



# **Labour issues in the water, sanitation and hygiene sectors**

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<sup>1</sup> Consortium comprises Harewelle International Limited, NR International, Practical Action Consulting, Cranfield University and AEA Energy and Environment

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## 1. Description of enquiry

*This enquiry is to provide a short note that summarises the key labour issues in the sanitation, hygiene and water sectors.*

*The note (5 pages approx) should be a word document that provides key statements, statistics, quotes and references. The synthesis should provide international comparison of a number of issues in the sanitation, hygiene and water sector including: unions, working conditions and environments, comparison of formal and informal sector, PPPs, arrangements to improve the skills of employees (e.g. Public-Public Partnerships), and issues associated with workforce reduction.*

## 2. Labour issues in the water, sanitation and hygiene sectors

*By Rose Nyatsambo, School of Oriental and African Studies (SOAS)*

### Introduction

Water is always distributed by some sort of labour. Whether formal or informal, paid or unpaid, labour is necessary to build, maintain, operate and manage the water system and its finances (AGWWAS Statement, 2007). However, with reports that the MDG targets for water and sanitation may not be met by 2015, there is pressure from policy makers to increase the rate of development in the sector. Against financial constraints, workers in the water sector have been seen as an overhead which employers should minimise by reducing the number of employees or keeping their wages as low as possible (ibid). The resultant financial savings can be channelled towards increasing the number of connections.

Few policy makers have shown much concern for the issue of labour in water, sanitation and hygiene service delivery, while training has fallen out of favour with donors and development banks (Hall and Lobina, 2006). This low prioritisation can have a negative effect on worker incentives and may open up space for water workers to charge extra payments or solicit for bribes, while increasing inefficiency of service delivery. The labour conditions that shape water, sanitation and hygiene service delivery are therefore critical to some of the key dilemmas such as corruption, low productivity, inefficiency, lack of accountability and responsiveness within these sectors. According to Public Services International (PSI), the key actors in the water and sanitation sector will remain public sector organisations. Therefore there is need to increase capacity among public operators. If millions of citizens are to be reached with new or improved services, there is need for more skilled and motivated workers whether in top management or line staff (Hall and Lobina, 2006; AGWWAS Statement, 2007).

This Briefing Paper presents findings from a review of the literature on labour issues within the water, sanitation and hygiene sectors. The key labour issues are presented below.

### Working conditions

*Beyond concerns of the labour costs in the water and sanitation sectors, there has generally been little consideration of the conditions of work that shape service delivery such as work-life balance, workplace flexibility, subjectivity of motivation and allowing employees some control over working conditions.*

Specific labour standards such as minimum wages and obligations to provide decent working conditions can raise productivity. They boost labour motivation and effort, they improve workers'

health, reduce wasteful labour turnover while the empowerment and security of workers can facilitate creativity and cooperation in the workplace (DfID, 2004). The dominant policy view of water as an economic good (Dublin Statement on Water and Sustainable Development, 1992) has heavily influenced ideas that water utilities are inefficient (Estache and Kouassi, 2002), with recommendations for tackling over-staffing, performance and introducing benchmarking indicators e.g. employees per thousand connections<sup>2</sup>. Such measures have had negative effects on workers. Not much attention has therefore been paid to the conditions under which water workers are operating. However, studies on the sociology of work raise issues relating to the work-life balance of employees including accounting for caring activities by employees (Coffey et. al., 2009; De Cieri and Bardoel, 2009), the subjectivity of motivation (Gesthuizen and Dagevos, 2008), workplace flexibility and a culture that fosters employees' sense of control over working conditions (Hill et. al., 2008). Considerations of working conditions should therefore go beyond matters of wages and financial reward. Studies in South Asia found that increased exposure of water workers to communities and the public can generate commitment by employees reinforced by public recognition.

Unions have also been involved as partners in public-public partnerships (PUPs) e.g. in Argentina the water operator Aguas y Saneamientos Argentino (AYSA) was 90% owned by the government and 10% owned by a trade union CGT. In such cases unions have been instrumental in ensuring that partners comply with labour and social regulation in areas such as wages, social security, insurance and safety (Corral, 2007).

### **Comparison of formal and informal sector**

*Studies reveal that on average, the informal sector has more water workers than the formal sector. The focus on public-private partnerships has contributed to this through workforce reductions. However, the informal sector increases the vulnerability of water workers due to the lack of security involved i.e. legally binding contracts.*

Formal sector employment is significantly superior to informal sector employment in respect of job security (written contracts), paid leave, pension and retirement contributions and remuneration levels. Many informal employment situations lack a clear employer/employee relationship. Labour relations are therefore based on casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees (Forastieri, 1999). This makes informal water workers vulnerable. In Africa, informal water providers account for an average of 56% of water workers (Collignon and Vezina, 2000). Most informal water workers are not registered because of the business taxes and social security charges that they would have to pay. Informal water workers are generally perceived to be a problem (illegally abstracting water or in some cases vandalising water distribution systems to gain access to water) and a risk (accessing and selling contaminated water). Very little has been done to understand and develop the capacity of these alternative providers because they have been considered a temporary marginal solution to a short-term crisis. However, considering that they directly serve about 75% of the urban populace in Africa (Collignon and Vezina, 2000) and the fact that they are a lot more flexible in terms of adjusting to changing environments and maintaining supplies, there is need to recognise the role that they play. For example, in Cote d'Ivoire households with connections, who act as resellers are licensed (ibid). In 2004 in Kibera, Kenya, kiosk operators, with the help of the Water and Sanitation Programme (WSP), formed an association, drafted a constitution and applied for official registration (WSP, 2009). Such measures ensure regulation in terms of the quality of the water delivered, the costs to water users, health safety of water workers and longevity of infrastructure.

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<sup>2</sup>[www.ibnet.org](http://www.ibnet.org)

### **Improving the skills of employees**

*The water and sanitation sectors require a more skilled workforce in terms of technical ability and soft skills, however, this has been hampered by reduced budgets within these sectors and the cutting back of funding for training by major development banks and donors.*

Even where national strategies are well developed, government institutions are well coordinated and adequate financing is available, progress in sanitation and drinking-water may still be limited by the lack of adequately trained, capable staff and a work environment conducive to effective outputs (GLAAS Report, 2010). Further, lack of trained staff may affect the capacity of countries to use internal and external financing for related projects (ibid). Adequate training of staff has been hampered by the reduction in funding for training by donors and development banks and the focus on PPPs. PPPs tend to have a core team of trained permanent staff with the majority of their staff operating on a temporary contract basis. These are usually the line staff, who therefore have no opportunity for further training because there is no investment for this within the PPPs. The GLAAS report (2010, pp 48) lists some obstacles regarding numbers, skills and deployment of human resources in drinking water and sanitation as the inability to attract and retain staff (due to inadequate budgets and salaries, and poor incentives), lack of training and limitations in filling vacant posts due to government streamlining policies. Also important is the ability to equip staff with soft skills (e.g. project management, leadership skills and people management) to perform their roles. Country survey results from the GLAAS report indicate that inadequate budget to hire and retain staff is the main limiting factor affecting human resource levels in water, sanitation and hygiene.

Some countries have put in place systems to improve employee skills. For example, in Porto Alegre, Brazil the utility has invested in an educational programme to eliminate illiteracy among employees. This programme, aimed at showing the value of employees through promoting employees' skills and general knowledge, is being extended so that all employees are literate up to at least primary grade (Hall et al, 2002). Employees also receive technical/operational, administrative and managerial training coupled with computing. Workers have channels for voicing criticisms, suggestions and requests for clarifications and other comments, and they receive feedback on these issues. Opportunities for training staff in water, sanitation and hygiene exists in some countries e.g. in Nepal, Burkina Faso (CREPA), Cambodia there are centres for technical training (GLAAS, 2010). Others include organisations such as the Institute of Water and Sanitation Development (IWSD) in Zimbabwe, which is involved in research and training work for public and private sector staff in water, sanitation and hygiene. The courses offered are now recognised by the Ministry of Higher Education as contributing towards individual career development<sup>3</sup>, not just on-the-job training (see also Hall and Lobina, 2006).

Improving the skills of workers also involves the participation of workers in various aspects of the operations of the water delivery utility. This could be in the form of democratic processes such as participatory budgeting as in Porto Alegre in Brazil, transparency in decision making particularly regarding bonuses and remunerations, (Sweins and Kalmi, 2008), co-production of knowledge and services (Hall, 2008b) with workers acting as 'researchers in their own jobs'. This is because workers are knowledgeable about their work and the necessary adjustments that need to be made in order to improve services (AGWWAS Statement, 2007). This, however, requires time and resources, but in the long term it turns out cheaper than engaging

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<sup>3</sup> <http://www.iwsd.co.zw/courses.cfm>

consultants. The involvement of workers as researchers has been successful in Sweden through the public service union Kommunal (Hall, 2008b).

### **Workforce reduction**

*Reductions in the workforce have been high within public-private partnerships, although there are suggestions that these reductions are only in the short term. In the long term, more staff are expected to be hired particularly in developing countries where infrastructure expansion is still taking place.*

While public water operators are reported to be over-staffed, meeting the MDGs by 2015 requires an additional 161,000 extra water workers in the water sector globally (Matthew, 2005). The number of workers also needs to be related to the services that must be delivered, thus laying aside assumptions that the fewer the workers the better, and the use of standard measures of employees per thousand connections.

Worker reductions have been most common where PPPs have been introduced although many factors play a role in determining the extent, pace, and timing of employment reductions such as prevailing economic situations. Within the water sector globally, the expansion of the supply network has helped maintain employment numbers in the water sector although about 25 – 40% reductions have been reported<sup>4</sup>. The general trend with PPPs is for workforce reduction e.g. Czech Republic in 1992 – 26% reduction in water supply companies; Hungary – 46% in one company (ILO, 1999b); Buenos Aires permanent employees reduced by 50% although the company claimed that it had increased net employment by contracting out work (ibid). Similar trends are also reported in Africa and Asia.

### **Unions**

*Unions are playing an increasing role within the water and sanitation sector as evidenced by some successful campaigns against privatisation, highlighting the role that the workforce can play in improving efficiency and unions engaging in public-public partnerships.*

Unions have (sometimes together with communities) played a leading role in campaigns against water privatisation and have in some cases been successful as in Argentina, Brazil, Germany, Paraguay, South Africa, Thailand and USA among others (Hall et al., 2005). As a result of anti-privatisations campaigns by unions and other NGOs, the EU announced that it was providing €40million to develop capacity in the water and sanitation sector through strengthening the competence of staff and of the organisation. Key to this process is training. This money is only available to public-public partnerships in water and sanitation with unions being included as 'supporting partners' (Public Services International Research Unit, 2010). Unions have also been involved in public sector reform. At the EU level, union activity has focussed on establishing basic principles of public services through campaigns, social dialogue and relations with political groups (Hall, 2008). Unions have also established arrangements for 'worker participation' in improving public services for example 'co-production' of knowledge involving both workers and users in the UK (involving UNISON) and making workers 'researchers in their jobs' in Sweden (ibid).

### **Public-Private Partnerships**

*While public-private partnerships were seen as the route to improved efficiency in the water and sanitation sectors, there is controversy over the effect that they have on the workforce with more evidence pointing to the resultant workforce reductions.*

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<sup>4</sup> [http://rru.worldbank.org/documents/toolkits/labor/toolkit/module2/employment\\_impact.html](http://rru.worldbank.org/documents/toolkits/labor/toolkit/module2/employment_impact.html)

Public-private partnerships (PPPs) have been seen by some as the best way to improve efficiency and human resource management thereby reducing labour costs. However, unions have been concerned about their members losing their jobs, being re-deployed elsewhere within the public service, being transferred to a new employer, losing work opportunities and/or being subjected to different work methods<sup>5</sup>. Unions are also concerned about their ability to represent their members in these new conditions. In Africa, PPPs have been reported to be generally more successful in sectors such as ports, telecommunications, transport and eco-tourism than power and water (Farlam, 2005) because power and water do not operate in competitive markets driven by the profit motive (Gassner, et. al., 2009). However, while the focus has been on the increased number of connections and rates of connection, improved bill collections and infrastructure brought about by the private sector, little attention has been paid to the effects PPPs on water labourers. The reduction in labour has been hailed as a positive development, for example in Buenos Aires, Argentina PPPs resulted in a staff reduction of 50%. Medalye (2006) says despite concerns that PPPs will result in job losses, job insecurity and poor pay for water workers, these can be resolved with transparent discussions. The impact of PPPs on workers results in a loss of the public service ethos, which has a negative impact on public service delivery (Hall, 2008). PPPs affect workers' motivation and limit the resources spent on service provision, and worsen their collective organisation in unions (Hall, 2008; see also Asian Development Bank, 2006). ILO Convention 94 prevents companies bidding for public contracts from competing on the basis of cutting labour costs (ibid).

There are claims that the concerns raised by trade unions regarding the impact of PPPs on employees are a question of perception rather than reality<sup>6</sup>. This is because PPPs take various forms from management contracts, leases and concessions to full privatisation each bringing about different changes. Job cuts have been necessary in some cases for example in Argentina the public utility Obras Sanitarias de la Nacion was over-staffed with an average of 8 employees per thousand connections compared with the norm of 2 - 3 employees per thousand connections (ibid). In addition, the paper notes that job losses would be possible in developed economies where utilities are over-staffed because there is usually limited infrastructure expansion. This is not always the case in developing countries, where in the short term there may be job cuts, but in the long term, more jobs will be created as infrastructure expansion takes place with improved coverage of basic service delivery. For example, in Abidjan, Cote d'Ivoire labour productivity improved with the number of staff per thousand connections dropping from 6.2 to 3.0, even though there were no lay-offs and the number of employees rose from 1,320 to 1,600 (Marin et. al., 2009).

According to Gassner et. al. (2009), the involvement of the private sector leads to about 54% increase in connections per worker and an increase in water sold per worker of 18%, while employment decreases by about 22%. The involvement of the private sector in providing water and sanitation has been controversial (Farlam, 2005). This is based on which factors were considered of importance e.g. in terms of increased connections, PPPs have been a success in some countries, while in the same instances water charges have gone up or more people have lost jobs. Gassner et. al. (2009) therefore recommend that policy makers weigh the trade-off between increased output and reduction in staff. It is important in this case to consider the

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<sup>5</sup> [http://www.docstoc.com/docs/19455256/PUBLIC-PRIVATE-PARTNERSHIPS-\(PPP\)-AND-IMPACT-ON-JOBS/](http://www.docstoc.com/docs/19455256/PUBLIC-PRIVATE-PARTNERSHIPS-(PPP)-AND-IMPACT-ON-JOBS/)

<sup>6</sup>[http://www.docstoc.com/docs/19455256/PUBLIC-PRIVATE-PARTNERSHIPS-\(PPP\)-AND-IMPACT-ON-JOBS/](http://www.docstoc.com/docs/19455256/PUBLIC-PRIVATE-PARTNERSHIPS-(PPP)-AND-IMPACT-ON-JOBS/)



impacts on the livelihoods of the staff made redundant and the objectives of poverty alleviation in the context of the MDGS.

### **Public-Public Partnerships (PUPs)**

*Public-public partnerships are increasingly seen as able to provide the support that public sector needs to strengthen its human, technical, financial and managerial capacities.*

Water operators need to be efficient, accountable, honest public institutions providing a universal service. Many water services however lack the institutional strength, the human resources, the technical expertise and equipment, or the financial or managerial capacity to provide these services. In addition, public utility budgets are increasingly getting smaller so that they are unable to pay decent wages to their workers, ensure proper training or supply the necessary safety equipment (AGWWAS Statement, 2007). Public-public partnerships (PUPs) can provide support to develop these capacities. PUPs are a collaboration between two or more public authorities or organisations to improve the capacity and effectiveness of one partner in providing public water or sanitation services, operating in a spirit of solidarity rather than profit. A great advantage of PUPs is that they avoid the risks of private partnerships particularly workforce reduction, lower wages, job insecurities and the lack of training for staff advancement. In the last 20 years, there have been over 130 PUPs in around 70 countries, in all regions of the world, with only 44 countries with any kind of private participation in water (Hall, et. al., 2009).

PUPs aim to increase the skills of the workforce and therefore quality and effectiveness of service e.g. the Yokohama Waterworks Bureau (YWWB) and COWASU in Hue, Vietnam (Hall et. al., 2009<sup>7</sup>). YWWB has a long history of international cooperation (solidarity partnerships) in human resource development since 1987. By 2007 it had received 1,700 trainees from 17 countries and had also sent out 145 trainers to 25 countries. Another objective has been to develop the involvement of the public and workers in providing a more responsive and effective service i.e. democratisation. An example of this is in Tamil Nadu, India, where interaction between communities and employees improved relations and responsiveness of service (ibid). PUPs can be international (partners in different countries) or national (same country partners) and they can easily and flexibly involve civil society including trade unions and community groups. The UN Secretary General's Advisory Board on water and Sanitation (UNSGAB) also initiated the Water Operators Partnerships (WOPs) originally conceived from the PUPs concept and also known as twinning. However, these have been dominated by private operators following a compromise within UNSGAB and the struggle is to ensure that the WOPs do not end up commercialised by the private operators.

From 2010 the European Commission will provide up to €40 million Euros to finance PUPs involving EU public sector water operators and partners in developing countries<sup>8</sup>.

### **Conclusions**

While the workforce is critical to achieving the MDGs in water and sanitation, very little effort has been made to address the labour situation. The workforce is considered a cost to be reduced due to inefficiency with very limited investment in building up a motivated workforce. In addition, there is very few information relating to labour within the water, sanitation and hygiene sectors.

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<sup>7</sup> Document lists various other PUPS from all over the world

<sup>8</sup> <http://www.psir.org/reports/2009-03-W-PUPS.doc>

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