



Partners for Water Bangladesh Platform meeting, 2 April 2024

Breaking the Build-Neglect-Rebuild (BNR) cycle in Bangladesh



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EXPERT INSIGHTS AND LIVELY DISCUSSIONS AT THE BANGLADESH PLATFORM MEETING – MAIN REPORT

How can we break the Build-Neglect-Rebuild (BNR) cycle in Bangladesh? 36 water experts from public and private organisations, knowledge institutions, and NGOs met on 2nd April in The Hague at the Bangladesh platform meeting to discuss this pressing issue. Together they delved deeper into the root causes, discussed their experiences and lessons learnt on addressing this stubborn challenge, and uncovered how to get operation and maintenance higher on the agenda for improved asset management.

Focus on improved asset management

Neeltje Kielen (Delegated Representative for Water at the Embassy of the Netherlands in Bangladesh) explained that Bangladesh is set to become a middle-income country in 2026, so the Netherlands will phase out its development assistance by 2030. Her special assignment in Dhaka is to see how to facilitate the transition to a more diversified relationship between Bangladesh and the Netherlands with different financing, and a greater cooperation with the private sector and knowledge institutes.

Michiel Slotema (RVO) explained that another of Partners for Water's areas of focus is asset management, at three levels:

1. At grass roots level and on in-polder water management;
2. At an institutional level with the Bangladesh Water Development Board (BWDB)
3. And at policy level, in order to increase the budget for Operations and Maintenance (O&M).

Root causes of the BNR cycle and agenda-setting

To provide some background before delving into the discussions, David Mornout from MetaMeta presented the report commissioned by Partners for Water to carry out an initial exploration to uncover some of the main root causes of the BNR cycle in Bangladesh and establish a shared agenda.

David revealed the report's methodology: researchers engaged with stakeholders in Bangladesh on the root causes they saw for BNR, and on possible agenda points. After a literature review, MetaMeta and the Institute of Water and Flood Management Bangladesh University of Engineering and Technology (IWFM BUET) co-created the report with the stakeholders to establish a collective agenda to work collaboratively on this.

The report identified four root causes of BNR in Bangladesh:

1. Insecure and insufficient O&M funding for the BWDB;
2. Delayed emergency responses;
3. The lack of an asset management system and
4. Inadequate management of river sedimentation.

Systems, Institutions and BNR

Next up was the first dialogue, during which Assela Pathirana (IHE Delft) unravelled the complexities of systems programming to address the BNR cycle and Feroz Islam (WUR) discussed his reflections on bridging the worlds of food and water.

A systemic and holistic approach to tackling the BNR cycle is definitely needed, but why is it so difficult to implement? Assela began by sharing an example from his work as a chief technical advisor for water engineering in the Maldives. He visited an island to commission a new desalination plant in the Maldives in 2020, but discovered a previous plant from 2005 that was unused, broken down and forgotten! He also shared examples of water management approaches that did work: he confirmed that when stakeholders become shareholders, when communities have ownership of the facility, projects usually run smoothly. The management of very large infrastructure, for example of the type managed by Rijkswaterstaat is of course an exception, as it cannot be managed by a community. But Assela explained that we need to get as close as possible to the community to make them part of the management process. Wherever possible, a decentralised approach works.

Assela went on to share three key points: First, asset management is not just O&M, it's the connection between O&M and the long-term strategy. It's about the whole life cycle of the investments. Second, he explained that there are no shortcuts when providing infrastructure services, especially in low- and middle-income countries. Finally, he felt that there were no single villains, everyone is a victim in the BNR cycle. All parties need to work together at all levels, bottom-up and top-down, as this is the only way we can break the BNR cycle.

Feroz Islam discussed his experience working with IWM and collaborations with the Bangladesh Water Development Board (BWDB), which has a chronic lack of funding and staff. The Board's O&M budget is mostly spent on emergency repairs, rather than on preventative O&M. Feroz explained that in order to make changes and support the BWDB towards more proactive O&M, a vision for the future must be created. It is not just the Board's agenda to maintain water infrastructure. End users need to be involved and take ownership. Managing sediment in rivers is very challenging. Feroz explained the importance of a collaborative effort along with a vision for the future that includes the stakeholders, and not just the BWDB.

Privatisation is often touted as a solution in the rural water development sector when community participation becomes overly politicised, but as Assela explained, privatisation doesn't work well for utilities services because firstly, private companies have to deal with day-to-day stakeholder sentiments, and stock prices go up and down depending on perception. But for utilities, a long-term view is needed. Secondly, in low- and middle-income countries, the role of the regulator is key. Without an effective regulator, privatisation can be detrimental. He concluded that privatisation is not a silver bullet, though some good lessons can be learned from how private enterprises work.

Private sector engagement and social inclusion

Sarah Kalin (Aqua for All) and Melvin van der Veen (Both ENDS) were the expert speakers for the second dialogue, which addressed the issues of private sector engagement and social inclusion. Aqua for All is a foundation working towards facilitating access to clean water and good sanitation for all, via market-based solutions. Sarah Kalin explained how the private sector has a real opportunity to operate and retain the value of the infrastructure and the capex investments being made by NGOs and public investors. As available funding is insufficient, the private sector can also leverage more private capital into the sector for the provision of water and sanitation services.

As mentioned by the previous speakers, she also felt it was vital to align the stakeholders at all levels, in other words the community, NGOs and CBOs, the private sector and the government, in order to shift the mindset towards a holistic and effective approach. Furthermore, private sector actors should also be required to ensure water services are offered at an affordable rate in order to increase access for users. Sarah shared examples of sustainable models at operational level that can work to leverage existing investments in capex and infrastructure in Bangladesh. These are the SWEEP model, which facilitates public-private partnerships between municipalities and entrepreneurs to provide pit emptying services for low-income communities, and DrinkWell, a social enterprise operating safe drinking water kiosks via a PPP with Dhaka Water Supply and Sewerage Authority (WASA).

Melvin, who works at the environmental justice organisation Both ENDS, then discussed social inclusion in water management. First he explained how sedimentation in rivers has caused water logging inside polders. In the 90s, local people cut embankments themselves to drain stagnant water. This inspired tidal river management, an ecosystem-based approach that builds on the local knowledge and expertise of people in the area. These polders were built in the 60s and 70s with a top-down approach and locals were not involved in its design, implementation and operations & management. Today Both ENDS is working with Uttaran (a grassroots NGO) on a people's plan, a bottom-up ecosystem-based approach. The challenge is now to ensure that from the top down, the government institutions also embrace that plan, and then get the financiers on board.

Melvin highlighted that we must ensure public institutions are responsive to people's demands, that they are as close as possible to the people and that communities are involved in the decision-making processes. We shouldn't just place the burden on the individuals at the most local level and ask them to manage their resources and infrastructure on their own. He concluded that it's important for NGOs to raise the concerns of the people at events like this platform meeting today. It's vital that we don't just think in terms of projects, but that we also raise the voices of the people and engage in partnerships for the long run.

Financing priorities and sustainability in infrastructure projects

For the final panel, Mathijs Van Ledden (Consultant for the World Bank) and Bassel Younan (Invest International) shared their experiences of financing priorities and sustainability in infrastructure projects.

Mathijs is involved in the coastal embankment improvement project in Bangladesh financed by the World Bank, so he discussed BNR from the perspective of that project and the coastal infrastructure. He shared a potentially controversial opinion: he believes that the type of financing is not a root cause of BNR. He explained that if we examine O&M practices in general, the BNR cycle is widespread with all assets, which is why a different type of financing will not fix the issue. He believes that experts need to think more carefully about what the root causes are.

An important challenge faced by the World Bank is the implementation time of large infrastructure projects and sufficient disbursement during these projects. In general, it seems governments are more interested in tangible investments in infrastructure, while investments in soft components (e.g. building knowledge capacity or improvements in O&M procedures/capacity) sometimes receive less support or attention. The World Bank came to an agreement with the government of Bangladesh for the coastal embankment improvement project: it managed to stipulate that 15 million dollars (or 4%) of the 400-million-dollar project would be spent on a large research programme (in parallel to the infrastructure investments) in order to better understand the system's behaviour for both present and future conditions. That knowledge is critical to inform future generation coastal embankment improvement programmes in the coastal zone.

There was a lively discussion among participants about the complex issue of repairs to the embankments along the Bangladesh coastline, and whether this is a sustainable solution. In the event of a disaster, embankments obviously need to be repaired, even if it only solves the problem for a short time, but we need to consider the coming 50 or 100 years in order to ensure that 40 million people can still live there without being flooded over and over again. Melvin van der Veen concluded that we also need to think about how the ecosystem works in order to solve this complex problem.

The World Bank provides financing for capex to rehabilitate and upgrade coastal infrastructure and the responsibility of opex is with the government because the asset ownership of these systems lies with the government. The financing of these investment projects is structured in such a way that the actual financing of O&M needs to be carried out by the government (except for some small support for building capacity through the formation of Water Management Organizations etc. during implementation).

The time required to implement large infrastructure projects is generally much longer than originally anticipated. For example, the original timeline of the coastal embankment improvement project (400-million-euro project) was five years, but for various reasons, it turned out to be much longer. As a comparison, a much smaller 25-million-dollar investment to build a rural road in the Netherlands took 14 years, Maasvlakte 2 (roughly US\$ 1.5 billion) took over 30 years from the initial concept drawings (late 1980s) to the final realization (around 2010). A more realistic planning of large infrastructure projects with longer implementation time could also help provide a more sustainable improvement of O&M capacity, in parallel to the works.

Mathijs reminded us that the World Bank is not an independent institution but functions as an entity on behalf of the governments of its member countries. He suggested one possible direction for change: If we want a different approach, we must influence our governments to take it forward. Another path would be to convince the government of Bangladesh to invest more time and money. He concluded that relationships should be built at the highest level between the Netherlands and Bangladesh in order to ensure that the top decision-makers understand why O&M is so important and how this lesson was learnt by us over many centuries and through multiple large flood events.

Mathijs concluded that the World Bank could make more use of its convening power to bring people together to discuss the organisation of O&M funding, but governments must show willingness and openness for these discussions. The World Bank can convene, but governments need to act.

Bassel explained that Invest International implements and manages funding and financing programmes on behalf of the Dutch ministry of foreign affairs. It provides loans like the World Bank does, but also a considerable amount of grants for the delivery of impactful public infrastructure projects. Invest International is demand-driven and only engages in projects which are a priority to the partnering government i.e., where the government takes ownership of the project being financed. Invest International usually engages when feasibility studies and/or other studies have been completed and the implementation phase can commence. As part of its internal appraisal process, Invest International considers, among other aspects, the local government's commitment and ability to fund the O&M phase when construction is completed. One key risk is that local government priorities can change which means that some commitments might not be followed through.

Bassel revealed that Invest International follows the local procurement regulations complemented by its own guidelines, for example in the form of quality-based tendering. This means that contractors are not only evaluated based on their cost proposal but also on quality metrics including sustainability. Performance-based contracting could also be employed when it makes sense; in this model, the contractors are not only responsible for delivering the infrastructure, but are also involved in operating and/or maintaining it throughout part of its lifecycle with payments linked to how it performs.

He explained that governments are not generally willing to borrow for O&M. He suggested a possible solution to this challenge: governments must demonstrate that they can maintain existing projects before requesting funding or financing for the implementation of new ones. If financing becomes conditional on O&M incentives, this could offer a way to break the BNR cycle.

Conclusion: An agenda, a dialogue and a long-term process

Throughout the platform meeting, participants delved into critical topics such as stakeholder ownership, community involvement in water management, and the importance of viewing asset management as more than just operations and maintenance, but rather as a holistic connection to the larger system.

The discussions on the necessity of both top-down and bottom-up approaches, as well as the need for visionary leadership within organisations were particularly enlightening. Participants shed light on the complexities of infrastructure financing, operational dynamics, and the importance of long-term planning rather than short-term, project-based thinking in order to ensure sustainable water management practices.

Furthermore, insights on the role of NGOs, the significance of public-private partnerships, and the imperative of addressing social exclusion within water management frameworks underscored the multifaceted nature of the challenges we face and the opportunities to address the BNR cycle.

Neeltje Kielen concluded that ‘there’s no magic bullet when it comes to tackling the Build-Neglect-Rebuild cycle. We need an agenda, a dialogue and a long-term process.’ Governments, civil society and the private sector all have a role to play. We need dialogue to move this agenda forward, and this dialogue is part of a long-term process. We must stop Business As Usual, and do unusual business in order to think differently and collaborate differently.

It’s clear that the path to adaptive and inclusive asset management requires collective efforts, collective consensus and a shared change agenda. There is a lot of convening power in the government, civil society organisations and the private sector, not just at the level of the financiers. We must use this power at all levels, in order to bring the parties around the table. At Partners for Water we like to support this in order to provide an enabling space for this.



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