



**From
Water and Sanitation Program
to
Water Partnership:**

A draft discussion paper, prepared jointly by:

John Briscoe, World Bank

Frank Hartvelt, UNDP and

Guy le Moigne, World Bank

For discussion by the Water and Sanitation Program Advisory Group

The Hague

November, 1994

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PREAMBLE

The UNDP/World Bank Water and Sanitation Program has been a highly successful 15 year collaboration. "The Program" has:

- been a vigorous and credible advocate for the importance of meeting the water and sanitation needs of the poor;
- done pioneering technical work in appropriate technologies for drinking water supply and sanitation;
- made major contributions in the areas of community management and participation;
- played an important role in developing an international consensus on how to address the water supply and sanitation needs of the poor; and
- helped stimulate and shape large-scale investment programs focused on the water and sanitation needs of the poor.

One of the ingredients of the success of the Program has been its capacity to adapt to new challenges as they arise. For instance, once the initial, technical, challenges were largely met, the major challenge became the development of new institutional modes for providing services to the poor. The Program was able to make this transformation from a predominantly engineering program to one dealing primarily with social and organizational issues.

In recent years it has become evident that the context in which the Program functions has, once again, changed. First, as a result of its successes (and the successes of others) in showing what was possible with new technologies and new institutional approaches, the Program has shifted from demonstration projects to large-scale implementation projects. To cite just one example, the Program has had a fundamental role in the development of about \$2 billion of investment in World Bank-financed rural water projects. This "scaling up" presents the Program with the challenge of ensuring that these investments produce results, and of ensuring that the next generation of projects builds on the lessons learned through the current projects.

Second, the focus of the Program was initially on the much-neglected area of services to the rural poor. While rural problems remain a central concern of the Program, in recent years the magnitude and seriousness of inadequate services to the urban poor has become increasingly important. In the process it became clear that many of the lessons on technology and institutions which the Program had learned were equally applicable in poor urban areas. Accordingly, the Program now does as much work in urban as in rural areas. This expanded geographic focus has given rise to a new set of challenges.

The first element of this new challenge is that most successful efforts to improve services to the urban poor have involved a combination of activities at the community level, activities by the local (often informal) private sector and supplementary activities by the formal urban water and sanitation authorities. Accordingly, as the Program has engaged in these problems, it has become essential for Program staff to have expertise not only in understanding the "non-formal sector", but also the water and sanitation utilities and local government.

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A second, related, element arises because of the large economies of scale of supplying networked services. As a result, in many instances the most important issue for the poor is not self-provision or provision through community associations, but the provision of accountable, efficient services by formal water and sanitation institutions.

The third element of the new challenge is that degradation of the aquatic environment is a much more pervasive and serious problem in urban than in rural areas. UNEP data show that it is poor countries, poor cities and poor people who are most directly affected by degradation of the urban water environment. Accordingly, poor people in urban areas not only demand services, but want to improve the quality of the water environment.

Fourth and finally, in many areas of the world mismanagement of water resources at the basin level is having profound impacts on the costs and quality of water supply services. And since it is always the poor who are (literally and figuratively) "at the end of the pipeline", it is the poor who suffer most when water resources are mismanaged.

These changes are expressed clearly in the demand which developing countries make of the Regional and Country Staff of the UNDP/Bank Water and Sanitation Program. No longer are developing countries asking the Program only for services on low-cost technologies and community participation techniques, but they are increasingly asking for services on water utility reform, cost-effective environmental improvement, and water resources management.

The key question facing the Program, then, is how to respond to these changed demands from the Program's developing country partners.

This discussion paper argues that:

- these are major and fundamental issues which lie at the heart of sustainable human development;
- it is, therefore, imperative that they be addressed
- the current Program has many of the elements required to address these challenges, including:
 - a proven track record and credibility with partners in industrialized and developing countries alike;
 - the capacity to act as a framework for making sure that the whole of sector- and geographic-specific efforts of external support agencies are greater than the sum of their parts;
 - the capacity to learn from experience and to feed these lessons back into large-scale investment projects;
 - a well-established field structure (in 40 developing countries) and staff.

The discussion paper further argues that this will require changes in the scope of the Program, and in the skill mix of its staff and supporting structures. With regard to scope, the discussion paper argues that the Program needs to offer its developing country partners a fuller range of water-related services. In addition to the Program's proven capacity to advise on community-based services (the "non-formal institutions window") the Program needs to open windows which offer services on utilities, water quality management and water resources management.

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One way of characterizing the Program is that it has been, for its industrialized country partners, an agency for translating their development concerns into practice. From this perspective, too, there has been a marked change in recent years. Specifically it has become apparent that while poverty alleviation remains the great development challenge, this cannot be addressed without simultaneously addressing environmental issues. It is this consensus which is embodied in Agenda 21, in the concept of Sustainable Human Development and in the mission statements of most external support agencies. From this perspective, too, it is apparent that the focus of the Program (on delivering services to the poor) must also be expanded (to include environmental dimensions, too).

In summary, there is a consistency to the challenges for change in the Program. From "below" developing countries are demanding a broader range of services to deal with the water-related challenges they face, and from "above" the international community requires that these services are consistent with the concepts enshrined in Agenda 21 and Sustainable Human Development.

Earlier drafts of this discussion paper have been discussed quite extensively at the working level in the World Bank and the UNDP. These discussions have revealed broad support for both the concept and for adapting the UNDP/Bank Water and Sanitation Program to meet the emerging needs. The current draft attempts to include many of the comments made during this first round of "internal" reviews, and is intended for discussion at the Program's Annual Advisory Committee Meeting in the Hague.

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1. INTRODUCTION

This document is a discussion draft of a proposed new UNDP/World Bank "Global Water Partnership". The proposal is stimulated by four related facts. First, that better management of water resources and water-related services is fundamental for environmentally sustainable human development. Second, that there is a global consensus, embodied in Chapter 18 of Agenda 21 and other documents, on the fundamental changes in the management of water resources and water-related services. Third, that the great challenge now is implementation. And fourth, that the role for external support agencies is to catalyze and support the reforms being contemplated or undertaken in many developing countries.

The proposal for a Global Water Partnership builds on three principles. First, that a global approach is necessary because there are enormous benefits to all from learning the lessons of experience and sharing these and, since much of the most provocative cross-fertilization is cross-regional, a global "learning process" is necessary. Second, that such a global framework would become the basis for a wide-ranging partnership in which other external support agencies -- other multilateral agencies, the operating departments of UNDP and the World Bank, regional development banks, bilateral donors -- which have more sector-specific or more geographically-targeted programs could participate. Third, that services must be provided where they are needed and in the form required, whence the bulk of the Partnership's resources would be deployed through country and regional groups which would offer the full range of water services which clients might require.

Finally, it is argued that it is imperative that the global units in UNDP and the World Bank take the initiative in forming the Partnership. This is: because the Global Water Partnership represents a logical extension of the highly-successful partnership model developed by the ongoing UNDP/World Bank Water and Sanitation Program; and because UNDP and the World Bank are the only multilateral agencies which (a) operate in all developing countries and (b) work across all the water-related sectors (agriculture, environment, power, and water supply and sanitation). Taking the initiative is not inimical to partnership. On the contrary, by creating the Partnership, UNDP and the Bank would create a framework in which other external partners -- in the UN system, the regional development banks, bilateral agencies, the private sector NGOs -- could participate with more issue- and location-specific programs. External partners and internal partners alike would also participate actively in the governance of the Partnership via Global, Regional and National Consultative Groups.

2. THE CHALLENGE OF BETTER MANAGEMENT OF WATER AND WATER-RELATED SERVICES

In almost every religion and culture, water is a symbol of life, healing, fertility and purification. Religious texts and myths have long recognized the complex and multi-functional role of water, its central role in the environment, its effect on agricultural production, the viability of human settlements and life itself.

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In recent years the truths contained in the ancient texts and myths have become increasingly clear. On the one hand, the use of increased quantities of water have played a central role in the development triumphs of the last 50 years. Over the past thirty years half of the growth in global food supplies have come by expansions in irrigation, with irrigated agriculture now accounting for the production of one-third of all foodgrains. In recent decades, too, large numbers of people have gained access to greater quantities of water for domestic use -- in the decade of the 1980s alone, an additional 1,600 million people gained such access. These achievements have been vital factors in the unprecedented increases in economic and social welfare which developing countries have experienced in recent decades.

Important as these achievements are, in recent years a darker side has become increasingly clear. First, while the achievements during the Drinking Water Supply and Sanitation Decade were great, there are still 1,000 million people who do not have access to an adequate supply of drinking water and there are an estimated 2 million childhood deaths a year because of inadequate water and sanitation. Poor people in villages throughout the world still walk long distances to obtain water, and poor people in urban slums still pay 10 times more for a cubic meter of water than does a resident of New York or Washington DC. Second, the expansion of irrigated agriculture has slowed dramatically in recent years, (from 2.5 million hectares to only about 1 million hectares annually) while, simultaneously, misuse of water on existing lands has caused waterlogging and salinity over large areas, with subsequent reductions in yields. From a financial point of view, there is a looming crisis, too, as cost of tapping new water supplies is escalating rapidly, with real price increases of 300% per decade not unusual in many parts of the world. Finally, from an environmental perspective, the corollary of the rapid increase in the use of water resources is the much greater use of water to spread wastes, be they household wastes or chemicals from industry or irrigated fields. The consequence has been a rapid decline in the quality of the aquatic environment throughout the developing world, with environmental deterioration most striking in the poorest countries, and with the poor in developing countries most directly and seriously affected.

In summary, there is a looming crisis of huge proportions. Water is already scarce in twenty two countries. By the year 2025 one out of every three people will live in countries in which there is water stress or chronic water scarcity. Unless the resource is managed more effectively, and unless water-related services can be provided more appropriately, it is no exaggeration to say that this will precipitate a fundamental crisis in the economic well-being of many countries, will lead to a profound environmental tragedy and will undercut the ability of billions of people to eat and lead healthy lives.

3: DEFINING A RESPONSE:

(a) The view from UNCED

In recent years, the gravity of the situation has become increasingly evident to the international community in general, and to the enlightened leadership of developing countries in particular. This sense of alarm has given rise to a series of international explorations of potential solutions to the looming water crisis, with freshwater occupying a prominent role in Agenda 21 of the UN Conference on Environment and Development (UNCED) in Rio.

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This process has included the rigorous screening of lessons to be learned from past experiences (in both industrialized and developing countries) and has led to a remarkable consensus being reached on the fundamental principles which must govern the management of water resources and water-related services. Most clearly and succinctly stated in the United Nation's sponsored International Conference on Water and the Environment (in Dublin), these principles are:

- that water must be managed in a holistic way, taking interactions among users and environmental effects into account;
- that water must be managed as an economic resource as well as a resource necessary for meeting basic human needs; and
- that institutional arrangements must be reformed, with stakeholders being involved in all aspects of policy formulation and implementation, with management being passed to the lowest appropriate level, and with an enhanced role for NGOs, community groups and the private sector.

Subsequent to UNCED, the attention of the development community has, appropriately, turned to the translation of the Dublin/Rio Principles into action. Two recent events attest to this attention: the Interministerial Conference on Drinking Water and Sanitation in Noordwijk, hosted by the Dutch Government at the instigation of the Indian Minister of the Environment, and the recent meeting on water resource management of the Development Assistance Committee of the OECD -- The Dublin/Rio principles are now being adapted by both developing countries and the External Support Agencies (ESAs) to formulate water resource management policies.

(b) The view from the field

To a large degree, the demands emanating from the field have started to reflect the Dublin/Rio themes. From the perspective of the World Bank, this is evident in a new breed of projects which borrowers are presenting for Bank financing. This "new breed" is characterized by greater attention to overall water resource management, by more attention to efficiency in the use of water in irrigated agriculture, in greater attention to the role of the private sector and communities in the provision of water supply and sanitation services, and to greater participation by users in resource management and service provision.

It is also evident in the way in which demands are being "bundled" and in the way in which these cross sectoral lines. Consider a few examples. First, consider the "bundling" of irrigation and urban water supply issues, as evidenced by issues as disparate as the development of water markets (for inter-sectoral transfers) in California and Chile, on the one hand, to the provision of water for irrigation and to the cities of Hyderabad and Madras from the heavily-used Krishna River in South India. Second, consider the interactions between utility reform and water resources management. In Lima, Peru, for instance, the private sector has deemed the risk from mismanagement of water resources to be great, and has demanded fundamental reform in water resource management as a pre-condition to private sector participation in providing water to Lima. Third, consider, the interactions between utilities and NGOs providing water and sanitation services in the urban periphery. In Orangi, Pakistan, for instance, further development of the remarkable self-financed sewerage system which serves

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about 600,000 poor people requires agreements between the utility (who will manage the trunk system) and the community (which will manage the feeder infrastructure).

The upshot is that, increasingly, the demands which developing countries make of the ongoing UNDP/World Bank Water and Sanitation Program are no longer simply for help with low-cost, community-based schemes. Rather, the demands from clients are for a "bundled" set of services relating to non-formal institutions, utilities, water resources management and aquatic environmental management.

4. ADDRESSING THE CHALLENGE OF IMPLEMENTATION

The Dublin/Rio consensus is a major achievement, and lays the ground for concerted and coherent actions which will reduce poverty and improve environmental quality. The challenge now is to translate the consensus into actions which improve the lives of people.

The Board of Directors of the World Bank has recognized this challenge: when it approved the Water Resources Management Policy Paper it requested the President of the Bank to report on progress in implementing the policy after a three-year period.

The challenge ahead is the challenge of implementation. This section describes, in the context of the proposed "Water Partnership", some key ideas which will underlie a successful global effort to implement the Dublin/Rio consensus.

Idea 1: It is important to lead by example.

The challenge of implementation is a sobering one. The institutional structures -- norms, regulations, the legal and regulatory framework and the organizations -- governing the management of water resources and the delivery of water services have long histories. The macro inefficiency, inequity and unsustainability of the system notwithstanding, many benefit from the existing arrangements and there is great inertia in the system in all countries. Change is therefore as much a political process as it is a rational process.

In this political context, in its recent deliberations on "Implementing the Freshwater Chapter of Agenda 21", the Development Assistance Committee of the OECD pointed out that the exhortations of OECD countries are much more plausible when the countries themselves have undertaken similar reforms. The deep (and difficult) reforms underway in several OECD countries (the US, France, the UK, Australia, for example) provide a powerful basis for sharing experience and means that these countries are credible when they ask others to make difficult changes.

In the context of the proposed "UNDP-World Bank Water Partnership", the situation is obviously slightly different. To facilitate the implementation of its Water Resources Management Policy Paper, the World Bank has had to make a number of organizational innovations to deal with the cross-cutting nature of the water sector. There are now flourishing cross-sectoral water teams functioning at both the central and operational levels (in a number of country departments). And there is a new generation of water loans which directly address the

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core Dublin/Rio issues. In UNDP, too, institutional innovations are being made. The new Bureau of Policy and Programme Support will have an inter-divisional group which will provide substantive advice on water-related issues, whether approached from a social development, poverty elimination, environmental or public administration point of view. The group will be led by the Deputy Director and Water Coordinator of the Science, Technology and Private Sector Division (STAPSD). This division will bring its expertise in water sector capacity building, appropriate technology and participation of the private sector into this process.

This proposal returns to the issue of institutional innovations in UNDP and the World Bank when discussing the proposed institutional arrangements for implementing the "UNDP/Bank Water Partnership".

Idea #2: A continuous presence on the ground is vital in delivering services.

There is no such thing as instantaneous global implementation of the Dublin/Rio principles. Rather the process will necessarily be a protracted, incremental one which will take place on the ground in developing countries. For the international community to be helpful, a field presence is essential.

In this context, the UNDP/Bank Water and Sanitation Program, provides an excellent model and foundation on which to build. The Program works at the country level, in a continuous way, as a partner to the stakeholders involved in the sector. This on-the-ground, facilitatory, presence has proven to be highly effective in maintaining an ongoing dialogue and providing assistance on issues ranging from national policies to implementation of specific projects and has directly influenced investments of billions of dollars in external and domestic investments.

Idea #3: Partnership is essential

Behind the remarkable Dublin/Rio process was a powerful partnership of external support agencies and developing country governments. A partnership is equally important in the implementation phase, for a number of reasons.

First, there is not one sweeping action which will constitute "implementation" in any particular country. Rather "implementation" will be the product of a myriad of actions at all levels, ranging from macro water resource management issues to the organization of user groups for irrigation and domestic water supply management. In the past there have been many examples where these actions have been mutually inconsistent (with, for example, an urban water supply project and an irrigation project developed with funding from the same external funding agency, unwittingly drawing on the same, limited aquifer). The essence of the Dublin/Rio principles are consistency and coherence, for which (among other things) discipline and coherence on the part of external support agencies is necessary.

The decade-long experience of the UNDP/Bank Water and Sanitation Program provides a powerful example of the virtues of such a partnership. The Program has played a fundamental role in the emergence of a policy consensus when it comes to providing water and sanitation services to the poor (which is the mandate of the Program). The Program has also provided a

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mechanism whereby external support agencies who have a particular sub-sectoral interest, or a particular geographic interest, can become part of a "bigger picture" in which their focus is still maintained but in which this focus does not mean inconsistency with the bigger picture. Equally important, the Program has played a vital and practical role in ensuring that external support agencies work as consistent and coherent partners in particular countries.

Idea #4: The program must be global

If implementation is so country- and location-specific, why should there be a **Global Water Partnership**? The overriding reason is the opportunity which a global program affords for learning by all participants. The problem of implementation is one in which there are, the local manifestations notwithstanding, some universal factors at play. If the universal factors can be successfully identified, then the transferring of lessons across countries becomes possible. Such "structured learning" can become a powerful factor in maximizing the possibilities of success, and minimizing the costs of reform efforts in different countries. A few examples help.

At the macro level, the first large-scale implementation of the "management by stakeholders" and "use of economic instruments" principles was in the Ruhr Basin in Germany starting in 1918. The success of this effort inspired the French to implement the "River Basin Financing Agency" system in 1964. Reform efforts in Poland, Brazil, Spain, Venezuela and Indonesia are adapting these principles (which are basically the Dublin/Rio principles) to local cultural, social, economic and environmental conditions

At the water utility level, the remarkable reform effort in Guinea-Conakry in West Africa has provided a powerful model for utilities in the Baltic States, who (to their surprise!) found that the challenges in West Africa (how to transform a heavily-subsidized, highly inefficient utility into an autonomous, financially viable institution in a period of economic hardship) had far more relevance than did the more obvious experience which was being "transferred" from their neighbors across the Baltic Sea.

At the level of the provision of high-quality, low cost urban sanitation services to the poor, the experience of the condominal system in North-East Brazil proved to be a powerful example of some successful principles which were subsequently refined and adapted in the Orangi Pilot Project in Pakistan.

The implications are clear, and, once again, the UNDP/World Bank Water and Sanitation Program provides good empirical evidence. In 1993, UNDP's Division of Global and Interregional Programs (DGIP) contributed about \$2.5 million to the Program, and the World Bank contributed about \$1.5 million. This \$4 million of "core funding" leveraged an additional \$11 million in funding -- \$2.2 million from UNDP Regional funds, \$2.5 million from UNDP Country funds, and \$6.3 from bilateral partners. Just as has been the case with the Program, the "core" funding (of about 25%) from UNDP/DGIP and the Bank has been the glue which has been essential to the mobilization of resources from regional and country programs, and has been critical to the global nature and substantive contributions of the Program.

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The lessons for the proposed "Water Partnership" are clear. The Partnership must provide a framework in which sector-specific and country-specific actions can be undertaken, but for catalyzing the reform process in developing countries a global approach, with the appropriate funding from the global groups in the respective agencies (the Bureau of Policy, Planning and Support in UNDP, and the Vice Presidency for Environmentally Sustainable Development in the World Bank).

5. EXISTING PARTNERSHIP MECHANISMS

There are currently a number of mechanisms whereby UNDP and the World Bank work together on water resources issues.

There are two joint activities at the macro level. First, UNDP, together with the World Bank and the United Nations Department for Development Support and Management Services (UN-DDSMS), has initiated a Capacity Building Programme for Sustainable Water Development. In order to stimulate capacity building, this Programme has initiated five water sector assessments (Peru, Bolivia, China, Morocco and Swaziland) over the past year. Second, UNDP and the World Bank have developed the Water Resources Assessment Program (WRAP) to provide a framework for the design of country-specific comprehensive water resources assessment programs. The first step in this program is the development of a guide, designed to highlight issues related to intersectoral water allocation, institutional arrangements, environmental and health concerns, and technology.

In the irrigation sub-sector UNDP and the World Bank collaborate (together with a variety of foundations and bilaterals, as well as developing countries) in the International Program for Technology Research in Irrigation and Drainage. IPTRID's objective is to promote the development and use of productivity-enhancing, water-efficient irrigation technologies. IPTRID does this by providing a collaborative forum for inserting innovative research components into investment programs in irrigation and drainage. IPTRID does not conduct research or fund projects, rather, it acts as a facilitator and broker. IPTRID operates in six countries and one sub-region (Egypt, Pakistan, Mexico, China, India, Morocco and West Africa), which together include some 70 per cent of the world's irrigated lands.

In the formal water supply sector there is the recently-launched "Utilities Partnership", which is funded jointly by UNDP, the World Bank and bilaterals. And finally there is the oldest, largest and most important program, the UNDP/Bank Water Supply and Sanitation Program ("the Program"), which, as described at various places in this paper, provides a model for, and the basis of, the proposed Water Partnership.

6. THE PROPOSED UNDP/BANK WATER PARTNERSHIP

The Water Partnership is perceived as the organic successor to the UNDP/World Bank Water and Sanitation Program. The Partnership would maintain three of the basic features of the Program -- the emphasis on partnership; the use of UNDP and Bank "global contributions" to provide the glue to give cohesion to the country- and issue-specific activities; and the delivery

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of services on the ground in developing countries. The only change would be that, instead of offering external partners and clients only one "window" (namely services pertaining to the provision of services to the poor), the Partnership would offer half a dozen windows (namely services on water resources strategy and policy, on the aquatic environment and water quality, on irrigation and drainage, on water utilities and on community-based services). All the work undertaken through these "windows" would have a strong capacity-building orientation and would pay special attention to inter-sectoral and long-term matters.

In a word, a "one-window bank" (the Program) would evolve into a "full-service bank" which would provide the full range of water-related services which are demanded by external support agencies and developing countries alike.

The principal objective of the Partnership will be to influence policies and large-scale investment programs in the water sector so as to maximize the impact of these policies and programs in reducing poverty and improving environmental quality. The Partnership will have several "trademarks" in its work on these large-scale programs.

The first trademark of the Partnership will be its insistence in the Dublin/Rio principles, namely comprehensive management of water, development of appropriate institutional arrangements (including stakeholder participation and management at the lowest appropriate level) and management of water as an economic resource.

The second trademark of the Partnership will be an insistence on the importance of recognizing that countries and communities are not homogeneous. A basic thread running through the work of the Partnership will be the importance of dealing explicitly with heterogeneity when designing programs and institutions, and when assessing impact. Most pervasively, the Partnership will constantly focus on the needs of the poor, on the impact of policies and investments on them, and on building their capacity. At the macro level it will also mean looking at the specific needs of particular ethnic groups (especially tribal people, who are often adversely affected by water resource development projects). And it will mean constantly assessing whether there are specific design or impact issues affecting women. In all cases the approach of the Partnership will be not only to identify problems arising from heterogeneity, but to modifying policies and programs accordingly.

The third trademark of the Partnership will be its absolute insistence on capacity building at all levels. This will mean that all investments have capacity building as an objective, not just as a means to an end. This will mean that local partners are central actors in all activities with which the Partnership is associated, and will mean that the Partnership will direct substantial proportions of investment programs to capacity building.

The fourth trademark of the Partnership will be a "learning culture", both within specific investment activities and across activities and countries. It is worth elaborating on this. First, the evolution of creative water resource management in Europe has shown clearly that there are general principles (now incorporated in Dublin and Rio) and therefore great value in cross-national learning. Second, in any particular setting water resources management practices have evolved over centuries and are deeply embedded in local historical, social, and legal cultures. Accordingly there can be no mechanical transfer of experience; rather, the development of

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appropriate management systems must be an iterative "learning" process. A corollary of this is that the Partnership will develop "toolkits" for this purpose, ranging from techniques for the economic analysis of water resources, to methods for assessing the private and public options for utility management, to toolkits for demand management, to techniques for involvement of stakeholders and women. The global scope of the Partnership will mean that the toolkits can draw on the emerging experiences throughout the world, and can thus produce well calibrated, "tried-and-tested" tools.

7: HOW OTHERS WOULD JOIN THE PARTNERSHIP AND HOW THE PARTNERSHIP WOULD WORK WITH OTHER AGENCIES AND PROGRAMS

As the name implies, the culture of the Partnership would not be one of attempted dominance but one of partnership. Several forms of partnership are foreseen.

First, as described earlier, the Partnership will provide a global framework in which others can participate with issue- and sector-specific programs (as currently takes place in the UNDP/Bank Water and Sanitation Program).

Second it will remain essential and desirable to maintain strong links with other relevant agencies and programs. For example, when water resource issues impinge on more than one country, then it will be appropriate and natural to work jointly with the International Waters arm of the Global Environment Fund. When dealing with aquatic environmental issues the Partnership will naturally often work with UNEP. When dealing with irrigation issues, the Partnership will naturally work closely with the FAO. When dealing with issues of hydrological data, the Partnership will work closely with the (proposed) WMO/UNESCO/World Bank World Hydrological Cycle Observing System. When dealing with private sector participation in water companies, the Partnership will naturally work jointly with the IFC and the Private Sector Development Department at the World Bank. When working on rural communities, the Partnership would work closely with UNICEF field offices. When working on regulation of services in urban municipalities, the Partnership will naturally work closely with the UNCHS/UNDP/Bank Urban Management Programme. When working on issues of drinking water quality and hygiene education, the Partnership will work closely with the World Health Organization.

A major focus of the Partnership will be on assisting in the identification, design and implementation of large-scale water sector investment programs. In this capacity the Partnership will work closely with developing country governments, bilateral agencies and the multilateral development banks, with particular attention being given to developing close working relationships with the Asian, African and Inter-American Development Banks, and the operating departments of the World Bank.

8. ADMINISTRATIVE ARRANGEMENTS

It is proposed that the "Water Partnership" constitute a Consultative Group of about 12 individuals, who would represent a variety of stakeholders. These would include individuals

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representing: key UN bodies (such as the UN ACC Subcommittee on Water Resources), key partners in the multilateral and bilateral agencies; "movers and shakers" from developing countries, from the private sector and from NGOs. The mandate of the Consultative Group would be to meet annually to review and comment on the organization and activities and budget of the Partnership.

It is also proposed that similar Consultative Groups be constituted at the Regional and, in many cases, country level (a practice which has recently been instituted by a number of the country programs in the UNDP/World Bank Water and Sanitation Program).

The administrative arrangements within UNDP and the Bank will not and can not be simple. There is a basic fact which underlies the need to find new institutional arrangements for dealing with water resources problems -- water is a unitary resource which does not obey administrative boundaries or sectoral divisions. The requirements for institutional innovation which involves crossing traditional administrative and sectoral boundaries is obvious in countries. And there is a similar imperative in external support agencies, who have to come to grips with the fact that water "pops up everywhere", and does not, in these agencies either, obey simple administrative boundaries.

Accordingly, both in UNDP (in BPPS) and in the World Bank (in ESD) it is necessary to develop institutional arrangements which correspond to the river basin agencies advocated by all and which obey the same organizing principles, namely:

- participation by the stakeholders (in this case in different administrative units) in developing "the rules of the game";
- assigning responsibility to a particular administrative unit for implementing the policies agreed upon by the stakeholders; and
- assignment of responsibility for specific activities "to the lowest appropriate level.

In short, this will require practical but flexible and consultative administrative arrangements within BPPS and ESD.

(a) Within the World Bank (ESD)

The equivalent of the "Water Parliament" has, in the post-UNCED era, begun to emerge in ESD. A Water Resources Thematic Team, coordinated by the Bank's Senior Water Resources Adviser, ensures that the activities of ESD on water resources are consistent, and that the whole is greater than the sum of the parts. (As described earlier, similar arrangements have also emerged in a number of the Bank's country departments.)

Within the World Bank the "Global Water Partnership" would be administered a "Water Council", coordinated by the Senior Water Resources Adviser and comprising division chiefs responsible for units which deal with water issues and the managers of the specific "Partnership windows" (such as IPTRID and the Water and Sanitation Program). The Council would constitute an Advisory Group within the Bank, with the Advisory Group including representatives from the operating departments and divisions with which the Partnership would work. In some areas of particular concentration (such as Africa) a "CO-management" arrangement is envisaged, to ensure that the Partnership benefits fully from the opportunities

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presented by the Bank's operational work, and to ensure that the activities of the Partnership are operationally relevant. Each of the specific Partnership "windows" would be administered "at the lowest appropriate level" -- in the case of water resources strategy, by the Senior Water Resources Adviser; in the case of water quality, by the "blue team" in the Environment Department; in the case of irrigation and drainage, by the Division of Natural Resources in the Agriculture Department; in the case of water supply utilities and non-formal organizations, by the Water Supply and Sanitation Division, etc.

With respect to administrative arrangements The ongoing UNDP/Bank Water Supply and Sanitation Program ("the Program") has developed an effective and efficient field structure, comprising a small group at headquarters in Washington, five regional water supply groups (RWSGs, in Abidjan, Nairobi, Delhi, Jakarta and La Paz) and offices in 40 countries. The mandate of the Program is to deal with the provision of low-cost water supply and sanitation services through non-formal institutions.

It is proposed that the new "Global Water Partnership" build on the three great strengths of the existing Program -- its global character, its partnership arrangements and its field presence. Accordingly, what is envisaged is that the field structure of the Program be adapted to serve the Partnership in the following ways. The field staff, which is currently (appropriately) dominated by professions who deal with non-formal sector issues, would be augmented to include individuals with expertise in the other "water windows", with the RWSGs accordingly evolving to a point where they would become a "full service water agency", offering the full range of water-related services to their clients. The management system would be as follows: On substantive matters individuals in the field would have their core support group in the relevant division in ESD in Washington. On administrative matters all field staff would report to the Managers of the RWSGs, who would have responsibility for ensuring that their groups offer a coherent set of services to their clients.

(b) Within UNDP (BPPS)

Within the Bureau for Policy and Programme Support, the Science, Technology and Private Sector Development Division (STAPSD) will play the lead role in stimulating and coordinating UNDP's participation in the Partnership. It will draw upon the expertise of the other three technical divisions of BPPS in their areas of competence (the Social Development and Poverty Elimination Division, the Sustainable Energy and Environment Division, the Management Development and Governance Division). The STAPSD will also collaborate with the United Nations Capital Development Fund which can provide finances for small-scale investment programs (between 1 and 5 million dollars) that could serve demonstration purposes.

The STAPSD would also work with the four Regional Bureaus and the offices of the Resident Representative in countries where the UNDP/World Bank Partnership would be active. In this respect Stapes's main role would be to inform these offices of the approaches of the Partnership and encourage them to allocate resources for national components of the Partnership. This approach has been highly successful with the current UNDP/World Bank Water and Sanitation Program which is funded, in part, by UNDP Interregional, regional and national programs.

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