

Italy's Official Development Assistance for water, sanitation and hygiene in the SDG era: 2015-2021

Key findings

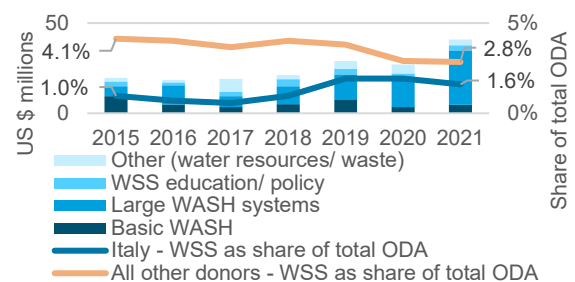
Italy's support for the water supply and sanitation (WSS) sector has increased substantially since the start of the Sustainable Development Goal (SDG) period. However, according to OECD data it allocates a relatively low share of its total Official Development Assistance to the WSS sector and within this, water, sanitation and hygiene (WASH), compared with other donors. WSS ODA has become slightly less concessional in nature, and is less targeted to the poorest countries than ODA for other social sectors. There appears to be scope to improve the targeting of WASH ODA to countries most off-track on extending WASH access, to integrate WASH more into health ODA, and to enhance the contribution of WASH interventions to gender equality. In this context, Italy has opportunities to:

- Continue the uplift in the share of total ODA and real terms volumes allocated to WASH, giving it appropriate place as an enabler of strategic development cooperation priorities in the next three-year plan (2024-2026).
- Ensure that grant equivalent ODA for the sector is well targeted to strengthening WASH systems and enabling access for the poorest communities in the poorest and most off-track countries.
- Enhance the integration of WASH as an enabler of strong health systems and of gender equality.

Trend in support

- 28th largest provider of ODA to WSS (7th in G7, 11th in G20).
- Volumes have doubled in real terms, 2015-2021, with a significant uplift in 2021.
- Provided a lower share of total ODA to the WSS sector than the average from other donors, peaking at 1.9% (2019/ 2020; Figure 1). *NB this is well below the 8% of bilateral allocable per sector indicated for WSS in the 2021-2023 three-year plan.*¹
- Lower share of WSS ODA going to system strengthening (sector education/ policy) than other donors: 11% vs. 16%.
- Concessionality of WSS ODA fell slightly: Grant equivalent WSS ODA, including grant element within loans as well as grant finance, was 97% of cash basis ODA in 2015, dipping to 84% in 2020 before recovering slightly to 90% in 2021.
- Some other official flows to WSS reported – less concessional and not qualifying as ODA (OOF = 13% OOF+ODA over period).

Figure 1: WSS ODA 2015-2021, in total and as a share of total ODA

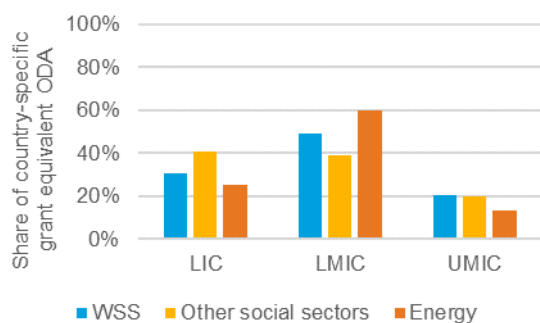


Source: OECD DAC CRS

Type of support/ countries supported

- 30% of grant equivalent, country-specific WSS ODA went to poorest countries (low-income countries, LICs). This was a higher share than for ODA to one comparator sector (energy) but lower than for other social sectors; Figure 2).
- 52% of country-specific WSS ODA went to fragile contexts, with relatively high

Figure 2: Country-specific WSS ODA 2015-2021 by region/ country group



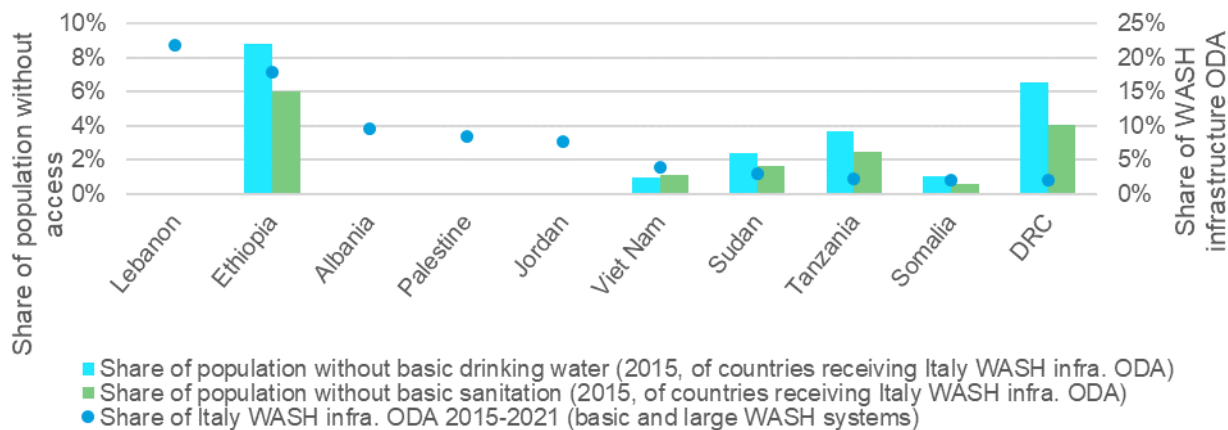
Source: OECD DAC CRS; World Bank country groups

use of core contributions and pooled funds in these contexts (26%, vs. 4% in non-fragile contexts), which can lower transaction costs for recipient countries.

- Potential for better targeting to off-track countries: Looking back to the start of the SDG period, except for Ethiopia, the top five recipients of Italy's ODA for WASH infrastructure over the period represented a small share of the population without basic access to drinking water/ sanitation, in 2015 (across countries supported

by Italy; Figure 3). Looking forward, nearly a fifth of Italy's WASH infrastructure ODA (19%) went to 15 countries – all at least middle-income – that are currently on-track to achieve universal access to basic water and sanitation services, or have already largely achieved universal access.²

Figure 3: WASH infrastructure ODA 2015-2021 vs population without basic drinking water/ sanitation in 2015.

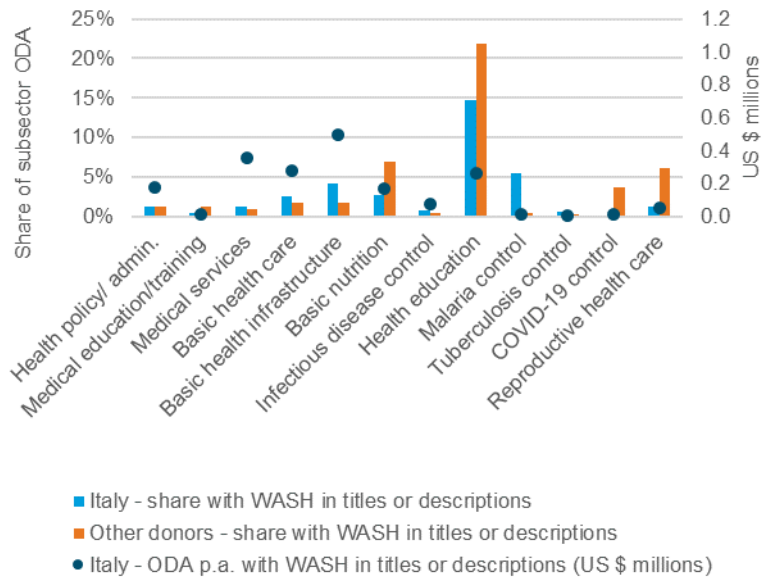


Source: OECD DAC CRS; WHO and UNICEF Joint Monitoring Programme

WASH as an enabler: health, gender equality and climate resilience

- Health:** Potential for further integration of WASH in health ODA – Based on a keyword search, only 1% of Italy’s ODA to relevant health subsectors features WASH in project titles or descriptions (equivalent to \$2m p.a.). The share is higher in some subsectors, notably health education, which includes hygiene and sanitation promotion

Figure 4: Health ODA with WASH focus, 2015-2021



Source: OECD DAC CRS; authors’ analysis

- It is also higher than the average for other donors in some other health subsectors, notably basic health infrastructure (typically associated with WASH in healthcare facilities) and malaria control (Figure 4). 0.5% of ODA across all relevant health subsectors features WASH strongly (in titles only).
- Gender equality:** Lower share of Italy’s WSS ODA deemed to have a focus on gender equality compared with other donors – based on projects marked as having gender equality as either a principal or a significant objective (Figure 5).
- Climate adaptation:** Steady increase in share of WSS ODA with climate adaptation as a significant and especially as a principal objective over period (Figure 6). Suggests increasing climate mainstreaming in WSS ODA but also potential for double counting with climate finance: Italy reports 100% of ODA with climate change adaptation as a principal objective when reporting to the UNFCCC.³

Figure 5: WSS ODA with gender equality objective, 2015-2021 (screened activities only)



Source: OECD DAC CRS

Figure 6: WSS ODA with climate change adaptation objective, 2015-2021 (screened activities only)



Source: OECD DAC CRS

Outlook

- Preliminary figures compiled by OECD DAC suggest Italy's ODA, using the grant equivalent metric (standard since 2018) reached 32% of GNI in 2022, vs. 29% in 2021 and also increased in real terms, from \$6.1bn to \$7.0bn (constant 2021 prices).⁴ The 2023 Budget Law indicates the OD/ GNI ratio could be similar in 2023.⁵
- Extrapolating WSS ODA disbursements for 2022 and 2023 several datasets suggests that the upward trend observed in recent trends may not continue, and flows could fall back to the levels observed in 2019-20. However, this is not a prediction and official figures need to be awaited.

About this donor profile: Part of a series covering key donors' support to WSS in the SDG era. Produced by Manatee Insight for WaterAid. Unless otherwise stated, all data from Organisation for Co-operation and Development's Development Assistant Committee (OECD DAC) creditor reporting system (CRS) database for sector 140: Water supply and sanitation (includes some water resources and waste management along with WASH). Financial values are gross bilateral disbursements in US dollars. Core contributions to multilaterals excluded (47-69% of Italy's total ODA p.a., 2015-2021). Trends and averages over multiple years use constant US dollar values normalised to 2020 prices. EUR to USD: 2015:0.9; 2016:0.9; 2017:0.89; 2018:0.85; 2019:0.89; 2020:0.88; 2021:0.85. 'Other donors' include OECD DAC, non-DAC and multilateral donors providing ODA. 'Other sectors' includes 'sector allocable' sectors 100-400. Country income group/ fragility status as categorised respectively by the World Bank/ OECD in 2021 (Analysis does not account for changes in category for some countries over the period). Extrapolated 2022 disbursements are based on the average of 3 sources: historical CRS and International Aid Transparency Initiative (IATI) commitments, and IATI disbursements for 2022. Extrapolated 2022 and 2023 disbursements use just IATI commitments. Adjustments were made to stay within historical levels of volatility, and work around donor specific IATI data issues. Figure 2: Excludes multi-country/ regional allocations (4% of WSS ODA). Analysis does not account for changes in category for some countries over the period. Figure 3: WASH coverage data from WHO and UNICEF Joint Monitoring Programme (JMP) for 2020. WASH infrastructure includes basic and large water supply and sanitation (purpose codes 14020-14032). Figure 4: See accompanying briefing for WASH keyword search methodology within health ODA.

Notes:

- ¹ <https://www.esteri.it/wp-content/uploads/2021/11/Schema-di-Documento-triennale-2021-2023.pdf>
- ² Countries: COL, ECU, IDN, IRQ, LAO, MDV, MEX, MUS, NRU, PRY, PSE, THA, TUN, TUV, VNM
- ³ [https://one.oecd.org/document/DCD/DAC/STAT\(2022\)24/REV1/en/pdf](https://one.oecd.org/document/DCD/DAC/STAT(2022)24/REV1/en/pdf)
- ⁴ <https://stats.oecd.org/Index.aspx?DataSetCode=TABLE1>
- ⁵ <https://www.iai.it/sites/default/files/iaicom2312.pdf>