

BURKINA FASO'S STORY:

Pipes and people:
Progress in water
supply in Burkina
Faso's cities

Peter Newborne



Development Progress



Pipes and people:

Progress in water supply in Burkina Faso's cities

Key messages

1. Since 2000, improved production and distribution in Burkina Faso have extended water supply to nearly 2 million people in the four principal urban centres in the country. In the capital, Ouagadougou, the number with access to the network more than doubled in six years.
2. Progress has been driven mainly by a turnaround in performance of the urban water utility, ONEA. Investment in human resources has strengthened staff capacities and enabled a substantial improvement in operations and finance, in line with government targets. One key lesson is that public utilities can be transformed by competent managers working within a government-set framework that allows for a combination of autonomy and accountability.
3. Meanwhile, equity goals expressed in national policy need to be set as objectives in performance contracts, and social policy needs to be developed further, based on disaggregated information on water customers, in order to ensure improved water services reach low-income households.

"Between 2001-2007 water production increased threefold, from 40,800m³ to 122,000m³ per day, in Ouagadougou."

Summary

Burkina Faso, one of the poorest countries in Africa, has major constraints in terms of water resources and faces the challenge of ensuring a water supply to growing urban populations. In 1998, the government identified this as a policy priority and highlighted the strengthening of the National Office for Water and Sanitation (ONEA) as key. ONEA had been converted in 1994 into a state-owned company, run according to commercial principles, with a Board of Directors and enhanced autonomy to manage its activities across all urban centres of the country. In 2001, ONEA was still a small utility, with some 73,000 active household connections serving fewer than 700,000 people nationwide, just one-third of the urban population – essentially wealthy customers – and 1,600 public standpipes serving another half a million urban residents.

Government policy recognises the social, as well as economic, nature of urban water, confirmed in 2004 in the second generation poverty reduction strategy paper. Subsequently, the National Programme for Water Supply and Sanitation referred to the need to investigate low-cost solutions to provide water services to peri-urban districts, in line with poverty reduction goals. It established a target under the Millennium Development Goals (MDGs) of increasing drinking water access in urban centres in Burkina to 87% by 2015, from a base of 42% (all types of service) in 2000.

What has been achieved?

A first phase in the extension of urban water infrastructure in Burkina in 2001-2007 focused on the capital and largest urban centre, Ouagadougou. This entailed construction of a dam and treatment plant, together with a 50km water main to the city and a distribution network within it. The network's total length almost doubled, from 2,460km to 4,740km.¹

Water production increased threefold, from 40,800 cubic metres to 122,000 cubic metres per day.² Instead of the previous intermittent service, especially in the dry season, the city had a continuous water supply, sufficient to meet demand. In six years, the number of those with access to the network rose from 300,000 to over 800,000,³ equivalent to one-third of the city's residents. Between 1990 and 2000, Ouagadougou's population had grown at an annual rate of over 4%.⁴

To boost water production, distribution and delivery in other major urban centres of the country, a second stage of work is taking place in Bobo-Dioulasso and Koudougou, as well as Dédougou, a regional centre (see map). The focus is on installing new household connections – doubling the number in Bobo and adding half as many again in Koudougou and Dédougou – and also standpipes (significantly fewer). Further work in Ouagadougou will add 25,000 connections and 50 standpipes.⁵

Since 2001, ONEA's operational and financial performance has improved substantially. Staff productivity has risen, exceeding the target set by government in ONEA's performance contract. Water losses from the distribution network have reduced to 18%, one of the lowest levels in sub-Saharan Africa. The timing and quality of financial reporting have also improved. As for revenues, in 2003-2007, ONEA's total income increased by an annual average of 12%, well above inflation.⁶

ONEA is now considered to be closing the gap on the best-performing utilities in Africa.



1 Marin, P., Fall, M. and Ouibiga, H. (2010) 'Corporatizing a Water Utility: A Successful Case in Burkina Faso.' Note 53 of 'Gridlines.' Washington, DC: Public-Private Infrastructure Advisory Facility.

2 World Bank (2001) 'Report 201454-BUR.' Project appraisal document for the first phase of work; World Bank (2009) 'Report 47392-BF.' Project appraisal document for the second phase.

3 World Bank (2008) 'Implementation Completion and Results Report.' ICR0000705. Ouagadougou: World Bank.

4 INSD and World Bank (2001).

5 ONEA (2010) 'Aperçu sur les Systèmes d'Approvisionnement en Eau Potable.' Communication to ODI.

6 Water and Sanitation Program (2008) 'African Water Utilities: Regional Comparative Utility Creditworthiness Assessment Report.'



Equity and sustainability: Progress and challenges

ONEA's performance contract specifies only aggregate annual increases of access. The company has surveyed households' 'willingness to pay' but not wealth/poverty levels in different areas so as to make delivery choices according to household income category. Key performance indicators set by ONEA's financiers have also been silent in this respect.⁷ As such, while ONEA's improved water services have benefited hundreds of thousands of people towards the MDG water target, lack of disaggregated customer information means ONEA is unable to show whether and how equity has been achieved. Ensuring poverty-reducing outcomes for low-income areas and households is an ongoing challenge.

As for the sustainability of ONEA's progress, the level of its debt and its ability to cover interest payments is a source of some concern, as are (to a lesser extent) payment arrears of public customers. Meanwhile, in 2009, the functionality of the standpipes in two areas of Ouagadougou (Tabtenga and Nioko 2) was reported to be low.⁸

What has driven change?

Investment in human resources

While the government believed strongly that ONEA should remain under public ownership, it supported the bringing in of private sector expertise in 2001-2006 to increase operating capacities. International advisors came to work in the commercial and finance departments as deputies to local staff and to conduct short-term training and capacity-building missions.

Meanwhile, competent and dedicated professionals were appointed, locally. The managing director was a water engineer, with previous experience of senior management. When he took up his post in 1995 (in which he stayed for 10 years), he found low staff morale as well as poor productivity, and set about changing the company's working culture. He removed two poorly performing

directors and, with Board support, led a major programme of redundancies with compensation (about 20% of the workforce) over two years, including negotiations with unions and hearings before an industrial tribunal. Management and staff then drew up a corporate strategic plan, with objectives covering financial profitability, the company's image with clients and improvements to staff prospects through performance-based remuneration.

The government also respected its promise to allow ONEA enhanced autonomy by not interfering in investment and staffing decisions, and approved tariff revisions in a timely manner. These measures generated a solid work ethic and a strong sense of ownership among ONEA staff.

Development finance

Both phases of this investment in urban water have been financed largely from external sources, with the World Bank taking a leading role, alongside regional development funds and European donors. Without this funding, which has supplemented small contributions from government and ONEA's own resources, the work would not have been possible, at least not while maintaining ONEA as a solvent company.

Beginning in the early 2000s, when ONEA's financial condition was weak, key elements in the financing were concessionary loans as well as non-reimbursable grants contributing to ONEA's equity capital. Even in 2009, the World Bank commented that 'the financial equilibrium of ONEA is quite sensitive to the financing conditions of the investment program'.⁹ The financing requirement for meeting the national target for urban water (and sanitation) is estimated at \$324 million in total between 2007 and 2015, with over three-quarters expected to come from development partners.¹⁰

7 World Bank (2001); (2009).

8 Wetta and Fofana (forthcoming).

9 World Bank (2009).

10 World Bank (2009).

“A key challenge in the delivery of urban water services is the balancing of utility performance in commercial and social terms.”

Social policy

The focus of ONEA's efforts is on connecting households directly to the network. Together with a reduced tariff for the first tranche of residential water consumption, ONEA's connection subsidy is a key element of social policy. The subsidy is reported to be 'very effective' in generating more connections.¹¹

ONEA's practice has been to extend water services beyond urban districts formally incorporated within city plans (the legal limits of its responsibility), to take account of outlying areas, including informal settlements. Standpipes have been installed in such areas, or on the outer boundaries of neighbouring 'urbanised' districts. This is a step towards equity of access.

The subsidy is not targeted to any customer income category though, and there are questions as to whether the connection cost, followed by monthly bills, is within the means of low-income households.¹² As such, despite the benefits of connection for households able to bear the cost, as well as for ONEA in terms of increasing its connected customer base, for many residents of Burkina's urban centres standpipes continue to offer an important alternative.

Lessons learnt

- Performance of the urban utility, ONEA, has been transformed through a combination of measures: delegation of responsibility to, and corresponding authority for, the Board and the company's top management to run its operations within a framework of parameters set by government; staff selection and training, together with support of external advisors, in commercial operations and financial management; and capital funding of water infrastructure supplied by development partners on concessionary terms.
- Problems in bulk water supply to major cities are being addressed, at least for the medium term, and water distribution networks are being extended, to provide improved services to large urban populations.
- The national water programme needs to reflect the goals of equity and poverty reduction, as declared in national policy, and the government–ONEA performance contract needs to specify these as objectives. ONEA in turn needs to articulate a national plan for targeting low-income households.
- Like many African utilities, ONEA does not organise customer data by income category. Despite its policy of subsidising 'social connections', it has been unable to show the benefits to low-income households. One indicator of this is the proportion of 'inactive' connections, where households have 'returned to their previous sources of supply because their low and irregular incomes did not provide enough money to cover the monthly bill' (6.8% in Ouagadougou in 2009).¹³ In line with the Accra Agenda,¹⁴ both government and development partners should support strengthening of results management, through disaggregation of data on water users, duly reflected in monitoring and evaluation.
- A key challenge in the delivery of urban water services is the balancing of utility performance in commercial and social terms. ONEA's economic/financial progress needs to be matched by more attention to the social element of its activities. This should include socioeconomic analysis of urban districts and households, and investment in standpipes in peri-urban areas together with household connections, as well as in other approaches being piloted, for example connection to local neighbourhood networks operated by small companies or communities.

¹¹ World Bank (2008).

¹² Wetta and Fofana (forthcoming).

¹³ World Bank (2009). The figure of 6.8% also includes cases where the connected compound is waiting for actual occupancy.

¹⁴ Paragraph 23 on delivering results, including 'disaggregating data by sex, region and socioeconomic status.'



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**Overseas Development
Institute**

111 Westminster Bridge Road
London SE1 7JD
United Kingdom

Tel: +44 (0)20 7922 0300
Fax: +44 (0)20 7922 0399

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