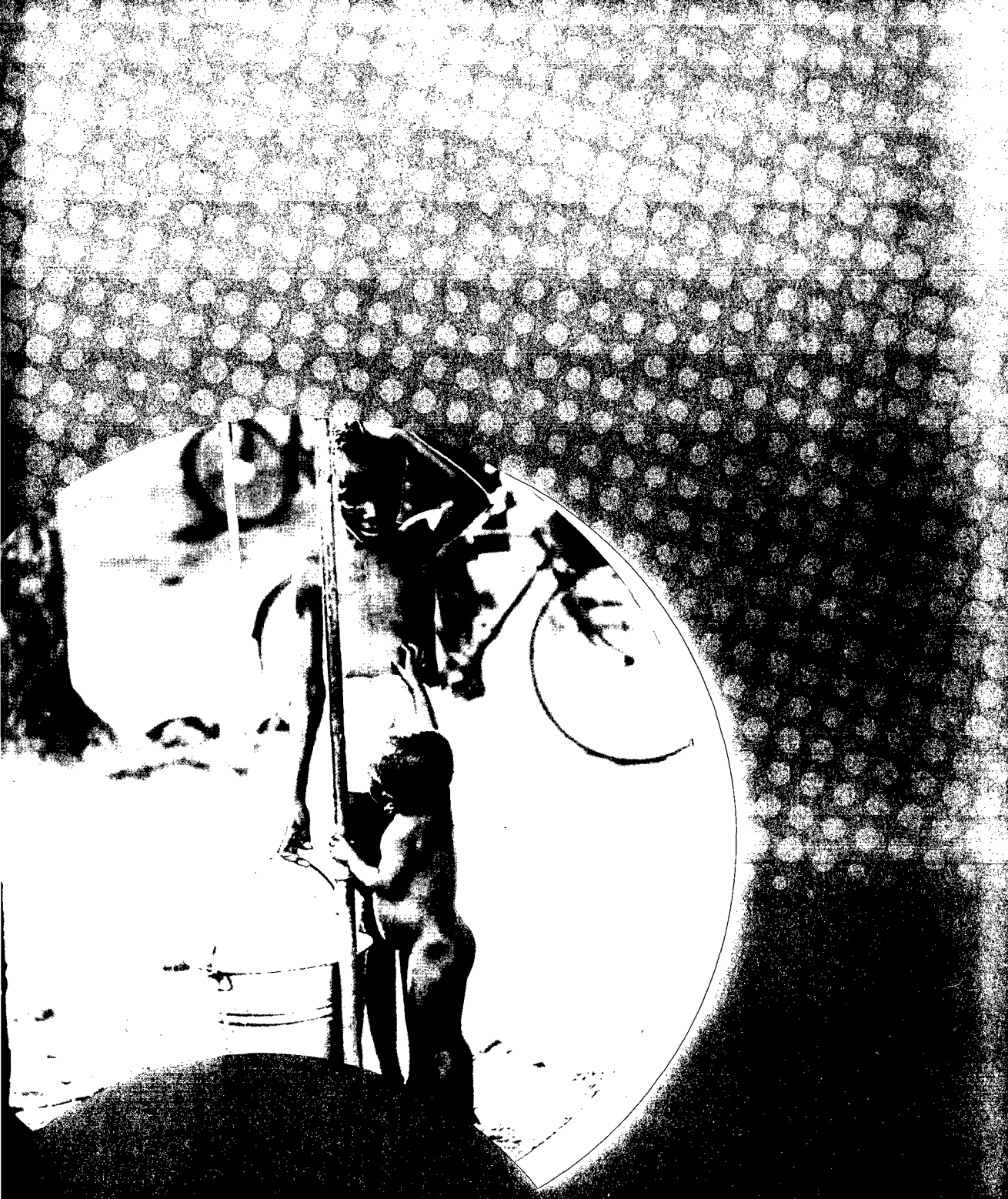

Sector wide approaches for water and sanitation development

Sector wide approaches for water and sanitation development

Preface

Access to safe water and sanitation are basic human needs and basic human rights. They are vital for the dignity and health of all people. Yet, despite tremendous efforts in the last two decades to provide improved water and sanitation services for the poor in the developing world, today (according to the WHO/UNICEF Global Water Supply and Sanitation Assessment 2000 Report) 2.4 billion people worldwide still do not have any acceptable means of sanitation, while 1.1 billion people do not have an adequate supply of clean water. This is a health hazard, leads to appalling living conditions and is an important element of poverty.

One of the main reasons for this unacceptable situation is the limited effectiveness of project aid by donors.

Concerns have been raised about the effectiveness of project aid in general. Limited impact of development assistance through projects (executed by donors without adequate coordination) particularly on poverty reduction have led to dissatisfaction with islolated projects (islands of happiness in a sea of misery). The Sectoral Approach can be seen as response to the above limitations of conventional forms of development cooperation. Rather than implementing projects donors should, after coordination led by the recipient country and including civil society, contribute to the strengthening of the entire sector based on a micro-macro perspective. The Netherlands Government has since 1999 made the sectoral approach a leading principle for implementing its bilateral development policy.

During the workshop on Sector Wide Approaches (SWAp) in health, nutrition and water and sanitation in Geneva, October 2000, sector specialists from different embassies and staff from the ministry in the Hague exchanged experiences regarding the SWAp process in the countries with bilateral development programmes in health, nutrition, water and sanitation.

After the workshop it was decided to produce a document, which could serve as an input to enhance the implementation of SWAp's in water and sanitation.

The present document provides some guidance for people involved in development assistance to the water and sanitation sector.

A similar document for the health sector was published in 1999 based on the outcomes of a workshop on SWAp for the health sector (Focus on development /11 " sector-wide approaches for health development").

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Summary

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Abbreviations and Acronyms

IRC	International Water and Sanitation Centre
IHE	International Institute for Infrastructural, Hydraulic, and Environmental Engineering
NGO	Non Governmental Organisation
SWAp	Sector Wide Approaches
WSS	Water Supply and Sanitation
IWRM	Integrated Water Resource Management
SIP	Sector Investment Programme
SASG	Sectoral Approach Support Group
DFID	Department fot International Development (UK)
EU	European Union
OECD	Organisation for Economic Co-operation and Development

Executive summary

- Sector wide approaches (SWAp) have emerged in response to the failure of project based approaches to make a significant impact on development related problems. They seek to put national governments at the centre of development strategy and policy and to channel all aid into nationally designed sector plans, where possible through direct budgetary support. To date most experience with sector wide approaches comes from health and education sectors. However, the approach is now being extended to other sectors such as natural resources, agriculture, and water supply and sanitation. Dutch development policy is fully committed to the implementation of SWAp in all sectors.

- This document combines the results of a literature review with reports of the findings of a workshop for Dutch water supply and sanitation (WSS) sector specialists held in Geneva in October 2000. Two key points came out very strongly: firstly, that SWAp must be viewed as a process of gradual strengthening of partner capacity rather than a blueprint or prerequisite for funding; and secondly that SWAp in the WSS sector will need to be very different from, and far more flexible than, those of the health and education sectors.

- Although the experience of SWAp in the WSS sector is very recent, a number of issues are already emerging, several of which have parallels with the health and education sectors. The most important of these are summarised below:

  - SWAp for the water supply sector will need to explicitly allow for the participation of multiple actors and stakeholders and a diffuse (and decentralised) organisational network. Ownership of SWAp must reflect this diversity, and should not rest solely with national government. In addition SWAp will need to be used flexibly to allow for the different ways that countries deal with 'sub-sectors' within the WSS sector: 'rural water supply', 'urban water supply and drainage', etc.

  - Because of the range of stakeholders and approaches to water supply in different countries there can be no single blueprint for SWAp. They must be developed differently according to local opportunities and constraints and must be seen as a process of gradual strengthening of partner capacity. Budgetary support for the full implementation of a nationally owned sector programme and the capacity to implement it should be seen as being an aspiration or target rather than a prerequisite for funding. Often the countries with the greatest need of support will be those least able qualify for budgetary support.

- WSS sector SWAp should be developed within a framework of wider water sector planning. This may take the form of a specific water resources, or the co-ordinated development of a number of 'sub-sector' SWAp that taken together ensure that water is managed according to the principles of integrated water resource management (IWRM).

- Ensuring adequate attention to sanitation and hygiene promotion within WSS or IWRM focussed SWAp will remain a challenge that must be addressed if the current situation of far greater numbers lacking adequate sanitation than access to water is to be met.

- A national monitoring framework is required to assess the progress made in SWAp. Physical, financial, institutional and performance indicators must be developed for this. The framework should be developed by national governments as part of the SWAp process, and monitoring and reporting should be internalised within government structures. All sector stakeholders should be given access to the monitoring data in an appropriate format.

- Development of capacity at all levels and within all stakeholder groups will be essential to the SWAp process. This will require a substantial shift in how funds are allocated and used, which may at least initially seem to conflict with other criteria such as poverty focus. However, careful planning and implementation and a long term process based approach will minimise these risks. Approaches to capacity building that emphasises learning by doing - rather than external training - will ensure that ability is developed without loss of focus in infrastructure development.

- While direct budgetary support is the overall goal of SWAp, bilateral or parallel funding for new and innovative approaches and the targeting of specific groups such as women and the very poor can continue within the context of SWAp. However, this parallel funding must be for outputs that are clearly included within the SWAp and should not add a significant extra burden in terms of different financial monitoring or other administrative costs.

- Water sector SWAp remain in their infancy in most countries where Netherlands aid to the water sector is important. Only South Africa is currently implementing a water supply SWAp, while India, Mozambique, and Bangladesh are all at different stages in the process of developing sector plans of sort or other. Yemen is felt to be a long way from being able to fully implement SWAp, while Dutch aid to the water sector in Egypt is, in principle, drawing to a close.

Sector wide approaches for water and sanitation development

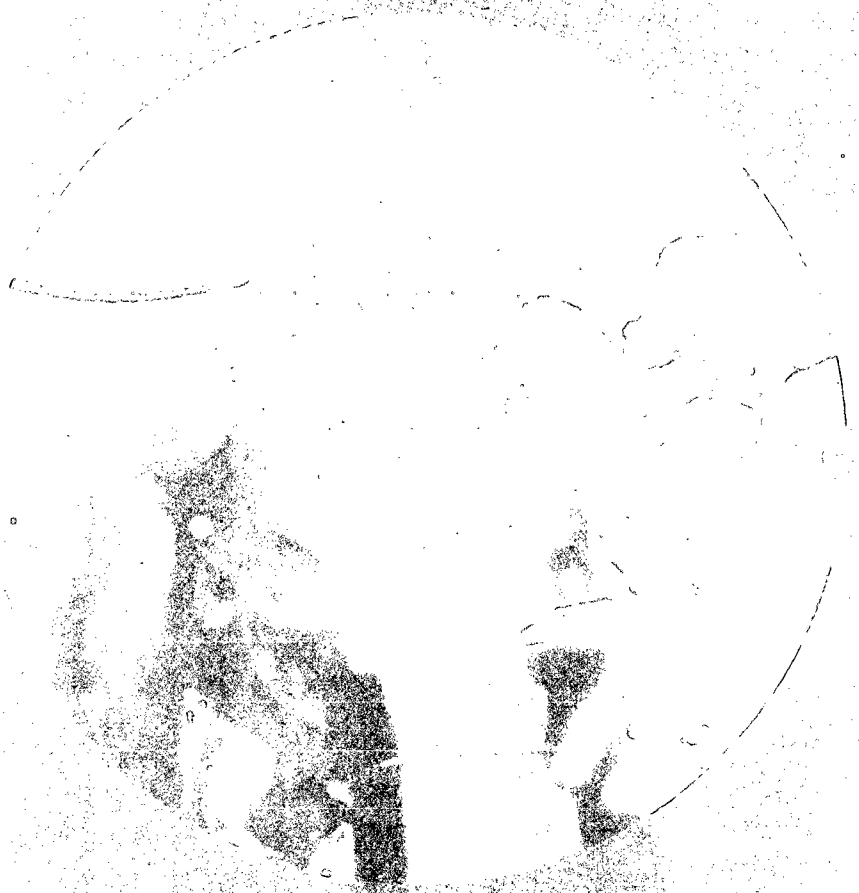
Introduction

Sector[1] wide approaches (SWAp)have emerged in response to the failure of project based approaches to make a sustainable impact on development related problems and poverty reduction. They seek to put national governments at the centre of development strategy and policy, and to channel all aid through nationally designed sector plans. These plans are developed through a process of consultation with key national stakeholders and the donor community. Once agreed and implemented donor support to the sector is used only for activities envisaged under the plan. At the fullest development of SWAp it is pooled and injected directly into the national budget to be spent according to the agreed plan.

The Netherlands government is committed to the use of SWAp as part of a process of reducing dependency and empowering partner governments to take control of the development process. As part of this policy SWAp are already being implemented in all sectors. In a number of partner countries the road toward full budget support is more advanced in the health and education and education sectors. Building on the successes and lessons of these experiences of developing SWAp the approach is now being extended to among others the water and sanitation sector.

This document and its appendices represent the output of a literature review, the findings of the October 2000 meeting of Dutch WSS sector specialists in Geneva, and country case studies presented by the specialists. The meeting was held in parallel with a meeting of health sector specialists to allow for an exchange of experiences from health SWAp. The document represents a first step in a participatory process of developing a framework for the implementation of SWAp within Dutch aid to the WSS sector.

The document is divided into three sections. Section one consists of the original background paper on SWAp prepared for the workshop. Section two contains a summary of the workshop discussions. Finally, section three contains reports from each of the countries where Dutch aid to the WSS sector is significant and which were represented at the workshop. An additional paper from India which was not represented at the workshop, but where interesting experiences in developing SWAp exist, has also been included. The reports present background information on the water sector in the countries, development aid to the WSS sector, as well as opportunities and constraints to the development of SWAp.



Section 1
Sector wide approaches

Introduction

Sector[1] wide approaches (SWAp) are rapidly emerging as the preferred model for development aid among a number of bi and multilateral donors, including the Netherlands, the UK, Denmark, Canada and Ireland. SWAp are a reaction to the limited success of the project approach in sustainably addressing the needs of developing countries, producing the phenomenon of 'islands of plenty in a sea of misery'. There is a general consensus that project aid leads to development that is donor driven and disconnected from national government (who feel no sense of ownership) and hence unsustainable in the long term. SWAp emerged initially from the education and health sectors but the model is now being extended to other sectors.

This document reflects a process that is aimed at identifying steps towards applying SWAp to the Water and Sanitation Sector (and eventually the Water Sector as a whole). This first section briefly discusses the background to the development of sector wide approaches: their main attributes; the perceived risks attached to their implementation; and experiences of applying SWAp. It concludes by considering what the best approach to implementing SWAp in the WSS might be, building on the framework of developments in WSS policy reported in the background paper in appendix 2.

Sector wide approaches - background and attributes

Sector wide approaches have emerged in response to the widespread perception of the failure of project based development models to achieve sustainable impacts. Project aid is seen as leading to skewed development that is frequently unsustainable, and difficult to 'scale up' - leading to 'islands' of relative success in an 'ocean' of continuing misery. In the interests of 'finishing the project' fundamental weaknesses in local and national institutions are ignored or bypassed, frequently through the use of foreign technical expertise. This approach while satisfying 'delivery targets' - 1,000 new boreholes installed - fails to tackle underlying problems. It also leads to the endless round of 'rehabilitation' of previous projects that have fallen apart due to the lack of local capacity to maintain and repair the infrastructure. Different donors with different agendas and different procedures mean that where attention was paid to local capacity development it was seldom generally applicable. A 1998 World Bank report (Dollar & Pritchett, 1998) sums up many of the perceived problems with project aid:

- Donor-driven programs undermine recipient commitment
- Aid is fungible[2] and easily diverted away from its intended use
- Sectoral-level performance is weak despite project success
- Sustainability of outcomes is undermined by weak public sector management and by the poor anticipation of the recurrent cost implications of donor-funded projects
- The multitude of donor projects overwhelms government management capacity

It may be argued that the water and sanitation sector has attempted to get around some of these problems through the adoption of community based approaches - however, by focussing too narrowly on the community and ignoring the higher level institutional networks in which 'the community' exists community approaches have also largely failed to escape the boundaries of the project within which they were implemented.

Sector wide approaches attempt to get around these problem by shifting the focus of donor aid from individual projects to entire sectors. The idea being that governments, in consultation with national stakeholders and donors, develop an overall sector strategy, with a single set of financial and administrative procedures and eventually a single budgetary pool to which all donors (and the government) contribute. 1

SWAp come under a number of different names, all relating to roughly the same group of core principles. They are all based on the assumption that national government must be put in the driving seat of development, and that donors should reduce their role to one of support.

The first of these approaches - Sector Investment Programmes (SIPs) - were developed by the World Bank in the early 1990s. SIPs sought to take a more holistic overview of the problems that led to the lack of service provision 'on the ground' (Norton & Bird, 1998). Key SIP concepts include:

- Sector-wide in scope and covering both current and capital expenditure
- Based on a single clear sector strategy and policy framework

1 "Sector wide approaches are long-term programmes meant to co-ordinate aid in one sector and to replace the conventional project approach. Under a sector wide approach, donors agree to pool their resources ....[and] .....to give up the right to design or select specific projects in exchange for the right to participate in the process of sectoral policy formulation and resource allocation." Elimu, 2000)

- Local stakeholders (government, beneficiaries and the private sector) are fully in charge
- All main donors agree to the approach and participate in financing
- Financing is through a common pool without 'earmarking' to particular donors or sub-sectors
- Implementation agreements should to the extent possible be common to all donors
- Local capacity rather than long term technical assistance, should be relied upon as much as possible

While the World Bank continues to use SIPs, they have come to be seen by many as having a number of inherent problems - not least of which was being associated exclusively with the World Bank! They rely heavily on Bank procedures, and are typically directed by coordinating bodies outside government structures. In addition they are seen as being driven by a rather inflexible, centralising, and unrealistic vision that relies to much on the a priori development of an entire sector framework (Norton & Bird, 1998; Cassels, 1997). This last is a particularly important criticism given the wide spread lack of institutional capacity that sector approaches are supposed to address - "even in favourable circumstances the lead time to establish a SIP is likely to be long" (Cassels, 1997).

These worries notwithstanding, the majority of bi and multilateral donors are now committed to some form of sector aid, albeit generally within a more flexible and realistic framework. The box sets out a proposed set of key contents for health sector SWAp adopted by a number of donors including the EU and DFID, and more recently accepted for the health sector by the Dutch (Dubbeldam & Bijlmakers, 1999). ● 2

● 2 Keycontents for health sector SWAp

- A sustained partnership, led by national authorities, involving different arms of government, groups in civil society, and one or more donor agencies
- With the goal of achieving improvements in people's health and contributing to national human development objectives
- In the context of a coherent sector, defined by an appropriate institutional structure and national financing programme
- Through a collaborative programme of work focusing on
- The development of sectoral policies and strategies, which define the roles of the public and private sector in relation to the financing and provision of services
- The preparation of medium-term projections of resource availability and sector financing and of spending plans consistent with a sound public expenditure framework
- The establishment of management systems, by national governments and donor agencies, which will facilitate the introduction of common arrangements for the disbursement and accounting of funds; procurement of goods and services; and monitoring sectoral performance
- Institutional reform and capacity building in line with sectoral policy and the need for systems development
- With established structures and processes for negotiating strategic and management issues, and reviewing sectoral performance against jointly agreed milestones and targets.

(Cassels, 1997 p.11)

The new approach differs from SIPs in an increased flexibility, an acceptance that sector approaches are a 'process' and not a product, and a focus on achieving results in the medium term rather than immediately. It also makes the point that initially a sector approach may in fact consist of a government and a single donor who together set about reforming the sector, and starting a process which others may join at a later date.

It is to this version of SWAp that the Netherlands is committed, as are Ireland, the UK, Denmark, Sweden, Finland, Canada, and the EU. To date Germany, and Japan remain committed to a project approach (Elimu, 2000).

It is important to realise that a sector wide approach is NOT the same as an individual donors 'sector policy' (Cassels, 1997). SWAp must be driven by the national government and contain a common vision, and provide a single, logical, framework for all interventions within the sector. Equally it is not the same as 'programme aid' or 'direct budgetary support' - both of which are highly fungible. By identifying a clear sector framework, and clear budgetary allocations from both government and donors it is far more difficult to subsequently covertly shift resources around.

Sector wide approaches are an 'ongoing process' - they are not an end in themselves. They imply an ability to manage adaptively, to change policy in the light of experience, and to be flexible in approaches. They equally imply the need not only to put money into a single pool, but also to co-ordinate disbursements so that they fit into the local budget cycle. In the long term they imply that financial management will be carried out entirely using government procedures, and reporting. They are above all about developing trust - in governments to use aid widely, and in donors to take part in sensitive policy making - hitherto the prerogative of government alone.

SWAp does not happen overnight

It is generally agreed that SWAp is neither a 'blueprint' nor something that is going to occur overnight. SWAp represents an aspiration and a process. SWAp depends initially on a thorough sector analysis and therefore on the analytical and decision making abilities within the relevant ministry. Equally, SWAp does not indicate the immediate end of either project funding or expatriate technical assistance. What a commitment to SWAp does entail is an acceptance that a sector wide 'outline' has been agreed, policy documents will provide the guidelines to allow all new projects to conform with its overall objectives.

It is important to realise that SWAp also means that the ability of donors to influence 'implementation' (as opposed to wider institutional and management) policy will be sharply reduced. It also sugge-

sts a need for donors to co-ordinate more closely and to agree jointly with government the outline of the sector policy. In real terms implementation will probably be a gradual process of development and agreement of SWAp between government and donors within some framework, and then the equally gradual ending of project aid and transfer of budgets into the single pool

The Dutch government is committed to the channelling of aid through SWAp, as the following extended quote from Minister Herfkens illustrates.

"What we should be doing as a donor is transferring funds to beneficiary budgets. This sector approach means that all resources are pooled together to provide budget financing for a certain sector - like education - while the government is in the driver's seat. We have been paying lip service to ownership for a long time. It is time to act on it now.

This sector approach also means that we have to agree on a broad fiscal framework. I must be able to tell my parliament and the Dutch taxpayers: "I gave this cheque to the minister of Health and I can assure you that it will not end up on the Defence minister's desk" . We must agree on a broad fiscal framework for the IMF, World Bank, UN and donors to be informed of total public expenditure.

I am ready to shift to budgetary transfers and away from projects. I commit myself to multi-year pledges and disbursements timed to coincide with beneficiaries' budget planning, so that they can incorporate aid flows in their budgets." (EURODAD, 1999)

Experience with SWAp

Sector approaches are a recent phenomenon and most experience of their implementation is in the health and education sectors. Both of these sectors are generally managed by a single sector ministry and are typically largely within the public sector, with the state being seen as the natural owner, service provider, and regulator, although this is now changing under the impact of structural adjustment and privatisation policies. The growing body of literature relating to them largely consists of a recycling of the same three or four key references as different donors try to come to grips with the approach. What experience exists about their implementation relates largely to the organisational problems of getting them off the ground and to the teething problems of their early implementation. There is as of yet virtually no hard empirical information about their impact on the efficiency of development aid in achieving its priority targets.

While there are an increasing number of efforts to adopt a sector approach to areas other than health and education (public works,

agriculture, natural resource management) there is as of yet very little guidance as to how this should be done in practice, and much of what is available seems ambiguous about the benefits derived from switching to the approach (Gould et al., 1998; Grindle, 1999; Norton & Bird, 1998). Some initial lessons from the health, agriculture, and water sectors respectively follow.

Lessons from Dutch funded health SWAp

The first set of lessons come from a workshop held in 1999 to identify ways forward in implementing health SWAp in 16 countries. The report of this Dutch experience in the early days of the application of sector wide approaches to the Health sector highlights four main lessons (Cassels, 1997):

- The process of 'sector-wide thinking' is irreversible - although the development of SWAp remains in its infancy. The point of no return has been passed in the health sector
- There is no blueprint for SWAp; health reforms and SWAp are country specific
- SWAp is a gradual process that takes place through learning by doing. This implies that one cannot afford to sit and wait until all managerial systems are in place. There is a need for donor's to take a leap of faith - for example in giving up some of their control over finances.
- SWAp depend heavily on the ability of national government to analyse and monitor sector performance, and strengthening of monitoring capacity is an inherent objective of SWAp. However, this means that at least in the early days of implementation expectations about the initial quality of monitoring should be realistic.

In addition the report highlighted a number of weaknesses and issues of concern. Some of these having particular relevance to a WSS SWAp include:

- The danger of health sector SWAp taking an overly narrow public services view - ignoring or marginalising the potential for other stakeholders such as NGOs to be involved
- There is a strong bias towards health services - inter-sectoral activities (nutrition, hygiene, sanitation, HIV/AIDS awareness etc.) are not addressed.
- There is a serious risk that where decentralisation (as opposed to deconcentration) is being pursued the desire to give spending autonomy to local institutions will conflict with the development of national level sector plans
- The role of non-governmental implementing agencies, such as UN sector agencies and international NGOs will need to be reassessed. It is difficult to see how the disbursement of aid through these non-governmental channels can be sustained under a SWAp.

- SWAp represent a gradual process; there will need to be an extended transition phase from project approaches to SWAp

Integrated rural development in Zambia

The following quote from a Finida assessment of sector approaches in education and agriculture refers to a case study from attempts to develop a SIP for rural development in Zambia - and highlights many of the problems inherent in trying to move the SWAp model out of the social, ministry based sectors. ● 3

The study found that the Zambia Agricultural Sector Investment Programme (ZASIP) had been beset by difficulties. More than two years after its inception most donors felt that it lacked coherency, and suffered from weak ministerial leadership. In a damning indictment, and a warning of the dangers of a blind application of SWAp the study notes that rural transport infrastructure, seen as critical to rural development was ignored, in the report's opinion because this did not fall under the responsibility of MAFF. Other problems included the failure to involve private sector stakeholders and to attract private sector investment; fungibility problems which led to erratic disbursements; and finally a large ministerial staff whose interests had higher political priority than those of other stakeholders.

A rural water supply and sanitation SWAp in Tanzania

A recent report from Tanzania addresses the issues surrounding the development of SWAp for rural water supply and sanitation a 'sub-sectoral' approach (COWI, 2000). The report identified the following steps to developing SWAp:

● 3 SWAp in agriculture

"it is important to note from the offset that an agriculture sector program will inevitably differ in significant ways from the more typical social sector programs for which the sectoral program concept was originally developed. Planning of social sector SDPs generally focuses on the elaboration and streamlining of public-sector mechanisms for the delivery of social goods like education and health care. Unlike social sector development, agriculture is not easily reducible to the activities of public agencies. Quite the contrary, the policy environment currently prevailing in Zambia places the onus of development on non-governmental actors — private entrepreneurs in particular — for the key functions in the agricultural sector: input supply, credit provision and marketing." (Gould et al, 1998)

- The Ministry (of water) takes the initiative to establish a partnership framework for the rural water and sanitation sector
- Clarify the roles, responsibilities and mandates of key stakeholders in the sector
- Carry out a needs assessment of the stakeholders
- Strengthen the regulating function of the government
  - Clear regulations that do not contradict each other
  - Clear procedures for application of the rules
  - Clearly defined authority to approve, inspect and sanction the application of the rules
  - Personnel trained in carrying out the various roles and functions
- Disseminate information on policy, regulations and procedures to a wide public

With the following conditions needing to be met

- Members should be representatives of regulators, owners, developers, and financiers and have the mandate to make commitments. They should include the ministry of agriculture, private sector and all key stakeholders in the rural water and sanitation supply sector
- The agenda for the partnership framework meetings is clearly set well in advance
- Each meeting should set one clear objective
- All partners should abide to the advice of the partnership
- Partners are prepared to discuss all issues of the water sector including sensitive ones
- The partnership framework is supported by an efficient secretariat who follow up on promises and who send out invitations to meetings and minutes well in advance
- Sufficient funds are available to finance secretariat and partnership framework process

The paper also considers some of the likely problems that may be encountered, not least of which is that unlike the social sectors of health and education, WSS is increasingly viewed as a sector where the state should not play the role of principle provider, but should rather act as regulator to a wide range of divers stakeholders; the private sector - large companies and individual entrepreneurs - NGOs - international and grass-roots, etc.

Lessons from the application of SWAp

A number of potential dangers inherent in SWAp are highlighted by many of the studies. These include the risk of 'recentralisation' in that development of SWAp that work well in a truly decentralised (as opposed to deconcentrated) setting is seen as being very difficult to achieve. Equally there is a potential clash between sector based approaches and the 'cross-sectoral' concerns of donors, such as poverty alleviation, gender and equity, rural livelihoods and so on. On the one hand there is a risk that the emphasis over the last years

of overcoming inter sectoral/ministerial rivalries in the interests of pursuing cross cutting interests will be diluted, on the other that a shift in emphasis to institutional capacity building (the sine qua non of SWAp) will lead to a loss of focus on issues such as poverty reduction - at least in the short turn.

Both these different sets of concerns imply the need, at least in the short term to keep open substantial non-SWAp budget lines.

Another, slightly different problem raised by several sources is that of lack of ownership. Despite SWAp being developed specifically with the intent of 'putting government in the drivers seat' they are not a concept explicitly recognised by Governments - they are a donor concept in a long line of donor concepts. It is therefore important to make sure that developing the SWAp itself doesn't become a source of friction. The whole process is approached in a gradualist and cooperative manner.

While these dangers are real, and need to be addressed in any attempt to develop SWAp for the water sector the primary lesson or experience to date, repeated again and again, is that SWAp are a process not a product, and that the approach to their implementation must be slow and gradual. Typically it should start with the development of analytical capacity at a national level accompanied by a general switch in emphasis from the development of 'infrastructure' to 'institutional capacity'. The approach should be one of 'learning by doing' for both donors and government, with the main emphasis being on the development of trust and a willingness to find compromise.

Towards SWAp for the WSS sector

The most obvious difference between the water and sanitation sector and the 'social' sectors where SWAp is most commonly adopted is the lack of a single clear 'sector ministry'. WSS is by definition a holistic, or cross disciplinary 'sector'. It typically involves a multitude of stakeholders, both governmental and non-governmental, and the state is increasingly playing the role of facilitator and regulator rather than implementor or supplier. This complicates the development of a sector wide approach, as by most definitions a single budget is needed and normally budgets are developed by ministries.

It seems likely that the possibilities of developing SWAp for the WSS sector will therefore depend largely on the extent to which the government of the country chooses to 'buy into' the concept of a WSS sector. In some countries government may be happy to treat WSS as a single sector (i.e. under a single ministry), however this is rarely the case. Typically WSS is a cross cutting 'virtual sector', with for example urban water and sanitation infrastructure coming under a department of public works, while in rural areas it is part of rural

development. Hygiene is generally seen as being an issue for health and education, although as previously mentioned it is seldom seen as being a core activity for either.

Flexibility will therefore be essential - different countries will approach the sector in different ways - for example some may be interested in rural water supply and sanitation, some in major public infrastructure in large cities. What is needed is not a single 'sector blueprint' but rather a set of internal 'sector objectives' against which a national 'sector policy' can be assessed. To maintain consistency with existing policy these internal objectives will need to be reflected in wider Dutch development objectives, such as the GAVIM principles (see box). These sector objectives could be formulated as a framework or tool against which a national sector policy could be assessed for convergence with Dutch development policy, and hence suitability for funding. ○ 4

Developing a 'SWAp evaluation tool', that would help in assessing whether a 'sub-sector' SWAp met enough key policy objectives to be worthy of further funding should therefore be a high priority. Such a tool could be used to assess:

- Whether the proposed outline of the SWAp conflicts with other important aspects of Dutch policy in the WSS sector.
- Where SWAp address a 'vertical sub-sector': whether it addresses sufficient key objectives to justify funding
- Whether it supports or conflicts with wider non sector specific development policy or agreements such as poverty reduction (as represented by an existing poverty reduction strategy programme (PRSP), for example) and gender and equity promotion.

○ 4 The GAVIM principles are a set of five key principles that govern Dutch development assistance. GAVIM is used as a reference framework when analyzing the sectors to be assisted and when deciding the methods and objectives to be used. The English translation of the five key principles is as follows:

G – Good governance
A – Poverty reduction
V – Women and development
I – Institutional development
M – Environment

More details on the implications of GAVIM for the sectoral approach can be found in a recent working paper (Ministry of Development Cooperation, 2000)

Conclusions

In conclusion, SWAp are increasingly seen as providing some of the answers to a range of problems with project based approaches. Their adoption is widespread within the social sectors of health and education and rapidly spreading within other sectors including natural resources, and water supply and sanitation. Dutch development policy is heavily committed to adopting a sectoral approach.

SWAp for the water sector will need to be substantially different to existing SWAp for 'single ministry' sectors. They will need to clearly allow for multiple actors and stakeholders and a diffuse organisational network. In addition it will be necessary to deal with different national organisational models that deal with 'vertical sub-sectors' of the WSS sector (itself a largely donor driven 'integrated' model). It will be necessary to identify a clear internal framework of Dutch development objectives and core sector principals against which national sector strategies may be assessed.

Within a multi-stakeholder sector such as WSS there is a clear need to strategize and prioritise the different inputs that each stakeholder can make available, and to make sure that they are coordinated for maximum impact. This in turn clearly calls for an overall framework/strategy for the WSS sector within which individual stakeholder activities find their place, and where roles and mandates are clearly identified. A clear and coherent framework should therefore be developed encompassing core sector principles within which national sector strategies may be assessed.

In addition to the development of such a framework, a number of initial conditions will need to be satisfied before SWAp can be implemented, these include:

- There should be a clear and clearly expressed interest in government to develop a sector wide approach. This should include an explicit acknowledgement of the need to involve all stakeholders.
- A clearly identified institutional 'home' for the sector programme is identified
- The water and sanitation sector (or some important 'sub-sector' - rural water supply, school sanitation) should have been clearly identified as a national priority, and the government should have made a solid and non fungible financial commitment to the sector.
- Preferably the sector should be seen as a priority not only by the government, but also by other donors, as adequate funding is essential to the success of SWAp.

A clear advantage will be presented where a WSS SIP or other sector programme already exists and is seen to be functioning well, and where this is the case development of SWAp should be relatively straight forward.

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Cooperation Global Task

Summary of the discussion on SWAp in the water supply and sanitation sector

2

The workshop held in Geneva from October 6-10 2000, was attended by WSS and health sector specialists from the embassies in Yemen, Egypt, South Africa (RSA) and Tanzania in addition to representatives of DGIS in the Hague, IRC and IHE. The group sessions on water supply and sanitation were attended by:

Mr. Hans van den Heuvel	(Yemen);
Dr. Tarek Morad	(Egypt);
Ms. Yvette van Eechoud	(South Africa);
Mr. Ger Steenbergen	(Tanzania);
Mr. Willem Ankersmit	(DGIS/DSI);
Ms. Papineau Salm	(DGIS/DSI);
Ms. José van Hussen	(DGIS/DSI);
Mr. Maarten Blokland	(IHE);
Mr. Jan Teun Visscher	(IRC).

Unfortunately the following WSS sector specialists were unable to attend but contributed to the workshop and to this document by providing sector papers on their countries of residence.

Mr. Ton Negenman	(Mozambique);
Mr. Avinash Zutshi	(India);
Mr. Mohamed Al Aroosi	(Yemen);
Mr Peter de Vries	(Bangladesh).

The above group shared information on water and sanitation activities in Bangladesh, Egypt, South Africa, Tanzania, Mozambique and Yemen. Furthermore they interacted with sector specialists from the health and nutrition sector already more experienced in applying the SWAp. This summary presents the discussions among the sector specialists dealing with water sector interventions. The decision to work some of the time in separate groups was adopted because the SWAp experience in the health and education sector is generally more advanced and the health sector specialists had already participated in an earlier workshop on SWAp . The "water and sanitation" group, did benefit from experiences in the health and nutrition sector through a presentation by Ms Papineau Salm and the lively question and answer session it triggered. Subsequently six interesting country case studies and two generic papers on sector trends and SWAp in the WSS sector were presented (one of the background papers has been integrated into Section 1 of this document while the other can be found in appendix 1).
The following is a summary of the main discussions and findings of the WSS sector specialists.

Complexity of the sector

The water sector is characterised by a large number of public and private stakeholders at different administrative levels. This makes the

development of a sector wide approach a complex process. The situation is even more complex because much higher attention is needed for sanitation and hygiene promotion with 2.4 billion people lacking adequate sanitation compared to 1.1 billion not having a good water supply. WSS responsibilities are spread over different ministries and actors.

Progress towards implementing SWAp in the WSS sector

In many of the countries where the water sector is selected for DGIS support, national water policies are in place but, only in a few cases, are they being operationalised. This makes the starting position for SWAp in the countries different. South Africa is most advanced and has already implemented 'basket' funding with three donors contributing (while also continuing to maintain some parallel funding). In other countries, the project approach remains common. Part of the parallel funding in South Africa is used to promote gender training through a separate organisation, but on request from the Ministry leading the SWAp.

In the development phase of SWAp there may be a bigger role for donors than the relative size of their financial contribution would suggest. In Tanzania for example, the Ministry of Water was encouraged to develop a strategy for rural water supply with the help of consultants who, while reporting directly to the Ministry were financed by the Netherlands Embassy.

Ownership of SWAp

The ownership and leadership of SWAp is supposed to be with the national government. But in a fragmented and decentralised sector such as water supply and sanitation, an effective SWAp needs to be owned not only by politicians (minister) and senior civil servants in the target ministry, but also by other national and local stakeholders. A sector and institutional analysis can be a good tool to establish the ownership of the different stakeholders.

Parallel funding of innovative approaches

Innovative approaches and the use of specialised agencies may fit in well with a country's sector wide approach but not with the current agenda or implementing procedures of the government. Parallel or earmarked funding must be possible in these cases. Donors can fund innovative initiatives as part of SWAp in order to translate policy into practice.

Monitoring of SWAp performance

A national monitoring framework is required to assess the progress made in the SWAp, and this will also be needed to report to the Dutch government. The OECD set of 24 core indicators is insufficiently specific to monitor progress in the water and sanitation sector (there is only one indicator included: access to safe water). The sector needs

its own physical, financial, institutional and performance indicators. The monitoring framework, its indicators and values should be developed by the national government and be part of the SWAp. The framework must be simple to implement and data may be collected through sample surveys. Such surveys can also be used to establish the sector-wide baseline data that are required at the start of the SWAp but not always currently available.

Under-performing SWAp

The discussion of what to do when progress in the implementation of the SWAp is not up to expectation or underlying policies change was not conclusive. How to deal with a government that shifts from previously agreed upon cost recovery principles to providing a minimum water supply free of charge (as in South Africa)? Should the decision to fund the SWAp be re-evaluated, or the threat to do so used as leverage to try and reverse the change in policy, or should the change simply be accepted? It was felt that this depended very much on the circumstances, and would need to be judged on a case-by-case basis.

It is a principle of SWAp that while government is indeed in the driving seat, donors continue to have a clear right to take part in discussion and policy formulation. As a last resort, if the indicated changes would result in a reduction in sustainability or seriously undermine the attainment of core objectives (such as poverty reduction), funding could be withheld or even withdrawn.

Capacity building and human resources development

The ownership, leadership and implementation of SWAp together with the current sector strategies of decentralisation, private sector participation and cost recovery is and will continue to present a gigantic challenge to all sectorinstitutions (public, private and NGO's) in all the countries with whom the Netherlands will continue to work in the water supply and sanitation sector. The indigenous capacity to develop and successfully implement sector-wide approaches aimed at achieving sector reform and improving services delivery in these countries is often limited. Therefore, capacity building of sector institutions and people will most likely become an important component of the sector-wide approach.

Role of Sector Specialists

Because of the SWAp the role of sector specialists are changing. Skills related to negotiation and building partnerships with all stakeholders are now required instead of skills related to project implementation.

Country papers

Country Information

Geography

Mozambique lies on the south-east coast of the African continent on the Indian Ocean. The country has a land border of 4,330 km and a coastline of 2,470 km. The land area is 799, 380 km², roughly 22 times the size of the Netherlands. The country is bordered on the north by Tanzania, on the west by Malawi, Zambia, Zimbabwe, the Republic of South Africa (Transvaal) and Swaziland, and on the south by the Republic of South Africa (Natal). ● **Figure 1**

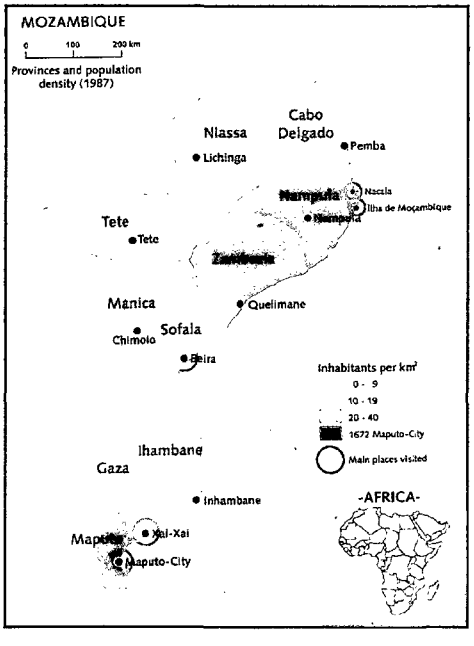
Mozambique is crossed by ten main river systems: the Incomati, Save, Buzi, Pungue, Zambeze, Licungo, Lurio, Messalo and Rovuma, all flowing eastward into the Indian Ocean. There are three basic geographical divisions:

1) a coastal belt which covers about 44% of the country and comprises most of the areas south of the Save River and the lower Zambezi area;
2) a middle plateau, ranging from 200 - 1000 meters in elevation, covering about 29 % of the country;
3) a plateau and highland region with average elevations of around 1,000 m covering the remaining 27% of the country.

The climate ranges from tropical to subtropical. The rainy season broadly coincides with the hot months between November - March. Precipitation varies widely from north to south and from coast to inland. The southern part of the country is the driest with an average rainfall of 500 - 1,000 mm.

● **Figure 1**

Map of Mozambique



Demography

Mozambique has a population of 15.7 million (1997 census). The largest and most densely populated provinces are Zambezia and Nampula each with roughly 3 million inhabitants. By 1997 most large-scale population movements - due to the war and resettlement operations after the war - had come to an end and settlement patterns roughly normalised for the first time in 20 years. The growth rate of the population is estimated at 2.7 % per year from 1997 onwards.

Socio-economics

Macro-economic stabilisation was achieved in 1996 after many difficult years for the economy since the sixties: colonial war, liberation, one-party socialist system, destabilisation war, cease-fire and transition period. Since 1996 the economic performance improved sharply. The average annual rate of inflation declined from 54% in 1995 to 17% in 1996 and real GDP growth jumped to 6.4%. Macro-economic improvement continued in 1997 with inflation falling to 5.6%, GDP grew by 7.9%, fuelled by strong output across most sectors including agriculture, industry, construction, transport and communications.

While conditions for medium and long term growth improved, Mozambique remains one of the most impoverished nations in the world (GDP of US$ 125/capita, 1998). An estimated 80% of the country's population continues to rely on subsistence agriculture and fishing to survive.

Water Supply and Sanitation sector information

The main sources of water in Mozambique is surface water. It is estimated that an average of about 216,000 Mm^3 of surface water is annually available of which roughly 100,000 Mm^3 (46%) is generated by local rainfall and the remaining 116,000 Mm^3 originates from upstream countries. Apart from being badly spread over time, surface water is unequally distributed over the country. The southern region (all basins south of and including the Save basin) faces the biggest problems. Covering nearly 25% of the country, the region receives less than 10% of the total quantity of surface water available and is critically dependent on border inflow from Zimbabwe and South Africa. Groundwater is the main source of drinking water in rural areas. There is a considerable potential for groundwater exploitation in the alluvial formations of the various rivers.

It would be a missed opportunity to limit this case study only to the Water Supply and Sanitation sub-sector. The Water supply and Sanitation sub-sector is referred to here as only one of the sub-sectors in the Mozambican water sector. It would be a mistake to discuss SWAp for only the Water Supply and Sanitation sub-sector without any reference to the overall sectoral policy framework in Mozambique. We cannot limit ourselves to sub-sectoral studies only,

we have to address the comprehensive framework of the Mozambican water sector. What we can do is focus on the Water Supply and Sanitation sub-sector, without forgetting the holistic view. Figure 3 shows the sectoral framework and the relevant sub-sectors in the water sector of Mozambique. The filled in crosses indicate activities (autonomous or donor-supported) in the different sub-sectors.

Legal status of the water sector in Mozambique
Colonial legislation enacted in 1901 was revoked in 1974. It had established a dual regime of water property:
waters flowing on private lands, including those originating from rain, were considered private as long as they were confined within the limits of that land;
the remaining water was public water.

The First Constitution ruled that all inland waters were to be considered state property and therefore subject to public management.

The Water Law of 1991 distinguishes two types of use : common and private. Common use refers to use by the local population dedicated to basic human needs and subsistence farming without use of any mechanical device and is free and without charge. Private use of water is subdivided between automatically recognised rights on private lands and formally conceded water rights, based on licenses and concessions.

Additional legislation in the form of ministerial decrees have been issued (establishment of the National Water Council and the Regional Water Authorities)

Following the promulgation of basic legislation and a long process of discussions with the major actors in the water sector and the international donor community, the Government acknowledged the need to develop a comprehensive analytical framework for the country's water resources management: the National Water Policy (NWP, August 1995). The NWP put in place for the first time a policy framework on which activities in the sector could be implemented and is widely viewed as a good policy.

Nine principal policies are mentioned in the National Water Policy to guarantee the attainment of sustainable water supply and sanitation to the entire population:

1) Satisfaction of basic needs of low-income groups
2) Participation of beneficiaries
3) Economic and social value of water
4) Decentralised water resources management
5) Focus on local private initiatives if possible and feasible
6) Allocation of water on basis of integrated river basin management plans

7) Balanced Investment Policy
8) Capacity Building in sector
9) Utilisation of dynamics of the Private Sector to improve services

While poverty receives specific attention in the NWP, gender does not.

Water and Sanitation management structures

Central

The institutional framework for the management of water resources in Mozambique is very complex with responsibilities spread over a large number of entities at the central, regional (river basin), provincial and local level. At the central level the Ministry of Public Works and Housing (MOPH) is the responsible authority for the overall direction of the water supply and sanitation sector. ● **Figure 2**

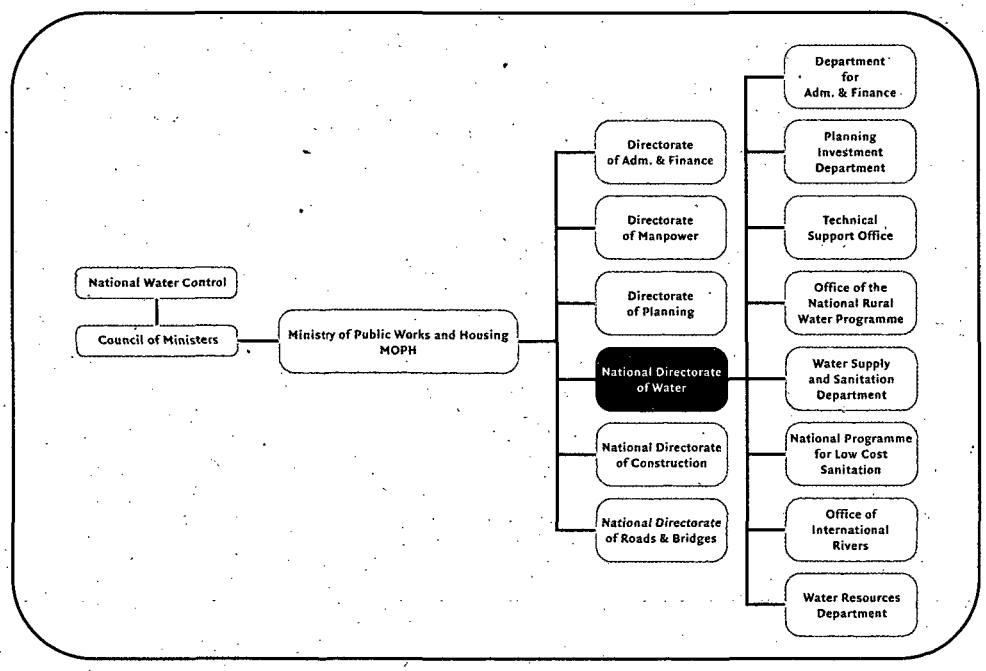
The National Directorate of Water (DNA) is the ministry's (MOPH) central institution in charge of policy making and implementation, overall planning of water resources management and the provision of water supply and sanitation services.

DNA exercises its water supply and sanitation functions through 3 of its 9 Departments:
MOPH: DNA: DAS-Water Supply and Sanitation Department
MOPH: DNA: DAR/PRONAR-Office of the National Rural Water Programme
MOPH: DNA: PNSBC-National Programme for Low-Cost Sanitation

In accordance with the National Water Policy, DNA is in the process of withdrawing from direct implementation of services in the water

● **Figure 2**

Water Sector Framework Mozambique



sector and delegate operational management of water resources to newly created (or to be created) Regional Water Authorities and local service providers. Its principle role will be in policy development, transforming existing service providers into effective and efficient autonomous agencies and taking care of inter-ministerial sector co-ordination.

Regional

The Regional Water Administrations (ARAs) are newly created regional water authorities, which are organised on a hydrographic basin basis. They are public institutions with legal personality and administrative, financial and patrimonial autonomy. Their main functions are to prepare and implement hydrological basin development plans, maintain and operate hydrological infrastructure such as dams and waterways, maintain a register of water users and collect water user taxes and fees, issue water use and effluent licenses and operate the hydrological measurement network. As yet, only 1 of 5 ARAs is fully operational (ARA-Sul) and 1 is under formation (ARA-Centro). In the areas not yet covered the Provincial Directorate of Public Works and Housing (DPOH) remains the main authority.

Provincial and local level

At the provincial and local level, responsibilities are shared between the main stakeholders the Provincial Directorate of Public Works and Housing (DPOH), the Water Companies, the Provincial Workshops for Rural Water (EPARS) and the City Councils (Figures 6 and 7).

In the urban sector, piped water systems are operated and managed by Water Companies. With the exception of the Maputo and Beira Water Companies, which are more or less autonomous state enterprises, they have no clearly legal status. Under the new National Water Policy five of the largest Water Companies (Maputo, Beira, Quelimane, Nampula and Pemba) are being transformed into autonomous service providers under a private management contract.

In the rural sector, the institutional framework is less complicated though still confusing. The rural water supply service remained a centrally funded programme (through the central DAR/PRONAR office) with daily management delegated to Provincial Workshops for Rural Water (EPARs). The EPARs are nominally independent bodies under the tutelage of DPOH with DAR/PRONAR technical and financial support. Modalities for turning the EPARs into more autonomous bodies or transferring rural systems to local water user organisations or village-based service providers have yet to be worked out.

The Municipalities, City Councils and Local Administration offices have little or no control over water supply services but are responsible for sanitation, except Maputo which has a semi-autonomous sewer-

age organisation. All these organisations are targeted to become more autonomous service providers under a soon to be formulated World Bank sponsored sanitation sector reform programme.

Conclusions on analysis of sectoral framework

Many stakeholders are playing an important role in the water sector. This includes government sector institutions, state enterprises, private sector, consumers and international development organisations. Not all of these sectors have been actively involved in planning, constructing and managing water systems in the past. Consumers and the private sector only played a marginal role in Mozambique. Within the framework of changing government policies, the roles of stakeholders are changing. The most important are the larger involvement of consumer groups in planning activities, the involvement of the private sector in construction and the gradual withdrawal of government institutions from implementing water systems.

Cost recovery

There exist 4 examples of cost recovery of water supply in Mozambique for both urban and rural services.
The NWDP II World Bank project, which The Netherlands is co-financing, is introducing private management contracts for five cities in Mozambique. The operational costs and part of the investments costs are charged to the users, based on the volumes of water supplied. Water prices have increased the last years in the city of Maputo.

The SAS project in Nampula, financed by The Netherlands Government, which is rehabilitating small urban water supply systems is introducing coverage of the operational costs and part of the investment costs. This is based on metered volumes of water delivered to the users.

The CARE project in the province of Inhambane which is building rural water supply systems demands an own contribution from the population which is a fixed amount per month.

A government decision is in preparation which demands for rural water supply services the coverage of the operational costs and 2-10% of the investment costs (in cash or in kind).

Water and Sanitation services (coverage indicators)

Urban water supply

Urban population:	30% covered by public water supply (1.200.000 people)
Excluding Maputo:	18% covered by public water supply

Of the 30% covered:
45% of the households have house connection
20% are served via yard connections
35% are served via public taps

Per capita water use is estimated to be less than 75 l/day of which:

The remaining 70% of the urban population obtain their water from unsafe local sources such as open canals or private and often polluted groundwater systems.

Rural water supply

1974:	2%	200,000
1990:	17%	2,100,000
1998:	40%	unknown

(through a massively donor-supported programme by PRONAR)

Not much is known about the real level of use and the quality of service provided.

Some 300 rural district capitals and larger villages have small piped water systems with a borehole, reservoir and 300-400 connections

The remaining 60% of the rural population relies on water from open unlined

Wastewater and Sanitation
Access to public wastewater disposal system: 3.6 million urban population
Some 15 municipal sewerage systems operate throughout the country

The rest of the urban and rural population relies on septic tanks, pit latrines or dry disposal methods.

Dutch bilateral support to the water and sanitation sector
The WS&S sector is addressed as a sub-sector (see Figure 3). The review mission of the Netherlands Support to the water sector in Mozambique (November 1999) had to exercise a major effort as they described to establish more or less a homogeneous time series of aid disbursements in the Water and Sanitation Sector. Apart from problems in retrieving historical information, total project expenditures were difficult to trace because the majority of projects has been and continues to be staffed by experts directly recruited by DGIS and funded out of special budget categories or programmes.

In 1998 the Netherlands assistance to the water supply sub-sector (urban and rural) was EUR 1.039.157 and to the sanitation sub-sector EUR 201.478. This is exclusive the costs of technical assistance. On

average the water supply and sanitation sub-sectors in Mozambique received EUR 544.536 and EUR 1.179.829 per year respectively, or around EUR 1.724.365 per year together in the period 1989-1998. This is exclusive the technical assistance.

The current projects in the water supply sub-sector supported by the Netherlands development assistance namely the co-financing of the World Bank National Water Development Project (NWDP) II and the SAS pro-jects show a more comprehensive assistance strategy for the reform of the water sector as intended in the National Water Policy. A brief outline of the current projects is given in the following sections. The projects are indicated in ○ **Figure 3**

Sustainable Water Systems (SAS)
The project has two distinct entities: 1) Sustainable urban water supply project (URBANET) which focuses on the medium sized water companies of Angoche, Lichinga, and Ilha de Mozambique in the province of Nampula and Niassa and 2) Capacity Building Project Small Piped Systems (CAPS) which focuses on 4 to be selected small-piped systems in the three northern provinces of Nampula, Niassa and Cabo Delgado.

The budget of the project (3,5 years) amounts EUR 5.082.338 and covers the cost of expatriate and local staff, consultancies and training (EUR 2.813.437), an investment contribution for small piped water systems (EUR 1.542.853) and general project operating costs and contingencies (EUR 726.048).

○ **Figure 3**

Netherlands bilateral support to water sector, 2000

	International	National	Regional (river basins)	Provincial	Local	Modality
Institutional Development		WRAP	ISAS			DGIS
Urban Water Supply Large Systems		NWDP II			Maputo, Beira, Quelimane, Pemba, Nampula	Co-financing World Bank
Urban WS Medium Systems				SAS URBANET	SAS URBANET	DGIS
Urban WS Small Systems				SAS CAPS	SAS CAPS	DGIS
Sanitation & Sewerage						
Irrigation						
Hydropower						
Environment and erosion		X			X	DGIS
Education	Waternet	X				DGIS
T.A.		X	X	X		DGIS

The long-term objective of the URBANET project is "to improve Mozambican water company capacity to increase consumer access to drinking water in urban and peri-urban areas in northern Mozambique, in a sustainable way".

The multidisciplinary project team consists of 1 expatriate human resources specialist, 1 expatriate economist, 1 local water and sanitation engineer and a local human resources specialist. The team assists the water companies in the preparation of business plans, improve management of investment funds, improve administrative systems and develop customer relationships.

The long-term objective of the CAPS project was "to build Mozambican water sector capacity to improve consumer access to drinking water in areas of concentrated populations of the three northern provinces. Capacity Building would be done in accordance with the principles and guidelines of the National Water Policy".

The CAPS project has a multidisciplinary team of 3 experts: 1 expatriate water engineer, 1 expatriate community and gender specialist and a local project-coordinator. The team is charged with the development of methodologies for sustainable management of 4 to be selected small piped systems, increase coverage in a phased approach, support training needs and strengthen communication and coordination.

National Water Development Project (NWDP) II

The main objective of the NWDP is to improve the quality, reliability and sustainability of water services for the cities of Maputo, Beira, Quelimane, Pemba and Nampula through promoting greater private sector participation in the provision of these services. The project covers the costs of a 15 year lease contract for Maputo and 5 year (private) contracts for management services for operation and maintenance for the other cities. The project has also a US$ 90 million budget to spend on rehabilitation and capital works. The Netherlands co-financing is EUR 9.075.604.

Waternet

Waternet is a regional programme with the objective to build and strengthen regional capacity for the integrated management of water resources in the Southern African region through education, training and research. Waternet will achieve this objective by establishing a region-based network, and will support four type of activities:

- Professional short courses
- Modular Master's programmes
- Research
- Professional association

The Institute of Water and Sanitation Development (IWSD), Harare, Zimbabwe is responsible for the Water Supply and Sanitation component in the regional Master Degree programme in Integrated Water Resources Management (IWRM). The Netherlands is facilitating the establishment of Waternet.

Support from and coordination with other donors

Over the years, nearly every bilateral and multilateral donor agency and roughly 100 Non-Governmental Organisations have been engaged in at least 500 donor financed projects and programmes in the water and sanitation sector.

At the sector level, MOPH/DNA has attempted to improve the management of the very diversified and complex donor funded project portfolio without much success. As of 1997, four working groups (human resources development, rural water supply and sanitation, urban water supply and sanitation, and water resources management and international rivers) have been established and became formal instrument of aid coordination. The working groups are chaired by donor representatives. The working groups served the main function of being forums that facilitated exchanges of information amongst donors about their ongoing and planned activities on Mozambique and mainly provided an opportunity for "stocktaking". The exchange of information contributed to a better understanding of sector problems and fine-tuning of activity programming in the sub-sector but the overall effectiveness of the coordination effort remained limited.

The two main constraints to more effective donor coordination at the sectoral level appear to be: 1) the failure of the GoM to take the lead in aid coordination and 2) the lack of clearly defined priorities consistent with medium-term macro and expenditure frameworks.

Sector constraints and SWAp's

Main weaknesses that would affect the implementation of SWAp:

- Weak capacities in participative planning (strategic and action planning) at all levels
- Weak donor coordination
- Insufficient monitoring and control capacities
- Strong donor dependency

Constraints that most affect the development of an effective and efficient water and sanitation sector in the country:

- Slow progress of proposed transition in National Water Policy (clarification of role of DNA is required, unfinished decentralisation process)
- Lack of strategies and action plans
- Little participation of end-users and private sector
- Historical bias towards the state taking care of water supply and sanitation

- Bias towards constructing new and rehabilitating degenerated infrastructure at old sites without demonstrating a habit of effective and efficient operation and maintenance with cost recovery from tariffs.

Constraints and weaknesses that could be addressed through SWAp, and through different types of intervention:

1) Pilot projects at local level to demonstrate innovative approaches in decentralised management and development of water supply and sanitation services, both urban and rural
2) River basin management (participative planning, strategic water allocations and development, flood-warning systems and control, early warning and contingency plans and structures)
3) Strategic and action planning at central, regional, provincial and local level: Capacity Building by developing a Comprehensive Water Strategy for Mozambique with priority actions
4) Donor coordination: coordination of donor efforts on basis of a comprehensive framework as developed in the water strategy
5) Water sector education (vocational training)

Is SWAp likely to bring improvements in efficiency and effectiveness of the WS&S sector as a whole?
Examples of more process oriented, strategic planning and better donor coordinated approaches are already available in Mozambique in the rural water supply and low cost sanitation sectors.

The rural water supply and low cost sanitation sub-sectors have developed a sub-sector strategy paper which is based on a Demand Responsive Approach (DRA). This is a flexible working document to be adapted per province, depending on the actual local situation, and per year, depending on the lessons learned. Each donor has adopted a province:

Inhambane	World Bank and CIDA (Canada)
Zambeze	DFID (UK) and UNICEF
Niassa	Ireland and Wateraid
Cabo Delgado	SDC (Switzerland) and Helvetas
Nampula	DGIS (Netherlands), SDC and African Development Bank (ADB)
Tete and Manica	EU
Sofala	Austria
Gaza	Japan

The implementation of the DRA strategy will be financed by the donors in the respective provinces

Sector Wide Approaches, when properly implemented and monitored, will increase the policy sense at national, regional, provincial

and local levels; will allow the development of strategic visions regarding solutions of problems in the water supply and sanitation sub-sectors; and will allow the right focus on implementation of programme activities by the right people.

Each sub-sector wide approach (SSWAp) needs to fit in and be coherent with the overall Sectoral Framework. To develop sub-sectoral strategies in Mozambique for instance and secure implementation of activities in the medium term, intensive discussions are required with the Provincial Water and Sanitation Departments of the DOPH, the ARAs and the relevant DNA departments at the central level.

Country paper Tanzania

Country information

Tanzania is a country with an estimated population (1999) of 31 million inhabitants and a size of about 945,000 square kilometres. The economic growth rate is 3.8% per annum, which is slightly higher than the population growth of 2.8%. Per capita income is estimated at USD 210 per year. About 50% of the population live below the poverty line. ● 1

The country's economy is predominantly agricultural. The sector contributes 50% of the GDP that accounts for 60% of the foreign exchange earnings. However, in the last decade the performance of the sector has shown a decline in both productivity and contribution to GDP. Social service delivering is poor. Access to drinking water and school enrolment is low, health facilities are inadequate and a quarter of the country is impassable during the rainy season. These statistics categorise Tanzania as one of the poorest countries in the world.

Source : Tanzania Human Development Report, 1999

Water Sector Review

Tanzania has abundant surface and ground water potential to meet most of its current needs. However the water availability is not evenly distributed geographically. A large amount of water is stored in internationally shared lakes. The demand for water is increasing steadily and water availability decreasing. By the year 2025 the situation is expected to become critical in Tanzania and East Africa.

● 1

Demography		Socio-economics	
Est. population	33 million	Adult illiteracy rate	28,4%
Est. population growth rate	2.8 %	No. access to safe water	34.0%
Total fertility	5.7 %	No. access to health services	7.0%
Infant mortality rate (per 1000)	94	No. access to sanitation	4.0%
		Under-weight children under 5	27%
		Human Development Index : (ranking 156)	0.421

More than 80% of the population in Tanzania resides in rural areas. Rural water supply coverage increased slightly from 42 % in 1992 to 48% in 1999. However, about 30% of these installed facilities are not operational so the actual coverage is lower. Water supply in peri-urban and urban areas is inadequate as well. The coverage of sanitation is not well documented. Several figures are mentioned in different sources. Little is known about the adequacy of the structure and whether the facilities are used or not.

The legal status of the water and sanitation sector is currently being revised thoroughly in the wake of the overall governmental reforms. While regulatory mechanisms and water source management procedures at macro-level are identified, the true implementation of the new structures is seriously lagging behind. These processes take time and are dependent on the progress of other sector reform programmes. Meanwhile the Ministry of Water is in transition and trying to identify in concrete terms the contents and mandate of its new function. In the absence of a formal structure and supportive legal framework, enforcement of rules and regulations is for the time being a rather loose affair. ● 2

On the other hand an important step towards a support framework has already been taken. The Rural Water Supply and Sanitation Policy has been revised and when combined with key planning and finance documents presents a clear and comprehensive guide for the future direction of the sector. The revised draft policy has incorporated many years of experience of both government and donor supported programmes in Tanzania. The main challenge now is the implementation of the policy and plans.

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Summary of present legal provisions.

- The regulation of water supplies is presently provided for under a number of water utilisation acts as well as written laws relating to the water boards.
- The supply of water is presently provided for under the Water Ordinance that has been recently amended via various acts related to urban provision. The Public Health act is particularly relevant. In addition there are miscellaneous amendments to water laws that have been passed. By-laws have been passed, most notably in Shinyanga. The latter relates to group ownership and responsibility.
- Harmonisation of water law must also consider a number of other acts for example, the mining act as well as the five international river basin treaties to which Tanzania is a party.
- Customary and traditional law, whilst widely respected in guiding the management of rural domestic supplies does not feature as part of the present legislation.
- Having good laws which are then applicable are the backbone of effective regulation. Regulation will not be possible without legal revision. Harmonisation of the water laws is therefore accorded a very high priority by the government.

Reforms are enabling a radical new approach. The government is now focussing on policy formulation, regulation and monitoring rather than implementation. The Local Government Reform devolves responsibilities from central to Local Government Authorities. NGOs and private sectors are expected to provide non-core functions previously done by the government. Experience learnt that technology is only one aspect for sustainability. Liberalisation of ownership and adequate scheme management are equally crucial (factors) Direct focus on communities is successful. Programme support tends to set up parallel structures but not sustainable support structures for continued support.

Increase in coverage and use of rural domestic sanitation has been poor. Responsibility for sanitation is vested in several Ministries and not well co-ordinated. Advocacy and education is proving more effective than construction subsidies.

Analysis of the water supply and sanitation sector

The role of the government has changed. Its core functions are to regulate the sector and to ensure equal access to water for all groups in society. The functions include policy formulation, dissemination of information on the policy and regulations, issue abstraction permits, approval of designs, certification of works, water resource assessment, monitoring and evaluation, training regulation, inspection and attracting finance.

A SWOT analysis of the rural water supply sector identified that the strengths lie in the overall commitment of the key stakeholders to advance the sector. A draft revised policy has been formulated and accepted as a guiding document and the organisational structure of the Ministry of Water has changed in the wake of the revised policy.

Implementation of regulation is weak. A sufficiently clear structure defining roles and responsibilities of each actor is not established. The organisational structure of the Government does not adequately reflect all the core functions. Missing are, for example, units to regulate training in the sector and for public relations. Responsibility for monitoring and evaluation is divided among two departments. Investment in the sector is low, especially at district level and co-ordination of the sector is weak.

At the moment the environment is conducive to implement the rural water policy. The decentralisation and Local Government Reform Process provides an excellent opportunity to strengthen the regulating and supervisory role of the District and the government. There is a strong commitment to establish a partnership framework and to increase financing to the sector. But immediate action is necessary. There is a danger that partners may lose interest and divert their attention to other sectors than water. In that case finance may not be forthcoming and the water and sanitation targets may not be met.

Water and sanitation expenditure and financing

On the basis of commonly available statistics 80% of Tanzania's population live in rural areas, and less than 50% of these people have access to clean water. In those cases where improved supplies have been provided, insufficient investment in operation and maintenance systems has resulted in less than half of the supplies being functional at present. Some 70% of the urban population have access to an improved water supply. Thus approximately half the population benefit from access to a functional domestic water source.

The Governments commitment to address this issue has been restrained by a lack of financial resources to operationalise national policies and plans as well as to effectively meet the local funding requirement of bilateral programmes. In the period 1985 to 1993 the increase in rural coverage amounted to less than half of the population growth during that period. With some notable exceptions system decay and climatic events have resulted in considerable supply interruptions in urban centres, requiring – in the case of Dar es Salaam- costly emergency measures to be taken.

The long-term trend in government budget allocation to the sector has resulted in average allocations of 4% for development and below 2% for recurrent costs. External resources allocated to the sector have been inconsistent, the early 1980's saw over 30 million US dollars per annum invested, in the early 1990's this dropped to below 4 million dollars, in 1997/8 it was 16 million dollars, 1998/9 – 28 million dollars and 1999/2000 10 million dollars.

Three significant recent Government documents combine to offer important guidance to steer the sector into a position of opportunity rather than desperation. The emphasis in this document is upon the implications to the rural and especially rural domestic water supply situation.

The Public Expenditure Review recognises that rural water supply is the least developed with regard to the sector as a whole and identifies following priorities for effective investment.

- Rehabilitation of non-functioning schemes. (Thus optimising existing investment)
- Inviting the Private sector to develop and manage water schemes. (Thus relieving the recurrent budget)
- Expanding water services to areas which have mostly disadvantaged communities in terms of social and economic development (preferential treatment) so that these communities can catch up with the pace and the rate of development experienced by their fellow countrymen.

Dutch bilateral support to the water and sanitation sector.
Dutch bilateral support for the water and sanitation sector in Tanzania has a long history during which it has closely followed the changes in water policy orientation in the country. Initially the support was aimed at the construction of large numbers of rural water facilities with only marginal and mainly cosmetic community involvement. This approach evolved over time into the current far more demand driven approach, with clear and tangible community based ownership. For small scale protected wells this concept is well accepted and incorporated as a routine feature for rural water supply. Greater difficulties and challenges are posed by piped schemes, of which ownership and managerial aspect are fairly blurred, and hover between the policy intention of community based management and traditional governmental involvement and control. It is our experience that community based ownership and management of piped systems is not without real problems at the moment: lack of capacity and lack of institutional and financial control with an unacceptable high level of donor dependency.

The Dutch bilateral support amounted to approximately EUR 22.689.011 *since 1993, via regional programmes in Shinyanga and* Morogoro Regions.

In anticipation of the new policy environment for the water and sanitation sector our future support (effective October 2001) will effectuate the principles of decentralised development of rural water and sanitation in one Region. This will accelerate the implementation of the new water and sanitation policy, recognising the crucial roles of all stakeholders in the region (community, private sector, NGOs etc.), while enhancing the strategic management and control functions of the sector by the decentralised governmental partners. Next to this capacity building the actual work on the ground (construction of new facilities under full community based ownership) will continue and will thus expand the coverage in this region. The initial estimate for these activities in Shinyanga Region is EUR 6.806.703 for 5 years."

Support from and co-ordination with other donors
Current support for the sector is through a project and /or programme modality. The actual sector framework is currently being finalised, that will serve as the guiding principle for the donor investments in the sector. World Bank conducted over a long period sector analysis and formulated a Learning and Investment Loan (LIL) that was unfortunately never concretised. At the moment they are working with the Ministry of Water towards a Structural Investment Loan (SIL) for the sector , but it is likely that the final decision on this loan will require extensive consultation and quite some time.

Sector constraints and SWAp

Development of the sector

Stakeholders

Currently the tasks of stakeholders are changing. There is no agreement as to who is doing what. Different stakeholders may fill the matrix model presented above differently. Lessons learnt illustrate the importance of a clearly defined and understood role both for the present and the future of each of the partners. Analysing these roles and their changes as guided by the policy is useful in creating a workable partnership upon which to base a support framework.

Legal aspects

The basis for regulation is effective water legislation that is applied. The rural water policy is enabling new types of ownership of water supplies and extensive involvement of non-governmental entities like the private sector and NGOs. Much of the present water law in Tanzania, however, still regards the government as sole provider and owner of these facilities. Much of the present law is, therefore, no longer applicable to the reformed sector. Water laws are scattered over various books of law and thus not easily accessible. Therefore it is recommended to produce a single harmonised water code as proposed in the mid term strategic plan.

Financial aspects

Key documents (revised draft rural water policy, mid term strategic plan, etc.) establish clear plans and policy at national level and mention water supply as a key area for investment by the government. Newly planned approaches will only be successful if investment increases substantially and is consistent.

At present the sector is grossly under-funded. External investment has been highly variable. The policy sets clear priority areas for investment. Water users are to pay for operation and maintenance costs and part of the investment costs according to capability. The cost sharing component of a community is not only an economic contribution but also a tested expression of commitment and ability. Various ways of funding are possible and need to be well regulated.

The role of subsidy changes gradually as the economic status of the users of the facility declines. In the economically deprived areas subsidy is essential and often not recovered. The requirements for subsidy vary with type of technology, area and community. There is no single amount that qualifies for subsidy if the aim of equitable distribution of water supplies is taken seriously. Delivery of subsidy requires testing under real conditions.

The number of contracts is expected to increase especially with small scale providers. The conventional approach to tendering and its

administration are beyond the abilities of the emerging service providers. There is an increasing trend to adopt tendering procedures that begin with an invitation to negotiate. The selection of suitable and reliable service providers becomes easier when approval to operate is obtained by the regulators, especially when the approval refers to different categories of operations.

Sanitation

Whilst it is recognised that there are very real health impacts measured from the proper use of adequate toilets, a concerted and strategic effort to increase coverage and use has escaped both definition and a suitable entry point. Sanitation has mainly been an 'added on' to water supply programmes. Advocacy of sanitation and hygiene practices is the key issue to success. There is good evidence that a number of agencies have the skills required to successfully promote sanitation using schools and health centres as an entry point. There is a need for a separate entity with a separate arrangement for disbursement. Water sector financiers are urged to commit a component of their budget to deliver advocacy and education services.

Social aspects

The cross cutting aspects of equity, empowerment of special groups and community participation have to be taken into account at all stages of the process right from the beginning. Next to training a positive attitude is most crucial in achieving success in those areas. All steps and all terms of reference should include the cross cutting issues.

The water policy acknowledges that water is a basic social need, a basic right and an economic good. Full cost recovery and equity of access are basically two conflicting principles. Water users in deprived areas cannot pay the full costs of their water supply. Therefore subsidy and prioritising deprived areas are necessary as indicated in the policy. In addition the strategy to pursue this objective must aim to mainstream gender and pay attention to the needs of marginalised groups.

Technical aspects

The choice of technology depends first of all on the geographical possibilities to provide water and next on the desired level of service and the financial resources. Especially management is crucial for the sustainability of water supply and sanitation facilities.

A decision to proceed with a scheme cannot be taken solely on the basis of its technology. The approval decision has to incorporate current best practice and thus include environmental, financing, gender, and management aspects.

Development of policies and plans is based on information on the current level and use of services as well as projections for the future. Developers are not under enough obligation to provide this information. Provision of data should therefore be part of the approval process.

Procedural framework for the way forward

The ultimate aim is to supply water and sanitation services to the people in Tanzania. These services can only be provided sustainably when an adequate supply system is operational.

The procedural framework can be divided into seven steps:

- The first step is to look at the policy environment. The policies outline the overall outlook and indicate ways to reach the overall objective in broad terms.
- The second step is to select priority areas. The water policy mentions for example drinking water, deprived areas, and rehabilitation of existing, malfunctioning schemes.
- The third step is to assess the demand in broad terms. Overall demand assessments combined with an inventorisation of the resources provide an overall picture of the supply situation and give an indication of the shortages. So far the steps look at general national issues. From now on the steps become increasingly area specific.
- The fourth step is the pre-feasibility study to see whether a sustainable water source is available in a particular area, whether people in that area are motivated to manage a water supply, whether they are capable of paying and so on. Future owners and users and other key stakeholders should be part of this process of selecting the preferred technology, management structure and so on.
- The fifth step is the feasibility study. Here a detailed design is made of the chosen technical option. A management structure is set up as well as a structure for financial management. It ends with an approval of the design and secured finances.
- At the sixth step the plans developed and approved are implemented. All stakeholders are in agreement as to the ownership of the schemes, finance has been secured and tenders conducted and financial, construction contracts signed and work is done.
- The last and seventh step concerns the certification of works and monitoring of the performance of the completed supply scheme. Certification of works is an important instrument to inspect whether the scheme has been built according to the approved design and quality standards.

The way forward

At the moment the environment is conducive for change. The government is committed to change and has already formulated a draft revised rural water and sanitation policy, a mid term strategic plan

that identifies key focus areas, and re-structured the organisation of the Ministry of Water. Water along with health and education are among the main areas for funding once the iniative for the Heavily Indebted Poor Countries (HIPC) is approved and funds disbursed. External support agents and the private sector are committed to taking part in the process. A Partnership Framework for Support that brings all the stakeholders together in a forum for discussion and advancement of the sector is lacking. The time is now ripe to form such a framework following the steps below:

- The Ministry takes initiative to establish a partnership framework for the rural water and sanitation sector
- Clarify the roles, responsibilities and mandates of key stakeholders in the sector.
- Carry out a needs assessment of the stakeholders
- Strengthen the regulating function of the Government. Key stakeholder roles, regulations and procedures for application are not all clearly established and not known to all stakeholders in the water sector. The government does not have the adequate expertise to perform this function.

To strengthening the regulating function of the government the following is needed:

- Clear regulations that do not contradict each other
- Clear procedures for application of the rules
- Clearly defined authority to approve, inspect and sanction the application of the rules
- Capacity (human and financial) to carry out the above?

Regulations can perform their function only if the people concerned are aware of policy and regulations. They need to know procedures for application and approval and whom to turn to for information and advice.

Disseminate information on policy, regulations and procedures to a wide public.

For the partnership to succeed the following conditions are to be met:

Members should be representatives of regulators, owners, developers, and financiers and have the mandate to make commitments. They should include the Ministry of Regional Administration and Local Government (MRALG), private sector and all key stakeholders in the rural water and sanitation supply sector.

- The agenda for the partnership framework meetings should be clearly set well in advance.
- Each meeting should set one clear objective.
- All partners should abide to the advice of the partnership.

- Partners are prepared to discuss all issues of the water sector including sensitive ones.
- The partnership framework is supported by an efficient secretariat who follows up on promises and who sends out invitations to meetings and minutes well in advance.
- Sufficient funds are available to finance secretariat and Partnership Framework process.

Accomplishing these tasks will make the rural water supply and sanitation sector more transparent. This will make the sector attractive to owners, developers and financiers and thus more finance is expected to come forward. In the end the common goal of increased rural water supply and sanitation services will be achieved. This can only be realised if key stakeholders are committed to dialogue, funding and to work together.

It is essential that fundamental issues be tackled. Meanwhile work on the ground cannot stagnate and must continue. It will be important to keep all players informed of the status of changes so they can modify their approach and thus contribute to change.

Country paper Egypt

Country information

Historical background

Egypt's history started at least 5000 years ago with the Pharaonic times and is inextricably linked to the river Nile. The Arab Republic of Egypt was established in 1952. The present constitution dates from 1971 and is based on Islamic law. Democracy is limited and power is concentrated. The Head of State is the President, nominated by two-thirds majority of the assembly and elected by referendum. The present President, Hosni Mubarak, was re-elected for a fourth six-year term in 1999. Economic and technical development, political reform, continuation of stability and a peace-oriented foreign policy are high on the agenda while Egypt is entering its seventh millennium

Demography

The Arab Republic of Egypt is located in the north-east corner of the African continent. ● 1

Economy

The gross national product (GNP) is US$ 46 billion. [United Nations Development Report Office, 1998] Egypt's economy is well diversified and it has a large domestic market. Tourism is a vital source of foreign currency (USD 3 to 4 billion a year), as are remittances from expatriate Egyptians, dues from ships passing through the Suez Canal, and oil exports (each USD 2 - 3 billion a year) . Donor aid amounts to some USD 3 billion a year but will substantially going down over the next ten years. (1)

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Demography

Surface:

about 1,000,000 square kilometres, of which only 6% presently inhabited since most of it is desert.

Population:

Estimated at 60 million inhabitants in 1996.

Religion:

About 90 per cent of Egyptians are Muslim, most other Egyptians are Christian of the Coptic Church.

Urbanization:

about 45% of the population lives in urban areas, of which some 12-15 million in Cairo.

Natural population growth:

2.1%. Despite a steadily declining birth rate, the population is expected to reach 92 million in 2020.

Total fertility rate:

3.3 live births per woman (3).

Nearly one third of the labour force is government employee. A civil service reform is called for but slow in implementation. Another third of the labour force works in agriculture, the rest is to a large extend involved in small and medium-enterprises.(1) Main industries are food processing, textiles, chemicals, cement, petroleum and metals.

Economic growth performance has been uneven, with increasing poverty and unemployment. In 1991 the Government of Egypt adopted an economic reform and structural adjustment programme which restored economic growth to a sustained 5 percent but failed to bring unemployment figures down. Unemployment is officially reckoned to be around 10-13% in general with over 20% for women, and unofficially a good bit higher. The problem is compounded by the fact that 550,000 youngsters will be entering the labour market each year for the next 10 to 15 years. Two huge agro-industrial irrigation schemes are being developed to ease population and employment pressures, at least for some time to come.

Social indicators

Egypt is a lower middle income country with a per capita GDP of USD 1,180 in 1997. However, income is not evenly distributed and poverty seems to be growing, with up to 35% of Egyptian households now below the poverty line, compared with about 20% in 1990 (1). The poor are concentrated in rural areas and urban female headed households. Egypt is ranked 112 among 174 countries in the Human Development Index as compared to 92 in the GDP ranking, implying low levels of health and education compared to its level of economic development.

Enrolment in basic education has seen impressive improvements but is not yet universal, with lower enrolment for girls and the poor. School drop-out is high for both boys and girls, caused by low quality of education, limited household income and high costs of education although officially free. Overall literacy rate is about 61 percent for the total population, but only 49% for women. Public expenditure on education is 16.2% of total public expenditure and 5.5% of GDP.

Health indicators show an infant mortality rate of 57 per 1000 live births and a maternal mortality rate of 170 per 100,000 live births, but with considerable differences across the country (UNICEF, 1998 #21). Public expenditure on health is 4.5% of total public expenditure and 1.5% of GDP (3). Overall 96% of the population has access to piped water compared with 70% in rural areas. Access to sanitation is reported at respectively 84% and 71%.

Whereas the constitution calls for equality between sexes, women's rights and opportunities are constrained for example in family law, in

access to credit and jobs, and in political participation, with only two percent of the parliamentarians being female.

Water sector

Sector Legal Status

The drinking water and sanitation sector is currently undergoing reform aiming at more cost effectiveness and more attractiveness towards vitally required investments from the private sector. At present, major steps have been taken by the Government towards reform which will be formalised through the issuance of a Presidential Decree and its subsequent ratification by Parliament. Prior to reform, the sector's institutional framework is a maze of fragmented organizations affiliated to more than 11 entities with overlapping jurisdictions. Other serious problems of the sector's institutional framework are low salaries and incentives, lack of administrative experience and advanced management systems, and very large financial imbalances as the water tariff has been fixed for years. The regulatory framework aimed for in the reform process is nationwide (encompassing central and local levels). The principle components of the proposed reform are:

a) Creation of an inter-ministerial policy coordination committee which will set target levels of the services for the classes of human settlement throughout Egypt, in coordination with housing, health, environment, and water resources sectors. The committee will also determine allocations by the Ministry of Planning (MOP) and the Ministry of Finance (MOF) to assure funding for a national programme aimed at alleviating poverty and mitigating environmental risks, set criteria for five-year investment prioritisation, and assure coordination of water/wastewater sector policies and objectives with those of other sectors.
b) Creation of a regulatory body to evaluate tariffs adjustment applications and monitor compliance of utilities performance standards. The aim is to encourage utilities to move towards cost recovery by setting tariffs based on the cost of the services, with incentives for efficiency gains.
c) Creation of an enabling environment for private participation
d) Reorganization of the National Organization for Potable Water & Sanitary Drainage (NOPWASD), to a.o., develop and implement programs for preparation of human resources needed in the sector, through establishing and supporting training centres, with the purpose of enhancing efficiency.
e) Corporatization of local utilities, through transforming dependent public utility organizations into viable commercial enterprises, regardless of type of ownership.

In 1995, seven Public Economic Authorities (one of which, supported by the Netherlands, is the Fayoum Economic General Authority for Water & Sanitation - FEGAWS) were established. Twelve more PEA's will be established as a result of this reform process.

Water & Sanitation Management Structures

There are a number of players in the field of Drinking Waste & Sanitation, some central and others regional. The Ministry of Housing, Utilities and Urban Communities has a central role; it is responsible for the sector. The direct management of the water and wastewater facilities falls in most cases under the responsibility of the governorates, public organizations and companies. Through the National Organization for Potable Water & Sanitary Drainage (NOPWASD), investment projects are designed, tendered, supervised during construction and commissioned for transfer to local organizations for operation and subsequent maintenance. NOPWASD is also reponsible for human resources development within the sector (approx. 150,000 persons). Distribution, on the other hand is a responsibility of local authorities. Tariffs, set centrally, can be modified downwards locally. Budgeting and financing is done centrally through MOP and MOF. Resources are normally inadequate to cover costs. The players in the rural setting are different from those of the urban setting, as in Cairo and Alexandria where water supply and sanitation organizations are separate. The Ministry of Health is formally responsible for monitoring the quality of the drinking water provided, while the Ministry of Water Resources and Irrigation has the legal responsibility to protect the water bodies from pollution which concerns also the disposal of raw and treated wastewater into water bodies. The Ministry of Water Resources is also responsible for water allocation to all sectors. Another central ministry, the Ministry of Rural Development (formerly the Ministry of Local Administration) is also involved in the sector, through supporting rural water distribution activities on a participatory basis. A limited number of NGO's also work in this sector, either through the Ministry of Rural Development, or directly with individual rural governorates. The Social Fund for Development, is also involved in public works projects for water supply and sanitation. In addition to these players, there are a number of authorities for water supply and sanitation with an autonomous status, however, these still largely depend on central funding and do not cover their costs (operation & maintenance). There are as well three water companies. In 1995 seven PEA's (Public Economic Authorities) were created though these are still far from autonomous, and they will still continue to largely depend on central funding for the foreseeable future.

Water & Sanitation Expenditure & Financing

In the absence of sector reform, it is a major task to try to accurately quantify the amount spent annually on water supply and sanitation activities. The number of players in this sector are large, with diverse and sometimes overlapping responsibilities. In Egypt's 6th and 7th Five Years Plans (1997-2002) and (2002-2007) required investments to meet targets set are estimated at LE 11.3 billion for water projects and LE 26 billion for wastewater projects. In the last 25 years massive

investments have been made in the area of the development of drinking water supply and sanitation. The quantitative improvements in the initially very poor supply situation proved possible only because more than half the investments were financed by foreign donors (especially US Agency for Int. Development (USAID) and the EU). The main emphasis was the development and rehabilitation of supply and sanitation facilities in Cairo, Alexandria and the Suez Canal Cities, which reached 70% of the investments. Funding needs remain high. According to World Bank estimates (1993), at least US$ 300 million a year will be needed to develop the water supply infrastructure and set up wastewater treatment facilities which effectively protect public health and the environment. In a 1997 report on rehabilitation, operations and management needs of the sector, The National Organization for Potable Water & Sanitary Drainage (NOPWASD)'s estimated needs of LE 3.6 bln (US $ 1 bln) for water system rehabilitation and upgrading and LE 3 bln for wastewater systems; 30% of the needs are considered urgent. It was only in recent years that the improvements were realised beyond the main targets of investments, ie in provincial and rural towns.
The sectoral conditions are, on the whole unsatisfactory and in need of far-reaching reform. Since mid-1998 the Egyptian Government has been preparing a major reform programme for the sector; the corresponding decree is due to be issued in 2000. Until now the sector has been largely dependant on donor support. Water supply and sanitary services in cities are relatively good, thanks to extensions of the systems and massive donor support for their operation, but this is likely to remain so only for as long as the facilities are still relatively new and external support continues to provide for their operation. Even at this stage both technical and non-technical losses, particularly in Cairo with an estimated level of 50%, are very high. The low tariffs lead to the exaggerated daily level of consumption of 300 l per capita. At the 6th session of the commission for sustainable Development (New York, 1998) Egypt expressed its willingness to structure water tariffs in such a way as to ensure a sustainable operation of water supply and sanitation facilities.

Water and Sanitation Services (coverage indicators)
According to a USAID financed study, about 70% of Egyptians have access to safe drinking water. Whereas in the towns and cities (Cairo, Alexandria, Suez Canal Zone) almost 90% of households are supplied with house connections, the coverage rate in rural regions, where almost 60% of the population live, is 56% (1976: 10%); in Upper Egypt it is only 40%. Thus, 45% or 15 million inhabitants of rural regions do not have access to public water supply systems and have to use water of generally poor or doubtful quality from canals and shallow wells. Still worse is the sanitation situation, with a rate of connection of sewerage systems of 50% in towns and cities and 5% in rural areas. Drains from houses connected to the water supply system

and overflows of rural cesspits mostly drain into irrigation and drainage canals; the same applies during the regular emptying of cesspits. Wastewater treatment in settling basins is infrequent: tertiary biological treatment has hardly ever been undertaken till now. Egypt is planning to achieve a coverage of 86% for rural water supply and 97% for urban water supply by 2002 - given the existing supply deficit these target figures need revising.

Dutch bilateral support to the water and sanitation sector

In addition to the Water Resources Sector, Water & Sanitation are the two sectors upon which Netherlands bilateral support is focused. Health and Agriculture are exit sectors. Structural bilateral assistance to Egypt is planned to terminate by the end of 2004; till then, the volume of funding for the programme for Egypt will remain at its present level of EUR 15.882.308 per year, to be divided roughly at 90% for the two sectors and the remainder for commitments under the exit sectors.

Bilateral assistance in water & sanitation has focused mainly on institutional development, both at the national and regional levels, through direct technical assistance, either alone or coupled with financial assistance. At the regional level, as the Governorate of Fayoum has been the geographical concentration of bilateral assistance, the four phases of the Fayoum Drinking Water & Sanitation (FaDWS) Project have been implemented over the past twelve years. The population of Fayoum is approximately 2.2 million inhabitants, 25% of whom are urban. According to the Egypt Human Development Report 1997/1998, 40% of the population is characterised as poor and 14% as 'ultra poor'. Much of the rural population not served through house connections has to rely on 1,850 public taps. The project, focusing mainly on rural water supply and sanitation, complements urban water supply and sanitation activities supported by USAID. The Netherlands contribution to the fourth phase of the project (about four and half years duration until end 2004) is in the order of Eur 3.630.242 in addition to Eur 2.087.389 as a financial contribution towards local cost financing of activities related to the project (investment in drinking water pipeline and sewerage). The contribution of Egypt is LE 26 million, (equivalent to Eur 5.899.143.). Activities in this sector in Fayoum supported by USAID are estimated in the order of US$ 150 million, over the next few years. Coordination of donor efforts in the sector in Fayoum is effective whereby the Governorate has taken the lead.

The FaDWS project has evolved from a pure technical assistance project to one combining technical assistance with financial assistance, through financial assistance procedures and more recently through contribution arrangements, whereby the counterpart is legally responsible for implementation following Egyptian procedures.

During the course of the project, a presidential decree was issued enabling the creation of autonomous Public Economic Authorities (PEA's) in seven governorates, Fayoum included. The Fayoum Economic Authority for Drinking Water & Sanitation was created, and has since then, lead the seven authorities towards autonomy.

Drinking water production has also been supported by the Netherlands, through a financial assistance grant of the order of Eur 6.352.923. to import electromechanical equipment for a new water treatment plant under construction. The Egyptian contribution towards this project is in the order of LE 30 million. Construction of the water treatment plant was identified as a priority in an earlier phase of the project, as a result of master-planning.

On the national level, institutional development has also been supported by the Netherlands through technical assistance to strengthen the training capacity of NOPWASD's Central Training Department. The main focus of this project was to design, test and transfer a series of training modules for utilities managers. This differed from technical training which has been provided through a number of donor sponsored projects in the past. The training modules, which have now been totally taken over into NOPWASD's regular training programmes for managers of utilities have been designed in accordance with the needs of developments within a reforming sector.

Support from and coordination with other donors

The major donors involved in the sector are USAID, KFW, JICA (Japan), Danida, Finida, France and The Netherlands. The SWAp is promoted mainly by USAID, KFW (Kredietanstalt für Wiederaufbau), Danida and The Netherlands. Sectoral reform, led by USAID, is fully supported by Egypt.

Donor coordination exists through the so-called "informal" donor sub-group on water & sanitation. This forum is mainly to exchange information. Outside this forum, good and effective cooperation, in as far as possible, takes place between USAID, KFW, Danida and the Netherlands. Other donors do not coordinate their efforts, and generally have their own agendas. The government of Egypt, within the framework of reform, is expected to play a larger role in donor coordination, private public partnership, etc. This process will take time to install, especially if for the whole sector.

USAID, KFW, Danida and the Netherlands, have coordinated their efforts towards realising a kind of SWAp. USAID has taken the led in the reform process. The needs of the sector have been identified and prioritised in the process. These donors have identified possible areas of intervention, which will be further formulated in due course.

Sector constraints and SWAp

The implementation of a sector wide policy for water and sanitation in Egypt is possible. Much work has already been carried out to identify the needs of the sector, both on the institutional and the technical levels. Sector Reform is a large step in that direction, though not and end in itself. The question is whether or not it would be possible and meaningful to channel Netherlands funds to the sector, following a sector wide approach. One major constraint in this regard is time. Structural bilateral assistance to Egypt is due to terminate by December 31, 2004. Moreover, the volume of funding from the Netherlands is very small in comparison to the needs. Danida, which has been for the last year reformulating its bilateral assistance programme along the lines of SWAp, is considering a sizeable programme of DKK 790 million over 7 years. KFW has followed a similar approach. Another constraint is that of 'procedures'. In procurement of hardware, the process is very straight forward. On the other hands, when it comes to purchase of technical assistance, the GOE has repeatedly expressed its desire for technical assistance from the Netherlands for specific interventions. This preference in the Egyptian context is not always possible from a procedural point of view.

Given the constraints of time and magnitude of funding, Netherlands bilateral assistance in the water and wastewater sector can follow a kind of SWAp. Through the reform process, which has to a very large extent been a result of donor coordination with a clear Egyptian involvement, the priorities of the sector have been identified. Donors have agreed to consider possible areas of intervention within the sector. In this regard, the Netherlands supported programme will continue to be composed of a coherent set of projects, mainly focusing on institutional development. At the national level, the training capacity of NOPWASD can be further enhanced. At the regional level, the Fayoum experience will continue to serve as an example of 'best practices' to other PEA's . To augment this process, funds can also be channelled as financial contributions/supplementary funding of investments to improve water and sanitation to PEA's which will receive assistance from Danida and KFW. This latter, however, could imply delays until the reform process is formalised and Danida and KFW have formulated and operationalised their interventions.

Country paper South Africa

Country information

Historical Background

The Apartheid system in South Africa was abolished formally after the first multi-party democratic elections in 1994, when Nelson Mandela was elected President of the Republic of South Africa. As the country's ruling party, the ANC was faced with tremendous expectations and pressure from national and international players to transform South Africa into a multiracial, democratic society; a rainbow nation. The transformation agenda was set at the Kempton Park negotiations, where agreement was reached between all political parties. The Truth and Reconciliation Commission was set up, presided over by Archbishop Desmond Tutu, trying to build the future of South Africa on the "common truth" was shaped through the testimonies of victims and perpetrators from the past.

Six years have passed since the start of this transformation process and the newly elected government, headed by President Thabo Mbeki still has a long way to go in redressing the legacy of the apartheid system. The biggest challenge is to reconcile economic growth with poverty reduction and social and economic equity.

Demography ● 1

Economy

Economic growth: 0.7% in 1998 rising to 1.3% in 1999

● 1

Demography

Surface:

1,219,090 km

Population:

43,054,306

Average population density:

35,3 p/km

Male:	20,814,425	48%
Female:	22,239,881	52%
Urban:	23,032,381	53%
Rural:	20,021,925	47%

The official unemployment rate was at 23.3% in 1999. However, this percentage only includes unemployed people who are actively looking for employment possibilities. Percentages based on a broader definition of unemployed people, almost double the figure.

Rising oil prices, a weaker rand and extensive flood damage leading to higher food prices, caused consumer price inflation to reach 6.6 % during the first quarter of 2000, compared to an annual figure of 5.2 % for the year ending 1999.

Social indicators

The country's per capita GNP dropped to US$ 2.880, resulting in South Africa being reclassified from being an upper-middle to a lower-middle income country ranked 92 by the World Bank. Real GDP per capita for the poorest 20% of the population is $516 whereas the wealthiest 20% account for $9.897. With a Gini coefficient of 59.3 in respect of expenditure shares, South Africa has the 4th most skewed distribution of income or expenditure in the world. The country is ranked number 103 (down from 80 in 1990) according to the Human Development Index 2000. The poor are mainly female headed households in the rural areas.

Antenatal HIV figures are 22.8%, giving rise to serious concerns as to the effect this may have on the economy as well as other sectors of the country. The ever increasing AIDS prevalence has caused the percentage of people not expected to survive the age of 40 to rise to 25.9 %.

- Adult illiteracy rate is 15.4%.
- Net enrolment in primary education: 89% (1997)
- Net enrolment in secondary education: 55% (1997)
- According to grade, girls equal or outnumber boys in primary and secondary education
- 13% of the population does not have access to safe water or sanitation (HDI 2000).
- Public expenditure on education stands at 22.4%.
- Health accounts for 11.2% of public expenditure.

Water and sanitation sector

Legal structures

The national Water Services Act of 1997 gives substance to constitutional requirements with respect to access, norms and standards and the institutional framework for the provision of water services. The National Water Services Act can be regarded as an integrated approach to water management.

The constitutional responsibility of local government in water service provision and planning is crucial. The legislative framework for local government consists of general municipal legislation like the

Municipal Structures Act, the Municipal Systems Bill, the Demarcation Act, the Municipal Finance Act etc. This legislation sets the basis for democratic, developmental and viable local government. The sectoral legislation of the Water Services Act adds on to this general framework.

Policy

The national Reconstruction and Development Programme (RDP) of 1994 outlines the three goals of water management as: meeting health and functional requirements; raising agricultural output; and supporting economic development. The short term aim of the RDP is a water and sanitation programme which aims to provide the maximum number of households with RDP service level provision (25 litres of clean water per person per day within 200 meters of the dwelling, a safe sanitation facility per site and a refuse removal system to all urban households). The medium term aim is water supply to 100% of rural households and adequate sanitation facilities to at least 75% of rural households. The long term goal is to provide every South African with accessible water and sanitation.

Policy issues around full-cost recovery, privatisation and right to free water are contentious and a recurring subject of debate in SA society. In the run up to the December 2000 local elections, Cabinet has promised free water and electricity services for the poor. Donors have expressed their concerns to the Minister on this issue and an open debate has taken place at the donor co-ordination meeting in November 2000. The EU, supported by The Netherlands and DFID have expressed understanding for the social imperative to provide a basic supply of safe water. Donors have however made clear that the principles of cost recovery and the concept of the economic value of water should be preserved and promoted among all users. The Minister of Water Affairs has invited donors to participate in the process of establishing a system for free water, in a way that is compatible both with government policy and the need to guarantee sustainable services delivery.

Strategy.

Based on the experience gained in the RDP framework, the Department of Water Affairs and Forestry (DWAF) has shifted its strategies towards increased institutional strengthening of the main players in water service delivery and sanitation. As local governments are or become Water Service Authorities, the Department has to familiarise itself with a wide array of local government issues like municipal finance, labour relations, demarcation of boundaries, community participation etc. This is a huge task, considering that the face of local government has changed completely after the local elections in December 2000. This 'institutional' approach has been translated into a Water Services Sector Support Programme (WSSSP) for the period of 2001-2003.

Water and sanitation management structures

Historically, DWAF has been responsible for water policy and implementation in SA. As said, the water services are being devolved to local government. Focus will be on addressing the severe lack of capacity of local government and the positioning of other actors in the water services environment.

The 2.2 billion rand (EUR 355.309.909 million) Masibambane Water Sector Support Programme will start in April 2001 and will mainly cover the three rural backlog provinces (see below).The Department of Water Affairs is the national co-ordinating body. DWAF has deconcentrated provincial offices to execute national policies. The preparation of the programme has been a collaborative process with all stakeholders involved. On the basis of Multi Annual Action Plans, elaborated by the main actors involved (DWAF, local government, Water Boards, civil society, provincial departments, water service providers, consultancy) a province specific programme will be carried out. Main focus is institutional strengthening of the organisations involved. Planning and management capacity of water services is very diverse in the three targeted provinces. An in-depth needs analysis for a tailor made approach is therefore part of the programme.

Water and sanitation expenditure

DWAF spends about R700 million (EUR 113.445.054) per year on water services and sanitation. Spending includes operation and maintenance of schemes, general support to the water services sector and sanitation. Sanitation accounts for approximately 13% of the whole sum. The expenditure is largely destined for rural areas. In addition, water service investment takes place through national development schemes like housing schemes, local government Municipal Infrastructure Programme, Spatial Development Initiatives etc. The costs of the water services programmes are currently not fully recovered because of the lack of income base in the rural areas. It is however intended to provide regulations for local government to enable full-cost recovery at a municipal level.

A relatively large part (10%) of all donor funding in SA is allocated to the water supply and sanitation sector. Within the coming sector programme, the SA government accounts for 72.4% of expenditure whilst donors account for 27.6%.

Water and Sanitation services

Currently, approximately 8 million people in South Africa do not have access to minimum standard water services (25 liters per person per day at a distance of 200 meters). In the urban areas 10% of the population has no access to safe drinking water at RDP levels, whilst in the rural areas the figure is 50%.Three provinces (former homelands) in particular show a major backlog in water services. The percentage of

people with no access to clean water in the Northern province is 29%, in KwaZulu Natal 26% and in the Eastern Cape 25%. All other provinces in South Africa are below 9% backlog, the Western Cape at the lowest level of 1%.

An estimated 20.5 million South Africans have no adequate sanitation. Once again, the rural backlog is most severe.

Dutch bilateral support

Late 1999, the SA government selected Local Government as one of the four priority sectors for Dutch bilateral support. Bilateral consultations have led to the conclusion that the Dutch support should focus on capacity building in the areas of Integrated Development Planning and Water Service Delivery. The water sector is thus treated as a 'sub-sector' of local government. The budget for the local government sector has been established at EUR 4.310.912 - 4.991.582 per year. This represents on average 20% of the total bilateral programme in South Africa. Although water service and sanitation are treated 'holistically' by the South African government, sanitation it also called the 'Cinderella' of the water sector. Because no department is specifically responsible for sanitation as such, it tends to drop off the agenda in the water sector. Donors are however quite effective in giving sanitation a high profile.

Budget support

The main activity will be budget support of approx. EUR 2.268.901 to DWAF on a yearly basis for the period of 2000-2003. The allocation will form part of the basket funding to the Water Sector Support Programme 2001-2003. The budget support for 2000 (EUR 1.588.231) was allocated to the gear up phase of the programme.

Parallel funding

An additional activity will be the funding of a partnership between the National Community Water and Sanitation Training Institute (NCWSTI) and the International Water and Sanitation Centre (IRC). The NCWSTI was appointed by the Minister of Water Affairs to be the national centre for expertise and training in community water supply and sanitation. The partnership is aimed at enhancing the capacity of the SA Institute, with a special focus on gender-related training. The co-operation is not funded through budget support to DWAF, because of the (financially) independent status of the Institute. The project will form part of the WSSP management structure and will assist to address the gender gaps in the South African water services programme.

The Royal Netherlands Embassy (RNE) currently funds a capacity building partnership between the South African Local Government Association and its Dutch counterpart, the Vereniging van

Nederlandse Gemeenten (VNG). Within this contract a facility has been designed, aiming at exchange visits on water service delivery options. A South African delegation of national departments, municipal workers and employers recently visited their Dutch counterparts in order to study and discuss service delivery options. The results of the study tour will be disseminated through a national workshop with all stakeholders involved. The outcome will be documented and made available through appropriate SA channels. One of them is the Water Sector Support Programme. During the visit, both parties showed a great interest in setting up twinning arrangement between Dutch and South African water service authorities and providers. The Embassy will facilitate follow-up of these initiatives.

SWAp / other donors

The Masibambane multi annual Water Sector Support Programme was prepared on a consultative and participatory basis. Donors have been involved from the start, through their participation in the national steering committee for the preparation of the programme. Although DWAF has complete ownership of the programme, the EU and DFID have been the main drivers of a well prepared, participatory process. The EU, DFID and the French have offered (international and local) technical assistance to perform proper planning at both national and provincial level. It is felt that this kind of preliminary investment pays off considerably in the quality and feasibility of the programme. Donor input has increased the attention for 'neglected' areas like gender, sanitation and intersectoral co-operation. Furthermore, donors have actively supported increased co-operation between DWAF, the Department of Provincial and Local government and the SA Local Government Association.

Both the EU and DFID aim at a sector wide approach. The principles of ownership, donor co-ordination, multi annual perspective and basket funding are aspired to. The EU is the single biggest donor in the water sector, funding 22.4% of the whole programme, whilst DFID will fund 2.7% and the RNE 1.4%. The RNE and EU already have experience with budget support to the South African government. For DFID this will be a new form of assistance. Therefore, DFID's contribution will consist of limited budget support and also parallel funding of programmes and technical assistance to the DWAF. DFID aims at changing some running commitments for projects into budget support. The French support has been taken into account but does not fit in a basket, because of its 'tied' nature. The monitoring and reporting mechanisms are largely dictated by EU procedures. DFID and RNE have agreed to follow these guidelines. Over the years, the EU has supported the development of a sophisticated M&E system, which is fully operated by DWAF. This makes monitoring mechanisms up to standard and will barely create extra administrative burden for DWAF.

One of the constraints of working in the SWAp can be the lack of possibilities for earmarking.
Development priorities will be set according to the preliminary negotiations between donors and recipient government but the implementation phase may well turn out to marginalise certain aspects. Specific and qualitative small local iniatives are ideally sufficient for the policy dialogue to address these issues. But in practice, especially on themes like environment and gender, concrete earmarking may have more effect than policy dialogue.

As per policy, the EU allocates 25% of its funds to NGO capacity building. This can only be done by earmarking the support. The government of South Africa has asked the RNE to allocate 20% of its funds to gender related activities in the sector. Part of the solution on how to reconcile the focus on gender without earmarking in a basket, is the RNE funding of the NCWSTI and IRC project on gender curriculum development, which will feed back in to the WSS Programme.

Support of small donors literally drown in the pool of funds when multilateral donors are in the same basket. Often, though, the added value of a small donor is not a monetary one but rather in flexibility and niche activity, like for instance facilitating transfer of Dutch expertise in the water sector or financing pilots slightly outside the scope of the programme. It is expected that the Department of Water Affairs will appeal to the Embassy to fund certain initiatives outside the water services programme, like Human Resource Development. Such activities could be undertaken outside the basket, through Sectoral Budget Support or additional activities. This means that less funds will be allocated to the basket.

Budgetary support generally implies that procurement procedures of the recipient government apply. In the case of South Africa strict tender procedures and low thresholds have a stalling effect on progress. Therefore, DWAF often requests donors to supply ad-hoc technical assistance. Although this option can relieve frustration for the DWAF, donors feel that this is not a structural approach to address the Department's needs. The national procedures should be adhered to as much as possible. The resistance and complaints of government departments have already caused the national tender rules to be amended. One of the interim solutions currently being discussed with the DWAF and donors is the issuing of an international tender for a framework contract which is used as a call-down facility for technical assistance. In this way, one umbrella tender will avoid having to tender for every consultant appointed.

Steps towards a full SWAp:

- Agree with the DWAF and donors on a fixed management structure for the sector, ideally embedded in the DWAF and/or Department of Provincial and Local Government management structures. Donors could participate periodically in management meetings for policy and implementation dialogue.

- DFID to shift gradually from project approach to budget support.

- Discussion with the Auditor-General to satisfy audit requirements of the EU without adding extra administrative burden.

- To bring about coherence in the donor programmes and activities running in other provinces in the area of water services and local government.

- Preserve ownership of key stakeholders at local level and full involvement of other line departments throughout the programme.

Country paper Yemen

Country background

The Republic of Yemen was founded in 1990 after the peaceful unification of the Yemen Arab Republic (YAR, also known as North Yemen) and the People's Democratic Republic of Yemen (PDRY, South Yemen). Ali Abdullah Saleh, the former leader of North Yemen, became the president of the unified Yemen. A constitution was adopted in 1991, but separate armies and security forces were maintained. Multi-party elections were held in 1993, although the results were heavily contested. A coalition government consisting of the General Peoples Congress (GPC), the Yemeni Socialist Party (YSP) and the conservative Islamic Reform Group (al-Islah) was formed. It was the first multi-party election on the Arabian Peninsula, and the first in which women were allowed to vote. In May 1994 civil war broke out between the North and the South. The fighting lasted over two months and produced thousands of casualties, as well as major economic and infrastructural damage. It resulted in the defeat of southern secessionists and the survival of unified Yemen. After the civil war, Saleh was re-elected president to serve a five- year term in office, which will end in 1999. He appointed a new cabinet leaving out the YSP, which mainly represents the South. The constitution was revised and amended in September 1994 declaring Islamic religious law as the basis of all legislation. The economy has since been market-based (Demko, Navarro et al. 1998).

Demography ● 1

Yemen is located in the South of the Arabian Peninsula, with a long coastline along the Red Sea and the Gulf of Aden.

● 1

Surface:
over 530,000 square kilometres (FAO 1994).
Population:
16,294,283 in 1997 (WHO 1999). Ethnicity: predominantly Arab population with small African-Arab and South Asian concentrations in coastal areas.
Urbanisation:
about 34% of the population live in urban areas (United Nations Development Report Office 1998).
Natural population growth:
3.3 % (CIA 1999) Total fertility rate: 7.6 live births per woman (United Nations Development Report Office 1998).

Economy

Yemen, one of the poorest countries in the Arab world, reported strong growth in the mid-1990s with the onset of oil production, but was harmed by low oil prices in 1998. Yemen has embarked on an IMF supported structural adjustment program designed to modernise and streamline the economy, which has led to foreign debt relief and restructuring. Yemen will work in 1999 to maintain tight control over spending and implement additional components of the IMF program. The high population growth rate of 3.3%, internal political dissension, and continued low prices make the government's task especially difficult (CIA 1999).

The gross national product (GNP) is 4.0 billion US$, which corresponds to US$ 260 per capita per annum (United Nations Development Report Office 1998). Average annual GNP growth rate is 3.5% (WHO 1999). Farming and livestock raising (sheep, goats and cattle) constitute the chief livelihood for most of the population. Grains, fruits and vegetables, coffee, cotton and the domestically highly valued qat are important crops. Oil and the fishing grounds of the Arabian Sea are among Yemen's greatest natural resources in addition the country has gas, zinc, lead and other minerals.

Modern industry is mostly small in scale, the petroleum refinery at Aden being an exception. Yemen imports considerably more than it exports and relies quite heavily on foreign assistance to offset its trade deficit. Principal exports include crude oil, refined petroleum products, textiles, hides and skins, coffee, vegetables and dried fish. Some of the imported products are consumer goods, textiles, grain, flour, sugar and other foodstuff. Foreign debt balance is considered to be manageable, so Yemen is not on the HPIC list.

Social indicators

The GDP per capita (purchasing power parity) is US$ 740. 34 % of the population is considered poor according to national standards (WHO, 1999). 30% of the adult population in un-employed (CIA 1999).

Yemen's constitution grants all citizens the right to education, but the country's educational system fails to reach a large part of the population, especially women. The illiteracy rate is 53% among women and 26% among men (UNICEF 1998).

Primary school enrolment rates are 73% for boys and 39% for girls (UNICEF 1998). Male secondary school enrolment ratio was 37% (1990-1995; UNESCO data), against 9% amongst females.

In urban areas 88% of the population has access to safe drinking water against 7% in rural areas. On average, 51% of the population has adequate excreta disposal facilities available (WHO 1999).

Water sector

Key indicators

The scarcity of water in Yemen is one of the main constraints facing the water sector. The Yemen total annual renewed water resources are estimated at 2.1 billion cubic meter. With a population of 16 million, available resources thus amount to little more than 130 m^3 per person per year. This compares with the Middle East and North Africa average of 1.250 m^3, and the worldwide average of 7.500 m^3. According to the world wide norms domestic uses alone require up to 100 m^3 per person per year, and food self-sufficiency require 1000 m^3. Therefore, Yemen is a water-scarce country. Furthermore, resources are unevenly distributed too, 90% of the population has under 90 m^3 per person annually. The ground water recharge is about 60% of the renewed resources. About 90 % of country water is used for agriculture with efficiency of 20%-40% . While the domestic water is approximately 5% and 2% is for industrial and commercial purposes. In the urban water supply networks losses are estimated between (15-50)%.

This situation led to the over exploitation of the groundwater. Some aquifers were become totally dry (Sadah). In Sana'a the ground water discharge is estimated about 400% of the recharge. The drawdown of the water level is average of 4 meters per year. In the costal areas sea water intrusion is one of the major threats to the ground water.

Lack of public awareness and information campaigns and community participation in the planning, preparation, implementation and eventually operation and maintenance of the water supply and sanitation systems are considered as major constraints.

Sector Legal Status

The presidential decrees, establishing various institutions, are the institutional/legislative foundation for the water sector.

The Government adopted in 1999 the "National Water Strategy" which will be supplemented with a set of policies to help achieve its objectives. Irrigation policy was approved by the cabinet in early 1999 and the Watershed Policy was approved in 2000. Both policies were prepared by the Ministry of Agriculture and Irrigation in collaboration with the National Water Resources Authority and other concerned authorities.

The Draft "Water Resources Law" was approved by the Cabinet in February 2000. The Draft Water Law is debated at present by the Parliament. Both Gender and Poverty receive specific attention in the water laws and policies.

Currently the parliament is looking into the possibility of merging the Draft Water Resources Law with the Draft Irrigation Law.

Considering the Draft Water Resources Law as a frame-work law whilst giving the Draft Irrigation Law the status of a by-law is one of the considerations.

Water and Sanitation Management Structures

The water sector is managed by public and private sectors. The public sector comprises the following main institutions: Ministry of Electricity and Water (MEW), Ministry of Agriculture and Irrigation (MAI), and the National Water Resources Authority. The National Water Supply and Sanitation Authority (NWSA) for urban water supply, the General Authority for Rural Electricity and Water (GAREW), The Sana'a Water Supply and Sanitation Corporation and the Aden Water Supply and Sanitation Corporation are under the Ministry of Electricity and Water, while the General Department for Irrigation is under MAI. **Figure 1**

In general, water institutions suffer weak structures, lack of policies, their staff are not motivated, duplication of tasks and mandates, overstaffing and lack of interactive coordination in an integrated manner.

As part of the measures being taken to address serious problems in water supply and sanitation, the Government is radically reforming the urban WSS sector, Cabinet Resolution No. 237 of 1997 sets the reform principles and policy framework. The objective is to make the sector financially sustainable and responsive to consumers needs. As a result of this reform process, the following has been achieved:

- The decentralization of 50% of the NWSA branches. The establishment of the Sana'a Water Supply and Sanitation Corporation as an autonomous corporation. The establishment of the Aden Water Supply and Sanitation Corporation including six sub branches. An amount of 6 million Euro was allocated by the European Commission for the technical and institutional support for the newly established Aden Water Supply and Sanitation Corporation and its six regional/sub-branches.

- Preparations are underway for carrying out a study for the redefining the future role of NWSA as a regulator and/or specific service provider for the autonomous Water Supply and Sanitation Corporations.

- By Republican Decree No. 1 of 2001 the Hodeidah Governorate Local Water Supply and Sanitation Corporation has been established

- Al-Mukallah NWSA has been established recently and preparation are underway for giving autonomy to the Wadi Hadramout NWSA Branch as an independant Local Water Supply and Sanitation Corporation.

Preparations also are taking place for the following:

- process study of private sector participation
- outsourcing of some services
- next year a study, financed by the World Bank, will be prepared for lease contract for the Sana'a Water Supply and Sanitation.
- a private sector option study will be prepared for Aden and the two major NWSA branches i.e. Al Mukalla and Hodeidah.

In the year 1999, several Cabinet Resolutions were issued for the restructuring and decentralization of the General Authority for Rural Electricity and Water. In august 1999 a Cabinet Resolution was issued requesting GAREW to investigate the different decentralisation options.

Water and Sanitation Expenditures ● 2

Due to the many different actors involved in the water sector and the lack of proper information system, it is difficult to obtain the exact expenditures for water supply and sanitation.

In general the revenues are just sufficient to cover the operational costs. Decentralized Branches have established tariffs which cover operation and maintenance costs and depreciation. Improving the level of services and the efficient management will allow the water utilities to cover the operation and maintenance costs, depreciation

● 2 The annual expenditures for the Water Supply and Sanitation is as follows:

NWSA (Urban)

	1997	1998	1999	2000
Government	1,290,870	2,510,360	2,276,000	3,350,000
Own resources	35,000	25,000	84,000	----------
External (donor)	5,880,949	5,715,000	3,747,000	5,000,000
TOTAL	7,206,819	8,246,860	6,107,000	8,350,000

Source: Ministry Of Planning and Development

The above are the planned expenditures abstracted from the annual investment programs,

GAREW (Rural)

	1997	1998	1999
Government	2,830,429	2,433,298	2,276,000
External	320,000	320,000	320,000

Source: GAREW final annual financial reports

External expenditures are estimated at an average of (10-15)% of the total expenditures.

Amounts are in 1000 YR

1USD = 160 YR

and debt service. This goal is one of the main objectives of the water supply and sanitation sector reform.

Coverage

It is estimated that 45% of urban households are connected to the public water networks, and the rest of the households are supplied with water by private sector either through water networks or by tankers. Public sewerage coverage is only estimated at 20% In rural areas, half of households have access to safe water and 19% of households have access to acceptable sanitation (Source: National Water Strategy, 1999)

Netherlands-Yemeni Development cooperation Water Sector

The Netherlands Support played and still plays a key role in the restructuring of the water sector in Yemen. The Rada principles (on decentralisation) which have been developed through the Netherlands Technical Assistance to the Rada NWSA Branch in the early 1996 have contributed to the process of the water supply and sanitation sector reform. This approach has been later on adopted by the Gesellshaft für Technische Zusammenarbeit (GTZ) in the 6 NWSA Branches where the water supply and sanitation schemes have been financed by the German Government. Furthermore, these principles have been extended to five of the major NWSA branches under the Institutional Strengthening of Five NWSA Branches Project, ISFNB, financed by the Netherlands.

The main objective of the ISFNB Project is to extend the principles developed through the Dutch assistance in the National Water and Sanitation (NWSA) Rada Branch Pilot Case for decentralisation to five other major branches, Hodeidah, Wadi Hadramout, Ibb, Dhamar and Ataq.

The main project outputs:

- building of autonomy/effective decentralisation of management tasks to the target branches.
- properly functioning and improving systems and procedures for financial management, customer relation and reporting.
- increased human resources capacity through staff motivation and staff training in the operation of the water supply and sanitation systems

Urban water supply and sanitation is receiving assistance through the NWSA Spare Parts Project mainly for seven of NWSA branches. These branches are: Aden, Hodeidah, Wadi Hadramout, Ibb, Dhamar, Ataq and Al Baida. This project is aiming at making available the necessary spare parts for the proper operation and maintenance of the water supply and sanitation systems of these branches. Eventually, improving the level of services which will enable the branches to generate revenues so that they will achieve the financial viability.

Regarding the Water Resources Management, the Netherlands jointly with the UNDP and the Government of Yemen are co-financing the Sustainable Water Resources Management Program. The objective of this project is to help The National Water Resources Authority (NWRA) build its full managerial and technical capacity to ensure sustainable development of the country's scarce water resources in the immediate future.

The Netherlands are also involved since 1988 in rural water supply. Originally in the Dhamar region, and later on in the Hodeidah region, on a local level. Based on a review of 1994 more attention is given to the regional and institutional aspects (through the creation of regional branches in Dhamar and Hodeidah, and through the support in Planning and Management of the GAREW HQ). Also the integration of sanitation with the water supply got more attention.

These bilateral activities however still make a limited impact on the sub-sector as a whole, not withstanding the internal reorganisations the project made during the last two years.
The World Bank started preparing a rural WS&S project in 1997. Originally with the intention to organise a 5-year, USD 10 million credit, pilot project to test three different implementation models, this idea has been changed over the years to a 5 year, US 15 million credit, implementation project.

One of the objectives of this project is to assist the Government of Yemen in the elaboration of a policy and strategy for rural WSS&S which can form the basis for a multi-donor sector approach. The number of important donors in this sub-sector is now very limited (the Netherlands, Japan).

The fifth phase of the Support for Rural Water Supply and Sanitation Project (SURWAS) started in 1996. This Phase includes, besides the implementation of village schemes, the establishment of regional Branch for GAREW in Hodeidah Governorate and a Planning and Management Activities (PMA) in GAREW HQ to assist GAREW in restructuring, decentralization and contributing in developing policies and strategies.

The Surwas method is to involve the community from as early as possible in implementation process to determine with them the configuration of the facilities and their physical contribution in the implementation. Main elements of the process are:

- raising their hygiene conditions through promotion of better hygiene practices and raining of local hygiene promoters to ensure that the new facilities are effectively improving the living conditions of the villagers as far as concerns water and sanitation;

- establish reliable and well performing committees to manage and operate the facilities through training for operation and maintenance and training on the financial management skills. The committees are established in such a way that they can obtain legal status with the performance obligations related to that status;
- a technical configuration based on easy operation and maintenance through material and equipment choice, comfort raised by including house connections whenever this is feasible and possible with regard to well capacity and a service level with the application of water meters that inspires them to pay regularly for their actual consumption.

The SURWAS approach can briefly summarised as giving the communities the facilities and skills that enable them to operate a water and sanitation system independent from outside assistance.

Support from Other Donors

The following are the major donors for the water sector:

- ○ Royal Netherlands Government
- ○ German Government (KfW and GTZ)
- ○ The World Bank
- ○ United Nation Development Program, UNDP
- ○ Arab Fund for Social and Economical Development AFSED
- ○ Islamic Bank for Development
- ○ The OPEC Fund
- ○ Government of Japan
- ○ The European Commission

It has become a common approach by donors to improve the capacities of the water institutions, but the SWAp is not yet accepted by donors, also basket funding is not possible. The most active donors in this aspect in addition to the Netherlands are Germany, World Bank, UNDP and European Commission.

Co-ordination between donors is carried out through donor coordination periodic and occasional meetings. In general, the meetings normally involve the active donors in the country: The Netherlands, World Bank, Germany, EC and UNDP. The present coordination is relatively effective. More effective coordination is needed.

Sector Constraints and SWAp

The Embassy has started the preparations for the Sector Wide Approach analysis. It has been started with the National Water Resources Authority (NWRA) and the General Authority for Rural Electricity and Water. A set of questions for the general institutional and organisational analysis were selected. These questions were initially difficult to understand by the selected authorities and

although after several meetings they were able to briefly answer them. An Institutional and Organisation Analysis (ISOA) training is needed for these institutions

The major constraints and weaknesses which may affect the implementation of the sector wide policy to water and sanitation in the country are:

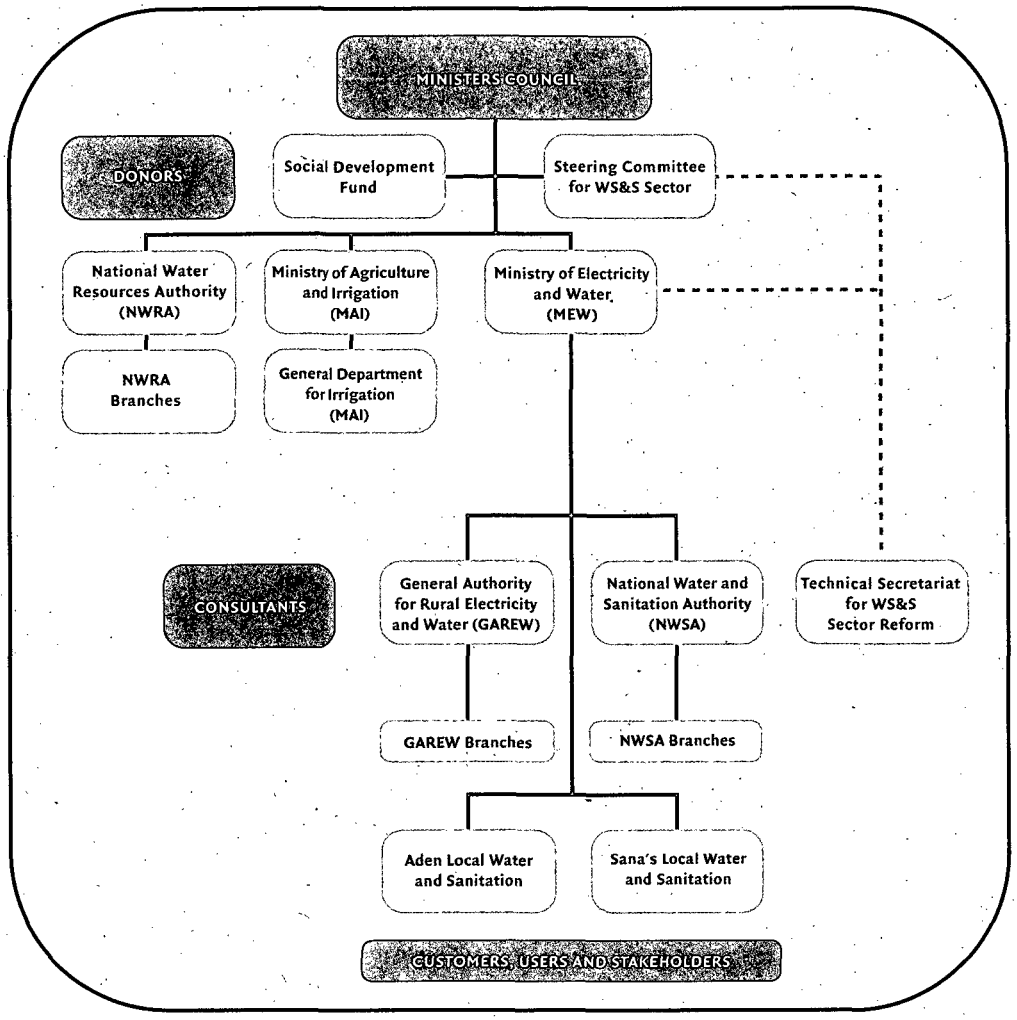
- Lack of clear and defined policies
- weak structures of the existing institutions
- duplication and overlap of functions and mandates
- lack of interactive coordination between institutions
- centralisation
- lack of motivated staff
- external factors such as the financial management, enforcement of laws and regulations and the law of civil service with the remuneration.
- lack of resources for the investment in the water supply and sanitation
- other donors are not interested to work within the scope of the SWAp

Capacity building and institutional strengthening are the major interventions which could be addressed and achieved through the SWAp.

We are still very far from programme budget support or sectoral budget support. Programmes of supportive activities are needed to build up the institutions and capacities. Nonetheless continuation of Dutch support to sector reform for both urban- and rural water supply and sanitation and Dutch involvement in policy development for rural water supply and sanitation are clearly moving in the direction of SWAp.

Figure 1

Organogramme of the water sector in Yemen



Country paper Bangladesh

Country background

Bangladesh crossed a river of blood to achieve independence from Pakistan in 1971. The war of independence left its mark. The physical infrastructure was in shambles and the economy was devastated. Near break down of law and order, and social confusion remained high. The new government set itself to asserting its authority, bringing order, re-building social infrastructure and reconstructing the war-torn economy. The international community recognized the new nation and extended a helping hand. Initial donor assistance in relief and rehabilitation gave way to substantive support in nation building. The post independence Bangladesh also saw the emergence of numerous non-government organizations (NGOs) assisting in the development of the country.

Political events of the mid-seventies and thereafter have swung the country from democracy to authoritarianism and back to democracy again. Despite adverse political situation and a bureaucracy resistant to change Bangladesh achieved progress in a number of social and economic sectors.

Economy

Bangladesh, is a predominantly rural country. 81% percent of the population lives in rural areas. About 40% of rural and 14% of the urban population live below the poverty line[3] (World Bank 2000), a reduction by almost half from 20 years ago. Per capita gross national product in 1999 was US$370 (World Bank 2000). Households spend 59% of their income on food, and 55% of children below 5 years of age are malnourished (World Bank 2000).

The gross national product (GNP) is US$ 47 billion, which has grown at an annual rate of 5.0% in the 1998-99 period (World Bank 2000). The GDP grew at the rate of 4.3 % in 1980-90 and at 4.8% in 1990-1999. The inflation rate remained at 4.5% in the Fourth Five Year Plan (4FYP) compared to 10% in the third plan period (5FYP). The balance of a payment was US$ 2 billion (World Bank 1999). The 5FYP estimate a rather optimistic GDP growth rate of 8.54% for 2001-2002. Agricultural production grew at an average of 0.98 % during the 4FYP period but its share in GDP shrank from 28% in 1990 to 21% in 1999, while industry grew from 24% to 27% and services from 48% to 52% (World Bank 2000).

Demography

With an area of only 144,000 square kilometers and a population of 127.7 million Bangladesh, is one of the most densely populated countries of the world (887 p/km^2). The population growth rate dropped from 2.4 % in 1980-1990 to 1.6% in 1990-1999 (World Bank 2000).

Urban population rose from 8% of the population or 6 million in 1970 to around 19% or 24 million in 1999.

Water sector

Management Structures

The Ministry of Local Government, Rural Development and Cooperatives (MLGRD&C) is responsible for the water supply and sanitation (WSS) sector. The Department of Public Health Engineering (DPHE), an agency of the Ministry, develops water supply and sanitation facilities in the rural areas, upazila (sub-district) towns, pourashavas (municipalities) and Rajshahi and Khulna City Corporations. DPHE has supervisory staff at zila (district) and upazila levels and is represented at union parishad levels by tube well mechanics and masons.

The Local Government Engineering Department (LGED) is another government agency responsible for infrastructure development throughout the country. Though LGED is not formally responsible for WSS, the national sector policy recognizes its role in urban water supply and sanitation. It implements urban WSS activities as components of infrastructure development projects.

Water and Sewerage Authorities (WASAs) are responsible for WSS in Dhaka and Chittagong. Dhaka WASA develops and manages water supply, sub-surface drainage and water borne sewerage. Chittagong WASA deals only with piped water supply. WASAs are semi-autonomous bodies yet in matters of policy, staffing, or fixing of water tariff, WASAs have little authority. As a precondition to an IDA credit, the government has recently brought about reforms that give autonomy to Dhaka WASA in policy decisions.

The four City Corporations develop and maintain drainage; solid waste management and hand pump water supply. Except for Dhaka and Chittagong, the other corporations maintain and operate water supply systems that DPHE or LGED installs. City corporations are also responsible for on-site sanitation.

At the local level the pourashavas manage water supply and sanitation. The 217 pourashavas are responsible for development and maintenance of social services and physical infrastructure in municipal areas. They collect and dispose solid wastes and have a mandate to maintain a sanitary environment. The pourashavas' role in the disposal of human excreta is largely limited to maintenance of trenching grounds. They have limited management and financial capacity and technical competence to operate water systems or to undertake community development and social mobilization. Upazila and union Parishads (councils) play a peripheral role in water and sanitation service delivery in the rural areas. The upazila and

union water and sanitation committees cooperate with DPHE in delivery of services, social mobilization and hygiene promotion. Water and sanitation provisions of the upazila centers are the responsibilities of the upazila parishads.

Non-Governmental Organizations (NGOs) are also active in WSS sector. Numerous training NGOs support thousands of smaller NGOs at local levels. The NGO Forum, an apex NGO, assists 500 plus "partner" NGOs in hardware support, advocacy, networking, institution building, training, information, research, evaluation, and monitoring.

The private sector has been responding well to the demand that the government WSS program stimulates. Private handpumps comprise 71% of all rural and 88% of all urban handpumps. Sanitary latrines are mostly private. Latrine components, handpumps and spares are widely available with the private sector. More than 60% of the latrine production centers in the country are private.

Most donors support the WSS sector. UNICEF, SDC, DfID, IDB and UNDP primarily support the rural program. UNDP, IDA, ADB (Asian Devlopment Bank), World Bank Water and Sanitation World Bank, Danida and WHO assist both the rural and urban activities while the Dutch and JICA (Japan International Development Agency) work only in the urban areas. External Support Agencies (ESAs) also support NGOs for a wide range of WSS activities including improving access to services.

Planning and implementation in the sector is largely a supply-driven, top-down and target oriented process. Success is evaluated in terms of physical achievements alone. Input of user community or pourashava in planning, implementation or management is minimal, not enough to instill a sense of ownership for the systems.

Planning lacks a holistic approach and is not based on any sector plan or strategic framework. Duplication of effort, misplaced priorities and mutually contradictory, donor driven strategies are common. The government has adopted a national WSS sector policy in 1998 but sector strategy and sector development framework to operationalize the policy are largely absent. The ministry has instituted a unit to oversee policy implementation, evaluation and monitoring. The unit, however, has insufficient manpower and resources.

Legal Provisions

Except for Ordinances for the WASAs, there is no separate legislation for WSS sector. However, water supply and sanitation figure in most legislation on local government and environment. Prevailing rules and regulations require local governments to provide water supply and charge payments for WSS services. Pourashavas and upazilas have the authority to fine any person or household contributing to

unsanitary conditions and may even remove, at owner's expense, any structure that leads to unsanitary conditions. Municipalities are at present unable to provide alternatives to unsanitary practices or enforce the regulations.

Property owners are required by law to maintain a sanitary environment in and around their property. Houses/buildings within 30 meters of Dhaka WASA sewerage mains must pay sewerage rates and users must pay water and sanitation service rates that pourashava, city corporation or WASA impose.

Although municipal governments have the authority to regulate water quality of private and public supplies, there is no agency with legal power to monitor or enforce compliance to a minimum standard of water quality.

Despite the growing problem of groundwater overdrafts during the dry season when farming requires irrigation, there are as yet no legal instruments to control extraction rates in rural areas. Seasonal use of groundwater for irrigation lowers the water table below the reach of suction handpumps, rendering many domestic handpumps dry. Pourashavas, city corporations and WASAs have the legal right to control the installation of new wells within their jurisdiction.

Sector Finance

Public outlays for water and sanitation steadily dropped between 1973 and 1990, from 2.48% to 2.14% to 1.25% of the budget in first three successive Five Year Plans (FYPs). The 4FYP (1990-1995) allocation was 1.41% and the 5FYP (1997-2002) is 1.97%. The allocation for the WSS sector in the 2000-01 annual development program (ADP) is US$ 82 million or 3.95% of the total program.

Resource allocation is skewed towards the urban sector in general and water supply in particular. Rural areas with 83 % of the population received just 23% of the sector investment in 1981-90. Dhaka and Chittagong alone received 42% of the total investment. In recent years the ratio of investments has shifted a little in favor of the rural areas. The current ADP allocation for the rural WSS is 29% of the total. A recent analysis of 28 on-going projects in the sector shows that 42% of the investments is in the rural areas. The resource allocation for Dhaka and Chittagong in the 5FYP is 36% of the total investment in the sector.

During the 1981-90 period 93% of the sector expenditure went to water supply (WHO 1993). Recent emphasis on sanitation has tipped the balance a little towards sanitation. An analysis of 10 ongoing projects in the sector shows an allocation of around 20% to sanitation and hygiene promotion.

From 80% of the investment in the WSS sector in 1981-90 period, donor funding came down to 60% in the 3FYP. Donor funding in the current ADP accounts for 45% of the sector investment. The 5FYP estimate the private investment in water supply and sanitation at 68% of the total sector investment. Around 59% of the private sector investment are expected to be on sanitation.

Cost recovery for services are low. In rural areas, user contribution for public pumps is around 10% of the cost. The cost of spare parts is generally borne by the users although the services of DPHE tubewell mechanics are free. Revenue in most urban water systems seldom covers the operating expenses much less amortization on capital expenditure. The water tariff does not reflect the cost of production and is subject to non-economic considerations. Services are under-priced and even these low water rates are not properly collected. The unaccounted for water in most urban areas is between 46% and 70%. The shortfall in operating expenditure is met from government grants. This discourages cost recovery and deepens the cycle of dependency and inefficiency.

Coverage

While officially nearly 96% of the rural and 50% of the urban population have easy access to safe water supply, the arsenic contamination has placed these figures in doubt. Arsenic affects about 27% of the tube wells spread over 50% of the country (DPHE 2000). About 20 million people are exposed to arsenic contamination from tube well water. The extent of the problem and effective interventions, are to a large extent still unknown (World Bank 1999). ● 1

● 1 Access to sanitation:

Urban areas (source - Danida sector review, 1996).	
Dhaka	73%
Chittagong	48%,
District towns	38%
Thana towns	22%
Rural areas	30% (source - Bangladesh bureau of statistics 1994)

Despite substantial progress, services, particularly in urban areas, has been inequitable. The access of urban poor to WSS is deplorable. The absolute number of urban population without services is on the rise.

Dutch Bilateral Support to the Water and Sanitation Sector

The Netherlands' involvement in the WSS sector started in the 1970s with a focus on water supply in the district towns. Initially the Dutch support emphasised hardware provisions such as rehabilitation and extension of existing facilities. The eighties saw a general realisation that physical facilities alone was not a sufficient precondition for improvement of health. Social awareness and behavioural change were indispensable for health impact of water supply and sanitation intervention. Gradually sanitation, hygiene promotion, awareness creation, user participation and institutional strengthening became integral parts of the Dutch support. The Dutch support also emphasises gender equity and services to the poor. The approach comprised basically of a succession of projects related, albeit rather weakly, to one another or what others were doing in the sector. In the 1978-1995 period, the Netherlands spent Eur 30.176.843 million in the WSS sector. As a proportion of the total donor assistance Bangladesh received during the same period the Dutch support to the sector is insignificant.

The most recent of the Dutch support, the 18-District Towns Project (18-DTP), focussed on water supply, sanitation and drainage, hygiene promotion and institutional building to improve the pourashavas' capacity in finance, management, O&M of water systems and hygiene promotion. The project made a conscious effort to reach the unserved and involve users (especially women) at all stages of project planning and implementation. The total Dutch support to the 18-DTP was Eur 22.189.853 million. The contribution to the third phase of the project was Eur 10.482.323 million of which only 13% went to sanitation and hygiene promotion. The project achieved most of the physical targets but success in behavioural changes among users and sustainable institutional improvement in pourashavas was partial. This is mostly due to reluctance or inability of the government to formalise the institutional changes at the local level.

Support from and Coordination with Other Donors

Coordination of sector development should be a government function. Unfortunately the government does not have the capacity or a sector development framework for coordination. As external assistance from bilateral and multilateral donors currently amounts to about 45% of investment in the sector, it is essential that the donors cooperate with each other in assisting the government to define appropriate policies and to find areas in which donors can support each other and the government. The WSS sub-group of the Local

Consultative Group (LCG), which the World Bank chairs, provides only a semblance of sector coordination.

The past practice of embarking on major investments and hoping that policy and institutional improvements could be secured in parallel has not worked. Past poor performance by government in meeting financial objectives has been encouraged by the willingness of donors to continue funding activities despite defaults.

Sector Constraints and SWAp

The WSS sector faces many inter-related constraints pertaining to institutions, decentralisation, finance and mobilization of resources, capacity in management, planning and policy analysis. Building appropriate institutions that responds to user demands and aspirations would require commitment of the government to reform institutions, decentralize decision making, build capacity and involve users in planning and implementation of services. The government recognizes the need for change. Gradual changes are discernable, but they fall far short of an active strategy to bring about the requisite changes.

The absence of a sector development framework and a mechanism to coordinate development constrain sector wide approach to planning (SWAp). The adoption of the national sector policy is only the first step towards formulating a development framework. In the absence of a development framework for the sector as a whole, Danida has shifted from project-based to a program-based approach. All Danish support to the sector are components of a single program. The guiding principles of this program conform to those in the national sector policy. The Institutional Development Component (IDC) is one of the components of Danish support. The IDC will work with the government to bring about institutional changes and evolve strategies to implement the policy. It will assist in formulating a sector development framework that may be a basis of sector development and coordination. The sector development framework may well be the foundation of a sector program, which the donors may support. Though this may lead to a Sector Wide Approach to Planning, past experience has shown that institutional changes and reforms are not easy. Changes in government are evolutionary. It may take a while before a sector development framework becomes a reality!

Country paper on the state of Guyarat in India

This paper was not presented at the workshop, and does not follow quite the same format as the other papers

Country background

India is, population wise, the second largest country in the world and the largest democracy. On 15th August 1947 India and Pakistan became independent from Britain. India is a federal republic of many peoples. It has 850 different languages and its national statistics mask a great divergence. The country consist of 25 states and 7 Union Territories. Gujarat is one of the 25 states. It is located in the north-western part and consists of three major parts: the central main land (47%), the peninsula of Saurashtra (35%) in the south east and the Ranch of Kutchh (18%) in the north west. The latter is a semi-desert area on the border of India and Pakistan. From the tenth to the thirteenth century, it was a kingdom under a Hindu dynasty; Moslim sultans ruled till the 16th century.

Demography of Gujarat

At the 1991 census, Gujarat had a population of 41 million people, 5 % of the total population of India. Administratively, there are 58,600 communities with a Gram Panchayat (elected council), which constitutes the lowest level of government. The state has 264 towns and has a higher degree of urbanisation (35%) than the national average (26%). With 934 women to 1000 men the sex ratio was slightly higher than the then national average of 927.

Social indicators of Gujarat

Female literacy was 51% in 1991, but varies greatly per region: in Banaskhantha district, in the dry north east, it is 23%. Fifteen percent of the population is tribal and seven percent belongs scheduled casts. Seventeen percent of the population lives below the poverty line. Malnutrition among under fours, as indicated by weight for age, is 50%. One third of the children have not been fully immunised by the age of two. The under five mortality rate is 104 children per 1000.

Economy

Since its independence, India has known a national plan economy, which stressed industrialisation and the development of the agricultural sector. In 1996, 70% of the population worked in agriculture. The green revolution followed after a food crisis in the mid sixties, when two consecutive harvests failed, and brought self-reliance in food production. Financially, the policy of protectionism and a socialist plan economy for industrialisation led to an economic crisis. In 1991, the economy was liberalised. Although progress has been made, a number of sectors, including those of infrastructure, continued without much change. Of the 900 million people in India in 1996, only eight million paid tax.

The economy of Gujarat is a mix of agriculture and industry. Sixty five per cent of the population is rural and works mainly in the agricultural sector. The state is renowned for its development of a dairy industry, operation "White Flood". The National Dairy Development Board in Anand runs a nation-wide network of district level milk cooperatives. Because of the limited rainfall (976 mm per year) and the absence of any perennial surface water, there is a heavy dependence on groundwater. Over abstraction for irrigation is leading to increasing problems of declining groundwater tables, salinity and high fluoride contents.

Water and sanitation

Water supply and sanitation management

The Gujarat Water Supply and Sewerage Board (GWSSB) is officially responsible for all capital works of rural and urban water supply. It has three zonal offices, headed by chief engineers, circles, headed by superintending engineers, and divisions, headed by executive engineers, as well as a mechanical wing under a chief engineer and a geo-hydrology wing under a superintending geo-hydrologist. The Board is headed by a chairperson, who is appointed by the government and has full power of decision making. The responsibility for operation and maintenance rests with the local bodies, viz. Municipal Corporations, municipalities and Gram Panchayats (village councils). However, in practice the GWSSB handles all O&M of the regional rural water supply systems and handpumps. The GWSSB has handed the responsibility for rural sanitation to the Environmental Sanitation Institute (ESI). ESI delegates the actual construction, which includes meeting certain quality norms, and installation in below poverty households, to local NGOs. These get their costs reimbursed completion and inspection of a batch of 15 latrines. The GWSSB uses a supply driven approach in both water supply and sanitation. Users are not involved, and financing is by the state. For sanitation, there have been many schemes, which have provided latrines free, or on a 10% or 20% cost contribution basis. The major target group is the urban poor, which constitutes an estimated 69% of the urban population. In the rural areas, the official model is the double pit, pour flush latrine, a model originally designed for urban areas, which has been the single national latrine model in the whole of India from the early 1986s to the late 1990s. There has been no user choice in the type and design of latrines and type of co-financing, no participation of villages in latrine program planning and implementation and no ongoing monitoring at village level on whether installed latrines are used and kept up. A nation-wide discussion on rural sanitation has led to a much more flexible policy.

In the 1980's, a socio-economic wing was established in the GWSSB under the Netherlands' assisted project to help integrate community participation in planning and operation, maintenance and manage-

ment of rural water services. Cooperation with local NGOs and Research Institutes began at the same time, focusing on introducing community participation, health education and enabling women to enhance their productive use of water and time gains and their voice in water planning and management. These initiatives caught on very slowly, but trust has gradually developed and cooperation has started on a modest scale.

Water resources management

Gujarat faces serious water resources problems. In the Saurashtra peninsula and in Santalpur in the north-east, there is a perpetual water scarcity during summer due to low rainfall. The coastal Kutch area has problems of saline groundwater. The mainland faces increasing water shortage, due to rapid urbanisation (now 35%, against a national average of 27%) and intensive industrial and agricultural activities. The water table is declining at a worrying rate in many areas

Gujarat has a water resources act, but control on its application is low. Groundwater extraction has multiplied through the installation of many electric irrigation pumps and the heavy subsidisation of electricity. Recently, however, the electricity tariffs have been raised. To address the water shortage, the state places its faith in major inflows of freshwaters from the mega-dam projects at Narmada and Kalp-Sarovar. The construction of the Narmada dam is contested, because of its possible negative environmental impacts and the displacement of many poor people, whose adequate compensation has not been ensured. In comparison with new construction, attention to improved distribution through better management and use of the available freshwater and local harvesting of rainwater is low. In the latter, the policy is to construct checkdam as drought relief through contractors, with the emphasis on reaching financial and quantitative targets, and not quality and durability of the works. Communities participate as emergency relief labour, not as future owners and managers and there is no water management planning and implementation component.

Water supply and sanitation coverage

Officially, 98% of the rural population of Gujarat is served by safe drinking water and 11% by safe sanitation (1991 census). "Served" means that there is minimally one safe source of drinking water for 150 people within one km. Monitoring data from UNICEF give a coverage of water supply of 96% for urban areas and 74% or rural areas. The same source gives a sanitation coverage of 15% in rural areas and 70% in urban areas. A survey by NCAER in 1994 gave a rural sanitation coverage of 22%. The reason is that many rural households do not install latrines under subsidized government programs, but build their own with 100% private financing. There is

thus a considerable scope for demand-responsive sanitation. So far, there is no verifiable method of determination that the criteria for water supply installation have been met and there are no standards for the actual delivery of this water over the year during at least a minimum of scheduled hours. The gap in the theoretical coverage and actual use is therefore considerable. The same goes for sanitation, where it is not known whether latrines installed with 80-100% state subsidy are actually maintained and used.

Indo-Dutch cooperation and SWAp

Cooperation between Gujarat and the Netherlands began in 1978 with the construction of the water supply of Santalpur. This was purely a construction project. In 1987, three projects were undertaken, the expansion of Santalpur, and Lathi-Lilya and Sami Harij. Despite many efforts for a greater say and contributions from and accountability to the local users, the projects remained fully controlled by government and installed and managed by engineers with a technical, and not a service perspective. A new project, Ghogha, has been planned differently and involves the development of the existing water resources

and supplementing them with new construction to the extent needed, in close cooperation with the communities concerned. The Santalpur project in Banaskhantha district had a special economic component added, enabling poor women to use the water and time gains in this dry area for domestic production (dairying, craftwork, tree plantation, gum collection, salt production). A recent comparative study showed that in cases with a more accessible and reliable water supply, a higher income is achieved and gender relations changed and that breakdowns mean economic loss.

The Netherlands Minister for Development Cooperation in 1998 initiated the re-orientation of the overall Dutch programme aid. A screening of states and selection of sectors based on GAVIM considerations should be completed only in March 2000. The policy for re-aligning of Dutch aid is based on the commitment of the recipient countries to policies conferring with the principles of the Sector Wide Approach programme, which are:

a) Adherence to GAVIM requirements,
b) Sectoral concentration rather than isolated sector implementation projects and
c) Coherence with the recipient countries' own policies and poverty reduction strategy guidelines.

In Gujarat, the Government initially selected Mother and Child and Mental Health, the District Primary Education Programme and Gokul Gram as preferred sectors for cooperation. Water was added after the core group for Gujarat in the Dutch Embassy had met with NGOs and

a number of research institutes and briefed the Government of Gujarat (GOG) on the preference of civil society for sustainable water management as a priority sector in the state[4]. In a letter dated 20/12/'99, the Government subsequently indicated its priority for water as a sector for future bilateral cooperation and suggested the deletion of Gokul Gram. In a meeting with the Netherlands Ambassador on 02.03.2000, the Gujarat delegation re-confirmed their choice for Netherlands assistance in the water sector.

The sectoral focus of the Netherlands development cooperation programme is determined by the state's own priorities. In the water sector, the reform of the water sector policy is becoming a major issue on the government agenda. In the context of the current water crisis, caused by the second year of failure of the rains, there is a growing receptiveness to changes in water resources management, such as linking and re-defining institutional settings, allowing a greater role for NGOs and research institutions, considering organisational reforms and linking water sector development to socio-economic change. The Gujarat government gave the following reasons for including water in the Sector Wide Approach Programme with the Dutch Government:

- The theme of the programme is the need for a paradigm shift towards water resources management and use, based on lowest-level management and a demand-driven approach, with women at its centre. Both water supply and sanitation are predominantly seen as a responsibility of women.
- Because of the long Dutch association with the water sector in the state and the sharing of the achievements and failures of the past by both parties, a consistent message has been internalised within the counterpart organisation.
- There is widespread recognition within the GoG for the interest in water in Dutch policies.
- The Dutch supported programme allows for flexibility & innovations and supports developing local institutions, traditional practices and alternatives.
- NGOs were involved for the first time in Dutch RWS projects, which resulted in the integration of hygiene and health aspects in water supply projects. It has proved effective to involve NGOs, at the same time improving their capacities.
- The Rural Water Supply and Sanitation Program (RWSS) Ghogha has introduced water conservation and effective use through local water management by gender-specific community organizations. Water conservation and harvesting will also be the focus of the future water supply programme, which should eventually grow into a full-scale integrated water resources management programme (IWRM) and be a guidance programme for alleviating water scarcity problems, especially during drought.
- There is a strong political will in Gujarat to pursue sectoral

reforms. The endeavour of the Government of Gujarat to take up the restructuring of the water sector is a step forward and offers a new "enabling environment".
- In spite of complexities involved in operationalisation of the Panchayati Raj institutional system, the state trend is towards decentralising budgetary control to local government.
- There is a phenomenal increase of 700% in Gujarat's own budget reservation for the sector in the allocations of the 8th Five Year Development Plan (1997-2002).

Integral components in the new programme will be attention to good governance, institutional development and gender, preservation of the environment, and reduction of poverty.

Good governance

Gujarat is struggling to look at possibilities to change existing institutions and make institutional set-ups responsive to implement a village-based and demand-driven approaches in rural water and sanitation services. There is an interesting potential to incorporate reforms and increase the delivery, sustainability and use of water supply and sanitation. Opportunities to put a more effective delivery mechanism on the rails appear to be promising. This includes a growing support for a system of check and balances provided by civil society, the media and legislation. Panchayats will be made aware of their power and potential to manage local development, with drinking water supply as the basic point of entry and a key theme.

As part as the operationalisation of the drive for good governance, the new sector-wide approach programme in the water sector will include linking the water programme with a programme, in which local NGOs prepare the Gram Panchayats, and especially the 33% women panchayat members, for decentralised management of local development activities and services. Other envisaged foci in the cooperation are the strengthening of the monitoring of quantitative and qualitative progress in the water sector and giving support to the Gujarat Government to incorporate a transparent system of financial management and procurement, which harmonises efforts for effective, time-bound procurement. This harmonisation shall be undertaken jointly with other like-minded donors, if any, likely to be involved in the sector in the state. A participatory approach will be aimed at, to become part and parcel of the partner organisations and leading to an increased impact and sustainability of new concepts of development.

Impacts on/from Women and a Gender Approach

Most relevant officials in the GoG are aware that when water projects are successful, women are the real beneficiaries and that the participation of women is a condition for water interventions to be successful and effective. Because of that and a number of other reasons

(Water points are meeting places for women, cast issues in water supply), designing and commissioning a water supply project is no more seen as only an engineering endeavour only.

Experiences with the involvement of women in decision-making in the sector will be included in the sector paper of the GoG. Therefore it can be expected, and will be monitored, that efforts in the sector will also help empower women by seeking their greater participation and representation in the management of community affairs. In addition, interventions will be focused on bringing in social justice within the framework of social auditing/ marketing, and thereby better safeguard the interests of the other deprived sections of the society.

Yet to be included is a gender approach, which addresses and monitors how participation of women, and especially women in poor and deprived sections of the population, will develop in relation to participation of men, and of women in other, less-deprived community groups. This gender approach should prevent that, while poor women contribute more time, labour and effort to water planning and management and hygiene, men and better-off households do not contribute their equitable share. Planning and monitoring of a gender equity approach in participation, and in the use of participatory tools and methods, helps to visualise, and so increases awareness and pursuit of, an equitable division of resources, contributions, decision-making and benefits in the various population groups and does not put burdens predominantly on women.

Institutional Capacity

GoG recognises that the Panchayati Raj systems should be the guiding principle for the sector programme and future projects selection. This is in complete agreement with the priorities and principles of the development cooperation policy of the Netherlands. The operationalisation of GoI's mandate and GoG initiatives on decentralisation for self governance, will effectively be pursued under the SWAp in the water sector, jointly with Gujarat. Gujarat (under guidelines of GoI) has already established on 15 April 2000 an apex committee, the "State-level Water and Sanitation Mission" represented by senior bureaucrats. Reportedly, the district level committees will be established very shortly. GoG has also taken initiative in establishing within GWSSB an advocacy and policy unit, namely the CMSU (Community Management Support Unit). The unit is supported by the Netherlands under the TA component and for GWSSB budget needs funding out of reservations committed under the Financial Assistance project. A dialogue with GoG on re-location of CMSU away from GWSSB in GoG is going on.

Environment

Under the SWAp programme, highlighting the need for proper

management of human as well as natural resources will continue. In a situation of near to non-existent regulatory mechanisms, the dialogue with the Gujarat authorities to reduce the overdrawing of water for irrigation and the competition between water for irrigation and water for drinking purposes. The programme will include efforts to address the imbalance and stress for enforcement of proper bye-laws and legislation for groundwater regulation.

Integration of sanitation and personal hygiene will continue to be the focus of any water management programme, but shift to demand-based and community managed approaches with a better balance in burdens and benefits between women and men and demonstrated access and use by all, including the disadvantaged groups. GoG's modified approach on conservation of water as an integral component of any water supply programme, provides the framework for working towards maintaining an environmental balance in the geographic area of our intervention with possibilities of replications developing in due course of time.

Impact on poverty

GoG acknowledges that on the poverty alleviation front, the state is not doing well compared with the economic development index. The poor in Gujarat are a heterogeneous group, which can be broadly classified under three categories: a) Destitute poor (widowed women or destitutes), b) Structural poor (socially discriminated sections of society and tribals); and c) Mobile poor (promising growth potential). These sections of society shall be adequately and preferably separately addressed in the design of future programmes.

Within the context of the water programme, enough and safe water and sanitation facilitates are a condition for improved health, an agent for pursuing social harmony and a means for economic improvements in the society. Linkage poverty reduction via a water supply programme is based on four basic principles:

- a better water supply and better sanitation and hygiene improves health, which reduces loss of income from mortality and morbidity and reduces household and other expenditure associated with them
- with additional inputs, and as demonstrated in recent research in the Santalpur area, access to more water and saving of time (opportunity cost) is used for productive uses within the household, especially by women and the income thus generated provides a safety net during periods of seasonal hardship and is a basis for becoming mobile poor
- a more reliable water supply reduces cost incurred by government and individuals in finding access to water through alternate means (tankers, water vendors etc)
- relief work linked with water harvesting and water management

provides an income for poor households during drought while structurally improving the water resources and resources management situation in environmental social and economical hardship zones.

Donor Coordination

The sector wide approach programme in the water sector in Gujarat will adopt a collaborative style in order to reduce the administrative burden of the programme and to increase the effectiveness of efforts. Through the PMU, a unit established centrally in Gujarat to monitor externally supported programmes, the focus will be on supporting common policies and jointly harmonising procedures and to work towards providing joint funding and shared programme management, to be extended to other like-minded donors.

Much effort has gone into the improvement of donor coordination. The water section of the Embassy in New Delhi is closely associated in discussions with the World Bank Water and Sanitation Program (WSP) and the ADB and other bi-lateral agencies DFID, AusAid etc. Nevertheless, recent developments are not leading towards donor coordination as no donors are currently associated in development (poverty alleviation) programmes except for ADB assistance made available to Indian states under the "Public Sector Resources Management Schemes" programme. The India Development Forum Convention held in Paris on 22-24 May 2000 confirmed the sanctions imposed as an aftermath of the nuclear tests in Pokhran. The only relaxation given there is for poverty alleviation programmes.

Next steps

To further develop the Sector Wide Approach Programme in the water sector, the following steps have been planned:

- An analysis of Institutional strengths and weaknesses (ISA) of GO/NGO's/Civil society, likely to be involved in water sector. A process approach of building cohesiveness between GoG-GWSSB-CMSU and NGOs-RIs will be further pursued.
- An analysis of monitoring and evaluation procedures to assess: infrastructure functioning, reliability-equitable access and perceptions, institutional sustainability, financial sustainability, the aggregates impact of the portfolio on poverty alleviation and on socio-economic status in terms of impact on health, role of women, environment preservation and promotion trends and organisational linkages, nodal agency (steering committee)-roles and goals;
- An exploration of coherence between the water sector and the other Dutch supported programmes in the state namely; Mahila Samakhya, WGWI-G and DPEP, based on principles of geo-graphic concentration and sectoral approach (SWAp);

GoG will incorporate the recommendations of the workshop from Lessons Learnt in the Water sector (25-26 April '2000) and submit a revised Sector policy document by the end of June 2000. A follow-up to establish implementation strategies and operational guidelines, based on experiences of the World Bank in UP and Kerala, is proposed.

Actions of the RNE

The RNE will consider providing necessary and sufficient policy support to GoG for the appraisal of a sector policy document for a large scale community based RWS and water conservation programme. The aim will be to establish, jointly with GoG, the implementation strategies and operational guidelines for every component of the programme separately (e.g. such as made for WB supported RWSS programme in Kerala and Swajal project (UP). GoG's submission of project proposals will follow subsequent to submission by GoG of a revised version of the sector policy document.

The step-wise plan is as follows:

- Appraise Sector policy document, explore SWAp, conduct ISA and appraise monitoring and evaluation framework;
- Field a formulation mission (GoG,RNE,RGM and maybe joined by ADB,WB-WSP, AKF and UNICEF) to establish operational guidelines and implementation strategies and also agree on future counterpart state agency (steering committee) and state coordinating structure;
- Formalise programme operational guidelines, implementation strategies and conditions and finalise water sector policy dialogue;
- Sign MOU;
- Set-up Local liaison office/ Extend TA (CMSU with provision for Ghogha monitoring staff;
- Appraise commitment proposals/Sign Grant agreement

Background to Netherlands development assistance to Gujarat

Background

The Netherlands assistance to the water sector projects in Gujarat started in 1979 and was amongst the first Netherlands project aid (infrastructure development) given to any sector in India. The Netherlands supported the Gujarat authorities, with a cumulative Netherlands contribution of EUR 29.495.714. In the initial years of project implementation, the Netherlands involvement remained confined to merely making finances available through pre-financing and reimbursement of the expenditures. Since 1987, to bridge gap between the expected quality delivery of the facilities and the active community participation, the Netherlands decided to integrate the water supply investment programme with a variety of supportive activities, involvement of NGOs (SEWA, CEE, Bansali trust, and Chetna) to promote community participation and the integration of sanitary and hygiene development programmes combined with income generation programmes, to advance the prosperity and self reliance of the weaker sections of the rural population, particularly women.

1992 Evaluations

In 1992, the Ministry's Operation Review Unit (former IOV) conducted an overall programme evaluation, which unit, where it concerns the Rural Water Supply and Sanitation (RWSS) sector concluded, apart from others that:

a) General practice to select the problem villages (identification) is characterised as a top-down approach,
b) Not until 1987, a more integrated approach was gradually introduced in some RWS schemes through donor supported Program Support Units (PSU's) - The PSU's were to function as mere temporary catalysts facilitating a gradual adoption by govt' at various levels of an integrated RWSS approach,
c) As the Netherlands financed development programme in India was found to be divided over too large number of states and over too large number of districts within these states, the programme is in urgent need of spatial consolidation.

Based on learning and findings of IOV 1992, a long term RWSS sector reform programme was initiated along the lines of India's own new Sector reform policy and also in accordance with the sectoral approach (DGIS 1998 policy WS sector). In the meantime since 1996, the Watersupply and Sanitation sector has in general focused on an austere reduction of the total number of RWSS activities (from an initial 40 in 1996) to only 4, towards the end of 2000 (1 each in 3 concentration states and 1 Socio Economic Foundation in Kerala). Such dramatic reduction became necessary to pursue further recommendation of 1992 IOV and partly to allow for drastic reforms pressingly due in the sector.

The RWS sector initiated the development of an Integrated water resources Management concept and an outline of a comprehensive Institutional structure needed for the purpose with a view to creating synergy between the existing sectors within the India programme. As a step further to reform process the OS dept's commissioning of a reconnaissance mission (Nov.' 99) for DGIS- Future Role in RWSS sector in India, eventually and naturally would have lead to a sector wide approach anyway.

May 1999 (IOB) Evaluation

In May 1999 IOB instituted an evaluation of India RWSS programme to study; Impact of Dutch RWS programmes (1988-1998) on the Institutional development was conducted to evaluate effectiveness, efficiency and the sustainability of Dutch aid to the Institutional development, which findings are summarised as:

a) There is a shift in thrust of RWS policies from a pre-dominantly sectoral, technical and construction oriented perspectives towards a more integrated one that takes into account social, economic, environmental and institutional issues,
b) Effectiveness of aid on Institutional development mainly remained confined to training and exposure visits, with no structural efforts to strengthen institutions,
c) Effectiveness of aid to organisational strengthening and capacity building was low,
d) That efficiency of aid to system development mainly involved environmental issues, Operation and Maintenance (O&M) practices and testing of new concepts and approaches and focused on community participation, de-centralisation and NGO's involvement.
e) Combination of separate projects, each of which appears to contribute to poverty allevaition, will not automatically result in a significant , long term improvement.
f) That activities should be concentarted, consistent and coherent, for example in a single sector.

India RWSS Reforms:

Given the limited performance of the earlier generation water supply schemes, the sector reiterates its firm conviction that, given budgetary constraint, Dutch bi-lateral support shall be geared more towards human resources development rather than financial resources (large infrastructure schemes).

Only recently, now that Gujarat government seems to realise that major investments in large scale physical infrastructure may not be the only answer to the notorious drinking water scarcity in Gujarat's rural areas, the authorities have recognised the significance of the RWSS Ghogha's participatory development concept. Institutional support to the project is gradually growing, project's head quarters

has been relocated from the field to Gujarat's capital to assist the government with further advocacy of the project's concepts and to arrange for expansion of the project approach to other rural areas.

The India macro policy reforms started with economic liberalisation in 1991 followed with social reforms in 1993 (decentralisation). The India RWSS sector reform process commenced in 1998 based on the principles of sector reforms issued by GoI and the GON, of course in a less adhoc manner initiated in the RWSS sector under RNE/DGIS program in 1996. The reform agenda emphasised in general terms a departure from the big infrastructure projects in favour of more locally based, resourced and sourced via community participation pilots. However, there are a few parameters to be taken into account, like the good governance, preventive measures on deteriorating environment and the delivery mechanism (institutional strengths), which supposedly are in place but for effective implementation. Obviously the overriding importance of poverty alleviation and related concepts (e.g. the position of women, the necessity of sustainable development) is another parameter, which shall guide Dutch bi-lateral assistance to the state.

What is Sectoral approach

A Shift from projects to support sector as a whole with along term commitment, programme based approach and embedding the aid in the policy framework of the recipient state. And also encourage donor cooperation and coordination. Sector is defined as ; a coherent set of activities at the macro-meso-micro level, within clearly defined institutional and budget framework, for which the govt' has defined policies. The sectoral approach is a component of overall development strtegy of a country which aims to reduce poverty.The new sectoral policy is a method which aims to improve the quality, effectiveness and sustainability of the aid provided and where , the receiving govt' and possibly other parties own and control the policies and their implementation in a sector defined by them.

Process of Sectoral approach

The Netherlands Minister for Development Cooperation in 1998 initiated re-aligning of the overall Dutch programme aid. Accordingly a screening of states selection followed with sectors selection based on GAVIM considerations could be completed only in March 2000. The Netherlands comprehensive policy for re-aligning of Dutch aid is based on recipient countries own commitments to policies conferring with the principles set out at the time of launching of Sectoral Approach (SWAp- Sector Wide approach programme), which are: a) Adherence to GAVIM requirements, b) Sectoral concentration rather than isolated sector implementation programme, c)Coherence- coherent with recipient countries own policies and poverty reduction strategy guidelines rather than fragmented approach and policies and projects and d) effective donor coordination in terms of policies as

well as management in a country which has pronounced its macro-economic and socio-economic policies. In July 1999, the lower house of Netherlands parliament approved the concentration of Aid in a limited number of countries.

The following systematic approach was followed:

a) Prior to a formal policy dialogue to be held on 12/10/1999 between RNE, GoI and GoG, the RNE core group Gujarat met NGOs and a number of research institutes on 22-23 Sept.'1999 in Gujarat. The Dutch delegation briefed the GoI/GoG authorities on the discussions with the Civil society and preference civil society of sustainable water management as a priority sector in Gujarat and a linkage the sector chosen has with the states own poverty alleviation programme. GoG apart from the sectors identified earlier (MCH and Mental Health, DPEP and Gokul gram) wanted to study the inclusion of water as a priority sector and indicated interest in a workshop; "Lessons Learnt in the Water Sector in Gujarat".
   A combined (RNE, NGO's and RI's) meeting held in mid Nov. '99 further confirmed civil society stand regarding "Water as a priority sector";
b) GoG letter dated 20/12/'99 indicating GoG's priority in Water as a sector for future Dutch support (suggesting deletion Gokul Gram);
c) Two proposals a/ Water Conservation/Harvesting project for a tribal (48% population) district of Dahod in Gujarat and b/ Pipeline network for fresh water for dry region of Saurasthra outsourced from Narmada dam (costing an approximate 1.2 billion US$) were submitted to the Embassy on 21 Feb. 2000.
d) The proposal Water Conservation/Harvesting project is based on community participation, demand driven approach aimed to bring-up the quality of life and also to contain migration.
e) Subsequent to a meeting CM Gujarat with the R in the Netherlands in early 2000 and as a follow up of the policy dialogue of 12/10/1999, discussions were held with the Gujarat authorities on 28-29 Feb. 2000 in Gujarat.
f) In a follow up meeting GoG with the Netherlands Ambassador on 02.03.2000, the Gujarat delegation re-confirmed for Netherlands assistance in the water sector.
g) As a follow up action indicated at 1.1 above, the GoG(- DoWS in the drivers seat and GWSSB and NGOs/RIs as facilitators) hosted and convened on 25-26 April 2000 a workshop on "Lessons Learnt in Water sector" in Gujarat. The recommendations of the workshop will be incorporated to update the sector policy document submitted by GoG earlier on 18 March 2000.
h) GoG has also constituted a state level "Task Group" to prepare a "Vision document" for the sector and a parallel group is constituted at the state level to prepare a "White paper on Water", will

be the future strategy on poverty alleviation guiding towards reforms in the sector.

Portfolio of Ongoing Programme and strategy (Phasing in or Out)
The present generation project (RWSS Ghogha under implementation since early 1998). It is expected that, consequent to the finalisation of the sector policy document, the scope, design and geographical spread of the future programme within the context of principles of sectoral approach may demand some adjustments. The financial assistance programme otherwise based on Grant agreement ends only in August 2002.

Meanwhile the technical assistance project has been requested to submit, jointly with GoG (GWSSB), a workplan and budget TA support (IWACO) for the extended period of the project until the end of March 2001. TA support will henceforth assume the role of a facilitator, an advisory body, an advocacy and policy unit rather then supporting the implementation of the projects.

RWSS Ghogha
The present generation project (RWSS Ghogha under implementation since early 1998) aims gradually evolved from a regional piped water supply construction project to a community owned, operated and maintained water supply and sanitation project with strong emphasis on the sustainability aspects by incorporation of innovative social & technical options to explore and develop the local water sources, access water demand based on willingness to pay, decentralization of executive authority from central to the local level and active involvement of the user in the preparation, designing and subsequent implementation for after servicing of the facilities promoting cost sharing on the one hand as well as increasing the effectiveness of the sector by paying attention to local water sources development and management, sanitation and hygiene promotion aiming towards holistic development of a villages a unit coincides exactly with the sectoral approach principles.

The present generation project (RWSS Ghogha under implementation since early 1998). It is expected that, consequent to the finalisation of the sector policy document, the scope, design and geographical spread of the future programme within the context of principles of sectoral approach may demand some adjustments. The financial assistance (FA) programme otherwise based on Grant agreement ends only in August 2002.

Meanwhile the technical assistance (TA) project has been requested to submit, jointly with GoG (GWSSB), a workplan and budget TA support (IWACO) for the extended period of the project until the end of March 2001.

The revised proposal would include:

a) Finalisation of the ongoing works (24) including operationalisation, handing-over, field testing and organising O&M.
b) Documentation of the approach followed so-far, to enable replication/upscaling and experiences gained with other Dutch funded RWSS projects in the other states (refer to workshop Team Leaders held in Delhi on 27-28 April 2000).
c) Provide advisory services and assist GoG/ Apex committee (State water and sanitation mission) regarding the drafting of a work-plan and budget for the finalisation of the works of the remaining villages (refer villages per'grant agreement), where investigations to establish the water sources is in progress. The proposal for implementation of the remaining villages will be submitted before 1 December 2000 and will be based on the following:
   - The sector document, as it will be finalised in the coming months;
   - Incorporate integrated water resources management/ community based development and the lessons learned in the Ghogha experiment;
   - Management of the programme under ownership of the GoG through GWSSB and CMSU.

   The programme proposal will also include a description of the management frame-work and the institutional linkages with the relevant parties.
d) Provide advisory services to GoG/ GWSSB regarding the finalization of the sector document and the drafting of a plan for further up-scaling of the Ghogha experiment on a wider scale within the context of water policy document.
   Furthermore, the Embassy has plans to field an assessment/ appraisal mission in December 2000. The purpose of this mission will be two fold:
   - To assess the progress of the ongoing works and
   - To appraise the proposal mentioned under point c) for the programme of remaining villages (out of 80).

A brief on New proposals under Sectoral approach:

The Draft sector document submitted by GoG earlier to RNE is a framework discussing in detail on fundamentals of Poverty, good Governance, environment and women involvement except institutional interlinkages and clarities on role mandate for Panchayati-raj Institutions (PRIs)and Dept' of Rural development (DoRD) and Social welfare and Dept' of Water Resources (DoWR with the Dept' of WaterSupply (DoWS).

Two proposals a/ Water Conservation/Harvesting project for a tribal (48% population) district of Dahod in Gujarat and b/ Pipeline network for fresh water for dry region of Saurasthra outsourced from

Narmada dam (costing an approximate 1.2 billion US$) were submitted to the Embassy on 21 Feb. 2000.

The proposal provides for a clear role mandate for civil societies and is seen by GoG as a step forward towards the 'Water Sector reforms" in the state, and also confers with the GoI (RJNDWM) water sector reform agenda laid down in policy guidelines of May 1999.The proposal has been prepared after workshops and discussions GoG had with the NGOs and villages in the area. The area (Dahod) has pre-dominantly very low scoring on Human development Indices. Netherlands (co-financed with WB) programme on education (DPEP) is also implemented in the area. Chances of dovetailing (SWAp) TWA and Mahila Samakhya programme also will be explored.

The other proposal, reportedly has been submitted to the World Bank (WB) and ADB for possible financing/ funding. Possibilities of working jointly with the ADB will be explored. WB has refused to entertain any GoG request for funding large pipeline infrastructure projects because of being a commercially non-viable proposal.

The Netherlands in order to give a kickstart to the programme will support GoG to conduct a time and space analysis of water resources- a step that gradually will guide the programme towards an "Integrated Water Resources Management" (IWRM- concept guidelines, strategy guidelines and operational guidelines)

Task Force to prepare "Vision/ Strategy Paper on Poverty Alleviation:
GoG has constituted a state level Task force to prepare a Vision paper/ Strategy designing on the Poverty alleviation programme. The outcome of this vision paper will be used by GoG through a recently constituted at the state level a "Gujarat Social Infrastructure Development Board". This GSIDB will coordinate with govt' as well as non govt' institutions and develop inter-linkages between entities dealing in water, focusing on poverty alleviation. The guiding principles of GSIDB will be the development of Human Development (H.D.) Indices. This policy/ strategy paper will direct a link between Water-supply, water resources, Panchayati-raj and rural development departments working to achieve an aggregate impact of portfolio on poverty alleviation. Our efforts will be to join hands with Gujarat authorities and other like-minded donors in pursuing the objective of poverty alleviation by incorporating measures which increase transparency, accountability and overall responsibility by strengetheing monitoring, evaluation and social auditing procedures.

Co-ordination UNICEF
Working jointly with UNICEF in the water drought relief operations in Gujarat and Andhra has been a success with the Netherlands committing an amount of EUR 3.176.462 for the purpose. The long-

term objective of the Netherlands is to test the new methodology and developmental concepts of community participation, integrate these concepts in the developmental strategies of the recipient governments and banks, willing to support GoG's intentions on expansions and more coverage in the sector. RNE will keep exploring prospects and intentions of other donors in joining the Netherlands efforts to bring in Policy reforms in the sector. These developments will guide the future strategy of RWS development in India.

Appendix 1: Background paper – Sector trends in the Water and Sanitation Sector

Lilian Saade[5], *Maarten Blokland, Patrick Moriarty*[6], *Jan Teun Visscher*

Abstract

The adequate functioning of water supply and sanitation services is a key element in economic and social development. Because these services, especially water supply, are basic services and are strongly correlated with improved public health, their operation, under utility or community management arrangements, affects both economic development in general as well as poverty alleviation policies.

Among the main constraints that most developing countries are facing in the water and sanitation sector are: poor levels and quality of service, inadequate pricing, lack of autonomy,a highly centralised sector, lack of accountability, lack of continuation of policies and programs, low levels of productivity and efficiency and inadequate training for management and operational staff. Consequently, the availability of clean water and adequate sanitation is still a dream in many parts of the developing world.

In order to address the above mentioned constraints, strategies for more effective water management that have been formulated in a succession of respected international water forums include decentralisation, cost recovery, private sector participation and capacity building.

Dutch sectoral policy recognises that water supply and sanitation are of fundamental importance for poverty alleviation, women, the environment and public health. And that it is desirable to devolve responsibilities to the lowest appropriate level. The linked cross-cutting issues of gender, equity, and poverty alleviation are by now well entrenched. The main commitments of the Dutch government include the recognition of Integrated Water Resources Management, and the importance of implementing the Dublin Principles, support to the Vision 21 initiative, and support to the Ministerial statement from the 2nd World Water Forum.

The introduction of SWAp is likely to enforce the trend that bilateral assistance moves away from investment support and instead focuses on institutional development and capacity building. Dutch experience with institutional development in water and sanitation in the framework of development cooperation has been disappointing. Strategies for improvement include for improved analysis in preparation, acceptance of the slow pace of institutional development, the need for long-term commitment and innovative approaches.

SWAp in the water and sanitation sector are proposed to be assessed against the content and quality of national sector programmes, and

in particular on the contributions to effective decentralisation and capacity building of local organisations, the integration of hygiene and sanitation, the implementation of demand-driven approaches, increased stakeholder participation, improved cost recovery and good governance.

Introduction

This paper along with its companion, Sector wide approaches (SWAp) for the water and sanitation sector, has been prepared as background for the DGIS sector specialists workshop in Geneva 2-5th October. Together with the case studies from the various Embassy sector specialists, and the results of the discussions these papers will be brought together as a report setting out steps towards the development of SWAp for the WSS sector.

The paper successively outlines sectoral constraints, the current state of international sector policy in the aftermath of the World Water Forum, and reviews Dutch policy, commitments and experiences. The paper draws some of the key policy implications from these and other broader development policy documents to come up with an initial list of core objectives to be used as a framework against which to assess the quality of national sector programmes.

Main Constraints

Among the main performance constraints that most developing countries are facing in the water and sanitation sector are: poor levels of service particularly for sanitation, inadequate pricing policies (poor cost recovery), undue political interference with service provision, high centralised character of the sector, lack of accountability, lack of continuation of policies and programs, low levels of productivity and efficiency and inadequate training for management and operational staff.

Sanitation lags far behind water supply in terms of coverage, and is becoming an urgent challenge particularly in the developing world. According to most recent World Health Organisation figures, 2.4 bln people worldwide lack adequate sanitation facilities and 1.1 bln people do not have access to safe drinking water supply. These figures are optimistic however, as they wrongly equate the physical availability of services with their effective use. Most likely, the mapping of functioning, use and impact of the facilities would add hundreds of millions of inadequately serviced people.

In many developing countries, drinking water supply is being highly subsidised by the parent government, both in investment and in operation. Yet, the combined revenue from customers and government subsidies is below the requirement for effective expansion and operation of the facilities, and results in low coverage and poor qual-

ity service. The instrument of tariff differentiation that usually favours domestic customers at the expense of industry and commerce, often fails to reach the actual target group of these cross-subsidies, the poor, simply because they do not have direct access to the water supply system.

Another common problem is lack of autonomy of the service provider. Many of the water and sanitation providers, be they under community or utility management, are part of or closely associated with a government that is often highly bureaucratic and centralised. This limits the flexibility of the providers in matters of financial and commercial operations, administration, organisation and personnel. Also, the close linkage between government and provider stands in the way of objective monitoring of performance.

There is often a lack of continuation of policies and programs, in many cases as a result of the changes in administration. But more important than this is the frequent lack of accountability. This situation limits the ability to make efficient and permanent progress and provides no incentives to establish long-term water planning. Due to the latter, in many countries many of the problems are bequeathed to the next administrations and there are no incentives to look for efficiency, such as leakage control and tariffs updating.

Water systems in these countries often have low levels of productivity. In addition, the average costs for providing water services are increasing worldwide. New sources of water have proved to be more costly in real terms. Thus far, most management efforts have been devoted to locating and developing new sources, and to transporting the supplies, until the need is satisfied, or to the limits of financial affordability or engineering feasibility.

It is worth noting that in many cases, legislation and regulation are not conducive to achieving progress in terms of accountability, standards or lack thereof and in incentives in general.

External factors

External factors such as population growth and urbanisation, continue to cause a growth in demand for water and sanitation services. Suppliers are failing to cope with the rapidly increasing demand for these services.

Population growth will probably add another 2.5 to 3 billion people over the next 25 years. This will be mainly in low and middle-income countries [3]. Demographic growth rates are falling but in absolute terms the numbers of population will continue to grow.

The rapid urban growth brings another category of problems which municipalities are facing, the growth of urban poverty, for whom the conventional provision of urban water supply and sanitation services is not always adequate. In 1970, 30 percent of all people lived in urban areas. In the year 2000, the 50% mark will be passed. During the period 2000 to 2030, the population of urban areas will grow by about 3.3 bln, over 90 percent of which will accrue to cities of developing countries.

Current International Strategies

In order to address the above mentioned constraints, some of the current strategies towards a more effective water management worldwide include: I) Decentralisation Policies, II) New financing schemes; III) Private Sector Participation and IV) Capacity building.

I) Decentralisation Policies

In the last two decades there has been a tendency towards decentralisation, as an organisational form that can respond in a more effective way to the people's demands. Following this trend, many countries have gone through a process of administrative and (partial) fiscal decentralisation of central government powers to local governments. However, in practice, in many developing countries there have been problems associated with the weak finances and little expertise of local governments in managing water systems. Management at the appropriate local levels makes it easier to identify local needs and to ascertain the most appropriate response to meet them.

Although decentralisation processes in the water sector in many countries have been popular since the 80s, successes are few, far between and poorly communicated to serve as examples for others. Decentralisation policies have had a direct or indirect impact on institutions working in the water and sanitation sector. The major rationale for implementing a decentralization process is aiming for a greater efficiency, accountability, effectiveness and sustainability of public services. It is based on the assumption that local level institutions can better respond to the needs of the population, and therefore adapt strategies and policies, which are relevant to the local context. The central level institutions are changing their role from provider of services to the one of co-ordinator, facilitator and support.

II) New financing schemes

Several governments have realised the need to develop financing schemes including partnerships with the private sector. Many service providers are being reformed in urban areas in developing countries, with greater importance attached to the recovery of costs in an effort to reduce public subsidies. In rural areas, capital cost sharing between users and governments is increasingly successful, and recovery of operational cost from users has become much more common.

III) Private Sector Participation

Since the early nineties, one important approach that has been gradually introduced in the water and sanitation sector is the notion of partnership between public and private stakeholders. Apart from local administrations and users, the private sector is playing a more active role in the sector. Private Sector Participation (PSP) may range from (partial) financing of investments to an increasing role in the operation of services. PSP may involve small scale service providers, but also a large multinational operator. PSP has widely been perceived to be the solution to the failure of many publicly owned and managed water utilities to operate efficiently and make the investments required to meet community needs. The reality is that PSP is showing varying results. Experience with PSP has shown that it has potential but only if accompanied by an appropriate regulatory framework.

IV) Capacity Building

One of the major constraints water and sanitation services are facing in many countries is the lack of managerial knowledge and skills in water and sanitation service provision. Capacity building of all actors is required but especially at the local level. Capacity building includes, for the development of appropriate legal and regulatory frameworks, the restructuring of sectoral organisations and the development of managerial and professional capacities. Human resources development is a very important component of capacity building, and a massive amount of education and training is required to achieve significant progress in the water and sanitation sector.

In support to these trends, the Water Supply and Sanitation Collaborative Council (WSSCC) has made an effort to identify what governments and international organisations consider the main issues to be addressed in the sector in the near future. These include:

I) People-centred approaches
II) Sanitation and Hygiene Promotion
III) Serving the urban poor
IV) Water Supply and Sanitation in a broader context
V) Institutional frameworks (including Public-Private Partnerships)
VI) Resource Mobilisation and Sustainability (Financing)
VII) Targets, Indicators and Monitoring

Working Groups were created to discuss these themes during the 5th Global Forum of the WSSCC in Brazil in 2000.

Dutch Sector Policy and Commitments

The Dutch government supports a wide variety of drinking water and sanitation activities in developing counties. It destines 0.8% of its Gross National Product (GNP) for Development Assistance (DAC-OECD). More and more, Dutch aid programmes are encouraging the

development of local capacity in the sector. Water and sanitation problems are primarily local and therefore, it is desirable to devolve responsibilities to the lowest possible level.

Components:
Following the above mentioned trends, the Dutch government has also contributed to the developments in water and sanitation for the developing world, considering the different components of the sector – water supply, sanitation and drainage and solid waste. This has been done recognising that water supply and sanitation are of fundamental importance for poverty alleviation, women, the environment and public health.

Crosscutting issues:
The linked cross-cutting issues of gender, equity, and poverty alleviation are by now well entrenched within the WSS sector. Netherlands development policy strongly advocates the recognition of women's role, as made explicit in the DAC-WID criteria [5]. The latter aims at providing a stronger role for women in decision-making and project participation. WSS is generally accepted as having a key role to play in poverty reduction, particularly in its strong links to improved health. As such the WSS sector is often seen as a 'social sector' along with other services like health and education, and separate from the 'economic' water sectors such as irrigation and industry. It is these cross cutting issues, central to Netherlands (and international) development policy that are sometimes seen as posing the greatest challenges to a sector wide approach.

Implementation Strategy:
The "Water supply and sanitation in developing countries – Sectoral policy document of development co-operation" provides some guidelines for the implementation of the aid. These include:

Conditions related to national policy – If the proposed water and sanitation activities are to be sustainable, the policy of the partner country at the national level must be consistent with Dutch sectoral policy, and directed towards [1]:

- Giving priority to the basic drinking water supply over the provision of water to other users;
- Giving priority to the lowest income groups in the population;
- Promoting the autonomy of agencies charged with managing water supply and sanitation;
- Devolving implementation and management to organisations at the lowest possible level;
- Strengthening Institutional capacity of these organisations;
- Institutionalising the management of water supply and sanitation facilities by users, with particular emphasis on the interests of women;

- Integrating drinking water supply with sanitation and hygiene education;
- Adopting technology adapted to the desires and possibilities of the users
- Protecting the environment, and water resources in particular, by enacting and applying legislation.

SWAp

The sectoral policy document of development co-operation states that "where the policy environment and local capacities permit, there will be a shift in the coming years from project-based aid to support for sector programmes initiated by partner countries. In the first instance technical assistance will be needed, but the intention is that this should be discontinued when the capacity building has been successfully completed and the partners have acquired a sense of ownership. Eventually, aid can take the form of sectoral budget support providing that certain macro-economic and sectoral policy conditions are met."[1]

Main Commitments

The main commitments of the Dutch government include: (i) Recognition of Integrated Water Resources Management, (ii) Recognition of the importance of implementing the Dublin Principles (iii) Support to the Vision 21 initiative and (iv) Support to the Ministerial statement from the 2nd World Water Forum. These issues are further discussed:

(1) Integrated Water Resources Management

At an international level the move towards Integrated Water Resource Management (IWRM) as the framework for the allocation and management of water within the different 'sub-sectors' is irreversible. Finding practical ways to implement it arguably poses the single greatest challenge to water sector professionals and policy makers. The Netherlands has clearly committed itself to the development of IWRM based approaches in partner countries [1].

At the policy level IWRM offers a number of challenges to practitioners of WSS - ensuring that allocation of water for domestic and small scale productive uses retains priority over other uses (Vision 21) [12]. It has been found that by clearly linking water supply to economical beneficial activities greatly increases peoples' willingness to pay [10].

To facilitate this it will be necessary for WSS actors to develop links with other water sub-sectors, irrigation, environment, industry etc. to establish the necessary platforms within which rational allocation decisions may be made. WSS actors will need to extend their remit to work with other sector's on cross cutting issues such as source

protection, pollution mitigation, stakeholder involvement in decision making, wastewater re-use, etc. At the day to day level of project implementation the challenge will be to extend the success of community based approaches from systems management to resource management [9].

More and more, basin-level management is becoming imperative if the IWRM principle is followed. This requires governments to set up agencies at basin and aquifer levels. Donors should be willing to support and help finance the setting up and strengthening of such agencies [14]. Experience has shown that to facilitate effective action within the agencies, decision-making should be pushed to the lowest appropriate level. These agencies follow two global trends: the demand for the role of stakeholders in managing their own resources and the related trend towards greater devolution.

(II) The Dublin Principles

The four Dublin Principles are that 1) Freshwater is a finite and vulnerable resource, essential to sustain life, development, and the environment; 2) Water development and management should be based on a participatory approach, involving users, planners, and policy-makers at all levels; 3) Women play a central part in the provision, management, and safeguarding of water, and that 4) Water has an economic value in all its competing uses and should be recognised as an economic good [11].

One of the main outputs generated from the Water Decade has been the adoption of the principle of subsidiarity. There has been a tremendous change in the way water management is sought since the Dublin-Rio Conferences. Many governments have recognised that their role should be of a facilitating nature and that water and sanitation services should be managed at the lowest appropriate level, by independent operators, with users involved in the planning and implementation of projects. The facilitating role of governments allows them to concentrate on policy, legislation and regulation, and supervision and enforcement.

The Rio conference amended the fourth Dublin principle to read that water should be considered as an economic and social good and should be managed as such. Regulation must provide the answer to these conflicting objectives: the tendency to provide services for a profit to the affluent must be compensated by enforceable rules to achieve universal and affordable coverage.

(III) Vision 21

Vision 21 is directed at achieving a world by 2025 in which each person enjoys safe and adequate water and sanitation and understands the importance of hygiene. The essence of Vision 21 is to put

people's initiative and capacity for self-reliance at the centre of planning and action [12].

The eleven core points of the Vision 21:

1) People come first
2) A human right to Basic Services
3) Entry-point to Human Development and Poverty Elimination
4) Committed and Compassionate Leadership
5) Synergy of Action
6) Hygiene and Sanitation as a Revolutionary Priority
7) Gender Equity for Lasting Change
8) The Challenge of the Urban Poor
9) Institutions as of change agents
10) Mobilisation for Affordable Services
11) Shared Water Resources Management

The Vision also suggests the next steps to be taken at different levels: the community, institutional service providers, countries, regions and globally. To achieve its ends the steps of the Vision 21 include a.o. efforts to mobilise resources for the poorest and less developed countries; documentation of options for service provision particularly in the area of environmental sanitation; institutional and policy reform; international and regional exchange of information and experience; strengthening of regional resource centres; strategy development for improved efficiency, institutional reform and regulation, etc...

(iv) Ministerial statement

The first conclusion that was drawn in the Ministerial Declaration is that: "business as usual is not an option". Despite the diversity of needs and situations in the world, there is a common goal in the water sector: "to provide water security in the 21st Century". This entails that [13]:

a) freshwater, coastal and related ecosystems are protected;
b) that sustainable development and political stability are promoted,
c) that every individual has access to enough safe water at an affordable cost to lead to a healthy and productive life and
d) that the vulnerable are protected from the risks of water-related diseases.

The approach taken is one of Integrated Water Resources Management (IWRM). The latter depends on collaboration and partnerships at all levels.

Main commitments in the Ministerial statement:

- To establish targets and strategies to meet the challenges mentioned above. Furthermore, there was an expression of support to the development of indicators of progress at the national and

sub-national level.
- To support international organisations (i.e. UN system) to re-assess periodically the state of freshwater resources and assist countries to develop systems to measure progress towards the realisation of targets.
- To develop a stronger water culture through greater awareness and commitment, identifying best practices and disseminating them. This will include co-ordination at regional and other levels.
- To work together with stakeholders to increase the effectiveness of pollution control strategies based on the polluter pays principle and to consider appropriate rules and procedures for liability and compensation for damage resulting from activities dangerous to water resources.
- To work with multilateral institutions to strengthen water-related policies and programmes to enhance water security and assist countries, where possible, to address the major challenges identified in the Ministerial statement.
- To further follow-up actions by all relevant actors (i.e. the World Water Council and the Global Water Partnership) in an open, participatory and transparent way.

Dutch Experiences with Institutional Development

The introduction of SWAp is likely to enforce the trend that bilateral assistance moves away from investment support and instead focuses on institutional development and capacity building. Experience with institutional development in Dutch funded projects in the period 1988-1998 [6] have been rather disappointing. Overall success was low, and getting worse when going from Human Resources Development through Organisational Strengthening to Systems Development (i.e. the dynamics of policies and legislative frameworks). In order to achieve higher success rates in institutional development for the water and sanitation sector in developing countries it will be necessary:

I) To make an adequate and sufficient analysis when formulating projects and programmes in the country at stake.
II) To view institutional change as a slow process
III) To have clear strategies and long-term commitment on the part of the countries concerned and the donor.
IV) To use innovative approaches.

Many projects during the 1980s and early 1990s were focused on investments, which resulted in a significant expansion of technical facilities and services. However, in many cases these projects were not sustainable because of deficiencies related to the operation and maintenance. In addition, the implementation of new policies focused on institutional development faced difficulties, as many organisations were not prepared or unwilling to adapt their structures or mandates, or did not have the staff with the adequate skills.

In the above mentioned analysis for the period 1988-1998 it was found that water sector policies in the countries analysed have shifted from a predominantly sectoral, technical and construction-oriented approach to a more social, economic, environmental and institutional one. This is in line with the current international trends in the sector.

Finally, long-term commitment on the part of all relevant players in the recipient country and donors will be necessary toward a more effective water management. The ultimate goal is to increase access to safe water and sanitation services in the developing world.
Criteria to assess the effectiveness of water sector SWAp
It is suggested in the companion paper to this on the adoption of sector wide approaches that for this approach to be successful it will be necessary to define a set of core 'sector' objectives or criteria against which 'sub-sector' SWAp may be evaluated. This section of the paper draws up a list of possible criteria based on Dutch sector policy and Vision 21.

Criteria towards more effective sector support

I) Effective Decentralisation

Decentralisation of responsibilities, without strengthening local capacity, is unlikely to solve the problems of water management. Therefore Bilateral assistance should promote that decentralisation must be accompanied by programs to enhance capacities at the local level. Decentralisation should be done with attention to participation and gender.

II) Integration of hygiene and sanitation

The major rational for making sanitation a priority is because of the recognition that it is an essential element for good health. The provision of sanitation is urgent particularly in developing countries. There is the need for stepping up investments for sanitation and hygiene promotion. However, funds for sanitation tend to be harder to mobilise particularly because demand and willingness to pay must be generated.

III) Demand-driven approach

In a demand-driven project (bottom-up), the problems and needs are identified with and by local stakeholders and institutions while in a supply-driven approach (top-down) is characterised by pre-meditated and standardised solutions that are universally applied. In the demand-driven approach, technology selection criteria are based on the replication and adaptation of successful experiences in other communities and countries.

IV) Stakeholder participation

The involvement of key stakeholders in decision-making is of primary importance in water supply and sanitation. Participation

could take the form of project planning, environmental assessment, monitoring, O & M and evaluation. Participation ensures commitment and involvement of all primary stakeholders with their living environment. Finally, participation promotes equity and stimulates empowerment [11].

v) Cost recovery

Water supply and sanitation is not a "free" public service anymore. Private or public institutions and organisations are evolving in a context where the provision of services has to respond to efficient management rules and processes, and productivity ratios, with adequate pricing policies and people focus marketing strategies. In that respect, it is essential to strengthen methods and processes, which can lead to higher managerial efficiency and social equity, with sustainable cost recovery.

vi) Good Governance

The recognition that water supply and sanitation are essential and basic services to which each citizen is entitled, and the monopolistic nature of the provision of these services, is pressing the need for user control of the decision making processes in the water sector. Particularly in urban areas, the water and sanitation sector is characterised by relatively high investments, complex technology and service provision through specialised public and private monopolists. These characteristics complicate the popular governance of this sector because of the inherent requirement for advanced levels of knowledge in a variety of disciplines among the overseers. Consequently, the governance structure of water and sanitation providers tends to be filled in by appointees that have little if any direct linkages to the users of the services. Governance structures that pair the need for professional supervision with public accountability and effective democratic control need to be developed and promoted.

vii) Cross cutting issues

Interventions undertaken through SWAp must be assessed on their contribution to poverty alleviation, the equitable distribution of water and sanitation services, and the promotion of a gender-sensitive approach aiming at the sharing of roles, responsibilities and benefits between men, women and children.

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Endnotes

1 "A sector is an interlocking group of activities at anything from macro to micro level, with clearly delineated institutional and budgetary frameworks for which government has developed a policy" (SASG, 2000)

2 Aid that is fungible is aid that by being given to a certain sector ends up supporting another sector due to the reallocation of government funds within a budget. So for example, US$1billion targeted to the health sector only leads to an increase of 500million to the total health budget, as the recipient government under 'cover' of the external support shifts 500million of its own funds from health into arms purchases.

3 Poverty line is defined as access to 2112 calories per person per day

4 In comparison, the State of Kerala, after informing and orienting also women on local planning, invited all rural communities to prepare proposals on their development priorities in a national People's Planning Campaign. Water was one of the highest priorities emerging from this campaign.

5 Lilian Saade and Maarten Blokland work with IHE-Delft

6 Patrick Moriarty and Jan Teun Visscher work with IRC

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