<table>
<thead>
<tr>
<th>Thematic Area</th>
<th>Problem Definition and Key Responses</th>
<th>Community Water and Sanitation (CWS) Strategy for Rural Areas and Small Towns</th>
</tr>
</thead>
</table>
| Policy Environment      | Limited political commitment, weak legal framework and poor governance lead to unstable policy environment for sector. This results in: under-investment, undefined ownership, poor participation, weak regulation, and conflicting priorities                                                                                                                                                                                                                                                                                                                                                                                               | Promote a demand responsive approach (DRA) where communities make informed choices regarding their participation, service level, and service delivery mechanisms. Communities decide:  
  - Whether to participate in project  
  - Preferred level of service based on willingness to pay  
  - How services are planned, implemented, operated and maintained  
  - How funds are managed and accounted for  

Promote institutional reform based on clear roles for key stakeholders where communities own their facilities, the private sector provides goods and services, and government facilitates the process.  
  - Community owns, manages, and helps finance services;  
  - Government at all levels facilitates the process by encouraging stakeholder participation, setting policies and standards, and financing facilities.  
  - Private sector and NGOs provide goods, services and financing  
  - External support agencies: financing, technical assistance, policy coordination  
  - Civil society provides policy and implementation support  

Ensure appropriate legal framework for ownership and management.  
  - Ownership (water resources + assets);  
  - Recognition and autonomy of community-elected Water Users Associations (WUAs) to operate, set tariffs, manage funds, especially vis-a-vis local government  

Implement CWS projects within context of broader community and local government development.  
  - Support decentralization reforms  
  - Recognize and promote cross-sectoral linkages (education, health, rural development, energy, etc)  

Response  
  - Bank works only where policy reform is in place, or where there is a demonstrated commitment to it  
  - Government should clearly articulate and disseminate policies, regulations and programs  
  - Role of stakeholders should be clearly defined  
  - Broad consultation in policy review should be promoted |
<table>
<thead>
<tr>
<th>Financing Options</th>
<th>Demand for services is increasing but service expansion has been constrained by insufficient resource allocation from the public sector, inefficient investments in costly schemes, and a lack of capacity to mobilize resources from users, local government, private sector and others.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response</td>
<td>Establish financial policies that underpin demand responsive approach where communities pay part of the capital cost in proportion to the cost of the facilities, and all operations and maintenance costs.</td>
</tr>
<tr>
<td></td>
<td>Promote increased capital cost recovery from users</td>
</tr>
<tr>
<td></td>
<td>• An upfront cash contribution based on their willingness-to-pay is required from users to demonstrate demand and develop community capacity to administer funds and tariffs</td>
</tr>
<tr>
<td></td>
<td>• Ensure 100% recovery of operation and maintenance costs</td>
</tr>
<tr>
<td></td>
<td>• Improve community level financial management and resource mobilization, especially for major repairs/replacements and service expansion</td>
</tr>
<tr>
<td></td>
<td>• Set up robust financing mechanisms (public and private sector) and explore financial intermediation options (such as household credit for on-site sanitation) to increase internal resource mobilization</td>
</tr>
<tr>
<td></td>
<td>• Small towns may need specific assistance for tariff-setting and financial management plan for service expansion and upgrading,</td>
</tr>
<tr>
<td></td>
<td>• Provide detailed information on costs to allow for informed choice, and seek to reduce investment costs through lower cost options and more efficient delivery mechanisms</td>
</tr>
<tr>
<td></td>
<td>Financial policy should link prices charged to costs of services. Users should pay more for higher levels of service</td>
</tr>
<tr>
<td></td>
<td>Tariff policy is important and should be designed to meet financial viability of each system</td>
</tr>
<tr>
<td></td>
<td>Subsidies should only be transitional and targeted to communities on a one-time basis</td>
</tr>
<tr>
<td></td>
<td>Balance capital investments with long term O&amp;M</td>
</tr>
</tbody>
</table>
| Service Delivery Options | Government monopoly on service provision has resulted in lack of accountability and community ownership, poor management and sustainability, low quality services and weak development of private sector and alternative delivery options.  
**Response**  
- Promote community ownership and management and support a range of delivery and management options based on service levels, population size, etc  
- Promote policies and institutional reform that remove barriers to private sector participation and other support and management arrangements  
- Develop mechanisms for allowing users to make informed choice (social intermediation)  
- Promote flexible standards that open up choice, support appropriate technologies and equipment standardization (where required for spare part network)  
- Consider management and O&M issues as an integral element of the community planning and decision process | **Support formation of representative Water User Associations (WUA) for planning, implementation, and management of community water supply facilities**  
Promote community contracting and transparency in all procurement  
- Recognize range of management options based on community size, technical and financial complexity, and consider the special needs of multi-community regional systems and neighborhood options in small towns. The larger and more complex the system, the greater the need for professional operators.  
- Ensure long-term support and technical assistance to community management (private and public sector support, association of WUAs, etc), appropriate technology, availability of spare parts in the local market, etc.  

**Create competitive environment for allowing communities to access range of providers of goods and services for all aspects of the project cycle**  
- Community organization and formation of representative WUA, resource mobilization  
- Service planning: estimating costs, engineering designs, financing plans  
- WUA training in financial management, contract administration, operations and maintenance  
- Community awareness-raising, hygiene education, sanitation promotion  
- Contracting, procurement and construction supervision  
- Long-term support to management, operation, maintenance  
- Small towns are institutionally, technically and financially more complex than rural areas and require additional support and training |
| Hygiene and Sanitation | Full economic and health impact of improved CWS are often not achieved due to lack of attention to hygiene education and sanitation. Approaches to sanitation have focused mainly on technology aspects, rather than on behavior changes and creating a market (supply and demand) for sanitation facilities  
**Response**  
- Ensure that HES components are included in national policy dialogue and resources provided in CWS programs | **Integrate water, sanitation and hygiene education in CWS projects**  
- Hygiene education and sanitation need clear objectives, performance indicators and monitoring and evaluation processes  
- Hygiene education should build on existing beliefs and community priorities, and seek to achieve effective and sustained use of improved water and sanitation services and hygiene practices  
- Schools and family units are both important in HES programs  

**Promote user investment in sanitation through public awareness and HES education and strengthen private sector’s ability to construct facilities**  
- Subsidy programs for sanitation are not sustainable, however targeted subsidies may be appropriate to demonstrate approaches and stimulate demand  
- Include a wide range of technology options for waste water and excreta disposal and treatment  
- Interventions should be coordinated with and supplement National Health Programs |
| Participation and Gender | Lack of community involvement, and especially of women, has been the main reason for poor service sustainability. Traditional project design did not consider the required project rules and incentives to achieve full participation.  
**Response**  
- DRA requires ample information flow, and processes for the community to make all investment decisions  
- CWS programs should recognize women as primary users of water, hygiene educators and managers and involve women in sector development, treating men and women as equal partners |
|---|
| Capacity Building | Insufficient attention is paid to the appropriately targeted capacity building required to implement DRA, and there are also few incentives for local private sector and NGOs to participate in programs  
**Response**  
- Capacity bldg is central to Bank support in sector  
- Capacity building requires a commitment to long-term support  
- Projects must have realistic objectives consistent with local capacity and build in local knowledge  
- DRA recognizes the need to support community outreach, social intermediation and training |
| Poverty and Access | Majority of clients are the poor, poorest are outside cash economy and politically weak, it is easier to provide services to rich, population is increasing, and there are decreased services and resources as well as lack of political commitment towards the poor  
**Response**  
- Design CWS programs to reach the poorer segments of the population  
- Expand range of technology and management options that are affordable to the poor |
| Ensure representative and informed participation of all stakeholders |  
- Place the community at the forefront of decision-making and management through appropriate project rules, incentives and social intermediation  
- Ensure participation of women and minority groups  
- Promote exchanges (meetings, newsletters, e-mail, associations of WUAs)  
- Facilitate stakeholder participation in policy formulation and program design/evaluation  
- Monitoring and evaluation should include participation of all stakeholder groups |
| Include clearly defined capacity building components that enable all stakeholders to play their roles and build partnerships |  
- Target training to communities, private sector and NGOs, local/regional/national government.  
- Innovative tools and methodologies are required as well as a learning-by-doing approach.  
- Community outreach, intermediation and training are required before, during and after facility construction.  
- Selection of trainers and community development workers should be done in a cost effective and competitive manner, with the community involved in the contracting process, as appropriate.  
- Capacity is most required in social intermediation skills and informing communities about choices.  
- Training should be time-bound, output and impact oriented, with performance monitoring and targets to measure capacity and achieve goals.  
- Develop opportunities for local stakeholders (private sector, local govt, NGOs) to participate and build their capacity |
| Set rules to target poor, unserved communities and vulnerable groups in these communities. |  
- Develop baseline information, identify vulnerable groups and monitor access of the poorer communities to project services  
- Expand range of technology options, building on existing resources in community  
- Ensure adequate flow of information to all eligible communities and ensure adequate social intermediation and participation by all groups, including women, poor and minorities  
- Recognize and build on informal safety nets within communities  
- Involve women and minority groups in community decisions and management |
<table>
<thead>
<tr>
<th>Environmental Management</th>
<th>Support community-based environmental management to improve living conditions and protect water resources.</th>
</tr>
</thead>
</table>
| Improper excreta and solid waste disposal are increasingly a source of pollution and related disease. Growing demand for water coupled with high variability of supply contributes to increased competition for scarce water resources and degradation of resource. | - Consider source protection, conservation, and education of water users as stewards of water resources, watershed management and appropriate water resource allocation among competing sectors, etc.  
- Promote waste management as an integral part of IWRM  
- Support public awareness and community education programs on environmental protection and IWRM  
- Rely on groundwater rather than surface water which must be treated to protect water quality |
| **Response** |  
- Consider environmental aspects of CWS: water resources and waste management  
- Promote holistic view of IWRM in designing CWS policies and programs |
Key Design Principles for Community Water and Sanitation Services: The Do’s

1. Promote a demand responsive approach where communities make informed choices regarding their participation, service level, and service delivery mechanisms.

2. Promote institutional reform based on clear roles for key stakeholders where communities own their facilities, the private sector provides goods and services, and government facilitates the process.

3. Ensure appropriate legal framework for ownership and management.

4. Implement CWS projects within context of broader community and local government development.

5. Establish financial policies that underpin demand responsive approach where communities pay part of the capital cost in proportion to the cost of the facilities, and all operations and maintenance costs.

6. Support formation of representative Water User Associations for planning, implementation, and management of community water supply facilities.

7. Create competitive environment for allowing communities to access range of providers of goods and services for all aspects of the project cycle.

8. Integrate water, sanitation and hygiene education in CWS projects.

9. Promote user investment in sanitation through public awareness and hygiene education, and strengthen private sector’s ability to construct facilities.

10. Ensure representative and informed participation of all stakeholders.

11. Include clearly defined capacity building components that enable all stakeholders to play their roles and build partnerships.

12. Set rules to target poor, unserved communities and vulnerable groups in these communities.

13. Support community-based environmental management to improve living conditions and protect water resources.