

# CRYSTAL CLEAR

The BPD Water and Sanitation Cluster Newsletter

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**Welcome to the latest and final edition of Crystal Clear for the current phase of BPD. The Water and Sanitation Cluster has been operating for three years and this current phase is now coming to an end.**



We will, however, continue to keep you updated through alternative means as we progress into BPD Phase 2. This issue will recap on the last three years of the initiative, detail how this phase is winding down and outline our plans for the future. We also provide feedback on some of our recent activities, namely the Tri-Sector Workshop held in November 2000, our documentation to date and summaries of our recent research pieces on innovative approaches to service provision, and regulatory frameworks.

**Basic services can be delivered through multi-sector local-level partnerships<sup>1</sup>**

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The numbers are well known – too many poor people still lack access to basic services. Over the past three years, the BPD has explored how best to harness the benefits of partnerships amongst the public, private and civil society sectors to bridge the gaps. Multi-sector partnerships promote innovation, greater accountability, and build capacity and understanding at various levels to make projects more appropriate and effective. Specific skills are required to work in partnership, hence there is a clear need to support partnerships from inception and continually strengthen their performance.

<sup>1</sup> The focus of our work has implications for, but is not necessarily directed at, macro-level contractual partnerships commonly referred to as Public Private Partnerships (PPPs). Our primary interaction to date has been community-level interaction between public, private and civil society stakeholder groups.

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Your queries and contributions are most welcome.

To facilitate the practical implementation of partnerships in the water and sanitation sector we have needed to start from practical experience in order to provide credible ideas and guidance. Through a set of eight local-level focus projects the Cluster has managed to dispel some of the rhetoric around partnerships while promoting more effective mechanisms for making them successful. Over the last three years the main focus of our work has been primarily in research and analysis of how tri-sector partnerships do and can function on the ground. Though each project exhibits different challenges inherent in these relationships, a set of pragmatic concepts and examples of good practice is emerging. These concepts and practices must now be more widely applied to assist in meeting the targets<sup>2</sup> set for water and sanitation.

The Cluster's primary emphasis is to move from research and analysis into much more proactive work that develops and reinforces innovative partnerships. We aim to engage with a variety of project types, including small towns, local private sector projects, etc. Future activities will be divided into four (overlapping) components:

- ⊙ Provide assistance and support to new or existing partnership

<sup>2</sup> Current Millennium Development Goals are designed to consolidate international development targets. They provide milestones against which progress towards the goal of poverty elimination can be measured. One goal is to halve by 2015 the proportion of people without sustainable access to safe drinking water. Other indicators for poverty reduction include the increase in the proportion of population with access to improved sanitation and secure land tenure.

projects (while also training facilitators and trainers to work with analytical tools and concepts);

- ⊙ Work with specific target groups to build their capacity to work in and/or support these kinds of partnership relationships;
- ⊙ Continue research, analysis and outreach (for example, on how partnerships interact with community participation, pro-poor contract design, small scale providers, etc.);
- ⊙ Enhance an already existing forum for international debate that balances the participation of public, private, civil society and donor sectors (around the issues of private sector participation, corporate social responsibility, NGO roles and legitimacy, public sector capacity building, etc.).

As our mandate changes, so may our governance structures. Please expect some transformation in the way we operate and what we have to offer. Options for future involvement may range from taking advantage of the assistance and support to new partnerships, contributing to research and analysis, attending training sessions on specific topics, or being part of the wider membership of BPD. Hence, we look forward to hearing from you.

We thank you warmly for all your support and interest over the last few years. We continue to firmly believe that these kinds of

partnership arrangements can solve an important part of the puzzle to providing services and achieving development goals.

## BPD Tri-Sector Workshop 29 November – 01 December 2001<sup>3</sup>

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The fourth and final workshop of the sectoral series brought together 48 participants from all sectors and from all eight focus projects. The key objective for the workshop was for the project practitioners to reach a set of conclusions as to when and how partnerships between the three sectors facilitate the provision of services to the poor. To aid this process, the workshop began with analysis of specific projects and then moved on to more general observations about when partnerships add value. Participants then looked more closely at the mechanics of partnership (governance structures, contracting issues and monitoring and evaluation). The Partnership Analysis Reports<sup>4</sup> formed a critical part of the agenda for the first day. Different 'Practitioner Notes' (*Conceiving and Managing Partnerships*,

<sup>3</sup> For the full workshop report see [www.bpd-waterandsanitation.org](http://www.bpd-waterandsanitation.org)  
<sup>4</sup> A series of internal reports aimed at documenting the lessons from the different partnership approaches of the eight focus projects.

*Perceptions of Partnership* and others available in English, French and Spanish) formed the basis for discussion on days two and three. As a result of the workshop, these external reports and papers will be finalised and disseminated widely.

### Workshop Outputs

A set of recommendations (dos and don'ts) of tri-sector partnership projects, self-critique by project teams, and analysis of how and when partnerships facilitate providing services to the poor were the main analytical outputs of the workshop. These outputs will be incorporated into other documents in the coming months.

Through cross-project analysis the project teams identified what they did particularly well and what they would do differently in their own project had they the chance to start over again. The main findings from this session suggest that partnerships must, for example: focus on the monitoring and evaluation of the partnership itself; ensure a broad-based forum for the exchange of ideas before the implementation of the project; facilitate clear mutual understanding of motivations and pressures of each partner; formally define roles; and ensure a more holistic approach that incorporates other elements of poverty alleviation.

The participants also addressed the issue of how partnership contributes to project sustainability. In sector-based groups, participants discussed

how project sustainability is enhanced by partnership between the three sectors, and when partnership is not necessary, not appropriate or counterproductive. Each group recognised that a strong case could be made for partnership where each actor offers different competencies, and clear roles for each can be envisaged. If a partnership is successful in harnessing these diverse skills, it can leverage each actor's own resources and also strengthen project sustainability.<sup>5</sup> It was noted that many country and context specific issues also govern the provision of water and sanitation services.

One of the tangible outputs of the workshop was the creation of a Cluster statement, the initial target for which was the Bonn International Freshwater Conference. In future it will be used to highlight partners' commitment to partnership arrangements.

The overall perception of the workshop was extremely positive. Most participants found it to be of value to their respective partnerships<sup>6</sup> as it enabled a better understanding of sectoral perceptions and experiences around the world and it reinforced the 'partnership approach'.

<sup>5</sup> The private sector group pointed out that the ultimate goal should be sustainable services; therefore the whole partnership should be geared to address sustainability issues from the outset (and if partnership looks unlikely to enhance sustainability then one should not be formed).

<sup>6</sup> The workshop also served as a significant teambuilding exercise for each of the eight projects.

### Multi-Sector Partnerships – A Viable Part of the Solution

Innovation is urgently needed to provide water and sanitation services in poor communities. Partnerships provide a viable part of the solution. By working together, the public, private and civil society sectors can be more effective than working independently.

We, the project partners of the Business Partners for Development Water and Sanitation Cluster, have direct experience working in eight multi-sector local-level partnerships. (The BPD Cluster is a network of 50+ reputable organisations across the public, private, civil society and donor sectors.) These community-based partnerships develop water and sanitation services for the poor in seven developing countries in Africa, Latin America, South East Asia and the Caribbean.

These partnerships can deliver sustainable solutions. They allow the scope of action to be expanded well beyond the limitations of individual groups. Such partnerships move beyond strict contractual relations. Consultation becomes dialogue; dialogue becomes engagement.

Robust, focused multi-sector partnerships are incredibly demanding.

They require significant commitment, confidence and an understanding that they are by nature a dynamic, rather than static, relationship.

To innovate, partnerships require:

- ⊙ A community-centred approach where local stakeholders are directly engaged;
- ⊙ A clear understanding of partners' motivations and constraints;
- ⊙ Formally, yet flexibly, defined roles and solid decision-making structures;
- ⊙ That institutions, not merely individuals, are partners; and
- ⊙ That a broad forum brings together a wider stakeholder group (of those not necessarily part of project implementation but interested in, or impacted by, the partnership project).

Partnerships do not end when the taps get turned on and the toilets installed – they anchor ongoing relationships and strengthen accountability. Our experience confirms that the constant negotiations and time spent on developing these multi-angled partnerships place communities where they should be – at centre stage of their own development.

## Cluster Communications

Dissemination of BPD lessons is achieved through networking and attendance at numerous international and national events, and through outreach to relevant e-newsletters, internal communications officers, research portals, web sites and traditional media. Actual documentation of lessons etc. breaks down as follows:

### Research Papers

A closer look at certain topics that explore how partnerships facilitate water and sanitation services to the poor. Using the eight focus projects as the basis for study, these commissioned pieces look at topics such as cost recovery, education and awareness activities, innovative approaches to service provision, and the regulatory framework. Typically they examine how partnership can enhance (or restrain) these activities and conversely, how and why they impact on partnerships. (Please see below for pieces on innovative approaches to service provision, and the interface between regulatory frameworks and partnership.)

### Practitioner/Policy maker Notes

These short pieces are aimed at field practitioners and policymakers respectively. They briefly introduce (in around six pages) particular topics of interest and set them in

the context of tri-sector partnerships. Examples include: contracting of NGOs; conceiving and managing partnerships; sector perceptions of partnership, etc. The goal is also to produce such Notes for each topic studied in more detail as part of the Research Paper series.

### Benefits to Business Practitioner Note

This six-page Note aims to reach out to a business audience, to persuade them of the merits of serving poor communities and to do so through partnership. It starts suggesting why private companies should be concerned with serving the poor and introduces the concept of tri-sector partnerships. Reasons why private sector actors (whether large or small, international or local) should be interested in partnering with civil society and the public sector are then discussed, as are circumstances where partnership may not be the best option. The Note will be followed by similar pieces aimed at public sector and civil society audiences, who could also usefully learn from this Note what motivates the private sector to partner with them.

### Sectoral Analysis

A series of workshops brought together same-sector practitioners from the focus projects (NGOs, the public and then the private sector) in order to explore their experiences with partnership. Three reports document the findings from these workshops, while the fourth details the culminating tri-sector workshop.

### Perceptions of Partnership Practitioner Note

The four workshop reports feed into this short Practitioner Note that begins to analyse both the incentives and disincentives to partnering. It also looks at perceptions of style and competencies of the three sectors. Understanding these issues at the outset allows partners to move from the 'generic' to the specific qualities of their proposed partners. Such an understanding has a definite bearing on whether these relationships ultimately succeed or fail.

### General Publications

Include this newsletter, which brings latest news of findings and activities within the Cluster, the annual reports of the Cluster and BPD-wide publications, which look at generic lessons across the BPD's four Clusters (each working in a different field).

### Putting Partnering to Work

The four Clusters of the BPD have come together to produce a final document that synthesises our joint findings. The document was launched on April 18 in London. The aim of the event was to raise awareness of BPD results, recommendations and tools to a wide audience as well as to generate interest in the new report. The report itself is an analytical compilation of the lessons learned across BPD's four Clusters. It presents recommendations tailored to four target audiences: business (including multi-national companies and investors); international NGOs; developing country governments; and multilateral and bilateral development agencies. The launch event was hosted by: Clare Short, the British Secretary of State for International Development;

Nemat Talaat Shafik, Vice President Private Sector Development and Infrastructure of the World Bank; and Will Day, Chief Executive of Care International.

### The Web site

Available in the three working languages of the Cluster (English, French and Spanish, as are all

research approach and the different layers of partnership embodied within the Cluster. It then reviews some of the key institutional relationships, challenges of the first three-year phase and some of the key Cluster achievements. As such it forms a good basis for a final report that will look back over the first phase of the BPD initiative.



Cluster publications) the web site is the principal communications tool of the Cluster. Here you can find latest news and background details on the BPD. All research is available as well as an evolving Resource Centre, offering a range of annotated links and documents that showcases external work on both partnership and on water issues. The web site also offers visitors the chance to join the BPD mailing list.

### BPD Water and Sanitation Cluster overview of a three-year initiative

The overarching intention of the BPD was to study, explore and promote tri-sector partnerships as an approach that would more effectively meet the water and sanitation needs of poor communities. This four-page Note starts by looking at the rationale behind the formation of the Water and Sanitation Cluster, the evolution of the

## Making Innovation Work through Partnerships in Water and Sanitation Projects<sup>7</sup>



Serving the poor is a challenging undertaking – technically, socially and politically complex. Traditional methods of working may be found wanting: either unaffordable or inappropriate to the situation. Incentives and motivations for serving the poor may also differ from working with the non-poor. As a consequence, actors working in poor communities are often forced to innovate, finding new technological and institutional solutions to achieve their pro-poor goals.

Accordingly the eight BPD focus projects have developed a range of alternative solutions for the

The potential impact of tri-sector partnerships upon innovative approaches is great. Such arrangements often require close co-operation between regulators, municipalities, private providers, poor communities and the NGOs that work with them. The BPD therefore commissioned a study to look into innovative approaches in more detail: to examine how and why the approaches were developed, assess their potential for replication and consider how tri-sector partnerships have contributed to their evolution.

### Innovative approaches in the focus projects

There was wide variation in the ‘innovative approaches’ studied – most serve urban or peri-urban communities, however they differ

Despite this variation amongst projects, common themes were identifiable. The flexibility of the regulatory environment is critical, whilst making services customer-oriented was also key. This required, in some instances, internal reforms by partners in order to become more ‘pro-poor’. Other important strands were promotion, education and awareness raising activities.

### Impact of external environment

Alongside dynamics between partners, development is profoundly influenced by the external environment, which may foster or constrain success. The policy context, for example, can be pivotal: either being the driving force or rendering certain options redundant (such as the recent promise of free water in South Africa). Intransigent municipal authorities, seeing ‘innovation’ as shorthand for second-class, often exacerbated institutional obstacles. Where innovation does occur, the regulator has often been the key player. Their flexibility regarding norms and technical standards, fees, tariffs and billing regimes can make or break a project. The absence of a regulator can also prove problematic, exacerbating local problems of political interference and instability. Another profound impact was due to ‘social’ factors – obstacles included mistrust of external agencies, low willingness to pay,



delivery of cost-effective services to the poor. Most of the new approaches have achieved impressive benefits both to service users and providers, for example, by accelerating the rate of expansion to unserved areas, improving financial viability and affordability, and by designing services to meet the specific needs of poor customers.

widely as regards institutional arrangements, size and objectives. Those selected for study ranged from condominal water supply and sewerage systems, community-managed standposts and pre-payment meters, to alternative billing, payment and collection methods tailored to the needs of the poor.

<sup>7</sup> Authors: Jeremy Colin and Harold Lockwood

opposition to large-scale private sector participation, high public expectations and/or resistance to unfamiliar technology.

### The value of partnership

The study did indeed find that the multi-sector partnership played an important role in each project – providing an environment that fosters innovation and the resources needed to maximise the potential of new approaches. The diversity of skills, experience, resources and access that partnerships bring is therefore very useful, as are the improved communications between the different sectors. Specific examples of how partnership enabled the different innovations as well as further findings can be found in the report itself.

## The Interface between Regulatory Frameworks and Tri-Sector Partnerships<sup>8</sup>

### Rationale

Previous research has shown the importance of the external environment in shaping the partnerships in which the BPD is interested: it can determine who the key actors are, what their incentives for working in poor

communities and in partnering with others are, and set the scope and focus of a partnership's activities. One of the key pillars of this external environment is the regulatory framework, and accordingly this has come out as a major factor in much of the BPD's work. Accordingly the BPD commissioned a study into the linkages between regulation and the eight focus project partnerships. Its aims were:

- ⊙ To analyse the regulatory frameworks that the BPD partnerships evolve in and how these frameworks have influenced the creation of partnerships;
- ⊙ To examine the roles that BPD partnerships play in the regulatory process;
- ⊙ To understand how the BPD partnerships have acted to alleviate or remove potential regulatory constraints;
- ⊙ To formulate recommendations for the design of regulatory frameworks and partnerships that improve water and sanitation services for the poor.

The emphasis of the study was thus twofold: to see how the regulatory framework shapes the actions of the partners, and to see what, if anything, partnerships can offer to regulatory bodies.

### What roles can partnerships play in making regulation more pro-poor?

Based on the observation of the eight BPD focus projects, partnerships can play a number of very important roles in making regulation more pro-poor:

- ⊙ Partnerships can help focus the attention of regulatory institutions on poverty issues;
- ⊙ Partnerships can help gather information on the needs of the poor and make it available for regulators;
- ⊙ Partnerships can help partners understand each other's interests and constraints with respect to pro-poor regulation and improve co-operation;
- ⊙ Partnerships can act as a 'self-regulation' mechanism, balancing partners' interests and making decision-making more transparent;
- ⊙ Particularly where regulatory institutions are relatively weak or inaccessible to the poor, partnerships may offer another recourse to address their concerns;
- ⊙ Partnerships can create a more flexible, innovative and co-operative environment for developing rules better suited to the needs of the poor.

<sup>8</sup> Authors: Sophie Tremolet and Sara Browning, ERM

### How could regulation make better use of partnerships in the future?

Given these potential roles the study finds that institutions in charge of regulating the water sector should see partnerships as a key instrument for achieving their regulatory objectives. As regulatory institutions' incentives for interacting with partnerships depend heavily on their design, a number of recommendations were drawn. For instance, regulatory institutions should be designed so



that they have a clear incentive for addressing the needs of poor customers (and engaging with partnerships). Practical ways in which regulating agencies could facilitate and collaborate with partnerships include: ensuring an enabling environment for partnership development, and providing appropriate support (for example, links to organisations that can assist with partnership formation or facilitate financing, perhaps through subsidy reform); and facilitating access to partnership tools (contract models, etc.) and external arbitration mechanisms.

Furthermore, regulators should consider partnerships as a means to solve some of the difficulties associated with pro-poor regulation, for instance helping with targeting subsidies (particularly connection charge subsidies) for which they have proven effective. However, regulating agencies should not intervene in the internal dynamics of partnerships by monitoring relationships between partners. Finally, given the contextual nature of partnerships, regulating agencies should replicate good

practice principles rather than seek to transplant specific models from elsewhere.

The study also looks at how partnerships could better understand how the regulatory regime affects the delivery of services to the poor, how they could take this into account when designing their activities and what pro-active steps they could take. It also sees a case for further work, specifically into the appropriate timing and process for forming partnerships within the context of regulatory and institutional reform and to the most appropriate make-up of those partnerships.

### Other News

#### Postgraduate certificate in cross-sector partnership

This unique, newly accredited course has been developed in partnership by the International Business Leaders Forum, the Copenhagen Centre and the Cambridge Programme for Industry. Offered by the University of Cambridge in the UK, the course aims to provide intellectual challenge and practical training for those who are leading their organisations, strategically or operationally, in the development of cross-sector partnership. The launch of the course this March welcomed 34 participants from 20 countries equally balanced across the public, private and civil society spheres.

The nine-month, part-time course runs annually, starting each March, and consists of two short residential study periods connected by individual and group study using an internet-based learning facility. For further details, please contact:

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