



## G8 Water Experts Group

### *Progress Report on the implementation of the G8 Water Action Plan*

12 June 2009



## Executive Summary

At Evian in 2003, the G8 adopted a Water Action Plan as a contribution to meet the Millennium Development Goals (MDG) and other internationally agreed targets on water and sanitation. At the Hokkaido-Toyako G8 Summit in 2008, G8 Leaders requested that their water experts review progress on the Water Action Plan and report at the 2009 G8 Summit in Italy. This report has been prepared in response to that request.

The report takes account of the support provided directly by G8 countries to meet the commitments made under the Water Action Plan, as well as G8 efforts on drinking water and sanitation, water resources management, and water productivity in a broader sense. The G8 works in partnership with many others, particularly the Multilateral Development Banks and the United Nations (UN). Their contributions in addressing the objectives of the Water Action Plan are recognized and appreciated by the G8.

Water and sanitation are critical for human life, health and livelihoods, economic growth, social well-being, environmental sustainability and peace and security. The Water Action Plan signalled political commitment from G8 Leaders to tackle these challenges and especially to provide access to safe water and sanitation to the large share of humanity lacking such basic services.

The Water Action Plan has been an important catalyst for action and progress has been made in increasing financial support for the water sector:

- Statistics from the Development Assistance Committee of the Organization for Economic Co-operation and Development (OECD-DAC) show that Official Development Assistance (ODA) from all donors has increased significantly since 2002. Bilateral disbursements from G8 countries to the water and sanitation sector more than tripled between 2002 and 2007. G8



support totalled more than 80% of the overall DAC disbursements allocated to the sector, during the entire period.

- In addition to their bilateral contributions, G8 countries have provided significant support through Multilateral Development Banks, UN agencies and non-governmental organizations, and championed new financing mechanisms to leverage additional resources.

The Water Action Plan raised the profile of water and sanitation at high political levels and, in addition to funding, has had a key role in stimulating policy reforms for water and sanitation. G8 countries have:

- promoted better governance as fundamental to more effective policy and decision-making and more efficient use of funds;
- supported the preparation and implementation of national plans and strategies, and strengthened regional cooperation and processes that ensure local ownership through partnerships and stakeholder engagement;
- supported processes of better donor coordination and, through UN-Water, improved coordination between the UN agencies involved in water; and
- supported regional processes, in particular for promoting cooperation in managing transboundary waters and for strengthening the African Ministers' Council on Water (AMCOW).

Progress has been made since 2003, but there is much to do. Almost one billion mostly poor people still lack safe drinking water and over two and half billion lack adequate sanitation facilities. Moreover, the world's freshwater resources are under increasing threat from demographic and climatic changes and many people, particularly in Asia, suffer from floods, typhoons and cyclones.



Governance issues remain an obstacle to progress, along with limited prioritization of water and sanitation in national budgets. Whilst total G8 disbursements have increased for all regions, the proportion of the overall contribution to regions with critical needs (Sub-Saharan Africa and South Asia) has declined since 2002 and now represents around 30% of the total G8 support for the water sector.

Enhancing the ongoing dialogue with partners on ways to further support the implementation of national water policies and plans, and avenues for strengthening existing partnerships in the water and sanitation sector, is essential. Building on the commitments made in the Hokkaido-Toyako Leaders' Declaration to "reinvigorate our efforts to implement the Evian Water Action Plan", G8 water experts recommend a number of areas for further support:

1. continued support to strengthen governance, including development and implementation of policies, laws and regulations, developing institutions, increasing transparency and accountability and improving financial management, to increase effectiveness and attract additional public and private investments;
2. continued dialogue with African partners, including the African Union and the African Ministers' Council on Water, to strengthen the Africa-G8 Partnership based on the commitments made by African Union member countries at their 2008 Summit in Sharm-El Sheikh, recognizing their leadership in this process;
3. building partnerships to address multi-faceted water and sanitation challenges in the Asia-Pacific region;
4. continued focus on fragile states and countries falling behind on meeting the MDGs and other internationally agreed water and sanitation targets;
5. stronger focus on improving sanitation and hygiene;



6. continued improvement of country level donor-government-stakeholder coordination and aid effectiveness based on the principles of shared responsibilities and mutual accountability, with a clear recognition of commitments by each party and of their respective roles in the way forward;
7. continued efforts in seeking to leverage funds for investments in infrastructure and capacity development, and to enhance science and technology cooperation; and
8. further support to improve monitoring, reporting and information sharing on water and sanitation, to improve policy and decision-making processes for investment.

The L'Aquila G8 Summit represents an opportunity for addressing new challenges and for enhancing political momentum concerning water-related issues at international, regional and national levels, as a critical contribution to sustainable development.



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### Chapter 1: Introduction

*“As water is essential to life, lack of water can undermine human security. The international community should now redouble its efforts in this sector.”  
Water – A G8 Action Plan, adopted at the 2003 Summit in Evian, France.*

#### **1.1 Background**

The G8 committed at the 2003 Summit in Evian-les-Bains, France, to strengthen efforts to address water and sanitation challenges and adopted the G8 Water Action Plan (see Annex 1). At the 2008 G8 Summit in Hokkaido-Toyako, G8 Leaders asked for a progress report on the Water Action Plan (attached as Annex 2). This report has been prepared by G8 water experts in response to this request.

Water supply, sanitation and sound water resources management and development underpin attainment of the Millennium Development Goals (MDG) and other internationally agreed development targets. While progress has been made to meet the internationally agreed goal<sup>1</sup> on water, nearly one billion people still lack safe drinking water. The world is off-track to meet the internationally agreed goal on sanitation<sup>2</sup> with about four out of every ten people on the planet - 2.5 billion - lacking adequate sanitation facilities. In particular, Sub-Saharan Africa and South Asia are off-track to meet these targets. There is also increasing pressure on freshwater resources from demographic and climate change that impacts on social and economic development.

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<sup>1</sup> Millennium Declaration: *Halve, by 2015, the proportion of people unable to reach or afford safe drinking water.*

<sup>2</sup> Defined in September 2002 at the World Summit on Sustainable Development as halving, by 2015, the proportion of people who do not have access to basic sanitation.



The Water Action Plan provided political impetus for greater engagement from G8 countries and articulated five areas of support to tackle water and sanitation issues. At subsequent G8 Summits, further commitments were made. At Gleneagles in 2005, the G8 reiterated its commitment to the Water Action Plan and to the G8-Africa Action Plan launched at the Kananaskis Summit in 2002. In the Hokkaido-Toyako Summit, the Leaders acknowledged the cross-sectoral nature of water, highlighted the importance of integrated water resources management and good water cycle management and called for the prioritization of sanitation.

## **1.2 How G8 countries provide support**

The G8's efforts on water and sanitation are not a separate set of activities but are part of a comprehensive effort to advance sustainable development as a whole. To implement the Water Action Plan, G8 countries work through bilateral programmes, together with other donor countries, and channel funds through the United Nations (UN), Multilateral Development Banks, international organisations and civil society. G8 actions are taken in concert with developing countries' national development priorities.

The G8 is working to support sustainable access to an acceptable quantity and quality of water to meet human, livelihood, ecosystem, production needs while reducing the risks of extreme hydrological events to people, the environment, and economies and to sustainable access to basic sanitation. To meet this goal and implement the Water Action Plan, support is focused on three key objectives:

- ***Increasing access to safe drinking water and, basic sanitation.*** This includes both sustainable access to drinking water and adequate sanitation, as well as activities to improve hygiene and the safe management of water at the individual, household and community level.



- ***Improving water resources management.*** This includes supporting integrated water resources management to optimise the benefits of water resources development for growth while ensuring essential human needs are met and environmental resources are protected. It involves supporting regional efforts in managing transboundary ground and surface waters, managing and adapting to climatic and hydrological variability, and reducing the risks of floods and droughts.
- ***Enhancing water productivity.*** This aims to optimise efficient and productive uses of water in industrial, agricultural, and other consumptive sectors, to maximise outputs and to reduce water losses and pollution.

To achieve these objectives, G8 countries support actions at all levels (local, national, regional and global) through a wide range of modalities including projects, sector-wide programmes and sector or general budget support. However, the G8 alone cannot ensure meeting needs on behalf of developing countries. National governments have primary responsibility for ensuring their own development success. G8 support to developing country partners focuses on five cross-cutting themes.

- ***Improving governance:*** Good governance is key to creating an enabling environment for sound and sustainable investments in water and sanitation. The G8 has extended support for integrated water resources management, strengthening responsible institutions, policy formulation, legal and regulatory reform, financial management and improving transparency and accountability.
- ***Developing capacity:*** Support covers the development of human, financial and technical capacities to plan, implement, and manage water programmes and projects.



- ***Building appropriate infrastructure:*** Through bilateral channels and multi-lateral agencies, G8 countries have provided grants, loans and other support to build infrastructure, often as a catalyst to leverage investments by third parties. They have introduced a range of financing mechanisms and credit enhancements to mobilize local capital.
- ***Increasing political will:*** G8 countries have provided political weight and have engaged at national, regional, and global levels to promote initiatives, build partnerships, and strengthen national and international cooperation. They have also worked through both formal and informal multi-lateral processes to monitor and assess global conditions to catalyse and direct investments.
- ***Science, Technology and Information sharing:*** By sharing scientific and technical expertise and information, G8 countries have helped build local knowledge, experience and skills and provided solutions to local problems. Support for data collection and analysis has provided the foundation for drought and flood protection and management of groundwater resources.

## Chapter 2: G8 Commitments to Water and Sanitation

Since Evian, the Water Action Plan has provided a strong political message and attention has been drawn to the need for increased access to safe drinking water and basic sanitation and improved water resources management. Each G8 country has developed its own specific commitments to address this issue.

Initiatives taken in this regard include, inter alia: extending access to drinking water and sanitation services; ensuring participatory development for improved policies, legislation and regulations; supporting local authorities and decentralization; establishing legal and institutional frameworks; securing financing from public and



private capital markets for water utilities; developing and implementing a range of international multi-donor programmes to encourage private sector investment; supporting transboundary water cooperation; pursuing sustainable water uses, sharing advanced-technology and know-how; implementing integrated water resources management (IWRM) principles in water-related programmes and developing programmes to improve efficient water management.

## **2.1 G8 Countries' political and financial commitments<sup>3</sup>**

### *Canada*

Canada is committed to helping the poorest in developing countries gain access to safe drinking water and basic sanitation. Canada applies an integrated water resource management approach, which has proven to be effective in delivering sustainable development outcomes, including access to potable water and sanitation, sustainable watershed management practices, and good governance in water-related national and regional issues. Between 2003-2004 and 2007-2008, Canadian disbursements in water supply and sanitation totalled approximately CAN\$ 337 million. For example, in Africa, the Canada Fund for Africa committed CAN\$ 15 million to the Water and Sanitation Trust Fund, CAN\$ 10 million to the Global Water Partnership, CAN\$ 5 million to the Water Partnership Program of the African Development Bank, and CAN\$ 20 million to support the African Water Facility. In addition, Canada supports bilateral projects all over the world, including major projects in Ghana and Mozambique aimed at providing clean drinking water and sanitation.

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<sup>3</sup> Refer to OECD/WWC: “Donor Profiles on aid to water supply and sanitation, Aid at a glance and development co-operation policies”, November 2008 (Extract from “Credit Reporting System, Aid activities in support of water supply and sanitation 2001-2006”, 2008), for more developed Policy Statements and financial commitments.



## *France*

In Evian, France committed to double its aid to the water sector, with a priority to Africa, through innovative financing mechanisms. Within the MDGs focused Cooperation policy framework, the 2005 Strategy on water and sanitation recommits to doubling ODA by 2009 and prioritizes sanitation and hygiene, pro-poor targeting for basic water and sanitation services and improved water resources management including transboundary cooperation. Participatory approaches, developing adapted technologies and building partners' capacities are key in programmes' design and implementation. France has increased ODA delivery through NGOs and multi-lateral channels (e.g. African Development Bank, European Development Fund) and synergies with decentralised cooperation. France has developed a wide range of financing products and partnerships to improve aid efficiency. The Agence Française de Développement exceeded the bilateral objectives by 2007. France is one of the largest donors involved in the sector: support for water and sanitation has reached more than 25 million people since 2002.

## *Germany*

Germany is one of the largest donors in water and sanitation and the largest in Africa. It committed to provide € 350 million/year in bilateral funding for the sector of which approximately 40% is spent on sanitation. Eighty million people benefit from its activities in the water sector. Germany's Africa Strategy prioritizes water as one of three key sectors and commits to provide 30 million people in Sub-Saharan Africa with sustainable access to water and sanitation by 2015. Germany's Water Sector Strategy (2006) adopts integrated water resources management principles and focuses on MDGs, highlighting pro-poor approaches and a stronger focus on sanitation. Germany promotes the recognition of access to drinking water and sanitation as a human right through its initiative in the UN Human Rights Council and plays a leading role in promoting water for peace



through its support to transboundary cooperation, institutions and initiatives such as the Petersberg (South-East Europe, Africa) and Berlin (Central Asia) processes.

### *Italy*

Italian co-operation is committed to the Monterrey Consensus (2002) and adopts the Paris Declaration on Aid Effectiveness (2005) guidelines in its official development assistance targeting the Millennium Development Goals. Italian initiatives encompass the principles of establishing partnerships at local and global levels through “decentralized” cooperation among Italian local institutions and their peers in recipient countries. Italy is committed to promote programme-oriented joint financing with other donors and with UN organizations, in a bid to enhance the effectiveness of aid flows and increase recipients’ ownership of development initiatives. Support has been granted to the Water Information Sector (including through UNDESA and FAO). According to 2006 estimates, about 18% current share of Italian aid is being directed to the water sector with a total Italian official development assistance of US \$ 3,764.30 million (0.20% of GDP), as much as one third of Italian official development assistance is delivered through the European Commission.

### *Japan*

Japan has been committed to support the water and sanitation sector as the world’s largest donor in the sector since the 1990s, providing \$5.5 billion of ODA between 2002 and 2006. In 2006, Japan announced the “Water and Sanitation Broad Partnership Initiative (WASABI)” to bolster comprehensive efforts in the sector. In 2008, the Minister for Foreign Affairs made a policy speech titled “Global Water Governance - Improving access to safe water and sanitation”, which calls for pursuing sustainable use of water resources through the application of cyclic water resources management and sharing Japan’s advanced technology and know-how with people throughout



the world. In 2008, Japan committed at TICAD IV to providing grants and technical assistance, amounting to 30 billion yen to the sector in Africa (2008-2012) including: (1) dispatching “Water Security Action Team (W-SAT)” for Africa, (2) providing safe drinking water for 6.5 million people, (3) providing capacity building to 5,000 water resources managers and users.

### *Russian Federation*

Russia is committed to the ultimate goal of participating to international development assistance for the benefit of poor countries, to support their progress towards the achievement of the Millennium Development Goals. Public health and the fight against infectious diseases are among Russian development assistance priorities within CIS, Africa and Asia-Pacific. Russia cooperates on water-related issues on a bilateral level, in the frame of intergovernmental joint commissions. Efforts in the field of water and sanitation assistance are focused on waterworks, wells, capacity building, riverbed management and water pollution in river basins. Russia has declared, in the Concept of participation in international development assistance (2007), its commitment to provide an increase in assistance up to \$400-\$500 million per year, in upcoming years. Russia also committed to finance two water-related projects implemented by UN ECE in Central Asia on dams’ security and on the establishment of a water resources data-base.

### *United Kingdom (UK)*

The 2006 White Paper on International Development recognised water and sanitation as one of four essential public services. DFID committed to spend £95 million a year on water and sanitation in Africa by 2007-08, which has been met, and £200 million a year by 2010-11. An updated DFID water and sanitation policy was launched in 2008 and within this, DFID committed to sustaining their spending commitment to Africa for 5 years to ensure 25 million more people



gain access to water and sanitation, ensuring 30 million people in South Asia gained access to improved sanitation and further funds for improved water resources management. At the UN MDG High Level Event in 2008, the UK and the Netherlands announced the 'Global Framework for Action' to improve sector effectiveness. The UK is committed to ensuring greater aid effectiveness in the water sector and is the largest contributor to multi-lateral delivery of water and sanitation.

### *United States (US)*

In December 2005 the United States signed into law the Senator Paul Simon Water for the Poor Act. The Act (see [www.state.gov/g/oes/water](http://www.state.gov/g/oes/water)) recognizes the importance of addressing water and sanitation issues and requires the development and implementation of a strategy to "provide affordable and equitable access to safe water and sanitation in developing countries" within the context of sound water resources management. In fiscal year 2008, the US obligated over US\$ 1 billion for water and sanitation activities in developing countries. Support for critical regions such as Sub-Saharan Africa more than doubled. The U.S. also remains one of the largest bilateral donors to international organizations and international financial institutions working on water and sanitation issues. As a result of these investments, millions of people have gained improved access to safe drinking water and sanitation, water resources are being managed more wisely and more productively, and many more communities are enjoying greater water security.

### *European Commission (EC)*

The EU Water Initiative is an initiative aiming at reinforcing the political commitment to water and sanitation (see box Chapter 3). Between 2000 and 2007 (9th EDF), the EC supported water and sanitation government programmes mainly in: Africa, the Caribbean



and the Pacific (ACP) (€ 475 million), the Mediterranean (€ 440 million), and in Latin America (€ 100 million), as well as in India, China and Central Asia. For the period 2008-2013, 60 countries will receive a total of almost € 700 million. In addition, support was provided through the ACP-EU Water Facility with a total of € 500 million between 2004 and 2007, for projects in ACP countries, with a particular focus on involving non-state actors. An additional € 200 million for the Water Facility has been committed in 2009. Furthermore, the EU-Africa Partnership for Infrastructures supports the development of trans-African networks, including management of cross-border catchment areas. Through the European Neighbourhood Policy support is given to partner countries in the region.

## **2.2 What we have spent: G8 investments for Water and Sanitation**

G8 efforts on water and sanitation must be assessed within the broader context of sustainable development. Complex development challenges cannot be successfully overcome in isolation but require a broad set of interventions that create the enabling environment for sustainable progress. Improving access to safe water and sanitation supports a broad array of development goals, primarily poverty reduction as well as improved health, gender equality, peace and security, protection of water resources and the environment, political and social progress and economic growth. Achieving progress requires political choices and integrated national development policies where the water sector is considered along with other sectors' development activities that directly or indirectly support increased access to safe water and sanitation services, improved water resources management and enhanced water productivity (see Chapter 1).

To respond to national priorities set by partner countries, donors must often balance investments in infrastructure with efforts to improve the enabling environment and address the barriers to



sustainable service provision and sound water resources management. Both paths must be taken simultaneously to ensure long term impacts.

Acknowledging that G8 efforts for the water sector take place within the broader context of activities supporting sustainable development, the review of progress made in the implementation of the Water Action Plan is not solely restricted to an analysis of ODA flows and financial assistance to the water sector. However, providing some insights on financial contributions is necessary to complete this review.

As a result of the Water Action Plan, and in response to national development plans and strategies and increased developing country commitments, the G8 increased support for water and sanitation issues and related crosscutting sectors.

The results presented below are based on the OECD-DAC Credit Reporting System database. While this data is representative of G8<sup>4</sup> support for water and sanitation activities<sup>5</sup>, it does not reflect the entirety of G8 direct and indirect support for achieving progress on water and sanitation issues<sup>6</sup>.

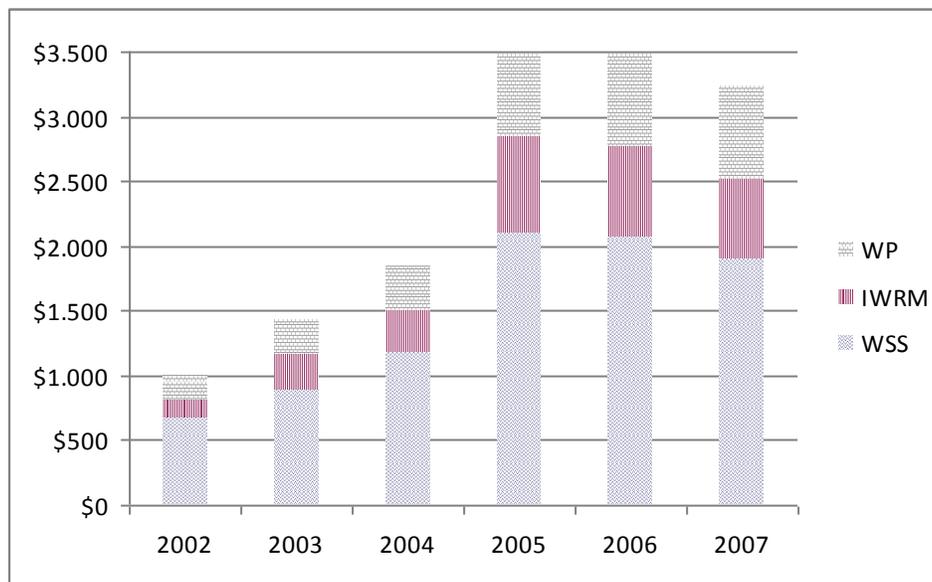
### **2.3 Overall G8 ODA allocated to the water sector**

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<sup>4</sup> The “G8” here refers to Canada, France, Germany, Italy, Japan, Russia, the UK, the USA and the European Commission. Russia is not a DAC member and therefore Russia’s financial contributions are not included. The analysis was restricted to bilateral disbursements from G8 countries and to the assistance provided by the EC, which is multilateral by nature. Multilateral contributions were not included to avoid double-counting.

<sup>5</sup> In this section, “the water sector” refers to ODA flows directly earmarked as, and reported to the appropriate categories of the DAC classification, namely: - Water Supply and Sanitation activities reported under Code 140 (Water Supply and Sanitation); - Integrated Water Resources Management activities reported under Codes 140 (idem) and 410 (General Environmental Protection); - Water Productivity activities reported under Code 230 (Energy Generation and Supply), Code 311 (Agriculture). See Annexe 3.

<sup>6</sup> In addition to the earmarked “water contributions”, there are several other “hidden” flows which are being reported under other DAC sectors/categories that are relevant to the water sector. For instance general budget support and support to science and research activities, social services, health and education sectors all contribute to water and sanitation.



**Fig.1. G8 disbursements<sup>7</sup> allocated to the water sector (US \$ million, 2002-2007)**

(WSS: Water Supply and Sanitation; IWRM: Integrated Water Resources Management; WP: Water Productivity)

Official Development Assistance disbursed by the G8 for the water sector has more than tripled between 2002 and 2007, with expenditure amounting to US \$ 14.5 billion over the period (an average of US \$ 2.4 billion per year). The launch of the Water Action Plan in 2003 appears to be an important milestone in this global trend.

The G8 contribution amounted to nearly 82% of the total share of US \$ 17,6 billion spent by all DAC donors over the same period. An average of 61% (US\$ 8.8 billion) out of total G8 disbursements to the water sector was allocated to water supply and sanitation activities

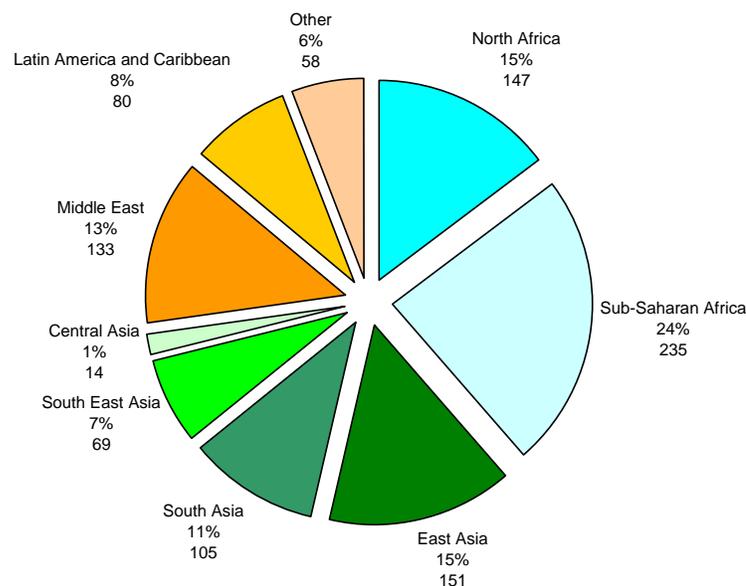
<sup>7</sup> The analysis was restricted to *disbursements* representing the actual transfers from donors to recipient countries year by year. *Commitments*, as provided by DAC, are not reported here, as they usually refer to multi-annual financial agreements, with no direct relationship with the level of disbursements made in a given year.



(see lower bars in the graph above), demonstrating that access to safe water and sanitation (WSS) was a priority for G8 investments.

In addition to their bilateral contributions, G8 countries provided significant support to multi-lateral initiatives, international financial institutions and international or regional organisations including UN agencies working in the water sector. Recent OECD analyses<sup>8</sup> report that such flows substantially increased after 2002, but remain lower than those delivered through bilateral programmes for the G8 as a whole.

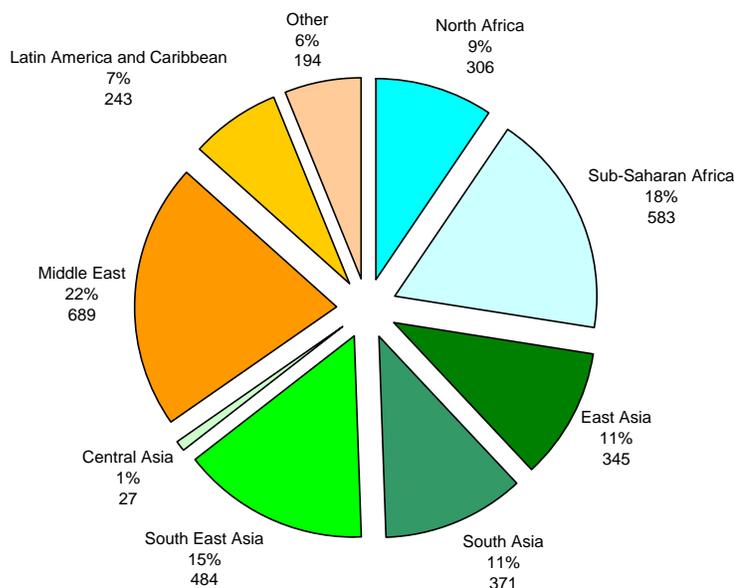
## 2.4 Geographical distribution of G8 ODA to the water sector



**Fig.2 Distribution of aid from the G8, water supply and sanitation, 2002**

<sup>8</sup> OECD/WWC, 2008: “Credit Reporting System, Aid activities in support of water supply and sanitation 2001-2006” Due to limitations to consistently capture the G8 imputed multilateral contributions, especially on a disbursement basis, these data are not included here.

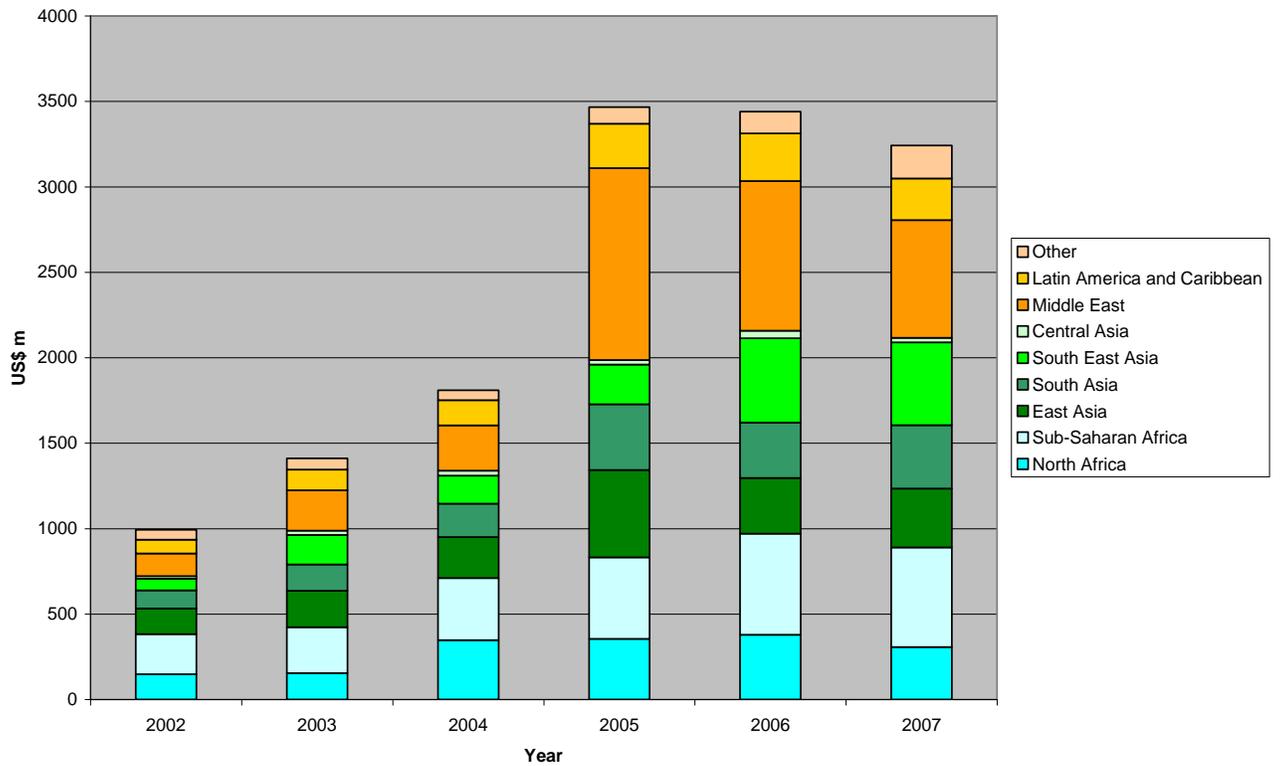
(% and US \$ million by region; total disbursements: US \$ 993 million)



**Fig.3 Distribution of aid from the G8, water supply and sanitation, 2007**

(% and US \$ million by region; total disbursements: US \$ 3,242 million)

During the period 2002-2007, total G8 disbursements targeted to Africa amounted to US \$ 4.2 billion (on average US \$ 701 million, p.a.), out of which 60% went to Sub Saharan Africa, while Asia received US \$ 5.0 billion (on average US \$ 850 million, p.a.), including 62% to South and South East Asia; the Middle East region received US \$ 3.3 billion (US \$ 288 million, p.a.). Total financial support raised by the G8 increased in all geographical regions.



**Fig.4 Distribution of aid from the G8, water supply and sanitation, 2002-2007**  
 (Disbursements, value by region, US \$ million)



## Chapter 3: Review and success stories in implementing the Water Action Plan

This chapter provides examples of the initiatives taken by G8 countries to respond to commitments set out in the five measures of the Water Action Plan:

- Promoting good governance;
- Utilising all financial resources;
- Building infrastructure by empowering local authorities and communities;
- Strengthening monitoring, assessment and research; and
- Reinforcing engagement of international organizations.

For most initiatives, G8 countries are one of several partners that contributed to the success of an action; on the other hand, some projects are managed by single G8 countries on an individual basis. Many initiatives are long-term processes with benefits continuing to accrue beyond project lifetime. The aim here is to provide a snapshot of the support provided rather than an evaluation.

### **3.1 Drivers behind G8 support**

In responding to the Water Action Plan, G8 countries' investments in water and sanitation initiatives take into account a number of factors, including: need, as reflected by health impact or other key development indicators; the priority given by partner countries to water and sanitation in their national development plans and national poverty reduction strategies; the ability of the partner country to manage and benefit from the support provided; the ability to leverage support with other partners; the potential to leverage additional resources; and opportunities for donor coordination. Funding priorities for G8 countries are also influenced by their own policies and priorities, partner country priorities, international agreements, and their perceived comparative advantage. Support



comes through bilateral assistance mechanisms, in concert with other development investments, and focus on the three development objectives highlighted in section 1.2.

Typically, partner country governments prepare national development plans and poverty reduction strategies that inform investments by G8 countries. In many instances, governments face a variety of challenges and must prioritize accordingly, based on their long-term development objectives and what can be realistically accomplished. Where national governments demonstrate their commitment to prioritizing water and sanitation in national plans and strategies and allocate more of their own resources, they are more likely to attract investment.

Water and sanitation issues not being a priority can become a significant barrier to securing support for the sector. To help address this barrier, G8 partners have supported governments in preparing plans and strategies, including helping to engage stakeholders in the decision making process. For example, under the EU Water Initiative, Ethiopia, with support from Italy and the UK, carried out a multi-stakeholder country dialogue that improved harmonization, brought together different ministries and assisted in strategic thinking. All of which contributed to developing a national Water, Sanitation and Hygiene programme.

G8 countries are accountable domestically for their investments. This means using their resources efficiently and effectively. G8 countries must take into account the ability of the partner country to manage and benefit from the support provided. Where the enabling environment is weak, support can be targeted to those areas that can improve capacity in partner countries. Support for good governance, including fiscal management, transparency and accountability to reduce waste and corruption contribute to creating an environment for achieving sustainable results.



In fragile states, where government mechanisms to manage support are limited, and in countries recovering from conflict or disasters, the G8 provides critical support by engaging at the grassroots level to ensure that basic needs are being met. Since Evian, there has been a significant increase in G8 support for development NGOs and their local partners, to provide basic needs for the poor. For example, the European Commission through its ACP-EU Water Facility has financed civil society and decentralized cooperation initiatives for water and sanitation to African and European NGOs, and international organizations such as the Red Cross and UNICEF. Also, in Sudan, the United States has provided support to meet the needs of displaced populations, and a significant proportion of UK support to humanitarian relief in Pakistan and in Sudan has been focused on water and sanitation.

G8 countries also seek to add value and leverage additional support from a variety of sources including development banks, other partners and through mobilizing local resources. Establishing effective partnerships with other donors such as Multi-lateral Development Banks, United Nations agencies, other international organisations, the private sector and civil society is critical to maximizing resources and achieving results. For example, funding from G8 countries has helped the Asian Development Bank to mobilize up to US \$ 2 billion for water and sanitation programmes over the period 2006 to 2010. This investment will provide services for up to 200 million people, strengthen the capacity of water utilities, improve water resources management and reduce risks from flooding.

Finally, in accordance with the 2005 Paris Declaration on Aid Effectiveness and the 2008 Accra Agenda for Action, G8 countries work towards donor harmonization for efficient use of resources and actively participate in coordinated approaches. G8 countries have



actively contributed to international initiatives that help to increase political commitment for water and sanitation and improve coordination between actors. This is reflected in the increased focus on water in the United Nations Commission on Sustainable Development (CSD) and a more effective UN-Water. There have been improvements in coordination at the country level, which avoids inefficiencies or duplication and reduces the administration of aid for recipient countries, but there is scope for more work.

### **3.2 Promoting Good Governance**

G8 countries have worked at global, regional, transboundary, national and local levels to support good water governance, including planning support to prioritize water and sanitation in national development plans and poverty reduction strategies. G8 countries provide support to strengthen policy, institutional and legal frameworks and reduce corruption through improved transparency and accountability.

Significant G8 support is allocated for developing capacities (human, institutional, financial and technical) in the management of water supply and sanitation services to enable countries to run their own water sectors more effectively. This is often done in tandem with the development of infrastructure to ensure efficiency in operation, maintenance and management of the infrastructure. For example, an institutional strengthening project supported by Japan through technical cooperation combined with soft loans improved capacities for financial management and accounting at the Chittagong Water Supply and Sewerage Authority (CWASA) in Bangladesh. This led to more efficient budgeting, strengthened action plans and efficient operation, including the introduction of female water-meter readers, while the project contributed to the improvement of available water and sanitation facilities.



G8 countries recognise the complexity of water resources development and management, which cuts across many sectors and layers of administration. In response support is provided to develop and implement the integrated water resource management approach, to address issues surrounding fragmented policy and decision making. For example, G8 countries (Canada, United States, Germany, France, UK), supported participatory planning processes in a number of countries including Ethiopia, El Salvador, Indonesia, Kenya, Malawi, Mali, Senegal and Zambia, facilitated by the Global Water Partnership. This led to a constructive partnership between stakeholders and government, established coordination mechanisms between sector ministries and incorporated water and sanitation in national development plans. However, much remains to be done to translate this into practical application.

**Box 1: Sector Wide Approach to Planning for the water sector**

The Sector Wide Approach to planning (SWAp) is a process in which funding for the sector supports a single policy and development programme under government leadership, and adopts common approaches to management arrangements. SWAp is a vehicle for transformation and decentralisation in the sector through joint decision making and accountability.

**In South Africa**, the EC supported the "Masibambane" ("let's work together") programme, driven by strong political leadership and an enabling policy and budgetary framework. The aim is to increase access to basic water supply (more than five million households served) and sanitation (more than one million) services to poor rural communities. In 2007, this was extended to include water management covering the whole country. The programme has improved collaboration between stakeholders, developed a policy framework for the sector, set up collaborative structures and established catchment management agencies.



The 2007 **Tanzania** SWAp is a 20-year programme expected to enable almost 13 million people to connect to the water supply system. Donors pay a portion of their funding into a special account with the Bank of Tanzania. Tanzania, Germany, the World Bank, the United States, the African Development Bank, the Netherlands and other donors have committed to provide US \$951 million, until year 2012. The new form of cooperation places high expectations on the management capacities of the Tanzanian government and the Ministry of Water and Irrigation.

Some lessons learnt from water SWAps are that they contribute to improved coordination of sector activities carried out by the government and by development partners, and it requires them to establish a dialogue on sector policy issues including budget preparation and monitoring, sector monitoring and capacity development. SWAp is highly resource intensive; capacity development for implementation at the outset is crucial for its successful implementation at national and local level.

G8 involvement: European Commission, Germany, UK, United States.

Other donors: African Development Bank, Belgium, Denmark, Ireland, Netherlands, Switzerland, World Bank.

Finally, promoting the management of water resources at a river basin level and building transboundary cooperation has been an important area of support for G8 countries. This has included facilitating political dialogue and processes to promote regional cooperation and prevent conflict based on shared benefits from transboundary water resources. To achieve effective results in large scale river basins, long-term commitment is needed, and G8 countries continue to support processes in many transboundary basins including the Nile Basin Initiative, Volta River Authority, Mekong River Commission, Niger Basin Authority and more recently the South Asia Water Initiative.



### **Box 2: Nile Basin Initiative (NBI)**

The Nile Basin Initiative is a partnership among the Nile riparian states (Burundi, Democratic Republic of Congo, Egypt, Ethiopia, Eritrea, Kenya, Uganda, Rwanda, Tanzania and Sudan) that seeks to develop the Nile Basin's water resources in a cooperative manner, share substantial socio-economic benefits, target poverty eradication, and promote economic integration, regional peace and security.

So far, the main contributions of the NBI include: increased communication, trust, involvement and cooperation amongst Nile Basin states and civil society; increased transboundary trade and investments in the basin; and enhanced capacity in countries to work cooperatively and with greater technical knowledge of river basin management and related transboundary issues (including regulatory frameworks).

The NBI has also helped to improve the institutional and collaborative environment, and to promote research and pilot activities (power trade studies, interconnection feasibility studies). This has enabled to leverage approximately US\$ 700 million in investments for initiatives such as: hydroelectric and multi-purpose projects in Rwanda-Tanzania-Burundi; hydro interconnection between Ethiopia and Sudan; irrigation in Ethiopia and Egypt and flood management in western Kenya. The NBI programme has facilitated bilateral and multi-lateral dialogue between the Nile Basin countries.

G8 involvement: Canada, European Commission, France, Germany, Italy, Japan, UK, United States.

Other donors: African Development Bank, Denmark, Finland, the Netherlands, Norway, Sweden, Switzerland, UNDP and World Bank.

### **3.3 Utilizing All Financial Resources**



Since the Water Action Plan, the G8 has increased its financial commitment and continues to seek innovative approaches to mobilizing funding from all sources for water supply, sanitation, and hygiene initiatives. However, ODA contributions are only one of many sources and access to all funding sources must be maximised.

G8 countries and their partners have promoted new and innovative financial mechanisms, such as: output based aid; blended financial support and joint financing arrangements; concessional and sub-sovereign loans and debt for investment swaps; and guarantees and bonds. Sector wide approaches, multi-donor financing, pooling of technical assistance and other forms of multi-partner cooperation have made more resources available to the water and sanitation sector. With support from G8 countries, the Organisation for Economic Cooperation and Development (OECD) has promoted sustainable financial planning for the water sector based on the optimum use of three sources of funds: taxes (government budgets), tariffs (user charges) and transfers (including official development assistance and remittances). This helps to achieve sustainable cost recovery. Loan finance, which has to be paid back from taxes and tariffs, has been blended with grant funds to add value to infrastructure investments.

### **Box 3: Philippine Water Revolving Fund**

The “Philippine Water Revolving Fund” (PWRF) blends donor and public resources to leverage private investment to expand access to safe water supply and sanitation in underserved communities in the Philippines. The Fund blends loan support from Japan with a partial credit guarantee from the United States to leverage funds from private banks. The financial structure is designed to allow the loan terms and conditions to be affordable to water service providers while maintaining the market terms of the private loans. The PWRF was launched in 2008. A prototype fund based on the same principles



was piloted in 2004. To date, private financial institutions have originated 10 loans valued at around US\$ 23 million for improving or building new piped water connections for some 720,000 Filipinos. The PWRF will initially provide funding for about US\$ 100 million worth of water and sanitation projects for both public and private service providers.

G8 involvement: United States and Japan

In some instances where the enabling environment is adequate, G8 countries are able to leverage private finance through public-private partnerships (PPPs) that satisfy public needs using private capability and resources. Schemes have used different contractual arrangements from service contracts, leases and concessions, with variable levels of partnership to improve efficiency, effectiveness, responsiveness and adequacy of services.

G8 countries support pro-poor interventions at community level that address affordability issues in water supply and sanitation services, hygiene and catchment programmes, in partnership with non-governmental and private sector actors. The institutional and financial arrangements found in wealthier nations are inherently different from those that are possible in resource-poor settings, especially informal settlements. Institutional arrangements that engage civil society are an important tool in reaching the poor.

#### **Box 4: EU Water Initiative**

The EU Water Initiative (EUWI) provides the policy framework for multi-stakeholder platforms to coordinate governments, local authorities, water operators, civil society and business, and to streamline EU Member States and European Commission support to the sector. The EUWI was launched at the Johannesburg World Summit for Sustainable Development to give priority to the important role of water and sanitation in poverty reduction and in the achievement of the MDGs. The EUWI first objective is “the



*reinforcement of political commitment towards action and innovation oriented partnership”.*

The EUWI aims to raise political awareness among high-level decision-makers, to encourage the coherence and synergy of activities related to water and sanitation, and to attract new resources (capital, technology, human resources) from the private sector, financial institutions, civil society and end-users. The initiative is sub-divided into: four regional working groups on Africa, the Mediterranean, Eastern Europe, Caucasus and Central Asia (EECCA), Latin America, and two thematic groups on Research and Finance.

The initiative has improved the quality of cooperation and coordination between EC and EU Member States and has developed strong partnerships with key players (such as the African Ministers' Council on Water, AMCOW) and stakeholders in the water and sanitation sector; has promoted and supported multi-stakeholder dialogues at country level to improve the policy framework and coordination between all relevant actors; developed a joint Africa-EU Statement on sanitation; developed common strategies for sustainable financing of water services (e.g. contributed to the OECD best practices on sustainable financing of WSS).

The EUWI helped to establish the ACP-EU Water Facility (€500 million) which is co-financing 177 projects. This will enable 14.5 million people to get sustainable access to safe water and 3.5 million to access basic sanitation by 2010, while 10.5 million will benefit from hygiene education programmes. The EUWI supports joint programmes such as the Nile Basin Initiative, the African Water Facility, and the establishment of AMCOW, among others. The Facility has helped to improve governance, to use development assistance to leverage additional resources, to bring funding directly to the local level of municipal/local government, and to reinforce partnerships building by promoting ownership and effective contribution by partners and beneficiaries. In the EECCA region EUWI facilitates the access to key stakeholders, increase



understanding of the needs and priorities and improves coordination of International Financial Institutions (IFIs) and donors.. The outputs of the National Policy Dialogues, as the main operational instrument within EUWI are country specific policy documents, draft laws, institutional measures and management plans.

G8 involvement: European Commission, France, Germany, Italy, UK.

Other involvement: most other EU Member States, NGOs and private sector organizations.

Finally, there has been more innovation in the use of different sources of funds and instruments for water and sanitation in the last five years. International financial institutions have also introduced new mechanisms, such as the World Bank Municipal Fund, the African Water Facility, the ACP-EU Water Facility and others. However, there is still a shortage of good bankable projects to make the best use of the funds available. Examples of innovative financing are pro-poor multi-donor trust funds managed by the regulator (Zambia) and the ministry (Kenya) with support from German Development Cooperation. They combine funding for poor areas with incentives in the policy framework for the utilities to apply for the funding with support in implementation to make reaching the poor effective.

### **3.4 Building infrastructure by empowering local authorities and communities**

Local and regional authorities and utilities play a vital role in water and sanitation provision but are often weak and underfunded. To improve their ability to deliver services, G8 countries have supported comprehensive water sector reforms that include decentralization, better governance and regulatory frameworks for local level implementation. In many cases this has contributed to improved performance by utilities as a result of greater autonomy, lower levels of water losses, and the introduction of water services' tariffs which cover, at a minimum, operation and maintenance costs. Empowering



of communities including local level technicians has proven to be a successful mechanism for ensuring the sustainability of water supply and sanitation investments. For example, in Phnom Penh, where the water supply system was devastated during the civil war, aid provided by Japan in coordination with other donors was invested in developing a mid-term plan for the rehabilitation of water facilities. Subsequently Japan provided financial and capacity development assistance in accordance with this plan.

Adequate and effective delivery of water supply and sanitation services relies upon infrastructure development. Initiatives such as the Infrastructure Project Preparation Facility (IPPF) and the Infrastructure Consortium for Africa (ICA) are supported by the G8 and address a number of priorities identified in the Water Action Plan. The Infrastructure Consortium for Africa, established at the Gleneagles G8 Summit in 2005, aims to increase the amount of finance from public and private sources, to facilitate cooperation, to help remove policy and technical blockages to progress, and to increase knowledge in the infrastructure sectors.

The G8 recognizes the important role of women in water and sanitation provision and management, and the need to involve women in development activities and decision-making processes. Water supply and sanitation projects often include gender training and balanced representation of women on water committees. Regional strategies on gender mainstreaming in urban water services delivery have been financed as well as hygiene and sanitation programmes that provide improved sanitation facilities for women.

G8 countries also provide aid through NGOs to support community led actions and reach the poor in rural and peri-urban areas where government support may be lacking. Support to NGOs also provides an important contribution to delivering services, building local capacity and raising the concerns of the poor at government level.



The G8 supports alternative institutional arrangements, such as partnerships between municipalities, NGOs and communities, which can be an effective strategy for reaching the poor.

Finally, G8 countries support South-South co-operation through the strengthening of regional associations to enhance knowledge and facilitate exchanges and mutual learning, such as the African Forum for Utility Regulators (AFUR), the African Water Association (AFWA) and the Arab Countries Water Utilities Association (ACWUA).

**Box 5: Pro-Poor Financing and up-scaling of low cost technologies: Water kiosks in Zambia, Haiti and Bangladesh**

Many cities in developing countries lack the infrastructure that could ensure adequate access to water and sanitation to poor urban residents. The only accessible option is water supply by informal service providers. However, this source is often of doubtful quality and can be as much as ten times more expensive than regulated service provision; the poor end up paying more for water on a volume basis than residents living in more affluent and better serviced areas. As a remedy, effective and cost-efficient water kiosks have been developed. The success of this initiative depends on the use of low-cost technologies. This requires careful adaptation to local water availability and to the condition of the public network, as well as commercial sustainability of the provider and public acceptance.

***Zambia - a national water kiosk concept for peri-urban areas***

In Zambia, public water kiosks were established with support from Germany and EC, as utility-owned and vendor-managed. One kiosk can serve 500-1500 people with a per capita investment of € 10. Being part of the public providers' network, the urban poor profit from regulated prices and controlled water quality and service. Between 2004 and 2008, more than 500,000 people obtained safe and affordable water from about 300 water kiosks. The fast and wide



implementation of this low-cost technology is facilitated through an innovative multi-donor basket fund, the Devolution Trust Fund, which provides pro-poor funding to commercial utilities, as well as implementation support and post-implementation monitoring. Through an exercise of regional exchange and learning, the concept is being adopted in other Sub-Saharan African countries with support from Germany.

### ***Haiti - community-managed water kiosks***

The Kiosk concept has been successfully applied in the Haitian capital Port au Prince with support from France. An initial pilot project was expanded after 10 years, from six to a total of 37 neighbourhoods. The water kiosks provided by the Centrale Autonome Métropolitaine d'Eau Potable (CAMEP), serves more than 550,000 end-users. The kiosk is managed by a water committee, elected by the neighbouring community, which creates a strong sense of ownership among the beneficiary community. People now have access to good water quality, in sufficient quantity, at a cost some five times lower than before. Water committees are now CAMEP's best clients and CAMEP is in turn considered the most reliable public service provider in disadvantaged areas. The project has been replicated in smaller towns and rural areas.

### ***Bangladesh - an NGO acting as a payment guarantor***

A similar approach has been adopted in Dhaka, Bangladesh, with support from UK, to ensure that slum dwellers gain access to water supplies. The Dhaka Water and Sewerage Authority (DWASA) had no mandate to provide services to slum dwellers that did not possess legal title to their land. This resulted in a flourishing of illegal connections selling water at a much higher price than charged by DWASA. As a result, poor people paid inflated prices and DWASA lost revenue. Against this backdrop, the local NGO Dushtha Shasthya Kendra (DSK) negotiated with DWASA to approve connections to slum areas provided that DSK acted as a guarantor for the payment of water bills. DWASA supplies water through kiosks and the



community arranges the fees and payment of bills. If a community defaults on payment, DSK is liable for any outstanding bills. Owing to the project success, it has expanded to reach up to 200,000 people in 70 slum communities. DWASA has become increasingly confident in supplying piped water to slum areas and poor peoples' lives have been transformed.

G8 involvement: European Commission, France, Germany, UK.

### **3.5 Strengthening monitoring, assessment and research**

Effective monitoring is essential for policy, planning and decision-making to be based on sound evidence. Information is crucial for national decision and policy makers to assess progress, identify gaps, decide on corrective actions and learn lessons for future interventions. Monitoring improves transparency and accountability for end-users, tax payers and fund providers, in both beneficiary and donor's countries.

Support from G8 countries for monitoring includes both global and national level support and is mainly funded through the UN system. G8 countries support and work towards strengthening existing global monitoring programmes such as the UNESCO World Water Assessment Programme (WWAP), the WHO/UNICEF Joint Monitoring Programme (JMP) and the UN Water Global Annual Assessment of Sanitation and Water (GLAAS). The GLAAS report is backed by G8 countries and other partners and provides a comprehensive assessment of progress as well as identifying bottlenecks within the sector. This enables informed decision-making on priorities for investment.

Several G8 countries have also engaged in joint actions, including those from the UN Secretary-General's Advisory Board's Hashimoto Action Plan to promote understanding of the benefits of monitoring at national, regional and global levels. This Plan includes: advocating



for a shift in reporting by introducing evidence based indicators, both from the donors and national governments, encouraging more effective global and national monitoring tools and producing common definitions and comparable data. The objective is to overcome serious obstacles to monitoring through improved methodologies and tools for data collection and processing.

### **Box 6: Water Environment Partnership in Asia**

In the Asian Monsoon region, water quality and quantity have deteriorated due to increasing demand and inadequate management. There is a lack of both information and human resources and inadequate policy to solve the issue.

The Water Environment Partnership in Asia (WEPA) promotes good water governance by investing in research and information management. Main issues include: water pollution in the Asia Monsoon region, the need to broaden cooperation among key water resources management partners, the need to strengthen policy analysis and advocacy in partner countries. The project has established four databases namely on Policies, Technologies, NGO and CBO activities, and Sources of water-related information. International forums enable partner countries to share information and build cooperation in solving environmental issues. The project consolidates information on water resources management in partner countries, helping each country to address its own policies.

G8 involvement: Japan

Partner countries: Cambodia, China, Indonesia, South Korea, Laos, Myanmar, Malaysia, Philippines, Thailand, Vietnam.

Global monitoring and reporting is dependent on improved monitoring systems and capacities at the national level. G8 countries support efforts to build national capacity and to reconcile data from various sources (e.g. sector surveys by different ministries, censuses by the national statistic offices). This data can also feed into more



robust indicators compiled in global reports. Some G8 countries have funded information and decision support systems for water resources management to guide investments and monitor implementation of water sector strategies. For example, the Egyptian-Italian Environmental Cooperation programme provides a forecasting tool to allow decision makers to compare the application of different water resource plans by different simulated scenario conditions. Programmes that employ utility performance benchmarking have also been supported and have encouraged reforms that set performance targets using agreed upon minimum standards. Some G8 members at the country level are funding rigorous independent impact evaluations, such as those sponsored by the United State's Millennium Challenge Corporation in El Salvador, Lesotho, Mozambique and Tanzania, to learn what is most effective in rural and urban water interventions.

Finally, whilst considerable progress has been made on monitoring for water supply and sanitation, there has been limited reporting on monitoring of water resources management. Water resources management is complex and studies are underway to identify approaches to improve monitoring and reporting. In 2008, UN-Water, with support from G8 countries, made a first step with the production of a report on meeting the IWRM target, which was reported at the CSD meeting in 2008.

**Box 7: Transboundary Water Management in the Southern African Development Community (SADC) region**

Water is a key strategic natural resource for social and economic development in the 15 member countries of SADC. However, its availability is limited and dependent on an extremely variable rainfall. Applying integrated water resources management strategies across transboundary basins is critical to enhance regional cooperation and to increase resilience at regional, country and community levels. The SADC is promoting three main policies: the



*Protocol on Shared Watercourses, the Regional Strategic Action Plan for Integrated Water Resources Management and Development and the Regional Water Policy.* The Transboundary Water Management programme, financed by G8 countries, supports the implementation of these policies by strengthening human resources and institutional capacities at three levels:

- regional, through support to the SADC Water Division in the planning and coordination of member countries and International Cooperating Partners.
- basin, through support to river basin commissions such as the Orange-Senqu Commission (ORASECOM), the Limpopo River Basin Commission (LIMCOM) for the implementation of IWRM, research development and information management.
- local, through support to local water utilities and municipalities to improve governance and engagement with transboundary water issues.

G8-involvement: Germany, European Commission, France, Italy, UK, USA

Other involvement: African Development Bank, European Investment Bank, FAO, Finland, Netherlands, Sweden, UNDP, World Bank.

### **3.6 Reinforcing Engagement of International Organizations**

The Water Action Plan called for the United Nations to play a more active role in international efforts towards achieving internationally agreed goals. Individually and jointly, since 2003 G8 countries have contributed to supporting international organizations through financial support, institutional capacity development and technical support and policy development. These contributions are often inter-related to maximise their impact and added value.

**Box 8: G8 support to African Development Bank (AfDB) water initiatives, funds and programmes**



Through financial contributions and technical assistance, several G8 countries have increased their support to one or more of the water related funds, trust funds and programmes managed or hosted by the African Development Bank (AfDB). These include: the African Water Facility, the Rural Water Supply and Sanitation Initiative and its trust fund, the Multi-Donor Water Partnership Programme, the Infrastructure Consortium for Africa, and contributions to the AfDB's own resources. This support helps to: enhance the leadership role of the AfDB as an African owned and run financial institution in the water and sanitation sector; improve its operational capacity and its effectiveness in implementing projects; and contribute to African efforts towards achieving the water and sanitation related MDGs.

The share of aid to water from AfDB outflows is estimated around 15% and has increased by five-fold over the last six years. AfDB is a key partner of AMCOW in African efforts to implement recent political commitments. Strategic focus on poor people in the rural areas, infrastructure with an emphasis on the regional level, sanitation in peri-urban areas and small towns, and capacity development are considered key areas for intervention by donor partners.

*Specific recent highlights include:*

- through the Rural Water Supply and Sanitation Initiative, 6.3 million rural people gained access to safe water and 4.5 to basic sanitation;
- strategic knowledge management and capacity development within and outside the AfDB thanks to the Water Partnership Programme and the African Water Facility;
- renewed donor commitments and new engagements to the African Water Facility, including the EC and the UK, through continued dialog with initial donors (France, Canada, and Denmark).



In addition, the Infrastructure Consortium for Africa (ICA), a Gleneagles G8 initiative, aims at mobilizing funds going to the infrastructure sector - energy, water, transport and ICT - has made a very positive and unique contribution towards improved coordination between ICA members, non-members such as China, the Islamic Development Bank, the Saudi Fund, the Central African Development Bank and South Africa as well as African stakeholders.

G8 involvement (in one or more of the initiatives): Canada, European Commission, France, Germany, Japan, UK, United States.

Notwithstanding the need for strengthened leadership at the national level, leadership and political will at the international level for support to water and sanitation is also critical. For example, the UN Secretary General Advisory Board on Water and Sanitation (UNSGAB), supported by several G8 countries, plays an important complementary role through its high-level political advocacy for water and sanitation (for example, for the International Year of Sanitation). The multi-lateral system and agencies are important partners in the delivery of assistance and have a key role, through the UN agencies, providing knowledge, policy guidance and implementing programmes. There are 26 UN entities with an involvement in water and the G8 supports efforts to improve coordination through UN-Water.

Some G8 countries are actively involved in a number of global water and sanitation partnerships, including the Water and Sanitation Programme (WSP), the Water Supply and Sanitation Collaborative Council (WSSCC), the Global Water Partnership (GWP), the Global Environmental Facility (GEF) and Water Integrity Network (WIN). These programmes share best practices across regions and have a strong focus on capacity development.



### **Box 9: UN Agencies and UN-Water**

UN-Water is an inter-agency mechanism formally established in 2003 to reaffirm the legitimacy and leadership of the UN system in the water sector and to strengthen coordination and coherence among UN entities dealing with issues related to all aspects of freshwater and sanitation. UN-Water is composed of representatives of 26 United Nations organizations, responsible for major funds and programmes, specialized agencies, regional commissions, United Nations conventions and other entities within the UN system.

UN-Water provides information, policy briefs and other communication materials for policy and decision-makers involved in water resources management and water financing. UN-Water provides a platform for system-wide discussions to identify challenges in global water management, analyze options for meeting these challenges and ensuring that reliable information and sound analysis informs the global water policy debate. UN-Water coordinates monitoring and reporting systems for water, including the Joint Monitoring Programme, the recent GLAAS report and reporting progress on IWRM.

G8 involvement: Germany, Italy, UK (for UN-Water) with all G8 countries supporting different UN agencies and programmes.

Other donors: Norway, Sweden, Spain.

Finally, the G8 supports the international policy dialogue and recognises its usefulness in highlighting priorities, high impact interventions and in identifying good practices as well as lessons learned. Although it constitutes a good opportunity for exchange and learning, the international dialogue is narrowly focussed on water concerns rather than on broader development issues, and it fails to attract sufficient attention at high political level. G8 countries continue to discuss ways to enhance the international architecture for water and sanitation, and to improve linkages between global policy dialogue and national priorities and actions to achieve an effective



and coordinated support to the sector. A recently announced initiative is the Global Framework for Action, led by the UK and the Netherlands, now supported by AMCOW, UN-Water and the World Bank, which aims at linking international or global events to more concrete action at national level for drinking water and sanitation. As part of this initiative, the UN-Water GLAAS report is planned to inform future high level meetings.



## Chapter 4: Conclusions

The G8's commitment to the Water Action Plan was reiterated at the 2005 Gleneagles and 2008 Hokkaido-Toyako G8 Summits. Although significant progress has been made, more work is required. Challenges remain to be addressed in terms of governance, water resources management, improved monitoring and reporting, capacity development and financing to support partner countries, especially those with weak institutional enabling environments and lack of absorptive capacity.

In providing support, G8 countries must target both sustainable service provision and sound water resources management and balance investment in infrastructure with that for improved governance. While the outputs from service provision and investments in infrastructure are often easier to measure, water resources management and governance measures are equally important for long-term sustainable development.

Since 2002, G8 countries have invested US\$ 14.5 billion in bilateral water and sanitation related activities. By 2007, the amount of aid allocated to the sector had tripled compared with 2002. Collectively, the G8 is the largest donor in the sector and contributed more than 80% of the bilateral disbursements made by Development Assistance Committee donors. Between 2002 and 2007, G8 support to regions with critical needs (Sub-Saharan Africa and South Asia) represented around 30% of the total G8 support for water and sanitation; while the amount of support has increased, the proportion has declined in recent years highlighting the need for a strengthened partnership with Sub-Saharan Africa. Other bilateral donors, Multi-lateral Development Banks and UN agencies also play a critical role and the G8 contributed significantly to multi-lateral disbursements.

G8 countries have increasingly aligned their development assistance to the strategies, objectives and operational environment of



developing country partners in accordance with international commitments made after Evian, in particular the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008), and by working together and with the wider international community to leverage resources and achieve greater impact on the ground. G8 countries have supported partner countries in improving sustainable access to safe drinking water and basic sanitation through the implementation of strategies based on in-country coordination processes.

Meeting water and sanitation challenges requires leadership, capacities, investments, and action by local, national, and regional authorities and civil society. National governments have the primary responsibility for ensuring their own development success by creating an enabling environment (including good governance, economic growth, and peace and security) that supports people, mobilizes local resources, and maximizes the benefits of donor support. When water and sanitation are included as priorities in national development plans and budgets, it is more likely that donors, both bilateral and multi-lateral, will provide support.

Establishing an effective enabling environment requires flexible and transparent processes. To assist, G8 countries provide support to comprehensive sector reforms which include the empowerment of local authorities and communities, decentralization and enhanced local governance, strengthened policy and regulatory frameworks and national/regional coordination tools committed to pursue transparency and accountability in decision making.

The 2003 Water Action Plan constitutes a useful framework for addressing water and sanitation challenges in developing countries. However, emerging challenges and issues such as demographic change, climate change and food security will further stretch the capacity of countries to effectively manage their water needs and will



have to be taken into account in how future support is oriented. There is also a need to focus on those countries falling behind on the internationally agreed targets, in particular in the fields of sanitation and hygiene as highlighted throughout 2008, in the context of the International Year of Sanitation. New commitments also have to be taken into account such as increased aid effectiveness, and priorities articulated in regional political processes such as the 2007 Asia-Pacific Water Forum and the 2008 African Union Summit in Sharm-El Sheikh, during which African Leaders committed themselves to prioritize water and sanitation and called upon the G8 to enter into a strengthened partnership with the African Union on water and sanitation.

Enhancing the ongoing dialogue with partners on ways to further support the implementation of national water policies and plans, and avenues for strengthening existing partnerships in the water and sanitation sector, is essential. The l'Aquila G8 Summit of 2009 represents an opportunity for addressing emerging challenges and enhancing political momentum. Building on the commitment made in the Hokkaido-Toyako Leaders' Declaration to "*reinvigorate our efforts to implement the Evian Water Action Plan*", G8 water experts recommend a number of areas for further support:

1. continued support to strengthen governance, including development and implementation of policies, laws and regulations, developing institutions, increasing transparency and accountability and improving financial management, to increase effectiveness and attract additional public and private investments;
2. continued dialogue with African partners, including the African Union and the African Ministers' Council on Water, to strengthen the Africa-G8 Partnership based on the commitments made by African Union member countries at



- their 2008 Summit in Sharm-El Sheikh, recognizing their leadership in this process;
3. building partnerships to address multi-faceted water and sanitation challenges in the Asia-Pacific region;
  4. continued focus on fragile states and countries falling behind on meeting the MDGs and other internationally agreed water and sanitation targets;
  5. stronger focus on improving sanitation and hygiene;
  6. continued improvement of country level donor-government-stakeholder coordination and aid effectiveness based on the principles of shared responsibilities and mutual accountability, with a clear recognition of commitments by each party and of their respective roles in the way forward;
  7. continued efforts in seeking to leverage funds for investments in infrastructure and capacity development, and to enhance science and technology cooperation; and
  8. further support to improve monitoring, reporting and information sharing on water and sanitation, to improve policy and decision-making processes for investment.



## Annexe 1: Evian Water Action Plan (2003)

### WATER - A G8 ACTION PLAN

As water is essential to life, lack of water can undermine human security. The international community should now redouble its efforts in this sector. Good governance needs to be promoted and capacity must be built for recipient countries to pursue an appropriate water policy, and financial resources should be properly directed to the water sector in a more efficient and effective way, in order to achieve the goals of the Millennium Declaration and the Plan of Implementation of the World Summit on Sustainable Development (WSSD) in the water and sanitation sector, and to reverse the current trend of environmental degradation through the protection and balanced management of natural resources.

We are committed to playing a more active role in the international efforts towards achieving these goals, on the basis of the Monterrey consensus and building upon the outcomes of the Third World Water Forum and the Ministerial Conference held in Japan in March 2003. With this solid foundation and in response to the needs and priorities of partner countries we will take the following measures individually and/or collectively, particularly taking into account the importance of proper water management in Africa, in support of the New Partnership for Africa's Development, as stated in the G8 Africa Action Plan.

#### *1. Promoting good governance*

1.1 We are committed to assisting, as a priority, countries that make a political commitment to prioritise safe drinking water and basic sanitation as part of their strategy to promote sustainable development, including poverty eradication, in their efforts to:

- develop comprehensive plans for the integrated management and efficient use of water resources;



- develop an institutional framework that is stable, transparent and based on the rule of law, respecting fundamental human needs and ecosystems conservation, and promoting local empowerment and appropriate cost recovery approaches;
- establish clear objectives and, where appropriate, develop and evaluate performance indicators.

1.2 We will support these countries' capacity building efforts to develop the skills necessary to provide efficient public services, seeking to help partner countries to:

- develop appropriate legal, regulatory, institutional and technical frameworks;
- strengthen basic and further professional training institutions in water management, or create them, where necessary.

1.3 In view of the importance of river basin management, we will reinforce our efforts to:

- provide assistance for the development of integrated water resources management and water efficiency plans;
- support better management and development of shared river basins;
- promote river basin co-operation throughout the world, with a particular attention to African river basins.

1.4 We offer to share best practice in the delivery of water and sanitation services including the role of stakeholders and the establishment and operation of partnerships, whether public-public or public-private, where appropriate.

**2. *Utilising all financial resources*** In line with the Monterrey Consensus and the WSSD Plan of Implementation, bearing in mind the different needs of rural and urban populations, we are committed to:

2.1 Give high priority in Official Development Aid allocation to sound water and sanitation proposals of developing country partners. This can be a catalyst to mobilise other financial flows;



2.2 Help mobilise domestic resources for water infrastructure financing through the development and strengthening of local capital markets and financial institutions, particularly by:

- establishing, where appropriate, at the national and local levels, revolving funds that offer local currency;
- appropriate risk mitigation mechanisms;
- providing technical assistance for the development of efficient local financial markets and building municipal government capacity to design and implement financially viable projects;
- providing, as appropriate, targeted subsidies for the poorest communities that cannot fully service market rate debt;

2.3 Encourage international financial institutions to give the necessary priority to water;

2.4 Promote cost recovery with "output based aid" approaches to ensure access to services for those least able to afford them;

2.5 Promote public-private partnerships (PPPs), where appropriate and suitable, particularly by:

- inducing private-sector investments and encouraging use of local currency;
- facilitating international commercial investment and lending through use of risk guarantee schemes;
- encouraging the harmonisation of operational procedures;
- facilitating the issue of national and international tenders;

2.6 Apply, on a voluntary basis, tools for development assistance for water and sanitation projects that may include such financing mechanisms as: concessional financing consistent with international rules on financial aid, project financing, micro and meso-financing and debt for investment swaps;

2.7 Encourage financing of sound irrigation practices;

2.8 Improve co-operation and co-ordination between donors, seeking better synergy among our various initiatives.

**3. *Building infrastructure by empowering local authorities and communities*** We will do our utmost to support partner countries to



develop and improve water and sanitation related infrastructure, tailored to different needs, by such means as:

3.1 Helping build, among other things, local water management systems in rural areas, and water and sewage facilities in urban areas, through efficient use of public resources and promotion of PPPs, where appropriate;

3.2 Promoting community-based approaches, including the involvement of civil society in provision of water supply, sanitation and hygiene;

3.3 Encouraging the use of adapted technologies at the household level on a self sustaining basis for the provision of basic sanitation and safe drinking water, including point of use water treatment which has been found to be cost effective in meeting the needs of the poor;

3.4 Reinforcing the skills and knowledge of different actors in the water sector, particularly local governments and relevant actors of civil society, acknowledging the vital role women play in local communities;

3.5 Promoting the incorporation of capacity building elements for each co-operation project, specifically in the form of "learning by doing";

3.6 Strengthening South-South co-operation.

#### ***4. Strengthening monitoring, assessment and research***

4.1 In collaboration with all stakeholders, we will promote co-ordination of mechanisms for information sharing and monitoring by utilising existing UN and other systems and the network of websites established at the Third World Water Forum Ministerial Conference, and will encourage relevant international organisations to operate them.

4.2 We will support strengthening water monitoring capacity in partner countries to complement existing monitoring efforts.



4.3 We will support the development of mechanisms for collaboration in water-cycle related research, and enhance research efforts in this area.

### ***5. Reinforcing engagement of international organisations***

5.1 We underline the need for the United Nations to take a key role in the water sector. We stress the importance of reinforcing co-ordination within the UN system, and between the UN system and the Bretton Woods institutions, the regional development banks and various stakeholders.

5.2 We request the World Bank, in consultation with other IFIs, to study and recommend necessary measures to implement the following proposals: made by the World Panel on Financing Water Infrastructure:

- using their financing instruments in a more flexible manner to allow loans directly to sub-sovereign bodies, where appropriate;
- developing guarantee and insurance schemes for risk mitigation;
- addressing the issue of sovereign and foreign exchange risk coverage.



Annexe 2: G8 Hokkaido Toyako Summit Leaders Declaration  
(Hokkaido Toyako, 8 July 2008)

## Water and Sanitation

47. Good water cycle management is crucial in order to address the issue of water, which has a cross-sectoral nature. In this regard, acknowledging the need to accelerate the achievement of the internationally agreed goals on water and sanitation, we will reinvigorate our efforts to implement the Evian Water Action Plan and will review it on the basis of a progress report prepared by our water experts by the next Summit. We will discuss with African partners the development of an enhanced implementation strategy. Moreover, we will promote integrated water resource management and the concept of 'Good Water Governance', with particular focus on Sub-Saharan Africa and Asia-Pacific, by taking necessary actions such as strengthening of trans-boundary basin organizations, sharing of water-related expertise and technology with developing countries, support for capacity building for water-related initiatives, promotion of data collection and utilization, and adaptation to climate change. We also acknowledge that ensuring adequate water supplies for human, industrial and environmental uses while minimizing the impacts of extreme hydrological variability are critical to protecting human health, promoting sustainable economic growth, and ensuring peace and security.

(a) We call upon national governments, in this International Year of Sanitation, to prioritize access to sanitation, building on the initiatives agreed at conferences on sanitation in Asia-Pacific and Africa. In this regard, we support the leadership role of the African



Ministers' Council on Water and the action of the African Development Bank.

(b) We will support efforts to improve the governance of the water and sanitation sector with a view to ensure that monitoring and reporting, at the international and national levels, are improved and that institutions responsible for delivering water and sanitation services are more capable, accountable and responsive to the needs of users.



### Annexe 3: OECD DAC “water sector”

Category	OECD-CRS		
	code	Description	Clarifications
Water Supply and Sanitation	14020	Water supply and sanitation-large system	Water desalination plants; intakes, storage, treatment, pumping stations, conveyance and distribution systems, sewerage; domestic and industrial waste water treatment plants
	14030	Basic drinking water supply and basic sanitation	Water supply and sanitation through low-cost technologies such as handpumps, spring catchment, gravity-fed systems, rain water collection, storage tanks, small distribution systems; latrines, small-bore sewers, on-site disposal (septic tanks)
	14050	Waste management/disposal	Municipal and industrial solid waste management, including hazardous and toxic waste; collection, disposal and treatment; landfill areas; composting and reuse
	14081	Education and training in water supply and sanitation	
Integrated Water Resources Management	14010	Water resources policy and administrative management	Water sector policy, planning and programmes; water legislation and management; institution capacity building and advice; water supply assessments and studies; groundwater, water quality and watershed studies; hydrogeology; excluding agricultural water resources
	14015	Water resources protection	Inland surface waters (rivers, lakes, etc); conservation and rehabilitation of groundwater; prevention of water contamination from agro-chemicals, industrial effluents



	1404 0	River development	Integrated river basin projects; river flow control; dams and reservoirs (excluding dams primarily for irrigation (31140) and hydropower (23065) and activities related to river transport (21040)
	4105 0	Flood prevention/control	Floods from rivers or the sea; including sea water intrusion control and sea level rise related activities
Water Productivity	2306 5	Hydro-electric power plants	Including power-generating river barges
	3114 0	Agricultural water resources	Irrigation, reservoirs, hydraulic structures, groundwater exploitation for agricultural use