

# Project Briefing

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## Political economy analysis for water, sanitation and hygiene (WASH) service delivery

Michelle Kooy, Daniel Harris

### Key points

- 'Best practice' models of sector governance rarely work; context-specific responses can be more efficient and more effective
- This means starting with existing policies, institutions and incentives to develop 'best fit' approaches to water, sanitation and hygiene services
- Political economy analysis helps, particularly when focused on a specific, clearly defined operational challenge

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**G**overnance challenges in water, sanitation and hygiene (WASH) service delivery are common across countries, but the solutions are not. Political economy analysis (PEA) is a tool that can help sector specialists to identify appropriate responses in a given context, designing and implementing approaches that 'best fit' existing institutional structures and incentives, rather than imposing an external model of best practice. Informed by PEA, context-specific responses have the potential to be both more efficient and more effective in increasing access to WASH services. This project briefing provides a number of recommendations for practitioners using PEA in the WASH sector (see Box 1 for a summary), drawing on ODI research in Viet Nam and Sierra Leone.

### Governance and WASH

The 2012 update from the Joint Monitoring Programme announced that, as of 2010, the world had met the Millennium Development Goal target for access to improved drinking water (WHO/UNICEF, 2012). However, alongside this welcome news the same report stated 'the global figures [on water and sanitation access] mask massive disparities between regions, between countries in regions, and within countries between urban and rural settings, as well as between rich and poor'.

The role of governance (or political will) in determining service coverage and access is well-recognised, and has been used to explain the uneven landscape 'behind the scenes' of global WASH success (UNDP, 2006). However, there is still a need to better understand the political economy of water supply and sanitation in specific contexts to contribute to the

### Box 1: Key recommendations

- **Political economy analysis can complement governance assessments.** These are different analytical tools and PEA is especially useful at the stages of programme design, programme review/evaluation, and at critical transition moments in the sector related to, for example, funding cycles or the emergence of new policy.
- **There are a number of ways to embed PEA in donor operations.** In some cases, incorporating PEA 'on-the-job' may be most feasible. This calls for more joined-up work between governance advisors and WASH advisors, and more thought as to how (and when) to use national staff to inform programme design. In other cases, commissioning external PEA consultants may be more appropriate.
- **PEA should embed 'risks and assumptions' into WASH programme logical frameworks.** In other words, the risks and assumptions identified, particularly those relating to socio-political factors, should be incorporated into project or programme objectives and design, rather than being set aside.
- **WASH programmes should be explicit about the theory of change that underpins each intervention.** PEA can be used to interrogate and evaluate the assumptions on how sector changes occur and, therefore, (re)shape programme design and help to make interventions more effective.

design of more appropriate interventions that work within (rather than against) existing power relations and incentive structures.

## Applying PEA to WASH

ODI's Water Policy programme and Politics and Governance programme applied a problem-driven approach to political economy analysis (see Fritz et al., 2009; Poole, 2011) in two country sector programmes in which the UK Department for International Development (DFID) is engaged. This was part of the DFID-commissioned *Analysing the governance and political economy of water and sanitation service delivery* project (Harris et al., 2011). The objective of the research was to develop ways to use PEA for the WASH sector, with a focus on improving the operational impact of DFID (and other donor) country programming.

Case studies in Viet Nam (Harris et al., 2012a) and Sierra Leone (Harris et al., 2012b) were undertaken that aimed to work with sector staff and development partners to develop and understand a problem-driven PEA approach. 'Problem-driven' implies a sharp focus throughout the PEA process on a clearly defined operational challenge or development problem (for an overview of the approach see ODI, 2012).

## Scaling up rural sanitation in Viet Nam

The problem identified in Viet Nam was the very slow progress on improving access to rural sanitation, in contrast to more rapid progress on access to urban sanitation and to water (rural and urban). More specifically, a number of seemingly effective 'innovative approaches' had been piloted with donor support, but there had been limited uptake at scale. The PEA was undertaken to understand the extent to which implementation of these innovative approaches at scale was likely to work with, or against, different elements of the prevailing political economy.

The analysis found that increasing access to rural sanitation in Viet Nam is hindered largely by the incentives created by the institutional framework for WASH development, which has led to the prioritisation of water supply. In addition, the very low level of demand for sanitation gives policy-makers very few incentives to innovate, particularly at the provincial level. As a result, approaches that have been used by the Government for decades remain largely unchanged.

A new framework for the National Target Program on Rural Water Supply and Sanitation has begun to address problems around the allocation of resources between sectors; so rural sanitation should receive more attention in future. However, innovative approaches to WASH service delivery will need to be adapted to the Vietnamese context if they are to be accepted and implemented effectively.

Service delivery in Viet Nam is seen as a clear government responsibility and the lack of a national civil society infrastructure, or viable private sector in the sanitation sub-sector, means that the State is the only national entity to exist at scale. In this context, approaches that cut out the State, by generating demand among citizens and developing the capacity of the private sector on the supply-side, are likely to encounter strong resistance (Harris et al., 2012a).

Addressing these issues will require follow through on a number of institutional reforms that are already underway in Viet Nam at national level to create the necessary enabling environment. Recommendations from the research are as follows.

- **Minimise political risk for sanitation planners:** establish a firm legal basis for funding and implementing the 'software' activities necessary for behaviour change, as without this guarantee innovative approaches are unlikely to enjoy political support in a culture where the status quo can be viewed as the safest policy option.
- **Work with new actors:** to operate at scale, demand-generation activities need to work through the organisations and actors that already exist at scale: the Government of Viet Nam, the Vietnamese Communist Party (VCP) and a variety of mass organisations, including the Farmers' Union and Women's Union.
- **Work with existing political cultures:** traditions of democratic centralism in Vietnamese political culture, in which decisions may be negotiated and debated prior to being made, but are expected to be followed strictly once they are in place, offer opportunities to speed up the adoption of innovative approaches. To date, 'innovative' approaches to rural sanitation have been developed as local-level pilots to be scaled up (i.e. working from the local level outwards and upwards). In this model, processes of collaborative decision-making and consensus-building among policy-makers must take place anew in each project location, spreading from commune to commune and perhaps eventually from district to district. Prioritising sub-sector coordination and consensus-building between government actors at higher administrative levels could help reduce the burden of having to make similar decisions in each lower-level administrative unit.
- **Develop appropriate incentives:** refocusing debate and discussion away from traditional sector metrics (i.e. external assessment of coverage rates) and towards incentives for local leaders. Such efforts can build on the strength of existing performance evaluation of Vietnamese cadres, and leverage nationalistic values that create non-monetary incentives for good performance by local leaders.

## Urban water service pricing regime in Freetown, Sierra Leone

A key challenge faced by the Ministry of Energy and Water Resources in Sierra Leone (through which DFID provides technical assistance to support WASH sector reform) is ensuring the sustainable financing of the sector through an appropriate balance between taxes, development transfers and tariffs. Despite a stated political commitment to cost recovery and an emphasis on sustainable tariffs for service delivery, previous government and donor initiatives to set, implement, monitor and enforce tariffs for delivery of water services have had little success. Therefore, a PEA was undertaken of the water pricing regime in the capital, Freetown.

The analysis found that current institutional and governance arrangements raise several challenges to developing a water pricing regime. This reflects a number of political and economic factors, such as the populist nature of local politics that encourages a focus on short-term ‘wins’ rather than long-term planning. Importantly, many user groups served by the utilities are effectively immune from the sanctions that should be imposed for non-payment, including several large institutional users such as state Ministries, public sector agencies, hospitals and schools. While efforts should continue to develop the formal framework necessary to implement and sustain water service delivery (including improvements to the physical infrastructure), intermediate solutions are also needed for the short- and medium-term.

Urban water supply in Freetown could effectively be seen as a common pool resource. It is not possible to exclude those who do not pay (and can pay) for the services received, because of a combination of geographical, political and economic conditions outlined in the case study report (Harris et al., 2012b). Experiences from other sectors in management of common pool resources could usefully be applied to Freetown’s water. Specifically, common pool resource management can help to leverage a range of formal and informal mechanisms to establish shared rules and compliance mechanisms, as shorter term or intermediate steps to developing a water pricing regime.

Donors and other development partners can support the process of transferring lessons learned from the management of common pool resources to the urban water sector in Freetown, including lessons on institutional design. Their support could include:

- **clear identification and demarcation of user groups**, to better understand who can and should pay
- **coordination in community based initiatives** to ensure a common approach on local tariff setting and sanctions
- **coordination between community-based initiatives and formal institutions**

- **monitoring of compliance** by appropriators or those accountable to them (i.e. the use of formal and informal mechanisms to monitor and follow up with users), including potential pro-active engagement with local ‘big men’ or clientelist politicians, as well as the use of reward schemes
- **improved mechanisms to monitor compliance with payment schemes** by known users (e.g. visible compliance by posting notices on house fronts), including initial steps to make known all current users by formalising illegal or unregistered connections
- **sanctions and conflict-resolution mechanisms that are already recognised and used by local communities** could provide valuable institutional foundations for positive change, even where actors from outside the community are involved in elements of service provision.

In addition, DFID Sierra Leone should support sector policy and programming to adopt mechanisms that ensure that those who can and should pay do so. This support could include:

- **help to cultivate a culture of payment for water services:** supporting public education campaigns that establish the link between payment and provision of services, including the quality of the service; and supporting a tariff scorecard assessment to help build a broader base for tariff reform by those who are most affected (the users) and reduce political risk related to tariff enforcement
- **promote technical debate on tariffs** via support to the newly established Electricity and Water Supply Regulatory Commission
- **support the development of a common national policy** on the percentage of subsidy versus water user charge, so this can be applied consistently in both public sector and development projects
- **partnerships with relevant actors outside the sector:** including those working on Public Financial Management and public sector management to address the large arrears that are owed to utilities by government agencies and institutions in Freetown and elsewhere.

## Two important distinctions

The research project results suggest that there are two key distinctions that are relevant when carrying out PEA in the water supply and sanitation sector. First, the distinction between water supply and sanitation: the institutions, actors and incentives that influence the provision of safe drinking water differ substantially from those that influence the provision of improved sanitation. Second, the distinction between rural and urban environments: the available modes of delivery of WASH services are very different, while peri-urban areas and newly-developed small town localities present further variation.

## Common problems, different solutions

The case studies undertaken with DFID contrasted the application of the same PEA framework to vastly different sub-sectors: rural sanitation in Southeast Asia and urban water in West Africa. It is not surprising that similar political economy challenges emerged from both, as governance challenges for the sector as a whole are well documented. In both Viet Nam and Sierra Leone we noted the following problems:

- **political short-termism** prevents key government decisions on potentially unpopular (or unattractive) issues, namely a lack of attention to sanitation policy in Viet Nam and water cost-recovery policies in Sierra Leone
- **patronage networks** influence decision-making in the sector, which determines the allocation of the provincial development budgets to WASH in Viet Nam and allows non-payment of water bills by government institutions in Sierra Leone

- **collective action problems** prevent the coordination of necessary stakeholders to address either rural sanitation in Viet Nam ('if I practice good hygiene, no one else does'), or urban water in Freetown ('if I pay, no one else does').

However, while governance challenges in WASH service delivery are common across countries and between sub-sectors, the solutions are not. PEA can help sector specialists identify particular, context-specific responses (WSP, 2011). As the case studies usefully illustrate, development partners need to look critically at how 'best practice' models (such as community-led total sanitation) match with existing water and sanitation sector institutional structures and incentives. Local political realities need to become the starting point for the design and implementation of 'best fit' approaches to increasing access to WASH services.

Written by Michelle Kooy, ODI Research Fellow ([m.kooy@odi.org.uk](mailto:m.kooy@odi.org.uk)) and Daniel Harris, ODI Research Officer ([d.harris@odi.org.uk](mailto:d.harris@odi.org.uk)).



Overseas Development  
Institute

111 Westminster Bridge  
Road, London SE1 7JD

Tel +44 (0)20 7922 0300

Fax +44 (0)20 7922 0399

Email  
[publications@odi.org.uk](mailto:publications@odi.org.uk)

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### Project information

The project, *Analysing the governance and political economy of water and sanitation service delivery*, was carried out between October 2010 and June 2012, including country case studies in Viet Nam (March-July 2011) and Sierra Leone (August-December, 2011). Its purpose is to improve understanding among policy-makers and practitioners of how to analyse the governance and political economy of water and sanitation in a given country context. The project was funded by the UK Department for International Development. Additional information, including background reviews and case study reports, is available online at the project web-page: <http://www.odi.org.uk/work/projects/details.asp?id=2300&title=analysing-governance-political-economy-water-sanitation-service-delivery>