



# Progressing aid effectiveness in the WASH sector

Towards a framework for strengthening mutual accountability

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The views presented in this publication are those of the authors and do not necessarily represent the views of ODI or WaterAid.

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As a founding partner of the Sanitation and Water for All partnership and a member of its Country Processes Task Team, WaterAid is working to increase understanding of current practice in the provision of aid to the WASH sector. This report draws on the findings of case studies in Ethiopia and Timor Leste, as a first step towards a global framework that introduces greater scrutiny and mutual accountability into development cooperation in the WASH sector.

Over the coming months, the proposed framework will be further tested and refined in cooperation with SWA partners and other WASH sector stakeholders, who it is hoped will supplement these initial findings through further case studies.

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# Glossary of terms

**Aid on budget** – One of the challenges relating to aid is that partner country governments don't always know about all of the aid entering their country, which undermines their efforts to manage sector development efforts and plan their activities and spending efficiently. It also undermines efforts to promote accountability for this aid, including through oversight by parliament. The Paris Declaration therefore established a commitment for donors to share the information required with government to ensure these aid flows are recorded in national budgets. 'Aid on budget' can be seen as a step towards alignment, but does not go as far as full use of country financial systems.

**Aid harmonisation** – Aid harmonisation refers to cooperation between donors to address inefficiencies and transaction costs created by each applying their own rules and procedures to delivering aid. This has commonly involved donors establishing joint programmes through which they apply common rules and procedures to their partners. Harmonisation is especially important in contexts where donors are unwilling/unable to provide their aid through the government and are therefore delivering parallel programmes.

**Aid predictability** – Aid is predictable when partner countries can be confident about the amount and timing of aid disbursements; the OECD identifies two complementary dimensions of aid predictability: transparency (timely availability of information on expected aid flows with the appropriate degree of detail) and reliability (the extent to which partner countries can rely on donor pledges/commitments being translated into actual flows); aid predictability can be measured over different time frames, usually annually, but also multi-annually (often referred to as medium-term predictability).

**Alignment** – Under the Paris Declaration, the principle of alignment refers to two important changes to aid practice. The first is that donors should base their support on the partner country's development priorities, policies and strategies ('policy alignment'). The second is that aid should be delivered as far as possible using country systems for managing development activities, rather than through standalone project structures ('systems alignment'). (OECD)

**Budget support** – Budget support is aid channelled directly to a country's budget, to be disbursed according to its own allocation, procurement and accounting systems. General budget support is untied aid given in support of a national development strategy, while sectoral or targeted budget support is earmarked for a particular sector or purpose. For some donors, budget support is considered an ideal form of assistance, automatically aligned with country plans and systems, but possible only where country planning and budgeting systems are reasonably reliable. Other donors are wary of budget support, preferring to direct their funds to specific development activities. (OECD)

**Mutual accountability** – Mutual accountability is a process by which two (or more) partners agree to be held responsible for the commitments that they have voluntarily made to each other. Progress in mutual accountability is all the more important because the relationship between providers and programme countries is inherently uneven. Under the Paris Declaration and Accra Agenda for Action, both groups are accountable for the use of development resources as well as for development results, including achievements with respect to governance, gender, environment and human rights. (OECD 2009)

**Official Development Assistance (ODA)** – Official Development Assistance (ODA) is the official term for international aid; this is formally defined by the OECD as grants and concessional loans for development and welfare purposes from the government sector of a donor country to a developing country or multi-lateral agency active in development.

**Ownership** – Ownership of aid by partner country institutions and organisations was established by the Paris Declaration on Aid Effectiveness as the central principle of aid effectiveness, based on recognising that aid interventions will not be effective unless they respond to local priorities and there is local commitment to taking them forward. The Paris Declaration placed a strong emphasis on government ownership, through its focus on developing effective national development strategies. The Accra Agenda for Action added an emphasis on the importance of governments and development partners cooperating more closely with parliaments, local authorities and civil society in identifying development priorities and deepening accountability for aid. The Busan Partnership Agreement then deepened the emphasis on ownership, broadening it to include creating an enabling environment for civil society to contribute to the development process.

**Project implementation unit (PIU)** – When providing development assistance in a country, some donors establish project implementation units. These are designed to support the implementation and administration of projects or programmes and are often used where the donor agency feels that the standard local structures and procedures are not sufficiently strong to manage a project. These are referred to as parallel PIUs when they are created and operate outside existing country institutional and administrative structures.

**Programme-based approaches** – Programme-based approaches (PBAs) are a way of engaging in development cooperation based on the principles of coordinated donor support for a locally owned programme of development, such as a national development strategy, sector programme, thematic programme or programme of a specific organisation.

**Sector coordination** – Sector coordination involves stakeholders in a sector meeting regularly (usually monthly or quarterly) to share information on their respective activities, to take forward sector policy, planning and monitoring activities and to address ongoing challenges facing the sector and requiring action across stakeholders. Sector coordination is therefore aimed at improving the effectiveness and efficiency of multi-stakeholder cooperation in a sector, and the more actors in a sector the more critical such a function becomes.

**Technical cooperation (also called technical assistance)** – Technical cooperation is the provision of know-how in the form of personnel, training, research and associated costs. It includes both free-standing technical cooperation and technical cooperation that is embedded in investment programmes (or included in programme-based approaches).

**Tied aid** – Tied aid is project aid contracted by source to private firms in the donor country; it refers to aid tied to goods and services supplied exclusively by donor country businesses or agencies.

# Abbreviations

AfDB	African Development Bank
AMCOW	African Ministers' Council on Water
CLTS	Community-led total sanitation
CRS	Creditor reporting system (OECD)
CSO	Civil society organisation
CWA	Consolidated WASH account
DFID	Department for International Development (UK)
DP	Development partner
GLAAS	Global Analysis and Assessment of Sanitation and Drinking Water
GoE	Government of Ethiopia
GoTL	Government of Timor Leste
GPE	Global Partnership for Education
HLM	High Level Meeting
HQ	Headquarters
IATI	International Aid Transparency Initiative
IDA	International Development Association
IHP+	International Health Partnership +
JMP	Joint Monitoring Programme (WHO & UNICEF)
LEG	Local education group
MDGs	Millennium Development Goals
MoE	Ministry of Education (Ethiopia)
MoFED	Ministry of Finance and Economic Development
MoH	Ministry of Health (Ethiopia)

MoWIE	Ministry of Water, Irrigation and Energy (Ethiopia)
NGO	Non-governmental organisation
NWI	National WASH Inventory (Ethiopia)
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PBA	Programme-based approach
PIU	Project implementation unit
SIBS	National water and sanitation information system (Timor Leste)
SNV	Stichting Nederlandse Vrijwilligers (Netherlands Development Organisation)
SWA	Sanitation and Water for All
UNICEF	United Nations Childrens' Fund
WASH	Water, sanitation and hygiene

# Executive summary

## 1. Introduction

### 1.1 Why do we need a framework to drive progress on WASH aid effectiveness?

There are two main reasons why aid effectiveness deserves greater priority in the water, sanitation and hygiene (WASH) sector. Firstly, the WASH sector is generally more dependent on aid than other sectors (DFI/Oxfam 2013), making the effective use of these resources critical to progress. Secondly, Official Development Assistance (ODA) has the potential to play a catalytic role in driving outcomes, offering a diverse array of approaches and modalities that can help achieve the ultimate goal of national governments that can independently meet the expectations of their citizens. However, only by using aid effectively will this catalytic potential be realised.

### 1.2 Background to the research project

This study was commissioned by WaterAid to support the work of the Sanitation and Water for All (SWA) partnership. It aims to identify how monitoring efforts to address aid effectiveness commitments and related accountability processes at the global and national level can help to strengthen incentives to address WASH sector aid effectiveness challenges. It has been inspired in part by similar ongoing efforts in the education and health sectors, as well in the Paris/Busan aid effectiveness process.

This paper summarises the findings and recommendations resulting from this research project, which have been generated by i) a scoping phase synthesising best practice and relevant lessons learnt in the WASH and aid effectiveness communities; ii) country case studies in Ethiopia and Timor Leste, which each included 20-30 stakeholder interviews as well as desk research.

## 2. Framework foundations: The evolving aid effectiveness agenda

### 2.1 Identifying a set of aid effectiveness principles for the WASH sector

A key step for this project involved identifying a set of core normative aid effectiveness principles, around which we could structure both our enquiry and the subsequent framework. Both the 2005 Paris Declaration on Aid Effectiveness and the 2011 Busan Partnership Agreement identified a set of principles for pursuing aid effectiveness. Looking at the commonalities across these frameworks seems to confirm the relevance of an emphasis on **ownership, results and accountability** (with **transparency** as a fundamental pre-requisite) and with **harmonisation** and **alignment** as an extension of the ownership principle.

### 2.2 Research agendas emerging from a reflection on recent aid effectiveness efforts

To date, global aid effectiveness monitoring efforts have been shaped overwhelmingly by the approach of the 2005 Paris Declaration, which included a framework of 13 quantitative indicators and targets, and which has since been used for three rounds of monitoring. Although this framework has been influential in shaping other monitoring processes (especially in the health and education sectors), it has also attracted criticism for only focussing on a narrow range of aid effectiveness commitments; taking a top-down standardised approach to monitoring; and for an overly quantitative approach involving some significant technical weaknesses (Wood et al 2011).



Based on these findings, this research reflects on how the WASH sector should balance a focus on three key sets of options: i) A common set of globally agreed monitoring areas versus diverse monitoring priorities identified at the country level; ii) A common set of indicators applied across countries versus indicators identified at the country level; iii) The use of quantitative versus qualitative monitoring approaches.

### **3. Putting principles into practice: Progress and challenges at country level**

#### **3.1 Case study country background**

The case studies of Ethiopia and Timor Leste aimed to provide a diverse contextual illustration of WASH aid effectiveness challenges. Ethiopia is a large country with relatively well established centralised and decentralised sector institutions, continued capacity challenges and significant reliance on funding from a wide range of development partners (DPs). Timor Leste is a small post-conflict country with much more incipient WASH sector institutions and capacity, facing the challenge of managing a development process funded mainly by national gas and oil revenues. We do not, however, claim that they provide general conclusions that can be easily applied to other countries.

#### **3.2 The experience of Ethiopia and Timor Leste in progressing WASH aid effectiveness**

##### **3.2.1 Building local ownership**

*Ownership requires clear institutional responsibilities, and the right incentives for different actors to fulfil their responsibilities.* In Timor Leste, despite recent strategic improvements, there are increasing challenges with ministerial fragmentation and lack of coherence in relation to water due to the introduction of new local development programmes. In Ethiopia, coordination between the main sector ministries relevant to WASH has been strengthened by a revised Memorandum of Understanding. However, the main challenge has been in balancing incentives and mandates for individuals and institutions to encourage cooperation in practice.

*Financial commitments can make ownership tangible, but the dynamics of sector leadership are about more than just finance.* The Ethiopia case study provides evidence of increased resourcing from the Government to the WASH sector as a tangible expression of ownership. However, the balance of power between government and DPs is determined in part by broader factors, such as Ethiopia's geopolitical significance. Although the Government of Timor Leste (GoTL) finances the majority of WASH sector spending, its ownership and leadership of the WASH sector has been constrained by low levels of capacity.

*In practice, donors promote their own priorities through dialogue and their programmes, but pursuing such priorities will fail if the benefits are not understood by government.* In Timor Leste, until recently, the Government's commitment to the community-led total sanitation (CLTS) approach – introduced mainly by DPs – was in doubt, a factor which interviewees suggested had constrained its implementation. There now seems to be a stronger shared consensus on it across GoTL and DPs.

##### **3.2.2 Improving joint monitoring and reporting of results**

*Renewed attention on WASH data, especially relating to sustainability, is welcome but stronger links back to financial and performance management are needed.* Ethiopia's WASH management information system has been slow to be fully operationalised, largely due to its unwieldy nature. This has limited its use to inform financial and performance management. In Timor Leste, a water and sanitation information system has been introduced (SIBS), but again it is not clear that it has led to improvements in performance management, such as increased attention on maintenance issues, largely due to a perceived bias of the Government towards extending new services and weak capacity to use the information system.

*Capacity development needs are enormous and represent a major bottleneck to delivering results; however, differentiated and institutionally aligned support can make a difference.* Ethiopia and Timor Leste are at very different points in developing sector capacity, but even for a relatively evolved sector such as Ethiopia's the needs are enormous. It is critical that external support for capacity building is tailored to context and aligned with country-owned structures at the earliest opportunity. In Timor Leste, this is starting to happen through support to the National Centre for Employment and Professional Training (SDA 2014). In Ethiopia, Guided Learning on Water and Sanitation modules are highlighted as a useful model, introducing a more vocational and practical

focus to WASH training provided by Government of Ethiopia (GoE) Technical and Vocational Education and Training Centres.

*Results need to be achieved equitably if they are to really count.* GoE's One WASH National Programme includes a key performance indicator on the participation of women as decision-makers in local WASH structures. Substantive technical and financial support from DPs is, however, needed to assist data collection, rather than just mandating equity and inclusion through safeguards and conditions.

### 3.2.3 Mutual accountability and transparency in implementing commitments

*Mutual accountability requires appropriate processes and an arrangement to balance decision-making and follow-up with transparency and participation.* The GoE has initiated a broad and participatory platform which forms the centrepiece of its annual WASH review cycle: the Multi-Stakeholder Forum. The case study interviews indicated that this has proved to be a useful space for dialogue, but interviewees suggested that without technical capacity and a stronger mandate the multi-stakeholder forum's ability to follow up on undertakings has been limited. In Timor Leste, aid coordination mechanisms are used mainly for information sharing and addressing technical challenges, with little emphasis on genuine accountability. Interviews suggested this may be partly down to limited awareness of the principle of mutual accountability among Government officials and limited expectations in holding donors to account.

*Civil society and the private sector need to be brought into the mutual accountability tent.* Effective development cooperation is not limited to government and donor relations. The private sector in different forms plays an enormous role in WASH service delivery, and its engagement can be critical to addressing technical constraints in infrastructure and service delivery. CSOs and NGOs are also critical, especially in post-conflict contexts such as Timor Leste; as one interviewee put it, "NGOs are the dominant face of sanitation service delivery." In Ethiopia, a range of international NGOs are currently providing over \$20m in funding to the WASH sector.

### 3.2.4 Harmonisation and alignment of external support

*Use of government systems should be seen as a continuous and iterative process and recognised by monitoring efforts.* In Timor Leste, some donors direct funding through the Government, while others only fund outside of the Government but work to strengthen its capacity for delivery; HQ rules seem to be of significance in such decisions. In Ethiopia, some partners demonstrate greater willingness to assume the risk of routing funds through the Government than others, although it was not clear how much this was down to the approach of individual officials or due to HQ rules. It was clear from both country case studies that the Paris Declaration's binary approach to monitoring – which differentiates only between donors who meet certain 'use' criteria and those who don't - does not adequately reflect the approaches practised by DPs. Each of these approaches can contribute to systems strengthening in different ways, but also pose their own particular challenges in pursuing the goal of full alignment. Bringing greater attention to this diversity of approaches through monitoring will help to focus more effectively on the opportunities and challenges they represent.

*Alignment needs to be pursued throughout the programme delivery chain, not just in terms of high-level policy.* In Timor Leste, while DPs prescribe to the GoTL's main strategic priorities, there have been challenges in relation to NGO programmes engaged in direct delivery failing to fully collaborate with Government programmes and follow WASH sector policies.

*Where full alignment is not possible, harmonisation is a good place to start.* However, even in countries like Timor Leste where there are a limited number of development partners, there are problems of different practices in relation to procurement, technical assistance and reporting. These challenges often relate back to HQ-level rules.

## 3.3 What are the underlying constraints to progress?

Taking a step back from the patterns of progress and remaining challenges, a number of things become evident. Firstly, there are a number of policy areas for which DP HQ rules and policies are influential in shaping behaviour at the country level, including use of country systems, broader alignment and harmonisation.

Secondly, where substantive progress in addressing aid effectiveness challenges has been achieved this has often been facilitated by country-level actors cooperating to address specific national contextual factors and exploit local opportunities for change.

Finally, it is important to acknowledge that there are a range of factors operating outside of the WASH sectors that will have an influence over efforts to address WASH sector aid effectiveness challenges. Some of these are supra-national, such as macro-economic and geopolitical factors; others are rooted in politics and incentives operating at the national and local levels, such as patron-client relationships.

#### 4 Operationalising aid effectiveness principles in the WASH sector: Next steps for developing a multi-scale approach to strengthening mutual accountability

##### 4.1. Introducing a “multi-scale” approach to WASH aid effectiveness monitoring

The conclusions in Section 3.3 point towards the need for a process of enquiry, dialogue and monitoring operating across multiple levels. Some issues require collective action at national level, others require accountability and coordination at the global level, and others can only be meaningfully tackled by engaging at decentralised/subnational levels. They also highlight the need to be selective in identifying policy issues to avoid overloading WASH monitoring processes.

Three prime reasons why global monitoring can play a role in the WASH sector are identified. Firstly, as already suggested, it can help address policy areas where global-level constraints to improved country-level behaviour are relevant. Secondly, it can help to achieve consensus and provide political leverage to partner countries in agreeing the parameters of country-level monitoring processes with DPs. Finally, it can help to bring attention to issues that will benefit from greater exposure globally, e.g. in order to promote sharing of best practice. The global monitoring areas proposed in this paper have been selected on the basis of relevance across these functions.

##### 4.2 Proposed global monitoring areas and suggested indicators

Monitoring area	Justification	Risks	Feedback to country level	Monitoring indicator
<b>Principle: Ownership</b>				
National ownership and leadership of WASH sector development	SWA HLM or equivalent global forum permits country-to-country learning and exchange on efforts to build ownership at a strategic political level	Efficacy of global-level discussion likely to be undermined if ministries of finance do not attend	Country and DP representatives require clear strategy for identifying and resolving political barriers to high-level ownership at country level	Indicator could be framed as a composite of a number of criteria: policy developed/approved; plan developed/costed/implemented/reviewed; lead and roles clarified for W, S, H; coordination mechanisms established/inclusive/documented (all data currently collected by GLAAS)
<b>Principle: Alignment</b>				
Use of country systems	Issue highlighted in the case studies as often relating back to donor HQ policies, therefore elevation to global level and emphasis on iterative progress (i.e. not a binary interpretation of alignment) encourages peer-pressure and	May result in prioritisation of issues that cannot be effectively addressed at sectoral level (though provides greater visibility to elicit cross-sector advocacy)	Non-aligning DPs should be challenged to exploit all available room for flexibility permitted by their rules and procedures at country level	New indicator, helping to focus on continuum of approaches, incentivising dialogue between governments and development partners on how far DPs are exploiting available room to align, and what the key bottlenecks are. Could identify and monitor progress in reaching a number of intermediate steps towards full alignment (i.e. using financial/audit/procurement systems), e.g. sharing information on activities during planning process,

sharing of solutions between donors

clear focus on supporting national policy priorities, implementation following national guidelines, working to same timetable as government

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**Principle: Results**

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<p>Prioritisation of service sustainability and equity</p>	<p>Clearly highlighted in case studies as issues central to effectiveness of aid and all finance. Indicator seeks to build common cause at high level between governments and DPs, and encourage debate on where drive for output results may be in tension with sustainability and equity</p>	<p>Viability of achieving consensus on this at global level may depend on how far post-2015 process successfully re-orientates high-level political incentives towards sustainability and equity</p>	<p>Requires development partners to provide tangible support to country governments to prioritise long-term goals such as sustainability and equity of services besides aggregate, output level results</p>	<p>Composite, un-weighted indicator combining: 1. Spend by a) donors and b) government on different cost categories, e.g. capital, capital maintenance, O&amp;M, direct and indirect support costs (data collected by GLAAS but requires strengthening and much greater coverage) 2. Presence/extent of usage of MIS system providing information on a) sustainability (regularly updated data on functionality, usage, behaviour change)<sup>1</sup> and b) equity, disaggregated by gender, income quintile, other marginalised groups (requires qualitative assessment, ideally via country-level dialogue process; indicator could be further developed by GLAAS and/or SWA Global Monitoring Task Team)</p>
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**Principle: Mutual accountability**

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<p>Inclusive mutual accountability for aid effectiveness</p>	<p>Elevation of mutual accountability issue to global level aims to encourage key actors to confront political realities that constrain progress at country level</p>	<p>'Diplomatic' norms of engagement in global-level fora may not be well-suited to eliciting robust discussion on underlying political constraints to accountability</p>	<p>Beyond generic assessment of criteria for mutual accountability processes, country-level dialogue and accountability needs to be fostered through a number of routes including but not limited to formal, participatory review cycles</p>	<p>Post-Busan indicator adapted to WASH sector; focuses on reporting progress against each of five criteria: partnership policy-defining country priorities; country-level targets for both DPs and government; joint and senior-level assessment against targets (min. two yearly); active involvement of local government and non-executive stakeholders; comprehensive publication of assessment results (could also be informed by efforts of SWA Global Monitoring Task Team to map best practice in carrying out Joint Sector Reviews)</p>
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**Principle: transparency**

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<p>Reporting of development partner support</p>	<p>Requires political prioritisation and exposure at global level as a catalyst to a number of other reforms</p>	<p>As for accountability</p>	<p>Action is largely required at country level: a) development of clear budget lines and PFM structures; b) for DPs to commit to using country structures and</p>	<p>Post-Busan indicator: % of aid for water and sanitation scheduled for disbursement that is recorded in annual budgets that are subject to parliamentary scrutiny</p>
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<sup>1</sup> While a major investment may be required to establish baseline, cost-effectiveness may require annual/biannual updates be based on sample surveys

reporting mechanisms. Global-level monitoring is largely to give political priority and elevate dialogue on constraints arising at donor HQ level

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#### 4.3 Potential monitoring areas and indicators for country-level and cross-sectoral processes

In proposing this list of policy areas and potential indicators for monitoring at the global level, this study considered and ultimately rejected the case for a wide range of other policy areas and related indicators – from the Paris/Busan monitoring process, other sector level processes and the GLAAS survey – to be included. However, in most of these cases we concluded that there was a strong case for them to be considered for use in country-level WASH monitoring processes. These and other indicators that may emerge should be used as a menu of options for country-level actors to select from and adapt in developing monitoring processes at the country level and tailor to specific contexts.

#### 4.4 Putting an ambitious, multi-scaled WASH aid effectiveness monitoring agenda into practice

Taking forward proposals for deepening the WASH sector aid effectiveness agenda will require efforts from a wide range of actors and institutions at a number of levels. This section outlines what the main actions will be and who could be involved in taking them forward, and provides some inputs into thinking about how country-level processes will be structured and link with a global monitoring and accountability process.

- *Establish a multi-stakeholder process for global monitoring of WASH aid effectiveness* – Any proposals for a WASH sector aid effectiveness process will need high-level endorsement, and therefore need to be discussed and agreed within a central political coordinating body for the sector – currently the Sanitation and Water for All partnership has the best potential to fulfil this function. This body should also govern such a process and related support activities (see below), and the biennial SWA High Level Meetings could be used to review the results of aid effectiveness monitoring.
- *Test and facilitate the use of indicators for global reporting of progress* – The technical work for taking forward the development of a monitoring framework and engaging in basic outreach to countries to facilitate their reporting should include a central role for the WHO-housed Global Analysis and Assessment of Sanitation and Drinking Water (GLAAS) team, with data drawn as much as possible from country-level sources. There could also be an important role for the SWA's Global Monitoring Task Team.
- *Ensure links between global-level and country-level monitoring processes* – Links between global and country-level monitoring processes will need to operate both ways, with results from global-level monitoring providing a resource to be used to inform country-level processes, and the results of country-level monitoring complementing and feeding into global-level reporting and dialogue.
- *Creating and resourcing the required elements of a country-level monitoring process* – Country-level multi-stakeholder dialogue spaces need to have a strong mandate to provide accountability, matched by structures with the necessary technical resources and authority to bring about change.
- *Multi-faceted international support to country-level processes* – Support from the global level will be needed to broker agreement on country-level monitoring processes and provide technical and financial support to sustain these processes and ensure they are well capacitated; SWA could play a role in the coordination and delivery of such functions.

# 1 Introduction

## 1.1 Why do we need a framework to drive progress on WASH aid effectiveness?

There are two main reasons why aid effectiveness deserves greater priority in the water, sanitation and hygiene (WASH) sector.

Firstly, at the global level, WASH faces a constrained aid envelope, posing challenges for many countries where aid plays a very significant role in the sector. Although the WASH sector receives less aid than sectors such as health and education – US\$6.3bn in 2012, compared to US\$8.9bn for education and US\$10.8bn for health (OECD 2014a) – partner countries are generally more dependent on Official Development Assistance (ODA) as a share of total sector finance in WASH than in other sectors (DFI/Oxfam 2013). This highlights the need to deepen efforts to improve the effectiveness of the aid that is available to the WASH sector.

Secondly, ODA has the potential to play a catalytic role in driving outcomes: the ultimate goal being national governments that can independently meet the expectations of their citizens in an equitable, sustainable and accountable manner. ODA offers a diverse array of approaches and modalities with the potential for context specificity and flexibility, and can match finance with global lesson-sharing. But the flip-side to these potential benefits is that aid can also be fragmented, rigid and undermine domestic capacity. The greatest risk is arguably aid's potential for politicisation by both donors and recipients – the tendency for professed objectives like health, poverty eradication and sustainability to tell only part of the story, while the underlying international and domestic politics go unspoken; yet it is these that often determine how aid is allocated and spent. Addressing these constraints to aid effectiveness will help to realise the catalytic potential of aid to WASH.

This study was commissioned by WaterAid to support the work of the Sanitation and Water for All (SWA) partnership on the WASH aid effectiveness agenda. Bringing together national governments and their development partners, the SWA and its High Level Meetings have a unique role to play in attracting high-level political attention to this agenda. The SWA secretariat monitors commitments made by governments and donors at annual High Level Meetings attended by line and finance ministries and development partners (at the 2012 meeting, 60 specific commitments were by tabled by 11 donors, and 355 commitments made by 37 developing countries). Commitments are monitored under the three SWA priority areas, which have clear read-across to the aid effectiveness agenda: political prioritisation, evidence-based decision making, and national planning processes (SWA 2013).

Similar global forums in the education and health sectors have utilised processes for monitoring implementation of mutually agreed frameworks of principles and commitments for addressing aid effectiveness challenges, inspired by the broader aid effectiveness monitoring process introduced by the 2005 Paris Declaration on Aid Effectiveness. Collectively, these processes have allowed the performance of individual donors and partner countries in addressing aid effectiveness commitments to be compared, thereby helping to promote accountability and to focus political attention on key reform issues. However, to date, the WASH sector has not incorporated its own process for identifying priority aid effectiveness actions and scrutinising stakeholder efforts to implement them. There is therefore an understandable desire to explore options for introducing such a process in the WASH sector.

However, evidence suggests that these global monitoring frameworks are just one element of a multi-level dialogue and accountability structure required to drive effective delivery of aid to the WASH sector. It is also clear that there are substantial challenges to be faced in designing and implementing a global monitoring process that will drive the required changes in aid policy and practice. Some challenges, such as the difficulty in agreeing a common global indicator set that is relevant to a huge range of country contexts, are common to all global monitoring exercises. The 2013 monitoring report of SWA itself notes that, 'Since commitments are highly

context-specific, it was not possible to develop common indicators.’ (SWA 2013, p5). Others, such as the capacity of generic global monitoring to get to the underlying constraints and incentive problems, which are often a tangled web of global and national politics, are more particular to international aid.

Furthermore, at all levels, monitoring and reporting is only one among several mutually dependent approaches to help unblock some of the key constraints to better aid for sustainable and equitable WASH. While monitoring provides an objective, transparent and consistent basis for participatory dialogue, this is not sufficient. Our analysis of aid effectiveness at the country level suggests that often the underlying constraints reside in deeply ingrained and highly politicised relationships and patterns of incentives that are determined by the social cultural context and wider dynamics of power and economy. Monitoring therefore needs to be seen as a starting point to flag particular bottlenecks, but itself cannot address why these bottlenecks arise or what needs to be done about them. For this, a much more embedded, iterative and politically reflexive approach is required.

Our research therefore leads us to recommend a modest list of areas for global monitoring, selected on the basis of a set of clear criteria that help to keep in focus the purpose and comparative advantage of global monitoring. We propose such an approach on the basis that engagement on aid effectiveness at the country level and below is also critical, as this is where the direct influences upon the effectiveness of programme and project implementation take place. We recommend that global-level aid effectiveness monitoring for WASH should be focused on a small subset of issues that can only be addressed at global level – for example because they originate in broader donor policy, or would benefit from peer-to-peer debate among countries and development partners. This global-level monitoring should not be seen as the apex of country-level processes, but as a pragmatic response to those issues that prevent aid from supporting country-level progress on WASH, and that are out of the reach of country-level actors and processes to resolve.

While we refer to ‘framework’ throughout this report, we use this term to denote a broader action agenda in which monitoring processes and indicator sets play a small part.

## 1.2 Background to the research

In order to support country-level and international work to better understand and respond to key aid effectiveness issues, constraints to progress and windows of opportunity to drive positive change, WaterAid contracted the Overseas Development Institute (ODI) to identify priorities and practical options. In particular, the research seeks to inform efforts to initiate dialogue on aid effectiveness among SWA partners and other external stakeholders. The research has involved the following phases and outputs:

- **Scoping phase** – explored and synthesised best practice and lessons learnt from international, sector and country-level efforts to monitor aid effectiveness over the last decade, highlight the main characteristics of the WASH sector that are relevant to shaping its aid effectiveness agenda, and (based on this analysis) identified a set of research questions and options for monitoring to be tested through the country case study phase of the project.
- **Country case studies** – these were undertaken in Ethiopia and Timor Leste and aimed to test hypotheses and options identified in the scoping paper, and to identify further insights on the nature and potential solutions to aid effectiveness challenges at the country level. Each case study involved 20-30 key informant interviews with the key stakeholder groups working in the WASH sector, complemented by desk research of key documents and data; the full findings of each of these country case studies are presented in separate reports.
- **Framework for strengthening mutual accountability** – (this document) synthesises the findings of the scoping paper and case studies to propose a broad framework, in which dialogue, effective monitoring, and qualitative and self-reflexive evaluation could increase the potential for aid to support sustainable and equitable WASH services.

### 1.3 Overview of the paper

We set out our findings as follows:

- Section 2 sets out the foundation to a framework. It introduces the aid effectiveness agenda and its evolution; presents and justifies a set of aid effectiveness principles, which have clear relevance to the WASH sector, and which form the core of the proposed framework; and identifies the lessons learnt and key research agendas emerging from analysis of recent experiences in monitoring aid effectiveness (based on the analysis presented in the scoping paper).
- Section 3 reviews how two very different countries have progressed on WASH aid effectiveness and the challenges that remain. It presents the findings of the country case studies, structured around the four main aid effectiveness principles identified in Section 2 and highlighting the key conclusions relevant to shaping a framework for and approach to monitoring aid effectiveness in the WASH sector.
- Section 4 presents the preliminary framework, drawing on experience of other sectors' and general aid effectiveness monitoring and dialogue processes, and the specific challenges faced in the WASH sector as highlighted by the case studies. It includes a limited set of indicators that could be monitored at global level, but sets this within a broader process that is i) rooted at the country level and below, and ii) views monitoring of indicators as only an initial part of a broader process that moves beyond simply identifying blockages and constraints, to understanding why they arise and what can be done about them.



# 2 Framework foundations: the evolving aid effectiveness agenda

## 2.1 Introduction

A key step for this project involved identifying a set of core normative aid effectiveness principles, around which we could structure both our enquiry and the subsequent framework. We were helped in this task by the work undertaken by the global aid community over the last decade, which is expressed in the outputs of a series of high-level fora in Rome, Paris, Accra and Busan (see Table 1 below). We were keen to locate our conceptual framework in the legacy of these agreements for two main reasons. Firstly, the principles and broad reform agenda of these agreements have been endorsed internationally and been found to be of relevance to country-level challenges (Wood et al 2011), and they have already attracted significant legitimacy and buy-in. Secondly, the implementation of these agreements has been monitored and is the focus of some useful analysis, which provides an important body of evidence from which to learn lessons (Wood et al 2011; OECD 2011 and 2008).

However, the legacy of these agreements is not a simple one to interpret and apply to the WASH sector. Taken together, the agreements cover a wide ranging agenda, but also one that has evolved (especially with the introduction of the Busan agreement) based on reflection from experience and changing geo-political factors. The result is that questions remain about hierarchies and consistencies across the various principles and emphases of the agreements. What follows is therefore an effort to interpret this process of evolution and understand the current status and hierarchy of aid effectiveness principles, before considering their relevance to WASH.

## 2.2 Tracing the evolution of the international aid effectiveness agenda

The Rome, Paris and Accra agreements taken together represent a gradual expansion of the aid effectiveness agenda and a reasonably linear direction of travel.

**Table 1 - Overview of the international aid effectiveness agreements**

Agreement	Main additional areas of focus
Rome Declaration on Harmonisation (2003)	Focuses on enhancing <u>harmonisation</u> through responding to country priorities: administrative harmonisation (e.g. streamlining conditions and missions), delegated cooperation, demand-driven technical assistance and budget / balance of payments support
Paris Declaration on Aid Effectiveness (2005)	Elaborates five principles of aid effectiveness: (i) <u>ownership</u> , (ii) <u>alignment</u> , (iii) <u>harmonisation</u> , (iv) <u>managing for results</u> , (v) <u>mutual accountability</u> ; deepened all areas of Rome, but extensive focus beyond, including on aid on budget, strengthening and use of country systems, parallel implementation units, in-year predictability, use of programme-based approaches, joint missions and analytic work, mutual accountability, development of country results frameworks
Accra Agenda for Action (2008)	Focuses on role of and engagement with parliaments and non-state actors, additional commitments on use of country systems, division of labour, medium-term predictability, transparency, conditionality, aid to fragile states and cooperation with new development cooperation providers

Busan Partnership for Effective Development Cooperation (2011)	Identifies four principles for an agenda on effective development cooperation, extending the reach to emerging economy donors: (i) <u>ownership</u> , (ii) <u>results</u> , (iii) <u>inclusive development partnerships</u> , (iv) <u>transparency and accountability</u> ; reaffirms Paris and Accra reforms, with new commitments on results, transparency, use of country systems, gender equality, an enabling environment for civil society, country coordination and aid to fragile states, the role of the private sector and aid for climate change
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The Rome agreement addressed the principle of **harmonisation**, with Paris building on Rome by introducing the principles of **ownership, alignment, mutual accountability and managing for results** alongside harmonisation. The Accra agreement took the Paris principles as a given and focused largely on addressing existing reform areas where progress in implementation was slow (e.g. ownership and use of country systems). However, it also addressed some new reform areas, including the roles of civil society in relation to ownership and transparency in relation to accountability.

It was though the adoption of the Busan agreement that raised major questions about the status of and hierarchies across the Paris principles, as possible new directions for the aid effectiveness agenda emerged. Before reaffirming existing aid effectiveness commitments, the Busan agreement identifies four principles of effective development cooperation<sup>2</sup>: **ownership, focus on results, inclusive development partnerships** (involving all development actors), and **transparency and accountability**. This leaves questions about how the Paris and Busan principles work together.

It is important to acknowledge that there is still a significant degree of overlap between the Paris and Busan principles, which helps to inform our research agenda. Looking across these agreements there is clearly strong continued emphasis on the principles of ownership, results and accountability (with transparency as a fundamental pre-requisite). An extension of the ownership principle is the continued significance of donor alignment to country policies, priorities and systems, but also efforts by donors to harmonise their assistance where full alignment is not possible.

The first ministerial meeting of the Global Partnership for Effective Development Cooperation, the body governing the aid effectiveness agenda post-Busan, will take place in Mexico in April 2014. Its primary agenda will be to review progress in implementing the Busan agreement, which will provide further insight into how the aid community is viewing the evolution of its effectiveness agenda through Paris to Busan and beyond.

### 2.3 Identifying a coherent set of principles for WASH aid effectiveness

Accordingly, we emerge with a set of principles rooted in the concepts, norms and terminology of the evolving agenda from Rome to Busan: Ownership, Focus on Results, Accountability and Transparency, and Alignment and Harmonisation.

Although discussions at country level revealed that direct use and understanding of these specific terms was mixed (see Box 1), it was straightforward to match the statements and examples offered with the fundamental concepts. Furthermore, while the next section (3) explores the specifics of how these principles are enacted, or not, at country level, a general review of the principles in relation to WASH suggests that they have particular relevance to the sector, as follows:

- **Ownership** – a core prerequisite of country ownership is that there is clear, coordinated leadership of key sector functions. In WASH, functions are often split across several ministries, with the potential for inter-ministerial rivalry to paralyse progress on ownership before it begins. Where coordination is established among line ministries, an additional challenge is to ensure WASH goals and objectives are prioritised by ministries of finance and planning, who face many competing

<sup>2</sup> The term 'development cooperation' was used in the Busan agreement instead of 'aid effectiveness' largely in order to attract the support of emerging economy providers who commonly reject the description of their assistance as 'aid'; it also helped to broaden the agenda beyond financial cooperation. However, because of the perceived continued importance of OECD Development Assistance Committee (DAC) donors in WASH financing and policy in both of our case study countries, we were requested not to cover non-traditional development actors (e.g. emerging economy donors, philanthropists) extensively in our analysis.

issues, some with apparently more immediate and tangible political payoffs or perceived strategic significance (comparing, for example, sanitation and hygiene promotion with curative healthcare).

- **Focus on results** – the availability and quality of data on WASH has been a considerable challenge across the sector, particularly when seeking data that is disaggregated and regularly updated, whether governments or their development partners provide the finance. In recent decades, the sector's overarching results framework has been largely defined by the Millennium Development Goal (MDG) targets for water supply and sanitation which, for want of better data, focus on a crude interpretation of results (access to facilities, rather than their use, or indeed the broader impact in terms of health and livelihood). Looking beyond simply what data on results is available to how results can be delivered, sustainability and equity stand out as two significant challenges for WASH. At the moment, both national governments and their development partners commonly demand greater attention to these issues, but incentives to provide the sorts of long-term, software-oriented resources required are often trumped by the pursuit of more outputs to boost headline-level progress towards the MDG targets. Delivering sustainable WASH services requires working across numerous dimensions, including strongly technical and environmental dimensions, beside the social, institutional and financial dimensions that also feature for other social sectors, such as education. Similarly, designing WASH services that are affordable, accessible and responsive to all needs, but which still meet minimum standards for health, is a significant challenge, and the development of proposals on post-2015 targets and indicators for WASH has cast increased light on the immense inequalities that have arisen in WASH around gender, poverty, disability and other forms of exclusion (JMP 2013).
- **Accountability and transparency** – in WASH, incentives do not always align for a free and frank sharing of knowledge and information, or for constructive accountability. The configuration of responsibilities in WASH service delivery, in which there is a strong role for community management, self or co-provision, and private sector actors, means the accountability relationships are more complex than accepted models would imply (e.g. the World Bank's accountability triangle) – with implications, too, for relations between governments and development partners.
- **Alignment and harmonisation** – at the macro level, there is some evidence that WASH has been slower than the health and education sectors to integrate with core government systems, such as medium-term expenditure frameworks, and to develop vehicles for alignment such as sector-wide approaches (Welle et al 2008). The absence of such structures and linkages can lead to a vicious cycle whereby development partners do not align with government systems because they are too weak, weakening them further. The African Ministers' Council on Water (AMCOW) country status overviews point to some countries that have successfully overcome this 'capacity conundrum', which is especially apparent in low income and unstable countries, through an iterative process of collaboration and risk taking that is shared with their development partners (AMCOW 2012). Such examples of success also point to the need to see alignment and harmonisation in WASH not as a binary option (fully aligned vs. non-aligned) but as a continuum in which harmonisation and 'shadow alignment'<sup>3</sup> are acceptable interim steps. It can also be remembered that the WASH sector has very few of the vertical funds that proliferate in the health sector.

### Box 1 – How familiar is the WASH sector with the international aid effectiveness principles?

The interviews undertaken for the case studies suggest that familiarity with the language of the Paris, Accra and Busan aid effectiveness principles is mixed.

Stakeholders in Ethiopia's WASH sector were broadly familiar with the Paris principles, and could reference at least some of them by name when describing challenges in the effective use of aid.

In East Timor, Government officials made little reference to international aid effectiveness principles beyond ownership and coordination among WASH officials, and key challenges were presented mainly in terms relating to specific contextual issues. The clearest illustration of this was limited awareness of the principle of

<sup>3</sup> Sometimes called 'shadow alignment', for example where development partners (DPs) publish information on their spending in the same format and at the same time as government budgets (Manuel et al 2012).

mutual accountability and low expectations about possibility that the Government could hold donors accountable for meeting their responsibilities. However, a number of donor officials were keen to highlight that the pressure their headquarters were facing from global dialogue and accountability processes on issues such as use of country systems was beginning to be felt at the country level.

*Source: Case study stakeholder interviews*

## 2.4 Research questions emerging from reflecting on a decade of efforts to monitor aid effectiveness

To date, the aid effectiveness monitoring agenda at the international, sector and country level has been shaped overwhelmingly by the approach and parameters introduced by the 2005 Paris Declaration on Aid Effectiveness. The Paris declaration included a framework of 13 quantitative indicators and related targets to be achieved by 2010, split across its five principles. These indicators were used to undertake three rounds of monitoring, in 2005, 2008 and 2011, but have also strongly shaped aid effectiveness monitoring efforts in the health sector (through the International Health Partnership, IHP+) and education sectors (through the Global Partnership for Education, GPE) (Martin et al 2011) and in the post-Busan process.<sup>4</sup>

However, as our scoping analysis highlighted, the wide influence of the Paris monitoring approach may well be less about its utility, robustness and impact, and more about country/sector-level aid effectiveness monitoring processes deferring to a widely endorsed agenda, in the face of challenges in achieving consensus on alternative and more differentiated approaches. Such an analysis is given further credence by understanding a number of fundamental critiques of the Paris aid effectiveness monitoring approach, which include its:

- **Narrow focus** – The Paris Declaration included 56 commitments by partner country governments and donors, yet only 13 were the focus of the monitoring indicators.
- **Top-down approach to monitoring** – The Paris monitoring indicators were applied in a standardised way across all participating countries, i.e. it was a strongly top down process with little room for adapting it to country context; this may have undermined country ownership of the process and its ability to drive behaviour change at the country level.
- **Technical constraints and weaknesses** – The Paris framework fails to make use of qualitative approaches, which can help to introduce greater nuance; a number of its indicators have been criticised as being of limited relevance and poor proxies for effective aid (Wood et al 2011).

Appreciating the political influence as well as some of the limitations of the Paris approach to aid effectiveness monitoring highlighted the need for our research to reflect on a range of dilemmas in exploring potential future directions for WASH sector aid effectiveness. Three key dilemmas can be highlighted, focusing on:

- A common and narrow set of globally agreed monitoring areas (largely shaped by the existing internationally agreed framework) vs. a more diverse range of monitoring areas differing across countries and identified at the country and sector level.
- Globally coordinated approaches using more standardised indicators across countries (to aid comparability) vs. country-driven approaches allowing more flexibility to focus on context-specific indicators.
- The use of quantitative monitoring indicators vs. more qualitative approaches that attempt to understand not only what bottlenecks arise, but what the underlying political, social and economic reasons are, and how these can be navigated.

The case studies uncovered, directly and indirectly, country-level perspectives on these dilemmas, which were in turn influential in shaping our proposals for a framework for strengthening mutual accountability in the WASH sector. Indirectly, the country case-study interviews revealed that key aid effectiveness challenges are often rooted in heavily politicised and competing interests, which a top-down process of monitoring and reporting is

<sup>4</sup> The framework agreed to undertake monitoring of the Busan agreement retains six of the monitoring indicators from Paris and introduces four new ones, which are also largely Paris-style quantitative indicators.

unlikely to solve by itself. More directly, where we could engage with representatives of other sectors, our discussions implied that, while there were benefits to their own sector-specific global monitoring exercises, questions remain about their ability to leverage change at the country-level (see Box 2).

### **Box 2 – Does global aid effectiveness monitoring drive change at country level?**

Ethiopia's education sector participated in a 2011 monitoring exercise on aid effectiveness coordinated by the Global Partnership for Education (GPE). This tracked a number of aid effectiveness concerns, based partly on the Paris principles, but also introducing others seen as particularly relevant to the education sector, such as the establishment of local education groups (LEGs), and civil society participation in LEGs. LEGs are a generic term for different kinds of fora established at national level, with a common responsibility for sector policy dialogue, planning and monitoring. According to the GPE, this international, sector-specific exercise produced a number of results at country level, including incentivising LEGs to actively discuss aid effectiveness issues, and address problems. However, discussions held in the course of this research suggest some reticence about whether the achievements are enough to justify the cost and time associated with major, cross-country monitoring exercises. It was also suggested that the GPE's status as a grant-making organisation was more effective in driving change (e.g. by requiring civil society participation in LEGs as a condition of funding) than the monitoring exercise itself.

*Source: Global Partnership for Education 2012 and stakeholder interviews*

In addition, reflecting the evidence that aid effectiveness monitoring priorities already agreed at the international level can play a role in helping to leverage political commitment for monitoring at the country level (especially useful to partner countries, who at the country level commonly need to negotiate monitoring processes with 15-20 donors), we were keen to test the relevance and utility of the monitoring priorities and indicators that have been agreed through the post-Busan process through the country case studies.

# 3 Putting principles into practice: progress and challenges at country level

## 3.1 Case study background – diversities and commonalities

The two country case studies undertaken for this research project – Ethiopia and Timor Leste – aimed to provide a diverse contextual illustration of the main aid effectiveness challenges to be addressed in the WASH sector. Ethiopia was selected in order to explore such questions in a context where WASH sector institutions, aid management systems and coordination processes are reasonably well established. In contrast, Timor Leste was selected in an effort to identify some of the challenges that may be more apparent in WASH sectors at an earlier stage of development, including those in post-conflict countries. The detailed findings of these two case studies are presented in separate reports; this reports draws together key insights on the nature of, and potential solutions to, aid effectiveness challenges across the two countries. It is though important to note that in presenting the findings of these case studies we do not claim that they provide general conclusions that can be easily applied to other countries.

Ethiopia has a population of over 90m, making it one of the most populous in Sub-Saharan Africa. Ethiopia has established bureaucracies at central levels of government with decentralisation well underway, an increasingly clear vision for the sector, and well established relationships with a large number of donors across the social sectors. While no donors provide budget support per se, there are a large number of basket funding arrangements and multi-sectoral programmes, some of which route funds to WASH. According to the WHO & Unicef Joint Monitoring Programme (JMP) water supply coverage stood at 49% in 2011, and sanitation coverage at 21%, though higher estimates, 67% for water supply and 65.8% for sanitation, are offered by the Government (GoE 2013). In terms of key contributors to the sector total of US\$540m for the Ethiopia Fiscal Year 2005 (2012-2013), US\$380m was from the Government of Ethiopia (with almost a third from the Government's MDG fund); US\$120m from the International Development Association (IDA) and UK Department for International Development (DFID)/African Development Bank (AfDB) Water Supply and Sanitation Project; US\$9m from Unicef; US\$1.4m from the Government of Finland; and US\$21m from NGOs (DFID 2013). Pipeline contributions to the Government's flagship One WASH National Programme include: US\$200m from the World Bank, US\$120m from AfDB, US\$175m from DFID, US\$5-10 million from Unicef, and c. US\$14m from the Government of Finland (DFID 2013, World Bank 2013). Comparing disbursement against annual and averaged commitments, it would appear that utilisation of donor funds has been steadily improving (DFID 2013).

Timor Leste meanwhile has a population of just 1.2 million, around 30% of which live in Dili and its district capitals. It became independent in 2002 following decades of conflict which led to the destruction of most of its infrastructure. Since independence, Timor Leste has had to deal with the challenges of continued insecurity and political instability, alongside that of developing critical infrastructure and service delivery. The resourcing of Timor Leste's development efforts has been given significant support by the exploitation of oil and gas reserves, which allow the Government to cover 80-90% of non-household investment in the WASH sector (among others). Nevertheless, aid still plays a significant role in the WASH sector, as it currently contributes 10-20% of non-household investment, and even higher proportions in relation to sanitation (SDA 2014). Timor Leste has a relatively small number of development partners in WASH, the most prominent of which include the Australian Government (rural WASH), Asian Development Bank, JICA (both urban WASH) and a range of international NGOs (mainly rural WASH). The most important recent sector developments include a scaling-up in resources to water infrastructure and the introduction of a revised sanitation policy and actions plans on water and



sanitation, which have helped improve sector coherence (SDA 2014). However, a range of significant challenges still face the sector, including major capacity constraints across a range of functions, limited coordination and coherence across relevant ministries and a neglect of system maintenance challenges. Over the last decade, access to water services in Timor Leste has increased (from 54% in 2000 to 69% in 2011), although access to sanitation has barely improved (currently 39%) and progress has been much faster in urban areas than rural areas (JMP 2013). In January 2014, Timor Leste began a process of formal decentralisation, which will involve a greater role for district structures in planning and overseeing WASH infrastructure development.

## 3.2 The experience of Ethiopia and Timor Leste in progressing WASH aid effectiveness

Interviews with practitioners in government, civil society and donors in Ethiopia and Timor Leste revealed a huge diversity of priorities around the aid effectiveness agenda for WASH. Experts were not constrained by the four broad principles we identify above, but their responses largely fit within them, indicating the relevance to the WASH sector of the principles that have evolved from Rome to Busan.

The diversity of contexts serves to underscore a key challenge for devising global-level frameworks: how to ensure they remain relevant to all countries, especially when articulated through specific common indicators. The issues raised in the country case studies also highlight the challenge of ensuring a global approach to monitoring sector aid effectiveness is a relevant tool in addressing the real bottlenecks faced in front-line service provision.

This said, while the political, demographic, economic, aid and sector contexts are clearly different they nonetheless exhibit some commonalities – as indicated in the following discussion, which frequently draws on both countries' experience to illustrate particular points.

### 3.2.1 Building local ownership

**Ownership requires clear institutional responsibilities, and the right incentives for different actors to fulfil their responsibilities.** Getting the formal procedures right is an important first step in increasing coordination across the various sectors involved in WASH, as a prerequisite to developing a unified expression of country ownership. The Timor Leste case study illustrates how, despite recent strategic improvements, there is increasing ministerial fragmentation in relation to water due to the scaling up and introduction of new local development programmes, which include a focus on water infrastructure. Ministerial responsibilities across the set of state actors have not yet been adequately clarified, which is hindering efforts to develop a coherent WASH agenda. These challenges are likely to be exacerbated by a formal decentralisation process which started at the beginning of 2014. In Ethiopia, coordination between the main sector ministries (of Water, Irrigation and Energy, MoWIE; Health, MoH; Education, MoE; and Finance and Economic Development, MoFED) has been strengthened by a revised Memorandum of Understanding. What is harder is balancing incentives and mandates for individuals and institutions to encourage cooperation in practice. MoFED is reported to have limited interest in the detail of technical implementation which dominates much inter-ministerial dialogue. Although MoH and MoE have clear responsibilities, there was some indication that stakeholders from these ministries perceive major sector initiatives as being dominated by MoWIE – indicating that there is further work to do to ensure that all main actors feel that they have a strategic interest in the sector.

**Financial commitments can make ownership tangible, but the dynamics of sector leadership are about more than just finance.** The Ethiopia case study provides evidence of increased resourcing from the Government of Ethiopia (GoE) to the WASH sector, providing a tangible expression of ownership. But it is not only its financial contribution that has allowed GoE to signal its ownership of the sector through its One WASH National Programme – as in other sectors, the balance of power between Government and development partners is determined in part by broader factors such as Ethiopia's geopolitical significance. The Timor Leste case study shows that the Government of Timor Leste (GoTL)'s apparent leadership in financial terms (with government providing around 80% of non-household spending to the WASH sector) is in practice constrained by significant capacity gaps that have impeded development of core sector policies and strategies. These capacity constraints are perhaps most vividly illustrated by low disbursement rate of the Ministry of Public Works (MoPW) infrastructure budget. A number of the most prominent development partners have made supporting GoTL's

leadership of the sector a priority and these efforts are beginning to bear fruit with a range of critical sector policies recently emerging.

**In practice, donors promote their own priorities through their dialogue and support programmes, but pursuing such priorities will fail if the benefits are not understood by government.** Donors have been influential in pushing GoTL to strengthen WASH institutions and policies alongside scaling up service delivery, recognising that this is critical to the sustainability of WASH services. In some cases, however, integration of DP priorities has been undermined by questionable Government support. For example, stakeholder interviews highlighted how until recently the Government's commitment to the community-led total sanitation (CLTS) approach was in doubt, a factor which they suggested had constrained its implementation. There now seems to be a stronger shared consensus on CLTS across GoTL and DPs, reflected in the emergence of a local adaptation of this approach (called PAKSI), which should help to strengthen the foundation for its effective implementation. The delicate business of how external support can contribute to fostering local ownership is further explored in the box below, which reflects on the potential for donor intervention in institutional innovations to crowd-out domestic support and resources.

### Box 3 – How development partners worked to support the Government of Lao PDR to take ownership of its sanitation sector

In Lao PDR, which increased access to basic sanitation in rural areas from 10% in 1995 to 38% in 2008, an ODI case study attributes progress in part to institutional innovation on the part of government, including a successively revised and updated strategy for rural water supply and sanitation. This incorporated a progressive emphasis on demand responsive approaches, and creation and capacity building of a lead agency for the subsector (Nam Saat). Donors have meanwhile supported Nam Saat with capacity building and providing implementation budget. The case study finds, however, that while seeds of ownership have been planted via the creation of Nam Saat, fostering ownership beyond this committed but politically marginalised institution has been harder. The case study points out that donor commitment to a single, model line agency needs to be matched with work at a broader level to encourage more politically powerful government entities, such as the Ministry of Public Works and Transport, to prioritise sanitation, and to ensure increasing government financial contributions to the sector.

Source: O'Meally 2010

### 3.2.2 Improving joint monitoring, reporting and delivery of results

**Renewed attention on WASH data, especially relating to sustainability, is welcome, but stronger links back to financial and performance management are needed.** Lack of quality data on service sustainability is a widely acknowledged problem for the sector. Given the scale and accessibility issues, Ethiopia's National Water Inventory (NWI) is one of the most ambitious attempts to address the sustainability data gap, while Timor Leste is also establishing a national water and sanitation information system (SIBS). The NWI was reported by interviewees to have been driven by key champions within DPs, suggesting that individuals with established relationships with government can play a catalytic role. But to be useful, data needs to be updated and linked back to performance and financial management, including resource allocation. The 2011 GLAAS survey found external support agencies surveyed (representing c. 90% of total sector ODA) were spending only 7% of their aid on maintaining or replacing existing services (WHO and UN-Water 2012). Development partners and government are nonetheless dis-incentivised from investing in the less tangible items that sustain services (software, rehabilitation) because they lack opportunities for ribbon-cutting and do not contribute immediately to MDG outputs. In Timor Leste it is not at all clear that SIBS is helping to increase attention on maintenance issues, as Government allocations for such needs are still limited, which interviewees suggested was partly due to a bias for extending new services. Technology, including mobile technology, has a role to play and is supporting reporting on system sustainability in Timor Leste. However, the slow progress with Ethiopia's WASH Management Information System suggests that great care should be taken not to introduce unwieldy, externally sourced systems.

**Capacity development needs are enormous and represent a major bottleneck to delivering results; however, differentiated and institutionally aligned support can make a difference.** Ethiopia and Timor Leste are at very different points in developing sector capacity, but the needs even for a relatively evolved sector



such as Ethiopia's are enormous. It is critical that external support provided to capacity building is tailored to context and is institutionalised in country-owned structures at the earliest opportunity. In Timor Leste, this is starting to happen through support to the National Centre for Employment and Professional Training (SDA 2014). In Ethiopia, Guided Learning on Water and Sanitation modules are highlighted as a useful model, introducing a more vocational and practical focus to WASH training provided by GoE Technical and Vocational Education and Training Centres.

**Results need to be achieved equitably if they are to really count.** The general politics of service delivery encourage the current paradigms for reporting results in-country and also globally. Development partners can demand inclusion (for example a gender and pro-poor focus) but need to recognise incentives are limited for country governments to reach the hard to reach, when they are primarily being held to account for an MDG target which is not disaggregated. It remains to be seen whether efforts to better integrate equity into post-2015 global WASH monitoring will alter the incentives here. GoE's One WASH National Programme includes a key performance indicator on the participation of women as decision makers in local WASH structures. Substantive support from DPs is, however, needed to assist government rather than just mandating equity and inclusion through safeguards and conditions – for example by supporting government with technical and financial assistance to construct disaggregated datasets.

### **3.2.3 Mutual accountability and transparency in implementing commitments**

**Mutual accountability requires appropriate processes and an arrangement to balance decision-making and follow-up with transparency and participation.** The GoE has initiated a broad and participatory platform which forms the centrepiece of its annual WASH review cycle: the Multi-Stakeholder Forum. The case study interviews indicated that this has proved itself to be a useful platform for dialogue, but interviewees suggested that its capacity to follow up on undertakings has been limited. The Multi-Stakeholder Forum could therefore be usefully complemented with a structure that has the authority and resources to execute or commission and supervise the key undertakings. In Timor Leste it was reported that multi-stakeholder mechanisms have been used mainly for information sharing and addressing a few challenging issues, but do not amount to a coherent effort to foster mutual accountability. Interviews carried out for the case study suggest that part of the challenge may be that GoTL has limited expectation of holding donors to account, and informal dynamics of the spaces haven't always been conducive to Government leadership (for example for reasons of language).

**Civil society and the private sector need to be brought into the tent.** Aid effectiveness is not limited to government and donor relations. The private sector in different forms plays an enormous role in WASH service delivery, and its engagement can be critical to addressing technical constraints in infrastructure and service delivery. CSOs and NGOs are also critical, especially in post-conflict contexts such as Timor Leste, where NGOs are very prominent across WASH and, as one interviewee put it, "the dominant face of sanitation service delivery". Given the size of many civil society and domestic private sector entities, however, activities and approaches can be fragmented and sometimes contradictory. The heterodox culture of many NGOs may also make it difficult for them to harmonise spontaneously – in Ethiopia, even WASH NGO coordination platforms appear to be proliferating. Making the most of these actors entails extensive relationship building and may require adjustments at legislative level that extend beyond the sector (e.g. laws on CSO revenue and import duties in Ethiopia).

**Transparency is critical to efforts to coordinate interventions, direct resource allocation and build trust between partners.** In Timor Leste, Government officials raised concerns about the degree to which development partners – especially those implementing projects in which the Government has no role – are adequately sharing information on their activities to assist planning and reporting, with automatic reporting far from the norm. Concerns were also raised about the lack of transparency about resource use within donor programmes, undermining efforts to improve WASH sector resource allocation and build trust between sector actors.

### 3.2.4 Harmonisation and alignment of external support

**Harmonisation and alignment for WASH should be seen as a continuous and iterative process.** Full alignment should be the long-term goal wherever government priorities do not contradict basic principles of human rights. But it would be unrealistic to ignore the varying quality of country systems, which gives development partners legitimate concern that they will be perceived to be taking undue risk with their own electorate's taxes. Ultimately, there are few ways round this besides development partners adopting a manageable yet progressive attitude to risk – progressively supporting and investing through government systems over time. In Timor Leste, the Australian Government has taken such a step in implementing the BESIK programme hand in hand with the Government (its interventions require approval from GoTL), and is planning to move towards the use of sector budget support to MoPW. This contrasts with some other agencies that have managed projects entirely outside of national institutions. In Ethiopia, some donors appear to be exploiting all available room in their headquarter rules and procedures in order to route the majority of funds through the new consolidated WASH account at federal level (Box 4).

Furthermore, it is clear that a wide variety of approaches to aligning is in use and should be acknowledged. For example, in Timor Leste, some donors direct funding through the Government (with additional audit requirements), while others only fund outside of Government but emphasised in interviews that they focus on strengthening the Government's capacity for delivery. All of these approaches seem to be making a contribution to strengthening national institutions, but each also faces their own challenges. Where development partners are seriously constrained by headquarter rules this is arguably a case for elevating the issue to the level of a global monitoring and dialogue process.

**Alignment needs to be pursued throughout the programme delivery chain, not just in terms of high-level policy.** Donors have been more successful in aligning at the central government level, but significant challenges remain in pursuing alignment throughout the service delivery chain. In Timor Leste, there have been challenges in relation to NGO programmes engaged in direct delivery failing to fully collaborate with Government programmes and follow WASH sector policies.

**Where full alignment is not possible, harmonisation is a good place to start.** In many countries, governments deal with a large number of development partners supporting the WASH sector. Ten countries responding to the 2011 GLAAS survey had more than 15 donors disbursing funds in excess of US\$100,000 to the sector (WHO and UNICEF 2013). Even in countries like Timor Leste where there are a limited number of development partners, there are problems of different practices in relation to procurement, technical assistance and reporting. Even where not aligning with government systems, the procedural aspects of harmonisation can be arduous and again often reach back up to HQ level rules and procedures.

## 3.3 What are the underlying constraints to progress?

Taking a step back from the patterns of progress and remaining challenges, a number of things become evident. Firstly, there are a number of policy areas for which DP HQ rules and policies are influential in shaping behaviour at the country level and for which constraints to progress are therefore partly found at this HQ/global level. Examples of these policy areas include:

- Use of country systems – some DPs are prepared to accept perceived added (financial and political) risk in taking the step of using such systems, with political calculations beyond WASH relevant to this decision alongside developmental ones.
- Broader alignment – DP commitment at HQ level to strengthening national institutions and to addressing national priorities is vital to developing a close and sustained working relationship with local actors at the country level.
- Harmonisation – HQ preferences and rules in relation to procurement and reporting often pose obstacles for developing more harmonised approaches to engaging with local actors.

#### Box 4 – Differentiating between donors and their room for manoeuvre on alignment and harmonisation

Although this report has generally referred to development partners as a single group, they are in reality very different. The case study interviews suggest that one important area such differences play out is in relation to harmonisation and aligning with country systems.

Aligning with a nascent national system, such as Ethiopia's Consolidated WASH Account (CWA), was perceived as something of a risk by all the development partners consulted. Some partners were, however, demonstrating themselves to be more willing to assume the risk and route funds through the CWA, than others. It was not possible to discern how far these differences arose at the level of individual managers and their room for manoeuvre within corporate or headquarter-level rules and procedures, or in differences in the rules and procedures themselves. A further complexity relates to the exemptions in rules and procedures that are often agreed in negotiating harmonised approaches; when these exemptions are triggered, they may need to be cleared at headquarter level, delaying programmes and projects.

In Timor Leste, like many post-conflict contexts, national systems are at an early stage of development, which brings some legitimacy to DP concerns relating to using them. However, some DPs are more prepared to use these systems (the Australian Government is planning to introduce sector budget support to WASH) than others, reflecting an appetite to work with the relevant risks, but also the potential benefits in addressing systemic challenges. HQ rules in taking steps to use systems seemed like a significant constraining factor, which was also reflected in the fact that two agencies reported an increased willingness from HQs to consider using country systems in response to dialogue in global forums (the Paris/Busan and New Deal processes).

*Source: Ethiopia and Timor Leste case study interviews and scoping paper*

Secondly, where substantive progress in addressing aid effectiveness challenges has been achieved, this has often been facilitated by country-level actors cooperating to address national contextual factors and exploit local opportunities for change. For example, the National Water Inventory in Ethiopia was reported to be driven through by a small group of champions among donors and Government. Also, in Timor Leste, finding a coherent and mutually agreed approach to implementing the CLTS approach to sanitation has involved a careful process of dialogue to address a range of specific local cultural and political issues. This conclusion points towards the importance of the national level as a locus for addressing constraints to sector progress, and ensuring that global level processes serve efforts to unblock constraints at this level.

Finally, it is important to acknowledge that there are a range of factors operating outside of the WASH sector that will have an influence over efforts to address WASH sector aid effectiveness challenges. Some of these are supra-national such as macro-economic and geopolitical factors; for example, Ethiopia's increasing ownership of its WASH sector is at least in part a manifestation of its broader assertiveness, due to economic growth and its strategic significance in the Horn of Africa. Other factors are rooted in politics and incentives operating at the national and local levels; for example, the imperative that GoTL feels to widen service provision rapidly in order to deliver a peace dividend to its citizens. These factors will likely not be resolvable through deliberation in national and global WASH fora, or even global aid fora. It is therefore important that WASH-related processes work within the confines of – and respond to evolution in – these factors, but don't overload their agenda with an inappropriate focus on them.

The inter-linkages between factors at the global and country levels are illustrated in Box 5. The window of opportunity for change in the Tanzanian water sector was dependent upon a DP responding to developments in the wider political environment at the local level, which in turn was made possible by patterns of accountability at the headquarters level. The successful intervention by SNV faced a number of challenges but was notable for its ability to be flexible and responsive, facilitated by the 'embeddedness' of its staff. The converse may, however, be the norm, where incentives within donor agencies are not aligned to allow aid programmes to be designed and implemented to most effectively address national sector challenges.

With this in mind, in the next section we set out an approach to a sector framework for aid effectiveness which acknowledges that global level monitoring may have a part to play in helping draw attention to, and encourage debate on, particular issues. But we argue that this should only be one part of the framework as a whole, which

must be seen as a means to equip countries, and their development partners, to confront the political realities that make aid ineffective. In so doing, they will need to be more self-reflective and adaptive, using tools to diagnose and respond to key sector bottlenecks – something aid can most effectively support when donor constraints are addressed such that incentives on all sides are better aligned.

### Box 5 – Lessons from rural water in Tanzania

Tanzania's Water Sector Development Programme (WSDP) is the largest sector programme in Sub-Saharan Africa, which operates as a basket fund. The sector therefore has a coherent sector monitoring framework with donors and government aligned around shared objectives. However, there remains a high degree of complexity due to more than 300 local implementing agencies and cumbersome reporting procedures required to disburse funds.

Recent developments in the sector that are suggestive of improved service delivery have focused on local efforts to overcome constraints to service delivery. The specific constraints targeted include: i) an inability of actors to come together to collectively solve problems; ii) policy incoherence resulting from unclear roles and responsibilities; that in turn iii) results in a lack of performance discipline. An SNV programme took a multi-layered approach, building capacity in communities, district councils and commencing at the national level. Local councillors were coached on their roles and how problems could be solved. It gave them an understanding of how councils are being run and what their responsibilities are. This effectively took on the costs of bringing people together with the result that they were able to enforce discipline upon the council's technical staff and, to a degree, act collectively. The programme also worked with communities to help them manage their water points.

The intervention has been most successful in changing incentives where windows of opportunities are present that allow incentives to be adjusted. Socio-economic factors that limit the risks that individuals will take in pursuit of collective goals are pervasive. Political patronage frequently undermines attempts to foster community ownership and maintenance of water points. Also, at the community level, installing performance discipline is particularly challenging due to the complexity of village relations, entrenched norms and the windows of opportunity brought by a more open and challenging political environment not yet having permeated villages.

However, progress was also dependent on patterns of accountability with development partner headquarters, in particular the flexibility of monitoring plans or logframes that determined the extent to which changing local circumstances could be responded to. The extent to which it was necessary to report upon short-term results or to which partners had the freedom to allow longer-term progress to emerge was also dependent upon the reporting framework determined globally.

Overall, the lessons emerging from this case are that efforts of aid to be more effective in improving local service delivery depend upon:

- Understanding the constraints to progress, their complexities and how these operate at national, regional and local levels.
- Having the understanding and ability to recognise and act upon windows of opportunity.
- Having the flexibility to adapt to changing circumstances and being able to change direction when necessary.
- Capitalising upon the interests and incentives of all actors involved, particularly those of the more powerful political elites.
- Being able to resist pressures to report upon short-term results but rather be able to invest sufficiently to support longer-term progress.

*Source: Adapted from Tilley 2013*

# 4 Operationalising aid effectiveness principles in the WASH sector: a framework for strengthening mutual accountability

## 4.1 Introducing the concept of a multi-scale approach for deepening aid effectiveness monitoring in the WASH sector

While the intended audience for this paper is primarily global level (SWA partners) we do not conclude that WASH sector aid effectiveness monitoring should be focused entirely or even predominantly at the global level. Nor do we seek to suggest that monitoring, by itself, is sufficient at any level to diagnose and unblock change on how aid is directed and used. Insights from the country case studies signalled that devising monitoring processes that operate only at one level, and focus only on reporting aggregated quantitative data, is unlikely to achieve the required change. Understanding and responding to constraints requires a more involved and qualitative process of enquiry and dialogue operating across multiple levels. Some issues require collective action at national level, others require accountability and coordination at the international level/development partner headquarter level, and others can only be meaningfully tackled by engaging at decentralised/subnational levels.

In addition, country stakeholders interviewed for this study didn't commonly reference globally-agreed concepts, commitments and agendas in identifying the key challenges in their sectors, and instead largely presented a narrative focusing on specific country-level constraints and challenges. Although this could be partly related to limited awareness of global aid effectiveness agendas in the case study countries, it does serve to highlight the importance of aid effectiveness monitoring efforts responding to challenges as they are perceived and experienced at the country level, and therefore of global-level monitoring serving the needs of country-level monitoring and accountability processes.

Nonetheless, the case studies also provided clues as to the ways in which global level monitoring can be oriented to serve the cause of strengthening accountability, performance incentives and ultimately behaviour change in relation to aid at the country level. Firstly, it can help to address global level constraints that are an obstacle to improved country-level behaviour, e.g. in relation to donor Headquarter policies or less than optimal collective commitment across stakeholders. Secondly, it can play a role in helping to achieve consensus and provide political leverage to partner countries in agreeing the parameters of country-level monitoring processes. Finally, it can help to bring attention to issues that will benefit from greater exposure globally, e.g. in order to promote sharing of best practice and country-level experiences of addressing WASH sector challenges.

Such an analysis points to the need for the WASH sector to take global monitoring options seriously, but also to be highly selective in identifying policy issues to be addressed through such efforts, informed by clear justifications. In addition, experiences from the Paris monitoring process (see Section 2.4) suggest that the design of common globally-applied indicators needs to be handled especially carefully in order to ensure that such indicators are relevant across countries and accurate indicators/proxies of performance.

To some degree, the evolving aid effectiveness monitoring agenda of the post-Busan process and International Health Partnership have recognised these issues in calling for their processes to be increasingly informed by outputs from existing country-level processes and monitoring efforts as much as possible (IHP+ 2013, GPEDC 2013). However, at the same time, both of these initiatives have also endorsed global-level monitoring frameworks that promote the use of common monitoring priorities and indicators – ten in the case of the post-Busan process and seven in the case of the IHP+ – to be applied across member countries. It is therefore not clear that they have yet found the right balance between country and globally-driven agendas.

## 4.2 What could a multi-scale aid effectiveness monitoring approach in the WASH sector look like?

Based on the analysis in Section 4.1, this study proposes that a WASH sector aid effectiveness monitoring approach include the following elements:

- A limited number of global-level monitoring areas and indicators applied across countries, with clear justifications for each on the basis of one or more of the three functions of global monitoring identified in Section 4.1 and building on best practice from the aid effectiveness community. While we suggest a number of specific indicators, we acknowledge the possibility that it may be more effective to frame all indicators on a continuum that allows for differentiation between countries and subsectors on exactly what is monitored, per monitoring area.
- A primary focus on the development of country-level aid effectiveness monitoring and accountability processes, rooted in existing institutions and processes, and identifying their priorities and functioning through multi-stakeholder dialogue at the country level. It should also include a more self-reflexive, politically realistic and qualitative approach to understanding why constraints arise and how incentives can be better aligned.
- Provide the option (possibly via SWA) of global-level brokering, technical capacity and sustainable resourcing to country-level processes in order to address situations where there are constraints relating to developing consensus on country-level aid effectiveness processes.
- Broad and shared responsibilities, as well as those applying specifically to local actors and development partners.

In terms of global-level monitoring, the table below presents a proposal for a core group of monitoring areas and indicators that could be considered for use by WASH sector stakeholders, which also presents the justification for their selection, including by referencing insights from the country case studies.

**Table 2: Proposed global monitoring areas and suggested indicators**

Monitoring area	Justification	Risks	Feedback to country level	Monitoring indicator
<b>Principle: Ownership</b>				
National ownership and leadership of WASH sector development	SWA HLM or equivalent global forum permits country-to-country learning and exchange on efforts to build ownership at a strategic political level	Efficacy of global-level discussion likely to be undermined if ministries of finance do not attend	Country and DP representatives require clear strategy for identifying and resolving political barriers to high-level ownership at country level	Indicator could be framed as a composite of a number of criteria: policy developed/approved; plan developed/costed/implemented/reviewed; lead and roles clarified for W, S, H; coordination mechanisms established/inclusive/documentated (all data currently collected by GLAAS)
<b>Principle: Alignment</b>				
Use of country	Issue highlighted in	May result in	Non-aligning DPs	New indicator, helping to focus on

systems	the case studies as often relating back to donor HQ policies, therefore elevation to global level and emphasis on iterative progress (i.e. not a binary interpretation of alignment) encourages peer-pressure and sharing of solutions between donors	prioritisation of issues that cannot be effectively addressed at sectoral level (though provides greater visibility to elicit cross-sector advocacy)	should be challenged to exploit all available room for flexibility permitted by their rules and procedures at country level	continuum of approaches, incentivising dialogue between governments and development partners on how far DPs are exploiting available room to align, and what the key bottlenecks are. This could identify and monitor progress in reaching a number of intermediate steps towards full alignment (i.e. use of financial/audit/procurement systems), e.g. sharing information on activities during planning process, clear focus on supporting national policy priorities, implementation following national guidelines, working to same timetable as government
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**Principle: Results**

Prioritisation of service sustainability and equity	Clearly highlighted in case studies as issues central to effectiveness of aid and all finance. Indicator seeks to build common cause at high level between governments and DPs, and encourage debate on where drive for output results may be in tension with sustainability and equity	Viability of achieving consensus on this at global level may depend on how far post-2015 process successfully re-orientates high-level political incentives towards sustainability and equity	Requires development partners to provide tangible support to country governments to prioritise long-term goals such as sustainability and equity of services besides aggregate, output level results	Composite, un-weighted indicator combining: 1. Spend by a) donors and b) government on different cost categories, e.g. capital, capital maintenance, O&M, direct and indirect support costs (data collected by GLAAS but requires strengthening and much greater coverage); 2. Presence/extent of usage of MIS system providing information on a) sustainability (regularly updated data on functionality, usage, behaviour change) <sup>5</sup> and b) equity, disaggregated by gender, income quintile, other marginalised groups (requires qualitative assessment, ideally via country-level dialogue process; indicator could be further developed by GLAAS and/or SWA Global Monitoring Task Team)
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**Principle: Mutual accountability**

Inclusive mutual accountability for aid effectiveness	Elevation of mutual accountability issue to global-level aims to encourage key actors to confront political realities that constrain progress at country level	'Diplomatic' norms of engagement in global-level fora may not be well suited to eliciting robust discussion on underlying political constraints to accountability	Beyond generic assessment of criteria for mutual accountability processes, country-level dialogue and accountability need to be fostered through a number of routes including, but not limited to, formal, participatory review cycles	Post-Busan indicator adapted to WASH sector; focuses on reporting progress against each of five criteria: partnership policy-defining country priorities; country-level targets for both DPs and government; joint and senior-level assessment against targets (min. two yearly); active involvement of local government and non-executive stakeholders; comprehensive publication of assessment results (could also be informed by efforts of SWA Global Monitoring Task Team to map best practice in carrying out Joint Sector Reviews)
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**Principle: transparency**

<sup>5</sup> While a major investment may be required to establish baseline, cost-effectiveness may require annual/biannual updates be based on sample surveys.



Reporting of development partner support	Requires political prioritisation and exposure at global level as a catalyst to a number of other reforms	As for accountability	Action is largely required at country level: a) development of clear budget lines and PFM structures; b) for DPs to commit to using country structures and reporting mechanisms. Global-level monitoring is largely to give political priority and elevate dialogue on constraints arising at donor HQ level	Post-Busan indicator: % of aid for water and sanitation scheduled for disbursement that is recorded in annual budgets that are subject to parliamentary scrutiny
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### 4.3 Potential monitoring areas and indicators for country-level and cross-sectoral processes

In proposing policy areas and potential indicators for monitoring at the global level (Table 2) this study considered and ultimately rejected the case for a wide range of other policy areas and related indicators to be included. In most of these cases we concluded that was a strong case for them to be considered for use in country-level WASH monitoring processes. In Table 3 we therefore identify: additional monitoring areas; our justification for not including them in our global framework; and relevant insights from the country case studies and potential indicators for addressing these monitoring areas at the country level, drawing on approaches already in use. In doing so, we in no way aim to prescribe policy areas and (especially) indicators to be used at the country level, but to provide a resource that country-level stakeholders could use to support their efforts to develop monitoring processes, including adapting existing indicators to address country-level contexts.

**Table 3: Country-level monitoring areas and indicators considered**

Policy area	Justification, insights from case studies and general comments	Potential indicators for use
Civil society engagement with WASH sector	Being addressed by Busan monitoring framework; partly addressed by global indicator proposed for 'inclusive mutual accountability'	GLAAS indicator – composite indicator derived from assessment of different aspects of civil society engagement in aid effectiveness and related areas of WASH
Use of parallel implementation units	The Paris Declaration evaluation highlighted this policy area as of limited relevance to partner countries and poorly monitored to date	Could base on Paris indicator 6 – number of WASH-focused parallel project implementation units (PIUs) per country  N.B. Paris indicator criticised as being weak
Joint missions and analysis	The Paris Declaration evaluation highlighted these policy areas as of limited relevance to partner countries; time consuming to monitor, with limited impacts	Paris indicators 10a and 10b – % of (a) field missions and/or (b) country analytic work, including joint diagnostic reviews
In-year predictability	Thought to be a predominantly country-level issue; wasn't particularly highlighted by country case studies	Paris indicator 7, Busan indicator 5a – % of aid disbursements released according to agreed schedules in annual or multi-year frameworks  N.B. Partially addressed by proposed global 'transparency' indicator



Alignment of development partners with national policies, procedures and institutions	Highlighted as a critical issue for promoting aid effectiveness in the WASH sector; would benefit from more qualitative country driven analysis and dialogue	Busan indicator 1 (adapted) – development cooperation using country results frameworks  Would benefit from qualitative approaches addressing challenges of aligning through service delivery chain
Use of programme-based approaches (including budget support)	Not included in Busan framework, although case studies highlighted as relevant; would benefit from being driven by country-level modality preferences and qualitative monitoring to address continuum of approaches	Paris indicator 9 (adapted) – % of aid channelled to WASH through programme-based approaches prioritised by partner countries
Engagement/role/effectiveness of private sector	Case studies illustrated that private sector is a critical actor to engage more closely in aid effectiveness processes, but may be an issue for more established processes; also could be partly addressed as an element of 'inclusive' mutual accountability processes indicator	A multi-dimensional index providing a graduated measure of the quality of public-private dialogue is currently being developed within the Busan process
Gender equality in WASH	Not proposing a separate indicator as mainly country-level agenda and may be an issue for more established processes	Busan indicator 8 (adapted) – systems to track and make public WASH allocations for gender equality and women's empowerment in use  N.B. Partly addressed by proposed global 'results' indicator, which includes focus on equity and gender impact
Country-driven and coordinated technical assistance	Case studies illustrated that capacity constraints-significant agenda and better tailoring technical assistance to country needs is critical; would benefit from more qualitative country-driven analysis and dialogue	Paris indicator 4 – % of donor capacity-development support provided through coordinated programmes consistent with partners' national development strategies  N.B. Paris indicator criticised as being weak

Sources for indicators referenced: OECD 2005; GPEDC 2013; GLAAS 2013

In some cases, we excluded monitoring areas on the basis that they are already being adequately addressed through cross-sectorial efforts at the global level, as part of the Busan monitoring processes. These are identified in Table 4.

**Table 4: Other global monitoring areas and indicators considered**

Policy area	Justification, insights from case studies and general comments	Potential indicators for use
Aid untying	Issues for which donor constraints are essentially at the headquarters level; but which can arguably be better addressed through the Busan monitoring process as a cross-sectoral process at the global level	Paris indicator 8, Busan indicator 10 – % of ODA to the WASH sector that is fully untied
Medium-term predictability		Busan indicator 5b – Estimated proportion of development cooperation to WASH covered by indicative forward expenditure and/or implementation plans for one, two and three years ahead
Use of country systems		Paris indicator 5, Busan indicator 9b – % of WASH development cooperation disbursements

for the government sector using the developing country's PFM and procurement systems (average across national budget execution, financial reporting, auditing and procurement systems)

N.B. Partially addressed by proposed global 'transparency' and 'use of country systems' indicators

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Aid transparency (reporting against CRS and IATI standards)

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An indicator is currently being developed within the Busan process

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*Sources for indicators referenced: OECD 2005; GPEDC 2013; GLAAS 2013*

## 4.4 Putting an ambitious, multi-scaled WASH aid effectiveness monitoring agenda into practice

Taking forward the WASH sector aid effectiveness change agenda will require efforts from a wide range of actors and institutions at a number of levels. This section outlines the main actions needed and who could be involved in taking them forward. It recommends how a global WASH sector aid effectiveness framework could be structured and governed, building on a number of elements that are already in place. It also provides input into thinking about how country-level processes will be structured and link with a global monitoring and accountability process.

### 4.4.1 Establishing a multi-stakeholder process for global monitoring of WASH aid effectiveness

As has been illustrated by some of the challenges faced by the Paris monitoring process, the ability of such processes to effect change is partly predicated on mobilising and sustaining sufficient high-level political commitment to their agenda (Wood et al). Any proposals for a WASH sector aid effectiveness process therefore need to be discussed and agreed within the central political coordinating body for the WASH sector. Currently, the most appropriate forum is the Sanitation and Water for All (SWA) global partnership, which is therefore the most suitable central body to govern an aid effectiveness change agenda. Such a governance role would involve overseeing any support functions agreed as a part of such a monitoring process (see Section 4.4.5), convening actors to review the results of ongoing monitoring and identifying future monitoring priorities. It could be sensible to use the biennial SWA High Level Meetings for such convening, with the existing pledging and monitoring of WASH commitments taking place in SWA continuing alongside dialogue on dedicated aid effectiveness monitoring results.

### 4.4.2 Testing and refining indicators and mechanisms for global reporting of progress

In terms of the technical work for taking forward the development of a monitoring framework and engaging in basic outreach to countries to facilitate their reporting on global-level indicators, the WHO-housed Global Analysis and Assessment of Sanitation and Drinking-Water (GLAAS) team, who are leading efforts in the WASH sector to monitor stakeholder action in mobilising inputs to achieve WASH targets and goals, would likely need to take the central role. This is based on the fact that GLAAS is already carrying out such a role through their ongoing monitoring work in the sector. There are nonetheless concerns that the GLAAS approach is extractive and often relies on a limited number of viewpoints (essentially, the designated official who actually fills in the questionnaires sent to countries and external support agencies). As far as possible, we recommend that data should where possible be collated, discussed and approved in a more bottom up manner. Country-level processes on aid effectiveness have an important role to play – which would themselves require significant international support (see Section 4.4.5). Nonetheless, we have attempted to frame global-level indicators that could draw on existing available data from GLAAS and others, to provide an interim solution as countries move to develop more robust processes at national level. There could also be an important role for the SWA's Global Monitoring Task Team to play in technical work related to indicators and reporting, which would help to maintain clear reporting and oversight lines to SWA.

#### **4.4.3 Ensuring links between global and country-level monitoring processes**

In order to maximise the impact of a global-level monitoring process, it will be important to develop its links with country-level monitoring processes. These links should operate both ways, with results from global-level monitoring providing a resource to be used to inform country-level processes, and the results of country-level monitoring complementing and feeding into global-level reporting and the dialogue that takes place alongside it. On this latter point, the model being implemented by the Busan Global Partnership monitoring process could be a useful one to follow, in that ahead of its April 2014 Ministerial Meeting a general progress report drawing from ongoing monitoring at the country level will be published alongside reporting on the Busan global monitoring framework.

#### **4.4.4 Creating and resourcing the required elements of a country-level monitoring process**

The country case studies are illustrative of the important role that multi-stakeholder convening plays in supporting dialogue to address key aid effectiveness challenges in the WASH sector. However, in both of these countries such multi-stakeholder processes have only had very limited success in leveraging performance changes and accountability, partly due to the lack of technical resources and structures committed to supporting these efforts. Effectively identifying and pursuing country level priorities and approaches for aid effectiveness (as well as contributing to global-level accountability), requires much more than participatory spaces for reviewing and prioritising undertakings. To ensure reviews translate to action, such spaces should be matched by structures that have the authority and resources to directly undertake or commission the work required to bring about change. The clear need for country-level processes that go beyond monitoring and reporting to include a more discursive, self-reflexive approach that engages with and attempts to resolve underlying constraints of politics and incentives makes this especially important. How this is done will depend on the country-level context and the political norms that frame government-development partner relations. Nonetheless, certain technical structures and principles may be useful, for example, ensuring executive working groups on country-level, sectoral aid effectiveness have a role in resource allocation decisions. In Ethiopia's rural economic development and food security sector, this has been partly achieved by giving the relevant working group authority over the sector's basket funds (see Box 6).

#### **4.4.5 Multi-faceted international support to country-level processes**

Establishing the locus of WASH sector aid effectiveness monitoring at the country level creates a number of challenges. Firstly, successfully taking forward country-driven monitoring will require stakeholders at the country level to negotiate the parameters and governance of such a process, which is no small task, especially seen from the perspective of partner countries that will commonly be outnumbered by their donor counterparts. Secondly, there may well be constraints in mobilising the required technical expertise to develop and facilitate a multi-faceted monitoring process. Thirdly, and on a related point, there may be challenges in mobilising sufficient and sustainable flows of resources to fund such scaled-up (in most cases) monitoring processes. Finally, the issues of politics and incentives that a broader aid effectiveness change agenda would seek to engage with may themselves act as blockers to change in the first place. We therefore recommend that brokering, technical and financial support is provided from the global level to support country processes, possibly with SWA coordinating resourcing for and delivery of such functions.

#### **Box 6 – Structures used in the rural economic development and food security sector**

An example of an organisational structure for coordinating a sectoral aid effectiveness agenda at country level is provided by the Rural Economic Development and Food Security sector working group in Ethiopia. The working group is led by the Ministry of Agriculture and Rural Development. It comprises four technical committees chaired by ministry officials and revolving DP co-chairs, on livestock and pastoralism, agricultural growth, sustainable land management, and disaster risk and food security. Overarching structures include an executive committee and dedicated secretariat as well as other working groups and task-forces. The technical committees are associated with different flagship sector programmes and have a role in coordinating the associated basket funds. This link with important sector resource flows gives the working group greater political importance and operational leverage. DPs that cannot contribute directly to the sector programmes are encouraged to align their policies.

*Source: Ethiopia case study interview*

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