Bank-Netherlands Water Partnership (BNWP)

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Improving water supply and sanitation service delivery plays a vital role in reducing poverty. The challenges in the water and sanitation sector are enormous: over one billion people lack access to safe water, and nearly two billion lack safe sanitation.

The need for sector reform to meet this challenge is now widely accepted. To move from consensus to practice, reforms must be tailored to the social, political, and cultural circumstances of each country.

The World Bank Group has always supported its members in delivering water supply and sanitation services in both rural and urban areas, and remains an active actor in the water sector in developing countries.

Over the years, The Netherlands has played a vital role in pushing water issues on the political agenda and supporting improvements on the ground.

The Netherlands Ministry of Foreign Affairs and the World Bank Group are very happy to join forces to promote innovative approaches to improve water & sanitation services for the poor through the Bank-Netherlands Water Partnership. Thus, we continue our long-standing cooperation to fight poverty through the delivery of sustainable water and sanitation services.

The Bank-Netherlands Water Partnership supports the international effort to reach the Millennium Development Goals, especially to halve – by 2015 - the proportion of people without access to potable water.

Improving water and sanitation services for the poor is fundamental for development. We are pleased to join efforts, and share experience in supporting development of the water supply and sanitation sector.

Bert Diphoorn
Head of Water Support Unit
The Netherlands Ministry of Foreign Affairs

Jamal Saghir
Chair of Water and Sanitation Sector Board
Director, Energy and Water
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The water supply and sanitation windows of the Bank-Netherlands Water Partnership are housed within the Energy and Water Department of the Private Sector Development and Infrastructure Vice Presidency of the World Bank.

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A separate brochure is available on the BNWP water resources management windows. The following water resources management windows are currently operational: river basin management; groundwater management; wastewater treatment; international waters; dams planning and management; environmental flow allocation; flood management; and water resources & livelihoods of the poor.

More information on the BNWP water resources management windows can be obtained from John Briscoe (jbriscoe@worldbank.org) or Luitzen Bijlsma (lbijlsma@worldbank.org).
Introduction

The poor consistently identify safe and adequate water supply and sanitation as a critical component of their welfare. Improving water and sanitation service delivery plays a vital role in combating poverty.

There is an emerging global consensus on the nature of sector reforms necessary to sustain improvements in service delivery. Moving from consensus to practice remains difficult, however, since reforms must be customized to the social, economical, political, and cultural circumstances of each country.

The Bank-Netherlands Water Partnership (BNWP) was established in 2000 to stimulate innovative approaches to water resources management. In 2001 the BNWP was extended to cover water supply and sanitation, the area addressed in this brochure. This brochure consists of a general description of BNWP and number of project samples.

Program strategy

The mission of the Bank-Netherlands Water Partnership is to improve delivery of water supply and sanitation services to the poor.

The program takes an innovative approach to support sector reform with a strong focus on poverty. Activities will center on providing support to solve short-term problems in actual cases, testing policy and service delivery innovations, and filling gaps in existing knowledge in the water sector as a whole.

The partnership enhances performance of World Bank operations in the water supply and sanitation sector. BNWP outputs will strengthen implementation of the World Bank's water supply and sanitation business strategy currently being prepared.

BNWP projects are targeted interventions that support implementation of structural changes. A typical project fosters South-South collaboration and includes pilots in the field.

The BNWP is managed as a cohesive program based on good quality projects and activities, and is complementary to other sources of funding.

The partnership works through various units within the World Bank, including the regional operations and central operational support units, and the water and sanitation capacity-building program of the World Bank Institute.
Program windows

The BNWP operates through a framework of windows that correspond to subcomponents of a broad water supply and sanitation reform agenda. The following five windows are currently operational:

1. Water supply and sanitation in rural areas and small towns—focuses on developing and strengthening demand-responsive approaches to deliver rural water supply and sanitation services, while ensuring their integration with decentralization;
2. Reform of urban water supply and sanitation—stimulates and supports institutional reforms in the delivery of urban water supply and sanitation services linked to decentralization and institutional restructuring on the state/city level;
3. Development of sustainable financing systems—addresses the challenge of financing water and sanitation access by the poor, as well as financing for the small-scale independent providers who often serve them;
4. Sanitation and hygiene promotion—provides support to improve integration of sanitation and hygiene promotion in water supply and sanitation delivery;
5. Capacity building—focuses on strengthening in-country capacities using the products of the other windows.

Working with partners

BNWP engages with a broad array of stakeholders. Partners include national, state, or local governments, nongovernmental organizations, community groups, and the private sector. Partners are also targeted through the Global Water Partnership (GWP), the Water Supply and Sanitation Collaborative Council (WSSCC), and the International Water Association (IWA).

An important complement to these partnerships is found in the Water and Sanitation Program (WSP), a grant-financed partnership program housed in the World Bank.

The World Bank & Water

An estimated $60 billion is invested in water in developing countries each year, about 90 percent of this investment comes from domestic sources.

The World Bank accounts for about 50 percent of external financing—approximately $3 billion a year. Currently the World Bank has outstanding commitments of $20 billion in water projects.
BNWP is also developing links to support the Netherlands’ embassies in countries where water is a priority issue.

Each project also establishes its own mechanism for ongoing quality assurance.

**Quality assurance**

All proposals are quality-assured through peer review by reviewers chosen from within and outside the World Bank. Proposals for BNWP activities are assessed against the criteria detailed in the BNWP website. These include:

- Consistency with the BNWP mission;
- Complementary with other programs;
- Clear output orientation;
- Value for money;
- Engagement with stakeholders; and
- Link with the World Bank water supply and sanitation business strategy.

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**Program impact leverage**

The BNWP is a relative small instrument, with approximately $2-3 million USD per year over 3-5 years for the water supply and sanitation windows. However, the program’s impact can be amplified by:

- Improving operations already under implementation;
- Preparing and disseminating best practices, lessons learned, and benchmarking; and
- Promoting cooperation with other partners in the water sector.

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**How to submit a proposal**

BNWP consists of projects and activities:

- Projects have no maximum value. Projects follow a phased approach with clear triggers to move to the next phase.

- Activities have a maximum value of US$50,000.

Proposals for projects and activities can be submitted by or through Bank staff involved in water supply and sanitation. Projects can be proposed every six months responding to a call for proposals. Activity proposals can be submitted on a rolling basis.

Project development follows a two step approach, including peer review of pre-qualified projects. Activity development follows a one step approach.

For more information on how to submit proposals, refer to: [www.worldbank.org/watsan/BNWP](http://www.worldbank.org/watsan/BNWP)
It is increasingly clear that a single management model will not be sufficient to deliver universal water supply and sanitation services. Sector reforms must be adapted to the social, economical, political, and cultural circumstances of each country.

A panorama of management models will need to be applied within a country or a region to serve all with adequate water supply and sanitation services.

Management models must not only distinguish between rural communities and large urban centers, but also look for ways to improve the relatively poor levels of service found in towns.

It will take some time before formal service providers will be able to use...
conventional household connections to meet the growing demand for water supply services from the poor. In the interim, it will be necessary to improve the legal, institutional, and service delivery framework for alternative service providers, such as small-scale independent suppliers and community-based organizations.

Private sector participation can increase service delivery levels, but special attention must be paid to ensure that service to the poor is included in private sector transactions. New modes of engagement with the public sector must be sought to provide the poor with adequate services.

The Bank-Netherlands Water Partnership will analyze the applicability of new management models, and pilot them in the field. The introduction of new management models will include awareness building and evaluation of lessons learned. The know-how that is developed will be disseminated through capacity building, publications, and stock-taking events.
Although there is growing consensus on models for service delivery to large urban centers and rural communities, towns fall somewhere in the middle, and present a relatively new challenge. Both sector professionals and national policy makers are demanding more practical information on management options for successful town water and sanitation services.

The town water supply and sanitation initiative is designed to help build appropriate management options for town water supply in a given country context by exploring opportunities to aggregate and/or organize professional support.

On the demand side, towns that are aggregated can attract larger, more experienced operators. In addition, aggregation allows towns to take advantage of the economies of scale that make professional support services affordable to the town and financially viable to the operator.

On the supply side, professional support to small- and medium-sized operators can help to ensure good quality of service. These professional support arrangements may be a condition of a

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**Sample project:**

**Town Water Supply & Sanitation Initiative**
basic contract (e.g., an enhanced management or lease contract) and will likely include a program of small and medium enterprise development.

In its initial phase, the project will identify and document professional support models, and carry out a comprehensive evaluation of types of aggregation models that exist around the world.

In the second phase, the project will test-market management options in a number of countries in support of World Bank projects. This second phase provides a “reality check” to reassess the combinations of aggregation and professional support models proposed. This step helps to avoid imposing a particular solution in a given country context. Candidates for the second phase include South Africa, Uganda, Nigeria, Ethiopia, Kazakhstan, Armenia, Peru, Indonesia, and India.

The third phase of the project involves dissemination and capacity-building activities. Comprehensive and practical information will be made available through the Internet and regional conferences. This information will help task managers and sector professionals lead policy dialogue with clients, and design and implement better town water supply and sanitation projects.

*Driver: Rural Water and Sanitation Thematic Group and Urban Water and Sanitation Thematic Group*
Public-Private Partnerships to Promote Handwashing With Soap

The handwashing initiative aims to reduce morbidity and mortality among children from diarrhoeal diseases by encouraging more people to wash their hands with soap.

Diarrhoeal diseases kill two to three million children every year, but many of these deaths are preventable; handwashing with soap alone could decrease deaths by half. Washing hands with soap after using the toilet or cleaning up a child prevents the transmission of bacteria, viruses, and protozoa that cause diseases.

The availability of cheap handwashing soaps combined with public health campaigns significantly increases handwashing. However, changing lifetime habits is not easy and will require a large concerted effort.

Past initiatives have had limited success. Often soap for handwashing is still not available to the poorest groups. The public sector and NGOs serve only a small portion of poor communities while the private sector reaches mainly the upper sections of the market for sanitation services.

Through a public-private partnership, industries will benefit by selling more...
soap through an expansion of their market into more poor households. Public agencies will benefit by reduced mortality and morbidity from diarrhoeal diseases.

The project will learn from the experience of a successful public-private partnership to promote handwashing in Latin America, conducted by Basic Support for Institutionalizing Childhood Survival (BASICS) and the Environmental Health Project (EHP). The project will also build on the public-private initiatives on soap for handwashing in Ghana and in Kerala, India.

The project aims to intensify communication campaigns for increasing handwashing behavior in Ghana and India, and establish two new public-private partnerships in additional countries.

In each country, guidelines for monitoring and evaluation will be developed, as well as an economic analysis of the benefits and cost-effectiveness of public-private initiatives on handwashing with soap versus other public health interventions.

At the global level, efforts will be intensified to put handwashing for health on the agendas of the major soap manufacturers.

The project will establish a learning framework in which to retain lessons learned and exchange experience.

The project will be implemented in close collaboration with the London School of Hygiene and Tropical Medicine, USAID, EHP, UNICEF, the private sector, and national governments.

*Driver: Rural Water and Sanitation Thematic Group, Water and Sanitation Program, and Public Health Thematic Group*
In many countries, the urban water supply and sanitation sector must be reformed in order to improve sustainable access to adequate services. The needed reforms in service provision usually require a radical change in the legal, regulatory, and institutional frameworks. Such reforms often result in the introduction of some sort of private sector participation.

Civil society groups are often excluded from the debate on how the sector could be reformed. As a result, they remain suspicious of the reform process as a whole and unwilling to buy into proposed projects. The exclusion of civil society organizations also means that policymakers cannot draw on their rich
experience in facilitating access to services by poor people or their extensive knowledge of water use practices among the poor.

This project examines the role of civil society in some public-private partnership transactions and builds the capacity of key civil society groups and policy makers to engage positively in the reform process. These efforts will help to increase the speed and efficacy of the reform process, particularly with respect to the provision of services to the poor.

The project will build a partnership of key civil society organizations and World Bank staff so they can share their experiences of service provision to the poor and their knowledge of reform instruments.

In the first phase project partners will carry out an assessment of national sector reform in Senegal, Zambia, and South Africa. The assessment will include suggestions on consumer participation in the water supply and sanitation sector reform, and identify relevant laws that need to be revised or enacted in order to ensure universal access to water. The first phase will also involve the production of a regional overview of the status of regulation in water and sanitation in Africa.

The focus of the second phase will be to develop a broader team of participating organizations, drawn from civil society, professional organizations and the World Bank, who can mutually build each others capacity. The phase will include a team-building workshop, a series of electronic dialogues, and the production of a capacity building kit to develop engagement between local civil society groups and policy makers.

A conscious effort to build capacity is required so that civil society and policy makers learn to understand each other's potential and develop a common "vocabulary" for debate and discussion. At the same time, civil society itself needs to build networks of support and debate so that it can establish a clear position on reform. Developing this potential could have an enormous positive impact on the effectiveness of World Bank operations related to urban water sector reform. It will provide a pool of World Bank staff and civil society organizations with the skills and knowledge to develop a constructive forum for debate.

The project will be driven by Consumers International and the Water and Sanitation Program. Other partners under consideration include Business Partners for Development, the International Secretariat of Water (ISW), and local civil society groups.

*Driver: Water and Sanitation Program in cooperation with Consumers International*
Reform in urban water and sanitation service delivery follows a typical pattern in which steps toward reform are suddenly accelerated at a moment of political opportunity. The challenges of increasing efficiency and improving governance often seem so immense that the specific requirements to make reform beneficial to the poor are overlooked or consciously “deferred” to a later stage. Experience from around the world shows that such a deferral has a disastrous impact on the poor.

There is a minimum amount of information that is required to enable transactions designers to respond to the needs of the poor. This information is not normally available to decision makers and transactions designers; the poor often do not show up on consumer databases or even in survey and census information. The minimum information requirement is described in an upcoming publication by the Water and Sanitation Program and the Public Private Infrastructure Advisory Facility (PPIAF), which delineates the steps for pro-poor transactions design and preparation.

In some places, time and support have been set aside for a process of research and debate that enables transactions
designers to respond more effectively to the needs of poor consumers and others who are unconnected to the network. In Kathmandu, for instance, detailed studies of consumers’ willingness to pay, an analysis of institutional options for the operator to engage with the poor, and support for the development of an NGO network have contributed to a much richer and more effective debate on how the possible transaction could be used to reach poor people more effectively.

This project formalizes the “upstream” work required to make transactions pro-poor. The project builds on successful experiences, complemented by additional focused research. This knowledge will be disseminated through replication in three new locations (tentatively, Lima, Tegucigalpa, and Jakarta). Technical support will be provided in those locations to demonstrate pro-poor transaction design in practical terms.

An integral part of the pro-poor transaction design project is dissemination to World Bank staff and others working on new transactions in other countries. Exploring and piloting new ways of designing reforms so that the poor can benefit help to support the international effort to meet the millennium targets for water. The pilot project also supplements efforts within the private sector to engage effectively in emerging markets where the poor form a considerable part of the consumer base and service expansion to unconnected customers is a priority.

Driver: Water and Sanitation Program, Urban Water Thematic Group
Although there is an increased move towards private sector participation in water service provision, the public sector will continue to provide piped water services in developing countries in many parts of the world.

In general, public agencies have failed to provide consumers with adequate services. Overstaffing, low tariffs, and poor governance have led to a downward spiral in terms of service to customers.

Public agencies cannot be ignored. Alternative approaches for sector reform must be developed to facilitate improved service delivery by public agencies.

The project will identify, categorize, and analyze the various international models for public sector water service provision, and will identify and undertake case studies of the better-performing public sector water utilities in developing countries.

The project will look at a range of models including:

- The quasi-public model in which utilities operate as commercial companies, but the shareholders are entirely public entities.
- The semipublic model in which utilities operate as commercial
companies, but the shareholders are both public and private entities.  

The public model in which utilities are owned and managed by the public sector, but with varying types of oversight.

The knowledge gained from the case studies will provide the foundation for policy recommendations on viable models for efficient and effective water service provision by the public sector in developing countries. The reform process needed to implement the models will require particular attention.

The work will be undertaken in four phases:

**Phase 1** – International review of well-functioning and new public sector models.

**Phase 2** – Identification and assessment of best practice public sector service providers in developing countries.

**Phase 3** – Viable policy options for public sector reform in developing countries.

**Phase 4** – Dissemination of results.

The project will provide the World Bank with a more comprehensive portfolio of policy models for discussion with clients, thus providing significant added value to World Bank operations.

This project will be implemented in cooperation with the UNESCO-IHE Institute for Water Education.

**Driver:** Urban Water and Sanitation Thematic Group
Other Projects and Activities Under Implementation and Development

- Addis Ababa International Conference “Water Supply and Sanitation Services in Small Towns and Multivillage Schemes”
- Benchmarking in rural water supply and sanitation
- Beyond capital subsidies: financial alternatives for achieving rural universal coverage targets
- Community water supply and sanitation management models for low income urban areas
- Consultation workshop with African water operators in Dakar
- Development of decision support model for private sector participation in the municipal water supply and sanitation sector
- Enhancing the empowerment of poor women and men within communities
- Evaluation of pro-poor subsidies in urban water service in West Africa
- Follow-up support to communities after construction of rural water supply and sanitation facilities
- Scaling up sustainable rural water supply services through local government
- Small-scale independent providers for water and other urban services
- State-of-the-art hygiene and sanitation promotion component design of large-scale rural water supply and sanitation programs
- Toolkit for rural water and sanitation components in multisector projects
- Trends in the desalination market in the Middle East and Central Asia
- Understanding the infrastructure environment of small and medium firms
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Improving Water & Sanitation Services for the Poor
An instrument to support World Bank Operations

Bank-Netherlands Water Partnership
Water Supply and Sanitation Windows

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