

## Plugging the leak

Can Europeans find new sources of funding  
to fill the MDG water and sanitation gap?

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## List of Acronyms

A4A	Aqua for All
AfDB	African Development Bank
CIDA	Canadian International Development Agency
CSR	Corporate Social Responsibility
DFID	Department for International Development, UK
EAIF	Emerging Africa Infrastructure Fund
EFC	European Foundation Centre
ERM	Environmental Resources Management
EUFG	European Union Finance Working Group of the Water Initiative
EUWI	European Union Water Initiative
GDP	Gross Domestic Product
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
IHE	UNESCO-IHE Institute for Water Education, NL
INGOs	International Non-Governmental Organisations
IRC	International Water and Sanitation Centre, NL
JMP	Joint Monitoring Programme
MDGs	Millennium Development Goals
NEPAD	New Partnership for Africa's Development
NGOs	Non-Governmental Organisations
NWP	Netherlands Water Partnership
O&M	Operation and Maintenance
ODA	Overseas Development Assistance
OECD	Organization of Economic Cooperation and Development
PRSPs	Poverty Reduction Strategy Papers
pS-Eau	Programme Solidarité Eau, France
SIDA	Swiss Agency for Development and Cooperation
STREAMS	Streams of Knowledge Coalition
UFW	Unaccounted for Water
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
WASH	Water Sanitation and Hygiene
WHO	World Health Organization
WSP	Water and Sanitation Programme
WSS	Water Supply and Sanitation
WSSCC	Water Supply and Sanitation Collaborative Council
WWF	World Wildlife Fund



## Executive Summary

The starting point for this study was to investigate the possibilities for raising additional funds in Europe to help bridge the funding gap to reach the Millennium Development Goals (MDGs) for water and sanitation in developing countries. We were looking for new or additional sources of money that would not substitute for existing government contributions.

The MDGs have been translated into a number of targets, and target 10 is to halve by 2015 the proportion of people without sustainable access to safe drinking water and sanitation. To achieve this, changes have to take place, many of which do not require resources. However, every review has shown that there is a huge funding gap at present, although there is little agreement on the size. Estimates of the total sums needed to meet the MDGs vary hugely from \$6.7 to \$75 billion a year (€5.3-€60 billion), while current overseas development aid (ODA) allocations to the water sector average about US\$ 3 billion a year (€2.4 billion). We have taken €15 billion a year as a working hypothesis for the size of the funding gap.

The central premise was that water and sanitation services in most European countries function to a level where water borne diseases are rare, and that Europe could be willing and able to contribute further to reducing the 4 billion cases of diarrhoea that cause 2.2 million deaths each year in developing countries, mostly among children under the age of five. The aim of the study was to explore a pan European approach to promote awareness, solidarity and extra funding.

We looked at a range of possibilities including, for example, adding an amount to European consumers' water bills, sharing the benefits of efficiency savings, introducing a special tax and campaigns for greater charitable contributions from water companies and customers. We also considered the possibility of some kind of Fair Water campaign, loosely based on the Fair Trade experience, and the possibility of an environmental campaign for water, that would be more blue than green. Some ideas are politically impossible or impractical. Others, particularly those that motivate individual citizens to learn more, and that make it easy for them to give, have potential. The idea of a Fair Water campaign is attractive, but it is not yet clear what this could include.

Any Europe-wide scheme would be complicated by the diversity of institutional forms for water and waste water services, with different company structures, a separation in some countries of water and sewerage providers and a variety of regulatory mechanisms. In addition, the forthcoming Water Framework Directive will probably increase water charges further, making it more difficult to propose other increases at the same time. To allow for diversity, the study team used as the basis for the research examples from countries with a very different institutional framework in the water sector: The United Kingdom, France and The Netherlands. Whenever possible we extrapolate findings for "Europe", but we are

aware that our findings are from high-income countries, where contributions to overseas development assistance and water related charities from private companies, local authorities and government, are already well established. Any estimates of funds raised are therefore definitely on the high side, since they are based on “grossing up” estimates from these three rich countries. They should be regarded as an illustrative maximum, rather than an estimate.

We are aware of the EU Water Initiative and many other initiatives under way, as well as the work of organisations such as WaterAid and pS-Eau, both of which raise money from water customers. Indeed, our research confirms that Europe is already contributing in a variety of ways and is very willing to contribute – corporately, individually and nationally. However, it seems to us, that if approached in the right way, many Europeans would be prepared to give more and to press their Governments to give more. They need to be convinced at each level that resources will be used effectively –not siphoned off through corruption, maladministration or fees. Several stakeholders underlined the importance of good governance and management of available funds, in contrast to the need to raise additional funds.

Despite such caveats and cautions, we have identified a large number of possible combinations and scenarios for a Europe-wide initiative. The advantages and disadvantages of selected scenarios have been assessed, within a framework that also considers the ‘drivers’ that could motivate individuals and organisations to give more, and the channels through which such resources could be collected and distributed.

A number of initially attractive ideas have been discarded for reasons that this report will explain. For example, the idea of sharing savings from greater water efficiency in Europe raises problems that seem to make this completely impractical. A specific tax to raise money for water and sanitation development (a ‘hypothecated’ tax), would alarm European politicians and be resented by many citizens, especially if it was ‘imposed’ by Europe. Voluntary giving of time or money, facilitated and supported by governments and water companies, is much more likely to make people aware of needs and the potential for change in developing countries, even though in theory it will raise much less money.

There was a consensus on the concept that there is a common shared interest between the citizens of Europe and the citizens of developing countries in seeing water and sanitation services brought up to safe levels in those countries. There was a consensus amongst stakeholders too that a greater share of each country’s development budget should be assigned to water and sanitation, and that all European governments should achieve their declared goal of allocating 0.7% of GDP for development assistance. It is essential that any increase in funding, from whatever source, does not encourage governments to believe that this can substitute for their commitments.

There was also support for the idea of some kind of Fair Water movement, something along the lines of the Fair Trade movement. A Fair Water idea could become a broad



mobilising umbrella under which various initiatives could be launched or expanded in different countries. With a population of 450 million people, even a small increase in awareness and willingness to give for water and sanitation issues would have a considerable impact on overall funding. Exactly what this would mean would require more detailed work.

A range of people and organisations were consulted during this process. We would like to express our appreciation to all those interested stakeholders who responded in a variety of ways. We would like to thank the King Baudouin Foundation (Belgium) who invited IRC International Water and Sanitation Centre, UNESCO-IHE Institute for Water Education (both The Netherlands) and Cranfield University (United Kingdom) to undertake this study.



## Part 1 – Why there is a gap and how we assessed the options

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# 1. Why there is a gap and how we assessed the options

## 1.1 The goal of the study

The King Baudouin Foundation (Belgium) invited IRC International Water and Sanitation Centre to undertake a study together with UNESCO-IHE Institute for Water Education (both in The Netherlands) and Cranfield University (United Kingdom). pS-Eau contributed to an analysis carried out in France.

Those who worked on this study are well aware of important issues related to the management, and use of finance, the need for change in the way that water and sanitation support is provided, and the need for good governance of the water and sanitation sector in developing countries. We do not claim that simply by increasing finance, the poorest will have sustainable access to safe water and sanitation. However, shortage of access to finance is one of the factors that make it difficult for developing countries and the communities within those countries to resolve their water and sanitation difficulties. The focus of this paper is on identifying and mobilising extra finance from water consumers or providers in Europe.

The study is intended to provide insight in three issues:

- identifying sources of funds within Europe,
- the 'drivers' that motivate people and organisations to generate more funds, and
- channels through which these funds can be mobilised.

## 1.2 MDG Goals and the Gap

In Johannesburg (2002) and Rio de Janeiro (2000) the world community agreed on the Millennium Development Goals (MDGs). The MDGs were intended to address the root causes of poverty, and to halve absolute poverty (< \$1/day). In practice, the MDGs have been translated into targets, including target 10: to halve by 2015 the proportion of people without sustainable access to safe drinking water and sanitation.

Targets make progress measurable, but they are inevitably a crude measure of progress. Not only poor people have been without services in many countries. In China and some countries of Southeast Asia, water and sanitation coverage is being significantly expanded to better off people. While this is undoubtedly a huge social advance, an improvement for water coverage and a step towards the MDGs in numbers, it does not necessarily represent poverty reduction. Picking the low hanging fruit, so to speak, will help to achieve the target, but not perhaps the spirit of the MDGs.

The core challenges of the MDGs remain – to extend sustainable access to safe water and sanitation to those who need it most. By those who need it most, we mean the poorest people who often live in rural areas and small towns in countries with fragile governments

and policies. By sustainable, we mean long-term solutions covering maintenance and replacement costs. By safe, we mean that it meets standards for health, including safe hygiene practices.

The amount required to halve by 2015 the proportion of people without sustainable access to safe drinking water and sanitation is estimated at between US\$6.7 - \$75 billion (€5.3 - €60 billion) a year for drinking water, sanitation and hygiene related expenses. This huge variation is in part because estimates assume different baseline years, different population growth, and include or exclude different regions or countries. Some detail the costs of technology in different regions; others are based on aggregated average costs. Some consider basic levels of service, others include water resource management and irrigation costs as part of sustainable water management. These differences in approach explain why estimates are not comparable <sup>1</sup>.

What is needed is not one-time investment, but a continuous and long term method of funding. This includes not only construction costs, but also operation and maintenance costs, the costs of expanding and eventually replacing the system, and the institutional costs for (local) government or NGOs to support local organisations and service providers, bring legal and financial accountability, facilitate agreements and resolve conflicts. Increasing coverage cannot mean that, "following the installation of a system, outside agencies drive off into the sunset and every one lives happily ever after. [...] Scaling up coverage is pointless unless sustainability is improved at the same time." <sup>2</sup> Yet, few estimates include the maintenance and rehabilitation costs for existing infrastructure, while none consider the cost of maintaining the institutions and support services that are essential for service sustainability.

It is possible that more resources could be raised through 'demand responsive approach' to water and sanitation. It is also true that some estimates are based on 'Rolls-Royce' sanitation involving waste water treatment plants, when other cheaper methods might be sufficient to achieve the public health benefits. Communities living in dispersed settlements (rural), medium density (village, small town) and high density (urban/peri-urban) require a variety of household services and community solutions.

Overseas Development Assistance (ODA) allocations to the water sector have averaged about US \$3 billion a year (€2.4 billion) in recent years, of which water supply and sanitation projects account for 75%. ODA has shifted towards Asia, whereas ODA funding commitments to Africa have been on a slight decline. Some explanations include changes in foreign policy priorities on the part of donor states, such as Japan and USAID which provide the largest amounts of aid to the sector, and that water and sanitation is generally not a priority in Poverty Reduction Strategy Papers (PRSPs) which guide donor priorities.

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1 Fonseca, Catarina and Rachel Cardone. 2004. Analysis of cost estimates and funding available for achieving the Millennium Development Goals targets for water and sanitation. Background to WELL Briefing note. IRC - International Water and Sanitation Centre. <http://www.irc.nl/page/16540>

2 Schouten, T. and P. Moriarty 2003. Community water, community management: from system to service in rural areas. IRC - International Water and Sanitation Centre. ITDG Publishing, London.

Given the difficulty in estimating the total costs, it is impossible to settle on an agreed total gap between provision and what is needed. In this document, we have assumed a widely used target figure of €15 billion a year for the total funding gap.

In practice, the money is missing where it is needed most. Over half of ODA to the sector was made in the form of loans, and funding has tended to go towards large projects, where impact is visible within a short time frame<sup>3</sup>. This implies that funding has not gone where it can have the greatest impact on human health and well being, in key areas such as:

- low-cost technologies for water and sanitation,<sup>4</sup>
- sanitation, especially in rural areas – sanitation makes up only 20% of total investment in the sector<sup>5</sup>
- rural areas, where low-cost technologies are most applicable, and coverage gaps are considerable<sup>6</sup>
- least developed countries, which have low absorption capacity for loans or large scale projects<sup>7</sup>

Only 12% of total aid to the water sector in 2000-01 went to countries where less than 60% of the population has access to an improved water source – which includes most of the least developed countries<sup>8</sup>.

Achieving the MDGs in the poorest countries where access to services is poor and water-related diseases are common (diarrhoea prevalence 20-40%)<sup>9</sup> would require providing finance in some environments with weak policy frameworks and governance systems.

Millennium Project staff<sup>10</sup> compared the total financing needs of specific countries with their potential for domestic resource mobilisation and so identified the gap which needs to be filled. This assessment includes capital, operation and maintenance costs, awareness raising activities, rehabilitation, hygiene education and wastewater treatment for sewered sanitation in some urban areas. In middle income countries such as Brazil, China, Indonesia and South Africa, the total domestic resource mobilisation exceeds the annual financing needs for achieving the MDGs. However, for many low-income countries the finance gap is in the order of 20-30% of their Gross Domestic Product (GDP). For low income countries such as Bangladesh, Ghana, Ethiopia and Tanzania, even if they were

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<sup>3</sup> OECD. 2003. Supporting the Development of Water and Sanitation Services in Developing Countries. OECD Publications, Paris. <http://www.oecd.org/dataoecd/27/22/2955840.pdf>

<sup>4</sup> OECD. 2003.

<sup>5</sup> WHO/UNICEF Joint Monitoring Programme for Water Supply and Sanitation ... [et al.] (2000). Global water supply and sanitation assessment 2000 report. Geneva, Switzerland : World Health Organization (WHO) [http://www.who.int/docstore/water\\_sanitation\\_health/Globassessment/GlobalTOC.htm](http://www.who.int/docstore/water_sanitation_health/Globassessment/GlobalTOC.htm)

<sup>6</sup> Ibid.

<sup>7</sup> OECD. 2003.

<sup>8</sup> Ibid.

<sup>9</sup> UN Millennium Development Task Force on Water Supply & Sanitation Interim Report. <http://www.unmillenniumproject.org/documents/tf7interim.pdf>

<sup>10</sup> Hua, M. R. Lenton et al. 2004. Financing strategies to meet the Millennium Development Goals for Water and Sanitation in Low Income Countries. Draft for discussion at the seminar on "Water for the Poorest" organised by the International Water Academy. World Water Week. Stockholm. (p.14)

able to spend 12-14% of GDP on the MDGs by 2015, they would be left with an annual funding gap of approximately \$50-\$65 per capita, which cannot be closed using domestic resources.

Part of the solution in the larger urban areas is reform of the public sector utility and its governance, so that subsidies and resources are targeted towards the poorest in the slums and shanties who currently pay ten to twenty times per litre of water than those on piped systems. For rural communities, the challenge is to establish access to an appropriate level of technology that can be sustained with community contributions. We think that this is the biggest financial challenge, requiring an ongoing commitment from outsiders.

In future, the WHO/UNICEF Joint Monitoring Programme will start to provide disaggregated information about socio-economic data and funding flows by socio-economic quintiles, to allow for analysis beyond the national level. This will allow for a poverty orientation at a country level in assessing progress towards the MDGs, and allow for more strategic targeting of the poor.

### 1.3 Justification of the Global Initiative in addition to other sources of funding available

There are tools and mechanisms that are supposed to help to meet the gap between current levels of finance and required funding for MDG Target 10. Bond markets, equity markets, direct private investments, public private partnerships and private finance initiatives are all methods of attracting private money or loans for new infrastructure. However, these are more suitable for large projects in middle income countries. Other activities by a range of development agencies, including the creation of financing facilities and risk mitigation tools to insure lenders against the risks of (say) devaluation, are also targeted on middle income countries. Arguably, attention towards financial stability will improve conditions for billions of people in those countries.<sup>11</sup>

However, in countries that cannot support loan repayments, particularly those with failing utilities, the private sector is not a source of finance. Methods which have a greater role to play in supporting community oriented approaches in rural areas and small towns include voluntary finance schemes, and 'basket funding' for sector funds<sup>12</sup>. Even these, however, require an effective governance system.

According to staff of the MDGs UN Task Force, "for deeply impoverished countries, none of those sources [including ODA] – not even all of them combined – currently provides

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11 Eichengreen, Barry. 2004. Financial Instability. Copenhagen Consensus Challenge Paper. [http://www.imv.dk/Files/Filer/CC/Papers/Financial\\_Instability\\_160404.pdf](http://www.imv.dk/Files/Filer/CC/Papers/Financial_Instability_160404.pdf). (p. 2)

12 The European Union Water Initiative: Final Report of the Financial Component, October 2003. ERM, for DFID.



sufficient resources to expand services as dramatically as meeting MDG target 10 would require.”<sup>13</sup>

#### 1.4 Methodology of the study

The study set out to examine some broad ideas for avenues for possible new sources of funding.

- Increasing taxes for the water and sanitation sector;
- Charging consumers in Europe through their water bills;
- Savings realised from reducing unaccounted for water in Europe;
- Voluntarily contributions from water operators or water consumers (corporate social responsibility and philanthropy).

The study developed a framework to answer these questions:

- What additional resources can be accessed? (How?)
- Why might people or organisations give additional resources? (What are the drivers for giving?)
- Who would collect and disburse the money? (What channels can we use?)

These questions are inter-related and we found a spectrum of answers that produce a large number of possible combinations and scenarios.

The study team consulted key organisations representing a variety of stakeholders (see Annex 1) within and outside the water sector from three European countries – the United Kingdom, the Netherlands and France - gathering data from existing reports and the professional experiences of the study team members and their organisations. By discussing and rating the different possible combinations, the study team, with insights from representative stakeholders, have attempted to evaluate the strengths and weaknesses of each of the main ideas.

#### 1.5 Limitations of the study

There are several limitations to the study given time and budget constraints. Stakeholder consultations were not exhaustive and the limited geographical focus does not do justice to the richness of the variety of institutional settings, charity patterns and historic and cultural background within Europe. In particular, the study has not looked at the potential in the poorer countries of Europe, some of which have problematic water and sanitation services themselves. The study was also limited to mobilising finances within the water and sanitation sector and did not consider cross-sector subsidisation.

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<sup>13</sup> Hua, M. R. Lenton et al. 2004. Financing strategies to meet the Millennium Development Goals for Water and Sanitation in Low Income Countries. Draft for discussion at the seminar on “Water for the Poorest” organised by the International Water Academy. World Water Week. Stockholm. (p. 7)

We have attempted to estimate a theoretical amount that could be raised by various methods. This is usually done by grossing up estimates for 25 countries in the European Union (EU25), or for the population of these countries (estimated at 450 million people). We are very aware that this grossing up is crude and does not allow for the discrepancies between richer and poorer countries, let out the different cultural approaches to taxation, user fees and voluntary giving. Totals should therefore be regarded as illustrative. It would take more research and some detailed calculation to turn these into realistic estimates.

## Part 2 – A new water initiative in Europe?

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## 2. A new water initiative in Europe?

The study team developed a framework to answer the questions:

- How can we raise more funds in Europe? - the potential ways in which additional resources can be accessed;
- The motivation ('drivers') for giving? - Why do people and organisations give additional resources;
- What channel? - the various channels through which the resources can reach the poorest.

Recognising the multiplicity of modalities, drivers and channels for raising funds in the water sector and in Europe, we have laid out the various possibilities in Table 1 below. Each of these will be explained in this report.

The institutional settings, charity patterns and historic and cultural background within France, The Netherlands and the United Kingdom result in different drivers, methods and channels for raising funds for the water sector. Technically and economically, all these modalities are possible, and most are already taking place somewhere in one of these three countries, albeit at a small scale. There is no large scale example of hypothecated taxation, although an example of local charging is very similar. Clearly, some options are more attractive than others politically, while some require more resources and inputs than others. There are very many possible routes across the table. Any European initiative will need to choose those that reinforce existing national successful initiatives and position themselves where there is presently a gap at a European scale.

Table 1: Modalities, drivers and channels for raising funds in the water sector

<b>HOW to raise more funds?</b>	<b>Drivers for giving WHY?</b>	<b>What channel to achieve the MDGs?</b>
<b>Mandatory</b> Levy per cubic meter Unaccounted for water Hypothecated taxation levy Taxation on general development/share of development budget on W&S	Moral Humanitarian Development  “Water for All” “Water for People”	National NGOs  Corporate / NGOs partnerships
<b>Promoted/facilitated voluntary</b> Bill ticking Payroll giving Fair Trade – “Fair Water” Local authorities/Federations Lotteries	Global Sustainable Development Environment Green Issues  “Planet Water” “Global Blue”	Corporate  Local Government Twinning
<b>Voluntary</b> Individual (NGOs, charities) Corporate Philanthropy/ Corporate Social Responsibility	Global Public Health  “Our water health”  Emergency relief	Government (ODA)  Multilaterals EU Water Initiative

Table 1 is composed of 3 interrelated columns of boxes. The first (left hand side) column identifies three main categories of methods for generating funds for the water sector in developing countries.

- Mandatory modalities, such as taxation, levies or surcharges which the customer or target group cannot avoid, can raise large amounts of funding but they often fail to inform, let alone convince, tax-payers of reasons for giving. They take away people's choice to give or not give. They are unpopular with politicians and citizens,
- Promoted/facilitated voluntarily modalities use some mechanism to make it easy for individuals or organisations to give more and to give more regularly with lower overheads. Lotteries make it attractive for people to give perhaps for a mix of motives. Bill ticking and payroll giving allow money to be added to bills or deducted from net wages. Fair Trade products allow people to buy into their commitments. Contributions from local authorities may fall into this category, if people are aware of the choice they are making when they elect them.
- Voluntary methods such as charity giving, such as responding to appeals included with water bills (“bill stuffing”), provide the greatest choice. However, voluntary donations, whether by an individual, a group or a corporate entity are dependent upon reminders, publicity and marketing, giving rise to significant overheads and an uncertain return.

The middle column of boxes in Table 1 identifies the motivation for triggering one or several of the above methods of raising money. Individuals, companies and government

need a reason for raising funds. We have called these the drivers for giving, categorised into four types:

- Humanitarian reasons based on moral beliefs and an interest in development. It would be possible to focus such giving under a campaign with a slogan such as “Water for All” or “Water for People”.
- Environmental motives are driven by concerns for global sustainable development, and an understanding of the connections between production, consumption and water use in different countries and regions. Campaigns could be mobilised which focus on environmental water concerns under a slogan such as “Planet Water” or “Global Blue”.
- Public health reasons for giving may be a combination of humanitarian and environmental motives, concern for the future of children in societies with poor water and sanitation services, being mixed to some extent for concern that countries may become unsafe to visit, or that diseases could spread.
- Emergency reasons are humanitarian concerns raised to a heightened level by the scale of a disaster or by publicity given to the disaster as in the case of the Indian Ocean tsunami in December 2004.

The final column of boxes on the right side of Table 1 identifies the channels through which funds are allocated to poor communities in developing countries. These are the organisations who handle the money, and either carry out projects or liaise with those who will. The credibility of these organisations is often a critical factor in supporting or opposing proposals for raising additional funds.

The three columns of boxes are interrelated. The intention is to broaden thinking about this issue, by tracing many possible modalities in routes through the boxes. For example, one might imagine mandatory giving (Box 1) based on environmental motives (Box 2) through the channel of water operators (Box 3).





## Part 3 – Analysis of methods, motives and channels for raising funds

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### 3. Analysis of methods, motives and channels for raising funds

In this Section, we look at methods, motivating drivers and channels for raising extra funds.

In section 3.1 we:

- Explain each modality in greater detail;
- Analyse opportunities (+) and risks (-) for a European Initiative;
- Provide a summary of the country findings, including examples;
- Extrapolate country amounts, to provide an indicative total amount that can be raised;
- Categorise the initiative according to how realistic and possible it appears to be, given the opportunities and risks.

In Section 3.2 we then analyse the motivating drivers for giving, noting opportunities (+) and risks (-) for a broader initiative in Europe and including some examples from outside the water sector.

Finally, in Section 3.3 we detail some of the existing water and sanitation financing initiatives/organisations.

### 3.1 Methodologies for raising extra funds

#### 3.1.1 Mandatory: levy on water charges

<p>Consumers pay a levy on each cubic meter of water for “development activities”. The amount of the levy is set by the water utilities/local authorities, usually in the form of X per cubic meter.</p>	
+	<p>Provides fixed and large amounts of funds.</p>
-	<p>No element of choice for those providing the extra funds. A compulsory levy does not develop a sense of solidarity from citizens. There is very low public awareness of the reasons for a levy or where funds go.</p> <p>Many countries have legal barriers. Given the diversity of contracts and water provision institutional arrangements in Europe, it is difficult to conceive of a mechanism to implement this at a European scale.</p> <p>Water charges are not progressive, so the burden of funding water needs in the South would fall disproportionately on the less well off in the North.</p> <p>Higher environmental standards imposed by the EU Water Framework Directive will already increase the cost of water in Europe. This would come at around the same time.</p>
Country findings	<p>This mechanism is used to some extent in France and in The Netherlands.</p> <p><b>FR:</b> The SEDIF - Syndicat des Eaux d'Ile de France - is a federation of 144 local authorities around Paris (excluding the city of Paris) that ensures the provision of water to 4 million users. Since January 2000, the SEDIF earmarks on its operating budget an amount equivalent to €0,003/cubic meter, generating nearly €1 million of grant money per year. The annual budget is approved every year by the 144 mayors members of the SEDIF. This support to development projects represents 0.2% of the €460 million SEDIF annual budget and causes little comment from consumers. This contribution is paid for from their budget and, in a sense, all households contribute without a choice, but is considered 'voluntary' as the mayors vote on it. See 3.1.8.</p> <p><b>NL:</b> Dutch consumers take it for granted that they receive clean and cheap water from the tap. The high quality is appreciated and consumers do not</p>

	<p>seem concerned about the price of water, although it is relatively expensive compared to other European countries. The price varies locally within the Netherlands, from more than €2 per cubic meter in Amsterdam to less than €1 per cubic meter in Groningen, mainly due to the sourcing of raw water. About half of the water companies have introduced a small levy for development aid of about €0,002 per cubic meter, which means an increase in the annual bill of about €0.50 per household. Most consumers seem unaware of this marginal increase. The operators make the decisions about surcharges and how to spend the money. Some years ago, local politicians in Utrecht blocked this unjustified levy and it has not been raised there since. In total, with other fund raising activities, the total generated from the water sector amounts to about €3 million a year of which about half is allocated to charity and the other half to investment projects. This represents about 0.1% of the combined annual turnover of the water companies, (about €3 billion).</p> <p><b>UK:</b> There is a strong awareness of the increasing water bills and the challenge that poses to low-income consumers and a strong desire that there should be no form of regressive taxation that would add to citizens' bad debts. This goes equally for levies and hypothecated taxation.</p>
Indicative amount €	<p>€450 million per year for EU25</p> <p>Calculation: A levy of €0.02 per cubic metre (m3), assuming an average of 50 m3/person/year and 450 million people in EU25.</p>

**Conclusion:** This idea works to some extent in two of the three countries and may be attractive at first sight. However, it stands little chance of being adopted on a Europe wide basis and lacks a basis for public support and credibility. The levy is tolerated in the Netherlands and France, perhaps because it is very small.

### 3.1.2 Mandatory: Unaccounted for Water

<p>This raises funds through the savings gained from reducing leakages (unaccounted for water – UFW) in Europe. First, a quality management system has to be installed and the results monitored and analysed. Then, policies for the detection and repair of leakages have to be put into place. The scope for savings is predicated on the fact that there are numerous European cities where the leakage rate approaches 50%. An analysis carried out of 200 towns in France showed that 47% of research and treatment programmes had payback periods of less than three years.</p>	
+	<p>In some cities, the leakage rate is so high that the capital outlay for detection and preventing leaks will be covered by savings in 3 years.</p> <p>The proposal forces people and politicians in the North to think about conservation and optimising existing infrastructures. Elected officials can earmark savings, rather than new taxes for international cooperation.</p> <p>There might be an incentive for governments to subsidise investments for reducing UFW, as is the case of subsidies to Green Energy in the Netherlands.</p> <p>If money was raised from efficiency savings in the North, it would focus attention on using the money efficiently in the South.</p>
-	<p>UFW is a notoriously difficult concept to define precisely. Many definitions circulate and it is also difficult to measure so as to provide a proper assessment.</p> <p>The reduction of leakages is already part of the management contract of many companies – so savings are allocated in advance to reduce prices or increase profits.</p> <p>Sometimes costly efforts to reduce UFW results in holding costs steady (because, for example, there is no need to build an extra pumping station) rather than visible cost reductions. It would be hard to explain why savings are being passed on to developing countries, when consumers have seen no benefit.</p> <p>There is a time-gap following the investment before net savings accrue. Consumers will pay through their water bills for the investment costs to reduce leakages and, when investment costs are covered (which might take 10-20</p>

	<p>years). The mechanism has no political appeal. Once the leaks are fixed, it becomes difficult to explain to the public why they are giving money to poor countries on the basis of investments made x years ago.</p> <p>Most savings will be in countries which have or recently had poorly maintained water services. These are likely to be the poorer countries of Europe.</p>
Country findings	<p>Would not work in the UK or The Netherlands (see below). In France, water companies such as Veolia, are starting a debate about this form of generating funds.</p> <p><b>FR:</b> In Lyon, City authorities and their <i>délegataire</i> (water company) may not have negotiated as low a price of water as they could. Over time, the water company was able to reduce the cost, probably linked to economies of scale rather than to reduction in leakage. The price of water was not reduced quite as much as it could have been. Both parties earmarked part of revenue to development initiatives. The mechanism is not quite as transparent as it could be. It works because there was leeway to make these payments without price rises.</p> <p>WWF France has been working on an initiative called "Economies au Nord, Efficaces au Sud". The plan is that people in the North will donate the equivalent of what they save (by reducing water consumption) to support micro projects in the South (with a special focus on preserving wetlands). This has not yet been launched.</p> <p><b>NL:</b> Unaccounted for water in the Netherlands is one of the lowest in the world, at about 4%. To link an allocation of money to a reduction in this figure does not seem viable.</p> <p><b>UK:</b> Parts of the UK have a high rate of unaccounted for water (15% to 30%), partly the legacy of very old pipe networks (one third of Thames' pipe network in London is older than 150 years old). The economic regulator has introduced the concept of an 'Economic Level of Leakage' (ELL) to balance the considerable costs of bringing down leakage rates against the long run marginal costs of providing additional water to cover losses through leakage. This approach does not allow room for sharing the benefits of water saved.</p>
Indicative amount €	<p>€2 billion per year for EU25</p> <p>Calculation: With an annual abstraction of 40 billion m3 and an average UFW</p>

	<p>of 25%, this implies that 10 billion m<sup>3</sup> in Europe is unaccounted for. Assuming that due to global efforts this level of UFW could be brought down by 5%, this would imply saving 2 billion m<sup>3</sup> of water. Assuming that for each cubic meter of water saved €1 is allocated to a European Initiative, this would generate €2 billion annually for the whole of Europe.</p>
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**Conclusion:** This potentially attractive idea seems to be completely impractical on a large scale. It is very unlikely that the public, Governments and water companies will be motivated to make investments to reduce leakage and wastage unless they receive a substantial part of the benefit. Those countries with the least efficient water systems (broadly speaking the poorer countries of Europe) would end up contributing the most. However, if it is possible to reduce people's water bills as a result of reducing leaks, this could be a motivating factor for increasing aid to water and sanitation projects. There may be scope for allocating a small percentage of savings from reducing wastage to schemes that avoid waste in poor countries (such as rain water harvesting, or training water committees in cost recovery mechanisms).



### 3.1.3 Mandatory: hypothecated taxation levy

<p>Hypothecated taxes are specific taxes or levies for a specific purpose and the money can only be spent for that purpose. They are transparent but are less popular with governments for whom they represent a loss of control over spending. In its simplest form, this would mean that a named percentage of general income tax would be allocated to water (or to ODA with water receiving a specified percentage of ODA money).</p>	
+	<p>A variety of specific environmental taxes are becoming more common. Examples include climate change levies, greenhouse gas emissions, landfill taxes, green energy requirements, etc. which the majority of the public does not seem to question or even know about.</p> <p>Collection is simpler than a mandatory levy per cubic meter on the water bill.</p>
-	<p>The public has no way to exercise choice unless this becomes an issue during an election.</p> <p>Most European countries are pledged to achieve an ODA of 0.7% but only a few have achieved it. In this context, a protected sum of money for water and sanitation would raise questions of why not a similar hypothecation for health or education aid.</p> <p>This would mean an increase in taxation, at a time when general taxation is seen by many as reaching its limits. It has little political appeal for elected politicians who have to sell the idea to their voters on behalf of people who do not vote for them.</p>
Summary of country findings	<p>Extreme aversion by Governments and citizens to a “European” tax and aversion to a compulsory approach by taxing. When the EU discussed a “euro tax” towards the 100bn euro annual budget, Dutch Minister, Gerrit Zalm, said that the last time such a tax had been introduced in the Netherlands, it had sparked the eighty years war against Spain in the sixteenth century. His Irish Colleague, Charlie McCreevy, said it reminded him of the tax dispute that triggered the American war of independence.<sup>14</sup></p> <p><b>FR:</b> The Ministry of Finance would veto any proposal enabling local governments to create a new tax. Yet, they remain interested in mechanism that would decentralise the effort of raising money for overseas development</p>

<sup>14</sup> BBC News. Ministers reject EU tax plan. 10 July, 2001 <http://news.bbc.co.uk/1/hi/business/1431606.stm>

	<p>aid without relinquishing control.</p> <p><b>NL:</b> Dutch organisations involved in “awareness raising for development cooperation” such as COS Nederland, NOVIB and NCDO share the opinion that a compulsory approach by taxing or levying might be counter productive.</p> <p><b>UK:</b> Opposition to EU tax harmonisation is so great that a veto from the Chancellor could be taken as a foregone conclusion<sup>15</sup></p>
Indicative amount €	Assuming that €15 billion is the funding gap, this would mean that 0,015% of EU25 GDP would have to be allocated to water and sanitation and collected through a specific tax.

**Conclusion:** Fails to involve the people of Europe and likely to maximise resentment. Specific, ‘hypothecated’ taxes to benefit the water and sanitation sector in developing countries will be unpopular, particularly with a ‘European’ label is attached to the tax. Stakeholders in the North and the South involved in supporting and implementing grass root water projects do not need European Union taxation. They do want a European mechanism to match financing they raise locally, for example, by local authorities. The Commission would process requests from local authorities or river basin authorities that wish to finance partnerships or grass root initiatives. Matching aid money in this manner could double the amount of aid made available to local charity organisations and their partners in the south, and could be politically acceptable. However, any money used by the EU in this manner would presumably come out of money it had already allocated for development aid.

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15 Financial Times – ‘EU tax plan with diverse support’, Tuesday July 20, 2004

3.1.4 Mandatory: Increase ODA to pledged level and allocate larger share to water and Sanitation

<p>There has been a long-standing campaign (Monterrey Agreement), to achieve 0.7% of GDP from high-income economies to support developing countries. This has been achieved by few European countries; most failed to meet their commitments. Water and sanitation generally attracts a small proportion of ODA.</p>	
+	<p>This would raise large amounts within current institutional national frameworks.</p> <p>There is a clear opportunity for advocacy to encourage:</p> <p>a) faster movement towards achieving the 0.7% goal and b) a greater proportion of the aid budget to be spent on water and sanitation.</p> <p>Could be combined with advocacy around the World Water Forums, Water Decade and MDGs.</p>
-	<p>Low success rate of ODA reaching the poorest communities.</p> <p>Political issue with many external uncontrollable factors.</p> <p>The proportion of ODA directed to water and sanitation, varies with trends in development thinking, from 'hardware' to 'software'; re-balancing provision between urban and rural settings; focusing support on a few countries (where water might not be such an issue); responding to Poverty Reduction Strategy Papers which generally do not include water; directing funds through multilateral organisations such as Unicef.</p> <p>If water and sanitation gets a greater share of ODA, something else would get a smaller share.</p>
Country findings	<p>UK, France and The Netherlands, together with Germany, provide more ODA (in volume and as share of GDP) to the water and sanitation sector than other European countries. There was some concern that if a country's ODA increases, individuals may feel they do not have to do anything except lobby for a higher proportion of ODA to be spent on water and sanitation.</p> <p><b>FR:</b> In 2002, the France contributed 0.38% of GDP to ODA, of which €115 million went to water supply and sanitation.</p>

	<p><b>NL:</b> The Dutch traditionally distinguish themselves by support for development (Dutch Crown Prince Willem Alexander is strongly involved). This is reflected in the political commitment to assign 0.8 % of GDP to development cooperation. The 0.8% contribution includes 0.2% which is allocated to environmental issues including water (€98 million in 2001-2002).</p> <p><b>UK:</b> The DFID aid budget was equivalent to €105 per person in 2004-05. This 0.35% of GDP is scheduled to rise annually by 9.2 per cent in real terms for three years. Of the aid budget, €70 million (2001-2002 data) or €3.20 per person (2002-03 data) is spent on water and sanitation development. This small allocation is due to downgrading infrastructure, moving towards “basket funding” for governments rather than projects, and the low visibility of water in Poverty Reduction Strategy Papers. Changing this balance would require sophisticated lobbying to show that spending on water and sanitation will demonstrably reduce poverty.</p>
Indicative amount €	If €15 billion is the funding gap and all EU25 countries allocated 0.7% of GDP to ODA, this would require almost a quarter (22.5%) of ODA to be allocated to water and sanitation.

**Conclusion:** A Europe-wide campaign to focus attention on both the level of ODA and the share of ODA that goes to water and sanitation could increase resources substantially and raise public consciousness. However, it would not raise money from individual citizens and should probably be carried out in parallel with other forms of raising money. ODA and voluntary giving should not become alternatives.

### 3.1.5 Promoted/facilitated voluntary: bill ticking

<p>Water sector examples include 'bill ticking' where, water customers are reminded of the needs of poorer countries when they think about their own water supplies, and 'tick' a box on their bill to give a small amount to a specified water charity or agree to 'round up' their bill to the nearest Euro or Pound.</p>	
+	<p>Voluntary, so encourages people to take an interest in water and sanitation development issues.</p> <p>Enhances voluntary donations by making it easy for donors to give regularly</p> <p>Generates a significant number of small payments without high overheads.</p>
-	<p>Perversely, hi-tech billing systems limit the flexibility to include additional payments, while monthly or quarterly direct debits limit the scope for 'rounding-up.'</p>
Country findings	<p>This is not widely practised and donations through bill stuffing (see below) and direct debits work better in terms of income/cost ratios than rounding-up.</p> <p><b>FR:</b> Not practised in France. A levy on the water bill is more common.</p> <p><b>NL:</b> Not practised in the Netherlands. A levy on the water bill is more common.</p> <p><b>UK:</b> WaterAid used to round up the bill but found that there were a large number of people giving very small amounts of money on a one-off basis. Asking people for a regular monthly donation and then asking them to increase this amount as they learn more, seems to be the best way to develop support and commitment from individuals.</p>
Indicative amount €	<p>€15 million per year for EU25</p> <p>Calculation: There are 150 million households in the 25 European countries. If 10% voluntarily agree to round up their bills twice a year, each household would donate €0.5</p>

**Conclusion:** Voluntary giving connected with receipt of water bills has potential, but experience suggests that bill ticking is not the most successful form of fund raising.

### 3.1.6 Promoted/facilitated voluntary: payroll giving

<p>Payroll giving combines the 'box ticking' approach with tax benefits. The employee ticks a box to select a charity/charities (from a list), and determines the amount to be taken from his or her monthly earnings. The employer takes responsibility for collecting and forwarding the amounts along with the tax benefits.</p>	
+	<p>Governments can promote this form of charitable donation through allowing income tax that has already been paid on the sum donated to be reclaimed by charities.</p> <p>Has potential, and water charities would benefit if promoted to water company employees.</p>
-	<p>Water related charities do not receive much when compared to environment or health charities in non-water companies.</p>
Country findings	<p>Growing success in the UK where it is linked with corporate social responsibility (see 3.1.11). Does not seem to be well known in Europe outside the UK.</p> <p><b>FR:</b> Not practised in France.</p> <p><b>NL:</b> Not practised in the Netherlands.</p> <p><b>UK:</b> Payroll Giving donations are deducted before tax so each £1.00 given costs 78p, (68p for higher rate tax payers)<sup>16</sup>. Since 2000, the number of companies offering payroll giving has doubled, with over five million employees now able to donate to charity, tax- from their pay<sup>17</sup>. Many organisations in the water industry support WaterAid in other ways, and payroll giving has not been a major activity until recently.</p>
Indicative amount €	<p>€30 million per year for EU25</p> <p>Calculation: there are 175,300 employees working in the European water sector, making an average salary of €37,700 annually. Assuming that such a mechanism would be implemented throughout Europe, if all employees</p>

<sup>16</sup> <http://www.payrollgiving.co.uk/>

<sup>17</sup> News Release. 17th March 2004. <http://www.prnewswire.co.uk/cgi/release?id=119303>

	allocated 0.5% of their salary this would raise more than €30 million annually. This could increase if water charities could attract donations from employees on a wider basis.
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**Conclusion:** Can make a real contribution, but probably modest since only a percentage of employees will agree to the deductions. Advocacy is needed to introduce such a scheme in more European countries and to ensure that water and sanitation has a higher profile within the scheme, inside and outside the water sector. Employees of drink manufacturing and bottling companies, as well as employees of water companies, might be willing to donate to water related charities. A targeted, high profile campaign could bring results.



### 3.1.7 Promoted/facilitated voluntary: Fair Trade/Fair Water

	<p>In a typical Fair Trade approach, a farmer in a low-income country is promised a fixed amount for growing each kilo of (say) coffee, irrespective of fluctuations in world prices, intermediary profit margins and supermarkets competing for low prices. This concept appears to be well accepted by consumers who like the sense that their additional payment goes 'directly' to the farmer and is not swallowed up by aid project overheads and the like. For water, this would differ from bill ticking in that instead of "rounding the bill up" by a few Euro cents, a voluntary percentage of the water bill (say 1% to 10%) would go directly to a "Fair Water" Initiative.</p>
+	<p>There is potential to promote a Fair Water initiative to give consumers the possibility of paying an additional amount for their water, for water projects involving poor people in low-income countries.</p> <p>Fair Water could become a mobilising slogan around a range of activities.</p>
-	<p>Lack of clarity. Fair Trade has been successful because people feel their money is going "directly" to the producer. There are no middle men and fewer opportunities for corruption and exploitation. In a Fair Water initiative, this element of directness is missing, since there is no equivalent product or producers.</p> <p>The delivery channel is critical: givers will want a system that prevents their money going to the coffers of corrupt governments.</p> <p>Even in a commodity market retailers can take advantage of Fair Trade labelling to overcharge.</p>
Country findings	<p>Idea received with enthusiasm in the UK and The Netherlands. Could be developed Europe-wide.</p> <p><b>FR:</b> Data not collected for France.</p> <p><b>NL:</b> The Netherlands experience with Fair Trade dates back to 1988 with the introduction of 'Max Havelaar' coffee. Several other Fair Trade products have been introduced with mixed results. The key to success seems to be simplicity of product and the perception of the customers. Consumer surveys indicate that 11% - 17% of consumers are 'always' willing to purchase a Fair-Trade product. The surveys found that the fair trade product needs to be easily</p>

	<p>available; at least as good quality as the market leader; not too expensive; innovative and not competing with other Fair Trade products. However, the additional price of most new Fair Trade products exceeds 17%, and this might explain why some are not very successful.<sup>18</sup></p> <p>A Dutch commercial company recently, introduced '<b>WellWater</b><sup>19</sup>', a half litre bottle of mineral water with 25% of the price going to the aid organisation Simavi for water pumps in African and Asian villages. The company philosophy is 'Water for Water'; and the product has a 'feel-good' factor, as the consumer sees their money used to help other people. They say that if every Dutch person one bottle a year, 100 villages can have clean drinking water. The total Dutch market is 90 million small bottles of mineral water a year, of which WellWater has a small but growing proportion. The price is no higher than that of the market leaders, as WellWater does not spend on advertising. At first, it was difficult to find shops that wanted to put WellWater on the shelves, because the brand is not well known, while most schools already had a contract with water companies. It was health and natural food shops that first started to take WellWater. Since June 2004, BP has put WellWater on sale at all its petrol stations. The company is considering new products, including 'WellWater' beer, but acknowledges that long term success depends on the brand name becoming better known.</p> <p><b>UK:</b> Fair Trade goods are widely on sale in British supermarkets. The Fair Trade coffee market share has reached 3% with customers choosing to pay between 17% to 75% more for Fair Trade coffee. However, British supermarket chain, Sainsbury, was accused of profiting from Fair Trade bananas, passing on a fraction of the mark-up to growers. Tesco, the biggest British supermarket chain, was accused of charging a premium for Fair Trade coffee far higher than what the grower receives. Emily Dardaine, a manager at the German-based Fair Trade Labelling Organizations International (FLO) said: "Supermarkets are taking advantage of the label to make more profit because they know that consumers are willing to pay a bit more."<sup>20</sup></p>
Indicative amount €	<p>Calculation: €430 million per year for EU25 if 6% of European costumers voluntarily donate 10% of their water bill (average bill €160 per year). This 6% is of a similar order to the 4%-7% Fair Trade share in some European markets.</p>

18 Information about Fair Trade in the Netherlands is based on the article of Sanders, Thierry P.J.B. 2003. 'Eenvoud bepaalt het success van duurzame producten' in Tijdschrift voor Marketing. April 2003 nr.4. Jaargang 37.  
19 <http://www.wellwater.nl/>  
20 Steve Stecklow and Erin White, 'At What Price Virtue?', Wall Street Journal, March 28, 2004  
[http://www.glovesoff.org/web\\_archives/wsj\\_fairtrade\\_2004.html](http://www.glovesoff.org/web_archives/wsj_fairtrade_2004.html)

**Conclusion:** The Fair Water idea has already attracted attention. However, except in the case of the Dutch WellWater, there is a lack of a clear product that the consumer is 'buying, and no clear line of donation direct to a beneficiary. The Fair Water idea needs careful development if it is to be more than a slogan for voluntary giving, and is to be free of all suspicion that money sticks to organisations along the way. Fair Water could become an umbrella mobilising campaign which could function in different ways in different countries.

### 3.1.8 Promoted/facilitated voluntary: Local authorities/federations

<p>Local elected officials of water authorities decide to donate to water projects. This mechanism has been common in France for some years. It is now possible for local authorities to earmark a maximum of 1% of their allocated to water and sanitation budget to international cooperation.</p>	
+	<p>Could raise predictable and substantial amounts.</p> <p>Some element of local choice through elected representatives.</p>
-	<p>For many, this is hidden taxation since consumers do not have a real choice.</p> <p>The mechanism lacks transparency. Households and consumers are not always aware of what is done with the money. Informing people what is being done is a challenge, although this is also an opportunity to make them aware of development issues.</p> <p>If these amounts are considered as part of Overseas Development Aid (ODA), Central Government could reduce its funds accordingly.</p>
Country findings	<p><b>FR:</b> In June 2004, the “Oudin law<sup>21</sup>” was passed by the French Senate and later approved by consensus in the National Assembly, giving local authorities the right to "voluntarily earmark" up to 1% of its operating budget for water and sanitation services to "international cooperation initiatives in the WSS sector". In effect, the elected officials simply decide on an amount, from zero to 1%, on behalf of those who elected them. The Ministry of Finance opposed this as "just another form of taxation", but was won round, partly because France can count whatever is raised towards its target for Overseas Development Aid (ODA).</p> <p>The SEDIF federation of 144 local authorities around Paris (see 3.1.1) provides financial development support of €660,000 a year to grass roots projects. Over the past 17 years, €9.2 million has been disbursed to 25 NGOs for 160 projects in 16 countries.</p> <p>The City of Lyon and surrounding municipalities earmark €300,000 a year from their operating budgets and the private company that runs the service puts up an equivalent amount. In this way, €600,000 goes to finance cooperation projects in the water sector. This includes supporting a "twin city" in the south and projects initiated by NGOs from the Lyon area.</p>

<sup>21</sup> <http://www.assemblee-nationale.fr/12/pdf/ta/ta0375.pdf>

	<p>AESN – Agence de l'Eau Seine Normandie, the main French River Basin Agency, actively promotes the River Basin model internationally and finances micro-projects at the request of French NGOs. In 2001-2002, it gave about €1.5 million for 34 projects.</p> <p>The 2004 legislation will increase the number of initiatives, which can also lever other local sources of funding. The profile of this method of donating money was raised following the 2004 Indian Ocean tsunami.</p> <p><b>NL:</b> Many local governments twin with partner municipalities in development countries. This is an excellent opportunity to bring the water issue in developing countries closer to Dutch citizens and so support water projects. An alliance between the Dutch Directorate for Development Cooperation (Ministry of Foreign Affairs), with the Water Boards and the Dutch Consumers Association could be an interesting opportunity to make a meaningful contribution to bridging the MDG gap. The possibility of Water Boards providing cheap loans for water related projects in developing countries seems should be investigated.</p> <p><b>UK:</b> There are no such schemes in the UK. There are many 'twinning' arrangements by local authorities, but these do not include private water companies.</p>
Indicative amount €	<p>€30 million for France only which has such a specific legal and institutional set up.</p> <p>Calculation: 6 River Basin Agencies, 50 syndicates and 15 of the larger municipalities are involved Contributions are expected to reach €30 million over the next five years.</p>

**Conclusion:** This works in France, but is unlikely to have potential for Europe-wide expansion without some local method for specifically voting in favour of such contributions. If the public is actively involved this is a form of solidarity giving. But it is arguable whether this is facilitated giving or compulsory taxation, depending on the degree of public involvement and responsiveness of elected officials. It could be seen as a way for the state to devolve some of its ODA responsibilities to local institutions. However, 'twinning' arrangements could be a useful avenue to raise awareness about water and sanitation issues in developing countries.

### 3.1.9 Promoted/facilitated voluntary: Lotteries

<p>Consumers buy lottery tickets, partly in the hope of winning large prizes, but aware that the money also goes to 'good causes'.</p>	
+	<p>Revenue from lotteries, when not going directly to State budgets, provide funds to a large number of national NGOs which then use the money for a wide range of activities, including water and sanitation in developing countries.</p>
-	<p>'Competition' with a large number of other equally worthy causes.</p> <p>Motivation is around winning prizes rather than contributing to overseas development.</p>
Country findings	<p>Water related NGOs seem to be getting increasing levels of funds from lotteries. Special lotteries run by water charities are on a much smaller scale than the national lotteries.</p> <p><b>FR:</b> Data not collected.</p> <p><b>NL:</b> Dutch lotteries realised €1.46 billion in 2002 and are growing at about 8% a year. Of this €347 (23.8%) million of the total revenues goes to charitable organisations and €81 million (5.5%) goes to the Dutch Government<sup>22</sup>. Water related NGOs such as A4A and Simavi receive around €1 million a year each from the largest lottery.</p> <p><b>UK:</b> A WaterAid lottery allows employees of water companies to buy tickets from payroll, and raises substantial amounts from a very high proportion of current and previous water industry employees.</p>
Indicative amount €	<p>€90 million per year for EU25</p> <p>Calculation: €300 million/year is raised by the Dutch lottery, of which 1% is allocated to the water sector. This averages €0.2 per person. If the same held for 450 million people in EU25 this would raise €90 million per year in Europe.</p>

<sup>22</sup> [http://www.medialog.nl/entry\\_284.php](http://www.medialog.nl/entry_284.php)

**Conclusion:** A definite source of funding, but it is unclear that water and sanitation in developing countries would ever become the main beneficiary of national lotteries, or that special lotteries could raise substantial amount of money.

### 3.1.10 Voluntary Individual: NGOs, charities

<p>Water-related charities find that individual donors respond positively. An established practice in some countries is 'bill-stuffing', i.e. including publicity and educational material with requests for donations in water bills. This appears to benefit the water company's reputation, and the water charity. Charities seek to persuade donors to take out Direct Debits which ensures that contributions continue without the donor having to arrange further payments or remembering to pay again.</p>	
+	<p>Individual donors often like to be associated with grass root development projects in the South when the charity keeps administrative costs low, and where implementing agencies have a good track record and are based locally.</p> <p>Water specific charities that grew out of water supply companies, such as WaterAid in UK, pS-Eau in France and, more recently, Aqua for All in the Netherlands have high legitimacy in terms of perceived skills and professionalism.</p> <p>People who give for water and sanitation projects are sensitised to the issues and may be more willing to campaign for greater government support.</p>
-	<p>General development charities usually include water as part of their portfolio but water remains one among many competing claims.</p> <p>Many charities are criticised for high overheads, and for targeting existing donors with repeated appeals.</p>
Country findings	<p><b>FR:</b> Most of the funds from the water sector are channelled through the local authorities, federation of local authorities and water companies to French NGOs with projects in developing countries. (See 3.1.1 and 3.1.8).</p> <p><b>NL:</b> Dutch people are very aware of the value of water and willing to give money and skills, so long as they feel the money is well spent and the developing country is doing its best to tackle inefficiency and corruption. The Netherlands have been proud exporters of knowledge and expertise on water related issues. There is a wide range of initiatives to generate funds at local level. However, voluntary contributions are sensitive to negative publicity. Problems related to the Plan International "foster parents" scheme and publicity around the high salary for the Dutch Red Cross (Rode Kruis) Director</p>



	<p>caused a dip in giving throughout the entire sector.</p> <p><b>UK:</b> The charity WaterAid was founded more than twenty years ago by the UK water industry and has since outgrown its dependence, becoming extremely well known and winning 'Charity of the Year awards' etc. Its income was approximately €25.6 million in 2003, 17.7% (€4.5 million) of which came directly from the water industry and its customers. These are now entirely voluntary contributions, rather than add-ons to the bill.</p>
Indicative amount €	<p>€45 million per year for EU25</p> <p>Calculation: WaterAid raises around €0.1 per person per year in the UK. If this was achievable throughout Europe 450 million people would contribute €45 million per year.</p>

**Conclusion:** There is potential to do more, in more countries. Water charities are well established in some countries and should be encouraged across Europe. They also raise awareness of water related issues.

### 3.1.11 Voluntary Corporate: Corporate Social Responsibility

<p>Corporate philanthropy, often known as Corporate Social Responsibility, has become part of the plan for achieving a company's goals in the 21<sup>st</sup> century. Companies align philanthropic objectives with their business missions and focus on giving in areas that are important to the broad spectrum of their customers and staff. Integrating socially and environmentally friendly policies into business attracts investors who support similar social and environmental commitments<sup>23</sup>.</p>	
+	<p>There is an opportunity to promote more effective Corporate Social Responsibility by water utilities, and to influence other companies who may regard supporting water and sanitation initiatives as synergistic to their aims.</p> <p>Employees of companies with social responsibility policies are often encouraged to make their own contributions of time, skills or money.</p> <p>Corporate donors are likely to insist on their donations being effectively and efficiently used.</p>
-	<p>Corporate giving can be subject to changes in company policy or to economic change.</p> <p>Companies have been accused of using corporate donations/programmes to influence Government policies – for example a subtle linkage between an application to extract water in a developing country and a corporate donation to education, health or to water projects.</p>
Summary of country findings	<p><b>FR:</b> If companies are to earmark additional funds to projects in the South they would probably do so in countries where they have a commercial presence. <b>La Compagnie Générale des Eaux (CGE - Groupe Veolia)</b> and <b>La Lyonnaise des Eaux (Groupe SUEZ - ONDEO)</b> already support charity causes and development programmes. <b>Veolia</b> supports Water Force through which 150 employees from Veolia subsidiaries give time and expertise to partner organisations (Red Cross, Secours Catholique, UNICEF, Ministries, and local authorities). <b>Vivendi Water</b> initiated the AQUADEV programme in June 2001 to go beyond crisis response and to support teams of field workers, identify viable and appropriate technical solutions and promote an innovative partnership model. <b>Lyonnaise des Eaux</b> supports Aquassistance,</p>

<sup>23</sup> For different option and possibilities for corporations to become involved in philanthropy see new trends and approaches at <http://www.givingnetwork.org/>

	<p>set up by their staff members to volunteer their skills to help low-income communities in developing countries access clean water and sanitation. Aquassistance works in partnership with local associations and NGOs in the South. It has 500 members and more than 130 voluntary workers, willing to give up some of their leave time to do field work. Aquassistance has a budget of €500,000 (2003) and 152 missions to its credit.</p> <p><b>NL:</b> The Netherlands does not have private water companies but there are many examples of corporate philanthropy. Brewers <b>Heineken</b> require seven litres of water for every litre of beer they produce, and has the ambition to support projects which provide access in developing countries to at least three litres of water for every litre of beer produced. Other examples of corporate charity are the €70,000 that <b>WMD</b> gave to A4A for a water project in Kenya, <b>Brabant Water</b> in Sudan, <b>VITENS</b> in Mozambique.</p> <p><b>UK:</b> Private water companies in England and Wales believe that they are doing all that can reasonably be expected of a private company through their social responsibility programmes for WaterAid. They see no advantage in promoting a European wide initiative. Since 1989, when privatisation made <b>Thames Water</b> one of the largest water companies in the world, staff, customers, community groups and suppliers have raised £14 million (€20.7 million) for WaterAid. Thames Water also matches staff fundraising efforts on a pound for pound basis Staff raised a record £87,000 (€129,000) for WaterAid in the financial year 2001-2. Thames Water also launched the Givewater.org website through which 4 million visitors contributed over £200,000 (€296,000) to WaterAid. In 2001/02 <b>Anglian Water</b> employees, customers, business partners and the community in the region raised over £454, 000 (€668,000) for WaterAid. Anglian Water has a community programme “give me five” through which employees raise funds and awareness for WaterAid. Every five hours an employee gives of his or her own time (up to 30 hours a year), Anglian Water matches with company time. There is a year-round calendar of fund raising events, and an employee payroll lottery. In 2001/02 the <b>Severn Trent Group</b> employees, customers, business partners and the community raised over £590,000 (€868,000) for WaterAid. Severn Trent supports WaterAid through employee volunteering, a £55,000 (€81,500) annual corporate donation and gifts in kind. Severn Trent has a dedicated volunteer committee. The employee payroll lottery raises over £33,000 (€48,800) annually.</p>
Indicative amount €	<p>€500 thousand to €1 million, per company, per year in countries with private water companies (France for example).</p> <p>Calculation: Money can be raised for activities decided and promoted by the</p>

	companies themselves. Within Veolia and Lyonnaise funds for humanitarian and development aid in the water sector range approximately from €500,000 to €1 million per year.
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**Conclusion:** Many private companies are already involved in philanthropic activities, which are supported by their staff and integrated into their business plans. In such companies scope for expansion may be limited. However, there are water companies that could do more, and there are opportunities to broaden the scope of companies that taken an interest in this field to include soft drink companies, brewers, soap manufacturers etc. Schemes that engage customers and employees have the greatest scope for raising awareness.

## 3.2. Analysis of the motivating drivers for giving

### 3.2.1 Humanitarian reasons for giving – ‘Water for All’ – ‘Water for People’

<p>People in European countries who can turn on a tap to get clean drinking water, and use flush toilets can identify with the inequalities, and appreciate how hard life would be if those things were not there. People in Europe can identify with the burden that many women bear in developing countries and with the risk to children’s lives. There is a widespread feeling that clean water is a human right. Our instinctive humanitarian response to do something about this may be strengthened by moral or religious belief systems.</p>	
+	<p>Images of women drawing water from a dirty well and carrying buckets on their heads for long-distances and children playing alongside heavily polluted drains in slums are powerful and valid drivers for giving.</p> <p>Relative to apparently more intractable development issues of ‘failed states’ etc, delivering improved water and sanitation is seen to be straightforward and ‘doable’. ‘The technology and the knowledge are available and we can help’.</p>
-	<p>Competition with other important humanitarian drivers.</p> <p>Not everyone in Europe has an adequate water supply or hygienic sanitation. Some countries may take the view that: “charity begins at home”.</p>

**Conclusion:** We found throughout our research that humanitarian solidarity remains a very powerful motivating driver. Charities tap into this understanding as do governments when they want to justify aid programmes. Humanitarian solidarity is harder to tap for long term solutions and complex less visible forms of support, such as training for water committees, or for hygiene education, than for emergency relief. The public desire to help needs to be nurtured with education about the forms of support that are most effective.

### 3.2.2 Environmental sustainability reasons for giving – ‘Planet Water’- ‘Global Blue’

<p>There is a growing awareness that we live in a single planet with an interconnected environment and ecology. The appeal of NGOs such as the World Wildlife Fund and Greenpeace, and the Kyoto agreement on energy use and carbon dioxide emissions demonstrate that we all respond to this need.</p>	
+	<p>In the water sector, our horizon has lifted from local water sources through integrated water resources management within river catchments to transboundary water issues. There is a raised awareness that degrading water supplies affects neighbouring countries and whole regions.</p>
-	<p>Introducing strong environmental measures requires strong government support and subsidies.</p> <p>It is not easy to extend accepted ‘green’ imagery to water (where ‘green’ may be associated with algae or pollution).</p>

**Green Energy** in the Netherlands has some similarities to water since it is also usually a networked service. Green energy is generated by the producer through environmental friendly energy sources as solar, wind and water sources. It is a very successful Fair Trade product with a (still growing) market share of 35% in December 2003 or 2.4 million Dutch households. It is seen a Fair Trade because consumers are prepared to pay more for a service that matches their ideals. All energy companies in the Netherlands offer this product, and its success might be explained because it satisfies all the conditions of a successful Fair Trade product: it is easily available, it is simple, provides the same quality as other energy sources, the government provides subsidies so it is only marginally more expensive to the customer, it is innovative and there is no competition. Whether it will survive the scheduled withdrawal of government subsidies to consumers remains to be seen.

The success of Green Energy in the Netherlands is not equalled in most other European countries, although according to Reuters Business Insight<sup>24</sup> the prospects for fast growing green energy markets are bright especially in France, Spain and Germany.

**Conclusion:** To promote environmental sustainability for water we suggest that something along the lines of ‘Planet Water’ or ‘Global Blue’ might be considered to highlight how much of the earth’s surface is water, but also the fragility of the fresh water component.

<sup>24</sup> From Reuters Business Insight: ‘Green Energy report: Strategic Prospects to 2010’

### 3.2.3 Public health reasons for giving – ‘Our Water Health’

<p>This approach is mostly humanitarian, since the link between unclean water and unhygienic sanitation and infant mortality is well known. However, it also partly based on self interest, in that we protect ourselves in a world where disease spreads easily between countries, and where more people travel.</p>	
+	<p>There is a heightened concern in European about health and about a global response to some diseases such as HIV, even if there is lesser concern for diseases directly related to water.</p> <p>People who travel to developing countries want to feel safe, and may have their awareness raised.</p>
-	<p>From country interviews, this driver seems less attractive than others. Concern about importing food from countries where water borne diseases are common, is probably not a sufficient motivating factor for supporting attempts to change conditions in developing countries. However, countries lose tourism because of health fears. A draft World Bank<sup>25</sup> report (May 2005) says that water pollution and poor sanitation is costing the Philippines €690 million in lost tourism, as well as €250 million in lost fishing catches and €48 million in unnecessary health costs.</p>

<sup>25</sup> “Philippines: Meeting Infrastructure Challenges” is a collaborative report by the World Bank, Philippines National Economic and Development Authority (NEDA) and other partners. Chapter 7 - Water Supply and Sanitation can be downloaded from <http://www.worldbank.org.ph/WBSITE/EXTERNAL/COUNTRIES/EASTASIAPACIFICEXT/PHILIPPINESEXTN/0,,contentMDK:20509391~menuPK:333009~pagePK:141137~piPK:217854~theSitePK:332982,00.html>

Although HIV/AIDS funding appeared to be stagnating and in some cases declining in the late 80s, funds have been growing steady since 1994 but at a slower pace than the overall increase in giving,<sup>26</sup> so that the proportion of charitable donations that went to HIV/AIDS was decreasing. HIV/AIDS is no longer seen as “new” or a “crisis”, rather, it is seen as an “important problem”, linked with poverty and general health concerns. Contributors who have been supporting HIV/AIDS for 15 years think ‘it has gotten its fair share’, and it is time to move on.

In 2001, the UN launched a global AIDS fund (also to be used in the fight against tuberculosis and malaria) endorsed by the IMF, World Bank and the G7 group of nations. The vast majority of funds come from governments of industrialised countries but there are also large donations from foundations and corporations. Many foundations prefer to support international HIV/AIDS initiatives through direct grants to NGOs working in the recipient countries. Smaller foundations sometimes do not know how to apply their limited resources in a meaningful and effective way. There is some ‘Aids fatigue’ linked with the feeling of ‘We have done it and nothing has changed’.

**Conclusion:** It could be possible to launch a Europe wide or global campaign to eradicate water related diseases, along the lines of longstanding campaigns for eradicating yellow fever, polio, smallpox, leprosy, the campaign to eradicate Guinea worm, or more recently the Global Initiative to combat HIV/AIDS, Malaria and Tuberculosis. Many Foundations have played leading roles in these campaigns, some of which have been highly successful.

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26 Funders Concerned about AIDS. 2001. “Voices from the Field: Remobilizing HIV/AIDS Philanthropy for the 21st century”. New York [http://www.brta-irta.org/philanthropy/voices\\_field.pdf](http://www.brta-irta.org/philanthropy/voices_field.pdf)



### 3.2.4 Emergency relief reasons for giving

<p>Emergency relief is usually activated for natural disasters (earthquakes, typhoons, floods) and for humanitarian relief in war conflicts and genocides (Bosnia, Rwanda, Haiti, Darfur). The earthquake generated tsunami in the Indian Ocean at the end of 2004 sparked off an unprecedented global response. Emergency aid from citizens is usually linked to high profile disasters which are in the news. The public gives generously but has a short attention span and is not so interested in the hard slog once the immediate crisis is over.</p>	
+	<p>Provides relatively large amounts of money in short time. In emergencies water and sanitation is a high profile need.</p>
-	<p>Emergency giving is linked to a specific geographic location and a short time frame. It often stops when the danger to immediate survival is over.</p>

**Conclusion:** The welcome human response to disaster is not an effective driver for long term support or regular donations, although more children die per year of water related diseases than in natural disasters.

### 3.3. Existing water and sanitation financing initiatives/organisations

In a survey conducted by Tear Fund<sup>27</sup> of 11 water global initiatives only two provide finance for programmes on the ground (EU Water Initiative and WSP - Water and Sanitation Programme). All the others are directed towards action and advisory programmes or research. There are 12 African water initiatives, some of which provide finance for infrastructure and/or loans. Tear Fund also identified five non-water specific initiatives that provide funds for large-scale infrastructure and private sector involvement in urban areas.

If a Europe wide water initiative is to be launched, it will need to relate in some way to all or some of the following initiatives at European level. There is a fuller list in Annex 2.

#### 3.3.1 *The EU Water Initiative*<sup>28</sup>

The EU Water Initiative recognises that there is a considerable financial challenge to achieve the MDGs. Specifically:

- Overseas aid from within the EU cannot provide enough money alone to meet these goals;
- Overseas aid will need to be used differently to meet these goals: aid programmes will have to work more in harmony with each other and some aid will also have to be used to attract other;
- Demand needs to come more strongly from developing countries for changes in style and source in water sector finance from the EU aid family.

In recognition of these challenges, a crosscutting Finance Working Group for the EUWI was created. Some key issues for the finance component to address have been identified:

- How to improve the efficiency of existing and future EU aid flows to the water sector?
- How to improve the financial effectiveness of EU aid flows to the water sector?
- How to use EU aid funding as a lever for other finance, including user and private sector finance?
- How to promote the inclusion of water in poverty reduction strategies and in budgetary support?

The UK (DFID) leads the Finance Working Group, which is based on voluntary sharing of knowledge. Several organisations have agreed to co-operate and some work has been commissioned from Environmental Resources Management (ERM) consultants. In Phase 1, the finance group collected information about sources of finance in the North. Phase 2 focuses on North-South blockages that prevent money going where it is needed. A number of country reviews have taken place.

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<sup>27</sup> Foxwood, N. and Green, J. 2004. Making every drop count: an assessment of donor progress towards the water and sanitation target. Teddington, UK, Tearfund.  
<http://www.tearfund.org/uploads/documents/Makingevery%20dropcount.pdf>

<sup>28</sup> The EUWI launched its website [www.euwi.net](http://www.euwi.net) where all the documents from the different working groups are available (login required).

### 3.3.2 The ACP-European Union Water Facility<sup>29</sup>

The ACP-EU Water Facility is a joint venture of several EU-Directorates General with explicit pro-poor focus in the ACP countries. It is designed as a catalyst or clearing house to find the missing link to finance sustainable but essential projects. It will provide grants for three purposes:

- To improve management and governance of water services (grant range € 200,000-5M; grant ceiling <75% of total project sum);
- To co-finance water and sanitation infrastructure (grant range > € 5M; grant ceiling < 50% of total project sum);
- To finance civil society initiatives (grant range € 200,000-5M; grant ceiling <75% of total project sum.)

Its brief says that the ACP-EU Water Facility “should concentrate its activities in those ACP countries, which have a sound national water policy or which are strongly committed to develop it, based on good governance principles, and where there is prioritisation of spending towards social sectors (taking into account rural and peri-urban economics), and definition of the relevant indicators as part of the Poverty Reduction Strategy Process.”

The EU Water Facility is identifying financing gaps and new mechanisms to use development aid to leverage other resources. However, even if a country fulfils the criteria, the size of the grants may end up benefiting mostly larger cities/large scale project and not low-income peri-urban and rural areas.

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<sup>29</sup> Commission of the European Communities. 2004. Communication from the Commission to the Council and the European Parliament: Communication on the future development of the EU Water Initiative and the modalities for the establishment of a Water Facility for ACP countries. [http://europa.eu.int/eur-lex/en/com/cnc/2004/com2004\\_0043en01.pdf](http://europa.eu.int/eur-lex/en/com/cnc/2004/com2004_0043en01.pdf)

## 3.4 Foundations and charities for the water sector in France, the Netherlands and the UK

### 3.4.1 *The Foundation Aqua for All (A4A), the Netherlands*<sup>30</sup>

A4A was established in 2002 by the Dutch water companies and water boards to combine their strength for development co-operation. The mission of A4A is to stimulate sustainable development of the water supply, sanitation and water management in developing countries. The philosophy of A4A is to co-operate tightly with other Dutch NGOs since they acknowledge that water projects are linked with poverty reduction, health, capacity building and economic programmes. A4A is commonly seen as the Dutch NGO of the public water sector.

A4A offers expertise as well as financial support for selected programmes. As such, A4A functions as an intermediary between NGO projects and programmes and the Dutch water sector. A4A also monitors projects to see if the money and expertise are well used.

A4A had for 2004 an annual budget of €900.000 for its efforts in developing countries, and aims to increase this to €2.5 million in 2006. The primary source of income is charity activities with individual water companies and water boards, and these largely depend on the image and commitment of the individual water companies or water boards. The companies organise fund-raising such as an annual sponsored 'Walking for Water' and Christmas card sales.

Other sources of funds include sponsors, water company membership fees and subsidies from, for example the EU, SENTER and the Postcodeloterij. In addition, several Dutch water companies fund projects in developing countries which are usually managed by A4A.

A4A have learned from experience not to approach water customers directly, but to work via the water companies and water boards. A4A set up a direct mailing action for the customers in the southern part of the Netherlands. The response was disappointing, due to the fact the A4A brand is not as well known as other established charities.

### 3.4.2 *WaterAid, the United Kingdom*<sup>31</sup>

WaterAid is an international NGO dedicated exclusively to the provision of safe domestic water, sanitation and hygiene education to the world's poorest people. WaterAid focuses on rural and urban areas in 15 countries in sub-Saharan Africa and South Asia. WaterAid does not carry out project work itself but supports and develops the capacity of local partner organisations to implement water, sanitation and hygiene projects.

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<sup>30</sup> Based on Business Plan A4A 2004 -2006: 'The straw that breaks the camel's back'.  
<http://www.aquaforall.nl/index.asp?v1=uk/welcome.html>

<sup>31</sup> Information taken from [http://www.wateraid.org.uk/about\\_us/default.asp](http://www.wateraid.org.uk/about_us/default.asp)

WaterAid has grown rapidly over recent years into a highly respected international organisation. It works in a proven and focused way, with local organisations, to help some of world's poorest communities set up, operate and maintain their own water, sanitation and hygiene projects, and it influences others to do the same. By working in partnership, WaterAid develops successful ways to solve the complex problems surrounding poor people's lack of access to water and sanitation.

In its third strategy which runs from 2005 to 2010, WaterAid sets out its ambitious steps to make a significant contribution to the Millennium Development Goals.

WaterAid promotes voluntary giving by most of the methods discussed in this report: lotteries, bill stuffing, corporate social responsibility and payroll giving.

### *3.4.3 pS-Eau Programme Solidarité-Eau, France<sup>32</sup>*

The Water Solidarity Network (pS-Eau) was set up in 1984 at the initiative of the European Environmental Ministers to increase European co-operation on water-related issues during the International Decade on Water Supply and Sanitation. The initial goal was to inform local authorities within Europe about the importance of co-operation in water-related issues and to initiate global partnerships in this field. pS-Eau developed from an information centre for French partner organisations into a resource centre aimed at the public of the South.

pS-Eau is financed by the French Ministry of Foreign Affairs, the State Secretariat for Co-operation, the Ministry of the Environment, and the Ministry of Employment and Solidarity. For the past 20 years, pS-Eau has lobbied for the idea that elected officials could support grass roots water supply projects in the South. The idea goes well beyond just collecting money. The challenge is to make citizens - North and South - more aware of issues like poverty and environmental degradation. Direct cooperation between people at the local level in the North and in the South can strengthen the capacities of both parties to tackle environmental sustainability and solidarity. Getting people to work creates a special links between partners. The projects are "tailor-made" and consequently more likely to be sustainable and effective than large-scale projects implemented by civil servants.

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<sup>32</sup> <http://www.pseau.org/>



## Annexes

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## Annex 1 List of stakeholders consulted

<b>Organisation</b>	<b>Name</b>	<b>Country</b>
NWP (Netherlands Water Partnership)	Erik Kemink	The Netherlands
Aqua 4 All	Sjef Ernes	The Netherlands
Novib – Oxfam Netherlands	Alex van Zundert	The Netherlands
COS Nederland - Nationwide association of the sixteen centres for international cooperation	Ad Bijma	The Netherlands
NCDO - Nationale Commissie voor Internationale Samenwerking en Duurzame Ontwikkeling		The Netherlands
Duinwaterbedrijf Zuid-Holland (water company)	Marijke Poppelier	The Netherlands
Director, King Baudouin Foundation	Gerrit Rauws	Belgium
Programme Advisor, King Baudouin Foundation	Brigitte Duvieusart	Belgium
Deputy General Secretary, European Trade Union Confederation	Rainer Hoffmann	Belgium
Member of European Parliament	Erika Mann	Belgium
Principal Administrator DG Development, EU	Andre Liebaert	Belgium
Belgaqua, Belgische Federatie voor de Watersector	Christian Legros	Belgium
EUREAU (European Union of National Water Associations of Water Suppliers and Waste Water Services)	Frederic de Hemptinne	Belgium
Coordinator EU Water Initiative, DG Development, EU	Martin Walshe	Belgium
Suez Environment	Jacques Labre	France
Veolia Group	Denis Leepe, Michel Dutang	France
pS-Eau	Pierre Marie Grodin, Christophe Le Jallé	France
Member of the French National Assembly; Professor of Economics, Paris School of Political Sciences	Dominique Strauss-Kahn	France
Chief Executive Officer of Financial Dynamics	Nina Mitz	France
Executive Director of Oxfam International	Jeremy Hobbs	United Kingdom
Tear Fund	Joanne Green, Sophie Harding	United Kingdom
WaterAid	Ravi Narayanan, Stephen Turner, David Redhouse	United Kingdom
Severn Trent Water	Jonathan Bailey, John Banyard	United Kingdom
South Staffordshire Water	Jack Carnell	United Kingdom

<b>Organisation</b>	<b>Name</b>	<b>Country</b>
WaterUK	Philip Morris	United Kingdom
Consumers International	Robin Simpsom	United Kingdom
DFID	Jeff Delmon	United Kingdom
WaterVoice Central	All Members	United Kingdom
Water Voice European Group	Several members	United Kingdom
European Policy Advisor, Water-UK	Gaetane Suzenet	United Kingdom
Counsel Freshfields Bruckhaus Deringer; former Director General of External Affairs	Horst Krenzler	Germany
Executive Director, The Mvula Trust	Martin Rall	South Africa
Streams of Knowledge		
Program Associate, German Marshall Fund of the United States	Kareem Saleh	United States
European Investment Bank, EU	José Frade	
Administrator, OECD	Peter Börkey	

Annex 2 List of existing financial, global and regional water initiatives<sup>33</sup>

*Financial initiatives (not specific to water)*

<b>Name</b>	<b>Stakeholders</b>	<b>Aims</b>	<b>Tools/mechanisms</b>	<b>Focus</b>
Public-Private Infrastructure Advisory Facility (PPIAF)	UK- and Japan initiated with World Bank, now with other donors	To help developing countries to improve the quality of their infrastructure through private sector involvement	Funds infrastructure development advisory activities for developing country governments Specifically with private sector involvement in mind	Global – but Africa received 32% of total funding. South Asia 12% since inception. 23% goes to WSS. Most funding has gone to urban areas but plan to do more in rural and peri-urban. Majority of projects supported are large or medium
Private Infrastructure Donor Group	Netherlands, Sweden, Switzerland, UK	To develop financial instruments for PSP in infrastructure	DevCo – project preparation Facility seeking to develop potential infrastructure projects to be offered to private sector. GuarantCo – provides partial risk guarantees for local currency bonds	PIDG is a key player in the EAIF
Emerging Africa Infrastructure Fund	Initiated by UK, now with Germany, Netherlands and Development Bank of Southern Africa	To create long-term harmony between the developmental and commercial objectives of the public and private sector	Offers long-term lending terms to significant infrastructure companies	Sub-Saharan Africa – average size of projects is US\$ 10 million
Public Private Partnerships for the Urban Environment	Initiated by Swiss, NZ, UK governments but works with all stakeholders	To pool resources and skills by establishing tripartite partnerships in order to improve basic services	Supports projects and activities in establishing adequate policy, legal and institutional frameworks for PPP development at local level Tripartite partnerships	Global, urban – including small, medium and large municipalities

(Continues next page)

<sup>33</sup> This list of initiatives has been copied from Foxwood, N. and Green, J. 2004. Making every drop count: an assessment of donor progress towards the water and sanitation target. Teddington, UK, Tearfund. <http://www.tearfund.org/uploads/documents/Makingevery%20dropcount.pdf> and supplemented with information from other sources

*Financial initiatives (not specific to water) Cont.*

<b>Name</b>	<b>Stakeholders</b>	<b>Aims</b>	<b>Tools/mechanisms</b>	<b>Focus</b>
Global Partnership for Output-Based Aid	UK and World Bank	Purpose is to pilot, demonstrate and disseminate OBA methods	Sustainable delivery of basic services to the poor.	
International Finance Facility	UK HM Treasury initiative	Long-term but conditional funding guaranteed to the poorest countries by the richest, designed to leverage additional money from capital markets on basis of long-term donor commitments.	Seeking to raise the amount of development aid from just over \$50bn a year currently to \$100bn	
Millennium Challenge Account	USA	To reduce poverty by significantly increasing economic growth	To focus on countries that have policies in place perceived to be able to use such assistance most effectively to achieve lasting results	
Community-led Infrastructure Financing Facility	Cities Alliance, DFID, SIDA, USAID, Homeless International	To help slum dwellers to improve their access to private and public finance for infrastructure and housing	Supports communities to develop business plans Provides an international guarantee against repayment from revenues	Urban

Global water initiatives

<b>Name</b>	<b>Stakeholders</b>	<b>Aims</b>	<b>Tools/ mechanisms</b>	<b>Focus</b>
Bonn Recommendations For Action	Government, private sector, civil society	To identify priority actions for water-related issues	Actions are under the three headings of governance, mobilising financial resources and capacity building and sharing knowledge	Global – water, sanitation, water resources
Vision 21	Initiated by WSSCC: all groups of stakeholders input into the process	To set out a vision for a world where everybody has access to WSS and to put people's initiative and capacity for self-reliance at the centre of that	The Iguacu Action plan which is based on Vision 21 principles and as a result of that plan the WASH campaign was launched	Global
EUWI – European Union Water Initiative (includes regional components)	EU agencies and member states, governments, private sector, NGOs	To make a key contribution to meeting the MDGs	Reinforcing political will and action Make water governance effective and build institutional capacity Improve coordination and cooperation Increase efficiency of existing EU aid flows	Regional components: Africa, NIS, Latin America, Mediterranean
Water and Sanitation Programme	External programme of the World Bank: donors are main decision makers	To help the poor to gain sustainable access to improved water and sanitation services	Policy, strategy and institutional reform services Innovative solutions to water supply and sanitation problems Strategically selected investment support services	Works in 30 countries in SS Africa, South Asia, South-East Asia and LA, focusing on rural and small towns but also urban areas

(Continues next page)

Global water initiatives (Cont.)

Name	Stakeholders	Aims	Tools/ mechanisms	Focus
Water for the Poor	United States	Water and sanitation; watershed management including coastal zone; efficiency in agriculture, aquaculture and industrial uses; water borne diseases	Innovative funding	50 countries worldwide
Clean Water for People	Japan and USA	Small scale grants to NGOs; flood control; irrigation; coastal management; arsenic contamination		Pacific, South America, Middle East
BPD – Business Partners for Development	Donor, private sector, NGOs	To improve access to WSS for the rising number of urban people in developing countries	Through tri-sectoral partnerships Establishing tri-sectoral focus projects Researching barriers to safe WSS Disseminating findings of projects and research	Colombia, Indonesia, Haiti, Bolivia, Argentina, South Africa

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Global water initiatives (Cont.)

<b>Name</b>	<b>Stakeholders</b>	<b>Aims</b>	<b>Tools/mechanisms</b>	<b>Focus</b>
Community Water and Sanitation Facility of the Cities Alliance	Initiated by US government and has 14 contributing members	To improve water and sanitation for the world's poor, and to work towards the achievement of the MDG of significantly improving the lives of 100 million slum dwellers by 2020	Supports through grants, local authorities and their partners, working through public-private partnerships to expand water and sanitation services to slum communities	Open to all countries – urban/peri-urban
Water Revolving Fund	USAID	Modelled on State Revolving Funds in ISA	Conceptual stage – initially to be capitalised by donor contributions with national and/or sub-sovereign governments providing matching funds	
Streams of Knowledge Coalition	Network of Resource Centres in Europe, Latin America, Africa and Asia	Access to information, knowledge sharing and capacity building for resource centres in water and sanitation.	Awareness building Mobilisation of strategic support Creation of a visible platform for advocacy	Global Resource Centres Water, sanitation & hygiene
African Ministers Council on Water (AMCOW)	African water ministers, recent civil society involvement	To strengthen intergovernmental co-operation to reverse the water crisis and sanitation problems in Africa, to monitor progress against international agreements such as the MDGs, and to assess and adopt best practice	Reports on the adequacy of financial and technological investments Engages in dialogue with regional economic groupings and global financial institutions	
African Water Task Force	African Development Bank, Economic Commission for Africa, Africa Union	To serve as a resource for technical advice, support and advisory services To use participatory processes to develop common African positions on water and to promote them internationally	Stakeholder conferences every 2 or 3 years Capacity building in IWRM	
ANEW - African Network of Civil Society Organisations on Water			African mechanism to facilitate and support NGO participation in water policy making and implementing	

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Global water initiatives (Cont.)

<b>Name</b>	<b>Stakeholders</b>	<b>Aims</b>	<b>Tools/mechanisms</b>	<b>Focus</b>
Canada: Fund for Africa	CIDA initiative	To assist in drafting Integrated Water Resources Management plans		
EUWI – Africa Component	EU member states and Commission	To make a key contribution to meeting the MDGs	Reinforcing political will and action Make water governance effective and build institutional capacity Improve coordination and cooperation Increase efficiency of existing EU aid flow	
WSP – Africa	World Bank, International donors (particularly GTZ which coordinates)	To create a more enabling environment for accelerated and sustained WSS development	To use limited public sector finances to bring about reforms To use donor funds through PRSPs to bring about reforms To support decentralisation	One of four regional offices of the WSP
Emerging Africa Infrastructure Fund	Donors (initiated by UK)	To create long-term harmony between the developmental and commercial objectives of the public and private sector	Offers long-term lending terms to significant infrastructure companies	Sub-Saharan Africa – average size of projects is US\$ 10 mln



*African water initiatives*

<b>Name</b>	<b>Stakeholders</b>	<b>Aims</b>	<b>Tools/mechanisms</b>	<b>Focus</b>
Water Utilities Partnership	Union of African Water Suppliers (UWAS) and International Training Network Centers in Africa	To address key problems faced by utilities and their partners in the region	Develops arrangements whereby utilities compile and share performance data to develop an understanding of how such data can be used for benchmarking Toolkit below	Water Utilities Partnership
WUP toolkit	As above, as well as: managed by the WSP on behalf of the WUP World Bank's Africa Infrastructure Unit	To identify ways of improving WSS delivery to low income poor communities	Identifies key policy, legal and regulatory issues as well as financing mechanisms around cost recovery	
African Water Facility	Supported primarily by the Dutch Development Agency, AfDB, NEPAD	To provide investment support for water resources management and water service provision in Africa	A grant facility: for preparing projects and programmes and facilitating investment An investment facility: to provide loans to finance strategic projects and programmes which would catalyse additional investment	
Nile Basin Initiative	Council of Ministers of Water Affairs of the Nile Basin states (so all Nile countries) Core donor team of CIDA, UNDP, GTZ, SIDA and World Bank, but many other bilaterals supported also	To provide a basin-wide framework to fight poverty and promote socio-economic development in the region	Water resources, planning and management done jointly Enabled by Nile Basin Trust Fund Burundi	DR Congo Egypt Ethiopia Kenya Rwanda Sudan Tanzania Uganda
Partners for Water and Sanitation (PAWS)	UK government led, INGOs, UNISON, UK private sector, African water utilities	Capacity building and sustainability building at a local and national government level	Seeks to match the skills and expertise of the UK partners to the expressed need. The initiative does not have direct access to funding, but assists with capacity building in corporate, institutional, financial or technical areas	Secondary towns and peri-urban areas in Uganda, Nigeria and South Africa
West Africa Water Initiative	USAID, Hilton Foundation, World Vision are the main partners, but there is a selection of other funders as well	To provide potable drinking water and sanitation to rural villages in the selected countries	Public-private partnership	Ghana Mali Niger

*Asian water initiatives*

<b>Name</b>	<b>Stakeholders</b>	<b>Aims</b>	<b>Tools/mechanisms</b>	<b>Focus</b>
Water Utilities Partnership South Asia	Water Utilities in South Asia with World Bank and donor support			
Change Management Forum	Ministry of Urban Development and Poverty Alleviation and DFID	To promote institutional development and reform of the urban water and sanitation sector in India	Change management forum meetings, Change Management Newsletter, advisory support	India's 4000 'Urban Local Bodies'
South Asia Forum for Independent Regulators	Regulators, World Bank,			
East Asia and Pacific Regulators Forum	Regulators, World Bank, Asian Development Bank			
Water and Sanitation	Asian Development Bank			

## Research team and Contacts

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