

## CSD-13: INTERGOVERNMENTAL PREPARATORY MEETING

### Parallel Water Session: 10am-1pm 1 March 2005

#### INTERVENTION BY NGOS' MAJOR GROUP

Mr Chairman, Thank you.

NGOs would like to respond to two of the questions which you raised at the start of this session: "Will inclusion of water in PRSPs solve the problem ?" and "What accompanying policy measures would be required to support such inclusion ?"

On **PRSPs** it is surely significant that countries where significant progress has been made on access to drinking water – South Africa and Uganda – did include water in their poverty reduction or other national planning processes. Overall though progress on the water MDGs is off-track and again it must be significant that generally neither national governments nor donors are prioritising water. Only 2 of the 30 countries with nearly 90% of the world's 1.1 billion people without safe water have prioritised water. At the same time donors have reduced their aid for water to the lowest level in real terms since 1985, a situation the OECD has labelled "paradoxical".

It is however strange that we can be in situations where water is not included in PRSPs. If as we have all been saying, "water is life", you would imagine that water would automatically be included in PRSPs. NGOs identify two principal reasons for the failure to include water.

First the **participatory processes** supposed to underpin the development of PRSPs are not working. These failures, which result in the views of the poorest being left out of PRSPs have been documented not only in research by NGOs but also by IFIs.

Second there is inadequate recognition of the **economic impact** of lack of access to safe water and sanitation. The WHO has recently assessed this impact as including annual losses of 5.6 billion working days and 450 million schooldays.

So we need to improve both the participatory aspects of PRSP development and also our understanding of water's economic value if we are to see its inclusion in PRSPs.

But such plans need to "get off the page" and there is therefore very definitely a range of **accompanying policy measures** which is needed to go support water's inclusion in PRSPs. These measures relate to finance and implementation, or in the shorthand presently being used by many NGOS, "more and better" finance.

In relation to "more" finance the first measure which needs to be taken is **debt relief**. With a debt burden totalling \$375 billion it is perhaps not surprising that annual water spending is no higher than \$15 billion. Honourable delegates from Italy and Nigeria have already commented on the need for progress on debt – we understand that every year Nigeria has to repay a sum which could fund one half of the 10-year programme of that country's Presidential Water Initiative. Again it is surely significant that debt relief provided a major part of the financing for Uganda's Poverty Eradication Action Plan.

The second "more" finance issue concerns **Overseas Development Assistance**. A doubling of such financing has been long-recommended for example at the Second World Water Forum in 2000, by the Camdessus Report as noted in the Secretary-

General's report on *Freshwater Management* and now also in the Sachs report which suggests that Low Income Countries require funding of \$4-7 billion to achieve water targets.

A separate set of measures is needed to achieve "better" finance. First and still on ODA there needs to be an **untying of aid**. The practice of tying aid to the purchase of the donor's own goods and services increases costs because it means that appropriate traditional technologies are not used: hand-dug wells or rope pumps get overlooked and expensive handpumps are imported instead. These pumps can be too expensive for communities to maintain or there can be so many different types that it is not viable to have spare part supply chains for all of them.

There are other **aid conditionalities** which also need to be ended – the honourable delegate for Tanzania has already explained the shortcomings of donor insistence on involving the international private sector in water services.

A further aid issue is to improve the speed of **disbursement of aid**. The OECD has reported that aid for water takes on average 8 years to be fully disbursed. Again it is significant that aid disbursement was significantly speeded up as part of South Africa's success in expanding access to safe water.

"Better" finance also needs **Sector Wide Approaches**. At present the lack of coordination in the sector produces multiple funding streams with associated reporting burdens especially on overstretched local authorities. And at the same time we have seen donors' work needlessly overlapping with one donor turning up to support a project only to discover it has already been supported by another donor.

Finally **fiscal decentralisation** is needed to support those local authorities which have been given responsibility for water services. At present we see authorities struggling with situations where 50% of their annual budget is still to arrive with only 3 weeks of the financial year remaining or where they have been allocated less than 10% of the national budget leaving them with less than \$1 for each person whom they need to ensure gets access to safe water.

In summary:

- Two issues need to be addressed in order to secure water's inclusion in PRSPs. Participatory processes need to be made real and water's economic impacts need to be fully understood
- Accompanying policy measures are needed to ensure "more and better" finance for the delivery of PRSPs. Debt relief must be given and ODA volumes must rise. ODA must be untied and other conditionalities also ended while at the same time disbursement is accelerated. Sector players need to coordinate their actions for example through SWAs and national governments need to match decentralisation of responsibilities with decentralisation of resources.

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