

'Aid Compacts' built around national plans:

How the Global Framework for Action on Sanitation and Water can support country-led processes

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Global action based on country-level compacts

The case for a Global Framework for Action on Sanitation and Water (GF4A) is well rehearsed. Despite numerous political and financial commitments, many countries remain off-track to meet the MDG target on drinking water and sanitation. This is due partly to poor targeting of existing finance, partly to a lack of capacity to plan and use funds effectively and partly to a lack of political will to undertake the reforms necessary to enable progress. The purpose of the GF4A is to bring together national governments, donors and other development partners to address these obstacles.

With growing support for the GF4A concept, the debate is now shifting to how it should be operationalised. Emerging proposals stress the importance of enshrining the mutual obligations of donors and developing country governments in the form of 'Country Compacts' which focus on the development and strengthening of national plans and systems. As such there is a need to develop a shared vision for building effective national plans, in terms of both process and content.

Challenges to building 'effective national plans'

Donors are increasingly focusing their resources in a small number of countries that have well developed plans and systems in place, but reaching out to other countries remains the critical challenge. Smarter targeting of official development assistance to the poorest and most off-track countries requires a differentiated approach which takes account of country-specific challenges. A small number of countries have plans in place but lack adequate external support. But many more require 'pump-priming' support to kick-start planning processes or strengthen specific elements of existing systems to absorb and spend funds more effectively.

While there is no blueprint for effective national plans they are likely to have some common characteristics (see below). At the same time it is essential to recognise the dynamic nature of sector development processes, which is difficult to reflect in paper plans. If partnerships between donors and developing country governments are going to result in improved performance and accountability then dialogue around national plans needs to go beyond the status of sector architecture and take account of trends in sector development and performance.

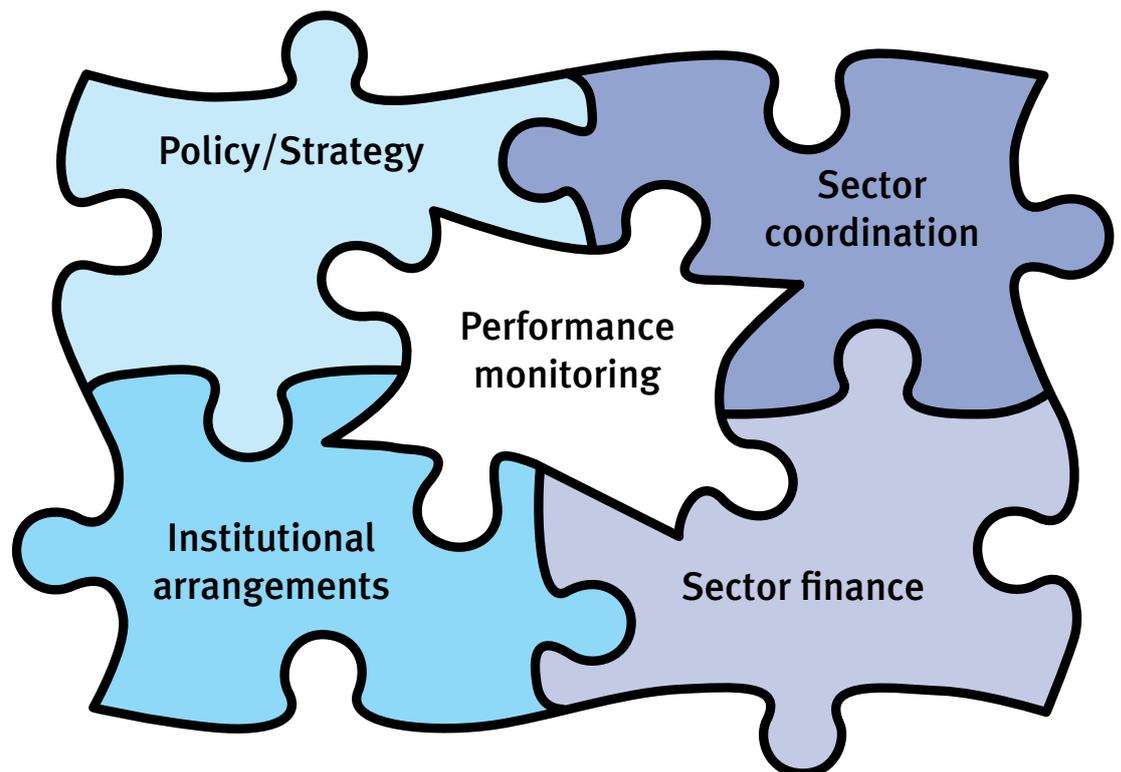
WaterAid's mission is to overcome poverty by enabling the world's poorest people to gain access to safe water, sanitation and hygiene education.

The challenges above point to the need for Country Compacts to focus on flexible and responsive partnerships focused on progressive improvements of WASH (water, sanitation and hygiene) sector performance on the basis of commonly agreed national targets, strategies and plans. Building effective national planning systems and institutions is not about establishing new forms of donor conditionality, but rather developing a set of common goals that donors and developing country governments agree to work towards through a mutual commitment to sector development.

Developing consensus around the basic sector building blocks

Donors and developing country governments need to develop a common vision of the broad characteristics of an effective national plan. Our own review of existing donor and government guidelines¹ suggests that there is already a large degree of consensus on the essential building blocks for a well-functioning WASH sector (see Figure 1).

Figure 1: Sector building blocks²



1 Extensive review of academic literature, donor guidelines (general and sector specific from both bi-laterals and multi-laterals including World Bank, EC, UNICEF, OECD and WHO), and national level WASH-related documents from Ghana, Uganda, Senegal and Tanzania.

2 It is important to note that progress on different aspects of sector development is closely linked to wider processes of political and economic development.

1. Sector policy/strategy

Policy/strategy framework: An essential requirement is the existence of a clear set of **sector policies and nationally defined goals**, such as a national water policy, which are closely linked to the national development framework or Poverty Reduction Strategy Paper. Policies provide a vision for sector development and outline specific objectives. Country ownership is an important condition for the serious commitment to achieving the sector's goals. Although this ownership

is difficult to define, it can act to build the links to other sectors that affect the effectiveness of WASH policies. Clear examples are health, education, urban development and environment policies.

Policies are elaborated through **strategies for implementation** within a specific timeframe, setting out the required measures for achieving policy objectives as well as specific targets. These should be ambitious but realistic and adapted to country-specific challenges and capacity constraints. Ideally, further elaboration of integrated sub-sector strategies will be achieved, with a specific emphasis on sanitation if not included from the outset. **Legal** (laws, acts and decrees) and **regulatory frameworks** exist in all countries, but often need to be revised to complement the policy framework, enshrine institutional responsibilities, establish standards and prevent contradictions and overlaps.

Policy/strategy content: As an integral part of the national development process sector policies and strategies should be specifically adapted to country contexts with a clear **poverty focus**. Specific pro-poor targeting and service extension measures are desirable, as well as provisions to address wider challenges such as rapid urbanisation, climate variability, contamination, conflict etc. Policies and strategies should be **adapted to sector characteristics**, providing a clear analysis of bottlenecks and priority areas for investment. They should also ideally take account of cross-cutting issues such as integrated water resource management, livelihoods and economic growth, equity of service distribution, gender and governance. Some agencies also specify the inclusion of strategies to address **sanitation and water in emergencies**.

2. Sector coordination

Sector-wide approaches (SWAps) are increasingly undertaken in the sanitation and water sector, allowing a more coherent and engaged planning process in a fragmented and multi-institutional setting, regardless of the aid modalities used.³ Line-ministry leadership and partnership with the Ministry of Finance is deemed essential for an effective SWAp, while the existence of a Sector Working Group that ensures clear institutional accountability and involves **all** relevant ministries (including health and education) is desirable. Donors should **coordinate** their country-level operations to the highest possible extent as part of their commitment to improved harmonisation under the Paris Declaration. This coordination can be achieved through national or sector level donor coordination groups that facilitate communication with government, avoid duplication and reduce transaction costs, ideally with a nominated lead donor representing other development partners.

Multi-stakeholder platforms should be established to allow for a meaningful engagement of all relevant stakeholders in sector decision-making processes at different levels. The participation of the private sector and non-governmental organisations lends credibility to sector planning processes and helps to ensure more equitable targeting of investments. Ideally, civil society organisations (CSOs) and service user groups should also be engaged in holding government and service providers accountable. A desirable form of CSO participation is the existence of a coordinated network or representative body, and meaningful public participation should include representation of marginalised sections of the population as well as media dissemination of information to enable public debate.

3 It is important to note that a SWAp is not an aid modality, and as such does not equal fund-pooling by the donors involved. It is important to make this distinction particularly since conditioning SWAp participation on fund-pooling is likely to alienate those donors whose procedures do not allow them to do so. If a SWAp is to be truly sector-wide, such exclusion-by-default of sector actors is best avoided.

3. Sector finance

The **sector budget** should be formulated as part of the national budget process, with a clearly defined process involving all relevant stakeholders. The budget should reflect sector priorities and be realistic in its estimates. Ideally, it should include explicit targets for pro-poor expenditure. The sector budgeting framework should be linked to the General **MTEF** (or Medium Term Expenditure Framework) and a consolidated Sector MTEF or SIP (Sector Investment Programme), which is revised annually to reflect budget realities. A national sector financing assessment should also include a realistic appraisal of absorption capacity.

There should be transparency in resource allocation, particularly from national to decentralised levels, with a breakdown of capex and opex requirements; Sub-sector Sector Investment Plans reflecting the size and needs of the sector are also desirable. **Joint financing agreements** between government and donors are increasingly used to improve sector alignment; an essential aspect is a commitment on the donors' side to a policy of progressive alignment with national systems (which may or may not include a resource-pooling arrangement), ideally leading to donors' use of government systems and a move towards longer term predictable funding to enable better planning and implementation. Where donor funding is off-budget, this should be accounted for and included as part of sectoral spending. **Sustainable sector financing mechanisms** (eg. sustainable cost recovery) are also considered an essential component, and should aim to include specific pro-poor measures.

4. Institutional arrangements

Institutional roles and responsibilities should be clearly defined with a clear separation of policy-making, regulatory and service delivery roles to prevent conflicts of interest, establish clear lines of accountability, and responsibilities for target-setting and progress monitoring. Ideally, this should include institutional mechanisms for working across the various sectors that impact on and benefit from sanitation and water. **Capacity building and human resource development plans** are a crucial aspect and require systematic analysis of capacity building needs and human resource requirements. Specification of capacity needs at various levels, eg. in sector institutions and local government, as well as in other ministries and sectors is also desirable.

Decentralisation reforms, implemented widely and to various degrees in many low-income countries, must be taken into account as the context in which sector plans are financed and implemented. A clear definition of the central government's role in a decentralised context is essential, and should be taken into account in SWAp arrangements. The WASH sectors should keep pace with broader decentralisation reforms and devolve responsibilities as well as adequate resources to lower tiers of government administration. **Participation and inclusion** of a broad range of stakeholders is crucial for effective planning and implementation of WASH services. A participatory planning process is generally considered essential. Ideally, this should be accompanied by efforts to strengthen the capacity of local authorities for effective information managements.

5. Sector performance monitoring

Effective **monitoring and evaluation** depends on improving the reliability of sector data as a basis for setting realistic targets and monitoring processes of sector development. Establishing sector information management systems which link financial inputs, outputs and outcomes is therefore desirable. **Accountability mechanisms** should be clearly defined, together with an agreed framework for sector performance assessment. Ideally, there will be procedures in place for routine monitoring of performance against specified (realistic) outputs and mechanisms whereby results can be fed back into policies and strategies. **Independent monitoring** of sector plans is essential, with public access to information to ensure transparency at national and local levels. Ideally, there should also be a mechanism for incorporating CSO feedback into decision-making processes.

Measuring progress: mutual accountability

The basic sector building blocks outlined above and set out in the table overleaf provide a useful starting point for further discussion. They are not intended to be definitive and must not serve as a new form of donor conditionality. Instead they provide a broad framework to assist donors and developing country governments in defining common goals which they can agree to work towards as part of a mutual commitment to sector development where the latter are ‘partnered’ and supported in building their absorptive capacity.

The next step will be to agree the reciprocal obligations of donors and developing country governments in the process of developing and strengthening national plans and systems. Some so-called ‘fragile states’ may require the mobilisation of human technical and financial resources to aid this step change in planning processes. The GF4A is considering how to mobilise and structure financing to this end.

Building blocks for an effective sector

Sector specific criteria⁴	Specific components	Essential (minimum standards)	Desirable (increased credibility)
1. Sector policy/ strategy	Policy framework (country-driven process)	Clear policies providing vision and objectives for sector development Sector policy grounded in national development strategy	Country ownership Links to and consistency with policy in other relevant sectors eg. education, health, environment, etc
		Coherent strategies with timeframe for implementation Setting out measures required to achieve policy objectives and realistic targets, grounded in country context [data baseline] and implementation capacity	Integrated sub-sector strategies Specific emphasis on sanitation
		Basic legal and regulatory frameworks	Legal reforms in support of policy framework
	Policy content	Poverty focus: consistent with wider poverty reduction strategies Adaptation to country context	International standards and technical guidelines Specific pro-poor targeting and service-extension measures Country-specific: desertification, contamination, conflict
		Adaptation to specific sector characteristics: analysis of bottlenecks and priority areas	Cross-cutting themes: within integrated water resource management framework eg. development and livelihoods, equity, governance
		WASH in emergencies [Sweden, UNICEF]	
2. Sector coordination	Sector-wide approach to planning (SWAp)	Line-ministry leadership and partnership with Ministry of Finance	Sector Working Group ensuring clear institutional accountability
	Coordination with and among donors (harmonisation)	Donor coordination group	Nominated lead donor representing development partners
	Multi-stakeholder platform	Engagement of non-state actors: CSOs, private sector, media, general public, or user associations?	Network capacity or representative body – meaningful participation incl. marginalised Media dissemination for national debate on process and strategies

3. Sector finance	Budgeting framework	Clearly defined sector budget process	Budget reflects sector priorities, realistic	
	MTEF	Poverty-earmarked budget line Links to MTEF	Sector SIP/SMTEF – takes account of absorption capacity	
	Budget components	Breakdown of Capex and Opex requirements	Sub-sector SIPs that reflect size and needs of the sector	
	Joint financing agreements between government and donors (principles)	Donors policy of progressive alignment with national systems [resources pooling?]	Donors using govt systems, move towards Budget Support	
	Budget items	Sustainable financing mechanisms (sustainable cost recovery)	GBS performance indicators include WASH	
	4. Institutional arrangements	Institutional roles and responsibilities defined	Clear separation of policy-making, regulatory and service delivery roles	Institutional mechanisms for working across sectors
		Decentralisation	Definition of government role in a decentralised context	Mirror decentralisation processes, devolve responsibilities and resources to lower tiers
		Capacity building and human resource development	Identification of capacity building needs Identification of human resource requirements	Specification of capacity needs at various levels: sector institutions and local government, as well as other ministries and other sectors
		Participation and inclusion	Participatory planning process	Strengthening community institutions
		Accountability mechanisms	Agreed framework for sector performance assessment	Results-based management feeds back into policy, monitoring against specified [realistic] outputs
5. Sector Performance monitoring	Monitoring and evaluation	Information systems	Decentralised review mechanisms	
	Independent monitoring	CSO access to information (transparency)	Sector Information Management System (SIMS)	
			CSO access to decision making processes	

4 General criteria (good practice) – macro economic stability, governance and public financial management – relate to the overall context in which sector plans take place, and affect their performance.

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