

**JOINT STATEMENT BY THE ISLAMIC DEVELOPMENT BANK (IsDB)
AND
THE UNITED NATIONS SECRETARY GENERAL'S ADVISORY BOARD
ON WATER AND SANITATION (UNSGAB)**

1. With 5 percent of the world's population and only 1 percent of its renewable water resources, the Arab Region is the driest region of the world. Today's average annual water availability per capita is merely a third of what it used to be in 1960, and is expected to drop by more than a half by 2050 to 550 m³ per capita per year, just slightly above the *absolute water scarcity* threshold of 500 m³ per capita per year. Furthermore, it is currently estimated that as many as 50 million people still lacked sustainable access to safe drinking water in 2006, while some 97 million lacked access to adequate sanitation. The latest report of the WHO/UNICEF Joint Monitoring Programme for Water Supply and Sanitation (JMP) estimates that, in order to meet the Millennium Development Goals (MDGs) water and sanitation target of halving the number of people without access to safe water and sanitation by 2015, the Arab Region will need to provide access to safe drinking water to a further 82 million people and access to adequate sanitation to an additional 96 million by 2015.

2. Population growth, urbanisation and declining water quality are putting unprecedented pressure on the Region's dwindling water resources, some 60 percent of which emanate from outside the Region itself. This worrisome situation is being further exacerbated by climate change, food security concerns (in the aftermath of the global food security crisis that saw food prices surge dramatically in Spring 2008) and the looming global recession resulting from the unfolding global financial crisis. With as much as 80-90 percent of the total water allocation going to irrigation, there is growing competition in the Arab Region amongst the main water using sector: domestic, industrial and irrigation.

3. The Region's key concerns in water and sanitation include (i) the growing cost of financing the upgrade and expansion of water and sanitation services, (ii) improving the overall performance of the water and sanitation sector, especially water and sanitation utilities and groundwater management, through improved governance and more effective institutions; and (iii) the lack of effective demand for financing water and sanitation projects.

4. Recognising these formidable challenges, the Islamic Development Bank (IsDB) Group Vision 2020, a blue print for its long-term objectives, singled out water and sanitation as one of its main themes. To date, the IsDB has provided more than US\$2.5 billion of assistance in the water sector to its 56 member countries. This financing, which represents around 15 percent of IsDB's aggregate project

financing commitments, targeted some 250 water-related projects worth in excess of US\$10 billion. Around US\$1.5 billion of this assistance targeted the Arab Region, including US\$1.1 billion for water supply and sanitation projects.

5. The IsDB is equally active on the institutional capacity building front, for example, in its capacity as a founding member of the Cairo-based Arab Water Council (AWC), a regional water policy think-tank, and the Abu Dhabi-based Arab Water Academy, a regional capacity building programme hosted by IsDB's Dubai-based International Centre for Biosaline Agriculture (ICBA)¹ in partnership with the Environment Agency—Abu Dhabi (EAD), under the aegis of the AWC. Yet, despite all the efforts, the regional water situation continues to deteriorate alarmingly.

6. UNSGAB's Hashimoto Action Plan² (HAP) spells out six specific actions to help achieve MDG targets relating to water and sanitation with which international financial institutions need to be concerned : (i) Water Operators' Partnerships, (ii) Financing of water and sanitation projects, (iii) Sanitation, (iv) Monitoring and reporting, (v) Integrated water resources management, and (vi) water and disaster.

7. UNSGAB is mandated to promote global action on water and sanitation issues. It comprises members who are distinguished in their field and are noted for influencing government policy and actions, working with the private sector, media, and civil society, and in mobilizing awareness. It supports the global water agenda and provides individual agencies with a forum for enhancing opinion formation and action development.

8. As a multilateral development bank working throughout the entire Arab Region³, the IsDB is well positioned, as a regional development finance institution, with a strong comparative advantage in the water and sanitation sector, to not only enhance the volume of direct investments in the sector but also to leverage additional resources from official and private sources. Also, IsDB is able to support

¹ Established in 1999 by the IsDB in partnership with the United Arab Emirates, ICBA is a regional agricultural research and development institute, modelled on the Consultative Group on International Agricultural Research (CGIAR) centres, dedicated to harnessing saline water resources and marginal quality water, such as treated wastewater, for irrigation purposes.

² UNSGAB Compendium of Actions (March 2006)

³ IsDB's total membership covers 56 member countries located across 4 continents (Asia, Africa, Europe and Latin America)

regional and country-level capacity development activities that will enable the sustainable development of water resources for improved access.

9. Given the commonality of objectives and purpose of UNSGAB and IsDB with regard to water and sanitation, both bodies have agreed to collaborate in the areas listed below. In taking these actions, both entities will take cross cutting issues such as health, gender and environment duly into consideration.

- (i) IsDB will seek partnership opportunities with the newly established Water Operators' Partnerships (WOPs) programme in the Arab Region, known as the Arab Countries Water Utilities Association (ACWUA), with a view to supporting its activities (e.g., benchmarking, demand management) in Arab countries, in the framework of its soon-to-be-adopted two-year work programme. In doing so, IsDB may seek the advice and guidance of the Global WOPs Alliance on how to best support ACWUA and its activities, in terms of focus and scope.
- (ii) IsDB will seek to enhance its volume of financing to water and sanitation through new financing programmes and mechanisms, in order to stimulate demand for financing and to support private sector participation in water infrastructure investments. UNSGAB will assist IsDB in accessing resources for the contemplated new financing programmes and in liaising with donor governments on the continuing results of these programmes.
- (iii) UNSGAB's Finance Team will submit to IsDB a concept note or proposal regarding sub-sovereign financing in the water and sanitation sector for review and consideration. The IsDB will be pleased review this proposal in the context of its policies and procedures. A team from UNSGAB may visit the IDB headquarters in Jeddah to further discuss this proposal.
- (iv) IsDB will continue to support capacity development activities in the Arab Region. IsDB will extend support to the newly established Arab Water Academy, which is being supported by the United Arab Emirates, the World Bank and, more recently, USAID. Similarly, the IsDB will continue to support the Arab Water Council and welcomes the recent establishment, under the aegis of the League of Arab States, of the Council of Arab Water Ministers, and will support its activities and programmes, as done for the African Ministers' Council on Water (AMCOW), for example, in relation to the preparatory processes and participation in the World Water Forum.

- (v) IsDB will enhance its attention and focus on sanitation through investment and capacity building programmes that address wastewater management, including wastewater reuse and reclamation, in support of the International Year of Sanitation and beyond, in conformity with its own Vision 2020 objectives. IsDB will support ICBA in expanding its focus on wastewater reuse and reclamation through a dedicated regional programme. IsDB will also work with its development partners, including the Coordination Group⁴, in order to bring these programmes and activities to fruition.
- (vi) IsDB will promote integrated water resources management (IWRM) as best practice in sustainably harnessing and exploiting the Arab Region's water resources. UNSGAB will support IsDB in its dialogue with governments, and multilateral institutions that support improving transboundary (surface and ground-) water management.
- (vii) IsDB will monitor and report on the outcomes of its investments in water and sanitation. It will also support national and local governments, through well targeted Technical Assistance, in establishing improved monitoring and reporting systems. Such monitoring and reporting will also extend to WOPs, and other water-related initiatives supported by IsDB. UNSGAB will assist IsDB in disseminating its reports and in consolidating the Arab Region's picture in water and sanitation.
- (viii) IsDB will enhance its involvement in helping countries in the Arab Region to address the issue of climate change, especially the adaptation agenda, including water storage (to mitigate the impact of lower rainfall and extended drought periods), water-related disaster risk reduction and recovery, and relief provision of water during and after disaster. UNSGAB will support these actions through advocacy and high level dialogue with governments in the Region.

⁴ Established in 1975, the Coordination Group is an aid coordination forum of Arab bilateral and multilateral development aid institutions, in addition to two institutions where Arab states are the main shareholders. The current members of the Coordination Group are (in alphabetical order): the Abu Dhabi Fund for Development, the Arab Fund for Economic and Social Development, the Arab Bank for Economic Development in Africa (BADEA), the Arab Gulf Programme for United Nations Development Organisations (AGFUND), the Arab Monetary Fund (AMF), the Islamic Development Bank (isDB), the Kuwait Fund for Arab Economic Development, the Opec Fund for International Development (OFID), and the Saudi Fund for Development.

- (ix) IsDB will support, through a follow-on Technical Assistance grant, follow-up actions resulting from the regional dialogue between UNSGAB and Arab Water Ministers. These may be in relation to the cooperation areas identified above or new initiatives.
- (x) IsDB, in consultation with the Arab Water Council, will provide information to UNSGAB for monitoring the actions taken in the Arab Region with regard to HAP.

10. UNSGAB will also support IsDB in organising select expert group meetings to review and advise on the actions listed above, and to help persuade stakeholders to accept and implement recommendations. UNSGAB will also make known the actions taken as above as appropriate input to international dialogue processes such as CSD (Commission on Sustainable Development) and the World Water Forum so that Arab Region's HAP experience is broadly shared with the international community thereby benefiting other Regions. Similarly, UNSGAB will also collaborate with IsDB in supporting the newly established Council of Arab Water Ministers to promote greater regional cooperation and stimulate knowledge development and action in key areas. Both UNSGAB and IsDB will periodically review the progress of their joint work.

11. UNSGAB and IsDB expect that this collaboration will add value to their joint objective of helping achieve the Millennium Development Goals related to water and sanitation in the Arab Region. They look forward to working together effectively in the future.

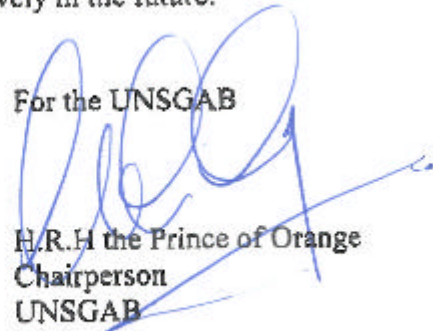
For the Islamic Development Bank



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For the UNSGAB



H.R.H the Prince of Orange
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