

# Water Sector Governance in Africa

Volume 2  
Assessment  
Guidelines

W P P

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# Acronyms

AfDB	African Development Bank
AMCOW	African Ministers' Council on Water
ASP	Alternative service provider
AWF	African Water Facility
CIDA	Canadian International Development Agency
GIS	Geographic Information System
GWA	Gender and Water Alliance
GWP	Global Water Partnership
H&A	Harmonization and alignment
IFPRI	International Food Policy Research Institute
IMF	International Monetary Fund
IPCC	International Panel on Climate Change
IRC	International Water and Sanitation Centre
IWMI	International Water Management Institute
IWRM	Integrated water resources management
JMP	Joint Monitoring Program
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
MTBF	Medium Term Budget Framework
MTEF	Medium Term Expenditure Framework
MTFF	Medium Term Financial Framework
MWE	Ministry of Water and Environment, Uganda
NDW	National Directorate of Water, Mozambique
NWSC	National Water and Sewerage Corporation
ODA	Official development assistance
ODI	Overseas Development Institute
OECD	Organization for Economic Cooperation and Development
OSS	Sahara and Sahel Observatory
OPM	Oxford Policy Management
OWAS	Water and Sanitation Department, AfDB
PFM	Public financial management
PHAST	Participatory Hygiene and Sanitation Transformation





<b>PPP</b>	Public-private partnership
<b>PRSP</b>	Poverty Reduction Strategy Paper
<b>PSP</b>	Private sector participation
<b>RBO</b>	River basin organization
<b>RWSS</b>	Rural water supply and sanitation
<b>SADC</b>	Southern African Development Community
<b>SWAp</b>	Sector-wide Approach
<b>TA</b>	Technical assistance
<b>TI</b>	Transparency International
<b>TPTC</b>	Tripartite Technical Committee
<b>TWRM</b>	Transboundary water resources management
<b>UNICEF</b>	United Nations' Children's Fund
<b>WHO</b>	World Health Organization
<b>WHS</b>	World Health Survey
<b>WPM</b>	Water Point Mapping
<b>WSP</b>	Water and Sanitation Program
<b>WSS</b>	Water supply and sanitation



# Foreword

Water governance has been described as “...the range of political, social, economic and administrative systems that are in place to develop and manage water resources and the delivery of water services, at different levels of society.”

Good governance mainly depends on the quality of leadership, the strength of the institutions and how efficiently, effectively, sustainably, and transparently the resources are managed by sector institutions and main stakeholders.

On the African continent however, rigorous technical, financial, economic and institutional assessments undertaken in support of projects have not guaranteed sustainability of project outputs and outcomes. This checkered history of water sector projects over the past three decades provided the rationale for the African Development Bank to launch this initiative to assess water sector governance in Africa.

This report takes preliminary steps to investigate whether poor governance has been a major contributing factor to this lack of sustainability. Specifically, the report provides an overview and assessment of the state of water sector governance in Africa - looking at a very broad range of governance-related elements, including legislation and regulation, decentralization and devolution, sector-wide approaches, financial management, monitoring and evaluation, accountability and corruption as well as civil society participation, gender, alternative service provision, public-private partnerships and equitable service delivery. The study highlights

current thinking and research on all these key elements and issues affecting their quality.

Contemporary literature on water sector financing understandably focuses on the mechanisms and challenges associated with funding tangible water supply and sanitation services. This study however draws attention to the importance of financing overarching water management and governance functions, from strategy, planning and policy-making and engagement with sector stakeholders to water resource development, allocation and management.

Based on the report’s findings, indicators and targets have been developed to improve the sector’s governance. Volume 1 titled: “Theory and practice” presents the findings, indicators and targets to be achieved while Volume 2 presents concrete “Assessment guidelines” for conducting water sector governance assessments for programs and projects in Africa, based on the findings of Volume 1.

The Bank is pleased to offer this thought-provoking assessment and the tools developed as a contribution to efforts at improving governance in Africa’s water sector.



**Bobby J. Pittman**  
Vice President  
Infrastructure, Private Sector & Regional Integration  
AfDB

# W P P

## 1. Guidelines for Governance Assessments

The Water Governance Study was an OWAS initiative funded by the Multi-donor Water Partnership Programme. The assignment's main objectives were to assess the state of water sector governance in Africa, develop indicators and targets for its improvement, and provide guidelines for Bank sector staff to use when developing, supervising and completing programmes and projects. The guidelines will also be useful to other water sector professionals working on the continent. The Study involved missions to seven countries (Senegal, Uganda, South Africa, Malawi, Kenya, Tunisia and Burkina Faso) with the objective of gaining further information on sector governance and to develop the indicators and guidelines noted above. The Study also benefited from meetings with AfDB-OWAS task managers, including personal interviews and inception, mid-project and end of project meetings. The specific objectives of the assignment were to:

- 1) Provide decision-makers (task managers, project teams and others) from the African Development Bank and its Regional Member Countries (RMCs) with an in-depth understanding of the concepts, opportunities, and challenges for improving governance in the water sector;
- 2) Provide an in-depth analysis of the social, institutional and legal aspects of sector governance and use it to develop a method for Bank staff to rapidly characterize the state of governance within the sector; and,
- 3) Prepare guidelines and a list of targets and indicators for improved governance that can be integrated into rural water supply and sanitation and other programmes and projects to ensure long-term sustainability of water sector investments.

In accordance with these objectives, this volume, from the Study's final report, provides guidelines and indicators for assessing water governance in relation to water sectors and projects at the country-level. Its purpose is to enable Bank staff to rapidly characterize the state of governance within the sector as it relates to all stages of the AfDB's project cycle.

The guidelines and template have been written with first (1) the task manager, task team, and country teams and second (2) stakeholders in regional member countries as audiences. It is recognized that not all users will have sector-wide interests, so the indicators have been denoted when specific to rural WSS, urban WSS and water resources. The guidelines begin with consideration of governance at the country

level that provides the governance environment in which the water sector functions.

## 1.1 Governance Assessments and the Project Cycle

The project cycle is presented below in six stages.

**Table 1.1 Assessment Templates at Each Stage of Project Cycle**

Stage in the Project Cycle	Assessment	Assessment Description	Responsible or Involved
Pre-project	Light Governance Assessment	The “light assessment” is designed to provide a quick overview of sector governance and enable comparisons of sector governance between countries. Thirteen indicators are used as listed in Table 2.1	Task manager and Team, Sector Manager
Project Identification	Rapid Assessment	The rapid assessment is used to identify key governance risk areas at sector levels without requiring field work. This assessment’s 33 indicators are listed in Table 2.2	Task Manager and Task team
Project Preparation and Concept Note	Assessment for Project Preparation and Concept Note	This is the most detailed sector governance assessment using 94 indicators in a checklist format that encourages consideration of the full range of governance issues. This assessment is for purposes of project preparation (and subsequent appraisal) by which all risk areas and their relative seriousness can be identified and assessed. Detailed information from the field is required. The template is given as Table 2.5	Task Manager, Task Team, AfDB Field Office, Consultants, Stakeholders & Partners
Project Appraisal	Preparation of Appraisal Report	The PAR includes: (1) a statement on governance risks and mitigation; (2) separate descriptions of gender, social and environmental impact analysis and likely; (3) a technical annex on project governance for which the Project Preparation Assessment is used; These draw on the assessment undertaken during project preparation. (4) the results-based logical framework (RBLF) that includes governance related objectives, results and indicators that are specifically designed for the project.	Task Manager, Task Team, AfDB Field Office
Project Implementation	Project Supervision & Monitoring	The indicators used in project supervision and monitoring are designed specifically for the governance related components of the project and relate directly to its objectives, activities and outputs. Supervision indicators are described in the project example, see table annex A-1	Task Manager and Field Office
Project Completion Report	Post-project Assessment	Indicators used for project completion reporting are specifically designed to assess outputs and outcomes of governance related project components.	Field Office, Task Manager and Consultants

These stages and the assessment tool with which they are associated are summarized in Figure 1.1. This graphic illustrates the purpose of each

assessment template (e.g. the LA is to provide an initial governance overview) and the stage in the project cycle at which it will be filled out.

**Figure 1.1: Assessment Template Purpose(s)**



Based on only thirteen indicators, the Light Assessment (LA) is useful only as an approximation. The RA is more detailed (having 33 indicators) and is undertaken during project identification. It is used to broadly identify those areas of risk that need to be addressed in the project. The final template, the Project Preparation Assessment (PPA), includes 94 indicators under seventeen sub-headings. It focuses on the project level and can function as a checklist to ensure inclusion of all governance risks. It also informs the definition of project activities for risk mitigation and

improved governance within the project. Being project specific, the PPA would not normally cover all areas of governance; as such, the PPA template would not be completed in full but would be tailored to the sectors covered by each individual project.

The PPA template also informs the Project's Log Frame's activities, indicators and targets and is the starting point for a technical annex on governance within the Project Appraisal Report (PAR). The indicators in the template and Log Frame are the basis for selecting both

the indicators for project supervision as well as the subsequent outcome indicators for the project completion review and report.

### 1.1.1 Scoring Guidelines

The indicators found in each template are scored along a spectrum from 1 to 5. Those



awarded a score of 2 or below can typically be considered areas of governance concern to be prioritized during a project. It is worth noting at this stage that the use of indicators is always open to question; however, in light of their ease-of-use and ability to provide reasonable estimates, indicators are useful and undoubtedly the most affordable of tools<sup>2</sup>. Where possible, aggregated indicators are used, such as those relating to governance at the national level. Most are subjective, yet these and objective, qualitative indicators are seen as complementary rather than alternative approaches. This is evident in the case of assessing corruption and gender equity where verifiable information is difficult to obtain and a perception-based approach must be used, as compared to estimating access to services where a fact-base approach may be more appropriate.

The indicators have been designed to represent potential areas of risk to governance.

As such they are “actionable.” Being actionable does not necessarily make them valuable as indicators if the actions taken do not result in significant improvements in governance. For this reason the template’s indicators have purposely been selected as being “action-worthy”. Also of relevance is that these “action-worthy” indicators are not biased towards those that are easy to improve (“low-hanging fruit”) but are comprehensive in covering the full range of risk areas.

The choice of targets and timing of their achievement will depend on the local context, the governance environment overall, what is do-able through the project, local norms and expectations, needs of the project and potential for achievement. All these factors will impact the choice of targets and time-scale and will ultimately be decided by sector professionals of the country in consultation with the task team and manager.

## 1.2 Key Issues in Water Sector Governance

This section provides background information on the eight primary sub-sectors that collectively determine the nature and quality of water governance. Its purpose is to provide Bank staff with a refresher on substantive issues associated with each sub-sector in order to

<sup>2</sup>Kaufmann, D., & A Kraay (2007) On Measuring Governance, Framing Issues for Debate”, World bank 2007 Roundtable on measuring Governance, Issues Paper

guide their governance assessments at the country level. Sub-sectors covered herein include:

- governance at the national level;
- the water sector's legal framework;
- the sector's institutions;
- sector management practices;
- water resources management systems;
- transparency, accountability and corruption;
- civil society participation; and,
- equitable service provision.

The descriptions below associated with each of the sub-sectors above summarize the content of associated sections in Vol. 1: Water Governance in Theory and Practice. They also correspond with the eight categories of indicators listed in the “light” and “rapid” assessment templates beginning in Section 2.1

### **1.2.1 National Level Governance**

National governance sets the framework for governance in all other sectors across the country. Democracy, human rights, public sector management, legislation, accountability, corruption, and financial management are all affected by national governance. Various international organizations such as the Mo Ibrahim Foundation and

Transparency International have developed governance indicators and annually monitor key areas of governance in most African countries. Typically these focus on whether a government is constitutionally-based, whether its courts are sound and functional, adherence to the rule of law, whether the country is politically stable and absent of violence, as well as the degree of accountability, government effectiveness, and corruption. Such cross-sectoral indicators provide a general overview of governance and often underscore a specific aspect of governance such as gender or corruption, but they are rarely sector specific. One can, however, select components of indicators to get an overall impression in specific areas.

The water sector governance assessment therefore begins with an assessment of governance at the national as opposed to sectoral level. The eight indicators in the first half of the Country Governance Matrix, Table 1.2a, present data on 52 countries published in five primary governance indexes – the World Governance Indicators (WGI), the Ibrahim Index, the AfDB CPIA, Transparency International's Corruption Perceptions Index (CPI) and the UNDP's Gender-related Development Index (GDI) – which collectively provide a general overview of the state of national level governance in each country. The indexes and the specific indicators from each that can be

<sup>3</sup>The Country Governance Matrix was developed using national governance indexes and sector-level assessments to provide an overview of governance issues affecting the water sector. The national-level governance indicators included in Table 3.2a were deemed to best represent the cluster of governance-related factors that affect the water sector in Africa. The sector-specific indicators in Table 3.2b were selected to illustrate the specific parameters that reflect and are directly affected by the quality of water sector governance.

used in national level governance assessments are described below<sup>3</sup>.

- 1) World Governance Indicators (WGI):** The WGI provides aggregate scores for 212 countries based on hundreds of specific and disaggregated individual variables measuring various dimensions of governance. The units in which governance is measured follow a normal distribution with a mean of zero and a standard deviation of one in each period. This implies that virtually all scores lie between -2.5 and 2.5, with higher scores corresponding to better outcomes<sup>4</sup>.

Three WGI indicators have been included in our country-level governance matrix: voice and accountability, which measures the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association and a free media; government effectiveness, which measures the quality of public services and the civil service as well as the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies; and political stability, which measures perceptions of the likelihood that the government will be

destabilized or overthrown by unconstitutional or violent means.

Based on these indicators, a score can be assigned in the "governance at the national level" cluster in each of the templates presented in this report. A score of 5 can be awarded for a WGI score >1.51, 2 to 4 for scores between -1.59 and 1.50, and 1 for scores < -1.60.

- 2) The Ibrahim Index:** The Ibrahim Index measures the delivery of public goods and services to citizens by African governments and non-state actors. The Ibrahim Index uses indicators across four main pillars: Safety and Rule of Law; Participation and Human Rights; Sustainable Economic Opportunity; and Human Development as proxies for the quality of the processes and outcomes of governance. The Index assesses governance against 84 criteria, which are divided into four main categories and 13 sub-categories. The indicators that make up the sub-categories are based either on official data or expert assessments.

The Index assigns all 53 African countries a score out of 100 across the four main pillars. Using its assessment of "Safety and Rule of Law," which encompasses sub-in-

<sup>3</sup>Kauffman, Kray and Mastruzzi, "Governance Matters VIII," Policy Research Working Paper 4978, World Bank, June 2009, p. 15.



dicators for national security, personal safety, rule of law and accountability and corruption, a score can be assigned in the “governance at the national level” cluster in each of the templates presented in this report. 5 can be awarded for scores >80, and 1 for scores <19.9.

- 3) The AfDB Country Policy and Institutional Assessment (CPIA): The Country Policy and Institutional Assessment (CPIA) provides a snapshot of a country’s policy and institutional environment. It assesses the efficacy of the country’s present policy and institutional framework in encouraging the efficient use of scarce development resources to promote sustainable and poverty reducing development in the Regional Member Countries (RMCs). The CPIA is determined using a questionnaire administered every year in all of the Bank’s RMCs<sup>5</sup>. Except for the regional integration dimension in the trade and environment criteria, the AfDB’s CPIA questionnaire is closely aligned with that of the World Bank. All 53 African countries were assessed in 2008.

The CPIA process rates countries based on scores from 11 assessment criteria that have been grouped into three main clusters: Economic Management, Structural Policies, and Policies for Social Inclusion and

Equity. Countries are rated on a scale of 1-6 on each of the 11 criteria in the three clusters: 1.0 “highly unsatisfactory for 2 years or more;” 2.0 “highly unsatisfactory;” 3.0 “unsatisfactory;” 4.0 “satisfactory;” 5.0 “good;” and 6.0 “good for 2 years or more.” The average rating for the criteria constitutes the overall CPIA rating. Based on the overall CPIA score, a rating can be assigned in the “governance at the national level” cluster in each of the governance assessment templates in this report. A score of 5 can be awarded for a CPIA > 5.5 and a 1 for a CPIA < 2.5.

- 4) Transparency International’s Corruption Perceptions Index (CPI): The annual Corruption Perceptions Index (CPI), first released in 1995, ranks 180 countries by their perceived levels of corruption, as determined by expert assessments and opinion surveys. For CPI sources that are surveys, and where multiple years of the same survey are available, data for the last two years are included to provide a smoothing effect. For sources that are scored provided by experts (risk agencies/country analysts), only the most recent iteration of the assessment is included, as these scores are generally peer reviewed and change very little from year to year. To determine the mean value for a country – using a scale of 1 to 10 – the standardization of reports from all sources is car-

<sup>5</sup>Except Libya which has not requested development financing from the Bank.

ried out via a matching percentiles technique. A rating can be assigned in the “governance at the national level” cluster in each of the governance assessment templates

in this report using a 5 for scores  $>5.5$ , and 1 for scores  $<2.5$ .

- 5) **AfDB CPIA Gender Equality Score:** An expert assessment of the extent to which a country has enacted institutions and programs to enforce laws and policies that promote equal access for men and women to human capital development opportunities, and productive and economic resources; as well as give men and women equal status and protection under the law. Indicators are based on a range of 1 to 6, with 6 being the best.

It is recommended that the task team and sector manager responsible for each national governance assessment sign off that data has been drawn from these sources.

Table 1.2b is presented to provide additional background information to task managers on specific aspects of water sector governance that can be used to inform their governance assessments. Indicators and data have been drawn from a variety of sector-related studies and surveys described in the footnotes below the table. Of particular relevance to these assessments are the indicators on access to water supply and sanitation services, equitable service provision and the presence of sector-wide approaches.



Signs like this one in Gombe State, Nigeria, are necessary for transparency

Table 1.2a Country Governance Matrix – National Level Governance Indicators

Country	AfDB CPIA (1)	Voice and Accountability (2)	Government Effectiveness (2)	Political Stability (2)	Law, Transparency & Corruption (3)	Corruption Perception Index (4)	Environmental Policy & Regulations (5)	Gender Equality (6)
	1 to 6	-2.5 to 2.5	-2.5 to 2.5	-2.5 to 2.5	0 to 100	1 to 10	1 to 6	1 to 6
Algeria	3,98	-1,05	-0,50	-1,15	55,88	2,8	3,5	3,5
Angola	3,30	-1,07	-0,98	-0,43	41,64	1,9	3,0	3,0
Benin	4,06	0,34	-0,52	0,35	69,16	2,9	4,0	4,0
Botswana	4,62	0,55	0,67	0,96	85,08	5,6	4,0	5,0
Burkina Faso	4,19	-0,33	-0,67	-0,11	61,86	3,6	4,0	4,0
Burundi	3,14	-0,66	-1,21	-1,43	48,37	1,8	3,0	3,0
Cameroon	3,67	-1,02	-0,80	-0,53	51,29	2,2	3,0	4,0
Cape Verde	4,36	0,95	0,05	0,85	89,94	5,1	4,0	4,5
C. African Republic	2,89	-1,00	-1,45	-1,77	43,00	2	3,0	2,5
Chad	3,20	-1,45	-1,48	-1,92	35,64	1,6	3,0	2,5
Comoros	2,46	-0,43	-1,88	-1,01	59,21	2,3	2,5	2,5
Congo-Brazzaville	3,14	-1,16	-1,34	-0,61	44,92	1,9	3,0	3,0
Congo, D.R.	2,84	-1,48	-1,89	-2,34	31,43	1,9	3,0	2,5
Cote d'Ivoire	2,72	-1,24	-1,39	-1,91	37,70	2,1	3,0	3,0
Djibouti	3,32	-1,12	-0,98	-0,13	56,02	2,8	3,5	3,5
Egypt	4,10	-1,19	-0,37	-0,67	63,08	2,8	4,0	3,5
Equatorial Guinea	3,16	-1,89	-1,43	-0,09	47,58	1,8	2,5	2,0
Eritrea	2,49	-2,20	-1,41	-0,84	45,30	2,6	3,0	3,5
Ethiopia	3,44	-1,30	-0,43	-1,79	49,85	2,7	4,0	3,0
Gabon	3,40	-0,84	-0,70	0,23	55,10	2,9	3,0	3,5
Gambia	3,42	-0,97	-0,77	0,14	57,72	2,9	3,0	3,5
Ghana	4,03	0,48	-0,08	0,06	71,25	3,9	4,5	4,0
Guinea	3,24	-1,32	-1,39	-1,91	43,74	1,8	2,5	3,0
Guinea-Bissau	3,07	-0,79	-1,26	-0,38	46,94	1,9	3,5	3,5
Kenya	4,17	-0,16	-0,60	-1,25	53,27	2,2	3,5	4,0
Lesotho	3,84	0,04	-0,31	-0,03	68,93	3,3	3,5	4,0
Liberia	3,60	-0,29	-1,36	-0,99	45,74	3,1	3,0	3,5
Libya	3,86	-1,90	-0,84	0,48	52,59	2,5	4,0	2,5
Madagascar	3,96	-0,16	-0,59	-0,42	63,41	3,0	3,5	4,0
Malawi	3,66	-0,18	-0,65	0,05	65,60	3,3	3,5	3,5
<b>Ranking Criteria and Governance Template Score:</b>								
<b>Very Good (5)</b>	> 5.5	> 1.51	> 1.51	> 1.51	>80	> 5.5	> 5.1	> 5.1
<b>Good (4)</b>	4.6-5.4	0.01-1.50	0.01-1.50	0.01-1.50	55-79.9	4.6-5.4	4.1-5.0	4.1-5.0
<b>Fair (3)</b>	3.6-4.5	-1.09-0.00	-1.09-0.00	-1.09-0.00	40-54.9	3.6-4.5	3.1-4.0	3.1-4.0
<b>Poor (2)</b>	2.6-3.5	-1.59--1.10	-1.59--1.10	-1.59--1.10	20-39.9	2.6-3.5	2.1-3.0	2.1-3.0
<b>Very Poor (1)</b>	<2.5	<-1.60	<-1.6	<-1.6	<19.9	<2.5	<2.0	<2.0

Country	AfDB CPIA (1)	Voice and Accountability (2)	Government Effectiveness (2)	Political Stability (2)	Law, Transparency & Corruption (3)	Corruption Perception Index (4)	Environmental Policy & Regulations (5)	Gender Equality (6)
	1 to 6	-2.5 to 2.5	-2.5 to 2.5	-2.5 to 2.5	0 to 100	1 to 10	1 to 6	1 to 6
Mali	4,21	0,28	-0,78	-0,21	62,38	2,8	3,5	4,0
Mauritania	3,74	-0,92	-0,97	-0,93	46,31	2,5	3,5	4,0
Mauritius	4,42	0,88	0,60	0,84	86,96	5,4	4,5	4,0
Morocco	4,20	-0,70	-0,09	-0,47	61,83	3,3	4,0	4,5
Mozambique	3,73	-0,02	-0,38	0,29	62,47	2,5	4,0	4,0
Namibia	4,26	0,57	0,31	0,96	79,53	4,5	4,0	4,5
Niger	3,70	-0,41	-0,79	-0,75	56,38	2,9	3,5	3,5
Nigeria	3,73	-0,60	-0,98	-2,01	50,57	2,5	3,0	3,0
Rwanda	4,16	-1,24	-0,20	-0,14	55,53	3,3	4,5	4,5
Sao Tome & Principe	3,38	0,24	-0,74	0,29	67,51	2,8	3,0	3,5
Senegal	3,97	-0,16	-0,12	-0,16	61,85	3,0	4,0	4,0
Seychelles	3,10	-0,04	-0,01	0,91	75,46	4,8	4,5	4,0
Sierra Leone	3,40	-0,28	-1,13	-0,23	52,42	2,2	3,5	3,5
Somalia	1,00	-1,85	-2,51	-3,28	9,06	1,1	1,0	1,0
South Africa	4,91	0,68	0,75	-0,04	70,28	4,7	4,0	5,0
Sudan	2,84	-1,77	-1,41	-2,44	23,83	1,5	2,0	3,0
Swaziland	3,42	-1,20	-0,66	0,22	63,31	3,6	3,5	3,0
Tanzania	4,01	-0,09	-0,45	0,01	64,59	2,6	4,0	3,5
Togo	2,96	-1,13	-1,43	-0,10	55,27	2,8	3,0	2,5
Tunisia	4,77	-1,26	0,35	0,29	62,54	4,2	4,5	5,0
Uganda	4,28	-0,47	-0,51	-0,88	56,03	2,5	4,0	4,0
Zambia	3,86	-0,09	-0,66	0,29	66,46	3,0	3,5	3,0
Zimbabwe	1,67	-1,52	-1,56	-1,56	28,92	2,2	2,5	2,0

## NOTES

1) AfDB 2008 CPIA Country Policy and Institutional Assessments Scores (AfDB, 2009). Countries are rated on a scale of 1 ("Highly Unsatisfactory») to 6 (Highly Satisfactory).

2) World Bank, Governance Matters 2009, (<http://info.worldbank.org/governance/wgi/index.asp>); Kaufmann D., A. Kraay, and M. Mastruzzi 2008: Governance Matters VIII: Governance Indicators for 1996-2008.

3) Ibrahim Index Indicator for <Safety and Rule of Law> (Ibrahim, 2009, [www.moiabrahamfoundation.org](http://www.moiabrahamfoundation.org)). Indicator is an aggregate measure of the quality of four sub-indicators measuring national security, personal safety, the rule of law and accountability & corruption.

4) Transparency International (2009) Corruption Perception Index 2009 ([www.transparency.org](http://www.transparency.org)). Scores assigned on a scale of 1 to 10, based on surveys of perceived levels of public sector corruption.

5) AfDB 2008 CPIA Country Policy and Institutional Assessments Scores (AfDB, 2009)

6) AfDB 2008 CPIA Gender Equality Score: An expert assessment of the extent to which a country has enacted institutions and programs to enforce laws and policies that promote equal access for men and women to human capital development opportunities, and productive and economic resources; as well as give men and women equal status and protection under the law. Indicators are based on a range of 1 to 6, with 6 being the best. (AfDB 2009)

Table 1.2b Country Governance Matrix – Water Sector Governance Indicators

Country	IWRM	Water Sector Indicators					Access	Equity of Service	SWAp	State of Water Resources
	IWRM Plan Progress (7)	National Strategies (8)	Institutional Arrangements (9)	Sector Financing (8)	Water Sector M&E (9)	Sector Capacity (8)	Water Access (10)	Difference in Access (Urban - Rural) (11)	Presence of SWAp (12)	Water Poverty Index (13)
Scale										
Algeria							85%	6%		49,7
Angola	3						51%	23%		41,3
Benin	2	C	B	B	C	B	65%	21%	W, H	39,3
Botswana	2						96%	10%	H	56,6
Burkina Faso	1	B	B	B	B	B	72%	31%	W, H, E	41,5
Burundi	3						71%	14%	H, E*	40,2
Cameroon	2						70%	41%	H**	53,6
Cape Verde	3						80%			40,8
C. African Republic	3						66%	39%		44,2
Chad	3						48%	31%		38,5
Comoros							85%	10%		44,4
Congo-Brazzaville	3						71%	60%		57,3
Congo, D.R.	3	C	C	C	C	C	46%	53%		46,0
Cote d'Ivoire							81%	32%		45,7
Djibouti	3						92%	44%		38,4
Egypt	2						98%	1%	H	58,0
Equatorial Guinea							43%	3%		67,7
Eritrea	2						60%	17%		37,4
Ethiopia	2	B	B	B	B	B	42%	65%	W, H	35,4
Gabon							87%	48%		61,5
Gambia							86%	10%		48,3
Ghana	2	A	A	B	B	B	80%	19%	W, H	45,3
Guinea							70%	32%		51,7
Guinea-Bissau							57%	35%		48,1
Kenya	2	B	C	A	C	C	57%	36%	W	47,3
Lesotho	3				C		78%	19%	H	43,2
Liberia							64%	20%		
Libya	3									
Madagascar		A	C	B	A	B	47%	40%		47,5
Malawi	2	B	B	C	B	C	76%	24%	W**, H	38,0
Mali	2						60%	38%	H, E	40,6
Mauritania	2	B	C	B	B	A	60%	16%	H	49,8

Country	IWRM	Water Sector Indicators					Access	Equity of Service	SWAp	State of Water Resources
	IWRM Plan Progress (7)	National Strategies (8)	Institutional Arrangements (9)	Sector Financing (8)	Water Sector M&E (9)	Sector Capacity <sup>8</sup>	Water Access (10)	Difference in Access (Urban - Rural) (11)	Presence of SWAp (12)	Water Poverty Index (13)
	1 to 3	A to C	A to C	A to C	A to C	A to C	Total	Water	-	0 to 100
Mauritius	2						100%	0%		59,8
Morocco	2						83%	42%		46,2
Mozambique	2	C	B	B	B	C	42%	45%	W**, H	44,9
Namibia	1						93%	9%		60,0
Niger		B	B	B	B	B	42%	59%	H, E	35,2
Nigeria	2						47%	35%		43,9
Rwanda	3						65%	21%	E	39,4
Sao Tome & Principe							86%	5%		
Senegal	2	B	B	A	B	A	77%	28%	W, H	45,3
Seychelles							88%			
Sierra Leone							53%	51%	H	41,9
Somalia							29%	53%		
South Africa	1						93%	18%	W, H	52,2
Sudan	2						70%	14%		49,4
Swaziland	2						60%	36%		53,3
Tanzania	2	B	B	A	B	B	55%	35%	W, H	48,3
Togo							59%	46%		46,0
Tunisia	2				A		94%	15%		50,9
Uganda	1	A	A	B	B	B	64%	30%	W, H	44,0
Zambia	2	C	B	C	C	C	58%	49%	H, E	50,4
Zimbabwe	1						81%	26%		53,4

#### Ranking Criteria and Governance Template Score:

Good (5)		A	A	A	A	A	>91%	<10%		> 55.9
Satisfactory (4)	1						80-90%	11-24%	W	50-54.9
Fair (3)	2	B	B	B	B	B	61-79%	25-39%	H and/or E	46-49.9
Unsatisfactory (2)	3						51-60%	40-49%	None	40.1-45.9
Poor (1)		C	C	C	C	C	<50%	>50%	-	<40

#### NOTES

7) GWP Survey (2006) Results for progress of country's IWRM Plan (UN Water, May 2008) Scale: 1 - IWRM plan in place; 2 - IWRM plan in preparation; 3 - IWRM in initial planning steps only

8) Estimated scores based on information in "Getting Africa on Track to Meet the MDGs" (WSP, 2006)

9) Estimated scores based on information in "Getting Africa on Track to Meet the WSS MDGs" (WSP, 2006) and the evaluation undertaken of M&E Systems in the Draft Synthesis Report for the Pan-African Water Sector M&E Assessment.

10) Percentage of overall population with access to water (urban and rural) (JMP, 2008, www.wssinfo.org)

11) Difference in water access rates between urban and rural inhabitants (JMP, 2008, www.wssinfo.org), where urban is always > rural.

12) Existence of SWAp in social services sectors (Various sources, 2008) W - Water Sector; H - Health Sector; E - Education Sector.

\*\* SWAp planned in sector in 2008

13) Water Poverty Index (WPI): an International Comparison (Keele Economic Research Papers, 2002). WPI is a measure of available resources, access, capacity, use and environment. 2002 data is the most recent available.





Operator at a water treatment plant in Rumphi, Malawi



## 1.2.2 Legal Framework

### A) Policy and Legislation

Sector policies provide for an enabling environment for sector development, forming the foundation for good governance. As such, they should incorporate principles of good governance throughout. Furthermore, the process of their creation is also important. Consensus building between stakeholders during the formulation of policies builds linkages and networks and is often the first real attempt at a truly sector wide approach. In assessing sector governance, a review of the process taken to develop policy and to gain acceptance across sector stakeholders is useful in understanding its context and determining chances for its implementation in practice.

The content of sector policies can be reviewed from a governance perspective. The indicators (Table 2.2), at the level of rapid assessment provide a basis for this review. The assessor might use the indicators as a checklist to determine the degree to which governance has been addressed in the policies themselves. Indicators related to decentralization, financial management, regulation, IWRM, civil society participation, rights to water and equitable service delivery are all very relevant in this respect.

The assessment should investigate the history of policy and strategy development. Policies

need to be kept up-to-date and put into practice. The latter can best be determined through use of the detailed indicators (Table 2.5) during project preparation, which would likely involve field verification.

Legislation is crucial to policy implementation. In most African states, the water sector's legal framework is a combination of related water resources, utilities, health and environmental laws and regulation dating back often to colonial times. Typically, their updating is a complex and on-going effort. Nevertheless, legislation forms the basis of institutional jurisdictions, water rights, regulation and conflict resolution. As a result of often out-of-date and poorly harmonized legislation, institutions overlap and often have conflicting interests and responsibilities, with the result that rights and regulations are difficult if not impossible to enforce. The governance assessment should include an assessment of the state of legislation and the degree to which it supports policy and provides for clear separation of stakeholder roles and responsibilities.

### B) Regulation

The vast majority of water sector regulators in Africa are not independent and cannot regulate without referring to government. Although several countries use informal regulation mechanisms such as performance agreements between service providers and authorities and

WVP P

maintenance of good customer relations they usually fall short of requirements. In assessing the regulatory framework, the effectiveness of the following regulatory functions should be reviewed:

- Setting of tariffs and fair prices;
- Setting of standards for services and monitoring of providers;
- Enforcement of regulatory decisions, standards and rules, assurance of compliance with acceptable accounting practices;
- Arbitration of disputes between service providers and consumers;
- Protection of customers from unfair practices; and,
- Promotion of competition and the prevention of abuse of monopoly power.

In each, the degree of independence from government and political influence or interference needs to be assessed, particularly from the perspective of consumer protection and fairness to all parties.

Urban and water resources regulation is usually, although not always, provided for by formal regulatory authorities. They seldom regulate in rural or peri-urban areas. There, services are commonly at the behest of government or service providers. Particular attention needs to be given to the above functions but within the context of rural, poor and marginalized groups. These consumers or users typically have to use whatever political influence they have, and often through user associations with little assurance of their being

heard and no right to recourse or appeal. In as much as regulation is at the heart of good governance, and particularly in monopoly situations, the suggested indicators (Table 2.5) should be applied to all situations, but disaggregated between at least rural and urban consumers/users. A more in-depth assessment would investigate the history of in-country cases of tariff setting, arbitration, standards setting and monitoring of service quality to determine the degree of independence from government, political influence used and the fairness and equity of decisions and outcomes.



In Cross River State, Nigeria

### 1.2.3 Institutions

#### A) Decentralization

Decentralization has become a key mechanism in implementing the Dublin principle of subsidiarity. Most countries have decentralized water services provision to district and/or municipal governments and are in the process of decentralizing management of water resources to basin level. The efficiency and effectiveness of the decentralization process directly affects sector governance. Key issues are the extent of decentralization and whether or not the responsibilities allocated to lower tiers of government have been matched with the necessary authority and resources (financial, human and logistical).

Indeed, there is danger in decentralizing too quickly, for example before enabling policies and legislation are in place and before local capacity and competence can be strengthened, particularly in the areas of management and procurement. On the other hand, many country sectors have been reluctant to truly decentralize and have been slow in resources and assets transfer. The result is a form of de-concentration (not devolution) whereby the centre retains power over key staff and functions.

The assessment should look not only into the preparedness of local government and services

providers to assume responsibility but also the degree to which they have been provided the necessary capacity building, resources and authority to carry out their new responsibilities. Although local bodies are often given responsibility for services provision, the tools to do so are still in the hands of central government. Their staff, for example, are still under the control of the central government which pays them, and is responsible for their promotions and transfers. Although projects may be implemented locally, they are planned and even designed by central or regional engineers with little or no input by the service provider or community. The assessment should review the entire chain of budgeting, planning, design, implementation, project management and O&M processes to determine the degree of devolution of responsibility, resources and authority to local levels. In addition, one needs to identify all sources of funds and which level of government has influence over their budgeting, allocation, expenditure and procurement functions.

Decentralization is normally driven by authorities outside of the sector such as by the Office of the President or Cabinet through Ministries of Local Government and Finance. The degree to which sector agencies have responded and complied with decentralization reforms and their commitment to the process is indicative of the extent to which the sector will eventually achieve devolution. Clarity of roles and responsibilities is important to the success

of decentralization and reform processes, and roles and responsibilities should be clearly spelled out in the applicable laws and regulations. In addition, the arrangements for such things as assets and personnel transfers need to be clearly spelled out in agreements between the cooperating parties.

## **B) Alternative Service Providers**

Small scale private entrepreneurial providers of water and sanitation (including vendors), otherwise known as alternative service providers (ASPs) are important actors to take into account in governance assessments, particularly due to their role in reaching the poor and un-served. ASPs offer the advantage of working in low income areas that are difficult to reach with pipe networks and they operate without subsidy and dependence on the public purse. By being responsive and innovative they

are often an easier, quicker and less expensive way of reaching the poor with improved services.

Sector practitioners have come to realize that with the exclusion of the smaller providers and vendors, privately operated utilities provide only a small portion of the world's water supply and even less of sanitation, 5% to 10% at most. Over time, Africa has therefore developed its own utility models and is finding that efficiency and consumer responsiveness depends less on whether the utility is private or public and more on the local context, the quality of regulation and the nature of their contracts<sup>6</sup>. The question is less about whether international companies should gain access to local markets and more about how both public and private operators can better provide service to the un-served, and particularly the poor and marginalized.



Rainwater Harvesting at a school in Uganda

<sup>6</sup>IIED (2006) "Governance and Getting the Private Sector to Provide Better Water and Sanitation Services to the Urban Poor", UK by Gordon McGranahan and David Satterthwaite

## 1.2.4 Sector Management

### A) Sector-wide Approaches (SWAps)

Eleven African countries are using the sector-wide approaches (SWAps) in their water sectors and many more in health or education sectors. SWAps bring many attributes that strongly benefit governance. These include annual sector performance assessments, joint sector reviews and resultant undertakings, harmonization of sector policies across sub-sectors, adherence to sector investment plans, improved monitoring and use of its information in sector planning and management, increased equity of services provision, unit cost analysis, value for money audits, and expenditure reviews. All can positively affect sector performance, development effectiveness and operational efficiency. SWAps can also provide for general and earmarked budget support with implications for improved project management and lower transaction costs.

As discussed in Chapter 2, although assessment indicators are linked to SWAps, many of the above benefits can be obtained outside of formal SWAps and should be identified whether or not a sector is operating under such an approach. One of the key elements in this regard is the sector stakeholder working group with representation of all stakeholders from government departments through to NGOs, the private sector and user groups. Regular and open meetings

of such a working group greatly improve transparency, coordination, harmonization and intrasector linkages.

There is a separation of institutional roles between stakeholders under SWAps that is also becoming common in countries that are not employing SWAps or even undergoing decentralization. The separation is between policy formation, standards setting and quality assurance on the one hand and project implementation and service provision on the other. These roles need to be clearly defined and separated in policy, legislation and practice. Making an assessment in this regards requires defining the degree to which this is accomplished in practice. The impact of an insufficient separation of roles on governance lies in the lack of transparency and accountability resulting from unclear roles that allow for overlapping jurisdictions and even conflict between sector agencies.

### B) Sector Financial Management

The study of financial management practices across the sector reveals many of its governance attributes. A starting point is the process of budget formation and whether or not (1) it is policy sensitive; (2) it responds to sector target requirements such as the MDGs; (3) allocations to the water sector are balanced with those of health and education; and (4) it reflects needs and allocations are distributed equitably.



These are relatively easily assessed<sup>7</sup>. The manner in which allocations are transferred and the various influences over their division to the various levels of government and sub-sectors is also important. Some countries such as South Africa and Uganda have achieved formula-based allocation, which minimizes manipulation once the central budget has been formulated. The formulae should be performance based and weighted to reflect sector policy, population, disparities in access to services, and marginalization of target groups. Assessments should review allocative processes beyond the service provision authority. For example, are the resource allocations reaching the populations they were originally targeted to, or are they being diverted to more influential constituencies or consumers with higher capacity to pay for services?

Assessing financial management competencies is particularly relevant in the lower tiers of government under decentralization. Low credit ratings of municipalities, for instance, are the result of poor financial management. These strongly influence municipalities' capacity to raise loans from the private sector and development banks and determine their ability to invest in new and rehabilitate old infrastructure.

Operational and financial management typically function in their separate spheres. Use of



Slow Sand Filter, Mchinji, Malawi

financial information seldom goes beyond monitoring project expenditures. The combined analysis of financial and operational information can reveal governance-related parameters such as comparative costs of service delivery between urban and rural or wealthy and poor user groups, disparities in unit costs of services delivery and the effectiveness of subsidies and their distribution across recipient groups.

<sup>7</sup>Though not broken down to the sector-level, a resource that could be drawn upon in this regard include the World Bank's growing library of PFM Performance Reports available through the PEFA Secretariat or [www.pefa.org](http://www.pefa.org). Reports for most Sub-Saharan African countries should be available by the end of 2008.

## C) Monitoring and Evaluation

Monitoring and evaluation information is critically important to good governance. It is the basis on which such things as access to and quality of services are assessed. It is also the basis on which water resource allocations are made and pollution controlled. As such it needs to be holistic and inclusive of all sectors. Typically, monitoring has been project funded and thereby limited to project use. Information has been ad hoc and fragmented. Seldom is it integrated into sector operations and reliably funded and is thereby not sustained. In such cases, the information it provides it is of little use to governance assessments.

Information from monitoring must be updated, reliable and used in planning and management

to be effective. Some of the best examples of monitoring and the use of information come from countries using SWAps, where annual sector performance evaluation is part of joint sector reviews. In these cases, monitoring information is in demand, annually updated and common knowledge across the sector.

In assessing monitoring systems, some of the key questions are (1) is monitoring consistent, sustained and using harmonized indicators; (2) is the information used in sector planning and management both centrally and by service providers; (3) can key questions be answered such as equity of service provision and unit costs of service delivery; and (4) are regular sector performance assessments using the information produced by monitoring and evaluation systems?



## 1.2.5 Resources Management

### A) Water Resources

Integrated Water Resources Management presents a model for managing water resources based on sound principles of good governance. IWRM is essentially a political process, providing a viable framework for sustainable use and management of water resources at catchment or basin level. The overall goal is to have water resource allocations in line with sustainable use, economic efficiency and social equity principles. Basin plans should be developed incorporating stakeholder views on management and development priorities for the basin. As such the plans should synthesize the technical and social priorities for the basin and act as the basis for action and accountability to the stakeholders. Stakeholder participation and consensus building needs to form the basis of decision-making that takes into account the best interests of society, the environment and the development and use of water resources in the basin through effective cooperation between government and basin stakeholders.

While many governments have adopted IWRM in policy and plans, few have put it into practice beyond the pilot basin scale. This is recognized in the governance assessment indicators, which address governance in both integrated and non-integrated forms of WRM. Progress

towards IWRM should be assessed not solely on the existence of IWRM policy and plans, but also on the progress towards implementation through programmes or pilot projects in place. With the above in mind, assessment of governance in water resources management needs to incorporate the degree and type of stakeholder participation involved in developing plans and decision-making. The major water users should be known and their water use managed through a fair and transparent system of licensing or permits. Likewise, the extent of pollution of surface and groundwater should be known and major polluters also managed.

### B) Environmental Management

As an associated sub-sector, environmental management refers to the broader environment, of which water resources form a part. As such the state of the environment has a major impact on the water sector, and its governance should be assessed.

The assessment should include environmental law, policies, regulations and procedures and the degree to which they are effectively applied and enforced. Related ministries and agencies such as those in forestry and agriculture should have clear mandates that avoid overlap, duplication and conflict and promote cooperation and teamwork with the environment ministry. There will be examples of such cooperation that are relevant to water

sector governance, such as watershed management and conservation efforts, that will deserve investigation. Similarly, nearly all countries have environmental protection acts which incorporate use of Environmental Impact Assessments (EIAs) that are

mandatory for all development projects. If correctly applied and enforced, EIAs and associated environmental and social safeguards are appropriate means of ensuring good governance that directly impact the water sector.



Poorly managed solid waste dump in Nairobi, Kenya

## 1.2.6 Transparency, Accountability & Corruption

### A) Transparency and Accountability

Typically, governments are reluctant to divulge information. This is particularly true of governments with a history of colonialism in which withholding information from government was used as tool in ensuring public order. Yet transparency is a key democratic principle and essential to good governance. In the water sector, it is essential for participatory planning and community involvement, which are the basis for sustainable water resources management and community management of rural systems.

Although written into policies and even regulations and procedures, transparency in government is difficult to achieve. There are points in the planning and project cycles, however, where transparency can be introduced with relatively few resources but have a substantial impact. Means of sharing information with the public can include such tools as public information boards at community or local government levels, the internet, radio, television and newspapers. The sharing of sector information in local councils or assemblies is also another effective means of informing the public.

Governance assessments in this regards look into what information is shared, with whom,

how and when. Key points in the project cycle where transparency must be taken into account include: budgeting, central planning, programme formulation, local needs assessment and development planning, procurement, project implementation and operation. In short, the public should be informed at all stages as information underpins all aspects of public acceptance, ownership and long term sustainability.

Accountability depends heavily on transparency and is yet another principle of good governance and essential to quality services provision and sustainability. Both upward and downward accountability are important. As reflected in legislation and procedures forming the basis of the sector's institutional framework and hierarchy, sector management demands that lower tiers are accountable to central levels. Yet effective sector management also demands that service providers are accountable and thereby responsive to the consumer/user.

The indicators listed in the governance assessment templates focus on mechanisms and their effectiveness that support accountability of the provider to the recipient. These include participatory planning and budgeting, stakeholder participation in water resource allocation decisions, the transparent sharing of information on projects, services and expenditures, channels for complaint and recourse, regulation, advocacy or "watchdog" organizations monitoring government

decisions and expenditures, consumer organizations and open procurement procedures<sup>8</sup>.

## B) Corruption

Corruption is the most prevalent and insidious product of poor governance and flourishes when there is lack of transparency, weak institutions, low accountability and excessive discretionary power. As a result, the global water crisis is often described as “a crisis of governance: man-made, with ignorance, greed and corruption at its core. But the worst of them all is corruption<sup>9</sup>.” In the water sector, corruption comes in many forms: petty corruption (e.g. bribes or kick backs), fraud (misleading invoices for work not performed), collusion (e.g. between bidders of a tender), coercion (e.g. threats), obstruction (impeding and investigation) and undue influence (nepotism and favours). On the other hand, it has been amply demonstrated that corruption can be mitigated and even eliminated where systems have been developed and civil society has been enlisted to combat it, and where prosecution mechanisms are effective. These have been incorporated in general terms in the “light” and “rapid” assessment templates and in more detail in the assessment template for the project preparation and project concept note stage.

The World Bank has published a useful list of warning signs that may indicate corruption<sup>10</sup>. It highlights corruption risks occurring within the project cycle. These are listed below with details of warning signs listed in ensuing sections.

- During project identification there are risks in project selection evident in preference for “high rent” projects that offer greater chances for bribery and commissions. These include the large infrastructure projects in water resources and piped water supply and sewerage schemes. Projects may be preferred in which favoured companies are “hard-wired” by their having control over market segments such as where there are limited numbers of manufacturers or suppliers of pipes meeting stringent technical specifications
- During project preparation there may be an over-estimation of equipment requirements or capital expenditures. Likewise, studies can be manipulated in ways that can pave the way for fraud and corruption during implementation. Supervisory mechanisms may be weak, under-designed or under-resourced thereby increasing the risk of corruption, particularly in remote or inaccessible locations. Projects that give discretionary powers to individuals such

<sup>8</sup>World Bank Country Procurement Assessment Reports (CPAR) could be drawn upon as a resource to inform this section of the governance assessment. See section 2.1.11 of the main report for more information

<sup>9</sup>Transparency International (2008)“Global Corruption Report”, 2008, Cambridge Press, UK, Foreword by Prof. Wangari Maathai

<sup>10</sup>World Bank, Latin America and Caribbean Region (2007) “Good Practices: Corruption Warning Signs, Is your project at risk?” Vol. 1, No.1

as the granting of subsidies, issuing licenses and authorizing payments run the risk of these powers being abused. Purposeful expansion of these powers could be made in attempts to maximize opportunities for kickbacks and solicitations.

- During implementation there is reliance on works supervisors and inspectors overseeing and certifying the quality of works and materials. Little or no verification opens the doors to corruption risk. The nature and quality of financial management largely determines the ease with which corruption can take place. Poor financial management is an enabling condition and substantially increases risks. The formulation of project budgets provides opportunity for allocation of resources and project activities that increase rent seeking opportunities. Risks are greatest during implementation especially in faulty procurement practices, poor accounting and reporting and weaknesses in internal controls and audit. Procurement is most susceptible and within it decisions of contract packaging, procurement me-

thods, technical specifications and bid evaluation criteria are all subject to potential manipulation. Also to watch are the tender advertising process, prequalification of bidders, bid preparation time, access to information by the bidders, and flexibility of bid evaluation criteria. Risks also prevail during contract implementation especially in front loading, change orders, product substitution and deliberate use of weak supervisors or monitors.

It is worth noting that in its Global Corruption Report, Transparency International estimates that in developing countries corruption raises the price of connecting a household to a water network by as much as 30 per cent. This inflates the overall costs for achieving the MDGs for water and sanitation by more than USD 48 billion.

Corruption thus takes a special place in the governance assessment. Its indicators point both to positive measures against corruption and to warning signs of corruption during the project cycle.

## 1.2.7 Participation

### A) Civil Society

Active involvement of civil society is a cornerstone of good governance in the sector. It positively impacts virtually every aspect of governance from project conceptualization through to the eventual quality, distribution and sustainability of services provision. Despite its incorporation into policy, strategies and even legislation, its implementation has been disappointing. This has been the result of persistent practices of governments that are reluctant to pilot new methods, include new partners as stakeholders, to be open and transparent in their dealings with the public and to become accountable to the communities they are mandated to serve.

In assessing the level and effectiveness of civil society involvement, focus is given in the assessment indicators (Table 2.5) to participatory planning. This should be undertaken both at the project and larger community level in both rural and urban situations, but particularly in the rural sector. Sector planning, for example, should reflect needs at local level in district-wide plans. These should comprise individual projects that are defined at the community level. Municipal and local government sector plans should integrate into overall development planning and be reflected at central levels both in the broader

development context and in sector development plans.

In order for rural communities to assume responsibility for and ownership of their schemes, they also have to be involved in their design and be trained in construction supervision, operation, maintenance, repair and overall management (including financial management). This calls for a developmental approach to project implementation that requires time and resources that are often not incorporated into project plans and designs. Accustomed to target-driven and engineering approaches, service providers are unfamiliar with the facilitation, training and mentoring needed. Experience is demonstrating, however, that with effective decentralization, particularly to the point of devolution, greater credence is being given to a development orientation with higher success rates.

In assessing community participation, focus group discussions with user groups is useful if not essential in understanding fully and accurately the degree to which the community has been involved, its influence over the design and governance related events during its implementation. For the same reason, field visits are also recommended to local government in rural areas and to the low income beneficiary groups in the urban and peri-urban areas.



## B) Gender

It has been amply demonstrated that women's input in decision-making leads to more equitable and sustainable coverage of water and sanitation services; that involving women in influential roles can hasten the achievement of sustainability in the management of scarce water resources; and that managing water in an integrated and sustainable way can contribute significantly to better gender equity by improving the access of women and men to water and water-related services to meet their essential needs<sup>11</sup>. Yet in most African countries, explicit gender considerations are not integrated into water policies and ministries, men typically have more influence than women over the utilization of water resources, many poor women are not able to afford water tariffs, and women remain disproportionately affected by water crises such as floods.

Gender is closely related to water governance at all levels, yet efforts to mainstream gender and enhance women's roles have been superficial and difficult to sustain. For example, typical gender training may inform policy-makers, but seldom changes attitudes. Furthermore, while gender equality and mainstreaming in the sector has been given

extensive attention, these efforts are typically small scale. Despite women's increasingly influential role on local water and sanitation user committees, few African examples exist where women participate meaningfully in planning and decision-making roles in design, implementation and O&M of water services. Gender mainstreaming requires real changes in attitudes and practices, which has proven extremely difficult in the usual male engineer-dominated sector institutions.

National gender policies tend to have little impact in the typical water sector. Sector policies go further and are likely to impact the sector more directly. Just the same, it cannot be assumed that policies and even gender training will have significant impact on women's roles in practice. The indicators selected for gender assessment are designed to highlight key areas of gender related governance and enable identification of issues that call for further investigation. The contribution of women in decision-making roles from planning to project implementation are highlighted in the indicators but just as important to assess are the challenges facing women working in the sector and the recognition they are given as legitimate contributors by their male counterparts.

<sup>11</sup> Ibid; Gender and Water Alliance, "The Gender and Water Development Report 2003: Gender Perspectives on Policies in the Water Sector," 2003.





Rural water supply near Louga, Northwestern Senegal

## C) Rights and Voice

### Rights to Water

The right to water and sanitation is implied by the International Covenant on Economic, Social and Cultural Rights (ICESCR) signed by 158 parties including nearly all African countries. The Covenant requires signatories to ensure that everyone within their jurisdiction has access to the underlying determinants of health, such as clean water and sanitation<sup>12</sup>. These rights do not entitle people to free or unlimited water but they do imply rights to sufficient, clean, accessible, and affordable water and sanitation. They also include non-discrimination and inclusion of vulnerable and marginalized groups<sup>13</sup>.

The governance assessment should first determine what rights have been agreed to, their inclusion in policy and law, and the degree to which rights are being recognized in practice. This includes the priority given to water resources management and water and sanitation in budgetary and political processes, measures taken to improve affordability of services, and the purposeful inclusion of marginal groups through implementation of pro-poor policies and PRSPs.

Moreover, the degree to which rights to access, quality and quantity of water are being

recognized can be assessed by policies and implementation of set standards of water quality, distance/time for collection, and services reliability and sustainability.

### Voice

Citizens have the right to demand quality services and to hold service providers accountable for failing to carry out their responsibilities. Experience has demonstrated that the quality of services is enhanced where the provider is held accountable to its clients, the consumer. In monopoly situations (typical of water supply) this is only possible where the consumer is specifically provided channels for voicing informed complaint and suggestions, and where the provider is responsive and motivated to resolve issues and improve service. Unfortunately, in the absence of competition and choice, the consumer is faced with accepting the status quo. Lack of information leaves the consumer at a disadvantage and unable to articulate their demands for better services.

Bitter experience teaches the public that getting government to respond is best achieved through influence and bribery. In many countries this is reinforced by the lack of avenues for voice and recourse against delinquent service providers. Even if such mechanisms exist, many users believe that, at

<sup>12</sup>International Covenant on Economic, Social and Cultural Rights (1966), Articles 11 and 12, and the Cairo Conference on Population and Development (1994).

<sup>13</sup>SDC, AAAS, UN-HABITAT, COHRE (2007) "Manual on the right to Water and Sanitation"  
<http://www.cohre.org/store/attachments/RWP%20-%20summary-A4-lowres.pdf>

best, complaint is futile and, at worst, even dangerous, as retribution is easily taken against those without influence. This has a significant impact on good governance, which demands accountability. This cannot be driven from above but has to begin with those most informed and interested in quality services. The public must have voice and effective avenues for expression. Regrettably, few governments recognize the real value of providing open and responsive avenues for consumer complaints, and therefore few have experienced the benefits that can be achieved when the combined interests of the service provider, politician and consumer are aligned.

There are several alternative approaches to providing channels for consumer voice, including regulatory authorities, town and district councils, water user associations, basin committees, advocacy NGOs, consumer associations, complaint centres, ombudspersons and the judiciary. Most of these operate at higher levels than are accessible to the majority of the target population. All available channels for expressing one's voice need to be assessed in light of their accessibility, use, effectiveness and responsiveness.

### **1.2.8 Equitable Services Provision**

The MDGs call for inclusion and non-discrimination against marginalized groups. Those most vulnerable to marginalization include women, children, inhabitants of deprived areas such as slums, refugees and

asylum seekers, the aged and disabled, victims of natural disasters, people living in arid areas and nomads. Although many countries are implementing poverty reduction programmes intended to address this issue, few if any are resolving it.

Budgets may well be responsive to pro-poor policy but by the time expenditures are actually made, allocations are frequently diverted to the more influential and affluent who are able to pay for the services. Public spending therefore typically benefits the rich rather than the poor. Similarly, politicization of the water sector also has its impact on the poor. Politicians, with an eye on their electoral performance, intervene in project design and distort services distribution in favour of their voting constituencies.

As a result, of particular concern are the vast and increasing populations of slums and peri-urban areas, women and girls who, although responsible for water, sanitation and health of their families, are disempowered and left outside decision-making circles.

The above discriminatory practices need to be understood and policies and practices that favour equity distribution need to be identified and assessed. These include PRSPs and their implementation, participatory planning and budgeting where it exists, the monitoring of services provision by user groups and consumer associations, gender and pro-poor responsive budgeting, and the assessment of equity distribution services by monitoring techniques, such as Water Point Mapping.





In rural Malawi



## 2. Application of Assessment Templates

### 2.1 Light Assessment of Water Sector Governance

The Light Assessment, Table 2.1, is intended to broadly characterize sector governance

and identify its main areas of risk. It may also be used for inter-country comparison provided that allowance is made for the subjective nature of its indicators that are necessarily perception-based. It should be used by the task manager, task team and other water sector practitioners, who are well familiar and experienced in the country's water sector, and can be undertaken prior to project identification. Reference is made to Section 1.1.1 on scoring the indicators and to Section 2 for background on governance and the application of the template.



Water pipeline maintenance, Rwanda

**Table 2.1 "LIGHT" ASSESSMENT OF WATER SECTOR GOVERNANCE**

Category	Indicator	**
Governance at National Level	1. Published Governance Indicators (Refer to Table 3.2a) a) World Governance Index – Voice and Accountability b) World Governance Index – Government Effectiveness c) World Governance Index – Political Stability d) AfDB Country Policy and Institutional Assessment e) Transparency International Corruption Perception Index f) Gender Related Development Index (UNDP-GDI)	
Legal Framework	2. Sector policies are in place and legislated that support good governance and are up-to-date and being implemented.	R,U,WR
Institutions	3. The regulatory framework provides for: a) Complaint and recourse b) The setting of fair tariffs c) The assurance of service standards and d) Enhances market competition	R,U,WR
	4. Approaches used by sector institutions reflect principles of good governance in that they are transparent, inclusive, and equitable.	R,U,WR
Resources Management	5. Water resources and services provision management is undertaken at the lowest appropriate level (decentralization / subsidiarity).	R,U,WR
Sector Management	6. Sector management incorporates a sector-wide approach, a stakeholder working group, regular performance assessments and joint sector reviews.	R,U,WR
Transparency, Accountability and Corruption	7. Procurement of goods and services is fair and transparent.	R,U,WR
	8. There is explicit commitment to anti-corruption and its advocacy within sector institutions.	R,U,WR
Civil Society	9. Users participate in planning ensuring that their needs are addressed in local sector plans that are then reflected in national sector plans.	R,U,WR
	10. Service providers are responsive and consumers/users can complain through recognized channels with reasonable confidence that they will be heard.	R,U,WR
Equitable Services Provision	11. Citizen's rights to water as agreed under international conventions (e.g. the MDGs) are incorporated into policies and programmes.	R,U,WR
	12. Water and sanitation services are provided equitably between rich and poor, urban and rural populations.	R,U,WR
Monitoring and Evaluation	13. Functioning WSS & water resources M&E systems are in place and support sector planning and management.	R,U,WR

\*\* R: Rural, U: Urban, WR: Water Resources



## 2.2 Rapid Assessment of Water Sector Governance

The rapid assessment of water sector governance is undertaken as a quick and inexpensive overview of sector governance before or during project identification. It can be used to:

1. Provide an overall understanding of the state of governance at country and sector levels;
2. Identify areas of governance concern;
3. Point to governance risks that may affect project implementation and sustainability;
4. Help suggest mitigation measures, project initiatives or components that might address risks and areas of governance concern; and,
5. Highlight needs for further information and investigation.

The rapid assessment template, Table 2.2 is designed for use by the individual Task Manager who is familiar with the country's water sector, and/or the Task or Country Team. It is based on scoring 33 indicators and so can be completed within hours or used in facilitating a half day workshop.

The scope of the assessment and its indicators is broad and intended to encourage consideration of a wide range of governance areas and issues. The way each indicator is phrased is intended to encourage further

thought, to help identify more specific governance issues and to trigger "second looks". Indicators are stated in the positive to ensure consistency in scoring. Reference is made to Section 1.1.1.

Each indicator can be scored along a spectrum from 1-5:

- 1 Poor
- 2 Unsatisfactory
- 3 Fair
- 4 Satisfactory
- 5 Good

The indicators used in these water sector government assessments include aggregate indicators that are selectively drawn from the many aggregate country level indicators that are relevant to the sector but at country level. In some instances, as presented in Table 1.2a these are somewhat disaggregated to provide greater specificity to the sector as in the case of the World Governance Indicators.

Aggregation provides a useful summary (often averaging) of a myriad of indicators while at the same time offers a degree of credibility such as being published by the World Bank or the Mo Ibrahim Foundation.

Subjective or perception-based indicators and objective fact-based indicators are seen as complementary rather than alternative approaches. This is evident in the case of

assessing corruption and gender equity where information is difficult to obtain and a perception based approach must be used, as compared to estimating access to services where a fact-base approach may be more appropriate.

The indicators used in these sector governance templates tend to be subjective in light of:

1. The need for ease in assessment;
2. Unavailability of quantifiable data;
3. The nature of key indicators being “perception based”; and,
4. The impartiality, knowledge base of the specific sector and in-country experience

of the assessor that enables him or her to be reasonably accurate in scoring.

The indicators have been chosen to represent potential areas of risk to governance. As such they are “actionable”. The point is made that being actionable does not necessarily make them valuable as indicators if the actions taken do not result in significant improvements in governance. For this reason the indicators selected have purposely been selected at being “action-worthy”. Also of relevance is that these “action-worthy” indicators are not biased towards those that are easy to improve (“low-hanging fruits”) but are comprehensive in covering the full range of risk areas.



Fetching water,  
rural Ethiopia

**Table 2.2 RAPID ASSESSMENT OF WATER SECTOR GOVERNANCE**

Category	Indicator	**
1. Governance at National Level	a) Published Governance Indicators (Refer to Table 1.2a) <ul style="list-style-type: none"> <li>• World Governance Index – Voice and Accountability</li> <li>• World Governance Index – Government Effectiveness</li> <li>• World Governance Index – Political Stability</li> <li>• AfDB Country Policy and Institutional Assessment</li> <li>• Transparency International Corruption Perception Index</li> <li>• Gender Related Development Index (UNDP-GDI)</li> </ul>	
2. Legal Framework	a) Sector policies and strategies are up-to-date and include principles of good governance.	R,U,WR
	b) The regulatory framework provides for efficient pricing and consumer protection.	R,U,WR
	c) Mechanisms exist for recourse, dispute resolution and appeal.	R,U,WR
3. Institutions	a) Institutional rules and responsibilities are clear and separated with minimum overlap, gaps, duplication and/or conflict.	R,U,WR
	b) Approaches used by sector institutions reflect principles of good governance in that they are transparent, inclusive, and equitable.	R,U,WR
	c) The regulatory framework provides for: <ul style="list-style-type: none"> <li>• Complaint and recourse mechanisms</li> <li>• Setting of fair tariffs</li> <li>• Assurance of service standards, and</li> <li>• Market competition</li> </ul>	R,U,WR
	d) Water authorities and utilities work with the smaller private service providers, including vendors, to find ways to make the market function effectively in the interests of consumer/users, particularly those in the un-served and low income areas.	R,U,WR

\*\* R: Rural, U: Urban, WR: Water Resources

Category	Indicator	**
4. Sector Management	a) Regular sector assessments and joint sector reviews are used in planning and managing the sector.	R,U,WR
	b) The sector is managed using a sector-wide approach and incorporates a functional sector-wide stakeholder working group.	R,U,WR
	c) Functioning WSS & water resources M&E systems are in place and support sector planning and management.	R,U,WR
	d) Water resources and services provision management is undertaken at the lowest appropriate level (decentralization/ subsidiarity).	R,U,WR
	e) Rolling plans and budgets ensure that reliable estimates of future allocations are available for planning at local levels over the mid-term.	R,U,WR
	f) Financial information is used to analyze the equity, effectiveness and efficiency of spending distribution relative to social needs.	R,U,WR
	g) Environmental law, policies, regulations and procedures (including environmental impact assessments (EIAs) and social safeguards) are effectively applied and enforced.	R,U,WR
5. Resources Management	a) Progress is being made towards integrated water resources management through pilots or on-going programmes.	WR
	b) Basin-level plans are regularly updated through participatory involvement of basin stakeholders and incorporate their views and priorities.	WR
	c) Climate change and its potential impacts have been incorporated into the planning, management and use of water resources.	WR
6. Transparency, Accountability and Corruption	a) Procurement of goods and services is open, transparent and equitable.	R,U,WR
	b) Information on plans, projects, services and expenditures is available to and readily understood by the public at project level.	R,U,WR
	c) Service providers are accountable to their consumers/users for the level of access and quality of services they provide.	R,U,WR
	d) There is explicit commitment to anti-corruption and its advocacy within sector institutions.	R,U,WR

\*\* R: Rural, U: Urban, WR: Water Resources

Category	Indicator	**
7. Civil Society	a) Users participate in planning ensuring that their needs and demands are addressed in local sector plans.	R,U,WR
	b) Local plans are rolled up and impact central sector planning ensuring that local needs are reflected in sector plans.	R,U,WR
	c) The user community is involved in rural services management to assure quality and sustainability of services provision.	R
	d) National and sector gender policies exist and are being implemented effectively.	R,U,WR
	e) Women are being empowered and contributing significantly to the sector in decision-making roles.	R,U,WR
	f) Gender responsiveness, mainstreaming and equal opportunity policies are practiced in sector institutions, their staffing patterns and programmes.	R,U,WR
	g) The consumer/user has voice that uses recognized channels, and is not based on political influence or constrained by bureaucratic procedures.	R,U,WR
	h) Service providers are responsive and consumers/users can complain with reasonable confidence that they will be heard and that problems will be rectified.	R,U,WR
	i) Mechanisms for recourse and appeal exist and are functional.	R,U,WR
8. Equitable Service Provision	a) Agreed international conventions on citizens' rights to water (e.g. the MDGs) are adhered to.	R,U,WR
	b) Water and sanitation services are provided equitably between rich and poor, urban and rural populations.	R,U,WR

\*\* R: Rural, U: Urban, WR: Water Resources

## 2.3 Governance Assessment for Project Preparation and Concept Note

The assessment of governance during Project Preparation and for the Project Concept Note (herein termed the PPA) calls for greater detail than the above Rapid Assessment. The PP&PCN indicators are grouped under 17 headings as listed in Table 2.3, below.

The objective of the PPA is to inform the project preparation and the Concept Note. The Project Appraisal Report (PAR) that follows the PCN

requires similar information. Although the PCN itself is only 5-7 pages, the project is well defined and budget estimated prior to its being presented to the Operations Committee (OpsCom). Thus all governance related information, mitigation measures and components have to be defined prior to PCN preparation. It is for this reason that the PP&PCN Governance Assessment is the most detailed. Its indicators are designed to cover all aspects of water sector governance. Their level of detail requires the assessor to look in some depth at governance aspects that surface as issues. In some respects they are a checklist so that the

**Table 2.3 Grouping of Assessment Headings**

Light and Rapid Assessment	PP & PCN Assessment
Governance at National Level	Governance at National Level
Legal Framework	Policy and Legislation Regulation
Institutions	Decentralization Alternative Service Providers
Sector Management	Sector Wide Approach & PRSP Sector Financial Management Monitoring and Evaluation
Resources Management	Water Resources Management Environmental Management
Transparency, Accountability & Corruption	Transparency and Accountability Corruption
Civil Society	Civil Society Participation Gender Voice and Choice
Equitable Services Provision	Rights to Water Equitable Services Provision



assessor covers the full range. In addition, s/he is asked to score each indicator so that some thought has to be given and assessment made of each governance aspect.

The assessment is to be made by the task manager and task team with the support of the field office. In practice this means that the task manager takes the lead and calls on the alternative task manager and sector specialist in the field office for support. Likely, the rapid assessment would have identified areas of governance risk that need more information at greater depth than is available. For this, consultants may be needed. In any event, the PP&PCN assessment should be completed within two weeks it being understood that it will likely identify areas which call for yet more information to be sought from the field.

There are several governance related requirements set out by the PCN. These include:

- Supervision requirements including procurement oversight;
- Development issues such as regulation, decentralization, subsidies and
- Project activities, outputs, outcomes and indicators in the Results Based Logical-Framework;
- Cross-cutting foci such as gender, transparency and accountability;
- Baseline data including those related to equity distribution of services;
- Participatory processes used to prepare the project and/or are planned as part of the project; and,
- Potential risks and mitigation measures, many of them governance related.

The PP & PCN Governance Assessment will likely reveal several governance risks that call for mitigation measures. Mitigation can be incorporated into project design as preventative measures or during project implementation such as by strengthening procurement procedures. Others will be revealed that are of greater risk to project sustainability call for significant intervention in the form of project components.

**Table 2.4 Examples of Project Components to Strengthen Governance**

- Increased civil society participation in sector planning and community based management of water supply schemes;
- Strengthening of the regulatory framework through performance based service management contracts;
- Introduction of a gender policy specifically for the sector and improving gender sensitivity of sector institutions by introducing of gender resource centres and training in the apex ministry and district governments
- Preparation of procurement guidelines and training of district staff in procurement procedures



Dam near Shinyanga, Northern Tanzania

Table 2.5 lists 94 assessment indicators to be scored using a scale of 1 to 5, as in the case of the Light and Rapid Assessments above. Each group of indicators can be averaged,

although it is emphasized that these indicators are necessarily subjective and have not be weighted in accordance with their importance.

**TABLE 2.5 GOVERNANCE ASSESSMENT FOR PROJECT PREPARATION AND PROJECT CONCEPT NOTE**

Category	Indicator	**
1. Governance at National Level	a) Published Governance Indicators <ul style="list-style-type: none"> <li>• World Governance Index – Voice and Accountability</li> <li>• World Governance Index – Government Effectiveness</li> <li>• World Governance Index – Political Stability</li> <li>• AfDB Country Policy and Institutional Assessment</li> <li>• Transparency International Corruption Perception Index</li> </ul>	
2. Policy and Legislation	a) Sector policies and strategies are up-to-date and being implemented. b) Legislation supports policies and strategy implementation and avoids duplication, gaps and conflicts in institutional mandates and roles.	R,U,WR  R,U,WR
3. Regulation	a) Regulatory mechanisms are in place (either formal or informal) and provide for: <ul style="list-style-type: none"> <li>• Consumer protection</li> <li>• Equitable service provision</li> <li>• Complaint and Recourse</li> <li>• Assurance of services standards</li> <li>• Setting of fair tariffs</li> <li>• Market competition</li> </ul> b) Regulatory mechanisms / authorities are independent and independently resourced, or are in the process of transitioning to independence. c) Mechanisms exist for recourse and appeal that do not depend on political influence. d) Relationships between consumers/users, private service providers and government are regularly adjusted through negotiation within a competitive environment. e) The price of services to the consumer is commensurate with the level and quality of service provided. f) Contracts and agreements between parties (private/public) are enforceable, contract law is adhered to. g) Regulation achieves equity, efficiency and sustainability in allocation and management of water resources.	R,U,WR  R,U,WR R,U,WR U R,U,WR R,U,WR WR

\*\* R: Rural, U: Urban, WR: Water Resources

Category	Indicator	**
4. Institutionalization & Decentralization	a) Decentralization has been implemented so that management of service provision is at the lowest appropriate level (subsidiarity).	R,U,WR
	b) Approaches used by sector institutions reflect principles of good governance in that they are transparent, inclusive, and equitable.	R,U,WR
	c) Government and the private sector has the required absorptive capacity to effectively and efficiently implement governance strengthening initiatives.	R,U,WR
	d) There is clarity and separation of functional roles and responsibilities with minimum overlap, gaps, duplication and/or conflict.	R,U,WR
	e) Relationships between stakeholders are clear, legitimized and governed by written procedures, agreements or contracts.	R,U,WR
	f) There is alignment of interests, incentives, mandates and responsibilities amongst all stakeholders.	R,U,WR
	g) Skills, capabilities, assets, resources (human and financial) and mandates are decentralized in ways that efficiently and effectively support responsibilities at regional and local levels.	R,U,WR
	h) Capacity building has ensured adequate competencies and at all levels.	R,U,WR
	i) Devolution of procurement functions is accompanied with capacity building, monitoring, and regular audit.	R,U,WR
5. Alternative Service Providers	a) Water authorities and utilities work with the smaller private service providers, including vendors, to find ways to make the market function effectively in the interests of consumer/users.	R,U,WR
	b) Long term lease and concessionary contracts provide for regulation and quality assurance and include considerations for and interests of those deprived of water and sanitation services.	R,U,WR
6. Sector-wide Approach	a) Sector management is performance driven and includes regular sector assessments and joint sector reviews.	R,U,WR
	b) A sector-wide approach is used and a sector-wide stakeholder working group is functional.	R,U,WR
	c) There is clear and effective separation of institutional roles between facilitator/standards setting and implementation.	R,U,WR

\*\* R: Rural, U: Urban, WR: Water Resources

Category	Indicator	**
7. Sector Financial Management	a) Rolling plans and budgets ensure that reliable estimates of future allocations are available for planning at local levels.	R,U,WR
	b) Budgets include all sources of funds (national, donor, banks, taxes, tariffs and NGOs).	R,U,WR
	c) Financial information is used to analyze the equity, effectiveness and efficiency of spending distribution relative to social needs.	R,U,WR
	d) Allocations to lower tiers of government are formulae-based and weighted to reflect needs, population, poverty and implementation capacities.	R,U,WR
	e) Budgets are responsive to policies that also reflect harmonization of sector targets, visions and goals.	R,U,WR
	f) Financial management complies with recognized accounting standards.	R,U,WR
	g) Sector audits are less than one year old.	R,U,WR
8. Monitoring and Evaluation	a) Sector monitoring systems are sector-wide, up-dated, and sustained.	R,U,WR
	b) Monitoring data and information are accessible, in demand and effectively used in sector planning and management.	R,U,WR
	c) Data collection, analysis and reporting are transparent and accessible to the public.	R,U,WR
	d) Civil society is actively participating in data collection and monitoring.	R,U,WR
	e) Monitoring and evaluation data is sex and pro-poor disaggregated.	R,U,WR
	f) The sector monitoring system is able to provide for reliable estimations of access and use of services.	R,U,WR
	g) Monitoring captures the equity of distribution of services both geographically and by income group.	R,U,WR
9. Water Resources Management	a) Progress is being made towards integrated water resources management through pilots or on-going programmes.	WR
	b) Basin-level plans are regularly updated through participatory involvement of basin stakeholders and incorporate their views and priorities.	WR
	c) Major users are known and managed through a permit or licensing system.	WR
	d) Water allocations are in line with sustainable use, social equity & economic efficiency.	WR
	e) Climate change and its potential impacts are being monitored have been incorporated into the planning, management and use of water resources.	WR
	f) Functional transboundary watershed management mechanisms are in place.	WR

\*\* R: Rural, U: Urban, WR: Water Resources

Category	Indicator	**
10. Environmental Management	a) Environmental laws and regulations are effectively enforced.	WR
	b) Environmental impact assessments (EIAs), social safeguards and related procedures are adhered to.	
	c) Monitoring provides reliable and adequate information for basin and ground water resources management.	WR
	d) Institutions responsible for environmental conservation and protection have clear and consistent mandates that avoid overlap, duplication and conflict.	WR
	e) Watershed conservation and management are effective and sustained.	WR
	f) Surface and groundwater pollution is monitored and controlled.	
11. Transparency and Accountability	a) Planning and budgeting are open and transparent.	R,U,WR
	b) Information on plans, projects, services and expenditures is available and readily understood by the public at project level.	R,U,WR
	c) Civil society advocacy organizations (such as watchdog NGOs) monitor budget decisions, allocations and expenditures and use the media in publicly shaming corrupt officials and politicians.	R,U,WR
	d) Transparency tools such as citizens' charters and report cards are being used by civil society and government to measure performance and publicize the efficiency and effectiveness of government expenditures.	R,U,WR
	e) Procurement of goods and services is open, transparent and equitable.	R,U,WR
	f) Competition, effective contract management and transparency ensure fair market-based unit costs of services provision by the private sector.	R,U,WR
	g) Service providers are accountable to their consumers/users	R,U,WR
12. Corruption	a) There is commitment to anticorruption and its advocacy within sector institutions.	R,U,WR
	b) Regulators and procurement officials are technically competent.	R,U,WR
	c) Stiff judicial, economic and social sanctions are being imposed on offenders and publicly announced in the media.	R,U,WR
	d) The quality of services provision, water resources management and environmental protection is being monitored by civil society.	R,U,WR
	e) Channels are available and protection is given to the public and officials in reporting corruption.	R,U,WR
	f) Decentralization is reinforced by measures against corruption at the local level, such as capacity building, participatory planning and public display of budgets, project expenditures and procurement.	R,U,WR
	g) There is regular independent audit, including value-for-money or comprehensive audit.	R,U,WR

\*\* R: Rural, U: Urban, WR: Water Resources



Category	Indicator	**
13. Civil Society Participation	a) Users participate in planning ensuring that their needs and demands are addressed in local sector plans.	R,U,WR
	b) Local plans are rolled up and impact central sector planning ensuring that local needs are reflected in sector plans.	R,U,WR
	c) The user community is involved in rural services management to assure quality and sustainability of services provision.	R
	d) Local capacities are strengthened for management, operation, maintenance and repair of services and systems and spare parts made available locally.	R
	e) The development approach is used and adequate time and resources are allocated to facilitate community involvement, build local capacities and create ownership for sustainability.	R
	f) Government provides ongoing monitoring and support including for major repairs.	R
14. Gender	a) National and sector gender policies exist and are being implemented effectively.	R,U,WR
	b) Both men and women are regarded as central to the provision, management and safeguarding of water.	R,U,WR
	c) Women are being empowered and contributing significantly in decision-making roles in: <ul style="list-style-type: none"> <li>• Planning</li> <li>• Budgeting</li> <li>• Implementation</li> <li>• Monitoring and</li> <li>• Project design</li> </ul>	R,U,WR
	d) Gender responsiveness, mainstreaming and equal opportunity policies are practiced in sector institutions, their staffing patterns and programmes.	R,U,WR
	e) Sector managers and community leaders are gender aware and understand gender issues and their implications to the sector.	R,U,WR
	f) Challenges to women's participation – such as their workload, time availability, levels of literacy, ability to meet in public, power differentials and intra-family relationships – are acknowledged and respected.	R,U,WR
	g) Safe and practical work environments for women and men exist in sector institutions and organizational cultures (e.g. flexible hours of work and protection against sexual harassment).	R,U,WR

\*\* R: Rural, U: Urban, WR: Water Resources

Category	Indicator	**
15. Voice and Choice	a) The consumer/user has voice that uses recognized channels, is not constrained by bureaucratic procedures or frustrated by past failures.	R,U,WR
	b) Service providers are responsive and consumers/users can complain with reasonable confidence that they will be heard and that problems will be rectified.	R,U,WR
	c) Mechanisms for recourse and appeal exist and are functional and not based on political influence.	R,U,WR
	d) The consumer/user is informed, aware of his/her rights and obligations and able to formulate complaint and dialogue with the provider.	R,U,WR
	e) Users make choices in level and quality of service.	R,U,WR
16. Rights to Water	a) Agreed international conventions on citizens' rights to water (e.g. the MDGs) are adhered to.	R,U,WR
	b) Priority is given to water and sanitation in policies, plans, budgets and expenditures.	R,U,WR
	c) Progress is being made towards meeting national goals in water resources management, and water supply and sanitation services.	R,U,WR
17. Equitable Services Provision	a) Water and sanitation services are provided equitably across wealthy and low income groups.	R,U,WR
	b) Disparities between urban and rural access to services are minimized.	R,U,WR
	c) Pro-poor policies, programmes and methods are implemented that enable low income, marginalized and vulnerable groups gain equitable access to sector services.	R,U,WR
	d) Fiscal policy and financial management (including cost recovery, tariffs, donor support, market financing, subsidies, and budgets) support financial viability in such a way that equity of service provision achieved.	R,U,WR
	e) Levels of subsidies per household are commensurate with available resources, affordability of services are in line with pro-poor policies.	R,U,WR
	f) Price and quality of services provided are equitable across consumer/user groups.	R,U,WR
	g) Subsidies are appropriately targeted and reach their targets in full and in transparent fashion.	R,U,WR
	h) Projects are designed so as to achieve an appropriate balance between water supply, sanitation and hygiene education provision.	R,U,WR
	i) Adequate planning and preparations have been made for emergencies which incorporate water and sanitation services for displaced persons and refugees.	R,U,WR

\*\* R: Rural, U: Urban, WR: Water Resources

## 2.4 Governance Assessment for Project Appraisal

The Project Appraisal Report (PAR) calls for a one paragraph description of issues, risks and mitigation measures linked to governance. In particular, it calls for descriptions of safeguards to offset possibilities of fraud and corruption during implementation. Issues of sustainability are also to be covered in the PAR. Being part of governance these are included in the above indicators.

Technical annexes to the PAR include procurement (the procurement plan and arrangements), audit (arrangements and procedures for audit), and environmental and social analyses (including EIAs and mitigation measures) and gender analysis (gender surveys, analysis, strategies, project impacts, risks related to gender, and indicators during project implementation). All such annexes have strong links to governance. In addition, there will likely be need for a technical annex on governance itself that is informed by the governance assessment.

The PP Governance Assessment (Section 2.3) will provide the necessary basis for preparation of governance related sections of the Appraisal Report. It will inevitably identify specific issues that require further information and investigation. These can be provided by the task team and/or country office or consultants in the field. Examples that can be undertaken prior to project appraisal to assist in project design are given below.

- The existence and effectiveness of channels of complaint and resolution of issues between provider and consumer, leading to improved design of mitigation measures including creation of consumer associations, enactment of consumer protection legislation. This information could be sought from consumers associations, water user groups and advocacy NGOs/CSOs.
- Studies of pre-colonial tribal, traditional and customary practices for water resources management and their integration into modern water legislative frameworks This information could be sought through local universities, research institutions and tribal elders in the field.
- Further analysis through field surveys of the functional status of water points, access to water supply and quality of services to low income target populations to provide more information on marginalized groups and greater detail for detailed project design.
- Further analysis combining financial and operational information to reveal the equity, effectiveness and efficiency of spending distribution relative to social needs for purposes of refining project design. This information could be sought from sector stakeholders and institutions such as ministries of water and finance, donors, advocacy NGOs/CSOs and water user groups.

The project's Results Based Logical Framework includes performance indicators that are inevitably linked to governance. These can be designed using the assessment indicators but need to be project specific and relate to the mitigation measures and/or governance components being designed into the project.



Rural water supply, Madagascar

## 2.5 Governance Assessment for Supervision during Implementation

Supervisory missions are normally under tight schedules, preventing opportunities to undertake detailed assessments. Supervision during implementation calls for a checklist approach to monitoring. The indicators used relate directly to the project and can be adapted from the indicators listed in Table 2.3 to make them project specific. Drawn from Table 2.3 they need to be tailored to governance initiatives that have been designed into the project for purposes of mitigating risks and building better governance into the project. Examples of indicators are presented in the case study in Annex A.

A somewhat different case is made for monitoring and mitigating against corruption. In this light a list of corruption warning signs is provided in Table 2.6 below<sup>14</sup>. These indicators cannot confirm that corruption is taking place, but they can indicate that a second look is warranted to get better clarity as to whether the situation is a result of capacity constraints or actual corruption.

<sup>14</sup>Selected and adapted from World Bank, Latin America and Caribbean Region (2007) "Good Practices – Corruption Warning Signs", Vol 1, No. 1

**Table 2.6 Corruption Warning Signs**

**Monitoring and oversight**

- Work supervisors and inspectors retained appear to lack capacity
- Creation of seemingly unnecessary work orders or changes to work orders that result in unnecessary contract extensions
- Indication that government staff have been subcontracted
- Unnecessary renegotiation to obtain more favourable contract terms concerning the contract's deadline, investments required from concessionaries, rates charged to end-users, exclusivity granting, tariff setting, etc.
- Delegation of large discretion to public officials
- Procurement particularly prone to collusive agreements, the manufacturing industry tends to be almost monopolistic
- Manipulation of shortlists or invitations to participate in shopping procedures

**Financial management**

- Excessive and concentrated discretionary powers over resource allocations
- Non-transparent systems of decision-making over resource allocations for public investments
- Unlimited executive decisions to approve spending through in-year adjustments

- Weak budget estimates or underspecified plans for using the funds
- Significant deviations from planned expenditure targets
- Payments in cash leaving no audit trail
- Excessive delays in procurement processes or unusually short processing time for procurement processes
- Large deposits and transfers of funds
- Multiple invoices for the same work
- Delays in payments to contractors / consultants
- Disbursements not matching physical progress
- Transactions that are odd as to: timing, frequency, amount, parties, etc.
- Discrepancies in accounting records:
  - Transactions not recorded in a complete or timely manner
  - Unsupported or unauthorized records
- Conflicting or missing evidential matter: missing documents; missing inventory or physical assets; excessive voids or credits; alterations of invoices.
- Irregularities in reconciliation processes
- Lack of accountability
- Incomplete audit trails and reports
- Delays in the submission of audited financial statements to the Bank
- Absence or deficiency in the management / internal controls



## Procurement

- Upward re-evaluation of needs
- Cost estimates above market rate values
- Lack of consideration of “least-cost” solutions
- Technical specifications tailored to fit a particular bidder
- Inadequate technical specifications
- Advance knowledge of confidential information
- Unnecessarily split contracts
- Biased evaluation criteria
- Contracts with unusual payment patterns
- Inadequate / restricted and ill-timed advertising of procurement processes
- Incomplete or misleading advertising
- Restriction of competition through excessive charges
- Failure to notify all bidders of changes to bidding documents
- Unclear or ambiguous clarifications

## Pre-Qualification

- Unexpectedly narrow subset of pre-selected companies
- Unduly strict pre-qualification criteria
- Rotation of pre-qualified bidders; collusion between pre-qualified companies to submit bids in turn

## Bid-Opening

- Irregular bid opening

## Bid Evaluation

- Deviation from published evaluation criteria or weights
- Biased application of evaluation criteria
- Special treatment for favoured companies
- Inconsistency between the information stated in the bid evaluation report and actual supporting documents
- Unreasonably long periods of time to evaluate bid submissions
- Inconclusive tender followed by improper negotiations with companies

## Contract Implementation

- Front-loading
- Repetitive change orders
- Deliberate use of unqualified supervisors / monitors
- Product substitution
- Special payments not contemplated under the contract
- Failure to execute performance securities
- Substitution of a consultant for less qualified and inexperienced personnel
- Wholesale subcontracting

## 2.6 Governance Assessment at Project Completion

The objective of an assessment at project completion is to inform the Project Completion Report (PCR). As per the AfDB's PCR requirements<sup>15</sup>, such reports (1) provide a comprehensive account on all aspects of the project at completion; (2), assess the results of the project and the efficiency and effectiveness of the means employed to achieve them; (3), estimate the project's expected contribution to development and sustainability; (4), identify operational lessons learned relevant for on-going or future operations; and (5), lay the groundwork for in-depth evaluation reports and impact studies. As such, the governance related requirements of the report include:

- Analysis of project execution, including procurement issues, governance strengthening and mitigation measures applied;
- Assessment of results achieved in terms of improved governance, based on the results as outlined in the logical framework using the agreed upon project monitoring indicators and the final governance assessment conducted to compare the state of governance at project completion with the baseline;
- Analysis of the social and environmental impact and sustainability resulting from im-

proved governance and mitigation measures; and,

- Identification of lessons learned and development of recommendations for future operations regarding governance strengthening and mitigation measures applied.

While much of the above is project specific and the assessment would have to be tailored as such, a direct comparison with governance conditions before the project would be useful. Comparison with baseline information during project preparation can be made using the indicators of the PP & PCN Assessment of Table 2.3 Again, the data and indicators would have to be selective in that the project would not be expected to impact governance outside of its direct sphere of influence.



Settlement Tank, Cross River State, Nigeria

<sup>15</sup>See "Synthesis Report on the Review of 2003-2005 Project Completion Reports (PCRs)," African Development Bank, ABD/BD/WP/2007/38.

### 3. Follow-up Action Plan

The objective of this assignment was to assess the state of water sector governance, develop indicators and targets for its improvement, and provide guidelines for AfDB sector staff to use when developing programmes and projects. This being accomplished, the next step is to ensure that the guidelines and templates are used. The objective is to ensure the inclusion of good governance concerns in project identification, preparation and design processes so that increased and equitable access to improved services, improved water resources management, and higher returns on investments can be achieved. It is with this in mind that a follow-up action plan has been developed and is recommended as the way forward.

Thus far, the concepts of governance and the proposal for their inclusion in OWAS projects have been well received. Task managers, however, frequently comment that governance assessment and inclusion of governance initiatives in their projects should not further encumber their already heavy work load. This is valid, particularly in light of task managers' already tight schedules and the numerous tasks associated with getting their projects approved and implemented. On the other hand, it is really a question of balance and priorities.

Water projects frequently fail, particularly in areas of sustainability, community management, financial viability and equitable

access to services. The reasons for failure are mostly governance related. While a project might succeed, at least during its first few years, its long term sustainability and return on investment are by no means certain. The literature review and country missions undertaken as part of this assignment have clearly pointed to poor governance in all of its facets as being the prime reason behind such outcomes.

In this light, two recommendations for incorporating governance assessment into the project cycle in a way that will minimize increases in a task manager's work load are the following:

1. Have field office staff participate fully in the process of governance assessment and mitigation measure design, thereby assisting the task managers.
2. Strengthen demand from those ultimately responsible for quality assurance of projects, namely members of the Board and OpsCom, the Director and sector managers.

In addition, governance is increasingly being recognized as an essential determinant of project sustainability (the failure of a proposed project in Cameroon to receive OpsCom approval in 2008 is but one example). Good governance (incorporating the full range and not only the absence of corruption) therefore needs to become a criterion for approval by OpsCom and the Board.

Furthermore, though the importance of governance to project success is being increasingly recognized, more attention must be given to articulating what it looks like in practice and making it visible (ie. with factual evidence). Awareness raising is therefore needed to bring governance into the OpsCom and Board agenda as a criterion for project approval. Awareness raising is also needed at the Director and Sector manager level.

Awareness raising will have to be carefully designed and the concept properly marketed. The tools used will have to be well targeted, professional and technically correct. The following awareness raising tools and activities are suggested:

- For senior management: Senior management has no time or inclination to attend meetings on water sector governance per se. However, they would likely find a well packaged five minute DVD video on the subject attractive enough to watch it on their computer. The video would clearly spell out the advantages of good governance (transparency, accountability, anti-corruption, community management, regulation, equity access, and etc). It would briefly mention this assignment, its assessment tools and encourage incorporation of good governance into sector projects.
- For task managers, task teams and field offices: Using some of the promotional material from the first DVD video, a ten minute exposé would go deeper into gover-

nance assessment and mitigation measures. It would cover each governance risk area using a brief but good example of successful governance in the African context.

- In addition, a morning water sector workshop would be held at which well prepared presentations would be made by the consultant and a recognized representative from TI or SIWI (to include an added focus on corruption in the water sector). The workshop would also focus on the use of the assessment templates and design of mitigation initiatives within projects.
- For country offices: The country offices have yet to be introduced to the templates and the purposeful inclusion of governance initiatives in projects. Looking ahead and preparing for AfDB's decentralization, the field offices need to be made aware of their potential roles in assuring good governance in water projects and the tools available to assist them. Half day workshops are recommended for each country office currently or potentially monitoring OWAS projects. These would be undertaken in two-day missions to each country. Only in this way would country offices give sufficient importance and time to the subject.

Task managers and the task team would be positively motivated if recognition was given to their having undertaken governance assessments and included risk mitigation

measures in project development and implementation. The strongest incentive would come from recognition and reward (or conversely chastisement where deserved) within the staff member's personal performance evaluation. This could be done by including a criterion such as "performed or assisted governance assessment of sector and/or relevant projects during project development and/or implementation and ensured inclusion of mitigation measures as appropriate" in the personal evaluation form.

Awareness being raised, there will undoubtedly be some individuals more interested than others to whom special attention could be given. Some could be identified as 'champions' within senior management (e.g. Senior Managers, the Director and possibly the Secretary General) who would provide advice and support the introduction of governance as a criterion for project approval in OpsCom and the Board.



Water for Livestock, Monduli, Tanzania



## Annex A: Abridged Guide: Governance Assessment in the Project Cycle

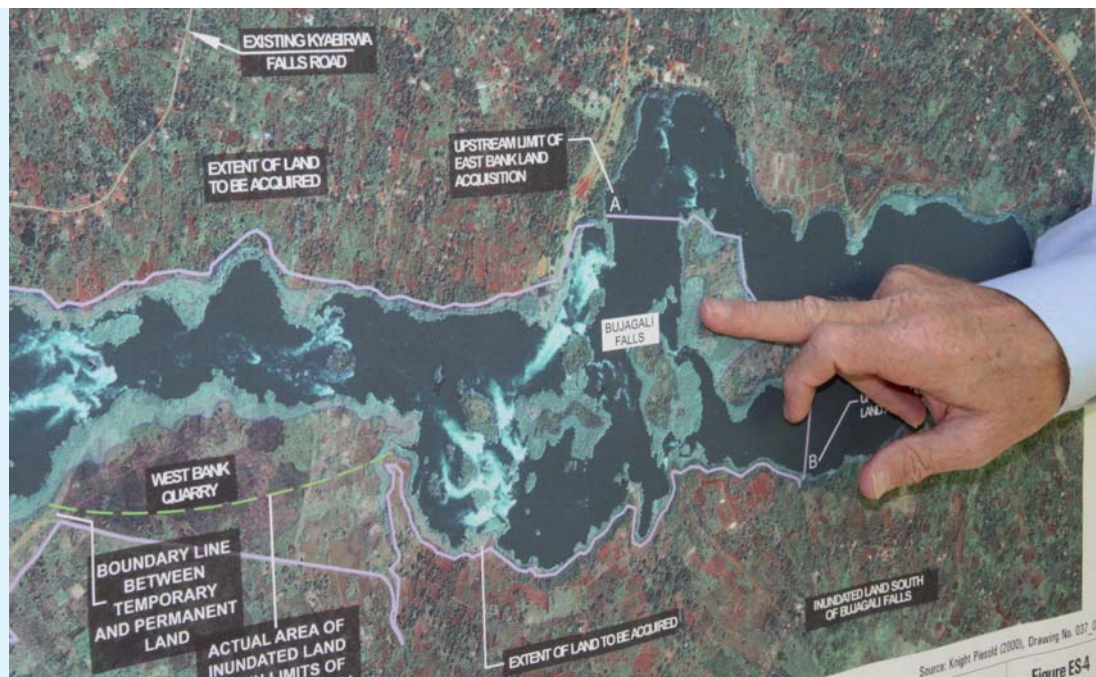
This is an abridged guide to the use of governance assessment templates for (1) identifying sector governance risk areas, (2) designing project interventions that mitigate against the risks and (3) selecting indicators and targets for use during project supervision and completion reporting. Please also refer to

Volume 1 of the Water Sector Governance Report that provides background on water governance, detailed templates and complete guidelines.

### 1. Governance Assessment and the Project Cycle

As illustrated in Figure 1.1, three assessment templates are available – the ‘light’, ‘rapid’ and ‘project preparation’ templates. The ‘light’ assessment at sector level can be undertaken even before project identification:

Bujagali Hydropower project, Uganda



Using only 13 indicators, the light assessment is useful as a first approximation. The more detailed ‘rapid’ assessment (33 indicators) is used during project identification. It more clearly identifies risk areas that need to be mitigated by the project. Finally, during project design, a more focused assessment is made of the identified risk areas. It uses only some of the more detailed ‘project preparation template’ indicators in designing the project’s risk mitigation activities.

These assessments are used to define the activities, indicators and targets of the PAR’s Log Frame. They are also the starting point for (1) a technical annex on governance, (2) indicators for project supervision and (3) outcome indicators for the project completion report.

The Malawi National Water Development Programme (approved in June 2008) provides a useful example governance assessment within the project cycle. It has three components<sup>16</sup>:

1. Town, market centre and rural piped and point water supply and sanitation,
2. Water resources management, and,
3. Program management and capacity building.

Bank resources address the very low water and sanitation coverage and functionality in the rural areas and the lack of knowledge of available water resources.

## 2. The Light Assessment

The Light Assessment Template includes thirteen indicators. It can be carried out by a task manager or equivalent with extensive experience in the sector and good knowledge of the local context. The indicators are scored along a spectrum from 1-5:

- 1 Poor
- 2 Unsatisfactory
- 3 Fair
- 4 Satisfactory
- 5 Good

A pilot Light Assessment of Malawi’s water sector undertaken while the authors piloted the assessment tools included herein identified several broad areas of governance risk, the principal ones being:

1. Low levels of participatory planning by civil society;
2. Poor responsiveness of service providers to consumers/users exacerbated by lack of recognized channels of complaint and recourse; and,
3. Inequitable distribution of services between urban and rural populations and between rich and poor.

Although the light assessment lacks detail, it did enable identification of these broad areas of concern and was useful in prefacing the rapid assessment.

<sup>16</sup>OWAS-2 AfDB (2008) “Malawi: proposal for an ADF Loan of UA 15.2 million and a Grant of UA 10.7 million to Finance the National Water Development Program”, Appraisal report ADF/BD/WP/2008/43. Tunis, June 2008

### 3. The Rapid Assessment

The Rapid Assessment can also be prepared by a task manager or equivalent with good knowledge of the sector and local context. In the pilot Rapid Assessment conducted for this report, 11 areas of governance risk were identified in the following categories:

- Community involvement in planning;
- Gender mainstreaming;
- Provision of information to the consumer/user;
- Service provider accountability;
- Avenues for complaint and recourse; and,
- Equitable provision of services.

The Rapid Assessment can also be used to identify areas where more information is needed. For example, reliable information on equity distribution of services between rich and poor is normally difficult to obtain. The other areas needing more information are gender and the provider-user relationship. Such information may be available through the country office and would be useful in designing mitigation measures.

### 4. Governance Assessment for Project Preparation

The governance assessment template used in project preparation provides far more detail. By using its 94 indicators as a checklist, one can be reasonably assured that all areas of questionable governance are identified. Just as importantly, the template can be used to focus in on the critical risk areas and assist in the design of activities intended to mitigate risk and assure good governance. The Project Preparation Assessment is led by the task manager and supported by the task team members and country office. It is undertaken in the field and uses information provided by stakeholders and, if necessary, consultants.

In Malawi's case, ten areas of substantial risk were identified at this stage. But for the purposes of this exercise, two have been selected to illustrate the development of project indicators in the subsequent stages of project appraisal, implementation/supervision, and project completion assessment. These are: (1) community involvement in project planning; and (2) gender mainstreaming.

## 5. The Project Appraisal Report

The Project Appraisal Report calls for:

- Good governance being incorporated into the log frame's, goals, objectives, outputs, outcomes, performance indicators and targets;
- A description of project governance in its section 4.3;
- Inclusion of governance measures in all relevant sections such as 4.4 Sustainability, 4.5 Risk Management and 3.2 Environmental and Social Impacts under Gender and Social; and
- A Technical Annex on Governance is recommended.

The following chart (Table A-1) is presented as a bridge between governance assessment and project appraisal. In addition to the Malawi Rural NWDP example, the Zambia Kitwe urban water and sanitation project is used for illustrative purposes. Two governance risk areas are considered for each. These are:

1. Malawi: participatory planning by users;
2. Malawi: gender policies and practices;
3. Zambia: extension of services to low income areas through alternative service providers; and,
4. Zambia: equity of services provision between low and high income groups.

The chart has been sub-divided into project cycle stages (identification, preparation, implementation and completion) and further under log frame-relevant sub-headings of governance risk areas, goals and objectives, activities and targets, supervision monitoring methods and timing, target achievement progress and results success criteria.

The four example governance risk areas are identified by the light, rapid and, for more detail, the project preparation assessment templates. They are matched with existing goals and objectives of the log frame or new ones created for the purpose. Likewise, the log frame's governance related activities are included as existing activities or new ones prepared along with a listing of stakeholders responsible for undertaking them. Indicators used in measuring progress in the activities are defined being careful to select those that are objective, verifiable and directly indicative of the results being achieved.

Actual targets and timeframes are also defined. These need to be chosen so that they are realistic, achievable, and will provide outputs leading to the desired outcomes and impacts. As an example the indicator "community participation needs identification and project planning of 90% of water and sanitation systems prior to construction" satisfies all of these criteria and does not require continuous on-the-ground monitoring.

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It can be monitored twice during the project's first year following the planning cycle in each project location through focal group discussion in representative communities, local government records, scheme design and through meetings with NGOs providing facilitation and capacity building to community based organizations. The chart provides columns for details of survey methods and timing that are useful for supervision missions and the field surveys that precede them.

Also listed are examples of measurements in terms of percentages of target achievement through the project. These data are collected every six months, prior to the bank's supervisory missions. Finally, the chart provides 'results success criteria' presented as degrees

of success (minimum, desirable and excellent) as agreed between the task manager, implementing agencies and stakeholders including beneficiaries.

The sections on governance in existing PARs tend to focus on transparency and corruption. They could usefully be expanded to cover other aspects of governance described in the log frame. Being only a paragraph, this section can only be an outline but should at least list the several areas of governance risks and activities designed to mitigate them. To provide further information, Table A-1 can be included in a technical annex on governance and used as a centre-point to describe risk mitigation measures, their objectives and targets, those responsible for carrying them out.

# Table A-1: Operationalizing Improvements to Water Sector Governance throughout the Project Cycle

Examples of Malawi Rural and Zambia Urban Water Projects Using Governance Assessments

Project & Phase of Execution	Identification & Preparation		Implementation						Completion				
	Governance Assessment	Log-Frame Goal & Objectives Related to Governance	Activities and Targets			Supervision monitoring			Success Criteria				
			Log-Frame Section 3 Governance Activities	Responsible	Log Frame Indicative Targets and Time Frames	Method	Frequency	Target Achievement	Minimum	Desirable	Excellent		
	Estimated score from rapid or project preparation template (note 1)	Sector / Subsector / Project Goal(s) & Objectives from Log Frame	Activities that are supported by Bank resources that address governance weakness	Main stakeholders responsible for activity	Indicator and criteria for monitoring activity progress	Method & frequency of measurement, monitoring and recording results	%s of target achievement; examples measured at stages through the project			Degrees of success in terms of expected target achievements			
						1st	2nd	nth					
Malawi NWDP RWSS Planning Phase	RA7a Users participate in planning ensuring needs addressed in local plans Score-2	C-1 By 2015 for 80% of rural inhabitants, increase access to potable water and improved sanitation & ensure sustainable catchment management	Community planning: local planning and design of water and sanitation systems	User community, facilitator NGO, District Team, PMU- NWDP, MIWD & Ministry LG	1. Community participatory needs identification & project planning of 90% water & sanitation systems. 2. Plans approval by District Assembly and user needs responded to in 80% of community systems prior to construction	Field surveys using focal group discussion, District Assembly records of approvals, system designs and meetings with facilitation NGOs/consultants and district teams	Once during construction and again post-construction	1.40% 2.40%	1.70% 2.70%	1.90% 2.90%	1.>60% 2.>55%	1.70-95% 2.65-80%	1.>90% 2.>80%
Malawi NWDP RWSS Implementation Phase	RA7f Gender policies practiced in sector institutions and their staffing patterns Score - 1	C-4 Establish capacity and hand over district water and sanitation infrastructure	Capacity Building: strengthening sector institutions through women's skills upgrading and employment in management	MIWD, MLG, MW&C, DA s, District teams WPCs, WSMCs,	1. Gender analyses undertaken and gender resource unit in place in project implementation unit with linkages in all district teams by end of first year 2. 40% staff are female. 20% in management positions in program implementation unit and district teams by mid project 3. 30% female membership in system management committees with 30% in executive positions	1.Assessment of gender resource units 2. Interviewing female staff and reviewing staffing patterns 3.Focal group discussion with WPCs, and review of staffing and management of WSMCs and district teams	Prior to each supervision mission followed by verification during supervision missions	1.20% 2.20% 10% 3.10% 10%	1.30% 2.40% 35% 3.30% 35%	1.90% 2.78% 80% 3.85% 90%	1.>60% 2.>20% >5% 3.>10% >10%	1.70-100% 2.30-40% 10-20% 3.20-30% 20-30%	1.>100% 2.>40% >20% 3.>30% >30%
Zambia Urban WSS Project Planning Stage	RA3d. Utilities work with smaller private water providers, including vendors, to reach low income areas, ensure fair pricing and improve services Score - 2	Provide equitable access in meeting MDGs	Public-Private Participation: incorporating and regulating entrepreneurial service providers into water and sanitation delivery programmes	MLG&H-DISS, NWASCO, NkanaWSC, alternative service providers, peri-urban user groups	1. Survey of alternative service providers completed and 100% co-signator partner ASPs identified within six months of project start 2. Community meetings held and 'Light' regulation defined in agreement with 100% parties 3. Capacity building, investment programs and workplans prepared 4.Service provision agreements signed with NWSC and NWSC for 90% ASPs by mid project	1. Verification of survey records and findings 2. Focus group discussion in peri-urban area community 3. Verification of completion through records and stakeholder discussion 4. Verification of records and agreements	Prior to each supervision mission followed by verification during supervision missions	20% 20% 20% 10%	45% 48% 46% 32%	85% 78% 90% 75%	>50% >50% >50% >50%	70-90% 70-90% 70-90% 70-80%	>90% >90% >90% >80%
Zambia Urban WSS Project Implementation Stage	RA8b Water and sanitation services are provided equitably between rich and poor populations: Score-2	Alleviate poverty through equitable access to ater and sanitation services and meet Millenium Decade Goals	Water and sanitation services expansion: improving access to WSS in low income peri-urban areas	MLG&H-DISS, NAWASCO, NkanaWSC, alternative service providers, peri-urban user groups, latrine masons and sanitation promotion committees	1. 100% peri-urban water supply networks and points installed and meeting service standards by project completion 2. 90% Partner alternative service providers functional in peri-urban outreach areas 3. Sanitation and handwashing facilities installed and used in 60% peri-urban households by project completion	1. Field surveys, focus group discussion with users and service providers and review of records 2. Field review and focus group discussion with user groups, ASPs and NWSC and NAWASCO staff 3. Household surveys in peri-urban areas	Prior to each supervision mission followed by verification during supervision missions	20% 25% 10%	48% 45% 22%	70% 90% 75%	>75% >70% >40%	80-95% 75-85% 45-50%	>95% >85% >55%

Note (1) Either the rapid or preparation assessment templates can be used, depending on the required level of detail



## **6. Project Implementation and Supervision**

The task manager and team, supported by the field office are responsible for supervising project implementation. In the Malawi NWFP example, there are two levels of monitoring (1) field monitoring by the district project teams supported by project beneficiaries, their water point committees and systems management committees in collaboration with the country office and (2) the AfDB project team supervisory mission. The supervision mission is time constrained and needs to be reliably informed of progress well ahead of its arrival. Field surveys are required so that the mission needs only to verify them through random checks using a checklist of indicators. With respect to the risk areas identified in the preceding sub-sections, example indicators for field monitoring are listed in the Table A-1 and would be transferred to the log frame. There would, of course be many more measuring progress in the several other governance related activities designed into the project.

## **7. The Project Completion Report**

The PCR is prepared between six and twelve months after project completion by the task team led by the task manager. The implementing agency provides support although a consultant is often responsible for a large part of the survey work. Most information is gathered through focus group discussions in the beneficiary communities. The indicators relate to project outcomes/results. While Table A-1 lists some of these, it should be noted that there also components of the short-term output indicators that are outcome in nature.

Investigation should also be made of the demonstration effect that the project has had on other parts of program and sector as a whole. Lessons learned will likely be utilized in other water sector project designs, particularly if there is a Stakeholder Working Group and project monitoring reports are presented at the its meetings.

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