



REPORT ON

EASTERN AND SOUTHERN AFRICA

WATER AND SANITATION REGULATORS ASSOCIATION

7TH ANNUAL GENERAL MEETING



Hosted by the Lesotho Electricity and Water Authority (LEWA)

Maseru Sun Hotel, Maseru, Lesotho

30th October – 1st November 2013

Report prepared by: Executive Secretary
For Secretariat

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1. INTRODUCTION

The seventh Annual General Meeting of the Eastern and Southern Africa Water and Sanitation (ESAWAS) Regulators Association was held in Maseru, Lesotho from 30th October to 1st November 2013. The meeting was hosted by the Lesotho Electricity and Water Authority (LEWA) at the Maseru Sun Hotel.

Apart from the members of ESAWAS, the three-day meeting drew over 30 participants from the Departments of Water of South Sudan and Botswana, representation from the African Forum for Utility Regulators (AFUR), local participants from the Ministry of Water, water utilities and consumer groups/NGOs. The opening was graced by the Hon Minister of Energy, Meteorology and Water Affairs – Dr Timothy Thahane.

The ESAWAS annual workshop was preceded by a one day workshop organised by LEWA on water and sanitation pricing, pro-poor water tariffs and Performance Based Incentives. Also prior to the conference, LEWA officially unveiled its new logo and name which included the mandate for water regulation. LEWA previously only regulated the electricity sector as the Lesotho Electricity Authority.

2. PROGRAMME OUTLINE

The meeting was structured around the theme '*Regulation through Innovation*' with an aim to share innovative approaches being implored in regulating the water supply and sanitation sectors.

- Day one and two of the programme focussed on the theme and included presentations on:
 - MajiVoice- empowering the water sector through improved consumer complaints handling and feedback
 - Promoting Utilities Performance Improvement through Composite Indicator Approach
 - Promoting information reporting and dissemination to the public through MAJIs
 - Determining the Cost of Service as aid to drive improvements in service delivery
 - Regulations for Sanitation Services
- Day three was dedicated to discussing business of the ESAWAS Regulators Association.

The programme for the meeting is annexed.

2.1 DAY ONE

2.1.1 OFFICIAL OPENING

The meeting begun with remarks from the LEWA Chief Executive, Associate Professor Ntoi Rapapa, who reiterated the purpose of ESAWAS to share best regulatory practices from ESAWAS members.

The ESAWAS Chairperson, Mr Kelvin Chitumbo also gave remarks and reminded the gathering that the regulatory sector is faced with challenges which are understated.

The meeting was graced by the Hon Minister of Energy, Meteorology and Water Affairs – Dr Timothy Thahane who gave an opening speech.

In giving his speech, Hon Dr. Thahane recognised the regulatory challenges as highlighted by the ESAWAS Chairperson. According to Hon Dr.Thahane, the major challenge is undervaluation of water and sanitation and in particular sanitation. There is little recognition of the fact that most public health diseases can be prevented by a strong water supply and sanitation (WSS) and hygiene programme. The Minister said, ‘perhaps there is opportunity to revamp the initiative started by WHO’. In his speech, the Minister said ESAWAS is an important organization and members are commended for the initiative of setting up ESAWAS. ‘ESAWAS can be a strong contribution in advising Government and the wellbeing of people’.

In concluding his speech and declaring the meeting officially open, Hon Dr. Thahane asked ‘How can we be sure that consumers are getting value for money?’ It is up to regulators to ensure processes are transparent, organisations efficient and skills adequate. WSS requires heavy investment and Government doesn’t have all the money to put into efficient systems. Hence we need to put in legal and regulatory frameworks to create an environment conducive to private sector investment.

2.1.2 PRESENTATIONS

i. Lesotho Water Sector by Commissioner of Water, Lesotho

Mr Motoho Maseatile from the Office of the Commissioner of Water (CoW) under the Ministry of Energy, Meteorology and Water Affairs gave a presentation on the Lesotho Water and Sanitation Sector. The presentation highlighted:

- The policy and legal framework;
- Institutional arrangements; and
- Regulation of water and sanitation services

Plenary Discussion

The plenary discussion dwelt on the following:

- Where is the Principal Secretary in the structure? CoW seems to have a lot of power? *CoW reports to Principal Secretary and powers are vested in the Minister. CoW is public officer within the Ministry.*
- When it comes to the operator and management agency: how is the sustainability of the asset management agency guaranteed to ensure the operator gets water? *The asset management agency represents Government and is meant to maintain infrastructure. If major investments are required, the asset management agency comes in.*
- How did Lesotho come to develop the Water Act? Was it through a consultancy? *Government departments, private and NGO are all involved in consultation before undertaking a programme. Quarterly water sector coordination meetings are also held to share on what all are doing in relation to water.*
- The Commissioner of Water and Regulator both have policy and regulatory function. How is the separation? *The responsibility for developing water quality standards is legally with the Ministry of Environment. LEWA's mandate is to monitor compliance. However CoW took the lead to develop water quality standards with LEWA.*
- Participants advised that best practice is to have the Bureau of Standards that is the custodian of standards to develop them and LEWA is involved in the development of standards. However, Lesotho does not yet have a Bureau of Standards.

ii. Keynote on innovation in regulation, LEWA, Lesotho

Professor Rapapa gave a key note presentation around the theme of innovation in regulation. The presentation outline included:

- Regulation
- Legitimizing Regulation
- Legal Framework
- The Regulatory Process
- State Owned Utilities
- Conclusion

Plenary Discussion

The plenary discussion centered on the following.

- Are all appointments made by Boards of Directors (BoDs) or are they categorized? *The BoDs is appointed by the Minister in charge of LEWA. The Chief Executive in terms of the Act is appointed by the Minister but the contract is signed with the BoDs. This presents a challenge in terms of who disappoints the Chief Executive for underperformance. The Executive Management (Managers) is appointed by the Board with participation by the Chief Executive. Positions below Managers are appointed by the Chief Executive together with Executive Management.*
- Are tariffs cost reflective? The tariff may be burdensome to consumers and may have political and economic consequences. Are there consultations with the Minister in case they wish to subsidise? *LEWA has not yet determined tariffs for water. 2013 may be the first year to do so.*
- When are tariffs analysed? *The law allows one month. But if information is insufficient, LEWA can issue a Tariff Notification but the law does not state how long it should take though there is intention to make it 3 months.*

iii. MajiVoice-empowering the water sector WASREB, Kenya

Mr Kassamani gave a presentation on MajiVoice which is an electronics complaints system for Kenya's water services sector. The presentation outline was as follows:

- About MajiVoice
- Customer Service Challenge
- Challenge to Regulator
- The MajiVoice solution
- How does MajiVoice Work?
- Complaints reporting
- The Utility portal
- Regulatory portal
- System Architecture
- Utilisation
- Testimonials

Participations were also shown a video demonstration of how MajiVoice works.

Plenary Discussion

The discussion raised the following issues:

- How does customer get information that the complaint has been resolved
- Is it applicable to all utilities? *System was piloted with Nairobi Water and will be rolled out to all.*
- If a customer is not satisfied with response from utility, can they appeal and to whom?
- Can a customer also provide their water meter readings through the system?
- How is the truthfulness of complaint verified to safeguard against misuse considering that it is cheap to send complaint?
- Is there a particular system administrator who can close the ticket after verification of resolution?
- Are complaints from walk-in customers captured by MajiVoice? *Individual utility complaints systems are linked to MajiVoice.*
- Can costs be shared with provider for maintenance? *MajiVoice is built on OpenSource and can be tailored to needs.*
- What is the impact of MajiVoice in terms of complaints volume and resolution? *According to utility, there is been 53% improvement but this is still early stages.*
- The cost of the system was about USD100, 000 and the consultants retained for 3 years to assist with roll-out.

iv. **Promoting Utilities Performance Improvement through Composite Indicator**

Approach, CRA, Mozambique

Mr Munhequette gave a presentation on performance assessment of regulated entities in Mozambique through composite indicators. The main objective was to present a methodology that allows analysis of a set of indicators in an integrated way. The presentation included:

- Objective
- Case study
- Benchmarking system in use by CRA
- Regulated entities performance index (REPI)
- Construction of REPI
- Base Indicators
- Normalisation of indicators
- Weight of the indicators by Analytic Hierarchy Process
- Aggregation of Indicators
- Simulation of performance assessment

Plenary Discussion

The discussion raised the following issues:

- Big cities do not like to be compared with small cities. However, they are expected to perform better due to economies of scale and financial viability.
- What are the drivers to deciding the weights? *This was done in consultation with providers who suggested higher weightings than the regulator.*
- In normalising the indicator, is it only 1 or 0 that are used? *Figures between 1 and 0 are used.*
- What is the 50% reserved for CRA? *For determining the weight of the indicator.*
- How is state of infrastructure included in index? *It is not a major concern because systems were rehabilitated and expanded before being handed for delegated management.*
- Ranking is done within clusters.
- Overall perception of the ones performing: are they new or private? *All belong to Fipag- the asset holder.*
- ***ESAWAS could pursue the comparison of large cities for benchmarking.***

v. **Promoting information reporting and dissemination to the public through MAJI's, EWURA, Tanzania**

Eng. Mutegeki gave a presentation on EWURA's management information system-MAJI's. The presentation covered:

- Background
- Users of MaJI's
- Data Collection, Verification and Use
- Key Components of MaJI's
- Benefits
- Challenges
- Planned Improvements

Plenary Discussion

The main issues raised in the discussion were:

- What is Confidence grading?
- How reliable is the source of data e.g. a bulk meter that has not been tested for 15yrs
- Data accuracy- e.g. production calculated using pumping hours may not be accurate

- Auditing data after submission- has some of the data been found untrustworthy, are there large deviations? And are there penalties?
- How long does the report take to produce?
- How is the work load in monthly submissions?
- Can providers change data to portray better performance?
- How frequently is verification of water quality done?

vi. **Determining the Cost of Service, NWASCO, Zambia**

Ms Goma gave a presentation on a model developed to assist the regulator and providers determine the reasonable level of costs in service delivery. The presentation outline was as follows:

- Introduction and Background
- Defining Cost of Service
- Goals for cost of Service
- Evaluating the Cost of Service
- Introducing the NWASCO Cost of Service Model – NCoSM
- Challenges
- Discussion

Plenary Discussion

The discussion raised the following matters:

- The range between low and high end is wide. All treatments should have been taken into consideration so as to close the range and possibly group similar utilities.
- Electricity consumption must include factor of pumping head which is the main cost in electricity. Electricity tends to be a pass through cost and thus cannot be projected using inflation
- How do determine the escalation factor as it varies from one cost to another?
- Cost categories- why do you consider chemicals used for water treatment? What about chemicals for treating wastewater from industries?

vii. **Regulating Sanitation Services, RURA, Rwanda**

Eng Nzitonda gave a presentation on how sanitation services are regulated in Rwanda. The presentation covered:

- Introduction
- Regulated services in sanitation
- Solid waste collection and transportation,

- Cleaning service provision
- Decentralized wastewater treatment and disposal
- Gaps/Challenges
- Highlights of achievements
- Way forward and implementation strategy

Plenary Discussion:

The discussion raised the following aspects:

- How are inspections and spot checks for decentralized systems managed looking at staffing of WSS Department?
- What sort of data is kept by RURA for those using decentralized systems?
- How do you target persons for waste water collection in bill issuing to ensure that those paying do have the service?
- Who manages the landfills and what is the role of RURA?
- How is the interaction with environmental regulator?
- Are there subsidies given by Local Authorities or do customers pay full cost for services?
- Are there subsidies for onsite sanitation?
- How do you get money from solid waste?
- Are there laws against littering?
- *Should other regulators also consider regulating solid waste as most mandate generally refer to liquid waste?*

viii. **Lessons from the WSS Peer Review of EWURA**

Ms Magawa gave a presentation on the findings of the regulatory peer review of EWURA in the aspects of regulatory governance, substance and impact.

3. CLOSING REMARKS

The meeting was closed by the Chief Executive of LEWA who thanked everyone for their active participation.



**EASTERN AND SOUTHERN AFRICA WATER AND SANITATION
REGULATORS ASSOCIATION**

7TH ANNUAL GENERAL MEETING

Theme: “Regulation through Innovation”
28th October-1st November 2013, Maseru, Lesotho

Venue: Maseru Sun Hotel

PROGRAMME

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- A. 28th October, 2013 - Executive Committee Meeting**
Time: 09:30 – 12:30hrs
 - B. 29th October, 2013- One Day Workshop Organised by LEWA ,**
Theme: Water & Sanitation Pricing, Pro Poor Water Tariffs and Performance Based
Incentives
 - C. 30th October – 1st November 2013: ESAWAS AGM**
-

Tuesday 29th October, 2013

| TIME | ACTIVITY - CONFERENCE | RESPONSIBLE |
|-------------|---------------------------------------------------|---------------------------------------|
| 08:30 | Registration of Participants | |
| 09:00 | Opening Remarks & Introduction of Participants | LEWA, Lesotho |
| 09:05 | Welcoming Remarks by the LEWA CE | |
| 09:10 | Remarks by the Chairperson of ESAWAS | |
| 09:15 | Water and Sanitation Pricing Methodologies | Dr R Eberhard |
| 09:45 | <i>Discussions</i> | |
| 10:30 | Tea Break | |
| 11:00 | Pro – Poor Water Tariffs | Dr R Eberhard |
| 11:45 | <i>Discussions</i> | |
| 12:45 | Lunch | |
| 14:00 | Performance Based Incentives – Water Utilities | Dr R Eberhard |
| 15:00 | <i>Discussions</i> | |
| 15:45 | Closing Remarks | WASCO CE and ESAWAS Chairperson |
| 16:00 | TEA | |

End of Day

Wednesday 30th October, 2013

| TIME | ACTIVITY - CONFERENCE | RESPONSIBLE | CHAIRPERSON |
|--------------|------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 08:30 | Registration of Participants | LEWA | |
| 09:30 | Opening Remarks & Introduction of Participants | LEWA, Lesotho | LEWA - CE |
| 09:10 | Remarks by the Chairperson of ESAWAS | ESAWAS | LEWA - CE |
| 09:15 | Remarks – PS, MEMWA | MEMWA | LEWA - CE |
| 09:25 | Official Opening of ESAWAS Conference Speech by Guest of Honour | Honourable Minister – Dr. Timothy Thahane – Ministry of Energy, Meteorology and Water Affairs | Principal Secretary (PS)- Ministry of Energy, Meteorology and Water Affairs (MEMWA) |
| 09:40 | <i>Group Photo</i> | LEWA | LEWA |
| 10:30 | <i>Tea Break</i> | | |
| 11:00 | Lesotho Water Sector presentation | Commissioner of Water LEWA, Lesotho | LEWA |
| 11:30 | Keynote presentation (General on innovation in regulation) | | LEWA |
| 12:00 | MajiVoice- empowering the water sector | WASREB, Kenya | |
| 12:30 | Plenary discussion- <i>Output: Performance improvement through consumer feedback</i> | | WASREB |
| 13:00 | <i>Lunch Break</i> | | |
| 14:00 | Promoting Utilities Performance Improvement through Composite Indicator Approach | CRA, Mozambique | |
| 14:30 | Plenary discussion- <i>Output: Accelerating service improvements through comparative competition</i> | | CRA |
| | Management Information System (MAJIs) | EWURA, Tanzania | |
| | Plenary discussion- <i>Output: Promoting information reporting and dissemination to the public</i> | | EWURA |
| 16:30 | <i>Tea Break</i> | | |

End of Day

Thursday 31st October 2013

| TIME | ACTIVITY - CONFERENCE | RESPONSIBLE |
|--------------|-------------------------------------------------------------------------------------------|-----------------------|
| 09:00 | Determining the Cost of Service | NWASCO, Zambia |
| 09:30 | Plenary discussion- <i>Output: determining optimal costs to drive service delivery</i> | |
| 10:00 | <i>Tea Break</i> | |
| 10:30 | Regulations for Sanitation Services | RURA, Rwanda |
| 11:00 | Plenary discussion- <i>Output: Compelling improvements in sanitation service delivery</i> | |
| 11:30 | Adapting lessons in setting-up the regulatory framework | MWE-Uganda |
| 12:00 | Plenary discussion- <i>Output: Key success elements for regulatory formation</i> | |
| 12:30 | <i>Lunch Break</i> | |
| 14:00 | Lessons from the WSS Peer Review of EWURA | ESAWAS Secretariat |
| 15:30 | Plenary discussion- <i>Implementing Lessons drawn and Improving future peer-reviews</i> | |
| 16:30 | <i>Tea Break</i> | |

End of Day**Friday 1st November 2013**

| TIME | ACTIVITY - AGM | RESPONSIBLE |
|--------------|-------------------------------------------------------------|--------------------|
| 09:00 | ESAWAS Regulators Association-Internal issues | Secretariat |
| | Opening Remarks | |
| | Apologies | |
| | Adoption of agenda | |
| | Adoption of Minutes of the 6 th AGM | |
| | Matters arising from the minutes of the 6 th AGM | |
| | Presentation of Chairperson's report to AGM | |
| | Adoption of Financial Report for 2013 | |
| | Adoption of Draft Operational Plan and Budget for 2014 | |
| | Calendar of Events for 2014 | |
| | Adoption of TORs for Executive Secretary | |
| | Appointment of Chairperson and Executive Committee | |
| | 8 th AGM, Selection of Coordinator | |
| | Closing Remarks | |
| 12:30 | <i>Lunch Break</i> | |

END OF AGM