



The Water and Sanitation Program is an international partnership for improving water and sanitation sector policies, practices, and capacities to serve poor people

Improving Lives Through Better Water and Sanitation Services



Annual Report 2005





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Voices of Our Clients

As President of the African Ministers' Council on Water (AMCOW) I have worked closely with the Water and Sanitation Program. As the world's first pan-regional network of Water Ministers, AMCOW's goal is to enable access to water and sanitation services for all Africans. The challenge is great and we have been fortunate to have the support of the Water and Sanitation Program in Africa (WSP-Africa) from the onset. Along with our other partners (GTZ, The European Union, The World Bank, and the UN), WSP has remained firmly supportive and determined to mobilize political commitment to focus on critical challenges in water and sanitation, and to facilitate capacity building of regional initiatives that focus on pro-poor issues.

With support from WSP-Africa and the Water Supply and Sanitation Collaborative Council (WSSCC) we launched the African Ministerial Initiative for Water, Sanitation and Hygiene (AMIWASH) in December 2004. Its aim is to assist African countries to achieve their MDGs through coalition building and the WSP-supported MDG country roadmaps, WASH advocacy, policy development and implementation. AMIWASH is fully owned by African nations; led by African Ministers of AMCOW and African partners; and focuses on African WASH problems and solutions. It provides coordinated professional support to governments, catalyzes South-South partnerships and builds a strong local reservoir of African water and sanitation experts and professionals. AMIWASH also promotes inter-ministerial and inter-sectoral collaboration and action on the ground.

On behalf of AMCOW, I want to thank WSP-Africa for supporting an open platform in which we Africans and our interested partners and collaborators can come together to achieve the Millennium Development Goals on water and sanitation. With the continued support from partners such as WSP-Africa and those of AMCOW member countries, I endeavor to give my best to encourage initiatives that will bring all development partners together to work collaboratively toward achieving the MDGs for water and sanitation.

—Hon. Maria Mutagamba,
President of AMCOW and Minister of State for Water, Uganda



Foreword

The Water and Sanitation Program (WSP) is an international partnership to help the poor gain sustained access to improved water and sanitation services. At WSP we would like to see a world where all people have sustainable access to and effectively use reliable, safe, and affordable water and sanitation services.

WSP's focus is on the poor and our work is aligned with the Millennium Development Goals (MDGs) on poverty reduction, health, gender equality, water supply and sanitation, and the environment. We believe that improved water and sanitation services are integral to achieving the MDG targets by 2015. WSP supports innovation, knowledge exchange, and capacity building. We help our clients build large-scale programs that serve the poor. By functioning as agents of change, proponents of learning, and innovators, we ensure that our clients and partners have new and tested knowledge on which to build their programs and respond to sector challenges.

In 2005 WSP renewed its focus on knowledge management and information sharing by establishing Global Practice Teams (GPTs) to promote cross-regional work and strengthen our global vision and leadership in WSS topics. The GPTs cover the topics of finance, rural water supply and sanitation, sanitation and hygiene, strategic communications, and urban water supply and

sanitation services to the poor. These teams provide the link between WSP's primary focus of work—the countries—with the global knowledge in areas such as designing roadmaps for sector development, encouraging dialogue to stimulate investments, promoting behavior change in hygiene and sanitation, and integrating water supply and sanitation into national budgets.

Sharing experiences and lessons learned across regions is one of the most important values WSP can add. In 2005, WSP helped develop financing strategies and formulate realistic sector investment plans in three African countries. The plan for 2006 is to build on that experience in other African countries and in East Asia. WSP worked with partners to create the Public Private Partnership to Promote Handwashing with Soap (PPPHW) that is now active in six countries in three regions. Working with the private sector has helped WSP create sophisticated messages to reach target audiences and raise awareness to the importance of handwashing with soap. Women reported handwashing

with soap before eating increased 41 percentage points (from 14% before the campaign to 55% after). Now the challenge for WSP and our partners is to bring that experience and those results to other countries.

This 2005 WSP Annual Report provides an overview of our accomplishments, priorities, and challenges. We are grateful to our donors and partners because without them it would not have been possible to disburse US\$18.5 million in 2005. Whether we're helping clients build capacity for communicating reform measures or creating roadmaps for

reaching the MDGs, WSP remains committed to our clients. When we consider that there are more than two billion people in the world without access to adequate sanitation services, we are reminded of the significant challenges our clients face. Working together we can and will show results—and we will provide access to water and sanitation to more people. We remain committed to learning from our experiences and the experiences of others working in the sector to improve our work and ultimately make a difference in people's lives.



—Mr. Jamal Saghir
Director, Energy and Water



Chapter 1

Water and Sanitation Program Overview

The mission of the Water and Sanitation Program is to alleviate poverty by helping poor people gain sustained access to improved water and sanitation services (WSS). It does this by working with partners in the field to seek innovative solutions to the obstacles faced by poor communities, and by striving to be a valued source of advice to achieve widespread adoption of these solutions. To achieve its mission, WSP aspires to be one of the world's leading sources of knowledge, advice and ideas; and a leading country facilitator in the implementation of successful policies and practices whose impact is to extend sustainable water and sanitation service access to the poor in rural and urban environments.

Over its 27-year history WSP has evolved into a unique, field based, learning and policy facilitation network, supported through a partnership of the world's leading development agencies. It has an established track record and a compelling mission. Over the years WSP has attracted staff with a unique combination of technical skills and values. Its location in the World Bank has enhanced visibility and provided opportunities to influence sector policies and support operational programs.

WSP helps its clients to serve their clients. While the poor are WSP's ultimate clients and Program staff interact with unserved communities on a regular basis, its partners at the country level are central government departments, utilities, municipal agencies, local authorities, NGOs, community organizations, private service providers.

WSP Services and Products Can be Classified in Five Groups

Policy support: WSP advises countries to adopt more effective policies and strategies and to undertake required reforms. The mutual interaction between WSP's services, its field networks, partnership approach, participatory style and interactions with local decision-makers helps build countries' policy focus and capacity to improve service access.

Strategic investment support: WSP provides advice and support to the investment programs of its clients



and partners that are seeking to break new ground and generate new field knowledge or are strategically critical to make reforms a reality.

Knowledge management, generation and synthesis:

WSP generates, validates, and disseminates innovative solutions to water and sanitation problems and develops new sector knowledge. Drawing from experience in different contexts the Program can synthesize field knowledge and experience and communicate this to sector decision-makers.

Sector networking: WSP supports networks of professionals at the country and regional level to develop activities, communications plans, and overall capacity building efforts. The Program also facilitates donor coordination activities in the WSS sector, as well as conferences and learning events.

Pilot projects: In some cases, WSP supports donor partners and client countries with the design and supervision of small pilot projects that are funded by external agencies and implemented by the client country. WSP provides support in the design phase, and in the monitoring and learning activities to extract lessons on the ground that can later be replicated in scaled-up programs.

WSP Focus Countries

WSP seeks to have reach and impact in all regions where the poor have inadequate water and sanitation services and where there are lessons to be learned on how to apply successful solutions. WSP is cur-

rently engaged across four regions in the following countries:

- a) **Africa**—Benin, Burkina Faso, Democratic Republic of Congo, Ethiopia, Kenya, Mozambique, Rwanda, Senegal, Tanzania, Uganda, Yemen, Zambia
- b) **East Asia and the Pacific**—Cambodia, Indonesia, Lao PDR, the Philippines, Vietnam
- c) **Latin America and the Caribbean**—Bolivia, Honduras, Nicaragua, Peru
- d) **South Asia**—Bangladesh, India, Pakistan

In addition, WSP engages in regional activities covering other countries for cross-country learning. The level of engagement of WSP in any given country is the result of a combination of factors including strategic fit, history and funding. As it seeks to maximize its global impact, WSP continues to adopt a strategic and coherent approach in assessing the breadth and depth of its involvement in specific countries.

The number of countries in which the Program operates is limited to those in which the Program can make a demonstrable and significant difference. Facilitating change generally requires country presence and will be undertaken in strategically selected focus countries using the following criteria:

- Low WSS access and poor population
- Willingness to reform
- Demand for WSP services
- Comparative advantage for WSP intervention
- Available funding partner
- Opportunities for linkage with lending or grant investment programs for scaling-up

Investment advice and knowledge-collecting operations from countries where there are important lessons to be learned will generally not require field presence and can be achieved through short-term missions, outsourcing or studies. All countries, including those not directly targeted by WSP will be reached through regional and global conferences as well as WSP publications and knowledge management activities.

Services to the focus countries are provided through a combination of a small management team in Washington; regional hubs in Peru, Kenya, India, and Indonesia; and country offices with WSP field staff.

WSP's Comparative Advantage

An independent evaluation of WSP was commissioned by its Council to review the Program activities over the period 1999–2003. The external evaluation's overall finding is that WSP was effective and efficient in the service of valuable objectives during the review period. The evaluation concluded that: (a) WSP's work has achieved relevant outcomes in diverse situations, with considerable impact already observed and likely to follow; and (b) WSP has significant comparative advantages in relation to other organizations working in the WSS field. Its partnership style enables it to collaborate and complement those of other organizations where appropriate. WSP's global reach, valuable contacts, long track record, high professional capacity, and ability to maintain continuing real-time contact with key decision-makers all give it particular advantage.

WSP specifically has:

- a) **Specialist knowledge** through its high caliber staff that is representative of the some of the most up-to-date thinking and knowledge, that is field based and therefore able to effectively deal with local conditions
- b) **Global and regional presence:** the network of WSP operations and skills deployed around the world enables it to draw relevant global experience and create links between countries grappling with similar problems
- c) **Independence:** WSP is uniquely placed to provide independent advisory services
- d) **Wide network of partnerships:** With over 27 years' experience and a unique partnership structure, WSP is able to attract a wide range of partners and coordinate interventions to maximize impact
- e) **Potential to leverage World Bank operations:** Enables WSP to create linkages between policy development and capacity building and future investment programs and provides potential to expand WSP influence beyond our client and focus countries.

WSP's Key Issues for 2005

- a) **Focus on the MDGs:** With only 10 years to go to achieve the WSS MDG target, there is a strong push for greater focus to support countries in accelerating implementation of sector reforms, improved governance and development of road maps, financing strategies to implement



large scale programs and support capacity development for national and regional policy makers and service providers— this is the focus for Africa. In Asia, the focus is on efforts to bring about greater commitment to institutional reforms necessary to achieve the MDGs, while in LAC, the challenge is to integrate MDGs in government strategies.

- b) **Client country demands and inputs:** The core of our work is country level where we aim to ultimately make a difference by enhancing clients' efforts at increasing access to sustainable WSS services through improved policies, strategies, better design of programs to have poverty impact and application of innovation from WSP work. WSP seeks to support governments make more effective use of public funds, leverage additional funding from international financing agencies and improved service by strengthening and leveraging the skills of new stakeholders. The country is our

most important client and its involvement is an important early step in the business planning process in guiding the scope, focus and direction of our work in any given year.

- c) **Lessons from implementation of the previous years' business plans:** After closure of every fiscal year (FY), WSP carries out an End of Year Review (EYR) aimed at assessing the extent to which the targets of the previous year's business plan are achieved and to draw lessons for strengthening implementation of the current year. The EYR is an important link between the previous and current year business plans and ensures continuity between the FYs. The regions prepare the EYR while our headquarters office provides quality enhancement of the technical and financial aspects and ensures adequate linkage between the two FYs. The two processes are therefore closely coordinated.





Chapter 2

Global Practice Teams

The external evaluation of WSP in 2004 recommended that WSP enhance its global learning and knowledge management. In response to this recommendation, the Program established Global Practice Teams (GPTs) in 2005. The objectives of these teams include the promotion of more cross-regional work, the establishment of a global vision and leadership on key WSS topics, enhanced knowledge sharing and influence of other stakeholders and partners such as the World Bank, and the promotion of rapid cross-fertilization of ideas across WSP regions.

GPTs were established along topics with the following criteria:

- A topic with on-the-ground activities in at least two regions and preferably more
- An area of existing or intended WSP global leadership of the agenda
- A high level of partner interest for both local action and global perspective
- Demonstrable opportunity to influence partner or Bank/donor thinking on the topic
- Demonstrable benefits from cross-regional knowledge sharing
- Regional commitment to co-finance GPT activities
- Easy identification of products with high impact and short timeframe

The work of the five GPT topics is reported here:

- Finance
- Rural water supply and sanitation
- Sanitation and hygiene
- Strategic communications for WSS sector reform
- Urban WSS services to the poor

Finance Global Practice Team: Responding to the Challenge of Financing WSS MDGs

The Challenge

Access to finance is often portrayed as a key challenge in meeting global targets on water supply and sanitation. Commonly, the approach is to determine the shortfall in financing and to argue for more public resources (and

aid) to fill the financing gap. Reports by the Camdessus Panel and the UN Millennium Project both reflect this. While additional financing for the sector will be required to meet the MDGs, this is not sufficient. The challenge is to build local capacity to leverage additional private (domestic) resources and to ensure that resources—public as well as private—are used efficiently, are well targeted, and result in sustainable service provision. WSP’s Finance Global Practice Team (F-GPT) aims to address these concerns.

The Opportunities and WSP Activities

Two areas of strategic importance emerge from the ongoing work:

1. Emerging emphasis on “aid effectiveness” and sector governance. The quality of governance arrangements and processes are key factors for improving efficiency and effectiveness in the use of financial resources. Action is needed on:

- **Decentralization and fiscal framework—** Development of fiscal mechanisms and inter-governmental transfers systems that provide the “right incentives” for service expansion under decentralization.
- **Public financial management—**(a) development of costed “sector programs” clearly linking reforms, financing strategy and public budgets (within Sector-wide approaches {SWAp}), and (b) strengthen national

sector performance monitoring systems.

2. Leveraging additional resources and enhancing sustainability. While leveraging of private domestic resources is necessary because of the scarcity of public funds, focus is also needed on good revenue management that makes it possible to raise capital in the domestic financial market. To support this, action is needed both on demand and supply side approaches:

- **Revenue management strategies—**for improved cost recovery and expenditure management by autonomous water service providers.
- **Improved design of subsidies—**using output-based and better targeted subsidies to avoid crowding out of service linked and local private resources.
- **Facilitating domestic market borrowing—**addressing supply side constraints (creating bankable opportunities) and demand side by more conducive macro policy environment.

Activities linked to the two major finance themes mentioned are on going in a number of WSP focus countries. Using incentive based subsidies to promote hygienic behavior in several South Asian countries has led to the Total Sanitation Approach, which is currently being replicated in a number of other countries worldwide. In South Asia WSP has also supported Government of India in developing the fiscal



incentives for urban reforms with a focus on water and sanitation in India's cities.

WSP's support to Sectorwide approaches (particularly for sanitation and rural water) has been the cornerstone of work in Uganda, Ethiopia and Zambia. In supporting this, development of financing strategies in Kenya, Mozambique, Uganda, Ethiopia, Burkina Faso and Indonesia is leading to increased focus of effective and efficient public finance which will help to fulfil the

goals presented in WSP supported country owned MDG roadmaps.

New initiatives have also been launched for strengthening country level sector information systems in all the regions.

Innovation has been the cornerstone of the work on leveraging resources for urban utilities and for small rural piped systems. Innovative use of output based subsidies with market based micro credit in Kenya is the foundation to a pilot project which will introduce sustain-

Box 2.1: Financing Strategy for Water and Sanitation

In several focus countries strategic financial planning has been highlighted as a key area of support for country clients. To support this, WSP has developed a generic but customizable Sector Wide Investment and Financing Tool (SWIFT) to help countries develop the analytic inputs to financing strategies, and formulate realistic sector investment plans. Financing strategies provide an integrated analysis of the totality of finance in the sector, including public finances and the allocation of those, utility finance and tariff analysis as well as cost structures associated with MDG—linked sector targets. In 2005, WSP support has included aiding the Government of Zambia to develop a National Program for rural water supply, which builds on that countries decentralization reforms, supported movements towards a water sector investment plan in Kenya, and helped to develop a sanitation financing strategy in Uganda. The lessons from these early applications have refined analytic tools and approaches and in 2006 the Program anticipates that such financing strategy support will be expanded within Africa as well as to East Asian countries, such as Indonesia.

Utility financing and the reform process

The nexus between access to finance and institutional reform provides an opportunity for innovation around both. Various activities in different WSP focus countries are attempting to increase access to finance for utilities whilst at the same time increasing the efficiency of utilities at using such finances. In South Asia, benchmarking is being developed to be used for performance management and ultimately to enhance creditworthiness of utilities in the region. Similarly, in the Philippines, pilot activities have included the development of benchmarking as a tool for performance measurement with link to monitoring by the Regulator. In Africa, activities have included the assessment of the creditworthiness of utilities and to guide performance improvements to increase the potential for access to market finances. In 2006 and beyond the Program anticipates that this initial work in measuring performance will translate into actual market based transactions with utilities financing asset expansion.

Market-based Borrowing for Small Service Providers

WSP has continued to support the development of an approach and strategy for leveraging domestic market resources for water and sanitation. Pilots are being carried out in Bangladesh and Kenya. The Program worked with small water services providers (mainly communities and small private providers in rural and peri-urban areas), government bodies and local financial institutions to better understand the constraints and identify what is required in terms of support at all three levels for banks and local credit institutions to finance bankable water projects. The pilot activities in Kenya have led to the approval of a pilot investment activity which will blend output based aid (OBA) with market based micro credit to finance small piped systems. This activity has also led, in 2005, to the institutionalization of novel credit assessment methods. In 2006, in addition to support for the anticipated transactions, WSP will also increase support to the development of professionalized support services to the water sector in Kenya, Benin and other African countries.

able credit financing to small water projects in Africa. Similar efforts are also planned in several countries in East Asia for small service providers in urban and rural areas.

Finance is a cross-cutting theme and receives attention in all WSP regions. Since fiscal year 2002, it has emerged as one of the core businesses in WSP engagement with clients. The role of the F-GPT is to raise awareness about the key financing issues and support clients in responding to the opportunities identified above. WSP's comparative advantage is its ability to draw on its work with country governments spanning four regions to develop a pool of global knowledge distilled from country experiences. In line with this, the F-GPT focuses on distilling and disseminating lessons from the experiences of WSP and its partners in improving aid effectiveness and sector governance as well as leveraging additional local resources.

Rural Water Supply and Sanitation Global Practice Team: Linking Productive Use of Domestic Water with Poverty Reduction and Improved Sustainability

Background

At the household/micro-enterprise levels, water is used for purposes beyond drinking, cooking and washing whether or not systems are designed and developed for such use. Access to productive use water supply enables people to diversify and secure their sources of food and income and save on expenditure by engaging in small scale activities such as fruit and vegetable production, community gardens, brick-making, beer brewing, hair salons, baking, poultry and car washing particularly in rural areas, small towns and peri-urban areas. In contrast, there continues to be a lack of significant interest for development of water for productive use arising from the fact that: (a) policies in the water sector focus on development of water for basic needs only that emphasize health impacts of improved water and sanitation; (b) governments, donors, NGOs often approach communities with water supply systems for domestic and not productive use; and (c) the supply side in general continues to develop and deliver sectoral programs in which various sectors rarely talk to each other.



Advocates argue for greater attention to small-scale productive activities at household level for the following reasons. First, domestic water is used for productive purposes whether systems are planned and developed for such purposes and even when only very little water is available. Secondly, productive use of water has been linked with poverty reduction specifically as a livelihood strategy with direct economic benefits and with improved health, for instance, through improved nutrition. Thirdly, productive use of water has been linked with increased sustainability and maintenance of water systems.

Productive Use of Water and Poverty Reduction

Productive Use of Water as a Livelihood Strategy. A number of studies have provided evidence of the importance of productive water use to enhance the livelihoods of the rural poor. Productive use of water can mitigate various risks such as low agricultural yields of dry season by providing income when there is no income from other sources and create opportunities for income diversification. Several studies have affirmed that micro-enterprise activities are particularly important during difficult periods such as droughts. People tend to use water for productive purposes even when water quantities are barely sufficient to meet basic needs. More analytical work is however, needed to determine the extent to which water contributes to the improvement of livelihoods and conditions under which improved access can have greater impact on the livelihoods of poor people in a situation where

access is generally predominantly skewed towards income wealthier households.

Economic Returns from the Productive Use of Water. In assessing the economic benefits of rural water, most analysts look at the economic benefits of reduced collection time and the economic costs of water supply break downs. It is often assumed that time saved from collecting water is invested in productive activities but there is little evidence on how much time saved from water fetching is actually invested in productive activities and the impact that this has on reducing poverty. Little work has also been done to show how the additional income is invested and how it contributes to poverty reduction and the mechanisms that exist to ensure that the poor can benefit from increased access to productive water. Other areas of interest might be to determine the elasticity of productive water to price and how costly water is as an input into income generating activities.

Linking with Other Sectors and Programs. Improved access to water for productive use in itself does not reduce poverty and needs to be accompanied by better access to markets, credit and to overcome other constraints in order to make better use of water. There is need for better collaboration with the education, health, agriculture and enterprise programs. To have impact on poverty, water supplies need to have management and financing systems that ensure reliability and to be accompanied by micro-enterprise programs that go beyond training to include other services such as quality control, marketing, market research and capital.

Box 2.2: Why Kabuku Works

- Focusing on satisfying user multiple demands, in particular, the demand for productive water.
- Enhancement of users' economic activities.
- Adopting a business approach to service provision and placing the responsibility for continuous service provision on payment by users.
- Community ownership and control; legal establishment of the community organization; enforcement of by-laws.
- Management systems and training.
- Transparency and accountability.
- Broad customer base by promoting individual connects through friendly financing policies, e.g., credit facility to finance connections, to ensure all including the poor have access to water supply.
- Reliance on and availability of private sector capacity and support.
- Clearly defined roles and responsibilities—separation of ownership, governance and operations.

Productive Use and Gender.

Productive use of water has potential to benefit women in various ways by providing opportunities for small-scale productive activities around the household. This is particularly important in communities where landlessness is prevalent. Having access to reliable water at the household allows women to engage in decision-making as investors, farmers and income earners. Experiences in Kabuku (Box 2.2) have also demonstrated that the economic incentives that underlie productive use of water generate greater interest and participation from both men and women and holds greater potential for more inclusive planning, implementation and management processes at the community level. This inclusiveness also holds potential for providing a platform for developing solutions to address some of the implications of providing water for productive use.

Productive Use of Water, Maintenance and Sustainability. The Symposium on Productive uses of water at household level held in South Africa in 2003 concluded that sustainability of domestic water supply systems can be increased by explicitly including productive uses that provide the means and motivation for people to engage in the management of systems. This is predicated on the assumption that productive uses of water can generate incomes that can be invested in system improvement and maintenance. There is however insufficient evidence to conclude that: (a) users of multi-purpose water systems are more willing to pay for water than those without and/or are willing to pay for it because they also

use it for income generating activities rather than purely for domestic consumption; (b) income generated by productive use of water is actually invested in O&M of systems; (c) the relative importance of productive uses versus other factors in increasing users willingness and involvement in management of systems especially in the financing of O&M.

WSP's Intervention

The MDGs provide an opportunity to look beyond the sector-specific targets to impact other national and international goals such as reducing the prevalence of hunger, women's empowerment and improved health and enhanced environmental sustainability. Productive use of water may hold potential as an approach that could support rural areas develop water supply systems that respond to a wider range of their demands in an integrated manner with greater potential for impact and enhanced sustainability of systems and services. Apart from the work done to document the successful experiences at Kabuku, WSP is really a new player in this arena. Aware that other partners have been active in this area, WSP carried out a literature review in 2005 to highlight work already done and identify key knowledge gaps.

WSP's intervention will focus on finding ways to: (a) scale up sustainable rural water supply provision that will also contribute to poverty reduction; (b) raise the profile and advocate for the sector based on analytical work; (c) build stronger linkages with other sectors (health, education, agriculture, micro-enterprise programs, etc) and improve integration into poverty reduction strategies,



(d) identify and elaborate the link between productive use and gender equality and empowerment, and (e) identify implications for policy and project design; and (f) take productive use initiatives to scale. The study, *Linking Productive Use of Domestic Water to Poverty Reduction and Improved Sustainability*, which will be managed by Rural GPT, would look at the: (a) costs and benefits of providing productive use water, who bears these costs and who the beneficiaries are, (b) whether and to what extent productive use systems are able to generate income and how/whether the income generated contributes to operations, maintenance and development, (c) role and impact on women and whether and in what ways this contributes to their empowerment; and (d) how to design multi-purpose investments and ensure multi-sectoral integration and participation in the design including balancing of different stakeholder interests in particular the poor households; (e) capacity constraints and the need for multi-sectoral teams, and (f) mechanisms for financing and scaling up development of systems for productive use at household/ community level.

Sanitation and Hygiene Global Practice Team

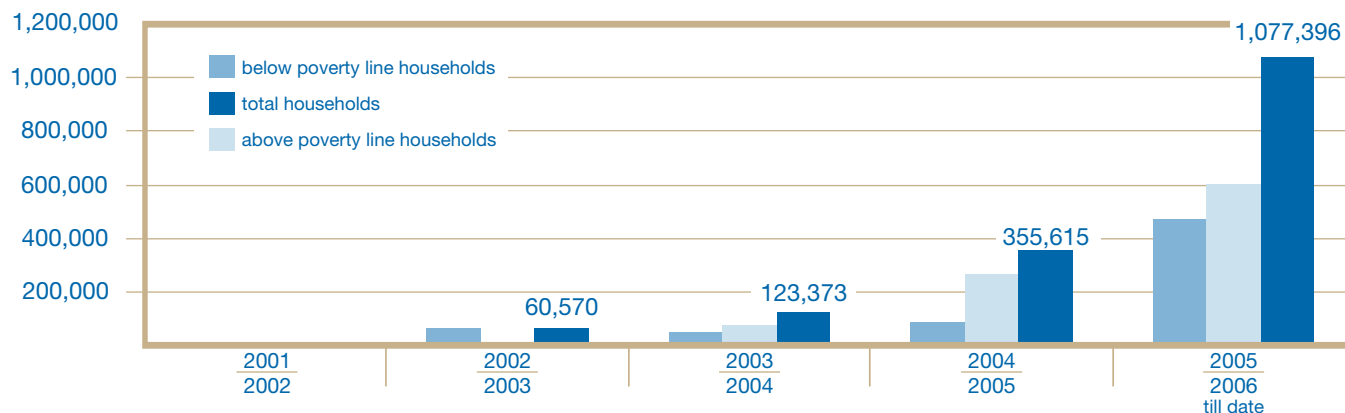
The Opportunities and WSP Activities

WSP supported the implementation of different sanitation approaches for accelerating services delivery toward achieving the MDG target. In Africa, WSP has developed a market-

based approach to deliver sanitation services and products to poor urban settlements in Dakar, Senegal and Niamey, Niger. The approach uses the power of the market to provide sanitation services to households and schools and privately managed public toilets. Beyond the physical constructions, the marketing approach contributed to the development of main implementation strategies and activities, which include (a) stimulating demand and promoting improved hygiene practices, (b) offering a range of desirable and affordable technology options, and (c) developing a local sanitation industry and linking market players. In Senegal, the sanitation utility (ONAS) has used sanitation marketing approach to provide 63548 on-sanitation facilities to households in peri-urban areas of Dakar. In Niger, marketing approach was used to construct 6469 on-site sanitation facilities in poor settlements of Niamey. In Benin, a sanitation program-budget has been prepared to include the sector in the 2007 PRSC.

In East Asia and the Pacific, WSP introduced the Community-led Total Sanitation (CLTS) approach, originally developed and scaled up in Bangladesh and India, in two large scale RWSS projects in Indonesia supported by the World Bank and the Asian Development Bank. Year long-field trials of CLTS in 6 provinces have been so successful in accelerating coverage, reaching the poorest and in leveraging community sanitation investment, that both the RWSS projects have now discontinued revolving credit-based sanitation promotion and have instead adopted entirely subsidy-free CLTS as the mainstream rural sanitation approach in all 54 project



Figure 2.1: Progress in Toilet Coverage—Maharashtra

districts. WSP also supported the implementation of the Indonesia Sanitation Sector Development Program (ISSDP) funded by the Netherlands. Activities included (a) a study on sanitation in poor communities, based on social research in 8 cities, (b) a study of the Knowledge, Attitudes and Motivations (KAMS) of government officials towards sanitation as a basis for a “sanitation sector assessment” and developing targeted advocacy materials (draft), (c) procurement and mobilization of a US\$4.3 million consulting team to support the Government of Indone-

sia to “operationalize” government sanitation policy, and (d) a study of sanitation mapping in three cities.

In Latin America and the Caribbean, WSP has successfully implemented the hand washing initiative based on a consolidated public-private-partnership. An international workshop on “Sanitation as a Business” was organized introducing this alternative sanitation approach into the governments, which has led to the preparation of a pilot project in five localities in Peru. WSP provided support to finalize the national sector plan that includes a sanitation com-

ponent, and a new sanitation by-law was implemented.

WSP documented the experience with constructed wetlands in Central America and other key reference documents are in the process of being published, among others an extensive manual on condominal sewerage systems and lessons learned from two EcoSan pilot projects in Lima’s peri-urban areas.

In South Asia, WSP supported several districts for the implementation of a community-centered sanitation promotion approach. The approach includes five main features:

Box 2.3: The Global Public Private Partnership to Promote Handwashing with Soap

Diarrhea kills more than 2 million children each year. Handwashing with soap, a cost-effective method for preventing diarrhea, can reduce diarrhea in children by up to 50 percent. In 2001 the Public Private Partnership to Promote Handwashing with Soap (PPPHW) was founded by the World Bank, the Bank–Netherlands Water Partnership and WSP. In fiscal 2005, WSP continued this leadership by establishing a global secretariat for the PPPHW.

The secretariat will support existing country programs, identify countries for possible new programs, as well as perform advocacy, knowledge sharing and fundraising activities. The PPPHW now has six country programs: Colombia, Ghana, Madagascar, Nepal, Peru, and Senegal. Each program works with marketing firms and soap companies to deliver sophisticated media messages and direct consumer contact to change the handwashing behavior of poor women and children. The most advanced country program, Ghana, has succeeded in increasing women’s reported handwashing behavior before eating from 14 percent to 55 percent, a four-fold increase.

Other highlights of the year included the launch of the Nepal handwashing campaign, the publishing of the Handwashing Handbook (available at the PPPHW website www.globalhandwashing.org), and the annual workshop on handwashing. The WSP PPPHW has leveraged over US\$1 million in resources from private soap companies, World Bank loans, UNICEF, USAID, the Bank–Netherlands Water Program, the Japanese Social Development Fund, and the Swiss Development Cooperation.

(a) shifting the focus from household to community; (b) collective action; (c) no hardware subsidy; (d) open technology (minimum confinement of feces); and (e) local resources mobilization. The approach, pioneered by an NGO in Bangladesh, is known as Community-Led Total Sanitation (CLTS) and is under implementation in several districts under different institutional arrangements led by the government, NGO, or community. In India, the Total Sanitation Campaign (TSC) has been adopted by the government for the promotion of sanitation and hygiene in over 426 rural districts. A fiscal incentive (Nirma Gram Puraskar) has been introduced in India to stimulate sanitation demand at the collective level, achieve a social status of being declared a sanitized village, and strengthen the role of local government in motivation and monitoring outcomes. Figure 2.1 above suggests an effective acceleration of the access rate to toilets in Indian state of Maharashtra.

At the global level, WSP hosts the Secretariat of the Global Handwashing Partnership. Box 2.3 includes the secretariat roles and highlights of key support activities.

Strategic Communications Global Practice Team: Enhancing Influence and Impact of WSS Reforms

The Challenge

Tackling WSS challenges calls for new ways of maximizing

communication interventions to support sector reforms, capacity building of clients, and knowledge generation and dissemination. Success in policy reform, knowledge building, investment support and advocacy activities call for effective communication interventions, particularly since these tend to be complex, involve political risk and require social change. For WSP, the challenge lies in how to assist its clients to make the most from strategic, professionally-managed information, advocacy and behavior-change programs in order to effectively influence and enhance the impact of technical and reform projects.

The Opportunities and WSP Activities

Over the past two years, there has been increased demand from country clients for WSP to assist their communication capacities to implement sector reforms, and also to support communication and



Box 2.4: Building Clients' Capacities for Strategic Communication and Reform Advocacy

Success in policy reform, knowledge building, investment support and advocacy heavily depend on effective communications, particularly since these tend to be complex, involve political risk and require social change.

In Africa, the regional communications team collaborated with key partners, such as GTZ and the World Bank, to support the preparation of a comprehensive national communications strategy to aid the implementation of national water sector reforms in Kenya. Lessons from this process are being shared with WSS sector communication professionals globally. Additional technical support is helping to build the communication capacities of the newly-established institutions—such as the Water Regulatory Board, Water Services Trust Fund, and newly commercialized service providers—in the sector. WSP-Africa is also supporting activities to build communication capacities of utility clients in Benin and Burkina Faso.

In Latin America, communication has been mainstreamed into the full project cycle of the Small Towns Pilot Project in Peru, in partnership with the Peruvian government and CIDA. A highly participatory approach to WSS service management at local government level is being developed, involving municipalities, community leaders, and civil society. Since the project launch in October 2003, a communication plan has been designed and is currently being implemented to hasten the social processes required for reform success.

In East Asia and the Pacific, WSP has assisted the Water and Sanitation Policy Formulation and Action Planning Project (WASPOLA) Working Group on an umbrella communications strategy for the implementation of a 'National Policy for Community-based Water Supply and Sanitation' in Indonesia. This has involved a communications audit; stakeholder workshops at central, provincial and district levels; media relations to maximize media support; and training sessions on participatory approaches and on how to "market" the national policy to audiences such as local governments and policymakers across seven provinces.

In South Asia, the engagement on communications changed substantively from what was largely a dissemination activity to direct engagement with client governments and the World Bank. Recent experience in water sector reforms suggests that the quality of the consultation with key stakeholders and the extent of the communication with external audiences are critical factors that determine the outcome of any reform initiative. Through sustained advocacy, WSP-SA sought to emphasize the need for clients and projects to develop appropriate strategies and vehicles for engaging in consultation and communication for reforms. This has led to demand for WSP-SA to provide consultations and strategic communication support directly to partner governments (Government of Delhi, City District Government of Karachi); implementation support for existing World Bank Projects (Second NWFP Community Infrastructure Project in Pakistan, Karnataka Urban Water and Sanitation Improvement Program in Karnataka, Bangladesh Water Supply Program Project in Bangladesh). WSP-SA will continue to work actively on the need for a strategic approach to consultation and communication, and for equipping government counterparts to be adequately responsive and skilled in this area.



advocacy interventions that respond to WSS challenges. These demands have presented new and exciting opportunities for the Global Practice Team on Communications to consolidate current approaches into a strategic communication program that can multiply the Program's impact and influence sector reform processes.

Building on the comparative advantage from WSP's proactive engagement with country clients and long experience in knowledge management and advocacy, WSP now focuses more attention on how to build political goodwill, acceptance and support for WSS sector reforms at the local and national levels. As Box 2.4 shows, WSP has been providing technical assistance for the development and implementation of reform communication strategies in Kenya, and strengthening the capacities of country clients to manage communication on sector or utility reforms in India, Zambia, and Peru. WSP has also been supporting initiatives to sustain policy dialogue and facilitate inter-sectoral coordination among partners at both national and local levels, such as a national policy think-tank, in Mozambique, and regular sector newsletters in Kenya and India. A strong field presence and diverse skills set in strategic reform communications has ensured that WSP is demand-responsive and able to match local demands and realities.

During fiscal years 2006–08, the Global Practice Team on Communications will undertake an assessment of emerging practice of strategic communication for reforms across WSP regions, and consolidate this knowledge to benefit future work.

Urban Global Practice Team: Providing WSS Services to the Poor

The Challenge

Across the developing world rapid urbanization is occurring and most of the growth in cities is concentrated in informal or slum areas. Formal service providers have not been able to keep up with the growing demands for WSS services and often are constrained by policies that prevent them from providing service in informal areas. As a result, they tend to serve only a small portion of the population with piped water supply and sewerage. Further, they are seldom commercially or customer-orientated and tend to be inefficient, requiring subsidies for operations. There is limited accountability and transparency and often the responsibility for monitoring performance rests with the same agency responsible for service delivery.

In many cities, informal providers and small scale independent providers (SSIPs) are cropping up to meet the demands of the population for water supply, especially in the slums. While there are promising examples of SSIPs that operate on sound business principles and provide a good level of service, in other cases these operators work as monopolies or in collusion with others, charging high prices for water of questionable quality. In most cases in the developing world, there is a lack of effective regulation of either the formal or the informal service providers.

Sanitation in urban areas in developing countries presents an even greater challenge than water supply.



Many poor people lack access to hygienic sanitation facilities and only a small proportion of wastewater is collected or disposed of properly. Funds dedicated for sanitation improvements are often spent in sub-optimal ways—to subsidize individual household toilets or to construct large sewerage treatment plants and collection systems, which are often under-utilized and fail to benefit poorer segments of the population. Even the more affluent households are often reluctant to connect to sewerage systems because they have invested in on-site disposal systems, but in the absence of proper regulation and monitoring, these may not function properly and end up contributing to pollution of the urban environment and creating unhealthy conditions. Many subsidized household toilets or latrines are not utilized or maintained because effective behavior change campaigns have not preceded construction. Where public toilet facilities have been constructed to serve the poor, these are often not properly managed and fall into disrepair and disuse.

The underserved poor are rarely consulted by the officials responsible for planning improvements to urban WSS. As a result, network systems are often designed that they cannot access or afford. Connection policies and fees are not designed with a pro-poor focus. Assumptions are made that poor people will not be willing or able to pay for connections to network systems and, on that basis, less expensive alternatives are designed for them (e.g., public standposts and toilet blocks). Tariffs are kept low, providing little incentive for service providers to operate and maintain even these low-end facilities.

The Opportunities and WSP Activities

Good policies and approaches are being piloted and implemented across the developing world. WSP has been working at the country and regional level in all four regions to identify and disseminate good practices by reform-oriented governments and their development partners and support design of policies, strategies, projects and programs to scale up

service to the poor. The Urban Global Practice Team will facilitate cross-regional knowledge sharing within WSP and for the benefit of our clients, provide global vision and leadership on urban water supply and sanitation topics and enhance knowledge sharing and influence of large scale projects and programs of donors and governments.

The following three primary platforms of work have been agreed for the period from July 2005 through June 2008:

- **Utility reform:** This platform covers a broad range of challenges including subsidies, targeting the poor, revenue management, expansion and densification of networks, roadmaps for institutional reform, service options for increasing access to the poor, and asset ownership.
- **Local private sector:** This platform is predominately focused on the modalities of linking small private providers to utilities, the transitions and interfaces that develop between the local private sector and utilities or municipalities, addressing small scale independent provider capacity constraints, mobilizing finance in the water marketplace, the complexities of regulation (standards and pricing), and so on. This area of work is closely associated with the DfID-funded Domestic Private Sector Participation initiative.
- **Voice and client power:** This platform is predominantly focused on strengthening the role of the poor in demanding access to services at levels they require and can afford. Strengthening both the voice relationship between the poor and the government, and the client power relationship between the poor and the service provider, is central to the sustainable improvement of services. Much work is needed to understand further the ingredients of successful initiatives in this area, the incentives, the information-advocacy linkages, and the tools and strategies for improved accountability to citizens and clients.



Chapter 3

Regional Highlights

Africa (WSP-AF)

Regional office: *Nairobi, Kenya*

Focus countries: *Benin, Burkina Faso, Democratic Republic of Congo (DRC), Ethiopia, Kenya, Mozambique, Rwanda, Senegal, Tanzania, Uganda, Yemen, and Zambia*

Africa is facing an ongoing, endemic water and sanitation crisis that debilitates and kills in large numbers, limiting economic growth, educational access, and life opportunities. Most at risk are the poor, especially women and children in rural and Africa's growing informal settlements. Only 62% of Africans have access to safe water (85% urban and 47% rural), the lowest regional coverage in the world. Just 60% of the population has access to adequate sanitation. The UN Millennium Project reports that Sub-Saharan Africa is the continent most off-track with respect to achieving the Millennium Development Goals (MDGs) in water supply and sanitation (WSS).

Achieving these goals in the ten years left before the MDG target necessitates dramatically new approaches. The rate of institutional reforms that have been initiated in many African countries needs to quicken and new strategies need to be developed in fragile environments where governments are not in a position to lead. Governments need to prioritize WSS services in poverty reduction strategies (PRS) to improve clarity in institutional responsibilities to strengthen sector governance and transparency, decentralize decision making, and

increase service efficiency through applying business principles. Current financing mechanisms are unsustainable—external aid accounts for over 80% of sector investments and internal revenue cannot maintain existing services. While the sector retains the expectation of government service delivery, public sector capacity is desperately weak at most levels. This results in Africa's poor mostly obtaining water and disposing of excreta through household, community, or small-scale private sector initiatives.

WSP-Africa (WSP-AF) works within the framework of the WSS MDGs to assist client countries in accelerating the implementation of sector reforms that focus on increasing WSS service provision for the poor. The role of WSP-AF is to aid the initiatives of its partners in solving problems both by providing direct advice and assistance. Its area of focus is to help develop policies, find innovative solutions, promote best practices, and develop capacity for sustained service access. WSP-AF strives to be a valued, high-level source of impartial advice and experience, based on comparative knowledge of what works. Through its African field network, the Program can be a flexible and responsive local partner to help

local policy dialogues and capacity building. WSP-AF is also in a position to test promising ideas, document lessons from their application, and encourage adoption within larger financing plans.

WSP-Africa's strategy is to make an impact in three critical entry points: first is promoting sector reform, improved governance, and the development of country-owned roadmaps to meet the WSS MDGs; second, assisting countries in developing sustainable financing strategies to implement large-scale programs; and third, providing support in developing capacity with both regional and national policymakers and service providers.

WSP-Africa operates at three levels: regional, national, and thematic. At the regional level WSP-Africa provides advocacy and best practice information support to regional bodies such as the African Ministerial Council on Water (AMCOW—technical committees and the AMCOW President's Support Unit where WSP-Africa has deployed a senior WSS specialist), and the African Development Bank (ADB). WSP-Africa also supports regional learning networks, such as the Water Utility Partnership (WUP, managing a specific project focusing on utility support to the poor, and assisting in management support), Rural Water Supply Network (RWSN), AfricaSan initiative, and the ITN network (of training institutions across Africa).

At the national level, WSP-Africa enhances its impact by focusing the bulk of its support (about 75 percent of budget) on select focus countries (see list above). The number of focus countries in Africa increased to 11 during the 2005 calendar year, and will grow to 12 in 2006. Country-level support generally follows the sequence of assisting clients in planning reforms, developing strategies, and implementing investment programs. Increasingly, country plans also include helping clients develop effective sector communication strategies.

WSP-Africa has consolidated its country support within the framework of country action plans to meet the WSS MDGs, while providing specific support on neglected sector components (for example, on sanitation in Ethiopia, Tanzania, Uganda and Zambia, and on rural water supply in Benin, Mozambique, Rwanda, Tanzania, Yemen and Zambia). WSP-Africa has also developed a rapid response facility for other countries which, during the review period, included support to sector coordination in Malawi, urban environmental management in Niger, LICUS support in Zimbabwe and learning from sector experience in South Africa. WSP-Africa has strengthened its attention to countries emerging from crisis, in particular focussing on the Democratic Republic of Congo and Rwanda.



WSP-Africa's thematic work seeks to develop new and comparative bodies of knowledge in areas judged most likely to assist achieving the WSS MDGs and focuses on finance, sanitation and hygiene, services to the urban poor and rural water supply.

Support for sector reform towards achieving the Millennium Development Goals. WSP-Africa helps governments implement reforms, develop strategies, and prepare investment programs. This support to accelerate service delivery is now consolidated within the framework of country efforts to attain the WSS related Millennium Development Goals (MDGs)—to halve the number of those without access to water and sanitation by 2015. WSP-Africa is supporting the development of practical, country-owned MDG roadmaps which include strategic planning methodologies for integrated interventions that are buttressed by analytical research, comparative tracking capability and regional communications. In Senegal, for example, WSP-Africa has been collaborating with lead agencies to support a participatory and consultative process, launched in January 2005 that has already resulted in a nationally-agreed WSS MDG roadmap, the establishment of a co-ordination body and the start of implementation of a detailed investment plan. Similar processes have been supported in all WSP-Africa focus countries.

In Kenya WSP-Africa has played an ongoing technical support role as the country supports rolling out the Government's reform process, including establishment of the Water Services Trust Fund, supporting Water Boards and Water Companies with pro-poor strategies and supporting client communication strategies for reform processes. In Benin, Mozambique, Tanzania, Yemen and Zambia WSP-Africa support has focused on assisting governments establish a coherent policy framework for the rural sector. A key theme in WSP-Africa's support to sector reform has been in the area of sector financing where work has sought to improve the effectiveness of public financing, increase leverage of household and market resources, and provide benchmarks in financ-

ing strategies, including the inclusion of WSS in poverty reduction strategies.

Sanitation and Hygiene

WSP-Africa has produced a "Sanitation and Hygiene" series of practical studies to determine approaches to hygiene and sanitation that can result in large scale, sustainable programs. These studies have examined:

- Demand—including a study of latrine preference in Benin;
- Supply—small-scale sanitation service provision in Kenya and a review of ecological sanitation in Eastern and Southern Africa;
- Hygiene—public-private partnerships in handwashing and the cost effectiveness of PHAST); and
- Finance—country level sanitation financing in Uganda, the operations of a sanitation tax in Burkina Faso, and an analysis of financing requirements for sanitation for CSD12.

Operational support has been provided in Uganda and Ethiopia (developing national sanitation strategies and supporting capacity building), and Kenya (supporting policy development);



investment support has been provided in urban sanitation in Niger and Senegal and Tanzania to provide hygienic sanitation to hundreds of thousands of poor urban households. Resulting from this work has been the development of a comprehensive approach known as sanitation marketing, which involves applying professional marketing approaches and developing a domestic sanitation service market to scale up mass access to sanitation services and facilities. Initial studies—in Tanzania and Benin—on sanitation marketing were documented and will be used in the application of large-scale pilots in select African countries. A field note was also prepared to advance the case for marketing sanitation approaches.

On sanitation advocacy, efforts have centered on the AfricaSan process, which, following the original 2002 launch, has brought key policymakers in sanitation and hygiene from African nations together in Southern Africa (before 2005), Eastern Africa (meeting in Addis Ababa, Ethiopia in 2005), and West and Central Africa (meeting in Ouagadougou, Burkina Faso in 2005).

Rural Water Supply

WSP-Africa helped broaden the mandate of the Rural Water Supply Network (RWSN), increasing its focus on Africa, and supporting work in three flagship themes: cost-effective boreholes, handpump sustainability, and self supply. Studies and applied research have been completed or commissioned in 10 African countries on these themes, and two field notes on borehole drilling and self-supply were produced during the review period. Policy support in water supply for rural areas and small towns has been given in Benin, Ethiopia, Kenya, Malawi, Mozambique, Senegal, Uganda, Yemen, and Zambia; lessons from large-scale rural water programs have been drawn and fed back into the design of new investments (as in the case of Tanzania). Two projects got their start in 2005: (1) the Drilling Entrepreneur Support Initiative (DESI) aimed at improving the efficacy of local drilling companies in several African countries; and (2) Forming Rural Utility Groups and Leases (FRUGAL), a global product whose goal is the development of a new agglomeration-based

model for rural water supply service delivery. WSP-Africa has also assisted several countries in examining the benefits of moving towards programmatic approaches, and has supported the World Bank in developing a toolkit for rural water supply development in PRSCs.

Serving the Urban Poor

WSP-Africa's regional strategy for increasing services to the urban poor assists utilities to develop and implement pro-poor strategies, develops practical tools for increasing the voice of urban poor consumers, and harnesses the potential of the small-scale, domestic private sector in delivery of water and sanitation services. Support to utilities has been both through the development of comprehensive materials and best practice studies (in partnership with WUP) and through practical advice and support on the ground (for example, in Dar es Salaam, Kisumu, Kinshasa and Dakar). Drawing from an earlier initiative which documented models and strategies for consumer engagement from pilot activities in Chad, Dakar, Nairobi, and Lusaka, the second phase is implementing sector-specific "Consumer Report Cards" (CRC). After multi-country evaluations, the three cities in Kenya were identified and are currently implementing CRCs at a large scale. WSP-Africa has continued to deepen understanding of the role of small-scale providers in WSS service provision in Benin, Burkina Faso, Mozambique, Tanzania and Kenya, developing practical actions on the ground, whilst providing leadership on the importance of engaging the small-scale domestic private sector at a Commission for Sustainable Development 12 (CSD 12) session on the topic, engaging policymakers and publishing field experience.

Governance

WSP-Africa held its regular Regional Advisory Committee (RAC) meetings in Ethiopia in May 2005, bringing together its clients, donors, and strategic partners to review and comment on its activities. To increase country accountability and local coordination with lead agencies in focus countries, WSP-Africa committed itself to strategic

cooperation and alliances in all focus countries. In the review period, cooperation agreements were signed with the governments of Ethiopia, Kenya, Mozambique, Senegal, Uganda, and Zambia. During the 2005 RAC meeting, WSP-Africa was mandated to respond to the challenge of the WSS MDGs by focusing activities at the country level and extending support to additional countries in partnership with regional organizations.

New Directions

In fiscal years 2007–09, WSP-Africa’s activities will continue to be implemented in a five-point support program to deepen and extend its assistance to African countries to develop, implement and monitor country-owned roadmaps to achieve the WSS MDGs. The program will continue to support national roadmap processes, including strength-

ening in-country sector coordination, strengthening sector monitoring systems and improving aid effectiveness; and implementation in key sub-sectors—sanitation, rural water supply, and urban/poor. The program will also support regional learning activities to develop practical tools and knowledge to solve key problems faced in WSS development; identification of effective approaches for WSS MDG achievement in fragile environments where governments are not in a position to lead; and strengthen regional partnerships and capacities. A new area of focus is to better understand the extent of corruption in the WSS sector and to assist clients implement interventions to improve sector governance and reduce financial inefficiencies. WSP-Africa will also seek to strengthen the impact of its learning exchange activities in helping clients achieve impact on the ground.

Box 3.1: Challenges of Financing MDGs on Water and Sanitation in Africa

The water sector faces two critical financing challenges while expanding services to reach the Millennium Development Goals (MDGs) on water and sanitation:

- The need to fill the financing shortfall between available public (including donor) resources and needed investments for new capital works and rehabilitation—leveraging additional domestic resources.
- The need to ensure that resources—public and private—are used efficiently, well targeted, and result in sustainable service provision.

In response to the challenges, key WSP-Africa finance team activities from January 2005 to December 2005 were:

- Budget process support: Over the year, in Kenya, the team began an innovative engagement with the Kenyan Ministry of Water and Irrigation and Ministry of Finance to revise the process by which the annual budget was developed. The impact of this work will be to have a more transparent budget process which is more easily monitored. Lessons from this work will be used to expand such support to other focus countries.
- Country financing strategies. WSP supported a series country processes to develop financing strategies and MDG roadmaps. In Kenya, Uganda (sanitation), and Zambia the Team began support to develop policy enabling water sectors to be financial viable. This initial experience is to be expanded to other focus countries and will be deepened in the initial countries by supporting the development of financing mechanisms to operationalize financing strategies.
- Market-based borrowing for small service providers in Kenya. WSP facilitated the preparation of an approach and strategy for leveraging domestic market resources for water and sanitation by working with small water services providers (in rural and peri-urban areas), government bodies, and local financial institutions in Kenya. This support has led to the approval of a pilot project to be funded by the Global Partnership on Output Based Aid which will partially fund about 20 small piped systems in Kenya using the innovative financing structures developed.

In addition, a regional analysis of MDG requirements and more specific tools and approaches were developed and shared in various fora such as meetings with the African Development Bank, the World Bank Water Week, and for the Finance Working Group of the EU Water Initiative.



East Asia and the Pacific (WSP-EAP)

Regional Office: Jakarta, Indonesia

Focus Countries: Cambodia, Indonesia, Lao People's Democratic Republic, the Philippines, and Vietnam

The East Asia-Pacific region with its large population may hold the key to achieving the global Millennium Development Goals (MDGs). It features some of the world's most rapidly growing and robust economies, but development progress varies widely among the countries in the region. There are 480 million poor people in East Asia who need to gain sustained access to safe water supplies and sanitation services. The region is investing massively in infrastructure, but the policies, institutions, and human resources needed to ensure sustainability and efficient use lag far behind. Hence, the challenge that WSP has joined its partners and clients in facing is increasing institutional efficiency and effectiveness for ensuring sustainable water and sanitation services for all.

Regional Strategy

The Program set out in fiscal 2005 to significantly expand its resource base to shift the fulcrum of our business away from rural and community-based systems and toward institutionally managed systems and a broader based business strategy focused on achieving impacts at scale. The regional strategy is built around activities focused on three areas: *institutional and policy reform* to achieve pro-poor, sustainable water and sanitation services; *mobilizing and improving the effectiveness of investments* to achieve the MDGs related to water supply and sanitation; and *developing national and local capacities* to implement and sustain improved approaches and services.

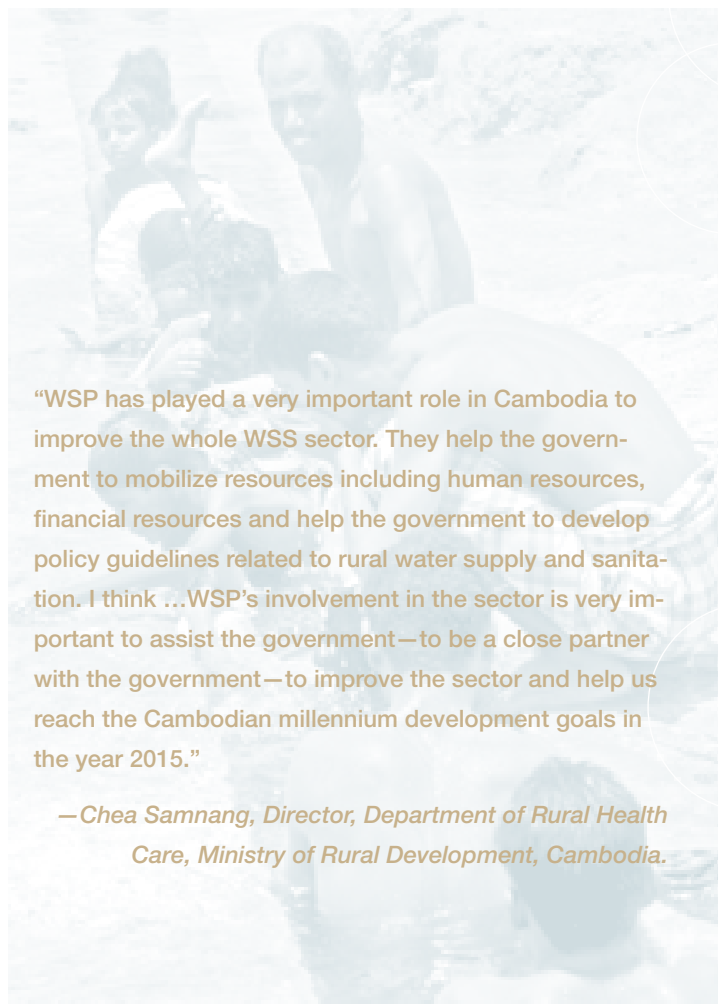
Sector Reform

Sector reform continues to underpin the WSP-EAP regional program. Support is built on the following principles:

- Inclusive processes of analysis and conceptualization led by national stakeholders;

- Seizing opportunities for reform programs linked to broader processes of political change and decentralization;
- Linking policies to concrete action through strategic planning leading to large-scale investments; and
- Recognizing that demand-responsive approaches are vital elements in effective policies and local implementation.

In all five WSP focus countries the Program supported MDG strategy workshops for the water and sanitation sector that provided key input to national MDG strategies that have since been developed. In Vietnam a Professional Working Group has been established to lead further work. WSP-EAP led the preparation of the water supply and



“WSP has played a very important role in Cambodia to improve the whole WSS sector. They help the government to mobilize resources including human resources, financial resources and help the government to develop policy guidelines related to rural water supply and sanitation. I think ...WSP's involvement in the sector is very important to assist the government—to be a close partner with the government—to improve the sector and help us reach the Cambodian millennium development goals in the year 2015.”

—Chea Samnang, Director, Department of Rural Health Care, Ministry of Rural Development, Cambodia.

sanitation component of the World Bank's Infrastructure Strategy for Indonesia, an important contribution to Indonesia's first Infrastructure Summit in January 2005. The Program also supported the sector work for the Bank's Infrastructure Strategy in the Philippines.

In partnership with AusAID, the second phase of the Water and Sanitation Policy and Action Planning Project (WASPOLA) has initiated implementation of the Indonesian Government's Policy Framework for Community-managed Water and Sanitation Services, developed in the first phase of the project, through capacity building and implementation planning with a steadily expanding number of local governments throughout Indonesia. At the same time, the project is supporting ongoing reforms to include institutionally managed water and sanitation services, and implementing a range of field trials with large-scale investments to scale up implementation of innovations required by the policy.

In Lao PDR and Cambodia, WSP has built on past sector reform work, supported by Sida, by strengthening the capacity of provincial intermediaries to implement the national rural water and sanitation strategy. Tools have been developed and put in use for sanitation and water supply informed choice, including water supply and sanitation technology choice guidelines in several local languages; and analytical work on expanding private sector participation in water and sanitation

services that has identified the extent of private sector involvement, as well as opportunities and constraints to growth that are being addressed in the current WSP business plan.

The learning program carried out under the AusAID-assisted Water Supply and Sanitation Performance Enhancement Project has produced practical recommendations for improving water and sanitation investments and has enhanced collaboration among the many government departments involved in the sector. This work has directly influenced a number of reforms, including the amendment of the implementing rules for the Water Code, passage of the Clean Water Act of 2004, and launch of the President's Priority Program for Water.

Sanitation and Hygiene

An East Asia thematic conference on meeting the MDGs for sanitation reaffirmed WSP's mandate to make sanitation the focus of much of its business in the region, and WSP-EAP has continued to build a substantial sanitation platform. The Program led an inter-regional visit by an Indonesian delegation to study the Community-Led Total Sanitation program in South Asia. This has resulted in a growing Total Sanitation program within large-scale rural programs financed by the International Development Association (IDA) and the Asian Development Bank (ADB).

Analytical work with International Development Enterprises assessing the sanitation marketing program piloted by IDE and Danida in Vietnam is leading to an expansion of this program in Cambodia through a combination of technical support for local service providers and marketing campaigns.

In the Philippines, the Program leads advocacy for sustainable and low-cost sanitation and wastewater treatment options.

WSP-EAP has also developed the Indonesia Sanitation Sector Development Program (ISSDP) that will be implemented over four years, beginning in 2005, with Dutch assistance. ISSDP further consolidates the Program's strong focus and capacity to assist countries in the region to meet the sanitation MDGs.



Rural and Small Towns Water and Sanitation

Building on sound policy reforms, WSP-EAP selectively supports major investments in rural water and sanitation where these operate at scale and are likely to achieve significant, national-level impacts on rural livelihoods and poverty. In Indonesia, WASPOLA uses field trials within ongoing and new large-scale projects financed by UNICEF, the ADB, and IDA to demonstrate the impact of policy changes and guide the formulation of project rules.

WSP-EAP supported the implementation of the Second Water and Sanitation for Low Income Communities Project, financed by IDA and AusAID, which channels funds and technical assistance for water supply, sanitation and hygiene improvement directly to more than 3 million people in seven provinces. The team is now playing a major role in preparing a third loan for Indonesia that will finance implementation of a national community-managed water and sanitation program based on lessons from the earlier projects that WSP-EAP has supported.

The regional team has also led the design of an innovative new rural water and sanitation project for densely populated rural communes in four provinces within the Red River Delta of Vietnam. The project, to be supported by IDA, will develop rural water utilities jointly owned by local governments and consumers. In Vietnam as well, WSP-EAP supported pilot social intermediation studies to develop effective modalities for design-build-lease management of district town water supplies in the IDA-financed Water Supply Development Project.

In Lao PDR the Program supervises the water and sanitation components of the IDA-financed Provincial Infrastructure Project and the Agricultural Development Project. WSP-EAP also promotes appropriate project rules through ex-post evaluation of investment projects, such as those undertaken in the Philippines.

Urban Water and Sanitation

WSP-EAP began to strategically expand activities focused on urban water and sanitation

Box 3.2: Cross-Regional WSP Collaboration Triggers Institutional Change Across Countries

In December 2004 WSP-EAP took a group of Indonesian government officials to Bangladesh and India for a study tour that was planned with, and hosted by, WSP-South Asia. The Indonesian team included national policymakers from several ministries and district level water and sanitation project managers. They visited several communities in both South Asian countries which had rapidly achieved total sanitation coverage without the use of hardware subsidies, using an approach home-grown in Bangladesh by NGOs working with an international consultant, that is, the Community-Led Total Sanitation (CLTS) approach. They also held discussions with government and NGO partners in Bangladesh and India, to analyze what they saw and its possible application in Indonesia—which would be the first application of CLTS in large scale government programs spanning several provinces.

Upon their return to Indonesia, the study team members presented their findings and initiated dialogues in Ministries concerned with sanitation, leading to a consensus to organise trials of the CLTS approach in a large scale project to test its workability. By April 2005, the first field trials were launched in three districts under the World Bank-supported Water and Sanitation for Low Income Communities (WSLIC) project. Community response has been promising and local government project management units have now decided to adopt CLTS as their preferred institutional approach to sanitation promotion, abandoning subsidy or revolving credit-based approaches of the past. The ADB-funded Community Water, Sanitation and Health (CWSH) project has volunteered two more districts for the field trials.

The results, to be evaluated by December 2005, are expected to inform project- and sectorwide scaling up strategies for subsidy-free sanitation behavior transformation, and contribute to Indonesia's National Sanitation and Hygiene Strategy formulation.

services in 2004 with operational research that is contributing to the design of infrastructure investment projects and capacity-building programs. Studies of the roles and impact of small-scale independent water service providers were completed in the Philippines and initiated in Indonesia. The work in the Philippines has led to new tariff structures and arrangements between the Metro Manila concessionaires and small-scale providers to enhance services in poor neighborhoods. A ground-breaking study of the impacts of corruption on water supply services in Aceh, Indonesia was completed in 2005 as a part of global thematic work that WSP has initiated. The results of the study are informing institutional changes in the sector in connection with tsunami relief and reconstruction work in the province.

Building on analytical work in small towns and urban water and sanitation utility performance in the Philippines, the Program has instituted performance monitoring and improvement through a pilot program benchmarking 20 utilities. It also supports the improvement of water supply franchising and regulation. The Sanitation by Communities Project (SANIMAS) in Indonesia was completed in seven cities in East Java. SANIMAS used demand-responsive approaches to assist low-income urban neighborhoods improve sanitation, and supported municipal governments with strategic sanitation planning. The pilot project has been followed with substantially larger investments in an expanded SANIMAS Program by municipal governments with matching grants from the central government.

Partnerships

WSP continues to foster regional and international dialogues through national working

groups, regional thematic conferences, and support for participation by national partners in key international events. A key activity for the region is mainstreaming gender and targeting poverty in the provision of water and sanitation services. WSP developed the necessary tools to ensure that gender and poverty are taken into account in the design and implementation of projects, and is providing training and technical support for their use in World Bank-financed projects in Indonesia, Lao PDR, the Philippines, and Vietnam. WSP-EAP maintains National Advisory Groups, comprising sector leaders from a broad array of institutions in the focus countries, to provide advice and exchange learning on Program initiatives. Key national partners include the Ministries of Rural Development and Infrastructure, Mining, and Energy in Cambodia; the National Development Planning Agency, the Ministry of Health, and the NGOs Yayasan Dian Desa and Bremen Overseas Research and Development Association in Indonesia; The National Water Supply and Environmental Health Program, Water Supply Authority, Urban Research Institute, and Department of Housing and Urban Planning in Lao PDR; the Department of Interior and Local Government, the National Water Resources Board, and the National Economic Development Authority in the Philippines; and the Center for Rural Water Supply and Sanitation, International Development Enterprises, and the Water and Sanitation Association in Vietnam.

WSP-EAP receives support and manages bilateral assistance from Australia, Denmark, the Netherlands, and the United Kingdom. Regional operations are managed from Jakarta, Indonesia, with country offices in Cambodia, Lao PDR, the Philippines, and Vietnam.

Box 3.3: Selected Activities in East Asia Pacific (EAP)**Cambodia**

- Advisory support for implementation of water and sanitation policy framework and strategy.
- Participatory assessment skills training for facilitators.
- National workshop to develop strategies to achieve the MDGs for water supply and sanitation. Indonesia
- The Second Water Supply and Sanitation Policy and Action Planning Project supported (a) implementation of National Policy on Community-based Water Supply and Environmental Sanitation in seven provinces; (b) advisory support for developing a national policy framework for institutionally-managed water supply and environmental sanitation; (c) training of field teams and orientation for policymakers in participatory assessment methods; (d) inter-regional knowledge transfer on Community-Led Total Sanitation; and (e) national workshops on policy implementation.
- Completion of Sanitation by Communities (SANIMAS) Project, international sanitation workshop in Bali, and launch of expanded SANIMAS program by Government of Indonesia.
- Development and dissemination of communications products through various channels, including mass media.
- Management of the IDA-financed Second Water and Sanitation for Low Income Communities Project (WSLIC 2).
- Technical support for World Bank projects in Indonesia, including Initiatives for Local Governance Reform Project (ILGRP); Support for Conflict Ridden Areas Project (SCRAP); Kecamatan Development Project (KDP).
- Water and Sanitation Discussion Forum.
- PPIAF-financed operational research: Roles of small-scale water service providers in Indonesian cities.
- National workshop on MDG strategies for water supply and sanitation.
- Preparation of the water supply and sanitation component of the World Bank's Infrastructure Strategy for Indonesia.

The Philippines

- The Water Supply and Sanitation Performance Enhancement project support for water supply policy reforms through communications and dissemination of WPEP outputs.
- Support for National Water and Sanitation Conference, leading to establishment of the President's Program for Water.
- Performance improvement and benchmarking of small towns utilities in the Philippines.
- Development of a sanitation sourcebook and decision aid.
- National workshop on MDG strategies for water supply and sanitation.

Lao PDR

- Private sector mapping study for the water and sanitation sector, including (a) study of private sector participation in WSS; (b) Sector Forum on private sector situation for WSS; and (c) private sector mapping database (Supporting Urban Research Institute {URI}, Ministry of Communication, Transport, Post and Construction {MCTPC}).
- Sector Consultation on 'Actions to Scale-up the National Poverty Eradication Programme (NPEP) for Water Supply and Sanitation' (Supporting Committee for Planning and Investment {CPI}).
- Study on 'Implementation of National Water Tariff Policy and Development of WSS Management Models', and the comprehensive Study Report on 'Building Consensus' including reports, videos, website, and maps (Supporting WASA; funded by PPIAF).
- 30th WEDC International Conference (Supporting Department of Housing and Urban Planning {DHUP}, MCTPC, and Local Organizing Committee).

Vietnam

- Establishment of a water supply and sanitation Professional Working Group.
- Preparation of Red River Delta Rural Water Supply and Sanitation Project (IDA-funded).
- Pilot social intermediation studies under the IDA-financed Water Supply Development Project.
- National workshop on MDG strategies for water supply and sanitation.

Regional

- Regional thematic conference on achieving the sanitation MDGs.
- Sanitation marketing study.

Latin America and the Caribbean (WSP-LAC)

Regional Office: *Lima, Peru*

Focus Countries: *Bolivia, Peru, Nicaragua, and Honduras*

What Our Clients Say

“In my role representing the community of Nueva Cajamarca, I thank the support of the Water and Sanitation Program administered by the World Bank and the Canadian International Development Agency, in helping us to reach an autonomous management model for our water and sanitation systems. The private-public-social partnership approach of the Small Town Pilot Project will allow the auto-sustainability of the services, without political interference, with gender equity along all the process.”

— *James A. Carranza Rivera, Mayor of Nueva Cajamarca, Peru.*

“For its importance as a development agency, for the quality of its work, for its capacity to touch public and private instances at all levels in various countries of the Andean Region, Central America and from other continents, WSP is a crucial actor in the development of the water and sanitation sector. Its vision of the sector and the way it faces challenges allows WSP to promote structural reforms, implement sustainable policies and propose strategies that guarantee investments for low-income rural and urban zones.”

— *Gilbert Bieler, Sector Advisor, Aguasan/SDC.*

Regional Strategy

About 220 million people live in poverty in Latin America and there is still a long way to reach the MDGs in a sustainable way. To meet the target in water and sanitation, approximately 123 million additional people in urban areas and 23 million additional people in rural areas will require access to water supply. For sanitation, 131 million additional urban dwellers and 32 million rural inhabitants will need access to services. Within this context, WSP in Latin America is orienting its efforts to provide support to the poorest countries in Central America and in the Andean Region in integrating MDGs in government strategies and defining MDGs roadmaps. To complement these efforts, WSP's regional strategy has focused on supporting sector reforms and decentralization processes, including efficient and socially accepted and gender sensitive management models and financing mechanisms at the lowest levels, managing knowledge to enhance sector learning, and fomenting public-private partnerships to build synergies, such as the handwashing initiative to reduce child mortality in Peru.

Sector Reform

The long-awaited process of decentralization became a reality in various countries of Latin America, particularly in three of WSP's focus countries: Honduras, Nicaragua, and Peru. Local and regional governments have now increased responsibility in the delivery of sustainable water and sanitation services. To help central government and municipalities in Honduras and Nicaragua understand the implication of decentralized delivery of WSSS, WSP documented lessons learned from several initiatives in both countries and disseminated the experience developed by the PROPILAS pilot project implemented in the Northern Andes of Peru. Currently, the Nicaraguan Social Fund, FISE, is in the process of implementing a US\$42 million rural water and sanitation program, transferring

funds to municipalities and communities, providing local governments and communities a key role in the design, implementation, and financing of rural water and sanitation systems, where the PROPILAS experience helped FISE strengthen its technical assistance model to municipalities and communities.

In Honduras, WSP carried out an assessment on mainstreaming gender into WSS projects and a study on the status of basic sanitation services in rural communities and urban poor zones in partnership with the Water and Sanitation Network of Honduras (RAS-HON). The assessments—which are an integral part of WSP’s support to sector reform in Honduras—will identify development needs in these areas and make recommendations to the Honduran sector authorities. A Danish and Japanese Consultant Trust Funds financed the evaluation work.

In Peru, efforts to support sector reform followed the same direction. In light of the new political organization of the country, the water and sanitation sector legal framework had to be adapted in order to include mechanisms to strengthen regional and local governments. The Ministry of Housing, Construction and Sanitation included in the bylaws of the General Water and Sanitation Law a special section that incorporates the basic institutional arrangement and concepts of the Small Town Pilot Project that is being implemented with technical assistance of WSP and financial support of CIDA. Among others, the following aspects of service delivery in small towns were added: inclusion of local small scale providers, municipal contract quality-tariff regulation, community oversight of the service quality, and full cost recovering tariffs, which will influence the WSS service delivery in around 650 small towns that cover over 4.1 million inhabitants in Peru. Additionally, WSP supported the sector authority in the analysis of the legal framework proposing improvements on the regulations of the Water and Sanitation General Law. A chapter dedicated to alternative technologies, especially the “condominial” approach, was included in the regulations related to the construction of water and sanitation infrastructure.

Sanitation and Hygiene

The public-private partnership for promoting handwashing with soap in Peru had significant achievements. The handwashing behavioral study was concluded and after persistent fundraising efforts, finally a US\$891,000 grant from the Japanese Social Development Fund (JSDF) will finance the interpersonal communications campaign addressed to mothers, caretakers, and children under 12 years of age for adopting appropriate practice of handwashing and reducing children diarrhea. The ultimate goal of this three-year effort in Peru is to inculcate the habit of handwashing among mothers and children, and reduce diarrhea incidence by 20 percent in children below five years. The mass media component is focused on nationwide radio (80 percent). The interpersonal communication component includes over 60 “Training of Trainers” workshops and a School Program to be implemented in eight regions. The dissemination strategy is using the institutional channels of private partners, such as private firms’ sale forces distributing handouts and messages to target audiences; TV advertisements are being aired at bank agency establishments nationwide; and concerning printed media, HW advertisements are included in utility bills and local newspapers.

In fiscal 2005, Honduras started an assessment on the status of basic sanitation services in rural communities and urban poor zones in partnership with the Water and Sanitation Network of Honduras (RAS-HON). The evaluation will identify development needs in these areas and make recommendations to the Honduran sector authorities. The evaluation forms an integral part of WSP’s support to sector reform in Honduras. A Japanese Consultant Trust Fund finances the evaluation work.

Rural Water and Small Towns

2005 was a challenging year for the rural water sub-sector in Peru. Committed to alleviate extreme poverty and bring solutions to the WSS crisis, the government demanded support from WSP for tackling new issues associated with the water supply and sanitation provision to native

population and communities in the Amazonian jungle. Initial efforts were oriented to undertaking a rapid assessment of the water and sanitation services in the low Amazonian Region, which has been socialized among the sector. Almost 60 percent of the Peruvian territory belongs to the Amazon; however, it is scarcely inhabited by only 11 percent of the total population. In Amazonian rural areas, water and sanitation coverage reaches barely 10 percent. Aware of this problematic and thanks to a Japanese Trust fund, WSP carried out—together with the sector authority and in partnership with the Community of Andean Nations—a more in-depth study and strategy to revert this critical situation in Amazonian small towns and rural areas belonging to the Andean countries.

Additionally, WSP continued accompanying the PROPILAS pilot project executed by CARE with financial support from SDC. PROPILAS' third phase was dedicated to the training and accreditation of professionals in participatory approaches to reach sustainable rural water and sanitation services. As a result of this initiative, 152 technicians and professionals were trained based on a holistic approach for water and sanitation service provision integrating infrastructure issues together with service management and social components. The experience was documented and disseminat-

ed by WSP and it has been replicated on a major scale through the PRONASAR.

With regard to small towns, the Small Town Pilot Project in Peru (STPP) has been the most relevant activity in this intervention area. The STPP seeks to develop sustainable WSS management applying a new model based on a process that embraces community commitment and strengthening of sector capacity to develop national policies and strategies to scale up a new approach for service administration. By June 2005 the STPP concluded the progress towards the change of the management model in the nine small towns under intervention. Additionally, WSP validated and socialized a strategy and methodology to mainstream gender into WSS projects in small towns that include a change in the service administration with a strong participation of civil society. (For more details on the STPP, see Box 3.4.)

In Bolivia, WSP undertook—in coordination with the Vice Ministry of Basic Services—a study on service management models including private sector participation in small towns. Additionally, in Ecuador, WSP carried out a sustainability study on rural water and sanitation systems in 94 communities, including the documentation of five case studies. Both studies served as points of departure for the development of projects and sector policies.



Urban Water

Efforts in Peru were oriented to promote condominium technology in close coordination with a service coverage expansion project led by Lima's water utility, SEDAPAL, and financed by the World Bank. Due to the low cost and social acceptance of this technology, SEDAPAL approved the norm which allows the design of water supply and sanitation projects based on condominium systems. This is a step forward in enabling poor families living in peri-urban areas to access quality water and sanitation services.

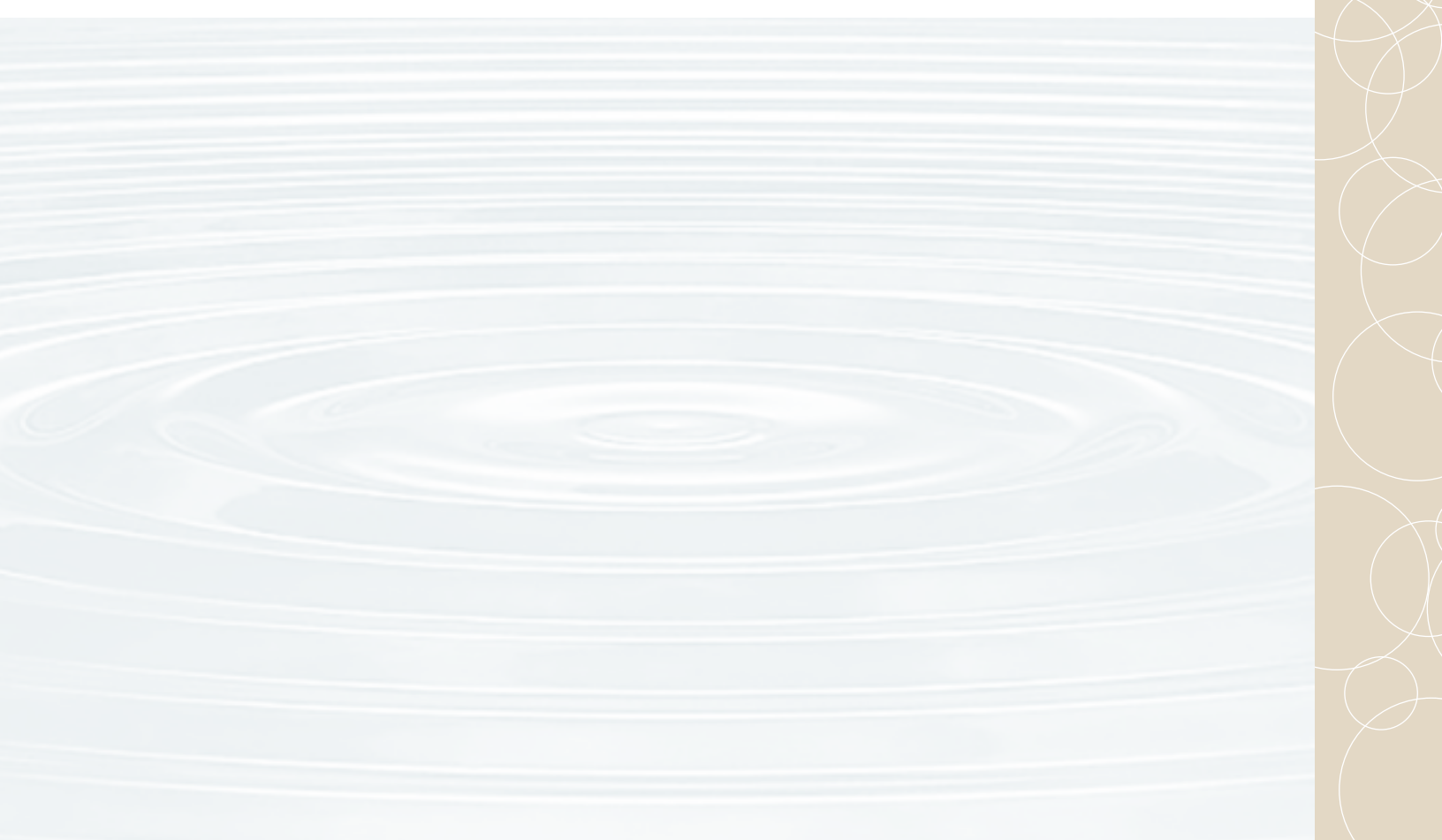
Partnerships

Partnerships remained the backbone of WSP activities in the Region. Strategic alliances were crucial for promoting non-conventional technologies for small towns. In association with the Pan-American Center for Sanitary Engineering and Environmental Sciences, WSP launched in Peru an international workshop to discuss low-cost alternatives for water and sanitation systems.

In Central America, WSP was invited to participate in, and contribute to, the activities of the recently established Central American and Dominican Republic Water and Sanitation Forum (FOCARD-APS). Due to its regional and inter-governmental character, FOCARD-APS has the leverage to make a positive impact in all of Central America, most notably in speeding up sector modernization and decentralization of services.

New Directions

With regard to staffing, WSP-LAC experienced a change in its management. A new Regional Team Leader was appointed together with a Regional Team Assistant, to overhaul WSP's regional strategy and impact in Latin America. The Peru Country Coordinator and Senior Water and Sanitation Specialist moved from Lima to Tegucigalpa to consolidate the presence of WSP in Central America, and a new Country Coordinator in Peru was assigned to strengthen interventions in this country.



Box 3.4: Toward Local Capacity Building and Community Empowerment for a Sustainable Basic Service Provision in Small Towns

The Small Town Pilot Project in Peru is a joint initiative of the Vice Ministry of Construction and Sanitation, WSP and the Canadian International Development Agency. By testing innovative WSS management models, the project aims to improve water and sanitation services for more than 145,000 people in 9 small towns with populations ranging from 2,000 to 30,000 inhabitants. The lessons learned are serving the National Program for Rural Water and Sanitation, PRONASAR, which includes a small town component targeting over 100,000 additional small town dwellers of 27 municipalities.

The WSS management model design stage concluded by proposing a model based on local specialized operators, community oversight, participatory determination of quality-tariff, and municipal regulation of the WSS local services. The process of change was led by the municipality with a participatory approach empowering the community so that people, duly informed, could consent to the change of WSS management model and the quality-tariff levels that the municipality would regulate.

The Small Town Pilot Project (STPP) consists of a five-stage intervention process: sensitization and information; promotion and empowerment; implementation and capacity building; follow up and reinforcement of local capacities; and impact evaluation.

The first stage concluded with a survey to determine the degree of understanding of the project and the acceptance it had. During 2005, the second stage was completed and the third stage started in all the localities. The project implementing consultants performed the technical and social assessments, proposed WSS services development plans including quality-tariff options, determined with community authorities and leaders the WSS management model for community consultation, informed the community about advantages and disadvantages of the proposed model and supported the Communication Committee in a neighborhood by neighborhood consultation. Nine consultation processes took place, with more than 200 neighborhood assemblies and 5,000 families expressing informed opinions. They all agreed to change WSS management model in their locality and consented on the quality-tariff proposed.

The implementation and capacity building stage is on-going having municipalities approved the four basic ordinances (tariffs, WSS service delivery, community supervision, and claims attention), community supervision boards were created, and local specialized operators selected following a transparent process with civil society's participation in the decision making.

As part of its hygiene education component, the STPP organized a drawing contest addressed to children in order to promote healthy practices and behavior in schools. Through a creative methodology, awareness was created about the importance of the proper use of the water resources. The best drawings were awarded in a special ceremony dedicated to celebrate the Inter-American Water Day (October 1).

The STPP is a three-year intervention that is validating alternative management models to enhance the quality and sustainability of water supply and sanitation services, having as strategic support the community participation, gender equity approach, health and hygiene programs, and low cost alternative technologies usage.

Box 3.5: Selected Activities in Latin America and the Caribbean (LAC)**Urban Water and Sanitation**

- Workshops and field visits to promote condominal technology in coordination with SEDAPAL project in Peru.
- Technical norms approved by SEDAPAL to apply condominal model for service coverage expansion.
- Assessment on hygiene practices and perception of potential beneficiaries of SEDAPAL project—publication and dissemination.
- Lessons documented on the operation and management of autonomous drinking water systems in Lima's peri-urban areas.
- Workshop on wastewater management and condominal sewerage system co-financed by SDC and USAID in Honduras.

Rural Water and Sanitation

- Technical assistance to the design of a Sector Information System in Peru and support to the implementation of pilot initiatives in rural areas.
- Assessment on Water and Sanitation services in the Amazonian Region in Peru.
- Technical assistance to the SDC-financed PROPILAS Project in the documentation of its second phase, EPILAS, and transfer of knowledge to Central America.
- Technical assistance to Sector Authorities in Honduras and Nicaragua in the incorporation of lessons learned and best practices from the PROPILAS project into their programs and intervention models.
- Technical assistance to the Honduran sector planning entity CONASA in the regulation of the water and sanitation services and reorganization of the sector.
- Support to the local water and sanitation network, RAS-HON, in preparing an operational guide for the design and implementation of rural water supply and sanitation services.
- Post-project sustainability studies in Bolivia and Ecuador.
- Technical assistance to the Honduran Social Investment Fund in the implementation of its Rural Water Supply and Sanitation Pilot Program.
- Technical assistance to the Nicaraguan Social Investment Fund in the design of its Rural Water Supply and Sanitation Program, in coordination with the World Bank.
- Technical assistance to the Government of Honduras in the design of its Rural Infrastructure Project, in coordination with the World Bank.

Small Towns

- Technical assistance provided in the implementation of the Small Town Pilot Project in Peru.
- International Symposium on Alternative Technologies for Water and Sanitation Services in Small Towns held in Peru.
- Study trip to Colombia and Paraguay for Peruvian Sector Authorities and Mayors participating in the STPP.
- Study Visit to Ecuador with a Peruvian governmental official for knowledge exchange on alternative service management models for small towns.
- In coordination with the Basic Services Vice Ministry in Bolivia, National Workshop in Santa Cruz to discuss and share experiences on management of WSS in small towns.
- Study on service management models with private sector participation in small towns in Bolivia.
- Validated and socialized with sector authority in Peru strategy and methodology to mainstream gender in WSS projects in small towns implying change of the service management model.

Cross Sector and Network

- In coordination with SDC and the Nicaraguan national Commission for Drinking water and Sewerage, launched Workshop on Sector Wide Approach, conceptual framework, case studies and the development of road maps for its application in Nicaragua.
- In partnership with SDC, Lima's water utility and the Peruvian Sector Authority launched Workshop Sanitation as a Business establishing steering committee "Sanitation for all" for field actions.
- Support to the Sector Networks in Ecuador and Peru in preparing and disseminating the Sector Newsletter Agua Yaku and Agua Bulletin.
- In partnership with the Gender and Water Alliance, documented International Workshop on Building a common approach to promote gender equity in the integrated water resources management in Latin America held in La Paz, Bolivia.
- First Phase of the Handwashing Campaign deployed in Peru based on consolidated private-public partnership. Support to local water and sanitation networks in Honduras and Nicaragua in the design and implementation of their business plans for sector development.

South Asia (WSP-SA)

Regional Office: *New Delhi, India*

Focus Countries: *Bangladesh, India, and Pakistan*

Sector Reform

WSP-SA's sector reform agenda is designed to support governments in making services work for the poor; it advocates for proper targeting of investments and subsidies by increasing awareness across the region that limited budgetary resources should no longer be used to subsidize below cost recovery tariffs for middle and upper income households, inefficient operations of water supply and sanitation service providers and investment programs that reinforce a focus on asset creation rather than provision of quality service. WSP-SA has carried out studies and assessments which clearly show the effects of poor targeting of investments and subsidies—deterioration in coverage and service levels, lack of sustainability of new investments, failure to keep up with population growth and the rapid pace of urbanization—with the burden falling disproportionately on poor people.¹

To demonstrate more sustainable approaches, WSP-SA organized workshops and study tours for participants from across the region to expose South Asian policy makers and utility managers to international and local best practices in water and sanitation utility reform and design of fiscal instruments to support broader sector reform. This advocacy sparked demand for support to design the reform. WSP-SA worked with governments and service providers to develop institutional approaches that will improve service to the poor by strengthening accountability to citizens, including utility benchmarking for urban

What Our Clients Say

“Workshops and seminars organized by WSP-SA provide excellent learning opportunities. I make it a point to try to attend all such WSP-SA events.”

—Col. (Retd.) Muhammad Shahbaz, Director General, Local Government Department, Punjab

“Our interactions with WSP-SA invariably help in generating new concepts for bringing improvements in existing systems.”

—A. A. Sabzwari, Managing Director, Water and Sanitation Agency, Rawalpindi.

1. WSP-SA's state and city level assessments of urban and rural water supply and sanitation show that increased investment over the past four Five Year Plans have resulted in an increase in access to infrastructure, but have failed to improve reliability or quality of service. In fact, household connections to urban water supply and sewerage networks have increased only slightly, while water quality and reliability have deteriorated in cities and rural communities.

water supply and sanitation, design and pilot implementation of a monitoring and evaluation system for rural water supply and sanitation, and establishing a network of community support organizations to facilitate exchange of experience on Voice and Client Power.

Working with the Ministry of Urban Development in India, WSP-SA has supported the design of fiscal instruments to incentivize urban reforms, which will put pressure on cities and their utilities to improve service delivery by requiring participatory comprehensive development planning, providing for universal access, regulation, improved accountability to customers, and cost recovery. Though the Cities Challenge Fund did not take off in India, the concepts have been incorporated into design of a more comprehensive urban incentive fund, the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), which is expected to channel between \$1 and 2 billion per year to reforming cities for infrastructure. Across the region, WSP-SA has continued to support the move toward fiscal reforms to incentivize decentralization and improved sustainability of rural water supply and sanitation interventions.

To support governments gain acceptance for reform and increase understanding of stakeholders, WSP-SA introduced strategic communica-

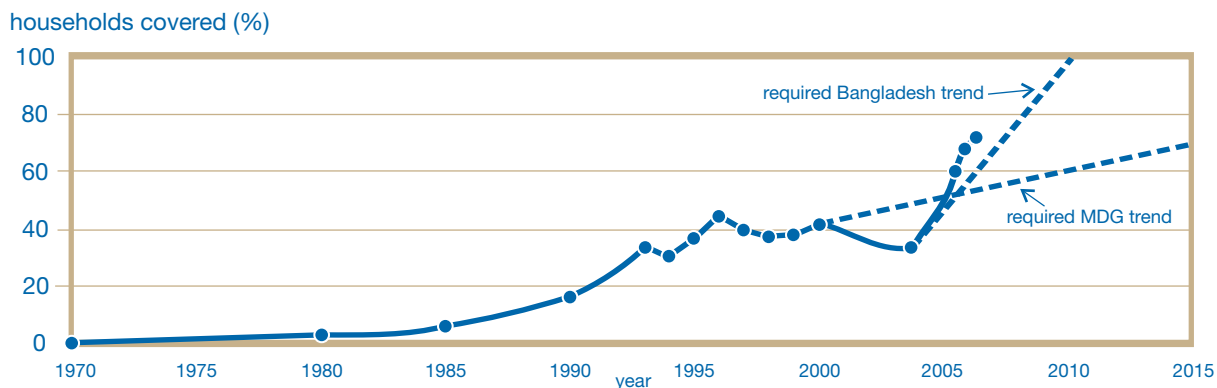
tions as a reform tool, supporting the States of Karnataka and Delhi in developing strategies for communication.

Rural Sanitation

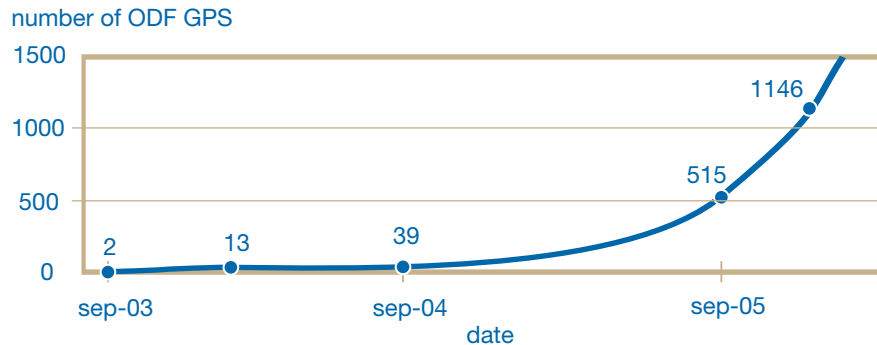
The region is experiencing a paradigm shift in rural sanitation that is on track to enable achievement of the MDGs ahead of schedule in Bangladesh and India. During fiscal 2005 significant strides were made in promoting the approach of rewarding villages and districts for achievement of “open defecation-free” (ODF) status and movement up the sanitation ladder. Bangladesh and India both adopted national programs to promote Total Sanitation by rewarding villages achieving ODF status. In Bangladesh, where the Community Led Total Sanitation (CLTS) approach was first piloted, the rate of increase in sanitation coverage has accelerated from 1% per year to 10% per year as a result of adoption by the national government of a strategy to award local governments for meeting sanitation outcomes and allocation of 20% of the sub-district development budget for sanitation.

In India, the national fiscal incentive scheme, *Nirmal Gram Puruskar* rewarded 770 villages in 2005 for achieving ODF status in 2005, up from only 32 villages in 2004. This fiscal instrument supports the centrally sponsored scheme, *Total*

Figure 3.1: Sanitation Coverage in Bangladesh



Source: Bangladesh Bureau of Statistics, UNICEF, National Sanitation Secretariat.
Prepared by Shafiul Azam Ahmed, WSP Bangladesh.

Figure 3.2: Growth in Open Defecation Free Gram Panchayats

The size of gram panchayats varies in Maharashtra. Each ODF gram panchayat comprises of 200 households approximately.

Sanitation Campaign, designed for demand creation. In 2005, WSP continued to support roll out of the state-level program in Maharashtra, which complements the national program and facilitated a number of exposure visits by other states. As a result Himachal Pradesh launched its own program with WSP-SA support. Four additional states have requested assistance from WSP-SA to implement similar approaches and are in the initial stages of planning. WSP-SA has produced films on the Bangladesh and India approaches, which are used in advocating for adoption of the approach to igniting collective behavior change and rewarding outcomes. Delegations from Indonesia, Nepal and Pakistan have also visited Bangladesh and India to learn from their experience with CLTS and similar initiatives are being piloted in those countries.

By the end of December 2005, Maharashtra had around 1146 open defecation free gram panchayats. The size of gram panchayats varies in Maharashtra. Each ODF gram panchayat comprises of 200 households approximately.

To evaluate the impacts of Total Sanitation approaches and lessons learning from the experience to day, WSP-SA is undertaking a major learning exercise of measuring health effects with total sanitation through randomized evaluation in Bangladesh and India.

Rural Water Supply

For rural water supply and sanitation across the region, WSP-SA supported governments to shift from a 'pilots and projects' approach to national and state-wide programs that allow for scale up. In India, WSP-SA supported the national government in the design and implementation of its new framework, which will provide incentives for adopting more sustainable approaches to sector development, including community participation and decentralized implementation. It is expected that over \$1 billion per year of national and state funds will be channelled to finance implementation of state-wide sector transformation plans to increase access to sustainable water supply and sanitation. WSP-SA and UNICEF are supporting the first step in the process—assessments in 22 states—which will lay the groundwork for the development of sector transformation plans. In 2005, WSP-SA provided input to design of World Bank-funded Rural Water Supply and Sanitation (RWSS) Sector Wide Approach projects and rules of engagements. DfID has also expressed interest in supporting RWSS state programs through sector-wide approaches. In 2005, India's Rajiv Gandhi National Drinking Water Mission contracted a local IT firm to develop a sector-wide monitoring and evaluation system, based on design parameters designed and piloted in four states by WSP-SA

in previous years. The state of Maharashtra has requested support with implementation of an expanded M&E system for its decentralized RWSS program.

In Bangladesh, WSP-SA is working closely with the World Bank and other donors to improve the way projects are designed and implemented. WSP-SA has supported launch and implementation of the World Bank's Bangladesh Water Supply Program Project, which draws lessons from the earlier Arsenic Mitigation pilot project as well as the study, "Willingness to Pay for Arsenic-Free Safe Drinking Water in Rural Bangladesh." The project introduces a more programmatic approach to improving rural water supply with significant participation of NGOs or small-scale service providers. WSP-SA continued to support dissemination of the report jointly prepared with the World Bank on Operational Response to Arsenic Mitigation to a National Forum and Local Consultative Group meetings in December. In addition, WSP-SA supported analytical work of the World Bank by supporting preparation and consultations around the Bangladesh Country Water Resources Assistance Strategy (December 2005) and conducting an assessment of the efficiency and effectiveness of spending in the water and sanitation sector as the basis for a chapter on WSS in the World Bank's Public Expenditure Review (to be issued in 2006).

In Pakistan, WSP-SA continued to support implementation of Community Infrastructure Projects in Northwest Frontier (NWFP) and Azad Jammu and Kashmir (AJK) Provinces to align community infrastructure investments with the new devolved service delivery framework and to build the capacity of local governments. During 2005 WSP-SA conducted an assessment of capacity building interventions and needs in NWFP as the basis for design of future assistance to the province. In addition, WSP-SA continued to support the National Reconstruction Bureau with preparation of a series of manuals designed to support local governments with planning and management to improve local service delivery. All activities in Pakistan were disrupted by the devastating earthquake that struck northern areas of Pakistan in October 2005. Immediately fol-

lowing the earthquake, WSP-SA supported the joint ADB-World Bank damage assessment and provided input to design of an earthquake relief and recovery support project.

Urban Water Supply and Sanitation

Following the successful advocacy campaigns of previous years for continuous water supply (24x7), for integrated sanitation planning and for universal access, in 2003–04 WSP-SA was requested to engage at the utility level to support design of institutional reforms which would enable achievement of these goals. During 2005 WSP-SA's support to design of institutional reforms for Goa, Delhi and Bangalore continued and included:

- In Goa—situation assessments, support to evaluation of institutional options for reform, a stakeholder consultation workshop, draft sanitation strategy, technical advice on design of monitoring systems and improvements to customer service systems.



- In Delhi—a demand assessment, support for development of internal and external communications strategies and for consultations around the proposed reform (management contract to pilot continuous water supply in two zones in Delhi), support for design of a pro-poor strategy and implementation plan, support for development of a roll-out strategy.
- In Greater Bangalore—technical studies, a demand assessment, design of a consultation process for community participation, all in conjunction with evaluation of private sector participation options by IFC Advisory Services.

By year-end all three reform initiatives stalled due to political and bureaucratic shifts. In Goa the state has only recently elected a government following a period of Presidential Rule. There have been a number of bureaucratic transfers, including the exit from key positions of those who had been champions for reform in water supply and sanitation. The new government understandably wishes to take its time to evaluate the proposed reforms.

In Delhi, despite a series of consultations around the reforms with resident welfare associations, NGOs and the media, a strong opposition was mounted to private sector participation in any form in the water sector and to World Bank

involvement. As a result, the government withdrew its application for a World Bank loan and appointed a panel of Indian experts to review the recommendations. Delhi is not likely to implement the management contracts for continuous water supply in two pilot zones, but may well opt instead for institutional reforms designed to improve accountability and incentive structures within the existing public sector institution. In this context, many of the recommendations to improve service to the poor could be implemented, as well as the recommended internal and external communications strategies.

In Greater Bangalore, first bureaucratic transfers and later a change of government have delayed a decision by the government on the private sector options proposed by IFC, as well as implementation of the consultation process which had been designed. The State Government had drafted a pro-poor policy, but has not yet disseminated it or consulted with stakeholders around it. The information vacuum has been filled by Civil Society Organizations that have mobilized to oppose private sector participation in water.

One of the major objections voiced by CSOs in Delhi and Bangalore has been the lack of transparency and consultation throughout the process of consideration of reforms. The clear lesson from



these experiences is the need to build a strong broad-based understanding of sector issues and reform options and to consult with stakeholders around design of reforms—not waiting until decisions have been made to then try to convince them that they are the right ones. WSP-SA proposes to work with clients in all three localities to disseminate findings of technical and demand assessment studies in Delhi, Bangalore and Goa in an attempt to raise awareness of the need for reform and to explore more palatable public sector reform options.

It is likely some of the designed reforms will be taken up in all three cases, in particular the pro-poor interventions and internal and external communications strategies developed in Delhi, the sanitation strategy and mechanisms to improve accountability and customer service in Goa and internal and ward level consultations in Bangalore.

Lessons from Goa, Delhi and Bangalore have informed WSP-SA's assistance to Karachi in Pakistan. Following a workshop on UWSS reforms in Karachi in February 2004, the former Nazim (Mayor) of the City District Government of Karachi, the Governor of Sindh Province and the Managing Director of the Karachi Water and Sewerage Board (KWSB) requested WSP-SA's assistance with design of institutional reforms to improve accountability and incentive frameworks as the basis for improving water and sanitation services. The request for assistance was endorsed by the new Nazim, immediately following his election in October 2005. WSP-SA has advised restructuring of the institutional relationships between the Province, the City and the utility to make the utility truly autonomous and empowered to take steps necessary for reform. WSP-SA has advised broad consultation around the design of the reforms and implementation of internal and external communications strategies. Technical and managerial changes will be needed within KWSB, but these can only be effective within the context of higher level governance and institutional reforms. As an initial step, KWSB established a Civil Society Liaison Cell to facilitate consultation with CSOs. The Managing Director of KWSB has held several consultations with Civil Society and media. The City has engaged one of the more prominent

and well respected NGOs to design and implement a program to improve service to the poor and to map the sewerage and drainage systems throughout the city. The parties have been slower to initiate governance and institutional reforms.

Across the region, WSP-SA has reached a number of other utilities through its benchmarking project designed to provide information on current levels of service to operators and decision makers and improve accountability of Urban Water Supply and Sanitation (UWSS) service providers. In India, where 13 utilities have been supported to implement benchmarking in the first phase of the project, review of the results and comparison with utilities in other countries helped to raise concerns about deteriorating service levels and the need for such reporting, supported by adequate systems for tracking and for ensuring the integrity of the



data. An introductory workshop in Bangladesh in 2004 led to a demand for utility-level support, which was launched in 2005. In Pakistan, WSP-SA is supporting introduction of benchmarking in six Water and Sewerage Authorities in Punjab Province, which is designed to facilitate monitoring of World Bank and ADB UWSS projects.

Some especially promising examples include:

- Fiscal instruments and projects that make funds available to those cities that are prepared to introduce key reforms essential for improved service.
- Policies, institutional and regulatory frameworks that clearly delineate responsibilities for service delivery and regulation.
- Mechanisms to improve accountability and transparency of public institutions, such as benchmarking, disclosure policies.
- Partnerships with the private sector designed to improve services.
- Introduction of proper incentives that cause service providers (public and private) to view poor people as potential paying customers instead of social obligations.
- Institutional models for improved urban sanitation, which involve communities or the private sector in planning and management.
- Integrated sanitation planning by local governments, which identify regulatory, institutional and financial strategies as well as technical facilities needed.
- Participatory approaches that involve the communities in the design process to identify solutions that fit their needs and ability to pay.
- Mechanisms designed to give citizens voice and power in setting and monitoring service standards and systems to enable them to lodge complaints and seek redressal.



Box 3.6: Workshops and Study Tours**Bangladesh***Sector Reforms and Policy Support*

Support provided to preparation of sections on WSS in the World Bank Country Water Resource Assistance Strategy and consultations/dissemination; report issued December 2005.

Analysis conducted of efficiency and effectiveness of investments in the WSS sector as the basis for a chapter on WSS in the World Bank's Public Expenditure Review (to be issued in 2006).

Rural Sanitation

Support provided to Dishari Project, a local government based sanitation initiative to demonstrate reaching total sanitation through building capacity of the local government, community participation and government-NGO partnership in nine districts covering approximately 2.3 million people, in partnership with WaterAid, Plan Bangladesh, Dhaka Ahsania Mission and the Ministry of Local Government.

Urban Sanitation

Workshop: "Institutional Reform for Better Solid Waste Management" held in Sylhet, April 2005. Hospital waste management project launched in Dhaka City, in partnership with PRISM Bangladesh, launched February 2005.

Urban Water Supply

Benchmarking exercise launched with large city Water and Sanitation Authorities, City Corporations and Pourashavas.

India*Rural Sanitation*

Government of Maharashtra supported with implementation and assessment of Sant Gadge Baba Swatchata Abhiyan Clean Village Campaign (CLTS program), which has enabled achievement of rural sanitation outcomes on an increasing scale.

Government of Himachal Pradesh supported with design and launch of a state-wide CLTS program; workshop held June 2005 for dissemination and review of technology manual, review of implementation progress and planning for scale-up. Situation assessment conducted as basis for development of draft sanitation strategy for State of Andhra Pradesh; workshop held August 2005 for review of the situation assessment and draft strategy; note for Cabinet Approval drafted.

Film produced on Community Led Total Sanitation approach, "Igniting Behaviour Change" and shown to journalists from around the region, aired on national television in India on World Environment Day and featured in the World Bank's Regional Management Team Retreat in Washington and Economist's retreat as an example of best practice in Analytical and Advisory Services.

Policy dialogues, experience sharing and exposure visits for representatives from additional states in India (Rajasthan, Gujarat, Madhya Pradesh, Haryana and Karnataka) to advocate for CLTS; initial discussions around strategy development in four states.

Ongoing randomized evaluation study to draw out lessons learned and measure the health effects with total sanitation.

Rural Water Supply

Support provided to state-level RWSS sector assessments, which are designed to inform development of state sector transformation plans (state RWSS programs) and form the basis for fiscal transfers from Gol beginning in 2007 to support implementation of decentralization and scale up of demand-responsive RWS approaches. Working with the Rajiv Gandhi National Drinking Water Mission, WSP-SA is supporting assessments in 8 states and UNICEF in 14 states; each organization is assisting in peer review of assessments supported by the other.

Input provided to design of World Bank SWAp project in Utteranchal and rules of engagement which will guide future SWAps envisaged in four states in 2006.

Urban Water Supply and Sanitation Reform

MoUD supported with design of the JNNURM a Gol fund that incentivizes city and state level reforms to decentralize responsibility for service delivery, introduce city development planning with institutional reforms, greater accountability, transparency and citizen participation and to provide universal access to basic services in 63 major cities in India.

Workshop: "Policies and Strategies for Improving Urban Services – Findings from Eight City Assessments," held with MoUD, state and city officials on June 2005; findings have informed the development of approaches for strategic assessment in other cities for JNNURM.

Box 3.6: Workshops and Study Tours (con't)

Government of Karnataka supported to prepare a strategic communications campaign to help build consensus for a state-wide urban reform project; study including state-wide and three city level implementation plans presented in workshop in Jun 2005; pilot communications project launched and communications coordination cell to monitor state-wide strategy implemented.

Government of Goa supported to design water supply and sanitation sector reforms, including sector status study and assessment of institutional reform options, development of draft sanitation strategy, design of improved monitoring systems and customer grievance redressal system.

Delhi government supported to develop internal and external communications strategies, consult with stakeholders, including Parliamentarians, resident welfare associations, media and NGOs on proposed reforms, design strategy and implementation plan to improve services to the poor and design roll-out strategy to scale up planned pilots to provide continuous water supply in two zones.

Government of Karnataka supported on technical and legal analysis to support PSP options study for Greater Bangalore Water Supply project and design of ward level consultation process for citizen participation in the project.

Study tour conducted to Indian cities which have adopted innovative approaches to serving the poor (water supply, sanitation and electricity projects in Alandur, Mumbai, Ahmedabad and Delhi) for Government of Karnataka committee charged with developing a pro-poor policy.

Policy advocacy workshops held with representatives of selected towns and state officials in Andhra Pradesh and Maharashtra to discuss an approach to planning for improved water supply and sanitation services through institutional and governance reform, development of performance improvement plans and cost recovery strategies, introduction of mechanisms to enhance transparency, accountability and participation by stakeholders in planning and monitoring.

Pakistan*Urban Water Supply and Sanitation*

Workshop: "Managing Water and Sanitation in Large Cities and Urban Areas" held in Karachi for Water and Sanitation Authority managers, local and provincial government officials and stakeholders, February 2005.

Design of institutional and governance reform to improve water and sanitation services in Karachi supported, in consultation with Government of Sindh Province, City District Government of Karachi, Karachi Water and Sewerage Board (KWSB); initial recommendations that broad-based consultation should be undertaken to design reforms resulted in establishment of a Civil Society liaison cell within KWSB and appointment by CDGK of a prominent NGO to undertake design of a program to improve service to the poor.

Decentralized Service Delivery

Assessment undertaken of capacity needs and capacity building programs implemented in DI Khan in NWFP as the basis for design of future capacity building interventions.

Support provided to National Reconstruction Bureau to develop capacity building manuals for staff of local governments, including Planning and Development Procedures Manual for WSS, Manual on Technical Design of Infrastructure Schemes and Manual on Spatial Planning; initial review workshops held.

Support provided to assessment of World Bank's Community Infrastructure Project in North West Frontier Province (NWFP), including review of institutional arrangements, technical aspects of infrastructure planned and underway, monitoring and evaluation arrangements, social development, training and communications, August/September 2005.

Earthquake Relief and Recovery

Support provided to joint ADB-World Bank mission to assess damage and reconstruction needs of water supply and sanitation in NWFP and AJK provinces for water supply and sanitation following the devastating earthquake in October 2005.

Regional

Capacity building program for journalists from Bangladesh, India and Pakistan organized in Washington, DC in March/April 2005 in collaboration with the World Bank's Environmental and Socially Sustainable Development Network (ESSD), focusing on environmental issues generally and water supply and sanitation, in particular; over 20 articles appeared in mainstream English, Bengali and Hindi newspapers and periodicals following the program.

Study tour conducted on UWSS reform to Manila and Phnom Penh, Jun 2005

Chapter 4

Program Financing

In 2005, the Program received financial support from 12 bilateral donors plus UNDP and the World Bank, as illustrated below.

At the close of the 2005 calendar year, US\$18.5 million had been disbursed, a 24% increase over the previous year, and the third consecutive year of growth since 2002 when disbursements dipped to just over US\$11 million.

Each region expanded except at the global level, which was transitioning in staffing in global programs and the secretariat. The largest regions remained South Asia and Africa; growth was greatest in Africa at 58%, followed by a 44% growth rate in Latin America. See Figure 4.2.

The Program continued to look for ways to increase efficiency to help manage the increased volume. The resource management team began working more closely across the regions to share best

practice, and identified areas where a new reporting application could be tailored to streamline and simplify financial report production, for internal monitoring as well as donor reporting.

Strong discipline in the use of the Global Program Management fund allowed for the continued gradual rebuilding of the contingency fund, bringing it to a little less than 5% of the annual budget after almost being depleted in 2002. However, this trend is not expected to

Figure 4.1: Disbursements by Donor in CY05

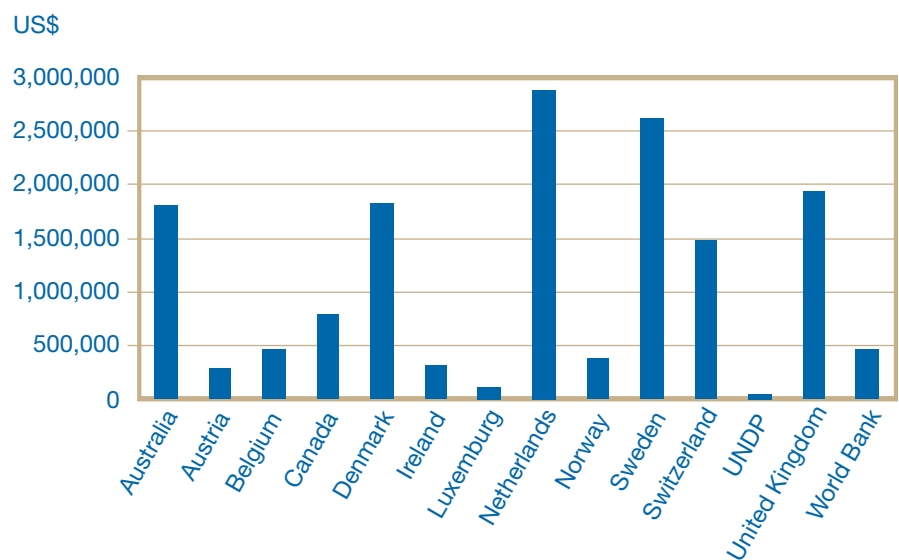
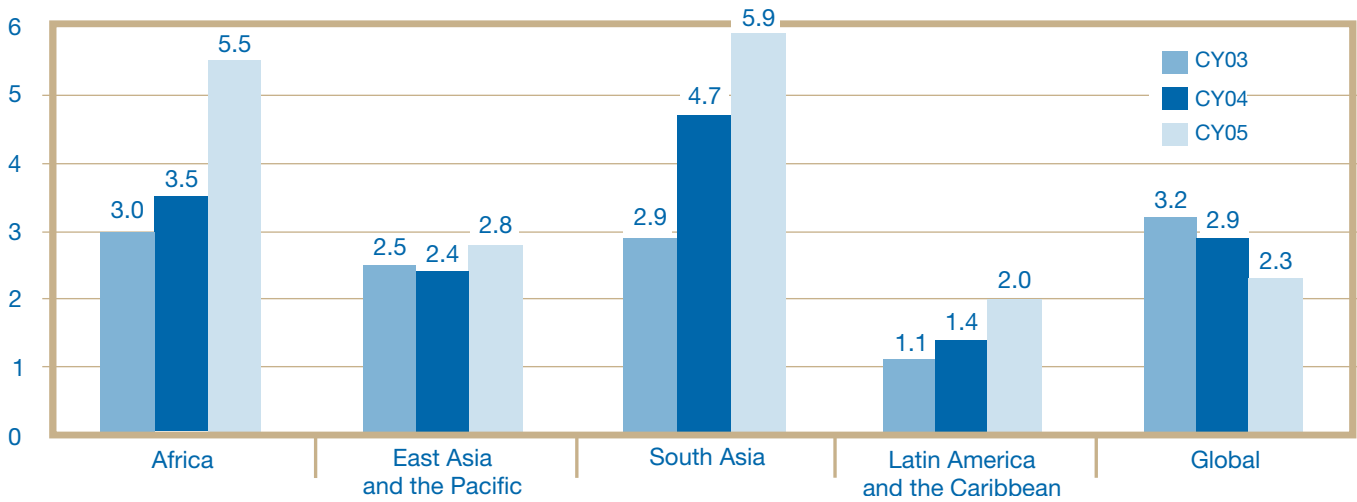


Figure 4.2: Disbursement Trend by Region

US \$millions



continue as the program management and administration team is strengthened to reflect increased demands.

The overall funding situation for CY 2005 was healthy thanks to the generous support of the Program’s donors. However, funding was fragmented across 47 trust funds as a result of earmarking. As such, the

majority of disbursements—60%—were against earmarked funding, whereas 24% were funded from global core funding and 16% from regional core funding. The Program will continue to encourage donors to contribute core funding wherever possible so that their resources can be applied where the impact is expected to be





Publications

Africa Region

- A Review of EcoSan Experience in East and Southern Africa
- Better Water and Sanitation for the Urban Poor: Good Practice from Sub-Saharan Africa
- Challenge of Financing Urban WSS in Sub-Saharan Africa
- Communication Strategy for the Kenya Water Sector Reforms
- Drilling: Solutions for Reducing Borehole Costs In Rural Africa
- Financing Small Water Supply and Sanitation Service Providers: Exploring the Microfinance Option in Sub-Saharan Africa
- Financing the WSS MDGs Session 1: What Needs Financing and Where Will the Funds Come From?
- Financing the WSS MDGs Session 2: Improving Priority for and the Use of Public Resources
- Financing the WSS MDGs Session 3: Leveraging Resources for Water, Sanitation and Hygiene
- Financing Water and Sanitation: Some Realities and Constraints from Sub-Saharan Africa
- From Hazard to Convenience: Towards Better Management of Public Toilets in the City of Nairobi
- Global Learning Process on Scaling Up Poverty Reduction. Shanghai Conference May 25–27, 2004
- Meeting the Financing Challenge for Water Supply and Sanitation: Incentives to Promote Reforms, Leverage Resources and Improve Targeting: Summary Report
- Meeting the Financing Challenge of the Water and Sanitation MDGs
- Mobilizing Resources for Sanitation
- Moving from Protest to Proposal: Building the Capacity of Consumer Organizations to Engage in Urban Water Supply and Sanitation Sector Reform in Africa
- Regional Thematic Work on WSS in PRSPs and Sector Finance in Sub-Saharan Africa
- Rural Water Supply and Sanitation in Africa
- Sanitation and Hygiene in Kenya: Lessons on What Drives Demand for Improved Sanitation
- Sanitation Financing: To Enable Implementation of the Sanitation Strategy
- Sector Finance and Resource Flows for Water Supply in Kenya
- Sector Financing Strategies: The Link between PRSP and Sector-wide Programs
- Self Supply: A Fresh Approach to Water for Rural Populations
- Strengthening Budget Mechanisms for Sanitation in Uganda

- Supporting Country Level Multi-stakeholder Dialogues Financing Water Supply Sector-Wide Investment and Financing Tool (SWIFT)
- The Case of Marketing Sanitation
- The Challenge of Financing Sanitation for Meeting the Millennium Development Goals
- The Status and Challenge of WSS in PRSPs in Sub-Saharan Africa
- Water Supply and Sanitation in Poverty Reduction Strategy Papers in Sub-Saharan Africa: Developing a Benchmarking Review and Exploring the Way Forward
- West African Workshop Report on Supply Chains for Treadle Pumps: The 'Art' of Making All Links in a Supply Chain Profitable
- Who Buys Latrines, Where and Why? Insights from a Study of Household Latrine Adoption in Rural Benin
- Newsletter: Agua Yaku, Boletín del Comité Sectorial de Agua y Saneamiento # 1, Ecuador.
- Newsletter: Agua Yaku, Boletín del Comité Sectorial de Agua y Saneamiento # 2, Ecuador.
- Newsletter: Agua Yaku, Boletín del Comité Sectorial de Agua y Saneamiento # 3, Ecuador.
- Newsletter: Caudal, Boletín de la Asociación Caudal, # 3, Bolivia.
- Newsletter: Caudal, Boletín de la Asociación Caudal, # 4, Bolivia
- Study: Prácticas de higiene de la población periurbana de Lima Metropolitana.
- Field Note: New roles for rural water associations and boards in Honduras. Decentralization of rural water and sanitation services.
- Field Note: Low-cost pump alternatives for rural communities in Honduras. Meeting demand for access to safe drinking water.
- Field Note: Technologies applied for drinking water treatment in rural communities. The application of drip chlorination, tablet chlorinators, solar disinfection technology and ceramic filter in Honduras.
- Field Note: Escuela y Casa saludable: Una experiencia exitosa en Honduras.
- Field Note: Soluciones innovadoras para el suministro de agua en comunidades rurales dispersas en Honduras.
- Field Note: Letrinas con arrastre hidráulico, una opción sostenible. Saneamiento básico rural en Cusco.
- Field Note: La experiencia de la Escuela Piloto EPILAS. Acreditación en agua y saneamiento rural.
- Field Note: Lecciones de un proyecto Piloto en Paraguay. La asistencia en función de los resultados (output-based AID) en el sector de agua potable rural.
- Field Note: Manos Limpias, vida sana. La práctica del lavado de manos con jabón y la reducción de la diarrea infantil.
- Field Note: Control de olores en letrinas rurales. Uso y mantenimiento de letrinas de hoyo seco.
- Field Note: Lessons from small municipalities in Ecuador. Delegating water and sanitation services to autonomous operators.

East Asia and the Pacific Region

- Identifying Elements of Sustainability: Lessons Learned from Rural Water Supply Projects in the Philippines
- Increasing Access: The Experience of Small-Scale Water Providers in Serving the Poor in Metro Manila
- Tapping the Market: Private Sector Engagement in Rural Water Supply in the Mekong Region
- Challenge of the Millennium, Achieving the Sanitation Millennium Development Goals in East Asia, WSPEAP Regional Conference, Phuket, Thailand, March 2004

Latin America and the Caribbean Region

- Newsletter: Agua, Boletín del Comité Sectorial de Agua y Saneamiento # 15, Perú.
- Newsletter: Agua, Boletín del Comité Sectorial de Agua y Saneamiento # 16, Perú.
- Newsletter: Agua, Boletín del Comité Sectorial de Agua y Saneamiento # 17, Perú.
- Newsletter: Agua, Boletín del Comité Sectorial de Agua y Saneamiento # 18, Perú

- Field Note: Lecciones de pequeños municipios en Ecuador. La delegación de los servicios de agua y saneamiento a operadores autónomos.
- Field Note: Alternative Technologies for Water and Sanitation Supply in Small Towns.
- Proceedings of the International Symposium on Alternative Technologies: Tecnologías alternativas para la provisión de servicios de agua y saneamiento en pequeñas localidades.
- The Small Town Pilot Project in Peru. A Private-Public and Social Partnership to Change Water and Sanitation Management Models.
- Spanish adaptation of Monitoring Millennium Development Goals. A review of experiences and challenges.
- Proceedings of the International Workshop on Building a Vision for Action. Advances and Challenges of gender mainstreaming in the integrated water resources management in Latin America.
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- Brochure on the Millennium Development Goals in Peru. Cajamarca Region.
- The Small Town Pilot Project in Peru. FAQ, I.
- The Small Town Pilot Project in Peru. FAQ, II.

South Asia Region

- Study: Fighting Arsenic: Listening to Rural Communities: Willingness to Pay for Arsenic-Free, Safe Drinking Water in Bangladesh
- Field Note: Fighting Arsenic, Listening to Rural Communities: Findings from a Study on Willingness to Pay for Arsenic-Free, Safe Drinking Water in Rural Bangladesh
- Field Note: Fighting Arsenic; Willingness to Pay for Arsenic-Free, Safe Drinking Water in Rural Bangladesh—Methodology and Results
- Jal Manthan # 7: (A Rural Think Tank): Making Sanitation Work
- Jalvaani: Vol. 5 No. (2), July–October 2002
- Jalvaani: Vol. 5 No. (3), November 2002–February 2003
- Nagari, Thirteenth Meeting of the Urban Think Tank: Managing the Process and Regulating the Sector
- Field Note: National Roundtable on Water and Sanitation in Transition; Peshawar, Pakistan, February 3–4, 2003



List of Acronyms and Abbreviations

ADB	Asian Development Bank	DFID	Department for International Development, United Kingdom
ADC	Austrian Development Cooperation	DGDC	Directorate-General for Development Cooperation, Belgium
AMCOW	African Ministerial Conference on Water	DJB	Delhi Jal Board
AusAID	Australian Agency for International Development	EAP	East Asia and Pacific
AWF	African Water Facility	EHP	Environmental Health Project (of USAID)
AWTF	African Water Task Force	ESA	External Support Agency
BAMWSP	Bangladesh Arsenic Mitigation Water Supply Project	EU	European Union
BASICS	Basic Support for Institutionalizing Child Survival	FISE	Social Investment Fund (Nicaragua)
BNWP	Bank Netherlands Water Partnership	FYP	Five-Year Plan
CBO	Community Based Organization	GCC	Global Communications Centre
CIDA	Canadian International Development Agency	GTZ	German Agency for Technical Cooperation
CLTS	Community-Led Total Sanitation	GWP	Global Water Partnership
CSD 12	Commission for Sustainable Development 12	HTN	Handpump Technology Network (now the RWSN)
CWSH	Community Water, Sanitation and Health	ICR	Implementation Completion Report
CWSS	Community Water Supply and Sanitation	IDA	International Development Agency (World Bank Group)
DANIDA	Danish Agency for International Development	IDB	Inter-American Development Bank (IDB in Spanish)
		IFI	International Financial Institutions
		ILGRP	Initiatives for Local Governance Reform Project

IMC	Inter Municipal Consortia	PPIAF	Public-Private Infrastructure Advisory Facility
IRC	International Reference Center for Water and Sanitation	PPP	Public-Private Partnership
ISSDP	Indonesia Sanitation Sector Development Program	PPPHW	Public-Private Partnership to Promote handwashing with Soap
ITN	International Training Network	PRAGUAS	National Rural Water and Sanitation Program, Ecuador
IWA	International Water Association	PRONASAR	National Rural Water and Sanitation Programme, Peru
JAKPAS	People's Rural Water Supply and Sanitation Project (Nepal)	PROPILAS	Proyecto Piloto de Agua Potable Rural y Salud Comunitaria, Cajamarca-Peru
JBIC	Japan Bank for International Cooperation	PRSP	Poverty Reduction Strategy Paper
JMP	UNICEF/WHO Joint Monitoring Program	PSP	Private Sector Participation
JPO	Junior Professional Officer	RAC	Regional Advisory Committee
KDP	Kecamatan Development Project	RGNDWM	Rajiv Gandhi National Drinking Water Mission
KfW	Kreditanstalt für Wiederaufbau	RSA	Republic of South Africa
KWSB	Karachi Water Supply and Sewerage Board	RWS	Rural Water Supply
LGU	Local Government Unit	RWSN	Rural Water Supply Network
LSHTM	London School of Hygiene and Tropical Medicine	RWSS	Rural Water Supply and Sanitation
M&E	Monitoring and Evaluation	SANIMAS	Sanitation by Communities (Indonesia)
MDG	Millennium Development Goal	SCRAP	Support for Conflict Ridden Areas Project
MIT	Massachusetts Institute of Technology	SDC	Swiss Agency for Development and Cooperation
MPA	Methodology for Participatory Assessment	SEDAPAL	Water utility of Lima, Peru
NAC	National Advisory Committee	SIDA	Swedish International Development Agency
NEPAD	New Economic Partnership for African Development	SIPP	Social Investment Program Project, Bangladesh
NGO	Non-governmental Organization	SIS	Sector Information System
NORAD	Norwegian Agency for Development Cooperation	SSIP	Small-Scale Independent Providers
NTB	Nusa Tenggara Barat	STPP	Small Town Pilot Project, Peru
NTT	Nusa Tenggara Timor	SWAJAL	Uttar Pradesh Rural Water Supply and Environmental Sanitation Project-India
NURM	National Urban Renewal Mission	SWAp	Sector-wide Approaches
O&M	Operation and Maintenance	TOR	Terms of Reference
ONAS	Office National d'Assainissement du Senegal	TSC	Total Sanitation Campaign
PDR	People's Democratic Republic (Laos)	UES	Urban Environmental Sanitation
PHAST	Participatory Hygiene and Sanitation Transformation	UNDP	United Nations Development Programme

UNEP	United Nations Environment Programme	WSP	Water and Sanitation Program
UNICEF	United Nations Children's Fund	WSP-AF	Water and Sanitation Program-Africa
UWSS	Urban Water Supply and Sanitation	WSP-AND	Water and Sanitation Program-Andean (now WSP-LAC)
WASPOLA	Water and Sanitation Policy Formulation and Action Planning (Indonesia)	WSP-EAP	Water and Sanitation Program-East Asia and Pacific
WEDC	Water Engineering and Development Center	WSP-GCC	WSP Global Communication Center
WHO	World Health Organization	WSP-HQ	Water and Sanitation Program- Headquarters
WPEP	Water Policy and Environment Project (the Philippines)	WSP-SA	Water and Sanitation Program-South Asia
SADC	Coordination Unit of the Southern Africa Development Community	WSS	Water Supply and Sanitation
WSLIC	Water and Sanitation for Low Income Communities Project	WSSCC	Water Supply and Sanitation Collaborative Council
WSLIC 2	Second Water and Sanitation for Low Income Communities Project	WSSD	World Summit on Sustainable Development



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