



## Member-lead Task Team on Water Supply and Sanitation

### Some background

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## Background

- A Joint Meeting of the **DAC & EPOC Ministers** was organized on April 4, 2006.
  - *first time in the last 15 years*
- Two **strategic documents** were endorsed:
  - a ***Framework for Common Action around Shared Goals*** ( a “*menu of options*”); and
  - a ***Declaration on Integrating Climate Change Adaptation into Development Co-operation*** (*formally adopted by Member countries*)
- Ministers **agreed on priorities for further work** and invited EPOC’s WPGSP and DAC’s ENVIRONET to oversee this work

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## Actions taken since the Ministerial

- GSP and ENVIRONET Chairs sent two **letters** to delegates in June and October to help identify possible areas to follow-up
- November **Joint Session of WPGSP and ENVIRONET** and informal sessions to discuss follow-up

Outcome: Establishment of three Member-led Task Teams on:

- *Climate change*
- *Governance and capacity development for natural resources and environmental management*
- *Sustainable financing for affordable water supply and sanitation (possibly supported by CPF finance in 2007-8 PWB)*

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## More background

- Adoption of OECD's 2007-2008 programme of work
- Horizontal water project on « Sustainable Financing to Ensure Affordable Access to WSS »
- Coordinated by ENV, involving EPOC, DAC, COAG, and IC
- Three main pillars:
  - Identify good practices and share experience in financing water infrastructure
  - Applying Principles for Private Investor Participation in Infrastructure to the water supply and sanitation sector
  - Develop and test a tool to support strategic financial planning for WSS in developing countries

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## WHY LOOK AT WATER FINANCING?

- OECD countries face a significant financial challenge to replace ageing water infrastructure and comply with ever-stringent water regulations:
  - *France and UK will need to increase spending on water by about 20% to maintain current services, Japan and Korea by over 40%.*
- OECD countries have agreed the Millennium Development Goal of halving by 2015 the population without access to water and sanitation:
  - *requires a doubling of annual financial flows to water (to USD 30 billion).*
  - *it is one of the more achievable MDGs, and would contribute to achievement of the others (health, economic growth, education, etc.)*

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## WHO IS ASKING OECD FOR THE WORK?

- **DAC & EPOC Ministers** (April 2006, Framework for Common Action)  
The Framework agrees to address capacity-building issues, including:
  - *Capacity for appraising and managing environmentally-related expenditures, with a focus on water supply and sanitation.*
- **The UN** (July 2006, OECD-UNSGAB meeting)
  - many organisations work on water, but...
  - UNSGAB emphasised that the “*comparative advantage that the OECD has in economic and financial analysis of the water sector and in monitoring ODA flows to water.*”
- **OECD country surveys:**
  - EDRC surveys and Environmental Performance Reviews highlight poor water pricing practices and lack of financing in OECD countries.
- **OECD Committees consulted:** COAG, IC, EPOC.

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## **Identify good practices and share experience with financing water infrastructure**

- survey current water pricing & financing practices in OECD and non-OECD countries, identifying best practices and new challenges.
- explore innovative sources of financing, ie ways to capture positive externalities of WSS for financing
- review water policies, pricing and financing in the OECD agriculture sector.
- expert meeting scheduled end 2007

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## **Supporting strategic financial planning for water and sanitation**

- OECD developed and applied a tool (FEASIBLE) in its work in the CIS
- Proposed to possibly adapt this tool to the African context
- Develop two country demonstration projects
- Draft a synthesis report on the basis of this and other good practices

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## **This work will provide inputs to**

- A possible follow-up Conference of Development and Environment Ministers in 2009
- 5th World Water Forum in Istanbul, March 2009
- Accra High-level Forum on Aid Effectiveness
- Global Forum on Sustainable Development, possibly at high level end 2008