



# Enabling Environment





# Introduction to Enabling Environment

“The enabling environment is the term used to describe the broader system within which individuals and organizations function and one that facilitates or hampers their existence and performance. This level of capacity is not easy to grasp tangibly, but is central to the understanding of capacity issues. They determine the ‘rules of the game’ for interaction between and among organizations. Capacities at the level of the enabling environment include policies, legislation, power relations and social norms, all of which govern the mandates, priorities, modes of operation and civic engagement across different parts of society.”<sup>[1]</sup>

An enabling environment creates an atmosphere that allows a flourishing and sustainable water sector where people have dependable and adequate services. The country enjoys a water sector that achieves economic, environmental and social goals.

Without an enabling environment, managers in a water sector struggle on a day-to-day basis just to provide intermittent services that barely, if at all, meet minimal quality standards. People lack access to water, the economy is held back and the environment suffers. The UN has declared equal and non-discriminatory access to safe water a human right.

On the path to achieve the Millennium Development Goals, we have learned that infrastructure and funding are not enough. The stories are legend about failed infrastructure and water sectors that cannot be sustained. The reasons often have to do with ill-defined roles and responsibilities, constraints on decision-making authority, low tariffs that prevent cost recovery, lack of a common direction and lack of political will.

Creating an enabling environment can unlock organizational and human potential and result in dramatic improvement in a water sector.

Enabling environments are created at high levels of national governments. Water sector managers operate

within the enabling environment. Therefore, it is important for water sector managers to understand the ‘rules of the game’.

While sector managers often do not have the power to create or improve the enabling environment, they can often have a voice through lobby groups and associations to influence elements of the environment such as national water policy and planning.

This section of the Impact Guidebook covers topics that are important to an enabling environment in five chapters:

- Governance
- Water Integrity
- Water Sector Framework
- Water Sector Management
- Regulatory Framework

## A. Governance

“The water crisis is not about water or financial scarcity, it is mainly a crisis of governance”<sup>[2]</sup>.

What happens when a water sector lacks good governance? Funds are diverted to personal use or uses that are not a high priority. Customers do not receive reliable services at an affordable price. Employees are not treated fairly and this affects their motivation. Infrastructure is constructed poorly and the assets do not last as long as they should.

Well functioning countries, water sectors or organizations are always built on good governance. “Water governance considers the political, economic and social processes and institutions by which governments, civil society, and the private sector make decisions about how best to use, develop and manage water resources.”<sup>[2]</sup>

As we can see, governance is an overriding influence on the enabling environment and is carried out through

the sector framework, sector management and regulation to ensure that the people receive access to dependable water services at a fair price.

This chapter covers the basic principles of good governance and how they can be applied at the national level as well as at the water utility level.

## B. Water Integrity

Water is life. Water utilities serve the common good. Yet, sometimes, people take advantage of this situation to serve themselves instead of the common good. When they do this, they harm the water utility and all of the people it serves because they undermine the sustainability of the utility.

Water integrity means establishing accountability and transparency so that water is allocated and distributed in fair and efficient ways for all water users. It also means ensuring that the financial resources of the utility are protected.

A lack of integrity, accountability and transparency often leads to corruption - the abuse of entrusted power and resources for personal gain. It can be found in a huge range of interactions at all levels of decision-making and in all aspects of the water sector, along the “water value chain” from water allocation to the end user and - as wastewater - back to the environment. There are great needs to strengthen water integrity at policy, management and operational levels in governments, private sector and civil society:

- Establish sustainable prevention measures that are pro-active rather than only re-active.
- Understand the detrimental impacts of corruption; especially on poor people who suffer from the effects of corruption.
- Apply integrated water resources management to link water services for domestic, industrial and agricultural uses.
- Realize that there are different cultural interpretations of corruption.

This chapter discusses the situation and offers potential solutions to corruption in your workplace.

## C. Water Sector Framework

Even if a country has sufficient funds to invest in the sector and enough expertise, the sector will not thrive unless the roles and duties of all players and institutions are well defined and well designed in relation to each other. This is important to ensure the smooth execution of all the tasks required to have an effectively functioning sector.

A classic role for government is to provide the policy, institutional and legal framework in the water sector that will achieve public health and safety.

That is why most water sector frameworks are largely made up of various levels of government, including:

- Ministries in charge of overall planning and Water Resources Management
- Regulator
- Local government as the responsible authority for the provision of water services
- Water and wastewater service providers

These main players often work in cooperation with other bodies such as the Ministry of Finance for budget allocations, the Ministry of Public Works that may be in charge of infrastructure development and maintenance and Water Boards that act at local or regional levels.

In many countries, the private sector also plays a role.

The water sector framework considers the ways in which these agencies work together to ensure that the public is well provided with the water and wastewater services that are so essential to public health, safety, environmental protection and economic prosperity. Usually, legislation is enacted to give authority to the agencies to play their roles.

This chapter focuses on the building blocks of a sound Water Sector Framework:

- National Water Policy
- Development Strategy
- Legal Framework, including laws, rules and regulation
- Institutional Organization

It is important for utility managers to understand these four building blocks: the utility operates within this framework; the framework impacts the utility; and the utility can access the framework's legal and policy resources to guide its strategic and operational decisions.

## D. Water Sector Management

Water sector management is perhaps best explained by the concept of Integrated Water Resources Management (IWRM) which is defined as “a process which promotes the coordinated development and management of water, land and related resources, in order to maximize the resultant economic and social welfare in an equitable manner without compromising the sustainability of vital ecosystems.”<sup>[4]</sup>

A water utility is often at the junction of management of bulk water and the provision of water services that meet standards for access, quantity and quality. It is therefore important for a water utility to understand how the resource that is at the core of its business is managed at the country level. Then, the utility is better able to align its efforts to achieve national objectives.

A water utility's vision and strategic plans must be consistent with the national framework and water sector management approaches in the country. Its activities are guided by the need to contribute to the socio-economic development of the country and the well being of the population that it serves.

This chapter covers the building blocks of a sound Water Sector Management:

- Macro Planning
- Sector Development Planning
- Sector Performance Monitoring
- Sector and Intersector Coordination

## E. Regulatory Framework

Regulation is the process by which oversight and rules are set for public or private companies in an industry. The oversight and rules often have to do with economic factors (tariffs or pricing) and service level factors (water quality, pressure, access to services, etc.).

Because the regulator's role is to set and require compliance with rules, the role of regulation, is often described as a “referee” or a “watchdog”.

The rationale for regulation is usually to balance various competing interests such as the utility's needs to be financially sustainable with the public's need to have adequate services at an affordable price.

This chapter provides a basic understanding of the functions and procedures of regulation. The chapter also aims to communicate what a utility manager can expect when being “regulated”, focusing on how to work together with a regulator. The chapter is based on international “good practice” standards.



## References

- [1] “Capacity Development Practice Note”, United Nations Development Programme, New York, NY, USA, October 2008
- [2] GWP 2000, Solanes and Jouravlev 2006, Tartajada
- [3] Prof. Olli Varis, Helsinki University of Technology, Finland, InWent & AWC 2006
- [4] Global Water Partnership Technical Committee, Background Paper No 4: Integrated Water Resources Management, 2000: [http://www.gwptoolbox.org/images/stories/gwplibrary/background/tac\\_4\\_english.pdf](http://www.gwptoolbox.org/images/stories/gwplibrary/background/tac_4_english.pdf)

