

26612

WATER AND SANITATION IN POVERTY REDUCTION STRATEGIES

WORKSHOP PROCEEDINGS
Regional Workshop
Nairobi, 17-19 June 2002



Water and
Sanitation
Program
Africa Region



African Economic
Research Consortium



Overseas Development Institute



World Bank Institute



Key Conclusions from Workshop Deliberations

Lack of Integration of Water Supply and Sanitation with Poverty Reduction Strategies

- The water and sanitation sector has not been effectively incorporated into most poverty reduction strategy processes in the countries in this region, with the possible exception of Uganda.
- A key reason for this exclusion is the weak poverty diagnostic within the sector. The workshop emphasized the need to improve diagnostic procedures, and also explored new approaches such as the concept of sustainable livelihood.
- Weak diagnosis also reflects the weak base of sector information, which focuses largely on physical facilities and tends to neglect sector-level monitoring and evaluation (M&E) systems. Even in national-level poverty impact assessments water-related indicators are poorly defined, and sanitation is generally not covered at all.
- There is an absence, or weak representation, of water and sanitation in poverty reduction strategy papers (PRSPs) compared to education, health, and agriculture, due to the weak links between central ministries, local authorities, and sector actors at the local level in planning and priority setting.
- The water supply and sanitation sector has not effectively used the programmatic and sector-wide approaches that would enable a better integration with poverty reduction strategies and the medium-term expenditure framework (MTEF). This is partly due to the sector's institutional complexity and the fragmented nature of its financing arrangements.

The Opportunity That PRSPs Present for Improving Sustainable Water Supply and Service Coverage

- The PRSP is not a one-time document, but is part of an ongoing and evolutionary process, by which a well-defined set of procedures presents an opportunity for water supply and sanitation to be integrated into poverty reduction strategies and development programs.
- While seizing this opportunity, it is important to ensure that the PRSP and the linked HIPC resources are not seen as substitutes for the implementation of the critical sector reforms which will enable investments to benefit the poor in a sustainable manner.
- PRSPs have not triggered water sector reform, but they have shown the need for converting broad reforms to coherent implementation strategies that link water sector initiatives with planning and budget processes.

The Way Forward ...Five Steps towards Integrating WSS into the Evolving PRSP Process

- *Strengthening WSS Poverty Diagnostic:* improve diagnosis of the specific ways through which water and sanitation affect the livelihood systems of the poor;
- *Converting Sector Reforms to Strategies:* translate broad policies, such as community-based management, cost recovery for O&M, and demand-driven investment into coherent institutional and financing strategies that define roles at central and local levels, and map the flow of public funds to decentralized sector actors;
- *Adopting Programmatic Approaches:* adopt a more programmatic and sector-wide approach (SWAp) to link water and sanitation programs with the public expenditure planning process and increase its reliance on reformed institutional frameworks rather than on ad hoc temporary project structures, while adapting the PRSP, MTEF, and M&E processes to the special needs of decentralization.

Two of the features of the programmatic approach are steps in their own right:

- *Developing Sector Monitoring and Evaluation Systems:* establish coherent M&E systems; and
- *Institutionalizing Multi-Stakeholder Consultation:* institutionalize the multi-stakeholder consultations in the sector on a more sustainable basis.

A Call for Better Coverage of Water and Sanitation in the PRS Process

The poverty reduction strategy paper, or 'PRSP', has arguably become one of the most commonly used terms in the international development lexicon among all key stakeholders. PRSPs have become the pivot around which countries identify their development priorities. The development of these strategy papers provides a framework for strengthening the impact of public action on poverty, and for promoting progress towards the Millennium Development Goals. This has entailed an increasingly consultative process with civil society and other stakeholders to support preparation of PRSPs in over 30 countries in Africa. Preparation of PRSPs in most African countries is directly linked to the possible benefits under the enhanced Highly Indebted Poor Countries (HIPC) Initiative and is expected to provide a broad framework for all external assistance.

The rationale for the regional workshop stemmed from the fact that an initial assessment of current PRSPs revealed that water supply and sanitation (WSS) services have not been covered adequately, despite the fact that participatory poverty assessments, as well as other surveys and community consultations, have consistently identified reliable and convenient access to safe water and hygienic sanitation among the top three or four priority demands of the poor. It was therefore in this context that the African Economic Research Consortium, the Water and Sanitation Program-Africa, the Overseas Development Institute, WaterAid, and the World Bank Institute formed a partnership to organize the regional workshop.

Consistent with its main goal, the workshop provided an opportunity for over 100 participants from 12 sub-Saharan African countries to share experiences in the development and implementation of water and sanitation programs in the context of poverty reduction strategies in their respective countries. Participants included senior government officials from the water and sanitation sector, country PRSP units, and ministries of finance and planning; representatives of various civil society organizations; and donor community representatives, primarily those based in field locations.

The **objectives** of the workshop were:

- to initiate the exchange of experience and share good practice in the development, implementation, and monitoring of water and sanitation strategies in the context of PRSP;
- to initiate a process of reflection among key

stakeholders on constraints which might limit, and opportunities which could enhance, the WSS component in PRS processes; and

- to outline possible methods of integrating WSS programs into country-level PRS processes, and identifying key supportive practices such as further learning and networking at the regional level.

The workshop **program** was articulated around the following themes:

- sector policies and institutional reforms for water and sanitation in PRSPs;
- the role of the PRSP as an organizing framework through poverty diagnosis, MTEF (medium-term expenditure framework) development, monitoring and evaluation, and multi-stakeholder consultation and participation; and
- for each country, reviewing the current situation and mapping the way forward.

Each theme was introduced by thematic presentations and related country cases and then discussed in working groups, where experiences and views were shared, and challenges, constraints, opportunities, and possible responses were identified. The concluding session provided the participants with an opportunity to assess the situation in their own country and identify priority actions. The recurrent themes of country action plans informed the recommendations of the workshop concerning further action at the regional level. The group of participants from central ministries and PRSP units, as well as the civil society caucus, provided their own views on common findings and lessons.

The workshop was conceived primarily as a call to action for a fuller and more meaningful inclusion of water and sanitation in the PRSP process. It achieved the objective of identifying issues and suggesting responses at country and regional levels. Possible responses include further country support and networking, and the development of guidance material based on good practices. This might focus particularly on linkages with MTEF and budget processes, consultation, and monitoring and evaluation.

The PRSP as a Challenge and an Opportunity for WSS in Poverty Reduction Strategies

In his keynote address Mr. Makhtar Diop, the World Bank Country Director for Kenya, Eritrea, and Somalia, highlighted the importance of the HIPC and PRSP initiatives for Africa, and emphasized that PRSP development is an ongoing and evolving process. He affirmed that PRSPs can play a vital role in poverty reduction, and can lead to an enhancement of the extent

and quality of WSS coverage. However, use of the opportunity presented by the PRSP framework must be linked to sector reforms, especially in the rural and urban water supply sectors.

Poverty reduction strategies have become the established means by which African countries prioritize actions to strengthen the impact of public programs on poverty. The PRSP agenda was endorsed by the African Heads of State at the Libreville Summit in January 2000 as a major instrument in promoting progress towards the Millennium Development Goals, especially those concerning poverty reduction. The preparation of PRSPs in most African countries is directly linked to the process of accessing external funds through the enhanced Highly Indebted Poor Countries (HIPC) Initiative, and is meant to provide a broad framework for the coordination of all external assistance (Box 1).

Since 1998, over 30 countries in Africa have conducted a broad-based consultative process with civil society and other stakeholders to support the preparation of poverty reduction strategies. The key elements of the PRSP process are: poverty diagnosis, multi-stakeholder

consultations, linkage with public expenditure planning through MTEF and annual budgets, and a strong monitoring and evaluation system.

For the WSS sector in Africa, PRSPs represent:

- a **challenge**:
 - to make the *case for WSS* in poverty reduction;
 - to develop and implement effective *WSS strategies* and programs.
- an **opportunity**:
 - to use the PRSP as a *framework* for planning and aid management in tandem with MTEF and SWAp (sector-wide approach);
 - to develop *country-owned plans* to strengthen the WSS component in poverty reduction.

Different technical sessions of the workshop explored these challenges and opportunities with the active participation of representatives of stakeholder groups from 12 countries.

The Case for Water and Sanitation in Poverty Reduction Strategies Still to be Made

The drive to integrate WSS in PRSPs is consistent with the Millennium Development Goals for water and sanitation: a) by 2015, to halve the proportion of people without sustainable access to safe drinking water; and b) by 2020, to ensure that 100 million slum dwellers have access to improved sanitation. These global targets require a significant increase in annual investments from the current average levels. Based on past experience, they also require the implementation of sector reform to establish a solid foundation for making these investments sustainable.

While the Millennium Development Goals are a call for action addressed to the whole developing world, they are particularly critical for Africa. In fact, Africa is facing a water and sanitation crisis. Sector development cannot keep up with population growth, limiting economic and social progress. Women, children, and the poor are particularly vulnerable. Africa has the lowest WSS coverage of any region in the world: more than 1 in 3 Africans (300 million people) do not have access to safe water and sanitation facilities. Water-related diseases are a major cause of morbidity and infant mortality. Estimates show that the steady increase in WSS coverage in the 1970s and early 1980s has not been maintained. A continuation of current trends (Box 2, Figures 1 and 2) would lead, by 2020, to the doubling of the number of people without proper services: 400 million without access to safe water and 600 million without hygienic sanitation. Business as usual will not do.

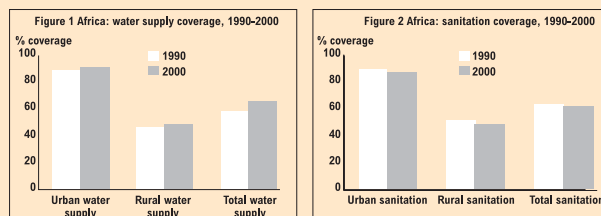
Box 1. HIPC Initiative and Status in Africa

Poverty in Africa is widespread and deeply entrenched. During the 1990s, many countries in the region experienced a decline in rates of growth and a worsening of social indicators. Only a few countries, such as Uganda, have succeeded in reducing levels of poverty. It is in the context of this reality that a broad consensus has emerged among African leaders regarding the need to redirect public programs toward the fight against poverty. Against this background, the HIPC Initiative and the related process of preparing poverty reduction strategies are very important initiatives for African countries.

The *Heavily Indebted Poor Country* (HIPC) Initiative is designed to reduce the debt burden of poor countries to sustainable levels. The HIPC Initiative is important for Africa, with over 33 countries in the region having been identified as having unsustainable levels of debt. By June 2002, 22 African countries had reached the 'decision point' (when at least an Interim PRSP has been prepared and interim debt relief becomes available). Four of these countries had reached the 'completion point' (when full debt relief is available). The total net present value of debt relief granted to African countries is estimated to be about US\$16 billion. A study by the World Bank suggests that, for the 19 African countries that had reached their completion or decision points, estimated savings in debt service payments under the HIPC Initiative over the three-year period from 2001 to 2003, when compared to the scheduled debt service due, are likely to be about US\$1.3 billion annually.

Box 2: The Reality of WSS in Africa

- Lack of services is an appalling burden on the poor and traps people in poverty. Women and children are often worst affected.
- Service delivery is not keeping pace with growing populations and demand, especially in cities.
- Future financing requirements far exceed public-sector capacity.
- Politicians hurt the poor by 'protecting' them with free water and sanitation services: these are rarely sustained.
- Public utilities are generally ineffective and private-sector capacity is often untapped.
- Africa's water resources are very vulnerable: effective water management is essential to sustain WSS services.



Africa's rapid urbanization, progressing at rates between 4 and 7 per cent, is largely taking place through the expansion of peri-urban and informal settlements, which in large cities such as Nairobi shelter about 50 per cent of the population. Municipal authorities have generally failed to provide WSS services to these settlements and they are left to rely on high-cost, low-quality alternatives provided by the community and informal private suppliers. Urban poverty strategies have to address living conditions in peri-urban and informal settlements and, most importantly, must face the challenge of providing access to safe and affordable water and to hygienic sanitation.

A review of the initial batch of PRSPs prepared by African countries suggests that, except for the notable exception of Uganda, the water supply and sanitation sector has not been effectively incorporated into most PRSP processes. As a rule WSS has been given low priority in country PRSPs. Poverty-linked diagnoses of WSS problems lack specificity, reflecting a weakness in translating general policy concepts into operational strategies. This weakness can be traced to the sector's institutional complexity and the fragmented nature of financing arrangements due to the traditional reliance on projects. The case of sanitation is even more of an issue as it is not covered meaningfully in any of the PRSPs to date.

Workshop deliberations suggested that there are several reasons for this exclusion:

- weak poverty-linked diagnosis is due to the weak base of sector information, which focuses mainly on physical facilities and is characterized by a complete lack of sector monitoring and evaluation systems. In national poverty impact assessments, definitions of water-related indicators are poor and

sanitation is generally not covered;

- as highlighted by the representatives of the PRSP/ Ministry of Finance units: 'The representation of water and sanitation in PRSPs is weak or absent compared to education and health, due to weak liaison between central ministries, local authorities, and local stakeholders in planning and priority setting'; and
- the water supply and sanitation sector has not effectively used programmatic and sector-wide approaches to enable better integration with poverty reduction strategies and the MTEF. This is partly due to the sector's institutional complexity and the fragmented nature of its financing arrangements.

Africa's Water and Sanitation Challenge is First and Foremost a Challenge of Reform

There is growing recognition among African leaders of the imperative need for reform in the water and sanitation sector. There is also an emerging consensus on the guiding policy principles underpinning sector reform (Box 3). Starting from the proposition that sector reform is a prerequisite for expanding and improving WSS services to the poor, separate working groups for sub-sectors related to urban, rural, sanitation, and integrated water resource management (IWRM) proceeded to:

- review the constraints on including sector reforms within the PRSP processes; and
- identify actions and possible responses to overcome these constraints.

Urban Water Supply and Sanitation

Many African countries have undertaken profound institutional reform of their urban water services to grant them autonomy, improve their efficiency, and make them financially viable. Most reform efforts also involve private sector participation (PSP). As illustrated forcefully by the example of Senegal (Box 4), these reforms offer opportunities to launch an ambitious drive to extend services to the growing number of poor urban households long neglected by publicly managed utilities. In Senegal pro-poor objectives were built into the PSP lease contract concluded in 1995. Over the first six years of the lease coverage has increased from 55 to 85 per cent, and the goal of universal coverage by 2006 is considered within reach.

As regards the urban sub-sector, the prevailing consensus is that a reasonably efficient and financially

viable utility is a necessary, but insufficient, condition for serving the urban poor. The need to include pro-poor objectives as a central feature of urban utility reform is well accepted, although in many cases related targets and incentives need to be fully developed and fitted into local institutional arrangements.

Box 3: Emerging Consensus among African Countries on WSS Sector Reforms

- Restructure institutions to enable them to deliver better services in an efficient and sustainable manner, which frequently entails devolving authority to local levels and specifying public sector roles.
- Adopt sound financial policies to create financially viable sector institutions and to generate the resources required to build, maintain, and operate systems.
- Recognize the consumer as a key stakeholder to whom government and service providers must be accountable.
- Include the poor and marginal groups in decisions related to water supply and sanitation investment, and develop targeted subsidy mechanisms where they are necessary to ensure access for the poor at affordable prices.
- Ensure that service providers give consumers a choice of levels and types of provision, including low-cost options, to meet consumer demand and willingness to pay.
- Involve the private sector in the financing, management, and operation of services.

Source: Water and Sanitation Program-Africa Region, brochure

The main aims of pro-poor urban utility reform are:

- to increase advocacy/awareness of linkages between reform and the opportunity to improve access for the poor;
- to combine affordable tariffs with overall financial viability through appropriate cross-subsidies; and
- to include targeted programs for the poor in the PSP contract and in the investment program, particularly social connections to facilitate access.

Rural Water Supply and Sanitation

Since 1995, most African countries have adopted policies for rural systems that use demand-responsive approaches (DRA) to decentralize the responsibilities for water supply in villages and small towns to local communities. However, most countries have yet to complete the institutional transition needed to restructure sector agencies and build the capacity to channel technical and financial support to

decentralized actors. This can be attributed partly to the institutional complexity of the sector, and partly to the fragmented nature of financing arrangements due to the traditional reliance on projects.

Support to local initiatives for WSS is typically provided through independent projects with quasi-autonomous (but by nature temporary) project implementation units. Project units with their own access rules and requirements for planning and monitoring are usually not in the position to ensure a coherent interface between local actors and the center.

Box 4: Senegal's Experience with Pro-Poor Urban Utility Reform

Senegal's WSS sector was run by a reasonably efficient public operator whose performance was hampered by weak finances, deteriorating assets, lack of investment, and shortage of water for its main customers, the city of Dakar and its neighboring areas. Reform was based on a comprehensive assessment leading to the formulation of clear objectives with corresponding time-bound targets:

- to increase operational efficiency (reduction of unaccounted-for water, improvements in quality and in customer services);
- to ensure the long-term financial equilibrium of the sector; and
- to maintain and extend services to low-income households, especially those in peri-urban settlements.

In 1997, after a four-year preparation period, a 10-year 'enhanced lease' was awarded to Senegalese des Eaux (SDE) as it had offered the cheapest water provision (17 per cent lower than the current tariff). Key characteristics of the enhanced lease were: a) responsibilities for most investment remain with the public sector through an Asset Holding Company, b) the operator had the responsibility for rehabilitation and extension with related financing ensured through the contract, and c) pro-poor objectives were included as specific targets in the contract.

A comprehensive financial model was used to adjust the respective shares of external funds to be on-lent or to be passed on as equity in order to maintain the social part of the tariff at a level affordable to low-income households. Ambitious targets were set for expanding services through social connections (with the connection fee waived) and through the development of community standposts with financing earmarked for these purposes. The results after six years are considered very positive. Over the first six years of the lease the number of connections has grown from 241,000 to 292,000, and the number of community standposts from 2,600 to 3,400. Coverage has increased from 55 to 85 per cent and the goal of universal coverage by 2006 is considered within reach.

Source: Based on the presentation by Babacar Dieng at the Regional Workshop

As a result the linkages between sector development and central planning and budgeting processes are weak and, as highlighted by the focus group of PRSP unit and Ministry of Finance representatives (Box 5), the sector has limited visibility. Development of appropriate demand-responsive financing mechanisms is also constrained by the existing fragmented systems, typified by reliance on projects, and the lack of coordination among many diverse players working independently.

The case of Uganda illustrates a situation where the institutional reform of the water sector was driven by a policy of decentralization and the related restructuring of public finance. The sector reform provided a common sector-wide approach (SWAp) to channel technical and financial support to local authorities and foster the move to sector programs directed respectively at rural WSS, small towns, and utility reform.

The main aims of WSS programs directed at rural communities and small towns are:

- to translate broad policy principles into coherent implementation strategies to guide and support initiatives of the decentralized actors by measures such as strengthening capacity, clearly defining access rules, and evolving demand-responsive financing mechanisms; and

- to adopt a programmatic approach to strengthen linkages between sector programs, country-wide planning and budgeting, and evaluation processes at all levels: community, district, and the center.

Sanitation

While the concept of ‘sector reform’ is relatively clearly defined in water supply, it is less so for sanitation. The challenge in sanitation continues to be to impart direction and coherence to a sector marked by institutional confusion and lack of clear objectives. Only with such direction will it be possible to reorient policies and restructure institutions.

The drive to elevate sanitation in country development priorities and integrate it into PRSPs would have to start with advocacy and social marketing at the levels of households and communities, as the demand for sanitation is usually less explicit than for water. Sector planners and policy makers should advocate the explicit inclusion of sanitation in the definition of poverty. The PRSP process could then legitimately act as a ‘watchdog’ to ensure adequate treatment. This could be done on the basis of linkages with other PRSP objectives: school sanitation, for example, could be linked to improved enrollment and attendance of girls.

The starting points of sanitation reform would be:

- to develop an intervention strategy combining advocacy,consultation, and hardware;
- to clarify responsibilities: one single central ministry or agency to take the lead, and all implementation responsibilities, and some of the policy-setting roles, to rest with local authorities;and
- to define a financing strategy and secure increased financing. The financing strategy would specify which aspects of sanitation are to be funded from public resources, by communities, or by individual households, with micro-finance as an option for the latter two.

Integrated Water Resource Management (IWRM)

The linkages between IWRM and poverty arise from the fact that the poor are more vulnerable and less empowered, and therefore the first to be

| Box 5: Perspective of Representatives of Ministries of Finance and Country PRSP Units | |
|--|--|
| Constraints | Actions |
| <ul style="list-style-type: none"> ▪ Absence or weak representation of water and sanitation in PRSP compared to education, health, and agriculture, due to weak links between central ministries, local authorities, and sector actors, especially at the local level in planning and priority-setting. | <ul style="list-style-type: none"> ▪ Advocacy for the integration of water and sanitation as a priority in the next revisions of the PRSP. |
| <ul style="list-style-type: none"> ▪ Responsibilities for sanitation are scattered among several departments with resulting lack of coordination and low priority. | <ul style="list-style-type: none"> ▪ Strengthen coordination by developing a ‘group strategy’ at both central and local levels under the leadership of the ministry responsible for sanitation. |
| <ul style="list-style-type: none"> ▪ Lack of institutional capacity: staff, equipment, and reliable information are lacking. | <ul style="list-style-type: none"> ▪ Strengthen institutional capacity, especially as regards gathering reliable information and monitoring. |
| <ul style="list-style-type: none"> ▪ Insufficient budget and lack of financing. | <ul style="list-style-type: none"> ▪ Increase resources allocated to the sector, for example through resources from debt relief through the MTEF, as is the case for education and health. |

Box 6: Implementing Sector Reform through a Programmatic Approach within PRSP: The Case of Uganda

A. *WSS in Poverty Diagnostics:*

- WSS reported as a high priority in Uganda Participatory Poverty Assessment Project

B. *Institutional Framework:*

Central Government:

- Ministry of Water, Lands and Environment in charge of policy and strategies
Directorate of Water Development (DWD) – lead national sector agency, member of PRSP/PRSC committees
National Water and Sewer Corporation (NWSC) – urban systems
- Coordination with five other departments: Finance (planning and resource mobilization), Local Governments (coordination), Health (hygiene and household sanitation), Education (school sanitation and hygiene education), and Social Development (community mobilization)

Local Governments:

- District councils: management of rural WSS service provision
- Town councils: management of town WSS systems

Communities and others:

- Operation and management for rural WSS services - pay for urban WSS services
- Donors, NGOs, private sector (operation of towns WSS systems, advice, services, supplies etc.)

C. *Water Sector Reform* to ensure efficient and cost-effective services

- *Rural WSS:* demand-driven packages – community-based operation and management
- *Small towns:* public ownership and commercial operation – support by DWD
- *Large towns and cities:* NWSC under performance contract – public-private partnership

D. *Poverty Eradication Action Plan* (PEAP) to eradicate poverty by 2017 (basis for PRSP)

- Water as an important sector in three of the four pillars under PRSP (Poverty Eradication Action Plan)
- Priorities in social sectors: education, health, roads, and water (total 45 per cent of budget)
- Multi-sectoral – implemented under MTEF through the virtual Poverty Action Fund (PAF)
- Significant background studies and investment plans to support sector development
- Separate multi-stakeholder WSS working group
- SWAp framework adopted for WSS, and its share in the budget increased from 1.5 to 2.8 per cent of budget (US\$13 million to 31 million) from 1999/2000 to 2001/2002.

E. *Poverty monitoring and evaluation strategy*

- Strengthening sectoral management information systems and district level M&E systems
- Development of indicators – rural: coverage and functionality; urban: coverage, UFW, collection efficiency and staff/connections
- Quarterly monitoring visits and reports by DWD, as well as joint visits and annual reviews by GOU/donors
- Sector M&E increasingly linked with multi-sector poverty monitoring system

Source: Based on the presentation by Patrick Kahangire at the Regional Workshop.

affected by insecurity and lack of access to water as a necessity and as a productive resource. Water is a natural asset in livelihood systems with multiple linkages to economic and social processes. Pro-poor approaches to water resource management should establish a framework that ensures sustainability and security of access to water for poor households. It implies an understanding of the role of water in livelihood systems and a multi-layered approach covering access, allocation, and conservation issues at various levels from watersheds to river basins, and from village to country.

The main objectives of IWRM would be:

- to identify the linkages between water and the livelihood systems of the poor;
- to identify measures required to secure and enhance their access to water; and
- to develop the legal and institutional capacity to ensure participation and equity in water

management and usage with particular attention to the concerns of the poor.

PRSP Provides a Framework, but not a Trigger for Water Sector Reform

PRSP provides an opportunity to consolidate and institutionalize key policies relevant to the WSS sector, assisted by the fact that the WSS sector and PRSP share the common objective of sustainable poverty reduction. In order to be properly prioritized and integrated in PRSPs and MTEFs, WSS sector strategies need to be defined in time-bound and costed action plans. Different WSS sub-sectors need to be linked with PRSP through well-articulated strategies specifically directed at the demands of the poor, with details related to institutional measures, financing mechanisms, capacity building, prioritized investment requirements, and M&E systems.

The workshop deliberations suggest that PRSPs have

not usually triggered water sector reform. The fragmented nature of the sector among autonomous utilities and central agencies, and its decentralization to municipal and local levels, make it difficult to develop a coherent logical framework linking objectives with institutional actions and investments for the sector as whole. However, when there is a consensus on sector reforms in the country, well-articulated institutional and financing strategies are able to provide a basis for linking broad reforms with the PRSP process as in Uganda (Box 6). The Uganda case illustrates a holistic approach to sector reform whereby structural changes needed to improve WSS services are pursued under broader water sector reforms involving small towns and support to decentralized local authorities, as well as water resource management. It also illustrates the linkage between water reform and the PRSP.

Emerging experience suggests that even where local institutions are weak, the pressure to use the PRSP process as a way to access central resources has not led countries to regress to approaches based on central planning and direct service provision. The fact that this potential drawback of PRSP has not materialized is mainly due to the fact that PRSPs in African countries are anchored in decentralization and local empowerment. As pointed out by Mr. Walter Stottman, Manager of the Water and Sanitation Program, however, this is still a point that deserves watching in the future.

Initiation of, and broad commitment to, water sector reform is therefore a necessary condition for the appropriate inclusion of WSS in PRSPs. Although PRSPs have not triggered water sector reform, they have shown the importance of sector reform and highlighted the critical need for converting the broad reforms into coherent implementation strategies to link the decentralized and often fragmented water sector initiatives with a country's overall policy and planning process.

PRSP as an Opportunity to Sharpen and Scale Up Water Sector Development Programs

Water and sanitation impact poverty in many ways, and are key determinants of levels of poverty and the sustainability of livelihood systems. Communities and planners recognize water as a key factor affecting core PRSP elements such as health, food security, gender, income, and social inclusion. Most participatory poverty assessments also highlight these as priorities of the poor (Box 7). However, in many cases the capacity to integrate these concerns and define

Box 7: How Water and Sanitation Contribute to Poverty Reduction

Improved water and sanitation contribute to poverty reduction in these areas:

- Health: improved child and maternal health
- Education: especially the provision of educational opportunities for girls
- Income: improved productivity, reduced costs of health, economic development
- Gender: improved conditions for women
- Social inclusion: inclusion of remote and excluded communities

Studies linked to the preparation of poverty reduction strategies in different countries highlight the problems faced by the poor:

Kenya: District-level consultations in Kenya showed that: 'Access to water and sanitation varies by poverty status and locality. Two-thirds of the rural poor do not have access to safe drinking water and 72.2 per cent of the poor have no access to sanitary facilities.' 'In urban areas large populations living in informal settlements within the towns and cities have no access to safe water.'

Ethiopia: Studies related to Voices for the Poor in Ethiopia showed that: In rural areas, the main cause of poverty is drought. Some of the effects of drought are that 'rivers dry up and women have to travel for long hours to get a pot of water; cattle die due to the lack of water; backyard gardens that had been a major source of food security for many become useless.' In urban communities, absence of vital services, including water and sanitation, is the third most important problem identified by the poor.

Uganda: PPAs in Uganda showed that: Under 'causes of poverty that require redress', the poor emphasized 'limited access to safe water' as the major cause of the high incidence of disease, and rectifying this situation was accorded high priority in Community Action Programs (CAPs). Time spent accessing clean water reduces time available for education and earning a livelihood. Problems prioritized in research across nine districts indicated that 'lack of proximal sources of safe water' in rural and urban areas was ranked second only to lack of roads and poor transport in rural areas. Inadequate access to latrines, and lack of awareness, were also recognized as adverse influences on the quality of water.

monitorable interventions to address them is lacking. While most PRSPs identify difficulties in access to water as a dimension of poverty, few have prioritized water and sanitation interventions.

The PRSP process represents an opportunity for the water and sanitation sector to be better integrated with overall planning, thus enabling countrywide scaling up of water and sanitation reforms. To achieve this,

the workshop suggested improvements in five interrelated areas:

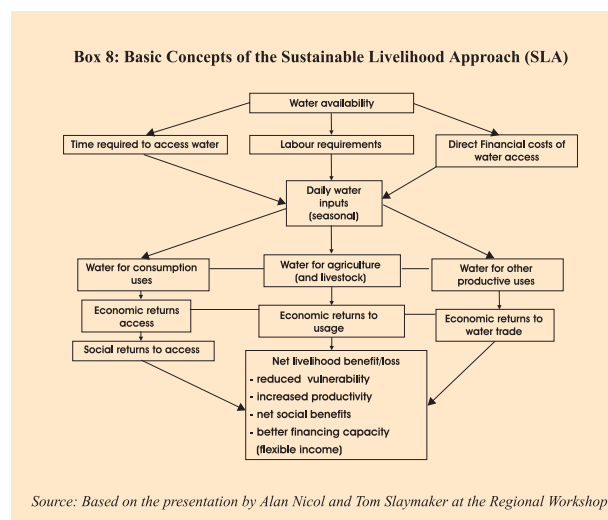
- *Diagnosis and understanding*: better identification of how water and sanitation interventions can contribute to the goals of poverty reduction;
- *Strategy development*: converting WSS sector policies and reforms to medium-term strategies through a sector-wide approach (SWAp);
- *Financing arrangements*: linking WSS strategy to public finance allocations within a medium-term expenditure framework (MTEF), and evolving financing mechanisms within the context of decentralization and demand-responsive approaches;
- *Multi-stakeholder consultation and representation*: a stronger and more coherent ‘voice’ for water at all levels (community, district, the center); and
- *Monitoring and evaluation*: strengthening sector capacity for M&E based on the logical links between interventions, outputs, and poverty outcomes.

Linking Poverty Diagnosis in Water and Sanitation to Actions and Impact Assessment

The challenge is to progress from general recognition of the importance of water to the prioritization of specific packages of interventions linked to poverty reduction outcomes in health, gender, food security, and income. The workshop emphasized the need for improved poverty diagnostic and explored the *sustainable livelihood approach (SLA)* as a diagnostic tool (Box 8). One of the working groups reviewed the use of SLA in linking WSS sector programs with poverty reduction strategies. SLA analysis provides a rich understanding of:

- the resources owned and used by households and communities (natural, economic, social) and how they contribute to their livelihood systems;
- the demand of households and communities for water related to consumptive and productive uses; and
- the potential for cost recovery in light of vulnerability and seasonal factors.

The workshop deliberations suggested that SLA would be a useful tool to increase the visibility of water and sanitation in poverty reduction strategies. However, it is costly and analysis-intensive and requires integration across sectors and disciplines, which is more practical at the local level. The detailed understanding and insights provided by community-level analysis can make SLA a key input in the development of strategies, in particular in defining technology options and community/household contributions. SLA can also



help in defining relevant impact indicators and in setting targets.

The challenges are:

- to develop awareness of SLA for design and evaluation of poverty reduction strategies and programs;
- to build capacity and streamline methodologies for use by local actors; and
- to integrate the micro-level information from SLA into macro policy-making and planning processes.

Priorities for further learning are:

- to review the specific insights gained from SLA analysis on the WSS dimension of poverty and use them to design WSS policies and programs, especially for rural communities; and
- to review good practices emerging from country-level efforts to link SLA with the PRSP process at various levels.

MTEF and SWAp Form Necessary Links between PRSPs, Sector Strategies, and Public Expenditure

Sector-wide approaches (SWAp) provide a coherent framework for the implementation of sector strategies and the coordination of external support. The focus of SWAp should be on: policies and strategies, targets, standards, definition of investments, and consultative frameworks. SWAp frameworks have been successfully applied to the health and education sectors in a number of African countries, including Ethiopia and Uganda. However, so far there are very few cases of SWAp in the WSS sector; Uganda stands as an exception (Box 6). MTEFs complement PRSPs. Their role is to link policies to plans and budgets, and rationalize public expenditure planning and management. MTEF and SWAp would together help

operations of M&E systems rarely receive sustained attention and funding outside externally funded projects. Most M&E systems, when they exist at all, are typically directed at physical facilities, and rarely provide information on operations, services, and usage.

Drawing on the cases presented by Malawi and Tanzania, the workshop reviewed the potential linkage between PRSP and sector information systems and reflected on the key inputs required to build up sector M&E capabilities. PRSP establishes a more purposeful framework for effective M&E capacity for all poverty-related sectors. M&E is often the sole concern of sector agencies, but PRSP creates a wider opportunity for transparency and accountability by linking sector programs with wider poverty reduction goals in a countrywide planning process. This requires work in a number of areas: a) developing a sharper understanding of the contribution of water and sanitation to poverty reduction, b) devising measurable sector indicators related to poverty outcome, c) identifying and costing WSS interventions linked to outputs and outcomes through a logical framework, d) adopting a participatory and transparent process of monitoring, and e) providing information to stakeholders at various levels from the community to the central policy organs. The inadequacy or lack of baseline data is a recurrent problem and has to be addressed as part of the development of M&E systems.

A sector M&E system has to track the progress toward PRSP objectives and at the same time provide a basis for monitoring the performance of sector programs. The cases of Malawi and Tanzania (Box 10) show the importance of sector information systems. During the deliberations, participants stressed the need to build on existing sector information systems and capacity, upgrading and strengthening them and complementing them by surveys and research.

Participants also stressed the need for reliable ‘ring-fenced’ funding to support the M&E function. When the sector M&E is linked to PRSP monitoring, the resulting participatory consultative framework will broaden the accountability of sectoral agencies and strengthen the demand for M&E information.

The ways forward for effective M&E are:

- to establish a clear framework for sector M&E and links to PRSP at all levels;
- to establish a logical framework, baseline data, and indicators through a consultative process;
- to establish a sector information system to support monitoring and evaluation;
- to publish and disseminate M&E findings widely;

and

- to allocate ‘ring-fenced’ dedicated financing to M&E.

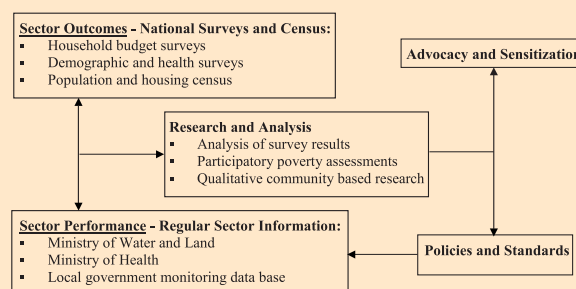
Priorities for further learning are:

- to provide guidance on WSS sector M&E systems, especially for rural communities; and
- to develop and document good practices on the financing of sector M&E systems.

Multi-Stakeholder Consultative Process

Fighting poverty is as much a matter of participation and empowerment as it is a matter of investments and programs. The role of communities, the poor, public and private sectors, NGOs, and civil society in the PRSP process is important if the PRSP is to be well directed and supported by all stakeholders. The cases of Kenya and Zambia highlighted the active involvement of stakeholders, carried out largely through regional consultations and workshops. The participation of WSS stakeholders from civil society, such as unions and the private sector, was generally limited. On the other hand, national NGOs were consistently involved and in many cases played a dynamic role due to their focus on poverty and their familiarity with participatory processes. This attitude

Box 10: Linking WSS Indicators with Poverty Monitoring: Tanzania



Key Principles:

- Consultative process backed by rigorous research and analysis to arrive at a consensus-based set of indicators
- Development of indicators in relation to objectives, with disaggregation across geographic boundaries (regions/districts, rural/urban), and by level of income or poverty
- Continued review of indicators

Medium-Term Plan for Tanzania following an initial consultative development of indicators:

- Consensus on indicators with Water and Health Ministries
- Effective dissemination
- WSS indicators included in 2002 census enabling district-level analysis
- Advisory team maintains links to strengthen sector monitoring and broadens membership
- Plans for NGOs in the Forum to take forward key research findings in partnership with ministries and research institutions

Source: Based on the presentation by Dave Mather at the Regional Workshop

operations of M&E systems rarely receive sustained attention and funding outside externally funded projects. Most M&E systems, when they exist at all, are typically directed at physical facilities, and rarely provide information on operations, services, and usage.

Drawing on the cases presented by Malawi and Tanzania, the workshop reviewed the potential linkage between PRSP and sector information systems and reflected on the key inputs required to build up sector M&E capabilities. PRSP establishes a more purposeful framework for effective M&E capacity for all poverty-related sectors. M&E is often the sole concern of sector agencies, but PRSP creates a wider opportunity for transparency and accountability by linking sector programs with wider poverty reduction goals in a countrywide planning process. This requires work in a number of areas: a) developing a sharper understanding of the contribution of water and sanitation to poverty reduction, b) devising measurable sector indicators related to poverty outcome, c) identifying and costing WSS interventions linked to outputs and outcomes through a logical framework, d) adopting a participatory and transparent process of monitoring, and e) providing information to stakeholders at various levels from the community to the central policy organs. The inadequacy or lack of baseline data is a recurrent problem and has to be addressed as part of the development of M&E systems.

A sector M&E system has to track the progress toward PRSP objectives and at the same time provide a basis for monitoring the performance of sector programs. The cases of Malawi and Tanzania (Box 10) show the importance of sector information systems. During the deliberations, participants stressed the need to build on existing sector information systems and capacity, upgrading and strengthening them and complementing them by surveys and research.

Participants also stressed the need for reliable ‘ring-fenced’ funding to support the M&E function. When the sector M&E is linked to PRSP monitoring, the resulting participatory consultative framework will broaden the accountability of sectoral agencies and strengthen the demand for M&E information.

The ways forward for effective M&E are:

- to establish a clear framework for sector M&E and links to PRSP at all levels;
- to establish a logical framework, baseline data, and indicators through a consultative process;
- to establish a sector information system to support monitoring and evaluation;
- to publish and disseminate M&E findings widely;

and

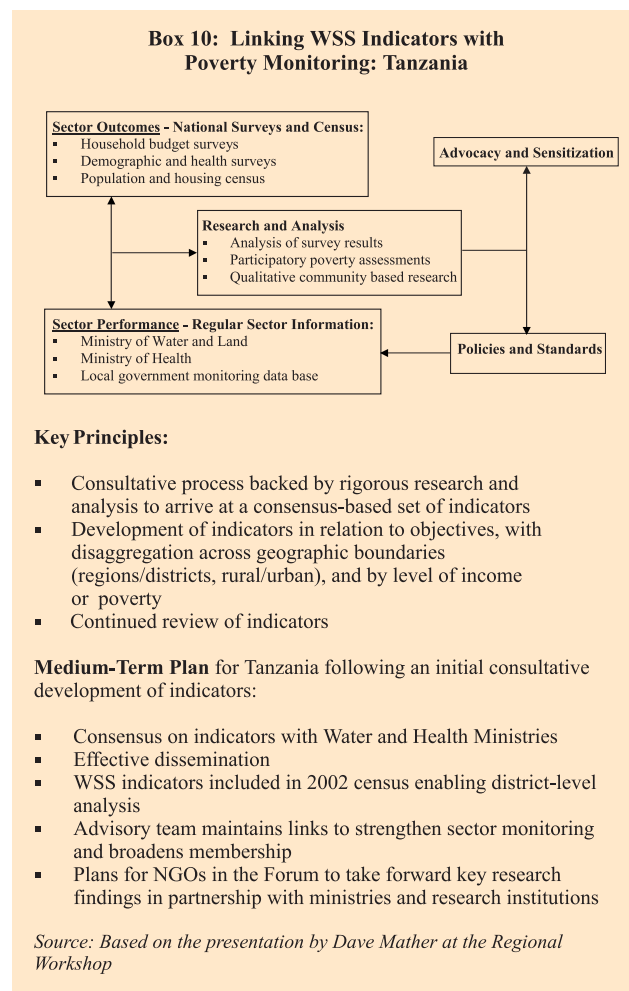
- to allocate ‘ring-fenced’ dedicated financing to M&E.

Priorities for further learning are:

- to provide guidance on WSS sector M&E systems, especially for rural communities; and
- to develop and document good practices on the financing of sector M&E systems.

Multi-Stakeholder Consultative Process

Fighting poverty is as much a matter of participation and empowerment as it is a matter of investments and programs. The role of communities, the poor, public and private sectors, NGOs, and civil society in the PRSP process is important if the PRSP is to be well directed and supported by all stakeholders. The cases of Kenya and Zambia highlighted the active involvement of stakeholders, carried out largely through regional consultations and workshops. The participation of WSS stakeholders from civil society, such as unions and the private sector, was generally limited. On the other hand, national NGOs were consistently involved and in many cases played a dynamic role due to their focus on poverty and their familiarity with participatory processes. This attitude



is reflected in the statement prepared by NGOs participating in the workshop (Box 11).

Box 11: Statement from NGO Caucus

- Firstly, let us all make a genuine commitment to poverty reduction through the PRSPs and really target the poor. Within the PRSP, water and sanitation, which are fundamental to poverty reduction, need to be prioritized;
- Secondly, we as NGOs, with our understanding of poverty and our links with communities, can add value to a long-term partnership with governments and other stakeholders in the PRSP process;
- Thirdly, to make this partnership work in the most effective way, capacity needs to be built in the areas of communications, information sharing, the creation of dialogue opportunities for communities and other stakeholders, and the resourcing of these different networks.

The participant responses to the questionnaire on their own experiences with the PRSP process (Box 12) show that the involvement of WSS sector stakeholders in the initial batch of PRSPs has not been without problems. In the case of Zambia WSS sector agencies were involved at a late stage in the process, and existing relevant sub-sector strategies (rural and peri-urban WSS) were not effectively brought in as inputs into the process. In Kenya, water was bundled under the broad category of physical infrastructure.

The emerging pattern is that in most countries the WSS sector was not well positioned to participate in the PRSP process. Key observations based on workshop deliberations are:

- as the PRSP process and its schedule are, as a rule, decided by central ministries and donors, it puts sector stakeholders in reactive mode, especially when responsibilities for the sector are scattered across several agencies;
- the lack of pre-existing sector-wide consultation mechanisms in most countries, with possibly the sole exception of Uganda, renders effective participation problematic, as stakeholders with different viewpoints and concerns are not used to working together;
- the links between the PRSP consultation process at the decentralized level and the planning/budgeting process are often nonexistent or very weak; and
- in the absence of a pre-existing sector strategy, it is difficult to consolidate the output from wide-ranging consultations in a coherent sector program.

The way forward for the effective participation of

WSS stakeholders in the PRSP process include:

- the need for one sector agency responsible for policies and with the mandate and resources to champion and coordinate the involvement of sector stakeholders in consultation and in planning/budgeting;
- support to different stakeholders to develop capacity for effective participation in consultations; and
- the need to strengthen the sector information base so the sector is in a position to make its case and to develop a shared understanding of critical issues and responses.

Box 12: Experiences of Multi-Stakeholder Processes: View from the Field

A questionnaire was circulated among all workshop participants to seek their feedback on the multi-stakeholder participation in PRSPs and WSS sector governance. Main findings suggest:

- in general, most respondents felt that the quality of participation was substantial or adequate. However, the representatives of civil society organizations were less satisfied with the process and attributed this mainly to the fact there is often no champion for the sector and there is inadequate capacity among all stakeholders;
- there was overwhelming consensus among all respondents that the link between priorities identified through consultations and the planning/budgeting processes is inadequate;
- though many respondents found the structures for consultations useful, there are few village-level structures, and issues related to capacity, inclusiveness, and guidance from the center need to be addressed.

Source: Based on the presentation by Belinda Calaguas at the Regional Workshop.

Moving Forward through Country Assessments

Using the workshop deliberations and emerging directions in reforms and PRSP frameworks as a base, country teams deliberated in smaller working groups to assess the situation in their own countries to identify the critical actions needed to improve the integration of water and sanitation in country processes related to the development and implementation of poverty reduction strategies. While actions needed to seize the PRSP opportunity for the sector vary from country to country, the detailed deliberations suggest some common themes from country assessments and actions plans:

- *Sector reforms and strategy:* key actions necessary for urban and rural sub-sector reform were discussed. In general, in most countries there has been inadequate focus on converting the broad reform agenda to operational strategies through the use of frameworks such as the sector-wide approach (SWAp);

- *Emphasis on sanitation as a recurring theme*: almost every country emphasized the importance of sanitation, and there was a recurring emphasis on the need for clarifying the institutional arrangements;
- *Sector legitimacy and multi-stakeholder consultation*: stress was placed on the need for strengthening and institutionalizing the consultation process and building sector legitimacy through multi-stakeholder endorsement of proposals. A key emphasis was also on consolidating the sector position and presence, and then proactively coordinating with other water-related sectors;
- *SWAps, financing mechanisms and MTEF*: linkages were emphasized by several countries. Countries that have attempted to develop these links further emphasized the need to develop more appropriate financing mechanisms;
- *Monitoring and evaluation*: the importance of strengthening the sector information base and linking more effectively with poverty-monitoring systems was also emphasized by several countries;
- *Capacity building and experience sharing*: these elements were felt to be relevant to all stakeholders, particularly at the local level.

A consultative group that included representatives of all stakeholders identified the types of **regional support activities** which could enhance the country-driven processes and actions:

- *SWAps and WSS resource-flow analysis*: Analysis of the full range of financial and other assets available in the WSS sector and development of appropriate financing mechanisms (with supporting tools and guidance) within the context of a sector-wide approach (SWAp), decentralization, and the need for demand-responsive approaches;
- *Monitoring and evaluation*: Regional comparative review and assessment of WSS-linked M&E approaches, including an analysis of existing systems, potential of M&E tools from other sectors, innovative measures to link with national poverty M&E systems, and identifying resources required for M&E systems; and
- *Capacity-building support*: To seize the PRSP opportunity, new capacities are needed for all key stakeholders in the sector, with regional assistance in providing the technical support to enable assessment of country capacity-building needs. Effective mechanisms should be developed for exchanges of regional experience through visits, information sharing, and comparative regional assessment.

In conclusion, as highlighted by Ravi Narain, Director of WaterAid, the PRSP process provides an opportunity for the water and sanitation sector to contribute to the poverty reduction agenda by adopting principles of good governance through effective multi-stakeholder consultation backed by transparency and a strong and functioning sector monitoring and evaluation system. The Permanent Secretary from the Ministry of Environment and Natural Resources, Government of Kenya, in his closing address at the workshop, reiterated the importance of WSS sector reforms for using the opportunity that the PRSP process presented for the sector: ‘I wish to reiterate that provision of adequate water supply is highly complementary and critical to our efforts to eradicate poverty. But this is only possible where appropriate institutional reforms with the enabling legal environment are in place so that the water sector investments are sustainable. As we all appreciate, formulation and implementation of sector reforms require time. Short of this, however, it will be business as usual, something we should hope to avoid. I hope that the outputs and recommendations of this workshop are put to good use by all involved at both implementation and policy levels so that poverty reduction strategies can indeed contribute to poverty reduction.’



Breakout group discusses country situation and priorities for Ethiopia and Zambia.



Representatives of civil society organizations at the session on multi-stakeholders consultations.

Seizing the PRSP Opportunity for Sustainable Scaling Up of Water and Sanitation Services

To seize the opportunity that PRSPs present for improving sustainable water supply and service coverage and achieving the Millennium Development Goals in the context of Africa:

What the Water Supply and Sanitation Community Needs to Do

- Despite the importance of water supply and sanitation as a crosscutting issue, there is considerable sector fragmentation. The sector needs to consolidate its position and presence relative to other sectors while also proactively coordinating with other water and sanitation related sectors – the examples of Zambia and Malawi highlight this, and many other countries, such as Uganda and Ethiopia, have attempted to consolidate the water supply and sanitation sector position.
- The water supply and sanitation sector needs to build a multi-stakeholder constituency with the necessary support to assess and disseminate the analysis of its poverty linkages.
- Water supply and sanitation sector needs to develop the capacity for programmatic and sector-wide approaches, while addressing the factors that make it more difficult to use sector-wide approaches, such as: weak links with the central budget; significant differences in strategies for sub-sectors such as rural, urban, and sanitation; heavy involvement of non-governmental organizations, civil society organizations, users, and communities; tensions between centralized national targets and the decentralization of water supply and sanitation to local governments, the private sector, and communities; and the weak or non-existent monitoring systems in the sector.
- Sanitation was consistently identified as requiring particular emphasis; there is an urgent and critical need to develop clarity and consensus on the necessary institutional and financing reforms.
- The water supply and sanitation sector also needs to identify appropriate financing mechanisms that are demand-responsive and which help leverage resources while maintaining consistency with wider considerations such as the public finance framework, the PRSP, and MTEF (medium term expenditure framework).
- Key emphasis was placed by all participants on the development of sector information systems and linked monitoring systems with adequate funding of M&E activities.

What the PRSP Community, within Countries and among Development Partners, Also Needs to Do

- Participants emphasized the need to resolve the lack of connection between consultations at the local level and the planning and budgeting processes that are focused at the national and macro levels, possibly through a layer of 'decentralized PRSPs and MTEFs' acting in tandem with local consultations.
- Develop more appropriate procedures for crosscutting sectors such as water and sanitation.
- Explore appropriate measures for leveraging public resources by mobilizing private and community resources, especially in cases such as Uganda where the macro-economic limits to water supply and sanitation allocations may have been reached.
- As regards poverty monitoring, the emphasis should not only be on poverty impact monitoring, but the entire range of sectoral input-output-outcome monitoring. Sector efforts need to operate through a consultative process as well as being properly integrated with wider poverty monitoring systems, as illustrated by the cases of Tanzania and Malawi.
- Participants, both the representatives of water supply and sanitation ministries and civil society organizations, also emphasized the need for better sharing of information on the poverty reduction strategy paper/medium-term expenditure framework process and related capacity building for appropriate stakeholder participation (both for the government in terms of managing the consultation process as well as for the stakeholders themselves).

This document is produced and distributed by the Water and Sanitation Program, Africa (WSP-AF) in collaboration with Africa Economic Research Consortium, Overseas Development Institute, WaterAid and the World Bank Institute. The views and information contained herein do not necessarily reflect the views of WSP-AF or its collaborators. The designations employed and the presentation of the materials are solely for the convenience of the reader and do not imply the expression of any legal opinion whatsoever containing the legal status of any country, territory, city, area or its authorities, or concerning the delimitation of its boundaries or national affiliation.

Cover Photograph: Nation Media Group

Workshop Organizers

African Economic Research Consortium
P O Box 62882 – 00200 City Square
Nairobi, Kenya
Tel: - 254 2 228057/225087
Fax:- 254 2 219308/246708
Email:- Dominique.Njinkeu@aercafrica.org

Water and Sanitation Program - Africa
World Bank, P O Box 30577
Nairobi, Kenya
Tel: - 254 2 260304
Fax: - 254 2 260386
Email : - mmehta@worldbank.org

Overseas Development Institute
Water Policy Programme
111 Westminster Bridge Road
LONDON SE1 7JD, UK
Tel: 00 +44 (0)20 7922 0300
Fax: 00 +44 (0)20 7922 0399
Email: - p.newborne@odi.org.uk

WaterAid
Prince Consort House
27-29 Albert Embankment
London SE1 7UB, UK
Tel: 020 7793 4502
Fax: 020 7793 4545
Email: - belindacalaguas@wateraid.org.uk

World Bank Institute
1818 H Street, N.W.,
Washington, D.C. 20433
Tel: (202) 458-2498
Fax: (202) 676-0858
Email: - ppanel@worldbank.org



These and the full proceedings are also available on the web at the following websites:

African Economic Research Consortium: www.aercafrica.org
Water and Sanitation Program: <http://www.wsp.org/english/afr/prspworkshop/proceedings.html>
Overseas Development Institute: www.odi.org.uk/rpeg/wpp
WaterAid: www.wateraid.org.uk
World Bank Institute: <http://www.worldbank.org/wbi>

Workshop Sponsors

DFID

Department for International Development



Belgian Development Cooperation



World Bank and
World Bank Institute