Yemen Water

Translating Political Economy of Reform Analysis into Policy Reforms and Operations

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MNSSD

THE WORLD BANK
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

1. Analysis

Policy Dialogue

combined with

...of NWSSIP
- Winners & losers (equity)
- Supporters & opponents (power relations)

...with broad range of stakeholders
- Build coalitions for change (ownership)
- Communicate effectively
- Tech. feasible, politically acceptable

Translate into design & implementation of

2. (i) NWSSIP Update and (ii) Multi-donor WSSP

...for enhanced development effectiveness
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

Middle East & North Africa
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

- 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**

**Reform Context**
- Economic, social, political and institutional context, at the sector and national level
- Scope of proposed policy reform (reform agenda)

**Reform Arena**
- Economic Interests (rents, asset capture, etc.)
- Political Interests (authority, clientelism, etc.)
- Stakeholders & Institutions

**Reform Process**
- Dialogue & Decision-Making
- Champions & Opponents
- Development
- Partner Influence

**Action Framework**
- Timing, Tailoring, Sequencing of reforms/operations
- Lending Instruments
- Analysis
- Rigor, M&E
- Transparency (Dissemination)
- Realign
- Accountability
- Demand & Supply-Side
- Partnership Strategy
- Decision Makers
- Allies
- Public Debate & Communication Strategy
- Design & Implementation

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

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## Power Mapping

*produced with stakeholders in 2nd workshop, 2007*

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

<table>
<thead>
<tr>
<th>High</th>
<th>Medium</th>
<th>Low</th>
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<tbody>
<tr>
<td>Donors (W, A, D)</td>
<td>MWE (W, D)</td>
<td>MoLA (W, D)</td>
</tr>
<tr>
<td>NWRA Branches (W)</td>
<td>Local Admin: Governorate, LCs) (W)</td>
<td>WUGs, WUAs, Consumers (urban) (W, D)</td>
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<tr>
<td>MoF (A, D)</td>
<td>NWRA HQ (A, D)</td>
<td>Drillers (W, A, D)</td>
</tr>
<tr>
<td>MoLA (W, D)</td>
<td>MAI (W, A)</td>
<td>Large land owners, water well owners (W, A, D)</td>
</tr>
<tr>
<td>MWE (W, A, D)</td>
<td>Farmers (Demo-Farms) (W, A, D)</td>
<td>Parliament (A, D)</td>
</tr>
<tr>
<td>Local Admin: Governorate, LCs) (A, D)</td>
<td>NWRA Branches (A, D)</td>
<td>Parliament (W)</td>
</tr>
<tr>
<td>WUGs, WUAs, Consumers (urban) (A)</td>
<td>MoLA (A)</td>
<td></td>
</tr>
<tr>
<td>Farmers (poor) (A, D)</td>
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Urban Water Supply and Sanitation –

Social Accountability: Realigning Incentives / Rights & Responsibilities - Vision

Utilities: Service provider

1. Provide UWSS services

2. Pay bills for services received

3. More Revenues; Increased Incentives & ability to invest

Customer (every consumer is paying customer)

4. More satisfaction, and willingness to pay higher tariffs
...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
<table>
<thead>
<tr>
<th>PSIA recommendation</th>
<th>Draft NWSSIP update priorities</th>
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<tbody>
<tr>
<td><strong>RWSS</strong></td>
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<td>Strengthened strategy &amp; coordination: joint programming to identify projects, support implementation, M&amp;E</td>
<td>Joint annual planning, unified agreed annual intervention program. Common evaluation.</td>
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<td>Encourage NGO participation under existing/planned WRM plans and basin committees.</td>
<td>Encourage participation of NGOs, particularly in poorest areas.</td>
</tr>
<tr>
<td>DRA approaches &amp; community self mgt</td>
<td>DRA applied systematically as standard by all agencies/for all projects implemented with/managed by CBOs.</td>
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<tr>
<td><strong>GW</strong></td>
<td></td>
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<tr>
<td>AFPPF governance reform</td>
<td>Restructuring of AFPPF</td>
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<tr>
<td>Study on WUA typology for conditions for success and methodology for creating/ supporting WUAs.</td>
<td>Institutional framework for WUAs designed.</td>
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<tr>
<td><strong>IRR</strong></td>
<td></td>
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<tr>
<td>Irrigation strategy and investment plan developed, as part of NWSSIP update, to align IRR sector with NWSSIP.</td>
<td>Development of National Irrigation Program, to be launched in 2009, to improve delivery of irrigation improvement services to farmers.</td>
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### PSIA/ PE: 2. Analysis into Action: WSSP

<table>
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<tr>
<th>Outcome Indicators</th>
<th>Frequency &amp; Reports</th>
<th>Data Collection Methods</th>
<th>Responsibility</th>
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<tr>
<td>(a) 5 new and 6 existing basin plans implemented., (b) Number of basin committees and plans operational and fully financed has reached 8.</td>
<td>Annual</td>
<td>Workshops, WG meetings, QPRs, JAR</td>
<td>NWRA, WGs and M&amp;E Unit</td>
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<td>(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.</td>
<td>Annual</td>
<td>Workshops, WG meetings, QPRs and JAR</td>
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### Results Indicators per Component:

**WRM**: 8 basin committees empowered & operational with fully developed and financed IWRM basin plans.

**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.

**RWSS** (a) 100% of projects implemented according to the Demand Responsive Approach (DRA). (b) 100% of projects implemented involving WUAs.

**IRR** (a) 50% of farmers with land holdings less than 1 ha in groundwater irrigation benefitting from WSSP. (b) 50% of farmers with holdings less than 2 ha in spate irrigation benefitting from WSSP.

**Institut. Strengthening, Capacity Dev., Project Mgt. l**: Role of 85% of private sector companies, NGOs and training institutions contributing to WSS sector fully strengthened.
General Opportunities and Challenges for PSI A/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
- Khaled Hariri
- Souad Othman Yaffei
- Taher Taher
- Interaction

GTZ (Technical Secretariat, MoWater&Environment)
- Jochen Renger
- Anwer Sahooly
- Barbara Gerhager
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](http://www.worldbank.org/socialdevelopment) > Political Economy of Reform

Middle East & North Africa