



## The Importance of Solidarity and Decentralised Forms of Funding for Water and Sanitation

Decentralised forms of funding for water and sanitation that are based on a sense of solidarity between users are providing access to water and sanitation for very poor people around the world, and have an important role to play in contributing to achieving the MDGs in water and sanitation.

### *Financial Potential*

In France alone, the Oudin Law permits local authorities and water agencies to dedicate up to 1% of their budget to international development projects in water and sanitation. Currently this form of financing represents approximately €20 million per year. If all French local authorities and water agencies took up this opportunity (and surveys indicate that the public are favourable to such initiatives) €100 million could be raised.

Throughout the world the sense of solidarity mobilises people locally. In the UK WaterAid raises funds from water users, water authorities, and the UK government. They raised €25 million in 2005. Similar structures exist in the USA, Canada, Australia and New Zealand.

The potential mobilisation in France by solidarity mechanisms, extended to the whole of Western Europe (15 EU member states) has the potential to raise €650 million per year. Extended to all OECD countries the potential rises to €2 billion.

### *Wider Impact*

However, these forms of funding are not merely extra sources of finance for water and sanitation. The way in which they are organised directly addresses many of the issues highlighted by the “Gurria Task Force”<sup>1</sup>. Typically, solidarity-based and decentralised mechanisms work at local level involving all stakeholders, emphasising capacity building, exchange of experience and consideration of local needs, frequently in rural areas. The direct contact between local donors in the North and local stakeholders in the South renders them highly flexible and reactive<sup>2</sup>.

### **Enhance financial flows to local authorities**

The task force calls for a multi-stakeholder approach to enhance financial flows for local authorities. Solidarity and decentralised funding mechanisms use such an approach, directing funds locally and involving end-users (including women, young-people, minority groups), local authorities (at village, district and regional levels), civil society groups and water and sanitation professionals (both public and private) from both the North and South in the process<sup>3</sup>.

### **Complement public budgets**

The task force emphasises that public budget through user and tax-payer participation will remain the major source of infrastructure funding. Like ODA, solidarity and decentralised funding are not replacements for public budgets. They can complement and reinforce a national strategy by building user participation and local accountability.

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<sup>1</sup> Task Force on Financing Water for All, Memorandum of Meeting Paris, February 2-3, 2006

<sup>2</sup> For instance, *Local Action 0679*, demonstrates solidarity shown by the water professionals of Aquassistance, and the Seine Normandy Water Agency with the inhabitants of Gumri, Armenia, where project work has responded directly to local needs, restoring water distribution systems and providing training to the local water authority.

<sup>3</sup> In Burkina Faso the French local authority of Vienne and ONEA, the local public water supply company, have worked together to extend services to the poorest areas of Ouagadougou.

## **Develop capacities**

There is a clear concern on the part of the task force with developing capacities at local level in order to enhance the decentralisation process, to design well-structured projects and to lower the cost of finance. Better governance, better local capacities, operating efficiency and cost recovery are all cited as aspects that would inspire confidence and encourage further financing. Solidarity and decentralised funding directly address all these issues:

- **Develop local governance capacities in the context of decentralisation:**  
Exchanges and training seminars between local authorities and elected representatives in the North and South are frequently part of water and sanitation decentralised co-operation projects. Specialised NGOs and professional bodies ensure they work with all levels of society, addressing wider governance issues not just water and sanitation provision<sup>4</sup>.
- **Develop local project design and management capacities**  
These actions involve the stakeholders from the outset in the project process – base-line analysis, expression of needs, design of solution, implementation and follow-up. Thus, they build their capacities to continue designing and managing their own projects that meet their specific needs.
- **Develop local water and sanitation service management and maintenance capacities**  
Actions do not just concern one-off projects or initial service installation. Solidarity and decentralised financing mechanisms are characterised by the long-term nature of relations. So on-going collaboration can address cost recovery and efficiency issues, building the capacities to manage water and sanitation services over the long-term.
- **Develop credibility and leverage**  
The effectiveness and success of such actions on a small-scale, local level can have repercussions at a much wider level. The gradual building of capacities will inspire a gradual increase in confidence. Projects that become self-sustaining prove the viability of these approaches. The success of projects will encourage additional financing for expansion or replication<sup>5</sup>.
- **Raise global awareness**  
The commitment shown by users at all levels of society to such mechanisms contributes to drawing attention to water and sanitation issues both within a country and at a wider, global level. This will put further pressure on national governments and international institutions to address water and sanitation issues.

## **Conclusion**

The provision of water supply and sanitation to all is a process that requires the commitment and involvement of all stakeholders. Solidarity and decentralised financing mechanisms are key to involving those stakeholders who are frequently overlooked – those at local level, the end users, the poor, those living in rural peri-urban areas. They respond to the needs expressed by these stakeholders: the need for capacity building in local governance and project management, the need for access to financing, the need for longer-term support to build capacities in on-going maintenance and management issues. And by responding to these needs they are also providing examples that can begin to respond to the concerns of stakeholders in the North with issues of governance, efficiency and financial viability.

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<sup>4</sup> Working with local actors, the British NGO WaterAid (presented in *Local Action 0969*) directly funds the provision of services to some of the poorest communities in Africa and Asia, and supports the development of institutional capacity at a district-wide level: working to strengthen the capacity of local government, of services providers (including local NGOs or private sector) and of communities for both self-help management and awareness of rights and entitlements.

<sup>5</sup> The success of collaboration in Cambodia between the SEDIF, the Ile de France water authority, the international NGO GRET and the local public service provider MIREP as presented in *Local Action 0804* has resulted in the action being replicated throughout Cambodia and in neighbouring Laos.