

Millennium Challenge Corporation Hosts World Water Day Web Chat

Speakers

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Transcript

MCC Moderator: Welcome to MCC's World Water Day Web Chat.

MCC Moderator: We'll get started in a few minutes.

MCC Moderator: I am pleased to introduce Dr. Omar Hopkins, MCC's Associate Director for Infrastructure, to talk about MCC's water programs today.

Omar Hopkins: Hi everyone and thank you for joining us today. MCC is pleased to recognize World Water Day.

Water is fundamental to sustainable development and the lack of clean water most impacts the world's poor, particularly their health and education.

Water and sanitation investments help reduce illness from water-borne diseases that tend to disproportionately affect women and girls' livelihood and education.

Access to clean water and sanitation reduces the labor and costs associated with collecting water of uncertain quality from distant sources.

Girls and women bear the majority of the impact because they are primarily responsible for collecting water. MCC's partner countries have a number of programs aimed at improving access to water supply and sanitation and thereby removing critical constraints to economic growth and poverty reduction.

I am happy to take your questions now.

Susan Otchere: Where does the MCC water effort and the USAID Water earmark intersect?

Omar Hopkins: The Water for the Poor earmark obviously applies to USAID, but not to MCC since we have a different business model and budget. That said MCC and USAID are working together in many countries to collaborate based on our respective institutional strengths.

David Baxter: How important is water going to be to MCC future compacts?

Omar Hopkins: The MCC model is responsive to proposals put forth by our partner countries - so in some sense we react to the needs that they express. That said we are currently working with the Government of Jordan to develop their compact that will consist entirely of water supply and sanitation activities.

Liza Douglas: How does MCC address the problem (and sustainability factor) of water governance, namely, the local governments' ability to administer and monitor water access? We find this to be the major challenge, almost more so than infrastructure.

Omar Hopkins: Long term sustainability is critical to our willingness to fund projects. MCC has published due diligence guidelines (available on our website: www.mcc.gov) on water supply and sanitation - and an important part of that due diligence is a critical examination of the proposed approach to operations and maintenance.

Michael Shor: How does a small company with an outstanding cost effective product get to work with you to help with this problem?

Omar Hopkins: The MCC model is such that our partner countries are responsible for the procurements required to implement their projects. So ultimately they are the client. That said MCC pays great attention and care to ensure that all proposals are reviewed in a fair and transparent fashion. All MCC related procurements are posted at: <http://www.mcc.gov/mcc/procurement/index.shtml>.

Miriam Carroll Fenton: How does MCC plan to evaluate the impact of its individual water projects/programs?

Omar Hopkins: Great question. As part of MCC's due diligence we develop an economic model (a hypothesis) that predicts economic rates of return and how those returns are distributed across the population. During the compact and after its conclusion MCC is conducting and will conduct studies to assess our ex ante assumptions

and assess the final impact of the project(s). More information on ongoing and planned studies can be found here: <http://www.mcc.gov/mcc/panda/activities/impacetevaluation/ie-sectors/sector-water.shtml>

Kristina Kohler: What is the balance of MCC's programmatic focus between rural and urban/peri-urban investments?

Omar Hopkins: Again, MCC responds to the demands expressed by our partner countries. In general most of that demand has been for urban water supply and sanitation with a smaller fraction for rural water. Given that we are in an increasing urban world and that most population growth is forecast for urban areas the distribution of expressed demand is not surprising. The fact sheet provides more detailed information.

Jennifer Key: How does MCC define water projects?

Omar Hopkins: We follow the general definitions used by other US government agencies which is basically: (1) water supply, sanitation, and hygiene, (2) water resources management, and (3) water productivity which includes irrigation.

Lena Buell: Can you provide some examples of particularly successful programs in water quality and sanitation, and speak to why such an implementation was successful?

Omar Hopkins: None of our water related compacts is complete so all are still works in progress. I just returned from Mozambique yesterday which is a successful program though not without its challenges. One very successful feature is our close collaboration with the World Bank on the development of an institutional management model for small and medium sized towns which is a traditionally underserved segment in water supply and sanitation.

Kristina Kohler: How do you engage with partners? What type of partnerships (entities? formats? cash or in-kind?) are attractive to MCC watsan programs?

David Baxter: How does MCC define traditional communities water rights?

Omar Hopkins: Kristina, again the MCC model is that countries are themselves responsible to define the project *and* to implement. As a practical matter this means that the types of partnerships that MCC forms are necessarily different from those that are partners are pursuing. Our country partners use a variety of mechanisms to work with partners including contracting, grants and in general have a wide latitude to identify and use the most appropriate mechanism - so long as it maintains openness and transparency.

Omar Hopkins: David, MCC's Environment and Social Assessment guidelines address community rights including water rights. Managing property rights and doing no harm is a important area and as one might well imagine one on which we spend a lot of time and effort to ensure that everyone is "made whole" at the end of a project. The link to our ESA guidelines is: <http://www.mcc.gov/mcc/bm.doc/20-enviroandsocialassessment.pdf>

Susan Otchere: Can you speak to an anticipated period on rate of return on MCCs investment given the development challenges countries face?

Omar Hopkins: Susan, the economic models are available on our website (<http://www.mcc.gov/mcc/panda/activities/err/index.shtml>). However, in general we use the economic life of the asset as the period in question. So obviously the period between a rural water point and dam will differ.

Lena Buell: Does MCC anticipate expanding its WatSan compacts beyond its current partners, specifically in any countries in Asia?

Omar Hopkins: MCC's model is that we are demand-responsive rather than supply driven so it is hard to predict what projects will be proposed, or even which countries will be invited to submit proposals. Here is a list of countries with whom we are currently engaged (<http://www.mcc.gov/mcc/countries/index.shtml>). Every December the MCC Board selects eligible countries.

Joseli: The last two links do not work...

MCC Moderator: Please try taking off the parentheses and see if that works.

LHerda: How much money is MCC investing in water, or what percentage of MCC's portfolio is water projects?

Omar Hopkins: To date MCC has invested about \$1.3 Billion in water related projects. Of this number about 40% is for water supply, sanitation, and hygiene and 60% for water productivity and irrigation. Given that we have about \$7 Billion in signed compacts water projects represent about 18% of the total.

Rakiyah Canty: I read that MCC efforts in Lesotho include a water project to provide needed infrastructure to deliver water to garment and textile factories as well future industrial projects, which will, in turn, produce more waste water. How are environmental and social impacts to approved projects addressed, such as the proper treatment of this wastewater?

Omar Hopkins: Our water supply investments in Lesotho are focused on improving the Maseru municipal water supply system. That system serves households, commercial institutions, and of course industrial users. The project does not specifically target industrial users, but obviously cannot exclude them either. That said our Infrastructure Environmental and Social Assessment due diligence standards apply to all our projects - the links are previously referenced.

MCC Moderator: We'll take one last question before we wrap things up.

Ivy Mungcal: Can you talk more about the compact you are developing with Jordan?

Omar Hopkins: The Jordan Compact is still under development and nothing is certain until MCC's Board approval. However in broad terms that Compact may cover water resource management, water supply improvements and particularly non-revenue water management, sanitation collection system expansion, and an expansion of wastewater treatment. The geographic target zone will be Zarqa which is one of the poorest parts of Jordan. Here is a link for more information: <http://www.mcc.gov/mcc/bm.doc/qsr-dev-jordan.pdf>

MCC Moderator: Thank you everybody for participating. The transcript will be posted to our website in the next several days.