







L20 Workshop Report

Safe Drinking Water and Sanitation

Alexandria, Egypt, 1-2 December, 2004

Introduction:

The meeting was convened at the Bibliotheca Alexandrina, Alexandria, Egypt. The purpose was to determine if **Safe Drinking Water and Sanitation** (SDS) was a suitable topic for a summit meeting of leaders from the 20 major developed and developing countries (the L20). This report provides a summary of the major issues and considerations addressed by participants, not necessarily presented in a chronological order.

The specific challenge posed to the workshop was: Does the safe drinking water and sanitation issue have unique attributes that give it primacy and leverage as an inaugural issue for the L20?

The meeting, chaired by Ramesh Thakur (UNU), began with a reminder of the parameters of a politically sustainable "deal" for an L20 contribution. Key criteria include: a value-added initiative that can operate in a way not possible through other fora or organizations (e.g., G8 or the UN); a workable solution – a forward looking, focused suite of actions and promises that offers a win-win-win outcome for L20 countries; legitimacy through adequate representation, particularly by the United States and the major developing countries,; tangible results with substantial, broad-based benefits; realistic and acceptable financing mechanisms; and organizational feasibility.

It was also argued that the initiative must be attractive, both symbolically and politically, so that it invokes excitement among leaders (and their peoples). If committed, leaders have the capacity to make personal, crosscutting commitments that transcend bureaucracies, break deadlocks and offer coherence to the chosen agenda. The case was made that only a leaders' summit as envisaged for the L20 has the needed authority and credibility to broker systematic and holistic solutions. This is necessary to address the multidimensional development paradigm represented by the Millennium Development Goals.

Commissioned Papers:

The background paper was written by Ralph Daley, Zafar Adeel and Colin Mayfield, of UNU-INWEH. It laid out the many dimensions of the problem, including pragmatic arguments as to the significance of the SDS imperative and the L20's comparative advantages to act. A series of short briefing notes – "conjectural communiqués" - were also commissioned. Authors (Walid

Abderrahman, Lyla Mehta, Maharaj Muthoo, John Okedi, Nalin Sahni and M'hamed Sedrati) were each asked to frame the architecture of an attractive win-win solution that would galvanize L20 leaders to act. The meeting then explored critical elements of an SDS initiative in more depth and considered a "roadmap" that could engage the major players for the establishment of the L20 Leaders' Summit Process.

Daley *et al*'s background paper provided an overview of the global water and sanitation crisis, placing it within the broader context of global development and the MDG's. They reviewed why the issue was particularly appropriate for L20 action, most notably because of the "homegrown" reality that the L20 contains 70% of the world's population without adequate sanitation and 55% of those without safe drinking water. Evidence was presented that there would also be tremendous gains in health, enormous economic benefits (estimated 4:1 cost benefit ratio) and a powerful "development multiplier" effect.

Daley *et al* also proposed and elaborated upon 6 core elements for SDS action: mobilizing finances, accelerating service provision, strengthening implementation capacity, monitoring and assessing progress, engaging the public and stakeholders and creation of action networks. They then conceptualized how these elements might be configured into a cumulative series of L20 scenarios, of increasing order of political, financial and implementation commitment. (Annex 1):

- Scenario A: Global advocacy and social marketing
- Scenario B: Directed global facilitation
- Scenario C: Joint multilateral global implementation
- Scenario D: G20-Led global-scale implementation

The background paper formed the basis for workshop discussions and, with minor exceptions, was accepted by participants as a reasonable framework for articulation of an L20 SDS program. Many of the suggested action elements were included in, or elaborated upon, in the conjectural communiqués. No additional elements were identified, but participants emphasized the uniquely local nature of the SDS challenge, the heterogeneous patterns of use of SDS services in different environments and the disparities in community—level coverage. There is also an overarching need for participatory approaches and effective governance, since the poorest of the poor are the least prepared to engage.

Regarding regional perspectives, participants concluded that SDS will likely be viewed as a priority in all regions, but with some differences in emphasis. In Africa, the inclusion of Egypt and Nigeria, together with South Africa, will spur action in disadvantaged countries elsewhere on the continent. In China, the SDS challenge is enormous in scale and aggravated by widespread general water pollution. In South Asia, drinking water issues are recognized in national policy dialogs, but sanitation remains largely invisible. In Latin America, the SDS challenges are largely related to "policies and politics", focused on community involvement and private sector engagement.

In her communiqué, Lyla Mehta took the perspective of an informed arbitrator and highlighted the "quasi-public good nature of universal water and sanitation provision and the need for multilateral cooperation". She made proposals for the global, national and local levels under five headings: Political economy of SDS provision; Financing, targets and indicators; Governance and

institutional arrangements; Water resource development; and Institutionalizing rights. In her view, provision of water and sanitation is a human right and governments should at minimum provide a "lifeline of access to water" for all. Further, SDS should be provided as a public service in an integrated water resource management (IWRM) context. She emphasized that governments have a responsibility to build capacity at the national, municipal and community levels for pro-poor provision of SDS.

Nalin Sahni (with Nigel Purvis) focused on the financing of SDS. They argued that the only durable "fast-track" financing solution for SDS is to use limited development aid to unlock underutilized capital *in well performing developing countries*. This would be done through partial loan guarantees and interest rate supplements to governments and water agencies to reduce the cost of capital and spread financial and political risks. One way to implement such a program would be for the L20 to establish an independent multilateral financial mechanism called the "Global Water Facility¹." Parallel efforts would also be required to ensure governance and pricing reforms and to provide capacity assistance to poor nations to help them "deepen" their capital markets. Such an approach, they suggest, would also begin the long process of regularizing property rights in the "informal" sector, and unlocking "dead capital" (illiquid real estate "owned" by the poor), particularly in urban slums. They argue that this is a win-win-win strategy, engaging and benefiting all key players, not least the United States, which currently favors a private-sector oriented and performance-based approach to foreign aid.

John Okedi's paper focused on the rural sector, where SDS delivery is primarily dominated by women and children. He too endorsed the recognition of safe water as a human right. Mediumterm targets, in the 10- to 15-years range, should be set. National, regional and community SDS plans should be created and implemented. Cross-sectoral "Water and Sanitation User Committees" should be established to oversee and coordinate service provision and management. Particular focus should be given to sanitation, including expanded installation of ecologically appropriate sanitation (ECOSAN latrines) and hygiene facilities.

Maharaj Muthoo recommended a full-scale, L20-led SDS implementation program, arguing that nothing less will truly address the severity of the problem and the limitations in the current international architecture. He proposed creation by the L20 of a "World Water Organization", funded through a "World Water Trust Fund", to develop a Strategic Framework and Action Plans for SDS implemented at the global, regional and country levels. He offered a number of suggestions for how the program could be created and managed.

Walid Abderrahman also framed his proposals at the global scale of implementation. He too argued for the creation of a centralized G20 "Global Water Agency" to coordinate advocacy, capacity development, service implementation and monitoring of progress. This Agency should be backstopped by a global think tank, through which leading water thinkers would periodically review and address challenges arising from the global SDS initiative. He also recommended that

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¹ A number of financing mechanisms similar to this proposed GWF have been created or proposed by developed countries or UN agencies; conceivably these could either be rolled into, or coordinated by, the GWF. These include: USAID's Development Credit Authority, the European Unions' Water Facility, the AfDB's African Water Facility, UN-HABITAT's Slum Upgrading Facility, the Africa Infrastructure Fund, the World Bank/IFC's Municipal Fund, UN-HABITAT's Water and Sanitation Trust Fund, and the Cities Alliance Small Grants Facility.

the Agency fast-track global implementation of new or existing low-tech SDS approaches at the local level.

M'hamed Sedrati's paper focused on the lack of coordinated international action on SDS, despite the demonstrated impacts and scale of the crisis. He argued that the costs of inaction are now simply too large and urged commitment by the L20 to a "World-Wide Water Action Plan", facilitated by a dramatic increase in ODA.

Debate:

Debate generally focused less on "What" and more on "How" questions. A number of specific initiatives were judged non controversial and widely supported.

A large majority of the workshop participants agreed there was a moral, ethical and institutional imperative for concerted global action on SDS. Millions are dying from unsafe water and inadequate sanitation, billions are made sick, and current forecasts are that the water MDGs will be missed by 2015. A few participants, however, questioned the L20 approach, arguing that the effectiveness of existing agencies was improving and that sufficient innovative action had already begun, particularly on financing and in some regions.

There was a spirited debate concerning private sector financing for SDS. One perspective was that water and sanitation, as a human right, must be provided by governments from public funds. In this view, privatized water services are inappropriate, inefficient, unsustainable and deny access to the poorest of the poor. The opposite perspective was that private sector financing was not the same as institutional privatization, that brutal global realities (ODA of \$3 billion for SDS versus an additional \$12-15 billion needed) demanded mobilization of the private sector in developing countries (not necessarily multinationals), and that such private sector investment can be made "indifferent" to the nature of ownership (and operation), whether public or private. Participants generally favored the latter perspective, so long as pro-poor regulatory frameworks, effective local capacity development and access to appropriate technologies are provided. Some also observed that adequate financing is possible without formally legalizing the right to water, especially given that contingent liability is still denied by some developed-country governments.

There was also debate on the associated issue of conditionality and performance requirements for financing. The consensus favored "smart" conditionality for well-performing "resource governance" (to improve efficiency, equity and transparency), primarily at the project or local government level. Legal, political or economic conditionality at the national level was not deemed effective. Equally important, however, was the need to support conditionality with effective capacity development for disadvantaged governments and water agencies. In any event, conditionality principles can be particularly easily addressed by the L20, given that the "L12" developing-country members would be an integral part of the process.

The size, scope and permanence of an L20 coordinating "entity" for the SDS initiative were discussed. It was observed that most governments have little current appetite for new multilateral institutions. Participants thus proposed starting small and developing any such "Secretariat" or "Cooperation Commission" in a flexible, progressive and "organic" fashion, as the scope and mandate evolves. Many felt, however, that a substantial capacity, however structured, would be required to deliver even the minimum global SDS program for financing, capacity development

and advocacy. Others insisted that the crisis was so severe, nothing less than a permanent "Global Water Agency" would suffice.

The role of NGOs as important stakeholders was discussed. The growing concern of governments, particularly in the developing world, about NGO competence was noted, as was the controversial past role of NGOs in opposing large-scale, water development schemes. The consensus was that NGOs should not be used to bypass local government. Instead, the subsidiarity principle should be accepted and the "best", most trusted NGOs should be mobilized to work in partnership with local government.

Other Key Observations:

From the discussions within the workshop and at its margins, the following important points were made:

- Gender issues must be an integral part of water and sanitation management. The role of women must be recognized, incorporated, enhanced and institutionalized in all aspects of SDS
- Success stories and best practices should be highlighted, whenever possible. They can help to "scale up and scale out", generalizing lessons learned from existing "islands of success"
- The L20 initiative needs to recognize urban and peri-urban slums represent a large component of the SDS challenge ² (without, however, disadvantaging rural service provision)
- The more critical health threat, particularly in urban settings, is often sanitation, not water supply. Thus, for major projects, some suggested approving the latter, only if the former is also accepted
- Lessons from other existing multi- and bilateral initiatives in financing, service delivery and capacity development should be understood. We should build on past successes
- Cognizance must be taken of broader connections to the surrounding basin (e.g., water supply
 projects, water allocation, watershed pollution, transboundary issues) to ensure "no-regrets"
 SDS decisions, consistent with IWRM principles, are made.
- The interconnections between SDS and other important issues such as energy, climate change and agriculture need to be factored in
- Service delivery must consider demand management through proper water valuation, while protecting access by the poor
- Decentralization and devolution to the local level are pivotal, but only when community funding issues and capacity development are addressed in parallel

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² A recent report by David Tipping et al for UNHABITAT highlights the urban slum challenge. Currently a billion people, almost half of the urban population of developing countries, live in slums. This number is expected to grow to approximately 2-billion by 2030. In fact, over 80% of the world population increase through to 2015 will take place in urban areas of developing countries. Most of this growth will be absorbed by slums and shanties. Tipping argues that a profound "urbanization of poverty and ill health" is under way in global cities and that water and sanitation needs to be at the core of the global agenda. However, to do so, the global community needs to place a central focus on cities, slums and good urban governance.

- National Finance Ministers and their treasuries are critical players and should be brought on board by leadership pressure, social marketing and personal capacity development. They control the preparation of PRSPs, few of which now give priority to water and sanitation.
- The prospective contribution of faith-based non-profit organizations should not be overlooked, especially given their interest in water issues and their potential participation in leveraged financing schemes
- Research and development on alternative, low-cost, local, SDS technologies and methodologies need to be expanded
- When allocating SDS services, remember that the poorest of the poor have no access, period!

Elements of Consensus:

Based on the background information, conjectural communiqués and workshop discussions, consensus was reached that a wide array of specific initiatives are available to build a win-win-win SDS L20 package, clustered within the following core elements.:

- **Joint Commitment to Act:** The sense of the meeting was that, despite overwhelming evidence for SDS as pivotal to success in addressing the MDGs, fear of political failure at all levels and ineffective global institutions have prolonged the SDS crisis. Only an alliance of the major developed and developing countries can overcome global procrastination and ineffectiveness and mobilize, as Ismail Serageldin urged, a "coalition of the caring". Alliance leaders, through personal commitment, can then broker the needed political will. The workshop participants, therefore, strongly endorsed a joint commitment by the L20 nations to provide sustainable SDS services for all their citizens by the year 2025 (the 'SDS Initiative'). This commitment would involve, *inter alia*, a re-organization of priorities by nations to further enhance resources already committed to water and sanitation issues.
- Leveraged Financing: Mobilizing sufficient financial resources is indispensable for success of the SDS Initiative. This is a complicated, difficult issue, fraught with vested interests, but it must be faced. There was consensus that the L20 should build an integrated, systematic, G20-wide program to significantly enlarge ODA for SDS (the SDS share of bilateral aid was only 6% in 2001 2002, down 35 % from 1990). Further, limited ODA should be leveraged where possible to mobilize developing world investment, including from the private sector. To this end, agreement should be sought within the L20 to create an independent "Global Water Facility", a la Sahni & Purvis, or some variant thereof. If this is not feasible, then an integrated, coordinated package of bilateral and multilateral measures should be sought.
- Integrated capacity development: Efforts to accelerate financing will fail without a powerful companion program targeting integrated capacity development and technology diffusion. The L20 would partner with existing UN, NGO, training and professional organizations to create a global compact for water cooperation. It would focus on institution building; training of politicians, decisions makers, water service providers and community stakeholders; and the strengthening of capital markets in developing countries. The program would be delivered through a global SDS "matrix of networks". These would transfer knowhow and technologies vertically to the local level, where knowledge and best practice can then be diffused horizontally. Distinct rural and urban networks could be organized around

critical themes such as: water treatment and supply technologies, sanitation systems, financial mechanisms, and institutional and governance structures.

- Global advocacy and social marketing: The financing and capacity-building elements will be supported by a global advocacy campaign linked to the overall L20 coordination effort. Targets would be segmented: the global public at large, politicians and key decision makers and community-level stakeholders. One of the developing-country L20 members would be enlisted to champion the campaign. The advocacy messages, and particularly a slogan, need to be clear and catchy; perhaps something like: "Safe Water Healthy World", or "Water (and Sanitation) for All Now!"
- Essential monitoring and evaluation: Underpinning the SDS initiative would be an independent, transparent, integrated, monitoring program, based on unbiased local data on service provision, etc. This service could possibly come from a merger and upgrading of the WHO/UNICEF Joint Monitoring Program and the UN World Water Development Report. All actors would be encouraged to report on the number of people served by their intended and ongoing initiatives. The data would be used to estimate "upreach" costs to achieve 100% SDS coverage, assist with allocation of scarce funding, gauge progress on the MDGs, evaluate the effectiveness of interventions, and, most importantly, to ensure the poor are actually being reached. Results would be channeled into the planning of country Poverty Reduction Strategy Papers. The impacts of the L20 programs for advocacy and awareness, capacity development and networking would also be assessed.
- Flexible delivery: The L20's SDS program would be coordinated by a Water & Sanitation "Commission" or "Secretariat". It would oversee development of an "SDS Road Map" (or "SDS Master Action Plan"), building on the G8 Water Action Plan and the Johannesburg Plan of Action. It would include targets and responsibilities at various levels. The Commission would then coordinate the financing program in support of national action, catalyze institutional capacity building at all levels and monitor progress towards targets. Even flexibly run, the Commission will need to operate through the decade, and perhaps beyond.

Getting There from Here:

There was a strong sense within the workshop that support from the major powers can be forthcoming for an SDS initiative because all would benefit:

- SDS will have the greatest impact of any single-issue intervention in meeting the MDGs, particularly in relation to global health
- Framed in terms of global health, SDS can be positioned as a major contribution to human security
- As a largely invisible, but large-scale crisis, SDS has both symbolic and political "buzz", making it ideal as an inaugural initiative for such a new, ground-breaking alliance of developed and developing country leaders
- SDS will bring large economic benefits, both directly and indirectly, for all members. Benefit-cost ratios will be high, no major "breakthroughs" are required for success, and the program can be efficiently executed as an extension and integration of existing efforts. This is real value added.

It was agreed that the engagement of the U.S. was essential for the viability of an SDS L20 initiative. Without U.S. leadership, other donors will be reluctant to participate. The advantages of this topic for the U.S. include:

- If designed sensitively and responsibly, SDS can be an initiative that is consistent with the performance-based, private-sector oriented approach to aid and poverty alleviation favored by the U.S., while protecting the disadvantaged
- Highly effective application of U.S. ODA to leverage resources from other major donors for a coherent and efficient enhancement of developing-country investment
- Opportunity to engage in a kind of "compassionate multilateralism", but as a "congenial" first among equals
- SDS is an issue with which the faith-based aid community in the U.S. is comfortable and to which they could be challenged to contribute further
- Avoids some of the health issues, such as AIDS, abortion, pharmaceutical and drug provision, etc., that are ideologically and politically controversial in the U.S.
- An initiative that offers visibility and credit for innovative U.S. approaches on SDS and water financing and that can be positioned as a demonstration case for reform of the global governance machinery

Concerning linkages to global health, it was broadly agreed that SDS is an indispensable "upstream" prerequisite for successful action on the "downstream" issue of infectious diseases. However, SDS has none of the intractability, cost and controversy associated with tackling the larger global health agenda³.

It was agreed that the current membership of the G20, plus the addition of Nigeria and Egypt, was the most appropriate configuration for addressing SDS. Some participants expressed concern that the poorest countries would not be present. L20 membership should not rotate, so as to ensure continuity and the opportunity to build interpersonal relationships among the leaders.

Conclusions:

The conclusion of the meeting was that Safe Drinking Water and Sanitation was a particularly promising topic for L20 consideration. There was strong agreement that this topic justifies a Leaders' Summit. A successful SDS initiative would address the largest cause of death and illness on earth; provide the foundation for meeting the other health-related MDGs; partially address key MDGs on education, environment, gender equality and slums; demonstrate the feasibly of global partnerships and in its aggregate impact, contribute substantially to overall

³ One possible option might be to merge Safe Drinking Water, Sanitation and Infectious Disease into a single, omnibus, inaugural, L20 forum on "Global Health." However, framed this way, SDS might be submerged among the more dramatic elements of such a package. On the other hand, SDS links to human security could be more strongly emphasized.

poverty reduction. Participants agreed that it met all the criteria of a politically sustainable "deal" for an L20 contribution.

Annex 1: Suggested scenarios for implementation of the SDS initiative by a G20 Leaders' Forum. (Derived from Daley et al, 2004. *Safe Drinking Water and Sanitation for All – A G20-Led Initiative*. Background discussion paper for the G20 Water Policy Workshop, Alexandria, Egypt, December, 2004)

Scenario	Α	B (+A)	C (+A+B)	D (+A+B+C)
Action Elements	Global Advocacy & Social Marketing	Directed Global Facilitation	Joint Multilateral Global – Scale Implementation	G20 - led Global - Scale Implementation
Political Goals	 G20 commits to build massive global public awareness of SDS water crisis 	■ G20 commits to providing the developing countries all the tools they need for meeting the SDS goal	■ G20 takes a leadership role in marshalling the multilateral partners on the SDS initiative ■ G20 commits to implement, expand, and fully fund the G8 2003 Water Action Plan	•G20 commits to lead and fund a massive global effort to provide: "Safe Water and Sanitation for All by 2025"
Stakeholder Engagement	Conduct a sustained global public-awareness campaign - "Water for All – Now!" - with clear messages for North and South	 Create "horizontal" rural and urban multi-stakeholder global Governance Networks to facilitate local service provision Create "vertical" global "Water Action Networks" (WANs) to exchange best practices and diffuse knowledge 	 Support, augment existing programs for stakeholder engagement, in conjunction with multilateral partners 	 Ensure global dissemination of knowledge of local participatory water management, facilitated through the global SDS matrix of networks (including GN's and WAN's)
Capacity Development,	Create a global, decentralized training program on social SDS marketing, directed to local and national governments and water practitioners	 Create a global program to train professionals needed for SDS implementation, particularly service provisioning. Facilitate institution building at national and community-scale. 	Partner with existing UN, NGO, training and professional organizations to offer integrated local capacity building, facilitated through the global SDS horizontal/vertical "matrix of networks"	 Create a global G20 -led "North-South Capacity Assistance Partnership", routed through the global SDS matrix of networks
Monitoring & Evaluation	 Monitor impact of advocacy and awareness campaign Conduct applied research on social marketing tools for SDS 	 Design and cost a comprehensive, sustainable global SDS monitoring program, based on unbiased local service provision data Monitor the effectiveness of the Governance and WAN networks 	 Establish a trust fund to expand and sustain the WHO JMP and the UN WWDR to comprehensively monitor and assess global progress in meeting the water MDGs 	 Assess the full "upreach" costs to achieve 100% SDS coverage and ensure these are reflected in country PRSPs Conduct a large- scale, continuing R&D program on alternative, low-cost, local SDS schemes

SDS Service Provision	No G20 support, but expansion of service as awareness rises **Title Control **Title Cont	No G20 support, but expansion of service through the support of the SDS matrix of networks and capacity building	Continue existing UN, multilateral, regional and bilateral provision of SDS services and infrastructure, but with augmented resources from G20 countries	• Commit to create, fund and implement an SDS "Global Master Action Plan" (GMAP), focusing on "nested" country-level plans, rolled up from the local to national level and facilitated by the global SDS matrix of networks
Mobilizing Finances	Commit dedicated new funding of U.S. \$30-50 million for social marketing through a G20 "Global Water Awareness Fund"	 Commit to dedicated new funding of U.S. \$300-600 million for facilitation program Establish a global experts panel on enabling publicprivate financing for SDS 	 Commit to dedicated new funding of U.S. \$2-4 billion for joint implementation Collaborate with partners and countries to systematically remove institutional and legal barriers to local-level financing (e.g., local MFI lending, start-up funding, loan guarantees, tariffs) Allocation funding among multilateral partners in the SDS initiative 	 Commit dedicated new funding of U.S. \$10-15 billion to fund GMAP Create a global "enabling fund" to catalyze national and global SDS investments (e.g., pre-financing, credit pools, micro-credit schemes, etc) Create a large, decentralized "Global Water Facility" to provide revolving funds and infrastructure grants to poor communities
Organizational Strategies	 Create a small, temporary financial secretariat for funding dispersal and support of national campaigns 	 Create a small, separate "G20 Water Secretariat" for program facilitation Managerial focus on ensuring effective network matrixing. 	 Expand the "G20 Water Secretariat" to manage capacity development and multilateral interaction 	Create a major global "Water Agency" to oversee implementation of GMAP