

Review of the DFID-funded Water and Sanitation for the Urban Poor WSUP

Final Report

December 2009

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**for
The TI-UP Resource Centre**



DFID Department for
International
Development

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Acknowledgements:

This report is compiled by Alison Barrett from a desk study and interviews with key stakeholders in UK combined with the output of field work in Mozambique and Kenya carried out by Jelle van Gijn (in Maputo) and Graham Alder and his Matrix colleagues (in Kenya). The reviewers would like to thank all those who cooperated in the study, especially the staff, Board and Project Group members of WSUP and consultants and sector peers who gave their valuable time to respond to the questions of the reviewers. The findings as recorded here, including any mistakes or omissions, are however the full responsibility of the compiler.

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List of Abbreviations and Acronyms

ADB	African Development Bank
AdeM	Águas de Moçambique (Mozambique Water Supply Company – main lease holder)
AWSB	Athi Water Services Board
BPDWS	Business Partners for Water Supply and Sanitation
CA	Cities Alliance
CBO	Community Based Organisation
CRA	Conselho de Regulação do Abastecimento de Água (Water Regulatory Council)
CLIFF	Community-Led Infrastructure Finance Facility
CMCM	Conselho Municipal da Cidade de Maputo (Maputo City Municipal Council)
CMR	Child Mortality Rate
CSO	Civil Society Organisation
DNA	Direcção Nacional de Águas (National Directorate for Water Resources)
DFID	Department for International Development
EIB	European Investment Bank
EMA	Empresa Moçambicana de Águas
ESF	Engenheiros Sem Fronteiras
FIPAG	Fundo do Investimento e Património do Abastecimento de Água (Fund for the Investment and Asset management of water supply systems)
EU	European Union
EUWI	European Water Initiative
GEARR	Consulting Firm
GWC	Green Water Credits
HDR	Human Development Report
HR	Human Resource
IMR	Infant Mortality Rate
IWA	International Water Association
KEWI	Kenya Water Institute
LSP	Local Service Provider
MDGs	Millennium Development Goals
M&E	Monitoring and Evaluation
MIS	Management Information System
M-K	Mirira- Karagita (project site in Naivasha)
MTR	Mid Term Review
NAIVAWAS	Naivasha Water and Sanitation Company
NCC	Nairobi City Council
NCWSC	Nairobi City Water and Sanitation Company
NEPAD	New Partnership for Africa's Development
NETWAS	A capacity building and information network for Africa focusing on water, sanitation and environment sector
NGO	Non Governmental Organisation
O&M	Operation and Management
OBA	Output Based Aid
OECD	Organisation for Economic Cooperation and Development
OVI	Objectively Verifiable Indicator
PAWS	Partners for Water and Sanitation – a previously popular acronym
PHAST	Participatory Hygiene and Sanitation Transformation
PIDG	Private Infrastructure Development Group
POP	Pequeno Operador Privado (Small private operator, of water systems)

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PPI	Private Participation in Infrastructure
PPIAF	Public Private Infrastructure Facility
PPP	Public Private Partnership
PSC	Project Steering Committee
PSP	Private Sector Participation
RF	Rockefeller Foundation
RWSB	Rift Valley Water Services Board
SNTA	Sub National Technical Assistance window of PPIAF
SNV	Dutch Volunteers Organisation
SSA	Sub-Saharan Africa
SUF	Slum Upgrading Facility
TA	Technical Assistance
ToR	Terms of Reference
TSC	Total Sanitation Campaign
UFW	Unaccounted For Water
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UN-Habitat	United Nations Human Settlements Programme
USAID	United States Agency for International Development
WATSAN	Water and Sanitation
WASH	Water Sanitation and Health
WBP	WSUP Business Procedures
WSP	Water and Sanitation Programme (World Bank)
WSUP	Water and Sanitation for the Urban Poor
WWF	World Wildlife Fund

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Executive Summary

Water and Sanitation for the Urban Poor, WSUP, was established in 2005. It is a membership organisation of NGO, private sector and academics whose approach is to engage local service providers, communities and the local private sector to develop sustainable water, sanitation and hygiene solutions for low-income urban and peri-urban communities. DFID provided £3.95 million as a start up grant to WSUP.

Included in DFID's funding were resources for two pilot projects – Bangalore in India and Naivasha in Kenya. These pilots were to prove the demand for WSUP's interventions and the viability of the partnership approach which it championed. With this experience WSUP was to advocate the approach to other stakeholders, encouraging their support. It was anticipated that there would be seven projects in 2008 and this would multiply into 37 projects by 2015 in order to achieve the project purpose:

'The provision of sustainable, equitable, and affordable water and sanitation services to approximately 3.5 million poor people in urban/peri-urban areas by 2015'.

This Review is to ascertain what progress has been made by WSUP towards the achievement of the programme's objectives. It is to assess the impact that it has had to date, the potential scope for building on the project successes and to consider DFID's future involvement with WSUP.

The provision of water and sanitation services for the rapidly growing urban poor population is one of the greatest challenges to the achievement of the MDGs. This is because of the extremely complex political and institutional environment, and the scale and speed of growth of the demands facing very under-resourced public utilities. With their innovation public-private-civil society approach and with flexible and adaptable engagement strategies, WSUP, has succeeded in demonstrating new ways of working, new technological and financial models and cooperative community engagement which the Review believes has the potential to be copied at scale by larger financing institutions in this sector.

The concrete impact to date is however small, barely reaching 100,000 population. The process of engagement and building relationships, such that sustainable partnerships could emerge, has been a big challenge. Progress has been slow and patchy. A key factor in the delays and lack of progress has been an inappropriate selection of project locations. WSUP acknowledges that progress is closely determined by the local service provider's commitment. WSUP was correct not to promote a 'one-size-fits-all' approach and move away from the traditional project development process. They facilitated local stakeholders to negotiate locally appropriate technical, financial and institutional mechanisms to provide sustainable services. This also, understandably, took time.

With an enthusiastic and committed Board of Directors and a small dynamic staff, WSUP has been effective in dealing with process problems and developing institutional mechanisms to ensure effective interventions. This includes :

- ✓ the establishment, with Members' support, of small project teams in-country to manage the engagements;
- ✓ creating an advisory Projects Group of technically experienced Members' staff to guide and mentor the project teams and provide direct feedback to the Members;
- ✓ amending their project approach under a new Business Plan because the professionally prepared feasibility studies, which had been anticipated to attract finance, did not do so;
- ✓ promoting capacity building of public utilities, small scale private providers and community organisations, essential to sustainability.
- ✓ developing locally appropriate packages of institutional strengthening, unaccounted for water loss reduction and improved financial management to improve service provision.

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Over the past five years, WSUP has worked to establish its status in the sector; it has effectively remained flexible in the approaches it developed while working assiduously towards the targets. It has also focused on ensuring funding for WSUP's survival. The Review congratulates WSUP for all this. It is unlikely that any other approach would have brought WSUP to the current position of potential.

Now, however, the Review reports to DFID the need, and strongly urges WSUP to take this opportunity, to reassert their Vision and Strategy. Focusing on its own work and its own project outputs was necessary to reach this point. However this Review believes that WSUP, as an organisation, now risks overlooking the fact that, given the scale of the challenge, a grant-funded project-based approach in and of itself will never succeed. Somehow, now that the projects are producing outputs, the risk is increasing of interpreting this as 'success'. WSUP need to re-assert institutionally, and ensure it is fully understood individually, that although their project work is valuable, it is not important in and of itself - it is useful only if it can influence the implementation of the large scale infrastructure investments in the sector. There are a number of very timely strategic activities currently going on which must mesh with and support the re-assessment of WSUP's Vision (viz. reviewing membership, sharpening advocacy strategy, lesson learning and sharing, potential partnership or merger with other similarly aligned organisations in the sector).

A number of like-minded donors have supported WSUP to date including DFID, Gates, Rockefeller Foundation and USAID. They have a good understanding of the difficulties and challenges of the urban sector. This Review would request these donors to assist WSUP as they move forward with this re-visioning process. Specifically there is a need to coordinate donor support and restructure funding mechanisms such that donors have shared LogFrames, common reporting, agreed priorities and procedures (eg. audits, procurement, project selection etc.) and common annual reviews and/or donor coordination meetings.

Secondly, and perhaps more importantly, support is required to facilitate interaction between WSUP and the International Financing Institutions, IFIs, and other major funders. WSUP can very usefully be marketed to these major donors as a resource to help them in the design of the pro-poor components of their large-scale urban water and sanitation interventions. Sustainable service provision to poor informal settlements presents major difficulties for the IFIs and their loan recipient partners. With major donor endorsement, even better with their direct invitation, WSUP could work to develop appropriate interventions through public-private-community partnerships, for sustainable service provision to these communities. As well as demonstrating practical interventions, this will build the essential relationships and initiate capacity building of the local service provider, thereby directly assisting the pro-poor aspects of the larger project preparation.

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1. Background

Introduction

1.1 The idea of forming the Water and Sanitation for the Urban Poor Project (WSUP) emerged from the 2002 Johannesburg World Summit. It was conceived to help address the globally increasing challenge of urban poor people living without access to appropriate water and sanitation services. WSUP is a tri-sector partnership between private sector, NGOs and academic organisations to develop and support local alliances of service providers, communities and the private sector in selected cities around the world to develop water, sanitation and hygiene solutions for low-income urban and peri-urban communities in an environmentally sustainable manner. WSUP's Members each contribute their particular skills and experience, pooling their strengths for greater effectiveness and reach. WSUP works with local communities and local service providers, right from the start of every project, and the partnership continues throughout the whole process¹.

1.2 This membership-based initiative originally comprised the following organisations :

CARE International UK	RWE Thames Water plc	IWE Cranfield University
WaterAid Ltd	Halcrow Group Limited	
WWF	Unilever plc	

Significant preparatory work was done by the founder Members who brought the project to DFID for funding, and in 2005 DFID provided £3.95 million as Start-up Funding. WSUP is now a registered not-for-profit company of the above organisations, minus Thames Water, plus Borealis & Borealis.

1.3 For the DFID funding, the stated goal for WSUP was:

‘To contribute to the elimination of poverty through the provision of safe water and basic sanitation’,

and the purpose:

‘The provision of sustainable, equitable, and affordable water and sanitation services to approximately 3.5 million poor people in urban/peri-urban areas by 2015’.

To fund WSUP's core costs, DFID initially provided support of UK£ 2.308 million to make up 70% of the WSUP Alliance Secretariat's annual costs for the first three years, with the remainder being met in cash or in kind by WSUP Members. Members were to participate on a not-for-profit basis, providing staff time or consultancy inputs 'at cost'.

1.4 In addition to a contribution to core costs, DFID funded two pilot projects. The anticipated cost of these two pilot projects, to be funded 100%, was estimated at around UK£ 1.64m. The objective of these pilots was to prove the demand for WSUP interventions and the viability of the partnership approach which it championed. These pilots were to be developed through a series of technical assistance studies, viz. Concept, Scoping and Feasibility, leading to Implementation. As well as providing practical experience, these projects were to enhance WSUP Members' knowledge and skills in the local partnership approach, and to provide material input for advocating the approach to other stakeholders.

1.5 It was specified by DFID that additional resources were to be sought from other donors to carry forward the WSUP Alliance's scoping work on new projects and prepare feasibility studies to secure implementation funding. There was an expectation that by 2008 there would be an additional seven projects and, through this continued project identification and development process, this would multiply into 37 projects by 2015. In this way WSUP would work towards the collective purpose to

¹ Quotes taken from WSUP's own 'on line' publicity material.

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provide safe drinking water and/or basic sanitation services to 3.5 million people. Over the intervening years funding has been received from a number of agencies including KfW, Rockefeller Foundation and subsequently Gates Foundation², and most recently USAID. The total funding promised to WSUP to date is around £14.5 million (this is further discussed and graphically represented in [Section 4: WSUP's Funding Situation](#)).

Objectives of the Review

1.6 The objectives of the Review are to ascertain what progress has been made by WSUP towards the achievement of the programme's objectives and the impact that it has had to date, the potential scope for building on the project successes, and to consider DFID's future involvement with WSUP. They are detailed in the Terms of Reference (ref [Annex A](#)). In summary, this study will:

- a) review the effectiveness of the WSUP business model in delivering sustainable water and sanitation services to the urban poor;
- b) assess the progress to date towards achievement of the purpose and goal of WSUP and the impact to date of programme activities (in terms of services delivered, capacity developed, funds raised, policy changes, etc); and,
- c) provide recommendations based on the findings of the review including options for DFID's future engagement with WSUP.

1.7 It will also review progress against the recommendations from the two previous annual reviews carried out by DFID (see [Annex B](#)) and, as required by the Terms of Reference, it will make:

- an assessment of the extent to which the project is making progress towards achievement of its purpose and goal;
- make recommendations for any potential follow up activities, which would build on the achievements of the project and support the delivery of DFID's water and sanitation policy.

The logframe for DFID funding is in [Annex C](#).

Methodology of the Review and Structure of this Report

1.8 The Review combined a UK-based Desk Review including semi-structured interviews with key stakeholders³ and three In-Country Project Reviews. Two Evaluation Frameworks were presented in the Inception Report. One examined the strategic objectives, outputs and outcomes, and the other looked at 'Progress towards Purpose', exploring the different dimensions of WSUP activities. These two frameworks were employed in both the Desk study and the County Review in an attempt to converge the findings coherently.

1.9 Providing the context for this Review, Chapter 2 presents a brief outline of the project context, concept and history to date. This is important as WSUP has learnt and developed significantly over the four years from its start up in 2005 to date. Chapter 3 provides details of the Programme Management and Systems Performance which has gone through significant development over the project lifetime. The findings against the two Evaluation Frameworks are presented, respectively, in Sections 4 and 5 of this report. Certain Other Review Issues are presented in Chapter 6 to respond to particular questions posed by DFID for this Review or which have arisen during the course of the study. The Report then concludes with Key Findings and Recommendations.

² A key success for WSUP was receiving a grant of US\$ \$11.3 million in December 2007 from the Bill and Melinda Gates Foundation.

³ Interviews were either in person or by telephone, as most appropriate.

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2 Project Design and Implementation

Context

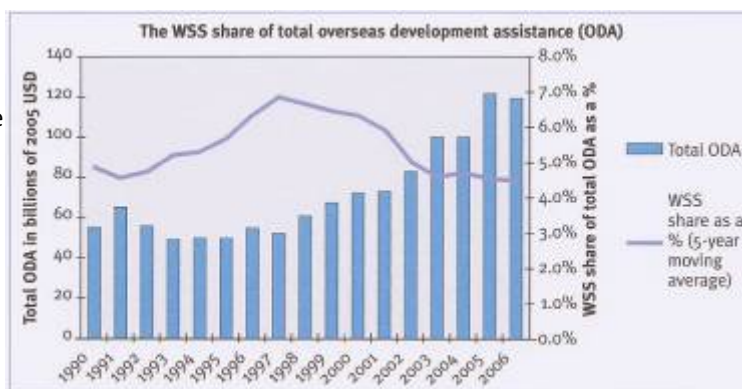
2.1 The context has not changed significantly since the inception of this programme. The urban water supply and sanitation challenge has continued to grow, while the response has little changed. This review will not provide an in-depth analysis of the rapid urbanisation of poverty in less developed countries nor present the well known arguments for increased and more focused water and sanitation interventions to serve the urban poor in order to meet the MDGs. We are convinced both that the agenda to which WSUP addresses itself is valid, and that coherent responses are urgently needed. This Review will however take the opportunity, here below, to present three aspects of the context which this Review believes are particularly relevant to the context in which WSUP is working.

Speed and scale of urbanisation: It is instructive to compare past urbanization in Europe and USA with that currently going on in less developed countries. It took more than 200 years for the population in North America and Europe to shift from being 10% to being 52% urban. Currently, in the south, a similar percentage shift is predicted in just 80 years. Alongside much greater speed, the scale of the urbanisation is many times larger with more than 3.9 billion people anticipated to live in urban areas of less developed countries by 2030. It is thus in no way surprising that the official service providers are unable to keep pace with the rapidly growing demands.

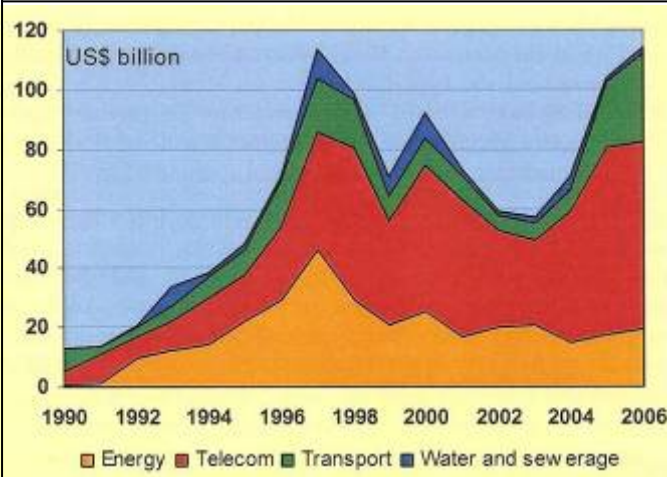
Source : Task Force on Improving the Lives of Slum Dwellers, 2005, UN Millennium Project

Paucity of Resources: A recent study of sector finance showed that, while international development aid has been rising steadily since the mid-1990s, at the same time the share of finance for water supply and sanitation has decreased.

(see adjacent graph)



Source : Sanitation and Water : Why we need a Global Framework for Action, WaterAid and TearFund, October 2008



Source: World Bank/PPIAF, PPI database

Role of Private Finance: There was a time when it was anticipated that the flow of private sector finance into infrastructure investment might be accelerated. However in the water and sanitation sector this has proved problematic.

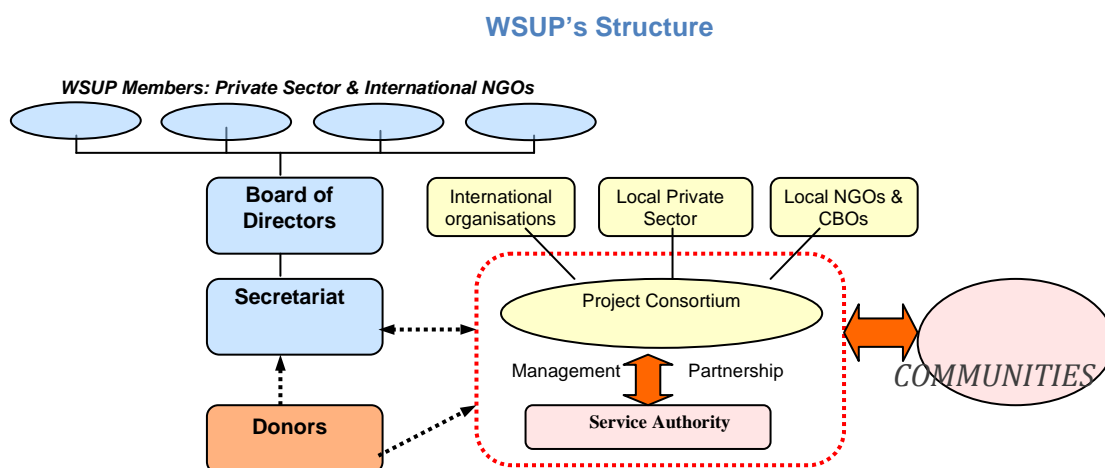
Although private sector investment in infrastructure reached US\$ 114 billion in 2006 (in nominal terms) this was not only lower than in the mid-1990s, but it is also hugely skewed between sectors, with minimal private sector investment going into water and sanitation

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Concept and Strategy

2.2 The scope, objectives and approach of WSUP have evolved over time, especially as significant additional resources were provided by Gates Foundation at the end of 2007, but basically WSUP works at two levels as indicated by the blue and yellow respectively in the diagram below :

- An international Alliance of NGO, private sector and academic organisations **identify, scope** and **conduct feasibility studies** of potential water and sanitation projects. They do this in coordination with local authorities and community based organisations in some of the most impoverished urban areas of the world. The Alliance helps to identify finance for project implementation and, through **evaluation** and **dissemination**, they encourage learning, scale-up and replication.
- In parallel, a Project Consortium is formed in-country to facilitate partnerships, at city level, between the Local Service Provider, the private sector and the beneficiary communities. Typically within 3-5 years, with technical assistance from WSUP, this partnership is to provide appropriate infrastructure and capacity building to improve service provision to poor communities.



Source: WSUP Business Plan 2005

Brief Description and History of WSUP

2.3 The concept for WSUP emerged from the Johannesburg World Summit on Sustainable Development in 2002. With Richard Sandbrook as the Independent Chair, it was taken forward by a number of key individuals from Thames Water, Halcrow, CARE and WaterAid. The membership organisation had two clear principles :

- a) Member organisations should each make an annual contribution, in cash or in kind, to the enterprise.
- b) WSUP would benefit from the experience of the Members - private sector, NGO and subsequently academic institutions - each providing their particular professional expertise to support project development.

These principles were clearly formalised in the Business Plan. In 2004 and 2005 a funding proposal started being discussed with DFID, and there was also interaction with other international agencies including the World Bank and GTZ/KFW.

2.4 DFID finance was split into core costs and project costs. The core costs added to the contributions already being made by Members to cover basic Secretariat support, project identification and scoping activities. Of this core funding, DFID could provide a maximum 70%, with the balance from Member contributions, in cash or kind, or other donors. The DFID support for project costs was for two pilot projects, one in Bangalore, India, and one in Naivasha, Kenya, where DFID funding would be used

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to undertake Feasibility Studies and to meet the subsequent Project Consortium costs. As with other projects, external funding would be sought to cover the costs of the infrastructure hardware. In agreeing to fund WSUP, DFID indicated that it was funding to 'kick start' the model and provide a base from which WSUP could build - identifying other funders and alternative funding mechanisms to both identify and scope other projects and to get funding to take projects to fruition.

2.5 The WSUP Alliance was to act as the Project Consortium for the two pilot projects on a not-for-profit basis in order to prove the demand for WSUP intervention and the viability of the partnership approach. It was the intention that elsewhere the choice of the Project Consortium to implement a project would be through appropriate national and donor competitive procurement rules (ref. DFID Programme Memorandum). It was envisaged that WSUP Members could engage in these subsequent Consortia 'with profit'. This took the WSUP model away from being simple Corporate Social Responsibility (or charity) and moved it towards a potentially commercial engagement for the private sector Members. It was noted that in order not to be precluded from the implementation phase, WSUP Members who intend to participate in a Consortium may decide, where necessary, not to involve themselves in the Feasibility Study.

2.6 In the early Business Plan the approach to developing projects was very traditional, with Members' inputs taking the project through a series of studies - Concept, Scoping, Feasibility, and Implementation – with Board approval at each stage to move onto the next. Where appropriate inputs could not be provided by Members, WSUP Secretariat would arrange to buy them in from consultants. Detailed Operations Manuals were prepared for each and every stage of Project Development (see [Box 2.1](#) Below).

WSUP Opportunity Lifecycle and Approval Stages



Source: WSUP Business Plan 2005

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These documents are available to all WSUP staff and Members on the 'extranet'. Best practice guidelines were issued by the CEO while mandatory procedures required endorsement from the Board of Directors.

WBP100 Procedures – now in version 3. Key documents for introducing people to WSUP. Includes mandatory procedures.

WBP200 Project Development Process

WBP 100 Series (see below) A toolkit of mostly best practice and guideline procedure for use by Project Sponsors, Project Directors, Task Managers and others, the application of which would vary from project to project.

WBP 120 Legal Agreements.

WBP130 Social Dimensions. Clear best practice guidelines and suitable as part of project kit.

WBP140 Environment – ditto -

WBP180 Project Performance Monitoring & Evaluation. Clear best practice guidelines suitable for project implementation phase (Apr 2006)

WBP200 Administration- now in version 2. Clear best practice guidelines suitable for project team.

WBP300 Finance – now in version 9

WBP400 Human Resources - A mix of 06/07 WSUP Secretariat objectives and best practice guidelines, designed for the Secretariat.

WBP500 ICT – ditto -

WBP600 Environment

WBP500 Health and Safety

WBP800 Business Ethics

Plus Expenses Policy, Whistle Blowing Policy, Audit Committee Charter, Standard Memorandum of Understanding, Professional Support Agreement

The following were listed (ref. memo to Board, July 2006) but have not, it is understood, subsequently been prepared:

WBP110 Technical Standards

WBP150 Local Private Sector Dimensions

WBP160 Knowledge Capture, Sharing, Advocacy

WBP 170 Strategic Planning Assistance.

WBP190 Programme Performance Monitoring & Evaluation

Box 2.1 WSUP Business Procedures

Moving from Design to Implementation

2.7 It was originally intended that projects would be identified and driven by WSUP Members in country. It was envisaged that Project Consortia would be formed by Members locally as shown in the diagram in [Para 2.2](#). These Project Consortia would mimic the private sector / NGO partnership composition of WSUP membership and, to quote the DFID Programme Memorandum:

Consortia will support infrastructure construction and provide capacity building, resulting in the delivery of appropriate, sustainable locally managed operations, with maintenance, billing and collection schemes in place.

More significantly, it was noted that:

“WSUP and Project Consortia will not themselves be expected to provide capital investment. Financing of infrastructure hardware will vary from case to case but could include a blend of bi-lateral or multi-lateral donor funds, domestic public sector financing, micro-finance credit schemes, community or local private sector funding, or in-kind resources.”

2.8 Initially the approach was to prepare a detailed Feasibility Study, however, it soon became clear that such detailed studies :

- a) did not leverage investment funds as they had been expected to, and
- b) raised expectations of local stakeholders which, without funds, were not then fulfilled.

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The WSUP Board became particularly concerned about this latter when the community's hopes could not be met. An internal paper to the Management Board in March 2007 noted:

"The WSUP project development process, while being thorough, is proving to be too "linear" and "stop start" and does not allow for early capacity building and demonstration work which are key to maintaining project momentum. At the same time, expectations are being raised in our project areas, without funding having being secured."

The paper recommended that :

"The phase that follows scoping will become one of rolling development and implementation. Some activities, such as capacity building or piloting, could (where funding allows) begin very soon after scoping. Other aspects will still require feasibility, outline design, detailed design, and award of contracts and then construction, but these can proceed on a separate time scale without holding up unrelated and less complex activities which is currently the case."

2.9 In March 2007, perhaps half way through the project period, the Management Board considered the situation as part of a strategic re-think. There had been progress in identifying and carrying out the concept studies of projects. However there were clear delays in progressing projects to implementation. At this stage there has been no improvement in service provision to the urban poor in any project. WSUP assigned the shortfall in physical output to a combination of delays at the project level, and a shortage of funds. This led WSUP to the dual conclusions that :

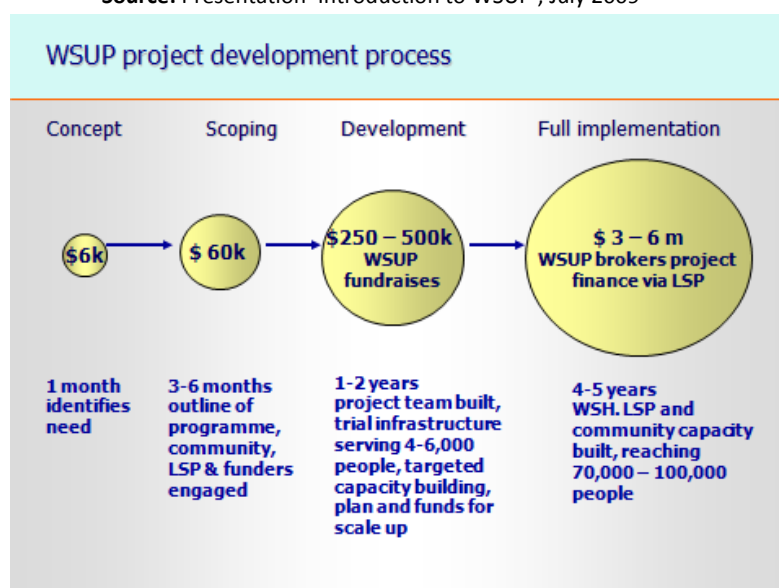
- a) more time is needed to show more significant progress, and
- b) more funds needed to be raised.

2.10 In May 2007, WSUP requested a meeting with DFID to discuss the difficulties in moving from design to implementation. While asserting that the potential for additional funding to deliver infrastructure was good:

"Full implementation funding for both projects is also receiving strong indications of support from a major grant making foundation and from the international development banks."

WSUP requested the go ahead to spend DFID grant money on infrastructure construction in pilot demonstration interventions in each project. This led to a change in project approach such that after the Scoping exercise was approved, a phase termed 'Development' was initiated (see diagram below).

Source: Presentation 'Introduction to WSUP', July 2009



2.11 The Development Stage includes pilot infrastructure interventions alongside relevant community and LSP capacity building. The target was to provide services to around 4-6000 beneficiaries

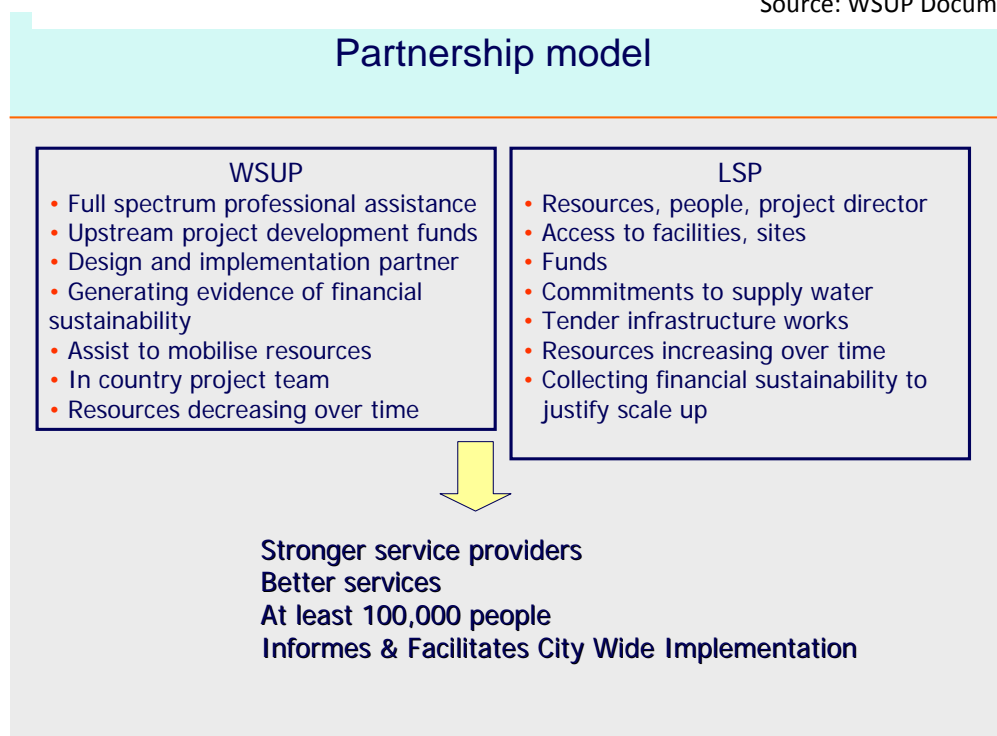
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prior to going forward with 'Full Implementation' which would subsequently reach 100,000 plus. It was anticipated that these practical activities on the ground would be more successful in motivating LSPs to serve poor communities than would further detailed design studies, and would also give direct evidence to funders that the WSUP approach was effective.

2.12 At the same time, WSUP re-envisioned its role and, rather than the 'International Alliance' and 'Project Consortium' described in Section 2.2 above, they evolved a role of working as a professional implementation partner to the LSPs. This partnership model, schematically represented in the figure below, is felt by WSUP to be key to its delivering private sector know-how where it is needed.

Schematic Representation - WSUP as a Professional Implementation Partner to LSP

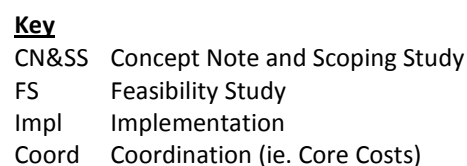
Source: WSUP Documentation



2.13 Another significant lesson learnt during the early years was that the 'level of attrition' of projects under preparation was far lower than expected. It had been assumed that at each stage (ie. concept – scoping – feasibility) a significant percentage of projects would fall away because they would not be approved to go forward to the next stage. This did not happen, and WSUP in 2007 found themselves with some 19 projects although none had proceeded very far (see Project Development Time Chart, below). It was at this time that it was determined that the most effective route to scaling up was to focus on four lead countries, maximise the possibility of demonstrating early results, and use these results to secure Member and donor support to scale up the portfolio. These lead countries were Kenya, Madagascar, Mozambique and India, with Bangladesh, Zambia, Brazil, Ghana and Mali as second priority.

Source: Paper submitted to WSUP Board of Directors. March 2007

WSUP Funding Situation, March 2007

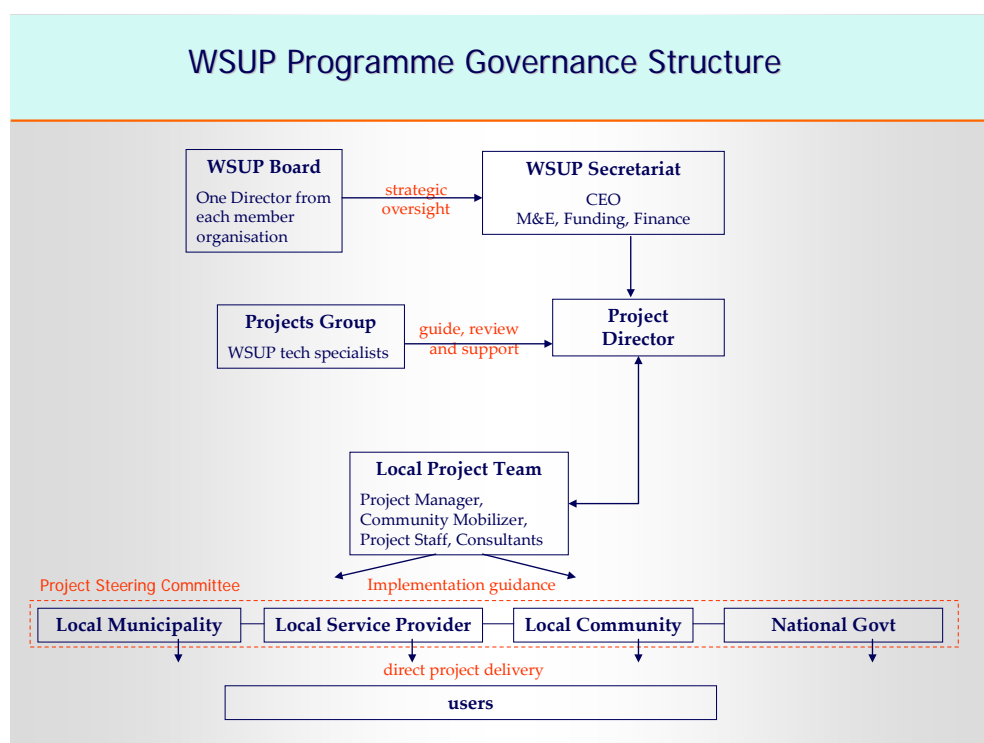


Source : Paper submitted to WSUP Board of Directors, March 2007

2.15 In September 2008, WSUP presented a new 5 year plan bringing together all the lessons learnt from the experience described above. In summary:

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- While preserving the aim of reaching 3.5 million people with improved services by 2015, it highlighted the importance of “Stronger Service Providers, Better Services”⁴ and indicated that direct service provision would reach 1.25 million people and 2.25 million would get better services as a result of capacity building of the service providers.
- It focused down on four countries as indicated, with five others as second priority.
- The Business Plan included a number of sub-strategies - Funding, Membership, Communications, Advocacy, Environmental, M&E and Learning.
- The Business Plan clarified and regularised the changes in the Programme Management structure that had arisen. This is shown in the accompanying diagram, as follows :
 - experienced Project Directors would be appointed at the start of the Scoping Stage to spend about one third of their time on any one project;
 - rather than depending on Members in-country to drive the projects, WSUP Project Managers would be recruited in-country as part of the Development Phase of each project;
 - a Projects Group comprising technical specialists from each Member organisation would guide and support the Project Directors
 - the Projects Group would be strengthened and its independence from and precedence over the Secretariat was asserted.
- The WSUP Governance Structure was formalised as follows:



Source: More recent WSUP Documentation

The approval of the Business Plan did not bring about any significant change in how WSUP was operating; it simply regularised and clarified approaches that had developed over the first three years of WSUP.

⁴ To ensure the poverty focus was maintained, this strap line was later amended to “Stronger Service Providers, Better Services for All”. The communications strategy in 2009 recognised that for a wider public audience (e.g. website) a less technical and more visionary message is needed such as: “bringing safe water, sanitation and hygiene to the urban poor through powerful partnership.”

3 Programme Management and Systems Performance

Governance Structure

3.1 WSUP was formally incorporated in the UK on 9th April 2005 as a not-for-profit company limited by guarantee. As a membership organisation, there is the stated policy of each Member having a Director on the Board alongside two Independent Directors. There has been a consistent intention to maintain the balance between the not-for-profit and the private sector.

3.2 As per the original project concept, full commitment of the Members is encouraged by requiring significant contributions to the core costs. This feeds the collaborative nature of the NGO-private sector dialogues which are central to the WSUP philosophy. The Board has maintained a much more executive role than might normally be anticipated⁵. Until 2007 they were getting reports of and discussing the details of every stage of every project in their quarterly meetings. This close involvement of the Board was encouraged by the sense that WSUP was 'learning by doing', facilitating and accompanying activities, many of which they felt were happening for the first time.

3.3 It does appear that a transition is in process whereby the Board may move from the more executive role it has maintained until recently, to focus more on over-arching strategic and organisational issues. The Review senses some tension in this process, whereby Members may feel that their role is being devalued as WSUP's tries to enhance its own organisational credibility and 'added value', moving away from being a coalition of its members.

3.4 The departure of Thames Water⁶ was hard-felt by WSUP and has meant that there is no water operator among WSUP membership. The Board and staff do not believe that this has harmed WSUP's ability to deliver at project level⁷, but this Review is concerned that it could affect their profile and credibility in the sector. Recently, an initiative has been taken reassess membership and governance modalities of WSUP. An independent review has been commissioned to look at WSUP membership, joining fees, membership fees, categories of membership and the structure of the Board of Governors⁸. In the light of a stated objective of expanding its membership, a sub-group of the Board of Directors considered the Review findings and put proposals to the Board in October 2009 (see Box below).

⁵ Perhaps this arose from their centrally executive role for the first few years of WSUP, prior to DFID funding.

⁶ This departure was because Macquarie, the new owners of Thames Water, cut all international programmes. They requested a different membership status (non-fee paying founder member) but this was not agreed.

⁷ In practice, many water companies in the UK outsource water operations work to engineering consultancies and WSUP believe that the latter provide the richest source of professionals with project experience and who are used to working in developing country contexts. To quote WSUP communication : *"Today, WSUP is accessing a wide range of water operations expertise from a range of places – some from the South and some from the North – and tailor made to meet site specific needs. For example, National Water (Naivashya. EMA), Manila Water (FIPAG), DWASA (Nairobi Water Company), Multi Water (Nairobi, Dhaka) etc etc. This is a more powerful mechanism than relying on one or two northern water companies."*

⁸ Innovatively this assignment is being undertaken by the Director of BPDWS whose own work is to support multi-stakeholder approaches to water and sanitation provision.

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This Review has been informed that the WSUP Board meeting in October 2009 agreed the following :

1. Agrees in principle to a shift to a three tiered membership structure, along the following lines, with details of criteria to be agreed by the Board after further consideration by the Group:
 - a. Full Members: potentially with voting rights, preferred service providers, paying some kind of annual fee (possibly with a portion in cash), access to WSUP brand and acknowledged as full members in WSUP literature
 - b. Ordinary Members: no voting rights, second preference service providers (where Full Members can offer services to equivalent or better quality), some access to WSUP brand, possibly paying an annual fee
 - c. Associates: no voting rights, third preference service providers, access to WSUP brand only for project/service specific communications, likely to be restricted to certain projects or geographies.
2. Abolishes joining fees for new members.
3. Agrees in principle to retain a differential between annual fees for profit and not-for-profit members.
4. Agrees to acknowledge the founder members of WSUP by referring to them as such in communication materials.
5. Mandates the Membership Development Group to consider further the details of the following issues and to bring a final proposal to the Board for decision in January 2010:
 - a. Criteria for differentiating between membership tiers;
 - b. The level, nature and process for annual membership fees;
 - c. Related governance issues including clarifying the role and composition of the WSUP Board;
 - d. A "hit list" of potential new members, in light of a to c above, including members from the southern hemisphere; and
 - e. A revised proposition that WSUP can use to attract new members, including a clear and compelling description of "added value".

Source: Communication from WSUP CEO**Staff Management**

3.5 The core staff of WSUP is small, overseeing the day-to-day operations and reporting three-monthly to the Board of Directors. The London-based Secretariat, headed by a Chief Executive, only recently increased to seven in total, with the addition of an M&E Officer and a new Programme Funding Officer. The core staff are supplemented by long term technical consultants two of whom provide services as Project Directors and two of whom supplement the Members' representatives on the Projects Group as independent Members.

3.6 WSUP has succeeded in keeping the core staffing small by a combination of funding constraints and judicious delegation to the Project Field Teams and to the Projects Group.

When a project proceeds past Concept and Scoping Stage, Project Teams of three or four staff are established in-country to provide technical, social and financial skills and to drive and manage the project activities. These have to date been appointed in-country under different WSUP Members' local terms and conditions. This mechanism incurs an overhead charge, but significantly eases the administrative burden on WSUP.

Project Management

3.7 The modalities of project management have developed over the past four years, with a lot of learning. To quote a 2006 paper to the Board :

"WSUP is on a fast learning curve with regard to how to deliver projects effectively – how to turn the WSUP theory into practice."

This Review would like to suggest that they are still on that learning curve, although significantly further up the curve than they were in 2006.

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3.8 Reportedly in the early years it was problematic to get Members in country to progress projects efficiently⁹. The Secretariat was dependent on WSUP Members to identify projects and to complete Concept Notes and Scoping Studies. Each Project had a particular lead Member in-country which was to drive the project. When this did not perform as envisaged and WSUP found progress on the ground unacceptably slow, they appointed WSUP Field Teams through their local Members.

For two of the three projects examined in details by this Review, the engagement had been initiated by the local staff of an NGO Member. They identified a poor community in need of WATSAN improvements. Although both technical and social assessments were included as part of project preparation, the starting point was an identified need, not necessarily a capacity, commitment or an appropriate regulatory environment for the Service Provider to respond.

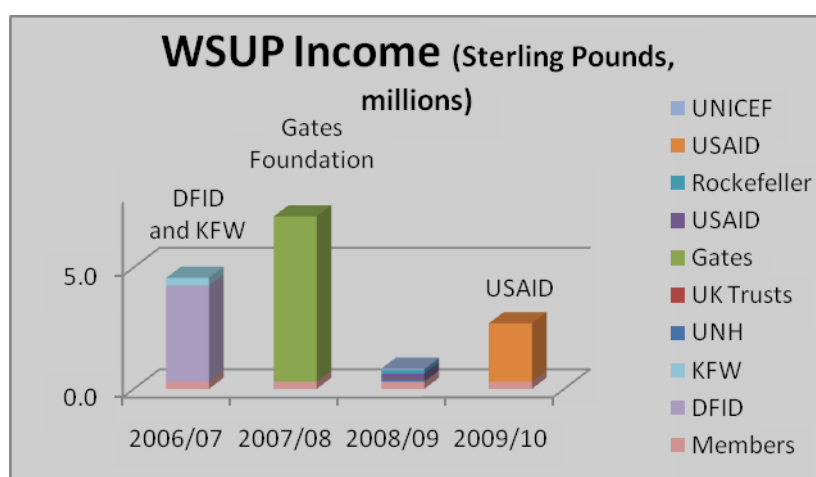
3.9 The Projects Group, PG, comprises one technical representative from each Member organisation¹⁰. The PG links skilled individuals from the Member organisations directly to the field projects via a teleconference with the Project Directors and sometimes the Project Managers every two weeks. They also attend, whenever possible, the Annual Programme Implementation Conference where they can meet the project partners in person. The individuals which make up to PG provide an important resource of advice and information to the projects, each from their own technical perspective. For the Board they also act as a technical interlocutor to whom the Board can assign accountability to monitor and quality control the projects.

3.10 For each Project Consortium it was the intention to ensure that there was always both a private sector and an NGO Member directly engaged. However this did not always happen to the same degree.

WSUP's Funding Situation

3.11 WSUP realised the need to attract funding and they employed additional staff to that end, both in London and in-country. By 2009, the situation has improved with new funding from a number of sources:

Graph 3.1 WSUP Income (to date)



Source: Figures provided by WSUP Secretariat, Funding Tracker

If we try to compare this with the funds required over the life of the programme, as Graph 3.2 represents, although WSUP is approaching somewhere near the target funds required for programme running costs, it is clear that there is still a significant gap in project implantation funds required.

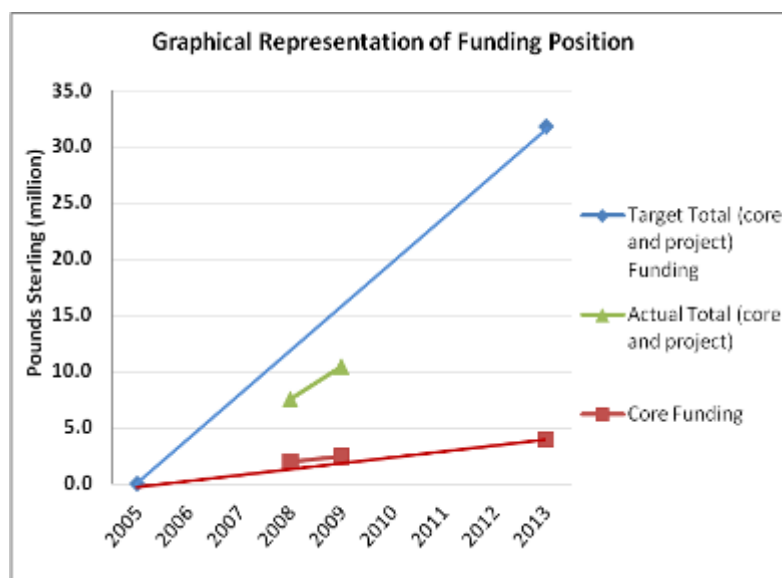
⁹ It appears that, in the case of NGOs, this was sometimes exacerbated by the Country Programme priorities being different to the priorities of the NGO's London Head Office.

¹⁰ Usually counted as a contribution 'in kind' to WSUP as they are mostly full time staff of the Members who allocate a certain number of days per month to being on the Projects Group.

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Subsequent discussion has indicated that £8.0 million has been secured to date for projects envisaged to provide services to 1.25 million direct beneficiaries under the Business Plan (2008-12). This leaves a Project Funding gap of £19.8 million. For WSUP to deliver the programme, £2.4 million is secured with a Core Funding gap of £1.5 million to be raised up to 2012/13. WSUP have indicated that they would anticipate that 75% of the £19 million will be leveraged funds (see [Section 3.14](#) for more discussion of Leveraged Funds).

Graph 3.2 : WSUP Funding Targets and Achievements (to date)



Source: Targets from 2008-2012 Business Plan.
Figures of funds received provided by WSUP Secretariat, Funding Tracker

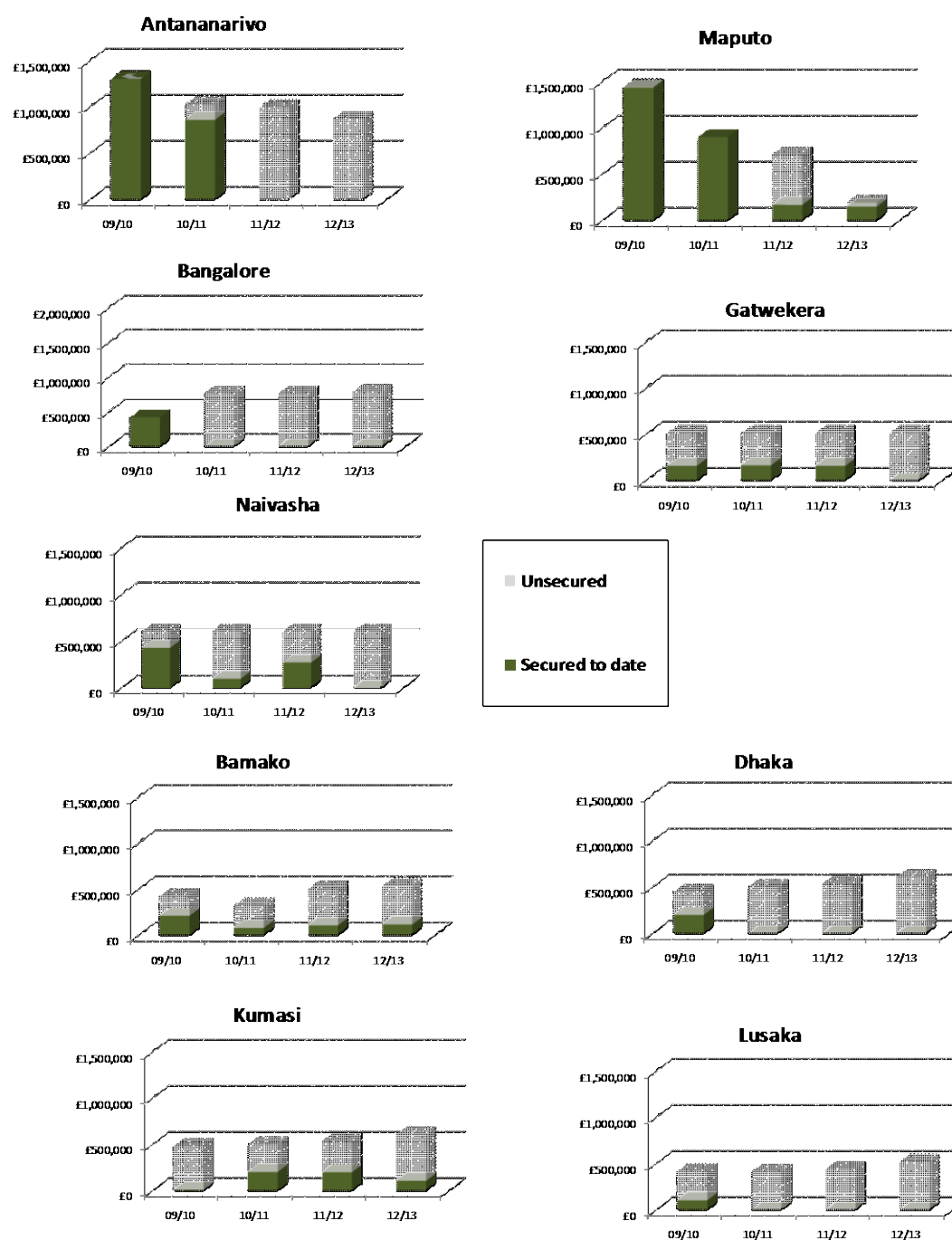
3.12 If we then review what this funding situation means at the project level, see **Graph 3.3 Project Funding Secured and Unsecured (Oct 2009)**, the immediate connection between fundraising and achieving impact is very apparent¹¹.

3.13 In addition, this funding is coming at a significant cost, as the **Schematic : WSUP Financing Agreements** (overleaf) perhaps indicates. Each funder has their own reporting requirements, agreed funding priorities, funding schedules, invoicing mechanisms and expected outputs. There has been no obvious attempt at donor harmonisation or indeed coordination¹². Also, there has been minimal success to date in encouraging LSPs to access funding directly (see [Section 3.14](#) for more discussion), leaving whatever implementation funds there are to flow through WSUP. This Review suggests that if WSUP is successful in accessing another series of grants - bridging the still very significant funding gap - the administrative demands which would be imposed on the Secretariat would be excessive, and potentially insupportable.

¹¹ Note: The Business Plan target (see Graph in Section 4.5) will not be reached through these nine projects alone but WSUP has calculated the funding requirements including a 'pipeline' of additional projects and/or expansion of existing ones.

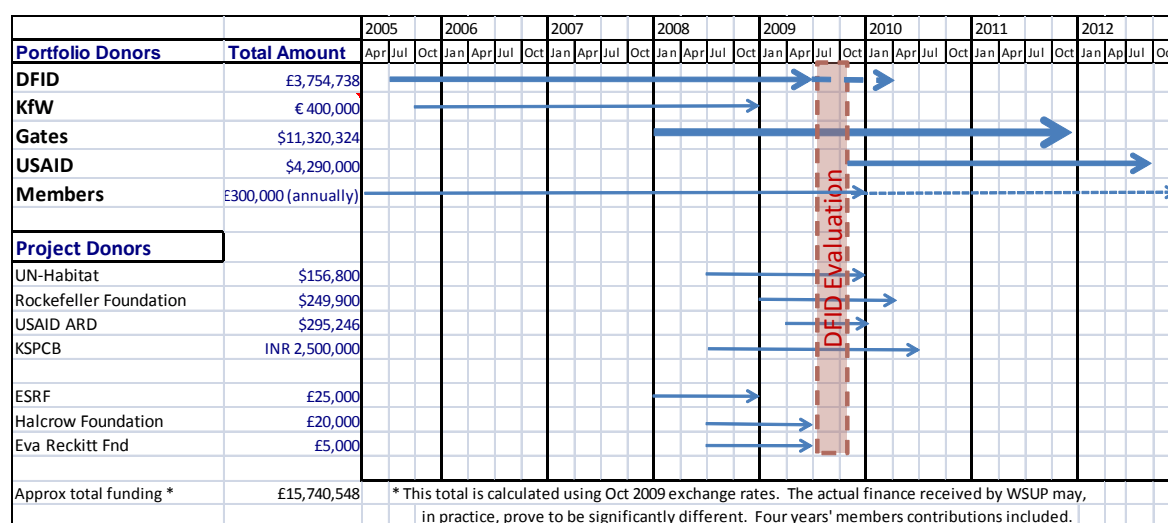
¹² Apparently Rockefeller Foundation facilitated discussion of a coordinated donor approach for urban poor communities at a meeting at SIDA, in December 2008: "Building Sustainable Urban Locally Based Initiatives: Workshop on Financing Inclusive Communities". However nothing came to fruition at that time.

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Graph 3.3 : Project Funding Secured and Unsecured (Oct 2009)

Source : WSUP Secretariat Funding Tracker and Contract Management Spreadsheet, September 2009

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Schematic : WSUP Financing Agreements

Source : WSUP Secretariat Funding Tracker and Contract Management Spreadsheet, September 2009

Leveraging Funding

3.14 WSUP has the stated objective to assist their partners to access additional funds. It has recently also become an advocacy priority to motivate IFI and other donor funding to support Governments' pro-poor policies in the water sector (see Section 4.20 below). There are funding requests currently under process in which WSUP is assisting grant or loan applications by their local partners (eg. application to EU for €375,000 for Lusaka). To date the additional funding for water supply and sanitation to the urban poor, consequent to WSUP interventions, is US\$2 million allocated by JIRAMA in Madagascar and US\$ 150,000 from FIPAG in Mozambique.

3.15 Discussion of this aspect of funding to scale up WSUP's interventions identified a significant gap in WSUP's internal reporting systems. This aspect of WSUP's interventions (ie. subsequent scaling up impact through leveraging additional funding, or indeed influencing policy) is not formally reported, and this Review believes its importance is not adequately recognised internally¹³.

Tasks, Approvals and Fund Flows

3.16 It is understood that appropriate and adequate approval and signing powers are delegated from the Board and within the organisation. All assignments are covered by Task Orders, MoUs, Professional Support or Consultancy Agreements. This includes Members' staff assigned either to the Projects Group or to the Board, Concept Note preparation, Scoping Studies, technical consultancies, right through to capacity building interventions or hygiene promotion campaigns. The Task Orders are issued in association with the Service Agreements between the Member organisation and WSUP and include either a daily charge rate or an assigned value for days to be contributed in kind. An example of a Task Order for Governance input is provided in Annex G.¹⁴ A detailed financial management spreadsheet

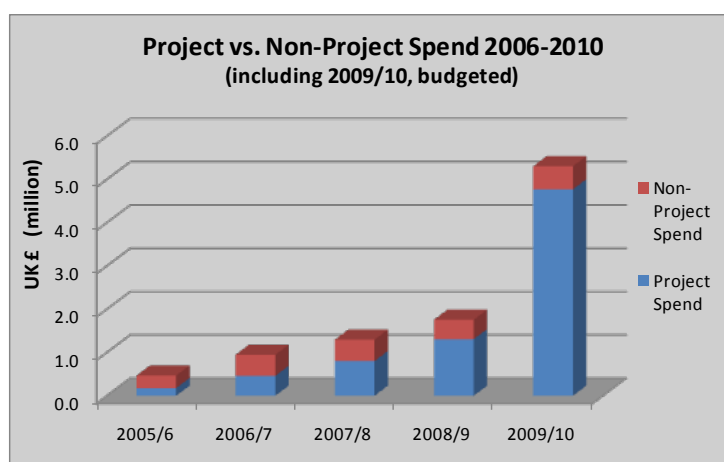
¹³ It should be noted that the funding leveraged to date was not explicitly included in WSUP's recording of project funding achieved (Funding Tracker). This is presumably because it is allocated for interventions in new areas. Because of this, it has not been included in the graphical representation of project funding (Graph 3.3) nor of programme funding (Graph 3.2) which currently is a summation of project funds.

¹⁴ One somewhat curious aspect of the financial management is that of members' contributions. In most cases this is a contribution in kind and so there is a requirement to value the staff time inputs. This is done 'at cost' and because of different pay rates in the NGO and the private sector it results in private sector staff time representing a bigger financial contribution to WSUP than an NGO member's staff input - a rather curious anomaly, but apparently accepted.

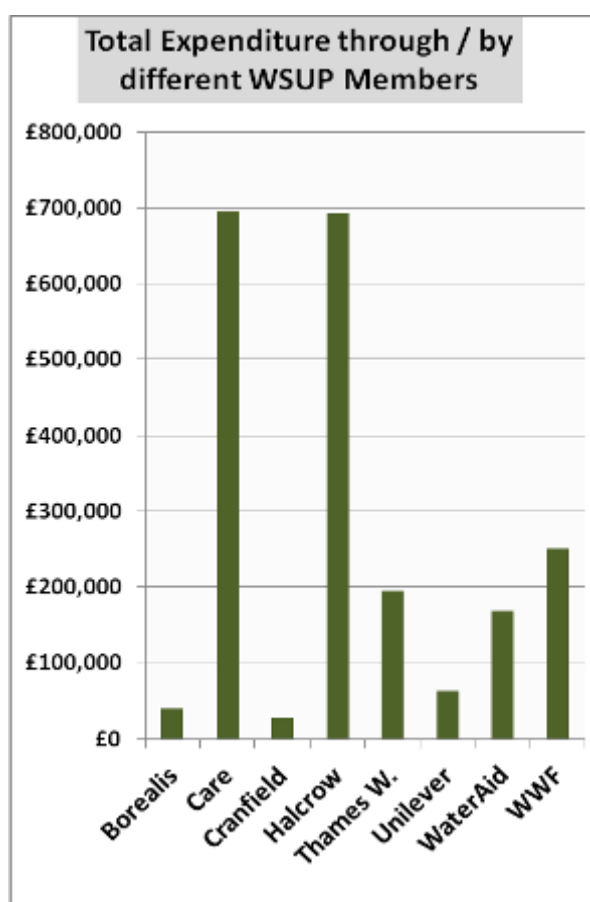
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maintains a record of each Task Order issued and subsequently paid, with cross referencing to the source of funds, the concerned project or activity and the stage of work (Scoping, Implementation etc.). This allows a detailed analysis of expenditures and fund flows.

Graph 3.4 : WSUP Project and Non-Project Spend (2009/10 budgeted)



3.17 **Graph 3.4 Project vs. Non-Project Spend** shows that the percentage of non-project (or ‘core’) costs, although high to start with have satisfactorily reduced each year (viz. 60% → 50% → 38% → 26%) and this year it is predicted to be just 10%. Looking in a bit more detail we have expenditure by Cost Centre as per the subsequent graph.

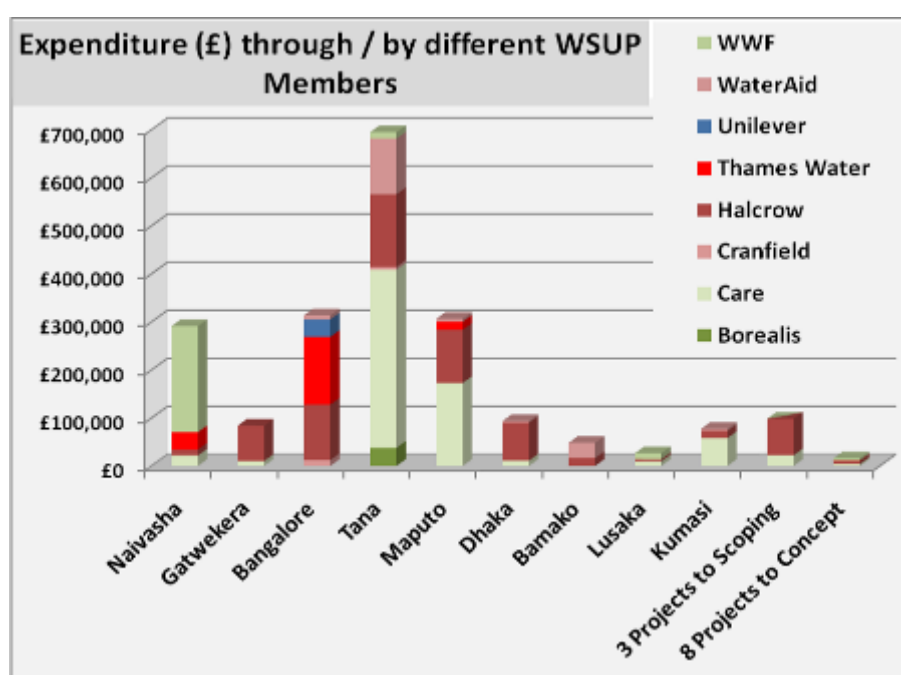


Source: Data provided by WSUP Secretariat

3.18 Analysis shows that there has been a relatively good balance of financial flows through NGO and private sectors. It should be noted that around £950,000 (not shown here) was expended by Task Orders issued and disbursed directly by the Secretariat.

3.19 Reviewing this by project (see next graph) shows the different Member's involvement in different projects. On all projects there has also been some balance between NGO and private fund flows. These fund flows do not necessarily represent payments for activities undertaken by those Members, per se, because in some countries local Members operate as the channel for WSUP's fund flow (eg. Halcrow in Bangladesh, WWF in Naivasha etc.) so the Task Orders may be fulfilled by another local agency or consultant.

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Source: data provided by WSUP Finance Manager, subsequently supplemented by WSUP CEO

3.20 The WSUP Management Board established a separate Finance Sub-Committee (ie. Audit Committee) which includes one of the Independent Board Members. The CARE Board Member, due to his background in finance and IT, has taken a particular role in supporting the development of the financial management systems. The Finance sub-committee meet prior to the full Management Board meeting¹⁵ and receive a detailed report from WSUP Finance Officer. They then consider their findings and present their report to the full Board. This review has not been asked to look specifically at financial management. DFID receives regular financial reports from WSUP, and DFID expressed their confidence in the probity and effectiveness of the management and reporting.

Monitoring and Evaluation

3.21 The monitoring of projects has been by way of detailed quarterly project reports from each project to the Projects Group and the Secretariat through the Project Directors. The format for these reports is prescribed, facilitating analysis and summarising of progress. Issues arising are then placed to the Board each quarter. The most recent quarterly reports are available on the Members' Extranet when submitted. The Board Meetings each quarter receive summary tables for each project (see [Table 3.1](#), below) by which they monitor progress, reportedly asking more probing questions if they perceive any difficulties or constraints.

3.22 The Gates Foundation funding includes resources specifically directed to monitoring and evaluation of WSUP interventions, and thereby contributing to the Gates Foundation Learning Initiative. The earmarked funding amounts to \$1.37 million, and includes a number of activities including baseline and annual monitoring surveys of service provision, monitoring of LSP capacity improvements, the bi-annual Programme Implementation workshops and an independent review. In 2008 the Secretariat appointed an additional staff member funded by Gates to take forward the M&E agenda. The objective is [to provide]

¹⁵ Usually something less than 10 days before the Board Meetings, although sometimes on the same day.

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'a learning model to test in an empirically verifiable and qualitatively robust way the impact of the implementation and development phase projects (under objectives 1 and 2) on :

- a) access to water, sanitation, and hygiene and the associated impacts on health and socio-economic parameters of target populations,*
- b) the capacity of local service providers, and*
- c) the efficacy of funding mechanisms'*

Table 3.2 outlines the key questions that it is anticipated will be answered.

Table 3.1: Project Top Line Indicators

TANA

	Latest Position	Per original feasibility	Variance	Per last Board meeting	Variance
Costs incurred to date	388	0	n/a	388	0
Cost outstanding (latest forecast)	2,412	1,950	n/a	2,412	0
Total forecast cost	2,800	1,950	(850)	2,800	0
Funds raised to date	1,565	1,565	n/a	1,565	0
Funds required	1,235	385	n/a	1,235	0
Total funds	2,800	1,950	850	2,800	0
Target population					
Water	217,000	200,000	17,000	217,000	0
Sanitation & Hygiene	155,000	150,000	5,000	155,000	0
People Reached (cum)					
Water	5,000	7,500	(2,500)	5,000	0
Sanitation & Hygiene	11,000	10,000	1,000	11,000	0
Timetable					
Date [first 25,000 reached]	Dec-08	Feb-08	-10 months	Dec-08	0 months
Sanitation [first 25,000 reached]	Jun-09	Feb-08	-4 months	Jun-09	0 months

Source: CEO Report to Board of Directors Meeting, 18th September 2008

Table 3.2 Components of Gates Funded Learning Strategy

Learning Questions
1. Consumer Services <ul style="list-style-type: none"> Is the WSUP project achieving improvements in service delivery to the target populations? What is the impact of the WSUP project on indices of health and socio-economic status of the target population? What is the profile of the poor / very poor in the target population, what differential mechanisms exist between these groups in accessing water and sanitation, and what is the impact of the project intervention on these groups? Is the WSUP model an efficient, effective and scalable delivery mechanism?
2. Service Provider Capacity Improvements <ul style="list-style-type: none"> What are the key indicators for measuring a LSP's capacity for delivery to the urban poor? What impact has the WSUP project had on building LSP capacity to deliver for the urban poor? To what extent does the project ensure government / LSP maintenance of the service improvements after the project finishes and replication in new areas? Is it possible to achieve service improvements at scale by working in partnership with LSPs?
3. Efficacy of Funding Mechanisms <ul style="list-style-type: none"> What funding mechanisms are needed to allow government / LSPs to build capacity required to deliver for the urban poor ? How can the required funding mechanisms be mainstreamed in the funding mechanisms of multi-lateral, bi-lateral and international finance institutions? What is the relative importance of tariff setting in securing improved services for the poor and how effective is the approach of capacity building local price setters.

Source : Gates Foundation Funding Agreement

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3.23 However this is a huge agenda. Although relatively early days in the development of the M&E approach, this Review would stress to WSUP that such systems do not come at zero cost, even if funded. M&E is surely important, however if it is allowed to dominate dialogues with LSPs and communities to fulfil ends that are not perceived as of any value to the interlocutors, then partnerships will become strained and time and resources wasted. Most importantly, the quality of the data which emerges will be questionable. The Review encourages the Projects Group and Project Directors / Managers to ensure that the M&E process remains appropriate and practical.

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4 Achievement against Strategic Objectives

Summary

4.1 The framework of five Strategic Objectives was developed by WSUP in 2008/9¹⁶.

- Better Services
- Stronger Service Providers
- Learning
- Advocacy
- Sustainable Partnership

It is the Framework against which the Secretariat now reports to the Board of Directors each quarter. In the Inception Report to this Review, both the DFID and Gates Foundations LogFrames were mapped against it. The following findings are converged from the Field Study Reports (see Annex E, submitted under separate cover).

Strategic Objective 1: Better Services

4.2 WSUP defines people reached with better services as those who experience a measurable improvement in access and use, reaching at least the national minimum standards¹⁷. For both water and sanitation, numbers reached is split between installed capacity, access and use. For hygiene, numbers refer to those reached with hygiene promotion campaigns and those practising improved hygiene. Projects submit this data in the M&E Matrix which forms part of the quarterly reporting to London. The Secretariat summarises this to the Board of Directors, as 'People Reached (cumulative)', by project and in total, each quarter.

4.3 The scenario found by this Review's Field Study in Maputo was perhaps the most typical. The role of WSUP has been to fill the well-recognised gap between the formal service provider (the primary system) and the population in the peri-urban areas. As in many cities around the world, the existing urban water supply system in Maputo was targeted at the formal city comprising generally middle to high income population. The peri-urban areas were not supplied from the main urban water supply network. Although the LPS has tried to amend the situation, the informal settlements have grown rapidly, and the backlog is enormous. 'Gap-bridging' has been achieved in the pilot area of Maxaquene A, where a new tertiary network has been installed and about 160 households now have yard connections. A next full-scale phase is underway, which should add another 2,000 households to the network, by way of a new tertiary network.

4.4 Different scenarios are found in other places, and one clear lesson in service provision is that there is no 'one size fits all' solution. See [Box 4.1](#) for the very particular example of Naivasha where the Project Director commented that

"the strength of WSUP is its ability to respond and change according to the circumstances."

¹⁶ First formal reference to them found in CEO Report to Board in April 2009.

¹⁷ Where national minimum standards do not exist, WSUP use their own Minimum Standards (these are reportedly posted on the Extranet, although this consultant could not locate them)

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Box 4.1 Water Supply in Naivasha :

In Naivasha, the informal settlements are spatially detached from the built area of Naivasha town, and WSUP have the 'luxury' of having a discrete supply and command area. Supplying water from a privately owned borehole, means the service can be physically and financially ring-fenced. Naivawass are the currently planned operator of the pilot project. The consultative project approach allowed a WSUP facilitated dialogue between all parties, through a process of design, financial planning, community engagement, construction and signed agreements between the local water utility and the borehole owners for future operation and management. This process almost certainly facilitated a more robust technical and financially viable model to emerge than would have resulted from a traditional 'Scoping' and 'Feasibility Study' process.

Eight water kiosks have been constructed, only awaiting final touches to become operational. The water kiosks have been fitted with both a ground tank and a 40m³ elevated plastic tank and each kiosk has a small de-fluoridation unit to provide drinking water that has acceptable levels of fluoride, important as the high fluoride content causes severe bone disease. The De-fluoridation Units are being operated and maintained on what is planned to be a financially sustainable basis by a local NGO. The kiosks will be operated by private individuals, similarly on what is planned to be a financially sustainable basis. The report to the WSUP Board of Directors (July 2009) noted that the facilities under installation would supply water to 6000 population (Oct 2009, the estimate increased to 7500).

It should be noted that the implementation mechanisms have also varied significantly between projects. This further discussed in the next section 'Stronger Service Providers' but taking for example the role of the community, perhaps the two projects in Kenya (Ref [Box 4.2](#)) provide the best comparison.

Box 4.2 Comparison of Community Involvement

Given the social and political complexities of Kibera, it was deemed that the only way to operate in Gatwekera was through an NGO, the Umande Trust, which was already working in the area and had a solid development base. In the Gatwekera project the community has been closely involved - in planning, design and construction of the facilities, including managing construction and handling the finances.

In Naivasha, by contrast, WSUP have directly implemented what they believe is a viable project which will now be 'handed over' to the LSP, Naivawass, to be operated through agreements with the borehole and kiosk operators. The process has reportedly been supported throughout by consultation, and now WSUP propose that there will be monthly tri-partite meetings between the community's Water Users Associations, the LSP and the Regulator/ Owner in order to promote communication and build trust. However, the Review is concerned to learn that the community WUAs are either 'only recently formed' or still 'yet to be formed' (different messages received).

These two photographs perhaps provide visual support for the assertion that there is no 'one size fits all' approach possible for services to low income settlements due to the complex interaction of physical, technical and social characteristics of each urban scenario. This Review fully endorses the WSUP approach which encourages locally specific solutions to emerge.



Naivasha – Google Earth (from 225 m)



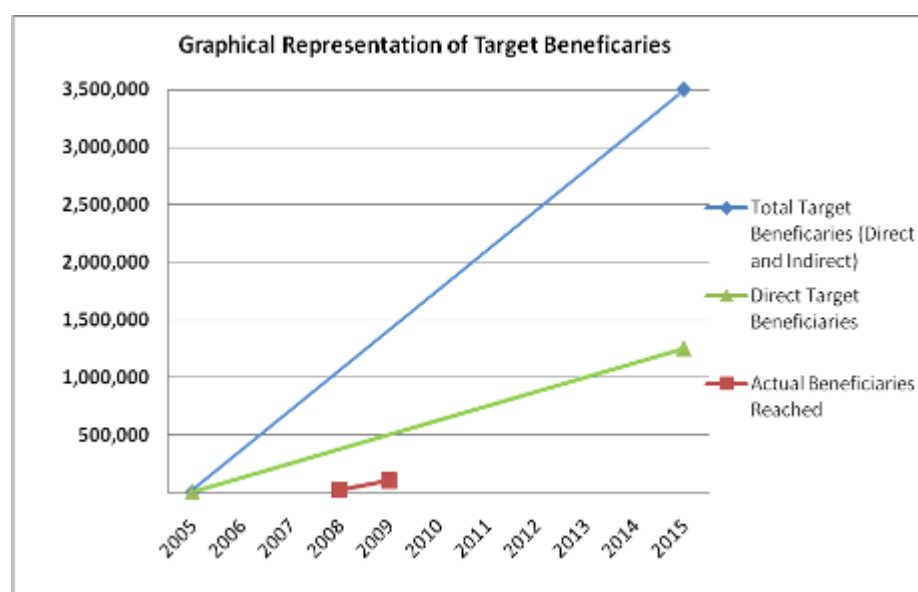
Maxaquene A (Maputo) Google Earth (from 225 m)

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4.5 However this consultative and flexible approach comes at a cost. The DFID Programme Memorandum recorded that :

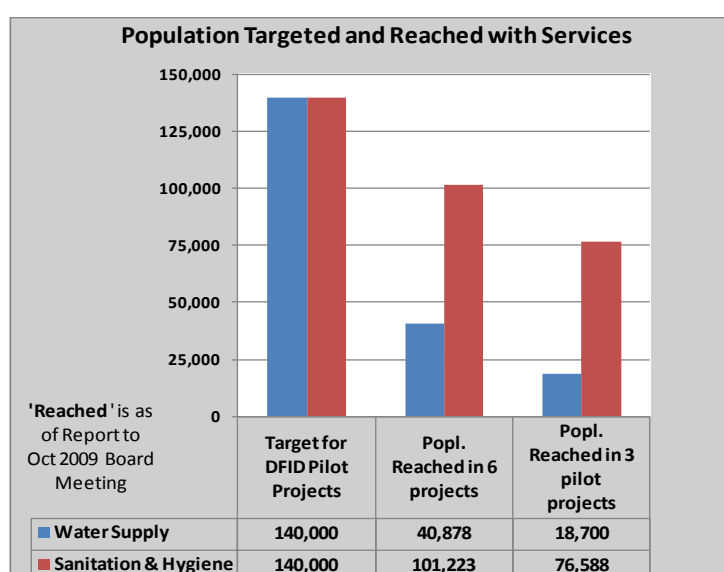
“During the start-up period to January 1st 2008, the Alliance expects to have initiated seven projects, plus the two ongoing pilot projects, with more at varying stages of development. With an average of 100,000 people served per project, nearly one million additional people will be served in that period.”

WSUP is still working towards the Project Purpose of reaching 3.5 million by 2015. However, this total includes a significant contribution of indirect beneficiaries reached through capacity strengthening of LSPs (discussed in [Section 4.13](#)). WSUP are well behind their target of direct beneficiaries reached as the graphical representation below indicates.



Source: Figures of 'beneficiaries reached' cumulative in CEO's report to Board of Directors (Oct 2009)
Direct beneficiaries receive improved water supply or sanitation; Indirect beneficiaries are those anticipated to be reached through LSP capacity building

Looking more closely at the DFID-funded pilots, we have:



Source: Figures of 'people reached' cumulative in CEO's report to Board of Directors (Oct 2009)
Target is taken from original DFID LogFrame : ie. "Two pilot projects serving a total of 140,000-200,000 people in India and SSA"

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4.6 Significant delays were identified early on in the programme as discussed in [Section 2, Project Management](#), above. Also the funding shortages were mentioned repeatedly in the DFID Annual Reviews :

... [funding of infrastructure] remains a key constraint to project wider implementation. WSUP should continue its effort to attract further finance."

Source: Review Recommendations, First DFID Annual Review, January 2008

Although it could justifiably be said that WSUP now has potential to speed up, this Review has to conclude that the targets for service provision are far from being met.

Strategic Objective 2: Stronger Service Providers

4.7 One Output of the DFID LogFrame specifically refers to capacity building of service providers. The need for and the potential of specifically designed and well-focused capacity building has been fully endorsed by the field experience of WSUP and is also endorsed by this Review.

4.8 WSUP identifies the potential for Capacity Building to have impact beyond the specific interventions, leading to some potential scaling. For example, in the WSUP Report to DFID, April 2009, it is noted that in Maputo:

Again, the partnership with the LSPs catalyses opportunities to have greater impact beyond the target area. For example:

- a) the capacity building agreements with FIPAG and AdeM led to the invitation to support the development of EMA*
- b) WSUP was able to unblock service extension to the poor through addressing network design capacity constraints in AdeM*
- c) brokering the industry – industry partnership between AdeM and Manila Water has substantially influenced sector development plans, and*
- d) the government has offered to fund some of the infrastructure through national budget.*

The relationship being established between AdeM and EMA appears to be a test case for the Mozambique urban water sector. EMA is an operator contracted to operate an existing system owned by FIPAG. EMA was asked by AdeM to take operational and management responsibility for a suburb with approximately 5,500 households, perhaps as a 'test case' for greater delegation of operational responsibilities. WSUP is playing an essential role in mediating between AdeM and EMA, supporting EMA on technical and operational issues.

4.9 WSUP has the potential to play an important role with respect to the small scale private providers. These small private operators often play a key function in providing services to poorer sectors. Locally called POPs in Maputo, the position and role of these small operators is currently being redefined by the authorities, and POPs have been invited to register with FIPAG. WSUP is indirectly involved in this policy discussion, which is potentially very significant if the informal suppliers can be regularised without risking the benefits that they have provided and continue to provide to poorer communities. The Review endorses WSUP's interpretation of 'service providers' in the wider sense, including small scale private and community-based agencies in the strengthening agenda.

4.10 Still further down the supply system, WSUP is dealing with public standposts and how they are being operated. With the commercialisation of the water supply systems, public standposts are now operated on a pre-paid basis, with an operator acting as the link between the water company and the public (see details in [Box 4.3](#)).

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Box 4.3: Operating public standposts – new style

During the colonial and immediate post-independence years, the standposts (the “fontenários”) supplied water either free of charge to the urban poor, or through charges collected by local water committees. The charges collected were then paid to the water company. But urban society in Moçambique has undergone significant socio-political changes since then. Social cohesion in urban settings decreased, taps were vandalised and not repaired, bills not paid, and taps disconnected. Commercial positions, expectations and aspirations have hardened, both on the side of the population, and the water agency. AdeM has now introduced the concept of “pre-paid meters”, using a charge card that can deliver a pre-paid volume of water through a card-controlled meter. The card can then be re-charged. Water-sellers can make a living from operating such a water point, if they sell say 400 buckets per day, for which they need about 100 families within a walking distance. However, if house connections become more wide-spread (through such projects as WSUP) the economics will change, and the water sellers may not find enough customers within his catchment.

The new project and the increase in the number of house connections will reduce the “catchment” of a water seller, and threaten his livelihood. WSUP contributes to the dialogue, and has been advising CRA, the Water Regulatory Council, on the impact. The Review sees this as an important issue with potentially very valuable lessons for other cities and service providers. The situation is still in process, and should be carefully monitored by WSUP.

4.11 This Review notes that the Water Act 2002 in Kenya gives a very strong framework¹⁸ within which to identify capacity building needs and provide input effectively to address these needs. In comparison, the changing political and institutional priorities and local public and political pressures in other places, Bangalore for example¹⁹, means that the whole agenda with respect to the Service Provider is much more problematic to define and hence virtually impossible to progress. In Maputo, the Review was encouraged to note that capacity building of AdeM was recognised as a target of the project in many of the early documents. However, the In-Country Project Review reported few explicit or formal training or capacity building activities for AdeM staff. (The In-Country Project Review Findings (Summary Reports) are submitted under separate cover²⁰.) The Review’s In-Country Findings did record that AdeM management showed considerable interest in technical training and the Review particularly notes, in this and presumably in similar contexts elsewhere, the significant institutional loss to WSUP of the presence of a utility operator - Thames Water no longer being a WSUP Member.

4.12 One weapon in the arsenal to build capacity of Service Providers is the Professional Fellowship Scheme. It can include placements, short courses, exchange visits and distance learning. It is set up to be demand led. The programme is coordinated by Cranfield, and they attempt to identify appropriate courses or placements from any source. This Review finds it impossible to assess at this stage, with few activities to date. We are however encouraged to see non-engineering Fellows (the Advocacy Officer of the Umande Trust attended an urban planning course)²¹ and the Field Studies reported, as would be expected, that ‘Fellows’ were very satisfied with their experience.

4.13 WSUP anticipates (ref. Business Plan (2008-12) that the new approach of working to Strengthen Service Providers will, in itself, bring improved services to significant numbers of urban poor. This Review has no reason to agree or disagree with this ex-ante. We do however suggest that any success is

¹⁸ With clear divisions of responsibilities for managing water resources and managing, delivering water – the responsibilities for the latter being wholly owned by local authorities.

¹⁹ Also, although perhaps to a lesser extent, in Dhaka.

²⁰ Note: WSUP subsequently disputed this Field Finding, reporting significant capacity building with AdeM in the areas of a) consultation with communities b) design and construction of tertiary networks and c) facilitation processes for now house and yard connections. It was not possible for the Review to re-visit their Field Findings.

²¹ Innovatively this was facilitated on a cost-sharing basis with SIDA.

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likely to depend centrally on the motivation and regulation of the local service providers, and the availability of investment resources to the LSPs²². The Review would suggest that 'Stronger Service Providers' is a necessary condition to improve services, but in no way a sufficient condition especially to the poor.

4.14 The Review also notes that the monitoring and attribution of any service improvements due to capacity building is likely to be extremely difficult. Quarterly project reporting to date has listed capacity building inputs rather than impact or outcomes. WSUP has just recently started to analyse capacity building outcomes. Annex G presents the report of the recent Programme Implementation Workshop in Nairobi (October 2009).

Strategic Objective 3: Learning

4.15 Process lessons have been incorporated into the Business Plan 2008-12 as discussed in [Section 4](#). This Review encourages and endorses the mechanisms which WSUP has employed to respond to their programmatic experience. Where the lessons are clear, the actions have been commensurate. However we suggest that there are also important lessons around Project Selection which are yet to be acknowledged and acted upon. It is instructive that the feedback from the field studies on the issue of learning found only process lessons to report on.

4.16 In comparison, it has not been easy for this Review to understand where the learning from WSUP project-level experience (technical, social, financial etc.) is held and whether the learning is effectual and institutionalised. In a membership organisation which has tried to maintain a slim line core staff, it was always going to be a challenge to ensure that global experience and best practice lessons were brought to bear on the projects. When the TA mechanism is such that Members offer low cost services of their own staff, it is a further challenge. WSUP has developed the Projects Group to maintain the quality of implementation, and the new M&E processes to promote learning and feedback. Both of these are discussed further elsewhere.

4.17 WSUP has one activity that specifically stimulates lesson learning— an Annual Programme Implementation Workshop. In November 2008 the three day Workshop had a good cross section of participants:

Project Staff	7	From four countries,
In-country NGO reps	3	From Mali, Ghana and Zambia (projects under development)
Project Group members	7	
WSUP Secretariat Staff	10	
Delegates from LSPs	8	From four countries. Delegates and WSUP staff members from India could not get visas in time.
Specialists and speakers	7	

As well as the normal documentation of Workshop sessions, an additional report recorded 'Constraints' and 'What Works' in an attempt to summarise lessons²³. This note of the discussion was subsequently distributed back to participants, but not analysed or packaged for wider sharing.

²² The Review notes that the importance of LSP commitment and the need to bridge the finance gap were quoted in the Business Plan (2008-12) as important lessons from the pilot projects.

²³ '1 Year into Implementation: Emerging Lessons', Report compiled by J Bevan for the WSUP Project Group, Cranfield, Nov 2008

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4.18 Recently a complex set of ‘learning questions’ have been developed to help project staff report lessons in the quarterly reports (see [Table 3.2](#)). It is understood that the framework will also be used to structure the sessions of the third Programme Implementation Workshop which is being held this November in Nairobi. Concurrently, WSUP has commissioned Cranfield University to extract and analyse technical lessons from WSUP’s project experience. These processes are essential and well timed, and such lesson learning and dissemination should be further enhanced. Dialogue on substantive matters, not just process, will both inform WSUP’s programme and enhance WSUP’s status.

Strategic Objective 4: Advocacy

4.19 Advocacy to date has basically centred on publicising and advocating WSUP’s approach. WSUP staff and Board Members have attended a number of sector events, both internationally and in-country, and their presentations have focused on WSUP’s basic project approach and project experiences. Fora include²⁴ :

- OECD Water Forum, Paris, Nov 06,
- World Bank Water Week, Washington, March 07
- EIB CSOs workshop May 07
- Stockholm Water Week – August 07
- Global Water Challenge Innovative Finance Mechanisms Workshop – Atlanta – October 07
- Oxfam Sanitation and Waste Management Workshop - September 07
- WaterAid Sanitation Programme Meeting – October 07
- GWC Financing Mechanisms Seminar, Atlanta, October 2007
- Water Operators Partnerships Meeting, the Hague, November 07 organised by IWA
- NEPAD-OECD Africa Investment Initiative Roundtable in Lusaka 27-28th November 2007
- EUWI, Paris, December 07
- Africa Water Week, Tunis, March 08
- Cambridge Programme for Industry, July 2008
- 34th WEDC International Conference was held at Addis Ababa, Ethiopia, 18-22 May 2009

4.20 The Field Studies also reported WSUP participation in a number of events. In Maputo they reported that WSUP has ‘communicated and coordinated widely and intensively’ with organisations in government and with development partners in the WATSAN sector. On a stand, together with their partner AdeM, WSUP presented their work at a major trade fair in Maputo. In Kenya WSUP has been more a participant in national WATSAN groups. They have struck up a good working relationship with WSP at the World Bank. WSUP might usefully examine the differences in advocacy in different countries to see whether WSUP is appropriately responding to local drivers. WSUP projects have also hosted visits from international delegations, including USAID and the Netherlands Ministry of Development Cooperation. It is interesting to note the facilitation of some ‘South-South’ advocacy with a Kenya mission from the Rift Valley Water Services Board and the Nakuru Water Company visiting Mozambique.

4.21 Advocacy to date has basically been reactive and could be deemed to be somewhat haphazard. The April 2009 Board Meeting reviewed WSUP’s approach to advocacy, concerned whether higher level engagement should be considered. Two members of the Projects Group undertook a survey of Project Managers to get their views on WSUP’s priority advocacy messages. The conclusion was as follows:

²⁴ This is almost certainly not an exhaustive list.

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<i>Who leads</i>	<i>To</i>	<i>Topic</i>
Project staff	National government / policy makers	Inclusion of pro-poor policies in sector development plans
Project staff	National government / utilities	Prioritise capacity building of service providers
WSUP secretariat	Donors / IFIs	Inclusion of pro-poor policies in sector development plans; allocate funding to support governments to achieve this
WSUP secretariat	Donors/ IFIs	Invest in capacity building of service providers

The Review feels that this is a good initiative and could have the potential to stimulate serious pro-poor policy engagement. For an organisation with WSUP's Mission and makeup, however, it is a moot point whether it would not be better if 'appropriate policies and sector investment plans' were a pre-requisite for engagement, rather than a subsequent focus for advocacy when WSUP is an organisations with minimal leverage.

Strategic Objective 5: Sustainable Partnership

4.22 For WSUP 'partnership' has two separate aspects:

- partnership with and within WSUP to facilitate project development and implementation;
- sustainable partnerships locally to maintain services into the future which must, presumably by definition, exclude WSUP.

4.23 The field studies both reported that WSUP had worked effectively to establish appropriate partnerships within the WATSAN sector and with the concerned communities for the implementation of its programmes. The appointment of local Project Managers has almost certainly enhanced this. An unhelpful disconnect was noted in Maputo between the work of WSUP and that of WaterAid on the ground. This echoes the concerns raised at the April 2009 Board Meeting when an 'inherent tension' was identified such that:

'the more top down private sector tradition meets the more decentralised NGO tradition'.²⁵

The analysis was that the *'implementation of sizeable infrastructure programmes [requires] strong project direction'*, while there is also a need to retain the *'buy-in, consultation, participation and ownership of WSUP Members'*. The highly de-centralised governance structures of most NGOs, combines with their lack of confidence in or experience of working with private sector operators, such that there is no automatic buy-in to WSUP's agenda from the in-country leaders of WSUP NGO Members.

4.24 WSUP is moving to address this locally by stressing the role of the Project Steering Committee, encouraging Project Directors to include local WSUP NGO Members as much as possible. This Review does not think the matter insuperable, and believes it may dissolve as WSUP project engagement becomes more mature. However it does encourage Project Directors to take seriously any such concerns raised by Project Managers as it is they who must manage sustainable relationships on the ground. It is good that the tension is recognised at an institutional level. It should be acknowledged in the current membership review (and in the current moves to strengthen 'WSUP' identity) if WSUP does not want to cause further internal difficulties for its NGO Members.

²⁵ The analysis was that the *'implementation of sizeable infrastructure programmes [requires] strong project direction'*, while there is also a need to retain the *'buy-in, consultation, participation and ownership of WSUP members'*. The highly de-centralised governance structures of most NGOs, combines with their lack of confidence in or experience of working with private sector operators, such that there is no automatic buy-in to WSUP's agenda from the in-country leaders of WSUP NGO members.

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4.25 The Review is encouraged to note that in Kenya, WSUP have identified credible technical assistance partners locally (eg. SNV, NETWAS and GEARR). The Review assesses this as more appropriate than simply employing the services of WSUP Members or WSUP-identified individual consultants. The Review also endorses what appear to be growing links with go-ahead utilities in other developing countries as a resource for exchange visits and/or technical assistance (eg. Uganda, Philippines).

4.26 Sustainable partnership to operate and maintain projects subsequently appears more problematic. Project Steering Committees (PSCs) of local project stakeholders now form an integral part of most project governance structures going forward. A lesson recently reported is that PSCs have a number of important strengths:

- a) a manifestation of local ownership of the projects,
- b) they bring greater ability for consensus building,
- c) better coordination;
- d) stronger engagement of beneficiaries;
- e) improved ability to manage difficult political situations.

Source: WSUP Quarterly Report to DFID, Apr 2009

This Review endorses that capacity building and relationship strengthening between the stakeholders is very important for the long term sustainability of the projects. It would like to warn against too much focus on targets and timetables, or overly engineering-based Project Management²⁶. This would risk PSC capacity building and strengthening not being sufficiently prioritised.

²⁶ This has important read-across to the encouragement to Project Directors (above) to listen to their Project Managers.

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5 Progress towards Purpose

Summary

5.1 For the DFID funding, the Project Purpose is :

‘The provision of sustainable, equitable, and affordable water and sanitation services to approximately 3.5 million poor people in urban/peri-urban areas by 2015’.

Meanwhile for other funding there is a slightly different vision. For example in the Gate’s Proposal the Project Vision is

‘Strong local community organizations and Local Service Providers (LSPs) providing water, sanitation and hygiene sustainably to all city residents including the poor.’

This section looks at the programme overall and not the DFID funding per se. Although doing this potentially brings in some extraneous dimensions, it has the advantage that any future engagement which DFID might consider or strategic advice it might provide is more fully informed.

Validity

5.2 This Review believes that WSUP’s focus on basic services to the urban poor is clearly valid in the current global scenario. Many developing country water utilities and the responsible authorities are failing to provide their growing poor population with formal services and, as a result, the sanitary and environmental health conditions in which poor citizens are living are almost unrelentingly bad and in many places deteriorating rapidly. Analysis of the shortfall shows the reasons to be complex and locally very site-specific. However the following five causes may be identified as most common, and are usually present to some degree, and in some combination:

- utilities do not have appropriate mechanisms (technical and/or commercial) to do provide services in poor communities;
- a lack of institutional capacity;
- a lack of commitment, alternative institutional priorities, and/or perverse institutional incentives;
- the legal or regulatory environment prevents formal service provision in informal settlements;
- a lack of resources.

Thus the needs are huge and the contexts very varied. The question for this Review is whether the specific WSUP approach is proving valid in terms of its results.

5.3 Looking at the causes listed above, the first two of these are the focus of WSUP’s work. At project level, WSUP have identified and implemented practical interventions for LSPs to provide services to un-served low income settlements. They have also started to work on capacity building to enhance the sustainability of these interventions. The other causes, if present, result in one of two things. Either the project is screened out early through WSUP’s concept and scoping process or, if it goes forward, significant constraints to progress emerge which WSUP is poorly equipped to address. The Review suggests that this goes a long way to explain the difficulties which a number of projects have faced to make progress.

5.4 WSUP does not have a ‘one-size-fits-all’ approach. The local flexibility in priorities and design is commendable and very important. WSUP experience is that, as with the reasons for the shortfall in services to the poor, appropriate responses are also site-specific. This has resulted in very different packages of water, sanitation and hygiene promotion in different projects. It has also allowed changes in approach over time within individual projects, of which there are numerous examples.

5.5 The Review has some concerns that the priority to reach targets (ie. ‘taps and toilets’) has undermined something which should be fundamental to the WSUP approach – that the mechanisms

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employed by WSUP, including the mechanisms for identifying resources and for implementing the improvements, has the potential to go to scale. This means that not only the technology and the finances must be appropriate to be taken to scale, but the implementation mechanisms should be replicable. This has been endorsed by a number of interlocutors as a fundamental tenet of the programme; however the Review found that in one of the three projects visited, WSUP had not employed a locally replicable implementation mechanism²⁷. Perhaps justified in the short term to make progress and bring results when the local service provider has minimal capacity, but essentially this is a questionable way of proceeding as it cannot be taken to scale.

5.6 There seems to be a concern as to whether the WSUP approach is original and unique. Although this might be an important ‘selling point’ for WSUP when it is trying to attract funding, this Review does not feel it important. Few of the components of the WSUP approach are themselves original. Many have been trialled and tested by other organisations, indeed sometimes by WSUP’s own Members. The important thing is that WSUP has, critically, been able to act as a catalyst to bring different interventions together. Most innovatively, because of WSUP’s partnership approach, this often results in a combination of social interactions at the community level with important innovations (technical, financial or institutional) for the formal service provider. Another reason why this Review does not value uniqueness is because the needs are so great that the more agencies to engage effectively the better. This was endorsed by a number of Board members whose vision prioritised replication, not growth of WSUP per se.

5.7 This brings us to an important dimension of validity, that of scale. WSUP will only be credible in the current global scenario if they can have sufficient impact. Putting aside the causes behind the lack of progress to date and looking forward, there is a glaring need for infrastructure implementation funding. Even if WSUP can deal with the locally specific causes of delay, and streamline its support and guidance such that it is effective and efficient (see next sections), WSUP will be valid into the future only if it can align itself more effectively with investment resources so that replication from the ‘pilots’ becomes a reality.

Effectiveness

5.8 At the project level, WSUP has not achieved what it had planned to achieve (see **Section 4 : Service Provision**). Progress has been slow and patchy. As this lack of output can be assigned to delays of various kinds, it is tempting to suggest that simply more time is needed to show much more significant progress. In some places progress was halted or delayed due to a lack of funding.

5.9 However, this Review also posits that a key factor in the delays and lack of progress has been an inappropriate selection of project locations. This could be deemed easy to say in retrospect, but while in some places there appears to have been an overly technical approach to project selection; in others, selection appears to have been guided by need rather than by any perceived potential to address the needs. In either case, poor project selection was perhaps exacerbated, at that time, by an understandably partial comprehension of the local political economy of water and sanitation provision among those who had to make decisions as to whether to proceed.

5.10 The Review also suggests that, although the Board had to approve any project moving to the next stage, there were institutional incentives not to drop a project. The following can be noted :

- a) in-country Members were asked to identify projects;
- b) from London there was little way to challenge any assumptions;

²⁷ The example was Naivasha where the implementation is being done by WSUP, ie. WSUP operates as the client.

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- c) there was an institutional interest in keeping Members in-country 'on side'²⁸ as they would provide a host for any project staff, in some cases a route for financial flows and potential resources to progress future work in country;
- d) there was a built-in target from DFID to identify and progress a certain number of projects each year²⁹.

Thus, reflecting with the benefit of hindsight, the project selection appears somewhat haphazard which combined unfortunately with inadequate internal incentives or mechanisms to subsequently amend it. If WSUP was prioritising progress, demonstration and replication, WSUP would probably agree that they could have had a more fortunate selection of start-up projects³⁰.

5.11 This Review acknowledges that things have changed and are changing, but it recommends that a thorough strategic analysis is undertaken of project selection in relation to a clearer assessment of the likely constraints to progress and, in particular, the potential for major investment for network expansion. This latter is a challenge yet to be directly addressed.

5.12 It was noted by WSUP in 2006 that Projects need to draw more widely on the expertise available throughout the WSUP partnership, as they were tending to evolve into more traditional NGO projects that could just as effectively be implemented by a partnership of NGOs. In this context, there have been important amendments to the WSUP Business Plan, discussed elsewhere, particularly with regard to project management and technical oversight. The Review believes that these changes have been to the greater good, building on lessons learnt and enhancing WSUP's potential effectiveness. However one change in WSUP since its establishment is that there is no longer any water industry Member. In the context of this internal criticism, this was perhaps a more important constraint than WSUP has to date acknowledged.

Coverage (ie. reach and inclusiveness)

5.13 There has been no overt agenda for city-wide coverage. A target of 100,000 beneficiaries has been used to determine an appropriate magnitude for "*Full Implementation*" projects³¹. It is noted that the WSUP Business Procedures for the Scoping Study which refers to '*Opportunity for Replication and/or Scale-Up in the Future*', asks for an assessment of further need – rarely in any shortage – but does not probe on institutional capacity, government commitment, funding availability or the legislative environment.

5.14 While in most pilot projects every attempt has been made to undertake something which is replicable this has not been an overt requirement. Indeed, on the contrary, WSUP seems to judge its own progress by the progress of the pilot projects, and the progress of the pilot projects mainly in terms of taps and toilets. When asked about WSUP strategy overall, key staff and Board members acknowledge the importance of replication in other cities or with other agencies. However, perhaps because of the relatively youth of the project interventions, and because WSUP as an organisation feels it needs more experience, there is nothing in the approach nor any particular activities to encourage replication.

²⁸ As discussed above, NGO members in-country do not necessarily have the same priority for urban water and sanitation as their Head Office.

²⁹ This perhaps influenced the Board in the first few years so that, if they had concerns about taking a project to the next stage, they would request more information rather than give a downright refusal.

³⁰ In subsequent discussions with WSUP management they acknowledged the need to review the portfolio but believe they will be "*able to deliver in 6 out of the 9 sites where WSUP is currently operating*".

³¹ The logic for this is not clear to the Review

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5.15 It has not been possible to explore coverage in terms of inclusivity in much detail as it has not been a dimension of WSUP's work generally acknowledged to be important. In the three projects reviewed, the engagement had been initiated by local staff of a WSUP NGO Member who identified a poor community in need of WATSAN improvements. WSUP staff on the ground include social development experts as well as engineers; and social assessments are undertaken as part of project preparation. In Naivasha the potential for differential impact on landlords and tenants was discussed, although it is not clear what implications it had on design or on the priorities; references were found in the documentation of past work in Gatwekera of women-led construction activities but it does not appear to be an approach adopted. No other explicit references were found to disaggregation within communities or within beneficiaries. It has not been investigated in detail by this review whether social disaggregation is appropriately incorporated within the M&E.

5.16 Perhaps an explanation for the lack of priority given to social dimensions is that although the details of the situation may be well understood on the ground, the project management hierarchy and the WSUP reporting formats are still generally engineering-led.

Governance and Transparency

5.17 The innovative tri-sector structure of WSUP was perceived as providing a mechanism to target focused professional interventions in a manner not dragged down by cumbersome bureaucracy and procedures. Although nominally an issue of efficiency, this Review was concerned to find that lack of transparency in consultant selection was raised by interlocutors with Government and other stakeholders expressing their puzzlement over WSUP's procurement of consultants (reported by Field Studies).

5.18 In specifying procurement requirements, the DFID programme Memorandum separated the two Pilot Projects (subsequently three) from the subsequent projects, allowing the Pilots to go forward implemented by the already identified Consortia of Members. It clarified that in future (ie. non-DFID Pilot Projects):

"appropriate national and donor competitive procurement rules will be followed for the choice of the Project Consortium to implement a project."

This does not appear to have happened. It is understood that local construction activities are procured through competitive bidding, however, technical assistance interventions (eg. hygiene education, LPS capacity building etc.) are assigned by the Project Director, usually endorsed by the Projects Group.

5.19 When asked about the process, WSUP described a generally accepted model for procuring project level services such that the Project Manager and Project Director are accountable to the Board to identify the most appropriate service provider. In many cases the service provider may be a Member organisation working 'at cost' (eg. WaterAid providing Hygiene Promotion in Tana), but it can be individual consultants (often, although not always, recommended by Members), other international agencies (such as SNV capacity building in Naivasha) or local NGOs (eg. Umande Trust carrying out baseline studies in Gatwekera). Given the background and experience of WSUP Members, it is surprising that the lack of transparency in procurement within WSUP has not apparently caused any concern among Board members to date. However, it is now being questioned by new funders, particularly USAID who are requiring, as an early action, that a clear 'Procurement Policy' is drafted. The challenge for WSUP will be to define a process which satisfies accepted best practice requirements while preserving WSUP's ability to respond flexibly to local requirements, and not making excessive demands on time, administration or finances.

5.20 The Governance structure is such that this Review believes financial systems and processes to be fully transparent and above reproach. It is however recommended that appropriate local advice is taken and a clear explanation and justification recorded of decisions on routing financial flows for in-

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country activities. Currently a variety of mechanisms are used to pass funds to the field, often through Members or financial intermediaries. This was not investigated in detail and can be expected to be streamlined as WSUP starts to establish registered WSUP branch offices in-country.

Efficiency

5.21 In 2006, an instructive paper on refining the WSUP Project Delivery Model was written to the WSUP Board Meeting. It noted that:

The phases are taking much longer than budgeted (9 months for a concept note in one case) and ways need to be sought to streamline the approach. Concerns about the efficiency and timeliness of WSUP's project development process have been raised by KfW, Gates and DFID.

Source: Extract from Paper to WSUP Board Meeting Dec 2005

In the absence of formal client – contractor relationships, clearly prescribed competitive procedures, a normal contract and budget, the assurance of efficiency of inputs and outcomes is potentially very problematic³². Appropriate procedures need to be self-imposed, self-monitored and controlled to have assurance of efficiency. All this is further confused by inputs at the project level which may come as contributions in kind, or more usually contributions at cost from Members who are institutionally deemed to be the expert in that field.

5.22 From the short Field Reviews it could not be established to what extent internal controls have functioned, or whether efficiencies, which might be expected from the tri-sector structure of WSUP, have been fully realised. The review was informed that project level initiatives can be reviewed by the Project Group for quality control³³, however, it is not clear that this always happens. It is understood that Project Directors have delegated authority to proceed without Project Group endorsement. The field reports noted that efficiencies may have been compromised by the large number of short term advisors³⁴, and consultants were employed who had no earlier experience in the country³⁵. Certainly, looking more closely at the processes on the ground, there is suggestion that the early stages of project concept and scoping would have been more efficient if it had involved people more familiar with the sector and wherever possible with the location.

5.23 The measurement of success is through regular reporting of beneficiaries reached. It may be possible to compare efficiencies (eg. cost effectiveness) between projects at least to understand the range of costs incurred to reach different stages of each project. This Review does not necessarily suggest that this can usefully be compared with any normative figure, but the exercise might give WSUP management some insight into what is happening in practice. Impact measurement or cost benefit estimation is not undertaken, although some attempts are understood to be planned under the new M&E system.

Sustainability

5.24 WSUP has grown as an organisation, and has the potential to grow further if it continues to access grant funding. Since 2007/08, WSUP has focused between 5% – 8% of its resources on finding additional funds (dedicated staff members, systems for monitoring and reporting project funding

³² Subsequent input from WSUP requested the following to be noted: 'Every programme input is covered under a Task Order, MoU, Professional Support Agreement, workplan and budget or consulting agreement. These contracts all have clear deliverables, timelines and costs which are negotiated up front'. While endorsing and applauding these procedures, the Review believes that efficiency issues still arise due to the procurement dimensions of these processes, discussed elsewhere.

³³ The Desk Study included 'attendance' at one of the Project Group telephone conferences WSUP hold regularly, every two weeks. Technical issues were discussed and particular problems put before the PG for their input.

³⁴ Mentioned to the Reviewers by a range of interlocutors.

³⁵ In one case the consultant had no previous developing country experience

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requirements and identified funds). There had been an intention for some financial sustainability to be built up with 'success fees' paid such that they would at least partially offset up-front expenditures made by Members in Project identification and scoping. This did not materialise in the same way as major investment money did not materialise.

5.25 WSUP says its experience is that to develop a constructive partnership with the local service providers, it is important to be able to make a longer term commitment. This requires finance- both for the service provider to make investments in service improvements and for WSUP so they can accompany the process over a number of years with the necessary Technical Assistance. WSUP report that their experience in Madagascar suggests that service providers need more capacity building for sustainability, and that WSUP should not be over optimistic about early exit, but must take a long term view.

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6 Other Review Issues

Links or Potential Links with other DFID Supported Initiatives

6.1 Under different Departments within DFID, including the Private Infrastructure Development Group, PIDG, DFID has supported a number of interventions that work in similar or complementary fields. It was indicated in the WSUP Project Memorandum that some of these different funds or facilities could provide an attractive potential source of funding or collaborative work for WSUP projects (Project Memorandum, page 9). PIDG have also, in their briefing to this Review, expressed an interest in exploring both the experience to date and the potential for future synergy and cooperation between WSUP and the various other initiatives. WSUP has linked up with a number of them, but on a somewhat ad hoc basis, sometimes at country or project level with no support from the centre, otherwise at the global level but not with any strategic mechanism for collaboration in practice. This Review has some sympathy with this failure to develop any serious inter-agency work. Such things require significant shared insight and risk-taking which institutions find extremely challenging.

6.2 The following paragraphs provide some reflections.

PPIAF In Sub-Saharan Africa there is reportedly little potential to raise private finance from the markets for water and sanitation, except perhaps in South Africa, Kenya and possibly Ghana³⁶. Recent research concluded that there have been efficiency improvements following private sector involvement in the water sector, however, there is no evidence of increased investment³⁷. PPIAF are working with WSP and K-Rep Bank in Kenya, but they noted that the projects do not serve the poorest because of the micro-finance basis of the work. It is recommended that WSUP maintain good communications with PPIAF and could explore potential for mutual support in specific situations, for example in the context of contracting local private service providers at community level.

Outward-based Aid Trust Fund. Even if a global interaction occurs, productive linkages are likely to be negotiated in-country. WSUP already has some interaction with OBA in Mozambique alongside FIPAG. It will be valuable to monitor progress and then share the lessons so as to inform other country teams.

WSP. There appears to be dialogue with WSP, either closer or more distant, in every country. This review did not have the opportunity to identify how any potentially closer creative links might be formed. It would probably be useful to commission a member of the Projects Group to carry out a detailed desk study of WSP's urban activities and combine it with feedback from the field teams as to the nature of their interaction to date. Clearly WSP's links into World Bank could be useful in identifying pipeline loan agreements, although as WSUP's own status increases, they should be able to make direct in-country links with the IFIs.

BPDWS. Interaction with BPDWS consists simply of a contract for services from the BPD CEO to support the WSUP membership review, although it is understood that other interaction has been discussed such as BPDWS Board Members from 'southern' water utilities attending WSUP meetings.

³⁶ Feedback from PPIAF Regional Program Leader for East and Southern Africa, Kenya.

³⁷ 'Does Private Sector Participation Improve Performance in Electricity and Water Distribution?', K Glassner, A Popov and N Pushak, World Bank and PPIAF, 2009

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Partners for Water and Sanitation³⁸ The WSUP Board discussed possible cooperation with Partners for Water and Sanitation, and WSUP went as far as drafting a Strategic Partnership Agreement in early 2008. It did not proceed, and was anyway far from proposing anything particularly strategic. It simply agreed to take complementary and cooperative actions ‘... *when the benefits achievable are significant*’ (see Box 6.1). It is interesting to note that to date there is no geographical overlap of the programmes of PAWS and WSUP. Whether by design or chance, they work in different countries.

Box 6.1 Examples of how the activities of PAWS and WSUP could work together include:

- Provide expertise to WSUP & PAWS projects (e.g. circulate terms of reference for work packages to members of both organisations)
- Identify opportunities for joint projects
- Compare strategic objectives
- Share systems, databases (e.g membership database, add links on website)
- Explore opportunities to host/attend joint events
- Joint promotion/advocacy around water and sanitation
- Look for overlap countries
- Consider representation on governance board
- Share lessons learning around capacity building in Africa

Source: Extract from draft Strategic Partnership Agreement

Cities Alliance, CA, is not a private sector initiative but a multi-donor Trust Fund, administered by the World Bank, of which DFID is one of the founder Members. Cities Alliance’s target is the urban poor and particularly slum upgrading which centrally includes basic service provision. From its start up in 1998, Cities Alliance was very clear that it wanted to ‘back winners’. It only responded to demands from the cities and so they automatically only worked in countries where the concerned authorities had the commitment to improve the situation for the urban poor and capacity to request assistance. This has progressed in recent years from a city-focused approach to engaging at the national level with governments who profess a commitment to the poor. CA also prioritise support to cities where follow up investment resources are identified. WSUP might usefully consider closer collaboration with CA in any strategic review and in discussion with DFID³⁹. CA do not have a particular technical focus on water and sanitation and, if approached creatively, it might result in very useful collaboration.

Slum Upgrading Facility, SUF, is a global facility to help municipalities put together financeable infrastructure service and housing projects and then access support for these from both the public and private sectors. SUF’s key clients are municipal authorities, civil and non-governmental organizations, central government departments, as well as the local, private sector, including retail banks, property developers, housing finance institutions, service providers, micro-finance institutions, and utility companies. It was established in 2005 with support of DFID and SIDA and is administered by UN-Habitat. SUF initially identified potential operations in ten cities in Africa and Asia, and has conducted pilot programmes in a four countries to date - Indonesia, Sri Lanka, Tanzania and Ghana. The Country Pilot Implementation Plans and specific project proposals which were developed have recently been evaluated by Ti-Up with specific recommendations for future take-up of each component.

³⁸ Previously known by the acronym ‘PAWS’.

³⁹ WSUP should research Cities Alliance’ imminent plans for national engagement with reform-minded governments for slum upgrading (eg. Nigeria, Ghana?). This Review believes there would be potential for an MoU so as to piggyback WSUP projects onto CA engagement at city level, enhancing influence and building links to future scaling up of impact.

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Maintaining a Clear Poverty Focus

6.3 A recent presentation, 'Introduction to WSUP, June 2009' included a table of **"WSUP Support Components – Responding to Local Need"** (see below). Flexibility and responsiveness are very laudable, but this Review would suggest that WSUP staff must be empowered to maintain a focus on basic water and sanitation services to the poor in the face of many other potential demands. There will always be a plethora of requests from partners for important interventions, but WSUP should ensure it remains closely focused. Reviewing the table, if partners or staff propose, for example, 'building the capacity of the environment agency', 'corporate governance', or 'sludge management', they should be required to present a very clear pro-poor justification before WSUP resources are redirected. It is not so say that these are not important activities, just WSUP must guard against diversions. WSUP would just make sure it has the sectoral knowledge to assist in identifying alternative resources or other agencies for such less directly pro-poor work (eg. perhaps WSP).

WSUP support components – responding to local need		
Environment Environmental Impact Assessment Sustainable water management Sanitation design Building capacity of environment agency	Operational support to water service provider Corporate governance Business Planning & Financial Modelling Billing & revenue collection Procurement Process Strengthening Funding Proposal preparation Operations training Benchmarking Non Revenue Water strategy & implementation Organisation structure & LIC strategy Support to independent private suppliers Incentives to pro-poor delivery	Capacity building of sanitation service provider/promoter Institutional Support City wide sanitation planning Demonstration of sustainable models Building capacity to promote san/hygiene Professional Fellowship Schemes Sludge management
Enabling Conditions Advocacy for removing barriers - Less legal/admin hurdles - land tenure delinked - investment policies - financing mechanisms - cost recovery policies - targeted subsidies	Infrastructure & Service Improvement Technical Community connections Bio digestion Network design Solid Waste management Operation & maintenance Customer driven service levels	Partnership with community Building LSP – community linkages Sanitation marketing - supply & demand Hygiene promotion Micro credit support

6.4 WSUP now has good experience on the ground; WSUP has learnt numerous lessons and effectively streamlined its approach and engagement; it has by now good, committed staff; it has a light touch management structure and is in the position to learn more lessons. However, without clear leadership, it could risk becoming over-ambitious and un-focused at the project level.

Follow-Up of Previous DFID Review Findings

6.5 In very summary form, the following two tables present the recommendations of the two DFID Annual Reviews. It is pertinent to note that three of the First Annual Review's Recommendations appear again, by-and-large unaltered, in the Second Review. The repeated recommendation for a closer review of WSUP, combined with the recommendation that DFID be more strategically engaged in WSUP management, both suggest that there were concerns. Although not clearly framed at the time, reflection might suggest that DFID was anxious that WSUP was not achieving its full potential, and could benefit from external strategic guidance.

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First Annual Review - January 2008

Summary of Recommendations	Action Taken
1. WSUP to continue its efforts to attract finance for wider implementation.	WSUP increased their efforts, approaching donors on a project-by-project basis. They provided some assistance to LSPs to access investment resources, but with only minimal success to date.
2. WSUP to work to disseminate results and lessons learnt	Although monitoring proceeded and lessons analysed, it mainly concerned process. There was minimal action to improve dissemination of any technical issues.
3. WSUP and DFID to discuss options for DFID to engage at a strategic level in the management and governance of WSUP	No apparent action
4. DFID to schedule a detailed Review for Nov 2008	Only internal desk-based review occurred in February 2009

Second Annual Review - February 2009

Summary of Recommendations	Action Taken
1. DFID to discuss possibility of joint review with Gates Foundation.	The idea was discussed with Gates, but did not go ahead.
2. DFID to consider how to engage at a strategic level with the management of with WSUP.	No apparent action
3. WSUP to continue its efforts to attract further finance.	Action taken, but on a 'project-by-project' basis.

6.6 With the funding situation a bit more secure at least for the time being, and a more detailed Review completed, it would now be a good time for DFID to provide some strategic engagement to help guide the future of WSUP.

WSUP's Strategy to Impact at Scale

6.7 The Review is concerned that WSUP has some institutional confusion over the route to go to scale. Individuals among the staff and the Board have considered how the impact of WSUP's work on the ground needs to go to scale, but there is little discussion of this, and no consensus. With a focus on projects there is little potential for a grant-funded independent institution to have an impact at a scale of any significance, however successfully the individual projects are implemented.

6.8 It may be that in, say, Tana or Maputo, where the hard work has been done to build relationships and develop appropriate interventions, that resources may materialise to replicate the approach from national government, bilateral or multilateral donors. The interventions— water management, financial modelling, cost recovery, community managed service provision, technical designs, training and capacity building, hygiene education, etc. etc. – can then form the basis for the Government's own or another development partner's programme which can be rolled out at scale. The result would be a 'win-win' - the Government's own or the donor's programme design is facilitated, the essential partnerships are formed and Government Stakeholders are committed and convinced because they have already been intimately involved in the process and have also received pro-poor capacity building. This means the provision of services to the poor goes to scale and at the same time it goes out from WSUP's hands. However with WSUP's intervention translated into a city-wide or multi-city intervention, WSUP can claim to have leveraged improved services to several million.

6.9 This may happen and may not. To date (as noted in Section 3.14, above), there are two examples - government resources of US\$2 million have been allocated in Tana, Madagascar, and US\$ 150,000 in Maputo Mozambique. This Review's assessment is that now is an appropriate juncture for

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WSUP to review its engagement strategy, to see whether a combination of more judicious selection of projects and up-front alignment with significant donor finance, as delineated by different donor's own country assistance strategies, might make impact at scale a matter of forward planning, not of chance.

Membership

6.10 The Board of Directors decided in December 2008 to establish a sub-group to re-examine the membership and governance modalities of WSUP. It was to look at developing an appropriate and sustainable membership strategy given the need to expand membership, but not create an unwieldy Board. It was to explore the possibility of governing and non-governing Members. This Review understands that the Board has just recently taken this forward, and decided to make significant changes in WSUP's Membership structure.

6.11 There are some key issues around membership. These include: the potential to involve more go-ahead utilities from the south; facilitating engagement with donors more strategically by involving them as Members; how to raise the status of the organisation through its membership; etc.

The Review endorses the Board's appetite for change, however would encourage them to ensure they have a shared vision of WSUP's future before finalising the governance structure they need to facilitate it.

7 Key Findings and Recommendations

Finding 1 : Now is an Appropriate Time for WSUP to Re-examine its Vision and Strategy

Over the past four years, the WSUP approach, management systems, and technical quality have been refined to a good extent. The Review endorses many of the changes and new initiatives. Given the scale of the global challenge, a grant-funded project-based approach will not succeed. There is a disconnect between WSUP's work on the ground and the large scale infrastructure investments which they seek to influence. Unless this 'gap' is bridged, WSUP is unlikely to amount to more than a series of good, but small, projects.

The Review strongly urges WSUP to take this opportunity for an in-depth reassessment of their Vision and Strategy. Without this, the Review predicts that, at most, WSUP will be able to provide water and sanitation to 600,000 by 2015, and will have lost the opportunity to make significantly more impact. A re-visioning and re-positioning of WSUP - maintaining its essential approach but explicitly positioning itself alongside reformist government agencies and/or ahead of IFI investments - could result in service coverage for the urban poor at a scale much more commensurate to the scale of the challenge.

For the following reasons, it is this Review's belief that it is an appropriate time to undertake this Strategic Visioning Exercise:

- ✓ A number of projects are approaching the position to perform.
- ✓ Project management systems are well established and can be overseen with a light touch.
- ✓ The Board of Directors, Secretariat and field staff are now well experienced and have significant institutional memory. Any delay may risk losing this.
- ✓ WSUP has visionary and effective leadership who will motivate others while accepting appropriate risks.
- ✓ There are currently enough funds to provide a breathing space, but much delay and the growing diversity of funding mechanisms risks significant inefficiencies.
- ✓ DFID may be persuaded to facilitate the process.

This Review also suggests that without clarifying a shared Vision and Strategy, there are a number of new initiatives which WSUP is currently taking up which risk being ineffectual (viz. membership review, advocacy agenda, lesson learning and dissemination, M&E approach). This is in addition to programmatic options which will arise and need to be appropriately answered (eg. starting in new countries, continued engagement in less well performing projects, accepting up an invitation to bid for infrastructure implementation etc.).

Finding 2: There is a need to be more Strategic if WSUP's work is to inform Successful Scaling

The Review identifies two potential routes to scaling up from WSUP interventions:

- a) Backing 'winners', who themselves want to go to scale
- b) Aligning itself ahead of IFI funding

At present WSUP is consciously doing neither, but allusions of both have emerged. The Review recommends that WSUP clarifies and strategically endorses both these two routes to scale, suggesting they are not contradictory but in different places could effectively run in parallel. The following would be required. :

Project Selection – Identifying and Supporting Committed Pro-Poor Local Partners. It is a clear lesson that LSP commitment is a vital ingredient to success. Where WSUP has helped translate the commitment into action, incipient signs are emerging that it will attract additional investment. The current project portfolio needs to be reviewed. A focused examination of the seven or eight on-going engagements will allow WSUP to develop key indicators of LSP commitment (eg. an assessment of institutional mandate, regulatory constraints, political resistance, legal impediments etc.). This will not necessarily lead WSUP to pull out abruptly

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from on-going work⁴⁰, but will allow clarity in forward planning and predictions of progress, particularly if potential new countries/cities arise. Future Project Selection is likely to be particularly fruitful if the LSPs identified as committed to working for the poor are located where major funders have 'Country Assistance Strategies' that include urban water and sanitation. A truly 'win-win' situation could then arise such that WSUP's carefully crafted partnership between LSPs, poor communities and the local private sector would find both fertile ground and the necessary resources to replicate.

Alignment ahead of Finance to go to Scale. The issue of accessing finance to go to scale is repeatedly mentioned by WSUP documents, but yet to be coherently addressed. The Review believes that access to finance might be unlocked by establishing a mechanism that encourages major donors with programmes in the urban water and sanitation sector to request WSUP's upstream engagement specifically to facilitate their interventions reaching the poorest. All development agencies have a mandate to facilitate services for the poor, however they find it very difficult to package appropriate interventions especially in dense urban areas. This Review believes that WSUP, with its experience to date, could be marketed as a resource to help funders of large-scale urban water and sanitation interventions in the design of their pro-poor components. This is not with any idea of WSUP accessing finance - WSUP activities would continue to be small scale and grant funded - but for WSUP activities to operate strategically 'in front of' donor project design or IFI loan preparation. WSUP could engage to build the essential local public-private-civil society relationships, initiate capacity building and progress interventions as far as the Development phase, within the time it takes for project preparation (say 2-3 years). Working with its local partners, WSUP would be able to demonstrate appropriate interventions to bring sustainable services to low income communities, and build community and LSP confidence and capacity. This would all directly assist the pro-poor aspects of project preparation. Who then is commissioned, under the project, to take forward the roll out should be irrelevant to WSUP. The Review hopes that DFID will engage with this challenge alongside other likeminded donors, to assist WSUP to align themselves with future finance.

Finding 3: WSUP needs Donor Coordination and More Flexible Funds

WSUP efficiency will be sorely challenged unless donor coordination can be facilitated. Also, exciting new opportunities will depend on the availability of more flexible funds. There are organisations who invite donors to join a common agenda and then operate pooled financing. WSUP should discuss with DFID and other key donors how this might be facilitated, whether they have any experience of similar organisations managing the shift from project-based to programmatic funding. The objective should be for donors to have:

- shared LogFrames;
- common reporting (financial and progress reporting);
- agreed priorities and procedures (eg. audits, procurement, project selection);
- common annual reviews and/or donor coordination meetings.

If this could be facilitated then WSUP services (and funds) would be available to support reform-minded governments and / or respond to different donor's Country Assistance Strategies as discussed above.

Finding 4: There is Potential for WSUP to work more closely with Like-Minded Organisations

The challenge of basic urban service provision is too great for institutions not to work together. This Review sees important opportunities to negotiate creative liaisons with a number of organisations and also notes that looking for options to cooperate is a stated requirement of a number of WSUP's funders. It could take different forms and the negotiation will almost certainly (given organisations' pride and protectionism) require external facilitation if the best outcomes are to be achieved. DFID could be asked to assist or advise. Possible options are : PAWS – merger/takeover; BPDWS – cooperative

⁴⁰ Although it may result in exiting some projects, thereby improving WSUP's performance overall.

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projects, perhaps with some kind of shared membership; Cities Alliance – MoU for specific country engagement; WSP – joint initiatives, encouraged at global level⁴¹ but negotiated specifically at country level.

⁴¹ Recent DFID funding of WSP also requires them to work with WSUP.

8 Conclusions

This Review has combined the findings of field studies of three projects, with observations of WSUP's back room operations, interviews with key internal and external stakeholders and a desk study of other materials. It has attempted to evaluate the performance of WSUP to date and assess the future potential as it moves into its second five years.

Recommendations have been put forward which acknowledge the progress to date, most notably the development of important project processes which combine the technical expertise of private sector Members with the social understanding and experience of NGO Members. The Review has identified the strategic interventions which are needed to re-assess the vision and strategy to go to scale. DFID and other like-minded donors are requested to assist in the process of re-structuring the project selection and assist WSUP to engage the attention of the IFIs which is what is required if this programme is going to make the impact which is needed.

WSUP has a committed Board of Directors, a dynamic staff and good professional approach and procedures. With strategic support of well intentioned funders, WSUP could over the next five years now become a significant player in the urban sector.

Annex A: Terms of Reference

Review of the Water and Sanitation for the Urban Poor

Background

Improving water and sanitation service delivery to the poor is a key factor in reducing poverty and vulnerability and reaching the Millennium Development Goals.

Water and Sanitation for the Urban Poor Project (WSUP) was established, with support from DFID, KFW and its own members, to develop a new tri-sector model to address this challenge. WSUP is a partnership - between public, private and civil society organisations – which provides a new model that engages service providers and communities to develop water, sanitation and hygiene solutions for low-income urban and peri-urban communities in an environmentally sustainable manner (for more information see www.wsup.com).

DFID has provided £3.9m of funding for WSUP 2005-2009. The scope of this support is defined in the Project Memorandum attached.

The Objective

The DFID funding for the Water and Sanitation for the Urban Poor (WSUP) is due to come to an end in April 2010. The objective of the assignment is to evaluate the project to ascertain what progress has been made towards the achievement of the programme's objectives and the impact that it has had to date. The review will inform donor and WSUP Board thinking on the future of WSUP. The review should also consider the potential scope for building on the project successes and consider DFID's future involvement with WSUP. The TORs have been agreed with the Gates Foundation and the WSUP secretariat.

Therefore this review will:

- a) review the effectiveness of the WSUP business model in delivering sustainable water and sanitation services to the urban poor;
- b) assess the progress to date towards achievement of the purpose and goal of WSUP and the impact to date of programme activities (in terms of services delivered, capacity developed, funds raised, policy changes, etc); and,
- c) provide recommendation based on the findings of the review including options for DFID's future engagement with WSUP.

The Scope

In completing this assignment the consultant is required to:

- review all available project reports;
- hold discussions with WSUP management, directors, DFID and other funding organisations; and
- carry out in-country reviews of two of the more advanced WSUP projects including consultation with local service providers, communities, governments and other in country project partners.
- note the evolution of the business model through comparison of the 2005 and 2008-09 Business Plans; and

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- document the funding the project has levered in from non-DFID sources.

Following this review, the consultant should make:

- an assessment of the extent to which the project is making progress towards achievement of its purpose and goal;
- make recommendations for any potential follow up activities, for potential and existing donors which would build on the achievements of the project.

It is estimated that this assignment would take a maximum of 30 days including a start up meeting with DFID.

The consultant should:

- a) have experience in low income urban water, sanitation and hygiene programmes and an understanding of the three sectors represented in WSUP;
- b) be familiar with DFID and WSUP and their approaches to the water and sanitation sector.

Reporting and timeframe

After document review and preliminary interviews in UK, produce an inception report detailing in-country assessment methodology: activities, key issues and visit sites for review by DFID & WSUP. Following the site visits and the review of all relevant documentation, the consultant should produce a draft report of no more than 20 pages (excluding annexes) by no later than end of August.

DFID and WSUP will provide comments within two weeks of receipt of the report.

The final report should be received by DFID no later than end of September and will be shared with all existing and potential donors.

DFID Co-ordination

The main points of contact in DFID for the assignment will be Jane Jamieson, Private Sector Infrastructure Policy Manager and Danielle Honour WSUP project officer, Global Funds and DFI Department.

Documents

Project Memorandum and logframe (DFID 2005).

WSUP Quarterly Report

WSUP Business Plans (2005 and 2008-12)

WSUP Half Yearly Reports to DFID

Project Bulletins

Project Reports

Progress Reports to Bill & Melinda Gates Foundation

Recorded interviews of Senior Govt officials involved with WSUP Projects

Project Implementation Plans

Contracts with funders – BMGF, USAID, Rockefeller Foundation, UN-Habitat

Capacity Needs Assessment Reports, Capacity Building Programmes underway with LSPs

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Major financing proposals submitted e.g. AFDB, EU, USAID, Coke Foundation

WSUP Monitoring & Evaluation Framework

WSUP LSP and Municipal Self Assessment Frameworks

Annex B: Previous Review Recommendations**First Annual Review (January 2008)**

Summary of Recommendations	Responsibility
1. Progress is beginning to be made in attracting finance for project implementation with WSUP adopting a structure and proactive approach. However this remains a key constraint to project wider implementation. WSUP should continue its effort to attract further finance and work more closely with local banking and private sector.	WSUP
2. WSUP is developing an innovative approach to working with communities, formal local service providers and informal water sellers. For this model to be widely adopted sound evidence will need to be gathered to demonstrate the effectiveness and sustainability of this new approach. To support this WSUP has developed a strengthened monitoring and evaluation framework to measure impacts as project implementation develops. However, further work is needed to disseminate results and lessons learned as they emerge from implementation.	WSUP
3. DFID's approach to programme management has been to allow the partnership to operate autonomously. Most implementation issues are resolved through official bi-annual and ad hoc meetings through the year between DFID and WSUP staff. The recent evaluation of the DFID Private Sector Infrastructure Portfolio suggests that this approach reduces DFID's opportunity to engage at a strategic level in the management of the programme. WSUP and DFID should consider how best to address this issue and strengthen DFID's engagement with the governance of WSUP.	WSUP and DFID to discuss potential options and agree by action by April 2008.
4. This, and previous reviews, of WSUP have been based on reporting provided by WSUP. It is recommended that the next review be a more detailed review, either by DFID staff or their representatives, including assessment of impact at country level.	DFID schedule review for November 2008

Second Annual Review (February 2009)

Summary of Recommendations made at the Review	Responsibility
1 This and previous reviews, of WSUP have been based on reporting provided by WSUP. It is recommended that we have a joint review with other donors. The Gates review is due to take place in Jun/Jul 2009	DFID to discuss with WSUP/Gates the possibility of a joint review
2 On programme management DFID allows the partnership to operate autonomously. The DFID evaluation of the PSI portfolio suggests that DFID's approach reduces DFID's opportunity to engage at a strategic level in the management of the project. When considering any future funding DFID will need to consider how best to engage with WSUP.	DFID
3 Progress has been made on attracting finance for project implementation with WSUP adopting a structured and proactive approach. However this still remains a constraint to the projects wider implementation. WSUP should continue its efforts to attract further finance.	WSUP

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ANNEX C : LogFrame for DFID Funding to WSUP**GOAL: To contribute to the elimination of poverty through the provision of safe water and basic sanitation**

Narrative Summary	Objectively verifiable indicators	Means of verification	Assumptions
PURPOSE The provision of sustainable, equitable, and affordable water and sanitation services to approximately 3.5 million poor people in urban/peri-urban areas by 2015	Country-specific evidence of tri-sector partnerships managing water and sanitation projects, and evidence that these have improved access to water and sanitation for poor people	Long-term monitoring and evaluation supported by WSUP and other organisations	National authorities and development partners support the tri-sector concept and maintain emphasis on water and sanitation among competing priorities
OUTPUTS 1. Significant improvement in the lives of the urban poor in project areas	Increase in the proportion of people with access to improved water and sanitation services	Project reports Performance target assessments	User uptake
2. Capacity of local service authority and designated service provider increased in project areas	Increased leadership demonstrated by local authorities Proportion of WSUP projects handed over to local authorities	Project reports Mid-term output to purpose review Independent evaluation following completion of DFID funding Local authority annual reports	Political support for private sector engagement in the provision of water and sanitation services
3. Increased level of investment in water and sanitation services in project areas by the private sector	Volume of private sector investment	Project reports Mid-term output to purpose review Independent evaluation following completion of DFID funding	Private sector supportive of the approach

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4. Capacity of regulators to regulate water provision increased in project areas	Revised policies and regulations adopted in client countries and local governments Number of capacity building training sessions undertaken	Project reports	Regulators support the role of private sector participation in the water and sanitation sector
5. Increased engagement of local private sector in the provision of water and sanitation services	Number of engagements, negotiations, transaction completed and underway	Contracts with LSAs Progress reports	Existence of appropriate local private sector with the sufficient capacity to engage
6. Capacity and capabilities of local NGOs/CBOs improved	Engagement of NGOs and CBOs in WSUP activities and in scaling up the WSUP model in project areas	Project reports, mid-term output to purpose review and independent evaluation following completion of DFID funding	NGOs/CBOs already active in project area.
7. Improved linkages and collaboration between all stakeholders for slum upgrading	Regular programme of meetings between stakeholders established	Minutes of meetings Partnership agreements	Appropriate public, private and civil society partners identified
8. Improved knowledge and best practice on tri-sector partnerships in water & sanitation	Participation in global and regional and local workshops and programme products disseminated	Programme publications and conference proceedings	

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Narrative Summary	Objectively verifiable indicators	Means of verification	Assumptions
ACTIVITIES			
1. WSUP formed	12 active members signed up by end of the DFID funding period	Membership records; meeting minutes	WSUP members continue to support the initiative
2. WSUP resourced to take forward its objectives and plans	Funding secured for undertaking feasibility studies for non-pilot projects	WSUP financial records and donor commitments	Other donor organisations interested in supporting the model
3. Successful partnerships in two pilot projects	Management partnerships in place and operational for first project by Q1 2007 and for second project by Q1 2007 ⁱ	Pilot project reports	Local partnerships can be built and different sectors work together in good faith
4. Multi-sector partnerships being trialled in a further 7 projects by the end of the DFID funding period	7 additional partnerships in place or under negotiation by end of DFID funding period (on top of 2 pilot projects) ⁱⁱ	feasibility reports Partnership agreements	National authorities provide conducive environment to partnership operation
5. Increased capacity and demand by existing national and Local Service Authorities, the private sector and donors to engage in WSUP (WSUP style) activities	At least 7 further projects under implementation and 5 under preparation by end of the DFID funding period with approaches agreed in principle with governments (on top of 2 pilot projects)	Review of demand in donor agencies and interest expressed by national authorities	Demand can be identified in target countries and impacts of projects are positive across all pillars of sustainability
6. Functional WSUP Secretariat in place	Permanent staff and systems in place and functioning by mid-2006 ⁱⁱⁱ	Staff list; activity reports to Board	Suitable staff can be recruited within budget
7. Studies required to start two pilot projects completed	First report completed by Q4 2006; second report completed by Q4 2006	Feasibility study reports issued	WSUP able to identify suitable partners in SSA countries to meet timescale
8. Two pilot projects under implementation serving a total of 140,000-200,000 people in India and Kenya	Two pilot projects at handover stage to local service authority by end of DFID funding period	Project documents Management partnership or implementation contracts	
9. 12 additional projects under implementation or expected to be implemented by end of DFID funding period	Sufficient concept, scoping, and feasibility studies completed or underway by the end of the DFID funding period leading to ongoing or eventual implementation of 12 additional projects and considering success rates throughout the project cycle ^{iv}	Scoping and feasibility study reports Management partnership or implementation contracts	Funding can be found to enable feasibility studies to be undertaken
10. Expertise related to WSUP model documented and shared	3 advocacy reports published and 18 advocacy events held by the end of DFID funding period	Advocacy reports and documentation of advocacy events held/participated in	

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Narrative Summary	Objectively verifiable indicators	Means of verification	Assumptions
11. Technical assistance and implementation funding identified for implementation of additional projects	Funding agreements for 7 projects in place and 5 under discussion by the end of the DFID project	Agreements in place for 7 projects and under discussion for the remaining 5 projects under study	Funding can be found for necessary studies
12. Partnerships forged or identified to take 12 planned projects forward	7 additional partnerships in place and 5 remaining under negotiation or study	Partnership MOUs or agreements in principle	Demand can be identified and stakeholders can be brought to work together to resolve issues

i The Log Frame was originally drafted in early 2005 with the expectation that the Memorandum would soon be signed and funding made available. As a result of uncertainties over the DFID funding potentially constituting an illegal State Aid, pilot project activities were delayed until the funds actually arrived in September 2005 to avoid unnecessarily raising expectations with the LSP's. However, the table was not updated at that time. Furthermore there have been some true delays on the projects – in Bangalore due to continued changes of Chairman at the BWSSB.

ii Multi-sector partnerships may be forged during scoping, feasibility or implementation in the form of a partnering agreement, MoU, management partnership, or contract.

iii With funding only coming in September 2005, this date was unrealistic. In order to allow the members to go through due process for recruitment, the date should slip by up to a year.

iv Each concept phase is now estimated to take 3 months, with an estimated success rate of 50% reaching scoping phase. Each scoping phase is now estimated to take 6 months, with an estimated success rate of 66% reaching feasibility phase. Each feasibility phase is now estimated to take 9 months, with an estimated success rate of 75% reaching implementation phase. The new configuration leads to the same number of projects by the end of the DFID funding period, albeit with fewer but more successful scoping and feasibility studies.

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Annex D : Summary Table : Outline Details of Main Projects

Project Location	WSUP Members providing input	Local Partners	Stage	Funding	Capacity Building	Achievements (March 2009)
Naivasha Kenya	WWF CARE Thames Water Unilever	<ul style="list-style-type: none"> • Rift Valley WS Board (reg auth) as executive • Naivawass as LSP • SNV in partnership • WSP on steering committee 	Early Impl'm	DFID funded Pilot	Naivawass (incl billing, financial assessment, workforce planning)	Decentralised water treatment Capacity building 6000 hh in support
Bangalore India	Halcrow WaterAid Unilever Cranfield	<ul style="list-style-type: none"> • Pollution Control Board • Bangalore Municipality • B'lore WS&S Board • Karnataka Slum Clearance Board • Local NGOs • Local hospital 	Early Impl'm	DFID funded Pilot	Focused mainly on design and small scale implementation	Three demonstration project slums 6000 reached, target 37,000 water Planning community sanitation Decentralised sewage treatment Hygiene promotion
Antananarivo Madagascar	CARE Halcrow WWF Cranfield University WaterAid	<ul style="list-style-type: none"> • JIRAMA • Communes • Commune Urbain d' Antananarivo • Ministry of Water • FIFTAMA 	Scale up	Gates Funded Scale Up	JIRAMA & Communes-capacity to operate and manage self-financing water supply systems, exchange visits, water supply management, sanitation promotion Community – water point attendants	Target 100,000 community managed water kiosks, community sanitation blocks showers, laundry blocks
Maputo Mozambique	CARE WaterAid	<ul style="list-style-type: none"> • AdeM • EMA (water Co.) • FIPAG (asset holding co.) • CRA Water Regulating Co. • DNA Nat Directorate Water • Maputo City C'cil • Local NGOs • Eduardo Mondlane University 	Early Impl'm just starting scale up	DFID, Gates KFW	Mainly assistance in implementation	Improved water Communal sanitation Plot-based latrines Improved water and sanitation for schools Hygiene promotion
Gatwekera Kenya	Halcrow CARE	<ul style="list-style-type: none"> • Nairobi City WS Co. • Nairobi City Council • Athi WS Board • Umande Trust • WSP 	Dev	DFID, Gates and Rockefeller Fdn. funded	Operational support and training of Informal Settlements Unit of NCWSC	Target 100,000 500 water kiosks 3000 with improved sanitation Bio-centre concept Hygiene promotion

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Dhaka Bangladesh	Halcrow WaterAid CARE	<ul style="list-style-type: none"> • Dhaka WS and S Authority • Dhaka City Corp. 	Dev	Gates	Review of DWASA Institutional structure Financial analysis	Six community latrines Three water points Hygiene promotion
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Annex E : Anticipated Project Outcomes (to be completed, if required, in DFID Annual Review Format)**Review Assessment at Activity Level**

ACTIVITIES		Review Assessment
1. WSUP formed	12 active members signed up by end of the DFID funding period	Partially Achieved. WSUP is currently operating with 8 active members. Most significantly the only Water Utility member departed WSUP during the DFID-funding period. Few new members, either public, private or NGO were enticed to join. Currently WSUP is undertaking a review of membership.
2. WSUP resourced to take forward its objectives and plans	Funding secured for undertaking feasibility studies for non-pilot projects	Partially Achieved. Grant funding has been secured, most significantly from Gates and more recently USAID. However, although this OVI is fulfilled, WSUP has faced more significant difficulties in identifying Infrastructure finance to take forward the recommendations of the Feasibility Studies.
3. Successful partnerships in two pilot projects	Management partnerships in place and operational for first project by Q1 2007 and for second project by Q1 2007	Achieved in two of the three pilots, but not in Bangalore which proved problematic almost from the beginning of engagement. Other projects have been significantly more successful in creating productive management partnerships. The increasing focus on capacity building of LSPs has further strengthened the management partnerships.
4. Multi-sector partnerships being trialled in a further 7 projects by the end of the DFID funding period	7 additional partnerships in place or under negotiation by end of DFID funding period (on top of 2 pilot projects)	Achieved in a total of 8 projects to varying degrees. Progress held back due to infrastructure funding constraints.
5. Increased capacity and demand by existing national and Local Service Authorities, the private sector and donors to engage in WSUP (WSUP style) activities	At least 7 further projects under implementation and 5 under preparation by end of the DFID funding period with approaches agreed in principle with governments (on top of 2 pilot projects)	Partially Achieved. A total of 8 projects under implementation, a further 4 with Scoping complete and another 8 with approved Concepts. Further development constrained by lack of funding for investment.
6. Functional WSUP Secretariat in place	Permanent staff and systems in place and functioning by mid-2006 (agreed to amend to mid-2007, see footnote above)	Achieved. Impressively few staff changes resulting in a strong team with burgeoning experience. Significant up-front pro-bono work by members facilitated a speedy start-up by the Secretariat (Operational Guidelines drafted, Organisational Governance established). Progress hampered by slower response of Members at field level.

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7. Studies required to start two pilot projects completed	First report completed by Q4 2006; second report completed by Q4 2006	Partially Achieved. Studies were completed as required, but were significantly behind schedule. Pilots were supplemented with a third project sharing funds to ensure progress when Bangalore was clearly becoming problematic.
8. Two pilot projects under implementation serving a total of 140,000-200,000 people in India and Kenya	Two pilot projects at handover stage to local service authority by end of DFID funding period	Will not be achieved on two counts. The scales of interventions were much smaller due to an inability to leverage infrastructure investment funds and the Bangalore project constraints resulted in efforts being focused in Africa.
9. 12 additional projects under implementation or expected to be implemented by end of DFID funding period	Sufficient concept, scoping, and feasibility studies completed or underway by the end of the DFID funding period leading to ongoing or eventual implementation of 12 additional projects and considering success rates throughout the project cycle ^{iv}	Will not be achieved as described due to insufficient funds and change in approach. A total of 12 projects have potential to progress rapidly to implementation but it requires significant additional funds. Also it appears that strategic discussions are pending on the geographic focus for WSUP in the future. This is indicated because, while most of the further advanced projects are in Africa, 2 are in Asia and 3 in Latin America.
10. Expertise related to WSUP model documented and shared	3 advocacy reports published and 18 advocacy events held by the end of DFID funding period	Achieved but 'advocacy messages not clear. In practice of little impact beyond providing publicity for WSUP.
11. Technical assistance and implementation funding identified for implementation of additional projects	Funding agreements for 7 projects in place and 5 under discussion by the end of the DFID project	Not achieved as envisaged. Facilitating funds for implementation has been the key systemic constraint facing WSUP.
12. Partnerships forged or identified to take 12 planned projects forward	7 additional partnerships in place and 5 remaining under negotiation or study	Partially achieved as experience indicated that strong partnership needs long term commitment which in turn requires financial commitment which WSUP cannot make in more than 6 projects.

Annex F : Example of Task Order – for Governance Input



Working in partnership
to progress delivery
of the Millennium
Development Goals for
Water and Sanitation

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TASK ORDER

Reference: HW/008 – Governance and ongoing support to WSUP

Dated: 22nd March 2006. (Retitled 0009/WGOV/HA)

This Task Order is to be read in conjunction with, and forms part of, the Services Agreement between WSUP and Halcrow, dated 5th September 2005.

This Task Order is issued in accordance with Clause 4.0 of the Services Agreement.

1. Services to be provided

Bearing in mind the central role that WSUP's Board plays in mobilising its members to participate in WSUP's activities, Halcrow, like every Member, is required to input resources for:

- 1.1 Preparation for and attendance at the AGM;
- 1.2 Preparation for and attendance at the quarterly BoD meetings;
- 1.3 Ongoing project review and evaluation, including any necessary ad-hoc meetings as needed;
- 1.4 Other necessary BoD business as instructed

2. Task Objectives

- 2.1 To provide governance and support to WSUP and its projects;
- 2.2 To act as the gatekeeper for the specific member's inputs into projects

3. Deliverables and Deadlines

Halcrow is expected to provide ongoing timely inputs and active participation at the scheduled meetings as well as timely responses to requests for comments and inputs between meetings.

4. Task Management

Other than statutory requirements for Board Members and additional decisions taken during the AGM or Board meetings, specific inputs from the Board Members will only be requested by the Chief Executive or the Chairman of the Board.

5. Inputs / Resources

- 5.1 Board Member: Bill Peacock
- 5.2 Alternate Board Member: Michael Norton
- 5.3 Senior support staff for project review if required

6. Budget

Halcrow will provide this time as a contribution in-kind to WSUP based on the following:

- 6.1 One day preparation and one day AGM for the two persons
- 6.2 One day preparation plus one day BoD meeting for the two persons four times per year
- 6.3 Half a day per month ongoing project review and evaluation either of the two persons

Charge rates: Board Meetings @ £** per day**
Project Review @ £** per day**

Signed: WSUP

..... Services Provider

Care International
Cranfield University
RWE Thames Water
Halcrow Group
Unilever
WaterAid
Water for People
WWF

Annex G : Capacity Building Outputs & Outcomes - Report from October 2009

Workshop – Nairobi

Stronger service providers outputs included strengthening LSPs in a range of areas all of which strengthen the LSP capacity to deliver services to the poor: financial analysis, NRW, benchmarking, organisational structure, demonstration of sanitation service models, local government capacity to promote sanitation and hygiene, municipal capacity to conduct poverty mapping to plan sanitation improvements according to local need, capacity to build structured linkages with community organisations, stronger water management systems to allow for better service for low income areas, tracking financial viability of services to low income consumers. As it responds to the needs of LSPs across its portfolio, WSUP is accumulating a set of key components of capacity which represent the most common barriers to effective service delivery.

Broader outcomes resulting from the WSUP programme are summarised in the following table. While these are qualitative in nature, WSUP aims to define key indicators for the most important institutional outcomes by the end of December 2009.

Institutional, process, policy change outcomes	
Maputo	
<ul style="list-style-type: none"> • Review of the connection charges in Maputo initiated by regulator • Water provider established a strong community liaison unit to work with the communities on new house connections and reduce non revenue water through leakage and illegal connections. • Process demonstrated for convening bairro administration, community chiefs, contractor, municipality and water provider as a model for achieving service improvements in low income areas. • Process demonstrated for convening of local councillors, municipality and private contractors to design and deliver community sanitation services in very poor communities. The goal is now to form stakeholder group at senior level – FIPAG, CRFA, bairro, municipality – using the WSUP programme as a catalyst – in order to promote the scaling up of these partnerships. 	
Tana	
<ul style="list-style-type: none"> • Through regular participation by WSUP, the national WASH committee informed about the positive outputs and outcomes of the WSUP programme. The committee has a relatively weak structure and its composition includes Municipal Public Health and Sanitation Dept, NGOs, Ministry of Health and Min of Water. • WSUP initiating a higher level stakeholder group around the WSUP programme to include: municipality, JIRAMA and the Communes (plus WSUP partners at this stage) as the key forum to take forward improvements into the future. • Direct local links established between Communes and JIRAMA to oversee the local connections and service delivery. • Commune Development Committees trained on preparing Communal Development Plans, based on participatory planning and monitoring, which they are now using to negotiate with JIRAMA and for development funds from the central administration and other donors • The Communes in Madagascar planning to use the revenue from public water/sanitation services to finance additional units • JIRAMA deciding to include a more positive pro poor strategy on the evidence from WSUP's work that it is good business for JIRAMA due to the high levels of water consumption at public service points. 	

- Recognising that future investments for urban poor need to come from JIRAMA own funding sources, a request for assistance on business and financial planning and tariffs, based on evidence from the WSUP programme, which will help to justify the future investments. The key indicator being JIRAMA formally documenting the viability of service extension to the poor and adopting the improvement programme themselves.
- Increasing awareness of the need for better network management and leakage control following the capacity building programme by WSUP including Non Revenue Water. This seen as principal means of freeing up supplies for low income areas (EIB project continues to be stalled).

Institutional, process, policy change outcomes	
Naivasha	
<ul style="list-style-type: none"> • Following the Naivasha experience, WASPA (association of all Kenyan water companies – currently 43 members out of 112 companies) asking WSUP and SNV to assist with developing a process for capacity building across 50 water and sanitation companies – giving WSUP a route to scaling up the pro-poor strategies being used in Naivasha. • A service delivery model established for secondary towns in Rift Valley with high fluoride, including service delivery and institutional structures which involve LSP, private sector, community and Municipality • Rift Valley Water Services Board offering to fund scale up of the WSUP programme in Naivasha and inviting WSUP to facilitate a similar approach in neighbouring town. 	
Gatwekera	
<ul style="list-style-type: none"> • The formation of the NGO forum in Nairobi and convening regularly with water company leading to the start of a systematic approach to informal settlements • The process of how different stakeholders were convened by WSUP (LSP, community, govt, private sector) being shared in national forums in Kenya with the aim of inspiring similar partnerships • NCWSC adopting WSUP performance indicators for services to the informal settlements. • NCWSC allocating resource to scaling up improved sanitation services in Gatwekera, based on service models which have been demonstrated 	
Dhaka	
<ul style="list-style-type: none"> • Commission established in DWASA to review alternative organisational structures to improve services to the slums • DWASA moving to decentralised zonal management as a key step towards clearer accountability for service standards. 	
Bangalore	
<ul style="list-style-type: none"> • With approvals being taken to the high court for use of land near slums for localised waste water treatment, this is setting a legal precedent for streamlining approvals for slum areas in the city. • Municipality is now interested in adopting on site sanitation treatment units that are connected to households (i.e similar to small bore sewer systems) as a means of promoting improved sanitation in slums and are requesting training of municipal staff. 	
Lusaka	
<ul style="list-style-type: none"> • LWSC with the capacity and commitment to prepare fundable proposals – following the success of the EC “Institutions in Development” application 	