



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 7 December 2012

17288/12

**ACP 243
FIN 1007
PTOM 52
DEVGEN 332
COAFR 389**

“I/A” ITEM NOTE

from: ACP Working Party
to: Permanent Representatives Committee / Council

No. prev. doc.: 14531/12

Subject: Draft Council Conclusions on the European Court of Auditors' Special Report
No 13/2012: “European Union Development Assistance for Drinking-Water
Supply and Basic Sanitation in Sub-Saharan Countries”
- Adoption

1. On 2 October 2012 the European Court of Auditors forwarded to the Council its Special Report No 13/2012: “European Union Development Assistance for Drinking-Water Supply and Basic Sanitation in Sub-Saharan Countries”¹.
2. The ACP Working Party examined the report in accordance with the provisions laid down in the Council conclusions on the procedure for examining Special Reports drawn up by the Court of Auditors ².

¹ Document 14531/12

² Doc. 7515/00 FIN 127 + COR 1.

3. At the close of its proceedings, the Working Party agreed on the draft conclusions set out in the Annex.

 4. Coreper is accordingly invited to approve these draft Council Conclusions and submit them to the Council for adoption as an "A" item.
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Draft
Council Conclusions
on the European Court of Auditors' Special Report No 13/2012:
"European Union Development Assistance for Drinking-Water Supply and Basic Sanitation
in Sub-Saharan Countries "

I. Introduction

1. The Council welcomes the European Court of Auditors' Special Report No 13/2012 on European Union Development Assistance for Drinking-Water Supply and Basic Sanitation in Sub-Saharan Countries¹.
2. The Court of Auditors has assessed whether the Commission has managed EU development assistance aid for drinking water and basic sanitation in sub-Saharan Africa so as to lead to effective and sustainable results. Specifically, the audit considered whether projects met the technical, financial and institutional conditions necessary for them to be sustainable. It also considered the projects' social and environmental impact.

II. General remarks

3. Among the principal findings of the Report the Council notes, in particular, that fewer than half of the projects examined delivered results meeting all the beneficiaries' needs. In this respect, the Council notes that the Court of Auditors' Report underlines that there is scope for significant improvement in several areas and makes four recommendations to the Commission in order to maximise the benefits from EU development expenditure.

¹ Document 14531/12.

4. The Council acknowledges the fact that the Commission fully agrees with the Court of Auditors' recommendations and that it has already started to take a number of initiatives to address most of the questions raised in the Court of Auditors' Report, notably concerning the application of procedures and the use of monitoring and evaluation work.
5. The Council welcomes the Commission's intention to draw up an action plan to fully implement the recommendations of the Court of Auditors.
6. The Council is of the opinion that the results and recommendations of the Report can also help to improve future projects of Member States' development cooperation in the field of drinking-water supply and sanitation.

III. Specific remarks

7. The Council welcomes and agrees with the following recommendations expressed by the Court in its report and notes the Commission's replies:
 - (i) Recommendation (a): On proper application of procedures, especially concerning the definition of explicit project objectives, the technological solutions proposed and the establishment of objective verifiable progress indicators. The Council notes that with the establishment of the quality support groups (QSG) mechanism in 2005, greatly improved rules are now applied by the Commission during the identification and the formulation phases.
 - (ii) Recommendation (b): On carrying out sufficient economic and financial analysis to allow easy identification of the expected sources of project funding. The Council notes that for all projects, these issues are also examined by the project studies carried out before the funding decision by the Commission.

- (iii) Recommendation (c): On considering before project approval whether the conditions for success are likely to be met. The Council notes that during the formulation phase the Commission examines partner country policy and the contribution of each project to the objectives of this policy.
- (iv) Recommendation (d): On making use of the results of monitoring and evaluation work. The Council notes that the Commission considers lessons learnt and complementary actions at the formulation phase before project approval.

IV. Conclusions and Recommendations

- 8. The Court's audit shows how important and instructive ex-post evaluations are, especially on sustainability outcomes, and project evaluations during the implementation phase.
- 9. The Council recalls that the focus of European development cooperation in the water sector should be on service delivery for low income groups, especially in fragile countries and post-conflict situations. Peri-urban and rural areas are still having the lowest access rates to safe drinking water and sanitation.
- 10. The Council calls on the Commission to make full use of the results of the Court's audit and recommendations in order to ensure the financial, social and environmental viability of its projects in the water supply and basic sanitation projects in Sub-Saharan Africa.
- 11. The Council underlines that, although most of the audited projects were approved before the establishment of QSGs, the results of the Court's audit remain a valuable reminder of the importance of proper design and application of procedures, explicit project objectives, verifiable progress indicators as well as of comprehensive financial and risk analysis.
- 12. The Council calls upon the Commission to regularly investigate the state and success of its development assistance programmes in the field of drinking-water supply and sanitation and report thereon.

13. The Council emphasises that successful and long-term sustainable water supply and sanitation projects require a broad range of supporting mechanisms to ensure their financial and institutional sustainability. Despite their high risks, these projects are vital for the achievement of the MDGs.
14. Moreover, the Council calls on the Commission to improve the design of future Water, Sanitation & Hygiene (WASH) projects. Specifically, the Commission should ensure better dialogue with final beneficiaries during the design stage and ensure that the projects implemented match their demands. This should help build stronger ownership of projects. The design stage should also ensure that financing will be available to maintain the infrastructure provided in the long-term and that the technical options selected offer the best value for money.
15. The Council highlights the continuous acute need for sanitation in poor urban and peri-urban areas, particularly in fragile countries and post-conflict situations. More investment in infrastructure and a stronger focus on hygiene education, viable business models, institutional reforms and capacity development for sectorial actors are required to ensure positive impact and generation of returns for the water sector investment. Promotion of sustainable sanitation should be an integral part of EU development assistance in Sub-Saharan Africa and related projects have to be thoroughly reviewed in the future in order to adequately address the issue of sanitation, which lags behind the MDGs target. The Council also reaffirms the commitments regarding the human right to safe drinking water and sanitation and to the progressive realization of access to them for all (as set out in the Rio+20 Declaration “The Future We Want”).

16. The Council underlines the importance of the medium and long-term sustainability of projects' results on water and sanitation. The Council invites the Commission and the EEAS to take appropriate complementary measures at the stage of programming of future EU assistance to Sub-Saharan countries, to ensure sustainability of such projects, including stronger involvement of national authorities and local communities and stronger integration of capacity development. To further ensure sustainability, the Council proposes including a 10-year "sustainability clause" in all funding agreements for sustainable service delivery, as well as undertaking yearly sample-based sustainability checks by an external independent third party for all programs ("sustainability audit").
17. Finally, the Council calls on the Commission to give emphasis to the following actions:
- Strengthening the results framework and the associated monitoring and reporting to provide confidence that EU funding in the WASH sector delivers expected results and represents good value for money;
 - Reinforcing the Water Facility in the framework of the future Multiannual Financial Framework (2014-2020);
 - Underlining the multidimensional role of water in the EU development agenda by putting more emphasis on cross-sectoral concepts like e.g. the water, energy and food security nexus;
 - Supporting the development of suitable national water governance systems and policies by better anchoring capacity development in programming;
 - Developing and implementing programmes in full alignment with the partner countries' policies and sector plans;
 - Promoting better coordination between Commission projects and programmes of EU Member States on the water sector in Sub-Saharan Africa;
 - Ensuring that vulnerable groups, particularly women and children, and the poor are in the focus of EU development cooperation in the field of drinking water supply and sanitation and benefit fully from improved services;
 - Ensuring the regular integration of adapted sanitation approaches into programming of development cooperation.