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**REPLIES OF THE COMMISSION TO THE SPECIAL REPORT OF THE  
EUROPEAN COURT OF AUDITORS**

**"EUROPEAN UNION DEVELOPMENT ASSISTANCE FOR DRINKING-WATER  
SUPPLY AND BASIC SANITATION IN SUB-SAHARAN COUNTRIES"**

## **REPLIES OF THE COMMISSION TO THE SPECIAL REPORT OF THE EUROPEAN COURT OF AUDITORS**

### **"EUROPEAN UNION DEVELOPMENT ASSISTANCE FOR DRINKING-WATER SUPPLY AND BASIC SANITATION IN SUB-SAHARAN COUNTRIES"**

#### **EXECUTIVE SUMMARY**

I. The Commission welcomes the report of the Court of Auditors on the EU development assistance for drinking water supply and basic sanitation in sub-Saharan Africa.

II. The total EU contribution to the 23 selected projects amounts to €219 million while the Commission contracted more than €1 billion for water and sanitation projects in 46 sub-Saharan African countries from 2001 to 2010. The Court's audit thus covered 22% of the amount contracted.

The Commission is of the view that care must be taken in drawing any general conclusions from the results of the Court's examination of these 23 diverse projects.

#### III. Second indent

In most projects several needs were identified of which at least one or more were met. A lot of projects were very ambitious and some needs, mainly secondary ones, were not fulfilled.

#### III. Fifth indent

Most of the audited projects were approved before the establishment of Quality Support Groups (QSG) effective as from 2005.

IV. The Commission takes note of the recommendation of the Court and will continue to improve the quality of development cooperation practices and operations and ensure that the existing procedures are fully implemented.

#### **OBSERVATIONS**

In most projects several needs were identified of which at least one or more were met. A lot of projects were very ambitious and some needs, mainly secondary ones, were not fulfilled.

#### **Box 2**

##### **Closing the gap: improving water supply and sanitation provision for small towns in Nigeria**

2<sup>nd</sup> § :Following the "Closing the gap" project in Nigeria, the State Government of Jigawa has adopted the strategy of community ownership and management which is now applied throughout the State.

##### **Cross River State Rural Water Supply and Sanitation, Nigeria**

In the "Cross River State Rural Water Supply and Sanitation" project in Nigeria, changes were necessary because there were fewer broken down boreholes to be repaired than expected, which is actually a positive sign of the sustainability of rural water schemes in Cross River State.

The change in sanitation was in line with international development practice whereby subsidies for latrines have been discontinued. Instead the Community-Led Total Sanitation (CLTS) approach was successfully adopted.

19. The Commission takes note that in 17 out of 18 projects for which information was available, the equipment installed was either well maintained and operated or suffered from only minor weaknesses. For the remaining one, the mentioned weaknesses directly relate to an external factor (very difficult hydrogeological conditions - see box 3).

### **Box 3**

2<sup>nd</sup> § : As regards the number of non-functioning boreholes in East Gonja and West Mamprusi in the framework of the "Rural water supply and sanitation" project in the Northern region of Ghana, it is worth mentioning that these areas were prone to Guinea worm infection and thereby in need of urgent interventions.

For that reason and despite the difficult hydro-geological conditions and the risks of low yields or drying schemes during the drought periods, Regional and Local authorities, Government line services and the agency in charge of Rural water (CWSA) have pushed ahead with drilling several boreholes in these two districts.

20. The Commission takes note that 8 out of 10 projects with a sanitation component were found to be successful or to have only minor weaknesses.

### **But beneficiaries' needs were not satisfactorily met in most cases**

In most projects several needs were identified of which at least one or more were met. A lot of projects were very ambitious and some needs, mainly secondary ones, were not fulfilled.

### **Box 4**

#### **Small Towns Water Supply and Sanitation Programme (STWSSP), Nigeria**

In the "Small towns water supply and sanitation programme" (STWSSP) in Nigeria, the community development component (community ownership and management) was not completed by the end of the project.

Indeed, the EDF funding for the STWSSP was stopped when it was no longer possible to extend the Financing Agreement for the project. The financing agreement was signed in 2001 but activities did not start until 2003.

The population has therefore not been sensitised to the need to cover running costs of the generators. During the successor projects, this issue will be taken up as one of the priorities.

#### **Water Supply Programme Regional Centres Phase I, Tanzania**

In the water supply programme in Tanzania (Regional Centres Phase I), the waste water treatment plant was postponed for economic and administrative reasons. The total amount allocated (co-financed) to the action was insufficient after the procurement of the works (offers higher than engineer estimates) for the water treatment plant.

22. The Commission agrees that setting up sustainable water quality control mechanisms is a very important issue that needs to be duly addressed when formulating and implementing projects.

See also the Commission's reply to box 5.

23. Ensuring that the water quality meets the minimum standards required for human consumption is a prerequisite before acceptance of the water schemes. In parallel and in order to avoid any contamination, the beneficiaries are sensitised to the correct use of water, water source protection, hygiene promotion and wastewater disposal.

However, given the risk of future contamination and the difficulty in organising regular water quality tests, the Commission believes that advising the population to boil the water before using it is the right approach and contributes to building confidence between services which are still weak and the consumers.

### **Box 5 - Water quality in Angola and Tanzania**

**In Angola**, the water supply system of Tombwa has a small laboratory. The province of Namibe also has a laboratory, which facilitates the analyses.

Regarding the project in the suburban areas of Luanda, besides treatment of water collection, there is also an additional treatment in the distribution centres. Through awareness-raising actions, each user, including those that supply via standpipes, receives instructions on water care and the appropriate treatment to undertake at home. Treatment is not done at each fountain.

The lack of suitable equipment on the spot made it difficult to carry out water analyses in remote water catchment areas. The Commission highlights the fact that an on-going project will supply laboratory equipment for some provinces (including Uíge) suitable for reaching those areas.

27. In order to address financial sustainability issues, the Commission recognises the need for capacity-building and training at all levels as a major component during project implementation.

28. The rejection of water charges on the ground and the lack of capacity of the responsible entities are even more prominent in rural areas. This is the reason why the Commission supports the setting-up of local structures to help these entities in the long-term.

29 - 30. For the Commission, establishing the water sector on a financially sustainable basis requires establishing the appropriate balance between tariffs, transfers and taxes (3Ts).

(a) The ability of the beneficiary population to pay for the service is assessed at the beginning of the projects when socio-economic surveys are carried out. The results of these surveys are used to evaluate the financial viability of the projects.

(b) The rejection of water charges on the ground is a major issue, which needs to be addressed through extensive sensitisation campaigns. Behavioral changes usually take more time than project implementation.

(c) Capacity-building and extensive training are key elements which support the operators with billing and fees collection.

31. See the Commission's reply to paragraph 29.b.

In Nigeria, in many parts of the country, water is considered as a free social good by Governments, politicians and the general public. Changes will take time but the Commission is supporting corresponding reform efforts.

In Ghana, the project faced a lot of issues with the technical assistance team and CWSA, the water and sanitation Government's partner, has not fulfilled its contractual obligations. The above reasons have led to the implementation of a project with mitigated results.

32. See the Commission's reply to paragraph 29.c.

Urban water, small towns and rural projects have specific operation and maintenance arrangements. Improving billing and collection in urban areas is a project on its own since it entails extensive sensitisation, training and capacity-building.

33. The Commission fully supports reforms of the water supply and sanitation sector which empowers water user associations and communities to own, manage and operate their water supply installations (sometimes with the support of the local authorities or the private sector).

35. The Court's observation highlights the critical importance of undertaking capacity-building and training activities for the entities responsible to successfully operate the installations.

This is even more important in remote rural areas in which the literacy and education level of the population is very low.

This is the reason why the Commission supports the setting-up of local structures to help the entities responsible in the long-term.

See also the Commission's reply to box 6.

#### **Box 6 - Small Towns Water Supply and Sanitation Programme (STWSSP), Nigeria**

In the Nigerian "Small Towns Water Supply and Sanitation Project" (STWSSP), the EDF funding was stopped when it was no longer possible to extend the Financing Agreement, which was signed in 2001. It has therefore left the community development aspect of the project insufficiently attended to.

Capacity-building and training activities for the communities concerned will be taken up in the successor projects.

36. Respect for partner countries' commitments is a key issue, which is very difficult to tackle. In Ghana, the water sector has been decentralized (financial and managerial responsibilities) in order to avoid these problems. The District Assemblies (Municipalities) are the only entities responsible for the supervision and assistance to the Water Boards.

#### **Box 7 – Drinking-water supply in the city of Tombwa, Angola**

**In Angola**, works are underway for home network rehabilitation and extension, i.e. smaller diameter pipes, including the replacement of galvanized iron pipes over 50 years old for polyethylene and the installation of water meters. Also under construction are a few water kiosks, including laundries in the peri-urban zone.

The Government has restored the power line which supplies the city. The conditions have therefore been created for the installation, from this line, of power extensions for each group (collection and distribution).

Tariffs will be increased once the works of the network rehabilitation and the installation of the meters are complete.

37. In many countries, the lack of reliable statistical data is a major problem for the establishment of project indicators on the environment.

38. The choice of the final beneficiaries sometimes depends on the decisions of the local authorities. However, the Commission will make sure that the needs of the poor are duly addressed in future projects.

39. The Commission agrees with the Court that the sanitation component has not been sufficiently addressed in the past. The Commission now acknowledges its importance and requests hygiene and sanitation to be duly addressed when submitting proposals for the Water Facility.

#### **Box 8**

##### **Regional solar programme - Phase II, Burkina Faso**

**In Burkina Faso**, the sanitation component is now duly taken into account under the 10<sup>th</sup> EDF.

##### **An Integrated Approach to Guinea Worm Eradication through Water Supply, Sanitation and Hygiene in Northern Region, Ghana**

**In Ghana**, at the time the mid-term and the result-oriented evaluations were carried out, all the boreholes (250) in the communities were not already drilled (delayed activity according to schedule). The constructions were completed late in 2010 and 2011 and more improvements on the sanitation aspects were observed. However, the observation remains pertinent.

##### **Drinking-water supply in the city of Tombwa, Angola**

**In Angola**, under the on-going project, the municipality of Tombwa will benefit from some environmental sanitation improvements, through the Community-Led Total Sanitation (CLTS) approach.

40. The Commission is pleased that the Court recognizes the fact that the Community-Led Total Approach (CLTS) was a success in Nigeria. The same approach is now being implemented in Ghana in the rural areas and is enforced as a national policy.

##### ***Despite comprehensive management procedures, important matters regarding sustainability not tackled***

In most of the projects audited, the Commission tackled important matters regarding the sustainability of results. Most of the audited projects were approved before the establishment of Quality Support Groups (QSG) effective as from 2005.

41. The Commission wishes to highlight that in most cases, it delegates the responsibility of project implementation to the beneficiary country, which becomes in turn the contracting authority (Lomé and Cotonou agreements).

**However, in a significant number of cases the Commission failed to tackle important matters regarding the sustainability of results**

In most of the projects audited, the Commission tackled important matters regarding the sustainability of results.

45. Most of the audited projects were approved before the establishment of Quality Support Groups (QSG) in 2005.

(b) In the QSG mechanism, one of the quality checks required at formulation stage is to make sure that the proposed projects are supported by sound economic and financial analyses.

(c) In the QSG mechanism, one of the quality checks required at formulation stage is to make sure that clear objectives, indicators, baseline values and targets are defined.

47. The Commission recognises the key importance of the economic and financial aspects with regard to sustainability.

48. In the QSG mechanism, established in 2005, one of the quality checks required at formulation stage is to make sure that financial sustainability issues are duly addressed.

49. The financing decision, which is formalised by the signature of a financing agreement with the beneficiary country, includes details of the government's commitment.

The Commission agrees that the fulfilment of partner countries' commitments is a key issue that needs to be addressed at the early stages of project implementation.

50. In the QSG mechanism, established in 2005, one of the quality checks required at formulation stage is to make sure that clear objectives, indicators, baseline values and targets are defined.

**Box 9**

**Reducing child mortality and increasing school attendance by improving access to water and sanitation in rural areas of Angola**

In many projects in rural areas, there is a self-selection and demand-driven process at the beginning of the project to select the beneficiary communities based on a set of indicators.

**Rural Water Supply and Sanitation in the Northern Region, Ghana**

Regarding the lack of available and reliable data in the rural water supply and sanitation project in the Northern region of **Ghana**, the Commission agrees that this is a key issue in many projects.

**6<sup>th</sup> Micro Projects Programme, Ghana**

For the micro-project in **Ghana**, the Commission wishes to highlight the fact that the water component of the project represented less than 10% of the total budget. At the end, 20 boreholes were equipped with hand-pumps.

51. The Court mentions that in 8 projects out of the 18 projects that were monitored, there is no evidence that the Commission acted on the recommendations made. Depending on the type of

recommendations, the Commission may at times only be able to verbally advise those responsible for project implementation.

## **CONCLUSIONS & RECOMMENDATIONS**

### ***Conclusions***

54. In most projects several needs were identified of which at least one or more were met. A lot of projects were very ambitious and some needs, mainly secondary ones, were not fulfilled.

56. For most countries, the cost is to be covered by tariffs, taxes and transfers. This approach is even more relevant to the African context.

57. Despite difficulties, the Commission will continue to work with governments, local authorities and civil society in order to improve ownership and sustainability of projects.

Capacity development is one of the most critical dimensions of project implementation and its success depends on social and political factors which are often out of the scope of the project.

59. In most of the projects audited, the Commission tackled important matters regarding the sustainability of results. Most of the audited projects were approved before the establishment of Quality Support Groups (QSG) effective as from 2005.

61. Most of the audited projects were approved before the establishment of Quality Support Groups (QSG) in 2005.

Notwithstanding, in most of the projects audited, the Commission tackled important matters regarding the sustainability of results.

In addition, in most projects several needs were identified of which at least one or more were met.

A lot of projects were very ambitious and some needs, mainly secondary ones, were not fulfilled.

### ***Recommendations***

62.

(a) With the establishment of the QSG mechanism in 2005, greatly improved rules are now applied during the identification and the formulation phases.

(i) The Commission agrees with this recommendation. At present, these issues are examined by the project studies that should be ready before the approval of the project by the Commission.

(ii) Following the existing rules, the Commission always tries to adopt technologies adapted to the specific country conditions and the capacity of the beneficiary country.

(iii) According to the present rules, these indicators should be mentioned in the logframe of each project.

(b) The Commission agrees with this recommendation. For all projects including works, these issues are also examined by the project studies before the funding decision of the Commission.

(c) The Commission agrees with this recommendation. The partner country policy and the contribution of each project to the objectives of this policy are currently examined during the formulation phase.

(d) The Commission agrees with this recommendation. Lessons learnt and complementary actions are mentioned at the formulation phase and are now considered before project approval.