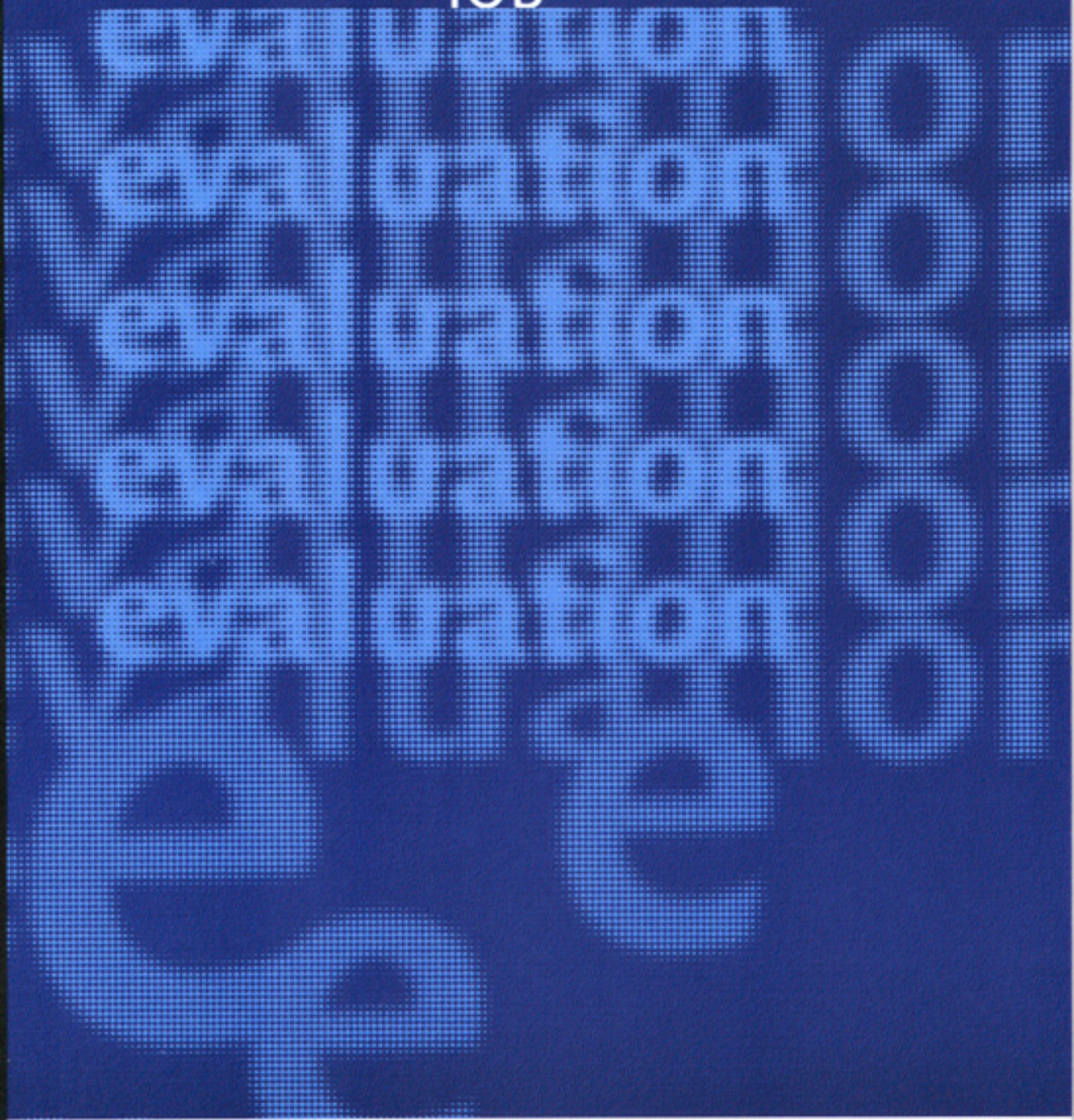
IOB



MAKING INTEGRATED WATER RESOURCES MANAGEMENT (IWRM) WORK : LESSONS FROM THE EVALUATION OF WATER SECTOR PROGRAMMES

Alexandra Clemett, John Soussan and Gordon Mitchell (University of Leeds)

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POLICY AND OPERATIONS EVALUATION DEPARTMENT

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Preface

The seminar “The Water Sector Reviewed: From Lessons Learned to New Policies and Strategies” took place in Wageningen in the Netherlands on Monday October 9 and Tuesday October 10 2000. Approximately 50 participants from the evaluation community, policy makers and water sector specialists were present. Four evaluation cases were considered over the two days and the implications of the findings of these evaluations for future support to the water sector were deliberated in a series of structured discussions. It was followed by technical meetings later in the week, thus ensuring an almost ideal setting for feedback of evaluation results into policy and practice.

The idea for this seminar originated six months earlier. In March 2000 the Second World Water Forum took place in The Hague, along with a Ministerial Conference on March 22. The Policy and Operations Review Department (IOB) of the Ministry of Foreign Affairs published its report “Institutional Development: Netherlands Support to the Water Sector, 1988-1998” in the week before the Forum. The report was sent to Dutch Parliament by the Minister for Development Cooperation, Eveline Herfkens, and copies were available at the Forum. Furthermore, three IOB “working documents” resulting from the work done for this evaluation were also available to the Forum participants. Although a lot of copies found their way to the participants, there was no formal occasion to discuss the evaluation in the Forum. This was partly due to the fact that many sessions at the Forum were structured along geographical lines, whilst the report of IOB was on a thematic basis. It presented synthesised conclusions across regions. Although attention was paid at the conference to institutional development and knowledge issues and past experiences, sessions on specific evaluation results were not held.

IOB felt that a golden opportunity for structured feedback to policy makers and practitioners had been missed. Feedback is a joint responsibility of evaluators and operational departments, and the Water Task Force of the Ministry of Foreign Affairs of the Netherlands agreed to organise a joint seminar with IOB on evaluation reports in the water sector. This seminar could provide an important input into a technical meeting with water sector specialists at the Dutch embassies, which would be held right after the evaluation seminar. After international consultations it emerged that the Operations Evaluation Department of the World Bank, the Operations Evaluation Department of the African Development Bank and the International Organisation of Supreme Audit Institutions (INTOSAI) all had relevant evaluation results to bring to the seminar.

In our view, two main conclusions can be drawn from the seminar. First of all it emerged quite rapidly that the main thrust of the three reports of IOB, the World Bank and the African Development Bank was quite similar. This reinforced the findings: they appeared not only to be true for the specific Dutch support, or the World Bank efforts, or the African Development Bank’s portfolio, but in general for support in the sector. This in turn tended to downgrade sensitivities amongst the technical staff present. If after all certain failures or mistakes are not uniquely Dutch, then the responsibility for these mistakes reflect structural conditions in which water sector support is provided. Any blame consequently becomes more shared in the development community, rather than focused on individuals. As a result, the discussion on past experiences was less emotional than sometimes experienced when talking about evaluation results. The focus of the discussions quickly changed to considering the future, and in particular how policies and strategies should be formulated to address the issues arising out of the seminar.

Secondly, the case study of INTOSAI merits separate attention. Cross-border aspects of water management are generally considered to be very sensitive and very difficult to address in development co-operation. INTOSAI has promoted environmental audits in the recent

past. Its European members decided to collaborate in an audit of the Convention on the Protection of Environment of the Baltic Sea Area (Helsinki Convention). This joint approach to a cross-border issue may provide inspiration for the solution of cross-border water management issues elsewhere in the world. For some of the participants this approach was clearly too new to consider in its full implications. It is clear that in the future new bridges will have to be built between the work of INTOSAI and its member institutions and evaluation departments working on development issues.

As far as we are aware, this seminar was certainly the first in the water sector, but possible also in the broader field of development co-operation, where evaluations conducted by different evaluation departments on the same subject were presented and discussed simultaneously. We feel that this experiment merits attention and follow-up. The advantage of this format is that the findings of each separate study get additional emphasis if they corroborate one another. At the same time they become more neutral, because they appear as “common mistakes” of the field rather than one specific actor. We hope that in the future we will be able to identify new issues, themes and sectors for this kind of feedback seminar.

The seminar was organised jointly by IOB and the Water Task Force of the Ministry. Special thanks should go to John Soussan, Bert Diphoorn, Karin Roelofs and Alex Bartelink.

Rob D. van den Berg
Director Policy and Operations Evaluation Department

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1 OUTCOMES OF THE SECOND WORLD WATER FORUM

1.1 Response of the Dutch Ministry

Bert Diphoorn, Ministry of Foreign Affairs, Netherlands

The Second World Water Forum, hosted by the Dutch Government in The Hague, March 2000, was a great success, significantly raising the profile of water issues world-wide. We attributed the success to three elements. Firstly, the format of the event, with Forum, Fair and Ministerial Conference, worked very well. The fair provided funds to support cultural events, whilst Forum sessions, agreed with stakeholder groups in advance, gave real focus to the debate. The strength of these events created an exceedingly positive atmosphere felt by the participants in the Ministerial Conference, of which 130 country representatives subsequently signed the Ministerial Declaration on Water Security in the 21st Century. Secondly, effective communication was greatly enhanced through the participation of a wide and varied group of stakeholders. The stimulating discussions that occurred, especially that on water pricing, would not have been possible without the representation of the private sector (CEO panel), labour organisations, gender groups and a wide range of NGO's. Finally, the development of the global and regional water visioning process, and the follow-up Framework for Action document provided a highly focussed platform for the Forum, that of 'From Vision to Action'. The personal qualities and commitment of key individuals in the responsible bodies, the Global Water Partnership (GWP) and World Water Vision Unit, were key factors in the successful development of these supporting actions.

As a consequence of the Forum, the Dutch Government committed an additional $50 million per year on development aid to the water sector, and have decided to significantly broaden bi-lateral development aid to the water sector from the current level in 20 countries. Organisational changes have also been implemented so as to increase the effectiveness of water-development aid. These include a streamlining of management within central government departments with water management responsibilities, and the creation of a new water support unit to address the fragmentary manner in which water issues are currently dealt with across different ministries. We aim to enhance effective communication over water issues throughout government by staffing the water unit with personnel from other ministries on a part time basis.

The Dutch government has also been involved in several other initiatives following the Forum. First, a World Bank-Netherlands Water Partnership Programme (BNWPP) has been launched where we have agreed to provide matching funds and expertise to stimulate innovative approaches to water problems. Second, following the presentation of the Framework for Action in the Hague, we are working to build a fully detailed action plan to be presented at the third World Water Forum in Japan, 2003. Third, we are actively participating in the IUCN Water for Nature initiative (www.waterandnature.org), which recognises the vital role that integrated river basin

management has to play in ecosystem protection. Fourth, through discussions with development partners we are continually seeking ways to raise awareness of water issues. Our approach here is that of consensus and partnership building with development partners and non-governmental organisations (NGOs), as this has proven more effective than unilateral actions on our part. Finally, we are actively collaborating with the Japanese hosts of the 2003 Forum (www.worldwaterforum.net) so as to assist in maintaining the momentum developed at the 2000 Forum.

1.2 Response of the Global Water Partnership
Alan Hall, Global Water Partnership

The Second World Water Forum created much more interest than we had anticipated, and the expectations of the GWP are now very high, particularly with respect to translating the Water Vision and Framework for Action into Action itself. After the Forum, the Chairman of the GWP, HRH the Prince of Orange, agreed to prepare a follow up report "Framework for Action: Follow up to the World Water Forum", for release in November 2000. The GWP consulted widely when preparing the report, paying particular attention to those stakeholders, such as labour organisations, which felt under-represented at the Forum, hence we confirmed the vision process. The report, which includes verbatim feedback, some very critical, will show how actions agreed at the Forum are now being taken forward, and includes a statement on initiatives and next steps for moving from a Framework for Action to action.

Following an overview of events at the Water Forum, the report presents feedback from Forum participants structured around five key themes: governance, political will, wisdom, regions and investment. The consultations indicated that governance, privatisation and pricing, and food security, were priority water issues for the GWP to pursue. A high degree of consensus on these issues existed at the level of fundamental principles (e.g. the goal of more efficient and equitable service delivery), but there is a notable lack of detailed debate on how best to operationalise them (e.g. appropriate water pricing mechanisms, the role of privatisation). Other areas that were thought to be poorly addressed at the Forum were water quality issues, links between water and energy supply, and mechanisms for increasing domestic investment in the water sector by countries in receipt of donor aid. Comments were also received on the approach taken to develop the Framework for Action. In particular, NGOs who have positioned themselves within the UN consultative process were concerned that they might be marginalised with respect to water issues, as the Framework for Action was not a UN initiative. This concern can be addressed through the vision process of continued dialogue with stakeholders.

Following the Forum, the GWP is assessing its future role. This will likely be as an agent to encourage change that shortens the period between policy and action. We will focus on the themes of "knowing" (the awareness of a need for change), "having" (opportunities to facilitate change) and "wanting" (a willingness to seek and implement solutions to water problems). The GWP will aim to build consensus

through sound debate (especially with respect to contentious issues), aid the dissemination and exchange of information (data, ideas, expertise, best practice), support the generation of basic data where this is lacking, and provide a support mechanism for integrated water resource management programmes.

1.3 Responses of Other Stakeholder Groups
Bill Cosgrove, World Water Vision Unit

Following the World Water Forum national visions continue to be developed, (e.g. for Russia, China and Poland), an African Water Forum is imminent, and all regions have contributed to the GWP Forum follow-up process. A high level of activity means that only a brief overview of activities in key sectors is possible. With respect to food security, a special session at the Stockholm Water Conference reported programmes in three areas: water allocation to support food and nature; rural development for poverty alleviation; and efficient water use within all agriculture, not just food crops. Trade in food and embodied water was seen as one solution to regional water shortages. In 2001 an international NGO meeting on water and food takes place in Sri Lanka.

A major conference on water supply and sanitation takes place this November (2000) in Rio, addressing people centred approaches, sanitation and hygiene approaches, servicing the urban poor, linking to other sector agencies, mobilising resources, institutional debt and targets, indicators and monitoring. UNICEF is soon to release a trends report with new water and sanitation indicators. Water allocation for ecosystem protection was recognised as an important issue at the Hague Forum, but how to achieve this effectively is poorly understood, particularly at the basin-scale, hence the forthcoming IUCN guidelines on water management for nature are welcomed. The World Commission on Dams report is imminent, and is expected to make a major contribution to the debate on sharing water including assessing demand and storage issues. A lot of the feedback from the Forum addressed valuation. A common view was that water is a human right, but that the absence of a common language on terms and issues was a barrier to the establishment of suitable charging mechanisms and prices.

There is much activity in addressing integrated water resource management (IWRM), and Madeline Albright has been proposed as chair of a new international IWRM Forum. A valid approach at all levels as it is international IWRM issues that are most pressing. In recognition, the Global Environment Facility (GEF) will sponsor IWRM studies in trans-national basins, and a socio-economic development plan for the Nile is coming, in which water plays a key role. The UN World Water Development Report will state that sound IWRM indicators are urgently needed to turn data into information, yet monitoring systems collecting basic data for IWRM are deteriorating. Other key challenges are more effective risk management, especially from drought and flood, to encourage cross-disciplinary discussion and innovative practice, and to ensure a greater role for women. Progress is being made; Canadian networks of water excellence have recently been set up, and the GWP gender alliance is

represented at all major water meetings, but much remains to be done. Raising awareness remains the great challenge and the GWP intends to follow up all pledges made at the Forum so as to assess progress, but more importantly, to enable the GWP to publicise positive actions and assist countries to meet their commitments. The World Water Forum website and the new Journalist's Water Forum will also promote awareness of water issues.

2 INSTITUTIONAL DEVELOPMENT: NETHERLANDS SUPPORT TO THE WATER SECTOR 1988-1998

John Soussan, Centre for Water Policy and Development

2.1 Introduction

The objective of this study was to evaluate the policy relevance, effectiveness, efficiency, and the sustainability of the Netherlands aid to institutional development of the water sector in the period 1988-1998. The volume of aid to the water sector totalled an estimated NLG 2 billion over the period, divided between 45 countries. India, Bangladesh, Egypt and Mozambique, the four countries studied, were the largest recipients of aid to the water sector in terms of aid volume, and account for 40 percent of the disbursements in this period. The evaluation focused on the bilateral aid programme and was limited to activities in the two main sub-sectors: irrigation and drainage, and drinking water and sanitation. The bilateral aid programme was the main programme for support to the water sector, with support to drinking water and sanitation covering 45 percent of the disbursements to the sector and irrigation and drainage 20 percent. The balance has been used largely for port improvement, dredging and coastal protection.

2.2 Main Findings

The main trust of water sector policies in all four countries studied in detail has changed over time from a predominantly sectoral and technical/construction-oriented approach towards a more integrated one that takes account of social, economic, environmental and institutional issues, though the extent to which this has happened varies from country to country. These changes reflect the main trends in international approaches to water resources management.

The evaluation found, however, that these changes are often uneven in extent and acceptance, with the need for and nature of institutional development only partly recognised and incomplete. These changes are often a contested process, with opposition by important interest groups. Institutional development was recognised as a process that takes time to develop and that can suffer reversals.

A time gap of approximately five years was observed between the articulation of views in the international community and the formulation of policies in the respective countries and the Netherlands. The implementation of these policies in terms of sector activities shows a similar gap. In terms of institutional development, the first initiatives were often more token than real, with institutional components added on to existing technically-oriented programmes and with only marginal amounts of resources allocated to them. This gradually changed as activities, more centrally focused on the new approaches came on line.

Many investment projects have resulted in significant benefits in terms of the expansion of infrastructure, improving services to large numbers of people often belonging to weaker socio-economic groups. The evaluation identified serious concerns about the cost-effectiveness and sustainability of these investments, with in particular fundamental weaknesses in the operation and maintenance of facilities once they were constructed that led to their rapid deterioration. Further, in most cases, the institutional implications of investment programmes were not recognised until recently. In particular, the secondary effects of infrastructure developments on institutions, on water resources and their uses, and on people and the environment, were largely ignored in the design of projects in particular.

The new policy approaches that focus on institutional development have faced difficulties. This is particularly true in relation to changing government agencies, that are technically-oriented, have little experience in social, economic or environmental issues and are resistant to change. The long-term support of these organisations that has come through Netherlands' (and other donor) assistance has, usually unintentionally, tended to reinforce the top-down and technical orientation of these organisations as they were more concerned with delivery of investments to target than the provision of services or alleviation of water resources management problems.

Despite this, the long-term engagement with many of the organisations has had a significant cumulative effect in the advancement of change, in that a consistent message on the importance of, for example, participation, gender issues or the environment has been internalised within the counterpart agencies. The evaluation identified the extent to which this process was based on the trust and confidence that a long-term partnership creates.

The overall conclusion of the evaluation was that the cumulative effects of Netherlands support to institutional development in the water sector have been disappointing. With the benefit of hindsight, it is clear that these issues were either ignored in project design or, where they were taken into account, this was often done in ways that were not realistic in goals or resources provided given the profound structural difficulties facing any process of institutional change.

There were also serious concerns identified by the evaluation on the efficiency, effectiveness and sustainability of many investments made. There was far too much of a focus on traditional projects implemented through single agencies and not enough attention paid to the need for strategic approaches to the development of the sector as a whole.

2.3 Key Issues

The evaluation concluded that a number of critical issues in relation to institutional development in the water sector have been addressed in part in the assistance provided to the four countries, whilst other issues have been largely neglected and

merit further attention in the future. The main points with regard to the latter category are discussed below.

2.3.1 Adequate Analysis

It is clear that agreement on general principles between donors and recipient countries is not an adequate basis for formulating effective programmes and projects. There is a need to follow this with an analysis that provides a thorough understanding of local needs and opportunities and of the process through which institutional change takes place. This analysis should include the consideration of all human resource development, organisational requirements and system development activities needed in the sector and should be accompanied by a stakeholder analysis that takes account of the needs and interests of all.

The dynamics of the process of change varied considerably from country to country. The planning of donor interventions did not reflect these local specifics: it tended to be based on general policy agreements rather than the harmonisation of the process of institutional change within the specifics of the local situation. This led to poorly formulated and over optimistic expectations in the design, and low efficiency and effectiveness in the execution of activities.

2.3.2 Institutional Change: A Slow Process

Water sector institutions in the different countries were invariably at their best when involved in construction of infrastructure. Indeed, few needed any assistance in this process in technical terms. These organisations were also characterised, however, by inefficiencies and capacity limitations and were invariably weak in management terms. These and other constraints (not least their internal structure and 'culture') make institutional change a slow process: a factor that has to be clearly recognised when designing and implementing programmes with these aims.

2.3.3 Clear Strategies and a Long-Term Commitment are Required

The three dimensions of institutional development that the evaluation focused on (human resource development, organisational development and institutional development) can only be effectively addressed where all parties (local actors and donors) have developed and share a clear strategy and a long-term vision for change that covers all of these three dimensions in an integrated manner. This strategy and vision also need to take into account wider processes of decentralisation and privatisation and should drive towards a new division of tasks between government and the private sector (including civil society) at national, regional and local levels.

2.3.4 Innovative Approaches

Although most organisations in the water sector are generally strong in construction and infrastructure development, problems in system design and in operation and maintenance often mean that works lack sustainability. Some of the newer, more

innovative agencies recognise that this can only be addressed through profound structural change to institutional mandates and capabilities.

The basis for these changing approaches is the recognition that a multi-sector, integrated approach to water resources ***and*** water institutions is essential. The specific form that this will take will depend on local needs, the existing institutions and the trajectory of change within society. What is clear is that they need to go far beyond the mere training of individuals and enhancement of traditional line agencies, and are geared to the realisation of policies for institutional reform based around decentralisation and subsidiarity principles.

This in turn depends on the active participation of a wider range of stakeholders; something that will reflect the wider governance conditions within the countries concerned. The evaluation sees this as a core conclusion: improved water resources management is primarily about institutional development and change in the water sector, and this in turn needs to be related to wider processes of change in government and society. There are few prospects for effective change if this wider environment is not supportive.

The innovative approaches consequently need to focus on both the institutions directly involved in water resources management and the wider conditions of governance that create the context within which these institutions function. It is this that is the key issue and that will form the focus of future Netherlands support to the water sector.

3 EVALUATION OF AFRICAN DEVELOPMENT BANK WATER SECTOR LOANS: LESSONS LEARNT

Gennet Yirga-Hall, Operations Evaluations Dept., The African Development Bank

3.1 African Development Bank Lending to the Water Sector

Since its inception, Bank assistance priorities have continually evolved, but the water sector has always been a significant lending area. From 1967-99 the Bank supported 224 water sector projects with UA[1] 2.1 billion, 7.8 percent of total loans. The main lending goal, promotion of health and socio-economic development, was to be achieved through the provision of basic water supply and sanitation (WSS) infrastructure able to meet projected service demand in rural and urban areas. First generation projects addressed infrastructure provision, whilst second generation projects emphasised rehabilitation works and technical assistance for studies and capacity building in line with the Bank's Water Supply and Sanitation Policy Document issued in 1989. To guide future policy, the Bank reviewed its lending to the sector for projects approved from 1974-90. Assessment was largely by examination of project reports, addressing 28 urban and all 20 rural projects for the five Bank regions.

3.2 Project Relevance, Entry Level Quality and Efficiency of Implementation

Projects were able to provide basic WSS infrastructure, and so were highly relevant to the governmental and donor development agenda at that time. However, by current standards, projects were not fully relevant as they were rarely undertaken as part of an integrated policy (e.g. most water supply projects did not consider sanitation), and did not meet the basic needs of the urban poor, informal settlements and most rural areas.

The quality of projects at entry (i.e. project planning), was inadequate. Comprehensive sector studies and an integrated water resources management (IWRM) approach were absent, hence projects were piecemeal, largely driven by immediate needs and at times political expediency. Logical frameworks were not used until 1990, so understanding and assessment of the input-activity-output-impact chain was very limited. Where logical frameworks were used, their value was undermined by a lack of suitable performance indicators and supporting baseline data. The poor quality of feasibility studies and detailed design, exacerbated by an absence of participatory planning, led to high failure rates, particularly for rural water supply projects. In many cases Bank assistance with project development was

[1] UA 1 = US $ 1.298 (October 2000)

inadequate due to a limited skill mix (e.g. economists and/or engineers but no environmental or gender specialists).

Poor entry level quality contributed to mixed, often poor, implementation efficiency. Time and cost overruns that were predictable given experience of the sector, but which were not planned for, coupled with inadequate supervision, a lack of donor co-ordination, and the unavailability to the borrower of counterpart funding led to projects plagued by delay, many by more than five years. Civil strife and executing agencies that lacked autonomy, skilled manpower and financial viability added to the problem.

3.3 Efficacy and Impact of Bank Assistance

The efficacy of projects is judged on financial, economic and operational performance. Financial and economic returns were lower than forecast as assumed conditions (e.g. political freedom to set tariff levels, growth in service demand, adequate operation and maintenance) were not realised. Operational performance was also weak, with poor service delivery, many illegal connections and substantial leakage. In most projects maintenance was unsatisfactory due to the use of inappropriate technology, a lack of power and spare parts, non-standardisation of pumps and an inability to retain qualified technical and managerial staff in the face of uncompetitive remuneration.

The impact of Bank assistance is judged by socio-economic, environmental, gender and private sector participation effects of projects, although not all of these criteria were central to projects at the time of their approval. Overall, impact was mixed. WSS projects did meet basic needs in the areas served, reducing deprivation. Water supply projects reduced vulnerability to disease (although this is often difficult to assess due to poor baseline data), and in rural areas women and children benefited, particularly girls who gained time to attend school. On the other hand, limited sanitation investment, including inadequate wastewater disposal from water supply projects, increased incidence of malaria and other disease and created adverse environmental impacts. The urban poor, informal settlements and rural areas were inadequately catered for.

Cognisant of the above, the Bank has in recent years taken major steps in defining its Vision Statement focusing on cross cutting issues such as poverty, gender, environment, stakeholder/community participation and public/private sector partnership. These issues are now mainstreamed into the Bank's operations in order to bring about broad based and sustainable development in regional member countries (RMCs). In addition, the Bank has streamlined and strengthened its internal processes. Strict application of logical frameworks is now enforced and more resources are available for supervision with an appropriate skills mix. The Bank's current and future interventions in the water supply and sanitation sector are now guided by its new Policy for IWRM, which, among others, fosters demand driven approaches and community participation particularly in rural areas from the

conceptual stage to the management and operation of the schemes. The changes have resulted in noticeable improvements to the planning and execution of recent projects.

3.4 Bank Support for Institutional Development and Capacity Building

Institutional development and capacity building is critical in the WSS sector. While a comprehensive study on this aspect is currently underway in the Bank, preliminary reviews have indicated that the Bank has encouraged improvements in institutional and financial viability since the 1970's, via conditions on loans to borrowers, and additionally from the late 1980's through the provision of appropriate technical assistance. The technical assistance is directed at organisational restructuring, training and logistical support for Project Investment Units and addresses areas such as financial control, administration, leadership, commercial and consumer orientation and technical excellence programmes. The review of these institutional interventions reveals several limitations. First, they were piecemeal and limited in scope, oriented to projects and not long term programmes of institutional change. Second, they focussed on the public executing agency, and ignored the opportunity to mobilise limited resources via partnership with other public, private and civil groups. Third, they were poorly supervised, were not effective at retaining trained staff and some suffered diversion of funds to engineering activities.

The technical assistance did facilitate skills transfer to local staff, and helped create a stock of national experts, even if staff did not always stay with the target organisation. The development of local consulting firms and individuals was encouraged. Project implementation units helped to execute projects and win Bank support for second generation projects. However, if institutional development is a factor in sustainable development then the technical assistance programme was not effectively implemented to achieve this objective. The main reasons why Bank assistance for institutional development failed were an absence of a strong policy and the inadequacy of the instrument (Technical Assistance) which was usually provided based on a supply driven approach. The lack of political commitment to reform is also a major barrier that limits the autonomy of executing agencies and hence their ability to institutionalise a reform process, develop appropriate institutions, implement a participatory approach, and so exercise sound financial and operational management to ensure effective service delivery. Current practice is to channel such instruments following need assessment studies and encourage sharing of experience and manpower development through peer to peer and south to south cooperation as well as private sector participation.

3.5 Recent Initiatives in the Water Sector

The Bank was active in the Africa Water Vision for 2025 process. The Vision document sets targets to be achieved progressively by the year 2025. Appropriate guidelines are being developed to link the Bank’s Vision Statement and the IWRM Policy with the African Water Vision for 2025. The Bank is actively supporting the

process of IWRM implementation by RMCs. Civil society and the new donor agenda, has fostered an improved enabling environment in RMCs, leading to better governance, public sector reform, participatory development and private sector involvement.

3.6 Key Issues

The evaluation report[2] details lessons and recommendations drawn from the water sector review. Several key issues can be identified. First, there is a fundamental need to effectively implement an IWRM policy consistent with the Africa Water Vision 2000. Informal settlements, rural areas and the urban poor have the most urgent needs for potable water supply and proper sanitation facilities. Second, donor funding priorities and product lines must be reviewed. RMCs must be assisted in their efforts to decentralise service provision, and switch from a supply driven to a demand responsive approach. More financial and human resources should be made available to support operation and maintenance, including rural village level programmes and community provision of low-end sanitation services. Efforts must be made to ensure that technology (e.g. pumps) is appropriate and standardised, and that there are effective public/private mechanisms to ensure the timely availability of spare parts.

Third, the Bank must operate more effectively as a catalyst by promoting public-public and public-private partnerships that mobilise greater resources and improve service delivery. Private sector participation in particular must be accelerated by the Bank and RMCs, a process that can be assisted by 'unbundling' WSS services so as to enable phased entry of the private sector. WSS services tend to be monopolistic, hence a strong and healthy regulatory framework will be required to prevent excessive prices and poor service delivery from the private sector. Community and civil groups must be empowered to participate in the full range of water management services, and the widespread adoption of community participation/demand responsive approaches promoted. However, the heterogeneous nature and capacity of communities must be recognised until participatory planning is institutionalised. Finally, cost recovery must be achieved so as to guarantee continued service delivery, with prices sensitive to low income users. Lifeline tariffs, regulation of small private vendor resale prices, and an incremental introduction of full cost pricing to sensitive communities are required.

[2] Yirga-Hall, G. (2000) The water sector reviewed: lessons learnt. Operations Evaluation Dept., AfDB.

4 EXPERIENCE IN IMPLEMENTING THE WORLD BANKS 1993 WATER POLICY

Presentation given by G.T. Keith Pitman, Operations Evaluation Department

This report analyses the implementation of the 1993 World Bank Water Resources Management Policy to assess the relevance and effectiveness of the Bank's water related operations to its borrowers. It examines the level of internalisation of guidelines presented in ***Water Resources Management – A World Bank Paper*** (1993) and informs those responsible for development of the S***trategy***. The findings of earlier Operations Evaluation Department (OED) evaluations are incorporated, including a 1994 Irrigation and Drainage Sector Review and a 1992 evaluation of Bank lending for water supply and sanitation.

Limitations to the report include the average seven year implementation period which means that few projects designed to implement the Operational Policy (OP), have been completed, preventing a full examination of their impacts on development.

4.1 1993 World Bank Water Resources Management Policy

The Bank's 1993 Water Policy and guidelines were developed when water operations were failing to promote sustainable development and concern was mounting regarding mismanagement of water resources and inadequate levels of service provision, especially for the poor. It acknowledged a need for reformation of water management institutions, policies and planning systems in borrowing countries, which would require changes to the Bank's operations.

The overarching theme is that water must be planned and managed **comprehensively** whilst also ensuring **country-specificity**. The aims are to:

- Ensure the maximum contribution of water to a country's economic, social and environmental development, while managing water resources and services sustainably;
- Assist countries in development of comprehensive analytical frameworks, to promote transparent decision making and demand management; and
- Encourage decentralisation at the implementation phase and promote market forces to facilitate public-private sector involvement in provision of water services.

The intention is to produce a comprehensive framework for water resources management, integrating the requirements of water service subsectors, and an agenda of reform to improve their applicability, efficacy and sustainability.

4.1.1 Investment

It is estimated that the annual investment required in the water sector will increase 140 percent to $180 billion by 2025, comprised of an increased of 500 percent in

environment and industry, 150 percent in water supply and sanitation, and a decrease of 8 percent in agriculture. Of this, the proportion represented by the private sector will increase significantly. Investment by national private firms will rise by 420 percent, by international private investors 1100 percent and by international donors by 33 percent. By contrast national public sector investment will decline by 37 percent (World Water Vision, 2000).

4.2 Implementation Instruments

Country level assistance is dependent on the needs of the country and over time, the means that the Bank uses to address these has developed and changed.

4.2.1 Economic and Sector Work

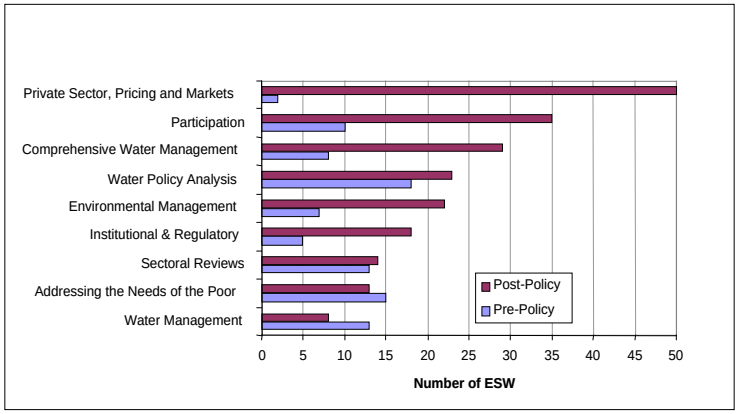

Figure 5.2a: ESW is responsive to the water strategy

Economic and sector work (ESW), which has more than doubled since 1991, is in response to the S***trategy***, moving away from traditional water management and toward comprehensive management, participation, pricing, markets and roles for the private sector (figure 5.2a).

4.2.2 Lending

Between 1988 and 1999 the Bank approved, in addition to lending to other sectors, $6.2 billion for water-centred investments in 91 projects. Within this period, there was an increase in lending for water from $14.5 to $17.5 billion post-***Strategy***. This rise of 21 percent is well above the rise in overall Bank spending which was 9.4 percent, representing an increase in the proportion of water projects in the Bank's portfolio from 10 percent of to 14 percent, despite the decline in water projects since 1997.

Regional lending was divided such that one third was for East Asia and Pacific, one fifth each for South Asia, Latin America, and the Caribbean, with the remaining funds distributed evenly between Africa, Europe and Central Asia, and the Middle East and North Africa. Lending is concentrated in Brazil, China, India, Indonesia and Mexico,

with current lending patterns such that 85 percent is to only 24 countries compared with 48 countries pre-1993.

Actual Bank involvement in the water sector is greater than statistics suggest, because of fragmentation across sectors. Since the 1993 ***Strategy*** there has been greater emphasis on the environment, multisectoral projects, watersheds, the social sector, transport and urban investments (figure 5.2b). These "other sectors" saw an eight-fold increase in commitment to $6.2 billion, of which 66 percent were for water development as a component of agricultural or social sector projects. The issue of concern here is that the overseeing and coherence of water policy may be in decline and application of the S***trategy*** may become more difficult, as "other sector" projects are not managed by water sector staff.

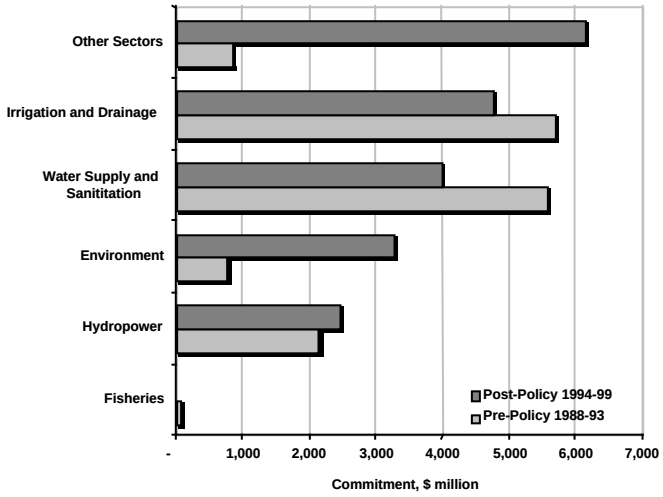

Figure 5.2b: Lending to the traditional water sector has declined since 1993

4.2.3 Poverty and Social Development Focus

Social concerns are increasingly being addressed in water operations, however there is a need for improvement in priority setting to target the poor and vulnerable. Though the ***Strategy*** gives priority to adequate water provision and sanitation for the poor, water projects do not comply well with the Country Assistance Strategy (CAS) for poverty. There was in fact a 13 percent fall in the poverty focus of water supply and sanitation operations, though that for irrigation increased by 23 percent (figure 5.2c).

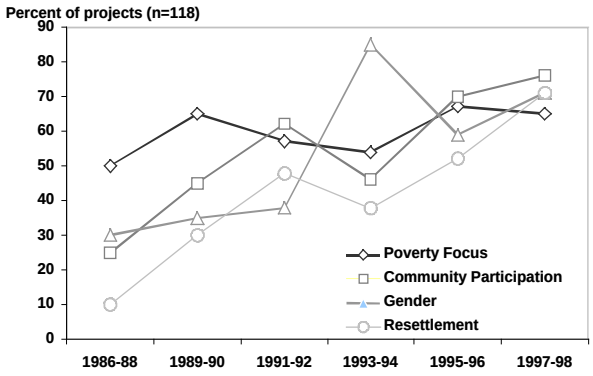

Figure 5.2c: Percentage of water projects taking account of certain major issues

4.2.4 Project Design

Compared to other Bank investments, water project design is generally better, addressing social and stakeholder analysis. Despite this, the formation of appropriate partnerships is less satisfactory than other projects and water operations are weaker at dealing with financial and institutional issues.

4.3 Adoption of the Strategy

As a result of the complexity of water sector reform, adoption of the principles of the S***trategy*** has not been widespread. Cross-sectoral water resources management operations are increasing slowly but, in most, operations remain project-focused.

Embedding of projects within the CAS framework will require cross-sectoral coordination, which itself requires greater incentives and adequate resources.

4.3.1 Country Assistance Strategies

CASs that contain water strategy issues, often consider water supply and sanitation (28 percent) but rarely irrigation (12 percent) or comprehensive water resource management (22 percent). Water sector interventions in the CASs are generally dealt with under broader goals such as poverty alleviation or macroeconomic stability. Yemen is the only country with a CAS that explicitly promotes sustainable water resource use and of the remaining 97 CASs, 64 have no reference to a comprehensive framework, a core principle of the S***trategy***. In some cases this may be due to the absence of a water related problem or that they are addressed outside the framework of the CAS. Such difficulties in interpretation could be negated if the CAS included a table detailing the country's status and the reasons for the Bank's level of involvement.

4.3.2 Strategy Responsive

The design of many of the Bank water projects has been responsive to the ***strategy***, with an average upward trend since 1993 (figure 5.3a). Each project was evaluated only against relevant ***Strategy*** principles. So it is neither practical nor appropriate for projects to respond to all elements of the ***Strategy***.

The majority of projects (80 percent) focused only on the project with minimal larger-scale linkages, however, 20 percent considered comprehensive water resource management at the river basin or national scales, a considerable increase on pre-1993 levels. Other important elements including legal and policy issues, institutional development and a focus on the most needy, remain partially implemented, with in particular the inadequate attention paid to legal and policy aspects a cause for concern (figure 5.3b).

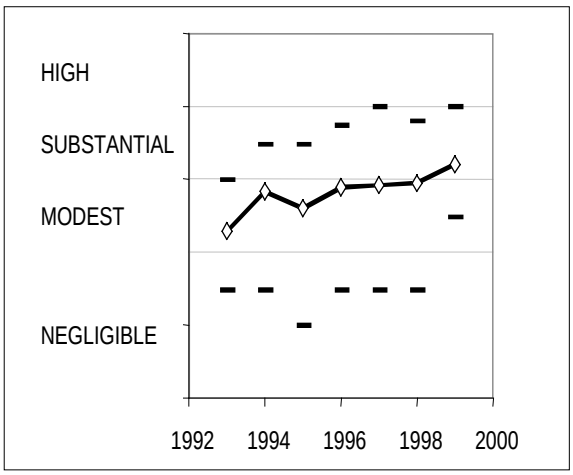

Figure 5.3a: Improving responsiveness to water *Strategy*

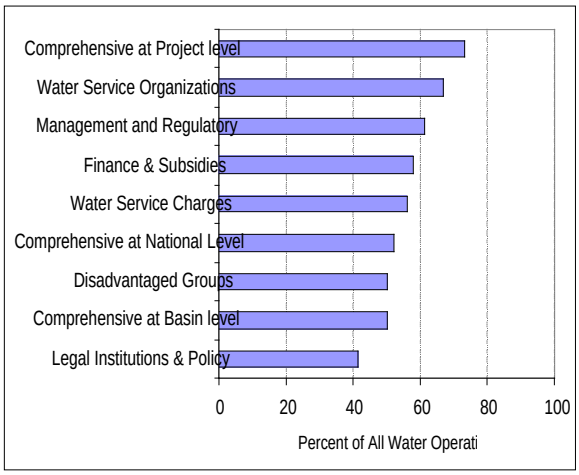

Figure 5.3b: Project focus of post-*Strategy* operations

4.4 Compliance with Safeguards

Almost three-quarters of all water projects have been classified as environmentally sensitive, a marked increase since the water policy. Those classified as likely to have adverse environmental impacts that are sensitive, diverse or unprecedented (category A) has tripled and there is a greater willingness to acknowledge site specific impacts (category B) that can be mitigated or reversed. Simultaneously, the proportion of water projects involving involuntary resettlements has fallen by 10 percent.

Although compliance with safeguards at entry was satisfactory, of concern is the poor quality of safeguards at supervision for category B projects. This may be because

guidelines are poorly defined and are at the discretion of the task manager who may feel safeguards are expensive, that they do not have the institutional, technical or organisational ability to meet requirements or that emerging issues draw unwelcome attention. Where countries have found safeguards too demanding and costly they have found alternative funding. While safeguard policies have proven successful in integrating environmental and social issues into the design of projects, greater effort are needed to implement related legislation, to develop country ownership and foster mainstreaming by borrowers.

4.5 Institutional Concerns and Decentralisation

Though the ***Strategy*** requires policies affecting water rights to be evaluated to ensure that they do not harm the poor, the evaluation was unable to find any systematic review of pre-project water uses.

Globally about 70 percent of the Bank's projects address decentralisation for water resources management projects. Inclusion of beneficiaries has been central to achieving Bank goals, for which water projects have been particularly successful.

Projects that focus on community-driven development schemes have a greater social policy and poverty focus than other water projects. However these are often funded through social funds and evidence suggests that social funds-managed water projects pay insufficient attention to developing institutions that ensure long term sustainability.

Privatisation has been successful but, while appropriate regulatory frameworks are important to provide incentives for the private sector to focus on poverty alleviation and to design tariffs that do not negatively impact upon the poor, in practice this has been hard to achieve. There is concern that the focus on the private sector has adverse consequences for the poor, especially in rural areas and thus, where the private sector cannot deliver there may be a requirement for the Bank to intervene.

4.6 Conclusions on Implementation of the *Strategy*

The evaluation of the 1993 World Bank Water Policy identified factors that are integral to difficulties encountered and made a number of recommendations for planning and implementation of Bank water projects.

- Comprehensive water management is inherently difficult.
- Water is not seen as an important economic resource.
- Transforming ***Strategy*** into action is difficult.
- Detailed guidelines have been lacking.
- Selectivity and good management are important.
- International water cooperation is essential but controversial.
- The Bank is poorly organised to implement the S***trategy***.
- Successful institutional approaches are evolving.

- Staff resources are stretched too thinly.
- External stakeholders also see problems.

Recommendations:

1. Aim country dialogue and institutional development at **integrating the social and environmental concerns with water resources development** and project interventions.

2. Deploy Bank resources and instruments more effectively **to nurture commitment to the *Strategy*** through **shared objectives**, realistic diagnostics, and **partnerships** aimed at policy reform and capacity-building.

3. Create and sustain more comprehensive **water management alliances** with like-minded partners in the private sector, civil society, and the development community.

4. Strengthen internal **management, monitoring**, and **evaluation** of water resource management activities through a streamlined organization, more **cohesive sector and country strategies**, enhanced core competencies, additional **operational guidance and training**, and more rigorous **quality assurance** arrangements.

5 INTERNATIONAL ORGANISATION OF SUPREME AUDIT INSTITUTIONS

5.1 The New Approach to Cross Border Collaboration

Presentation given by Saskia Stuiveling, President, Netherlands Court of Audit

The International Organisation of Supreme Audit Institutions (INTOSAI) established a working group on environmental auditing in 1992. It is the largest working group in INTOSAI, with 30 member countries and is chaired by The Netherlands. The purpose of the INTOSAI working group is to share and disseminated experiences of environmental audits and to develop guidelines for environmental auditing procedures. Reports are produced by the working groups which are made available on their website and it is also the responsibility of the group to link to the NASA database on the environment, CIESIN.

As part of their work the group tries to convince member countries that the auditing of the environment requires the same basic skills as other forms of audit. Difficulties lie, however, in trans-boundary interactions, as cross border audits have not been carried out in the past. At present many cross border agreements on the environment, such as pollution control, have been made but there is no process to monitor or audit the implementation of such treaties. INTOSAI therefore established the “hardware” to deal with mandates and produced guidelines and rules on how international organisations may co-operate. These have been published in a booklet.

The working group is divided into regional groups (for example in Europe, EUROSAI and in Africa, AFROSAI) and it is the responsibility of INTOSAI to encourage all groups to use the body of knowledge being established globally and to communicate and co-operate with one another on cross border audits.

Every two years an evaluation is conducted on member countries of the INTOSAI Working Group on the Environment to establish whether there has been progress in the “introduction of environmental auditing into national policy” and “implementation of environmental auditing”. Results of the surveys suggest that there has been growth in both of these areas.

The presentation was followed by the viewing of a video that outlined the origins and work of INTOSAI.

5.2 EUROSAI Working Group on Environmental Auditing

Presentation given by Alicja Gruszecka, INTOSAI, Poland

Poland joined INTOSAI in 1998, during the Netherland’s chairmanship. In the same year EUROSAI, a sub-group of INTOSAI was established, with 25 member countries, making it the largest of the regional working groups. Poland is the group co-ordinator and there are four regional sub-coordinators: Malta for the Mediterranean Sea

Region; The Netherlands in Western Europe; Norway in Scandinavia; and Romania in the Black Sea Region.

Within EUROSAI a group was developed on toxic substances. The priorities of the group were:

- environmental pollution, relating to living conditions and health;
- air pollution;
- surface water pollution, including pollution of sea basins;
- storage of radio-active waste; and
- protection of endangered species.

At the first meeting of all EUROSAI members in Warsaw, the ***aims*** of the group and methodologies of environmental auditing were considered. These included evaluating working group priorities and activities (methods and scope), improving group strategies and approving information for the EUROSAI web page. In the first two years of activity the group initiated several ***environmental audits***: international audit of the OSPAR convention; the international air pollution audit; international audit of the Helsinki convention; the joint audit of selected international treaties on water protection in Western Europe; and the Black Sea and Danube River audits.

The working group was also responsible for dissemination and exchange of experiences and information, which was realised through several media. In 1999 a seminar was held on Environmental Audits Concerned with Toxic Materials (Oslo, 1999) and periodical meetings are held between the coordinating country and the sub-coordinators, resulting in close cooperation between them. Physical outputs include the Draft Outline of the First Methodological Workshops on Environmental Auditing, and the EUROSAI Working Group on Environmental Auditing website. In addition the group has undertaken a regional questionnaire concerning environmental auditing in Europe.

Since its inception, membership of EUROSAI has increased significantly, with SAIs who are not formal group members also involved in group activities. The activities of the group have resulted in the initiation of several important audits.

5.2.1 Case Study: Audit of the Convention on the Protection of the Marine Environment of the Baltic Sea Area (Helsinki Convention)

The impact of pollutants on the waters of the Baltic Sea is unevenly distributed, threatening the coastal zone, especially near point sources of pollution, with cities, industrial areas (phosphorus and heavy metals) and agriculture contributing the largest pollution load.

A regional agreement to protect the marine environment of the Baltic Sea was signed in Helsinki in 1992 and ratified by nine States and the European Union. It is implemented subject to joint agreements, approved recommendations and broad co-

operation. The ministers at the conference agreed to actively pursue the aims of the Convention and approved the 20-year "Baltic Sea Environmental Protection Programme". The programme covers six main areas:

- Environmental policy and legislative activities;
- Institutional strengthening and development of human resources;
- Investment projects aimed at controlling point and non-point source pollution;
- Management programmes for coastal zones and wetlands;
- Applied sciences; and
- Public awareness and environmental education.

Protection of the marine environment of the Baltic Sea requires significant funding by all states in the region. Progress in restoring the natural values of the Baltic Sea depends on how rationally these resources are used and on the magnitude of load reduction.

EUROSAI initiated an audit on the activities being undertaken to comply with the Helsinki Convention. The remit was to evaluate implementation of measures for improving the quality of water flowing into the Baltic Sea, at the central, regional and local level, as well as by economic entities. This included particular measures aimed at reducing point and non-point source pollution on land, pollution from vessels, disposal of waste in the sea and consideration of rational use of public funds and monitoring of pollution discharge and water quality.

To achieve this aim, SAI experts agreed to evaluate the implementation of the provisions of the Helsinki Conventions at national level in several areas. Legislation was reviewed in terms of its respect for the provision for protection of the Baltic Sea against pollution, and the application of appropriate audit procedures and inspection measures were assessed. Auditing of the utilisation of public funds, non-point source pollution, mainly from agriculture and point source pollution mainly from urban areas and municipal water treatment plants were undertaken and findings from 1996-1999 used.

In preparation bilateral negotiations were held regarding the audit with State Signatories and in December 1999 the "Joint Statement on Co-operation" and the "Assumptions to the Programme of Auditing the Implementation of the Provisions of the Helsinki Convention" were drafted. The scope of the audit was later limited and, in 2000, SAI experts declared their willingness to participate. The joint statement and audit programme were adopted later in 2000 and the latter became the basis for preparing national audit programmes by individual SAIs.

The SAIs will prepare national audit reports and in the latter half of 2001 the Supreme Chamber of Control (SCC) of the Republic of Poland will prepare the "Joint Final Report" on the implementation of the provisions of the Convention on the Protection of the Marine Environment of the Baltic Sea Area. A parallel audit initiated

in 2000 will cover the period 1996-1999 and will be undertaken by seven SAIs; Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Poland and Sweden.

6 MAINTAINING THE MOMENTUM OF THE WORLD WATER FORUM: NEXT STEPS?

6.1 Introduction

Group discussion were initiated to consider the future requirement for water related issues at three levels:

- Global and International
- National
- Community

The discussions focused on seven questions or areas to enable comparison of ideas across the levels, these were:

- What are the goals? - Defining the Strategy
- IWRM – making it simple
- What do we need to know?
- Who should do what?
- What needs to change?
- What should be the role of the donors?

The conclusions of these sessions are presented below.

6.2 Small Group Discussion on the Global and International Dimension

Defining Goals for the Donor Community

Our aim remains to "make water everybody's business", and promote water security. At the international level this means that donor goals are two-fold. First, we must set the global water agenda. This means raising political awareness of water issues, co-ordinating goal setting, policy and process amongst global NGO and national stakeholders, helping to implement global conventions at national level, and ensuring a consistent message to aid implementation. Second, we aim for harmonisation of water management in trans-national river basins, and to exploit water as a tool to promote peace.

The "Twin Track": Structural Change and Practical Actions

At both global and basin levels, the twin track approach implies that donors work with partners over the long term to encourage structural reform, whilst supporting practical actions on the ground, particularly in river basin 'problem hot spots'. The latter builds trust and confidence, which can legitimise reform. However, donors must provide a consistent message over the long term, be prepared to take more risks, and be patient.

IWRM - Making it Simple

IWRM is already conceptually simple: it is the collective consideration of all the physical, socio-economic, and institutional dimensions relevant to water management at all scales. However, in practice IWRM is very difficult. At the international level it is inappropriate to prescribe how it should be simplified. Rather, we stress IWRM as an approach requiring holistic thinking, including integration with non-water sectors.

What do we Need to Know? Indicators and Optimal Ignorance

Enough is known to make an action oriented approach our priority. However, we must have basic hydrological data to support management, and indicators to translate that data into information (e.g. the UNESCO water index). 'Soft' indicators are also needed to measure programme performance, benchmark institutions, and assess capacity for IWRM. We need to establish what indicators and targets already exist.

What Must Change?

Donors must continue efforts to raise awareness of water issues to generate political will for action. The Vision and Framework for Action identify means to do this, and to avoid fragmentation of donor effort. However, an action oriented body is needed by Japan 2003, to co-ordinate national and international efforts. The body would develop mechanisms for stakeholder interaction and resolution of international water conflicts.

Donor Roles, Responsibilities and First Steps

Development partnerships will achieve more working to common goals and guided by an international co-ordinating framework. A consistent donor message to the UN, GWP, international NGO's, professional bodies, the private sector and their own governments is then, an essential first step. Donors must lead support for basin scale management, identify innovative practice, find 'champions', and stimulate regional co-operation through a commitment to long-term programmes. Accelerating the move from current knowledge to positive results requires a greater acceptance of risk, and it is donors that can play the lead role in supporting risky and innovative operations.

6.3 Small Group Discussion on the National Level

The discussion of issues at the national level started by recognising the key role of governments at this level as the key agents of change and, in many instances, the main challenge in stimulating change. Governments have primary authority in setting the legal, institutional and policy framework within which water resources are managed in all countries and are also typically a, if not the, major investor in most aspects of water resources management. The discussion focused on the findings of the evaluations, which all identified the critical need for governments to change roles and re-define the legal and institutional framework of water resources management and went on to discuss the extent to which donors should consciously try to stimulate

these changes. It was recognised that there are often conservative elements in government (and especially in many line agencies) that are resistant to change and that reform of government approaches and institutions was one of the main obstacles to the development of new approaches to water resources.

The tradition of over-technical approaches by many government agencies (often supported by donors) was discussed, as was the need to create an open and constructive dialogue that included all elements of society at the national level on future directions to water resources management. That these issues are inherently political was recognised and it was accepted that donors should not try to ignore or avoid this political context. Value was placed on a coherent approach by a coalition of different donors who engaged in national debates in a constructive and supportive manner. To be effective, this engagement would need to be based on a clear analysis of the situation and a coherent and effective approach based on IWRM principles. This could influence thinking and provide a stimulus to the reform process, but only where the national situation, and especially the political environment, was open to reform. Where there was no such receptiveness then donor efforts would be wasted regardless of the good intentions that lay behind them.

This general theme of the critical importance of the wider governance environment at the national level was seen as the key issue at the national level, for it set the context within which any engagement with specific sectoral actors would take place. The discussion recognised that policy changes and institutional reforms are processes that can be long-term and that are never perfect in their development. Based on this, four key challenges at the national level were identified:

- The need to make **international agreements** work at the national level, including and legal and policy changes that they may necessitate.
- The importance of putting **existing policies** (which are often good on paper) into practice as a starting point: policy reforms are often seen as an end in themselves, rather than as a means to improving water resources management, which in turn depends on the policies being put into practice.
- The need to raise levels of **awareness** amongst governments and other parties at the national level on the challenges facing them and the need for and direction of reform.
- The need for carefully targeted and realistic **new laws and policies** and well-structured **institutional reforms** that create the environment within which changes to water resources management at sub-national levels can take place.

In stimulating these processes, it was recognised that donors can have a comparative advantage in a number of ways:

- They can act as fair and neutral arbiters in national debates.
- They can provide scarce resources, financial, expertise and others, to facilitate the process of change.

- They can provide ready access to international experiences and expertise that demonstrate that changes are possible and that provide models of good practice that can be adapted to national circumstances.

To realise these advantages, however, donors need to be engaged in a long-term support and to be perceived as fair and neutral, rather than as supporting any one particular group in any contentious debates. Where the national environment is supportive of change then donors can and should engage in assisting this process. Where the pre-conditions for reform are poor (either through resistance to change or poor capabilities for change or a combination of the two) then donors should assess whether they can engage in the sector at all and, if they can, through which means can they catalyse a more supportive environment for reform.

Policy reforms are seen as critical but donors should focus on guiding the process, not the content, of reform. There is a general trend towards sectoral or programmatic approaches that are more able to support these changes than traditional project-based approaches. This is seen as constructive, with effectively sequenced programmes that create stages of change providing a context within which individual projects can be identified and implemented. All projects should be seen as part of a wider process, not as an end in themselves. To achieve this, donors need to go beyond well-intentioned but often vague policy prescriptions and develop focused strategies that reflect national circumstances and that define the trajectory and sequencing of national-level support.

Overall, the discussion of issues at the national level recognised the critical importance of this level, the need for changes to past policies and approaches and the importance of the wider political and governance environment as defining the pre-conditions within which any changes to approaches to water resources management at both supra- and sub-national levels will take place.

6.4 Small Group Discussion on the Local Dimension

It was agreed that the term “local” should encompass the community, district and municipal levels and that all these are subject to national level influences. A key theme implicit in the discussion of local level issues was decentralisation.

Defining Goals for the Donor Community

A distinction exists between the ultimate required outcomes or ***super-goals*** of water related policy and the more directly attainable goals. The higher aim or ***super-goal*** is to alleviate poverty, assist economic development and ensure sustainable resource use, (an outcome of which may be environmental protection), through the availability of water. The goals that can help to achieve these are the provision of sustainable and affordable “basic” services, including an adequate supply of safe water and sanitation. Income generation, well being and livelihoods can all be enhanced by the provision of or access to sufficient water of adequate quality. Protection from

extreme events is an outcome in itself and also a means to achieving other goals, including the ***super-goals.***

Defining Strategies for the Donor Community

Education and awareness raising at the local level in areas including health and sustainability of water resources, are crucial elements to the success of water-related projects or programmes. To enable this, the project or programme at its inception and throughout development must have a clear and easily communicable purpose. However this purpose should not be preordained but should be developed from expressed needs and must be demand responsive.

Governance is one of the main foci for local level water issues as it is necessary to improve the roles of, strengthen and reform local governments, including municipal governments and to build their capacity to ensure they have sufficient control and can be effective in their role. User and community groups also play a key role and it is necessary to assist them and enable them to help themselves. To accommodate the roles of the local government and the needs and roles of community groups, local regulatory and legal frameworks must be established or strengthened. To support this, land and water rights should be improved or established to ensure the community has a sense of ownership.

Development of autonomous service providers for efficient service delivery, through any combination of public, private or public-private partnerships (ppp) should be promoted. With this, a price structure should be introduced but with a “safety net” to ensure poorer groups are able to afford these services.

Where infrastructure is required for water provision or sanitation there should be mechanisms for provision of finance, with the emphasis on enabling the building of infrastructure rather than building it directly.

Conflicts often arise over water, particularly at times of stress on resources, therefore strategies should be designed to resolve conflicts and to deal with water trade-offs.

The "Twin Track"

It is envisaged that a long-term programme is required which puts in place the right structure and system. This should include milestones for achievement (monitoring and evaluation), together with components for infrastructure development. A system based on this should provide the incentive for development.

Furthermore, the approach should focus on facilitating local groups to undertake work based on situation analysis. There should not be a single “blue print” for development activities in the water sector at the local level but they should arise from the needs in the local situation.

Integrated Water Resource Management

It is important that the term IWRM does not form the focus but that an "intuitive understanding" of it is put into action. In practice IWRM should enable identification or clarification of stakeholder roles and assist in establishing a dialogue between these groups, to ultimately provide mechanisms for resolving local level water conflicts. It is therefore critical that local level systems are understood. IWRM is theoretically and often practically an ideal solution to water related issues, however it must be urged that it not be used as a panacea but only put in place when necessary.

What do we need to know? Who should do what?

Local government level:

Local government must clarify their responsibilities both internally by creating the right structures and terms of reference, and to third parties by making these transparent. The human resources element of local government is invaluable, therefore they must provide incentives to make jobs desirable and to ensure that fewer personnel who receive training as local government employees take that expertise to private organisations. Local governments should take the example set my many NGOs and determine service development mechanisms and undertake conflict resolution. To ensure the fair allocation of water resources between different users.

Community level:

To enhance their effectiveness, all aspects of community level action must be supported by the local government and NGOs. The community should participate fully in local consultative committees, catchment councils or water parliaments, to ensure activities meet local needs and to reduce conflicts. Self-help schemes, the installation of facilities, especially in remote areas, and small enterprise development to maintain infrastructure could all be carried out by local community groups.

Funds for such activities could come from a number of sources including the communities themselves, especially for operation and maintenance costs. Initial outlays could be made by the central or local governments and donors, perhaps with an "in kind" contribution from the community, which would lead to far greater ownership. Credit, especially micro-credit is often critical to local water schemes (as exemplified by the Grameen Bank), hence more emphasis and investment should be made in this area. For any of these options to be effective at the local level, it is necessary for transparent mechanisms for the attainment of funds from higher tiers of authority.

What needs to be changed? The Donor Role

The main role of the donor should be to be supportive of local groups who are using existing structures and mechanisms, rather than imposing new ones upon them, based on the donors agenda. Furthermore, any programme that is implemented should have a substantial time commitment (at least 10 years) but should be

periodically evaluated and action, including discontinuation of the programme, should be taken where necessary.

To improve the performance of programmes and to ensure that they are most effective, good in-country partners could be selected who would become role models or “champions” for the work being undertaken. The introduction of competition for resources and funds from beneficiaries could ensure that the most dedicated and effective partners are chosen, and also increase the choice of partners, to improve the diversity and originality of programmes.

Training support is an area that needs substantial attention. More attentions should be paid to practical, skills-based learning, with the focus on the local conditions and situation. “Soft” skills should be improved to facilitate improvement in: areas requiring negotiation; procurement of resources; water diplomacy; and conflict resolution. It is also envisaged that twinning could occur between local governments and groups, and private service providers, to share expertise.

Within the donor community there is a requirement for internal reform to foster a better understanding of the decision making process and to improve the criteria for choices made. Donor coordination must be improved to remove the fragmentation of donor support at local level. Rules and regulations, especially bilateral and within European Union Member States, should be harmonised to prevent repetition or even conflict of work. This is especially important where different donors are working in a single location and where resources could be pooled.

7 FINAL DISCUSSION AND CONCLUSIONS

This section draws together the main conclusions that emerged from the discussions over the two days of the seminar and that were consolidated in the final discussion on the second day. Although all of the evaluations presented identified a number of structural problems with the ways in which support to the water sector has been provided in the past, the tone of discussions and conclusions was essentially positive and a series of possibilities for improving future support were identified. In many cases, these changes have already begun to be introduced and the quality of future support is anticipated to be markedly better than that provided in the past.

Having said this, a number of potential problems were also identified and the need to ensure that future support is well-focused, efficiently provided and effective was agreed. This is seen as particularly important given the acceptance of IWRM as the dominant approach, the validated critique of traditional, sub-sectoral approaches and the emphasis on issues of improving governance and institutional change (which are both long-term processes) as setting the agenda for the future. The importance of recognising and fitting solutions to the diversity of local circumstances, of creating effective empowerment and secure rights through participatory approaches and of recognising and valuing all aspects of water resources and their uses were also identified as basic principles.

These issues were seen as vital and as creating an agenda in which the potential for long-term sustainability of water resources can be achieved. However, the discussion also recognised that the long-term nature and complexity of this approach contained inherent dangers, specifically:

- That the focus on long-term structural change could mean that **immediate and urgent needs** (such as for clean water or more effective irrigation) could be neglected, or could be perceived to be neglected by key policy-makers and other actors. There is a clear need to respond to immediate needs in an effective manner and a failure to address these needs would mean that it is unlikely that longer-term structural changes will take place.
- The **IWRM approach** is accepted in principle internationally but is often seen as too complex, difficult to understand and poorly-focused. By its very nature, the approach challenges existing orientations and institutional arrangements, but changing these will not be possible unless people and organisations understand and are persuaded by the need for change and the form that change will take. The IWRM debate is too often failing to engage and convince these critical actors. Indeed, there is a danger that both donors and recipient countries will be scared off engaging in water sector activities at all if they are perceived to be unimplementable.

To this end, the discussion throughout the seminar recognised the critical role that donors can play in creating an approach that both addresses immediate needs and

understandings and also builds towards structural change. **"Keep it simple"** was a comment that was often made in the discussions. One statement: "the best can be the enemy of the good" captured the mood of the participants.

There was also a general sentiment that there is a need to stop discussing and start doing. If IWRM is to be a reality then practical models of good practice need to be identified and implemented. In moving the agenda forward, a number of key conclusions were reached:

- The basis of IWRM should be a **twin-track approach**, in which activities are developed that respond to urgent needs and priorities in a straightforward and achievable manner, but are also structured and coordinated so that they contribute to a wider, long-term process of structural reform.
- This longer-term process will need to be based on careful **sequencing** of activities, recognising that not everything can be perfect or can be done at once and that all parties will at times need to accept that a certain approach is the best that can be achieved at that time.
- There is a need to be far clearer and more precise about the **goals and targets** that one is trying to achieve, including the limitations on the achievable. Far better planning, better indicators and better project and programme design are all seen as essential.
- **Knowledge and awareness-raising** amongst key actors and the wider society were seen as essential if many critical challenges were to be realised. The discussion continually returned to the need for better information and better use of the information that is available. It was agreed that donors can and should play a key role in knowledge generation and dissemination.
- As part of **improving knowledge**, it was recognised that there are already many good things happening around the world in all aspects of water resources management. These good experiences need to be understood and the lessons that they provide need to be more widely available.
- There will often be **risks** associated with innovative approaches. These can be minimised if the principles identified above (good analysis, clear objectives, effective sequencing) are followed but there will always be an element of risk and donors can and should play a key role in absorbing the potential adverse effects of these risks.
- The inherently political nature of many of the issues should not be avoided and **governance** issues should be central to any water resources agenda. This in turn depends upon the **willingness to reform** of governments and other key actors. If this willingness does not exist then little can be done, though a process of constructive engagement to create a better understanding of the need for and a willingness to contemplate change should be undertaken.
- There is a need for better **coordination** at, and between, all levels, including between donors. As part of this, a consistent and transparent dialogue on taking the approach forward needs to be developed. It was agreed that the outcomes of the seminar (both the evaluations of past and discussion of future approaches)

would be a contribution to this process, but that there would be a need for an active programme to move it forward in the future.

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