

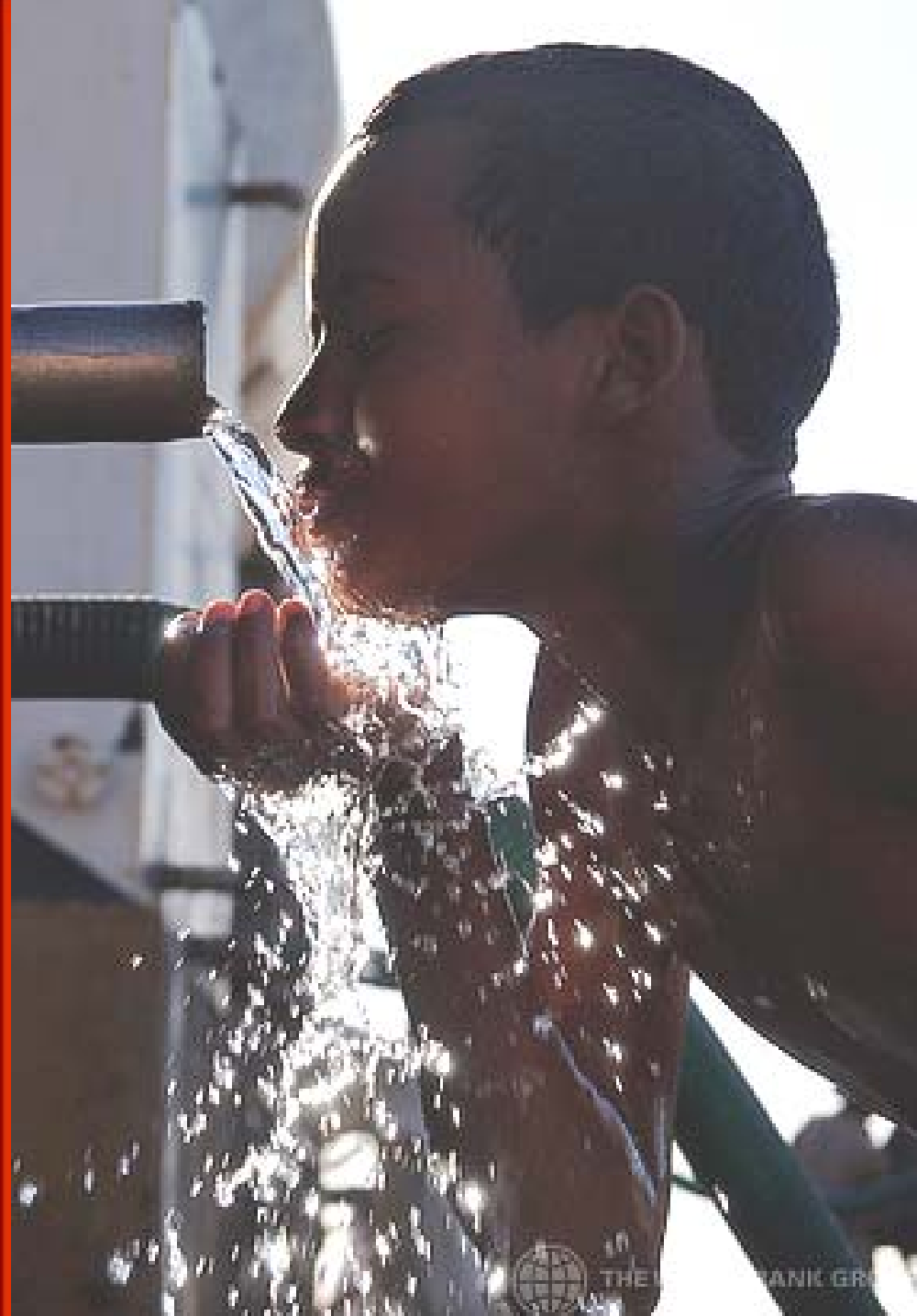
SUSTAINABLE DEVELOPMENT

Middle East & North Africa

Yemen Water

Translating Political Economy of Reform Analysis into Policy Reforms and Operations

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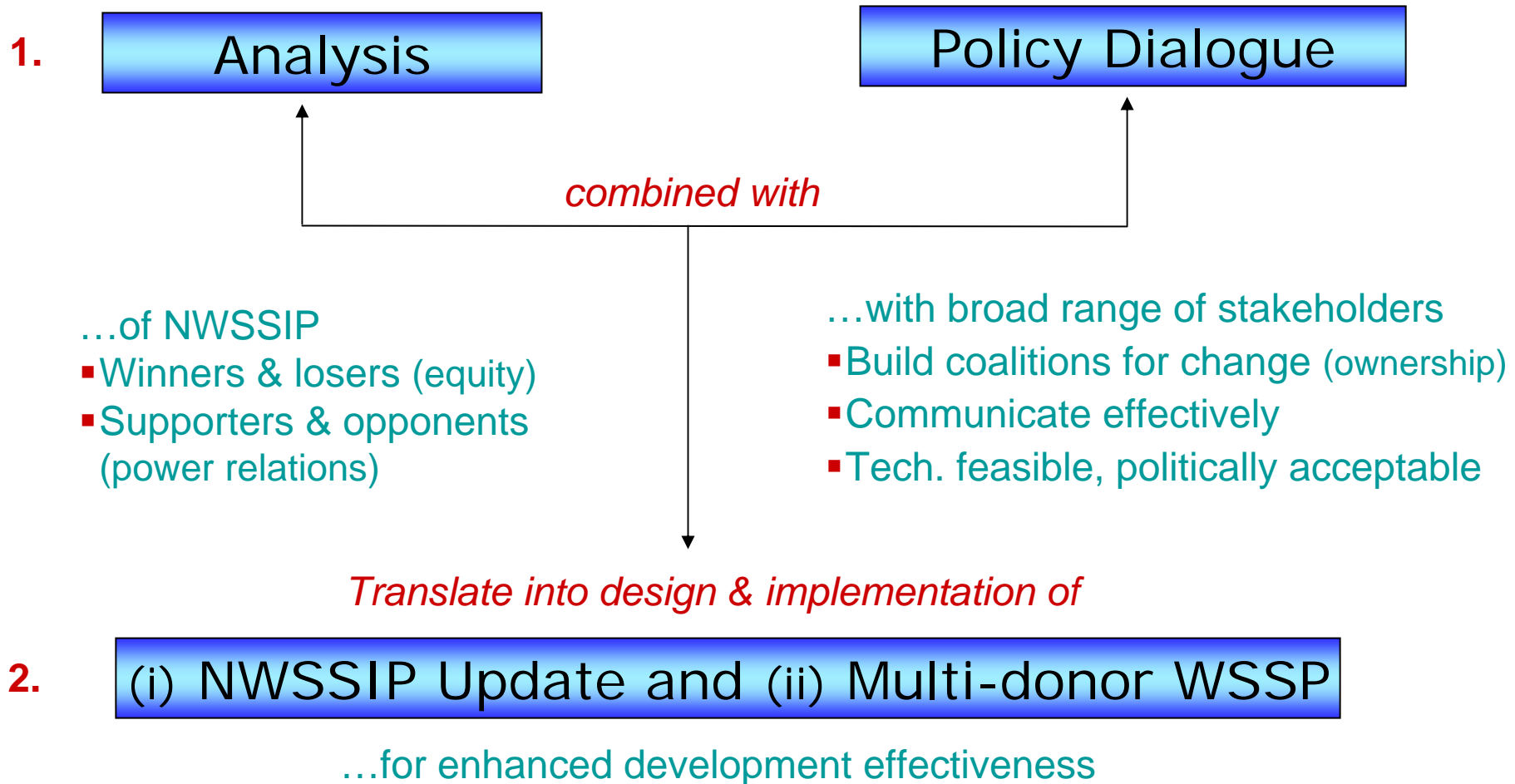


Overview/ Structure of Presentation

1. Yemen country and sector context
 2. Rational for Yemen Water PSIA/PE
 3. Approach and Findings
 4. Translation of analysis into national reform, and operation
- “Take home message”: Link Analysis with Dialogue for enhanced development effectiveness

PSIA/Political Economy of Reform Framework:

Linking Equity, Power Relations, and Dialogue
to enhance Development Effectiveness



REPUBLIC OF YEMEN WATER SECTOR SUPPORT PROJECT

- SELECTED CITIES AND TOWNS
- ⊙ GOVERNORATE CAPITALS
- ⊕ NATIONAL CAPITAL
- ~ RIVERS
- MAIN ROADS
- GOVERNORATE BOUNDARIES
- - - INTERNATIONAL BOUNDARIES



Yemen Context

Dramatic change over last 3 decades

- Unification 1990, Civil war 1994 b/w North and South
- Socio-Economic change: Production system shifts to market economy from
 - subsistence agriculture of North
 - command economy of South
- Political change: New governance system (Hybrid) after unification
 - Organizational structures of modern state, but low effectiveness of public institutions (decentralization)
 - Traditional governance system weakened
 - Northern governance system applied for new RY
 - President has ruled since 1978



Yemen – Context (cont.)

Role of state is expanding -> reshapes institutions

- Integration of formal and informal institutions, e.g. tribal leaders appointed to high government office
- Traditional system of conflict resolution weakened w/o formal legal system fully effective
- Political sensitivity (North-South, tribal shayks)

BUT... formalizing role of tribal leaders

- Bypasses traditional political & social system of 'checks and balances'
- Some tribal leaders acting above the law
- Increased local power conflict through competition among ruling families
- Increased inequitable distribution of assets, e.g. Land and Water, e.g.:
 - access to land = access to water: increasing land concentration, privatization of communal land restricts water access, deep well irrigation individualizes water
 - poor groups have limited access to endowment land
 - conflict of interest - tribal leaders are charged with dispute resolution, but are largest water consumers



Water Sector and Reform Context

- Per capita freshwater availability (135 m³/c/y) – one of lowest in the world
- GW resources used up faster than replenished (water deficit = 100% of renewable resources) - poor worst affected; threat to rural economy, urban growth, industrial development
- Access to safe water & sanitation is low - poor worst served
- Urban water supply lifeline benefits every connected HH – poor often excluded
- Irrigation water use is sub-optimal
- Inefficient allocation of water investments
- Past reform efforts constrained by low implementation capacity of organizations, capture of benefits, reluctance to reform
- 2004: Nat. Water Sector Strategy & Investment Program (NWSSIP): pro-poor, demand-driven measures to address issues
 - New institutions: MWE, NWRA, GARWSP, NWSA/utilities
 - Reform Strategy **AND** Investment Program (vision and funds)
 - Past work to build upon (e.g. Energy PSIA, CWRAS, CSA, etc.)

BUT...Political Economy of Reform hampers NWSSIP Implementation



Vested Interests
e.g.: Farmers, LG,
Utilities

Institutional fragmentation in water sector (MWE, MAI)

“Hybrid” system of governance:
Incomplete (fiscal) decentralization - weakened trad. community mgt

PSIA/PE

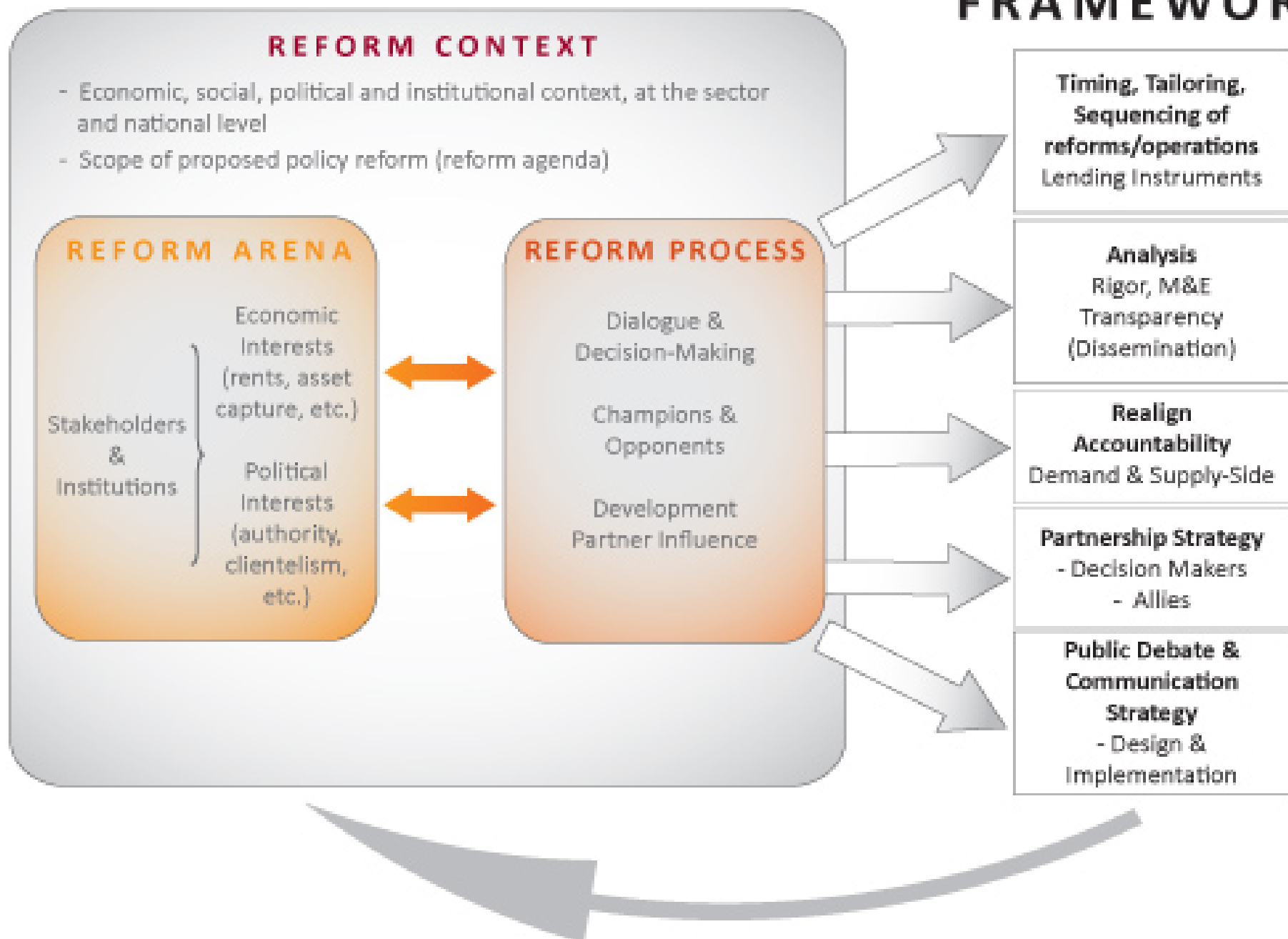


PSIA/PE: 2007, 2008

- Agreement b/w Government, WB, GTZ to jointly conduct PSIA/PE to
 1. examine the progress of NWSSIP implementation
 2. analyze the equity of NWSSIP reform
 3. assess & address political economy constraints to reform in
 - groundwater/irrigation, rural water supply/sanitation (2007 – WB TA)
 - urban water supply/sanitation (2008 – GTZ funded, WB support)
- “Fit for purpose” PSIA/PE:
 - ❑ Tailored approach, methods, team to country/reform context,
 - ❑ Attention to operationalize PSIA/PE findings and recommendations
 - PSIA/PE as analytical underpinning for both
 - National reform dialogue = design of NWSSP Update and
 - Design of operation = Multi-donor Water Sector Support Project (WSSP)

DIAGNOSTIC FRAMEWORK

ACTION FRAMEWORK





PSIA/PE Approach: 1. Analysis and Dialogue

1. Participatory: PSIA is Yemeni exercise: (GoY/WB/GTZ/stakeholders)
2. Analysis: spatial and multi-sectoral perspective & team: Combine IWRM, socio-institutional analysis, PE of reform, local context via case studies
3. Dialogue: Extensive consultations: listen to stakeholders -> understand & address reform support & opposition, capture of benefits
 - 2007 PSIA: 3 workshops (Design 12/06: stakeholders selected study focus; Consultation 03/07; 09/07)
 - 2008 PSIA: 2 workshops (Design 04/08, Consultation 10/08)
 - ▶ Diagrams: Flows of funds/information. Maps: stakeholders' position
 - ▶ Discussion how to address identified constraints
 - ▶ PSIA Recommendation Matrix: concrete actions per stakeholder group
 - Stakeholders identified priority actions: NWSSIP Update and WSSP
4. Finalization of reports (reflecting stakeholder comments);
5. Dissemination by GTZ YE (closer to stakeholders)



Selected Key Findings

Vested interests still hamper full reform implementation, e.g.

- Large farmers capture water benefits (public good) via access to land, tubewell drilling
- Urban network expansion and connection is most pro-poor strategy, BUT no social accountability and some reform reluctance...



Reform is not equitable: water is saved, but at expense of rural economy, employment, income of the poor

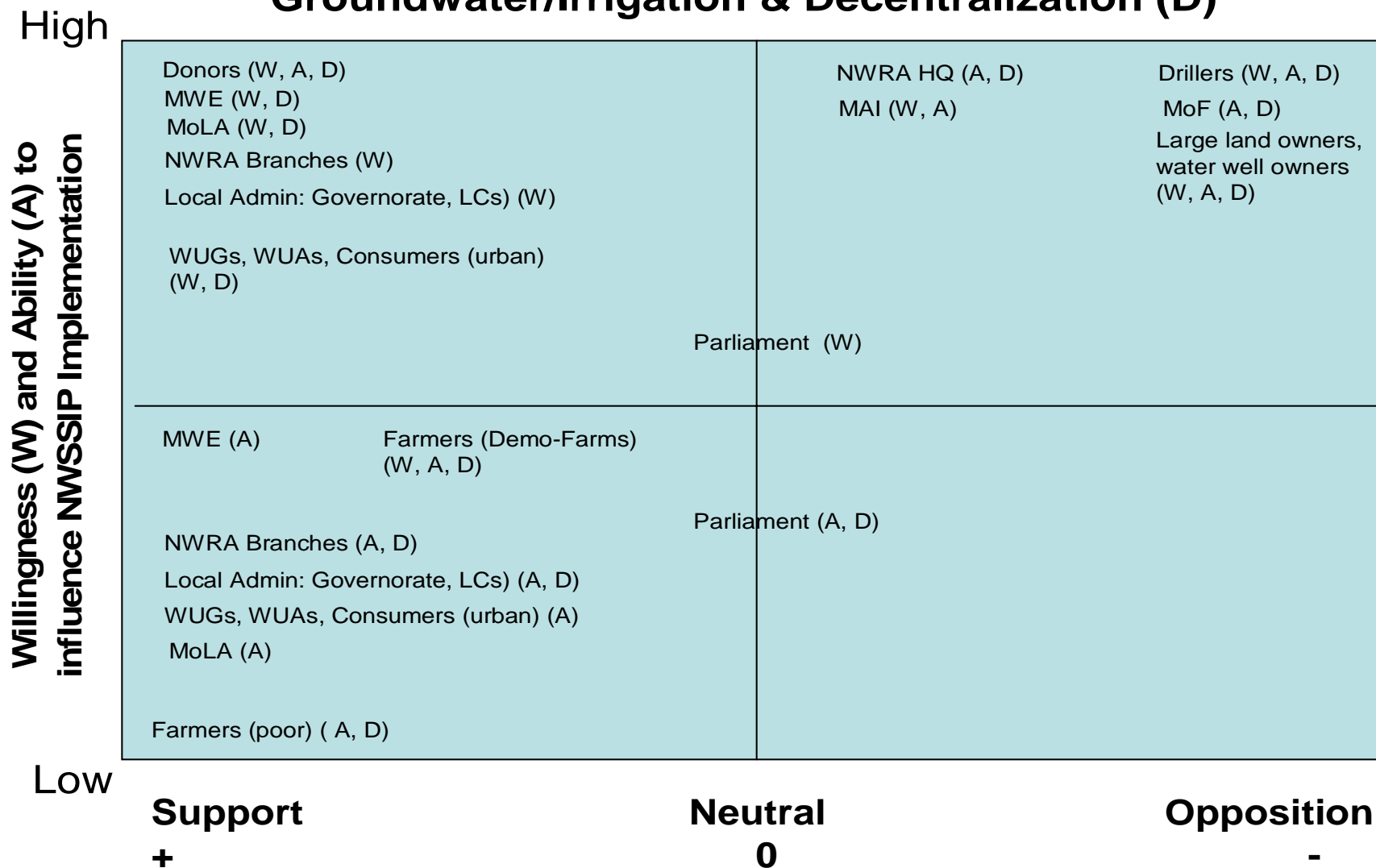
- Poor irrigating farmers, rural communities, landless hit hardest: cut of diesel price subsidy, higher water prices, lower consumption & incomes
- Well-off cope better: diesel and water still affordable; alternatives

NWSSIP is accepted reform strategy and investment program, but its implementation is uneven

- Best implemented as **reform package**,
- need **change in incentive structure PLUS investment** (e.g. efficient irrigation, low-cost RWSS, urban network expansion & connection of poor HH)
- Need substantial **extra effort** to achieve pro-poor outcomes, 'more income for less water', affordable access (urban)
 - = institutional development linked to investment, esp. in RWSS, UWSS

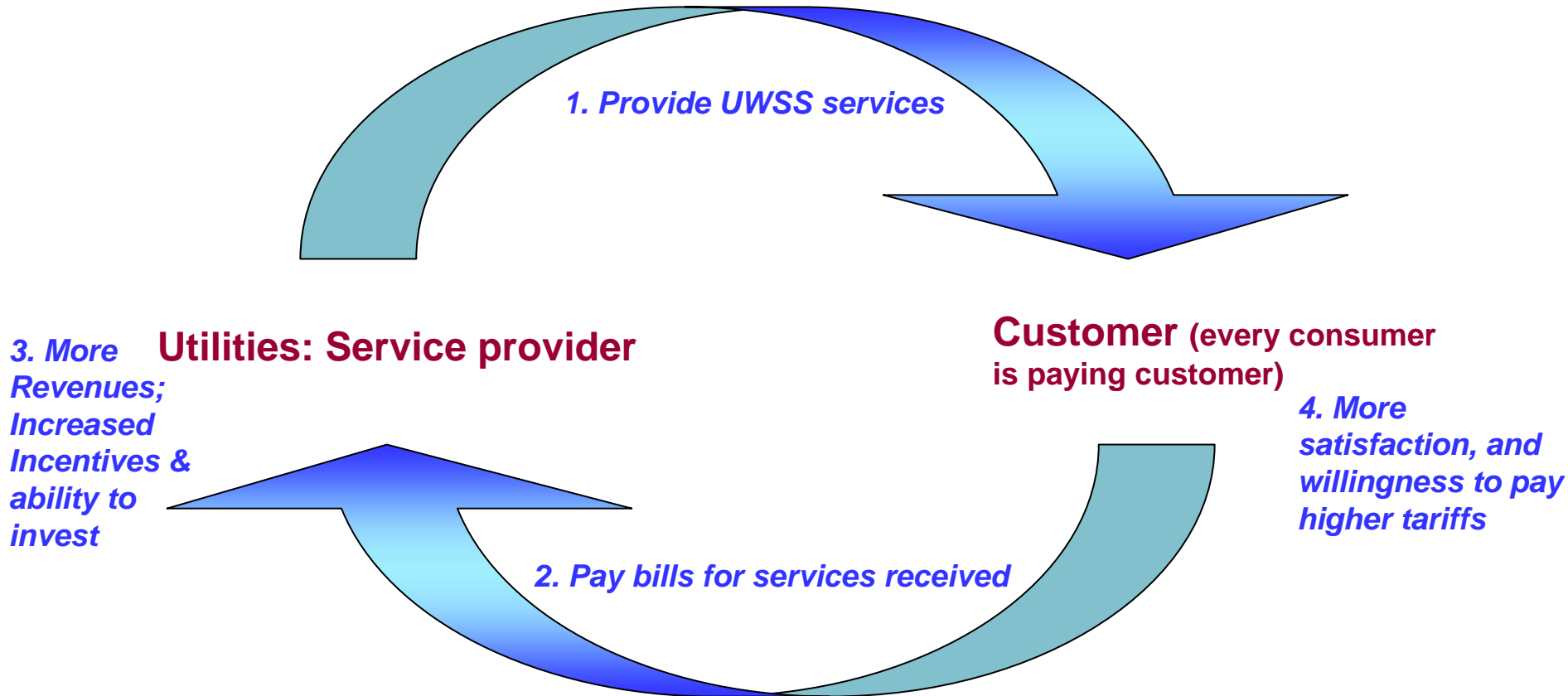
Power Mapping (produced with stakeholders in 2nd workshop, 2007)

Support or Opposition for NWSSIP Implementation in Groundwater/Irrigation & Decentralization (D)



Urban Water Supply and Sanitation –

Social Accountability: Realigning Incentives / Rights & Responsibilities - Vision





...but progress emerges – momentum for enhanced reform dialogue and implementation

- ❑ Shift in GoY perception - interest to collaborate with broader range of stakeholders:
 - NWSSIP collaboration b/w MWE and MAI is promising
 - BUT...ownership building needed beyond usual public agencies to further engage civil society, water user groups, Local Gov'ts
- ❑ JAR process (M&E of NWSSIP), IMSC led NWSSIP Update, Incentives Study
- ❑ Efforts for modern irrigation & demand-management show results
- ❑ 2007 PSIA informed JAR; generated demand for 2008 UWSS PSIA
- ❑ Stakeholders agree to enhance NWSSIP equity and operationalize selected PSIA (2007, 2008) recommendations via
 - Update of NWSSIP: vision and investment
 - **Multi-donor** Water Sector Support Project



PSIA/PE Approach: 2. Starting to translate “Analysis into Action”

- PSIA/PE generates actionable recommendations = technically feasible & politically acceptable, based on stakeholder participation
- After PSIA/PE completion, team continued to feed findings & recommendations into design of (i) NWSSIP Update, and (ii) WSSP – incl. M&E indicators
- Implementation of selected PSIA/PE findings & recommendations will be
 - funded via NWSSIP Update and WSSP implementation,
 - tracked via JAR process, WSSP supervision

PSIA/PE: 2. Analysis to Action: Nat. Policy (NWSSIP)

PSIA recommendation	Draft NWSSIP update priorities
RWSS	
Strengthened strategy & coordination: joint programming to identify projects, support implementation, M&E	Joint annual planning, unified agreed annual intervention program. Common evaluation.
Encourage NGO participation under existing/planned WRM plans and basin committees.	Encourage participation of NGOs, particularly in poorest areas.
DRA approaches & community self mgt	DRA applied systematically as standard by all agencies/for all projects implemented with/managed by CBOs.
GW	
AFPPF governance reform	Restructuring of AFPPF
Study on WUA typology for conditions for success and methodology for creating/ supporting WUAs.	Institutional framework for WUAs designed.
IRR	
Irrigation strategy and investment plan developed, as part of NWSSIP update, to align IRR sector with NWSSIP.	Development of National Irrigation Program, to be launched in 2009, to improve delivery of irrigation improvement services to farmers.

PSIA/PE: 2. Analysis into Action: WSSP

Outcome Indicators	Frequency & Reports	Data Collection Methods	Responsibility
(a) 5 new and 6 existing basin plans implemented., (b) Number of basin committees and plans operational and fully financed has reached 8.	Annual	Workshops, WG meetings, QPRs, JAR	NWRA, WGs and M&E Unit
(a) WUAs/WUGs established as basic building blocks of water management at lowest level in program area, (b) WUAs effectively managing and monitoring agricultural wells in program area.	Annual	Workshops, WG meetings, QPRs and JAR	NWRA, WGs and M&E Unit
Results Indicators per Component:			
WRM: 8 basin committees empowered & operational with fully developed and financed IWRM basin plans.	Quarterly	Workshops, WG meetings, QPRs, JAR	NWRA, WGs and M&E Unit
UWSS: (a) All utilities provide life line water up to 5cbm/month/house by end 2014; (b) All utilities have a pro-poor tariff structure..	Quarterly	Workshops, WG meetings, QPRs, JAR	LCs, AUs, WGs and M&E Unit
RWSS (a) 100% of projects implemented according to the Demand Responsive Approach (DRA). (b) 100% of projects implemented involving WUAs.	Quarterly	Workshops, WG meetings, QPRs, JAR	GARWSP, WGs and M&E Unit
IRR (a) 50% of farmers with land holdings less than 1 ha in groundwater irrigation benefiting from WSSP. (b) 50% of farmers with holdings less than 2 ha in spate irrigation benefiting from WSSP.	Quarterly	Workshops, WG meetings, QPRs, JAR	NIP, WGs and M&E Unit
Institut. Strengthening, Capacity Dev., Project Mgt, 1: Role of 85% of private sector companies, NGOs and training institutions contributing to WSS sector fully strengthened.			M&E Unit

General Opportunities and Challenges for PSIA/PE

- ❑ Multi-disciplinary teams; engagement after analysis to translate “findings into action”
- ❑ Scope beyond traditional sector focus: formal rules, and informal practices; supply- & demand-side of governance
- ❑ Participatory exercise: local coalition for change, ownership, sustainability & effectiveness
- ❑ Local expertise (team, stakeholder consultations): access to data/ stakeholders; to ground activity in sector realities

- ❑ Resources: capacities, budget, time
- ❑ Flexibility to allow unexpected findings/ processes determine next steps
- ❑ Bank as lending institution vs reform catalyst



PSIA/PE Team

Ministry of Water and Environment
Ministry of Agriculture and Irrigation

World Bank

- Maher Abu-Taleb
- Sabine Beddies
- Christopher Ward
- Meskerem Brhane
- WSSP Team

Local Experts

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- Souad Othman Yaffei
- Taher Taher
- Interaction

GTZ (Technical Secretariat,
MoWater&Environment)

- Jochen Renger
- Anwer Sahooly
- Barbara Gerhager



BBL Series on Political Economy of Reform

Social Analysis Team | Social Development Department

Upcoming events of BBL Series

- **Political-Economy of Reform in Mauritania:** Stakeholder perspectives in anti-corruption and PSIA of utility service reform
 - Renate Kirsch SDV and Asli Gurkan SDV **April 2 MC9 - 100**

- **Understanding Political Resistance to Good Governance Reforms: Lessons from Bangladesh**
 - Prof. Nita Rudra, University of Pittsburg & Shonali Sardesai, SDV **April 16**

- **Political Economy of Climate Change and Adaptation**
 - Andrea Liverani, DECWB **April 23**

See also: www.worldbank.org/socialdevelopment > Political Economy of Reform