

When are Partnerships a Viable Tool for Development? Institutions and Partnerships for Water and Sanitation Service in Latin America

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Abstract Partnerships are increasingly becoming unpopular in Latin America, they have narrowly been analysed in the context of the international political agenda and criticized for bringing benefits only to the private sector and not to the public sector and society at large. Nevertheless, there are successful experiences for providing water and sanitation at local level. The questions are: Are local level successful experiences the product of a partnership? Was it necessary to build partnerships to add value to the community presence and informal actors? What are the advantages of partnerships at local and national scale? The case studies presented demonstrate that actors need to have an incentive to work together and to build trust. The context in which they operate is also relevant, and in Latin America it is needed a strong national legal institutional framework if partnerships or any agreement should be an alternative to public delivery of water and sanitation. This paper analyses the context in which water and sanitation is delivered in peri-urban areas based on case studies, identified actions for effective provision and on discussion of the institutional framework options and partnership implementation at local and national level. This paper does not advocate partnerships per se; nor are these seen as the problem.

Key words Partnerships for water and sanitation · Water Institutions · Local and national water governance · Public–private partnerships (PPP) · Public–public partnerships (PUP) · Output-based approach (OBA)

1 Introduction

Partnerships are increasingly becoming unpopular in Latin America (LA; CEO 2005; Hall et al. 2005a; Schultz 2000). The latest partnership outcomes in Bolivia¹ and Argentina²

¹<http://www.democracctr.org/waterwar/>

²<http://www.corpwatch.org/article.php?id=10088>

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with private sector participation in water and sanitation service (WSS) have alerted governments and consumers requesting for a revision of procedures within an international and national political agenda, with emphasis on the national institutional framework. Partnerships have narrowly been analysed in the context of the international political agenda and criticized for bringing benefits only to the private sector partners and not to the public sector and society at large. Nevertheless, there are successful experiences for providing water and sanitation with private sector participation at the local level. The questions are: Are local level successful experiences the product of a partnership? Was it necessary to build a partnership to add the value of the private sector and community presence? What are the advantages of partnerships?

Some governments in LA countries seem not prepared to face the responsibility to provide water and sanitation service due to a non-existent institutional and planning framework for the water sector. Moreover, LA countries are not exempted of problems that need to be faced before they embark themselves into partnerships, as it is demonstrated in the Recife case study. Among the issues that should be tackled are: political stability, institutional framework, inefficiencies of the legal and planning systems, resource availability, performance of the government responsibility to oversee the welfare of society, and the appropriateness of partnerships for water and sanitation service. It is also necessary to analyse the LA socio-economic reality in which partnerships are taking place in order to unravel if they could be an option or not for development.

The objective of the paper is: (1) to analyse the context in which water and sanitation is delivered in peri-urban areas based on examples of partnerships at local level in LA; (2) to identify the missing actions for effective provision; (3) to discuss the feasibilities of institutional framework and partnership implementation at local and national scales.

This paper does not advocate partnerships per se; nor are these seen as the problem. Instead, we think that there is a crisis of responsibility beyond partnerships, and that problems are to be solved in a national context with national actors before bringing new foreign actors to participate in the process. We believe in networks that have the challenge to achieve the common interest to provide everybody with water and sanitation.

1.1 Methodology

The study is based on literature review and the analysis of case studies building partnerships for water provision. In the literature there are quite a number of successful case studies, we could not possibly present all of them. Hence, for this investigation a few well-known cases have been selected from different countries: Brazil, Colombia, Honduras and Peru. A water pilot project in Paraguay is also included; although not under the premises of partnership, this case brings an achievement in the process of delivering water. Even though sanitation is an important component of infrastructure and hand in hand with water, in practice, experiences including the provision of sanitation are rare such as the Brazilian case.

The analysis is qualitative in its nature because it focuses on rationales, as opposed to quantitative research that focuses on statistical information. The relationship institution–partnership is analysed within the environment and context in which partners interact. It is also included the usage of means and adjustments to reach achievements. A potential drawback of the analysis is the amount of information required. Hence, the case studies play a vital role, supporting theoretical and empirical arguments, which are intertwining in this paper.

Part of the data used in this study is the outcome of observations from a field trip to Honduras and Peru conducted by the main author during 4 months in 2004–2005.

1.2 Organization of the Report

The paper presents a brief background of the international political agenda that advocates and supports partnerships and institutional reforms (Section 2), it continues with a presentation of different water and sanitation partnership types (Section 3). Partnerships are illustrated with case studies that have become a helpful tool for development—cases in Colombia, Brazil, and Honduras—and also when it has not been a contribution for development like in the case of truck vendors in Lima and Tegucigalpa, or it has issues still to solve like in Paraguay. It is also discussed the support of institutions for development (Section 4). The discussion focuses on the integration of the previously presented issues and their development towards an effective implementation for water and sanitation service at local and national scales (Section 5).

2 The International Political Agenda

The international community has realized the importance of providing water and sanitation and have called for urgent actions at several World Water Forums: The Hague 2000; Kyoto 2003; Mexico 2006. Likewise, one of the responses is the United Nations (UN)-Millennium Development Goals (MDGs) which aim towards building a better world in the 21st century. The MDGs relates to the water sector in regards to poverty reduction, environmental sustainability and development by promoting global partnerships³. According to the United Nations Development Programme (UNDP), the MDGs represent a global partnership that has grown from the commitments and targets established at the world summits of the 1990s.

The MDGs were adopted in September 2000 by a resolution of the United Nations General Assembly, and were further confirmed at the UN Johannesburg Summit meeting in 2002-Rio+10. They range from halving extreme poverty to halting the spread of HIV/AIDS and providing universal primary education, all in the form of a blueprint agreed to by all the world's countries and world's leading development institutions. As pointed out by the UN⁴, one third of the MDGs depend on water, and the goals are to be fulfilled by the target year 2015. It appears that improving governance for water utilities at community level is on of the first priorities. Governance was defined at the UN Johannesburg Summit as 'all the rules, procedures and behaviours related to the exercise of authority at the various decision levels, characterized by responsibility, transparency, legibility, consistency, efficiency and effectiveness in particular'. Then, partnerships are suggested as the means to improve governance, and are mentioned in the Goal 8 of the MDGs, which establishes the need for developing global partnerships for development. Thus, they are officially proposed to make available the benefits of new technology and to address the least developed countries special needs.

Arguments against MDGs refer to the changed international balance of power when traditional UN procedures of discussing 'texts at great length' has been omitted (Amin 2006). According to Amin, the cooperation with the private sector is one of the main purposes to achieve the New Doctrine for Liberalism.

It has been generally accepted that it is not possible to achieve an efficient WSS with government organisations as the solely actor, especially when they lack organisation and

³ The declaration can be found at <http://www.un.org/millennium/declaration/ares552e.pdf>

⁴ http://www.unsgab.org/MDSS_and_Water_Presentation_at_3rd_meeting.pdf

strong institutions, and are dependent on political grounds. Hence, following the MDGs and suggestions from the international community, partnerships were suggested as an alternative tool to reach improvement in WSS and towards development. With partnerships, the private sector was the newcomer in a traditionally public sector domain, thus a new institutional framework was needed and established to legitimise the new inclusion. It is unfortunate that generally only the private sector was considered the new actor, as the only economic thriving force, and thus to overcome the main constraint for WSS: finance. Empirically, civil society was not represented in developing global partnership goals.

On the other hand, in many Latin American countries, regulators or institutions monitoring the private sector share principles of their analogous in USA, UK and France, in which active civil society participation is not a common practice. In Latin America, institutions reproduce some of the procedures used to monitor the Thatcher general privatisation policy schemes in the UK without adapting them to LA conditions (Gustafsson 2001; Page and Bakker 2005). The problem does not rely on the imported scheme but on the missing stage that adjust the scheme to LA realities before and during the implementation process. Contrary to North American and even European countries, LA civil society has had an ancient tradition of participation and cooperation.

3 Partnership for Water and Sanitation Service

3.1 The Misleading Usage of the Term Partnership

Partnerships for public services and especially for WSS have been classified from: ‘partnerships for development’ (World Bank 2006) to ‘partnership for privatisation’ (EPA 2006; Hall 2001, 2006; Holland 2005). The large number of concepts and functions attributed to partnerships in the literature has often misled the definition. The term Public–Private Partnership (PPP) is generally used to indicate the participation of the private sector. However, partnership as such usually refers to a contract between the public and the private sector, a ‘client–contractor relationship or outsourcing arrangements bound by a contract, (...) a shift of responsibilities usually from the public to the private sector’ (Rein et al. 2005:2). Such usage adds to the confusion for the meaning of partnership.

Partnership as a concept has been granted different attributes. According to Adams–Matson partnership is a ‘voluntary collaboration between two or more parties to jointly define a development problem and jointly contribute to its solution’ (2004:2). On the same lines, the World Economic Forum defines partnership as:

‘(...) voluntary collaborations that build on the respective strengths of each partner, optimise the allocation of resources and achieve mutually beneficial results over a sustained period(...). They usually involve written agreements that specify the purpose and duration of the partnership, the formal governance structure, roles and responsibilities of the various participants as well as exit arrangements. They are not about the narrow plan of any one partner: true partnerships are about shared agendas as well as combined resources, risks and rewards’

Cited in Rein et al. 2005:2.

A common interest is the key for successful outcomes. Caplan (2003a:35) asserts that effective ‘partnerships must be based on need, (...) and an effective outcome will be tied to the core business or core interest (...)’. The ultimate interest in WSS should be based on the

willingness to make WSS possible for all. By and large, for the WSS case, willingness derives from solidarity, and solidarity is tied to upholding human right values.

3.2 Classification of Partnerships

Partnership types can be classified according to the nature of partners participating such as the public sector, private sector, consumer organisations, community organisations, international cooperation agencies, and trade unions. The main types of WSS partnerships are known as public–private partnerships and public–public partnerships. Among the public–private partnerships are: tri-sector partnerships, bi-sector partnerships, and cross-sector partnerships.

3.2.1 Public–private Partnerships

Tri-sector Partnerships Concern the collaboration of three sectors: government, business and civil society. This type seems problematic for public service cases, because the definition is not clear about the inclusion of important stakeholders such as trade unions, the informal sector, the academia, the donor organizations, and the media (Rein et al. 2005). Thus, tri-sector partnerships might depart from non-included stakeholder’s assumptions, and thus the feasibility for not clearly discussed or analysed outcomes when building the partnership.

Bi-sector partnerships Have been common in WSS and include only two sectors: the public and the private sector. In some cases, what began as a tri-sector partnership has ended up as a bi-sector partnership, because of the exclusion of one of the sectors, most commonly the civil society. Informal bi-sector partnerships refer to non-formalized partnerships, which are quite common within the WSS.

Cross-sector Partnerships All sectors can join the partnership; they do not exclude partners from any sector willing to participate.

3.2.2 Public–public Partnerships

This type is less publicized than the previous ones. Public–public partnerships (PUPs) partners could involve authorities from the public sector, community organizations, consumer organisations, NGOs, trade unions, international associations. PUP excludes the participation of the private sector (Hoedeman 2006; Holland 2005). The awareness for PUPs is growing rapidly in LA where new public sector models are under development. Hall et al. (2005b:5) categorise PUPs according to partner types (Table 1).

3.3 Output-based Aid

The Output-based aid (OBA) approach is a performance-based contracting involving the public sector with engagement of the private sector to deliver infrastructure services. It is a multi-donor trust fund created in 2003 and administered by the World Bank (GPOBA 2007), in which all sectors can participate. The OBA is based on a subsidy to low income population, a competitive bidding for the provision of the service, and a price agreement with local representatives. Though not a partnership, OBAs are included in this chapter to

Table 1 Typology of PUPs according to types of partners

Type	Sub-type
Public authority–public authority	Inter-municipal Government–municipal
Public authority–community Development Partnerships	Public authority–community/NGO/trade union High income country public authority–Low income country public authority
International PuPs	Public authorities from different countries/neighbouring countries

Source: Hall et al. 2005a:4.

emphasize the existence of alternatives to public service delivery of WSS. The difference with partnership relies on the latter being a collaboration among partners with common interests towards the achievement of the partnership objective. On the contrary, OBA does not imply the explicit collaboration among actors but the compliance of contracts under government supervision through regulation, rules, penalties, etc.

4 Institutions and Partnerships for WSS: A Step Forward

The inclusion of partnerships as a tool for developing WSS, involves actors other than the government, and it implies a change in the institutional⁵ environment. Institutions—as the rules—, and partnerships—as a tool for development—have advantages and disadvantages. The establishment of a formal institutional framework is of vital importance for building sustainability and legitimacy in the water sector development process. Also, long-term commitments from organisations involved are needed. However, long-term commitments from the private sector might not be desirable or convenient in WSS partnerships; by definition, the interest of private firms is not the well being of citizens, but to deliver a service for a profit, even though they could grant efforts in favour of the well being of society. The latter is especially critical when LA countries lack the institutional framework required not only for a partnership to achieve the goals, but also for the government to plan and prioritise the needs. Both, government and community, establish in their own way behaviours, which will be institutionalised with time.

There are formal and informal institutions, formal ones are recognized by law and; informal ones set a pattern of behaviour recognizable only by the ones who established them and by the users. Both, formal and informal institutions are among the relevant features for successful partnerships for WSS (Alcázar et al. 1999; Allum 2004; De Soto 2001). Informal institutions are built on trials and errors that are imprinted in their development and experiences. In the long-run, informal institutions need official recognition to avoid unnecessary bureaucracies and more transparency. On the other hand, even if formal institutions are preferable, they can also be seen as a constraint towards evolution and development, because institutions can act as restrictions since they are the

⁵ North describe ‘institutions’, as the laws, regulations, which determine the structure of society; the rules of the game that are defining the way a game is played (North 1990:345).

‘rules of the game’ (North 1990), but they should be constructed, reconstructed, and strategically interpreted by the players (Crozier and Fridberg, in Ferragina et al. 2002). Although this dynamic reconstruction process allows innovative solutions to come into action, it could also be criticized if this dynamism leads to manipulation and opportunism.

Although partnerships have emerged as an alternative to meet society needs, critics have argued the inclusion of the private sector has led to a fragmentation of the infrastructure system, and has influenced negatively public policy-making, or distorted public policy objectives. The argument implies a shift of balance in decision-making from the public to the private domain. But others argue that partnership has called for attention for WSS and the willingness to implement infrastructure projects at all levels.

Partnerships for WSS have a unique perspective, as people really need to have access to water. ‘Cross sector partnerships are by their very nature unnatural relationships’ as Caplan (2003b:32) warns us about the challenge partnerships face with actors so different in nature. The different nature of the partners makes it a challenge to arrive to common objectives, and thus the different interests threaten the existence of the partnership. In order to achieve the access of water and sanitation it is needed a combination of available human, political and technical resources from a range of institutions. In this effort only the government should assume the main and overall responsibility for the provision of WSS.

Comprehensive Planning for the Water and Sanitation Sector is not the strength in LA countries. Today water sector duties are distributed in several different organisations without direct responsibilities and often with overlapping performances (Phumpiu and Gustafsson 2005). The consequence is no action, and number of patching strategies to face water problems. WSS could not be provided at a glance, hence the necessity of developing a Master Plan with short, medium and long-term perspectives.

In this perspective it is interesting to note that national water plans were one of the commitments in Agenda 21, at the Rio Conference in 1992. Chapter 18 is dedicated to the ‘Protection of quality and supply of freshwater resources, the first Programme Area states:

‘All States, according to their capacity and available resources, and through bilateral or multilateral cooperation, including the United Nations and other relevant organizations as appropriate, could set the following targets:

- a. By the year 2000: i. To have designed and initiated costed and targeted national action programmes, and to have put in place appropriate institutional structures and legal instruments; ii. To have established efficient water-use programmes to attain sustainable resource utilization patterns (...).⁶

Thus, 6 years after the target year, national water action programmes have got marginal attention from the international community and national governments.

4.1 When Do Partnerships Work for an Effective WSS? The Local and National Scope

The presence of partnerships in most LA countries originated from international aid for emergencies and prevention of disasters and natural hazards. The cooperation evolved from ‘aid for emergencies’ to ‘aid for development’, in a combined effort from stakeholders to generate a continuum for infrastructure projects. The trend was then to help communities through development projects managed and administered by NGOs. Gradually, cooperation turned into the generation of self-reliant local partnerships.

⁶ The complete chapter 18 of the Agenda 21 are available at: http://www.thewaterpage.com/agenda_21.htm

The presence international cooperation and NGOs in LA has promoted partnerships. Some partnerships involving local governments aim nowadays to take part in policy decision-making, or to design the institutional framework needed for a better provision of infrastructure including water and sanitation. Yet most constraints for establishing effective partnerships could be derived from the lack of appropriate institutional frameworks resulting in the lack of legitimacy of old and new actors to operate (De Soto 2001; Zadek 2004, p.12, 13).

For WSS partnerships, duties and responsibilities for the government and the partners are usually not clear, ending in discordance among the parties. Generally in LA countries, building partnerships has the constraint of lacking an institutional framework in which they can operate. Institutional framework refers to rules for legitimization, transparency, structure of organisations that in most cases are in construction.

Beyond the partnership building constraints, it is the governance approach that seems need to be assimilated. The water governance concept and the concept of water as a human right are in need for reconciliation among all actors in the WSS. Empirically, the success of WSS partnerships has depended on the strength of institutional framework.

4.2 Local Scale. Establishing the Water Service Efficiency with Self-efforts

Empirically, partnerships in local communities have achieved a mature stage along the years. Agreements among partners have been reached with common aims, the understanding of their skills and moreover clear responsibilities for the partners. Agreements have also taken into account the usage of feasible techniques, and the type of organisation communities are capable to arrange. The following paragraphs analyse partnerships in Colombia, Brazil, Honduras and Peru.

The Cartagena Partnership in Colombia (BPDWS 2002), with the municipality, the water company—Aguas de Cartagena (Acuacar)⁷ as partners, discussed the inflexibility of the regulation to issue bills at month intervals, which did not suit the socio-economic reality of this particular community. The tri-sector partnership ‘brought local community organisations more into the (partnership) frame, establishing mobile payment collection units to collect money from residents on a bi-weekly basis’ (Caplan 2003b). This new responsibility was decided by the community with the Building Partnerships for Development as a facilitator. Thus, at this stage, it was upon the community consumers to decide the organisation that better suits them. The initiative, organisation and accountability were successful. Later on, the partnership changed constituency from a tri-sector to a bi-sector partnership when the municipality undertook the community responsibility of collecting money.

The city of Porto Alegre, Brazil built also a tri-sector partnership with the municipal government, the public water company (Departamento Municipal do Agua e Esgoto—DMAE), the financial organisation—in this case the Inter American Development Bank (IADB)—, and citizen organisations (IADB 2005; Holland 2005). The difference with the previous partnership is the continuity of citizen active participation in the decision-making process from organisation issues to a participatory budget. Also, DMAE continued providing water as a financially independent municipality-owned-water company (Viero 2003). The financial and institutional context makes also the difference in the evolution and maturing of partnerships. The partners in Porto Alegre were undertaking an organisation

⁷ Acuacar is a joint venture with Aguas de Barcelona and the Municipality to conform a local water company.

reform, especially DMAE and the financial aspect got a turn around when the water tariff changed from being a property tax to be charged according to consumption. In a later stage, the partnership became a PUP, when IADB left the partnership.

The attitude of local governments in the two previous cases makes the difference in the partnership. While Cartagena Municipality undertook the duties from the community, in Porto Alegre, the municipality delegated responsibilities among the partners and allowed partners participation in overall decision-making. The context played an important role as well, Porto Alegre Partnership was supported by an integrated plan for development, generated at the time, and in Cartagena the partnership aim was not linked to a local development.

In Recife, Brazil, a PUP was initiated with the support of the institutional framework: WSS upgrading was conceived as part of a comprehensive planning that includes other infrastructure projects (Holland 2005:181). However, even though the infrastructure planning held up the PUP, the evolution of the partnership was not an easy task because of the needed reform of the national water company to restore trust among the citizens and the loan agency, which was the World Bank⁸. The restructuring of the water company took place with participation of all actors which include, besides the municipality and the water company board, the water company trade union and the community (CEO 2005). While the dissemination of information and capacity building among actors played a relevant role, one of the important features of the process was also the collaboration municipality-trade union for the reorganisation of the water company.

An informal tri-sector partnership is depicted from the Honduras case. The partnership common aim is to provide water service in rural and peri-urban areas. The national water and sanitation operator, Autonomous National Service for Water and Sewer Systems, have support from community-based-organisations (CBOs) named Juntas de Agua, and the financial support from the European Union. Sanaa and the CBOs have developed their organisation according to needs and political circumstances and assigned each other clear duties and responsibilities. Mutual coordination and trust has been built over 20 years of operation. However, Juntas de Agua needs legal recognition (UNDP 2002:130) in order to get insertion in the organisational system, and establish a direct contact link to improve efficacy (Phumpiu and Gustafsson 2005).

These four case studies demonstrate the local efforts for cooperation, and partnerships serving as a tool for development by bringing drinking water to the community. Water in LA peri-urban areas is overpaid and most times do not have the quality required for drinking water. For example, in Honduras is paid five to ten times more compared to public tap water (Phumpiu 2006). Honduras is not the exception and similar cases exist in other countries and continents (Hall et al. 2004). One of the reasons for overpayment is the lack of water infrastructure in informal settlements, which by law are not entitled to the service. This strategy of the 1980s attempted to disincentive urban migration; however, the considerable percentage of migrants to cities is an indication that the government has been neglecting the existence of these settlements that could reach numbers of 50% as in Lima-Peru (De Soto 2001).

Bi-sector agreements⁹, formal and informal, have been generated when water infrastructure does not reach the informal settlement or water service is insufficient through infrastructure. Then, informal vendors come into the scene to supply the needed water.

⁸ The World Bank approved to maintain the water company in the public sector (Holland 2005)

⁹ The authors prefer to call it agreement since it is performed on individual basis on a contract based instead of a n agreement between partner organisations.

Table 2 Assessment of cases: informal bi-sector agreement in Lima and Tegucigalpa

Actors	Problem	Cause	Effect
Government	Illegal water connections	Neglected settlements in peri-urban areas No planning priorities	Patching strategy to face problems for inefficient water service
Water companies	Lack of resources for water distribution	Officially the only provider	No control of service quality and water quality
Community	Lack of direct link with government officials	No recognition of community informal institutions Located in difficult geographical areas for infrastructure	Negotiation with government through other legal organizations Cannot take immediate action—takes time to mobilize
Water vendors	Illegality	No registration of companies	Deteriorated water quality No established frequency of service
International donors	Approaching dependable org No priorities in the water sector	Paternalism—community dependence Water Sector Plans not defined	No active collaboration from other actors Patching strategy to cope with water problems
Regulator	No tariff established for water vendors	Illegality	No control

Three case studies are shown in Honduras, Peru and Paraguay. In a tacit arrangement, the national water company as the solely official organisation for delivering water sell water to truck water vendors with the same price as for public tap water. However, the delivered water price to consumers could be between 5–10 times more expensive as it is the cases of Lima-Perú and Tegucigalpa-Honduras. Not in few cases, the water sold to consumers comes from unreliable sources that do not comply with minimum quality standards. This delivery take place in a not organised market, thus the quality and frequency are neither established nor informally regulated.

The informal bi-sector agreement is a task oriented emergency solution in Honduras and Peru, which has become a consolidated pattern in the outskirts. The presence of informality deteriorates water quality, and establishes random distribution frequency for skyrocketing prices. Although, truck water is probably a necessary temporary solution in defiance of access to public water systems, definitely it is not the solution for a sustainable potable water supply. However, medium or long-term plans cannot exclude the immediate need for water. The presence of water truck vendors is the outcome of a monopoly of the right to sell and distribute water granted to a company without the human and financial resources to maintain, organise and operate the system.

The following table summarizes the problem, causes and effects of the illegal truck vendors in Lima and Tegucigalpa (Table 2).

The first stage for any partnership with the government should be the development of clear policies and regulations as institutional framework, as it is suggested by many authors among them the World Banks Approaches to private participation in water services—toolkit (2006). In fact, a strong institutional framework is the basis for any efficient infrastructure delivery. Nowadays, other actors besides government became part of the circle of distribution and thus legalize their presence in order to avoid free-riders and deterioration of the water service. Once these first step are consolidated the options might be to: (1) Develop a cross-sector partnership between the water company, and the truck vendor, and

citizens; or (2) A tender process for truck vendors, in which the community take also part in the decision-making process. The opening to the market will allow transparency that at the moment is zero, and with the rules of the game are clearly established accountability would be included in the process. Later on, water tariff and quality regulations with the help of monitoring would encourage improvement in the water service delivery in both countries.

In the Paraguay water pilot project, the OBA contractual approach has been used to target informal vendors. The Paraguay' aguateros—for most part small illegal private water companies- have constructed piped water supply systems in peri-urban areas over the past 20 years with no public financing (Drees-Gross et al. 2005). The governmental entity responsible to provide WSS to rural communities, Senasa, gives opportunity to the aguateros for expanding the water service delivery through a competitive bidding. The bidding purpose is to establish the fee aguateros would charge users up front to connect to their system and to define the one-time subsidy arrangements. The bidding winners or operators will recover the cost from the connection subsidy and the connection charge and tariff paid by users. Each town or area would have the right to reject the winning bid if the fee is considered too high. Thus, applying the OBA approach, three contractual arrangements were set up under bi-sector agreements: (1) Senasa and the operator, defining technical standards, supervision, subsidy guarantees; (2) Senasa and the water users association, agreeing in a subsidy for system construction once the water users has signed the concession contract with the operator; (3) Operator and the water users association, defining service are and setting up coverage targets.

The right to operate water has thus been delegated to the aguateros and small construction companies through the bidding process. The subsidy has been granted to them once they achieved the performance agreed with the government. However, in a second phase of the pilot project the subsidy has been granted one stage forward due to the difficulties aguateros and small construction companies face to mobilize investment capital. The important feature of this case is that the problem of illegal operation has been solved and performance could be tracked for a transparent and accountable service.

5 Discussion on Case Studies and Factors Contributing to WSS

This section aims to perceive why and when are partnerships successful by looking at performance and perception of success through the literature review.

The cases previously described are among a number of examples proving that the presence of institutions and organisations at community level respond to the gaps of policies and regulations. They have been the product of a process to build partnerships which have been the incentive for action and implementation. An active local government and participation of all and interested actors has lead to a decision-making process trusted from all sectors. However, most of the initiatives are regarded as self-help, which, as Miller suggested, 'self-help and popular participation are not readily transferable'¹⁰. They need institutionalisation to achieve development if there is the need to replicate the experience at higher scales of operation. In cases of informal institutions that have proven to be effective, the question is when it is the right time to institutionalise it (Caplan 2003b:2). The process brings up the maturity of procedures and the sustainability aspect of the particular informal institution. Among the factors that had favoured the partnership success at the community scale in our case studies are the ability to congregate the partners and leadership to

¹⁰ Miller, D. *Self-Help and Popular Participation in Rural Water Systems* (Paris: OECD Development Centre 1979), p.36. Cited in Ward 1997.

Table 3 Case studies according to partnership focuses

	Implementation/ task focus	Policy/rule focus	Informal behaviour	Transparency
Cartagena	X		X	
Porto Alegre	X	X		X
Recife	X	X		X
Tegucigalpa (<i>Juntas de Agua</i>)	X		X	X
Lima & Tegucigalpa (informal vendors)	X		X	
Paraguay (informal vendors)	X			X

assemble common interests. In cases like Porto Alegre and Recife, the political leadership of the local government played a significant role in building the partnership and establishing principles. The congregation of partners was also necessary for achieving innovative practical solution in Cartagena, though the drawback in the project is the equity limitations created by the asymmetry in decision-making among partners. The initiative of the donor agency in Honduras brought together the partnership with the national water operator and the *Juntas de Agua*.

Caplan (2003b) frames partnerships along two axes: innovation—accountability, and rules—task orientations (see figure aside). Innovation orientation applies where the community make use of informal behaviour to face rules that cannot be achieved otherwise (informal behaviour). Accountability applies to the transparency in which these innovations are performing (transparency). In a task-oriented partnership the implementation of the rules, the objective is to deliver something, like water connections or a training course. Task-oriented partnerships are derived from a clearly defined project and driven by the urgency to produce results, to provide an operational service. Rules-oriented partnerships bring different groups together to design and decide on the formal institution: policies, regulation—‘rules of the game’—according to their needs. Getting different groups in discussion also bring accountability, the search for institutions to cope with socio-economic realities. Table 3 shows the achievements of the case studies according to the partnership focus.



Table 4 Summary of case studies by type of partnership and function performed

Case study	Actors	Type of partnership by actors	Achievement	Type of partnership by function
Cartagena	Municipality Private water co. (-Community)	1st: tri-sector 2nd: bi-sector	-Water supply -Self mobilization for payment collection	Task oriented
Porto Alegre	Municipality Public water co. Trade union Citizens (-Finance—IADB)	1st:Cross-sector 2nd: Public–public partn.	-Water Co. autonomy managed by its trade union -WSS	Task oriented and Rule oriented
Recife	Municipality Public water co. Citizens	Public–public partnership	-WSS -Planning for water infrastructure	Task oriented and Rule oriented
Honduras (rural and peri-urban)	Water company International donor community	Cross-sector	-Technical assistance and monitored water supply	Task oriented
Lima & Tegucigalpa	Public water co. Water vendors	Informal Bi-sector	(-) Non-achievement Informal Water distribution	Task oriented
Paraguay	Governmental entity Water vendors Users	OBA-Contractual arrangements, subsidies to provider	-Informal vendors now formal with contracts (-) Not resolved -Subsidies to companies/ not individuals -Incentive structure to local small companies	Task/ performance oriented

For our cases at the community level, the partnerships can be said to be successful in the context of implementation/task oriented. Especially when the citizens are willing to devote their effort to the success of the project offering what they have at best: self-help.

Solutions have been the outcome of brainstorming within the community. For policy/rule-oriented partnerships, the importance of power and leadership will gradually become more relevant in addition to the implementation of the water supply task. In our case studies Porto Alegre and Recife, the local government/municipality has taken the leadership, allowing for an active participation of all actors. Although the OBA water pilot project in Paraguay does not depict partnership, the fact that the project gives opportunity to recruit informal water vendors to participate legally in the WSS is a step forward against bad standards of quality and service. On these lines the following table summarizes our case studies (Table 4).

Summarizing our case studies at the local level the keys of success can be deduced from the previous table such as:

1. Self-mobilization generating informal behaviour with accountability and transparency for the community;
2. Implementing an integrative and comprehensive Water Sector Plan, as in the Brazilian cases, and relating it to other sectors and land use plans;
3. Management conflicts solved through a re-organization of the public water company with active participation of the community at large as the first step in the process;
4. Technical and administration advice is provided by the same organisation so avoiding misunderstandings and bureaucracy.
5. Reducing informality and bringing more transparency to the WSS.

On the same lines characteristics for failure that can be deduced from the case studies:

1. Regulations neglecting the socio-economic context. The requirements to comply with the rules are out of scope and unreachable to the community. As a result the community adjusts by creating an informal institution.
2. No leadership with an integrative vision when a partnership is seeking a policy approach
3. Mismanagement of the water company through corruption, lack of technical, administrative and legal knowledge.
4. Conflicts non-resolved within the water company—i.e. trade union vs. administration
5. No Trust from the community and lack of accountability in administration creating a reluctant environment in the community.

There are also characteristics that need to be resolved:

1. While informality has been directly targeted, there are still social issues not resolved like the subsidy granted to the company and not directly to low-income population.
2. The OBA bidding system might thrust for underbidding and thus later default on commitments.
3. When users are not involved directly, there is a risk to be overlooked at the needs and demands of the WSS, and an overload of rules, regulations and penalties that might end up in a non-compliance behaviour.
4. If a project is closely assessed on performance, the supervision might lead to influence management and remove the discretionary powers that the informal vendors or small companies might be better off in using feasible technology and adapting to local social behaviour and circumstances.

5.1 Building Strength at National Scale with Comprehensive Policies

Up to date the factors for success at local case studies have not been replicated at the national level. Issues like planning, management conflicts within the water company, technical and administration issues have not usually been at the debate of LA national water institutional reforms.

The broader scope of a national water perspective makes a challenge for WSS partnerships¹¹ to overcome difficulties not originated in the local partnership, but in the water management environment like the national water institutional and organisational framework. In our case studies at local level these problems had been coped by developing infrastructure plans and involving the community. In order to set up rule-oriented partnerships at national level, the government need to be actively fostering planning stages. In this section, main issues related to the establishment of natural enabling partnerships for WSS and the institutional context are presented (Fig. 1).

The following paragraphs are devoted to considerations that have represented success at local level and should be taken in the national level to establish a coherent water institutional framework: (1) the planning issue, (2) partnerships and institutional reform, (3) evolution of formal institutions.

¹¹ Which needs also to include sanitation in practical terms not only rhetorical.

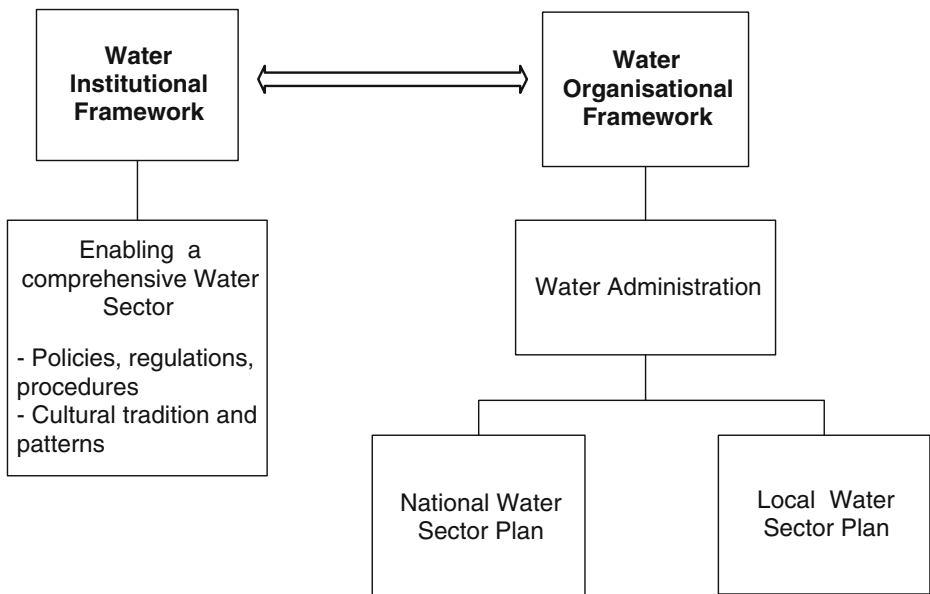


Fig. 1 Scheme for Institutional and Organisational Framework related to the establishment of partnerships

5.1.1 The lack of a Planned Approach in LA

Institutional framework at national level is constrained with the lack of planning for the water sector as a whole. The inexistence of national feasible plans decreases the transparency to water implementation actions. In this respect, successfulness for any WSS partnership at medium cities, regional or national level depends strongly on planned integrative schemes. Countries like Honduras and Peru do not have a national development plan for the water and sanitation sector nor count with an effective water authority or organization to prioritise the needs and demands and to correlate plans with other sectors¹² since water issues brings about multisectorial problems (Phumpiu and Gustafsson 2005). The consequence is the intervention of international donors in a patchy strategy to cover the gap of the missing plan. In such situation a PUP could be of help by providing an international non-profit partner to advise on the process (Hoedeman 2006:14).

Informality is the unresolved issue. The top-down approach in LA is blind to the socio-economic reality of the country by neglecting the enormous informal or extralegal sector. The lack of opportunity to belong to the formal sector incentives the informal sector to create informal institutions that govern their own territory through the so called social contracts (De Soto 2001). In most situations, there is no evidence that the existing formal institutional framework benefits poor consumers as Allum (2004:31) stresses 'infrastructure regulatory bodies do not generally have a clear pro-poor remit nor do they possess capacity to understand demands of poor customers'. Solutions taken from the informal sector might be helpful to consider in new alternatives such as partially demonstrated in the case in

¹² At this moment, December 2007, the Peruvian government has decided to set up the Ministry of Environment, which will be in charge for coordinate planning in different sectors.

Paraguay. The water vendors have already established a behavioural pattern which civil society already recognized. With adjustments to standards of quality, frequency, tariffs and alike they could have a role in the WSS.

5.1.2 Partnerships for WSS and Institutional Reform

Partnerships for WSS are posed as an alternative attempting to solve the fact that governments in developing countries are not delivering WSS effectively, and because of their lack of capital investment. Partnerships by definition require equal decision-making power among the actors. Nevertheless, when the government is one of the partners the question of power and who should make the central decision-making in water issues are contested. We advocate that still the policy guidance should continue to be in the hands of the national government, which ultimately is the only democratic institution to have the large overview of the country situation, and more importantly which is responsible to look for the welfare of society. Nevertheless, governments are not always a synonym of good practice defending social welfare. Governments could also be deceiving partners, since also national government might promote corruption, if an open process of transparency is not institutionally supported.

When governments are not able to provide efficient WSS due to lacking of organizational skills, a PUP with international public sector cooperation could be proposed. Skogfors¹³ thinks that the experience of daily operations can be shared within a partnership between public water companies or administrators where experiences of organizational skills might be transferred from a developed country (Holland 2005:191–192).

Hence, the institutional framework is a significant factor when establishing partnerships. However it is not the only factor. Internal problems inside an organization should also be solved before involving in a partnership. For instance, water companies and trade unions have to solve their disagreements before intervening in decision-making within the partnership. Trade unions are strong political forces in countries such as Honduras and Peru. Due to the absence of a general welfare system for the water national company employees, trade unions try to secure the well-being for their members (Phumpiu and Gustafsson 2005). Institutional reforms have often neglected the presence of trade unions, and they have most often been left out of the partnerships; as a consequence, internal organization problems set up the obstacles within institutional reforms, which in turn might affect external agreements in partnerships. Internal agreements should envision a will for a better future, not only it is important to emphasize long-term economical stability for the public water company, but also the development of the professional qualifications of the workers. The partnership governmental employer-trade union need to reach maturity to be able to cooperate in an external arrangement other than their work place.

Institutional Reforms in the water sector can be successful if actors are aware of their resources and limitations, and have willingness to achieve the target of providing WSS at all levels. Social responsibility needs to be present, as Ward (1997) points out: ‘we are faced not with a technical problem, but with a crisis of social responsibility’. Motivation is the first step to successful mobilization of actors.

¹³ Sven-Erik Skogfors, former executive director of Stockholm Water. Consultant for International Water Association.

5.1.3 Gradually Setting Up the Roots for Formal Institutions: Evolution and Timing

Formal institutions create the means for legalizing and validating mechanisms for long-term sustainability. However, institutions in LA have not been mature enough, and in most cases they have been non-existent, which makes it difficult to achieve progress and development of WSS. Most constraints for establishing effective and sustainable WSS are derived from the lack of an appropriate institutional framework, which is reflected in the lack of legitimacy for new actors other than the government (De Soto 2001; Zadek 2004:12–13). Therefore, legitimacy is a topical issues to tackle in LA institutional framework. Recalling our local case studies, the development process for an efficient WSS system at community or municipality scale took at least two decades in Porto Alegre and Recife. In England and Wales, and in France the process took more than two decades to define these countries current institutional framework. In comparison, developing countries are given no time for institutional reform. Needed time to create strong institutional framework depends on international pressure and the urgency of the matter to serve political interests. Thus, major obstacles appeared when the reform has not reached the maturity to face reorganization or new partnerships. As an example, the informal Juntas de Agua in Honduras were successful due to community participation in decision making for redesigning strategies of implementation. The community had gone through a learning process to administer their own water delivery. However, to reach consensus at national level the mechanism most used today is still consultation, which allow for expressing ideas and concerns, but not actively let actors to take part in the decision-making process.

New mechanisms also need the time frame to evolve and adapt to the reality/context specific. When adjusting the western knowledge to LA countries the first difference is the population density. Cities in LA are much more populated than cities in Europe, i.e. Lima-Peru has eight million inhabitants, which exceeds by far most European cities. Another difference is the organisation: informal movements from the grassroots and NGOs in LA countries mandate themselves to take the initiative for first actions and organisation, where in Europe the local government is taking the initiative. Thus, the success to achieve objectives in WSS depends on the effectiveness of these organisations. Any reform should consider the knowledge and expertise accumulated over the years. Culture patterns are another important factor that in many cases could be an obstacle for Western plans: ways of communication could be different, the understanding of fulfilling a role, to complete a task in most cases differ from the western ways of implementation.

6 Conclusion

Various types of partnerships for water provision in LA have been reported with success in different projects at local scale, as exemplified in this paper. However, different outputs are reported at national and local levels. At a national scale, different values and vested interests makes it difficult for partners to reach a common goal for providing water to all. Besides, responsibilities at national level are not always duly assigned and thus actors do not recognize their duties and allocate resources accordingly, or loose interest in projects of vital importance to society. This crisis of social responsibility is not that manifested at local level since citizens–consumers and other actors from the public sector are often willing to assume responsibilities. The local WSS problems are more related to coordination, taking initiative and/or organization skills factors. This crisis of coordination and organisation is faced in local partnerships by assigning roles and responsibilities to each actor. The local

water problem is transformed into a controlled problem by separating duties and provision of sustainability in the system, in most successful cases, by the direction of a local government as the main coordinator. The process of partnership building created a platform for discussion and action that lead to coordinated implementation.

At national level, the crisis of social responsibility is more evident when governments do not pay attention closely to internal problems in public water organizations and embark on 'imported' institutional and organization reforms without solving current obstacles. For instance, planning the Water Sector is a 'must', but generally it is not implemented. The many organisations in charge to develop the water sector blur the transparency and accountability required to summarize achievements. Formal institutions are not enough to lead the implementation process, and governments have apparently abdicated the task of structuring and organize the water sector.

The lack of a comprehensive institutional framework hinders actors other than the government to participate due to the insecure legal environment. The national context has changed rapidly in the last decade due to the contradictory nature applying deregulation policies to modify national legislation and institutions suggested by national and international economic organisations like the International Monetary Fund, World Bank, World Trade Organisation, etc. The mistake is not the new policies but the implementation of the suggestions within a short period, without allowing time to the programs to develop, adjust and evolve according to the national reality.

The struggle for commitment is an issue of trust, and trust is very much related to the evolution of institutional frameworks and organisation frameworks, which to some degree have been developed in partnerships for water at local levels. Mechanisms to develop institutional framework at regional–national scale need a redesign of devices; those devices proved useful at local level have not the same efficiency when scaling up. Besides the need of a legal framework, providing regional–national scale information as in the form of databases is vital to create an enabling social environment and to get all actors to participate actively in a partnership, as it is demonstrated in the meetings at the positive cases at Recife and Porto Alegre.

Leadership is a relevant issue for successful of any WSS partnerships: Who should take up the responsibility for the leadership? Partnerships strive for consensus and thus for a collective leadership process. In examples from the cases previously presented, the task-oriented partnerships achieved a consensus, meaning a group approach towards decision-making. In the rule-oriented partnerships there is a clear indication of a democratic leadership, where the leader—in our case studies the Mayor—calls for a group approach while still directing the group. We believe that this is the appropriate approach for a leadership, since the government is still the only one with the vision and the duty for social welfare. There is the need for an overall perspective, which can only be managed by the public sector; as for example the projects in Brazil were the implementation of sanitation networks goes parallel with water provision. If the government delegates responsibilities corrective mechanisms should be applied, i.e. social control methods.

As a tool for development, partnerships are leaning on both formal and informal institutions to achieve an effective outcome for WSS. The scale factor and the timeframe are the key determinants to consider before setting up WSS partnerships. Even if the private sector is not included in the partnership, still partnerships needs to develop its own strategy and approach to leverage the potential of each partners. Consequently the performance of the partnership is levelled up since an effective outcome requires a combined effort from all actors. Especially the government should concentrate on building up viable and democratic governmental organizations or alternatively allow the civil society to be included in the first place.

Water institutions and WSS partnerships could only be successful with an evaluation of capabilities and limitations of water institutions, organizations and existing WSS partnerships, formal and informal. WSS partnerships at local level have demonstrated to be efficient and to bring the best of abilities at very high levels of equity. Bringing new actors to the water sector requests the recognition of all actors.

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