 wastewater treatment plants 1998-2008 (also delivering a 25% reduction in plant opex). This in the context of National and Local Subsidies averaging \$2.8 billion per year and water user charges increasing about 3.8 times (2000-2012).¹⁵

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This **Call to Action** has been prepared by a Task Force of IWA members and partners, with valued support from an Advisory Board, to act as a strategic contribution to the SDG6-global-acceleration-framework, building on the foundations of the IWA 2015 Lisbon Charter.

'IUWM is described as the practice of managing freshwater, wastewater, and storm water as components of a basin-wide management plan. It builds on existing water supply and sanitation considerations within an urban settlement by incorporating urban water management within the scope of the entire river basin.'¹⁰

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References

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Additional Resources

IWA CWIS Webinar 1: In this webinar, panellists from the Initiative's Taskforce share their experiences and lessons learnt from Latin America, Africa and Asia. <https://iwa-network.org/learn/regulatingcwis/>

IWA CWIS Webinar 2: In this webinar, service providers and regulators from Malaysia and Kenya will discuss how regulators can support service providers through using collaborative approaches and incentives as well as how service providers can step up to the challenge of providing good quality, affordable and sustainable services for all. [https://iwa-network.org/learn/regulating-service-providers-for-citywide-inclusive-sanitation/?ct=t\(IWA_Webinar_RCWIS_JAN_21\)](https://iwa-network.org/learn/regulating-service-providers-for-citywide-inclusive-sanitation/?ct=t(IWA_Webinar_RCWIS_JAN_21))

Citywide Inclusive Sanitation Briefing Note: <https://citywideinclusivesanitation.com/>

Guidelines on sanitation and health. Geneva: World Health Organization; 2018. 'Clearly setting out the need for action and providing tools and resources, these guidelines also reinvigorate the role of health authorities as champions of sanitation.'

Sanipath Assessment Tool: designed to assess risk related to poor sanitation and to help prioritize sanitation investments based on the exposures that have the greatest public health impact <https://www.sanipath.org/>

Regulation Strategy and Framework for Inclusive Urban Sanitation Service Provision : ESAWAS outlines a regulatory framework and strategy that integrates and addresses inclusive urban sanitation service provision (incorporating non-sewered sanitation) such that the WSS regulator can effectively administer its mandate (see also ESAWAS Guidelines) <https://www.esawas.org/index.php/publications/other-esawas-publications>

Sanitation Services Assessment and Planning Tool: The Citywide Inclusive Sanitation Services Assessment and Planning (CWIS SAP) tool helps decision-makers compare the outcomes of different sanitation interventions or investments. The tool which analyzes and illustrates how each proposed intervention is likely to affect the equity, financial sustainability and safety of sanitation services in an urban area. <https://www.cwisplanning.com/>

Referee! Responsibilities, regulations and regulating for urban sanitation: WSUP Discussion Paper which synthesises experience from Eastern and Southern Africa and Bangladesh to explore the evolving role of regulators in driving urban sanitation service improvements. <https://www.wsup.com/insights/referee-responsibilities-regulations-and-regulating-for-urban-sanitation/>