

## ***WASH strategy 2016-2030***

*Contributing to water, sanitation and hygiene for all, forever*

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## Introduction

This document describes the Dutch Ministry of Foreign Affairs' new policy on water, sanitation and hygiene (WASH) for 2016-2030.

New WASH policy is needed in light of developments in the international development arena, including the new Sustainable Development Goals (SDGs) agreed in September 2015 and the Netherlands' undertaking to contribute to SDG 6.1 and 6.2 by providing 30 million people with sustainable access to safe water and 50 million people with sustainable access to improved sanitation (Washington DC, April 2015).

This new strategy focuses on WASH-related targets 6.1 and 6.2, with due attention for the broader framework of water resource management and governance (targets 6.3 to 6.6). The present strategy is linked with various other SDGs on ending extreme poverty and hunger, improving health and making human settlements more resilient.

The new WASH policy was also prompted by the findings of various evaluations. These indicate that challenges in the area of WASH tend to revolve around sustainability of service delivery. Studies have also pointed to the need to address ecological aspects, in particular in the context of integrated water management and climate change. As the relative importance of ODA resources in financing development worldwide declines, it is becoming increasingly vital to use these resources strategically, by i) targeting countries, regions and communities where demand for sustainable WASH services is high, and ii) leveraging non-ODA financing (domestic and international) to the maximum extent possible.

The main challenge for the WASH sector is the extension of the sustainability clause from 10 to 15 years. Beside sustainable service delivery, during the SDG timeframe the following key issues will also be addressed: service delivery to the poorest, gender, integrated water resources management and the need to adapt to climate change.

Chapter 1 addresses the global WASH context and the WASH policy commitments made by the Minister for Foreign Trade and Development Cooperation; chapter 2, the experiences to date; chapter 3, strategic choices, from first-time access to sustained service delivery; and chapter 4, the way towards implementation of the strategic choices.

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## 1. WASH in a global context

The SDGs shape an ambitious post-2015 development agenda that is more comprehensive in scope than the MDGs. This has significant implications for the water, sanitation and hygiene (WASH) agenda.

### 1.1 From Millennium Development Goals to Sustainable Development Goals

**Millennium Development Goals:** In 2000, the United Nations General Assembly adopted the United Nations Millennium Declaration (Resolution A/res/55/2), which set out the Millennium Development Goals (MDGs). Under Target 10 of the MDGs, States undertook:

‘to halve, by 2015, the proportion of people without sustainable access to safe drinking water’.

This target was expanded at the 2002 World Summit on Sustainable Development to include basic sanitation. In the Johannesburg Plan of Implementation, States therefore agreed

‘to halve, by the year 2015 [...] the proportion of people without access to basic sanitation’.

The MDG target for safe drinking water was reached in 2012. Nevertheless, according to the WHO-UNICEF Joint Monitoring Programme (JMP), approximately 663 million people remain unserved – eight out of ten living in rural areas and in the least developed countries. The figures for access to basic sanitation are even worse, and the MDG sanitation target was not achieved by the end of 2015. According to the JMP more than 2.4 billion people still lack access to adequate sanitation, with one billion people still practising open defecation. Clearly the biggest challenges to improving access to water and sanitation are in sub-Saharan Africa (SSA), South Asia and East Asia. The number of unserved people living in fast-growing cities is growing. Globally, an estimated 20% of the urban population lacks access to sanitation.

**Main events in 2015:** Three events took place in 2015 that will shape the WASH sector for the years to come: first, the adoption of the SDGs, building upon the experience and lessons learned of the MDGs. Second, the international conference on ‘Financing for Development’ which led to an agreement on a new global framework for financing sustainable development. And third, the Paris Climate Summit, which resulted in a legally binding and universal agreement on tackling climate change and keeping global temperature rise well below 2 degrees Celsius relative to pre-industrial levels<sup>1</sup>.

**Water and sanitation, the pathway to a sustainable future:** SDG 6 aims to ‘ensure availability and sustainable management of water and sanitation for all’ and is divided into six targets. The first two set desired outcomes with regard to water and sanitation. (Target 6.1: ‘achieve universal and equitable access to safe and affordable drinking water for all’ and Target

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<sup>1</sup> <http://newsroom.unfccc.int/unfccc-newsroom/finale-cop21/>

6.2 'achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations'.) Targets 6a and 6b are more concerned with modes of implementation ('expand international cooperation and capacity-building support' and 'support and strengthen local participation'). These four targets are at the core of the WASH agenda. They are also linked to other water-related targets, as depicted in figure 1, page 7. Together, these targets form the guiding framework for the new Dutch WASH policy.

### ***1.2 Global challenges influencing WASH interventions***

Four critical and interlinked challenges which are expected to have significant implications for the WASH agenda are presented below.

**I. Population growth, urbanisation and changing consumption patterns:** Population growth, rapid urbanisation and changing consumption patterns all put enormous pressure on available water resources. They also put increasing pressure on the existing wastewater management systems, on access to sanitation and on the safe disposal or processing of human waste. This is particularly the case in Africa, where in the next fifteen years population growth and urbanisation rate are both expected to be higher than on other continents. Moreover, the cost of water, sanitation and wastewater infrastructure in cities is higher than in rural areas, while city dwellers also consume more water than rural populations. This further increases the challenge of achieving drinking water security and sanitation for all.

**II. Environmental degradation and climate change:** Climate change puts pressure on water resources globally. A decrease in (aquatic) biodiversity, pollution, decreasing reserves of mineral resources and reduced soil fertility all have a major impact on the availability and quality of water resources. Rising sea levels, more frequent and intense extreme weather events and sharp drops in rainfall in some places result in floods, droughts, salinisation of groundwater and unpredictable availability of water. The ensuing adverse impacts on current and future water and sanitation services constitute a clear danger to human health and development. Developing countries are least equipped to respond to climate change and the subsequent impact on water and sanitation services. Adaptation to climate change as well as protecting and restoring the resilience of water-related ecosystems are therefore crucial.



# WATER AND SANITATION THE PATHWAY TO A SUSTAINABLE FUTURE

THE NEGOTIATION OF A NEW SET OF GLOBAL DEVELOPMENT GOALS IN 2015 PROVIDES A UNIQUE OPPORTUNITY TO MAP A PATHWAY TO A BETTER FUTURE FOR THE PLANET AND ALL OF ITS PEOPLE.

**GOAL 6 – ENSURE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION FOR ALL – IS CENTRAL TO REALISING THIS VISION**

SEE BELOW HOW MEETING INDIVIDUAL TARGETS IN GOAL 6 WILL DRIVE PROGRESS ACROSS THE WHOLE SPECTRUM OF SOCIAL, ENVIRONMENTAL AND ECONOMIC SDGS.



## 6.1 SAFE DRINKING WATER



EVERY 15 SECONDS A CHILD DIES FROM A PREVENTABLE WATER BORNE DISEASE



200 MILLION HOURS = THE TIME WOMEN & GIRLS SPEND FETCHING WATER EVERY DAY



## 6.6 WATER-RELATED ECOSYSTEMS



GROUNDWATER PROVIDES DRINKING WATER TO AT LEAST 50% OF THE GLOBAL POPULATION



THE EFFECTS OF CLIMATE CHANGE & URBANIZATION WILL IMPACT THE WATER-CYCLE - INCLUDING VITAL GROUNDWATER RESERVES



## 6.2 SANITATION AND HYGIENE



MORE THAN 1 IN 3 PEOPLE HAVE NO ACCESS TO IMPROVED SANITATION. 1 IN 7 STILL PRACTICE OPEN DEFECATION



SOME COUNTRIES LOSE AS MUCH AS 7% OF GDP BECAUSE OF INADEQUATE SANITATION



## 6.5 INTEGRATED WATER RESOURCES MANAGEMENT



2/3 OF THE WORLD'S POPULATION COULD FACE WATER STRESS BY 2025



ACCESS TO WATER POSES THE BIGGEST SOCIETAL AND ECONOMIC RISK OVER THE NEXT TEN YEARS



## 6.3 WATER QUALITY



OVER 80% OF WASTEWATER WORLDWIDE IS DUMPED – UNTREATED – INTO WATER SUPPLIES



2 MILLION TONS = AMOUNT OF HUMAN WASTE DISPOSED IN WATER COURSES EVERY DAY



## 6.4 WATER EFFICIENCY



70% = AMOUNT OF TOTAL WATER CONSUMPTION USED FOR AGRICULTURE



85% = INCREASE IN WATER DEMANDS CAUSED BY RISING ENERGY PRODUCTION BY 2035

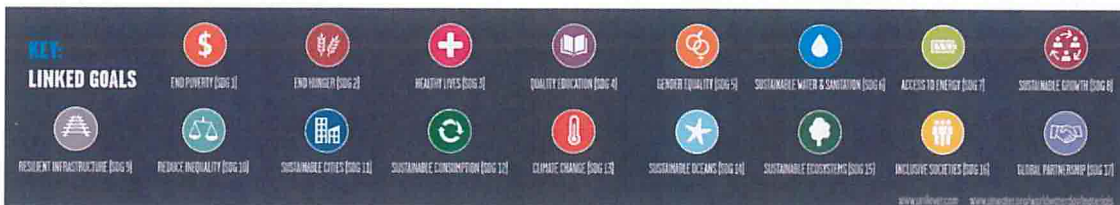


Figure 1: Sustainable Development Goal 6 of the United Nations and its link to other SDGs<sup>2</sup>

<sup>2</sup> <http://www.unwater.org/wwd15/tools/celebration-detail/en/c/281365/>

**III. Finance:** There is a huge shortfall in funding to achieve universal access to WASH, based on recent estimates of the investment required.<sup>3</sup> The global financial challenges include lack of investment in operation and maintenance, the fact that users are unable or do not want to pay enough for water and sanitation services, and weak governance in the water and sanitation sector, which drives away investors. The OECD identifies Tariffs, Taxes and Transfers (ODA) as the main sources of financing for the WASH sector, also referred to as the 3Ts. The way these instruments are used needs to be reviewed and the revenues generated will need to increase markedly in the future. In addition, the financial base of the water and sanitation sector needs to be broadened by mobilising private investment, PPPs and access to microfinance for households. ODA funding contributes to the leverage of funding from other sources including additional private investment.

**IV. Migration:** The increasing flow of migrants is an important topic that must be addressed. The relationship between development constraints and migration is becoming increasingly clear. Water insecurity in countries and regions of origin is one of the root causes of conflict and migration. In addition, migration puts additional stress on scarce natural resources in host communities, affecting the local population and business. Both root causes of migration flows and negative impacts on host communities need to be addressed.

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## 2. Looking back: experiences with WASH investments during the MDG period

**Dutch policy review 'From Infrastructure to Sustainable Impact':**<sup>4</sup> In 2013 the Dutch Policy and Operations Evaluation Department (IOB) conducted a policy review of the Netherlands' contribution to improving drinking water and sanitation over the previous two decades, identifying lessons learned and making several important recommendations. Its main findings were that water and sanitation service delivery was not sufficiently sustainable, that there was too little attention for ecological aspects and that water quality often deteriorated between its delivery from sources and the point of consumption. This last problem has led to the WASH programmes having less impact than envisaged in terms of improved health.

**The MDG targets:** Quantitative political commitments have been at the heart of Dutch WASH policy since 2004 and have kept WASH firmly on the political agenda. The policy's original quantitative target for the WASH MDG (MDG 7c) was to provide 50 million people with access to drinking water and 50 million people with access to sanitation in the period 2004-2015. By the end of 2010, 25 million people had been reached for sanitation and 17 million had been reached for drinking water. For the remaining five years (2011-2015), a new target was announced that aimed to reach 25 million people for access to drinking water and 25 million people for access to sanitation.

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<sup>3</sup> Hutton (2015), for example, puts the total cost of achieving global WASH coverage (basic service levels) at USD 50bn per year from 2015-2030, while total coverage of safe water and sanitation services would cost USD 150bn per year from 2015-2030 (much of this likely to be in addition to basic WASH costs).

<sup>4</sup> IOB, *From infrastructure to sustainable impact: Policy review of the Dutch contribution to drinking water 1990-2011*, Ministry of Foreign Affairs, 2013.



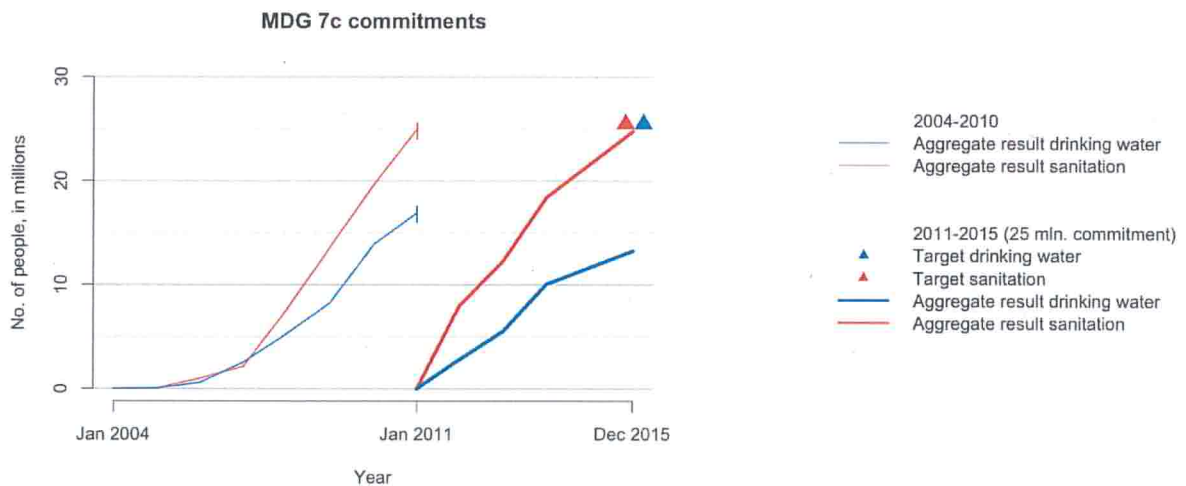


Figure 2 – Progress on the Dutch WASH commitments in the period 2004-2015.

While the sanitation target was met, the 2011-2015 drinking water target was not met. This was largely due to the budget cuts for development cooperation and thus for WASH during 2011-2015, which were more severe than expected in 2010. The WASH funding gap eventually came to EUR 190 million, so that a lower number of people were reached than envisaged, especially for drinking water.

In the period 2004-2015, 30 million people obtained access to clean drinking water and 50 million people to improved sanitation with Dutch support. In order to meet the global MDG WASH targets (MDG7c) by 2015, the total number of people who needed to be reached worldwide in 2004-2015 was around 200 million for drinking water and one billion for sanitation. Dutch efforts therefore contributed around 15% to global progress on the drinking water target and around 5% to global progress on the sanitation target.

**The sustainability clause, annual check, sustainability compact:** The first time a sustainability clause was tied to a grant was in 2005, in a grant arrangement with UN-Habitat. This was followed by similar clauses in arrangements with, among others, UNICEF (ESARO), Aqua for All, WSSCC and FUSP, the aim being to ensure service delivery for 10 years after project completion. After publication of the above-mentioned IOB review, efforts in the area of sustainability were stepped up. The Netherlands initiated an international discussion in the context of Sanitation and Water for All (SWA), which resulted in the inclusion of the sustainability clause in all new grant arrangements. Implementing partners thus agreed to measures including mandatory annual sustainability checks to be carried out by an independent third party, a management response and a penalty clause. Recently, 'sustainability compacts' have been introduced as an additional sustainability tool, laying down the roles and responsibilities of local stakeholders, including local government, beyond the project period. In support of these sustainability tools, the International Red Cross (IRC) has



built a knowledge base on sustainability tools used by the Netherlands, other donors and international organisations.

**Gender:** Sustained access to water and sanitation services has improved the lives of many girls and women, particularly when combined with improvements in menstrual hygiene (see box 1 below). The drudgery of fetching water over long distances has been reduced, school attendance has gone up, constipation rates have come down (as, in the absence of toilets, women can only go early morning or at night) and overall health has improved. In addition, by putting more emphasis on gender aspects, women become valuable change agents and leaders in local WASH decision-making processes and service delivery organisations, and in water and sanitation committees. Moreover, the WASH sector provides opportunities for women's economic empowerment.

#### **Box 1 Focus on menstrual hygiene and WASH**

In developing countries, women and girls are often forced to stay at home during their period. The programmes of the Water Supply and Sanitation Collaborative Council (WSSCC) particularly address the needs of women during menstruation and the provision of sanitation facilities at school, at work and in public spaces. In the absence of such facilities, women often prefer to manage menstruation at home, which impedes their participation in cultural, educational, social and income-generating activities. Sanitation facilities enable women to remain active during their menstrual periods. The WSSCC also ensures that partner countries' WASH policies also incorporate menstrual hygiene as a means of preventing infections.

**Private sector involvement:** The Netherlands provides increasing support to local, international and Dutch companies wishing to form partnerships in the area of WASH. This is in line with policy set out in, for instance, the 2012 letter to parliament entitled 'Water for Development' and the policy document 'A World to Gain: A New Agenda for Aid, Trade and Investment'. Experiences to date, as well as the recent evaluation of the Sustainable Water Fund (FDW), point to the relevance of public private partnerships (PPPs) in solving WASH issues (see box 2). Positive experiences include partnerships with water utilities, and with SMEs on low-cost rural water supply and development of the sanitation value chain. Good examples of the latter are the recycling of sanitation waste for compost, bio-fertiliser and biogas. The evaluation has also shown that strengthening local institutions and fostering local SME involvement in WASH creates an enabling environment for scaling up projects.

#### **Box 2 Private sector involvement is pivotal**

Through the Sustainable Water Fund (FDW), companies based in the Netherlands and partner countries are involved in 22 water projects in 17 countries. These public-private partnerships have generated more than EUR 60 million of additional investment in WASH in developing countries. One example of a successful public-private partnership is the pro-poor water supply project in Cebu, the Philippines. Together with local partners and

the International Red Cross, Vitens Evides International is working to improve sanitation and access to clean drinking water by constructing a water network in the slums of Cebu. An innovative micro-finance system – in which users make small daily payments for water consumption – will help fund the connection fee and ensure the provision of safe and affordable water to the city's poorest. The project will connect a total of 80,000 people to the drinking water network.

**Bilateral country programmes:** Bilateral WASH programmes targeted both urban and rural area, with over 90% of activities taking place in rural areas. The bilateral country programmes are important instrument in addressing sector governance. Collecting evidence on sector governance is the basis for triggering country- and sector-specific reforms and improvements. For instance, the BRAC programme in Bangladesh, supported by the Dutch embassy there, has been a major factor in the achievement of the Dutch MDG goals on sanitation. Harmonised donor efforts and strong local leadership can enhance WASH governance.

**Community-led total sanitation (CLTS):** Dutch ODA has focused on behaviour change and sanitation at community level in accordance with the recommendations of various programme evaluations. CLTS initiatives have achieved major results, for example, through the Global Sanitation Fund, enabling over 10 million people to live in an open defecation free environment. Similar focus and support was provided through UNICEF to fragile states in West Africa. However, sustaining hygienic behaviour remains a challenge. Communities tend to show slippage, reverting to unhygienic practices after support is phased out. Sustained behaviour change requires that the supply side of sanitation be developed, so that sanitation products are easily available and affordable. This needs to be complemented with sanitation marketing and financial inclusion, and strengthening of local institutional frameworks.

### 3. Framework for the WASH strategy

The SDGs form the larger framework for Dutch WASH policy for the coming years. SDG 6 comprises targets for universal and equitable access to drinking water and sanitation for all by 2030. In April 2015 the Netherlands specified its commitment to this target: to provide 50 million people with access to sustainable sanitation and 30 million people with access to sustainable drinking water by 2030.<sup>5</sup> This long-term political commitment is a boost for the sector and will help keep WASH a priority in future programming.

The SDGs have a more comprehensive and ambitious scope as they put more emphasis on ecosystems and the enabling environment.

<sup>5</sup> <https://www.youtube.com/watch?v=y5bsq6PO2es> (Ploumen speaking at Global Citizen 2015 Earth Day in Washington, DC).



Putting SDG 6 at the heart of the new WASH strategy marks an important shift with respect to universal access and equity. The new strategy also links WASH more explicitly to water quality and improved water resources management to ensure sustainability.

With the new WASH strategy the Netherlands aims to contribute to the realisation of the Human Right to Water and Sanitation (2010), by systematically incorporating the human rights approach (i.e. respecting, protecting and fulfilling the human right to water and sanitation) in all stages of programme development, implementation and monitoring. It operationalises the policy set out in successive letters to parliament: 'Water for Development' (2012), 'A World to Gain' (2013) and the International Water Ambition (2016). Furthermore, the new WASH strategy also incorporates specific political commitments to Parliament, including a focus on and reporting about the position of women and vulnerable groups, the budget allocated to WASH and water management, the disaggregation of results achieved in urban and rural areas and the recent commitment to channel 25% of the Dutch development budget via NGOs. The Netherlands is committed to promoting and implementing the principles for effective development cooperation (Accra Agenda for Action) in the WASH sector, which requires alignment with local processes and procedures and harmonisation of aid with other donors.

### ***3.1 From first-time access to sustained service delivery***

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With its new WASH policy, the Netherlands aims to change the lives of those still unserved in a sustainable and equitable manner. Specifically, the Netherlands aims to directly provide drinking water and sanitation services to 30 and 50 million people respectively. Indirectly, however, Dutch funding will help provide access and improved service delivery for a much greater number, by driving change in the sector through better governance, mobilisation of domestic resources (financial and human) in target countries, addressing key human rights principles like equality, and through transparency, participation, accountability and sustainability, and stimulating innovation and supporting learning at all levels.

**Access to sanitation and behaviour change:** Hygiene depends on access to clean water and proper sanitation at home, at school and in the work place. Awareness of the need for improved hygiene creates demand for clean water and sanitation. Sanitation and hygiene interventions will focus on behaviour change and mobilising communities to invest in facilities themselves. Interventions will be based on the CLTS approach, adapted to the local context, with due attention for behaviour change and marketing in the area of sanitation. If necessary, institutions and NGOs will be contracted to strengthen insufficient local capacity for behaviour change. Behaviour change interventions will be combined with other enabling interventions (micro-finance, systems with a wider reach, nutrition programmes etc.). Specific attention for sustaining hygienic practices and developing the supply side will keep children in school and ensure that households achieve better health. Safe sanitation and proper faecal sludge reuse and management will also reduce water pollution.



**From subsidised services for many towards affordable services for all:** In many countries access to WASH services is not yet widespread, with sanitation coverage lagging far behind drinking water supply. The main challenges are: i) reaching vulnerable groups within communities, countering exclusion based on gender, race, poverty, religion, caste, age, residential status, etc., ii) extending coverage to hard-to-reach communities, and iii) providing sustainable services in disaster areas and fragile situations. The leverage of local resources may seem contradictory in the short run when considering the needs of the poor. Payment for services, however, positively influences service delivery to the poor in the long term, for instance in the form of cross subsidisation and/or spin-off effects like lower medical costs.

**From women as a vulnerable target group to women as agents of change:** Universal and equitable access to water and sanitation for all can only be achieved through gender-responsive approaches. It is of great importance that a gender analysis is conducted at the start of every programme, identifying main bottlenecks for women's empowerment in the given context. These need to be overcome and concrete actions will need to be taken to mobilise women as change agents and reach them as beneficiaries. Collection of gender-disaggregated data is an important step in addressing equity and gender equality. Moreover, menstrual hygiene management programmes need to be integrated into WASH programmes. This makes WASH programmes complementary to programmes on sexual and reproductive health and rights (SRHR).

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**Leveraging domestic resources with donor funding:** Funding of the water and sanitation sector relies on a mix of tariffs (paid by users), taxes (from the national budget) and transfers (ODA). In most developing countries the financial flows for WASH service delivery are insufficient, while the mix of funding is often inappropriate. The Netherlands will deploy three distinct strategies through which local resources can be leveraged by ODA. First, by targeting hard-to-reach groups and fragile regions where the Dutch contribution should leverage both user payments (tariffs or household investments) and government contributions (taxes), leaving no one behind. Second, by targeting water utilities where, in addition to tariffs and taxes, Dutch support will also be used to leverage private investment, giving more people access to sustainable services. Private investment can also support public or institutional sanitation facilities (e.g. at school), while Dutch ODA strives to enhance the enabling environment and create local markets. Third, the Netherlands supports the development of innovative finance mechanisms, including micro-finance systems for sanitation and household investments in hygiene.

Evidence has shown that water utilities and local authorities can potentially unlock domestic or local private investment. However, this requires utilities to perform better, operate sustainably and provide better-quality services, so that they can repay loans and improve their credit rating. Well-performing utilities can obtain access to the local capital and bond market to finance their investments, provided that a pipeline of bankable proposals is developed. Inefficient operations will first need to improve their performance before they can successfully

access private investment. The Netherlands supports various initiatives to mobilise local resources, including the establishment of local water financing facilities ('water banks') and consolidating financing programmes during the first years of the new WASH strategy.

**Strengthening the enabling environment:** The importance of strengthening the enabling environment (e.g. through benchmarking) is self-evident. Financial inclusion (e.g. access to finance or microfinance), value chain development and strengthening business cases for WASH, involving local companies and service providers, all contribute to that environment. Capacity needs to be built and policy needs to be supported so that operation and maintenance (O&M) can be financed locally, by users (tariffs) or from the national budget (taxes). Institutional reform that enhances regulatory capacity and enables service providers to restrict income from tariffs is essential. This extends to national institutions (e.g. line ministries and regulators), which are often weakly developed and underfunded. Dutch support will include strengthening governance and institutions in the WASH sector.

**From excessive non-revenue water to efficient water operators:** In many cities in developing countries, not all water pumped into the distribution system is billed to customers. Due to a mix of technical (leakages) and commercial problems (illegal taps), 40-50% of produced water is lost.<sup>6</sup> Reducing this non-revenue water (NRW) can help improve service delivery and expand services to low-income areas. In addition, it can boost water company revenues, enhancing economic viability and creditworthiness. Dutch water utilities, often supported by NGOs, have successfully reduced NRW in water operator partnerships with utilities in developing countries, improving and expanding services to the poor. This type of support needs to be scaled up and extended in the long-term to allow for overall NRW improvement. It is important that broader issues concerning pro-poor service delivery and water resource management are integrated into the policy and financial model of the local water company. This approach is even more effective if linked to sector-wide policy and regulatory framework development. Dutch support can then bring about sector-wide changes with respect to broad service delivery, and mobilise local resources. Dutch water utilities are well-placed to play a pivotal role as they have gained a lot of experience in this field and are allowed by law to spend 1% of their annual turnover on development cooperation.

### **Linking WASH to improved water resource management and climate change**

**adaptation and mitigation:** From a sustainability perspective, long-term resource availability (quality and quantity) and service delivery need to be guaranteed – even in extreme conditions such as flooding or droughts. This also applies to the need to protect and restore water-related ecosystems (SDG target 6.6). Efficient use of water and environmentally safe wastewater and sanitary solutions are key in this regard. It is also important to consider the links with water claims from other sectors such as agriculture and energy (NEXUS approach), and anticipate the

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<sup>6</sup> Bill Kingdom, Roland Liemberger and Philippe Marin, 'The Challenge of Reducing Non-Revenue Water (NRW) in Developing Countries. How the Private Sector Can Help', World Bank, 2006.



expected impacts of climate change. Often, WASH services are more sustainable if delivered through multiple use systems that also take account of the requirements for food and nutrition security, or use waste as a source of energy. Increasingly, WASH service delivery organisations have to adapt to changes in the hydrological regime in their service area as a result of climate change. In addition, WASH services can contribute to climate change mitigation by using pumping systems that are energy-efficient and/or powered by renewable energy, or by using energy recovered from wastewater facilities.

#### 4. Towards implementation

Implementation of the WASH strategy will focus on

- **Financing** programmes promoting water security, implemented by national or local partner governments, multilateral agencies, the private sector, civil society or knowledge institutions;
- **Stimulating** collaboration between public and private sectors, civil society and knowledge institutions to achieve water security for all, as well as promoting the use of Dutch know-how and technology in achieving this objective; and
- **Directing** the use of Dutch know-how and technology in achieving these objectives.

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Based on this three-pronged approach, the Netherlands will act as a broker, convene parties and influence global and local policy processes. This will complement the efforts of partners directly involved in WASH service delivery.

#### Geographical focus

The WASH strategy also has a geographical focus and will be implemented in selected countries. These include:

- partner countries (currently 11, but this number may change) where DGIS is targeting water security and/or sanitation. In these partner countries we will build on existing relations, networks and knowledge and expect the smallest margin of error in our projections of results. Here, closer links between WASH and WRM-related interventions can be promoted;
- other fragile states and least developed countries where the Netherlands supports WASH interventions through multilateral agencies or civil society organisations;
- transition countries where the Netherlands uses private sector development instruments to leverage private and domestic investment in WASH and promote business opportunities in the sector.

Some of the countries in the 'second ring of instability' are also partner countries. These countries play a major role in recent migration flows. WASH-related activities will be explored in these countries, as they can address some of the root causes of migration or mitigate the effects of migration on host countries in the region.



**Rural and urban:** The majority of the unserved population currently lives in rural areas. This is also where most of the Dutch WASH funds have been invested since 2004. The predominant approach here will continue to be CLTS, combined with sanitation marketing. Rural water delivery will continue to be achieved mainly through installing stand-alone systems (boreholes fitted with electric or hand pumps) or small piped schemes. In view of cost effectiveness, rehabilitation of non-functioning systems will be an important element besides developing new systems. In small and/or remote communities where piped schemes or machine-drilled boreholes are too expensive, other solutions may be pursued like rainwater harvesting, hand-drilling or hand-digging wells and locally produced hand pumps.

In an urbanising world and with a view to environmental sustainability, service delivery in small and middle-sized towns requires particular attention. For every large town there are an estimated ten small towns. These are expected to double in number and size within the next 15 years and then, within 30 years, to double again. Small towns have been largely forgotten by policymakers and donors, who have focused on either rural areas or large cities. As a result, investments in smaller towns have not kept pace with the growing need for services. In the new strategy the focus on urban WASH will gradually increase.

Implementation of urban WASH policy will largely be in line with existing successful initiatives by various Dutch water sector partners, such as improving the capacity of local water operators, often in collaboration with WASH-related NGOs. Dutch partners have been at the forefront in developing approaches to behaviour change (Urban CLTS) and creating demand for urban sanitation facilities, including solid waste management and drainage. The Netherlands will support the development of the WASH value chain, including liaising between customers, NGOs, governments and financial institutions. A greater effort will be made to combine infrastructure investment with strengthening the enabling environment, such as building the capacity of municipal authorities and supporting policy development and improvement of the regulatory framework.

**Sustainability:** All Dutch ODA investment in water supply and sanitation will carry a 15-year sustainability clause, requiring services and infrastructure to function for up to 15 years after construction or rehabilitation. Including a sustainability clause in all grant arrangements can be a game changer. It may also however lead to cherry-picking, with partner organisations avoiding communities where sustainable service delivery is difficult or exceptionally costly to achieve. In order to meet the SDGs, investing in the enabling environment and building a strong WASH sector will continue to be priorities. The FIETS analytical framework for sustainability,<sup>7</sup> a widely used tool in the Dutch WASH sector, gives a clear definition of sustainability and has increasing impact on the way international WASH assistance is delivered. Monitoring of ongoing activities is key and allows for adjustments when necessary. Furthermore, impact studies will be built into programmes, scheduled

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<sup>7</sup> The FIETS sustainability framework can be found on the WASH Alliance website: [http://www.washalliance.nl/wp-content/blogs.dir/2/files/sites/2/2013/06/fiets\\_sustainability\\_approach\\_color.pdf](http://www.washalliance.nl/wp-content/blogs.dir/2/files/sites/2/2013/06/fiets_sustainability_approach_color.pdf).

three to five years after implementation, to encourage actors to take corrective action and prevent failure.

**Knowledge management, innovation and monitoring:** The Netherlands will explicitly contribute to strengthening global and national capacity for developing new, context-specific, knowledge (innovation) and using national monitoring data in planning and decision-making. The WASH sector will help secure a common knowledge base by cooperating and exchanging resources with universities, governments, companies and by using IT in knowledge management. We will support the development of national capacity for sector monitoring and data generation for informed sector planning and policy development. Innovations in digital technology (e.g. mobile phones, embedded sensors etc.) enable major improvements in monitoring the functioning of WASH systems (see box 3) and will allow donors, implementers and regulators to monitor the performance of service providers in real time. It will also permit feedback systems that empower users, reducing service downtime.

#### **Box 3 Innovative WASH monitoring**

Reliable information on WASH facilities is important for good management. At the same time, more and more people in developing countries are using mobile services via smartphones. The Dutch government is supporting UNICEF's collaboration with the Dutch organisations Akvo and IRC on accurately mapping water pumps in West African countries for smart apps. It also gives information on the state of the pumps and the number of people using it. This can be used to improve management and maintenance of the pumps, thus ensuring sustainable water provision and extending pumps' lifetime.

The Netherlands will use these technologies for reporting on implementation, improving management and increasing the transparency of Dutch programmes and the overall performance of the sector. Transparent, comprehensive data with respect to the scope, location and progress of WASH activities will allow users, recipient countries, implementing organisations and donors to coordinate their efforts and work more effectively as a sector. All project partners need to make their data available, and provide transparent reporting in accordance with the new IATI Standard (2016). Data collection tools will also be used in other sectors, for instance, to map the value chains of agricultural products. In the future, linking up data on agriculture, WASH, water management and water-related ecosystems may provide insight into the relationship between water and food security. The Netherlands will support this and ensure there is sufficient competence and a functional knowledge base on WASH data and tools through dedicated in-house expertise and close collaboration with knowledge institutions.

**Importance of partnerships:** The Dutch government will support and enable successful implementation by financing the right initiatives, monitoring progress, securing the learning process and mobilising funds and capacity from outside the ODA realm. Others will be responsible for implementation: partner governments, international organisations, NGOs and



the private sector. To influence and enable capacities and performance, the new policy will focus on:

- Funding key knowledge institutions, which: i) fulfil an important think-tank and knowledge management role and safeguard the sector's innovative capacity, ensuring continuous adaptation of the sector; and ii) conduct applied research, sharing lessons learned with stakeholders at all levels and promoting the uptake of innovation for both technical and non-technical aspects;
- Supporting sector coordination through partnership<sup>8</sup> funding;
- Leveraging its acknowledged frontrunner role in advocacy for the sector and influencing policy by engaging with regional and global networks and partnerships.

Apart from working *through* others, the Dutch partners also work *with* others, in the form of direct partnerships with other Dutch ministries, bilateral donors and the Dutch WASH sector and collaborative arrangements with international institutions such as IFIs and UN bodies. In this connection, and with a view to supporting domestic resource mobilisation and innovative finance, the Netherlands will work with interested countries and organisations to establish water financing facilities using local currencies, or 'water banks', in 10 different countries. This should provide funding for 'bankable projects' that meet certain quality benchmarks for utility services.

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In the context of the International Water Ambition, the Dutch Ministry of Foreign Affairs will work with other Dutch ministries to enhance synergies between WASH and water management as well as private sector development programmes. In practical terms, collaboration will be strengthened via the International Water Collaboration, delta teams and private sector instruments managed by the Netherlands Enterprise Agency (RVO.nl).

**Transition period:** A five-year transition period (2016-2020) is envisaged during which programming will be aligned with the new policy by means of a review of the strategic plans of embassies in water partner countries, discussions with other donors on the division of tasks and focus, analyses of country-specific costs and number of people to be reached, monitoring and agreements on leverage with partner governments, donors and users. Policy implementation will be reviewed in 2020 and, if necessary, adjustments made to country targets, unit costs, the ODA budget required and the amount of third-party financing to be leveraged.

**Results framework:** To ensure transparent monitoring and reporting, the new commitments will be aligned with the global SDG timeframe for 2016-2030. In other words, the baseline date for counting and reporting is 1 January 2016. For practical purposes long-term targets and commitments will be broken down into annual targets, and performance on these will be

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<sup>8</sup> Examples of partnerships focused at sector coordination and sector strengthening include the Africa/EU Water Partnership, AMCOW, and the Sanitation and Water for All (SWA) partnership.



reported to parliament and the sector. This will optimally focus efforts on achieving the 2030 targets and commitments. These targets and commitments include:

- Number of people to be reached annually, in urban and rural areas respectively, with regard to water, sanitation and hygiene education targets, with – where possible – separate targets for the most vulnerable;
- Sustainability check scores for each investment and partner;
- Degree of leverage.

Figure 3 gives an indicative pathway for achieving the WASH targets by 2030:

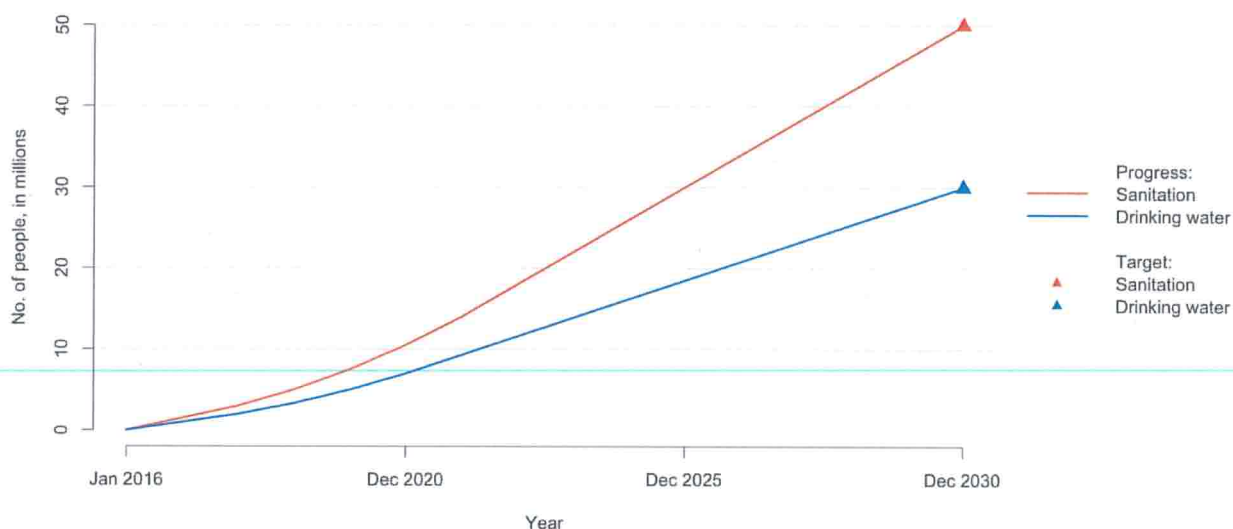


Figure 3: Indicative pathway for achieving the WASH targets (in millions of people)

Following the start-up phase, progress towards the WASH targets is expected to follow a linear trend. Throughout the 2016-2030 period, an average of 2 million people per year will gain access to improved drinking water and 3.3 million people will gain access to improved sanitation.

**Financing instruments and channels:** Financing instruments will be selected largely on the basis of developments in the sector within each country. Thus, the allocation of resources to different financing channels and instruments will be defined bottom-up wherever possible. Through bilateral programmes DGIS and embassies are well-positioned to engage directly with national and local actors, the private sector and civil society. Engagement with multilateral organisations such as UNICEF or WSSCC is particularly relevant in situations where national capacity is weak. These organisations often contract NGOs and local companies for programme delivery. Moreover, collaboration with international development banks will allow the Netherlands to leverage major infrastructure investments, facilitating the focus and roll-out of new programmes on a larger scale.

**Costs and budgeting:** Studies by the World Bank<sup>9</sup> (Hutton, 2016) and IRC's WASH cost analysis<sup>10</sup> (McIntyre et al., 2014) revealed that unit costs vary significantly among countries and settings. This variation is driven by differences in markets within countries and in service levels. For example, piped water connections are generally more expensive than hand pumps. In recent years, unit costs of Dutch ODA-funded WASH programmes were lower than the international benchmark of EUR 25 per person for drinking water and EUR 20 per person for sanitation. This can be explained by the strong focus on rural areas and the substantial number reached at relatively low cost in densely populated Bangladesh. Broadening the scope to urbanising areas and increasing the number of countries for 2016-2030 will likely increase these unit costs. Reaching the unserved in urban areas requires substantially higher investment per person than in rural areas. In addition, the unserved in rural areas will increasingly consist of groups that are hard to reach and thus result in higher unit costs.

Based on the unit costs over 2012-2015, the average WASH budget is EUR 95 million per year for the 2030 targets for drinking water (30 million people) and sanitation (50 million). A focus on conflict-affected regions or on the hardest-to-reach groups will increase unit costs. However, the new strategy also actively promotes the leveraging of finance from beneficiaries themselves, governments and the private sector, which will reduce unit cost overall.

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In view of the declining weight of ODA in the mix of development funding and the growing need to invest in WASH services, the Netherlands will increasingly focus on leveraging funds from the private sector. However, public-private investment in water utilities and sanitation infrastructure, for instance through the issue of water bonds, will only become feasible if WASH sector governance and creditworthiness improve. The Dutch ambition is that grant funding will increasingly leverage investment by others, achieving a 1 to 4 ratio by 2030.

The Netherlands' total WASH budget, including the infrastructure budgets from closely linked programmes such as DRIVE, which also target the WASH sector, is an estimated EUR 120 to 130 million per year. The ambition is to use the substantial annual budget to achieve the 30/50 million targets, as well as achieve transformational change in the WASH sector, if used strategically.

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<sup>9</sup> Guy Hutton and Mili Varughese. 'The Costs of Meeting the 2030 Sustainable Development Goals Targets on Drinking Water, Sanitation, and Hygiene', World Bank, 2016.

<sup>10</sup> Peter McIntyre, Deirdre Casella, Catarina Fonseca and Peter Burr, 'Priceless! Uncovering the real costs of water and sanitation', IRC, 2014.

## List of abbreviations

AMCOW	African Ministers' Council on Water
CLTS	Community-led total sanitation
DGIS	Directorate-General for International Cooperation
DRIVE	Development Related Infrastructure Investment Vehicle
ESARO	Eastern and Southern Africa Regional Office
FDW	Sustainable Water Fund
FIETS	Financial, Institutional, Environmental, Technological and Social sustainability
FUSP	Frisian Urban Sanitation Programme
IATI	International Aid Transparency Initiative
IFIs	International Financing Institutions
IOB	Policy and Operations Evaluation Department
JMP	Joint Monitoring Programme
MDGs	Millennium Development Goals
NGOs	non-governmental organisations
NRW	non-revenue water
ODA	Official Development Assistance
PPPs	public-private partnerships
RVO	Netherlands Enterprise Agency
SDGs	Sustainable Development Goals
SMEs	small and medium-sized enterprises
SRHR	sexual and reproductive health and rights
SSA	sub-Saharan Africa
SWA	Sanitation and Water for All
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
UN-Habitat	United Nations Human Settlements Programme
UNICEF	United Nations Children's Fund
WASH	Water, Sanitation and Hygiene
WHO	World Health Organization
WRM	Water Resource Management
WSSCC	Water Supply and Sanitation Collaborative Council