

## US-AEP Strategy Design

Town Meeting – Washington, DC

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10:30 am- 12:00 Noon

### Attendees

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## Meeting Notes

Monica McQueary of the USAID/ANE Office opened the meeting by welcoming everyone and gave an overview of the process through which the new US-AEP strategy was being designed. She noted that the parameters cable under which the Assessment Team was working stated that the areas to be considered were water, air, especially in the urban context, and governance as a cross cutting theme. She stressed that USAID wanted this to be an open process and that comments and questions were welcome as the strategy being presented today was in draft form, and that the final strategy could in fact look different. She informed the audience that USAID has contracted with International Resources Group (IRG) to undertake and support the assessment and strategy design, and that the Strategic Assessment Report would be on the US-AEP website later this week or early next week. She closed the opening remarks by noting that the Environmental Strategic Objective still needs to be finalized and that the purpose of today's town meeting was to present the draft strategy and have a facilitated discussion. She noted that no procurement or program management information would be presented or discussed at the meeting today.

Handouts of the presentation of the draft strategy were distributed to everyone at the meeting (and will also be available on the US-AEP website).

Glen Anderson, the Strategy Design Team Leader, then gave a summary of the Team's trip to Asia, consultations, and activities to date and then gave a presentation of the draft strategy, which is attached to these notes.

Following the presentation, the floor was opened to comments and questions, facilitated by Patricia Garcia of TRG.

### Q&A – Comments

The main question or comment is stated next to each number; following that, associated discussion is noted:

1. Peter Macy (CDM) made three points: (1) He suggested that the presentation and strategy put more emphasis on the theme of *sustainability*, which at the moment is not highlighted as a fundamental purpose of the draft; (2) He noted that the draft did not include much on wastewater, and that there are key linkages between provision of water and wastewater treatment in municipal financing and the other components presented in the water strategy. He suggested that more consideration should be given to those linkages; (3) He said that the draft strategy did not address efficiency and water demand management measures (such as repair of pipes, leak protection) which may be less expensive options for providing water to the poor than focusing on tariff structures.

*Frank Peacock (IRG consultant) responded to point (3) by saying he saw that setting water tariffs appropriately is in fact a water demand management measure, and that at the present time tariff setting and collection in Asia is a critically important problem, because low tariffs*

*do not allow utilities sufficient funds to give water access to the poor. He said that fixing pipes and leaks were adequate short term measures, but did not solve the fundamental problems.*

P. Macy responded that though that is true, he urged that other less expensive measures to manage demand be considered.

*Glen Anderson addressed point (2) saying that the team considered including wastewater and the linkages between water provision and wastewater treatment, but found that, throughout the Asian countries considered, there was little interest or willingness to pay for wastewater treatment and that with limited program resources, it made more sense to focus the program on water access for the poor.*

2. John Mizrock of the World Environment Center noted that in his experience tariffs are not as important as training and technology. He noted that leakage and theft were fundamental issues to be addressed. He noted the need for metering, benchmarking, and dealing with corruption. He cited an example in Brazil in which productivity of water provision was increased by 40% by dealing with theft and leakage.

He then asked three questions: 1. Does the strategy deal only with municipal water supply, or also industrial wastewater; 2. Will it promote only stage 1 water treatment, or follow EPA's recommendation for 3-stage treatment; 3. Did the team meet with Ministries in the countries visited and what did they think of the strategy?

*Glen Anderson responded that the program's water component focuses on water access, not on industrial or municipal wastewater treatment. On the question about ministries, he responded that the team met with Ministries. He noted that the Team's instructions were to focus on water, air, and governance, primarily in the urban context. In all the Asian consultation, the team informed participants of the urban water/air focus and the questions asked to the Ministries centered on those themes, as did their answers.*

*Frank Peacock added that most Ministries were not dealing with urban water supply at all and that no government entity in the countries visited actually had the mandate to provide water to everyone. He noted that large population growth was expected for Asian cities in the next 20 years, yet little planning was underway to dealing with this challenge, and that water provision to the growing number people needed to be put on the political radar screen. He reiterated that planning programs for water were not in place for Asia, yet for air, there was more planning underway.*

3. Katherine Grover of EPA asked about the proposed 80-20% split between water and air in the draft strategy. She asked what were the US interests involved, and noted that there were huge unmet needs in air as well.

*Monica McQueary responded that the parameters cable directed a focus on air and water, and that, based on the assessment, an innovative program would have greatest impact in focusing more on water, which could link with US interests in the Millennium Development*

*Goals and the Presidential Water for the Poor Initiative. She noted that an all water strategy was considered, but that the parameters cable noted an earmark for Global Climate Change, so air was included as well, but the conclusion was that a regional program at this point could do more innovative work in water.*

*Glen Anderson added that a recent Economist article noted that little progress had been made in Asia in achieving the millennium development goals outside of meetings workshops or strategies and declarations. He remarked that Asian countries were stating that they would achieve all the water related goals by 2015, but that based on what the team witnessed in Asia, the countries did not have action plans or programs in place and seemed very far from achieving the goals.*

4. Katherine Sibold of EPA asked whether the program was going to take global climate change into consideration in selecting cities, noting that climate change will differentially affect cities and countries with respect to precipitation and temperatures. She indicated that there are links between GHG emissions and both water and air issues in cities and that some interventions in the new program could be beneficial in reducing GHG emissions.

*Glen Anderson agreed with this second point, noting that enormous amounts of energy, affecting air, were being used in Asia for pumping water and that there was clearly a nexus between the two. He pointed out that one of US-AEP's greatest strengths as a program was its flexibility, but that it had relatively few resources to tackle what all agreed were enormous problems. He noted the tensions between focusing the air program on global climate change only, or to deal with measures that improve air quality, but may not primarily reduce GHGs. He noted that the program should retain the flexibility to work on air activities that make the most sense in a given city in a given situation.*

5. John Butler noted that Global Climate Change provided a good arena in which to focus in technology transfer and investment, because, though emissions inventories (noted as a focus of the draft strategy's air component) are useful, they are long term activities. Also, he noted that a strong aspect of US-AEP has been partnerships between richer, more advanced Asian nations (like South Korea, Hong Kong, Singapore) and poorer less advanced countries in Asia. He asked how the new program would handle this and he asked what countries were targeted for the program?

*Glen Anderson answered that the team did not visit the more advanced countries noted, but recognized those partnerships are positive to the program. He said he did not see anything to prevent the program from continuing to develop such partnerships.*

*Monica McQueary added that the new strategy's focus was now turning to cities rather than countries as in the past. More advanced countries and cities could be brought into partnerships for twinning, best practices, and lessons learned activities as part of a regional dialogue.*

6. Alex Patico of IIE asked "what was on or off the table at the outset?" He asked whether Missions were interested in our strategy.

*Glen Anderson responded that the visits to the Missions focused on fact finding and information gathering for the assessment report under the guidance of the parameters cable. The purpose of the visits was not on presenting a strategy. He noted that the Strategy itself was not developed before the Ministry or Mission visits, but afterwards.*

*Monica McQueary added that this draft strategy was new, and was in the process of being vetted with Missions.*

7. Bruce Byers (ARD) noted that programs have to focus, but that there are many examples of forgetting the larger ecological context in which cities exist. He asked how rural-urban, watershed, and, upstream issues were linked in US-AEP.

*Glen Anderson answered that a broader watershed approach was considered and that the team visited the Mekong River Commission in Laos, and that US-AEP currently has such activities underway in Ta Chin, Thailand and Laguna Lake, Philippines. He noted integrated water resources management and better management of watersheds was critical, but that again the issue was about where this program could focus to have greatest effectiveness and impact, so the conclusion was to focus on basic water access issues.*

8. Mohamed Chabaane (DAI) noted that water is by nature local, and that demand management is critical; the focus on sustainable use should be greater to ensure the sustainability of water as a resources. He noted that demand management measures would save water.

*Frank Peacock agreed that such demand management issues as metering and leakages should be dealt with, but did not solve the real problem.*

9. Chris Watley (CSG) made the observation that the strategy presented made a compelling case. He noted that US-AEP in the past had been rather amorphous and that this narrower and more human-focused definition was good. However, he noted there may be a downside, which was that leveraging could be more difficult than when the program's scope was very broad and could accommodate a large spectrum of activities of many areas. He said it may be more challenging now to accommodate different funding interests in the new program.

10. Jason Wolfe (Enterprise Works, formerly Appropriate Technologies) asked about the rationale of focusing only on outdoor air pollution, not indoor pollution, which also has important health impacts, especially on the poor.

*Glen Anderson agreed that indoor air pollution was indeed a very important problem affecting the poor in both urban and rural settings in Asia. He remarked that the conclusion was, with limited resources, to focus on outdoor air, but that if a given city wanted to undertake indoor air activities, US-AEP may be in a position to help.*

11. Ian Fitzsimmons (IIE) noted the ambitious scope of the new strategy saying it was integrated and thoughtful. He remarked that because of its ambitious scope the strategy needed to articulate how it would be effective as a regional strategy. He suggested that ways of doing that are to

stress that partnerships are a special aspect of the program and that US-AEP can do things that bilateral Missions and donors cannot; and that the regional focus is special.

*Glen Anderson replied that the program was ambitious because the focus would be on cities. He said the new key assumption, developed from the assessment, was that it would take a couple of very good success stories to show impact at a broader scale relying on cities in the region to replicate these successes. He noted that the team saw that there was great willingness on the part of Asian partners in sharing and to learn more about other Asian successes and to do more. He said this attitude would make program resources go farther. He also noted that there was a clear picture of the leverage US partners could provide, but less so for Asian partners. He noted the current program has more good, long term Asian partners than the team expected to find, but that there is still much untapped potential there.*

12. Collin Green (NREL) asked whether the whole air component was to be funded by the Global Climate Change (GCC) earmark. He noted that the activities on the air component presented in the draft strategy were not clearly linked to reduction of GHGs, so how will the air program deal with GCC?

*Glen Anderson responded that he agreed this was still an issue, and that the air program component was still not clearly focused in terms of activities that improve air quality in cities vs. integrated air pollution strategies that focus on GHG reduction, which is a longer term process.*

Collin replied that the proposed focus dealt more with inventories, monitoring, modeling, not measures to reduce GHG.

*Glen responded that that was a weakness in the presentation, because it was envisioned that the new strategy would have measures emphasizing reduction of air emissions, not simply interventions related to improved air quality planning.*

13. Adam Chambers of NREL asked about the calculus that led to the 80-20% split in program resources.

*Monica McQueary replied that it was changeable and was a best guess based on the parameters cable which noted a \$2 million earmark for Global Climate Change activities.*

*Doug Clark (IRG) noted that the parameters cable had a section on roads not taken and that the direction given on air was much narrower (solid and hazardous waste, and energy not to be considered) than that given on water, which did not have boundaries.*

Monica McQueary then closed the meeting saying that additional comments could be sent to her, and that the strategy was expected to be approved in November. She reiterated that the Strategic Assessment Report would be on the US-AEP website late this week or early next week.