



Bank Netherlands Water Partnership
Water Supply & Sanitation Windows

Progress Report
Fourth Quarter, 2002

October 1 to December 31, 2002

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

www.worldbank.org/watsan/bnwp

1818 H street NW, Washington DC 20433 USA • Bnwp@worldbank.org • tel. 1-202-4587796

**Bank Netherlands Water Partnership Water Supply and Sanitation Windows
Comprehensive Quarterly Progress Report
Fourth Quarter, 2002**

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 water 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 quarterly progress report

2.1 Purpose

This *Quarterly Progress Report* outlines the progress in work of the Water Supply and Sanitation Windows of the Bank Netherlands Water Partnership during the fourth quarter of 2002 (October 1 to December 31, 2002). The purpose of the *Quarterly Progress Report* is to:

- report outputs and activities of the various BNWP projects and activities
- report expenditure 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 Quarterly Progress Report

The Quarterly Progress Report is organised with a *main text* with an *annex* giving the detailed progress reports for each project and activity.

3. Key developments in quarter

BNWP activities in the fourth quarter of 2002 focused on the development of a number of prequalified flagship projects, while various smaller activities were ongoing or started implementation. Also a start was made with the development of a second generation of activities and projects.

3.1 New projects and activities

Six new activities were started up:

- Methodology of Baseline Analysis of Water Distribution Performance (#062) - producing a flexible framework to help project officers and regulatory agencies to develop appropriate and cost-effective baselines for water utility performance.
- Does Community Involvement Improve Performance of Water Supply Projects?
- Evidence from the Philippines (#064) - 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
- Sanitation Sector Study for Indonesia (#066) - Developing an action plan for sanitation in Indonesia, including assessment of existing situation and evaluation of existing incentives
- Development of a Tool for Regulatory Oversight of Water Utilities: A Cash Flow Equilibrium Model (#071) - 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.
- Improving Policy and Business Environments for Small Scale Providers of Water Supply and Sanitation Services (074) - 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

3.2 Closed projects and activities

No projects and activities were finalised in this quarter.

3.3 Events

The BNWP co-ordination team presented progress of the first nine months of the program at the Dutch Water Week in October 2002.

BNWP co-sponsored the start up workshop of the BNWP project on “Trends in the Desalination Market in the Middle East and Central Asia” in December 2002.

3.4 Program management

The BNWP website (www.worldbank.org/watsan/bnwp) was maintained to include a searchable database of projects and activities. The new TF structure was finalized.

4. Overview of present portfolio

The total value of the present portfolio of projects and activities is USD 6.6 million. This budget includes projects and activities that are approved by (the chair of) the Sector Board. In addition prequalified projects under development amount to a budget of USD1.9 million. The planned disbursement per quarter is presented in figure 1.

This approved budget of USD6.6 million leverages cofinancing of USD1.3 million from other funding sources.

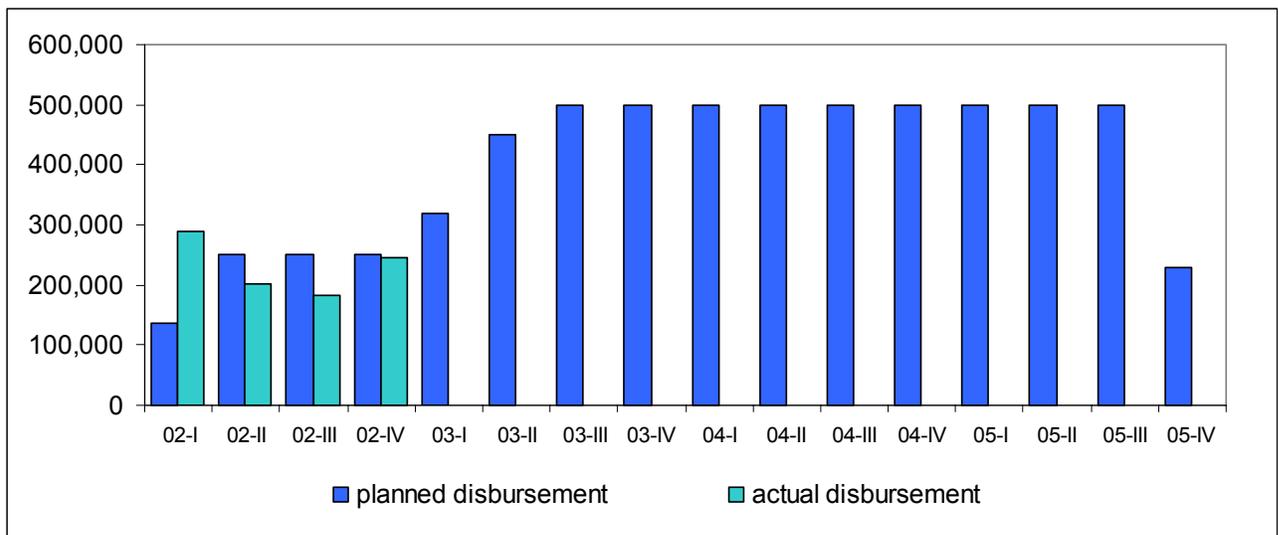


Figure 1: Planned disbursement per quarter

The focus of the present portfolio is summarized in figure 2. 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. There is a reasonable spread across deliverables. An extra effort was made during this quarter to increase the number of projects on sanitation and hygiene in order to balance the portfolio, resulting in a number of new activities. An extra effort is needed on financing systems and capacity building.

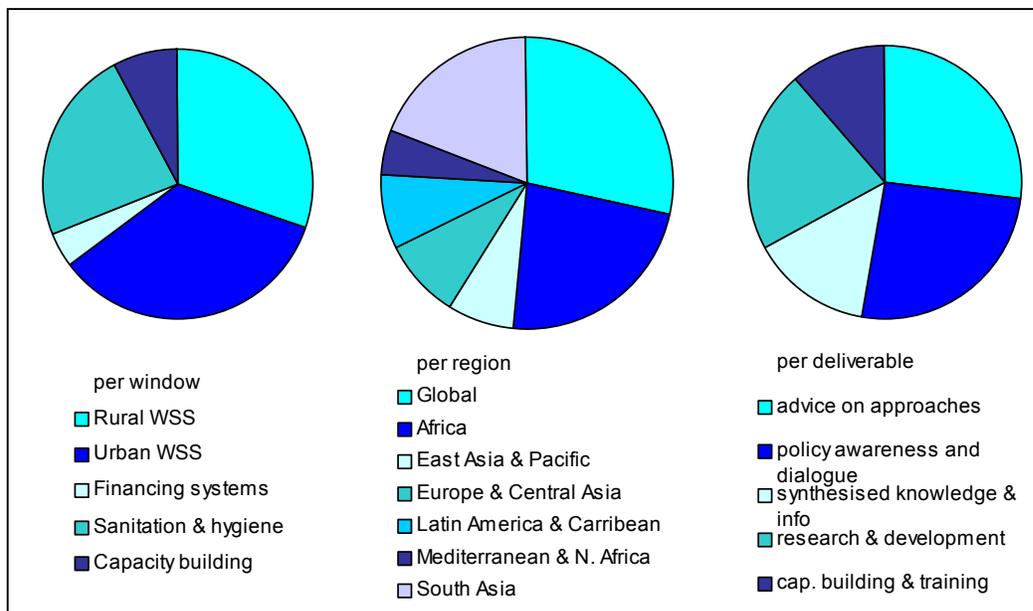


Figure 2: Break up of portfolio in windows, regions, and deliverables

5. Financial and progress report

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

The total expenditure between October 1 to December 31, 2002 was USD245,699. This is 98% of the planned budget for the fourth quarter of 2002. The BNWP was still building up activities in the fourth quarter of 2002, disbursements are still relatively low.

The outputs achieved in the fourth quarter amount to 95% of the targets set for the quarter. This number represents a weighted average of the individual project achievements, as specified in the annex.

Table 1: Outputs and expenditure fourth quarter 2002 (USD)

Window	Performance (% of target)	Quarterly budget	Expenditure	
			USD	% of budget
WSS in rural areas and small towns	95%	44,800	37,443	84%
Reform of urban WSS	89%	19,000	16,514	87%
Dev. of sustainable financing systems	75%	12,500	9,975	80%
Sanitation and hygiene promotion	107%	67,000	72,034	108%
Capacity building	95%	6,700	5,543	83%
Program coordination	N/A	\$100,000	\$104,190	104%
Grand total	103%	\$250,000	\$245,699	98%

 Indicates that % of spent budget > % of reached target

6. Plans for next quarter

The BNWP will be at cruising speed during the first quarter of 2003. The pipeline will be reviewed, with projects development either being speeded up, or projects being revised.

Annex: Overview per project or activity

#	Title	Short description	Approved budget (USD)	Windows	Current status	Project period	Quarterly performance
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	780,000	Urban WSS	Operational	Nov 02 – Feb 04	N/A
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	150,000	Urban WSS Capacity building	Operational	Nov 02 – May 04	N/A
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	180,000	Rural WSS	Operational	Nov 02 – May 04	N/A
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 – Dec 03	119%
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	350,000	Urban WSS	Operational	Jun 02 – Sep 03	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	50,000	Urban WSS	Operational	Feb 02- Jun 02	100%
017	Enhancing the empowerment of poor women and men within communities	Assessing the extent of empowerment being effected, specifically for poor women and men within user communities, as a result of water and sanitation interventions	147,000	Rural WSS	Under development	18 months	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 behaviours in rural communities in the context of large-scale rural water supply and sanitation projects	530,000	Rural WSS Hygiene & Sanitation	Operational	Jun 02 – Dec 03	50%
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	50,000	Rural WSS Urban WSS	Operational	Apr 02 – Jan 03	100%
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	50,000	Rural WSS	Operational	Feb 02 –Jan 03	89%
028	Understanding the Infrastructure Environment of Small and Medium Firms	Improving our understanding of infrastructure shortages faced by small and medium enterprises in transitional and developing economies, the impact of such shortages on firm productivity and	375,000	Financing systems	Under development	18 months	N/A

#	Title	Short description	Approved budget (USD)	Windows	Current status	Project period	
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	628,000	Urban WSS Capacity building	Operational	Jun 02 – Dec 04	83%
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	50,000	Rural WSS	Operational	Mar 02 –Sep02	100%
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	18 Jun 02 – Dec 03	100%
047	Beyond capital subsidies: financial alternatives for achieving rural universal coverage targets	Documenting the sustainability and scalability of government capital subsidies in the rural water sector; and financial alternatives such as use of non-public funds, private participation, inflow of donor funds	400,000	Rural WSS Financing systems	Under development	14 months	N/A
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	50,000	Financing systems	Operational	May 02 – Aug 02	90%
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 – Aug 02	75%
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	50,000	Rural WSS Urban WSS	Operational	Jun 02 – Jun 03 02	100%

#	Title	Short description	Approved budget (USD)	Windows	Current status	Project period	Quarterly performance
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	50,000	Hygiene & Sanitation	Operational	Jun 02 – Sep 02	68%
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	50,000	Urban WSS	Operational	May 02 – Aug 02	65%
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.	50,000	Financing systems	Operational	Sep 02 – Feb 03	72%
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	50,000	Financing systems	Operational	Sep02 –Sep03	N/A
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 –Sep03	N/A
066	Sanitation Sector Study for Indonesia	developing an action plan for sanitation in Indonesia, including assessment of existing situation and evaluation of existing incentives	50,000	Hygiene & Sanitation	Operational	Nov 02 – Jun 03	N/A
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.	32,000	Financing systems	Operational	Sep02 –Sep03	N/A
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	35,000	Urban WSS Financing systems	Operational	Dec02 –Jun03	N/A