

BOOK REVIEW

Institutional governance and regulation of water services. The essential elements, by Michael Rouse, London and New York, IWA Publishing, 2013, Second edition, 250pp., ISBN: 9781780404509 (paperback)

If water professionals could have a manual of the dos and don'ts for the management and regulation of water services, they should probably turn to Michael Rouse's revised edition of *Institutional Governance and Regulation of Water Services*. First published in 2007 and now updated, the book clearly and thoroughly discusses some of the institutional arrangements and regulations that can help make water services around the world more efficient, responsive, cost-effective and sustainable – in fewer words, better governed. This new edition expands on the already excellent framework of analysis presented in the previous version, brings the material up to date and places reinvigorated emphasis on elements that are indispensable for effective institutional governance in water, such as public participation. Written by one of the most knowledgeable practitioners in the field of water services, this book is undoubtedly a contribution to the literature on this topic.

Rouse mentions very early on in the text that, in writing and updating this work, he wished to expose the policies and governance structures that are not necessarily in place but that are essential to achieve sustainable water services. In his view, poor governance is worse than no governance at all. Ultimately, the text proves that there are neither easy solutions to good water management nor perfect examples of it. We do not even seem to know what good governance looks like, and in fact no country is alien to governance deficiencies. However, water practitioners, policy makers, researchers, students and users all around the world are fully aware of the fact that there are changes to be made. With easily digestible explanations, illustrative examples and unequivocal recommendations, the author points to the need and urge governments have to strengthen structures, improve policies and make better decisions regardless of the position they hold in the governance continuum. With effective institutional governance and the right regulation, sustainable water services can be delivered without political dogmas.

We know there are billions of people all around the world without access to safe drinking water or adequate sanitation services. These people live in places where there is some sort of economic, political and administrative authority mediating the mechanisms, processes and institutions available to them to voice their grievances, exercise their rights and fulfil their civic responsibilities. Yet, these government structures are fragmented, and subject to rent-seeking and unpredictable political changes, and lack the human capacities required to develop sound, integrated and targeted policies. Many times, these regimes cannot effectively and transparently implement and enforce policy, let alone monitor it and be held accountable for the results. In places where 40% of international funding is 'lost' before reaching the procurement stage and up to 25% of the cost of public contracting is inflated by 25% by corruption, governance is invariably deficient, decisions poor, and management faulty at best. This undermines public services and confidence in the system.

However, as we learn in this book, developing and developed countries alike offer plenty of examples of effective water services. The criterion for success is simple: whatever works is good; whatever does not, ought to be changed.

Rouse also warns students, professionals and the general public of the danger of mystifying certain concepts and making them a sort of dogma, rather than additions to the array of possible shapes, sizes and forms water services may take. Sanitation, and the rise of ecosan systems using little or no water, is one of such cases. Not only is sanitation even more neglected than water supply policy, the development of alternative sanitation approaches requiring little or no water have been enthusiastically, and oftentimes uncritically, promoted as a sanitation panacea. Policy, and the different levels at which it is decided, planned and implemented, seems to recurrently overlook the importance of evaluating local needs and incorporating the viewpoints of the different stakeholders involved.

Water is related to a wide range of increasingly competing social, economic and health activities. Yet, far from encouraging coordination and comprehensive planning, overlapping and competing water interests have diluted responsibility for water services across a wide range of ministries and public institutions. It is thereby important to define, and for authorities to know, which level of administrative or political authority is responsible for what. If authorities do not know what their roles and responsibilities are, how can users understand water tariff structures, the use made of the collected fees, or which body is in charge of monitoring service quality? This lack of users' familiarity with their own water systems makes it increasingly difficult to change.

On top of administrative, operational and managerial fragmentation, politics breeds 'short-termism', which makes an even stronger case for building robust and independent institutions that can manage operations. In this case, authorities may find themselves in a catch-22 situation. Moreover, the gaps between planning and implementation and between sustainable policy and politics-driven policy decision making can only be narrowed if measures are mindful of local conditions. The examples of highly planned urban water systems in Singapore, participatory schemes in rural China, and equity-based private companies in England and Wales prove that good policy outcomes are historically and contextually determined and thus can be reached following totally different approaches.

The wide range of geographies, political regimes and scales used to illustrate this claim also point at the author's knowledge and vast experience in water regulation and management. He knows what the bricks in the wall are, namely: government structures and responsibilities; separation of policy, regulation and delivery; the size of water utilities; the dilemma of decentralizing or not decentralizing; water resource planning; vertical integration; the importance and plausibility of continuous supplies; governance deficits, corruption and transparency; engaging consumers and promoting public participation; cost recovery, tariffs and affordability; human rights and health considerations; sanitation; and public- and private-sector operations. Each of these issues is taken up in one or more sections, where, after being explained and exemplified, essential elements for institutional governance and regulation of water services are unequivocally delivered. Every topic is discussed pragmatically, and numerous case studies illustrate complex arguments graphically and clearly.

Moreover, every argument Rouse makes is based on common-sense principles and examples of what works well in practice. Unfortunately, the sheer need to have this type of book written, read and discussed points at the almost tragic absence of common sense in decision-making processes. More intriguing perhaps is how nonsensical is some people's common sense. This is probably the reason why some issues are relentlessly emphasized:

the urge for transparency; the fundamental requirement of sustainable cost recovery; the need for integrated planning and independent scrutiny; and the separation between policy, regulation and delivery functions.

Chapter 1 introduces relevant policy issues and sets the framework for discussion in the book. It also dispels many misconceptions, especially regarding water as a human right and the tendency to equate it with free water services. Without a doubt, water is a fundamental human need and thus a basic human right, as uncontroversially put by Kofi Annan back in 2006 in a speech for World Water Day. But for water to serve everyone sustainably, particularly the poor, the costs of delivery must be recovered fully. What is more, the acknowledgement of water and sanitation as human rights makes them essential components of poverty alleviation. These are clearly contentious issues, but Rouse's discussion never falls for dogmas or ideologies, making it much easier to identify the action paths that can bring lasting solutions to financial, operational and policy challenges.

In most countries, national water policies acknowledge water supply and sanitation as human rights. Yet, these are extremely complex tasks, and thus implementable frameworks have not yet been put in place in many countries, mostly in the developing world. Normative elements to attempt the implementation of both principles include availability, quality and safety, acceptability, accessibility and affordability. Cross-cutting elements are equally or even more relevant, because they include value-judgment principles, such as non-discrimination, participation, accountability and sustainability. While most authors tend to make governments fully responsible for the implementation of these principles, Rouse also emphasizes the importance populations have for their achievability.

In spite of the importance of water and sanitation as human rights, or perhaps precisely because of this, the message that water services cannot be free is repeated throughout the book. The arguments supporting this claim are not only valid but also sensible and realistic. Existing infrastructure maintenance and refurbishment cannot be ignored; safe and acceptable drinking water cannot mean pristine but safe; minority groups must not be given special priority, but nor should they be at the end of the queue; public participation, consultation and involvement are essential; market-driven approaches to service delivery are compatible with human rights; and the public-versus-private divide is vastly unproductive and has not contributed to any solution. In fact, sustainable water services require the introduction and implementation of legal and policy frameworks, accountability of local authorities, and the existence of efficient regulation. These latter issues are given due attention in Chapter 2.

For 'free market' advocates and government purists, regulation and regulatory bodies are foes, never friends. This is probably because regulation is often seen as a tool for governments to control rather than to facilitate activities. Instead, as Rouse argues, both private and public operations ought to be equally regulated in terms of economics, drinking-water quality and the environment. Moreover, regulation can help produce quicker results by making and enforcing rules, and it can help private-sector actors gain recognition as important players in the water supply distribution system. For instance, Ghana had all the ingredients for success, but it has been undermined by anti-privatization rhetoric, which prevented the extension of the Aqua Vitens Rand Ltd (AVRL) contract, and by government rent-seeking, which undermined what should have been a model tankering operation. Although true politics have got on the way of this model's leading to the efficient delivery of water services, there are cases of successful self-enforced regulation, as in Singapore and Seattle.

As rightly mentioned by the author, an independent body and separation of roles are necessary to “turn policies into reality”, a fact that has not yet been achieved in most of the developing world. The separation of policy, independent economic regulation and delivery functions creates opportunities to attract good operational managers, increase transparency, improve accountability, and attempt to insulate operating bodies from political pressures that do not allow for full cost recovery (at least of operating and maintenance costs). All along the public–private engagement spectrum, and all around the world, there exist successful regulatory systems sharing success factors, namely an independent regulator, periodic planning, and public participation. Examples include full-equity privatization (England), concessions (Chile and Manila), corporatized publics (Scotland, Northern Ireland, Australia’s state of Victoria), and mixed concessions and local authority structure (Zambia, Wales). Zambia stands out as a particularly interesting example of a developing country that is looking to enact effective and affordable regulation and where local authorities have partnered up with competent NGOs.

With political will and dedicated management, underserved and poor people can receive a continuous and safe supply of clean water. Whenever this is not possible, finances are cited as one of the main reasons. Unsurprisingly, insufficient cost recovery results in inadequate system maintenance, high leakage, and loss of both water and pressure. And although for decades it has been thought that the poor are unable and unwilling to pay for water services, in reality they are already overpaying for the poor service they get. What they are unable to do is to save, or to pay a lump sum or monthly or quarterly bills. These are constraints that need to be addressed and that can be overcome through subsidies, providing assistance to the poor for access charges, low-tariff prepayment meters, or direct support for water-bill payments. This is seen all around the world, as countries have displayed a great deal of public-policy ingenuity and creativity. Pervasive challenges can now be tackled using information and communication technologies previously unavailable or with unthought-of applications. Mobile banking allows the poor to buy credit for their accounts through local agents. Using this model, utilities can generate bills to be paid in frequent small amounts, allowing the poor to pay for better service and improving revenue collection and cash flow. Rouse draws attention to these sorts of solutions, effectively and clearly.

Academic books tend to be difficult to follow, mostly because not enough attention is given to providing explanations as opposed to listing constraints, impediments, problems, shortcomings, setbacks and the impossibility of coming up with concrete recommendations. Needless to say, these works can be hard to read and quickly lose their temporal validity, never to be updated after they are published. This book could not be further from that. Here is an extensive, yes, but candid and straightforward discussion of essential issues on water regulation and services. Deep analysis and insights are accompanied by descriptive and clear examples; plus it should not be overlooked that each claim is supported by 40-plus years of experience.

This book is clearly written by a practitioner who is well aware of the paradigms prevalent in the water sector, their stage of implementation, the feasibility of their implementation if current practices are followed, the necessary factors for them to be implemented, and the possibilities for success. In the same measure, the text is easy enough to read for the general public to easily grasp some of the most pressing challenges currently faced by the water sector and the different ways in which countries around the world have gone about addressing them. Each chapter wraps up with a neat, succinct,

pragmatic and down-to-business summary of the key regulatory elements for sustainability of water services. Equally useful and suitable for practitioners, water professionals, decision makers and interested readers, this book is ultimately a map, a handbook, a compilation and an excellent reference for all those interested in making water services sustainable. That should be everyone.

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© 2014, Cecilia Tortajada
<http://dx.doi.org/10.1080/07900627.2014.901108>