

Working Together to Improve **AID EFFECTIVENESS IN THE WATER SECTOR**

Mapping EU Development Assistance to the Water Sector in Africa:

Exercise of the Africa Working Group of the European Union Water Initiative 2007–2008



EUWI-AWG European Union Water Initiative – Africa Working Group

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Production: IRC International Water and Sanitation Centre
Authors: Catarina Fonseca and Carlos Diaz
Co-Authors: Véronique Verdeil
Andrew Cotton
Thomas Zipper
Paul van Koppen
Maria Vink

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IRC International Water and Sanitation Centre
Bezuidenhoutseweg 2
PO Box 82327
2508 EH Den Haag
The Netherlands

Telephone: +31 (0)70 3044000
Contact: fonseca@irc.nl

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Abbreviations

ADA	Austrian Development Agency	PIU	Project Implementation Unit(s)
AFD	Agence Française de Développement (French Development Agency)	PRSP	Poverty Reduction Strategy Paper
AMCOW	The African Ministers' Council on Water	PSR	Public Sector Reform
AWG	Africa Working Group	SBS	Sector Budget Support
CRS	Creditor Reporting System	Sida	Swedish International Development Cooperation Agency
CSD	United Nations Commission for Sustainable Development	SPS	Sector Programme Support
Danida	Danish International Development Assistance (Ministry of Foreign Affairs, Denmark)	SWAp	Sector Wide Approach (to Planning)
DFID	Department for International Development (United Kingdom)	TA	Technical Assistance
EC	European Commission	UK	United Kingdom
EU	European Union	UN	United Nations
EUR	Euro (currency)	UNICEF	United Nations Children's Fund
EUWI	European Union Water Initiative	USD	United States Dollar
GBS	General Budget Support	WASH	Water Supply, Sanitation and Hygiene
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (German Technical Co-operation Enterprise)	WHO	World Health Organization
IFI	International Financial Institution(s)	WSP	Water and Sanitation Program
IRC	International Water and Sanitation Centre	WSS	Water Supply and Sanitation
IWRM	Integrated Water Resources Management		
JMP	Joint Monitoring Programme		
KfW	Kreditanstalt für Wiederaufbau (Germany's Development Bank)		
MDG	Millennium Development Goal(s)		
n.a.	Not available		
NGO	Non-governmental Organisation		
O&M	Operation and Maintenance		
OBA	Output-Based Aid		
ODA	Official Development Assistance		
OECD-DAC	Organisation for Economic Cooperation and Development-Development Assistance Committee		

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Foreword

This report, 'Working Together to Improve Aid Effectiveness in the Water Sector' is an important first step in answering the question – how effective is the European Union's aid in the water sector? Mapping out where European Union Member States allocate their aid in the water sector, and attempting to disaggregate these allocations between water supply; sanitation and hygiene; and water resources management, tells an important story. It helps answer some key questions on aid volumes, how aid is targeted to different countries, how much of EU aid is focused on addressing the MDG targets for water and for sanitation, and which countries appear to be under-aided – the "donor orphans".

In February 2008, at the African+5 conference hosted by the African Ministers' Council on Water (AMCOW) in Durban, South Africa, 32 African Ministers committed their governments to specific actions to accelerate progress to reaching the sanitation target. This African led initiative highlights the importance of separate accounting for expenditure in sanitation, which this report has attempted to do. The EU, working with colleagues in OECD-DAC, will take forward this work and identify ways that official aid flows can reflect the specific work undertaken to improve the situation with regard to sanitation in Africa, where less than one third of the population in 26 countries have access to improved sanitation.

Compiling the report illustrated some of the difficulties of capturing future trends in aid to Africa and of predicting aid flows over medium and long-term periods; essential if recipient countries are to benefit from long-term predictable support from donors. However, this first attempt at mapping EU support to Africa is expected to have some far-reaching consequences. It will help to strengthen the process of annual reviews of the work done by developing countries to increase access to safe water and basic sanitation and as a result can be expected to shape the future of aid in the sector.

The authors of the report collaborated closely with both UN-Water and WHO in their work on preparing the first pilot 'proof of concept' for the Global Annual Assessment on Sanitation and Drinking Water (GLAAS). This cooperation between the EU Water Initiative Africa Working Group and the UN system has proved extremely beneficial to both sides. Coordinating and improving the effectiveness of aid delivery will deliver real benefits in support of our common goal, the long term development of our partner governments in Africa.

Peregrine Swann

Chair EUWI – Africa Working Group





Headline issues

This exercise has confirmed that, despite difficulties and statistical constraints, it is feasible to disaggregate the ODA to the water sector from European Union donors into the three component sub sectors of sanitation & hygiene, water supply and IWRM, and to map these aid flows geographically to African recipients.

Despite earlier doubts on the feasibility of conducting this exercise, this report provides a baseline to benchmark and assess European Union progress in implementing the EU "Code of Conduct on Complementarity and Division of Labour in Development Policy" and the Paris Declaration specifically for water sub-sectors: sanitation and hygiene, water supply and IWRM. We have used a methodology which has been effective in answering many of the questions related to aid allocations, harmonisation and co-ordination, but which should nevertheless be improved.

Africa is a priority recipient for European Union aid to the water sector: 60% of the EU's ODA to the water sector goes to Africa. This provides a strong incentive to enhance a more coordinated policy dialogue between Europe and Africa, for example through the mechanisms of the European Union Water Initiative (Africa Working Group) and the African Ministers' Council on Water (AMCOW).

Improving aid effectiveness is a dual responsibility: from the donor countries as well as the recipient countries. Strategic policy dialogues should be based on evidence and facts which allow both parties to make informed decisions. The data from this study can contribute to this dialogue, conducted preferably at national or country level.

30% of European ODA to the WASH sector in Africa is allocated to sanitation and hygiene. Whilst sanitation is the most off track MDG target, we do not have a benchmark figure against which to judge whether or not this proportional allocation is sufficient.

Sanitation is one of the most neglected MDG sectors, afforded low priority by donor and recipient governments alike. Interventions in the WASH sector regularly cover both water and sanitation, and under the current project-level reporting system there is no incentive to collect information about the support for each component separately. The situation is complicated further by a lack of data about investment by governments in hygiene and sanitation promotion in comparison to investment in infrastructure, although hygiene and sanitation promotion is often considered the most effective intervention particularly in rural areas. Despite these caveats, this report provides a most useful first snapshot against which progress can be measured.

European ODA does not necessarily flow to countries in greatest need, for example to fragile states and states with low service coverage; there is scope for improvement in targeting more water sector ODA in all the sub sectors to identified "donor orphans".

The report provides evidence that EU donors tend to concentrate on some countries while leaving aside others in a way which is difficult to justify on the basis of a commitment to achieving the MDG targets. In some countries, there is a high concentration of EU donors, resulting in excessive transaction costs, in the absence of improved coordination and 'silent partnerships' in accordance with the EU Code of Conduct.

Alignment of European ODA to the water sector with recipient countries' systems needs improvement; only 29% of European ODA to the sector is provided through sector budget support and the rest is provided through separate programmes and projects; many donors still use Programme Implementation Units.

The target of the Paris Declaration is that ALL donors use the recipient country's system for Public Financial Management and Procurement where that adheres to broadly accepted good practices or there is a reform programme in place to achieve this.

With the current systems, it is not feasible to capture either the extent of pro-poor targeting of European ODA or the investments made in capacity building through analysis of donor commitments or disbursements.

There are no commonly agreed indicators to measure to what extent existing allocations go to pro-poor interventions, which contribute to the MDGs. It also seems impossible, under existing reporting systems, to track large parts of the EU ODA which goes specifically for capacity development in the water sector. One reason is that capacity development for the water sector is "hidden" under general budget support, sector support and several other types of interventions. Whether we need to capture this information and, if so, how to address this gap more effectively remains to be answered. However, the answer may lie, not so much in more detailed tracking of aid flows from donors, as in supporting and improving recipient country monitoring systems and indicators, in a way which proves useful for them.

Monitoring aid flows is critical to improving the effectiveness and efficiency of the sector.

The range of data provided in this report will help decision makers target aid more effectively, and this will be even more effective if the data is collected regularly in the future. By monitoring and tracking aid commitments and, most significantly, disbursements it will be possible to see where aid to relatively neglected areas, such as sanitation and hygiene, has proved to be effective. Ideally, this data should be collected using existing instruments and methodologies to avoid duplication. There is therefore an urgent need to refine existing systems and strengthen further integration and co-operation on the donor and the recipient side.

Future allocations of European ODA to African countries cannot be predicted using systems currently in place.

This exercise intended to collect information on the amount of future allocations (intended or forthcoming commitments) which European donors plan to sign in the near future. This would provide insights into the predictability and continuity of EU ODA to Africa for the coming five or ten years, for instance. However, donors are very cautious in providing estimates, fearful that they might be considered as actual commitments, when this information is not yet in donors' official planning documents.





1. The purpose of the report

Context

The water sector – water supply, sanitation & hygiene and integrated water resources management (IWRM) – is deeply embedded in the Millennium Development Goals (MDGs) and other global objectives of economic development, including poverty reduction, regional integration, peace keeping and environment protection. Its significance goes beyond the MDG objective of reducing by half the proportion of people without sustainable access to safe drinking water and basic sanitation by 2015. Most of the other MDGs and global objectives cannot be reached without improving water and sanitation facilities and developing an integrated approach to the use of this resource. The International Year of Sanitation (2008) was established by the UN General Assembly as a means of highlighting the importance of sanitation in itself and for broader development outcomes.

In July 2008, The Joint Monitoring Programme (JMP) of UNICEF and the World Health Organization (WHO) released updated figures about progress towards the MDGs, with a special focus on sanitation¹. According to these figures, 2.5 billion people globally still lack access to basic sanitation and the world is not on track to meet the MDG sanitation target by 2015. Overall, the world is on track to meet the drinking water supply target by 2015, although globally 0.9 billion people do not use improved drinking water sources, mostly in Sub-Saharan Africa (WHO/UNICEF JMP 2008).

Most worrying for the region, neither target will be met in sub-Saharan Africa. Indeed, it has been calculated that on current progress, the water target will only be met in 2035, while the sanitation target will not be met until 2108, nearly one hundred years late. JMP also states that sanitation offers the opportunity to save the lives of 1.5 million children a year who would otherwise succumb to diarrhoeal diseases, and would also protect the health of many more.

Until now, it has not been possible to assess levels of European Union Member States' funding to water supply and sanitation separately, using existing sources of information. This mapping exercise, initiated by the Africa Working Group of the European Union Water Initiative (EUWI-AWG), will help to address this problem. This is particularly important, given the commitment made by African leaders in Durban in February 2008 to have separate allocations for sanitation as described in the *eThekweni* Declaration on Sanitation.

¹ World Health Organization and United Nations Children's Fund Joint Monitoring Programme for Water Supply and Sanitation (JMP). Progress on Drinking Water and Sanitation: Special Focus on Sanitation. UNICEF, New York and WHO, Geneva, 2008.



Objectives of the study

Objective 1: Obtain an overview of current and future EU involvement in water and sanitation in Africa, in line with the current AWG strategy and action plan, the concept note on Water Policy Dialogue Forum and the AMCOW action plan, in order to:

- Create transparency about European support to W&S sector in Africa
- Monitor progress against Member State and EC commitments regarding W&S
- Assist in meeting AMCOW's Work Programme objectives to monitor progress, develop and present priorities for delivery of support and provide support for national led reviews of the status of achievement of the MDGs

Objective 2: Increase aid effectiveness in water and sanitation sector: The European Council recently adopted a Code of Conduct that will ensure that EU Member States and European Commission work in a more coordinated way, focusing on fewer sectors, while ensuring that other sectors

are covered, and avoiding a situation where EU donors are only present in a their favoured countries whilst neglecting the needs of fragile states. The mapping should contribute to better alignment of EU aid with regional and national priorities by:

- Avoiding aid duplications and aid gaps
- Identifying funding gaps and overlaps
- Identifying countries most in need of assistance
- Facilitating joint missions and joint analytic work
- Facilitating broader use of programmatic approaches

Objective 3: Contribute to the implementation of the AMCOW Work Programme and other key international agreements: the Paris Declaration, the EU Consensus, the G8 Africa and Water Action Plans, the Hashimoto Roadmap, etc., by highlighting and quantifying the contribution of EU Member States and the European Commission to the implementation of these agreements.

Source: Adapted from EUWI-AWG Mapping of EU Aid for Water and Sanitation in Africa, Terms of Reference

The EU Code of Conduct on Complementarity and Division of Labour in Development Policy

The general purpose of this study is to contribute to the effectiveness and transparency of European ODA to the water sector in Africa, specifically by addressing the EU Code of Conduct on Complementarity and Division of Labour in Development Policy, and the Paris Declaration on Aid Effectiveness. The Paris Declaration was endorsed on 2 March 2005 as an international agreement to which more than 100 Ministers, Heads of Agencies and other Senior Officials adhered, and committed their countries and organisations, "to continue to increase efforts in harmonisation, alignment and managing aid for results with a set of monitorable actions and indicators" (OECD).

In 2007, the EU Council approved the "Code of Conduct on Complementarity and Division of Labour in Development Policy"² to reinforce the complementarity of donor activities. It includes, among other things, guidance on the maximum number of active donors per country per sector, lead donor arrangements, the establishment of priority countries and the problem of "orphaned" or neglected countries. The Code of Conduct is voluntary and flexible and is intended to be implemented within country specific contexts. It is a dynamic document that establishes principles and targets, to be developed further by EU donors. The Code of Conduct includes eleven "Guiding Principles" which are highlighted and summarised in Annex 2. One aim of this mapping exercise is to contribute with insights and baseline data to effective implementation of the Code.

2 Full document available at: <http://register.consilium.europa.eu/pdf/en/07/sto9/sto9558.en07.pdf>

THE CRS OF THE OECD–DAC

The Creditor Reporting System (CRS) of the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD–DAC) is the official data repository for ODA figures. It includes the 15 European Union member states that responded to our questionnaire and the European Commission, as well as other large donors. The CRS system has succeeded in building a structured, solid and sound repository of data

with clear definitions and methodology of aggregation of ODA data at activity level, within a time frame which permits the interpretation and analysis of ODA in a statistically valid way. However, this mapping exercise addressed questions that cannot be answered by current CRS figures, which do not provide disaggregated data for water supply and sanitation.

What information is being reported to different monitoring systems?

None of the European donors surveyed has an effective internal monitoring system that can provide the information requested in this mapping exercise (Table 1). Most countries' monitoring systems and the OECD–DAC reporting system are project-based and quantitative in nature, and therefore information reflects the reality that water and sanitation are often combined into single projects.

The UN–Water Global Annual Assessment of Sanitation and Drinking–Water (GLAAS)³ is seeking a new approach to report progress in the sanitation and drinking–water sectors in order to strengthen evidence–based policy making towards and beyond the MDGs. GLAAS is looking at the capacity of countries and external support agencies to improve the sectors by analysing disaggregated data on levels of service, policy and institutional settings, human resources, and financial systems. GLAAS will also include in the analysis sector stakeholders that are currently outside of the OECD reporting system, such as charity foundations and middle–income countries that are playing an increasingly large role in the sanitation and drinking–water sector financing.

The Africa Infrastructure Country Diagnostic (AICD) is a programme aiming to combine studies on topics of strategic importance to Africa infrastructure sectors, with a major data collection exercise at country level to set the baseline against which the renewed efforts to address the infrastructure challenge can eventually be assessed. The AICD intends to provide information about investments and operation and maintenance needs and to compare them with current levels⁴.



³ www.unwater.org

⁴ Source: www.infrastructureafrica.org

TABLE 1 INFORMATION BEING PROVIDED TO DIFFERENT REPORTING SYSTEMS			
Donor ODA flows to:	Water	Sanitation	IWRM
Capital investments (infrastructure construction)	In OECD–DAC CRS for country members only ⁵ . (no separation possible)		In OECD–DAC CRS for country members only.
Operation and maintenance (minor, routine maintenance)	Country level GLAAS	Country level GLAAS	Country level GLAAS
Capital maintenance (renewal, rehabilitation and replacement)	n.a. Except for a few utilities which report at country level Possibly available in the future in the AICD report		
Support costs (software costs such as training, facilitation, community mobilisation, hygiene education, etc. required to keep services operational)	Partially in the OECD–DAC CRS (no separation possible)		Partially in the OECD–DAC CRS
Indirect support costs (fall outside the direct implementation of a system, but are needed at higher levels of scale, such as training district staff, development of water resources management plans, sector reforms)			
Accountability, harmonisation, coordination and alignment ⁶	n.a. The OECD monitors the Paris Declaration but the indicators are not sector specific		
ODA predictably (future aid allocations which are not signed commitments yet)	n.a. Can be tracked through news search tools only.		

5 It covers all the larger global donors, including the 15 European Union member states in our sample, as well as Norway and the European Commission.

6 For more details see Glossary and the EU Code of Conduct





2. Mapping European Union ODA to Africa: the water sector

EU commitments and disbursements to African countries

According to the data collected by this mapping exercise, 16 European donors⁷ signed global *commitments* in a one year period⁸ of EUR 2,817 million for projects and programmes that support the water sector. Of that amount, about 55% (EUR 1,559 million) goes to African countries and African regional initiatives. The same analysis indicates an amount of *disbursements*⁹ of EUR 1,138 million, out of which EUR 699 million (about 61%) was disbursed to African countries and regional initiatives.

Conclusion 1: For the water sector, Africa is a priority recipient for European Union donors

Since commitments and disbursements show approximately the same ratio Africa/worldwide, we can conclude that Africa-oriented ODA from Europe for WASH and IWRM represents about 60% of the European ODA amount allocated to this sector worldwide.

EU disbursements against sanitation and drinking water coverage

Country level commitments represent about 97% of European donors' ODA to Africa. The other 3% is allocated to regional initiatives (multi-country activity, e.g. aid for the Nile basin). Regional initiatives, given their uneven geographic distribution are not shown in the map. For detailed data on each donor's top three recipient country (commitments and disbursements) see Annex 3.

Figures 1 to 4 are based on the latest information on coverage provided by the Joint Monitoring Programme and on the information reported from 15 European countries and the European Commission on their disbursements to the water sector in African countries.

7 See methodology in annex 1

8 Commitments are signed agreements during a specific year between the donor and the recipient country.

9 Disbursements are the amount effectively transferred from the donor's account to the recipient country's account during a specific year.

COMMITMENTS VS. DISBURSEMENTS

The CRS reporting directives explain the difference between commitments and disbursements and how each set of data is used in analysis of aid. "Commitments measure donors' intentions and thereby permit monitoring the targeting of resources to specific purposes and recipient countries. Commitments fluctuate as aid policies change, reflecting donors' responses to political upheavals or international recommendations in the field of development co-operation. Disbursement data show the realisation of donors' intentions and the implementation of policies, allowing donors' actual performance to be assessed. In general, disbursement data better describe aid flows from a recipient's point of view" (OECD-DAC CRS Reporting Directives).

Commitments are in general multi-annual, and in CRS statistics include additions to previous commitments and cancellations (meaning that the intention was not realised) made years after the original commitment. Disbursements show the actual transfer of resources from donor to recipient countries during a specific year. It follows that, while disbursements over a period of years should eventually relate to overall levels of commitments, the level of aggregate commitments does not have a direct relationship with the level of disbursements in any one reporting year.

EU “donor darlings”

The Code of Conduct¹⁰ aims to avoid donor concentration of activities in the same countries and the same sectors and to improve donor co-ordination in recipient countries. All respondents acknowledged taking initial steps for the implementation of the EU Code of Conduct, and full implementation is expected in the coming years.

Table 2 shows the top 10 African countries for sanitation & hygiene, water supply and IWRM, sorted by EU donor disbursements reported and plotted against the latest JMP data on coverage available. From a recipient country perspective, disbursements are of major interest since it is the actual amount of money transferred in a specific year.

There is no obvious linkage to the actual “need” as expressed by JMP data. For the detailed data see Annex 4.

The top ten countries attracted more than 60% of the total amount of disbursements reported in our sample for the sector. Morocco as a top recipient country owed its position to the level of commitments reported mainly by France and disbursements reported mainly by the European Commission. Ghana owed its position to the high amount of commitments and disbursements reported mainly by the Netherlands.

	Sanitation & Hygiene	Water Supply	IWRM	Commitments reported (Million Euros 2007)	Disbursements reported (Million Euros 2007)	JMP ¹¹ access improved sanitation	JMP access improved drinking water
Morocco	EC, France, Germany, Greece, Luxembourg	EC, France, Germany, Luxembourg	EC, France, Germany, Greece	99.90	105.56	72%	83%
Ghana	Denmark, EC, France, Netherlands	Denmark, EC, France, Netherlands	EC, Denmark	225.70	61.90	10%	80%
Mozambique	Austria, EC, France, Netherlands	Austria, EC, France, Netherlands	Netherlands	126.90	57.58	31%	42%
Tunisia	EC, France, Germany, Greece	EC, France, Greece	Greece	0.04	40.27	85%	94%
Tanzania	EC, France, Germany, Netherlands	EC, France, Germany, Netherlands	EC, Germany	84.45	31.57	n.a.	n.a.
Burkina Faso	Denmark, EC, Germany, Sweden	Czech Republic, Denmark, EC, Germany, Sweden	EC, Denmark, Germany, Sweden	84.61	31.39	13%	72%
Kenya	Austria, Denmark, France, Germany, Netherlands, Sweden	Austria, Denmark, France, Germany, Netherlands, Sweden	Denmark, Germany, Sweden	65.88	30.55	42%	57%
Ivory Coast	EC	EC	EC	0.54	26.62	24%	81%
Uganda	Austria, Denmark, EC, France, Germany, Sweden	Austria, Denmark, EC, France, Germany, Sweden	Denmark, EC, Germany, Sweden	104.10	26.55	33%	64%
Egypt	Denmark, EC, France, Germany, Greece	Denmark, EC, France, Germany, Greece	EC, Germany, Greece, Netherlands	66.28	25.41	66%	98%

¹⁰ See Annex 2 for more details.

¹¹ JMP (2008) percentage of improved access in 2006

A trend line analysis is not possible from this one-off exercise, but the information provided on commitments and disbursements in the same reporting year appears consistent. Tunisia appears to be the anomaly in the list, since it was reported as a priority by four EU donors for sanitation & hygiene and water supply respectively, but only received commitments for EUR 40,000. Ethiopia also received significantly lower levels of commitments although it was cited by six donors as a priority for water supply and for sanitation and hygiene.

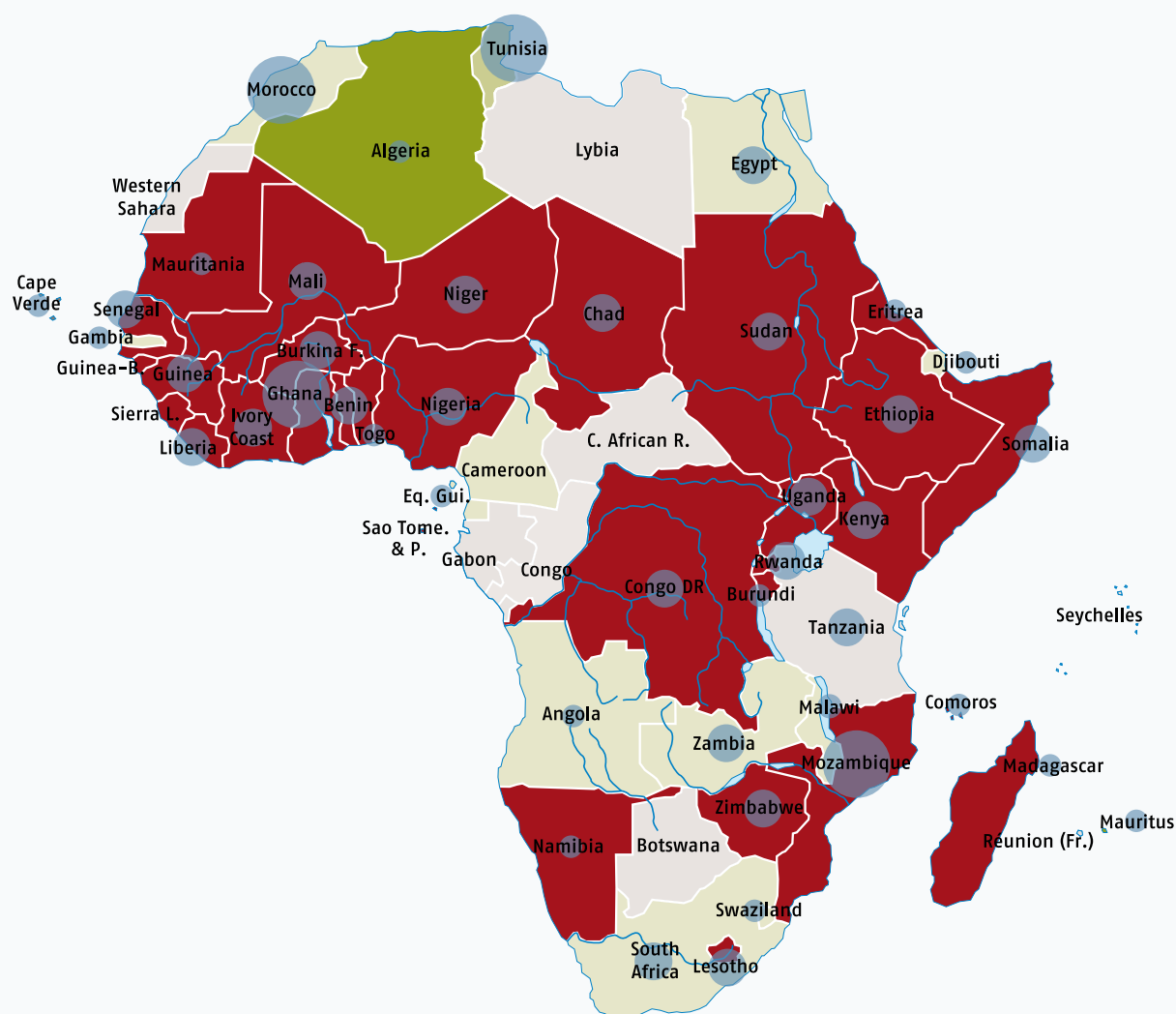
EU donors' disbursements to African fragile states

The Guiding Principle 8 of the EU Code of Conduct states that EU donors need to address the problem of "orphaned" or neglected countries, since their specificity of need calls for a redeployment of resources in their favour. "Orphaned" or neglected countries are often 'fragile states' whose stabilisation would have a positive spill-over effect on the wider region. Table 3 shows the 9 States which are currently identified as fragile by the new "Fragile States Facility" at the African Development Bank.

African Fragile States	Priority country for EU donors ¹²	Other donors providing aid	Commitments reported (Thousand Euros 2007)	Disbursements reported (Thousand Euros 2007)	JMP access improved sanitation	JMP access improved drinking water
Ivory Coast	EC	United Kingdom	543.45	26,624.96	24%	81%
Liberia	EC	Ireland (possibly in the future), United Kingdom	6,430.22	9,973.58	32%	64%
Democratic Republic of Congo	Czech Republic, France, United Kingdom	Austria, Spain	16,881.63	9,606.24	31%	46%
Burundi	Germany	Austria, Spain, United Kingdom	863.72	4,614.40	41%	71%
Togo	EC, France	Spain	314.72	420.00	12%	59%
Comoros	None of the respondents	France	0.00	300.00	35%	85%
Guinea Bissau	EC, Portugal	Austria, Spain	843.09	0.00	33%	57%
Sierra Leone	United Kingdom	Ireland (possibly in the future) Spain	355.95	0.00	11%	53%
Central Africa Republic	None of the respondents	EC (possibly in the future)	0.00	0.00	31%	66%

¹² For more detailed information on priority countries for EU donors and respective sub-sector support see Annex available online in www.euwi.net and www.irc.nl

FIGURE 1 EUROPEAN DONOR DISBURSEMENTS (2006–2008) TO AFRICAN COUNTRIES AND ACCESS TO IMPROVED SANITATION



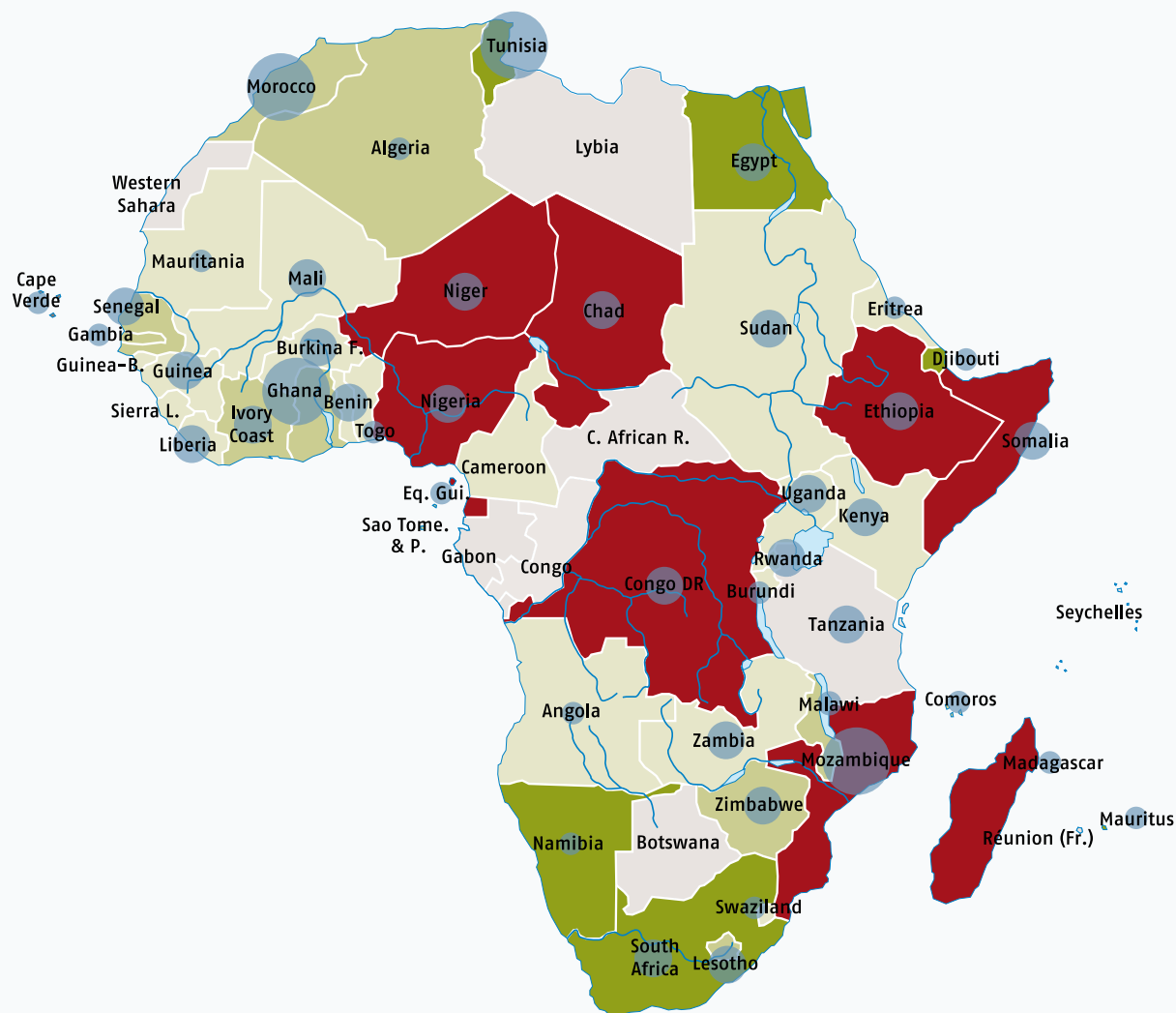
ACCESS TO IMPROVED SANITATION JMP 2006

Less than 50%		Benin, Burkina Faso, Burundi, Chad, Comoros, Congo DR, Eritrea, Ethiopia, Ghana, Guinea, Guinea Bissau, Ivory Coast, Kenya, Lesotho, Liberia, Madagascar, Mali, Mauritania, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome & Principe, Senegal, Sierra Leone, Somalia, Sudan, Togo, Uganda, Zimbabwe
50% – 75%		Angola, Cameroon, Djibouti, Egypt, Equatorial Guinea, Gambia, Malawi, Morocco, South Africa, Swaziland, Zambia
75% – 90%		Tunisia
90% – 100%		Algeria, Mauritius
Not in the sample or insufficient data		Cape Verde, Tanzania and other African Countries not in the listed above

DISBURSEMENTS REPORTED (TOTAL FOR WATER SUPPLY AND SANITATION, MILLION EUROS 2007)

Less than 5 m		Algeria, Angola, Burundi, Cape Verde, Comoros, Djibouti, Equatorial Guinea, Eritrea, Gambia, Madagascar, Malawi, Mauritania, Mauritius, Namibia, Swaziland, Togo
6 m – 40 m		Benin, Burkina Faso, Chad, Congo DR, Egypt, Ethiopia, Guinea, Ivory Coast, Kenya, Lesotho, Liberia, Mali, Niger, Nigeria, Rwanda, Senegal, Somalia, South Africa, Sudan, Tanzania, Uganda, Zambia, Zimbabwe
more than 40 m		Ghana, Morocco, Mozambique, Tunisia

FIGURE 2 EUROPEAN DONOR DISBURSEMENTS (2006–2008) TO AFRICAN COUNTRIES AND ACCESS TO IMPROVED WATER SUPPLY



ACCESS TO IMPROVED WATER JMP 2006

Less than 50%	Dark Red	Chad, Congo DR, Equatorial Guinea, Ethiopia, Madagascar, Mozambique, Niger, Nigeria, Somalia
50% – 75%	Light Yellow	Angola, Benin, Burkina Faso, Burundi, Cameroon, Eritrea, Guinea, Guinea Bissau, Kenya, Liberia, Mali, Mauritania, Rwanda, Sierra Leone, Sudan, Swaziland, Togo, Uganda, Zambia
75% – 90%	Medium Yellow	Algeria, Comoros, Gambia, Ghana, Ivory Coast, Lesotho, Malawi, Morocco, Sao Tome & Principe, Senegal, Zimbabwe
90% – 100%	Green	Djibouti, Egypt, Mauritius, Namibia, South Africa, Tunisia
Not in the sample or insufficient data	Light Grey	Cape Verde, Tanzania and other African Countries not in the listed above

DISBURSEMENTS REPORTED (TOTAL FOR WATER SUPPLY AND SANITATION, MILLION EUROS 2007)

Less than 5 m	Small Blue Circle	Algeria, Angola, Burundi, Cape Verde, Comoros, Djibouti, Equatorial Guinea, Eritrea, Gambia, Madagascar, Malawi, Mauritania, Mauritius, Namibia, Swaziland, Togo
6 m – 40 m	Medium Blue Circle	Benin, Burkina Faso, Chad, Congo DR, Egypt, Ethiopia, Guinea, Ivory Coast, Kenya, Lesotho, Liberia, Mali, Niger, Nigeria, Rwanda, Senegal, Somalia, South Africa, Sudan, Tanzania, Uganda, Zambia, Zimbabwe
more than 40 m	Large Blue Circle	Ghana, Morocco, Mozambique, Tunisia

FIGURE 3 EU DONOR DISBURSEMENTS PER CAPITA (2006–2008) TO AFRICAN COUNTRIES AND ACCESS TO AN IMPROVED SANITATION FACILITY

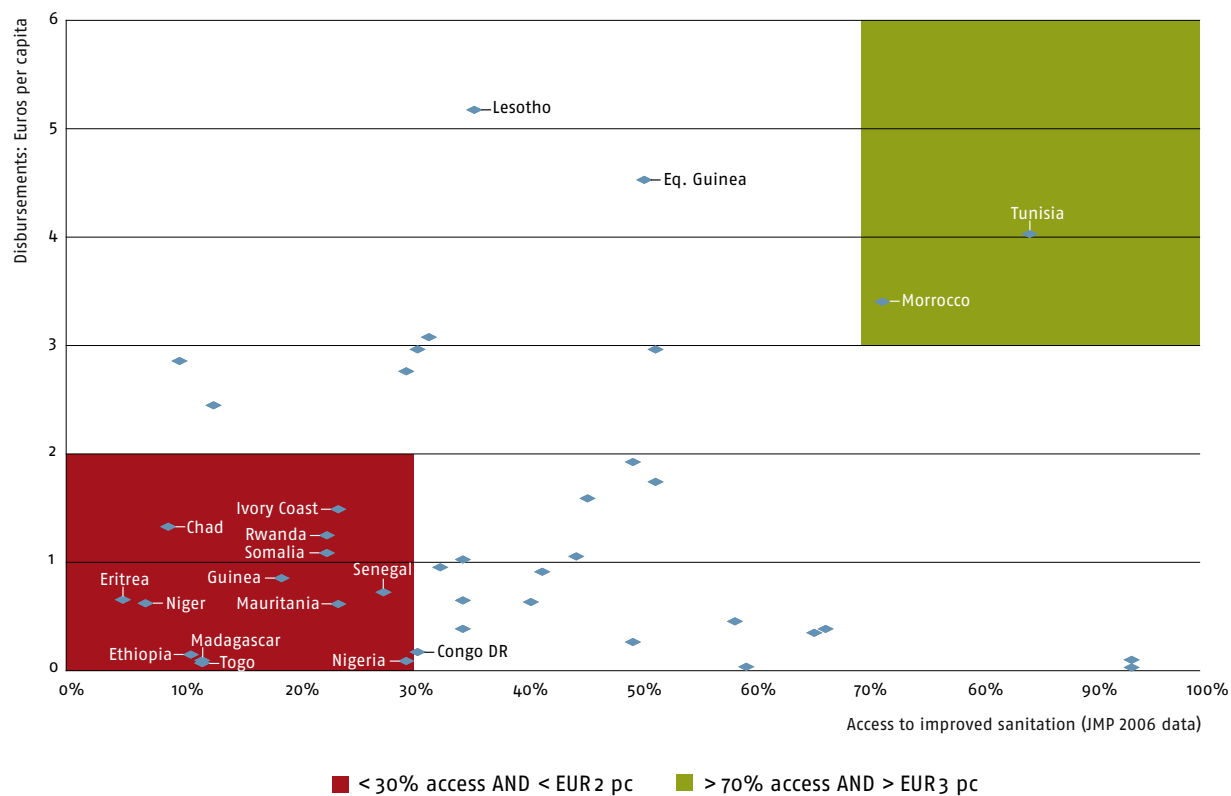
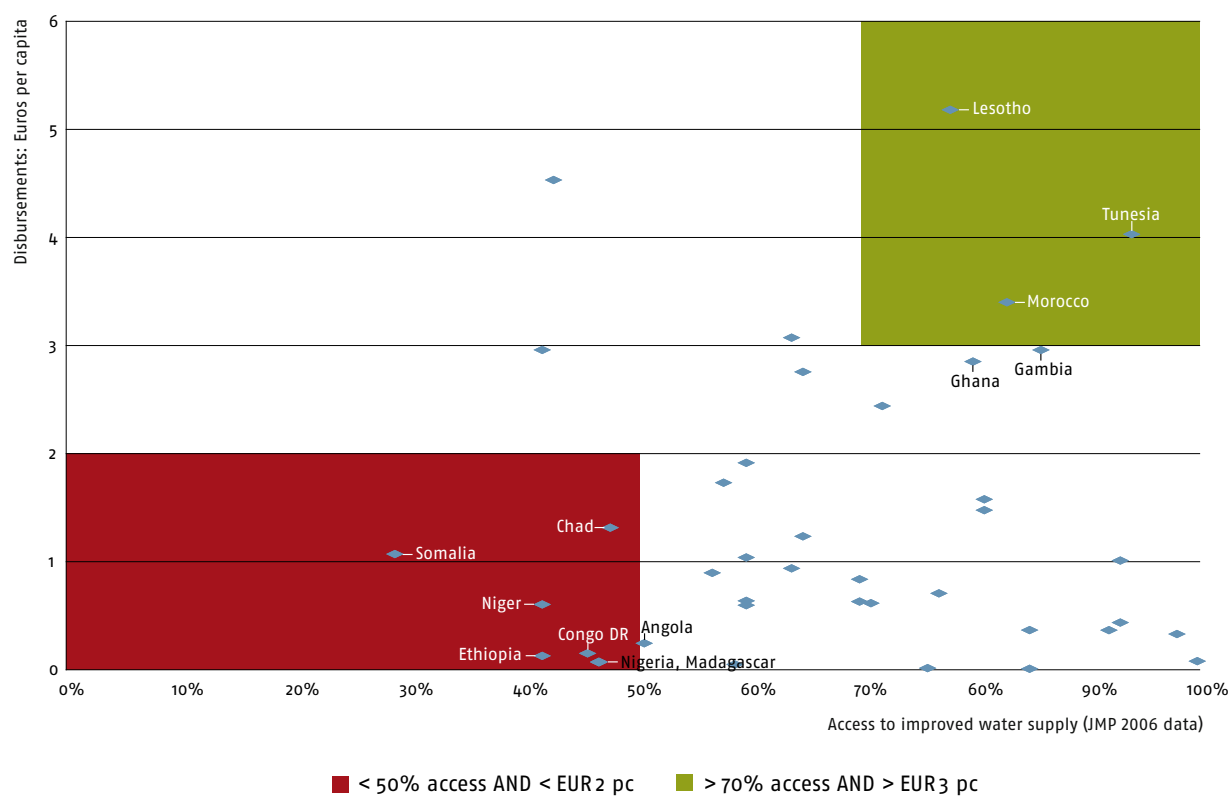


FIGURE 4 EU DONOR DISBURSEMENTS PER CAPITA (2006–2008) TO AFRICAN COUNTRIES AND ACCESS TO AN IMPROVED DRINKING WATER SOURCE



Conclusion 2: EU donors have much room for improvement in achieving a good "division of labour" and in targeting ODA to water in Africa

There are many priority countries per EU donor, but it is unclear if donors are focusing their commitments and disbursements on those countries that most lack access to water and sanitation

The EU Code of Conduct Guiding Principle 7 states that EU donors agree to strive to establish a limited number of priority countries to avoid spreading their resources too thinly. Most donors cite five to eight countries in Africa as priority recipients for ODA to the water sector. Germany, the European Commission and France have more than ten priority countries. According to EU donors, the prioritisation of sectors follows a dialogue with recipient countries, but the prioritisation of countries per se seems to depend more on non-technical factors such as history or political relations. It should be recommended that donors take coverage data into account when making allocation decisions.

There is a high concentration of EU donors in many countries but changes are taking place

The EU Code of Conduct Guiding Principle 5 mentioned

that EU donors will seek to limit the number of active donors to a maximum of 3–5 per sector, based on their comparative advantage.

It appears that there is space for improved coordination. There are quite a number of African countries which are a priority for at least 6 EU donors and there are many others which have more than 10 EU donors active in the water sector. All respondents acknowledged taking initial steps towards implementing the EU Code of Conduct on division of labour. Some have already made changes in their bilateral portfolio. As a result, they have reduced the number of partner countries and even withdrawn from the water sector in some countries, reducing the number of sectors to a maximum of three sectors per partner country as recommended in Guiding Principle 1 of the EU Code of Conduct.

EU allocations to African fragile states is very limited

A limited number of EU donor countries is prioritising African fragile states. This can be an indicator of increased co-operation among EU member states; however, the amounts disbursed are extremely low when compared with non-fragile states. There were no reported ODA flows from EU to Comoros and Central Africa Republic in the data reported.



Distribution of European ODA to Africa between sanitation and hygiene, water supply, IWRM and WASH emergencies

A total of 11 of the 16 respondents to the EUWI-AWG mapping questionnaire were able to estimate their commitments to water and sanitation separately¹³. It appears that about two thirds of European ODA directly allocated to the WASH sub sector in Africa supports water supply related interventions, while the other third is allocated to sanitation & hygiene projects and programmes (Figures 5 and 6).

¹³ These respondents are Austria, Denmark, the Czech Republic, the European Commission, Finland, France, Germany, Latvia, Luxembourg, Portugal, and Sweden.

FIGURE 5 EUROPEAN ODA COMMITMENTS AND DISBURSEMENTS TO SANITATION & HYGIENE AND WATER SUPPLY, IWRM AND WASH EMERGENCY 2006–2008

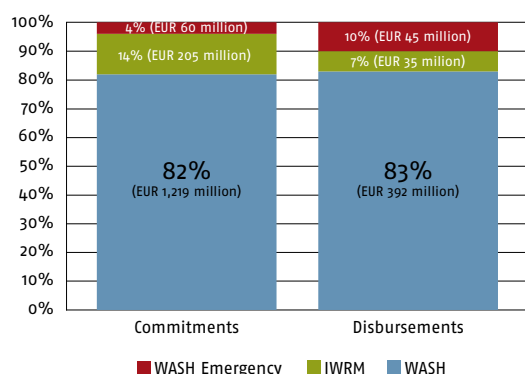
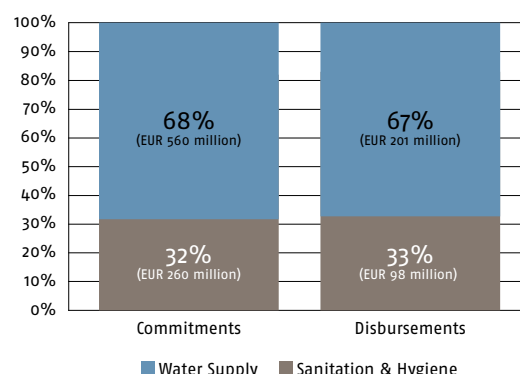


FIGURE 6 EUROPEAN ODA TO WASH IN AFRICA. DISAGGREGATION BETWEEN WATER SUPPLY AND SANITATION & HYGIENE 2006–2008



Conclusion 3: EU donors provide about 30% of their WASH ODA to Africa to sanitation and hygiene

EU donors allocate about 80% of their water sector ODA in African countries to water, sanitation and hygiene. For the donors who provided disaggregated data on WASH, 30% is allocated to sanitation and hygiene

The general perception is usually that sanitation is attracting only a small portion of what Europe allocates to the WASH sector in Africa. We have for the first time an indication that about 30% is specifically allocated to sanitation and hygiene, which is not a small portion but maybe not targeted well enough on reaching the MDG on sanitation.

Getting a clear picture is difficult, especially because most reports on aid to developing countries treat water and sanitation as a single sub-sector.

Disaggregating sanitation data is very difficult within existing donor reporting systems

There were 16 responses to our questionnaires (15 countries and the European Commission) out of 29 questionnaires sent, which was a good level of response. However, most respondents were unable to separate water from sanitation accurately. Comments by respondents indicate that it is particularly challenging to do the disaggregation retrospectively and therefore to assess the specific degree of support provided by European ODA for sanitation.





3. Beyond ODA for infrastructure construction

Another objective of this exercise was to determine how European ODA contributes to other components in the water sector beyond infrastructure construction: funding for infrastructure replacement and renewal (capital maintenance expenditures), capacity development (included in direct and indirect support expenditures) and the pro-poor dimension of aid.

Only Austria, the European Commission and France provided estimates that showed how ODA was divided among these components. However, it was concluded that the information provided is, at best, very partial, based on analysis of a few project lines. Moreover, as the information provided is based on gross estimates, it is not possible to generalise the numbers as representing European ODA.

Capital maintenance

It is commonly said that the benefits provided by interventions in the water sector are often short-lived, with a rapid reduction in service levels once works are handed over to beneficiaries, and that about 35% of rural systems in sub-Saharan Africa are out of operation at any given time. Lack of maintenance (capital as well as O&M) militates against overall sustainability. At some point in time, another “new” capital investment programme is implemented to replace exhausted or failing systems.

It is a challenge to determine what proportion of EU aid is funding capital infrastructure investments in fixed assets (‘hardware’ investment costs in pumps, pipes, latrines, etc.) and to compare these with the proportion for capital maintenance (the renewal and/or replacement costs incurred over a number of years, often irregularly and infrequently) to ensure ongoing serviceability of the fixed assets. While it is widely accepted that this latter funding should not ideally come from donors, appropriate donor activities and support to improve the practices would go a long way.

Conclusion 4: It is difficult to capture EU ODA flows beyond infrastructure construction

The specific request in the questionnaire was to disaggregate information about commitments, according to the following components: capital investment, operation and maintenance, capital maintenance (renewal & replacement), direct support (software costs such as training,

facilitation, community mobilisation, hygiene education, etc. required to keep services operational) and indirect support (falling outside the direct implementation of a system, but needed at higher levels of scale, such as training district staff, developing water resources management plans, sector reforms). No respondent was able to provide exactly the information requested given the current system of aid monitoring at agency level and the impossibility of disaggregating the data retrospectively.

Capacity development

The development of an enabling environment and suitable capacities to secure satisfactory service levels can be supported both directly and indirectly. Direct support includes “soft” activities like training, facilitation, community mobilisation, hygiene education, etc. Indirect costs fall outside the direct implementation of a system but are needed to

deliver the enabling environment for the sector at higher levels of governance. Indirect support costs include expenditure in training of district staff, development of water resources management plans, sector reforms and other programmes to strengthen governance¹⁴.

Conclusion 5: There is limited information on how much ODA to the water sector is allocated to “software” components

There are no benchmarks as to what % of ODA flows should be allocated to “software” components

The limited information collected shows that 90% of ODA is directed to supporting capital investments while 10% is directed to “software” components. Respondents argue that the amount directed to rehabilitation and support costs is much higher than these figures suggest, but is hidden within infrastructure approaches. Nevertheless, a judgement cannot be made on the level of this allocation as it is not clear which components needed to provide sustainable services should receive more attention from EU donors, and

which should be the responsibility of recipient countries, provided through other mechanisms such as effective cost recovery policies, tariff setting, local taxes, etc.

EU ODA for sector capacity development is not fully captured in existing reporting systems

A limitation of existing reporting systems is that at present it seems that we cannot track large parts of (the EU) ODA which goes specifically for capacity development in the water sector. One reason for this gap is that capacity development for the water sector is “hidden” in several CRS codes (not water sector specific) under budget support or sector support. How to address this gap more effectively remains to be answered, but the answer may lie in supporting and improving the monitoring systems in recipient countries, rather than in tracking aid flows from the European Union.

Poverty indicators for European ODA to the water sector

Donors were asked to provide information on the key indicators they use for measuring the outcomes of their pro-poor dimension of their assistance policy. They provided a set of answers involving ex-ante indicators (indicators

they use in order to assure that their support is focused on the poorest countries and on the poorest people within the countries they support) and ex-post indicators measuring impact based on project's outcomes (e.g. number of people who gained access). The complete set of indicators mentioned by the respondents is available through the on-line (electronic) version of this report.

Conclusion 6: Within the Code of Conduct and the Paris Declaration there are no specific indicators to measure the pro-poor dimension of European ODA

Donor definitions of poverty are not always clear and not uniform (e.g. country poverty line or global poverty line? urban poor or rural poor?). As a consequence, the answers provided on this issue were diverse. Often the MDGs and

specific factors, such as unserved population, gender and other social aspects, were mentioned as indicators. In this respect, water, sanitation and hygiene are already considered in themselves as good pro-poor interventions for some donors. Nevertheless, aid for sanitation and hygiene, if it is primarily for the poor, is likely to be very much more targeted on ‘software’ support than on ‘hardware’, i.e. capital investment in fixed assets. Capital investment in sewerage and waste water treatment in Africa is, almost by definition, unlikely to be pro-poor.

14 The CRS purpose codes 14010 – Water Resources policy and administrative management – covers most of the indirect support costs and 14081 – Education and training in water supply and sanitation – covers partially the direct support costs.



4. Aid Effectiveness

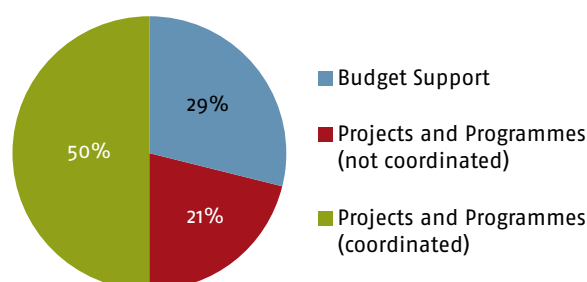
The last part of this exercise addresses issues of alignment, coordination and harmonisation of aid activities among donors. The analysis is based on the EU Code of Conduct on Complementarity and Division of Labour in Development Policy, and the Paris Declaration on Aid Effectiveness.

Various donors have indicated that because of the general aid policy trend in Europe, general budget support is becoming the preferred funding channel for their aid allocations. This is also one of the principles of the Paris Declaration on Aid Effectiveness which calls for more ownership of decision making by recipient countries. Part of this general budget support will be directed to WASH and IWRM, but only through country monitoring systems will it be possible to collect specific data on the allocations for WASH and IWRM.

Alignment with recipient countries programmes and policies

On average, sector budget support represents 29% of EU ODA commitments reported by respondents, while projects and programmes represent 71%. About 21% of EU ODA to the water sector is not being coordinated through recipient countries government programmes and policies. Figure 7 does not capture general budget support which might be allocated to the water sector and is by definition coordinated aid.

FIGURE 7 EUROPEAN ODA TO THE WATER SECTOR
(EXCLUDING GENERAL BUDGET SUPPORT)
COORDINATED THROUGH RECIPIENT COUNTRY'S
PROGRAMMES AND POLICIES 2006–2008





DIRECT, GENERAL AND SECTOR BUDGET SUPPORT

The OECD Glossary of Statistical Terms defines **Direct Budget Support** as formal instruments negotiated between the development agency and recipient government. This support may include a mix of general budget support and policy and institutional actions (including economy-wide reforms such as tax reforms, privatisation, decentralisation and trade liberalisation). This glossary does not define **General Budget Support** (GBS) or **Sector Budget Support** (SBS)

Documents under the OECD-DAC's Evaluation Resource Centre such as "Joint Evaluation of General Budget Support 1994–2004" define GBS and SBS as follows:

General Budget Support (GBS) is part of Direct Budget Support. The characteristics of general budget support are that it is channelled directly to partner governments using their own allocation, procurement and accounting systems, and that it is not linked to specific project activities. All types of budget support include a lump sum transfer of foreign exchange; differences then arise on the extent of earmarking and on the levels and focus of the policy dialogue and conditionality.

Sector Budget Support (SBS) is also part of Direct Budget Support. SBS is distinguished from General Budget Support by being earmarked to a discrete sector or sectors, with any conditionality relating to these sectors. Additional sector reporting may augment normal government accounting, although the means of disbursement is also based upon government procedures.

EU donors use of project implementation units (PIUs)

The Paris Declaration on Aid Effectiveness promotes the use of existing recipient country structures for the implementation of donor projects and programmes. One of the Paris Declaration indicators is the decrease in the number of project implementation units (PIUs) setup for the implementation of aid support in recipient countries. The Paris Declaration target for 2010 requests donor countries to reduce by two-thirds the stock of PIUs in the recipient countries. This indicator is not specific to the water sector.

Although a trend for the establishment of PIUs is not possible to construct at this stage, the snapshot from this study shows that 9 out of the 16 respondents to this question indicated that they do not have any PIUs working in their partner countries for the implementation of WASH and IWRM related projects and programmes. Two countries (Luxembourg and Finland) indicated that they have working PIUs in all of their partner countries, while the EC indicated that

it has working PIUs in 6 out of the 27 countries where they support WASH and IWRM related projects and programmes. Respondents mentioned that there have been efforts to better integrate PIUs within government systems as a means of ensuring post-project sustainability.

EU untied aid

Most respondents (five out of the nine who responded to this question – France, Greece, Ireland, Luxembourg and the Netherlands) indicated that 100% of their aid to all components of WASH and to IWRM is totally untied, i.e. that there is no obligation for the recipient to procure goods or services from the donor country. When data from all 9 of the respondents on this question are combined, they suggest that about 90% of European aid (volume) directed to the sector is untied.

Conclusion 7:

One of the targets of the Paris Declaration on Aid Effectiveness is that all donors use the public financial management system of the recipient country. Although we cannot capture general budget support, at present only 29% of the ODA is provided as sector budget support in African countries

Untied aid from EU donors to the water sector reaches 90% – but many still use Project Implementation Units (PIUs)

90% of aid to the water sector is untied but it is also acknowledged by many donors that they use project implementation units. We cannot draw any conclusion as sometimes PIU are within the government structures of recipient countries and procurement follows country procedures. A suggested point for improving future questionnaires is to make explicit the type of procurement systems used for assistance and the fund flow arrangements. These procurement systems in fact reveal as to how much control

the national/local governments have over this expenditure. This also forms an important part of the Aid Effectiveness framework under the Paris Declaration.

General and sector budget support are increasingly being used as funding channels and as a consequence EU donors are more reliant on country level monitoring systems for disaggregated data

The Paris Declaration on Aid Effectiveness set as a target for 2010 that 66% of the flows of total ODA are provided in the context of programme-based approaches¹⁵. One consequence of the implementation of the Paris Declaration is that details on expenditures from general budget support and sector budget support to the water sector will only be available in country level reporting systems. Although it is not possible at this stage to produce a trend line showing that sector budget support is increasing, it is indicated by respondents' comments that over time more EU ODA will be allocated to sector and general budget. At least for the water sector, there is now a baseline against which this benchmark can be evaluated in the coming years.

Harmonisation: Participation in recipient countries national coordination or harmonisation bodies

EU donors were asked about the number of countries where they participate in national coordination/ harmonisation bodies (where these exist). In more than half of the African countries where European donors work and where coordination and harmonisation bodies exist, they coordinate their efforts by participating in these. Furthermore, EU donors are taking a leading role in the coordination of activities in about 15% of these countries. One of the principles

in the EU Code of Conduct is that in each priority sector, EU donors will work towards and support the establishment of a lead donor arrangement in charge of all donor coordination in the sector thereby reducing the transaction costs for both partner countries and donors.

EU donors commitment to mutual accountability

EU donors were asked if they shared country profiles with other donors and made aid allocations visible and accessible in the countries where they work in the water sector. In general, donors answered that they make aid allocations visible and accessible through reporting. Most of the reports follow donor-specific internal procedures such as sector track records, strategic country documents and other relevant analytical document that are made available broadly. Reporting to international organisations' annual reports (e.g. UNDP) is also considered to be part of the strategic publicity of EU donors' aid allocations.

¹⁵ Programme based approaches share the following features (OECD definition):

- (a) Leadership by the host country or organisation;
- (b) A single comprehensive programme and budget framework;
- (c) A formalised process for donor co-ordination and harmonisation of donor procedures for reporting, budgeting, financial management and procurement;
- (d) Efforts to increase the use of local systems for programme design and implementation, financial management, monitoring and evaluation.







Annex 1. Methodological note

What is “the water sector” in this report?

In this exercise, the water sector components are divided up as sanitation & hygiene (together), water supply and integrated water resources management (IWRM). The WASH sub-sector includes only sanitation & hygiene and water supply. WASH Emergency refers to short-term assistance and longer term assistance to fragile states (post-conflict situation, post-tsunami, etc.).

The questionnaire as a proof of concept

The Creditor Reporting System (CRS) of the Organisation for Economic Co-operation and Development – Development Assistance Committee (OECD–DAC) is the official data repository for ODA figures. CRS covers all the larger global donors, including the 15 European Union member states in our sample, as well as Norway and the European Commission. The CRS system has succeeded in building a structured, solid and sound repository of data with clear definitions and a clear methodology for aggregating ODA data at activity level, within a time frame which permits the interpretation and analysis of ODA in a statistically valid way.

The EUWI–AWG mapping questionnaire was developed in order to address the questions that we could not answer from CRS or other existing repositories of data on water and sanitation development cooperation, namely, data disaggregation between the three components; the extent to which European ODA is allocated to other components other than infrastructure construction; and EU donor alignment, coordination and harmonisation. This exercise is a one-off initiative that serves as a proof of concept for the future collection of disaggregated data.

Data collected through the EUWI–AWG mapping questionnaire is based on informed estimates made by water advisors of European Union donor agencies (European Commission included) who were also encouraged to provide information on water supply and sanitation aid “hidden” in other sectors such as health and education. Therefore, figures can differ from those reported to the OECD–DAC CRS, the official repository for ODA activities.

Survey representativeness

The survey was carried out between December 2007 and June 2008 by the IRC International Water and Sanitation Centre on behalf of the EUWI–AWG. The sample consists of 27 European Member States, the European Commission and Norway (a non-EU Member State active in the EUWI–AWG). Completed questionnaires (completed to varying degrees) were returned from 16 entities: Austria, Czech Republic, Denmark, European Commission, Finland, France, Germany, Greece, Ireland, Latvia, Luxembourg, Portugal, Spain, Sweden, The Netherlands and the United Kingdom. Returned questionnaires account for 97% of European aid to the sector in Africa being reported to the OECD.

OVERVIEW OF THE QUESTIONNAIRES SENT AND RECEIVED				
	Questionnaires sent	Actual Respondents	Respondents who separated water and sanitation in commitments	Respondents who separated water and sanitation in disbursements
Total sample	29	16	11	7
OECD members in the sample	17	14	9	5

Units of analysis

The questionnaire was designed to follow international definitions on commitments (face value of signed agreements during a specific year) and disbursements (actual amount disbursed during a specific year); plus the future allocation definition (an estimation of future or planned commitments).

In order to facilitate the collection of information about aid activities disaggregated between water supply and sanitation, respondents were given freedom to select their reporting year. There was therefore, a trade-off between data comparability and effectiveness in collecting disaggregated data. The range of the selected year of reporting is 2006–2008, although in fact, most respondents provided information for 2007, and values of other years have been converted into Euros of 2007.

Respondents

The choice of water advisors to donor agencies as the main respondents for the EUWI–AWG mapping questionnaire rather than the technicians who prepare official cross-sectoral funding reports had both positive and negative aspects. On the one hand, water advisors have a deeper understanding of what is happening in the sector and could provide guesstimates; on the other hand, in several cases they have not been aware of the overall financial flows of their donor countries agencies.

Feedback on the process

The data collection process proved to be highly time demanding. The ability of donors to provide all the information requested was limited due to the complexity of the information requested and the need to coordinate with other governmental offices (policy, technical and financial departments). According to our respondents, assembling the information required inputs from an average of five departments and respondents indicated that on average they spent almost six working days filling in the questionnaire. Moreover, there was risk of reporting fatigue since a number of other mapping or reporting exercises are ongoing.

An extra effort on definitions, addressing differences among donors' concepts and wording would be required in any future similar exercises, in order to reduce the complexity of the questionnaire and therefore reducing the workload associated with answering it fully.

Outcomes

The dialogue between the DAC Secretariat and water experts of the troika of the African Working Group which started with this exercise has already produced a proposal with specific suggestions on changes needed to the CRS codes. This proposal was presented at the OECD Working Party on Statistics meeting in June 2008; and will be reinforced and extended to better prepare for upgrading monitoring systems to meet DAC requirements.

In the meantime, it will be important to work with donors who have stated their intention to set up internal monitoring systems for disaggregated data, and to encourage others to follow suit.

AIMS OF THE CRS TO AVOID THE NEED FOR PARALLEL REPORTING SYSTEMS

"[One of the CRS] objectives is to provide readily available basic data that enable analysis on where aid goes, what purposes it serves and what policies it aims to implement. The aim is to collect sufficient core information to meet a variety of needs and avoid a proliferation of parallel international reporting systems. Complete and accurate reporting allows the Secretariat to respond to numerous data request that would otherwise require special surveys by aid agencies themselves" (OECD–DAC CRS Reporting Directive)

Annex 2.

Summary EU Code of Conduct

Summary Guiding Principles EU Code of Conduct

Guiding Principle 1 – Concentrate on a limited number of sectors in-country

EU donors should concentrate their active involvement in a partner country **on a maximum of three sectors**.

Guiding Principle 2 – Other in-country activities should be redeployed based on local negotiations

Guiding Principle 3 – Lead donor arrangement

In each priority sector, EU donors will work towards and support the establishment of a **lead donor arrangement** to take charge of all donor coordination in the sector thereby reducing the transaction costs for both partner countries and donors.

Guiding Principle 4 – Delegated cooperation/partnership

If a given sector is considered strategic for the partner country or the donor, EU donors may enter into a **delegated cooperation/partnership arrangement with another donor**, and thereby delegate authority to the other donor to act on its behalf in terms of administration of funds and/or sector policy dialogue with the partner government.

Guiding Principle 5 – Ensure an adequate donor support
EU donors, with full participation and ownership of the partner country, will seek to limit the number of **active donors to a maximum of 3-5 per sector**, based on their comparative advantage. Other donors can still take part in sector activities by means of delegated co-operation modalities.

Guiding Principle 6 – This division of labour should be replicated also at regional level

Guiding Principle 7 – Establish priority countries

EU donors agree to reinforce the geographical focus of their assistance to **avoid spreading their resources too thinly**. They will strive to establish a limited number of priority countries.

Guiding Principle 8 – Address the “orphans” gap

EU donors will **address the problem of “orphaned” or neglected countries**, based on needs and performances, taking into account all financing flows from ODA and other aid flows. “Orphaned” or neglected countries are often ‘fragile states’ whose stabilisation would have a positive spill-over effect on the wider region.

Guiding Principle 9 – Analyse and expand areas of strength

EU donors should **analyse their comparative advantages regarding sectors** and modalities with the aim to identify those in which they would like to expand, as well as those where they might be willing to reduce their own activities.

Guiding Principle 10 – Pursue progress on other dimensions of complementarity

Guiding Principle 11 – Deepen the reforms

Source: Friedrich Ebert Stiftung. 2007. “The Code of Conduct for a better division of labour in the development policy – is it a real milestone?”
<http://library.fes.de/pdf-files/bueros/bruessel/04867.pdf>



Annex 3. EU Donor priority countries: volume of ODA

TOP THREE COUNTRY COMMITMENTS AND DISBURSEMENTS FOR SANITATION & HYGIENE, WATER SUPPLY, IWRM AND WASH EMERGENCIES BY EACH EUROPEAN DONOR IN THE SURVEY						
	Commitments			Disbursements		
	Year of Reporting	Recipient Country	Million Euro 07	Year of Reporting	Recipient Country	Million Euro 07
Austria	2005–2008 average	Uganda	2.43	2007	Uganda	2.10
		Kenya	0.53		Rwanda	1.00
		Rwanda	0.41		Kenya	0.84
Czech Republic	2007	Ethiopia	0.00	2007	Burkina Faso	0.00
		Burkina Faso	0.00		Ethiopia	0.00
Denmark	2008	Burkina Faso	50.23	2008	Ghana	11.16
		Ghana	39.40		Burkina Faso	10.86
		Uganda	32.62		Benin	8.55
European Commission	2006	Ghana	36.98	2006	Morocco	76.28
		Mozambique	35.32		South Africa	15.76
		Djibouti	29.71		Tanzania	15.33
France	2007	Morocco	73.50	2007	Tunisia	29.98
		Senegal	54.50		Morocco	7.33
		South Africa	51.50		Chad	7.09
Finland	2006	Ethiopia	9.99			
		Tanzania	0.16			
Germany	2007	Tanzania	30.00	2007	Morocco	19.91
		Burkina Faso	11.00		Zambia	10.20
		Morocco	9.50		Kenya	8.16
Ireland	2007	Zambia	4.29	2007	Zambia	4.29
		South Africa	3.10		South Africa	3.10
		Lesotho	2.59		Lesotho	2.59
Luxembourg	2008	Senegal	27.41	2007	Mali	1.16
		Mali	14.31		Namibia	0.84
		Namibia	9.96		Senegal	0.82
Netherlands	2008	Ghana	129.50	2007	Ghana	37.64
		Mozambique	89.09		Mozambique	15.78
		Egypt	57.40		Sudan	10.80
Portugal	2007	Mozambique	0.45			
		Angola	0.40			
		Guinea Bissau	0.10			
Spain	2006	Morocco	3.50	2008	Senegal	2.06
		Egypt	2.41		Morocco	1.47
		Ethiopia	1.63		Mozambique	1.00
Sweden	2008	Uganda	8.02			
		Kenya	5.62			
		Burkina Faso	1.28			
United Kingdom	2006	Sudan	20.68	2006	Mozambique	40.23
		Nigeria	18.08		Ivory Coast	26.19
		Zimbabwe	7.51		Zimbabwe	16.69

Annex 4.

EU Donor recipient countries

PRIORITY RECIPIENT COUNTRIES FOR SANITATION & HYGIENE, WATER SUPPLY AND IWRM							
	Sanitation & Hygiene	Water Supply	IWRM	Commitments reported (Million Euros 2007)	Disbursements reported (Million Euros 2007)	JMP ¹⁶ access improved sanitation	JMP access improved drinking water
Algeria	EC, Germany, Greece	Greece	Greece	1.10	0.97	94%	85%
Angola	EC, Portugal	Czech Republic, EC, Portugal	EC	2.29	4.10	50%	51%
Benin	Denmark, EC, Germany, Netherlands	Denmark, EC, Germany, Netherlands	EC, Germany, Netherlands	92.58	22.59	30%	65%
Burkina Faso	Denmark, EC, Germany, Sweden	Czech Republic, Denmark, EC, Germany, Sweden	Denmark, EC, Germany, Sweden	84.61	31.39	13%	72%
Burundi	Germany	Germany	Germany	0.86	4.61	41%	71%
Cameroon	None	None	None	0.44	0.00	51%	70%
Cape Verde	Austria, EC, Luxembourg, Portugal	Austria, EC, Luxembourg, Portugal	Austria, Luxembourg	26.89	1.00	n.a	n.a
Chad	EC, France	EC, France	EC, Germany	22.51	12.55	9%	48%
Comoros	None	None	None	0.00	0.30	35%	85%
Congo DR	France, UK	Czech Republic, France, UK	Germany	16.88	9.61	31%	46%
Djibouti	EC	EC	EC	29.71	0.30	67%	92%
Egypt	Denmark, EC, France, Germany, Greece	Denmark, EC, France, Germany, Greece	EC, Germany, Greece, Netherlands	66.28	25.41	66%	98%
Equatorial Guinea	EC	EC	None	0.95	2.23	51%	43%
Eritrea	None	None	None	2.74	2.77	5%	60%
Ethiopia	Czech Republic, EC, Finland, France, Netherlands, UK	Czech Republic, EC, Finland, France, Netherlands, United Kingdom	EC, France	13.39	11.24	11%	42%
Gambia	EC	EC	None	24.14	4.38	52%	86%
Ghana	Denmark, EC, France, Netherlands	Denmark, EC, France, Netherlands	Denmark, EC	225.70	61.90	10%	80%
Guinea	EC, France	EC, France	EC	6.47	7.86	19%	70%
Guinea Bissau	Portugal	EC, Portugal	None	0.84	0.00	33%	57%
Ivory Coast	EC	EC	EC	0.54	26.62	24%	81%
Kenya	Austria, Denmark, France, Germany, Netherlands, Sweden	Austria, Denmark, France, Germany, Netherlands, Sweden	Denmark, Germany, Sweden	65.88	30.55	42%	57%
Lesotho	EC, Ireland	EC, Ireland	EC	2.60	9.30	36%	78%

	Sanitation & Hygiene	Water Supply	IWRM	Commitments reported (Million Euros 2007)	Disbursements reported (Million Euros 2007)	JMP ¹⁶ access improved sanitation	JMP access improved drinking water
Liberia	EC	EC	EC	6.43	9.97	32%	64%
Madagascar	None	None	France	1.84	1.72	12%	47%
Malawi	EC	EC	EC	23.73	0.46	60%	76%
Mali	EC, France, Germany, Luxembourg, Sweden	EC, France, Germany, Luxembourg, Netherlands, Sweden	Germany, Luxembourg, Netherlands, Sweden,	42.94	13.84	45%	60%
Mauritania	EC, France	EC, France	EC	1.19	1.83	24%	60%
Mauritius	EC	None	None	0.00	0.12	94%	100%
Morocco	EC, France, Germany, Greece, Luxembourg	EC, France, Germany, Greece, Luxembourg	EC, France, Germany, Greece	99.90	105.56	72%	83%
Mozambique	Austria, EC, France, Netherlands	Austria, EC, France, Netherlands	Netherlands	126.90	57.58	31%	42%
Mozambique	Austria, EC, France, Netherlands	Austria, EC, France, Netherlands	Netherlands	126.90	57.58	31%	42%
Namibia	EC, Luxembourg	EC, Luxembourg	Luxembourg	10.15	2.06	35%	93%
Niger	Denmark, EC, France, Luxembourg	Denmark, EC, France, Luxembourg	France, Germany,	22.74	8.40	7%	42%
Nigeria	EC, UK	EC, UK	EC	18.09	11.51	30%	47%
Rwanda	Austria, EC	Austria, EC	None	0.56	11.09	23%	65%
Saharahui population	None	None	None	0.40	0.56	n.a.	n.a.
Sao Tome & Principe	Portugal	Portugal	None	0.40	0.00	24%	86%
Senegal	Austria, EC, France, Luxembourg	EC, France, Luxembourg	Luxembourg	83.61	8.25	28%	77%
Sierra Leone	UK	UK	None	0.36	0.00	11%	53%
Somalia	None	None	None	3.43	8.65	23%	29%
South Africa	EC, Ireland	EC, Ireland	EC, Germany, UK	61.18	21.50	59%	93%
Sudan	France, Sweden, UK	France, Germany, UK	Germany, UK	84.10	23.03	35%	70%
Swaziland	EC	EC	EC	0.27	1.99	50%	60%
Tanzania	EC, France, Germany, Netherlands	EC, France, Germany, Netherlands	EC, Germany	84.45	31.57	n.a.	n.a.
Togo	EC, France	France	None	0.31	0.42	12%	59%
Tunisia	EC, France, Germany, Greece	EC, France, Greece	Greece	0.04	40.27	85%	94%
Uganda	Austria, Denmark, EC, France, Germany, Sweden	Austria, Denmark, EC, France, Germany, Sweden	Denmark, EC, Germany, Sweden	104.10	26.55	33%	64%
Zambia	Denmark, Germany, Ireland	Denmark, Germany, Ireland	Denmark, EC, Germany	44.54	20.00	52%	58%
Zimbabwe	None	None	None	11.64	20.56	46%	81%

16 JMP (2008) percentage of improved access in 2006

Annex 5. Glossary

Accountability

Donors and developing countries are accountable to each other for the progress they make in managing aid better and in achieving development results (Paris Declaration).

Alignment

Donors base their support on countries' development strategies and systems (Paris Declaration).

Allocation

This refers to the intent of a donor to fund certain activities or programmes.

Capital investments

Capital infrastructure investments are taken in this report to refer to investments in fixed assets, the hardware investment costs of pumps, pipes, latrines, etc. Note that in other situations capital investments might include investment in direct support costs as well as in fixed assets.

Capital maintenance

Capital maintenance expenditures are the renewal and/or replacement costs incurred over a number of years (often irregularly and infrequently though eventually significantly) to ensure ongoing serviceability of the capital investments in fixed assets. This necessary preventive, renewal, replacement and/or rehabilitation capital maintenance is required to ensure ongoing service provision and should be achieved through regular depreciation charges rather than as, in effect, new, 're-implementation' projects, following service failure. More 'appropriate', non-networked services tend to require earlier capital maintenance to limit service failure, than conventional, networked services, far sooner than is generally recognised and/or financed.

Commitment

Refers to a project/programme ready to be implemented for which a financing agreement has been signed between the partner country and donor.

Direct support costs

The "software" costs for training, facilitation, community mobilisation, hygiene education, etc. associated with the implementation of hardware, and afterwards to keep services operational.

Disbursements

Reflect the effective execution of projects/programmes and the real transfer of funds. Disbursements record the actual international transfer of financial resources, goods and services valued at the costs of the donor (OECD, 2006).

As a project or programme is usually not realised within a year, there is no direct relation between the level of commitments and level of disbursements during one reporting period.

Emergency and relief assistance

An "emergency" is an urgent situation created by an abnormal event which a government cannot address out of its own resources and which results in human suffering and/or loss of crops or livestock. Emergency and relief assistance also includes support for disaster preparedness (OECD, 2006).

Emergencies can result from:

- sudden natural or man-made disasters, including wars or severe civil unrest;
- food scarcity conditions arising from crop failure owing to drought, pests and diseases;

In this exercise, emergency and relief assistance includes short-term assistance (emergency/conflict) and also longer term assistance to fragile states (post-conflict situation, post-tsunami, etc.) related with WASH.

Harmonisation

Donors coordinate activities and minimise the costs of delivering aid (as mandated in the Paris Declaration).

Indirect support costs

These are the costs that fall outside the direct implementation of a system, but which are needed at higher levels of scale, to cover activities such as training district staff, developing water resources management plans, etc.

General Budget Support (GBS)

The characteristics of general budget support are that it is channelled directly to partner governments using their own allocation, procurement and accounting systems, and that it is not linked to specific project activities. All types of budget support include a lump sum transfer of foreign exchange; differences then arise on the extent of earmarking and on the levels and focus of the policy dialogue and conditionality.

IWRM

Integrated Water Resources Management – refers to watershed studies, groundwater management, water resources protection, soil conservation, integrated river basin projects, river flow control, dams and reservoirs (excluding those primarily for irrigation and hydropower), capacity building at all levels, IWRM planning, management and legislation, IWRM policy, etc. (corresponds to DAC-CRS codes 14015, 14040 and partly 14010).

Operating & minor maintenance expenditures

These are the annual operation and minor maintenance costs, such as the costs of diesel or electricity for pumping, costs of operational staff, small replacements – usually required to be paid by beneficiaries either through tariffs or user fees.

Paris Declaration

The Paris Declaration, endorsed on 2 March 2005, is an international agreement to which more than 100 Ministers, Heads of Agencies and other Senior Officials adhered and committed their countries and organisations to continue to increase efforts in harmonisation, alignment and managing aid for results with a set of monitorable actions and indicators. (Source: www.oecd.org)

Project Implementation Unit – PIU

A dedicated structure for the day-to-day management and implementation of aid-financed projects and programmes, created outside the existing country institutional structures. In order to differentiate PIUs from executing agencies, the following three typical features of parallel PIUs can be useful:

- They are accountable to the external funding agencies rather than to the country implementation agencies (ministries, departments, agencies, etc.).
- Most of the professional staff are appointed by the donor.
- The salary of PIU personnel often exceeds that of civil-service personnel

Sector Budget Support (SBS)

Sector Budget Support is distinguished from General Budget Support by being earmarked to a discrete sector or sectors, with any conditionality relating to these sectors. Additional sector reporting may augment normal government accounting, although the means of disbursement is also based upon government procedures.

Untied Aid

Aid that is freely available to buy goods and services from all countries, as opposite to aid restricted to the procurement of goods and services from the donor country ("tied aid").

WASH

Water Supply, Sanitation and Hygiene – refers to urban and rural, large and small systems. Includes for instance: handpumps, spring catchment, gravity fed systems, rain-water collection, storage tanks, small distribution systems, latrines, small-bore sewers, septic tanks, intake, storage, treatment, pumping stations, distribution systems, sewerage, waste water treatment plants, water and sanitation sector policy, planning, management and legislation, hygiene education, capacity building at all levels, support costs to community management etc. (corresponds to DAC – CRS codes 14020, 14030 and partly 14010).



