Tracking global and national financing trends for sanitation: key results from the GLAAS report

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What is being done to improve financial flow tracking?

Lack of information on financial flows
• Tracking commitments such as eThekwini declaration (0.5% of GDP to sanitation) is not possible
• Impossible to track progress in input terms
• Existing studies (WSP work in 2004/2005, AICD, CSOs, PERs of the World Bank) provide some data but only snapshots

GLAAS 2010 report
• Very much focused on reporting ODA flows (OECD DAC database)
• Hardly any mention of tariffs: the “paradox” of WASH financing

GLAAS 2012 report
• Sought to improve the methodology: focus on the 3Ts
• Limited number of countries provided data + data reliability is low
• Annex B: proposes a methodology to improve tracking of financial flows
Sources of finance: the 3 Ts

Source: OECD
Findings of the 2012 GLAAS report: progress, but...

Despite progress on setting targets and establishing policies, output is insufficient to meet national targets.
Sanitation and hygiene remain the “poor parents”...

FIGURE 3.3 Breakdowns of expenditures across different categories
Source: 2011 GLAAS country survey

But this may partly be due to problems with the way financial flows are tracked
Household contribution to overall WASH funding is likely to be high...

...But existing information is very incomplete:
- Only 17 of the 74 countries participating to GLAAS survey submitted data on sources of funding
- Only 4 could give data on household spending

**TABLE 3.1 Contribution of household tariffs (and costs associated with self-supply)**

<table>
<thead>
<tr>
<th>Country</th>
<th>Contribution of household tariffs to total WASH funding</th>
<th>Contribution of household tariffs to total operational expenditure*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iran (Islamic Republic of)</td>
<td>61%</td>
<td>100%</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>36%</td>
<td>87%</td>
</tr>
<tr>
<td>Thailand</td>
<td>32%</td>
<td>Data not available</td>
</tr>
<tr>
<td>Lesotho</td>
<td>30%</td>
<td>82%</td>
</tr>
</tbody>
</table>
WASH investment programming is improving
On sanitation, some countries need more funding and could spend it - while others do not spend their allocations.
National tracking systems are partly in place...

Countries report that only 42% of urban/rural sanitation and drinking-water sectors are informed by reliable information monitoring systems.

... but it remains difficult to track sanitation spending separately from water.

Is there a national information system used to inform decision-making?

**FIGURE 3.8** Comprehensiveness of financial statements and transparency

Source: 2011 GLAAS country survey (74 respondents)
Recent high-level declarations on sanitation financing

**World Water Forum (March 2012): sanitation financing not specifically tackled but**
- Emphasis on sustainable cost-recovery (SCR) from the 3Ts and Strategic Financial Planning (SFP)
- Call for increased spending on “soft measures” and better tracking of the effectiveness of such measures
- Ministerial Declaration emphasised “integrated sanitation”

**High-Level Meeting in Washington (20th April 2012)**
- Highlighted “substantial financial gap to meet targets”
- Countries committed to increase funding and, overall to:
  - Put in place realistic sector financing plans and track their achievement using standard methodology and formats
  - Create specific trackable national budget lines for water, sanitation and hygiene (in particular)
Proposed methodology to track financial flows (1)

Summary in Annex B of GLAAS report + Working Paper to be published
• Based on extensive review of existing studies
• Objective: develop a globally applicable tool, similar to the National Health Accounts (joint OECD and WHO effort)

Proposes to address four “simple” questions
1. What is the total expenditure in the sector?
2. How are the funds distributed to the different WASH services and expenditure types?
3. Who pays for WASH services and much do they pay?
4. Which entities are the main channels of funding in the WASH sector?

Next steps
• Methodology to be tested in volunteer countries from September 2012
• International advisory group to be formed (including UN Department of Statistics, OECD, World Bank and financial experts)
• Methodology to be written up and used for data collection for GLAAS 2014
• Aim: feed into Government’s regular statistical data collection and reporting
• Methodology can then be developed gradually over time (for example, linking to JMP to estimate cost-effectiveness indicators)
Proposed methodology to track financial flows (2)

Collect financial data
- Define the boundaries of the WASH sector in terms of services
- Identify WASH service providers, financing sources and agents
- Track revenues (top-down) and costs (bottom-up)

Analyze financial data
- Cross-tabulate the data based on a set of common matrices
- Calculate indicators to be tracked across several countries

Publish sector statistics

FIGURE B.2 Overview of proposed methodology to track financial flows to the WASH sector at the national level
Question for debate: can we disentangle the “sanitation financing web” and help build the case?
Thank you

Further information:

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