



# Tools and Methods Series

## Reference Document N° 16

# Study of **Sector Wide Approach** in the **water sector**



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## Study of Sector Wide Approach in the water sector

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This study was jointly commissioned by the African Development Bank and the European Commission. The report comprises a synthesis based on a literature review and case studies of sector approaches in the water sector in seven countries: Bolivia, Burkina Faso, Jordan, Lesotho, Senegal, South Africa and Uganda.

Most of the SWAps examined were in the water and sanitation services subsector, with relatively little attention given to water resources management. The case studies are published on [capacity4dev.eu](http://capacity4dev.eu).

Workshops were held at the African Development Bank in Tunis on 23 June 2011 and at the European Commission on 28 June 2011 to discuss interim findings and give guidance to the study team. The case studies themselves were reviewed by country officials, the African Development Bank and the European Commission.

The team leader and author of the synthesis report is Eric Buhl-Nielsen of PEMconsult, who was also responsible for the Jordan and Lesotho case study reports. The Bolivia case study report was written by Roberto Martin-Hurtado. The Uganda and South Africa reports were written by Kris Prasada Rao and Roberto Martin-Hurtado. The Burkina Faso and Senegal reports were written by Bruno Valfrey Vissier and Roberto Martin-Hurtado. The team would like to acknowledge the support and information provided by all those consulted, especially Rene Bosman of the European Commission and Tom Roberts and Oswald Chanda of the African Development Bank, who oversaw the study.

The report was peer reviewed by a representative of government (Kalinga Pelpola, former Director of the Department of Water Affairs and Forestry, South Africa) and donors (Grace Katuramu, Programme Officer, Royal Danish Embassy, Uganda).



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## Acronyms

<b>AfDB</b>	African Development Bank
<b>CUI</b>	Cadre unifié d'intervention
<b>DGIS</b>	Dutch Ministry of Foreign Affairs
<b>EU</b>	European Union
<b>EUWI</b>	EU Water Initiative
<b>GEF</b>	Global Environment Fund
<b>IRC</b>	International Water and Sanitation Centre
<b>IWRM</b>	integrated water resources management
<b>JMP</b>	joint monitoring programme
<b>MDG</b>	millennium development goals
<b>M &amp; E</b>	monitoring and evaluation
<b>MTEF</b>	medium-term expenditure framework
<b>NGO</b>	non-government organisation
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>Pasaas</b>	An EU-funded sector budget support operation in Bolivia
<b>PBA</b>	programme-based approach
<b>PEPAM</b>	Programme eau potable et assainissement du millénaire
<b>PFM</b>	public financial management
<b>RWSS</b>	rural water supply and sanitation
<b>SWAp</b>	sector-wide approach
<b>TOR</b>	terms of reference
<b>UNDP</b>	United Nations Development Programme
<b>UWSS</b>	urban water supply and sanitation
<b>Win</b>	water integrity network
<b>WfP</b>	water for production (irrigation etc.)
<b>WRM</b>	water resources management



# Executive summary

## I. Background and rationale for the study

A sector-wide approach (SWAp) can be defined (European Commission, see W1 in annex) as ‘a pragmatic approach to planning and management in the sector, which:

- 1) identifies interrelated sector constraints and opportunities;
- 2) addresses sector constraints and opportunities which require coordinated action across actors and subsectors; and
- 3) strengthens linkages between the sector policy, budget, activities and results’.

SWApS have been implemented in many sectors since the late 1990s, especially in health and education. The Paris Declaration on aid effectiveness advanced the principles of ownership, alignment, harmonisation, results and mutual accountability. Although not primarily an instrument for aid effectiveness, the sector approach potentially provides a framework for putting these concepts into practice.

Diffuse sectors such as water are different from more cohesive sectors, such as health and education, where a single ministry brings together the main stakeholders. As a result, the challenges, options and strategies of applying sector approaches and moving towards a range of modalities are different. Experience gained in the more cohesive sectors is not always relevant for the water sector.

While sector approaches have been attempted in the water sector in a number of countries, there is little systematic summary of actual experience in doing so. Thus, there is a need for more systematic gathering and analysis of experience on the part of the African development Bank (AfDB), European Union (EU) and other donors on how to introduce and support this type of approach for the water sector. There is now, after some 10 years, a body of experience on water sector SWApS that has not been adequately digested. With huge resources going in to develop SWApS in many countries and their use as the foundation for an increasingly high proportion of external assistance, there is a need to gather evidence and reflect on what has worked and what has not.

This study seeks to outline strategies and to identify lessons learnt in adopting sector approaches, based on seven case studies, with a focus on Africa. The study aims at:

- updating best practices on supporting water sector policy programmes;
- being a source of inspiration to those involved in moving external aid funding of water sector programmes towards more aligned sector approaches;
- providing a structure, tool and departure point for gathering experiences;
- providing an overview of options and steps for moving towards a sector approach;
- isolating factors, conditions and criteria that favour particular options and steps.

It is hoped the study will:

- motivate the case study countries to improve sector performance based on the findings;
- encourage other countries to develop the sector approach based on the good lessons provided;
- inform development partners in their efforts to contribute to sector approaches in the water sector.

## II. Study approach and methodology

The study starts by analysing the body of literature on SWAp in general and in the water sector in particular. The emerging experience and lessons learnt are summarised and placed in an analytical framework which looks at the sector through the five main dimensions of: policy; sector finance; coordination; institutions and capacity; and accountability and performance measurement.

Case studies were undertaken in seven countries and are presented in a separate volume. The studies were on Bolivia, Burkina Faso, Jordan, Lesotho, Senegal, South Africa and Uganda. A synthesis of the impact of the SWAp in these countries is undertaken and implementation-related issues that arose while adopting the sector approach are identified. There is an in-depth analysis of the 10 most critical challenges and opportunities faced by those attempting to initiate and maintain a sector-wide approach in the water sector. Finally, a number of key recommendations and lessons learned are distilled to inform future efforts based on the experience of water sector SWAp to date.

The study relied on existing data that in many cases was incomplete. It was not easy or always meaningful to draw clear conclusions on the degree of success or failure that could be attributed to the sector approach itself. There is no counterfactual and in many cases reforms might have gone ahead anyway. The sector approach is interpreted and implemented differently in each country, so the study was more geared towards measuring how effectively the sector approach was implemented in practice and shedding light on the factors that seem to have made some SWAp more effective than others. Most of the SWAp studied were in water and sanitation services rather than water resource management.

## III. Main impacts of the sector approach

The impact of sector approaches on coverage levels and on attracting finance is inconclusive. Whereas coverage levels have improved in all the SWAp case study countries, the rise in coverage shows a distinct tendency to slow down as higher levels of coverage are attained and only the more difficult areas remain. In many countries, the pre-SWAp coverage increase rates were greater than the post-SWAp rates. There is reason to believe that by focusing on long-term sustainability of the sector, SWAp will tend to be of benefit over two decades rather than in the first decade, because of the attention given to functionality and viability of infrastructure over the long term. Although the SWAp case study countries attracted nearly four times as much aid in 2009 as they did in 2002, this is not significantly different from the average for all developing countries. The impact on mobilising domestic resources is mixed. Some countries, such as Senegal and Lesotho, have seen domestic public resources roughly double, while others, such as Uganda and Burkina Faso, have experienced stagnation.

The 10 major benefits arising from the sector approach can be grouped around five sector dimensions as shown below:

Dimensions	Beneficial impacts — Evidence from the case studies
Policy	1) A clearer sector vision and strategic overview 2) More effective implementation and consolidation of sector reforms
Finance	3) A closer linkage between planning and finance 4) Reduced transaction costs in providing and receiving development assistance
Coordination	5) Better coordination across different stakeholders 6) Greater involvement of civil society and private sector
Institutions and capacity	7) A clearer overview of institutional roles and responsibilities 8) Accelerated capacity development
Monitoring and accountability	9) A better information environment 10) Better governance and accountability of all parties

## Policy sector dimension

- **A clearer sector vision and strategic overview**

In most countries, the sector approach catalysed a more productive policy debate, which in turn led to a clearer sector vision and strategic overview. The sector approach provides a unique opportunity to bring together different parties (including donors) in a structured and more formal way to discuss policy and strategy issues.

- **More effective implementation and consolidation of sector reforms**

The contribution of the sector approach has also been to:

- ensure wider support for the reforms;
- link the sector to national priorities; and
- provide comprehensive capacity development, i.e. capacity building of all actors that are needed for success, not just a few of them.

Reforms are more likely to be successful when they are part of a sector-wide approach, as opposed to being isolated, single-ministry driven initiatives.

## Finance sector dimension

- **Closer link between planning and finance**

Policy-led allocation of financial resources is one of the systematic benefits of sector approaches. However, this is dependent on the development of suitable planning tools that link local and national planning. Although these tools have not always been used to their full potential, they have served to raise awareness on important issues of sector financing.

- **Reduced transaction costs in providing and receiving development assistance**

Although sector approaches in general have developed a reputation for increasing rather than reducing transaction costs, there is evidence that in water they have reduced costs both for donors and national authorities.

## Coordination dimension

- **Better coordination across different stakeholders**

A common advantage of improved coordination has been that the sector approach has given the sector a single voice and contact point. For donors, and others outside the sector, this has proved very useful. It has also enabled the sector to develop a more effective communication strategy.

- **Greater involvement of civil society and private sector**

There is stronger evidence that sector approaches lead to greater involvement of civil society than there is regarding greater involvement of the private sector.

## Institution and Capacity dimension

- **Clearer overview of institutional roles and responsibilities**

One of the main benefits of rolling out a sector approach has been that it has triggered an objective assessment of roles and responsibilities in the sector. This has often led to a clearer overview of roles and responsibilities which, in turn, has led to less overlap, better matching of mandate to resources and an assessment of where the private sector and civil society can play a stronger role.

- **Accelerated capacity development**

For the seven case study countries, the sector approach was found to be surprisingly effective in supporting decentralisation and directing expertise from the central level to building capacity at local level.

## Monitoring & accountability

- **Better information environment**

The sector approach tends to generate a demand for information. This is sought not only by a central ministry responsible for the sector but also by its partners in other ministries, by local government, by the donor community and by civil society and the private sector. Sector reporting and the presentation and discussion of sector performance issues at joint sector reviews, for example, have fuelled demand for consistent reporting that can withstand external scrutiny.

- **Better governance and accountability of all parties**

In all seven countries, the process of sector review and the production of sector budgets has encouraged greater external scrutiny. Where sector approaches have led to sector budget support modalities (Bolivia, Burkina Faso, Lesotho, South Africa and Uganda), greater scrutiny has led to pressure to reform public financial management from within.

## iv. Challenges and opportunities

It is easier to work on a narrow, well-defined scope of activities typical of a project than to work simultaneously on a broad front that covers the whole sector. But without attention to the broad front, isolated, narrow project efforts will not often succeed. Observation of past decades of investment in the water sector supports this view. Few argue against the merits of a sector approach. The benefit of coordinating activities that need to be coordinated to achieve sector goals and a close correlation between policy, budget and results are not in dispute. In practice, however, there are many challenges in adopting a sector approach. While these often seem insurmountable, the case studies also reveal a number of promising opportunities.

On the basis of the case studies, the top 10 challenges of implementing the sector approach can be summarised as follows:

### 1) **It is not easy to decide on how wide to define the sector**

In most of the countries studied, the sector was defined around a core ministry, usually the one responsible for water service delivery. A broader view of the sector was attempted in a number of countries, but where this involved other ministries the results were often disappointing. Starting too broad makes the implementation of a sector approach too difficult. Starting too narrow makes the implementation suboptimal.

### 2) **Core issues affecting the sector are decided outside the sector**

The main constraints on sector performance such as raising tariffs (Senegal) and allocating water to the agricultural sector (Jordan) are decisions that are often made beyond the sector itself. Frequently, the main policy directions are decided at a political level beyond direct sector influence. This was the case for free water in South Africa. To be successful, the sector approach is faced with the complexity of having to engage with strong political forces over which it has little influence.

### 3) **There are few institutional incentives to cooperate**

While the sector approach assumes there is close cooperation across institutional boundaries, there are few incentives to cooperate. Indeed, in some cases there are incentives not to cooperate. Institutions compete for resources and for mandate and are not held to account for achieving common sector-wide goals while focusing only on their own narrow objectives. Ministries are not used to being coordinated by equals in government.

### 4) **There is a shifting political focus from basic service delivery to a growth agenda**

While the 1990s and early 2000s saw a focus on the millennium development goals (MDGs) and the eradication of poverty, now there is a strong shift towards supporting private sector-led growth rather than basic services. In some countries, this has already led to stagnating investment budgets for the water sector (e.g. in Uganda), and there are risks of the same happening in South Africa.



### 5) The focus is on short-term results, not sustainable service delivery

An understandable focus on improving coverage rates and meeting MDGs has tended to overshadow the longer-term and even more difficult task of creating an environment for sustainable service delivery. The sector approach, which aims to create this environment, is sometimes perceived as a distraction to rapid achievement of targets. This tension often plays out in the adoption of unrealistically low tariffs and inattention to operation and maintenance, as was the case in all seven case study countries.

### 6) Past reforms are not consolidated, leaving roles and responsibilities unclear

There is a tendency to neither fully consolidate reforms (e.g. decentralisation in Lesotho or service delivery and implementation in Jordan) nor to ensure compliance with new responsibilities and roles. As a consequence, the institutional environment becomes complicated and makes a sector approach very difficult to adopt.

### 7) National systems are too weak to carry out core tasks

The sector approach envisages putting reliance on national systems and strengthening them from within. But often, the national systems are very weak and this leads to productivity falling, rather than rising. This is further complicated by a common preference for project structures, especially where they can bridge inadequate civil service conditions of pay and working conditions. Where capacity is low and the environment and incentives to improve productivity are not in place, the sector approach is very difficult to implement.

### 8) Resources and energy to coordinate and implement reforms is lacking

The initial stages of a sector approach are especially demanding on the resources and energy to coordinate and bring parties together. In Lesotho, for example, the sector approach has been described as requiring far more resources than engaging with isolated projects.

### 9) The sector approach concept is not country led

It is rare to find a sector approach that is perceived as being government led. In most cases, the initiative has come from donors keen to find ways of withdrawing from unpopular project modalities. The national authorities in the countries concerned have often seen the sector approach as something to be adopted to attract greater external resources. These mixed motives complicate and weaken its implementation and give rise to unrealistic expectations.

### 10) Donor support is inconsistent and unpredictable

The sector approach is a long-term venture where large investments are made in setting up systems with the hope that later productivity increases will more than make up for initial efforts. In this context, donor support needs to be consistent and predictable. All too often, this is not the case.

These challenges vary in the degree to which they can be addressed within the sector. In some cases, they require forces beyond the sector to be resolved. In most cases, the sector itself can significantly improve the situation, but is still dependent on others for full resolution.

The case studies revealed a number of common factors and opportunities that can be taken as part of the sector approach to improve performance.

There are opportunities for the sector approach to:

- **Reinforce decentralisation:** A surprising finding was that in many cases, coordination at the heart of the sector approach worked very well at the local level and advanced decentralisation. Coordination within the sector is easier and more immediate at the local level and could spread to networking between municipalities. This was the case in South Africa, where an alliance was established with those responsible for decentralisation.
- **Shift sector objectives from short-term coverage targets to long-term sustainable service delivery:** A sector approach can help to raise awareness and shift sector objectives from a focus on targets towards a focus on developing financially and environmentally sustainable services. A sector approach can bring tools for intersector collaboration and can link the supply and demand sides of the sector, as has been done to some extent in Uganda and Burkina Faso. This can lead to a focus on greater accountability towards water users.
- **Respond to challenging and persistent constraints:** In Jordan, the challenges (water scarcity) have become so extreme that there is a new impetus to look for radical reforms and bold new policies. Although adoption of a sector approach should not wait for a disaster, it should be ready to take advantage of greater awareness of the

need for longer-term measures.

- **Bring synergies with administration reforms:** In countries that are undergoing administration reform, the sector approach can complement, make rapid use of and help to consolidate the tools and reforms. This applies particularly where it involves the introduction of programmatic budgeting, medium term expenditure frameworks (MTEF) or similar tools. In Uganda, for example, the sector approach led to the development of transparent sector budgets.
- **Complement new planning and finance tools:** Burkina Faso and Senegal give good examples of where the sector approach has both demanded and helped to develop planning and finance tools (such as the strategic financial planning methodology developed by the Organisation for Economic Cooperation and Development (OECD)) to enable coherent planning between national and local levels.
- **Bring impetus to new policy directions involving the private sector and civil society:** The focus on private sector-led growth bring challenges to sectors that have grown dependent on large government subsidies. The sector approach provides mechanisms and entrance points for civil society to take up a strong consumer demand-led approach and to provide the conditions under which the private sector can respond to this demand by improving supply of services.
- **Use information as an agent of cooperation and change:** By encouraging collaboration within the sector and across institutional boundaries, the sector approach creates demand for information from different stakeholders. As shown in the case of Senegal and other countries, this can help to foster cooperation. Information is also a key to increasing transparency and accountability.
- **Support a focus on environment and climate change:** Growing national, regional and international attention to shared water resources, environment and climate change will tend to demand and make use of the coordination mechanisms and broad coalitions of a sector approach.
- **Offer new prospects for international cooperation and partnerships:** The sector approach promotes country ownership, harmonisation and alignment of sector initiatives while improving governance and a transparent framework of performance measurement. These factors will also tend, in the longer term and when visible and convincing, to attract international support and cooperation. As shown in the case of Senegal, the sector approach also opens up promising new pathways for sector collaboration, such as links with water associations.

## V. Recommendations

Out of a longer list of some 15 specific recommendations, the following five are highlighted for national authorities implementing a sector approach in the water sector. The rationale and 'how to' suggestions for these recommendations are also given.

### Balance the short- and long-term objectives of the sector approach

A sector approach fundamentally aims to create a longer-term enabling environment that will sustain efficient and effective service delivery and management of water resources. By bringing the efforts of all relevant stakeholders together, it aims to address in sequence all the actions needed to ensure lasting success.

For the water sector, this is complicated. It implies actions to ensure a long-term approach to water resources management and reorientating the sector to deliver services that match consumer expectations. The main goal of the sector approach is to put the sector on a path of sustainable service delivery and water resources management and for coverage goals to be achieved and maintained in this context.

**How to:** The sector approach can contribute to achieving a balanced approach to sector objectives of coverage goals and sustainability by:

- investing in studies that deepen understanding of the challenges facing the sector, particularly the real costs of inadequate operation and maintenance;
- fostering the build-up of a consensus in the sector at the political and technical levels and ensuring that coverage targets are realistic;
- bringing together the private sector and civil society as well as elements of the public sector outside the lead ministry that need to work together to ensure that difficult reforms are implemented;
- positioning the sector to be better able to promote growth.

While these goals are complementary, there is tension in obtaining the right sequence of interventions because:

- coverage goals can sometimes be achieved more quickly at the expense of developing a sustainable sector;
- too much attention on developing sustainable approaches without visible improvements in the sector undermines the credibility of the approach.

A balanced approach is needed, founded on a solid understanding of the challenges facing the sector and a realistic consensus on the short and long-term objectives to be achieved.

### Establish broad policy and monitoring frameworks to support dedicated implementation programmes

**Rationale:** The water sector is broad and linked to other sectors such as health, agriculture, energy and environment. It is not always practical to try to bring all parts of the sector together into a single mammoth sector in which everything needs to be implemented together. A programmatic approach in which the policy and monitoring is broad, but the implementation frameworks are suited to the particular institutional context and may be much narrower is often more appropriate.

**How to:** The sector approach can contribute to establishing broad frameworks and dedicated implementation programmes in the water sector by:

- developing a sector-wide approach for policy and monitoring and a programmatic approach for implementation;
- setting up broad monitoring and sector reporting that integrates the sector, but is still based on data provided by the different sector institutions, e.g. by using the integrated water resources management (IWRM) approach of integrating information from different sectors;
- encouraging narrower, dedicated implementation programmes that are arranged around current (or improved) institutions' structures and responsibilities.

### Focus on improving financial sustainability

**Rationale:** Financial sustainability of the sector is one of its weakest points. Very few water sectors are financially viable. The result is that investment is wasted as facilities cannot be adequately operated and maintained. By bringing together the political as well as technical levels, the public sector as well as consumers and the served as well as the underserved, a sector approach has the potential to develop consensus on how to attain financial sustainability. Often, this will mean aiming at a longer-term ambition that sees service delivery improving only as fast as the ability to pay. But it can also mean the introduction of greater efficiency, fairer tariffs and better technology.

**How to:** The sector approach can contribute to financial sustainability by:

- encouraging the use of strategic financing planning and the role of the three 'T's (tariff, taxes, transfers) to improve alignment of subsidies to a sustainable level of service;
- bringing a better understanding of the political economy underlying the sector and the factors that constrain the adoption of a financially sustainable tariff

## Encourage mutual reinforcement of sector approaches and decentralisation processes in the water sector

**Rationale:** The mutual reinforcement of sector approaches and decentralisation was a feature of a number of the case studies. Decentralisation and local engagement is key to IWRM and effective service delivery. It is important to find ways of gaining support for sector approaches from the stakeholders who have most to gain or lose from their success or failure.

**How to:** The sector approach can contribute to achieving a balanced approach to sector better able to promote growth

- supporting fiscal decentralisation approaches through use of strategic financial planning and district-based planning;
- bringing together national and local planning processes (e.g. encouraging mini provincial SWAs where relevant);
- actively involving associations of local authorities in implementation of the sector approach in the water sector (e.g. as was done in South Africa);
- inviting district-based stakeholders to participate in sector reviews (as in Uganda).

## Invest in information as a powerful agent of change in the sector

**Rationale:** When a water sector is dysfunctional, this can often be traced to poor information. Coordinating and developing the common understanding that is at the heart of the sector approach is very difficult to achieve if information is lacking or of poor quality. Information is vital to reinforcing the 'policy-finance-results' chain. Information is also the key to improving accountability and ensuring that consumers and other stakeholders hold the sector to account.

**How to:** The sector approach can contribute to making information an agent of change by:

- stimulating demand for information through holding annual reviews;
- introducing a simple and transparent performance management framework (e.g. as in Uganda);
- harmonising definitions of sector performance and access (e.g. minimum service levels) across different institutions to allow a sector overview to be obtained;
- bringing information providers and information users closer together so that information needs can be better understood and addressed.

The following recommendation is highlighted for donors supporting the implementation of the sector approach in the water sector:

## Donors should be ready to play different roles during the life-time of a sector approach and ensure that high-quality dialogue is pitched at the right levels and enhance government ownership

**Rationale:** Donors can support and add value to a sector approach in many different ways and these are likely to change over the course of implementing a sector approach, especially as governments take more ownership. At the start, there is often a role for donors to support those in the sector who see the need for greater coordination and long-term reforms. In a sector approach, there will be times when energy and vibrancy reach a low level and here donor support can be crucial to ensure its consolidation and continuity. The level at which donors interact will also change and it is important that the dialogue is directed at the appropriate levels. For issues that are beyond the sector but which affect its performance, it may be necessary for donors to engage with the Ministry of Finance or Planning or other central bodies.

**How to:** Donors can contribute to the sector approach by:

- ensuring that representations (or sector donors as a whole through a division of labour) are well equipped to undertake both political and technical dialogue in the sector;
- building trust and confidence between donors and government;
- being ready to support the process more intensively when necessary, and stepping back when the process no longer needs such strong support.

# Peer review

A comprehensive peer review was undertaken from the government perspective and from the donor perspective. A summary of the main points arising is given below.

## Summary of peer review from a government perspective

### Rationale and aims of the study

The rationale and aims of the study are sound, but there is a need to gather information and analyse experience from Asia and other parts of the world that would make it broader and lead to a much more comprehensive 'road map' to SWAp. At a time when available donor assistance is threatened with drastic cuts, available funds could be optimally used with minimum transaction costs. This study will be very useful at a time when national governments have been tasked by the United Nations General Assembly special session on MDGs held in 2010 to develop national plans for accelerating the delivery of MDGs for halving the backlogs in 2015 and later to achieve full coverage.

### Areas of the study needing more attention

Since meeting the MDG targets for halving the backlog on water and sanitation, the focus has moved to bringing water services and water resource management under the banner of water for growth and development. In South Africa, it was identified that, in order to meet the Accelerated Shared Growth and Initiative of South Africa (Asgisa), total investment in the water sector from public and private sectors needed to be 2 to 3 % of GDP. (Authors' note: a recommendation area has been added on this topic.)

### Validity of findings

The findings are sound, but not all are equally attributable to SWAp. Findings on financial sustainability in South Africa and policy on pro-poor water tariffs need to be understood in a broader historical and political context. (Authors' note: adjustments have been made in the text.)

## Summary of peer review from donor perspective

### Rationale and aims of the study

The level of economic development has a large bearing on the process and scope of a SWAp, as can be seen from the South African experience. It is worthwhile considering the circumstances under which countries can emerge from conflict and undemocratic countries adopt SWAp. The sample of countries did not allow full consideration of this topic. It is evident that the processes and drivers of SWAp are very varied across the countries studied. An attempt is made to measure the benefits of SWAp but the cost of the process also needs to be considered across the countries.

### Areas of the study needing more attention

The role of NGOs and the private sector versus the government needs more attention. In the early years of SWAp, development partners stopped funding NGO work and channelled funds through governments and this caused stagnation/paralysis in the implementation of activities. NGOs often play a double role of advocacy/watchdog as well as service provider, where they potentially clash with the private sector. There is also a lack of clarity in the differing roles of international and local NGOs. (Authors' note: adjustments have been made in the text.)

### Coordination across institutional boundaries

Budgeting and planning is carried out in silos or at ministry level and yet SWAp requires work across ministries. This makes it difficult to coordinate and work harmoniously on issues which cross institutions, as is the case for sanitation and irrigation. Ironically, projects were often more successful and flexible in their ability to draw upon resources across institutional boundaries. (Authors' note: adjustments have been made in the text.)

### Validity of findings

The main findings are valid. The study points to some of the advantages of a SWAp process that is driven by a central

ministry, such as finance planning and economic development, or the office of the prime minister. This would tend to ensure a clear process and a uniform approach. This would in addition facilitate country ownership and prioritisation of funding for those aspects that will drive reforms. There would also be a better process for sharing lessons. If the process is driven by an entity above the sector actors, it could be easier to enforce synergy across sectors.

# I. Introduction and context

## A. Definition and evolution of SWAp

A sector-wide approach (SWAp) can be defined (European Commission, see W1 in annex) as ‘a pragmatic approach to planning and management in the sector, which:

- identifies interrelated sector constraints and opportunities;
- addresses sector constraints and opportunities which require coordinated action across actors and subsectors;
- strengthens linkages between the sector policy, budget, activities and results’.

A SWAp provides a framework for collaboration, harmonisation and analysis with the potential to lead to more effective implementation and delivery. A SWAp aims to deliver these benefits by providing a methodology for assessing the sector, which systematically considers all interrelated factors that influence performance and sustainability. A SWAp is wide because it recognises that success depends on a coordinated response where no single actor is likely to be able to deliver all that is needed — but an efficient SWAp is no wider than it needs to be.

The earliest origins of the SWAp can be traced back to the lead-up to the development of the comprehensive development frameworks promoted by the World Bank and others in the 1990s. These frameworks aimed to provide a more coherent structure for what at the time was an increasing fragmentation of donor assistance. SWApS were a response to the structural problems of aid delivery by project interventions, which, by working outside national systems, tended to undermine such systems, or at least not contribute to their improvement. Highly focused projects often achieved narrow objectives, but ignored the interdependency of links with wider processes, so project benefits were not sustained.

SWApS were given further impetus in the mid-1990s with the Highly Indebted Poor Countries Initiative that led to the development of poverty reduction strategies to ring-fence the use of debt relief funds. Poverty reduction strategies became an overarching framework for much donor support and SWApS were often seen as a mechanism to implement the poverty reduction strategies. When combined with the introduction of medium-term expenditure frameworks (MTEFs), poverty reduction strategies provided some of the conditions necessary for SWApS to develop. Some donors, such as the Dutch Ministry of Foreign Affairs, adopted SWApS for all their development assistance as early as 1998.

The 2005 Paris Declaration on aid effectiveness gave fresh impetus, with its focus on harmonisation, alignment and ownership. The declaration recognised the importance of sector approaches to aid effectiveness and set a target for all signatories that 50 % of all assistance should be programme-based (1).

Since 2005, through the process of implementing the Paris Declaration, there has been increasing recognition that SWApS go beyond financial modalities and are valid as an instrument for development, rather than just aid effectiveness. When used solely as an instrument for aid effectiveness, SWApS tend to create a state within a state and perpetuate the problems of lack of ownership that they were trying to overcome. Although SWAp is closely associated with aid delivery, it is important to note that the sector approach, however named, has always been a feature of sectors that function well and is not peculiar to aid delivery. The relevance to aid is that a country-led sector approach potentially makes aid more effective, because that aid can be better aligned to a comprehensive framework and the benefits sustained by national structures.

(1) Programme-based approaches (PBAs) are a way of engaging in development cooperation based on the principles of coordinated support for a locally owned programme of development, such as a national development strategy, a sector programme, a thematic programme or a programme of a specific organisation. PBAs share the following features: (i) leadership by the host country or organisation; (ii) a single comprehensive programme and budget framework; (iii) a formalised process for donor coordination and harmonisation of donor procedures for reporting, budgeting, financial management and procurement; and (iv) efforts to increase the use of local systems for programme design and implementation, financial management, monitoring and evaluation (OECD, ‘Survey on monitoring the Paris Declaration: making aid more effective by 2010’, OECD, Paris, 2008).



Sector approaches are not primarily a mechanism for aid delivery, though they help to make aid more effective. The role of donors is therefore not to establish a sector approach, but to support country-led efforts to do so. Donors can play a supportive role, provided their support is well directed and strengthens rather than substitutes for national processes.

The sector approach aims to strengthen the links between national and sector plans, between recurrent and capital expenditures and between domestic and external aid resources. By placing reliance on these national systems, even where they are weak, the sector approach will in the long term strengthen them from within.

## 1. The main elements of a SWAp

While SWApS are approaches, not ready-made recipes, most share a number of common features. These will vary for different countries and stages of evolution. At the same time, any sector operates around five key dimensions: policy; finance; institutions; coordination; and monitoring and accountability. Table 1 provides a list of the typical elements of a SWAp, mapping them to those five key dimensions.

**Table 1: Typical elements of a SWAp**

Dimensions	Typical elements
<b>Policy</b> — coherent within the sector, linked to the legislative, planning and institutional framework and well-aligned to national policies and priorities	— An umbrella policy for the sector
	— A coherent series of reforms planned and ongoing
<b>Finance and budgets</b> — policy loyal, bring together most significant funding in the sector, including from outside the public sector, clearly link policy and results	— A sector budget that captures all expenditure in the sector
	— Linkage with a multi-year MTEF
<b>Institutions</b> — functional, serve overall policy goals, have the necessary capacity to implement	— A clear lead agency for the sector
	— A sector-wide capacity-building strategy/plan
<b>Coordination</b> — ensures that sector stakeholders, including development partners, work effectively together, avoid duplication and prioritise their activities to reach agreed policy goals	— Sector working groups that involve national and local levels as well as different ministries and civil society/private sector
	— Coordination of donors by government
	— A code of conduct/partnership principles
<b>Monitoring and accountability</b> — ensures transparent sector performance and reporting, fosters good governance in the sector	— A joint sector review (often held annually)
	— A system of performance measurement across the institutional boundaries with clear results-based indicators
	— Annual sector performance report

These elements have been expanded into a comprehensive score card that also combines the principles of the Paris Declaration and the country status overview produced by the water and sanitation programme hosted by the World Bank, as well as initiatives taken by the African Development Bank. The scorecard has been completed for the seven case study countries.

## 2. Experiences on SWApS to date

SWApS, particularly in health and education, have been going for nearly 15 years and the literature is growing in these sectors. During this time, SWApS have evolved. Though many experiences are specific to particular circumstances, there are also many generic lessons learnt that can be applied across different sectors and countries. A review of the bibliography undertaken as part of this study has revealed 12 main lessons (see Box 1 and the annex).



#### Box 1: Twelve lessons learnt on SWAps (all sectors)

- 1) SWAps do work.
- 2) Results on lowering transaction costs are disappointing.
- 3) SWAps go beyond financing modalities.
- 4) SWAps are not only relevant for aid.
- 5) SWAps often fail to bring sufficiently quick results.
- 6) SWAps can easily become too complex.
- 7) The role of the ministry of finance is crucial.
- 8) Decentralisation needs special attention.
- 9) The focus needs to go beyond the public sector.
- 10) SWAps need to be realistic about implementation capacity.
- 11) Domestic accountability is crucial for sustaining a SWAp.
- 12) SWAps can easily focus too much on modalities and process.

Source: PEMconsult 2011 (Identification study)

### 3. SWAps in the water sector

In the water sector, there is a strong link between SWAp and integrated water resource management (IWRM). IWRM can be defined (UK Overseas Development Institute, see W2 in annex) as ‘a process aimed at ensuring that water is used more efficiently (economic dimension), promoting equitable access to water (social dimension) and guaranteeing sustainability (environmental dimension)’. In practice, because IWRM aims to bring together upstream and downstream users and because it attempts to integrate different sectors using water on a river basin or aquifer basis, it has a lot in common with sector-wide approaches.

The adoption of SWAps has been slower in the water sector due to many factors, listed in Box 2 and analysed in greater depth in the annex. Three main factors can be highlighted:

- The water and sanitation sector is potentially very broad and cross-cutting. As well as rural and urban water supply, the sector can also include; sanitation and hygiene promotion; water resources management, including catchment protection; irrigation; and water for production, hydropower and navigation.
- The sector is often anchored in many different ministries. This can be illustrated by the case of Vietnam: rural water supply is in the Ministry of Agriculture and Rural Development; urban water supply and sewerage is in the Ministry of Construction; sanitation and hygiene promotion is in the Ministry of Health; and water resources management is in the Ministry of Natural Resources and Environment. Multiple anchorages are not necessarily problematic, provided roles are clear and there is good coordination.
- The water sector goes beyond the public sector and has significant private as well as ‘merit good’ characteristics that bring into play a broad range of sector stakeholders.

The study also reviewed the literature on SWAps in the water sector. This is summarised in Table 2 and presented in more detail in Annex A.

#### Box 2: Nine characteristics of SWAps in the Water Sector)

- 1) Water is multisectoral and difficult to define and coordination is complex.
- 2) Water is subject to many externalities.
- 3) Water is a public as well as private and merit good.
- 4) Water is often transboundary.
- 5) Water is a natural resource that is often scarce and highly contested.
- 6) Water is often better managed at catchment level.
- 7) Water is critical to sustainable growth.
- 8) Water is a key to livelihoods for many poor people.
- 9) Water is highly vulnerable to environmental degradation, and climate change.

Table 2: Emerging experience and lessons learned from water sector SWAp based on literature review

Area	Emerging experience and lessons learned
<b>Policy</b>	<ul style="list-style-type: none"> <li>— Definition of the water sector is unstable and varies between countries</li> <li>— The water sector is highly political. A cohesive approach is difficult to achieve</li> <li>— Progress on water SWAp is uneven and highly dependent on the political environment</li> <li>— SWAp quickly lose credibility if they do not lead to tangible service delivery results</li> <li>— Water sharing must be seen to lead to benefit sharing</li> <li>— Water sector policy environment is arbitrary and prone to political opportunism</li> <li>— Water policies are complex and need to respond to different categories of consumers</li> <li>— Water sector policy targets are often unrealistic</li> <li>— IWRM policy is a natural entrance point for SWAp and the concepts can reinforce each other</li> <li>— The financial aspect of IWRM policy is often weak — linking to SWAp can potentially help</li> <li>— IWRM is often better at diagnosis than cure. A SWAp approach can encourage mainstreaming</li> <li>— Sanitation deserves a high policy priority — but evidence is not yet affecting decision-making</li> </ul>
<b>Sector financing</b>	<ul style="list-style-type: none"> <li>— A conducive investment environment is needed to attract funding and ensure success</li> <li>— Tension between creating an enabling environment and short-term investments</li> <li>— There are many externalities and it is not always clear who benefits</li> <li>— Water is a low-risk, low-return business — which demands sector stability</li> <li>— Strategic financial planning is a very useful tool for water sector SWAp</li> <li>— SWAp is an opportunity to consider the full life cycle of financing needs in the sector</li> <li>— Close coordination with the ministry of finance is important for use of economic instruments in the sector</li> <li>— Efficiency in the sector can be improved by correcting or adjusting for market failures</li> <li>— Mobilising the self interest of the private sector is crucial</li> <li>— Sanitation and IWRM are difficult to finance</li> </ul>
<b>Institutions and capacity</b>	<ul style="list-style-type: none"> <li>— Tendency for water SWAp to overcentralise</li> <li>— Weak ownership where donors dominate in order to implement unpopular reforms</li> <li>— Enabling environment is necessary but not sufficient</li> <li>— An actor rather than technology focus is needed, especially for sanitation</li> <li>— Divided incentives for those with professional skills</li> <li>— Professionalism in water utilities increases capacity</li> <li>— SWAp in the water sector can potentially mobilise huge capacity and resources</li> </ul>
<b>Coordination</b>	<ul style="list-style-type: none"> <li>— SWAp are often over complex, involving too many actors, leading to problems</li> <li>— Overcoordination leads to paralysis</li> <li>— Information can improve water sector efficiency</li> <li>— Policy issues need clarity and good communication if sector messages are to be consistent</li> <li>— A SWAp can help the water sector benefit from regional and global initiatives</li> </ul>
<b>Performance</b>	<ul style="list-style-type: none"> <li>— Setting of performance targets gives an opportunity for collaboration</li> <li>— Many overlapping sets of data</li> <li>— Role of information</li> <li>— SWAp are process orientated but are undermined by too much talk not enough action</li> <li>— Accountability is dependent on domestic actors</li> </ul>

The sector approach has the potential to enhance the performance of the water sector significantly. Successful implementation of a SWAp brings many benefits to the water sector precisely because its complexity requires multi-stakeholder dialogues, collaboration and coordination and participation by all stakeholders including the state, the private sector and civil society. A sector-wide approach aims to bring multiple actors together so that they can work towards common policy goals in a coherent manner

## B. Aim and rationale for the study

This study aims to outline strategies and develop a framework based on a number of case studies and concrete lessons learnt for the move towards sector approaches in the water sector. The study also aims to:

- add/update the body of information on best practices on supporting water sector policy programmes;
- be a source of inspiration to those engaged in the process of moving external aid funding of water sector programmes towards more aligned sector approaches;
- provide a structure, tool and departure point for gathering experiences;
- provide an overview of options and steps for moving towards a sector approach;
- isolate factors, conditions and criteria that favour particular options and steps.

While sector approaches have been attempted in the water sector in a number of countries, there is no systematic summary of actual experience in introducing them. Diffuse sectors such as water are different from more cohesive sectors such as health and education, where a single ministry brings together the main stakeholders. As a result, the challenges, options and strategies of applying sector approaches and moving towards a range of modalities are different. Experience gained in more cohesive sectors is not always relevant for the water sector.

That is why there is a need to systematically gather and analyse the experience from AfDB, EU and other donor efforts on how to introduce and support such an approach in the water sector. After some 10 years, there is now a body of experience on water sector SWAp that has not been adequately digested. With the huge resources going in to developing SWAp in many countries and their use as the foundation for an increasingly high proportion of external assistance, it is time to reflect and gather evidence on what has worked and what has not.

## C. Methodology

The study seeks to address five key questions:

- 1) What specific challenges and opportunities are governments and donors seeking to address in moving towards a SWAp in the water sector?
- 2) What does country-based experience tell us about the performance of SWAp in achieving results in five key areas: policy/planning; finance; coordination; capacity building and institutional performance; and monitoring and accountability?
- 3) What service delivery impacts has the SWAp had?
- 4) What does the country-based evidence tell us about the challenges and opportunities of starting, maintaining and if necessary restarting the SWAp process in water?
- 5) What are the options and approaches that can be used to improve the performance of a SWAp?

The thrust of the study is not just to make stand-alone evaluations of seven country-level SWAp but to review the challenges and opportunities of implementing SWAp in water and to identify lessons learnt, most importantly for national authorities but also for donor agencies and other stakeholders. There is a need to isolate factors common to all SWAp, those that are specific to the water sector and those that are specific to a particular country.

The theoretical benefits of a sector approach are well understood, but not often obtained in practice. The study will focus on identifying the main challenges and opportunities of implementing a sector approach and isolating viable options and approaches that can be used in different circumstances.

A key framework for the study both at country level and in the overall synthesis will be the five areas of: policy and strategy; finance; capacity and institutions; coordination; and monitoring and accountability.

The study faced a number of limitations. Among these are:

**Lack of reliable data:** There are two types of data: 'qualitative' data on the process of developing the SWAp and the institutional impacts that the SWAp may or may not have had, and 'quantitative' data on the physical and health results achieved. The lack of qualitative data on how well SWApS achieved their institutional goals is one of the reasons for undertaking this study. The study generated some information through interviews and workshops, though it was beyond its scope to obtain primary source data of a quantitative nature. Instead, it drew on national reporting systems considered reliable, such as regular household surveys by statistics offices, relevant sector studies and surveys, MDG reporting and the joint monitoring programme data.

**the problem of attribution and the absence of a counterfactual situation:** It is very difficult to attribute the success or failure of new reforms, for example, to the SWAp. It could be argued that reforms would have gone ahead anyway or that the SWAp was not the crucial factor in their success. The study does not attempt a rigorous analysis of all co-factors or to give a statistical basis for attribution. To overcome this problem, the evaluation attempts to identify important influences that could also explain the results (positive or negative). It also looks at the time line, before and after the SWAp, to see if a sudden or gradual increase or decrease in sector performance is associated with the introduction of a SWAp. Finally, as the study is carried out over a number of countries, a comparative basis is created and evidence gathered that can indicate the extent to which SWApS have had a beneficial impact.

**the inconsistency of the SWAp process itself (stopping and starting:** In most cases what is measured at country level is not 'the effectiveness of the sector-wide approach' but rather 'how effective the sector-wide approach was in a particular country'. As the SWAp is implemented very differently and very inconsistently over time, it can be difficult to draw hard conclusions about its effectiveness. This is especially true for countries where only some donors adopted the approach or where the national partners have stopped, started, or even reversed a SWAp approach. The study sheds light on the factors that seem in some cases to have made SWApS more successful than other approaches.

## D. Guide for the reader

Key points that need to be taken into account when reading this document include the following:

- SWApS are highly dynamic in nature. Experiences gained have to be interpreted carefully in the context in which they arose, because the approaches, modalities and functionality of a SWAp can change rapidly. Some SWApS have advanced quickly, only to stop later. Progress has not been even and different pictures emerge, depending on the stage at which the process is examined.
- It is not always easy to define or determine the origin or present ownership of a SWAp process. It is widely accepted that:
  - (i) sector-wide approaches should be partner country led; and
  - (ii) introducing a sector approach is something that a country should do to improve sector performance for its own benefit, preferably not just as a response to donor demands.
- However, in many cases SWApS have been introduced mainly by donors, not by national authorities. It is therefore not always easy to define or determine the origin or present ownership of a SWAp process. This is an important factor in interpreting lessons learnt.
- This study aims to build on rather than repeat earlier work, especially the EU reference document 'An approach to development and governance of the water sector' (2009), the EU thematic evaluation of water sector support (2006) and the guidelines for water resources management (1998, updated 2009).

## II. Main findings in seven case studies

### A. Bolivia — A sector approach that started with sector budget support

#### 1. Process

It is not easy to identify when a sector approach was first adopted in Bolivia. Some concepts can be traced back to 1994, when municipal governments were granted a greater degree of autonomy that made them responsible for water and sanitation services. In 1997–2004, the national government developed and implemented a policy of promoting private concessions. In parallel, several donors actively sought to support institutional development for the sector as a whole and started to structure their support with a sector-wide view. The sector approach did not effectively take off until 2008. The 2004 Pasaas (an EU-funded sector budget support operation) had a major influence, but not immediately. The change of government in 2006 brought new policies and the creation of the Ministry of Water. The new minister arrived in 2008 and had the vision to take advantage of the sector budget support offered by Pasaas to implement the new policies, while at the same time the sector development progress indicators included in Pasaas (such as the creation of sector roundtable) were formally complied with.

#### 2. Key elements

The sector approach in Bolivia is currently characterised by a clear lead agency (the Ministry of Environment and Water), several national agencies servicing the sector (in terms of regulation, capacity development and execution), a national sector development plan (linked to the national development plan and including a rough multi-year indication of financial needs), two strategic frameworks for peri-urban and rural areas, a performance assessment framework and a sector working group (sector roundtable). There is no joint sector review, annual sector performance report or comprehensive sector budget.

Dimensions	Status of main elements — Bolivia	
Policy	An umbrella policy for the sector	✓
	A coherent series of reforms	✓
Finance	A comprehensive sector budget	
	Linkage with a multi-year MTEF	
Institutions	A clear lead agency for the sector	✓
	Sector-wide capacity-building strategy	
Coordination	Sector working groups	✓
	Donor coordination by government	✓
	A code of conduct	
Monitoring and accountability	A joint sector review	
	Performance measurement system	✓
	Annual sector performance report	

### 3. Impact

The sector approach has had a clear impact in terms of institutional and policy reforms. There is now a fuller set of planning documents. The allocation of public investment is improving, with more attention being paid to providing access for poorer sections of the population living mainly in peri-urban and rural areas and the development of an objective allocation formula (yet to be used consistently). Sector coordination has improved with the creation of the sector roundtable (still underused) and the donor group. A new institutional map has been consolidated. A sector monitoring and evaluation framework has been established and the new sector regulator is producing much more data.

In terms of financial resources, there has been an increase in the level of finance provided by development partners in recent years. The public investment budget shows increases in terms of budgets planned, but less in terms of budgets executed. In terms of coverage, there have not yet been significant changes in trends, with the exception of access to water in urban areas.

### 4. Challenges still faced

The sector needs to launch and nurture a process of continuous improvement of policy development and implementation, preferably with formal spaces for sector dialogue. Strategic-level coordination with the Ministries of Finance and Planning needs to be prioritised and actively pursued. Subnational administrations and non-government organisations (NGOs) need to be meaningfully engaged in sector dialogue and management. Now that there are lead agencies at national level, there is a need to create or strengthen support structures at the provincial (department) level. While the designation of an agency to lead capacity development efforts has been useful, an inclusive strategy is also needed. The sector approach offers opportunities for increasing sector efficiency that have not been taken up in many cases. Whole-of-government changes in terms of sector evaluation would be needed to support the adoption of the sector approach and improved sector performance and sustainability. The performance assessment framework needs to be implemented. It would be useful to work out a realistic schedule to step up policy dialogue between government and donors. Otherwise, there is a risk that sector development will focus exclusively on infrastructure and institutions.

#### Box 3: Bolivia — A need to fight centripetal forces

The political mandate of taking command of the sector and the tendency of sector approaches to centralise decision-making have in practice resulted in the sector been reduced to the central agencies and the development partners. Whether for ideological, political or practical reasons, key implementing actors such as municipalities, NGOs and water utilities have been pretty much excluded from sector discussions. Sector development would benefit from formal spaces (such as multi-stakeholder sector working groups and annual sector reviews) as instruments to engage other stakeholders.

### 5. Lessons learned

**Lead, support the leader:** Leadership at ministerial level has been crucial for the effective take-off of the sector approach, and an assertive lead agency has encouraged donors to align with government policies and to harmonise among themselves. Donor support has also been crucial for the effective exercise of sector leadership by the government and the consolidation of a sector approach, not just in terms of quantity but also quality and flexibility.

**Be pragmatic:** Sector development has been made more manageable by adopting an incremental rather than a big-bang approach, and care has been taken to ensure that institutional realignment efforts are balanced with the political imperative of progress in service delivery.

**Watch out for implementation barriers:** The sector is currently facing a number of barriers to implementation (inadequacy of the legal framework, lack of engagement of subnational administrations, weaknesses of the executing agency) that should have been addressed as early as possible.

## B. Burkina Faso — A nationally owned and fast-developing SWAp

### 1. Process

Elements of the sector-wide approach can be traced back to 1985 with the establishment of the Office national d'eau et d'assainissement (ONEA). This was followed by a national water policy in 1998, the Water Act of 2001 and, as part of a series of reforms, the creation of a general directorate in charge of water supply and sanitation. In 2006, a national programme for water supply and sanitation (PN-AEPA) was established which in effect launched the SWAp in the water sector in Burkina Faso. A separate general directorate for hygiene and sanitation was established in 2008. During 2009, the director who had launched the SWAp left and there was a perceived loss of energy and leadership. Nevertheless, in 2010, most of the tools to implement the PN-AEPA were developed and the second phase of an IWRM action plan (Pagire) was launched. During 2010, the three major donors signed an agreement with the government to establish a sector budget support mechanism that helped to inject new energy into the SWAp.

### 2. Key elements

The key elements of the sector approach in Burkina Faso are:

- a well-formulated and comprehensive national programme (PN-AEPA);
- the use of sector working groups to prioritise and coordinate sector activities;
- annual sector reviews (now also prepared at regional level);
- a set of common rules and procedures to be followed under the PN-AEPA — the cadre unifié d'intervention (CUI) — a strong incentive for alignment;
- a new framework for policy dialogue (CaPa — cadre partenarial) in which civil society and local governments are officially involved.

Dimensions	Status of main elements — Burkina Faso	
Policy	An umbrella policy for the sector	✓
	A coherent series of reforms	✓
Finance	A comprehensive sector budget	✓
	Linkage with a multi-year MTEF	✓
Institutions	A clear lead agency for the sector	✓
	Sector-wide capacity-building strategy	
Coordination	Sector working groups	✓
	Donor coordination by government	✓
	A code of conduct	
Monitoring and accountability	A joint sector review	✓
	Performance measurement system	✓
	Annual sector performance report	✓



### 3. Impact

**Reforms and enabling environment:** The SWAp has helped the government to manage the sector and has brought a sector vision that is shared by most stakeholders. The organisation of the sector and the division of roles and responsibilities is clearer and has led to more effective planning and implementation. More sector information is available and is better organised, resulting in better coordination. Allocation of funding follows priorities more closely, for example, in addressing the sanitation gap. Transaction costs for donors and others are now starting to fall after a long period of intensive preparation. Another benefit is that while champions have been crucial, by developing collective leadership, the SWAp has made the sector less dependent on individuals. There have been significant developments in the policy environment for rural sanitation, considering the challenges that this subsector faces. For instance, this led to a new sanitation policy and strategy (2009) that addresses the issue of how much subsidy should be granted to households to support investment.

**Finance:** There have also been improvements in sector finance with the development of a sector investment plan which has helped to prioritise investment and ensure better-coordinated implementation. This in turn has attracted more finance to the sector from donors and government. Financial resources for the whole sector have doubled since implementation of the PN-AEPA started (up from USD 61 million to USD 124 million per year), although the national contributions have not increased as much. However, there are still substantial gaps in the rural sector, especially for sanitation.

**Coverage:** There have been substantial improvements in water supply, though the rate of increase is levelling off. Progress is less impressive in sanitation. Rural sanitation only has coverage of 17 %. Growth in the rural population has been given as one explanation for the low coverage rate.

### 4. Challenges still faced

There are still weaknesses regarding the reliability of information. Implementation capacity at national and regional levels is inadequate, leading to a low budget execution rate (around 60 %) which does not compare favourably with well-run projects able to implement at 100 %.

Although sector leadership has been impressive over the years, there are signs that it is declining in effectiveness. Participation of civil society and local government could be improved.

#### Box 4: Burkina Faso — Water sector piloting decentralisation

Burkina Faso is an example where the SWAp has resulted in the water sector being in practice a 'decentralisation pilot' with positive externalities for the whole country development agenda. The SWAp facilitated the effective transfer of responsibilities and funds from central government to municipalities. The link between national and local planning is now stronger and the sector has responded by building capacities at municipal level, including the new role to be taken by the regional branches of the ministry to provide support to municipalities. A joint working group has been established to follow up these aspects, measure progress and prepare sector discussions during joint annual reviews.

### 5. Lessons learned

**Capacity building at decentralised level:** In the early stages of the SWAp, the sector needs to pay attention to the development of planning and implementation capacity at local level (working closely with the ministry in charge of decentralisation) and to the creation and strengthening of regional structures.

**Refocus sector objectives:** There is a need to fight the tendency to focus mostly on attracting aid resources and on infrastructure development, balancing it with due attention to the quality of policy dialogue and the completion of reforms.

**Role of donors:** Donors need to be ready to play different roles in the life of a SWAp: offering access to international experience, stepping back when the country shows leadership, and providing incentives to keep the SWAp developing.



## C. Jordan — Sector reform processes which resemble elements of a SWAp

### 1. Process

The sector approach is not explicitly pursued in Jordan, but the series of reforms since 1994 amounts to a very similar process, even if it is not called a SWAp. In the mid-1990s, national workshops on sector reforms and participation of the private sector were launched. This started a process that led over the following 15 years to many ground-breaking changes. In 1997, a national water strategy was approved, supported by water utility, groundwater management, irrigation water and wastewater management policies. During this period, as part of an agriculture sector adjustment (supported by the World Bank), greater awareness developed regarding water use efficiency and the need for economic tariffs, even if this has not yet fully impacted on practice in the sector. The period 2002–07 led to the piloting of private sector contracts for Amman's water supply. This ran for 5 years and led to the adoption of a commercialisation strategy for the sector, based on independent, publicly owned companies. In 2008, a new water strategy was published which includes most of the principles of the sector-wide approach. In 2010, the Highland Water Forum was set up, with a role for civil society.

### 2. Key elements

The key elements of the sector approach in Jordan are:

- a sector-wide policy formed through a multi-stakeholder process;
- a sector budget that is increasingly based on a multi-year MTEF;
- a performance management and measurement system;
- annual reporting for key institutions (covering the whole sector).

Dimensions	Status of main elements — Jordan	
Policy	An umbrella policy for the sector	✓
	A coherent series of reforms	✓
Finance	A comprehensive sector budget	
	Linkage with a multi-year MTEF	✓
Institutions	A clear lead agency for the sector	✓
	Sector-wide capacity-building strategy	
Coordination	Sector working groups	
	Donor coordination by government	
	A code of conduct	
Monitoring and accountability	A joint sector review	
	Performance measurement system	✓
	Annual sector performance report	✓

Elements that seem to be missing are a code of conduct with donors and government agencies, as well as a functioning system of intersectoral coordination (though in theory the mechanisms are in place).

### 3. Impact

**Reforms and enabling environment:** There have been improvements in the policy and institutional framework over the last 10 years. A number of collaborative policies and strategies have been launched and a commercialised approach to operations in the sector is now much more evident. There are also signs that the role of civil society is being accepted (e.g. in the Highland Water Forum). All these efforts have improved the capacity of the sector to both adjust and implement policies and strategies. The sector has witnessed massive improvements in the use of the private sector and

engagement with civil society in both irrigation and water supply. The recent introduction of medium-term expenditure frameworks and national programming is a promising development that will aid the sector approach in future.

**Finance:** There has been a very strong increase in sector finance from all sources with a projected doubling from 2007 to 2012. The water sector in Jordan is highly prioritised and accounts for 30 % of all public investment expenditure.

**Coverage:** In terms of coverage and sector efficiency, water supply access is very high at 98 % (but in some cases with only 1 day of service per week). Cost recovery has increased significantly and has now reached 73 %. Water losses have stagnated at 40 %, which is high, but lower than in most countries in the region. Urban sanitation is at 63 %. It is difficult to attribute improvements to the sector approach and the reforms that underpin it, but it would be reasonable to conclude that they have contributed.

## 4. Challenges still faced

Financial sustainability prospects are not favourable. The geopolitical positioning of Jordan and internal instability make it clear that the political economy aspects of the sector need to be better understood to judge what can be changed and what cannot. Reforms have not yet led to significant increases in the financial sustainability of the sector, which remains threatened and which appears to require interventions of a political nature beyond the sector (see Box 5).

### Box 5: Jordan — The importance of political economy in understanding the factors behind low financial sustainability

For many in Jordan, higher tariffs are not seen as leading to greater water use efficiency. Instead, rationing is favoured. Many Jordanians see a situation where higher tariffs would not constrain big water users but simply send small farmers into bankruptcy and lead to urban migration, difficult to control and undesired. The political compact between government and people does not seem to allow early tariff increases even if this is legally possible. The argument is that for big users, water accounts for a cost component too small to be influential and that the greatest incentive to water user efficiency is to allocate fixed amounts of water. As water, not land, is the limiting resource, farmers whose allocation is restricted already have all the incentives in place to use water efficiently. If farmers do not respond, it is for other reasons, which a higher tariff will not solve, such as a lack of capacity to irrigate using new techniques, lack of information, market uncertainty, lack of finance to invest, the ease of stealing water and cultural or other factors. Water not used for agriculture would not in practice be used for higher returns in industry as there are no such prospects.

Monitoring and accountability have lagged behind, although more attention is now being paid to these aspects, for instance through the performance monitoring unit of the Ministry of Water and Irrigation and the development of transparent sector indicators and reporting.

## 5. Lessons learned

**SWAp and sector reforms:** The principles of SWAp do not necessarily require an explicit launch and can emerge naturally through a reform process.

**Political economy:** More effort to understand the political economy is needed, especially for reforms that are difficult to implement.

**Linkage to sector budget:** Recurrent costs of donor-financed innovations need to be 'on budget' if a successful pilot is to be continued once support is withdrawn.

**Institutional anchorage:** External projects that finance across institutions bring coordination benefits but must be careful to follow national division of roles and not distort mandates.

**Patience:** Donors have introduced concepts that have only obtained national ownership after a long period of adjustment. Patience and persistence are needed.

## D. Lesotho — A SWAp initiated through a coherent set of reforms

### 1. Process

The sector approach in Lesotho can be traced back to 1999, with the introduction of the water resources management policy that outlined a comprehensive series of sector reforms. In line with this reform, the office of Commissioner of Water was established in 2002 to provide policy and sector management coordination. In 2003, a mini-SWAp in the rural sub-sector was started, supported by the pooling of Irish aid and Swiss Development Cooperation funding under government leadership and planning systems. The approval in 2007 of the water and sanitation policy and the formalisation of SWAp as 'Policy statement number 5' was a further landmark. The Water Act was passed in 2008. This act puts in place important reforms such as putting the Water and Sanitation Corporation on a commercial footing. In 2011, the Lesotho Electricity and Water Authority Amendment Act was passed, establishing an independent regulator. In 2010, sector budget support from the European Commission was agreed, following a number of preparatory and feasibility studies.

## 2. Key elements

The key elements of the sector approach in Lesotho are:

- a series of policies and strategies combined with a coherent outline of sector reforms;
- a sector coordination body — the office of the Water Commissioner;
- annual reporting for key institutions (but not yet for the sector as a whole).
- Elements that seem to be missing include a sector budget linked to a multi-year expenditure framework.

Dimensions	Status of main elements — Lesotho	
Policy	An umbrella policy for the sector	✓
	A coherent series of reforms	✓
Finance	A comprehensive sector budget	
	Linkage with a multi-year MTEF	
Institutions	A clear lead agency for the sector	✓
	Sector-wide capacity-building strategy	
Coordination	Sector working groups	✓
	Donor coordination by government	✓
	A code of conduct	
Monitoring and accountability	A joint sector review	
	Performance measurement system	✓
	Annual sector performance report	

## 3. Impact

**Reforms and enabling environment:** The role of the Commissioner of Water and the formal introduction of civil society into sector considerations have been very encouraging. On balance, it would be reasonable to claim that continuously improving sector-wide cooperation seems irreversible and linked to the series of reforms that began in 1999.

**Finance:** There has been a strong increase in sector finance from all sources, rising from 4.5 % of government expenditure to 9.1 % over the period 2007/08 to 2010/11 — but influenced by large projects.

**Coverage:** In terms of coverage and sector efficiency, the situation reveals strong early progress, tending to levelling off in recent years. However, the coverage rate for rural sanitation is only 53 % and falling.

## 4. Challenge still faced

Constraints include the persistently inadequate coordination of donors and the underresourcing of the office of Commissioner of Water, which is crucial to the operation of the sector. The combination of donor projects and budget support processes has been exhausting for government. Project support, such as the 'Millennium challenge' initiatives,

has been offered and accepted. Superficially, at least, projects seem to work against the SWAp principles. Despite the advantages of budget support and aligned modalities, there is a residual respect for the stand-alone project approach, which makes use of project implementation units.

Reforms to improve monitoring and evaluation have so far been weak, and there is still considerable doubt over the accuracy of key sector data. Definitions and standards are not yet harmonised across the different agencies that are responsible for data collection.

The sector does not benefit from a single national programme and instead, has various subsector investment plans that have been developed over different periods and for different purposes.

The sector is not yet financially sustainable. Tariffs are not high enough to sustain operation and maintenance. Low functionality, especially in rural areas, is likely to increase the backlog in service provision in future.

#### Box 6: Lesotho — An example of the dependency of sector investment planning on national systems of public financial management

As a complement to its investment planning system, the Department of Rural Water established a district-based financial control system to provide an overview of budget and expenditure throughout the project cycle. It failed and was abandoned for the following reasons:

- It was in advance of government systems and could not be fully integrated and therefore supported by Ministry of Finance and Development Planning.
- It was based on an information system that could not be maintained in-house.
- Staff were reluctant to use it and insufficient motivation and training was provided.
- The difficulty and cost of coordinating and managing the information system were underestimated.

## 5. Lessons learned

**SWAp and sector reforms:** A reform process is a good place to start to introduce the principles of the sector approach (even if the SWAp label is not used).

**Communication:** Sector budget support can distract from a sector approach and careful communication is necessary to avoid confusion between a sector-wide approach and the modality of sector budget support.

**Partial ownership:** SWAps are often not strongly owned by those responsible for implementing them. The power and influence needed to align various interests to the changes implied by reforms and a SWAp should not be underestimated.

**Dialogue skills:** Donors should shift their involvement from project level controls towards policy level debate. This implies new skills at country office level.

**Continuity:** A stop-and-go approach by donors supporting sector-wide approaches is potentially damaging, undermines the concept and should be avoided.

**Role of donors:** Donors can also actively facilitate coordination in the initial stages of a sector approach through their convening power.

**Public financial management:** Sectors are not always successful in trying to implement improvements in financial management if these are in advance of the Ministry of Finance (see Box 6).

## E. Senegal — An adaptation of the sector approach that fits the current institutional set-up

### 1. Process

Major reforms took place in the urban water supply and sanitation sector from 1996, with the separation of asset holding and service delivery functions. This was followed in 1997 by reforms in rural areas, with the management of small pipe systems delegated to users' associations and encouragement given to private operation and maintenance. Urban reforms were supported by a large investment programme, the programme sectoriel eau and later the programme eau potable. This served as a first nucleus to develop a sector-wide approach. In 2005, a new entity, the Programme eau potable et assainissement du millénaire (PEPAM), was set up from within the urban water supply and sanitation sector to coordinate the whole of the water and sanitation sector with the aim of reaching the millennium development goals. In 2007, a first joint sector review took place. It is now a permanent process. From 2008, a new comprehensive legislative package was launched that consolidated the sector approach. Senegal is a unique SWAp case, as sector coordination is done through a project unit (the UCP/PEPAM) that originated from the urban water supply subsector and then extended its coverage to the whole sector. This unit has shown remarkable stability, even when ministries have changed.

### 2. Key elements

The key elements of the sector approach in Senegal are:

- a comprehensive national sector investment programme (PEPAM);
- a strong project coordination unit (UCP/PEPAM);
- a real capacity developed by the UCP/PEPAM to (re)orient investment opportunities;
- annual sector reviews (at regional level since 2010);
- a common set of principles and procedures to be followed by projects and programmes under the umbrella of the PEPAM — this is the cadre unifié d'intervention (CUI);
- a dynamic information system.

Dimensions	Status of main elements — Senegal	
Policy	An umbrella policy for the sector	
	A coherent series of reforms	✓
Finance	A comprehensive sector budget	✓
	Linkage with a multi-year MTEF	
Institutions	A clear lead agency for the sector	✓
	Sector-wide capacity-building strategy	
Coordination	Sector working groups	
	Donor coordination by government	✓
	A code of conduct	
Monitoring and accountability	A joint sector review	✓
	Performance measurement system	
	Annual sector performance report	

### 3. Impact

**Reform and enabling environment:** The sector is visible and coherent. It is well served by policies and strategies that have been broadened from the urban to the rural sector. PEPAM invested a substantial part of its resources in strengthening the sector monitoring and evaluation system. A sector performance framework is now in place and there is regular reporting in annual reviews. Improvements in the monitoring and evaluation system and especially the availability of online data have increased sector transparency and directed attention towards geographical areas or subsectors that were lagging behind. The UCP/PEPAM plays a very important role in representing the sector at national and international levels and connects the sector to many African and international networks. This maximises the extent to which Senegalese sector players participate. A partnership with the French network pS-Eau enables the sector to engage with water associations from other countries.

**Finance:** The sector approach has been successful in attracting donor funds, but less successful for national contributions. Out of a total estimated investment cost of the PEPAM (2005–15) of USD 624 million for water supply and USD 638 million for sanitation, by 2010, around 57 % of the funds needed had been mobilised for water and 55 % for sanitation.

**Coverage:** There has generally been good progress, though rural sanitation lags behind other subsectors due to difficulties in keeping up with high population growth (see Chapter III).

### 4. Challenges still faced

The sector approach does not seem to have improved the environment for the private sector in rural areas (whereas it was already strong in the urban areas). Sector financial instruments such as medium-term expenditure frameworks are not in place and there is still a lack of attention to value for money and financial sustainability. Recently, after many years of sound improvement, the urban sector has started to slide back due to a reluctance to raise tariffs and political interference in the management of private sector contracts for service provision.

Some players argue there is ambiguity between PEPAM's role as a coordination/ monitoring and evaluation framework and as a more classical project implementation unit. At some stage, it will probably be necessary to integrate PEPAM's role more centrally into government.

Not enough attention has been given to local water and sanitation infrastructure plans (as part of wider local development plans) that could guide the allocation of resources at central level. Data on overall budgetary allocations to the water and sanitation sector is not comprehensive, given the absence of programme budgeting.

#### Box 7: Senegal — The glass ceiling of SWAp

For many years, urban water supply and sanitation in Senegal has been considered very successful and an example to follow in terms of private–public partnership. The quality of service is still very high compared to neighbouring countries, but the financial balance maintained until 2007 is now jeopardised by the decision to freeze all domestic tariffs (while increasing the price of water for public administration, resulting in growing arrears) and also by political interference at the highest level. Institutional studies have been abandoned before they reached their conclusions and the government unilaterally decided to extend the contract of the current provider (and transform the current lease contract into a full concession contract) and to go for water desalinisation as a technical solution for long-term water resources. Despite the policy dialogue framework established through the sector approach, discussions between government and other partners no longer take place on the future of the urban water sector.

### 5. Lessons learned

**Monitoring and evaluation:** Investments in the monitoring and evaluation system positively influence the quality of the annual joint sector reviews and transparency in the sector management. Information has been a powerful agent of change.

**Sustainability:** Not enough attention is paid to long-term financial sustainability. This needs to be a central topic for policy dialogue.

## F. South Africa — A sector approach that advances decentralised implementation

### 1. Process

Following national elections in 1994, South Africa began a process of policy and other reforms that led to a water supply and sanitation policy white paper (1994), a national sanitation policy (1996), a Water Services Act (1997) and a National Water Act (1998). With local elections in 2000, the country was in a position to start a process of decentralisation to locally elected bodies. The year 2001 saw the start of Masibambane (which means 'Let's work together'). This was a partial SWAp, covering water supply and sanitation in three provinces, supported by a few donors. This was soon followed by the formation of a water services sector leadership group, which was a key coordination mechanism. The institutional framework for decentralisation was put in place in 2003 with the approval of a strategic framework for water services. This framework became the primary policy guidance for the water services subsector and established the Department of Water Affairs as the sector leader with responsibility for policy and regulation, while service provision was transferred to local government. In 2004, Masibambane was expanded to all provinces and the central ministry role shifted from service provision to capacity building. In 2007, Masibambane was further expanded to include water resources management under the national priority of water for growth and development, but so far, relatively little has been achieved. In 2011, a new phase of Masibambane, funded entirely by the government, was started.

### 2. Key elements

The key elements of the sector approach in South Africa are:

- a well-developed policy framework;
- a strong multi-year budgeting system;
- strong coordination between national and provincial authorities;
- an incentive environment for decentralised entities to become involved in pursuing sector goals.

Dimensions	Status of main elements — South Africa	
Policy	An umbrella policy for the sector	✓
	A coherent series of reforms	✓
Finance	A comprehensive sector budget	
	Linkage with a multi-year MTEF	✓
Institutions	A clear lead agency for the sector	✓
	Sector-wide capacity-building strategy	✓
Coordination	Sector working groups	✓
	Donor coordination by government	✓
	A code of conduct	
Monitoring and accountability	A joint sector review	
	Performance measurement system	✓
	Annual sector performance report	

### 3. Impact

**Reforms and enabling environment.** The sector has been able to develop an impressive array of policy and institutional changes in a relatively short period. These have successfully coped with the complexity of, first, centralising the former homelands and then decentralising functions to the newly elected but often low-capacity local governments. Masibambane introduced a participatory process to policy and strategy formulation, and ensured sector ownership of the strategic framework for water services. This culture of participation has survived, though Masibambane's



energy levels have declined. Partnership with the local government association (SALGA), which includes direct support to the association, has brought significant results in advancing the decentralisation of water services (see Box 8).

**Finance:** Strong delivery performance and a political focus on basic services have led the sector to attract much public finance during the SWAp (0.86 % of GDP in 2008/09), as well as significant donor support.

**Coverage:** The sector has seen significant improvements in coverage levels. The remaining areas are primarily hard-to-reach rural areas and informal urban settlements. The key issue is the sustainability of existing investments given the ‘free water’ policy that has led to lower investment in operation and maintenance and an increasing backlog from broken-down schemes.

## 4. Challenges still faced

It has been difficult to extend the sector approach to water resources management and to other ministries which are not leading the sector, such as health (sanitation). Although civil society and the private sector have been involved in the processes, the sector’s policies are not conducive to community participation. In fact, community-based operation and maintenance have virtually disappeared and been taken over by municipalities whose results are, in many cases, less successful.

The sector has not been successful in establishing sound financial sustainability. Expansion of coverage has been at the expense of operation and maintenance. The focus on reducing the wide disparities between traditionally ‘white’ areas and former homelands created demand for overly-sophisticated technologies, such as water-borne sanitation in remote and water-scarce areas. Many of these facilities are now starting to fail. There are incentives for municipalities to let existing structures break down and build new schemes using central grants, rather than undertake operation and maintenance from local recurrent budgets.

Capacity building of municipalities, including senior staff and councillors, has taken place, but has proved a much more demanding task than capacity building at provincial and central levels. Policies and strategies are only partly implemented, due to low capacity at local government level. Although the regulatory tools are available in practice, supervision/regulation of municipalities and water service providers and authorities is weak.

### Box 8: South Africa — Decentralisation experience

In a decentralised scenario, progress requires coordination but:

- it is important to get the balance right between intra-sector horizontal coordination at national level (the focus of Masibambane) and horizontal coordination with other agencies (finance, health, education — a weakness of Masibambane);
- real coordination is expensive (transport costs are high in a big country);
- there is a need to develop incentives to favour coordination (e.g. Masibambane financed the creation of a water unit in SALGA).

## 5. Lessons learned

**Interdepartmental collaboration:** The incentive environment for ministries with a non-leading role to engage (e.g. education or health) needs to be more systematically considered.

**Champions:** The sector approach has to build a network of champions with vision and commitment. Without this, it is too vulnerable to changes in individual staff.

**Policy and strategy implementation:** More attention has to be paid to capacity building and addressing factors inhibiting the rollout of policies, strategies and local bylaws.

**Results/sustainability balance:** Greater attention to financial sustainability and value for money is needed, despite the urgency to deliver.



## G. Uganda — A government-initiated and driven approach

### 1. Process

The late 1990s saw a number of important policies, acts and regulations passed. Following the Local Government Act, a fiscal decentralisation strategy was implemented in the early 2000s. This led to the transfer of all rural water supply and sanitation funding and implementation responsibilities to local government. This paved the way for the government-led adoption of a sector-wide approach and the gradual withdrawal of projects in favour of budget support modalities for the rural subsector. In turn, this was followed in 2001 by the introduction of annual joint sector reviews, intended to provide a common review of sector performance. Significant advances in the development of a sector investment plan occurred in 2003. At the same time, a performance monitoring system was launched and became operational in 2004. During this period, the sector-wide approach expanded to include urban water supply and sanitation, water for production and water resources management. From 2007, all donors joined a single sector programme support vehicle that provided sector budget support as well as capacity building through a basket fund known as the Joint Partnership Fund.

### 2. Key

The key elements of the sector approach in Uganda are:

- a sector investment plan and tool that can capture all expenditure in the sector;
- sector working groups that engage all important stakeholders;
- a joint annual review and annual performance report;
- a performance measurement system with 11 golden indicators and annually agreed undertakings.

Dimensions	Status of main elements — Uganda	
Policy	— An umbrella policy for the sector	✓
	— A coherent series of reforms	✓
Finance	— A comprehensive sector budget	✓
	— Linkage with a multi-year MTEF	✓
Institutions	— A clear lead agency for the sector	✓
	— Sector-wide capacity-building strategy	
Coordination	— Sector working groups	✓
	— Donor coordination by government	✓
	— A code of conduct	
Monitoring and accountability	— A joint sector review	✓
	— Performance measurement system	✓
	— Annual sector performance report	✓

### 3. Impact

**Reforms and enabling environment:** The sector approach has led to a number of improvements across all subsectors. Capacity has been built up in the main ministries and also at decentralised levels. However, the huge increase in the number of districts from 50 to over 120 in the last 10 years has meant that the capacity that has been built up is now very thinly spread. There is more transparency in the allocation of funding across subsectors. The performance measurement system and sector reporting have been important tools for increasing accountability. The joint sector reviews and the establishment of sector working groups have helped to ensure the involvement of multiple partners in government, both at central and local levels, as well as within civil society and the private sector (see Box 9). Water resources are becoming better integrated now that they have a directorate in their own right, and

water management zones are linked to the water sector development facility offices. Civil society and the private sector have been well integrated into the sector, with, for example, the establishment of the Association of Private Water Operators, which now attends many sector meetings.

**Coverage:** The sector has seen significant improvements over the last 10 years. However, there have been difficulties in keeping up with high population growth. As a result, coverage increases are levelling off and there are signs of backsliding. However, rural sanitation is one area that is making good progress, due to improved regulation and promotion.

**Finance:** The sector-wide approach does not seem to have had a strong effect on increasing sector finance. Finance to the sector decreased steadily over the period from 2004/05 to 2010/11, from 4.9 % of government expenditure to 2.2 %. High NGO investments (especially in refugee camps) offset the negative impact of declining funding. This is unlikely to change for the better, as there is a shift from government funding of basic services towards financing growth and income-generating sectors, such as energy, agriculture and transport.

## 4. Challenges still faced

There is concern that sector approaches have stifled innovation by routing all sector intervention through government. Regarding sanitation, although a well-considered memorandum of understanding was signed on roles within this, the sector remains fragmented, with no clear lead agency and limited participation of the Ministry of Education and Sport and to some extent the Ministry of Health. One of the main reasons for disappointing progress was that funding and resources were not seen to support the transfer of responsibilities. There is the same tension over resources within water for production, between the Ministry of Water and Environment and the Ministry of Agriculture, Animal Industries and Fisheries. Expansion of coverage (or in recent years just keeping up with population growth) has been the priority, with operation and maintenance given less attention. The rapid expansion in the number of districts, combined with the new post-conflict challenges in the north and east of the country, have strained efforts to build capacity. In the absence of a provincial/regional administration level, deconcentrated technical support structures have been established to provide support to districts and facilitate coordination. While their assistance is appreciated, these support structures are not embedded in government and depend on external funding.

### Box 9: Uganda — A water SWAp that covers the entire sector

The SWAp is seen as so positive that it has grown to encompass more subsectors. The golden indicator is a very clear monitoring framework that has also evolved to match the new scope. But there are voices calling for care not to enlarge the SWAp too much to include all of environment. The new sector working group oversees water and environment and does not get the time to really manage the water sector. The water subsector working group is not attended by the most senior officers.

## 5. Lessons learned

**Inter-sectoral coordination:** Areas cutting across defined sectors or at the periphery of sectors risk being underprioritised.

**Innovation:** Too rigidly implemented, a sector approach can lead to innovation or the capacity to pilot new approaches being reduced.

**Growth agenda:** A new public agenda on private sector-led growth and employment threatens sector finance. New approaches relying on market-based and self-supply mechanisms need further consideration.

# III. Synthesis of the impacts of the sector approach across the case studies

Ultimately, a SWAp is designed to achieve sector objectives that aim to provide universal, sustainable and affordable water and sanitation services in the context of integrated water resources management. In contributing to these complex aims, there is often tension between the longer-term need to create a self-sustaining sector and providing an immediate increase in coverage.

The best sequence of: (i) institutional improvements and (ii) accelerated physical service delivery is complicated and depends on a variety of factors, such as the political environment and the capacity and functionality of core institutions. Physical delivery of services in advance of institutional improvements risks investments being wasted, as facilities fall into disrepair due to lack of funds or of the capacity to maintain them. Institutional improvements without physical delivery of services risks discrediting fragile reforms before they have time to work.

There is an understandable tendency to focus on immediate increase in coverage, as it is easily measured and is in political demand. It should also be recognised that a well-implemented sector approach can potentially contribute to immediate physical service delivery. It may do so by creating, in the short term, conditions that attract more domestic and international finance and by improving coordination, reducing duplication and directing funds towards high-priority areas. Finding ways of combining the two objectives is the most promising strategy. But it also needs to be recognised that it usually takes a long time to achieve lasting improvements in the underlying institutional conditions to attract sustainable financing (not just from taxes and transfers but also from tariffs) and to ensure that the services provided are sustainable.

This chapter presents evidence of impacts on:

- finance and coverage);
- sector performance across the five dimensions.

Evidence of impact on sector performance is assembled from the seven case studies. The studies show there is tangible evidence of sector approaches providing benefits that lead towards achieving sector goals of a sustainable and affordable water and sanitation service in the context of integrated water resources management. There are also a number of implementation-related issues that arise. Across the seven countries, an attempt has been made to identify the major benefits that are common to a number of countries. Following this synthesis, the beneficial impacts and main implementation-related issues can be grouped around the five dimensions of a sector as follows:

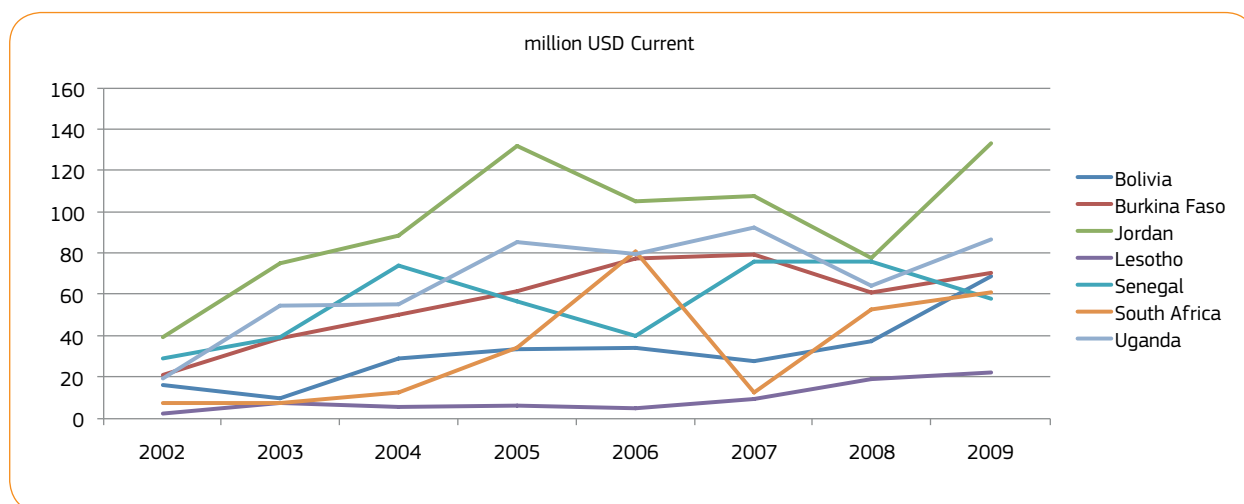
Dimensions	Beneficial impacts evidence from the case studies	Implementation-related issues
<b>Policy</b>	<ul style="list-style-type: none"> <li>— A clearer sector vision and strategic overview</li> <li>— More effective implementation and consolidation of sector reforms</li> </ul>	<ul style="list-style-type: none"> <li>— Sequencing of focus on results or reforms is crucial</li> <li>— Policy targets and finance are mismatched</li> <li>— Quality of policy dialogue with donors is sometimes disappointing</li> </ul>
<b>Finance</b>	<ul style="list-style-type: none"> <li>— Closer linkage between planning and finance</li> <li>— Reduced transaction costs in providing and receiving development assistance</li> </ul>	<ul style="list-style-type: none"> <li>— Inadequate attention to financial sustainability</li> <li>— Weak public financial management (PFM) constrains the sector</li> <li>— Insufficient focus on value for money</li> <li>— Donor finance directed at the enabling environment</li> </ul>
<b>Coordination</b>	<ul style="list-style-type: none"> <li>— Better coordination across different stakeholders</li> <li>— Greater involvement of civil society and private sector</li> </ul>	<ul style="list-style-type: none"> <li>— Coordinating across institutions is difficult</li> <li>— Coordination potential at local level is overlooked</li> <li>— Fostering private sector and civil society involvement is low priority</li> <li>— Sector approach is sometimes too wide, sometimes too narrow</li> <li>— Donor coordination is often ineffective</li> </ul>
<b>Institutions and capacity</b>	<ul style="list-style-type: none"> <li>— A clearer overview of institutional roles and responsibilities</li> <li>— Accelerated capacity development</li> </ul>	<ul style="list-style-type: none"> <li>— Institutional reforms are left incomplete</li> <li>— Capacity constraints are persistent</li> <li>— Implementation arrangements are not flexible enough</li> <li>— Innovation can be stifled</li> </ul>
<b>Monitoring and accountability</b>	<ul style="list-style-type: none"> <li>— A better information environment</li> <li>— Better governance and accountability of all parties</li> </ul>	<ul style="list-style-type: none"> <li>— Inconsistency in data collection systems</li> <li>— Political economy aspects of improving accountability are neglected</li> </ul>

Impacts across these dimensions are considered in Section III.B.

## A. Evidence of short- and medium-term impact on finance and coverage

Figure 1 shows that, on average, the countries studied got 3.7 aid dollars in 2009 for each aid dollar received in 2002. The 'outliers' are South Africa (eightfold increase in aid) and Senegal (twofold increase in aid).

Figure 1: ODA disbursements from all donors



Source: OECD DAC Aid Activity Database

These figures would need to be adjusted by inflation and population growth. When compared to the averages for all countries (average across all developing countries is 3.9 aid dollars in 2009 for each aid dollar in 2002), the adoption of the sector approach does not seem to be the main explanation for this increase.

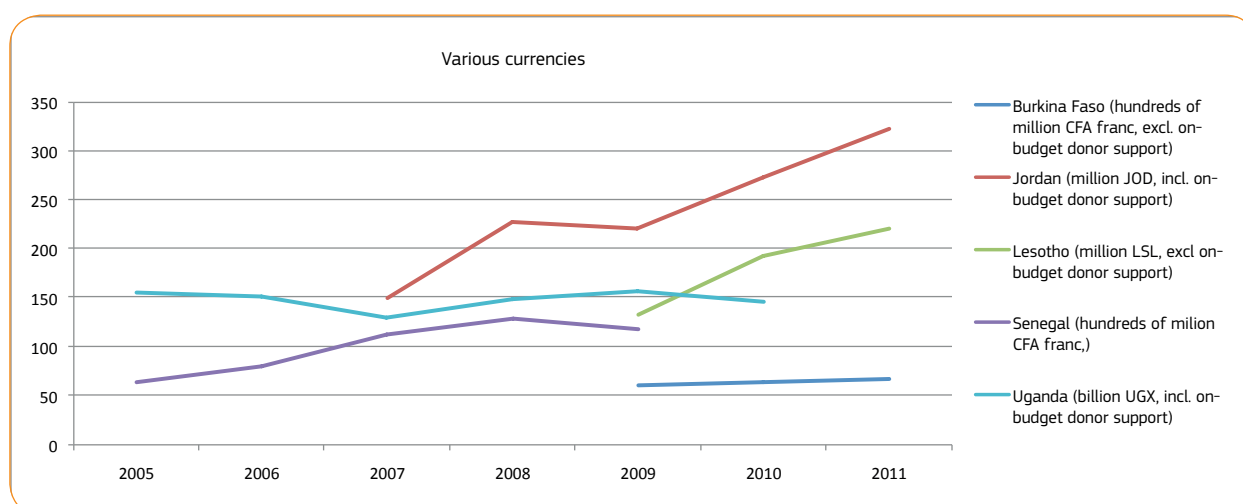
The impact on domestic resources is mixed. Figure 2 (see next page) shows how some countries (Senegal, Lesotho) have seen domestic public resources roughly double in 2 to 3 years, while others (Burkina Faso, Uganda) have experienced stagnation or only moderate increases (Bolivia). Perhaps success in attracting additional donor resources has resulted in SWAp countries feeling less pressure to commit their own domestic resources to achieve their water and sanitation goals.

In some cases, the water sector itself may have felt there was no need to engage with and contest the national budget process, because donors were making the money available and domestic resources have merely grown in step with donor funds driven by counterpart requirements. This seems to have been the case in Senegal.

In other cases, the water sector may have tried to engage in the national budget process, but the ministry of finance may have felt that while donors were making funding available, their country was better off putting its own resources in other sectors. This seems to have been the case in Burkina Faso and Uganda.

In yet other cases, the ministry of finance has allocated substantial fresh money to the sector in recent years. This is probably due more to the high political priority given to water infrastructure development (Lesotho) and redressing historical inequalities in access (South Africa) than to the adoption of the sector approach.

Figure 2: National budgetary resources for water and sanitation



Source: See country case study reports

Anecdotal evidence suggests that the impact of the sector approach on user contributions is mixed. For example, the adoption of the sector approach has helped to draw attention to rural sanitation and consequently to facilitate the adoption of policy mixes (combining awareness-raising, regulation and subsidies to different degrees) that have increased household investments in on-site sanitation. At the same time, there also seems to be a real risk that the availability of new donor funding has enabled governments to postpone the adoption or implementation of hard-to-sell tariff reforms.

At this point in time, it is difficult to suggest any major conclusions in terms of impact on coverage.

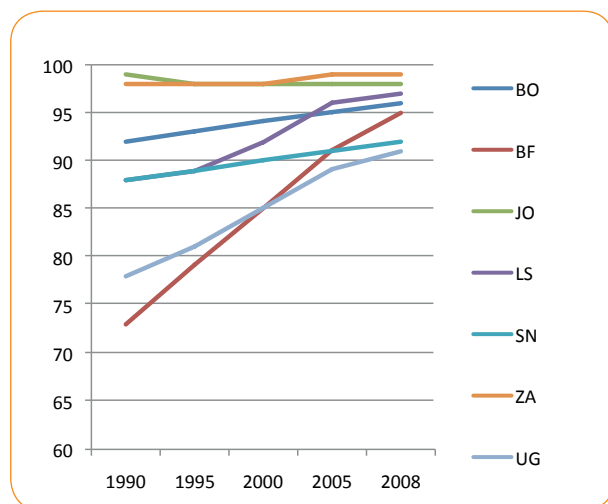
It should be recognised that there are many complex factors explaining trends in coverage of water supply and sanitation services. For example, in Uganda progress in coverage is hampered by rapid population growth and the progressive loss of capacity at district level, driven by the rapid creation of new districts. It is also difficult to compare coverage 'before' and 'after', as the adoption of a sector approach is not a one-off major event but rather the first step in a process. Moreover, as easy schemes are implemented first, it is reasonable to expect that progress in extending coverage becomes slower over time.

The available joint monitoring programme (JMP) data seem to suggest that while progress in coverage may have been well under way before the sector approach was adopted, the new approach has helped to consolidate progress in the face of mounting challenges. Figures 3 to 6 show that since 1990 there have considerable improvements in water supply and less significant improvements in sanitation. It is also worth noting that the most rapid improvements for most countries were from 1990 to 2000, before sector-wide approaches were adopted. From 2000, progress in coverage has been positive but more modest — and in a few cases negative (e.g. for rural sanitation in Lesotho).

Given the nature of the sector approach, one may speculate that its net impacts in terms of coverage are more likely to be felt in the second decade of implementation, because the approach's comparative advantage (in comparison with a stand-alone project) mostly relies on the ability to ensure functionality and viability of infrastructure over the long term.

**Figure 3: Water coverage in urban areas**

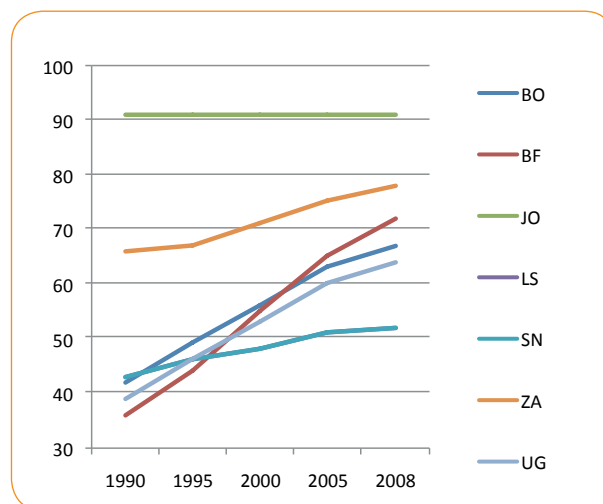
Improved water supply (%)



Source: JMP country files ([www.wssinfo.org](http://www.wssinfo.org)).

**Figure 4: Water coverage in rural areas**

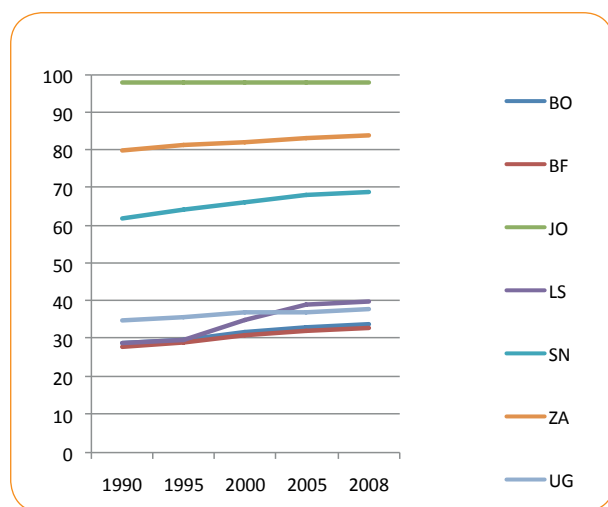
Improved water supply (%)



Source: JMP country files ([www.wssinfo.org](http://www.wssinfo.org)).

**Figure 5: Sanitation coverage in urban areas**

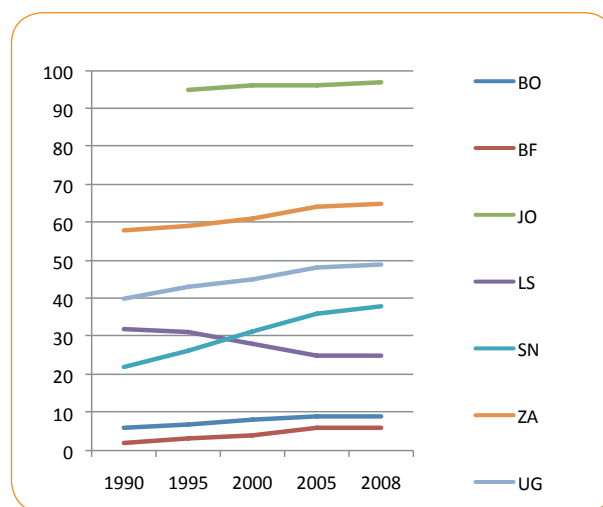
Improved sanitation (%)



Source: JMP country files ([www.wssinfo.org](http://www.wssinfo.org)).

**Figure 6: Sanitation coverage in rural areas**

Improved sanitation (%)



Source: JMP country files ([www.wssinfo.org](http://www.wssinfo.org)).

## B. Policy-specific impacts

### 1. Evidence of tangible beneficial impacts

#### a. A clearer sector vision and strategic overview

In most countries, the sector approach catalysed a more productive policy debate that in turn led to a clearer sector vision and strategic overview. The sector approach provides a unique opportunity to bring together different parties (including donors) in a structured and formal way to discuss policy and strategy issues. Surprisingly, the debate has usually been nationally driven and donors have had less influence than could have been expected (e.g. on the free water policy in South Africa). Discovering gaps in policy and in implementation is a feature of sector approaches, as they encourage many different parties to review both their own activities and those of others.

Summarised selection of country evidence	
<b>Senegal</b>	While the urban water and sanitation sector had developed a clear vision over a number of years, with the adoption of a wider sector approach, the sector vision and strategic overview now cover rural areas and to some extent water resources. The sector approach has provided a new space for relevant parties to discuss sector policies, e.g. on subsidies for rural sanitation and the extent to which projects are complying with policy.
<b>Burkina Faso</b>	In a process similar to that in Senegal, the sector approach has helped to transfer some institutional reforms and clarity of vision for the urban sector to benefit the rural sector and provide a broader sector overview.
<b>South Africa</b>	A better collective understanding of sector policies and ownership of the strategic framework for water services was obtained not just in the parent ministry but also, crucially, within local government and at municipality level. The process adopted led to local government adjusting and improving the strategy and framework. As a result, it has been easier to implement it in practice.
<b>Lesotho</b>	The office of the Commissioner of Water, an important element of the sector approach, has brought all stakeholders together to develop a national water and sanitation policy.
<b>Jordan</b>	The introduction of far-reaching sector reforms has led to an open debate on sector priorities and the longer-term impact of current water use practices in agriculture on the availability of national water resources (and as a result, consensus on the relative economic and social merits of alternative water use is being achieved).
<b>Uganda</b>	The sector approach led to heightened awareness of the importance of water resources that ultimately resulted in the upgrading of the department of water resources to full directorate status, enabling it to take an equal part in sector discussions and decision-making with the service delivery directorate.
<b>Bolivia</b>	The sector approach has generated a vision of the sector as a whole, improved planning processes and generating strategic frameworks for intervention at the subsector level.

#### b. More effective implementation and consolidation of sector reforms

Since sector approaches tend to be adopted in countries that have reached a certain maturity in terms of managing the sector, the policy frameworks tend to be relatively well developed and the focus is on the implementation and consolidation of difficult sector reforms. By involving a broad range of stakeholders, the sector approach contributes to the implementation of reforms, especially those that require different parties to cooperate. The sector approach has also contributed to:

- ensuring wider support for reforms;
- linking the sector to national priorities;
- providing comprehensive capacity development, i.e. capacity building for all players involved, not just a few of them.



Reforms are more likely to be successful when they are part of a sector-wide approach, as opposed to being isolated, single ministry-driven initiatives.

Sector approaches in most of the countries studied have been surprisingly effective in supporting decentralisation. Even though the sector approach is centrally driven, it often brings to the fore the crucial role of local governments in service delivery. It is also interesting to note that where governments have vigorously pursued a fiscal decentralisation agenda, as in Uganda and South Africa, this has had the effect of catalysing the central ministry to reorganise the sector using a sector approach and to take a lead, rather than risk becoming a minor actor. The policy lead in these cases was with the ministry of finance. This illustrates the role central ministries such as finance and planning can play in getting different parts of the sector to work together. Another feature of sector approaches triggered in this way is that they tend to be country initiated, led and owned.

Summarised selection of country evidence	
South Africa Jordan Lesotho	The sector approach has contributed to the success of changing the role of central ministries from implementation towards policy setting and regulation over a long period. This in turn has helped to accelerate the process of decentralisation and local accountability for water and sanitation services. In Lesotho, this has gone a stage further, in that an independent regulator is being established. These difficult and often time-consuming reforms have already led to a number of improvements in sector efficiency and performance.
South Africa Uganda	Water sector reforms have also been associated with extensive capacity building of local government, in districts in Uganda and municipalities in South Africa. Collaboration with the local government association is notable in South Africa and one of the reasons for success in consolidating local level reforms that were devised at the central level.
Jordan Lesotho	The sector approach and the series of coordinated reforms have helped in the difficult task of establishing autonomous commercial companies to provide urban water and sanitation services.

## 2. Issues that arise during implementation

### a. The sequence of focus on results or reforms is crucial

Perhaps the most persistent policy level challenge after ensuring financial sustainability is the trade-off between delivery of immediate coverage targets and the development of a conducive institutional environment for long-term sector performance. It is not easy to predict the best sequence of interventions of a coverage nature and of an institutional nature. The case studies did not yield any easy answers as to the question of trade-off and sequence in types of interventions.

In South Africa, which benefits from a relatively high level of capacity, it has been possible both to deliver services and to undertake complex reforms. However, weaknesses in the tariff policy and in operation and maintenance are already undermining advances in service delivery.

Lesotho, which benefits from international governance arrangements, has also succeeded in delivering impressive physical results within transboundary water resources development and management, while ensuring sustainable and well-governed subsectors. The massive investments in water resource development made so far have been sustained through transboundary cooperation arrangements that are characterised by ample funding and capacity provided through a combination of project implementation units and autonomous parastatal and multi-state entities.

In Jordan, no answer has been found yet. Inadequate water sector governance and the pursuance of short-term objectives have led to very serious overexploitation of water resources, combined with an urban water service delivery that only provides water once per week in most areas, though extending to nearly 100 % of the population.

In Uganda, although advances have been made in the enabling environment, service delivery has stagnated due to high population growth and inadequate funding due to low sector ceiling and a new policy emphasis on private sector-led growth rather than provision of basic services.

In Senegal, after institutional advances in the urban sector that also saw significant improvements in services, a

combination of inadequate tariffs and political interference has reversed much of the progress.

> **Implication:** The sector approach should guide the combination and sequence of institutional and service delivery interventions by matching service levels to affordability and deepening the understanding of how governance, institutional capacity and financial sustainability can combine to accelerate service delivery in the long term.

### b. Policy targets and finance are mismatched

There is often a mismatch between targets for a sector and the financial resources made available to achieve those targets. The sector approach has helped to identify this mismatch (by costing the objectives) but has been less successful in resolving the incoherence between targets and budget. In Uganda, the mismatch between sector ceilings and policy targets has not been addressed by either increasing funds available, or by lowering or delaying targets. There are similar mismatches in Burkina Faso, Senegal and Bolivia.

> **Implication:** Sector approaches should attempt to address the mismatch between policy targets and finance, using strategic financial planning and modelling

### c. Quality of policy dialogue with donors is disappointing

In most of the countries studied where there had been a fruitful policy debate, this was conducted among national actors, such as the *cadre partenarial* in Burkina Faso, and not led by donors or even, in some cases, not involving them. The quality and intensity of policy dialogue with donors seems to have been limited, with surprisingly little influence evident. An example is the policy for free basic water and the use of high levels of service in South Africa, where donors have attempted but have not succeeded in changing or adjusting policy.

Tariff policy in particular seems to be an area of dialogue where donors have not been very successful. For example, water tariffs in the urban sector in Senegal have not changed for more than 7 years and this now threatens the sector with bankruptcy. Jordan is another case where donors have argued for years for a higher, more sustainable tariff, especially in the agricultural sector. Budget support modalities are in place in Bolivia, Burkina Faso, Lesotho, South Africa and Uganda. The modalities do not seem to have brought about significantly increased policy influence, at least so far.

When donors and government meet, it is mostly around mobilisation of external sources of finance and more recently, with sector budget support modalities, on achieving sector indicators but without probing the underlying factors. The absence of strong, sector-relevant analytical skills at donor representations is often given as the reason for their low influence. The World Bank, which brings in experts from abroad, is often relatively influential because of the greater level of expertise, even when it is providing relatively minor funding.

In some countries, such as South Africa, the low extent of funding from donors and high sector capacity within the country partially explains the low influence of donors. Another reason advanced is that in many cases policy frameworks were either already set by the time a sector-wide approach was adopted or that policies were decided above the sector in a highly political process that was beyond the reach of sector-level discussion forums.

> **Implication:** The sector approach needs to ensure policy dialogue is at the right level and is supported by donor representations that together, are staffed to be able to provide or at least access appropriate high-level expertise to ensure fruitful policy dialogue.

## C. Finance impacts

### 1. Evidence of tangible beneficial impacts

#### a. A closer link between planning and finance

Policy-led allocation of financial resources is one systematic benefit of sector approaches that has been achieved. However this is dependent on the development of suitable planning tools that link local and national planning. In Uganda and Lesotho, there has been a demand for strategic financial planning that looks at the whole life cycle of sector finance and focuses more directly on sustainability and issues such as the cost of low functionality and the need to build in replacement and depreciation costs, as well as to cater for higher levels of service. Although these tools have not always been used to their full potential, they have served to raise awareness on important issues of sector financing.

Summarised selection of country evidence	
<b>Uganda</b>	Improvement in district-based water and sanitation plans resulted in better information on how to allocate resources more equitably between and within districts.
<b>Senegal</b>	The sector approach has created a demand and need to link national and local planning, which were earlier separated. This in turn has led to the development of more effective planning tools which have been crucial to improving allocation of sector finance.
<b>Burkina Faso</b>	Adoption of a sector approach has facilitated the development of local municipal plans for water supply and sanitation (PCD-AEPA), which are used to inform national-level decisions on geographical allocation of financial resources.
<b>South Africa Jordan Uganda</b>	Initiatives to develop medium-term expenditure frameworks, though not explicitly part of the water sector approach itself (as they serve a more general purpose), have been helped by emerging sector approaches in the water sector. Where there has been a sector approach, the sector has generally been able to make good use of the medium-term expenditure framework, even where these have been based on ministerial boundaries rather than sector boundaries

#### b. Reduced transaction costs in providing and receiving development assistance

The common assumption that sector approaches increase transaction costs was not fully supported by the evidence. For the water sector, reduced costs for donors and national authorities were noted.

Summarised selection of country evidence	
<b>Senegal</b>	The PEPAM has streamlined the coordination and project/programme support preparation processes.
<b>Burkina Faso</b>	The PNAEPA and Pagire programmes and the CUI reduce the cost of doing business for donors and recipients alike.
<b>Uganda</b>	Joint sector reviews have reduced the number of separate donor missions to review project-level activities. The higher quality of available information and use of common approaches has reduced donor and government costs.

### 2. Issues that arise during implementation

#### a. Inadequate attention to financial sustainability

For all the cases studied, financial sustainability of the sector was the weakest element. Sector approaches have not given enough attention to this. Discussions have focused on the expenditure side but rarely on the revenue side. Even where financial models have been made, as in the cases of Uganda and Lesotho, these have increased awareness, but have not increased revenues or led to hard targets being set for tariff increases or a commitment to increase subsidies for operation and maintenance.

> **Implication:** Sector approaches need to pay more attention to financial sustainability.

### b. Weak PFM constrains the sector

Many of the countries studied suffered constraints in budget execution due to inadequate public financial management. The case of Burkina Faso, where funds channelled via public financial management systems only achieve 60 % execution rates, whereas well-managed projects achieve 100 %, illustrates the problem. In Uganda, many sector officials prefer basket funding to sector budget support because of the delay in disbursement and the lack of an operational annual carry-over facility. In Senegal and Burkina Faso, the quality of financial information lags behind physical information and there is no proper link between local and national budgets. Lesotho illustrates the danger of a sector trying to improve financial management by itself and not as part of a broader ministry of finance-led effort. In many countries, the problems are a combination of poor national systems and inadequate implementation of the systems at sector level.

> **Implication:** Sector approaches need to focus on how implementation of current public financial management systems (even if not perfect) within the sector can be improved. A pre-requisite is a thorough understanding of how PFM works in the country concerned.

### c. Insufficient focus on value for money

Explicit studies on value for money were carried out only in Uganda and Burkina Faso. Initially, these were very broad, but once narrowed down to specific areas and themes, they became much more useful. The follow-up action taken as a result of the studies was patchy, but has resulted in some improvements and more attention to unit costs. Some benchmarking was done for water supply for clinics and hospitals in South Africa but otherwise studies and attention to cost effectiveness and efficiency have been an underrated aspect of the sector approach, even where the Ministry of Finance was involved.

> **Implication:** Sector approaches need to encourage value-for-money studies that are targeted in their scope so as to lead to convincing, actionable results.

### d. Donor finance directed at the enabling environment

Donor finance for SWApS has been critical for sector development and has generally provided much-needed flexibility. In Burkina Faso, external support through budget support was used to fund social connections irrespective of geographic area, which had proved difficult in the project era. In South Africa, donor support was used to fund sector development and coordination activities that could not easily be justified or approved under national systems. In Bolivia, the flexibility of sector budget support allowed the new government to use these resources to advance a new policy agenda. Subsequently, the national budget made allowances for this type of funding. For Uganda, the joint partnership fund allows the funding of one-off capacity-building efforts such as technical support units. In the case of South Africa, project-based funding allows the financing of NGOs.

> **Implication:** Sector budget support needs to be flexible enough to be accompanied by other forms of support — for instance, to pilot innovative approaches that may be difficult to fit into the regular budget process.

## D. Coordination impacts

### 1. Evidence of tangible beneficial impacts

#### a. Better coordination across different stakeholders

At the core of the sector approach is improving coordination across the public sector, civil society and the private sector, as well as between different ministries, departments and agencies and with development partners. A common advantage of better coordination has given the sector a single voice and contact point. For donors, and others outside the sector, this has proven very useful. It has also enabled the sector to develop a more effective communication strategy.

Summarised selection of country evidence	
<b>Lesotho</b>	The establishment of the Office of Commissioner of Water has led to improvements in domestic coordination across the sector, from rural to urban, from water supply to sanitation and from water services to water resources management. Previously, self-contained and autonomous institutions such as the Lesotho Highlands Development Authority and the Lowlands Water Supply Scheme Unit were not in close contact with the rest of the sector, with the result that duplication of effort was commonplace and some towns had a dual supply, while others had none. Although not all problems have been solved, coordination is much improved and sector meetings are well attended.
<b>South Africa</b>	The coordination fora prior to adoption of the sector approach were seen as top-down rather than collaborative. The new mechanisms of coordination have ensured there is a strong link between policy and implementation. Each province has set up a sector forum where representatives from all water-related areas in the public sector, civil society and private sector are able to contribute and promote integrated sector planning. The range of coordination fora has succeeded in establishing both technical as well as political platforms.
<b>Uganda</b>	The sector approach has led to better coordination across the ministries responsible for water, health, education and agriculture, as well as between central and local government authorities and between the public sector, civil society and the private sector. The main mechanisms of coordination include the joint sector review, the water and sanitation sector working group at national level and the district-based water and sanitation committees. These coordination instruments help to ensure sound discussion of policy issues, allocation of scarce resources and, most importantly, coordinated planning and implementation.

#### b. Greater involvement of civil society and private sector

With the drive for greater market orientation and more use of private sector service providers, long-term sustainability of the water sector demands a strong role for civil society to ensure consumer interests are represented. There is evidence that sector approaches lead to civil society becoming more involved, though their influence on the private sector is less clear. It should be noted that the sector approach has in some cases reduced the funding to the NGO sector and led to stagnation in service delivery and less attention to social mobilisation aspects.

Summarised selection of country evidence	
<b>Lesotho</b>	As a result of the sector approach, there is civil society representation in public bodies such as the Metelong Authority for the first time, overseeing the development of bulk water facilities for water supply. This representation is already yielding benefits as key policy choices are debated and the views of consumers are taken into account.
<b>Jordan</b>	The adoption of sector reforms and an open debate on sector performance, combined with donor support, has led to stronger engagement and recognition of the role of the private sector and civil society. The Jordan Valley Authority is in the process of transferring control over tertiary water management to farmers' groups. In the fertile highland areas, the Highland Water Forum is engaging with private farmers to ensure more sustainable water use.

Uganda	The emergence of the sector approach, combined with fiscal decentralisation, saw a period in which NGO funding was reduced and inadequate attention was paid to social mobilisation, sanitation, hygiene and gender issues, where the NGOs had been strong. Later, attempts were made to fund via the government, but this was found to be contradictory, so funding was then channelled separately to NGOs.
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## 2. Issues that arise during implementation

### a. Coordinating across institutions is difficult

Experience across all the countries studied indicates the difficulties of coordinating across institutional boundaries and shows examples of incentives not to cooperate.

In Uganda, despite a well-conceived memorandum of understanding on institutional roles, coordination in sanitation has not improved because transfer of resources is not perceived to have followed transfer of responsibilities.

In Jordan, it has been difficult to reconcile the different objectives of the Ministry of Agriculture and the Ministry of Water and Irrigation. Many ministries not in a leading role in the sector resent coordination by an equal. For some issues, a higher mandate has been needed.

Senegal is an example where coordination across institutional boundaries (rural and urban) has been possible through an independent unit (PEPAM) that has a well-established and acknowledged fund-raising role.

South Africa is a good example of how involving the South Africa Association of Local Authorities in the sector approach and ensuring that they also benefited in terms of capacity building and support has established an alliance that has ensured close cooperation with all municipalities. It is ironic that in some cases projects were more successful and could be more flexible in obtaining cooperation across institutional boundaries if they provided support to different institutions rather than just calling on their resources.

> **Implication:** Sector approaches need to invest more in communication and in understanding the influence of vested interests and incentives not to cooperate across institutional boundaries

### b. Coordination potential at local levels is overlooked

Coordination is often easier at local levels, especially where officials representing different sectors report to the same authority. Water and sanitation committees at local level achieve closer collaboration between water and sanitation than they do at national level. The same is true between water and agriculture in Jordan, where farmers' associations are able to cooperate more seamlessly across sectors than is usual at national level. Lesotho is another case where it has proved easier to integrate water and sanitation at local level than at national level. In South Africa, coordination at local level has gone an important step further, as municipalities have started to network among themselves.

> **Implication:** Sector approaches need to place greater attention on promoting coordination at decentralised levels.

### c. Fostering private sector and civil society involvement is low priority

Sector-wide approaches are government led, and in some cases have the tendency to become government centric. It has not proved easy to involve the private sector and civil society, though this has sometimes been achieved. A simple problem has been that the private sector and civil society are not homogenous or represented by single organisations. In Uganda, the presence of an umbrella NGO within the water sector (known as Netwas) has been helpful and the sector approach has actively supported this concept. Lesotho, being a small country, has also had a tradition of one or two NGOs being representative of civil society, but in other countries, the situation is more problematic. In Jordan, through the chamber of industries, the private sector has grouped private sector entities interested in applying cleaner production to save water, for example, in the stone cutting industry. Sector approaches have not often led to greater clarity over the role of civil society in its service provision and watchdog/advocacy role. In its service provision role, civil society may have a potential clash or at least overlap with the private sector. In its watchdog/advocacy role, there is dependence on donors, often international NGOs. It is rare that an organisation can survive purely on advocacy-related funding. As a result, organisations are driven to perform

both service provision and advocacy roles.

> **Implication:** Sector approaches need to find ways of fostering civil society and private sector involvement.

#### **d. The sector approach has not often been successful in incorporating water resources management**

In all the countries studied, the sector approach has started in a limited subsector, usually water services, and often in the rural sector, as in Uganda and Lesotho, but also in the urban sector, as in Senegal or Bolivia. Water resources management has not been easy to incorporate, though it could be argued that water resources management concerns initiated reforms in Jordan. Uganda has made progress in incorporating water resources management in the sector approach and the adoption of integrated water resources management principles has made this a natural process. In South Africa, introducing integrated water resources management and applying a sector approach to the water sector have been very separate processes.

> **Implication:** Sector approaches should aim to incorporate water resources management, taking advantage of the insights of integrated management.

#### **e. Donors' coordination is often ineffective**

Sector approaches should improve cooperation between donors and government. The more donors are aligned, the easier it is to arrange harmonisation. In support of harmonisation, a range of coordination mechanisms was apparent in the country studies. In some cases, donors divided roles among themselves, specialising in the areas on which they focus. For example, in Uganda, Denmark engages in rural water supply and sanitation while Austria and Germany focus on urban water supply and sanitation. A troika (three-party) system of lead donor was used in Uganda and Burkina Faso but in other cases no lead donor role or division of labour was evident.

Donor coordination was evident in Uganda, Burkina Faso, South Africa and increasingly in Bolivia, but was less evident in Jordan and Lesotho, where donors overlap and pursue separate approaches. For example, in Lesotho, the Millennium Challenge Account still uses project implementation units for rural water supplies and sanitation. Internal donor coordination groups were not found to be as damaging as has sometimes been feared and in some cases have proved very useful, as, for example, in Uganda, where donors held retreats to review sector performance data and ensure harmonisation of support. In other cases, they seem ineffective, as in Lesotho, where the internal group has not been able to reconcile different approaches. In some cases, internal donor coordination worked well for some years but then became less effective. It seems the usefulness of internal donor coordination is very dependent on champions within the donor community.

> **Implication:** Donors need to assist coordination through closer alignment or, where the government is weak, through internal donor coordination



## E. Institutional impact

### 1. Evidence of tangible beneficial impacts

#### a. A clearer overview of institutional roles and responsibilities

One of the main benefits of rolling out a sector approach has been to trigger an objective assessment of roles and responsibilities. This has often led to a clearer overview, which in turn has led to less overlap, better matching of mandate to resources and an assessment of where the private sector and civil society can play a stronger role.

Summarised selection of country evidence	
<b>Senegal</b>	The sector approach led to institutional assessments that have provided clearer roles for different actors within rural water supply and sanitation. Assessments have also led to the preparation of reforms in urban water supply and sanitation, building on previous reforms.
<b>Burkina Faso</b>	There have been improvements over the allocation of responsibilities e.g. in new organisation of the DGRE, which has improved leadership and led to a better anchorage for leading programmes such as Pagire.
<b>Uganda</b>	Although far from fully implemented, the tripartite memorandum of understanding on sanitation roles has led to some improvements and initiated a national sanitation forum where all stakeholders across ministerial and other boundaries can meet to advance objectives. The delay in obtaining national clarity of roles has been offset by improved coordination at district level.
<b>South Africa</b>	The sector-wide approach has seen an intensive process of decentralisation from central government to municipalities. This has required a process of institutional design that has clarified the roles of different entities, including the private sector. Support also extended to backing up the new roles with detailed strategies, guidelines, bylaws and transition plans as well as a regulatory framework. The sector approach has helped to make the institutions operational by addressing issues of capacity and examining the incentive environment.
<b>Bolivia</b>	The sector approach has strengthened the role of the lead agency and supported the creation of new institutions to service different needs in terms of regulation, capacity development and execution.

#### b. Accelerated capacity development

Just as the sector approach demands better coordinated planning and finance, institutional reform requires development of the capacity of different actors to carry out their roles and responsibilities. In the case studies, the sector approach was found to be surprisingly effective in supporting decentralisation and directing expertise at central level to building capacity at local level.

Summarised selection of country evidence	
<b>South Africa</b>	The sector approach gave a lot of attention to capacity building for municipalities, including councillors with a special focus on enhancing good governance. Networking among municipalities and cross-learning were encouraged. To ensure a balanced sector, capacity development was also directed at the regulatory function and the provincial deconcentrated offices of the central ministry.
<b>Uganda</b>	The sector approach was originally a reaction to and triggered by the government's fiscal decentralisation strategy. The first priority was building district-based capacity. Some 10 years later, this process is still ongoing, complicated because the number of districts more than doubled. Technical support units have been set up to build capacity in districts and umbrella organisations are supported to assist private operators, small towns and rural growth centres in the management of water supplies.
<b>Bolivia</b>	The sector approach has put a lot of emphasis on capacity development, creating a specific government agency (previously a foundation) tasked with capacity development.



## 2. Issues that arise during implementation

### a. Reforms are left incomplete

In some countries, the sector performed poorly due to a legacy of incomplete reforms and abandoned mandates. In Jordan, for example, changes in implementation and policy-setting mandates over the years have tended to lead to a situation in which there is considerable overlap of roles in practice, though the latest reform strategies are clear in theory. In Uganda, due to slow progress in the implementation of irrigation and livestock dam projects, there is a tendency for the central ministry to re-centralise and resume duties it used to have, but which should have been completely decentralised.

> **Implication:** Sector-wide approaches that often start in response to reforms need to pay more attention to consolidating reforms.

### b. Capacity constraints are persistent

Capacity and institutional constraints in the public sector are often related to long-term weaknesses in the civil service as a whole, especially at local government level. In Lesotho, this is aggravated by a severe brain drain to neighbouring countries. Pay, incentives and access to a satisfactory working environment were among common problems encountered. Project and basket fund arrangements that sought more efficient implementation by bypassing poorly functioning national systems were evident in most countries, with the exception of South Africa, where there was instead a culture of delegating core duties to consultants, which creates similar problems in the end. In Burkina Faso, the impact of public sector capacity constraints was seen in programmes that switched from project implementation to government implementation, suffering a 40 % reduction in budget execution rates. In Bolivia, the new agencies created lack human resources, as does the lead agency, whose responsibilities have been increased.

Although sector-wide approaches offer unique potential, they have not been effective at delineating between temporary functions that could be outsourced to the private sector, permanent functions which could just as well be done by the private sector (e.g. provision of a spare part chain) and core functions which ought to remain in the public sector. In many cases, there is evidence of the public sector taking on too wide a spectrum of tasks, then lacking the capacity to do them well. Only in Uganda does a rigorous functional analysis seem to have been part of the sector approach in water.

> **Implication:** Sector approaches need to do more to match ambition levels to the capacity likely to be available in the public sector and, where possible, they should make more use of private sector and civil society capacity.

### c. Implementation arrangements are not flexible enough

Sector approaches, especially those that use the sector budget support modality, rightly encourage implementation arrangements that build up and use, rather than bypass and undermine, national systems. However, in response to capacity constraints, there is sometimes merit in setting up special project implementation units, particularly for large projects that are unlikely to be repeated. This is especially the case for large urban water services projects and water resource development projects. Such arrangements can be considered as aligned to the national approach for dealing with special projects and do not necessarily undermine national systems if those systems are not set up to deal with larger 'one-off' investments. Lesotho, for example, has for many years managed its international water resources development through special project-based implementation arrangements. In Senegal, the anchor of the sector-wide approach is a project implementation unit that is not fully within the civil service but which is serving a useful (in theory, temporary) role in bringing the sector together. Fragile states can also often benefit from project implementation units.

> **Implication:** The sector approach needs to encourage flexibility in programme implementation and be prepared to justify cases in which implementation units are needed for effective implementation.

### d. Innovation can be stifled

Sector approaches rightly aim to concentrate all or most funds, including donor funds, to service a single coherent strategy. This can unintentionally lead to stifling of innovation. One of the most important contributions donors make is to provide flexible funding for capacity building and longer-term sector development. Funding of pilots and experiments, which, by definition, are often not policy compliant, is one area where external finance has proved very

useful. In Uganda, the joint partnership fund that provides finance for studies, pilots and capacity building is one of the most highly valued donor contributions. In South Africa, the main constraint facing the sector was not shortage of funds, but shortage of skills. Donor funding for coordination mechanisms and sector development activities such as studies and development of guidelines came at a time when the need for this type of intervention was not acknowledged and the tradition of allocating funds for such purposes not well established. Subsequently, the value of such investment has been recognised and has led to the government providing resources for such activities in the next purely government-financed phase of the sector approach.

Sector budget support modalities rely on national systems that are often not fully capable or mature. These modalities can benefit enormously from capacity-building funds that are project or basket fund based and allow piloting of new approaches.

> **Implication:** Sector approaches need to encourage piloting and funding of innovations to offset the tendency for over-conformity.

## F. Monitoring and accountability impacts

### 1. Evidence of tangible beneficial impacts

#### a. A better information environment

The sector approach tends to generate a demand for information. This is sought not just by a central ministry responsible for the sector, but also by its partners in other ministries, by local government, by the donor community and by civil society and the private sector. Sector reporting and the presentation and discussion of sector performance issues at joint sector reviews, for example, have fuelled demand for consistent reporting that can withstand external scrutiny. Sector approaches that have led to use of sector budget support modalities in particular have fuelled demand for improved reporting, financial planning and monitoring tools. This is particularly evident in Burkina Faso, Lesotho and Senegal.

Discrepancies in national and local data records have led to the use of global positioning systems to pinpoint rural water installations and improve the level of information. One useful side effect is that information on the functionality of rural installations has helped to direct local efforts to support operation and maintenance.

Summarised selection of country evidence	
<b>Burkina Faso, Senegal</b>	Both have adopted global position systems to accurately pinpoint water installations. In Burkina Faso, the tools used for local data collection also led to the development of a local network of agents to keep the information updated.
<b>Burkina Faso, Uganda</b>	The sector approach has helped to ensure that the cost of monitoring and evaluation is built into sector budgets, at first from basket funds and later, in Burkina Faso, through government budgets.
<b>South Africa</b>	A robust monitoring and evaluation framework with uniform and regular reporting from sector stakeholders, including municipalities, has improved sector transparency. Better information has led to greater confidence in the sector, especially from local government. It has also improved governance and accountability.
<b>Uganda</b>	The performance measurement system based on 11 golden indicators has enabled sector actors to openly compare and discuss sector performance year by year, across subsectors and districts.
<b>Bolivia</b>	The sector approach has led to the adoption of a performance assessment framework, which should drive improvements in monitoring too.

#### b. Better governance and accountability of all parties

With its focus on performance measurement and the collaborative roles of different stakeholders, the sector approach demands mutual accountability in which stakeholders can hold each other to account. Performance can be compared from a sector perspective across different parts of the country and across different actors. In all countries, the process of sector review and the production of sector budgets has encouraged greater external scrutiny. Where sector approaches have led to sector budget support modalities (Burkina Faso, Lesotho, South Africa and Uganda), greater internal scrutiny has led to pressure to reform public financial management from within.

Summarised selection of country evidence	
<b>South Africa</b>	The greater clarity of roles and clear by-laws and procedures have improved accountability in municipalities, but also put the regulatory and support function of the central supportive ministry under scrutiny.
<b>Uganda</b>	More attention is now given to value-for-money audits and comparing the cost of delivery between districts and implementing agencies e.g. government and NGOs (not done before the sector approach). A good governance subsector working group has been set up, where issues are identified and strategies for addressing them are implemented and monitored.
<b>Bolivia</b>	The recently approved performance assessment framework includes objectives for the development partners.

## 2. Issues that arise during implementation

### a. Inconsistency in data collection systems

In most of the countries surveyed, there was still considerable uncertainty in the sector data, especially as regards discrepancies between household data collected by national statistics offices and technical data collected by sector ministries and local authorities. In Uganda and Lesotho, much of the discrepancy can be attributed to the use of different definitions of coverage, but it has proven stubbornly difficult to streamline the adoption of common definitions. In Senegal and Bolivia, the problem is ignored and inconsistent data are produced. In Burkina Faso, there is a systematic attempt to strengthen the link between the data collected by sector ministries and national statistical offices.

> **Implication:** The sector approach needs to focus on the link between sector and national systems of statistics and data collection.

### b. Political economy aspects of improving accountability are neglected

Improved information has led to better coordination, better targeting of scarce resources, the ability to adjust sector strategies if they are not working and the potential to lead to better governance. Better governance can be expected to develop as budgets and expenditures become more transparent and unit costs, value for money and sector allocations are scrutinised and the relevant entities held to account. However, it is difficult for the public entities involved to improve purely from within, as the incentives to improve are often mixed — usually associated with factors connected with political economy.

Civil society is often weak or compromised by relying on public finance and does not fully play the watchdog role that it could. Sector approaches have tended not to address such issues. The sector approach needs the more active engagement of independent regulatory authorities (which only exist in a few countries and are not yet active in any of the countries studied) and/or the more active involvement of other bodies, such as the government audit, to yield the full potential of improved governance. The insights of political economy have not systematically been made use of in sector approaches.

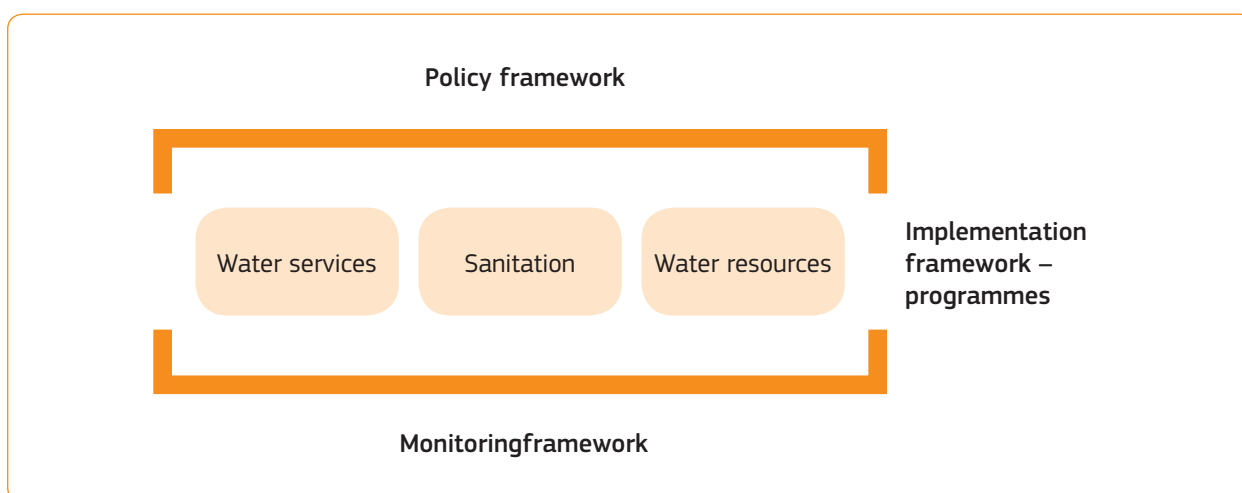
> **Implication:** Sector approaches should make more use of political economy analysis to understand constraints for improving accountability and governance.

## IV. Analysis of challenges and opportunities in pursuing sector approaches in the water sector

It is easier to work on a narrow, well-defined scope of activities typical of a project than to work simultaneously on a broad front that covers the whole sector. But without attention to the broad front, isolated, narrow project efforts will often fail. Observation of past decades of investment in the water sector supports this view. There are few that argue against the merits of a sector approach. The benefit of coordinating activities that need to be coordinated to achieve sector goals and link policy, budget and results closely are not in dispute. In practice, however, there are many challenges to adopting a sector approach. While the challenges often seem insurmountable, the case studies also reveal a number of promising opportunities.

### A. Challenges

The 10 most highly-prioritised challenges of implementing the sector approach as found across the seven case studies can be summarised as follows:



These challenges vary in the degree to which they can be addressed within the sector or require forces beyond the sector to resolve them. In most cases, the sector itself can significantly improve the situation but it is still dependent on others for full resolution.

#### 1. It is not easy to decide on how wide to define the sector

In most of the countries studied, the sector was defined around a core ministry, usually the one responsible for water service delivery. A broader view of the sector was attempted in a number of countries, but where this involved other ministries, the results were often disappointing (e.g. for sanitation, involving the Ministry of Health in Uganda and South Africa, or the Ministry of Agriculture for irrigation in Uganda). Water resources are not a core part of the sector approach except in the case of Jordan, where extreme water scarcity makes this unavoidable. Starting too broad makes the implementation of a sector approach too difficult. Starting too narrow makes the implementation suboptimal.

**Possible options and responses:** Establish broad policy and monitoring frameworks to support dedicated implementation programmes. It would appear wise to start the sector approach over the whole sector as regards policy and monitoring but to be prepared for a more narrow definition of the sector, linked to existing institutional entities, when it comes to implementation frameworks (see Figure 7). In this way, there might

be separate water services and water resource programmes, as in the case of Senegal and Burkina Faso, but they would be operating under a unifying and truly sector-wide policy and coordination framework. An alternative is to start in just one subsector that is easily manageable and open to the sector approach and then to expand from there. This was the approach adopted in Bolivia, where water supply and sanitation in peri-urban areas were the starting point that later allowed expansion of the SWAp into rural areas.

## 2. Core issues affecting the sector are decided outside the sector

The main constraints on sector performance, such as raising tariffs, as in Senegal, and allocating water to the agricultural sector, as in the case of Jordan, are decisions that are often made beyond the sector itself. Frequently, the main policy directions are decided at a political level that is beyond direct sector influence. This was the case for free water in South Africa. To be successful, the sector approach is faced with the additional complexity of having to engage with strong political forces over which it has little influence.

**Possible options and responses:** Develop advocacy strategies and alliances with partners that are influential beyond the sector. For a sector such as water, the sector approach clearly needs to engage very closely with central ministerial functions such as finance and planning, as well as with the political level both nationally and locally. A political economy analysis has in some cases proved useful in identifying the most influential players and this can in turn lead to a strategy for engaging with these players. It can also lead to adopting a more realistic level of ambition, for example, on tariff increases and the level of services that can be provided. More generally, the sector approach needs to identify key policy areas and stakeholders that need to be influenced more explicitly and it needs to develop an explicit advocacy/lobbying strategy.

In other cases, donors, in partnership with the sector, have helped by recognising that most sector problems are beyond the sector itself. They have consequently directed their financial support, political dialogue and conditionalities to a higher level. For instance, the literature review gives the example of the World Bank providing a development policy loan for the environment sector in Mexico, in support of an environment and natural resources programme that aimed to change tariff policies at municipality level. Donors in the water sector have tended to keep their dialogue within the sector and not attempted to have an influence beyond it.

## 3. There are few institutional incentives to cooperate

While the sector approach assumes close cooperation across institutional boundaries within the sector, there are few incentives to cooperate. Indeed, in some cases, there are incentives not to cooperate. Institutions compete for resources and for mandate and are not held to account for achieving common sector-wide goals, only their own narrow objectives. The more fragmented the institutional set-up and the longer the period over which there have been disputes over mandate and resources, the more problematic this becomes. An example of this is the mandate for water for production in Uganda, which has been in dispute for 20 years. Ministries are not used to being coordinated by other ministries (i.e. their equals in government).

**Possible options and responses:** Recognise real coordination constraints and conflicts of interest and be prepared to share resources. The sector approach needs to move beyond naïve statements calling for cooperation and, instead, help by recognising the constraints to collaboration and, where possible, bringing the issue into the open. In Jordan, recognition of this problem led to the setting up of a royal commission to develop a sector-wide policy based on a multi-institutional consensus. Similarly, in South Africa, the difficulty of engaging local government was recognised and as a result, the sector approach funded a water unit within the South African Local Government Association. Uganda has had partial success in drawing up memoranda of understanding with different ministries within the areas of sanitation and water for production. Success was partial, because it did not fully address the matching of resources with responsibilities. Being prepared to share resources seems to be a key to improving cooperation.

## 4. It involves shifting political focus from basic service delivery to a growth agenda

While the 1990s and early 2000s saw a focus on the MDGs and the eradication of poverty, there is now a strong shift towards supporting private sector-led growth, rather than basic services. In some countries, this has already led to stagnating investment budgets for the water sector, as in Uganda, and it also threatens to do so in South Africa.

**Possible options and responses:** Encourage market mechanisms through effective regulation. This shift presents challenges to the public sector focus common in water sectors and places additional emphasis on the need for the sector approach to engage with the private sector and civil society. By bringing together the various parties necessary, the sector approach can encourage market mechanisms and self-supply through ensuring effective regulation. It can, for instance, put emphasis on enforcing by-laws that each dwelling should have sanitation facilities, or by setting tariffs that encourage the private sector to become involved in water service delivery. To some extent, the shift in political focus supports the long-term sector approach aims of ensuring a sustainable institutional set-up for the sector, rather than rushing for short-term coverage targets and finding that facilities built cannot be maintained. Other options that are becoming increasingly relevant are promoting sanitation as a business and exploiting opportunities for developing the green economy through the sector approach, such as production and marketing of water-saving devices.

## 5. The focus is on short-term results, not sustainable service delivery

An understandable focus on improving coverage rates and meeting MDGs has tended to overshadow the longer-term and even more difficult task of creating an environment for sustainable service delivery. The sector approach that aims to create this environment is sometimes perceived as a distraction from achieving targets rapidly. This tension exists in most countries and often plays out in the adoption of unrealistically low tariffs and lack of attention to operation and maintenance, as is the case in all the case studies.

**Possible options and responses:** Be sensitive to political demands and ensure regular communication and understanding of the benefits of sustainable delivery. The sector approach will often need to balance the requirement to show that it is effective in delivering physical results and effective in improving underlying institutional problems. The literature review revealed some cases, as in Kenya, where the sector approach lost confidence and credibility at political level when it did not deliver impressive results quickly enough on the ground. This often happens with a change of government and leadership. It implies that the sector approach requires closer contact with the political level, e.g. frequent briefings of the parliamentary committees responsible for environment, water resources and water services, as has studiously been the practice in both Lesotho and Uganda. The environmental lobby often proves to be effective as an ally in pursuing a longer-term and more sustainable approach. There are also tools such economic and financial studies and the three 'Ts' (tariff, taxes, transfers) approach.

## 6. Past reforms are not consolidated, leaving roles and responsibilities unclear

The tendency not to consolidate reforms fully (e.g. decentralisation in Lesotho or service delivery and implementation in Jordan) and ensure compliance with new responsibilities and roles complicates the institutional environment and makes a sector approach very difficult to adopt.

**Possible options and responses:** Focus on consolidating reforms before starting new ones. The sector approach can help by devoting resources and attention to consolidating earlier reforms, rather than starting too many new reforms too soon, especially where these depend on previous reforms working. The sector approach can also help because it gives an opportunity to introduce partnership principles for collaboration and as a follow-up, can launch an exercise to compare the current practice of different sector actors regarding sector policies and partnership principles, as well as to suggest adjustments where reforms and policies are not being adhered to.

## 7. National systems are too weak to carry out core tasks

The sector approach envisages putting reliance on national systems and strengthening them from within. But national systems are often very weak. This leads to a fall rather than a rise in productivity, as in Burkina Faso (where expenditure through national systems fell to 60 % of project levels). This is further complicated by a common preference for project structures, especially where they can bridge inadequate civil service conditions of pay and working conditions. Where capacity is low and the environment and incentives to improve productivity are not in place, the sector approach is very difficult to implement.

**Possible options and responses:** Aim to use national systems and support improvements from within, but take a pragmatic and phased approach. A key advantage of a sector approach as opposed to discrete projects is that by encouraging the use of national systems, it increases the demand for improvements. It is



crucial to give some benefit of the doubt, while finding pragmatic solutions and being prepared to minimise what needs to be achieved through government systems. Instead, outsourcing to the private sector or project structures can be considered where these offer clear advantages. An overly dogmatic approach can be destructive. A sector approach can include discrete projects, but always coordinated and integrated within a sector policy, even if these discrete projects do not use national systems and thus (for pragmatic reasons) sacrifice the potential to improve from within.

## 8. Resources and energy to coordinate and implement reforms as part of the sector approach is lacking

The initial stages of a sector approach are especially demanding on the resources and energy to coordinate and bring parties together. In Lesotho, the sector approach has been described as requiring far more resources than engaging with isolated projects. Many countries such as Burkina Faso, Uganda and South Africa have seen periods where champions change and the energy of the sector approach diminishes and in some cases progress stalls or even recedes.

**Possible options and responses:** Spread the burden and ownership of sector approach among a number of actors. The sector approach needs to ensure there is a network of champions both among national actors and donors and across the public and private sectors, as well as civil society. The incentive environment for the emergence of champions needs to be considered. It is important that the sector does not become too wide, so the network should be constrained by the scope chosen for the sector approach.

## 9. The sector approach concept is not country-led

It is rare to find a sector approach that is perceived as being government led. In most cases, the initiative has come from donors keen to find ways of withdrawing from unpopular project modalities. A notable exception is Uganda, where the Ministry of Finance initiated the sector approach. In other countries, such as South Africa and Burkina Faso, although donors initiated the sector approach, it has subsequently been taken over and is now led by national authorities. The authorities in the countries concerned have often tended to see the sector approach as something to be adopted so as to attract greater external resources. These mixed motives complicate and weaken its implementation and give rise to unrealistic expectations.

**Possible options and responses:** Donors should be wary of starting a sector approach without the strong engagement of national actors. Training and awareness-building in how to introduce and understand sector approaches are useful. Some countries have conducted study tours of other countries that are further down the line to learn from and be inspired by such examples.

## 10. Donor support is inconsistent and unpredictable

The sector approach is a long-term venture where large investments are made in setting up systems with the hope that productivity increases will eventually more than make up for the initial efforts. In this context, donor support needs to be consistent and predictable, which, all too often, it is not.

**Possible options and responses:** Donors should be wary of taking a strong role in promoting sector approaches if they are not able to commit support over an extended period. Donors should try to ensure that they are not alone in supporting a sector approach. And in cases where donors unexpectedly have to withdraw, then it is wise to work out a withdrawal strategy and seek assurances that others will continue the support.



## B. Opportunities

Linked to these challenges, the case studies have revealed a number of generic factors, opportunities, or responses that can be taken as part of the sector approach to improve performance. There are opportunities for the sector approach to:

### 1. Reinforce decentralisation and vice versa

A surprising finding in the case studies was that in many cases, coordination at the heart of the sector approach worked very well at local level and promoted decentralisation. Coordination within the sector is easier and more immediate at local level and could spread to networking between municipalities, as was the case in South Africa, where an alliance was established with those responsible for decentralisation.

### 2. Shift sector objectives from short-term coverage targets to long-term sustainable service delivery

A sector approach can help to raise awareness and shift sector objectives from a focus on targets towards a focus on developing financially and environmentally sustainable services. A sector approach can also help to implement these longer-term objectives by offering tools for intersector collaboration and by linking the supply and demand sides of the sector. This has been done to some extent in Uganda and Burkina Faso, with the focus on greater accountability towards users and water sector clients.

### 3. Respond to challenging and persistent constraints

One example is Jordan, where the challenges (in this case, water scarcity) become extreme and there is a new impetus to look for radical reforms and bold new policies. The African Development Bank saw a similar case in their work in supporting the sector in Liberia and Sierra Leone. These countries had had periods of extremely low sector performance and were more ready to adopt sector approaches than countries that have not experienced near collapse. Although countries considering a sector approach should not wait for a disaster, they should be ready to take advantage of awareness of the need for longer-term measures.

### 4. Bring synergies with administration reforms

In countries that are undergoing administration reforms, particularly where this involves the introduction of programmatic budgeting, MTEFs or similar tools, the sector approach can complement, make rapid use of and help to consolidate the tools and reforms. This was the case in Uganda, where the water sector has developed transparent sector budgets under the sector approach.

### 5. Complement new planning and finance tools

Burkina Faso, Lesotho and Senegal are good examples of where the sector approach has both demanded and helped to develop planning and finance tools (such as the strategic financial planning methodology developed by OECD) to enable coherence between national and local levels. These tools have helped to bring transparency to sector finances and to draw attention to the relevance of user payment (tariffs) and the role of self-supply.

### 6. Bring impetus to new policy directions involving the private sector and civil society

The focus on private sector-led growth brings challenges to sectors that have grown dependent on large government subsidies. However, these new policy directions can both support and be supported by the sector approach. The sector approach provides mechanisms and entrance points for civil society to take up a strong consumer demand-led approach and to provide the conditions under which the private sector can respond by improving supply of services. In some cases, as in Lesotho, this can be enhanced by bringing in an independent regulator. An independent regulator function (as is also being developed in Uganda) can help to create transparency and fairness and to reward private sector operators focused on high performance.

## 7. Use information as an agent of cooperation and change

By encouraging collaboration within the sector and across institutional boundaries, the sector approach creates demands for information from different stakeholders. As shown in the case of Senegal and other countries, this can help to foster cooperation. Information is also a key to increasing transparency and accountability.

## 8. Support a focus on environment and climate change:

Growing national, regional and international attention on shared water resources, environment and climate change will tend to demand and make use of the coordination mechanisms and broad coalitions of a sector approach.

## 9. Offer new prospects for international cooperation and partnerships

The sector approach promotes country ownership, harmonisation and alignment of sector initiatives in a context of improving governance and a transparent framework of performance measurement. These factors will also tend to attract international support and cooperation in the longer term and when visible and convincing. The sector approach can also open up promising new pathways for sector collaboration, such as links with water associations such as pS-Eau, as seen in the case of Senegal.

## V. Summary of recommendations and lessons learned

The overall outcome of the analysis (2) is **a clustering of some 15 specific recommendations** across the following areas, set out in Table 3.

- Managing the objectives of the sector approach
- Defining the scope of the sector approach
- Consolidating the sustainability of the sector
- Introducing and maintaining the sector approach
- Managing externalities that affect the sector
- Role of donors in supporting the sector approach

**Table 3: Specific recommendations for the sector approach in the water sector**

Main areas	Specific recommendation
<b>Objectives</b>	<ol style="list-style-type: none"> <li>1. Balance the short- and long-term objectives of the sector approach</li> <li>2. Use sector-wide approaches to foster market-led approaches to the water sector</li> <li>3. Use SWAp to improve the sector's potential to contribute to growth</li> </ol>
<b>Scope of the sector</b>	<ol style="list-style-type: none"> <li>4. Establish broad policy and monitoring frameworks to support dedicated implementation programmes</li> <li>5. Bring sanitation, water for production and water resources management into a sector approach</li> </ol>
<b>Consolidating sustainability</b>	<ol style="list-style-type: none"> <li>6. Focus on improving financial sustainability</li> <li>7. Encourage sector approaches and decentralisation processes to reinforce each other in the water sector</li> <li>8. Invest in information as a powerful agent of change in the sector</li> </ol>
<b>Process approach</b>	<ol style="list-style-type: none"> <li>9. Ensure multiple champions for the sector approach</li> <li>10. Combine a sector approach with consolidation and roll-out of reforms</li> </ol>
<b>Externalities</b>	<ol style="list-style-type: none"> <li>11. Deepen the understanding of political economy in the sector</li> <li>12. Use and improve national systems from within, but take a pragmatic and phased approach</li> </ol>
<b>Role of donors</b>	<ol style="list-style-type: none"> <li>13. Donors should be ready to play different roles during the lifetime of a sector approach and ensure that high-quality dialogue is pitched at the right levels</li> <li>14. Donor support to sector approaches should be long term and patient enough to allow strong engagement of national actors</li> <li>15. Donors should be prepared to offer flexible modalities of support</li> </ol>

(2) A number of lessons learnt across the five dimensions of policy, finance, coordination, institutions and monitoring and evaluation and accountability were derived from the literature review and prior research and these are documented in Chapter I. These lessons were complemented by findings and lessons learnt in each of seven case studies and documented in Chapter II and Volume 2 of this report. An analysis and synthesis of the findings of the case studies across the five dimensions of the sector approach was made and yielded a number of implications for how the sector approach has been applied in the water sector. These findings and implications are documented in Chapter III. Finally, a list of the 10 most influential challenges facing the sector approach and the potential response and options for addressing the challenges as well as the 10 most promising opportunities of the sector approach in the water sector were prioritised. These responses to challenges in implementing the sector approach and opportunities are documented in Chapter IV.

Of the longer list of specific recommendations, the following five are highlighted for national authorities implementing a sector approach in the water sector:

- Balance the short- and long-term objectives of the sector approach.
- Establish broad policy and monitoring frameworks to support dedicated implementation programmes.
- Focus on improving financial sustainability.
- Encourage sector approaches and decentralisation processes to reinforce each other in the water sector.
- Invest in information as a powerful agent of change in the sector.

The following recommendation is highlighted for donors supporting the implementation of the sector approach in the water sector:

- Donors should be ready to play different roles during the lifetime of a sector approach and ensure that high-quality dialogue is pitched at the right levels.

The rationale and 'how to' notes are given below for all the specific recommendations:

## A. Managing the objectives of the sector approach

### 1. Balance the short- and long-term objectives of the sector approach.

**Rationale:** A sector approach fundamentally aims to create a longer-term enabling environment that will sustain efficient and effective service delivery and management of water resources. By bringing the efforts of all relevant stakeholders together, it aims to address all the actions needed to ensure lasting success in a sequence. For the water sector, this is complicated and implies actions to ensure long-term management of water resources management and reorientating the sector to deliver services that match consumer expectations.

**How to:** The sector approach can contribute to achieving a balanced approach to sector objectives of coverage goals and sustainability by:

- investing in studies that deepen understanding of the challenges facing the sector, particularly the real costs of inadequate operation and maintenance, as well as financial studies on tariffs and value for money;
- fostering the build-up of a consensus in the sector at political and technical levels and ensuring that coverage targets are realistic;
- bringing together the private sector, civil society and elements of the public sector outside the lead ministry that need to work together to ensure that difficult reforms are implemented;
- ensuring that investments in infrastructure are accompanied by additional recurrent costs in the budget for future years.

The main aim of the sector approach is to point the sector along a path of sustainable service delivery and water resources management and for coverage goals to be achieved and maintained. While these two goals are complementary, obtaining the right sequence of interventions can lead to tensions. This is because coverage goals can sometimes be achieved fairly quickly, at the expense of developing a sustainable sector, and giving too much attention to developing sustainable approaches without delivering tangible improvements undermines the credibility of the sector approach.

The pressure of obtaining MDGs has had the effect of favouring the single-minded pursuit of better coverage for water and sanitation, even at the expense of attention to the sustainability of the service in the longer term. A balanced approach is needed, founded on a solid understanding of the challenges facing the sector and a realistic consensus on the short- and long-term objectives to be achieved.

## 2. Use sector-wide approaches to foster market-led approaches to the water sector.

**Rationale:** The water sector will tend to thrive as a low-risk, low-return type of business that demands a stable policy environment. Sector approaches have the potential to foster stable market-led approaches because, by bringing together all relevant actors, they can identify areas of market failure. Sector approaches recognise and try to integrate:

- the facilitating and regulating role of the public sector;
- demand from consumers and civil society; and
- supply from the private sector.

**How to:** The sector approach can contribute to market-led approaches in the water sector by:

- improving the enabling conditions through interaction between the public and private sectors (e.g. improving regulations and standards, ensuring consistency in public policy and subsidies where needed and setting tariffs that enable water services to be profitable);
- recognising the role of the private sector and encouraging its involvement in service delivery (e.g. providing a forum for coordination and interaction/exchange of viewpoints);
- recognising the role of consumers and supporting policies that put greater power and responsibility in consumer hands (e.g. increasing consumer representation on water authorities and providing better information to consumers).

## 3. Use SWAp to better position the sector to contribute to growth.

**Rationale:** There is increasing recognition that the water sector needs to orientate its focus towards contributing to growth. Single-minded focus on MDGs and adopting a pro-poor approach has tended to overshadow the sector's contribution to growth. The collaboration between sector partners needs to be extended, to link water sector targets to growth and development targets.

**How to:** Sector approaches have the potential to harness the sector's potential for increasing growth through productive uses of water in:

- agriculture — through better uses of water in irrigation, aquaculture, freshwater fisheries and for livestock;
- renewable energy — through hydropower;
- navigation — promoting use of waterways for transport;
- tourism — through better management of the water and sanitation environment and through provision of leisure facilities in lakes and rivers;
- industry — ensuring a reliable source of water for industrial expansion;
- commerce and business — ensuring that urban centres have a reliable water supply.

## B. Defining the scope of the sector approach

### 4. Establish broad policy and monitoring frameworks to support dedicated implementation programmes.

**Rationale:** The water sector is broad and linked to other sectors such as health, agriculture, energy and environment. It is not always practical to attempt to bring all parts of it together into a single mammoth sector where everything needs to be implemented together. A programmatic approach is often more pragmatic. This involves broad policy and monitoring, but implementation frameworks that are suited to the particular institutional context and which may be much narrower.

**How to:** The sector approach can contribute to establishing broad frameworks and dedicated implementation programmes in the water sector by:

- developing a sector-wide approach for policy and monitoring and a programmatic approach for implementation;
- setting up broad monitoring and sector reporting that integrates the sector, but is still based on data provided by the different sector institutions (e.g. by using the IWRM approach of integrating information from different sectors);
- encouraging narrower, dedicated implementation programmes that are arranged around current (or improved) institution structures and responsibilities.

### 5. Bring sanitation, water for production and water resources management into a sector approach.

**Rationale:** In most countries, there is a tendency for areas of the water sector that are linked to other sectors such as sanitation (health) and water for production/irrigation (agriculture) and even water resources management to be marginalised in comparison to delivery of water services. Too often, the choice seems to lie between the water sector taking full control of areas that are shared by different sectors or ignoring them if full control is not possible. Unnecessary tension and conflict may occur if coordination mechanisms

are too broad or when linking these mechanisms too closely to resource allocation. This argues for a more balanced approach to ensure that these areas are brought into sector coordination arrangements, at least where it is pragmatic to do so. It is important to define the sector scope, bearing in mind realistic ambitions for the complexity of coordination arrangements.

**How to:** The sector approach can contribute to bringing sanitation, water for production, water resources management into a sector approach by:

- ensuring integration at the policy and monitoring levels, even if implementation is managed through more dedicated implementation programmes (thus reducing complexity in coordination);
- accepting that for some countries it might be better to make sanitation part of a health SWAp, irrigation part of an agriculture SWAp and water resources management part of an environment SWAp, then ensuring good links between the water SWAp and the others.

## C. Consolidating the sustainability of the sector

### 6. Focus on improving financial sustainability.

**Rationale:** Financial sustainability of the sector is one of its weakest points. Very few water sectors are financially viable. The result is that investment is wasted, as facilities cannot be adequately operated and maintained. A sector approach has the potential to develop a consensus on how to attain financial sustainability by bringing together the political as well as technical levels, the public sector as well as consumers, and the served as well as the underserved. This implies setting long-term ambitions that see service delivery moving only as fast as the ability to pay. But it can also mean the introduction of greater efficiency, fairer tariffs and better technology.

**How to:** The sector approach can contribute to financial sustainability by:

- encouraging the use of strategic financing planning and the role of the three 'T's (tariff, taxes, transfers) to align subsidies more closely to the sustainable level of service;
- contributing a better understanding of the political economy underlying the sector and the factors that constrain the adoption of a financially sustainable tariff;
- encouraging effective public finance management in the sector by collaboration with financial sector partners. SWAp can have a positive influence on improving financial management and effectiveness, as seen in the South Africa and Uganda case studies.

### 7. Encourage sector approaches and decentralisation processes to reinforce each other in the water sector.

**Rationale:** The mutual reinforcement of sector approaches and decentralisation was a feature of a number of the case studies. Decentralisation and local engagement is key to IWRM and effective service delivery. It is important that sector approaches find ways of ensuring that their benefits are sustained by actions (mostly local) that have most to gain or lose from success or failure. But it should be recognised that decentralisation is a political decision. So in countries where general policies do not encourage decentralisation, it is not for the water sector to promote it.

**How to:** The sector approach can contribute to decentralisation by:

- supporting fiscal decentralisation approaches through use of strategic financial planning and district-based planning;
- bringing together national and local planning processes (e.g. encouraging mini provincial SWAps where relevant);
- actively involving the associations of local authorities in implementing the sector approach for water, as was done in South Africa;
- promoting capacity building at subnational levels.

### 8. Invest in information as a powerful agent of change in the sector.

**Rationale:** When a water sector is dysfunctional, this can often be traced to poor information, which makes the coordination at the heart of the sector approach very difficult to achieve. Information is vital to reinforcing the 'policy-finance-results' chain. Information is also the key to improving accountability and ensuring that consumers and other stakeholders hold the sector to account.

**How to:** The sector approach can contribute to making information an agent of change by:

- stimulating the demand for information through holding annual reviews;
- introducing a simple and transparent performance management framework (e.g. as in Uganda);
- harmonising definitions of sector performance and access (e.g. minimum service levels) across different institutions to enable an overview of the sector;
- bringing information providers and information users closer together, so that needs can be better understood and addressed.



## D. Introducing and maintaining the sector approach

### 9. Ensure multiple champions for the sector approach.

**Rationale:** Sector approaches depend on champions and become vulnerable when those champions leave the sector. The sector approach needs long-term, consistent efforts to yield results. When the difficult task of initiating a sector approach is over, there will still be challenges and threats that demand an energetic and dedicated approach. Frequent changes in political leadership mean that continuity at technical level is needed. The role of the ministry of finance and planning and the political levels are crucial for obtaining the right level of support for a SWAp.

**How to:** The sector approach can contribute towards stability by:

- ensuring a network of champions rather than the leadership of a single champion;
- seeking alliances beyond the sector, in the ministry of finance and planning and among political levels (e.g. with parliamentary committees for natural resources);
- going beyond naïve calls for coordination and addressing incentives or disincentives for cooperation, i.e. a deeper understanding of political economy;
- ensuring the benefits of the sector approach are understood and visible.

### 10. Combine a sector approach with the roll-out and consolidation of reforms.

**Rationale:** Many sector approaches have evolved from the need to implement broad sector reforms. Sector approaches can be instrumental in making reforms work, as they bring together all the actors needed. Experience has shown it is important to focus on consolidating reforms to avoid incomplete institutional arrangements.

**How to:** Sector approaches can contribute to rolling out and consolidating reforms by:

- building consensus on reforms across all parties and testing their feasibility;
- linking performance-monitoring systems to implementation of reforms;
- improving the information and communication environment for reforms.

## E. Managing externalities that affect the sector

### 11. Deepen the understanding of political economy in the sector.

**Rationale:** Political economy is often at the heart of why the water sector underperforms. Because of political economy-related factors, tariffs are kept artificially low, protection of water resources is given low priority and policies are inconsistently applied. By introducing the perspectives of different stakeholders and considering the sector's political and technical nature, a sector approach can help deepen understanding of the relevant political economy. It can also assist in developing more realistic expectations of what can be achieved and of the risks, barriers and opportunities.

**How to:** The sector approach can contribute to understanding of the sector's political economy by:

- revealing how power and resources are distributed and contested;
- providing insights into underlying interests, incentives, rules and institutions;
- supporting more effective and politically feasible development strategies.



## 12. Use and improve national systems from within, but take a pragmatic and phased approach.

**Rationale:** The performance of the water sector is heavily influenced by how well public financial management works in the government as a whole. Inadequate management can constrain sector accountability and the capacity to implement. Although the sector is dependent on public financial management, it has relatively little influence on improving overall systems of government. Donors also have little influence, unless they are providing general budget support. Although there is usually much that can be achieved by improving the way national systems are applied within the sector, there are limits to this approach without concurrent improvements at central level. Donors need to accept that public administration systems may not yet be ready to process sector budget support 'purely' and will keep funds traceable and often earmarked — examples are found in South Africa, Bolivia, Burkina Faso.

**How to:** The sector approach can contribute to improving the use of national systems by:

- piloting the introduction of new systems such as financial management and new procurement management systems within the sector;
- lowering ambition levels to match the ability to implement and gradually phasing in new investment programmes so as to avoid overstretching resources;
- placing emphasis on improving sector capacity within core areas such as financial management and administration;
- adopting a range of modalities so that sector budget support can be tested without implying that all support needs to work optimally.

## F. Role of donors in supporting the sector approach

### 13. Donors should be ready to play different roles during the lifetime of a sector approach and ensure that high-quality dialogue is pitched at the right levels.

**Rationale:** Donors can support and add value to a sector approach in many different ways. These are likely to change over the course of implementation. At the start, there is often a role for donors to support those in the sector that see the need for greater coordination and long-term reforms. There will be times when energy and vibrancy sink to a low level. Then donor support can be crucial to ensure consolidation and continuity. The level at which donors interact will also fluctuate and it is important that dialogue is directed appropriately. For issues that are beyond the sector, but which affect its performance, it may be necessary for donors to engage with the ministry of finance or planning or other central bodies.

**How to:** Donors can contribute to the sector approach by:

- ensuring that representations (or donors to the sector as whole, through a division of labour) are well equipped to undertake both political and technical dialogue in the sector;
- building trust and confidence between donors and government;
- being ready to offer more intensive support when the process demands it and stepping back when this is no longer the case;
- bringing international best practice to improve effectiveness and efficiency of recipient government systems and processes.

## 14. Donor support to sector approaches should be long term and patient enough to enable national actors to engage strongly.

**Rationale:** Sector approaches are a continuous process rather than a one-off event. They need to be maintained and usually take a long time to become sufficiently consolidated and to gain enough credibility to be self-correcting and sustaining. Donor support needs to be long term and patient enough to enable all national actors to become strongly engaged, rather than relying on a few champions who might change jobs or leave the sector.

**How to:** Donors can contribute to the sector approach by:

- being supportive rather than leading;
- being willing to offer support even when there are temporary reversals in enthusiasm;
- providing long-term and consistent support over many years and becoming knowledgeable about the sector.

## 15. Donors should be prepared to offer flexible modalities of support.

**Rationale:** Sector approaches are ambitious and complex. They place demands on the capacity of the country to manage. Where systems are weak, there can be dilemmas about how best to support them. Support through national systems will tend to strengthen these systems, but if the systems are weak such support might also overload them, bringing both the systems and the approach into disrepute. Although a sector approach would ultimately aim for sector budget support modalities, there can be advantages in adopting a mixed range of modalities, depending on the situation and the degree of readiness.

**How to:** Donors can contribute to the sector approach by:

- making a thorough, systematic assessment of the readiness for different modalities rather than being dogmatic or rushing to adopt a preferred modality;
- being ready to adopt different modalities for different situations (e.g. capacity building might be provided in kind, even if funding is provided as sector budget support).

## Annex: Annotated bibliography

*Selected water sector and general literature on SWAp*



Ref no	Document title	Date	Source	Short narrative and main points relevant for SWAp design	Remarks
W	Water				
W 1	Water sector development and governance, complementarities and synergies between sector-wide approaches and IWRM	December 2009	European Commission	This reference document is intended as a guidance tool for use by European Commission delegations and other partners involved in the water sector. Its purpose is to highlight common principles and synergies between SWAp and integrated water resource management in order to show how these two processes can make a joint contribution to the development of the sector.	
W 1	Water sector development and governance, complementarities and synergies between sector-wide approaches and IWRM	December 2009	European Commission	This reference document is intended as a guidance tool for use by European Commission delegations and other partners involved in the water sector. Its purpose is to highlight common principles and synergies between SWAp and integrated water resource management in order to show how these two processes can make a joint contribution to the development of the sector.	
W 2	Fluid dynamics: Achieving greater progress on aid effectiveness in the water sector — Lessons from three countries.	May 2008	Overseas Development Institute/UK	The objective of this study is to review the extent to which the five 'Paris principles' on aid effectiveness as set out in the Paris Declaration on aid effectiveness —ownership, alignment, harmonisation, managing for results and mutual accountability —are being applied in the water and sanitation sector. The study covers both urban and rural investments in water and sanitation service provision but excludes water resources management and humanitarian responses and include in-depth case study research in Bangladesh, Ethiopia and Uganda and a broader document review.	
W 3	Is the water sector lagging behind education and health on aid effectiveness? Lessons from Bangladesh, Ethiopia and Uganda	2009	<a href="http://www.Water-Alternatives.org">http://www.Water-Alternatives.org</a>	This paper is based on a study carried out for the UK's Department for International Development (Welle, K., Tucker, J. and Evans, B., with Owusu, S., 2008. Fluid dynamics? Achieving greater progress on aid effectiveness in the water sector. Lessons from three countries (Bangladesh, Ethiopia and Uganda)). It assesses progress against the 'Paris principles' in three sectors — water, health and education — to test the assumption that the water sector is lagging behind.	
W 4	Implementing the framework?...Institutional reform and corruption in the water sector	November 2009	<a href="http://www.U4.no/~/AnticorruptionResourceCentre">http://www.U4.no/~/AnticorruptionResourceCentre</a>	This U4 brief is the third in a three part series from the Chr. Michelsen Institute on corruption risks and the water sector.	
W 5	European Commission and European Investment Bank...Water and Sanitation...Seminar...	July 2010	European Commission and European Investment Bank...	This summary report summarises the findings and discussions of the European Commission and European Investment Bank 3-day workshop seminar in the water sector, which covered: (1) finance, policies, institutional capacity, coordination and accountability; (2) sanitation, demand, supply, enabling environment and economic cases; and (3) new challenges, transboundary water, human rights and climate change.	

Ref no	Document title	Date	Source	Short narrative and main points relevant for SWAp design	Remarks
W 6	Thematic evaluation of the water sector, Vol. 1	July 2006	European Commission	Contains Vol. 1, Synthesis report.	
W 7	Thematic evaluation of the water sector, Vol. 2	July 2006	European Commission	Contains Vol. 2, Annexes.	
W 8	Thematic evaluation of the water sector, Vol. 3	July 2006	European Commission	Contains Vol. 3, Countries (Cape Verde, India, Russia, Samoa, South Africa, Morocco).	
W 9	Water and sanitation in low-income urban areas	2006	Danish International Development Agency (Danida)	A 'Good practice' paper intended to provide operational and technical guidance for use within Danish development assistance programmes. This paper collates and analyses current thinking on the sustained delivery of water supply, sanitation and changes in hygiene behaviour in low-income urban areas (households and communities). Whilst it briefly summarises key lessons learned, its aim is rather to place these within the framework of Danida's current development assistance and to propose a few key ideas and new directions for thinking within the sector.	
W 10	Water supply and sanitation sector reforms in Kenya, Tanzania, Uganda and Zambia: Challenges and lessons	January 2008	GTZ	This paper summarises critical water sector reform implementation issues by drawing from recent experience of reforms in Kenya, Tanzania, Uganda and Zambia from a group of policy advisors of the German Technical Cooperation Agency (GTZ), who, as long-term advisors, have supported these reforms. The paper focuses on reform experiences in water supply and sanitation and focuses on key challenges that have been of major importance in the water supply and sanitation reforms in the four countries and the lessons learned.	
W 11	Pro-poor financial services for rural water: Linking the water sector to rural finance	March 2010	GTZ	This report aims to link the water sector to rural finance by answering four key questions: Why are we concerned? Who are the clients? Why are they not being served with financial services? How can they be better served?	
W12	Harmonisation and alignment in water sector programmes and initiatives	2006	Danida	A 'Good practice' paper aimed at providing operational and technical guidance for use within Danish development assistance programmes. This paper is an overview and synthesis rather than a detailed account of particular experiences due mainly to the study's short timescale and the restriction of having to conduct telephone interviews. The paper examines the topic of harmonisation and alignment from the viewpoint of donor agencies and Danida in particular.	
W 13	Ideas and experiences in mainstream environment and water	March 2006	Ministry of Foreign Affairs of the Netherlands/ Development Cooperation	This book brings together experiences from several sources and discusses five main aspects in mainstreaming environment and water: (1) an outline of the bigger picture as to why mainstreaming should occur in the first place; (2) the integration of environment and water objectives into national policies and poverty reduction strategies; (3) mainstreaming in budgets and implementation programmes; (4) the integration of environment and water objectives into other policy fields and sectors; and (5) mainstreaming in the context of working with the private sector and civil society.	

Ref no	Document title	Date	Source	Short narrative and main points relevant for SWAp design	Remarks
W 14	From project aid towards sector support	November 2006	Policy and Operations Evaluation Department (IOB), Netherlands	The main question addressed by this evaluation of the SWAp in Dutch bilateral aid 1998–2005 is whether the introduction of the SWAp created better conditions for achieving the principle aim of Dutch development policy: poverty reduction.	
W 15	Rethinking governance in water services	October 2008	Overseas Development Institute/UK	This paper suggests it is vital that efforts in basic services such as water are more closely aligned with the development of approaches to governance in Department for International Development (DfID) country programmes. It aims to provide a basis for discussion and debate as to how the DfID should improve its approach to governance in water services as well as to develop a more comprehensive and structured approach to the analysis and the development of governance in water services by applying DfID's current governance thinking at the sector level.	
W 16	Why is harmonisation and	January 2008	Overseas Development Institute/UK	An Overseas Development Institute (ODI) project briefing providing a focused study based on a review of Danida-supported activities in the water sectors of seven developing countries (Bangladesh, Benin, Burkina Faso, Ghana, Kenya, Uganda and Zambia) and on a study on the mainstreaming of water and environment for DGIS (Netherlands); both undertaken by the ODI's water policy programme and MetaMeta Management.	
W 17	Mapping of integrity and accountability in water activities and relevant capacities in the SADC region	April 2008	UNDP Water Governance Facility at Stockholm International Water Institute	This report provides an overview of the various processes currently in place to promote integrity and accountability in the management of water in the Southern African Development Community (SADC) region, and makes recommendations on how these processes can be supported in the future. It does not investigate the current levels of corruption in the water sectors of respective states, but focuses on what is being done to promote integrity and accountability in the integrated water resources management context.	
W 18	Private operator models for community water supply	February 2010	Water and Sanitation Programme (WSP)	This WSP field note highlights findings from a global review of private operator experiences in rural areas.	
W 19	Interpretations and explanations: What is a sector-wide approach (SWAp)?	December 2009	<a href="http://www.waterwiki.net/">http://www.waterwiki.net/</a>	A WaterWiki webpage offering terms and synonyms, the official WHO definition and other definitions for SWAp.	



Ref no	Document title	Date	Source	Short narrative and main points relevant for SWAp design	Remarks
W 20	SWAp in the WASH subsector: Ugandan experience 'scars' new entrants	August 2010	International Water and Sanitation Centre (IRC)	IRC website news article: during the International Symposium on Rural Water Services (April 2010), the Ugandan Ministry of Water and Environment outlined some of the disadvantages of the harmonised and coordinated approaches used in the Ugandan SWAp experience.	
W 21	VI. institutional changes for achieving the water-related targets of MDGs in Asia and the Pacific region	March 2004–December 2006	Unesco, UNDP, Asian Development Bank	A chapter from the study report 'Supporting the achievement of MDGs in Asia and the Pacific (Phase II)'. The study addresses the institutional dimensions of the water sector from the perspectives of MDGs in the particular context of the Asia and the Pacific region, with the objectives of: (1) reviewing the existing structure of and ongoing changes in water institutions in the Asia and the Pacific region; (2) assessing how conducive are they to achieving the MDGs; (3) identifying best practice cases of institutional reforms in relation to the MDGs; and (4) indicating what are the national and regional options and strategies for promoting institutional changes that could enable the water sector to contribute to the realisation of the MDGs.	
W 22	Improving the provision of basic services for the poor in fragile environments: Water supply, sanitation and hygiene international literature review	December 2008	Humanitarian Policy Group, ODI	<b>This paper constitutes a literature review of the water supply, sanitation and hygiene (WASH) sector. Its purpose is to inform the Office of Development Effectiveness' evaluation of service delivery and contribute to a wider effort within AusAID to better understand donor engagement in fragile environments.</b>	
W 23	Seminar proceedings on sector-wide approaches in the water sector: Seminar proceedings	September 2009	Buhl-Nielsen, E. and de la Harpe, J.	These seminar proceedings document the findings and discussions as contribution towards strengthening the understanding of SWAp in the water sector, where this term is used to describe the whole sector including sanitation and water resources management. It documents and builds on a seminar held by AIDCO E7 from 24 to 26 June 2009 with the participation of representatives from European Commission delegations, AIDCO and DG Development and Development (OECD,) Agence française de développement (AFD), International Water and Sanitation Centre (IRC) and the European Investment Bank (EIB).	
W 24	SWAp: to be or not to be? Main points of the debate	2007	WSP	A slide presentation made after a review of several SWAp experiences (Mozambique, Uganda, Bolivia, Benin, Nicaragua, Mexico) as well as reports and guidelines from DGIS, SDC and the EU.	



Ref no	Document title	Date	Source	Short narrative and main points relevant for SWAp design	Remarks
W25	Water for development: Review of integrated water resource management in European Commission development programming	August 2009	World Wildlife Fund (WWF)	This review looks at how the European Commission (EC) is taking into account water resources and IWRM in the programming of development aid. The analysis examines the integration of IWRM principles into EC development programming by reviewing strategic documents and frameworks to determine to what extent aid planning is enabling or promoting IWRM at national or regional/basin levels or, on the contrary, whether strategies are neglecting IWRM, paying only lip service to the principles or even hindering the implementation of IWRM at national and regional river basin levels. The review was conducted in 12 countries which benefit from EC cooperation programmes and also are important for WWF's global conservation priorities: Bolivia, Brazil, Peru, Cambodia, Vietnam, Thailand, Cameroon, Mozambique, Kenya, Congo, Zambia and Senegal.	
W26	Governance and financing of water supply and sanitation in Ethiopia, Kenya and South Africa: A cross-country synthesis	September 2003	World Wildlife Fund (WWF)	This review looks at how the European Commission (EC) is taking into account water resources and IWRM in the programming of development aid. The analysis examines the integration of IWRM principles into EC development programming by reviewing strategic documents and frameworks to determine to what extent aid planning is enabling or promoting IWRM at national or regional/basin levels or, on the contrary, whether strategies are neglecting IWRM, paying only lip service to the principles or even hindering the implementation of IWRM at national and regional river basin levels. The review was conducted in 12 countries which benefit from EC cooperation programmes and also are important for WWF's global conservation priorities: Bolivia, Brazil, Peru, Cambodia, Vietnam, Thailand, Cameroon, Mozambique, Kenya, Congo, Zambia and Senegal.	
W27	The challenge of financing sanitation for meeting the MDGs	April 2004	WSP	This document outlines the key issues and steps in developing a public finance strategy for sanitation to meet the MDGs. It looks at the conventional finance practices in the past and a review of the need of the shift of financing for financing subsidies and grants to funding sanitation promotion and leverage resources while recognising the need for consideration of situation specific approaches. It is proposed that the immediate support for leverage needs be to households and communities with medium-term resources mobilised only in the medium to long term. It discusses the possible approaches for accelerated and large-scale implementation to achieve countrywide coverage. It elaborates on the six critical elements and appropriate public finance strategy to be adopted. It further looks at the key challenges to be addressed by local decision-makers and the role of global and regional support agencies in the development of the public finance strategy.	
W28	Factors behind the poor integration of the water supply and sanitation sector in PRSPs in sub-Saharan Africa	May 2003	WSP	This report looks at the possible causes for the poor integration of the WSS into the PRSPs and budgetary process by examining three sub-Saharan countries (Malawi, Uganda, Zambia). It discusses the factors behind a successful poverty reduction strategy programme (PRSP) process and the factors behind the success and failures of WSS and gives recommendations on how the WSS actors can better align themselves to the PRSPs process.	

Ref no	Document title	Date	Source	Short narrative and main points relevant for SWAp design	Remarks
<b>W29</b>	Financing the MDGs: What will it take	April 2005	WSP	This paper looks at the financing requirements, affordability and feasibility of reaching the water and sanitation MDGs. It discusses the actions needed to improve priority for and the use of public resources. It further looks at three important ways to leverage additional financial resources for the sector. It outlines the actions required of the different stakeholders in order to arrive at consensus-based country level financing strategies.	
<b>W30</b>	The case for water and sanitation: Better water and sanitation make good fiscal and economic sense, and should be prominent in PRSPs and budget allocations	November 2004	WSP	This paper gives the arguments to show that better water and sanitation make good fiscal and economic sense, and should be prominent in PRSPs and budget allocations. It discusses the importance of water and sanitation supply with regard to its contribution to good health and subsequent economic growth, its impact on education and small industry, the cost of poor services to the people in terms of time and money, the importance of water and sanitation in fighting AIDS and as a priority to the poor.	
<b>W31</b>	Meeting the financing challenge for water supply and sanitation: Incentives to promote reforms, leverage resources and improve targeting.	2004	WSP	This document attempts to provide a framework for reviewing financing mechanisms for water supply and sanitation. It focuses on the potential responses to the three key problems of the sector financing to ensure effective, efficient and transparent use of resources. The key problems addressed are: (i) institution and financing policies that result in ineffective and inefficient use of resources; (ii) inadequacy of public resources to meet the costs of sustained coverage; and (iii) failure of the poor to gain from increased and existing WSS services. It looks at financing policies that will promote WSS sector reforms, leveraging resources for water and sanitation and pro poor subsidies for water and sanitation	
<b>W32</b>	Social funds in Africa: Supporting community-managed projects in rural water supply	August 2002	WSP	This document looks at the activities of four social funds in rural Africa that work in rural water sanitation. It discusses how social funds operate with the scale of their work, the working principles, financial procedures and influence on national policies. It also elaborates on the challenges encountered by social funds including challenges of contacting the neediest people, improving systems for appraisal and approval, balancing the needs for rapid construction and long-term capacity building and improving cost recovery in community managed systems. The lessons learned for the operation of social funds are discussed including how social funds can put community management into practice on a larger scale: social funds go beyond developing infrastructure and encounter familiar problems with community management.	

Ref no	Document title	Date	Source	Short narrative and main points relevant for SWAp design	Remarks
<b>W33</b>	Water and sanitation in social funds: A rapid assessment in sub-Saharan Africa	May 2003	WSP	This paper attempts to provide an understanding of the role of social funds in WSS and look at issues of design and experience and lessons learned to provide guidance in future for operation of social funds. The lessons elaborated on refer to: (i) social fund management and collaboration with sector agencies; (ii) the community-based approach; (iii) decentralisation; (iv) strategic planning; (v) targeted WSS promotion; (vi) community mobilisation and sub project development; (vii) appraisal and approval; and (viii) sub project implementation and sustainable operation and maintenance.	
<b>W34</b>	Water supply and sanitation in PRSPs in sub-Saharan Africa: Developing a benchmarking review and exploring the way forward	October 2003	WSP	This paper provides an assessment of the water and sanitation coverage in PRPs in sub-Saharan Africa as an important aspect of poverty reduction strategies. It looks at three issues: (i) the nature of opportunity presented by the PRSP and HIPC initiatives for the WSS sector in the sub-Saharan Africa; (ii) the degree of WSS coverage in PRSPs; and (iii) how the WSS coverage and incorporation into PRSPs can be improved.  It proposes a framework for improving WSS incorporation into the PRSPs based on three ideas: (i) improving poverty diagnostics and implementation through improvements in water and sanitation sector information and sector M & E systems; (ii) development of a medium-term sector programme and supporting sector financing mechanisms; and (iii) advocacy strategies enabling different stakeholders to understand and continue to believe in the importance of water and sanitation in poverty reduction	
<b>W35</b>	Water SWAPs in motion: Meeting the challenges in a complex sector	July 2008	EU joint learning programme	Produced as a contribution to the joint learning programme on sector-wide approaches, the paper builds on the experiences from the JLP and the rich discussions in a workshop hosted by EuropeAid in Brussels on 10 and 11 June 2008 with 24 participants from development agencies, water programmes and water research institutions. This paper argues that the water sector has characteristics that prompt SWAPs to focus strongly on collaborative processes between multiple stakeholders at multiple levels.	
<b>W36</b>	Evaluation of sector support and approaches in the water sector	May 2008	DGIS Netherlands	This report seeks to obtain greater insight into the potential for applying the SWAp and the Paris Declaration in the water sector. The objectives of the evaluation are: (i) accountability, to obtain insight into the results of Dutch support to the water sectors; and (ii) policy development, to contribute to policy development intended to promote the application of the sector-wide approach in the water sectors. The principal questions addressed by the evaluation are: (i) what progress has been made to date in implementing the SWAp in the water sector, and what factors account for this; and (ii) what lesson can be learned from experiences to date and how can these be used in the implementation of the SWAp. Three case studies were looked at in detail (Benin, Mozambique, Yemen) and a further four cases were looked mostly through deskwork (Egypt, Indonesia, Vietnam, Bangladesh).	

Ref no	Document title	Date	Source	Short narrative and main points relevant for SWAp design	Remarks
<b>W37</b>	Second action oriented workshop deepening the understanding of the Ghana water sector SWAp, EU	April 2010	Buhl-Nielsen, E., Dietvorst, D. and Appoyo, P.	The summary report covers the proceedings of a second workshop in a series of eight to develop the water sector SWAp in Ghana. The objectives were to: consolidate a common understanding of the SWAp; deepen the understanding of role and responsibilities under a Ghana water SWAp; and make progress on the Ghana road map towards the SWAp based on the code of conduct and the memorandum of understanding.	
<b>W38</b>	EU seminar proceedings on sector-wide approaches in the water sector — Water SWAps in practice, EU	September 2009	Buhl-Nielsen, E. and de la Harpe, J.	This summary report presents the main findings and conclusions from a 3-day seminar on water SWAps held in Brussels in 2009 and involving case studies from Samoa, Burkina Faso, Namibia and the EUWI-Mediterranean.	
<b>W39</b>	EU — EIB seminar proceedings on water and sanitation sector seminar	July 2010	Buhl-Nielsen, E.	This summary report presents the main findings and conclusions from a 3-day seminar on water SWAps held in Brussels in 2010. Country-based case studies were presented for Mozambique (Maputo water supply), Malawi (loans to small towns water supply and sanitation), Senegal (support to sector-wide approach), South Africa (creating enabling environment for sanitation in Cape Town), Vietnam (use of social marketing approaches), Uganda (Lake Victoria water quality management) and the Mediterranean (financing environmental improvements).	
<b>W40 a, b</b>	Water sector governance in Africa	2010	AfDB	This report investigates the influence of governance on water sector performance in Africa including how it has influenced the adoption of sector-wide approaches and other governance-related elements such as decentralisation and financial management and monitoring and evaluation.	
<b>W41</b>	Notes on lessons learnt on strategic financial planning presented at OECD expert meeting, 2008	2008	Buhl-Nielsen, E.	A summary of lessons learnt on applying strategic financial planning in the water sector.	
<b>W42</b>	Pacific regional seminar on sector-wide approaches in the water sector — Practice and prospects	April 2010	Buhl-Nielsen, E. and Bosman, R.		
<b>W43</b>	Regional water and sanitation seminar, Kenya, EU	October 2010	Buhl-Nielsen, E., Bosman, R. and DeVroit, L. M.		

Ref no	Document title	Date	Source	Short narrative and main points relevant for SWAp design	Remarks
W44	Report on the assessment of the capacity of water actors to effectively participate in water sector reforms in Bondo District, Kenya	2009	UNDP		
W45	IOB evaluation of sector approaches in the water sector — Country report, Yemen	February 2008	IOB DGIS	This is the country study for Yemen as part of a wider evaluation (reference W36). The principle questions to be addressed by the evaluation are: (i) what progress has been made to date in implementing the SWAp in the water sector, and what factors account for this; and (ii) what lessons can be learned from experiences to date and how can these be used in the implementation of the SWAp.	
W46	IOB evaluation of sector approaches in the water sector — Country report, Mozambique	December 2007	IOB DGIS	As above but for Mozambique.	
W47	TOR for DGIS evaluation in the water sector	November 2006	IOB DGIS	Terms of reference and methodology for evaluation of the sector-wide approach in a number of countries supported by the Netherlands.	
G	General references				
G 1	The sector-wide approaches	January 2001	Overseas Development Institute	This paper provides a summary of the sector programmes and the application of SWAp to date. It undertakes to classify SWAp strategies as: (i) strong government leadership; (ii) government change agents allied to donors; and (iii) donor leadership: develop the strategy then sell it to government. The different stages in the SWAp development process are outlined as developed from experiences in different countries. The paper discusses ownership of the implementation programme. It outlines the partnership principles necessary to put in place the elements of a SWAp — conditionality and resolving of disputes, management structures, potential in SWAps for reducing poverty, participation and political accountability, capacity building, target setting and monitoring and financial accountability and procedures.	
G 2	SWAps in motion	August 2007	Boesen, N. and Dietvorst, D.	This paper reviews the findings from a wide range of joint learning programme seminars on introducing SWAps. The central argument is that there is need to move beyond the aid delivery focus and embrace the SWAp as an approach to effective sector development.	



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G 3	Budget support, aid instruments and the environment: The country context — Ghana country case study.	2007	Bird, N. M. and Avoka, C., ODI	The purpose of this study is to analyse and document experience in transferring environmental priorities from national plans to budgets and through into government implementation plans. In addition, the study will identify how donors can facilitate and support such processes within the context of increasing budget support and the use of other aid instruments.	
G 4	Sector budget support in practice, literature review	Nov 2009	Handley, G.	This literature review sets out to summarise the available published literature on the operation of sector budget support.	
G 5	Building blocks or stumbling blocks? The effectiveness of new approaches to aid delivery at the sector level	January 2008	Williamson, T. et al (ODI/ UK)	This working paper analyses the effectiveness of different aid modalities and the coordination mechanisms associated with programme-based approaches at the sector level. It draws from three case studies, covering the education sector in Tanzania, the water and sanitation sector in Uganda and the health sector in Mozambique, and from the broader literature.	
G 6	Selection of web resources on SWAp budget support	2007	Joint learning programme	A list of web resources on SWAp.	
G 7	Do health sector-wide approaches achieve results?	2009	Independent Evaluation Group of the World Bank	This working technical paper distils the emerging experience and lessons of SWAp in the health sector (supported by the World Bank and other development partners) in six countries (Bangladesh, Ghana, Kyrgyzstan, Nepal, Malawi and Tanzania) in order to address four questions: (1) Were the anticipated benefits of the approach realised? (2) Were the objectives of the national health strategies and programmes of works achieved? (3) Did the approach facilitate the achievement of national health objectives? (4) In what ways did channelling support through a SWAp affect the World Bank's efficacy?	
G 8	Toward sector support alignment SPA — 2004: Sector programme tracking report	January 2005	SPA Secretariat	This is a draft report in collaboration with the SPA-Sector Support Working Group, based on SPA partners' inputs.	
G 9	Aid without impact: How the World Bank and development partners are failing to improve health through SWAp	2010	Action: Advocacy to Control TB Internationally	This report seeks to assess the efforts of the World Bank and its development partners to address TB in low-income sub-Saharan Africa through SWAp and to answer four questions for the period 2001–08: (1) To what extent did the World Bank, working with its development partners, support TB control through 'health sector development projects,' including those carried out through SWAp? (2) To what extent were SWAp associated with improvements in TB case detection and treatment success rates? (3) To what extent do SWAp appear to be associated with improvements in health outcomes more generally?; and (4) How could the World Bank, its development partners and countries with a substantial TB burden strengthen the impact of SWAp on TB case detection and treatment success?	

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G 10	Public financial management performance measurement framework	June 2005	World Bank	This document discusses public financial management (PFM) as one of the elements of a strengthened approach to supporting PFM reforms. It discusses the scope and coverage of framework of an effective PFM system and a set of high-level indicators considered in three categories: PFM system out-turns; cross-cutting features of the PFM system; and budget cycle and donor practices that impact on PFM systems.	
G 11	Sector-wide approaches	October 2001	Overseas Development Institute/UK	Policy planning and implementation sheets address service delivery, resource management, policy planning and implementation and are aimed to provide decision-makers with an easy and up-to-date point of reference on issues relating to the provision of support for sustainable livelihoods.	
G 12	Capacity development under programme-based approaches	April 2005	LENPA	The purpose of this article is to synthesise some of the thinking and conclusions emerging from a 3-day forum on capacity development under programme-based approaches sponsored by the Learning Network on Programme-Based Approaches (LENPA) in Washington from 25 to 27 April 2005.	
G 13	Analysing and addressing governance in sector operations	November 2008	European Commission	A reference document that seeks to offer guidance to EC sector specialists on how to address governance in sector operations in a more systematic and comprehensive way. Its objectives are: (i) to strengthen the understanding of governance issues at sector level; and (ii) to increase the capacity of EC staff at headquarters and in delegations to analyse and address governance in EC support to various sectors.	
G 14	Joint action plan on harmonisation for high level forum on harmonisation, alignment and results	February 2005	Swedish International Development Cooperation Agency (Sida)	This document reports on progress on the development of the joint action plan for harmonisation, intended to contribute to more effective cooperation that will reduce transaction costs for partner countries. Progress is discussed with regard to: (i) the search at the global level to catalyse like-minded positions on wider aspects of harmonisation; (ii) at HQ level to harmonise policies and guidelines; and (iii) at partner country level, a wider harmonisation in practice action plan.	
G 15	Harmonising donor practices for effective aid delivery: Budget support, sector-wide approaches and capacity development in public financial management.	2005	OECD	This publication outlines 'good practices' on how donors can work together more effectively at the country level to choose and design appropriate and complementary aid instruments so as to maximise their combined effectiveness. It focuses on good practice in providing budget support, support to sector-wide approaches and providing support to capacity development for public financial management. The section on the SWAP support provides operational guidance on how to establish and enhance partnerships between governments and donors at the sector level.	

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G 16	Governance matters III: New indicators for 1996–2002 and addressing methodological challenges	July 2003	World Bank	This paper discusses the criticisms of subjective governance indicators used as a measure of good governance for cross country. This discussion is with respect to the key dimensions of governance, namely: voice and accountability; political instability and violence; government effectiveness; regulatory burden; rule of law; and control of corruption.	
G 17	Ten years into the sector-wide approach	2007	Van Reesch, E.	This paper argues that the implementation of the sector-wide approach has focused too much on donor coordination and alignment with a single policy and expenditure framework of the central government. SWAp's potential to mobilise the effective participation of domestic stakeholders and address the political causes of poverty and inequality is yet to be exploited to the full. The paper is intended as a contribution to re-thinking the relationship between SWAps and poverty within DGIS.	
G 18	Bridging the macro–micro gap: Micro–meso–macro linkages in the context of sector-wide approaches	2007	Van Reesch, E.	This paper seeks to explain the 'macro–micro gap' in SWAps and argues that a systematic effort is required for it to be bridged. There are several missing links in the current practice of SWAp implementation. Sector-wide often turns into 'sector-narrow' arrangements, which are perceived of not as a multi-stakeholder process but as a specific public expenditure programme funded by a group of donors	
G 19	Supporting decentralisation and local governance in third countries	January 2007	European Commission	A reference document that seeks to provide strategic and operational guidance on: (1) How best to support processes of decentralisation and local governance in third countries; and (2) How to ensure that EC support to sector policies (e.g. in health, education, water and sanitation) take into account and reinforce ongoing decentralisation processes. The reference document is intended for EC staff in delegations and headquarters, national partners and donor agencies working and supporting decentralisation processes and local governance.	
G20	An evaluation of the sector-wide approach in Dutch bilateral aid 1998–2005	2006	IOB DGIS	This evaluation is intended to answer the question of what has become of the policy intentions of the sector-wide approach. In the early chapters, it analyses the changes in policy and their implementation. The later chapters examine whether the desired increase in the recipient countries' ownership of the aid has been achieved and what repercussions this has had on the approach to poverty reduction. This, together with the question of whether budget support is an effective instrument to apply to achieve sustainable poverty reduction, is a perpetually topical issue of international and national debate. This study aims to contribute to the debate and further policy development on bilateral aid.	



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G21	Evaluation of the sector-wide approach — Bangladesh	2005	IOB DGIS	This evaluation looks at the sector approach in three sectors (health, education, water) in Bangladesh to assess 'whether and to what extent the introduction of the sector-wide approach has improved conditions for achievement of the main objective of Dutch development policy, namely poverty reduction'. To this end, the following key questions have been formulated: To what extent have the desired changes in Dutch policy been achieved and what explanatory factors can be given for the findings? To what extent have the desired changes in the aid recipient country been achieved and what were the most influential factors? A series of five countries are studied: Bangladesh, Bolivia, Burkina Faso, Uganda and Zambia).	
G22	Evaluation of sector-wide approach — Uganda	February 2006	IOB DGIS	As above, but for Uganda the sectors looked at were education, local governance and justice, law and order.	
G23	Evaluation of sector-wide approach — Bolivia	Sept 2005	IOB DGIS	As above, but for Bolivia the sectors looked at were education, agriculture and environment.	
G24	Evaluation of sector-wide approach — Burkina Faso	April 2005	IOB DGIS	As above, but for Burkina Faso the sectors looked at were education, health and agriculture.	
G25	Evaluation of sector-wide approach — Zambia	April 2005	IOB DGIS	As above, but for Zambia the sectors looked at were health, education and agriculture.	
G26	Impact of the sector-wide approach — Malawi	June 2010	DfID	A detailed evaluation of outcomes of the sector approach for the health sector in Malawi.	



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