



United Nations Human  
Settlements Programme  
(UN-HABITAT)  
WATER AND SANITATION  
TRUST FUND



# annual report

2006

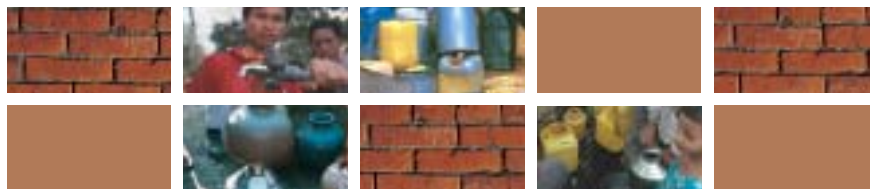


UN-HABITAT



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## Foreword

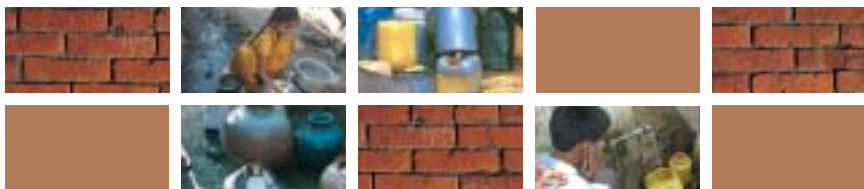


Meeting the challenge of halving the number of people who lack access to safe water and adequate sanitation by 2015 will take a concerted effort and a great deal of determination and commitment. It will require the unprecedented generosity and compassion of the international community, diligent and professional commitment application by all stakeholders in the water and sanitation sector and the consistent and unwavering political goodwill of governments, particularly those in the developing world. The inclusion of the poor by creating in them a sense of ownership will be imperative in devising appropriate and sustainable solutions.

The UN-HABITAT experience in the water and sanitation sector indicates that enhancing capacity in the sector alone will not lead to improvement in access to basic services for the urban poor unless these are closely linked to follow-up investments. With a view to enhancing its effectiveness and outreach in serving its member countries, and as a direct response to the Johannesburg Plan of Implementation, UN-HABITAT announced the establishment of a Water and Sanitation Trust Fund on World Habitat Day, October 7, 2002. The objective of the Fund is to create an enabling environment for pro-poor investment in water and sanitation in developing country cities, and support implementation of the Habitat Agenda, the Millennium Development Goals, and the Johannesburg Plan of Implementation.

The Trust Fund supports cities and communities which have demonstrated their commitment, to promote investment in water and sanitation that are specifically targeted to the poorest of the poor. A fast-track mechanism for reaching out to the urban poor, the Fund provides a bridge for them to access benefits from city-wide sector improvements which often by-pass them.

This annual report for 2006 highlights the major outputs and outcomes of various activities supported by WSTF. During this period, the programme delivery capacity of UN-HABITAT has further strengthened with the engagement of additional project management staff in the regions, and through greater involvement of Habitat Programme Managers (HPMs) at country level. The year 2006 has seen the Water for Cities Programme complete more than 66 per cent of our operational activities. A rapid gender assessment methodology developed by Water for African Cities has been adopted by 17 participating cities in 14 countries.



Increased pro-poor investment flows have been realised in four cities in Madhya Pradesh (India) and one town in Nepal. The Water for Asian Cities Programme has facilitated participatory poverty mapping in 20 slums across the four cities in Madhya Pradesh, and in a peri-urban settlement in Kathmandu, Nepal. Revolving funds have been established in India and Lao PDR for water and sanitation.

The existing gap in information on Millennium Development Goals (MDGs) target groups and their spatial location in urban areas have often led to inadequate provisions for water and sanitation sector needs in Poverty Reduction Strategy Papers (PRSPs). This poses a key challenge in designing programmes that will effectively support achievement of the Millennium Development Goals for water and sanitation. The launching of Trust Fund initiatives that support secondary towns in Lake Victoria and the Mekong regions to meet water and sanitation MDG targets underscore this critical challenge.

Improving access to safe water, helping to provide adequate sanitation to millions of low income urban dwellers, and developing indicators for measuring the impact of these interventions, are the highest priorities for the UN-HABITAT Water and Sanitation Programme. A strategic partnership with the Asian Development Bank (AsDB) has facilitated additional pro-poor investment in water and sanitation during 2006 amounting to US\$ 125 million in the region (US\$ 100 million in Nanjing, China and US\$ 25 million in Lao DPR). Similarly, UN-HABITAT is collaborating with African Development Bank (AfDB) and as per the MoU anticipating joint grant contributions of US\$ 217 million and fast track loans of US\$ 362 million over the next five years. UN-HABITAT acknowledges the contributing members' support to the Trust Fund and the Lake Victoria Region Water and Sanitation Initiative (LV-WATSAN) supported by the Government of the Netherlands.

The year 2006 has seen a consolidation of programme activities in the four major areas, namely normative, operational, special initiatives and monitoring activities. The co-location of the Water, Sanitation and Infrastructure Branch and Slum Upgrading Facility under the Human Settlements Financing Division will lead to significant strengthening of the activities of both facilities, and to enhancing the pre-investment capacity building role of UN-HABITAT in supporting Governments and their development partners in attaining the human settlements related Millennium Development Goals.

In 2007 and beyond, the UN-HABITAT Water and Sanitation Trust Fund looks forward to assisting more people attain the health benefits of access to safe drinking water, and the human dignity that comes with adequate sanitation.

A handwritten signature in black ink, appearing to read 'Anna K. Tibaijuka'.

Anna K. Tibaijuka  
Under-Secretary General and Executive Director, UN-HABITAT

## The year 2006 in retrospect

### Strategic partnerships continue to lead the way

The spirit of co-operation prevailed in the year 2006. The signing of a Memorandum of Understanding (MoU) between African Development Bank (AfDB) and UN-HABITAT in March 2006 has helped to reinforce the strategic partnership between the two organisations. The MoU sets out the framework under which UN-HABITAT and AfDB will collaborate to facilitate safe water supplies and sanitation in African cities and small urban centers. At the World Water Week in Stockholm during August 2006, the Asian Development Bank (ADB) announced an increase in its loan component by US\$ 1 billion and its grant component by US\$ 10 million for the Water for Asian Cities Programme.

The strengthening of strategic partnerships has contributed immensely to the success of many programmes.

### Increasing visibility at international forums

UN-HABITAT contributed effectively to four major international events that took place during the reporting period and this provided a new impetus to the international water and sanitation agenda. These events were:

1. The Fourth World Water Forum held in Mexico City on March 16-22, 2006;
2. The Third World Urban Forum (WUF III) held in Vancouver, Canada on June 19-23, 2006;
3. The World Water Week 2006 in Stockholm, which took place from August 20-26, 2006; and
4. The Asia Pacific Ministers Conference on Housing and Human Settlements, held in New Delhi, India from December 13-16, 2006.

A focus on local actions was the highlight of all these meetings – an essential requirement for speedily attaining the Millennium Development Goals (MDGs). At the Asia Pacific Ministers Conference, water and sanitation was given special emphasis.

## Programme Context

- Strategic partnership with African Development Bank – MoU signed in March 2006.
- Enhanced MoU with Asian Development Bank increasing the loan component to US\$ 1 billion and TA grant to US\$ 10 million.
- Cash deficit leads to roll over the programme activities to 2007-2008.
- Enhanced framework for implementation of water & sanitation unanimously endorsed at Asia-Pacific Ministers Conference.
- Promotion of Water Operators Partnerships by UN-HABITAT for structured programme of co-operation.
- Strengthening of WSIB and Development of new organogram.

EXECUTIVE SUMMARY

## A major new initiative

During the reporting period, the UN Secretary General's Advisory Board on Water and Sanitation presented a report titled Hashimoto Action Plan: Compendium of Actions at the Fourth World Water Forum in Mexico. Among the actions recommended by the Advisory Board is the promotion of a mechanism – Water Operators Partnerships (WOPs) – for a structured programme of co-operation among water operators. This initiative aims at strengthening the capacities of the public water operators that currently provide over 90% of the world's water and sanitation services. In this context, UN-HABITAT partnered UNDESA to hold two regional capacity building workshops in Bangkok and Nairobi for the WOPs. It is noteworthy that the Secretary General recommended UN-HABITAT to be the appropriate agency to promote and co-ordinate activities related to the WOPs.

The Water Sanitation and Infrastructure Branch (WSIB) was given a new makeover to enhance the delivery capacity of the programme. This included the development of a more structured organogram for the Branch and the recruitment of further staff for the programme. Partnership with other UN-HABITAT branches and outsourcing of implementation to partners was also enhanced during the reporting period. To give more muscle to the programme, the terms of reference for a Mid-term Review of the Trust Fund activities was approved by a Steering Committee.



## Will donor contributions meet the shortfall?

Despite earnest efforts to widen the donor base during the period, the challenge of finding a more stable cash base for the Funds activities still remains

Cash contributions received from donors to the Water and Sanitation Trust Fund (WSTF) over the reporting period amounted to US\$ 9.6 million. Together with the cash overflows from 2005, this provided a cash base of US\$ 18.39 million for 2006. However, projected expenditures approved by the Advisory Board for the general WSTF for 2006 amounted to US\$ 17.1 million. Thus there was a cash overflow of US\$ 5.2 million that was carried over into 2007.

The Swedish government increased its contribution by an additional SEK13m (US\$ 1.8 million) and the Norwegian government committed a further (US\$ 2.1 million) for 2006 and (US\$ 2.1 million) for 2007. As at the end of the year, available cash receipts to the general Trust Fund for 2007 (as per signed agreements with the contributing donors) stands at US\$ 8.9 million, while projected expenditures as approved in 2005 stand at US\$ 19 million. If no further cash receipts are available to cover the expected shortfall of about US\$ 5.8 million during 2007, it will seriously inhibit the achievement of the planned objectives.

Despite earnest efforts to widen the donor base during the period, the challenge of finding a more stable cash base for the Funds activities still remains. While there is no let-up in fund-raising efforts, it may be necessary for the current donors to consider increasing their contributions in order to recover the lost ground.

On the bright side, cash receipts from the Netherlands for LV-WATSAN programme have been stable, thereby allowing the milestones for LV-WATSAN to be reached on schedule. To date, US\$ 10.8 million has been received for the implementation of activities between January 2006 and July 2007.

EXECUTIVE SUMMARY

## What have we achieved in 2006?

All four areas of the Trust Fund programme have benefitted enormously from consolidation during 2006 i.e.

- **normative activities,**
- **regional operational activities,**
- **replicable model setting initiatives, and**
- **monitoring of progress.**

In terms of short-term deliverables (outputs) in 2006, eight out of 16 outputs were fully delivered in respect of normative activities, while others were in progress. The regional programmes delivered 12 out of 24 outputs for Africa and 28 out of 42 outputs for Asia, while the rest were in various stages of completion. In the realm of strategic initiatives in Lake Victoria and Mekong regions, five out of 11 outputs were delivered while others were in progress. Finally, monitoring of progress with MDGs saw two out of three outputs being delivered while the remaining one is in the progress.

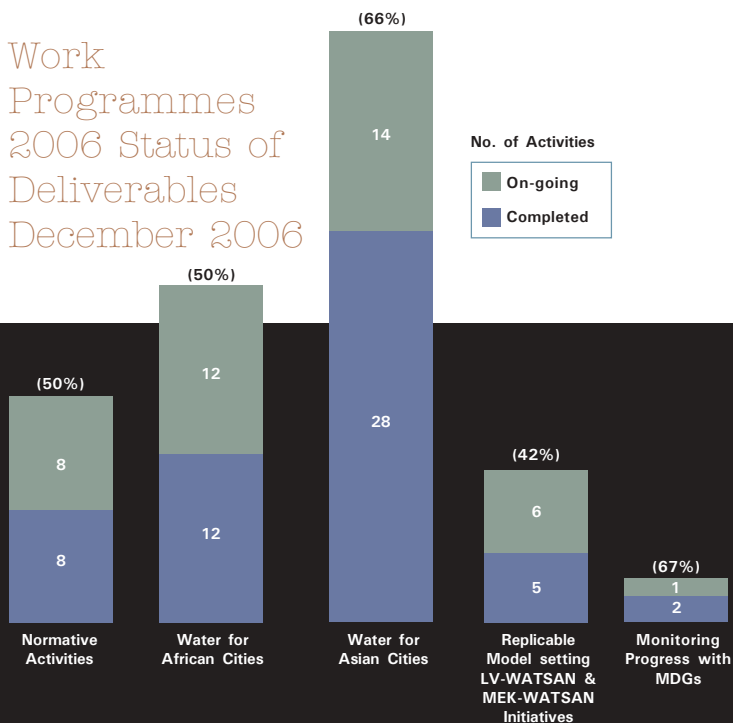
Turning to medium-term deliverables (outcomes), there is a heartening influx of pro-poor investment flows. The synergies accruing from partnerships at the local level between participating countries, and the strategic level between the regional development banks are unfolding in promising ways. With passage of time, more people are experiencing the direct benefits of demonstration activities, as well as the intangible but no less valuable effects of capacity building, gender mainstreaming and human values in water, sanitation and hygiene education.





## Programme achievements 2006

- Consolidation of Programme Activities in all the four major areas:
  - Normative,
  - Regional Operational Activities,
  - Replicable Model Setting Initiatives, and
  - Monitoring of MDG progress.



### Stated Result

Long-term results 10 to 15 years after end of project

Impact ONE

Impact Indicator (one)

Medium-term results 2 to 5 years achieved by end of project

Outcomes THREE

Outcomes Indicators (five)

Short-term results 1 to 2 years throughout life of project

Outputs SIX

Outcomes Indicators (sixteen)

EXECUTIVE SUMMARY

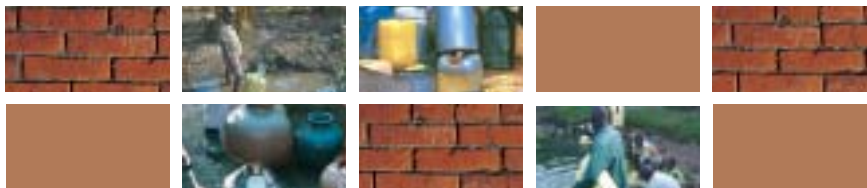
## Normative Activities

Pro-poor governance continued to be the over-arching theme for normative activities in the Water for African and Asian Cities programmes as well as the Model-Setting initiatives in the Lake Victoria and Mekong regions. These included an extensive review of pro-poor WATSAN governance mechanisms and the preparation of a number of documents including a draft *Pro-Poor Governance Framework Document* and a publication on *Methodologies for Mapping the Poor, Gender Assessment and Initial Environmental Assessment*.

Another accomplishment on the normative front was the publication of the second Global Report on Water and Sanitation entitled *“Meeting the Development Goals in Small Urban Centres: Water and Sanitation in the World’s Cities 2006”*. The publication, launched at the Fourth World Water Forum in March 2006, highlights the key challenges in reaching the MDG targets for water and sanitation in small urban centers. It also provides the key elements of a strategy for putting in place the needed pro-poor governance frameworks and financing water and sanitation in small urban centers.

UN-HABITAT also contributed to the 2nd World Water Development Report, which was published in the same period, on the human settlements dimension of WATSAN. Several other normative activities were undertaken including the publication of a *HIV/AIDS Checklist for Water and Sanitation Projects*, *Strategy for Addressing HIV/AIDS in Programme Activities of the Water and Sanitation Trust Fund*, *Guidelines for Revolving Funds for Water and Sanitation*, on *Social Marketing of Sanitation and on Sanitation and Energy* and some further outputs on Water Demand Management, Human Values in Water, Sanitation and Hygiene Education, and Gender Mainstreaming.

Getting the stakeholders closely involved in the normative activities was achieved by organising a range of other activities centered on policy formulation, advocacy, awareness creation, training and dissemination via conferences and workshops.



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## Regional Operational Activities

In 2006, the regional operational programmes in Africa and Asia focused on activities finalised by MoUs with the participating country governments. There was also a thrust on developing co-operation agreements with implementing partners along with the hiring of staff for various programmes. Leveraging additional investment flows into WATSAN sector through strategic partnerships with regional development banks has been a significant achievement in 2006.

### A. Water for Asian Cities Programme

Speeding up the implementation of programmes has been the catchphrase in India and Nepal, while in China, Vietnam and Lao PDR, there has been a push towards gearing up and consolidation of activities. Co-operation agreements were concluded and implementation of activities was advanced during the period. As at the end of December, some further agreements were being finalised for implementation to begin at the local level in the participating countries. Both in Lao PDR and Vietnam, UN-HABITAT has committed to support ADB-assisted projects for small and medium towns by committing substantial funds for capacity building to sustain these initiatives. Encouraged by the positive outcomes, ADB has expressed willingness to increase the funding by a further US\$ 1 billion with a special focus on sanitation.

### B. Water for African Cities Programme

In the Water for African Cities Programme, seven MoUs have been signed with the governments of Cameroon, Mali, Burkina Faso, Ghana, Nigeria, Ethiopia and Senegal. Co-operation agreements with national agencies and NGOs at the country level have been concluded in almost all the 14 participating countries. Most of the activities targeted under the agreements are on-going, while others are in the pipeline.

An MoU was signed between AfDB and UN-HABITAT in March 2006. The MoU anticipates joint grant contributions up to about US\$ 217 million over the next five years. These will lead to additional opportunities for follow-up fast-track loans from AfDB of about US\$ 362 million to speed up the achievement of the MDGs for water and sanitation. The two agencies have identified preliminary focus areas under the collaborative arrangement. These include an initial focus on five countries where AfDB has pipeline projects valued at about US\$ 200 million and joint normative activities in a number of areas. Synergy has also been established with the World Bank in Ethiopia to collaborate and scale-up activities under the WAC II programme in Addis Ababa. Project proposals worth about US\$ 60 million to target the urban poor in the country, are also being worked out.

## Replicable Model-Setting Initiatives

### A. MEK-WATSAN

Under the MEK-WATSAN initiative, two co-operation agreements have been signed to date while three are in the pipeline in China and in Lao PDR. A programme proposal has been developed for 21 towns in four countries (Lao PDR, Vietnam, Cambodia and Yunnan Province, China) in the Greater Mekong Sub-region (GMS). Dialogues have been initiated with ADB and other international agencies to collaborate on this initiative focusing on the economic development corridors of GMS.

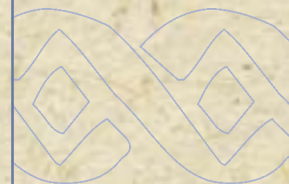
### B. LV-WATSAN

In the Lake Victoria Region Water and Sanitation Initiative (LV-WATSAN), MoUs have been signed with the governments of Kenya, Uganda and Tanzania for the implementation of activities. The tendering and procurement processes are underway. Planned interventions will commence soon after. Under the MoU with the AfDB, the potential for financing water and sanitation projects for about 18 small towns is being explored from the multinational/regional window of the African Development fund. In this context, preliminary discussions have been held with the East African Community to advance the process.

## Monitoring Progress towards MDGs

Close liaison was maintained with the WHO/UNICEF JMP process in streamlining the definitions for the monitoring indicators for MDG 7 targets 10 and 11. The collaboration between the Monitoring Branch of UN-HABITAT and the National Statistical Bureaus in the three countries involved in LV-WATSAN (Kenya, Uganda and Tanzania) was also enhanced. The programme has developed a methodology for establishing baseline data in urban centres of different sizes and for tracking the progress towards attainment of the MDGs. The methodology is based on a GIS framework and carefully designed questionnaires to elicit disaggregated information at the household level (including mapping the poor). This methodology is being field-tested in the first phase LV-WATSAN towns. A series of publications have been planned to document the methodology and the results of the monitoring framework for tracking water and sanitation related MDGs. The first publication in the series will be published in early 2007.

A similar methodology has also been applied for the four cities in Madhya Pradesh and four settlements of Sayabouly town in Lao PDR covering a population of 2.3 million people in Madhya Pradesh and 10,000 people in Lao PDR in poverty pockets. The baseline is being used by the governments to channel investments aimed at attaining full coverage in water and sanitation.



## Background Information

### I. Programme Background

Programme:	<b>Water and Sanitation Trust Fund</b>
Programme Budget: (Approved for 2006)	US\$ 17,119,500.00
Programme Budget: (Estimated actual for 2006)	US\$ 13,192,462.00
Contributing Partners:	Canada Fund for Africa through CIDA, Government of the Netherlands, Government of Norway, Government of Sweden
Recipient Country Partners:	<b>Africa:</b> Burkina Faso, Cameroon, Cote d'Ivoire, Ethiopia, Ghana, Kenya, Mali, Mozambique, Nigeria, Rwanda, Senegal, Uganda, Zambia and Tanzania <b>Asia:</b> China, India, Nepal, Lao PDR, Vietnam for WATSAN and South East Asian Countries for HVWSHE
Geographical Location:	Africa and Asia
Programme Goal:	To contribute to the achievement of the internationally agreed goals related to water and sanitation in human settlements with particular focus on the urban poor in order to facilitate an equitable social, economic and environmental development.
Development Objective:	To support developing countries to achieve sustainable access to safe drinking water and basic sanitation for the poor, particularly in urban areas.

### II. Reporting Background

#### Purpose of the Report

The review of progress of UN-HABITAT Water and Sanitation Trust Fund (WSTF) Activities during 2006 has been prepared for consideration of the WSTF Advisory Board.

#### Timeframe for the Report

This review covers WSTF activities implemented from January to December 2006.

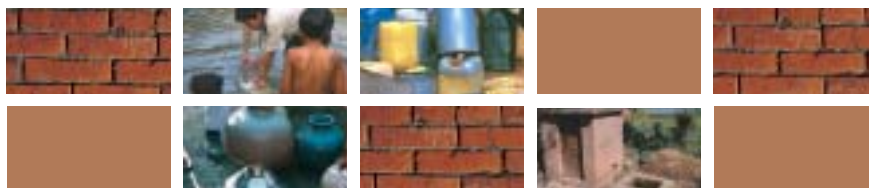
## Global Level Activities – Normative Work

The normative work mainly relates to formulating appropriate pro-poor policies and translating them into norms, standards and regulation; supporting the development of institutional capacity for management and systems development, operation and maintenance, facilitating training and capacity building partnerships and strengthening state and city level capacities. The normative work in the field of urban water and sanitation focusses on developing pro-poor and gender-focussed frameworks that strengthen the capacity of the sector to deliver water and sanitation services to all, in an efficient, affordable and environmentally sustainable manner.

During 2006, on the normative activities front, there was a continued focus on pro-poor water and sanitation governance mechanisms and on-the-ground application of pro-poor governance tools in the Water for African and Asian Cities programmes as well as the Model Setting initiatives in the Lake Victoria and Mekong regions. These included an extensive review of pro-poor WATSAN governance mechanisms and preparation of a number of documents including a draft Pro-Poor Governance Framework Document and a publication on Methodologies for Mapping the Poor, Gender Assessment and Initial Environmental Assessment. Further accomplishments on normative issues

include the publication of the second Global Report on Water and Sanitation entitled "Meeting the Development Goals in Small Urban Centres: Water and Sanitation in the World's Cities 2006". The publication, launched at the Fourth World Water Forum in March 2006, highlights the key challenges to reaching the MDG targets for water and sanitation in small urban centres. It also provides the key elements of a strategy for putting in place the needed pro-poor governance frameworks and financing water and sanitation in small urban centers. The publication is being widely disseminated and monitoring of its impact in the WATSAN sector is on-going.

UN-HABITAT also contributed to the second World Water Development Report on the human settlements dimension of WATSAN. Several other normative activities were undertaken including the preparation and publication of an HIV/AIDS Checklist for Water and Sanitation Projects, Strategy for Addressing HIV/AIDS in Programme Activities of the Water and Sanitation Trust Fund, Guidelines for Revolving Funds for Water and Sanitation, Social Marketing of Sanitation and on Sanitation and Energy and some further outputs on Water Demand Management, Human Values in Water, Sanitation and Hygiene Education, and Gender Mainstreaming. Besides, UN-HABITAT made



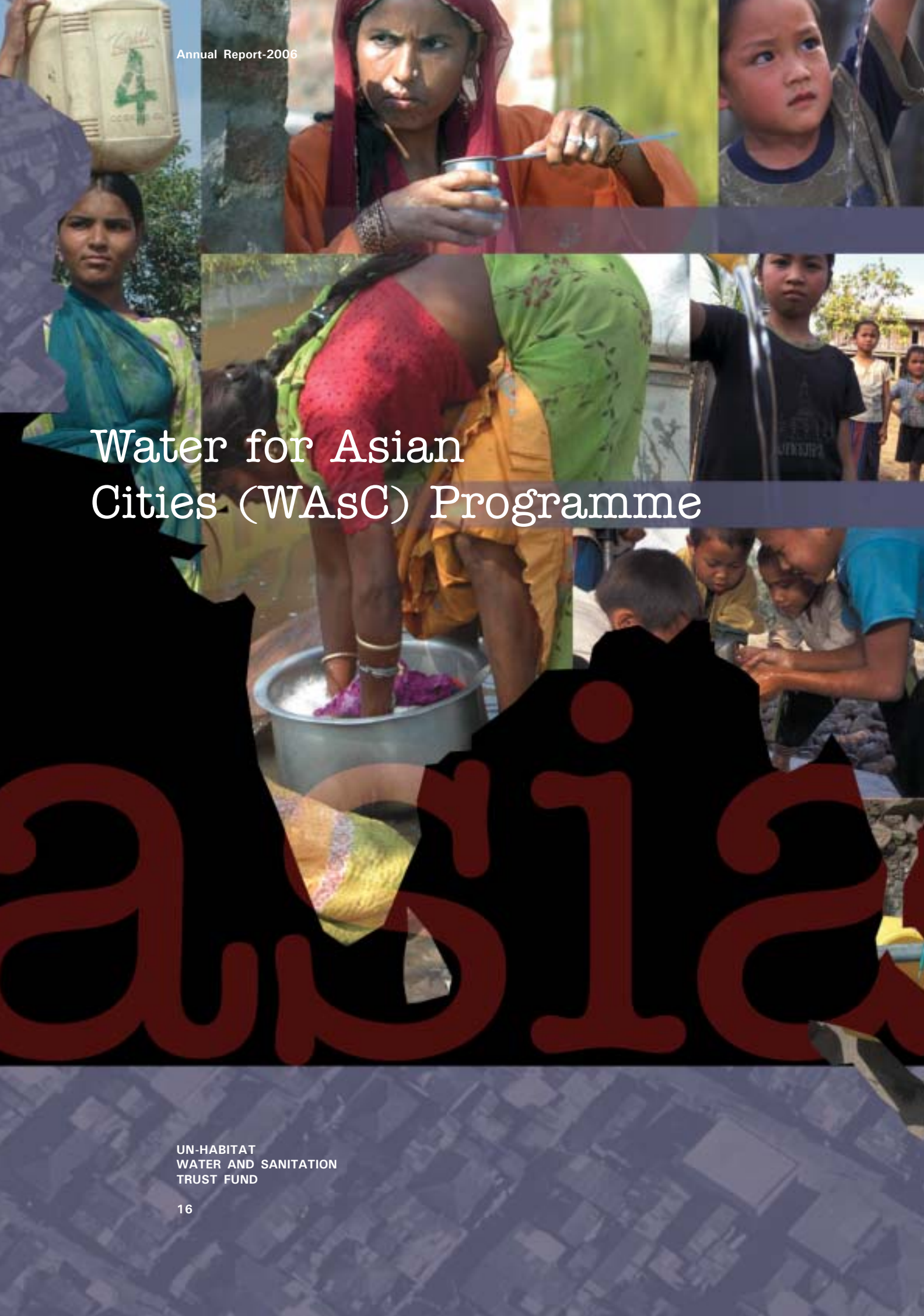
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significant contribution to the Helsinki process on the theme "Achieving Healthy Urban Futures in the 21st Century".

Activities on policy formulation, advocacy, awareness creation, training and the dissemination of the normative work (during conferences, workshops, seminars etc. and as part of the formal training and capacity building activities), to facilitate the use and formal adoption of the normative products by stakeholders in the WATSAN sector, was intensified in the activities of the programme during the reporting period.

The programme continued to influence the international water agenda and advocated for pro-poor urban water and sanitation issues through active and high-level participation in international events such as the 4th World Water Forum in Mexico in March, the World Urban Forum in Vancouver in June, and contributed to high-level processes such as the Guria Task Force on Financing Water and Sanitation for All. WSIB also participated in activities of the global and Africa regional UN-Water to ensure the exploitation of synergies in UN Agency programmes in the water and sanitation sectors. There was also continued engagement with the Ministerial processes in the sector on the two continents, viz. the African Minister Council on Water (AMCOW), the African Ministerial Conference on Housing and Urban Development (AMCHUD) and the Asia-Pacific Ministerial Conference on Housing and Human Settlements, including support to the AMCOW process in particular.

Two Capacity Building Workshops on Partnerships for improving the performance of Water Utilities organised in Bangkok and Nairobi by UNDESA in partnership with UN-HABITAT as a follow-up to a recommendation in the Compendium of Actions of the UN Secretary General's Advisory Board on Water (the "Hashimoto Action Plan") for a Water Operators Partnerships (WOPs) mechanism afforded an opportunity for the senior water utility managers of the two regions to engage in a dialogue with their counterparts from other countries and experts representing various international development organisations to address these challenges. A region-wide comprehensive advocacy and communication strategy is being developed for the national and local level. In December 2006, UN-HABITAT in co-operation with IRC, the Netherlands organised a Regional Media Workshop on Urban Water and Sanitation Issues in Asia and the Pacific followed by the first Asia-Pacific Ministers Conference on Housing and Human Settlements in New Delhi in partnership with the Government of India. To sum up, the second global report which focussed on the issues and challenges facing small and medium towns for achieving the Millennium Development Goals has been received very well for fine-tuning their policies both by the governments at national, sub-regional and local levels and by other stakeholders including the civil society and NGOs. Several other normative activities include policy guidance document for scaling up good practices in water and sanitation. Some normative activities such as financial modeling and economic analysis for investments to serve the poor in smaller urban centres which involve engagements of national governments for data are on-going and will eventually be completed.



# Water for Asian Cities (WAsC) Programme



## Speeding up programme delivery in India and Nepal

The focus in 2006 remained on accelerating the delivery of programmes in India and Nepal. Strategic partnerships were forged with ADB, governments at national, state and city-level, bilateral and multilateral agencies and NGOs. A single agency cannot bring effective transformation. Accordingly, co-operation agreements were initiated with a multitude of organisations.

## Investments are stacking up in Asia

- A Memorandum of Understanding was signed in 2003 with ADB under which US\$ 10 million will be provided in form of grants and US\$ 500 million in the form of loans.
- In India, loan effectiveness for the ADB Urban Water Supply and Environmental Improvement Project (UWSEIP) commenced in June 2005 with an amount of US\$ 181 million.
- In Nepal, ADB has been investing about US\$ 73 million in Urban and Environmental Improvement Programme and Small Towns Water Supply and Sanitation Sector Project.
- In Lao PDR, ADB Board has approved the North and Central Region Water Supply Project with a budget of US\$ 24.5 million.
- UN-HABITAT is partnering with agencies like Water Aid Nepal, Practical Action Nepal, UK-based INGOs, Bio-Gas Support Programme, Town Development Fund, UDLE/GTZ, UNDP/PPPUE, Municipal Associations of Nepal, NGO Forum and private sectors like Coca Cola Company to increase investment flows.
- ADB Board has approved the project document for Central Region Small and Medium Towns Development Project with a financial assistance of US\$ 50 million in a total project size of US\$ 96 million.
- In Vietnam, the water utility in Cam Ranh is to invest US\$ 280,000, in which UN-HABITAT is providing US\$ 250,000 for improved water and sanitation facilities for 15,000 poor residents in the town.

## Efforts to leverage funds bore fruit

- Under the Slum Environmental Sanitation Initiative, co-operation agreements have been signed with WaterAid and four local authorities in Madhya Pradesh, India under which, Water Aid would be investing US\$ 350,000 while each of the municipal corporation would invest US\$ 87,210 (totalling US\$ 348,840).
- In Yunnan Province of China, Jinghong City is to invest US\$ 750,000, in which UN-HABITAT is providing US\$ 250,000 towards providing improved water and sanitation facilities for 15,000 poor residents; Simao City is to invest US\$ 120,000, in which UN-HABITAT is to provide US\$ 60,000 for water and sanitation facilities to 3,200 poor residents; UN-HABITAT will provide half of US\$ 80,000 investment to Simao City to conduct water conservation and demand management activities.
- UN-HABITAT and ADB are cooperating on a Water and Sanitation Project to clean-up the environment of Nanjing, China. ADB will support a US\$ 236 million project through a loan of US\$ 100 million in which the Nanjing Municipal Government and China Development Bank will contribute the balance amount of US\$ 136 million. ADB is also providing technical assistance to Nanjing for the issue of a Corporation Bond of RMB 2 billion for water and environmental projects.
- A Co-operation Agreement has been finalised in Nepal with WaterAid Nepal under which they will invest US\$ 250,000 for Water, Environmental Sanitation and Hygiene Programme for Urban Poor. UN-HABITAT will make an equal contribution.
- In Vietnam, a Co-operation Agreement has been signed with the Xieng Ngeun Water Service Provider under which they will invest US\$ 100,000 matched with another US\$ 100,000 contribution from the community.

## Water for Asian Cities Programme

- Speeding up of delivery in India and Nepal;
- Gearing up and consolidation in China, Vietnam and Lao PDR;
- Capacity building support to ADB Projects for small and medium towns in Nepal, Lao PDR & Vietnam;
- Second phase of partnership with ADB finalised doubling grant levels for capacity building and technical assistance to US\$ 20 million and increasing investments to US\$ 1 billion with special focus on sanitation;
- Engagements with the private sector with Coca Cola and Satyam Foundation for activities in India and Nepal; and
- Mobilisation of Political Will through establishment of Legislators' and Parliamentarians' Fora.



## Strengthening frameworks is the key

- An overall framework for assessing pro-poor water and sanitation governance has been developed.
- A strategy and guide document for pro-poor water and sanitation governance has been developed for MADHYA PRADESH, INDIA. Within the framework of Water for Asian Cities, four cities in India (BHOPAL, INDORE, JABALPUR and GWALIOR) and in Nepal, water and sanitation initiatives with participatory approaches have commenced in nine municipalities, several peri-urban communities and small towns.
- In LAO PDR, XIENG NGEUN District of LUANG PRABANG PROVINCE has commenced to apply participatory approaches to delivery of basic services.

## Meeting target ahead of time

The original MoU between ADB and UN-HABITAT envisaged an investment of US\$ 500 million during a five-year period during 2003-2008. But the target was reached in 2006 itself! Therefore, ADB is willing to increase the MoU amount by a further US\$ 1 billion.



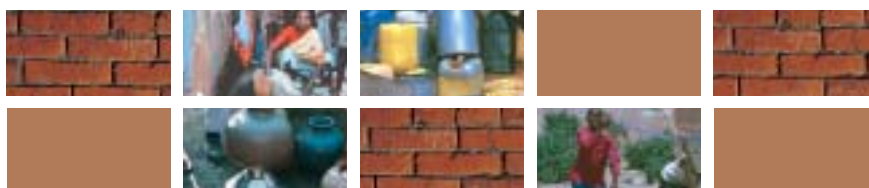
# asian cities



## A pro-poor approach to water and sanitation governance

The pilot Community Managed Water Supply Scheme (CMWSS) in India's Indore, Gwalior and Jabalpur has got off to a promising start. The community is fully involved in decision making right from the choice of design to planning of the drinking water schemes and its financing from a revolving fund with a pro-poor cost recovery approach. The community would own the assets and have full responsibility of operation and maintenance. Other initiatives include:

- The State Government has issued the "Guidelines for the Revolving Water Fund" prepared in collaboration with the UN-HABITAT, with directions to the Municipal Corporations of Bhopal, Gwalior, Jabalpur and Indore for up-scaling the CMWSS.
- Financial Resources Mapping to assess the availability of funds at the local level in each of the project cities for providing water and sanitation services to the poor has been completed. Directions have been issued for their enforcement.
- A Community-managed Pro-poor Water Purification and Bottling Scheme is in the offing at Indore and Jabalpur. This would provide safe drinking water to the poor in slums by installing one 1,000 litres/hour water purification unit. The implementation as well as O&M of these schemes would be done by the women groups living in the slums. Thus, 2-3 litres of safe drinking water per person per day would be made available at nominal service charge of 12.5 paise per litre.
- Similarly, a community-managed water bottling system for urban poor communities in Kathmandu Valley has been established which is envisioned to benefit more than 2000 population. The treated safe drinking water will be made available to the poor communities for a nominal charge of 15 paise (about US\$ 0.04) per liter. To scale-up this initiative through public private partnership, a study is being conducted to work out a suitable water supply model to the urban-poor of the Valley.



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WATER FOR ASIAN CITIES (WAsC) PROGRAMME

## Water for Asian Cities – Regional Programmes

At the regional level, many programmes were implemented under the auspices of Water for Asian Cities Programme. These included:

- Gender Mainstreaming;
- Training and Capacity Building;
- Human Values-based Water, Sanitation and Hygiene Education; and
- Advocacy, Awareness Raising and Information Exchange.

In India, the work on developing a public awareness, advocacy and information-sharing component, developing a Gender Mainstreaming Strategy (GMS) for application at local levels and the HVWSHE has progressed very well.

## Bring women to the mainstream and benefit the entire community

Women need to be involved not just in small projects but in the entire gamut of technical, financial and managerial matters in policies and programmes. This line of thinking has been given a strong impetus by UN-HABITAT. In collaboration with Mahila Chetna Manch, UN-HABITAT has developed the GMS for Madhya Pradesh in India. The vision of the strategy is faster, equitable, just and sustainable achievement of MDGs through pro-poor governance and increasing women's access and control over services, resources and opportunities for participation and partnership.

WATER FOR ASIAN CITIES (WAsC) PROGRAMME

The strategy recommends several actions which include:

1. Inclusion of gender issues in programme framework, reviews, workshops, monitoring, evaluation; gender related guidelines and gender analysis;
2. Infrastructure, processes, practices of WSS service providers should identify gaps and address the issues to meet women's needs;
3. Enabling participation in decision making for-legal, policy measures, women's group organisation, capacity building, entrust responsibility;
4. Advocacy, awareness, sensitisation of policy makers, implementers on gender issues;
5. Leadership role of UADD & Project Directorate in implementation of the GMS;
6. Establishment of a Nodal Gender Unit in the Project Directorate and Gender Focal Point in each partner Municipal Corporations;
7. Inclusion of a gender expert in project team;
8. Local women groups in command of local water distribution and community sanitation facilities particularly in slums;
9. Time bound reduction of number of women and men, girls and boys without access to adequate water and sanitation;
10. Full coverage for full time water supply and separate toilets for boys and girls;
13. Inclusive and Sensitive Municipal Corporations – in procedures, rules of participation norms, of water and sanitation services;
14. A committee in Municipal Corporation to monitor women's grievances;
15. Promotion of women's SHG, training, hand-over management of public sanitary complexes to them; and
16. Promotion of gender responsive budgeting in Municipal Corporations.

Expected Results as per 2006 Workplan

WATSAN sector stakeholders trained and enabled to develop, provide and manage improved WATSAN services.

Output Indicators Used

Extent of improvement in municipal governments and water and sanitation utilities ability to develop and manage services.

In India, it has been found that both the municipalities as well as NGOs are playing a strong role in the programmes. This is praiseworthy and has great potential for replication.



## Training people empowers them

UN-HABITAT has directed an abundance of resources towards capacity building and training programmes. These programmes have not only trained elected representatives and policy makers from governments and municipalities but cut across to cover teachers, engineers, women and children. In whichever area UN-HABITAT has initiated projects, there has been an effort to increase the capacity of trained persons. A tangible benefit of these programmes has been the enhanced knowledge but an equally important, though intangible impact has been the rising confidence and enthusiasm of those who participated. To list some important programmes:

- A series of capacity enhancement training programmes for elected representatives and other officials associated in the implementation of WAC Programme in Madhya Pradesh India are being organised in co-operation with Administrative Staff College of India (ASCI), Hyderabad.
- Two capacity building training programmes in GIS Applications for the technical staff of the four Municipal Corporations of Madhya Pradesh in partnership with the Indian Institute of Remote Sensing (IIRS), Dehradun.
- Two capacity building training programmes for senior and middle level officers of the four MCs of Madhya Pradesh in Financial Management including Project Planning and Appraisal and Accounting Reforms in ULBs in partnership with National Institute of Financial Management (NIFM), Faridabad have been conducted.
- One centralised workshop in Bhopal and one in each of the four Municipal Corporations on advocacy and gender awareness have been organised and ten training programmes on gender mainstreaming for both men and women leaders are being organised in partnership with Mahila Chetna Manch (MCM), Bhopal.

In whichever area UN-HABITAT has initiated projects, there has been an effort to increase the capacity of trained persons.

A tangible benefit of these programmes has been the enhanced knowledge but an equally important, though intangible impact has been the rising confidence and enthusiasm of those who participated.



## Managing Urban Water Demand

With the help of partner organisations such as WRP and TERI, UN-HABITAT has been actively trying to instil the best practices of water demand management. Reducing non-revenue water, increase in metering and rainwater harvesting have been the major thrusts of this programme.

Expected Results as per 2006 Workplan

Strategic partnership among key WATSAN stakeholders (UN-HABITAT programmes).

Output Indicators Used

1. Increase in number of strategic partnerships/linkages with partners (UN Agencies, Development Banks, Donors, Urban Centres, NGOs, Communities, etc).
2. Number of cities involved and active in regional programmes.
3. Extent of willingness to invest in regional programmes at city level by partners.



## Managing Water Demand

- Water balancing study and preparing a detailed database on a GIS platform for all the four project cities in Madhya Pradesh, India with a view to make effective recommendations for reducing unaccounted for water.
  - Stakeholder consultations of two days each on Water Demand Management (WDM) were organised in Gwalior, Jabalpur, Bhopal and Indore to sensitise the stakeholders on the concept and need for WDM and to build their capacities on the tools and techniques, for example water auditing, metering of flows, leak detection and control, network planning and sectorising, use of GIS, MIS, financial and institutional issues that can be used for implementation of WDM. A total of 113 persons from the top and middle management of the four cities including Mayors, Corporators, Officials of Municipal Corporations, UWSEI Project Directorate and Public Health Engineering Staff participated.
  - The Municipal Corporations of the project cities plan to install bulk management meters at strategic locations and bulk revenue meters as per the WDM implementation plan and have awarded the tenders for this purpose.
  - Indore and Gwalior Municipal Corporations have decided to implement a pilot District Metering Areas (DMA) including leak detection and retrofitting for an area of 5000 household connections as per the WDM implementation plan.
  - For institutionalisation of training & capacity building, UN-HABITAT in partnership with TERI and Shri G.S. Institute of Technology and Science (SGSITS) is organising capacity building programmes on WDM for Middle Management Level officials of the Municipal Corporations. A detailed WDM curriculum has been developed and two five day long training programmes and one three day refresher programme have been conducted, where 67 officers were trained on various aspects of WDM. Second refresher course will also be organised by January 2007.
  - UN-HABITAT has identified Environmental Planning and Coordination Organisation (EPCO) as the local institution to collaborate with TERI to organise two day capacity building programmes for the top Management/Public Representatives of Municipal Corporations of the project cities.
  - UN-HABITAT have prepared policy papers on Roof-Top Rain Water Harvesting (RTRWH) and Community Managed system for operation, Billing and Collection (CMBC) of water charges for consideration by the state government of Madhya Pradesh who in turn have organised stakeholders consultations on proposed initiatives for promoting rooftop rainwater harvesting as well as piloting the initiative on Community Managed system for operation, Billing and Collection of water charges. The state government has issued directives to the Municipal Corporations for piloting CMBC in an area having 750-1000.
- With the help of partner organisations such as WRP and TERI, UN-HABITAT has been actively trying to instil the best practices of water demand management. Reducing non-revenue water, increase in metering and rainwater harvesting have been the major thrusts of this programme.

## Build momentum for a sanitation movement through awareness

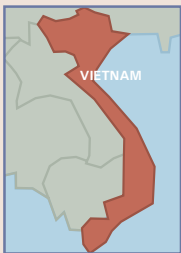
When the awareness about sanitation and hygiene spreads within a community, the momentum created is such that people themselves will go the extra mile to build toilets and keep their surroundings clean. Recognising this truth, the Urban Environmental Sanitation Initiative has selected 63 slums covering 20,000 households in the four cities of Madhya Pradesh. Water Aid as well as the four concerned municipal corporations are partnering this initiative at a total cost of US\$ 1.1 million. Cost-effective and appropriate technologies for water and sanitation are being encouraged. To ensure open-defecation-free slums, the dwellers are motivated to build low-cost latrines. The success of this initiative in Madhya Pradesh holds many lessons for the rest of Asia. Other on-the-ground activities include:

- Spreading awareness and mobilisation through exhibitions, rallies, campaigns and camps which began late last year are also continuing in the current year.
  - Exposure visit of 60 Elected Representatives and Officers of Municipal Corporations of the project cities to Namakkal, Bangalore and Trichy has been undertaken.
  - An exposure visit of 42 community members of the selected slums of the project cities to Trichy was organised to sensitise people on open defecation-free slums, de-centralised water and sanitation purification plant, community toilets managed by SHG groups, etc.
  - Training and capacity building of SHGs, which started during the last quarter of 2005, are continuing in the current year. The mechanic and mason training have been completed in Bhopal, Jabalpur and Gwalior.
- In Gwalior, Indore, Jabalpur and Bhopal, 100, 100, 92 and 52 demonstration toilets, respectively, have been constructed for poorest sections. This would result in generating a demand for toilets as well as dissemination of various design alternatives.
- A revolving sanitation fund has been created to facilitate construction of individual sanitary latrines in all the project cities. Nearly 400 households have benefited from this fund.
  - The state government has issued guidelines for the Revolving Fund for Construction of Individual Toilets jointly with UN-HABITAT with directions to the Municipal Corporations of the 4 cities for up-scaling this activity.
  - A policy paper on Rejuvenation of Community Toilets was developed in collaboration with the state government, which has issued directives to the project cities for taking up this initiative.



# Lao Vietnam

## Getting ready for take-off



While an MoU for long-term co-operation with the Laos PDR Government has been signed as also one between UN-HABITAT and the Government of Vietnam, the work is still in fledgling state. The groundwork has been done and the projects are getting ready for take-off. Some notable developments are:

- UN-HABITAT has committed to simultaneously finance capacity building activities for the Northern and Central Region Water Supply and Sanitation Project in Lao PDR at a total cost of US\$ 565,400 million. A collaborative framework has been prepared in consultation with ADB and Government of Lao PDR.
- A collaborative framework prepared in consultation with ADB and the Government of Vietnam for supporting Central Region Water Small and Medium Towns Development Project in Vietnam with a UN-HABITAT commitment of financial assistance of US\$ 1 million.
- A co-operation agreement valued at US\$ 700,000 is in the pipeline and is expected to be signed with Cam Ranh Joint Stock Urban Works Company. UN-HABITAT contribution will be US\$ 250,000, the community will contribute US\$ 103,000 in-kind and the remaining to be provided by the utility in cash and in kind.



## A range of activities planned for Nanjing



Based on the UN-HABITAT diagnostic study report, the city of Nanjing was included in the ADB Country Strategy Programme. ADB was highly appreciative of UN-HABITAT's support. As a result, in support of Water for Asian Cities Programme, ADB commenced Project Planning Technical Assistance in Nanjing in 2005 with a view to make US\$ 100 million investment in 2006/2007. Further, in continuation of this initiative, ADB is also providing technical assistance to Nanjing Water Utility Long Term Capital Finance in Commercial Markets for the issue of Corporation Bond RMB 2 billion for water and environmental projects of Nanjing.

UN-HABITAT has signed an MoU with the Ministry of Construction (MoC) of the P.R. China and Nanjing Municipal Government on Integrated Urban Water Management in Nanjing was signed in 2005. Under this MoU, the UN-HABITAT project in Nanjing is proposed to be implemented on two parallel tracks of capacity building activities, investment promotion and implementation activities. The main components of the project in Nanjing include: (a) Institutional strengthening of the water supply and wastewater sector to improve efficiency of service delivery; (b) Specific infrastructure investment; and (c) Water Education and awareness creation.

A project for the development of a Water Demand Management Strategy for Nanjing and its implementation plan as well as capacity building in WDM for Nanjing, PR China is being prepared in co-operation with Nanjing Urban Construction Investment Holding (Group) Co., Ltd (NCIC).

UN-HABITAT is starting Human Values-based Water, Sanitation and Hygiene Education activity in Nanjing. A review meeting for starting HVWSHE was held in Nanjing on March 30-31, 2006 and preparatory steps undertaken for the start-up workshop. A co-operation agreement for the water education component for US\$ 100,000 is under negotiation.

A pilot Project of Improving Water and Sanitation Service for "Villages in Urban Areas" in Nanjing has been planned for which a co-operation agreement with UN-HABITAT support of US\$ 100,000 is under preparation.



## Nepal – small beginnings that need to be nurtured



Some good results have been observed in the fast track demonstration initiative that was started in Siddhipur during 2005. The major activities include the construction of a water supply system with treatment facilities and improvement of distribution systems and provision of household taps. On the sanitation front, ecological sanitation systems have been built; private and communal septic tanks including faecal sludge management systems have been introduced. Drainage systems have been built and rehabilitated. A solid waste management system has also been initiated. Similar water and sanitation programmes are being implemented in urban poor communities of nine municipalities and several small towns and peri-urban communities with special focus on ADB assisted project areas in different parts of the country.

Rainwater harvesting is being promoted as a viable alternative water source to meet the growing water demand especially in the urban areas. Awareness about the need for rainwater harvesting is spreading. Capacity building activities have developed human resources in this sector. Tools for mapping the poor, gender assessment and Initial Environment Examination (IEE) as part of a model sanitation master plan for low-income settlements in South Asia have been developed which will be used extensively not only in Nepal but also in other participating countries in WAC Programme.

There is strong NGO support for implementation of the programmes, which are also backed by the Government.

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## Water for African Cities (WAfC) Programme

In Africa, the process of entering into MoUs followed by co-operation agreements with various agencies took longer than anticipated. However, it has resulted in strong country ownership of programme content and commitment of counterpart funding which is critical for the achievement of concrete results.

# afri

## Some Highlights

- MoUs signed with seven governments of Cameroon, Mali, Burkina Faso, Ghana, Nigeria, Ethiopia and Senegal;
- Co-operation agreements concluded with national implementing agencies in all 14 participating countries;
- MoU with African Development Bank expected to bring in grant contribution of US\$ 217 million over the next five-years and fast-track loans of about US\$ 360 million;
- Joint normative activities between AfDB and UN-HABITAT; and
- Synergy with the World Bank in Ethiopia in project preparation for a US\$ 60 million project targeting the Urban Poor.

## Long-awaited partnership with AfDB sees light of day

The long-awaited MoU with the African Development Bank (AfDB) was concluded and signed by the President of the Bank and the Executive Secretary of UN-HABITAT in March 2006, and announced at the Fourth World Water Forum in Mexico. The MoU sets out the framework under which the two parties will collaborate to facilitate safe water supplies and sanitation in African cities and small urban centres. Specifically, the African Development Fund together with UN-HABITAT will provide grants to the value of about US\$ 217 million over the next five years.

It is expected that this will lead to additional opportunities for follow-up fast track loans from the AfDB of about US\$ 362 million to speed up the achievement of MDG for water and sanitation.

The Bank and UN-HABITAT will collaborate in several areas under the MoU, including raising political ownership, and advocacy in specific areas such as resource mobilisation in urban and peri-urban pro-poor activities in water and sanitation schemes, security, gender and environmental activities. They will also partner in building local capacity, implementing innovative “learning by doing” demonstration projects, sharing and disseminating information and experiences between the two Institutions as well as among the participating countries. It also provides for the two organisations to work together to prepare investment proposals for water and sanitation schemes as well as pro-poor Poverty Reduction Strategy Papers and co-ordinating aid and advice to recipient countries on common areas of activities.



WATER FOR AFRICAN CITIES (WAfC) PROGRAMME

The process of developing collaborative partnerships, through co-operation agreements with implementation agencies, has been rigorous to ensure that financial resources made available for implementation of programme activities would be utilised for the intended purpose. Although the outsourcing process has been slow, many implementation agencies are already on board and project implementation is on-going in most of the countries.

Presently, 17 cities from 14 countries are involved in the WAC II programme. The start up and project formulation phase processes begun in 2004/2005 at the city level have helped to foster appropriate partnerships with national governments, WATSAN implementing institutions, NGOs and CBOs, in most instances in multi-stakeholder platforms to facilitate a subsequent sustainable implementation of the identified interventions. The programme formulation processes have been completed in

nine of the 14 countries and subjected to intense stakeholder consultations at workshops for the documents to be validated by all stakeholders involved.

To date, 7 MoUs, based on the approved programme documents, have been signed between UN-HABITAT and the governments of Cameroon, Mali, Burkina Faso, Ghana, Nigeria, Ethiopia and Senegal. The MoU for Rwanda has been finalised. The programme document for Uganda is being reviewed for an MoU to be concluded with the Government of Uganda.

Discussions are on-going towards initiating the Phase II activities in Kenya, Zambia, Tanzania, and Mozambique. In the meantime, some interventions have been identified in these countries and are being implemented. In the Ivory Coast, except for the Water Education in Schools Programme, no moves have been made, given the current political climate in the country.





## Countries willing to contribute

In the participating countries for which programme implementation documents have been prepared (Cameroon, Mali, Burkina Faso, Uganda, Ethiopia, Ghana, Nigeria, and Senegal, Rwanda) or for which specific local initiatives have been initiated in selected cities (Kibera in Nairobi, Mafalala in Maputo), the national governments have thus far committed

to contribute to the implementation of the activities of the WAfC II programme. The following gives an indication of the extent to which the countries and participating NGOs have expressed a willingness to contribute. This can be construed as a willingness to contribute to scaling-up successful outcomes of the programme.

Country	Willingness to contribute (US\$)
Cameroon	495,066
Mali	363,846
Burkina Faso	310,000
Uganda	177,000
Ethiopia	585,490 (and \$32,000 from NGO sources)
Ghana	284,600
Nigeria	740,740
Senegal	987,465
Rwanda	506,000
<b>International Institutions</b>	
AfDB	200 million (towards the Banks pipeline projects in five countries)
World Bank	60 million (to work together in pro-poor urban projects in Ethiopia)

In some of the smaller cities such as Harar and Dire Dawa in Ethiopia, there have been instances of inadequate experience and capacity to grasp quickly the concepts underlying the programme and modalities for implementation.

WATER FOR AFRICAN CITIES (WAfC) PROGRAMME

## Regional programmes under WAfC II

In order to assist improve the capacities of municipalities and utilities in the participating cities to better develop and manage services, the regional component of the programme continued to focus specifically on four priorities in the areas of:

- Developing and Implementing a Gender Mainstreaming Strategy;
- Training and Capacity Building;
- Values-based Water, Sanitation and Hygiene Education in Schools;
- Advocacy, Awareness Raising and Information Exchange.

## Country activities in Africa

Implementation of activities under the Water for African Cities Phase II Programme (WAfC II), continued during 2006, following on the activities of the previous year and followed the thematic priorities and implementation strategy and partnership arrangements for the Phase II of the programme.

The focus was kept on:

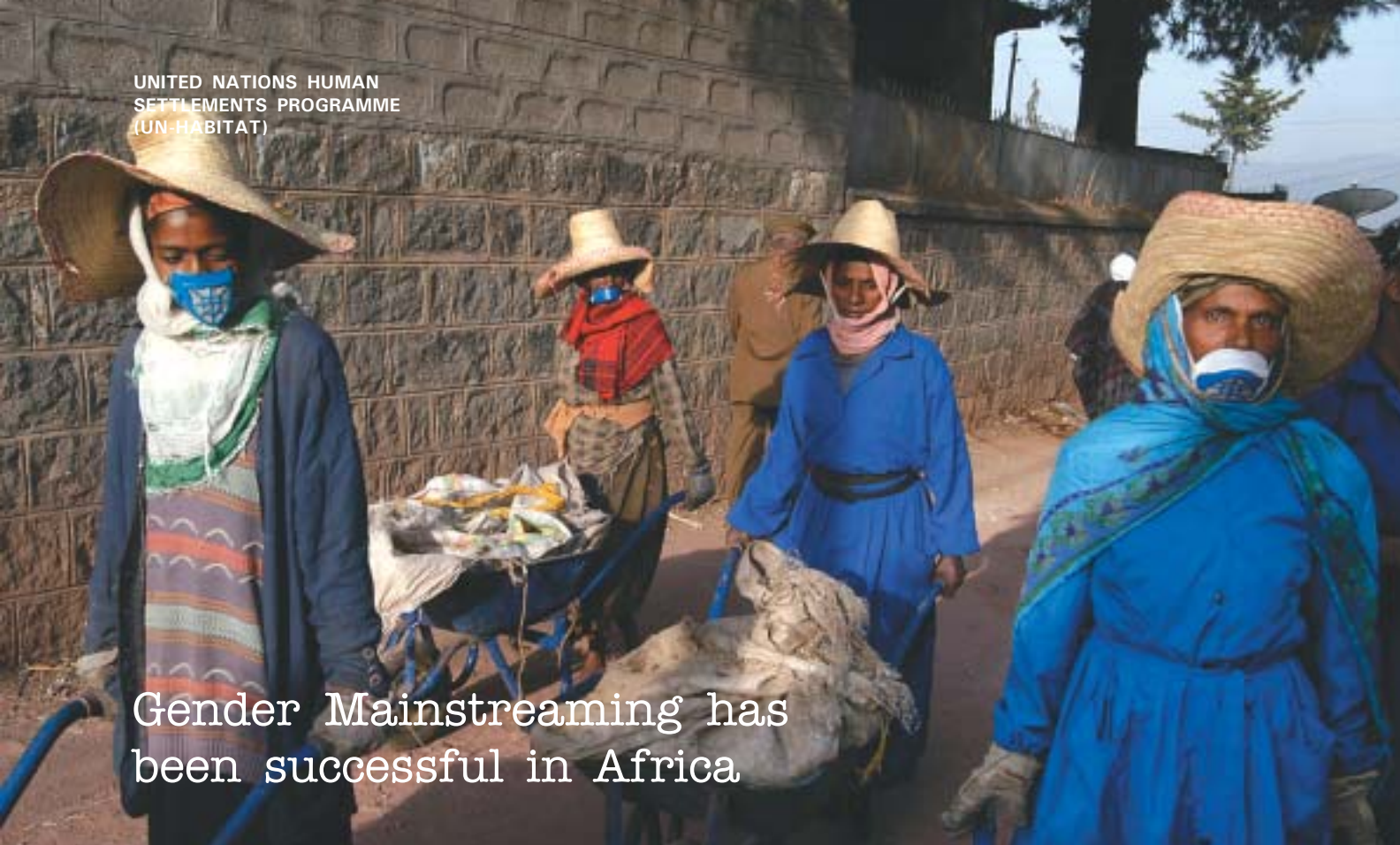
- A multi-faceted approach to programme development and implementation (including building partnerships at all levels);
- Building capacity in WATSAN utilities and local authorities/institutions.

The six thematic priority areas in WAfC II continued to be addressed during the course of 2006 namely:

- Pro-poor governance and follow-up investment;
- Sanitation for the urban poor;
- Urban catchment management;
- Water demand management;
- Water education in schools and communities;
- Advocacy, awareness-raising, and information exchange. The cross-cutting themes of Gender Mainstreaming and capacity building are being pursued in all the thematic areas to ensure eventual sustainability.

In some instances, both sides (Country Administrations/ UN-HABITAT) have been slow in responding to urgent needs and requests (including e.g. arriving at a consensus, funds transfer and feed-back on receipts), and this has also slowed down the process of implementation as well.

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## Gender Mainstreaming has been successful in Africa

There has been a high turnover of trained staff in some of the implementing agencies in the participating cities such as Dire Dawa Bureau of Education.

The first stage of the Gender Mainstreaming Strategy Initiative (GMSI) begun in 2005 led to the establishment of key steps to ground the initiative. It established baseline data in each of the seventeen cities in the fourteen countries of WAfC II, identified data gaps, areas and strategic cross-cutting activities for capacity building, and provided a profile of the poverty and gender interface.

The rapid gender assessment (RGA) processes also built consciousness about gender and poverty with key stakeholders, inspired key sectors to engage and take leadership, provided a nucleus for stakeholder platforms and identified gender mainstreaming priorities in the six thematic priorities of WAfC II thematic foci. Further, through a multi-stakeholder process it led to the establishment of Gender Equity Action Plans, which are being integrated in the WAfC II Programmes in each of the cities.

The GMSI in Africa has thus far met with great success. Key outputs including the overall gender mainstreaming strategy document, the synthesis report of the Rapid Gender Assessments, the city level gender equity plans and the gender mainstreaming video testify to this.

The implementation of the gender equity plans in the city level implementation plans however, has not been fully realised, and there is a need for a concerted effort to fully realise this objective in partnership with the Gender and Water Alliance. With the signing of the MoU with AfDB, it is also expected that support from AfDBs Gender Unit, would help accelerate this process. The process of renewal of the Co-operation Agreement with the Gender Water Alliance to follow up on ensuring an effective implementation of the gender equity plans developed much more slowly than expected. This issue has been resolved and it was expected that the agreement would be concluded by the end of the year.

WATER FOR AFRICAN CITIES (WAfC) PROGRAMME

## Sulabh organises regional training workshops for Africa

In collaboration with Sulabh International Institute of Technical Research and Training (SIITRAT), a second round of training workshop on capacity building on innovative sanitation technologies was undertaken in November 2006 for 18 participants from Ghana, Nigeria, Mali, Tanzania, Kenya, Senegal, Zambia and Cote D'Ivoire.

The workshop aimed to enhance the knowledge and skills of the participants in project planning and implementation of innovative sanitation technology options, and to create awareness of weaker sections of poor communities (particularly women and children) in such sanitation projects. The participants prepared action plans to be implemented in their respective countries with technical support and supervision from Sulabh International.

In addition to the agreement concluded with Addis Ababa Water and Sewerage Authority and which is on-going, agreements were also finalised with ONEA (Burkina Faso), and DNH (Cameroon) to implement low cost sanitation toilet complex respectively in Addis Ababa, Ougadougou and Yaounde based on the action plans developed at the training workshop. Work is on-going for the Harar and Dire Dawa partnership agreements to be finalised. The partnership agreements for Kampala (Uganda), and Mozambique to implement their action plans from the workshop are yet to be concluded. The implementation of the action plans will be reviewed and evaluated when implementation is completed in 2007/2008 through a workshop to be organised in collaboration with Sulabh International.

## New regional training programme will aim to fill gaps in 2007

Preliminary activities were began during the last quarter of 2005 for the training and capacity building programme to cover all the 17 WAfC cities in collaboration with IHE and the regional resource centres NETWAS and CREPA. During 2006, intense discussions were held with IHE-UNESCO, in a bid to overcome the gaps identified during the first phase training activities conducted in 2005. This included identifying veritable regional and local institutions to improve on the integrity of the training activities, and overcoming barriers to the implementation of activities developed during the trainings by the trainees.

Given the expanded scope (both geographically and the thematic coverage) of the programme in this phase, the international capacity building institute, UNESCO-IHE along with UN-HABITAT, gave greater consideration to these issues in the design of the WAC II training and capacity building component. A final training programme for both the WAC II and LV-WATSAN has been developed, and the training activities are to begin in early 2007.

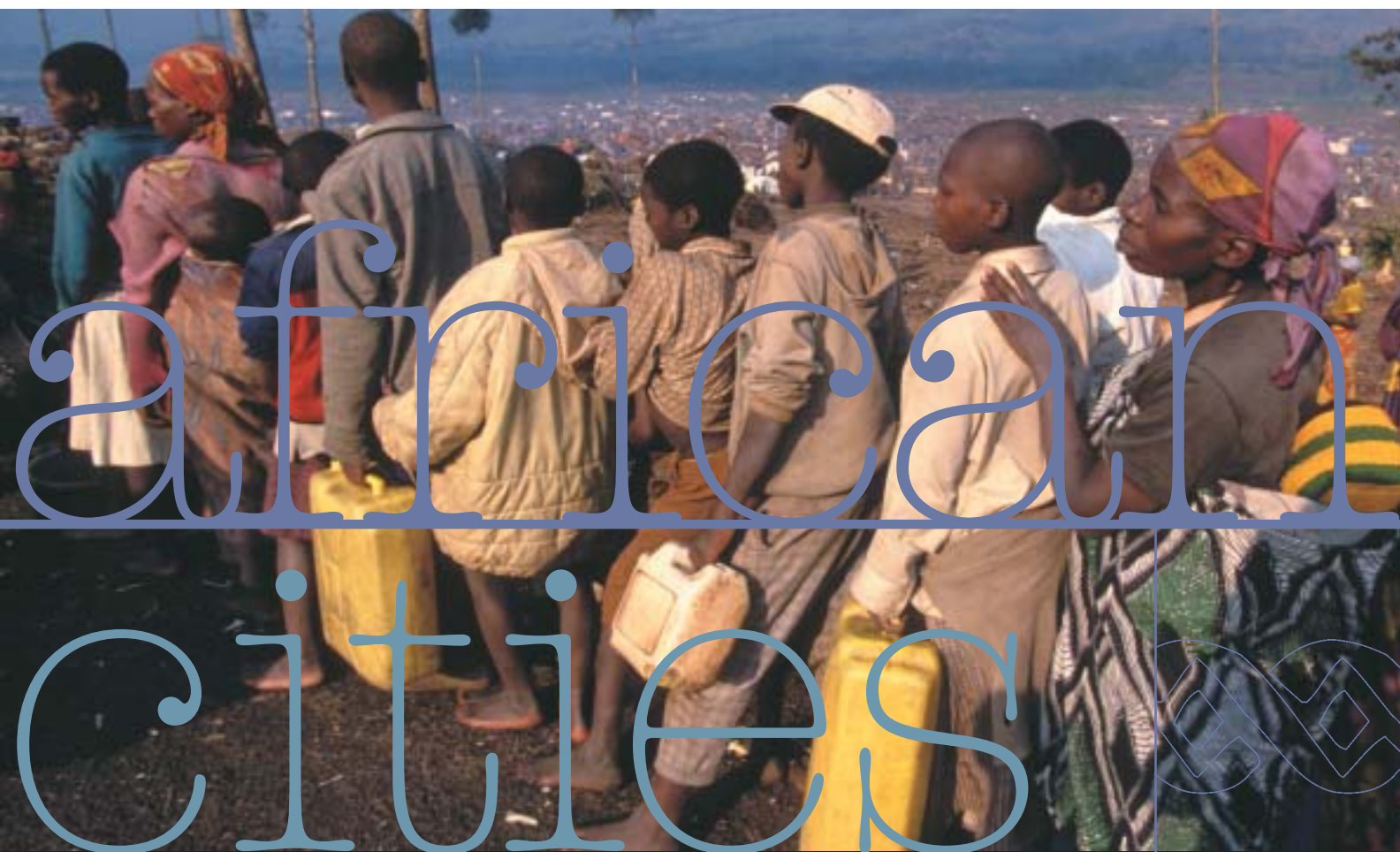
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## Ideas were shared during World Urban Forum

*The Third Session of the World Urban Forum – Networking Event on a Partnership for Water and Sanitation in African Cities was held in Vancouver on June 22, 2006.*

The event was attended by about 100 participants including national government representatives, WATSAN utilities, NGOs, Community Groups, Donors, Gender Groups, and Private Sector representatives. The event provided a platform for various partners of the WAfC II Programme to present and share ideas on the lessons and challenges from the multiple examples of partnerships at many levels to help transform into practice the ideas of multi-disciplinary, multi-stakeholder processes (processes that are conceptually simple and operationally complex, as they involve working vertically and horizontally to bring players together – players who inevitably have some competing as well as common interests).

There was a strong emphasis on mainstreaming gender and issues of the environment, both critical to sustainable development in the WATSAN sector, as well as incisive lessons drawn from the partnerships for training and capacity building, values-based education, and on implementing integrated WATSAN initiatives at the local level with national institutions and NGOs in order to strengthen capacity at that level, essential in the steady context of decentralised service delivery that is occurring throughout much of Africa.



# Ethiopia

## Three cities show progress

In Ethiopia, three cities – Addis Ababa, Dire Diwa and Harar have shown various degrees of progress in water, sanitation, urban catchment management and human values in water, sanitation and hygiene education. Some notable points regarding the three cities are:



## Addis Ababa

- In collaboration with WaterAid Ethiopia, detailed study of the situation of public tap management of Addis Ababa was conducted;
- Agreement of co-operation to study and implement pro-poor policy is in progress;
- Under-served poor communities to locate public sanitation complex selected;
- EIA being undertaken in the community where toilet complex is going to be constructed;
- Sensitisation of policy decision makers (at federal as well as city level) is undergoing;
- Consultation with local authorities and community level organisations conducted;
- Acquisition of land to construct the complex including construction permits completed;
- Design of the complex and BOQ prepared;
- Partnership established with Sulabh International of India in the area of technical assistance to review the design complex;
- Invitation to tender undertaken, tender evaluation completed and negotiation with the winner/ contractor for construction to begin is in progress; and
- Other on-going activities include assessment of potential users to the sewerage system, design of expansion of the sewerage network system and inspection and maintenance of sewerage system selected.

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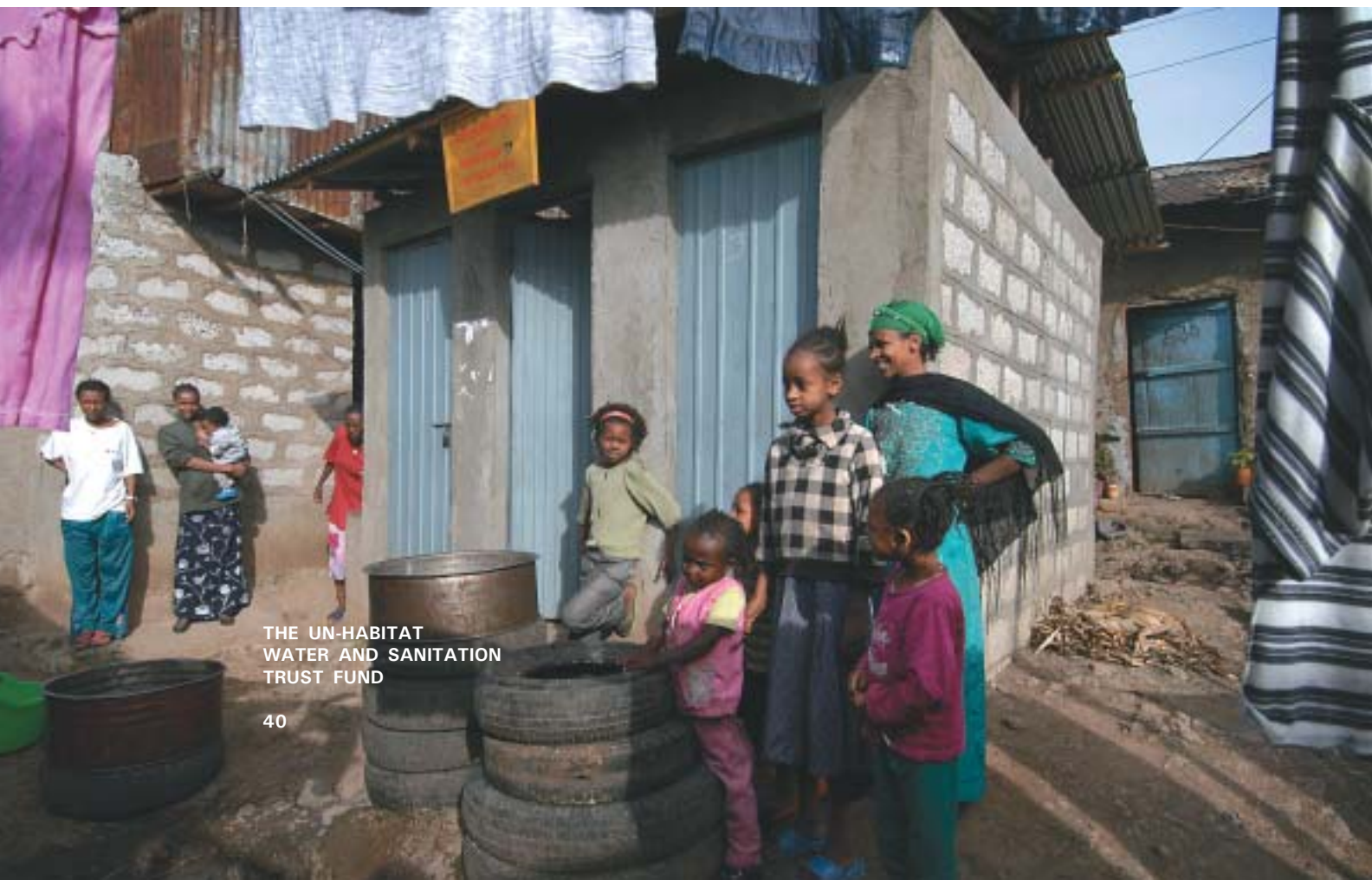
## Dire Dawa

- Based on the assessment of the water supply and sanitation conditions, under-served communities have been identified for implementation of WafC II programme and co-operation agreement including project document for community-based water supply and sanitation is prepared.
- DDWSSA contacted Dire Dawa University and Haromaya University on possible ways of co-operation to undertake the situational analysis and EIA. The two Universities were briefed on the programme and the preparation of memorandum of partnership is in progress.
- Consultation made with the officials at community level, and top level City Administration officials have been sensitised on the objectives and the thematic priorities of WafC II programme.
- As flooding is the critical challenge of Dire Dawa, discussions were held with the top city council officials in the areas of support from UN-HABITAT under the UCM component of WafC II and areas of intervention were identified for consideration of under-served poor communities to locate public sanitation complex selected (attention has been given to the flood victims and poor communities).
- Consultation with local authorities and community level organisations conducted.
- Acquisition of land to construct the complex including construction permits is in progress.
- Design of the complex and BOQ prepared.



## Harar

- Based on the assessment of the water supply and sanitation of the city, the most under-served community was selected for WAfC II intervention and co-operation agreement including the project plan prepared and project implementation commenced.
- Negotiation and partnership formation with Haromaya University is in progress to conduct situational analysis (baseline data) and environmental impact assessment including pro-poor policy gap analysis for Harar.
- Under capacity building component, office for WAfC II programme organised and the procurement of office equipments (computers, printers etc) completed.
- AfDB office of Ethiopia was approached and consulted on the areas of collaboration with respect to Harar Water Supply and Sanitation project and further assessment of areas of collaboration is being worked out by Harar Water Supply and Sewerage Authority and Harar Water Supply and Sanitation project office.
- Under-served poor communities to locate public sanitation complex selected.
- Consultation with local authorities and community level organisations conducted.
- Site for construction within the selected community identified and land for construction (900 square meter) including construction permit acquired and design of the complex and BOQ prepared.
- The study of rehabilitation of two communal latrines is in progress.
- Partnership formation with NGOs to introduce Eco-San and bio-digester and supply of mobile toilet vans is in progress.
- Discussion is undergoing with a local technical college to replicate a Sulabh mobile toilet van technology.







# Ghana

## Water and Sanitation in Zabon Zongo



An MoU was signed between UN-HABITAT and the Government of Ghana in April 2006, based on approved programme document for the city of Accra. The programme is assisting to implement a pilot integrated water supply and sanitation initiative in Zabon Zongo, a low income area in Accra and to undertake urban catchment management activities in the Wieja reservoir catchment area.

Components of the interventions in Zabon Zongo include pro-poor water and sanitation governance, increased access to sanitation services; increased access to safe drinking water supply at affordable cost for the community, water demand management, and human values based water sanitation and hygiene education, advocacy and awareness creation and urban catchment management.

The Steering Committee for WAfC II has been formed comprising of all stakeholders to supervise and monitor the implementation of the component activities. Partnerships have been entered into with the following implementing Agencies/ NGOs to implement the programme components:



## WATER FOR AFRICAN CITIES (WAfC) PROGRAMME

**Pro-poor Governance and Sanitation**

- **WaterAid Ghana Ltd.** for the components on pro-poor water and sanitation governance and increased access to sanitation services. Under these components, work is on-going in the following areas:
  - Set-up of a mechanism (Zabon Zongo Development Committee) by which the community will participate and be involved in decisions to improve and manage water supply and sanitation. Members of the committee have been identified and the committee has been established. The committee is being strengthened and empowered to demand equitable share of development for the community.
  - Following on the rapid gender assessment and action planning in 2005, gender concerns and balance has been ensured in the membership of the committee.
  - In consultation with the community, WaterAid Ghana Ltd. has initiated the preparation of a detailed project and designs for the implementation of the sanitation elements (including toilet facilities, liquid and solid waste and drainage facilities) to increase access to sanitation facilities within the community.
  - WaterAid is also working with the sub-metro waste management unit to enhance their capacity to manage wastes in the community.

**Water Supply, Water Demand Management and Awareness Creation**

- **Ghana Water Company Ltd.** for the components on increased access to safe drinking water supply, water demand management, advocacy and awareness creation. The following are on-going:
  - The management of facilities by GWCL and stakeholders is being improved and a number of outlets from where good quality water can be fetched is being increased. A programme has been initiated in Zabon Zongo and other low income areas to increase numbers of standpipes manned by commission earning vendors. Effort is expended to attract female vendors.
  - A water demand management team has been set up in Accra West Region and the GIS Unit of the Accra West Region (based on the WDM strategy from phase 1) is being strengthened, to establish a mechanism to account for the water supplied, used and lost to supply areas. The transmission and distribution network in the Accra West District (with a focus on Zabon Zongo) is to be digitised to facilitate the process.
  - Acquisition of water meters and other logistics is awaited to enable water balance measurements in Zabon Zongo and other districts in the region.
  - Activities have been planned for the public relations units of the GWCL and the Abossey Okai Sub-Metro (the local government unit responsible for the Zabon Zongo area) to create public awareness and to ensure equity in the provision of services and to make people aware of the linkages between good drinking water, safe disposal of waste and hygienic habits with health. These will be implemented once funds are disbursed for this component.

## Human Values in Water Sanitation and Hygiene Education (HVWSHE)

- **Ghana Education Service** for the component on implementing a Human Values Water, Sanitation and Hygiene Education (HVWSHE) in schools and communities to inculcate in the pupils and the community members the value of water in promoting health and productivity in Zabon Zongo and in the city in general. The following are on-going:
  - Training of core personnel to enhance the capacity to introduce the HVBWSHE in the schools has been completed.
  - first and second Framework for conducting HVBWSHE Training for classroom teachers and Accra Teacher Training College tutors have been developed and the selection of target schools in collaboration with the Director of Education and Circuit Supervisor of the area schools completed.
  - Water and sanitation facilities are being planned to be provided at these schools and communities.

## Urban Catchment Management

- **The Water Resources Commission** for the component on urban catchment management to reduce land degradation and pollution entering the Weija reservoir, one of the main sources of water supply to Accra West (where Zabon Zongo is located). The following are on-going:
  - Vegetation cover over the Densu river basin is being surveyed in collaboration with CERGIS of the University of Ghana. This will be compared with previous surveys for any trends.
  - The Ga West District Assembly, within the catchment of the Weija reservoir is being strengthened through appropriate training activities to manage waste and control land degradation in the area.
  - Training activities based on the training needs assessment conducted in 2004, have been lined up for the Densu River Basin Board and relevant stakeholders to enhance their activities towards the management of the overall basin.



## Burkina Faso



- An MoU was signed between UN-HABITAT and the Government of Burkina Faso for the implementation of the Water for African Cities programme in Burkina Faso. The process included identification of local partners and development of a programme implementation framework with due cognisance taken of the evolution of the national WATSAN institutional framework since July 2006. A National Directorate for Water Resources has been created in the Ministry for Agriculture, Water and Fisheries. The WafC Programme is being implemented in collaboration with this directorate.
- Partnerships have been developed with local institutions and donors to ensure synergy and to collaborate in implementing activities. Main partners include, National WATSAN institutions, NGOs (CREPA and WaterAid), and donors EU, DANIDA and, SIDA. A WafC II Steering Committee has been established to oversee the implementation of activities in collaboration with the National WATSAN Steering Committee.
- Action plan was developed and reviewed for Human Values in Water, Sanitation and Hygiene Education in Schools (HVWSHE) in collaboration with the Ministry of Basic Education in Burkina Faso and the WATSAN sector institutions.
- Pilot sanitation projects in two public areas of Ouagadougou with technical assistance from UN-HABITAT and Sulabh International are in bidding stage as a follow-up to the training conducted in 2005 in New Delhi, India.
- The development of a small bore sewerage project in Somgande informal settlements in Ouagadougou, in partnership with ENDA RUP was continued during 2006. The project has established a microcredit facility to facilitate access to the poor, in collaboration with local micro-finance institutions and with the involvement of local government institutional partners for supervision and follow-up purposes.
- Co-operation Agreement has been concluded with CREPA, a regional NGO with headquarters in Ouagadougou, to support the implementation of innovative water and sanitation technologies in Ouagadougou and in Bobo Dioulasso.

## Rwanda



- Overall WAC Programme proposal developed and validated by stakeholders in the water sector, and a MoU has been concluded for signing with the Government of Rwanda for implementation activities to commence.
- Human Values in Water, Sanitation and Hygiene Education strategy developed and is awaiting endorsement.
- Other institutional arrangements for programme implementation are in place (steering committee, political backstopping to the programme, commitment of stakeholders and potential recipients).



# Nigeria

## Enhancing access to safe water and sanitation



An MoU has been signed between the Government of Nigeria and UN-HABITAT for Jos City. In this context, the high-level of support from the Federal Ministry of Water Resources and the Plateau State Government must be highlighted. This is exemplified by the establishment and inauguration of the Steering Committee for the Programme by the Governor of Plateau State, and the transfer of 100,000,000 Naira of the promised counterpart funds to the project accounts.

The estimated budget for the implementation of the identified interventions is US\$ 1,937,240 of which UN-HABITAT will contribute \$US 1,196,500 and the Government of Nigeria \$US 740,740. A national project officer has been recruited to assist UN-HABITAT and the national authorities co-ordinate the implementation of interventions.

A number of co-operation agreements with implementing agencies/NGOs are in the pipeline.

UN-HABITAT  
WATER AND SANITATION  
TRUST FUND



## WATER FOR AFRICAN CITIES (WAfC) PROGRAMME

## Senegal



An MoU was signed between UN-HABITAT and the Government of Senegal in August 2006. The Programme in Senegal is fully embedded within the National Programme of Action for Meeting the MDG targets for WATSAN. A Steering Committee for WAfC II has been established and is in place. However, some consideration to its composition will likely take place because of changes in the WATSAN institutional framework in Senegal: a new Ministry for water has been created by the Government since November 22, 2006. The rural and urban water are now under one Ministry, while sanitation has its own Ministry. Partnership arrangements have been concluded with the following national institutions/ NGOs to implement components of the programme in Senegal as below:

- Ministry of Education for the HVWSHE component of the programme.
- A Co-operation agreement has been signed with ENDA Eau Populaire with offices in Dakar, Senegal (a Branch of ENDA International) for an initiative to enhance access to safe water and sanitation in Malika and Keur Massar suburban areas in Dakar.
- A co-operation agreement signed with the Senegal Office National d'Assainissement (ONAS) for the implementation of an integrated urban waste management in Ngor, Yoff and Ouakam areas of Dakar.
- A co-operation agreement was signed with the Directorate for Prevention, Public and Individual hygiene (DPIC) to support the WAfC II programme in Senegal in the areas of communication, awareness raising and sensitisation of the public and other WAfC II implementation partners.
- Partnership arrangements through Co-operation Agreements with the Water Resources Management and Planning Directorate (DGPRES) and CREPA Senegal are in the final stage of development. The focus of this partnership will involve monitoring along the Lac de Guiers, and some interventions to improve the water and sanitation situation along the lake area and minimise pollution into the lake.

## Cameroon



Under the small bore community sewerage projects in Douala and Edea in partnership with ENDA RUP, the following have been achieved:

- Selection of pilot sites in collaboration with local and national authorities and sensitisation of the concerned communities;
- Technical and financial feasibility study of small bore schemes including an assessment of the technical, socio-economic, and organisational aspects of the project have been undertaken;
- Approval of project documents related to technical services and the involvement of the communities;
- Tender documents have been prepared, bids invited, and short-listing and selection of local firms to implement the construction of the small bore schemes have been undertaken;
- Establishment of partnership with civil society organisations/associations, partner NGOs;
- The beneficiaries have been organised, and a local management committee established to be responsible for receiving demands and facilitating access to the network;
- Establishment of a revolving fund within the micro-finance institution to help beneficiaries to access the small bore sewerage network;
- Construction of small bore scheme is on-going with the participation of the local authorities and beneficiaries in the monitoring of implementation; and
- Collection of financial contributions (deposit account) of the beneficiaries to participate is on-going.

**UN-HABITAT  
WATER AND SANITATION  
TRUST FUND**



# Mali

## Enhancing access to safe water and sanitation



In the realm of Human Values in Water, Sanitation and Hygiene Education:

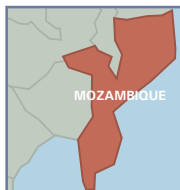
- Training tools and material have been developed and validated for:
  - i. primary schools;
  - ii. preschools; and
  - iii. teacher training colleges.
- Baseline study has been conducted in communities and pilot schools.
- Training of Trainers was conducted in December 2006.
- The two communities surrounding the pilot schools will benefit from the non-formal education component of the interventions. Water supply and sanitation facilities are to be provided by WaterAid Mali and CREPA-Mali.

Two initiatives for enhancing access to safe water and sanitation in select poor areas of Bamako have also been prepared and Co-operation Agreements finalised with WaterAid Mali and CREPA Mali for implementing the initiative. In the realm of water demand management, the TOR for developing a strategy for the city of Bamako are ready. The process for selection of a consultant to undertake the assignment is on-going.





# Mozambique



A co-operation agreement has been made with the Municipality of Maputo for an Integrated WATSAN project in the Mafalala slums of Maputo (22,000 inhabitants) to provide public water points, improve sanitation, maintain good drainage conditions, set up an effective waste management within the neighbourhood, as well as deliver related capacity building. These activities are being undertaken in collaboration with ROAAS and are complementing on-going interventions under a World Bank financed project by the Municipality on the main drainage system and road network.

The following have been undertaken:

- Several meetings were held during the reporting period between UN-HABITAT, FIPAG and Águas de Moçambique (AdM) to revise the water supply project, as well as execution of works in the area of Mafalala.
- The beneficiaries of the sanitation facilities to be constructed have been identified, mapping is complete and procurement for contractors is currently taking place. Specialised ToT will take place as soon as the implementation activities are completed.
- Together with the FIPAG, AdM, CRA and the Municipalities of Maputo and Matola and the communities concerned, challenges based on the thematic priorities of the WafC II have been identified for future interventions under the programme. An overall programme based on these challenges is currently being developed to form the basis of an MoU with the Government and implementation by national implementation partners, including NGOs.



## Niger



- As part of the HVWSHE programme a sub-committee has been established, and training tools and materials have been developed and validated. Baseline studies have been conducted in select communities and pilot schools. Implementation started with Training of Trainers in late October 2006.
- Following a request from the World Bank in Dakar to extend the WDM programme to Niger, a TOR for the WDM strategy development has been prepared and consultants are being screened to undertake the development of the strategy. The elements of the collaboration with the World Bank on the implementation are also under discussion between the two agencies.

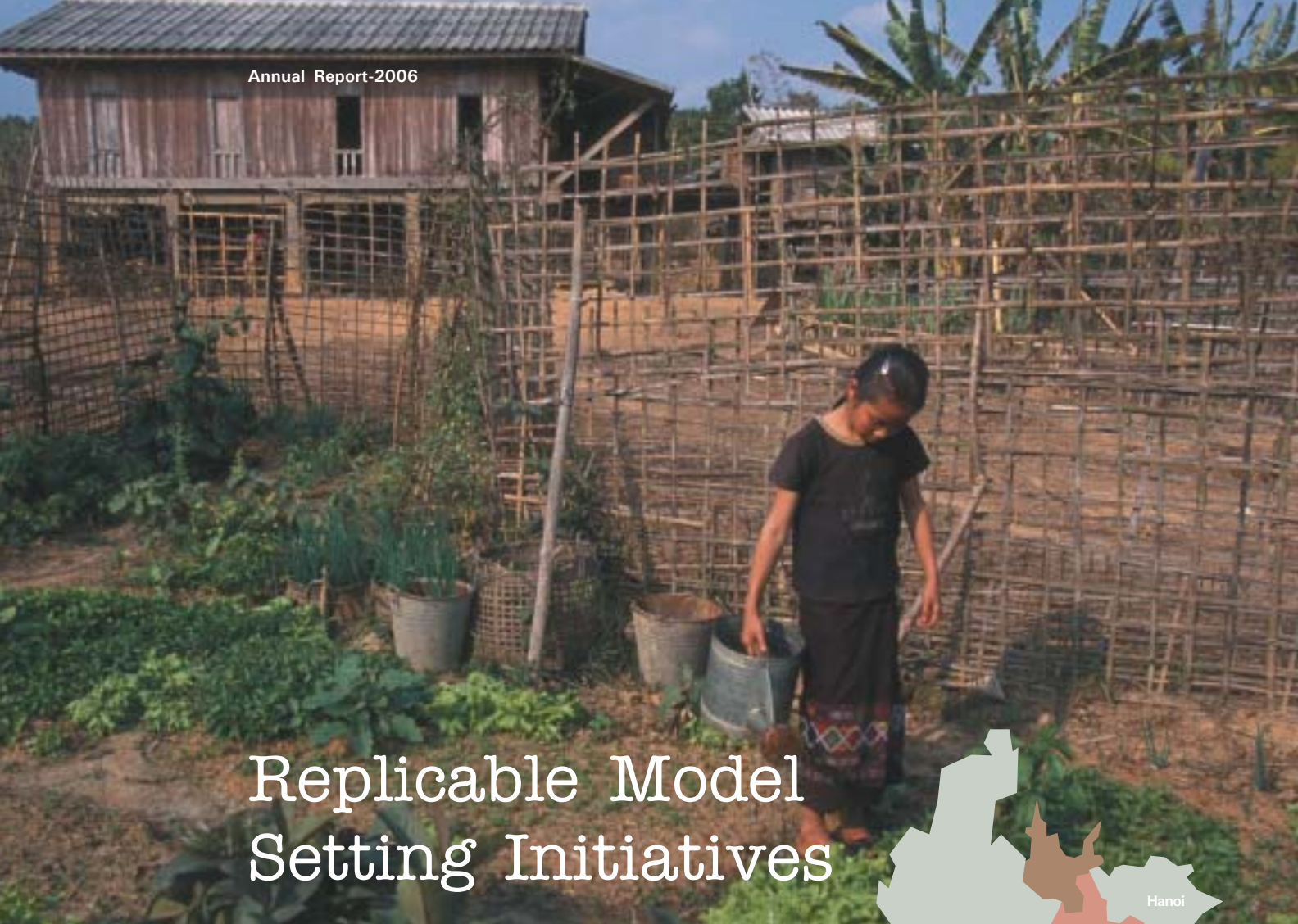
## Kenya



An integrated WATSAN project is being implemented in Kibera slums of Nairobi involving water supply, sanitation, solid waste management and drainage. The project is in collaboration with KENSUP and is being undertaken as a direct contract through UNON. Tenders were submitted and evaluated, and a recommendation made. However, none of the contractors were approved for the contract. Other alternative delivery mechanisms are being explored for implementation to commence.

Alternative delivery mechanisms being explored





# Replicable Model Setting Initiatives

## Mekong Region Water and Sanitation Initiative (MEK-WATSAN)



As the name implies, MEK-WATSAN programmes are centred on the Mekong Region comprising the Kingdom of Cambodia, Yunnan province of the People's Republic of China, the Lao People's Democratic Republic and the Socialist Republic of Vietnam. The focus has been on the capacity building, project design, planning and implementation of programmes.

The strategy followed has been to go for quick-win projects on one side and preparing a plan for roll-on investments in the secondary towns on the other. Two fast-track community-based water and sanitation projects have been undertaken in Lao PDR and three such projects have been initiated in Yunnan Province of China. This has greatly motivated the participating countries which resulted in more demands for fast-track projects, which are now under preparation. UN-HABITAT has forged partnership with local utilities to deliver these outputs. In 2006, two co-operation agreements have been signed and three are in the pipeline in Lao PDR, Vietnam and Yunnan (PR China).



#### REPLICABLE MODEL SETTING INITIATIVES

After rapid appraisals of water and sanitation infrastructure for secondary towns of Cambodia, Lao PDR, Vietnam, Thailand and Yunnan Province of PR China for stimulating investments in WSS in selected towns, a Concept Note for small and medium towns on the East-West Economic corridor of the Greater Mekong Sub-region for developing a special project in water and sanitation sector for the Mekong Region was prepared. Subsequently, a programme proposal has been developed for 21 towns in four countries (Lao PDR, Vietnam, Cambodia and Yunnan Province of PR China) in the Greater Mekong Sub-region (GMS). Dialogues have been initiated with the ADB and other international agencies to co-operate and collaborate on this initiative focusing on the economic development corridors of GMS.

In brief, the fast-track project in Lao PDR is nearing completion, while a second one is getting developed. Similarly, a fast-track project in Yunnan Province of PR China has started, while the second one is being developed. Cambodia, however, could not be taken during 2006, as the focus remained for developing a special initiative project for the Mekong Region in partnership with ADB for the small and medium towns mainly on the economic corridors of Greater Mekong Sub-region.

Cambodia, however, could not be taken during 2006 as the focus remained on developing a special initiative project for the Mekong region in partnership with ADB for the small and medium towns mainly on the economic corridors of Greater Mekong Sub-region.

## Fast Track Projects in PR China

1. A Fast-track Community-based Water Supply and Sanitation Pilot Project has been initiated in Simao City, Yunnan Province, PR China which will demonstrate as to how a community can work with a water supply entity to acquire safe water and adequate sanitation that meet its needs. It aims at development of pro-poor connection charges and tariffs as well as improved community awareness of environmental sanitation and enhanced capacity of Cuiyun District Government (CWSDC) and local artisans. The project started in September 2006 and is expected to be completed in June 2007.
2. A second fast-track community-based Water and Sanitation Project in Jinghong City, Yunnan Province of PR China is also being developed, which after appraisal and necessary approvals shall be undertaken in early 2007.

Impressed with fast-track initiatives, the governments of the participating countries in the Mekong Region are asking for more.

REPLICABLE MODEL SETTING INITIATIVES

## Fast Track Projects in Lao PDR

An innovative community-based Water and Sanitation Project under MEK-WATSAN for a small town in the north of the country has commenced on fast-track. Under the agreement, UN-HABITAT is providing US\$ 250,000 and the counterpart contribution from the local community of Xieng Ngeun is US\$ 100,000 in cash and kind, and from the local service provider, there is another US\$ 100,000 in kind.

The Lao Government, impressed with the fast-tracking of this initiative, has requested UN-HABITAT for another such initiative on one of the other three project towns. As a result, a second fast-track community-based Water and Sanitation Project in Sayabouly Town, Lao PDR is being developed and is expected to be implemented by early 2007.

### Community-based Water Supply and Sanitation Project, Xieng Ngeun, Luangprabang, Lao PDR

UN-HABITAT in co-operation with the Water Supply State owned Enterprise of the Province of Luang Prabang initiated implementation of an innovative fast-track water and sanitation project on "Community-based Water Supply and Sanitation Project" in Xieng Ngeun District. The rationale was to demonstrate how a community can work with a water supply entity (WSE) to acquire water and adequate sanitation and also enhance capacity of the Public Utility and the Civil Society.

This Project is the first community-based project in Lao PDR in which the community has been actively involved in all stages from project planning to implementation. The fast-track project implementation commenced in September 2006 and is expected to be completed in about 10 months, benefitting the total population of over 6,500 of the Xieng Ngeun town. A participatory approach is adopted by the utility for the delivery of the basic services with the involvement of local residents. The project is funded with UN-HABITAT financial assistance of US\$ 250,000 and community contribution of US\$ 200,000. In Xieng Ngeun Town, a household survey determined the household's willingness to access for piped water system and their affordability to pay for water connection. The following is agreed to demonstrate pro-poor connection charges and tariffs:

- A flat rate of 7500Kips/month, equivalent to 0.75 US\$/month for the monthly consumption of not more than 10 cum/month;
- Various options for households that cannot afford to pay upfront the cost of water connection (about US\$ 75).

Revolving funds for water connections and construction of latrines have been put in place, which enables poor households to have access to piped water and sanitation facilities.



## Projects in Vietnam

Inadequate water supply and sanitation are the most pressing issues in the small and medium towns in the Southern Central Region of Vietnam. Despite the Government's support for urban development, prolonged periods of fiscal deficits in Vietnam have restricted the investments through budgetary support necessary to improve the quality of life for the urban population.

Following the discussions with the Asian Development Bank in January 2006, UN-HABITAT is supporting the ADB Loan project for Central Region Small and Medium Towns with a significant capacity building component during 2006. Under the Water for Asian Cities Programme two Co-operation Agreements have been developed for fast track projects with water utilities in Cam Ranh and Gia Nghia in 2006. In Cam Ranh, 15,000 poor urban residents in nine poor communities will directly benefit from this project. The US\$ 700,000 project has four components viz.

- Rapid Situation Assessment;
- Community-based water supply and sanitation services to the urban poor;
- Policy Support and Capacity Building; and
- Monitoring and Evaluation.

Secondly, in Gia Nghia as per Co-operation Agreement with the water utility of the town, UN-HABITAT is providing both financial and technical assistance to carry out rapid assessment on water and sanitation, social mapping and initial environment examination for low-income settlement.

Also, under Mekong Region Water and Sanitation Initiative (MEK-WATSAN) eight towns have been identified and detailed investment proposals related to water and sanitation have been prepared.





## Lake Victoria Region Water and Sanitation Initiative (LV-WATSAN)

The Lake Victoria Region Water and Sanitation Initiative (LV-WATSAN), started in March 2004, aims at addressing the rehabilitation needs of water and sanitation infrastructure in the secondary towns around the lake. The objectives of LV-WATSAN are to support secondary urban centres in the Lake Victoria Region to achieve the water and sanitation related Millennium Development Goals and to contribute to equitable and sustainable economic, social and environmental development of the region. Some 30 million people live within the Lake's basin. It is estimated that more than 50 per cent of the population lives below the poverty line.



LAKE VICTORIA REGION WATER AND SANITATION INITIATIVE (LV-WATSAN)

After the programme was launched by the three East African Ministers responsible for water resource management during the Stockholm Water Week in August 2004, a rapid assessment of water and sanitation coverage was made using new innovative mapping tools of GIS and satellite imagery combined with ground enumeration techniques. Later in mid-2005, governance aspects of small scale water service providers were assessed through field missions followed by the development of financial and economic models for investment promotion in 15 secondary urban centres. LV-WATSAN presents a real opportunity to improve the situation on the ground by combining physical investments in infrastructure provision with targeted capacity building.

Under LV-WATSAN, the focus during 2006 has been on four key objectives:

- To establish the necessary organisational arrangements to manage the implementation of the programme;
- To complete the tendering and contracting for the immediate intervention works in the six pilot towns;
- To design the capacity building framework which will be critical to ensuring the sustainability of the interventions; and
- To initiate work on the baseline surveys to provide the necessary indicators to monitor progress in meeting the MDG targets.

During the year, MoUs were signed with the three participating Governments of Kenya, Uganda and Tanzania to establish the necessary framework for project management and implementation as well as a monitoring protocol and counterpart funding arrangements. Co-operation Agreements have also been signed with five of the six Municipal Councils in the participating towns. The remaining agreement is expected to be signed in early 2007. In terms of the staffing arrangements for the management of the Initiative, a Chief Technical Advisor was engaged during the year to assume overall responsibility for the day-to-day management of the Programme. National Officers and site engineers are being recruited in the three participating countries (two National Officers are already on board).

Expected Results as per 2006 Workplan	WATSAN institutions in participating countries able to replicate local initiatives as a consequence of increased investment flows and with the involvement of local communities.
Output Indicators Used	<ol style="list-style-type: none"> <li>1. Number of demonstration projects supported, scaled-up and evaluated.</li> <li>2. Level of community satisfaction with new and innovative approaches to service provisions for the urban poor.</li> <li>3. Extent of scaling-up of innovative approaches.</li> <li>4. Extent of documentation and dissemination of lessons learnt.</li> </ol>

LAKE VICTORIA REGION WATER AND SANITATION INITIATIVE (LV-WATSAN)

Tendering and contracting for the immediate intervention works are now well advanced. A total of 11 contracts for an aggregate amount of about \$2.7 million have been awarded for immediate intervention works in Tanzania and Kenya. The immediate intervention works in Uganda are under tendering. Physical works are now on track to begin on the ground in early 2007.

During the latter part of 2006, the capacity building framework for the programme was developed during a workshop which brought together 80 participants drawn from Ministries of Water in the three countries, local authorities, water and sanitation service providers, the private sector NGOs and CBOs and international and regional experts in water and sanitation. The workshop facilitated the scoping of the capacity building framework for the programme which has now been finalised in five broad areas comprising, Governance Support, human resources development and skills upgrading, institutional development, management systems support and information management. Consultations are now on-going with several development partners to finalise the scope of at least four Co-operation Agreements which will form the basis for the implementation of capacity building activities, starting in April, 2007. Work has also started on the Urban Inequities Survey for Water and Sanitation Baseline Information, which will be used to establish an information system to monitor progress in meeting the MDG targets for water and sanitation. The survey is already underway in Kenya and Uganda and will be starting in Tanzania in early 2007.



## Results Achieved and Progress Made

- The organisational arrangements to ensure the effective implementation of LV-WATSAN are now in place and contracts have been awarded for the immediate interventions in five towns. The capacity building framework has also been finalised and Co-operation Agreements are now being prepared with a number of Implementing Partners to enable the capacity building activities to be started in early 2007.
- A special project has been launched to improve water and sanitation conditions for orphan-headed households and preparatory activities are underway.

The following results were achieved during the reporting period:

1. **MoUs Signed with Country Governments** establishing framework for project management, implementation and coordination, including the setting up of the institutional arrangements for project management at the national and town level; procedures for the procurement of goods and services; monitoring protocol and sustainability checks; and counterpart funding.
2. **Co-operation Agreements** concluded with Municipal Councils of the participating towns. Under the Agreements, the Municipal Councils will be responsible for:
  - Setting up offices for project implementation staff;
  - Institutionalising the multistakeholder forums;
  - Providing assistance in the implementation of the immediate interventions;
  - Supporting community-based initiatives; and
  - Assessment of capacity building needs in establishing financial mechanisms to promote local economic development and pro-poor governance.
3. **Organisational arrangements for implementation put in place**  
The effective implementation of the project is predicated on the establishment of the necessary staffing and institutional arrangements at the regional, national and town levels. These arrangements are now in place.
4. **Implementation activities initiated**  
The implementation strategy for the Programme is based on a three-phased approach with the first phase comprising immediate interventions which are designed to address the most urgent water and sanitation needs in the seven towns, Kisii and Homo Bay in Kenya, Masaka and Kyotera in Uganda, Bukoba and Muleba in Tanzania and – the border town of Mutukula in Tanzania and Uganda. During the year, tender documents for the immediate intervention works were finalised and tenders were invited for the immediate intervention works in five of the seven towns. The contracts for the immediate intervention works in these five towns have now been awarded and works are scheduled to commence by the end of the year.

A model project has also been initiated to address the water and sanitation needs of orphan-headed households. The first phase of this project will be implemented in three towns in Uganda and will involve the provision of rainwater catchment facilities and improved sanitation for 90 orphan-headed households. This project will be implemented by UWESCO, an NGO in Uganda.

LAKE VICTORIA REGION WATER AND SANITATION INITIATIVE (LV-WATSAN)

**5. Capacity Building Framework developed**

Many past attempts to sustain improved water and sanitation services in secondary towns have failed as the physical interventions were not supported by effective capacity building programmes. UN-HABITAT is taking steps to ensure that the LV-WATSAN incorporates a comprehensive set of capacity building activities based on the needs of the towns and formulated with the full participation of all relevant stakeholders. To this end, a workshop was held in October, 2006 to develop a capacity building framework to guide LV-WATSAN's capacity building activities. The workshop focused on six key thematic areas:

- Local economic development activities required to support and sustain the investments in water and sanitation infrastructure;
- Urban catchment management;
- Strengthening utility management in small urban centers;
- Gender mainstreaming and inclusion of marginalised groups in the project;
- Strengthening capacity for pro-poor governance; and
- Advocacy and communications.

The Workshop has produced a comprehensive capacity building framework which is now being used to prepare a number of co-operation agreements with local and international partners. Implementation of the capacity building activities will commence in January, 2007 and will take place in parallel with the immediate intervention works.

**6. Urban Inequities Survey Initiated**

An innovative monitoring system has been designed to collect baseline information to capture the true extent of water and sanitation coverage in the Lake Victoria Towns and to provide an instrument to monitor progress in achieving the Millennium Development Goals. The Urban Inequities Surveys have started and the Regional Center for Mapping of Resources for Development (RCMRD) has started work on developing the GIS databases for the 15 towns.

**To sum up**

Fast-track projects have now been initiated in five towns under the LV-WATSAN initiative. Additional fast track projects are being finalised in another two towns with implementation expected to begin in early 2007. There was some delay in getting these projects started largely because the negotiation process for finalisation of the MoUs with the participating countries took far longer than expected.



# Values

## Human Values-based Water, Sanitation and Hygiene Education (HVWSHE)

### Compelling case for human values in water and sanitation sector

Ethics in the water and sanitation sector is growing in importance. There is a compelling case for a new culture and ethics for water and sanitation utilities and other service providers. Programmes on ethics and human values at the workplace are increasingly being viewed as very helpful by multinational corporations and investment agencies. The new culture of human values and ethics have a significant role to play in the achievement of MDG targets for safe water and sanitation by helping to accomplish the following:

- Enhanced involvement, ownership and satisfaction of all stakeholders;
- Active partnership between government and civil society;
- A new sense of trust, confidence and understanding among the communities for the government sector;
- Efficient project completion – on time, in budget, with high quality;
- Enhanced sustainability of water and sanitation projects (with better cost recovery) through high stakeholder commitment;
- Good governance, including pro-poor practices, ethics and transparency;
- A new ethic of water use and management;
- High regard for the protection and use of natural resources;
- A fully integrated approach to water and sanitation management; and
- Long-term economic growth and poverty reduction.

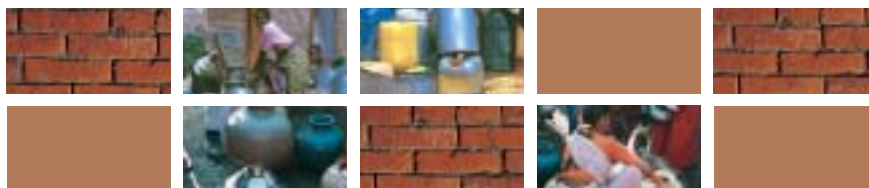
### Much ground covered in 2006 on the values front

The innovative work on human values in water, sanitation and hygiene education (HVWSHE) has continued unabated in 2006. The HVWSHE involves the broad consolidation of human values to be integrated into teaching water, sanitation and hygiene topics in a holistic manner aimed at nurturing character building from early stages of human development. The strategy is to introduce and implement HVWSHE through formal, and non-formal channels of learning to bring about a positive and lasting change in attitude and behaviour towards water use and conservation, sanitation and hygiene practices at all levels of society. Emphasising these values during the teaching process would help transform the attitudes and behavioural patterns of pupils and students towards water supply and uses, sanitation and hygiene.

In this context, the process moved from the action planning phase during 2005 in the cities programme to implementation in Africa. Co-operation Agreements have been concluded with the implementing arms of the Education Ministries of Senegal, Burkina Faso, Niger, Cameroon, Cote D'Ivoire, Mali, Ethiopia and Ghana for the actual implementation of the activities in the cities action plans. Agreements for the implementation in Nigeria and Uganda are being finalised for activities to begin.

### HVWSHE progress in the regional context of Africa

- As an outcome of the HVWSHE meeting in Libreville, Gabon and the Centralised Training Workshop on Human Values in Water, Sanitation and Hygiene Education (HVWSHE) in Arusha in 2005, the 2006 period focussed on finalising implementation arrangements in the participating cities for the programme to take off. Most of the Co-operation Agreements to enable implementation to begin were concluded and signed during the reporting period.
- The training manuals were finalised and disseminated to all the HVWSHE focal points in the participating cities.
- Most of the cities have selected pilot schools and conducted baseline studies to facilitate subsequent monitoring and evaluation of the Programme.
- Training of trainers have been conducted in almost all the participating cities.



## HVWSHE progress in regional context of Asia

- A Review Meeting for starting Human Values-based Water and Sanitation Education was organised in Nanjing on March 30-31, 2006 and preparatory steps undertaken for the start-up workshop to be held in Nanjing this year.
- A roundtable meeting was organised by UN-HABITAT in co-operation with the Centre for Environment Education (CEE), Ahmedabad to review the Human Values-based Water, Sanitation and Hygiene Education Programme in Madhya Pradesh and further develop an implementation strategy for HVWSHE in South Asia. The meeting was hosted by CEE in Ahmedabad from April 3-4, 2006 in which a group of senior management team members of CEE together with the Water and Sanitation Education Experts invited by UN-HABITAT participated.
- A Regional Planning Workshop on "Promoting Values-Based Water and Sanitation Education" in Southeast Asian Schools was jointly organised by UN-HABITAT and Southeast Asian Ministers of Education Organisation (SEAMEO) in co-operation with ADB and the Society for Preservation of Water (SPW) at Cha Am, Thailand from November 21-24, 2005.
- A one-day meeting of the Education Experts was held in Manila on January 25, 2006 with the objective of reviewing the Human Values-based Water, Sanitation and Hygiene Education Programme of UN-HABITAT WAC Programme in Asia and Africa.
- UN-HABITAT in co-operation with CEE has set up four HVWSHE classrooms in four schools of Bhopal, Indore, Jabalpur and Gwalior in 2006. These classrooms have been set up by UN-HABITAT in collaboration with the Government of Madhya Pradesh and CEE. In addition, another HVWSHE Classroom is being set up in Savarkundla, Gujarat. Students from various schools across the city would be visiting the classrooms at regular intervals.
- UN-HABITAT has developed a Guidebook on Human Values-based Water, Sanitation and Hygiene Education Classrooms.
- Individual and facilitators Guidebooks on Human Values and Ethics on the Workplace have been prepared in co-operation with Global Dharma Centre (GDC).
- A national workshop on values-based water education was held in Nepal in order to sensitise the concerned stakeholders like Government, water utilities, education sector etc.

The basic objectives of HVWSHE classrooms are to educate the students about the values of water and sanitation in day-to-day life as well as inculcate desirable qualities such as honesty, integrity, tolerance, diligence, responsibility, compassion, altruism, justice and respect in them. This would facilitate changes in attitudes and behaviour within the community towards water, sanitation and hygiene issues.

## Progress towards MDGs

Monitoring of progress towards achievement of WATSAN-related MDG/JPOI Targets is one of the key activities of the WSTF programme. In 2006, the focus of the monitoring of progress towards the MDGs was on developing a methodology for a monitoring framework under the LV-WATSAN initiative. A major component of this initiative is to track the attainment of MDG 7 targets 10 and 11 and to ensure the sustainability of investments in the small urban centres in the region.

Close liaison was maintained with the WHO/ UNICEF JMP process in the course of 2006 on streamlining the definitions for the monitoring indicators for MDG 7 targets 10 and 11. The collaboration with the Monitoring Branch of UN-HABITAT and the national Statistical Bureaus in the three countries involved in the LV-WATSAN (Kenya, Uganda and Tanzania) was also enhanced. With these partners the programme has developed a methodology for establishing baseline data in urban centres of different sizes and for tracking the progress towards attainment of the MDGs.

The methodology is based on a GIS framework and carefully designed questionnaires to elicit disaggregated information at the household level (including mapping the poor). This methodology is being field tested in the first phase LV-WATSAN towns. Training strategy/ framework has been developed and training conducted for National Statistical Offices in the Lake Victoria region to collect MDG data on

WATSAN coverage for subsequent towns of the Initiative. A series of publications have been planned to document the methodology and the results of the monitoring framework for tracking water and sanitation related MDGs. A first publication in the series on Tracking the water and sanitation MDGs in the Lake Victoria Region Water and Sanitation Initiative (LV-WATSAN) has been completed and will be published in early 2007.

This first publication highlights: i) the need for an urban-based monitoring system for the WATSAN MDGs; ii) the LV-WATSAN monitoring framework; iii) Experiences from the field; and iv) topics to be covered in the next series.

A similar methodology has also been applied for the four cities in Madhya Pradesh and four settlements of Sayabouly town in Lao PDR covering a total population of 2.3 million people in Madhya Pradesh and ten thousand people in Lao PDR in poverty pockets. The baseline is being used by the Governments to channel investments aimed at attaining full coverage in water and sanitation.

There is no major variance in the expected results. Some delays occurred due to the negotiation process for the Co-operation Agreements with the Statistical Bureaus who also had other major on-going surveys such as the DHS and the Household Budget Survey in the participating countries.



# Lessons and Challenges in the Path Forward

## Consultations at every step of the journey

Evolving a broad consultative process with stakeholders at national and local levels and arriving at a consensus on a programme has been a massive exercise. Care has been taken to align proposals with policies and to ensure coordination between ministries and involved parties. Country programme documents have been prepared by local consultants in close consultation with key country actors.

## Rigorous process took more time but yielded surer results

As recommended during the evaluation of the first phase of the WAC programme, UN-HABITAT has developed a comprehensive and rigorous system for outsourcing programme implementation through co-operation agreements. This rigor is to ensure that financial resources would be utilised for the intended purpose.

Although these processes took longer than anticipated, it has resulted in a strong country ownership of programme content and commitment of counterpart funding. This is critical for the achievement of concrete results.

## Regional exchange of knowledge will promote wider diffusion

The successful consolidation and long-term sustainability of the activities supported by the WSTF depend on the replication of the lessons learned at a regional scale. Efforts have been

made to ensure that the capacity building activities of the programme are designed to maximise regional benefits through regional exchanges of knowledge, experiences and expertise.

## Challenges challenges challenges!

There is obviously no easy path forward. There is an array of challenges facing the implementation of WSTF programmes, namely:

- Lack of predictable longer-term commitments;
- Gap in data;
- Working with multi-lateral agencies;
- Funding gap in trust funds; and
- Administrative challenges.

## Three-year funding cycle proposed

Perhaps the biggest challenge is the lack of predictable longer term commitments and earmarking of contributions by donors to the WSTF, since most of the contributions are annual. This makes it difficult to plan activities over a longer term. Most of the current financial commitments by the donors for the Fund will end in 2008. Therefore, UN-HABITAT is proposing a three-year funding cycle to facilitate long-term planning of programme activities.

## Widening the donor base

UN-HABITAT is currently negotiating with additional donors including France, DFID, Denmark and Switzerland to widen the donor base of the Trust Fund. So far, Satyam Foundation in India and Coca Cola Inc. in South Asia have expressed an interest to support programme activities in India and Nepal. Proposals have also

been submitted to the EU Water Facility for funds to implement the LV-WATSAN in the additional small towns in the Lake Victoria Region. The proposals have passed the second review stage, and the final results are awaited.

### **More efforts needed to map the poor**

Presently, there is insufficient data about fund flows for the poor and there are no tracking mechanisms. There is little knowledge about whereabouts and household characteristics of the poor or about institutional mechanisms for targeting funds towards the poor.

In 2006, efforts continued towards mapping the poor. Work is on to build data bases on fund flows to the poor and tracking databases at city level. There is a need to develop institutional mechanisms to allocate funding to the poor more effectively.

### **Different approaches needed to work with multilateral agencies**

Different multilateral agencies have different working cycles such as banks, government agencies, NGOs and UN-HABITAT. For instance, banks have a longer working cycle of project formulation.

To respond to this challenge, it is suggested that we should participate in strategic programmes in a country's long-term plan e.g. partnership with the Government of Lao PDR. Another example is the partnership with Government of India on JNNURM for long-term commitments for capacity building and developing pro-poor approaches.

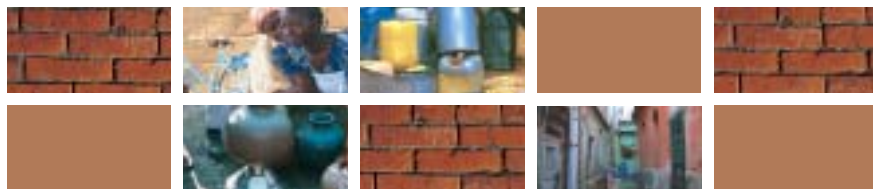
### **Administrative issues are being addressed**

Due to the lack of a client-oriented performance, it is noticed that there are delays in payments and contracts at country-level e.g. UN-HABITAT-UNON-UNDP Country Offices. Logistic arrangements are often confounded by a lack of resources. The response to this problem in 2006 has been the strengthening of WSIB and the preparation of a new organogram. Outsourcing of services to other parties such as travel agents and accounting firms has greatly enhanced UN-HABITAT's reputation and accountability. Fast-track Co-operation Agreements are helping to see the results on ground much more quickly.

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## The Path Forward

### Normative Activities:

- Focus on outsourcing to partner organisations and closer co-ordination with other UN-HABITAT programmes;
- Two major policy publications planned on Sanitation and 2<sup>nd</sup> Global Report;
- Attention to focus on sanitation coverage gap and meeting of MDG targets;
- In response to UN Secretary General's request, a Secretariat for the new Water Operator's Partnership is envisaged;
- Work on pro-poor governance will continue;
- Work for a new culture and ethics for WATSAN utilities and other service providers will be emphasised;
- Applied research to be undertaken to examine the linkages between water, sanitation and solid waste management;
- Work on financing will be expanded, given the widened mandate of UN-HABITAT;
- Focus on securing increased budgetary support from partner governments; and
- Linkages with regional ministerial fora and national governments will be further strengthened as also participation in international events in order to influence policy issues.

### Regional Programme in Africa:

- In 2007, there will be a stress on the regional component of African programmes;
- Many opportunities for scale-up and replication will be considered by regional institutions and sources of funding;
- Training and capacity building programme will continue to be expanded. The programme for Africa will also incorporate the Lake Victoria Water and Sanitation Initiative; and
- The gender mainstreaming strategy will be fully implemented in 2007.

### **Regional Programme in Asia:**

During 2007, the Water for Asian Cities programme will focus on:

- Enhanced MoU with Asian Development Bank;
- Strengthening the regional components, advocacy and forging strategic partnerships;
- Training and capacity building programme will be developed to address the needs expressed by countries such as water demand management;
- Strengthening and expansion of Human Values Based Water, Sanitation and Hygiene Education component in countries of the region;
- Intensifying and sustaining the impact of work in India, Nepal and Lao PDR and up-scaling the activities so as to create an impact at the national level; and
- Establishing Legislators Forum in India, Nepal and Lao PDR to engage the interest of the elected representatives in water and sanitation.

### **Replicable Model Setting Initiatives:**

- Lake Victoria Region Water and Sanitation Initiative has seen significant developments in 2006. Following a request for increased collaboration with AfDB, UN-HABITAT has been urged to undertake project formulation in an expanded number of cities in 2007; and
- The Mekong Region Initiative will follow a two-pronged approach: a fast-track approach and a roll-out programme.

### **Monitoring Progress Towards MDG Achievement:**

The monitoring activities in 2007 will analyse results from the pilot testing of tools covering:

- Mapping the poor in urban settings;
- Assessment of the unserved in water and sanitation; and
- Assessment of sustainability of investments using the models developed for Lake Victoria and Mekong.



## Water And Sanitation Trust Fund Budget for 2007

Amount in US\$ (millions)

Expected Income 2007	8.9
Overflow from 2004-2006	5.2
<b>Cash Available 2007</b>	<b>14.1</b>
Projected Expenditure 2007	19.9
Cash Shortfall as at March 2007	5.8

### BUDGET FOR 2007

Nr.	Component/Activity	Projected Expenditure 2006	Actual Expenditure 2006	Projected Expenditure 2007
<b>1</b>	<b>Normative Work (Global)</b>	<b>1,470,000</b>	<b>1,074,767</b>	<b>1,260,000</b>
	<b>Sub-total Normative Work</b>	<b>1,470,000</b>	<b>1,074,767</b>	<b>1,260,000</b>
<b>2</b>	<b>Water and Sanitation Activities in Africa</b>			
2.1	<i>Water for African Cities Programme</i>			
2.1.2	Country Level Operations	2,400,000	4,578,604	2,880,000
2.1.3	Regional Activities	1,740,000	1,397,015	2,080,000
2.2	<i>Strategic Support to Pro-Poor Investment</i>			
2.2.1	Lake Victoria Initiative	1,750,000	87,395	2,000,000
	<b>Sub-Total Africa</b>	<b>5,890,000</b>	<b>6,063,014</b>	<b>6,960,000</b>
<b>3</b>	<b>Water and Sanitation Activities in Asia</b>			
3.1	<i>Water for Asian Cities Programme</i>			
3.1.2	Country Level Operations	2,600,000	2,246,699	3,120,000
3.1.3	Regional Activities	1,530,000	644,554	1,920,000
3.2	<i>Strategic Support to Pro-poor Investment</i>			
3.2.1	Mekong Regional Initiative	840,000	494,958	1,008,000
	<b>Sub-Total Asia</b>	<b>4,970,000</b>	<b>3,386,210</b>	<b>6,048,000</b>
<b>4</b>	<b>Monitoring and Evaluation</b>			
4.1	Monitoring Progress and Programme Impact Evaluation	120,000	150,000	
4.2	Monitoring Progress towards the MDG and JPOI	1,200,000	1,440,000	
	<b>Sub-Total Monitoring and Evaluation</b>	<b>1,320,000</b>	<b>1,590,000</b>	
5	Project related staff costs	1,500,000	1,150,754	1,750,000
	<b>Sub-total Project related staff costs</b>	<b>1,500,000</b>	<b>1,150,754</b>	<b>1,750,000</b>
<b>6</b>	<b>Annual Total</b>	<b>15,150,000</b>	<b>11,674,745</b>	<b>17,608,000</b>
7	13% Programme Support Costs	1,969,500	1,517,717	2,289,040
<b>8</b>	<b>Grand Total</b>	<b>17,119,500</b>	<b>13,192,462</b>	<b>19,897,040</b>



## Notes

### Overall Trend

Following are remarks from the attached table:

- There has been a consistent carry over of funds originating from 2003 where no expenditures were recorded (First agreement from Canada was signed in October 2003 and funds were received in December 2003);
- The expenditure pattern, however, shows a constant growth indicating the capacity of the Trust Fund to spend the income received;
- The 2007 expected expenditure is in line with the aforementioned pattern.

### Budget 2007

The carry over funds for 2006 of 5.2 million with the confirmed additional donor funds of 8.9 million provide a total budget of 14.1 million for 2007. The projected expenditure of 2007 is 19.9 million which implies that for 2007 there is a shortfall of 5.8 million.

The result of on-going negotiations with existing donors and promising contacts with new donors is that for the time being there will be no reduction in the 2007 as recommended by the Advisory Board. However, if by June 2007 these promising contacts do not materialise the budget will be reduced based upon the following criteria.

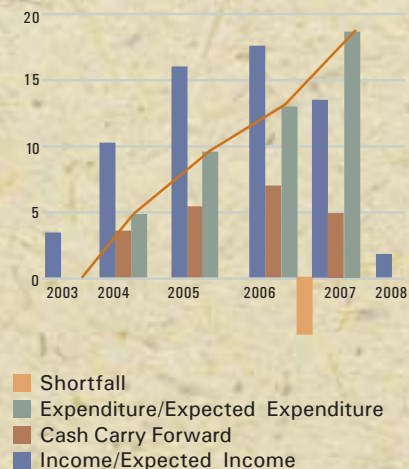
- Priority for on-going commitments (MoU's with regional development Banks);
- Consolidation of on-going programmes instead of new initiatives.

### Future Budget

The year 2007 will become a crucial year for the Trust Fund to consolidate the contribution of existing donors and the identification of new donors to support the Trust Fund for a medium term. For this purpose, UN-HABITAT will prepare a medium term (2007-2012) plan, which will be based upon the present programme and which will incorporate the recommendations of the midterm review. The medium term plan will be launched in Stockholm in August this year. At the advisory board meeting in October 2007 donors are expected to pledge their commitments.

### Funding Status – Water and Sanitation Trust Fund

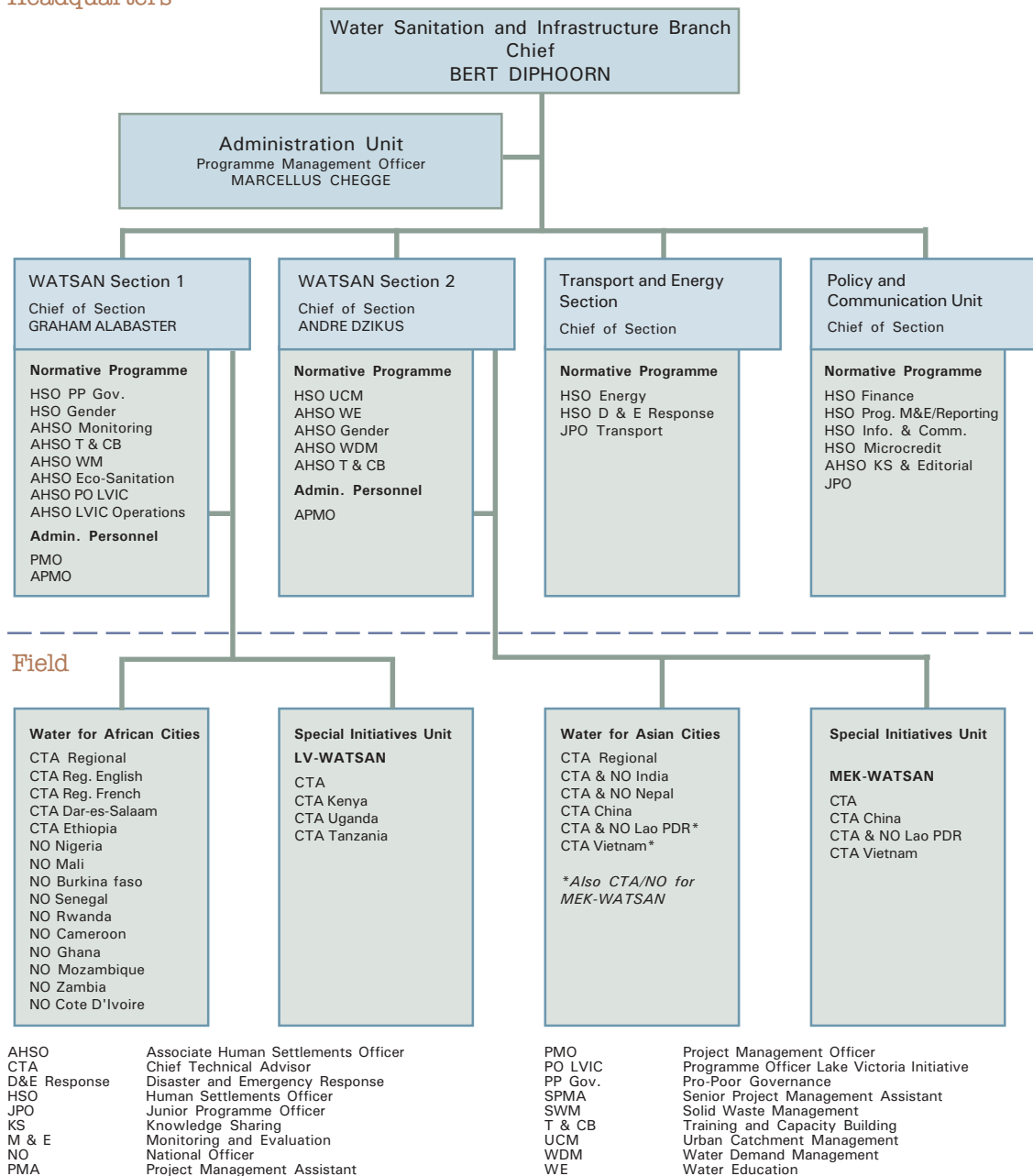
US\$ million



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UN-HABITAT  
WATER AND SANITATION  
TRUST FUND

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