



Water and Sanitation Program

FY2009-2018 Global Strategy: Scaling up Sustainable Services



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WATER AND SANITATION PROGRAM
FY2009 - 2018 GLOBAL STRATEGY: SCALING UP SUSTAINABLE SERVICES

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EXECUTIVE SUMMARY

1. **The Water and Sanitation Program's (WSP) FY2009-2018 Global Strategy outlines how WSP proposes to support client countries develop and promote sustainable practices that will increase access to water and sanitation services and hygiene promotion for all, especially the poor.** With an extensive global and field-based presence, WSP is uniquely positioned to respond to the needs of the sector and to focus on solutions to ensure sustainability beyond the Millennium Development Goals (MDGs).

2. **Recent developments in the external environment have influenced the directions and solutions proposed in this new strategy.** WSP has identified six global trends that affect delivery of water and sanitation services and hygiene promotion: Rapid urbanization; decentralization; natural resource constraints in light of climate change; reduction in global poverty but rising income inequality; increase in private flow to infrastructure; and changing aid architecture.

3. **Where does WSP want to be in 2018?** WSP's strategy focuses on ensuring the sustainability of services to maximize its leverage on impact. To achieve this, WSP will work within a framework of cross-sectoral interfaces at each level of sustainable service delivery and financing:

- Increase service delivery to people, especially for women and poor, underserved populations, by scaling up efforts to identify and strengthen collective behavior and change embedded attitudes;
- For service providers, improve institutions and accountability and provide capacity support to decentralized levels of local governments;
- Strengthen the regulatory, institutional, and financial environment between service providers and governments;
- Support governments to strengthen their ability to track not only water, but also sanitation and hygiene;
- Align with multiple donors and increase partnerships among stakeholders.

4. **The cross-sectoral approach has distinctive sector implications on WSP's vision for 2018:**

- **Water:** As many countries are on track to achieve MDGs in water, WSP will focus on countries that are behind and ensure that the underserved and poor do not get left out. Beyond MDGs, WSP will focus on sustainability of increased access. WSP is already supporting governments to plan for, partner with, regulate, and monitor the performance of the domestic private sector to provide WSS services.

By targeting sector-wide interventions, WSP will work with governments to strengthen institutions and service providers.

- **Sanitation:** The world is at risk of not meeting the sanitation targets for MDGs. Access is the main concern for sanitation, especially for poor rural and urban households. WSP will improve monitoring of service provision for that population, and more importantly, the poor. WSP will work to develop and promote sustainable solutions to the problems of inadequate sanitation while recognizing the diverse needs and capacities of communities.
- **Hygiene:** Improved hygiene can significantly improve benefits of water and sanitation on health and related poverty alleviation impacts; however, rates of handwashing with soap remain low throughout the developing world and large-scale promotion of handwashing behavior change is a challenge. Using the learning from global projects and partnerships, WSP will implement a structured learning and dissemination process to share evidence, practical knowledge, and tools to ensure that hygiene will be a core component of improved WSS practices.

5. **How will WSP do it?** WSP plans to improve the sustainability of increased access to water, sanitation, and improved hygiene behaviors within a framework of “service delivery”. Service delivery improvements and meeting the MDG targets will not be achieved merely by more infrastructure and finance. WSP works towards developing incentives that make institutions accountable to the public and responsive to consumer demand and public policy.

6. **The following operational principles will guide the implementation of WSP’s strategy:**

- **WSP’s global/local impact:** With technical and advisory staff from the country combined with international staff in country offices and at HQ, WSP is positioned for full integration of best practices in local and global contexts. WSP will continue to strengthen its learning and innovation agenda to scale up to the global level, strengthening the sector’s core learning implementation agenda.
- **WSP’s collaboration:** WSP’s focus on scaling up sustainable services is predicated on its ability to maximize partnerships and work with other institutions. WSP will continue to build on the partnership with its clients, donors, multilateral institutions and other stakeholders and will continue to strengthen the initiatives WSP develops with other actors in the water and sanitation sector.

7. **How will WSP finance the strategy?** WSP will focus resources in countries and in programs which will have the greatest impact on increasing access to services to achieve MDG targets and ensuring sustainability of increased services for poverty alleviation. However, WSP’s current funding does not allow this targeting beyond the structure agreed with donors during previous funding cycles. The magnitude of funding requirements is discussed in further detail in the accompanying FY09-11 Business Plan.

WSP's funding strategy, endorsed by the WSP Council in 2005, supports this strategy in two ways:

- ***Shift funding*** from single donor/targeted projects, to multi-donor/core funding; and
- ***Increase funding*** of core activities to ensure adequate resources for regions that risk not reaching their MDG targets, with a focus on sub-Saharan Africa and global activities to ensure scaling up on knowledge creation and application to WSS activities.

WATER AND SANITATION PROGRAM FY 2009-2018 GLOBAL STRATEGY: SCALING UP SUSTAINABLE SERVICES

1. This document outlines how WSP proposes to scale up its interventions during 2009 – 2018 to support its clients to meet the MDGs, and more importantly, focus their sights on sustainable practices that continue to increase access to reliable, safe and sustainable water and sanitation services and hygiene promotion for the poor beyond the MDGs. It is a working document that will be reexamined and adjusted following the results of WSP’s external program evaluation in 2009 and according to lessons learned from implementation of WSP’s Business Plan.

I. Reaching the Water, Sanitation and Hygiene Goals

2. WSP began in 1978 as a cooperative effort between the World Bank and the United Nations Development Program to promote cost-effective technologies and models for providing safe water and sanitation in developing countries. Today, WSP has evolved into a global partnership of donors and governments whose vision is a world where all people have sustainable, safe, and affordable access to water and sanitation services; make effective use of these services; and adopt improved hygiene practices.

3. *WSP’s mission* is to support the poor in obtaining sustainable access to water and sanitation services. WSP believes that improved water and sanitation services and hygiene practices are integral to achieving the MDGs on poverty reduction, health, gender equality, and the environment. WSP is committed to being part of the collective efforts of the development community to achieve Targets 10 and 11 of the MDGs as an intermediate milestone of the vision of the sector. WSP will bring this mission into reality in two ways: (a) *Direct means, to support implementation of sector dialogue, knowledge exchange, and capacity building; and (b) Indirect means, to help immediate counterparts and partners to build large-scale sustainable programs, support policy development and sector reforms, engage in action-learning innovative pilot projects that serve in particular the poor.*

4. WSP is a global, field-based organization that is currently engaged in 25 countries across four regions, Africa, East Asia/Pacific, Latin America/Caribbean, and South Asia. WSP’s experience in these four regions shows that specific and well-targeted policies and institutions that are clear about their roles, accountable to citizens and consumers, and efficient in asset management rather than asset creation are critical to improved, sustainable services at lower cost to poor and other water and sanitation services (WSS) users. WSP has applied its core skills of facilitating processes of change at the country level; fomenting partnerships and dialogue that lead to programmatic approaches; promoting innovation and knowledge creation and dissemination; and supporting clients to create customer-responsive, equitable access to service provision.

5. *WSP's competencies* define the core qualities and capabilities that the program brings to its partner countries to help address the challenges of the water and sanitation sector. These include:

- *Global reach and field impact*, owing to WSP's country presence as well as cross-regional exchange on best practices and innovation;
- *Expertise in facilitating processes of change and sector reforms* that are country-owned, through high-level and continuous dialogue, owing to WSP's flexibility and rapid response capacity to partner country needs and those of the poor;
- *Analytical capacity* in the water, hygiene and sanitation sector world-wide, grounded in policy and practical field-based experience;
- *Trusted partner* with the world's leading donors, development agencies and local institutions, which gives WSP the possibility to foment local, regional and global partnerships, and gives access to decision-makers of the sector; and
- *WSP being housed in the World Bank* allows for increased access to global knowledge, institutional credibility, influence and fiduciary controls, as well as possibility to leverage innovative practices into major investment funding.

6. In 2004, WSP's external evaluators recommended that the program broaden its focus and scope to address the massive and widespread institutional failure and ineffectiveness in the WSS sector, and the ways in which addressing these issues can benefit the poor.¹ This expanded scope, along with significant funding growth since 2005, gave WSP the opportunity to seed and ramp up its intervention in several distinct areas: scaling up activities in sanitation and hygiene; in global and local knowledge development and dissemination; and fostering an environment to encourage innovation and knowledge exchange. These recent years of rapid growth in funding, combined with the dynamic changes in the external environment, create a need for an updated strategic direction that ensures that WSP continues to deliver on its core mission.

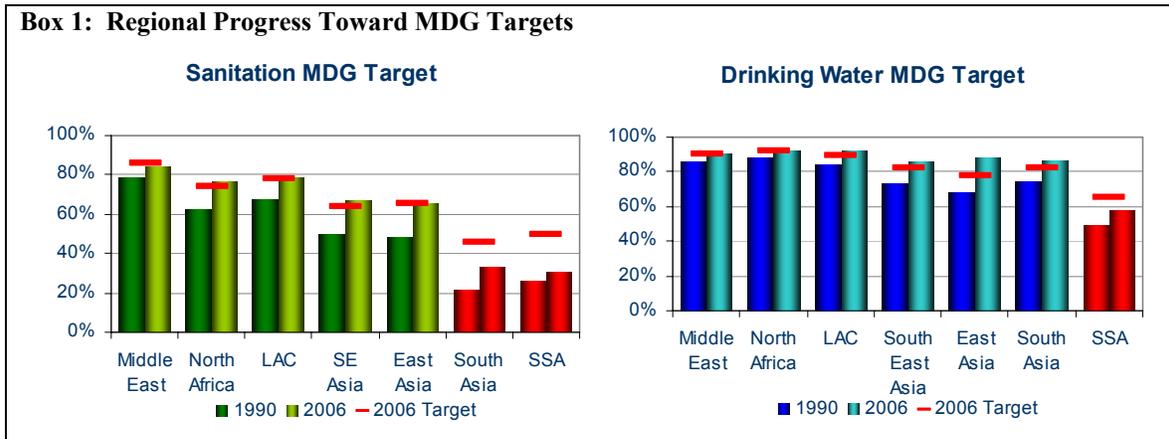
7. Delivering on its core mission of supporting the poor in obtaining sustainable access to water and sanitation services requires close collaboration with other actors. Partnerships are an important way in which WSP operates and the program is committed to finding new and better ways to work with local and regional institutions, agencies, sector professionals, non-governmental organizations, the private sector, civil society organizations, and communities.

II. What is the Current State of the WSS Sector?

8. Today, about 0.9 billion people are without access to clean water while 2.5 billion live without adequate sanitation. More than 120 million and 350 million people need to be served per year in water and sanitation respectively to meet the MDGs by 2015. While many regions have achieved their 2006 MDG targets in both water and sanitation, these figures mask differences in access, financing, and policy/institutional gaps within different countries. Sub-Saharan Africa is currently the continent most off-track from

¹ *External Evaluation of the Water and Sanitation Program, 1999 – 2003.*

meeting MDG targets and has the lowest levels of access to both water supply and safe sanitation at 58% and 31%, respectively.²



9. **Water:** Reliable and sustainable access to safe drinking water is a priority for all countries. WSS institutions face these challenges directly, from the demand of households to that of different economic sectors, in urban and rural areas. Numerous urban surveys have identified water and sanitation as a top priority among residents and critical to cities' industrial and business success. While many cities have improved coverage, they also have low water quality, unreliable supply and distorted prices that burden consumers, especially the poor. Compounding the demand is the rapid urbanization and development of peri-urban areas, many out of the reach of the existing urban service providers and requiring a new paradigm in design and provision of services. The challenges to provide sustained access to peri-urban and urban poor populations include working with utilities to shift their focus to the poor, government agencies to create the right mix of incentive mechanisms for service providers to improve services, and citizens to help decrease the barriers they face in obtaining such basic services and increase their voice to demand better water and sanitation services.

10. Rural areas face two challenges: large existing service gaps for water in rural communities and the continued need for investment in WSS infrastructure amidst increasing rural-urban migration. This necessitates a better understanding of the continuing progress on decentralization and decision-making structure of communities, supporting, for example, the increasing decision-making authority at the community level. In rural areas, inefficient water resource management and inadequate infrastructure combined with poor sanitation coverage, cause high health costs on farmers and other users trying to access and use WSS services, potentially pushing them into further poverty. Moreover, there is continuous slippage in coverage in rural areas owing to depletion in groundwater tables and often poor maintenance. To improve sustainability, some countries have piloted and scaled up innovative models, which involve the shift from community-based management to privately-maintained and/or operated rural water supply systems.

² The Joint Monitoring Program (JMP), 2008.

11. Such delegated management models have been tested in small towns, which normally have not received much attention in policy discussions. The majority of global population growth will occur in small towns, particularly in Asia and Africa, where between 20 and 40 percent of the population currently live in towns. The number of people living in towns of under 200,000 in Africa, Asia, and Latin America is expected to double within 15 years and double again within 30.³ In the midst of urban-rural migration, rural areas are fast becoming small towns, posing even more challenges for water supply and sanitation, such as contracting, business/investment planning, and professional support.

12. The lack of reliable data severely constrains planning, management, monitoring and charging for infrastructure and service delivery. Rural infrastructure inventories and urban network maps are often outdated and inflated, consumer data patchy, metering ineffective or non-existent, and informal small scale vendors and illegal connections common, and not reflected in official data. Additionally, there is weak capacity to analyze and process existing information to be used for sector planning.

13. **Sanitation:** Compared to increasing safe access to water supply, the world is behind in achieving MDG targets in sanitation. Despite the percentage increase in access to sanitation between 1990 and 2006, from 54% to 62% worldwide, the absolute numbers of unserved population have not changed much due to population growth. At current rates of progress, the world will not achieve even half the MDG sanitation target by 2015. Regions like sub-Saharan Africa are severely lagging behind where, if current trends continue, there will be 91 million more unserved than in 2004. In fact, levels of sanitation access actually declined between 1990 and 2000 and are the lowest figures amongst the world's developing regions. Based on recent trends, 85% of SSA countries are not on track to meet the sanitation MDGs. WSP's sanitation strategy to address this urgent challenge focuses on advocacy; drawing the necessary awareness and action for sanitation; monitoring progress; and increasing understanding of how to do it right.

14. **Hygiene:** There is increasing evidence that hygiene improvements reduce diarrhea, which is among the top five preventable killers of children under-five. In particular, interventions that promote handwashing with soap at critical times (i.e. after defecation, before preparing food) have demonstrated large reductions in diarrheal disease, as well as possible impacts on respiratory infections, which are another leading cause of mortality in children in developing countries.

13. Although the number of rigorous impact studies is small and they show high variability in findings, it is well recognized that hygiene promotion⁴, with its emphasis on changing behaviors, is important for maximizing health benefits from investments in water and sanitation infrastructure. Significant challenges, however, remain today. These challenges include the difficulty in replicating and scaling up many hygiene promotion

³ Nick Pilgrim, Bob Roche, John Kalbermatten, Cathy Revels, Mukami Kariuki. 2007. *Principles of Town Water Supply and Sanitation, Part 1: Water Supply*, Water Working Note No. 13, December 2007. Washington, DC: World Bank.

⁴ Hygiene promotion is defined as a planned approach that encourages people to adopt safe hygiene practices and behaviours.

interventions, and the need to move beyond “education” to behavior change, which require approaches which are uncommon and unfamiliar to policy makers and practitioners in the infrastructure-driven water and sanitation sectors.

16. WSP has committed to learning about what works and what does not for changing hygiene behaviors, starting with a focus on a specific behavior: handwashing with soap. Although it is well established that handwashing with soap reduces diarrheal diseases, it is less clear how to bring about this behavior change on a large scale. WSP intends to apply lessons and tools developed from handwashing with soap initiatives to promoting other hygiene practices, such as management of children’s feces and point-of-use drinking water treatment, in obstructing the fecal-oral routes of disease transmission.

III. Global Trends

17. **Recent Developments in the External Environment:** An analysis of external developments resulted in six recent global trends that may affect the design and provision of water and sanitation services and hygiene promotion to the world’s population:

- ***Rapid urbanization occurring in developing countries.*** In 2008, a greater number of the world’s population lives in urban rather than rural areas. Rapidly urbanizing economies in Africa, where urban population quadrupled between 1971 and 2001, and Asia, which is expected to double its urban population by 2030, have fueled growth. For water, sanitation, and hygiene, the increasing challenge of service delivery to the growing urban and peri-urban population, and particularly the urban poor, as well as small towns, will be a key area for attention in the coming years.
- ***Decentralization of service delivery.*** Decentralization has been on the policy agenda of several countries. Decentralization often brings new levels of governments closer to people, setting new challenges on the design, planning and provision of services, or contract with others to provide WSS services. On the one hand, decentralization of service decisions to local governments is a positive signal, where citizens are better empowered to demand accountability from their local governments and to bring the provider closer to the consumers and the regulator. On the other hand, many localities/sub-national governments lack the financial, managerial, and administrative capacities to handle their new responsibilities in the face of decentralization.
- ***Natural resource constraints in light of climate change and extreme weather patterns.*** Climate change impacts and extreme weather patterns significantly impact the sustainable availability of water sources and disrupt the delivery of existing water and sanitation services. This compromises the ability of providers to provide reliable WSS services to its customers and puts additional strain on the planning capacities of these service delivery agencies. Under such circumstances, the poor, whose access to services is already the most vulnerable in both urban and rural areas, are even more at risk to service stoppages and related impacts associated with extreme weather patterns.

- ***Reduction in global poverty but rising income inequality.*** According to the World Bank’s 2008 *Global Monitoring Report (GMR)*, the favorable global economic environment of the past years has contributed much to the fight against poverty in the world. Preliminary estimates suggest that the number of extremely poor people in developing countries fell by about 278 million between 1990 and 2004. However, the GMR also highlights that although high growth rates have helped reduce global poverty, they have been accompanied by rising income inequality in many developing countries. Growing income inequalities will also affect ability to access WSS services, especially for the poor and those, such as women, who have less access to economic resources.
- ***Marked increase in private flow to infrastructure investments in emerging markets, in particular in Africa, South Asia, and the Middle East.*** Total private investment in infrastructure re-emerged during the recent few years, to about \$114 billion in 2006. The composition of private investment has shifted from the initial group of investors in the early 1990s. The operators from developed countries are a less dominant group among investors today, while local, regional, and south-south investors are becoming increasingly prominent. However, while certain infrastructure sectors, such as telecom and transport, have successfully attracted private investment, private investments in WSS sectors remained below \$2 billion per annum. There is a need to better address the lag in private investment in the WSS sector to ensure that effective public-private partnerships can improve to improved and sustainable WSS service delivery.
- ***Changing aid architecture*** is affecting the landscape in which WSP works. The average number of donors per country rose from about 12 in the 1960s to about 33 in the 2001–2005 period, and more than 230 international organizations, funds, and programs on the range of development issues⁵. Moreover, there has been significant interest generated by private donors and foundations. This is a welcome development, signaling the availability of additional aid resources. At the same time, aid fragmentation and earmarked funding have continued during the same period. It is more critical than ever to harmonize policies and coordinate support to the institutions and governments to ensure the most efficient and effective support to the WSS sector.

IV. Where Does WSP Want to Be in 2018?

18. In 2018, WSP activities will approach water and sanitation issues within a “service delivery” framework to support MDG outcomes and beyond. This means:

⁵ *Global Monitoring Report, 2008.*

- Improved services are not equated with increased access only – the services people get access to should also be safe and reliable;
- The WSS sector is not isolated, but institutionally linked with other services and wider institutional systems at the level of delivery, in intergovernmental context and in the relationship between providers and citizens; and
- The common thread that runs through service delivery improvements that quality services are driven by institutions that are accountable to clients. WSP hence works towards improved enabling environments as well as tangible service provider reforms.

19. To lever the impact of notable successes in water and sanitation at the country level and significant efforts at the global level, WSP's strategy going forward will focus on ensuring sustainability of the impacts of increased access to basic services and their contribution to poverty alleviation. This means that while WSP's direct inputs may be focused specifically on water, sanitation, and hygiene activities, the outcomes that WSP supports are at a much more integrated level, supporting, first the attainment of the MDG goals and more importantly, poverty alleviation. A critical component of this strategy is ramping up an integrated set of critical cross-sectoral interventions at all levels of the water, sanitation and hygiene sectors. Therefore, WSP's strategy is focused on a cross-sectoral framework to support desired service delivery outcomes.

- ***For citizens and consumers, support increased sustainable access to services.*** Foremost in WSP's mission is to support the increased access to services by citizens, and especially for poor and other unserved and underserved people. WSP will scale up efforts to ensure increased accountability between consumers and decentralized service providers as well as identify and strengthen collective behavior and change embedded attitudes that prevent scaling up sustainable water, sanitation and hygiene services;
- ***For service providers, improve institutions and accountability and provide capacity support to decentralized levels of governments.*** Service providers in most countries are not well focused for sustainable delivery of services to all of the population. For example, the wealthier neighborhoods will most typically benefit from publicly provided water supply and sanitation services, while poor communities obtain lower levels of service at higher prices and lesser quantities. WSP will support capacity building efforts of local governments to provide WSS services and hygiene promotion, utilities to increase services to previously unserved areas, and domestic private providers to improve and expand services in areas currently unserved or underserved by the main utility provider;
- ***Strengthen the legal, regulatory, institutional, and business environment between service providers and governments.*** WSP recognizes that the overall

policy framework and business enabling environment can have a critical impact on the delivery of specific sector services. WSP will continue to engage at various levels of government to ensure that the implications of WSS and concerns of all stakeholders are considered during the decision-making process;

- ***Support governments to strengthen their ability to track improvements in water, sanitation and hygiene.*** WSP will support governments to strengthen its ability to track not only water, but also sanitation and hygiene and more importantly, the poor to gain access to water, sanitation, and hygiene. Many countries have launched sector-wide strategies and programs to accelerate the development of the WSS sector to achieve the MDGs. The increased funding in turn is highlighting the strong need to build country capacity for sector monitoring in order to show accountability and efficiency in resource utilization and demonstrate the concrete results that can be achieved from increased sector investments; and
- ***Continue to support alignment of multiple donors and increasing collaboration among different stakeholders.*** With the increasing amount of aid financing in the WSS sector, including from private donors and foundations, it is important to ensure continued donor harmonization and alignment of multiple interventions.

20. The cross-sectoral focus indicated above has distinctive sectoral implications on WSP's vision for 2018:

21. **Water:** Many countries will achieve the water MDGs by 2015. WSP will focus on supporting countries who are currently at risk of not meeting the MDG targets, and for the others, to sustain the achievement through sector-wide institutional interventions and specific targeted impacts for implementing at scale, especially in difficult areas, towards reaching universal coverage:

- ***Stronger institutions:*** governments with access to relevant information for decision-making purposes; decentralized government levels with improved ability to listen to underserved and unserved populations such as the urban poor, rural poor and focus on gender issues; strengthened fragile states;
- ***Stronger utilities and service providers:*** improved water management to ensure optimal management of water resources, improved access to market-based financing, improved quality of water, and minimized risks of polluted and contaminated sources;
- ***Improved urban and peri-urban service delivery*** through development of financing mechanisms, strategies and approaches to improve services to the urban poor; and

- ***Increased sustainability of rural and small town service delivery*** through a mix of approaches such as partnering with domestic private sector, innovative financing mechanisms, and support to decision-making at decentralized government levels; support to increased empowerment and increasing gender balance of decision-making at community and local government levels.

22. **Sanitation:** A key part of WSP's mission is to assist key stakeholders to develop programs that will effectively increase access to basic sanitation in countries - especially for poor rural and urban households. Globally, many countries, including most of WSP's focus country government partners, are at risk of not achieving the MDG targets for sanitation. By 2012, an increased number of countries will be on track to achieve the sanitation MDG target, or if not on track, that they will have clearly spelled out national and local policies that will provide an orientation and implementation plan. WSP will have at that time supported all focus countries of intervention in establishing and implementing MDG roadmaps for sanitation.

23. By 2018, WSP's vision for sanitation is for improved sanitation for the poor through:

- ***Increased awareness and commitment for sanitation improvement*** through regional sanitation conferences and alliances with government and other key stakeholders, such as the multi-lateral development finance institutions;
- ***Improved sanitation for the poor.*** The rate of increasing access to basic sanitation for poorer households is significantly below those of upper income quintile households in the same countries. WSP will increase awareness and improvements on sanitation access for the poor and those disadvantaged to access society's economic benefits;
- ***More demand-driven, sustainable solutions,*** by providing direct technical guidance and providing technical assistance and support to key stakeholders including government, legislators, private sector, civil society, etc. that are implementing sanitation programs with demand-based approaches, and by focusing on implementation of activities that emphasize outcomes rather than the provision of infrastructure; and
- ***Strengthened advocacy and technical guidance efforts in sanitation and hygiene*** through high quality advocacy document and field notes describing interesting projects, and more recently through focus on bringing the best global knowledge on impact evaluation and evidence-based analysis.

24. **Hygiene:** By 2018, WSP will be a key resource to provide credible evidence to policy makers and practitioners on what works and what does not in promoting handwashing with soap. Specifically, WSP will have:

- Practical knowledge and tools for effective replication and scaling up of handwashing programs in additional countries, based on experiences with large-scale handwashing programs in Peru, Senegal, Tanzania, and Vietnam. But should WSP find that large scale handwashing programs are obstructed from achieving their intended goals, WSP will have explored if and how these obstructions can be cost-effectively overcome and under what conditions is HWWS a cost-effective intervention;
- Strengthened M&E of hygiene promotion and established best-practice methods for monitoring program effectiveness and measuring impacts;
- Begun to test and apply tools and approaches to other hygiene behaviors and practices; and
- Begun to integrate effective hygiene promotion (behavior change interventions and sound performance monitoring) in key water and sanitation operations and in other sectors.
- Demonstrated the contribution of a Global Public-Private Partnership to Promote Handwashing with Soap to achieve sustained and correct handwashing behavior at scale.

V. What Will WSP Do?

25. This section outlines the different activities and programmatic approaches that WSP will employ to implement its strategy. WSP plans to deliver its strategy using a combination of its strong country and regional presence with global expertise and strategic partnerships with key stakeholders in the sector and the countries in which WSP operates.

26. *For citizens, support increased sustainable access to services.* Changing embedded attitudes, which prevent scaling up sustainable water, sanitation, and hygiene services, includes ensuring that utilities and other service providers involve WSS customers in the demand planning and management of the WSS service provision. Going beyond health benefits, WSP will contribute to enable women and the poor gain access to higher levels of service that allow them to engage in productive activities and explore new opportunities. Activities include:

- *Creating citizen voice/monitoring systems* to ensure accountability to citizens for improved service delivery, including for the traditionally unserved and unconnected groups such as the urban and rural poor and women. This will build on ongoing WSP efforts to more effectively engage consumers in South Asia and Africa regions through the development of consumer feedback mechanisms and support of consumer groups, which can play a monitoring and oversight role within wider sector processes;

- ***Inclusion of gender issues and targeting vulnerable groups*** such as subsistence farmers in rural areas, the urban poor without property, housing and basic citizen rights, widows, orphans, female-headed households, unemployed youth, etc. Lack of services inhibits their involvement in social and economic activities including wealth creation, attending school or participating in local politics and decision making;
- ***Communications for Reform:*** Using strategic communications to help raise consumer demand and the political will for executing sector reforms and increasing effective investment in the water and sanitation sector. This includes working closely with mass media and civil society organizations and developing national champions for reform; and
- ***Conducting research and disseminating learning*** on the linkages between water, sanitation and hygiene behaviors, and how to change them; and provide support to governments to implement appropriate policies or to create enabling environment for behavior change.

Box 2: A Rural Sanitation Paradigm Shift in South Asia

One of the most serious concerns in the South Asia region is the practice of open-defecation, with over 600 million rural people defecating in the open everyday. This practice with its concomitant high incidence of diseases exacts a huge cost – both economic and health. For example, health expenditures due to poor sanitation in Bangladesh are estimated to be US\$80 million. The traditional response has been to provide subsidies to build toilets. However despite the huge investments across the region, sanitation coverage grew by only 1% per year. In fact, some toilets constructed were put to alternative use. WSP’s intervention involved advocating for a paradigm shift to address the problem by:

- Encouraging behavior change NOT toilet construction
- Addressing the collective NOT individual households
- Proposing community action NOT hardware subsidies
- Giving local governments responsibility for outcomes.

The results from this have been remarkable. Policy shifts have improved the targeted messages and financial allocations have led to improved access and sustained collective behavior change. Other achievements include:

- In Bangladesh, the rate of sanitation coverage has risen 15.3% per year since 2003 and open defecation free (ODF) levels in rural areas are now close to 80%. More than 1,000 private entrepreneurs have emerged in Bangladesh as a result of the large-scale demand;
- In India, coverage is up to 44% from 20% in 2000. Three states in India report improvements in children’s height and weight and 5770 local governments in India have received rewards for total sanitation.

Going forward, the challenge is to ensure the long-term sustainability of changed behaviors. This will require rigorous impact evaluation and monitoring systems which are currently being designed and tested.

27. ***For service providers, improve institutions and accountability and provide capacity support to decentralized levels of governments.*** The key objective will be to build on and scale up existing approaches, as well as explore innovative approaches to increase services to underserved areas such as informal settlements and the growing number of peri-urban areas and small towns. WSP will support capacity building efforts of local governments to integrate WSS services with hygiene promotion, involve

domestic private providers where they can add value and ensure that sanitation is prioritized in all sector investment. WSP is also providing support to service providers in decentralized levels of governments, both operationally and through financial and institutional mechanisms. For instance, WSP will be supporting the strengthening efforts of the newly emerged 1 million women in India's decentralized government to bring in a new perspective for planning and management of WSS and other resources. Other activities include:

- ***Developing innovative approaches*** through assistance and support to design and project development at the ground level and then feeding into policy frameworks, guidelines and knowledge management forums. Some of these innovative approaches include the involvement of the local private sector and market-based mechanisms to support both public and private providers in urban areas, small towns and rural settings. One such approach is the use of output-based subsidy, for instance, in addressing issues such as high capital investment and connection costs;
- ***Exploring community-based mechanisms for replicability*** in other settings, such as the Community Led Total Sanitation for other sectors and non-rural communities; and
- ***Addressing global issues such as climate change at the local level.*** While the inevitability of climate change is now commonly accepted, very little can be stated authoritatively regarding the impacts of climate change, particularly as it relates to the water and sanitation sector, within specific countries or at the city-level. There are many qualified organizations addressing the broad, macro-level climate change issues. Local impacts, however, have proven to be more difficult to cover due to the inherent uncertainties of these impacts. WSP's ability to harness global knowledge for local application, while simultaneously testing local approaches that can inform global knowledge, will be pivotal in filling this gap between global analyses of climate change and the impacts of extreme weather conditions at the local level. By generating baseline data and response measures, WSP can help lay the groundwork for additional analyses and learning mechanisms that will be needed for urban water utilities to incorporate climate change variables into their service provision and capital investments.

28. ***Strengthen the legal, regulatory, institutional, and business environment between service providers and governments.*** A key activity under this umbrella is to support governments to improve inconsistent and fiscally unstable finance streams for sustainability of WSS services and increase funding to the WSS sector by providing tools and opportunities to bring in effective public-private partnerships in the provision of WSS, building on the key lessons of the Domestic Private Sector Participation Initiative. Some of the areas of WSP technical assistance will be:

- ***Creating and implementing roadmaps for reform and achievement of the MDGs.*** WSS MDG roadmaps are already serving as planning tools and mechanism for identifying capacity building needs for many local governments, particularly in the Africa region. This also includes assistance to governments in developing sector financing strategies; and
- WSP's support activities to governments will also expand to ***newly-created governments emerging from conflict and fragile states*** to help build and strengthen capacity for WSS services. WSP activities in post-conflict countries and fragile states begin by identifying and supporting institutions to improve WSS service provision, and essentially, help create a service provision capacity, such as in the Democratic Republic of Congo (DRC) and Rwanda (see box below). In the DRC, WSP has played a role in strategy development to ensure that institutional and financial measures needed to improve services are in place to accompany the large-scale rehabilitation projects now reaching completion.

Box 3: Rwanda - Providing Water and Sanitation Services in a Post-Conflict State

In 2002, Rwanda, a post-conflict state, faced strong WSS challenges, characterized by: (a) high rate of broken down systems, (b) poorly centralized sector planning and management capacity; (c) lack of sector and donors coordination; and (d) inadequate framework legislation and regulation. WSP has been assisting the GoR on developing sector policy framework (including MDG Roadmaps for Rural WSS), coordinating sector agencies and encouraging private sector participation under a sector-wide approach (SWAp). In addition, WSP continues to provide technical assistance to local and national governments and private operators in the rural water supply sub-sector. By November 2007, 20% of about 850 systems were managed by the private sector. Moreover, the target for rural water supply to increase access to safe drinking water from 40 percent of the population in 2003 to 56 percent in 2007 has been largely achieved.

29. ***Support governments to strengthen M&E systems and design and implement policies.*** Many countries have launched sector-wide strategies and programs to accelerate the development of the WSS sector to achieve the MDGs. The increased funding in turn is highlighting the strong need to build country capacity for sector monitoring, to show accountability and efficiency in resource utilization to demonstrate the concrete results that can be achieved from increased sector investments. WSP's efforts on country monitoring and evaluation will progress from monitoring currently focused at the national level, to extending monitoring to other levels of government and to design and implement monitoring systems to provide policymakers information on policies and interventions required to improve existing services and extend services to unserved or underserved groups. WSP will also work with government decision-makers to ensure they can use the monitoring and evaluation systems to improve the formulation and implementation progress of policies affecting WSS.

30. ***Continue to align multiple donors and increasing strategic collaboration among different stakeholders.*** It is clear that improving capacity development in conjunction with concrete financial investments has a significantly larger impact than capacity building alone. To maximize the benefits of such investments, WSP will work closely with other donors and development agencies in project preparation to catalyze

partnerships and leverage financial investments into WSS services. As a dedicated WSS agency on the ground, WSP has been increasingly requested by governments and its partners to support donor harmonization. In the first instance, this involves supporting governments and donors to work more effectively together through harmonized approaches. WSP will continue these activities, in particular efforts in-country to support a more programmatic approach for WSS sub-sectors and, in some instances, working with governments and other donors in large scale infrastructure projects to ensure that improved access and services for the poor population are core to the project design. During the next phase of its strategy, WSP will review and strengthen the linkages between global partnerships and country level activities to ensure that innovative partnerships, such as the Global Public Private Partnership in Handwashing with Soap (PPPHW), compose the full arsenal of resources available to governments to achieve WSS services for all.

31. **Water.** WSP's focus will be on supporting countries currently at risk of not meeting the water MDG targets as well as others that need assistance in sustaining the achievements gained and reaching universal coverage. To help build stronger institutions and service providers and improve service delivery in urban, peri-urban, rural, and small town areas, WSP will undertake activities that include:

- ***Maximizing effectiveness of service providers, particularly to serve the poor.*** WSP provides direct support to institutional development of service providers at a number of levels. This includes assisting clients in identifying institutional options for reform (e.g. the choice between corporate providers and conventional municipal or middle-tier departments, domestic private sector participation); introducing internal utility reform such as improving the planning, data management financing, budgeting and reporting processes and rendering services to the poor through pro-poor units within utilities, for instance. WSP also promotes increased information sharing and performance of providers at global levels, through IBNET and other monitoring efforts, and through utility level benchmarking in diverse and fragmented sector structures. Indirect support to providers will also be provided, through working with training institutions and business associations;
- ***Bringing in private financiers into the sector.*** Another important area of work is for WSP to bring private financiers into the sector by helping them gain better understanding of the challenges and opportunities in investing in water and laying the groundwork for service providers, large and small, to access market-based financing;
- ***Incorporating the domestic private sector in the provision of services.*** In many countries, a vibrant, but unrecognized domestic private sector exists. WSP will continue supporting governments to plan for, partner with, regulate, and monitor the performance of the private sector to provide WSS services to the population. In urban areas and peri-urban areas, this includes establishing or enhancing collaboration between utilities and small-scale providers, which

tend to cater to the poorer segments of the population. In rural areas and small towns, this strategy comprises of assisting government agencies, both at the national and local levels in contracting out the operation and/or maintenance of water supply and sanitation systems to the private sector; and

- ***Supporting governments to develop clear policies and associated incentives*** to promote universal access to safe and reliable WSS services, and to keep track of progress towards achieving such policy goals.

32. ***Sanitation and Hygiene - Scaling up Change at Local Level:*** The Total Sanitation Campaign, the Public-Private Partnership to Promote Handwashing with Soap (PPPHW), the Gates funded “Scaling Up Handwashing Behaviors Project”, as well as the various sanitation marketing experiences in which WSP is involved have clearly shown the importance of the enabling environment for consumers (*e.g.*, presence of water, soap, etc) in bringing about change in sanitation and hygiene practices. These initiatives are being scaled up with support and interventions of political leadership at all levels (Total Sanitation Campaign), partnership between public and private sectors (PPPHW), and through innovative marketing and financing mechanisms (sanitation marketing), particularly those that involve the domestic private sector. These various approaches will continue to be promoted by WSP in close relationship with the development of national sanitation and hygiene strategies (*i.e.* Sanitation Roadmaps) and new scaling up mechanisms will also be explored.

33. ***Sanitation.*** WSP’s activities will range from working with its country partners to help develop monitoring systems to informing policy makers on the most cost-effective programmatic approaches for scaling up and reaching the poor:

- ***Improving Country M&E*** to focus on access to sanitation by the poor;
- ***Supporting scaling up rural sanitation and hygiene*** promotion beyond the current focus countries and states;
- ***Supporting cities to improve sanitation services to the poor*** through development of city-wide sanitation strategies, building capacity, facilitating partnerships between formal and informal providers and supporting design, implementation and assessment of large scale projects;
- ***Supporting additional countries to make the case for investments in sanitation*** through analytical studies, assessments, communications and consultation and policy advisory services; and
- ***Ramping up knowledge creation and dissemination*** on how behavior change improves hygiene; benefits and costs of different approaches on sanitation; moving up the sanitation ladder from traditional latrines to improved latrines, and the impact on the poor; and conducive enabling environment to continued progress on sanitation, among others.

34. Specifically, WSP is tackling the challenges facing hygiene by:
- ***Implementing a large-scale behavior change project*** aimed at increasing handwashing with soap, and learning from the experience. The Scaling-up Handwashing project employs a combination of commercial and social marketing approaches with community-level interpersonal communications and outreach. Embedded in it is a structured learning and dissemination process to develop evidence, practical knowledge and tools for effective replication and scaling-up of future handwashing programs, and for application to other hygiene behaviors;
 - ***Conducting a rigorous impact evaluation of the Scaling-up Handwashing project*** to test whether innovative behavior change interventions can generate widespread and sustained improvements in health through improved handwashing behavior. This evaluation targets primarily the poor, and is designed to distinguish the benefits by household poverty status;
 - ***Strengthening collaboration with diverse stakeholders through the Public-Private Partnership for Handwashing with Soap*** at both global and country levels. The private for-profit sector brings to the field extensive experience, strategies, approaches and resources to change behavior; WSP can apply these to promoting safe hygiene behaviors and putting in place enabling conditions and technologies;
 - ***Integrating hygiene promotion into water and sanitation programs***, by building capacity of local governments, which are increasingly responsible for implementation and coordination of service delivery in water, sanitation, and hygiene; and
 - ***Supporting creation of an enabling environment*** for sustainability of hygiene promotion. To be sustainable at a large scale, hygiene promotion needs to be institutionalized with existing arrangements and structures at national, local, and community levels. In the past, the water and sanitation sectors have traditionally been the main avenue, but WSP needs to determine how best to combine inputs from this sector with those of health and education.

Box 4: Advances of the Handwashing Initiative in Peru

The Handwashing Initiative in Peru is a public-private partnership comprised of 40 public and private sector institutions joining efforts to promote this hygiene practice to reduce diarrhea amongst children under five years of age. The initiative concluded its first implementation phase at the beginning of 2007 becoming an example for building and managing partnerships for enabling sustainable change. Currently, the second implementation phase (2008-2010), is aiming to reach 3.8 million women and children under 12 with handwashing messages, and it is expected that 1.3 million women and children under 12 in all 24 regions of Peru adopt this practice in critical moments, with substantial impact on health improvement. The focus of the second implementation phase is a rigorous impact evaluation approach in order to effectively measure results and contribute to a wider learning on behavioral change. The baseline field work has already started, as well as the advocacy strategy is being implemented in 8 regions. Four Ministries have

been involved and invited to join the Handwashing National Committee, and so far the HW team is working with task forces in each Ministry to design the operational plan according to each sector's priorities and programs.

VI. How Will WSP Do It?

35. **Global/Local presence.** Governments recognize WSP's long term country presence, and this gives WSP a strong comparative advantage in working on complex and time consuming capacity support issues outlined above. While financing institutions have to sometimes move in and out of countries depending on financing portfolio, WSP's interactions with government are constant, based on availability of the program's trust funded resources. In this position, WSP is uniquely positioned to participate, coordinate, and on occasion support the governments to lead multilateral policy discussions, a result of both the relationships WSP is able to cultivate over a consistent basis on-the-ground, as well as the global knowledge that WSP is able to bring to the discussions. WSP's recruitment strategy of hiring senior technical and advisory staff in-country combined with international staff located in country and regional offices, as well as in Washington D.C, allows the full integration of best practices in local and global contexts. Services to the focus countries are provided through a combination of a small management team in Washington, regional hubs in Peru, Kenya, India, and Indonesia, and country offices with WSP field staff. In recent years, WSP has strengthened its learning and innovation agenda to scale up to global level, implementing a "matrix" management structure, promoting both global and regional learning. WSP's Global/Local structure, therefore, continues to support the sector's core learning and implementation agenda.

WSP is currently engaged across four regions in the following countries:

- i) Africa – Benin, Burkina Faso, Democratic Republic of Congo, Ethiopia, Kenya, Mozambique, Niger, Rwanda, Senegal, Tanzania, Uganda, and Zambia.
- ii) East Asia and Pacific – Cambodia, Indonesia, Lao PDR, the Philippines, and Vietnam
- iii) Latin America and the Caribbean – Honduras, Nicaragua, Peru, Bolivia, and Ecuador
- iv) South Asia – Bangladesh, India, and Pakistan

36. **Country and Program Level Selection:** A core strategic choice for WSP is the choice of countries. WSP's current set of focus countries is small in light of the potential demand for WSP support. Going forward, WSP will select focus countries based on the following criteria:

- **Countries that demonstrate the greatest need:** Greatest need determined by poverty and weak institutional capacity, such as fragile and post-conflict states. In these states, immediate focus is on helping move from rapid response and just-in-time support to the first steps of sector reconstruction.
- **Countries that demonstrate the greatest potential for reform:** Greatest potential "return on investment" of WSP's presence in the country, such as

when there is a large amount of sector funding in the country, but a lack of institutional capacity to guide its programming and implementation; Greatest potential based on political will; WSP's potential value-added, including complementarity with other donors. In a number of WSP-Africa's focus countries, WSP staff are the only on-the-ground agency, providing continuous support to the Government and assisting the government to continue to work on WSS issues with other donors;

- ***Countries that demonstrate the greatest potential for learning:*** Greatest potential for gaining highly relevant knowledge transfer, for example from middle income countries to less developed countries.

37. ***Sustained Country Presence and Careful Exit Strategies.*** Because sustained country presence is a critical component of WSP's strategic strength and effectiveness, WSP evaluates its country exit strategy carefully and in an integrated manner with its country entry strategy. The decision to enter a country is critical, because experience indicates that long term presence is critical for successful sector development, even temporary disengagement risks losing ground on reform measures. Therefore, once WSP decides to enter a country, any exit decision must be carefully reviewed. Going forward, WSP will use systematic evaluation of countries for exit, using the following conditions:

- Local institutions, advisors, and agencies have the capacity to deliver WSS products and support services and lead sector development;
- Coverage and quality of services to the poor are scaled up; and
- Capacity within the sector is deep enough and good policies, systems and practices are embedded enough to survive bureaucratic and political changes.

38. ***WSP's Regional Hubs are Critical Drivers of the Program's Success.*** WSP's Regional Hubs, managed by Regional Team Leaders, serve an important operations and knowledge management function for the program. By organizing a set of countries around a regional office, WSP is able to attract senior international staff who are able to provide support on a range of issues relevant to the region, but no single country office would be able to employ full time. The regional offices also serve an important knowledge management and dissemination function of critical issues, such as the recent work on the *Economics of Sanitation*, which ignited the awareness and advocacy for improving sanitation services. Another important regional knowledge product is the Country Status Overviews, which provide an important regional "benchmarking" of access to MDGs in Africa. Piloting regional knowledge products provide WSP with important learning on scaling up knowledge at the global level.

Box 5: The Economics of Sanitation Initiative

WSP's Economics of Sanitation Initiative (ESI), geared around sanitation impact studies, intervention options, and policy dialogue and dissemination, provides stakeholders with key information that motivates them and enables them to argue for increased sanitation financing and select the most efficient mix of sanitation interventions for each country. It started in East Asia in 2007 and is now being expanded to South Asia. The cost of inaction is enormous. The recent WSP-EAP Economics of Sanitation Initiative estimates that the financial losses due to poor sanitation and hygiene in four East Asian countries (Cambodia, Indonesia, the Philippines, Vietnam) amount to nearly \$2 billion per year, with wider economic and welfare impacts valued at \$9 billion, equivalent to 2% of combined GDP.

Going forward, ESI has the potential to become one of WSP's major contributions during the International Year of Sanitation. The low priority of sanitation prevalent in many developing countries across the globe is reflected by low levels of public investment due to, among others, lack of information and understanding of the costs of poor sanitation to the people and the economy. ESI dissemination was key to the success of the initiative. Reports were published in different formats and languages depending on the target audience (more in-depth versions vs. one-pagers) and have been widely cited in leading newspapers in the region.

39. ***Leveraging Local Knowledge Globally.*** A key aspect of WSP's effectiveness has been its sustained country presence and programs. Its country level presence over time has earned the confidence and partnership of governments and enables us to jointly embark on complex and time-consuming agendas of institutional development, policy reform, and capacity building. Each of its country-based projects provided an opportunity for learning: for governments, other donors, and WSP staff. In recent years, WSP developed a more formal structure to leverage its strong on-the-ground knowledge at global and regional levels through two mechanisms: Global Practice Teams and Global Projects.

40. ***Five Global Practice Teams (GPT)*** currently operate within WSP: Communications; Finance; Sanitation and Hygiene; Rural Water Supply and Sanitation; and Urban Service Delivery to the Poor. These initial set of GPTs have provided an important learning for WSP in its ability to identify and manage a learning agenda. For example, Urban Services to the Poor has already started to contribute to the sector agenda in project design and influencing the program of partners such as the World Bank. The GPT structure itself has been a valuable way to focus its learning agenda at many levels. Some GPTs provide an interactive discussion group and source of knowledge for its members. Others provide an opportunity within WSP to emphasize importance of the topic, to be monitored formally through WSP's management and operations. Some GPTs are at a stage where partnerships with other learning organizations are possible; for example, the Urban GPT has initiated possible collaborations with IIED.

41. ***WSP's second global knowledge activity has been through the design and implementation of Global Projects,*** i.e., projects with both global and local teams. Domestic Private Sector Program (DPSP), Scaling-up Handwashing, and Total Sanitation and Sanitation Marketing are the global projects currently in WSP's portfolio. In each of the global projects, WSP has been able to build on a matrix concept: each country project following the same core principles and adapting country approaches to capture differences in cultures, political, economic and social conditions. The experience of these projects has informed WSP's sector knowledge, but also WSP's own organizational

development, because it mandates WSP staff to be in constant contact and learn at both the global and local team levels, and two of the projects have built in opportunities for thoughtful and analytical learning *during* the implementation of the project.

42. ***Maximizing the impact of WSP's global learning agenda continues to be a strategic priority for the program***, and WSP will continue to evaluate the importance of strengthening the coordinator function for global learning across all Regions. WSP plans to use the learning from these GPTs and other global activities to scale up the program's own development as a learning organization during the next phase of its knowledge strategy. WSP would participate in bridging global knowledge to national systems for application (client focus), expanding its focus from dissemination of research and best practices to implementation of learning; facilitating south-south learning; establishing communities of practice (teams that learn together to improve the *doing*), and learning-by-doing through use of learning tools and following learning processes and commitments.

43. ***WSP will continue to make progress on the programmatic efforts both in the design of its interventions and in monitoring the impact of its activities***. WSP plans to move to the programmatic approach at natural moments in the portfolio; for example, the South Asia region was able to shift the majority of its programs on a three year programmatic approach in the FY09 Business Plan, because a majority of the Region's projects ended in FY08. Some innovations that WSP has already made include monitoring spatial dimensions systematically throughout the portfolio, tracking urban, peri-urban, and rural components of its program, which can contribute to the World Bank's knowledge on spatial policy analysis.

Box 6: Where WSP Will be Less Active

Areas where the Program will not be as active or will have no role given its comparative advantage include:

- Taking the lead in preparation, design and implementation of investment projects and development policy operations;
- Providing financial services including loans, credits, guarantees, equity finance and other banking, financial instruments and risk management products;
- Financing of private investors, or any infrastructure construction and engaging in assets management and capital market transactions;
- Debt relief and co-financing of IDA and IBRD projects;
- Advanced WSS technologies, such as treatment of wastewater at large scale, particularly of centralized systems)
- Large-scale training in water and sanitation issues, as there are other organizations (such as IRC, WEDC, etc.) that are better placed to do so. WSP will provide information and materials for use by these partners, and will try to influence the curricula of training agencies in developing countries to mainstream these lessons in the training of specialists.
- General advocacy for the WSS sector, as there are other organizations that are better placed to do it. WSP will contribute to these advocacy efforts by providing the technical expertise and lessons of experience that can be used by other partners. WSP will continue to undertake specific advocacy efforts with sector specialists and policy makers at the national level to support reforms process of the sector

44. ***WSP will continue to strengthen and ramp up its quality assurance efforts to integrate and monitor the progress and successes and failures of its efforts.*** WSP will continue to strengthen its M&E systems to: (a) focus on outcomes and results and while linking them to WSP's mission and strategy, and (b) strengthen the capacity of staff to undertake M&E and deepen the results culture using storylines, as discussed during the 2006 council meeting. Using such qualitative tools has allowed WSP to more clearly elaborate on the problems that WSP is seeking to address, strategies to address the identified problems, and evidence of success and what is happening on the ground including performance indicators. Lessons from WSP's M&E storyline approach, as well as from other comparator organizations, have enabled WSP to develop an M&E framework, which has been presented to the council in June 2008 and which will be further developed in the coming year. In addition, WSP will continue to improve its quality assurance system by adopting the Bank's Quality Assurance Group's guidelines on project design, implementation, supervision, and upon project completion. (*See Annex for M&E Framework*)

45. ***Strategic collaborations are at the core of WSP's strategy.*** A critical driver of success of the proposed strategy is WSP's ability to maximize the effectiveness of its partnerships. The program operates at multiple levels (national, regional and global) and working with partners is therefore an important mechanism for increasing its impact at all these levels.

- ***Funding partnerships*** which are formal and signed with financial supporters of WSP's work at global, regional, country and project level. These are mostly donor agencies and the World Bank. These partnerships are formalized through legal agreements reviewed by the legal departments of the World Bank and the donor agency. The recently established Multi Donor Trust Fund (MDTF) will allow for increased flexibility in partnership instruments.
- ***Implementation/investment partnerships*** in which donor and funding agencies are the main partners. WSP is also involved in an important and growing engagement with regional development banks in support of their efforts to scale up services to the unserved (i.e. African Development Bank on their Rural Water Supply and Sanitation Initiative for Africa and the Asian Development Bank in East Asia in scaling up RWSS).
- ***Policy influencing collaborations*** which are long-term partnerships with counterpart organizations, national and local governments, utilities and other service providers, among others. WSP's value-added in this type of partnership is to link national level policy makers with international best practice and potential funding partners and strengthen the capacities of country sector actors to deliver better WSS services to the poor. Examples include AMCOW, regional development banks, European Union Water Facility, various embassies, WOP Africa (Water Operator Partnerships), and Associations of utilities (i.e. AfWA, ESAR).

- ***Learning/knowledge management collaborations***, in which WSP works to improve sector knowledge, disseminate new ideas and organize high profile events such as the series of sanitation conferences (AFRICASAN, EASAN, LATINOSAN, and SACOSAN). WSP has a solid range of partnerships of this type which include WSSCC, UNSGAB, UNICEF, as well as other global programs administered by the World Bank (PPIAF, GPOBA, BNWP, and Cities Alliance).
- ***Networking and Capacity Building Partnerships*** have been a major focus for WSP (one of the early examples being the ITNs, such as CREPA, NETWAS). In these types of relationships WSP usually brings specialized knowledge of the sector and experience of how to organize capacity building processes to support a national or regional network, which has a particular sector focus. Often these types of partnerships involve multiple partners. WSP, with its strong network, can be a key player in these partnerships but there is often a tension between the need to maintain support for a reasonable period to sustain an embryonic initiative and the need to withdraw to enable a new network to establish its own independent existence. In some cases, WSP has been obliged to withdraw due to funding uncertainties to the detriment of the partners left behind; this issue is now a fundamental consideration when WSP starts to engage with such efforts. Going forward, WSP also aims to build relationships with academic institutions (such as universities), given their capacity and skills in research and knowledge development and potential role as platforms for knowledge sharing/dissemination on WSS issues.

46. ***Relationship with the World Bank.*** WSP is one of the largest and longest standing partnerships administered by the World Bank. This relationship places WSP in a unique position, allowing it to have influence well beyond the 25 focus countries. This allows WSP to:

- Learn from the global reach of the World Bank investment experience and bring lessons from focus countries to influence policy and investment approaches;
- Possibility to influence the World Bank's investment impacts, especially on services to the poor;
- Lay the ground work and upstream project identification for World Bank investments within its focus countries' investment frameworks;
- Contribute to World Bank's country assistance strategy formulation and analytical work;
- Broaden the dialogue with development partners and the World Bank in focus and other countries;
- Establish operational linkages with other World Bank administered global programs;
- Build on broad range of sector activities, investment and knowledge of World Bank to establish cross-sectoral linkages at country level; and

- Participate in policy formulation, portfolio and staff quality review as well as new sectoral thinking through Program Manager's participation in the World Bank's Water Sector Board.

The World Bank policies on human resources, procurement, financial management, safeguards, quality assurance, and operational and trust fund administration, will continue to ensure that WSP's activities and donor contributions to WSP are ruled by formal agreements reviewed by the legal departments of the World Bank and the donor agency.

VII. How Does WSP Propose to Finance This Strategy?

47. *This strategy focuses on scaling up sustainable services.* The WSP strategy calls for an intensification of the work program at global, regional and country level, but the greatest emphasis will be in countries. WSP has two financing objectives to the strategy: a) a strong shift towards more programmatic (core) funding within multi-donor trust funds; and b) an increase from its current level of funding.

48. As discussed in WSP's *Funding Strategy*⁶, **core** funding allows WSP to allocate funding most strategically and efficiently. It enables WSP to go strategically into high potential activities and countries, and sustain engagement in focus countries that don't have a dedicated funding source. It provides flexibility to allocate funding where it is most needed to advance the strategy. Core funding is administratively efficient, particularly if individual donor contributions can be channeled into core multi-donor trust funds. It is also much faster and easier for a donor to join an ongoing multi-donor trust fund. The process can be completed in a month or two compared to six months or more for establishing a new stand alone individual trust fund. While targeted funding that fits within the WSP strategy is not prohibited, their approval process is rigorous and time-intensive in the context of the World Bank's new trust fund management framework, which strongly discourages the establishment of targeted and single donor trust funds. It is always less preferable to core funding in an MDTF.

49. *How can donors increase core funding?* WSP's strategies and business plans at global, regional and country level align with elements of donor agencies' own funding priorities. By explaining that link, some donors have been able to provide core support to WSP, even from their own internally targeted funds. WSP will seek to work with all new donors to provide core funding using this approach. For ongoing targeted trust funds, WSP will explore the option of upgrading to core funding when trust funds come for renewal. As a practical measure to guide WSP's current and potential funding partners, the Program will provide information on funding gaps in the three-year rolling business plans.

50. WSP is very much rooted at country level, and country-specific funding will continue to be accepted, when it can be administered efficiently. Wherever practical, WSP will encourage embassy-level donors to join together to establish country-specific multi-donor trust funds that support the country strategy and business plan. This will

⁶ WSP's Funding Strategy was discussed and endorsed by the Council in 2005.

encourage donors to move upstream from the frequent project-style funding at country level to a more strategic and efficient program approach, and promote donor harmonization.

51. ***Where will increased funding go?*** Going forward, WSP seeks to increase core funding to cover high-priority activities at global and regional level, and leave enough remaining for substantive country allocations. WSP will prioritize funding for the regions with the most significant risk of reaching the MDGs. As the region furthest behind in making progress toward the MDG targets in the sector, scaling up the work program in sub-Saharan Africa will be the first priority. The second priority will be to increase funding to scaling up WSP's contribution to global and regional knowledge, especially in South Asia and in selected Southeast Asian countries, where MDG gaps are also considerable. At country level, before extending to new countries, WSP will first ensure current focus countries have an adequate minimum resource base and that funding will be available for a sustained presence in any new focus country. Particular emphasis will be given to supporting fragile states on WSS services. Global funding will increase in order to ensure innovation at a global level, as well as to keep pace in adding value to the expanded field-based experience.

Annex: WSP Results Framework

