



USAID
FROM THE AMERICAN PEOPLE

Building Alliances Series:



WATER

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GDA SECTOR GUIDE: WATER

Welcome USAID Alliance Builders!

Public-private partnerships done right are a powerful tool for development, providing enduring solutions to some of our greatest challenges. To help familiarize you with the art of alliance building, the Office of Development Partners / Private Sector Alliances (ODP / PSA) office has created a series of practical guides that highlight proven practices in partnerships, demonstrate lessons learned, and provide insight on identifying and designing strategic partnerships that will meet your sector-focused development objectives.

The purpose of this guide is to show you how to build public-private partnerships in the water sector. The guide does not cover infrastructure partnerships such as Build-Own-Transfer water, sanitation and wastewater utility projects.**

Whether you are new to alliances or a seasoned expert, in the following pages you will find tips, resources, and information that remove some of the mystery behind alliance building in this sector. Additionally, we hope this guide will inspire you, with its stimulating questions and partnership examples from around the world, to think creatively about designing alliances that will address key challenges wherever you are working. Although the series includes partnership examples from many organizations, the guides emphasize **USAID's Global Development Alliance (GDA)** model of alliances.

While this guide is meant to promote your partnership efforts involving water, it represents only part of the water-related alliance information available. There are also additional partnership resources and guidance readily available to you on the USAID Water Team and GDA websites:

www.usaid.gov/our_work/cross-cutting_programs/water/partnerships.html
inside.usaid.gov/GDA/resources/tools.pdf.

* The terms "alliance" and "partnership" are used interchangeably in this guide.

** Build-Operate-Transfer and similar arrangements are forms of infrastructure project financing and management, wherein a private entity receives a concession contract from the private or public sector to finance, design, construct, and operate a facility in a way that enables the private sector partner to recover its investment, operating and maintenance expenses. For information on these and other infrastructure partnerships and financing arrangements, contact EGAT's Infrastructure and Energy (I&E) Team.



WATER ALLIANCES: COMPLEX, MULTI-FACETED, HIGH-IMPACT

Unlike alliances in almost any other sector, creative partnerships in water can emerge from almost any development challenge. Water is a basic requirement for human life, health, and livelihoods. Water touches on or plays a major role in almost every sector of USAID's work, from agriculture to education, democracy to emergency relief. And water alliances also directly or indirectly involve many actors, including households, local and regional governments, water users from every economic sector, service providers and others.

For all of these reasons, water alliances can be complex. But they also have the potential to achieve broad and significant development objectives -- improving health, protecting the environment, and enhancing economic well-being (see Box 1). In addition to these direct development benefits, there are three important reasons why water partnerships should be an option your Mission strongly considers:

First, **the urgency of and interest in water issues by international public and private sector partners is increasing.** Huge numbers of people across the world still lack access to clean drinking water and basic sanitation services. Water is a key pillar of food security and overall economic development that are critical issues throughout the developing world. Climate change is exacerbating

water-related challenges. All of these issues are driving a stronger interest on the part of the international business and foundation community to build partnerships around water sector themes.

Second, **successfully addressing the scale of global water problems will require creative partnerships among the public, private, and civil society sectors.** It is increasingly accepted that the sheer magnitude of stresses facing all dimensions of the water sector cannot be handled by donors, governments, or private sector actors in isolation. Achieving ambitious international goals for sustainable water resources management and increased access to basic services will require collaborative alliance relationships that marshal the combined expertise, perspective, energy and resources from all types of partners.

Finally, **USAID water funding is on the rise – although with some constraints.** Many Missions are experiencing an increase in annual allocations for water programming due to a large Congressional earmark specifically focused on water, sanitation, and hygiene (WASH) activities. The biodiversity earmark also funds USAID water resources management activities in some countries, and newer Agency priorities in food security and climate change have important implications for water programming. These funding trends present opportunities for many Missions to consider new alliances in the water sector, but will also largely define the specific areas in which you must work, and for which you must seek out willing partners.

“We do a lot of work with associations, like city associations and water utility associations. That way, we can spread the message about alliances to a lot of potential partners at once. Also, when one member forms an alliance it serves as an example to all. Members learn from each other and are inspired by each other, and sometimes the associations themselves are willing to co-finance certain partnership activities.”

MARY JOY JOCHICO,
USAID/PHILIPPINES

NUMEROUS ENTRY POINTS FOR WATER PARTNERSHIPS

As you consider developing an alliance in the water sector, it is important to understand the cross-cutting nature of “water” as a development issue, and the many different development sectors through which water-related alliances may be formed. The three major dimensions of the water sector outlined in the USAID/ Department of State 2008 document “*Addressing Water Challenges in the Developing World: A Framework for Action*” provide useful context on the multiple technical entry points for engagement in potential water alliances. (For more information, see: http://www.usaid.gov/our_work/cross-cutting_programs/water/framework_for_action.html).



- **Water Supply, Sanitation and Hygiene (WASH):** The health, economic, and social consequences of limited access to clean water and improved sanitation services are enormous, and success in this area is linked to many U.S. Government foreign assistance priorities. Over the past several years, the international community has agreed to a number of water- and sanitation-related goals, including halving, by 2015, the proportion of people unable to reach or afford safe drinking water and the proportion of people without access to basic sanitation. While globally the world is on track to meet the target on drinking water, specific regions lag significantly behind, chiefly Sub-Saharan Africa, and especially in rural areas. Progress on the sanitation goal is much further behind in all regions. ***Private sector partnerships can help meet core philanthropic and humanitarian goals in public health and basic services, foster healthier local populations and workforces, expand companies’ social license to operate in a community, and extend the reach of appropriate WASH technologies and approaches to new markets.***



- **Water Resources Management:** Every country and community depends on sustainable freshwater of sufficient quantity and quality to provide for society’s needs, sustain economic growth, and maintain ecosystems upon which all life depends. Countries and communities face challenges around sustainable use of finite water resources to meet human, economic and environmental needs while protecting water quality. Surface and groundwater

resources are under stress from population growth, pollution, and increased water withdrawals for agriculture and other economic uses. Climate change is likely to exacerbate all these impacts, and requires multi-stakeholder discussions, planning, and action to reduce vulnerability. Partnerships formed around water resources management issues can yield substantial public benefits by improving the sustainability of the natural resource base for society as a whole. ***Alliances can enhance private sector transparency and engagement in collaborative governance over shared water resource use. Support to management of water resources with high local or national value or in iconic locations can also result in substantial public relations benefits to participating partners.***



- **Water Productivity:**

Water is literally the lifeblood of human productive activity. Yet great challenges exist around population growth, and both water quantity and quality in agricultural and industrial production. Roughly 70% of freshwater used by humans worldwide is for agricultural food production, and the percentage is even higher in developing countries. Yet this need is likely to grow --

some estimate that it will almost double over the next 40 years. Ecosystems also are essential to support food security through fisheries that provide a primary source of protein to a billion people worldwide. Industrial and commercial water consumption is also expected to increase as economies grow and develop. The effects of agriculture, industry, and commerce on water quality are also enormous and nearly unchecked in most developing countries. As freshwater resources come under increasing pressure, the tradeoffs between water allocations for domestic use, agriculture, industry, and ecosystem services will only intensify. ***Private sector partners may join an alliance to promote the efficient use of water and increased sustainability in their own operations, or to help ensure a sustainable supply of water for their productive activity. Alliances also provide an opportunity to engage the private sector in discussions around setting water quantity and quality regulatory standards.***

Alliances in the water sector may focus on only one of these technical dimensions of the water sector, or may span multiple areas, depending on the interests, priorities, and funding constraints of specific USAID Missions and their prospective private sector partners.

ALLIANCE MODELS IN WATER: WHAT WORKS?

In considering opportunities for new water partnerships, a good place to begin is a review of existing water sector alliance models and the approaches they have taken. The following major categories of water alliances provide insights into the primary motivating forces behind partnership relationships in the water sector, and the types of partnership scale and scope which have proven successful. All technical areas within the water sector, alone or in combination, can successfully use any of these models.

MODEL 1: ENCOURAGING MARKET EXPANSION AND MARKET-BASED APPROACHES FOR WATER-RELATED PRODUCTS, TECHNOLOGIES, OR SERVICES

Many organizations approach USAID with a specific water-related technology, product or technical approach that they are interested in piloting or distributing in the developing world, under both for-profit and not-for-profit models. For example, designers, manufacturers, and distributors of technologies including water pumps (manual and mechanized), irrigation equipment, cleaner production/waste management technologies, drinking water purification devices for use at the source or in the household, and personal hygiene products such as soap or chlorine disinfection products have all approached USAID to explore new alliance relationships.

Private sector partners find alliances with development organizations (including USAID), universities, and/or

1

NGOs of particular interest in expanding the reach of their technologies and approaches, or finding allies that can carry out complementary functions and services that permit more effective use of their product.

Probably the biggest challenge in making this type of alliance happen is that the technologies or products proposed are often not designed specifically with lower-income developing country audiences in mind, and are sometimes not appropriate for these locations and populations. Indeed, many of the items of interest to the private sector are not ultimately suitable for introduction into a USAID development program context due to high cost (initial and ongoing), technical complexity, lack of locally-produced spare parts or inputs, and/or lack of durability under harsh developing world conditions. Even when the private sector proposes to entirely donate their product or provide it at a subsidized cost, USAID Missions need to carefully consider long-term suitability and sustainability before entering into such an alliance relationship.

While USAID does not endorse specific brands of any product or technology, the Agency is supportive of testing and disseminating appropriate, low-cost technologies and approaches in the context of broader development programming, and has developed productive partnerships with private sector manufacturers for fruitful win-win outcomes. The most successful of these alliances are largely market-based, and rely on USAID to provide essential complementary capacity building, behavior change, enabling environment reform, financing, and other interventions necessary to





ensure proper use, management, and sustainability of a given technology or product.

In 2004, USAID joined with Procter & Gamble and other partners in the **Safe Drinking Water Alliance** to develop innovative approaches for ensuring the safety of drinking water in homes, clinics and schools. The purpose of the Alliance was to test three models (commercial marketing, social marketing, and emergency relief) to increase the use of Point of Use (POU) water treatment technologies and create conditions for a sustained behavior for water treatment and proper storage. A key element in the models was the promotion of P&G's flocculant and disinfectant product, PuR, along with other key hygiene products and behaviors. The partnership is ongoing with the social and emergency approaches in seven countries in Africa and Asia. USAID's support through central and

Mission funding is slightly less than \$1 million per year, leveraged against P&G's significant past R&D investment as well as ongoing investments of approximately \$5 million per year. These investments, as well as technical and program resources from other partners, support development of manufacturing capacity, promotion, and country programs, and have resulted in over one billion liters of drinking water treated, enough to provide clean drinking water for nearly two million people annually.

USAID's **WaterSHED Alliance** is led by the University of North Carolina's Gillings School of Global Public Health and focuses on developing, testing and implementing financially-sustainable business models for delivering effective and affordable WASH products and services in Southeast Asia. Launched in 2009, WaterSHED is catalyzing market-based approaches for the design, production, marketing, and distribution of water supply, point-of-use (POU) drinking water treatment, drinking water storage, sanitation, and hygiene technologies (products) and services among lower-income populations. Through this Alliance, USAID leverages the technical and financial resources of UNC, through both matching funds and in-kind contributions. For more information, see the case study at the end of this guide.

[\(http://www.watershedasia.org/\)](http://www.watershedasia.org/)

MODEL 2: IMPROVING WATER MANAGEMENT IN A COMPANY'S OWN ECONOMIC ACTIVITIES AND IN OTHER PRIVATE SECTOR INDUSTRIES

A strong motivation for many public-private alliances in the water sector is the imperative to improve the environmental sustainability of a company's own operations as well as the private sector as a whole, especially with respect to efficient use of water resources, the prevention or mitigation of water pollution, and the sustainable management of water, watershed, coastal and marine ecosystem services. Industries interested in this type of alliance directly depend on water-related ecosystems in some way, or are reliant on a steady, sustainable supply of clean water to continue operating. Involved companies also often have their own high internal corporate standards for environmental sustainability and many make significant investments of their own in this area. Many companies are increasingly cognizant of the potential risks presented by climate change to reliable supplies of high quality water, and are anxious to get ahead of the curve in planning and actions to adapt to these changes. Acting as a responsible steward of shared water resources can also ensure the social license to operate, especially in places where the local community is experiencing broader challenges with water resources access and sustainability.

Partnership with USAID and other organizations can bring the private sector complementary technical skills in water resources management, cleaner production, water demand management, and sustainable management of aquatic ecosystems. An alliance relationship can also help spread best practices in water stewardship to the broader private sector in a country, improving overall environmental sustainability, and help level the playing field for competitive business practices. USAID's relationships with government and civil society can also help involve the private sector more effectively in all aspects of water resources





governance, including establishing regulatory standards or permitting requirements related to water or wastewater, as well as overall engagement in decision-making around equitable access to shared water resources.

The **Water and Development Alliance (WADA)** is a global partnership between The Coca-Cola Company and USAID. Launched in 2005, WADA addresses a broad range of water sector challenges in 22 countries around the world, including protecting and improving the sustainability of watersheds, increasing access to water supply and sanitation for the poor, and enhancing productive uses of water. Coca-Cola was originally motivated to engage with USAID and other partners as the company became increasingly aware of the importance of water resources to the sustainability of company operations. In 2007, Coca-Cola made a global commitment to safely return to communities and nature an amount of water equivalent to what the company uses in all of its beverages and their production.

Complementing the company's substantial investments in water efficiency and wastewater treatment at its own bottling plants, the WADA partnership supports customized responses to community

water-related challenges in each country through activities jointly designed and funded by local USAID Missions and Coca-Cola system partners. (http://www.thecoca-colacompany.com/citizenship/community_initiatives/USAID.html).

Global FISH Alliance (G-FISH) is a USAID alliance that promotes sustainable fisheries and responsible aquaculture to enhance livelihoods, biodiversity and food security. USAID is collaborating with private sector alliance partner Darden Restaurants - the world's largest full-service restaurant group that owns and operates 1,800 Red Lobster, Olive Garden, LongHorn Steakhouse, The Capital Grille, Bahama Breeze and Seasons 52 restaurants - as well as the Academy for Educational Development, and eight other partners. G-FISH brings together government, private sector, and civil society to work collaboratively on specific fisheries around the world. The initial target fishery is on spiny lobster in Central America, where the lobster fishery is a major source of income for coastal communities, yet has major environmental and labor issues. G-FISH takes a system-wide approach that balances the economic, environmental, governmental, and social components essential to enhancing livelihoods, ensuring sustainable supplies of fish products critical to the economy, and conserving marine biodiversity. In developing countries, fishing serves as a key economic driver of trade, livelihoods and revenues, as well as an important component of nutrition and food security. (<http://www.globalfishalliance.org>).

In 2009, USAID entered into a global partnership with the **World Economic Forum (WEF)** which focuses on catalyzing the creation of Businesses Alliance on Water (BAWs) in selected countries around the world as part of the Forum's overall Water Initiative (which includes corporate participation of leading multinational corporations such as Coca-Cola, PepsiCo, Nestlé, Dow Chemical, and SABMiller). The BAWs bring together government, business, civil society, development, UN and international organizations to develop a pipeline of water-related projects identified as a high priority by both government and private sector stakeholders, and catalyze water investments that carried both a clear business case as well as a developmental benefit. The alliance will build on earlier efforts in India and South Africa (which were in part supported by USAID), and which yielded considerable success (e.g., the Indian Business Alliance on Water (IBAW) leveraged \$10 of additional

financing for every \$1 of development funds used to support the network and process). With a small amount of combined resources from USAID and VEF, the new alliance is working to facilitate formation and development of new BAWs in selected regions. Work is already moving forward with development of a potential new BAW in Jordan, and options are being explored to initiate additional efforts in sub-Saharan Africa as well.

In the **Philippine Sanitation Alliance**, USAID partners with cities, water utilities and private companies to build water treatment facilities using appropriate technology and employing user fees for full cost recovery where applicable. Projects vary from on-site water treatment at hotels to community-based water supplies in new real estate developments. Although regulations are already in place requiring that businesses meet certain water treatment standards, in some places enforcement is weak. USAID provides technical and design expertise, trains employees on how and where to establish water treatment facilities, and brings in partner governments to act as the “stick” (to remind companies of their legal obligations). Private sector partners make investments in infrastructure and technology so that their businesses are compliant. For more information on this alliance, see the case study at the end of this guide.

http://philippines.usaid.gov/ee_psa5.html



MODEL 3: ALLEVIATING POVERTY AT THE “BASE OF THE PYRAMID”

Private sector partners may be motivated to contribute their resources, volunteer labor, and other assets to water-related activities as part of an overall commitment to assist the communities where they work, especially the poor and most vulnerable. Water is often seen as an excellent entry point for overall development, and by providing basic services or ensuring access to sustainable water resources, human health, well-being, and livelihoods can be improved, and communities can emerge from poverty.

Even for-profit private sector partners reap some indirect benefits for their own companies from poverty-focused water alliances beyond positive public relations. Workforces are kept healthy with increased access to basic water supply and sanitation services, including many people that are employees of these private companies. Community development also helps increase incomes at the lowest end of the economic spectrum, creating new consumers who may ultimately be customers of a given company in that country as well.

The **West Africa Water Initiative (WAWI)** partnership was founded in 2002 by the Conrad N. Hilton Foundation, who invited USAID and twelve other NGO, university, service club and industry association partners to join them in addressing sustainable water supply and sanitation service provision, hygiene promotion, and enhanced livelihoods for the peri-urban and rural poor of Ghana, Mali, Niger, and Burkina Faso. The original partnership concept was intended to leverage funding and expertise from multiple organizations to increase impact and foster a new model of institutional synergy. Although there were many tangible benefits from alliance investments, there were many challenges in the governance model of the alliance in its first phase that led to significant restructuring in 2008-2009. The newly transformed alliance will continue collaboration between the Hilton Foundation and USAID to coordinate investments in focused areas of strategic impact.

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Rotary International and USAID established **The International H₂O Collaboration** in 2007 to work on sustainable water supply, sanitation and hygiene programs and projects in all regions of the world, encompassing infrastructure as well as capacity building and institutional strengthening. The alliance is taking a deliberate and step-wise approach to testing its partnership implementation model, focusing initial efforts on pilot projects in three countries -- the Dominican Republic, Ghana, and the Philippines. Projects are designed collaboratively at the country-level, and include active volunteer participation from Rotary members as well as joint financial contributions from both partners. The experiences gained in the pilot efforts will permit the alliance to develop solid partnership procedures and strengthen the institutional relationship between USAID and Rotary for eventual expansion of activities to many additional countries in future years.

MODEL 4: ASSISTING HUMANITARIAN RELIEF EFFORTS

When disaster strikes around the world, many private companies and service or volunteer organizations join with traditional charities and NGOs, governments, and international donors to respond to the crisis with money, goods, equipment and/or expertise. Climate change is expected to increase the frequency and/or severity of extreme weather events affecting vulnerable communities. Particularly, water-related investments are among the most urgent of immediate post-disaster needs,

and frequently are included as part of these contributions. Participating institutions can be both local entities in the target country only, or large multinationals that have a presence around the world.

It can be challenging to establish a humanitarian response oriented alliance in advance, since these events are not predictable, and the urgency of the crisis does not leave time for extended negotiations about creating an alliance. However, many private companies or other organizations may be able to fill a particular water-specific niche that would provide an excellent complement to USAID's disaster response efforts.

In the aftermath of the 2004 Indian Ocean tsunami striking Aceh, Indonesia, **General Electric** donated portable water purification plants to supply clean water for thousands of displaced people, and deployed several highly skilled technical staff to train local people in the proper management of the facility. The company provided similar support after earthquakes in Pakistan and China in more recent years. This type of sophisticated technology is often highly appropriate for humanitarian response situations, even when the same type of system might not be suitable for long-term development in a given place (see Model 1).

Service clubs with membership both in developing and developed countries, including **Rotary**, **Lions**, and others, also regularly mobilize not only donations but also volunteers in support of disaster relief efforts that include attention to emergency water provision. These





include attention to emergency water provision. These organizations also play an important role in raising funding and implementing post-disaster reconstruction and recovery activities. Service-oriented institutions often include among their membership skilled engineers and other technicians who can assist with water-related infrastructure rehabilitation or construction. Technically-oriented volunteer organizations such as **Engineers Without Borders** sometimes also play a role in post-disaster construction and recovery, often including water or sanitation infrastructure. For more information on humanitarian alliances, see the Emergencies guide in this series.

MODEL 5: PROMOTING INNOVATION, REFORM AND A STRENGTHENED ENABLING ENVIRONMENT

Many organizations are motivated to partner with USAID to enhance international collaboration around a specific water-related issue, or to advocate for promotion of particular cutting-edge approach or best practice within the sector.

USAID is a partner in the **Global Public-Private Partnership for Handwashing with Soap**, which focuses on institution-building and advocacy to increase the practice of handwashing with soap across the globe. Partners include Colgate-Palmolive, Procter & Gamble, Unilever, UNICEF, the World Bank, the Academy for Education Development, the Centers for Disease Control, the Johns Hopkins School of Public Health (JHU)



and the London School of Hygiene and Tropical Medicine (LSHTM). USAID has co-financed the partnership's Secretariat, participates on its three working groups and is helping to design and review materials produced. The private partners provide expertise and training in marketing, and P&G and Unilever designed the outreach materials for the first ever Global Handwashing Day in 2008. The academic partners contribute to the Behavior Change Working Group, and LSHTM has been instrumental in designing and conducting research for several national handwashing initiatives and in designing the communications methodology that is utilized by the partnership. JHU conducts handwashing initiatives in several countries and has also shared designs for formative research and behavior change communication strategies.

In 2008, USAID signed an agreement with the International Water Association (IWA) and the Asian Development Bank (ADB) to establish

an Asia-wide partnership called **WaterLinks** that helps provide clean drinking water and sanitation throughout the region by collaborating to create and promote Water Operators Partnerships (WOPs). WOPs have



proven their value in many parts of the world by successfully pairing, or “twinning,” water operators in search of solutions with other operators who have addressed similar challenges, helping recipient water operators improve their efficiencies and capacities. The United Nations Human Settlements Programme (UN-HABITAT) has established a Global WOPs Alliance Centre and identified the need to establish Regional Partnership Networks for WOPs. Participating partners in the alliance contribute based on their own strengths and interests. IWA takes the lead in dissemination and knowledge sharing and works through its member network to broker new WOPs. USAID focuses primarily on the facilitation of WOP arrangements, while contributing to regional capacity building initiatives led by the ADB. ADB provides technical assistance to water operators in Asia by financing twinning arrangements, supporting water utility networks, and organizing technical workshops.

USAID and the ADB also leverage their resources by jointly supporting selected WOP arrangements.

With support from USAID, a public-private partnership was created with the Water Center for the Humid Tropics of Latin America & the Caribbean (CATHALAC) to implement a program called **Mainstreaming Climate Indices and Weather Derivatives into Decision-Making for Adaptation to Climate Change in Central America, Mexico, and the Dominican Republic**. The alliance also involved NASA and the University of Alabama-Huntsville, and leveraged support from Cable & Wireless-Panama and the Environmental Systems Research Institute (ESRI). Activities were designed to build upon significant USAID and NASA investments in the Regional Visualization & Monitoring System (SERVIR) headquartered at CATHALAC's Panama office, and focused on strengthening regional capacity to use Earth Observation Systems (EOS) technologies and products in climate change adaptation activities. Drawing on the combined resources and expertise of the partners, the alliance has developed several innovative products, including a first of its kind assessment of vulnerability of the region's biodiversity to the possible impacts of climate change.



DECIDING ON SCALE....

For each of these models, an important consideration is the geographic scale to be covered by the partnership relationship. Water is by its very nature a locally-bound resource, and many water-related issues are place-based and specific to local people, communities, and economies, so there might be a high degree of motivation of local partners around this issue. At the same time, many multinational private sector partners as well as USAID Missions and offices have a stake in sustainable solutions to the planet's water problems that transcends just one country, and in many cases it may make sense to establish a partnership relationship at a regional or global scale.

Identifying the best alternative for your partnership will depend on the water issue being tackled, the specific private sector organizations involved, the availability and types of funding on both sides, and the office or Mission within USAID with time and interest in developing the partnership relationship. Following are some of the key factors to take into account in deciding the appropriate scale for your alliance:

Presence/Scope of the Partners: If both USAID and the private sector partner(s) have a presence in numerous countries facing similar issues in the water sector, they may desire to see activities implemented in more than one place. Local or national companies or institutions that are only active in a single country will of course be most suitable for country-specific alliances.

Type of Interventions: Some alliances address “big picture” water-related issues from a policy, advocacy, research or educational level at the international scale, and do not operationalize specific actions in specific countries. Others are focused entirely on ‘on-the-ground’ activities. Finally, there are alliances that combine concrete activities in specific countries with a more abstract set of actions that go beyond geography. Think carefully about what type of activities the alliance hopes to undertake, and how the geographic scope of the alliance best supports achieving that vision.



Transaction Costs in Partnership Formation: Overall, it is a more streamlined process to develop and formalize a partnership in a single country compared with regional or global alliances. Establishing and managing a relationship between large international institutions can involve a much longer lead time in terms of negotiations, and often requires much more legal and official institutional scrutiny before the alliance relationship can be secured. Despite this, both USAID and large private institutions often perceive a reduction in the barriers to entry as well as the long-term transaction costs of an alliance by creating and working through a 'one-stop shop' relationship at the headquarters level that can apply a standardized approach in many countries.

Management Issues: Single country alliances are generally managed on the USAID side by the involved bilateral Mission. For global or regional alliances, the USAID operating unit that develops and maintains the partnership relationship must be at the central Washington or regional Mission scale, and cannot be initiated by a single USAID Mission (although individual missions are often involved in implementing specific activities in their country). Once established, there are numerous different management models that can work for alliances at any scale. It is more likely that alliances at the regional or global scale put in place some kind of 'secretariat' that provides support services to the partnership, especially for cross-cutting functions like reporting, M&E, and communications. These services can be provided by a contractor or cooperator hired by one or more of the partners, or one of the partners can agree to take on the 'heavy lifting' of coordination and communication among the participating organizations on behalf of the alliance.

Funding Sources: For both country-specific and regional or global alliances, funding and in-kind resources may come from a variety of sources within both USAID and the private sector partner organization(s). On the USAID side, most funding exists at the mission level, while funding the costs of global or regional alliance management can sometimes present a challenge. For the private sector partner, matching resources for country-specific alliances may be more

challenging to raise locally, and there are some potential advantages to global and regional partnership relationships that may have access to additional corporate, foundation, or NGO resources.

Number of Partners: Finally, contrary to what might be expected, there is no direct correlation between the geographic scale of the alliance and the number of partners – partnerships in a single country can include dozens of partners, and global alliances can be created with only one private sector partner. What is certain is that the greater the number of partners, the more complex will be the organization, governance, communications, and decision-making of the alliance, both during start up as well as during implementation. Choose the fewest number of partners possible that add true value that can only be obtained through a partnership relationship.

“Water alliances can cover a huge range of issues. Missions should carefully define the objective of a new alliance and then seek out partners with a mutual strategic interest in that specific issue. Over the long term, mutual interest can be more valuable than a one-time cash infusion up front.”

JAIME CHANG,
USAID/PERU



PARTNER COLLABORATIONS ON

Type of Company	Companies can be motivated by
Companies that sell a product or service related to some aspect of the water sector (Models 1, 3, 4)	Desire for insight into a future market, ability to test different approaches for new markets
Companies that use water as a major input, and/or have operations that affect water quality or quantity (Models 1, 2, 3)	Desire to maintain input source, desire for good community relations/ social license to operate
Not-for-profit philanthropic actors and service organizations (including corporate foundations) (Models 2, 3, 4)	Philanthropy, desire to be more strategic and sustainable
Research and policy institutes / networks and other actors focused on water sector reform (Models 1, 2, 3, 5)	Desire to conduct and apply research, promote S&T, collaborate on innovative solutions to solve water problems, or advance sector reform



WATER ALLIANCES?

Illustrative partners that have participated in water alliances	Possible non-cash contributions
<p>Procter & Gamble, Colgate-Palmolive, Unilever, Safe Water Network, World Chlorine Council, PlayPumps International, Starbucks / Ethos Water, Dow Chemical</p>	<p>Product, marketing channels, marketing materials and campaigns</p>
<p>Coca-Cola, PepsiCo, Nestlé, Royal Dutch Shell, Diageo, SABMiller</p>	<p>Technical expertise in water management, convening power for private sector engagement in water resources governance or voluntary adoption of best practices</p>
<p>Conrad N. Hilton Foundation, Case Foundation, Rotary International, Lions Clubs International, PepsiCo Foundation, Coca-Cola Foundations</p>	<p>Staff time, volunteer time, public relations, access to membership</p>
<p>University of North Carolina, Johns Hopkins Bloomberg School of Public Health, International Water Association, Bill and Melinda Gates Foundation, CATHALAC</p>	<p>Research and development, technical expertise, access to members</p>





FINDING A GOOD PARTNER

Once you've considered possible models and industry sectors, there are many ways to identify specific private sector actor partners. You can use the following list of questions to identify potential organizations for your alliance. Implementing organizations often know the answers to many of these questions, and you may want to work through this list with them:

1 What companies in your country use water as an input in their production or other business activities? Are any of these industries experiencing (or likely to experience) water-related challenges in their productive operations, or in their community relations? Consider both local companies as well as multinationals with a local presence.

2 Which companies are selling water-related products or technologies in the local marketplace – including pumps, piping, purification equipment, personal hygiene products, etc.?

3 Which companies' activities have the most potential adverse impact on water quality or quantity in your country? Would any of these companies or industries welcome collaboration in improving their environmental performance, or in meeting regulatory requirements related to water resource use, wastewater management, or extraction of aquatic resources? Industry associations may be a good place to start.

- 4 What philanthropic organizations or foundations are active locally? Are any of them working in any aspect of the water sector?
- 5 Are there any research or educational institutions that have a particular niche in some aspect of the water sector?
- 6 Are banks or financing institutions active in lending for any water related services or technologies, including those associated with water for agriculture or industry? Would these institutions be potentially interested in collaborating with USAID and other partners in the water sector?

Other resources can help you identify private sector partners:

Chambers of Commerce and Associations can tell you which local and international businesses are particularly interested in development issues. Chambers of Commerce meetings are an easy way to reach a large audience of key stakeholders.

The **Foreign Commercial Service** at the Embassy is also a resource for excellent intelligence on companies that are active in or looking to enter the local market.

Talk to your **Regional Alliance Builder** and get his or her perspective on alliance partners and trends across your region. To find out if your region has an assigned alliance builder, look on the GDA website.

“Geography is key – water is the ultimate place-based resource, and coming to agreement on which country or where within a country joint activities will occur is an early critical decision point for most water alliances.”

Sharon Murray, USAID/EGAT/NRM

WHAT PARTNERS CAN OFFER

What can partners contribute to water alliances (in addition to cash)?

The private sector can add value to a water partnership in many ways. In addition to cash, there are many types of in-kind contributions that partners may be able to provide. Likewise, USAID has unique assets and value to the private sector that should be clearly communicated in the discussions about developing a new water alliance.

- Technical knowledge and expertise
- New technologies or improvements to existing technology systems
- Research and development capabilities
- Clear, bottom-line motivation to secure sustainable sources of water, and willingness to invest their own resources in water access
- Market and/or feasibility studies, cost-benefit analyses
- Training manuals and methodologies
- Experience with local water and environmental regulations
- Connections to the local community through employees and business relationships
- Construction equipment, materials and labor
- Convening power to bring agricultural, industrial and commercial private sector partners to the table to promote best practices and engage in water sector governance with other key stakeholders
- Expertise in supply chains and distribution networks
- Public relations, marketing, and communications expertise

What can USAID offer to potential partners?

- Strong and collaborative relationships with Ministry-level and other government officials whose work impacts the water sector, including environmental and private investment regulators
- Technical expertise in water management as it intersects with health, natural resources management, food security, nutrition, micro-finance, education, and a host of other development-related issues
- Practical experience and ability to draw on proven practices in a broad range of water subsectors
- Knowledge of and relationships with a wide spectrum of leading implementing organizations in the water sector including NGOs, contractors, academia, etc.
- Access to information and tools that address the water-related impacts of global climate change and the possibilities for mitigation and adaptation
- Legitimacy and ability to act as neutral broker in addressing water and development issues
- A long-term, in-country presence and experience
- Convening power to bring multiple stakeholders to the table to discuss challenges in water, including government and other donors
- A track record of successful water partnerships with a wide range of partners, including international and domestic companies around the world



SEVEN WAYS TO GET STARTED

FIND A WATER ISSUE THAT RESONATES

Water issues often present themselves in terms of some urgency or crisis with a high public profile. Such issues can often provide a good starting point for an alliance activity. Extremes of water resource availability such as droughts and floods are felt strongly by the local community and government officials, and can resonate for certain types of alliances. Other water-related challenges can emerge as prominent in a given context, for example a critical pollution problem plaguing a local water supply, a lack of basic water supply and sanitation services among the very poor, or conflict between different users of a scarce water resource. Threatened aquatic species, habitats or valued ecosystems can be a rallying point for other partnership relationships. Once a water sector issue with resonance for USAID and others has been identified, think of what resources could make a difference in addressing challenges, and what companies, organizations or other partners could provide them.

2 MEET WITH THE PRIVATE SECTOR

One way to generate private sector interest in partnerships is to present opportunities at an open meeting. You can work with local Chambers of Commerce or similar organizations to organize an event, or you can offer to speak at an event that's already been scheduled. Highlights should include your mission's goals and programs with a specific connection to water resources or services, USAID's experience with private sector collaboration, and how the private sector benefits from partnership with USAID. A meeting is also the perfect opportunity to hear the private sector's perspective on water issues, identify common interests, and share some of the conditions for each partner's participation in a water-related alliance. Visit the GDA website for PowerPoint presentations and other tools that may be of use.

3 **Good governance** is critical in water partnerships. Make sure there is early agreement on issues like how decisions are made, how conflicts are resolved, how money will flow and who will manage the finances.

4 Governance issues are particularly important when partnering with local governments. **Collection methods and decision-making** around user fees or tariffs should be clear and transparent so that all alliance partners understand the local government process.





5

Sometimes sanitation alliances have to invest in **raising public awareness**, especially if beneficiaries are to be included in alliance activities. An important factor is often the willingness to pay for service, and for many people, sanitation issues come down to, “Out of sight, out of mind.”

6

Even with a reliable source of clean drinking water, sometimes water is contaminated as it is carried home. What **water-carrying or storage vessels** are being used in your community?

7

Make sure to analyze the potential alliance to make sure there is **no conflict with national or regional development plans**, including the country’s Poverty Reduction Strategy and donor harmonization efforts.

8

Are there **quantifiable, measurable objectives** that will allow for monitoring progress and evaluating impact?

9

How is success defined for the partnership? Is there an exit strategy?





ADDITIONAL IDEAS AND RESOURCES

International Water Information Resources:

Global Water Partnership
<http://www.gwpforum.org/servlet/PSP>

International Water and Sanitation
Research Center
<http://www.irc.nl/>

UN-Water
<http://www.unwater.org/flashindex.html>

World Water Council
<http://www.worldwatercouncil.org/>

United Nations Water for Life Decade
<http://www.un.org/waterforlifedecade/>

Water Partnership Organizations:

Building Partnerships for Development
(BPD) for Water and Sanitation
www.bpdws.org

Accountability
<http://www.accountability21.net/>

World Business Council on Sustainable
Development – Water Page (including
Water Tool)
[http://www.wbcsd.org/templates/
TemplateWBCSD5/layout.asp?type=p&M
enul=ODI&doOpen=1&ClickMenu=Le
ftMenu](http://www.wbcsd.org/templates/TemplateWBCSD5/layout.asp?type=p&Menul=ODI&doOpen=1&ClickMenu=LeftMenu)

Water Footprint Network
<http://www.waterfootprint.org/?page=files/home>

Alliance for Water Stewardship
<http://www.allianceforwaterstewardship.org/>

United Nations Department of Economic and Social Affairs -- Division for Sustainable Development (Partnerships page)
http://www.un.org/esa/dsd/dsd_aofw_par/par_index.shtml

Reports and Research related to Water Partnerships

Full reports linked to the GDA website.

Report: Governing Collaboration: Making Partnerships Accountable for Delivering Development (Accountability, 2008)
<http://www.accountability21.net/default.aspx?id=2258>

Report: Practitioner Note Series: Conceiving And Managing Partnerships

A Guiding Framework (Building Partnerships for Development – Water and Sanitation, 2001)

Report: Guide to Successful Corporate-NGO Partnerships (Global Environmental Management Initiative (GEMI) and Environmental Defense Fund, 2008)
<http://www.gemi.org/resources/GEMI-EDF%20Guide.pdf>

Report: Safe Water for All, Harnessing the Private Sector to Reach the Underserved (International Finance Corporation, 2009)
[http://www.ifc.org/ifcext/sustainability.nsf/AttachmentsByTitle/p_SafeWaterReport/\\$FILE/IFC_WaterReport.pdf](http://www.ifc.org/ifcext/sustainability.nsf/AttachmentsByTitle/p_SafeWaterReport/$FILE/IFC_WaterReport.pdf)

Report: The Story of a Successful Public-Private Partnership in Central America: Handwashing for Diarrheal Disease Prevention (USAID's BASICS II and EHP Programs)
http://www.ehproject.org/PDF/Joint_Publications/JP001CentAmHandwash.pdf

Website: Public-Private Partnership for Handwashing
www.globalhandwashing.org

EXISTING USAID MECHANISMS

Think about using one of these existing procurement mechanisms to encourage an existing partner to get involved in water alliances

TYPE	NAME	Water supply — urban	Water supply — rural
IQC	Environmental Health IQC	✓	✓
		✓	✓
IQC	Water IQC II	✓	✓
IQC Competitive Grants Program	Sustainable Urban Management II (SUM II) IQC	✓	
IQC Competitive Grants Program	Hygiene Improvement Project (HIP)		
IQC Task Order	Point-of-Use and Zinc Program (POUZN)		
IQC	Architecture and Engineering IQC	✓	✓
IQC Task Order	Sustainable Water and Sanitation Activity in Africa (SUWASA)	✓	✓
Leader With Associates (LWA)	Global Water for Sustainability (GLOWS)	✓	✓
PIO Agreement Letter	UNICEF	✓	✓
IAA	U.S. Centers for Disease Control (CDC)		
PASA	USG Water Sector Short-Term Technical Assistance (including USACE, NOAA, USGS, etc.)	✓	✓

TECHNICAL AREAS OF EXPERTISE

Sanitation — urban	Sanitation — rural	Hygiene promotion	Water resources management	Water productivity (agriculture, industry, fisheries, energy sectors)
✓	✓	✓		
✓	✓	✓		
✓	✓	✓	✓	✓
✓				
✓	✓	✓		
	✓			
✓	✓			
✓	✓			
✓	✓		✓	✓
✓	✓	✓		
		✓		
✓	✓	✓	✓	✓



CASE STUDIES

Alliance Focuses on Sustainable Water Treatment and Regulatory Compliance	
Project:	Philippine Sanitation Alliance
Objective:	To increase sustainable urban water treatment by partnering with water utilities, foundations and private companies to build treatment facilities that use appropriate technology and employ user fees for full cost recovery when possible.
Partners:	USAID, local governments, industry associations, philanthropic groups and multiple private sector stakeholders such as hotels, restaurants, and real estate developers.
How the alliance works:	The alliance works with a variety of partners to improve urban waste treatment. Once partners have indicated their willingness to collaborate, the alliance presents technology options for water treatment, walking the partners through design considerations and legal requirements like water quality standards. Partners pay the cost of infrastructure for their facilities. The private sector is legally required to have water treatment facilities, but enforcement is often lacking or weak.
Partners' Contributions:	<p>USAID: Financing, advisory services, training on financing and project design</p> <p>Industry associations: Presentation of partnership to membership.</p> <p>Private sector stakeholders: Financing for infrastructure, co-financing of employee training, facilities and food for training sessions.</p> <p>Local governments: Support to alliances by sharing information on regulatory requirements; collaborating with private partners but with real threat of sanctions for continued non-compliance.</p>
Lessons Learned:	In spite of weak enforcement of water quality regulations, companies can be encouraged to comply by more than just the threat of fines or sanctions. Both the public and private sectors may welcome collaboration around regulatory compliance.

Entrepreneurs and Small Enterprise: Bringing New WASH Solutions to Market

Project:	WaterSHED (Water, Sanitation and Hygiene Enterprise Development)
Objective:	To promote the sustained uptake and proper use of commercially-delivered WSH products and services among lower-income populations.
Partners:	University of North Carolina Gillings School of Global Public Health (prime), USAID, East Meets West Foundation, Hydrologic Social Enterprise, International Development Enterprises-Cambodia, Lao Water Resources, Inc., Lien Aid, Enterprise Works/VITA, and World Toilet Organization.
How the alliance works:	Launched in 2008, the WaterSHED GDA improves access to safe water and improved sanitation and hygiene for Base of the Pyramid consumers in SE Asia. WaterSHED implements the Paul Simon Water for the Poor Act using a business incubator approach. The goal is to bring affordable water and sanitation products to urban, peri-urban and rural markets by leveraging local distribution channels and entrepreneurs. Products and services offered by WaterSHED partners include ceramic water filters, rainwater harvesting systems, household latrines, and village water supply and sanitation systems. As a regional alliance, WaterSHED links WSH programs, partners and products across countries, testing innovative business models, exchanging lessons learned, and leveraging scale-up opportunities made possible by a regional approach. In addition to its main implementing partners, other collaborating partners include: World Bank, WHO, Asian Development Bank and Gates Foundation.

“We had problems with one water alliance because we did not make explicit the scope of project types that were eligible for GDA funding. Some projects ended up falling through, and the money was eventually applied to other projects. Clear and accurate communications with partners is critical.”

JESSICA TULODO,
USAID/EGAT/I&E

<p>Partners' Contributions</p>	<p>UNC: Program management, M&E, technical expertise in public health & enterprise development, funding and managing other partners' contributions</p> <p>USAID: Matching funding, technical expertise, oversight</p> <p>East Meets West: Implementation in Vietnam</p> <p>Hydrologic Social Enterprise: : implementation in Cambodia</p> <p>IDE Cambodia: implementation in Cambodia</p> <p>Enterprise Works/VITA product supplier in Cambodia</p> <p>Lao Water Resources: implementation in Laos</p> <p>Lien Aid: implementation in Cambodia</p> <p>World Toilet Organization: implementation in Cambodia</p>
<p>Lessons Learned:</p>	<ul style="list-style-type: none"> • Aspirational products promote uptake and sustained use • Subsidies should be focused on software, not hardware • Financing is a key barrier to uptake in many settings • Packaging and bundling of existing products can be as effective as developing and marketing new products • Incentives/rebates can be an effective "smart subsidy" • Effective product design must accompany behavior change communication activities to ensure sustained use and uptake





A big part of our training [with potential private sector alliance partners in water treatment systems] is to make them aware of all the ramifications of system maintenance. It's so critical. Our motto is, "if you can't maintain it, don't build it."

MARY JOY JOCHICO, USAID/PHILIPPINES



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