

Making every drop count



An assessment of donor progress towards the water and sanitation target

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WHO Director General Jong
Wook-Lee, January 9, 2004

‘When the world sets these targets for 2015, it seems too soon to take urgent action, and then, after a few short years, it seems too late. And when you need everyone on board to reach the targets, you can end up with the hazard of everyone waiting for everyone else to risk making the first move. We still have time to avoid these pitfalls with the targets for 2015, but to do so we have to act now.’

Contents

| | | |
|----------|--|-----------|
| | Executive summary | 3 |
| 1 | Introduction | 8 |
| 2 | The targets | 10 |
| | Ambitious plans for great needs | 10 |
| | The detail of the target | 11 |
| 3 | Common policy approaches and international agreements | 15 |
| | Learning lessons from the 1980s | 15 |
| | 1990s to today | 15 |
| | Gender | 17 |
| | PSP | 19 |
| | Cost recovery | 20 |
| | Decentralisation | 21 |
| | Polluter Pays Principle | 23 |
| | Tied aid | 24 |
| | International targets | 24 |
| 4 | The PRSP paradigm | 25 |
| | Process | 25 |
| | Conditions | 27 |
| 5 | The scale of the problem | 28 |
| | Water and sanitation | 28 |
| | Rural and urban | 30 |
| | Countries in most need | 30 |

| | | |
|------------|--|-----------|
| 6 | ODA to water – quality and quantity | 32 |
| | Explaining the data | 32 |
| | Overall aid flows | 32 |
| | Regional breakdown | 34 |
| | Income breakdown | 36 |
| | Country breakdown | 38 |
| | Purpose breakdown | 40 |
| 7 | Coordination at international and country level | 44 |
| | Why coordination is so important to the water sector | 44 |
| | International meetings and agreements | 45 |
| | International bodies and initiatives | 46 |
| | African regional initiatives | 46 |
| | Coordination at country level | 47 |
| 8 | Conclusions and recommendations | 50 |
| | References | 56 |
| | Appendices | 63 |
| Appendix A | Countries ‘most in need’ – statistics | 63 |
| Appendix B | DAC list of Developing Countries and Territories receiving Official Development Assistance as at January 1, 2003 | 64 |
| Appendix C | Initiatives | 66 |

Executive summary

This report is firmly set in the context of the Millennium Development Goals. It seeks to establish markers to determine whether donors are taking their fair share of the burden to meet the water and sanitation target which is part of Goal 7 – ensure environmental sustainability.

It is widely acknowledged in the international community that the water and sanitation target is one of the targets likely not to be met by 2015:

'... far fewer countries are on track for making significant gains in water supply and sanitation access than for key health-related outcomes.'

Development Committee of the
World Bank and IMF, March 2003

However, very little is being done to remedy this situation. All stakeholders need to take action to improve this situation, but in this report we set ourselves the task of assessing whether donors are working effectively and consciously towards this target. We identify what more they could reasonably be doing. The three broad and interrelated tasks we identify are as follows:

- Promoting tried-and-tested common approaches that will increase sustainable access to water and sanitation for poor people
- Increasing and focusing finance on countries/regions that are not on track to meet the target
- Working together, pulling in the same direction in order to meet common goals

There are fundamental problems with the definitions, indicators and monitoring of the water and sanitation target, which will hinder its achievement. Currently the definition of 'safe' drinking water and 'basic' sanitation in the target causes problems because the monitoring mechanisms and indicators only identify 'improved' technology types. 'Improved' and 'safe' are conflated, but this is an assumption that cannot be proved to be true as yet. Moreover, many experts consider both definitions too narrow. These problems with definitions lead to problems with indicators used for monitoring purposes. National governments, who provide the data, use very diverse indicators and focus on technology types rather than people. It may be unrealistic to argue for an objective global set of indicators; national situations differ widely. Still, a strong argument can be made for a global definition of 'access' to water and sanitation – to be decided by the Millennium Project in collaboration with the Joint Monitoring Programme (JMP) – accompanied by guidelines for indicators at country level based on technology, distance, time and equity.

Unfortunately, problems with monitoring are not confined to indicators. Many very poor countries simply have no data that can be relied upon. In fact, data on water and sanitation coverage is in a worse state than that for the health and education sectors. Data that is available often fails to distinguish between urban and rural and, unlike all the other targets, there is no agreement on a baseline date from which we can measure progress. This suggests the need for a concerted capacity building initiative in this area.

Key recommendations

- The Millennium Project and JMP should resolve the tension between the target and indicators, and address the narrow nature of definitions as soon as possible.
- The global indicators should be accompanied by guidelines for indicators at country level based on technology, distance, time and equity.
- Donors should be capacity building national governments to improve data collection and indicators.

Promoting tried and tested approaches

We found that the large number of recent international meetings and initiatives have produced many texts advocating similar actions and policies. At this level there appears to be a high degree of consensus about what is needed to bring water and sanitation to poor people. However, one level down, at donor head offices there are mixed levels of coherence with these international agreements. On some important issues, eg: gender, there is agreement on the right approach. But coherence is much weaker on some crucial issues related to poor people's access to water and sanitation. This shows that donors do not wholly support important elements of several multilateral agreements intended to improve access to water services by poor people. Consequently, donors are promoting varying policy approaches in the sector and policies may be being implemented which do not benefit people living in poverty.

This report also highlights gaps in internal monitoring mechanisms important for gauging whether and how these policies are being implemented throughout the agency. Monitoring mechanisms within all agencies and on all issues appear to need improvement. The complexity and size of many donor development agencies as well as the role of country offices in formulating a great deal of policy do make this task very difficult. But it questions whether the policies are at all useful or relevant when they are being agreed at such a high level without country office input.

A further pertinent issue raised is whether these policies actually *require* a common approach. If so, at what level of detail, and what degree of flexibility is appropriate? If there is agreement that flexibility is required then we need to spend less time in international conferences discussing these issues, and more time coordinating policy coherence at country level. Finally, there needs to be monitoring within agencies on the impact of these policies on poor communities and whether they provide the most effective framework for sustainable, affordable services.

- Donors should establish a forum within an existing structure – possibly in the model of the DAC working groups – where donors can learn from each other on how to integrate, implement and monitor key policies that benefit poor people.
- Donors should be monitoring their policies, whether or not they are in line with international agreements, to make sure they are benefiting poor communities.
- The international community should examine whether policies agreed at such a high level are useful at country level, and how they can be made more useful, eg: through country office input, or whether more effort needs to be put into ensuring coherence at country level.

Increasing and focusing finance

Our assessment of donor progress on increasing and focusing finance on the regions not on track to achieve the target revealed that major improvements could be made, especially regarding aid effectiveness to the water sector. Aid should be more evenly targeted on those countries that need most help. Currently none of the top ten recipients of aid to the water sector correspond with the countries we identify as being in most need.

Unsurprisingly the majority of these countries in most need are in sub-Saharan Africa. The ten countries receiving the most aid to this sector received US\$ 446.68 per person without access to safe water, whilst the countries we identify as most in need received US\$ 16.37 per unserved head.¹ Those countries receiving the most water aid are predominantly lower-middle income. Resources therefore need to be refocused on sub-Saharan Africa and other low income countries. Despite the well-publicised debt problem of many developing countries, donors continue to give substantial proportions of aid to the water sector as loans. This is less of a problem for middle income countries, but we believe that the vast majority of aid to the poorest countries should be in the form of grants for a basic service such as water and sanitation.

The OECD has recognised that ‘water projects are slightly less targeted on poverty and gender concerns than are projects in other sectors’. This is definitely reflected in our findings on the type of projects that donors support. Despite repeated calls for sanitation to be prioritised, it only comprises one eighth of all sector spending in Africa. In addition, many donors prioritise funding for large-scale systems over small-scale systems which are more likely to be aimed at poor communities. Some governments are trying to improve targeting of their aid, but as yet there is no common water-specific initiative.

Much has been made of the need to double spending on the sector in order to meet the target. Currently, OECD figures show a downward trend on water sector spending. This should be seen in the context of the move to channel aid through direct budget support and Poverty Reduction Strategy Papers (PRSPs). Yet we know from recent studies that, as a general rule, water is not being prioritised for funding by developing countries. Therefore it is highly likely that overall aid spend to water is not increasing. Governments are not

¹ 1998–2002

prioritising water in their PRSPs for several reasons but the crucial point here is that this is contrary to the priorities of poor people as expressed in participatory poverty assessments. PRSPs have the potential to improve coherence and aid effectiveness in the water sector as well as increase aid allocated to water, therefore it is essential that donors develop a joint strategy with developing countries to improve the profile of water in PRSPs.

Key recommendations

- Donors should double aid to the water sector, with prioritisation for sanitation and hygiene promotion.
- Donors, especially those whose aim is poverty reduction, should focus aid on countries most unlikely to meet the target on their own. According to our analysis this would mean more aid targeted on countries in sub-Saharan Africa (SSA).
- Donors need to work together to agree which countries are priority countries, and which among them should be the 'lead', so that those countries do not have the heavy administrative burden of numerous donors.
- 'Aid for... countries – especially those that are heavily indebted or least developed – should be grants, because further loans would only add to already unsustainable debt burdens' (*Human Development Report 2003*).

Working together, pulling in the same direction

There are several problems that need to be resolved within the water sector with regard to donor coordination. It is evident that there is little effective coordination for the water sector at international and country level.

This is seen in the profusion of international meetings and initiatives, some of which are themselves trying to improve coordination. We are not arguing for all of these meetings to stop but there is a strong argument for giving one, preferably existing, global body the responsibility for organising multilateral meetings on water and for monitoring implementation of agreements made.

This should ensure that international-level meetings are reduced in frequency; it should also ensure that when they do meet they are focused on tackling policy issues that affect poor people at ground level, including more effective targeting of aid to the people in most need.

This global body could also be a central information point for global water initiatives. It could draw attention to overlap and duplication and try to encourage different initiatives to talk to each other. But this dialogue is dependent on strong relationships between donors and could not be the sole responsibility of the global body. Regional-level donor-

led initiatives also need improved coordination, but again this is very much dependent on better donor relationships.

Undoubtedly, coordination is a very difficult task even between donors who are politically and economically integrated, as demonstrated by the slow progress of the EU Water Initiative (EUWI). The 'Nordic plus' group of donors offers the most realistic mechanism for improving donor coordination at international and regional level, although currently they work mostly at country level. It is hoped that they will be effective in persuading others to join their ranks and will be able to produce a water-specific system for coordination. This could include assessing which countries are being neglected and which are being over-served by donors. Having lead donors for each country who have responsibility for improving coordination and reducing the burden on the developing country government of multiple donors is another possibility that could be explored.

Ideally though, country-level coordination would be in the Uganda annual sector review model. The sector review model does seem to offer the best model for country coordination because it is country-driven, involves all stakeholders and can be facilitated via the PRSP process.

- One, preferably existing, global body should have responsibility for organising multilateral meetings on water and for monitoring implementation of agreements made. International level meetings should thus be reduced in frequency.
- When the international community does meet, it should focus on tackling policy issues that affect poor people at ground level, including more effective targeting of aid on those in most need.
- The 'Nordic plus' group and 'like minded' donors should incorporate a water sector initiative that focuses on international and regional level issues. It could be an effective mechanism for agreeing priority countries, lead donors and pro-poor policies.
- Donors should support efforts in developing countries to move towards annual sector reviews in the Uganda model.

Key recommendations

1 Introduction

In 2000, the international community agreed the Millennium Development Goals (MDGs), and took a momentous step in the fight to eradicate poverty. These targets, formerly known as the International Development Targets, were in existence before they were agreed at the Millennium Summit; indeed many donors have been using them to guide their work since the mid-1990s. This report focuses on the water and sanitation target, taking a critical look at whether donors² are taking enough steps, in the right direction, to achieve it.

The oft-quoted figures of 1.1 billion people without access to safe water and 2.4 billion without access to basic sanitation draw attention to the immense suffering and hardship of many people across the world. Water and sanitation is at the very centre of development work. It is integral to health, nutrition, education, livelihoods, the role of women, and the environment. Without adequate management of water resources and access to water and sanitation, poverty eradication will not happen. Water links people to the planet and is thus vital to sustainable development. Lack of access to water and sanitation primarily affects the poorest of the poor, especially women; the fact that women's voices are often not heard or prioritised may help explain why it frequently fails to attract the resources it deserves.

While we recognise the tremendous importance of effective river basin and water resource management, the scope of this work has limited us from being able to assess how donors are progressing on this issue. We hope others can take up this challenge.

Clearly, donors are not solely responsible for meeting the targets. Much responsibility lies in the hands of developing country governments and civil society in North and South. However, donors can play a catalytic role in meeting the target and have a shared responsibility to address these problems. This is an attempt to develop some signals or markers to indicate donor progress.

In assessing whether donors are working as effectively as possible and taking their fair share of the burden in order to meet the target, we identify three broad and interrelated tasks:

- Promoting tried and tested approaches that will increase sustainable access to water and sanitation for poor people
- Increasing and focusing finance on countries/regions that are not on track to meet the target
- Working together, pulling in the same direction in order to meet common goals

This report is not a comprehensive analysis of these three markers, especially as data about donor activities is difficult to come by. It is, though, a useful contribution on which more analysis can be built.

We examine in Chapter 2 the problems created by lack of clarity in various areas: the detail of the targets; associated monitoring mechanisms; and the finance needed to meet them. The ambiguities here hamper efforts to reach the target. Chapter 3 then goes on to assess in brief whether there is broad policy consensus on how to reach the targets in multilateral

² The term 'donors' is used in this report to describe intergovernmental and governmental development agencies; strictly speaking it does not capture the differences between, for example, the UN, AusAid and GTZ, each of which has varying structures and aims.

agreements, and then tests the theory against the practice of selected donors by comparing how internally and externally coherent they are with regard to specific policy issues. PRSPs need to be taken into account if the MDGs are to be achieved, as they are becoming the main aid delivery mechanism. Therefore we devote Chapter 4 to addressing how PRSPs can better contribute to meeting the water and sanitation target. Chapter 5 assesses the scale of the problem and identifies areas that need to be addressed, concluding with a list of 15 countries in most need. The quality and quantity of aid delivery to the water sector are presented in Chapter 6, as we conclude that much aid is not being delivered to the poorest people or to the right type of projects. Finally, Chapter 7 examines how coordination between donors at all levels can help address some of these problems. This is followed by our conclusion and recommendations on how donors can address the highlighted issues and make much more effective use of the resources at their disposal in order to meet this important target.

Methodology

This report is based on a number of different types of methodology. Much information is qualitative and was gathered through analysis of documents available on the internet and recent reports. Research into the policies of selected donors was conducted by ERM and based on internet searches of donors' websites and on a detailed questionnaire submitted to donors. Quantitative information on aid flows is taken from extensive analysis of the OECD DAC/CRS databases. Further questionnaires were submitted to donor country offices in India to help us understand the way aid agencies work and the Netherlands government provided us with helpful information on their aid strategy.

2 The targets

Ambitious plans for great needs

At the Millennium Summit in 2000, world leaders set out a global plan to alleviate poverty, unprecedented in its strategic nature and scale. Eight goals, 18 targets, and 48 indicators: the Millennium Development project is certainly the most comprehensive attempt to partner poorer countries in their development. It is right that global efforts are strengthened in this area, as the context against which these goals are set is one of rapidly increasing inequality. Not only are the rich countries becoming richer, but poor countries are becoming poorer.

In the 1980s, only four countries experienced reversals in the Human Development Index. In the 1990s this figure jumped to 21. A World Bank report of 2003 showed that African children have moved from being approximately 18 times more likely in 1990 to die than those in high income countries, to their being in 2001 approximately 25 times more likely to die (*Human Development Report 2003*). Shockingly, whilst poverty has been increasing, overseas development aid has been decreasing, in quantity and possibly in efficacy.

To meet the target across the board, the rate of coverage must increase, but aid has not increased correspondingly. Until donors work in partnership, committing renewed resources, the target will remain elusive for the poorest regions.

Thirty-one countries have been designated as 'top priority' by the Millennium Project and the Human Development Report Office, 25 of which are in sub-Saharan Africa. These are countries that suffer entrenched human poverty combined with failing or reversing progress. These are countries that are unlikely to meet the goals and so are areas where efforts need to be focused. There are a number of factors that many of the sub-Saharan priority countries have in common: many are land-locked or have a large proportion of their population away from the coast; only four contain more than 40 million people; they are dependent on primary commodities; they may have high HIV/AIDS rates; and are often in a period post conflict. This is important to note in order to remind us of the interdependent nature of the goals. It is unlikely that a country could sustainably achieve the halving of those without access to water and sanitation while struggling with many of the above poverty-inducing factors. Of these 31 countries some are noted as particularly top priority for water and for sanitation, and effort must, of course, be focused on these countries by those in the water and sanitation sector.³ But sectoral interests must not obscure the bigger picture that the success of each target relies on the success of all the targets.

³ The following countries are listed as top priority for water: Ethiopia, Guinea, Haiti, Libyan Arab Jamahiriya, Madagascar, Mauritania, Oman, Papua New Guinea, Togo. The following countries are listed as top priority for sanitation: Benin, Central African Republic, Dominican Republic, Ethiopia, Guinea, Haiti, Madagascar, Mali, Mauritania, Niger, Nigeria, Sudan, Togo, Yemen.

The detail of the target

The Millennium Development Goals are broad targets around which the international community has gathered. If the water and sanitation target is to be a credible objective against which progress can be measured then there are particular problems with its detail that need to be resolved: definition issues, monitoring issues, operational issues and financing issues.

| Goal 7 – Ensure environmental sustainability | |
|--|--|
| Target 10 | Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation. |
| Indicator 30 | Proportion of population with sustainable access to an improved water source, urban and rural. |
| Indicator 31 | Proportion of urban and rural population with access to improved sanitation. |

Definition issues

In order to create consensus on the way forward, the United Nations Development Group agreed statements to help define what was meant by the Target 10 indicators; these are very similar to the definitions used by the JMP:

The water definition

The proportion of the population with sustainable access to an improved water source, urban and rural, is the percentage of the population who use any of the following types of water supply for drinking: piped water, public tap, borehole or pump, protected well, protected spring or rainwater. Improved water sources do not include vendor-provided waters, bottled water, tanker trucks or unprotected wells and springs.

The sanitation definition

Proportion of the population with access to improved sanitation refers to the percentage of the population with access to facilities that hygienically separate human excreta from human, animal and insect contact. Facilities such as sewers or septic tanks, pour-flush latrines and simple pit or ventilated improved pit latrines are assumed to be adequate, provided that they are not public, according to the World Health Organization (WHO) and United Nations Children's Fund (UNICEF) (*Global Water Supply and Sanitation Assessment*, 2000). To be effective, facilities must be correctly constructed and properly maintained.

The MDG target uses the terminology of 'safe drinking water' while the indicator and the Joint Monitoring Programme (who provide the monitoring data) use 'improved' water technology sources. It is not clear what the relationship is between 'safe' water as stated in the target and 'improved' water supply. There is an assumption that the technologies listed as 'improved' provide safe water, but this may not always be the case. In addition, the

word 'safe' fails to indicate the holistic and cross-cutting nature of water. The Water and Sanitation Services Collaborative Council (WSSCC) defines 'improved access' as a person having 'sufficient drinking water of acceptable quality as well as sufficient quantity of water for hygienic purposes' which is a superior definition.

The sanitation indicator and target is equally defined in a very narrow manner, without reference to wider human health and child mortality impacts. The UN Task Force on water and sanitation has proposed 'access to, and use of, excreta and wastewater facilities and services that provide privacy and dignity while at the same time ensuring a clean and healthful living environment both at home and in the immediate neighbourhood of users' as a better definition.

This discussion surrounding definitions is key to the achievement of the target. The indicators need to be wider than a technology type, and include the quality and quantity of access. What is the distance between house and water point? How long is normally spent in the queue? These are aspects that should be included in the indicator for water.

The focus needs to be on people, rather than technology types; the wider definitions listed above include the 'why' as well as the 'how' of water and sanitation coverage. Aiming to increase the proportion of population with privacy, dignity and a healthy environment is likely to produce more sustainable results than simply aiming to increase access to boreholes and latrines. Equally, the details of distance and time need to be incorporated into indicators alongside technology types, as they reflect the holistic nature of a community's relationship with water. They are quantifiable aspects, without being arbitrary.

The situation becomes yet more confusing when it becomes apparent that different national governments often have different definitions or 'benchmarks' of coverage. In Malawi it is considered that a water point will serve 250 people. In Uganda it is considered that the same technology of water point will provide coverage for 300 people. The problems with this disparity are apparent: they create great difficulties when measuring the progress of one country against another and in trying to replicate lessons learnt from one country to another. Not only this but, in many cases, the '250 and 300 people served' figures may be an overestimation and so 'hide' the unserved.

Monitoring issues

The JMP will provide the statistics that monitor progress towards the MDG target on water and sanitation. Unusually no baseline date was made specific in the original wording of the target. Most of the other targets take 1990 as their starting year, as does the UN statistics division. Consequently the Secretary General in his progress reports will do the same. The problem is that in 1990 JMP was employing a different and far less effective methodology than today. It was using provider-based questionnaires that are now recognised as substantially less accurate than user-based information. This will mean that in order to keep the water and sanitation target consistent with other targets it will have to use a baseline date that cannot provide accurate information.

The second problem with monitoring is that many countries are not included because no data is available. For 75 countries – 10.3 per cent of the world's population – no assessment could be made by the *Human Development Report* on MDG progress. The targets on health, education and HIV/AIDS have better data to work with (World Bank, 2003). It is probable that these countries will be the ones in most need, those which have very low government capacity to monitor coverage and/or are experiencing conflict or are post-conflict. The countries in most need are in some ways off our radar screen, and we need to find ways of tracking their situation if donors are to know how to target their aid.

Thirdly, even when data exists it may not be useful as it is rarely disaggregated to the extent that particularly poor areas become apparent. At the moment the statistics available are national and so are just mid-points of internal differences or summaries that average out the economic, social, cultural, gender and ethnic difference within the border. Statistics are needed that have distinct sub-categories, as rural areas are substantially worse served with water and sanitation services (WSS) than urban areas; sanitation is lagging far behind water; and there are many sub-national variations.

Finally, the data is not always consistent. The statistics provided by the JMP are often different from the figures used in a country's own PRSP documents. On occasion the disparities are significant. Rwanda, for example, has 41 per cent national coverage in water according to JMP data, but 51 per cent coverage is stated in the PRSP. This confusion arises as a result of the aforementioned problems with definitions. Without a common understanding of 'coverage', of 'safe', of 'access', it is almost impossible to determine what and where the need is.

Operational issues

As mentioned above, it is vital that the MDGs work operationally beyond the country average. The letter of the targets could be met by focusing on those who are easiest to help rather than the very poorest. The very poorest are often at the end of a very long queue and do not therefore benefit from a process based on averages. A country may appear to be on track in a process driven by averages whilst the poorest groups in the country are stagnating or declining in progress towards the goals. In addition, it is likely that the water target will be met through large increases in coverage in South and East Asia where coverage is increasing (due mostly to economic growth) and the numbers unserved are high. However, the spirit of the goals is not met if two sub-regions manage to meet the target, leaving the poorest and least 'on track' sub-region mired in terrible poverty, thus deepening inequality.

Moreover, research carried out in Malawi by WaterAid highlights how communities that have previously received help are the ones likely to continue to receive new aid, while the communities who have never received aid continue in this pattern even when new resources are committed. (Sugden, 2003).

What is apparent is that in trying to achieve the MDGs, donors and governments must strive to break this pattern and target the poorest people. Currently there is no operational framework that addresses the targets at scale and yet ensures local specificity. PRSPs also

demand good statistics; here donors have a mechanism to support national governments in compiling and analysing water and sanitation data and in increasing their capacity to make this an ongoing task. This is a finding that is supported by the World Bank Operations and Evaluation Department (OED) which states ‘a shift in resources is necessary to assist the Bank’s member countries in creating monitoring systems that will help make service providers and financing agencies accountable for progress towards meeting the MDGs’ (2003).

Financing issues

If the target is to be reached then it is important that there is at least agreement on how much money is needed to achieve this. Such an agreement is a first step to understanding the scale of the task and then mobilising resources from different sources to achieve the task. Currently there is no agreement on how much extra money is needed to meet the target. There have been numerous attempts to define a figure but as yet there is no consensus. This is due to the two previously mentioned interrelated difficulties: the lack of agreed definition over what constitutes ‘access’, and the very poor quality of data available on those currently unserved.

Several papers have already compared and analysed the different figures so there is no need to duplicate earlier work.⁴ Suffice to say that the estimates range from US\$ 9 to 30 billion per year. Having such a large range of estimates and no consensus is not an encouraging sign for the achievement of the target.

Therefore it is especially important that the international community engages with and supports the latest attempt by the UN Millennium Project’s Task Force on Water and Sanitation to arrive at a definitive estimate.

⁴ See: *The EU Water Initiative: Final Report of the Financial Component*, October 2003 and *The cost of meeting the Johannesburg targets for drinking water*, French Water Academy, October 2003

3 Common policy approaches and international agreements

'[The water and sanitation targets]... are set against narratives and policy agendas that are often contradictory and, in some cases, may undermine efforts to achieve the targets. At the same time the lessons from local initiatives are not sufficiently integrated into a comprehensive, effective strategy to guide international, national and local stakeholders in reaching the goals.'

Gordon McGranahan (2003), *The Millennium Development Goals and Local Processes: Hitting the target or missing the point?* IIED

If the water and sanitation target explored in the last chapter is to be reached, then the international community needs to promote common approaches that are effective in serving the poorest people with a sustainable and affordable service. Donors have an important role in this. There have been numerous multilateral agreements determining overarching principles on key issues to ensure delivery of those services. The process of consensus-building goes back decades.

Learning lessons from the 1980s

The 1980s was the International Water Supply and Sanitation Decade (IWSSD). It did not reach its goal of full coverage and questions have since been raised about the sustainability of some of the increase, yet it was in hindsight a successful initiative in mobilising political will and resources to increase coverage. However, the key point is not now how successful the overall initiative was but what was learnt about strategies that resulted in success and strategies that led to failure.

There is surprisingly little information widely available on these subjects, which is worrying considering that we have a similar target in the form of the MDGs and are about to embark on another such decade where it seems likely similar mistakes could be repeated.

1990s to today

As [TABLE 1](#) shows, the 1990s and early 21st century saw a very high concentration of international meetings. This may be due in part to the increasing globalisation of communication. (Interestingly, the large number of high-level meetings in this decade corresponded with a decline in aid, despite increased wealth in donor countries.)

Table 1
Significant international
conferences for the
water sector since 1990

| | | |
|---|--|------|
| Global consultation on safe water and sanitation for the 1990s, New Delhi | New Delhi Statement | 1990 |
| International Conference on Water and the Environment, Dublin | Dublin Statement | 1992 |
| UN Conference on Environment and Development, Rio de Janeiro | Agenda 21, Chapter 18 | 1992 |
| Ministerial Conference on Drinking Water Supply and Sanitation, Noordwijk | Programme of Action | 1994 |
| First World Water Forum, Marrakech | Marrakech Declaration | 1997 |
| International Conference on Water and Sustainable Development, Paris | Paris Declaration | 1998 |
| Commission on Sustainable Development 6, New York | Report | 1998 |
| UN Millennium Summit, New York | Millennium Declaration including the MDGs | 2000 |
| Second World Water Forum, the Hague | World Water Vision, Vision 21 and Framework for Action | 2000 |
| International Conference on Freshwater, Bonn | Ministerial Declaration and Recommendations for Action | 2001 |
| World Summit on Sustainable Development (WSSD), Johannesburg | Johannesburg Declaration and Plan of Implementation | 2002 |
| Third World Water Forum, Kyoto | Ministerial Declaration | 2003 |

5 The Polluter Pays Principle was first agreed at UNCED 1992 and further affirmed in the Bonn Recommendations for Action (2001); the principle of cost recovery needing to take into account the needs of the poor was an outcome of CSD 6, 2nd World Water Forum Bonn 2001 and the WSSD Plan of Implementation 2002.

6 All information from here to the end of the chapter is taken from *ERM (2003) Development Agency Profiles*. Tearfund. This was based on surveys of donor websites and interviews with relevant staff.

7 GTZ is not a donor but an implementing agency. The donor is the German government. In addition, it is important to be aware of the particularities of the German institutional set-up. A distinction is made between German Technical Cooperation (which is handled by GTZ) and German Financial Cooperation (which is handled by KfW). As an implementing agency, GTZ provides feedback to the Federal Ministry for Economic Cooperation and Development (BMZ) which is responsible for planning and implementing the German government's development policy and in addition may have its own statements on certain issues in terms of implementation. Personal correspondence with Helmut Lang, Head of Section, Water, WasteWater and Solid Waste, GTZ. August 18, 2003.

The benefit of these many meetings is that there is now a high degree of consensus on good practice principles in provision of sustainable water services to poor people.

For example, the need for communities, especially women, to be centrally involved in service provision decision-making processes was agreed in the Dublin Principles (1992), Agenda 21 Chapter 18 (1992), World Water Forum (2000), Bonn (2001), WSSD (2002), World Water Forum (2003). Many other policies – such as the need for cost recovery not to harm the ability of poor people to access water and sanitation and the Polluter Pays Principle – have been agreed at a couple of multilateral conferences.⁵ A good (but not comprehensive) way to measure whether these good practice principles have actually become accepted by donors as agreed common approaches is to examine the extent to which individual donor policies mirror these agreements.

We now turn to examine the extent to which some of these agreements have been incorporated into donor policy (external coherence) and whether donors are integrating these policies throughout their programmes (internal coherence).

We surveyed a mixture of bilateral and multilateral donors:⁶

- Agence Française de Développement (Afd)
- Australia Aid for International Development (AusAID)
- Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)⁷

- European Commission (DG Development)⁸
- UK Department for International Development (DFID)
- United States Aid for International Development (USAID)
- United Nations Children Fund (UNICEF)
- World Bank (WB).

And looked at the following issues:

- Gender
- Private Sector Participation (PSP)
- Cost recovery
- Decentralisation
- Polluter Pays Principle
- Tied aid.

Gender

Gender plays an important role in water and sanitation. Women bear greater responsibility for providing the water supply in rural and peri-urban areas, while men tend to dominate management and financing decisions at the local management level.

The importance of mainstreaming gender into water and sanitation issues has been recognised since the formulation of the Dublin Principles and has been reinforced through Agenda 21, The Bonn Recommendations for Action and the Johannesburg Plan of Implementation at the WSSD. The key points in all of these agreements are that women need to play a central role in water management and decision-making and that special efforts need to be made to enable them to do this.

External coherence on gender

Gender is identified by all of the donors studied as a key issue for development within the water sector. All of the agencies have a gender policy with clear objectives, and most of them mention efforts to mainstream gender into development programmes and projects. There is a large degree of external coherence of all the gender policies reviewed with international agreements, as seen in [TABLE 2](#).

⁸ The European Commission (EC) created Europe Aid in 2001 to provide a single department to handle bilateral assistance from the EC for overseas development assistance, combining the efforts of the European Development Fund (EDF) and projects that have been funded through the EC budget. The Europe Aid Co-operation Office is responsible for all phases of the project cycle, in an effort to improve internal coherence. The Directorate General for Development (DG Dev) works on policy formation at the global and sectoral level, and programmes the use of financial resources dedicated to certain sectors and themes in support of the EC policies. DG Dev also programmes the resources for the EDF, which specifically supports former European colonies in Africa, and Caribbean and Pacific (ACP) countries. As a note, OECD data on aid flows from the EC through 2001 only contains information on the EDF, which does not reflect the total amount of funding spent for development in developing and transition countries.

Table 2
Indicators of external coherence on gender policy among development agencies

| Development agency | Is there a gender policy? | Does the policy refer specifically to water? | Does it reflect international agreements on gender? | |
|--------------------|---------------------------|--|---|--|
| | | | Account for women's needs? | Involve women in decision-making and management? |
| AfD | ✓ | ✓ | ✓ | |
| AusAID | ✓ | ✓ | ✓ | ✓ |
| EC | ✓ | ✓ | ✓ | ✓ |
| GTZ ⁹ | ✓ | | ✓ | ✓ |
| UK DFID | ✓ | ✓ | ✓ | ✓ |
| UNICEF | ✓ | ✓ | ✓ | ✓ |
| US AID | ✓ | | ✓ | |
| World Bank | ✓ | ✓ | ✓ | ✓ |

Internal coherence on gender

Internal coherence on gender also appears to be high. Most of those interviewed have some internal structures in place to determine whether gender policy is carried out in operations. For example:

- AusAID, the UNDP, UNICEF and GTZ have all developed guidelines for mainstreaming gender throughout their operations.
- GTZ has a gender division that disseminates lessons learnt throughout the organisation in an effort to raise the profile of gender awareness. Gender is also used as an indicator for measuring success within water projects.
- Both the World Bank and UNICEF state that a gender dimension is integrated into all aspects of every project for water supply and sanitation, from lending to monitoring.
- UNICEF has developed a number of specific tools and dedicated funding for its country programmes, by ensuring its staff are sufficiently trained in the issues related to gender mainstreaming and setting aside dedicated funding for gender projects.

At DG Development, monitoring the integration of gender issues within projects in developing countries is possible through mid-term and full-term evaluations; however, the extent to which this happens depends on the particular EU delegation within the country.

In other donors it is less clear whether there is consistent integration of gender policy across different sectors or even within a sector. For example, AfD and DFID have gender policies and are undertaking some water and sanitation projects with a specific gender element, but there is less evidence that the policy is followed for all programmes and projects. Even where mainstreaming tools are available, there needs to be sufficient capacity of staff and resources to use them. For example, AusAID has developed gender guidelines for the water and sanitation sector; however, implementation of these guidelines seems to be reliant on whether Gender Development Advisors are available at country level.

⁹ GTZ does not have a specific policy on integrating gender within the water sector but does have guidelines on integrating gender generally into project and programme work.

Gender is an extremely important issue within the water sector and it is essential that the involvement of women is mainstreamed into water programmes. Therefore it is encouraging that there is a new drive to do this. In 2003, the UN launched an inter-agency task force on gender and water, involving gender and water specialists from within UN agencies and NGOs. The task force aims to support gender mainstreaming in water and sanitation policies and programmes, and to assist in gender-sensitive water and sanitation activities.

Private Sector Participation

Over the last few years, Private Sector Participation (PSP) has been the most controversial issue in the water sector. Agencies vary in their approach to PSP, as well as their definition of what constitutes PSP. The Bonn Recommendations for Action and the Johannesburg Plan of Implementation from the WSSD outline principles for PSP, emphasising that the focus should be on partnerships for service delivery (whether through the international private sector, small-scale domestic private sector, or the public sector); the aim is to ensure that PSP is pro-poor and supported by effective regulatory mechanisms. The Bonn Recommendations also call for removing PSP as a condition for aid.

External coherence on PSP

Many of the donors reviewed have statements about PSP in water supply and sanitation. Some, such as DFID, claim to be PSP-neutral, noting that they work with country governments to determine optimal strategies for financing the sector. Others, such as AusAID, nominally support PSP with the acknowledgement that significant administrative, financial and technical capacity is required at country level to build public sector capacity to regulate and manage PSP. AfD places a strong emphasis on public-private partnerships in its statements.

| Development agency | Is there a policy or statement on PSP? | Does it reflect the following elements of international agreements on PSP? | | |
|-----------------------|--|--|--|----------------------------------|
| | | Explicit pro-poor mechanisms? | Encourages improved conditions/capacity for PSP? | Removes PSP-specific conditions? |
| AfD | ✓ | | ✓ | |
| AusAID | ✓ | | ✓ | ✓ |
| EC | ✓ | | ✓ | |
| GTZ | ✓ | | ✓ | |
| UK DFID ¹⁰ | ✓ | | ✓ | |
| UNICEF | | | | |
| US AID | ✓ | | | ✓ |
| World Bank | ✓ | | ✓ | |

Table 3
Indicators of external coherence on PSP among development agencies

¹⁰ Although DFID makes no specific mention of the need to encourage pro-poor strategies in PSP, recent legislation stipulates that all UK government aid must further the aims of poverty reduction.

TABLE 3 demonstrates that the majority of agencies surveyed have a policy on PSP with clear objectives. However, while all of the agencies with policies on PSP have statements about encouraging improved conditions for PSP, very few of them explicitly include statements about conditionality. In addition, none of the donors reviewed includes explicit reference to pro-poor mechanisms in relation to PSP.

AusAid and USAid are the only organisations that have specifically stated that they no longer condition aid on PSP.

Nonetheless, there is some evidence of development agencies making progress on these issues. For example, agencies have become more imaginative in recent years as to what constitutes the 'private sector'. Both the World Bank and AfD have worked on frameworks to involve small and local private operators rather than international large-scale private utilities.

Internal coherence on PSP

A number of the agencies reviewed have been active in improving coherence on PSP policy within their organisation. For instance:

- Some agencies such as GTZ and the World Bank have divisions that analyse good PSP practice and disseminate this information to regional or other policy departments.

Nevertheless, in many cases it was difficult to find additional information on the extent to which development organisations are coherent in following their stated policies on PSP, such as gender and environmental and social considerations.

Cost recovery

Cost recovery is important to create financially sustainable water and sanitation services, from small-scale non-networked services to large-scale networked services. However, the definitions of and expectations for cost recovery vary among water sector professionals, ranging from recovery of operations and maintenance, to recovery of all costs including operations, maintenance, replacement costs, cost of capital, and some level of profit for the operator. Despite the range of interpretation, the Bonn Recommendations and Johannesburg Plan of Implementation clearly state that cost recovery should be based on pro-poor considerations, rather than defining specific costs that should be recovered. It is understandable that cost recovery is needed yet coherence should be measured against this internationally negotiated statement.

External coherence on cost recovery

Most donors have a policy with clear objectives on cost recovery, and most of the statements about cost recovery are broadly in line with the international agreements. The donors reviewed were in agreement that cost recovery is a desirable goal, but that it needs

to be balanced with affordable provision to poorer customers, implying some form of subsidy. There is therefore a large degree of external coherence among the agencies reviewed in theory. The problem is more one of implementation: donors are on occasion not consistent in applying their policies and may not monitor their contractors properly on adherence.

| Development agency | Is there a policy/ statement on cost recovery? | Does it reflect the following elements of international agreements on cost recovery? | |
|-----------------------|--|--|---------------------------------|
| | | Encourages cost recovery? | Encourages pro-poor strategies? |
| AfD | ✓ | ✓ | ✓ |
| AusAID | ✓ | ✓ | ✓ |
| EC | ✓ | ✓ | ✓ |
| GTZ | ✓ | ✓ | ✓ |
| UK DFID ¹¹ | ✓ | ✓ | |
| UNICEF | | ✓ | ✓ |
| US AID | ✓ | ✓ | ✓ |
| World Bank | ✓ | ✓ | ✓ |

Table 4
Indicators of external coherence on cost recovery among development agencies

Internal coherence on cost recovery

Most of the donors have incorporated cost recovery principles into some of their projects, but it is difficult to measure the degree to which these principles have been integrated within each agency. There is also no evidence of monitoring within these agencies to ensure that cost recovery principles reflect pro-poor considerations. Nonetheless, an example of internal coherence is to be found in some current World Bank projects:

- The World Bank is currently undertaking a number of ‘willingness to pay’ projects, to understand which services are demanded by customers, and how much these customers are willing and able to pay. In some countries such as Sri Lanka and Peru, a poverty analysis is also being undertaken to develop pro-poor tariff structures.

Decentralisation

The decentralisation of authority from central governments to local and regional levels of government authorities is an ongoing trend within developing countries that complements demand-driven approaches to development. Decentralisation is viewed as a means to improve governance, transparency and effectiveness of public services at the local level (although there are concerns as to whether the capacity of local government is being strengthened simultaneously to take on these extra responsibilities). There is a whole range of different forms of decentralisation: from a situation where local government or a district

¹¹ Although DFID has made no specific mention of the need to encourage pro-poor strategies in cost recovery, recent legislation stipulates that all UK government aid must further the aims of poverty reduction.

water service provider is vertically attached to a central ministry which still does the contracting, to the total devolution of all responsibilities including financial ones.

Several multilateral agreements including Agenda 21 and the Bonn Recommendations are strongly supportive of the need to decentralise decision-making on water issues.

External coherence on decentralisation

All of the donors reviewed have a policy or statement on decentralisation that reflects international agreements. There is therefore a high level of external coherence between donors on principles of decentralisation. However, not all of the donors have clear objectives for implementing decentralisation priorities.

Table 5
Indicators of external coherence on decentralisation among development agencies

| Development agency | Is there a policy or statement on decentralisation? | Does it reflect international statements on decentralisation? |
|--------------------|---|---|
| AfD | ✓ | ✓ |
| AusAID | ✓ | ✓ |
| EC | ✓ | ✓ |
| GTZ | ✓ | ✓ |
| UK DFID | ✓ | ✓ |
| UNICEF | ✓ | ✓ |
| US AID | ✓ | ✓ |
| World Bank | ✓ | ✓ |

Internal coherence on decentralisation

Although a number of the agencies reviewed actively promote and support decentralisation, the lack of clear objectives within agency policies reflects an inability to gauge internal coherence in a meaningful way. Nonetheless, some examples of efforts by agencies to support decentralisation include the following:

- AfD has promoted the participation of the local sector in national planning; directly financed local municipalities; supported national decentralisation; and forged partnerships with organisations to build capacity to provide services.
- GTZ is currently advising partner governments and other important stakeholders on political and organisational reform. The key objective here is to transfer responsibility from the national to the local level and make utilities more economical.

The need for internal coherence within the water sector on the issue of decentralisation is important as experiences from different countries differ. Decentralisation within the water sector may be most effective in many circumstances when it takes the form of aggregated water services which can take advantage of economies of scale and scope, particularly in small towns and peri-urban areas.¹² Gaining clarity on this issue and deciding whether it

¹² For example, the World Bank/ UNDP's Water and Sanitation Programme has recently commissioned a study on aggregation models to help inform developing country partners about experiences and options for aggregation, based on a review of existing experiences and several original case studies.

should be universally applied, may have a significant impact progress toward achieving international goals.

Polluter Pays Principle

Agenda 21 states that countries should, through bilateral and multilateral cooperation, apply the Polluter Pays Principle (PPP), which specifies that the perpetrator must bear the costs of polluting the environment. This is further emphasised in the Bonn Recommendations, which state that frameworks for protecting water quality should make use of the PPP, thus giving incentives to polluters to apply the best available technology to prevent pollution.

External coherence on PPP

Although the Polluter Pays Principle is perhaps better known in relation to water resources management than water supply and sanitation, the impact of pollution on water supplies in developing countries can be significant. It is interesting that, although Agenda 21 was agreed in 1992, many of the agencies reviewed have not integrated this principle into their policies. As such, external coherence on this issue is low.

| Development agency | Is there a policy/statement on PPP? | Does it reflect international statements on PPP? |
|--------------------|-------------------------------------|--|
| AfD | ✓ | ✓ |
| AusAID | | |
| EC | | |
| GTZ | ✓ | ✓ |
| UK DFID | | |
| UNICEF | | |
| US AID | ✓ | ✓ |
| World Bank | ✓ | |

Table 6
Indicators of external coherence on the PPP among development agencies

For those agencies that acknowledge PPP in their policies, there are rarely clear objectives to implement it. An exception is USAID, which states in its water policy: ‘countries should be encouraged to adopt the “users and polluters pay principle”’.¹³

Internal coherence on PPP

Internal coherence within those donors that have developed policies or statements on PPP varies, and there is little evidence to determine whether PPP is integrated throughout operations.

¹³ USAID, 2001. *Towards a Water Secure Future: USAID's obligations in Integrated Water Resources Management for FY 2000*. USAID Water team, Washington DC. Page 97.

- AfD has incorporated PPP within some of its projects relating to water resources management, for example in North Africa.
- GTZ claims to include PPP as part of its general advice for the water sector in development.
- USAID submitted a case study by one of its partners to the Global Water Partnership Toolbox on IWRM highlighting a successful example of implementing a polluter pays approach. USAID uses this example to help promote best practices in applying user and PPP approaches to sustainable water resources management.

Tied aid

Tied aid is an established practice among donors giving funding to developing countries. It stipulates that a developing country must spend a large percentage of aid given to it by the donor country on products and services from the lending country. Tied aid in the water sector is problematic because it can result in products and approaches being bought, not because they present the best solution for poor communities, but because they are sold by companies from the donor country. Untying aid can result in overall savings of around 30 per cent of the total aid amount – across all sectors (Martens, 2001). The water sector is particularly susceptible to the use of inappropriate technologies and approaches because of large differences in what constitutes an effective approach in rich and poor countries.

The OECD released recommendations in 2001 for donors voluntarily to untie their aid to least developed countries, underlining the principle that the largest benefactors from development assistance should be recipient countries. Most bilateral members of the DAC have agreed to untie aid eventually. But it is a slow process and of the bilateral agencies surveyed in our report only Germany, France and the UK have fulfilled all the criteria for untying aid to date (www.oecd.org). This leaves AusAID and USAID as well as the EC still tying aid to varying degrees.

International targets

It is interesting to note that all of the agencies profiled in this report have incorporated international targets on water into their policies. Therefore, there is a high degree of agreement and coherence among donors who have often held different views and opinions on the issue of targets. This is an encouraging sign.

In addition, a few agencies (DFID and UNICEF) use criteria to measure their activities at a sectoral and country level. AfD and the EC are in the process of developing such measures to track their progress towards the MDGs. The fact that this type of activity is not more widespread indicates a potential lack of depth to some agencies' external coherence, which could hinder progress towards achieving the targets.

4 The PRSP paradigm

One of the greatest ironies of the world in which we live is that, as we become increasingly globalised, our understanding of and response to the local context grows increasingly important. This tension is reflected in the consensus surrounding the MDGs and common policy principles on the one hand, and the trend towards delivering aid through country-owned strategies in the shape of PRSPs on the other.

The principles that underpin the shift towards PRSPs are laudable. According to the World Bank there are five core principles underlying the development and implementation of poverty-reduction strategies. The strategies should be:

- country-driven: involving broad-based participation by civil society and the private sector in all operational steps;
- results-oriented: focusing on outcomes that would benefit poor people;
- comprehensive in recognising the multidimensional nature of poverty;
- partnership-oriented: involving coordinated participation of development partners (bilateral, multilateral and non-governmental);
- based on a long-term perspective for poverty reduction (www.worldbank.org/poverty/strategies).

Process

However, there are concerns about the strength of the processes through which PRSPs are agreed as well as the macro-economic conditions that are attached to them. From the early days of the PRSP it was clear that in most cases water and sanitation issues were not being given the profile that their role in poverty reduction merited. While most PRSPs mention water, sanitation and water resource problems in the discursive parts of the strategies devoted to analysis of poverty issues, this was not and is not being reflected in the crucial section of the strategy where action plans and budget allocations are presented. This is an important issue because PRSPs now account for a significant proportion of ODA.

But this is not a problem exclusive to the water sector. It seems that equally other major poverty issues such as HIV/AIDS are not being prioritised for action and funding (according to a forthcoming World Bank/UNICEF study). Given the status of both water and HIV/AIDS in PRSPs, it is not altogether surprising that very recently the World Bank and WHO warned that ‘millions of the world’s poorest people will continue to suffer death and ill health unless the international development community can do much more to help developing countries reach their health-related MDGs.’ (www.worldbank.org/WBSITE/EXTERNALNEWS)

The failure of most PRSPs to prioritise water and sanitation shows that they are also failing to represent the interests of poor people. In participatory poverty assessments poor people have consistently prioritised access to water as one of their most pressing needs. Global statistics tell us billions of people do not have access to water and sanitation, and experience tells us that this leads directly to ill health and poverty. PRSPs are so far a

missed opportunity as far as the water sector is concerned. They have even become a major barrier to the achievement of the water and sanitation target and more importantly the survival of millions of people who will continue to die and suffer needlessly.

In addressing the current problems that PRSPs pose, we are not proposing that they should be scrapped. It is clear that the theory and practice (in some cases) of PRSPs represent a major step forward in aid delivery.

Research has been published from four projects that help explain why water and sanitation are not being prioritised in PRSPs: a World Bank comprehensive review of PRSPs (2002); a water-specific joint ODI/WaterAid study (2003) which is ongoing; a WSP review of water and PRSPs (2003); and a report by Christian Aid and the UK Gender Development Network on gender and PRSPs (2003). From these studies we have identified six key problems that need to be addressed in order to meet the water and sanitation target:

- Given that water is an issue that affects women more than men, it is worrying that studies into specific PRSPs have found that governments have a very poor understanding of how gender and poverty are closely related. They are not adequately consulting women as part of the so-called participatory processes demanded under PRSPs. Even where women were consulted, their concerns did not inform policy and spending priorities.
- Generally, consultation processes appear to be problematic. They are often rushed and conducted as a token gesture, probably because there is no understanding of or commitment to participation.
- Accurate information is a notoriously precious commodity in the water sector. Even very basic data is difficult to come by, more so than in education and health sectors (Development Committee, 2003). For example, only four out of the ten countries examined in the WSP 2002 review distinguished between rural and urban differences in coverage.
- The case has not been made to show the links between water, poverty and economic growth. This is particularly important as the PRSP process is led and managed by the Finance ministries in developing countries and PRSPs are predicated on the common understanding that economic growth is the main way to reduce poverty. Therefore increasing access to water and sanitation is not generally understood by treasury civil servants to be an important way of reducing poverty and increasing household income; in much the same way the links between poverty and gender are ignored.
- Even when water is included in PRSPs important aspects such as the needs of peri-urban areas, hygiene promotion and lack of access to sanitation are generally not specifically identified as areas for action and funding. Wider water resource issues are extremely poorly integrated and understood. Operation and maintenance issues are also often neglected, as exemplified in the case of Uganda which is considered to have a well-developed water sector strategy. More generally capacity building within the decentralisation framework is also rarely identified as requiring attention.
- Finally, the studies found that the water sector has very weak links with the planning and budgeting process. This is mostly due to the fact that the water sector in many

developing countries has received most of its funds from external donors and so is not used to having to influence and lobby finance ministries for resources. This certainly helps to explain some of the other problems mentioned above.

Conditions

As well as the quality of the PRSP process there are concerns about the extent to which PRSPs are 'little more than a fig leaf for the implementation of IMF and World Bank macro-economic policies' (Whaites, 2002). The final review of PRSP documents is undertaken by the World Bank and IMF and it is the role of the IMF in this procedure that is of particular concern. Many PRSPs do contain policies committing countries to trade liberalisation and privatisation of public utilities, and it is the promotion of private sector involvement that is of particular relevance to the water sector. There now appears to be a consensus among donors, including the World Bank, that PSP is not a panacea yet in reality it is still being made a condition of debt relief and aid. Major questions have been raised over whether PSP can benefit people living in poverty and the importance has been underlined of a context-driven approach which is what the PRSPs espouse. So it is vital that where PRSPs do prioritise water, developing country governments are not forced into pursuing an ideological policy decision of dubious benefit to poor communities.

5 The scale of the problem

As the new millennium started, one-sixth of the world's population was without access to an improved water supply and two-fifths lacking access to improved sanitation. Despite these rather depressing statistics there has been a moderately positive, if slow, trend in rates of coverage. The percentage of people served in some way with improved water supply rose from 79 per cent in 1990 to 82 per cent in 2000. Over the same period the figures for sanitation rose slightly more substantially: those with access to excreta disposal facilities increased from 55 per cent to 60 per cent (WHO/UNICEF, 2000).

Nonetheless, if we are to meet the Millennium Development Goals and halve the proportion of people without access to water and sanitation by 2015, 280,000 people a day will have to gain access to clean water, and 384,000 to adequate sanitation (WHO/UNICEF, 2000). Continuing at the current rate of progress there is no possibility of achieving the 2015 target on water in sub-Saharan Africa, East Asia and the Pacific, and nowhere in the developing world is on track to meet the sanitation target (*Human Development Report 2003*). Not only this, but it is estimated that the number of people experiencing water shortages will almost double by 2025 (CSD, 1997).

Water and sanitation

When it comes to water supply, Africa suffers the highest percentage of people unserved (see TABLE 7 for all figures). More than half of its rural population and two-thirds of the total population do not have access to safe water. Although Asia shows a higher percentage of its population with access to water than Africa, due to its vast population the actual numbers in need are largest there. Perhaps surprisingly, Latin America and the Caribbean show a higher percentage without water supply in rural areas than Asia.

Regarding the often neglected issue of sanitation, it is Asia that is experiencing both the highest numbers and the highest percentage of those unserved. Only 48 per cent have access in total – and a shocking 31 per cent in rural areas. 1.3 billion people are not covered in China and India alone. It is a world of extremes though, as more people in India have access to cable TV than toilets. As we can see, the low sanitation coverage is more acute than lack of access to water, and yet resources are not being committed to this area. This may be due in part to the fact that access to sanitation, especially in rural Asia, is not a priority for many poor people. However, sanitation and hygiene promotion should be a part of every water supply programme and there are tried-and-tested ways of creating support and demand for sanitation. In the 1980s 200,000 people per day gained access to on site sanitation (IMF and World Bank, 2003). In the 1990s the figure was 205,000 per day, but to meet the targets it needs to be almost double that.

| | Total population | Population served | Population unserved | Percentage served |
|--|------------------|-------------------|---------------------|-------------------|
|--|------------------|-------------------|---------------------|-------------------|

| GLOBAL | | | | | |
|------------|-------|-------|-------|-------|-----|
| Water | Urban | 2,845 | 2,672 | 173 | 94% |
| | Rural | 3,210 | 2,264 | 926 | 71% |
| | Total | 6,055 | 4,956 | 1,099 | 82% |
| Sanitation | Urban | 2,845 | 2,442 | 403 | 86% |
| | Rural | 3,210 | 1,210 | 2,000 | 38% |
| | Total | 6,055 | 3,652 | 2,403 | 60% |

Table 7
Global coverage in
water and sanitation.
Figures in millions¹⁴

| AFRICA | | | | | |
|------------|-------|-----|-----|-----|-----|
| Water | Urban | 297 | 253 | 44 | 85% |
| | Rural | 487 | 231 | 256 | 47% |
| | Total | 784 | 484 | 300 | 62% |
| Sanitation | Urban | 297 | 251 | 46 | 84% |
| | Rural | 487 | 220 | 267 | 45% |
| | Total | 284 | 471 | 313 | 60% |

| ASIA | | | | | |
|------------|-------|-------|-------|-------|-----|
| Water | Urban | 1,352 | 1,254 | 98 | 93% |
| | Rural | 2,331 | 1,736 | 585 | 75% |
| | Total | 3,683 | 2,990 | 683 | 81% |
| Sanitation | Urban | 1,352 | 1,055 | 297 | 78% |
| | Rural | 2,331 | 712 | 1,619 | 31% |
| | Total | 3,683 | 1,767 | 1,916 | 48% |

| LATIN AMERICA & CARIBBEAN | | | | | |
|---------------------------|-------|-----|-----|-----|-----|
| Water | Urban | 391 | 362 | 29 | 93% |
| | Rural | 128 | 79 | 49 | 62% |
| | Total | 519 | 441 | 78 | 85% |
| Sanitation | Urban | 391 | 340 | 51 | 87% |
| | Rural | 128 | 62 | 66 | 49% |
| | Total | 519 | 402 | 117 | 78% |

¹⁴ From the *Global Water and Sanitation Assessment 2000*, WHO and UNICEF.

Rural and urban

Another vital lens through which to view the WSS global coverage situation is that of rural and urban areas. There is great disparity in access, with rural areas currently lagging far behind; 80 per cent of those lacking sanitation globally are in rural areas. Africa has the widest disparity in rural versus urban coverage in water supply; 85 per cent of urban areas have coverage and only 47 per cent of rural areas.

Yet, the situation is not static; there are complex processes at work. Rapid urbanisation, often into ‘informal settlements’, has meant that figures for global service coverage in urban areas of piped water show a 50 per cent increase in those unserved over the last decade. This is the only area in decline, looking at global averages; overall, urban sanitation, rural water supply and rural sanitation are gradually improving. Just to maintain percentage increase in African urban areas up to 2015 an estimated 913 million additional people will need access to water supply and 834 to sanitation (WHO/UNICEF, 2000). Sub-Saharan Africa is, of course, in particular need, lagging behind in all areas.

Countries in most need

Problems with the data

For this report we felt it would be helpful to try to identify countries most in need in relation to water and sanitation. We did this so that in later chapters we could track aid flows and make some kind of judgement as to whether they addressed these areas.

Obviously there have been a number of prior attempts to come up with a list of countries most in need, using a range of methodologies. We looked particularly at the Water Poverty Index and the priority countries for water and sanitation selected by the *Human Development Report 2003*. Ultimately we did not think that either of these was suitable for our purposes.

The Water Poverty Index is weighted towards water scarcity and other environmental factors, while we are primarily interested in water supply and sanitation. *The Human Development Report 2003* selected countries based on the criteria of percentage without access to water and sanitation rather than actual numbers without. We felt it important to consider numbers as well as percentages: after all, if ten small countries with appalling sanitation and water percentage access gained 100 per cent coverage by 2015, more people would still be served if China increased access by a couple of per cent. These tensions exist in the MDGs and we feel that the best way to produce a list of countries in most need in this context would be to take into account both numbers without and percentage without access.

The final issue we had to resolve was that water and sanitation are two interrelated issues with their own set of problems exemplified by the great differences in global coverage data. Because of this we felt that it would make sense to have separate lists of countries most in

need for water and sanitation. Unfortunately this was not possible, as data is not available from OECD CRS/DAC that separates out donor giving to water and sanitation; it would be impossible to assess whether donors are responding to needs if we were to work with two separate lists.

Our methodology

Bearing in mind all the imperfections in the data available, we decided on the following methodology to determine which countries are experiencing most need for the purpose of this study.

We used the Global Water Supply and Sanitation Assessment 2000 figures to make four lists of countries:

- countries with the lowest percentage of population with access to safe water
- countries with the lowest percentage of population with access to improved sanitation
- countries with the largest actual numbers unserved with safe water
- countries with the largest actual numbers unserved with improved sanitation

We then compared the lists and found that there were 15 countries in the top 30 in all four lists and so presented a very bad circumstances in all four criteria. These countries we adopted as our 'countries of most need', and in Chapter 6 we look at how these countries fare with aid as compared to the countries receiving most aid in the sector. Our 'countries in most need' are as follows:

- | | | |
|--------------|----------------|-----------------------|
| • Angola | • Burkina Faso | • Cambodia |
| • Chad | • Ethiopia | • Ghana |
| • Haiti | • Madagascar | • Mali |
| • Mozambique | • Niger | • Nigeria |
| • Rwanda | • Sierra Leone | • Yemen ¹⁵ |

There were of course countries that performed extremely badly in one or several of the categories but were excluded from the list as they did not appear in the top 30 of every list. These were countries such as Mauritania which has an extremely poor percentage of people unserved but the actual numbers involved are very small; countries such as India did not rate too badly on percentage served but accounts for large actual numbers of unserved. We have limited scope in this research to do much more than just bear these anomalies in mind.

¹⁵ See Appendix A for details of coverage in these countries.

6 ODA to water and sanitation – quality and quantity

Explaining the data

For the purposes of this report when we refer to ‘water and sanitation ODA’ we use the DAC definition. The DAC defines aid to water supply and sanitation as being that related to water resource policy, planning and programmes; water legislation and management; water resource development and protection; water supply and use; sanitation; education and training. The definition excludes dams and reservoirs used for irrigation and hydropower. We have also separated out grants from loans in almost all our calculations, as we believe that when viewed together they can give a misleading picture. The OECD classifies as ODA all loans with a grant element of at least 25 per cent. The World Bank (C Chang et al, 1998) is critical of this, arguing that this tends to overstate the aid flows.

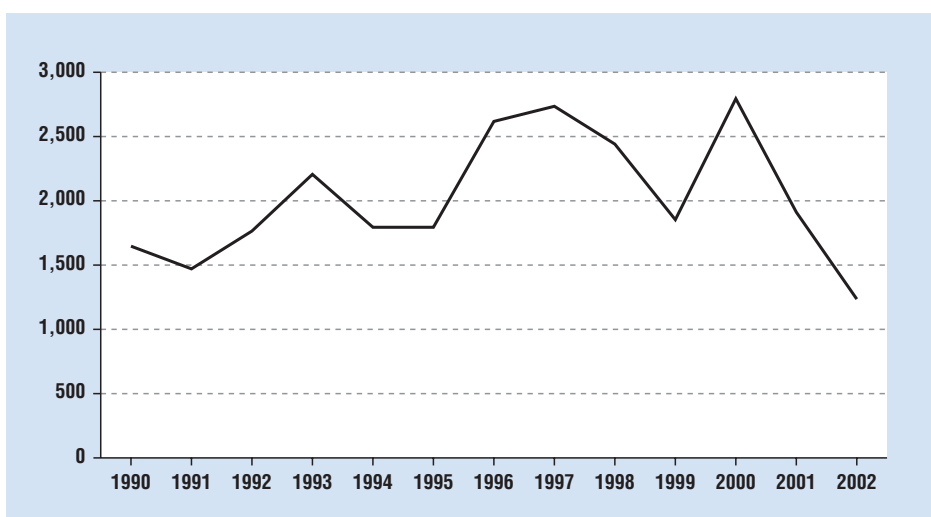
The data relates to activities that have water and sanitation as their main purpose. Therefore when using ‘water and sanitation’ as a category, we fail to include aid to the water sector extended within multi-sectoral programmes. Another factor to bear in mind is the move by donors to channel a substantial proportion of their aid through budgetary support; this means that we are unable to track it in terms of its eventual destination. Essentially when we are examining data in the category of ‘water and sanitation’, we will not glean the full picture, as we cannot track all aid going to the sector. Nevertheless, within these confines the OECD DAC/CRS databases are an extremely comprehensive and accurate reflection of what donors are doing with aid.

Overall aid flows

What we can make out from statistics provided by OECD DAC and CRS databases provide a mixed picture. There has been an overall downward trend in ‘water and sanitation’ funding (ie: real amounts) since 1997 except for a sharp peak in the year 2000. This downturn has reflected cuts in ODA in general but may also be attributable to the fact that post 2000 aid is going through budgetary support and so is not tracked here.

Figure 1
Total ODA to water and sanitation, all donors
1990–2002

The amounts shown are in ‘real’ terms ie: adapted for inflation and exchange rate effects, and are in US\$ millions.



The share of ODA for WSS remained relatively stable in the 1990s, at six per cent of bilateral aid and four to five per cent of multilateral aid. In recent years total aid allocations to the water sector have averaged about US\$ 3 billion a year. And the proportion of sectorally allocable aid to water and sanitation as a proportion of overall aid also remains fairly steady. It is interesting to note at this point that a surprisingly paltry proportion of aid goes to the social services critical for achieving many of the MDGs on health, hunger, education, and water and sanitation. Funding to the social services sector remains at about 15 per cent of bilateral donor allocations, the rest going on areas such as productive activities, economic infrastructure and development administration. Development campaigners have long lobbied for this to be brought up to an average of 20 per cent; this is the initiative agreed at the World Conference on Social Development

| | US\$ million | | percentage all donors | |
|----------------------------|--------------|--------------|-----------------------|-------------|
| | 1996–1998 | 1999–2001 | 1996–1998 | 1999–2001 |
| Australia | 23 | 40 | 1% | 1% |
| Austria | 34 | 46 | 1% | 2% |
| Belgium | 12 | 12 | 0% | 0% |
| Canada | 23 | 22 | 1% | 1% |
| Denmark | 103 | 73 | 3% | 3% |
| Finland | 18 | 12 | 1% | 0% |
| France | 259 | 148 | 7% | 5% |
| Germany | 435 | 318 | 13% | 11% |
| Ireland | 6 | 7 | 0% | 0% |
| Italy | 35 | 29 | 1% | 1% |
| Japan | 1,442 | 999 | 41% | 35% |
| Luxembourg | 2 | 8 | 0% | 0% |
| Netherlands | 103 | 75 | 3% | 2% |
| New Zealand | 1 | 1 | 0% | 0% |
| Norway | 16 | 32 | 0% | 1% |
| Portugal | 0 | 5 | 0% | 0% |
| Spain | 23 | 60 | 1% | 2% |
| Sweden | 43 | 35 | 1% | 1% |
| Switzerland | 25 | 25 | 1% | 1% |
| United Kingdom* | 116 | 165 | 3% | 5% |
| United States | 186 | 252 | 5% | 8% |
| Total DAC countries | 2,906 | 2,368 | 83% | 78% |
| AfDF | 56 | 64 | 2% | 2% |
| AsDF | 150 | 88 | 4% | 3% |
| EC | - | 216 | - | 5% |
| IDA | 323 | 331 | 9% | 11% |
| IDB Sp F | 46 | 32 | 1% | 1% |
| Total multilateral | 575 | 730 | 17% | 22% |
| Total | 3,482 | 3,098 | 100% | 100% |

Figure 2
Aid to water and sanitation by donor. 1996–2001, annual average commitment and share in total sector-allocable aid.

Source: OECD, CRS, DAC

* A DFID study shows that since 1999 actual expenditure for water supply is about double the levels reflected here. Approximately half of the UK water expenditure takes place within multisector projects.

1995 in Copenhagen. A number of donors, notably Austria, Ireland, Luxembourg, the Netherlands, the UK and the US, have hit this mark (OECD, 2003).

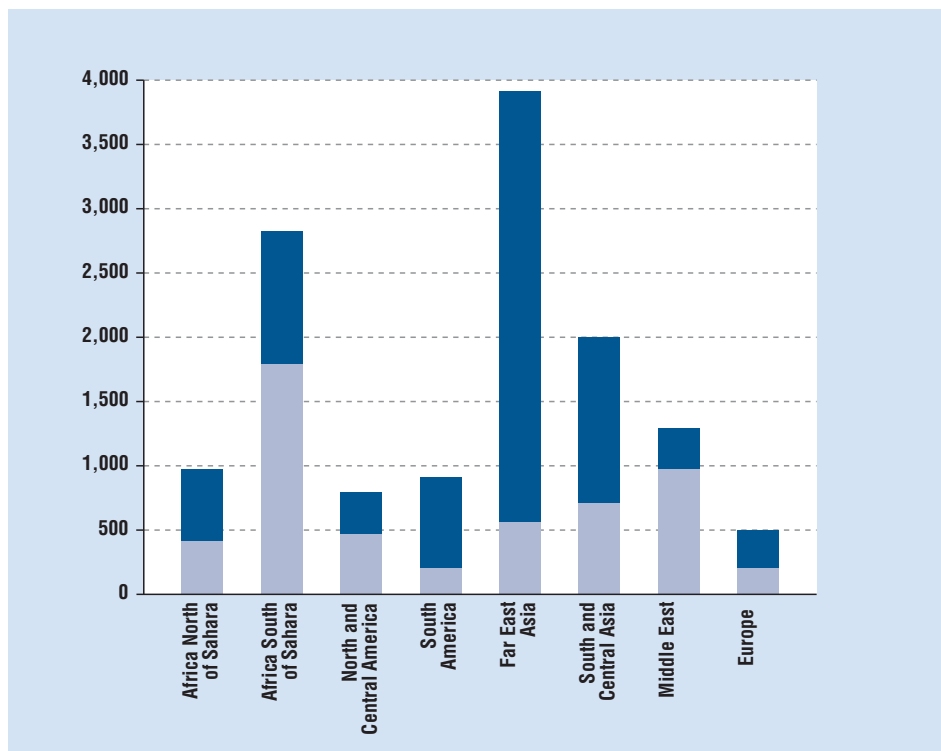
Japan is by far the largest donor to the water sector in terms of value, accounting for about one-third of total aid to water. Activities funded by the World Bank's International Development Association, Germany, the US, France, the UK and the European Commission add up to a further 45 per cent (OECD, 2003). The sector is dominated by a handful of donors, although many more give small amounts.

Regional breakdown

As we can see in [FIGURE 3](#), the regional breakdown of aid distribution 1998–2002 is a mixed picture.

Figure 3
Regional breakdown of ODA 1998–2002 from all donors to WSS (in US\$ millions)

Loan ■
Grant ■



Far East Asia gains the most ODA to the water and sanitation sector, about a quarter more than SSA, but primarily in the form of loans (about seven-eighths). This figure is very much a result of Japanese aid giving. Japan is the largest donor to water and sanitation; in 2000–2003 it gave ten times as much to Far East Asia than to any other region (OECD, 2003). The amount of money reflects its status as most populous region – and one that has large numbers of people in need. Yet the form of money given reflects Far East Asia's position as being more able to pay back loans, due to healthy economic growth. Sub-

Saharan Africa receives the second highest total amount of ODA but the highest amount of grant aid, although it does receive a substantial amount of loan aid. There are many more individual countries in need in sub-Saharan Africa, and levels of economic growth indicate that it is much more unlikely they will be able to reach the targets without external resources as compared to South and Central Asia and the Far East. It is right therefore that grants are concentrated in this region, but surprising that countries there are thought able to pay back loans with interest.

The figures for the Middle East show that well over two-thirds of the fairly substantial amount of ODA comes in the form of grant, with a slightly higher grant-to-loan ratio than in sub-Saharan Africa. The Middle East as a whole is a region far more able to repay loans than sub-Saharan Africa, although it does contain some very poor countries.

‘The problem Africa faces is that funds, which are said to be available, are in reality so restricted by policy conditionalities and terms which are neither financially nor socially feasible, that they are in effect not available to meet the needs of the poorest, no matter how much is spent on capacity building, or how much effort is spent on project preparation to put a gloss on fundamentally inappropriate proposals.’

Ronnie Kasrils, South African
Minister of Water Affairs and
Forestry, April 2003

Although [FIGURE 3](#) clearly depicts that Asia and Africa receive far more ODA than other regions, they in fact receive less aid to this sector per head than Oceania or Europe (K Tangen, 2001). Remembering that the countries suffering the lowest coverage are overwhelmingly in Asia and Africa, this statistic casts doubt on whether aid is being targeted effectively.

Income breakdown

Perhaps more illuminating than a regional breakdown of aid, is breakdown by income of recipient country. Here the picture becomes substantially less encouraging.

Figure 4
Income breakdown
of grants to WSS,
all donors
1998–2002

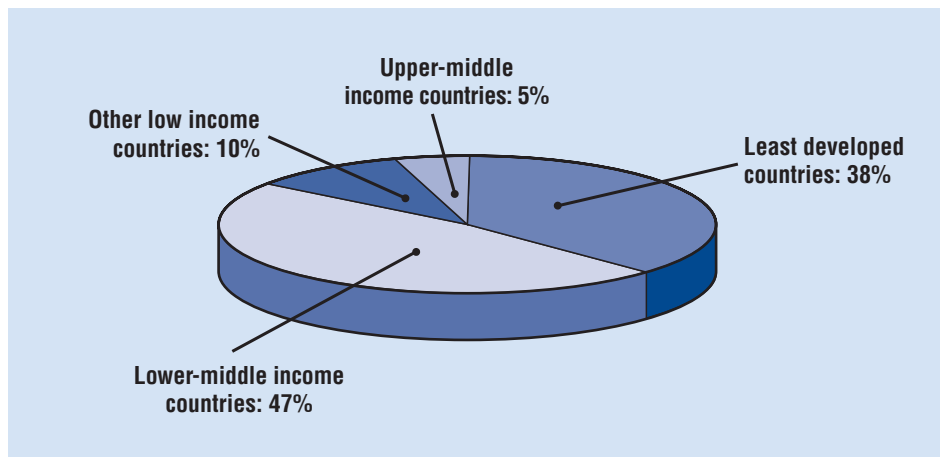
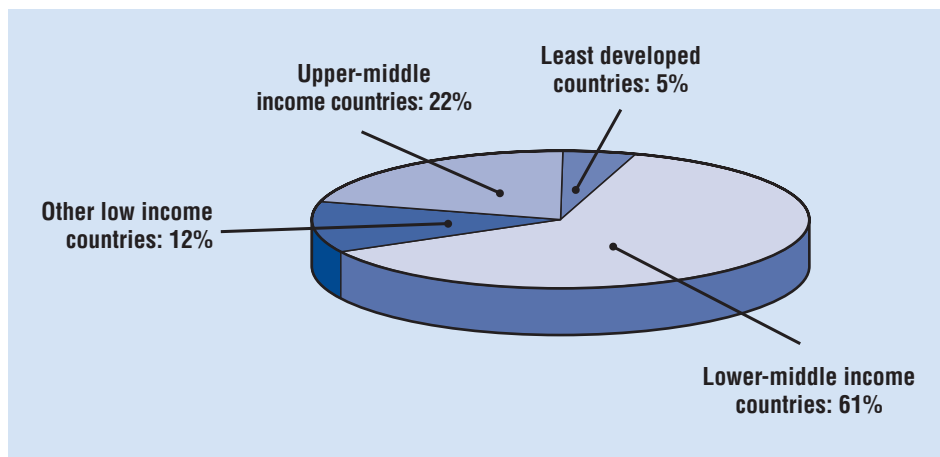


Figure 5
Income breakdown
of loans to WSS,
all donors
1998–2002



As we can see, the highest recipients of aid – both in grant and loan form – are lower-middle income countries. Lower-middle income countries (LMICs) received almost half of all grant aid to WSS in 1998–2002. Next in line were least developed countries, with just over one-third of the share of grants to the sector. Most interestingly, though, is the figure that other low income countries (OLICs) receive less than one-tenth of the total grant amount, and less than one-quarter of what LMICs receive. These OLICs include many which have low coverage of water and sanitation, such as Nigeria, the Democratic Republic of Congo, Ghana, Vietnam (see Appendix B for OECD DAC description of each category and lists of countries).¹⁶

¹⁶ LDCs do tend to be less populous than countries in other categories, which would indicate that they might be receiving more per head than is implied here. Still, this is counter-balanced by the fact that there are also more LDCs than there are countries in any other category, and the fact that the proportion of the population in need will also be higher here than in any other category eg: 13 of the 15 countries we identified as 'most in need' for this report are LDCs.

The above figures are even more depressing when viewed against the figures for the previous five years, 1993–1997, as the allocation of aid then seems to have been much more equitable and encouraging. Viewed in this way donor practices have become less progressive over time. From 1993 to 1997, the grant element of aid to OLICS and LDCs in the sector was more than 60 per cent, as opposed to less than 50 per cent from 1998 to 2002. LMICs still received the highest share though. Going back to the 1980s we see the most progressive system yet, with LDCs receiving more aid than LMICs. In some ways it seems that aid has become less progressive in terms of targeting to the poorest countries. This may be a result of donors implementing a policy of selectivity and rewarding the countries which have ‘reformed’.

Obviously donor experience differs, as we can see from the breakdown of ODA to this sector from the US and from the Netherlands.

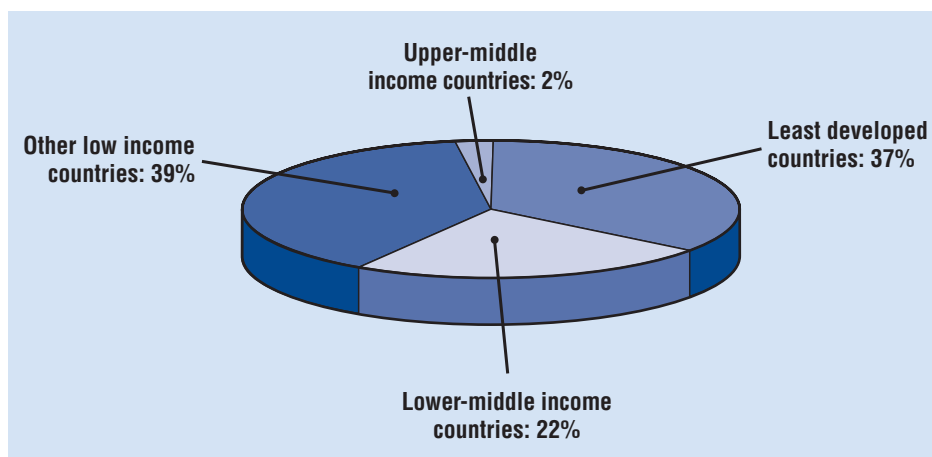


Figure 6
Netherlands ODA to WSS 1998–2002

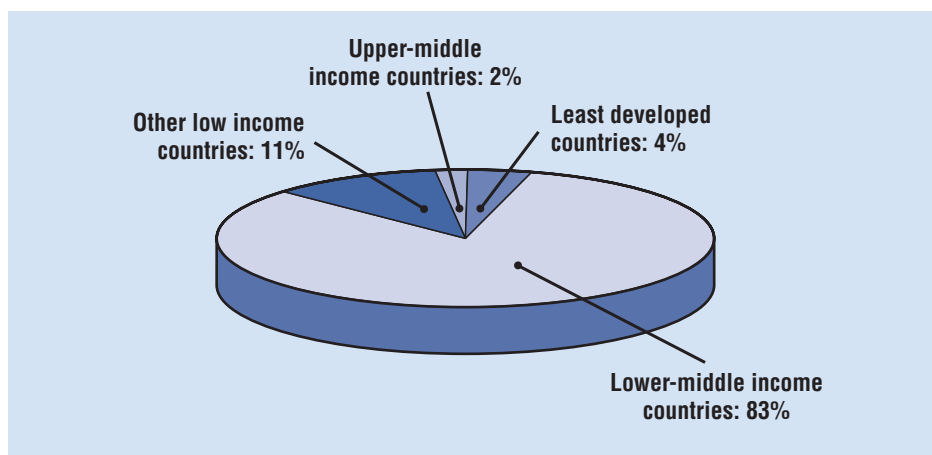


Figure 7
US ODA to WSS 1998–2002¹⁷

FIGURES 6 and 7 show how donor approaches are very different in prioritising poverty alleviation. Allocation of aid is naturally influenced by the overall objectives of a country’s aid policy.

¹⁷ USAID states that it exists to serve foreign policy interests, rather than pro-poor goals, which helps to explain the aid distribution shown here.

Donors whose main aim is poverty alleviation need to recognise that a large amount of aid given to the water sector comes from Japan and USAID and that it is given to lower- and upper-middle income countries. This is due to political interests being their primary motivation in aid delivery. This means that like-minded donors should compensate for those deficiencies and make even more effort to increase and focus their aid on the poorest countries whilst deprioritising those developing countries that they know will be well serviced by donors with political interests.

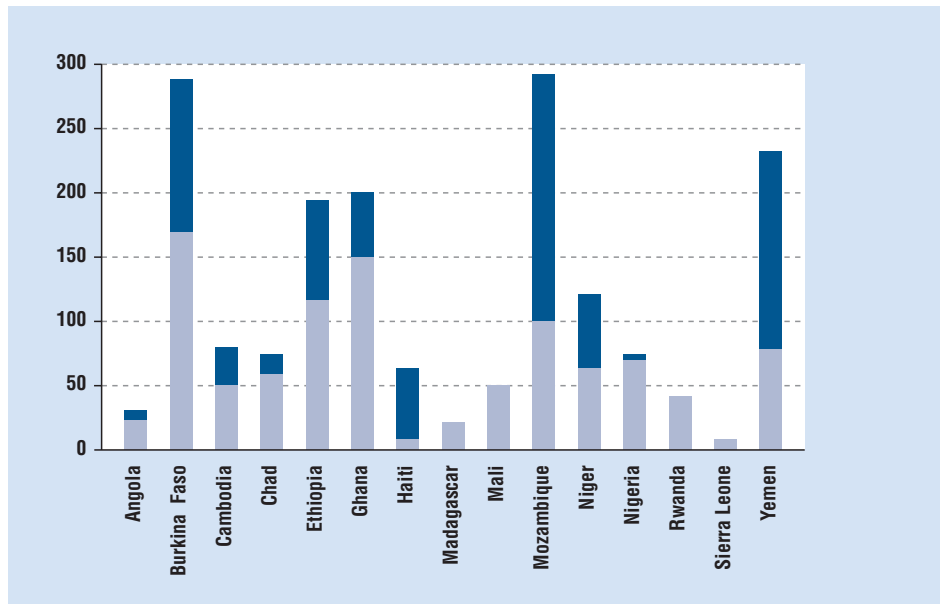
Of course efforts need to be made to influence the overall objectives of those developed countries whose aid is not focused on poverty alleviation, but this is a wider issue that affects more than the water sector.

Country breakdown

Just ten countries received 48 per cent of total aid to the sector in 1997–2001: China, India, Vietnam, Peru, Morocco, Egypt, Mexico, Malaysia, Jordan, and the Palestinian-administered areas. It is interesting to compare what these countries receive with what the countries identified through this research as ‘most in need’ receive; this will shed light on the extent to which aid to the sector is being effectively targeted.

Figure 8
All donors' WSS
ODA to countries in
most need
1998–2002
(in US\$ millions)

Loan ■
Grant ■



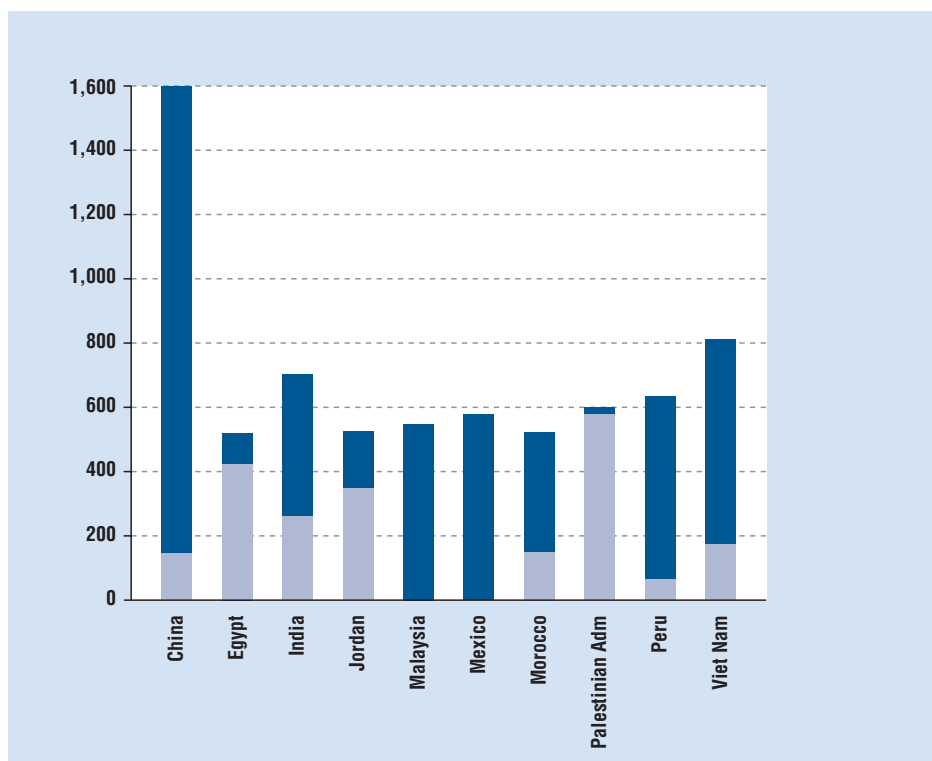


Figure 9
Grant versus loan to
top ten countries
receiving aid to WSS
1997–2001
(in US\$ millions)

■ Loan
■ Grant

It is immediately apparent that none of the top 15 countries in most need correspond with the top ten countries who receive the most aid. In addition the amount given to those favoured countries is almost on a different scale entirely.

It is interesting to note that the aid given to these top ten countries is primarily in the form of loans, although there is one anomaly. Indeed, the only two upper-middle income countries – Malaysia and Mexico – receive the entirety of their ODA to this sector in loan form. The countries ‘most in need’ receive their aid primarily by grant, which reflects their very low ability to pay back any indebtedness, but many of them are still receiving large amounts of aid in the form of loans, which raises concerns about the building up of debt.

Egypt receives almost ten times as much aid as Haiti. Egypt, a middle income country, receives it primarily in grant form. Haiti, a least developed country, receives the aid mostly via loans. Ethiopia received well over a third of its ODA to the sector in loans; how this extremely poor country suffering recurring famines can be expected to pay back with interest money used to provide safe water and sanitation is a question worth asking of donors who have provided these loans.

The real inequities of the situation become apparent when one calculates the amount of ODA to the WSS sector received per unserved head of population in countries ‘most in need’, as opposed to the amount received per head of unserved population in the countries receiving the most ODA to the sector. The countries most in need received US\$ 16.37 per person unserved; the countries doing best from ODA to the sector received US\$ 446.68 per person unserved.

There are a number of reasons why some countries may be getting aid and others may not. The top ten recipients of aid include many countries that the big donors, particularly the Japan and the US, have political interests in and consequently donate to. Donors may also prefer to give to countries in which they have had past colonial interests. There are also often assumptions about the efficacy of giving aid to countries which are at war or post conflict, and most donors are reluctant to give aid to countries that have poor governance records for fear that it may be misappropriated. In Zaire decades of ODA made little difference, due to the extreme levels of misgovernance under Mobuto Sese Seko.

However, evidence suggests that ODA effectiveness does not depend primarily on the quality of policies in the recipient country. Rather, recent studies suggest the primacy of external conditions and the vulnerability of these countries to exogenous shocks (Guillaumont and Chauvet, 1999). Furthermore, the World Bank looks at economic governance issues rather than political governance issues, believing that whether a country is democratic or not is outside its mandate. This has resulted in many experts concluding that some current forms of 'aid conditionality [are] a bad way to strengthen good governance in developing countries' (Santiso, Nitze, 2001). As regards post-conflict countries, World Bank studies have shown that for the three years after a conflict a country's ability to utilise aid is about normal, and for the seven years after that it is double its normal levels (Collier and Hoeffler, 2002).

Purpose breakdown

Taking the analysis one step further we now examine the type of project supported by aid to the water and sanitation sector, and whether it is targeted and pro-poor.

Only 11 donors provide DAC with information screening their water projects against policy markers. Out of half the total number of water projects screened against policy markers, less than half were reported to be offering direct assistance to poor people and only one-quarter stated gender equality as an aim. In comparison, the health sector had two-thirds of activities reported as poverty-focused and one-third as targeting gender equality. Looking at the reported data it does seem that 'water projects are slightly less targeted on poverty and gender concerns than are projects in other sectors' (OECD, 2003).

That aid to WSS is not well targeted will come as no surprise to those who know that in Africa only one-eighth of sector spending is on sanitation, even though twice as many people are without sanitation as are without safe water. And spending in rural areas is one-third of that in cities. This is even though the rural population is six times greater, the proportions in need much greater, and the unit cost to provide coverage lower.

Another way of viewing the 'purpose' of aid to projects and its likely effect on poverty is to consider whether the money goes to large- or small-scale systems. Donors consistently give aid to the water sector by supporting large-scale systems rather than small-scale systems. This is controversial as it is commonly understood that small-scale systems are much more likely to offer sustainable pro-poor services.

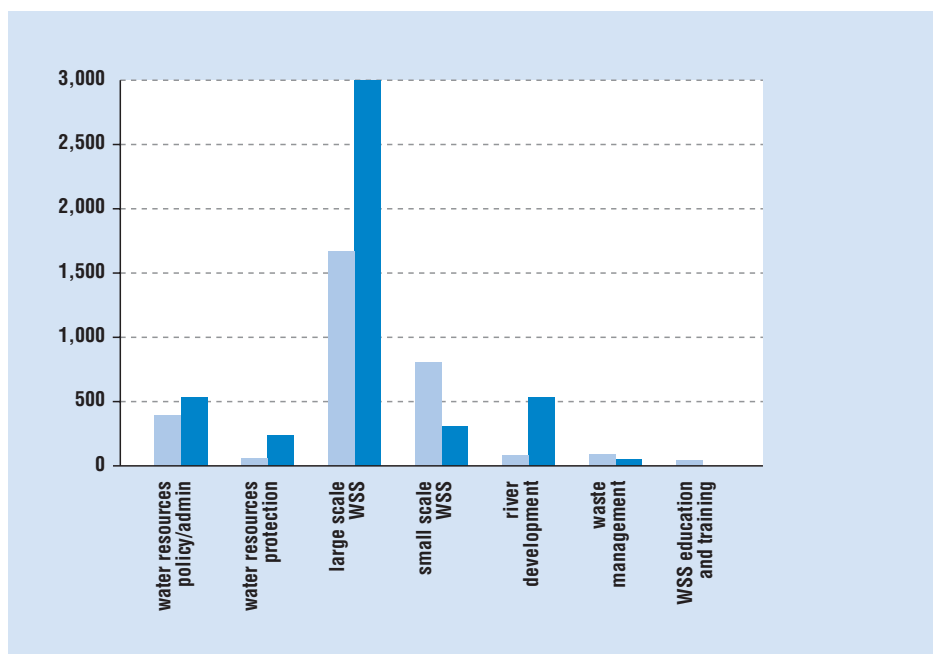


Figure 10
ODA to water sector
by purpose
1998–2003
(in US\$ millions)

■ Loan
■ Grant

It is possible, though, that the message of critics has started to influence donor behaviour in this area. There has been a decrease in average project size since 1996 (when OECD DAC first started to disaggregate the figures in this way). For 1995–1996, out of a total of 900 water supply and sanitation commitments, about 100 were for more than US\$ 10 million and accounted for 75 per cent of the total value of aid to the sector for those two years. A similar analysis using 1999–2000 data shows that out of a total 1,400 commitments only 75 were more than US\$ 10 million, or 60 per cent of the total value. This means that 0.05 per cent of the projects received 60 per cent of the funds.

Individual donors differ widely in this area. From DAC statistics over the last five years, we can see that UNICEF has given exclusively to small-scale systems and the US almost exclusively to large-scale systems. Some donors, such as DFID, have closed the gap and more of their money goes to small-scale systems than to large (FIGURE 11). Japan has also closed the gap between giving to large-scale systems and to small (FIGURE 12), but this has come about partly through the substantial reduction of aid to large-scale systems, without a corresponding increase of that allocated to small-scale systems.

Figure 11
UK's sectorally allocable ODA to WSS, 1999–2002, large- versus small-scale systems (in US\$ millions)

Large system —
Small system - - -

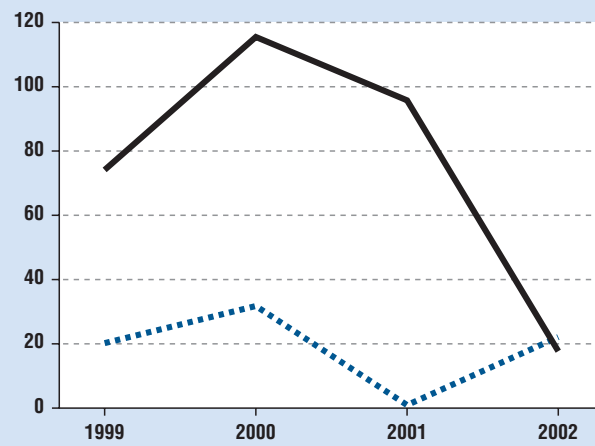
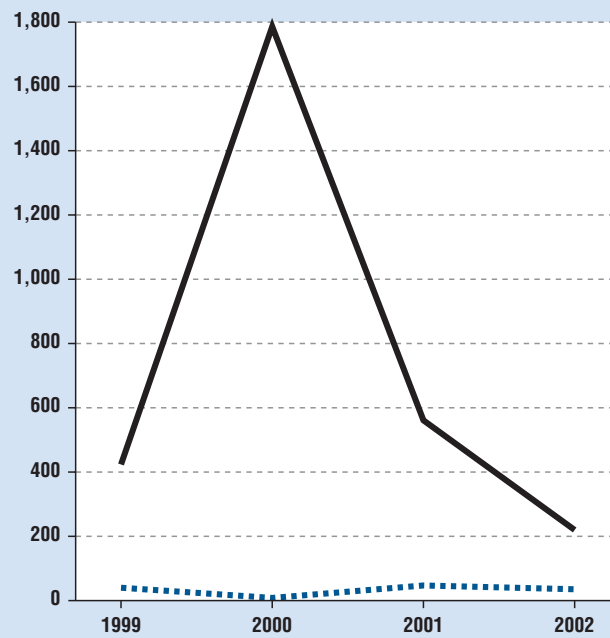


Figure 12
Japan's sectorally allocable ODA to WSS, 1999–2002, large- versus small-scale systems (in US\$ millions)

Large system —
Small system - - -



Case study
The Netherlands

The Dutch government presents a good example of more progressive donor behaviour. In 2003 it put in place a system to target its aid better to those in need.

The Dutch were extremely systematic in their selection of countries with which they developed long-term partnerships. Essentially they addressed two categories: poverty and governance. They conducted analysis on whether the country was poor enough to merit intervention, in particular by seeing whether countries had IDA eligibility (upper income threshold of US\$ 86 per capita in 2002). They also looked at a country's CPIA rating – Country Policy and Institutional Assessment score, a governance assessment. This was then over-laid by exploration of whether there would be 'added value' by Dutch intervention.

This resulted in a list of 36 partner countries with which the Netherlands will develop a long-term relationship. They also state: 'poverty is greater in African countries; the focus of Dutch (...) policy is on Africa; at least 50 per cent of the bilateral aid will go to Africa' (Ardenne, October 2003).

The Dutch also have a commitment to increase resources to the water and sanitation sector. By no later than 2007 they hope to spend 0.1 per cent of GNP on environment and water. Of the 36 partner countries 12 will focus on WSS, and they promise 'the development cooperation programme will dovetail more closely with MDG 7'.

This kind of strategic focus and emphasis on cooperation (which we investigate further in the next chapter) has led the Centre for Global Development to give the Netherlands the highest score on its development coherence index.

7 Donor coordination at international and country level

Why coordination is so important to the water sector

Improving the general coordination of aid has long been recognised as an important means of enhancing aid effectiveness. In relation to water, Chapter 18 of Agenda 21 calls for improved sector coordination and since then several conferences have identified this as an area for improvement (Paris, 1998, CSD 6, World Water Forum 2000). Most recently, the EUWI has been established in part to improve coordination and cooperation among EU member states and other donors (EC Communication, 2004).

As we have already demonstrated, there is a pressing need to improve the way that aid is targeted to the sector in order to reach the people in most need. Better coordination at international level could make more effective use of funds for the sector by reducing and/or improving the number of initiatives, meetings and organisations involved. Improved coordination could also enhance policy coherence.

Coordination should be happening at three levels: international, regional and country level. Country level is the most important place at which coordination can occur and we have included some exploration into this area, but more work is needed. In this chapter we illustrate some of the problems caused by lack of coordination at international and regional level, and some of the means to improve coordination at all levels.

A report looking at EU coordination and harmonisation (de Fleurieu, 2003) has identified levels of coordination and degrees of intensity.

The three levels of coordination are:

- policies, principles and priorities: harmonising goals and activities
- procedures: formal institutional rules and regulations including financial controls for disbursement, accounting and auditing
- practices: less formal than the above

The three degrees of intensity of coordination are:

- consultation and information sharing
- cooperation: discussing priorities, principles and policies in order to identify areas in which harmonisation is possible
- collaboration: agreeing procedures and practices in an effort to ensure smooth, shared implementation of agreed policies in line with agreed principles and priorities. Joint action is the highest form of this.

In the wider development context there are now concerted efforts to harmonise donor systems and procedures. The OECD recently surveyed a number of countries that receive aid from donors (OECD, 2003), and asked them what they would most like to see changed in the area of aid delivery. The top request was 'simplify procedures and systems'. The next most popular was 'harmonise procedures'. Aspects often assumed to be extremely

important to partner countries were not as important to aid recipients as these two simple requests. ‘Rely on budget support’ – which many donors are making great efforts with – came in as only the ninth most popular request. There is a growing recognition of the importance placed by national governments on simplified harmonised practices on the part of donors. DAC has created a task force on harmonisation which has produced some excellent recommendations for donors (DAC, *Harmonising donor practices for effective aid delivery*, 2003).

International meetings and agreements

Chapter 3 lists the extraordinary number of intergovernmental meetings devoted to the water crisis that have taken place over the last 15 years. International meetings have become a type of coordination mechanism but there are too many of them of questionable quality. This means there is questionable impact on high-level policy and dubious impact on the ground. There is much scope to improve their effectiveness by reducing their number and improving their aims, content and structure.

At the Johannesburg Summit and the 2003 World Water Forum there was a palpable sense of meeting fatigue. Increasing complaints about the number and effectiveness of such meetings result in the opposite to the intended outcome: reduced political will and momentum. Water ministers from developing countries are being drawn away from the task of actually implementing policies in their countries to attending meetings to negotiate policies that rarely make a difference to the reality on the ground.

‘We will reject any attempt to use the Facility as one more donor-controlled window through which to disburse largesse to promote the ongoing round of consultations, conferences and capacity building programmes that in the end simply create a cadre of conference goers from both rich and poor countries, rather than the team of development drivers who are delivering real results which make a difference on the ground.’

Ronnie Kasrils, South African Minister of Water Affairs and Forestry, April 2003, speaking about the African water facility

However, multilateral agreements on water do have many potential strengths which are worthy of attention. They generally have multi-stakeholder processes integrated to varying extents. This enables different opinions, experiences and perspectives to be heard and incorporated into outcomes. Ideally, this should result in improved policies as stakeholders learn lessons from each other. Such agreements are able to take a global view and identify common problems that require concerted efforts from all stakeholders to bring about solutions. They recognise that the world is interdependent and that common problems require common solutions and shared responsibilities. The main decision-makers are governments, many of whom have democratic mandates. Although agreements made are not legally enforceable, and there is a range in the extent to which they are binding, they can promote accountability between citizens and their governments.

Given these potential strengths there is a good case for recognising the role multi-lateral have played in defining framework policies, improving coordination and agreeing common principles that should be applied to the water sector. It is also important to recognise their weaknesses and leave plenty of room for a context-driven approach. They are nonetheless an important means of learning lessons from global, regional and local initiatives.

International bodies and initiatives

There is no mechanism for coordinating activity in the water sector globally. As well as all the donors, there is a profusion of organisations, initiatives and forums, many of which have been established to try to fill this coordination gap. However, none of them has the authority to act as a global focal point for water. In addition, these different agencies have no means of talking to each other and agreeing how to make the best use of the all the knowledge, skills and resources they bring to the table.

In a survey of 11 water-specific global initiatives (for list see Appendix C), it is clear that work is being duplicated, especially in the number of initiatives looking at what is needed to reach the water targets. It is also clear that there is an unhelpful separation of agencies concerned with water resources and those concerned with water supply and sanitation. It is also interesting to note that of all these organisations only two have funding for projects on the ground. The rest fall into two categories: action programmes/advice; research/recommendations.

It is also pertinent to look at the four global financing funds which are available to the water sector (see list in Appendix B) but not specifically aimed at the sector. Here there also appears to be overlap – and complete neglect of the rural sector. All of the international financing facilities available to the water sector are focused on facilitating private sector involvement in urban areas. Undoubtedly, the urban and peri-urban areas are in great need but, as already outlined, rural areas remain the areas of greatest need but continue to attract less funding than their plight deserves.

The World Summit on Sustainable Development saw the launch of many new initiatives, including the EU Water Initiative which includes an African component, and the West Africa Initiative. Both of these initiatives are trying to improve coordination between the different donors involved but by the end of 2003 it seemed that they had still not spoken to each other (Szollosi-Nagy, UNESCO, 2003).

African regional initiatives

Africa is clearly the continent where most energy, resources and attention needs to be focused in order to meet the water and sanitation targets. Therefore it is encouraging in one sense to see the profusion of African water initiatives.

However, more important is the effectiveness and monitoring of these donor-led initiatives. There is potentially a high transaction cost for African countries involved in all these initiatives, making it essential that they are worth while and working with each other where necessary to avoid duplication.

Many of the recent donor-led initiatives are trying to promote, among other things, increased donor cooperation; inevitably this is only amongst the donors who have signed up to the initiative. Improved coordination and cooperation in a particular regional area could lead to better use of aid through agreements by donors to lead on different countries and river basins and through agreement on common approaches in the various sub-regions.

Currently it is very difficult to find public information on any of the three most high-profile water initiatives launched at the WSSD in 2002: the EU Water Initiative, CIDA Water Initiative and the US Water Initiative, each of which have prominent African components. This lack of information raises questions of transparency and accountability regarding these initiatives.

Coordination at country level

'Recipient countries and donors should buy into a common framework for sector development led by the recipient country.'

IMF and World Bank
Development Committee, 2003

Coordination at country level is crucial for the water sector. The move towards PRSPs and budget support provides an opportunity to improve donor coordination. It also provides an opportunity for sector-wide coordination including donors, governments and NGOs.

Without coordination among donors even small things can cause unnecessary difficulties. For example, in Uganda, DFID and another donor installed different types of water pump in the same district. This caused confusion amongst recipients about how to operate and maintain them. More widely, though, DFID is careful to take into account which other donors are operating and whether DFID has a particular expertise to offer. In Ghana it is reconsidering the extent of its involvement in the water sector because the sector is already well-covered by other donors with long-standing involvement (NAO, 2003).

Case study
Confusion in Uganda

Unfortunately there are not many examples of coordination within the water sector at country level. The main example is Uganda where the government hosts an annual sector-wide review on water. The sector review model does seem to offer the best model for country coordination. It is led by the developing country government, has a strong civil society input and includes donors. It is considered to have been very effective in Uganda.

Sector-specific coordination also has to be viewed in the context of moves by the 'Nordic plus' group of donors to work together more effectively. The 'Nordic plus' group tries to coordinate whenever members find themselves working in the same country in order to improve aid effectiveness. It comprises Denmark, Finland, Ireland, Norway, Sweden and the UK. These countries often find themselves working in a block alongside other 'like-minded donors' such as Canada, Switzerland and Germany.

This group of donors are also aiming to influence others to do likewise; as their Joint Action Plan states, 'like-minded donors could have the leverage to change the behaviour of non-like-minded donors... The Nordic plus group should take a more coordinated approach towards their Board at the Multilateral Development Banks and towards the larger non-like-minded donors' (Joint Action Plan, 2004). It is the field offices who drive this cooperation. They are described in the Joint Action Plan as 'catalysts, front runners and innovators'. They have an open eye for the positions of other donors and the partner countries, and aim to coordinate the various harmonisation processes.

Case study Coordination in Mozambique

In 1999, a Joint Macro-Financial Aid Programme was agreed between the Government of Mozambique and nine bilateral donors: Belgium, Denmark, the European Commission, Ireland, the Netherlands, Norway, Sweden, Switzerland and the UK. In November 2000, the donors and government signed a 'common framework agreement'. France joined in 2002, so making up the so-called 'Group of 10', although membership is open to other donors (Batley, 2003).

There are other miscellaneous examples of attempts to coordinate:

- 'The US and Japan will pursue joint or parallel projects wherever possible, aiming at increasing the efficiency and synergy of their projects' (from a brief at the Third World Water Forum). They coordinate on a number of initiatives such as the Clean Water for People initiative launched at WSSD 2002.
- The French Afd and German Development Bank launched a partnership agreement in 1998 to increase cooperation. They focus on water supply and energy in North Africa, sub-Saharan Africa and the Middle East in particular.
- AusAID and New Zealand communicate very closely and consult on programme strategies. Importantly, they try to operate from a single office where feasible in-country. They specialise in the Pacific region.
- The UN organisations – UNDP, UNESCO and UNICEF – work closely together on water. For example, UNDP and UNESCO partner to produce the WWDR, and UN bodies coordinate with DFID on the JMP.

Between 1997 and 2001, the number of EU donors to the water sector in each sub-Saharan African country declined from an average of six to 5.4 per country. Of the 15

countries in which the number of donors operating is above the average five donors, eight are from our list of countries in most need. (There are 12 African countries in total in that list.) It is hard to tell whether this is a good thing or not. If the high number of donors in those very poor countries is a result of donors flocking to address the need, this can only be a good thing. But if, as suspected, the above-average number of donors in these countries also brings with them a higher than average burden of reporting and coordinating, resulting in fragmentation, then the good being done will be tainted by this negative impact.

This is obviously not a comprehensive list of the various cooperative relationships of donors. But it shows that there is increasing effort, albeit often ad hoc, being put into this whole area. It would appear that the 'Nordic plus' group offers a good way forward for wider donor coordination. It is based on operational relationships, has reached a degree of formality and long-term commitment with the joint action plan, and is planning to develop sector-specific systems of coordination. However, the preference is for country-driven coordination; we would therefore argue that the 'Nordic plus' group should instead take on a role of international and regional coordination in order to improve targeting of aid. At country level it seems that the ideal is a Sector Wide Approach (SWAP) ie: coordination on the basis of a country-wide plan open for review on a regular basis by different (and non-donor) stakeholders.

8 Conclusions and recommendations

The targets

The MDGs are not an end in themselves. Full coverage of safe water and sanitation and resulting poverty reduction is the end, but the goals are probably the best method we have to move us in that direction. The spirit of the MDGs is global and the MDGs target those countries that are in most need of help rather than simply aiming to achieve an arbitrary goal.

We are not on track to meet the water and sanitation target – but we could be. The MDGs provide a much needed opportunity to target the poorest people, to renew commitment to them, to cooperate more closely and to think big. There is an international consensus on the need for action here that national governments, agencies and civil society can tap in to.

However, there are fundamental problems with the definitions, indicators and monitoring of the water and sanitation target, which will hinder progress. Currently there is a weak connection between the indicator and target. Moreover, both definitions are considered too narrow. These problems with definitions lead to problems with the indicators used for monitoring purposes. National governments, which provide the data, use very diverse indicators many of which are not considered pro-poor because they focus on technology types rather than people.

It may be unrealistic to argue for an objective global set of indicators which are meant to be rigidly implemented at national level, as country situations differ widely. Yet, it would be beneficial if a better global indicator that relates to the target could be agreed; it would also help if the Millennium Project and JMP agreed guidelines for application at the national level based on technology, distance and time. National governments could be supported to interpret these according to their national context and make explicit their indicators and the reasons on which decisions were based.

Recommendations

- The Millennium Project and JMP should resolve the tension between the target and indicators, and address the narrow nature of definitions as soon as possible.
- The global indicators should be accompanied by guidelines for indicators at country level, based on technology, distance, time and equity.
- Donors should be capacity building national governments to improve data collection and indicators.
- Donors should develop joint strategies to create incentives for governments to prioritise the poorest people who could get left behind in a process driven by improving averages.
- Donors should engage with the Millennium Project water task force to work towards devising a comprehensive and final financing estimate which should endeavour to gain the support of all major stakeholders.

Common policies/consensus building

We have found that the large number of recent international meetings and initiatives have produced many texts advocating similar actions and policies; at this level there appears to be a high degree of consensus about what is needed to bring water and sanitation to poor people. However, one level down, at donor head offices, there are mixed levels of coherence with international agreements. On some important issues eg: gender, there is common agreement about the right approach. But some crucial issues relating to poor people's access to water do not have good levels of coherence. This shows that important elements of several multilateral agreements intended to improve access to water services by poor people are not wholly supported by donors. Questions must then be asked about the usefulness of multilateral agreements when donors are not prepared to abide by them. Consequently, recipient countries are likely to be receiving mixed messages over policy approaches in the sector, and policies may be being implemented which do not benefit people living in poverty.

The assessment also highlights gaps in internal monitoring mechanisms important for gauging whether and how these policies are being implemented throughout the agency. Monitoring mechanisms appear to need improvement within all agencies and on all issues. The complexity and size of many donor development agencies as well as the fact that many of the decisions about policy are taken at country level in country offices do make this task very difficult. It also begs the question of whether the policies are of any use at all when they are being agreed at such a high level without country office input.

A further pertinent issue raised is whether these policies actually require a common approach and at what level of detail, or whether they should be flexible depending on the context. If there is agreement that flexibility is required then we need to spend less time in international conferences and more time coordinating policy coherence at country level. Finally, there needs to be monitoring within agencies of the impact of these policies on poor communities, as well as monitoring of whether they provide the most effective framework for sustainable affordable services.

- Donors and the wider international community should learn lessons from earlier initiatives and incorporate them into future agreements.
- Donors should establish a forum within an existing structure, possibly in the model of the DAC working groups, where donors can learn from each other on how to integrate, implement and monitor key policies that benefit poor people.
- Donors should be monitoring their policies – whether or not they are in line with international agreements – to make sure they are benefiting poor people.
- The international community should examine whether policies agreed at such a high level are useful at country level; how they can be made more useful eg: through country office input; and whether more effort needs to be put into ensuring coherence at country level.

Recommendations

PRSPs

Much has been made of the need to double spending on the sector in order to meet the target. Currently, OECD figures show a downward trend on water sector spending. But this has to be seen in the context of aid being increasingly channelled through direct budget support and PRSPs. Yet we know from recent studies that, as a general rule, water is not being prioritised for funding by developing countries and therefore it is highly likely that overall aid spend to water is not increasing. Governments are not prioritising water in their PRSPs for several reasons but the crucial point here is that this runs contrary to the priorities of poor people as expressed in participatory poverty assessments. PRSPs have the potential to improve coherence and aid effectiveness in the water sector, as well as increase aid allocated to water. It is therefore essential that donors develop a joint strategy with developing countries to improve the profile of water in PRSPs.

If the World Bank and IMF are to be prescriptive, it would perhaps be more helpful if the PRSP source book, instead of containing the PSP conditionality, promoted more strongly the need for PRSPs to include relevant MDGs. At a high-level health meeting recently held in Geneva (January 2004) which was attended by OECD donors, the World Bank and UN agencies, Jean-Louis Sarbib, the World Bank's Senior Vice President for Human Development, said that 'a recurring theme at the Forum had focused on the need for developing countries to take full account of the MDGs in devising their Poverty Reduction Strategy Papers (PRSPs), and to set macroeconomic frameworks that combine the need for stability with spending at the scale needed to achieve the MDGs on time'.

These possibilities need to be explored urgently by donors and developing country governments if one of the major hurdles to meeting the water and sanitation target is to be removed. In 2005 a major World Bank review of PRSPs is planned and this seems a logical time to address some of the problems inherent within the current structure of PRSPs. Equally many first-generation PRSPs are being reviewed before the formulation of second-generation PRSPs, so new opportunities exist to revise strategies that are not delivering satisfactory poverty reduction.

Recommendations

- Donors should engage in coordinated and targeted capacity building of water ministries to engage in planning and budgeting processes. In Africa, the continent in most need, this could be done via the AMCOW initiative.
- Donors should engage in coordinated and targeted advocacy capacity building of civil society groups, especially women's groups, in order to influence PRSPs.
- Donors should do more to encourage developing country governments to carry out participatory processes as part of PRSPs.
- The PRSP review should examine how the MDGs can be incorporated into PRSPs and made relevant to the country context.

ODA to water

Aid quantity needs to be addressed in the context of improvements to the PRSP process. We maintain that aid to the sector should double.

Just as important is aid effectiveness and it is in this area that major improvements should be made. Aid should be more evenly targeted on those countries which need most help. Currently none of the top ten recipients of water aid correspond with the countries we identified as being in most need. The majority of the countries in most need are in sub-Saharan Africa, which overall receives less aid per head than East and South Asia even though it is much less likely to be able to achieve the target without substantial external resources. The biggest recipients of water aid are lower-middle income countries. Resources therefore need to be refocused on sub-Saharan Africa and other low income countries. Despite the well-publicised debt problem of many developing countries, donors continue to give substantial proportions of aid to the water sector as loans. This is less of a problem for middle income countries, but we believe that the vast majority of aid to the poorest countries should be in the form of grants, especially when it is for such a basic service as water and sanitation.

The OECD has recognised that ‘water projects are slightly less targeted on poverty and gender concerns than are projects in other sectors’. This was definitely reflected in our findings on the type of projects that donors supported. Despite repeated calls for sanitation to be prioritised, it comprises only one-eighth of all sector spending in Africa. In addition, many donors prioritise funding for large-scale systems rather than for small-scale systems which are more likely to be aimed at poor communities. Some governments are trying to improve targeting of their aid but as yet there is no common water-specific initiative.

- Donors should double aid to the water sector, with prioritisation for sanitation and hygiene promotion.
- Donors, especially those whose aim is poverty reduction, should target aid on countries most unlikely to meet the target on their own. According to our analysis this would mean more aid focused on countries in SSA.
- Donors need to work together to agree which countries are priority countries and who among them should be the ‘lead’. This would ensure that those priority countries would not face the heavy administrative burden involved in having numerous donors.
- ‘Aid for (...) countries – especially those that are heavily indebted or least developed – should be grants, because further loans would only add to already unsustainable debt burdens’ (*Human Development Report 2003*).
- Donors should allocate a higher proportion of ODA to the sector to small-scale rather than large-scale systems.
- Donors should agree to a renewed emphasis on rural and peri-urban as well as urban areas.

Recommendations

Improving coordination

There are several problems that need to be resolved within the water sector with regards to donor coordination. It is evident that there is no comprehensive coordination for the water sector at international and country level.

This is evident in the profusion of international meetings and initiatives, some of which are themselves trying to improve coordination. We are not arguing for all of these meetings to stop but there is a strong argument for giving one, preferably existing, global body the responsibility for organising multilateral meetings on water and for monitoring implementation of agreements made.

This should ensure that international level meetings are reduced in frequency; it should also mean that, when they do meet, they are focused on tackling policy issues that affect poor people directly, including more effective targeting of aid on the people in most need.

This global body could also be a central information point for global water initiatives. It could draw attention to overlap and duplication, and try to encourage different initiatives to talk to each other; this dialogue, however, is dependent on strong relationships between donors and could not be the responsibility of the global body. Regional level donor-led initiatives also need improved coordination, but again this is very much dependent on better donor relationships.

Undoubtedly, coordination is a very difficult task even among donors who are politically and economically integrated, as demonstrated by the slow progress of the EUWI. The 'Nordic plus' group of donors offers the best current opportunity for improved aid effectiveness at international and regional levels. It is hoped that they will be effective in persuading others to join their ranks and will be able to produce a water-specific system for coordination at all levels. This could include assessing which countries are being neglected and which are being over-serviced by donors. Another possibility to be explored is the idea of having lead donors for each country; these would have responsibility for improving coordination and reducing the burden on the developing country government of multiple donors.

Ideally, though, country-level coordination would be in the Uganda annual sector review model. The sector review model does seem, for country coordination, to offer the best model because it is country-driven, involves all stakeholders and can be facilitated via the PRSP process.

Recommendations

- One, preferably existing, global body should have responsibility for organising multilateral meetings on water and for monitoring implementation of agreements made. International-level meetings should thus be reduced in frequency.
- When the international community does meet, they should focus on tackling policy issues that affect poor people directly, including more effective targeting of aid on those in most need.
- The 'Nordic plus' group and like-minded donors should incorporate a water sector initiative that focuses on international- and regional-level issues. It could be an effective mechanism for agreeing priority countries, lead donors and pro-poor policies.
- Donors should support efforts in developing countries to move towards annual sector reviews in the Uganda model.

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Appendix A

Countries 'most in need' – statistics

| Country | Water Poverty Index | Percentage served water ¹⁸ | Percentage served sanitation ¹⁹ | Numbers unserved water ²⁰ | Numbers unserved sanitation ²¹ | Progress towards the goals ²² |
|--------------|---------------------|---------------------------------------|--|--------------------------------------|---|--|
| Angola | 41.3 | 38% | 44% | 7,984,000 | 7,212,000 | no data |
| Burkina Faso | 41.5 | 53% | 24% | 5,610,000 | 9,072,000 | no data |
| Cambodia | 46.2 | 30% | 18% | 7,818,000 | 9,158,000 | no data |
| Chad | 38.5 | 27% | 29% | 5,585,000 | 5,432,000 | no data |
| Ethiopia | 35.4 | 24% | 15% | 47,549,000 | 53,180,000 | far behind |
| Ghana | 45.3 | 64% | 63% | 7,277,000 | 7,279,000 | on track |
| Haiti | 35.1 | 46% | 28% | 4,440,000 | 5,920,000 | far behind |
| Madagascar | 47.5 | 47% | 42% | 8,449,000 | 9,246,000 | far behind |
| Mali | 40.6 | 65% | 69% | 3,932,000 | 3,483,000 | on track |
| Mozambique | 44.9 | 60% | 43% | 7,872,000 | 11,218,000 | no data |
| Niger | 35.2 | 59% | 20% | 4,399,000 | 8,584,000 | far behind |
| Nigeria | 43.9 | 57% | 63% | 47,948,000 | 41,257,000 | lagging behind |
| Rwanda | 39.4 | 41% | 8% | 4,562,000 | 7,114,000 | no data |
| Sierra Leone | 41.9 | 28% | 28% | 3,496,000 | 3,496,000 | no data |
| Yemen | 43.8 | 69% | 45% | 5,615,000 | 9,962,000 | far behind |

¹⁸ Global Water Supply and Sanitation Assessment, 2000, WHO/UNICEF

¹⁹ ibid

²⁰ ibid

²¹ ibid

²² World Water Assessment Programme, 2003

Appendix B

DAC list of Developing Countries and Territories receiving Official Development Assistance as at January 1, 2003

Least Developed Countries

| | | | |
|--------------------------|-------------------|-----------------------|-----------------|
| Afghanistan | Djibouti | Malawi | Solomon Islands |
| Angola | Equatorial Guinea | Maldives | Somalia |
| Bangladesh | Eritrea | Mali | Sudan |
| Benin | Ethiopia | Mauritania | Tanzania |
| Bhutan | Gambia | Mozambique | Togo |
| Burkina Faso | Guinea | Myanmar | Tuvalu |
| Burundi | Guinea-Bissau | Nepal | Uganda |
| Cambodia | Haiti | Niger | Vanuatu |
| Cape Verde | Kiribati | Rwanda | Yemen |
| Central African Republic | Laos | Samoa | Zambia |
| Chad | Lesotho | Sao Tome and Principe | |
| Comoros | Liberia | Senegal | |
| Congo, Dem Republic | Madagascar | Sierra Leone | |

Other Low Income Countries (per capita GNI <US\$ 745 in 2001)

| | | | |
|---------------|---------------------|-----------------|------------------|
| Armenia | Georgia | Kyrgyz Republic | Papua New Guinea |
| Azerbaijan | Ghana | Moldova | Tajikistan |
| Cameroon | India | Mongolia | Uzbekistan |
| Congo, Rep | Indonesia | Nicaragua | Vietnam |
| Côte d'Ivoire | Kenya | Nigeria | Zimbabwe |
| East Timor | Korea, Dem Republic | Pakistan | |

Lower-Middle Income Countries (per capita GNI US\$ 2,976–9,205 in 2001)

| | | | |
|------------------------|------------------|---------------------------|-------------------|
| Albania | Guatemala | Niue | Thailand |
| Algeria | Guyana | Palestinian-admin Areas | Tokelau |
| Belize | Honduras | Paraguay | Tonga |
| Bolivia | Iran | Peru | Tunisia |
| Bosnia and Herzegovina | Iraq | Philippines | Turkey |
| China | Jamaica | Serbia and Montenegro | Turkmenistan |
| Colombia | Jordan | South Africa | Wallis and Futuna |
| Cuba | Kazakhstan | Sri Lanka | |
| Dominican Republic | Macedonia | St Vincent and Grenadines | |
| Ecuador | Marshall Islands | Suriname | |
| Egypt | Micronesia | Swaziland | |
| El Salvador | Morocco | Syria | |
| Fiji | Namibia | | |

Upper-Middle Income Countries (per capita GNI >US\$ 9,206 in 2001)

| | | | |
|--------------|----------|-----------|-----------|
| Botswana | Croatia | Malaysia | St Helena |
| Brazil | Dominica | Mauritius | St Lucia |
| Chile | Gabon | Mayotte | Venezuela |
| Cook Islands | Grenada | Nauru | |
| Costa Rica | Lebanon | Panama | |

Appendix C

Initiatives

Non-water-specific financial initiatives and organisations

| Name | Stakeholders | Aim(s) | Tools/mechanisms | Focus |
|---|--|--|--|--|
| PPIAF | Donors (UK- and Japan-initiated) | To help developing countries to improve the quality of their infrastructure through private sector involvement | Funds infrastructure development advisory activities for developing country governments Specifically with private sector involvement in mind | Global – but Africa received 32% of total funding. South Asia 12% since inception. 23% goes to WSS. Most funding has gone to urban areas but plan to do more in rural and peri-urban. Majority of projects supported are large or medium |
| Private Infrastructure Donor Group | Donors | To develop financial instruments for PSP in infrastructure | DevCo – project-preparation facility seeking to develop potential infrastructure projects to be offered to private sector GuarantCo – provides partial risk guarantees for local currency bonds | PIDG is a key player in the EAIF |
| Emerging Africa Infrastructure Fund | Donors (initiated by UK) | To create long-term harmony between the developmental and commercial objectives of the public and private sector | Offers long-term lending terms to significant infrastructure companies | Sub-Saharan Africa – average size of projects is US\$ 10 million |
| Public Private Partnerships for the Urban Environment | Initiated by Swiss, NZ, UK govts but works with all stakeholders | To pool resources and skills by establishing tripartite partnerships in order to improve basic services | Supports projects and activities in establishing adequate policy, legal and institutional frameworks for PPP development at local level Tripartite partnerships | Global, urban – including small, medium and large municipalities |
| Community-led Infrastructure Financing Facility | Cities Alliance, DFID, SIDA, USAID, Homeless International | To help slum dwellers to improve their access to private and public finance for infrastructure and housing | Supports communities to develop business plans Provides an international guarantee against repayment from revenues | Urban |

Global water initiatives and organisations

| Name | Stakeholders | Aim(s) | Tools/mechanisms | Focus |
|---|---|---|---|-------|
| Global Water Partnership | Network of partners | To support countries in the sustainable management of their water resources | Commissions reports eg: Camdessus Panel (financing) Tool box Sets up various programmes eg: gender and water resources, capacity building | |
| WSSCC | Members – open to all to join (has mandate from UNGA) | To enhance collaboration in the WSS sector in order to attain universal coverage of WSS for poor people around the world | A series of global and regional fora every 2–3 years Working groups, task forces and networks focus on selected development issues A key working group called the Institutional and Management Options Working Group | |
| World Water Council | Members include all stakeholders | International policy think tank dedicated to strengthening the world water movement for improved management of water resources | World water forums Regional and national conferences Writing reviews and articles Dialogues, expert panels and commissions | |
| Water and Sanitation Task Force | UN agencies, NGOs, governments, experts, academics | To identify and communicate the strategies and actions needed to halve the MDG targets. It will work with other Task Forces of the Millennium Project to identify and communicate the actions and strategies in the area of water resources management required to help achieve the other MDGs and targets. | Draft reports due out for circulation Coordination with other task forces Final comprehensive report due 2004/2005 | |
| Panel on Financing Water Infrastructure | Government, private sector, NGOs | To examine the financing challenges facing the water sector especially in relation to meeting the MDGs | A report identified following solutions: •sustainable cost recovery banks and private sector more aware of risk-reward trade-off •aid should be well targeted and stimulate flows from other sources •foreign exchange risks are a key problem | |

Continued

Continued from page 67 – Global water initiatives and organisations

| Name | Stakeholders | Aim(s) | Tools/mechanisms | Focus |
|--|---|--|---|--|
| Bonn Recommendations for Action | Government, private sector, civil society | To identify priority actions for water-related issues | Actions are under the three headings of governance, mobilising financial resources and capacity building and sharing knowledge | Global – water, sanitation, water resources |
| Vision 21 | Initiated by WSSCC: all groups of stakeholders input into the process | To set out a vision for a world where everybody has access to WSS and to put people's initiative and capacity for self-reliance at the centre of that | The Iguacu Action plan which is based on Vision 21 principles and as a result of that plan the WASH campaign was launched | Global |
| EUWI (includes regional components) | EU agencies and member states, governments, private sector, NGOs | To make a key contribution to meeting the MDGs | Reinforcing political will and action Make water governance effective and build institutional capacity Improve coordination and cooperation Increase efficiency of existing EU aid flows | Regional components: Africa, NIS, Latin America, Mediterranean |
| Water and Sanitation Programme | External programme of the World Bank: donors are main decision makers | To help the poor to gain sustainable access to improved water and sanitation services | Policy, strategy and institutional reform services Innovative solutions to water supply and sanitation problems Strategically selected investment support services | Works in 30 countries in SS Africa, South Asia, South-East Asia and LA, focusing on rural and small towns but also urban areas |
| BPD | Donor, private sector, NGOs | To improve access to WSS for the rising number of urban people in developing countries | Through tri-sectoral partnerships Establishing tri-sectoral focus projects Researching barriers to safe WSS Disseminating findings of projects and research | Colombia, Indonesia, Haiti, Bolivia, Argentina, South Africa |
| Community Water and Sanitation Facility of the Cities Alliance | Initiated by US government and has 14 contributing members | To improve water and sanitation for the world's poor, and to work towards the achievement of the MDG of significantly improving the lives of 100 million slum dwellers by 2020 | Supports through grants, local authorities and their partners, working through public-private partnerships to expand water and sanitation services to slum communities | Open to all countries – urban/peri-urban |

African water initiatives and organisations

| Name | Stakeholders | Aim(s) | Tools/mechanisms | Focus |
|-----------------------------|--|--|---|---|
| AMCOW | African water ministers, recent civil society involvement | To strengthen intergovernmental co-operation to reverse the water crisis and sanitation problems in Africa, to monitor progress against international agreements such as the MDGs, and to assess and adopt best practice | Reports on the adequacy of financial and technological investments Engages in dialogue with regional economic groupings and global financial institutions | Africa |
| African Water Task Force | African Development Bank, Economic Commission for Africa, Africa Union | To serve as a resource for technical advice, support and advisory services To use participatory processes to develop common African positions on water and to promote them internationally | Stakeholder conferences every 2 or 3 years Capacity building in IWRM | Africa |
| CIDA initiative | Information not yet available | | | |
| EUWI – Africa Component | EU member states and Commission | To make a key contribution to meeting the MDGs | Reinforcing political will and action Make water governance effective and build institutional capacity Improve coordination and cooperation Increase efficiency of existing EU aid flows | |
| WSP – Africa | World Bank, International donors (particularly GTZ which coordinates) | To create a more enabling environment for accelerated and sustained WSS development | To use limited public sector finances to bring about reforms To use donor funds through PRSPs to bring about reforms To support decentralisation | One of four regional offices of the WSP |
| Water Utilities Partnership | Union of African Water Suppliers (UWAS) and International Training Network Centers in Africa | To address key problems faced by utilities and their partners in the region | Develops arrangements whereby utilities compile and share performance data to develop an understanding of how such data can be used for benchmarking Toolkit below | |

Continued

Continued from page 69 – African water initiatives and organisations

| Name | Stakeholders | Aim(s) | Tools/mechanisms | Focus |
|-------------------------------------|---|--|---|---|
| WUP toolkit | As above, as well as: managed by the WSP on behalf of the WUP World Bank's Africa Infrastructure Unit | To identify ways of improving WSS delivery to low income poor communities | Identifies key policy, legal and regulatory issues as well as financing mechanisms around cost recovery | |
| African Water Facility | Supported primarily by the Dutch Development Agency, AfDB, NEPAD | To provide investment support for water resources management and water service provision in Africa | A grant facility: for preparing projects and programmes and facilitating investment An investment facility: to provide loans to finance strategic projects and programmes which would catalyse additional investment | |
| Emerging Africa Infrastructure Fund | Donors (initiated by UK) | To create long-term harmony between the developmental and commercial objectives of the public and private sector | Offers long-term lending terms to significant infrastructure companies | Sub-Saharan Africa – average size of projects is US\$ 10 million |
| Nile Basin Initiative | Council of Ministers of Water Affairs of the Nile Basin states (so all Nile countries) Core donor team of CIDA, UNDP, GTZ, SIDA and World Bank, but many other bilaterals supported also | To provide a basin-wide framework to fight poverty and promote socio-economic development in the region | Water resources, planning and management done jointly Enabled by Nile Basin Trust Fund Burundi | DR Congo Egypt Ethiopia Kenya Rwanda Sudan Tanzania Uganda |
| PAWS | UK government-led, INGOs, UNISON, UK private sector, African water utilities | Capacity building and sustainability building at a local and national government level | Seeks to match the skills and expertise of the UK partners to the expressed need. The initiative does not have direct access to funding, but assists with capacity building in corporate, institutional, financial or technical areas | Secondary towns and peri-urban areas in Uganda, Nigeria and South Africa |
| West Africa Water Initiative | USAID, Hilton Foundation, World Vision are the main partners, but there is a selection of other funders as well | To provide potable drinking water and sanitation to rural villages in the selected countries | Public-private partnership | Ghana Mali Niger |





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