WATER AND SANITATION PROGRAM: **TECHNICAL PAPER**

WSP Sanitation Global Practice Team

The Political Economy of Sanitation:

How can we increase investment and improve service for the poor?

Operational experiences from case studies in Brazil, India, Indonesia, and Senegal

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wsp water and sanitation program

The Water and Sanitation Program is a multidonor partnership administered by the World Bank to support poor people in obtaining affordable, safe, and sustainable access to water and sanitation services.

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Acknowledgments

This report presents the results of a Global Economic and Sector Work (ESW) Study on the Political Economy of Sanitation in Brazil, India, Indonesia, and Senegal that was conducted by the Water and Sanitation Program (WSP) and the World Bank. The purpose of the study is to help WSP and the World Bank—through a better understanding of the political economy of sanitation—in their efforts to support partner countries and development practitioners in the design, implementation, and effectiveness of operations that aim to provide pro-poor sanitation investments and services to improve health and hygiene outcomes.

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Executive summary

Background and objectives

According to the *Human Development Report 2006* (UNDP 2006), 2.6 billion people—about half of the world's population—lack access to basic sanitation. There is ongoing concern that governments, at many levels, are not devoting enough attention and resources to sanitation services, particularly when compared to spending on water supply and other infrastructure services. Additionally, existing sanitation investments and service provision rarely place sufficient stress upon the distinct and urgent needs of the poor. Recent World Bank research shows that this limited focus on sanitation is driven largely by political motivation in the context of competing demands for resources, and to a lesser extent by technical or economic considerations.

This global study on the political economy of sanitation in Brazil, India, Indonesia, and Senegal—conceptualized and financed by the Sanitation Global Practice Team of the Water and Sanitation Program (WSP) and the World Bank—attempts systematically to understand and thus help practitioners manage the political economy of pro-poor sanitation investments and service provision. It aims to provide practical advice to World Bank Task Team Leaders and other sanitation practitioners to help them better manage stakeholder relations and effectively maneuver within the complex institutional relationships of the sanitation sector in order to enhance the design, implementation, and effectiveness of operations that provide pro-poor sanitation investments and services. The ultimate goal is to improve health and hygiene outcomes.

This study follows current approaches to political economy—interdisciplinary inquiry drawing upon social and political theory and economic principles—to understand how political actors, institutions, and economic processes influence each other. The "political economy of sanitation," therefore, refers to the social, political, and economic processes and actors that determine the extent and nature of sanitation investment and service provision.

Conceptual framework, methodology, and case study overviews

This study's conceptual framework combines a diagnostic component with a typology of actions to help translate analytical findings into more effective support to operations and investments. The Diagnostic Framework aims to identify political economy constraints as well as opportunities that are entry points for subsequent operational actions. It does this by focusing on understanding country context, the sector arena—institutions that shape stakeholder relationships, interests, and influence—and the sector process, which looks at information flows, public debate, coalition building, and participation over time. The Action Framework illustrates operational implications and practical advice to Task Team Leaders and practitioners to support sector investments. It demonstrates how an analysis of the political economy of sanitation can be translated into project design and action to better meet the sanitation needs of the poor. The Action Framework includes recommendations to improve the timing, tailoring, and sequencing of support to sector investment, informed by an understanding of the relevant institutional constraints and opportunities as well as key participants in the sanitation sector. The Action Framework furthermore stresses the importance of strengthened relationships of accountability among citizens, civil society organizations, and government and other service providers. Finally, a partnership strategy—often linked to an inclusive communications strategy and measures to foster public debate—provides opportunities to overcome institutional constraints and stakeholder opposition to pro-poor sanitation investment and service provision.

The study was conducted through a qualitative analysis of stakeholders, institutions, impacts, risks, and opportunities that was linked to processes and policy debate. This Synthesis Report is based on the findings from the secondary literature review and the results of primary research in the four case study countries, which examined how each had identified and managed political economy risks and opportunities in

its sanitation interventions. The four country case studies were chosen purposively by the World Bank/WSP team and represent a range of sanitation contexts. The Brazil case study analyzed the national-level political economy dynamics of urban sanitation investment over the lifetime of the Water and Sanitation Sector Modernization Project (known in Brazil as Programa de Modernização do Setor Saneamento, PMSS). In addition to this national (policy) component, the case study includes a regional (program) component that focused on the Bahia Azul program, implemented by the Bahia state utility, Empresa Bahiana de Águas e Saneamento (EMBASA), in the Salvador Metropolitan Region in northeastern Brazil. The India case study looks at the political drivers for the success of the Total Sanitation Campaign (TSC) in rural Maharashtra, contrasting it with earlier, failed attempts to implement TSC in most of the country's states. In Indonesia the analysis focused on the reasons behind the recent increase in government interest in urban sanitation provision. While this interest has not yet translated into increased investment levels, it constitutes a major shift from the previous understanding that sanitation is a private matter for households. Finally, the Senegal case study took the water and sanitation reforms at the end of the 1990s as the starting point of the analysis and explored political economy factors that explained the increased investment in urban sanitation in the capital, Dakar.

Diagnostic analysis

Country context refers to a country's socioeconomic, political, cultural, and historical characteristics, including its development trajectory and the current development aid architecture. Examining country context also involves looking at political processes within the sanitation sector, their potential links to national political institutions and stakeholders, the assumptions that underpin sanitation sector investment, and how and why sanitation investment was developed, and by whom. The research tests the influence of cultural and historical factors on sanitation attitudes and behavior, outlines the multifaceted risks and opportunities that decentralization provides for sanitation investments, and examines the extent to which political opportunism determines sector decision making.

Beyond sanitation's country context, a political economy analysis focuses attention on the *sector arena* - the formal and informal institutional arrangements that govern relations and behaviors of stakeholders, as well as those stakeholders' interests in the choice, management, and implementation of sanitation service provision and investments. The study showed that perceived political rewards, organizational resistance from the center of government, and/or implementers' lack of capacity to manage increased budget allocations significantly influenced whether and how policy priorities are translated into budget allocations and disbursements. Politically motivated decision making was found to be driven by a preference for highly visible, big infrastructure investments. In some but not all instances this is linked to opportunities for influential individuals or groups to use these investments to generate income by privileged access or politically created monopolies (rent seeking).[1] While all case studies came across evidence of corrupt practices and rent-seeking behavior, it was overall not identified as the predominant feature distorting sanitation investment decisions. There is evidence that civil society and the private sector not only can contribute to strengthening accountability but also can be reliable and trusted partners for delivering sanitation services and creating community demand for sanitation provision.

The *sector process* in this context refers to the dynamic and ongoing process of negotiation, bargaining, and identification of political economy risks and opportunities by government and development agency stakeholders. The study explores the potential for community participation, incentives for collective outcomes (an end to for example open defecation), and the trade-offs that strong political backing can have in terms of a sustainable engagement with a range of local stakeholders, including civil society and private sector organizations. The sector process discussion looks in detail at the role of evidence in decision making and considers when and how research was successfully used to inform investment decisions. Finally, this study confirms the potential of individual sector champions to secure higher priority for sanitation investments.

The research looked particularly for evidence of the impact on distributional outcomes in pro-poor sanitation investment from the interplay of political and economic factors. Some case studies found that political incentives (for example, career advancement or electoral support) played a positive role

1 Rent seeking generally implies the extraction of uncompensated value from others without making any contribution to productivity.

in the extension of coverage to the poor. Moreover, all the case studies made the case that decentralized governance of sanitation investment can create stronger incentives for, and accountability in, pro-poor investment. Subsidies for sanitation investment have proven successful when combined with information campaigns and community mobilization.

Overall, the study confirms the importance of assessing stakeholder interests, identifying potential winners and losers, identifying incentives, and examining formal and informal institutions (such as norms and behavior). When such an analysis is done well, by development practitioners in partner countries or development organizations, it provides the empirical evidence for both the support of and opposition to development, and the rationales behind them.

Operational implications

The report presents a number of significant operational lessons designed to inform future World Bank/WSP interventions that support sanitation investment. Several interlinked elements have contributed to the success of the sector process in the case study countries. Combining understanding of the political economy risks and opportunities in the sanitation sector with evidence marshaled on the economic, social, and political impacts of investment choices can promote greater accountability, partnership, and communication.

- The case studies have shown that understanding the political economy of sanitation investment provides the basis for adequate **timing, tailoring, and location of investment and operations**. This process includes recognizing windows of opportunity for formal and informal engagement, identifying sector champions, and strategically sequencing development partner support levels to create incentives for long-term investments and institutional reform.
- Donors and international institutions have successfully used their comparative advantage in providing **timely and rigorous analysis** to inform pro-poor sanitation investments. Examples from the case studies show how donors and lenders can successfully facilitate an exchange of experience among countries and support local policy makers with studies that find resonance with national debates.
- **Strengthening accountability** in the delivery and accessibility of sanitation services is a vital element in the successful management of the political economy of sanitation investments. It includes horizontal accountability mechanisms in which branches of the state engage in mutual oversight (for example, through performance contracts or regulations) combined with vertical accountability relationships between citizens and policy makers whereby more systematic support to civil society and grassroots organizations can successfully create a demand for sanitation services.
- The study has confirmed that political economy analysis in the sanitation sector can support a **partnership strategy** that is based on sustained, flexible engagement with strategic external support of acknowledged government leadership.
- **Wider participation and clear communication** of key issues are two important tools to address the power of vested interests who neglect the needs of the poor in sanitation investment and services provision. There is some experience of using related sectors (water supply, waste treatment) as an entry point for discussing sanitation provision with communities, particularly the poor.

Conclusion

The report presents a brief assessment of lessons learned from the retrospective political economy analysis of the case studies. It highlights how a better understanding of the risks and opportunities associated with institutions and stakeholder interests in the sanitation sector can be used to better support more pro-poor sanitation investment. In a sector whose default mode can be very technical, donor and lender involvement can facilitate practical operational guidance for political economy analysis of more pro-poor service delivery. Using the Action Framework, the following table—table 5.1 from the report's conclusion—summarizes value insights that political economy analysis can add.

ADDED VALUE FROM POLITICAL ECONOMY ANALYSIS IN SUPPORT OF PRO-POOR SANITATION INVESTMENT

Action	Recommendations for donor/lender support for pro-poor sanitation investment	Recommendations and added value insights from political economy analysis
Optimize timing, tailoring, and location of investment and operations	• Ensure that support to sanitation investment is aligned with existing policy and planning cycles. • Recognize windows of opportunity for reform.	• Manage the political economy risks and opportunities to increase impact on pro-poor sanitation investment. • Ensure careful and strategic sequencing of operations to increase the overall impact of investments in later phases. • Lobby through political economy insights for sanitation investments that are effective in different locations. • Recognize and support government commitment and local leadership to help partners succeed and scale up their impact. • Identify opportunities to support investment through political incentivizing.
Understand the sector through rigorous analysis	• Use available evidence and/or commission research to inform program design.	• Donors and lenders are well placed to identify appropriate evidence for different stakeholders and tend to have a comparative advantage in providing rigorous analysis to inform reform and sector choices. • The timing of information flow is important. Even when rigorous analysis is undertaken dissemination of key findings can get lost, sidetracked, potentially misused, or captured if the timing is wrong (for example, at the start of a new political administration). • Use analysis of comparative advantage in global practice to support local policy makers and administrations to learn lessons from elsewhere and refine their operational framework. • Support strengthened horizontal accountability through careful design of contracts and specification of roles and responsibilities.
Realign accountability	• Support strengthened technical systems and information flows. • Support decentralization and clarification of technical roles and responsibilities.	• Support initiatives to build demand and strengthen vertical accountability. • Be flexible: Adapt and support models of vertical accountability and apply to the country context. The sector process may not be characterized by the kinds of vertical accountability relations central to much donor and lender thinking. This means that support for accountability must be tailored to the country context. • Realign accountability by combining horizontal accountability with vertical accountability to allow, for instance, top-down changes to be complemented by a more systematic attempt to engage with grassroots, collective association and mobilization for institutional change.
Partner strategically	• Ensure effective engagement with key central and sector ministries.	• Ensure that the partnership strategy is based on sustained, flexible engagement with strategic external support.
Support public debate and communication	• Support information campaigns “from one to many” (policy makers to public).	• Get the process of political economy analysis right: Ensure, where appropriate, that analysis is conducted with a broad group of stakeholders to ensure greater inclusion, and link this process to strengthened public debate and communication. • Support wide two-way communication to democratize debate, prevent capture, and secure and sustain public support for institutional change.

Source: Authors’ analysis.

I. Background and study objectives

The *Human Development Report 2006* (UNDP 2006) states that 2.6 billion people—about half of the world's population—lack access to basic sanitation. The majority live in low- and middle-income countries: three out of five people in low-income countries, one in three in middle-income countries, and one in six in upper-middle-income countries have no access to basic sanitation. Without a rapid increase in the scale and effectiveness of sanitation programs, the Millennium Development Goal (MDG) target for 2015 will be missed by a wide margin.[1] This will have severe impacts on public health, social indicators, well-being, human dignity, and economic development worldwide.

While 2.6 billion people do not have access to a pit latrine or toilet in their homes, many more lack access to the kinds of sanitation provision that minimizes the risk of excreta-related diseases. This difference between "improved" and "adequate" sanitation shows the difficulties in knowing where and how to define and measure who is adequately served by sanitation services.[2] Needless to say, different standards for sanitation are associated with different levels of health risk. Moreover, moving up the so-called sanitation ladder—starting from very basic pit latrines to improved pit latrines, pour-flush facilities using water and septic tanks, through to conventional sewers—has financial implications. According to the *Human Development Report 2006*, it costs 20 times more to connect a household to a modern sewerage system than to purchase a basic pit latrine. Also, any form of improved sanitation has to compete with cheap practices like defecating in the open or in a plastic bag.

All good sanitation has the same basic attributes, but different contexts influence which form of sanitation works best where. The "best" sanitation model is influenced by population concentration (individual farms in remote rural areas versus mega-cities), population density, site characteristics (for example, the level of the water table), the resources available to an individual, and the capacity of government provision. Where sewerage systems in rural areas are often not available, simple pit latrines and septic tank latrines are plausible options. In high-density urban areas, sewerage systems have obvious advantages. However, where the reach of the sewerage network is limited and a large part of the population is not served, costs associated with connecting all households can be substantial, although this may be offset by the adverse impact on health if less than the entire community is covered. Often, sewerage systems are sold (at a high cost) as a solution to all the problems associated with the temporary storage of human waste and its collection, transport, treatment, and disposal. However, they work well only if everyone is connected, and in many cases it is the poor who have no access.

There is ongoing concern that governments, at many levels, are not devoting enough attention and resources to sanitation services, particularly when compared to spending on water supply and other infrastructure services. While there are no general figures showing on- and off-budget expenditures in the sanitation sector at regional levels, evidence at the country level illustrates that investments and expenditures

1 Millennium Development Goal 7, Target 7c, calls on countries to «Halve, by 2015, the proportion of people without sustainable access to safe drinking-water and basic sanitation.»

2 For definitions and categories please see the WHO / UNICEF Joint Monitoring Programme (JMP) for Water Supply and Sanitation, http://www.wssinfo.org/definitions/infrastructure.html.

are very low compared to those for water supply and other infrastructure services. Additionally, existing sanitation investments and service provision are not always pro-poor. Efforts to increase access to sanitation infrastructure provision can benefit better-off urban residents at the expense of the urban poor, slum dwellers or the rural population. Many documents suggest that governments' limited sanitation expenditures are determined largely by political, rather than technical or economic constraints in the context of competing demands for resources (Kolsky et al., 2005; World Bank 2006; Satterthwaite and McGranahan 2006).

It is against this background that the Sanitation Global Practice Team of the Water and Sanitation Program (WSP) and the World Bank commissioned a global study on the political economy of sanitation with case studies from Brazil, India, Indonesia, and Senegal. The purpose of the study is to help WSP and the World Bank—through a better understanding of the political economy of sanitation—in their efforts to support partner countries and development practitioners in the design, implementation, and effectiveness of operations that aim to provide pro-poor sanitation investments and services to improve health and hygiene outcomes.

The study uses the strict definition of *sanitation* as "the safe management of excreta" only. This excludes consideration of drainage and solid waste management, which often have a higher political profile and expressed demand. We acknowledge that the chosen definition has implications for a study of this sort. There are potential benefits to adopting a broader definition, for example, around mobilizing support for investment. There are also drawbacks of expanding the definition, particularly if support mobilized for wider elements, such as solid waste management, diverts resources away from excreta.

Considering these tradeoffs, a political economy framework is well suited to address the study's key questions:

- Why are sanitation investments and service provision not given adequate priority in both lending and nonlending work?
- When sanitation investments in such efforts are undertaken, why are they not strategically targeted toward increasing access to sanitation for the poor?

The primary audience for this study includes World Bank operational task teams engaged in projects, programs, and nonlending activities involving sanitation, as well as Country Management Units. The study aims to enhance operational design and implementation for improved outcomes in the provision of pro-poor sanitation services by providing World Bank Task Team Leaders and other sanitation practitioners with tools to understand and more effectively manage the political economy of sanitation. The audience for this work will have diverse backgrounds and will include social scientists and sanitation engineers. The report therefore attempts to use language and terminology understood by all readers. When political economy and sanitation-specific terminology is used, we provide explanations where necessary.

The term *political economy* itself is subject to multiple understandings and definitions. In its original use in academic literature, political economy referred simply to the application of economic principles to the practice of public policy of nation-states. We follow the current common understanding of political economy as referring to interdisciplinary studies that draw upon social and political theory, in addition to economic principles, in order to understand how political actors, institutions, and economic processes influence each other.[3]

The political economy of sanitation, therefore, refers to the social, political, and economic processes and actors that determine the extent and nature of sanitation investment and service provision. Understanding and managing the political economy of sanitation consists of identifying and

3 For an overview of political economy, see, for example, World Bank/OPM 2008.

addressing stakeholder interests and institutional determinants of sanitation investment process and outcomes, including an assessment of the risks and opportunities for better management of political economy toward pro-poor investment.[4]

This Synthesis Report goes beyond a consolidation of the four country case studies to provide common lessons and concrete operational recommendations and guidance that sanitation practitioners can apply to their work. It seeks to support and enhance policy dialogue as well as the design, implementation, and performance of evidence-based and pro-poor sanitation operations.

The Synthesis Report is structured as follows: Section 2 presents the study's conceptual framework, which is based on earlier work on the political economy of policy reform (World Bank/OPM 2008) and was tailored to this study. Section 2 also briefly summarizes the study's methodology.

Section 3 uses the Diagnostic Framework to synthesize the case studies' findings with reference to a set of study hypotheses and specifically looks at evidence on the distributional impact of sanitation investments.

Applying the Action Framework, section 4 outlines a number of significant operational lessons from the country case studies that can help inform future World Bank interventions that support sanitation investment.

Section 5 briefly concludes by pointing out the value that a better understanding of the risks and opportunities associated with institutions and stakeholder interests in the sanitation sector can add to support sanitation investment and service delivery.

Annex A provides a detailed overview of the study's methodology, and annex B presents summaries for the four case studies in Brazil, India, Indonesia, and Senegal.

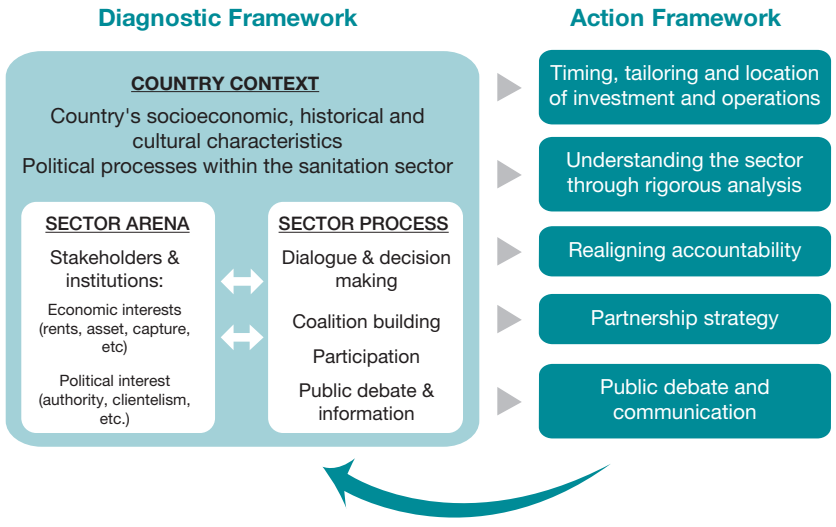
4 While the study's terms of reference define sanitation as «infrastructure and service provision required for the safe management of human excreta, for example, latrines, sewers, and wastewater treatment,» some of the case study country contexts or programs utilize different definitions that do not necessarily count as «safe management of human excreta» and are not considered as «improved» sanitation by the UNICEF/WHO Joint Monitoring Program.

II. Conceptual framework and methodology

2.1 Conceptual framework

The conceptual framework for the research, illustrated in figure 2.1, describes how political economy influences sector investments. The framework was initially developed by the World Bank Social Development Department and was tailored to the sanitation context within this study. It is one of several similar frameworks used by development and research organizations for political economy analysis.

FIGURE 2.1 CONCEPTUAL FRAMEWORK FOR THE POLITICAL ECONOMY OF SANITATION



Source: Authors, based on World Bank/OPM 2008.

The **Diagnostic Framework** (left hand side of figure 2.1) focuses on analysis and understanding the country context, sector arena, and sector process.

1. **Country context** refers to a country's socioeconomic, political, cultural, and historical characteristics, including its development trajectory and the current development aid architecture. It also looks at political processes within the sanitation sector, the potential links to national political institutions and stakeholders, the assumptions that underpin sanitation sector investment, and how and why sanitation investment was developed, and by whom.
2. **Sector arena** comprises the institutions that govern relations and behavior within the sanitation sector and the stakeholders, with their economic and political interests that both influence and are affected by the changes in sanitation service provision and investment.
3. **Sector process** refers to change through information flows, public debate, coalition building, participation, transparency, communication, and the interaction of actors in the sanitation sector arena over time.

The **Action Framework** (right hand side of figure 2.1) illustrates operational implications and offers measures that development practitioners such as World Bank Task Team Leaders and their government counterparts can use to design and implement pro-poor sanitation services and investments. It demonstrates how an analysis of the political economy of sanitation can be translated into project design and action to better meet

Box 2.1 SAMPLE QUESTIONS FOR POLITICAL ECONOMY ANALYSIS OF SANITATION INVESTMENTS: DIAGNOSTIC FRAMEWORK

Country context

Historical legacies: What is the past history of the sector, including previous reform initiatives? How does this influence current stakeholder perception?

Cultural and religious context: To what extent do religious or cultural values shape public debate around sanitation and demand for services?

Ideologies: What are the dominant ideologies that shape views and debates around the sanitation sector?

Policy context: What is the policy context for sanitation? Is there a (pro-poor) vision for sanitation? What is its relationship to the water sector?

Sector arena—institutions and stakeholders

Decision making and budget allocations: How are decisions around budget allocations made within the sanitation sector?

National—subnational relationships: What is the institutional relationship between national and subnational governments? Are subnational governments accountable to the national level or local electorate?

Power relations: To what extent is power over investment decisions vested in the hands of specific individuals/groups? Which interest groups and population groups do politicians represent when deciding over sanitation investments? How do different interest groups outside government (for example, private sector, NGOs, consumer groups, the media) seek to influence policy?

Corruption and rent seeking: Is there significant corruption and rent seeking in the sector? Where is this most prevalent (for example, at point of delivery; procurement; allocation of jobs)? Who benefits most from this? What are the consequences (for example, preference of investment in big infrastructure projects)?

Financing: What is the balance between public and private investment? How is the sector financed (for example, public/private partnerships, user fees, taxes, donor/lender support)? What are the discussions around cost recovery?

Demand for services: To what extent is there a demand for sanitation services from the communities? What are the factors shaping community demand for improved sanitation?

Sector process

Sector champions: What role do champions play in raising the profile of sanitation and supporting increased sector investment?

Civil society: What roles do media, NGOs, and community-based organizations (CBOs) play in the sector?

Development partner influence: How do donors and lenders attempt to influence decision making and reform implementation in the sanitation sector?

Source: Authors, based on World Bank 2007, OPM 2009a, and DFID 2009. See also annex A, table A.2.

the sanitation needs of the poor. Effective management of the political economy of sanitation, in the terms of this study, integrates a better understanding of the political economy and of policy impacts with actions that promote greater accountability, partnership and communication. The Action Framework therefore emphasizes first the timing, tailoring, and locating of support to sector investment in order to address political economy risks and opportunities. Alongside the operational objective of identifying the political economy risks to sector progress is the need to identify the social and economic risks of sector policy and investment in terms of distributional equity. Rigorous and transparent analysis of the poverty and social impacts of policy impact is therefore an important element of this Action Framework.[5]

Ongoing analysis can continue to generate feedback for reflection and course corrections through monitoring and evaluation (M&E) and dissemination.

The Action Framework also stresses the importance of realigning accountability in sanitation investment to empower citizens to hold policy implementers (government or private service providers) accountable. On the supply side of this accountability equation, legislation and regulation can reduce undesirable political economic influence. On the demand side, mobilizing and empowering poor consumers and communities can increase access and strengthen the equity outcomes of sanitation investment. The sustainability, effectiveness, and impact of sector investment are in large part a function of developing institutions and building the capacities of the actors involved. These institutions and actors can include government agencies, contractors and service regulators, implementing/delivery agencies, and producer and consumer institutions.

5 The Poverty and Social Impact Analysis (PSIA) approach was jointly developed within the Bank by the Social Development Department and the PREM Poverty Reduction Department, with collaboration from a range of bilateral development partners, such as the UK's Department for International Development (DFID) and the German Development Cooperation (see World Bank 2003). The political economy framework used in this study is based on what might be termed «the social perspective of PSIA» and was developed by the Bank's Social Development Department with Oxford Policy Management (OPM). See *The Political Economy of Policy Reform: Issues and Implications for Policy Dialogue and Development Operations* (World Bank/OPM 2008).

The Action Framework stresses the need for a partnership strategy to address and overcome blockages to pro-poor sanitation investment. This broad-based partnership strategy can be linked to an inclusive and widespread public debate and communications strategy that ensures transparency and helps reduce suspicion, resistance, or ideological capture. In this way, evidence transparently produced and widely debated becomes an opportunity for a sector dialogue with a two-way communication that shapes service provision and investment and moves communication away from a public relations exercise.

2.2 Methodology

This Synthesis Report consolidates the findings from a secondary literature desk review (OPM 2009b) and the results of fieldwork in Brazil, India, Indonesia, and Senegal. The fieldwork employed a mixed-method approach, primarily using qualitative analysis of stakeholders, institutions, and processes, complemented by quantitative data and analysis of budget allocation and coverage. Data collection was necessarily limited by the time and resources available for the fieldwork phase. A fuller discussion of the methodology is found in annex A.

Using and refining the conceptual framework that was developed through earlier work (World Bank/OPM 2008), the review included analysis of (1) key political economy literature in the sanitation sector in general; (2) the main issues of the political economy of sanitation in Brazil, India, Indonesia, and Senegal; and (3) an overview of the political economy issues regarding WSP and World Bank projects in the case study countries. The results from the review were used to identify research hypotheses and questions. A universal set of research hypotheses and questions was developed during the inception phase of the study for each part of the Diagnostic Framework. These are listed in annex A. These hypotheses and questions were then tailored to each country case study context. A sample of political economy questions linked to the Diagnostic Framework is provided in box 2.1.

The fieldwork data collection was driven by two qualitative research methods: semistructured **key informant interviews** and **focus group discussions**. Interviews were conducted with key informants from national and subnational government, private and public service providers, civil society, international donors and lenders, and project teams. Focus group discussions were conducted with representatives from private sector and civil society stakeholder groups. Two analytical instruments—stakeholder analysis and organizational mapping—were used to examine the interplay between political factors and economic factors by assessing stakeholder influence and interests, formal and informal institutions, and respective dynamics and processes.

The countries for case studies were chosen purposively by the World Bank/WSP team. The countries selected represent a range of sanitation contexts identified to generate useful operational lessons learned through the application of political economy analysis[6]. Within the selected countries, there was an element of initial stratification involved in the purposive sampling methodology. In the case of Brazil, for example, discussions of project contexts identified a typology of urban sanitation contexts and then purposively selected sites based on their learning potential. Annex B provides detailed summaries for all the case studies. Brief overviews are provided in box 2.2.

A time lag was deliberately built into the fieldwork schedule for the global study, with fieldwork conducted in India ahead of subsequent fieldwork in Brazil, Indonesia, and Senegal. Methodological lessons learned from India subsequently informed research in the other three case studies.

6 Case studies were selected based on the following criteria: the existence of WSP and Bank sanitation operations, in order to assess how they have managed political economy issues; interest by task teams; the presence of political economy issues commonly faced by the sanitation sector, in order to draw transferable lessons for other countries and regions; the opportunity to examine basic access versus improved sanitation via urban/rural infrastructure investments; available information on both demand and supply side aspects of governance; different degrees of decentralization; community and private sector engagement, in order to learn from non–public sector schemes; and an urban/rural and regional mix of cases.

Box 2.2 BRIEF SUMMARIES OF THE FOUR CASE STUDIES

Brazil: The case study analyses the national-level political economy dynamics of urban sanitation investment over the lifetime of the Water Sector Modernization Project (known in Brazil as Programa de Modernização do Setor Saneamento, PMSS). Since the PMSS launch in 1993, Brazil's urban sanitation sector has undergone an institutional transformation and gained a reputation for innovative and pro-poor sewerage programs. In addition to this national (policy) component, the case study includes a regional (project) component that focuses on the Bahia Azul program, implemented by the state utility Empresa Bahiana de Águas e Saneamento (Water and Sanitation Company of Bahia, or EMBASA) in the Salvador metropolitan region in northeastern Brazil.

India: The case study looks at the political drivers for the success of the Total Sanitation Campaign in rural Maharashtra. Designed as a supply-driven sanitation program, the campaign has a set of defined components that include information, education and communication, community mobilization activities, construction of household toilets and community complexes, and provision of toilets in government schools and *anganwadis*.[7] The India case study examines why the Total Sanitation Campaign failed to take off in most the states until 2004–05 and provides political economy insights on the Maharashtra success story

Indonesia: The analysis focuses on political economy constraints that have limited investment levels for urban sanitation and examines the factors behind the recent increase in government interest in sanitation service provision. While this increased interest has not yet translated into increased investment levels, it constitutes a major shift from the previous understanding (both within and outside government) that sanitation is a private matter for households and not something for which the state has responsibility or obligations.

Senegal: The case study looks at the political economy risks and opportunities influencing investment in Dakar's urban sanitation sector. Starting with the wide-ranging reforms of the water and sanitation sector in the mid-1990s the study explores the institutional environment, including the role of the innovative contractual arrangements regulating the water and sanitation sector, as well as more recent World Bank/WSP-supported initiatives of onsite sanitation that for the first time extend services to Dakar's poor peri-urban areas.

The terms of reference made a distinct differentiation between projects with positive experience (Brazil, India, and Senegal) and the Indonesia situation where political economy challenges had hindered increased investment. However, during the case study preparation it was clear that the context in Indonesia was rapidly changing, with increased government interest in and commitment to sanitation. This led to a change of focus from that initially envisaged, in which the cases studies generated lessons for Indonesia on designing actions that help manage the political economy of sanitation. The new focus aimed at an examination of why the current changes are occurring. This revised focus ensured that equally important lessons were captured from a context of ongoing donor and lender efforts to encourage sanitation investment in the face of minimal initial government—and public—interest in sanitation.

The case studies were conducted by a multidisciplinary team of international and national researchers. International social scientist led the research process and was supported by a national sanitation engineer. The Brazil case study team included an additional international sanitation expert. The case studies were conducted as part of a research process that aimed to gain in-country stakeholder interest, buy-in, and support for the political economy analysis. This included World Bank/WSP country offices, which—to varying degrees—were involved in the case studies, contributing to the identification of research hypotheses and providing insights as key informants. Debriefing sessions or workshops held at the end of the fieldwork or following production of initial draft reports helped to validate findings and initiate dissemination.

7 An *anganwadi* is a government-sponsored child-care and mother-care center.

III. Diagnostic findings from the field

In this section the case study diagnostic findings are synthesized and summarized with reference to the study hypotheses. The analysis is organized around the Diagnostic Framework presented in figure 2.1. The discussion includes general analytical findings and notes and explains differences between country case studies. Detailed summaries of the case studies are presented in annex B.

3.1 Country context

A country's socioeconomic, political, cultural, and historical characteristics, including its development trajectory and the current development aid architecture, make up the country context. An analysis of this context also involves looking at political processes within the sanitation sector, the potential links to national political institutions and stakeholders, the assumptions that underpin sanitation sector investment, and how and why sanitation investment was developed and by whom.

Cultural and historical context

The research confirmed that the cultural and historical context is a significant determinant of sanitation investment. In each country, contemporary attitudes and behavior toward sanitation investment could be explained at least in part by historical factors. Where an appropriate combination of historical cultural norms and devolved political authority prevailed, these could be cultivated by progressive decision makers to generate demand for sanitation among citizens. In contrast, where hierarchical political and social norms prevailed, they created a block to progress in sanitation investment.

In India, for example, successful investment in sanitation in Maharashtra could be attributed to a long history of social movements led by local leaders supporting the liberation of oppressed castes. Senegal's cultural and religious context places a high importance on privacy. Combined with a rapid growth in urbanization, it created a demand for increased water and sanitation provision in urban areas, particularly in the capital city, Dakar. This combination was reinforced 2000 by the new political leadership under President Wade with slogans such as "Sanitation is a matter of dignity." In socially and economically dynamic Brazil, persistence of sanitation problems, although decreasing over time, remains a source of embarrassment, as sanitation (especially sanitary sewerage) is associated with modern society. From a political point of view, since President Lula was elected, access to sanitation has been linked to human dignity and a citizen's right, similar to the case in Senegal.

In contrast, sanitation investment in Indonesia has been constrained by a historical context of authoritarian rule, in which advocacy is difficult, and, crucially, a sociopolitical view both within and outside of government that sanitation is a private responsibility. For cultural reasons, sanitation, in terms of wastewater treatment and disposal, is also generally not a subject that is discussed either widely or easily within Indonesian society. The central government had not sought to change the perception that sanitation was solely a household matter. Awareness of and concern about what happens to waste is low across all socioeconomic groups within Indonesian society. Public sanitation investment in urban areas of Indonesia has been low over many decades, and the majority of the existing investment has been by private householders, who generally expect little from government. These factors have all had a significant, long-term effect on limiting public policy debates and maintaining a low demand for facilities and services that effectively and safely treat and dispose of wastewater among all sections of the population.

Political opportunism and investment promotion

There is evidence from across the cases studies that sanitation investment promotion can be motivated by political opportunism. This represents an encouraging shift, as it reflects a higher political visibility for sanitation investment in some contexts. With the exception of Indonesia, there is increasing cross-party awareness of—and consensus over—the importance of sanitation investment.

In Brazil, political parties that obtain support from poorer voters certainly have a different attitude to sanitation, but this is not necessarily associated with advocacy of different technologies or investment decisions. The main political dispute in the Brazilian sanitation sector, not necessarily defined in terms of the traditional "right" or "left," concerns the respective roles of local municipalities and the water and sanitation companies controlled by the state governments. The *municipalistas* emphasize the benefits of responsiveness and accountability associated with municipal control. The *estadualistas* emphasize the management and investment capacity and economies of scale provided by state utilities. Increased sanitation investment has benefited from a growing cross-party consensus since President Lula's decision to include it as a priority sector in the 2007 Growth Acceleration Program (Programa de Aceleração do Crescimento, PAC). While Lula's Workers' Party (PT) is most clearly associated in the minds of poorer voters with an emphasis on sanitation as an issue of dignity and citizenship, all parties benefit from the opportunities to make political capital out of large sewerage contracts.

In Maharashtra, the behavioral change among national and local political leaders toward promoting and supporting sanitation investment indicates a consensus across parties. It has been stimulated in part by an understanding of the growing political importance among rural voters of sanitation investment. As a consequence, there is little evidence of partisan politics in sanitation investment debates.

While there is no evidence that political considerations drive pro-poor sanitation investments in Senegal, highly visible investments, with a corresponding emphasis on cultural or religious importance, are made in Dakar and other areas, and this emphasis undoubtedly appeals to a large number of voters.

Global policy debate and external aid agencies

The research looked at the facilitating role of external aid agencies and global policy debates for more pro-poor sanitation policies and investments. Global debates have impacted positively on national sanitation strategies and investments in contexts where they strike a chord with the progress of internal debates. Where sanitation debates are externally initiated or seen to be ideologically imposed, claims that external agencies have an impact are less convincing.

It is important to note that in three of the four cases (India, Brazil, and Indonesia) the international financial institutions (IFIs) are, unusually, small players with a facilitative or supportive role. The authors would argue that political economy analysis is even more important for IFIs and donors in smaller countries where they have stronger influence and a more critical role and therefore need to be more aware of these dimensions.

International attention to sanitation in Senegal via the 2004 Global WASH Forum in Dakar kept water and sanitation high on the country's agenda. This provided a platform for donor support and a clear demonstration of national commitment by the government, with President Wade himself attending the conference.

In Brazil, perceived enthusiasm by IFIs for privatization of state water and sanitation utilities in the 1990s contributed to a backlash against "neoliberal" policies in the sector that succeeded in derailing the privatization process. IFIs such as the World Bank had more success with their support for home-grown innovations such as the *condominial approach*,[8] sponsoring conferences and other events that helped to spread these innovations and legitimize their uptake by utilities such as EMBASA (the state company responsible for the successful Bahia Azul investment program in Salvador).

8 Condominial systems refer to the process of implementing simplified sewerage service coupled with consultations and ongoing interactions between users and agencies during planning and implementation. The term is primarily used in Latin America, particularly in Brazil, and is derived from the term *condominio* (housing block).

In Indonesia, external agency influence has clearly been important. Government interest has been stimulated through, among other factors, a WSP comparative study on the economic impacts of sanitation, a WSP/US Agency for International Development regional workshop in the Philippines, and the Indonesia Sanitation Sector Development Project (ISSDP) implemented by the Government of Indonesia together with the Water and Sanitation Program–East Asia and the Pacific (WSP-EAP) (and cofunded by the Government of the Netherlands). However, in the case of ISSDP, donors' influence rests on their ability to understand and manage effectively their relationship with government. The consultant team employed by WSP to work on ISSDP, for instance, physically sits and interacts with government on a daily basis. While letting go of certain aspects of project planning, or accepting slower time frames, is not always comfortable for IFIs and donors, in a context where the government does not want to be seen in any way as donor driven, a back seat role is key to encouraging government ownership and commitment.

The water and sanitation sector in India is heavily funded by government and strongly government led. The policy debate on the need for sanitation investment at the national level has been won and is government owned rather than being externally driven. The perceived urgency of this need is linked to external engagement with IFIs and donors on MDG commitments. At the state level in Maharashtra, WSP helped support pro-poor sanitation investment by introducing state and local government colleagues to promotional approaches and low-cost sanitation technologies. WSP then used the evident success of the Maharashtra program in advocacy at the national level for a shift in emphasis in the Total Sanitation Campaign from household inputs (toilet construction) to collective outcomes (an end to open defecation). In 2004, significant changes were made to the Total Sanitation Campaign Guidelines to reflect this policy shift.

3.2 Sector arena

Beyond the sanitation country context, a political economy perspective focuses attention on the sector arena, meaning the formal and informal institutional arrangements for—and stakeholder interests in—the management and implementation of sanitation investments and service provision. The literature suggests that this political economy challenge can be particularly problematic in the sanitation sector, with its need for cross-sectoral delivery and with a wide range of delivery strategies from which to choose.[9]

Institutional challenges and opportunities

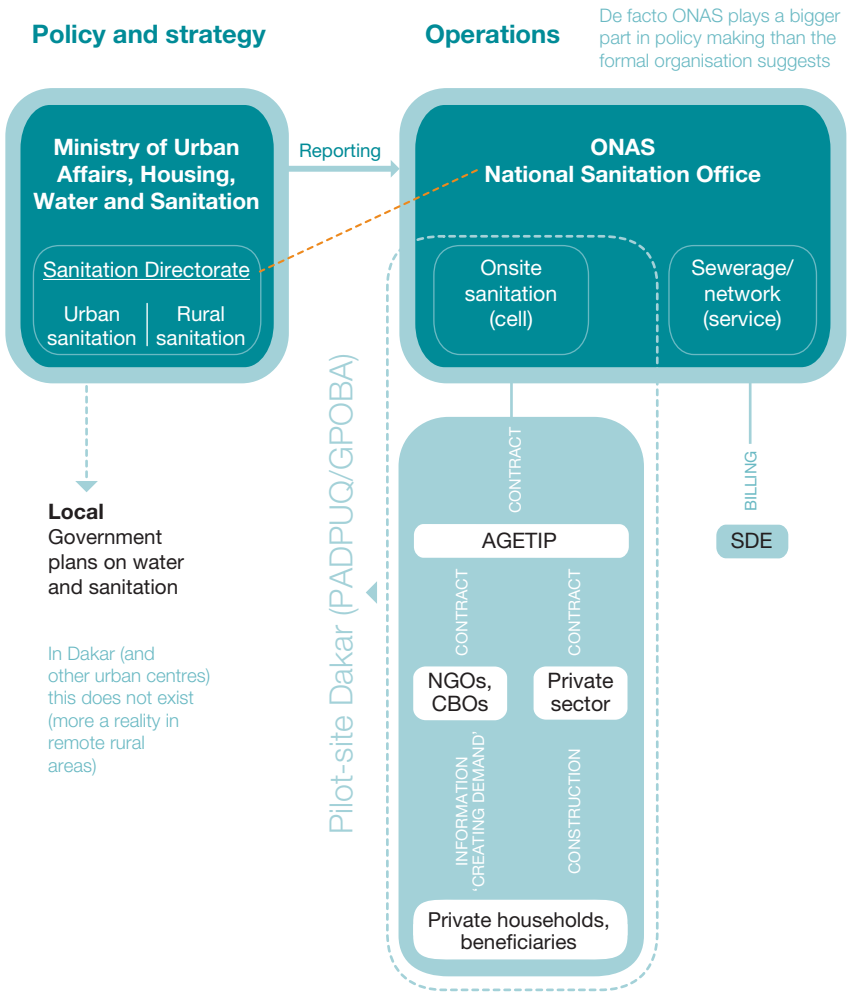
The institutional complexity of the sanitation sector has long been recognized as a major obstacle to pro-poor sanitation investment. Despite this, the cases studies illustrate that opportunities for institutional change have been recognized and supported. These changes have demonstrated that institutional complexity need not be a barrier to increased investment and that Task Team Leaders and practitioners can work to support progressive change within complex landscapes, with decentralization often providing more room for institutional maneuver. Despite political sensitivity and institutional constraints, there is still a space where pragmatic work can be done to support institutional change without huge loans. This work can support formal rule changes, as with regulatory reform in Senegal, or informal cultural change, as illustrated by institutional support in Maharashtra.

The research confirms the constraints that arise from a lack of a clear organizational home for sanitation investment. This lack of a home can add to the complexity of sector planning and resource allocation processes while limiting organizational accountability for progress. In Indonesia, for example, there is no single national level ministry responsible for sanitation policy; responsibilities are shared among at least five ministries. It is clear that urban sanitation has no distinct organizational home, and so unsurprisingly there are historically and currently varying degrees of interest in sanitation. In Senegal, in contrast, there was a consensus among key informants that the National Sanitation Office (ONAS) was increasingly taking responsibility for urban sanitation policy and investment. One went as far as to say that "ONAS is the real 'Ministry of Sanitation.'"[10] Figure 3.2, from the Senegal report, maps institutional delivery of sanitation investment.

9 For a review of available literature, see OPM 2009b.

10 Under recent public administration reform, sanitation had been bundled together with other sectors into a single ministry (the Ministry of Urban Affairs, Housing, Water and Sanitation).

FIGURE 3.1 INSTITUTIONAL LANDSCAPE OF URBAN SANITATION IN SENEGAL (SPECIFIC FOCUS ON DAKAR)



Notes: AGETIP: Agence d'Exécution des Travaux d'Intérêt Public (public works and employment agency)
SDE: Sénégalaise des Eaux (Senegalese water utility)
Source: Garbarino and Guène 2009.

The research findings emphasize the important status of **decentralization** as a key determinant of the pattern and impact of sanitation investments. With the exception of Senegal, where sanitation is not decentralized,[11] the case studies highlighted several facets of centralization/decentralization. On the demand side, the strength of decentralized authority can empower stakeholders to debate and contest sanitation investment with which they are dissatisfied. Decentralized budgetary authority can encourage pressure from regional government, civil society, and citizens to allocate budget to sanitation investment. On the supply side decentralization can keep politicians and bureaucrats in touch with their grassroots constituents. In all cases, the positive influence of decentralization on sanitation investment is conditional upon the level of awareness and strength of demand among budget holders and citizens. While in some cases, as in Maharashtra and in Brazil, decentralization can prove to be hugely significant in promoting institutional arrangements that facilitate more effective cross-sectoral

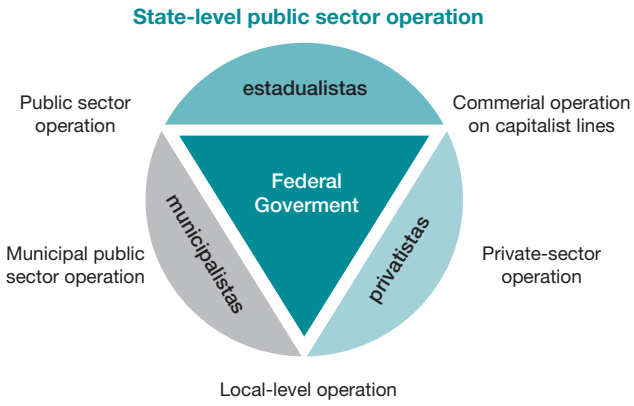
11 In Senegal, local governments are tasked to develop local water and sanitation plans. However, a combination of capacity constraints at the local level and weak accountability between central and local government means that this hardly ever happens in practice. Remote rural areas are sometimes forced to take responsibility for their own sanitation services, as their needs are more easily ignored by the central Government in Dakar.

decision making at the subnational level, in other cases, such as in Indonesia, a lack of clarity over institutional authority at the national level can be reproduced and magnified at subnational level.

Decentralization is long established in Maharashtra, and some senior political leaders and officers have worked their way up though the hierarchy, bringing with them an understanding of, and commitment to, village-level action. Some maintain close links with their village. Indeed so strong was the decentralized nature of sanitation investment innovation in Maharashtra that the national program borrowed from the incentive program initiated at the local level rather than the other way around. Also in Maharashtra, a range of social sector departments and programs including preschool centers, education, health, and sanitation fall under the district council (Zilla Parishad) chief executive officer. This makes it easier to secure cross-sectoral bureaucratic support for development programs and to maintain good coordination between the bodies concerned.

In Brazil, the federal government—which sets national sector guidelines and serves as the principal source of sanitation investment funds, whether through grants or loans—functions more as a dynamic arena for struggles between different stakeholders than as a stakeholder in its own right. For example, the military regime from 1964 to 1985 used the resources of an authoritarian and highly centralized state to push through national strategies such as the National Water Supply and Sanitation Plan (PLANASA). In contrast, today's democratic, pluralist, and highly decentralized Brazil forces national policy making to respond to competing pressures from promunicipal *municipalistas*, prostate utility *estadualistas*, and pro–private sector *privatistas*. These advocates mobilize support across different levels of government and from different parts of political society, civil society, and the private sector and can form tactical alliances around points of ideological convergence. Figure 3.3 illustrates these competing pressures.

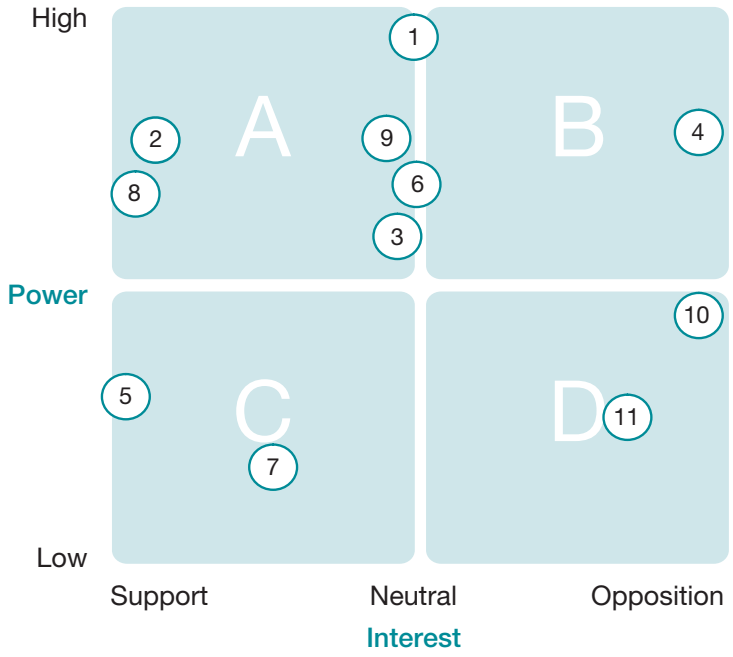
FIGURE 3.2 SANITATION SECTOR STAKEHOLDERS' IDEOLOGICAL POSITIONS, BRAZIL



Source: Cunha et al. 2006, our translation (graphic provided by and reproduced by permission of Frederico Turolla)

The case study of the Bahia Azul investment program showed that in the 1990s it was possible for a state government to rapidly scale up sewerage provision with a go-it-alone approach. But with this approach came missed opportunities for cross-sectoral work, including synergy with advocates for the upgrading of health and neighborhood services by the municipal administration authority. In today's sector arena this approach would no longer be possible, given the strengthened role of the municipalities and the need for improved federal cooperation between states and municipalities under the 2007 Basic Sanitation Law, which also covers water supply. Sanitation investments under the flagship Growth Acceleration Program (PAC) include a much greater focus on collaboration between state and municipal government departments, though some cross-sector coordination issues remain. Stakeholder power and interest mapping (figure 3.4) clearly shows how political economy factors made it impossible for one side to prevail in the struggle over the 2007 law. Using information gathered through key informant interviews, a graphical presentation of stakeholder interests and power relations places stakeholders on a matrix; each stakeholder's position is determined by its interest (x-axis) and its ability to influence decision making (y-axis).

FIGURE 3.3 STAKEHOLDERS, INTERESTS, AND POWER IN NEGOTIATIONS OVER PROVISIONS IN THE "SANITATION LAW" TO STRENGTHEN THE ROLE OF MUNICIPALITIES



Stakeholder	Interests
1 President's office	Guarantee legal and policy framework to facilitate increased investments in sanitation, balancing demands from different political groups
2 Secretaria Nacional de Saneament Ambiental (National Secretariat for Environmental Sanitation, SNSA), a department of the Ministry of Cities controlled by PT (Workers' Party) until 2005	Establish control of legal and policy framework; strengthen role of municipalities
3 Fundação Nacional de Saúde (National Health Foundation, FUNASA), executive agency of the Ministry of Health controlled by Brazilian Democratic Movement Party (PMDB)	Avoid centralization of policy control by SNSA; increase scope for negotiating sanitation investments in small municipalities

Stakeholder	Interests
4 Associação das Empresas de Saneamento Básico Estaduais (Association of State Sanitation Companies, AESEBE)	Orient legal, policy, and resource allocation framework to strengthen role of state utilities
5 Associação Nacional dos Serviços Municipais de Saneamento (National Association of Municipal Sanitation Services, ASSEMAE)	Orient legal, policy and resource allocation framework to strengthen role of municipalities
6 Associação Brasileira de Infra-Estrutura e Indústrias de Base (Brazilian Infrastructure and Heavy Industry Association, ABDIB)	Increased investment in sanitation
7 Associação Brasileira das Concessiónarias Privadas dos Serviços Públicos de Água e Esgoto, (Brazilian Association of Private Water and Sanitation Operators, ABCON)	Orient legal, policy, and resource allocation framework to strengthen role of private-sector concessions

Stakeholder	Interests
8 Partido dos Trabalhadores (Workers' Party, PT), lead party in governing coalition	Orient legal, policy, and resource allocation frame-work to strengthen role of municipalities, promote citizen oversight, and restrict private-sector participation
9 Partido do Movimento Democrático Brasileiro (Brazilian Democratic Movement Party, PMDB), largest party in PT-led coalition	Guarantee flow of sanitation resources to supporters in both state governments and municipalities, including via FUNASA
10 Partido da Social Democracia Brasileira (Brazilian Social Democracy Party, PSDB), lead party in opposition coalition	Orient legal, policy, and resource allocation framework to strengthen role of state utilities, promote technical regulation, and boost private-sector participation
11 Partido da Frente Liberal (Liberal Front Party, PFL—changed name to DEM or Democrats in 2007), part of opposition coalition	Orient legal, policy, and resource allocation framework to boost private-sector participation

Source: Shankland et al. 2010.

In Indonesia, rapid decentralization gave greater administrative independence to local governments and moved financial resources and responsibility for the provision of many public services (including water and sanitation) directly to the district level. However, the effects of the lack of clear responsibilities at national level are compounded by a lack of clarity over the roles of different levels of local government and of different institutions within local governments. Furthermore, responsibilities of local agencies may vary between different districts and cities as there is no national policy on institutional configuration or allocation of responsibilities for sanitation between local bodies at the local level. figure 3.5 presents an institutional map of Indonesia's urban sanitation sector and clearly highlights the lack of clarity over responsibility. This reduces accountability for sanitation service delivery. It is unclear to ordinary members of the public whom they could approach and/or complain to. This contrasts to electricity suppliers, for instance, where advertised hotline numbers enable clients to contact providers directly when there is a problem.

A further key issue faced due to decentralization in Indonesia is the increasing practice of redistricting, through which local politicians can petition for districts to be split into smaller administrative units through a mechanism called *pemekaran*. In theory this should facilitate better service delivery, more equitable resource distribution, and more representative government. While redistricting has increased revenues, local budget generally give priority to free education, (curative) health services, and the construction of new government offices to house newly formed local administrations. These easily crowd out sanitation and other public health promotion issues. This bottom-rung perception of sanitation is entrenched by an attitude among mst local governments that responsibility for sanitation rests with others: NGOs, the private sector, or, despite decentralization, the national government, and most importantly perhaps, with individual households.

FIGURE 3.4 INSTITUTIONAL MAP OF THE URBAN SANITATION SECTOR, INDONESIA

		Infrastructure development and service delivery					
	Local policy and strategy	Sewerage and wastewater treatment	Sludge treatment	Communal toilets	SANIMAS (urban community sanitation system)	Household toilets and septic tanks	Drainage****
Local government departments							
Bappeda	X						
Municipal Department of Public Works (PU)	X						X
Municipal Cleaning and Landscaping Agency (DKP)	X		X				
Neighborhood administrative units (RT/RW)				X	X		
Environmental Services Agency (DLH)	X		X	X			
Environment Watch Body (BPLHD) at provincial level	X						
Water Resource Body (Dinas Sumberdaya Air)***						X	
Local government enterprises							
PDPAL (sewerage utilities)*		X	X				
PDAM (water utilities)*		X	X				
Nongovernment stakeholders							
Private enterprises			X**				
NGOs / CBOs / community groups				X	X		
Individuals / households						X	X

Notes:
* Depends on district / city arrangements (only two cities have PDPAL separated from PDAM—Jakarta and Banjarmasin).
** Pit emptying.
*** Can take the role of managing septic tanks operators.
**** As with sanitation, organizational responsibility for drainage is complex and depends largely on the grade of roads and associated drains. The Ministry of Public Works is responsible for drainage on first- and second-level roads (interprovince and intercity roads). Tertiary roads and local streets are often under local government responsibility but neighborhood streets are often neglected. Developers build drainage systems for new housing estates and formal developments, but drainage in informally growing settlements is often unaddressed.
Sources: WSP-EAP 2009; Brook et al. 2010.

Budget allocations and disbursements

The research focused on the political economy factors that might explain the gap between sanitation as an expressed priority and actual changes in budget allocation and disbursement. The challenge of translating political statements into budget commitments was confirmed. In some cases this is a function of the pressure to allocate scarce resources to sectors with a traditionally higher perceived priority or with higher perceived political rewards. In cases where resource scarcity is less of an issue, the importance of organizational resistance from within the executive can become apparent. In these cases, executive ministries, departments, and agencies have insufficient pressure from above and from below to allocate budgets to (more progressive) sanitation investment. Therefore, even where there is high-level buy-in, and demand generated within civil society, this will not necessarily change political preferences within institutions implementing government policy. Another explanation for the funding gap is seen where implementing agencies lack the technical and governance capacity to absorb and manage increased budget allocations. Where governments have successfully bridged these policy-to-funding gaps, national or federal level sanitation programs can provide a protected institutional vehicle for sanitation investment.

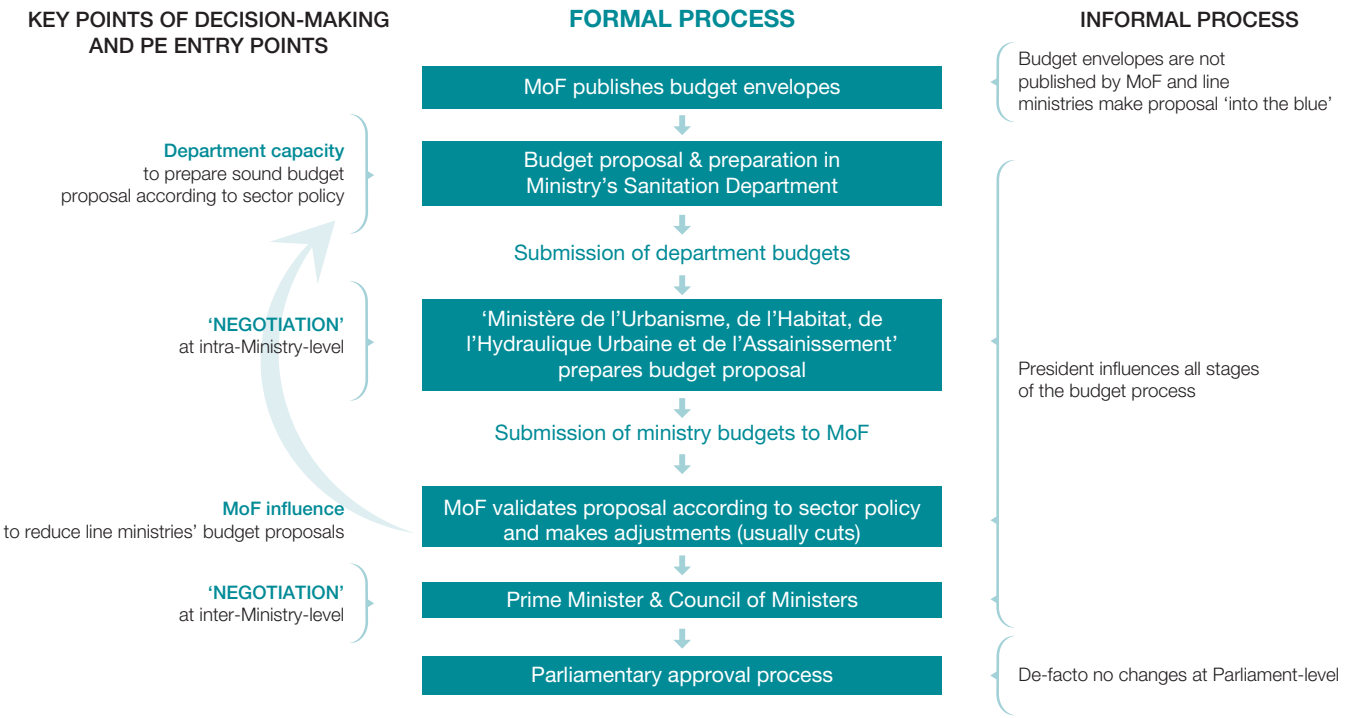
In Indonesia there has often been a huge gap between public statements and budget execution levels. This is less a function of resource scarcity and more a matter of organizational resistance or lack of real interest within government. Despite certain formal processes being in place, informal patron–client relationships play a key role in determining investment priorities and funding from central to local governments. This is particularly evident in the influence of provincial level government stakeholders and actors over budget allocations, where personal relationships and political considerations are key to obtaining funding.

In contrast, these political economy gaps have been largely bridged at the federal level in India, with the government putting in place a transparent institutional mechanism of disbursement and authority that ensures the transfer of government investment into various elements of the national Total Sanitation Campaign. At the subnational level in Maharashtra, the ability of the Maharashtra government to secure strong and sustained bureaucratic support for its political commitments was fundamental to the progress of sanitation investment in the state.

In Senegal, budget allocation has been hampered by capacity constraints at the policy and planning level as well as by competing investment priorities with potentially greater political rewards, such as investments in Dakar's road network. An organizational mapping, undertaken during the fieldwork, identified key decision and political economy entry points during the budget process, including the president's ability to influence the budget process or the importance of line ministries' capacity to present a sound budget proposal to the Ministry of Finance. figure 3.6 summarizes this analysis and is divided into three parts: the formal rules of the budget process (in the center), key points of decision making (in blue, on the left), and a description of the informal processes (circled in red, on the right). Moreover, cost recovery is subject to much debate in Senegal's urban sanitation sector today. With little actual contribution from local government, ONAS gets its main revenue from the sanitation surcharge collected within the water billing. In August 2008 ONAS signed a performance contract with the government confirming that the state would cover the financing gap if ONAS performed satisfactorily.[12] The sanitation sector has therefore followed the successful example of the water sector in designing contracts that shape stakeholders' incentives in order to protect investments from adverse political economy impacts.

12 ONAS's performance was tracked in wastewater treatment, investment in the network (extension and rehabilitation), new connections and new onsite facilities, network maintenance, and financial management.

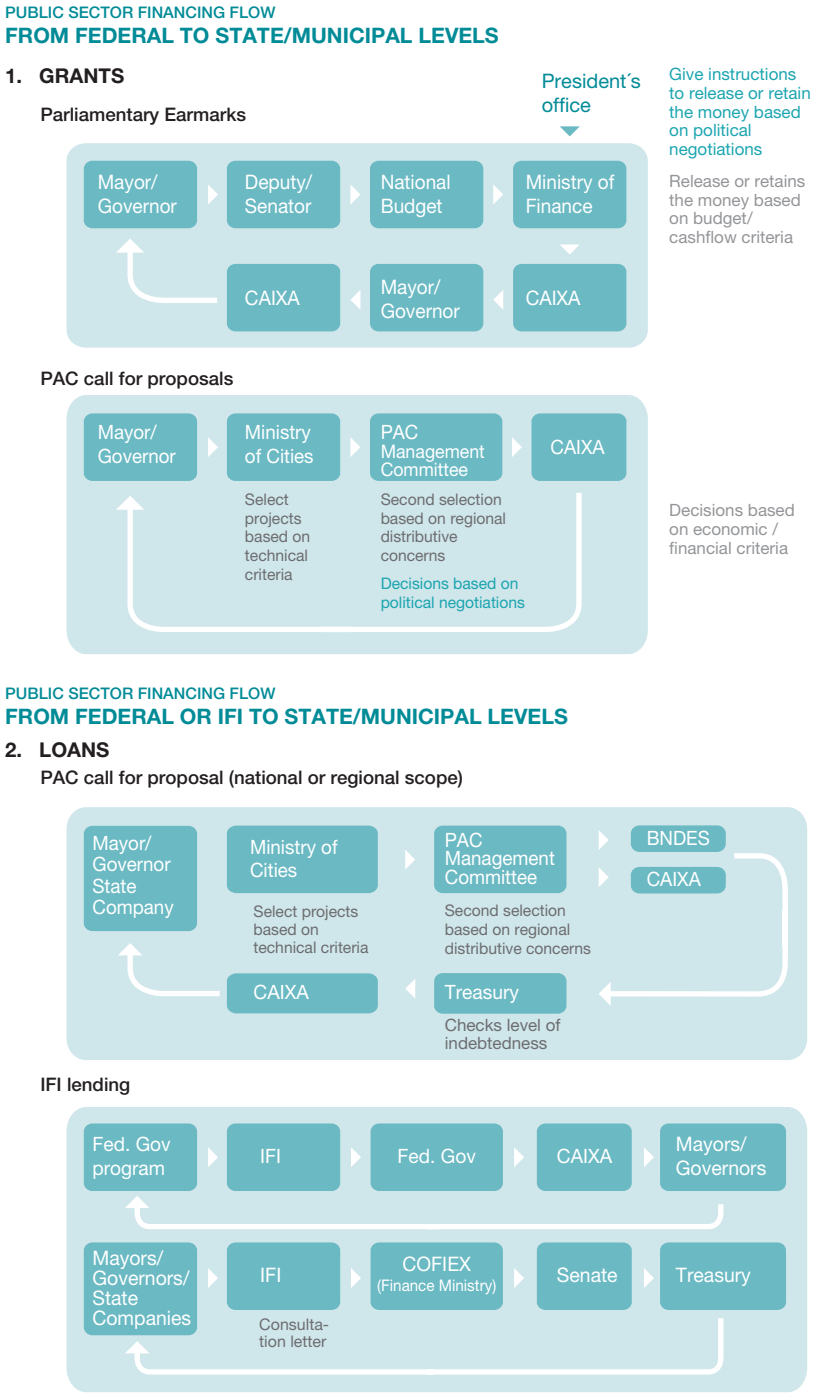
FIGURE 3.5 ORGANIZATIONAL MAPPING OF THE BUDGET PROCESS FOR URBAN SANITATION IN SENEGAL



Source: Garbarino and Guène (2009).

In Brazil there is a significant gap between the amounts earmarked for sanitation investment in congressional budgets and those actually released by the national treasury, with political as well as financial criteria governing the ultimate decisions on disbursements. Most sector investment has historically derived from federal government loans, with strict technical and financial viability criteria that limit uptake to the larger and better-run state utilities. The inclusion of sanitation in the Growth Acceleration Program has, however, significantly increased the availability of grant finance for investment by smaller and more heavily indebted utilities in poorer states and municipalities. figure 3.7 graphically represents the mix of loans and grants with different institutional and political pathways to decision and disbursement. (Where relevant, sites or moments of political input to decision making are noted in red alongside the official technical and financial decision pathways.)

FIGURE 3.6 BUDGET DECISIONS AND RESOURCE FLOWS FOR SANITATION INVESTMENT GRANTS AND LOANS IN BRAZIL



CAIXA = Caixa Econômica Federal (Federal Savings Bank); BNDES = Banco Nacional de Desenvolvimento Econômico e Social (National Bank for Economic and Social Development); COFIEX = Comissão de Financiamentos Externos (Brazil's federal government external financing commission).

Source: Shankland et al. 2010.

The key constraint to increasing both the quantity and the quality of sanitation investment in Brazil is now perceived to be weak technical and financial capacity resulting from the decades-long neglect of the sector. While the private sector is already beginning to respond to the new, more positive scenario, significant investments continue to be needed in the technical and management capacity of the public bodies (at federal, state, and municipal levels) that commission, monitor, regulate, and in most cases operate sewerage and other sanitation services.

Corruption and rent seeking

A particular dimension to the budget allocation and disbursement debate is the incidence of corrupt practices based on rent-seeking behavior within organizations with control over budgets and authority over sanitation investment decisions. While all case studies came across evidence of rent seeking and corruption, it was not identified as the predominant feature distorting pro-poor sanitation investments.

In Indonesia sanitation investments were said to be less popular with many civil servants than other types of larger infrastructure projects (for example, roads and buildings), as they provided fewer opportunities for corruption. One senior civil servant argued, "If you go into sanitation, you are signing up to be poor." There are, however, corrupt practices in sanitation investment: private sector interviewees involved in building sanitation infrastructure in the past explained that they were usually asked for kickbacks of up to 20 percent of the total budget. Corruption is a

widely and often discussed topic within the national media, and there is a general public perception that someone always gets rich with infrastructure investment.

Another opportunity for rent seeking is created in Indonesia through the ongoing decentralization process. The practice of splitting districts into smaller administrative units should in theory facilitate better service delivery, more equitable resource distribution, and more representative government. However, as decentralization means more central funding is available, and more money is also raised locally through taxation, a key motivation for splitting districts has often been control over resources and rent-seeking opportunities for local elites.

Within the low technology investment arena in rural sanitation in India, opportunities for corruption prevail in the disbursement of a large central budget under the Total Sanitation Campaign and for rent seeking in the approval of financial awards for clean village status. This study, with its relatively brief period of fieldwork, did not elicit evidence of corruption in the disbursement of TSC budgets from central to subnational administration. Nor was there any evidence of rent seeking by officials responsible for confirming clean village status in Maharashtra. While it is reasonably safe to assume that corruption and rent seeking play their part in this sector, as they do in others, the fieldwork team did not conclude that this distorted the process and its outcomes significantly.

In Senegal, the fieldwork team did not come across concrete evidence for corrupt practices within the onsite investments. Works are closely monitored through the Global Partnership on Output-Based Aid (GPOBA) initiative. However, the overall preference of politicians for big infrastructure investments—while on one hand explained by a technological bias—is likely to be influenced by the opportunities created for rent seeking.

In Brazil the political commitment to condominial investment has been pro-poor while generally maintaining the appeal for different stakeholders. For politicians, this creates relatively big public works programs for investment, and key informants in Bahia raised the issue of the closeness of the state government to particular construction companies. Moreover, according to key informants, there are expectations by construction companies who finance politicians' election campaigns that they will be repaid out of inflated contracts when that particular politician is successfully elected. While not covered in the case study (as it is not funded by World Bank or WSP), FUNASA, the Ministry of Health agency responsible for small-town sanitation, has been involved in numerous corruption scandals, and its former administrative director was arrested by the Federal Police on suspicion of embezzling roughly US$30 million in spring 2010.

Technological choice and pro-poor sanitation provision

The research explored whether and why decisions about pro-poor sanitation investment can also be derailed by technological preferences. Politically driven decision making was characterized by a preference for highly visible, big infrastructure investments, with in some instances rent-seeking opportunities being an important incentive for those in power. Among engineers, there is a strong technical bias for traditional sanitation investments, such as sewerage-based service provision, often at the expense of appropriate technological choices. The sector arena is therefore often characterized by political and technological preferences that benefit the minority of well-off urban residents rather than the poor majority.

In cases where technological and political preferences are not the same, an interesting debate emerges between sector stakeholders. In Senegal, many high-ranking politicians are supporters of investing in the expansion of the sewerage network and costly treatment plants, whereas many technical sector specialists and bureaucrats have been increasingly convinced by examples of onsite sanitation and condominial systems that successfully work in poor semi-urban areas of Dakar. Anecdotal evidence suggests that this experience echoes the situation in many other countries. However, bureaucrats in Senegal have limited power compared to politicians. This lack of influence over technological discussions by engineers and bureaucrats has limited the adoption of large-scale onsite sanitation and condominial systems and has undermined efforts to expand sanitation provision to the country's poor outside the reach of the network.

In Brazil, a discourse of modernity shared by popular and elite actors has favored investment in "modern" sewerage over other forms of sanitation provision. Moreover, the engineer-

ing community has initially resisted the condominial sewers technology; it was simply not what they have been trained in. However, the resulting high costs of increased sanitation access and the bias away from pro-poor investment have been partially offset by the use of innovative low-cost sewerage technologies such as the condominial approach.

In India, the federal government has ensured that affordability of rural sanitation technologies has not hindered the delivery of sanitation investment. Subsidies for household latrines for designated (below poverty line) poor households are readily available through the federal Total Sanitation Campaign. In Maharashtra these subsidies resolved affordability problems for many households, which was confirmed by observable behavioral change and by below poverty line households interviewed for this study.

In Indonesia, private investment is the norm in a context where sanitation is widely seen as a private and not a public responsibility. The traditionally low political interest in sanitation means that there is little or no prominent discussion on technological choice among political decision makers. Between 1970 and 2000, government spending on sanitation averaged just Rp 200 (US$0.021) per person per year. It is not surprising then that the primary source of investment for sanitation is households and communities, who invest in onsite sanitation. In the city of Jakarta, for instance, this results in self-provisioned investments in septic tanks by households, while in rural areas, pit latrines are the most popular technological choice.

Private sector involvement

The research tested the hypothesis that governments actively encourage nongovernmental and private sector actors in sanitation infrastructure and delivery, with a focus on how that relationship can be established in a way that effectively manages political economy risks and opportunities. The research confirmed the potential institutional effectiveness of contractual relationships that provide flexible entry for the private sector and NGOs in sanitation promotion, investment, and delivery.

In India, the Total Sanitation Campaign has been designed to be sufficiently flexible to allow for subnational autonomy and to encourage the participation of NGOs and the private sector in the implementation of crucial elements of the program. In Maharashtra, however, sanitation promotion is undertaken by government officers, not contracted to external organizations. This adds legitimacy to the promotional campaign. NGOs are involved, but in the background, as resource centers for government. Similarly, in Senegal, the World Bank/WSP Sanitation Program for Peri-urban Communities of Dakar (PAQPUD) delegate the active role of promoter and implementer to community-based organizations and private operators, which are trusted partners in many communities.

In Brazil, both service provision and sector investment finance are dominated by the public sector. However, the proportion of sewerage services provided by private-sector concession holders is growing, albeit from a very low base. Private investment in the sector suffered from long-standing uncertainty over the legal and regulatory framework, partially resolved by the 2007 National Basic Sanitation Guidelines Law, which also includes water supply as part of basic sanitation. Evidence from Brazil has also highlighted that long-term engagement with communities matters. The case study of the Bahia Azul program showed that the hard work of the community mobilizers in organizing neighborhood meetings and pursuing individual households to ensure their adherence was very successful in creating the condominiums and paving the way for investment and construction. However, the lack of any systematic links with community associations and other neighborhood groups may have made it harder to mobilize subsequent collective action for operation and maintenance in a sustainable fashion.

In Indonesia, where recently increasing political commitment has not yet translated into concrete actions, there is currently little role for private sector involvement in the sanitation sector. Not actively encouraged by the government, the private sector is, however, involved through private investment in onsite facilities or maintenance, for example, in those cases where septic tanks are operational and emptied on a regular basis.

Demand for sanitation services and willingness to pay

The research considered whether communities and households are less interested in sanitation investment than in other

services and are less willing to pay for sanitation services. It is evident that while demand for sanitation has traditionally been weaker than for water and other services, demand in both urban and rural areas can be generated with a selection of rewards and sanctions, an affordable mix of technologies, and a long-term strategy of engagement and promotion.

In Maharashtra the demand for water is much stronger than that for sanitation. It is also highly significant, however, that under the state's Sant Gadge Baba scheme, community investments have been much larger than government expenditure due to a careful combination of incentives and sanctions. Indeed, the experience in Maharashtra has demonstrated that in this context, rewards for sanitation outcomes are a key motivating factor for communities. Interest in and demand for sanitation in Indonesia has traditionally been low among communities, and stakeholder analysis confirmed low interest among the media, consumer groups, and within households.

Rapid urbanization and population growth have put pressure on service provision in Senegal's cities. In most settings, however, community demand for services focuses on what are perceived as more urgent problems: drinking water, solid waste collection, wastewater and drainage (in particular in the rainy season), or acute environmental problems as the case of the Cambérène treatment plant demonstrates (box 3.1). However, in Dakar, NGOs and CBOs have successfully used community interest in better drainage and wastewater collection to stimulate demand for sanitation services. By offering a wide range of technological options[13] (in different price categories) supported by a one-off subsidy, sanitation provision is becoming more affordable.

In Brazil, demand for sewerage investments in high-density urban informal settlements (*favelas*) has historically been driven not by *favela* residents themselves but by downstream middle-class and elite communities. In the case study city of Salvador, a particular factor was these communities' concern about the discharge of raw sewage onto "their" beaches. There is evidence, however, that near-universal access to electricity and water supply has made room for sanitation to move up the list of poor Brazilians' priority demands. Sewerage investment in informal settlements is now perceived as a key part of the transition from *favela* (slum) to *bairro* (neighborhood) and from social exclusion to *cidadania* (citizenship). The benefits of improved sanitation for both human health and dignity are now clearly present in the discourse of *favela* residents, as well as in high-profile statements by President Lula.

Box 3.1 CONSUMER ACTION: THE CAMBÉRÈNE TREATMENT PLANT IN DAKAR

From December 2001 to March 2002, the Cambérène wastewater treatment plant had problems with the pipe that discharged treated wastewater into the Atlantic Ocean. The pipe was broken, and treated wastewater was discharged into the sea directly on the shore instead of 200 meters from the coast as intended. It further came to light that the National Sanitation Office proceeded to pass raw sewage directly to the sea during maintenance periods at the plant.

Once people living nearby understood what was happening (and what caused the smell), they decided to physically block and clog the last manhole leading to the shore. This did not leave ONAS any choice but to stop pumping raw sewage into the sea, and the Cambérène treatment plant was eventually closed down for four months.

Following this concrete consumer action, ONAS was forced to install a new, flexible pipe with an outlet 200 meters from the shore. In addition, the minister responsible for sanitation had to personally negotiate with the community before the manhole was unblocked

Source: Garbarino and Guène 2009.

Sanitation as vote winner or career maker?

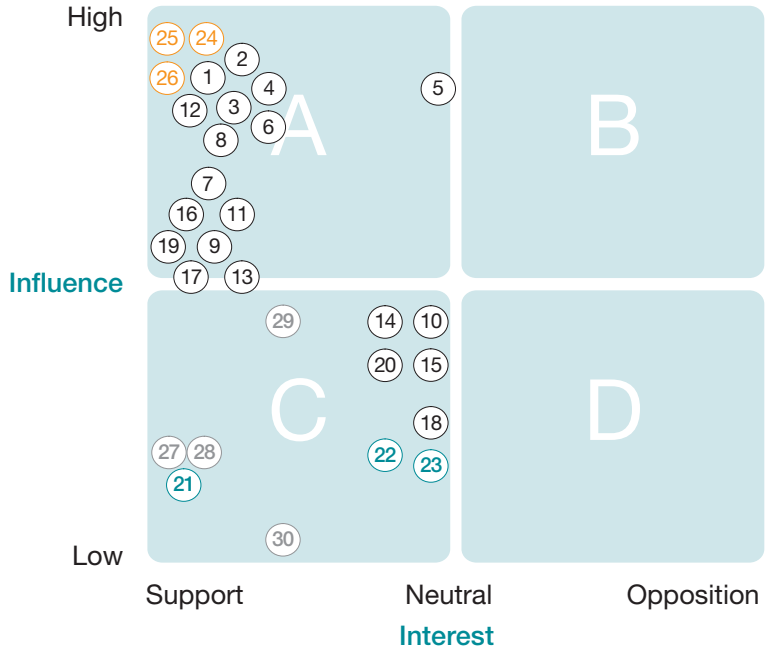
The research also looked at the incentives and interests of government stakeholders in relation to sanitation investment, testing the hypothesis that within government, sanitation is perceived as a vote winner (or career maker). There was encouraging evidence from the India and Brazil case studies of perceived political returns to sanitation investment, and some progress apparent at the city level in Indonesia in generating political incentives through the Indonesian Sanitation Sector Development Program. The political incentives operate

13 The available technology includes wash basins or showers with a «soak away,» which do not count under the MDG target or the «safe management of human excreta» (the definition of sanitation in the terms of reference for this study).

where demand among the public has been generated or strengthened and/or where there is a higher visibility given to sanitation in national and international policy debates.

In Maharashtra, the political returns to sanitation investment have become increasingly apparent. Some of the senior officials committed to sanitation in the early years have risen to more senior positions, albeit often to unrelated sectors, and the government recognizes and rewards officers who perform well in the sanitation program. Significantly, this form of political incentive has started to be reflected in other states. The program also gives Gram Panchayat (village-level government) leaders greater access to senior decision makers, raising their public profile if they are sanitation supporters. This is clearly illustrated in the country case study stakeholder analysis (figure 3.8), which maps stakeholders according to their level of interest (on the horizontal x-axis) and influence (on the vertical y-axis). This shows high levels of support for rural sanitation investment among powerful state and district officials. In Maharashtra, stakeholder positions on sanitation investment have shifted over time to the point where there is now no significant stakeholder opposition to rural sanitation investment (illustrated by the blank cells B and D). Fifteen or more years ago this type of stakeholder analysis would have shown active stakeholder opposition, in particular from the state water board. The challenge now is not one of active opposition but of agenda setting and prioritization in a resource-competitive environment. In this environment, the strongest push for sanitation investment and creative programming has come from sanitation champions—state politicians and executive officials—within the Department of Drinking Water Supply and Sanitation, backed by supportive activities from the donor community.

FIGURE 3.7 POWER/INTEREST MATRIX, RURAL SANITATION INVESTMENT, MAHARASHTRA, INDIA



GOVERNMENT AND STATE AGENCIES

National

1. Ministry of Rural Development - (A: Support + high influence)
2. Department of Drinking Water Supply (DDWS) (A: Support +high influence)
3. The Rajiv Gandhi National Drinking Water Mission (A: Support +high influence)

State level

4. State Minister for Drinking Water Supply and Sanitation (A: Support +high influence)
5. State Water and Sanitation Mission (headed by Chief Secretaryof State) (A: Ability to influence high but neutral interest)
6. Water Supply and Sanitation Department (WSSD)* A: Support +high influence)

District level

7. Zilla Panchayat (A: Support +high influence; influence could be varied depending on the individual capacity of the Sarpanch)
8. District Water and Sanitation Management Committee (DWSMC) (A: Support +high influence)
9. District Core Team/ TSC Cell - (A: Support +high influence; however, influence will be more toward neutral because of relatively little decision-making power)
10. Officials of district-level units of the Departments of Education (district education officer), Health (chief medical officer), Women and Child Development (chief district project officer-integrated child development schemes); (C: support and influence both more toward neutral, as these have no authority over funds)
11. District heads of ongoing water supply projects of Jalswaraj/ KfW/ Mahajal - (A: Support + influence)
12. MPs and MLAs - (A: Support + influence)

Block level

13. Janpad Panchayat - (A: Support + influence)
14. Block development officer - (C: support and influence both more neutral)
15. Officials of various government departments/agencies like education, health, and women and child development - (C: support and influence more neutral)

Village level

16. Gram Panchayat (GP): Sarpanch and elected ward members - (A: Support + influence)
17. VWSC members - (A: Support + influence)
18. School Management Committee /PTA (C: support and influence more neutral)
19. Gram Panchayat secretary - (A: Support + influence)
20. Other GP level functionaries like ANM, Anganwadi worker (C: support and influence more towards neutral)

PRIVATE SECTOR

21. Rural sanitary marts (community-based product sale centers) - (C: High support + low influence)
22. Sanitary product suppliers (C: support and influence more toward neutral)
23. Local Masons - (C: support and influence more toward neutral)

DONORS

24. World Bank (Jalswaraj Program) - (A: Support +high influence)
25. WSP - (A: Support +high influence)
26. UNICEF - (A: Support +high influence)

CIVIL SOCIETY

27. NGOs (capacity building/ KRC) (C: High support +low influence)
28. Consultants** (as key resource centers) (C: High support +low influence)
29. Media - (C: Significant support + influence)
30. Village residents - (C: neutral or supportive with low influence)

Notes:
* In other states the nodal agency could be the Rural Development Department, The Panchayat Raj Department, or the Public Health Engineering Department.
** Technical consultants could go under the private sector category as profit-making stakeholders.
Source: Colin et al. 2009.

In Senegal, in contrast to the Maharashtra case, political incentives for supporting sanitation investment were low. While the political leadership with broad popular support for President Wade's Sopi (change) coalition decided to make infrastructure including sanitation one of the government's priorities, after the 2000 elections priorities seemed to be shifting with the government's decreasing popularity. Politicians notably emphasized other sectors in the local elections of 2009 (which took place during the fieldwork for the case study). The challenge of improving Dakar's strained road network was clearly believed to be the number one vote winner by President Wade's Sopi coalition (see figure 3.9).

In Indonesia, in a context of low political prioritization of sanitation, progress has been made at the city level to create political incentives for support to sanitation. The ISSDP started a process of bringing together six cities to show and discuss what each had done and achieved. This process took on a dynamic of its own, and there is increasing friendly competition among the cities to perform well against each other. In one case, a mayor was embarrassed at the low level of achievement compared to the others, so he immediately instructed his local administration to address the issues. In some cities, sanitation is becoming a political electoral issue, with potential positive impacts on accountability-driven investment. In Payakumbuh, for instance, the mayor is known as the "sanitation mayor" and sanitation investment has been a campaign issue.

FIGURE 3.8 ELECTION POSTER IN SENEGAL'S LOCAL ELECTIONS 2009

Source: Photograph by authors.

3.3 Sector process

The sector process in this context refers to the dynamic and ongoing process of negotiation, bargaining, and identification of political economy risks and opportunities by government and development agency stakeholders.

Civil society participation and citizen oversight

The study examined the extent to which the promotion and use of civil society participation as an element of the sanitation sector strategy are key factors in accelerating progress. In Maharashtra it is clear that social investment in civil society participation (meaning, in this case, community participation rather than NGO participation) has been essential to the success of the government's demand-driven strategy for sanitation investment in the state. Among its other developmental goals, the Sant Gadge Baba scheme incentivizes collective outcomes (an end to open defecation) rather than household inputs (toilet construction). It does this not only through financial rewards but through public and peer recognition of the achievement. The state government prioritizes other development assistance support to villages that attain Open Defecation Free status, as an additional reward. This is a "soft" approach, and benefits are not explicitly withheld from those that do not achieve Open Defecation Free status. Significantly, while officers and communities were incentivized toward a common goal of ending open defecation, they were given considerable latitude in how they achieved it.

The Brazil case study showed how the unique strength of the political group behind Bahia Azul allowed it to ignore the

need to engage with municipal governments, civil society, and statutory citizen oversight institutions, and its political orientation influenced an approach to working with communities that privileged top-down, short-term mobilization over sustained participation. While it enabled the program to scale up rapidly, it did not maintain and support the social capital created by the program at neighborhood level, which consequently may have exacerbated the challenges of system operation and maintenance. The process also failed to seize opportunities to take advantage of community cohesion by linking these investments with other programs for health and urban upgrading.

In Senegal, the Millennium Water and Sanitation Programme (PEPAM, Programme d'Eau Potable et d'Assainissement du Millénaire)—a framework for unified intervention in the sector that aims to attract investments to reach the MDG—provides the platform for civil society and private sector participation in the sector's monitoring. PEPAM's annual review is usually well attended by government representatives, donors, private sector actors, and civil society and provides information to all stakeholders on how the water and sanitation sector develops. It is, however, criticized by some as having a backward-looking nature that prevents it from taking a more active role in shaping the sector's future development.

The research confirmed the need for different approaches to social investment between rural and urban communities. The operational approach in Maharashtra, for example, was very effective for smaller, cohesive rural communities—the focus of this research—but has had less impact (so far) in larger, peri-urban areas.

Evidence-based policy making in sanitation

The research also looked at whether governments listen to evidence linking sanitation to development outcomes. It confirmed the observation that purely evidence-based policy making is unrealistic and naive. But it also revealed that when the evidence generated assisted policy deliberations in a way that did not challenge powerful political economic interests or was built into a well-designed decision-making process, it could be an effective tool for unblocking or revising policy decisions and budget allocations.

In Indonesia, despite the country context that has limited sanitation investment, decision makers within national government were increasingly using and acting upon evidence regarding the impacts of low levels of urban sanitation investment, and particularly the economic impacts. While evidence regarding the links between poor sanitation and poor health outcomes was not particularly powerful or discussed much at the national level, economic evidence has played a greater role. A comparative study on the economic impacts of sanitation in four Southeast Asian countries was consistently mentioned by stakeholders within government and among lenders and donors as a key document in galvanizing government interest. This puts a figure on the economic losses caused to Indonesia due to poor sanitation, and in a country that is striving to maintain its regional status as an economic leader, had a significant impact on government interest in sanitation.[14] In December 2009, the National Sanitation Conference was opened by the Indonesian vice president, who quoted extensively from this study, demonstrating increased high-level awareness of sanitation issues and political prioritization of the sector. In 2010 the national budget allocation for sanitation to local governments has been announced as equal to the water allocation. Although the overall water and sanitation budget has been reduced, the sanitation portion has increased to Rs 376 billion (US$40 million) representing a fourfold increase over 2009. Such an increase is unprecedented and confirms the increased understanding among decision makers of the seriousness of underinvestment in sanitation. However, while these are significant improvements in investment levels compared to the past, this is still just 2 percent of the amount needed to fund the sanitation road map outlined by the government.

The Senegal case study has shown that donor support in providing evidence is particularly efficient if it is embed-

14 Comparisons with neighbours within the Association of Southeast Asian Nations (ASEAN) in terms of sanitation coverage and the MDGs have also had a significant impact on interest in increasing sanitation investment. A WSP/USAID conference was organized in the Philippines in 2006–7. Attended by national government stakeholders, there was a perception that if the Philippines could do something, then so could Indonesia, which contributed to the start of the 2007 national summit on sanitation.

ded in a wider process for the sector's development. The wide-ranging institutional reform of the water and sanitation sector in the mid-1990s was facilitated by the World Bank through a range of carefully prepared and organized workshops and informal meetings. Analyses on privatization models and financing issues provided the basis for the design of the contracts and institutional arrangements, such as the separation of the water and sanitation sectors from each other. Including the sanitation sector in the responsibilities of the private operator was seen as too burdensome, given the sector's poor state (Brocklehurst and Janssens 2004). Similarly, donor-supported analysis informed the design of the performance contract between the ONAS and the Government of Senegal in 2008 (ONAS/Banque Européenne d'Investissement 2008).

The national government in India reflected carefully on the failure of the supply-driven Central Rural Sanitation Program and has devised a program that combines elements of incentives and rewards to generate demand for sanitation investment. This has shifted the levers of power and influence downward to local government bodies.

In Brazil, a well-documented research piece on the health benefits of the Bahia Azul investment program (ultimately made available in the *Lancet,* see Barreto et al. 2007) found itself caught between two political administrations. The timing of the launch was unfortunate in that the incoming political administration was not keen to give credit to the investments of the previous administration.

Relationship between accountability and sanitation investment

The relationship between accountability and sanitation investment was also explored through the case studies. Good "accountability relations" emerged as vital to securing the delivery of and accessibility to sanitation investments. They were important both as triggers of change and as a means of monitoring change. The research revealed a wide range of types of accountability relationship. On the whole, donors supporting sanitation sector investment recognized the critical role of accountability relations but did not promote off-the-shelf, pre-determined approaches to strengthening accountability. Instead, they followed a learning-by-doing approach that was sensitive to different contexts for accountability.

Within India, for example, rural sanitation investment is characterized by small-scale private household investment and therefore is outside of the citizen-and-service-provider model—also known as the "short route of accountability" (World Bank 2004). Hence, in the case of Maharashtra, the government created and strengthened demand outside the governance framework of the "rights claimers and duty bearers" model of public service provision.[15] Instead, the emphasis encourages private investment and private behavior change. In this way government accountability shifts from delivery to *outcomes*. This has been achieved by having the state focus on creating a demand-driven approach to sanitation investment, facilitated by the state using a mix of consciousness raising, subsidies, collective financial rewards, "soft" conditionality, and enforcement.

In Indonesia—the least promising context for accountability relations in sanitation investment—the political culture has discouraged demand-driven accountability hat would involve a stronger voice and greater advocacy from civil society. Some key informants working in the media suggested that advocacy is generally difficult and that the government generally doesn't want to listen to opinions from the media and civil society. So far, in the *reformasi* era, only the Agency for National Development Planning (Bappenas) and the Ministry of Women Empowerment were seen as being open to activists and academics. However, this needs to be put into the context of extremely low demand (as outlined earlier) and low awareness within civil society and the media itself of sanitation issues.

In Brazil, the emerging regulatory framework for the sector emphasizes the role of *conselhos* (oversight committees) or other types of institutionalized participatory mechanisms with consultation/oversight roles and guaranteed service-

15 This is the approach that characterizes, for example, the World Bank's social accountability model of governance.

user participation. Despite the considerable potential of these structures to enhance accountability, disputes remain over the appropriate balance between this kind of participatory regulation and the more technical approach favored by the arms-length regulatory bodies that are being set up by several state governments. The issue is further complicated by the challenge of determining the correct representatives for participation.

While Senegal's urban water supply sector has been regulated by innovative contracts since the mid-1990s, the sanitation sector has recently followed this example by entering a performance contract between the ONAS and the Government. By contractually protecting sector investments in operations, this arrangement strengthens accountability between state institutions and leaves fewer opportunities for adverse political economy influences.

Sector coalitions

Finally, the research confirmed the importance in a wide range of contexts of sector coalitions in securing a high priority for sanitation investments. Sector coalitions are built within government and between government and nongovernmental actors. Sensitive lender and donor support can add value to the coalition-building process. Coalitions anchored all elements of the sector process discussed above, drawing on the evidence base for pro-poor sanitation investment, encouraging civil society participation, and developing accountability relationships to ensure investment and delivery.

The common characteristics of sector coalitions across the cases studies included a capability to translate a general vision into concrete steps: "they knew where they wanted to go," as one key informant in Senegal put it. Sector coalitions were often motivated by empathy with citizens or by a concern with distributive equity. They were able to stand outside the political economy of the sector while understanding and manage the political economy risks and opportunities. They had credibility and had earned respect from all stakeholders involved in the process.

A striking feature of sanitation investment in Maharashtra has been its success in translating political commitment into bureaucratic action. This translation was achieved largely through dynamic and committed political and bureaucratic leaders, many of whom had worked their way up from the grassroots. Political leaders and departmental officials led the process, but they worked effectively with nongovernmental partners toward a shared vision. This process was supported in a low-key but effective way by WSP. In Senegal, sector coalitions from the Ministry of Water, Ministry of Finance, the World Bank, and WSP played a crucial role in pushing through a successful organization and implementation of the WSS reform process. Well-connected Bank staff members based in Senegal were able to identify committed counterparts and engage with them on a continuous basis (through formal and informal meetings) to prepare decision making and government support. In Indonesia, the ISSDP employed someone able to facilitate and negotiate who was trusted by different government stakeholders and understood their relationships with each other. This helped build and strengthen partnerships and relationships between key government stakeholders in the urban sanitation sector.

Evidence from all of the case studies has also shown the importance of local champions and community leaders. Influential community members—once convinced of the benefits of better sanitation provision—become credible advocates for sanitation services with their neighbors, relatives, and friends. Local or state political leaders at the nexus of constituencies, providers, and policy makers played a key role in shaping the debates in Brazil. In Indonesia a few city mayors are increasingly committed to sanitation, increasing local sanitation budgets, and contributing to increased pressure being brought to bear upon the national government.

3.4 Interplay of political and economic factors on sanitation outcomes

With its focus on pro-poor sanitation investment, the research looked for evidence of the impact of political economy factors on distributional outcomes in access to sanitation. The interplay of political and economic factors played a major role in influencing pro-poor investment. The emergence of political incentives—in the shape of career advancement or electoral support—for extending coverage to the poor were apparent in the cases of Brazil and India.

There was evidence from all the case studies that decentralized governance of sanitation investment can create stronger incentives for, and accountability in, pro-poor investment. Household subsidies, targeted for sanitation investment in below-poverty-level households, have been successful in Maharashtra, but crucially only as a minor element of a community-based reward approach to incentivizing investment. Similar evidence emerged from Senegal, where the work of CBOs and civil society organizations (CSOs) was instrumental in creating demand. The experience with onsite sanitation in Dakar also showed, however, that the poorest households are unlikely to be able to move up the sanitation ladder, despite the subsidies.

In contexts of sustained resistance to pro-poor sanitation as a policy priority, an instrumental case for investment can be built, as illustrated by recent developments in policy debates in Indonesia. Technological and social solutions to the challenge of pro-poor investment are illustrated well in Brazil, where a progressive administration has provided the funds and support for appropriate technology and social mobilization to extend sanitation investment into low-income urban communities.

In the Maharashtra case study, the growing political recognition and reward for sanitation investment success, discussed above, is closely linked to the success of the national and state campaigns to build demand for sanitation investment and so improve distributional outcomes for the rural poor. This has shifted political motivation from a point in the mid-2000s when policy makers in India perceived that a poverty-targeted sanitation program might actually lose them votes, sanitation not being a priority or a felt need among rural communities. The design of sector investment, with community-level "clean village" awards backed by targeted subsidies for below-poverty-line households, has extended investment to poorer households within villages striving for clean-village status. This was a key shift in approach away from the failed supply-driven subsidy format of the Central Rural Sanitation Program. The social stigma attached to households without pit latrines, illustrated by the increasingly widespread expectation that brides should not go to households without them, illustrates the progressive impact of this trend.

In recent decades in Brazil, millions of poor households have been connected to public sewerage networks through the expansion of conventional services and the introduction of innovative alternatives, such as the condominial system. The Bahia Azul program, implemented by the Bahia state utility EMBASA in the Salvador Metropolitan Region in northeastern Brazil between 1995 and 2007, was quick to adopt the condominial approach to providing sewerage services to low-income neighborhoods, making significant investments in social mobilization work alongside construction. In Bahia Azul as elsewhere, the technological shift to condominial systems has made the service more affordable and more appropriate to the geography and social organization of low-income communities.

The inclusion of water supply and sanitation as a priority sector in the Growth Acceleration Program (PAC) in 2007, backed by the allocation of R$40 billion (US$20 billion) from the federal budget (R$8 billion), loans (R$20 billion), and local funding (R$12 billion) over four years, signaled a progressive shift in investment, although as discussed above, spending has lagged due to low absorptive capacity and the absence of a clear policy and legal framework. Overall, with a progressive government favoring poorer municipalities, the increase in federal grant funding through the PAC provides a political payoff as well as being a pragmatic response to limited local investment capacity.

In Indonesia the lack of interest across all sections of society (from metropolitan elites to the urban poor) in the notion of sanitation as a public good has hindered pro-poor or indeed any significant investment. Encouragingly, this is increasingly being challenged through, among other things, a strong economic case for investment. With increasing evidence of improved economic and health outcomes from extended sanitation coverage (or equally, the negative economic outcomes of poor sanitation), the political incentives for investment in sanitation are now increasing, including for low-income communities.

In Dakar, access to sanitation facilities was traditionally provided for those living in the areas covered (and connected) to the sewerage network. The PAQPUD for the first time brings onsite sanitation facilities and to a lesser extent condominial systems for the poor peri-urban areas of Dakar. The program offers technologically appropriate sanitation solutions, and households can chose from a range of different options in different price categories—although some of these solutions are not categorized as "improved" sanitation under the MDGs. The subsidies are a one-off investment subsidy and are not intended to cover either consumption or maintenance costs. Moreover, there is awareness within local communities that there is a clear difference between the willingness and the ability to pay for sanitation provision. As one community leader in a semi-urban community in Dakar summarized: "Some of our neighbors don't have enough money for regular meals. How should they afford the expense of a latrine?" Some communities have responded to this problem by setting up a fund at community level (for example, the fund in Diamaguene led by UN HABITAT) to cover the contribution for those who cannot afford to pay for sanitation and encourage support from micro-finance institutions (for example, in Ngor).

IV. Operational implications

With these diagnostic research findings in mind we can draw a number of significant operational lessons to help lender and donor task teams to translate political economy analysis (presented in section 3) into actions supporting pro-poor sanitation investment. Several interlinked elements have contributed to the success of the sector process in the case study countries. We discuss the operational significance of these below, drawing on elements of the Action Framework introduced earlier.

The case studies confirm and illustrate that effective management of sanitation investment processes integrates understanding and evidence with support for behavioral and institutional change. This means combining a better understanding of the political economy risks and opportunities in the sanitation sector with evidence marshaled on the economic, social, and political impacts of investment choices in order to support processes that promote greater accountability, partnership, and communication.

4.1 Timing, tailoring, and location of investment and operations

Political economy analysis can support Task Team Leaders and practitioners to identify and manage the political economy risks and opportunities for pro-poor sanitation investment. Task Team Leaders, who lead on investment dialogue, often recognize this and generally have a keen sense of political economy that can support decision making on timing, tailoring, and location. Some Task Team Leaders struggle to deal with political risks, being more comfortable in a bounded technical relationship with a familiar ministry, department, or agency within government. Box 2.1 provides sample questions for a political economy analysis of sanitation investments based on the study's Diagnostic Framework and the research strategy developed and utilized for this study.

Recognizing windows of opportunity for investment requires, at a minimum, long-term engagement and development partner flexibility. This type of flexibility was demonstrated in Senegal, for example, where the World Bank was also able to bring a loan forward in order to avoid losing an opportunity. Beyond this, the case studies have shown that where lenders and donors have understood the political economy and responded appropriately, they have increased the acceptability of funding mechanisms and eased negotiations.

Furthermore, careful and strategic sequencing of operations can encourage reforms that increase the overall impact of investments in later phases. In Brazil, the conditions laid down for access to the relatively modest capital investment component of the Water Sector Modernization Project (PMSS) provided sufficient incentive for institutional upgrading by the Bahia state utility (EMBASA), which was then able to leverage much larger volumes of investment resources due to its enhanced credibility and increased absorptive capacity.

Tailoring support based on an understanding of political economy also means being more responsive to local policy and investment processes. The first step is usually to align and sequence operations and support with national planning and policy cycles. In Indonesia, for example, a 2009 government agreement that the lender-supported City Sanitation Strategy approach could be replicated and scaled-up fitted with the next five-year planning cycle. Sequencing different interventions over different time scales (for example, awareness raising and improving local planning capacity) has been a necessary first step before making local investments for physical infrastructure in order to ensure they are appropriate, effective, and efficient.

Tailoring of support can also benefit from a better understanding of the incentives and interests of stakeholders. One

consistent theme in the case studies was the importance of recognizing and supporting progressive leaders or champions to succeed and scale up their impact. Stakeholder mapping, of the type illustrated in this research project, can help Task Team Leaders identify champions, who may well be individuals or organizations that the World Bank does not normally do business with—for example, a Ministry of Health official rather than a Ministry of Water representative. In this way, stakeholder analysis can be a useful tool for seeking out champions among a wider range of stakeholders.

These commitments and the championing of sanitation investment can be bolstered by political incentives, as is particularly evident in the case of Maharashtra. Through sustained engagement, WSP was able to tailor its support to this process of political reward for sanitation improvements. Significantly, this form of political "incentivizing" is now being adopted in other states in India.

The case studies confirmed the significance of understanding the location of sanitation investments when designing sanitation investments. Technical options and social investment (in incentives, demand generation, strengthened accountability, and social mobilization) varied widely within and across urban and rural locations in the studies. The success in rural Maharashtra of encouraging collective responsibility for low-tech sanitation investment through a careful mixture of rewards and sanctions was based on strong village identity and mutual accountability. In Brazil, program design in Bahia Azul aimed to strengthen local social capital around block-based condominial delivery of appropriate low-tech sanitation in densely populated communities. In Senegal, onsite sanitation and condominial systems were extended to Dakar's urban poor, who were previously widely excluded from existing network-based service provision. Donor support for the City Sanitation Strategy in Indonesia has encouraged city administrations to base sanitation investment decisions on their own assessment of their location.

4.2 Understanding the sector through rigorous analysis

The case studies confirmed the utility of rigorous analysis of poverty and social impacts of sector policy and investment (World Bank 2003). This analysis provides the evidence necessary to make a case for pro-poor sanitation investment and to support policy makers in identifying what types of investment will have the biggest pro-poor impact. Moreover, evidence can be used strategically by donors and international organizations to facilitate the dialogue and process in favor of more pro-poor investments and service delivery.

Donors and international institutions in close collaboration with local entities are well placed to identify appropriate evidence for policy makers and tend to have a comparative advantage in providing rigorous analysis to inform reform and sector choices. In Senegal, donors have successfully funded studies—for example, the tariff study by ONAS/Banque Européenne d'Investissement (2008)—using national and international expertise, to offer policy choices to government stakeholders and contribute to the evidence used during workshops relating to institutional sector reform. A comparative study on the economic impacts of sanitation was undertaken by WSP-EAP in four Southeast Asian countries, including Indonesia (WSP-EAP 2007, 2008). This was cited by key informants (from both within government and international lenders and donors) as having been a powerful tool in motivating central government stakeholders into action.

Furthermore, the research has shown how lender and donor sector support can use analysis of comparative advantage in global practice to support local policy makers and administrations as they learn lessons from elsewhere and refine their operational framework. The kind of support provided by WSP in Maharashtra was geared toward lesson learning through exposure to Community-led Total Sanitation (CLTS) and scaling up of good practice. This, rather than capital investment or strong steering, was exactly what was required from external partners in this context.

The timing of information flow is important when one seeks to influence sector dialogue. Even when rigorous analysis is undertaken, dissemination of key findings can get lost, sidetracked, potentially misused, or captured if the timing is wrong. This was the case with the Bahia Azul health impact study, which was launched in the transition period between one political administration in Bahia and another. It is impossible to judge whether sanitation investments would have achieved even wider traction had the results of this

study been more widely acknowledged. However, neither the World Bank nor the state government as a whole realized at the outset just how strategic effective communication could be. Had they been so cognizant, a different timetable (for example, with release of interim findings based on monitoring data) could have been agreed to with the research organization. This might have helped steer the debate on the value of sanitation investments much more clearly toward health benefits, which is now where the center of gravity of this debate lies in Brazil, as elsewhere.

The process of conducting analysis itself can be instrumental in democratizing the policy process, building and sustaining consensus over change. This implies that, where possible, appropriate lenders and donors, in close collaboration with local entities, should promote analysis that is conducted with a broad group of in-country stakeholders to ensure greater inclusion. They should link this process to strengthened public debate and communication. This is discussed further in section 4.5.

4.3 Realigning accountability

The research has confirmed that it is vital in managing the political economy of sanitation investment to create the conditions for strengthened accountability in the delivery of and accessibility to sanitation services. This includes horizontal accountability mechanisms in which different branches of the state provide checks and balances. It also includes vertical accountability relationships in which citizens advocate for change or provide an oversight function of government or service providers. Finally, it includes realigning accountability by combining horizontal and vertical accountability to allow, for instance, top-down changes to be complemented by a more systematic attempt to engage with grassroots collective association and mobilization for institutional change.

The research has illustrated the value of supporting accountability mechanisms as a means of managing the risks from political economy interests and influence. In Indonesia, increasing clarity over institutional roles and responsibilities could help increase accountability between citizens and the state. In Senegal, the carefully designed contracts in the water and sanitation sector provided the right incentives and strengthened accountability. A recently signed performance contract between the government and the National Sanitation Office guarantees state financing if certain performance criteria are met. Financing for the sector's operations are therefore protected from potential adverse political influence.

Moving to a decentralized system of decision making, resource allocation, service delivery, and regulation requires significant attention. The Brazil case study has demonstrated that helping to further clarify the roles and responsibilities (or at least the pros and cons of different roles and responsibilities) at the federal, state, and municipal levels and the capacity requirements at each level is an important contribution.

Vertical accountability focuses on the relationship between citizens and policy makers and between citizens and service providers. Vertical accountability mechanisms can be strengthened by increasing transparency and information availability, generating demand for sanitation investment (and therefore for accountability in delivery of sanitation), and strengthening institutional channels for oversight and redress. In Senegal, the World Bank/WSP partnership has supported information campaigns in order to strengthen accountability initiatives from the private sector and from civil society more broadly. The PAQPUD has relied on targeted information campaigns to generate demand for sanitation investments using local CSOs or the private sector. Despite these efforts, however, there are still few examples of citizens actively demanding better sanitation provision. If upgrades are made they are mainly driven by waste collection or rainwater drainage efforts rather than sanitation in the narrow sense of the definition.

In urban Indonesia and in rural India, traditional top-down, supply-driven approaches to sanitation investments have often been unsuccessful or unsustainable. Additional social investments in bottom-up processes have helped to increase accountability and the sustainability of investments even when there is low initial demand. The City Sanitation Strategy approach in Indonesia recognizes the difference between perceived demands, which often form the basis of top-down approaches, and actual demands.

Perhaps the most significant lesson learned from the research is the importance of maintaining a flexible approach to

strengthening accountability rather than going for a one-size-fits-all approach. In the case of Maharashtra, for example, the government has encouraged a different type of relationship in which the emphasis is on encouraging private investment and behavior change at household and community level. In this way government accountability shifts from delivery to outcomes. This has been achieved by having the focus on creating a demand-driven approach to sanitation investment, facilitated by the state using a mix of consciousness-raising efforts, subsidies, collective financial rewards, "soft" conditionality, and enforcement.

New forms of social oversight have been promoted by the current left-wing government in Brazil. The challenge is to find ways to link the contributions these various stakeholders have made toward effective regulatory mechanisms. The government can help to inform and seek support from the public about sensitive issues like tariff setting. Social oversight bodies provide a platform for discussions around the costs of providing the service in relation to the price and how this links to further investments in upgrading and expanding the system. Social oversight bodies, however, are not expected to make technical decisions about water quality and technical standards, which is more clearly under the purview of the regulatory body. Finding ways to ensure clarity around the roles and responsibilities of these two mechanisms will remain critical in the Brazilian context.

4.4 Partnership strategy

The research has confirmed that effective management of political economy in the sanitation sector requires a partnership strategy based on sustained, flexible engagement with strategic external support. This strategy can also take Task Team Leaders and practitioners outside their comfort zone of engagement with technical ministries to include central ministry partnerships. Ministries of Finance, in particular, are usually far more influential than any sector ministry in shaping public investment. Bank Task Team Leaders usually have good relationships in-country within their respective sectors, but the overall country dialogue takes place between the Country Management Unit and the Ministry of Finance. For this reason, Country Management Unit support is crucial to any attempt at placing sanitation firmly on a Bank country program, the starting point from which decisions on tasks and budgets all flow.

The case studies in this report illustrate well the instrumental value of partnerships for pro-poor sanitation investment. The Maharashtra sanitation program, for example, is strongly government led. Nevertheless, technical and policy support from WSP has been strategically important. This support has helped to expose government officials and community leaders to new ideas in order to improve program effectiveness. In Senegal, long-term ongoing engagement has built trust among key stakeholders and placed donors in a position where they can play the role of a facilitator of reform. Well-connected national donor staff can play a crucial role in understanding the government's position and negotiating with the main stakeholders—both supporters and opponents of reform. Carefully organized and facilitated workshops combined with informal encounters have provided a vehicle for presenting evidence on policy choices, managing potential resistance to reform, and allowing for continuous engagement.

In Brazil, the World Bank is a potential convener or broker of unlikely marriages of convenience between seemingly disconnected technical, political, and financial interests. Historically the Bank could have done more to broker these relationships, and admittedly it is not perceived to be neutral. The perception of being aligned with a political grouping may have reduced the Bank's ability to leverage continuity between programs created by different political administrations. That said, the Bank does bring institutional sector memory to the table and must remain supportive of the exploration of various options to enhance service delivery. In Indonesia, continued strong long-term support and collaboration with the government on planning and policy issues, with the Bank and government viewed as partners, is beginning to show results. This approach has strengthened the capacity and willingness of government (central and local) to scale up sanitation planning, while ensuring high levels of national ownership of the process.

4.5 Public debate and communication

Broad participation in sanitation dialogue prevents the debate from being captured by powerful interest groups and at the same time builds and sustains commitment to pro-poor sanitation investment. To encourage this dialogue, development partners are encouraged to support policy makers and bureaucrats in their efforts to secure and sustain public

support for institutional change. The state government and district administrations in Maharashtra have sought to ensure that the sanitation program is well known across the state, and to this end have made extensive use of local mass media, with awards reported widely and given a high profile. This has been critical to the program's success and is reflected in the program budget allocation for communication.

Investment in communication is crucial to generating "effective demand" (linked to advocacy) for sanitation within low-income communities. Such engagement can enhance both program quality during implementation and sustainability by securing broader buy-in to program aims. In Senegal, using popular topics (water supply, drainage) can provide the platform for discussions around improving sanitation provision with local communities, consumers, and champions of change within the communities. (For example, wastewater and drainage are a problem for many Senegalese communities during the rainy season) In Brazil, the World Bank achieved a strong partnership with the incumbent right-wing political grouping in Bahia. However, the Bank could have made more effort to demonstrate to the government's critics on the left that it was using its leverage with this grouping to push it toward greater openness to public debate and engagement with civil society. This would in turn have strengthened the Bank's credibility with future administrations from the left wing.

Although the media in Indonesia are generally no more aware of sanitation issues than the general public and coverage is limited, there is potential to develop partnerships that enable sanitation messages to be conveyed effectively. The Indonesian Sanitation Sector Development Program (ISSDP) has recognized this potential in the design of its second phase, which will have components on advocacy, campaigning, communications, and promotion.

V. Conclusions

This report synthesizes analysis from four country case studies. In each case study the authors retrospectively applied political economy analysis to a sanitation sector investment process. Overall, the study confirms the importance of assessing stakeholder interests, winners and losers, and incentives. It also confirms the importance of examining the activities of formal and informal institutions (including norms and behavior) while engaging in parallel dialogues and processes to develop technically feasible and politically acceptable sanitation measures. When such an analysis and dialogue are done well, by development practitioners in partner countries or development organizations, it provides the empirical evidence for and the rationales behind the following:

- why sanitation investments and service provision are not given adequate priority in lending and nonlending work, and
- when sanitation investments in such efforts are undertaken, why they are not strategically targeted toward increasing access to sanitation for the poor.

The study found that the interplay of political and economic factors played a major role in influencing pro-poor investment. The emergence of political incentives—in the shape of career advancement or electoral support—for extending coverage to the poor was apparent in some case studies. There was also evidence that decentralized governance of sanitation investment can create stronger incentives for, and accountability in, pro-poor investment.

The study also showed that an instrumental case for sanitation investment can be built in contexts where pro-poor sanitation faces resistance as a policy priority. With increasing evidence of improved economic and health outcomes of extended sanitation coverage (or equally, the negative economic outcomes of poor sanitation), the political incentives for investment in sanitation are increasing, including such investment for low-income communities. There was also evidence, that technological and social solutions can help address the challenge of pro-poor investment—for instance, through a progressive administration that provides the funds and support for appropriate technology and social mobilization to extend sanitation investment into low-income urban communities. Investment design that included community-level "clean village" awards, backed by targeted subsidies at below-poverty-line households, have been successful in some cases. The work of CBOs and CSOs was instrumental in creating demand in other cases. Table 5.1 summarizes the added value of insights from political economy analysis in support of the Action Framework introduced in this report. Good practice in aligning lender and donor support with in-country policy and planning cycles can be enhanced by an in-depth understanding—and effective management—of the political economy dynamics underpinning the policy process. Management in this context does not imply assuming greater control but means strategically supporting progressive processes and actors. This type of engagement can be enhanced through the timing and tailoring of sanitation interventions. The introduction of evidence supports the case for pro-poor sanitation investment, with lenders and donors well placed to help coordinate this flow of evidence.

Lender and donor attention to the institutional arrangements for sanitation investment has been crucial in strengthening accountability in the delivery of sanitation services. Political economy analysis can help lenders and donors support emerging systems of incentives and sanctions—including regulatory mechanisms backed by greater civil society oversight—that fit the sanitation country context. Lenders and donors clearly emphasize partnership in their support for sanitation investment: by focusing on processes, political economy analysis reinforces the importance of sustained and

flexible partnership arrangements. Political economy analysis further highlights the significance of going beyond partnership to get the broader policy process right. This involves supporting communication and public policy debate toward securing and sustaining investments. This is not just about the principle of democratizing policy discussion but about overcoming organizational resistance or capture by seeing communication as an opportunity rather than a risk.

Political economy analysis is not a separate or competing approach to economic, social, or financial analysis. It is simply a supporting tool for designing and implementing sanitation interventions. Political economy analysis cannot instruct Task Team Leaders in what to invest, but it can help them, with in-country partners, to navigate a process toward pro-poor investment and service delivery in sanitation, while defining realistic limits on what can be done in any given context.

TABLE 5.1 ADDED VALUE FROM POLITICAL ECONOMY ANALYSIS IN SUPPORT OF PRO-POOR SANITATION INVESTMENT

Action	Donor support for pro-poor sanitation investment	Added value insights from political economy analysis
Optimize timing, tailoring, and location of investment and operations	• Ensure that support to sanitation investment is aligned with existing policy and planning cycles. • Recognize windows of opportunity for reform.	• Manage the political economy risks and opportunities to increase impact on pro-poor sanitation investment. • Ensure careful and strategic sequencing of operations to increase the overall impact of investments in later phases. • Lobby through political economy insights for sanitation investments that are effective in different locations. • Recognize and support government commitment and local leadership to help partners succeed and scale up their impact. • Identify opportunities to support investment through political incentivizing.
Understand the sector through rigorous analysis	• Use available evidence and/or commission research to inform program design.	• Lenders/donors are well placed to identify appropriate evidence for different stakeholders and tend to have a comparative advantage in providing rigorous analysis to inform reform and sector choices. • The timing of information flow is important. Even when rigorous analysis is undertaken dissemination of key findings can get lost, sidetracked, or potentially misused or captured if the timing is wrong (for example, at the start of a new political administration). • Use analysis of comparative advantage in global practice to support local policy makers and administrations to learn lessons from elsewhere and refine their operational framework.
Realign accountability	• Support strengthened technical systems and information flows. • Support decentralization and clarification of technical roles and responsibilities.	• Support strengthened accountability through careful design of contracts and specification of roles and responsibilities. • Support initiatives to build demand and strengthen vertical accountability. • Be flexible: Adapt and support models of vertical accountability and apply to the country context. The sector process may not be characterized by the kinds of vertical accountability relations central to much lender/donor thinking. This means that support for accountability must be tailored to the country context. • Realign accountability by combining horizontal accountability with vertical accountability to allow, for instance top-down changes to be complemented by a more systematic attempt to engage with grassroots collective association and mobilization for institutional change.
Partner strategically	• Ensure minimum effective engagement with key central and sector ministries.	• Ensure that the partnership strategy is based on sustained, flexible engagement with strategic external support.
Support public debate and communication	• Support information campaigns from one to many (policy makers to public).	• Get the process of political economy analysis right: Ensure where appropriate that analysis is conducted with a broad group of stakeholders to ensure greater inclusion, and link this process to strengthened public debate and communication. • Support wide two-way communication to democratize debate, prevent capture and secure and sustain public support for institutional change.

Source: Authors' analysis.

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Annex A - Methodology

A.1 Research hypotheses and questions

The desk review informed the research strategy in two ways: it confirmed the usefulness of the conceptual framework as guiding the methodology for this research, and it generated a set of issues for individual country case studies that were subsequently explored further through the fieldwork.[16] Table A.1 provides an overview of these issues following the analytical distinctions among country context, sector arena, and sector process introduced in section 2.

TABLE A.1 ISSUES EMERGING FROM THE DESK REVIEW

Country context	Sector arena	Sector process
• The relationship between public opinion regarding the importance of sanitation provision and the demand for better services • The significance of contextual perceptions regarding whether sanitation is a public or private (household) responsibility • The implications of stigma attached to sanitation • The contextual importance of sanitation compared to other infrastructure investments, including water • The visibility of sanitation in the political discourse • The impact of the historical (including colonial) legacy • The impact of urbanization on sanitation sector challenges • The degree to which there is a national vision and strategy for sanitation • The strength of the link between sanitation visions and pro-poor policies	• The degree of clarity of stakeholder responsibilities for sanitation policy at the federal level • The significance of decentralization and the relationship between institutions at the federal and regional levels • The significance of subsidies to provide incentives for pro-poor sanitation provision • The nature and impact of public-private partnership institutional arrangements for sanitation provision • The degree of institutionalized civil society involvement in service provision • The role and impact of regulation and quality control • The impact on sanitation sector investment priorities of institutional commitments to cost recovery	• The ongoing nature and extent of public debate and space for civil society participation in sanitation decision making • The relationship between participatory planning/ budgeting and sanitation investment • The sector processes underpinning technology choices in sanitation investment • The ongoing and changing influence of international donors and organizations on sanitation investment • The risks and opportunities associated with champions of change and opponents • The role of key events and turning points • The equity implications of ongoing debates over cost recovery in the sanitation sector

16 This annex draws heavily on the research strategy (OPM 2009a) but does not repeat information provided elsewhere in the Synthesis Report.

A set of research questions (presented in table A.2) has been developed to guide the country case study teams in testing and analyzing country-specific hypotheses. These questions emerged out of the desk study, from the study terms of reference, and from discussions with the World Bank team and (national and international) consultants. This table represents a menu of questions from which individual country teams have selected a set to develop their country-specific hypotheses. Under each framework area the country teams have identified a set of risks and opportunities for effective political economy management of sanitation sector investment processes. The sets of country case-study-specific hypotheses were developed *before going into the field*, through detailed conversations with World Bank/WSP staff in India (the pilot country for this fieldwork), Brazil, Indonesia, and Senegal.

TABLE A.2 RESEARCH HYPOTHESES AND QUESTIONS

Overall Research Questions	• Why are sanitation investments and service provision not given adequate priority in lending and nonlending work? • And when such efforts are undertaken, why are they not strategically targeted toward increasing access to sanitation for the poor?
Framework focus	**Country context**
Hypotheses	• The cultural and historical context is a significant determinant of sanitation investment (country hypotheses need to specify a key determinant). • Public policy debates on sanitation within and outside government are usually limited in scope and depth, with negative implications for sanitation investment. • There is a vision for sanitation; the agenda has been driven forward at the national level and is government owned. • Rapid urbanization is an important driver of sanitation investment.
Questions	• What is the cultural and historical background to sanitation investment? What is considered "adequate" sanitation? What are the sociocultural drivers for or constraints to improved sanitation? • Has there been a high level of activity around sanitation sector investment in recent years? • How visible is sanitation as an issue in policy debate /media coverage? • What (if any) are the electoral returns to sanitation investment? Was improved sanitation discussed during the past election campaign? • What priorities does the national sanitation strategy signal? Is it linked to the poverty agenda? • Who owns/maintains which assets (land, wastewater treatment plant, network, etc.)? How are networks established and expanded, and what are the processes for connecting new households? • How do poor households manage and treat their sewage (pit latrines, septic network, etc.)? Do poor households have choices regarding different sanitation options? What incentives exist for households to connect to sanitation networks (if this option exists)? How are these incentives perceived by households, central government, local government, private sector, civil society, and international donors and organizations? What is the balance between "hard" and "soft" investment in sanitation?
Framework focus	**Sector arena: institutions**
Hypotheses	• Sanitation has no institutional "home." This adds to the complexity of sector planning and resource allocation processes and limits institutional accountability for progress. • National policy has only a limited impact on the planning and targeting of new investments, and on service delivery; cross-sectoral decision making for sanitation investment is more effective at the subnational level. • Increased sanitation investments are not hindered by fund availability. • Policy makers consider that it is possible to achieve cost recovery in sanitation and this influences the level and pattern of sanitation investment. • Government actively encourages the participation of NGOs and the private sector in infrastructure development and service delivery. Both play a significant part but the nature of the relationship (e.g., contract design) has a major impact on investment. • National/subnational institutional relations militate against increased investment in sanitation. • Investment prioritization is driven by the availability of technology rather than local need.

Continued

TABLE A.2 RESEARCH HYPOTHESES AND QUESTIONS CONTINUED

Questions	Public investment
	• What are the institutional constraints to (i) increasing allocations to sanitation in the national budget, (ii) planning sanitation infrastructure, or (iii) constructing and maintaining sanitation infrastructure? • Is there an effective institutional home for sanitation investment? • Do allocated budgets normally reach their intended destination? What are the political economy influences (i.e., decision-making processes by powerful stakeholders) on the flow of budgets in the sanitation sector? Are they captured or diverted and by whom? • Are government budget commitments for sanitation fully utilized during the year? If there is an under-spend, is this a function of political economy (e.g., rents)? Does the government budget have a mechanism for funding projects that last for more than one year? Does the government budget include an explicit subsidy for the recurrent and capital costs of sanitation service provision and investments? If so, is this identified at central or local level? • Do government agencies responsible for managing the operation and maintenance of public services have separate accounts for sanitation services? If yes, do they clearly demonstrate where investments are made and who benefits from investments? And are these ever referred to in policy debate or discussed in public? • Can municipalities borrow money, float bonds, or raise funds in other ways for sanitation services? Do onsite sanitation services have options for different forms of finance? Are finances pooled with regard to promotion, building, collection, treatment, and disposal (for either sewerage or onsite)? Or do they come from different arms of the federal, state, or municipal government? What kind of funding is available for different types of providers (municipal, state-run company, joint venture public-private, private company)? If most municipalities access loan funds to build their infrastructure; what are the sources, terms, and conditions? • How is household financing leveraged (via water bills, sanitation tax, etc.)? • Is cost recovery possible but not introduced? Why is this the case?
Questions	Private investment
	• To what extent has the private sector, or communities, been encouraged to participate in sanitation sector investment? What are the political economy constraints or opportunities for private sector participation, including concessions, management contracts, or other forms of non-public-sector involvement (e.g., community-run schemes)? • What scale and size of private sector or community participation is involved in sanitation investment? How successfully does this fit with public sector investment? What are the motivations for and outcomes of private sector participation? Are the government and private sector or community responsibilities for sanitation stable? Does any uncertainty over this affect financing plans (e.g., unknown future ownership of assets or extent of continuing subsidization)? • How are private sector or community contracts awarded—by direct negotiation or some form of competition? If the latter, what form and what were the criteria: informal/formal? Who was responsible for the award? Have contracts been renegotiated and why? How do the terms of the contract benefit society or profit the private provide/company? What are the difficulties of operation facing the firm on the political/bureaucratic arena and on practical/in-the-field arena? Is the process considered a fair process? • How are contracts/licenses awarded, monitored, and renegotiated for private providers?

Continued

TABLE A.2 RESEARCH HYPOTHESES AND QUESTIONS CONTINUED

Questions	National—subnational institutional relationships • In a context of decentralized investment, how do the institutionalized power relationships between national and subnational governments affect the priority afforded to sanitation at regional and local level? What other services are managed in similar ways to sanitation (e.g., water, refuse, housing, power)? • Are intergovernmental transfers (from central to subnational governments) allocated to sanitation, or do the subnational governments have discretion over how transfers are spent, and thus may not spend funds on sanitation? Can local government raise enough revenues to provide sanitation services? • In contexts of decentralized sanitation delivery: What is the regulatory/ legal framework and how does this impact on sanitation investment and outcomes? • Is cross-sectoral decision making more effective at the subnational level? Are subnational governments able to predict revenue (capital and investment budgets) from national government? If not, how does this affect their decision making on sanitation? Are supplementary budgets an important part of public finance? If so, do sanitation projects tend to get a higher share of the supplementary budget than the normal annual budget? • Are subnational governments primarily accountable upward to central government or downward to the people they serve? Is there evidence of social accountability between sanitation service providers (public, private, communities) and citizens? • What characteristics of the political (party) system affect incentives for federal transfers to states/municipalities for sanitation? Is sanitation policy easier to implement when local and national governments are from the same party?
Framework focus	**Sector arena: stakeholders**
Hypotheses	• Within the center of government there is competition over resources, power, and authority associated with sanitation, with negative consequences for investment levels. • Regulation of sanitation investment brings potential benefits in terms of transparency, accountability, learning, and feedback. • Communities and households are less interested in sanitation investment than in other services and are less willing to pay for sanitation services.
Questions	Sanitation investment • Which stakeholders have power over (i) decision-making authority about access, collection, treatment (including type of sanitation service provision: wet, dry), and investment: (i.e., central government, local government, private sector, civil society, international donors and organizations); (ii) regulation and licensing; (iii) implementation, investment, and maintenance; and (iv) price setting? What are the power and interest characteristics of these stakeholders in relation to sanitation implementation? • Which stakeholders (public, private, communities, donors, IFIs, etc.) support and which oppose pro-poor sanitation services and investments and why? What are the perceived benefits of providing services and investments to non-poor groups? How could this be changed? • Within the centre of government, is there competition over resources, power, and authority associated with sanitation between (i) line ministries and (ii) central and local government levels? What are the recurrent key points of contention? Which stakeholders have what kind of stakes in this? Why? How could they be solved? • How dependent is securing a higher priority for sanitation investments and services on the presence of stakeholders who are sector champions? How can support for sanitation improvements be institutionalized? • What kind of regulation exists? What benefits does it bring? Why and how? Demand for sanitation • What motivates communities, households, or other groupings (e.g., local businesses) to be interested in sanitation investments (e.g., tourism, industry, environmentalism, health)? • What evidence is there of willingness/ability to pay for informal sanitation services? What factors affect willingness to pay? • What are the trade-offs for households (e.g., limited and/or insecure income, difficulties with long-term investments of promises, risk of maintenance expenses)?

Continued

TABLE A.2 RESEARCH HYPOTHESES AND QUESTIONS CONTINUED

Framework focus	Sanitation sector process: Building coalitions for change
Hypotheses	• Civil society participation in national policy frameworks and processes is the most effective way of raising the profile of sanitation in central government. • Governments listen to evidence linking sanitation to development outcomes. • Governments feel pressure for accountability from civil society/external advocacy on sanitation. • Securing a higher priority for sanitation investments and services depends heavily on the presence of sector champions. • Social investment in local processes is critical to sustainability of sanitation investment. • Rural and urban communities differ markedly and this necessitates different approaches to community engagement when improving infrastructure and services. • Lenders and donors are major drivers of pro-poor sanitation investments.
Questions	• Do governments feel pressure for accountability from civil society/external advocacy on sanitation? If civil society does not push for sanitation, is this due to a lack of consciousness among the public about sanitation as a policy issue? Or does it reflect a common perception that sanitation is a private rather than public responsibility? Is this due to a deficit in participatory governance? • Do different central and local government ministries collaborate on sanitation provision (e.g., Ministry of Finance talks to Ministry of Health talks to Ministry of Water)? Which ministries are supporters and which are opponents of sanitation investments (champions/opponents)? Why do they take this stance? How could noncollaboration be addressed? • What is the role of lenders and donors? How do they collaborate with central and local government, private sector, or communities on sanitation provision? • In contexts of decentralized sanitation delivery, is local government more externally accountable than national government? Does local government provide public reports (including budget allocation to sanitation) on (i) all services and (ii) sanitation services? • If governments (central, local) do not invest in sanitation, or not in pro-poor sanitation, is this due to low capacity or low benevolence? • Does the government actively encourage and support the participation of NGOs and the private sector in infrastructure development and service delivery (e.g., via community-driven development support or community-led total sanitation or sanitation marketing)? (See also questions on private sector participation above) • Do national and subnational governments consult nongovernment stakeholders on sector strategy and the planning of new investments? What level of participation exists? Does the government simply inform the public, does it consult with civil society groups, or does it on occasion enter into forms of partnership with civil society stakeholders? Does it respond to demonstrations? Is civil society participation limited to “invited” policy spaces, or is it more advocacy-based? Are some stakeholders (officially and/or unofficially) excluded from the debate? • Is civil society participation in national policy frameworks and processes the most effective way of raising the profile of sanitation in central government? • Do governments and lenders/donors invest in local processes? Does this impact the sustainability of sanitation investments? Is sanitation investment driven by commitments to technological options that are not always tested for cost-effectiveness under local processes? • How significant is social investment to the impact and sustainability of sanitation investments? How do poor households manage and treat their sewage (pit latrines, septic network, etc.)? Do poor households have choices regarding different sanitation options? What incentives exist for households to connect to sanitation networks (if this option exists)? How are these incentives perceived by households, central government, local government, private sector, civil society, and international donors and organizations? What is the balance between “hard” and “soft” investment in sanitation? Do governments and lenders/donors make a connection between investment in collective organization and networks and sanitation sustainability? How do they characterize this relationship? • How do differing rural and urban contexts influence approaches to community engagement when delivering sanitation investments? Have community-based approaches to sanitation been tried? Is community participation perceived as making a contribution to ownership and sustainability? Are there any concerns about the level of costs involved in community participation and the possible implications of this for financial sustainability and replicability?

Continued

TABLE A.2 RESEARCH HYPOTHESES AND QUESTIONS CONTINUED

Framework focus	Distributional impacts
Hypotheses	• Sanitation policy has a pro-poor dimension but this has limited impact the on the planning and execution of new investments. • Subsidies and capital projects earmarked for the poor are not effectively targeted. • Insufficient attention is paid to the design of infrastructure and services suited to the needs low-income communities. • There are secondary impacts of sanitation investment on employment that should be considered (gain/loss). • There is a greater concern with distributional equity at subnational levels of government compared with national government.
Questions	• How is equity addressed in sanitation sector investment? Has the government made a deliberate connection between increased access to sanitation and pro-poor policy? • Which stakeholders support or oppose pro-poor investments? Which stakeholders capture benefits? • Which socioeconomic groups in which geographical locations benefit from sanitation provision? • Do subsidies for the poor exist? If yes, what kind of subsidies exist? How effectively are those subsidies targeted to the poor? Which powerful interests determine targeting and according to which formal and informal rules? • In contexts of decentralized sanitation service provision and investment, is there a greater concern at subnational levels of government that those services and investments are distributed equitably? • Is the equitable delivery measured and reported effectively? Is the impact of improved sanitation measured? What are the political economy dimensions that affect monitoring and reporting?

A.2 Research methods, analytical tools, and process

*Two analytical tools—stakeholder analysis and organizational mapping—were conducted with a subset of key informants, generating qualitative data on stakeholders, institutions, and processes and quantitative data on the flow of money and resources. These are introduced in detail in the following.

1. Research methods: Semistructured interviews and focus group discussions

Semistructured interviews

Semistructured interviews were conducted with key informants drawn from stakeholder groups inside and outside of government in each of the four case studies. Some were directly engaged in sanitation sector policy development or implementation, some were well-informed observers of developments in the sector, and others have been involved in sanitation project design/implementation.

Interviewees were identified with the help of World Bank/WSP in advance of the fieldwork, with further identification through a snowballing process in which initial key informants identified other interviewees connected to the sector. Key informants with different positions and perspectives bring their own sets of interpretive biases and analysis of the political economy of sanitation. In this type of qualitative research—where there is no single absolute truth and where difference (rather than standardization) is actively sought—trustworthiness in interpretation can nonetheless be strengthened by cross-checking—or triangulating—the views and analysis of different key informants and focus groups.

- Key informants were selected from the following categories of stakeholders:
- Government stakeholders/sanitation policy makers: national and subnational governments, Parliament, etc.
- Service providers: public and private
- Consumers: households and businesses
- Civil society organizations (CSOs), including NGOs, consumer associations, research organizations
- International donors, organizations, and project teams

The interview followed the form of a free-flowing conversation with structure provided by the set of hypotheses and accompanying research questions. Notwithstanding a commitment to clear and plain language, semistructured interviews, as an interactive method, allow for questions to be clarified with the interviewee during the interview. Interviewers can encourage the interviewee to seek clarification so that a shared understanding is developed, increasing the quality and reliability of the answers provided.

Focus group discussions

Focus group discussions were conducted with a small number of interest groups connected to the sanitation sector, with prioritization given to perspectives from residential community members and civil society organizations (for example, consumer protection groups and NGOs involved in awareness raising on the importance of sanitation).

Several areas of this research—with associated hypotheses—lent themselves to being explored through focus group discussions. These include questions regarding the nature of demand for sanitation, perceptions of what is considered "adequate sanitation," more general perceptions of sanitation investment processes and outcomes, and the extent and impact of community participation on sanitation investment decision making and outcomes.

Stakeholder analysis (discussed below) has informed the purposive sampling of interest groups for focus group discussions. These discussions were organized with specific goals, structures, time frames, and procedures and with a group of people with a common interest: for example, civil society organizations that are advocating for pro-poor sanitation investment.

There are a number of principles that were applied to the selection and facilitation of the focus group discussions. Groups were typically composed of six to twelve participants. With larger groups it becomes difficult to ensure that all participants can contribute freely and meaningfully. With fewer than six people, on the other hand, one or two individuals might tend to dominate. The facilitators ensured that, although the groups have a common interest, they do not include participants who are close friends, as this might reduce independent thinking and expression. As with semistructured interviews, triangulating the findings from one focus group with one or two additional focus groups held with different participants from the same interest group increases the trustworthiness of those findings.

2. Analytical instruments: Stakeholder analysis matrices and organizational mapping

Qualitative and quantitative narrative analyses were aided by the use of a set of two standardized analytical tools that examine stakeholders, institutions, and processes: stakeholder analysis matrices and organizational mapping.

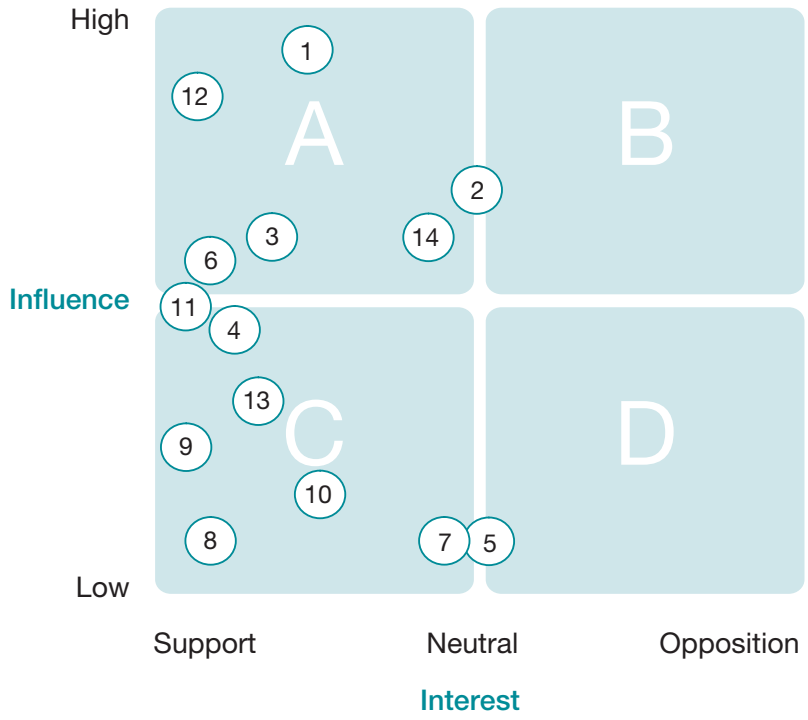
Stakeholder analysis matrices

A "stakeholder" refers to an individual, community, group, or organization with an interest—or stake—in a particular outcome. The stake is rooted either in the fact that they will be affected positively or negatively by the outcome or in their ability to influence the prospects for the outcome.

Stakeholder analysis is a systematic methodology that uses qualitative data to determine the interests and influence of different groups in relation to a policy or sector. A stakeholder interest or power matrix maps two variables that describe a stakeholder's interests and power relationship to a particular policy or sector. (See figure A.1 for an illustrative example from one of the case studies.) We have selected to map the interests and power of different stakeholders in relation to sanitation sector outcomes. The power dimension refers to the extent to which a stakeholder party can affect the outcome (on the vertical *y* axis), while the interest dimension refers to whether the stakeholder is positively or negatively affected by the outcome (horizontal *x* axis).

Stakeholder analysis matrices follow a series of steps and can be conducted with individual key informants or in focus groups. We have worked with a selected subset of key informants to populate and explain the matrix. A political economy narrative that interprets this matrix for the reader was then developed through the further key informant and focus group discussions.

FIGURE A.1 STAKEHOLDER MAPPING: INTEREST IN SANITATION INVESTMENT



Notes: A = High Power and Support
B = High Power and Opposition
C = Low Power and Support
D = Low Power and Opposition

Organizational mapping

Organizational mapping is a qualitative method for mapping and tracing the cause-effect flow of resources and decision making following policy and investment decisions. It provides an overview of the formal and informal institutional framework and organizational practices within which sanitation sector behavior and decision making takes place. Drawing on our understanding of the stakeholders and institutions involved, their interests, and the existing power dynamics, this tool traces a sequence of decisions to describe and explain how institutions and processes operate in each case study country and how these have impacted sanitation investments and outcomes. This analysis has generated findings on how policy stakeholders, including World Bank and WSP in Brazil, India, Indonesia, and Senegal have identified and managed the political economy risks and opportunities through their engagement with the sanitation sector.

Organizational mapping aims to make flows of decision-making processes around sanitation investment, resources, information, and activities explicit (via flow diagrams) and to identify bottlenecks and constraints, as well as opportunities for change. When used carefully, it can illustrate often-intricate connections and sequences clearly. The tool's focus on the intervening processes between cause and effect makes it an indispensable tool in political economy analysis.

Organizational mapping was in some instances also applied more specifically, as a modified form of public-expenditure tracking, to describe and explain quantitatively the flow of budget allocations and investments in the sanitation sector over a given time period. As envisaged, this activity was hindered by limits to the amount of useful and accessible sanitation data (including time series data) that was available.

3. Research process

The research was implemented flexibly in order to respond to contextual variation in each case study country and to the variation in interviewees and focus groups. Table A.3 provided the country teams with an overview of the methods and analytical instruments available to answer the questions under each element of the framework. The columns to the right also indicate which stakeholders are most likely to be able to provide relevant insights. At the same time talking to different stakeholders allowed the cross-checking of information. These insights were additional to the objective analysis provided by key informants on all areas of the framework.

TABLE A.3 OVERVIEW OF METHODS AND STAKEHOLDERS BY FRAMEWORK ELEMENT

Framework element / question	Method		Analytical instrument		Stakeholders				
	SSI	FGD	SAM	OM	Government	Service provider	Consumers	CSOs	Lenders/ Donors
Country context	✓				✓	✓	✓	✓	✓
Sector arena: Institutions									
Public investment	✓	✓		✓	✓	✓		✓	✓
Private investment	✓	✓		✓					
National/subnational institutional relationships	✓	✓		✓	✓	✓		✓	✓
Sector arena: Stakeholders									
Sanitation investment	✓		✓		✓	✓		✓	✓
Demand for sanitation	✓	✓	✓		✓	✓	✓	✓	✓
Sector process	✓	✓			✓	✓	✓	✓	✓
Distributional impacts	✓	✓			✓	✓	✓	✓	✓

Notes: SSI=semistructured interview, FGD=focus group discussion, SAM=stakeholder analysis matrices, OM=organizational mapping.

A.3 Research sampling and stratification

The research strategy built on a series of purposive (as opposed to random or probability-based) sampling steps. Given the relatively modest resource envelope for this four-country research, the study used a "fit for purpose" sampling methodology that we believe captured sufficiently the variability of stakeholders connected to the sanitation sector in each country and project context.

Key informants, stakeholder interviewees, and focus groups were initially identified through consultations with the national team consultants and secondary clients. Further key informants and sanitation sector stakeholders were identified through a snowballing approach and on the back of the stakeholder analysis. The selected stakeholders represented different "types" of stakeholders (as mapped in the stakeholder analysis).

The country case studies were chosen purposively by the World Bank/WSP team. The countries selected represent a range of sanitation contexts and outcomes, identified to generate useful operational lesson learning through the application of political economy analysis. Within the selected countries, there is an element of initial stratification involved in the purposive sampling methodology. In the case of Brazil, for example, discussions of project contexts identified a typology of urban sanitation contexts and then purposively selected sites based on their learning potential.

A.4 Feedback, reporting, and dissemination

The principle of dissemination was an important feature of the research methodology, enabling knowledge exchange and reflection among key stakeholders in each case study country and in Washington, D.C. The study design and terms of reference did not envisage sophisticated dissemination strategies, however, and the production of the research outputs will need to be part of a broader World Bank dissemination strategy that will include commitments by the team of consultants as follows.

At the end of the fieldwork period, the team—in each country—offered to facilitate a small debriefing workshop (maximum half a day) providing initial findings, inviting comments and questions, and providing room for discussion

on the recommendations. This helped country stakeholders to internalize the research findings while providing an opportunity for the research teams to validate the case study findings. Debriefings took place in all case study countries at the end of the mission with the exception of Brazil where—due to country office availability—the debriefing took place after the draft report had been submitted.

A.5 Methodology modifications based on the experience of this study

The fieldwork for this study was staggered, with the Maharashtra fieldwork conducted first in order to allow for methodological reflection and modification ahead of fieldwork in the remaining three countries. The field team identified three areas for methodological reflection: the treatment of research hypotheses, site selection, and case study selection. We discuss these below.

1. Treatment of research hypotheses

The application of the research hypotheses was originally designed with a scoring element to allow interviewees to score each hypotheses on a four-point scale (strongly agree, agree, disagree, strongly disagree) as the basis for cross-country comparison. It quickly became apparent that in the context of research conducted with a wide range of stakeholders in different contexts, this scoring would be of limited comparative value.

This realization prompted a broader reflection on the use of hypotheses as the basis for the research process. The field team found that the detailed thinking and discussion that generated the set of hypotheses and attendant research questions was invaluable for framing and focusing the research. The team also found, however, that the process of testing the hypotheses was more inductive than deductive. In other words, rather than focusing on proving or refuting the hypotheses and providing empirical evidence (as in deductive research), the research process was more fluid; the research team found itself generating working hypotheses, which were tested and refined on a more incremental than envisaged in the research strategy document.

The team therefore adjusted the methodology, recommending that the fieldwork

- should not be concerned with eliciting scores for hypotheses, unless the scoring process was seen as useful and appropriate for prompting diagnostic discussion, and
- should not get stuck into a "one shot" deductive approach to testing and confirming/refuting the research hypotheses, but should instead embrace a more fluid, iterative, and inductive approach to developing and revising/refining/rejecting working hypotheses.

2. Site selection

A further methodological reflection concerned the challenges of identifying and visiting "average" communities once the samples had been stratified. The fieldwork team members in Maharashtra found that their visits were given a high profile by district authorities keen to demonstrate the success of their sanitation investment strategies by directing our field visits toward high-performing/celebrated villages. This was partly a function of a research process that was rapid rather than involving a longer period of exposure to a range of villages. It was difficult when being hosted by district officers to insist on being exposed to average villages in each stratified group.

The implication for the next round of fieldwork was that research teams should do more groundwork ahead of time to identify and select sites for field visits in order to avoid last minute "engineering" of field visits by host authorities.

3. Case study selection

A final methodological reflection concerned the importance of having detailed discussions with the WSP (or World Bank) country team pre-departure, to ensure local ownership of the work and check that the case study selection was appropriate and would maximize opportunities for learning.

In the case of Maharashtra, the working title of the cases study—"Community-Led Total Sanitation in Maharashtra"—caused some initial confusion as CLTS was not a term used in that state and the operational approach was quite different to CLTS as it is commonly understood.

WSP in India also expressed some concern that the case study should have been concerned with the Total Sanitation Campaign nationally, not on a single operational approach. The Indian country context is one in which lender/donor-funded projects are less significant in advancing progress than the governments' own national program. WSP colleagues felt that the latter should have been the focus of the study.

Annex B - Case study summaries

B.1 Brazil

Overview

This study examines the political economy of investment in sanitation (with a particular focus on sewerage) in Brazil over a period of roughly one-and-a-half decades, since the launch of the Water Sector Modernization Project (known in Brazil as Programa de Modernização do Setor Saneamento, PMSS) in 1993. During this period, Brazil transformed the institutional landscape of its sanitation sector, gained a reputation for innovation in pro-poor sewerage programs, and began to make up some of the huge deficit in sanitation investment that it had accumulated by the end of the "lost decade" of the 1980s.

In addition to this national (policy) component, the case study includes a regional (program) component that focused on the Bahia Azul program, implemented by the Bahia state utility EMBASA in the Salvador Metropolitan Region in northeastern Brazil over approximately the same period (1995–2007).

Brazil has been a major recipient of World Bank lending for WSS investment, both at national and subnational levels, with the Bank supporting key federal government programs (including the PMSS and PROSANEAR) and significant investments by state governments and utilities, principally in urban sanitation in major cities and metropolitan regions (including Salvador, the focus of the Bahia Azul program). Although, given Brazil's size, the overall proportion of total sector investment in the country that has derived from World Bank lending is modest (and indeed the Bank provided only around 12 percent of the total resources invested in the Bahia Azul program), the Bank was perceived as an important actor at certain times and in certain places within the broad sector processes.

In recent decades millions of poor Brazilian households have been connected to public sewerage networks through the expansion of conventional services and the introduction of innovative alternatives such as the condominial system. While Brazil is currently on track to reach the sanitation MDG in 2015, a significant investment will be required to achieve universal access to sanitation services, particularly in rural areas. The inclusion of sanitation as a priority sector in the current government's flagship Growth Acceleration Program (PAC) in 2007, backed by the allocation of R$40 billion (US$20 billion) of resources over four years for basic sanitation and water, appeared to signal that the challenge was at last being taken seriously. However, spending has lagged behind the increase in budget allocations, as it has proved hard to achieve rapid increases in the absorptive capacity of a sector that has long had unstable and unpredictable levels of investment.

Diagnostic findings

The study's analysis of the **country context** shows that on the demand side there is an association between sanitation (particularly sewerage) and modernity, and while coverage for urban water supply is almost universal, Brazil's delivery of sanitation has lagged far behind. Achieving universal coverage in Brazil is, however, complicated by a number of technological, social, and economic factors. Social capital and social cohesion are important in mobilizing communities to invest in sanitation and critical to their ability to lobby and exert pressure on local leaders. From a political point of view, since President Lula's election a more rights-based rhetoric, which depicts access to improved sanitation as an issue of human dignity and a citizen right, has become more prominent. Moreover, poor municipalities generally have the highest level of support for the Lula government; the increase in federal grant funding through the PAC can therefore provide a political payoff as well as being a pragmatic response to limited local investment capacity.

On the supply side, while there is a clear technological preference for sewerage, the modified application through condominial sewerage (in which groups of householders assume responsibility for the final links in the system) can change the nature of how services are provided, with

greater expectations placed on the role of householders. Condominial systems also make the service more affordable generally and maintain the appeal for different stakeholders: for politicians, for example, it creates relatively big, visible public works programs for investment. Public and private operators, construction firms, and other private contractors benefit from these capital works programs.

Looking at the **sector arena**, the study found that political economy factors at the national level have not resulted in opposition to increased sanitation investments per se. Indeed, they now appear to be converging around a broad-based commitment to such investments that includes support at the highest levels of government. However, the study did find a significant influence of political economy factors (linked both to stakeholder interests and broader ideologies) in the disputes among advocates of municipal, state, and private-sector operations that left the country without a clear policy and legal framework for the sector during most of the period of one-and-a-half decades covered by the study. The combination of the 2007 (Water and) Environmental Sanitation Law with other legislation on concessions, tendering, public consortia, and private-public partnerships seems in the view of most interviewees to have finally established the legal and policy clarity needed to underpin increased investment, though some areas of dispute remain.

At regional level, the analysis of the Bahia Azul program showed that it was a broadly successful example of political economy management, which included technically competent and politically astute handling of relations with the numerous different sources of national and international funding for a large and complex program. However, the unique strength of the political group behind Bahia Azul allowed it to ignore the need to engage with municipal governments, civil society, and statutory citizen oversight institutions, and its political orientation influenced an approach to working with communities that privileged top-down and short-term mobilization over sustained participation. Had the emphasis on social capital been more long term, community engagement with system operation and maintenance might have been more effective, and links might have been made to other health and urban upgrading programs. In many areas, however, both customer and service provider are now more satisfied with an arrangement whereby the utility maintains the system for a higher service fee.

The **sector process** analysis begins at the macro level with an outline of budget decision processes and resource flows for grants and loans from federal government and IFI programs, which account for the largest share of investment in the sector. While the sector suffers capacity issues around limited viable projects, the report also argues that political pressures come into play at various points along the pathways to approval of projects and disbursement of funds. These may reflect publicly announced policy criteria such as PAC allocations by region, which have led to an increase of resources allocated to the northeast that, while justifiable on equity and poverty reduction grounds, has according to some interviewees led to the supply of funding outstripping the absorptive capacity of state and municipal utilities in the region, with negative consequences for quality and efficiency. The study goes on to examine the meso level of political economy factors shaping program implementation, taking Bahia Azul as an example. It concludes by examining the micro level of the delivery of sewerage services in low-income communities, focusing on the condominial sanitation component of Bahia Azul and comparing it with the Environmental Sanitation Company of the Federal District's (CAESB) condominial sanitation strategy in Brasília.

Operational implications

Based on the diagnostic discussion, a number of significant operational lessons can be drawn from the Brazil case study in order to help to inform future World Bank/WSP interventions.

Timing, tailoring, and location of investment and operations

Careful and strategic sequencing of operations can encourage reforms that increase the overall impact of investments in later phases. In Brazil, the conditions laid down for access to the relatively modest capital investment component of the PMSS provided sufficient incentives for institutional upgrading by EMBASA, which was then able to leverage much larger volumes of investment resources due to its enhanced credibility and increased absorptive capacity.

Understanding the sector through rigorous analysis

The timing of information flow is important. Even when rigorous analysis is undertaken (as was the case with the Bahia Azul health impact study), dissemination of key findings can get lost, sidetracked, or potentially misused or captured if the timing is wrong (for example, at the start of a new political

administration). Strategically important studies can benefit from a flexible timetable. Interim findings based on monitoring data of the health impact study could have been used to steer the debate more actively.

Realigning accountability
It is not easy to decentralize decision making, resource allocation, service delivery, and regulation. Helping to clarify the roles and responsibilities (or at least the pros and cons of different roles and responsibilities) at the federal, state, and municipal levels and the capacity requirements at each level is an important contribution.

In Brazil, the political left strongly backs and the current government favors new forms of social oversight. Linking them to regulatory agencies (promoted by the center-right groups that dominated the previous government) can increase the legitimacy of different service delivery options (technologies, for example) and solutions around sensitive issues like tariff-setting. It may also help to overcome perceptions of World Bank biases toward particular approaches, such as its perceived bias in Brazil toward enhancing the role of the private sector.

Partnership strategy
The World Bank is clearly a potential convener or broker of unlikely marriages of convenience between seemingly disconnected technical, political, and financial interests. The Bank is not perceived to be neutral but must remain supportive of the exploration of various options to enhance service delivery.

The perception of being aligned with one political grouping may reduce the World Bank's ability to leverage continuity between programs created by different political administrations. On the other hand, in Brazil like in other countries, the World Bank brings to the table clear institutional memory in the sector.

Public debate and communication
When it has achieved a strong partnership with a particular political grouping (as was the case in Bahia), the World Bank should make full use of its leverage with this grouping to push it toward greater openness to public debate and engagement with civil society. Such engagement can both enhance program quality during implementation and enhance sustainability by securing broader buy in to program aims.

Conclusions

In Brazil, although the World Bank has accounted for a relatively modest share of total sector investment, it has helped to drive innovation and improved performance by encouraging institutional upgrading in once-fragile state utilities and by supporting the spread of Brazilian innovations such as the condominial approach. The analysis of the Bahia Azul program showed that it was a broadly successful example of political economy management, which included technically competent and politically astute handling of relations with the numerous different sources of national and international funding for a large and complex program. The program was quick to adopt the innovative condominial approach to provide sewerage services to low-income neighborhoods, making significant investments in social mobilization work alongside construction. However, the unique strength of the political group behind Bahia Azul allowed it to ignore the need to engage with municipal governments, civil society, and statutory citizen oversight institutions, and its political orientation influenced an approach to working with communities that privileged top-down and short-term mobilization over sustained participation.

B.2 India

Overview

The Total Sanitation Campaign (TSC) was launched across the rural areas of India in 1999 and presented an important shift away from earlier supply-driven sanitation programs. TSC has a set of defined components, which includes information, education, and communication; community mobilization activities; construction of household toilets and community complexes; and provision of toilets in government schools and *anganwadis* (child-care and mother-care centers). Most importantly, TSC differs from previous campaigns in that, for most participants, there is no government contribution to the capital cost of sanitation facilities. Designed as a demand-driven project, the TSC emphasizes awareness creation for a cleaner environment and hygienic habits at the household and community levels.

The TSC program failed to take off in most of the states until 2004–5. The political economy of the program provides a number of significant reasons for this failure. Most of the states were reluctant to implement a low-subsidy program, in particular a subsidy that was not extended to households

above the poverty line. On the demand side there was a lack of a felt need among communities for several reasons, including poverty, the ready availability of open space in rural areas, lack of information and knowledge, and above all, long years of habitually defecating in the open.

The government of India's MDG commitments have motivated it to devise innovative ways to strengthen the TSC, including notably an incentive/award scheme designed to speed up coverage. This scheme, the Nirmal Gram Puraskar (NGP, Clean Village Award), has become one of the key drivers of the TSC program. NGP was introduced in 2003 by the government of India as a postproject reward to village, block and district *panchayats* (councils) that achieved the status of Open Defecation Free and fully sanitized unit. The NGP was inspired to a large extent by the Sant Gadge Baba scheme adopted by the government of Maharashtra.[17]

The progress of the TSC program as a whole has accelerated since 2005, and national coverage was reported to be around 57 percent by 2008, compared to just 21 percent in 2001 and 31 percent in 2005.[18] A major contributor to this improvement in fortunes is the role that Maharashtra has played as a laboratory of good policy and practice.

Diagnostic findings

The study's analysis of the **country context** has confirmed that decentralization is firmly established in Maharashtra, and that some senior political leaders and officers have worked their way up though the hierarchy, bringing with them an understanding of and commitment to grassroots action. There is also a long history of social movements led by local champions in Maharashtra, including B. R. Ambedkar, who spearheaded the liberation of oppressed castes. Sant Gadge Baba was a revered pioneer of sanitation and hygiene in the state in the nineteenth century and an ideal figurehead for a state campaign that incorporated sanitation investment.

The **sector arena** discussion suggests that in rural sanitation, with its relative lack of capital intensive hardware and greater focus on process, the stakeholder interests and institutional arrangements from the federal down to the local level are relatively uncontested and open to influence for progressive sanitation investment. Respected leadership, a lack of partisan associations, and public recognition for local efforts all helped to advance the program. Effective use of limited government funds was also integral to its success: since the bulk of state government funds were used for promotion and prizes awarded on the basis of transparent criteria, opportunities for the diversion of funds were quite limited. Moreover, the use of rewards and recognition leveraged considerable community investment on top of the funds available from the TSC. While the private sector—rural marts and local masons—supported latrine construction, private sector participation and associated regulation were not part of the political economy story emerging from Maharashtra. In contrast to urban sanitation contexts, there are no big contracts—households appoint their own masons—so competition with public services does not arise.

The **sector process** analysis confirms that civil society participation (meaning community participation rather than NGO participation) has been crucial to the success of the government's demand-driven strategy for sanitation investment in Maharashtra. Due to a sustained, government-led campaign, a gradual shift is evident whereby toilet use is becoming institutionalized as the social norm in at least some parts of the state—people accept that the time has come to make a change. Moreover, a very significant driving force behind this demand generation has been the role of sector champions. These included a minister and two officers who helped to ensure bureaucratic support for the program. They believed in rural development and shared a passion for improving sanitary conditions. External development agencies had a subtle but significant role at different institutional levels. WSP helped by exposing state government and Gram Panchayat representatives to promotional approaches and low-cost sanitation technologies from other places. These inspired and informed the design of a program customized to the Maharashtra context. WSP and UNICEF both were able to provide flexible resources in a rapid, responsive way to fill gaps in government funding and procedures, especially in the areas of learning and communications.

17 While the NGP award is given by the central government, the Sant Gadge Baba are disbursed by the government of Maharashtra and can be spent at the discretion of the respective *panchayats*.

18 See Government of India, Department of Drinking Water Supply, http://ddws.nic.in.

Operational implications

Based on the diagnostic discussion a number of significant operational lessons can be drawn from the India case study in order to help to inform future World Bank/WSP interventions.

Timing, tailoring, and location of investment and operations
Effective support can be built by recognizing and supporting government commitment and local leadership. This involves understanding the importance of sector champions and tailoring support to help them succeed and scale up their impact. A striking feature of sanitation investment in Maharashtra has been its success in translating political commitment into bureaucratic action. This translation was achieved largely through dynamic and committed political and bureaucratic leaders, many of whom worked their way up from the grassroots. This bureaucratic commitment has been bolstered by political incentivizing. Senior officials committed to sanitation in the early years in Maharashtra have been promoted, albeit sometimes to unrelated sectors, and the government recognizes and rewards officers who perform well in the sanitation program. This form of political incentivizing has now started to be adopted in other states. Through sensitive and sustained engagement the WSP was able to tailor its support to this locally owned process.

Understanding the sector through rigorous analysis
Lenders and donors can use analysis of comparative advantage in global practice to support local policy makers and administrations to learn lessons from elsewhere and refine their operational framework. This involves identifying how and when they can add value to an ongoing process of change in investment strategies. The kind of support provided by WSP in Maharashtra was geared toward lesson learning through exposure to CLTS and scaling up of good practice. This, rather than capital investment or strong steering, was exactly what was required from external partners in this context.

This type of support can be tied to the promotion of more inclusive policy debates. Lenders and donors can look to encourage, where appropriate, analysis conducted with a broad group of stakeholders to ensure greater inclusion, and can link this process to strengthened public debate and communication.

Realigning accountability
There is scope for lenders and donors to adapt and support models of accountability in the sanitation sector based on context. The sector process may not be characterized by the kinds of vertical accountability relations central to much lender/donor thinking. In the case of Maharashtra, the government has encouraged a different type of relationship, in which the emphasis is on encouraging private investment and private behavior change. In this way government accountability shifts from delivery to outcomes. This has been achieved by the state focusing on creating a demand-driven approach to sanitation investment, facilitated by the state using a mix of consciousness raising, subsidies, collective financial rewards, "soft" conditionality, and enforcement.

Partnership strategy
The study highlights the utility of ensuring that partnership strategies are based on sustained, flexible engagement with government partners. The Maharashtra sanitation program is strongly government led. Nevertheless, technical and policy support from WSP has been strategically important, especially in exposing government officials and community leaders to new ideas and in helping to strengthen program effectiveness.

Public debate and communication
Finally, lenders and donors can support policy makers and bureaucrats to secure and sustain public support for institutional change. The state government and district administrations in Maharashtra have sought to ensure that the sanitation program is well known across the state, and to this end have made extensive use of local mass media, with awards reported widely and given a high profile. This has been critical to the program's success and is reflected in the program budget allocation for communication.

Conclusions

In Maharashtra, external development agencies had a subtle but significant role at different institutional levels. WSP helped by exposing state- and village-level government representatives to promotional approaches and low-cost sanitation technologies from other places within and outside India. These inspired and informed the design of a program customized to the Maharashtra context. WSP and UNICEF both were able to provide flexible resources in a rapid, responsive way to fill gaps in government funding and procedures, especially in the areas of learning and communications. WSP used the evident success of the Maharashtra program in advocacy at national level for a shift in emphasis in the Total Sanitation Campaign from household inputs (toilet construction) to collective

outcomes (an end to open defecation). This national level advocacy helped to influence changes in the TSC guidelines and a strengthened government approach to rewarding outcomes with the introduction of the Nirmal Gram Puruskar scheme, which provides financial rewards for Gram Panchayats and larger units of local government that achieve Open Defecation Free status. The World Bank–funded Jalswaraj project has actively supported the sanitation program, in particular by strengthening village water and sanitation committees.[19] The project built institutional within communities, but was less successful at integrating with district administration sanitation institutions and investments.

B.3 Indonesia

Overview

Indonesia was initially selected as a case study so that synthesized lessons from other case studies—namely, India (rural), Brazil (urban), and Senegal (urban)—could potentially contribute to addressing political economy challenges in influencing sanitation sector reform and decision making. However, given recent positive developments in the sector (where national commitment to sanitation investment has increased significantly), the focus was revised to explore how and why government commitment to sanitation has increased recently compared to just a few years ago. While the level of investments actually needed to address the significant sanitation problems in Indonesia is still not sufficient, the increasing government interest in investment is a major shift from viewing sanitation as a private matter for households. Interest continues to increase at a rate unexpected by some (particularly external) stakeholders.

Diagnostic findings

Country context

Historically, interest in sanitation has been extremely low in Indonesia. Awareness among all socioeconomic groups and even among the media is limited, and the disposal of feces is not discussed in households or communities. The formal language lacks a word for defecation, and it is culturally not accepted to discuss *sanitasi* in public. Moreover, many parts of Indonesia are geographically well endowed with rivers and natural drainage channels, and this has meant that household waste of all types has been easily disposed of, literally washed away in rivers and water courses, taking the problem of dealing with waste both out of view and out of mind. However, open defecation is seen as uncivilized behavior, and latrines and bathrooms within homes can also be valued as status symbols or physical demonstrations of wealth in some cases, even though they might not lead to improved disposal or treatment of wastewater (for example, they are not connected to a proper and safe facility).

At the macro level, a long history of authoritarian rule makes advocacy (for sanitation and other topics) difficult, and there is the perception that government is not interested in opinions voiced by the media or civil society. Also, the public expects little from government, and this coupled with a blurred boundary between public and private service provision means sanitation is mainly perceived as a private responsibility. This has been reinforced by a lack of interest from the more politically powerful middle classes, who are usually able to provide privately for their general infrastructure needs.

The institutional landscape has undergone significant change through the initiation of the decentralization process. Decentralization was rapid, if not instant, and not only gave greater administrative independence to local governments but also moved financial resources and responsibility for the provision of many public services directly to district level. The sanitation sector has in consequence seen multiple actors, with sometimes confusing and overlapping mandates. The challenge of aligning, coordinating, and simplifying the institutional set up is particularly important as ambiguity in mandates means reduced scope for accountability. A further key issue faced due to decentralization is redistricting, where local politicians can petition for districts to be split into smaller administrative units through a mechanism called *pemekaran*. With more money being raised locally through taxation, a key motivation for splitting districts has often been control over resources and rent-seeking opportunities for local elites. While revenues have increased, local budget priorities are generally go toward free education, (curative)

19 The World Bank-funded Jalswaraj project in Maharashtra supports community-led water supply improvements through a grant-making subproject mechanism in some 3,000 villages (out of some 26,000 in the state as a whole). A recent intermediate impact evaluation of the Jalswaraj project concluded that the institutional strengthening of village water and sanitation committees is the most significant contribution of the project to sanitation investment and sustainability.

health services, and the construction of new government offices to house newly formed local administrations, which easily crowd out sanitation and other public health promotion issues.

Sector arena

A detailed stakeholder mapping exercise showed that the sanitation sector is characterized by an array of stakeholders—with no single national level ministry responsible for sanitation policy, and responsibilities shared among at least five ministries. This institutional complexity and confusion has not only resulted in a reduction of accountability to the public for sanitation service delivery but had also a negative impact on international lenders' and donors' willingness to risk funding sanitation investments.

Given the decentralized nature of service provision, it is not surprising that local-level government stakeholders and actors have clear influence over budget allocations. This does not work to the advantage of sanitation, as local governments in most cases prefer to allocate resources to high-visibility investments (for example, roads, irrigation, and buildings). Moreover, despite certain formal processes being in place, informal patron-client relationships play a key role in determining investment priorities and funding from central to local governments. Without having any clear guidance, criteria, or mechanisms for deciding on funding allocations, there is space for political considerations or rent-seeking opportunities to influence investments at local level.

This study is concerned with "pro-poor" investments, but that term is not used often in Indonesia's sector arena discussions. There has been an almost complete lack of investment and infrastructure for either rich or poor, who often live at very close proximity in mixed neighborhoods (in contrast to the more segregated nature of urban centers in Latin America or Africa). The problem is therefore not one of investments being focused on well-off areas or elites at the expense of the poor. The focus needs to be on ensuring an adequate sanitation minimum service package for all households. The term "poor-inclusive" is therefore seen as more appropriate for Indonesia and more easily accepted among policy makers.

Sector process

This increased interest in and commitment to sanitation has developed over the last two to three years, but since the start of 2009 it has become increasingly owned and driven by national government stakeholders. There is increasing high-level ownership within government (in contrast to some past donor/lender-funded projects, which had tended to be supply driven), and very recent developments suggest that the national budget for sanitation infrastructure is likely to be quadrupled in 2010 and will have a separate budget line from water.

The Strategi Sanitasi Kota (City Sanitation Strategy, or SSK) approach, which was first tested in the Indonesia Sanitation Sector Development Project (ISSDP) in 2006, is an evidence-based, strategic development approach led by city governments. Based on expressed local demand, with external consultants acting as facilitators, the SSK approach is a bottom-up process, with participatory room for local government. While this approach was rejected by most ministry stakeholders initially, several factors contributed to its increased acceptance. First, a newly appointed ISSDP staff member, who had good personal ties and the effective relationships, successfully became a facilitator in building relationships within government and increasing interest. A change of the director general within Cipta Karya (the Directorate General of Housing, Building, Planning & Urban Development, Ministry of Public Works) increased institutional buy-in. Finally, decentralization increasingly challenged the traditional centralized approach.

Another interesting insight from the Indonesian sanitation-process discussion is defining "sanitation" as solid waste management, urban drainage, and sewerage. Linking these three elements has created important momentum, increasing political commitments to sanitation. Urban flooding has become an increasing problem in many cities, with high levels of public concern and complaints when it occurs. Sewerage and wastewater would not become topics for discussion at the local government on their own, by including them under a wider definition of sanitation, backed-up with information on the negative effects of poor sewerage, local governments had to start thinking about the issue, and some of the mayors, supported by ISSDP, have promoted the benefits of sanitation investment.

Operational implications

Based on the diagnostic discussion, a number of significant operational lessons can be drawn from the Indonesia case

study in order to help to inform future World Bank/WSP interventions.

Timing, tailoring, and location of investment and operations
Aligning and sequencing operations and support with national planning and policy cycles can increase their influence on policy and planning. In early 2009 there was government agreement that the City Sanitation Strategy approach could be replicated and scaled up, and the timing of this agreement fits in with the next five-year planning cycle. Sequencing different interventions over different timescales (for example, awareness raising and improving local planning capacity) has been a necessary first step before making local investments for physical infrastructure. This helps to ensure that they are appropriate, effective, and efficient.

Understanding the political economy of lending—and responding appropriately—can increase the acceptability of funding mechanisms and ease negotiations. For example, the association of previous loans with corruption and debt increased subsequent public and government wariness of loans from international lenders. Also, past loan negotiations have been delayed partly as a result of requests by lenders (for example, for information on internal arrangements between local and national government) that were perceived to be unacceptable by the government.

Understanding the sector through rigorous analysis
Using the resources and comparative advantage of an international institution can result in research and analysis that is tailored for specific audiences and can inform sanitation policy and investment decisions. A comparative study on the economic impacts of sanitation was undertaken by WSP-EAP in four Southeast Asian countries, including Indonesia. This study was cited by key informants (government, international lenders, and donors) as having been a powerful tool in motivating central government stakeholders into action. Two related factors can explain this. As a middle-income country maintaining high levels of economic growth, Indonesia sees itself as a leader within the ASEAN region; when attainment levels for some MDG targets have been worse than in other, much poorer Southeast Asian countries, it has caused some government stakeholders to feel they can, and should, be performing better. Second, the government is becoming increasingly interested in economic evidence for its policy decisions, for example, the cost of health care in consequence of lack of sanitation. Understanding these government priorities and targeting research at them have proven successful in the Indonesia case.

Realigning accountability
Increasing clarity over institutional responsibilities can help increase accountability from both the supply-side (institutions know what they are responsible for) and the demand-side (citizens know which institutions are responsible and who they should complain to).

Traditional top-down supply-driven approaches to sanitation investments have often been unsuccessful or unsustainable, but combining them with social investments in bottom-up processes can help increase accountability and the sustainability of investments even when there is low initial demand. The City Sanitation Strategy approach recognizes the difference between perceived demands, which often form the basis of top-down approaches, and actual demands.

Partnership strategy
Strong longer term support and collaboration with government on planning and policy issues, with government viewed as a partner, can strengthen the capacity of government (central and local) to scale up sanitation planning and ensure high levels of national ownership of the process. In Indonesia, this has been pursued through identifying and supporting appropriate champions. These are trusted facilitators and negotiators who can help build and strengthen partnerships and relationships among key stakeholders in the urban sanitation sector.

Public debate and communication
Although the media in Indonesia are generally no more aware of sanitation issues than the general public and coverage is limited, there is potential to develop partnerships that enable sanitation messages to be conveyed effectively. The ISSDP has recognized this potential in the design of its second phase, which will have components on advocacy, campaigning, communications, and promotion.

Conclusions

In **Indonesia** a "process approach to engagement" has started to pay dividends by increasing pressure for top-down sector investment from the center of government and bottom-up from local government upward. There is increasing high-level

ownership within government (in contrast to some past donor/lender-funded projects, which have tended to have been supply driven) and very recent developments suggest that the national budget for sanitation infrastructure is likely to be quadrupled in 2010 and will have a separate budget line from water. While the importance of process has long been recognized, the Indonesia case study highlights again the importance and effectiveness of development partners understanding the national and country context, and ensuring the approaches fit this context.

The Indonesia cases study clearly illustrates the appropriateness and effectiveness of intensive informal approaches built on good personal ties and relationships. ISSDP key staff met with counterparts from the Ministry of Public Works (MoPW) many times to convince them of the potential of the SSK approach, but during the first year, advocacy efforts toward MoPW were unsuccessful. The breakthrough came when an additional person was recruited within the ISSDP team who was a formerly a very senior government official within the Ministry of Home Affairs (MoHA) and had many relations both in MoHA and in other ministries, including MoPW. He was also a former lecturer in a prestigious university from which many MoPW staff had graduated. Through intensive informal approaches (for example, breakfast and dinner meetings, coffee meetings, and informal gatherings) he led the advocacy activities and was successful in getting the attention and commitment of MoPW, at least up to director general level, and other government agencies and ministries. In some instances there were clashes between two director generals, but through a series of additional informal meetings these were overcome. The year-long process was slow but eventually led to the establishment of the Tim Teknik Pembangunan Sanitasi (Technical Team for Sanitation Development, or TTPS) in November 2007 through a ministry decree from Bappenas. Through the TTPS, interministerial relationships among MoPW, MoH, Bappenas, MoHA, and MoF became more formalized.

In addition to the shifting priorities at national level, there have also been significant shifts within some local governments. The six cities involved in the first phase of the ISSDP project have started some initiatives without continued prompting from external stakeholders, creating a dynamic of their own and proving effective at putting pressure on the national government from a subnational level. Local government investment levels in some of these cities have increased from less than 1 percent of budget to between 3 and 6 percent, a significant increase given the low starting point and other priorities.

B.4 Senegal

Overview

In the 1990s, the Government of Senegal undertook major reforms of its urban water supply and sanitation sector. The government's strong commitment to reforms has resulted in Senegal's water sector being regarded as a model of public-private partnership in sub-Saharan Africa. Following these reforms, observers have pointed to a significant higher profile of sanitation since 2000, with increasing investment levels and a larger number of people gaining access to sanitation in urban areas.

Donor investments play a crucial role in sustaining investments in Senegal's urban sanitation sector. While government data is likely to underestimate considerably the proportion of donor contributions, estimates by independent observers point toward 90 percent. Both, World Bank and WSP are key external actors supporting Senegal's urban sanitation sector. The Bank's engagement in the wide-ranging water and sanitation reforms in Senegal began with a decade-long Water Sector Project—a US$100 million IDA credit was provided in 1995—followed by the Project Eau Long Terme. The latter includes the Sanitation Program for Peri-urban Communities of Dakar (Programme d'Assainissement des Quartiers Péri-Urbains de Dakar, PAQPUD), which aims to bring onsite sanitation to poor peri-urban areas of Dakar. Relying on an output-based approach, PAQPUD has supported the construction of 63,000 household sanitation facilities by 2004, therefore surpassing its initial target of 60,000 (by 2006) two years earlier than planned. Building on experience and mechanisms developed under the PAQPUD, a new World Bank/WSP-administered project was agreed to in 2007: the Global Partnership on Output-based Aid (GPOBA), which would help poor households in poor areas of Dakar to install onsite sanitation. The outputs in this GPOBA-funded sanitation project include not only the hardware of sanitation facilities but, importantly, the "software" of support, education, and monitoring from independent agents, nongovernmental agencies, and community-based organizations.

Diagnostic findings

The analysis of the **country context** for urban sanitation in Senegal has resulted in a strong case for the complex relationship between water and sanitation working to the advantage of both sectors. While often competing for resources, Dakar policy makers were convinced that one sector could not develop without the other. The wide-ranging institutional reforms in the mid-1990s were characterized by well-developed and innovative performance contracts for the water sector but the exclusion of the underdeveloped sanitation sector from those contracts. In hindsight, some observers justified the decision to separate water from sanitation on the grounds that it gave greater visibility to the traditionally neglected sanitation sector. However, the real driver for the institutional separation was that, in order to make the water sector attractive for private investment, it needed to be separated from the far less attractive sanitation sector. These reforms provided the sanitation sector with the opportunity to develop institutions separately, enabling it to benefit from experiences in the water sector, such as private sector participation, carefully designed contracts, and active community involvement in extending and improving services. In a climate of strong support by the new political leadership since 2000 (President Wade stated repeatedly that "sanitation is a matter of dignity"), PAQPUD was started in 2002, and sanitation services for the first time were targeted at poor areas of Dakar outside of the reach of the existing sewerage network.

The analysis of the political economy in terms of stakeholder interests, influence, and incentives as well as the institutional framework (**sector arena**) suggests that there is no powerful opposition to increasing sanitation sector investments or conflicts between different levels of government, which often characterize political economy factors in decentralized settings. Several factors contributed to the successful management of the political economy, the most important being support by the political elite and performance contracts that have shaped stakeholders' incentives and protected investments from adverse political economy impacts. Recently, the sanitation sector has followed the example by the water sector, and a performance contract was signed by the National Sanitation Office (ONAS) and the Government of Senegal. The contract obliges the state to cover the financing gap if ONAS achieves certain performance indicators, including those for wastewater treatment, investment in the network (extension and rehabilitation), new connections and new onsite facilities, network maintenance, and financial management.

The **sector process** analysis has shown that the World Bank played a crucial facilitation role during the WSS reform in the 1990s. Using the window of opportunity emerging through the urgent need to solve the water supply problems in Dakar, the World Bank team played a pivotal role in translating a general will for reform into a vision for the sector. The team also carefully managed initial skepticism about reform and private-public partnerships. The process discussion also highlights the potential of civil society and community-based organizations in successfully creating demand for sanitation services in poor communities, for example, by using entry points around solid waste collection, wastewater, and drainage—known to be bigger concerns in peri-urban communities than sanitation provision. Moreover, launched in 2005, the Millennium Drinking Water and Sanitation Program (PEPAM) has successfully attracted investments—in particular from donors. While observers say that the PEPAM is biased in favor of the water sector at the expense of sanitation, there is agreement that PEPAM meetings and reviews and provide a platform for discussion among a range of actors from government, the donor community, civil society, and private-sector organizations.

Operational implications

Based on the diagnostic discussion, a number of significant operational lessons can be drawn from the Senegal case study in order to help to inform future World Bank/WSP interventions.

Timing, tailoring, and location of investment and operations

The research has found evidence that it is crucial to recognize political support and use windows of opportunity to push for reform. Both the institutional reform in the water and sanitation sector and the later PAQPUD occurred in a climate of political support, initially to solve the problem around water supply and later to stress the importance of sanitation provision. Moreover, well-linked World Bank staff based in Senegal was able to identify champions of change and engage with them on a continuous basis. Formal and, more importantly, informal meetings built mutual understanding and trust and successfully prepared important decisions and obtained government support for initially controversial

reform aspects, such as the privatization of the state-owned water utility (SONEES) prior to 1996.

Driven by the World Bank, PAQPUD (and subsequently the WSP/World Bank–managed GPOBA) for the first time brought onsite sanitation and condominial systems to Dakar's urban poor, which had until then been excluded for the most part from the network-based service provision in the capital's center. Inspired by the success of the pilot, many engineers have acknowledged the merit of alternative means of sanitation provision and became advocates of onsite sanitation. This shows that successful interventions can have a powerful demonstration effect; this may be particular important in an environment where the default for urban sanitation provision remains the sewerage.

Understanding the sector through rigorous analysis
Donors and lenders have a comparative advantage in providing rigorous analysis to inform reform and sector choices. While in Senegal no explicit political economy assessment was undertaken, donors have successfully contributed to evidence and, subsequently, an informed sector debate. Studies—using national and international expertise—have offered policy choices to government stakeholders and contributed to the evidence base used during workshops to undertake institutional sector reform. See, for example, the tariff study by ONAS/Banque Européenne d'Investissement (2008).

Realigning accountability
As outlined above, the carefully designed and contextually specific contracts in the water and the sanitation sector provide the right incentives and strengthen accountability by unbundling the functions supporting investment decisions and policy implementation. At the same time, performance contracts, if designed well, have been shown to protect the sector from adverse political influence and vested interests.

In order to strengthen accountability initiatives from the private sector and from civil society more broadly (the demand side of accountability), PAQPUD and GPOBA have combined technological choices around the hardware of sanitation facilities with targeted information campaigns. While CSOs and the private sector are successful in creating demand for sanitation investments, there are still few examples of citizens actively demanding better service provision. And if demands are made, they generally focus on waste collection or rainwater drainage rather than sanitation in the narrow sense of the definition.

Partnership strategy
Evidence from the Senegal case study has shown that donors can successfully facilitate reform if they have invested in long-term and continuous engagement in order to build trust among key stakeholders. Well-connected national donor staff can play a crucial role in understanding the Government's position and carefully negotiating with the main stakeholders—both supporters and opponents of reform.

While partnerships are built not solely through formal meetings, carefully organized and facilitated workshops have provided a vehicle for presenting evidence on policy choices and managing potential resistance to reform in order to generate continuous engagement.

Public debate and communication
PAQPUD and GPOBA have rightly acknowledged that investment in communication is key to generating effective demand (and advocacy) for sanitation within low-income communities. Discussions around wastewater and water supply—usually more popular than sanitation—have been shown to arouse household interest and can provide the platform for discussions around improving sanitation provision with local communities and consumers. Champions of change and self-declared advocates often emerge from within the communities and could further be targeted more formally through donor-supported projects.

Conclusions

In Senegal, the World Bank played a crucial facilitation role during the WSS reform in the 1990s. Using the opportunity emerging through the urgent need to solve water supply problems in Dakar, the World Bank team helped to translate a general will for reform into a vision for the sector while successfully managing initial skepticism about private-public partnerships and opposition from the state-owned water utility, SONEES. This role was most visible through the organization of a range of workshops that helped to facilitate and provide clarification on various issues in order to find agreement on the nature of contracts. While the workshop was acknowledged by all stakeholders as the formal vehicle for the process, many discussions were held

in between sessions and behind closed doors to discuss and reach agreements. In addition to the World Bank team in Washington, D.C., a national resident advisor, who was a former a member of the Ministry of Water and Sanitation and had access to government stakeholders, drove these more informal consultations.

Using its role as credible partner, the World Bank in collaboration with the WSP successfully built on the existing institutions and increased their focus on sanitation sector initiatives. Through its support of PAQPUD, the World Bank/WSP partnership for the first time brought onsite sanitation and condominial systems to Dakar's urban poor, which until then had been excluded for the most part from the network-based service provision in the capital's center. Inspired by the success of the pilot, many engineers have acknowledged the merit of "alternative" means of sanitation provision. While nobody doubts the demonstration effect, sustainability is still at risk once the program's successor comes to an end.

Annex C - Terms of reference

Global Economic and Sector Work (ESW) on the political economy of sanitation in four countries

1. Background and rationale

Currently, 2.6 billion people worldwide live without access to basic, "improved" sanitation.[20] A more systematic assessment is needed to identify and address these political constraints to improved sanitation for the poor.

For this purpose, the Water and Sanitation Program (WSP, administered by the World Bank, in collaboration with various governments and other public and private partners) and the World Bank are conducting a Global Economic and Sector Work (ESW) Study on the Political Economy of Sanitation in Brazil, India, Indonesia, and Senegal. The purpose of the study is to help WSP and the World Bank—through a better understanding of the political economy of sanitation—in their efforts to support partner countries and development practitioners in the design, implementation, and effectiveness of operations that aim to provide pro-poor sanitation investments and services to improve health and hygiene outcomes.

Definition of terms: What do we mean by political economy of sanitation?

The term *political economy* is subject to multiple understandings and definitions. In its original use in academic literature, it referred simply to the application of economic principles to the practice of public policy of nation-states.[21] tested over the past six years, offers concepts, methods, and tools to analyze both the "winners and losers" in the provision of sanitation services: Is there equity in the distribution of the impacts of development interventions, and what are the powerful interests that may support or oppose those interventions or capture related benefits. These are political economy issues. Hence, this work is able to draw on the PSIA approach with its Conceptual Framework for the Political Economy of Reform, developed by SDV (see details in box C.1).[22] This lack has been identified as a component of poverty that contributes to 2 million child deaths a year, reduced school attendance, and a fundamental deprivation of human dignity. According to the study *Sanitation and Hygiene at the World Bank* (Kolsky, Perez, Vandersypen, and Jensen 2005), global investment will have to increase to at least US$2 billion to meet the MDG target. However, there is ongoing concern that governments, at many levels, are not devoting enough attention and resources to sanitation services. While there are no general figures showing on- and off-budget expenditures in the sector at regional levels, evidence at the country level illustrates that investments and expenditures in sanitation are very low compared to those for water supply and other infrastructure services.

Not only is there a lack of focus on sanitation generally, but existing sanitation investments and service provision are not always pro-poor. They often do not consider sociocultural factors that play a role in sanitation, especially in remote rural areas. Also, the role that private sector sanitation supply or demand plays in people's decision making about sanitation is often not recognized adequately. Efforts to increase access to service can benefit better-off urban residents at the expense of urban poor, slum dwellers, or the rural population. On the other hand, there is a general consensus and evidence on the economic and health benefits of adequate sanitation services. Many documents suggest that governments' limited sanitation expenditures are determined largely by political

20 By sanitation we mean the infrastructure and service provision required for the safe management of human excreta, for example, latrines, sewers, and wastewater treatment. Hygiene is the set of human behaviors related to safe management of excreta, for example, washing hands with soap or safe disposal of children's feces.

21 World Bank, 2006. World Bank's Increased Focus on Basic Sanitation and Hygiene, Water Supply and Sanitation Feature Story #3. World Bank, 2005. Sanitation and Hygiene at the World Bank: An Analysis of current activities, Pete Kolsky, Eddy Perez, Wouter Vandersypen, Lene Odum Jensen. UNDP, 2006. Human Development Report 2006 - Overview of the Global Sanitation Problem, David Satterthwaite and Gordon McGranahan.

22 Works by Adam Smith, David Ricardo, and Karl Marx were all presented under the rubric of «political economy.»

rather than technical or economic constraints; there are competing demands for resources.[23] *We follow the current common understanding of political economy, as referring to* interdisciplinary *studies that draw upon social and political theory* in addition *to economic principles in order to understand how political actors, institutions, and economic processes influence each other.* The political economy of sanitation, therefore, refers to the political and economic processes and players that determine the extent and nature of sanitation investment and service provision. Understanding and addressing the political economy of sanitation consists of identifying and addressing impacts, risks, opportunities, participating institutions, various stakeholder interests that support or oppose the investment in sanitation services for poor and vulnerable groups, and the level of policy debate on sanitation investment and service provision.

Focus of work: Poverty and Social Impact Analysis (PSIA) to assess equity and powerful interests

This work is a unique, innovative way of looking at sanitation investments and service provision. It combines multiple disciplines to understand and manage the political economy of sanitation. The Poverty and Social Impact Analysis (PSIA) methodology,[24] This approach will support evidence-based decision-making and policy dialogue on sanitation investment and service provision.

The PSIA perspective views the social, economic, health, institutional, political, cultural, and historical context of sanitation as part of one *system*. A system consists of elements, processes, and positive or negative feedback mechanisms. When those are altered, they have direct and indirect, short- and long-term effects on the entire system. This *ESW work incorporates the understanding of sanitation access, collection, and treatment as part of a whole system*. The work further accounts for the *unequal distribution of costs and benefits* of sanitation investment and service provision. Finally, decentralization and private sector and community participation are often seen to increase the *complexity* of designing and implementing sustainable operations, as multiple stakeholders, institutions, and competing interests need to be addressed. To assess and address this complexity, this work considers *upstream dialogue and engagement* with local governments, the private sector, and civil society as entry points to the design of sustainable sanitation operations. (See, for example, experience with the total sanitation approach in South Asia).

23 World Bank, 2003. PSIA User's Guide; World Bank, 2005. TIPS; World Bank/OPM, 2008. The Political Economy of Policy Reform: Issues and Implications for Policy Dialogue and Development Operations. Report no. 44288-GLB. Washington, DC: World Bank.

24 See World Bank 2003, *A User's Guide to Poverty and Social Impact Analysis*. In 2004, the framework of «Tools for Institutional, Political and Social Analysis» was added to the PSIA approach. See World Bank/OPM 2008, The Political Economy of Policy Reform: Issues and Implications for Policy Dialogue and Development Operations.

Box C.1 POVERTY AND SOCIAL IMPACT ANALYSIS (PSIA): ONE APPROACH TO HELP BETTER UNDERSTAND AND ADDRESS THE POLITICAL ECONOMY OF SANITATION

PSIA is the analysis of the distributional impact of policy reforms on the welfare of different social groups, with a particular focus on poor and vulnerable groups. It is an approach to (i) understanding the impact of policy choices and public actions on poverty and social outcomes; (ii) analyzing intended and unintended consequences of policy interventions; (iii) considering tradeoffs between social costs and benefits of policy change by assessing opportunities, constraints, and social risks; and (iv) designing appropriate mitigating measures and risk-management strategies when adverse impacts are unavoidable. It further analyzes the political economy of reform—reform support and opposition—and the capture of benefits.

PSIA recognizes the need to understand the likely impacts of policy adjustments on poor and non-poor groups. It identifies stakeholder groups that have significant influence to (i) support or oppose policy change toward improved outcomes in sanitation service provision and/or (ii) capture benefits of sanitation investments or service provision. It also analyzes institutions, impacts, risks, and opportunities. Finally, PSIA develops concrete policy measures to enhance opportunities and address risks and opposition.

A PSIA approach allows one to combine sanitation sector expertise with economic and social analysis, drawing specifically on (i) institutional analysis—defined as the "rules of the game" that people develop to govern group behavior and interaction in political, economic, and social spheres of life; (ii) political analysis—defined as the structure of power relations and the often-entrenched interests of different stakeholders that affect decision making and distributional outcomes—and (iii) social analysis— defined as social relationships that govern interaction at different organizational levels, including households, communities, and social groups.

The PSIA approach also allows one to combine analytical evidence with policy dialogue to build coalitions for change toward increased public debate and policy making that lead to pro-poor sanitation investment and service provision.

Key elements of PSIA:

- Asking the right questions (assessing the context)
- Analyzing stakeholders (interests, influence), incentives, institutions (formal, informal), impacts, risks (including political economy), opportunities, processes, and policy debates
- Understanding transmission channels (price, access to goods and services, assets, employment, transfers and taxes, authority (e.g., decision-making power)
- Gathering data and information to fill gaps
- Enhancing positive and addressing negative impacts
- Establishing monitoring and evaluation systems
- Fostering a participatory process, policy debate, partnership, and coalitions for change
- Integrating risks into interventions (internalizing externalities) and promoting feedback for policy adjustment

Adapted from User's Guide to Poverty and Social Impact Analysis (World Bank 2003)*; Tools for Institutional, Political and Social Analysis (TIPS) for Poverty and Social Impact Analysis (PSIA)* (Holland 2007)*; and The Political Economy of Policy Reform: Issues and Implications for World Bank* (World Bank 2008).

Specifically, the work focuses on the analysis and understanding of **country context, sector arena,** and **sector process**, as well as on developing **Actions** and recommendations.[25]

Country context comprises the historical and sociocultural context; the policy, political, legal, and institutional frameworks; and the power relations.

Sector arena comprises institutions and organizations, stakeholders and their economic and political interests and perceptions, incentives, impacts, risks, and opportunities.

Sector process comprises the building of coalitions for change through dialogue, partnership, participation, communication, and leadership; the interactions between players in the reform arena over time; and the leverage of WB/WSP operations.

Actions include concrete recommendations and tools for development practitioners to enhance the design, implementation, and effectiveness of sanitation operations, portfolios, and outcomes.

The *unit of analysis* is concrete WSP/WB sanitation operations in Brazil, India, Indonesia, and Senegal. The *approach* is to use the *PSIA methodology* to combine *multiple disciplines* to look at sanitation service provision from both the *supply and demand side* for the following reasons. First, sanitation interventions are often add-ons to water supply projects and often focus

25 See annex 3 for a visual illustration.

on sound engineering, technical feasibility, and economic viability.[26] Third, some demand-driven interventions have failed as institutional barriers prevent scaling-up and sustainability.

This work examines the influence of *vested interests* on sanitation investment and service provision, both as opponents and supporters for improved, pro-poor sanitation. Powerful interests may make investment decisions that sustain rents and/or capture respective benefits from sanitation investment decisions. Influential stakeholders, however, can also be proponents for more and better sanitation, as is seen, for instance, in the "total sanitation" experience in Bangladesh. The work also includes analysis of and recommendations for incentives, impacts, risks, opportunities, processes, and policy debates.

The ESW work acknowledges (in line with existing sector thinking) that it is crucial to tailor efforts to focus attention on sanitation provision and investment to the *local context*.[27] as well as upon those other interests that influence decisions about the process. The ESW resonates with the WSP 2006 Sanitation-Global Practice Team retreat.[28] Comparatively less focus is placed on the following: the special features and delivery aspects of sanitation; the influence of political, social, and cultural aspects on the design, implementation, or sustainability of sanitation interventions; or the political, social, and economic impacts that sanitation operations have on different social groups, which can affect their support of or opposition to decisions on sanitation investment and service provision. Second, supply-driven, project-based interventions have often been unsustainable, as they stalled or even reversed when the project support ended.[29] The work argues that "a central feature of most efforts must be to engage with the people that lack adequate sanitation, and to build on, or respond to their concerns and initiatives" (UNDP 2006, 30).[30] Respective discussions focused on the need to make informed decisions on sanitation investment and service provision that are based on empirical evidence and that take a comprehensive sanitation perspective. Further, this work promotes the economic impact argument, where the lack of sanitation facilities is both a health and an economic concern.

The ESW work promotes multidisciplinary analysis, methods, and tools. Findings will inform the policy dialogue with a wide range of stakeholders, including communities and households receiving the sanitation services. Hence, the work combines social analysis, economic analysis, and operational and KSL experience from the sanitation sector. The primary audience of this work will be development practitioners engaged in sanitation operations and policy debates. The ESW will inform the work of partner countries, Country Management Units, and Bank task teams of sanitation projects, programs, and nonlending activities. By combining applied analysis and operational experiences, the work will inform the design, implementation, and assessment of such lending and nonlending activities as investment projects, technical assistance activities, SWAPs, Development Policy Loans / PRSCs, and Economic and Sector Works, including Sanitation Road Map papers, Country Assistance Strategies (CAS), and Country Economic Memoranda. The work will inform WB portfolio management and aims to enhance the focus on sanitation during the CAS development process.

2. Objective of this work

The overall objective of the consultancy is to deliver the ESW, which includes design, primary and secondary data collection and analysis, and report writing and dissemination in the four case study countries: Brazil, India, Indonesia, and Senegal. Specifically, the consultant firm is expected to conduct the work with a multidisciplinary consultant team that integrates both (i) in-depth local country knowledge with (ii) expertise in social analysis and political economy of sanitation investment and provision in order to address key questions, such as the following:

26 For instance, Water Aid (2003) highlights that sanitation is devalued by most governments and donors; sanitation solutions are generally not known or poorly understood; communities are rarely involved in policy, programming and innovation; sanitation impact on health and development is not clearly understood; institutional roles and responsibilities remain confused at the country level; coordination within the sector and between sectors related to sanitation (water supply, public works, health, agriculture, education, etc.) remains weak and undermines sanitation development.

27 Globally, sanitation projects have moved from supply- to demand-led approaches.

28 OED report on Development Effectiveness (2005: vii) states that effectiveness can be improved by tailoring operations to the circumstances of each country and adapting strategies to the local political economy.

29 UNDP, 2006. Human Development, 30.

30 World Bank, 2006. Sanitation, Wastewater and Hygiene Practice Retreat, 16 November.

- Why are sanitation investments and service provision not given adequate priority in lending and nonlending work?
- When such efforts *are* undertaken, why are they not strategically targeted toward increasing access to sanitation for the poor?

Specifically, it is expected that the consultant firm will meet the following five objectives:

1. Apply and refine the Conceptual Framework on the Political Economy of Reform, developed by the World Bank, based on the approach of PSIA, to the sanitation sector.
2. Analyze the political economy of sanitation of the selected WSP and WB projects in Senegal, India (Maharashtra), Brazil, and Indonesia by working with respective project leaders to
   a. Identify—through a social analysis perspective—which stakeholders (including vested interests), incentives, institutions, impacts, risks, opportunities, processes, and policy debates ***support or oppose*** sanitation investments and improved service provision ***and why***. The study should examine what drives these factors and what could be done to increase support for pro-poor sanitation investments and service provision. The study should be sensitive to the ways in which benefits of sanitation investments are, or could be, captured by various stakeholders.
   b. analyze the historical context of the policy, legal, and institutional frameworks for and the sociocultural aspects of sanitation, in terms of constraints and opportunities for pro-poor sanitation investment and service provision.
3. Generate lessons from actual operational experiences and produce recommendations on how best to enhance support for evidence-based decisions in sanitation investment. These lessons and recommendations will address as appropriate how to overcome (i) opposition and resistance to sanitation improvement programs and/or, (ii) the capture of benefits by powerful groups, which may be detrimental to the provision of sanitation services to the poor.
4. Contribute to raising awareness for sanitation and its policy debate through this work's analysis and dissemination.
5. Prepare the final documents (including the Synthesis Report) as enhancements to the global policy debate and the design and implementation of sanitation operations through an operationally tested approach to the analysis of the political economy of sanitation. Such analysis and understanding will help to promote a stronger pro-poor focus and ultimately improve health and hygiene outcomes on the ground.

3. Scope of work

It is expected that this ESW will be carried out by a consultant firm having experts with both in-depth country knowledge of the four case studies and sanitation and sociopolitical skills. Responsible for team management and supervision of ESW implementation, the firm's project leader will supervise and guide its case study teams throughout the case study preparations, implementation, and reporting in order to deliver the Synthesis Report. The firm is expected to conduct the work in close collaboration with WSP and World Bank staff throughout the four phases of (1) desk review, (2) preparation, (3) applied research, and (4) Synthesis Report writing. Separately, the World Bank will hire an econometrician, and the consultant firm is expected to cooperate with this consultant.[31]

The work, excluding the economist's work, will begin with an initial kick-off meeting with the firm's project leader firm and the World Bank project leaders. This will help to develop a common understanding of the project objectives, goals, process, outputs, and final deliverables. The meeting will also help to agree upon a clear way forward on the implementation of this work. Output: meeting minutes

Phase 1: Desk review, inception report

The consultant firm will conduct an overall desk review on (i) the key political economy literature in the sanitation sector in general; (ii) the main issues of the political economy of

31 The hiring of an econometrician is contingent on extra funding. After the desk review, the firm's economist and the econometrician, hired separately by the World Bank, shall cooperate on a set of hypothesis to test. The econometrician will define an experiment, prepare a survey, collect the data, and prepare some estimation. However, the scope of the work of the econometrician should be an add-on to the project and does not replace the task developed by the firm's economist.

sanitation in Senegal, Brazil, India, and Indonesia, based on the collected country material; and (iii) overarching political economy issues regarding the WSP and WB projects in those four case study countries. This review includes economic, social, political, and sanitation data and perspectives. This secondary data analysis report will (a) document positive and negative experiences with the political economy of sanitation in the literature and operations, (b) highlight challenges and opportunities for a better understanding and management of the political economy of sanitation, and (c) draw on and tailor the Conceptual Framework to the political economy of sanitation. This desk report serves as background paper for the firm's case study teams.

The firm's project leader will deliver an inception report that illustrates a refined study implementation plan.

Outputs: desk literature report, inception report.

Phase 2: Preparation of applied research: design of hypotheses, survey instruments, research stratification, logistics

The consultant firm will draw on the Conceptual Framework (based on the PSIA approach and tools) and the desk review to refine the overall study design that will guide its multidisciplinary teams in the applied research phase. This work involves the following:

1. *Identification of case study specific hypotheses:* The firm's project leader will develop case-study specific hypotheses, based on the desk review and the in-depth local expertise of its sociopolitical, sanitation, and economic experts, regarding the political economy of the case study countries in general and of the sanitation sector and the WSP/WB operations in particular.
2. *Development of the overall survey instrument and subsequent tailoring to the case study context:* First, the firm's project leader will draw on the Conceptual Framework and the sample research design questions (see TOR annex 3) to develop the overall survey instrument, in close collaboration with the WB/WSP team. This overall instrument will ensure comparability across all case studies for the later cross-country analysis and the development of transferable lessons for operational design, which the synthesis report will present. Specifically, the standard survey instrument includes the qualitative analysis of stakeholders, institutions, impacts, risks, opportunities, processes, and policy debate via (i) key-informant interviews and (ii) focus group discussions. A suggested methodology for the research design can be found in TOR annex 3.
   Second, the consultant firm will tailor the standard survey instrument to the case studies' context by adding case-study-specific sociopolitical and sanitation information and stratification, tapping into the country context knowledge of its technical experts. This will capture the country-specific political economy characteristics (stakeholders, institutions, impacts, risks, opportunities, processes, and policy debates) that will be assessed and addressed via
   a. key-informant interviews with central and local government, parliament, private sector, civil society organizations, media, associations, donors and lenders; and
   b. focus group discussions with households and businesses.
3 *Applied research stratification and fieldwork logistics:* With support from its case study teams, the firm's project leader will prepare the fieldwork logistics in the four countries and determine the exact stratification for in-country data collection, tapping into the country context knowledge of the case study teams, each of which will include at least one sanitation expert and one sociopolitical expert. The consultant firm will select case-study-specific field sites in urban, peri-urban, and rural areas, as relevant, and prepare the case study fieldwork logistics to assess a sample of the WSP/WB project sites and a few nonproject sites for comparison and ensure that these
   a. adequately reflect (i) the different types of sanitation investment and service provision and (ii) the full socioeconomic spectrum of different social groups, including poverty and exclusion of certain groups, ethnicity, religion, gender, geopolitical issues; and
   b. are adequately stratified to capture the perceptions of the different stakeholders and incentives, the institutions and organizations, a wider range of distributional impacts and equity considerations, a variety of risks and opportunities, processes, and the policy debate.

Outputs: Case-study-specific hypotheses; overall survey instrument; case-study-tailored survey instruments; detailed stratification of data collection and field sites (reflecting the spectrum of different socioeconomic groups and types of sanitation investments and service provision); overall and case study specific logistics.

Phase 3: Applied research (hypotheses testing) in four case study reports

The consultant firm will conduct the applied research through its multidisciplinary case study teams, which comprise at least one sanitation and one sociopolitical expert per case study in Senegal, Brazil, India, and Indonesia, and deliver four case study reports. Specifically, the consultant firm will draw on the Conceptual Framework to carry out the field research, ensuring that its multidisciplinary teams

- apply the case study survey instrument to collect the qualitative data, using social analysis techniques for key-informant interviews and focus group discussions;
- analyze the qualitative and quantitative data; and
- deliver the four case study reports that reflect distinct social, political economy and sanitation perspectives.

The consultant firm is expected to conduct this fieldwork in two types of study cases: (i) WB and/or WSP sanitation projects that have *positive experiences* with understanding and managing the political economy of sanitation, and (b) WB and/or WSP sanitation projects that *request assistance* for a better understanding and managing the political economy of sanitation in order to move the operation forward.

1. ***For projects with positive experience*** (Brazil, Senegal, India), the case study teams will assess the political economy of sanitation to learn how the projects
   a. had identified the support and opposition to sanitation investment and service provision, capture of benefits, and
   b. have managed to overcome opposition and/or capture of benefits in their project design and implementation (as relevant).

   The case study teams will collect and analyze data and produce three detailed case study reports. It is expected that these reports will
   c. illustrate the analysis of stakeholders, institutions, impacts, risks ,and opportunities, as well as the processes and policy dialogue, which the WSP/ WB projects have used to (i) better understand and manage the political economy of sanitation and (ii) have a more equitable and sustainable operational design and implementation; and
   d. provide respective lessons and recommendations for development practitioners.

   Outputs: applied research and three detailed case study reports with project lessons and recommendations for development practitioners; and in-country dissemination measures.

2. ***For projects requesting assistance*** (Indonesia), the case study team will assess the political economy of sanitation
   a. to learn which factors constrain the project design or implementation (as relevant) and
   b. develop operational recommendations for both, the project and the policy level to overcome current operational constraints and improve effectiveness.

   The study team will collect and analyze data and produce a detailed case study report. It is expected that this report will
   c. illustrate which stakeholders, incentives, institutional barriers, risks, and processes exist that hamper project design/ implementation (as relevant) and which powerful interests may sit on rents or capture benefits, and
   d. provide recommendations on concrete measures that need to be put in place to overcome opposition and/or capture of benefits, as well as improve the policy dialogue to enhance project performance and effectiveness.

Outputs: applied research and a detailed case study report with recommendations for (i) project improvement in design or mid-course corrections for project implementation (as relevant), (ii) enhanced policy dialogue, and (iii) recommendations for development practitioners; in-country dissemination measures.

Phase 4: Synthesis Report, dissemination

The firm's project leader is responsible for producing, delivering and disseminating the Synthesis Report. The report will be based on the applied and refined Conceptual Framework, the case study reports, inputs from the firm's technical experts, and the cooperation with the separately hired econometrician consultant. The project leader will deliver a draft report for review by the World Bank, and incorporate all comments and feedback into the final report. Specifically, it is expected that the Synthesis Report will

- consolidate the four case study experiences and reports through a cross-country case study analysis,
- generate common lessons from the operational case experiences on how to better understand and manage the political economy of sanitation by refining the Conceptual Framework to the political economy of sanitation, and
- translate the generated body of analytical and operational knowledge into concrete operational recommendations and guidance that development practitioners can apply to their sanitation work (including inputs to PADs, CASs, etc). The purpose is to help them enhance the policy dialogue and the design, implementation and performance of sanitation operations that (i) emerge from evidence-based decisions for sanitation investment and service provision, (b) have a stronger pro-poor focus, and (c) contribute to improved health and hygiene outcomes on the ground. This will directly inform operational design.

The project leader will submit an annotated outline of the Synthesis Report for comments and agreement to the World Bank. He/she will then write the draft Synthesis Report, and after incorporating all World Bank comments, finalize the Synthesis Report and submit it to the World Bank for approval. Upon finalization, the Synthesis Report will be distributed among the respective stakeholders and results disseminated in case study countries. The firm's project leader will work closely with WB/WSP staff throughout the drafting of the report, and dissemination.

Outputs: draft reports, and final Synthesis Report; in-country dissemination

4. Expected level of effort

The expected level of effort is a total of 31 staff weeks.

5. Time frame for implementation

It is expected that the contract will be signed by June 2008 and implemented through April 2009.

6. Outputs and delivery schedule

Milestones	Description
Upon signature of contract	10% of total allocation
Inception reports and desk review	10%
Design of hypotheses, survey instruments, applied research material, and logistics	15%
Applied research implementation and case study reports	35%
Draft Synthesis Report	10%
Final Synthesis Report	20%

7. Payment terms

The consulting firm will be hired on a lump sum basis. Payments will be made in six installments as follows.

Outputs	Delivery schedule (# of weeks after signing of contract
Minutes of kick-off meeting	1 week
Inception report and desk literature report	3 weeks
Case study specific hypotheses	7 weeks
Overall survey instrument and case-study-tailored survey instruments	10 weeks
Detailed stratification of data collection and field sites; overall and case-study-specific logistics	12 weeks
Four detailed case study reports as a result of applied research	28 weeks
Draft Synthesis Report	32 weeks
Final Synthesis Report, in-country dissemination	37 weeks

8. Qualification and experience requirements

The consultancy requires the following qualifications and experiences. Further details can be found in TOR annex 2.

Essential Skills and experience

- Masters degree or better in social sciences (sociology, political science, economics) and sanitary, environmental or civil engineering, public administration, etc.
- A track record (minimum eight years) of applied research and operational experience with the political, social, economical, and institutional aspects of sanitation in developing countries, particularly Senegal, India, Brazil, and/or Indonesia. Previous experience in at least two of these countries is essential.
- Proven track record on political economy work in developing countries from a sociopolitical as well as operational perspective.
- Experience with understanding and managing the political economy of sanitation investment and service provision at the policy and operational level, combining political, social, economic, and sanitation perspectives.
- Demonstrated track record in collecting primary sociopolitical, institutional, economic, and sanitation data through fieldwork, as well as in processing and analyzing multidisciplinary primary and secondary sociopolitical information and data using cross-country comparative case study methods.
- Proven track record in translating analytical findings into recommendations for operations and policies.
- Excellent report skills, as well as excellent English language skills (both speaking and writing).
- Track record of project and team management skills.
- Ability to contract and manage consultants with sociopolitical and sanitation expertise in Senegal, India, Brazil, and Indonesia.
- Ability to work in English, French, Portuguese, and Indonesian, or the ability to contract and manage consultants who can.

Desirable Skills and experience

- Experience in working in Senegal, India, Brazil, and Indonesia
- Capacity to work in several countries simultaneously.
- Previous experience with the Water and Sanitation Program.
- Previous experience with World Bank operations.

9. Working linkages with the World Bank

The team will report to Eduardo Perez eperez1@worldbank.org, Sabine Beddies sbeddies@worldbank.org, Peter Kolsky pkolsky@worldbank.org, and Daniel Benitez dbenitez@worldbank.org, who oversee and supervise the consultancy. The firm's project leader will report regularly on progress of the work by submitting drafts of the survey instruments, applied research material and case study progress, and reports to the World Bank for review. For the case study progress reports, the firm's project leader will mention any problems identified and solutions developed to address them. The team will submit all outputs to the World Bank for review, comments, and approval in English in electronic version available in MS Word format and as PDF files.

ANNEX 1: OVERVIEW OF ACTIVITIES, ROLES, AND OUTPUTS

Involvement of/in	Firm's Project Leader	Firm' Sanitation Specialist(s)	Firm's Sociopolitical Specialist(s)	Firm's Economist	Outputs
			Kick-off Phase		
Team Meeting	Discuss and agree upon consultancy objectives, focus and scope of work, interim outputs, and deliverable				Meeting Minutes
Team role	Team management and supervision of study implementation	Team membership to deliver the country case studies			5.23
			PHASE 1: DESK REVIEW AND INCEPTION REPORT		
	Compile and deliver desk review report	Compile country-specific background information			Desk Literature Report 5.25 Inception Report
			PHASE 2: PEPARATION OF APPLIED RESEARCH: DESIGN OF HYPOTHESES, SURVEY INSTRUMENTS, RESEARCH STRATIFICATION, AND LOGISTICS		
Design case-study-specific hypotheses	- Based on desk review, generate testable hypothesis - Decide on the methods used for testing hypotheses	Deliver ideas for potential hypotheses			Case-study-specific hypotheses
Develop overall survey instrument Tailor instrument to case study context	- Design of overall study framework and material - Tailor overall survey instrument and material to country cases	Tailor overall, standard survey instrument and material to country cases			Standard survey instrument 5.26 Case-study-tailored survey instruments
Detailed stratification of data collection and field sites Overall and case-study-specific logistics	- Detailed stratification of data collection and field sites - Preparation of overall and case-study-specific fieldwork logistics	Provide country and technical expertise to help develop the detailed stratification of data collection and field sites Provide country expertise to help develop the case study specific fieldwork logistics			Detailed stratification of data collection and field sites (different socioeconomic groups & sanitation investments/services) 5.27 Overall fieldwork logistics, case study specific logistics 5.28 5.29 5.30 5.31 5.32

Continued ⇢

ANNEX 1: OVERVIEW OF ACTIVITIES, ROLES, AND OUTPUTS CONTINUED

Involvement of/in	Firm's Project Leader	Firm' Sanitation Specialist(s)	Firm's Sociopolitical Specialist(s)	Firm's Economist	Outputs
PHASE 3: APPLIED FIELD RESEARCH (HYPOTHESIS TESTING) IN FOUR COUNTRIES AND REPORTS					
Applied research of WB/ WSP sanitation projects (a) with positive experiences of and (b) requesting assistance for understanding and managing the political economy of sanitation in Senegal, Brazil, India, and Indonesia	Manage its multidisciplinary teams to implement the applied research and deliver four case study reports	Carry out fieldwork (applying survey instruments) to - collect the qualitative data, using social analysis techniques for key-informant interviews and focus group discussions, - analyze data, - deliver the four case study reports that reflect distinct social, political economy, and sanitation perspectives		no fieldwork	Data collection and analysis Four detailed case study reports
PHASE 4: SYNTHESIS REPORT AND DISSEMINATION					
Draft Report, Final Synthesis Report	- Produce and deliver draft report to World Bank team for review and comments	Deliver inputs to project leader upon request			Draft Synthesis Report Final Synthesis report
In-country dissemination	- Revise and finalize report - dissemination supervision among relevant stakeholders in-country	Organize and hold dissemination in-country			In-country dissemination

ANNEX 2: REQUIRED TEAM SKILLS AND EXPERTISE

	Firm's Project Leader	Firm' Sanitations Specialist(s)	Firm's Sociopolitical Specialist(s)	Firm's Economist
		Required Qualifications (Education and Experience)		
	(Post)Graduate degree in social sciences, preferably sociology, political science with a minimum of eight years operational experience, preferably in sociopolitical work (research, projects), international institutions, applied research	Masters' degree in civil engineering, preferably sanitary or environmental specialty, with a minimum of eight years operational experience with a focus on tailoring sanitation services to the needs of the poor, and with familiarity with the associated institutional issues	(Post)Graduate degree in sociology or political science, with a minimum of eight years of operational experience, preferably in sociopolitical, institutional work, applied research	(Post)Graduate degree in economics, with a minimum of eight years of operational experience, preferably in socioeconomic, political, and institutional work, applied research
		Required Expertise		
Job purpose	- Responsibility for managing the project, including supervision of process and guidance to multidisciplinary teams - Responsibility for delivering final report and disseminating it - Reports back to World Bank team - Manages project budget	- Contributes (i) in-depth country knowledge and (ii) strong technical expertise to the multidisciplinary team throughout study design, implementation, analysis, and report writing - Carries out responsibilities of fieldwork, analysis, and report writing independently but as part of a team, and delivers inputs and outputs to the work of the project leader (including Synthesis Report)	- Contributes (i) in-depth country knowledge, (ii) political economy expertise, and (iii) strong technical expertise to the multidisciplinary team throughout study design, implementation, analysis, and report writing - Carries out responsibilities of fieldwork, analysis, and report writing independently but as part of a team, and delivers inputs and outputs to the work of the project leader (including Synthesis Report)	- Contributes (i) in-depth country knowledge, (ii) political economy expertise and (iii) strong technical expertise to the multidisciplinary team throughout study design, implementation, analysis, and report writing - Analyzes fieldwork data collected by sanitation and sociopolitical experts and delivers inputs and outputs to the work of the project leader (including Synthesis Report)
Requires interaction with	World Bank staff and country officials	Counterparts in WSP/ WB sanitation projects, government, private sector, civil society, and WB team	Counterparts in WSP/ WB sanitation projects, government, private sector, civil society; and WB team	Counterparts in WSP/WB sanitation projects, government, private sector, civil society, and WB team

Continued

ANNEX 2: REQUIRED TEAM SKILLS AND EXPERTISE

	Firm's Project Leader	Firm' Sanitations Specialist(s)	Firm's Sociopolitical Specialist(s)	Firm's Economist
Essential specialized skills, knowledge, and competencies	- Proven knowledge of political economy issues of sanitation in developing countries - Track record of project and team management skills - Excellent skills in sociopolitical analysis and cross-country comparative case study analysis - Proven track record in translating analytical findings into recommendations for operations and policies - Excellent English report preparation skills - Ability to contract and manage consultants with sociopolitical and sanitation expertise in Senegal, India, Brazil, and Indonesia - Ability to work in English, French, Portuguese, and Indonesian or ability to contract and manage consultants who can	- Understanding of the political economy of sanitation investment and service provision at operational level (preferably also at policy level) - Demonstrated track record in collecting, processing, and analyzing primary and secondary sanitation and economic data through fieldwork - In-depth knowledge of local conditions in sanitation and hygiene sector, with operational experience in case study country(ies) - Proven ability to integrate technical sanitation skills into multidisciplinary team work, and cross-country comparative case study analysis, including translating analytical findings into recommendations for operations and policies - Excellent English report preparation skills - Knowledge of official country language is highly desirable	- Proven expertise in assessing and addressing political economy issues at both the policy and operational levels. Experience with sanitation sector is a plus - Demonstrated track record in collecting, processing, and analyzing primary and secondary sociopolitical, institutional, and economic data through fieldwork - In-depth knowledge of local political, institutional, social, cultural, and historical context with operational experience in case study country(ies) - Proven ability to integrate technical skills sociopolitical skills into multidisciplinary team work and cross-country comparative case study analysis, including translating analytical findings into recommendations for operations and policies - Excellent English report preparation skills - Knowledge of official country language is highly desirable	- Proven expertise in assessing and addressing political economy issues at both the policy and operational levels. Experience with sanitation sector is a plus - Demonstrated track record in collecting, processing, and analyzing primary and secondary social, political, institutional, and economic data through fieldwork - In-depth knowledge of local political and economic context with operational experience in case study country(ies) - Proven ability to integrate economic skills into multidisciplinary team work, and cross-country comparative case study analysis, including translating analytical findings into recommendations for operations and policies - Excellent English report preparation skills - Knowledge of official country language is highly desirable
General competencies	- Ability to manage multicultural teams and projects - Effective verbal and written communication skills	- Strong verbal and written English communication skills and strong verbal skills in the languages in which the consultant will be working - Works effectively in multidisciplinary and multicultural team(s)	- Effective verbal and written communication skills - Works effectively in multidisciplinary and multicultural team(s)	- Effective verbal and written communication skills - Works effectively in multidisciplinary, and multicultural team(s)

ANNEX 3: RESEARCH DESIGN

As highlighted in section of annex C ("Background and rationale"), this ESW is a unique, innovative way of looking at sanitation investments and service provision. It combines multiple disciplines to understand and manage the political economy of sanitation. As the PSIA methodology (Kolsky, Perez, Vandersypen, and Jensen 2005; World Bank 2003, 2007),[32] tested over the past six years, offers concepts, methods, and tools to assess both, the equity and political economy of reforms, this work is able to draw on that experienced approach to apply and refine the Conceptual Framework for the Political Economy of Reform to the sanitation context in order to assess and address "winners and losers," supporters and opponents, and the capture of the benefits of sanitation operations (investment and service provision). Below are some suggested sample questions that the firm's project leader may use as research design to develop the standard and case-study-specific survey instruments.

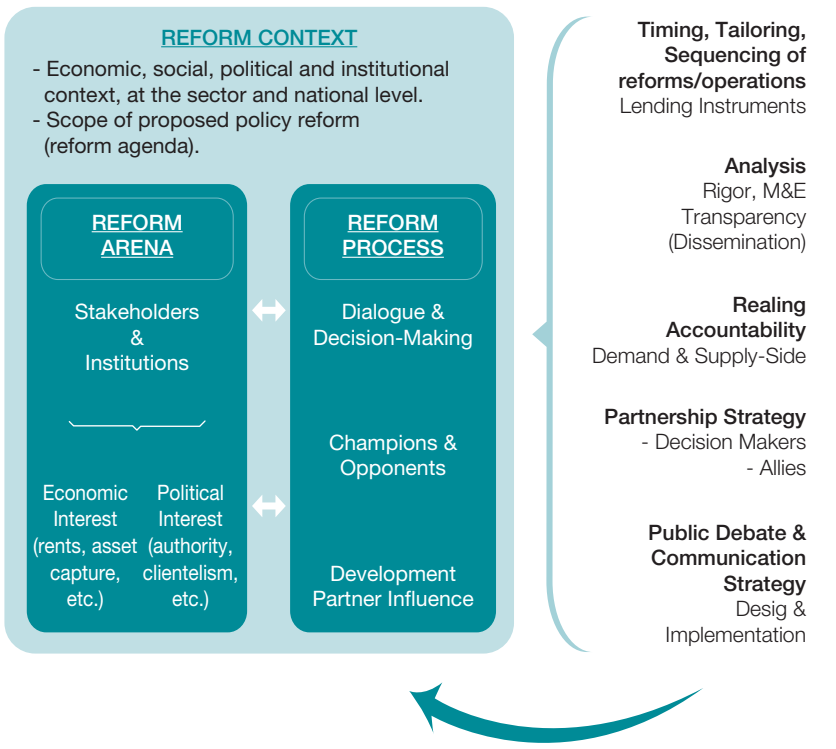
1. **Country context (historical, policy, political, legal, institutional, sociocultural), and power relations:** What is the cultural and historical background to sanitation? What is considered "adequate sanitation" in each country? What are the sociocultural drivers for or constraints to improved sanitation? Which policy level and which entity makes decisions on sanitation investment and service improvement?
   a. Why do some countries *not invest* in sanitation at local, regional, and national levels? What are the reasons argued in each country? How is sanitation covered in national policy (for example, WSS, urban/rural development, health policy, etc)? What political economy factors can be determined to influence the level of sanitation investment. For example, do projects yielding instantaneous payoffs dominate the sanitation agenda? Are national decisions on sanitation investment affected by electoral cycles? What are the politics of the policy making process?
   b. How do countries that *do invest*, make decisions on where, when, and what to invest in? Why do some countries invest so much money in treatment works when so few people in the area have basic access or a connection to the sewer? Why do IFIs subsidize sewerage at 100 percent, but onsite sanitation is assumed to be at the cost of the household? What really determines which urban and/or rural areas get selected for sanitation improvements? How is investment in sanitation perceived by households, central government, local government, private sector, civil society, and international donors and lenders? What are the processes that determine the answers to these questions? Who decides what, and how can we inform/influence the process most effectively?[33]
2. **Institutions:** What are the institutional structural and systemic constraints to (i) increasing allocations to sanitation in the national budget (of the case study country); (ii) planning sanitation infrastructure; or (iii) constructing and maintaining sanitation infrastructure?
3. **Stakeholders:** Which stakeholders have power over (i) decision-making about access, collection, treatment (including type of sanitation service provision—wet, dry), investment (central government, local government, private sector, civil society, international donors and lenders); (ii) regulation; (iii) implementation, investment, and maintenance? What common governance problems to planning and implementation does sanitation share with other infrastructure provisioning, for example, water supply? How does decentralization affect sanitation?
4. **Access:** How do households manage and treat their sewage (pit latrines, septic network, etc.)? Do households have choices regarding different sanitation options? What incentives exist for households to connect to sanitation networks (if this option exists)? How are these incentives perceived by households, central government, local government, private sector, civil society, and international donors and lenders? What are the real and/or perceived benefits to households, local government, central government, private sector,

32 World Bank (2003, 2005, 2007).
33 Some experience shows that the Ministry of Finance rather than line ministries make sanitation decisions.

civil society, and international donors and lenders?

5. **Price and subsidies:** What is the willingness to pay for sanitation and how affordable is it? Who pays to meet costs/recovery? Subsidies, taxes for households, service providers, local government, private sector, communities
6. **Assets:** Who owns/maintains what assets (land, wastewater treatment plant, network, etc.)? How are networks established and expanded, and what are the processes for connecting new Households?
7. **Employment:** Are there employment issues to consider (gain/loss)?
8. **Policy dialogue:** What is the level of debate on sanitation investment and service improvements (access, collection, treatment)? Is this debate public—where is it conducted? What are the reasons for a debate that is not public?

FIGURE C.2 POLITICAL ECONOMY FRAMEWORK



Source: World Bank/OPM 2008.

Abbreviations

BCON	Associação Brasileira das Concessiónarias Privadas dos Serviços Públicos de Água e Esgoto (Brazilian Association of Private Water and Sanitation Operators)
ABDIB	Associação Brasileira de Infra-Estrutura e Indústrias de Base (Brazilian Infrastructure and Heavy Industry Association)
AESBE	Associação das Empresas de Saneamento Básico Estaduais (Association of State Sanitation Companies, Brazil)
ASEAN	Association of Southeast Asian Nations
ASSEMAE	Associação Nacional dos Serviços Municipais de Saneamento (National Association of Municipal Sanitation Services, Brazil)
BNDES	Banco Nacional de Desenvolvimento Econômico e Social (National Bank for Economic and Social Development, Brazil)
CAESB	Companhia de Saneamento Ambiental do Distrito Federal (Environmental Sanitation Company of the Federal District, Brazil)
CAIXA	Caixa Econômica Federal (Federal Savings Bank, Brazil)
CBO	Community-based organization
CLTS	Community-led Total Sanitation
CSO	Civil society organization
DFID	Department for International Development (UK)
EMBASA	Empresa Bahiana de Águas e Saneamento (Water and Sanitation Company of Bahia, Brazil)
ESW	Economic and Sector Work
FUNASA	Fundação Nacional de Saúde (National Health Foundation, Brazil)
GPOBA	Global Partnership on Output-Based Aid
IFI	International financial institution
ISSDP	Indonesian Sanitation Sector Development Program
M&E	Monitoring and evaluation
MDG	Millennium Development Goal
NGO	Nongovernmental organization
NPG	Nirmal Gram Puraskar (Clean Village Award, India)

ONAS	Office National de l'Assainissement du Sénégal (National Sanitation Office, Senegal)
OPM	Oxford Policy Management
PAC	Programa de Aceleração do Crescimento (Growth Acceleration Program, Brazil)
PAQPUD	Programme d'Assainissement des Quartiers Péri-Urbains de Dakar (Sanitation Program for Peri-urban Communities of Dakar, Senegal)
PEPAM	Programme d'Eau Potable et d'Assainissement du Millénaire (Millennium Drinking Water and Sanitation Program, Senegal)
PFL	Partido da Frente Liberal (Liberal Front Party, Brazil)
PLANASA	Plano Nacional de Saneamento (National Water Supply and Sanitation Plan, Brazil)
PMDB	Partido do Movimento Democrático Brasileiro (Brazilian Democratic Movement Party)
PMMS	Programa de Modernização do Setor Saneamento (Water Sector Modernization Project, Brazil)
PROSANEAR	Programa de Saneamento para Populações em Áreas de Baixa Renda (Sanitation Program for Low Income Areas)
PSDB	Partido da Social Democracia Brasileira (Brazilian Social Democracy Party)
PSIA	Poverty and Social Impact Analysis
PT	Partido dos Trabalhadores (Workers' Party, Brazil)
SNSA	Secretaria Nacional de Saneamento Ambiental (National Secretariat for Environmental Sanitation, Brazil)
SONEES	Société Nationale d'Exploitation des Eaux du Sénégal (state-owned water utility prior to 1996)
SONES	Société Nationale des Eaux du Sénégal (state asset-holding company, Senegal)
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund
WB	World Bank
WHO	World Health Organization
WSP	Water and Sanitation Program
WSP-EAP	Water and Sanitation Program—East Asia and the Pacific
WSS	Water supply and sanitation

wsp
water and
sanitation program

THE WORLD BANK