

OECD DAC/EPOC Water Task Team

Chair's Summary of the Third Meeting of the Task Team

AFD Headquarters, Paris (France) – 10-11 April 2008

Meeting Outcomes

- **“Financing Strategies report”**. The revised structure of the outline was endorsed. The report should refer to a number of additional issues, to provide an adequate context. Some re-balancing within the existing chapters will be needed to reflect the discussions during the meeting. A first draft of the report will be produced by 3rd October, to be discussed in the Fourth Meeting of the Task Team, to be held on 16-17 October.
- **Case studies**. The strength of the “Financing Strategies report” will depend on the quality of the case studies contributed by Task Team members. Seven Task Team members have already produce very useful first drafts. Task Team members are encouraged to provide additional case studies. By 2nd May, the Secretariat will provide feedback to those Task Team members. The next deadline to produce revised or new case studies is 30th May.
- **New experiences**. Work in Egypt (under the leadership of Greece and the EUWI-MED, and with support from the OECD secretariat) is proceeding. Work in Burkina Faso will not proceed, and it has been substituted by work in Lesotho (under the leadership of the EUWI-FWG and with support from the OECD secretariat).
- **Dissemination efforts**. To facilitate dissemination of the Task Team work, a range of products will be produced (Brochure for Policy-Makers, Main Report for Practitioners, Guidance for Development Co-operation Agencies). Task Team members should consider how they can promote dissemination of the Task Team’s work. The title of the report (important for dissemination) will be discussed in the Fourth Meeting.
- **Work beyond 2008**. The OECD is currently preparing its biannual Programme of Work and Budget. Further work on water will probably have to be under the banner of “Environment and Development”. Ideas expressed from Task Team members on future work will be considered by the OECD Secretariat in preparing the draft submission to formal OECD bodies.

Opening and welcome

Maurice Bernard (Chair) opened the meeting welcoming participants. He highlighted the importance of this meeting, expressed satisfaction for the improved balance between representatives of the “environment side” and the “development side”, and particularly welcomed the Egyptian delegation. Mr. Bernard also reminded participants of the origin and working methods of the Task Team, as well as its objective “to support the achievement of the water-related MDGs by helping developing countries to enhance the financial sustainability of the water supply and sanitation sector” and narrow focus “to identify and develop approaches that support the efforts of developing countries to develop strategic financial plans for the water supply and sanitation sector”.

The OECD and the Water Task Team

Mr. Bernard (Chair) presented the work of the Water Task Team in the framework of the follow-up to the 2006 Meeting of OECD Development and Environment Ministers. Under this framework, three DAC/EPOC Task Teams were constituted. The other two Task Teams focus on Climate Change and on Governance and Capacity Development for Environment and Natural Resource Management. The three Task Teams will have to report back to Ministers in 2009, possibly in the context of a second joint Ministerial to be organised around May 2009.

Peter Borkey (OECD) presented the work of the Water Task Team in the framework of a Horizontal Water Programme that the OECD launched in 2007. The Horizontal Water Programme brings together work on water across OECD Directorates. It is structured around three pillars. Pillar 1 focuses on pricing and innovative business models and involves OECD staff working in the Environment, Agriculture, and Development Cooperation Directorates. Pillar 2 is the work carried out by the DAC/EPOC Water Task Team – involving OECD staff working in the Environment and Development Co-operation Directorates. Pillar 3 focuses on private sector participation and involves OECD staff working in the Investment Division.

Remy Paris (OECD) presented the approach towards Capacity Development that has been developed in the DAC. He encouraged Water Task Team members to consider feeding the results of their work into ongoing efforts to update the DAC’s Guidance for Capacity Development for Environment, ie. through a chapter on the case of Financing Water and Sanitation.

Progress reporting

Vanessa Manavi (Greece) informed participants on progress in developing a financing strategy in Egypt. This exercise is led by the Mediterranean component of the EU Water Initiative, with Greece as lead country and GWP-Med as secretariat. In the first meeting of the OECD Water Task Team it was approved that this exercise will be carried out under the aegis of the Task Team and that the OECD secretariat will provide technical support. An OECD/GWP mission visited the country in March and took part in a workshop to launch the Affordability Assessment component of the project. Abdelkawi Khalifa (Egypt) informed participants of progress with service coverage, plans with tariff reforms and the constraints faced by the Egyptian authorities in going ahead. He expressed confidence that the financing strategy work will prove useful in supporting further reform in the sector.

Johan Holmberg (EU Water Initiative – Finance Working Group) informed participants of the efforts to carry out additional financing strategies exercises. Although Burkina Faso had expressed strong interest in developing a financing strategy, other pressing priorities combined with limited capacity have resulted in

the project being postponed, with little possibility of being launched in the medium-term. In the meantime, Lesotho has expressed interest in developing a financing strategy. A joint EUWIFWG/OECD mission visited the country in January. The participants supported the selection of Lesotho as the second country for a pilot project to be carried out under the aegis of the Task Team, of the EUWI Finance Working Group, and with technical support from the OECD Secretariat.

Mr. Bernard (Chair) presented an update on the preparation of case studies of existing experiences with strategic financial planning. The situation is as follows:

	Environment Side	Development Side
First draft delivered	Austria, France, Korea, Netherlands, Mexico	Uganda (contributed by WSP) Dominican Republic (contributed by Spain)
Committed	Czech Republic, Turkey	Senegal (contributed by France) Ethiopia (supported by UK, Italy) Kenya (contributed by Japan*) TBC (contributed by Germany) Armenia (contributed by OECD secretariat)
Exploring opportunities	Spain	

(*) A first draft was received by the OECD Secretariat shortly after the Third Meeting

Revised outline of the “Financing Strategies report”

Roberto Martin-Hurtado (OECD) presented the revised outline of the “Financing Strategies report”. The overall structure of the report was endorsed by participants.

Main messages in chapters 1 and 2 of the report

Meeting participants highlighted a number of issues that should be touched upon in the introductory chapters.

The opening section on the financing water challenge should

- Provide a brief **introduction to the sector** and how it is financed, emphasising the distinction between water (a distribution service) and sanitation (a collection service) and between investment in new assets and O&M (operation and maintenance), and comparing with other sectors.
- Highlight the need for a **comprehensive policy framework** that (i) treats financing for the sector in an integrated way (including users’ in-kind contributions), (ii) faces the trade-off between providing high level of service and high coverage rates, (iii) matches delivery and funding responsibilities, and (iv) provides for a workable and efficient balance between user charges, taxes, and ODA.
- Provide a **historical perspective**. Explain that the sector is dynamic, that as water and sanitation systems evolve (levels of service and coverage) so do associated costs and so should do accompanying financing models. Highlight that OECD countries took a long time to develop their current water and sanitation systems, that these are still evolving and facing important challenges, and that developing countries (and their partners) should be mindful of the consequences of developing water and sanitation systems ahead of the country’s “economic carrying-capacity” (i.e.

providing service levels beyond what the country and users can afford, what governments can regulate and what utilities can provide).

The section on the evolving context should identify the following emerging issues and explore their likely implications for financing the sector

- **Demographic trends** (population growth, urbanisation – higher costs for sanitation infrastructure)
- **Decentralization** (different degrees across countries, political responsibilities/budgetary resources/operations, capacity constraints, creditworthiness of providers, different for bulk and retail services, higher cost in the short-term and lower costs in the long-term)
- **Higher political profile** of the sector (growing interest among donors, discussions about water as a human right)
- **Development co-operation** context (Paris Declaration on Aid Effectiveness, move from financing projects to co-financing programmes, the role of ODA – leverage/bring down transaction costs)

Main messages in Chapters 3 and 4 of the report

On the morning of Friday 11 April, the break-out group rapporteurs – Mr. Zipper (Austria), Mr. Moss (BIAC), Ms. Deli (Mexico) and Mr. Holmberg (EUWI-FWG) – provided a summary of the discussions that took place in the corresponding working groups and the participants provided additional comments. (See following sections for detailed information).

Policy lessons in bringing MDG costs down – technology choice and prioritisation

This group discussed issues surrounding the demand for funding, ie opportunities that might exist in reducing the costs related to the achievement of the MDGs, as one of the ways of reducing the financing gap that often exists between the MDG costs and available sources of financing. The following questions were provided to guide the discussions of the group:

- What is the scope to reduce MDG costs through alternative technologies and designs?
- What are the main constraints for pursuing lower-cost strategies (e.g. norms and standards)? How can they be overcome?
- Is there scope for improving the allocation of financial resources within the WSS sector, eg by increasing aid effectiveness by focusing on rural (low service levels and cheap) rather than on urban areas (higher service levels and expensive), on hygiene promotion rather than on infrastructure?
- How have financing strategies supported financial allocation decisions within the WSS sector?

The discussion around these questions highlighted a number of messages that should be reflected in Chapter 3 of the report:

Meeting participants agreed that infrastructure development targets to achieve the MDGs need to be defined in a way that makes them affordable for the population and for public budgets. The way that the water related MDGs are defined leaves significant room for interpretation, ie especially in terms of the levels of service and the technological solutions that can be put in place to achieve these objectives.

(Although the MDG strict definition may exclude that use of some technologies that could provide wider access at lower cost, such as shared toilets.)

Service levels and technology

Meeting participants pointed out that service levels in OECD countries have been evolving historically (ie from street fountains, to floor fountains, to in-house taps) reflecting what people could and would afford. Financial realism should dictate whether developing countries must follow a similar path or whether leapfrogging is possible. Different levels of services (including low-cost decentralised solutions) still coexist in OECD countries. Decisions of the level of service can significantly affect MDG costs, as documented in an OECD project in Georgia, where standpipes have been compared to the cost of in-house water connections.

Decisions about service levels should, however, not be technocratic decisions, but should reflect the demand in the population, as well as political objectives – for example, the case of simplified sewerage using smaller pipes built in shallow grounds, as developed in Brazil.

Participants suggested that infrastructure could be designed in ways that anticipates an evolution towards higher levels of service as people's capacity to pay proceeds in line with economic development.

Obstacles

The norms and standards that exist in developing countries or those imposed by donors may however, often prevent or constrain cost reduction measures. Such norms may for instance impose certain construction materials (designed for very long life-times, where fast economic development may require their replacement to up-grade service levels in a much shorter time-frame), quantities of water that need to be delivered per capita, or technologies for wastewater treatment.

Participants thought that norms and standards should be questioned more frequently to allow for the development of the most pragmatic and effective approaches to achieve the MDGs. The example of sophisticated tertiary wastewater treatment that is often required by national or donor standards was provided by one participant. This leads to the development of wastewater treatment facilities in a few hotspots, while a more pervasive development of primary wastewater treatment would often lead to better environmental results.

While it is clear that the reform of norms and standards will often be difficult and time consuming (a broad range of institutions and stakeholders needs to be involved in their definition), a number of countries (eg Estonia and Vietnam) have shown that with the right political will it can be achieved.

Alternative ways of allocating scarce financial resources

Participants also discussed how alternative ways of allocating financial resources could help to reduce costs and maximise impacts on poverty reduction. Peri-urban areas, schools, hygiene education and measures that help to create an enabling environment for the sector were all mentioned as possible areas where more resources could be allocated. More emphasis on covering the costs of operation and maintenance, was also mentioned, since expensive assets frequently deteriorate or stop working shortly after their completion when O&M resources are insufficient.

However, the financial dimension should not be the only one guiding decisions on resource allocation. Social and equity aspects, as well as the development potential that can be un-locked need to be considered equally importantly.

Policy lessons on the role of tariffs in achieving sustainable cost recovery

This group discussed issues surrounding the supply of finance, ie how the supply of finance could be increased to close the financing gap that frequently exists between the MDG costs and available financial resources. This group therefore focused on discussing the role of tariffs and other sources of finance in achieving sustainable cost recovery. The following questions were provided to guide the discussions of the group:

- Are full-cost recovery targets through tariffs a realistic objective for the WSS sector in developing countries (i.e. affordability issues)?
- How have financing strategies around the world supported enhanced cost recovery?
- What should be the role of public budgets and official development assistance?

Throughout the discussion, it was mentioned that Pillar 1 of the OECD Horizontal Water Programme will deliver significant work on water tariffs (such as identification of trade-offs, the link between sector objectives and tariffs structures, definitions of cost elements and definitions of affordability thresholds) upon which this chapter of the “Financing Strategies report” will be able to draw.

Meeting participants highlighted a number of additional issues that should be touched upon in Chapter 3 of the report:

Framework issues

- The starting point should be to be clear about what the policy objectives are (expanding service coverage, protecting the poor, using the resource sustainably, reducing public deficit,...), the trade-offs among them, and the respective costs and benefits.
- There needs to be a match between the policy objectives and the policy instruments deployed to achieve those objectives.
- There is a need to clarify the concept of full cost recovery (What is full? What is cost? What is recovery? – eg. should environmental costs be included? should cost recovery be defined at utility level or at national level?). Full cost recovery for the water and sanitation sector is not a realistic objective. The alternative concept of sustainable cost recovery (SCR) concept has been developed and accepted, but there is a need to operationalise it.
- Operationalisation of the SCR concept may be done by identifying the different components of “full cost” (O&M costs, depreciation costs, cost of new assets, environmental costs), both for water and for sanitation, and examining to what extent tariffs could cover each one of them.
- In many cases there may be a legitimate public policy rationale for subsidies (eg. providing health and environmental public goods, protecting the poor).

Cost-recovery through tariffs: potential

- It is likely that in most contexts tariffs could fully cover O&M& renewal costs for water supply, and unlikely that they could fully cover the costs of expanding sanitation infrastructure.
- In urban settings, full cost recovery for water service provision is a realistic objective. However, it requires adopting a demand-driven approach and tariff structures that address the affordability issue.
- Even in rural francophone Africa, users can assume the cost of O&M and renewal of water infrastructure (although not for investments).
- The picture for sanitation is bound to be different. Households often assume the costs of on-site sanitation solutions in rural contexts, while urban sanitation will most often require subsidies.

(Urban sanitation solutions tend to be network-based, expensive systems. “Organically grown” lower cost solutions exist, eg. India, and are often accepted by communities, although less so by “planners”).

- Connection costs are often the main bottleneck. A possible solution is to spread the charges aimed at covering cost of connection over several years.

Cost-recovery through tariffs: implementation

- Moving towards enhanced cost recovery requires a phased approach, where tariffs could increase gradually to subsequently cover O&M costs, depreciation of assets, new investment and, eventually and when relevant, the cost of water as a resource.
- When the initial tariff levels are extremely low (eg. 10% of full cost) a gradual approach (eg. 10% annual increase) may result in too long time to reach the cost recovery objective.
- Metering (although it may not always be justified on economic efficiency grounds) may be a pre-requisite to convince users of the need to increase tariffs (eg. Egypt).
- Political tariff-setting is often an obstacle to increase tariffs. There is thus a need to fix the incentive structure faced by political tariff-setters. For example, when the problem is at local level (ie. municipal authorities are the tariff-setters and are reluctant to increase tariffs) a possible solution is to issue a law that requires local taxation to make up for insufficient tariffs (eg. Poland).
- Sometimes the problem is not the level of tariffs, but the collection rates.

Affordability

- In most cases, there is a trade-off between affordability and financial sustainability. But the true nature of such trade-off is often overemphasised, as it is driven by perceptions rather than practical definitions of what is and is not affordable. It is thus very important to identify the social groups to be protected, in order to narrow that trade-off. Available solutions vary from country to country – e.g. geographical concentration of the poor in Brazil but not in Peru.
- Affordability of tariff increases should not be estimated on the rate of tariff increase but on the share of household income – e.g. after ten-fold increases in tariffs in the Czech Republic, the share of household income devoted to pay the water bill is less than 1%.

Other issues

- Providing a household with subsidised water and sanitation services increases the value of the property. There may be ways to recover that subsidy at the moment when the property is sold.

Organising strategic financial planning processes – lessons from development cooperation experiences

This group discussed issues related to the process of organising and conducting policy dialogues on strategic financial planning for the water supply and sanitation sector from the perspective of development cooperation experience. The following questions were provided to guide the discussions of the group:

- What can be the different objectives of a financing strategy?
- What are the requirements to achieve those objectives, in terms of stakeholder involvement, sophistication of decision-support tools and comprehensiveness of data?
- What are the most crucial steps in structuring a financing strategy process?

- What are the capacity constraints for developing and implementing financing strategies in developing countries? How can they be overcome?
- What should be the role of external actors (i.e. OECD aid agencies) in the development and implementation of a financing strategy?

The group started by discussing the **possible objectives** that can be pursued by a financing strategy process. Some of the key objectives that were mentioned include:

- the definition of policy objectives that achieve a certain consensus among the major stakeholders and to revisit them regularly in light of affordability constraints;
- to improve coordination between actors and stakeholders in the sector, in particular in terms of improving the link between the policy and project levels and helping to ensure that the two are sufficiently aligned;
- to improve the link of sector planning into the budget process, ie improved access to and predictability of public budget resources for the water sector;
- to support an informed debate about tariff policy for the sector and ensure that affordability considerations are sufficiently factored into these debates;
- to help build the case for external support, ie through ODA, by identifying clearly why and where such funds are needed to complement revenue from user charges and domestic public budget resources and that the efforts are financially sustainable;
- to help achieve more transparency in sector planning;

The group then went on to discuss some of the **success factors** that are needed to ensure that some or all of these ambitious objectives can be achieved:

- Financing strategy processes need to be fully owned by the country institutions, and supported at a high level of government;
- Ideally, the process should be integrated or based on existing institutional arrangements for sector policy making;
- The process also needs to be supported in an active and flexible way by donors, ie donors need to be committed to adapting their sector strategies to the results of the financing strategy process and prepared to support its implementation;
- The Financing Strategy process needs to involve water sector stakeholders, but also, importantly, the Ministry of Finance, whose commitment to the financing of the strategy will determine success in an important way;
- There should be no barriers to stakeholder involvement, which otherwise might weaken the credibility and support for the exercise and the implementation of results;
- It is important that the methodology that is used to develop the sector analysis (ie the financial models) and the data that the analysis builds on is credible and fully endorsed by all major stakeholders;
- Financing strategy processes need time, ie stakeholders need to engage for a medium-term period as the minimum;

Many of these points were impressively illustrated by the experience of Senegal, where a consensus was achieved on the sector objectives and policies. A concerted effort of all major stakeholders on the basis of this consensus resulted in the successful turn-around of the water sector. This was possible thanks to a financial model that was endorsed by the stakeholders and used to support an iterative, participatory process of sector planning that has been going on for the last 10 years.

Finally, participants discussed some of the **key capacity constraints** that would need to be overcome to ensure that financing strategy processes can be successfully set-up in developing countries. The areas where needs for capacity development were identified include:

- More effective communication and cooperation between water sector experts and financial specialists, who often do not speak the same language;
- The ability of the water sector to enter into an effective dialogue with the Ministry of Finance regarding its demands for the allocation of budget resources;
- The capacity of the water supply and sanitation sector to absorb financial resources, which is often limited due to weak project preparation and implementation capacity;
- The need to improve data, which is often insufficient and unreliable, thereby hindering credible sector planning;
- The need to raise the awareness of politicians, as well as their capacity to effectively support sector development, in particular at the local level;

Organising strategic financial planning processes – lessons from domestic OECD country experiences

This group discussed issues related to the process of organising and conducting policy dialogues on strategic financial planning for the water supply and sanitation sector from the perspective of domestic OECD experience. The following questions were provided to guide the discussions of the group:

- What can be the different objectives of a financing strategy?
- What are the requirements to achieve those objectives, chiefly in terms of stakeholder involvement, sophistication of decision-support tools and comprehensiveness of data?
- What are the most crucial steps in structuring a financing strategy process?
- What were the capacity constraints for developing and implementing financing strategies in OECD countries? How were they overcome?

The facilitator reminded participants of the working definition of financing strategies. He highlighted that although OECD countries may not have developed financing strategies as such, most of them have experiences with strategic financial planning processes for the water supply and sanitation sector. Participants in the break-out group presented elements of the “financing model” in the Austria, Czech Republic, Finland, Mexico, Netherlands, Spain and the UK. The main conclusions are as follows.

The objectives for the sector in OECD countries have been and still are evolving and thus it is important to keep in view the historic perspective. In many cases they are externally determined (that is the case for EU countries under the Wastewater Treatment Directive and the Water Framework Directive). Most OECD members do have experience with preparing strategic financial plans to achieve those objectives. New EU members (such as the Czech Republic) have had to prepare approximation plans in the context of the process of accession to the EU. Older EU members (such as Spain) have had to prepare submissions to access EU funds from the Cohesion and Regional Development budgets. Questions remain on their capacity to revise such plans when the need to redefine priorities becomes apparent.

There is no single “financial model” for the sector among OECD countries, and in many cases it includes an explicit subsidy component. In the UK, assets have been privatised and there are no public budget subsidies. In Finland, the water companies are public and turn out profits that allow local governments to increase spending in other programmes. In the Netherlands, water is the responsibility of provinces,

sanitation of municipalities (that are under-investing), and wastewater treatment of communities (that self-set tariffs). The Czech Republic is aiming for “full” cost recovery (understood as O&M and renewal costs) for water infrastructure. In Spain the basin authorities charge municipalities for the cost of providing large water infrastructure, while new wastewater treatment objectives will be partly subsidised (with funds coming partly from the EU and partly from the central government budget). Austria provides subsidies for both water supply and sanitation through a national fund (according to evolving “eligibility criteria”). The US provides implicit subsidies through making municipal bonds tax-exempt.

Those different “financial models” are not always “chosen”. They depend on the historical development of the sector (“path dependency”) that in turn is a function of the culture and values of the country. What works in one country, does not necessarily work in another. Developing countries should look at the experience of OECD countries critically and evaluate what model may be most appropriate for them. Development co-operation agencies should not push for a particular model to be adopted.

The water supply and sanitation sector is not on a truly sustainable footing in OECD countries. Hidden subsidies in the form of lack of investment to upkeep/replace existing infrastructure (also called intergenerational subsidies) are present in most countries.

The involvement of stakeholders and the sophistication of data and decision-support tools also vary across OECD countries. The UK has a top-down “sector management model” that includes a 25-year strategic plan for the sector, a national regulator (Ofwat), consultations with consumer associations, and the use of a computerised modelling tool (Aquarius) to support the price-setting process. Finland has a bottom-up “sector management model” where the government has developed a 10-year financing strategy and promotes benchmarking but it does not set tariffs. In both cases, data is a fundamental issue. A minimum level of data availability (and transparency) is required for regulation and benchmarking issues. At the same time countries should be careful of not putting in place an over-sophisticated system.

There is a role to be played by central governments in developing the capacity of local authorities. Even OECD countries face capacity constraints at the local level, both financial and technical. In some cases, central governments build large infrastructure (such as wastewater treatment plants) and transfer them to local authorities which do not even have the technical skills to operate them.

To sum up, OECD experiences are very varied and often resemble those of developing countries. Sector objectives change over time, are sometimes externally determined and require the formulation of a strategy to achieve them. The sector taps three sources of finance (user charges, fiscal subsidies and international solidarity). There are hidden subsidies in the form of under-investment that will require massive funds to be addressed. There is no single “financial model” common to all countries. There are often important technical and capacity constraints at the local level. Thus, developing countries can learn from the OECD experiences, but they should not aim at replicating them uncritically.

Next steps in developing the “Financing Strategies report”

Mr. Bernard (Chair) summarised the implications of the previous discussions for the report. The revised structure of the outline was endorsed. The report should refer to a number of additional issues, to provide the adequate context. Some re-balancing within the existing chapters will be needed to reflect the discussions during the meeting.

The Chair also highlighted that the strength of the “Financing Strategies report” will depend on the quality of the case studies contributed by Task Team members. Seven Task Team members have already produced very useful first drafts. Task Team members are encouraged to provide additional case studies.

Mr. Borkey (OECD) suggested the following schedule to proceed with the completion of the report. By 2nd May, the Secretariat will provide feedback to those Task Team members that have provided a first draft of a case study. In order to allow for an additional round of iteration before the summer, Task Team members should produce a revised or new case study by 30th May. A first draft of the report will be produced by 3rd October, to be discussed in the Fourth Meeting of the Task Team, to be held on 16-17 October.

Disseminating the “Financing Strategies report”

Roberto Martín-Hurtado (OECD) introduced possible ideas for disseminating the report. The first basic channel for disseminating the work is the inclusion of a summary within the report that will be delivered to OECD Development and Environment in early 2009 on the follow-up to their 2006 meeting. The second basic channel is the inclusions of the main messages in the report that will synthesise the water work across OECD (Horizontal Water Programme). Two additional dissemination channels were discussed.

The first additional possibility is convening a dedicated session in the Istanbul World Water Forum (March 2009). To that effect OECD secretariat staff took part in the Second Preparatory Meeting of the Forum in February. The forum organisers have not yet confirmed such an arrangement. If, as it seems probable, this is confirmed, OECD Task Team members will be asked to provide input for the organisation of that session. At the suggestion of one Task Team member, the OECD secretariat will also explore how the Task Team’s work can be fed into the Forum’s political process.

The second additional possibility is to prepare a guidance note for OECD/DAC development cooperation agencies on capacity development for financing water and sanitation, after the report has been presented in the Istanbul Forum. This option was also endorsed.

To facilitate dissemination of the Task Team work, Task Team members advised the production of a range of products tailored to different audiences: Brochure for Policy-Makers, Main Report for Practitioners, Guidance Note for Development Co-operation Agencies.

Task Team members agreed to consider how they can promote dissemination of the Task Team’s work. The title of the report (an important feature for successful dissemination) will be discussed in the Fourth Meeting.

Possible work beyond 2008

Brendan Gillespie (OECD) informed Task Team members that the OECD is currently preparing its biannual Programme of Work and Budget for 2009-2010 and that further work on water will probably have to be under the banner of “Environment and Development”. He mentioned three possible areas for further work: (i) integration of financing strategies in medium-term expenditure frameworks (MTEF), (ii) financing integrated water resources management (IWRM), and (iii) financing planning at the local level.

Task Team participants supported further work on financing IWRM (for which there is an opportunity to collaborate with GWP) and suggested additional areas of work, including (i) work on the benefits of water and sanitation services, (ii) work on the use of water markets for setting tariffs, and (iii) work on the efficiency of tariffs vs subsidies as financing sources. Mr. Gillespie informed Task Team members that those ideas will be considered by the OECD Secretariat in preparing the draft submission to formal OECD bodies.

Closing

Mr. Bernard (Chair) concluded that meeting had been very useful, informed Task Team members that the preliminary dates for the Fourth Meeting are 16-17 October, and asked members to fill the standard OECD evaluation form (see annex for a summary of results).

The Chair closed the meeting thanking Task Team members for taking the time to take part in the meeting and for their active participation