

MCA CV II - WATER SANITATION AND HYGIENE PROJECT



Institutional and regulatory reform in Water and Sanitation sector in Cabo Verde

A possible study case applied to PALOP's reality



Structure presentation

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1. Why reforms in WASH sector?
2. 3 evolution periods of WASH sector
3. Institutions and relations before the reform
4. The need of reforms in Cabo Verde
5. MCA CV II – WASH Project:
 - i. Reform Goals
 - ii. Integrated WASH management approach
 - iii. Public Policy cycle theoretical model
 - iv. WASH sector (core and instrumental) business model (ERSAR)
6. New Institutional and regulatory framework
 - i. Technical and financial regulatory segregation dilemma
7. Donors economic driven of reform
8. Lessons learned and recommendations
9. Final remarks



Why reforms in WASH sector?

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“Currently the Water and Sanitation Sector (WASS) is characterized by a set of needs for its development, which encourage the institutional reform on the sector.

Those needs are; increasing the coverage of water supply and sanitation, financial sustainability of the operators, professional provision of services, environmental sustainability of the sector, representativeness of the sector, strategy and rationality of investment, protection of consumer interests and broad scope of environmental and technical regulation.

Specific features of the geographical, political, social and environmental context of Cape Verde, as well as the particular characteristics of the WASS are also challenges and potential barriers to overcome through the institutional reform.” *Jonathan Blum CEO African region MCC*



3 evolution Periods in Water and Sanitation Sector in Cape Verde

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- From Independence (75) to 90s (nineties):

After independence (1975), water mobilization of has been the main subject of political activity vis a vis instrument for social cohesion (unconscious collective hunger trauma) and foundation of the economy (subsistence) enjoying the highest investment and concentration of technical skills made particularly on the islands with the highest agricultural potential.

- 90s

The pace of economic and population growth occurred in the last two decades with a focus on major urban areas (Cities of Praia and Mindelo) has intensified poverty and questioned the urban and regional disparities of public policies by reflecting the existing difficulties in access to water for human as well as its collection based on improved means.

“While the well does not dry out we do not learn to value water ”

After the emerging conflict period between agricultural and domestic uses (and between urban, peri-urban and rural) against the limited groundwater and surface reserves, starting using sea water in the late 80's and early 90s was inevitable. This triggered the appearance of water industrialization policies and respective institutional framework alongside the consolidation of the public utility (ELECTRA) responsible for water and energy production and supply in three major cities, thus covering more than half of the population at a time.

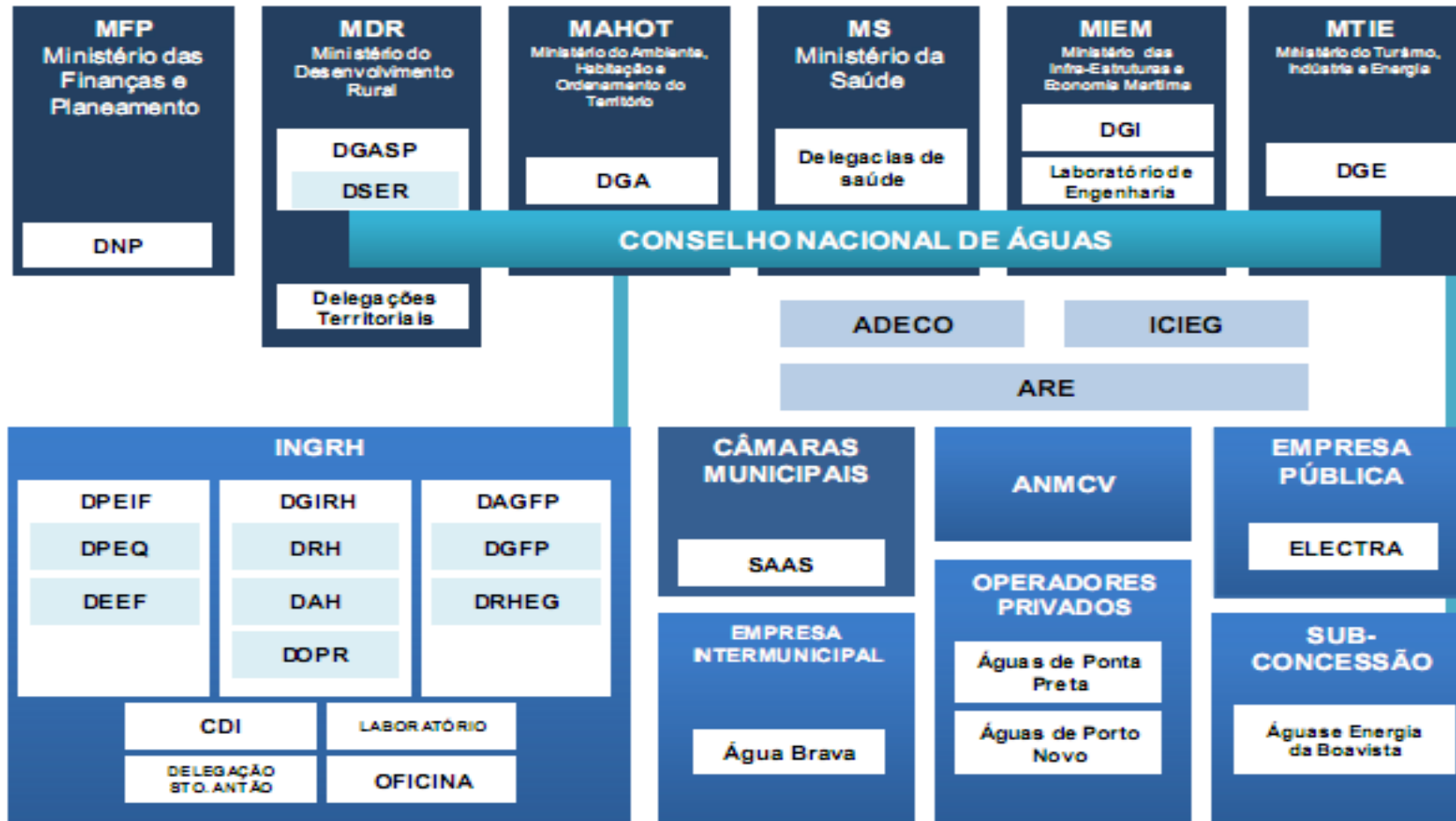
- XXI Century

Alongside the political decentralization process and aiming at corporatizing this public service in major cities in the past 15 years, Cape Verde has been witnessing a gradual transformation of municipal water supply models (usually direct management) into utility corporatization models through partnership with private companies operating under more modern business management methods and based on formal regulatory procedures.



Institutions and relations before the reform

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How to organize thought before you think organization...



The need of reforms in Cabo Verde

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The need of reforms is determined from:

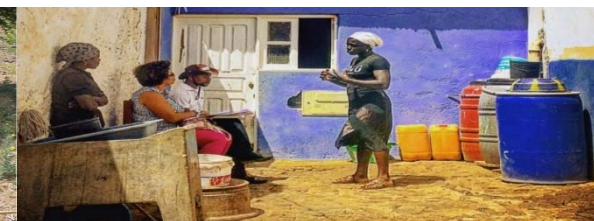
Extreme Water scarcity, requires use of dessalination with unavoding higher costs;

Cover defictis and poor economic acessibility to services and reduced quality delivery to user´s;

Financial dificulties of WASH operators as a factor of fragility to achieve financial sustainability and investment attraction;

Institutional limitation of the sector whith disperse of functons and responsibilities according to use focus (eg. INGRH (Boreholes); Agricultural Ministry (irrigation and Dams); Electra (Dessal water and sanitation), ...

Low consideration of questions related to role of women and other vulnerable groups in Cabo verde society





MCA CV II WASH project

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In a total amount of \$ 41.1 million dollars the MCA CV II WASH project financed by the MCC was design to improve sector performance based in 3 components:

1. National level institutional and regulatory reforms

(\$ 6.440.637 USD)



2. Utility level reforms and delivery improvement

(\$ 12.515.156 USD)



3. Infrastructure grant facility (\$ 21.197.373 USD)





Reform Goals

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Universal Goals (National Level)

- Human conditions improvement
- Economical development
- Natural resources and environment protection

Global Goals (Sectorial level)

- Hidric resources avaiability
- Water and sanitation service cover
- Economic acess to services
- Water quality for consumption
- Hidric resources and ecosystems protection
- Socail and gender equity

Specific Goals (Organization level)

- Integrated planning and management in the sector
- Universal technical and economic regulation
- Human capital reinforcement
- Financial sustainability
- Institutional autonomy
- Service corporatization functioning under economic and commercial basis
- Private sector involvement
- Environmental education and awareness



Integrated Water and Sanitation management approach

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Saneamento de águas residuais



Atualmente...

Algumas fontes de produção de água se destinam a um conjunto de usos limitado

A reforma procura...

A gestão integrada e eficiente das várias origens e usos

... que inclui a dessalinização

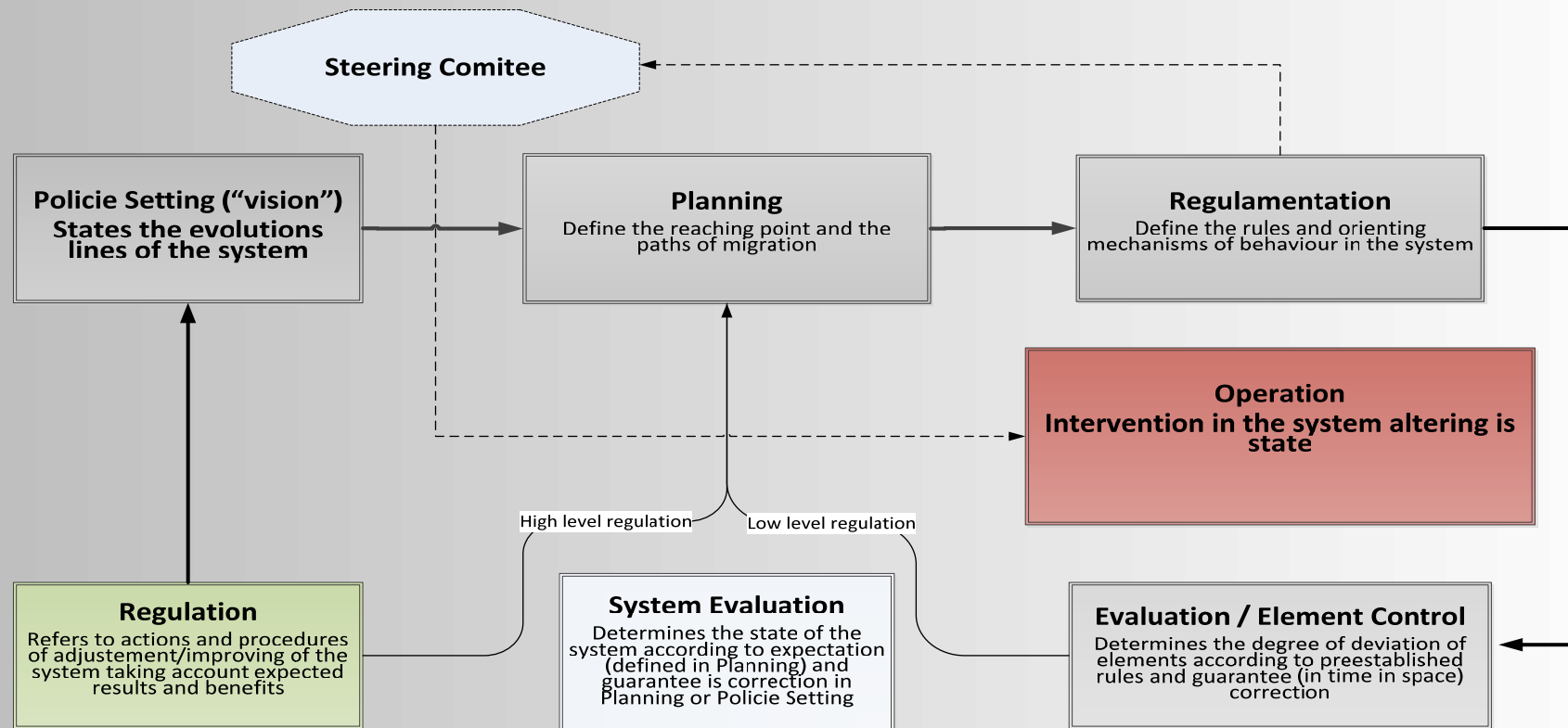




Modelo de análise do ciclo de políticas públicas

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Public policie management cycle. A theoretical model



Adaptado de Modelo de Sistema Viável (VSM) de Stafford Beer

Theoretical systemic model of public policies management cycle aimed to clarify frontiers and interrelations between entities, avoid overlap (design, execution and inspection by the same entity) or absence of responsibilities and guarantee independent peer review.

Este modelo institucional é recursivo e inspira uma abordagem sistêmica do ciclo de funções substantivas das políticas públicas. Cada função não constitui necessariamente uma estrutura, podendo albergar no seio das atribuições uma ou mais funções do ciclo desde de que obedecendo ao principio da segregação salutar de funções (não pode jogar e apitar ao mesmo tempo). Uma função só pode iniciar se a anterior estiver cumprida sob o risco de colapso de todo o sistema.



Business (core and instrumental) model of water and sanitation sector

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Structural regulation of the sector

Regulatory contribution to **organization** of the sector

Regulatory contribution to **regulamentation** of the sector

Regulatory contribution to **Information** of the sector

Regulatory contribution to sector **Capacity building**

Management entities behavior regulation

Legal and contractual regulation

Economic regulation

Service quality regulation

Water quality for human consumption regulation

User interface regulation

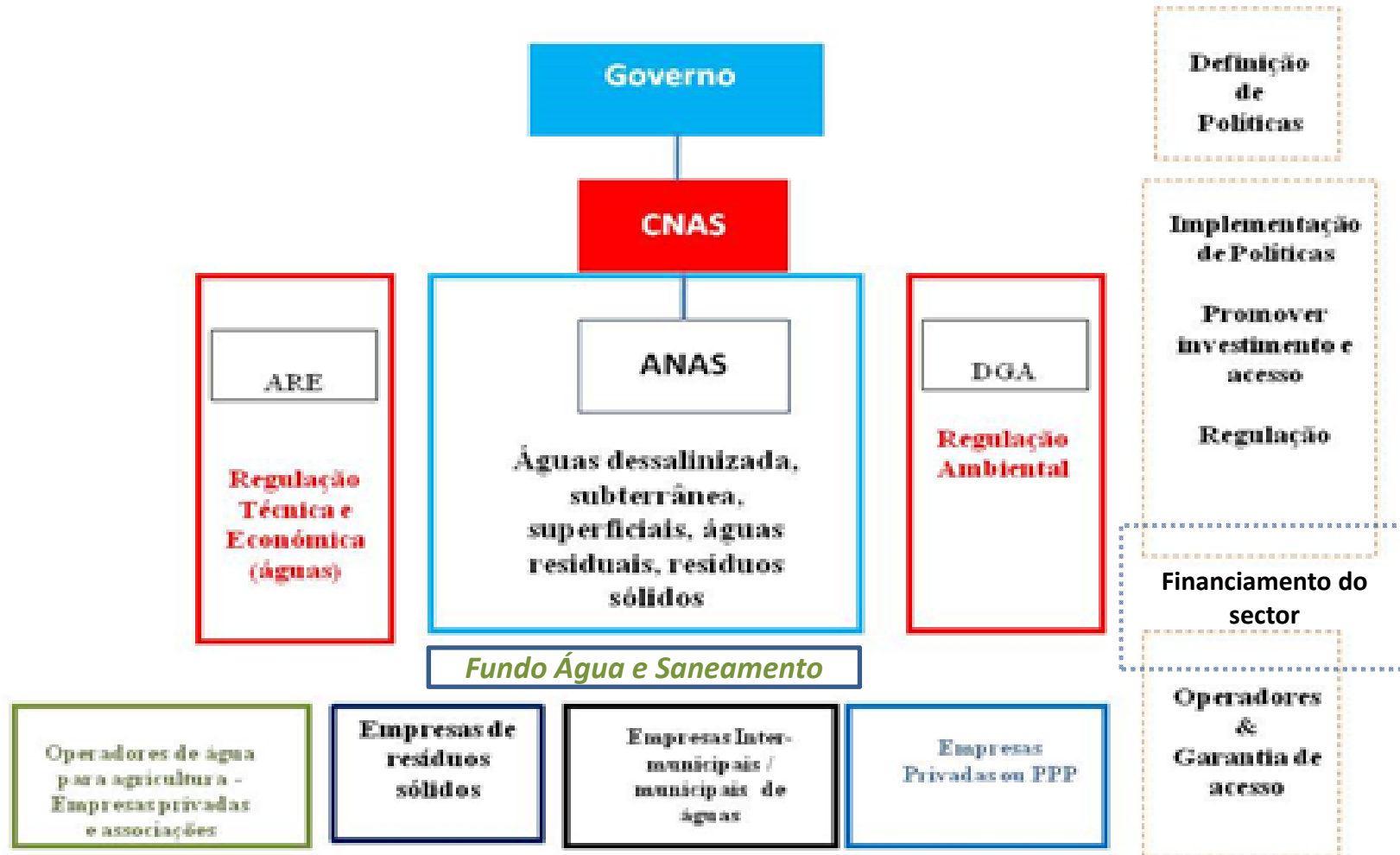




New Institutional and regulatory framework

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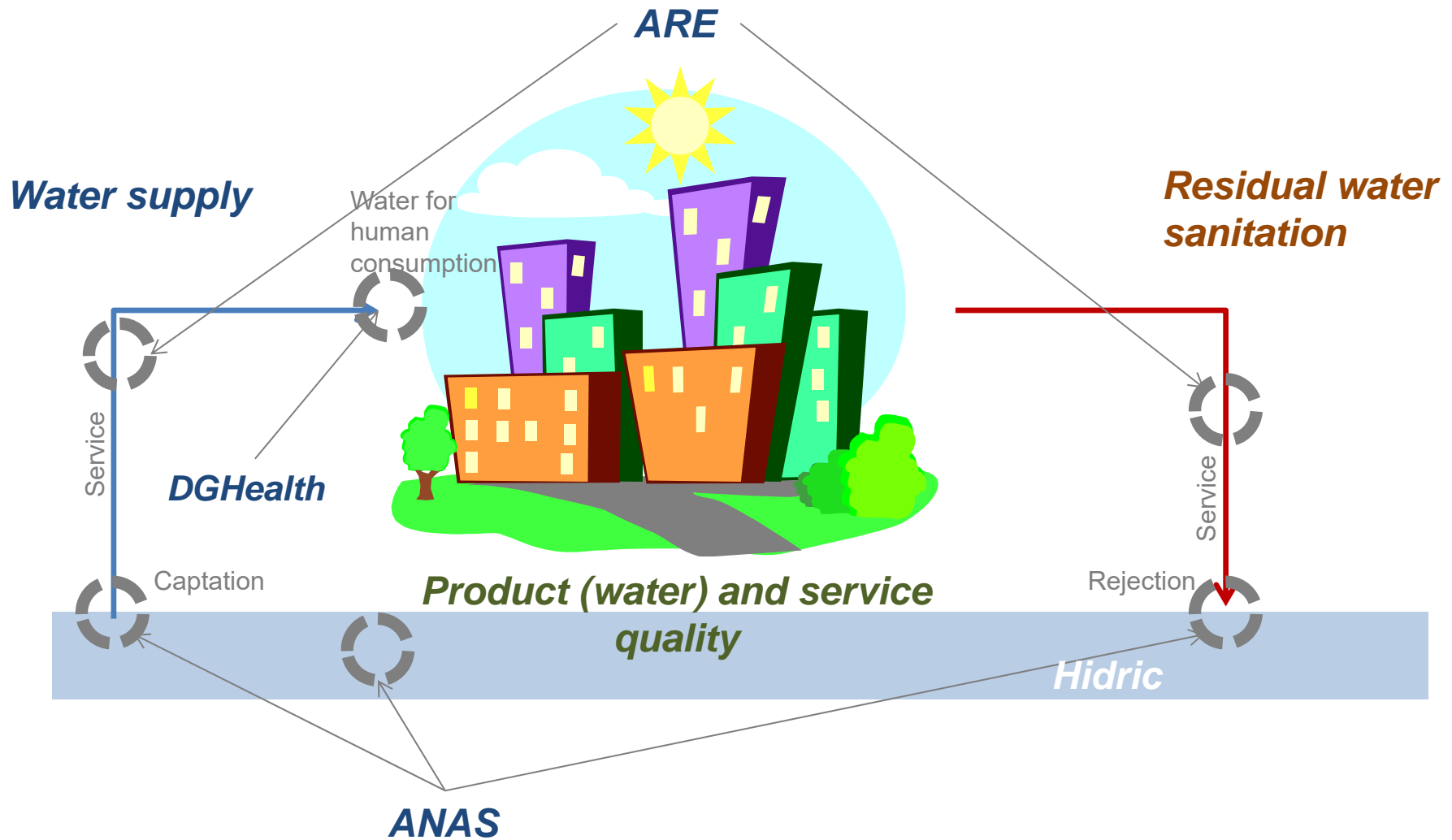
Proposta de Modelo Institucional





Technical and economic regulation segregation dilemma

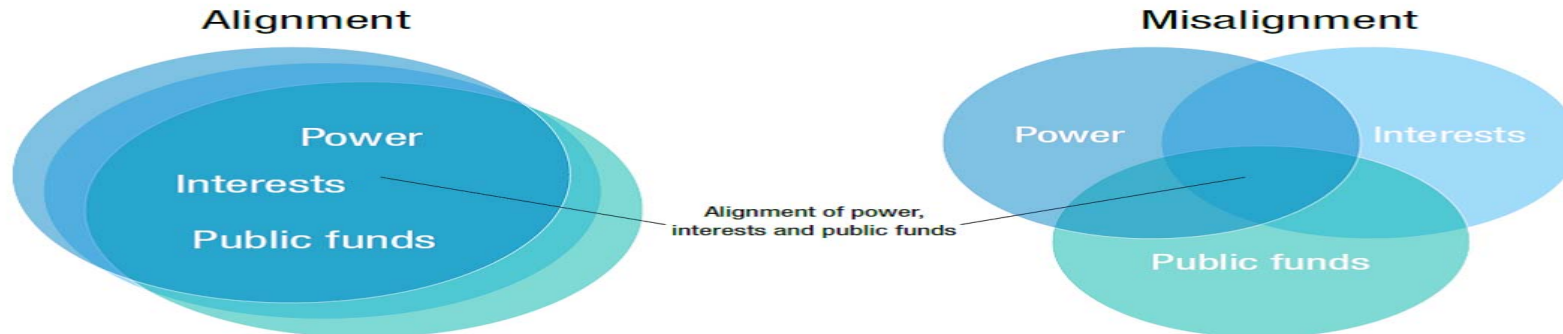
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Donors economic driven reform

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Power	Interests	Public funds
Overall <ul style="list-style-type: none"> – The degree to which power is personalised or institution-based. – The degree to which power is centralised (e.g. in the presidency) or diffuse. – The extent to which power is contested or not. – The consistency of those in power and authority. 	<ul style="list-style-type: none"> – The interest of those in power/authority in the delivery of public goods. – The relative importance of the distribution of private and public goods in the maintenance of peace and power. – The importance of public resources in delivering private goods and/or enriching elites. – Willingness of those in authority to move from informal to formal processes. 	<ul style="list-style-type: none"> – The degree to which those in power and authority influence public resources. – The prospects of fiscal space which could be reallocated towards public goods.
Finance ministry <ul style="list-style-type: none"> – The relative power of the finance ministry, and how much it is based on individuals. – The degree to which the finance ministry is lent authority from the centre of power. 	<ul style="list-style-type: none"> – The relative interests of those in authority and the technocrats working in the finance ministry in the delivery of public and private goods and in the enforcement of systems and processes. 	<ul style="list-style-type: none"> – The authority of the finance ministry to propose reallocations towards public goods. – The finance ministry's ability to secure resources for public goods during execution.
Donors <ul style="list-style-type: none"> – The relative influence and importance of the international community. 	<ul style="list-style-type: none"> – Donors' ability to identify and support the public goods of interest to those in power. 	<ul style="list-style-type: none"> – The likelihood of donor funding to provide fiscal space for public goods provision.



Lessons learned and recommendations

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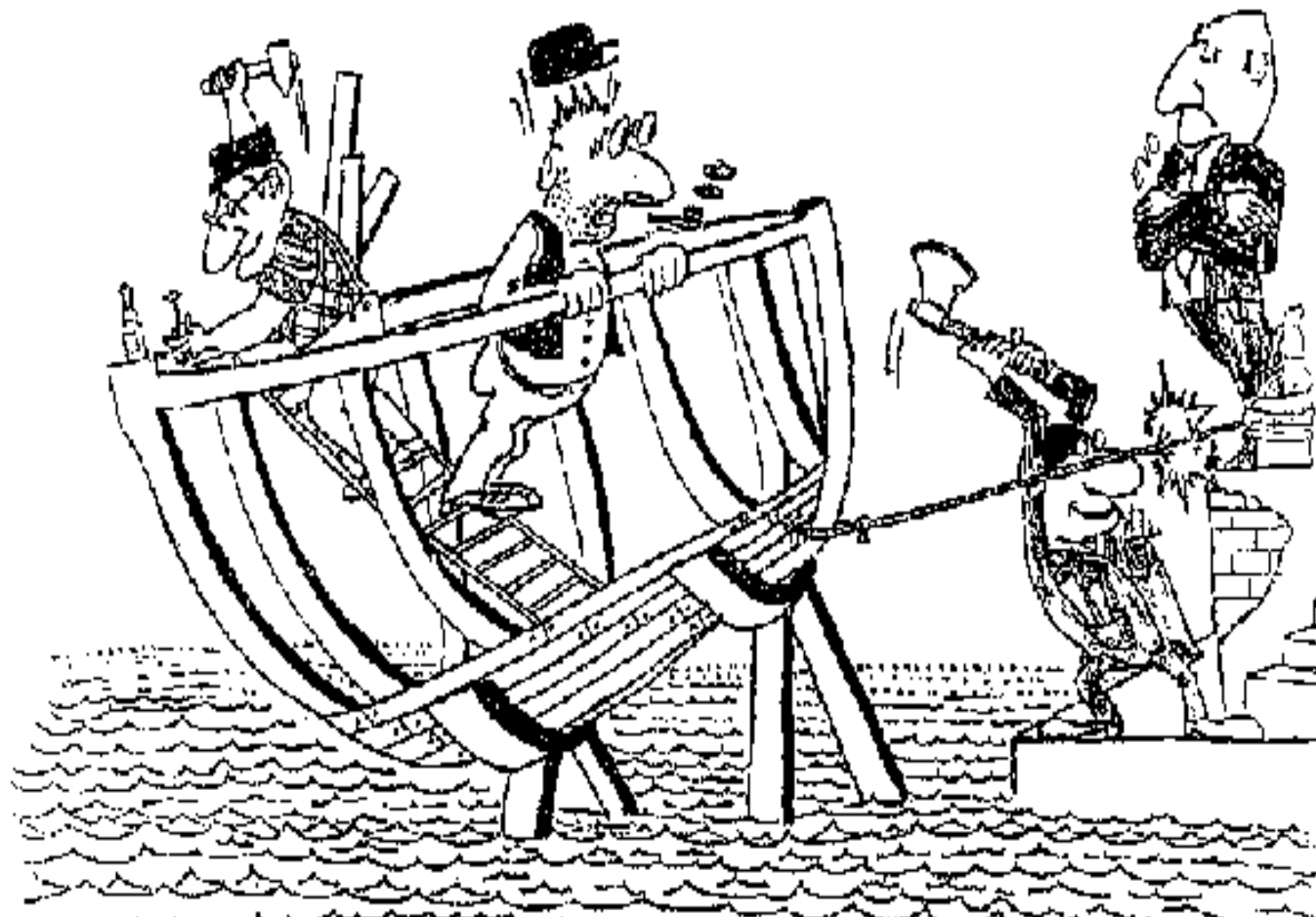
Implementing investment projects associated to institutional, operations and regulatory reforms at higher levels, specially in PALOPS communities with focus in environmental, social and gender results requires namely:

1. Avoid temptation resolving political affairs through WASH but contribute to reduce poverty and economic growth of the communities in the best way. What donor might do is conditioning higher level power and interests agreement before the release of infrastructural investment funds. “The stick or the carrot”;
2. Not promising WASH institutional and regulatory results in a political legislature timeframe. Congratulate yourselves for launching the seeds;
3. Instead of spreading investments to many activities focus in compact projects aimed to prove concepts of reform and organization easily reproduced in related sector and/or regions;
4. Apply Inductive thought (from action to knowledge) while creating local solutions, instead of starting defending our experience and convictions in advance. Not replicate solutions only because they are functioning in my country;
5. Never underestimate the quality of the planning, monitoring and evaluation of key institutional and regulatory performance indicators using **optimistic caution scenarios and program timeline...**



Timeline is timeline.....

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Final remarks

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- Continuous search of **organizational model** of higher efficiency and effectiveness results;
- Higher articulation of availability and uses with **integrated resources management**;
- Higher **social and gender** integration awareness;
- Higher **public participation** levels.

Guarantee the **involvement of all interested** in a difficult process of new **institutional and organization reform design and implementation**