Addressing the shortfall

The urgent need for increased and better targeted aid to the water and sanitation sector

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Based on a report prepared for WaterAid by Development Initiatives[1]

2012 has brought welcome news of the progress made in bringing water and sanitation to the many people worldwide still without access to these essential services.

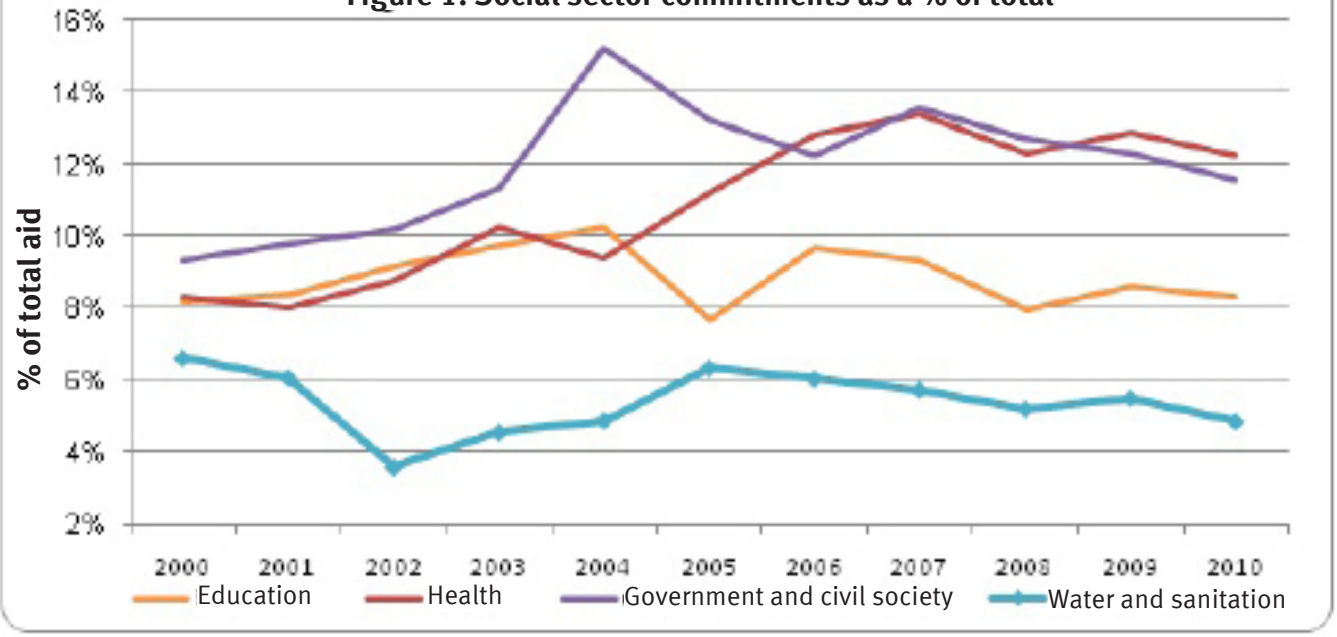
The Joint Monitoring Programme between the World Health Organization (WHO) and UNICEF reported that the Millennium Development Goal (MDG) target for water was achieved in 2010, five years ahead of schedule, with two billion people gaining access to clean water over the last two decades[2]. This achievement illustrates how well-planned and well-targeted investment can deliver effective results globally[3].

But major challenges remain. Global progress on the 2015 sanitation target is off-track and over a third of the world's population is still without access to basic sanitation – a testament to the low priority accorded to this issue by many of today's political leaders. There is large regional inequality in both water and sanitation, with progress stalling or even reversed in parts of Sub-Saharan Africa, Central and South Asia and the Pacific region. People living in rural areas, urban poor people, and remote or marginalised communities often remain excluded from improvements to access, and the burden of inadequate water and sanitation falls most heavily on girls and women. Rapid population growth, rural-urban migration and the adverse impacts of climate change all add to the difficulties ahead.

Addressing the shortfall, commissioned by WaterAid and written by Development Initiatives, aims to complement UN Water's 2012 GLAAS report[4] by putting resourcing of the sector, specifically the role of Official Development Assistance, or aid, under the spotlight. In particular, it argues that donor countries should act with urgency to improve their support to those who face water and sanitation poverty on a daily basis.

The report considers aid volumes and trends, aid effectiveness, and whether aid is reaching the places and people that are experiencing the highest levels of water and sanitation poverty. It provides profiles of the countries and international organisations that deliver aid and hold influence, and enables cross-comparison of their priorities and how effectively they target their aid.

Figure 1: Social sector commitments as a % of total



Source: OECD-CRS database

Among the donors profiled are Australia, France, Japan, Spain, Sweden, the UK and the USA, as well as the African and Asian Development Funds, the EU, UNICEF and the World Bank.

The report shows that aid flows are insufficient to address the regional inequalities in access to water and sanitation and achieve the MDG sanitation target. WHO estimates that $190 billion of investment is needed each year until 2015 in order to achieve and maintain the water and sanitation targets in all regions[5]. This compares with $7.8 billion of global aid flows in 2010. Although aid is one of several financing sources for the sector, this is only 4% of annual investment needs.

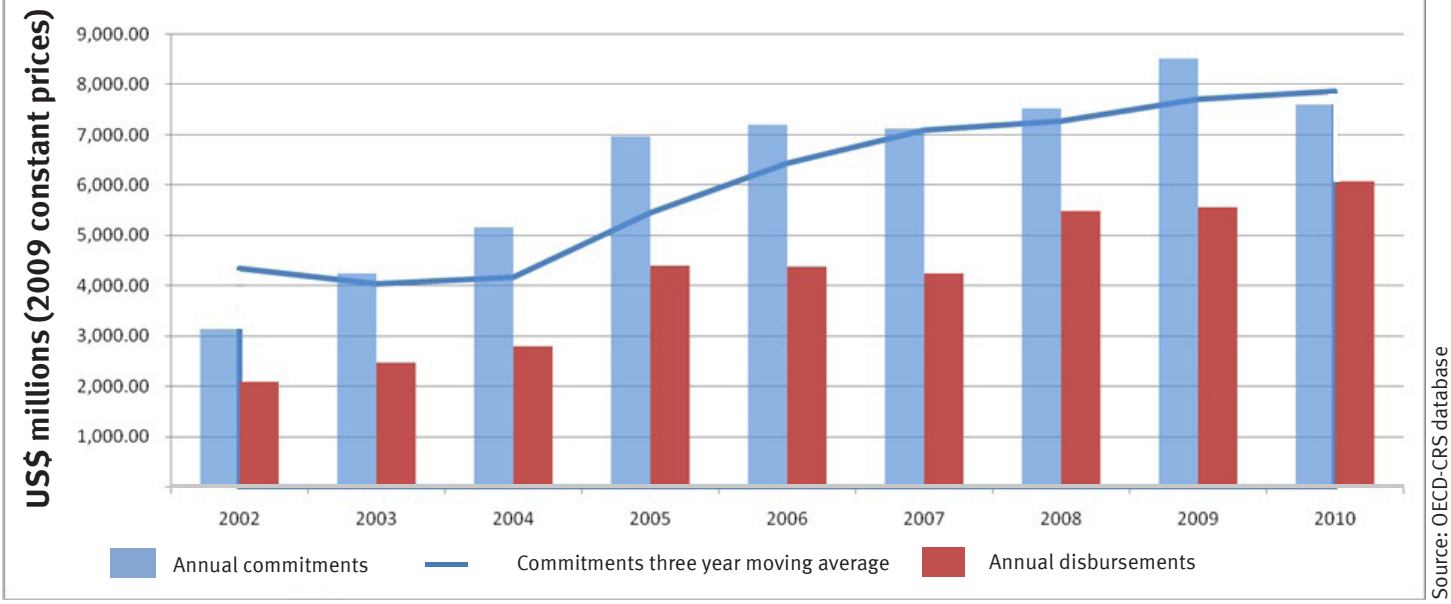
The analysis illustrates that **while water and sanitation aid has grown gradually over the last few decades, with recent increases in bilateral aid, growth has been much lower than that in the health, education and governance sectors**. As a result, the delivery of safe water and sanitation remains relatively low in terms of donor priority, despite the fact that it is central to reducing diseases responsible for child mortality, addressing gender inequality, improving education and other development outcomes. Figure 1 makes the comparison with other sectors.

The report also finds that water and sanitation aid is generally not well targeted to achieve the maximum impact on reducing poverty. The 28 countries accounting for 90% of people without basic sanitation received only 47% of water and sanitation aid. Similarly, the 27 countries accounting for 90% of diarrhoeal deaths (primarily caused by dirty water and inadequate sanitation and hygiene) received only 39% of water and sanitation aid. Table 1 shows the top 10 recipients of water and sanitation aid over recent years. **During the period 2005-2010, Middle-Income Countries dominated water and sanitation aid budgets, with only seven Least Developed Countries featuring in the table.** Iraq, a Middle-Income Country where 70% of the population has access to sanitation and 80% to water, received $4.5 billion in water and sanitation aid from 2004 to 2010, more than any other country in the table.

Ethiopia, a Least Developed Country, has two and a half times Iraq's population, only 21% of which has adequate sanitation and 44% clean water, but received less than a quarter as much aid as Iraq. Strategic, commercial and historical interests continue to influence targeting of aid, often at the expense of aid effectiveness and poverty impact.

The analysis also shows that the **aid funds released to developing countries are systematically lower than those committed**, even when the value of commitments is split across the estimated duration of a project. Figure 2 compares actual funds released with the commitments made by donors, and shows that on average donors are reported to have released less than 70% of the commitments made. Over the period 2002-2010, data shows that

Figure 2: Commitments versus disbursements to the water and sanitation sector



Source: OECD-CRS database

donors committed $54 billion but released only $37 billion. This accumulated shortfall of $17 billion is equivalent to more than two years of total aid flows to the sector, and reflects either a failure of donors to follow through on committed financing or a systemic problem in the ways in which volumes of aid are reported.

Other findings of the report show that large and increasing proportions of water and sanitation aid are delivered as loans rather than grants, raising issues of affordability and financial sustainability, especially for Low-Income Countries. There is also, contrary to aid effectiveness promises made in Paris, Accra and Busan, a trend of increasing fragmentation of aid. This raises transaction costs for countries such as Mozambique, which need to manage up to 20 donors simultaneously providing resources to the sector. For those countries experiencing large increases in aid, such as Liberia, the report emphasises the importance of donors addressing financial absorption issues through building capacity and providing technical assistance. Reporting and transparency of aid could also be significantly improved by setting out more clearly how much aid goes to water, sanitation, rural and urban areas.

Addressing the shortfall finds evidence that the global financial crisis may already be having an impact on water and sanitation aid volumes. In 2010, 16 countries decreased their aid to water and sanitation, including large donors such as France, Germany, Japan, Spain and the USA. Aid volumes fell by $900 million to $7.8 billion, a decrease of over 10%. **Overall, the uncomfortable verdict is that resourcing of the water and sanitation sector, in both human and financial terms, falls well short of what is required for national and international commitments to be met, and for building the necessary systems to ensure long-term sustainability of services.**

Although aid is only one element of financing in developing countries, with national government, households and other private sources all contributing and often outweighing the scale of aid, it nevertheless has a vital role to play. This is particularly true in post-conflict, low-income and fragile countries where it is needed to supplement scarce domestic resources. However, in Sub-Saharan Africa, where such contexts are more prevalent, water and sanitation aid averaged only $2.39 per person per year over 2008-10. It is difficult to see how volumes this low can have anything but a marginal impact. In fact, global water and sanitation aid flows in 2010 were not much more than half the $15 billion estimated by the Africa Infrastructure Country Diagnostic[6] as needed each year in Sub-Saharan Africa alone to fill the Millennium Development Goal financing gap.

Addressing the shortfall also looks closely at the countries where the incidence of water and

Table 1: Top 10 recipients of water and sanitation aid and country income in US$ millions

2005	2006	2007	2008	2009	2010
Malaysia **849.8** (12.2%)	**India** **758.3** (10.5%)	**India** **1,131.8** (13.9%)	**Iraq** **741.2** (9.9%)	**India** **803.9** (9.5%)	**Iraq** **541.2** (7.1%)
Iraq **812.9** (11.7%)	**Iraq** **717.8** (10.0%)	**China** **660.9** (9.3%)	**Vietnam** **562.4** (7.5%)	**Vietnam** **653.6** (7.7%)	**Vietnam** **350.4** (4.6%)
India **670.0** (9.6%)	**Vietnam** **485.2** (6.7%)	**Tanzania** **390.4** (5.5%)	**Morocco** **360.0** (4.8%)	**Iraq** **459.9** (5.4%)	**Bangladesh** **316.7** (4.2%)
China **637.3** (9.1%)	**Bangladesh** **373.9** (5.2%)	**Kenya** **311.5** (4.4%)	**India** **337.8** (4.5%)	**Azerbaijan** **354.4** (4.2%)	**India** **287.3** (3.8%)
Nigeria **231.8** (3.3%)	**Indonesia** **315.2** (4.4%)	**Bangladesh** **306.7** (4.3%)	**Mozambique** **326.9** (4.4%)	**Turkey** **304.3** (3.6%)	**Morocco** **260.4** (3.4%)
Vietnam **223.1** (3.2%)	**China** **296.3** (4.1%)	**Iraq** **214.6** (3.0%)	**Sri Lanka** **237.6** (3.2%)	**Burkina Faso** **281.8** (3.3%)	**Sri Lanka** **246.5** (3.2%)
Indonesia **188.9** (2.7%)	**Morocco** **271.0** (3.8%)	**Vietnam** **213.8** (3.0%)	**Ethiopia** **183.2** (2.4%)	**Tunisia** **266.7** (3.1%)	**Egypt** **238.6** (3.1%)
Jordan **157.1** (2.3%)	**Ethiopia** **177.7** (2.5%)	**Panama** **204.0** (2.9%)	**Indonesia** **176.0** (2.3%)	**Dem Rep Congo** **210.9** (2.5%)	**Brazil** **234.6** (3.1%)
Egypt **143.7** (2.1%)	**Costa Rica** **161.9** (2.2%)	**Morocco** **190.2** (2.7%)	**Albania** **172.0** (2.3%)	**Bangladesh** **209.6** (2.5%)	**Indonesia** **223.5** (2.9%)
West Bank and Gaza **132.7** (1.9%)	**Afghanistan** **157.1** (2.2%)	**Sri Lanka** **188.4** (2.6%)	**Jordan** **170.6** (2.3%)	**Jordan** **204.2** (2.4%)	**Pakistan** **206.4** (2.7%)
Total: **$4,047.3m**	**Total:** **$3,714.4m**	**Total:** **$3,812.3m**	**Total:** **$3,267.7m**	**Total:** **$3,749.3m**	**Total:** **$2,905.6m**

Least Developed Country
Other Low-Income Country
Lower Middle-Income Country
Upper Middle-Income Country

US$ millions (% total bilateral overseas development aid commitments to water and sanitation)

Source: OECD-CRS database

sanitation poverty is highest, including those countries accounting for the most diarrhoeal deaths, and those with the highest number of people defined as poor and deprived of water and sanitation by the Multidimensional Poverty Index[7].

The analysis provides an important perspective on where donors can more effectively target their funds, and identifies 11 countries that are common to five categories of need: Cote d'Ivoire, Democratic Republic of Congo, Ethiopia, Kenya, India, Mali, Mozambique, Niger, Nigeria, Tanzania and Uganda. Figure 3 explains the categories and highlights these and other countries where donors could step up their efforts and have a higher impact in reducing poverty.

Although challenges lie ahead, the last few years have also brought positive developments. Attaining the MDG target for water early is an important landmark. The recognition in 2010 by the UN General Assembly that access to water and sanitation is a human right adds further political impetus to the ultimate goal of providing everyone with access to these essential services. In addition, the Busan High Level Forum in 2011 reaffirmed the commitments made on aid effectiveness in Paris and Accra, and the Sanitation and Water for All (SWA) partnership is growing in membership and momentum.

The commitments made at the SWA High Level Meeting in April, including the announcement by the UK Government doubling the number of people it intends to reach with water and sanitation by 2015, from 30 million to at least 60 million

Figure 3: Developing countries most in need of investment in water and sanitation

This assessment is based on analysis of five categories:

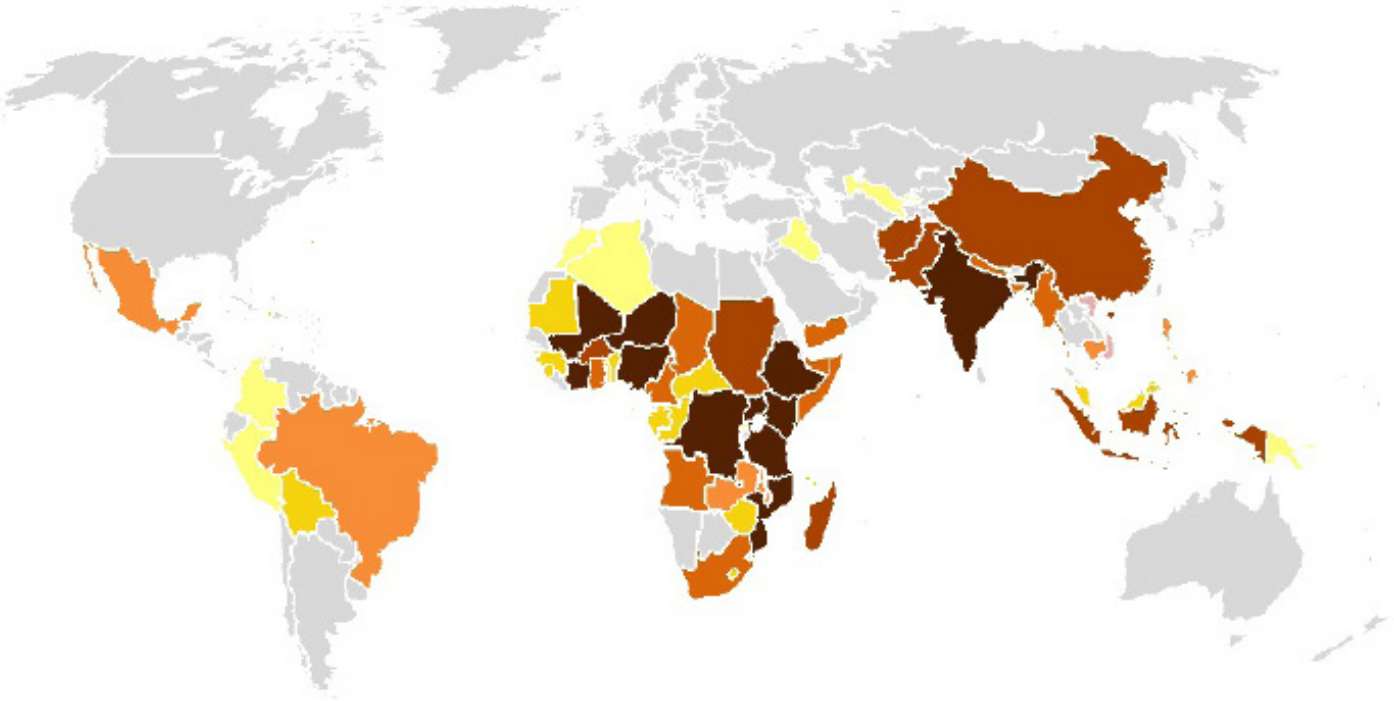
(i) Countries with the largest number of diarrhoeal deaths, between them accounting for 90% of the total.

(ii) Countries in which over 60% of the population live without sanitation.

(iii) Countries with the largest number of people without access to water, between them accounting for 90% of the developing countries total.

(iv) Countries with the largest number of people without access to sanitation, between them accounting for 90% of developing countries total.

(v) Countries with the largest number of people defined by Multidimensional Poverty Index as poor and deprived in water and sanitation, between them accounting for 90% of the total.



In all categories of need: Cote d'Ivoire, DR Congo, Ethiopia, Kenya, India, Mali, Mozambique, Niger, Nigeria, Tanzania, Uganda.

In four out of five categories: Afghanistan, Burkina Faso, China, Indonesia, Madagascar, Pakistan, Sudan.

In three of five categories: Angola, Bangladesh, Cameroon, Chad, Ghana, Myanmar, Nepal, Somalia, South Africa, Vietnam, Yemen.

In two of five categories: Brazil, Cambodia, Malawi, Mexico, Phillippines, Zambia.

A country only in category (ii): Benin, CAR, Comoros, Congo Rep, Gabon, Guinea, Guinea-Bissau, Haiti, Lesotho, Liberia, Mauritania, Namibia, Sao Tome and Principe, Sierra Leone, Togo, Zimbabwe.

A country only in category (iii): Algeria, Colombia, Iraq, Morocco, Papua New Guinea, Peru, Rwanda.

Source: WHO/UNICEF Joint Monitoring Programme, 2012, WHO and Oxford Poverty and Human Development Initiative databases

people, and by Australia to double its funding to water, sanitation and hygiene over the next four years, give a strong sense of increased political priority. China, where progress contributed to the achievement of the MDG water target more than in any other country, recently announced investment of $27 billion to bring clean water to all its citizens in rural areas by the year 2015.

Ultimately however, *Addressing the shortfall* is a call for action, focusing on donors, and reaffirming the need to tackle the unacceptable loss of human life brought about by water and sanitation poverty. 2.5 billion people do not have basic sanitation, barely fewer than in 1990, in absolute terms. Contrasted with the capability, knowledge, technology and wealth available in the modern world, there can be few donors who cannot see the urgent need to redouble their efforts to achieve the sanitation MDG target for 2015, laying the groundwork for universal access to water and sanitation. In the report *Off-track, off-target*[8], WaterAid called on donors to:

- Double global aid flows to water, sanitation and hygiene to release an additional US$10 billion per year in the run up to 2015 and beyond.
- Target aid on the basis of need to Sub-Saharan Africa, South Asia and some Pacific countries in particular.
- In low-income countries, provide aid as grants rather than loans, and focus on basic services for rural areas and poor urban areas.
- Reduce the burden of red tape on national governments and align aid with national policies and systems.
- Dedicate technical resources and political focus on strengthening national planning processes, particularly through support for the SWA partnership's National Planning for Results Initiative.
- Place equity and sustainability at the heart of all approaches to delivering services.

In *Addressing the shortfall* we reaffirm these calls once again, encouraged by some of the important steps already underway, and present new in-depth analysis to inform future efforts to improve the effectiveness and targeting of global aid flows to the water and sanitation sector.

Endnotes

1. The full report, *Addressing the shortfall: the urgent need for increased and better targeted aid to the water and sanitation sector* is available at www.wateraid.org/theshortfall

2. WHO/UNICEF Joint Monitoring Programme, 2012
www.wssinfo.org/

3. It is important to note that as this analysis is based only on the OECD-CRS purpose codes for water and sanitation, it does not discuss the other fundamental part of water, sanitation and hygiene (WASH) – hygiene promotion. This should in no way be taken to suggest that hygiene is less important than water and sanitation, and investments in this area should be considered alongside those discussed in this report to get the full WASH picture.

4. WHO and UN-Water (2012)*Global analysis and assessment of sanitation and drinking-water*

5. Hutton G (2012) *Global costs and benefits of drinking-water supply and sanitation interventions to reach the MDG target and universal coverage*. WHO
www.who.int/water_sanitation_health/publications/2012/global_costs/en/index.html

6. Foster V and Briceño-Garmendia C (2010) *A time for transformation*, World Bank

7. Oxford Poverty and Human Development Initiative

8. WaterAid (2011) *Off-track, off-target*
www.wateraid.org/international/what_we_do/documents_and_publications/10192.asp

Front photo: WaterAid/Andy Powell
A woman collects dirty water in Gatora village, Juru sector, Bugesera district, Rwanda.

WaterAid transforms lives by improving access to safe water, hygiene and sanitation in the world's poorest communities. We work with partners and influence decision-makers to maximise our impact.

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