



**International  
Water Association**

**Specialist Group on  
Institutional Governance  
and Regulation**

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**Newsletter No. 1**  
**July 2007**

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**WELCOME**

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Welcome to the first quarterly newsletter of the IWA Institutional Governance and Regulation Specialist Group. We are pleased to initiate this service.

**Disclaimer:** *This is not a journal, but a Newsletter issued by the IWA Specialist Group on Institutional Governance and Regulation. Statements made in this Newsletter do not necessarily represent the views of the Specialist Group or those of the IWA. The use of information supplied in the Newsletter is at the sole risk of the user, as the Specialist Group and the IWA do not accept any responsibility or liability.*

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## OUR MISSION

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Our mission is to promote discussion and learning from water governance regimes at the institutional level, and to provide a forum for all those involved, or interested, in economic, environmental, and drinking water quality regulation, to discuss and learn from international experience in implementing regulations. This mission will be pursued through:

- Providing a network by which members working in this field have easy access to fellow professionals around the world. Contact will largely be through the internet but there will be occasional opportunities to meet. Communication will include an electronic newsletter once there is an infrastructure in place to manage it. The Specialist Group will have close links with the WHO International Network of Drinking Water Regulators which was launched at the Beijing Congress.
- Forming small task teams to prepare 'Reference Papers' on subjects of particular value to IWA members. The list of subjects will largely be selected by the Group but there may be occasions when other members of IWA will identify particular subjects of interest.
- Organising Specialised Conferences, at a frequency of no less than once every four years.

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## WHO ARE WE?

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We would like to begin introducing committee members in this newsletter and continue in future issues. [Full List of Committee Members](#)



**Mr. Michael Rouse, CBE**

Committee Role: Chair

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Mr. Rouse is a former President of IWA. Currently he serves the world water community as an Independent International Advisor; Distinguished Research Associate, Oxford University and Visiting Professor, Tsinghua University, Beijing. In the past, he has served as Head of National Drinking Water Inspectorate, London, UK and as Chief Executive / Managing Director of the Water Research Centre, (WRc plc). Mr. Rouse holds a B.Sc. Mechanical Engineering, University of Birmingham, 1961 and is a UK Chartered Engineer, 1968

**Main areas of specialization:** Institutional governance and regulation, sustainable water services, drinking water quality, water and health.



Dr. Jennifer McKay  
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Dr. McKay is a professor of Business Law, School of Commerce and - Director Centre for Comparative Water Policies and laws at the University of South Australia (SA), Adelaide. She holds a PhD in Water Policy from the University of Melbourne, an LLB Law Degree Adelaide and a Graduate Diploma in Legal Practice. She has been admitted as a Practitioner of the Supreme Court of SA and High Court of Australia. She has been an active member of the International Water Resources Association and the International Law Association. She is a part-time commissioner of the Environment Resources and Development Court SA. And a member of the NRM Council SA. She has conducted research in water law and policy in Australia, India, Singapore and the Middle East for UNDP, World Bank and ACIAR. Dr. McKay has supervised 8 PhD students and authored over 60 publications.

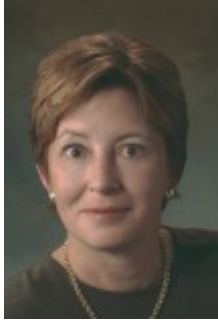
**Main areas of specialization:** International and domestic water law and policy, water governance



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Ms. Vinnari is a researcher and doctoral candidate at Tampere University of Technology, Finland. She has also conducted research as a Fellow Scholar at the Water Center, University of Washington, Seattle, USA. Her research interests include water governance, public management and accounting and economic regulation. She holds Master's Degrees in Economics and Environmental Engineering.

**Main areas of specialization:** Governance and regulation of water services; Water utility asset management and asset valuation; Water and wastewater pricing; Public sector accounting and accountability; Water and sanitation in developing countries; New Public Management; New Institutional Economics.



**Ms. Nancy E. Barnes**

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Ms. Barnes has been engaged in international management consulting for the past 14 years with a focus on sector reform, strategic planning, organization development and capacity building. She combines her consulting experience with a number of years serving in chief executive positions for water utilities in the USA. She holds a Bachelor in Economics, Vassar College and a Master in Business Administration from the Wharton School at University of Pennsylvania, USA. She serves in the AWWA International Council and is a member of its Standing Governance Committee.

**Main areas of specialization:** organization development, capacity building, management development, sector reform, public policy.

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## MARKET RESEARCH: THIS IS YOUR NEWSLETTER!

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This newsletter is for all of us. We will appreciate your feedback and contributions.

- What would you like this newsletter to cover?
- Would you like to contribute an article or a particularly useful reference?
- What would you like this newsletter to accomplish?

Please send your comments, suggestions, references – or whatever you like – to Nancy Barnes who will consider all ideas for the October 2007 newsletter. [nancy.barnes@ch2m.com](mailto:nancy.barnes@ch2m.com)

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## HOW SHALL WE DEFINE GOVERNANCE?

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Wikipedia (<http://en.wikipedia.org/wiki/Governance>) provides the following definitions:

“The [World Bank](#) defines governance as: the exercise of political authority and the use of institutional resources to manage society’s problems and affairs.”

An alternative definition suggests that governance is: the use of institutions, structures of authority and even collaboration to allocate resources and coordinate or control activity in society or the economy.

According to UNDP’s Regional Project on Local Governance for Latin America: Governance has been defined as the rules of the political system to solve conflicts between actors and adopt decision (legality). It has also been used to describe the “proper functioning of institutions and their acceptance by the public” (“legitimacy”). And it has been used to invoke the efficacy of government and the achievement of consensus by democratic means (“participation”).

According to UN World Water Development Report (2003), water governance is an exercise of political, economic, administrative and social authority, which influences the development and management of water resources and related services. It comprises mechanisms, processes and institutions through which citizens and groups articulate their interests and exercise their legal rights.

What do you think? Please send your ideas to Nancy at [nancy.barnes@ch2m.com](mailto:nancy.barnes@ch2m.com) and we can review what readers think in the next newsletter issue.

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## WHAT CAN YOU DO TO HELP THE COMMITTEE ACHIEVE ITS MISSION?

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Let's start with a few questions that are drawn from the mission statement:

**Building a network:** do you know other people with an interest in governance and regulation? If so, please feel free to send a copy of this newsletter to them. If they would like to receive the newsletter regularly and they are IWA members, they can contact Frances Lucraft at [frances.lucraft@iwahq.org.uk](mailto:frances.lucraft@iwahq.org.uk) to join the newsletter mailing list.

**'Reference Papers'** on subjects of particular value to IWA members: Do you have an idea for a reference paper on governance and regulation that would be useful to the global water community? If so, send your ideas to Michael Rouse [michaeljrouse@yahoo.co.uk](mailto:michaeljrouse@yahoo.co.uk).

**Specialised Conferences:** Do you have ideas for the theme or content of a specialised conference that our committee might sponsor? If so, please send your ideas to Michael Rouse as well.

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## FEATURED PUBLICATION

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**[Sustainable Cost Recovery](#)** The subject of sustainable cost recovery can be approached in a number of ways, and consequently, several different terms are also used (sustainable cost recovery, full-cost recovery, etc.). The most important consideration is the need for a level of cost recovery, achieved through a combination of water service charges and subsidies, which will enable sustainable water services. However, affordability and efficiency have to be taken into account, so that cost recovery relates only to necessary costs. Click on the link to read more.

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## GUEST ESSAY

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In each newsletter, we will pose a question and invite you to submit an essay. We will publish the best essay in the following newsletter. Please limit your essays 500 words or less.

The first essay question: Why is good governance important to water organizations around the world?

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## FORTHCOMING EVENTS

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From August 12-18, 2007, the **World Water Week in Stockholm** will be held under the overall theme “Progress and Prospects on Water – Striving for Sustainability in a Changing World.” <http://www.worldwaterweek.org/>

On August 14, the program includes a workshop on Governance as follows:

Workshop: Making Governance Systems Effective

Convenor: Stockholm International Water Institute (SIWI); Co-Convenors: The World Conservation Union (IUCN) and United Nation Development Programme (UNDP)

This full day workshop will focus on the necessity for national, regional and local authorities, as well as collective and individual stakeholders, to have a similar opinion about the problems of managing water and how these should be solved in the most cost-effective way. How do water challenges vary in geographical scale (from the river basins to the villages) and change over time? Cooperation and collaboration are essential. How can individual and collective integrity be brought together by actors that command legitimacy and trust?

The workshop will discuss legislation, enforcement and economic and social instruments. It will also analyse decision support systems to see if they are good enough to achieve this cooperation in an effective, transparent and inclusive way. What works and what should be improved? What are the barriers to good water governance and how can they be removed?

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## NEWS UPDATE

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The IWA’s on-line discussion of the price of water has been a fertile ground for debate about the way in which water prices should be set and the role of cross-subsidies in ensuring that price is not a barrier to society’s poor meeting their basic needs for water and sanitation services. Participants in this forum were from the Institutional Governance and Regulation Specialist Group and the Statistics and Economics. For the synthesis of the recent *price of water* discussion forum, please go to the following link:

[http://www.iwahq.org/templates/ld\\_templates/layout\\_633184.aspx?ObjectId=659662](http://www.iwahq.org/templates/ld_templates/layout_633184.aspx?ObjectId=659662)

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## CELEBRATIONS

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In this section of the newsletter, we will be happy to showcase successes in governance and regulation. Tell us about your successes and we will report them here! [nancy.barnes@ch2m.com](mailto:nancy.barnes@ch2m.com)

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## RESOURCES AND REFERENCES

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In each newsletter, we would like to showcase especially pertinent and useful references, resources or links to governance and regulation topics. You are welcome to share your favorites by sending them to Nancy at [nancy.barnes@ch2m.com](mailto:nancy.barnes@ch2m.com)

For this issue, we offer the following:

Understanding Regulation: Theory, Strategy, and Practice by Robert Baldwin and Martin Cave; this book is an excellent reference on regulatory practices.

The Development Gateway Foundation's website includes a community on Governance that you can access on this link <http://topics.developmentgateway.org/governance>. You can also sign up on that page to get email notifications of governance references.

**Feedback will be gratefully accepted!**  
[nancy.barnes@ch2m.com](mailto:nancy.barnes@ch2m.com), Newsletter Editor

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## NEW FROM IWA PUBLISHING

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### **Institutional Governance and Regulation of Water Services**

*The Essential Elements*

Author: Michael Rouse

**Institutional Governance and Regulation of Water Services** aims to provide the key elements of policy, governance and regulation necessary for sustainable water and sanitation services. On policy matters, it covers important aspects of separation of policy and delivery, integrated planning, sustainable cost recovery, provisions for the poor, and transparency. Regulation and Regulatory Bodies are presented in their various forms, with discussion of why some form of independent scrutiny is essential for sustainability. There is a separate chapter on Drinking Water Quality Regulation including setting standards and discussion on how to incorporate managing risk in regulatory approaches.

It is the first book to give a comprehensive review of the key elements of policy, governance and regulation for sustainable water services, based on experience from around the world.

The focus is on what works and what does not, based on consideration of basic principles and on case studies in both developing and developed countries.

**Institutional Governance and Regulation of Water Services** is an invaluable information source for national and local governments responsible for water policy, for water utility managers, and for students who will be the policy makers of tomorrow. It should also be of value to all those concerned with water policy matters in donor agencies and international banks as well as for academics involved in the teaching of water policy, governance and regulation.

Contents

- 1: Introduction
- 2: Overview
- 3: Separation of policy, regulation and delivery
- 4: The need for an integrated economic/quality planning process
- 5: Financing and cost recovery
- 6: Measures to stimulate improves performance of water service utilities
- 7: Forms of water service providers and associated regulation
- 8: Steps for successful use of the private sector
- 9: Standards, monitoring and enforcement

ISBN: 1843391341 · October 2007 · 100 pages · Paperback

IWA Members Price: £ 37.50 / US\$ 75.00 / € 56.25

<http://www.iwapublishing.com/template.cfm?name=isbn1843391341>

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## **Risk Management for the Water Utility Sector**

Author: Simon Pollard

The provision of safe drinking water and the protection of public health and the environment through the treatment of wastewaters is increasingly informed by risk-based decision-making. Aspects of utility management such as process design and optimisation, asset management and compliance monitoring rely on a mature understanding of process risk within a broader context of business and environmental risk management.

For operators, risk management is now regarded as a key business function. Understanding risk and being able to implement risk management is critical to the provision of safe drinking water. As part of a move towards a more strategic, forward looking approach to utility management, the IWA is promoting a risk-based approach to water utility management, from catchment to tap, through the implementation of the Bonn Charter (2004).

- Why manage risk?
- Basic probability and statistics
- Process risk and reliability analysis
- Assessing risks beyond the unit process boundary
- Regulating water utility risks
- Business risk management for water and wastewater utilities
- Managing opportunity and reputational risk
- Embedding better decision-making within utilities

Having provided rationale for the importance of risk management, the text begins with the familiar territory of unit processes and process reliability. It then broadens out to consider, first environmental then organisational risk management. The final sections are concerned with better utility decision-making.

This title belongs to [Water and Wastewater Process Technologies Series](#)

ISBN: 1843391376 · July 2007 · 1745pages · Paperback

IWA Members Price: £ 60.00 / US\$ 120.00 / € 90.00

<http://www.iwapublishing.com/template.cfm?name=isbn1843391376>

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### **Charging for irrigation services**

*Guidelines for practitioners*

Authors: Frank van Steenberg, Gez Cornish, Chris Perry

Irrigation is the dominant consumer of fresh water world-wide, accounting for as much as 80% of use in many water-short countries. Two issues dominate the problems in water resources management generally, and especially the management of irrigation systems: *scarcity of water* to meet competing demands, and *scarcity of funds* to finance operation, maintenance and renewal of existing facilities.

Various international conferences, donor policies and academic papers have pointed to the contribution that appropriate irrigation service charging systems can make to both problems. This book is unique in that it connects policy objectives in water pricing with the practicalities of a setting up an irrigation water charging systems. It discusses the different types of water charging systems as well as the basis for quantifying and calculating the charges in the real world. Based on practical experiences in a range of countries, it also looks at possibilities for cost rationalizations and developing a broad range of revenue streams.

The book concludes with a systematic explanation on how to design an irrigation water charging system - looking at assessment, billing and improving collection performance.

ISBN: 1843391414 · November 2006 · 100 pages · Paperback

IWA Members Price: £ 37.50 / US\$ 75.00 / € 56.25

<http://www.iwapublishing.com/template.cfm?name=isbn1843391414>

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## **Sustainable Water Services**

### *A Procedural Guide*

Authors: R Ashley, D Blackwood, D Butler, P Jowitt

**Sustainable Water Services: A Procedural Guide** is the result of the Sustainable Water industry Asset Resource Decisions (SWARD) project, undertaken by a consortium of UK academics in collaboration with water service providers in Scotland, England and Romania. It has been developed to act as a practical tool to assist with the explicit inclusion of ‘sustainability’ in the decision-making processes of those responsible for providing water services.

The book contains a framework that comprises a set of decision support processes that can be used by water service providers to explicitly incorporate sustainability considerations into their decision-making procedures, through the use of sustainability principles, criteria, indicators and processes. These principles and criteria can be applied at an overall corporate strategic level, for example in the service provider’s mission statement, or at an application level, where these strategic principles are being applied to a particular decision.

**Sustainable Water Services** is designed to inform and to provide support for strategic activity, both as a resource containing information about sustainability, and by employing feedback from application to inform the strategic processes of the water service provider.

- Presents an inclusive and generic set of sustainability criteria for use in water industry decision making processes;
- Discusses the legislative drivers for sustainable decision making for the UK water industry;
- Presents clear case study examples of the sustainability framework in action;
- Discusses the use and applicability of a wide range of tools and techniques for undertaking environmental, economic and social analyses, e.g. life cycle assessment, multi-criteria analysis.

ISBN: 1843390655 · July 2004 · 244 pages · Paperback

IWA Members Price: £ 34.50 / US\$ 69.00 / € 51.75

<http://www.iwapublishing.com/template.cfm?name=isbn1843390655>

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