

BANK-NETHERLANDS WATER PARTNERSHIP

WATER SUPPLY & SANITATION WINDOWS

PROGRESS REPORT

FIRST SEMESTER, 2005

JANUARY 1 - JUNE 30, 2005



Bank-Netherlands Water Partnership - *Water Supply and Sanitation Windows*

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SEMI-ANNUAL PROGRESS REPORT FIRST SEMESTER, 2005

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1. THE BANK-NETHERLANDS WATER PARTNERSHIP – WATER SUPPLY AND SANITATION WINDOWS

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

The partnership enhances performance of World Bank operations in the water supply and sanitation sector and supports a broad sector reform agenda with a strong poverty focus. BNWP activities center on providing support to solve immediate problems with actual cases, testing policy and service delivery innovations, and plugging gaps in existing knowledge in the WSS sector as a whole.

The BNWP is managed as a cohesive program based on good quality projects and activities, and is complementary to other sources of funding. BNWP projects are targeted interventions that support implementation of structural changes. A typical project fosters South-South collaboration and includes pilots in the field. All project proposals are quality-assured through peer review by reviewers chosen from within and outside the World Bank.

More details on the work done by BNWP are available at www.worldbank.org/watsan/bnwp or by writing to bnwp@worldbank.org.

2. THE SEMI-ANNUAL PROGRESS REPORT

2.1 PURPOSE

This *Semi-Annual Progress Report* outlines the progress in work of the Water Supply and Sanitation Windows of the Bank-Netherlands Water Partnership during the first semester of 2005 (January 1 – June 30, 2005). The purpose of the Semi-Annual Progress Report is to:

- report outputs and activities of the various BNWP projects and activities
- report disbursements that allows comparison with outputs
- facilitate identification of links and common interests between various projects of BNWP
- Increase transparency of BNWP operations.

2.2 STRUCTURE OF THE SEMI-ANNUAL PROGRESS REPORT

The Semi-Annual Progress Report is organized with a *main text* with an *annex* giving the detailed progress reports for each project and activity.

3. KEY DEVELOPMENTS IN THE SEMESTER

In the January-June 2005 period, ongoing BNWP projects and activities remained at cruising speed. Two of the four recently approved projects (BNWP Project #089, BNWP Project #090) moved rapidly into implementation, while the remaining two (BNWP Project #088, BNWP Project #011) got off to a somewhat slower start due to extensive procurement activities. At the end of the reporting period, however, the two projects were picking up implementation speed. Two BNWP flagship projects and five activities closed during the period. One new project was approved. BNWP adopted a strengthened focus on sanitation in the allocation of the remaining funds.

An external evaluation of the BNWP WSS Program – commissioned by the Government of The Netherlands – was launched in May 2005. The first phase of the evaluation included a one-week visit by a three-person WSS expert team to Washington DC, where the team interviewed 23 Bank staff. The objective of the evaluation is to assess the impact and achievements of the BNWP-WSS as seen against the backdrop of the Program’s mission and objective. The assessment will be made in terms of outputs, impact, and efficiency.

The BNWP management team carried out an extensive review of the program’s project and activity portfolio at the end of the reporting period. All TMs of ongoing projects assessed outputs, disbursement, and commitments for the remainder of the program. Based on the review, project allocations were adjusted to ensure that the budget of BNWP is spent in the most effective manner by the end of the program period. Allocations for BNWP Projects #007, #011, #020, #033, and #088 were reduced by a total of US\$377,000, while budget allocations for BNWP Project #089 and #090 were increased by a total of US\$210,000. In addition seven new activities were identified for funding in consultation with task team leaders working in the WSS sector:

- Rolling Out Budget Support Guidelines for rural WSS
- Domestic PSP transaction design to benefit the poor in Paraguay
- Guidelines for establishing Water Boards in Ethiopia
- Rolling out the subsidy book
- Support to design of public utility reform in Malawi
- Extending the reach of well-functioning autonomous public water utilities: contracting Phnom Penn Water Supply Authority to operate and provide capacity building to the Water Supply Authority in Seam Reap, Cambodia
- Dissemination and learning: harvesting BNWP developed knowledge

These activities are expected to be approved in July 2005 following normal approval process, and will begin implementation in August 2005.

An overview of outputs of all BNWP projects and activities per June 2005 is attached in annex B.

3.1 NEW PROJECTS AND ACTIVITIES

One new project was started up this semester:

- Developing Public Expenditure Tracking Surveys for the Water and Sanitation Sector (#088)
- The project will seek to identify the underlying causes of the resource leakage and poor targeting of public expenditure by using methodologies borrowed from the health and education sectors, undertaking Public Expenditure Tracking Surveys (PETS) in order to develop a deeper understanding of the poor link between public expenditure and service delivery. The goal is to adapt to the water supply and sanitation sector improved tools to tracking and evaluating the allocation of resources to the sector. As such, PETS can contribute towards improved governance by allowing for the design of better informed public sector reform measures as well as WSS reform interventions.

3.2 CLOSED PROJECTS AND ACTIVITIES

The following projects and activities were finalized and closed in this semester:

- Water Supply and Sanitation Sector Reform: Building Capacity for Civil Society Engagement (#006) - The objective of the project was to facilitate creation of a constructive environment with respect to reform which would allow consumer associations and other civil society groups to advocate their interests (the poor, the environment) and contribute their skills and capacity. Project outputs included
 - Country reviews for Senegal, Zambia, Chad and Kenya, with specific proposals for consumer engagement, and multiple stakeholder dialogue carried out through stakeholder workshops and discussion of country review.
 - Regional synthesis report on models and strategies for involvement of consumer associations in reform, and analysis of the obstacles to consumer association participation, prepared and published (in French and English), and disseminated to a wide audience. The synthesis report is available in hardcopy and electronically via the BNWP website.
 - A print and web-based capacity building “kit” for use with civil society groups. The “kit” is available on the BNWP website.
 - Better understanding among Bank staff and others regarding what is required to engage with local civil society and local consumers associations in particular.
 - A better understanding on the part of Consumers International at a global and African regional level, and four local associations of what is required to comment knowledgeably on WSS sector issues and design advocacy campaigns.

- Trends in the Desalination Market in the Middle East and Central Asia (#012) - The project sought to improve the understanding of desalination within the Bank and among some of its clients in the Middle East, North Africa and Central Asia. The main project output consisted of a report providing a comprehensive overview of the key issues related to desalination. (The report is available on the BNWP website.) The study included case studies of Algeria, Cyprus, Jordan, Malta, Tunisia and Uzbekistan. Key study conclusions include:
 1. Desalination alone cannot deliver the promise of improved water supply. Making the best use of desalination is subject to wider water sector related conditions (e.g., weak water utilities, politically determined low tariffs, high water losses, poor sector policies). Desalination should remain the last resort only to be applied after having carefully considered cheaper alternatives in terms of supply and demand management.
 2. The private sector can play a useful and important role in funding and operating desalination plants, but only if the above conditions are met.
 3. Desalination technology itself has evolved substantially, making it significantly cheaper, more reliable, less energy-intensive and more environmentally friendly than it was a few decades ago.

- Good Governance to Improve Water Supply and Sanitation Services for the Poor (#053) - The activity sought to develop a methodology to assess governance regimes in urban water supply and sanitation sector. A draft tool was developed, but a planned field testing was not implemented. The output produced under the activity has fed into BNWP projects, such as BNWP #033.

- Methodology of Baseline Analysis of Water Distribution Performance (#062) - The aim of the activity was to produce a framework to help project officers and regulatory agencies to develop appropriate and cost-effective approaches for monitoring and regulating water utility performance. The activity undertook an analysis of regulator requirements and distilled a set of recommended primary and secondary performance indicators for use by both public and private utilities. The report and indicators were presented at a workshop and subsequently revised based on comments received. The revised recommendations can be used to both increase the efficiency of performance reporting and to increase accountability and transparency of utility monitoring, management and regulation.

- Sanitation Sector Study for Indonesia (#066) - The activity developed a Background Document for Urban Sanitation Strategy. The study initiated a dialog and understanding on the importance of the sanitation agenda and became a base for the further sanitation-related activities to be supported by the WB-Netherlands Indonesia Water and Sanitation Program.

- Development of a Tool for Regulatory Oversight of Water Utilities: A Cash Flow Equilibrium Model (#071) – The activity sought to develop a dynamic financial model that can be utilized more generically and serve as an analytical tool for policy makers as well as professionals. An interactive model and a user manual were developed and have been made available on the BNWP website. The outputs have been used as a training tool for policy discussions on cost recovery in a course on water pricing.
- Franchising in Water Supply and Sanitation -- Phase 2: Large Urban Settlements (#085) – The activity sought to develop the franchising concept to large urban settlements (including fee structures, franchising packages, and contracts) and gauge the potential of and further develop the franchising model in Nigeria. Outputs from this activity included country and international franchising workshops and a set of draft contractual documents. The results were presented at an OECD-World Bank conference. The workshop reports and presentations have been published on the BNWP website.

3.3 EVENTS

During the period, the BNWP furthermore sponsored or provided input to the following events:

- During Water Week 2005 (March 1-3, 2005, Washington DC), BNWP projects and activities provided input to 6 sessions. The sessions were well attended (50-120 participants) and highly interactive. The sessions included:
 - Balancing Investments and Policies to Reach the MDGs in Urban Water Supply and Sanitation (BNWP Project #033)
 - Cracking Down on Filth: Hygiene Promotion and Sanitation (BNWP Project #008, BNWP Project #089)
 - Water Operators Roundtable: Bringing the Results from Paris Workshop (BNWP Activity #083)
 - Rural Water Supply and Sanitation through Poverty Reduction Strategy Credits (BNWP Activity #086)
 - The Poor 2: Targeting Subsidies and Output Based Aid to the Poor (BNPW Activity #055)
 - Micro-Villages or Mini-Cities: Town Water Supply and Sanitation (BNWP Project #043)
- The Global PPPHW (BNWP #008) hosted a Handwashing Global Learning Workshop, March 7th– 8th, 2005 in Washington, D.C. The workshop had over 35 participants representing the soap industry, academia, development organizations, and PPPHW country programs. The workshop report and presentations are available on the Global PPPHW's website at www.globalhandwashing.org.
- A Sanitation Workshop was organized in Makassar, Indonesia (April 28-29, 2005) under BNWP Project #089 *Scaling Up Bank Action in Sanitation and Hygiene for the Poor*. The workshop sought to promote dialogue and to build understanding among Indonesian stakeholders on the importance of sanitation, and to exchange and disseminate good

practices from experiences in Indonesia, neighboring countries and globally. The Workshop was carried out in conjunction with the preparation of the sanitation component of the proposed World Bank financed UWSIEP (Urban Water and Sanitation Improvement and Expansion Project).

- BNWP Project #011 *Improving Policy and Business Environments for Small-Scale Private Service Providers - Water Supply* provided input to the WSP-organized conference marking the launch of the DfID-funded Domestic Private Sector Participation Initiative, June 20 – 22, 2005, in Nairobi, Kenya. The Initiative seeks to promote the development of domestic private sector, including small and medium enterprises.
- Two BBLs were held to disseminate results of BNWP projects and activities to WB staff:
 - Preliminary results from the evaluation of the first phase of the BNWP #008 flagship Ghana National Handwashing Program were presented at a World Bank BBL, January 18, 2005.
 - The approach, history, and results of the Global Public-Private Partnership for Handwashing with Soap were presented to an audience of health sector staff at a World Bank BBL on March 3, 2005 (BNWP Project #008).

3.4 PUBLICATIONS

Publications from projects and activities included:

- The Handwashing Handbook: A Guide for Developing a Hygiene Promotion Program to Increase Handwashing with Soap was published as an output under BNWP Project #008 *Public Private Partnership to Promote Handwashing with Soap*. The Handbook outlines a large-scale approach to handwashing promotion and covers laying the foundation for a national program, consumer research, program implementation, and organization. The publication is available in hardcopy and via BNWP's website.
- The report Financing Water Supply and Sanitation Investments: Utilizing Risk Mitigation Instruments to Bridge the Financing Gap was published as part of the World Bank's Water Supply and Sanitation Sector Board Discussion Paper Series. The report was an output from BNWP Activity #080 *Comparative Review of Risk Mitigation Instruments and Design of a Framework for Financing Pro-Poor Water Investments and Sub-Sovereign Governments*. The publication is available in hardcopy and via BNWP's website.
- The full report and executive summary Pro-Poor Subsidies for Water Connections in West Africa: a Preliminary Study were published as part of the Water Supply and Sanitation Working Notes series. The report and executive summary were outputs produced under BNWP Activity #050 *Evaluation of Pro-Poor Subsidies for Urban Water Services in West-Africa*. The publications are available in print copy and via BNWP's website.
- The report Models of Aggregation for Water and Sanitation Provision was published as part of the Water Supply and Sanitation Working Notes series. The report is an output produced

under BNWP Activity #043 *Towns WSS Initiative*. The publication is available in print copy and via BNWP's website.

- The E-Conference Report on Town Water Supply and Sanitation and annex were published as an output under BNWP Project #043 *Towns WSS Initiative*. The report summarizes contributions made to the e-conference on Town WSS held November 22 – December 17, 2004. It is available in electronic copy via BNWP's website.

3.5 IMPACT ON WORLD BANK OPERATIONS

During the reporting period, BNWP-funded work continued to positively impact World Bank operations both in terms of broad sector approaches and in terms of specific support to client countries. This section highlights a number of recent specific and broader impacts of BNWP activities and projects on World Bank operations. A detailed overview of impact to date is provided in Annex C.

- The Business Planning Toolkit developed under BNWP Project #043 *Towns WSS Initiative* represents a fundamental shift from traditional capital intensive approaches to project design towards incremental improvements in service provision. The Toolkit was already being used and field tested in the sub-sector in Tanzania, Ethiopia, and India.
- BNWP-funded seed activities on public-private partnerships to promote handwashing with soap (BNWP #008) have been mainstreamed in WBG operations in Ghana, Madagascar, Columbia, and Senegal and are being adopted in Bank operations in Vietnam and Benin. The projects will scale up improvements in hygiene practices in these countries and are expected to result in positive health gains, in particular for poor women and children.
- BNWP Activity #092 *Toolkit for Rural Water and Sanitation Application in Multi-Sector Teams* (#092) has provided targeted support to multi-sector projects in Ethiopia, Yemen, and the Philippines, strengthening the design of the rural water supply and sanitation components of these projects.

4. OVERVIEW OF PRESENT PORTFOLIO

As of June 30, 2005, the total value of the portfolio of projects and activities was USD 7.3 million¹. This budget includes projects and activities that are approved by (the chair of) the Sector Board. The total value of the portfolio in this semester was slightly lower than in the previous semester (USD7.5 million). However, after the reallocation made at the end of the semester (see paragraph 2), the full program budget of USD8.4 million was committed to approved or planned projects and activities.

¹ This number does not reflect the recent reallocations in the BNWP portfolio.

The planned and actual disbursement per semester is presented in Figure 1. A lag typically exist between project/activity finalization and final disbursements. Given this lag, disbursements are expected to continue at a high level into early 2006, as seen in Figure 1.

The approved budget of USD 7.5 million leverages co-financing of USD 6.2 million from other funding sources.

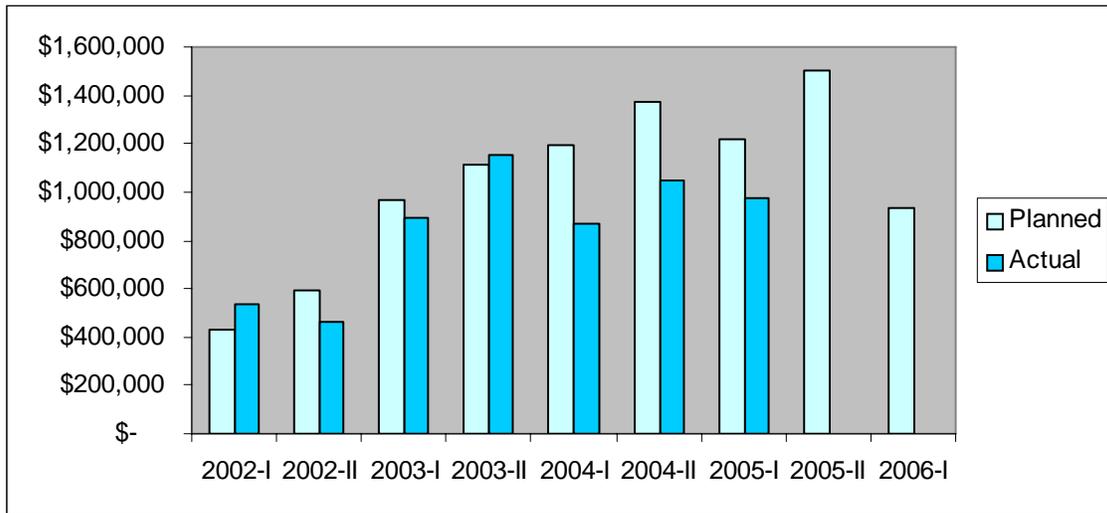


Figure 1: Planned and actual disbursement per semester.

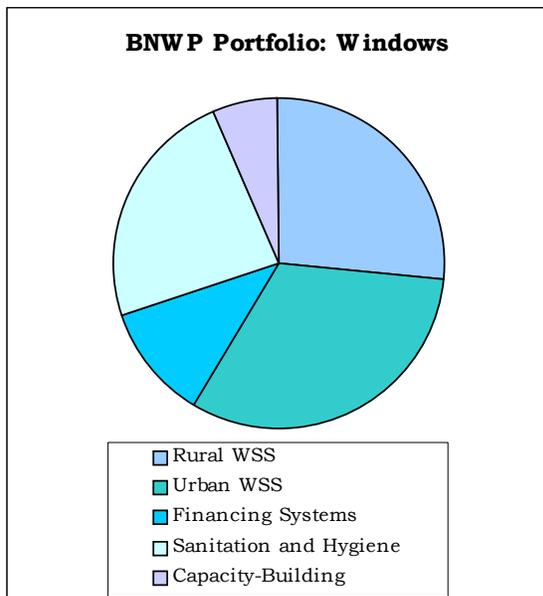


Figure 2: Breakdown of portfolio per window

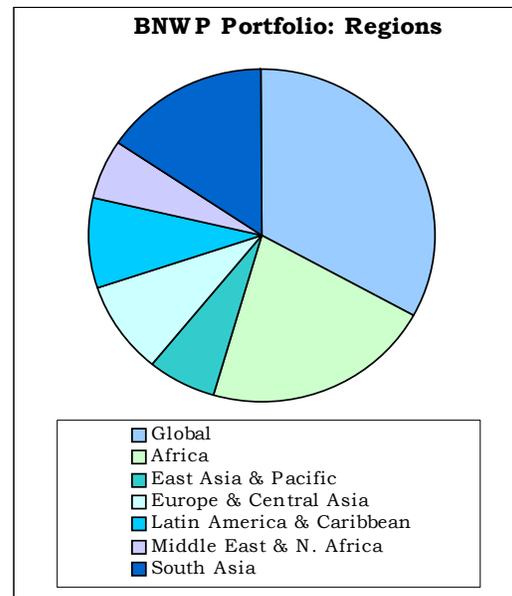


Figure 3: Breakdown of portfolio per region

The focus of the present portfolio is summarized in figures 2 and 3 (above). The majority of the portfolio is global or located in Africa or South Asia. This is in line with the needs for the

Millennium Development Goals. BNWP-WSS sponsored initiatives are predominantly located within the rural WSS, urban WSS, and sanitation and hygiene windows.

5. FINANCIAL AND PROGRESS REPORT

Table 1 gives a specification of accumulated progress as well as disbursement per window.

Total disbursements for the period January 1 – June 30, 2005, reached USD974,311. This constitutes 80% of the planned budget for the first semester of 2005. Lower than anticipated disbursements were found primarily in the *WSS in Rural Areas and Small Towns* and *Development of Sustainable Financing Systems* windows. The disbursement lag under the *WSS in Rural Areas and Small Towns* window was attributable a disbursement lags experienced by BNWP #043 *Towns WSS Initiative* and BNWP #007 *Follow-Up Support to Communities after Construction of RWSS Facilities*; a lag that is expected to be eliminated during the coming reporting period. The disbursement delay seen in the *Development of Sustainable Financing Systems* window was attributable to a slower than anticipated start-up of BNWP #088 *Developing Public Expenditure Tracking Surveys for the Water and Sanitation Sector*.

The outputs achieved in the first semester of 2005 amount to 84% of the targets set for the semester. This number represents a weighted average of the individual project achievements, as specified in the annex. While four of five windows are performing as anticipated, performance for the *WSS in Rural Areas and Small Towns* window corresponded to 68% the semester target.

Window	Performance* (% of target)	Semi-Annual Budget (USD)	Disbursements	
			USD	% of budget
WSS in rural areas and small towns	68%	424,800	278,332	66%
Reform of urban WSS	88%	232,500	198,164	85%
Dev. of sustainable financing systems	100%	70,000	45,587	65%
Sanitation and Hygiene Promotion	97%	361,500	335,458	93%
Capacity-building	82%	46,200	38,455	71%
Program coordination	N/A	85,000	83,915	99%
Grand Total	84%	1,220,000	974,311	80%

Table 1: Progress and disbursements per window.

* This number represents a weighted average of the individual project achievements, as specified in the annex.

6. PLANS FOR THE NEXT SIX MONTHS

Over the coming reporting period, the BNWP WSS program focus will center on implementation and targeted actions to ensure full disbursement of program funds by December 2005, when the current program comes to an end. Throughout the reporting period, implementation and disbursements on all ongoing project and activities will be closely monitored. The coming semester will, additionally, see an enhanced focus on dissemination and capacity-building. All projects and activities will be closed by December 2005. Finally, the results of the BNWP WSS evaluation are expected in August 2005.

ANNEX A: OVERVIEW PER PROJECT OR ACTIVITY

#	Title	Short description	Approved budget ² (USD)	Windows	Current status	Project period	Semi-Annual performance ³
005	Pro-poor transaction design; Upstream work for private sector participation and reform	Ensuring that urban water sector reforms involving the private sector are more effective at increasing access and service quality for poor consumers	769,000	Urban WSS	Operational	Nov 02 – Dec 05	98%
006	PPP in urban WSS: building capacity for civil society engagement	Addressing the role of civil society in public private partnership transactions and build capacity of key civil society groups, and policy makers to engage positively in the reform process	153,063	Urban WSS Capacity building	Closed	Nov 02 – Nov 04	100%
007	Follow up support to communities after construction of rural WSS facilities	Identifying the types of follow-up support to communities after the construction of rural water and sanitation Facilities that are needed to enable sustainability	560,000	Rural WSS	Operational	Nov 02 – Dec 05	63%
008	Public private partnership to promote handwashing with soap	Promoting partnership between the soap industry, public agencies and NGOs to provide soap and promote handwashing with soap to decrease diarrhoeal diseases	850,000	Hygiene & sanitation	Operational	Jun 02 – Sep 05	100%
011	Improving Policy and Business Environments for Small-Scale Private Service Providers - Water Supply	Enhancing the global understanding of small scale providers, their importance in the water supply and sanitation sector, and the impact of the policy and business environments within which they operate.	332,000	Rural WSS Urban WSS	Operational	Dec 04 – Dec 05	75%
012	Trends in the Desalination Market in the Middle East and Central Asia	Improving the understanding among Bank staff and clients in the Middle East and Central Asia of recent developments in the desalination industry	430,444	Urban WSS	Closed	Jun 02 – Dec 04	100%
015	Consultation workshop with African water operators in Dakar	Organizing a three day high-level seminar of African water policy decision makers to develop a roadmap on how to improve capacity of water ministries in implementing sector reform	40,567	Urban WSS	Closed	Feb 02- Jun 02	N/A
020	State of the art hygiene and sanitation promotion component design of large scale RWSS programs	Supporting the implementation of effective instruments for improving hygiene and sanitation behaviors in rural communities in the context of large-scale rural water supply and sanitation projects	414,000	Rural WSS Hygiene & Sanitation	Operational	Jun 02 – Nov 05	91%
021	Addis Ababa International Conference “Water Supply and Sanitation Services in Small Towns and Multi-Village Schemes”	Organizing a conference to take stock of the lessons learned on water supply and sanitation in small towns and to launch the new BWNPP small town initiative	20,195	Rural WSS Urban WSS	Closed	Apr 02 – Jan 03	N/A
026	Scaling up sustainable rural water supply services	Characterizing the necessary supporting environment for successful scaling up of sustainable rural water supply services, such as demand response approaches	43,962	Rural WSS	Closed	Feb 02 –Jan 03	N/A

² Approved budget = initial approved and adjusted budget.

³ Semi-annual performance = Progress achieved on key activity/project outputs expressed as a percentage of planned progress on these outputs. (Indicator as developed for project management under GWP).

#	Title	Short description	Approved budget (USD)	Windows	Current status	Project period	Semi-Annual performance
033	Modes of engagement with public sector WSS in developing countries	Developing better performing public sector water utilities in developing countries.- identifying, categorizing and analyzing various international models for public sector water service provision	464,000	Urban WSS Capacity building	Operational	Jun 02 – Dec 05	84%
042	Toolkit for Rural Water and Sanitation Components in Multi-Sector Projects	Providing task teams with guidelines and tools for designing, implementing, and monitoring & evaluating RWS components in multi-sectoral projects	46,842	Rural WSS	Closed	Mar 02 – Sep 02	N/A
043	Town Water Supply and Sanitation Initiative	Building appropriate models for service provision for town water supplies, by identifying, assessing and market testing professional support options for town water supply, and by investigating ways to aggregate towns	1,030,000	Rural WSS Urban WSS	Operational	Jun 02 – Dec 05	67%
050	Evaluation of Pro-Poor Subsidies for Urban Water Services in West-Africa	Assessing the effectiveness of the subsidy schemes used in Senegal and Ivory Coast in providing piped water supply to the poor	51,040	Financing systems	Closed	May 02 – Sep 04	N/A
051	Developing a Flowchart for Renegotiations: Assistance to Argentina's Concession Contract Renegotiations Commission	Providing support to the Argentina's Renegotiations Commission in defining the renegotiation process, and renegotiation policies and strategy, and developing a flowchart on renegotiation that can be applied in other countries	50,000	Financing systems Urban WSS	Operational	May 02 – Sep 05	95%
052	Franchising in Water Supply and Sanitation	Investigating the potential of franchising as a means of providing water and sanitation services in small and medium sized towns and in marginal urban areas	54,776	Rural WSS Urban WSS	Closed	Jun 02 – Aug 04	N/A
053	Good Governance to Improve Water Supply and Sanitation Services for the Poor	Developing a methodology to assess governance regimes in urban water supply and sanitation sector	18,326	Urban WSS	Closed	Mar 03 – Jun 05	100%
054	Development of an African Sanitation and Hygiene Strategy (phase I)	Assessing the state of sanitation and hygiene in Africa, sharing experiences and lessons learned by people and organizations working in this field, and raising the profile of sanitation and hygiene in Africa	44,145	Hygiene & Sanitation	Closed	Jun 02 – Aug 03	N/A
055	Distributional Impact of Utilities Subsidies	Editing and publication of a book synthesizing recent empirical research on the distributional impact of utilities subsidies.	50,000	Financing systems	Operational	Apr 03 – Oct 05	100%
057	Market Development for Private Water Utility Management in the ECA Region	Assessing the possibilities of how to increase the number of players in the market, risks for the private sector and consumers	50,000	Urban WSS	Operational	Mar 30 – Oct 05	96%
059	Updating the toolkit for Public Private Partnership in the water supply and sanitation sector	Updating the toolkit for PPP in the water sector to include new development and increase focus on "pro-poor" design issues, small scale providers, and the use of output-based aid.	50,000	Urban WSS	Operational	Mar 03 – Sep 05	100%

#	Title	Short description	Approved budget (USD)	Windows	Current status	Project period	Semi-Annual performance
060	Improving efficiency and competition of WSS provision in medium and small municipalities in Brazil	Disseminating and tailoring the PSP Toolkit to the legal, regulatory and social situation of W&S at municipal level in Brazil	24,785	Urban WSS	Closed	May 02 – Aug 04	N/A
061	Assessing Resource Flows for Water Supply and Sanitation within a PRSP Framework	Developing a framework to assess the flow of resources for WSS and their link to sector reforms. The framework will be developed in Ethiopia and generalized for use elsewhere.	48,449	Financing systems	Closed	Sep 02 – May 04	N/A
062	Methodology of Baseline Analysis of Water Distribution Performance	Producing a flexible framework to help project officers and regulatory agencies to develop appropriate and cost-effective baselines for water utility performance	49,642	Financing systems	Closed	Sep02 –Feb 05	100%
064	Does Community Involvement Improve Performance of Water Supply Projects? Evidence from the Philippines	Looking into the household decisions to connect to the piped water system and an evaluating of the effectiveness of community/ user involvement in the design of water supply initiatives in the Philippines	50,000	Capacity building	Operational	Sep02 – Oct 05	100%
066	Sanitation Sector Study for Indonesia	Developing an action plan for sanitation in Indonesia, including assessment of existing situation and evaluation of existing incentives	50,842	Hygiene & Sanitation	Closed	Nov 02 – Jun 05	100%
071	Development of a Tool for Regulatory Oversight of Water Utilities: A Cash Flow Equilibrium Model (CFEM)	Developing a more generic dynamic financial model that can be utilized more generically and can serve as an important analytical tool for policy makers as well as professionals.	25,000	Financing systems	Closed	Sep 02 – Mar 05	100%
074	Improving Policy and Business Environments for Small Scale Providers of Water Supply and Sanitation Services	Enhancing the global understanding of SSPs, their importance in the water supply and sanitation sector, and the impact of the policy and business environments in which they operate	50,000	Urban WSS Financing systems	Operational	Dec 02 – Sep 05	100%
077	Potential for Domestic Private Sector Participation in Water Supply Service Delivery in the Europe and Central Asia Region	Exploring innovative methods for increasing private management of water supply and sanitation utilities that may open the domestic market for local players	50,000	Rural WSS Urban WSS Financing systems	Operational	Jun 03 – Oct 05	90%
078	Pro-Poor Design of Water and Sanitation Private Sector Participation Transaction in Mauritius	Assessing the social dimensions of the WSS services in Mauritius in order to address the specific needs of the poor in the design of a PSP option.	46,000	Urban WSS	Operational	Sep 03 – July 05	100%
080	Comparative Review of Risk Mitigation Instruments and Design of a Framework for Financing Pro-Poor Water Investments and Sub-Sovereign Governments	Enhancing water supply and sanitation service delivery by strengthening the use of risk mitigation instruments and facilitating lending to municipal governments.	50,000	Financing systems	Operational	Jun 03 – July 05	100%

#	Title	Short description	Approved budget (USD)	Windows	Current status	Project period	Semi-Annual performance
081	Consumer Cooperatives: An Alternative Institutional Model for Delivery of Urban Water Supply and Sanitation Services?	Identifying and assessing consumer cooperatives in various sectors, with particular emphasis on the Bolivian experience in the WSS sector.	34,200	Urban WSS	Operational	Jul 03 – Aug 05	100%
083	Public Reporting by Water Supply and Sanitation Utilities on Consumer-Oriented Issues	Reviewing existing experience in, and developing a framework for, consumer-oriented performance reporting for the water sector.	50,000	Urban WSS	Operational	Oct 03 – July 05	100%
084	Study Tour from Lima Water Utility (SEDAPAL) to Brazil on Peri-Urban Condominal Water and Sewerage Systems	South-south knowledge exchange to facilitate sector reform and improve access to WSS services among the poor in Peru.	46,000	Capacity-Building	Operational	Oct 03 – July 05	100%
085	Franchising in Water Supply and Sanitation -- Phase 2: Large Urban Settlements	Investigating the potential of franchising as a means of providing water and sanitation services in large urban settlements, using Lagos, Nigeria as an illustration.	45,537	Urban WSS Capacity-Building	Closed	Oct 03 – June 05	100%
086	Guidelines for designing RWSS programs in the context of PRSCs	Identifying supporting resources for the rural water supply and sanitation component in SWaps and in PRSCs and other budget support mechanisms	72,000	Rural WSS Financing systems	Operational	Aug 04 – Dec 05	132%
088	Developing Public Expenditure Tracking Surveys for the Water and Sanitation Sector	Adapting PET surveys to the WSS sector to develop a deeper understanding of the poor link between public expenditure and service delivery.	215,000	Financing systems	Operational	Jan 05 – Dec 05	50%
089	Scaling Up Bank Action in Sanitation and Hygiene for the Poor	Supporting operational staff in expanding and improving the quality of hygiene and sanitation services.	490,000	Hygiene & Sanitation	Operational	Dec 04 – Dec 05	96%
090	WSS Regulation	Assessing alternative regulatory "rules" and processes governing provision of WSS services.	175,000	Urban WSS	Operational	Dec 04 – Dec 05	89%
092	RWSS Toolkit Application in Multi-Sector Teams	Providing targeted support to pipeline and ongoing multi-sector projects with water and sanitation components through the application of the toolkit in tandem with specialized assistance.	50,000	Rural WSS Hygiene & Sanitation	Operational	Nov 04 – Nov 05	100%

ANNEX B: OUTPUTS OF BNWP PER JUNE 2005

Project/Activity	TA	notes on TA	Reports	notes on reports	Capacity-building	notes on capacity building
005 Pro-poor transaction design	√	Peru, Honduras, Sri Lanka				BBL
006 Building consumer capacity in WSS	√	Zambia, Senegal, Kenya, Chad	√	final; published	√	country and global workshop; Wweek session 13 in 2004
007 Post-construction sustainability			√	interim; published*	√	wweek sessions 25 in 2004: BBL; used in WBI events (Barcelona)
008 PPP for Handwashing	√	Madagascar, Tanzania, Senegal, Ghana, Peru, Colombia	√	final; published	√	multiple internal and external workshops at country, regional and global level and multiple inputs to events organized by others (WSSCC, Joburg, Kyoto); BBLs and clinics. Wweek session 23 in 2004
011 SPSPs					√	internal workshops with regional staff
012 Desalination market			√	final; published*	√	inputs to events organized by others (European Desal Society), week session 17 in 2004
015 decision makers workshop			√	final; published	√	Africa wide workshop; used in WBI events (Cape Town, Senegal)
020 State-of-the-Art Hygiene and Sanitation	√	Ethiopia, Uzbekistan, Sri Lanka				
021 Towns conference			√	final; published	√	global workshop
026 Scaling up sustainable RWSS			√	final; published	√	wweek session 5 in 2003, inputs to events organized by others (Stockholm)
033 Public modes of engagement			√	interim; published*	√	international workshop (London, Aug 04); wweek sessions in 2003 and 2005, several BBLs/clinics, presented in Stockholm; used in WBI events (Cape Town, Senegal, Iran, Mexico)
042 RWSS Toolkit for Multisector			√	final; published	√	wweek session 19 in 2003; inputs to events organized by others (WSP); BBLs
043 Towns WSS Initiative	√	Tanzania, Ethiopia, India	√	interim; published*	√	Wweek sessions in 2003 and 2005, E-conference fall 2004; several BBLs and clinics
050 Evaluation of pro-poor subsidies	√	Senegal, Cote d'Ivoire	√	final; published*	√	two internal events (BBL/clinic)
051 Flowchart for renegotiations	√	Argentina	√	final, unpublished		
052 Franchising in WSS			√	final; published	√	wweek session 22 in 2003; inputs to events organized by others (IPWA); BBL
053 Good governance to improve WSS			√	final, unpublished	√	inputs to events organized by others (Un-Habitat, SIE, Joburg)
054 Africasan			√	final; published*	√	Africa wide workshop, results presented in Joburg
055 Distributional Impact of Subsidies			√	final, published**	√	wweek session 22 in 2005; presented in other Bank clinics

057 Market development in ECA			√	<i>final, unpublished***</i>	√	<i>international workshop (DC, 2004), presented in events organized by others (OECD, Moscow, Oct 04); BBL</i>
059 PSP Toolkit			√	<i>final, published**</i>	√	<i>2x half day international workshop (DC, Mar 03, Paris, Nov 04), two other internal events (BBL)</i>
060 Improving WSS in Brazil	√	<i>Brazil</i>	√	<i>final; published* (translation)</i>	√	<i>country workshop</i>
061 Resource flows to WSS sector	√	<i>Ethiopia</i>		<i>final, published**</i>	√	<i>country workshop; BBL</i>
062 Baseline analysis of water distr.			√	<i>final, unpublished</i>	√	<i>BBL</i>
064 Community involvement in WSS	√	<i>Philippines</i>				
066 Indonesia sanitation sector study	√	<i>Indonesia</i>	√	<i>final, unpublished</i>		
071 CFEM Model			√	<i>final; published*</i>		
074 Small scale providers			√	<i>final, unpublished***</i>	√	<i>wweek session 19 in 2004, presented in event organized by others (WSP, June 05); BBL</i>
077 Domestic market development in ECA					√	<i>presented in events organized by others (OECD, Moscow, Oct 04); BBL</i>
078 Pro-poor transaction Mauritius	√	<i>Mauritius</i>	√	<i>final, unpublished</i>		
080 Sub-sovereign lending			√	<i>final; published</i>	√	<i>workshop with RDBs (DC, Oct 03), Wweek session 22 in 2004; used in WBI events (Mexico)</i>
081 Consumer cooperatives			√	<i>final, published**</i>	√	<i>BBL</i>
083 Public reporting by WSS utilities			√	<i>final, unpublished</i>	√	<i>ORT workshop (Paris, Nov 04), wweek session 6 in 2005; internal clinic</i>
084 Lima water utility study tour	√	<i>Peru</i>	√	<i>final, published**</i>	√	<i>study tour</i>
085 WSS Franchising - phase 2	√	<i>Nigeria</i>		<i>final, published*</i>	√	<i>country workshop in Lagos (Dec 03), half day int workshop (Paris, Dec 03), presented in events organized by others (OECD, Moscow, Oct 04)</i>
086 PRSC Guidelines for RWSS			√	<i>final, published**</i>	√	<i>wweek session 18 in 2005, video module under production; BBL</i>
088 Public expenditure review in WSS						
089 Scaling up sanitation and hygiene	√	<i>Tanzania, Ethiopia, Nigeria, Rwanda, Benin, Vietnam, Indonesia, Venezuela, Ecuador, Bangladesh, Afghanistan, Pakistan</i>			√	<i>wweek session 2 in 2005; several BBLs etc; used in WBI events (Iran)</i>
090 WSS regulation					√	<i>BBL</i>
092 RWSS Toolkit application	√	<i>Ethiopia, Yemen, Philippines</i>				

* Report has been web-published

** Report ready and undergoing editing and formatting for publication.

*** report ready, presently under peer review to decide on publication

ANNEX C: IMPACTS OF BNWP PER JUNE 2005

Policy Level Impact

- Lessons learned from BNWP's project on *Modes of Public Engagement in WSS* (BNWP #033) inform approaches to operating across the entire spectrum of public and private. These new approaches have been documented in *Operational Guidance Note for World Bank Group Staff -- Public and Private Sector Roles in Water Supply and Sanitation*, which was published in April 2004. At the same time the update of the Toolkit for Public Private Partnership in the water supply and sanitation sector (BNWP #059) will help to operationalize new approaches at the private end of the spectrum, with a specific focus on interventions to benefit the poor.
- The activity on the *Distributional Impact of Utilities Subsidies* (BNWP #055) is supporting the implementation of the new WBG approach to cost recovery. The new WBG approach maintains cost recovery as a goal, while allowing for greater flexibility in determining the period of time over which to obtain this goal. The results of the state-of-the-art synthesis of recent empirical research on the distributional impact of utilities subsidies are expected inform design and sequencing of subsidy schemes.
- The BNWP-sponsored *Comparative Review of Risk Mitigation Instruments and Design of a Framework for Financing Pro-Poor Water Investments and Sub-Sovereign Governments* (#080) has been a major force behind the recent increase in the WBG's direct financing to sub-sovereign entities, including the business development by the recently established Bank/IFC Municipal Fund and innovative approaches to support sub-sovereign entities in many new WSS projects, such as those in Colombia and the Philippines.
- The BNWP project *Scaling Up Bank Action in Sanitation and Hygiene for the Poor* (#089) is instrumental in the World Bank's concerted effort to increase the quantity and improve the impact of Bank-funded investments in sanitation and hygiene. A dedicated team has been set up to provide rapid response and assistance to prepare sanitation projects or components worldwide.

Enhancing the World Bank Lending Portfolio

- The BNWP-sponsored *Toolkit for Rural Water and Sanitation Components in Multi-Sector Projects* (#042) enhances the quality and timeliness of multi-sectoral operations, including urban and rural development and environmental projects, accounting for approximately 50 percent of Bank lending in the WSS sector. Examples:
 - Philippines : Rural WSS component in Mondonoa strengthened through increased capacity of local government officials
 - Yemen : Three projects with rural WSS components aligned through national strategy
 - Ethiopia : quality and sustainability RWSS component in social fund improved
 - 10 more countries: work ongoing/emerging

- The recent Water Supply and Sanitation Project in Ethiopia, approved in May 2004, adopts innovative approaches developed under the BNWP *Towns WSS Initiative* (BNWP #043) and a BNWP activity to assess resource flows for WSS within a PRSP framework (BNWP #061). The Ethiopia project scales up approaches developed in BNWP to (i) improve institutional arrangements and capacity for planning, implementation, and management of WSS services in a decentralized environment and (ii) increase WSS coverage with improved efficiency, quality, and sustainability of services in urban and rural communities.
- The *Study Tour from Lima Water Utility to Brazil on Peri-Urban Condominal Water and Sewerage Systems* (#084) enhanced the Lima Water Project. The project will provide first time water and sanitation service to 130,000 poor people in peri-urban neighborhoods. The BNWP activity informed the choice of use of innovative technologies to minimize cost by showing real life examples of working condominal systems.
- In Sri Lanka, BNWP Project #005 *Pro-Poor Transaction Design* sponsored workshops with civil society organizations (CSOs) to discuss steps for introducing private participation in Sri Lanka's management of water supply and sanitation systems. The Sri Lankan Government included CSOs as partners in consultation during the formative steps of their private participation arrangements. Planning meetings with CSOs served to provide guidance for future inclusion of CSOs in the formation of the private participation arrangements. Building on initial conclusions of BNWP Project #005, the *Pro-Poor Design of Water and Sanitation Private Sector Participation Transaction* (#078) contributed to making the design of the PSP transaction for sewerage in Mauritius more pro-poor.
- BNWP-funded seed activities on public-private partnerships to promote handwashing with soap (BNWP #008) have been mainstreamed in WBG operations in Ghana, Madagascar, Columbia, and Senegal and are being adopted in Bank operations in Vietnam and Benin. The projects will scale up improvements in hygiene practices in these countries and are expected to result in positive health gains, in particular for poor women and children. Examples:
 - Ghana: full-scale Handwashing (HW) campaign implemented; currently in evaluation phase (\$1 million leveraged via Ghana Community Water II project)
 - Madagascar: Handwashing integrated into PRSC, full-scale HW initiative under development
 - Senegal: national scale HW campaign developed (\$845K leveraged to date)
 - Peru: national scale HW campaign developed (\$850K leveraged to date)
 - Columbia: HW program included in Project Appraisal Document for upcoming Environmental Technical Assistance loan.
 - Benin: government expressed interest, first stage of HW initiative under development
 - Vietnam: HW program to be included in PAD for upcoming Coastal Cities Environmental Sanitation project
- BNWP Project #089 *Scaling-Up Bank Action in Sanitation and Hygiene for the Poor* has provided expert input to ongoing and pipeline projects with WSS components, resulting in improved project design and implementation and generating enhanced interest in

and buy-in for sanitation at senior policy levels. Specific inputs and anticipated outcomes include:

- Tanzania: technical input is enhancing quality in implementation of the sanitation project component.
 - Pakistan: strengthened urban poor sanitation project component through identification of sanitation sub-projects and opportunities for enhancement of technical capacity to develop and implement appropriate and innovative sanitation solutions.
 - Nigeria: technical assistance to Lagos Water Corporation in the development of a long-term strategy and action plan for urban wastewater management, sanitation, and hygiene.
 - Ecuador: technical input for the preparation of the upcoming Second Rural and Small Towns WSS Project anticipated to lead to a strengthened sanitation component.
 - Ethiopia: improved and strengthened quality of the WSS Project's sanitation component through the development of strategic guidelines and training and orientation workshop materials.
 - Indonesia: technical and workshop input has generated increased demand for urban sanitation at senior policy levels.
 - Venezuela: development of guidelines, provision of training, and quality assurance to enhance quality and sustainability in of sanitation component of project under preparation.
- The guidelines developed under BNWP #086 *Guidelines for designing RWSS programs in the context of PRSCs* will be rolled out in the context of operations during fiscal year 2006 to facilitate the growth of RWSS budget support. Several of the Bank's clients are requesting a move to programmatic approaches in order to address Poverty Reduction Strategies and MDGs. Budget support, such as PRSCs, is the Bank's operational instruments for addressing this growing demand. The RWSS Budget support guidelines were requested by the Bank's Africa region to provide 1) guidance to sector operational staff and their clients to engage with budgetary support in their countries of operation and 2) resources for macro-economists leading budget support operations and their clients in finance and planning in identifying appropriate approaches to water supply and sanitation. The guidelines have been well received by operational colleagues in all regions through several reviews and were tested on the ground.

Creating Partnerships and Enhanced Cooperation (Internal and External)

- WB Group: strengthened relationships with other sectors, primarily the HD, ESSD, PREM and DEC networks, yielding more attention for WSS and focus from non-sector specialists. Examples:
 - Rural toolkit for multisectoral toolkit.
 - Developing Public Expenditure Tracking Surveys for the Water and Sanitation Sector
 - Guidelines for designing RWSS programs in the context of PRSCs

- The joint World Bank-WaterAid workshop organized under BNWP #033 in August opened the door for further World Bank - Civil Society dialogue. The "World Bank - Civil Society Dialogue on Urban Water Supply and Sanitation" held on November 18 and 19, 2004 in London, brought together Bank staff and representatives from 22 NGOs, labor unions, and community groups from across the globe.

- The ongoing sectoral dialogue and innovative approaches fostered under the BNWP *Towns WSS Initiative* (BNWP #043) is playing a substantial role in the preparation and implementation of towns WSS projects in Ethiopia, Ghana, Tanzania, Mozambique, Vietnam, Laos, and Peru.