

# Effective aid for sustainable WASH service delivery

Draft concept note

Proposal for the implementation of three case studies

## Background

Improving the effectiveness of aid is about the impact of development cooperation on the social and economic development of a country. It is about the impact of aid on the performance of the different sectors. In the WASH sector this means: ensuring aid enhances the capacities of developing countries to deliver and sustain safe, reliable water services and long-term behaviour change for hygiene and sanitation.

In the Paris Declaration (2005)<sup>1</sup> donors and developing countries committed to the principles of country ownership, donor coordination, harmonisation, alignment, mutual accountability and management for results, for progressing towards more effective use of development aid. Globally, the effectiveness of official ODA is monitored by OECD by assessing progress towards the aid effectiveness principles<sup>2</sup>. The GLAAS report<sup>3</sup> collects some information relevant for the effectiveness of aid in the water and sanitation and hygiene sector (WASH) at country level but there is yet no system or mechanism in place that systematically monitors aid effectiveness in WASH.

Recognising that countries and organisations around the world can achieve more by working together, the Sanitation and Water for All partnership (SWA)<sup>4</sup> provides a framework for coordinated and joint efforts to address the main bottlenecks for improved sector performance and to overcome fragmentation in the WASH sector. Working together, governments and development partners can better harmonize their efforts to accelerate progress in WASH.

In line with the AE principles SWA's vision is that countries lead the development of WASH services and are accountable to their citizens. Therefore SWA partners are committed to supporting governments in developing a robust sector capacity able to optimise all available (domestic and external) resources towards providing and sustaining WASH services for all. At the same time this vision and approach is very much linked to the Everyone Forever agenda currently driven by WfP, IRC and WSUP.

Over the last years the WASH sector is becoming increasingly aware that sector investments including those of donors fall short for ensuring universal access for all, for ever. Despite billions of dollars of aid and government spending, a substantial percentage of the water and sanitation systems are not working or providing a sub-standard level of services.

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<sup>1</sup> [www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm](http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm)

<sup>2</sup> [www.oecd.org/dac/effectiveness/2011surveyonmonitoringtheparisdeclaration.htm](http://www.oecd.org/dac/effectiveness/2011surveyonmonitoringtheparisdeclaration.htm)

<sup>3</sup> [www.un.org/waterforlifedecade/pdf/glaas\\_report\\_2012\\_eng.pdf](http://www.un.org/waterforlifedecade/pdf/glaas_report_2012_eng.pdf)

<sup>4</sup> <http://sanitationandwaterforall.org/about#sthash.xTeFSg4n.dpuf>

The following trends can be observed:

- Most external support agencies are mainly to “build new infrastructure” for “new beneficiaries” (GLAAS 2012).
- Developing country governments also allocate most of their investments to putting in place new infrastructure.
- Fiscal austerity in OECD countries is in danger of putting short-term impact before long-term sustainability by interpreting “value for money” as maximizing immediate beneficiary numbers at the cost of system strengthening and supporting permanent service delivery.
- A changing and more complex aid landscape is further complicating an already fragmented sector leading to multiple uncoordinated approaches to sector development, duplication and inefficiencies.

Currently, within the SWA framework, a number of studies are being developed aimed at broadening the understanding in the sector of current aid effectiveness practices in view of the principles to which most SWA developing country and donor governments have already committed. Two WSP commissioned case studies from Liberia and Niger were used to better understand how the sector is progressing towards the five Paris Declaration Aid effectiveness principles. WATERAID is currently undertaking a study to scope and identify the potential parameters for monitoring aid effectiveness in the Water and Sanitation sector. Case studies to test a preliminary aid effectiveness monitoring framework for water supply, sanitation and hygiene are currently being carried out in East Timor and in Ethiopia.

Within IRC and in the context of the Triple S project studies are being carried on sub-components of Aid Effectiveness. An example is the study in Ghana that focuses on sector harmonisation and alignment that seeks to appraise the cohesiveness of water sector practice around sector programming and improving donor alignment with the Service Delivery approach. The present study will further build on these existing efforts, and will allow for assessment of the results in the broader AE framework.

## Objectives

The present proposal for the implementation of the case studies is meant to complement the above initiatives in getting better insight in the effectiveness of aid in the water and sanitation sector. The case studies will be developed in one Central American country (Honduras) and in two Africa countries (tbd) and will take an endogenous perspective, trying to understand the effectiveness of aid in achieving enhanced capacities to deliver and sustain safe, reliable water services and long-term behaviour change for hygiene and sanitation, primarily from the perspective of national actors. It's expected that the results of the study will provide inputs and insights to further complement and or detail the preliminary aid effectiveness monitoring framework being developed by WaterAid.

Next to feeding the general knowledge base on AE in the WASH sector, another and equally important objective of the study is to generate country specific knowledge on AE in the WASH sector in IRC focus countries. These new insights are expected to strengthen the countries sector capacities to effectively manage and monitor external support.

At country level the e case studies will describe the effectiveness' of current aid in support to the WASH sector and its contribution to strengthening the countries capacity to deliver and sustain

WASH services. At the same time the case studies aim to portray the country's capacity to make effective use of international aid for sustainable WASH service delivery and to provide insights in the governments' perspective of "quality" aid and the main bottlenecks for making aid more supportive for enhanced sector performance.

## Expected outputs and results

Results of the cases studies will be shared in the SWA Country processes Tasks<sup>5</sup> team and are meant to fuel the current understanding and thinking on the effectiveness of aid in the WASH sector, and particularly regarding countries leadership role in making effective use of aid money. Through SWA the results of the case studies may feed into the in-country High Level Dialogues in preparation of the HLM. Results of the study will also be shared during a seminar on AE and sustainable WASH services during the SWWW in August 2014.<sup>6</sup>

In the study countries, the study findings will be shared and discussed in sector events and dialogue with the objective to raise awareness among sector stakeholders and to formulate an agenda for action towards monitoring and making more effective use of external support. Preparation of country compacts may be an option to be explored. In Ghana, where a country compacts already exists the added value of the Compact for enhancing the effectiveness of aid will be subject of the study.

Concrete outputs include:

- Country dialogues in which the study results are validated and recommendations including concrete actions for strengthening the countries capacity for effective monitoring and use of external support are formulated
- Each of the three case studies documented ( separate documents)
- Country specific dissemination material on the main findings of the case studies (in Spanish, French and English for Honduras, Burkina Faso and Ghana respectively)
- A generic document systematising the main results of the three case studies
- A briefing note and a power-point presentation for sharing the results of the main findings of the study
- At least one article or blog post on the IRC-country leadership web-page

## Approach and methodology

Information and perspectives will be collected to describe:

- The nature of external support to sector investments in each country

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<sup>5</sup> The Country Processes Task Team (CPTT) is a multi-stakeholder group of SWA Partners which coordinates and stimulates SWA partners' efforts to support country processes, See more at: <http://sanitationandwaterforall.org/priority-areas/country-processes#sthash.VqU9cMKC.dpuf>

<sup>6</sup> The CPTT through WaterAid has submitted an abstract requesting for a seminar on AE during the next SWWW (August/September 2014). WaterAid, WSP and IRC will probably be co-organisers of the event, if accepted.

- Total amount of external support for WASH and how that relates to internal investments to the sector
- (Estimated) breakdown of external support in ODA (by type of donor) and non-ODA
- Total amount of official ODA flowing directly to local level government as part of contributing to fiscal decentralization and how much of this is earmarked for WASH versus broader budgetary support at local level
- Breakdown of external support in grants, loans and other
- Support modalities ( project support, programme support, (sector-) budget support , basket funding
- Its contribution to strengthening the sector's capacity for achieving sustainable WASH services
  - By describing- assessing to what extent the Life Cycle Costs approach is considered in costing and financing in the sector )
  - By describing the aid modalities ( in support to national systems and capacities or undermining the existing national capacities and systems) and conditionality's
- The sectors leadership role and planning capacity to make effective use of the external resources
  - How WASH is positioned in the overall national development agenda ( share of national budget to WASH)
  - Availability of a clear institutional framework with well-defined leadership role and mechanisms
  - Existence and use of sector policies, strategies with clear goals and targets, sector programmer and investments plan, sector planning and sector performance monitoring system, sector coordination platforms and mechanisms (including gov-DP coordination)
  - The adoption of a SDA approach (including LCCA) in national polices, strategies and practices
  - How accountability and transparency on sector investments and results in the sector are taken care of
  - Evidence of the national governments capacity to negotiate and direct DP's investments according to national needs and through modalities according to national preferences
  - The sectors absorption capacity<sup>7</sup>
- Current donor/ Development partners' behavior in the Water and Sanitation sector in each case-study country
  - Compliance with the 5 principles of the Paris Declaration): country ownership, harmonization, alignment, management for results and mutual accountability
  - Donors' catalytic role in support to countries leadership and strengthening of sector capacities for sustained service delivery
  - Considerations of the LCCA approach in allocation of funding

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<sup>7</sup> We acknowledge that the sectors absorption capacity is dependent on the capacities and performance of governmental institutions (national and in decentralised levels), the service providers and direct support agencies. The capacities in each of the mentioned actors is determined by the human resources, knowledge and competences, working equipment and tools, working methods, etc. they have at their disposal. An in-depth assessment of the performances of each of these actors (how they are performing their roles and responsibilities) goes beyond the scope of this study- herewith not wanting to underplay the value of external aid in contributing to strengthening performance of all actors relevant for service provision.

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- Demanding specific conditions or measures for ensuring sustainability of their investments?
- Efforts to monitor the sustainability of their investments?
- Effectiveness of aid at decentralized level
  - What are the financial flows from national to LG level including external aid to LG?
  - Concentration and/or dispersion of aid in certain geographical regions- districts and or municipalities.
  - What is the capacity at local level to coordinate and monitor external investments (INGOS-NGO's and donors)?
  - What are the main challenges at local level to coordinate and monitor sector investments by the DP's?
  - Do the local governments have any mechanism in place to hold DP's accountable for sector investments? Who is accountable for sustainability of the sector investments by DP's beyond project conclusion? What mechanism do the LG and the DP's have in place to guarantee a sustainable service beyond hand-over of the new –or rehabilitated infrastructure?
  - What do LG's see as the added value of the DP's in their respective areas of jurisdiction?
  - Is there any evidence of support from DP's to LG's in strengthening their capacities- harnessing their capacity to ensure continued service delivery to its population beyond the present external support.

## **Data collection**

- Desk study for review of existing documents and data bases
- (Semi-structured) face- to- face interviews with key actors ( representatives at the Ministry of Finance, Ministry of Planning, Lead Ministries, and relevant networks of (I)NGO's)
- An on-line questionnaire for selected INGO's and the main donors to be filled out on-line (but followed-up by personalized telephone calls)
- Specific efforts will be made to reach-out to local governments to collect information and their perspectives on AE and sustainable WASH service delivery. We will need to make use of country specific platforms such as the association of local governments/ municipalities.

The findings will form the basis for further reflection and dialogue in meetings with representatives of government institutions, development partners and civil society making as much as possible use of existing platforms for sector coordination.

## **Data analysis**

The case studies will above all be descriptive in nature; where possible supported by quantitative data. The intention is to provide a first snap-shot of the current situation and perspectives on the effectiveness of aid in relation to sustainable service delivery.

The information collected will be used to describe to what extent the external funding makes an effective contribution in strengthening the countries capacity to provide a sustainable service for its entire population. The description will above all try to provide insight into the existing in-country capacity and perspectives of national stakeholders (government) on the effectiveness of aid and the challenges they endeavour in making more effective use of donor money for accelerating access and sustaining service levels over time.

The cases study will be elaborated describing the following:

- The relative share of aid (external support) being allocated to the different cost categories in the LCCA approach particularly to post construction support and support such as capacity development and sector reform
- National capacities<sup>8</sup> - The strength of national government (in its different levels) to lead and direct external funding in support to sustained service delivery. It's about country leadership and capacity to ensure and maintain a quality WASH service to its entire population- even beyond the present support from external aid agencies.
- DP's behavior- the level of compliance with the AE (PD) principles and conditionality's or measures for ensuring and monitoring sustainability of their investments. The support of DP's in harnessing country leadership and capacities for a post -aid era.
- Perspectives of national actors (including local governments) regarding opportunities and challenges for effective use of external resources (aid) for achieving and sustaining higher service levels

Where feasible, simple ordinal scales will be used to indicate where the sector is perceived to be at with respect to each of the key questions.

A draft report on the findings for each country will be elaborated. The preliminary findings will be discussed and validated in-country in a meeting with a selected group of sector stakeholders, including representatives of donors, government institutions and NGO's, during which the main conclusions will be drawn-up/validated and recommendations for strengthening the sectors capacity for effective use and monitoring aid money will be formulated. The main results will be captured in country specific briefing notes to be made available to all sector stakeholders.

## Scope

The case studies are intended to provide a first brush of the effectiveness of externally supported investments in the water and sanitation sector for achieving sustained service delivery.

Where possible a differentiation between the effectiveness of aid in the sub-sectors of water and sanitation will be made, however it is anticipated that most of the available information on sector investments is not spelled out in sufficient detail to arrive at sub-sector specific conclusions. Similarly, where possible a distinction will be made for investments in the rural and in the urban sub-sectors.

The case studies will provide a first snap-shot of the current situation only. Understanding the current situation and trends in a historic perspective will need a more thorough study. We will however do our utmost best to make a real added value to existing country studies made by various sector DP's or international organisations.

We are aware that for a complete picture of the national perspective on the effectiveness of aid, next to national government institutions other stakeholders such as decentralised governments

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<sup>8</sup> For the sake of the study we will focus at public institution at national, regional and local level but we are that the sectors' capacity is determined additionally by the capacities of the service providers and support agencies (NGO and others).

and local service providers would need to be consulted. Given that too often the understanding of AE and the AE debate does not go beyond the national level and therefore fail to pick-up the dynamics at the decentralised levels, we will therefore strive to include the perspectives of local governments and other relevant local players.

The studies will try to include next to the ODA, support provided by the main international NGO's. However, in the absence of a registration or data base including the collective support provided to the WASH sector (ODA and non-ODA) the case study will probably not be comprehensive for all external support.

## **Selection of case study countries**

We are interested to select the case studies from a variety of categories that reflect different geographical areas and different levels of development, donor dependency and sector reform.

Honduras is an IRC focus country. Honduras qualifies as a low income country.<sup>9</sup> Overall, the resources for the sector, including aid money, decreased over the last couple of years. Especially the number of bi-lateral donors decreased significantly over the last decade. Political country leadership is a challenge but a recently approved WASH policy and sector plan in elaboration are providing a national framework for sector interventions. Currently the National Commission for Water and Sanitation is with support from IRC working on the design and launch of national sector monitoring, reporting and learning system. The results of the AE case study in Honduras are expected to provide important inputs and criteria for monitoring AE and DP's performance in the WASH sector in Honduras.

Ghana (tbd) is also an IRC focus country (also LIC). The sector in Ghana has seen over the last decade an increase in external support and with an enhanced number of non- traditional donors the aid- landscape in Ghana is becoming more complex. Interesting features are the adoption of a service delivery approach by national government and the SWA- Compact - striving to a stronger commitment between actors of national government and DP's towards improved sector performance.

Burkina Faso is an IRC focus country. Burkina Faso qualifies as a low income country (GDP per capita in 2012 = US\$ 634.32). The WASH sector settings include nationally agreed policies and frameworks on sector stakeholders' roles, responsibilities and interventions and a national WASH program for MDG's integrating all interventions. These frameworks and WASH program include many pieces of SDA and LCCA. Many DP's and INGOs have been supporting the sector through this program since 2007. Although, the public institutions are still weak at national, regional and municipality level. While reaching 63% of coverage in rural areas, less than 1% of the population meet the criteria for basic water service in sampled villages (WASHCost and Triple S studies). Thus analysing the effectiveness of external aid will be a crucial input for the process of updating sector frameworks and plans for the post MDG country strategy and plan initiated by the government for 2014.

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<sup>9</sup> OECD criteria.

The selection of the above three countries complement nicely the cases countries selected for the WaterAid study (Ethiopia and East Timor) and the studies carried out in Sierra Leone and Niger (by WSP).

We plan in each case study to highlight a particular component or relevant area for AE. This to be decided upon and confirmed later. However, a first idea is that in Ghana we will put particular emphasis on sector harmonisation and alignment, in Honduras we will zoom -in into the role of the INGO's and in Burkina Faso we will put additional emphasis on AE at decentralised level.

## **Ownership**

It is important that the study is implemented under the responsibility of the sector lead ministry. IRC will provide technical assistance. Strong involvement of the Ministry of Finance and the Ministry of Planning is recommended. Additionally, to ensure strong sector ownership of the study, it's recommended to establish a national working group or reference group constituted of representatives of key sector stakeholders from governmental and non-governmental institutions.

## **The research team**

At IRC level the study will be coordinated by Erma, with support from Jeske and or Amélie.

### **Country teams**

- For Burkina Faso: Juste, Amélie and Christelle
- For Ghana: Vida and Yaw Sarkodie
- For Honduras: Erma and Andrés

### **Review team**

Stef, Christelle, John Butterworth, Harold and somebody from WaterAid (Clare, Henry or Tom)

### **Support team**

IRC and country offices communication teams

## **Time schedule**

- Pilot study in Honduras (December/ January/ February/ March)
- Implementation in Ghana ( March/ April/ May)
- Implementation in Burkina Faso (March/ June/ May)

## **Key milestones**

- National dialogues and debate on the study findings
- Sharing and discussion of the preliminary results of the 3 case studies in the SWA-CPTT



- Presentation and sharing of results during the AE event in SWWW (august 2014)
- Publication of briefing note(s)

## Guiding questions

### **Current externally supported investments in the sector and contribution to sustainability of services:**

- Total investments in WASH and as % of total national budget?
- Total ODA and as % of total budget for the sector.
- Who are the main donors? What is their respective commitment to the sector and sub-sectors? Can a breakdown of sector investments in water, sanitation and hygiene services be made?
- Who are the new donors? DP's?
- Any insights in the relative weight of traditional and non-traditional aid in the WASH sector?
- What is the (estimated) percentage of the committed (ODA) resources of each donor to:
  - New infrastructure and extension of existing facilities
  - Rehabilitation of existing facilities or replacement of existing infrastructure
  - Operations and (small) maintenance
  - Support to local capacity development ( Local governments, service providers)
  - Sector reform and strengthening national institutional capacity
- Estimate of the non-ODA aid:
  - Who are the main non-ODA external support providers?
  - Any indications/ estimates on the total amount of their sector investments (and in the above categories?)
  - What is the total (guesstimate) of sector investments supported by the main INGO's
  - Breakdown of sector support (national resources) to the above costs categories?

*The above information to be obtained at the Finance Ministry (and or Planning). To be validated and or cross checked with info at the lead ministry. And directly from the DP's in case of non-ODA.*

### **Donors' behaviour will be described taking into account the national institutions perspective on:**

- DP's perspective of compliance with the 5 AE principles as agreed in the Paris Declaration (Accra agenda and Busan).
- Ask institutions recipients of aid on main bottle necks (internal or extern) for making more effective use of the external support provided
- How they perceive aid could be used more efficiently? What would that mean for the capacity of the recipient institution? For the donor? And for the capacity of the sector at large?

*More specific questions include:*

- How projects are identified and prioritised by the donor or DP
- Timeframe from project identification and negotiation until implementation

- The conditions the donor put in place for project implementation
- If the donor support is coming through the national system (via Ministry of Finance) or otherwise?
- What the aid modality is? (Project unit, direct support etc.)
- If and how the donor encourages collaboration and leverage of the donor funding with other sources (other external support)
- What are the conditions for disbursement of instalments and payments?
- The monitoring and reporting requirements
- Transparency and accountability requirements
- If the donor put any specific measures in place to ensure sustainability of the investments?
- If the donor put specific measures in place to monitor sustainability of the investments?
- Main challenges in maintaining and improving service levels overtime? And how could DP support in overcoming the main challenges?
- Other

*The above questions will be asked above all to the national institutions, recipients of external support. Some of the questions, where appropriate, will also be asked to INGO's*

**Additionally an assessment will be made around the following issues:**

- Demonstrated leadership in coordinating and implementing all sector investments based on national development goals as well as to define and monitor minimum levels of services;
- Development of financing strategies that clarify how and ensure that service costs will be sustainably financed by national tax revenues, tariffs and through external transfers;
- Allocation of sector funding to sector strengthening as well as infrastructure;
- Capacity to put the case for more WASH aid to be channeled as general or sector budget - support to deliver the best development outcomes.
- National capacity to monitor external support and donor behavior (in WASH)

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