

**OECD Joint High-Level Meeting of the OECD Development Assistance Committee  
(DAC) and the Environment Policy Committee (EPOC)  
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**Session 1: Strategic Financial Planning in the water sector**

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- Almost 900 million people lack access to a safe water supply, and 2.5 billion people lack access to sanitation. Sanitation is one of the most off-track MDG targets; and on current rates of progress sub-Saharan Africa will not reach the MDG sanitation target until 2109. That's 100 years from now. Although the world as a whole is on track to meet the water target, Africa will still only reach this by 2035. That's a wait of 26 years.
- Diarrhoea causes 1.4 million preventable child deaths a year and 10% of the worldwide disease burden could be prevented by improvements to water supply and sanitation. And we know that at any one time, at least half the hospital beds in developing countries are filled with people suffering from water-related diseases.
- The toll in young lives lost – and the hardships caused in the daily toil of carrying water – the indignity of no basic sanitation – are unimaginable for those of us living in the developed world. As ever, it is the lives of girls and women that are most affected – through schooling missed and time and energy foregone that could have been used more productively.
- But done well – using cost effective technology appropriate to the local conditions – water supply and sanitation are not expensive. And they represent an excellent investment. We know that every \$1 invested in sanitation provides a return ranging from \$3 to \$34. That's a spectacular return in anybody's market.
- What is becoming increasingly clear is that we must get better at targeting our development assistance to where it is most needed.
- Work done by the OECD indicates that this is not happening. Between 2002 – 2006, less than 25% of ODA went to the least developed countries. What's also clear is that aid is not very effectively targeted within countries, with large amounts going to a few big, urban projects, whilst 70 – 80% of those without access, live in rural areas.

- Although ODA does play an important role, this is not just about ODA. There are a number of different sources of revenue for providing and maintaining access to basic services such as water and sanitation. In some countries, therefore, it is the strategic use of these different sources of revenue – finding the optimal mix – that will help us achieve the MDGs.
- It is in this context that I welcome recent work by the OECD DAC-EPOC Water Task Team on strategic financial planning for water and sanitation. This report consolidates a lot of thinking on financing, and introduces the “3Ts” concept. This means that the three sources of revenue for water and sanitation services are taxes, tariffs and transfers. The key to sustainability is finding the right blend of the 3Ts for the specific circumstances.
- With concerted global effort and action at a national level we can meet the challenges in the water and sanitation sector. But, to do so, we need to put in place the right structures – as other sectors have already done – in order to: (i) identify the key problems that need to be addressed; (ii) agree on concrete actions based on the results we say we want to achieve; (iii) ensure that we all do what we say we are going to do – and that this is monitored; and finally, (iv) that this results in action on the ground in support of developing countries’ own plans.
- Presently, we do not have the structures in place to do all this. For example, we know that OECD bilateral aid for water and sanitation is not well targeted to the poorest countries, but where do we have a discussion on addressing this? How do we agree on what needs to be done, for example, to help those countries that are clearly off-track, or to turn around the situation with regards to sanitation that I mentioned previously?
- That is why Ministers from the UK and Netherlands launched the Global Framework for Action at last year’s United Nations MDG High-Level Event. We believe that this will provide the political focus, the accountability and the ongoing monitoring at a global level, to reinforce and enhance concrete action at the regional and country-level.
- And we are looking at different ways of how exactly this global overview can best support renewed country-level planning, implementation and, of course, results on the ground.
- I would very much like to encourage other OECD member states to join the process of further defining the Global Framework for Action to ensure that the resources available to the sector – both local and international - are properly targeted and aligned towards helping developing countries develop and implement plans for achieving the water and sanitation MDGs.
- And finally I believe we need to be better at monitoring impact – to be prepared to be more accountable not just for the inputs but the outputs – in other words the number of people who will gain access to these vital services as a result of our support.
- We have both collective and individual responsibilities to hold to our commitments on water and sanitation. In spite of the current economic challenges, indeed because of them, we cannot afford to fail to meet them.