



UNDP-World Bank
**Water and
Sanitation
Program**

Community Water Supply and Sanitation Conference

The Community Water Supply and Sanitation Conference was held May 5-8, 1998 in Washington DC at the World Bank. The conference was organized by the UNDP-World Bank Water and Sanitation Program and the World Bank Economic Development Institute; Transport, Water and Urban Development Department; Rural Water and Sanitation Thematic Group; and the Learning and Leadership Center.

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Community Water Supply and Sanitation Conference

Summary

In spite of decades of investment in rural water supply and sanitation (RWSS) infrastructure, it is estimated that in the developing world some 40 percent of the rural population still lack an adequate water supply and 60 percent are without access to sanitation. Over the last few years, a consensus has emerged on principles to guide the provision of RWSS services. International policies call for treating water as an economic and social good managed at the lowest appropriate level. For the provision of RWSS this requires that consumers be engaged in the process of selecting, financing, implementing and managing systems that meet their demands and willingness to pay. Yet putting demand-responsive principles into practice presents significant challenges.

To respond to these issues, the Community Water Supply and Sanitation conference was held May 5-8, 1998, in Washington, DC.

The conference was organized by the UNDP-World Bank Water and Sanitation Program; the World Bank Economic Development Institute, the Transport, Water and Urban Development Department, the Rural Water and Sanitation Thematic Group, and the Learning and Leadership Center.

The conference focused on demand-based approaches to RWSS provision and the implications for management and sustainability of services. A series of presentations provided a framework for understanding the demand responsive approach (DRA). The findings of a global study on institutional rules and the relationship between demand responsiveness and sustainability were shared. Six main case studies were presented during the conference and an additional thirty case studies were presented during parallel sessions.

Participants met for four days in Washington to share their experiences using a demand-responsive approach to RWSS service delivery, to identify constraints and areas in which they need to learn more and to map out the road ahead in the rural water and sanitation service sector. More than 350 people attended, representing over 80 countries and a wide range of stakeholder groups, nationalities, institutions, and professions. Nearly a third of the participants were from sub-Saharan Africa, followed by Latin America, East Asia and the Pacific, Western Europe, South Asia, North America, the Middle East and North Africa, and Eastern Europe and Central Asia respectively.

A participatory format was adopted and the approach proved to be highly successful. More than 30 facilitators were involved, often managing dozens of simultaneous small group discussions and activities in one large conference hall. More informal presentation and interaction were encouraged as well: an exhibit featured over 40 posters from governments, NGOs and international organizations on a wide range of topics, from pre-payment metering of water in South Africa to dry sanitation in Mexico. One of the most popular features of the conference was a card exchange board, on which participants could "take a card, leave a card." They could indicate a topic where they has expertise and also indicate areas where they would like assistance. The conference promoted the establishment of appropriate policy and institutional frameworks which foster sustainable, demand-responsive rural water supply and sanitation services.

Introduction

Opening remarks were made by the World Bank President, James Wolfensohn, and representatives from the different stakeholder groups that were present at the conference.

Mr. Wolfensohn emphasized the importance of the rural water and sanitation sector in the World Bank's work. He then highlighted the changes, in both the world at large and in the approach of the World Bank, which are having a crucial impact on the nature of rural water supply and sanitation (RWSS) delivery.

Within The World Bank, until recently, responsibility for RWSS was dispersed among many departments, including rural development, infrastructure and health. Also, the World Bank tended to place greater emphasis on lecturing and advising clients than on listening to them. Since that time, the World Bank has made considerable progress in overcoming these deficiencies, giving more focused attention to rural issues and recognizing a greater need for partnership and consultation. Possibilities for partnership have been further enhanced by a growing recognition of the important roles of non-governmental organizations (NGOs) and the private sector in development activities. President Wolfensohn concluded his remarks by saying that the purpose of the conference was to share experiences and identify lessons from failures as well as best practices for moving the RWSS sector forward, and in so doing, improve the lives of the many rural inhabitants who do not have access to improved water and sanitation services.

Additional opening remarks were made by five other conference participants. Mr. Gouri Ghosh, Water and Sanitation Chief of UNICEF, urged conference participants to link poverty alleviation and integrated rural development to their discussions, and to see donors and other External Support Agencies (ESAs) as catalysts in the process of converting governments to become facilitators of the demand-responsive approach. Mayor Abelina Morocho Pinguil from Ecuador, reminded the conference of the importance of focusing on how management responsibilities can be shared between communities

and local governments. The Permanent Secretary of the Ministry of Water Development in Malawi, Ms Hawa Ndilowe, stressed the challenges of involving politicians in making sectoral changes towards a more demand-responsive approach. Representing the NGO community, Ms. Tahrunnesa Abdullah of Bangladesh's Shishu Academy, noted that success in mobilizing community action for water supply improvements was not being matched by equivalent attention to sanitation and hygiene issues. Finally, Ms. Letitia Obeng, from the World Bank's Africa region, provided an overview of World Bank lending in the rural water and sanitation sector.

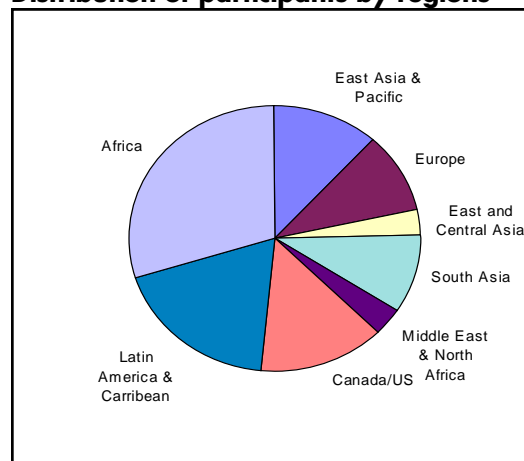
Conference Participants

Information About Participants

The conference was attended by 353 participants, 86 from the World Bank, including 29 from field offices. Overall, participants attended from 66 different countries with the highest representation from the Africa and Latin America regions. The majority of the participants work in the public sector but there was also representation from the non-governmental organization community. The private sector, local governments and research institutions were under-represented.

The following charts show the regional distribution of conference participants as well as the agency breakdown.

Distribution of participants by regions



Participants by Institution Types

Public sector (government and bilateral agencies)	137
NGO	44
Local government	23
Private sector	21
University, research, media, other	19
UN agencies, IADB and ADB	23
World Bank	86

“Resource Person” Exercise

This exercise encouraged conference participants to network and learn from each other. One hundred seventy people participated by posting their names and business cards on panels and identified areas of expertise as well as topics they wanted to learn more about. An analysis of 90 responses by the Wallonia Trade Commission at the Embassy of Belgium

(Washington DC) found that participants wanted to learn more about the following: community participation (60%), private participation (8%), technical issues (9%), sanitation (9%), health issues (3%), finance (4%) and other(8%).

“Taking the Pulse” Survey Results

A survey was distributed to individual participants on the first day of the conference. Respondents were asked to name the two most critical issues facing the rural water supply and sanitation sector, and to list the two areas they hoped to learn most about at the conference. Of the approximately 250 responses, the greatest number came from national or municipal government, followed by NGOs, external support agencies (ESAs), World Bank staff (WB), representatives of the private sector, and other groups such as universities. The most commonly cited responses from each group are listed in the tables below.

What are the most critical issues facing the RWSS sector?

	Gov't	NGOs	ESAs	WB	Private	Other
Lack of sustainability	X	X	X	X		X
Insufficient community participation	X	X	X	X		
Cultural and behavioral issues	X	X				
Inadequate policies/financial rules			X	X		
Insufficient implementation capacity					X	X
Equity issues		X				
Impossibility of cost recovery			X			
Insufficient political will to change			X			
Insufficiently demand-oriented				X		
Lack of financial resources	X					
Weak institutional frameworks	X					
Women not very involved					X	

What are the main areas you would like to learn more about regarding RWSS?

	Gov't	NGOs	ESAs	WB	Private	Other
Best practices for DRA implementation			X	X		X
Community participation	X			X		X
Best practices for sustainability		X	X			
Innovative financing	X	X				
Appropriate institutional frameworks				X		
Best practices for institutional reform			X			
Best practices for pvt sector involvement					X	
Community organization techniques		X				
Cost recovery			X			
ESA policies and investment prospects	X					
How to convince politicians			X			
Institutional arrangements	X					
Mobilizing community financing					X	
Ways to reach the poorest		X				

Some Key Messages about the Demand-Responsive Approach

The Demand-Responsive Approach

The themes of the conference were organized around a set of key messages about the demand-responsive approach (DRA) to the provision of RWSS services. The four overarching principles which form the basis of the demand-responsive approach are:

1. Water should increasingly be managed as an economic as well as a social good;
2. Management should be focused at the lowest appropriate level;
3. A holistic approach to the use of water resources should be employed; and
4. Women should play a key role in the management of water.

The World Bank believes demand-responsive approaches to RWSS are more sustainable than supply-dominated approaches. DRA is also preferable because it promotes innovation and flexibility. At the same time, however, this approach requires a new way of designing projects to pay closer attention to the selection of an incentive structure which will elicit appropriate responses from a wide range of stakeholders – communities, NGOs, private sector and government.

Financing

Managing water as an economic good has strong implications for the establishment of proper financial arrangements for a project. Financial policies should send out correct signals linking service levels to actual costs, maximize cost recovery by capturing community willingness to pay, and make efficient and equitable use of subsidies. Eligible communities should be selected to participate based on relative demand. Once selected, these communities should be informed of the full range of technical options and how much they would be expected to pay for each so that they can choose their preferred level of service.

Institutional Aspects

No matter how simple a given project might be on a technical level, provision of RWSS services is always institutionally complex, involving a wide range of stakeholders. The community should always play a leading role, selecting and employing various goods and service providers through an incentive structure which exploits the comparative advantage of all participating organizations. Also critical is the existence of a legal framework including property rights for all resources and facilities, and legal recognition of the community organization charged with managing the facilities.

Understanding the Demand-Responsive Approach

On the first day of the conference, a series of presentations helped provide an overall framework for understanding the demand-responsive approach.

Managing Water as an Economic Good: The Transition from Supply-Oriented to Demand Responsive Services

This presentation by Mike Garn of the World Bank noted that water has come increasingly to be viewed as an economic good. This change in thinking has contributed to the shift away from top-down, supply driven approaches to service delivery to more demand-responsive approaches which provide greater choice for users and encourage more responsible approaches to financing. Demand-driven approaches also provide increased scope for private sector and non-governmental organization involvement in the implementation of rural water and sanitation projects.

Successful transition from supply-driven to demand-responsive approaches to service delivery require stakeholders to:

- Develop project rules that give users the incentive to reveal their demand and give supply agencies incentive to act on that information;
- Develop project implementation procedures that encourage adherence to the rules and transparency in their application;

- Actively monitor performance and test hypotheses; and
- Give regular feedback on performance results to users and supply agencies so they can modify project rules and implementation procedures accordingly.

The Link Between Demand-Responsiveness and Sustainability: Evidence from a Global Study

Travis Katz from the UNDP-World Bank Water and Sanitation Program shared the findings of a six-country global study. The study aimed to clarify what is meant by demand-responsiveness in theory and in practice and measure and quantify the impact of demand responsiveness on the sustainability of rural water systems. The study was carried out over a one-year period by field based teams in Benin, Bolivia, Honduras, Indonesia, Pakistan and Uganda.

The study found that employing a demand-responsive approach at the community level significantly increases the likelihood of water system sustainability. However, it also found that even projects that have adopted this approach tend to apply it inconsistently among the communities where they work. The study found that to be effective, a demand-responsive approach should include procedures for an adequate flow of information to households, provisions for capacity-building at all levels, and a re-orientation of supply agencies to allow consumer demand to guide investment programs. The study also found that the existence of a formal organization to manage the water system and training of household members are significant factors in ensuring water system sustainability. Positive correlations were also found between water system sustainability and water committee training in operations and maintenance, and the quality of construction of the system and water system sustainability.

Giving Communities Choice Is Not Enough

This presentation by Jennifer Sara from the World Bank focused on implementing DRA, looked at the roles of the different stakeholders and suggested ways that implementation can be shifted from supply agency management to community management.

Great progress has been made in many countries in adopting the basic principles for DRA, especially in

terms of developing project rules that allow communities to decide if they want to participate in the project and select their preferred service level based on their willingness to pay. Communities have taken lead roles in service planning and management of operations and maintenance. However, in most projects, communities are still left out of actual implementation of the facilities. Government agencies and/or project staff often control the contracting process by hiring the supply agencies that provide goods and services to the communities. These suppliers are therefore accountable to the project rather than to the communities, even though the communities are ultimately responsible for owning and managing their RWSS services.

Sustainable RWSS in a demand-responsive approach involves more than giving communities choice about service levels. It requires changing the way projects are implemented so that they shift to community management and financing of implementation. This implies new roles for supply agencies and the need for a concerted effort to overcome resistance to change. Overcoming such resistance requires an enabling policy environment, the establishment of greater trust between governments and communities, provision of support and training, and steps to help the private sector better provide goods and services and simplify contracting procedures. In short, moving to a truly demand-responsive approach demands that we must pay greater attention to the roles and incentives of each stakeholder group. Only in this way can we achieve our long-term objective of community-managed, sustainable RWSS.

Participant Discussion

Although the majority of participants considered themselves advocates of DRA, a number of observations and concerns that manifested the complexity of DRA came out in small group discussions held after the plenary presentations. These included the following questions:

- Is there a danger that willingness-to-pay criteria might further marginalize the very poor and contradict the principle that access to affordable water and sanitation is a basic human right?
- Can the relatively slow pace of implementation of DRA approaches be reconciled with the desire of governments and donors to see committed funds disbursed rapidly?

- Can DRA work in one community when a neighboring community is receiving subsidized services under a supply-driven program?
- What incentives are there for governments to get out of service provision and into facilitation of community management?
- What new skills at all levels and among all stakeholders are required to implement the DRA?
- Institutional, communication, and training issues often complicate the implementation of a demand-responsive approach - how can the roles and relationships of all key actors be better understood to facilitate this implementation?
- How to overcome the mistrust and poor communication that often exists between governments, communities and other actors, when implementing DRA?

Putting the Demand-Responsive Approach into Practice: Lessons and Challenges

The second day of the conference reviewed and analyzed examples of the implementation of the DRA in six countries: India, Ghana, China, Bolivia, Indonesia, and South Africa. Presentations demonstrated institutional and financial options for supporting community-based, demand-responsive projects, and focused on the rules and processes for implementing DRA. Presenters emphasized the leading role of the community in the initiation, planning, and management of RWSS services, and related the lessons and challenges of DRA implementation with regard to their own country experience.

The case studies are summarized individually below, but collectively the presentations made clear that there is no single blueprint for DRA. Empowerment of communities can produce impressive results, and there are many ways of achieving that empowerment, particularly through the engagement of NGOs as intermediaries between, and partners with, governments and communities. The case studies also demonstrated that if the enabling environment is right, there is a strong desire and a powerful capacity within communities to take care of their own affairs, to manage financial matters, and to deliver sustainability.

Case Study: Bolivia

Bolivia has the lowest water and sanitation coverage rate in Latin America: in rural areas, only 24 percent for drinking water and 17 percent for sanitation. With the restructuring of the sector in 1991, the UNDP-World Bank implemented a \$3 million pilot project, the Yacupaj Project, funded by the Government of the Netherlands. The Yacupaj Project demonstrated that high levels of cost recovery existed from remote communities in the Altiplano, as long as appropriate technologies and participatory approaches were utilized. The project assisted in providing RWSS services to about 40,000 people living in the poorest communities in Potosí. It paved the way for the PROSABAR project and for defining sectoral strategies and policies.

PROSABAR, Bolivia's national rural water and sanitation project, aims to improve the coverage and quality of safe water and sanitation services in a way that ensures their medium and long-term sustainability. The \$40 million project is funded by the World Bank, the Inter-American Development Bank, the Government of Bolivia and the communities. The project is divided into two parts, the investment component (preinvestment, water supply and sanitation systems, and post-construction) and the institutional development component.

After three years of implementation, PROSABAR, in partnership with the UNDP-World Bank Water and Sanitation Program, commissioned a detailed qualitative assessment of the project rules and implementation process, which derived the following results:

- Project rules. Most agencies are well informed about the project rules, but enforcement of some of the rules has been weak, especially those related to financial policy. There needs to be more constant communication between all actors, with repeated workshops and training events to ensure that messages are consistent and well understood.
- Information flow. In some cases, communities were very well informed of the project rules and procedures, and families felt that they were actively involved in project implementation. In other communities, however, the flow of information has been insufficient.

- Collective decision-making. Although decisions on the most important aspects of the project have been taken with the participation of community members through the intermediation of their leaders, community members could be more involved in weighing the advantages and disadvantages of the technical options.
- Financial policy. The system cost did not influence the communities' choice of service level, as all selected the highest level of service – a piped system with house connections. However, the financial policy was not uniformly applied—especially regarding the minimum 5 percent cash contribution by communities, in addition to contributions of labor and materials. It is interesting to note that communities that did not make their full cash contribution continue to show poor financial management practices while operating the water system.
- Project implementation. Communities would like to be more involved in the selection, contracting, and monitoring of agencies that intervene in the community. Communities would also like to have copies of contract documents so that they can assume more responsibility in supervision, since the municipal government is not always present at the community level.
- Effective and sustained use. In almost all cases the water system operators are doing a good job, women are active participants, and there is strong financial management. Still, many communities do not have copies of blueprints or operational manuals, and training needs to be improved as well.

The following areas for improvement have been identified on the institutional level:

- Institutional arrangements for overall project management. Among problems in this area were the institutional structure with its complicated, slow, and expensive administrative procedures; high administrative costs, slow project evaluation and approval process; and inadequate coordination of operations at the departmental level.
- Community development. Some institutions do not support the community development program but are concerned only with building infrastructure. There was also a lack of experience by

preinvestment implementing agencies in preparing community development programs, and these agencies generally do not adapt participatory procedures. Specific efforts targeted at ethnic groups and women have been lacking as well.

- Investment component. There is a lack of guidelines for implementing sanitation projects with technical options, strategies, and procedures tested in Bolivia. The financial capacity of the municipalities is also limited, and there is little transparency in prioritizing communities in some municipalities. It is recommended that demonstration infrastructure projects be built, and that a program for the transfer of alternative technologies be implemented.

Case Study: China

Over 900 million of China's citizens (84% of the population) live in rural areas, where safe drinking water, sanitation, and hygiene education are desperately needed. Rural water supply has been a priority in social development and economic reconstruction in every five-year plan from 1986 to 2000, and local governments include improved water supply tasks in local development plans. The idea in China is that the government proposes, departments coordinate, society supports, and individuals participate in water and sanitation projects. These projects are to be run by local people and subsidized by the state, with funds raised from local communities, with proposed measures adapted to local conditions, and with technical consultants providing advice about who builds and manages what.

Since 1985, the World Bank Group, through the International Development Association (IDA), has supported three water supply and sanitation projects with China – the first to supply water only and the last two to provide hygiene education and sanitation facilities as well. The three projects cover 16 provinces and autonomous regions in every part of China. By encouraging community participation in and support for the projects, including local financial support, China hopes to make these projects more sustainable, both through demonstration effects and by strengthening local management capacity. Although only a small percentage of China's nearly 1 billion rural residents could be served by these first projects, the projects have had a multiplier effect, leading to expanded coverage elsewhere. Of the new

beneficiaries, only 20 percent are from the project area; the other 80 percent are in non-project areas which have been affected by news of the project.

While decision-making has not been nearly as decentralized as in many other countries, project implementation is generally executed at the community level. The projects described here were first established by the State Planning Commission. The Ministry of Finance then negotiated the project terms, drew IDA credits, and made loans to project provinces and county financial departments; these loans are implemented with counterpart funds. In the end, local financial departments must repay the funds they have received from the IDA credits. Local project offices are in charge of project implementation; local financial departments supervise, support, and handle financial problems for the local project office.

Providing a supply of safe rural water is the project's principal objective, toward which more than 80 percent of the project investment is aimed. Accordingly, project management focused early on organizing operations management, and project offices were transformed into an operations management organization, to strengthen project achievements.

Examination of the first two projects has revealed a tendency to overemphasize cost reduction so that some rural residents were dissatisfied with the type of water system provided. It has since become clear that rural residents want not just a water supply but convenient access to that water supply; future projects must take this into consideration. Procurement of building materials and goods through international competitive biddings was shown to take longer than expected as well (over a year in some cases); learning from this experience, Project III began the first international competitive biddings procurements as soon as the credit agreement was signed. Despite these hurdles, the number of rural villages with safe drinking water has increased dramatically and the quality of water has been improved, suggesting that the three projects described here have been largely successful and, with minor adjustments, should be easily replicable.

Case Study: Ghana

Ghana's Community Water and Sanitation Program (CWSP) was launched at a time when the country was undergoing considerable social and economic reform. This made the introduction of the new DRA acceptable

to most small towns and rural communities, particularly as backlogs in service delivery had developed under the old policies. The World Bank and many other ESAs support the national program by providing funds for its implementation throughout the country.

Key elements of the Community Water and Sanitation policy include:

- demand-driven approach through which communities: decide if they want to participate and their preferred service level based on willingness to pay, contribute towards the capital cost (at least 5-10% cash contribution) and pay the normal operations, maintenance, and repair costs of their facilities;
- decentralization of planning and management of services by: (1) making communities decision makers, owners and managers of the water supply and sanitation facilities and (2) making DAs more autonomous and better able to assist communities obtain improved services;
- private sector provision (including NGO) of all goods and services
- public sector playing a facilitating role, with GWSC contracted by government to manage the CWS Program and to provide technical assistance to DAs and the private sector.

Despite the government's initial concerns about managing such extensive change in a small illiterate, low-income rural community, acceptance of DRA has been swift: community involvement (including women) is high and there is overwhelming evidence that communities regard the facilities as their own. Having the project coincide with the government's efforts at decentralization and good governance showed excellent timing, particularly as demand had shot far above the ability of the government to meet it.

Ghana's CWSP has proved to be a model case for the demand-responsive approach. Under the new program, the community initiates and makes informed choices about service options. Based on its willingness to pay for the service level chosen, it also accepts responsibilities for all operation and maintenance costs. The Community Water and Sanitation Division (CWSD) sets national policies and strategies and creates an enabling environment for all stakeholders, and the community (along with its legal representative, the district assembly) owns and is responsible for sustaining the water facilities.

At the community level, water and sanitation (Watsan) committees and small town water boards have demonstrated a capacity for planning and managing their services. However, private sector and NGO implementation capacity at the district level is often insufficient to meet the large amount of work that is required. In addition, CWSD recognizes that it can not keep up with the growing demand for services throughout the country. Currently, the overall country-wide implementation capacity for contracting and delivering goods and services, as well as for constructing facilities, is a limiting constraint to accelerating an increase in service coverage. Furthermore, the districts need to become even more responsible for moving the process along and supporting community initiatives. Per capita costs would go down if services could be delivered more quickly, and poorer communities would also benefit from the program if technical options were more varied and flexible. The risk persists that poor communities will have trouble gaining access to the program, and efforts must be made to establish a water fund to deal with their needs.

But all in all, great progress has been made: of the 50 districts in the project area, 23 have formed district water and sanitation teams, and roughly 78 percent of the population served is drinking from improved water sources.

Case Study: India

The policy environment for rural water and sanitation services in Uttar Pradesh does not strongly support a demand-responsive approach, but the Government of Uttar Pradesh (GOUP) has taken steps toward such an approach by agreeing to undertake the pilot World Bank-assisted Rural Water Supply and Environmental Sanitation Project (the Swajal project). By agreeing to a project design that incorporates most elements of a demand-responsive approach (including, for the first time in India, capital cost recovery for water services), GOUP has demonstrated its willingness to try this new, more sustainable approach.

The Swajal project, conceived in September 1994, seeks to implement reform through a newly created institutional structure, in the form of a partnership among the Project Management Unit (an autonomous government agency), NGO support organizations, and village water and sanitation committees. Progress has been encouraging so far, and it appears that although most of India's water and

sanitation delivery services are currently subsidized, cost recovery from relatively poor communities will not be a problem as the demand for sustainable water and sanitation systems is so great. Another encouraging sign is that under the project's new delivery system, the government has so far been willing to play a facilitating and partnership role rather than an implementing one. Again, this is particularly remarkable in India, where constitutionally, rural water supply and sanitation are the responsibility of the state government.

The project covers the two most water-scarce regions in the state, and aims to bring water supply, sanitation (latrines and drains), environmental protection works, hygiene and sanitation awareness, and women's development initiatives to 1,000 villages over six years, in four phases. NGOs serve as social intermediaries between the Project Management Unit (PMU) and the communities. They further intermediate in community development by: disseminating information regarding rules and developments; helping the community form a representative organization; facilitating community decision-making and capacity-building.

Although implementation of the first group of villages has yet to be completed, all indications are that the demand-responsive approach will lead to a sustainable outcome. The extremely strong sense of community ownership generated by this approach strongly suggests that sustainability is possible. The demand-responsive approach does present challenges for Uttar Pradesh, however:

- The initial challenge in implementing such a project was overcoming the resistance and skepticism of the government and other players in the sector, particularly in an environment of public subsidies and centralized decision-making. There was no such problem with NGOs and local communities, however, and once local communities expressed enthusiasm for the demand-driven approach, government cynicism diminished.
- Ensuring transparency in project operations has proved to be another challenge. Guaranteeing that community participation is truly representative has been difficult as well. Initially, women were hesitant about participating in decision-making. Over time, however, they began to participate more actively in project-related activities.

- Building capacity in project NGOs has been complicated by the fact that not all NGOs had equal capacity at the outset in terms of “software” and “hardware” skills, and bringing the weaker ones up to speed took extra effort. Even now, capacity is fairly uneven from one NGO to another.

Although the Swajal Project remains in the construction stage, it has gone a long way toward demonstrating the effectiveness of the demand-responsive approach.

Case Study: Indonesia

Currently, only about 52 percent of Indonesia’s rural population has access to safe drinking water. Over the past two decades numerous projects have been implemented to bring clean water supply to those most in need. Most of these projects have been implemented by the government of Indonesia with financial support from bilateral donors and multilateral agencies. In addition, several non-governmental organizations have implemented projects directly with communities. There is no discrete framework for national water and sanitation policy, but in the past decade there has been a gradual shift in de facto policy from the centralized, target-driven provision of services by public agencies toward more decentralized approaches.

This summary focuses on two projects: a single-sector water supply project and a multi-sector project, both financed primarily through World Bank loans. The single-sector project is the Water Supply and Sanitation for Low-Income Communities (WSSLIC) Project, implemented by the Ministry of Health with the Ministries of Public Works and Internal Affairs. The multisector project, the Village Infrastructure Project (VIP), is part of the government’s poverty reduction program, implemented by the National Development Planning Board.

A study conducted to assess the effectiveness of the two programs focused in particular on how differing project rules produced differing results. The study hypothesis was that project rules that lead to greater responsiveness to the needs and desires of service consumers will lead to more sustainable water systems. A corollary to this hypothesis is that demand is revealed by consumers’ willingness to pay for services. The findings of the study support the hypothesis but also suggest that causal factors which stem from

demand-responsiveness to sustainability are more complex than the corollary might lead one to believe.

The VIP rules provided that community leaders have relatively extensive control over planning, construction, and operation and maintenance, with only negligible financial contributions from the community. Communities were given financial and management control throughout planning and implementation, and were provided with technical support from a field engineer. Although no material contribution was required of the communities, in theory a sense of ownership was to be fostered by the degree of control they had over the project. In practice, however, only the local power structure was involved in decision-making. This eroded ownership and responsibility among consumers outside of the local power group. It could be said that the VIP rules effectively encouraged responsiveness to the demands of village government, but not necessarily to the needs of the community at large; decisions by the village government did not necessarily reflect the village’s general demand.

The WSSLIC project rules, on the other hand, encouraged broad participation through community meetings and the formation of task-specific neighborhood and village groups. Field officers provided by non-governmental organizations were particularly effective in fostering broadly based participation. In many cases, women were actively involved in these groups, which led to significantly higher levels of consumer satisfaction and local assumption of responsibility for system management. Communities were not, however, given control over the final planning, budgeting, and financial management of their projects. The final design of projects was often distorted by the government’s relatively complex planning and budgeting process – a process that involved delays of as much as 18 months between planning and construction. Communities were given full control over their water system only after construction was completed. As a result, demand-responsiveness was often compromised and consumer satisfaction reduced.

Other findings were more general to both projects. In both projects, both the “best” and the “worst” systems (in terms of physical condition) tended to have been built by the communities themselves. This may reflect limited technical expertise in rural communities, especially for piped systems, design for which requires an understanding of hydraulics and future service capacities. Although rural communities

are fully capable of building even complex piped water systems, design and supervision is crucial at strategic points in construction. Contractor-built water systems of all types were generally more consistent and “average” in quality of construction and physical condition. Contractors typically have the skills needed to design and build all types of water systems, but they have little incentive to build high-quality systems. They want to make a profit, the contractual process is not transparent, and rural communities do not control payments and contracts for the services being provided for them.

Willingness and ability to maintain water systems is partly a product of training and the village or neighborhood’s ability to organize. Not surprisingly, communities that were given training, both technical and administrative, in operation and maintenance were collectively more willing to maintain their systems. The WSSLIC project emphasized the formation of task-specific water and sanitation committees both to maintain neighborhood water points and (at the village level) to manage the entire system.

In short, empowering water users and collectors – the community at large and not just its leaders – leads to more effective and sustainable water systems. Effective empowerment means delegating control to the community of all stages of improving the water system, from planning through operation and maintenance. It also means giving the community full knowledge and enough training about technical, financing, and management options so they can make informed choices and have the skills to handle the responsibilities given to them.

Case Study: South Africa

The mission of the Mvula Trust is to improve the health and welfare of poor and disadvantaged South Africans in rural and peri-urban communities by increasing access to safe and sustainable water and sanitation services. The core development policy objectives of the Mvula Trust are effectiveness, efficiency and sustainability. To achieve these the Mvula Trust is committed to:

- ensuring the participation and empowerment of the beneficiaries, communities, and local authorities it serves to sustain the initiatives that have been launched;

- using demand-responsive approaches as a means of enhancing sustainability, building local capacity, promoting cost-efficiency and ensuring sound public financing.

Mvula Trust’s demand-driven rural water supply and sanitation program is oversubscribed, although it must compete and coexist with a free parallel program that demands little of communities – in a country where most politicians believe water should be *given* to communities. Aimed at poor, disadvantaged rural and peri-urban communities with populations under 5,000, the Mvula Trust reports 126 water supply projects completed (out of 267 initiated), providing water to about 400,000 people, and 94 sanitation projects under way.

The Mvula Trust is an independent organization, accountable to a board of trustees drawn from its major stakeholders and funded from a variety of resources. The Trust cooperates closely with other major development agencies, and promotes efficient partnerships among public, private, and non-governmental bodies. The project comprises all the basic features of the demand-responsive approach, including partial contribution by the community, community management and ownership of assets, and community selection of service levels. There is also strong emphasis on sanitation and community-appointed private agents, who plan the project and support the community in implementation. Mvula Trust plays the role of grant financier, facilitator, and monitor of the program. The Trust has regional offices staffed with engineers and project facilitators who initially appraise projects; facilitate implementation, control the flow of funds to the community, and monitor progress.

Although the demand-responsive approach has been embraced in theory, practical application has been a major challenge for Mvula Trust at the following points:

- The initial application, when the community must demonstrate whether it is organized enough to find out about the program and apply for it;
- When the community must engage an engineer to put together a feasibility study before Mvula commits to funding the project; and

- When the community chooses a level of service and demand must be translated into how each person will experience the service — for example, by hand pump, public standpipe, or yard tap.

Mvula's financial rules have been critical to the success of its rural water and sanitation program, particularly those calling for a per capita ceiling on capital grants and an up-front contribution from the community. Up-front contributions are seen as critically important to project sustainability but no longer take the form of a capital contribution. Instead, they are placed in an emergency fund to be used for future maintenance. Still, paying 5 to 8 percent of the capital cost has been shown to strengthen people's commitment to the project and to promote a sense of ownership. Where Mvula has relaxed this requirement, it has found project sustainability seriously compromised. In the early years of the program, communities were permitted to contribute labor instead of cash; the labor was not generally provided for free, but at a below-market rate. This policy did not work, however, as those working on the project were often viewed as benefiting twice, first by not having to pay cash and second, by getting a job with at least some payment. For this reason labor can no longer be substituted for cash.

Social intermediation, which in the case of Mvula has been driven by project and training agents, has generally been successful although it has sometimes been impeded by the fact that engineers lack social and management skills. This often puts the project at risk as community understanding of the project and the water committee's ability to manage the project are neglected. As a result, Mvula is considering having engineers do only project feasibility studies and design work, leaving project management to more socially skilled professionals. Social intermediation has also been blocked in some of the larger communities because the dynamics of such communities are so complex that it has not been possible to establish a sufficiently representative water committee. Mvula has learned that in larger communities (typically those with more than 5,000 people), an informal committee structure does not work well. It is too difficult for informally elected bodies to represent all interests in large communities.

But one of Mvula's principal difficulties in implementing a demand-driven program is the strong view among politicians that clean water and sanitation should be given to communities. Most

government departments provide grant funding for the full capital cost, and often the operating cost, of water and sanitation systems in rural areas. Mvula has found it difficult to promote a demand-driven approach in this environment. Still, Mvula sees itself as a learning organization and remains determined to apply sound policy, monitor and evaluate its programs, and work with government to bring about improvements. This approach has brought considerable benefits to South Africa's water sector in the past five years, but much remains to be done.

Thematic Sessions

The last two days of the conference were organized around a series of eight parallel sessions, the main findings of which are highlighted below. More than thirty case studies were presented during these sessions. An informal small groups session was also held to discuss the topics displayed during the poster session.

Sanitation and Hygiene Education

This session examined innovative ways in which sanitation and hygiene education have been addressed in a demand-responsive manner. Participants also established some basic guidelines for good practice of these and other possible approaches. Although sanitation service provision should be planned and implemented according to the same basic DRA principles as water supply service provision, this session highlighted some important differences between the two. Sanitation, particularly "on-site" sanitation, is an individual or family good, not a communal good as is often the case with water supply. Methods of delivering and targeting health and hygiene education, and of assessing and aggregating demand, may be different from those of water supply projects and there may need to be more emphasis on reaching individuals. Case studies were taken from Uzbekistan, Zimbabwe, Lao PDR, India, Mexico and East Africa.

The case study of the Midnapore project, implemented in west Bengal, India, with assistance from UNICEF, demonstrated how NGOs can mobilize and intermediate in communities that are financing their own sanitation services. Project planners avoided approaches that promoted "solutions." The task was to create awareness and then present a range of technical options from which to choose. It was an enabling process: creating demand or, more correctly, revealing latent demand, and enabling

people to make informed choices. The project assumed that it would not be possible to mobilize the huge resources needed to build latrines, except from the beneficiaries themselves. The project provides no subsidy—not even for the poor. In January 1994 the project stopped giving loans. The project has met with impressive results and more than 115,000 latrines have been built, along with other sanitary facilities.

Zimbabwe's sanitation program had strong technical and educational components because the health staff learned that people respond better if meaningful physical development takes place rather than education alone. The "Blair" (ventilated improved pit, or VIP) latrine was designed for this program by the Ministry of Health itself, in 1973, and was first promoted in 1975. The liberation war prevented its rapid promotion, but when peace returned to the countryside in the 1980s and donor support became available, a variety of temporary, lower-cost options were designed, which used traditional materials, required heavy maintenance, and had a shorter lifespan than the Blair latrine. The Ministry of Health, wanting longer-term benefits from the program, insisted on solid brick structures that could serve a generation, and offered material incentives to encourage families to build them. Lessons include:

- A material incentive is a powerful motivator. People will spend a lot of their own money to build latrines, so projects should aim to keep material assistance low.
- Donor agencies should encourage local development and inventiveness, not stall it. Zimbabwe's rural sanitation program has succeeded partly because of its homegrown character.
- By encouraging development at the family (or extended family) level, programs can tap into human and material resources unavailable at the community level.
- One thing is certain: Zimbabwe's rural sanitation program is very much demand-driven.

The Lao PDR case study described efforts by project preparation teams to drive, walk, climb, and row to more than 30 villages in two provinces (Phongsali and Oudomxai) to consult men and women at length about their water and sanitation preferences, beliefs, practices, and willingness to pay for and sustain water and sanitation services chosen from a menu of locally feasible options. The result of this

collective learning experience was a subproject, the Hygiene Awareness, Sanitation, and Water Supply (HASWAS) project. The entire project was led by Lao PDR's National Water Supply and Environmental Health Program (Nam Saat). Central to preparation was an exercise in listening to rural Lao communities about the types and levels of sanitation services they want and are willing to pay for and sustain. Community dialogues began with a participatory assessment of villagers' existing health and hygiene awareness and practices. The results were used to jointly identify water- and sanitation-related behaviors the villagers would like to change and link them with water and sanitation services they wanted to buy.

Inappropriate and inadequate sanitation causes severe water pollution problems in the valleys of Morelos, Mexico. Espacio de Salud (ESAC), a small NGO working in Morelos, works with communities in sanitation programs using a modified version of the Vietnamese double-chamber dry toilet. ESAC presented a case study of their experiences and highlighted the following lessons:

- There are important environmental advantages to using dry toilets
- Users can better appreciate the advantages of dry toilets when they are explained and supported by organized, established groups.
- Seeing is believing. A visit to a home with a dry toilet—preferably one that is integrated within the house rather than part of a separate structure—helps convince potential users.
- Extension workers, who are generally considered of high status, are taken quite seriously when they have dry toilets in their own homes.
- It is best not to talk about financing mechanisms during early discussions, because then financing, instead of a needs assessment, becomes the focus of discussion.

The Uzbekistan case study described a pilot component of a water supply investment project that tested ways to promote health and hygiene, to develop strategies for maximizing community participation in sanitary measures, and to define investment needs. The project was carried out by the Swiss NGO Consortium, with funding from the World Bank. The Consortium used a three-tier approach to promoting health and changing behaviors: (a) combination of social marketing and community participation in identification of health issues, (b) training, and (c) construction of sanitary facilities. Lessons show:

- Public latrines in rural areas cannot be decently operated on a cost-recovering basis. No public latrines—paid or unpaid—should be built unless there are accompanying measures for efficient, hygienic operations.
- Combine fun and education. Entertainment is an effective way to prepare the ground for a project's messages.
- Use innovative ways to promote health. Let people talk to their peers. Include and make use of "unprofessional" lay promoters of health, including neighbors, mothers, children, colleagues, teachers, mullahs, and traditional healers.
- Several demonstration models are better than just one, to prevent the "brave" family from being pressured from all sides—either to succeed or to fail.
- Forming a multidisciplinary network with local grassroots groups, NGOs, architects, researchers, and government institutions is important.

Presenters from Kenya showed the video "Healthy Communities", a short, UNDP-World Bank Water and Sanitation Program-produced documentary about the Participatory Hygiene and Sanitation Transformation (PHAST) method, which has been pilot-tested in East and Southern Africa. PHAST is a participatory program designed to help communities improve their hygiene practices and manage their own water and sanitation programs. The underlying principle of PHAST is that in order to make a permanent change in hygiene behavior, people must understand for themselves the cause of disease and how it is transmitted. Unlike previous, top-down approaches which tend to be more uniform, PHAST is tailored to the needs and wants of each community. PHAST extension workers employ a variety of participatory methods and tools to educate communities and help them decide for themselves what facilities they need, who will build them, and when. Initial results are very encouraging: in the 26 districts in which PHAST has been pilot-tested, there has been an enthusiastic response from communities and a massive reduction in diarrheal disease.

Post-presentation discussion focused in part on appropriate financing mechanisms, such as loans and credit schemes. On the issue of subsidies, it was suggested that although subsidies could be provided for communal facilities such as schools and clinics, they should be minimized for households, which should pay a substantial part of the cost of basic sanitation services.

Also discussed were the key differences between social intermediation and health and hygiene education (HHE) components in demand-responsive projects. Both are social processes, and HHE can be a component of social intermediation. Social intermediation, however, generally focuses more on providing information, training, and capacity-building, whereas HHE focuses on increasing awareness and behavioral change and usually requires longer-term intervention than social intermediation. HHE and social intermediation also differ in the nature of information dissemination: HHE should employ a mix of mass media, while social intermediation must depend on local group processes and interpersonal media networks.

Finally, participants in this session identified some key issues to be considered in the selection of technologies. These included: local environmental conditions and "friendliness" (minimal environmental impact) of the technology; initial cost and cost-effectiveness for operations and maintenance; and compatibility of the technology with local capacity. Steps must also be taken to ensure that the facilities will be safe and easy for use by women and children, and that they will not pollute the water supply.

Social Intermediation

This session explored the reasons why social intermediation is required in the implementation of the demand-responsive approach. Social intermediation was defined as the process whereby communities exercise collective action for the selection, implementation, maintenance and sustainability of rural water and sanitation services. Presentations highlighted the variety of ways social intermediation can be delivered, and also examined issues of gender and the possible role of NGOs. Case studies were taken from Benin, Ecuador, and Nepal where projects have emphasized social intermediation within the framework of the demand-responsive approach.

The main points of the plenary presentation were to go over the key elements of social intermediation. It is an important process used to widely disseminate information on project rules and ensure that community demand reflects the choices of all. Furthermore, this demand must be linked to a willingness to pay for the service level options chosen by the community, with a knowledge of the implication of the decision. In addition, social intermediation should provide training

to communities for planning, implementation and management of their RWSS services. The process can be used to facilitate agreements, both within and outside the community. Finally, it was noted that there are a range of organizations that can provide social intermediation, and service providers should be selected on a competitive basis.

Lessons show that social intermediation is more difficult and complex in large communities, and that in transitory environments, it is often difficult to choose the right support organizations. Another widespread concern regarded the issue of equity – of exactly whose demand is being responded to.

The presentation by WaterAid discussed the social intermediation role of NGOs in particular, identifying the following key characteristic strengths for a successful social intermediary:

- a substantial track record with the community;
- basic skills and organizational capacity;
- the strength of other complementary activities already in place; and
- a long presence in the community.

The Benin case study described how the government agency hired six NGOs to implement the social intermediation process in a large national program. Giving communities higher levels of decision making in the project process was a departure from the conventional way of doing business in RWSS. Three key lessons have emerged from the social intermediation activities of the project:

- For the project to be demand-responsive, it is important to present service level options at associated prices. Complete and wide information dissemination on cost is important to improve the efficiency of the decision-making process.
- Demand-responsive project design should start with a pilot phase where the size of the community could be kept small to enable effective learning, especially on the issue of financial management.
- Social intermediation is most effective when community training in administrative management and technical issues is also provided.

The delegation from Ecuador used an innovative technique for presenting their case study of the FASBASE project. They prepared a skit showing the “old” approach to RWSS where the government agency made all of the decisions on behalf of the communities. This was contrasted to the “new”

approach which relies heavily on social intermediation to allow community members to make informed choices about their participation in the project. The skit was very convincing because real stakeholder representatives assumed their respective roles - including the national director for the sector, a local mayor, a community representative, an engineer and an NGO. Lessons from the FASBASE project show:

- the value of active community participation in the integral management of RWSS processes, using an approach that takes into account demand, community participation, gender, adaptation, and sustainability;
- community work requires ongoing activities in the areas of health education, community outreach and training;
- effective social intermediation requires the decentralization of project management and continuous training of the agencies that interact with the communities;
- social intermediation has increased the level of community cost sharing - in some cases as much as 40% and 50%;
- the initial demand for water gave rise to a demand for sanitation, as the process developed.

Finally, the JAKPAS case study from Nepal showed that users’ direct involvement in the project execution has lowered the cost per capita and time taken to implement the schemes compared to the previous approach of centrally-driven projects. JAKPAS was also able to demonstrate that the users’ greater degree of control in the procurement of construction material and in construction management has improved the quality of projects. Finally, the partnership relationship between the Fund Board, NGOs, the private sector and the community has led to cost effective and sustainable project design. The case study presenter highlighted the following lessons on social intermediation:

- social intermediation is efficient when it is planned with respect to the communities cultural and economic activities in order to ensure full participation, i.e. during cultivation/harvesting and major festivals, full community participation cannot be assured;
- separate contracts should be issued for each phase of the project;
- when roles and responsibilities are defined within a gender focus, conflicts are resolved easily;

- communities feel that the process of project planning and decision making is too long.

At the end of the session, participants were asked in what areas they still need to learn more about successful social intermediation. The most common responses: how to build the capacities of various stakeholders; effective ways to integrate hardware and software elements of scheme implementation; how to link social intermediation with the political process in cases where government is highly centralized; and how to justify the cost of intermediation to governments and others in control of funding decisions. It was agreed that for many agencies social intermediation, in the context of DRA, is a very new way of doing business.

Small Towns

This session reviewed ways in which the private sector can deliver small town water supply services. Participants were encouraged to evaluate the applicability of demand-response principles, and to identify key issues that affect the delivery of water supply services, to small towns by private companies. Case studies from Vietnam, Paraguay, Ghana and Francophone West Africa were presented.

The case study from Ghana highlighted the new policy directions taken by government to implement a demand-responsive approach to small town water systems. The study highlighted the distortions created by high levels of subsidy and the potential barriers to entry of the private sector. Although Ghana has developed strategies for sustaining community-managed, small-town water supplies, these have not yet translated into accelerated investments, and many of the stakeholders, including communities and the private sector, are at risk of becoming complacent about the current level of subsidies and consulting and construction contracts. The study recommends that subsidies and contracts be transformed into equity for communities, district assemblies, and private firms that want to be partners in improved, community-managed water supplies.

Since 1996, Hydro Conseil has been studying the current role, potential, and limitations of private operators in the informal sector who supply water to smaller communities and poor districts in cities in Burkina Faso, Mauritania, Mali, and Senegal. Lessons presented in the case study include:

- Private operators are well-suited to the needs of low-income populations and their activities should be considered at the onset of any project.
- Projects should not be undertaken to promote private operators.
- The level of energy and achievement a private operator displays depends on how the level of competition.
- Do not be tempted to bring the informal sector under official supervision just because it seems appropriate.
- The state must guarantee respect for the law, particularly for concessionary and leasehold contracts and private investors' property rights.

Given Paraguay's relatively low water and sanitation coverage in both urban and rural areas and the obvious inability of public agencies to deal with demand, private providers of water have an important role to play in addressing the needs of Paraguay's unserved populations. The case study discussed that instead of emphasizing the illegal nature of the aguaterias and the somewhat lower quality of their service, the public sector should take advantage of this vibrant sector's existence and shape it to provide those services under the umbrella of a well-established legal and regulatory framework. Allowing private firms to enter and compete in a sector that is known to have a monopolistic character is the best guarantee that services will expand rapidly at the most economical prices.

The Vietnam case study described the Dong Hai and My Hai water supply systems, the first project implemented by Vietnam's private sector since 1990. The systems were efficiently constructed, operated, maintained, and managed by the enterprise itself. After operating for four years, the following lessons have emerged:

- Domestic private investors are interested in investing in water-supply schemes for small towns and encouraging them to do so will reduce the government's burden.
- "Social preparation" is needed to help people understand the project and express demand, to determine the level of services for which demand exists, to assess affordability, and to help the community mobilize funds.

- Getting users to participate in construction has been successful, but private operators should be responsible for operation and maintenance, and they should pay for it by collecting user fees.
- Long-term, low-interest loans will encourage the private sector to participate in the sector and reduce the cost of water.
- Human capital is as critical to success as financial capital. The success of the Dong My Hai project was attributable partly to the commitment of the enterprise's two senior managers.

Following the case studies, the discussion focused on exactly who was best suited to provide services to small and poor communities. Unregulated free entry to the market is the dominant form of private sector participation and source of retail services in peri-urban areas unserved by public enterprises or concessions. Micro-enterprises, community-based organizations, and local developers are the major service providers. Participants in this session agreed that, despite the need for government oversight and possible investment support, as many service delivery tasks as possible should be delegated to the private sector. The best schemes for provision of water and sanitation service to small rural towns provide for a continuous range of public-private partnerships, with varying degrees of private risk-taking.

Innovative Financing

This session reviewed alternative financial arrangements for the support of demand-responsive approaches and emphasized the importance of sound financial policies. Participants discussed the relative value of alternative approaches aimed at reducing the level of government subsidies and linking more closely user payments to the service levels that are being demanded. Case studies were taken from China, Yemen, and Bangladesh.

Flexibility of design is critical to the establishment of sound financing schemes as the factors limiting consumers' willingness and ability to pay are complex and vary between, and even within, countries. The Yemen study described collective action where rural people raised funds for construction and operation of their own water system, suggesting that people are more willing to pay for services when they have control over finance and decision-making. The Grameen Bank study of a system in Bangladesh established that poor people can also be creditworthy, making investment in water and sanitation a legitimate use of credit. Credit

binds people to repayment and leads to growth and sustainability of the system. Finally, the case study on China revealed that it is not enough to keep citizens informed during only the preparation and construction phases of a project. They also need follow-up information on project management, especially operation and maintenance, so they can understand that with costs and debt service it will be necessary to increase the water tariff.

In post-presentation discussion, participants agreed that sound financial policies are of fundamental importance to the success of demand-responsive projects. Most importantly, these policies must be responsive to local economic and cultural factors and effective pre-existing financial policies.

Decentralization

This session described different models for decentralization and discussed how each might support or hinder the development of a demand-responsive approach to rural water supply and sanitation. Case studies were employed to measure the impact of decentralization on project sustainability, service delivery, and ease and speed of response to consumer demand. Participants also discussed the appropriate roles for each level of government, the private sector, communities, and other actors. Case studies were shared from the Andean region, Tunisia, and the Dominican Republic.

Starting from the premise that decentralization in itself will not necessarily improve demand responsiveness, presenters and participants emphasized the need for flexibility and capacity-building. Effective decentralization takes time, political will, development of specific skills, and clear articulation of the legal institutional roles of each stakeholder. In addition, financial and functional responsibilities must be decentralized together for decentralization to be effective.

It was found, however, that in most countries, central governments have been much quicker to decentralize functional responsibilities than to devolve control of funds, often leaving lower levels of government in a difficult position. But there are success stories: in Colombia, for example, there has been a dramatic increase in coverage in the eleven years since decentralization began. The reason: municipalities receive a significant portion of central funds for water and sanitation service, and have established formal ties with communities to administer

provision of such service, enabling them to respond much more effectively to local demand.

Sequencing Reform and Piloting

This session underlined the importance of policy unification, sound cost recovery policies, and a pilot phase in the effective development, testing, and implementation of strategy and policy reform. Participants also discussed the need for further development of financing strategies, and regulatory and monitoring issues. Case studies were presented from Benin, Laos, and Pakistan.

The presentations focused on the fact that reform should be initiated by all sector partners and should not be externally imposed. Governments must make the critical transition from being a “provider” of services to becoming a “facilitator.” During discussion, participants made a list of the most critical reforms needed by each stakeholder group. These reforms included the following:

- **Communities:** appropriate financing mechanisms; capacity building; greater trust between the community and supporting partners.
- **Public sector:** a clear and transparent policy and legislative/regulatory framework; free flow of and access to information; clear and workable financing mechanisms; institutional reform.
- **Private sector/NGOs:** strong cost recovery policies; clear guidelines for private sector and NGO participation; external acceptance of both the private sector and NGOs as partners.

Further discussion focused on general constraints to reform itself and how to overcome these restraints. Constraints included: lack of political will; vested interests, mistrust, and a lack of established working partnerships; and difficulty in the promotion of a greater role for the private sector. Suggested solutions: increased transparency and improved communication strategies; maximization of multi-stakeholder ownership of reform and input to strategy development and planning; and facilitation of greater access to new financing mechanisms.

Social Funds

Participants in this session discussed the extent to which differing features of social fund projects have enabled the achievement of a demand-responsive approach to rural water supply, in both design and practice. Case studies were shared from Southern Africa, Indonesia, and Central and East Asia.

Social funds are typically set up as autonomous institutions to provide funding to local organizations (Community-based organizations, NGOs, or local governments) in a more rapid, flexible, and transparent manner than ministries. The funds do not identify or implement microprojects; instead, they respond to requests generated by local groups, appraise projects for funding, supervise implementation of projects, and monitor their effectiveness.

Also discussed was the difference between delivering water infrastructure and fostering sustainable delivery of water. Water components of social fund projects have demonstrated speed in getting water infrastructure “on the ground.” This has been achieved, in particular, through streamlined procedures and a private sector management style. The sustainable provision of water, on the other hand, requires greater attention to sectoral detail and consistency with sectoral norms. Where communities are already contributing, say, 40% to the cost of water projects (or where the sector is pressuring them to do so), the requirement of a 20% contribution by the social fund could undermine broader reform. However, if designed well, social funds could be pilots for encouraging the adoption of appropriate sector norms where existing norms are flawed or do not exist.

Another issue raised in this session was that of whose demand was being responded to. Unless explicit mechanisms exist to elicit demand from the poorer groups within a community or region, there may be no discernible demand forthcoming from them. Social fund projects need to take this into account. Discussion also brought to light the fact that a single financing tool cannot ensure choice. Choice may mean that demand is expressed for a higher level of service than what the water component of a social fund

project is designed to finance. For example, a community may demand a sophisticated water system for irrigation purposes – for which it may need access to loans. True choice requires that provision is made for alternative sources of funding, and not only through the social fund project itself.

Finally, participants agreed that community potential should not be underestimated. Although community management can be limited by certain factors (such as lack of access to banks and bank accounts due to geographical location, parceling out of resources in tiny disbursements, and reluctance of contractors to accept small payments from each individual community), communities should still be direct parties to any contracts or agreements with contractors, and the release of payment to contractors should be contingent on community approval.

Sustaining Community Managed Services

This session examined community willingness and capacity to manage water and sanitation services and discussed institutional options for supporting community management. Case studies were presented from Malawi, Honduras, Mali, Benin, Mozambique, and Ethiopia. Presenters and participants looked at the types of support needed by communities to help them sustain their own services. Among these were clearly defined legal and institutional frameworks which encompass legal recognition of community-level water management groups and provide clear division of responsibilities among the main stakeholder groups; training to develop community capacity for operation, maintenance, and financial management; a strong system for provision of technical backup; and institutional facilitation to assist communities in the crafting of appropriate and effective “rules of the game.” It was suggested that government should finance the development of legal and institutional frameworks, while communities should pay for all other support services.

The participants in this session looked at the institutional options for providing support for community managed services, and listed several advantages and disadvantages of each. The following is a brief summary of these generalizations:

- Government agencies. Advantages: technical capacity; permanence; national coverage; authority; financial resources. Disadvantages: often bureaucratic, rigid and slow; influenced by

vested interests; lack of accountability to consumers; corruption.

- Private sector. Advantages: efficiency and speed of response; quick decision-making; adaptability; high technical skills; accountability to client. Disadvantages: profit incentive may compromise quality of service; commitment limited to duration of contracts; qualified firms are not available in all areas.
- Non-governmental organizations. Advantages: often have an excellent understanding of community needs and capabilities (when rooted in the community); flexible and responsive; many have technical skills comparable to the private sector. Disadvantages: small budgets with limited capacity for service delivery; not universally available; often cannot provide permanent support for technical back-up; excessive reliance can create dependency.

Outcomes and Results

Key Conference Messages and Wrap Up

During the closing session, Mustafa Bukam Musa, director of special services in the Federal Ministry of Water Resources in Rural Development in Nigeria, briefly walked participants back through the conference, highlighting some of the key messages. In addition to the more formal sessions, Mr. Musa thought that considerable networking was done during the breaks and receptions and hoped that the contacts made would be long-lasting. He particularly liked the way the conference treated all participants as resource people.

What have we learned?

Conference participants completed evaluation forms at the end of the conference, listing the most important things they learned from the conference, and what actions or activities they would carry out as a follow-up to this conference. Additional comments were welcomed as well. The following is a summary of comments made both during the “What have we learned?” session and on the evaluation forms collected at the end of the conference.

What are the most important things you have learned from this conference?

The majority of responses to this question focused on the demand-responsive approach itself: participants learned what exactly was meant by DRA, and also gained an appreciation for the importance of widespread community participation to sustainability. Many respondents admitted that before the conference, they had never properly understood the concept of demand as a consideration in policy formulation and implementation. Others learned that there is no single blueprint for DRA, and that funding is not always the most important or troublesome issue in DRA implementation.

What actions/activities will you carry out as a follow-up to this conference?

Again, the bulk of the responses to this question concerned the participants' newly found understanding or appreciation of DRA. Participants resolved to rethink or redesign policies based on DRA-related concepts they learned at the conference, and to pass on what they learned to colleagues and clients. Many respondents said they would dedicate themselves to fostering greater participation by stakeholders at all levels (particularly at the community level) in decision-making and implementation. Other recurrent themes: a commitment to increased partnership with NGOs, and maintaining communications with the other conference participants.

Other comments

There was a strong consensus that the participatory format had worked very well, and that the conference was a success overall. Some believed, however, that the conference focused almost exclusively on water issues, while issues of sanitation were largely ignored or marginalized. Others commented on the fact that, despite the emphasis on the key role of the community in DRA, there was virtually no participation at the conference by representatives from the communities themselves.

One woman expressed her concern over what she considered to be insufficient attention to the gender issue: "It was simply equated with women's participation in water committees. I would have loved to see more of how their involvement in water projects has affected their access to resources, decision-making

power, and benefits stemming from the use of such resources."

Stakeholder closing

Stakeholder representatives also led the closing session of the conference. Ms Hawa Ndilowe, from Malawi, enjoyed the participatory process and learned a lot about DRA. She also felt that it was important to stress sustainability, especially of existing investments that were constructed in a supply-driven manner. Mr. Silvio Malgarejo (check name), representing the private sector in Paraguay, was pleased to see that water supplies could be provided following the laws of free markets and open competition, and indicated that the private sector has a keen interest in participating in RWSS. Ms. Julie Jarman of the NGO WaterAid, praised the conference, saying that she found the actual sessions to be every bit as interesting as the breaks. Still, she thought that the conference, and the demand-responsive approach itself, overemphasized the economic side of water, neglecting the fact that access to safe water is also defined by the Dublin Principles as a social good. She also mentioned that NGOs were much more than providers of services and could play important roles in advocacy and policy support, as true partners in development. Mr. Ingvar Anderson, representing the Swedish International Development Cooperation Agency, thought that sanitation and other environmental and health issues were not given the attention they deserve.

The World Bank's Vice President, Jean Francois Rischard, concluded the conference by offering what he saw as the major lessons to emerge from the four days of presentation and discussion, each of which he saw borne out in the case studies presented at the conference. First, all stakeholders must recognize the importance of establishing partnerships between NGOs, governments, and communities. Second, if provided with good information and training, communities are perfectly able to make informed choices about service levels and to manage their own systems, leading to eventual sustainability. And finally, contrary to popular belief, it is possible to change fairly quickly from supply-driven approaches to demand-responsive approaches. In addition, Mr. Rischard was particularly impressed with the high level of interaction and participation by all conference participants.

Conclusion

The Community Water Supply and Sanitation Conference drew policymakers, government officials, and representatives from donor agencies, the private sector, and a multitude of other groups from around the world to share knowledge and experience in an area of key importance to development and the reduction of poverty. It promoted the establishment of appropriate policy and institutional frameworks which foster sustainable, demand-driven RWSS. And it identified and highlighted key financial, institutional and social principles contributing to the sustainability of projects, launching a series of policy dialogue and training initiatives at both the regional and national levels.

Some countries have already scheduled study tours and exchange visits to continue the learning and sharing between projects and countries. National and

regional-level conferences are already under preparation in India and Latin America, and early plans include the preparation of a conference on small towns services in Africa. Furthermore, the World Bank, through the Economic Development Institute, the Rural Water and Sanitation Thematic Group, and the UNDP-World Bank Water and Sanitation Program will work with partners to identify specific areas of support in networking, learning and conference organization.

The conference should not be seen as a one time event. Rather, many contacts have been made and participants have begun to establish a global network of RWSS activists. Electronic proceedings of the conference including the case studies, contact information for participants and links to sources of additional information and activities are available on the UNDP-World Bank Water and Sanitation Program website.

Worldwide web: <http://www.wsp.org>