



EVALUATION OF DANISH SUPPORT TO  
WATER SUPPLY AND SANITATION (1999-2005)

evaluation

2007.05





# Evaluation of Danish Support to Water Supply and Sanitation (1999-2005)



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# Contents

Abbreviations	5
Executive summary	7
<b>1 Introduction</b>	<b>15</b>
<b>2 Methodology and approach</b>	<b>17</b>
<b>3 The global situation</b>	<b>18</b>
3.1 The millennium development goals' related targets	18
3.2 Global main issues and main players in the water supply	18
<b>4 Danida support to water supply &amp; sanitation in brief</b>	<b>20</b>
4.1 Danida policies	20
4.2 Countries with Danida water sector support	20
4.3 Danida funding for water sector programme support	22
<b>5 The water supply &amp; sanitation sector in the seven countries</b>	<b>26</b>
5.1 Water supply & sanitation performance and the MDGs	26
5.2 Institutional framework	30
5.3 Main water supply & sanitation policies	33
5.4 Public sector reform	33
<b>6 Relevance of Danida support</b>	<b>35</b>
6.1 Danida support and poverty alleviation	35
6.2 Danida support and impact on national and sector	37
6.3 Danida support and cross-cutting issues	40
6.4 Danida support to innovative ideas and concepts	43
<b>7 Institutional sustainability</b>	<b>44</b>
7.1 Dimensions of institutional development	44
7.2 Organisational strengthening	46
7.3 Human resources development	47
7.4 System development	50
<b>8 Financial sustainability</b>	<b>52</b>
8.1 Sector finance	52
8.2 Financial requirements for reaching the MDGs	57
8.3 Financial sustainability at service level	58
8.4 Cost-effectiveness	61
<b>9 Aid delivery mechanisms</b>	<b>62</b>
9.1 Principles of Danida aid delivery	62
9.2 Decentralisation of Danida aid management	63
9.3 Aid delivery modalities in the seven countries	63
9.4 Financial procedures	70
9.5 Co-ordination of development programmes	71

<b>10 Findings, conclusions and recommendations</b>	<b>74</b>
10.1 Overall: relevance of Danida support	74
10.2 Relevance – progress in meeting MDGs	76
10.3 Relevance – poverty alleviation	77
10.4 Relevance – sanitation	78
10.5 Relevance – Danida’s role in the international water	79
10.6 Relevance – national and water supply & sanitation	80
10.7 Relevance – innovative approaches	80
10.8 Institutional sustainability	81
10.9 Financial sustainability – sector level	82
10.10 Financial sustainability – service level	83
10.11 Aid delivery mechanisms	84
<b>Appendix 1: Terms of reference</b>	<b>86</b>
<b>Appendix 2: Evaluation matrix</b>	<b>97</b>

The main report and all other appendices to the evaluation report can be found on the attached CD-ROM or viewed on the website: [www.evaluation.dk](http://www.evaluation.dk)

The additional appendices include:

- Appendix 3: Detailed methodology
- Appendix 4: Evaluation personnel and main contributions
- Appendix 5: Sector programme support components descriptions
- Appendix 6: Sector programme support packages – financial resources
- Appendix 7: Countries’ selected development indicators
- Appendix 8: Typical water supply & sanitation facilities per country
- Appendix 9: Supporting Tables
- Appendix 10: Aid delivery background and terminology
- Appendix 11: Global main issues in the water supply & sanitation sector
- Appendix 12: Financial overview Danida support to water supply & sanitation
- Appendix 13: Exchange rates
- Appendix 14: References

The attached CD-Rom also includes country reports (working papers) and back-ground studies to the evaluation, including a study on linkages between water, sanitation and health.

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## Abbreviations

<i>ADP</i>	Annual Development Plan
<i>AfDB</i>	African Development Bank
<i>AusAid</i>	Australian Agency for International Development
<i>CBO</i>	Community-based organisation
<i>CSD</i>	United Nations Commission for Sustainable Development
<i>CWSA</i>	Community Water and Sanitation Agency (Ghana)
<i>Danida</i>	Danish International Development Assistance (Ministry of Foreign Affairs, Denmark)
<i>DFID</i>	Department for International Development (United Kingdom)
<i>DKK</i>	Danish Kroner
<i>DWD</i>	Directorate for Water Development (Uganda)
<i>EU</i>	European Union
<i>GNI</i>	Gross National Income
<i>GTZ</i>	Gesellschaft für Technische Zusammenarbeit (German Development Co-operation)
<i>HDI</i>	Human Development Index
<i>HRD</i>	Human Resources Development
<i>IFI</i>	International Financial Institution(s)
<i>IRC</i>	International Reference Centre for Water and Sanitation
<i>ITN</i>	International Training Network (Bangladesh)
<i>IWRM</i>	Integrated Water Resources Management
<i>JMP</i>	Joint Monitoring Programme
<i>KfW</i>	Kreditanstalt für Wiederaufbau (Germany)
<i>MDG</i>	Millennium Development Goal(s)
<i>MoH</i>	Ministry of Health
<i>n.a.</i>	Not available
<i>NGF</i>	National Government Funds
<i>NGO</i>	Non-governmental Organisation
<i>OBA</i>	Output-Based Aid
<i>O&amp;M</i>	Operation and Maintenance
<i>ODA</i>	Official Development Assistance
<i>ONEA</i>	Office National de l'Eau et de l'Assainissement (National Office of Water and Drainage) (Burkina Faso)
<i>PADSEA</i>	Programme d'Appui au Développement du Secteur Eau et Assainissement (Danida sector programme)
<i>PPP</i>	Public-Private Partnership(s)
<i>PRSP</i>	Poverty Reduction Strategy Paper
<i>PSR</i>	Public Sector Reform
<i>Sida</i>	Swedish International Development Agency
<i>SPS</i>	Sector Programme Support
<i>SPS-1</i>	Sector Programme Support phase 1
<i>SPS-2</i>	Sector Programme Support phase 2
<i>SWAp</i>	Sector Wide Approach (to Planning)
<i>TA</i>	Technical Assistance
<i>ToR</i>	Terms of Reference
<i>UK</i>	United Kingdom
<i>UN</i>	United Nations

## ABBREVIATIONS

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<i>UNDP</i>	United Nations Development Programme
<i>UNICEF</i>	United Nations Children's Fund
<i>USAID</i>	United States Agency for International Development
<i>USD</i>	United States Dollar
<i>WB</i>	World Bank
<i>WHO</i>	World Health Organisation
<i>WID</i>	Women in Development
<i>WRM</i>	Water Resources Management
<i>WSP</i>	Water and Sanitation Program
<i>WSPS</i>	Water Sector Programme Support (SPS-1 in Ghana)
<i>WTP</i>	Willingness To Pay
<i>WUG</i>	Water User Group



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# Executive summary

## 1. Background

The objective of this Evaluation is to assess the performance of bilateral Danish water supply and sanitation (WSS) interventions during the period 1999-2005, with a focus on institutional and financial sustainability (see Appendix 1 Terms of Reference). The Evaluation offers recommendations on policy directions to improve sector performance. The Evaluation assessed the bilateral Danish International Development Assistance (Danida) WSS sector support programmes in Bangladesh, Benin, Burkina Faso, Egypt, Ghana, Uganda and Vietnam. The Evaluation has with regard to the time framework focussed on Danida interventions and support during the period 1999-2005. This means in most countries the first generation of Sector Programme Support (SPS).

## 2. Main findings and recommendations

### Overall: relevance of Danida support

The Evaluation is positive in its assessment of the relevance of the Danida support to the seven countries. When looking at an aggregate level at persons reached (coverage) as well as weighted against the four issues of the evaluation matrix: relevance, institutional sustainability and financial sustainability and aid delivery mechanisms, the Evaluation is positive on the Danida interventions. Despite the positive assessment, the Evaluation makes recommendations on the policy directions and interventions of Danida.

### Contribution to achieving the millennium development goals

In the countries concerned Danida's support towards achieving the water related MDGs is very substantial. The total number of direct beneficiaries from the Danida WSS programmes during the evaluation period (1999-2005) in the seven countries has been 5.8 million people (20% of total increase) for improved water supply and 3.8 million people (10% of total increase) for improved sanitation. Progress on sanitation is especially due to successful programmes in Bangladesh, Vietnam and Uganda, whereas progress for sanitation in Benin, Burkina Faso and Ghana is lagging behind.

Notwithstanding the achievements, there is a need to increase resources and strongly accelerate investments in the WSS sector in order to achieve the MDGs in 2015, especially for sanitation.

In order to achieve the MDGs, it is recommended that Danida, in consultation with the recipient countries and other financing agencies, takes the lead in identifying ways and means to make available additional resources and strongly accelerate investments in WSS with a special emphasis on sanitation in sub-Saharan countries. Danida should with its programme focus on increasing the absorption capacity (manpower, knowledge, institutional capacity) sufficiently to accommodate these additional WSS funds. Attention should be paid to create ownership through user contributions and involvement of the private sector to increase sustainability (**Recommendation 1**).

### Poverty alleviation

Danida's support to the WSS sector in the seven countries has a considerable impact on achieving the WSS related MDGs and in this way contributes substantially to poverty alleviation.

In general, Danida has acted upon its poverty alleviation objective by focussing on poor countries and within these countries on poor regions. Also the focus of Danida WSS programmes on rural areas is appropriate in the context of poverty alleviation. On a case by case base investments in peri-urban slum areas, "pockets of poverty", could be supported, especially because of the high need for adequate WSS facilities and because approaches in rural areas also partly apply to peri-urban slum areas.

At the sector level and within the various programmes and regions there was little evidence of systematic and comprehensive poverty analysis and an explicit pro-poor policy. After the initial selection of countries and regions, Danida interventions in the WSS sector are mainly based upon the principle of WSS for all with the implicit assumption that also the poor will benefit. Individual Danida interventions, however, often do give special attention to the poor, mainly through subsidies to the poorest or by charging low fees for basis service levels. Such an approach is mostly implemented on an ad hoc basis and not always in line with the official water supply, sanitation and poverty policy of the recipient country.

The ability of Danida programmes to better reach the poorest sections of society is likely to improve if poverty analysis was being carried out on a systematic basis in programme design and planning.

It is recommended that Danida maintains its focus on poor countries and within these countries on poor regions and its overall focus on rural areas. At the programme level it is recommended that Danida develops a more systematic and pro-active approach to reach the poor. This implies:

- Assisting recipient countries in the formulation of pro-poor national water and sanitation policies and strategies;
- Introducing poverty analysis on a systematic basis in the design, planning and implementation of WSS programmes and interventions (**Recommendation 2**).

Given the need for WSS support regarding the peri-urban poor, Danida has to decide whether and if yes, in what ways and by which means technical and financial assistance can be deployed. The know-how and approach of Danida in the rural areas may partially be applicable for the peri-urban areas as well. Additionally, the Danida resource base may be stimulated to re-direct part of its focus to the peri-urban areas and prepare itself for a more intensive role here.

Finally, addressing the peri-urban case may apart from Danida bilateral support also be done by earmarked funding and implementation by multilateral organisations (**Recommendation 3**).

### Sanitation

Progress in meeting the sanitation targets in the various countries is lagging behind as compared to water supply, especially in the sub-Saharan countries. Sanitation often receives less priority and is generally considered a household affair, particularly in rural

areas. Except for Bangladesh, explicit policies for sanitation are lacking or not well formulated. The institutional framework for sanitation is fragmented in many of the countries and, as a consequence, budgets for various sanitation activities are divided among various organisations at different levels.

Rural sanitation has the specific problem that households and communities will have to come up with up-front financing to invest. Innovative financing schemes might be necessary. But more important is that there is currently a social marketing problem. Sanitation is not sufficiently considered to be a problem with solutions at household or communities level. Awareness has to be created that people need sanitation. Without a sufficient level of awareness, investing in sanitation will not work and sanitation programmes fail to be sustainable.

Achieving the MDGs for sanitation will require an extra effort by all parties involved. Providing improved sanitation is a more complex issue as compared to water supply and the willingness to contribute for better sanitation is lower. Also more parties are involved and often less funds are made available.

It is recommended that Danida, together with other donors, gives priority to putting sanitation high on the agenda of the recipient countries and assists in developing specific policies and strategies for sanitation and institutional strengthening, leading to adequate budgets and increased coverage for sanitation. Adequate levels of awareness and motivation are required for success. Danida is recommended to invest in development of and experimenting with innovative social marketing approaches and arrangements (**Recommendation 4**).

The responsibilities for sanitation are now scattered amongst different ministries and agencies. In order to successfully develop and implement sanitation policies, there has to be a national champion who has sufficient power and leverage to pursue and implement policies as well as to bring together, facilitate and stimulate other actors in the sector. It is recommended that Danida facilitates the identification and development of such national champions. That includes bringing relevant parties together, identifying responsibilities, creating commitment and sorting out institutional arrangements (**Recommendation 5**).

#### **Role of Danida in the international arena**

Danida is and has been a substantial supporter of WSS in developing countries for many years. Since 1995 an average of 6% of all Danish bilateral assistance has been allocated to WSS. The annual disbursements, however, have gradually declined from around Danish Kroner (DKK) 510 million (8.3%) in the year 2000 to DKK 330 million (4.7%) in 2005. This represents about 2% of total global support to the WSS sector.

Danida is a major player in the WSS sector in six out of the seven countries and accounts for 20-40% of sector investments. In Egypt, the Danida SPS programme was never fully implemented except at local level and the comparative weight of Danida as a donor has been far less. Danida is gradually withdrawing its bilateral support to Egypt.

Danida plays an active and stimulating role in the international WSS arena and is appreciated as a reliable and constructive partner in the development of the WSS sector. It is recommended that Danida continues to play its prominent role in addressing the major constraints in achieving the Millennium Development Goals (MDG) and putting them on the political agenda, both internationally as well as in the countries it assists. The

most important issues concern the financial requirements for reaching the MDGs, the lack in progress in achieving the sanitation targets, the low cost recovery and the issue of better reaching the poor. Danida is one of the donors that combines policy dialogue and development with a high level of practical experience in implementation of projects. It is recommended that Danida continues to bring these experiences in the international area. Through these experiences, Danida has a well-founded ability to play its' prominent role in addressing the major constraints in achieving the MDGs and putting these on the political agenda, both internationally and in the countries assisted by Danida.

It is recommended that Danida reinforces the dissemination of its experiences through e.g. good practice papers to strengthen and support its role in the international arena (**Recommendation 6**).

### **National and water supply & sanitation policies**

Ongoing PSR and WSS reform processes have a positive influence on the performance of the WSS sector. However, progress in reforming public administration and the decentralisation process remains slow. Danida interventions have had a significant impact on WSS policy reform. The translation of WSS policies and reforms into operational terms is only slowly progressing.

The process of implementation of policies and reform processes should be strengthened. Danida is recommended to seek ways to further stimulate these implementation processes. This can e.g. be done by enhanced co-operation of WSS programmes with public sector reform programmes, thereby enhancing synergies of implementation. Also, Danida may support comprehensive institutional analyses to identify constraints, possibilities and alternatives for interventions. Further, defining and re-sourcing specific interventions in the field of implementation of policies and sector reforms may provide good practices and showcases. Such pilot interventions may be given shape as a project, but fit as well in sector-wide approaches (**Recommendation 7**).

### **Innovative approaches**

Danida support for innovative concepts and approaches has shown diverse results depending on the specific requirements and developments and institutional capabilities in the various countries. It appears that countries could learn from one another by exchanging best practices and lessons learned.

Besides the investments through sector programmes, it is recommended that Danida continues to be focussed also on investing in innovation and supporting "outside-the-box thinking". Danida should specifically:

- Stimulate and finance innovative thinking, ideas and concepts amongst stakeholders through involvement of research organisations and NGOs;
  - Stimulate the exchange of best practices and lessons learned among the various countries (e.g. experiences with implementation of sanitation)
- (**Recommendation 8**).

### **Institutional sustainability**

Within the WSS sector Danida has substantially contributed to enhancing the capacity of countries to achieve defined goals (such as MDGs) in terms of organisational capacity and improved systems. The Danida programme in all countries has substantially contributed to HRD at various levels for different stakeholders.

Support to strengthening of national level organisations has been intensive and fairly effective and most countries have made significant steps towards creating a conducive and facilitating policy and regulatory environment. The process of change in national agencies from being sector implementer to sector facilitator is complicated and time consuming and takes place in an environment that often lacks sufficient willingness to change. In the field of sanitation the institutional framework in general remains fragmented and weak.

At sub-national level and for non-governmental organisations (NGOs), support and effectiveness varies between countries. To enhance the decentralisation process and accelerate programme implementation Danida needs to continue to support governmental organisations at the regional and local level, with special emphasis on strengthening the sanitation sub sector. This support will ideally be based on a comprehensive institutional assessment including organisational, HRD and system development aspects.

The sustainability of grass root organisations and water user groups is still weak. Problems include a lack of ownership and weak technical back up systems for maintenance. It is therefore recommended that Danida intensifies its support to grass root level organisations and water user groups. These groups need to be involved in the design of systems and operating arrangements with special attention to the creation of a legal basis and ownership of assets and strengthening of back-up technical service for larger repairs of (rural) WSS facilities.

The options for increasing the role of the private sector in project implementation and post project maintenance need to be investigated and stimulated. Options for increased private sector involvement in this activity need to be investigated, especially in sub-Saharan countries.

In order to stimulate the process of decentralisation it is recommended that Danida continues to support governmental organisations at the regional and local level, with special emphasis on strengthening the sanitation sub sector. This support will ideally be based on a comprehensive institutional assessment including organisational, Human Resources Development (HRD) and system development aspects. These activities need to be supported by the development of a comprehensive monitoring system that provides adequate information about sector progress and efficiency (**Recommendation 9**).

At the local level it is recommended that Danida intensifies its support to grass root level organisations and water user groups, also to give substance to demand-responsive approaches. These groups need to be involved in the design of systems and operating arrangements with special attention to the creation of a legal basis and ownership of assets and strengthening of back-up technical service for larger repairs of (rural) WSS facilities. To ensure sustainability of WSS facilities after construction, there is a need for post-intervention back-up. Particularly, follow-up arrangements are required for community mobilisation and organisation, performance monitoring and organizing supply lines for purchasing and installing spare parts.

Options for increased private sector involvement in this activity need to be investigated, especially in sub-Saharan countries (**Recommendation 10**).

### Financial sustainability – sector level

Recipient countries, especially those in sub-Saharan Africa, are highly dependent on donor support for WSS investment and will remain so for the foreseeable future.

National Government Funds (NGF), including Official Development Assistance (ODA) are practically the sole source of funding and only Bangladesh and Vietnam also have substantial contributions from users. Funding for sanitation is even more limited especially in sub-Saharan countries. It is estimated that roughly a doubling of investments in WSS is needed in order to achieve the MDGs.

Considering existing levels of national income in the countries and numerous requirements to invest in other sectors of their national economies it is not expected that contributions from national governments will substantially increase in the foreseeable future. Fiscal sustainability has not been achieved and most countries will continue to rely heavily on donor support in years to come.

In the seven countries it is estimated that roughly a doubling of total investment in the rural WSS sector is required to achieve the MDGs. Investment needs for urban areas are even higher at 3-5 times the current investment levels. Apart from additional ODA, an other important source of additional funds for investments is contributions from users that can be tapped through higher contributions to WSS investments, through water fees, through various forms of government taxes or by providing access to micro credits to users. In Bangladesh and Vietnam consumers are already contributing considerable amounts to the investment costs of WSS facilities.

In order to increase the financial sustainability of the WSS sector it is recommended that the funding base for the WSS sector is broadened. Therefore, besides the additional ODA funding that is needed, Danida, together with national governments and other international financing and donor agencies should make serious efforts to tap additional sources of funds, particularly through:

- Increased contributions from end users;
- Increased funding by local governments and end users by making use of innovative credit mechanisms in order to finance up front investments in rural WSS;
- Increased national and international private-sector investments, by stimulating and creating enabling conditions for the private sector to invest in the sector, such as through OBA arrangements (**Recommendation 11**).

Effective monitoring systems will create reliable data on progress, encourage the efficient use of funds, stimulate harmonisation and alignment of donor support and facilitate the implementation of new aid modalities such as sector-wide approach for planning (SWAp). None of the countries have monitoring systems in place to measure WSS cost-effectiveness, by benchmarking unit costs for specific water and sanitation facilities or value for money studies. Therefore it is very difficult to measure sector efficiency.

Improvements in sector monitoring fields are thus urgently needed. Such improvements could even become a condition for development assistance.

It is recommended that Danida stimulates the introduction and use of instruments to measure sector efficiency, including:

- Value for money studies;
- Benchmarking for construction unit costs;
- Improved sector monitoring systems;
- Post-intervention studies;
- Best practises studies;
- Improved accounting systems to allow for result-oriented reporting (**Recommendation 12**).

#### **Financial sustainability – service level**

Countries have adopted policies for full cost recovery but for various reasons these policies are hardly implemented. In most situations user contributions at best cover only the costs for operation and maintenance. From studies in various countries it appears that willingness to pay for adequate WSS services is higher than what people actually pay because they appreciate the need for improved facilities and are aware of the high costs of alternative supplies.

For rural non-piped water supply, to cover the operations and maintenance costs is not so much of a problem; the problem is to cover the investment costs that have to be financed up front. The community usually raises monthly fees which are generally sufficient to meet regular operation and maintenance costs and ad-hoc contributions for larger repairs and other maintenance. Rural sanitation is in most countries considered a household affair.

It is strongly recommended that Danida puts high priority to the implementation of cost recovery, at least to the level to cover operation and maintenance cost. As a matter of principle, government funds and ODA should not be used to cover operation and maintenance cost, but only to finance investments in the rural and urban areas. Users' contributions should be increased to levels that are sufficient to cover operation and maintenance costs. Reduction of government financing to cover urban operation and maintenance cost, could release scarce funds for investment in rural infrastructure (**Recommendation 13**).

#### **Aid delivery mechanisms**

The Danida SPS packages have over the years changed from an umbrella for projects to more streamlined and coherent packages. The first generation SPS consisted of programmes with numerous components and various partner organisations. The second generation SPS has a more coherent programme design, facilitating harmonisation with other parties and simplifying management and monitoring arrangements. Danida puts a great deal of effort into new forms of collaboration with recipient countries. It applies a range of modalities for aid delivery allowing for an increasing level of ownership and management of programmes by national governments varying from the traditional project mode to transferring aid funds to national authorities with ex-post control.

The introduction of SWAp is expected to lead to increased ownership and improved harmonisation and coordination and effective results. Initial results from ongoing SWAps in Uganda and to a lesser extent Vietnam and Benin indicate that the first three effects are indeed occurring and that it leads to increased scrutiny (and eventual improvement) of accountability and transparency of existing government systems.

The process of changing from the former project based systems into a full-fledged SWAp takes different forms with various modalities in the beneficiary countries. It is not fully clear on the exact criteria that apply to the beneficiary countries to enter into a “higher” level of aid delivery system. There is no consensus on the appropriate moment to start SWAp. Waiting until all conditions are in place may delay SWAp for a long time, whereas starting prematurely risks missing out on potential gains.

Danida has been engaged in SWAp, despite the fact that the requirements for SWAp are not met. Preconditions, notably transparency and accountability, for SWAp are not met in most of the countries. Following SWAp, for example, is then at odds with Danida’s zero tolerance on corruption.

It would be useful to further elaborate on and clarify the preconditions that need to be met by recipient countries in order to become eligible for certain types of implementation modalities. There could be different categories of conditions, some of which need to be prevalent before being eligible (minimum criteria) and some of them which can be fulfilled later on. This implies that there should be milestones during the implementation process to assess progress and to judge whether performance is sufficient to continue the present level of aid delivery or that a “lower” level of aid delivery is more appropriate. With a number of aid modalities and a specific set of criteria and conditions Danida could create a “roadmap” for beneficiary countries to increased responsibility for their own (WSS) programmes. The systems developed by e.g. the European Union (from centralised ex ante to decentralised ex post control systems) could be an example.

In all seven countries, Danida has been very active in promoting harmonisation and sector co-ordination. The overall effectiveness of sector co-ordination has been limited due to the limited role of the recipient government agencies and donors’ inclination to adhere to their own approaches and procedures. It is expected that increased programme ownership by the beneficiary countries will lead to a strengthening of the role of recipient governments in donor coordination and a greater inclination of donor agencies to coordinate programmes.

It is recommend that Danida in consultation with other members of the donor community and with the recipient country develops a roadmap to SWAp, describing for beneficiary countries various models and/or stages to achieve full ownership and control of WSS programmes and specifying the conditions in terms of requirements for strategy, accountability and transparency (**Recommendation 14**).

In order to stimulate donor coordination and to disseminate lessons learned, it is recommended that for each country good donor practises are prepared (**Recommendation 15**).



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# 1 Introduction

## Purpose and background

The Terms of Reference (ToR, see Appendix 1) stipulates that the overall objective of the Evaluation of Danish bilateral support to water supply & sanitation (WSS) is to contribute to sustainable WSS sector development through improving the quality of Danish WSS support. The immediate objective of the Evaluation is to determine the performance of Danish WSS interventions seen in the sector context with focus on institutional and financial sustainability.

The Evaluation is to offer recommendations on the policy directions Danida, other donors and governments should pursue to improve sector performance.

The Evaluation of Danish Support to Water Supply and Sanitation that is presented here synthesises the main findings of the Country Reports (the Country Reports can be found on the attached CD-Rom and are to be considered as working papers). It reflects the Evaluation's assessment of the performance of Danish bilateral support for WSS and offers policy recommendations for improved aid delivery by Danida.

The report describes findings at country level. It is a sector evaluation rather than a programme/project or country evaluation, and so does not include detailed evaluation of individual projects or programmes.

The evaluation questions of the ToR were made operational and researchable in an Evaluation Matrix, laid down in the Inception Report (approved by Danida on 3 May 2005). This evaluation matrix translates the evaluation questions in terms of observables regarding status and developments of the water sector in the countries as well as the role of Danida therein. Crucial was the recognition that the Danida programmes and interventions could not be seen in isolation from the sector and other interventions. The evaluation matrix has resulted in some re-grouping and re-formulation of the original evaluation questions into four key issues: relevance of Danida support, institutional sustainability, financial sustainability and aid delivery mechanisms. The evaluation matrix served as the main guideline, reporting format and red thread for the whole Evaluation.

The Evaluation covers Danida water-sector programmes in seven countries: Bangladesh, Benin, Burkina Faso, Egypt, Ghana, Uganda and Vietnam. The Evaluation deals mainly with the period 2000-2005. Field studies to each of the countries were completed in 2005 and are summarized in Country Reports. The initial findings of the mission were discussed during two workshops, on 4 January 2006 (Copenhagen) and 31 January 2006 (Accra, Ghana).

The Evaluation was commissioned by Danida to a consortium consisting of Royal Haskoning, ECORYS Nederland, IRC International Water and Sanitation Centre and Copenhagen Development Consulting. Appendix 4 provides a list of Evaluation personnel and main contributions.

### Structure of the report

In accordance with the Danida Evaluation Guidelines, this report is structured as follows:

- The Executive Summary with a summary on the background, major conclusions, recommendations and lessons learned;
- An introduction with information on the background and methodology used for the Evaluation (Chapters 1 and 2);
- A summary of the setting in which the Danida water sector programmes are implemented (Chapter 3);
- A description of the overall planning and implementation of Danida water sector programmes (Chapter 4) and more specific for each of the countries (Chapter 5);
- An overall assessment of the results of Danida water sector programs with special focus on relevance (Chapter 6), Institutional Sustainability (Chapter 7) and Financial Sustainability (Chapter 8);
- A review of Aid Delivery Systems and administrative issues (Chapter 9);
- A final Chapter summarizing the main findings, conclusions and recommendations;
- Appendix 1 Terms of Reference and Appendix 2 Evaluation Matrix.

Additional appendices to the Evaluation Report can be found on the attached CD-ROM or viewed on the website [www.evaluation.dk](http://www.evaluation.dk).<sup>1</sup> Notably Appendix 9 gives a number of Tables with details to substantiate the report. In order to distinguish these, Tables in Appendix 9 bear the suffix 'A'.

### Acknowledgement and disclaimer

The Evaluation would like to express its sincere thanks to all persons met, both in their official and private capacities, for the kind support and valuable information they have given during the preparation and implementation of this study. It should be emphasised that this report contains the view of the team, and does not necessarily correspond to the views of Danida or any of the Governments of the countries discussed.

1) *Besides the appendices, the CD-ROM includes the country reports; Evaluation of Danish Support to Water and Sanitation, A Financial Overview of Danida's Bilateral Support to Water 1994 – 2003, Evaluation Department Danida, Malene Molding Nielsen, February 2005; the Overview Paper on the link between water supply and sanitation and improved health and living conditions, Harold Lockwood & Simon Bibby, February 2005.*

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## 2 Methodology and approach

### Methodology

In order to develop a coherent methodology for collecting, analysing and presenting information from seven countries in very different conditions, the objectives, questions and focus of the ToR have been translated into an evaluation matrix. This matrix provided the analytical framework for the Evaluation and consists of a coherent set of key issues with related questions, indicators and influencing factors. The four key issues of the evaluation matrix are 1) relevance, 2) institutional sustainability, 3) financial sustainability and 4) aid delivery mechanisms. This evaluation matrix has been used as the template for the subsequent working documents produced in the course of the Evaluation. The evaluation matrix is shown in Appendix 2.

The process to arrive at the matrix and the matrix itself were discussed with Danida. Subsequently the methodology was presented in the Inception Report that was approved by Danida in March 2005.

### Phasing of the evaluation

In accordance with the ToR, the Evaluation was conducted in three phases, with specific outputs per phase.

**Table 2.1 Phases of evaluation: activities and outputs**

Phase	Main activities	Outputs
1. Preparations and desk review	<ul style="list-style-type: none"><li>• Interviews and data collection for reconnaissance</li><li>• Development of methodology and approach</li><li>• Specific data collection</li><li>• Preparations for country studies</li></ul>	<ul style="list-style-type: none"><li>• Inception Report</li><li>• Desk Review (including Preparatory Country Notes)</li></ul>
2. Field studies (7 countries)	<ul style="list-style-type: none"><li>• Pilot country field study</li><li>• Data collection</li><li>• Validation</li><li>• Feedback</li></ul>	<ul style="list-style-type: none"><li>• Country Reports</li><li>• Report on pilot country field study</li></ul>
3. Synthesis	<ul style="list-style-type: none"><li>• Consolidation and analyses</li><li>• Validation</li><li>• Feedback</li></ul>	<ul style="list-style-type: none"><li>• Draft Synthesis Report</li><li>• Synthesis Report: Evaluation of Danish Support to Water Supply and Sanitation (1999-2005)</li></ul>

The methodology, approach and the implementation of the Evaluation is described in more detail in Appendix 3. References are given in Appendix 14.

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## 3 The global situation

### 3.1 The millennium development goals' related targets

Current developments and international support in the water sector are mainly guided by a drive to alleviate poverty. In 2000, specific targets were formulated and agreed upon, the Millennium Development Goals (MDGs). The MDGs for water and sanitation are as follows:

- Target 10: by 2015 halve the proportion of the population without sustainable access to safe drinking water and basic sanitation.<sup>2</sup>
- Target 11: Have achieved by 2020 a significant improvement in the lives of at least 100 million slum dwellers.

Progress towards reaching these goals is monitored by the World Health Organisation and United Nations Children's Fund (WHO-UNICEF) Joint Monitoring Program on drinking water and sanitation and is summarised below.

#### Drinking water

In 1990, 77% of the world's population used improved drinking water sources, increasing to 83% in 2002. 25 countries are lagging behind in progress towards the targets or are even moving backwards. 13 of these countries are located in sub-Saharan Africa and four are in Asia. At current rates of progress, the water target in sub-Saharan Africa will not be reached before 2050.

#### Sanitation

Between 1990 and 2002 more than a billion people gained access to improved sanitation. However the population without access declined by only 100 million. If this trend continues, the world will miss the sanitation target by more than half a billion people. In other words, in 2015 close to 2.4 billion people will be without improved sanitation, almost as many as there are today. The sanitation situation is most serious in South Asia, sub-Saharan Africa, Western Asia, Eurasia and Oceania.

### 3.2 Global main issues and main players in the water supply & sanitation sector

#### Main issues in the water supply & sanitation sector

The United Nations Commission for Sustainable Development (CSD) has provided a comprehensive overview regarding the status of the WSS sector, problem areas, challenges and possible approaches.<sup>3</sup> The CSD mentions a number of important precondi-

- 2) *Target 10 was modified in the 2002 Johannesburg World Summit on Sustainable Development to include sanitation.*
- 3) *See: Commission on Sustainable Development, 12th Session, Review of thematic issues and High-level Segment (Chair's summaries), April 2004. Commission on Sustainable Development, 13th Session, Decision adopted by the Commission, April 2005. For more details, the reader is kindly referred to Appendix 11 as well as the reports and minutes of CSD.*

tions for achieving the MDGs, including political will, good governance (accountability, transparency, justice, democracy and participation), mobilisation and effective use of (financial) resources, capable institutions and a clear framework of policies and regulations.

More specific for the WSS sector, a number of these pre-conditions and their consequences are mentioned hereunder.

- Recognition of the need for integrated approaches of WSS with notably Integrated Water Resources Management (IWRM), health, environment and human settlement issues;
- Poverty has social as well as economic dimensions. WSS should therefore not only be seen as a social – but also as an economic good;
- Sanitation is lagging behind water supply. Sanitation differs fundamentally from water supply and therefore needs different approaches;
- Due to increased urbanisation, slum areas are rapidly developing with a high need for water supply and sanitation. But also rural infrastructure is still seriously in need for investments;
- Developing a strong institutional framework, including decentralisation, capacity building and development of an appropriate regulatory framework;
- The sector needs huge investments; new, sustainable sources of finance have to be secured. Local public and private financing capacity is still limited;
- Harmonisation and alignment of development co-operation is needed.

#### **Main players**

The main global players in the WSS sector include:

- Global platforms such as the Water and Sanitation Program (WSP), the Global Water Partnership (GWP) and the Water Supply and Sanitation Collaborative Council (WSSCC);
- International development banks, notably the World Bank, the Asian Development Bank (AsDB), the African Development Bank (AfDB), the Inter American Development Bank (IaDB) and the Islamic Development Bank (IsDB);
- Bilateral donor countries, notably the United Kingdom, the United States, Sweden, Denmark, Norway, Germany, the Netherlands and Japan;
- The European Union;
- Organisations in the United Nations system, particularly for policy and strategy setting, specifically UNICEF, United Nations Educational, Scientific and Cultural Organisation (UNESCO), United Nations Human Settlement Programme (UN-HABITAT), United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP) and WHO;
- International non-governmental organisations focusing on water (e.g. WaterAid);
- International research and capacity building institutes, e.g. Water, Engineering and Development Centre of Loughborough (WEDC, UK) and International Reference Centre for Water and Sanitation (IRC).

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## 4 Danida support to water supply & sanitation in brief

### 4.1 Danida policies

#### Overall objectives of the Danish development assistance

The overall objective of the Danish development assistance is poverty reduction.<sup>4</sup> Sustainable poverty reduction is linked to the cross-cutting issues in Danida's approach: gender equality, environmental sustainability and human rights, democratisation and good governance.

Danida's development policy is based on economic growth and sustainable development, democracy and people's participation and the rule of law and good governance.

#### Water and sanitation sector objectives<sup>5</sup>

Danish assistance to the WSS sector has the purpose to contribute towards:

- Improved health and living conditions for the poor, through access to safe water supply and sanitary facilities and by improved hygiene;
- Sustained user ownership, through demand driven and technically viable investments that users can afford and maintain;
- Sustained functioning of public and private sector and community based institutions and organisations. This includes the co-ordination of their respective functions.

Danida assistance is provided within the framework of the programme country's own sector strategy.

### 4.2 Countries with Danida water sector support

Through their bilateral water sector support programme, Danida provides financial and technical support to nine countries: Bangladesh, Benin, Burkina Faso, Egypt, Ghana, Uganda, Vietnam, Kenya and Zambia. The water programme in Kenya and Zambia only started in 2005 and 2006 respectively; therefore these two countries were not included in this Evaluation. Danida is in a process of phasing out bilateral aid to Egypt, including water sector activities.

In the mid-nineties Danida changed its bilateral assistance approach from 'project assistance' to Sector Programme Support (SPS, see also Appendix 5 with components descriptions). The first generation of water sector programme support (SPS-1) became operational in 1997, with Uganda being the first Water SPS country. SPS programmes were gradually introduced in all countries with WSS activities, although SPS-1 in Egypt was

4) *Poverty reduction and poverty alleviation are in practice often used interchangeable, although this is not fully correct. Danida's Partnership 2000 document uses 'poverty reduction'.*

5) *Excerpts from: Water Supply and Sanitation – Danida Sector Policy 2000.*

suspended and never fully implemented (see Appendix 6 with SPS packages and financial resources per country). By the end of 2005, the first generation of SPS was coming to an end. For two countries – Ghana and Uganda – a second phase (SPS-2) was agreed and has already started. For Bangladesh, Vietnam, Benin and Burkina, a second phase SPS was under preparation during the field work of the present Evaluation. Table 4.1 shows the countries with a SPS in WSS, as well as the involvement of Danida in other sector programmes in these countries.

**Table 4.1 Countries with Danida water sector programme support, status as per end of 2005**

Country	Water Sector Programme		Other Danida sector programmes									
	SPS-1	SPS-2	WSS	IWRM	Health	Education	Transport	Agriculture	Environment	Energy	Business development	Fisheries
Bangladesh	1999-2005	In preparation	■					■	■			
Benin	1999-2004	2005-2009	■	■				■				
Burkina Faso	1999-2004	In preparation	■	■							■	
Egypt	2001-2005	-	■						■			
Ghana	1998-2003	2004-2008	■	■	■			■				
Uganda	1997-2002	2003-2007	■	■	■			■	■			
Vietnam	2000-2005	2006-2011	■	■				■				■
Kenya	2005-2009	-	■	■	■			■			■	
Zambia	2006-	-	■	■		■	■					

■ Programme in this country; Source: Danida Annual Reports

In all countries the water SPS includes water supply and sanitation components. In Vietnam, Uganda, Ghana, Burkina Faso and Benin, the SPS also included IWRM. The IWRM activities were, however, not evaluated in the Evaluation. The three cross-cutting issues that are applied for all Danish development assistance-gender, environment and good governance<sup>6</sup> are to be addressed by the WSS programmes.

Table 4.2 provides an overview of the various packages of Water Sector Support in the seven countries. Except for Egypt and Vietnam, there is limited Danida involvement in urban areas, certainly not in large towns and cities. Danida support for 'urban' water supply and sanitation in e.g. Uganda and Bangladesh mainly addresses small and medium-size towns. Danida is gradually abandoning urban projects in Egypt and Vietnam. Urban projects could, however, continued to be supported through Danish mixed credit financing.

6) Good governance contains a range of other policy issues such as democracy, human rights, fighting corruption and freedom of press.

Rural sanitation is mainly limited to demonstration sanitary facilities and promotion of positive sanitation and hygiene practices and less to development of on-site sanitation facilities. The reasons that sanitation compared to water supply is a relative limited component with limited activities is that at the level of the recipient countries national sanitation policies are not well established, the institutional framework for sanitation is fragmented and sanitation is not very high on the political agenda. Especially in the African countries "water" is considered to be a more important problem than "sanitation" because of water scarcity. Only in Bangladesh and to a lesser extent in Vietnam sanitation policy is established and implemented. Another reason for the limited attention to sanitation is that in most countries Danida support is anchored in the ministry of water which only has partial responsibilities for sanitation, while Danida's presence in ministries responsible for sanitation (health, education, agriculture) is far more limited. Policy development is therefore concentrated more on water.

**Table 4.2 Packages of water sector support (1999-2005)**

	Rural		Urban		Institutional Development			
	Water Supply	Sanitation <sup>7</sup>	Water Supply	Sanitation	Hygiene education	Government	Others (NGO, private)	Integrated Water Resources Management
Bangladesh	■	■	■	■	■	■	■	■
Benin	■	■			■	■	■	■
Burkina Faso	■	■	■	■	■	■		■
Egypt	■	■	■	■		■	■	
Ghana	■	■			■	■	■	■
Uganda	■	■	■	■	■	■	■	■
Vietnam	■	■		■	■	■		■

■ Specific and explicit component in this country.

■ Limited component, limited activities.

Source: SPS documents

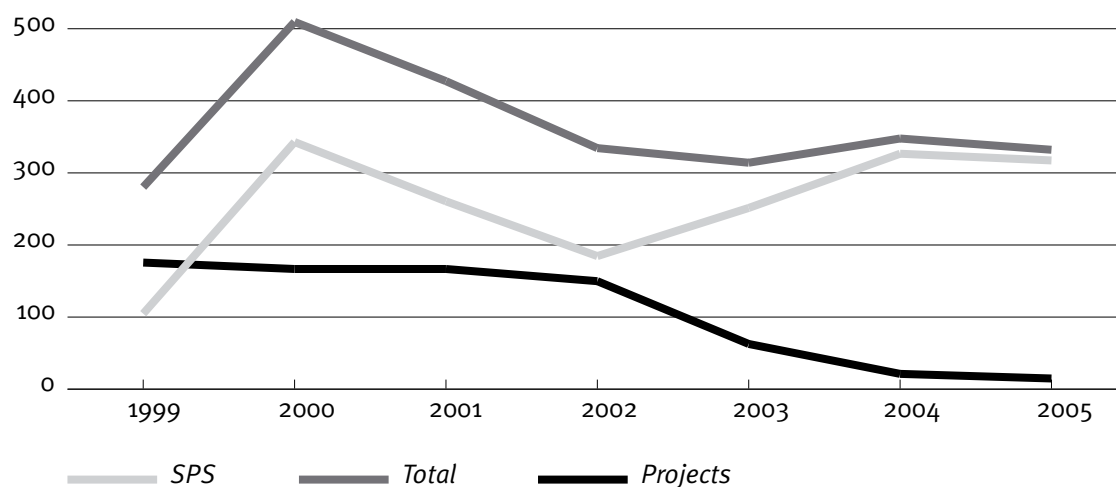
### 4.3 Danida funding for water sector programme support

As a preparatory step for the present evaluation, Danida commissioned a separate study to prepare a financial overview of Danida support for Water SPS,<sup>8</sup> see also Appendix 12. Disbursements over the years have been as follows.

- 7) This table shows the attention that Danida pays to rural sanitation. Table 5.3 shows the number of direct beneficiaries of sanitation programmes. It could very well be that attention to rural sanitation is limited, but that the effects are considerable, as the case of Bangladesh for rural sanitation shows.
- 8) Report: *A Financial Overview of Danida's Bilateral Support to Water, 1994-2003. Prepared for the Evaluation Department by Malene Molding Nielsen, February 2005. Can be found on the attached CD-Rom.*



**Figure 4.1 Disbursements for water projects and sector programme support programmes (DKK million, 1999-2005)**



Source: Danida Quality Assurance Department, 2006.

Figure 4.1 shows that the average disbursement of SPS programs amounts to about Danish Kroner (DKK) 350 million per year with a peak in 2000 with DKK 510 million when the SPS programme in most countries became operational. After 2000, the total annual disbursement for water related projects and programmes gradually decreased to the level before the start of SPS (see Appendix 13 with the exchange rates).

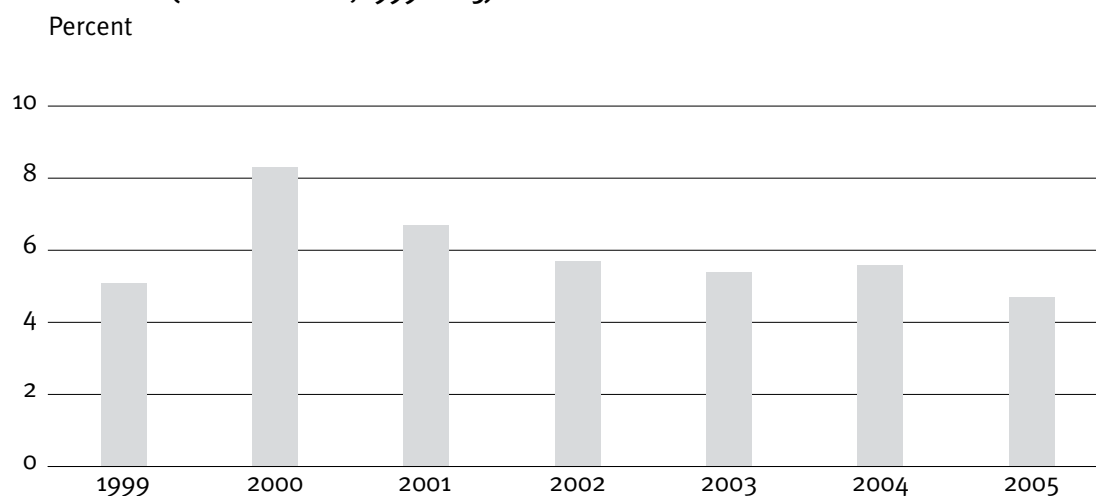
Figure 4.1 also shows the shift from 'projects' to 'programmes': after 1998 there was a strong increase of disbursements for sector programmes (SPS), whereas disbursements for projects steadily decline. However, the first generation SPS was often little more than an umbrella for the continuation of existing projects rather than a conceptually new approach.

Figure 4.2 shows the relative share of Danish bilateral assistance that was disbursed to the water sector<sup>9</sup> with an average disbursement of about 6%, a peak in the year 2000 of 8.3%, gradually decreasing to 4.7% in 2005. There has been a relative reduction in the WSS budget since 2000. This is caused by a shift of priority towards other sectors and cross-cutting themes such as good governance, democracy and human rights.<sup>10</sup>

9) *Danida's Annual Report 2002 states figures of 9.3% (USD 71.67 million, approx. DKK 596.3 million) for 2001 and 8.0% (USD 59.81 million, approx. DKK 471.6 million) for 2002. Annual Report 2004 gives figures of 6.8% and 8.7% respectively for 2003 and 2004.*

10) *A Financial Overview of Danida's Bilateral Support to Water, 1994-2003 (page 8).*

**Figure 4.2 Support to the water sector as percentage of total Danida bilateral assistance (disbursements, 1999-2005)**



Source: Danida Quality Assurance Department, 2006.

### Programme components

Table 4.3 breaks down the water budget into different components. 70% of support is allocated to small-scale water supply and sanitation, mainly in rural areas. The category large WSS systems take about 10% of disbursements and often this concerns small and medium sized towns.

Water resources policies and administrative support is with 16% the second largest program component. This item included IWRM and WSS policies and administration. The remaining 14% of disbursements is used for education and training, river development and very small amounts for waste management and water resources protection.

In each SPS budget, around 75% is earmarked for implementation. The remainder is for policy development and other 'software' activities. According to the Financial Study, about 6-10% of total WSS expenditure is allocated to technical assistance (TA).

**Table 4-3 Breakdown of Danida's disbursed bilateral assistance to water per year (DKK million, 1999-2005)**

	1999	%	2000	%	2001	%	2002	%	2003	%	2004	%	2005	%
Water resource policy and adm. Management (14010)	11.5	4	122.4	24	80.0	19	65.8	20	99.2	32	43.5	13	43.8	13
Water resource protection (14015)	0	0	0	0	0	0	0	0	0	0	6.8	2	5.9	2
Water supply & sanitation – large systems (14020)	3.0	1	10.5	2	40.3	9	70.1	21	31.1	10	109.5	31	63.8	19
Water supply & sanitation – small systems (14030)	246.8	88	370.9	73	299.3	70	191.5	57	178.5	57	181.7	52	204.3	62
River development (14040)	13.3	5	4.4	1	4.9	1	2.8	1	1.7	1	1.8	1	1.6	0
Waste management/disposal (14050)	0	0	1.4	0	2.8	1	4.3	1	3.5	1	0	0	0	0
Education & training WSS (14081)	5.7	2	0	0	0	0	0	0	0	0	04.3	1	13.7	4
	<b>280.3</b>	<b>100</b>	<b>509.6</b>	<b>100</b>	<b>427.3</b>	<b>100</b>	<b>334.5</b>	<b>100</b>	<b>314.0</b>	<b>100</b>	<b>347.6</b>	<b>100</b>	<b>332.2</b>	<b>100</b>

Source: Danida Quality Assurance Department, 2006.

## 5 The water supply & sanitation sector in the seven countries

This Chapter analyses the performance of the sector in the seven countries in relation to the MDGs and the quantitative contribution of Danida to achieving these objectives. Further, this Chapter briefly describes the institutional framework of the sector in the seven countries. Detailed information relevant to the issues discussed in this Chapter can be found in the Appendices 7 and 8.

### 5.1 Water supply & sanitation performance and the MDGs

Data on WSS sector performance are derived from the WHO/UNICEF, Joint Monitoring Programme (JMP) for Water Supply and Sanitation (coverage estimates). Although these data are often criticised at country level, they provide the best possible and most reliable basis for comparison between the seven countries and over time. The simple quantitative analysis in this section will provide a basis for further discussion. Constraints related to the realisation of the WSS related MDGs will be dealt with in the following Chapters.

**Table 5.1 Water related MDGs performance in seven countries supported by Danida; 1990, 2002 and 2015<sup>11</sup>**

Population (population figures in millions)	1990	2002	Total increase 1990-2002	Average increase per year 1990-2002	2015*	Total required increase 2003-2015 (to meet MDGs)	Average required increase per year 2003-2015
Total population	277.5	359.3	81.8	-	463.2	103.9	-
<i>Of which:</i>							
- Access to improved drinking water supply	199.8	276.6	76.8	6.4	395.6	119.0	9.2
- Access to improved sanitation	85.5	175.6	90.1	7.5	302.7	127.10	9.8

\* Estimate based on WHO data.

Source: Data Appendix 9, Table A.5.6 and Joint Monitoring Programme. All figures in millions.

11) As to the issue of 'rehabilitation' the Evaluation followed the methodology of WHO and UNICEF in the framework of JMP. The Evaluation used these figures unless the national figures were obviously better. All these figures remain however best guesses (unreliable figures, lack of data on for example private initiatives, old census data, unclear criteria on what is necessary to meet the standards)

The Figures presented in Table 5.1 indicate that in 2002, in the seven countries concerned, an estimated 83 million people lacked access to safe water supply while about 184 million people lacked access to improved sanitation.

This Evaluation takes the view that these calculations provide an indicative overall picture of progress towards the MDGs and will be used later in this Chapter to assess the role of Danida in the seven countries concerned. Based upon the data in Table 5.1 the following conclusions can be drawn:

- The number of people to be supplied with improved water supply to achieve the water supply related MDG has to increase from an average of 6.4 million a year over the period 1990-2002 to an average of 9.2 million a year over the period 2003-2015, an increase of 43% over current output;
- The number of people to be supplied with improved sanitation to achieve the sanitation MDG has to increase from an average of 7.5 million a year over the period 1990-2002 to an average of 9.8 million a year over the period 2003-2015, an increase of 30%<sup>12</sup> over current output.

Table 5.2 specifies the situation in the four sub-Saharan African countries supported by Danida.

**Table 5.2 Water related MDGs performance in four sub-Saharan countries supported by Danida; 1990, 2002 and 2015 (Benin, Burkina Faso, Ghana, Uganda)**

Population (population figures in millions)	1990	2002	Total increase 1990-2002	Average increase per year 1990-2002	2015*	Total required increase 2003-2015 (to meet MDGs)	Average required increase per year 2003- 2015
Total population	46.2	64.7	18.5	-	91.5	-	-
<i>Of which:</i>							
- Access to improved drinking water supply	22.2	41.1	18.9	1.6	67.5	26.5	2.0
- Access to improved sanitation	15.7	25.7	10.0	0.8	61.3	35.6	2.7

\* Estimate based on WHO data.

Source: Data Appendix 9, Table A.5.6 and Joint Monitoring Programme. All figures in millions.

12) Progress in sanitation is most impressive in Bangladesh. The additional efforts needed for sanitation would have been 60% in case Bangladesh is left out in this comparison.

By comparing Table 5.1 with Table 5.2 it is clear that the situation regarding sanitation is far more critical in sub-Saharan Africa as compared to other countries, while the situation in water supply does not differ that much.

Based on the data in Table 5.2 the following conclusions can be drawn:

- The number of people to be supplied with improved water supply to achieve the water supply related MDG has to increase from an average of 1.6 million a year over the period 1990-2002 to an average of 2.0 million a year over the period 2003-2015. This requires an increase in the annual output of 25-30%;
- The number of people to be supplied with improved sanitation to achieve the sanitation MDGs has to increase from an average of 830,000 a year over the period 1990-2002 to an average of 2.7 million a year over the period 2003-2015. This requires an increase in the annual output by 230%.

Besides the analysis on what is needed to achieve the MDGs, it is also relevant to make a comparison between the annual increase in the number of people served and the population growth. From Appendix 9, Table A.5.6 it could be retrieved that the percentage of the population with access to improved water supply increased in all seven countries over the period 1990-2002, indicating that the percentage growth of population with access was higher than the population growth. In some countries such as Burkina and Ghana the increased coverage was substantial while in other countries such as Vietnam or Bangladesh the increase in coverage was far lower. This trend is in line with the trends of the JMP on improved water supply for the individual countries.

As to sanitation, Appendix 9, Table A.5.6 shows that over the period 1990-2002, the percentage growth of access to improved sanitation was higher than the growth of the population in all countries except for Burkina Faso and Uganda. In these two countries the percentage of the population with access to improved sanitation decreased over this period, indicating that the pace of growth of the access to sanitation could not match with the population growth. This trend is in line with the outcome of the JMP country reports on improved sanitation.

### **Danida and the Millennium Development Goals**

Table 5.3 provides an estimate of the total number of direct beneficiaries of the Danida programme in the seven countries based on data in the country reports and project completion reports.<sup>13</sup>

13) *The numbers of beneficiaries was derived from data in completion reports of the implementation projects/components. (See Appendix 9, Table A.8.5). It should be realised that such attribution is an approximation, with a number of assumptions. Further, with the tendency to shift modalities from projects to (earmarked) sector budgets, there will be less and less 'Danida projects', hence attempts to determine numbers of 'Danida beneficiaries' will be even more difficult and very indirect.*

**Table 5.3 Total number of direct beneficiaries of Danida water supply & sanitation programmes (1999-2005)**

Country	Drinking water supply	Sanitation	Note
Bangladesh	2,550,000	2,765,000	A
Benin	155,000	23,935	B
Burkina Faso	475,808	5,525	
Egypt	255,000	n.a.1	B
Ghana	674,441	75,765	
Uganda	842,097	271,545	C
Vietnam	814,304	687,840	D
Total number of direct beneficiaries over five years	5,766,650	3,829,610	
Average number per year	1,153,330	765,922	

Note: 1) not available.

Source: Country Reports, Completion Reports. See also Appendix 9, Table A.8.5.

The numbers for the countries related to different years, therefore the average number is only indicative.

- A Data for Bangladesh were taken from the Danida annual progress reports and differ from data in the Bangladesh country report, maybe because of double counting under the arsenic mitigation programme.
- B Derived from data on number of households, based on an assumption of five persons per household.
- C Uganda: five year period for Ruwasa II and Eastern Cities; sanitation assumption five persons per household
- D Vietnam data refers only to rural WSS

A comparison between the general data provided in Table 5.1 and the data in Table 5.3 leads to the following conclusions:

- The Danida contribution towards realising water related MDGs in the seven countries is very substantial;
- The average number of additional beneficiaries for drinking water supply is 6.4 million people a year from 1990-2002. In the period 1999-2005 1.2 million people per year have been served under the Danida programme.<sup>14</sup> The Danida contribution is therefore estimated at a substantial 20% of the average annual increase over the five years;
- The average number of additional beneficiaries for improved sanitation is 7.5 million people a year. In the period 1999-2005 766,000 people have been served under the Danida programme. The Danida contribution is estimated to be 10%, which is substantial but less than the contribution to water supply;
- As to the geographical distribution of improved water services, Bangladesh (44% of the total number of beneficiaries), Uganda (14%) and Vietnam (14%) have the highest share of beneficiaries, while Benin (3%) and Egypt (4%) have the lowest share;

14) Figures are meant to give an order of magnitude as the figures refer to different time periods.

- As to the geographical distribution of improved sanitation services, Bangladesh (72% of the total number of beneficiaries) and Vietnam (18%) have the highest share of beneficiaries and Burkina Faso (0.1%) the lowest share. This implies that 90% of all beneficiaries of improved sanitation services are located in Bangladesh and Vietnam.

#### Danida, the MDGs and Africa

Table 5.4 zooms in on the situation in the four sub-Saharan African countries supported by Danida. A comparison between the general data as provided in Table 5.2 with the data concerning the Danida contribution in Table 5.4 leads to the following conclusions:

- The Danida contribution towards realising the water related MDGs is even more substantial in the four sub-Saharan African countries than for the seven countries combined;
- The average number of additional beneficiaries for drinking water supply is 1.6 million people a year over the period 1990-2002. In the period 1999-2005 430,000 persons were served under the Danida programmes. The Danida contribution is estimated at a very substantial 27% of the average annual increase over the last five years;
- The average number of additional beneficiaries for improved sanitation is 800,000 people. During the period 1999-2005 75,000 people have been served under the Danida programme. The Danida contribution is around 10%, which is substantial, but less than the contribution to water supply.

**Table 5.4 Total number of direct beneficiaries Danida water supply & sanitation programme in four sub-Saharan African countries (1999-2005)**

Country	Drinking water supply	Sanitation
Benin	155,000	29,935
Burkina Faso*	475,808	5,525
Ghana	674,441	75,765
Uganda	842,097	271,545
Total number of direct beneficiaries	2,147,346	376,770
Average number per year (approximately)	430,000	75,000

Source: Country Reports, Completion Reports

The numbers for the countries related to different years, therefore the average number is only indicative.

\* Derived from data on number of households, based on an assumption of five persons per household.

## 5.2 Institutional framework

This section summarizes the institutional framework for water supply, sanitation and related health issues in the seven countries. See also Appendix 9, Table A.5.3 and Table A.5.4.



### *National Level*

**In all countries one specific ministry is responsible for water supply. In most countries, this ministry is at policy level responsible for both urban and rural water supply. Only in Vietnam, there is a distinction between urban (Ministry of Construction) and rural (Ministry of Agriculture and Rural Development) water supply; a steering committee brings urban and rural water supply together.**

For sanitation, the responsibilities at national level are often not very clear and divided over a number of ministries. Whereas policies may often come from a technical department responsible for WSS, hygiene education and behaviour change programmes are often the responsibility of different organisations. The actual implementation is even more diffuse. Different agencies may play a role in more complex urban systems, but for on-site sanitation this is merely the responsibility of the households themselves. The public-sector agencies' role is often limited to facilitation.

Often other ministries such as Environment, Local Government, Education or Social Affairs have a role in decision-making and implementation of activities in water supply and sanitation. For water supply, this role is usually far more specific than for sanitation.

In Bangladesh, Egypt and Vietnam, the 'water supply ministry' is not part of the 'water resources management ministry'. In these three cases, water resources management is in a separate water resources ministry or ministry of environment (Vietnam). With different ministries responsible, integration of WSS in the environmental agenda and vice versa is generally running less smoothly.

The role of the ministry of health is different in the various countries. In a number of countries, there is only little interest and capacity for preventive public health matters with respect to water supply and sanitation and hence, little or no involvement of the ministry of health in the water sector (Egypt, Bangladesh and Ghana). In other countries, health has a clearly defined role but little "striking power" (e.g. Uganda).

In the implementation there is a distinction between urban and rural WS with different agencies and actors: "professionalisation" for urban and "democratisation" for rural water supply.

Implementation of urban water supply is in most countries dealt with by a technical wing of the water ministry or a para-statal. In Egypt, Burkina Faso, Ghana and Uganda urban water supply is handled by a para-statal company.

Implementation of water supply for small towns is a combination of national level and local responsibilities. Often, there is the intention to decentralise, but local capacities are considered insufficient, requiring national support. Some early attempts of private sector involvement are shown in Uganda.

In most countries central government agencies are technically strong, but still too much acting as implementers rather than facilitators. Frequently, there is an institutional reluctance to change its role. This is a constraint for decentralisation.

### *Local Government Level*

Implementation of rural water supply is predominantly an affair of de-concentrated agencies of the national ministry (Burkina Faso, Ghana, and Vietnam) and increasingly of

local governments (Ghana, Benin). In Uganda, rural WS is fully the responsibility of the local government.

Operation and maintenance of rural water supply is in all countries typically the responsibility of local communities, mostly organized in water user groups.

Urban sanitation is typically with the local government. Off-site sanitation systems (i.e. wastewater) are only reasonably developed in Egypt and, to a lesser extent, in Vietnam. In other countries, urban off-site sanitation is only in its infancy; responsibility if any is commonly with the local government.

Implementation of urban on-site sanitation is typically a household affair. There may however be some facilities operated by local institutions (schools, markets, government). Also implementation of rural sanitation is considered a household responsibility. Governmental agencies, mainly decentralised local government, are often involved in promotion and hygiene education.

The strengths and weaknesses of local government provide a mixed picture. In most countries there is a lack of technical and managerial capacity, a lack of clear responsibilities and a lack of funding. On the other hand, local levels (de-concentrated central level agencies, but also local government) have demonstrated capacities to do a good job and, with more funding, perhaps could do more (Ghana, Uganda).

### *Non-Governmental Organisations (NGOs)*

International NGOs are strong, but national NGOs often lack technical and managerial capacity especially at local level. Political acceptance of NGOs varies, but has increased over recent years. NGOs, certainly the local ones, have predominantly a role in implementation of WSS activities. The advocacy role and watchdog role is still far less developed and also more difficult to fulfil. Governments increasingly tend to see NGOs as an actor and even partner, but relationships are often not fully matured. The NGO landscape in Bangladesh is very strong and a main driving force in sector development.

### *Community Based Groups*

The strengths and weaknesses of Community Based Organisations (CBOs) with special reference to all kind of Water User Groups (WUGs) provide a mixed picture. These organisations are relatively strong in Ghana, Uganda and to a certain extent Bangladesh. The major weaknesses are insufficient managerial capacity and legal status.

### *Private Sector Involvement*

In most countries the private sector is involved in technical consultancy and construction of WSS facilities. In Bangladesh there is a substantial and sustainable involvement of the private sector in WSS in e.g. the construction of latrines, the installation of tube wells, in the maintenance of public latrines and first steps of Public Private Partnership (PPP) in collection of fees. In other countries and particularly Africa, private sector involvement is still limited, although some initiatives are taken in Uganda (operation of small towns systems) and Ghana (private operator for urban systems). Usually business conditions in rural WSS sector are not conducive for PPP with relatively high costs and only marginal profitability.

### 5.3 Main water supply & sanitation policies

Most countries have formulated national water supply policy and strategies which pay attention to the MDGs, cost recovery and reform issues. Also clear overarching IWRM policies and plans covering the WSS sector exist in most countries or are about to be finalised. Of the seven countries, only Bangladesh had an explicit sanitation policy, strategy and plan, while Vietnam has adopted a National rural water supply and sanitation policy. For the other countries, a comprehensive sanitation policy is absent or only in its early phase of development.

Often policies and strategies are of a generic nature and could merely be seen as political statements. They often miss the link with the how to translate the statements into concrete actions. Policies being non-operational are a major constraint, especially when comprehensive investment plans, operational budgets and manpower are lacking.

This also goes for the reform process. The WSS reform process includes for example changing government's role from implementer to facilitator. However, there are no "road maps" for transforming national agencies into facilitators to support regional and local authorities.

More details on the status of the water policies are presented in Appendix 9, Table A.5.2.

### 5.4 Public sector reform

Public Sector Reform (PSR), especially relating to public administration and decentralisation, has a direct impact on WSS sector policies and implementation. An assessment of progress in the PSR process in each country is summarised in Table 5.5. It is important to notice that the scores on the different policy reforms are not only related to policy making. The scores are related to the whole process of reforms, including implementation and results.

Table 5.5 shows that public sector reform is ongoing in all seven countries, which in principle has, or will have, a positive influence on WSS sector policies and reform. Economic reform as well as budgeting reform is well on track in most countries. Public administration reform has not yet made much progress. This is regrettable as transparency/anti-corruption and human resources issues (staffing and HRD management) are very important to facilitate sector reforms.

Decentralisation, which is important for the sustainability of the sector, provides a mixed picture; with encouraging progress in Uganda, Vietnam and Ghana, but limited progress elsewhere. Lack of progress in public administration and decentralisation will probably hamper progress in WSS policy and reform.

**Table 5.5 Overview of progress in public sector reform<sup>15</sup>**

Country	Economic reform	Budgeting reform	Public administration	Decentralisation
Bangladesh	++	o	o/-	o
Benin	+	+	o	o
Burkina Faso	++	+	o	o
Egypt	+	-	o	o/-
Ghana	++	+	o	+
Uganda	++	+	o	++
Vietnam	+	+	o	+

Source: Country reports and data in Appendix 9, Table A.5.1, also qualitative assessment Evaluation.

Scoring PSR progress:

++ Highly encouraging; + Encouraging; o Limited progress; – hardly or no progress<sup>16</sup>

The above Table shows that the progress on economic reforms is far more encouraging than reforms on the other fields. The analysis on these developments is not part of the scope of work. Nevertheless, there could be an explanation which would fall in line with this, and which is noticed in WSS policies also: implementation of policies is far more difficult than making policies.

Economic reforms have to deal with creating a conducive environment (legal, institutional, financial services). This is mainly a governmental task. Actual progress-implementation on itself can be seen when (mainly private) parties use the new opportunities and possibilities. With regard to the other themes (budget reform, public administration, decentralisation), it is the government that is responsible for both policy formulation and implementation. Possible reasons for this rather slow implementation are e.g. the un-preparedness of the governmental sector for the necessary changes, lack of capacity and resistance of the 'old system' due to vested interests.

15) For explanation of the reform processes see Appendix 9, Table A.5.1.

16) The rating is the judgement of the Evaluation. The country evaluators were asked to make a judgement per policy aspect and to come up with a joint rating. The evaluators were also asked to make a 'pairs comparison' "Did Bangladesh score better or worse on economic reforms than Uganda and why". The same system of "pairs comparison" is used in the other ratings on policy issues further on in this report (see for example Table 6.4 on Danida support to innovative ideas and concepts and Table 7.2 on Danida support to organisational strengthening in WSS).

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## 6 Relevance of Danida support

Within a framework of project support, the relevance of support is to be measured through its results; e.g. the number of latrines built or the number of households connected to the sewer system. Within a relative “easy” project environment, measuring results is already a difficult exercise, as Danida’s efforts have to be assessed against the general sector performance and in the context of contributions of other donors. But with the change of paradigm within Danida to a broader, SWAp approach, where the causal relation between assistance and results is far less apparent, it becomes even more difficult to distinguish between the contributions of the different donors. The overall assessment of Danida support is given in Chapter 10.

Having said this, the relevance of Danida support to the WSS sector in the seven countries is evaluated by assessing the effects the Danish interventions have had on 1) poverty alleviation, 2) policy reform 3) cross-cutting issues (gender, environment, health, good governance) and health and 5) sector innovation.

### 6.1 Danida support and poverty alleviation

The inclusion of water and sanitation in the MDGs reflects the importance attached internationally to WSS issues in the international fight against poverty. The contribution of Danida has a considerable impact in realising the MDGs in these countries and can therefore be considered as an important contribution to poverty alleviation.

Table 6.1 and Appendix 7 summarize information about Danida support and poverty alleviation in the seven countries. Table 6.1 shows that Danida support is directed towards some of the poorest countries in the world. Looking at the Human Development Index (HDI) of the UNDP which gives the ranking of countries on GDP, life expectancy and education, four countries – Bangladesh, Egypt, Ghana and Vietnam – belong to the lower range of the medium human development group (UNDP classification) while the rest of the countries belong to the low human development group. Six out of seven countries belong to the category of low income economies with a Gross National Income (GNI) per capita of less than 875 USD (World Bank classification). Only Egypt belongs to the category of lower middle economies with a GNI per capita between 876 and 3,465 USD.

**Table 6.1 Danida support and poverty reduction**

Country	UNDP Human Development Ranking ***	Worldbank GNI per capita (2005, Atlas method) ****	Part of rural pop below national poverty line	Part of urban pop below national poverty line	Specific focus on poor regions	Specific poverty analysis made	Specific focus on extreme poor
Bangladesh	139	470	53	37	Partly	No	Partly
Benin	162	510	33	23	Yes	No	No
Burkina Faso	175	400	51	17	Partly	No	No
Egypt	119	1,250	n.a.	n.a.	Yes	No	Partly
Ghana	138	450	50	19	No	No*	No
Uganda**	144	280	n.a.	-	Partly	No	No
Vietnam	108	620	36	7	Yes	No	Partly

Source: Country reports and data in Appendix 9, Table A. 6.2

\* An insight paper was prepared by the Danish Embassy in Accra, Ghana 18 November 2002. "How to ensure that the institutional set-up and delivery mechanisms of Danish sector support to the transport and sanitation sectors support democratic decentralisation and the participation and empowerment of the poor". However, this report was not followed-up.

\*\* Prior to SWAp (= Sector wide approaches)

\*\*\* Ranking in list of 177 countries based on UN Development Report 2005

\*\*\*\* World Development Indicators 2007

As most people live in rural areas (see Table 8.2) and as most poverty occurs in rural areas (see Table 6.1), the focus of Danida on rural WSS in terms of pro-poor policy has been appropriate. In some cases (e.g. Bangladesh) the government also gives priority to providing improved WSS services to peri-urban (slum) areas because of the lack of alternative facilities in these crowded areas and the high costs and the risk of spreading of waterborne diseases.

National policies in six of the seven countries are based upon the respective Poverty Reductions Strategy Papers (PRSP, Egypt has no PRSP), which provide common ground to tackle poverty. This is an important step towards comprehensive poverty reduction policies. The first round of PRSPs paid little attention to water issues. This has been rectified in more recent versions. In general, Danida country support is in line with the PRSP process. In one country (Bangladesh) Danida has played an explicit role in formulating a pro-poor WSS Strategy.

**Box 6.1 Bangladesh, need for “direct attack on poverty”**

“The Pro-poor Strategy for water and sanitation services has been developed in the recognition of two major needs. Firstly, there is a need for ‘direct attack on poverty’ as the benefits of growth are not distributed equitable. Secondly, the National Policy for Safe Water Supply and Sanitation, 1998 provides for a ‘safety-net’ for hardcore poor in conjunction with reducing subsidies over time....This calls for a ‘Direct Attack on Poverty’ by putting the last ones first, against an approach of general increase in investment in pro-poor sectors”.

*From: Pro-Poor Strategy for Water and Sanitation Sector in Bangladesh, Local Government Division, Unit for Policy Implementation, Ministry of Local Government, Rural Development & Cooperatives, February 2005.*

For the Danida supported programmes in the various countries no specific poverty analyses were conducted. Consequently the Danida programme has not had a systematic focus on the extreme poor, i.e. the poorest 10-20%. In most countries, Danida took specific but mostly ad hoc measures, to accommodate or include the extreme poor in the implementation of programmes, even if this was not fully fitting in government policies, e.g. by means of direct subsidies or tariff structures that benefit poor groups.

Danida has intervened in tariff policies and structures in a number of ways and with different levels of success.<sup>17</sup> For example in Bangladesh, Danida has played an important role in elaborating cost sharing strategies. However, the cost sharing principles as agreed upon in the National Policy for Safe Water Supply and Sanitation (1998) are not adhered to within the Danida programme and other implementation projects. In Benin, Danida’s sector programme is based on the user-pay principle and as such the programme favours cost recovery of water services. The costs of household latrines are not subsidized, in line with other donors’ policies. In Uganda, Danida was quite active. Danida has through the earlier rural water supply projects initiated and contributed significantly to the development of cost recovery arrangements. In the later stages of SPS and at national level, the interest and attention for cost recovery has declined. Danida was involved in cost recovery and tariff discussion and studies for small towns. The actual implementation of tariffs was, however, highly politicized. From these country reports it emerges that Danida tried to pursue the discussion on tariffs, subsidies and financing mechanisms. The focuses are mostly on cost recovery and to a lesser extent on cross subsidies. Nevertheless, there is no well defined and well structured way to use tariff policies in reaching the poor.

## 6.2 Danida support and impact on national and sector policies

### Danida support and public sector reform

In some of the seven countries, Danida is through its WSS support<sup>18</sup> actively involved in elements of public sector reform (for overall assessments of progress in public sector

17) See the respective country reports.

18) In addition to the WSS support, Danida also provides support through e.g. Good Governance programme.

reform, PSR, see Chapter 5). Danida is mainly involved in supporting the decentralisation process and the de-concentration process that often precedes decentralisation. Both de-concentration and decentralisation are of major importance for WSS sector progress, because the planning and decision making process will in general be more close to and influenced by the final beneficiaries. This is not only regarded as a main principle for proper planning and implementation (“at the lowest appropriate level”), but also as steps aimed to increase democracy, people’s participation, accountability and transparency.

### Danida support to water supply & sanitation policies and reforms

The status of WSS policy reform and the role of Danida in this process is summarised in Table 6.2. A more detailed assessment of policies and the institutional environment is made in Chapter 7.

**Table 6.2 Danida support to water supply & sanitation policy reform (1999-2005)**

Country	Main characteristics WSS policy/ reform	Major players/ donors	Role Danida
Bangladesh	WS policy agreed and investment plans being prepared. Explicit sanitation policy agreed and implemented. Central technical departments changing from implementer to facilitator with role for various stakeholders	World Bank, Danida, (I)NGOs	Prominent role in WSS policy formulation & implementation Limited role in stimulating change of Central Government from implementer to facilitator. Substantial support to various stakeholders
Benin	No WSS policy yet. Decentralisation high on agenda	World Bank, Danida	Institutional strengthening at organisation and system level and in creating new water laws
Burkina Faso	National WS policy but no attention to sanitation issues in rural areas. Decentralisation at very early stage in rural areas. National Policy and Strategy on WSS (July 1998). National IWRM Action Plan (March 2003)	Danida, AfDB, World Bank, KfW, EU, AFD	Prominent role in institutional strengthening at national level
Egypt	Regional Water Utility Authorities created. Decision making still too centralised. Regulatory body created	USAID	Institutional strengthening of a regional water utility authority. No role at national level
Ghana	Central technical departments are changing from implementer to facilitator. Implementation and O&M decentralised towards district level	World Bank, Danida	Important role in policy support, especially for rural areas



Uganda	Decentralisation of rural WSS, preparation of the 15 year Sector Investment Plan for the rural WSS (2002), small towns were not decentralised by 2005. SWAp notably for rural WSS. Central government in transition from provider to facilitator. Facilitating involvement private sector operators for small town WSS	Danida, Sida, Germany, DFID, Austria	Prominent role regarding small towns and rural WSS policies, planning as well as facilitation on implementation. Advocacy regarding SWAp. System development and organisational strengthening. Facilitating dialogue on sanitation
Vietnam	Well-elaborated national rural WSS policy	Danida	Piloting implementation and institutional framework for rural WSS

*Source: Country reports*

As can be seen from Table 6.2 Danida is an important player. Interviews with major stakeholders in the respective countries revealed that it has had considerable impact in developing WSS policies and reforms in most of the seven countries (in Egypt efforts to play a role at national level were not successful). In most countries Danida supports institutional strengthening of central level organisations (see also Chapter 7) and Danida supports elaboration of strategies and preparation of plans. Danida is actively involved in putting policies, strategies and plans into operation in Bangladesh, Ghana, Uganda and Vietnam.

### **Application of demand responsive approaches**

With regard to technical options, scale or materials, beneficiaries are usually offered a limited set of options, partially based on geographical and physical circumstances but also based on convention. Organisational and financial arrangements are directly linked to the technical solution, guided by national or project models and guidelines, leaving little room for bottom-up approaches. Equally, planning and implementation frameworks (budgets, tenders, construction contracts and time constraints) leave little room for dialogue with beneficiaries about alternatives.

Although prescribed by Danida's WSS policy and incorporated in many national WSS policy documents, the Evaluation has found only limited evidence that Danida-supported programmes applied demand-oriented approaches. In most implementation programmes, the final beneficiaries are not offered a real choice and say in the technology, financing and organisational arrangements. Also little up front situation analysis and consultation are conducted with the final beneficiaries on these issues. Planning and decision-making is merely done by experts, based on hydrological and technical considerations rather than demands and options of beneficiaries. Also usually the planning and implementation agency offers one standard approach and solution: technological, financial and organisation. Reaching targets, complying with budget procedures and implementation convenience of the planning and implementing agencies seem to supersede the community information and decision-making process. During field visits, communities made little or no reference to a consultative and decision-making process.

Decentralised planning and implementation may facilitate active participation by users. The case of Uganda showed that decentralised implementation is more likely to result in

solutions that better match the local situation than central implementation. However, this does not happen automatically and a proactive approach remains necessary.

### **Sanitation**

With the exception of Bangladesh, no explicit and comprehensive policies or strategies for sanitation exist. Progress in implementing improved sanitation is lagging behind as compared to water supply in all countries. Responsibility for sanitation is fragmented. Whereas policies may often come from a technical department responsible for WSS, hygiene education and behaviour change programmes are the responsibility of different organisations. The actual implementation is even more diffuse. Different agencies may play a role in more complex urban systems, but for on-site sanitation this is merely the responsibility of the households themselves. The public-sector agencies' role is often limited to facilitation.

## **6.3 Danida support and cross-cutting issues**

The Evaluation has not looked in great detail in the cross-cutting issues, but has mainly tried to assess to what extent and how these cross-cutting issues were included and made operational in the water sector programmes. A number of observations and conclusions with regard to this are given below.

Danida's support to the three cross-cutting issues, gender, environment and good governance is summarized in Table 6.3.

### **Gender**

As WSS particularly affects women, improved access to WSS will benefit women in regions of water scarcity, especially in reducing the time spent on fetching water. Danida has played a stimulating role in gender mainstreaming in Ghana, Uganda and Vietnam. In the other countries Danida's role was "more traditional" in the sense of supporting individual activities to promote women's participation.

### **Environment**

The integration of "environment" in the Danida WSS programmes is mainly limited to IWRM (in e.g. Benin, Burkina Faso, Ghana and Uganda) as well as to Environmental Assessment Plans (in e.g. Egypt and Vietnam). Due to their size and local character, rural WSS programmes normally do not have huge environmental impacts. With regard to the integration of IWRM and WSS, it has been observed that in most countries there is little integration, although some are further down the road (e.g. Uganda) than others (e.g. Benin). The Evaluation found that the IWRM components and activities are, although often within the same ministry, somewhat isolated and institutionally less embedded and advanced than the water supply activities.

**Table 6.3 Danida support to cross-cutting issues in WSS (1999-2005)**

Country	Gender	Environment	Good Governance
Bangladesh	No specific instruments for affirmative action	No role in WSS related environmental issues and little attention for WSS – health relations	Support to the decentralisation process through capacity building and implementing projects
Benin	Traditional women in development (WID) activities, attention for women in field staff teams PADSEA*** facilitated a gender action plan, which was never implemented	The IWRM component supports environmental awareness at all levels for water quality issues	PADSEA promotes transparency and participation at various levels. Private sector support component promotes transparent markets and tendering procedures. Collaboration between Danida Good Governance programme and PADSEA in one region aims at reducing corruption. Specific support for decentralisation on pilot basis
Burkina Faso	More WID than gender approach. No concrete actions	IWRM (part of PADSEA) highly relevant for environmental management	Prominent in documents Government hesitant and slow in decentralisation
Egypt	No specific support	Strong Danida support to regional environmental action plans. However, unrelated to regional WSS programme	No direct role Danida. Efforts made contributed to Danida withdrawal from Egypt
Ghana	Gender policy and strategy developed by CWSA** with Danida support. Focus on mainstreaming gender in SPS 2. Equal representation in committees nearly achieved	Danida active role in integrating Strategic Environmental Assessment into policy and planning process. Relation WSS-health recognised but not made operational	Support for decentralisation process. Danida thematic programme for Good Governance and Human Rights

Uganda*	Efforts to increase female representation in user groups and government staffing. Advocacy and field guidelines	IWRM as component in SPS. So far few operational inter-linkages. Sanitation has a low profile as environmental issue	Decentralisation and fiscal arrangements (Fiscal Decentralisation Strategy). High awareness at the policy level of Danida regarding anti-corruption. Initiative to support the Anti-corruption Action plan for the Water and Sanitation Sector (Finalised the Action plan in 2006)
Vietnam	Gender is mainstreamed in programmes and training for staff	Danida follows governmental requirements in rural WSS such as Environmental Impact Assessments	Danida pressed for clear legal status of WUGs. Apart from successful promotion of tendering and construction supervision, no specific activities in increasing transparency

\* Prior to SWAp

\*\* CWSA = Community Water and Sanitation Agency of Ghana  
Source: Country reports and data in Appendix 9, Table A.6.3

\*\*\* PADSEA = Programme d'Appui au Développement du Secteur Eau et Assainissement (Danida sector programme)

### Good governance<sup>19</sup>

Good governance intended to increase transparency and reduce corruption, misappropriation of funds & sheer stealing and support the process of decentralisation is high on Danida's agenda in most countries. Therefore, an environment of good governance is deemed not only to positively influence the quality of government but also to enhance its capacity to receive and digest donor funds. A gradual improvement on transparency and reduction in corruption, misappropriation of funds & sheer stealing can be noted as indicated by an increased rating on the Corruption Perceptions Index over the past years by most of the seven countries.<sup>20</sup> Progress on decentralisation in Ghana, Uganda and Vietnam is encouraging but there is still relatively limited progress in the other countries.

19) There is no generally agreed categorization for good governance. Danida indicated that for planning and exchange of knowledge purposes, the following list based on Danida's experience could be used as practical categorization: public sector reform, decentralization, human rights, democratization (elections, constitution), access to justice, anti-corruption, media (source: Danida Aid Management Guidelines <http://amg.um.dk/.../GoodGovernance.pdf>).

20) Source: Corruption Perceptions Index: [www.transparency.org](http://www.transparency.org)

## 6.4 Danida support to innovative ideas and concepts

Innovative thinking, ideas and concepts are crucial to accelerate the development process within the WSS sector. Funding of innovative issues often is a major constraint. Bilateral donors like Danida are potentially important players in the field of innovative thinking and action. The assessment of Danida's mostly financial support to the development of innovative concepts on various WSS issues is summarised in Table 6.4.

**Table 6.4 Danida support to innovative ideas and concepts\* (1999-2005)**

Country	Sanitation concept	Integration of WSS and IWRM	People's Participation	Private Sector Participation	Technical innovation	Transfer of ownership to end users
Bangladesh	++	-	+	o	+/o	+/o
Benin	-	++	o	+	-	-
Burkina Faso	o	++	o	o	o	o
Egypt	o	-	o	+/o	+/o	+/o
Ghana	o	+	+	o	o/-	+/o
Uganda	+/o	o	+/o	+	o	o
Vietnam	o	-	+	o	o	+/o

\* *Danida support for innovative management ideas is not included in this Table (see Chapter 9).*

*Source: Country reports and data in Appendix 9, Table A.6.4*

*Legend:<sup>21</sup> ++ crucial    + high    o moderate/limited    - none*

In some countries Danida programmes have contributed to important innovations especially in Bangladesh, Burkina Faso and Benin. Innovations have also taken place in the other countries and include e.g. arsenic mitigation measures, new technological and institutional options, IWRM approaches, introducing sector wide approaches, approaches for people participation etc. The innovations are described in the country reports. There is no single innovative idea and/or concept for which Danida plays a role in all countries.

Support for innovation remains highly relevant, as the need for innovative ideas is high while funding sources to develop such concepts and ideas are limited.

Danida support for innovative concepts and approaches shows diverse results depending on the specific requirements and developments and institutional capabilities in the various countries. It appears that countries could learn from one another by exchanging best practices and lessons learned.

21) *The rating is the judgement of the Evaluation, see footnote 16.*

## 7 Institutional sustainability

### 7.1 Dimensions of institutional development

Institutional development is generally defined as the process by which individuals, organisations and institutions increase their abilities and performance in relation to their goals, resources and environment. Achievements in institutional development have been evaluated on three dimensions: organisational strengthening, human resource development and system development. A summary is provided in Table 7.1.

**Table 7.1 Summary of Danida support to dimensions of institutional development (1999-2005)**

Country	Organisational strengthening	Human resources development	System development
Bangladesh	Intensive support for grass root organisations and NGOs	Intensive support for government organisations and NGOs	Substantial support in policy formulation and implementation
Benin	PADSEA 1: Support for village organisations, but not new communes/municipalities. Little or no attention paid to post-intervention requirements. Federation of WUAs created, without a clear mandate. PADSEA 2: Communes, created in 2002, are main partners. Attention paid to post-intervention requirements	Extensive training of government staff	Monitoring system developed, but not yet sustainable
Burkina Faso	Strengthening ONEA (urban water supply); Support for private sector not yet sustainable; Focus on project implementation	Substantial training and support for government staff, NGOs, water users and private sector	Support for a programmatic approach in WSS; Support to integrate WSS into the IWRM framework
Egypt	Intensive support to regional authority to improve technical and managerial processes and equipment	Substantial support to staff in regional WSS authority	No support

Ghana	Intensive support to national level CWSA particularly to physical infrastructure, technical advice, management tools and corporate planning	Strengthening all stakeholders . Assist CWSA in corporate training plan	Support in developing draft National Sector Policy. Support for Water Resources Commission in WSPS-1 and WSPS-2
Uganda <sup>1</sup>	Intensive support to rural & small town water ministry; Intensive support for district decentralised water functions; Crucial support for national NGO co-ordination	Substantial training for government staff and users involved in planning, construction and operation	Crucial support in policy development
Vietnam	Support through the development of an impressive set of guidelines for regional and local organisations	Wide range of training at national and local level, on individual project basis	Focus on direct counter-part organisations. These are at low hierarchical level with limited impact on overall sector

Notes 1) Prior to SWAp,

Source: Country reports and data in Appendix 9, Table A.7.1

Danida reports refer to the need for comprehensive institutional assessments as the basis for institutional development programmes, but in none of the seven countries such institutional assessments have been undertaken. This is remarkable as Danida provides substantial support in the field of institutional development, and without such an assessment it is difficult to clearly define an overall approach and priorities in the institutional development process. First steps towards such an assessment are being undertaken in Bangladesh.

From Table 7.1 it is clear that Danida has been actively involved in all three dimensions of institutional development. These topics and Danida's role are elaborated in paragraphs 7.2 to 7.4.

## 7.2 Organisational strengthening

Danida support for organisational strengthening was summarised in Table 7.1. The intensity of this support is indicated in Table 7.2.

**Table 7.2 Assessment of the intensity of Danida support to organisational strengthening in the water supply & sanitation sector (1999-2005)**

Country	Central government	Local government	NGO sector	Research	Public-Private Partnership	Grass root organisations	National level associations
Bangladesh	++	+	++	+	o/-	+	++
Benin	+/o	+	o	-	+	+	??
Burkina Faso	++	+	o	o/-	-	+/o	??
Egypt	-	+/o	-	-	o	o	-
Ghana	++	+/o	+/o	+	o	+	+/o
Uganda*	++	++	+	-	+/o	+	+
Vietnam	+	+/o	-	+	-	++	??

Source: Country reports and data in Appendix 9, Table A.7.2

\* under SPS 1

Legend : ++ Highly intensive; + Substantial; +/o Fair; o Limited; – Hardly any or no support ;

As shown in Table 7.2, substantial Danida support has been provided to central government organisations in six out of the seven countries. These central government organisations are mainly technical organisations whereas the support from Danida has been focussed on non-technical and policy issues. The reform process to transform these technical organisations from implementer into facilitator is complicated and Danida played a stimulating role in this de-concentration and decentralisation process by supporting policy development, local governments and HRD at local level.

As stated above Danida provided support to strengthening of local governments in all seven countries and in four countries this support has been substantial. This directly stimulates the decentralisation process but the relatively slow pace of PSR/decentralisation in terms of delegation of responsibilities and budget by the Central Government could endanger the sustainability of these efforts.

In the non-governmental sector Danida provides substantial support to the NGO sector in Bangladesh and Uganda and to a lesser extent in other countries. Danida provides intensive and successful support to the NGO Forum in Bangladesh (an umbrella organisation for NGOs) and other countries may benefit from this experience. Danida's support to the research sector has been limited to Bangladesh, Ghana and Vietnam. The support for the International Training Network (ITN) Centre at BUET University in Bangladesh has been highly effective as the Centre played a major role in formulating Bangladesh sanitation policy.

22) The rating is the judgement of the Evaluation, see footnote 16.



Danida support for Public-Private Partnerships<sup>23</sup> is limited but in a number of countries (Bangladesh, Ghana, Uganda) encouraging initiatives deserve more attention and support. Quite some private partners have shown interest in PPP. However, the public-sector systems and practices are often not conducive or facilitating. Notably increased transparency of tender procedures, creation of a level playing field and appropriate supervisory mechanisms should be worked at and improved by the public-sector organisations. Good governance programmes can constitute a main vehicle for addressing these issues while sector programmes can provide a proper framework.

Danida provides substantial support for grass-root level organisations in five of the seven countries. However, in three of these countries (Bangladesh, Benin and Burkina Faso) the sustainability of these efforts is questioned as little attention is being paid to post-implementation requirements. In these countries grass-root organisations are established through social organisers, but the Evaluation found that after the hardware is built, there is less attention to the grass-root organisations after being established. There is virtually no monitoring on its functioning, no additional resources are made available, no capacity building programme in place. The institutional arrangements might be there, but are not effective. The only exception is Uganda, where some kind of post implementation monitoring is emerging. National level associations were supported in three countries.

### **7.3 Human resources development**

Table 7.3 provides a summary overview of the Danida support in human resources development. Danida support for HRD has been substantial in most countries with special focus to training of staff of government agencies at national and, to a lesser extent, regional level. Also other stakeholders have been supported through training. The effectiveness and sustainability of these efforts remain relatively limited due to limitations at the local level to make use of what has been learned due to high levels of bureaucracy, top down approaches, high staff turnover and other reasons as listed in Table 7.3.

HRD is mainly seen as staff training, rather than part of an integrated approach to achieve clearly stated sector and MDG objectives. Clear HRD policies and strategies, based on an assessment of capabilities and requirements of stakeholders and on the needs of staff in terms of career development and financial remuneration have not yet been developed. In most countries there is no national HRD planning for the development of functions, numbers and qualities of staff. A more systematic approach to HRD is considered important to enhance the institutional sustainability of WSS interventions, especially at the regional and/or local government level.

23) *PPP is defined as a risk sharing relationship based upon a shared aspiration between the public sector and one or more partners from the private and/or voluntary sectors to deliver a publicly agreed outcome and/or public service (Building Better Partnerships, Institute of Public Policy Research, June 2001)*

**Table 7.3 Assessment of Danida support to human resources development in the water supply & sanitation sector (1999-2005)**

Country	Training needs assessment	Training requirements to meet MDGs	Major constraints	Role Danida in capacity building at central level	Role Danida in capacity building at local level
Bangladesh	Ongoing	Operational plan being prepared	Lack of interest for non-technical training at central level. Lack of progress in public administration reform	Positive role in preparing training needs assessment and operational plans	Positive role in training local level staff
Benin	Training needs assessment done in the regional offices in both PADSEA I rural components and plan developed at national level	Not assessed	Many staff on temporary work contracts	Traditional approach to training through national organisations and decentralised offices	No support for municipalities. No support for post implementation phase
Burkina Faso	A number of HRD and institutional capacity studies carried out during PADSEA I that have been used as basis for PADSEA II	Not assessed	Drain of staff from the sector. High levels of bureaucracy. Low priority for WSS	National sector capacity building, but it is not institutionalised. Private sector HRD institutionalised	A number of HRD and institutional capacity studies carried out during PADSEA I. PADSEA II supports urban municipalities through ONEA (and will support rural municipalities when in place in 2006)

Egypt	Inventory of managerial training needs of regional staff	MDGs already largely met	Need for managerial training underestimated	No Danida role	Positive role in training staff of regional WSS authority
Ghana	Corporate training plan No national HRD plan	National plan including budgets for meeting MDGs with focus on rural WSS	Limited local level capability and capacities to exploit opportunities of decentralisation. Capacity building not sufficiently focused on O&M following construction phase	Active role supporting CWSA and Ministry through DWD with physical infrastructure, TA and management planning ; Active role in supporting the Water Resources Commission	Plays role in CWSA. Has role in strengthening regional and local level
Uganda	Limited to DWD* agencies. No strategic assessment for sector training needs	No national strategy or plan	No specific constraints	Positive role at national level in training and coaching. Advocacy for sanitation, but no specific capacity building in this field	Positive role in developing capacities of districts, first through support for implementation, later through intermediary Technical Support Agencies. Distinct district capacity building programme
Vietnam	TNA conducted half way through the implementation of the programme	No national plan existing	Staff used to top-down approach and hierarchical leaders	Limited to counterpart organisation	Very substantial and exemplary role

\* DWD = Directorate of Water Development  
Source: Country reports

## 7.4 System development

Table 7.1 described the type of Danida support for system development, while Table 7.4 provides a summary assessment of support for the various categories.

**Table 7.4 Assessment of Danida support to various categories of system development in the water supply & sanitation sector (1999-2005)**

Country	Improved legislation and regulations	Policy development	Implementation of policies	Innovative water management	Improve enabling environment	Interrelations between sub-sectors
Bangladesh*	+	+	+	+/o	+/o	+
Benin	+	o	o	+	+	+/o
Burkina Faso	+	+	-	+	o	+
Egypt**	o	-	o	+	o	o/-
Ghana	+	+/o	+/o	+	o	-
Uganda***	+	+	+/o	+/o	+/o	o
Vietnam	+/o	+	+/o	o	+/o	+/o

\* With special reference to sanitation,

\*\* Recent changes after Danida's withdrawal.

\*\*\* Under SPS 1

Source: Country reports

Legend:<sup>24</sup> + Substantial; +/o Fair; o Limited; – Hardly any or no role

Danida support for system development has focused on improved legislation, conceptual innovations in water management and to a certain extent on policy development. Danida support has been less intensive in the fields of policy implementation, improvement of the enabling environment and the interrelations between sub-sectors. The Evaluation found that the implementation of policies is to a considerable extent left to the country itself. Also through the limited number of technical advisors, especially at the lower levels, there is less capacity available for implementation and building up experiences in the field. Implementation capacity could be strengthened through explicit attention for implementation programmes & projects, enhancing coordination between public sector reform programmes & projects and executing institutional analyses so as to be able to identify suitable “carriers” for policies and to undertake targeted interventions.

In the following sections a number of specific issues in system development are highlighted.

### Ownership rights

Water Policies often advocate community ownership of facilities, but in practice this is not commonly applied. Legal ownership of facilities constructed under governmental programmes in most cases remains with governments. Water user groups usually have no

24) The rating is the judgement of the Evaluation, see footnote 16.

legal status and the most critical impact of this is that they have no ownership rights and are not in a position to sign contracts or to borrow money. This seriously limits their options. Danida, through the water SPS, has continuously stressed the importance of providing a clear legal basis for WUGs and for ownership of WSS facilities. So far, national decision makers have been slow in creating the legal framework.

### Monitoring systems

Sector monitoring systems, including national audits, are still weakly developed, hampering the ability to obtain insights into technical, financial and organisational performance or to take appropriate management action. In some countries (Uganda and Benin), alternative monitoring systems with different definitions and data collection methods are being set-up in the WSS sector by various donors with their counterpart ministries, leading to duplication of efforts and incompatibility of data. Consequently in quite a number of countries, access to financial data and its consistency and reliability is problematic.

#### **Box 7.1 Non-functioning water supply & sanitation facilities: lacking monitoring data**

There is no systematic data on the number of non-functioning WSS facilities available. Only in Uganda the Sector Reports of 2004 and 2005 give numbers of non-functioning drinking water facilities of (20%-25%). Expert views in other countries mention similar figures. These figures are in the same range of the figures that are mentioned by experts in the sector.

The reasons why WSS facilities are non-operational vary widely, ranging from technical issues as lack of maintenance, non-availability of spare parts and use of unfit technology till socio-political problems like village disputes on the level of the end-beneficiaries. However, problems do not occur on the side of the recipient only. Participatory project design or a proper demand analysis may prevent problems from happening during the implementation phase and afterwards. In addition, analyses of the financial feasibility of the water supply facility and training of local staff in utility management have been under exposed components in project design and implementation.

A high level of non-functioning facilities is a drain of financial resources. Lack of systematic data illustrates the lack of attention by donors and government to a sustainable back-up system that provides technical assistance and finance to check on maintenance, conduct major overhauls and rehabilitate facilities.

### Post-intervention arrangements

From the various country reports it is concluded that follow-up on community mobilisation and performance monitoring does not take place on a systematic basis. With regard to supply lines for spare parts and availability of skilled mechanics, Bangladesh and Vietnam are better organised. Bangladesh has a lively private sector for spare parts, mechanical and plumbing services, construction materials and for sanitation. The African countries have difficulty in setting up supply chains for spare parts, because the private sector is not really interested in providing this service (due to low margins and insufficient volume) and because the governments are ill-equipped to do this.

## 8 Financial sustainability

Financial sustainability is addressed at sector level and at service level. Other aspects of sustainable service delivery that have an indirect effect on financial sustainability, such as ownership rights and post intervention systems were discussed in Chapter 7. An assessment of the planning and budgeting process and financial procedures are included in Chapter 9.

### 8.1 Sector finance

#### Overall budget levels

Data obtained for the Evaluation about national budget and donor contributions in the WSS sector are presented in per capita terms in Table 8.1 to facilitate comparisons between the seven countries.<sup>25</sup>

**Table 8.1 Average annual national and water supply & sanitation budgets and official development assistance contributions per country 2000-2005\***

Countries	All Sectors			WSS Sector				
	National budget including ODA (USD per capita)	ODA share in national budget (USD per capita)	ODA share in national budget (%)	WSS budget including ODA (USD per capita)	ODA share in WSS budget (USD per capita) %	ODA share in WSS budget (%)	Govt Budget for WSS excluding ODA %	Total WSS budget as% of national budget %
Bangladesh	54	25	46	0.6	0.2	42	0.6	1.0
Benin	79	44	56	1.2	1.0	80	0.3	1.6
Burkina Faso	60	33	55	2.9	2.0	70	1.4	4.7
Egypt	323	16	5	25.2	2.4	10	7.0	7.8
Ghana	67	44	66	2.5	1.7	67	1.2	3.7
Uganda	43	26	60	3.2	2.0	63	2.8	7.3
Vietnam	104	27	26	1.7	1.2	70	0.5	1.7

Sources: Various sources, such as World Bank and Country Reports for this Evaluation.

An extended version of this Table is included in Appendix 9, Table A.8.1.

Notes: \* National budget includes government and donor funds, but excludes private funds.

25) It has not been easy to obtain reliable figures with regard to government and ODA budgets spent on Water Supply and Sanitation in the various countries. Budget allocations for water supply and especially sanitation are often spread over more than one ministry and between various levels of government. It is not always possible to make a distinction within the available budgets between investment, recurrent costs and e.g. technical assistance. Comprehensive data are sometimes not readily available, and / or governments are sometimes reluctant to provide complete data.

Table 8.1 shows that with the exception of Egypt national government budgets, including Official Development Assistance (ODA), in the countries range from USD 43 to USD 104 per capita per year. The national budgets for WSS range from USD 0.6 to USD 3.2. International donors and financial agencies contribute on average 44% to the national budgets as a whole and an average of 57% to the WSS sector. Thus most countries are heavily dependent on donor assistance.

Based on data available for countries over the period 1999-2005, financial contributions for WSS from bilateral donors have been slightly declining. This was somewhat compensated for by increased contributions from international financial institutions and from national governments. In most countries, national governments adjust their allocations to ensure overall budgets remains stable. This implies that in the past years there has been neither a considerable increase nor a considerable decrease in public funding for WSS.

**Table 8.2** Distribution of public funds\* between rural and urban sectors

Country	Overall distribution of public funds to WSS (1999-2005)		Share of population in rural and urban areas 2002		Coverage of drinking water 2002	
	% rural	% urban	% rural	% urban	% rural	% urban
Bangladesh	49	51	80	20	72	82
Benin	n.a	n.a	66	34	60	79
Burkina Faso	32	68	83	17	44	82
Egypt **					97	100
Ghana	n.a	n.a	64	36	68	93
Uganda	27	73	89	11	52	87
Vietnam	31	69	80	20	67	93

Source: Country reports, JMP coverage drinking water 2002; Notes:

\* Public funds are defined as national and ODA budget.

\*\* In Egypt no distinction is made between urban and rural systems.

Table 8.2 shows that the majority of funds for WSS (including ODA) during the evaluation period was allocated to urban areas.<sup>27</sup> Uganda particularly stands out as channelling 73% of total WSS investment into urban areas, while having the lowest urbanisation level of 11%, and a relatively low rural coverage for drinking water. The urban bias is partly explained by more expensive urban systems and partially by political considerations.

- 26) For instance, donor funding in Bangladesh's to WSS in the Annual Development Plan (ADP) decreased from 56% in 2000-2001 to 44% in 2004-2005, but the overall allocation to WSS remained at the same level, as the GoB increased its contributions. A similar pattern has been observed in Uganda, where budget ceilings for each sector have been established, including the WSS sector, implying that increased donor funds automatically leads to a reduction in government funds.
- 27) The urban-rural comparison is not straightforward, due to classification differences, for instance Burkina's ONEA and Uganda's NWSC deal with small towns that in Asia would count as 'rural'.

### Sources of finance

Table 8.3 presents all sources of investment in the rural WSS sector.<sup>28</sup> ODA funds allocated to the rural sector are usually in the form of grants, while those allocated to the urban sector are in the form of soft loans. Generally speaking and observed in the countries, bilateral donors invest more in rural WSS, whereas multi-lateral donors and development banks<sup>29</sup> also invest in urban water supply.

**Table 8.3 Sources of investment in the rural water supply & sanitation sector (2000-2005)**

Country	Central government (%)	Local government (%)	Bilateral and multilateral donors (%)	International and local NGOs (%)	Users fees and private sector (%)	Total%
Bangladesh	30	0	34	4	32	100
Benin	16	0	78	3	3	100
Burkina Faso	11	0	85	2	2	100
Egypt	90	0	10	Negligible		100
Ghana	11	1	85	2	1	100
Uganda	30	1	65	2	2	
Vietnam	19	10	23	2	46	100

Sources: Figures based on Country Reports and on Table 8.1.

Table 8.3 shows that international donor funding is by far the largest source for WSS sector investment in rural areas.<sup>30</sup> In Benin, Burkina Faso and Ghana the share of ODA in sector investment is as high as 80-85%. Consequently the contribution of national governments in the sub-Saharan countries to rural WSS is only 11-30% of the total investment budget. In all countries, the share of local government contributions to rural WSS investments is negligible. Participation in terms of funding from NGOs is only 2%.<sup>31</sup>

In Bangladesh and Vietnam the central government contribution is also limited but in these two countries this is caused by a considerable contribution from users of WSS facilities (32% and 46% respectively). Contributions to investment costs from users in sub-Saharan countries are a very small part of construction costs (1-2%). The collection of these contributions is not done in a consistent manner and often donors demand different

28) Due to the fact that Danida is primarily working in rural WSS, no figures were collected for the urban areas. See Table 8.4.

29) Recently, this distinction becomes less marked, with increased World Bank, AfDB and KfW involvement in rural water supply.

30) Except for Egypt which shows another picture.

31) The financial participation of NGOs is not always transparent: some NGOs are for various reasons reluctant to provide details. Also, some NGO activities – particularly at lower levels – are even not known in the sector. These figures should not be used as the only indicator for the importance of NGOs in the sector. Their added value is their integrated approach and involvement of the population.



percentages.<sup>32</sup> In rural areas, communities are expected to contribute to the construction of WSS facilities,<sup>33</sup> but this requirement is sometimes waived when communities or households are categorised as poor or extremely poor. This is the case in Vietnam and in Ghana.

One of the reasons of differences in contributions is the difference in ownership. In Vietnam point sources are linked to individual households and individual households are more likely to be willing to pay for services to their own households. The same goes for Bangladesh where the point sources in practise are “owned” by individual households. In Africa, point sources are generally a community affair and there is less individual ownership of the assets. In addition, in Africa the development of point sources is more governmental driven, while in Vietnam and Bangladesh, development is much more a based on private initiative.

Private sector involvement in investments in rural WSS is negligible. The role of the private sector is limited to manufacturing and provision of construction materials and spare parts and implementation of construction activities (latrines, water supply facilities). For urban WSS, despite earlier high expectations, investments from the private sector are hardly forthcoming and private sector involvement is limited to operations and management (e.g. Ghana, Uganda).

#### **Budget for sanitation**

In most countries sanitation is not a separate item in the WSS budget and it is therefore difficult to make investments in sanitation visible. In some of the sub-Saharan African countries it is estimated that 5% or less is spent on sanitation and hygiene promotion.

Bangladesh is an exception: as a result of more political attention funds spent on sanitation and hygiene promotion increased from 7% of the total WSS budget in the early 1980s to 20% in early 2000. Egypt also stands apart with more than 50% of the WSS budget spent on urban wastewater collection and treatment.<sup>34</sup>

#### **Danida contribution to water supply & sanitation sector finance**

Table 8.4 presents the importance of Danida as a donor in the respective countries, as well as the share allocated by Danida to the WSS sector in the respective water SPS, differentiated by the urban and rural areas. Table 8.4 shows that, with the exception of Egypt, Danida is a substantial donor in rural WSS providing 20 to 60% of total bilateral aid.

32) *For instance, in Ghana the government demands 5% of communities and 5% from District Authorities, KfW asks for 10% in total. In Ghana and Uganda cases were reported that one or more influential persons in the community took care of the community contribution.*

33) *The exception is Egypt where the central government invests 100%.*

34) *With nearly 100% coverage for water supply and increasing environmental concerns, the Egyptian priority has shifted towards wastewater.*

**Table 8.4 Danida contribution to water supply & sanitation in urban and rural areas in the seven countries (1999-2005)**

Country	Danida's share of total ODA in rural WSS	Share of Danida's Water SPS budget allocation spent on implementing WSS			
		SPS	% WSS *	% rural **	% urban ***
Bangladesh	27-32	SPS-1	63	46	53
Benin	60	SPS-1	61	100	0
Burkina Faso ***	35	SPS-1	72	66	34
Egypt	1	-	86	0	100
Ghana	40	SPS-1	76	91	9
		SPS-2	55	100	0
Uganda	30	SPS-1	84	72	28
		SPS-2	70	80	20
Vietnam ***	20	SPS-1	77	25	75
<b>Average</b>			<b>66</b>	<b>53</b>	<b>47</b>

Source: Danida Programme Documents, Country reports; Notes: \*% of total budget Danida SPS; \*\*% of total Danida WSS budget; \*\*\* Share Danida in urban WSS 15% in Burkina Faso and 10% in Vietnam

Danida's contribution to WSS is primarily focused on rural areas, although this is not clearly shown in the overall average figure of 53% of the WSS budget allocated to the rural areas. When Egypt is excluded, the share allocated to rural areas increases to 81%; when Vietnam is excluded the share to rural areas is 93%.<sup>35</sup> In no country Danida implements projects in urban fringe areas.<sup>36</sup>

Danida's WSS policy emphasises community participation and a demand-oriented approach and Danida-funded programmes in general have a higher software component (community mobilisation, training, hygiene education, organisational support planning and evaluation) than do government-funded programmes where it is sometimes zero. Some countries such as Uganda execute their own software component, but with a lower intensity than would be done under a donor-funded programme. The disadvantage of a lower software component is that it could hamper a forceful implementation of software. On the other hand, chances are bigger that a less abundant software component executed via local organisations will have more ownership and thus be more sustainable.

In most countries Danida followed government regulations regarding user contributions for new installations. In some countries, such as Vietnam, additional procedures were

35) The urban projects in Vietnam refer to large scale sewerage projects in three large provincial towns, where drinking water systems were developed in earlier projects.

36) Danida is active in the urban area only in Vietnam and Egypt. Besides, in Vietnam, in the urban fringe areas some small scale activities are conducted as an add-on to the large sanitation projects.

elaborated. In Ghana, Danida did not insist on the official 5% contribution as a prerequisite for installing water facilities. Danida, together with other donors and governments, ended subsidies for individual sanitation facilities. In Bangladesh, Burkina Faso and Vietnam the poorest households still receive subsidies for sanitation. Public sanitation facilities (in schools, health facilities, market places) remain fully subsidised.

Only in Vietnam micro-credits play a role in financing WSS. Here, the Danida SPS has played a leading role in promoting financial mechanisms in rural WSS.

## 8.2 Financial requirements for reaching the MDGs

There is a global consensus that meeting the water related MDGs (see section 5.5.) is a major challenge that requires both a massive injection of financial assistance and a significant improvement of the performance of agencies to deliver water and sanitation services. The size of the financial requirements depends on a large number of assumptions, such as the level of technology,<sup>37</sup> construction costs, rural and urban population growth, the cost and extent of capacity building and policy making, and, last but not least, the estimated costs of maintenance, rehabilitation and replacement of existing facilities.

Based on various estimates found in Country Reports, World Bank reports, WHO, WaterAid and others, the Evaluation concludes that overall a doubling of total investment in the rural WSS sector is required to reach the MDGs. The investment needs for urban areas appear to be even higher at 3-5 times the current investment levels. The highest investments are required in countries with a fast urbanisation and where capital intensive sanitation options are chosen. This is confirmed by the United Nations (UN) Millennium Project.<sup>38</sup>

### Bridging the financial gap in a sustainable way

In order to achieve the WSS related MDGs, it is necessary that national governments substantially increase investment in the sector. However, central government budgets particularly in sub-Saharan countries are limited also in relation to the social needs e.g. expressed in the other MDGs. Increased and continued support from International Financial Institutions (IFIs) and donor agencies will therefore be needed.

In order to bridge the gap and eventually achieve a sustainable situation, it is equally important to increase contributions from other stakeholders and speed up the implementation of WSS systems. The most promising options are:

- Increase the contribution of users for improved WSS facilities through higher tariffs in piped systems and higher user contributions for construction in rural systems (see section 8.4) and by other measures (see below);

37) For instance, the difference in unit costs between simple on-site latrines and modern sewerage systems is enormous; several hundreds of dollars per capita.

38) UN Millennium Project, 2005, *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals*, New York. See also Chapter 8 in the report *Health, dignity and development: what will it take. Millennium Project, Task Force on Water and Sanitation, 2005.*

- There is scope to increase funding by local government bodies<sup>39</sup> to be financed from increased local tax collection and a broadening tax base, improved access to innovative financing mechanisms and by establishing clearer fiscal relationships between central and sub-national bodies. Local governments must be supported to develop a “can do” approach and a sense of ownership and responsibility;
- Explore possibilities for private sector involvement and private-public partnerships in the sector, to encourage the use of private working capital in joint ventures or new installations; promising example is the Output-Based Aid (OBA) mechanism<sup>40</sup> where public funds are used to contract out basic services to the private sector or NGO's. The role of the public funds is to supplement revenues from user contributions, helping to make concessions financially viable. Payment of public funds is tied to the actual delivery of services;
- Explore the options of (micro-) credit and innovative financial mechanisms;
- Increase efficiency and reduce costs in construction by improved monitoring and more transparency in tender procedures and reduction of overhead costs.

It is clear that the above option alone could not bridge the financial gap, but these should be merely seen as additional contributions to reach the MDGs. Concerted action of all stakeholders, including users and local government bodies is needed. The above options are also valuable for the sake of creating ownership and thus enhancing sustainability.

### 8.3 Financial sustainability at service level

#### Ability and willingness to pay

With regard to ability to pay, a widely accepted norm is that household expenditure for water supply and sanitation should not exceed 5% of total household expenditure. This norm is based on extensive research in many countries.<sup>41</sup> Applying the 5% rule on per capita incomes ranging from USD 250 (Uganda) to USD 450 for Benin and Bangladesh and USD 540 for Vietnam, results in a monthly payment of USD 5 to USD 10 per family, which is (for rural WSS) considerably above the tariff levels of Appendix 9, Table A.8.4. This implies that there may be scope for increasing contributions from households, provided that adequate WSS services are provided.<sup>42</sup>

Box 8.1 shows some findings for Bangladesh and Vietnam, countries that have already relatively high user participation in WSS investment. These findings support the view that willingness to pay is not sufficiently explored in other countries. Tariffs are often subject to political influence, as politicians and some administrators give priority to short-term political interests instead of “a fair price for good service”.

39) *Report of the World panel on financing Water Infrastructure, “Financing Water for All”, Michael Camdessus, March 2003.*

40) *See for example the contribution of Philippe Marin & Dirk Sommers, World Bank, on line discussions*

41) *See for example Alexander McPhail, 1993: Can Households Afford More? The World Bank, World Development, Vol 21, no. 6, pp 963-973. World Bank Development Report 2004: In Vietnam households pay 1.4% of household expenditure for water.*

42) *This has also been confirmed by expert views in the respective countries.*

**Box 8.1 Willingness to pay: examples of case studies**

- A specific study in Vietnam on willingness to pay (WTP) and affordability showed that 82% of participating households were willing to connect to planned systems that would require tariffs that were 50-250% higher than existing tariffs in other towns.<sup>43</sup> The mean willingness to pay of household exceeds the actual Operation and Maintenance (O&M) cost of piped water supply with 46% and the average WTP of poor households exceeds the O&M costs with 26%;
- In Bangladesh rural water supply facilities are primarily provided by small scale private providers to extract shallow ground water by hand pumps and other point sources. However, arsenic contamination has reduced access to safe drinking water from 95% to 76% over the past years. The arsenic problem, increasing densification of rural settlements and availability of hand pumps close to households have raised the demand and willingness to pay for better service levels and safe water;<sup>44</sup>
- Ghana – most households were willing to pay more for improved sanitation services than they were currently paying. Although conventional sewerage is not affordable for the vast majority of households it appears that only modest subsidies are needed to achieve relatively high levels of coverage with on-site sanitation;<sup>45</sup>
- Case studies in Vietnam and Bangladesh show that household willingness to pay exceeds O&M costs of piped water supply services; in some cases almost up to full cost recovery level.<sup>46</sup>

**Water tariffs**

Some countries (Ghana, Uganda<sup>47</sup>) set uniform tariffs for piped systems for the whole country, whereas other countries (e.g. Bangladesh, Vietnam) have different tariffs for different areas. Uniform tariffs do not take into account local circumstances, affordability and cost of supply. This means that operators of local piped systems who are legally and economically different entities but bound by national tariffs, may perhaps never reach break-even levels. Where one operator is in charge of more than one system, uniform tariffs may act as a cross-subsidy. This happens with national water companies in Ghana, Burkina Faso and Uganda.

Tariff systems for piped systems that include cross-subsidies favouring the poor (mostly by applying low tariffs for a basic volume of water and different rates for different type of connections) are applied to a limited extent in most countries.. An interesting example of cross-subsidy is Ghana, where urban consumers pay a 2% surcharge for rural water supply.

Burkina Faso on the other hand, has a reverse system: rural piped water supply is more expensive than urban water supply.

43) *World Bank Water and Sanitation Report, January 2005.*

44) *World Bank, 2006: Bangladesh, Local Government-based community WSS services (EWDSA/BA/45)*

45) *D. Whittington, 1993: Household demand for improved sanitation services in Kumasi, Ghana: A contingent valuation study.*

46) *Asian Development Bank: Handbook for the Economic Evaluation of Water Supply Projects; Case studies for urban water supply in Vietnam and Bangladesh.*

47) *Uganda has different systems for the urban systems managed by the National Water and Sewerage Company and those managed by the district administration.*

### Cost recovery in urban areas: water

In most urban areas with piped water supply customers pay a volume based or flat rate fee for water use. Data on tariffs and cost recovery levels are summarised in Appendix 9, Table A.8.3. It was generally found that revenues collected from users in urban areas, at best, cover only the direct operation and maintenance costs. In numerous cases, even these costs are not fully covered. System inefficiencies are another reason for low cost recovery (see Box 8.2).

#### **Box 8.2 Reasons for low level of cost recovery in urban systems**

Besides low tariffs, other reasons for low cost recovery in urban piped systems are:

- Operational inefficiencies, particularly high levels of unaccounted-for water;
- Low collection efficiencies, especially for governmental institutions. People who have to pay ‘on delivery’, usually the poorer people, are the best payers as they have no alternative;
- Under-utilisation of the system. Especially in small towns, the number of connections and water use may be low compared to the installed capacity causing relatively high capital cost;
- Inadequate accounting systems and practices;
- Insufficient economic incentives and leeway to efficiently manage the systems.

A low tariff level implies that the government remains responsible for large repairs, replacement and debt servicing. This means that just maintaining current service levels in urban WSS will absorb an increasing share of the total WSS sector budget in future.

### Cost recovery for sanitation

Cost recovery for urban off-site sanitation systems is a critical issue. Except for Egypt and Vietnam, countries have limited experience with complex wastewater systems. Wastewater systems are generally more expensive than water supply systems, and households are less inclined to pay the related costs. Cost recovery is often realized through a surcharge on water supply (as in Egypt and Vietnam) but this surcharge is rarely sufficient. With an upcoming need for more complex urban sanitation systems, cost recovery needs far more attention.

On-site sanitation and maintenance of latrines and septic tanks is in most countries supposed to be taken care of by the household. Here, market prices determine cost for users, e.g. operators using tariffs for de-sludging septic tanks.

As to possible subsidies to household latrines, there are different views. There is a tendency to reduce or even stop these because of the fact that governments may not interfere with and invest in individual households. On the other hand there is a growing awareness that subsidies are needed to overcome the problems of the lack of up front investment funds with the households. The case of Bangladesh shows that sanitation can take off with an active private sector in place.

### Cost recovery in rural water supply

Community management is in all countries an accepted concept for water supply in rural areas. The local community – village, hamlet or group of households – is expected to come up with the investment funds and take care of operation and maintenance, in most cases through a community committee or water user group. Especially, the provision of funds to finance non-piped water supply is a major problem, since it requires the local community to come up with those funds up front. To overcome this problem, rural communities may use traditional systems and practices to save cash for future investments (e.g. rotating and saving clubs). Access to banking services and micro credits form an important next step. Of critical importance here is the issue of ownership rights and legal status of WUGs.

For covering the operation and maintenance costs, the community usually raises monthly fees to meet regular operation and maintenance costs and ad-hoc contributions for larger repairs and other maintenance. In a few cases water is paid for by volume, as practised at mechanised water points in some regions of Benin and Burkina Faso. A number of water user committees waive contributions for the very poor or those with a temporary disability and meet their costs on solidarity principles.

Financial sustainability and well functioning services heavily depend on a well functioning water user committee and vice-versa. When larger technical problems occur, many WUGs are not in a position to find sustainable solutions due to lack of formal ownership and of post implementation arrangements, including technical and financial support.

## 8.4 Cost-effectiveness

In none of the seven countries are “value for money studies” or “benchmarking of unit cost” and other variables high on government or donor agendas. Only in Uganda and Vietnam have donors requested this type of study, and implementation is very slow. This may lead to reluctance with Ministries of Planning and/or Finance to increase budgets for the sector necessary for achieving the MDGs.

The Evaluation calculated the per capita cost of Danida interventions (Appendix 9, Table A.8.5). The overall average per capita expenditure for WSS interventions was USD 41.5, ranging from USD 25 to USD 60 for rural areas and USD 150 to USD 175 for urban areas. These Figures may be taken as a very rough indication of a WSS unit cost (how much it costs to provide water or sanitation to a beneficiary), and are compatible with international benchmarks.

The Evaluation has not found evidence that Danida has played a significant role in increasing cost-effectiveness of the sector or encouraged sector stakeholders to improve cost-effectiveness. Danida has collected some data on cost-effectiveness in an ad hoc way, but has not used it in a structured way, for instance to compare the different countries. The Evaluation did not find documents on cost-effectiveness and also the project completion reports contained at the most some ad hoc data on cost-effectiveness. The Evaluation also found no cost-effectiveness analyses, nor attempts to start executing those. In Benin and Uganda the first steps have been taken to introduce benchmarks for unit costing in the rural WSS and to conduct ‘value for money’ studies that track down results achieved with sector funds (earmarked sector budget support). In addition, Danida’s accounting system does not provide information that can assess cost-effectiveness of funded programmes and projects.

## 9 Aid delivery mechanisms

This Chapter deals with the aid delivery mechanisms in the seven countries, particularly the experience and role of Danida with regard to aid delivery. Some background on aid modalities is provided in Appendix 10.

### 9.1 Principles of Danida aid delivery

The international dialogue on aid delivery has resulted in different declarations of Rome (2003), Marrakesh (2004) and Paris (March 2005) on aid and aid effectiveness.<sup>48</sup> Danida's current support is to be evaluated against the four key principles laid down in the Paris Declaration,<sup>49</sup> being ownership, alignment, harmonisation and managing for results. In order to make recommendations for future programmes, the Evaluation has taken these key principles in consideration for the assessment of Danida support. This assessment per country is provided in Table 9.1.

**Table 9.1 Summary assessment progress made regarding four key principles Danish support/'Paris principles' (1999-2005)**

	Ownership	Alignment	Harmonisation	Management for results
Bangladesh	o	+/o	o	o/-
Benin	+/o	+/o	o/-	o/-
Burkina Faso	o	+/o	o/-	-
Egypt	-	-	o/-	o/-
Ghana	o	o	o	o
Uganda	+	+	+	o
Vietnam	+	+	+	o

Source: Country reports;

Legend:<sup>50</sup> + substantial; o some; – limited or no progress made

48) It must be noted that during the execution of the first generation of SPS, the Paris Declaration was obviously not yet there. From that perspective, reflections on the Marrakesh (2004) and Rome (2003) or even earlier declarations that were present at the time of the execution of the SPS programme may seem more suitable to evaluate the Danida first generation SPS programmes. Nevertheless, the Evaluation has decided to use the principles laid down in the Paris Declaration, firstly because those principles are the most important and current state of the art principles presently used on aid delivery in the international arena. But, secondly, the principles of the Paris Declaration are the benchmarks to be applied for recommendations on future SPS programmes. It must be noted also that while wording might have been changed over the years basic and underlying 'values' of the principles for the different declarations remained intact. The Paris principles appear to be fully compliant with these underlying principles.

49) Modalities for the management of Danish bilateral development co-operation, June 2005. Reference is also made to Partnership 2000, Danida Water and Sanitation Sector Policy 2000, Water Resources Management Sector Policies 2000.

50) The rating is the judgement of the Evaluation, see footnote 16.



From Table 9.1 it is observed that in all countries, there is progress related to ownership, alignment and harmonisation. In Uganda and Vietnam the progress is most substantial. The progress on managing for results remains weak. Particularly monitoring systems are hardly developed; hampering proper monitoring and measuring of effectiveness and efficiency (see Chapter 7). Also monitoring systems within Danida do not provide the necessary information.<sup>51</sup>

## 9.2 Decentralisation of Danida aid management

The decentralisation of the management of the Danida development assistance in September 2003 made Danida programmes more locally managed and owned, reducing the role of Danida headquarters to appraisals and annual reviews. This decentralisation aims at enhancing local ownership for programmes and increasing the efficiency of Danida support. It is envisaged that decentralisation will enable shorter management cycles and enhance frequency and intensity of local discussions. By the time of the evaluation, however, the decentralisation of Danida aid management has just been implemented and it was therefore too early to assess the results.

## 9.3 Aid delivery modalities in the seven countries

Danish development co-operation for WSS is primarily implemented through Sector Programme Support (SPS). SPS is a long-term framework for broader Danish assistance to a national endeavour (called a national sector programme). SPS is therefore the 'portfolio' of Danida assistance for a sector in a certain country. Existence (or development) of a national sector framework, the recipient country's ownership and long-lasting partnership are crucial in SPS.

SPS as such does not define what type of aid modality is deployed. In most cases, SPS combines a variety of modalities, such as programme support, basket funding, (ear-marked) budget support, technical assistance and projects.

SWAp consists of programme-based support to an entire sector (e.g. health) or area (e.g. governance).<sup>52</sup> In practice, a SWAp comprises coordinated support for a nationally owned programme, or development policy, such as a national poverty reduction strategy, a sector programme, a thematic programme or the programme of a specific organisation. The basic principle is that all funding for the sector/area, whether external or internal, supports a single policy and expenditure programme under government leadership.

A more elaborate background on the aid modalities and on terminology is given in Annex 10.

Table 9.2 provides an overview of the major aid delivery modalities in use.

**Table 9.2 Countries aid delivery modalities, status as per end 2005**

Country	Countries' major aid delivery modality	Role Danida	Remarks regarding introduction of SWAp and other aid modalities
Bangladesh	Project mode	Striving for joint donor fund with DFID, as step towards basket funding. No approval for budget support	Governance issues in Bangladesh; SWAp started in the health and education sector. Donors are a major constraint for SWAp (donor "risk aversion principles")
Benin	PADSEA I mainly, project mode	Driving force in development sector budget support	Capacities at the commune level are weak as they were established in 2003 only
Burkina Faso	Project mode	Leader in advocacy for a programme approach; possible basket funding in 2006	Diverse donor groups with few like-minded donors. Slow progress in decentralisation
Egypt	Project mode	No role of Danida in discussions regarding aid delivery mechanisms	Slow WSS reform process. EU has recently studied possibility for budget support for sector. The main donors advocate and implement project mode
Ghana	Project mode	Proposed as lead partner for co-financed capacity building programme for districts, with WB and EU	Ghana has made little progress towards sector co-ordination, and SWAp is still a distant possibility. The Danish-funded sector programme support resembles the traditional project type of aid delivery mechanism, although more attention is being paid to synergy and coherence between projects/components. Recent developments during the Evaluation were the establishment of the Water Directorate, which is aimed at such co-ordination. <sup>53</sup>
Uganda	SWAp in rural WSS; project mode in urban WSS Basket funding	A supporter of SWAp, but Danida's insistence at the policy level on zero tolerance for corruption creates some tension. Basket funding of Danida with Sida and DFID for institutional development activities	Uganda is ahead of other countries in actively implementing a SWAp in rural areas. The project mode for urban WSS is seen as appropriate

53) *Country report Ghana.*

Vietnam	Project-based, WSS. Also included in integrated development programmes	SPS 2 (2006-11): Strongly promoting a SWAp in rural WSS, so far with one major bilateral donor (AusAid)	SPS 1: Donors stick to project mode, lacking confidence in Vietnam's readiness for SWAp
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Source: Country reports and Appendix 9, Table A.9.2

The Table shows that Danida has been active and leading in introducing new forms of cooperation, including SWAp and (earmarked) budget support. Nevertheless the overall aid delivery system used in the countries in the WSS sector during the evaluation period was still the project mode. This was partially due to the nature of national systems which are still geared towards the project mode and also because some prime donors are for various reasons not that interested in other modalities. Most projects have a sub-sector focus and are directly related to WSS either in rural or urban areas.

#### Assessment of Danida sector programme support

The current official aid to the WSS sector is provided as Sector Programme Support.<sup>54</sup> Table 9.3 presents a general assessment of the SPS-1 and SPS-2 in terms of aid delivery. It is important to realise that the label SPS as such does not determine how funds are managed.

Generally, the various sub-components of the SPS-1 generation functioned as separate projects with limited interaction with other components. SPS-1 often was a continuation of previous projects, without much redesign in objectives, approaches and management mechanisms. SPS-1 remained an aid mechanism that accommodated the donor. The channelling of funds in SPS-1 followed Danida requirements for financial management, as was the case before the introduction of SPS.

SPS-2 differs in that support may be given directly to the government budget (through SWAp or earmarked sector budget support<sup>55</sup>), through basket funding. In some cases, when conditions for basket funding are not met, funding also continues through modalities used for the first generation SPS. In Benin, Ghana, Uganda and Vietnam the role of the recipient government agencies in planning and financial management of the program has increased. In most countries the coherence of the program in SPS-2 has improved.

Danida's strategy for a more programmatic approach is based on increased ownership and harmonisation, together with adequate accountability of the recipient country. The Evaluation observed that Danida in its design and implementation of country support of activities is actively trying to give shape to these elements. Possibilities for as well as progress on a more programmatic approach do however not only depend on Danida, but also on the recipient country as well as the other development partners. With respect to the recipient country, the national context (notably planning and financial management mechanisms), capacity and commitment for a programmatic approach are important

54) Other Danida support to WSS is channelled through NGO's and the mixed credit facility and is not part of this evaluation.

55) Overall budget support to Poverty Reduction Funds that cover several sectors is possible as well.

factors to take into account. The seven countries show substantial differences with regard to these factors. Further, for a development towards programmatic approach there should be co-ordination and synergy with the other development partners. A strategy or timeline for a programmatic approach was therefore not being one of Danida only.

### **Experience of Danida with sector-wide Approaches and other modalities**

Danida support to particularly Benin, Uganda and Vietnam has resulted in specific experience with the introduction of SWAp and other modalities in WSS.

In most countries, conditions for SWAp such as clear policies and strategies, accountability and transparency were not in place at the start of the programme. Although there is broad agreement on the type of criteria that need to be fulfilled for introducing SWAp, the exact conditions that need to be met are not very clear and could be interpreted in various ways.

In Benin, a first step to joint budget support was introduced in 2005, pioneered by Danida. Special accounts at the Treasury have been established to transfer funds to the government sector agencies involved in water and sanitation and hygiene promotion, respectively. Because this is a special arrangement, the new system of channelling donor funds to the sector cannot be labelled as a real SWAp. The budget system is adjusted to include a donor basket fund, but the overall system remains the same.

In Vietnam, Danida and AusAid have decided to pioneer a SWAp in rural WSS. Other donors are expected to join. Only when the major donors participate will a real SWAp be established. This is not certain to happen, as donors show reluctance to transfer accountability of their programmes to government institutions and prefer to follow own financial annual and multi-annual planning cycles. On the other hand the Government of Vietnam is very interested in a SWAp and appears to be willing to introduce reforms to make it happen.

In Uganda, the main financial support channel for the SWAp in rural WSS is through earmarked sector budgets. Apart from that, the Danida SPS-2 includes components that are financed through a basket fund (the Joint Partnership Fund) jointly with Sida. This basket fund is meant to facilitate the decentralised rural WSS through capacity building, as well as to support other water sub-sectors.<sup>56</sup> This kind of support complementary to SWAp provides the opportunity to continue to strengthen sector reform and to improve sector performance.

There appears to be a positive relation between the intensity of donor-government sector co-ordination and the application of SWAp. In Uganda the importance of the Sector Working Group goes far beyond a consultation forum and the Sector Working Group is increasingly involved in the selection process of donor WSS projects.

56) *Despite intentions, the Joint Partnership Fund is not fully integrated into the government accounting system and still follows Danida procurement rules.*

A major question is the implementation of SWAp in countries where national financial management practices are still inadequate and notably corruption misappropriation of funds & sheer stealing is lively. The Danida policy of zero tolerance on corruption makes Danida prudent in adopting a full-fledged SWAp.<sup>57</sup> For example Danida support for the SWAp in rural WSS in Uganda is being scrutinized due to increased corruption and lack of transparency/accountability at all levels. This also is an important reason why in other countries Danida is not yet implementing a full-fledged SWAp. The issue of corruption does also influence the use of other aid modalities. However, with SWAp being programme-based support, the responsibility of the expenditure programme is transferred to the national government and there is less possibility to monitor during the implementation on issues such as corruption. Consequently, an environment of transparency/accountability and good governance will be more important for SWAp than for other aid modalities.

#### **Box 9.1 Sector-wide approach to planning in Uganda**

Uganda is so far the only country where for a number of years (since 2003) a full-fledged SWAp has been implemented in the rural WSS sector.<sup>58</sup> All major donors participate, including the AfDB and almost all bilateral donors. All bilateral projects will also be brought into the Medium Term Expenditure Framework. Uganda has shown that having a SWAp triggers an enormous push of donors for reform of fiscal policies and procedures. The SWAp also leads to calls for improved accountability, transparency and measures of cost-effectiveness, such as benchmarking of unit costs. Further, it forces donors to release funds they pledge on time. Another result of the Uganda SWAp in its early years was reduced attention to software components in rural WSS. A drop in quality and efficiency is a normal phenomenon when complex changes are taking place. Building in checks and balances will remedy shortcomings as the aid delivery system matures.

A SWAp may not under all circumstances be the best aid delivery modality. The project mode remains an appropriate mechanism where conditions for a SWAp have not been met. Also, for large urban WSS infrastructure interventions, due to their unique nature and scale, projects may be more appropriate than SWAp.<sup>59</sup>

57) *The wish to inform the Danish public on specific results of Danish-funded interventions is often mentioned as another reason to opt for a project approach. This argument appears to have lost importance in recent years.*

58) *The Evaluation considers a real or full-fledged SWAp when donor funds in a particular sector are channelled through the national budget system.*

59) *Within the SWAp framework, projects may occur, but then under national management.*

**Table 9.3 Comparison Danida sector programme support 1 and sector programme support 2**

Country	Existence of national sector framework	Financial mechanism SPS-1	Financial mechanism used in Danida SPS-2	Coherence of Danida support
Bangladesh	The National Policy for Safe Water Supply and Sanitation is rather general and needs to be made operational	Financial management on the basis of project funding	SPS-2 covers the period 2006-11. Only preparatory actions took place during the period of evaluation. Probably the same as SPS-1: no indication that a real SWAp will be introduced soon	SPS-2 covers the period 2006-11. Only preparatory actions took place during the period of evaluation. On paper, SPS-II pays more attention to synergy and coherence than SPS-I, but no proof yet
Benin	There is no WSS sector policy. Government of Benin works on the basis of a 1992 Strategy	Financial management by Danida (project basis)	SPS-2 (2005-2009) will provide earmarked budget support to government institutions responsible for water and hygiene/sanitation	Under PADSEA-I there was little coherence between the different components. The impression is that this is improved in PADSEA-II. PADSEA II: The coherence has improved via the national sector programme elements and the basket funding for small towns.
Burkina Faso	There is a strategic plan, but implementation activities are determined by different donors	Financial management by national structures or by government lead parallel project organisations with TA in a role as co-signatories. Danida management of international contracts and procurement of vehicles, computers and communication equipment (through local procurement agent)	Financial management by national structures using national procedures. Danida financial management of international TA contracts and procurement of vehicles, computers and communication equipment (through local procurement agent).	Under PADSEA-I there was little coherence between different components. The impression is that this is improved in PADSEA-II

Egypt	Strictly based on technical indicators for coverage. More successful for water than for sanitation	Financial management by Danida (project basis)	Not applicable	A coherent programme was designed, but not implemented due to Danida withdrawal
Ghana	Danida will support Government of Ghana with the development of an enhanced sector policy	No involvement of government	CWSA made responsible for accounting (SPS-2, 2004-2009)	The programme is coherent, but implementation shows some variation between various components
Uganda	There is a clear system of policies, strategies and action plans. Implementation of this framework must be improved	Project-based support, financial management by Danida.	Earmarked budget support to the Ministry of Finance, direct to districts, the responsible authority. Participation in SWAp rural sector capacity building as part of the Policy Support, Small Towns WSS, Water Resources Management support and basket fund with other donors.	Under SPS-II, the Government is the deciding authority. Danida has no direct influence on implementation
Vietnam	Danida support is fully aligned with the Rural WSS Strategy and Urban WSS orientation paper	Parallel Danida structure used; financial management by Danida	SPS 2 (2006-11): Planning for a SWAp in rural WSS: fully using national structures	The SPS is more a clustering of individual projects than a programme

Source: Country reports and Appendix 9, Table A.9.3  
 Note: PADSEA (Benin, Burkina Faso) = Water Sector Programme

**Box 9.2 Diversified assistance in Bangladesh**

Danida assistance to Bangladesh under SPS-1 can be characterised as highly diversified with assistance at various levels, to various stakeholders at implementation level as well as policy level. Danida assistance in Bangladesh is not just diversified; it is also balanced in the sense that major stakeholders at various levels get support. The choices made ensure a balanced package of assistance with a lot of complementarities and coherence. Support to the major NGO network, the WSS related research sector and governmental stakeholders at various levels substantially increases the effectiveness of Danida assistance. Many different sectors play a role in WSS policy formulation and action: the research sector in the form of ITN Bangladesh in formulating a draft sanitation policy paper; the NGO sector through contributions to policy discussion and through implementation by 500 local member NGOs; the local government sector through improved capacity for implementation, and national government. Danida has been effective in stimulating dialogue and understanding among various stakeholders. This will positively influence the WSS development process. SPS-2 offers the opportunities to further increase the coherence of such a programme. Although aiming for and having a SWAp is fashionable, and without doubt, has many advantages, the advantages and opportunities offered by the balanced approach in Bangladesh with support to various stakeholders at various levels through various type of programmes, should not be underestimated.

**9.4 Financial procedures****Adequacy of national administrative procedures**

Administrative systems in the seven countries are often lengthy, slow and inefficient and hampered by corruptive practices, especially in tendering and payment processes. In some countries, in the process of decentralisation, the transfer of funds from central government to local government institutions in charge of WSS is not promptly carried out. In countries, where the project approach is the dominant aid delivery mechanism,<sup>60</sup> donors tend to use their own procedures for reasons of accountability and to avoid delays. The consequence is that there is little incentive to change the national system and donors may put less emphasis on public sector reform. The introduction of SWAp provides an incentive to seriously address shortcomings in local planning, budgeting and reporting systems.

**Compatibility of procedures and transaction costs**

Government institutions involved in WSS are burdened with the requirement to follow donor's regulations for financial management and reporting. This increases the transaction cost of the sector. Contributions from donors are sometimes difficult to predict and to manage by recipients. The reasons for this include a miss-match between donor and country financial years and planning cycles, conditions that must be met before donor aid is released and promises of support that are not fulfilled. However, in none of the countries were Danida disbursements reported to be problematic. Despite the high share of donor funding, these funds are often not included in the national planning systems, such as medium-term expenditure frameworks. This seriously hampers efficient sector planning.

60) See Table 9.2 above and the discussion that follows.



### Accountability

In all countries, multiple corruptive practices negatively affect investment and service levels for beneficiaries. National drives to increase accountability and to combat corruption may lead to increased bureaucracy and delay. Civil servants cover themselves against undesired eventualities (Egypt) and Ministries rightly demand compliance with all reporting procedures before new funds are disbursed (Uganda).

## 9.5 Co-ordination of development programmes

With the signing of the Paris Declaration, Danida reconfirms to contribute to donor alignment and harmonisation by means of joint financing arrangements, harmonisation of procedures, joint analytical work and preparation of joint guidelines. The co-ordination of development programmes and the role of Danida in each country are summarized in Table 9.4.

In six out of the seven countries<sup>61</sup> Danida has been active in promoting harmonisation and sector co-ordination and has been a driving force in working towards sector co-ordination. In several countries Danida acts as the lead donor. Danida can play this role, not only because it is one of the major donors, but also because it has set a priority to improve the way that aid is delivered.

In general the effectiveness of sector co-ordination has been limited because of the following reasons:

- Most co-ordination groups are dominated by donors, with little participation from national stakeholders;
- Co-ordination groups are sometimes informal or voluntary so that agreements may fail to be translated into action;
- Countries often miss (functional) political co-ordination for the sector;
- Some donors<sup>62</sup> have the inclination to adhere to own procedures with little inclination to accommodate to individual countries;
- Quite some donors persist with a project mode, as they lack confidence in developing joint approaches as conditions for taking part in these approaches are, in their view, not met.<sup>63</sup>

61) *Danida's involvement in the WSS sector has been marginal in Egypt.*

62) *E.g. World Bank, KfW, USAID, JICA.*

63) *Budget and sector support are easier implemented in more uniform sectors, such as the health and education sector.*

**Table 9.4 Sector co-ordination mechanisms in water supply & sanitation (1999-2005)**

Country	Co-ordination mechanisms	Participants	Role Danida	Effectiveness and constraints
Bangladesh	Local Consultative Sub-Group on WSS; and other specific sub-sector co-ordination bodies	Danida, World Bank, ADB, DFID, JICA, and (recently) government and NGOs	Danida chairs the consultative group and support the Unit for Policy Implementation	Limited to general discussions. Lack of overall co-ordination body in the sector. Each donor follows own procedures
Benin	An (informal) Local Consultative Donor Group	Danida, WB, AfDB, GTZ-KfW, UNICEF and Belgium	Danida instrumental in its establishment	Some harmonisation, but agreements not translated into actions; Lack of national sector framework, national sector policies
Burkina Faso	Joint donor consultative meetings ad-hoc. Joint donor-government sector-wide consultation body (COC)	Major donors. COC: Donors, NGOs and central government (sector ministry)	Playing a leading role in bringing donors together. Danida was an active promoter of the COC	Limited; present a common view to the government. Too early to assess COC due to its recent start (since May 2005).
Egypt	Donor Assistance Group has a sub-group on WSS	Mainly donors	Limited role Danida. USAID lead agency	Limited. Lack of political willingness and stagnating reform process. Each donor pursues its own agenda
Ghana	Formal donor coordinating meetings are held every 2nd month with participation of key ministries and development partners	Many donors.	Danida has been requested to take the lead in donor coordination.	Fragmentation of sector. Donor co-ordination is so far mainly informative; little harmonisation yet. Different approaches and procedures of donors is burden to Government

Uganda	Joint Donor-Government Sector Working Group	Central government WSS sector agencies, Min of Finance, Donors and NGO platform	Danida plays an active role. Danida's reviews of technical missions merged with annual joint sector reviews	More effective as donors harmonise procedures and points of view. Joint Working Group has formal structure and is increasingly incorporated in the planning process by the Ministry of Finance
Vietnam	(i) National Standing Committee (NSC) (ii) International Support Group MARD (iii) NGO platform (iv) Joint Working Group Sector Review	(i) All involved ministries. (ii) Government, donors and NGO platform	Danida actively promotes NSC. Danida is active in all co-ordination bodies	NSC Non-functioning due to autonomy of ministries. Considerable progress made in analysis, but little follow-up of recommendations. Responsibilities divided among various ministries and departments is complicating co-ordination

Appendix 9, Table A.9.2

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## 10 Findings, conclusions and recommendations

This Chapter summarises the main findings and conclusions and provides recommendations for Danida. In accordance with the ToR and the subsequent evaluation matrix, the findings are grouped as follows:

- Relevance;
- Institutional Sustainability;
- Financial sustainability;
- Aid Delivery Mechanisms.

### 10.1 Overall: relevance of Danida support

Looking back at the previous Chapters 5-9, it is now useful to make an overall assessment of the relevance of the Danida support to the seven countries. Or, in other words, did Danida perform a good job in these countries and is it on the right track? This overall assessment should look at an aggregated level at persons reached (coverage) as well as the four key issues of the evaluation matrix: relevance, institutional sustainability and financial sustainability and aid delivery mechanisms.

This paragraph summarises the main achievements and hence the overall relevance of the Danida support. Despite the positive assessment on Danida interventions, the Evaluation makes a number of recommendations on the policy directions and interventions of Danida. The main issues are dealt with after this paragraph.

#### Numbers of persons reached in view of the MDGs

- In nearly all the seven countries, Danida has substantially contributed to the achievement of the MDGs. The Danida support has during the period 1999-2005 resulted in increased coverage of water supply and – to a lesser extent – sanitation in the seven countries. Although precise figures are lacking, for these five years it is estimated that some estimated 5.7 million people were reached with improved water supply services, whereas some 3.8 million people were reached with improved sanitation facilities;
- For the six of the seven countries, the Danida share in the national achievements is substantial, for some countries even very substantial. For water, the Danida share has been estimated around 20%. For sanitation, the Danida share is estimated around 10%;
- It should however be noted that regarding sanitation, the far majority (over 70%) of this progress was made in Bangladesh and Vietnam. The African countries are so far lagging behind. For water, about 40% the progress was made in Bangladesh alone;
- It is obvious that in sub-Saharan Africa reaching the MDGs is still an enormous task ahead. This is even more the case for sanitation than for water. The Danida support was and is here, despite the lower progress compared to the Asian countries, very substantial.

#### Relevance

- Danida is active in some of the poorest countries of the world and in these countries in the as poor recognised rural sub-sectors. Its support in these countries is relevant to the national poverty alleviation and WSS policies in these countries;

- Danida has substantially contributed to the development of a national sector policy framework on water. In some countries, Danida has – together with a limited number of other development partners – played a key role in arriving at the current sector policies. This is most noticeable in Ghana, Benin and Uganda;
- Regarding sanitation, Danida has in most countries put attention in developing a policy framework, however with less success. The low level of awareness, scattered institutional framework and hardly knowing what to do on sanitation remains an obstacle for all parties to arrive at operational sanitation policies.

#### **Institutional sustainability**

- In six out of seven countries Danida has contributed substantially in developing planning and implementation capacities at national level. Egypt remained an exception: although such a component was foreseen in the SPS, this never materialised;
- In all countries Danida has substantially supported capacity building at lower levels, e.g. through supporting decentralisation and de-concentration processes. Capacities at these levels have increased, however the implementation of policies is still at low pace. Notably, local budgets (necessary for sustainability and effectiveness of the local organisation) are still very low;
- User organisations (user groups) have been supported vigorously. Although the approach for and standard operating practices of these organisations are generally recognised, the post-intervention sustainability is still weak;
- Training and coaching was part and parcel of the Danida TA support and appeared to have contributed to the human resources basis of the countries;
- Although some organisational analyses and training plans were prepared under the Danida programmes, the programmes could have benefited from more comprehensive institutional analyses and national human resources development plans.

#### **Financial sustainability**

- Danida is – with the exception of Egypt – a substantial donor in the rural WSS sector. It is providing 20 to 60% of the total bilateral aid in the six countries;
- This substantial contribution is as such necessary to achieve the MDGs, but at the same time puts stress on sustainability;
- Danida has actively worked on cost sharing arrangements for investments in rural WSS. The level of user contribution remains however still (very) low; poverty levels as well as total cost of investment are main obstacles in these.

#### **Aid delivery mechanisms**

- Danida has in its WSS programmes actively advocated and made good attempts to implement ‘modern’ planning and aid delivery mechanisms in the countries (e.g. earmarked budget support, SWAp, basket funds). It has actively boosted ownership, alignment and harmonisation. In a number of countries (e.g. Uganda, Benin, Vietnam) good progress has been made on these matters. Other countries (Bangladesh, Egypt) show little progress. Progress is of course not only depending on Danida’s efforts, but also on the capacity and willingness of the recipient country and the development partners’ community;
- Danida has in all countries actively engaged itself in co-ordination of development programmes and co-ordination of development partners. Danida is often a driving force in working towards enhanced sector co-ordination. In most countries, Danida can effectively play this role due to its substantial programme for the rural WSS sector. In Egypt, the role and positioning of Danida was too limited to have national-level impact.

## 10.2 Relevance – progress in meeting MDGs

### Findings and conclusions

In the seven countries in 2002 an estimated 82 million people lacked access to improved safe water supply. During the period 1990-2002 an average of 6.4 million people per year gained access to improved drinking water supply. In the period 1999-2005 nearly 1.2 million per year were served under the Danida programme which equals about 20%. This percentage is even more substantial for the four sub-Saharan African countries where Danida served approximately 430,000 people per year, i.e. approximately 27% of the additional beneficiaries for improved water supply.

In 2002 about 183 million people in the seven countries lacked access to improved sanitation. During the period 1990-2002 an average of 7.5 million people per year gained access to improved sanitation. During the evaluation period, on average approximately 766,000 people per year (10%) were served under the Danida programme. The achievements in the field of sanitation were mainly achieved in Bangladesh, Vietnam and Uganda, whereas progress in Benin, Burkina Faso and Ghana has been limited.

In order to achieve the MDGs, an additional 119 million people need to be provided with access to safe water supply over the period 2003-2015, i.e. more than nine million people per year. This represents an increase of 43% over the number of people served per year during the period 1990-2002. The same applies to sanitation, where in the seven countries 127 million people need to be provided with access to improved sanitation over the period 2003-2015, i.e. about 10 million people per year. This represents an increase of 30% over the number of people served per year during the period 1990-2002.

The situation in the Danida supported countries is comparable to many other developing countries. Internationally 25 countries are lagging behind in achieving the MDGs including 13 in sub-Saharan Africa and four in Asia.<sup>64</sup> Most countries are far behind schedule in meeting the sanitation target. There is a global consensus that meeting the water related MDGs is a major challenge that requires both a massive injection of financial assistance and a significant improvement of the performance of agencies to deliver water and sanitation services.

### Recommendation 1

In order to achieve the MDGs, it is recommended that Danida, in consultation with the recipient countries and other financing agencies, takes the lead in identifying ways and means to make available additional resources and strongly accelerate investments in WSS with a special emphasis on sanitation in sub-Saharan countries. Danida should with its programme focus on increasing the absorption capacity (manpower, knowledge, institutional capacity) sufficiently to accommodate these additional WSS funds. Attention should be paid to create ownership through user contributions and involvement of the private sector to increase sustainability.

64) Source UN Human Resources Development Report 2002, 2003. These reports also used JMP data for 2000 and 1990.

### 10.3 Relevance – poverty alleviation

#### Findings and conclusions

There is international consensus that WSS fits in the combat against poverty. This recognition is confirmed by the inclusion of WSS in the MDGs. Increased access to and use of improved and sustainable WSS facilities is expected to lead to a reduction in waterborne diseases, an increase in productive time and cost savings in obtaining water from unreliable and sometimes expensive sources. Danida support to the WSS sector in the seven countries has a considerable impact on achieving the WSS related MDGs and in this way contributes substantially to poverty alleviation.

Danida WSS support is directed towards some of the poorest countries in the world. Within the countries Danida WSS programs take place in poor regions that have been selected with poverty alleviation as one of the main criteria. Danida supported WSS programs have an overall focus on rural areas, where the largest part of the population in these countries lives and the percentage of people living under the poverty line is highest.

In the seven countries, overall investment in WSS in urban areas is higher as compared to rural areas. This is due to

- 1) the higher investment costs of urban systems,
- 2) because the need for improved WSS in urban slum areas is very high due to lack of alternatives, the very high costs for obtaining these services and the high risks for water born diseases and infections and
- 3) due to political reasons.

Peri-urban slum areas are “pockets of poverty”. Approaches and strategies used in rural areas may partly apply to peri-urban slum areas as well.

Current international approaches to poverty reduction are deemed to be reflected in the Poverty Reduction Strategy Papers (PRSPs). These nationally owned, participatory poverty reduction strategies call for multi-dimensional assessments of poverty that reflect local conditions. Danida works within the framework of these PRSPs. In one country (Bangladesh) Danida has played an explicit role in assisting the national government in formulating a pro-poor WSS strategy.

At the sector level and within the various programs and regions the Evaluation has found little evidence of systematic and comprehensive poverty analysis and an explicit pro-poor policy. After the initial selection of countries and regions, Danida interventions in the WSS sector are mainly based upon the principle of WSS for all with the implicit assumption that also the poor will benefit. Individual Danida interventions, however, often do give special attention to the poor, mainly through subsidies to the poorest or by charging low fees for basis service levels. Such an approach is mostly implemented on an ad hoc basis and not always in line with the official water supply, sanitation and poverty policy of the recipient country.

#### Recommendation 2

It is recommended that Danida maintains its focus on poor countries and within these countries on poor regions and its overall focus on rural areas. At the program level it is recommended that Danida stimulates the development of systematic and pro-active approaches to reach the poor. This implies:

- Assisting recipient countries in the formulation of pro-poor national water and sanitation policies and strategies;
- Adopting a more systematic and analytical approach towards poverty in the formulation of WSS programs and interventions.

### **Recommendation 3**

Given the need for WSS support regarding the peri-urban poor, Danida has to decide whether and if yes, in what ways and by which means technical and financial assistance can be deployed. The know-how and approach of Danida in the rural areas may partially be applicable for the peri-urban areas as well. Additionally, Danida's focus may be partly re-directed to the peri-urban areas and Danida may prepare itself for a more active role here. Finally, addressing the peri-urban case may apart from Danida bilateral support also be done by earmarked funding and implementation by multilateral organisations.

## **10.4 Relevance – sanitation**

### **Findings and conclusions**

Progress in meeting the sanitation targets in the various countries is lagging behind as compared to water supply, especially in the sub-Saharan countries. Sanitation often receives less priority and is generally considered a household affair, especially in rural areas. Except for Bangladesh, explicit policies for sanitation are lacking or are not well formulated. The institutional framework for sanitation is fragmented in many of the countries and, as a consequence, budgets for various sanitation activities are divided among various organisations at different levels.

Moreover, rural sanitation has the specific problem that households and communities will have to come up with up-front financing to invest. Innovative financing schemes might be necessary.

But more important is that there is currently a social marketing problem. Sanitation is not sufficiently considered to be a problem with solutions at household or communities level. Awareness has to be created that people need sanitation. Without a sufficient level of awareness, investing in sanitation will not work and sanitation programmes fail to be sustainable.

Achieving the MDGs for sanitation will require an extra effort by all parties involved. Providing improved sanitation is a more complex issue as compared to water supply and the demand from users is less eminent. Also the willingness to contribute for better sanitation is lower. More parties are involved and often less funds are made available.

### **Recommendation 4**

It is recommended that Danida, together with other donors, plays a prominent role in putting sanitation high on the agenda of the recipient country, especially in sub-Saharan countries, and assists in elaborating and implementing WSS strategies in which sanitation is given high priority leading to adequate budgets and increased coverage for sanitation. Adequate levels of awareness and motivation are required for success. Danida is recommended to invest in development of and experimenting with innovative social marketing approaches and arrangements.



**Recommendation 5**

The responsibilities for sanitation are now scattered amongst different ministries and agencies. In order to successfully develop and implement sanitation policies, there has to be a national champion who has sufficient power and leverage to pursue and implement policies as well as to bring together, facilitate and stimulate other actors in the sector. It is recommended that Danida facilitates the identification and development of such national champions. That includes bringing relevant parties together, identifying responsibilities, creating commitment and sorting out institutional arrangements.

**10.5 Relevance – Danida’s role in the international water supply & sanitation arena****Findings and conclusions**

Danida plays an active role in the international arena in many ways, including its active financial involvement with the WSP under the World Bank and with the African Water Initiative under the African Development Bank. Moreover, Danida actively participates in international discussions on the WSS sector with special reference to its lead role in the Johannesburg Declaration. There are some international collaborative bodies for WSS in which Danida does not play a role, such as the Water Supply and Sanitation Collaborative Council and NGO coalitions.

In six out of the seven countries Danida is a highly appreciated development partner and a major player in the water supply and sanitation sector. Danida is appreciated because of the reliability and the continuity of its programmes and the substantial financial contributions and technical assistance it provides.

Danida is in an excellent position to play a prominent role in addressing a number of critical constraints and meeting some of the main challenges with regard to achievement of the MDGs for water supply and for sanitation during the coming years, internationally as well as in the specific countries it assists.

**Recommendation 6**

Danida is one of the donors that combine policy dialogue and development with a high level of practical experience in implementation of projects. It is recommended that Danida continues to bring these experiences in the international area. Through these experiences, Danida has a well-founded ability to play a prominent role in addressing the major constraints in achieving the MDGs and putting these on the political agenda, both internationally and in the countries assisted by Danida.

It is recommended that Danida reinforces the dissemination of its experiences through e.g. good practice papers to strengthen and support its role in the international arena.

## **10.6 Relevance – national and water supply & sanitation policies**

### **Findings and conclusions**

PSR is ongoing in all seven countries. In general more progress is being made with economic reform as compared to budget reform and the public administration and decentralisation processes. PSR is important as it has an impact on WSS policies and program implementation.

In most of the seven countries and in many cases with the support of Danida, WSS policies and strategies have been formulated. A comprehensive sanitation policy has only been elaborated in Bangladesh and to a certain extent in Ghana. Danida played an important role in the formulation of the policy in Bangladesh. Policies and strategies have only partly been translated in operational terms.

Ongoing PSR and WSS reform processes have a positive influence on the performance of the WSS sector. However, progress in reforming public administration and the decentralisation process remains slow. Danida interventions have had a significant impact on WSS policy reform. The translation of WSS policies and reforms into operational terms is only slowly progressing.

### **Recommendation 7**

The process of implementation of policies and reform processes should be strengthened. Danida is recommended to seek ways to further stimulate these implementation processes. This can e.g. be done by enhanced co-operation of WSS programmes with public sector reform programmes, thereby enhancing synergies of implementation. Also, Danida may support comprehensive institutional analyses to identify constraints, possibilities and alternatives for interventions. Further, defining and re-sourcing specific interventions in the field of implementation of policies and sector reforms may provide good practices and showcases. Such pilot interventions may be given shape as a project, but fit as well in sector-wide approaches.

## **10.7 Relevance – innovative approaches**

### **Findings and conclusions**

Danida programmes have contributed to a number of important innovations especially in Bangladesh, Burkina Faso and Benin. Innovations have also taken place in other countries and include e.g. arsenic mitigation measures, new technological and institutional options, introducing sector wide approaches, approaches for people participation etc. There is no single innovative idea and/or concept for which Danida plays a role in all countries.

Support for innovation remains highly relevant, as the need for innovative ideas is high while funding sources to develop such concepts and ideas are limited. Danida support for innovative concepts and approaches shows diverse results depending on the specific requirements and developments and institutional capabilities in the various countries. It appears that countries could learn from one another by exchanging best practices and lessons learned.

**Recommendation 8**

Besides the investments through sector programmes, it is recommended that Danida continues to be focussed also on investing in innovation and supporting “outside-the-box thinking”. Danida should specifically:

- Stimulate and finance innovative thinking, ideas and concepts amongst stakeholders through involvement of research organisations and NGOs;
- Stimulate the exchange of best practices and lessons learned among the various countries (e.g. experiences with implementation of sanitation).

**10.8 Institutional sustainability****Findings and conclusions**

Danida support for organisational strengthening and Human Resources and System Development has been intensive, especially with reference to national governmental organisations and to a lesser extent to regional or local governmental organisations and to grass root organisations. In some countries Danida has also supported research organisations, water supply associations and NGOs. Support to develop private sector involvement has been limited. In general, overall and systematic institutional assessments of the WSS sector (including organisational-, HRD- and system development) have not been carried out during the evaluation period.

For rural water supply the above efforts have resulted in stronger governmental organisations at the national level and (to a lesser extent) at the regional and/or local level. For sanitation the institutional framework in most countries remains fragmented and weak. The change of national authorities from implementation to facilitator and the process of decentralisation is only gradually taking place. The quality and availability of national policies and legal and regulatory framework have made good progress and many staffs have been trained. Monitoring systems for the WSS sector in most countries are weakly developed hampering the possibility to obtain accurate data on progress and take appropriate action.

In order to improve institutional sustainability at the local level the functioning of grass root organisations and WUGs needs continued support with special attention to ownership rights and post-intervention arrangements. The use of demand responsive approaches is necessary to involve users of WSS facilities in project design and operating arrangements.

**Recommendation 9**

In order to stimulate the process of decentralisation it is recommended that Danida continues to support governmental organisations at the regional and local level, with special emphasis on strengthening the sanitation sub sector. This support will ideally be based on a comprehensive institutional assessment including organisational, HRD and system development aspects. These activities need to be supported by the development of a comprehensive monitoring system that provides adequate information about sector progress and efficiency.

**Recommendation 10**

At the local level it is recommended that Danida intensifies its support to grass root level organisations and water user groups, also to give substance to demand-responsive approaches. These groups need to be involved in the design of systems and operating

arrangements with special attention to the creation of a legal basis and ownership of assets and strengthening of back-up technical service for larger repairs of (rural) WSS facilities. To ensure sustainability of WSS facilities after construction, there is a need for post-intervention back-up. Particularly, follow-up arrangements are required for community mobilisation and organisation, performance monitoring and organizing supply lines for purchasing and installing spare parts.

Options for increased private sector involvement in this activity need to be investigated, especially in sub-Saharan countries.

### **10.9 Financial sustainability – sector level**

#### **Findings and conclusions**

With the exception of Egypt, national WSS budgets heavily depend on donor support. In most countries the ODA share varies between 60%-80%. Only in the two Asian countries also users provide a considerable contribution to investments in the sector (Bangladesh 32% and Vietnam 46%). Roughly 30%-50% of central government funds are directed to rural WSS and the remaining funds to urban areas. Sanitation often does not have a separate budget line in WSS budgets and is not considered as a separate activity but as an add-on to drinking water, resulting in relatively low allocations to sanitation with limited progress.

Despite increased decentralisation, local governments almost entirely depend on central government funds. The (commercial) private sector hardly invests in WSS. Low profitability, an unclear regulatory environment and strong political interference are the main reasons.

Danida is a major donor providing 20-40% of donor aid to the WSS sector in six out of the seven countries and 35-60% in sub-Saharan countries. In absolute terms Danida financial support to WSS has been declining from DKK 510 million in 2000 to DKK 330 million in 2005.

Considering existing levels of national income in the countries and numerous requirements to invest in other sectors of their national economies it is not expected that contributions from national governments will substantially increase in the foreseeable future. Fiscal sustainability has not been achieved and most countries will continue to rely heavily on donor support in years to come.

In the seven countries it is estimated that roughly a doubling of total investment in the rural WSS sector is required to achieve the MDGs. Investment needs for urban areas are even higher at 3-5 times the current investment levels. Apart from additional ODA, another important source of additional funds for investments is contributions from users that can be tapped through higher contributions to WSS investments, through water fees, through various forms of government taxes or by providing access to micro credits to users. In Bangladesh and Vietnam consumers are already contributing considerable amounts to the investment costs of WSS facilities.

None of the countries have monitoring systems in place to measure WSS cost-effectiveness, by benchmarking unit costs for specific water and sanitation facilities or value for money studies. Therefore it is very difficult to measure sector efficiency.

**Recommendation 11**

In order to increase the financial sustainability of the WSS sector it is recommended that the funding base for the WSS sector is broadened. Therefore, besides the additional ODA funding that is needed, Danida, together with national governments and other international financing and donor agencies should make serious efforts to tap additional sources of funds, particularly through:

- Increased contributions from end users;
- Increased funding by local governments and end users by making use of innovative credit mechanisms in order to finance up front investments in rural WSS;
- Increased national and international private-sector investments, by stimulating and creating enabling conditions for the private sector to invest in the sector, such as through OBA arrangements.

**Recommendation 12**

Improvements in sector monitoring fields are thus urgently needed. Such improvements could even become a condition for development assistance.

It is recommended that Danida stimulates the introduction and use of instruments to measure sector efficiency, including:

- Value for money studies;
- Benchmarking for construction unit costs;
- Improved sector monitoring systems;
- Post-intervention studies;
- Best practises studies;
- Improved accounting systems to allow for result-oriented reporting.

**10.10 Financial sustainability – service level****Findings and conclusions**

All seven countries have a policy of full cost recovery or cost sharing with users, but in practice this policy is not followed through (in urban areas) or is not applicable (rural areas).

In urban areas, in general, but exceptions exist, tariffs and user fees at best cover the regular O&M expenditures of WSS facilities. Rehabilitation and replacements become a burden on government and donors, draining funds that could be used for new facilities. Cost recovery for urban sanitation is mostly realised through an add-on to existing water tariffs but does not cover in any way the costs involved.

For rural non-piped water supply, to cover the operations and maintenance costs is not so much of a problem; the problem is to cover the investment costs that have to be financed up front. The community usually raises monthly fees that are generally sufficient to meet regular operation and maintenance costs and ad-hoc contributions for larger repairs and other maintenance. Rural sanitation is in most countries considered a household affair.

Danida has participated in the formulation of water policies, including cost sharing principles in some countries and provided substantial training to WUGs in O&M and cost recovery. Also water tariff studies in various countries were carried out. Implementation, however, proves difficult because of political sensitivity.

From various studies it appears that willingness to pay for adequate WSS services is higher than current contributions from users.

Increased user contributions to recover O&M costs but also to cover construction and capital costs are an absolute condition to achieve long-term sustainability of WSS facilities and services.

### **Recommendation 13**

It is strongly recommended that Danida puts high priority to the implementation of cost recovery, at least to the level to cover operation and maintenance cost. As a matter of principle, government funds and ODA should not be used to cover operation and maintenance cost, but only to finance investments in the rural and urban areas. Users' contributions should be increased to levels that are sufficient to cover operation and maintenance costs. Reduction of government financing to cover urban operation and maintenance cost, could release scarce funds for investment in rural infrastructure.

## **10.11 Aid delivery mechanisms**

### **Findings and conclusions**

The first generation SPS consisted of programmes with numerous components and various partner organisations. The second generation SPS has a more coherent programme design, facilitating harmonisation with other parties and simplifying management and monitoring arrangements.

The introduction of SWAp is expected to lead to increased ownership and improved harmonisation and coordination and effective results. Initial results from ongoing SWAps in Uganda and to a lesser extent Vietnam and Benin indicate that the first three effects are indeed occurring and that it leads to increased scrutiny (and eventual improvement) of accountability and transparency of existing government systems.

The process of changing from the former project based systems into a full-fledged SWAp takes different forms with various modalities in the beneficiary countries. The Evaluation is not fully clear on the exact criteria that apply to the beneficiary countries to enter into a "higher" level of aid delivery system. There is no consensus on the appropriate moment to start SWAp. Waiting until all conditions are in place may delay SWAp for a long time, whereas starting prematurely risks missing out on potential gains.

Danida has been engaged in SWAp in Uganda and Vietnam, despite the fact that the requirements for SWAp are not met. Preconditions, notably transparency and accountability, for SWAp are not met in most of the countries. Following SWAp, for example, is then at odds with Danida's zero tolerance on corruption.

SWAp potentially also has some weaknesses:

- Less attention paid to innovative concepts and approaches;
- Less attention for the role of non-governmental stakeholders (research, NGOs, etc) in the sector development process.

For the Evaluation, it was too early to assess the effects of decentralisation of the management of the Danida programmes.

The Evaluation is of the opinion that it would be useful to further elaborate on and clarify the preconditions that need to be met by recipient countries in order to become eligible for certain types of implementation modalities. There could be different categories of conditions, some of which need to be prevalent before being eligible (minimum criteria) and some of them that can be fulfilled later on. This implies that there should be milestones during the implementation process to assess progress and to judge whether performance is sufficient to continue the present level of aid delivery or that a “lower” level of aid delivery is more appropriate. The Evaluation is of the opinion that a “roadmap” for beneficiary countries to increased responsibility and ownership of their own (WSS) programs. The systems developed by e.g. the European Union (from centralised ex ante to decentralised ex post control systems) could be an example.

In all seven countries, Danida has been very active in promoting harmonisation and sector co-ordination. The overall effectiveness of sector co-ordination has been limited due to the limited role of the recipient government agencies and donors’ inclination to adhere to their own approaches and procedures. It is expected that increased program ownership by the beneficiary countries will lead to a strengthening of the role of recipient governments in donor coordination and a greater inclination of donor agencies to coordinate programs.

**Recommendation 14**

It is recommend that Danida in consultation with other members of the donor community and with the recipient country develops a roadmap to SWAp, describing for beneficiary countries various models and/or stages to achieve full ownership and control of WSS programs and specifying the conditions in terms of requirements for strategy, accountability and transparency.

**Recommendation 15**

In order to stimulate donor coordination and to disseminate lessons learned, it is recommended that for each country good donor practises are prepared.

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# Appendix 1: Terms of Reference

## I Introduction

Danish support for water supply and sanitation has been substantial over the years providing about ten per cent of all Danish bilateral assistance or around DKK 450 million annually (USD 60-70 million), corresponding to about two per cent of the global sector support. Until the mid-1990s, Danish assistance was provided as projects, when sector programmes were gradually being introduced. Today water supply and sanitation is priority sector<sup>1</sup> in seven countries: Bangladesh, Benin, Burkina Faso, Egypt, Ghana, Uganda, and Vietnam. The first-generation sector support programmes are now nearing completion.<sup>2</sup> It is thus relevant and timely to undertake an evaluation of these seven sector programmes with a view to gathering experience, learning lessons and documenting results in relation to the ongoing planning of the second-generation programmes.

The targets under the Millennium Development Goals (MDG) dealing with water supply and sanitation (WSS) have put into perspective the considerable challenge facing the sector. Between one and two billion people will need access to improved services within roughly a ten-years horizon. This will probably require new ways of doing business, if the goals are to be achieved. But even in the case where the MDGs were achieved, many people would still remain without access to basic WSS services.

## II Objectives

The overall objective of the Evaluation is to contribute to sustainable WSS sector development through improving the quality of Danish WSS support. The immediate objective of the Evaluation is to determine the performance of Danish WSS interventions seen in sector context with focus on **institutional and financial sustainability**. This is seen as a *sine-qua-non* condition for expanding coverage and improving service quality.

The Evaluation is to offer recommendations on the policy directions Danida, other donors and governments should pursue to improve sector performance. The findings and recommendations of the Evaluation could possibly lead to revision of Danish sector policy for water and sanitation. It could also have an impact on the formulation of the second-generation sector programmes as well as changes in programmes under implementation.

## III Output

In order for the Evaluation to achieve the objectives defined above, the consultant shall produce the following main output:

- 1) *Denmark's development co-operation is built on collaboration with a number of so-called programme countries, presently fifteen, and in each country efforts are concentrated on typically three to four sectors.*
- 2) *CD Rom containing the programme documents on Danish support to water and sanitation in the seven countries.*



- Assessment of the WSS sector in the concerned countries with focus on institutional and financial aspects;
- Assessment of Danish WSS interventions by applying relevant evaluation criteria,<sup>3</sup> with focus on institutional and financial sustainability;
- Assessment of funding mechanisms, financing levels and country capacity for determining long-term sector sustainability and its ability to achieve agreed development goals; and,
- Clear recommendations on future policy directions.

#### IV Scope and focus

Danish support to water and sanitation encompasses support for improvement in WSS in both urban and rural areas, integrated water resources management (IWRM) as well as hygiene education, capacity building and support for policy development. The Evaluation is to deal with WSS only, and within this area the Evaluation is to focus on the financial and organisational sustainability of the sector in the above-mentioned seven programme countries, and to what extent Danida support has been translated into tangible results in the field. The Evaluation is to focus on the co-operation during the last five years. The Evaluation will address three main areas.

- **First**, the Evaluation is to assess the national sector programme as well as the national context in which Danida and other donors operate; in particular, the specific potentials and constraints in the concerned countries, and the objectives embedded in the poverty reduction strategy papers (PRSP) of the countries. This entails that the Evaluation shall undertake an overall evaluation of the performance of the sector with focus on financial and organisational sustainability in the seven countries and how this has translated into concrete results on the ground.
- **Second**, the Evaluation will look at whether Danish WSS support meets the defined objectives in an efficient and effective manner. It shall also assess the extent to which it can be considered relevant. Finally, it shall identify key risks associated with achieving objectives with a view to estimating the likelihood of achieving sustainability and lasting impact of supported interventions.
- **Third**, the Evaluation will assess whether there exists sufficient capacity, incentives and funding in the seven countries to achieve their defined goals and the MDG WSS-related targets. In relation hereto, the issue of donor harmonisation as well as funding and co-operation modalities shall be looked at.

The Evaluation shall incorporate a financial overview of all Danida support to water and sanitation over the last ten years, in order to provide information on the total use of funds in the sector. Danida will have this financial overview prepared separately as part of the preparatory process for the Evaluation.

The issue of evaluating the sector's contribution to improved health and living conditions – one of the development objectives for the sector – cannot be dealt with directly by the Evaluation, as it is difficult to establish the direct causal link between them. Based on the substantial amount of research and overview papers, which do already exist, a separate brief overview paper will be prepared as an input to the Evaluation. The consultant is to link the findings of this overview paper with those of the Evaluation.

3) *Ministry of Foreign Affairs: Evaluation Guidelines, February 1999, revised 2001.*

The consultant may extend the Evaluation to other aspects that it considers relevant and important and for which it has the time and expertise to deal with beyond the above-mentioned focus. The Consultant may also recommend appropriate follow-up, if, for any subject outside the focus, a thorough and credible evaluation cannot be performed within the time and resources available. It is estimated that the Evaluation will require an input of about 35 person-months of international consultants and about 15 person-months of national/regional consultants

## V Key evaluation questions

The following questions are to be taken as point of departure for the Evaluation:

### The global situation

- a. What are the challenges in relation to the MDG WSS-related targets and what are the general critical issues and problem areas in the sector? What conclusions in terms impact and relevance of sector interventions by governments and donors as well as prospects for long-term sustainability can be drawn from the general diagnosis of the sector? What have been the main achievements over the last ten years?

### The national context

The key issues at national level in each of the seven countries under study is whether the sector performance is acceptable and satisfactory and moving in the right direction, so that internationally agreed goals are likely to be achieved. The prospects for institutional and financial sustainability of the sector are directly determined by sector policies and the legal framework and indirectly by systems for performance monitoring. The effect of properly functioning and financially sound WSS institutions and systems with focus on institutional and financial sustainability can be measured by the efficiency and effectiveness of the sector as well as its current financial situation. Sub-questions b, c and d deal with the issues determining simultaneously institutional and financial sustainability and sub-questions e and f with the results and outcome of these areas:

- b. How **relevant** and realistic are WSS sector policy and objectives, as presented in government documents, including the PRSP, and what are the linkages to other sectors (health, education, environment, etc.) and to the MDG? To what extent are government policies adapted to achieve these objectives; and how clear, consistent, explicit and measurable are they?
- c. Is there an appropriate **legal framework** established and enforced, including independent regulatory body (quality and economic regulation), and is there political commitment and ownership to reforms, if needed, to provide incentives for an efficient and effective organisation and functioning of the sector?
- d. Are national systems for **performance monitoring** in place to measure quantitative as well as qualitative aspects of sector performance and development with a view to ensuring long-term sustainability? Are the monitoring systems sufficiently developed to allow management to take appropriate actions timely and are the indicators relevant and appropriate for results based management?

- e. What is the financing situation of the WSS sector – public as well as private sources – evaluated in light of the requirements for long-term **financial sustainability**? Is the financial potential, e.g. measured by the willingness to pay, fully utilised to maximise sector effectiveness and what leverage has donor funding given rise to and what is the potential leverage?
- f. What is the actual **efficiency and effectiveness** of the sector, measured e.g. in terms of access, coverage, quality of supply, water quantity and losses, and behavioural changes? What is the perception of consumers of the services provided?

### The performance of Danida-funded interventions

The key issue in relation to the Danida-funded interventions is whether the Danish support is relevant, effective and efficient and is likely to lead to long-term sustainability and expected impact on the institutional and management arrangements in the WSS sub-sectors, given the general performance of the sector. The issue of the general impact of the support is outside the scope of this evaluation.

The prospects for institutional and financial sustainability of Danida-financed interventions are directly determined by the relevance of Danida sector policy, the way planning and implementation have been performed as well as the approach adopted for the co-operation. The effect of Danish support on national WSS institutions and systems in the area of institutional and financial sustainability can be measured by the efficiency and effectiveness of the interventions as well as their impact on institutional and management arrangements. Sub-questions g and h deal with the issues affecting simultaneously institutional and financial sustainability and sub-questions i, j, k and l deal with the results and outcome of these areas and the associated risk:

- g. Is Danida sector policy in concordance with national policies in the seven countries?
- h. During **planning** of the WSS programmes was diligent exploration made of the situation to unveil possible fundamental bottlenecks of political, organisational or financial nature? During **implementation** have problems and opportunities that arose been acted upon timely and effectively – both by Danida and the partners, so that efficiency and effectiveness would be achieved as planned and the prospects for impact and sustainability be maximized? Is the implementation **approach** conducive for establishing partnership and ownership and is it in concordance with Danish policies for development co-operation? Are programme designs still relevant?
- i. What is the specific **efficiency** of the Danida-funded interventions – in absolute and relative terms?
- j. What is the **effectiveness** of the Danida-funded interventions, and how far it has been possible to achieve concrete and significant results on the ground in terms of outputs and outcomes in the WSS sector? Which population groups, by gender and income, have primarily benefited from the support?
- k. What **impact** has Danish support made on the institutional and management arrangements for WSS – these being public utilities, private operators, co-operatives, groups of beneficiaries and others – and which type of support has been the most successful?
- l. Where have bottlenecks and key risks occurred, and how have they affected the output and outcome of Danida-supported interventions? What are the prospects for obtaining **institutional and financial sustainability** in the various WSS sub-sectors?

### *Donor funding modalities and country capacity*

The key issue is whether the funding mechanisms, the level of financing and the country capacity provide the basis for sound sector development, which would lead to fulfilment of the agreed goals for the WSS sector. To make such an assessment a number of sub-questions can be formulated, viz:

- m. Is the national **level of financing** of recurrent costs and investments appropriate seen in relation to achieving sector objectives and goals and in relation to achieving the MDG targets on water supply and sanitation? Does the flow of funds function properly (timing, individual regulations, core funds vs. earmarked funds, etc.)? Is there sufficient predictability in the funding from the national sector's point of view (multi-annual vs. annual commitments, sector programme planning); and are requests for funding timely seen from the donors' perspective?
- n. Are **aid delivery mechanisms**, including aspects such as donor harmonisation, co-ordination and alignment with national systems, designed to promote an effective and efficient development of the sector? Are incentives built in for promoting rational behaviour and minimizing corruptive practices?
- o. Do the seven countries have the **capacity** in terms of manpower, political commitment and funding to achieve their defined goals? Is it likely that countries will achieve the MDG WSS-related targets? If not, what would be the necessary actions?

On each issue the Evaluation shall point to ways by which the governments, Danida and other donors can enhance the results and impact of WSS interventions, and contribute more to poverty reduction efforts. The Evaluation shall therefore try to separate the effects of inappropriate donor interventions, including inappropriate aid delivery mechanisms, from the general performance of the sector.

## **VI Main tasks and methodology**

The Evaluation is required to base its conclusions and recommendations credibly to reliable evidence, in accordance with good development evaluation practice and sound professional methods and criteria. The Evaluation must be independent and external, and recognized as such by Danida, the international development community and the general public. It should meet the high-quality standards required to be able to contribute inputs to the deliberations of the Danida Management on future support to the sector.

The consultant must use a variety of evaluation instruments and techniques adapted to the specific requirements of the Evaluation and in conformity with good development evaluation practices and criteria. The Evaluation should attempt to find innovative methodologies and new approaches. The tenderers are therefore encouraged to explore new and quantitative and economic evaluation methods in their technical proposal. Where relevant, qualitative methods should complement the soundness and reliability of findings and results.

The Evaluation is conceived as a process consisting of a number of stages and tasks. Specifically, the evaluation will consist of three distinct phases (see Section VI for specific deliverables in each phase):

**Phase I**

It is estimated that the level of effort for this phase is approximately 20% of the total manpower resources required for the evaluation.

Phase I consist of a desk study of existing documentation for the programmes in the seven countries, comprising appraisal reports, programme documents, annual sector review agreements, evaluation reports as well as Danida and international policy papers and relevant literature.<sup>4</sup> The review of the documents is to be supported and complemented by interviews with key staff in the Technical Advisory Service (BFT), the Department for Development Policy (UDV), the Quality Assurance Department and the relevant embassies. The purpose of the desk study and the interviews is to identify key policy issues, developments and changes. An evaluation matrix is to be drawn up as the basis for the subsequent work of the Evaluation. The matrix will include a set of indicators for policies and implementation.

Work under Phase I shall also identify appropriate, state-of-the-art methodologies suited for evaluating the subject matter. Special considerations shall be given to the thorough preparation of the country case studies, and shall include aspects such as: (i) preparation of country and WSS sector profiles by national or regional consultants based on public and sector reporting; (ii) preparatory tracking studies, i.e. recorded outcome and impact on beneficiaries, other impact, etc. based on existing reporting, in order to gain a better insight and (iii) preparation of standard questionnaires and interview protocols. The preparation could include planning visits to the some or all of the seven countries. The process shall result in the identification of key issues and questions to be studied during the field phase, formulation of hypotheses to be tested and a set of appropriate indicators. In this connection the standards and benchmarks of the framework of references shall be established and thoroughly discussed with a view to obtaining as much consensus on the criteria to be applied as possible, thereby increasing the credibility of the evaluation.

Finally, a communication and dissemination strategy for the Evaluation is to be developed.

The result of the work in Phase I shall be a detailed work plan for the remainder of the evaluation, including ToR, data collection plans, draft country and sector performance reports, questionnaires, interview protocols, etc. for the country case studies.

**Phase II**

The level of effort for Phase II is estimated to about 50 per cent of the total manpower for the evaluation.

Phase II will consist of country case studies in all seven countries based on field visits. The field studies shall be designed to allow for cross-country comparisons to be undertaken, taking into consideration that the main focus of the evaluation will be thematic issues within water supply and sanitation and to a lesser degree on the actual state of the programmes. The required approach will entail a rather detailed planning based on common questionnaires for all seven countries. It is proposed to select one country as a pilot case for testing methodology, questionnaires, interview protocols, etc. The team leader and the entire core team should jointly undertake the pilot case to ensure common standards and approaches. The remainder of the country case studies should be under

4) *See list of documents at the end of the ToR.*

taken in such a manner that the results are of uniform quality and comparable. This could be done for instance by having half of the core team to undertake three country studies and the other half the remaining three. The field studies shall draw on local knowledge and expertise by using national consultants as much as possible. It is proposed to organise workshops at the end of a country study with a view to obtaining immediate feedback from national stakeholders.

### Phase III

The final phase will require about 30 per cent of the total manpower for the evaluation. The findings collected during the first two phases shall be analysed during the last phase and, as necessary and relevant, supplemented by additional fact finding, consolidated and synthesised into a report. As part of the process of consolidation and synthesising, conclusions are to be drawn based on the actual findings and results, and the hypotheses are to be tested to determine whether they can be supported or must be rejected. Country workshops and a synthesis workshop of the draft synthesis report is to be organised with a view to furthering a debate on the main issues in water supply and sanitation. The participants would be the Peer Group, the Reference Group, representatives from the seven countries (public and private sector as relevant) as well as representatives from other interested donor agencies. Finally, recommendations based on the outcome of conclusions and supported hypotheses are to be made.

## VII Deliverables and milestones

The deliverables of the Evaluation process correspond to the main tasks described above. These deliverables will be produced according to the following outline plan:

- a. **Deliverable 1** is an inception report, required within two month of the commencement of the contract. The inception report shall contain a description of methodology, evaluation matrix, work plan, the consultant's QA-system and a proposal for a communications strategy. The report should preferably be around 20 pages, excluding annexes.
- b. **Deliverable 2** is the desk review described in Phase I, required within four months of the commencement of the contract. The report should be succinct and preferably not more than 50 pages, excluding annexes. The preparatory country reports should be included in the annexes.
- c. **Deliverable 3** is a report on the pilot case study to be submitted within six months of the commencement of contract.
- d. **Deliverable 4**, based on Phase II, is a report on the findings and preliminary conclusions pertaining to the Danida-funded interventions in the seven recipient countries and possible thematic studies. It will be submitted within nine months after the commencement of the contract. The reporting from each country should not be more than 20 pages, excluding annexes.
- e. **Deliverable 5**, the draft final synthesis report, is to be submitted no later than eleven months after the commencement of the contract. The length of the report should succinct and be around 60 pages.
- f. **Deliverable 6** is the final report, required within twelve months of the commencement of the contract.

Each report is to be submitted in English. The language should be as concise as possible, reader friendly and direct. It will avoid euphemisms when describing problems and short-

comings, but convey respect for the people evaluated. All reports are to be edited by a native-English speaking copy editor. Translation into possible other languages will be the responsibility of the Evaluation Department.

The consultant will submit all the above-mentioned deliverables to the Evaluation Department, who will share these deliverables with the Peer Group, the Reference Group and others, as appropriate (Ref. Section IX: Governance and Organisation below). They will provide comments as follows:

- a. The Evaluation Department and the Peer Group will comment on validity of evidence, analytical rigour, consistency and any aspect of all the deliverables that helps to ensure that the Evaluation Team conducts its work in accordance with the ToR.
- b. On Deliverables 1-4, the Reference Group will provide comments that relate exclusively to factual matters.
- c. The Evaluation Department and the Peer Group will provide comments on factual matters as well as matters of judgement upon receipt of Deliverable 4 (the draft final synthesis report).

The Consultant will decide which of the comments it receives should be incorporated in the final report. The evaluation policy sets forth the general rule, which will also apply to the Evaluation, that:

- a. The final report must incorporate comments that point out factual errors or inaccuracies.
- b. Judgements that differ from those of the Evaluation may be discussed in the report or be incorporated by means of a note.

## **VIII Areas of expertise**

The Consultant shall provide an evaluation team consisting of:

- A team leader for 10 months
- A core team of evaluators (3-4) for a total of 20 month
- A pool (4-8) of short-term specialists for a total of 5 months. The short-term specialists shall cover the following areas of expertise:
  - Water supply and sanitation sector policy issues
  - Economic Development , especially in LDCs
  - Development economics, sector economics and financial management
  - Socio-economic aspects
  - Water supply engineering
  - Sanitation and hygiene
  - Training and transfer of knowledge
  - Organizational and institutional aspects
  - Statistical knowledge (sampling and statistical analysis of results)

The team leader should be a permanent staff member of the leading partner in a consortium of consultants companies or an individual consultant setting up a team under his sole responsibility.

The team leader should have extensive experience from conducting evaluations, have demonstrated experience in project management, have extensive experience in water supply and sanitation, have experience in working with bi- and multilateral donors and preferably have experience with Danida procedures or similar. Fluency in English, orally as well as in writing, is required and additional linguistic proficiency is preferable.

The core team of evaluators (three to four as found appropriate by the Consultant) should have experience from conducting evaluations, have extensive experience in water supply and sanitation and preferably have experience in working with bi- and multilateral donors. Fluency in English, orally as well as in writing, is required for all members and additional linguistic proficiency is preferable.

The pool of short-term specialists (four to eight as found appropriate by the Consultant) should cover the areas of expertise listed above, preferably some of them should have experience from conducting evaluations and experience in working with bi- and multilateral donors. Fluency in English, orally as well as in writing, is required for each specialist and additional linguistic proficiency is preferable.

The team must include member(s) showing fluency in Danish and French, in addition to English.

The Consultant shall also provide the required home office support and quality assurance, including audits. Person months and cost for such services should be included in the consultant's overhead.

A native English-speaking copy editor shall prepare the final draft report as well as the final report. The expenses for the editor will be covered as a reimbursable cost.

Use of local consultants and expertise to conduct the country evaluations is encouraged. The consultant must demonstrate that he can organize in-country research and national resources, including national consultants for the field-based part of the Evaluation. In addition, the consultant will organize national data-collection teams in each of the seven countries to carry out independent validation. These teams may be recruited among individuals or from national consultants such as consulting firms, non-governmental organizations and academic institutions. The Consultant will ensure that the national data-collection team members have the experience and skills required for the task assigned to them and have no conflict of interest. The Evaluation Department will approve the proposed local consultants prior to commencement of the work.

The consultant will be fully responsible for the conduct and content of the evaluation and shall follow the Evaluation Guidelines by Danida. The evaluators shall also be fully responsible for the ensuring quality assurance (QA) of the Evaluation and shall in the inception phase set up appropriate QA mechanisms to be documented in the inception report. Quality control (QC) is the responsibility of the Evaluation Department.

## **IX Governance and organisation**

The Evaluation will be conducted under the overall supervision of the Evaluation Department. In specific terms the Evaluation Department will:



- Brief the consultant at the inception stage, and as often as necessary on the operations, relevant documents and data sources.
- Provide written comments to the consultant on all its deliverables in order to facilitate and enhance the compliance of the Evaluation with the agreed ToR and methodology. These comments will address any deviation from the requirements of the ToR, in addition to methodological issues, adequacy of the evidence for the evaluation findings and recommendations and any factual issues or inaccuracies that the Evaluation Department may consider relevant to the Evaluation.
- Ensure that all interested stakeholders are kept informed through open-ended and informal consultations.

A Peer Group, composed of sector specialists, will serve in an advisory capacity to the Evaluation Department. The Peer Group will follow the Evaluation and assist the Evaluation Department in its overall guidance of the Evaluation, thus adding professional expertise. In specific terms, the Peer Group will:

- a. Review and provide comments on the ToR;
- b. Provide comments on the selection of the Evaluation Team, as recommended by the Danida Tender Committee under the procedures described below;
- c. Review draft reports, such as country and thematic reports and the draft final synthesis report of the Evaluation; and,
- d. Participate in workshops, including providing possible contributions at workshops.

An informal Reference Group with participation from representatives from the Technical Advisory Service (BFT) in the Ministry has been established. Representatives from embassies and (chief) technical advisors – responsible for identification, formulation and implementation – will be associated mainly by means of electronic communications. A homepage of the Evaluation will be established at the Internet site of the Danish Ministry of Foreign Affairs.

## **X Other conditions**

The Consultant to conduct this evaluation shall provide evidence that none of the team members have any current nor any previous assignment on Danida funded projects and programmes in any of the seven countries encompassed by the Evaluation, incompatible with the requirements of full independence for this evaluation or any other relation that would create a conflict of interest. Neither should they have been involved in any earlier review or evaluation of Danida funded water supply and sanitation projects or programmes. In case the consultant or any of his team members are found to have any links, which lead to a conflict of interest, the firm will be disqualified.

## **XI Timetable**

The Evaluation is envisaged to start on 1 October 2004 and to run for 12 months.

## XII Documents and Internet sites

- Hans Olav Ibrekk*: Future Directions for the International Water Agenda. Issues for Consideration
- Development Committee Spring 2003 Meeting*: Water Supply and Sanitation and the Millennium Development Goals, Draft Background Paper.
- DFID*: Health, Environment and The Burden of Disease; A Guidance Note, 2003.
- OECD/DAC*: Glossary of Key Terms in Evaluation and Results Based Management, 2002.
- Linkages between Water & Sanitation and Poverty Alleviation, year?* By whom?  
CD-ROM: Title?
- Ministry of Foreign Affairs*: Evaluation Guidelines, 1999, revised 2001.  
[www.um.dk/Danida/evalueringsrapporter/eval-gui/index.asp](http://www.um.dk/Danida/evalueringsrapporter/eval-gui/index.asp)
- Ministry of Foreign Affairs*: Rural Water Supply Programme in Sri Lanka, Volume I Synthesis Report and Volume II Methods and Findings, 1995/4.
- Ministry of Foreign Affairs*: Rural Water Supply and Sanitation Programme Bangladesh, Evaluation 1999/2.
- Ministry of Foreign Affairs*: Water Supply and Sanitation, Danida Sector Policies, 2000.
- Ministry of Foreign Affairs, Finland*: Finland's Support to Water and Sanitation 1968 – 2000, Evaluation of Sector Performance, 2001.
- Sida Evaluation 02/22*: Water Utility Partnership's Project for Water Utility Management and Unaccounted for Water, Pahse 1 by Olle Colling.
- VISION 21*: A shared vision for hygiene, sanitation and water supply and a framework for action. Proceedings of the second World Water Forum, The Hague, 17 – 22 March 2000. Geneva, Water Supply and Sanitation Collaborative Council, 2000.
- WHO/UNICEF*: Global Water Supply and Sanitation Assessment – 2000 Report, New York 2001.
- World Bank*: Efficient, Sustainable Service for All? An OED Review of the World Bank's Assistance to Water Supply and Sanitation, Report No. 26443, September 2003.
- World Bank*: Rural Water Projects, Lessons from OED Evaluations, OED Working Paper Series No. 3, March 2000.
- World Summit on Sustainable Development*: Launch of the African-European Union Strategic Partnership on Water Affairs and Sanitation, 2 September 2002.

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## **Appendix 2: Evaluation Matrix**

- Part A      Relevance**
- Part B      Institutional Sustainability**
- Part C      Financial Sustainability**
- Part D      Aid Delivery Mechanisms**

**E valuation Matrix Part A : Relevance**

Dimensions of RELEVANCE	Key questions	Indicators to answer key question	Main influencing factors (conductive as well as hindering factors)
A.1 <i>International WSS policy and the poverty strategy</i>	A.1.1. Which changes in the international thinking about WSS and the relation between WSS and poverty took place during the last 5 years?	<ul style="list-style-type: none"> <li>• Decisions taken in major international forums on WSS and Poverty Alleviation (PA)</li> <li>• Conceptual papers from WSSCC, GWP, WSP, DFID and water forums as main sources discussed and agreed upon</li> </ul>	<ul style="list-style-type: none"> <li>• Research and impact studies on PA</li> <li>• International conferences</li> </ul>
	A.1.2. Which are the Danida national and sector policy objectives and how do they fit into (relate to) this changing international thinking?	<ul style="list-style-type: none"> <li>• Explicit objectives in Danida policy documents</li> <li>• Danida reports on WSSD</li> </ul>	<ul style="list-style-type: none"> <li>• Overall Danida Development Policy</li> </ul>
	A.1.3. Who are the main players in international thinking and acting?	<ul style="list-style-type: none"> <li>• Multilaterals, bilaterals, NGOs by amounts spent on WSS by region for the past five years</li> <li>• Major analytical, conceptual and innovative papers produced for international forum by a specific donor/ agency</li> </ul>	<ul style="list-style-type: none"> <li>• Donor policies on sector choices</li> </ul>

<p>A.1.4. Where does Danida stand in this playing field?</p>	<ul style="list-style-type: none"> <li>• Participation in international conferences</li> <li>• Presentation of papers in international conferences</li> <li>• Danish experiences referred to in international publications</li> </ul>	<ul style="list-style-type: none"> <li>• Overall Danida Development Policy</li> </ul>
<p>A.1.5. Have international WSS policies been translated into operational terms at national level and which role did Danida play in this respect (“from global talk to operational plans and action”)?</p>	<ul style="list-style-type: none"> <li>• Operationalisation in PRSP or other similar documents</li> <li>• International policy statements reflected as objectives and activities formulated in national sector plans</li> <li>• Danida technical or financial support given in national sector policy formulation</li> </ul>	<ul style="list-style-type: none"> <li>• National political commitment to realize MDG goals and consequently to translate these into operational terms</li> </ul>
<p>A.2 National policy &amp; Danida; poverty alleviation as fundamental principle with special reference to WSS</p>	<p>A.2.1. In which manner and to what extent is the Danida fundamental principle of Poverty Alleviation (PA) translated into operational terms in the Danida country programmes?</p> <ul style="list-style-type: none"> <li>• A proper poverty analysis was made at micro level to define activities at macro level (most fundamental approach)</li> <li>• WSS is assumed to benefit the poor without setting further conditions or priorities</li> <li>• Specific conditions and priorities were formulated to ensure that WSS contributes to poverty alleviation</li> </ul>	<ul style="list-style-type: none"> <li>• Composition of formulation team</li> <li>• Awareness of and importance given to the concept by programme formulators on poverty alleviation and the principle of pro-poor growth</li> </ul>

<p>A.2.2. In which manner and to what extent is Poverty Alleviation (PA) translated into operational terms in the national plans and in the PRSP? What has been the role of Danida?</p>	<ul style="list-style-type: none"> <li>• PA analysis made and pro-poor actions clearly defined</li> <li>• Consequences for PA described and quantified</li> <li>• Danida technical or financial support given in national sector policy formulation</li> </ul>	<ul style="list-style-type: none"> <li>• National political commitment to realize MDGs and to implement PRSP</li> </ul>
<p>A.3 National policy &amp; Danida; cross cutting issues related to PA with special reference to WSS</p> <p>A.3.1. In which manner is gender equalit integrated and made operational in the national policy? And with what results? What was the role of Danida?</p>	<ul style="list-style-type: none"> <li>• Explicit gender policy formulated in operational terms</li> <li>• Gender analysis basis for action</li> <li>• Gender-specific rules and regulations agreed upon and implemented</li> </ul>	<ul style="list-style-type: none"> <li>• National political commitment on gender issues</li> </ul>
<p>A.3.2. In which manner and to what extent are environmental issues integrated and made operational in the national policy? And with what results? What was the role of Danida?</p>	<ul style="list-style-type: none"> <li>• Environmental laws and rules formulated</li> <li>• Laws and rules enforced</li> </ul>	<ul style="list-style-type: none"> <li>• Acuteness of water related environmental problems</li> <li>• Political commitment</li> </ul>

<p>A.3.3. In which manner and to what extent is good governance integrated and made operational in the national policy? And with what results? What was the role of Danida?</p>	<ul style="list-style-type: none"> <li>• Specific mention made of good governance principles in policy documents</li> <li>• Specific actions to ensure enforcement undertaken</li> <li>• Change in identified number of good or bad practices</li> </ul>
<p>A.4 WSS Sector policy &amp; Danida</p> <p>A.4.1. What is the progress made in applying the five strategic principles of the SPS approach?</p>	<ul style="list-style-type: none"> <li>• Description on how sector wide perspective, national sector framework, ownership &amp; participation, sector capacity building and coherence as principles were made operational by Danida</li> <li>• Ongoing Danida programme</li> <li>• Assessment of Danida on the risks of and challenges and conditions for SPS</li> <li>• National priorities recipient country</li> </ul>
<p>A.4.2. How does the Danida SPS process evolve? Did Danida set conditions for the SPS, based upon which factors, were these conditions discussed with the recipient parties and are these monitored?</p>	<ul style="list-style-type: none"> <li>• Signed MOU is explicit on conditions to be met and monitoring of these</li> <li>• Conditions set are operational and can be monitored in Danida funded interventions</li> <li>• Monitoring mechanisms implemented jointly by Danida and recipient country.</li> <li>• Action based upon monitoring agreed upon and jointly implemented</li> <li>• Results of monitoring led to changes in programme interventions</li> <li>• National priorities</li> <li>• See also related questions in matrix D.</li> </ul>

<p>A.4.3. In which manner and to what extent does the Danida SPS contribute to equal access in poor areas?</p>	<ul style="list-style-type: none"> <li>• Number and % of poor getting access</li> <li>• Investment trends in WSS in poor areas as compared to other areas</li> <li>• Whether proper poverty analysis have been made</li> <li>• Whether interventions are in line with analysis</li> <li>• Whether rules and regulations favor equal access issues</li> </ul>
<p>A.4.4. In which manner and to what extent does the Danida SPS contribute to improved social and economic development at community level with special reference to decreasing women's and children burdens?</p>	<ul style="list-style-type: none"> <li>• Less time spent on fetching water women and children</li> <li>• Design and planning of interventions.</li> <li>• National political commitment</li> </ul>
<p><i>A.5 Contribution to the development of innovative concepts and ideas</i></p> <p>A.5.1. In which manner and to what extent does Danida contribute to an operationalisation of a workable sanitation concept? Have lessons from Danida programmes been formulated and discussed?</p>	<ul style="list-style-type: none"> <li>• Sanitation concept available, agreed upon and implemented</li> <li>• Reference made to lessons learned in programme documents</li> <li>• Special funds available for sanitation.</li> <li>• Subsidy or marketing approach</li> <li>• Political commitment to sanitation.</li> <li>• International campaigns</li> <li>• Danida as innovator or as follower</li> </ul>
<p>A.5.2. In which manner and to what extent does Danida contribute to an integrated approach of WSS and to IWRM?</p>	<ul style="list-style-type: none"> <li>• WSS part and parcel of national IWRM plans and planning</li> <li>• Political commitment to IWRM</li> <li>• IWRM plans made</li> </ul>



<p>A.5.3. In which manner and to what extent does Danida contribute to a systematic People's Participation (PP) approach in WSS? Have lessons from Danida programme been formulated and discussed?</p>	<ul style="list-style-type: none"> <li>• PP formalized in planning process</li> <li>• Reference made to lessons learned in programme documents</li> <li>• Level of involvement of all stakeholders in the PRSP process</li> </ul>
<p>A.5.4. In which manner and to what extent have responsibilities and ownership been transferred to national and local partners?</p>	<ul style="list-style-type: none"> <li>• MoUs clearly spell out management responsibilities for the recipient parties.</li> <li>• Number and position of Danish TA involved in the programme</li> <li>• Danish TA in implementing or advisory role</li> <li>• No direct Danida implementation activities anymore.</li> <li>• Danida development policy (is transfer of responsibility and ownership really possible within the financial and managerial context of Danida organization?)</li> <li>• Danida lessons learned in other sectors</li> </ul>

**Evaluation Matrix Part B : Institutional sustainability**

Dimensions of INSTITUTIONAL SUSTAINABILITY	Key questions	Indicators to answer key questions	Main influencing factors (conductive as well as hindering factors)
B.1 Human Resources Development	B.1.1. What is the state of affairs regarding the technical and managerial capacities and capabilities at local, regional and national level of all major stakeholders involved and have capacities and capabilities been enhanced over the last 5 years? What was the role of Danida?	<ul style="list-style-type: none"> <li>• Number of staff trained as % of requirements</li> <li>• Number of vacancies</li> <li>• Trained staff remains on post</li> <li>• Trained staff can make use in their professional work of the training capabilities as provided</li> <li>• Rate of satisfaction of beneficiaries of services being provided by officials at national, regional and local institutions</li> <li>• Type and size of Danida technical or financial support given to capacity building programmes</li> </ul>	<ul style="list-style-type: none"> <li>• Government administrative and personnel policy</li> <li>• Competitiveness of employee benefits with other sectors</li> <li>• Official and implemented personnel and transfer policy of organizations (e.g. Government) ensuring continuity</li> <li>• Availability of capable resource centres providing access to knowledge and information</li> </ul>

<p><i>B.1.2. Are the technical and managerial capacities and capabilities in accordance with the requirements? What needs to be done to ensure sufficient capacity and capabilities and what can be the role of Danida?</i></p>	<ul style="list-style-type: none"> <li>• Number of trained staff as % of requirements</li> <li>• Reduction of vacancies</li> <li>• Training needs assessment made that identify type of capacity building and number of staff to be trained</li> <li>• Training delivery system in place including training of trainers</li> <li>• Finance secured to conduct capacity building programmes</li> <li>• Type and size of Danida technical or financial support given to capacity building programmes</li> </ul>	<ul style="list-style-type: none"> <li>• Government and donor priorities</li> </ul>
<p><i>B.2 Organisational strengthening</i></p> <p><i>B.2.1. What is the state of affairs regarding grass root level WSS organizations, what are the trends and are they properly functioning? What was the role of Danida?</i></p>	<ul style="list-style-type: none"> <li>• Roles, tasks and responsibilities of organizations have been defined and adopted by grass root level WSS organizations</li> <li>• Rate of satisfaction of beneficiaries – users of the service being provided by grass root level WSS organizations</li> <li>• Increase in numbers (over the last 5 years) and in % of settlements with a properly functioning WSS system</li> <li>• Financial contributions to grass root organizations realized and used for purpose meant</li> <li>• Attention given by Danida interventions to strengthen grass root level organizations</li> </ul>	<ul style="list-style-type: none"> <li>• Legal framework in place that formalize roles, tasks and responsibilities of grass root organizations</li> </ul>

<p>B.2.2. What is the state of affairs regarding water related NGOs and scientific and research institutes, what are the trends and are they properly functioning? What was the role of Danida?</p>	<ul style="list-style-type: none"> <li>• Trends in numbers, personnel and budgets over last 5 years</li> <li>• Roles, tasks and responsibilities of organizations have been defined and agreed upon by all stakeholders</li> <li>• Rate of satisfaction of beneficiaries – users of the services being provided by NGOs and scientific/research institutes</li> </ul>	
		<ul style="list-style-type: none"> <li>• Attention given by Danida interventions to strengthen NGOs and scientific and research institutes</li> <li>• Level and intensity of the involvement of all stakeholders in the planning, monitoring and policy making process.</li> <li>• Political commitment</li> </ul>
<p>B.2.3. What is the state of affairs regarding Public-Private Partnerships (PPP) in WSS management, what are the trends and are they properly functioning? What was the role of Danida?</p>	<ul style="list-style-type: none"> <li>• Type of modalities of PPP that are being implemented, their number and % of coverage and change over last 5 years</li> <li>• Partnership “business like” with clear rules and regulations as well as with rights and obligations of parties spelled out in by-laws</li> <li>• Financial arrangements made and pursued</li> <li>• Type of support provided by Danida in developing PPP and enabling environment</li> </ul>	<ul style="list-style-type: none"> <li>• Legal framework for PPP existing and workable</li> </ul>

<p>B.2.4. Do National Government institutions perform their new role (from implementer to facilitator)? What was the role of Danida?</p>	<ul style="list-style-type: none"> <li>• The National plan and budget specifies various responsibilities</li> <li>• National level focuses on facilitating role</li> <li>• Implementation powers decentralized</li> <li>• Type of support provided by Danida in strengthening of national WSS organizations</li> </ul>	<ul style="list-style-type: none"> <li>• Level and intensity of the involvement of all stakeholders in the planning and monitoring process</li> <li>• Political willingness</li> <li>• Progress in the Public Sector Reform Process</li> </ul>
<p>B.2.5. Have Local Government Institutions at regional and local level required decision making powers? What was the role of Danida?</p>	<ul style="list-style-type: none"> <li>• Decentralised budgets for investment and O&amp;M costs</li> <li>• Regional and local plans and budgets reflect responsibilities of regional and local organizations</li> <li>• Type of support provided by Danida in strengthening local government institutions</li> </ul>	<ul style="list-style-type: none"> <li>• Progress in the Public Sector Reform Process</li> <li>• Intensity and type of involvement of local politics in development process</li> </ul>
<p>B.2.6. Are Inter-linkages between WSS related Government Organizations as well as with other stakeholders established and functioning (e.g. between Ministry of Public Works, Water, Local Government and Health)? What was the role of Danida?</p>	<ul style="list-style-type: none"> <li>• Permanent coordination mechanisms established and being implemented</li> <li>• Participating institutions, frequency and level of attendance of meetings</li> <li>• All organizations concerned have budget allocations for WSS and coordination tasks</li> <li>• Type of support provided by Danida in strengthening intra and intersectoral coordination and coordination amongst stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• How high is WSS in the “political hierarchy” within the country concerned</li> </ul>

<p><i>B.3 System Development (legislation, regulations, policies)</i></p>	<p>B.2.7. Are National level Associations for WSS operational, how are they functioning and what is their impact? What was the role of Danida?</p> <ul style="list-style-type: none"> <li>• Structure of WSS Associations</li> <li>• Composition of members of WSS Associations</li> <li>• Role of Associations in policy formulation and priority setting</li> <li>• Role of Associations in planning process of WSS</li> <li>• Type of support provided by Danida in strengthening National Level Associations for WSS</li> </ul>	<ul style="list-style-type: none"> <li>• Political willingness and interest to accept Associations as partner</li> </ul>
<p>B.3.1. Have major changes in policies taken place with special reference to decentralization of decision making? What was the role of Danida?</p>	<ul style="list-style-type: none"> <li>• New legislation agreed over last 5 years</li> <li>• New policies on WSS approved in parliament</li> <li>• Type of support provided by Danida in strengthening the decentralization process</li> </ul>	<ul style="list-style-type: none"> <li>• State of Affairs of the Public Sector Reform process</li> </ul>
<p>B.3.2. Is there political commitment regarding the realization of the WSS related MDGs? Has this commitment been translated into operational terms? What was the role of Danida?</p>	<ul style="list-style-type: none"> <li>• Ministry of Finance takes the WSS increased allocation for the WSS sector in terms of investment as well as in terms of O&amp;M</li> <li>• Type of support provided by Danida in translating this commitment in operational term</li> </ul>	<ul style="list-style-type: none"> <li>• Do politics give priority to the issue of implementing cost recovery</li> <li>• The place of water related institutions (including the lead ministry) in the governmental and political hierarchy</li> </ul>

<p>B.3.3. Has legislation been adapted to accommodate new roles of sector stakeholders (e.g. ownership and management WSS systems, cost recovery)? What was the role of Danida?</p>	<ul style="list-style-type: none"> <li>• Legislation changed or in process of change</li> <li>• Type of support provided by Danida in strengthening the legal WSS framework</li> </ul>	<ul style="list-style-type: none"> <li>• Comprehensive sector policy developed.</li> <li>• Intensity and comprehensiveness of the PRSP process</li> </ul>
<p>B.3.4. Is an enabling environment created for participation of all stakeholders involved? What was the role of Danida?</p>	<ul style="list-style-type: none"> <li>• Private sector shows interest in participating in WSS through increased investment</li> <li>• Multi-stakeholders platforms have emerged and are still active (e.g. WASH)</li> <li>• Type of support provided by Danida in strengthening the enabling environment</li> </ul>	<ul style="list-style-type: none"> <li>• Political willingness of GO to accept other stakeholders</li> <li>• Strength of other stakeholders in WSS</li> </ul>
<p>B.3.5. Are relations between WS, sanitation, hygiene behaviour and water resources management recognized and taken into account in rules, regulations and procedures? What was the role of Danida?</p>	<ul style="list-style-type: none"> <li>• Coherence is legal framework in water related interventions</li> <li>• Established regular coordination mechanisms</li> <li>• Intersectoral links in specific programmes established</li> <li>• Participation of Danida in establishing institutional structures for water related activities</li> </ul>	<ul style="list-style-type: none"> <li>• Intensity and comprehensiveness of the PRSP and MDG process</li> </ul>

<p>B.3.6. Are conceptual innovations in water management and sanitation introduced and realized? What was the role of Danida?</p>	<ul style="list-style-type: none"> <li>• GO institutions perform a different task as compared to the past</li> <li>• Mechanisms for sector learning and exchange of information and knowledge developed and implemented</li> <li>• Donor influence on sector</li> </ul>
<p><i>B.4 Institutional Assessment (IA)</i></p> <p>B.4.1. Did Danida make an Institutional Assessment (IA) and which were the consequences for the Danida programme?</p>	<ul style="list-style-type: none"> <li>• IA made</li> <li>• MoU including explicitly consequences of the IA for bilateral cooperation</li> <li>• Danida interventions are designed to address weaknesses and threats in the institutional area and utilize opportunities</li> <li>• The relative importance of Danida assistance in the national and sectoral context</li> <li>• Danida SPS and sector policy</li> </ul>
<p>B.4.2. Is there a clear, consistent picture and consensus amongst stakeholders regarding the set-up of the institutional landscape and consequently of changes required? (allocation of tasks and responsibilities over various organizations).</p>	<ul style="list-style-type: none"> <li>• PRSP and National policy elaborated in operational terms</li> <li>• Policy and strategy statements made by various stakeholders in coordination meetings and publications</li> <li>• State of Affairs and priority of WSS sector in national context</li> </ul>



### Evaluation Matrix Part C : Financial Sustainability

Dimensions of FINANCIAL SUSTAINABILITY	Key questions	Indicators to answer key questions	Main influencing factors (conductive as well as hindering factors)
C.1 Sector financing: Sources and destination	C.1.1 What is the financial level of the WSS sector and what are the sources and instruments used (over the past 5 years) and how these relate to government policies (which sources and instruments want the government increase/decrease)?	<ul style="list-style-type: none"> <li>• Total volume of finance</li> <li>• Share of finance in % of total by source (national, regional, local government, donors (multilateral, bilateral official aid, international NGO), private sector [banks, enterprises], local non-profit organizations</li> <li>• Share of finance by instrument (grant, loan, mixed credit)</li> <li>• Comparison with national sector and macroeconomic policies</li> </ul>	<ul style="list-style-type: none"> <li>• Government priority for WSS</li> <li>• International Treaties (Dublin, etc.)</li> <li>• Legal framework</li> <li>• Donor policy to the country</li> <li>• Human resources of the WSS sector</li> <li>• Income (income/capita)</li> </ul>
	C.1.2 Where are the funds being utilized and is the distribution in conformity with national WSS strategies, donor policies (especially Danida's policies), if the latter is not the case what are the main reasons?	<ul style="list-style-type: none"> <li>• Percentage of funds being utilized in urban, peri-urban and rural areas</li> <li>• Percentage of funds used for capital investments and recurrent costs</li> <li>• Comparison of actual distribution and set goals</li> </ul>	<ul style="list-style-type: none"> <li>• Government priority for WSS</li> <li>• Personal priority of decision makers</li> <li>• Donor policies and political strengths of major donors</li> <li>• Strength of urban and rural governments</li> <li>• Strength of civil society organisations</li> </ul>

<p>C.1.3 Is the financing of the WSS Sector sufficient to achieve the WSS sector and MDG Goals, and if not was is being done to remedy this, and what has been the role of Danida?</p>	<ul style="list-style-type: none"> <li>• Comparison actual trends in service coverage and estimated available funds</li> <li>• Measures proposed</li> </ul>	<ul style="list-style-type: none"> <li>• Government priority for WSS</li> <li>• International Treaties (Dublin, etc.).</li> <li>• Legal framework</li> <li>• Donor policy to the country</li> <li>• Personal priority of decision makers</li> <li>• Donor policies and political strengths of major donors</li> </ul>
<p>C.2 Sector financing: Procedures</p>	<p>C.2.1 Do the institutions that are responsible for spending the funds receive them in adequate volume and time, and if not what are the mayor bottlenecks?</p>	<ul style="list-style-type: none"> <li>• Promised funds on bank account in time</li> <li>• Level of implementation of institutions in relation to plan</li> <li>• National budgeting system</li> <li>• Reliability of pronounced commitments</li> </ul>
<p>C.2.2 Is there a sector monitoring system in place, is it functioning, what has been the role of Danida?</p>	<ul style="list-style-type: none"> <li>• Monitoring reports</li> <li>• Results of monitoring reports fed- back in the planning process</li> </ul>	<ul style="list-style-type: none"> <li>• Institutional set-up of the sector</li> </ul>
<p>C.3 Service level sustainability: General</p>	<p>C.3.1 Do the systems provide the service the quantity and quality it was planned for, and if not, is this due to technical or environmental deficiencies?</p>	<ul style="list-style-type: none"> <li>• (taking into account their life time, &lt; and &gt; than 5 years)</li> <li>• If No, which causes and impacts? E.g.:</li> <li>• Yes/No</li> <li>• Insufficient availability of water</li> <li>• Relative scarcity of the resource</li> <li>• Competition among multiple users of water</li> <li>• Access to suppliers of technology</li> <li>• Level of competition among suppliers</li> </ul>

	<ul style="list-style-type: none"> <li>• Technical deficiencies in design; -</li> <li>• Technical deficiencies in construction, materials and power used affecting quantity and quality</li> <li>• Non-availability of spare parts and technical know-how</li> </ul>
	<ul style="list-style-type: none"> <li>• Planning meetings held with target group is which several options were discussed (Y/N)</li> <li>• Consumer satisfaction</li> <li>• Concrete examples of how local preferences in supply system were incorporated</li> <li>• Unused capacity of system (% of potential user connections)</li> </ul>
	<ul style="list-style-type: none"> <li>• National procedures</li> <li>• Donor policies</li> <li>• Finance situation</li> </ul>
C.3.2	<p>Is the supply system adapted to local needs: was the target group (customer) involved in the design of the service and could be chosen from several technical options, varying in level of service, materials used, capacity installed, and possibilities for expansion?</p>
C.3.3	<p>Are there any negative environmental impacts of service systems?</p>
	<ul style="list-style-type: none"> <li>• Yes/No</li> <li>• If Yes, which causes and impacts? E.g.:</li> <li>• Inadequate or no protection of water sources</li> <li>• Pollution of wastewater</li> <li>• Location</li> <li>• Legal framework</li> </ul>
C.4	<p>Service level</p>
C.4.1	<p>Has the concept of cost recovery being introduced, is there a national consensus on its use and to what extent has it actually been applied? What has been the role of Danida?</p>
	<ul style="list-style-type: none"> <li>• Time it was first mentioned as a policy aim in the national sector policy document (year x)</li> <li>• Normal practice or applied in a few individual schemes (eventually % of schemes with and without cost-recovery systems)</li> <li>• Tariff policies and regulations</li> <li>• Donor policies</li> <li>• Legal framework (can encourage or discourage)</li> <li>• Capacity of local implementing organisations in collection of fees (In)satisfaction of the user of the service</li> </ul>

<p>C.4.2 What is the basis for establishing the level of tariffs and by takes the decisions? What has been the role of Danida and how is it applied in its own interventions?</p>	<ul style="list-style-type: none"> <li>• Based on estimated full running cost of the service (O&amp;M)</li> <li>• Based on cost of users before the service (time saved and cash paid to private collectors)</li> <li>• Based on estimation of Capacity-to-pay /Willingness-to-pay of consumers</li> <li>• Legal minimum or maximum</li> <li>• By whom</li> <li>• Unilaterally by service provider</li> <li>• Legally determined</li> <li>• Level is agreed with users on a regular basis</li> </ul>	<ul style="list-style-type: none"> <li>• Capacity of implementing institution.</li> <li>• Legal framework</li> <li>• Degree of participation of users in planning and O&amp;M of WSS</li> </ul>
<p>C.4.3 What types of tariffs are in use, and do they allow for cross-subsidisation? What has been the role of Danida and how is it applied in its own interventions?</p>	<ul style="list-style-type: none"> <li>• Flat or incremental tariff structure based on quantities used - social tariff structure (different tariff for different target groups)</li> <li>• Differences between urban, peri-urban and rural tariff mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>• Managerial capacity of service provider.</li> <li>• Legal framework</li> <li>• Heterogeneity of user groups</li> <li>• Poverty distribution (income, access to capital, water and inputs, etc.)</li> </ul>

<p>C.4.4 Are water charges effectively billed and collected, and if not what are the main constraints? How is this done in Danida interventions?</p>	<ul style="list-style-type: none"> <li>• Percentage of population knowing the tariff they have to pay</li> <li>• Percentage of people knowing which billing system is in place (invoiced, on the spot)</li> <li>• Recovery rate (% of non-payers)</li> <li>• Number of prosecutions for non-payment in % of total users</li> </ul>	<ul style="list-style-type: none"> <li>• Managerial capacity of local implementing organisations in collection of fees</li> <li>• (In)satisfaction of the user of the service.</li> <li>• Frequency of changes in tariffs (frequent changes are counterproductive to WTP).</li> <li>• Prosecution mechanism</li> </ul>
<p>C.4.5 To what extent are the running costs covered by user fees, and if not fully, who is taking care of supplementing funds?</p>	<ul style="list-style-type: none"> <li>• Degree to which fees cover O&amp;M (fee level as % of O&amp;M)</li> <li>• Fees in % of total revenues</li> <li>• Percentage of subsidies in the costs of O&amp;M</li> <li>• Identified suppliers (Central Government, Regional Government, NGOs)</li> </ul>	<ul style="list-style-type: none"> <li>• Capacity of implementing institution.</li> <li>• Legal framework</li> <li>• Degree of participation of users in planning and O&amp;M of WSS</li> </ul>
<p>C.4.6 Is maintenance and use of sanitary facilities properly ensured? If not, what are the main constraints or deficiencies? What is being done about it? What has been the role of Danida?</p>	<ul style="list-style-type: none"> <li>• Figures on coverage, notably operational facilities</li> <li>• Indications on actual use, alternative sanitary practices</li> <li>• Extent to which services are paid for by users</li> <li>• Community appreciation and complaints</li> </ul>	<ul style="list-style-type: none"> <li>• Socio-cultural habits and practices.</li> <li>• Level of organizational capacity in society</li> <li>• Demand-responsiveness of facilities.</li> <li>• Involvement of beneficiaries in planning and design</li> </ul>

**Evaluation Matrix Part D: Aid Delivery Mechanisms**

Dimensions of AID DELIVERY MECHANISMS	Key questions	Indicators to answer key questions	Main influencing factors (conductive as well as hindering factors)
D.1 <i>Type an importance of aid delivery mechanism</i>	D.1.1 Which aid delivery systems are in use in the WSS sector by which international donors, and what is their importance for the sector?	<ul style="list-style-type: none"> <li>• Use of (i) projects, (ii) SWAPs, (iii) sector budget support and their respective major donor (IFIs, bilateral official donors, NGOs)</li> <li>• Share in % of these types in total funding to WSS sector</li> </ul>	<ul style="list-style-type: none"> <li>• National WSS strategy</li> <li>• International experience on SWAPs</li> <li>• Donor policies</li> <li>• Donor procedures</li> </ul>
	D.1.2 Is there a relation between aid delivery systems and where the funds are used?	<ul style="list-style-type: none"> <li>• Comparison of outcome under point 3.1.2 (destination of funds) and outcome of 4.1 (types of aid mechanisms)</li> </ul>	<ul style="list-style-type: none"> <li>• National WSS policies</li> <li>• Donor policies</li> <li>• Donor strategies</li> </ul>
	D.1.3 How is the coordination between government and donors organised and what has been the impact on the national sector policy?	<ul style="list-style-type: none"> <li>• Joint dialogue and planning versus bilateral contacts</li> <li>• In context of SWAP (joint planning and evaluation missions)</li> <li>• Donor consultative group on WSS (Y/N)</li> </ul>	<ul style="list-style-type: none"> <li>• National WSS policies</li> <li>• Donor policies</li> <li>• Donor strategies</li> </ul>

<p>D.1.4 When a Donor Consultative Group on WSS mechanism has been established, what has been its significance and role for aid delivery mechanisms?</p>	<ul style="list-style-type: none"> <li>• Number and type of participants in the group (government, official donors, NGOs, private sector)</li> <li>• Frequency of meetings</li> <li>• Financial policy topics discussed (cost recovery; private sector involvement, aid delivery mechanism)</li> <li>• Translation of recommendations in policy formulation</li> </ul> <ul style="list-style-type: none"> <li>• National WSS policies</li> <li>• Donor policies</li> <li>• Donor strategies</li> </ul>
<p><i>D2. Aid delivery mechanisms and Danish SPS</i></p> <p>D.2.1 How does Danida SPS in WSS relate to and fit in the three mayor aid delivery mechanisms?</p> <p>D.2.2 What are the advantages and disadvantages of the Danida approach visa versa SWAPs and sector budget support- in terms of financial sustainability (and institutional sustainability) of the WSS sector?</p>	<ul style="list-style-type: none"> <li>• Based on a National or a Danida Country Strategy Plan</li> <li>• Financial accountability by Danida or recipient</li> <li>• Own implementation unit and technical assistance or fully government managed and implemented</li> <li>• Closed or open decision making</li> </ul> <ul style="list-style-type: none"> <li>• Danida's policy</li> <li>• Danida's emphasis on transparency (no tolerance on corruption)</li> </ul>







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## EVALUATION OF DANISH SUPPORT TO WATER SUPPLY AND SANITATION (1999-2005)

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This evaluation deals with Danish bilateral support to water supply and sanitation (WSS) in seven partner countries during the period 1999-2005. It documents the important contribution by Danida towards ensuring the Millennium Development Goals (MDGs) on Water Supply and Sanitation. The evaluation also points out, however, that substantial additional resources and efforts to strengthen national systems are required if the MDGs on WSS are to be met by 2015.

Danida welcomes the evaluation and will – in accordance with the recommendations of the evaluation – continue to use its experience from involvement in national policy dialogue and practical experience in implementation of WSS projects to promote good practices and innovation in WSS at national and international levels.



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