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FINANCING WATER AND SANITATION IN DEVELOPING COUNTRIES: THE CONTRIBUTION OF EXTERNAL AID

This note is produced in the framework of the OECD Horizontal Programme on Water (www.oecd.org/water). It presents data on external finance for water supply and sanitation in developing countries.

Data cover aid flows and other, non-concessional, development finance from members of the OECD Development Assistance Committee (DAC), non-DAC providers of development assistance, and multilateral agencies including the World Bank, regional development banks, UN and other agencies. Private funding is not covered but data collection has started in this area too.

The DAC statistical definition of aid to water supply and sanitation is given in the Annex.

Highlights

- In 2009-10, total annual average aid commitments to water and sanitation amounted to **USD 8.3 billion**, representing **7% of total sector allocable aid**. The largest bilateral providers of development assistance in 2009-10 were Japan (on average USD 2.3 billion per year), Germany (USD 802 million) and France (USD 652 million). While aid to water supply and sanitation has increased in recent years, these contributions still seem insufficient considering the funding needs¹.
- In 2009-10, aid to water and sanitation targeted regions most in need of improved access to water and sanitation: **Sub-Saharan Africa received 26% of total aid to the sector, and South and Central Asia 21%**. The poorest countries (LDCs and other LICs) received **40%** of total aid.
- Starting with 2010 flows, it is possible to identify aid for sanitation separately from water supply: of total DAC members' aid to this sector in 2010, water supply activities represented **21%**, sanitation **13%**, and combined water supply and sanitation activities **44%**; the remaining **22%** consisted of sector budget support, contributions to funds managed by international organisations, waste management and education activities.
- Another new feature in the data is the possibility to distinguish between various modalities of aid. In 2010, aid for water was predominantly extended in the form of projects (**76%**), with sector budget support and pooled funding accounting for **16%** and technical assistance **7%**.

1. It is estimated that about USD 18 billion per year are needed to expand water services in developing countries to achieve the water and sanitation Millennium Development Goals. To maintain the existing water infrastructure, another USD 54 billion of investments per year are needed. *OECD (2011), Meeting the Challenge of Financing Water and Sanitation: Tools and Approaches.*

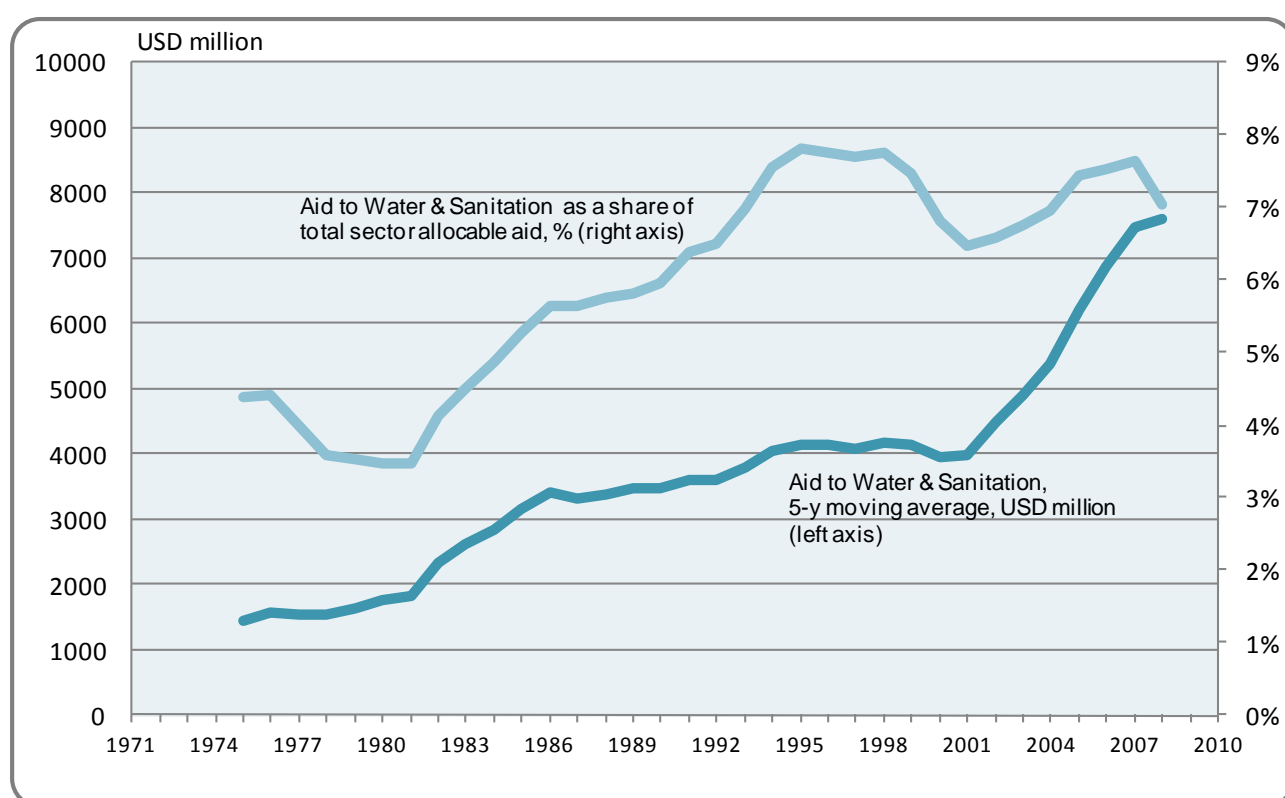
Trends in aid to water

Aid for water and sanitation has sharply risen since 2001, at an average annual rate of 5% in real terms, with bilateral aid rising at 7% p.a. and multilateral aid at 3% p.a. (Chart 1). In 2009-10, DAC countries' bilateral annual aid commitments to the water and sanitation sector rose to **USD 5.9 billion** (Table 1). Taking into account non-DAC countries' aid flows and multilateral agencies' concessional outflows (assimilated to ODA), the total was **USD 8.3 billion**.

Rising commitments for the water supply and sanitation sector will translate into disbursements in the coming years (commitments, including multi-annual agreements, are recorded in full for the year they are signed; corresponding disbursements are spread over several subsequent years). Disbursements lagged the rise in commitments over the period 2001-10, but still reached **USD 6 billion** per year in 2009-10.

Chart 1. Trends in aid to water and sanitation

1971-2010, 5-year moving average commitments, constant 2009 prices



After a slight dip towards the end of the 1990's, the share of aid to water in total aid has also hovered around 7%.

Main providers of development assistance to the water and sanitation sector

Japan is the largest provider of assistance in the water and sanitation sector, accounting for 28% of total aid in this sector for the period 2009-10. It is followed by Germany (10%), IDA (9%), France (8%) and the EU institutions (7%). Other countries that have significantly increased their aid to the water sector in recent years include Australia, Korea and Spain.

Among providers of assistance in the water and sanitation sector, those that extend the highest proportion of their aid to the sector are the United Arab Emirates (29%), Japan (18%), UNECE (14%), the Islamic Development Bank, OFID and Spain (13% each), Denmark, Korea, Luxembourg and AsDF (11% each).

Table 1. Aid to water and sanitation by provider of development assistance

2005-10, bilateral ODA and multilateral concessional flows, annual averages, constant 2009 prices

	Commitments			% of sector allocable aid			Disbursements	
	avg. 2005-06 USD million	avg. 2007-08 USD million	avg. 2009-10 USD million	avg. 2005-06	avg. 2007-08	avg. 2009-10	avg. 2007-08 USD million	avg. 2009-10 USD million
Australia	16	17	118	1	1	5	14	93
Austria	22	30	21	7	8	5	20	19
Belgium	74	97	56	9	10	4	51	65
Canada	35	33	44	2	1	2	39	50
Denmark	144	26	154	12	3	11	97	116
Finland	52	41	78	10	8	9	26	36
France	218	376	652	4	6	9	177	280
Germany	523	753	802	9	10	9	499	596
Greece	1	2	2	1	1	1	2	2
Ireland	18	22	14	5	4	3	22	14
Italy	76	111	62	9	13	9	37	26
Japan	1977	2112	2318	19	17	18	1185	1515
Korea	33	151	160	6	15	11	31	47
Luxembourg	15	16	22	9	9	11	16	22
Netherlands	386	369	162	10	11	4	287	212
New Zealand	4	2	4	4	1	2	3	2
Norway	43	42	47	3	2	2	42	44
Portugal	2	1	1	1	0	0	1	1
Spain	77	359	449	5	12	13	337	436
Sweden	101	60	36	7	4	2	59	61
Switzerland	61	42	49	8	6	6	45	46
United Kingdom	103	183	159	4	4	3	113	134
United States	996	650	444	5	3	2	401	337
Total DAC countries	4977	5496	5854	8	8	7	3503	4152
Kuwait (KFAED)	..	..	71	..	..	7	..	43
United Arab Emirates	..	..	88	..	..	29	..	44
Other bilateral	..	..	160	..	..	12	..	86
AfDF	292	264	244	16	12	10	168	186
Arab Fund (AFESD)	..	120	91	..	24	10	185	101
AsDF	219	137	297	14	6	11	..	154
EU institutions	854	340	618	8	3	6	422	528
GEF	..	..	7	..	..	1	..	..
IDA	687	944	745	8	7	5	624	663
IADB Sp.Fund	25	32	51	4	6	8	..	36
IFAD	7	3	3	1	1	0	..	..
Isl.Dev Bank	..	..	60	..	..	13	..	..
Nordic Dev.Fund	..	..	5	..	..	10	..	..
OFID	..	..	58	..	..	10	..	15
UNDP	2	1	5	0	0	1	1	5
UNECE	..	1	2	..	13	14	1	2
UNICEF	24	42	47	4	6	6	42	47
Total multilateral agencies	2109	1885	2233	9	6	6	1444	1736
Total	7086	7381	8246	8	7	7	4947	5975

Notes: Figures for **Kuwait (KFAED)**, **GEF** and **Islamic Development Bank** refer to 2010 only. Figures for the **Arab Fund (AFESD)** and **UNECE** in 2007-08 refer to 2008 only.

Figures for **UNICEF** represent only a portion of its expenditures for its water, sanitation and hygiene programme (WASH). Excluded are cross-cutting WASH expenditures that fall outside the DAC water sector, under e.g. aid to the environment, or administrative costs.

General budget support, once integrated in developing countries' domestic budgets, will contribute to the development of the water sector, but this contribution is not specified and not taken into account in the above figures. By contrast, **sector budget support** for water and sanitation is included (see Chart 3).

DAC countries' total efforts for financing water and sanitation in developing countries

Figures for DAC countries shown in Table 1 refer to their bilateral Official Development Assistance (ODA). In addition to undertaking bilateral aid activities in the water sector, DAC countries also contribute to multilateral agencies active in the field of water. Imputed multilateral contributions are calculated to assess the portion of DAC countries' core contributions to multilateral organisations that is allocated to water. This offers a more complete picture of countries' total effort in the water sector.

In total, it is estimated that **USD 1.2 billion** of DAC countries' core contributions to the multilateral system in 2009-10 were in support of the water sector (USD 492 million for the EU institutions, and USD 429 million for IDA). Taking into consideration multilateral aid does not greatly affect donors' ranking in terms of aid to the water sector with Japan, Germany and France still topping the list.

Table 2. DAC countries' bilateral and multilateral ODA to water and sanitation

2009-10 annual average commitments, USD million, constant 2009 prices

	Bilateral contributions	Imputed multilateral contributions				Total, imputed multilateral contributions	Total contributions (bilateral + imputed multilateral)
		Through regional banks	Through IDA	Through EU institutions	Through UN agencies		
Australia	118.3	4.5	7.6	..	0.9	13.0	131.3
Austria	20.9	8.4	9.4	11.7	0.2	29.7	50.6
Belgium	55.7	5.3	8.7	19.9	1.5	35.4	91.1
Canada	44.1	19.4	9.8	..	1.3	30.4	74.5
Denmark	154.3	4.4	5.4	10.9	2.1	22.7	177.0
Finland	78.5	5.0	3.7	7.7	1.2	17.6	96.1
France	651.8	23.2	35.0	98.7	1.0	157.9	809.7
Germany	801.8	29.8	46.5	105.0	1.2	182.5	984.3
Greece	1.6	0.0	0.0	10.9	0.0	10.9	12.5
Ireland	13.8	1.2	1.5	5.9	0.6	9.2	23.0
Italy	61.9	1.2	17.9	65.1	0.8	85.1	147.0
Japan	2318.4	63.9	77.7	..	1.4	143.1	2461.5
Korea	159.9	4.1	4.0	..	0.2	8.2	168.1
Luxembourg	22.4	0.2	1.0	1.3	0.4	2.9	25.3
Netherlands	162.0	0.0	6.7	20.9	4.3	32.0	194.0
New Zealand	3.5	0.0	0.6	..	0.2	0.8	4.3
Norway	46.8	1.3	8.2	..	3.9	13.4	60.2
Portugal	0.7	2.4	0.6	7.1	0.0	10.1	10.8
Spain	449.2	9.1	16.3	43.6	2.0	71.0	520.2
Sweden	35.7	11.7	17.9	11.8	3.9	45.3	81.0
Switzerland	49.0	7.0	13.4	..	1.3	21.7	70.7
United Kingdom	159.2	28.4	63.7	71.4	2.1	165.7	324.9
United States	444.5	29.2	73.2	..	6.8	109.2	553.7
Total DAC countries	5853.8	260.0	428.8	491.8	37.2	1217.7	7071.5

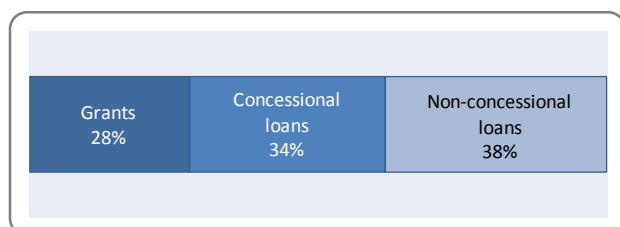
Note: The share of each multilateral organisation's outflows allocated to water in total outflows (e.g. 5.95% for IDA) was applied to countries' core contributions to each organisation. Resulting figures are estimates. See methodology in www.oecd.org/dac/stats/water.

Financial instruments used to finance water and sanitation

Table 1 above contains figures on "aid" i.e. grants and concessional loans extended for developmental purposes. Within aid, concessional loans are the prime instrument used to finance investments in the water and sanitation sector, and represented more than half of aid to the water sector in 2009-10 (both for bilateral and multilateral providers). Among DAC countries, Belgium, France, Germany, Italy, Japan, Korea and Spain do extend loans; other countries allocate grants only.

Chart 2. Total flows to water: grants, concessional and non-concessional loans

2009-10, bilateral and multilateral commitments, constant 2009 prices



Note: The sectoral breakdown of development finance institutions' non-concessional operations is not complete in DAC statistics; data collection is being reviewed for possible improvement.

Loans extended at or near market terms do not qualify as "aid", but still play an important role in finance to the water sector in developing countries. In 2009-10, non-concessional official developmental flows to the water sector rose to **USD 5 billion** (annual commitments), originating almost exclusively from multilateral development banks (USD 3 billion by IBRD, USD 1.3 billion by IADB, USD 293 million by AsDB, USD 170 million by AfDB, USD 136 million by EBRD). Lending by DAC countries' development finance institutions is mostly concessional and classified as ODA (see note below Chart 2).

Non-concessional lending to the water sector by multilateral development banks represents almost 40% of total – concessional and non-concessional – flows to the sector.

Grants went primarily to the poorer countries. The grant element of total water aid to LICs was 92%, the grant element of water aid to MICs was 76% (DAC countries).

Among the largest projects funded through non-concessional loans and committed in 2010 were:

- “Water supply and sanitation in coastal area (Rabat-Casablanca)” financed by AfDB in Morocco;
- “Rio Bogotá environmental recuperation and flood control project” financed by IBRD in Colombia;
- “Water and sanitation programme for urban and suburban centres” by IADB in Argentina.

Modalities of aid in the water sector

A new feature in the data starting with 2010 is the introduction of new types of aid to better characterise bilateral aid flows by identifying the modalities of their delivery. In 2010, the distribution of DAC members’ bilateral flows in the water sector by aid modality was as follows:

- **76%** of aid flows in the water sector were extended in the form of **projects** (mainly investment projects);
- **9%** were allocated through **sector budget support** mainly by the EU institutions;
- **7%** through technical assistance;
- **5%** through pooled contributions to **specific purpose-programmes managed by international organisations** e.g. IADB Water and Sanitation Fund, UN Habitat Trust Fund for Water and Sanitation, World Bank Water and Sanitation Programme, AMCOW African Water facility;
- **2%** through pooled contributions to basket funds.

Aid in the water sector is predominantly in the form of investment projects. Other modalities represent significant shares of aid for water such as sector budget support and contributions to funds managed by international organisations. Only in a few years’ time will it become possible to determine trends in the use of the various modalities.

Geographical targeting of resources

Almost 900 million people cannot get clean drinking water and 2.5 billion lack access to basic sanitation. Overall, in 2009-10, aid to water and sanitation targeted regions most in need of improved access to water and sanitation: Sub-Saharan Africa received 26% of total aid to the sector, and South and Central Asia 21%. The poorest countries (LDCs and other LICs) received 40% of total aid.

However, funds are concentrated in a relatively small number of countries: the top ten recipients represented 46% of total financing to the sector (Table 3), and there are countries with low levels of access to water/sanitation receiving very little e.g. Chad, Somalia, Laos and Togo. By contrast, Haiti and Mauritania are examples of needy countries with significant increases in aid to water. (See Charts 5a and 5b.)

Table 3. Main aid providers and recipients in the water and sanitation sector

2009-10 average commitments, USD million, constant 2009 prices

USD million, average 2009-10	Japan	Germany	IDA	France	EU institutions	Other donors	All donors	% of aid to water to all recipients
India	320.4	0.7	203.8	1.2	0.0	19.5	545.6	7%
Vietnam	300.7	13.5	83.8	3.9	0.0	100.0	502.0	6%
Iraq	420.6	0.0	0.0	0.0	0.0	80.0	500.5	6%
Bangladesh	13.3	0.3	84.2	0.2	0.0	165.3	263.2	3%
Morocco	85.3	0.3	0.0	8.9	34.8	74.4	203.7	2%
Turkey	143.9	46.6	0.0	0.2	2.5	5.8	198.9	2%
Indonesia	56.6	0.9	0.0	0.1	0.0	137.5	195.1	2%
Azerbaijan	176.4	0.0	0.8	0.0	0.0	13.1	190.3	2%
Tunisia	6.6	44.8	0.0	88.6	39.4	1.6	180.9	2%
Pakistan	32.7	3.5	0.0	72.1	0.0	63.2	171.4	2%
Kenya	27.8	9.6	1.4	63.5	0.0	67.4	169.7	2%
Peru	111.0	44.5	0.0	0.4	0.0	8.7	164.7	2%
China	4.6	130.0	0.0	0.4	0.0	28.5	163.6	2%
Uzbekistan	0.2	0.0	27.5	10.4	0.0	123.5	161.6	2%
Burkina Faso	9.8	10.9	40.0	8.4	34.8	54.8	158.7	2%
Other recipients	608.6	496.2	303.3	393.5	506.2	2168.5	4476.3	54%
Total amount	2318.4	801.8	744.8	651.8	617.7	3111.8	8246.3	100%
% of aid to water from all donors	28%	10%	9%	8%	7%	38%	100%	

Chart 3. Distribution of aid to water and sanitation by region

2009-10, commitments, constant 2009 prices

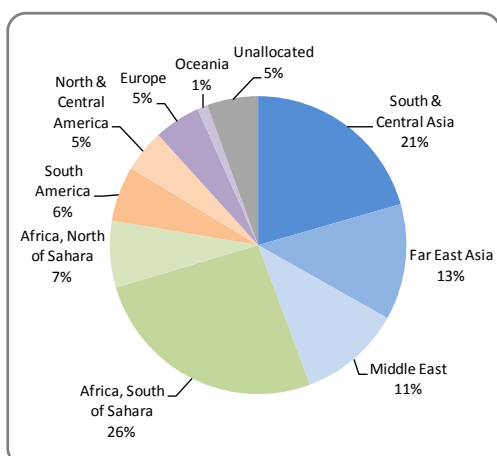
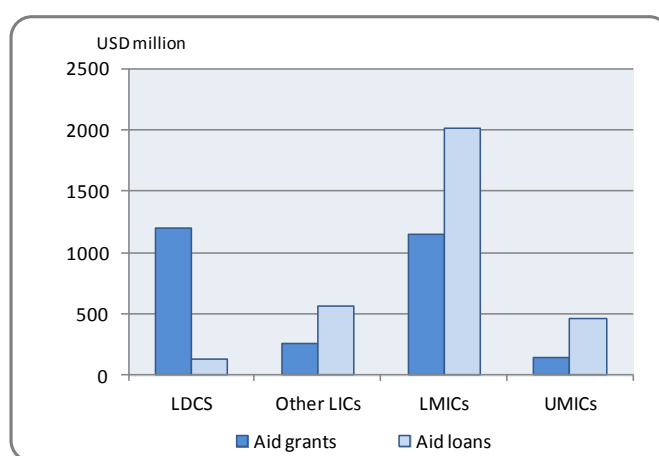


Chart 4. Distribution of aid to water and sanitation by income group

2009-10, commitments, constant 2009 prices

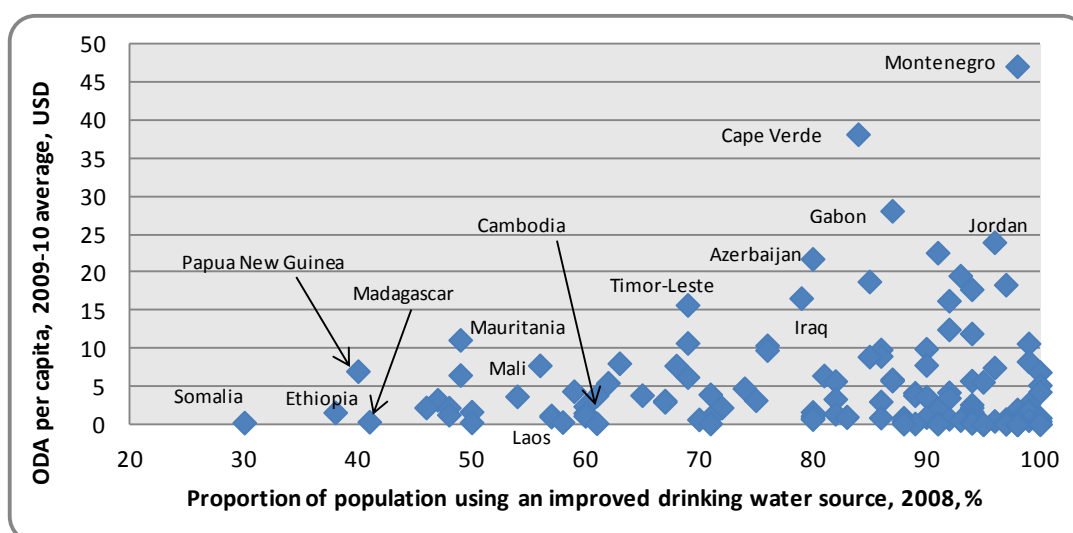


According to the 2011 MDG report, every region has made progress in improving access to clean drinking water, and Sub-Saharan Africa nearly doubled the number of people using an improved drinking water source between 1990 and 2008: coverage increased from 49% to 60% in that period. For sanitation, progress has been much slower, and the sanitation target is unlikely to be met.

It is difficult to isolate clearly the contribution of aid flows to the improvement of water supply and sanitation in developing countries, and in-depth analysis is beyond the scope of this paper. However it is clear that progress has been made. In the ten countries that received the largest amounts of aid in this sector over 2001-10, the weighted average share of population with access to an improved water source rose from 80% to 87%, and the share with access to sanitation rose from 40% to 46%. The detailed project-level data now available on the OECD website should assist researchers in identifying the most effective strategies and funding mechanisms in a variety of development contexts.

Charts 5a and 5b. Aid to water supply and sanitation per capita plotted against access to water supply and sanitation facilities²

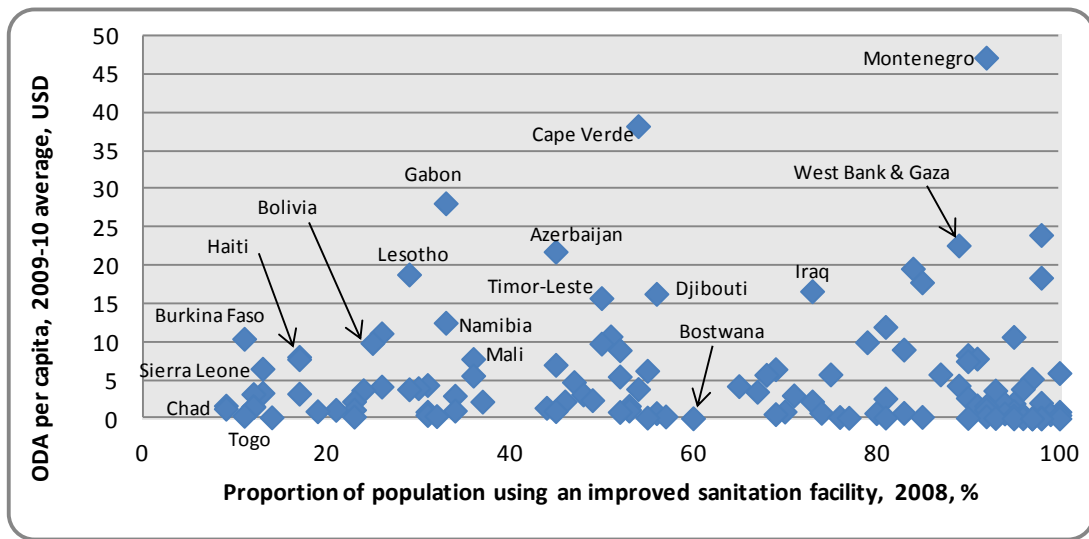
Chart 5a. Water supply, ODA per capita, 2009-10 commitments average, constant 2009 prices



² Source of data on population using an improved drinking water source and an improved sanitation facility: Joint Monitoring Programme, www.wssinfo.org.

Chart 5b. Sanitation facilities, ODA per capita

2009-10 commitments average , constant 2009 prices



Aid to sanitation and other sub-sectors

Another new feature in the data starting with 2010 flows, apart from the introduction of new types of aid, is the possibility to identify aid for sanitation separately from water supply (Chart 6b). This amendment to the DAC sector classification was realised at the request of water experts concerned by the lack of information on the level of funding for sanitation. In their view, more accurate figures were needed to attract the necessary funds and promote development progress in this area.

The first results show that, for DAC members, aid activities for water supply represented 21% of total aid for water in 2010 and sanitation 13%. Aid for systems combining both water supply and sanitation represented a larger share (44%) of aid for water. The remaining 22% consisted of sector budget support, contributions to funds managed by international organisations, waste management and education activities. 2010 was the first year of implementation of the distinct sub-sectors for water supply and sanitation, and the recording of activities under the combined “water supply and sanitation” sub-sector is likely to decrease in future years.

Charts 6a and 6b. Sub-sectoral breakdown of aid to water and sanitation

2009-10, commitments, constant 2009 prices

Chart 6a. Bilateral and multilateral commitments
constant prices, 2009-10

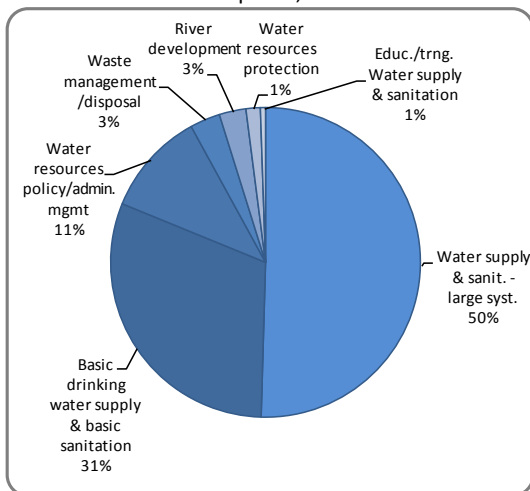


Chart 6b. DAC members' bilateral commitments
constant prices, 2010

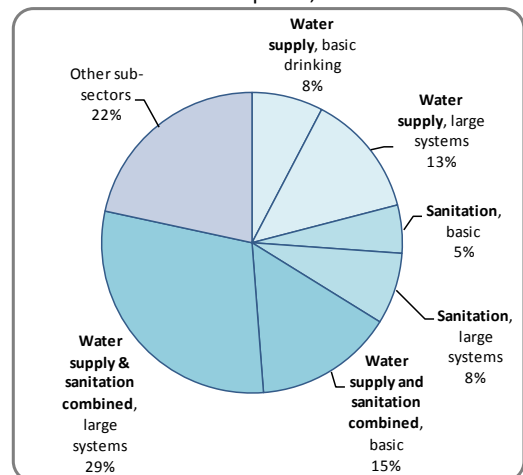


Chart 6a shows that projects for large systems are still predominant and accounted for half of total contributions to the water and sanitation sector in 2009-10. However, projects for basic systems represented a larger share than in the past (31%).

Aid to water supply and climate change concerns

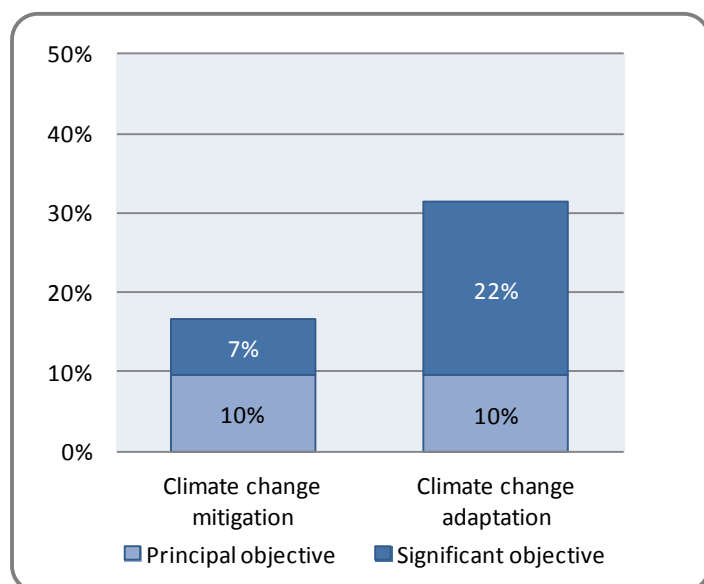
Climate change may increase developing countries' vulnerability in the field of water by affecting water availability and consumption needs. It is therefore important to monitor how providers of development assistance take climate change concerns into account in their programmes for water and sanitation. Since 1998, the OECD/DAC has monitored aid flows targeting climate change mitigation, and since 2010 climate change adaptation. The marker methodology used in the monitoring of these flows was established in close collaboration with the Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC). In brief, aid activities marked as having a "principal" climate objective (mitigation or adaptation) would not have been funded but for that objective; activities marked "significant" have other prime objectives but have been formulated or adjusted to help meet climate concerns. For more details see www.oecd.org/dac/stats/rioconventions.

"Climate change will provide an additional stress on water resources through increased evaporation losses and water demands as a result of rising temperatures; reduced coastal freshwater supplies [...]; increased precipitation extremes in certain regions (such as high latitudes) which has implications for flooding risks; initial increase and eventual reduction in glacial meltwater [...]; reduced rainfall in other regions (such as southern Africa and the Mediterranean rim) leading to enhanced drought risk; displaced rainy seasons; and decreased water quality in many regions as a result of higher temperatures [...]. Food production, meanwhile, is closely linked to water availability and will face increased stress in regions where water stress is exacerbated."

Integrating climate change adaptation into development co-operation, Policy guidance, OECD, 2009

Chart 7. Climate change-related aid in the water supply and sanitation sector

Share in DAC members' 2010 commitments



Almost a third of DAC members' activities in the water sector did address climate adaptation concerns (32%, e.g. reuse of treated waste water as alternative water reserve), while a smaller share of their programmes (17%) took mitigation concerns into account (e.g. climate protection through low-methane waste management systems). There is an overlap of these shares with some activities (5%) targeting both mitigation and adaptation; overall, **44% of aid to water targeted climate change concerns** – mitigation or adaptation – to some extent.

Mitigation was the primary objective of more than half of projects marked as targeting mitigation, while adaptation was the primary objective for only one-third of projects marked as targeting adaptation.

In volume terms, **USD 2.5 billion** of aid to water targeted climate change to some extent (USD 1.8 billion for adaptation; USD 1 billion for mitigation; and an overlap of USD 0.3 billion).

Aid to water supply and gender equality concerns

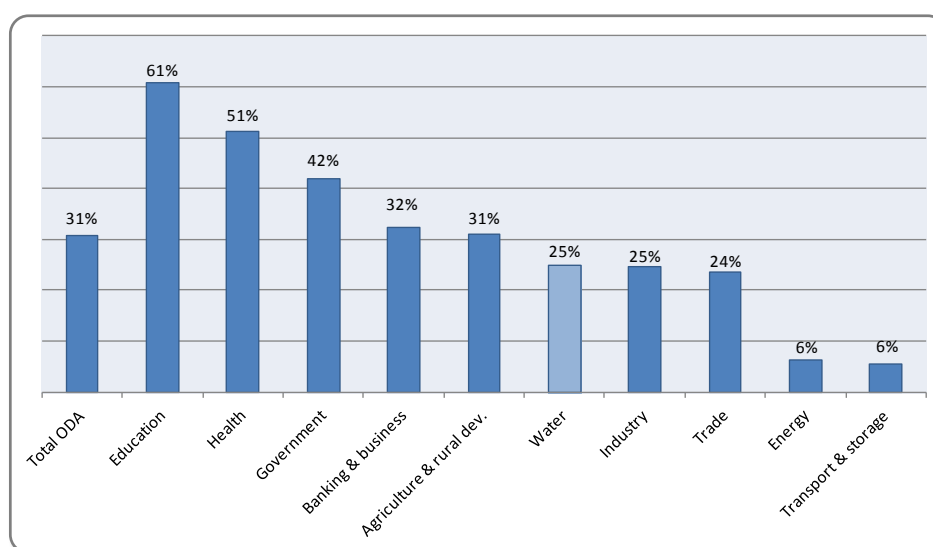
“Improvements to rural water and irrigation systems and transportation infrastructure reduce the amount of time women spend on arduous tasks such as fetching water and tending family crops. These investments will reduce the time-consuming aspects of women’s and girls’ unpaid work and bring returns in the form of increased women’s engagement in market-based activities and greater productivity”.

OECD, Women’s Economic Empowerment, Issues Paper, 2011

Data on DAC members’ aid targeting gender equality and women’s empowerment are compiled with the help of the gender equality policy marker. DAC members should screen and mark every aid activity they report to the CRS as either (i) targeting gender equality as a “principal objective” or a “significant objective”, or (ii) not targeting the objective. “Principal” means that gender equality is an explicit objective of the activity and fundamental in its design. “Significant” means that gender equality is an important, but secondary, objective of the activity. See www.oecd.org/dac/stats/gender.

Chart 8. Gender equality focussed aid

Share by sector, DAC members’ 2009-10 commitments, constant 2009 prices



DAC members seem to address gender equality concerns less in the water sector than in other sectors: only one-fourth of aid to water did address gender equality concerns while the share is closer to one-third for total aid (31%). In social sectors other than water, the share is much higher: 61% for education, 51% for health, 42% for government and civil society. It is also higher for a number of productive sectors such as agriculture and rural development (31%).

Most activities in the water sector marked as gender equality-focussed addressed this concern as a secondary objective. Examples in 2010 include:

- “Contribute to the full exercise and respect of the following rights: water and sanitation, gender equality and political participation, and their interaction”, USD 1.7 million, by Spain in Guatemala;
- “Increase Bel Air community's supply of clean drinking water and establish a solid waste management system to improve the quality of life and security in the neighbourhood and thereby attract other development initiatives and business opportunities”, USD 861 thousand, by Canada in Haiti.

Annex – Technical note

Monitoring flows to the water and sanitation sector

DAC statistics - CRS Aid Activity database

DAC and CRS data are the unique source for official, standard and comparable statistics on Official Development Assistance (ODA).

The OECD Development Assistance Committee (DAC) collects aid flows at activity level through the Creditor Reporting System (CRS) and expanded CRS (CRS++), and in the form of aggregates through the annual DAC Questionnaire. The data collection is based on a standard methodology and agreed definitions. Data can be used to analyse trends and compare the efforts of donors.

DAC definition of water and sanitation

The DAC defines aid to **water and sanitation** as including water resources policy, planning and programmes, water legislation and management, water resources development, water resources protection, water supply, sanitation (including solid waste management) and education and training in water and sanitation. Data shown in this brochure are based on the water and sanitation sector divided into the sub-sectors shown in the Box below.

The definition of aid for water and sanitation excludes **dams and reservoirs** primarily for irrigation and **hydropower** and activities related to **river transport** which are recorded elsewhere in the classification (aid to agriculture, energy and transport respectively).

DAC statistics classify **humanitarian aid** as a separate category (the main purpose being to save lives in an emergency context), and do not record the ultimate sector of destination of humanitarian interventions (water, health, education, etc.). Statistics shown in this note therefore do not take into account donors' expenditures on water supply and sanitation that occurred in the context of humanitarian aid.

Recording of loans in ODA statistics

While the bulk of ODA is extended in the form of grants, loans constitute a large share of ODA to certain sectors. 54% of ODA to water supply and sanitation in 2009-2010 was in the form of loans.

If the loan satisfies the ODA criteria (see below), the whole amount is recorded as ODA. The grant element is not used to discount the face value of a loan in DAC reporting. Figures for loans in this paper relate to face value, no allowance being made for repayments.

For reference: definition of ODA

Official development assistance is defined as those flows to countries on the DAC List and to multilateral institutions for flows to ODA recipients which are:

- i. provided by official agencies, including state and local governments, or by their executive agencies; and
- ii. each transaction of which:
 - a) is administered with the promotion of the economic development and welfare of developing countries as its main objective; and
 - b) is concessional in character and conveys a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent).

Box. Aid to the water supply and sanitation sector: sub-sector definitions and guidance notes

Water sector policy and administrative management (CRS purpose code 14010)

Water sector policy and governance, including legislation, regulation, planning and management as well as transboundary management of water; institutional capacity development; activities supporting the Integrated Water Resource Management approach (IWRM: see below).

Water resources conservation (including data collection) (CRS purpose code 14015)

Collection and usage of quantitative and qualitative data on water resources; creation and sharing of water knowledge; conservation and rehabilitation of inland surface waters (rivers, lakes, etc.), ground water and coastal waters; prevention of water contamination.

Water supply and sanitation - large systems (CRS purpose code 14020)

Programmes where components according to 14021 and 14022 cannot be identified. When components are known, they should individually be reported under their respective purpose codes: water supply [14021], sanitation [14022], and hygiene [12261].

Water supply - large systems (CRS purpose code 14021)

Potable water treatment plants; intake works; storage; water supply pumping stations; large scale transmission / conveyance and distribution systems.

Sanitation - large systems (CRS purpose code 14022)

Large scale sewerage including trunk sewers and sewage pumping stations; domestic and industrial waste water treatment plants.

Basic drinking water supply and basic sanitation (CRS purpose code 14030)

Programmes where components according to 14031 and 14032 cannot be identified. When components are known, they should individually be reported under their respective purpose codes: water supply [14031], sanitation [14032], and hygiene [12261].

Basic drinking water supply (CRS purpose code 14031)

Rural water supply schemes using handpumps, spring catchments, gravity-fed systems, rainwater collection and fog harvesting, storage tanks, small distribution systems typically with shared connections/points of use. Urban schemes using handpumps and local neighbourhood networks including those with shared connections.

Basic sanitation (CRS purpose code 14032)

Latrines, on-site disposal and alternative sanitation systems, including the promotion of household and community investments in the construction of these facilities. (Use code 12261 for activities promoting improved personal hygiene practices).

River basin development (CRS purpose code 14040)

Infrastructure focused integrated river basin projects and related institutional activities; river flow control; dams and reservoirs [excluding dams primarily for irrigation (31140) and hydropower (23065) and activities related to river transport (21040)].

Waste management/disposal (CRS purpose code 14050)

Municipal and industrial solid waste management, including hazardous and toxic waste; collection, disposal and treatment; landfill areas; composting and reuse.

Education and training in water supply and sanitation (CRS purpose code 14081)

Education and training for sector professionals and service providers.

Notes:

1/ To assist in distinguishing between “basic” and “large systems” for “water supply” and “sanitation”, consider the number of people to be served and the per capita cost of provision of services.

- Large systems provide water and sanitation to a community through a network to which individual households are connected. Basic systems are generally shared between several households.
- Water supply and sanitation in urban areas usually necessitates a network installation. To classify such projects consider the per capita cost of services. The per capita cost of water supply and sanitation through large systems is several times higher than that of basic services.

2/ Integrated Water Resources Management (IWRM) is defined as “a process which promotes the coordinated development and management of water, land and related resources in order to maximise the resultant economic and social welfare in an equitable manner without compromising the sustainability of vital ecosystems”.

Recognising that sectoral approaches to water management tend to impose unsustainably high economic, social and ecological costs, IWRM emphasises decision making across sectors and scales.

Example of data collection at activity level

For most types of financial flows, the CRS database records the face value of the activity at the date a grant or loan agreement is signed with the recipient (“commitments”). Data on the amounts disbursed each year are also available at the activity level (“disbursements”). Aid flows are measured on a calendar year basis.

Example: Japan committed a loan to Indonesia in 2005 to support a project to “Develop water resources and protect flood prone areas”, with subsequent disbursements from 2006 onwards (current USD thousands).

Original commitment

Year	Donor	Agency	Project number	Recipient	Sector code	Amount	Flow type	Currency
2005	Japan	JBIC	JBICIP-522	Indonesia	14040	84 877	Loan	USD

Subsequent disbursements

Year	Annual disbursement	Cumulative disbursement	Remains to be disbursed
2006	2 297	2 297	82 580
2007	3 441	5 738	79 139
2008	6 378	12 116	72 761
2009	14 008	26 124	58 753
2010	11 918	38 042	46 835

Acronyms

AfDB	African Development Bank
AfDF	African Development Fund
Arab Fund (AFESD)	Arab Fund for Economic and Social Development
AsDB	Asian development Bank
AsDF	Asian Development Fund
EBRD	European Bank for Reconstruction and Development
GEF	Global Environment Facility
IADB	Inter-American Development Bank
IADB Sp. Fund	Inter-American Development Fund for Special Operations
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFAD	International Fund for Agriculture and Development
Isl. Dev Bank	Islamic Development Bank
Kuwait (KFAED)	Kuwait Fund for Arab Economic Development
Nordic Dev Fund	Nordic Development Fund
OFID	OPEC Fund for International Development
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
UNICEF	United Nations Children’s Fund