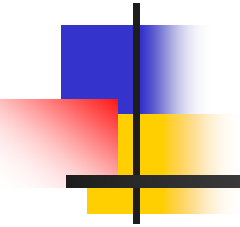


THORNY ISSUES IN WATER DECENTRALIZATION



PANEL

UI Advisors' Conference

4-6 May 2007

Istanbul, Turkey



BASIS OF PANEL THEME

- Discussion Paper

Improving Municipal Services in Tajikistan: Challenges and Opportunities

- Initiated by Olga Kaganova, with twelve (12) UI staff contributing to the paper and the discussion
 - Prepared November-December 2006
-
- Other materials about recent developments with Water Reforms



conceptual approaches which can inform the dialog (1)

- **No** universal rules on how to successfully reform municipal services
- **Sequencing** of reform stages is critical
- Reform should be designed and implemented as a **process**
- Provide reasonable opportunity for LGs to run the service successfully



conceptual approaches which can inform the dialog (2)

- Divergence between “sector” and “decentralization” approaches to reforms
 - **Sector** approach: maximize efficiency in many LGs of one specific service
 - **Decentralization** approach: elected local authorities should have a role in deciding how to address competing service priorities
- Trend to merging the two approaches



practical experiences which can inform the dialog (1)

- Wide diversity of approaches is typical, even within one country
 - How is responsibility divided within the public sector? [municipal services sectors substantially decentralized]
 - How is operational and regulatory responsibility organized? [regulatory authority separated from asset ownership / service delivery]



practical experiences which can inform the dialog (2)

- Pillars of decentralization implemented coherently?
 - Define functions / responsibilities
 - Fiscal framework combining autonomy and adequate revenues
 - Coordination of the transfers of assets and enterprises in LG ownership



practical experiences which can inform the dialog (3)

- Heritage issues
 - Debts (taxes, utility / supplier bills)
 - Operational subsidies (poor management practices / low tariffs)
 - Deferred maintenance and repair



practical experiences which can inform the dialog (4)

WATER SUPPLY AND SEWERAGE – THREE MODELS

1. Local self-government management

Examples: Croatia, Czech Republic, Estonia, Germany, Hungary, Lithuania, Poland, Kyrgyzstan, Romania, USA

2. Regional management

2.a by choice:

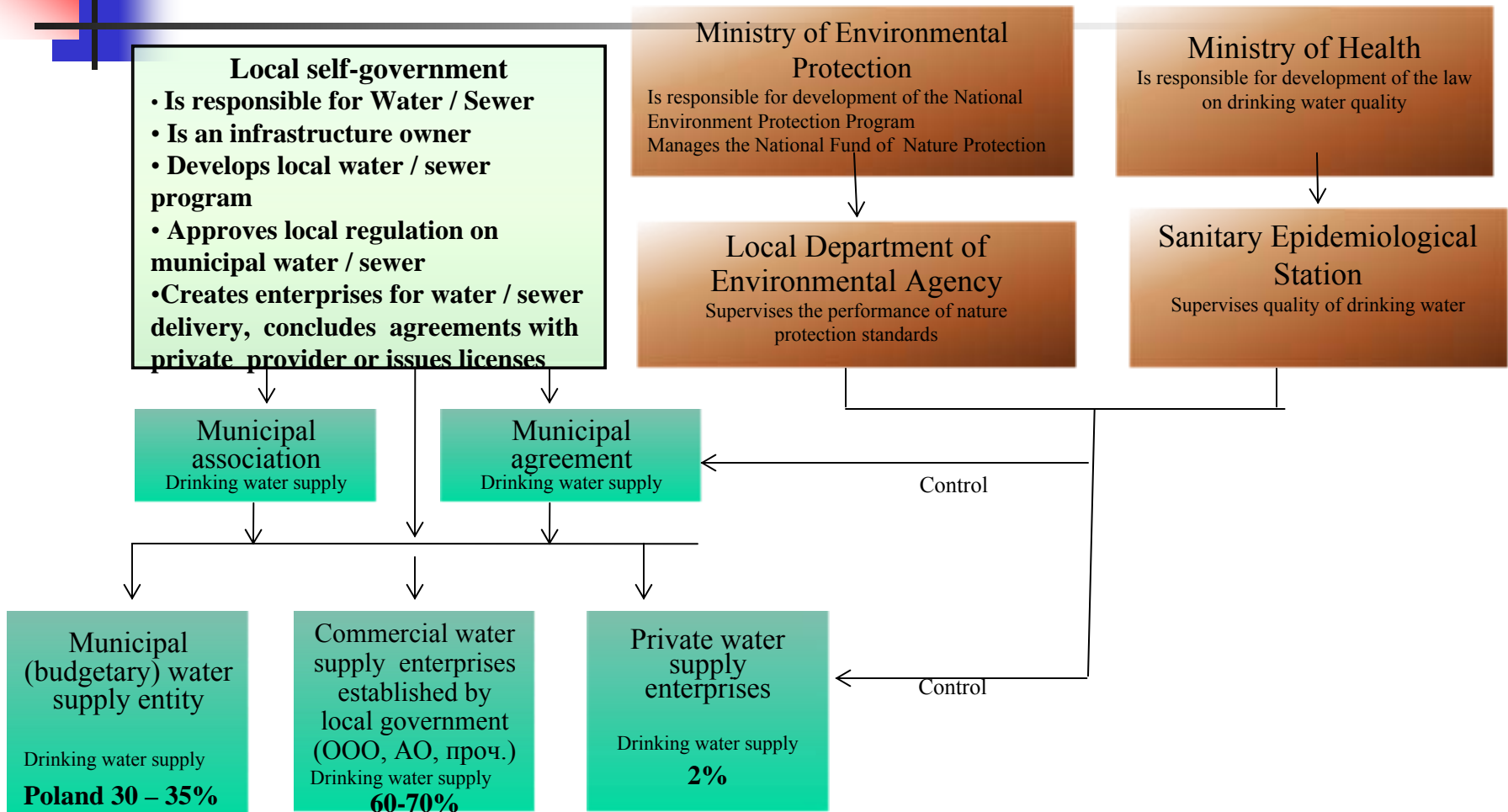
Examples: Czech Republic, Estonia, Germany, Kosovo, Macedonia, the Netherlands, Poland, Sweden

2.b by law: Examples: Armenia, Australia, Chile, Romania, Thailand, Great Britain

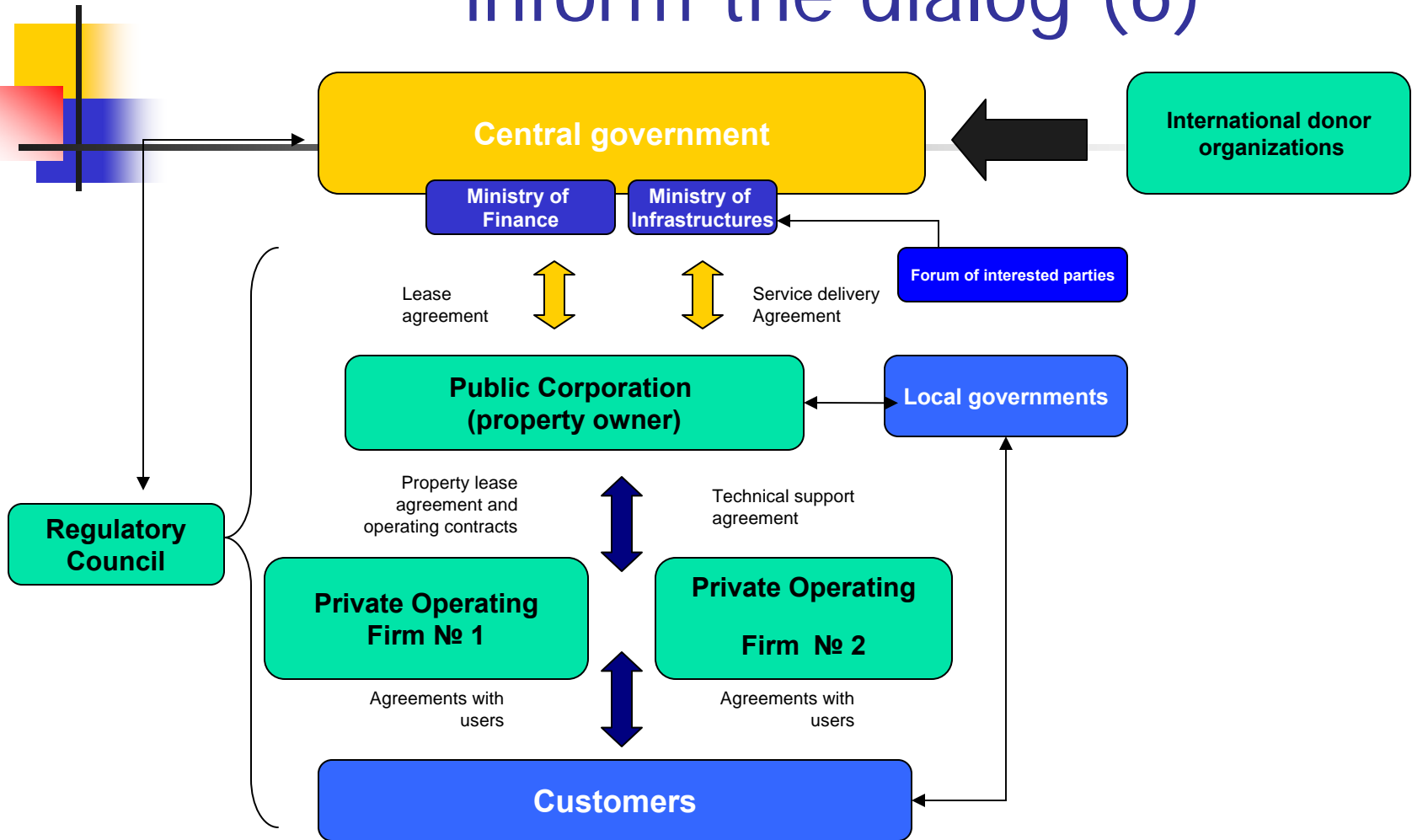
3. National corporation

Examples: Azerbaijan, Cote d'Ivoire (Western Africa), Senegal, Uganda

practical experiences which can inform the dialog (5)



practical experiences which can inform the dialog (6)





policy issue to debate

Which of the three models would benefit best consumers-citizens in low income – low development countries (i.e. Tajikistan)?

- What are factors to consider, while thinking about what is the best?
- Any lessons from UI past experiences?