Business Plan

Water and Sanitation Program

Fiscal Year 2007
# BUSINESS PLAN FISCAL YEAR 2007

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ACRONYMS

AAA Analytical and Advisory Services
ADB Asian Development Bank
ADC Austrian Development Cooperation
AFD African Development Foundation
AfDB African Development Bank
AFTU1 Africa Transportation and Urban Unit, West Africa
AFTU2 Africa Transportation and Urban Unit, West Africa
AMCOW African Ministerial Conference on Water
AMHON Honduran Association of Municipalities
AMREF African Medical and Research Foundation
ANEPA Agency for W&S Services Sustainability (Mauritania)
ASEAN Association of Southeast Asian Nations
AusAID Australian Agency for International Development
BAPPENAS GoI- National Board Planning Agency
BNWP Bank-Netherlands Water Partnership
BORDA Bremen Overseas Research and Development Association
BP Business Plan
BTO Back-to-Office Report
CAP Country Action Plan
CAS Country Assistance Strategy
CAN Andean Community
CBS Community-based Sanitation
CC Communication Campaign
CCF City Challenge Fund (India)
CDD Community-driven Development
CIDA Canadian International Development Agency
CLTS Community-led Total Sanitation
CPC Committee for Planning and Cooperation (Lao PDR)
CREPA Centre Régional pour l'Eau Potable et l'Assainissement à faible coût (Africa)
CSO Central Statistics Office
CTF Consultant Trust Fund
CY Calendar Year
Danida Royal Danish Ministry of Foreign Affairs
DAR Rural Water Department (Mozambique)
DBL Design-Build-Lease
DDA Demand-driven approach
DFID Department for International Development (UK Development Agency)
DGDC Directorate-General for Development Cooperation (Belgium; also BADC)
DGIS Directorate General for International Cooperation (Netherlands- Foreign Affairs)
DH Department of Hydraulic (Benin)
DHA Ministry of Water and Energy (Mauritania)
DNA National Directorate for Water
DP(s) Development Partner(s)
DRA Demand-Responsive Approach
DRC Democratic Republic of Congo
DPHE Department of Public Health Engineering
DWD Directorate of Water Development (Uganda)
EACOSAN East Asia Regional Conference on Sanitation
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<td>UNDP</td>
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<td>UNICEF</td>
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The Water and Sanitation Program
Fiscal Year 2007 Business Plan

WSP Business Planning Framework

INTRODUCTION

Each year the Water and Sanitation Program (WSP) engages with client countries, partners and other stakeholders in a process of developing a business plan for the coming fiscal year (July 1 – June 30). This document presents the fiscal year 2007 (FY07) business plan.

The annual business plan is developed within the context of the overall guidance and strategic directions set by the WSP Council. Each specific country activity is planned in consultation with country and regional stakeholders, external partners, embassies and local representatives of donor agencies, and World Bank staff. At the country and regional level, the WSP regional offices conduct consultation processes to ensure a bottom-up build up of the business plan. The comprehensive business plan is presented to the WSP Council in its annual meeting. This final version of the business plan includes comments and guidance provided by the Council during its meeting held in June 2006, as well as inputs from the regional advisory committees/key regional stakeholders and the World Bank.

The FY07 business plan is divided into six sections, a global framework, four regional chapters following the organizational structure of WSP – Africa, East Asia/Pacific, Latin America/Caribbean, and South Asia – and the global activities. Each regional chapter includes a regional strategy that outlines the particular challenges, opportunities, and strategies for the water and sanitation (WSS) sector in that region. The regional strategies lead to country and thematic strategies that further define the role that WSP will play in its focus countries.

GLOBAL WSP BUSINESS PLAN FRAMEWORK

This section presents a brief introduction to the WSP Business Plan framework, including WSP’s mission and services, focus country selection, WSP’s comparative advantage, the Program’s planning process and monitoring and evaluation (M&E) system. It also presents the proposed FY07 portfolio of activities, including a description of the main characteristics of the projects that will be under implementation. It is important to note that this section begins to incorporate the core elements of the new WSP global strategy that was outlined at the 7th Council meeting held in June 2006.

WSP Mission and Services

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. 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 development and implementation of successful policies, practices, and investment programs whose impact is to extend sustainable water and sanitation service access to the poor in rural and urban areas.
WSP is 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 ultimate clients and Program staff interact with unserved communities on a regular basis, its direct clients and partners at the country level are central government departments, utilities, municipal agencies, local authorities, NGOs, community organizations, private service providers and external support agencies.

WSP activities are structured around a Results Framework (Figure 1 below) that links its services and products with its overall mission. This framework is translated at the activity level into a simplified log frame structure with specific indicators of final and intermediate outcomes. The framework makes it possible for WSP to prioritize high impact activities and concentrate on our comparative advantage.

Figure 1: WSP Results Framework and Services

WSP services and products can be classified in five groups:

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

- **Strategic investment support**: 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.

1 At the time of preparation of this report, WSP donor partners include Australia, Austria, Belgium, Bill and Melinda Gates Foundation, Canada, Denmark, France, Ireland, Luxembourg, Netherlands, Norway, Sweden, Switzerland, United Kingdom, United States, UNDP and the World Bank.
• **Knowledge management, generation and synthesis**: Generate, validate, and disseminate innovative solutions to water and sanitation problems and develop 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**: Support to 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 outcome-oriented 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.

**Expanding and Maintaining the Substantive Focus for "Going to Scale"**

The MDGs have catalyzed a renewed emphasis on the achievement of specific targets in the provision of water and sanitation services, which calls for a sharp focus on scaled-up investment programs supported by well-designed policy and sector reforms. WSP works with partners to find solutions to the significant obstacles that prevent achievement of the MDGs such as the sheer complexity of the WSS sector itself, the huge and growing scale of service backlog, the difficulty of creating significant demand for sanitation in which behavior change is key, the lack of fiscal and financial approaches that provide incentives for customer-responsive and financially sustainable service delivery, the institutional dysfunction, and the challenges of aligning development assistance. Bringing achievement of the MDGs closer to reality suggests the following broad areas of focus:

• effective support to government in the diagnostic of their MDG challenges, **preparation of MDG roadmaps**, and definition of investment programs complemented by policy reforms focused on the achievement of locally-owned targets;

• advisory work on investment to focus increasingly on **financing mechanisms and sector programs** as well as the WSS components of poverty reduction strategies and programs arising from the PRSP process;

• development of **capacity for learning and knowledge sharing among local actors** as a key element of scaling up strategies;

• advisory work on **institutional reform at the national, regional, and municipal level** for the establishment of effective principles of water and sanitation service delivery;

• the **interface between local authorities and WSS service providers** including the engagement of small entrepreneurs, NGOs, and other stakeholders serving the poor;

• support in the development of **sanitation and hygiene behavior change programs** that generate demand for sanitation services, change hygiene and hand washing practices, and support the development of a local sanitation service industry;

• supporting national governments in developing **M&E systems and sector monitoring and data reporting against the MDG goals**;

• analytical work on the **contribution of water supply and sanitation to poverty reduction, education, gender equality, improved health and environmental outcomes**; and communications strategies focusing on **communications for reforms** driven by the understanding that the challenge of achieving the MDGs requires a significant increase in the quantity and quality of communications in reform advocacy, public participation, consumer information and behavior-change 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 learnt on how to apply successful solutions. WSP is currently engaged across four regions in the following countries:

i) **Africa** – Benin, Burkina Faso, Democratic Republic of Congo, Ethiopia, Kenya, Mozambique, Niger, Rwanda, Senegal, Tanzania, Uganda, and Zambia.

ii) **East Asia and Pacific** – Cambodia, Indonesia, Lao PDR, the Philippines, and Vietnam

iii) **Latin America and the Caribbean** – Honduras, Nicaragua, Peru, Bolivia, and Ecuador

iv) **South Asia** – Bangladesh, India, and Pakistan

The number of countries in which the Program operates is limited to those in which it 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

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 dialogue and strategic collaboration with the regional development banks (AfDB, ADB and IADB) is also growing.

Investment advice and knowledge-collecting operations from countries where there are important lessons to be learnt 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 Comparative Advantage**

The 2004 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 organisations working in the WSS field. Its partnership style enables it to collaborate and complement those of other organisations 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 continuously reviews its comparative advantage to strengthen and refocus it to provide enhanced services to its client countries. WSP brings to the table a unique set of experiences and qualifications to make it a valuable and uniquely qualified partner in development of the water supply and sanitation sector and in the implementation of the type of global/regional learning-national implementation links that are so crucial in the transfer of knowledge to influence action at country level. 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 which are “fire-walled” from lending and project pressures.

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.

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**WSP Planning Process and M&E System**

WSP’s strategic planning process and M&E system is based on the following constitutive elements:

- Annual business plans, including:
  - Global, regional and country strategies
  - Individual project sheets
  - Annual work plans and budgets
- Mid-year progress review
- End-year review

The planning process begins with the preparation of the annual business plan (covering July 1 – June 30) which represents the start of WSP’s management cycle. Each year, WSP staff, with inputs from stakeholders (client countries in particular, donors and other stakeholders and partners), and taking account of new opportunities, engage in a process of preparing the coming year’s business plan.

The business plan goes through a rigorous quality enhancement process by the WSP-HQ team to ensure continuity, relevance, thematic coherence, and availability of adequate funds. The business plan is further subjected to a validation process which involves Regional Advisory Committee (representatives of key stakeholders at the regional level) and the World Bank regions to ensure synergies, strengthen collaboration and ensure relevance to the countries in which we overlap and others beyond our focus countries. The business plan is finally sent to the Council for approval.

Each WSP region prepares, through the process described above, regional strategies that outline the particular obstacles, opportunities, and strategies for the WSS sector in that region. The regional strategies lead to country and thematic strategies that further define the role that WSP will play in its focus countries. The precise role is captured in the individual project sheets. The project sheets detail each project that WSP works on, its objectives, and desired outcomes,
indicators for the outcome, annual activities, and estimated budget. The current fiscal year’s activities from the project sheets are summarized in the annual work plans (AWPs).

WSP has continued to strengthen the structure, logical content, and M&E system for its business plan. A guidance note was developed (and also shared with the Council) to enhance the quality of the individual project sheets which is based on a streamlined version of the log frame approach. The guidance note has supported the strengthening of indicators for each project which are then used in the mid-term and end-year progress reviews to determine not only completion of outputs but also progress towards intermediate and final outcomes.

**Further strengthening of WSP’s M&E systems:** In FY06, WSP initiated additional significant measures to strengthen its M&E systems, in particular to: (a) focus on outcomes and results and while linking them to WSP’s mission and strategy, and (b) strengthen the capacity of staff to undertake M&E and deepen the results culture using storylines. WSP contracted a consulting firm, ITAD UK, to: (a) identify strengths and gaps in the existing M&E system, (b) develop storylines as an alternative and complementary methodology to the log frame; (c) develop and deliver a training package to staff to build their skills and provide them with the tools needed to use the enhanced system; and (d) provide suggestions on how to use the information generated from the M&E system to improve delivery of services. The enhanced M&E system will be grounded in storylines and ratings at activity, project, country, regional and global levels to clearly elaborate: (a) the problems that WSP is seeking to address, (b) strategies to address the identified problems, and (c) evidence of success and what is happening on the ground including performance indicators. The main principles on which the enhanced M&E will be based include the following: (a) it should allow WSP staff to measure progress against its mission and mandate at every level of the M&E system; (b) it must be able to capture the effects of integrated initiatives and programs that combine WSP’s different products to create solutions for our clients’ problems; and (c) be credible, transparent and include independent elements (e.g., ex-post evaluations by independent organizations). The M&E consultants for WSP made a presentation on the proposed approach to the 2006 Council meeting for discussion, guidance and input. The Council endorsed this initiative and will accompany the process as it evolves. Implementation will be phased to start with piloting in one of the regions followed by full roll out starting with the FY08 business plan.

**WSP Strategy Update**

WSP has embarked in the preparation of an updated strategy for the overall program. The strategy preparation began with the advice of the 2005 Council to update the strategic documents of the program. At that council meeting, the financial, communications and partnership strategies were endorsed. The Council requested WSP to develop a comprehensive strategic document with a longer term horizon.

WSP conducted a thorough review of: (i) strategic documents by partners in the sector, donor agencies, and similar organizations in other sectors; and (ii) approaches to preparation of strategic documents in corporate world. This review provided an evaluation of good practices applicable to WSP. Some of the key features agreed internally for the document included: longer timeframe (2006-2015) matching the MDG target horizon, short length, clarity of messages, permanence of statements, high-level document, linkage to implementation, and internal preparation. The overarching document is intended to define the core operational principles of the Program with a view to provide guidance to staff and clarity to partners (country partners, financial partners, and operational partners). The strategy document is planned to trickle down to management and programming decisions.
A powerpoint presentation of strategic operational principles was presented at the WSP Council meeting in Paris in June 2006. This presentation provided initial inputs that were then rolled into the text of the strategy document. This document was distributed for comment to the Council on August 8, 2006 for comments. A global and regional review of the document was undertaken in parallel. As agreed during the WSP Council, WSP coordinated a review meeting of this document during the Stockholm Water Week on August 23, 2006 for a focused discussion on the document. WSP is currently incorporating the comments collected through these various means and will produce a final revised version in October 2006.

The Strategic Operational Principles Document includes the following sections: WSP’s vision; values and competencies; WSP products; strategic response to the water and sanitation sector challenge; countries of focus; implementation of strategic principles; M&E; and governance structure.

Each of these sections answers a variety of questions drawing the basic operational principles that will guide WSP’s management and programming decisions. These include:

- WSP vision - external vision of the sector, WSP mission, linkage to MDGs, means to implement the mission, WSP’s aspirations as an organization
- Values and competencies - Qualities and strengths, areas for continuous development, what is expected of our projects and human resources
- WSP products - What does WSP do? Who do we do with? How do we relate to other partners in the sector?
- WSP strategic response to the water and sanitation challenge - Key themes and areas of work, commitment to being on the cutting edge, flexibility
- Geographical focus - Countries where we work or learn from, exit strategies based on elements of success
- Implementation - Key section, linkages to other planning documents and processes, monitoring
- M&E - The challenges, our commitments, internal M&E, support to sector M&E
- Governance structure - Description of existing structure, relation to the World Bank

It is important to highlight that the Strategic Operational Principles document is one in a chain of planning and management documents for WSP. The high-level nature of the strategy document is not intended to give detailed guidance for many issues and activities in the program, and therefore it will be complemented by:

- Topical strategies – more details on a specific issue (finances, communications, partnerships, etc.)
- Thematic strategies – linked to GPT work, a growing body of medium-term strategic responses
- Three-year rolling business plan – with regional and country strategies
- Project sheets
- Linkage to management (and related practices – selection of personnel, budget, training) through, for example, a Balanced Scorecard process

Some of the previous sections of this business plan will be further refined as part of the strategy document, such as WSP’s updated mission and services; criteria for working in a country and exit strategies; and the Program’s comparative advantage. The strategy will also supplement these sections with additional operational principles.
Guiding Issues for FY07 Business Plan

The main themes and overall direction of the draft WSP strategy, as described in the previous section have been incorporated in the guiding areas of work for the FY07 business plan leading to renewed focus on main areas of focus. Key issues that have guided preparation of the FY07 business plan include:

a) **Focus on the MDGs**: With less than 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 and increase the efficiency and effectiveness of investments. In LAC, the challenge is to integrate MDGs in government strategies and in particular to address the large inequality in services provision.

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 and strategies, and 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 improve water and sanitation services by strengthening and leveraging the skills and capacities of all 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 previous years’ business plans**: Every six months, during the mid-year review (MYR) and the end-year review (EYR), WSP carries out an analysis aimed at assessing the extent to which the targets of the business plan are being achieved, and to draw lessons for strengthening implementation of the current and subsequent years. The regions prepare the MYR and EYR while HQ provides quality enhancement of the technical and financial aspects and ensures adequate linkage between the FYs. The results/implementation experiences of the MYR and EYR for FY06 have been incorporated and used to refine the FY07 business plan.

WSP FY07 Portfolio of Activities

The FY07 business plan shows a growth in the portfolio arising largely from the urgent need for strengthened support to countries to make progress towards the MDGs combined with additional support by donors. There are 125 projects in FY07 compared to 114 in FY06, showing an increase of about 10%, commensurate with funding and cost-effectiveness measures implemented. Two key areas of focus in FY06 were to hire top-caliber staff and to design and improve systems to implement, monitor and report on outcomes and results.

In FY06, WSP undertook a revamping of its project coding system to better reflect the nature of its activities. This system better reflects the multi-dimensional nature of its activities, while maintaining a simple system for use in planning, monitoring and analysis. The coding system has also been linked to the budgeting and financial monitoring system and is expected to provide valuable information in the analysis of global, regional and thematic trends for the whole program.
Each project in WSP is characterized by three different attributes: scale, sector and theme. The table below shows the possible attributes for each project. In addition, each project is classified in three categories, depending on the final product: knowledge management, investment/policy support, or capacity building.

<table>
<thead>
<tr>
<th>Scale</th>
<th>Sector</th>
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<tbody>
<tr>
<td>U – Urban</td>
<td>W – Water</td>
</tr>
<tr>
<td>R – Rural</td>
<td>S – Sanitation</td>
</tr>
<tr>
<td>P – Peri-Urban</td>
<td>H – Hygiene</td>
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<tr>
<td>ST – Small Towns</td>
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<table>
<thead>
<tr>
<th>Theme</th>
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</thead>
<tbody>
<tr>
<td>1. Economic Analysis</td>
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<tr>
<td>2. Decentralization</td>
</tr>
<tr>
<td>3. Public Expenditure, Financial Management, Finances</td>
</tr>
<tr>
<td>4. Institution(al) Reform and (Capacity) Building</td>
</tr>
<tr>
<td>5. Regulation and Policy</td>
</tr>
<tr>
<td>6. Small and Medium Enterprise Support</td>
</tr>
<tr>
<td>7. Poverty strategy, analysis, monitoring, PRSPs</td>
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<tr>
<td>8. Social Protection and Risk Management</td>
</tr>
<tr>
<td>9. Participation, Civic Engagement and CDD</td>
</tr>
<tr>
<td>10. Conflict Prevention and Post-Conflict Reconstruction</td>
</tr>
<tr>
<td>11. Gender</td>
</tr>
<tr>
<td>12. Indigenous People</td>
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<tr>
<td>13. Education</td>
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<tr>
<td>14. Water, Sanitation and Health</td>
</tr>
<tr>
<td>15. Pollution Management</td>
</tr>
<tr>
<td>16. Water Resources Management</td>
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<tr>
<td>17. Communications for Development</td>
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<tr>
<td>18. Investment Planning and MDG Action Plans</td>
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<td>19. Scaling-Up Pilot Experiences</td>
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Each Annual Work Plan presents the classification for each project.

The following graphs summarize the distribution of the FY07 portfolio.

**Chart 1: Distribution of WSP projects by sector and by scale**

Water remains our predominant area of work at 59% of the portfolio, followed by sanitation at 34% and hygiene at 7%. In terms of scale, rural continues to dominate at 41% of the portfolio, followed by urban at 34%.

In FY07, the most predominant themes of the portfolio include:

- Institutional reform and capacity building (38%)
• Water, sanitation and health (17%)
• Regulations and policy (12%)
• Investment planning and MDG action plans (12%)
• Small and Medium Enterprise Support (4%)
• Communications for development (4%)
• Scaling up pilot experiences (4)
• Decentralization (4)

The main FY07 programs (these are mainly continuing from FY06) are:

i) Africa/Latin America/East Asia: MDG roadmaps to assist governments meet MDG targets through promotion of sector reform, improved governance, and the development of country-owned roadmaps/sustainable financing strategies to implement large-scale programs/capacity development for both regional and national policy makers and service providers/developing Sector Information Management Systems (SIMS);

ii) India rural – state level implementation of sector reforms focusing on how to make government investments more effective and focused on service delivery

iii) Indonesia sanitation: city strategies that integrate the full spectrum from planning to community involvement and hygiene promotion

iv) Peru: Strengthening local capacity for WSS provision in small towns

v) Domestic private sector initiative focusing on how to bring in the private sector as a key stakeholder in the provision of WSS services

vi) Africa and South Asia – Sanitation programs (Sanitation marketing and total sanitation) – these programs are designed to support scaling up of sanitation programs in three African countries and two South Asian countries.

vii) Global – The public-Private Partnership to Promote Hand washing (PPP-HW) which works with private soap companies (Unilever, Colgate-Palmolive and Procter and Gamble), development agencies (World Bank, BNWP, USAID) and research organizations (LSHTM, AED and CDC) to develop hand washing campaigns to reduce the incidence of diarrheal diseases. WSP is the Secretariat of the PPP-HW and one of its main implementing partners.

viii) Multiple uses of domestic water and the link with poverty reduction, gender equity and improved sustainability of rural water supply systems

**WSP Global Practice Teams**

WSP has continued to enhance its global learning and knowledge management in response to recommendations from the Council and from the 2004 External Evaluation. In 2005, WSP established five Global Practice Teams (GPTs) in communications, finance, rural water supply and sanitation, sanitation and hygiene, and urban WSS services and the poor. The objectives of these GPTs include promotion of more cross-regional work, the establishment of a global vision and leadership on key WSS topics, enhanced knowledge sharing and influence on other stakeholders and partners such as the World Bank and other IFIs.

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
WSP has continued to ensure a balance between global and country activities and always emphasizes that the core of all its work is at country level, and that any global or cross-regional learning and knowledge must ultimately make a difference at country level to enhance our clients’ efforts at increasing access to sustainable WSS.

The GPTs have developed their work programs for which funding has been provided. Their work plans include activities to:

a) **Communications**: enhance WSP’s capacity to boost support for strategic communication initiatives of institutions in response to demands of our client countries; support communication and advocacy interventions that respond to WSS challenges;

b) **Finance**: improve the efficiency and effectiveness of public financial management practices in the use of WSS related public/donor resources by stakeholders and leverage additional local/domestic resources;

c) **Sanitation and Hygiene**: identify the current state of knowledge/experiences regarding the relationship between sustainability of changed behaviors and sanitation and hygiene approaches/programs; develop and implement a global strategy of communication and dissemination for sanitation and hygiene knowledge resources;

d) **Rural Water Supply and Sanitation**: analyze the link between multiple uses of water of domestic water and improved sustainability of services and systems, gender equality and poverty reduction and how to take multiple use initiatives to scale; and

e) **Urban WSS services and the poor**: develop and implement utility reforms to support expansion of access to the poor/ modalities of linking small private providers to utilities and municipalities/addressing small private provider capacity constraints, mobilizing finance in the water marketplace/strengthening the role and voice of the poor in demanding access to affordable services.

The GPTs have successfully built their cross-regional teams and launched many of the activities in their work plans. They are also building vital linkages with the World Bank through the various Thematic Groups and with other partners as well as identifying national/regional/global fora in which they can share and disseminate their work. WSP has taken further steps to increase the profiles of the GPT and strengthen their ability to promote thematic networks and strengthen the links between country programs within the framework of global themes. The GPT coordinators have been made members of the extended WSP Program Management Team to strengthen their thematic influence on work program and strategy. The Council has given strong endorsement to the GPTs as one way of strengthening global learning and knowledge management in WSP.
Budget Summary

This year’s business plan contains a total of 125 projects, distributed as described in Table 1 below.

Table 1: Distribution of WSP Projects by regions in FY07

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>46</td>
</tr>
<tr>
<td>East Asia Pacific</td>
<td>26</td>
</tr>
<tr>
<td>Latin America and Caribbean</td>
<td>18</td>
</tr>
<tr>
<td>South Asia</td>
<td>26</td>
</tr>
<tr>
<td>Global</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>125</strong></td>
</tr>
</tbody>
</table>

The initial budget for FY07 has been set at US$33,807,000 (Table 2 below). This large increase – a 23% budget increase over the FY06 revised budget – reflects the healthy funding situation for the current year as well as increased capacity to deliver with the growth in staffing. However, actual delivery will be very closely monitored in the first half of the year and, with such a dynamic situation, the budget may well be revised downward at mid-year.

Table 2: FY07 Budget (US$ 000)

<table>
<thead>
<tr>
<th>WSP Region</th>
<th>FY06 Initial Budget</th>
<th>FY06 Revised Budget at Mid-Year</th>
<th>FY07 Initial Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>5,570</td>
<td>8,181</td>
<td>9,288</td>
</tr>
<tr>
<td>South Asia</td>
<td>7,016</td>
<td>7,016</td>
<td>8,383</td>
</tr>
<tr>
<td>East Asia</td>
<td>4,768</td>
<td>5,191</td>
<td>8,471</td>
</tr>
<tr>
<td>Latin America</td>
<td>3,586</td>
<td>3,586</td>
<td>4,535</td>
</tr>
<tr>
<td>Global</td>
<td>3,300</td>
<td>3,512</td>
<td>3,130</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>24,240</strong></td>
<td><strong>27,486</strong></td>
<td><strong>33,807</strong></td>
</tr>
</tbody>
</table>
AFRICA
The Challenge: 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 areas and growing informal settlements/slums in urban areas. Service development cannot keep up with the pace of population growth, and overall, numbers of the un-served are increasing. 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 is the region most off-track with respect to achieving the Millennium Development Goals (MDGs) in water supply and sanitation (WSS) access.

Achieving these goals in the few 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 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-AF’s Role: 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-AF’s Comparative Advantage: WSP-AF has a strong track record, dating back over many years and has established privileged and close relationships with many African governments and partners, including highly regarded WSS sector experts now operating in 11 selected countries in East, West, Central and Southern Africa supported by experienced internationally recognized sector specialists. The Program is respected as a leading source of applied research and expertise on comparative WSS policies. Its knowledge development strengths are: financing arrangements to improve efficiency and effectiveness, development of large scale sanitation, hygiene and rural water supply programs, service delivery to peri-urban informal settlements, management of services in small towns, community-based approaches, the, effective use of small-scale private sector service providers, and participatory and gender-sensitive tools. As an honest broker without a lending or project agenda, yet with many donor shareholders, the Program frequently plays a leading role in improving sector coordination and its multi-lingual field-based network promotes the exchange of ideas across Africa and beyond. It is on hand to coach clients through reform programs, create leverage from local partnerships, and bring grass-root level experience to global attention.
**WSP-AF’s Activity Selection and Organizational Strategy:** Activity and country focus selection is discussed with WSP-AF’s stakeholders and clients in an annual regional governance meeting, the Regional Advisory Committee meeting. WSP-AF’s strategy is to make an impact in three critical entry points to assist African client governments meet the WSS MDGs. 1) the promotion of sector reform, improved governance, and the development of country-owned roadmaps to meet the MDGs; 2) assisting countries in developing sustainable financing strategies to implement large-scale programs; and 3) providing support in developing capacity with both regional and national policy makers and service providers.

WSP-AF operates at three levels: regional, national, and thematic. At the regional level it provides advocacy and best practice information support to the African Ministerial Council on Water (AMCOW—support staff are appointed to the AMCOW President’s Support Unit), the African Development Bank (ADB), where it is establishing a liaison office, the New Partnership for African Development (NEPAD), from a liaison office to be established in South Africa and regional learning networks, such as the Water Utility Partnership (WUP), Rural Water Supply Network (RWSN), AfricaSan and ITN network. To enhance its impact, WSP-AF gears the majority of its support (about 75% of the budget) towards selected focus countries. The selection criteria for focus countries take into account both potential impact (poor countries that have a demonstrated commitment to sector reform and in which it is judged that WSP-AF can make a significant contribution) and project viability (demand for several WSP services and availability of a consistent financial partner to enable WSP-AF to give a dependable service).

WSP-AF is expanding its field presence to all of the 12 countries on which it will focus in FY07: Benin, Burkina Faso, DRC, Ethiopia, Kenya, Mozambique, Niger, Rwanda, Senegal, Tanzania, Uganda, and Zambia. Country-level support generally follows the sequence of assisting clients in planning and implementing reforms, developing strategies (including specific pathways to read the WSS MDGs), in coordinating the sector and implementing investment programs. Increasingly, country plans also include helping clients develop effective sector communication strategies.

WSP-AF also responds to selected demand for support in other African countries, either where there are strategic entry points to stimulate reform (often in countries emerging from conflict) or where there are significant opportunities to learn in WSP-AF’s main themes. Countries selected for strategic support in FY07 are expected to include: Ghana, Malawi, Mauritania, Nigeria, South Africa and Zimbabwe.

WSP-AF’s thematic work seeks to develop new and comparative ideas in selected areas. A finance team is benchmarking WSS in Poverty-Reduction Strategy Papers (PRSPs), assisting clients develop financing strategies to meet the WSS MDGs, strengthen information monitoring systems, leverage market-based finance and prevent corruption. A sanitation and hygiene team is developing and implementing a framework and tools to enhance large-scale sanitation marketing and hygiene promotion. An urban poor team is working to assist utilities to create and implement pro-poor strategies, to develop practical tools for increasing the voice of poor consumers and stimulate effective use of the small-scale private sector. A rural team is examining institutional approaches for large scale sustainable programs and is promoting new knowledge on borehole drilling, sustainable hand pump management and self-supply. A communications team is assisting clients develop and implement strategic reform strategies to support institutional reforms and new policies.

**Summary of Key Projects:** In FY07, WSP-AF’s key outputs will include the following in 12 focus countries: supporting and monitoring the implementation of country-owned roadmaps to
reach the WSS MDGs; strengthening sector coordination; promoting advocacy and diagnostic tools to improve the range and effectiveness of financial allocations to the sector and heighten sector visibility in poverty reduction strategies; strengthening national sector information and monitoring systems; implementing large scale sanitation marketing and national hygiene promotion programs; supporting new approaches in rural water supply and in reaching the urban poor in slums and urban informal settlements; and assisting clients develop strategic communications activities. Key products will be derived from comparative analysis of these country-based initiatives across the continent and assisting clients learn whilst doing. A flagship product is the collation of Country Sector Overviews on the status of WSS MDG achievement across many African countries.

**Benin**

*The Challenge:* Poverty reduction remains a central challenge in Benin. Rural water supply has been prioritized by the government and support partners. Coverage in rural areas is 53%, higher than many African countries and although the prospects for sustainability appear better than in the rest of Africa, this is not assured. Supply chains for parts and services are weak and unreliable. A coherent sector financing strategy needs to be developed in the context of the MDG challenge. At 20%, the sanitation coverage is significantly below the African average and the sanitation and hygiene sector also needs significant support. However, severe capacity constraints limit the potential for scaled up progress toward the WSS/MDGs. Such capacity would have to be built up under the recently implemented policy for the decentralization of services to municipalities which, although endowed with appropriate legal powers, do not have the necessary capacity and experience. Far-reaching reforms in urban WSS have been initiated by the unbundling of water and electricity into separate utilities. The newly established SONEB (Société Nationale des Eaux du Benin) also needs support. WSP-AF has developed a fruitful and long-standing collaboration with lead sector agencies and with Benin’s development partners involved in WSS, in particular DANIDA, GTZ, DGDC, and the World Bank (AFTU2). WSP-AF support has so far been focused on the development and subsequent updating of the RWSS strategy and to the full integration of WSS in the PRSP. The Government of Benin (GoB) has requested WSP-AF to maintain its engagement in RWSS and to extend its support to urban water supply, sanitation and hygiene.

*The Opportunities:* The challenge of the MDGs requires an acceleration of the coverage of both sanitation and water supply. The GoB is developing an MDG action plan under the framework of the PRSP process. The main opportunities for sector engagement and scaling up are:

- The PRSP constitutes the proper framework to prioritize scaling up strategies and opening the way for the adoption of programmatic approaches;
- The acceleration of administrative decentralization, which would require a coherent strategy for large scale capacity building and knowledge transfer from central institutions to local governments;
- The endorsement of the MDGs offers the opportunity to raise the profile of the sector, especially for sanitation;
- The development of a National Hand Washing Initiative will improve the hygiene and impact positively on the mortality of children and,
- A growing consensus by sector stakeholders on key sector priority issues will facilitate coordination.

*WSP-AF’s Role:* WSP-AF has been operational in Benin for more than 10 years, mainly in investment support for rural water development. Since 2004, WSP-AF has established a country presence to strengthen its role in sector support. The focus of WSP support will continue to be on helping Benin:
FY07 Business Plan

- to implement a strategy to reach the MDGs, specifically focusing on the rural water sector,
- to develop with the other donors an urban WSS strategy,
- to develop and implement a communication action plan for the RWS sector and,
- to develop and implement a RWS maintenance project pilot and,
- to develop a National Hand Washing Initiative

WSP-AF has consolidated its support to this focus country through appointing a dedicated sector expert based in the Benin World Bank office.

**WSP-AF’s Comparative Advantage:** WSP-AF has developed a close and consistent partnership with the World Bank’s Water and Urban Unit - West Africa (AFTU2), Royal Danish Ministry of Foreign Affairs (Danida), German Development Agency (GTZ), and the Belgian Directorate-General for Development Cooperation (DGDC), supporting the development of the RWSS sector through its lead ministry and has led the support for Benin’s sector strategies. WSP-AF’s work on WSS in PRSP initiatives and support for programmatic approaches has created interest from the GoB and increased demand for WSP-AF support.

**WSP-AF’s Activity Selection:** During FY07, WSP-AF will focus its operations in four areas:
1. Completion of WSS MDG strategy and action plan
2. Development of effective WSS MDG M&E, including sector coordination and leadership improvement
3. Development of a National Hand Washing Initiative
4. Development of sustainable financing systems for increased WSS investment and maintenance for WSS sector

**Burkina Faso**

**The Challenge:** Currently, 7.2 million (61%) of Burkina Faso’s 11.8 million people have access to water while 3.4 million (29%) have access to sanitation. Given the current rate of population growth, to achieve the MDG by 2015, 5.8 million more people would need to obtain access to water and 7.3 million to sanitation, a total of 13.1 million inhabitants. Burkina Faso has a substantial challenge to reach the MDG targets, but there is still no formal strategy and action plan for achieving them. While Burkina Faso has recently initiated a process of decentralization, systems remain poorly developed and sector capacity is extremely weak at the local government level. Critical challenges are to improve the sanitary environment in the main and smaller towns and respond to the new decentralized context for service provision.

**The Opportunities:** The Government of Burkina Faso (GoBF) initiated a reform process in the sector beginning in 1990, but needs help in developing plans to meet the MDGs. Building on the World Bank (WB) assisted Country Action Plan (CAP) for the water and sanitation sector, WSP-AF has helped develop the WSS MDG strategy and action plan frameworks with support from a French CTF. WSP-AF has also been requested by AFTU2 to support the development of the sanitation component of a new investment program under preparation for six small towns, and the GoBF requested WSP-AF to support the development of a program budget for the WSS sector, especially in the development of a financing model and the M&E for the WSS MDG targets. A joint WB-WSP mission to Burkina Faso, under the overall framework of the PRSC, has helped mainstream WSS in the new poverty reduction strategy document for Burkina Faso, with a specific focus to improving sanitation services delivery in urban and rural settlements. A national WSS MDG coordination committee has been established and has been operational since July 2005. The external support agencies have also created a development partners’ group to harmonize and coordinate their interventions. The World Bank is playing a leading role and WSP support will provide technical assistance to the functioning of the national coordination
committee and the development partners’ group. Other strong in-country partnerships are with Denmark, Sweden, Holland, EU, Germany, France, and Switzerland.

**WSP-AF’s Role:** WSP-AF has been involved in support of the WSS MDG roadmap, in close collaboration with DANIDA within the framework of the newly established development partners’ group. As a focus country, now with in-country field presence, WSP-AF will be increasing the level of support offered responding to client demand for support in sector coordination, sanitation, financing and monitoring.

**WSP-AF’s Comparative Advantage:** WSP-AF has had a decade of engagement in activities supporting Burkina Faso’s authorities, and has experience and credibility in the sector. WSP-AF pioneered participatory development activities and has extended this engagement to a wide variety of areas. There is strong collaboration with the government at both central and decentralized levels.

**WSP-AF’s Strategic Activity Selection:** The following specific activities will be the focus for WSP-AF in Burkina Faso:
1. Help develop a program budget to meet the WSS MDGs and translate it into decentralized action plans for the selected towns;
2. Help urban and rural municipalities to develop specific institutional and financial arrangements to serve the poor segment of the population;
3. Help selected municipalities improve their capacity to design, implement, and supervise pro-poor strategies for environmental sanitation improvement; and
4. Support the implementation and monitoring of the WSS MDG roadmap.

**Democratic Republic of Congo**

**The Challenge:** Access to and quality of WSS services have regressed since the early 1990s due to lack of investment, institutional decay, and rising poverty. Although there are no reliable sector data, the PRSP estimates of coverage (26% for access to safe water and 46% for use of hygienic sanitation) are believed to be close to reality. DRC needs in WSS are immense and have to be tackled in a context of systemic institutional weakness and lack of support services (enterprises, banking, transport, etc.). Initial steps along the arduous path of rehabilitation and development are being taken by humanitarian initiatives and, more importantly, by large emergency multi-sectoral rehabilitation programs funded by World Bank grants and credits and administered by dedicated project execution agencies. Structural reform of REGIDESO, the national urban water utility, is supported by a Bank-funded parastatal reform program. PRSP rates lack of access to safe water among the prime determinants of poverty. The PRSP and the related investment program, PMPTR, estimate that the WSS/MDGs would call for increasing from 14 to 42 million, the number of people with access to safe water alone. This would not only require investment in excess of US$2 billion, but would also depend on substantial reforms to increase efficiency and to mobilize and develop additional capacity. The medium-term challenge is to foster the transition from emergency to sector programs based on coherent strategies. The immediate challenges are to: (i) ensure that large-scale rehabilitation projects now getting underway in main cities are accompanied by the institutional and financial measures needed to ensure that they actually result in service improvement and expansion; and (ii) build sector pilot programs to support local initiatives.

**The Opportunities:** The recommendations of the Round Table on Infrastructure (Oct 04) provide a sound starting point to guide the transition to coherent sectoral programs driven by service objectives and to initiate sectoral coordination directed not only at investment plans, but also at sector policies and institutional strategies. While there are no clear perceptions of how the water
sector should be structured in the future, there is widespread acceptance of the need to undertake structural reform and to open up the sector to a broader range of actors, including private operators, CBOs, NGOs, etc.

**WSP-AF’s Role:** WSP-AF’s engagement in DRC was initiated by the WUP-sponsored seminar on WSS sector reform (Oct 03), which led to demand for WSP to facilitate the water sector aspects of the Infrastructure Round Table. WSP-AF’s medium-term program is based on the three lines of actions prioritized by the Round Table: (i) to redress REGIDESO performance and launch structural reform of the urban WSS sub-sector; (ii) to support local initiatives; and (iii) to strengthen sectoral coordination.

**WSP-AF’s comparative advantage:** Through its role in strategy development and learning events at the early stages of the drive to resume the development of the WSS sector, WSP-AF has gained the confidence of key sector agencies and donors in particular EU, AFD, GTZ/KFW. WSP-AF is seen as a vehicle to re-connect DRC sector professionals and institutions with regional and global knowledge networks. Finally, in a context where donors are seeking to engage (or re-engage) in the WSS sector, WSP-AF is seen as an objective source of strategic advice. The full realization of WSP-AF comparative advantage would require the development of a synergistic relationship with AFTU2 and its involvement in the preparation of the forthcoming utility project (Water and Power).

**WSP-AF Activity Selection:** WSP-AF’s program for the next three years will focus on four activities: i) support the reform of urban water supply services; ii) help prepare and implement programs to support local community-based WSS initiatives; iii) help map out the transition to coherent sector development programs aiming at the WSS/MDGs; and iv) strengthen sectoral coordination and knowledge dissemination and networking.

**Ethiopia**

**The Challenge:** The MDG Needs Assessment Report (MDG-NAR), recently completed by the Government of Ethiopia (current population 73 million), estimates Ethiopians with access to safe water supply to be 19.5 million (31%) for the year 2000 and 28 million (39.4%) for year 2004. To meet the MDG target for water, estimated to be 70%, an additional 38 million people would need to be provided with access to safe water by 2015. As concerns sanitation, to achieve the MDG target the coverage has to increase from 18.5% in 2004 to 58%, or an additional 41 million people gaining access to sanitation services (recent MoH data is more optimistic, estimating the 2005 sanitation coverage at 28.9%). Comparing the needs with a “business-as-usual scenario” this would amount to a capacity growth factor of 12.7 (using MDG-NAR estimates). The apparent more recent success in sanitation coverage reported by MOH needs to be analyzed to see how these approaches can be scaled up to a larger program.

**The Opportunities:** The government has recently adopted a Universal Access Plan (UAP) based on low-cost technology options with the aim of achieving close to 100% coverage for both sanitation and water by the year 2012. Although highly ambitious, this clear commitment by the Government of Ethiopia (GoE) to the UAP provides a real opportunity to develop a clear and realistic regional planning framework that aligns and accelerates existing plans towards achieving the targets of UAP. In addition, the ongoing EUWI Ethiopia country dialogue process and the clear commitment of donors to further harmonize their support to the sector would contribute to the realization of the UAP.

**WSP-AF’s Role:** WSP-AF has strengthened its presence and operations in Ethiopia in recent years, and has played a leading role in supporting the Ministry of Water Resources in policy and
strategy development, primarily in water. With the evolution of the program, WSP-AF has shifted the focus of its operations to practical support for hygiene and sanitation (H&S) in Ethiopia and will provide support to strengthen sector coordination, policy development, as well as mainstreaming of H&S strategy and guidelines. It will also encourage exchange of knowledge from regional initiatives, and assist Ethiopia in the preparation of H&S roadmaps for the regional states in the context of the national UAP/MDGs targets.

**WSP-AF’s Comparative Advantage:** WSP-AF has had a strong presence in Ethiopia for many years and has supported the water and sanitation sector since the mid-90s, working both in strategy and policy development. WSP-AF’s support has been provided through consultation with regional states, federal ministries, NGOs, user groups, and other sector institutions resulting in a close working relationship between clients, partners, and sector stakeholders. WSP-AF’s flexibility to respond to emerging needs of the country and its emphasis on H&S represent its positive attributes.

**WSP-AF’s Strategic Activity Selection:** Working closely with the GoE, WB, UNICEF and other development partners, WSP-AF will work within the framework of the WSS UAP/MDGs and focus on the following activities:
- Supporting the finalization of a sanitation strategy and preparation for its implementation;
- Preparation of regional H&S roadmaps and financing strategies; and
- Supporting the development of an H&S strategy for urban centers and small towns.

**Kenya**

**The Challenge:** The water and sanitation sector in Kenya is facing enormous challenges. The sector is currently undergoing reforms to implement the Water Act 2002 to achieve the MDGs. Nationally, access to safe water is currently estimated at 57%, while access to basic sanitation is at 81%. This translates into 13 million Kenyans without access to water and 5.7 million people without access to basic sanitation. The realistic achievement of the MDGs in the field of Water Supply and Sanitation (WSS) requires a strong financial, technical and conceptual support through (i) an enhanced sector-wide and programmatic approaches and integration of these to ensure greater impact on reducing poverty; (ii) promotion of poverty-oriented economic growth, among others through enhanced community-based and private sector participation; and (iii) mobilization of additional financial resources for investment in the sector.

**The Opportunities:** To help steer the reforms and guide the implementation of the Water Act 2002, the Ministry has established and is in the process of operationalising autonomous water service institutions as well as a semi-autonomous Water Services Trust Fund. The new Ministry has signaled its intention to follow through on the reform process, including exploring options for private sector participation in the major cities and seeking to respond to the new expectations in the country. This creates a good opportunity for scaling up service provision and attaining the MDGs. A transfer plan launched in July 2005 provides for a transition period of 2 years in order to fully shift new functions, duties and responsibilities from the MWI to the new institutions and meet the transfer deadline 30 June 2006. Presently, almost all the new institutions are in place and are at different levels of operationalization.

**WSP-AF’s Role:** WSP-AF played a key role during the Kenya Water and Sanitation Sector Review 2000, and has been closely involved in the development of the new Water Act 2002, the WSS strategy, and the WRM strategy. In discussion with MWI, WSP-AF’s roles are expected to be: i) support to the coordination and WSS MDG planning processors, to facilitate support for the reform process; ii) ongoing support to the implementation of sector reforms and support to the MWI, water boards and service providers; iii) development of delivery mechanisms for WSS in
informal settlements and preparation of investment programs; and iv) process for the
development and implementation of national environmental sanitation and hygiene programs.

**WSP-AF’s Comparative Advantage:** WSP-AF has a strong track record in the sector and good
working relationships with leading agencies in Kenya. WSP-AF is regarded as an honest broker
by the MWI and other stakeholders, and is therefore expected to lead sector coordination
activities among government, donors, and other sector actors. This comparative advantage
derives from: i) a strong regional presence; ii) experience in similar reform projects in other
countries, such as guiding sector reform in Zambia and the development of sanitation policies in
Burkina Faso, etc.; iii) WSP-AF success in developing delivery mechanisms for WSS services to
urban poor under WUP; and iv) An in-country presence and good understanding of the WSS
issues in the country.

**WSP-AF’s Strategic Activity Selection:** WSP-AF’s work in Kenya will focus on four projects
namely: (i) Kenya WSS MDG Road Map (ii) Support to WSS Sector Reform Processes (iii)
Development of a strategy for WSS service provision in Informal Settlements and (iv) Support to
the implementation of the national environmental sanitation and hygiene policy through national
sanitation marketing and hygiene promotion.

**Mozambique**

**The Challenge:** Mozambique is one of the 15 poorest countries in the world. National water supply
coverage is less than 45% for both urban and rural areas, and urban sanitation coverage is less than
50% (23% for rural) placing Mozambique as below-average when compared with the rest of Africa.
Though recent economic growth rates have been favorable, structural weaknesses resulting from a
tragic colonial past and long periods of post-independence armed conflict have hindered sector
development. Despite high levels of investment and donor support, sustainable service provision
remains elusive, with some provinces reporting upwards of 50% of their water points as being non-
functional. Reaching the MDGs for water supply and sanitation seems unlikely as evidenced by
failure to meet national construction and investment targets for the past three years running.

**The Opportunities:** The country is currently struggling to develop and implement policies for
sustainable rural water supply and keep the country on track to meet the WSS MDGs. A
significant number of large-scale rural water supply and sanitation (RWSS) projects, based on
demand-responsive approaches (DRA), are underway throughout Mozambique, making the
countryside a living laboratory for generating lessons learned and forging productive
partnerships. The Government of Mozambique has requested WSP assistance to assist in
supporting co-ordination and lesson-learning in RWSS, to provide capacity and support to
Mozambique’s new Strategic Studies Center for Water, CEDESA, as well as support the national
sector lead agency, DNA.

**WSP-AF Role:** WSP-AF can play a long-term role in the following areas: (1) supporting
achievement of Mozambique’s WSS MDGs, (2) documenting RWSS lessons learned, (3)
improving sector networking and communications, and (4) increasing the efficiency and
effectiveness of RWSS investments.

**WSP-AF Comparative Advantage:** WSP-AF is a highly-experienced, honest broker with a
permanent in-country presence. This instills policy makers with the confidence to engage in open
dialogue, leading to meaningful reform and eventually to increased service access to the poor.

**WSP’s Strategic Activity Selection:** (1) Building Capacity to Reach the MDGs: (a) MDG
Roadmap Support. WSP-AF, at the request of the Mozambican government, will accompany the
GoM and other partners, in a comprehensive initiative aimed at producing Mozambique’s MDG Roadmap.

(2) Supporting Decentralized Service Delivery: (a) Documenting RWSS Lessons Learned. WSP-AF, at the request of the Mozambican government, proposes to assist in the documentation of lessons learned under the larger ongoing RWSS projects throughout the country, including the Inhambane National Pilot Project, and other donor-assisted projects. (b) Decentralized Business Approaches. As more and more of the country’s investment budget gets channelled to local agents, the need grows for improved service delivery mechanisms and approaches. WSP-AF will support DNA in clarifying decentralized public roles and structures, as well as identifying and testing new decentralized service delivery business models.

(3) Networking and Communications: (a) WSS Working Group. Under the initiative of WSP-AF, SDC, and UNICEF, the WSS Working Group resumed deliberations in 2003, uniting over 12 national and international institutions, and improving intra-sector dialogue and networking. WSP plans to add to this mix with a bi-monthly special event on a subject of interest within the sector. (b) Communications. As an integral part of all activities launched by WSP and its partners, the Maputo hub will require the implementation of its communications plan, whose aim is to keep donors, clients, partners, WSP, and Bank management abreast of issues, results, and impacts achieved through WSP-supported projects.

(4) Sector Information Management System: At the request of DNA, a national SIMS is to be developed, building upon existing initiatives and experiences, and responding to the evaluation needs within the national Poverty Reduction Strategy. RWSS will be prioritized initially.

Niger

The Challenge: Niger is one the poorest countries in the world. Over 63% of the population lives under the poverty line, and the country is just emerging from a 10-year political and social crisis. Poverty is widespread in rural settlements. Currently, 6.1m (57%) of Niger’s 10.8m people have access to water supply and 2.2m (20%) have access to sanitation. To achieve the MDGs by 2015, 6.8m more people would need to obtain access to water and 7.9m to sanitation. This would still leave 3.5m without water and 6.4m without proper sanitation. Currently, about 450 rural and 20 town water supply systems are being constructed each year. To achieve the MDGs, the number of new systems constructed each year would have to be doubled in rural areas and small towns, and more than trebled in urban areas. WSP-AF has helped the Ministry of Hydraulic and Environment (MoHE) in charge of the water sector develop a WSS MDG roadmap, which includes (i) the creation of a national WSS coordination and consultative committee (NWSSC), (ii) the strengthening of the M&E system, (iii) the development of national WSS MDG strategy and action plan, (iv) the improvement of the WSS governance, and (v) the development of an Integrated Water Resources Management strategy. The UWSS sub-sector is under institutional reform with the support of the international community. An asset holding company (SPEN) and a private operator (SEEN) are respectively in charge of investments and operations in the main urban centers. The RWSS sub-sector remains the major challenge, despite the ongoing introduction of new pilot management schemes in some rural provinces.

The Opportunities: The Government of Niger (GoN) is committed to pursuing the sector reform process but needs help in developing coherent plans to meet the MDGs. The WB assisted in developing a CAP for the WSS sector. WSP-AF has helped develop the WSS MDG strategy and action plan frameworks with support from a French CTF and has been requested to help the support processes to make the strategy actionable. WSP-AF has previously provided support to Niger from regional staff in its Abidjan and Dakar offices. Recently additional support from Switzerland has enabled WSP to open a country office in Niger and include the country as a focus country of its Africa operations.
**WSP-AF’s Role:** WSP-AF has supervised and completed the urban sanitation component of the WB funded Water Sector Project, and is providing technical assistance for the development of management contract models for small towns. Now a focus country, especially with regards to Niger’s achievement of the MDG targets, WSP-AF will be increasing the level of support offered with a focus on rural water supply, playing a role in strengthening sector coordination, assisting to further develop and assist in the implementation of specific actions, including strengthening sector monitoring and financing strategy, to improve Niger’s chances of reaching the WSS MDGs.

**WSP-AF’s Comparative Advantage:** WSP-AF has had several years of engagement in activities supporting Niger’s authorities, and has experience and credibility in the sector in the sub-region. With experiences gained in Senegal (urban water supply, sanitation, and hygiene), Benin (rural water supply and sanitation), and DRC (sector reform and communication), WSP-AF is in a strong position to work and support national and local governments in Niger improve the WSS sector performance and meet the WSS MDGs.

**WSP-AF’s Strategic Activity Selection:** The following specific activities will be the focus for WSP-AF in Niger:

5. Enhancement of the National WSS Sector Coordination;
6. Strengthening of the M&E system;
7. Development, implementation and monitoring of a country-owned RWSS MDG-based Poverty PRSP Strategy and Action Plan; and

**Rwanda**

**The Challenge:** In 2004, 3.8 million (46 percent) of Rwanda’s 8.2 million people had access to safe water supply and 0.7 million (8 percent) had access to safe, hygienic sanitation. The lack of hygiene awareness and the poor conditions of traditional latrines, which equip more than 80% of houses, contribute to high prevalence of diarrhea and skin disease. Rwanda, a country recovering from a devastating civil war, is still building political leadership, establishing public policy and strengthening public institutions. The WSS sector has established a policy framework for sector development and has begun to mobilize donor support for WSS development, in particular through the first PRSP, and its second generation, called EDPRS (Economic Development for Poverty Reduction Strategy). But detailed strategies, such as would be required for sustaining rural water and sanitation services, need development, the implementation of programs has lagged, implementing institutions are weak (both at central and local levels) and coordination of sector agencies remains a significant challenge.

**The Opportunities:** The civil service in Rwanda is recovering at an encouraging pace and is better able to use development assistance. DRA-based project rules and procedures under the country decentralization policy are being tested under the World Bank funded Rural WSS project (PAEMR). Hygiene promotion and education will need more effective methods and a higher degree of institutional collaboration among the agencies concerned. Under the AfDB sponsored RWSSI, Rwanda has developed a comprehensive long-term program (PNEAR) to reach 100% coverage in water supply and sanitation by 2020 which would encompass the MDGs. The PNEAR is just getting underway and will lead, through merging its management unit with the PAEMR project management unit, to the creation of a specialized structure to support rural WSS development.
**WSP-AF’s Role:** WSP-AF was active in post-crisis activities in Rwanda from 1997 to 2001, and helped to develop the sector policy and to prepare the PAEMR, and later to prepare the PRSP. WSP-AF contributed also to urban sanitation issues and to hygiene promotion (PHAST) and school sanitation in partnership with UNICEF. The relationship was interrupted due to staff and resource constraints. Following the 2003 consultations with Belgium, WSP-AF main funding partner for Rwanda, engagement was resumed, and Rwanda is prioritized as one of WSP focus countries. WSP-AF has recently deployed an experienced Country Sector Coordinator based in Kigali to coordinate to WSP-AF work program and liaise with sector partners. GoR has requested WSP-AF to support the sector coordination process, support the move towards adopting a more programmatic sector approach in rural water supply, support the sanitation and hygiene sub-sectors and determine effective ways of encouraging private sector participation in rural water supply development and management.

**WSP-AF’s Comparative Advantage:** WSP-AF is re-establishing its reputation in Rwanda, now with more direct engagement from its country office. WSP-AF has a close and consistent partnership with the World Bank (AFTU2) and Belgian (DGDC) support in Rwanda for the rural water and sanitation sector. WSP-AF areas of engagement have been defined in thorough consultations with lead sector agencies and key partners (in particular WB, AfDB, EU, Belgium, UNICEF and DFID).

**WSP-AF’s Activity Selection:**
WSP will help the Water and Sanitation Directorate (DEA) to implement critical aspects of its sector policy:

**Rural water supply.** Under the PNEAR, WSP-AF activities will focus on: management of so-called complex rural WS systems; development of rural PPP arrangements; building capacities for contract management and M&E systems.

**Hygiene and Sanitation.** Continue to develop effective methods for hygiene promotion; assess sanitation technology and related sludge disposal options for dense rural settlements, including evaluate and test the Ecosan options; help develop the sanitation strategy and the roadmap for the sanitation MDG,

**Sector coordination.** Support the emerging country coordination framework led by the EU for the infrastructure sector; support the newly established WSS coordination sub-cluster chaired by AfDB, support the integration of the WSS sector into the EDPRS.

**Senegal**

**The Challenge:** Senegal has made substantial progress in the WSS sector coverage following the reforms initiated in 1996: 2005 coverage rates are (i) for water supply 64% in rural areas and 95%in urban, settlements (ii) for sanitation 17% in rural areas and 56% in urban settlements. In the urban water sector, the challenge is to sustain and follow up these reforms. The first ten-year lease contract to Sénégalaise des Eaux came to an end in April 2006 and, is now extended for 5 years according to the Senegal’s law during which the challenge is to evaluate, monitor and strengthen the PPP in the WSS sector. In RWSS, the government has previously financed technically-sophisticated water systems, but the ongoing reforms (including new financing criteria and the implementation of cost-recovery policies) are modifying the conditions in the management of the RWSS systems. WSP-AF’s support is requested to revise the maintenance policy and advice on rural PSP options to enhance efficiency and sustainability. The government initiated the development of poor urban sanitation strategy in 1996 and created a National Office of Sanitation Agency (ONAS). However, since service coverage remains low for sanitation, the Government of Senegal (GoS) has requested WSP-AF support to develop a nationwide sanitation strategy and policy.
The Opportunities: In the framework of the ongoing Senegal Long Term Water Sector Project, the government has requested the support of the WB and WSP-AF to help the PRSP process better reflect the rural water and sanitation sub-sectors in order to assist Senegal reach the WSS MDGs. The second generation of reform will focus on RWSS. This assistance will involve reviewing the RWSS sector under the overall framework of the MDG target for a better understanding of success factors related to financing mechanisms, institutional arrangements, increased PSP and sustainable technological options, including supply chains for RWSS maintenance. The strong performance of the urban water sector following the 1996 reform, and the wide consensus around the national WSS MDG roadmap and investment program provide knowledge resources and experiences for sharing within the region to guide other countries accelerate WSS services delivery and meet the MDG targets.

WSP-AF’s Role: In previous years, WSP-AF has supported activities in Senegal through its regional thematic operations. An expanded program was developed in Senegal from 2004 to respond to additional requests for support from the government and WB. WSP-AF is perceived as a host broker, which can facilitate policy dialogue and consensus building for sustainable strategies and programs in the previously neglected rural and sanitation sub-sectors which are Senegal’s critical challenges to attain the WSS MDGs. Government has further requested support to assist in monitoring the implementation of WSS MDG action plans and sector coordination.

WSP-AF’s Comparative Advantage: With a significant regional presence of experienced international staff based in Dakar, WSP-AF is well positioned to provide high level support to the ongoing reforms and be a source of comparative learning for priority sector challenges. In particular, the WSP-AF Dakar team includes specialists in RWS, sanitation and hygiene, and finance, which constitute areas of expertise highly needed to advance the WSS agenda in Senegal. WSP’s prior support to the Senegal Long Term Water Sector Project and alignment with WB support to the sector has given WSP credibility in the country.

WSP-AF’s Strategic Activity Selection: WSP-AF support to Senegal for the coming years will mainly focus on assisting the country to implement and fine-tune its WSS policy and strategy to meet the MDG targets. During FY07, WSP-AF will focus its support in four areas:

- Support the engagement of the local private sector in the development and management of RWSS services;
- Development of nationwide sanitation policy and strategy for the MDGs, involving all sector stakeholders;
- Developing tools to implement and monitor WSS MDG strategy and action plans and support sector coordination

Tanzania

The Challenge: Tanzania is one of the poorest countries in the world, with a GDP of US$210 or US$0.57 per day. It has a population of almost 35 million people, with approximately 20% living in urban areas and an estimated rate of urbanization of 6% per year. This has resulted in the rapid growth of unplanned settlements, and approximately two-thirds of Dar es Salaam’s population lives in unplanned areas where the provision of water supply and sanitation is insufficient and often unsafe. In 2003, it was estimated that approximately 73% of the urban population had access to water (although this figure does not account for the level or sustainability of service), while piped sewerage systems cover less than 10% of the urban households while the remaining population depends on pit latrines and septic tanks. In rural areas, sanitation coverage runs as high as 90%, but there are significant concerns about the

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2 National Water Policy, Ministry of Water and Livestock Development, July 2002
quality of the facilities. While the Ministry of Water (MoW) has a clear mandate to provide water nationally, urban services are overseen by urban water and sanitation authorities (UWSAs), the largest of which is the Dar es Salaam Water and Sewerage Authority (DAWASA). The sanitation sector suffers particularly from sector fragmentation, with responsibility divided among many actors, including the UWSAs, Ministries of Health (MoH), Education and Culture (MoEC), MoW, and the President’s Office for Regional Administration and Local Government (PORALG), with actual services frequently relegated to the municipal level. The MoH recently issued a proclamation that sanitation will be housed in that Ministry and has committed to launching a pan-ministerial steering committee on sanitation.

**The Opportunities:** The Tanzanian Government (GoT) has undertaken an ambitious reform policy, the *National Strategy for Poverty Reduction and Growth* (or MKUKUTA). It has adopted the MDG targets, developed a PRSP, is in the second stage of the PRSC and is making arrangements on moving forward towards a SWAp. Additionally, the World Bank is currently implementing three major projects – two for urban and one for rural – with WSS components, and is preparing to finance the GoT’s ambitious National Water Program. In the rural sector, the MoW is moving forward on rolling out the National Rural Water Supply and Sanitation Program (NRWSSP), and has developed a complementary program for the urban sector - NUWSSP. The MoH has developed a draft National Environmental Health, Hygiene and Sanitation Strategy (NEHHSAS), and has given sanitation a home in this Ministry. Finally, there is a network of small-scale providers of WSS services who function when the more formal mechanisms are unable to supply these services. With these multiple points of entry and an explicit invitation from the GoT, WSP-AF has a good opportunity to make a significant impact on the ground through a focused program.

**WSP-AF’s Role:** WSP-AF has been involved in Tanzania for many years, providing support from the regional headquarters in Nairobi. WSP-AF provided support towards the development of the Rural Water Policy and the Urban Water Policy and helped GoT in investment and demonstration project design, sector networking and knowledge sharing. Recently, WSP-AF has been involved in supporting supervision of the RWSS project and in the preparations for scaling up activities to a national program. In the urban WSS sector, WSP-AF has previously been involved in the pro-poor component of the DAWASA urban project in Dar, as well as making a significant contribution towards helping DAWASA develop an institutional capacity to provide services to the poor. In sanitation, WSP-AF is providing technical support to the Dar City Commission to develop a sanitation strategy, with a focus on sanitation marketing. Additionally, the Program is supporting the design and implementation of household sanitation improvements as part of the Community Infrastructure Upgrading Program (CIUP). In October 2005, WSP-AF strengthened its support to Tanzania with the opening of a country office. The role of the country office will be to carry forward the sanitation work – both national and municipal – to complement AFTU1’s activities as well as provide support to the ongoing WSP-AF regional activities.

**WSP-AF’s Comparative Advantage:** As mentioned above, WSP-AF has considerable experience in Tanzania and has developed close relationships with the sector actors, including representatives from the government, World Bank, NGO and donor communities. In sanitation, WSP-AF has been conducting innovative work across the continent in developing strategies and creating enabling environments for the small scale private sector as well as promoting sanitation marketing. WSP-AF is recognized as an objective knowledge broker who can bring many actors to the table in order to reach a mutually acceptable resolution and can draw on global and regional resources to bring the skills of its sector professionals to Tanzania.
**WSP-AF’s Strategic Activity Selection:** In FY07, WSP-AF will be focusing on two projects to continue strengthening its country presence in Tanzania: i) *Support to the national sanitation sector,* and ii) *Country Coordination.*

### Uganda

**The Challenge:** In Uganda’s recently revised Poverty Eradication Action Plan (PEAP) and Sector Investment Plan (SIP) the targets are 77% and 80% for safe water supply and sanitation, respectively. However, with a high population growth of 3.4%, it is likely that unless concerted efforts are made to ensure sustainable and increased coverage, increase in facilities is likely to be countered by population growth, making the targets unattainable. The SIP and Sector-Wide Approach (SWAp) are having an impact in meeting water MDG and PEAP targets, though challenges of efficiency and sustainability remain as highlighted in the Joint Sector Review undertakings. The situation is less positive for sanitation, which falls under 3 different sectors with many other priorities. Sanitation challenges include financial constraints, insufficient capacity (both within Local Governments and at the center for policy and technical guidance), poor operation and maintenance of WSS facilities, and inadequate capacity of the Environmental Health Division (EHD- lead agency for sanitation development in Uganda) of the Ministry of Health (MoH) to deliver its strategic priorities of sanitation and hygiene promotion.

**The Opportunities:** Opportunities include the following: political will and commitment of sector actors in Uganda for reform, the SWAP framework that enables coordinated planning, Poverty Reduction Support Credit (PRSC) instrument by the World Bank, joint funding by Danida, Sida, DFID, Austrian Development Cooperation, and Germany for coordinated planning and funding including preparation of the next phase (2008-2013), as well as the annual joint GoU/Donors sector reviews to assess performance and set undertakings for improvement. Specifically for sanitation, the DFID-funded/WSP-AF-managed capacity building programs for EHD and the National Sanitation Working Group (NSWG) have facilitated increased profile for sanitation. At the policy level, improved sanitation and hygiene have been highlighted as priorities under the recently revised national PEAP and the Health Sector Strategic Plan (HSSP II) as well as the 2006 Poverty Status Report. The pro-poor strategy and the anti-corruption strategy developed by DWD as well as the 10 year Improved Sanitation and Hygiene financing strategy are other opportunities to be explored.

**WSP-AF’s Role:** The GoU is proactively driving the development process in the sector. While many development partners provide technical assistance at national level, WSP-AF’s role will continue to be, in addition to providing knowledge, assisting the GoU in the implementation of activities to meet its sector MDGs with focus on the sanitation sub-sector that currently faces bigger challenges. WSP partners elsewhere can also benefit from the Uganda water and sanitation sector experiences.

**WSP-AF’s Comparative Advantage:** Uganda is a WSP-AF focus country with a current resident staff of three. WSP-AF’s strong relationship with the GoU, DPs, and NGOs and its current support program to EHD places it favorably to facilitate and stimulate policy dialogue and national coordination among the sanitation sub-sector players, and to support development of an enabling framework. Furthermore, WSP-AF’s regional learning experiences with sanitation, serving the urban poor, scaling up approaches, and creating management models for WSS O&M in small towns can add value to the sector in Uganda. WSP’s emerging leading role in innovative approaches such as OBA and anti-corruption activities is also advantageous.
**WSP-AF’s Strategic Activity Selection: Country Themes**

- **Sanitation:** WSP-AF will continue supporting the GoU (EHD) to be more responsive to the challenges in the sanitation sub-sector since the present situation is far from acceptable for this national priority. WSP-AF’s existing regional sanitation capacity will enhance the support given in Uganda. WSP-AF is a strong member of the NSWG (currently the chair). WSP-AF will support the enabling environment for sanitation and hygiene promotion and also support the development and implementation of the sanitation MDG roadmap.

- **Rural and Small Towns:** Due to past activities and demand by sector partners and clients for this specific support, WSP-AF will support the development of a strategy for planning and management of sanitation services in small towns, incorporating the use of small-scale private operators. Documentation of emerging experiences in using private operators in water supply will be a key focus activity.

**Zambia**

**The Challenge:** Since 1993, the Government of the Republic of Zambia (GRZ) has been undertaking institutional reforms of the water and sanitation (WSS) sector, resulting in formation of commercial utilities in the urban areas, and ongoing attempts to strengthen WSS functions within the local authorities in the rural areas. Despite these efforts, access to water and sanitation is still very low with national coverage of 49% for water and 41% for sanitation. Major constraints include: inadequate institutional and financial capacity in both the local authorities as well as in the commercial utilities; lack of clarity in the institutional and legislative arrangement, with an ongoing institutional conflict between Ministry of Local Government and Housing (MLGH) and the Ministry of Energy and Water Development (MEWD); existence of several funding routes and mechanisms often with conflicting rules; and inadequate coordination amongst different donors, resulting in duplication of effort and aid ineffectiveness in the sector. These issues need to be resolved if Zambia is to meet the MDGs in the next 10 years.

**The Opportunities:** There are a number of opportunities for overcoming these problems. Zambia has a progressive legal and policy framework contained in the National Water Policy (1994), the Water Supply and Sanitation Act (1997), and the Decentralization Policy (2002). These policy instruments provide for the participation of different service providers, and encourage commercial viability and sustainability of WSS, as well as a specific focus on un-served and poor communities. The GRZ has also re-committed itself to improving the effectiveness of the institutional framework, including a new RWSS institutional framework, targeted at devolving and strengthening WSS functions in local authorities. Furthermore, the GRZ has created a Water Sector Advisory Group (Water SAG - in which WSP-AF is represented.), and a MDG Technical Committee, to develop specific actions to assist Zambia accelerate attainment of the WSS MDGs, strengthen WSS issues in the PRSP process, improve coordination of the sector, and guide the sector to implementation of a sector wide approach (SWAp). The numerous donors and ESAs are also keen to participate in the MDG process, and have established bi-monthly donor meetings to facilitate better sector coordination and collaboration. GRZ, with the financial support of DCI, have requested WSP’s specific assistance in supporting the implementation of the RWSS framework.

**WSP-AF’s Role:** While several development partners are willing to provide investment funds, WSP-AF role in Zambia focuses on assisting GRZ to facilitate national dialogue on attainment of the WSS MDGs and progress towards implementing a SWAp, and in so doing strengthen sector coordination and MLGH leadership in WSS. WSP-AF will also play a major role in facilitating preparatory
activities critical to the implementation of the new RWSS institutional framework, consistent with the provisions of the newly developed National Rural Water Supply and Sanitation Program (NRWSSP).

**WSP-AF Comparative Advantage:** Although Zambia has only recently become a WSP focus country, WSP-AF has been operating in the country for several years, and has developed strong relationships with the GRZ, support agencies including DCI, DANIDA, and NGOs like Care International and WaterAid. WSP-AF currently has one resident staff in its Zambia country office, who is also able to draw on her position as a World Bank employee, to strengthen WSP-AF’s contribution to the sector. WSP-AF’s prior support to developing the national RWSS policy framework and regional expertise in WSS MDG road mapping, and institutional reforms can add value to the sector in Zambia.

**WSP-AF’s Strategic Activity Selection:** WSP-AF will focus on those areas where it can add the most value to what both the GRZ and ESA’s are doing. Specifically, WSP-AF will support a national policy dialogue that should lead to the development of a Zambian-owned MDG roadmap, together with relevant implementation strategies. Based on the request from GRZ, WSP-AF will also support the development of tools and systems critical to the implementation of the new RWSS framework.

Table 3 lists all the WSP-Africa projects in the FY07 business plan.

**Table 3: List of WSP-Africa Projects**

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<tr>
<th>Country</th>
<th>Project Name (AFR)</th>
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<tbody>
<tr>
<td>Benin</td>
<td>Support to WSS MDG strategy and action plan implementation in Benin</td>
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<tr>
<td>Burkina Faso</td>
<td>Support to WSS MDG strategy and action plan implementation in Burkina Faso</td>
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<tr>
<td>DRC</td>
<td>Supporting Sector Reforms and Coordination</td>
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<td></td>
<td>Support to DRC’s WSS MDG strategy and action plan implementation</td>
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<tr>
<td>Ethiopia</td>
<td>Sector Coordination and Road Mapping for Achievement of WSS MDG/PASDEP targets</td>
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<td></td>
<td>Support to the development of a strategy for hygiene and sanitation in small towns and urban centers</td>
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<tr>
<td>Kenya</td>
<td>Develop a Model for Sustainable WSS Provision to Low Income Urban Settlements</td>
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<td></td>
<td>Support Kenya WSS Sector Reform Process</td>
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<td></td>
<td>National Sanitation Marketing, and Hygiene Promotion</td>
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<td></td>
<td>Development of Kenya WSS-MDG Road Map</td>
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<td>Mozambique</td>
<td>Supporting Decentralized Service Delivery</td>
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<td></td>
<td>Building Capacity to Reach the MDGs</td>
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<td></td>
<td>Networking and Communications</td>
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<td>Sector Information Management System</td>
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<td>Country</td>
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<tr>
<td>Nigeria</td>
<td>Support to WSS MDG strategy and action plan implementation in Niger</td>
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<td>Rwanda</td>
<td>Supporting Reforms for Rural WS in Rwanda</td>
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<td></td>
<td>Supporting Sanitation Strategy in Rwanda</td>
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<tr>
<td>Senegal</td>
<td>Development of RWSS Program</td>
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EAST ASIA PACIFIC
EAST ASIA AND PACIFIC

The Challenge: In East Asia and the Pacific region, the WSS challenge is to bring about greater commitment to sector reforms, and to create the institutional framework and capacity necessary to achieve the Millennium Development Goals. The region is broadly on track to meet the overall poverty reduction goal, but there are wide disparities among countries of their likelihood of reaching specific goals. In the water and sanitation sector, countries of the Mekong Region (Cambodia, Laos, and Vietnam) and Indonesia are unlikely to achieve the water and sanitation targets in current circumstances.

While government and donor efforts have resulted in gradual improvements in the general state of the sector and sector policy throughout the region, it is clear that both governments and donors are keen, especially in the context of decentralization and increasing urbanization, to increase the drive towards institutional efficiency and effectiveness for policy-making and implementation.

Although sector reform policies have been put into place in a number of countries in the region, progress in implementing these policies has been slow due to a combination of factors (these differ from country-to-country) which include; weak local capacity, lack of appropriate institutional frameworks, and lack of support for sector reform from critical constituencies of stakeholders. As a result, in most countries a wide gap exists between national policies and actual implementation. The MDGs provide strengthened impetus for accelerating policy reforms as well as large-scale implementation of sector initiatives. WSP-EAP will continue to work with clients and partners to formulate pragmatic approaches to achieving the water and sanitation goals.

Sanitation is the least well addressed of the major policy issues in the WSS sector in East Asia. According to JMP data, 415 million people lack access to improved water supplies in ASEAN and East Asian countries, while nearly one billion people lack access to improved sanitation. Poor sanitation services are having serious implications for water quality, which has steadily deteriorated in many parts of the region, further contributing to a growing water resources crisis induced by the increased consumption of growing economies and populations, deteriorating environments, and climate change. Unsanitary conditions in rural and urban environments are a main cause of the region’s high burden of water-borne and related diseases. Despite this, the political will to strengthen sanitation policies within the broader context of water resources management and increase investment remains low across the region.

Because of top-down service delivery approaches and perverse incentives that perpetuate sub-standard performance by service providers, the poor have benefited little from sector interventions. Hence, the question as to how to target poor people and ensure that they get access to services is a largely unresolved question in the region. Urban growth is accelerating in most countries in East Asia, where many of the world’s megacities are located. The issue of how to provision small towns – where a large part of this urban growth is now focused – has become increasingly important and has caught the eye of the policymakers in a number of countries. At the same time, improving access to sustainable and equitable WSS services in rural areas also remains a key challenge. As the incidence of poverty is higher in remote rural areas, helping to reduce the gap between service delivery in accessible and remote areas will be important in terms of poverty alleviation.

WSP-EAP’s Role WSP-EAP has been focusing in the past few years on assisting governments in the formulation and implementation of realistic WSS reform policies that are being supported by a wide range of sector stakeholders. In its policy reform activities, WSP-EAP has gained extensive knowledge about WSS policies that work in the region, but given the fragmentation of the sector and entrenched systems that work against improved sector performance,
operationalizing policy and institutional reform remains a challenge. Over the past two years, WSP-EAP has worked with our partners and clients in five focal countries to understand the implications of the MDGs for sector planning and resource mobilization and to develop and implement national strategies to achieve the Goals. Advocacy to increase the political will for implementing reforms and increasing investment in the sector with central and local governments as well as with civil society is a critical need that WSP-EAP’s expanding work on communications for reform addresses.

WSP-EAP’s role continues to include the mobilization and optimal use of clients’ and partners’ resources to achieve the MDGs through more effective institutions. WSP-EAP’s comparative advantage has been biased toward community-managed services. The Program is continuing to broaden its base of expertise to encompass the full gamut of WSS services, including formal WSS utilities, community-managed systems, and informal, small scale independent providers. The Program’s participatory development focus has shifted from research and pilots toward institutionalization of best practice through large-scale investments and recognition of the role of the sector in poverty reduction and economic growth.

**Capacity building** for governments to launch or enhance policy-making efforts is supported by practical efforts to underpin the development of workable strategies, action plans, and overall approaches that make policy happen. Support for improving service providers’ performance, increasing access to financing, and the institutionalization of best practices in large scale investments is an integral part of most WSP-EAP initiatives.

Underpinning the policy and implementation work is a program of **knowledge generation and management** through studies, field trials, pilot and demonstration activities resulting in lessons that can feed into policy formulation and implementation, as well as in support of the design and implementation of large-scale investments. Set within a background of capacity building (a key comparative advantage), this juxtaposes the important roles of supporting sector policy formulation and developing workable, achievable approaches, and identifies the important sector coordinating role of WSP-EAP in respect to policy, implementation, and knowledge management.

**WSP-EAP Comparative Advantage:** WSP-EAP has an established network that maintains close relationships with many governments and other stakeholders active in the WSS sector. The Program is viewed as an honest broker, able to work across and link between all level from Ministers to poor communities. WSP-EAP assists client grappling with reform to strengthen learning and partnerships across the region. WSP-EAP has a proven track record in the formulation of sector policies in collaboration with its partner governments. It also has a strong background in introducing new ideas in areas such as utilization of participatory approaches, hygiene promotion, gender, and community-based service delivery to the poor, and the introduction/development of methods to measure the sustainability of WSS services. The Program’s institutional location within the World Bank and our growing links with the Asian Development Bank provide it with a unique capability to influence and promote large-scale investments in the water and sanitation sector. WSP-EAP is also broadening its role in regional advocacy and partnerships, and developing inter-country support mechanisms.

**Strategic Activity Selection:** WSP-EAP seeks to use the initiatives and resources of its partners to implement sector reforms and accelerate efforts to achieve the MDGs through support for developing financing strategies, the design and supervision of large-scale investments, and by generating and sharing lessons from field experience in key focus areas. The activities in the region are concentrated primarily, but not exclusively, in five countries that have committed to sector reforms: Cambodia, Indonesia, Laos, the Philippines, and Vietnam. These countries have been selected because of their high rates of poverty, demand for WSS services, the availability of
financial partners, and learning opportunities. The thematic approach for the region is directly linked to the major challenges that still lie ahead: (i) to focus attention, resources, and effective responses on the burgeoning sanitation challenge in the region; (ii) to assist national partners to understand the magnitude of investments required and develop strategies to optimize both domestic and external resources to achieve the MDGs; and (iii) to ensure that the poor are benefiting equally from WSS interventions.

**Key projects:** Key projects in the region are focusing on the practical design and implementation of improved RWSS policies linked to large-scale sector investments.

- **Cambodia:** Action research and technical assistance to develop and support the role of the domestic private sector in WSS service provision, and to develop and launch a sanitation marketing strategy for both rural and urban areas.
- **Indonesia:** Second phase of the Water and Sanitation Policy Formulation and Implementation Project; Indonesia Sanitation Sector Development Program; and strategic support for several large-scale RWSS projects.
- **Laos PDR:** Institutional, policy, and regulatory reform for the sanitation sector; Scaling up of water supply services through promotion of the domestic private sector; development of national hygiene promotion campaign; analytical and advisory work in support of large-scale investments by the World Bank and the Asian Development Bank.
- **Philippines:** Expanded work on water utility performance improvement, regulation, and access to investment financing; sanitation sector development through the Sustainable Sanitation for Southeast Asia Program.
- **Vietnam:** Development of a unified sanitation strategy and investment plan; execution of a national hand washing and hygiene promotion campaign; analysis of RWSS management models; and structured learning linked to the Red River Delta RWSS Project.

**Regional:** WSP-EAP’s financial support primarily flows through country-focused projects, with additional resources for thematic, regional initiatives. The selection of regional activities is highly strategic and focused on regional knowledge products and the development of new initiatives. Strengthening links with regional partners including the Southeast Asia Water Utilities Network, the Asian Institute for Technology, the Stockholm Environment Institute, and International Development Enterprises as well as enhanced integration with the operations of the multilateral investment banks and bilateral programs in water and sanitation will leverage the effective use and impacts of WSP-EAP’s analytical work, technical assistance, and knowledge products. Related to this, communications for sector reform will be a strengthened component of WSP’s work to help raise consumer demand and the political will for executing sector reforms and increasing effective investment in the water and sanitation sector.

Sustainable sanitation is a thematic focus of our regional work. The launch of the Sustainable Sanitation for Southeast Asia Program, supported by Sida, will allow us to considerably expand our inter-country, thematic work. A focal activity in FY07 will be preparations for the East Asia Ministerial Conference on Sanitation, with the objective to mobilize awareness, political impetus, and popular support for broad-based investments in sanitation infrastructure and their effective use. In support of this event WSP-EAP will complete an economic assessment of sustainable sanitation options. In collaboration with SEI, sanitation “centers of excellence” will be established for knowledge management and capacity building related to sustainable sanitation. WSP-EAP will also undertake a regional synthesis of best practices in hygiene and sanitation promotion, drawing on ongoing work in the region and elsewhere on community-led total sanitation, sanitation marketing, sanitation in urban slum communities and city-wide sanitation strategies.
A second regional focus to develop in FY07 is sector financing strategies to achieve the MDGs. Regional resources will be applied to synthesizing learning from country-focused fiscal analysis and the development of financing strategies, including applied research on understanding and enabling the domestic private sector’s role in different capacities for water and sanitation service provision.

Networking and knowledge management through a range of learning and capacity building tools and activities continues to be a third important area of regional cross-cutting work. In addition, WSP-EAP is engaged with WSP colleagues in South Asia and other regions for systematic learning initiatives in the areas of sanitation, arsenic mitigation, and WSS service management and institutional models in the context of decentralization.
### EWDEA Business Plan, FY2006-2007

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| Communications for Reform | • Support for MIME reform team | • WASPOLA  
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○ Rural sanitation implementation strategy formulation  
○ Institutionally managed WSS policy formulation  
○ Support for preparation of PAMSIMAS | • Support for establishing a single national sanitation agency  
• Consolidation of the legal framework for sanitation.  
• Water Supply Law drafting and consultation  
• SaiNaTee (National Program to Supply Water) proposal preparation and approval | • Bench-marking for utilities performance improvement  
• WSS sector institutional mapping for organizational reform | • Water Supply & Sanitation Capacity Building (part)  
• Ensuring sanitation is included in IWRM  
• Improvement & Application of RWSS Strategy | • Regional workshop for client governments on Comms. for Reform in the WSS sector  
• Regional media campaign for EASan  
• Mekong inter-country workshop and ongoing technical exchange on ‘practical communications for sector reform’ (Lao-led)  
• Mekong inter-country initiatives:  
  o Promotion of domestic private sector in WSS  
  o Household domestic water treatment |
Cambodia

The Challenge: Cambodia faces some of the region’s greatest challenges in water, sanitation, and overall poverty reduction. Access to water and sanitation is still quite low; 2004 population survey figures\(^3\) place coverage at 33% for rural water, 60% for urban water\(^4\), less than 12% for rural sanitation and 49% for urban sanitation. Some 20% of the population lives below the food poverty level, while fully 40% of the population earns less than $0.50 per day\(^5\). Capacities to address this challenge are unevenly distributed. While reform and improvements in the urban water supply sector have been very promising, urban sanitation as well as rural water supply and sanitation have shown very limited progress.

Inter-organizational and political frictions remain major constraints to WSS sector progress. The Ministry of Rural Development (MRD), the lead central agency for community-managed WSS, is allied with the opposition to the ruling party. Although MRD is considered one of the four key Ministries to address poverty issues, it is growing steadily weaker, and in the water sector has lost a lot of ground to the Ministry of Industry, Mines, and Energy (MIME), which has oversight of piped water supplies managed by formal institutions. MIME has embraced the need for reform, and has embarked on a program of service expansion in provincial towns and larger rural centers—albeit slowly.

Cambodia must make very large leaps in developing sustainable water and sanitation services if it is to achieve the Millennium Development Goals (currently considered unlikely\(^6\)). Cambodia has set national MDG targets for rural and urban water supply and sanitation, and developed a national MDG strategy with assistance from WSP-EAP in 2004.

Challenges to WSP-EAP’s role to support the Royal Government of Cambodia (RGC) in developing a policy environment and strategies for meeting the MDGs in Cambodia are:

- Low institutional and human resource capacity at all levels;
- The complex political and organizational environment.

The Opportunities:

There has been a growing recognition in the RWSS sector as a whole that the Ministry of Rural Development is not providing the leadership required to make a significant difference in access to services and furthermore, that overall sector financing remains too low to reach the MDG targets. In response, external sector agencies are beginning to explore the role they can play in strengthening the overall performance of the sector, and are putting a stronger emphasis on activity coordination. The recently completed “National Strategic Development Plan” (NSDP) reaffirms the RGC’s focus on the MDGs that was originally expressed in the PRSP. This adds momentum to improving the WSS sector in Cambodia. Given its long standing engagement and commitment to the sector, WSP-EAP is well placed to help guide sector coordination and reform; it envisions playing a crucial role in Cambodia’s WSS sector to promote sector-led processes to develop and implement effective strategic approaches, encourage sectoral learning, and foster donor coordination.

A renewed focus on sanitation has highlighted the need for a comprehensive investment and implementation strategy for sanitation and hygiene. With its ongoing work in sanitation (rural and urban demand study, sector analysis and strategy development) WSP is well-placed to provide the assistance required for this, along with generating new investment for large-scale implementation. MIME is piloting innovative management models, such as design-build-lease, and output based aid, with assistance from the World Bank. This ministry is developing a regulatory framework

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\(^3\) Min. of Planning, 2004, *Cambodia Inter-Censal Population Survey*, Phnom Penh

\(^4\) The Ministry of Industry, Mines and Energy however recently pointed out that if quality of water supplied is taken into account, urban coverage is closer to 37%


and eligibility criteria for private sector involvement in WSS for small towns. WSP has been involved in capacity building activities for domestic private sector suppliers, and MIME has requested continuing assistance in formulating and implementing its reform strategy. This offers opportunities for WSP to apply its comparative advantage as a knowledge management organization and having staff on the ground in Cambodia.

MRD has signed an agreement with ADB for RWSS investment in five provinces, aiming to achieve the rural water supply and sanitation CMDGs in those provinces three years ahead of schedule. This project became active in March of 2006. The investment focus of this project creates important complementary opportunities for WSP in the development and support of the domestic private sector in Rural Water Supply and Sanitation delivery, as well as the use of sanitation informed choice tools that have been developed.

**WSP-EAP’s Role:** A major constraint in Cambodia is the lack of coordination between government line agencies/ministries, external support agencies (ESAs), and NGOs; WSP-EAP can play a critical role in promoting cooperation between these key groups. A recent review of the rural WSS sector by DFID\(^7\) suggests that WSP play a leading role in fostering sector coordination at all levels. WSP-EAP is also well positioned to help RGC develop and implement strategies to carry out its NSDP and achieve the MDGs in the WSS sector, and to assist the WB to implement flagship WSS projects. Work recently completed and currently ongoing provides the analysis and tools for partners to significantly improve performance in the sanitation sector.

**WSP-EAP’s Comparative Advantage:** WSP-EAP has emerged as an honest broker in the WSS sector through its relationships with a wide range of partners and clients, and deep involvement with national WSS policy reform and strategic dialogue. WSP-EAP’s 1999-2002 partnership with MRD and other stakeholders in preparing the RWSS Policy Framework enhanced its position. Similarly, cross support of WB operations in the preparation and implementation of the Cambodia Provincial and Peri-Urban WSS Project with MIME has helped WSP-EAP to develop a good relationship with MIME and its provincial partners. WSP-EAP’s continued ability to effectively work with government institutions across the political spectrum, as well as donors, implementing agencies and private sector providers have made it into a credible and respected organization.

**WSP-EAP’s Strategic Activity Selection:** A decision was made to add specific inter-country activities for the WSP offices in the Mekong area: Cambodia, Laos and Vietnam. A total of three projects have been classified as “inter country”, with one of these three countries taking the lead for each project and the other two countries supporting. A separate inter-country outcome for the three projects combined is provided at the end of this section. The business plan for FY07 builds on WSP-EAP’s ongoing program focused on policy reform, enhancing sector performance, increasing sanitation demand and improving household drinking water quality. Major areas of concentration in country will be:

- Analytical work and technical assistance for developing and launching implementation of a sanitation marketing strategy for both rural and urban areas;
- Increase the demand for sanitation and hygiene, through developing a wider range of sanitation technology options for Cambodians, including sustainable sanitation. Sanitation informed choice tools for use by sector practitioners will be further developed alongside the work on sanitation options.

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• Improving sector performance through work with the RCG on including strategic RWSS components in national plans, as well as addressing issues underlying poor sector coordination.

Cambodia, Laos and Vietnam inter-country projects are:

• Increasing the options for household water treatment systems through an expanded program of technology verification based on experience gained in FY06. This activity will be led by Cambodia, with supporting activities planned by Laos and Vietnam.

• Action research, technical assistance and development of tools to support and enhance utility performance and the role of the domestic private sector in WSS service provision. While major activities in this area are planned in Cambodia, the inter-country component will be led by Vietnam, and supported by Cambodia and Laos.

• Development of practical communications for Water Supply and Sanitation. This activity will be led by Laos, with support from Cambodia and Vietnam.

The outcome for the inter-country activities is: “Countries gain experience in working together on selected common key issues, leading to increased efficiency, avoidance of duplication, enhanced knowledge and improved practice.”

Indonesia

The Challenge: Access to WSS services continues to be low in Indonesia, with a general recognition that the MDG targets related to water supply and sanitation are not likely to be met. There are no nationally accepted criteria to define “sustainable access” yet and currently only 48 percent of the population has access to water from “improved sources” which does not imply any guarantees about the water being safe to drink. In the 8 years from 1994 to 2002, this figure increased by only 10 percent in rural areas and 9 per cent in urban. At this rate only 56 percent of the rural population is expected to gain access to safe water when the MDG target is 70 percent for the whole country.

Poor sanitation in cities and small towns is posing population health hazards through the pollution of both ground and surface water sources used by urban populations for a variety of purposes. Disposal and treatment of sewage is available for less than 5% of the population. Top-down delivery systems of the past have led to the poor not gaining appreciable access to safe sanitation services in both urban and rural areas.

The economic crisis of the late 1990s severely curtailed investment in infrastructure. Central government spending on development dropped from $14 billion in 1994 to $5 billion in 2002, within which the share of infrastructure spending further declined from 57 to 30 percent over the same period. Poor institutional and regulatory frameworks and rampant corruption in the infrastructure sector, which were prevalent even before the crisis, continued without serious sector reform efforts by the government until very recently. Decentralization in 2001 complicated matters further by handing over responsibility and control of local infrastructure to autonomous district governments without providing them adequate access to funds or expertise for infrastructure development. More recently, natural disasters of an unprecedented scale such as the December 2004 tsunami and several earthquakes during 2005 have inevitably diverted attention and funds towards emergency relief and reconstruction/rehabilitation efforts rather than sector reform.

The Opportunities: Given the sector situation in Indonesia, WSP-EAP has mobilized a substantial increase in its resources for a strategic shift towards improving policies and institutional capacities in the urban WSS sector, and a shift towards programmatic support for scaling up rural services sustainably.
The policy environment improved significantly in 2003 with the establishment of a *Policy Framework for Community-based Water and Environmental Sanitation Development*. The *Policy Framework for Institutionally-managed WSES services* awaiting endorsement by a key GOI ministry. Together the two policies provide a solid foundation for operationalizing sector reform nationwide. However, there is not yet a national action plan for scaling up sector reform through Local Governments in 433 districts. One promising channel for scaling up reform is the World Bank-supported Government’s national community-based water supply and sanitation program (PAMSIMAS) currently under preparation, which is founded on the Community-based WSES Services policy.

The 4-year Dutch-funded ISSDP (Indonesia Sanitation Sector Development Program) has started up in late 2005, to support the development of an urban sanitation policy, an investment framework and an enabling regulatory environment for sustainable sanitation, and design national awareness and demand-generating campaigns for improved sanitation and hygiene practices. ISSDP will be also help design large sanitation investment projects, and build local government capacity for holistic urban sanitation improvement in 6 selected cities – in conjunction with the new Swedish Sida-funded SUSEA (Sustainable Sanitation for East Asia) project.

The MDGs provide necessary platforms for bringing about greater coordination of funds from all sources to meet commonly agreed targets. However, a persistent problem in this regard has been the inconsistencies in definitions of data collected through national sample surveys and the global definitions of WSS-MDG indicators. Efforts are ongoing to address this issue with the Badan Pusat Statistik (the Statistical Bureau) which carries out the national socio-economic surveys (SUSENAS).

An important opportunity to focus high level attention on the largely unaddressed sanitation MDGs challenge in the East Asia region will be the East Asia regional sanitation conference, expected to be held in China in early 2007 (EASTASIASAN, name yet to be finalized). Indonesia will need to prepare during 2007 for participation in the regional event, through the development of country consensus and a position paper on how it plans to meet the challenge in both rural and urban areas.

**WSP-EAP’s role:** WSP-EAP’s niche is leveraging and influencing sector investments in the interests of the poor, at a national scale. In Indonesia WSP-EAP thus focuses on policy reform, operationalizing sector reform at scale, improving the effectiveness of large-scale investments, analytical work on institutional issues, and building strategic alliances with and among other players. WSP-EAP strives to build capacity and generate new knowledge collaboratively, to ensure ownership of the new knowledge and capacity by partners and clients. It experiments with innovative approaches and shares learning gained with country clients and donor partners who then invest in scaling up innovations. In addition, due to WSP-EAP’s institutional proximity to the World Bank, it is an internal advocate and professional knowledge resource for Bank colleagues on how to reach the poor with sustainable WSS improvements through WB strategies and instruments.

An indicator of WSP’s credibility with its clients and partners in Indonesia is the increasingly higher levels of funding for WSP operations in the country, particularly during the 2004-06 period. This is a hitherto unprecedented opportunity for the Indonesia country program to leverage influence at scale on the entire range of the water supply, sanitation and hygiene sectors, in ways that will mean sustained benefits for the poor. This is an opportune time for WSP-EAP to expand its partnership base to optimize its effectiveness. At national and sub-national levels this implies a broadening of WSP-EAP’s existing client interfaces to include new partners from GOI and civil society/NGO sectors at both national and sub-national levels, so that stakeholders may be brought together for effective dialogues and capacity building for the combined mandates of the major flagship projects WASPOLA and ISSDP, supplemented by SUSEA-Indonesia. Areas for such expansion of sector influence are: expanding the safe water supply objective to include...
approaches for holistic water resources management- particularly in relation to water use and environmental sanitation practices. Another such expansion would be the greater focus on planning for environmental sustainability of both rural and urban water supply services. Linking water supply and sanitation service improvements with indicators of success in GOI’s poverty reduction programs and local governance reforms are other examples.

**WSP-EAP’s comparative advantage:** WSP-EAP’s 15 years in Indonesia have allowed it to accumulate a critical mass of sector knowledge relevant in the country and region as well as link the country effectively with global knowledge sources. WSP’s multi-disciplinary skill mix places it in great demand among client and partner institutions in Indonesia. Examples include high volume of cross-support requested by the WB for upstream analytical, advisory and preparatory work as well as strategic supervision of both sectoral and multi-sector projects, and past and ongoing technical assistance requests from partner ESAs (ADB, UNICEF, AusAID, USAID, DFID, GTZ, KfW).

**WSP-EAP’s Strategic Activity selection:** The desired country level outcomes (multi-year) that WSP-EAP has chosen to pursue through its FY07 Business Plan are: a) Scaling up the operationalization of high quality national sector policies aimed at sustainability and effective use of WSS services (Institutionally-Managed and Community-Based) by all socio-economic classes, b) Helping GOI establish an enabling policy and regulatory environment to attract and efficiently manage investments from all sources for sustainable and pro-poor urban sanitation improvements, at a rate required for the achievement of the WSS-MDG targets; c) Enabling local governments (city and district-level) to access sector financing, manage and scale up WSS services in line with new sector policies and local WSS MDG targets and d) scaling up improved sanitation and hygiene behaviors by the rural and urban poor.

The Indonesia country program’s activity selection to achieve these outcomes over the next 3 years includes a strategic mix of:

- Sector policy/strategy development and enabling environment-and-local capacity building for operationalizing sector reform (through WASPOLA, ISSDP, SUSEA) as the means of achieving the WSS-MDGs locally and nationally.
- Advocacy, socio-political pressure and consensus building at national and sub-national levels for changes needed in sector strategies in the country, utilizing regional events (e.g. EASTASIASAN) and comparisons with other East Asian economies.
- Scaling up of innovative approaches developed by WSP-EAP for improving services to the rural and urban/small town poor through strategic supervision of sector and multi-sector World Bank projects, and technical assistance provided on demand to other donor projects (ADB, GTZ-KfW’s, AusAID, USAID, Projet Concern International, CARE)
- Strategic support for large-scale investment design, including for preparing the national program (PAMSIMAS) which is an opportunity to move Indonesia from project-focused to a programmatic approach in RWSS, with the accompanying sector institutional reforms across the country that will apply to sector investments from all sources thereafter.

**Lao People’s Democratic Republic**

**The Challenge:**

Given the low coverage of sanitary facilities, particularly in the rural areas, the major financing challenge is seen as attracting new investors to the sector, which as yet has not been identified as a priority by the government. GoL is aiming to move from a supply-driven approach to creating an enabling environment that will encourage individuals to pay for their own on-site sanitary facilities by creating demand for sanitation under a cohesive national strategy. Graduated subsidies for different latrine options have been developed by Nam Saat to focus scarce resources...
to the poorest, remote communities; but reluctance to change behavior, low public awareness, and lack of financing options at the local level are seen as major obstacles to developing supply chains, increasing access to and the effective use of latrines, and improving hygiene in both rural and urban areas.

These problems are further constrained by an unclear legal framework for roles, responsibilities and actions, where currently many different ministries have overlapping sanitation functions. This is complicated by the need to provide access to information to 47 ethnic groups, each with their own language (often only oral with no script) and many of whom do not speak the national Lao language – particularly women and girls. There is a lack of skilled technicians capable of providing advice on latrine options to suit the different geological and economic conditions. The full range of technical options for latrines has not yet been translated into Lao language, although the rural sector has made significant progress with developing a ladder of options for 6 core types of latrine.

There is currently a relatively small population of around 5.6 million, and a population density of about 19 persons/km². There are no mega-cities and urban migration is relatively low. There are no official slum areas in the country. However, the current annual population growth is 2.8% - the highest in ASEAN countries - which means that the population of Lao PDR will double by the year 2025.

**The Opportunities:** GoL has identified the sanitation sector as a development priority. A RWSS sector strategy has been formulated in 1997, and then applied, piloted, and refined (June 2004). A draft urban strategy to 2020 has been developed with support from ADB. The National Growth and Poverty Eradication Strategy (NGPES) identifies the 47 poorest districts in the country as priority for assistance and development. If a framework for sanitation can be put in place now, then the country has a very good prospect for getting adequate sanitation facilities to the majority of the population in a timely manner.

WSP-EAP Lao PDR Country Office’s (LCO’s) support role is currently focusing on the challenges cited above through: consolidation of existing legislation, policy and strategy bringing together rural and urban sanitation activities that could enable domestic investment and supply chain development; developing mechanisms to effectively apply consolidated legislation to support policy and strategy actions at field level, ensuring full participation and discernment by all stakeholders, for example in the development of a one-stop shop for sanitation services and dialogue with recently established SME promotion agencies to build the local private sector; improving access to information, engaging clients and partners in communications, and networking among sector agencies to ensure that regional and international good practices are properly translated into Lao language to facilitate broad consensus building and common understanding for effective knowledge management; assisting national agencies to improve coordination between sector partners. Through regional programmatic funding, it is hoped that new activities can be added to the agreed FY06-08 work plan with Lao PDR as the lead partner for:

- Other opportunities for scaling up, e.g.
  - Traveling sanitation market to rural area.
  - Public toilet campaign in urban area using GIS.
- Promoting realistic planning, e.g.
  - Setting of a sole agency for sanitation (including long-term capacity strengthening support).
  - Study of effective sanitation legislation and implementation.
In parallel to this, WSP-EAP also provides support to GoL for development and application of its National Growth and Poverty Eradication Strategy (NGPES), specifically related to sanitation for ethnic groups, poverty and gender issues in the production of IEC materials and technology options. Equally important, WSP-EAP is committed to assisting GoL to improve its sector performance to realize NGPES targets and MDGs as a whole.

**WSP-EAP's Role:** GoL has commitment to refining, developing, and tailoring its policy and strategy environment to ensure that NGPES and MDG targets are achieved, with national agencies taking the lead in these efforts. A few ESAs and NGOs are providing technical and financial support to GoL in the sanitation sector. However, almost all those supporting agencies focus on their specific projects. There is little involvement from the private sector outside of the major urban centers. WSP-EAP, through its support role to national agencies involved in the sector, is able to bridge the gap between GoL policymakers, ESAs and NGOs, and the private sector thereby enhancing the capacities of sector partners to facilitate and guide sustainable development of sanitation.

**WSP-EAP's Comparative Advantage:** Through its ability to broker effectively among sector partners, WSP-EAP is helping GoL capture learning and reflects it in consolidation and clarification of legislation, policies and strategies. WSP-EAP’s links with the WB enable it to assist GoL with negotiations and project planning related to WB and other funding agencies’ investments. WSP-EAP’s links to GoL also provide added value to WB analytical work in the sanitation sector, especially in preparation and application of the WB’s CAS and PRSC. WSP-EAP is also fully aligned with WB activities and responsible for supervising investments at the field level. Therefore, WSP-EAP LCO has roles from the micro to macro levels, and is helping the GoL to translate its own strategies into action.

**WSP-EAP’s Strategic Activity Selection:**

- Encouraging a nationally led process of review and improvement of existing legislation, policies and strategies.
- Sharing lessons learned in the sector and utilize local, regional and global good practices and experiences for scaling up of activities nationwide and further improve understanding. Through engaging the domestic private sector and promoting inter-country learning on mechanisms for facilitating the mobilization of sector supply chains, financing options and locally available tools and materials, this will help improve communities’ access to services and information.
- Continuing the institutionalization of learning throughout the sanitation sector nationwide and advance the process of review and feedback from government and sector partners to better tailor WSP-EAP responses to client needs.
- Maintaining strategic alignment with WB operations to improve the effectiveness of investments in the field, and report, communicate and manage LCO activities effectively.
- Implementing strategic communications for reform through regional capacity building for governments, media, and NGOs. This development of strategic communications will clearly link sector reforms to MDG outcomes by building up a communications for reform toolkit and organizing a regional workshop.
- Improving sector financing through financial flow analysis for WSS financing strategy development for coherent investment plans for national application.
- Advancing hygiene behavior and perception change to transform mind-sets that sanitation can be ‘sexy’. Attractive hygiene promotion materials are needed to arouse
behavior change and thrust forward the creation of sanitation demand. Through vigorous regional intercourse, this will include stimulating a broad strategy on hygiene promotion; including the exploration of “unique” cultural approaches and experiences.

- Linking with ASEAN to broaden network and political advocacy and to explore possibilities for funding.
- Countries gain experience in working together on selected common key issues leading to better efficiency, avoidance of duplication, enhanced knowledge, and improved practices.

The Philippines

**The Challenge:** The water supply and sanitation sector in the Philippines is stagnating. Official data on coverage show that only very modest growth occurred over the past decade and access levels for water supply are now slipping. Access to safe drinking water for the entire population deteriorated from 81.4 percent in 1999 to 80 percent in 2002. Access for the poorest segment of the population declined from 71.5 percent in 1999 to 70.2 percent in 2000.

Despite the high economic costs of environmental pollution, particularly from untreated domestic wastewater discharge, investment in the sector is not a priority. In the Philippines, for every P1 invested by government in sanitation, P40 is invested in water supply. This is despite the fact that the cost of sewerage and sanitation is 3-5 times as much per capita than water supply and despite the high toll to our tourism and fisheries assets. Because of this, sewerage service coverage cannot catch up with population growth. It has remained at 5% of total population from 1985 to 2000.

Access to water supply and sanitation is recognized as key to promoting health, reducing poverty and facilitating economic development. This is reflected in the President’s ten-point agenda and the Medium-Term Philippines Development Plan (2005-2010), which sets out targets that will exceed the country’s WSS MDGs commitments. A large rural water supply and sanitation program, the President’s Priority Program on Water (P3W), is underway to carry out this vision. Fundamental problems underlying sector under performance, however, need to be addressed if the targets are to be reached and the desired health and poverty impacts are to be achieved. These include dealing with poor sector planning, weak accountability and overlaps due to highly fragmented institutional arrangements in the sector. There is also need to support the improvement and expansion of service from existing utilities by strengthening their capacity, establishing an enabling environment that provides incentives for good performance and facilitating access to investment financing. Sanitation, a long neglected sector, presents an increasingly complex challenge to address both supply- and demand-side constraints to sector development within a compressed timetable.

**WSP-EAP’s Role:** WSP-EAP’s role is primarily addressed to this longer-term sector improvement strategy. The strategy is focused on supporting the increasing viability of water supply service providers. If the water provider is not viable, investments would continue to be wasted and opportunity to leverage other funds from the private sector would be missed. WSP-EAP seeks to respond analytically and practically to institutional issues that are constraining the growth, expansion and access to their own sources of funds by water service providers and supporting the establishment of an economic regulator for water service. Recent programming consultations with the Government identified the following strategic areas of work:

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8 Each of the Mekong sub-regional teams will take the lead in developing the sub-regional workshop on a key issue, e.g.: -
- Vietnam: Mobilizing domestic private sector for WSS (institutional)
- Cambodia: Household water quality improvement (technical)
- Laos: Practical communications for WSS (software)
- Water service provider (utility) performance improvement
- Establishing and strengthening economic regulatory systems
- Supporting the implementation of sector financing reforms
- Facilitating interventions to remove demand and supply constraints in the sanitation sector

In addition, support for the roll-out of current reforms through sector coordination has become a key critical issue as institutional fragmentation has perpetuated sector under-performance. An assessment of current roles and practices by key institutions has commenced in partnership with GTZ with the aim of developing a shared vision for the WSS sector by 2010 and agreed institutional and program directions to achieve the 2010 targets. This work will be carried forward in this financial year. Work will also continue with water utility improvement programs, dealing particularly with their access to investment financing. The Philippines component of a regional program for Sustainable Sanitation in East Asia (SuSEA) will be launched to build rapid momentum in the sanitation sector.

**WSP-EAP’s Comparative Advantage:** WSP-EAP has gained the reputation of being a respected, independent source of knowledge in the water and sanitation sector. The Program's comparative advantage derives from its brand of collaborative technical assistance. This mode of operation has proven effective in the Philippines, where WSP, through the partnership of government and non-government actors under the Water Supply and Sanitation Performance Enhancement Project, facilitated the development and implementation of a systematic learning and review of sector progress in the last 30 years and increased understanding of and consensus over key improvement areas for service delivery in various aspects of the sector: rural water supply, urban poor water supply, small towns water supply, urban sewerage and sanitation, community-based systems and financing and subsidies.

In the Philippines, all activities are undertaken by a team composed of representatives from government and WSP-EAP and peer-reviewed by national and international sector practitioners within the World Bank and non-government or academic institutions. The Program is demand responsive, provides direct input to capacity building, delivers technical knowledge in real time, and works within local realities.

WSP-EAP is increasingly investing in shared infrastructure, knowledge and expertise that would otherwise be unaffordable for single countries, acting alone, to develop. For example, WSP has developed a number of methods and tools for improving poverty-targeting and demand-responsiveness within rural water supply projects, which have been benchmarked for sustainability across developing countries. It has led the research on small towns water supply, local private providers and rural water supply financing in the Philippines, drawing on from the global WSP knowledge and skills. It supports the systematic monitoring of utility performance in various countries and has also recently commenced global programs for sanitation marketing.

WSP-EAP works with long-standing commitment to sector improvements and reforms. Thus, it is able to provide institutional gravity for the sector through continuity of its knowledge generation, dissemination and facilitation activities. It is able to act as honest broker among sector stakeholders, particularly among public, private, non-government and international stakeholders. Through its analytical and piloting work, WSP-EAP has been able to provide well-informed advice to the sector, which facilitated the policy discussions and reforms now underway.

For the sanitation sector, funds are now available for the implementation of the Philippines component of the Sustainable Sanitation for East Asia. Partners in government have shown positive cooperation towards implementing this project.

**Program Risks:** Program risks mainly relate to sustaining financial support for new program areas. Goals set for the Country Strategy may not necessarily be matched with available funding,
resulting to delays in the implementation of the project and the realization of expected results. To meet these risks, the WSP Philippines intends to:

- Continue to dialogue with sector stakeholders and financing partners for program funding
- Commence development of improved monitoring mechanisms to demonstrate the effectiveness of projects - i.e., whether activities are meeting their intended outcomes and promptly identifying corrective measures.
- Enhanced financial reporting to enable the project manager to monitor disbursements promptly and make efficient use of funds.
- Work program agreements are made explicit so that staff work and charges are better planned and monitored.

**Outcomes:** The following outcomes have been set for the country program for the next 3-4 years:

**Water Supply**
Increased number of persons with access to water supply through expansion and improved performance of small utilities.
LWUA, NWRB, DILG, DPWH and Local Governments are *beginning to act* according to an institutional roadmap for the water supply sector that meets the medium-term needs of the sector and enjoys broad support.

**Sanitation**
National and local governments and sanitation service provider capacity for large-scale sanitation investment programs is improved.

**Vietnam**

**The Challenge:** Vietnam consistently displays high annual rates of economic growth and is continuing to transition rapidly towards a market economy. However, this is having a severe impact on sanitation and the environment, particularly water resources, exacerbated by global climate change. Positive sector-related changes in recent years include progressive adoption of demand-responsive approaches and decentralized governance. The WSS services focus for both urban and rural populations has also has shifted from simply measuring coverage targets to achieving sustained access. Overall, the sector still faces formidable challenges however. Two of the most significant include a severe lag in the provision of both urban and rural sanitation-related services, and the increasing demand on – and uneven distribution of – water resources. Poor governance continues to be a challenge. Vague and overlapping roles and responsibilities of government agencies at the central and provincial levels in the water and sanitation sector and between communities and local governments contribute to the current institutional complexity of the sector. Furthermore, institutional capacity for managing major WSS initiatives remains weak. For these and other reasons, overall the level of service efficiency for WSS services in Vietnam remains low.

During the last decade, the GoV and the donor community have been very active in improving access to *water supplies*, but insufficient attention has been given to *sanitation*. As a result, human excreta and solid wastes are becoming major issues at all levels, and are negatively impacting on water resources. A 2001 report on the prospects for achieving the MDGs gave Vietnam a rating of “probably” for water supply, and assessed the state of the supporting environment as “strong”. However, given the still low access figures in Vietnam (about 59 % and 34 % in aggregate in 2005, for water and sanitation respectively), achieving the MDG remains a challenging objective for both sub-sectors. This is particularly so for sanitation, the prognosis for which is much more uncertain than water supply. Overall coverage figures also continue to mask wide urban / rural disparities in access.

Efforts on *Rural* WSS are only recently beginning to come together, and have suffered from under-resourcing, scattered effort, the limited application of the 2000 Strategy, and a chronic under resourcing of sanitation and hygiene promotion. In the *Urban WSS* sector, although many
urban water supply utilities are in the process of equalization, there are inadequate legal frameworks in place and few mechanisms to research and find answers concerning new issues. Whilst the situation regarding setting realistic water tariffs has recently improved, this will take time to filter through in terms of improved service provided. Meanwhile an inadequate policy and regulatory framework, combined with political resistance perpetuates severely inadequate funding for urban sanitation, which currently receives only 10% of water revenues. Consequently, the financial status of most sanitation services providers is poor, and so is the service they provide. Small towns are the most rapidly growing settlements, but they are the most neglected in terms of policy formulation and resource allocation. Consequently, only a quarter of small towns throughout the country have piped water supply. People in other small towns rely on water from increasingly polluted traditional sources.

The Specific Opportunities: The rapid national growth rate and pace of change, as well as the associated high volume of infrastructural investment, continue to lead to a strong demand for WSP’s support services. Specific opportunities that WSP-EAP can respond effectively to in Vietnam include:

- GoV increasingly recognizes the importance of sanitation and hygiene promotion, the need for new efforts in this area, and its potential impact on water resources. As a result of rapid urbanization and industrialization, this will be the main area of public and private investment in the sector in the next 15-20 years for urban areas. These issues will be equally important for rural areas, in coping with growing populations and agricultural and small scale industrial activities. The local private sector needs to be stimulated too to match the unmet demand for sanitation from rural households. The momentum can be used to encourage strong Vietnamese input to and preparation for the upcoming Ministerial-level East Asia Sanitation Conference (EASan), to be held in either China or Indonesia in mid 2007.

- In 2000, GoV endorsed a national RWSS strategy and action plan. This strategy is underpinned by the principles of managing water as an economic as well as a social good, and demand responsiveness. It provides a reasonable framework for large-scale investments, provided that sufficient human capital is available. However, the Strategy now needs some progressive updating to reflect the wide variety of rural situations, emerging needs and new learning. There is also still a need for wider promotion and acceptance of the Strategy.

- The World Bank’s Country Assistance Strategy and the GoV’s Comprehensive Poverty Reduction and Growth Strategy both acknowledge water and sanitation as key factors for reducing poverty, providing a strong basis for scaling up investments and the poverty reduction link that is at the heart of WSP’s work.

- Vietnam committed to the MDGs in 2000, and has subsequently adopted linked Vietnam Development Goals (VDGs), that further reinforce the MDG commitments. In late 2003, WSP-EAP helped raised the profile of the commitments in co-supporting, with Government’s Water SPS, a study and linked participatory workshop on the MDGs / VDGs in Vietnam. This has provided an excellent basis for ensuring all WSP-EAP activities are strongly linked to the MDGs, help raise awareness about them, and assist progress of the sector towards the goals.

WSP-EAP's Role: WSP-EAP has been engaged in Vietnam for over 15 years, primarily focusing on policy reform in both the rural and urban WSS sectors and on human resource capacity building for urban WSS. The Program’s recent focus has been on supporting large-scale investments, such as the recently commenced IDA-financed RRD RWSS project, and action research linked to major investments (in order to enhance the quality of project outcomes and ensure equitable and sustainable services). While the latter role in support of RWSS will continue, emphasis is also shifting toward meeting the Government’s requests for a new emphasis
on sanitation. This will focus especially on support to the development of a unified sanitation strategy for urban, peri-urban, small towns and rural areas, and to support to a major new national hand washing initiative. These roles will be supplemented with a new initiative to promote integrated water resources management, especially the place for sanitation in IWRM and with close linkages to GoV’s planned unified sanitation strategy, with work on capacity building (with a focus on improving small towns water supply services and on support to the Southeast Asia Water Utilities Network (SEAWUN) and the Vietnam Water Supply Association (VWSA)), and with inputs to promoting key inter-country work in the context of the sub-region. All of these initiatives will be targeted at helping support and directly contribute to Vietnam’s MDG / VDG efforts, as well as facilitate the efforts of its neighbors.

In order to better fulfill its planned roles in FY07 and beyond, WSP in Vietnam will take management steps during FY07 to recruit additional staff, access regional and global WSP and WB operations human resources more effectively, explore new office resources, and propose ways of increasing financial autonomy to enhance efficiency.

**WSP-EAP’s Comparative Advantage:** WSP-EAP’s sector focus allows it to accumulate a critical mass of sector knowledge relevant to its focus countries, as well as link effectively with global knowledge sources. Its position as a professional organization providing knowledge services, unencumbered by lending requirements, fosters credibility with clients and partners. WSP-EAP’s commitment to serving the poor and facilitating achievement of the MDGs continues to help Government and other stakeholders prioritize these key aspects.

In Vietnam, WSP-EAP’s multi-disciplinary skill mix, deep understanding of stakeholder needs, strong links with World Bank operations, and high reputation generates continuing demand from client and partner institutions. Examples include, most significantly, GoV’s explicit requests for continued support, as well as the high volume of strategic support requested by World Bank operations in Vietnam for both sectoral and multi-sector projects, and requests for technical input from partner ESAs such as UNICEF, DFID, Danida and AusAID. Enhanced funding security in years to come now enables WSP to respond with confidence to partners’ longer term requests in Vietnam.

**WSP-EAP’s Strategic Activity Selection:** WSP support activities in Vietnam in FY07 and beyond will contribute to a number of desirable longer-term country level Outcomes including:

1. **Development of a Unified Sanitation Strategy contributes:** GoV actively leads the inclusive development and progressive application of an updated, integrated and appropriate sanitation strategy for urban, peri-urban small town, and rural areas, including behavioral change. This has resulted in fundamentally changed approaches to solving sanitation problems in an integrated way and accelerated delivery of sustainable and high impact sanitation services, contributing directly to meeting the MDGs / VDGs.

2. **Improvement and application of the RWSS Strategy:** New learning from the RWSS sector has been extracted and analyzed and the results used by GoV to make improvements to the Strategy, to the benefit of new and ongoing investment, the improved delivery of sustainable RWSS services, and meeting of the MDGs / VDGs.

3. **Water Supply and Sanitation Capacity Building:** Capacity of GoV and supporting partners in a number of specific targeted aspects has been improved in key areas of sector effort. This has improved the efficiency and effectiveness of WSS service delivery and contributed to meeting the MDGs / VDGs.

4. **Integrated Water Resources Management:** Improved awareness and decision making ensuring integration of all aspects of water, sanitation and hygiene promotion into water resources management, and contributing to meeting the MDGs / VDGs.

5. **Three initial Inter-Country Activities:** Countries have gained experience in working together on each selected common key issue, leading to increased efficiency, avoidance of duplication,
enhanced knowledge, improved practice, wider collaboration, and contributing to meeting the MDGs / VDGs.

Activities are targeted at supporting outcomes that contribute to achieving the MDGs / VDGs in Vietnam. Those selected for FY 07 support multi-year projects.

- WSP-EAP’s key activity in Vietnam during FY07 will be continuing to assist GoV to develop a unified rural, urban, and small town sanitation strategy and action plan through processes to ensure a high degree of ownership and acceptance. This will help redress the imbalance between sanitation and water supply in all sub-sectors, and improve the eventual prospects for Vietnam to achieve the MDG / VDG targets. Further support will also be offered to a major new hand washing initiative. WSP’s intention is to become the leading support agency in sanitation and hygiene promotion in Vietnam in the next few years. These sanitation initiatives will be closely linked to Vietnam’s preparations for and inputs to the major EASan Conference in 2007.

- Subject to confirmed funding, WSP will initiate planning to support a pilot integrated water resources management project during FY07, linked closely with the application of the emerging unified sanitation sector strategy and action plan.

- WSP-EAP will also continue support to rural water and sanitation services in FY07. This will consist of building cross-links to the WB-financed RRD RWSS Project, supporting the emerging RWSS Sector Partnership, and promoting the application and progressive updating of the 2000 RWSS Strategy, a key tool in MDG/VDG achievement.

- A Capacity Building activity will now embrace pilot project testing of WSS financing options - especially Design-Build-Lease (DBL) options - for small towns. This work is directly linked to the start up and implementation of the Vietnam Water Supply Development Project, a large scale IDA-financed initiative targeting district towns. The Capacity Building activity will also help develop the capacity of urban utilities through linkages with the South East Asia Water Utilities Network (SEAWUN) and Vietnam Water Supply Association (VWSA), and through work in support of emerging RWSS Enterprises.

- A final group of three activity areas will focus on promoting Inter-Country WSS linkages, especially with Lao PDR, Cambodia, and Yunnan and Guangxi Provinces of China. Initially these will include joint work on Mobilizing the Domestic Private Sector for WSS (which Vietnam will lead), Practical Communications for WSS (led by Lao PDR), and Household Water Quality Improvement (led by Cambodia). Other joint sub-projects, especially related to sanitation, may also be added. This work will be supplemented with activities to share findings in other, more country-specific areas of knowledge and learning experiences too. Mechanisms employed will include joint workshops, exchange visits, and shared publications and joint action research initiatives.

Table 4 lists all the WSP-EAP projects in the FY07 business plan.
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9 Project IND/49 WASPOLA 2 consists of a total of seven sub-projects, which are not individually listed above
10 Project IND/55 ISSDP consists of a total of five sub-projects, which are not individually listed above
11 Project LAO/47 Country Program consists of a total of four sub-projects, which are not individually listed above
12 Project REG/76 consists of a total of four sub-projects, which are not individually listed above
LATIN AMERICA & CARIBBEAN
Latin America and Caribbean

The Challenge: The Water and Sanitation Program-Latin America and Caribbean Region (WSP-LAC) includes two sub-regions where WSP is active: i) the Andean Region where WSP is active in Peru, Bolivia, and Ecuador; and ii) Central America where WSP is active in Honduras, Nicaragua and El Salvador. WSP-LAC’s presence in Peru and Honduras is rather strong, and has been strengthened considerably in other countries during FY06, with the opening of new offices in Bolivia, in Nicaragua and Ecuador, within the corresponding world Bank’s Resident Missions.

Latin American countries are known for their dual economies whereby economic growth has not benefited to all, and social inequalities are very vivid. This situation has led to major social unrest in Bolivia, and to a lesser degree, but still strong in Peru, Ecuador, and Central America. Adequate water supply and sanitation has been one of the main claims of the poor, and in general, management of water and supply and sanitation services is not satisfactory. This situation is reflected through the following data (JMP, 2004 / CEPIS 2005):

- **Water supply**
  In the region, there are 60 million persons without access to safe drinking water, out of which 40 from the rural areas, and 20 from the urban areas. The non access in the urban areas is raising everyday due to heavy demographic and immigration pressure. Out of the total of the existing water supply devices, it is estimated that 40% supply water is not disinfected and 60% of the systems are not functioning in a permanent way, which seriously raises the question of sustainability. Finally, an average of 45% of the produced water is not accounted for.

- **Sanitation**
  In the region, there are 137 million persons that have no access to sanitation facilities, 72 million in rural areas and 65 million in urban areas. The coverage of the persons having access in urban areas to some sewerage systems (conventional or condominial) is 49%, but only 14% of these systems are treating the effluents. Waste water management is in dire straits in the Region.

In order to face these challenges, WSP – LAC, after consultations with the Sector authorities with whom it is working, has highlighted a series of priority areas in which to intervene and have the most impact:

**Key areas of intervention for the region**

<table>
<thead>
<tr>
<th>Sector Policy support</th>
<th>Institutional developt.</th>
<th>Sanitation and hygiene</th>
<th>Information managt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focusing the national sector debate and planning / financing for WSS, on the poor</td>
<td>Support to decentralization, in order to strengthen local capacities and local finance</td>
<td>Behavioural change in hand washing, safe domestic water storage and sanitation at household level</td>
<td>Dissemination of best practices and development of sector information systems (including monitoring)</td>
</tr>
<tr>
<td>Promoting sustainability and alternative development / financial processes, including SWAPs</td>
<td>Introduction of new management models with a clear component of social participation, and participation of small scale providers and /or private operators</td>
<td>Introduction of the concept of sanitation marketing and businesses, together with appropriate sanitation processes (Biofilters, ecosan, condominial, sludge management)</td>
<td>Consolidation of the sector dialogue among all stakeholders, through sector committees or Water groups, or Sector networks.</td>
</tr>
</tbody>
</table>
Today, all governments include in their water sector policy the dimension of water resources management. In addition, there are some very positive water resource management experiences at the community level in the Andean Region that need to be documented. It is proposed to document the existing experiences at the community level, where WatSan Committees integrate this dimension with success.

In accordance with WSP's central strategy, WSP-LAC will be instrumental in enhancing knowledge management in the region through its own channels or through exploring possibilities for partnerships where impact can be maximized.

The above-mentioned challenges are important especially given the fact that donor funding is often more oriented towards Africa and Asia, but WSP-LAC believes that there are possibilities to move ahead with innovative financial partnerships. Finally, proposed activities will be guided by demand, donor interest, WSP’s own strategy, capacity and know how, as well as impact.

The Opportunities: Today, WSP LAC benefits from an increased source of funding mainly coming from the Swiss Agency for Development and Cooperation (SDC), the Dutch Cooperation that are coupled in order to duplicate impact and mainly focusing on MDGs policy support, decentralization, sanitation development and dissemination of best practices. WSP also benefits from the support of the Department for International Development (DfID) as part of a global study focusing on the promotion of the domestic private sector, and the Canadian International Development Agency (CIDA) is supporting a major pilot project on new management models for small towns. Finally, WSP LAC also benefits from a Japanese Social Development Fund (JSDF) focusing on the Hand washing Initiative in Peru.

In addition to a continuous dialogue with sector authorities, WSP LAC is gradually developing a network of alliances with key partners such PAHO (Pan-American Health Organization), SNV (Dutch Volunteers Organization), CAN (Andean Community of Nations), FOCARD (Central American Forum), RRASCA (Regional Network for Water and Sanitation in Central America) together with RASNIC (from Nicaragua), RASHON (from Honduras), RASEL (from El Salvador), RASGUA (from Guatemala).

In order to respond to the sanitation challenge, WSP – LAC is working closely with these partners and is also strengthening its staff on the issue, with the recent secondment of a sanitation Specialist from the Government of Austria. Finally, information needs are enormous and the Finnish Government is kindly supporting two JPOs specialized in communication.

WSP-LAC Role: WSP-LAC will continue to support reform and policy development by providing technical assistance to sector institutions in order to the provision of WSS services to the poor in peri-urban areas, small towns and rural areas, with an emphasis on sanitation. It will also provide policy makers with its experiences and lessons learned in the field (in Peru and other Latin American countries) that can then be adapted to other countries’ realities. It will also act as a promoter, through documenting and analyzing existing experiences in reaching the urban poor, and will present findings in a major international event in 2007. In addition, WSP-LAC will play a facilitating role in constituting “Grupos de Concertación” (Consultation Groups) in projects where it is involved, as this process has proven to be an effective mechanism for enhancing country ownership, project monitoring, and follow-up. Concerning knowledge-management, WSP will assess the impact of its publications and other informational products at the reader level. This will help WSP-LAC to strengthen and refocus its Regional Communication Strategy, and therefore clarify its role as a knowledge and information “broker”.

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FOCARD-APS together RRASCA in Central America have demanded TA from WSP to develop MDGs road maps and efficient monitoring systems to follow up the pace of actions oriented to reach the expected goals. In Nicaragua the ongoing implementation of a SWAP, as well the interest expressed in Honduras, provide WSP a good opportunity to strength a new line of work that together with the involvement in the PRSP might help in hitting poverty.

Sanitation is also an area of main concern, and WSP LAC has taken a sharp shift to address this challenge, by introducing the concept of sanitation as a business already in a preparatory phase for implementation. Other countries have already requested to do the same. Hand washing has been an enormous success story in Peru, not only in terms of messages, but especially in terms of public-private partnerships. The Ministry of Health of Peru is interested in duplicating this initiative to other areas of public health.

The lessons learnt from decentralization and management models in small towns in Peru have proven to be on the long run very positive, and are ready for duplication in other countries. WSP – LAC has stated a participatory process in the management of WSS in the Amazon Basin that is gaining a very interesting momentum and that is a pioneering work in the Region. Finally, the study of the seven cities (Tegucigalpa, Managua, Medellin, Guayaquil, Lima, Arequipa and Santa Cruz) on the status of WSS service to the poor is generating already high level of expectations and could lead to further projects in the near future.

**WSP-LAC Comparative Advantage:** WSP-LAC has the advantage of practicing regional outreach either through its own channels or through the World Bank. It is recognized regionally as a facilitator that is able to put institutions and people together. Furthermore, it has progressively gained a strong knowledge of country realities in Peru, Bolivia, Ecuador, Honduras, Nicaragua, and El Salvador.

**WSP-LAC Strategic Activity Selection:** This coming year, WSP-LAC will develop activities in the following areas:

- follow-up on the study made in seven cities made on the urban poor, with an awareness raising workshop and start planning of a second phase, consisting in planning actual improvements in the seven cities;
- provide technical assistance on the promotion of WSS services in the Amazonian Basin;
- consolidate its regional communication strategy through an assessment and revision of current approaches, as well as promote the Spanish speaking e-newsletter AguaLatina; WSP will continue to develop sector networks and committees in each of the country it is working in, as this mechanism has proven to be a strong contribution to sustainable and country-owned development;
- make more emphasis on sanitation development, by developing a sanitation marketing approach, promoting alternative sanitation options, and providing technical assistance to the development of Sanitation MDG Roadmaps; A major conference on Sanitation for Central America (LATINASAN) is in discussion with key partners in the region;
- finalize and document the small towns project of Peru and disseminate its lessons learnt on new management models;
- document and disseminate the experience of the Hand washing in Peru that has proven to be a very successful story,
- continue to support sector development for the poor in Ecuador and Bolivia, as mentioned in the project sheets;
• promote and provide technical assistance in implementing SWAPs in Honduras and Nicaragua;
• Share best practices in developing sustainable and quality sector information systems in Central America;
• Support decentralization by providing technical assistance on strengthening of local capacities for sustainable WSS delivery.

**Bolivia**

**The Challenge: Bolivia** faces significant challenges in meeting the WSS MDGs and is very unlikely to reach these goals. Currently 75% of Bolivia’s population has access to piped water. However, this average hides significant differences—93% of urban households have piped water access, but only 44% of rural dwellings enjoy this basic service. Regional differences are also staggering, ranging from 51% in Beni/Pando to 86% in Santa Cruz. A more appalling situation is that of basic sanitation. One third of the Bolivian population lacks access to flush toilets or pit latrines (18% of urban households, 65% of rural dwellings). Regional differences are significant here as well, ranging from 65% in Potosi to only 10% in Santa Cruz.

Major sector challenges in Bolivia include the following:
• The definition of strategies and activities that enhance the sustainability of RWSS in order to include them in norms that will regulate future sector investments in public and private institutions. For example, more than 1.5 million people are geographically disperse and ethnically diverse.
• The identification of strategies and activities that enhance the management of WSS in rural municipalities and small towns of 2,000 to 10,000 people, and their inclusion within sector norms and future public and private investments. More than 1.5 million Bolivians live in the 187 rural municipalities and 442,000 in 113 small towns.

**The Opportunities: Bolivia** is a country with sound policies as well as public and private institutions ready to strengthen reform in the water and sanitation sector. The Law of Popular Participation (1994), the Law of National Dialogue (2000), Law 2049 that declared strengthening the Vice-ministry of Basic Services as a national priority (2002), Law 2066 of Water Supply and Sanitation (2002), the National Strategy for Poverty Reduction, and the National Fund for Regional Development are part of the legislation and entities available to strengthen this reform. Moreover, local municipalities will receive increased government transfers due to the annulment of the external debt (Highly-Indebted Poor Countries (HIPC) II). These increased government transfers could be used for water and sanitation projects. For these reasons, the WB considers Bolivia as one of the 35 focus countries to support in the achievement of the MDGs for water and sanitation. The Government of Bolivia (GoB) has recently issued the Plan Bolivia-Sector de Agua y Saneamiento, which outlines the five-year strategy for the sector.

Finally, the GoB and the WB have initiated talks to design a WSS program to enhance WSS management in small towns nationwide, but especially the sanitation services for the poor in the city of Santa Cruz.

**WSP-LAC Role:**
• To provide factual evidence to assess the current situation of relevant sector issues, including the sustainability of RWSS, hygiene practices among the urban poor, and WSS management in small towns.
• To provide examples of best practices relevant to sector issues under discussion, i.e., condominial technology.
• Through sector networking groups, to facilitate the presentation, analysis, and dialogue on these issues.
• To provide technical support to the government and institutions willing to apply the lessons learned and best practices on these issues to their own policies and investments.

**WSP-LAC Comparative Advantage:** WSP is well-known for its extensive experience in knowledge management, provision of technical assistance in the implementation of sector policies, and innovative technologies for the provision of water and sanitation services in the Andean region. In addition, WSP has a wide experience in networking with sector government agencies, NGOs, and cooperation agencies.

**WSP-LAC Strategic Activity Selection:** In the next fiscal year, WSP will implement, in close collaboration and coordination with sector networks in close coordination as well with the Bank, the following activities in Bolivia:
• The development and strengthening of sector coordination networks;
• Assess the management of WSS in rural municipalities and small towns and support to FUNDASAB;
• Assess the sanitation and hygienic practices among the urban poor in the city of Santa Cruz, and develop a strategy for the involvement of the small scale operators in sanitation development.

**Ecuador**

**The Challenge:** In Ecuador the WSS sector has a long history of poor performance, well below the standards of other Latin American countries. The main problems include weak institutions and institutional overlap at all levels, lack of sector policies, and no PSP in the provision of services. This results in low WSS coverage rates, and investments that are neither sustainable nor able to keep up with growing demand.

Among the major challenges are:
• Enhancing coverage and quality of services. WSS service levels are among the lowest in South America. Although total coverage rates show 67% for water supply and 34% for sanitation (with no wastewater treatment), these numbers hide the deficit in rural areas, where 40% of the population lives. In both rural and urban areas, water supply is intermittent and few systems provide continuing treatment. Nationwide, sector investments have failed to keep up with population growth and coverage actually decreased three percentage points between 1990 and 1995.
• Enhancing the sustainability of RWSS. In rural areas, communities have demonstrated relatively good capacity to keep the water flowing, more or less, on shoe-string budgets. Nonetheless, these systems also show a dramatic decrease in water quality, and design flows over time. They also suffer from poor financial management and are not sustainable in the long term.

**The Opportunities:** Ecuador has a Sector Policy formulated in 2002, which is in force. In addition, the Sub-Secretariat of Water, Sanitation and Solid Waste (SAPSyRS) from the Ministry of Urban Development and Housing (MIDUVI) has started a consultancy to update the National Sector Plan dated 2002; including goals that have a temporal horizon to 2020, which on a dynamic scenario presented by SAPSyRS, will allow to reach the MDGs on 2015.
The investment on water and sanitation has increased considerably on 2005-2006, because of the national decision to assign the increased oil funds (from $13 to $75 US dollars per barrel) to water and sanitation. Another increase comes from the special consumer tax (15% - telephony) from which a significant part has been also assigned to water and sanitation.

In the present times (May 2006), there is a debate on a new law proposal to regulate the WSS, with a decentralized approach, and massive services, through a crossed subsidy which benefit the poorer population with an improvement of their access to WSS.

**WSP-LAC Role:**
- To provide factual evidence to assess the current situation in rural areas of Ecuador on the sustainability of Rural WSS and improve the capacity of the management of the systems.
- Through sector networking groups, to facilitate the presentation, analysis, and dialogue on key sector issues, and continue the production of the sector Magazine “Agua Yaku”.
- To provide technical support to the government and institutions willing to apply the lessons learned and best practices on these issues to their own policies and investments.

**WSP-LAC Comparative Advantage:** WSP is well-known for its extensive experience in knowledge management, provision of technical assistance in the implementation of sector policies, and innovative technologies for the provision of water and sanitation services in the Andean region. In addition, WSP has a wide experience in networking with sector government agencies, NGOs, and cooperation agencies.

**WSP-LAC Strategic Activity Selection:** In the next fiscal year, WSP will implement, in close collaboration and coordination with sector networks and the Bank, the following activities in Ecuador:
- Sector Global Diagnosis at rural level, to know the real situation of the WSS, identifying the situation of the infrastructure on the systems and water sources, the real services coverage, the quality of the water consumed by the rural population, and the efficiency of the services management.
- Support to the Local Governments to support social participation and sustainability of the services, linking and articulating the key local actors (partnership with AME, Ecuadorian Municipalities Association).
- Continue the support to the Sector Committee, as well as the preparation, publication of the sector magazine “Agua Yaku”.

**Honduras and Nicaragua**
Meeting the WSS MDGs in Honduras and Nicaragua demands financial, institutional, and technological resources not readily available in these two HIPC countries. Low economic growth, increasing unemployment, and elevated levels of poverty hinder sustained access of WSS to the rural and urban poor. Although there is relatively high urban infrastructure coverage, (92% in Honduras and 91.4% in Nicaragua), the reliability and quality of urban services is low (service 6 hours/day; 51% treated). Even though the access to sanitation is 94% (Honduras) and 95% (Nicaragua), only 53% in the first and 34% in the second country are connected to sewerage systems. The remaining population is served by septic tanks and individual solutions, where the poor are even worse served. Low rural water infrastructure coverage in Nicaragua (51.0%); relatively high in Honduras (70%) with extremely unreliable service quality (14% treated; service every other day). Extremely low sanitation infrastructure coverage in both countries (24% Nicaragua; 49.5% Honduras). In terms of sector reforms, both countries have initiated
substantial sector policy and regulation reforms in order to meet the MDGs. Despite these efforts, weak institutions currently lead processes with unclear procedures on how to proceed systematically.

Major challenges for the water and sanitation sector in these two countries are the following:
- Local governments are now challenged with increased responsibilities for the provision of WSS;
- Limited opportunity for private-sector participation in the provision of WSS, and limited in-country experience in public-private partnerships for providing WSS;
- Dispersed, and often obsolete, norms and regulations for provision of WSS, limiting the ability to scale up the provision of sustainable WSS;
- Sector agencies with limited funds for WSS monitoring and evaluation;
- Weak coordination between government, civil society, and cooperation agencies in defining long-term strategies for the WS sector; and,
- Civil society has low understanding and support to water sector modernization because of a lack of solid communication and information systems.

The Opportunities: Despite the major challenges described, opportunities do exist. Both countries have prepared comprehensive PRSP aligned with the WSS MDGs. Multilateral and bilateral financial and cooperation agencies have fully engaged in contributing to assist governments in the implementation of their PRSPs. As a result, both countries are in the early stages of preparing SWAPs for water and sanitation. The new administration in Honduras with support of the WB and WSP participation is actively discussing a Development Plan for the WSS strengthening decentralization and promoting the adoption of innovative management models delegating to FHIS the lead of actions. The process includes the transfer of Tegucigalpa’s WSS to the Municipality, where the provision of services to the urban poor would require special attention. The donor’s table has expressed support to the reform and willingness to assist in the implementation process. In parallel, increased participation from civil society is steadily shifting to address the sector’s issues and long-term goals. The water sector authorities in Nicaragua have also agreed a work plan with WSP where the support to the ongoing SWAP development is a priority together the development of the Water Sector Strategy prepared with donors support. At Central America Regional level, the FOCARD-APS and RRAS-CA request for support to develop MDGs roadmaps and to share experiences to build sustainable sector information systems is a challenge as well as an opportunity for WSP. The WSP planning process in Honduras and Nicaragua were discussed and agreed with government authorities and key cooperation agencies such as SDC, ACDI and ASDI.

WSP-LAC’s Role: The Program’s role in Honduras and Nicaragua involves:
- Contributing to sector and policy modernization, promoting the increase in coverage and quality of WSS services to the most poor, and promoting creation/scaling up of financial models and project strategies to increase long-term sustainability of WSS in rural areas and small towns;
- Contributing to the management and sharing of knowledge at country and regional levels, strengthening national and regional networks, as well as regional organizations such as FOCARD and RRASC. Contributing to scaling up sustainable WSS services, focusing on knowledge transfer to local governments capabilities, and capacity building of key stakeholders at country and regional levels; and
- Contributing to the strengthening of WSP-LAC’s local partners and clients for increased sector participation in meeting the MDG goals, implementing WSP-LAC’s client-driven strategies in close coordination with local partners and financiers, and increasing the
participation of local water and sanitation networks, as a discussion forum for sector challenges and goals.

**WSP-LAC’s Comparative Advantage:** Since the opening of its hub office in Honduras in February 2003, WSP-LAC has increased its regional recognition by governments and donors, as an experienced institution in knowledge management and technical assistance for the implementation of sector policies and innovative technologies for the provision of WSS. The Program's position within the sector in Honduras and Nicaragua, and recently El Salvador is strengthened by its access to global knowledge networks, inside and outside WSP. Contribution to the water sector policy dialog and PRSP has been also recognized by the WB CMU in both countries.

**WSP-LAC’s Strategic Activity Selection:** WSP-LAC will continue to focus on Honduras and Nicaragua, where activities will be oriented to support the decentralization, the access of the urban poor to quality water and sanitation services, and improving the access to sanitation services. In addition, effort will be given to support the regional activities in CA by working with RRAS-CA and FOCARD-APS. The intervention strategy will also look to learn from South America and global experiences strategies to reach MDGs. Specifically the Program will:

- Continue to build on sector and policy modernization in Honduras by supporting the socialization of the new WSS Law,
- Assist in implementing the National Plan of Water and Sanitation oriented to the decentralization of the WSS by promoting strategies to strength local capacities for WS service delivery in Honduras.
- Provide AT to CONAPAS in Nicaragua to implement the WSS strategy with emphasis in designing the necessary steps to implement a SWAP for the water sector. In this effort the link and coordination with the “Donors Table” to finance government work plans would be key.
- Support decentralization in Honduras and Nicaragua, by promoting the adoption of new innovative management models in small towns and rural communities to improve quality and sustainability of WS services.
- Assist both countries in developing a strategy to reach the urban poor with quality water and sanitation services, in close alliance with SANAA and ENACAL and donors that are funding projects to peri-urban neighborhoods.
- Continue to promote access to quality sanitation services and the adoption of low cost technology, such as condominial water systems, looking at the impact on health through hygiene education practices.
- Support the development of sustainable Sector Information Systems by sharing best practices in LAC.
- Continue to build on the strengthening of WSP-LAC's local partners and clients for increased sector participation in meeting the MDG goals, contributing to RASNIC, RAS-HON, RASES and RRASCA's communication strategies and knowledge sharing efforts for meeting the MDGs.

**Peru**

**Challenge: Peru.** The Water and Sanitation sector is known for its low coverage and low quality of service, and the precarious financial situation of the service providers, which, together with the lack of incentives to improve their management, has taken the sector to a minimum level of investment that is starting to affect its sustainability. The tariff policy is divorced from reality that operates in the sector with respect to the investments and financing, which aggravates the problem even more. In addition, the institutional and regulatory framework need adjustments to
improve the governance within the service providers, and on the other side, to allow SUNASS perform efficiently its regulatory role.

To revert this situation, the sector requires structural reforms, to minimize political interference on the management of the services, and to introduce adequate incentives to progressively accomplish the sustainable development of the services. With this perspective, it is considered that the main policies, strategies and activities are: (i) development of a system to guarantee sustainable investments, mainly including the development of a financial and tariff policy which introduces the necessary incentives for the sustainability and to promote at the same time, the service provision efficiency and incorporate the service to the poorest population; and (ii) the strengthening of the institutional and regulatory framework to introduce the service provider’s government corporative best practices, and allow that the tariff and financial policies to be coherent, making sure that SUNASS efficiently assume its role.

The Opportunities: Nevertheless, the country presents some opportunities for positive change. First, the long-awaited process of decentralization has already begun, and local governments have new facilities at regional and local levels. There is also a political commitment to create solutions to the WSS crisis. The government had finished the National Plan and planned to validate it with Decentralized Government at Regional Level and additionally has working in project, PRONASAR, designed to provide sustainable WSS to rural areas. In Lima’s metropolitan area, the water firm SEDAPAL implements a project oriented to include peri-urban areas in its coverage, using an innovative participatory strategy. Finally, at the institutional level, the Committee on Sector Coordination, and the Donor Committee “Grupo Agua” in collaboration with sector authorities, has strengthened its scope of action and will soon expand to the national level.

WSP-LAC Role: WSP-LAC will continue to support sector reform by providing technical assistance to regulatory institutions in order to create awareness of the need to include small towns and rural areas in new sector policies. It will also provide policy makers with its experiences and lessons learned in the field, in Peru as in other Latin American countries, for them to be adapted to the country’s reality.

The following are some of WSP-LAC’s main activities for this coming year:
- strengthen coordination strategies among sector actors and support regional participation;
- support sustainable investments and management models through technical assistance to DNS, SEDAPAL and SUNASS ; and
- implement experience systematization and dissemination efforts of successful and innovative experiences on issues such as gender equity, environment protection, health and sanitation education promotion, and non-conventional methodologies, among others.

WSP-LAC Comparative Advantage: In Peru, WSP-LAC has extensive experience in sector knowledge and experience systematization at rural and peri-urban levels. This background has allowed WSP’s technical assistance to regulatory authorities to incorporate rural and peri-urban areas by means of non-conventional methods of WSS provision, as well as the proposal of major sustainable investments.

WSP-LAC Strategic Activity Selection: This coming year WSP will develop activities in the following areas:
- Rural WSP-LAC will support the regulatory institution in the formulation of policies oriented to ensure sustainability in WSS and community participation. It will provide
technical assistance to PRONASAR and to the pilot project PROPILAS, and will systematize lessons learned in the process as well as conduct studies on native population and communities of the lower Amazon jungle.

- **Peri-urban** WSP-LAC will promote non-conventional technologies, especially condominial systems, and will support studies to identify the poorest segments of the population that do not have access to WSS in order to propose specific strategies. WSP LAC will support SEDAPAL through technical assistance in improving WSS in poor areas with emphasis in community participation in peri-urban areas.

- **Small towns** WSP-LAC, in collaboration with CIDA, will work the last year of the pilot project. The activities will be conducted to finish the process of promotion of specialized operators in 9 cities and finish the impact works in the 9 cities. Studies will be conducted to document and systematize the experience to disseminate at national and international level.

- **Sanitation and hand washing**. WSP will pursue its efforts to develop the sanitation marketing approach in five zones, and the Public Private Approach for the promotion of Hand washing.

Table 5 lists all the WSP-LAC projects in the FY07 business plan.

**Table 5: List of projects in WSP-LAC**

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<thead>
<tr>
<th>Country</th>
<th>Project Name</th>
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<tbody>
<tr>
<td>Peru</td>
<td>Support Decentralization and Networking for RWSS in Peru</td>
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<tr>
<td></td>
<td>Strengthening Management of WSS Provision in Small Towns in Peru</td>
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<tr>
<td></td>
<td>Support Sustainable WSS Services in Peri-Urban Areas of Lima</td>
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<tr>
<td></td>
<td>Public Private Partnership to promote Hand washing in Peru</td>
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<td></td>
<td>Sanitation as a Business in Peru</td>
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<tr>
<td>Bolivia</td>
<td>Support Rural and Periurban Sanitation in Bolivia</td>
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<tr>
<td></td>
<td>Support Sustainable WSS in rural areas of Ecuador</td>
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<td></td>
<td>Small scale operators’ participation in WSS Services in Bolivia</td>
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<tr>
<td>Columbia</td>
<td>Regional Communications Strategy</td>
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<tr>
<td>Nicaragua</td>
<td>Support to policy reform in Nicaragua</td>
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<tr>
<td>Honduras</td>
<td>Support to the implementation of the sector reform in Honduras</td>
</tr>
<tr>
<td>Regional</td>
<td>Strategic Communication and dissemination (Year 1 of 4</td>
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<tr>
<td></td>
<td>Regional knowledge sharing and exchange</td>
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<tr>
<td></td>
<td>Promotion of small scale operators in WSS services in Peru</td>
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<tr>
<td></td>
<td>Support to sustainable WSS for urban poor in seven cities of Latin America</td>
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<tr>
<td></td>
<td>Exploring and Promoting Future Components of WSP-LAC Agenda</td>
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<tr>
<td></td>
<td>TA for the improvement of WSS services in the Amazon Basin</td>
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<tr>
<td></td>
<td>WSS MDG Strategy in Central America</td>
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SOUTH ASIA
The Challenge: Water and Sanitation Services in most of South Asia continue to be intermittent inefficient, unsustainable and costly, with inadequate coverage and poor quality. More finance and more investment in new infrastructure alone cannot meet this challenge. Sustainable WSS services and achieving the MDG targets will become feasible only if institutions are reformed to improve the quality of local governance and their responsiveness to customers and to involve non-state interest groups and providers on a larger scale. The challenge, therefore, is to institutionalize a demand-driven approach to the delivery of services. In South Asia, this reform agenda has to take into account a variety of different settings of local government reform – from Pakistan’s “big-bang” decentralization to India’s steady move towards implementation of the 73rd and 74th amendments, to Bangladesh looking at local bodies as it tries to cope with the failure of national delivery systems and the challenge of managing the arsenic crisis. Fundamentally, the South Asia challenge is one of scaling up institutional change of WSS systems through reform of the interface between LGs, communities and the private sector.

WSP-SA Role: WSP-SA’s role is to provide active advisory services to support and enhance the capacity of the client to undertake and sustain institutional change. WSP-SA provides a unique model for delivering technical assistance to the clients, based on ‘learning-by-doing’.

WSP-SA Comparative Advantage: Trust and networks with the client. This is a result of three factors: (i) policy dialogue has been “localized”; (ii) WSP-SA operations are fire-walled from a lending agenda; and (iii) WSP-SA is seen as independent of the Bank and bilateral agencies because of its joint ownership. WSP-SA has the flexibility to propel the delivery of global expertise with responses in “real time”.

Strategic Activity Selection: The focus is on Bangladesh, India and Pakistan. The activities selected are the ones that: (i) have impact on scale; (ii) are targeted to institutional change; (iii) have governments’ commitment to provide resources for the process; and (iv) have endorsement by, or formal memoranda of understanding (MoU) with relevant government levels.

Key projects: Across all three countries of focus, the emphasis is on catalyzing institutional change at scale. This requires WSP to engage with wider processes of fiscal and institutional reform, decentralization and urban and rural development. For example, in Pakistan, the focus is on developing and institutionalizing capacity to protect water assets during the process of decentralization as well as providing support to the new local governments to undertake institutional change in the WSS sector. In India, it is the design and implementation of capacity enhancement and creation of fiscal and institutional incentives to catalyze WSS change across urban and rural sectors. In Bangladesh, the focus is on addressing the arsenic crisis by introducing new institutions of water management.

Bangladesh

The Challenge: Despite some recent achievements, the WSS sector in Bangladesh continues to face many challenges. Hence, while household sanitation coverage levels have now reached over 70% nationally and 97% of rural households have access to hand pumps, several physical, technological, behavioral and institutional issues pose major difficulties. The most immediate and most generally acknowledged recently has been widespread arsenic contamination of groundwater. Expanding service coverage remains a challenge also as some parts of the population are hard to reach, for example in poor slum settlements and hill tracts. Sector institutions have been unable to redress high levels of unaccounted for water, low cost recovery, and poor water quality.
The overarching problem is one of highly centralized institutions that are not demand responsive or accountable to the people. These institutions have been unable to achieve investment levels and facilitate behavioral change among providers as well as users. Institutional change and dramatically stepped up communication and public consultation are pivotal to any strategies. To undo such centralization requires foremost empowerment and capacity building of local government, especially to undertake more effective local planning, implementation, and management in partnership with communities. WSP’s challenge is to work with the authorities and stakeholders to help achieve decentralization and reform in the local government over the next decade, helping to shape a system where the authority, resources and incentives of local governments will enable them to achieve more effective and responsive services. An institutional model has to arise that draws also on the skills and resources of private sector and that engenders joint effort with communities. The role traditional line agencies may well have to change, so that they no longer are measured by their direct service roles, but where they are capable of providing the technical support, regulation and monitoring required to ensure water and sanitation services that meet the needs and demand of the public at large, treating members of the public as customers.

**The Opportunities:** The arsenic crisis has wakened the government to the need for institutional change. Extensive use of hand pumps by individual households is now challenged by arsenic contamination. This has raised the necessity for alternative options and service delivery mechanisms. For example, a willingness-to-pay study conducted by WSP-SA indicated that people overwhelmingly opt for piped WS as an alternative to a contaminated hand pump supplies. There is opportunity to look at utility reform within the context of arsenic mitigation and the arsenic issue has opened the opportunity to address public policy issues such as water quality monitoring and regulation.

Protection of surface water sources from bacteriological contamination has become ever more important as they are increasingly seen as potential sources of drinking water. Promoting total sanitation to stop fecal contamination of surface water has become imperative. It is heartening to note that the government has adopted an ambitious target of achieving nationwide sanitation coverage by 2010. This offers an opportunity to refine the already developed community-based sanitation model to include involvement of local government for scaling up the movement.

The success of public-private partnership in solid waste management (pioneered by WSP-SA in Chula) has also opened the door for dialogue on broader reforms within municipalities, and in particular offering an entry point for engaging with the government about water utility reform as part of a broader drive for improved basic urban services.

**WSP-SA Role:** To catalyze the above change, WSP-SA will continue to provide active advisory services through 1) country-level dialogue with national stakeholders for a common ownership of policies and strategies; 2) mainstreaming innovative pilots into scalable national programs; and 3) strengthening networks within the country and propelling the delivery of regional and global expertise in short notice.

**WSP-SA Comparative Advantage:** WSP-SA has entered into a MoU with the GoB’s Local Government Division, outlining an approach that creates considerable scope for WSP to bring its experience in policy reform and institutional change to the efforts in Bangladesh to empower local government and sector institutions. WSP maintains close relationships with major stakeholders (donor agencies, line agencies, NGOs, research organizations) to support a coordinated, uniform approach towards implementation of the reformed policy. This provides a framework within which WSP-SA has been able to assemble expert inputs to support analysis, development and communicating international/regional best practices, and achieving learning and dissemination agenda through studies, pilots, training, workshops and study tours. Through the
network of agencies it works with, WSP-SA has positioned itself to help mainstreaming innovative approaches on scale.

**WSP-SA Strategic Activity Selection:** WSP-SA would support the following activities in order to impact the required sector reform:

- support national government in policy reform through advocacy and knowledge sharing, in order to lay the groundwork for mobilization of additional investment in the sector;
- design and support implementation of decentralized, local government-based WSS service delivery models through partnerships between local governments, private sector, NGOs and communities;
- support mainstreaming of total sanitation for achievement of rural sanitation targets;
- support reform of utility service providers to improve efficiency and effectiveness of service provision, accountability and transparency of providers, with a particular focus on improving service to the urban poor;
- support review and revision of national arsenic mitigation policy and strategy and introduce alternative service delivery mechanisms to address arsenic contamination.

**India**

**The Challenge:** Historically in India, WSS services in both rural and urban areas have been provided either by government line departments or state-owned utilities. In spite of the fairly extensive coverage that has been achieved, the results are not commensurate with the large investments that government has made over the years. Schemes that have been constructed are not adequately maintained, and those that are running often provide sub-standard service. The norm is thus one of inefficient and unsustainable services, inadequate coverage, and poor quality, making targets such as the MDGs elusive. Experience worldwide indicates that the sustainability of WSS services and institutions is closely tied to the quality of governance at the local level. Also key is the role of the organized private sector, SSPs and CBOs. The challenge, therefore, is to enable the creation of suitable institutional structures and capacity that would firmly institutionalize a DDA to the delivery of these services. Although the distinction between “rural” and “urban” is somewhat artificial, there are some critical differences in the intervention strategy.

**Rural:** While India has achieved significant success in providing drinking water facilities to most of its rural population, it has yet to achieve operational and financial sustainability of this service delivery. Poor standards in the operation and maintenance of schemes currently plague service delivery. A dropping groundwater table and deteriorating groundwater quality also threaten source sustainability. In addition, lack of a reliable user-level database and monitoring and benchmarking systems make it difficult to realistically assess whether service delivery goals are really being achieved. The rural population’s knowledge about sanitation and hygienic behavior is inadequate, resulting in poor health, productivity, and lack of “demand” for sanitation. Infrastructure created in the traditional top-down mode is often not used for the intended purpose and precious resources are wasted in the effort. The challenge here is to create awareness among user communities to demand services, and to provide the appropriate financial and institutional support for achieving these objectives.

**Urban:** The current institutional structure makes it difficult for service providers to achieve an improved UWSS service delivery. The functions of policy making, oversight, ownership, and service provision are not clearly delineated, and lead to conflicting objectives, political interference and lack of incentives. The consequences include low tariffs and poor cost recovery; inadequate technical capacity leading to inefficient and poor service delivery to customers; lack of a sound legal and regulatory set up, and unclear/inconsistent definition of the roles and
responsibilities of the various players in the sector; and a mindset of the service providers and the consumers to accept the traditionally poor level of UWSS.

Central and state governments need to create an enabling environment which allows consumers to hold service providers accountable for service delivery. Convincing consumers to pay realistic tariffs is a major challenge in the face of the lack of credibility among delivery agencies. Sanitary conditions in most urban areas are poor, and have been deteriorating, impacting negatively on environmental health and livelihoods. Providing acceptable sanitation facilities in the urban slums is a significant obstacle. This requires a shared understanding at various levels of government of a combination of institutional, technical, and financial policies and reforms if it is to be addressed at scale. Mainstreaming the urban poor as regular customers for network water services is also a challenging task. In order to have a strategy or a dialogue with the clients, it is crucial to have a good overview of the current state of the UWSS sector in India. Such data are not readily available.

The Opportunities: In both the urban and rural WSS sectors, there is an increasing recognition at various levels of government of the need for reform. The need for community participation and the centrality of local governments for sustainability is now well established in central government policy. There is a growing understanding of the need for realistic tariffs, cost recovery, PPPs and sustainability. In addition, the fiscal crunch faced by most state governments also offers an “opportunity” for pushing through reform, through creating an enabling environment for accountable service delivery.

Rural: The key water reform program of the GoI, the Sector Reform Program (SRP) has been scaled up in the form of the Swajaldhara program. Similarly, the sanitation reform program of the GoI, the Total Sanitation Campaign (TSC) has expanded to encompass the entire country. In recognition that the institutional structures for scaling-up reforms may be vastly different from the structures adopted for piloting, the GoI has developed a series of incentives for states to develop 'state specific' reform plans aimed at institutionalizing reforms. The terms of the reforms and the release of finances will be defined by a MoU, to be signed between the states and the GoI.

Urban: The central government has indicated a strategic commitment to urban sector reform by unveiling the Jawaharlal Nehru National Urban Renewal Mission (JN NURM) to create empowered, self sustaining cities that can function as engines of growth and provide services to the growing urban populations. There is also interest in formulating a National Urban Sanitation policy and a commitment to PSP in the entire range of urban infrastructure and service delivery, with growing opportunities for the involvement and development of the domestic private sector. Consumers also show increasing appreciation of the need for reform.

WSP-SA Role: WSP-SA’s role is to provide active advisory services to support and enhance the capacity of the client to undertake and sustain institutional change in the sector and to create a credible investment climate where this might be required.

WSP-SA Comparative Advantage: WSP-SA’s advantage is that it works through relationships of trust and networks with the client. The “strategic alliance” with the GoI, continuing relationships with an expanding number of state governments, and engagements with a variety of cities provide examples of this. Reasons for WSP-SA’s credibility are (i) the ability to provide technical assistance independent of a lending agenda; (ii) its ability to draw on international expertise, including from within the World Bank; and (iii) the fact that it does not carry a brief for any donor agency or approach.
**WSP-SA Strategic Activity Selection:**

**Rural:** WSP-SA’s TA on the rural segment of activities is directed at supporting institutional reforms, in accordance with the opportunities and challenges in the sector. This is done through policy support at the national level and state levels, design support to states and local bodies and lesson learning at the local level of implementation. The ability to regulate reforms and service delivery is being strengthened by targeting the development of systems/strategies for monitoring and evaluation and through researching and developing WRM and water quality management (WQM) systems.

**Urban:** WSP-SA’s TA – including policy support, capacity support, and knowledge management activities – is designed to respond to the challenge of institutional reforms in the UWSS sector in India. The major focus areas of WSP-SA’s urban activities are: (i) reform of WSS service providers; (ii) improving urban sanitation services in low-income communities; iii) mainstreaming services to the poor and to slum communities; and (iv) improving SWM. These activities focus on creating enabling environments for local service delivery improvements, initiatives to enhance accountability of service providers and improve information flows, and building reform-oriented partnerships with state and LGs committed to institutional reforms that enhance service delivery. The recent central government policy initiatives and some state and LGs’ interest in following the UWSS reform program offer the right opportunity for WSP-SA to carry forward these activities.

**Pakistan**

**The Challenge:** Pakistan experiences intermittent water supply, often unsafe and unsatisfactory and services often unsafe illegally accessed and not financially covered. The patchy services impose a heavy economic and financial cost burden on businesses, farmers and households, and have had serious negative health and environmental effects. Poor people pay the highest price and are most (although not exclusively) affected by gastro-intestinal diseases, high levels of infant deaths as a result of diarrhea, and the high incidence of infectious waterborne diseases such as typhoid, polio and hepatitis A and B. The challenge in sanitation is even greater, with only 54% households having access to toilets i.e. 86% in urban and 30% in rural areas. The issues of open defecation, untreated disposal of sewage and unhygienic disposal of solid waste jeopardize public health, and contribute directly towards poverty.

Like elsewhere in South Asia, the fundamental challenges are about institutions, rather than about finance and more infrastructures. Pakistan requires institutions that are more accountable, and able to implement services within the framework of clearly articulated and effectively regulated policies. At a formal level there has been some movement in such a direction when Pakistan adopted “big-bang” policy and legislative changes supposed to devolve more power to provincial and local governments. With implementation of the Local Government Ordinance 2001, the GoP has brought about changes in governance and devolution of political, financial, and administrative powers to elected local governments at local district, tehsil and union levels. WSS is specifically affected by the shift towards these local levels.

These reforms required include capacity building of the LGs and other players, fostering of partnerships, separation of policy maker from the service provider for increased accountability, and effective communication to build the credibility and momentum of reform, and root reforms in public demand. The challenge is to consolidate institutional change in WSS service delivery through devolution and through changing the institutional interfaces between the LGs, consumers and the private sector.
The Opportunities: The devolution of WSS to local governments, and the resulting uncertainty in many quarters, has however created lack of clarity in institutional mandates, structures, roles and responsibilities. The capacity to provide improved WSS service delivery remains weak. As a result, there has been growing demand for reform to improve the quality of local governance, which provides WSP-SA in Pakistan with unique opportunities to mobilize regional and global experience to inform reforms. Many aspects of reform remain controversial, but the role of knowledge broker provides significant opportunities to engage in the debates and processes to bring about change.

WSP-SA Role: At a time when the new LG system is in the second phase of consolidation and is struggling with the newly devolved responsibilities, WSP-SA’s role is providing proactive policy and design advisory services to support the national, provincial and local governments. Capacity strengthening contributes directly to improved opportunities for the creation of an enabling environment for the various tiers of government and stakeholders.

WSP-SA Comparative Advantage: WSP-SA is ideally placed to support its clients through iterative piloting of new arrangements, testing application of global and regional knowledge, and design of new investments. WSP-SA’s involvement in the design of the new LG ordinance and transition has provided a comparative advantage to assist sector work, as demonstrated by WSP’s support to the National Reconstruction Bureau at the federal level and continued dialogue with provincial and local governments on capacity-building and investments. WSP-SA’s neutral status helps it to ensure a process of continued support to clients, generate unique knowledge of global value, and proactively assist long term improvements.

WSP-SA Strategic Activity Selection: WSP-SA will facilitate development and adoption of critical systems and procedures that enable local governments to scale up good practices through their own, government, and donor assisted investments. This will result in mainstreaming of good practices, building capacity of clients, and facilitating a discussion on policy options that would create an enabling environment for adoption of project rules and institutional models that could take the sector forward. A key strategic focus would be on restructuring of W&S services in large cities. Concurrently, through cross support, WSP-SA will ensure that the same local, regional, and global good practices are supported in large donor-assisted investments to bring uniformity in sector policy.

Table 6 lists all the WSP-South Asia projects in the FY07 business plan.
Table 6: List of projects in South Asia

<table>
<thead>
<tr>
<th>Country</th>
<th>Project Name</th>
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<tbody>
<tr>
<td><strong>Bangladesh</strong></td>
<td>Total Sanitation Demonstration Project</td>
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<td></td>
<td>Arsenic Mitigation</td>
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<td></td>
<td>Institutionalizing Performance Improvements</td>
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<td></td>
<td>Policy Support &amp; Sector Coordination</td>
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<td></td>
<td>Measuring Impact of Total Sanitation</td>
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<tr>
<td></td>
<td>Utility Reform (year 2 of 3)</td>
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<td></td>
<td>Local Government-based community WSS services</td>
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<tr>
<td><strong>India</strong></td>
<td>Slum Upgrading (Services to the Poor)</td>
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<td></td>
<td>Options for Municipal Solid Waste Management Reform</td>
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<td></td>
<td>UWSS Reform Frameworks(^{13})</td>
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<tr>
<td></td>
<td>Urban Sanitation Services to the Poor</td>
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<tr>
<td></td>
<td>Enabling Environment and Incentives</td>
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<td></td>
<td>Design Transformation Plan</td>
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<td></td>
<td>Manage Sector Change (States)</td>
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<tr>
<td></td>
<td>Monitoring and Evaluation</td>
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<tr>
<td><strong>Pakistan</strong></td>
<td>Support policy/legal reform - federal and provincial</td>
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<td></td>
<td>Develop Monitoring and Evaluation Systems for UWSS</td>
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<tr>
<td></td>
<td>Supporting Local Governments and SMEs for improved W &amp; S services</td>
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<tr>
<td></td>
<td>Building accountability of service providers and policy-makers</td>
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<tr>
<td></td>
<td>Karachi - KKWSB Institutional Reforms and Consumer and Accountability Mechanism for improved WSS Services</td>
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<tr>
<td><strong>Regional</strong></td>
<td>Regional sanitation</td>
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<tr>
<td></td>
<td>Public Utility Reform Options</td>
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<tr>
<td></td>
<td>Regional review of Water Quality Management</td>
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<td></td>
<td>Strategic Communication and dissemination</td>
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<tr>
<td></td>
<td>Regional knowledge sharing and exchange</td>
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<td></td>
<td>Reform Communications for Urban Water Supply &amp; Sanitation sector in South Asia</td>
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\(^{13}\) Project IN/21 UWSS Reform Frameworks consists of a total of 13 sub-projects, which are not individually listed above.
GLOBAL PRACTICE TEAMS
Background and main responsibilities: In an initiative to strengthen global learning and knowledge management, WSP established, in 2005, Global Practice Teams (GPTs) in communications, finance, rural water supply and sanitation, sanitation and hygiene, and urban WSS services and the poor. The objectives of the GPTs include promotion of more cross-regional work across WSP regions, establishment of a global vision and leadership on key WSS topics, and enhanced knowledge sharing and influence of other stakeholders and partners such as the World Bank and other IFIs. The GPTs have been established along topics the following criteria:

- 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

WSP has continued to ensure a balance between global and country activities and always emphasizes that the core of all its work is at country level, and that any global or cross-regional learning and knowledge must ultimately make a difference at country level to enhance our clients’ efforts at increasing access to sustainable WSS.

The GPTs have developed their work programs for which funding have been provided. Their work plans include activities to:

a) **Communications**: enhance WSP’s capacity to boost support for strategic communication initiatives of institutions in response to demands of our client countries; support communication and advocacy interventions that respond to WSS challenges;

b) **Finance**: improve the efficiency and effectiveness of public financial management practices in the use of WSS related public/donor resources by stakeholders and leverage additional local/domestic resources;

c) **Sanitation and Hygiene**: identify the current state of knowledge/experiences regarding the relationship between sustainability of changed behaviors and sanitation and hygiene approaches/programs; develop and implement a global strategy of communication and dissemination for sanitation and hygiene knowledge resources;

d) **Rural Water Supply and Sanitation**: analyze the link multiple uses of water of domestic water to improved sustainability of services and systems, gender equality and poverty reduction and how to take multiple use initiatives to scale

e) **Urban WSS services and the poor**: develop and implement utility reforms to support expansion of access to the poor/ modalities of linking small private providers to utilities and municipalities/addressing small private provider capacity constraints, mobilizing finance in the water marketplace/strengthening the role and voice of the poor in demanding access to affordable services.

The GPTs have successfully built their cross-regional teams and launched many of the activities in their work plans. They are also building vital linkages with the World Bank through the various Thematic Groups and with other partners as well as identifying national/regional/global fora in which they can share and disseminate their work. WSP has taken further steps to increase the profiles of the GPT and strengthen their ability to promote thematic networks and strengthen the links between country programs within the framework of global themes. The GPTs are virtual teams of experts in a given area/topic.

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14 Global Practice Teams are virtual teams of experts in a given area/topic.
coordinators have been made members of the Program Management Team to strengthen thematic influence on management decisions on work program related activities.

The strategies and annual work plans for the individual GPTs are described below.

**Communications:**

**The Challenge:** Tackling WSS challenges calls for new ways of maximizing the potential of 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.

**Opportunities:**

There is now increasing appreciation in the (traditionally technically-oriented) water supply and sanitation sector that the challenge of achieving the MDGs requires a significant increase in the quantity and quality of communications – especially relating to aspects such as reform advocacy, public participation and consumer information and behavior-change programs. WSP has been providing technical assistance for the development and implementation of reform communication strategies (Kenya – Africa), and strengthening the capacities of country clients to manage communication on sector/utility reforms (India, Zambia and Peru – SA, Africa and LAC). WSP has also been supporting initiatives to sustain policy dialogue and providing communication support to national/local level sector institutions (Mozambique, Uganda and Indonesia (Africa and EAP) as well as learning networks (RWSN).

Currently, there is increasing demand from WSP partners and clients to boost their capacities for strategic reform communications, and also to support communication and advocacy interventions that respond to WSS challenges. These demands present a new and exciting opportunity for the WSP Global Practice Team on Communications to consolidate its current approaches into a strategic communication program that can increase its impact and influence on sector reform processes.

**WSP Global Role:** Communications GPT aims to enhance WSP’s global vision and leadership on main WSS topics, strengthen cross-regional knowledge development and sharing, and facilitate cross-fertilization amongst WSP regions, clients, and partners. Communications GPT will seek to strengthen WSP’s capacity to support strategic communication initiatives of institutions in WSS; collaborate with WB global programs (DevComm, WBI, etc) and other sector institutions to distill lessons, best practices and share experiences on strategic communication for WSS reform and MDG advocacy; and, develop innovative global communication products and advocacy tools that improve communication of complex issues on WSS. Communications GPT will also work with country clients to build their capacities to implement strategic reform communication approaches, and also coordinate with partners at the country, regional, and global levels to focus on supporting country sector dialogues on WSS issues and capacity building of WSS communication practitioners.

**WSP Comparative Advantage:** WSP is respected as an independent and credible source of knowledge in the water and sanitation sector. WSP further derives its comparative advantage from its proactive engagement with country clients, and long experience in knowledge management and advocacy at regional and global levels. A strong field presence and communications expertise in pioneering work in strategic reform communications is necessary to ensure that WSP is demand responsive and able to work within local realities.
Global activities:
Communications GPT activities will focus on:
- Building communication capacities of institutions in WSS
- Sustaining policy dialogue
- Developing communication strategies for MDG advocacy
- Developing communication tools and products
- Supporting regional/country-level knowledge networks and other GPTs
- Identification and documentation of success stories/lessons

Finance:
The Challenge: Financing is often portrayed as a key challenge in meeting Millennium Development Goals (MDGs) for water and sanitation. Conventionally, finance is viewed as determining sources of funds for infrastructure investments and many global estimates of finance requirements point to large funding gaps in public resources. The early emphasis on private sector investments has now shifted to pleas for more aid resources. Recent 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 clearly not sufficient. The main challenge is also to build country capacities to ensure a greater focus on efficiency and effectiveness in the use of resources in the sector to make rapid, but sustainable progress.

The Opportunities: The main opportunities arise from the ongoing work in countries, both to draw lessons and to facilitate country-owned processes for improved systems in two main areas of strategic importance:

- Emerging emphasis on ‘aid effectiveness’ and sector governance. The quality of governance arrangements and processes are generally held to be the key factors for improving efficiencies and development effectiveness in the use of financial resources. Action is needed on:
  - Decentralization and fiscal framework – a) development of fiscal mechanisms to provide the ‘right incentives’ in the context of decentralization, and b) design of inter governmental transfers system including conditional versus consolidated grants and design of special funds.
  - Public financial management – a) development of properly costed ‘sector programs’ and establishing clear links between reforms, strategy and public budgets, within Sectorwide approaches (SWAp), and b) strengthen country’s own sector performance monitoring systems.
  - Leveraging resources and enhancing sustainability. While the emphasis on leveraging often stems from a realization of a limit on the availability of public resources, it focuses on internal generation of resources through user charges, with good revenue management to generate an operational surplus. This approach to leveraging also increases sustainability of services and creates a possibility of raising market based resources. 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 to avoid crowding out of service linked and local private resources
    - Facilitating domestic market borrowing – in selected countries by addressing supply side constraints (creating bankable opportunities) and promoting policy of ‘financing space’.

WSP’s global role. Finance is a cross cutting theme and receives attention in all the WSP regions and themes. However, its global role is mainly seen as identifying lessons from its strong country presence and thematic work, which will form the basis for analytical work in the two main opportunities identified above. It also includes establishing links with appropriate global initiatives by development partners.
**WSP’s comparative advantage.** WSP’s comparative advantage is its ability to draw its work with country governments spanning four regions to develop a pool of global knowledge distilled from country experiences. Such global analysis and inter-regional synthesis would feed back into more effective country support. Also, as a part of the World Bank Group, WSP would also be able to work in coordination with the Bank’s operations, relevant thematic groups (such as PEMTG and RWSTG), and other global programs (such as GPOBA and Cities Alliance). It’s ongoing /proposed ties with regional entities (such as NEPAD and AMCOW in Africa, or SAFIR in South Asia) as well as partnership with key civil society/ private initiatives (such as WaterAid, SPARC, SEWA Bank, IED and K-Rep Bank) would also enable it to disseminate and support use of the global knowledge.

**Priorities and Activity Selection.** The Finance Global Practice Team (F-GPT) will lead the work to provide leadership in critical areas. The work program focuses on a synthesis of lessons and experiences from country level support in WSP regions through activities in the two focus areas:

- Influencing the use of improved public financial management practices and tools to increase development effectiveness in the use of sector (domestic and aid) resources
- Influencing the use of WSS related public /donor resources to leverage additional local/ domestic resources for WSS and increase sustainability of WSS services.

This will be done through specific products based on:

- Mapping of WSP and other global experiences within a defined conceptual framework
- Analysis and synthesis of WSP experiences in country support in the two focus areas
- Sharing of global synthesis and analysis in the two focus areas through appropriate communication products, participation in experience sharing events and inter-regional cross-support

**Rural Water Supply and Sanitation:**

**The Challenge:** Of the more than 1 billion people still lacking safe WSS, about 80% are found in rural areas. Meeting the MDGs will therefore depend to a significant degree on the extent to which sustainable services can reach the large rural populations that are currently unserved. Sustainability of RWS has been hard to achieve and the sub-sector is characterized by high failure rates, a declining profile, low cost recovery, low or stagnant rates of increase in coverage, and few sustainable options for service operation, maintenance and management. An emerging approach, Multiple Use of Domestic Water, may hold potential for making significant improvements in the sector. Multiple use takes a more integrated and diversified approach to services delivery that: (a) puts people at the centre of service delivery by responding to their range of demands for water in their efforts to improve livelihoods, (b) embeds WSS in a broader setting, (c) has potential to better articulate the link between RWS and poverty reduction and gender equity, and improved sustainability; and (e) contributes more broadly to the achievement of the MDGs in contrast to responding to the single, narrow MDG for water.

**The Opportunities:** The MDGs provide an important opportunity to look beyond the single sector goal for WSS to contribute more broadly to poverty reduction, reduction in the prevalence of hunger, women’s empowerment in addition to the health related goals. To become more effective however, RWS provision needs to strengthen linkages with other sectors and to be embedded in broader settings. Developing domestic water for multiple uses may hold potential to embed services provision in a broader dialogue at the local and improved engagement with other sectors such as health, micro-enterprise programs, and micro-finance, etc. To have the expected impacts however, water supply services and systems have to be sustainable and provide reliable and continuous services to support the multiple uses.

**WSP-Global’s Role:** WSP-Global carried out a literature review in December 2005 that highlighted work already done and identified knowledge gaps that need to be addressed. The
review showed that though there is a growing interest on productive use of water there exists wide knowledge in many areas. In response, the R-GPT proposes to carry out a study, *Linking Multiple Use of Domestic Water to Poverty Reduction and Improved Sustainability*. The study will be based on cases from various regions to be selected based on experiences from all the four WSP regions. WSP would also leverage lessons learnt at country level and build on the knowledge and experiences from other agencies involved in this field (IWMI, IRC, PRODWAT, NGOs, academic institutions) to generate global knowledge and tools, promote cross-regional and global fertilization, provide a global platform for learning, advocacy and partnership and rapid exchange of information to bring the best global knowledge to policy makers at local level.

**WSP-Global’s Comparative Advantage:** With its global-regional-national learning and implementation links, long track record, high professional capacity and ability to maintain real-time contacts with key decision makers, flexible access to international expertise, WSP-Global is uniquely qualified to carry out this type of strategic knowledge generation, learning and influencing investments on the ground. The recently established Rural Global Practice Team (RGPT), a community of RWSS experts, will lead this work in addition to growing the RWSS practice to establish WSP’s leadership in the sub-sector.

**WSP-Global Strategic Activity Selection:** Based on the above challenges and opportunities, the global RWSS strategy is organized around the following main areas: (a) expanded options for sustainable scaling up of services; (b) strengthened institutional linkages for RWS provision by local governments and other local institutions and processes; (c) placing RWSS services at the core of achievement of the WSS MDGs, as well as impacting other objectives of poverty reduction, health, gender equity, implications on program design and implementation, (d) implications for policy development, program design and implementation. The main categories of activities are: (i) global learning advocacy and partnerships; (ii) conceptual framework, research and analytical work, models tools and methods; and (iii) cross-regional, south-south fertilization. Knowledge generated from these activities is expected to filter back and influence the way our clients plan, implement, and manage RWSS services and ultimately, scale up to meet the MDGs. This study will be the flagship product for the GPT and will be accompanied by national, regional and international workshops/conferences/meetings.

**Sanitation and Hygiene:**

**The Challenge:** Sanitation is a determinant of human development. Globally, some 4,000 children die every day from diseases associated with unsafe water and lack of basic sanitation. In 2002, 2.6 billion people lacked access to basic sanitation. In terms of absolute numbers of persons without access to basic sanitation, Asia is the worst off. In fact, 79% of the world’s population without access to basic sanitation lives in Asia, compared with only 12% of the world’s un-served population living in Africa. Despite substantive global progress with an increase of coverage from 34% to 49% between 1990 and 2002, the trend is not sufficient to achieve the sanitation MDG target. To meet the target, nearly 2 billion people should gain access to basic sanitation, meaning providing access to basic sanitation to 370,000 people every day between now and 2015. While the challenge can be met in Eastern Asia, South-Eastern Asia, Latin America, and maybe South Asia, Africa is most likely to miss the target for basic sanitation [this seems to contradict the statement above about Asia being the worst off. Can you clarify why Asia will make the MDGs, and Africa won’t?]. Sanitation is also associated with girl’s education, dignity, convenience, and privacy. Sanitation is not only about acquiring a toilet, but more importantly it’s about sustainability of changed behaviors. Little reliable knowledge exists with regards to the relation between sanitation and hygiene promotion approaches applied and the sustainability of changed behaviors.

**The Opportunities:** In all WSP regions, the sanitation MDG has raised the profile of the sub-sector and constitutes an opportunity to innovate and scale up new approaches. In the Africa region, social marketing is being used to improve sanitation access and/or improved hand
washing practices Benin, Burkina Faso, Ethiopia, Niger, Uganda, Senegal, and Tanzania. In the Latin America and Caribbean region, the hand washing program in Peru is being scaled up and ecological sanitation is being introduced in urban centers. In the South Asia and East Asia and Pacific regions, the Community-Led Total Sanitation approach is being replicated in Cambodia, Bangladesh, Indonesia, India, Nepal (should we mention Nepal, since it’s not a WSP country?), and Pakistan.

**WSP’s Role:** WSP is providing technical assistance for policy change, investment support, and knowledge development and sharing. WSP is also supporting regional movements for cross-country dialogue and experiences sharing. Globally, WSP is an initiator and contributor to international sanitation conferences: the 2nd SacoSan conference brought stakeholders from South Africa countries in 2006 to share experiences and knowledge. WSP-AF and WSP-EAP plan to respectively hold AfricaSan+5, and EastAsiaSan in 2007. LatinSan is scheduled to take place in 2008.

**WSP’s Comparative Advantage:** WSP brings to the global sanitation community:
- Field presence in 21+ countries in 4 regions
- Availability of knowledge resources base on sanitation promotion and support partners
- Partnership with the World Bank on sanitation components of the major water projects, with the opportunity to test ideas at substantial scale
- Extensive experience in regional, national, and global networking and the organization of conferences, workshops, etc.
- Strong tradition of fostering policy debate, through highlighting new issues and approaches
- Access to leaders and decision-makers in sanitation in a large number of countries and among international development agencies

**WSP’s Strategic Activity Selection:** The strategic activity of the Sanitation & Hygiene Global Practice Team is to conduct applied research and share knowledge and experiences across WSP regions on sustainability of changed behaviors related to sanitation and hygiene promotion approaches and programs.

**Urban Water Supply and Sanitation and the Poor:** Providing adequate, safe, reliable and affordable water supply and sanitation (WSS) services in urban areas through accountable and demand responsive service delivery arrangements, remains a major challenge in much of the developing world. The WSS Services for the Urban Poor GPT (UGPT) targets addressing some of the key issues that need resolution in this quest. It proposes activities focused around the following three basic platforms:

1. **The utility reform platform.** This platform area encompasses a broad range of challenges that include subsidies, targeting the poor, revenue management, expansion and densification of networks, roadmaps for institutional reform, service options for increasing access by the poor, asset ownership etc. The UGPT initially proposes to prepare a Guidance Note on WSS Services to the Poor under this platform.

2. **The local private provider platform.** 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/municipalities, addressing SPP 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 DPSP Initiative. Examining different aspects of the interaction between formal providers and the informal / small local private sector with a view to identifying approaches to smooth transitions and synergetic relationships through the study of field experiences like Dakar, Senegal is under consideration by the UGPT.
3. **The voice and client power platform.** This platform is predominately focused on strengthening the role of the poor in demanding access to affordable services at service level they require. Strengthening both the voice relationship between the poor and 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. As an initial activity under this platform, the UGPT proposes to prepare a Guidance Note on Community Report Cards centered around field activities in this area in Africa and South Asia.

Table 7 lists all the WSP-Global projects in the FY07 business plan.

**Table 7: List of Global Projects**

<table>
<thead>
<tr>
<th>Country</th>
<th>Project Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>GPT: Linking Multiple Uses of Domestic Water to Poverty Reduction &amp; Improved Sustainability</td>
</tr>
<tr>
<td>Global</td>
<td>GPT: Sanitation and Hygiene</td>
</tr>
<tr>
<td>Global</td>
<td>GPT: Global Water Supply and Sanitation Finance</td>
</tr>
<tr>
<td>Global</td>
<td>GPT: Water and sanitation Services for the Urban Poor</td>
</tr>
<tr>
<td>Global</td>
<td>GPT: Strategic Communications for Reforms</td>
</tr>
<tr>
<td>Global</td>
<td>Regional: WSP Global Communication</td>
</tr>
<tr>
<td>Global</td>
<td>Regional: Dissemination of EWD products and those funded by the BNWP through WSP channels to reach staff and clients in the field (General Staff Capacity Building)</td>
</tr>
<tr>
<td>Global</td>
<td>Rural: Public-Private Partnership for Promoting Hand-Washing</td>
</tr>
<tr>
<td>Global</td>
<td>Benchmarking: International Benchmarking Network (IBNet)</td>
</tr>
</tbody>
</table>

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15 Project GPT/25 General Staff Capacity building consists of three sub-projects, which are not individually listed above.