

WATER

A G8 ACTION PLAN

As water is essential to life, lack of water can undermine human security. The international community should now redouble its efforts in this sector. Good governance needs to be promoted and capacity must be built for recipient countries to pursue an appropriate water policy, and financial resources should be properly directed to the water sector in a more efficient and effective way, in order to achieve the goals of the Millennium Declaration and the Plan of Implementation of the World Summit on Sustainable Development (WSSD) in the water and sanitation sector, and to reverse the current trend of environmental degradation through the protection and balanced management of natural resources.

We are committed to playing a more active role in the international efforts towards achieving these goals, on the basis of the Monterrey consensus and building upon the outcomes of the Third World Water Forum and the Ministerial Conference held in Japan in March 2003. With this solid foundation and in response to the needs and priorities of partner countries we will take the following measures individually and/or collectively, particularly taking into account the importance of proper water management in Africa, in support of the New Partnership for Africa's Development, as stated in the G8 Africa Action Plan.

1 Promoting good governance

1.1 We are committed to assisting, as a priority, countries that make a political commitment to prioritise safe drinking water and basic sanitation as part of their strategy to promote sustainable development, including poverty eradication, in their efforts to:

- " develop comprehensive plans for the integrated management and efficient use of water resources;
- " develop an institutional framework that is stable, transparent and based on the rule of law, respecting fundamental human needs and ecosystems conservation, and promoting local empowerment and appropriate cost recovery approaches;
- " establish clear objectives and, where appropriate, develop and evaluate performance indicators.

1.2 We will support these countries' capacity building efforts to develop the skills necessary to provide efficient public services, seeking to help partner countries to:

- " develop appropriate legal, regulatory, institutional and technical frameworks;
- " strengthen basic and further professional training institutions in water management, or create them, where necessary.

1.3 In view of the importance of river basin management, we will reinforce our efforts to:

- " provide assistance for the development of integrated water resources management and water efficiency plans;
- " support better management and development of shared river basins;
- " promote river basin co-operation throughout the world, with a particular attention to African river basins.

1.4 We offer to share best practice in the delivery of water and sanitation services including the role of stakeholders and the establishment and operation of partnerships, whether public-public or public-private, where appropriate.

2 Utilising all financial resources

In line with the Monterrey Consensus and the WSSD Plan of Implementation, bearing in mind the different needs of rural and urban populations, we are committed to:

2.1 Give high priority in Official Development Aid allocation to sound water and sanitation proposals of developing country partners. This can be a catalyst to mobilise other financial flows;

2.2 Help mobilise domestic resources for water infrastructure financing through the development and strengthening of local capital markets and financial institutions, particularly by:

" establishing, where appropriate, at the national and local levels, revolving funds that offer local currency;

" appropriate risk mitigation mechanisms;

" providing technical assistance for the development of efficient local financial markets and building municipal government capacity to design and implement financially viable projects;

" providing, as appropriate, targeted subsidies for the poorest communities that cannot fully service market rate debt;

2.3 Encourage international financial institutions (IFIs) to give the necessary priority to water;

2.4 Promote cost recovery with "output based aid" approaches to ensure access to services for those least able to afford them;

2.5 Promote public-private partnerships (PPPs), where appropriate and suitable, particularly by:

" inducing private-sector investments and encouraging use of local currency;

" facilitating international commercial investment and lending through use of risk guarantee schemes;

" encouraging the harmonisation of operational procedures;

" facilitating the issue of national and international tenders;

2.6 Apply, on a voluntary basis, tools for development assistance for water and sanitation projects that may include such financing mechanisms as: concessional financing consistent with international rules on financial aid, project financing, micro and meso-financing and debt for investment swaps;

2.7 Encourage financing of sound irrigation practices;

2.8 Improve co-operation and co-ordination between donors, seeking better synergy among our various initiatives.

3 Building infrastructure by empowering local authorities and communities

We will do our utmost to support partner countries to develop and improve water and sanitation related infrastructure, tailored to different needs, by such means as:

3.1 Helping build, among other things, local water management systems in rural areas, and water and sewage facilities in urban areas, through efficient use of public resources and promotion of PPPs, where

appropriate;

3.2 Promoting community-based approaches, including the involvement of civil society in provision of water supply, sanitation and hygiene;

3.3 Encouraging the use of adapted technologies at the household level on a self sustaining basis for the provision of basic sanitation and safe drinking water, including point of use water treatment which has been found to be cost effective in meeting the needs of the poor;

3.4 Reinforcing the skills and knowledge of different actors in the water sector, particularly local governments and relevant actors of civil society, acknowledging the vital role women play in local communities;

3.5 Promoting the incorporation of capacity building elements for each co-operation project, specifically in the form of "learning by doing";

3.6 Strengthening South-South co-operation.

4 Strengthening monitoring, assessment and research

4.1 In collaboration with all stakeholders, we will promote co-ordination of mechanisms for information sharing and monitoring by utilising existing UN and other systems and the network of websites established at the Third World Water Forum Ministerial Conference, and will encourage relevant international organisations to operate them.

4.2 We will support strengthening water monitoring capacity in partner countries to complement existing monitoring efforts.

4.3 We will support the development of mechanisms for collaboration in water-cycle related research, and enhance research efforts in this area.

5 Reinforcing engagement of international organisations

5.1 We underline the need for the United Nations to take a key role in the water sector. We stress the importance of reinforcing co-ordination within the UN system, and between the UN system and the Bretton Woods institutions, the regional development banks and various stakeholders.

5.2 We request the World Bank, in consultation with other IFIs, to study and recommend necessary measures to implement the following proposals: made by the World Panel on Financing Water Infrastructure:

" using their financing instruments in a more flexible manner to allow loans directly to sub-sovereign bodies, where appropriate;

" developing guarantee and insurance schemes for risk mitigation;

" addressing the issue of sovereign and foreign exchange risk coverage.