

Developing SMART commitments for the 2014 High Level Meeting (HLM)

Guidance for donors and development banks



1 Background

The third Sanitation and Water for All (SWA) High Level Meeting (HLM) convening ministers of finance and development cooperation, will take place on Friday, 11 April 2014 in Washington DC, just ahead of the World Bank Spring Meetings. A preparatory WASH Sector Ministers' Meeting (SMM) will take place on Thursday, 10 April 2014.

This guidance note is designed to support donors¹ to develop a statement of commitments to be presented at the 2014 HLM. This note describes a framework for 2014 commitments, suggests a structure for a donor statement, and gives guidance on articulating commitments, the process to develop them and tools available to support the process.

Donor Thematic Papers: SWA donors have met twice in 2013 (in September in Stockholm and in November in Geneva) to prepare for the HLM. At these meetings there was a consensus that the 2014 HLM should build on the momentum of the earlier successful HLMs, but that 2014 is unlikely to be a year when donors will be making large new financial commitments. It was agreed that, in general, donor commitments and messages for the HLM 2014 would focus on commitments and policy emphases which improve aid-effectiveness and address key issues, including smarter use of existing finance, equity, sustainability, commitment to the WASH goals in the SDGs and post-2015 dialogue. As part of the preparatory process donors agreed that they would prepare short papers on key topics to stimulate thinking and also guide donors in their preparation of commitments. Five papers have been developed which provide suggestions and guidance for donor commitments:

- 1 Post-MDG Commitments (DFID)
- 2 Donor Building Blocks: Sustainability (USAID)
- 3 Private Sector Engagement (Australia)
- 4 Tackling Inequity in WASH Service Delivery (World Bank)
- 5 Aid-effectiveness and the HLM (CPTT - SWA Country Processes Task Team)

Some extracts from the advice to donors from these papers are presented in the boxes below:

Aid-effectiveness (CPTT)

Improving aid-effectiveness will require donor countries to:

Complement the building of infrastructure with the building of sector capacities that take into account all aspects of running services including: policy making; management; service monitoring and regulation; maintenance, repair and replacement of hardware; training and skill development;
Align planning and financial allocations with national WASH sector strategies;
Support countries in developing national monitoring systems and joint reviews that are based on mutual accountability that monitor the effectiveness of the sector - rather than investing in instruments that exclusively monitor aid –supported programmes and projects.

Sustainability (USAID)

Sustainable services are a fundamental outcome of aid effectiveness in the WASH sector. Without sustainability of the services provided, scarce resources are squandered through the need for reinvestment and people continue to suffer from lack of service.
Donors need to adopt new approaches and new priorities to support sustainable outcomes. Sustainability must be core to project design and a focus of monitoring efforts. Donors must also support governments in building the capacity, organizations and systems needed to sustain services.

Tackling Inequity in WASH Service Delivery (World Bank)

¹ The word "donor" in this document will mean official inter-government development aid and finance from philanthropic trusts and development banks.

The focus of international efforts to meet global targets needs to shift to countries most in need, and the neediest populations in those countries. Improving the effectiveness of development assistance will require changes at four levels:

- 1. Channel more aid to those countries most off-track for service delivery:** Only 42% of Official Development Assistance (ODA) for drinking water and sanitation is targeted at least developed countries and other low-income countries. The financing needs for both water supply and sanitation are dominated by sub-Saharan Africa, but the majority of donor funds are spent in middle-income countries that are on track to meet the MDG target. From 2002 to 2006, while Malaysia received an average of \$500 in aid for every person without access to water, Madagascar, which is 80 places behind Malaysia on the Human Development Index, received less than \$2 per person without access.
- 2. Rebalance aid flows to those parts of countries most in need (poverty pockets):** Poverty remains largely a rural problem. Of the 1.4 billion people living in extreme poverty in 2005, around 70% live in rural areas. Despite the fact that rural coverage of WSS services lags behind urban coverage in all regions, and especially in sub-Saharan Africa, 68% of aid for sanitation and water is directed to urban areas. However, urban areas are not homogenous, and slums and small cities contribute to the urbanization of poverty. In some countries, the differences in access to sanitation between the larger cities and smaller towns are as stark as the difference in rural areas and urban areas as a whole. For example, in Sierra Leone, approximately 60% of the population in small towns (with population of 5000-10,000) and rural areas has access to sanitation compared to 80% of the population in larger towns, with 50,000 or more people.
- 3. Invest in service delivery models that deliver to the poorest:** Similarly, aid commitments for basic systems that mainly cater to the poor declined from 27% to 16% of total ODA for WSS services from 2004 to 2008 (the amount contributed in absolute amounts remained stable). Meanwhile, ODA for large systems increased from US\$ 2.6 billion to US\$ 4.6 billion over the same period. Recently reported data of aid commitments to basic systems increasing from 16% to 26% of total aid to sanitation and water between 2008 and 2010 should be interpreted with caution, due to potential discrepancies in the application of the purpose code for basic systems from one large donor.
- 4. Balance the commitment towards increasing coverage with sustaining existing coverage:** Moreover, limited aid is directed towards operation and maintenance of infrastructure that is required to deliver the WSS services. Data from 11 External Support Agencies (ESAs) shows that 57% of aid to WSS is disbursed for new services, whereas a mere 7% is for maintaining or replacing existing services. While aid for creating new services is important given the large number of people who are still without access, sustaining services to existing users will get increasingly important as coverage levels rise. Aid assistance should provide guidance on improving service delivery and influence local revenue generation for sustainability.

2 Framework for 2014 Commitments

The following steps are a suggested process for developing 2014 commitments:

Step 1: Articulate a bold vision: For the 2014 HLM, SWA partners have agreed that the preparatory dialogue should focus on three topics: **achieving universal access to water, sanitation and hygiene; eliminating inequalities; and ensuring sustainability.** All of these topics are interrelated and mutually reinforcing.

Step 2: Identifying areas of actions: Donor priorities for action will reflect internal policies, respond to country demand and build on an analysis of the main barriers preventing progress in reaching the vision.

Step 3: Consult: Consult both internally, with aid recipients and other donors. Donor commitments could either be individual, or collective (with other partners agreeing to sign-up to common commitments)

Step 4: Prepare a statement and summary slide: 2014 commitments should be presented in a short statement (preferably no longer than two pages) summarizing progress made on the 2012 HLM commitments; outlining the donor's key focus for 2014 - 2016; and commitments to changes in approach or key areas of action. The main new commitments should be summarised into one slide to be included in a visual presentation of all commitments made at the HLM.

2.1 Objectives of donor 2014 commitments

Commitments should embrace aid-effectiveness principles and reflect a bold vision of how sector assistance will bring about a *step change* in achieving universal access to water, sanitation and hygiene (WASH) by helping to build and give accountability to government systems and removing bottlenecks in areas that prevent progress. Commitments should focus on three areas:

1. Making progress towards universal access
2. Tackling service inequalities

3. Building sustainability.

Universal access: Universal access to WASH is the ultimate goal of the SWA Partnership. Universal access to WASH is essential not only because water and sanitation have been recognized as fundamental human rights, but also because evidence shows that access to WASH has a significant impact on economic growth, and is crucial to achieving child survival, universal education, sound nutritional status and good health.

Several countries already have met the water Millennium Development Goal (MDG) target of reducing by half the population without access to water, but the challenge remains reaching the other half. For sanitation, the MDG target is off-track globally, and many countries lag far behind in sanitation progress. Additionally, evidence shows that long-term changes in social norms and impact on health are only achieved when sanitation coverage is at scale. Access to hygiene is also seriously neglected.

Eliminating inequalities: Tackling inequalities is essential both in terms of human rights and in terms of ensuring investments have the greatest benefits. Countries cannot progress to universal access unless they develop strategies that specifically target the poorest and most marginalized people.

Achieving universal access will require an understanding of the current disparities in access. Disparities in access to WASH services may exist between people from different wealth categories, geographical areas or ethnic or social backgrounds. For example, the majority of those without sanitation (71%) live in rural areas, where 90% of open defecation takes place.

Areas of action to specifically accelerate progress on eliminating inequalities include:

Visibility: Provide arguments for WASH to be prominent in poverty elimination strategies

Policy, strategy and planning: Establish realistic minimum standards and roadmaps to universal access. Establish targeting criteria aimed at eliminating disparities

Financing: Calculate marginal costs of reaching the unserved and develop a financing strategy

Evidence: Carry out poverty analysis to increase the understanding of who and where poor, vulnerable and marginalized are; and which barriers they face in achieving sustainable WASH access.

Monitoring: Develop indicators to monitor disparities and progress in eliminating them (e.g. by wealth category, gender, geography, ethnic/religious/social, geographical location)

Decentralization: create stronger local structures and allocate resources that are specifically aiming at eliminating geographical disparities

Sustainability: Gains in access to WASH services ultimately only matter if they can be sustained over time. Sustainability is not just a function of technical design but, more importantly, a function of the robustness of the institutional arrangements to deliver these services, of the transparency and the viability of the financial mechanisms that generate revenues for the services and the long-term behavioural changes that sustain demand for services. Strong systems and good governance (clear roles and responsibilities) are key to sustainability. Internationally agreed aid-effectiveness principles (see box on aid-effectiveness on page 6) aim to ensure that aid supports, rather than undermines, the strengthening of national institutions.

Areas of action to specifically accelerate progress in sustainability could include:

Financing: Develop financing mechanisms for service delivery with realistic cost-recovery targets and clearly defined, coherent tariffs that protect the poorest and most vulnerable, and robust asset management.

Visibility: Display political commitment to support the elimination of open defecation and the creation of a social norm for the universal use of latrines/toilets.

National Monitoring: Monitor functionality and indicators of sustainability.

Transparency: Develop transparency and accountability measures for financial management bodies.

Policy: Include in policies and strategies the concept of long-term service delivery and costing rather than a project-based approach

Decentralization: Assess and develop local government capacity to deliver and regulate service in demand-responsive manner

Coordination: Clearly define roles and responsibility between regulators, services and maintenance providers and users

Capacity: Plan for sufficient capacity and human resources to implement relevant policies and strategies, and to maintain service

Aid-effectiveness principles are essential to deliver a bold vision

“Aid effectiveness” refers to five principles agreed by the international community in order to maximize the returns in each dollar invested in aid: **ownership, alignment, harmonization, results, and mutual accountability**. Aid-effectiveness principles ultimately aim to strengthen country systems and long-term capacity to deliver and sustain services by focusing on country ownership and alignment of aid with national systems. To ensure that sustainable access is achieved, it is important that partners (both developing countries and donors) apply aid-effectiveness principles when developing actions to implement their vision.

1. OWNERSHIP	Developing countries set their own development strategies, improve their institutions and tackle corruption.
2. ALIGNMENT	Donor countries and organisations bring their support in line with these strategies and use local systems.
3. HARMONISATION	Donor countries and organisations co-ordinate their actions, simplify procedures and share information to avoid duplication.
4. MANAGING FOR RESULTS	Developing countries and donors focus on producing – and measuring – results.
5. MUTUAL ACCOUNTABILITY	Donors and developing countries are accountable for development results.

2.2 Areas for donor action to achieve these objectives

The three priority areas for SWA are: 1) Increase political prioritization; 2) Promote the development of a strong evidence base; and 3) Strengthen national planning processes. In line with these priority areas, donor partners are encouraged to consider the following areas for action when articulating their commitments:

- 1. Increase prioritization of WASH:** Actions to position WASH as higher priority in development plans and strategies, especially poverty reduction strategies; integrate WASH into other sectors; design strategies that recognize the link between WASH and outcomes in gender, health, nutrition, education; set targets to eliminate open defecation; and advocate for WASH to be included as an integral part of the post-2015 agenda.
- 2. Improve financing:** Actions to increase sector financing and to better target financing. This area includes improving alignment and helping to strengthen country financing systems.
- 3. Strengthen monitoring:** Actions to support global monitoring tools and processes or donor actions to strengthen national monitoring systems.
- 4. Increased evidence:** Undertaking actions to increase the evidence base for WASH decision-makers, including poverty analysis, sustainability analysis, financial analysis.
- 5. Robust policies, strategies and planning:** Actions to develop and implement comprehensive policies and strategies, which set clear standards of delivery, focus on long term sustainability, and look into issues of equity and overcoming barriers, accompanied by detailed, costed plans. Donors should give specific focus to support fragile environments and countries with large unserved populations.
- 6. Strengthen coordination and alignment:** Increase alignment with government-led plans, national plans and processes, financial alignment and joint monitoring, whilst discouraging discourage parallel implementation units and the development of other parallel processes.
- 7. Capacity, including human resources:** This includes developing or strengthening institutions, strengthening capacity and availability of human resources (including staff recruitment, training and retention), and establishing partnerships with private sector to both leverage and support development of private sector capacity.

How could aid-effectiveness principles be reflected in SWA commitments?

Financing: Commit to develop financing strategies that clarify how service costs will be sustainably financed through national tax revenues, tariffs and external transfers (Ownership)

National monitoring: Commit to strengthen monitoring by putting in place regular performance assessments, such as Joint Sector Reviews that bring sector agencies and donors together around agreed benchmarks of success (Monitoring for results)

Transparency: Commit to improve tracking of funds and financial management systems in order to encourage donors to channel WASH aid through country systems.

Policy and planning: Commit to sector strengthening (including policy development and implementation and comprehensive planning to extend access to sustainable WASH services) and strengthening of national systems for improved financial management and procurement. Commit to defining minimum levels of service in policy and strategy documents.

Coordination: Commit to demonstrate leadership in coordinating sector investments behind the achievement of national development goals and on deep understanding of poverty and inequalities (Ownership and Monitoring for Results).

3 Developing a 2014 Statement of Commitments

3.1 Structure of a Donor Statement

A donor statement of commitments should be no longer than two pages. It is proposed that the statement contains the following components:

Context of Agency Support for WASH: Articulate how WASH fits into agency priorities; trends in support of WASH; outline of framework for support for WASH; key lessons learnt from engagement in the WASH sector; and specific areas of focus within WASH.

Summary of progress on 2012 HLM commitments: If relevant, **include** a summary of 2012 agency HLM commitments, including indicating which unaccomplished commitments will be carried over to 2014

Linkages to donor thematic papers: Reference issues raised in the thematic papers, as donors are seeking to develop mutually supportive commitments, and commitments are encouraged which are linked to these issues.

Selection of 2014 HLM commitments: Articulate 4 to 6 commitments. For each commitment indicate how they are SMART:

- **Specific:** identify clear actions and indicate the lead / supporting ministries
- **Measurable:** indicate how you will monitor progress
- **Achievable:** check that it's based on previous progress
- **Relevant:** include key commitments that can unblock the identified bottlenecks
- **Time-bound:** 2016 as completion date or an important milestone

3.2 Developing 2014 SMART commitments

This section gives guidance on the timing, articulation of “good” commitments; how to develop them; and the tools available to support the process

Donors are encouraged to submit a confidential draft statement of donor commitments to the SWA secretariat **by March the 21st, 2014**. This is required so that drafting committees can have sight of all the commitment information for the preparation of summary statements.

Articulation of commitments



Articulation of Commitments

- **'Communicable in 90 seconds'**: few, but focused
- **'Game changing'**: carefully ambitious
- **'Balancing'**: existing plans with new priorities
- **'Sequencing'**: short term and structural
- **'SMART'**: Specific, Measurable, Achievable, Relevant, Time-bound

The processes of monitoring both the 2010 and the 2012 HLM commitments have generated much learning around what could be called “*creative tensions*” of HLM commitments, as follows:

1. **Having too many commitments** (which are hard to advocate for, monitor and implement), or too few commitments (which is perceived as not being ambitious enough).
2. **Following up on old commitments** (that are rooted in national plans/existing commitments, and enable tracking by national systems), or having newer ones either to replace the old ones or to implement at the same time (which can shift the agenda, or change the scale of projects).
3. **Focusing on quick wins** (that are more feasible, visible and reportable), or giving priority to longer term more structural changes (that can be harder to achieve and difficult to keep momentum around).
4. **Having broad commitments** (that focus on the large picture, can be aggregated, but are more challenging to monitor), or more specific ones (that are actionable, speak to context, and more monitorable, but harder to aggregate).

In order for donors to strike the right balance and create the best commitments for the 2014 HLM, what follows are some recommended principles for the articulation of commitments:

90-second rule: Any commitment should be read and understood in **90 seconds**. Aim at having a maximum of **five** commitments that tell a clear story of what change donors are seeking to support.

Game-changing: Commitments should be bold and designed to bring about a *step-change* on the three component areas of the vision (sustainability, eliminating inequalities, and universal access).

Balanced: Commitments should be rooted in existing plans so that they tackle existing bottlenecks; whilst, at the same time, reflect any shift in priority required to achieve the vision (sustainability, eliminating inequalities, and universal access).

Sequenced: Commitments should have an appropriate time frame, depending on whether they relate to short-term or structural longer-term actions.

SMART – “SWA-SMART”: The “SMART” rule stands for commitments that are Specific, Measurable, Achievable, Relevant, and Time-bound. However, this needs to be applied within the context of SWA frameworks.

- **SWA Specific and aligned:** It is recommended that each commitment indicates both an **action** and specifies **who** is responsible for its achievement. It is also important for such actions to fit into one of the 11 SWA categories.
- **SWA Measurable:** There is no set of global or common indicators that can be applied for all countries. However, every donor should state upfront the indicators to be used and how they will be measured, including where possible measurability by national systems.
- **SWA Achievable:** Commitments should be consistent with the level of progress that can reasonably be achieved.
- **SWA Relevant:** It is recommended that commitments reflect the key sector bottlenecks and address outstanding challenges in the sector.
- **SWA Time-Bound:** Ideally, commitments made at an HLM would have a two-year time-frame for achievement, so that they would be achieved by the subsequent HLM. However some commitments can be longer term and focus on more structural changes that are either on-going or need a longer period to achieve. It is important in all cases to specify a realistic time frame for achievement with key milestones.

3.3 Preparatory dialogue to develop SMART commitments



PREP DIALOGUE

- Getting **stakeholders** together
- Analyzing **bottlenecks** and **previous progress**
- Balancing **old and new** priorities
- Aligning with **regional** processes
- Linking **Post-2015 country consultations**

Getting stakeholders together: Donors should seek to bring together all relevant voices from within and outside of their agency. Many civil society organizations are keen to engage in the dialogue on commitments to improve aid-effectiveness.

Analyse barriers: Use internal and sector analytical tools to identify barriers to progress in the sector

Respond to national demand or prioritization: In addition to internal policies and priorities, consider current national priorities in target countries.

Align with regional processes: Look to aligning support with the outcomes of regional processes and analyses, such as the eThekweni or SACOSAN process.

Link to Post-2015 consultations: Discussing 2014 commitments might be an opportunity to think about priorities for post-2015 and to link up to the post-2015 consultations.

3.4 Link to country-level tools to develop SMART commitments



- Joint Sector Reviews- **JSR**
- Progress report on **2012 HLM** Commitments
- Country Status Overviews- **CSOs**
- WASH Bottleneck Analysis Tools - **BATs**
- **GLAAS**
- **Poverty analysis**

Donors should be aware of the growth of country analytic tools that help guide the development of country strategies and commitments. Donor “mirroring” of country targets would be a highly effective method for developing donor commitments. The 2013 GLAAS survey and 2013 SWA progress report against 2012 HLM commitments might be of help to build on existing progress.

4. Support from the SWA secretariat

To support HLM preparations, the SWA secretariat is available to support any donor that requires additional information. Existing support actions include:

- Webinars and Teleconferences
- Linking people and organizations across regions
- Guidance notes
- 2014 Progress Update on the 2012 HLM commitments
- Assistance in reviewing the ‘summary slide’ to be presented at the High Level Meeting