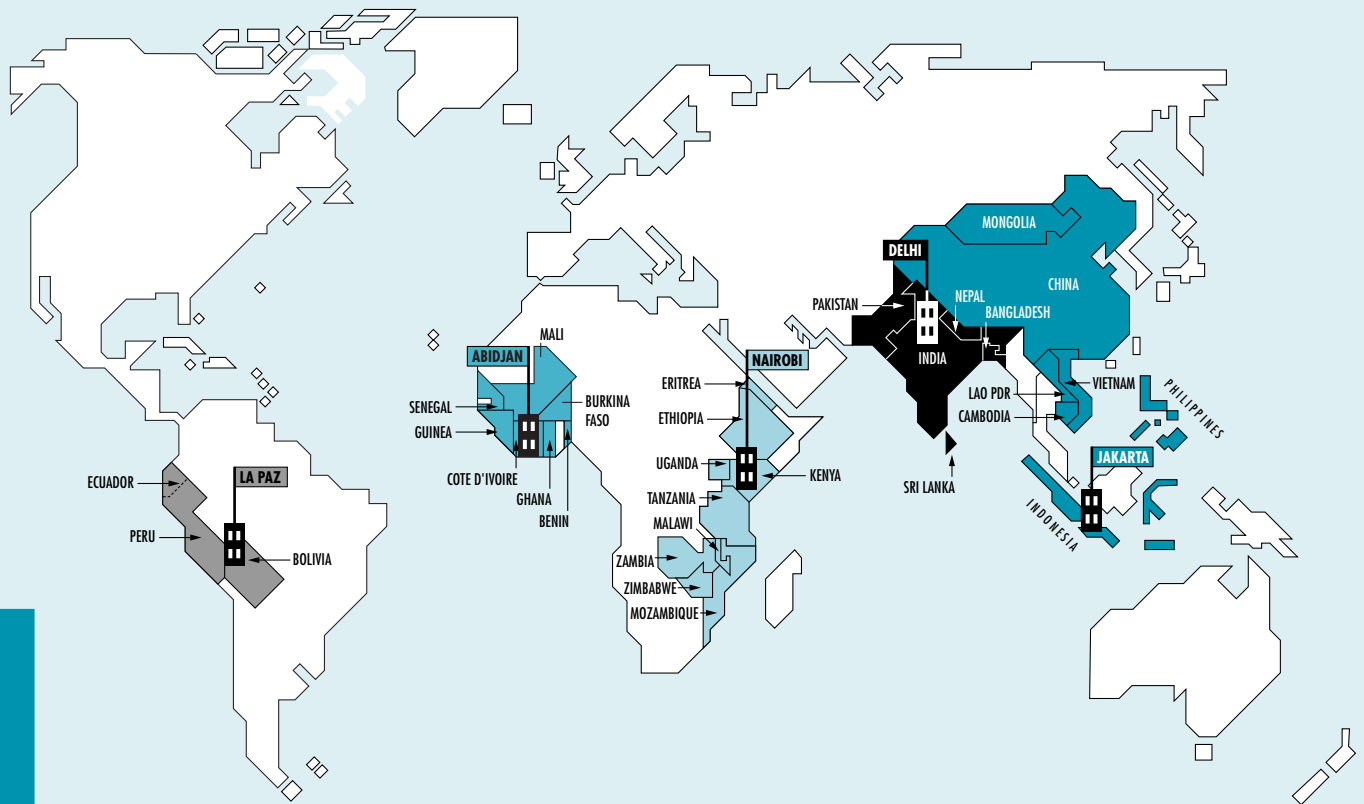


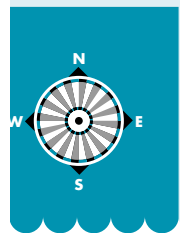
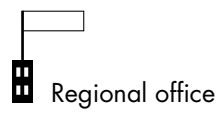
Water and Sanitation Services for the Poor:

Innovating through Field Experience

Program Strategy: 1999–2003



- South Asia
- East Asia and the Pacific
- West and Central Africa
- East and Southern Africa
- Andean Region



Mission Statement

The Water and Sanitation Program (WSP) helps poor people gain sustained access to improved water and sanitation services.

The Program works with partners in the field to seek innovative solutions to the obstacles faced by poor communities and strives to be a valued source of advice to achieve widespread adoption of these solutions.

Contents

2	Part 1: Introduction
2	The Dublin-Ri6 Principles
3	Emphasis on Partnership
3	Plans for the Future
4	Part 2: Learning Agenda
4	Rural Agenda
5	Urban Agenda
6	Small Towns Agenda
7	Cross-Cutting Issues
8	Part 3: Objectives
9	Part 4: Products
9	Pilot and Demonstration Projects
10	Knowledge Generation and Management
11	Sectoral Networking
12	Policy Support
13	Support for Large-Scale Investment Projects
15	Part 5: Building Blocks
15	Shared Values
15	Diverse and Highly Skilled Staff
16	Quality Assurance Processes
16	Partnering and Networking
16	Decentralized Operational Structure
16	Governance Arrangements
16	Sustainable Financial Base
18	Part 6: Strategy Implementation

Part 1: Introduction

An estimated 10,000 people die from water-related diseases every day in a relentless global calamity. These people live predominantly in developing countries and most of them are poor. These deaths, and many more incidents of sickness, are avoidable: they would not occur if all people had sustained access to safe drinking water and sanitation services.

Since 1978 the Water and Sanitation Program (WSP) has been working to help poor people gain access to these essential services. The WSP began as a set of separate projects supported by the UNDP and implemented by the World Bank to test and promote low-cost appropriate technologies. It has evolved over the years into a global partnership, active in some 30 countries (see map on inside front cover), financially supported by multilateral and bilateral development agencies, and contributing to the struggle to improve water and sanitation access for the poor.

While much has been achieved in this decade—especially widespread adoption of the people-centered approaches promoted by the WSP—too little progress is being made. More than one billion still lack access to safe water and over two billion lack hygienic sanitation services.

Learning What Works is both the philosophy of WSP and the title of a book that provides a 20 year retrospective (1978–1998) on the WSP. Copies of this document can be obtained from any WSP office, on the WSP website at <http://www.wsp.org> or by email to info@wsp.org.

In 1992 the WSP published the previous strategy, “Improving Services for the Poor.” This note presents an updated strategy for the new millennium, designed to guide the WSP in its renewed efforts to help boost service access. This strategy sharpens the WSP’s focus, makes its outputs more explicit, and establishes standards for more consistent product quality. The thrust of this new strategy is to step up the WSP’s impact by stretching and leveraging its limited resources.

The Dublin-Ri6 Principles

In 1992 a set of principles was adopted by sector specialists to guide development efforts in the water sector. Known as the Dublin-Ri6 principles after international conferences in those two cities, they stress the following points:

- Water is a finite resource essential to life and should be managed holistically in all its uses.
- Development efforts must be participatory; water should be managed at the lowest appropriate level.
- Women must play a central role in water projects.
- Water has an economic as well as a social value.

Much remains to be learned about implementing these principles in specific contexts. With its experience in applying new approaches, the WSP is well positioned to support the widespread implementation of the Dublin-Ri6 principles.

Emphasis on Partnerships

The WSP works with partners in the field to find and communicate innovative solutions to the problems faced by poor communities. Experience has shown that participatory approaches, involving users and stakeholders in all stages of project preparation and implementation, lead to more sustainable outcomes.

The WSP's team of sector specialists, most of them based in the field, work actively to build partnerships with leading public agencies and private participants in the water sector. This work with partners increases sector knowledge and applies it to improve policies and projects that will benefit large numbers of poor communities.

Working through partnerships, seeking to "influence without taking over," the WSP builds capacity at all levels (people, institutions, and policy environment). Reliance on partnerships has also increased the WSP's ability to facilitate information exchanges across agencies, projects, countries, and regions. The WSP's location within the World Bank strengthens its ability to influence large development programs and to help country partners implement appropriate policies.

Plans for the Future

Pressures on the world's water resources are rising. Concerns regarding this situation are

being expressed in a number of national and international forums. The Global Water Partnership (GWP), of which the WSP is a founder and an associate program, was created in 1996 to help provide international coherence in addressing water resource management in a holistic manner, across the different sectors that use water (water for people, water for food production, water for ecosystems).

Within the holistic water management framework promoted by the GWP, and while continuing its engagement in cross-sectoral forums, the WSP will retain a tight focus on its "niche" as a specialist of community-based water supply and sanitation services. In keeping with the Dublin-Ri6 principles to treat water as an economic good and manage water at the lowest appropriate level, the WSP will work to deepen the understanding and broaden the acceptance of demand-responsive approaches. It will attempt to find practical ways of scaling up these approaches, and ways to strengthen the supply chains of goods and services in support of them.

The WSP is currently active in more than 30 countries throughout Latin America, Africa, South Asia, and East Asia. If there is demand, the WSP will consider extending operations to new countries and regions.

Part 2: Learning Agenda

Learning is not an end in itself but a means of improving development practice and of achieving an impact beyond the immediate projects in which the WSP is directly engaged. Effective learning and dissemination of what works can leverage the WSP's resources by several orders of magnitude. The strength of the WSP's partnerships, its location in the World Bank, and its field presence in more than 30 countries provide it with a unique position from which to identify issues and trends of global relevance, facilitate the exchange of information, and spread lessons from field experience and best-practice solutions—regardless of whether these solutions originate with the WSP's own work or, more often, with its partners.

The WSP believes that “the cutting edge is in the field” and its learning programs respond first to country and partner needs. While solutions are always local, the WSP's experience suggests that much can be learned across countries. For instance, the early difficulties met by private concessionaires in Latin American cities in serving low-income groups, and the emerging solutions to these problems being tested in Argentina and Bolivia, can provide invaluable lessons for the design and regulation of future concessions around the world. Likewise, pioneering experiments in South Asia on the role of microcredit in water can be a global asset. The WSP's global “learning agenda,” updated every year in consultation with partners and fed by local findings, identifies those specific

issues or knowledge gaps on which the WSP will take a more pro-active stance in collecting and disseminating knowledge from its portfolio of country activities and limited global research funds—because the WSP and its partners believe that learning on these issues can make a difference in the field.

The learning agenda is organized primarily by type of community: urban, small town, or rural. In addition, crosscutting issues (currently including water resource management, gender, and hygiene promotion) will be addressed.

Rural Agenda

While much has been learned about improving services to people in rural areas, hundreds of millions of people remain unserved, and many past projects have failed the test of sustainable operation. Some projects have worked well on a pilot scale, but failed the equally critical test of a large-scale rollout. Water and sanitation activities therefore face two challenges in rural areas. The first is to scale up demand-responsive approaches into national policies and programs in countries in which pilots have been successful, and to learn and pilot these approaches elsewhere. Key activities include the following:

- *Defining demand.* A “demand-responsive” approach is people-centered and participatory but also economically sound. Most rural water and sanitation projects today include some beneficiary consultation steps, but fewer projects

or country policies truly offer rural communities and households an informed choice of service options with differentiated financial consequences. Given that demand has both a social and an economic meaning, what policies and project rules encourage sound community and individual user decisions on technical and delivery options, service levels, and service payments?

- *Designing sustainable financial policies.* Given fiscal constraints, what cost-sharing policies leverage user willingness to pay? What policies can be replicated on a large scale to achieve coverage targets within available resources?

- *Designing institutional mechanisms for service delivery and sustainability.* What kind of institutional arrangements can best achieve efficiency, effectiveness, and local accountability? How can functional linkages between community organizations, local governments, and service providers (national governmental organizations, private sector providers, and government agencies) be designed, established, and made to work? As many countries devolve sector functions to local governments, how can municipal capacities be built and supported, and how can countries ensure that new municipal roles do not jeopardize earlier achievements in building capacities of informal village-level organizations?

- *Ensuring representative aggregation and expression of local demand.* How can gender and the problems facing excluded groups best be addressed in large-scale, demand-responsive investments?

The second challenge is to develop supply chains of goods and services able to respond to community demands in a sustainable way, with particular attention to private providers. These providers are needed to ensure that service options selected by communities can be designed, financed, implemented, and maintained in a cost-effective and sustainable way. Key activities for addressing this challenge include:

- *Helping create regulatory structures* that eliminate policy obstacles to the efficient and responsive supply of goods and services to community-based water and sanitation systems.
- *Identifying appropriate facilitation roles* for government, and designing viable reform

sequences for existing (but often ineffective) public-sector agencies or programs supporting rural water and sanitation.

Urban Agenda

Urban growth in developing countries has far outstripped the capacity of urban services including water and sanitation. Many countries are engaged in far-reaching efforts aimed at improving the efficiency and financial performance of utilities—traditionally a main bottleneck for investment in service expansion—through corporatization, better governance and monitoring, regulation, competition, and public-private partnerships. Many countries also have some experience with community-level infrastructure planning and management, especially for on-site or retail services in peri-urban areas. Even so, access and quality problems for the poor remain severe, and coverage levels for urban sanitation keep declining.

Innovative mechanisms for reducing costs and boosting coverage are needed to reach the growing number of underserved urban poor. The key is to involve users in making effective and informed choices about investment and management of services at the local level, while helping utilities manage the effective provision of primary and secondary infrastructure.

The WSP is committed to improving water and sanitation services in urban areas. Rather than develop expertise on all utility issues, it will focus on facilitating linkages between utilities, poor communities, local governments, civil society, and the private sector. Its emphasis will be on working with these partners to extend services into poor, unplanned, and underserved areas.

Key issues facing the urban sector are largely the same as those in the rural sector, though the approaches for dealing with them differ.

The first challenge is to develop effective demand-responsive and user-based approaches. Key issues include the following:

- *Designing strategies and mechanisms for reaching the poor.* What are the appropriate methods and tools for initiating dialogue with the urban poor and assessing their demand for services? How can governments and utilities be encouraged to develop strategies for ensuring access to services by the urban poor? Should

utilities develop outreach programs, or just make themselves more accessible? How can municipalities be encouraged to take an integrated approach to solving problems including slum upgrading and environmental management?

- *Designing institutional mechanisms for service delivery and sustainability.* How have small-scale, locally managed systems and the people who have invested in them interfaced with utilities and municipalities? What makes local initiatives flourish more strongly in some cities than others, and how can these initiatives be replicated without undermining their sustainability? How can this experience inform new institutional design? What institutional arrangements create positive incentives for utilities to make investment decisions that improve access for the poor?

- *Designing and applying sustainable financial policies.* How have tariffs and public financing been used to improve access of poor people to utility services? Have cross-subsidies been effectively targeted? What kinds of financing mechanisms are effective in helping poor people cover the costs of infrastructure investments? How can options for revenue mobilization and cost sharing be diversified?

- *Ensuring a gender perspective in demand assessment.* What is different about urban areas and how does this influence the incorporation of gender into water supply and sanitation investments? What best practices have been developed to address gender considerations within policies, programs, and projects?

- *Monitoring impact and targeting vulnerable groups.* What tools are available to measure users' (especially poor users') satisfaction with water and sanitation services on a regular basis?

The second challenge is to enable the development of supply chains of goods, works, and services. Key activities for addressing this challenge include:

- *Extending utility services to the urban poor.* How can utilities be encouraged to develop mechanisms and options for extending services to the poor, including sub-contracting retail services to communities and small providers where efficient? As many cities opt to delegate utility management and financing to the private sector, how can “pro-poor” incentives be built into contracts, licenses, or regulatory practice? If the contract provides an exclusive service

license, how can it be ensured that it will not displace effective provisions by community-based groups? In this area, the WSP does not intend to become a utility privatization expert, but only to help ensure that on-going infrastructure privatization trends worldwide are harnessed to benefit, and do not jeopardize, the interests of the WSP's target: the urban poor. It will partner with groups pursuing the same interest, such as the “Business Partners for Development—Water Cluster” initiative recently launched by leading utilities, nongovernmental organizations (NGOs), bilateral donors, and the World Bank.

- *Encouraging independent service providers.* What are the benefits and poverty impacts of service delivery by small-scale independent providers? How can governments improve the regulatory environment to encourage investment, competition, and better service (including provision of safer water and environmentally sound disposal services) by small, local entrepreneurs?

- *Increasing hygiene awareness.* What should the purpose and scope of hygiene education and awareness activities be? What human and financial resources can be used to develop and carry out this activity?

Small Towns Agenda

“Small towns” are perhaps best defined as being too large for “collective action” and community-management to emerge and work as simply as it would in a village, and yet too small to justify the fixed costs of a formal utility organization. Technically, their water supply and sanitation needs are not amenable to simple, point source solutions (such as a spring or borehole) and water and sanitation services have technical and managerial requirements that exceed the capacity of most small community organizations. Small towns often fall between government and donor programs defined as either rural or urban. Many small towns fall under the authority of broader district or province agencies, not always efficient or responsive to local needs. Other towns have municipal government structures to deal with these services, but their capacity is often limited.

Improving services in small towns is an emerging priority for the WSP. Although the learning agenda has not yet been clearly defined, because the WSP has only recently begun to focus on small towns, the WSP will draw on its experience in both rural and urban

water and sanitation to develop solutions that may apply to small towns. Initially, the learning agenda will focus on issues such as: understanding the conditions that favor service management by autonomous communities, in contrast with municipal or utility management; clarifying the role of elected municipal governments in overseeing services delivered by autonomous providers; and, where appropriate, exploring possibilities of inter-municipal arrangements to develop effective services on a regional scale. The WSP's niche will evolve in response to country and partners' needs.

Cross-Cutting Issues

Several issues cut across the WSP's learning agendas for rural areas, urban areas, and small towns. These include gender and participation issues, hygiene promotion, and integrated water resource management.

Gender and Participation

Meeting users' demands is critical to the provision of sustainable water and sanitation services. But in many parts of the world, inadequate attention is paid to women's demands for services. Building on its previous gender and participation work (PROWWESS) and the recent WSP-World Bank study linking demand and sustainability in rural water supply projects, the WSP is investigating the links between gender, demand, and sustainability and documenting how agencies have successfully incorporated gender issues into their programs.

Over the next few years the WSP intends to pursue activities—from advocacy and awareness-

raising to the development of new tools—to make gender considerations a mainstream part of demand-responsive approaches. The WSP will also explore the incentives for supply agencies and their staff to implement gender-sensitive approaches.

Hygiene Promotion

Studies have repeatedly shown that health outcomes are greatly enhanced when improvements in water supply and sanitation are combined with hygiene awareness and promotion activities. WSP pilot programs have confirmed the effectiveness of participatory approaches in raising awareness and expanding capacities to plan and mobilize for improved environmental health. The learning agendas will integrate principles of hygiene promotion with water and sanitation projects and adapt and scale-up these methods in different regions and countries.

Integrated Water Resource Management

The first Dublin-Riό principle states that "effective management of water resources demands a holistic approach, linking social and economic development with protection of natural ecosystems." While remaining a specialist of "water for human use", the WSP will consider the various uses of water in its projects (for instance, recognizing that demand for water for human consumption is often bundled with water for animals or crops in rural settings) and will address related issues such as water conservation, wastewater treatment and re-use, and the protection of water sources. In addition, the WSP will share its experiences in water supply and sanitation with key players in water resource management.

Part 3: Objectives

The WSP's mission is to help poor people gain sustained access to improved water and sanitation. To fulfill that mission and make optimal use of its resources, the WSP will continue to pursue three mutually supporting objectives:

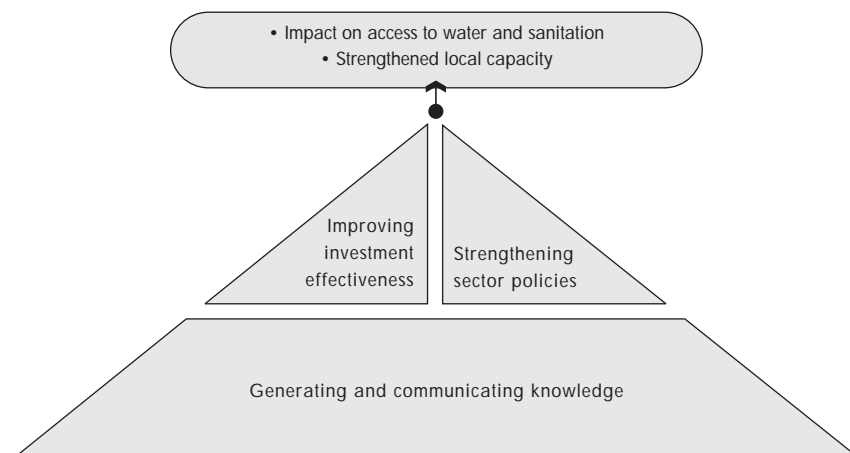
- *Generate and communicate knowledge acquired in the field.* Meeting this objective should increase the WSP's expertise and its credibility, enhancing its ability to support and influence innovative policies and investment projects. It should also build the capacity of national organizations and external support agency partners.
- *Strengthen sector policies.* Meeting this objective should increase the WSP's influence on governments, key external support agencies, and

opinion leaders in order to improve the effectiveness and cohesiveness of policies aimed at helping poor people gain sustained access to improved water and sanitation.

- *Improve the effectiveness of investments.* Meeting this objective should directly increase the WSP's impact on poor people's access to water and sanitation services.

These objectives are mutually supporting. Learning and communicating should increase competence and credibility, thereby helping the WSP to strengthen policies and support investments. In turn, support to policies and investments should provide opportunities for continuous learning (figure 1).

Figure 1 WSP Objectives



Part 4: Products

To achieve its objectives, the WSP will offer its partners five different product lines. This product approach will simplify the development of best practices by introducing more consistency and comparability across the program.

Pilot and Demonstration Projects

Pilot projects are effective ways of developing and testing new approaches on a small scale while meeting specific needs of communities. They allow lessons to be learned, credibility to be enhanced, and preparedness to be increased before projects are scaled-up into larger projects or adopted as government policy.

As the primary learning tool of the WSP, *pilot projects support WSP objectives* by allowing specific approaches and institutional arrangements to be tested and adapted. The pilots will also strengthen sector policies by testing sector reforms, identifying the policy obstacles that matter on the ground, and helping to build confidence in the value of policy ideas generated by the WSP.

The *expected outputs* of this product are well-executed pilot projects that provide shared knowledge on lessons learned, sector institutions that incorporate lessons from the pilots in their policies, and more effective major investment projects, guided by lessons from the pilot projects. Two *working principles* will guide the pilots:

- *Leverage scarce resources as much as possible by relying on partnerships with NGOs or private firms to support agencies responsible*

for pilot implementation. The WSP will lead pilot management and administer investment resources only in rare instances. WSP professionals will actively guide learning, provide targeted technical assistance, and backstop quality. This approach will tap the innovation potential of different players. This will also reduce the administrative burden on the WSP, which should allow it to work on a larger number of issues. Relying on partnerships will also foster ownership by partners and build their capacity.

- *Execute pilot projects with a view toward scaling-up lessons learned into large-scale projects or government policies.* Pilots will normally be planned jointly with governments, the World Bank, and other external support agencies as preparation for large-scale activities. A credible prospect of large-scale replication will be an important consideration in undertaking a pilot (box 1).

Knowledge Generation and Management

Knowledge generation and management stem primarily from WSP work on pilot and scaled-up investment projects, and learning from the experiences of others. Workshops, study tours, and studies and interaction with partners will also generate knowledge. All knowledge generation and management will be driven by the specific needs of country and external support agency partners, meshed with the WSP's global learning agenda.

Box 1 From Strategy to Pilot to Investment in Burkina Faso

In 1994 only one quarter of the residents of the city of Ouagadougou had appropriate sanitation facilities. WSP activities in the early 1990s led to the development of a strategy for wastewater and excreta disposal for Ouagadougou. The government adopted this strategy in 1994, which in turn led to the design and implementation of two pilot projects in different areas of the city. The projects applied the basic characteristics of “strategic sanitation:” a demand-based approach offering an array of technological solutions and services, thus providing users with a choice of low-cost yet adaptable options. The approach included autonomous sanitation facilities, the promotion of appropriate technology, and the training of local artisans. These pilots, which benefited from substantial WSP support, demonstrated the feasibility of the principles outlined in the strategy developed with the WSP.

The pilot success influenced the design of an urban environment development program focusing on Ouagadougou and Bobo-Dioulasso (the two major cities in Burkina Faso), funded within the framework of the IDA Third Urban Project. The WSP assisted in preparation of the component and continues to provide strategic support to its implementation.

Knowledge about field experiences will be shared among staff and key partners locally and globally. Sharing of knowledge will be supported by a simple process enabling staff to recognize and call upon the expertise of colleagues working on similar problems in other countries or regions. A website will facilitate public access to knowledge products. Thematic seminars and Internet discussion databases will promote communities of practice.

Knowledge generation and management support WSP objectives by organizing and communicating learning. Access to knowledge by WSP staff and partners will facilitate learning and communication and will allow staff to build on the work of others and to design better projects. Timely information access will also help staff provide more effective support to policy development and investment projects (box 2).

The expected outputs of this product include the generation and dissemination of study reports, learning notes, and knowledge documents; the organization of study tours; and improved access to knowledge by WSP staff and partners. The WSP will ensure the quality and practical relevance of these outputs through a simple quality assurance process.

The following *working principles* will guide the production of knowledge generation and management:

- *Create a global community of practice.* Active sharing of experiences and learning

across global networks (the WSP, the World Bank, and partners) is key to ensuring that the wheel is not reinvented in each WSP activity. Global sharing permits the identification of, and focus on, unresolved issues. Practices that have proved effective elsewhere can be adapted to meet similar challenges in new environments.

- *Network people.* Field practitioners often possess the most useful knowledge because they are able to tailor what they know to specific problems. The WSP will therefore facilitate access to and between people with field knowledge.

- *Disseminate WSP knowledge.* For each major product, the WSP will develop a strategy for disseminating the most effective information to different target audiences. A variety of formats, including print, video, and on-line media, will be used. At the country level, the WSP will develop systematic communication and exchanges through working groups and forums to reach those involved in water and sanitation services.

- *Disseminate knowledge from other sources.* The WSP sees itself as part of a knowledge network that includes the World Bank, the private sector, NGOs, bilateral institutions, and other partners. Knowledge products will thus include both products created by the WSP and products created by other parties. WSP communications will serve as a channel for disseminating knowledge about the sector from a variety of sources, including knowledgeable local players who normally lack dissemination means.

Box 2 Generating, Managing, and Sharing Knowledge

The WSP's niche is in generating and sharing knowledge at country, regional, and global levels.

- The WSP's *Global Rural Water Supply and Sanitation Study* marked the first attempt to test whether project rules regarding demand responsiveness actually help to increase sustainability of rural water supply projects. The results of the study became the basis for the 1998 Community Water Supply and Sanitation Conference hosted by the World Bank and the WSP.
- *Participatory Hygiene and Sanitation Transformation (PHAST)* is a methodology to increase the participation of women, men, and children in understanding and addressing their sanitation needs. PHAST was piloted in the WSP's East and Southern Africa Region, and the PHAST methodology is now being adopted and adapted by WSP partners around the world.
- *The Participatory Learning and Action (PLA) Initiative* builds on the results of two WSP-led initiatives: the PROWWESS program, which promoted women's participation in sector projects; and the *Global Rural Water Supply and Sanitation Study*, which found that projects that were more demand-responsive were more likely to be sustainable. The overall objective of the PLA Initiative is to increase the understanding of the links between gender, demand, and sustainability, and then help practitioners use this knowledge in more demand-responsive, gender-sensitive programs. This on-going study initiated by WSP is executed at the regional level, based on a common methodology and action plan.
- The majority of the urban poor rely on informal systems for water and sanitation. Independent providers survive and often thrive without subsidies and usually without any long-term financing. They appear to fill a needed market niche, working in areas of great poverty where large utilities face serious barriers to entry. In 1998, the WSP initiated a program to learn about these *small-scale independent providers* and how they might be encouraged. The initiative is underway in the Andes and in Africa, in a joint effort between WSP headquarters and WSP regional offices.
- Rural infrastructure programs often involve large donor investment into standardized technology, with maintenance provided by the state organizations initially, with plans to transfer this responsibility to the private sector. In many projects across the globe the mechanisms for the supply of goods and services to support the initial investment are not established. The objective of the new *Supply Chains Initiative* is to draw on the experience of the WSP and its partners to identify key issues and good practices and to stimulate learning in the area of the supply of goods and services for rural water and sanitation.

- *Enhance systematic learning.* Learning objectives and approaches will be defined at the beginning of each WSP activity, and a note on lessons learned will be written at the end of each activity.

Sectoral Networking

Sectoral networking will be fostered at various levels to:

- *Build consensus* among policy stakeholders at the national level.
- *Facilitate coordination* of external support agencies at the national level.

- *Encourage country-specific or multicountry* networks of sector experts and practitioners.
- *Coordinate global consensus-building networks.* Network-building activities will grow through national, regional, and global conferences; workshops; meetings, some of them organized by the WSP; and continuous informal communications.

Facilitating sectoral networking supports all three WSP objectives. It supports learning and communicating by facilitating the exchange of information and knowledge within countries and regions and around the world. It strengthens policies by facilitating dialogue among sector

Box 3 Networking at National and Global Levels

In India, the IDA-financed rural water supply and sanitation Swajal project has been supported in its preparation and implementation by the WSP. The government of Uttar Pradesh agreed to a project design that included capital cost recovery for water services for the first time in India. The WSP's parallel signing of a strategic alliance with the Rajiv Gandhi National Drinking Water Mission, which is the federal body governing rural drinking water policy and budgets, assures the dissemination of lessons to key decisionmakers regarding this project and other WSP experiences.

The innovations of the Swajal project were presented in the 1998 Community Water Supply and Sanitation Conference sponsored by the World Bank and the WSP. With five other main case studies from around the world demonstrating demand-responsive approaches to rural water and sanitation, the lessons of the Swajal project were presented to over 350 conference participants who represented a wide range of stakeholders, nationalities, institutions, donors, and professions. Participants included partners such as NGOs, members of the Water Supply and Sanitation Collaborative Council, and government officials. Another 30 case studies were presented in focused thematic sessions, allowing in-depth participative meetings on several specific topics such as innovative financing, hygiene and sanitation, decentralization, sequencing reform, and piloting.

The conference used a participatory design in order to maximize the effectiveness of the sessions and emphasize the networking value of the experience. The participants took advantage of the setting to connect with colleagues from around the world facing similar challenges.

The WSP's network involvement and communication facilitation therefore allowed for project workers from countries like Bolivia and Ghana to hear of the experiences of stakeholders from the Swajal project as well as about the lessons learned from other experiences in Africa, Asia, and Latin America. The WSP continues to nurture, facilitate, and actively participate in national, regional, and international sector networks.

players. And by keeping the WSP abreast of project developments around the world, it helps the WSP identify innovative projects to support (box 3).

The expected outputs of this product are effective networks with external support agencies and sector players within WSP countries, effective multicountry networks of sector experts and practitioners, and contributions to global networks of knowledge on water and sanitation.

Three working principles govern facilitating sectoral networking:

- *Facilitate coordination between external support agencies and sector leaders.* The WSP will serve as facilitator, leaving to national government agencies the job of coordinating the sector.
- *Catalyze the formation of dynamic multicountry networks of sector practitioners to exchange know-*

how on specific sector issues. The WSP will work to strengthen the leadership roles of potential local or regional leaders.

- *Make substantive contributions to global policy coordination.* Two international organizations lead the coordination of international water policy efforts. The Water Supply and Sanitation Collaborative Council focuses on improving water supply and sanitation services. The Global Water Partnership concentrates on all water issues, encouraging integrated perspectives and actions. The WSP will continue to be an active member of both organizations and will contribute to the evolving global policy consensus on progressive sector policies.

Policy Support

Policy support will strengthen sector policies through interactions with policymakers and through formal policy formulation exercises requested by partner governments. Interactions with policy-

makers will include joint oversight of pilot projects or field studies and organization of sector workshops. To contribute to policy formulation, WSP professionals will be integrated into existing policy teams or will help teams draft policies on specific topics.

Policy support contributes to WSP objectives by improving policy formulation and implementation. It also helps build a policy environment that is conducive to high-impact investment projects.

The *expected outputs* of this product are policy workshops, proposals for policy change, specific policy changes, and the restructuring of sector institutions.

Three working principles govern policy support:

- *Increase credibility through field-acquired learning and strategic skills.* By assisting sector reforms on a small scale and by helping communities gain access to services, the WSP builds confidence in the practical value of the new ideas it brings forward. Its credibility is also enhanced by the high quality of its staff. Staff working on policy issues must be capable of deriving policy implications from field experiences supported by global knowledge.

They must also be able to structure convincing strategic recommendations.

- *Establish collaborative partnerships to facilitate formal policy dialogue.* With its reputation among national bodies and financing agencies as an honest broker and its ongoing informal policy dialogues, the WSP can help “bring to the table” local partners and external support agencies normally excluded from the policy dialogue. The WSP will continue to play a dynamic role in facilitating policy change through a variety of formal and informal networks, including its collaborative partnerships with key policymakers and other stakeholders in overseeing field experiences.

- *Focus on policy implementation.* Helping to establish well-formulated policies is not enough. The WSP will also help external support agencies and governments implement the concepts they have agreed to support, particularly in project and program implementation.

Support for Large-Scale Investment Projects

WSP professionals provide strategic investment support by advising project teams or engaging in project identification, preparation, or implementation tasks. When there is a strategic opportunity

Box 4 Supporting Demand-Responsive Investments Around the World

Indonesia: The WSP made major inputs into the preparation, and is still supporting, the Water Supply and Sanitation Project for Lower Income Communities (WSSLIC). The first World Bank financed rural water supply and sanitation project in Indonesia, the WSSLIC took a decentralized approach involving extensive use of NGOs as intermediaries, and offers villagers’ service level options based on their willingness to pay. This project was a forerunner of the Bank’s adaptive lending arrangements, which allow projects the design flexibility to adapt to changing circumstances as lessons are learned during implementation.

Bolivia: The WSP-executed, Dutch-funded Yacupaj pilot project tested low-cost technologies, adopted innovative approaches to involving communities in decisions about services, and implemented an extensive health education program. The pilot paved the way for the IDA-assisted National Rural Water and Sanitation Project (PROSABAR) and for defining sector strategies and policies.

Ghana: The WSP supported the IDA-financed Community Water and Sanitation Project (CWSP), launched at a time when the country was undergoing considerable social and economic reform. While this generated challenges, it made the introduction of the new demand-responsive approach to water and sanitation acceptable to most small towns and rural communities. The project has been a success and the WSP is now assisting in the preparation of a second IDA-financed CWSP.

for innovation or an opportunity to scale-up a successful pilot program, the WSP will also assemble teams to help prepare investment projects on behalf of governments, external support agencies, or financing agencies.

Investment support contributes to WSP objectives by improving the effectiveness of major investments and by producing and disseminating knowledge about lessons learned in the field. Support of strategic investment projects also increases WSP's credibility among key players and thus its capacity to influence policy (box 4).

The expected outputs of this product are the improved effectiveness of investment projects and greater access to sustained water and sanitation services for poor people.

Two working principles guide support for strategic investment projects:

- *Provide support only to projects that are innovative or have high-impact potential.* Allocating resources in this way will maximize WSP's impact while enabling the WSP to attract and retain high-quality professionals.
- *Hire respected professionals able to extract knowledge from field-acquired learning.* With its focus on "learning from the field," the WSP is positioned to provide high value-added support to major projects. The WSP will hire staff and consultants who are committed to development, willing to listen and learn from others, able to recognize their limits, and good at working with others in team operations and in field activities. WSP professionals need to be able to translate lessons learned from field experiences into knowledge that is both practical and strategic.

Part 5: Building Blocks

Seven key factors, or building blocks, will enable the WSP to find practical ways to help poor people gain sustained access to improved water and sanitation services and to achieve widespread implementation of the approaches that work. Each is described below.

Shared Values

Four core values define the ways in which WSP staff interact with partners to achieve common goals. While these values are already at play in the WSP, affirming them even more explicitly will help guide the WSP's work and increase its impact:

- *People-centeredness.* Whether beneficiaries or partners, consumers or clients, stakeholders or agents of change, people are the WSP's ultimate clients. People-centeredness is a vital element of the WSP's value system and work style and is fundamental to achieving its objectives.
- *Commitment to impact.* The WSP is working in a field that makes a tremendous difference in people's lives. WSP staff are determined to improve the lives of the poor. The WSP is aware that, with its limited scale and resources, it will make a tangible dent in the huge service backlog only if each of its activities is tightly focused for impact, highly cost-effective, and highly leveraged.
- *Commitment to excellence.* The WSP seeks to maintain the highest professional standards. All staff and partners are committed to excellence in individual and group performance.
- *Honesty, transparency, and fairness.* WSP's commitment to honesty, transparency, and

fairness in dealing with all partners, clients, and staff requires that it admit limitations, learn from failures, and act as a fair broker in providing information and advice.

Diverse and Highly Skilled Staff

The WSP's most valuable resource is its diverse and highly skilled staff. A small team of highly trained professionals will operate in each region. Teams will combine country knowledge and the skills mix needed to serve local clients and to advance the global learning agenda. As far as possible, teams will be gender balanced and will reflect the diversity of the countries within which the WSP operates. More than in the past, regional WSP teams will provide support to each other's tasks to ensure cross-fertilization and increase learning and professional growth opportunities for staff. The teams will be extensively leveraged by working with external partners, including consultants, researchers, and NGOs.

Each regional team will look for individuals who possess the following skills:

- *Ability to establish partnerships* at all levels, from community organizations to central government bodies and leading financing agencies; and strong ability to comprehend and deal with diversity.
- *Ability to provide high value-added client support* to influence policies and major investment projects by making the most of available knowledge, deploying analytical and problem-solving skills, and using persuasion and demonstration rather than taking over.

- *Analytical skills to structure field learning*, extract learning implications to solve key policy and project issues, and contribute to global knowledge-sharing efforts.
- *Ability to work as a team player* by listening, cooperating with partners and staff, and contributing to the global knowledge-sharing efforts.

Quality Assurance Processes

The WSP has developed filters for selecting activities that reinforce the working principles outlined for each product line. To be considered for selection, projects must contribute to the learning agenda, they must be based on a flexible design that allows for the application of lessons learned to ongoing projects, and they must have a high potential for impact on future projects and sector initiatives, both in the country and globally. The working principles outlined for each product will also be adhered to in selecting WSP activities.

Learning is best managed using a teamwork approach. Teams provide value-adding support and mentoring to their members, improve continuity and client response, and create incentives for accountability by both WSP staff and partners. To deliver results, the WSP will use simple, nonbureaucratic quality assurance processes, inspired by those of leading professional services firms. Performance and accountability of WSP staff will be ensured by tying individual rewards and professional growth to regular evaluations.

Partnering and Networking

The WSP is built on partnerships between organizations with different skill bases; between all of the actors in sector service delivery (consumers, owners, and suppliers); between different regions, societies, and cultures; and between global, regional, country, and local levels of operation. It anticipates continued involvement in other global initiatives, such as the Global Water Partnership, in order to respond to new thematic changes and to rationalize funding.

In keeping with the World Bank's commitment to achieving greater effectiveness through decentralization, the WSP will enter into work agreements with Bank regional and country operations. These agreements will help ensure mutual leverage while maintaining the distinctiveness and focus of the WSP and strengthening accountability for performance. Similar arrangements will be possible with other partners.

Decentralized Operational Structure

The WSP's decentralized organization reflects the fact that its primary rationale is global field learning and communicating experiences and lessons. Resources are deployed mainly at the country level and managed primarily at the regional level. The responsibilities of the regional teams include defining and implementing work programs in keeping with country priorities while contributing to global knowledge; securing country and regional funding to support this work program; and managing the human resources required to implement the work programs.

The WSP's focus on global learning requires effective coordination. The responsibilities of WSP headquarters include: coordinating global learning, knowledge management, and communications; coordinating, consolidating, and managing WSP finances; recruiting and leading the WSP management team; and providing oversight and strategic direction for the program.

To reinforce the global nature of the WSP and to ensure that global learning stays on track, thematic leaders—many of them in the field, but with a global mandate in addition to country-specific tasks—will be designated for each key item on the learning agenda. This will lead to a more “matrixed,” flat organization of the WSP.

Governance Arrangements

The WSP is legally accountable to its funders through trust fund agreements. Signed by the World Bank and WSP donors, these agreements govern the allocation of resources and the manner in which the WSP uses its funds.

Governance arrangements include liaison with country partners, financial supporters, and strategic partners. Local advisory groups provide guidance at country and regional levels. Guidance to WSP partners is provided by the Global Program Advisory Committee (GPAC), which includes representatives from each regional advisory group, together with financial supporters and other strategic partners.

Sustainable Financial Base

The success of the WSP depends on maintenance of a sustainable financial base. To sustain such a base, the WSP will have to respond to changes in expected revenues and monitor expenditures closely.

Program Revenue

The WSP expects to continue to receive support from its external support agency funding partners, and will work hard to earn their continuing support. Over the next few years, however, some trends are likely to affect the nature of this support. Grant funds for development assistance will likely remain constant or decrease. Donor countries will probably sharpen their focus on the world's poorest countries, most of which are in Africa and South Asia. Within these countries, grant assistance will tend to target poverty alleviation. Domestic private investment and private capital flows may become increasingly important as the engine of growth in middle-income countries in Latin America and in East Asia. Funds for global programs and activities will remain scarce, as many external support agencies decentralize funds and decisionmaking to the country level.

The WSP has already anticipated some of these trends by decentralizing selected management and fund-raising responsibilities to regional teams. At the country level, the WSP intends to expand its fee-for-service support to external support agency programs, including operations supported by the World Bank and other international financial institutions. The WSP will also have to adjust its operations to reflect the geographical priorities of its funding bodies, and to maintain a lean core staff at the global level and in regions where core funding is scarce.

The emergence of other programs under the Global Water Partnership will intensify competition for limited funds within the water sector. To provide greater stability for the WSP, supporters will be encouraged to enter into longer-term funding commitments. A certain

number of longer-term (at least three-year) funding commitments will be required if the WSP is to achieve its mission and attract and retain a core team of high-quality staff. New sources of funding will be explored, such as private foundations.

Program Expenditure

WSP expenditures will take place largely at the country and regional levels, managed by the regional offices. The headquarters unit will have overall responsibility for the quality of all financial management to ensure transparency and to optimize the allocation and management of funds.

To achieve the WSP's mission, scarce core funds need to be well targeted and spent primarily on field-based learning activities. In rare cases, core funds will be dedicated for studies and research at the regional or global levels. Funding will be allocated to research, however, only when the WSP is convinced that knowledge gaps exist and that the WSP has a clear comparative advantage in filling a particular gap. Core WSP funds will not be used for project or policy support activities that could be funded by task-specific resources.

Managers will regularly review all activities against their contribution to the WSP's objectives to determine whether activities could be performed more efficiently without negatively affecting results. This process will increase both the efficiency of WSP's personnel inputs and the transparency of its financial management. Financial risk will also be reduced by outsourcing tasks, especially to local partners whose capacity would be strengthened by this outsourcing, whenever doing so proves efficient and compatible with high-quality delivery.

Part 6: Strategy Implementation

Implementation of the WSP strategy is an evolving process that will take into account changes in partners' needs and the needs of the water and sanitation sector. Rolling business plans with three-year horizons for each region will set specific targets for results, describe how these results will be achieved, and provide estimates of the human and financial resources required. Annual work programs (including agreements made with

regional operations of the World Bank) and budgets will be used to achieve these targets. These plans, developed in close consultation with local partners, World Bank regional units, and external support agencies, will be driven by specific country needs and by the evolving learning agenda. Business plan formats and processes will be kept simple to avoid bureaucratic overhead.

Regional Offices

WSP-East and Southern Africa
The World Bank
P.O. Box 30577
Nairobi, Kenya
Phone 254-2-260400
Fax 254-2-260386

WSP-West and Central Africa
The World Bank
B.P. 1850
Abidjan 01, Cote d'Ivoire
Phone 225-442227
Fax 225-441687

WSP-East Asia and the Pacific
The World Bank
P.O. Box 1324/JKT
Jakarta 12940, Indonesia
Phone 62-21-5299-3003
Fax 62-21-5299-3004

WSP-South Asia
The World Bank
55 Lodi Estate
P.O. Box 416
New Delhi, 110003 India
Phone 91-11-4690488
Fax 91-11-4628250

WSP-Andean Region
The World Bank
Casilla 8692
La Paz, Bolivia
Phone 591-2-316718
Fax 591-2-392769

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