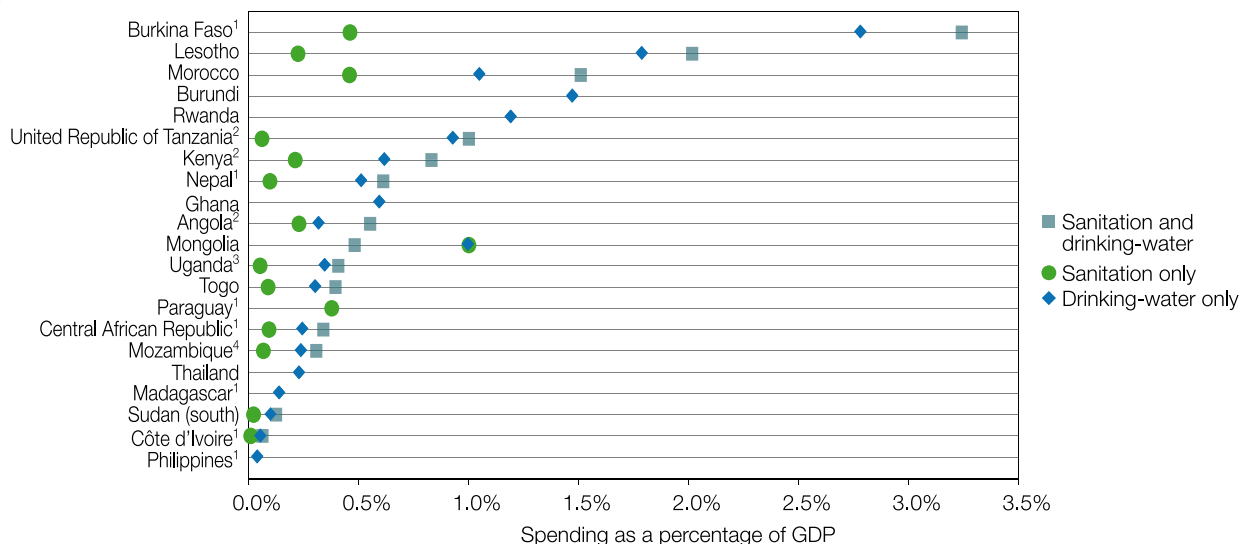


PRIORITIES, TARGETING AND ADEQUACY OF FINANCIAL FLOWS

For all responding countries, the median expenditure on drinking-water and sanitation is 0.48% of GDP



¹ Does not include regional or local government expenditures.

³ No urban utility data included.

² Anticipated 2009 expenditures.

⁴ 2007 expenditure data.

FIGURE 9: Spending (internal and external sources) on sanitation and drinking-water (2008 actual or 2009 budget), as a percentage of 2008 GDP

Sources: 2009–2010 CSO and GLAAS country survey results; World Bank (2010)

Countries report expenditures (from internal and external sources) between 0.04% and 2.8% of GDP for drinking-water and between 0.01% and 0.46% of GDP for sanitation (Figure 9). The median government spending on sanitation and drinking-water for 20 responding countries is 0.48% of GDP. It should be emphasized that several of the countries did not gather regional or local government expenditures for drinking-water and sanitation. Differences in the data sources make it difficult to directly compare countries using the information provided, especially in cases with a high level of decentralization; however, the data provide a potential baseline against which future trends may be compared.

The eThekweni declaration sets targets for spending on sanitation for African governments

As an example of governments' commitment to spending on sanitation, the eThekweni declaration, signed by over 30 African government ministers in Durban in February 2008, recognized the importance of sanitation and committed their governments to establishing specific public sector budget allocations for sanitation, with the aim of spending 0.5% of GDP on sanitation.

Source: WSP-Africa (2008)



1.3 ADEQUACY OF FINANCIAL FLOWS

To determine the adequacy of financial flows either for national governments or globally, current and/or projected financial expenditures must be assessed against estimated financial needs. At the global level, there have been several assessments of financial needs to meet the MDG target for sanitation and drinking-water in 2015. Conversely, there is a large gap in knowledge concerning current funding sources for sanitation and drinking-water. Country governments may be able to quantify government spending, although not always for sanitation and not always for regional and local government inputs. OECD donor financing amounts are generally well known. However, the amount being invested by non-OECD donors, the private sector or NGOs and the amount spent directly by households (e.g. on-site sanitation or self supply of water) are less well known.

Thirty-five out of 37 countries report that financial flows are insufficient to achieve the MDG target for sanitation

Countries were requested to estimate whether the financial flows to sanitation and drinking-water were adequate to finance the achievement of the MDG target. The responses present a bleak picture, with only two countries (Kenya and South Africa) estimated to have more than 75% of what is needed for sanitation (Table 2), and five countries estimated to have more than 75% of what is needed to achieve the MDG target in drinking-water.

However, several countries indicated insufficient funds but, according to JMP estimates, are “on track” to reach the MDG target in either sanitation or drinking-water, or both. Further investigation into these discrepancies will assess whether financial flows are sufficient in these countries.

TABLE 2: Adequacy of financing

	Drinking-water		Sanitation	
	Urban	Rural	Urban	Rural
Sub-Saharan Africa				
Angola	●	●	●	●
Benin	▲	▲	▲	▲
Burkina Faso	▲	▲	▲	▲
Burundi	▲	▲	=	=
Cameroon	=	=	=	=
Central African Republic	-	-	-	-
Chad	▼	▼	▼	▼
Côte d'Ivoire	●	●	●	●
Democratic Republic of the Congo	●	●	●	●
Ethiopia	-	-	-	-
Ghana	●	●	●	●
Kenya	▲	▲	●	●
Lesotho	▲	▲	▲	▲
Madagascar	▲	▲	▲	▲
Mali	▲	▲	▼	▼
Mauritania	▲	▼	=	=
Mozambique	●	●	●	●
Niger	=	●	-	▼
Rwanda	▲	▲	▲	▲
Senegal	=	▲	▲	▲
Sierra Leone	●	●	●	●
South Africa	●	●	●	●
Sudan (south/north)	● ●	● ●	● ●	● ●
Togo	●	▼	=	=
Uganda	●	●	●	●
United Republic of Tanzania	●	●	●	●
Zimbabwe	-	●	●	●
Southern Asia, South-eastern Asia, Eastern Asia, CIS				
Bangladesh	-	▲	▲	▲
Cambodia	▲	▲	▼	=
Indonesia	-	-	-	-
Kazakhstan	-	-	-	-
Lao People's Democratic Republic	=	=	=	▲
Mongolia	=	=	=	=
Nepal	▲	▲	▲	▲
Philippines	=	=	▼	▼
Thailand	=	=	=	=
Timor-Leste	=	▲	=	-
Viet Nam	▲	▲	▲	▲
Northern Africa, Western Asia				
Morocco	▲	▲	▲	-
Oman	-	-	-	-
Latin America and the Caribbean				
Honduras	=	=	=	=
Paraguay	▼	=	▼	▼
Progress score	38%	45%	26%	22%
Colour key: Are financial flows sufficient to meet the MDG?				
●	More than 75% of needs			
●	Between 50% and 75% of needs			
●	Less than 50% of needs			
-	No information			
Shape key: Over the past three years, has the amount of available funds in relation to financial needs been increasing, been decreasing or remained unchanged?				
▲ ▲ ▲	Increasing trend			
= = =	No change in trend			
▼ ▼ ▼	Decreasing trend			
● ● ●	No trend information			

Source: 2009–2010 CSO and GLAAS country survey results

PRIORITIES, TARGETING AND ADEQUACY OF FINANCIAL FLOWS

The total amount of development aid for sanitation and drinking-water increased to over US\$ 7.4 billion in 2008

External development assistance to sanitation and drinking-water is provided by countries, multilateral organizations, NGOs and private foundations. Aid is provided through various channels and for various purposes, including general budget support and sectoral budget support, as well as to projects directly for infrastructure development, planning, training, advocacy, education and monitoring. Financial aid can be in the form of grants, concessional loans or credits and may cover the majority of national (government and external, but not including household) spending on sanitation and drinking-water—in some countries, near 90%.

Aid commitments (2006–2008 average)

In 2008, the grant and loan aid commitments of bilateral and multilateral external support agencies to sanitation and drinking-water amounted to more than US\$ 7.4 billion (as reported to OECD-CRS). Of this amount, US\$ 3.9 billion was in the form of grants, whereas US\$ 3.5 billion was in the form of concessional loans. Figure 10 shows the geographical distribution of US\$ 6.7 billion in annual average commitments made from 2006 to 2008 (in 2007 constant US\$).

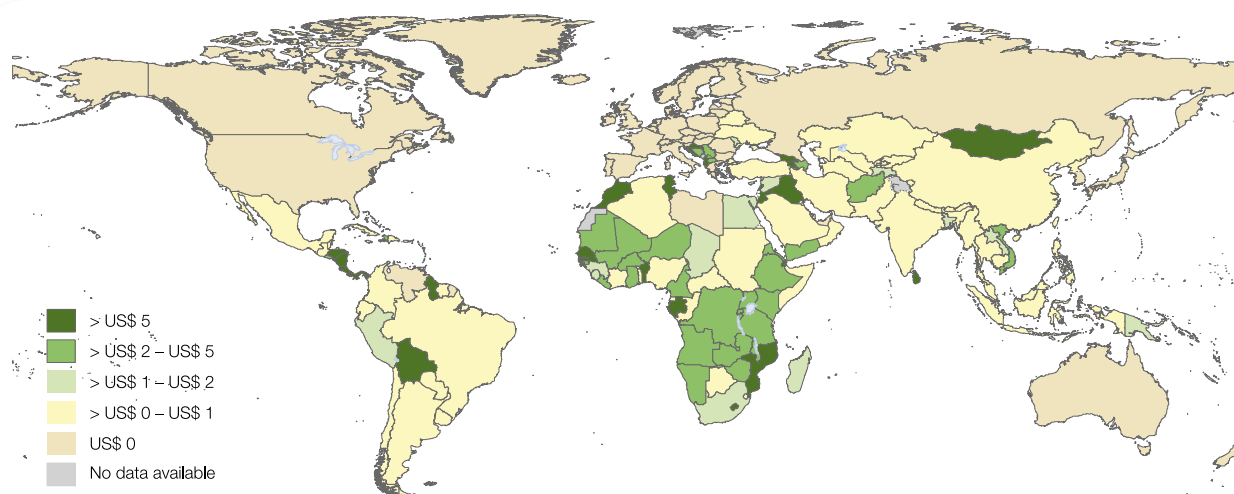


FIGURE 10: Commitments per capita made to sanitation and drinking-water, 2006–2008 average

Source: OECD (2010a)



Aid disbursements (2008)

Disbursement data are available for OECD Development Assistance Committee members and several multilateral agencies. Their total external aid disbursements for sanitation and drinking-water amounted to US\$ 5.3 billion in 2008 (Figure 11).

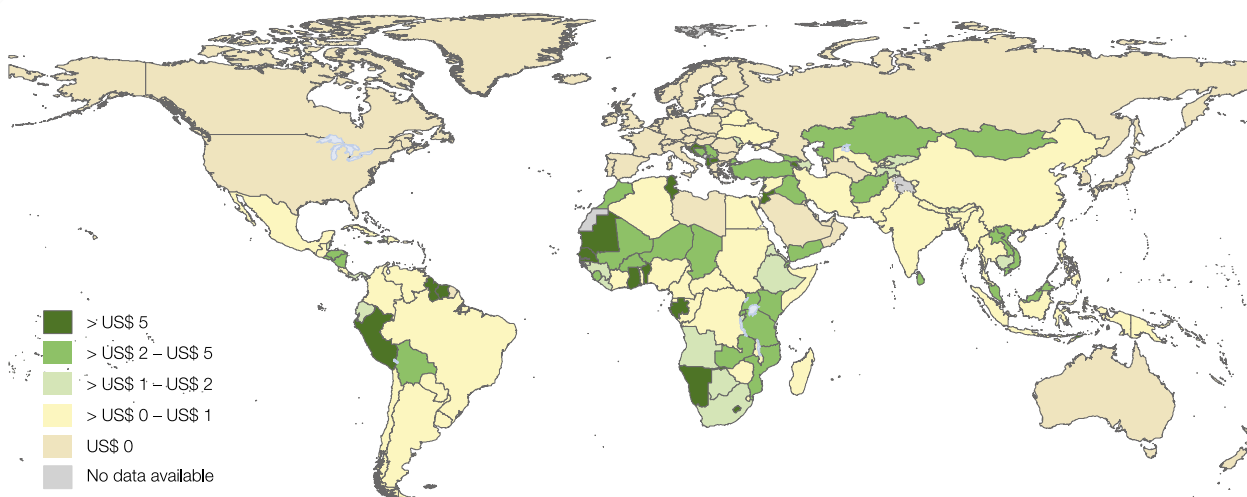


FIGURE 11: Disbursements per capita made to sanitation and drinking-water, 2008

Source: OECD (2010a)

Non-concessional loan commitments (2008)

Non-concessional loan commitments (i.e. “other official flows” not classified as ODA) to drinking-water and sanitation increased from US\$ 2.0 billion in 2006 to US\$ 3.3 billion in 2008, a 61% increase over the two-year period. Recipients of non-concessional lending are shown in Figure 12.

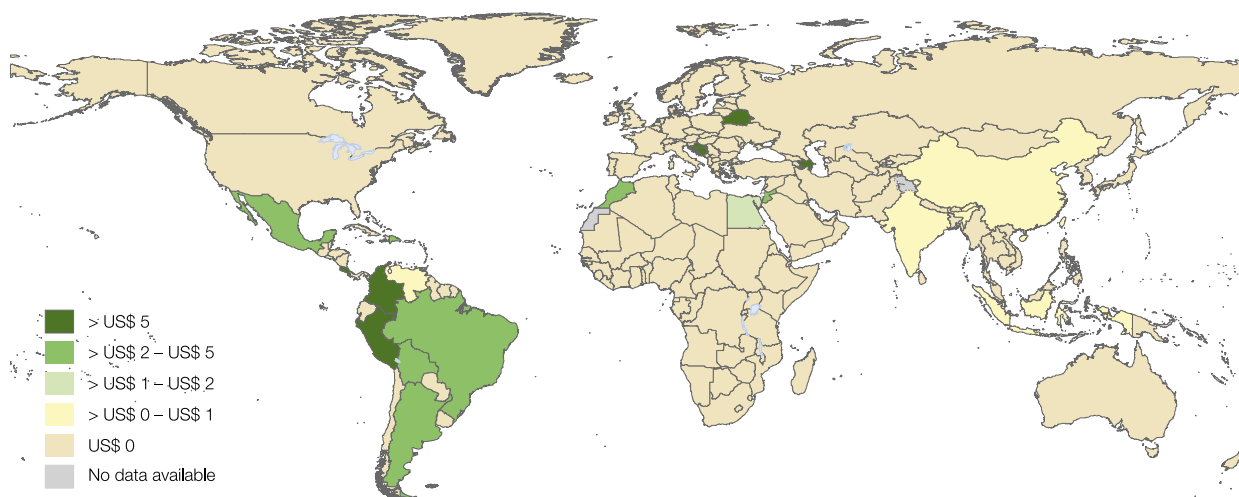


FIGURE 12: Non-concessional loan commitments per capita made to sanitation and drinking-water, 2008

Source: OECD (2010a)

PRIORITIES, TARGETING AND ADEQUACY OF FINANCIAL FLOWS

Global cost estimates to reach the sanitation and drinking-water MDG target vary due to the inclusion or exclusion of different costs or assumptions and range from US\$ 6.7 billion to US\$ 75 billion per year

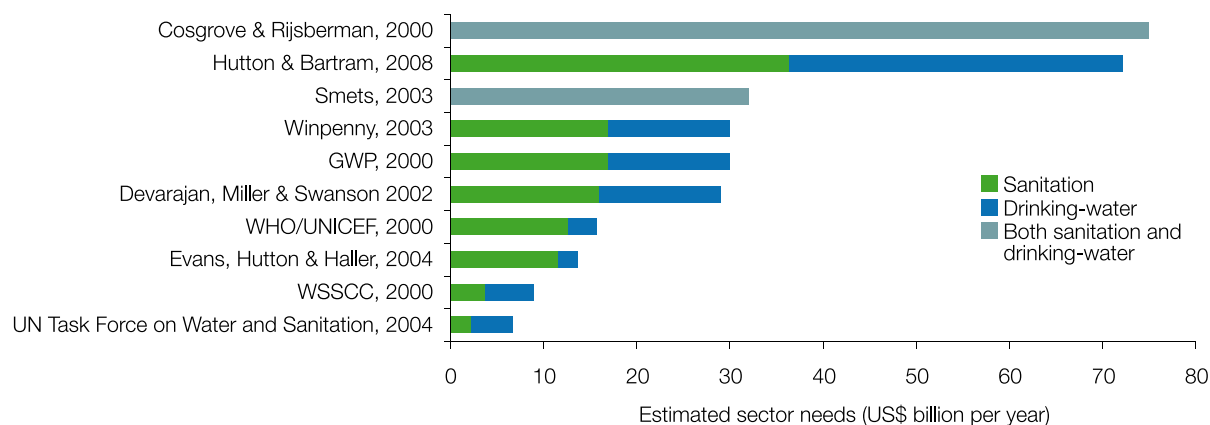


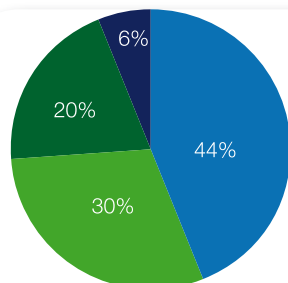
FIGURE 13: Summary of cost estimates to reach the sanitation and drinking-water MDG target

Sources: Fonseca & Cardone (2005); Hutton & Bartram (2008)

The global cost estimates for meeting the sanitation and drinking-water MDG target range from US\$ 6.7 billion to US\$ 75 billion per year (Figure 13). While there is a 10-fold variation in the costs presented in Figure 13, it is difficult to directly compare these estimates, as they make different assumptions with respect to baseline years, population growth, costs of technology and levels of service. Some of the cost estimates include only the costs of new capital infrastructure and do not consider the costs of maintaining or rehabilitating existing infrastructure. Additionally, most estimates do not include the costs of support services or institutional capacity to ensure that systems are planned, installed and maintained adequately (Fonseca & Cardone, 2005).



Nearly 75% of the estimated financing needs for sanitation and drinking-water consist of recurrent capital and maintenance for existing services



- Recurrent capital and maintenance needs, existing drinking-water
- Recurrent capital and maintenance needs, existing sanitation
- Capital needs, new sanitation coverage
- Capital needs, new drinking-water coverage

FIGURE 14: Breakdown of estimated needs to attain the drinking-water and sanitation MDG target

Source: Adapted from Hutton & Bartram (2008)

Highlighting the relative importance and cost implications of maintaining existing systems, a recently performed analysis estimated that the cost of maintaining and replacing existing services was nearly 75% of annual needs to attain the MDG target for sanitation and drinking-water. Investment needs for new sanitation services comprised 20% of needs, and capital investment requirements for new drinking-water services were 6% of needs (Figure 14).

WSP costing model comparisons

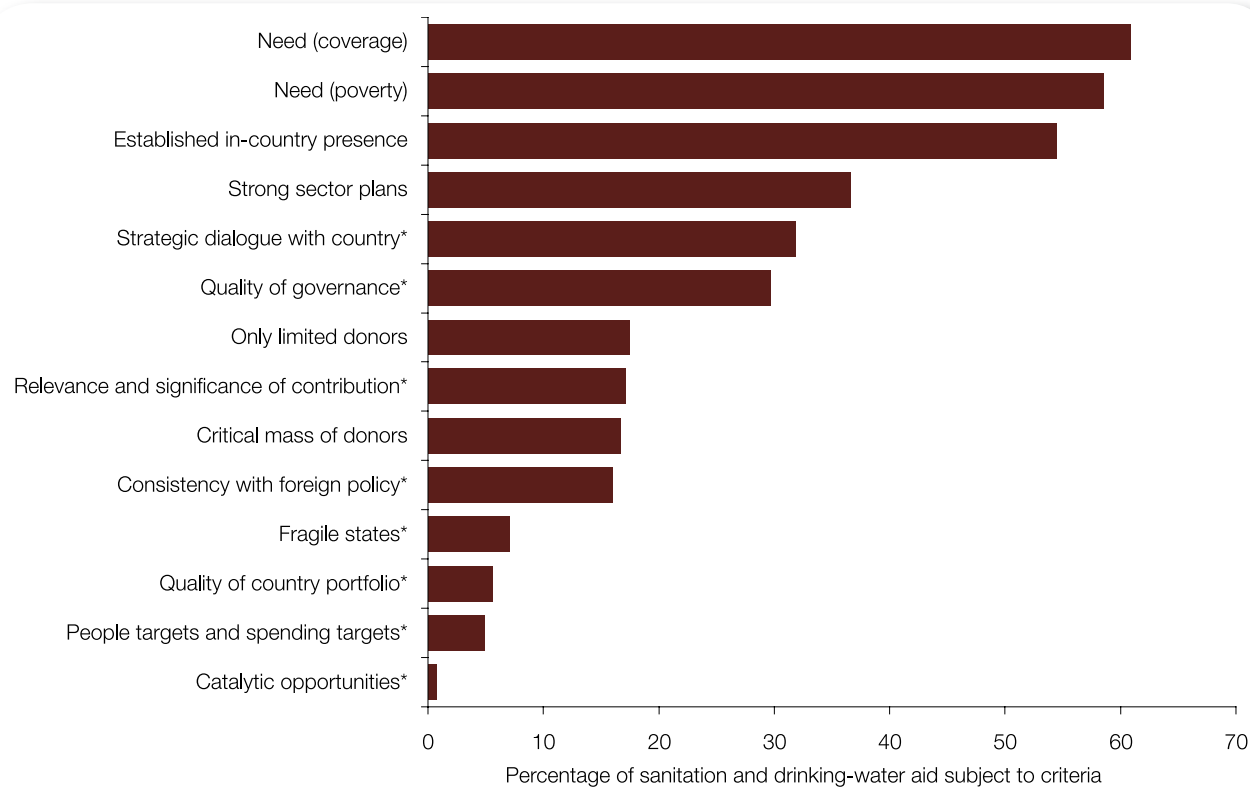
WSP-Africa is performing a comparative assessment of four models that estimate the financing requirements for meeting the water supply and sanitation MDG target at country level. The four models reviewed include a model from WaterAid (an international NGO), a WSP model, the Hutton & Bartram (2008) model and a World Bank Africa Infrastructure Country Diagnostic model. The analysis compares the strengths and weaknesses of the models and their sensitivity to input variables. Based on the results of the assessment, WSP-Africa plans to choose or develop a revised model to support the Country Status Overviews (CSO) for 32 countries in sub-Saharan Africa. The CSO will compare financing requirements with estimated financial flows for each country assessed.

PRIORITIES, TARGETING AND ADEQUACY OF FINANCIAL FLOWS

1.4 TARGETING OF SANITATION AND DRINKING-WATER FUNDING

One of the challenges to reducing poverty is the need to promote, provide and sustain sanitation and drinking-water services for the poorest populations whose needs for services are the greatest. Information concerning poverty levels, infrastructure, service levels and financing is required to appropriately plan and allocate resources to populations in most need, according to criteria developed by governments and stakeholders.

Multiple factors influence donor aid prioritization, with indicators such as sanitation and drinking-water coverage, poverty levels and established in-country presence ranking high on the list



* Reported in the description of "other" category in the questionnaire by specific donor(s) and may be underestimated

FIGURE 15: Proportion of total sanitation and drinking-water aid (2008 commitments) subject to criteria used to select priority recipient countries/regions

Source: 2009–2010 GLAAS external support agency survey results

Recognizing that there are various development cooperation strategies for aid prioritization, external support agencies were requested to provide input on whether various criteria were used to identify priority countries for sanitation and drinking-water aid. Use of each criterion was calculated based on the amount of aid subject to the criterion (i.e. if a donor indicated use of the criterion, the proportion of aid that the donor contributed to sanitation and drinking-water was summed with other donors that also indicated use of the criterion).

Coverage levels, poverty indicators and established in-country presence were the three most heavily used criteria to identify priority countries (Figure 15). Other important indicators cited include strong sector plans and quality of governance. It is important to note that further analysis (see Figure 26 below) showed a weak relationship between aid levels and coverage or between aid levels and poverty indicators (not presented in this report), thus highlighting the importance of multiple factors in donor aid prioritization.

Priority countries receive a greater share of development aid

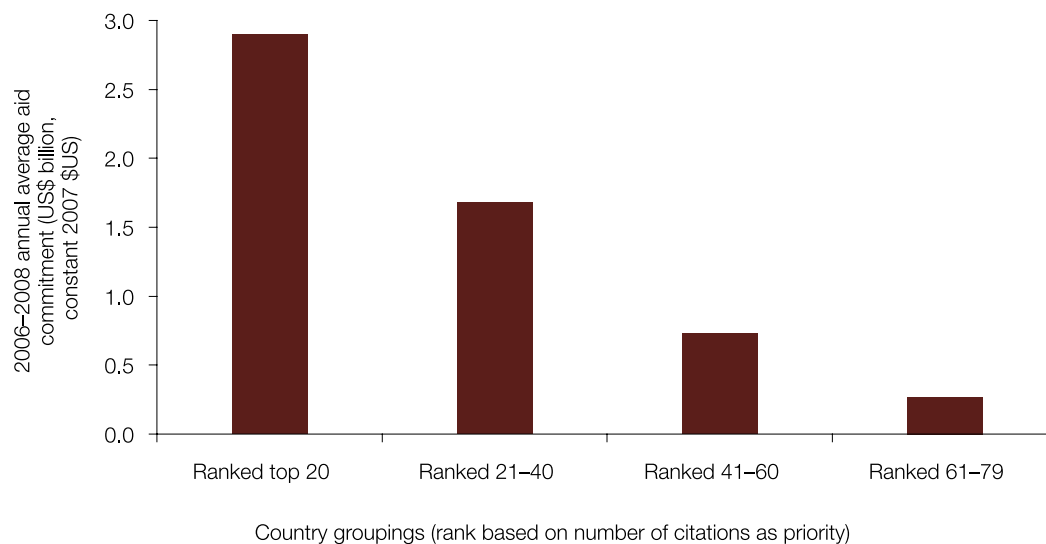


FIGURE 16: The aggregate amount of aid received by priority countries (ranked by number of citations as an aid priority by external support agencies)

Sources: 2009-2010 GLAAS external support agency survey results; OECD (2010a)

External support agencies were asked to indicate their priority countries and regions for sanitation and drinking-water aid. In all, 79 countries were cited at least once as an aid priority, and 55 countries were cited by two or more external support agencies as priorities. The top 20 priority countries (in terms of being cited most often) receive a higher proportion of aid (45%) to sanitation and drinking-water than those countries cited less often (Figure 16).



PRIORITIES, TARGETING AND ADEQUACY OF FINANCIAL FLOWS

Allocations of development aid for sanitation and drinking-water vary widely

TABLE 3: Highest annual aid recipients per capita unserved (greater than US\$ 25 million average annual aid)

	Country	Income group	Average annual aid commitment, 2006–2008 (US\$ million)	Annual aid per capita unserved (US\$)
1	Albania	Lower middle income	71.8	913.99
2	Jordan	Lower middle income	81.5	442.82
3	Georgia	Lower middle income	52.8	350.50
4	Armenia	Lower middle income	35.4	164.55
5	Serbia	Upper middle income	36.9	83.24
6	Iraq	Lower middle income	515.3	71.34
7	Tunisia	Lower middle income	68.5	64.14
8	Lesotho	Least developed	57.0	63.98
9	Sri Lanka	Lower middle income	112.1	58.83
10	Egypt	Lower middle income	90.6	31.73

Sources: OECD (2010a); WHO/UNICEF (2010)

To assess how aid is targeted to countries based on the needs of unserved populations, lists of the highest aid recipients (Table 3) and lowest aid recipients (Table 4) in terms of aid received per capita unserved are shown. Table 3 shows that some large levels of aid go to middle-income countries where unserved populations are relatively low. In fact, use of improved sanitation and drinking-water sources is above 90% in 7 out of the top 10 countries.

TABLE 4: Lowest annual aid recipients per capita unserved (least developed and other low-income countries, greater than one million population)

	Country	Income group	Average annual aid commitment, 2006–2008 (US\$ million)	Annual aid per capita unserved (US\$)
1	Myanmar	Least developed	2.4	0.2
2	Togo	Least developed	1.0	0.2
3	Somalia	Least developed	2.9	0.4
4	Pakistan	Other low-income	48.8	0.8
5	Nigeria	Other low-income	74.6	0.9
6	Bhutan	Least developed	0.2	1.2
7	Central African Republic	Least developed	2.8	1.3
8	Sudan	Least developed	29.6	1.3
9	Cambodia	Least developed	12.8	1.6
10	Chad	Least developed	13.0	1.7

Sources: OECD (2010a); WHO/UNICEF (2010)

Table 4 shows that either the lowest aid recipients per capita unserved receive very low levels of aid or their total unserved populations are very high (i.e. Sudan, Nigeria, Pakistan; for sanitation). Middle-income countries receiving low levels of aid are not shown on this list.

Least developed and other low-income countries received two thirds of non-regional grant aid



FIGURE 17: Breakdown of US\$ 7.4 billion in aid commitments by recipient income category, 2008

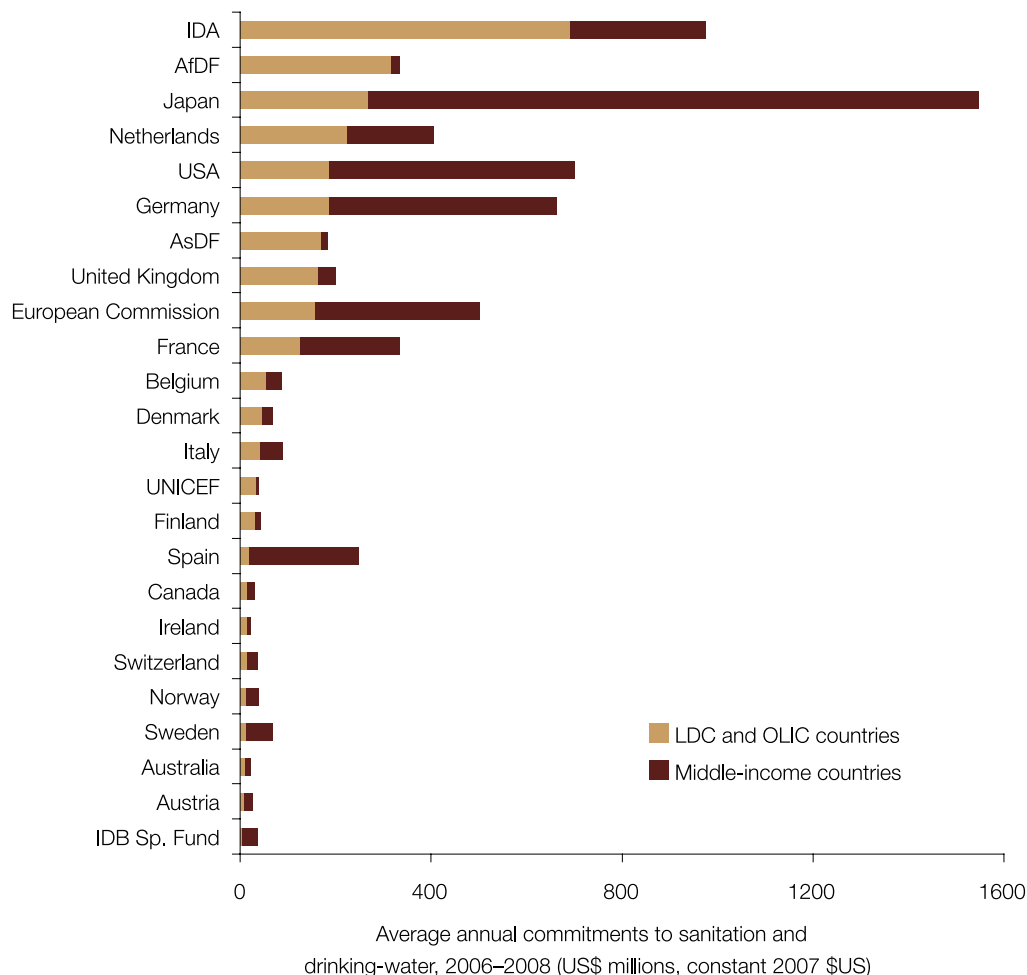
Source: OECD (2010a)

A compilation of recipient country income levels and aid types indicates that grants make up a greater proportion of aid to low-income countries, and loans make up a greater proportion of aid to middle-income countries. Of the US\$ 3.9 billion in grant aid commitments reported for 2008, over US\$ 1.9 billion was directed to least developed and other low-income countries. Middle-income countries received US\$ 1.0 billion in grant aid, and over US\$ 900 million was directed to regional initiatives or projects, mainly in developing regions (Figure 17).



PRIORITIES, TARGETING AND ADEQUACY OF FINANCIAL FLOWS

Over the past three years, at least 42% of development aid commitments were targeted for least developed and other low-income countries



Note: Because US\$ 930 million in regional aid is not allocable to country income groupings, aid amounts to least developed and other low-income countries as shown above may be underestimated.

FIGURE 18: Breakdown of sanitation and drinking-water aid commitments between least developed countries (LDC) and other low-income countries (OLIC) together and middle-income countries, 2006–2008

AfDF, African Development Fund, African Development Bank; AsDF, Asian Development Fund, Asian Development Bank; IDA, International Development Association, World Bank; IDB, Inter-American Development Bank

Source: OECD (2010a)

Figure 18 indicates that several bilateral donors—notably the Netherlands, the United Kingdom, Belgium, Denmark, Finland and Ireland—target a majority of their aid to low-income countries. Other significant contributors in terms of aid amounts to low-income countries include Japan, the United States of America (USA), Germany, the European Commission and France. For the period 2006–2008, the average annual aid commitment to least developed and other low-income countries was at least 42% of total ODA to the sectors (regional aid not allocable to country income groupings included in total). Multilateral concessional spending is mainly targeted to low-income countries.

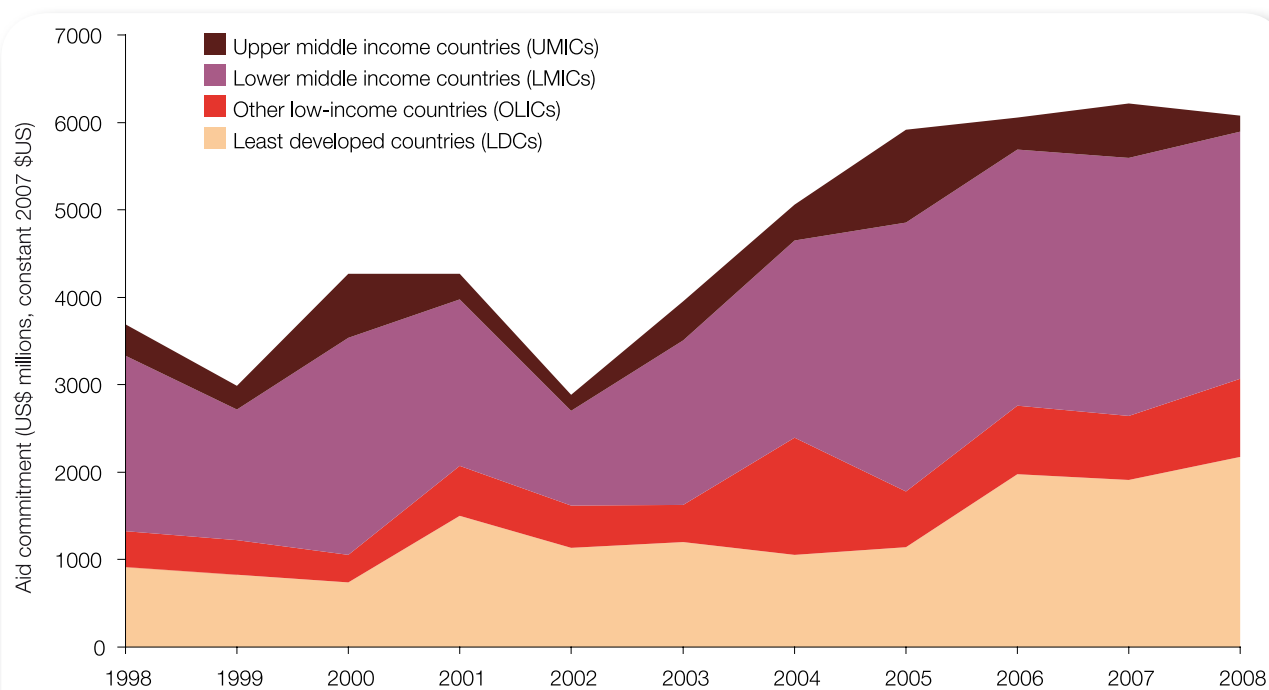


FIGURE 19: Trends in sanitation and drinking-water aid commitments by recipient income category, 1998–2008

Source: OECD (2010a)

As shown in Figure 19, aid to low-income countries (i.e. least developed countries plus other low-income countries) has ranged from 32% to 46% of total water and sanitation ODA since 1998.

Japan and the USA increase aid to least developed and other low-income countries by US\$ 720 million in 2008

Japan and the USA have both recently committed to more development aid to drinking-water and sanitation and to Africa. As two of the largest donors in bilateral aid in this area, the trends in aid may shift dramatically over the next few years. As a first indication of this shift, commitments from Japan and the USA to least developed and other low-income countries increased from US\$ 226 million in 2007 to US\$ 948 million in 2008, a US\$ 720 million increase (over 300%).

In 2008, at the Fourth Tokyo International Conference on African Development (TICAD IV), Japan committed to providing an additional US\$ 350 million in grant and technical assistance aid to Africa over the next five years (2008–2012). Japan reported increased aid commitments to least developed and other low-income countries from US\$ 168 million in 2007 to US\$ 446 million in 2008 (OECD, 2010a).

The Senator Paul Simon Water for the Poor Act of 2005 has made access to safe water and sanitation a specific policy objective of foreign assistance in the USA. Recent statutory requirements have also specified minimum United States Agency for International Development (USAID) aid spending for safe drinking-water and sanitation supply projects (US\$ 300 million in 2008, not including the Millennium Challenge Corporation, an independent foreign aid agency in the USA that distributes large-scale grants to fund country-led solutions for reducing poverty). A recent United States Congressional report (USDOS, 2009) indicated that total investments in sub-Saharan Africa rose to US\$ 650 million in 2008, largely due to obligations by the Millennium Challenge Corporation. Similarly, the USA reported an increase in aid commitments to least developed and other low-income countries from US\$ 58 million in 2007 to US\$ 502 million in 2008 (OECD, 2010a).

PRIORITIES, TARGETING AND ADEQUACY OF FINANCIAL FLOWS

Financing for sanitation comprises 37% of total aid funding for sanitation and drinking-water

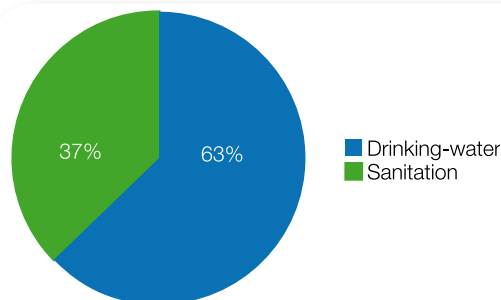


FIGURE 20: Comparison of donor commitments to sanitation with donor commitments to drinking-water projects, 14 donors, 2008

Source: 2009–2010 GLAAS external support agency survey results

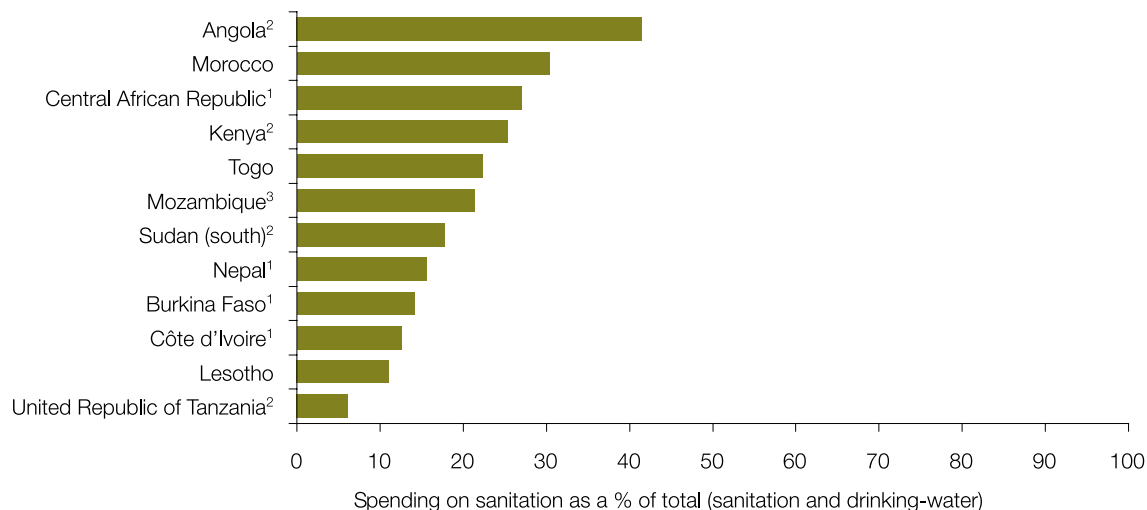
External support agencies were requested to provide an estimate of the percentages of aid commitments that were targeted to sanitation compared with drinking-water programmes or projects. Fourteen out of 27 donors were able to provide such information. Recent estimates of costs to achieve the MDG target (Hutton & Bartram, 2008) show that capital needs are heavily weighted towards developing new coverage in sanitation. Conversely, data from the 14 donors indicate that development aid is more heavily weighted towards drinking-water programmes and projects (Figure 20).

Separating sanitation and drinking-water supply aid

In response to a recent member request to distinguish aid for sanitation from aid for drinking-water, the OECD Working Party on Statistics approved, in 2009, a new data coding scheme that would allow for regular future reporting to OECD of development aid for sanitation separate from that for drinking-water. It is expected that members will be requested to report using the new coding scheme in 2010, with separate sanitation and drinking-water aid data becoming available in 2011.



The median proportion of government spending on sanitation is 20% of spending on both drinking-water and sanitation for 12 country respondents



¹ Does not include regional or local government expenditures.

² 2009 budget data.

³ 2007 expenditure data.

FIGURE 21: Government spending on sanitation as a proportion of spending on both sanitation and drinking-water, 12 country respondents, 2008

Source: 2009–2010 CSO and GLAAS country survey results

Country governments were also requested to provide budget and expenditure data broken down by sanitation and by drinking-water. Twelve out of 26 countries providing financial information were able to provide separate sanitation and drinking-water expenditure data. Costs of interventions for sanitation and for drinking-water vary widely depending on technology used and geographical regions served. The breakdown of country expenditures (from both internal and external sources) between sanitation and drinking-water shows that funding for drinking-water is often 3 or more times higher than that for sanitation (Figure 21).



PRIORITIES, TARGETING AND ADEQUACY OF FINANCIAL FLOWS

A majority of sanitation and drinking-water aid is targeted to large systems

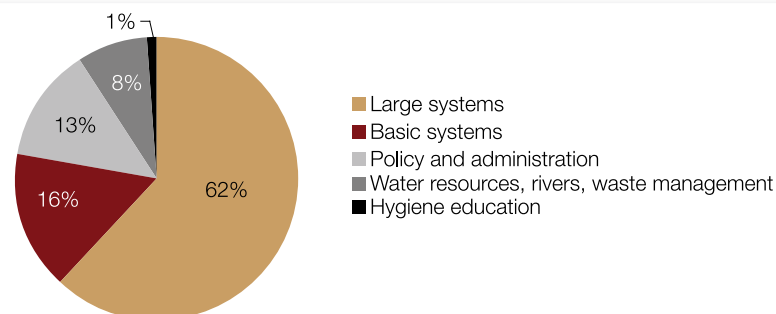


FIGURE 22: Breakdown of aid commitments to drinking-water and sanitation among purpose types, 2008

Source: OECD (2010a)

In 2008, aid commitments for large sanitation and drinking-water systems comprised US\$ 4.6 billion, compared with US\$ 1.2 billion in aid to basic systems (Figure 22). Basic drinking-water systems are defined as drinking-water supply through low-cost technologies such as hand pumps, spring catchment, gravity-fed systems, rainwater collection, storage tanks and small distribution systems; basic sanitation systems are defined as latrines, small-bore sewers and on-site disposal. Large systems include (for drinking-water) treatment, drinking-water conveyance and distribution and (for sanitation) sewerage collection systems and wastewater treatment plants (OECD, 2010b).

Aid for basic sanitation and drinking-water services declined from 27% to 16% of total aid to sanitation and drinking-water over the period 2003–2008

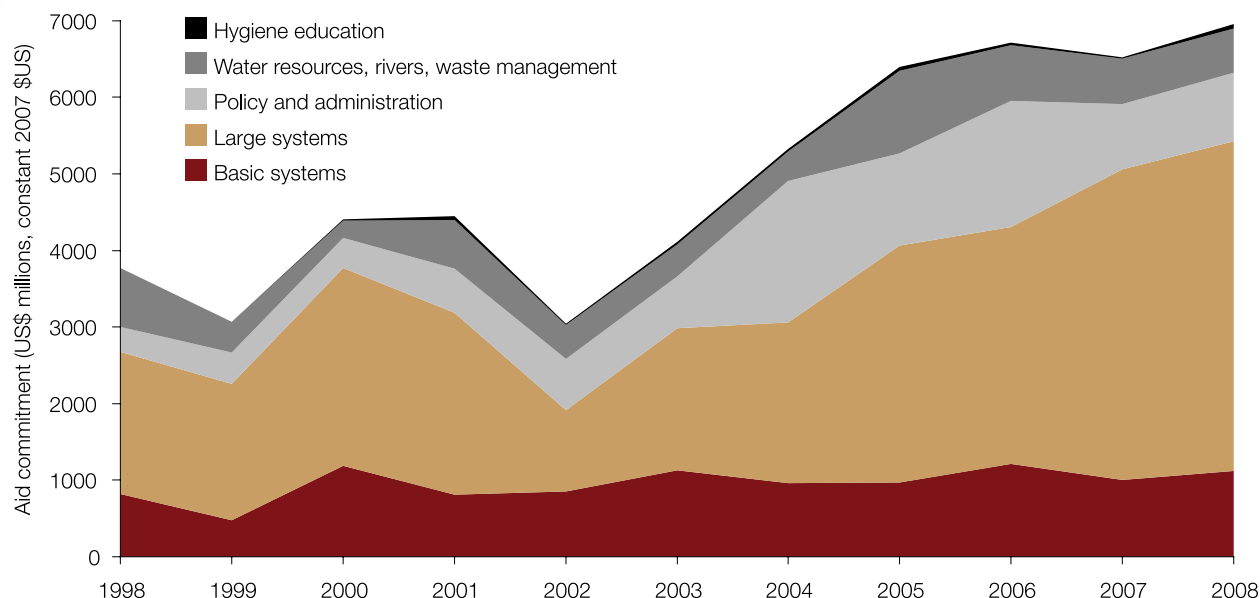


FIGURE 23: Trends in aid commitments to sanitation and drinking-water, among purpose types, 1998–2008

Source: OECD (2010a)

In 2002 and 2003, aid commitments for basic sanitation and drinking-water services averaged US\$ 990 million (constant 2007 \$US) out of an annual average of US\$ 3.6 billion (27%) in aid commitments to sanitation and drinking-water. While overall aid commitments to sanitation and drinking-water rose to US\$ 7.0 billion (i.e. US\$ 7.4 billion in current 2008 \$US) in 2008, aid flows for basic systems remained a relatively constant US\$ 0.8–1.1 billion over the period 2003–2008 and declined as a proportion of overall aid flows (Figure 23).

The median proportion of donor aid to basic sanitation and drinking-water services is 25%

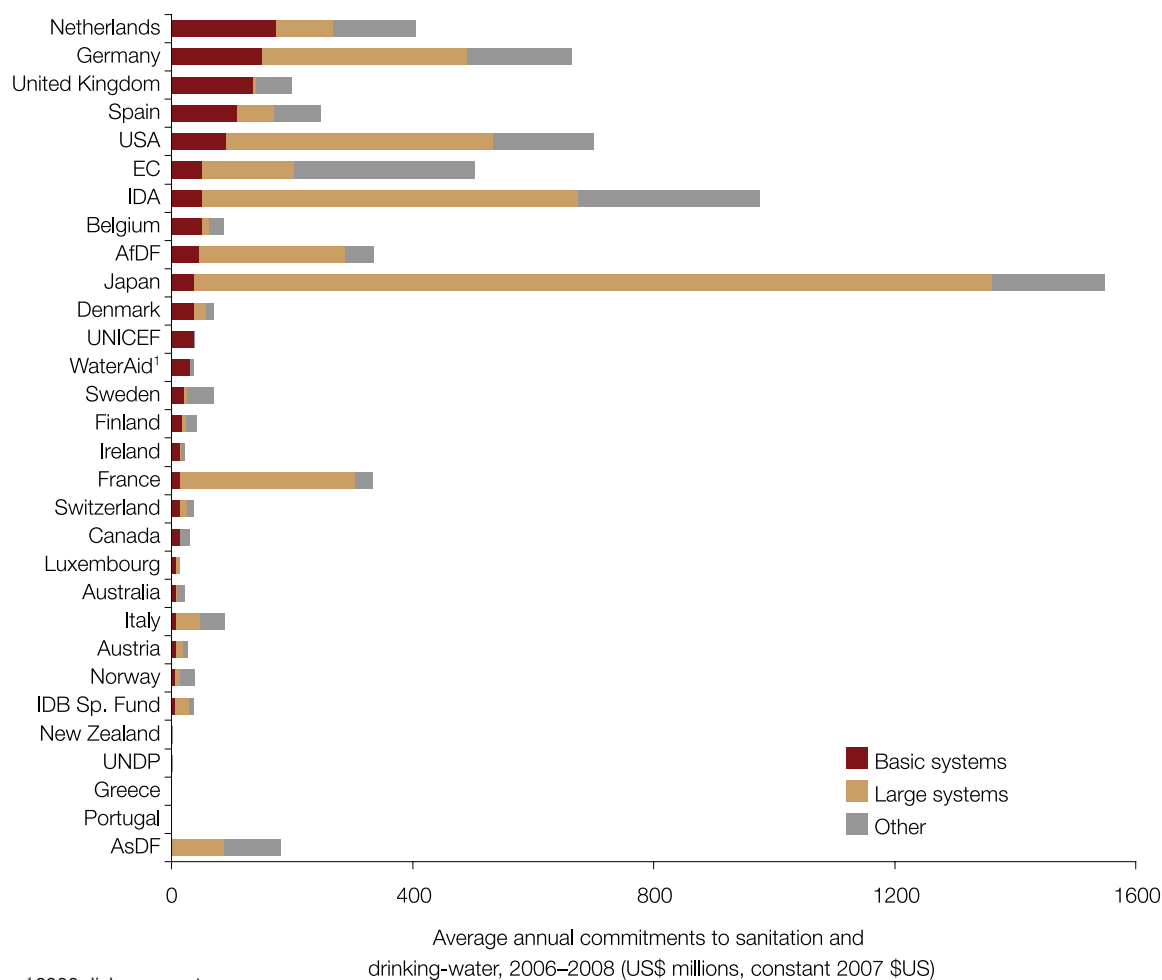


FIGURE 24: Breakdown in aid commitments to sanitation and drinking-water, among purpose types, by external support agency, 2006–2008 annual average

AfDF, African Development Fund, African Development Bank; AsDF, Asian Development Fund, Asian Development Bank; EC, European Commission; IDA, International Development Association, World Bank; IDB, Inter-American Development Bank; UNDP, United Nations Development Programme

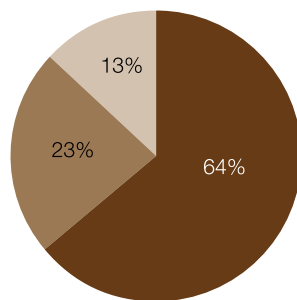
Source: OECD (2010a)

Figure 24 illustrates that only a few bilateral donors—notably the Netherlands, the United Kingdom, Spain and Denmark—target a significant proportion of aid for basic sanitation and drinking-water services. Other important contributors, in terms of aid amounts to basic services, include Germany and the USA. For the period 2006–2008, the median average annual proportion of donor aid to basic systems was 25%.



PRIORITIES, TARGETING AND ADEQUACY OF FINANCIAL FLOWS

Data from eight external support agencies show that 77% of their aid to drinking-water and sanitation is disbursed for new services and maintaining or replacing existing services



- New services
- Increase service or treatment levels
- Maintain/replace existing services

FIGURE 25: Breakdown of development aid among project objectives, 2008 (eight external support agencies with disbursements of US\$ 1.1 billion)

Source: 2009–2010 GLAAS external support agency survey results

It is interesting to distinguish the relative proportions of aid funds that are directed towards providing new sanitation and drinking-water services and maintaining or replacing existing services. These funds—as opposed to those used for increasing service or treatment levels—would directly relate to spending towards the achievement of the MDG target and are not clearly broken down by other donor reporting mechanisms. For instance, aid that is categorized as aid for a large water system may be providing a new service where none existed previously (i.e. aid directed at the MDG target), or it may be money directed at upgrading the treatment plant where one already exists (i.e. improving service levels where access already existed). Although only 8 of 27 donors (African Development Bank, Asian Development Bank, BRAC, Denmark, the Netherlands, Portugal, USA and WaterAid) were able to break down disbursements in this manner, the data indicate that 77% of disbursements for these donors were directed to new services or maintaining or replacing existing services (Figure 25).



The relationship between country coverage level and donor aid is weak ... countries with low coverage do not receive higher levels of aid relative to other countries

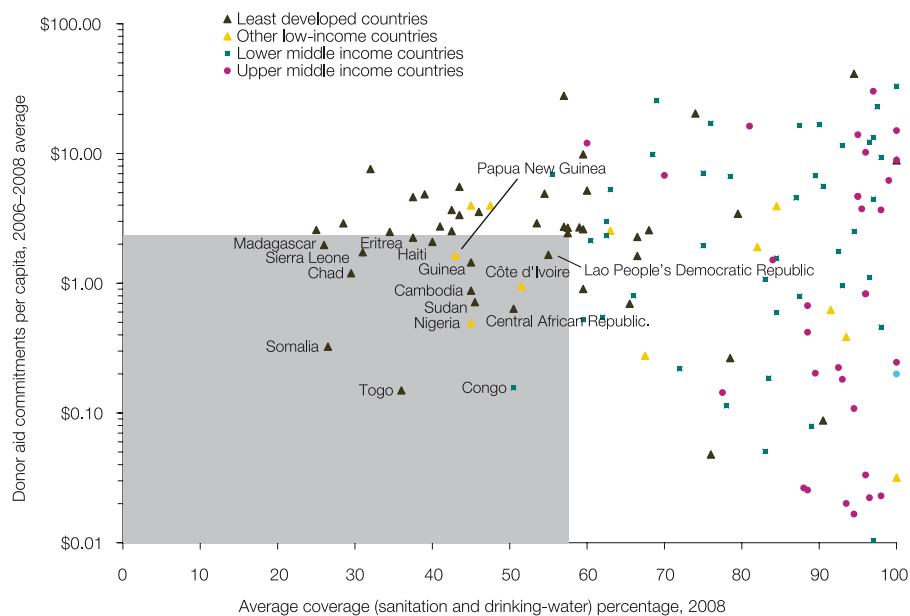


FIGURE 26: Donor aid (average annual commitment, 2006–2008, constant 2007 \$US) per capita versus average coverage in countries, 2008

Sources: OECD (2010a); WHO/UNICEF (2010)

Progress in providing access to sanitation and drinking-water and meeting the MDG target is measured using coverage indicators. As shown previously, coverage indicators are also among the most common factors that affect donor aid priorities and spending. To determine the relationship between donor aid targeting and coverage, recipient aid (average commitments from 2006–2008 reported to OECD) per capita is compared with the average coverage level for sanitation and drinking-water for each aid recipient country. The median donor aid commitment per capita (three-year average) for 2006–2008 for all recipient countries was US\$ 2.26. While 19 countries in the lowest quartile of average coverage received more than the median average commitment per capita, there were 16 that received less than the median average commitment per capita (highlighted in the lower left-hand box on Figure 26).

If a strong relationship between coverage levels and aid amounts existed, one might expect that many more countries with low average coverage would receive higher than the median aid levels. This result also runs counter to evidence that country coverage level is the most important factor for donors when selecting priority countries and indicates the use of several criteria in prioritization decisions.

PRIORITIES, TARGETING AND ADEQUACY OF FINANCIAL FLOWS

Criteria for targeting sanitation and drinking-water funds to unserved and poor populations are generally not developed or applied, especially in sanitation

Equitability considerations for the allocation of resources ensure that poorer regions and more vulnerable people do not fall behind through lack of effective targeting. Although data indicate that large disparities exist in urban/rural coverage and in drinking-water/sanitation financing, they also show that governments have generally not applied or developed criteria or a formula to allocate funding equitably to and within urban/rural communities for sanitation and drinking-water.

As shown in Table 5, a significant disparity in the development of equitability criteria is found between sanitation and drinking-water. Urban drinking-water has progressed the most, with 12 out of 38 countries indicating that equitability criteria had been developed and applied. Urban sanitation has progressed the least, with 3 out of 36 countries indicating that equitability criteria had been developed and applied. Some countries report that equitability criteria have been developed and were being applied for specific projects, but were not applied universally.

Kenya Water and Sanitation Trust Fund uses geographical mapping to identify needs

The Kenya Water and Sanitation Trust Fund relies mainly on a system of geographical poverty mapping combined with a water-specific situation analysis to identify needs. This analysis includes the existing level of investment in water and sanitation infrastructure, access to high-quality water and sanitation coverage levels. However, although the Trust Fund has developed transparent equitability criteria and works specifically in areas with poor water and sanitation services, only a small portion of the resources allocated to water and sanitation in Kenya are channelled through the Trust Fund. The equitability criteria are therefore not universally applied.

TABLE 5: Use of equitability criteria to allocate funds

	Drinking-water		Sanitation	
	Urban	Rural	Urban	Rural
Sub-Saharan Africa				
Angola	●	●	●	●
Benin	●	●	●	●
Burkina Faso	●	●	●	●
Burundi	●	●	●	●
Cameroon	●	●	●	●
Central African Republic	●	●	●	●
Chad	●	●	●	●
Côte d'Ivoire	●	●	●	●
Democratic Republic of the Congo	●	●	●	●
Ethiopia	-	-	-	-
Ghana	●	●	●	●
Kenya	●	●	●	●
Lesotho	●	●	●	●
Madagascar	●	●	●	●
Mali	●	●	●	●
Mauritania	●	●	●	●
Mozambique	●	●	●	●
Niger	●	●	-	●
Rwanda	●	●	●	●
Senegal	●	●	●	●
Sierra Leone	●	●	●	●
South Africa	●	●	●	●
Sudan (south/north)	●●	●●	●●	●●
Togo	●	●	●	●
Uganda	●	●	●	●
United Republic of Tanzania	●	●	●	●
Zimbabwe	●	●	●	●
Southern Asia, South-eastern Asia, Eastern Asia, CIS				
Bangladesh	●	●	●	●
Cambodia	●	●	●	●
Indonesia	-	-	-	-
Kazakhstan	-	-	-	-
Lao People's Democratic Republic	●	●	●	●
Mongolia	●	●	-	●
Nepal	●	●	●	●
Philippines	●	●	●	●
Thailand	●	●	●	●
Timor-Leste	●	●	-	-
Viet Nam	●	●	●	●
Northern Africa, Western Asia				
Morocco	●	●	●	-
Oman	-	-	-	-
Latin America and the Caribbean				
Honduras	●	●	●	●
Paraguay	●	●	●	●
Progress score	50%	52%	25%	26%
Colour key: Have criteria, or a formula, been determined to allocate funding equitably to and within urban/rural communities for sanitation and drinking-water?				
● Yes, criteria are applied consistently				
● Yes, but criteria are not applied consistently				
● No, criteria are not applied				
- No information				

Source: 2009–2010 CSO and GLAAS country survey results

Twelve out of 20 donors have measured the impact of aid on the poorest populations

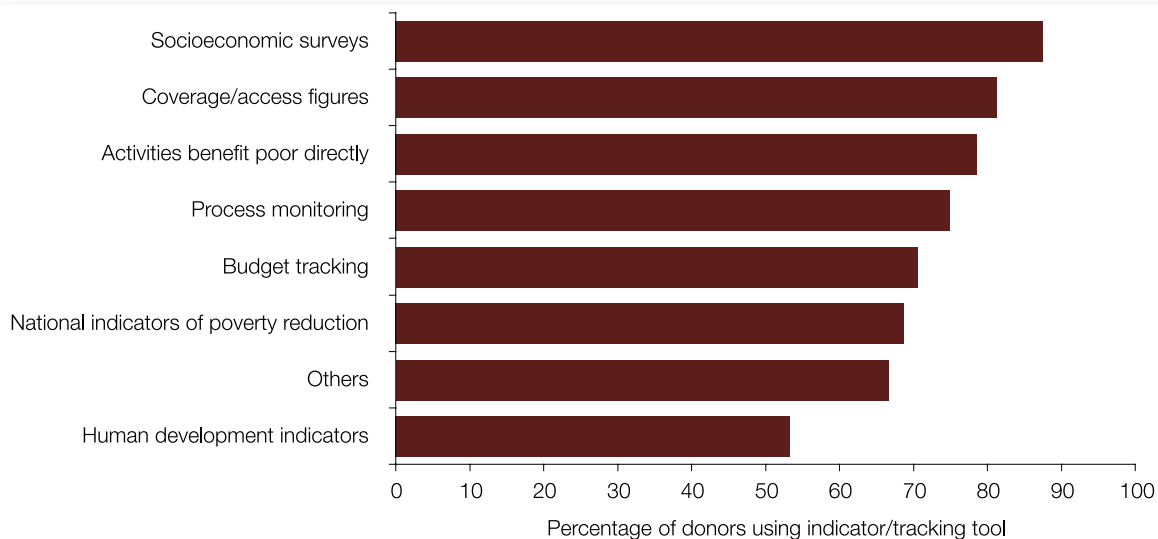


FIGURE 27: Tracking tools used to measure the outcomes of pro-poor policies

Source: 2009–2010 GLAAS external support agency survey results

Measuring progress against donor objectives is a challenge and, for poverty reduction, can involve a number of indicators and tracking tools. Twelve of 20 responding external support agencies have attempted to measure the impact of sanitation and drinking-water aid on the poorest populations. Figure 27 summarizes some common indicators used to measure achievement. Several donors indicated that systematic reviews are not applied, but that aid is aligned and harmonized with country systems and needs and the level of flexibility of other cooperation partners.

Poverty focus and impact measurement are key in German aid monitoring systems

Pro-poor impacts of German development aid are tracked through an obligatory index for each programme that measures the impacts of aid on poverty reduction goals. Indicators for impact measurement are chosen and defined individually for each programme in line with the project objectives. Achievement of objectives is measured through the indicators during each phase of the programme.

Source: 2009–2010 GLAAS external support agency survey results





A background image showing a public water tap with several people, including children, waiting for water. The scene is outdoors and appears to be in a developing area. The title 'PART 2 COUNTRY CAPACITY TO SUSTAIN PROGRESS' is overlaid on the top right of the image.

PART 2

COUNTRY CAPACITY TO SUSTAIN PROGRESS

Governments, in partnership with key stakeholders, have a primary role in creating an environment that enables progressive and equitable improvements in sanitation and drinking-water services. Part 2 of this report looks at the different elements of this enabling environment, such as the policy and institutional arrangements (section 2.1), the capacity to set goals and monitor progress (section 2.2), the budget allocations (section 2.3) and the human resources capacity for sanitation and drinking-water (section 2.4).

KEY OBSERVATIONS

- 2.1 In general, positive trends were reported in policy formulation and implementation; however, 12 out of 38 responding countries do not have a sanitation policy covering both urban and rural areas.
- 2.2 Defining appropriate institutional roles and responsibilities remains a challenge for both sanitation and drinking-water.
- 2.3 Fourteen out of 38 responding countries indicate that needs-based investment programmes are being implemented for both urban and rural drinking-water. Some countries have developed MDG road maps that can be useful as a planning and monitoring tool.
- 2.4 Lack of reliable data, especially at subnational and local levels, was the most common reason cited for the failure to implement investment plans.
- 2.5 Annual reviews, involving a wide group of development partners, are becoming increasingly common, although they sometimes cover only drinking-water.
- 2.6 Most of the funds allocated to rural sanitation are “off budget”.
- 2.7 Some countries rely heavily on donor aid for sanitation and drinking-water. In general, however, the dependence of governments on donor aid needs further assessment.
- 2.8 Most responding countries have addressed human resources in national plans or annual reviews of sanitation and drinking-water, but inadequate budget to hire and retain staff is cited as the main factor affecting human resource levels in both rural sanitation and rural drinking-water.

COUNTRY CAPACITY TO SUSTAIN PROGRESS

2.1 POLICIES AND INSTITUTIONS

It is common that several government agencies, often spread over different public sectors, are responsible for oversight and implementation in sanitation and drinking-water, resulting in fragmented service delivery and overlaps in resource allocation and regulation.

An enabling framework for progress in sanitation and drinking-water involves coordination among government agencies, agreements on objectives, the development of policies or strategies to achieve objectives, and clearly defined roles for each institution and stakeholder group. This can be especially challenging in an environment where some government agencies (e.g. a national water resources board) are dedicated to drinking-water and sanitation, whereas others (e.g. a health ministry or an environmental and natural resources department) devote only a portion of their overall mandate to this area, which may thus be less of a priority to them.

Where government departments or agencies are not guided by a specific policy directed to sanitation and drinking-water, effective and efficient service delivery is particularly difficult to achieve. It is especially challenging in sanitation and hygiene, as there is generally no one agency that is responsible or accountable for all aspects of service delivery.

Twelve out of 38 reporting countries do not have a sanitation policy covering both urban and rural areas, diminishing opportunities for progress

As shown in Table 6, 12 countries out of 38 have not developed a policy that covers both urban and rural sanitation. Policy development and implementation were better for drinking-water, with only 5 countries out of 38 that have not developed a policy for both urban and rural areas. More than half of the countries indicated positive trends in policy development, and none of the country respondents indicated that trends in policy development and implementation efforts were declining.

TABLE 6: Policy adoption and implementation

	Drinking-water		Sanitation	
	Urban	Rural	Urban	Rural
Sub-Saharan Africa				
Angola	●	●	●	●
Benin	▲	▲	=	=
Burkina Faso	▲	▲	▲	▲
Burundi	=	=	=	=
Cameroon	=	=	=	=
Central African Republic	▲	▲	▲	▲
Chad	=	=	=	=
Côte d'Ivoire	●	●	●	●
Democratic Republic of the Congo	●	●	●	●
Ethiopia	-	-	-	-
Ghana	●	●	●	●
Kenya	▲	▲	=	=
Lesotho	▲	▲	▲	▲
Madagascar	=	=	=	=
Mali	▲	▲	▲	▲
Mauritania	▲	▲	=	=
Mozambique	●	●	●	●
Niger	▲	▲	-	▲
Rwanda	▲	▲	▲	▲
Senegal	▲	▲	▲	▲
Sierra Leone	●	●	●	●
South Africa	●	●	●	●
Sudan (south/north)	●●	●●	●●	●●
Togo	▲	▲	=	=
Uganda	●	●	●	●
United Republic of Tanzania	●	●	●	●
Zimbabwe	-	●	●	●
Southern Asia, South-eastern Asia, Eastern Asia, CIS				
Bangladesh	=	=	=	=
Cambodia	▲	▲	=	▲
Indonesia	-	-	-	-
Kazakhstan	-	-	-	-
Lao People's Democratic Republic	▲	=	▲	=
Mongolia	=	=	=	=
Nepal	▲	▲	▲	▲
Philippines	▲	▲	=	=
Thailand	▲	=	=	=
Timor-Leste	▲	=	▲	=
Viet Nam	▲	▲	▲	▲
Northern Africa, Western Asia				
Morocco	▲	▲	▲	-
Oman	-	-	-	-
Latin America and the Caribbean				
Honduras	▲	▲	▲	▲
Paraguay	=	=	=	=
Progress score	79%	78%	63%	64%
Colour key: Is there a policy agreed by stakeholders and approved by cabinet?				
●	Policy agreed by stakeholders, but not gazetted			
●	Policy, but not agreed or gazetted			
●	No policy			
-	No information			
Shape key: Over the past three years, have trends in the adoption and implementation of effective sector policies been worsening, constant or improving?				
▲ ▲ ▲	Increasing trend			
= = =	No change in trend			
▼ ▼ ▼	Decreasing trend			
● ● ●	No trend information			

Source: 2009–2010 CSO and GLAAS country survey results

Defining appropriate institutional roles and responsibilities remains a challenge for both sanitation and drinking-water

Several countries reported significant achievements in the development of workable institutional frameworks. For example, Viet Nam has instituted a Rural Water Supply and Sanitation National Target Programme that provides a clear mechanism to implement policies and scale up new approaches for delivering services, as well as defining clear drinking-water and sanitation targets. In 2008, the Philippines released a Water Supply and Sanitation Roadmap (IASC Philippines, 2008) that outlines overarching strategies for water supply and sanitation with defined roles and targets. Despite these and other achievements, some of the major obstacles to improving the fragmented institutional situation cited by countries include the following:

- Approaches used for developing policies are not coherent and holistic within each ministry.
- Agencies are working independently on specific policy aspects rather than being guided by an overall framework.
- Lead institutions are not defined, especially for sanitation. Table 7 indicates that 10 out of 26 responding sub-Saharan countries have not defined roles in sanitation.
- There is a lack of strategic plans on how targets for drinking-water and sanitation will be met, or for the promotion of hygiene.
- There is low capacity at local levels in terms of oversight and service delivery.

TABLE 7: Definition of institutional roles

	Drinking-water		Sanitation	
	Urban	Rural	Urban	Rural
Sub-Saharan Africa				
Angola	●	●	●	●
Benin	▲	▲	▲	▲
Burkina Faso	=	▲	=	▲
Burundi	▲	▲	=	=
Cameroon	▲	▲	▲	▲
Central African Republic	▲	▲	▲	▲
Chad	▲	▲	▼	=
Côte d'Ivoire	●	●	●	●
Democratic Republic of the Congo	●	●	●	●
Ethiopia	-	-	-	-
Ghana	●	●	●	●
Kenya	▲	▲	▼	▼
Lesotho	▲	▲	▲	▲
Madagascar	▲	▲	▲	▲
Mali	▲	▲	▲	▲
Mauritania	▲	▲	=	=
Mozambique	●	●	●	●
Niger	▲	▲	-	▲
Rwanda	▲	▲	▲	▲
Senegal	▲	▲	▲	▲
Sierra Leone	●	●	●	●
South Africa	●	●	●	●
Sudan (south/north)	●●	●●	●●	●●
Togo	=	=	=	=
Uganda	●	●	●	●
United Republic of Tanzania	●	●	●	●
Zimbabwe	-	●	●	●
Southern Asia, South-eastern Asia, Eastern Asia, CIS				
Bangladesh	=	=	=	=
Cambodia	▲	▲	▲	▲
Indonesia	-	-	-	-
Kazakhstan	-	-	-	-
Lao People's Democratic Republic	▲	▲	▲	▲
Mongolia	=	=	=	=
Nepal	▲	▲	▲	▲
Philippines	▲	▲	▲	▲
Thailand	▲	▲	▲	▲
Timor-Leste	▲	▲	▲	▲
Viet Nam	▲	▲	▲	▲
Northern Africa, Western Asia				
Morocco	▲	▲	▲	-
Oman	-	-	-	-
Latin America and the Caribbean				
Honduras	▲	▲	▲	▲
Paraguay	=	=	=	=
Progress score	72%	72%	67%	58%
Colour key: Are the roles of the institutional stakeholders clearly defined and operationalized?				
● Roles are defined and operationalized				
● Roles are defined but not operationalized				
● Roles are not defined				
- No information				
Shape key: Over the past three years, have the working mechanisms that promote government coordination been declining, constant or improving?				
▲▲▲ Increasing trend				
= = = No change in trend				
▼▼▼ Decreasing trend				
●●● No trend information				

Source: 2009–2010 CSO and GLAAS country survey results

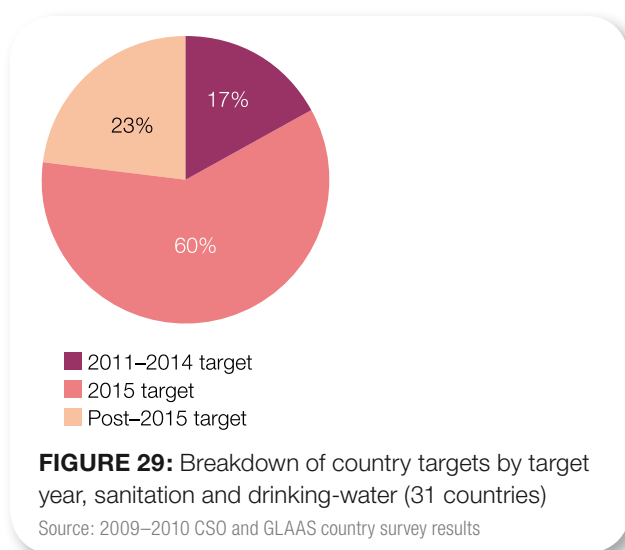
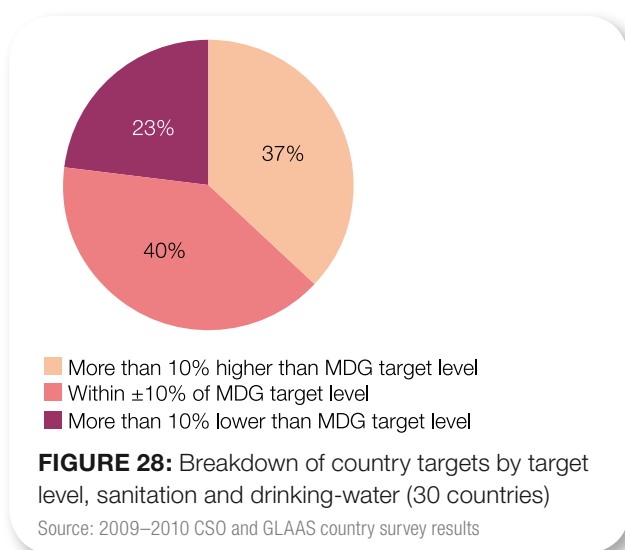


COUNTRY CAPACITY TO SUSTAIN PROGRESS

2.2 SETTING NATIONAL COVERAGE GOALS AND MONITORING PROGRESS

Achieving sustained progress in sanitation and drinking-water includes a cycle of continuous improvement that relies on setting targets, planning to determine how to achieve progress, implementing actions, monitoring actions taken, evaluating achievements and obstacles to progress, and then using the results of the evaluation for planning the next cycle of actions. If one of these activities is ineffective or missing, the level of sustained progress can be lost or diminished. Both status and trends of planning, monitoring and evaluation in sanitation and drinking-water were reported by country respondents.

In many cases, country-defined target levels or time frames differ from those of the MDG target



Development of national sanitation and drinking-water targets and objectives provides a basis for action. A majority (28 out of 38) of countries report that national sanitation and/or drinking-water targets have been established in their poverty reduction strategy or national development plan. While country targets have been established, it is important to understand that these nationally defined targets may not be equivalent to the MDG target at the global level (i.e. “Halve, by 2015, the proportion of people without sustainable access to safe drinking-water and basic sanitation”, with 1990 as a baseline year).

Comparison of national targets with the MDG target is difficult because of the potential differences in how coverage is defined and how baselines are established. Some countries report that they have already attained their access goals, whereas others are projecting longer time frames for meeting goals beyond 2015. Some countries have even targeted a higher per cent access goal than the MDG target (e.g. 90–100%). Figure 28 shows that 40% of country targets are within ±10% of the calculated MDG target, and Figure 29 indicates that 40% of the reported target years are either pre-2015 or post-2015.

