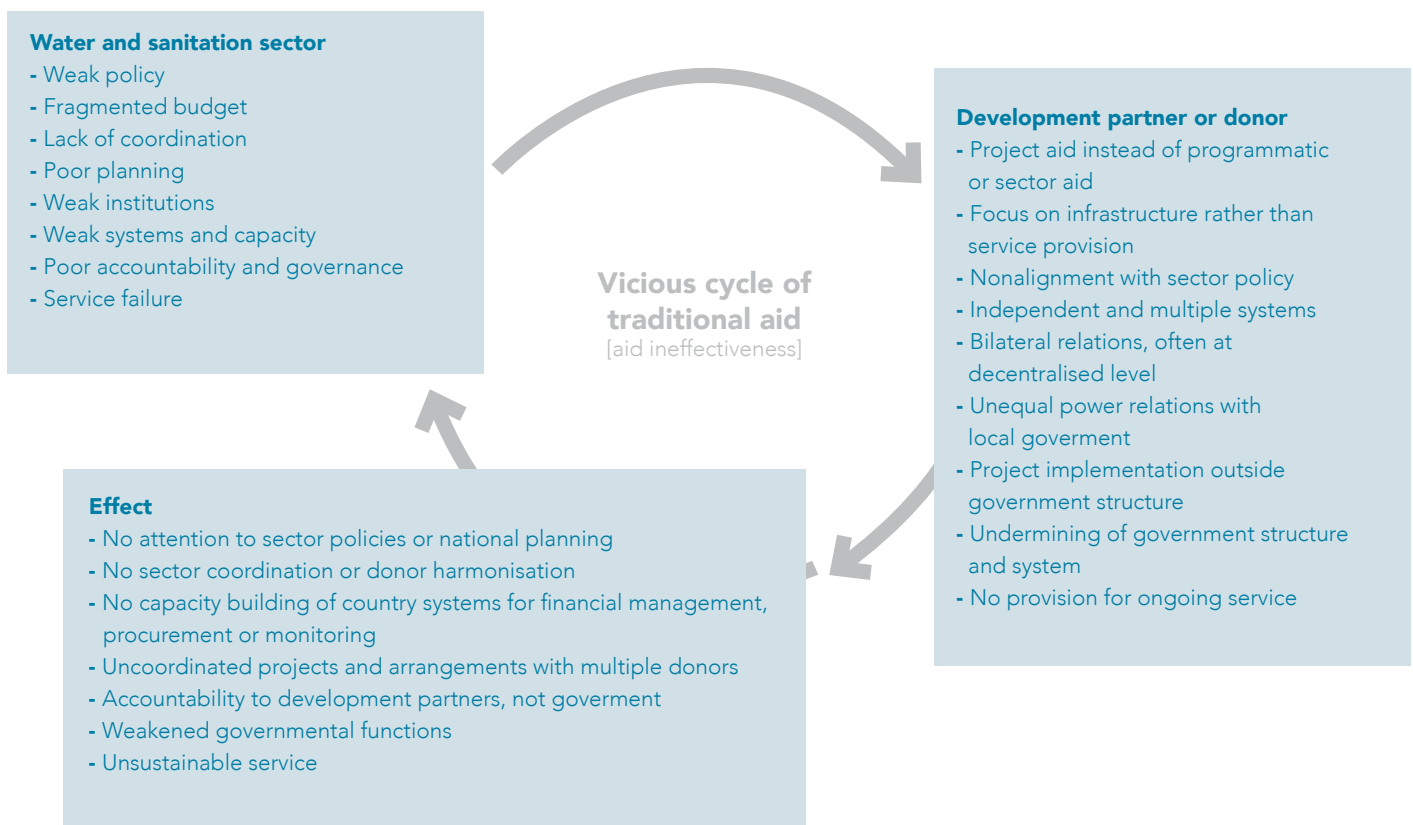


Although aid effectiveness in the WASH sector has improved in recent years, vigorous steps are needed to counter measures that can jeopardise progress in poverty alleviation and offer sustainable solutions for development.

For example, development partners often undermine the effective performance of the national WASH sector, affecting national capacity to increase coverage and to deliver sustainable WASH services. This happens when donors and external support agencies initiate systems that compete with government systems and construct infrastructure without ensuring mechanisms for operation and maintenance (de la Harpe, 2012).

This approach **vicious cycle of traditional aid** precludes the water sector from building capacity, and results in uncoordinated, difficult-to-manage services. The WASH sector is weakened, and water services become ineffective, unaccountable, and unsustainable.

## VICIOUS CYCLE OF TRADITIONAL AID

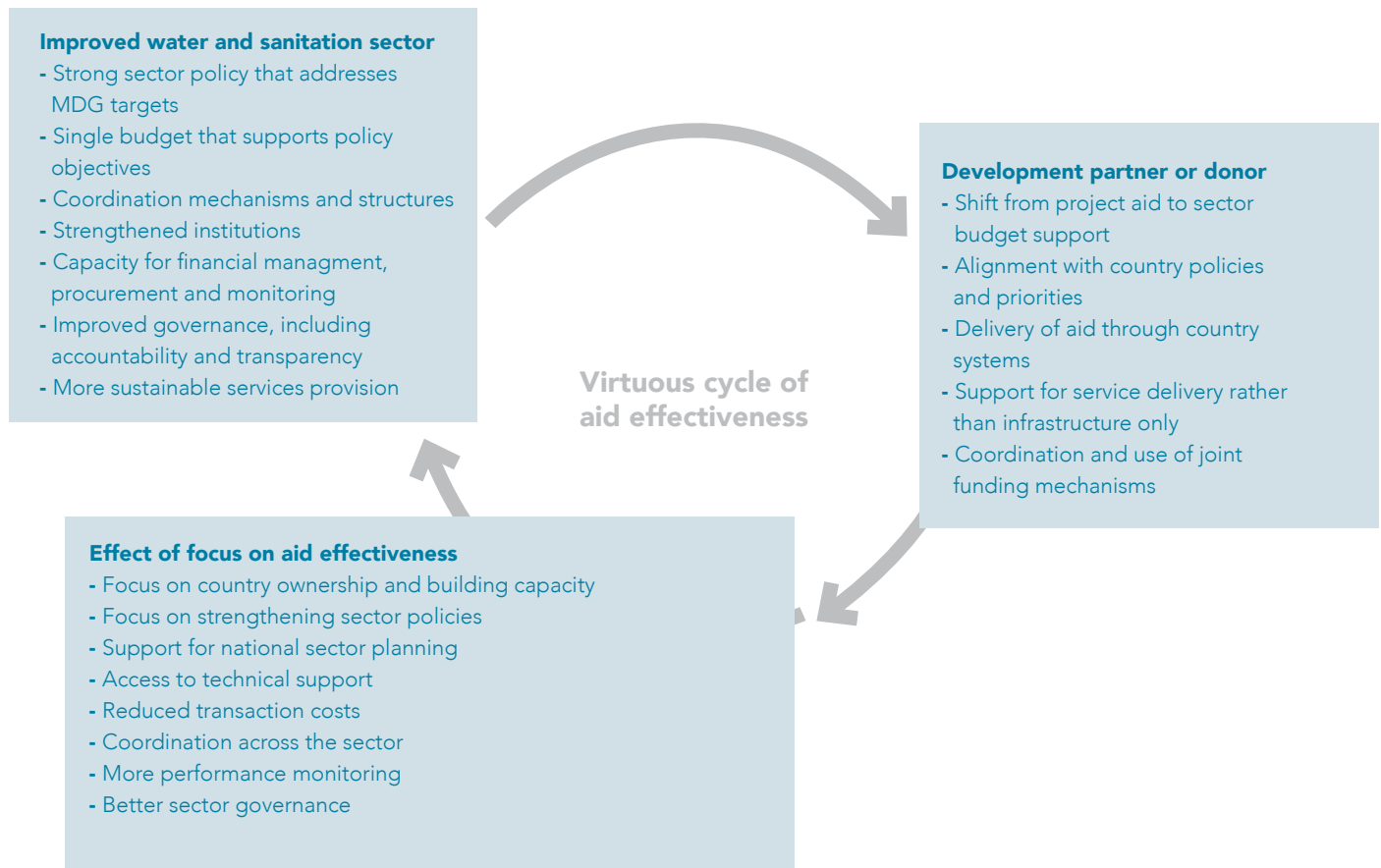


Source: de la Harpe, 2012, p.3.

Substantial partnerships between development partners and developing country governments will lead to greater effectiveness of aid towards WASH sector development through commonly agreed national targets and budgets, clear strategies and plans (de la Harpe, 2012). The Sector Wide Approach (SWAp) is an example of such a partnership. The figure **virtuous cycle of aid effectiveness** illustrates this

more practical cycle. It shows how with country ownership the WASH sector builds capacity, improves its technical support, and focuses on performance and results. The various institutions in the WASH sector become stronger, and accountability and transparency follow, resulting ultimately in improvements in improved sector performance and in the sustainability of WASH services.

## VIRTUOUS CYCLE OF AID EFFECTIVENESS



Source: de la Harpe, 2012, p.4.

SWAp broadens government and national ownership over public sector policy and resource allocation decisions. It increases coherence between policy, spending and results, and reduces transaction costs. It also creates a platform for government, development partners and other sector stakeholders to cooperate on common aims. Although there is no blueprint for planning and implementing a SWAp, the following components are integral to the approach:

- An approved sectoral policy located within an overall strategic development framework.
- Sector consultation and dialogue.
- A sectoral medium-term expenditure framework.
- A performance monitoring system.
- A formalised government-led coordination process including donor coordination.
- Harmonisation of reporting, budgeting, financial management and procurement systems.
- Institution building and institutional capacity development.

SWAp components, which vary depending on the sector, the country context, institutional capacity and the stakeholders involved, are visualised in the the pie chart on the next page.

## ESSENTIAL COMPONENTS OF A SWAP



Source: de la Harpe, 2010, p.6.

A SWAp can help increase aid effectiveness. It coordinates donor aid within a common framework. It also provides a framework for partners' participation in a national sector strategy, ensuring that all contributions are consistent and complementary. As a result, donors evolve from supporting specific activities to collectively co-financing the national government's sector policy. SWAps are often criticised for their limited impact beyond national governmental institutions and development partners, but aid effectiveness

is as strong as the weakest link in the chain from the national to community level (de la Harpe, 2012).

The challenge for development partners is to find the right mechanisms to support local institutions in achieving good governance and enhancing sector performance rather than providing infrastructure or services. Locally based development partners need most help so they can contribute to robust capacity-building programmes that promote decentralisation and support local governments.

Development partners can play an important role in leveraging and strengthening the impact of all sources of development finance on growth and the eradication of poverty (OECD, 2008).

The shift from aid effectiveness to effective development prompts a rethink of how aid can catalyse development. Aid can leverage other resources in the water sector, including taxes, private sector investment, and public funding. Ultimately, development effectiveness depends upon national socio-economic policies, fiscal decisions, and sector capacity.

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### MATERIALS FOR FURTHER READING

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IRC International Water and Sanitation Centre and the Country Processes Task Team of the Sanitation and Water for All partnership (SWA) produced this information package to help WASH professionals understand what aid effectiveness (AE) entails. This information package helps the sector apply AE and SWA principles in their daily work, integrating these in WASH policies and practices.

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