

# DIVERSAS OPCIONES PARA EL DESARROLLO DE UN BUEN GOBIERNO EN LOS SERVICIOS DE AGUA

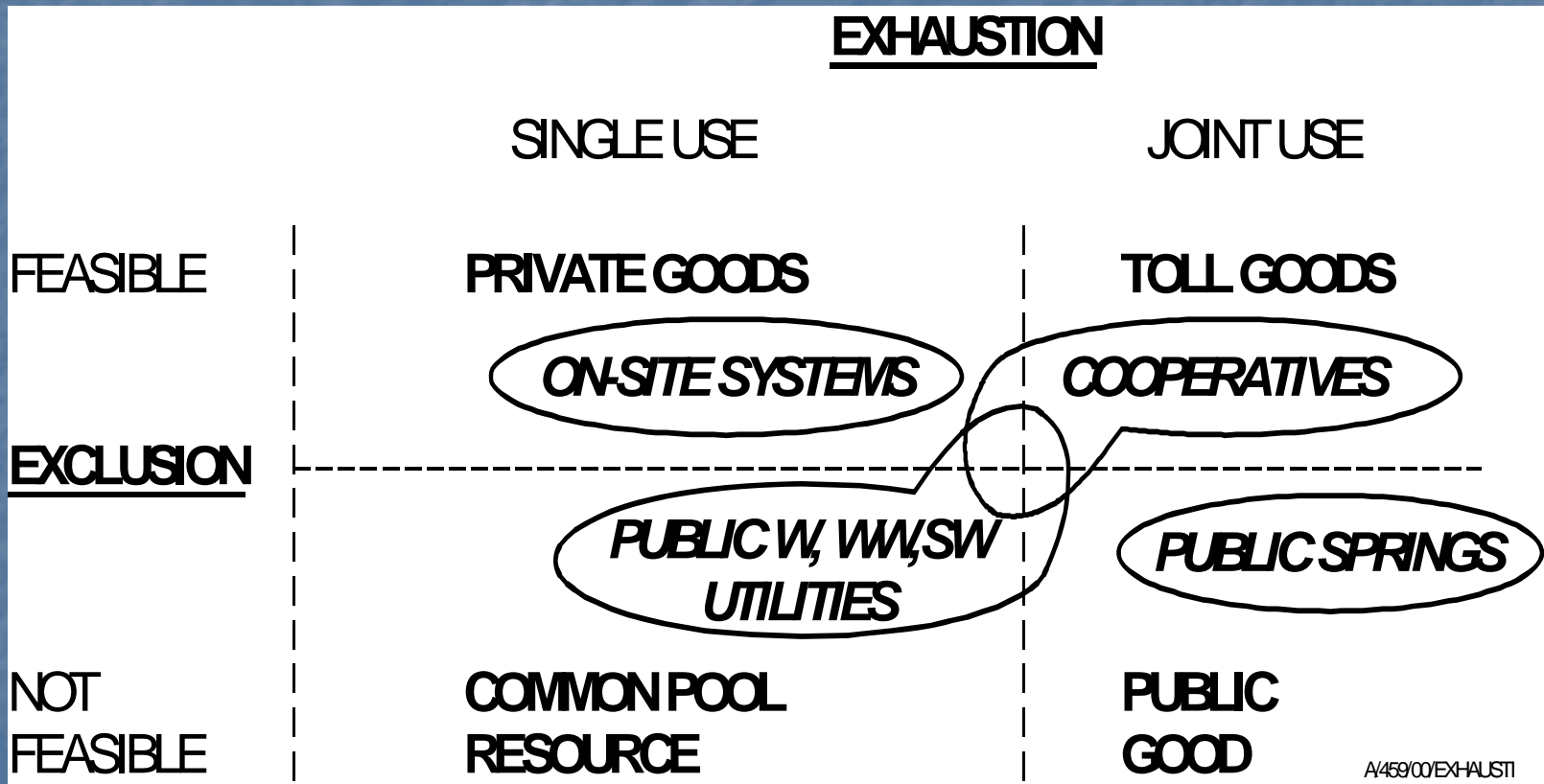
Osmo Seppälä

Universidad Tampere de Tecnología (TUT),  
Instituto de Ingeniería y Biotecnología Ambiental

# DIVERSE MANAGEMENT OPTIONS FOR GOOD GOVERNANCE IN WATER SERVICES

Osmo Seppälä, TUT / IEEB,  
Finland

# Types of goods related to water services at various levels, typically managed by different types of organisations



## Six fundamental characteristics of the water resource

1. Water as a **marketable private good**.
2. Water as a **public or collective good**.
3. Water as a **common property resource** (differing from the public good characteristic in that it is subject to right of capture, becoming private on capture).
4. **Externality characteristics** of water (including the effects of water transactions on third parties).
5. **Public utility characteristics** of water (the high fixed costs, lower per unit costs of output characteristics of the water sector).
6. **Option value** of water (this relates to the foreclosure of future options, for example as a result of inter-basin transfers which are often irreversible).

*Source:* Gray, 1983, cited by Carruthers and Morrison, 1996

**MANAGEMENT OPTIONS AND SERVICE  
LEVELS RANGE FROM ON-SITE  
SYSTEMS TO COMMUNITY-MANAGED  
SYSTEMS AND IN THE CASE OF  
UTILITIES UP TO TRANS-BOUNDARY  
SYSTEMS**

## For instance, in Finland, the following management options are in use:

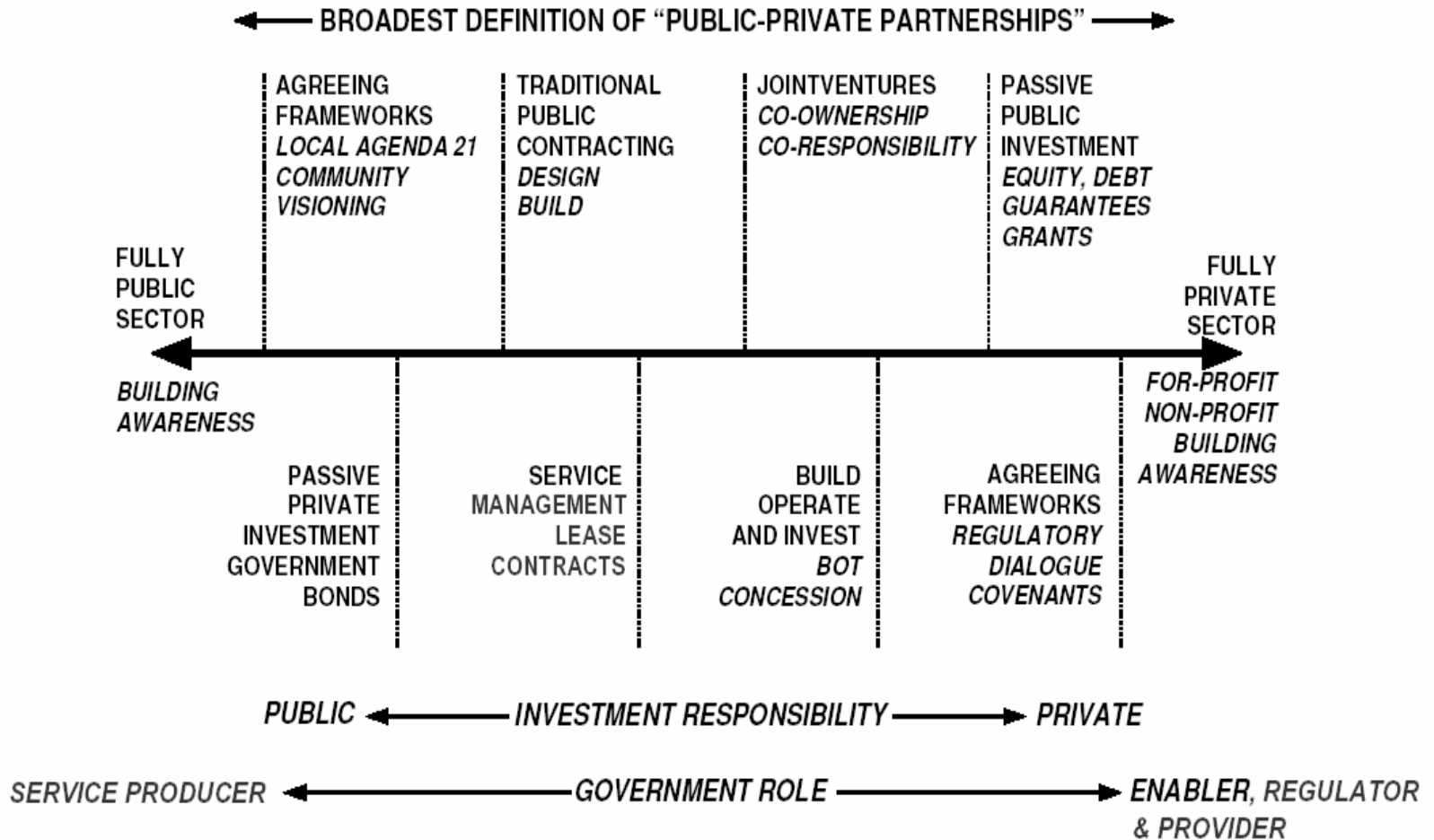
- ✓ On-site / individual systems
- ✓ Consumer-managed water cooperatives in rural areas and townships
- ✓ Municipal water and sewage works typically within one municipality
- ✓ Inter-municipal and regional water, water and wastewater, or wastewater cooperation of various forms
- ✓ Recently also delegated management to private operators (only one case, BOOT-contract)

# MAIN INSTITUTIONAL AND MANAGEMENT OPTIONS

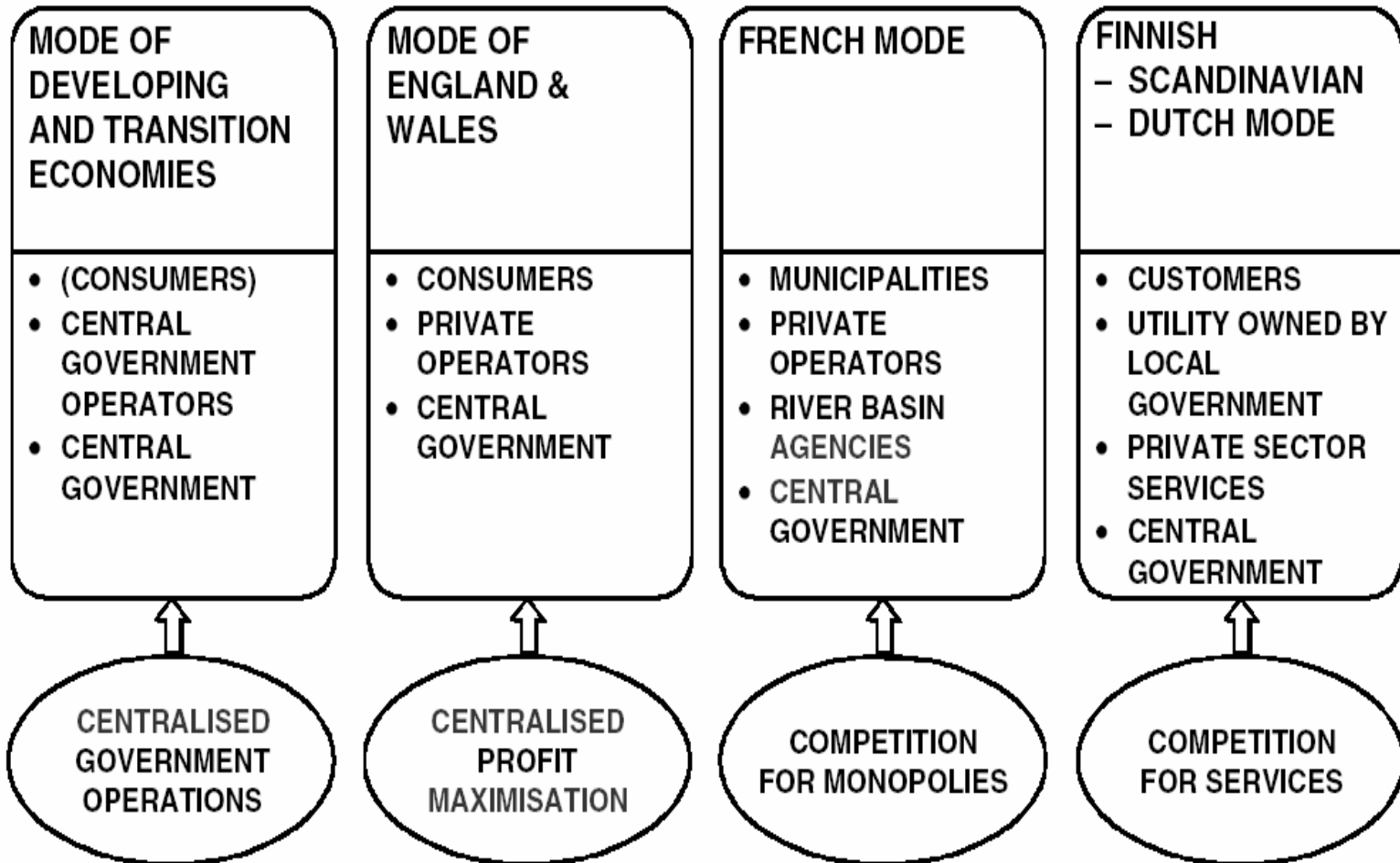
OPTION A					OPTION B		OPTION C	OPTION D
Government department	Public enterprise				Lease contract	Concession contract	Private (including cooperative) ownership and operation	User or community provision ("self-help")
	Traditional	Corporatized and commercial	With service contract	With management contract				
...								

*Source: World Development Report 1994*

# SPECTRUM OF POSSIBLE RELATIONSHIPS BETWEEN PUBLIC & PRIVATE WATSAN SERVICE PRODUCERS



# MANAGEMENT OPTIONS FOR URBAN WATER & SANITATION SERVICES



## Simplified conceptual frameworks for modes to provide and produce water and sewerage services:

### ***(i) Finnish–Scandinavian–Dutch***

(pluralistic — regulated municipal public monopoly — private sector competition for non-core operations)

### ***(ii) English–Welsh***

(dualistic — regulated regional private monopoly — owner company's vertical integration in non-core operations)

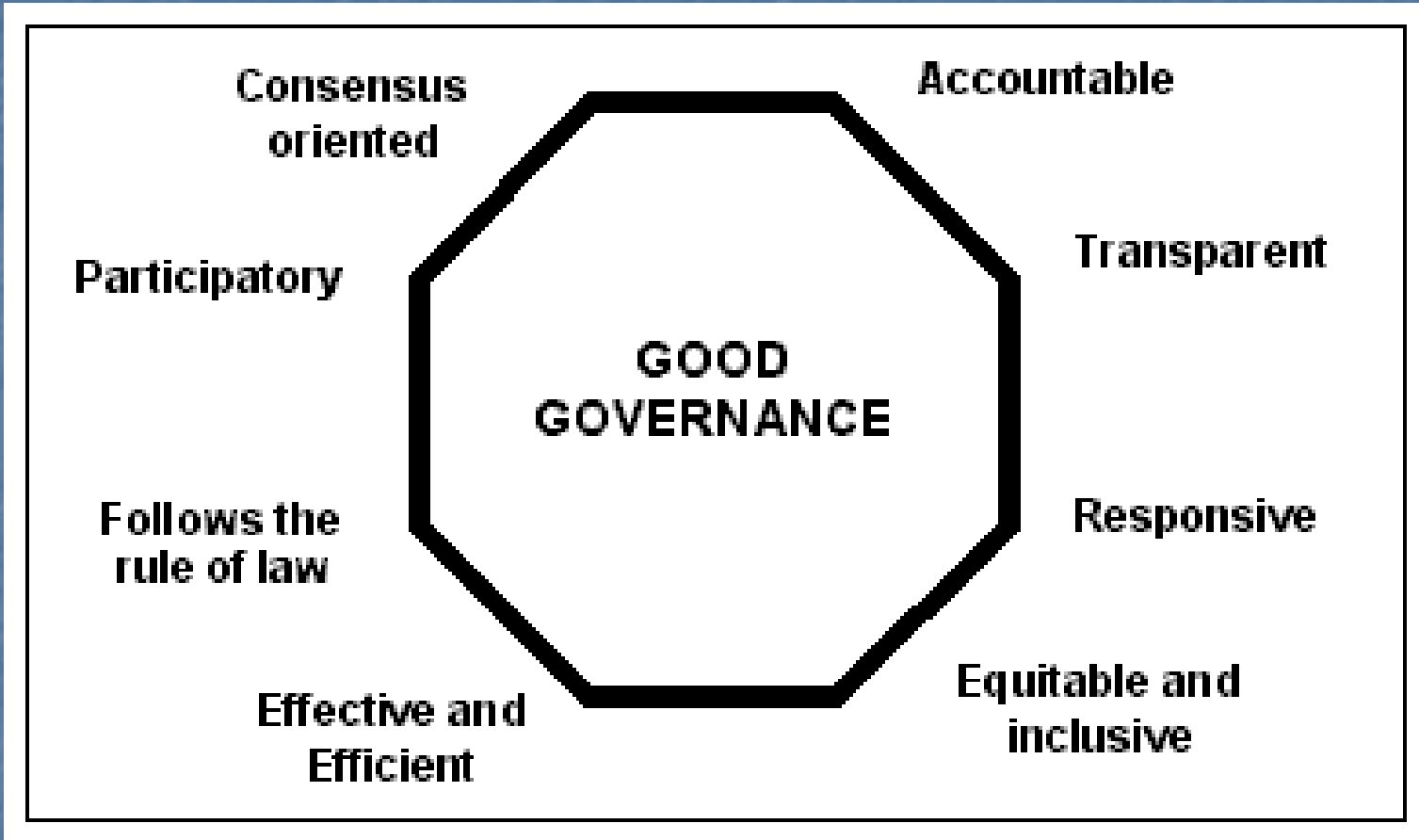
### ***(iii) French***

(mayoral — competition for regulated municipal monopoly rights — operator company's vertical integration in non-core operations)

### ***(iv) Developing and transition economies***

(one-party system — centralised 'unregulated' public monopoly — lack of private non-core service producers).

# CHARACTERISTICS OF GOOD GOVERNANCE



*Source: UNESCAP, 2002*

## **Principles of good governance in relation to water and sanitation services cover i.a. the following elements:**

- **ACCOUNTABILITY**
- **TRANSPARENCY**
- **RESPONSIVENESS**
- **EQUITY**
- **CONSENSUS ORIENTATION**
- **PARTICIPATION**
- **ENFORCEMENT OF LAWS**
- **EFFECTIVENESS AND EFFICIENCY**

## TO ACHIEVE GOOD GOVERNANCE FOR WATER ...

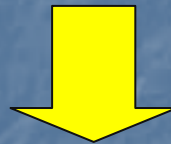
**... it is necessary to create an enabling environment which facilitates...**

- (1) efficient private and public sector initiatives,
- (2) a regulatory regime which allows clear transactions between stakeholders in a climate of trust, and
- (3) shared responsibility for safeguarding water and aquifer resources whose management affects many people but at present is the responsibility of none

**SUSTAINABILITY AND VIABILITY OF  
WATER AND SEWERAGE SERVICES HAVE  
TO BE ASSESSED THROUGH MULTIPLE  
CRITERIA, SUCH AS POLITICAL,  
ECONOMICAL, SOCIAL, TECHNICAL AND  
ENVIRONMENTAL DIMENSIONS  
(PESTE)**

**LOCAL CONDITIONS AND VALUES VARY ...**

**... AND SO SHOULD SOLUTIONS  
AND MANAGEMENT OPTIONS**



**INSDIVERSITY !!**