The Water and Sanitation Program is an international partnership for improving water and sanitation sector policies, practices, and capacities to serve the poor

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Water Supply and Sanitation in Poverty Reduction Strategy Papers in Sub-Saharan Africa

A Benchmarking Review of 12 Countries and Exploring the Way Forward

The importance of water supply and sanitation (WSS) for poverty reduction is inadequately represented in the development of poverty reduction strategy papers (PRSPs) in Sub-Saharan Africa. This is especially true of sanitation. This paper provides an assessment of water and sanitation coverage in PRSPs in Sub-Saharan Africa through a review of 12 countries: Benin, Burkina Faso, Ethiopia, Kenya, Malawi, Mauritania, Mozambique, Rwanda, Senegal, Tanzania, Uganda and Zambia.

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Developing a Benchmarking Review and Exploring the Way Forward

SUMMARY

The importance of water supply and sanitation (WSS) for poverty reduction is inadequately represented in the development of poverty reduction strategy papers (PRSPs) in Sub-Saharan Africa. This is especially true of sanitation. This paper provides an assessment of water and sanitation coverage in PRSPs in Sub-Saharan Africa through a review of 12 countries: Benin, Burkina Faso, Ethiopia, Kenya, Malawi, Mauritania, Mozambique, Rwanda, Senegal, Tanzania, Uganda, and Zambia. The paper explores three questions:

- ***What is the nature of the opportunity presented by the PRSP and HIPC initiatives for the WSS sector in Sub-Saharan Africa?***

  It is important for the water and sanitation sector to engage in the PRSP process and ensure it receives adequate attention in PRSP documentation. This is because PRSPs are potentially becoming the tool for implementing sector reforms and for gaining access to development funds both through national budgets, and from external sources such as those available under the Highly Indebted Poor Countries (HIPC) initiative and other external assistance tied to the PRSP initiative. The initiative can also become an opportunity to improve sector performance and increase the prospect of meeting the Millennium Development Goals (MDGs) set for the sector.

- ***What is the degree of WSS coverage in PRSPs in Sub-Saharan Africa?***

  A benchmarking tool is used to assess the level and quality of water and sanitation coverage in PRSPs. The tool can promote accountability and self-assessment and point to emerging good practice. Four important elements of water and sanitation in PRSPs were measured: water and sanitation in poverty diagnostics, sector reform, sector financing, and monitoring and evaluation. A number of findings arose out of the analysis. First, there is **considerable variation** in the degree of incorporation of water and sanitation into PRSPs. Second, the **average score is low**, especially considering all PRSPs reviewed are full PRSPs. Water and sanitation is mentioned in the PRSPs, but in most PRSPs sector issues are not addressed in depth. Third, **average score on each element assessed is low** in the exercise. Fourth, there is **considerable improvement from the interim PRSPs to the full PRSPs** in most countries. Finally, the **countries seem to be grouped into two clusters** in terms of level and quality of coverage. Two countries – Uganda and Mauritania – are emerging as the leaders that provide initial good practice examples.

- ***How can WSS coverage and incorporation into PRSPs be improved?***

  The paper discusses three ideas and measures to improve incorporation of the water and sanitation sector into PRSP initiatives. First, **improved diagnostics and implementation through better information and monitoring and evaluation (M&E) systems**: sector capacity can be built by strengthening information and M&E systems in order to improve diagnostics, planning, and sector performance measurement (input-output-outcome). An emphasis on a results-orientated (outcome-impact) approach should not imply an exclusive interest in monitoring final results or impacts but should also include aspects related implementation, service delivery and value-for-money. Second, **sector program and financing**: the focus in the water and sanitation sector needs to shift to converting broad reforms/policy into strategies with costing of medium-term sector programs within realistic resource envelopes, including better design of financing mechanisms and strategies to leverage non-budgetary resources and to improve donor coordination. Third, **advocacy and incentives**: the inclusion of water and sanitation in PRSP initiatives is both a political and a technical process. It is important to develop forceful advocacy tools to build and sustain commitment to the sector within poverty reduction strategies. Successful development of these ideas will require considerable support to the sector agencies and for sharing of good practices. It is also necessary to ensure that the finance and planning ministries and sector donors create incentives and opportunities for the sector to engage in the PRSP process. The role of civil society is also very important in this process.

THE PRSP OPPORTUNITY FOR WATER SUPPLY AND SANITATION IN SUB-SAHARAN AFRICA

The PRSP and HIPC Initiatives

The PRSP process was initiated in the late 1990s and is still evolving with varying experiences across countries. Increasingly, PRSPs and related processes are becoming important in the country-owned determination of the policy and expenditure framework for poverty reduction. It is important for all sectors, including the water and sanitation sector, to participate in the PRSP process and receive adequate attention in PRSP documentation. PRSPs are becoming the tool for implementing sector reforms and the mobilization of additional resources from both governments and donors.

One of the main goals of the PRSP is to provide a country-owned framework whereby different stakeholders, through public consultations, can influence the country poverty strategy and determine priorities in public expenditure. The PRSP secures national spending on priority sectors through a medium-term expenditure framework (MTEF), which links the PRSP to the planning and budget cycle in each country. PRSPs also secure donor contributions in support of priority sectors by strengthening links between poverty reduction, debt relief under the HIPC initiative, and World Bank and International Monetary Fund (IMF) concessionary lending. The PRSP initiative aims to redesign aid relationships between developing countries and donors, and provides a broad framework for all external assistance (see box 1).

Water and sanitation in PRSPs

Despite the fact that water and sanitation are consistently among the top three or four priorities of the poor in participatory poverty assessments (PPAs) in most countries in this region, the sector has not been effectively incorporated into PRSPs, with the possible exception of Uganda and Mauritania. Sectors such as education and health are likely to have received more attention.

The lack of water and sanitation coverage in PRSPs is a disadvantage to the sector. Full water and sanitation sector incorporation into the PRSPs would give the sector a stronger position when negotiating for additional financing from within government budgets and from donors. More importantly, it would provide an opportunity to convert broad reforms into coherent implementation strategies. If the water and sanitation sector is not prioritized in the PRSP, the sector is less likely to achieve its nationally and globally pledged performance targets.

However, the opportunity is not entirely lost. PRSPs are not one-time strategy documents; they evolve as governments adjust policies and strategies. It is therefore important for the sector to develop well-defined strategies for the incorporation of water and sanitation into future revisions of PRSPs and development programs.

Status of PRSPs in Sub-Saharan Africa

Currently, 19 countries in Sub-Saharan Africa have completed full PRSPs, and nine have completed interim PRSPs. In this review, 12 countries are surveyed. The review includes all current focus countries of WSP–AF as well as those countries that were surveyed in the first WSP–AF desk review of the emerging experiences of water and sanitation in Sub-Saharan African PRSPs (WSP–AF 2002). All countries in the survey have presented full PRSPs. Several have initiated public expenditure reviews, MTEFs, and other public sector management reforms. In our sample, Uganda and Burkina Faso seem to be well ahead in the process in terms of implementation and financial arrangements. Both receive support for priority expenditure through poverty reduction support credits (PRSCs).

Box 1. The New Global Initiatives for Poverty Reduction: HIPC and PRSP

*The HIPC initiative***.** New approaches to poverty reduction developed during the last decade are reflected in two new global initiatives: the Highly Indebted Poor Countries (HIPC) and Poverty Reduction Strategy Paper (PRSP) initiatives. The World Bank and the International Monetary Fund (IMF) launched the HIPC initiative in 1996 to create a framework for all creditors to provide debt relief to the world's poorest and most heavily indebted countries, thereby reducing the constraint on economic growth and poverty reduction imposed by the debt build-up in these countries.

The HIPC initiative frees up substantial amounts of public resources. Recipient countries are expected to use these HIPC savings as additional resources to reduce poverty within the framework of country-owned PRSPs. Debt relief aims to help countries to achieve sustainable economic growth and reduce poverty by cutting their debts to sustainable levels. HIPC assistance is conditional on reforms taking place in recipient countries. The original HIPC initiative (HIPC-I) was revised in 1999 to become the enhanced HIPC initiative (HIPC-II), which aims to ensure deeper, broader, faster relief, and a stronger link between debt relief and poverty reduction.

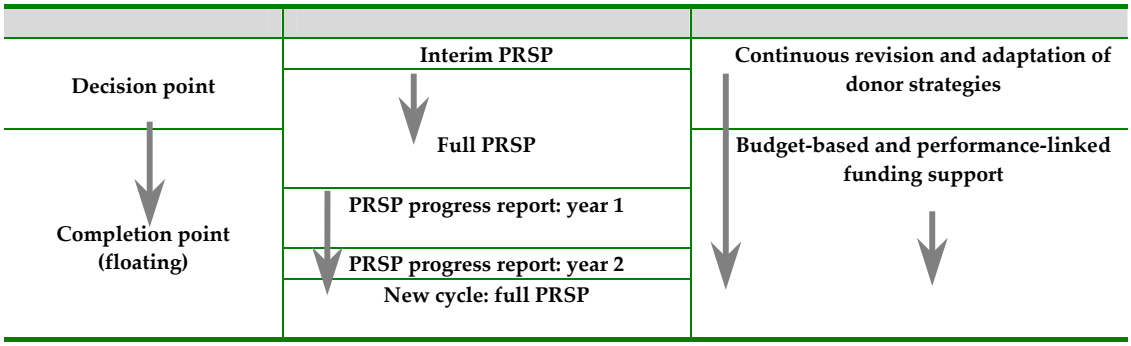
The PRSP initiative. In 1999 the Boards of the World Bank and the IMF endorsed the PRSP initiative to reduce poverty in low-income countries through nationally owned poverty reduction strategies. Since then HIPC debt relief assistance requires countries to formulate a PRSP and to implement the poverty reduction strategy for one year in order to attain the completion point. Five core principles were expected to underlie the development and implementation of these poverty strategies:

- Country ownership and commitment
- Results orientation in policy, planning, and budget allocations
- Comprehensive perspective for different dimensions of poverty
- Partnership orientation: consultation with all stakeholders in preparation of poverty strategies
- Medium- to long-term perspective for strategies and external commitments

Instead of accepting prescribed policies, the governments of developing countries are expected to develop effective poverty reduction strategies through broad stakeholder consultations. For each country, the strategies are to be drawn up in a PRSP. The development of these strategy papers also provides a framework for strengthening the impact of public spending on poverty and promoting progress towards the MDGs. Each PRSP will be country driven, and there is no blueprint for a PRSP. But there are three key steps to consider:

- Using multidimensional poverty diagnostics to understand the features and the determining factors of poverty
- Choosing macroeconomic and sector programs, and public actions that have the greatest impact on poverty
- Monitoring programs for chosen poverty reduction outcomes and adjusting policy and programs accordingly

The PRSP is intended to strengthen links between poverty reduction, debt relief under the HIPC initiative, and World Bank and IMF concessional lending (table 1). The PRSP is also expected to provide a broad framework for *all external assistance* beyond the operations of the Bank and the IMF. To ensure strategic expenditure spending, the PRSPs need to be linked to a three-year MTEF where they exist. Whereas in the past budgeting was incremental and ministries were allocated funds according to what they spent the previous year, the goal now is to have allocations made according to strategic priorities. Priorities are set into action through the MTEF and annual budget allocations.



The Water and Sanitation Challenge

… proper access to water and sanitation offers dignity, convenience, and social status, along with health benefits…

The provision of adequate water and sanitation are vital to improve living conditions and to ensure health, educational opportunities, gender equality and social inclusion, and environmental sustainability.

Increased water and sanitation access and hygiene promotion create improvements in people's health through better hygiene, improved water quality, and sanitation, but they also have an indirect positive effect on educational opportunities, gender equality, and the empowerment of women. Studies demonstrate that school enrollment of girls increases with the provision of latrines in schools, while easy access to safe water sources frees women from spending hours every day drawing and carrying water home. As much as one-quarter of household time in rural Africa is estimated to be spent on fetching water.

Safe water and sanitation also underpin economic growth and environmental sustainability. Income benefits (for both households and government) may result from a reduction in the costs of health treatment and gains in productivity. Productivity gains stem from time saved from collecting water, the availability of water as an input to the productive sector, and a decline in water and sanitation related illnesses. Threats to water sustainability are both qualitative and quantitative. The threats derive from pollution as well as from competing demands from agriculture, energy, manufacturing, and other sectors.[1]

The benefits of improved water and sanitation and the priority given to them by the poor in Sub-Saharan Africa justify the inclusion of water supply and sanitation as a global target. Water and sanitation services concern a number of the MDGs, which world political leaders have pledged to attain. At the Millennium Summit (United Nations, New York, USA, 2000) and World Summit on Sustainable Development (Johannesburg, South Africa, 2002), world leaders pledged their commitment to:

- Halve the proportion of people without sustainable access to safe drinking water by 2015
- Halve the proportion of people without access to basic sanitation by 2015
- Achieve a significant improvement in the lives of at least 100 million slum dwellers by 2020 — including provision of water and sanitation services in slum areas.

Access to WSS in Sub-Saharan Africa is inadequate

As evident from table 2 there is inadequate access to water in Sub-Saharan Africa. Three out of the seven PRSPs giving national coverage figures report that less than half the population have adequate access to safe water. Four of the 12 countries in the survey have national coverage figures under 50 percent, according to the World Health Organization–United Nations Children's Fund (WHO–UNICEF) Joint Monitoring Program (JMP) figures. The average national water coverage is 58 percent of the population in Sub-Saharan Africa (JMP). It is noteworthy that in almost all countries the urban situation is better than the rural, and that conditions have improved in rural Uganda under the implementation of action plans for rural water supply under the PRSP.

Though it is difficult to draw general conclusions from available estimates, less people seem to have adequate access to sanitation than to safe water. In 2000, seven out of the 12 countries in our survey had lower sanitation access levels than water access levels, according to JMP data. The average sanitation coverage figure for the region is 53 (JMP).

[1] For a summary of linkages between water and sanitation and poverty dimensions see World Bank 2002.

Table 2. Access to Water and Sanitation: Status and Reporting in PRSPs

	Country	Access to Safe Water Supply and Sanitation (% of Population) 2000					
		JMP Data			As Reported in the Country PRSP		
		Total	Urban	Rural	Total	Urban	Rural
	Water Supply						
1	Benin	63	74	55	62	76	52
2	Burkina Faso	42	66	37	—	90	58
3	Etihopia	24	81	12	36	72	24
4	Kenya	57	88	42	50	70	30
5	Malawi	57	95	44	66	—	—
6	Mauritania	37	34	40	35	—	—
7	Mozambique	57	81	41	—	44	12
8	Rwanda	41	60	40	52	60	44
9	Senegal	78	92	65	88	93	83
10	Tanzania	68	90	57	—	68	49
11	Uganda	52	80	47	—	60	52
12	Zambia	64	88	48	—	89	37
	Sanitation						
1	Benin	23	46	6	—	—	—
2	Burkina Faso	29	39	27	30	—	—
3	Ethiopia	12	33	7	29	—	—
4	Kenya	87	95	82	—	—	—
5	Malawi	76	96	70	81	—	—
6	Mauritania	33	44	19	—	—	10
7	Mozambique	43	69	26	—	—	—
8	Rwanda	8	12	8	15	—	85
9	Senegal	70	94	48	—	37	—
10	Tanzania	90	99	86	—	—	—
11	Uganda	79	93	77	—	—	—
12	Zambia	78	99	64	—	73	68

Note: — Not reported.
Sources: WHO–UNICEF JMP on water supply and sanitation (www.wssinfo.org) and PRSP documentation for each country www.worldbank.org/poverty/strategies).

A key issue arising from table 2 is the weakness of the access-level data. The issue is twofold. First, the reporting level in the PRSP documentation is weak. Only four out of 12 countries report their national sanitation levels. There are even fewer urban and rural breakdowns. Seven out of 12 countries report national water coverage figures (figure 1). Cross-country comparisons cannot be made, let alone national monitoring and evaluation of realistic performance targets. This has clear implications for targeting the poor and developing effective sector strategies.

Second, PRSP data are not always consistent with the JMP data. Rwanda has 41 percent national water coverage according to JMP data. However, the PRSP mentions a rate as high as 52 percent. Such inconsistencies may arise from different definitions of the term "safe water" (it is not always easy to define such elements as sustainable access, improved water sources, and improved sanitation) and weak reporting mechanisms. Similar divergences are found for sanitation.

Figure 1. Few Sub-Saharan African PRSPs Report WSS Access Figures

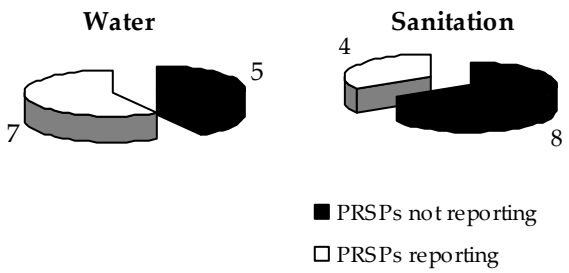
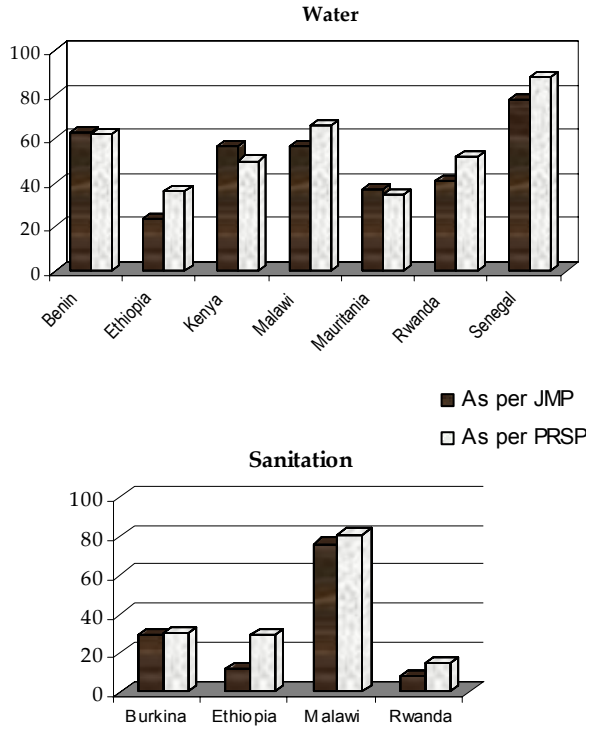


Figure 2. Diverging Reporting of Access Levels in JMP and PRSP Documentation



While the definition of safe water and the indicators need to be locally applicable, they also need to be internationally comparable, at least regionally. Only then can the sector continuously monitor itself historically and globally and measure sector improvement, indicate what constitutes good practice, and show governments and donors that the sector is attractive for investment.

The definition of safe water needs to include consideration of *distance* (which is a major factor in time spent collecting water), *quantity* (including "adequate" consumption), and *quality* (as reflected by the type of source), explicitly presented and monitored over time. Only then will it be possible to set performance targets and measure their progress in relation to the MDGs.[2]

More detailed poverty diagnostics related to water and sanitation are also needed, including considerations of equity and sustainability. Equity is an essential element of poverty reduction, as the poor tend to receive fewer services. Lack of funds, skills and spare parts lead to sustainability problems and non-functioning assets. Recent research in Malawi and Uganda has provided useful tools for incorporating equity and sustainability in poverty diagnostics (see box 4).

Tremendous resource mobilization is needed to meet the goals set for WSS

Though one should be cautious about drawing conclusions from available access data, results do indicate approximate access levels. A recent study based on the JMP data and population growth projections found that to meet the MDGs in Sub-Saharan Africa alone, about 404 million people (210 million in urban areas and 194 in rural areas) will have to be provided with access to safe water, and about 410 million people (212 in urban areas 198 in rural areas) will require basic sanitation over the period 2000–2015. The study concluded: "Aid for water should be tripled in this area because of the greater needs and the smaller financial means available. This would mean providing $1.2 billion per year in addition to current aid for water. While such a transfer from industrialized countries is achievable, it might not occur because the financial commitments made so far are insufficient" (Smets 2003).

Tremendous investment is needed and increased aid must accompany efforts to leverage other resources for the sector. This can only be achieved when water and sanitation are prioritized in poverty reduction strategies and development programs in tandem with efficiency and performance gains.

[2] To read more on the discussion of how to measure water and sanitation access levels see Evans 2003.

THE INCORPORATION OF WSS INTO SUB-SAHARAN AFRICAN PRSPs

A Benchmarking Tool for Reviewing WSS incorporation into PRSPs

The PRSP is a country-owned strategy. It is therefore important to develop methods by which Sub-Saharan countries can learn from lessons emerging from good practices in the region. A benchmarking tool to assess the sector coverage in PRSPs is relevant. It will also provide sector stakeholders with a useful advocacy tool.

The method of benchmarking used is simple. Based on a set of criteria it is possible to review the incorporation of water and sanitation into PRSPs in a systemic manner. PRSPs are evolutionary processes. The scoring format provides a structure for evaluation at each stage: from interim PRSP to full PRSP, and from one three-year cycle to the next. This review assesses the overall process and includes the documentation supporting the development and implementation of the PRSP, such as participatory poverty assessments (PPAs), annual PRSP progress reports, joint staff assessments, and poverty reduction support credits (PRSCs). Benchmarking of the sector enables:

- *Countries* to continuously measure themselves against their own past performance as well as that of other countries, providing a basis for improved future performance
- *Civil society advocates* and *parliamentarians* to make governments accountable for poor integration when compared to the priority given by the poor to water and sanitation in PPAs
- *Donors* to see how successful countries are in incorporating water and sanitation into their PRSPs, and in tandem with PPA water and sanitation prioritization, adjust their development priorities and assistance
- All *stakeholders* to gain access to good practices and innovative ideas, and adapt these to local challenges to improve performance

The benchmarking tool incorporates lessons learned from earlier efforts to incorporate water and sanitation into PRSPs. Previous work includes a WSP–AF desk review of water and sanitation in PRSPs (Mehta 2002), and a stakeholder workshop held in the region (WSP–AF 2002).[3]

Five important elements of WSS common to all Sub-Saharan African PRSPs

There are five important elements common to all Sub-Saharan African PRSPs that incorporate water and sanitation: poverty diagnostics, sector reform and strategy, sector financing, monitoring and evaluation (M&E), and the consultation process. These elements are defined in box 2, and are expanded upon below. The first four of these elements are used in the assessment of WSS incorporation into PRSPs. The method of assessing PRSPs is described in box 3. Six criteria of good practice by which the elements are assessed are presented in table 3.

Box 2. Five Important Elements Common to All Sub-Saharan African PRSPs Incorporating WSS

- *WSS in poverty diagnostics.* WSS coverage and analysis in overall poverty assessment
- *WSS sector reform.* WSS coverage in sector reforms/action plans under the PRSP
- *Sector financing.* Issues related to WSS integration in MTEF, type of financing mechanisms for priority expenditure, and measures to leverage other resources
- *Monitoring and evaluation of water and sanitation.* Nature of indicators and tools for sector-related M&E system and sector integration with the overall poverty M&E system
- *Consultation process.* The overall preparation process for the incorporation of the water and sanitation component into the PRSP exercise

- *WSS in poverty diagnostics.* Poverty, inequality, and vulnerability measurement and analysis are of use in situation assessment, understanding determining factors, designing appropriate interventions, assessing the effectiveness of current policies, and determining whether, and how, the situation is changing. Inadequate provision of water and sanitation services to the poor increases living costs, lowers income-earning potential, adversely affects well-being, reduces the

[3] Both the desk review and the workshop proceedings are available online at www.wsp.org.

effectiveness of education and health interventions, and makes life riskier. Water and sanitation coverage in the overall poverty assessment is reviewed for all 12 PRSPs. PRSPs that incorporated both income and non-income dimensions of water and sanitation in poverty diagnostics scored well. The few that included sanitation diagnostics also scored well for that component.

Table 3. Good Practice Criteria for Scoring WSS in PRSP Initiatives

WSS in Poverty Diagnostics. *Poverty, inequality, and vulnerability measurement and analysis are of use in situation assessment, understanding determining factors, designing appropriate interventions, assessing the effectiveness of current policies, and determining whether, and how, the situation is changing.* 1. Are non-income benefits of WSS (better living environment, improved health and education outcomes, reduction of disproportionate burden on women) and income benefits of WSS (reduction in health treatment costs, time saved collecting water, availability of water as an input to the productive sector, and productivity gains due to decrease in illness) referred to, analyzed, and elaborated? 2. Are rural, urban, and regional dimensions of WSS coverage included and discussed? 3. Is a poor/non-poor dimension of WSS coverage included and discussed to target those in most need? 4. Is the functionality of existing water services assessed and discussed? 5. Are the results of PPAs used to position the sector within the PRSP and in budget biddings? 6. Is sanitation included?	**WSS Sector Financing.** *The PRSP initiative can be an opportunity for the sector to ensure efficient and effective use of resources, convert sector strategies into time-bound and costed action plans within a countrywide and medium-term (three years) expenditure framework, and leverage additional resources.* 1. Do WSS strategies include time-bound costed action plans? 2. Is an assessment of required resources made in relation to targets and strategies adjusted to match the likely resources envelopes? 3. Are policy objectives and strategies for expanding sustainable and affordable access to the poor reflected in resource allocations or priorities indicated in the PRSP? 4. Are WSS resource allocations ensured/protected through specific pro-poor/core arrangements? 5. Are there coordination/harmonization mechanisms of existing donor financing in the PRSPs? 6. Is there an effort to introduce measures to leverage other resources (household and community, private and micro-finance)?
WSS Sector Reform. *Once proper performance and results analyses are conducted, governments should use that information to decide on sector strategy goals and options for government intervention. Do sector reforms respond to analysis of issues? Are they captured in the PRSP? And are reforms turned into strategies?* 1. Is an overall policy framework developed with countrywide strategies and programmatic approaches (including a SWAP or sectorwide approach) and represented in the PRSP? 2. Are roles defined for local and central level under institutional reforms and decentralization (policy matrix with defined roles)? 3. Is a rural water supply strategy with community participation and management to ensure sustainability of facilities developed and included? 4. Is a strategy to achieve operational and financial sustainability of urban service provision with a focus on access for the poor included in the PRSP? 5. Is a sanitation policy and strategy, with hygiene promotion, included? 6. Is there clear statement of a medium-term strategy in terms of monitorable actions with targets, timelines, and responsibilities?	**WSS Monitoring and Evaluation.** *Monitoring and evaluation (M&E) is essential if programmatic budget-based aid and sector-wide approaches are to work. M&E of only externally funded projects is no longer sufficient. What is the nature of indicators and tools for a sector-related M&E system? Is WSS integrated with the overall M&E system?* 1. Are WSS-related indicators included as core poverty indicators/measurement in the PRSP? 2. Are WSS-related indicators/milestones included in the reform and policy matrix of the PRSP? 3. Does the PRSP effectively include results of WSS outcomes from national/regional poverty impact monitoring? (household surveys, service delivery surveys, PPAs, etc – nature of indicators used for water and sanitation) 4. Is input, output, and outcome monitoring (value for money/performance M&E) conducted for the WSS sector and reflected in the PRSP? 5. Are WSS-related expenditure tracking surveys and other participatory methods used in input/output monitoring and results reflected in PRSPs? Is transparency ensured in the sector, especially at local/district level? 6. Is the WSS M&E system developed in a sector-wide perspective, including most funding and service providers?

- *WSS sector reform.* Information on poverty diagnostics should help determine sector strategy goals and options for government intervention. The benchmarking of water and sanitation reform coverage in PRSPs emphasized the development of overall policy frameworks with countrywide strategies and programmatic approaches. Attention also focused on four key areas for sector improvement: decentralization and capacity building in the sector, implementation of a rural water supply strategy including community participation and management, commercialization and operational and financial sustainability of urban water supply, and sanitation strategy with hygiene promotion. Water and sanitation sector reforms that responded to analysis of issues and PRSPs that captured sector reforms and implementation strategies for the sector scored well.

- *WSS sector financing.* The PRSP initiative is an opportunity to leverage additional resources for the sector. However, increased resource allocations are not enough. Efficient and effective use of resources is crucial to expand outreach and increase the number of people served by the sector. There is a need to convert sector strategies into time-bound and costed action plans within a countrywide and medium-term expenditure framework. Countries also scored well if they focused on leveraging additional resources; initiated moves to commit and protect water and sanitation related pro-poor resource allocations; and attempted to coordinate or rationalize donor financing.

- *WSS monitoring and evaluation.* Monitoring and evaluation (M&E) is essential if the sector is to improve its performance over time and if programmatic budget-based aid and sectorwide approaches are to work. Monitoring and evaluation of only externally funded projects is no longer sufficient. PRSPs that scored well on M&E had a logical framework for input-output-outcome-impact monitoring, with emphasis on participatory techniques for water and sanitation. The sector reporting system needs to be integrated with the overall planning system. Such an approach to monitoring and evaluation would help improve the planning of current and future activities "by requiring a detailed and explicit presentation of expected results and mechanisms and allowing to fine-tune future activities on the basis of past experience".[4] It will also enable promotion of accountability for those implementing policies and programs.

- *Consultation process.* In the preparation of PRSP documents, sector consultation is an important element in the formation of valid sector policies and implementation strategies.[5] It contributes to poverty diagnostics, the development and implementation of appropriate reform programs, financing strategies, and monitoring and evaluation. Wide-ranging consultations (including those with civil society organizations and other sector stakeholders) also distinguish the PRSP initiative from earlier poverty eradication strategies.

Box 3. Method of Scoring the PRSPs

The incorporation of the four identified elements into each country's PRSP was evaluated. For each element, six good practice criteria (table 3) were developed that could be measured in a YES/NO manner, each YES being worth 0.5 points and each NO being worth zero. Hence, each element is scored in the range 0 to 3.

Neither the elements nor the criteria applied to them were weighted, in the belief that all are interrelated and of equal importance to the prioritization of water and sanitation in PRSPs. The benchmarking tool is guided by what is believed to be the right way forward for the sector, and future reviews will be refined to incorporate new sector constraints and opportunities as they gain prominence.

We recognize that benchmarking tools with scores of this sort involve some judgment and subjectivity. Every attempt has, however, been made to apply the criteria with consistency across the PRSPs reviewed. We also do not wish to draw attention to minor scoring differences between countries. The scored indicators give us approximate levels of water and sanitation incorporation into PRSPs and add quantitative scores to complement the qualitative analyses in this review and other studies of water and sanitation in PRSPs undertaken by WSP–AF and others.

[4] Coudouel (2000) quoted in Mehta 2002.

[5] Sector/stakeholder (water and sanitation and PRSP community) consultation is often referred to as (part of) the PRSP *process* of forming and shaping poverty reduction strategies.

To keep the benchmarking tool applicable to all Sub-Saharan African PRSPs in the review, it was not possible to include sector consultation as an element/indicator because of insufficient information in available documents. We recognize that the stakeholder voice in PRSP preparation has significant implications for water and sanitation incorporation into PRSPs. Future benchmarking reviews will attempt to incorporate the consultation process.

The Status of Water and Sanitation in Sub-Saharan African PRSPs

When the first review of water and sanitation within PRSPs was conducted most countries had prepared only their interim PRSPs. Since then, many have completed their full PRSPs. Hence in this review all of the PRSPs assessed are full PRSPs and should be interpreted with that in mind. Full PRSPs are more comprehensive and it is expected that this will allow better sector incorporation. Nevertheless, the PRSP process is ongoing and provides opportunities for improvement. Increased emphasis on water and sanitation can come either through incorporation of water and sanitation into annual progress reports and PRSCs, or through the preparation of a new PRSP in a three-year cycle. The results of the exercise are shown in figure 3 and 4 and table 4.

Considerable variation in WSS incorporation into PRSPs

First, there is considerable variation in the degree of incorporation of water and sanitation into PRSPs, from a high score of 2.6 (Uganda) to a low of 0.5 (Malawi). Only Uganda and Mauritania score well on all the indicators. While the scores should not be seen as a precise measurement, they do indicate the level of attention given to water and sanitation in PRSPs. Some variation is to be expected. Still, there is no reason to believe that low-scoring countries are free from water and sanitation concerns. Malawi, Benin, and Ethiopia illustrate this. As access to water and sanitation data in table 2 indicate, the low scores of these countries are not due to adequate water and sanitation coverage, but to a lack of attention in the PRSP process.

Low average score for WSS incorporation into PRSPs

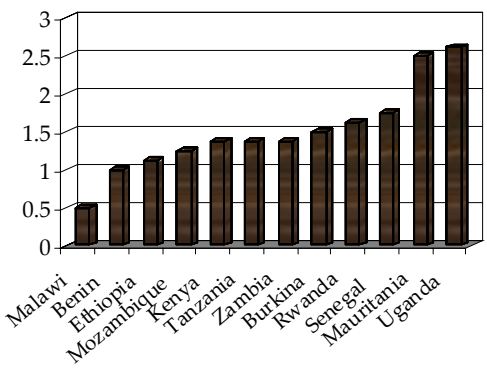
Second, the average score of 1.5 is low, especially in view of the fact that all PRSPs reviewed are full PRSPs. The exact score is not important. In qualitative terms, the score means that while many PRSPs do mention water and sanitation, they do not elaborate sector issues, especially sector financing and monitoring and evaluation. This shows considerable room for improvement.

It should also be noted that, based on inquiries for selected countries, the water and sanitation sector receives far less attention on all the four elements/indicators than other social sectors such as health and education. Particularly, there is low incorporation and, at times, even no mention of sanitation in many PRSPs.

Average score on each element assessed is low

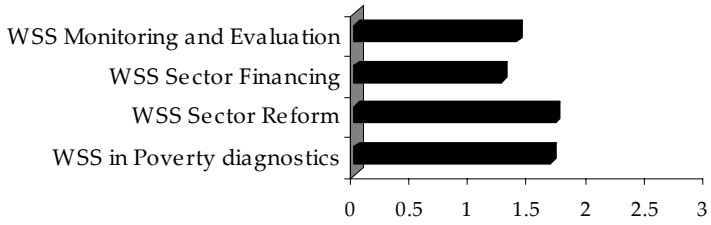
Third, compared to country differences, there is less variation across the four elements assessed (figure 4). If the average scores on the four elements are compared, water and sanitation in sector financing (average score 1.3) and monitoring and evaluation (average score 1.4) are particularly weak, with poverty diagnostics and sector reform (average scores 1.7) faring little better. When compared to a maximum possible score of 3.0, the implication is that all components of water and sanitation need more attention in PRSPs. It is also important to point out that all the four components are interrelated, and for a successful incorporation, all need to be addressed simultaneously. For example, as discussed in the next section, for improved diagnostics and for improved

Figure 3: How well are Countries Incorporating WSS in their PRSPs?



In this first benchmarking review of WSS in PRSPs, Uganda and Mauritania show the best performance on WSS in poverty diagnostics, sector reform, sector financing and monitoring and evaluation.

Figure 4: WSS in PRSPs by Element - Average Score across Sub-Saharan African Countries



In this first benchmarking review of WSS in PRSPs, PRSPs show a slight better performance on WSS in poverty diagnostics and sector reform. Monitoring and evaluation and sector financing are relative weak.

articulation of sector reforms, a well functioning sector monitoring and evaluation is critical. The two good practice examples of Uganda and Mauritania score well on all four elements.

WSS better represented in full PRSPs than in interim PRSPs

Fourth, there is a considerable improvement in water and sanitation incorporation as countries draw up full PRSPs.[6] As the data in table 4 indicate, all countries that have presented both interim PRSPs and full PRSPs perform better after the full PRSP is drawn up. Improved water and sanitation incorporation is also evident in later stages of the PRSP cycle, such as better inclusion of water and sanitation in progress reports and PRSCs.

This development is encouraging, but not consistent. The PRSP experiences of Uganda and Burkina Faso illustrate this. Both countries had their PRSPs approved by the World Bank and the IMF and entered the PRSP initiative in an early phase, and were among the first countries to receive HIPC debt relief and PRSC funding support. Nevertheless, the implications for the water and sanitation sector have been different. Uganda scores 2.6 and stands out as an example of successful incorporation of water and sanitation into the PRSP. Burkina Faso, on the other hand, scores 1.5, indicating that the water and sanitation sector receives little attention and probably falls short of other sectors in the PRSP.

[6] Scores for the interim PRSP are based only on the interim document. The scores for the full PRSP include consideration of the overall PRSP process: the PRSP document, PPAs, annual PRSP progress reports, joint staff assessments, and PRSCs.

Table 4. Comparison of Water and Sanitation Scores of Interim and Full PRSPs

Country	WSS Score of Interim PRSPs	WSS Score of Full PRSPs
Uganda	—	2.6
Mauritania	—	2.5
Senegal	0.3	1.8
Rwanda	0.9	1.6
Burkina Faso	—	1.5
Kenya	0.6	1.4
Tanzania	0.4	1.4
Zambia	0.1	1.4
Mozambique	0.6	1.3
Ethiopia	0.4	1.1
Benin	0.5	1.0
Malawi	—	0.5

Note: For Uganda, Mauritania, Burkina Faso, and Malawi there were no interim PRSPs.

Scope for improvement of WSS in PRSPs

Based on the water and sanitation benchmarking of the PRSPs, the countries studied can be grouped into two broad categories. While there is scope for improvement in both, the countries in group A provide emerging good practice examples of water and sanitation coverage in PRSP documentation.

Group A countries: emerging good practice. This group of countries has scores of 2.5 and above and includes only Uganda and Mauritania. The water and sanitation sector has received attention in the PRSPs, but there is scope for improvement:

- Monitoring and evaluation tools need to be further refined within the overall M&E and performance measurement framework to tackle input-output as well as outcomes for the sector. Only then can efficient and effective use of existing and additional resources by the sector be ensured
- There is a need for continuous advocacy. The sector needs to demonstrate how efficient and

effectively it uses each additional dollar, both in terms of sector performance and targeting of the poor

- The sector needs to be better integrated to continue to benefit from budgetary support and programmatic lending
- Sanitation strategies especially need to be developed, incorporated and implemented
- The costing of action plans needs to be improved. Calculations should include what commitments mean (differentiate between water/sanitation, rural/urban and technology type), what they translate to in terms of overall financial requirements, and where the financing gaps are (taking into account overall available financial resources — HIPC funding, donors, PRSCs, tariffs, domestic revenues, and other cost contributions). Public allocations need to be used to leverage other resources.

Group B countries: WSS incorporation is of immediate concern. This group of countries has scores of between 0.5 and 1.8, and includes the rest of the countries studied: Benin, Burkina Faso, Ethiopia, Kenya, Malawi, Mozambique, Rwanda, Senegal, Tanzania, and Zambia. They are at different stages in incorporating water and sanitation into PRSPs. These countries share the same concerns as those in group A, but there is greater need for improvement:

- Analysis of relationships between water and sanitation and poverty needs to be improved, taking into consideration health, educational, and environmental factors
- Effectiveness of the participatory framework to identify water and sanitation priorities and their implementation also needs improvement
- Political advocacy and use of PPAs is important to position the sector within the PRSP and medium-term expenditure framework
- Effort has to be put into developing programmatic and sector-wide approaches — better articulation of sector reform is needed not just in sanitation, but in rural and urban water supply
- Sector financing and M&E are of more immediate concern.

Future benchmarking reviews

The benchmarking is visualized as an ongoing process with periodic country assessments. The periods between PRSP assessments should be used to support documentation and sharing of good practices. Future benchmarking reviews will need to address:

- Further development of good practice criteria, including incorporation of the consultation process and an assessment of whether the PRSP process provides the necessary impetus for reform; assessment of upstream research and diagnostics; exploration of the link between water and sanitation and integrated water resources management in the context of poverty reduction; and the inclusion of implementation details as the PRSP process evolves.
- Comparison of water and sanitation incorporation into PRSPs with health, education, and other relevant sectors. A systematic understanding of how well health and education are incorporated relative to water and sanitation would help to position the water and sanitation sector in the PRSP process.
- Linkages between the level of water and sanitation incorporation into PRSPs and the sector's actual performance (outcome), including progress being made towards achievement of the MDGs and budget allocations across countries. Comparative analysis of countries and social sectors would help understand sector issues, identify best practices, and provide useful advocacy tools. It will also help assess the relevance of the PRSP process for achieving sector objectives.
- Methodology of how benchmarking reviews are conducted. This is a desk review; future reviews should take a participatory approach to include national stakeholders when scoring respective PRSPs. This will create greater awareness, transparency and ownership.

THE WAY FORWARD: IMPROVING WSS INCORPORATION INTO PRSPs

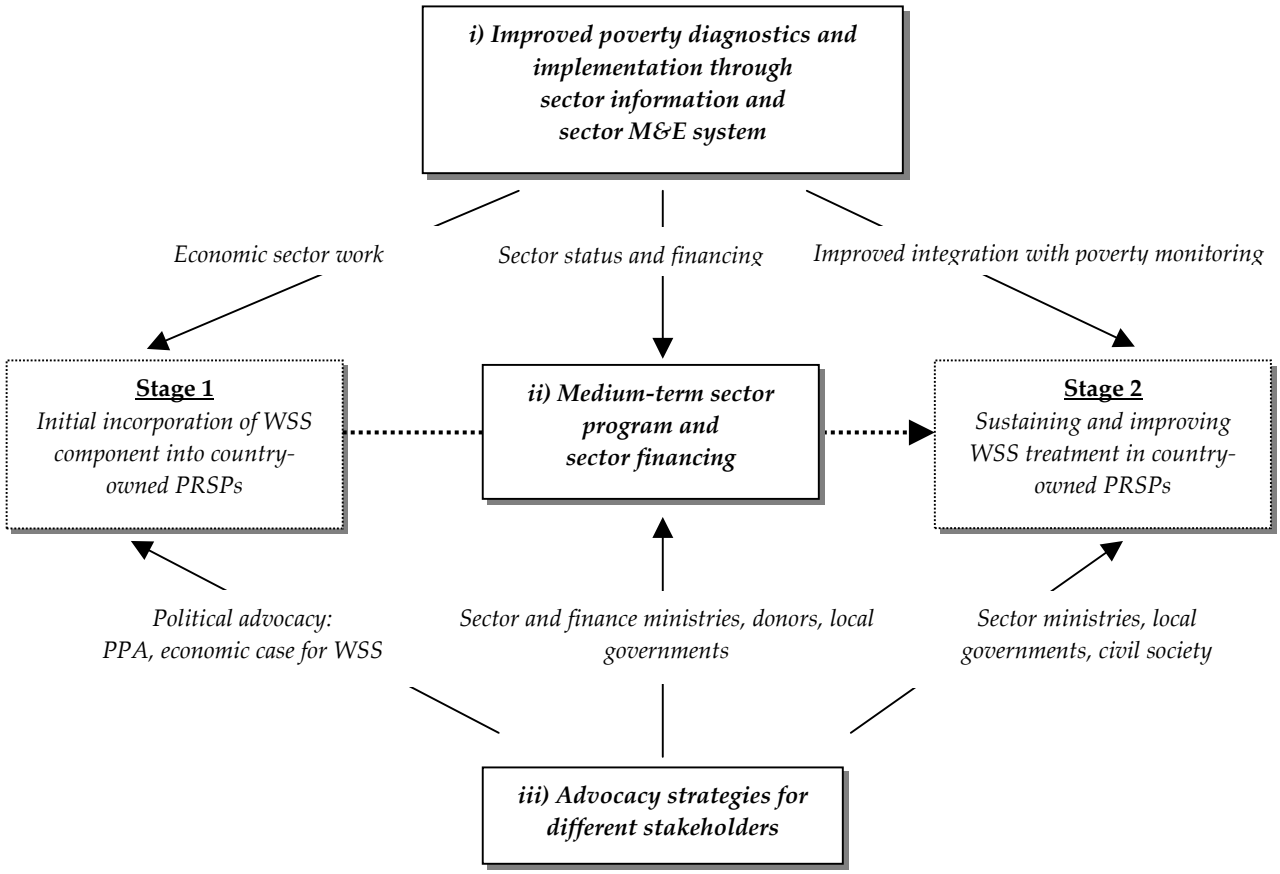
A Framework for Improving WSS Incorporation into PRSPs

Despite the fact that in most participatory poverty assessments (PPAs) the poor identify water and sanitation as important priorities, this benchmarking review suggests that many PRSPs in the region give low priority to water and sanitation, and some almost omit it completely. The review also indicates that action is needed on all four elements identified, and that some good practices have emerged. Based on these findings, and on experience in selected countries, three ideas for improving water and sanitation incorporation into PRSPs are explored (see also figure 5):[7]

- Better diagnostics and implementation through improvements in water and sanitation sector information and monitoring and evaluation (M&E) systems
- Development of a medium-term sector program and supporting financing mechanisms
- Advocacy strategies enabling different stakeholders to understand and continue to believe in the importance of water and sanitation in poverty reduction.

It is anticipated that these actions will help the water and sanitation sector to receive appropriate priority in the planning and budgeting processes, and more importantly, that they will improve sector performance by building sector capacity and improving sector governance.

Figure 5. A Framework for Improving WSS Incorporation into PRSPs



[7] This draws on Williamson 2003, a study recently commissioned by WSP–AF.

Three questions need to be considered when developing and implementing this framework for improving water and sanitation incorporation into PRSPs:

- *Is the WSS sector important for poverty reduction?* The basic premise of this approach is that improved water and sanitation services are important for poverty reduction. This is demonstrated in qualitative findings from PPAs and "voices of the poor" studies. However, further work is necessary to identify and measure the economic benefits of improved water and sanitation, especially in relation to other relevant sectors.

- *Can PRSPs trigger sector reforms, improved performance and poverty focus?* PRSPs do have a potential to trigger sector changes in three ways: First, besides the PRSP links to resource allocations (both government and external), the PRSP process also provides incentives for greater poverty focus in sector strategies. Second, the PRSP process demands improved monitoring and evaluation systems with a focus on better diagnostics and outcome/impact orientation. Finally, 'good' poverty reduction strategies need to focus equally on policy reforms and implementation interventions. For the sector to engage, both advocacy and appropriate incentives by Ministries of Planning/Finance and donors are required.

- *Is the PRSP process credible enough to provide the right incentives?* For the PRSP process to realize its full potential, it is important that the process is credible and resource allocations are predictable. In a three-country study Williamson (2003) found that weak PRSP processes fail to provide the necessary incentives for the water and sanitation sector to move from fragmented (donor) projects to a countrywide strategy under government leadership with a clear poverty focus. Addressing this issue is beyond the scope of this paper.

Improved Diagnostics and Implementation through Improved Sector Information and M&E Systems

The water and sanitation sector often finds continuous sector performance assessment difficult. This affects the quality of poverty diagnostics (measures to reach the poor), sector implementation capacity and sector performance building. Improved information gathering and M&E systems would not only improve the prioritization and utilization of scarce resources within the sector, but also strengthen the position of the sector in the bidding process for funding by showing that increased resources can be transformed efficiently and effectively into tangible results.

M&E issues in water and sanitation continue to be the same

The first desk review of water and sanitation in PRSP initiatives in 2002 brought out two important points:

- There is inadequate emphasis on monitoring implementation and sector performance with regard to linking inputs to outputs (efficiency) and outputs to outcomes (development effectiveness).
- There is a need to improve the accuracy of water and sanitation inquiries in wider impact monitoring systems, particularly household surveys, and to use the results when formulating PRSPs.

Table 5 outlines a broad framework for water and sanitation sector M&E within the PRSP framework. It takes into account all the elements of a sound M&E system, from inputs and outputs to outcomes and impacts

Good practice lessons emerging in the region

This survey suggests that there is still limited emphasis on M&E within a wider sector perspective in most countries. However, a review of work in selected countries suggests that there are efforts focusing on sector M&E systems and some emerging good practice (see box 4).

These experiences indicate the need to:

- Develop a wider framework for sector information and M&E systems in each country
- Assess current data collection, information, and M&E systems
- Identify ways in which such systems can be initiated in the short to medium term, generating results that influence planning and resource allocations. This is necessary for building sector commitment as the M&E system is gradually improved.

Table 5. Types of WSS Sector M&E Systems within the PRSP Framework

M&E Component and Level of Monitoring	Illustrative Examples of Monitoring Tools
Sector Performance/Implementation Monitoring - ***Through sector-specific M&E systems***	
Inputs: • Resources required to achieve suggested outputs in the policy matrix and sub-sectoral action plans	• Annual budget reporting on expenditures • Periodic resource flows assessment • Public expenditure tracking surveys • Participatory social oversight on resource utilization
Outputs: • Policy milestones achieved as a result of implementation of policy matrix • Goods and services delivered	*Linking inputs to outputs* • Regular monitoring of physical performance • Periodic unit cost and value for money studies (linking inputs to outputs) • Participatory social oversight on expenditure and outputs
Outcomes: • Access achieved – coverage and sustainability	*Linking inputs/outputs to outcomes* • Periodic surveys to assess coverage and sustainability • Periodic value-for-money studies (linking inputs/outputs to outcomes) • WSS annual sector review with government and development partners
Sector Outcomes/Results Monitoring - ***Through alignment with integrated surveys/poverty monitoring***	
Outcomes: • What policy outcomes are achieved: access, utilization, and satisfaction • Who benefits from the interventions: urban/rural, poor/non-poor, regions	• Service delivery surveys • Welfare monitoring surveys WMS • Participatory poverty assessments (PPAs) • WSS annual sector review with development partners
Impacts: • Impacts on living standards through improved water and sanitation services: social status, time, health, income, and empowerment	• Welfare monitoring surveys (WMS), demographic and health surveys • Household expenditure and budget surveys • Census

Countrywide Sector Programs and Sector Financing

Key aspects of the PRSP initiative and the global commitment to the MDGs imply the development of countrywide strategies and action plans to deliver services. This presents both a challenge and an opportunity for the water and sanitation sector. The development of improved mechanisms for sector financing is required, as is a willingness among donors to explore such options as pooled/basket funding arrangements and sectoral budget support.

Why should the WSS sector adopt sector-wide approaches and countrywide sector programs?

The water and sanitation sector has focused on two distinct areas in most countries in the region: broad national policy development, and implementation through fragmented, often isolated projects. These two efforts have not been effectively linked. A tool such as a countrywide water and sanitation sector program is necessary to forge an effective link between these two elements and to address three problems that continue to afflict the sector:

- The large number of unrelated and uncoordinated donor projects and extensive use of off-budget channels by donors often result in inefficiency and make it difficult to assess the equity, efficiency, or impact of public resources
- Broad policy and institutional reforms are not converted into implementation strategies and interventions with clearly monitorable actions
- The emphasis on annual budgets results in weak links of budget allocation with poverty reduction, and sector targets, which are achieved over medium to long term and require more strategic actions.

Box 4. Attempts to Strengthen WSS Sector M&E in the Region

Moving towards comprehensive sector performance assessment in Uganda. The joint sector review in 2001 questioned whether additional investments in the water sector were generating enough value for the money. An analysis undertaken by the Ministry of Finance showed that while total flow of resources to the sector tripled from 44.9 billion Uganda shillings in 1997/98 to 133.9 billion shillings in 2000/01, output showed a decline. Preliminary assessment suggested that the costs required to increase rural safe water coverage by 1 percent had tripled over the previous four fiscal years. The water sector has initiated detailed value-for-money and expenditure tracking studies in response, and a management information system is being set up with the sector ministry. In the recent joint sector review for 2003 design and implementation of a better performance assessment system has been accorded high priority.

Equity of distribution and sustainability snapshot indicators for water points in Malawi. WaterAid (Malawi) has developed simple tools to ensure that water sanitation investments are implemented in an equitable and sustainable manner. Population distribution is mapped in relation to the location of water points at district level in order to facilitate more equitable investment decisions. The sustainability of water services was assessed through a simple set of questions designed to ascertain a community's access to the funds, skills, spare parts, and equipment necessary to carry out repairs to the water point. The indicators have proved useful for specific projects and attempts are being made to apply them at national level.

Assessing national surveys for impact monitoring in Tanzania. In Tanzania a study was carried out to analyze sector trends using information from existing national household surveys. A detailed analysis of appropriate impact indicators was also made. This analysis was used to reflect on the usefulness of national surveys and ways to improve the impact indicators. The study recommended to:

- Design comparable formats and questions applicable to WSS issues across surveys and censuses, because the definition of safe water used in the Tanzanian PRSP is not directly measured by any of the national surveys
- Differentiate between protected and unprotected water sources so that access to improved water sources can be measured and adopt the indicator "time taken to fetch water", because the surveys were not consistent in their measurement of time and distance to water and none of them measure the national water policy target of "within 400 meters"
- Reassess the sanitation situation in Tanzania, because sanitation data are not comparable across the national surveys in the study
- Ensure that improved WSS data are collected by the census and analyzed at district level

Sources: Uganda, from Government of Uganda 2002 and 2003 and Kenny 2003; Malawi, from Sugden 2003; and Tanzania, from Ministry of Water and Livestock Development 2002.

A Sectorwide approach (SWAP) has emerged in response to these challenges. This should mean that all major public funding for the sector would support one common national policy, strategy, and expenditure program, under government leadership. It also implies increased reliance on government procedures for fiduciary accountability regardless of the source of funding. Box 5 provides a description of the main characteristics of this approach. SWAPs would also make it possible to introduce more effective and equitable prioritization and distribution of resources within the sector.

The PRSP process provides an opportunity to use the SWAP in the water and sanitation sector, ensuring a common policy and strategy for the whole country within a medium-term timeframe. The SWAP should be articulated through a medium-term sector program that provides a framework for better coordination and alignment of donor resources with the country's own priorities, identifies the steps and actions necessary for implementing sector reforms, and compels the sector to establish closer links between allocations and results. In large (federal) countries such as Ethiopia, this could also mean dividing the sector program up into regional/provincial programs guided by an overall national policy. In others, where institutional mandates are fragmented, the scope of a sector program may be limited to specific sub-sectors.[8] This would enable the sector agencies to move away from project-based development to a country-owned sector program and establish better links with the country's budget process and medium-term expenditure framework (MTEF).

[8] A sectoral program may be built sub-sector by sub-sector. A program represents activities that address common objectives, but implemented by several institutions. A sub-program may be implemented by individual institutions alone.

Box 5. Defining Characteristics of a Sector-wide Approach (SWAP)

Generically defined, a SWAP means that all significant funding for the sector supports a single policy and expenditure program under government leadership. The mechanism relies on the following principles:

- *Country ownership*. The government takes the lead in defining a policy framework and expenditure program for the sector and invites broad-based participation. This framework typically also includes a medium-term (three to five years) strategy of specific interventions.
- *Donor coordination*. Donors pledge to support the government's strategy and coordinate all significant funding for the sector to finance the agreed policy and expenditure program.
- *Transition to sector budget support*. The aim of the SWAP is to gradually reach a stage where as much as possible of the external assistance is channeled through government budgets.
- *Harmonized procedures*. Donors establish common planning, implementation, disbursement, reporting, and accounting arrangements to reduce the administrative burden on all parties: the host government, the sector, and donors.
- *Results-based management*. SWAPs are planned and reviewed on the basis of their results. Monitoring and evaluation systems need particular attention.

Sources: Adapted from Jones and Williams 2002 and World Bank 2002.

The use of SWAPs in the water and sanitation sector is limited despite the potential benefits, with only two examples of actual implementation in the region — Uganda and South Africa. This probably reflects the difficulties in introducing a SWAP framework for the water sector, due both to the institutional aspects and the way the sector is funded (see box 6). Nevertheless, a number of other countries are exploring the possibilities of using SWAPs for water and sanitation, including Ethiopia, Mozambique, and Zambia. This will require support in strengthening country and sector capacity as well as an adjustment in donor priority.

Adapting financing of the countrywide sector programs to key sector characteristics

The question of financing is often focused entirely on the funding gap between available finance and the input required to meet national targets. However, it is equally, if not more, important to focus on the flow of funds and the appropriateness of the financing mechanisms within the sector. In developing a sector program, sector financing will need to respond to some key sector characteristics and the emerging directions of sector reform:

Box 6. Difficulties in Using a SWAP for Water and Sanitation

Use of a SWAP in water and sanitation is likely to be affected by a number of sector characteristics. These include:

- A wide array of service providers exists in many countries, ranging from national to local levels, and comprising governments, public utilities, community-based organizations, NGOs, and private operators, which makes it difficult to clearly identify and coordinate overall sector targets and the priorities of the sector program. For example, in Ethiopia rural water supply services are largely provided by village-level community-based organizations, and in most countries small private providers commonly provide services in urban informal settlements.
- In most countries implementation of institutional reforms generally requires transition arrangements particularly linked to decentralization and the development of regulatory arrangements.
- The mandate for sanitation is often fragmented across several ministries and local governments. This makes it difficult to adopt a SWAP because there is no clear lead ministry that can champion the cause of sanitation.
- Considerable off-budget resources make it difficult use a SWAP in the sector. Studies in Kenya and Ethiopia, for example, suggest that off-budget funding through NGOs constitutes about 20 percent of total sector expenditure.[1]
- Weak sector information and monitoring systems make it difficult to track expenditures and easily link inputs to outputs and outcomes.

- There is an emerging trend towards **decentralization** in many countries, whereby the responsibility for water and sanitation service delivery is being devolved to local authorities. This suggests that a sector program will have to be formulated within the context of an intergovernmental system of fiscal transfers to local authorities, particularly for rural and small town water supply, where partial capital grants are commonly used. Studies in selected countries suggest that at present capital grants are either in the form of sectoral conditional grants (as in Uganda) or unconditional block grants (as in Ethiopia or Kenya), with an emerging trend towards the latter. While sectoral conditional grants enable national governments to influence (sector) targets, local governments will determine the priorities within block grants.

- There is a continuing emphasis on **demand-responsive approaches**, without which sustainability of services is suspect, as evident from past experience. In a demand-responsive approach the allocation of resources is not supply driven but responds to the demand expressed by communities and service providers. For demand-responsive approaches to work in rural water supply and sanitation there must be adequate funding of the "software" costs of community mobilization and demand promotion to ensure appropriate technology selection. Community-based providers might benefit from the use of social investment funds for this purpose, with appropriate links to local authorities.[9] In urban areas, on the other hand, demand-responsive approaches imply a shift from centralized planning and the implementation of capital investments by national ministries or utilities to investments in response to demand from local authorities and local utilities. In such circumstances it is important to develop truly demand-responsive financing mechanisms (while addressing the target and equity issues in public allocations), and to ensure sustainable operation and maintenance of facilities.

- Unlike in other social sectors, there is continuing **emphasis on internal generation of resources** by service providers through user charges, operational surpluses, and mobilization of market-based resources. This suggests that the use of public resources should provide incentives for increased internal generation of resources and institutional reforms in order to ensure the autonomy of service providers, promote leveraging, and avoid crowding out community and market-based resources.[10] Failure to generate internal resources leads to poor maintenance and nonfunctioning assets. In both Ethiopia and Uganda, for example, it has been estimated that over 30 percent of rural water schemes are not functioning.

A first step in developing financing strategies is to develop a better understanding of the way the sector is being financed and to develop a countrywide and sector-wide assessment of the level and flow of financial resources. Recently initiated studies of water and sanitation resource flows by WSP–AF provide a framework for such an assessment and possible intra-regional comparisons (see box 7). This type of analysis will need to be backed by sector investment plan scenarios developed within resource envelopes defined by budget ceilings in the MTEF. The scenarios would be developed with reference to service standards, cost recovery, and subsidy policies, and the possibilities of leveraging other resources.

[9] Refer to Mehta 2003 and Vezina 2003 for further details on experience of water and sanitation component in social investment funds.

[10] Refer to WSP–AF 2003 for a discussion of the type measures that can be used to provide such incentives and Mehta and Virjee 2003 for a discussion of measures to mobilize resources through community-based finance systems.

Box 7. Countrywide and Sectorwide Assessment of Water and Sanitation Resource Flows

Previous studies have led to a better understanding of the role of sector finance in improved incorporation of water and sanitation into PRSPs. To support this, a framework for the countrywide and sectorwide assessment of the water and sanitation sector financial resource flows has been developed using the tools of institutional and financial mapping. Institutional mapping help identify the main water service providers and financial mapping traces the sources and channels of funds used. A resource flows matrix is developed for all service providers. This approach also provides parameters to carry out regional comparisons. The matrix includes (a) water service providers – national government department or utility, local government or utility, private providers or community-based providers; (b) channels of finance – national budgets, local budgets, special funds, internal generation of resources, off-budget routes (mainly through NGOs), and direct expenditure by households or communities; and (c) sources of funds – the government's own resources or HIPC debt relief, user charges, accumulated internal surplus through operations, external donors, household savings, and domestic market borrowing. An interesting parallel for this approach exists in the health sector, where a system of national health accounts has been used in several different countries over the past decade (WHO 2003).

Preliminary application of this approach has been carried out in Kenya, Ethiopia, and South Africa, and is being extended to other countries. Some preliminary findings include:

- Sector finance in most countries is dominated by public budgetary allocations, with a share of about 50 to 60 percent. However, a significant share is from local authority budgets, though there is considerable variation across countries in this regard.
- Internal generation of resources by service providers is an important source at around 20 to 30 percent in Ethiopia and Kenya. In South Africa 25 percent of total capital expenditure by municipalities is through market borrowing. Except in South Africa, internal generation does not contribute significantly to development expenditure.
- User charges are important and contribute to about 39 percent of total resource mobilization in Kenya.
- In both Kenya and Ethiopia, the share of off-budget funding — mainly by donors through NGOs — is estimated to be about 20 percent. In the case of Kenya, this is nearly 70 percent of total donor assistance. South African experience suggests that, when coordinating off-budget resources, caution is necessary to ensure that the community and NGO roles often supported through these funds are not affected adversely in the process of channeling all funds through the government.
- Water and sanitation receives a lower share of budgetary resources than other sectors such as health and education, despite the fact that a large proportion is met through user charges. The shares of water and sanitation expenditure in the GDPs of Kenya, Ethiopia, and Uganda range from 0.5 to 1 percent, as against 2 to 8 percent for health and education.

Analysis of overall sector finance and resource flows is important for strengthening the incorporation of water and sanitation into PRSPs, as it helps to develop a countrywide perspective. It also provides a base for identifying financing mechanisms for a countrywide water and sanitation sector program.

Sources: Based on WSP-AF 2003 and ongoing work on WSS resource flows at WSP–AF.

Another important aspect of water and sanitation financing within a sector program is the need to increasingly channel donor support for investments through national budgetary systems. While general budget support may not be possible in many countries due to weak budgetary and accountability systems and the need for donors to claim attribution, donors could pool resources through basket funding to support a single national program. When key donors require clearer attribution, or when different sub-sectors are at varying stages of readiness, pooling or basket funding for specific sub-sectors may be a preferred approach. The pooling of donor resources can yield several benefits (World Bank 2002). It can:

- Enable borrowers to institute a single procurement, financial management, and disbursement system, to reduce the transaction costs of parallel systems
- Enhance the government's own fiduciary system to strengthen ownership, internal capacity, and program sustainability
- Encourage harmonization of borrower and donor fiduciary systems

- Improve efficiency by avoiding unnecessary duplication of actions
- Avoid the possibility of different project rules undermining each other.

Advocacy of Water and Sanitation in Poverty Reduction Strategies

For the water and sanitation sector to be recognized as a key element of the poverty reduction strategy in a country, stakeholders must understand and continue to believe in the importance of water and sanitation for poverty reduction, and strive to improve diagnostics, sector planning and financing. The stakeholders include elected representatives (at national and local levels) who ultimately decide on these priorities, officials in the planning and finance ministries who manage this process, officials in the sector ministries who need to argue the water and sanitation case, and the donor partners who influence the process through their assistance priorities. Given the neglect of water and sanitation in PRSPs, a sustained advocacy strategy focused on improved integration in tandem with enhanced sector performance is needed. Table 6 provides an overview of the elements and the rationale for such an advocacy strategy.

Making a case for water and sanitation in poverty reduction

The first step in such an advocacy strategy is to make the case for water and sanitation in poverty reduction. Most often the benefits have been expressed in generalized statements, but they need to be adapted to local situations and, when possible, measured in terms of degree of impact to strengthen the case for water and sanitation in poverty reduction. To achieve this, two tools have often been used: first, qualitative PPAs and voices of the poor studies, which generally show water and sanitation to be a high priority for the poor; and second, rigorous economic sector work (research) assessing the links of water and sanitation to poverty outcomes.

Table 6. Elements of and Rationale for an Advocacy Strategy

Advocacy theme and target audience	Why is advocacy needed for this?	What needs to be done?
Improved poverty diagnostics and implementation for the sector Audience: sector professionals, civil society organizations	• WSS sector has very weak sector information and M&E systems with inadequate understanding of poverty impacts compared to other sectors	• Develop and disseminate global and regional good practice examples, backed by experience-sharing opportunities • Develop and test methodologies and applications
Countrywide medium-term sector programs and sector financing Audience: ministries of finance/planning, sector ministries, local governments	• Despite development of sector policy and reforms in many countries, these are not converted into monitorable and costed actions in the medium-term. The link to national planning, budgeting, and the MTEF remains difficult • Sector financing remains fragmented and efforts are needed to address sector characteristics: decentralization, demand-responsive approaches, and emphasis on internal generation of resources	
Strengthening water and sanitation in planning and budgeting Audience: political representatives at national and local level, ministries of finance, donors	• Despite the high priority accorded by the poor (PPAs and voices of the poor studies), incorporation of WSS into PRSPs and priority in the MTEF remain weak in most countries • Need to make a case for sector's own outcome for poverty reduction — *"sustainable and hygienic use of safe water and sanitation facilities"*	• Improve dissemination of findings of PPAs and voices of the poor studies • Develop and synthesize research on economic case for WSS in poverty reduction — disseminat findings • Support experience sharing among target audience

Within an advocacy strategy, the importance of political advocacy needs emphasis because the incorporation of water and sanitation in PRSP initiatives is as much a political as a technical process. It is important to develop forceful political advocacy tools and build political commitment to poverty reduction through improvements in water and sanitations services. PPAs and voices of the poor studies can be powerful tools at political level, rivaling that of quantitative analysis linking improved water and sanitation to poverty outcomes. Qualitative poverty assessments have been carried out in many countries, and a number of PRSPs have also reported the priority expressed by the poor in these.

To amplify the messages of the water and sanitation sector and build political commitment, these efforts need support from civil society and donors, and to widen the base of advocates of water and sanitation, it's necessary to build coalitions with stakeholders in other sectors, particularly health and education. However, the effective use of PPAs and voices of the poor studies requires the planning and institutional capacity to incorporate and use such findings, and an awareness of the linkage between poverty and water and sanitation among the officials in the ministries of planning and finance. This is illustrated by the Uganda experience (box 8).

Box 8. The Importance of the Voice of the Poor in Determining WSS Priority in Uganda

…a successful PRSP process relies on a combination of institutional capacity to develop and implement policy and political commitment to poverty reduction. Different levels of institutional capacity and political commitment will result in different policy outcomes…

In Uganda, the water and sanitation sector gained priority and benefited from increased funding because an opportunity was seized by the Ministry of Finance. The Uganda PPA found that safe water was a major concern of the poor. This coincided with Uganda's qualification for enhanced HIPC funding and was used by the permanent secretary as a basis for allocating one-third of HIPC funds to water and sanitation. Advocacy by civil society organizations also played an important role in influencing the Ministry of Finance in recognizing the importance of listening to the voices of the poor.

Source: Adapted from Williamson 2003.

On the other hand, given the methodological difficulties, research linking water and sanitation services to economic benefits is less common and has generally only considered time savings in project-level economic analysis. New research in water and sanitation is tending to focus more on the impact of different water and sanitation interventions on health benefits. Further research in the sector needs to focus on both qualitative and quantitative economic benefits and draw on similar research in education and health sectors. Given the high costs and capacity needs of such research, the findings need to be well synthesized and widely disseminated.

Advocacy of WSS sector's own outcome for poverty reduction

Another aspect emerging from poverty assessments that deserves more attention is the need to consider sustainable access to safe water and sanitation facilities as a direct outcome for poverty reduction, and not merely contributing to education and health-related outcomes. The poor do not always hint at the relationship between water and sanitation, health, and other poverty impacts when giving priority to water and sanitation. Instead, they focus on the fact that water and sanitation are themselves desirable goods. Reliable access to water and sanitation offers *dignity, privacy, convenience, and social status*. When provided through demand-responsive approaches and community control, access to safe water and proper disposal of excreta are no longer only outputs, but outcomes in poverty reduction. Water and sanitation interventions also influence community empowerment. From this perspective, the improvements in other poverty reduction outcomes for health, education, and income are additional benefits derived from increased access to water and sanitation.

Advocacy to sustain the priority for WSS through improved sector performance

Even when the water and sanitation sector does receive attention, advocacy is needed to retain this priority. This advocacy has to be based on good sector performance, and transparent, accessible reporting on this performance. Efforts need to focus equally on the ability to correctly assess and improve sector performance. This is possible only when the sector gradually builds up its capacity to monitor and improves its performance.

Two measures are necessary: first, there is a need to continuously improve the understanding of which water and sanitation technologies/practices work better for poverty reduction and to disseminate the lessons learnt in this area. Second, it is necessary to develop sector-monitoring systems that are able to demonstrate that expenditure on water and sanitation results in poverty reduction benefits and achieves value-for-money. For the water and sanitation monitoring and evaluation systems to provide effective advocacy messages the sector has to achieve efficiency and effectiveness in resource use.

The need for continuous and participatory advocacy, adapted to country situations

As the PRSP, planning, and budgeting are ongoing processes, advocacy work should also be continuous. The focus and content of advocacy strategy will over time need to be identified in relation to the progress made in incorporating water and sanitation into PRSPs. Advocacy strategies are required at two levels:

- At the global and regional level advocacy should focus on the broader case for water and sanitation in poverty reduction, backed by global and local sharing of good practices
- Country-level advocacy should focus on country-specific situations

In countries such as Uganda, where the sector is well integrated with the PRSP process, focus may be on performance assessment and improved M&E systems or specific sub-sectors such as sanitation, whereas in some others, where incorporation is very weak, initial focus may first be on developing a case for water and sanitation in poverty reduction and creating a greater awareness of the sector. The degree of decentralization in a country is also relevant. For example, in a country such as in Ethiopia, where the national government is committed to full decentralization with complete devolution of mandate and resources for water and sanitation, advocacy strategy will need to focus on elected representatives in local governments.

Advocacy strategies also need to ensure that civil society organizations and water and sanitation consumers, both existing and those that need to be reached, are actively engaged. This requires participatory means of engagement and formation of consumer alliances. The advocates should not be limited to professionals, but include wider civil society.

Exploring Actions by Different Stakeholders

Successful development of the three directions for the way forward identified above will require support from the sector agencies. Equally, if not more importantly, it is necessary to ensure that the finance/planning ministries and sector donors create incentives and opportunities for the sector to engage with the PRSP process. The role of civil society in this process is also very important.

Support from regional/global agencies (including WSP–AF)

Three areas of support are relevant for the way forward in improving incorporation of water and sanitation into PRSPs:

- Conducting and reviewing research and its dissemination in areas such as:
  - Literature search for making a case for water and sanitation in poverty reduction, including (a) monetary measurement of health benefits, income benefits, reduced public expenditure on health, improved effectiveness of education and health benefits; (b) water and sanitation links to economic growth; and (c) a review of PPAs and voices of the poor studies
  - Assessment of water and sanitation strategies in selected countries in terms of pro-poor or impact on the poor — which strategies work better, how can strategies be made more pro-poor?
  - Assessment of sector information and monitoring and evaluation systems, including lessons from other sectors
  - Better understanding of sector finance — decentralization, subsidies targeting, mechanisms linked to a demand-responsive approach, budget support/pooled/basket financing, and incentives for internal generation of resources.
- Supporting advocacy for water and sanitation through regional forums and country-specific strategies, and contributing to research that assesses water and sanitation impact on other poverty outcomes. Such research can assist in the development of advocacy messages for different stakeholders.
- Demand-based support for countries that are developing and implementing sector programs and financing strategies.

The role of finance and planning ministries in creating a credible PRSP process

The interest of the line ministries in the PRSP process cannot be taken for granted**.** It is important for the finance ministry to develop a credible PRSP process and to create incentives for the line ministries to participate in the PRSP process. The sector will only engage if it is in its interest to do so, making it important to ensure that the right incentives exist. An important factor for sector alignment with the PRSP is the credibility of the PRSP process and the benefits to the sector in terms of an increased and/or predictable share of the budget and possibly the HIPC or core poverty resources. It is important that the ministry of finance, as the lead agency in the PRSP process, develops clear and predictable procedures in the PRSP and linked MTEF process that both provide incentives and make the participation of line ministries essential. The efforts of the finance ministry will also need to be backed by a review of efficiency and effectiveness in the use of public resources. The decentralized nature of water and sanitation services suggests that similar processes are required at the local levels.

The role of donors and civil society in creating incentives for the WSS sector to engage in PRSPs

Donors also play an important role in providing the right incentives through donor coordination, political commitment, and credibility building. Often donors have dealt directly with sector ministries and focused on their own projects. "This direct link between donors and sector ministries establishes extra-governmental lines of funding and accountability that are sometimes stronger than the intra-governmental links. Over time, this phenomenon has weakened institutional links between central and sector ministries" (Burke 2002 in Williamson 2003). Given the donor dependency of water and sanitation in Africa, donors need to coordinate and work towards supporting a single government policy, especially when PRSPs and national budgetary process are weak. Otherwise, there may not be enough incentive for the sector to align itself with the PRSP and develop a sector-wide approach. Sector donors can also play an important role in building the credibility of the PRSP process in sector agencies by using it as the starting point for discussions with the government and the sector on water and sanitation issues (Williamson 2003).

The role of civil society is also very important in influencing governments and sector ministries to adopt a more participatory PRSP process and to improve the incorporation of water and sanitation. This requires that sector civil society associations are aware of the need and are strong enough to influence government outlook.

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Note: The word "processed" describes informally reproduced works that may not be commonly available through libraries.

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