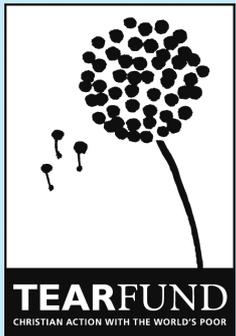




An empty glass

The EU Water Initiative's contribution to the water and sanitation Millennium targets

DISCUSSION PAPER



A WaterAid and
Tearfund report

December 2005



WaterAid/Caroline Irbay

Summary

Water and sanitation targets are badly off-track in Sub-Saharan Africa. The EU's contribution to tackling this situation is its Water Initiative (EUWI). It was launched to great acclaim in 2002, but as 2006 dawns it has resulted only in endless rounds of meetings in Brussels, London and other European cities. Not a single extra person has received safe water or sanitation through the Initiative. Separate but linked efforts to increase funding for water and sanitation through the EU Water Facility (EUWF) have similarly failed. No money has yet reached the frontline. At the same time EU member states' individual aid for water has declined and become less targeted at Sub-Saharan Africa.

This is a travesty of EU member states' position as some of the richest and most administratively sophisticated countries on earth. The EU needs to do a lot better and:

- Publish regular reports of progress against clear targets for the EUWI
- Fund the EUWI properly to support sustained Southern participation
- Support existing in-country donor coordination mechanisms
- Scrap the EUWF and instead put the effort into making the case for water and sanitation in national budget discussions
- Reverse declining trends in aid for water and sanitation, and in support to Sub-Saharan Africa

“The EUWI is a huge political framework but doesn't have much link to the day-to-day reality of programmes on the ground.”

Donor representative in Africa

The water and sanitation Millennium Development Goals (MDGs)

Globally 1.1 billion people lack safe drinking water and 2.6 billion are without sanitation. The MDGs include halving by 2015 the proportions of the population without safe water and sanitation. However Sub-Saharan Africa is on course to miss the water target while the sanitation target is off-track worldwide by half a billion people.¹ This under-performance could result² in the deaths of an extra 10 million children by 2026.

The European Union Water Initiative (EUWI)

The EU launched its Water Initiative in September 2002 as its “main contribution to the achievement of the MDG for drinking water and sanitation”. Its key elements³ are to reinforce political commitment to action; raise the profile of water and sanitation issues in the context of poverty reduction efforts and sustainable development; promote better water governance arrangements; encourage regional and sub-regional cooperation on water management issues; and catalyse additional funding.

Has the EUWI succeeded?

In this urgent context the EUWI took over two years just to agree its organisational structure which now takes 19 pages to describe.⁴ None of the working groups within this structure has reported any

significant EU policy or practice change so far as a result of its activities.

The most promising development has been the establishment of ‘country dialogues’, agreed with the African Ministers’ Council on Water (AMCOW), between a lead donor on behalf of the EU and individual African Governments where political and financial strategies for reaching the MDG targets are devised. Eleven dialogues are planned,⁵ however some of these are only now beginning and many have not yet started. Table 1 sets out available details on four of the dialogues.

Three years on, this raises questions about the vigour with which these dialogues have been pursued. The main delay has been the time taken for a member state to volunteer as lead donor on behalf of the EU in the country dialogue. There is also a risk that the dialogues will duplicate existing structures for donor-government liaison.

At the same time discussions on harmonisation and alignment are occurring in countries not covered by EUWI dialogues, such as Uganda (where donors cooperate in sector wide joint planning and annual reporting) and Malawi (where water sector stakeholders work together for example on a joint submission for the country’s new Growth and Development Strategy).

The EUWI does not seem to be joined up with donors’ work on increasing overall aid effectiveness, the so-called Paris Declaration being overseen by the Development Assistance Committee (DAC) of the OECD. The latest DAC report mentions the scope for harmonisation in Ethiopia’s water sector but, in commenting on the Democratic Republic of Congo, Ghana and Zambia, says nothing about water even though all three also host EUWI dialogues.

- 1 **WHO and UNICEF** (2004) *Meeting the MDG Drinking Water and Sanitation Target: A Mid-Term Assessment of Progress*
- 2 **WaterAid** (September 2005) *Dying for the Toilet*
- 3 **EU Council, European Parliament and European Commission** (November 2005) *The European Consensus on Development*
- 4 **EUWI** (9 July 2004) *EUWI Organisational Framework and Objectives*
- 5 Zambia, Mozambique, Rwanda, Ethiopia, Ghana, Cap Verde, Central African Republic, Congo (B), Egypt, Mauritania, Democratic Republic of Congo (DRC)
- 6 **OECD** (2005) “Ethiopia Country Chapter” in *OECD DAC Survey and Progress on Harmonisation and Alignment*

Country	Dialogue launch	Progress
DR Congo	10 November 2005	<ul style="list-style-type: none"> Too early to say
Ethiopia	30 November 2005	<ul style="list-style-type: none"> The dialogue is committed to building up existing donor coordination processes – an approach endorsed by OECD observations⁶ that donor coordination is much less advanced in water than in other sectors
Ghana	November 2004	<ul style="list-style-type: none"> Early meetings taken up with EUWF application Production of MDG roadmap repeatedly postponed in part due to lack of clarity over how the dialogue adds value to the existing process of an annual Joint Government-Development Partners Review on Water and Sanitation
Zambia	April 2004	<ul style="list-style-type: none"> No changes in EU donor activity EUWI Africa Working Group has criticised the initial work as too consultant-led and lacking country buy-in

“The Paris Declaration is not appropriate for the EUWI because it does not leave room for such sectoral approaches.”

EC official

“We have never promoted our private water finance model to our fellow African countries because we know that they do not yet have the capital markets needed to make it work”

South African representative of AMCOW on Finance Working Group

Although it might appear that the EUWI and the Paris Declaration cannot be linked – since the former is a sectoral initiative while the latter is concerned with general support for developing countries – this would be ridiculous. It would imply that the EU is simultaneously involved with two conflicting strategies on aid effectiveness. In fact the EUWI should be seen⁷ as one of the routes to the Paris Declaration goal of harmonised donor General Budget Support (GBS). Better sectoral strategies will pave the way first for sector budget support and then for GBS.

Overall, the EUWI has not succeeded in accelerating delivery of the water and sanitation MDG targets. But there remains an ongoing opportunity to press the EU to do more. This should be seized given the tendency for drinking water and sanitation to be entirely overlooked.

Five reasons for failure in the EUWI

1. Lack of commitment

The vast majority of member states are not sufficiently committed (Table 2). The European Commission (EC) engages in sustained high levels of activity. France makes sustained but slow contributions while there are short bursts of activity from four other States (Netherlands, Germany, Denmark and Italy). A smaller group makes half-hearted efforts (UK, Greece and Sweden) while a significant minority (Finland, Luxembourg, Belgium, Austria, Spain and Portugal) do virtually nothing unless in regions outside Africa where they have special interests.

2. Absence of accountability

States get away with not participating fully in the Initiative. The EUWI is mentioned in the EC Annual Report but there are no indicators for monitoring its progress. The working group on monitoring has only recently been established. It is chaired by the Italians whose commitment is unclear. Their initial proposals were very weak. The EUWI's progress, or lack of it, is therefore kept well away from public scrutiny.

7 The UK, presently holding the EU Presidency, has commented that “the EUWI is very important for DFID with respect to donor harmonisation and improving aid effectiveness.” Hilary Benn, in correspondence to Joanne Green, Tearfund, 19 October 2005.

8 **World Bank** (2003) *Meeting the Financing Challenge for Water Supply and Sanitation*

9 EU Presidency Statement on Financing for Development to the High-Level Plenary Meeting of the General Assembly, 14 September 2005

10 **EU Council, European Parliament and European Commission** (November 2005) op.cit.

11 *Financing Water For All*. Recommendations included that ODA for water should double as a first step.

“Most ordinary people ... could easily have got the impression that the EUWI embodied a commitment to ... finding a lot more aid specifically for water and sanitation”

Development initiatives report on the EUWI (forthcoming)

3. Omission of key players

The EUWI was designed in Europe by officials and politicians rather than by practitioners in developing countries. Only one government, Sweden, has paid for African civil society members to attend EUWI meetings. Lack of staff time prevented the five regional Technical Advisers of the African Ministers' Council on Water (AMCOW) from being able to engage with the EUWI until 2004.

4. Unfocused approach

The EUWI is supposed to focus on countries off-track with the water-related MDGs. However two of the EUWI's four regional working groups are for regions which are on-track. Even within the regions which are off-track, working groups are not focusing properly. In the Africa working group, Egypt – reported on-track with the water and sanitation targets – was proposed for a country dialogue. To make the confusion worse, Egypt is also a member of the Mediterranean working group.

5. Ideological bias to private finance

Established to make better use of the EU's existing €1.4bn annual aid for water, the EUWI has actually operated on the basis that the priority is to attract new private finance. This is despite the fact that public finance outstrips private finance by nine times⁸ in developing country water sectors. There is scope for some domestic financing – for example household investments in sanitation hardware – but there is no evidence of international investor willingness to finance developing country water projects.

The focus on private finance has not delivered increased funds. Worse, it has left no time to pursue the case for water and sanitation's share of new aid increases. EU states have pledged⁹ to increase their overall aid budgets to 0.56% of their collective Gross National Income by 2010, a doubling to over \$80 billion compared with 2004. The risk that these funds will not equally support water and sanitation is underscored in last month's EU statement¹⁰ which contained only brief references to water and sanitation but repeated references to health and education and the need “to ensure adequate funding” for them.

Was the EUWI ever going to be an adequate response?

The EUWI was rapidly seen to be deficient in addressing the issue of increased financing. Just six months after the EUWI's launch, EC President Prodi, referring specifically to the recent Camdessus Panel Report¹¹ and the needs of Africa, called for a separate €1 billion EU Water Facility (EUWF). Following Prodi's call, EU Member States agreed in 2004 that €500m should be allocated to the EUWF. Ironically, most partner countries had already assumed that the Initiative did include resources and there is now widespread confusion about the way the EUWI and the EUWF relate to each other.

“If it takes nearly one year to process applications that will only be worth a small amount of the aid required, how are we meant to have confidence in the EUWF and EUWI to help meet the water and sanitation MDG by 2015?”

African Government official

So has the EUWF addressed the EUWI’s inadequacies on sector finance ?

The EUWF has actually had a negative effect by distracting hard-pressed officials. They have focused on submitting proposals – the vast majority of which will be unsuccessful since the EUWF was 15 times over-subscribed – rather than, for example, on lobbying their own Governments to prioritise the water and sanitation sector more in the allocation of debt relief monies or aid increases. This is exactly what has happened in the EUWI Ghana dialogue.

Do these failures of the EUWI and EUWF matter ?

EUWI and EUWF failures would be of less consequence if EU member states were improving their individual aid for water and sanitation. But in fact, as Chart 1 shows,¹² there is no clear trend of increasing aid for water and sanitation among major EU states. There has been a slight improvement

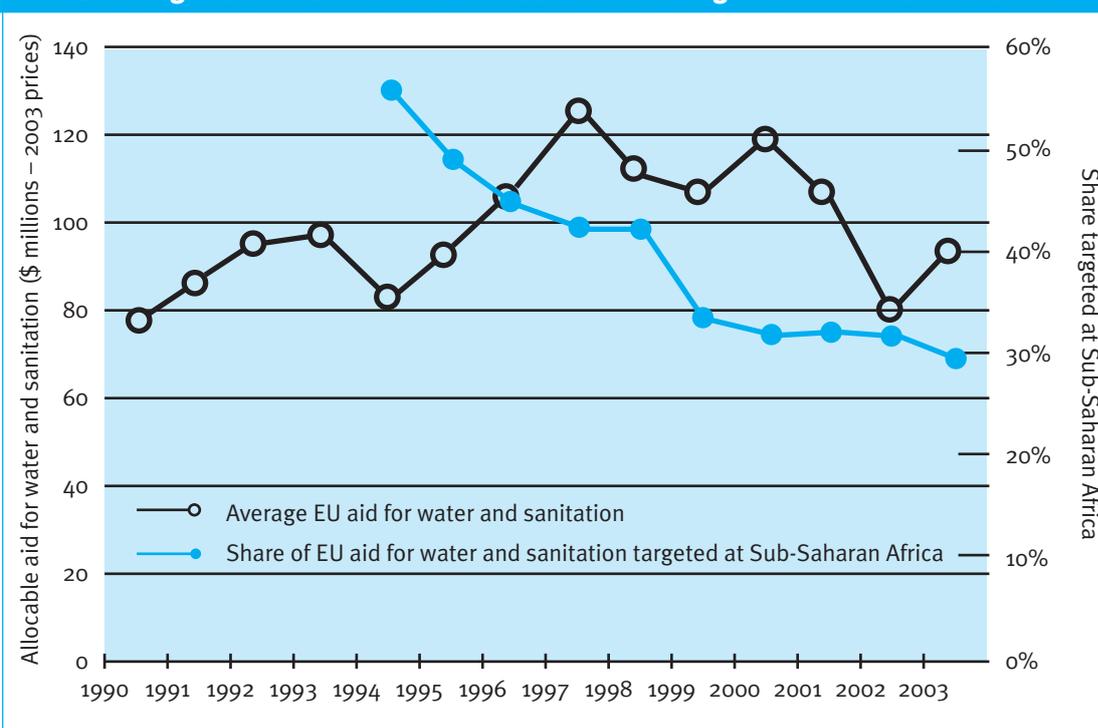
since 2002 but the present average of \$94m Overseas Development Aid (ODA) for water and sanitation remains well below 1997’s \$126m. France and the UK have made commitments this year to increase aid for water and sanitation although the increases involved are relatively modest.

Recent changes however are well below the increases occurring in overall aid. Water and sanitation are generally receiving a declining share of EU aid budgets. On average their share of allocable aid has fallen from 5.4% in 2000 to 4.6% in 2002 and then to 4.2% in 2003. Despite the importance of water and sanitation for development, including achievement of many of the MDGs, they appear to be accorded less and less importance when resources are allocated.

Donors often now provide more of their aid as General Budget Support (GBS). These funds go direct to the recipient country’s Finance Ministry rather than to individual projects. GBS varies greatly – Greece reported none in 2003 while the EC reported \$893m. On average however European donors provided \$142m of GBS. Therefore, in order to double aid for water and sanitation as is recommended to reach the MDG targets, 66% of national budget allocations would have to be spent on the sector to match the average \$94m ODA received from the EU. This is clearly very unlikely.

At the same time there is a clear trend (Chart 1 – right-hand axis) towards a smaller share of aid for water and sanitation being allocated to Sub-Saharan Africa. From 1990 to 1994 an average of 56% of European donors’ aid for water and sanitation went to Sub-Saharan Africa. From 1998 to 2003 on average only 29% of the aid was targeted in this way.

Chart 1: Average share of EU aid for water and sanitation targeted at Sub-Saharan Africa



12 Charts and other aid statistics produced from Dataset 1 of the OECD DAC online database of the Creditor Reporting System.



5 Recommendations

The water sector needs political support even if initially it is expressed as ineffectively as it has been in the EUWI. The EUWI's major problem is the absence of accountability which is in turn driven by a lack of transparency and limited participation of Southern governments and civil society. Following EU member states' recent commitments at the UN Millennium Review Summit¹³ and the Paris Declaration on aid effectiveness:

1. **The European Council should reform the EUWI with tough, measurable targets for its impact and publish regular, six-monthly progress reports¹⁴**
2. **Member States should replace their ad hoc financial contributions to the EUWI with a formal funding system to ensure Southern participation**

The EUWI has evolved into a series of country-level dialogues aimed at producing national roadmaps to deliver the MDGs. This is a positive development except where emphasis on establishing an EU dialogue risks either duplicating existing processes or excluding other, non-EU but major donors to the water sector.

3. **EUWI country dialogues should aim at comprehensive in-country donor coordination mechanisms and build on, not duplicate, existing initiatives.**

The EUWI was fundamentally flawed from the outset in not providing increases in the quantity as well as the quality of aid for water. The EUWF could have helped to remedy this but it lost its way by being too bureaucratic and by over-emphasising the potential for attracting private finance. The EU has now promised extra aid generally and the EUWI should be the route by which the water sector accesses those funds.

4. **The European Council should scrap the EUWF once its present application round is completed, freeing up officials' time to ensure that water and sanitation get their necessary shares of funding through donor-supported national budgets.**
5. **This December the European Council should call for member states and the Commission to make commitments to any discussions needed to ensure national budgets appropriately prioritise water and sanitation. The Council should agree that the indicators for delivery of these commitments will be reversals in EU states' recent trends of falling aid for water and of a decreasing focus on Sub-Saharan Africa.**

¹³ The Outcome Document from the UN's September 2005 summit includes commitments for national MDG plans to be supported by developed countries and for annual Ministerial-level reviews of MDG progress.

¹⁴ The UK has already begun such a process in relation to its own commitments to work on water issues in 12 African partner countries.

Table 2: Scorecard of selected EU member states' commitment to the EUWI and general performance on aid for water and sanitation

	Commitment ¹⁵ to the EUWI			ODA to water and sanitation			Score out of 10	Scoring system for a maximum possible total score of 10 was: * EUWI commitment: 1 point per indicator – max 3 points * ODA: 2 points each for percentage amount (1 point for 5% +, 2 points for 8% +) and for SSA (1 point for 40% or over, 2 points for 55% or over) – max 4 points * ODA: 3 points for share of grants (1 point for 70-80, 2 points for 80-90, 3 points for 90-100) – max 3 points	Comment
	Leading Africa country dialogue	Leading working group	Funding for Southern civil society	Share of all allocable ODA (average 1998-2003)	Share to Sub-Saharan Africa (average 1998-2003)	Share provided as grants (average 1998-2003)			
Austria	No	No	No	2.7%	22%	88%	2	Austria really doesn't seem bothered. Their only contribution has been to fund the EUWI website.	
Belgium	Yes	No	No	2.7%	42%	87%	4	Undistinguished. Belgium supposedly leads the Rwanda dialogue but it hasn't started. To be fair most of its aid for water is grants, not loans.	
Denmark	Yes	No	No	8.6%	35%	100%	6	Denmark led the EECCA and Africa working groups for two years. Water and sanitation get a lot of Danish aid but much more of it needs to get to Africa.	
European Commission	Yes	Yes	Yes	2.9%	46%	100%	7	Top of the class. Their aid for water and sanitation is all grants and it is increasing. They might even be able to target it better, if they weren't spending so much time reading EUWF applications.	
France	Yes	Yes	No	4.5%	40%	31%	6	France leads the water resources working group but it's slow progress. Their Mauritania dialogue has also yet to get anywhere. They give aid for water but they usually want it back – nearly 70% of the money is only a loan.	
Germany	Yes	No	No	7.6%	32%	64%	2	Germany provides a lot of aid for water and sanitation but has done nothing for the EUWI. Due to take over the Africa Working Group in 2006, it looks like "too little, too late".	
Greece	No	Yes	No	3.9%	n/a	n/a	1	OK, so Greece leads the Mediterranean working group, but outside its own backyard it has no interest in the EUWI.	
Ireland	No	No	No	3.5%	27%	27%	0	The Irish should be ashamed – "nil points" !	
Italy	Yes	Yes	No	1.0%	20%	100%	5	The Italians give a pathetic percentage of their aid to water and sanitation and to Africa. They would know that if their EUWI monitoring working group was any good.	
Netherlands	Yes	Yes	No	5.4%	36%	81%	5	The Netherlands are usually progressive on development issues but one year's work on the EUWI seems to have exhausted them.	
Portugal	No	No	No	4.2%	9%	27%	0	Oh dear, the Portuguese join the Irish at the bottom of the scorecard on "nil points".	
Spain	No	Yes	No	3.2%	16%	100%	5	The Spanish give a lot of their aid in grants but it won't help when so little of it gets to Africa.	
Sweden	No	No	Yes	2.7%	26%	100%	4	The short-sighted Swedes seem interested only when the EUWI meets at Stockholm Water Week.	
UK	No	Yes	No	2.7%	22%	88%	3	It's all "jam tomorrow" with the UK's promise to double aid for water and sanitation in Africa. Meanwhile their finance working group makes no breakthroughs.	



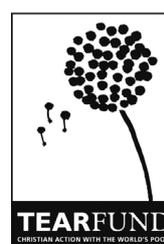
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15 Indicators used to measure EU states' commitment to the EUWI were: leadership of working group, contribution of funds to lead working group, contribution of funds to enable Southern civil society participation in the EUWI, leadership of African country dialogues, attendance at steering groups, membership of working groups.

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