

Indicator name Ratio of actual to desired level of public investment in drinking water supply	
Prepared by	UNDESA
Example	Under development
Rationale	It would indicate if investments to meet water-related targets are on track. A ratio of less than 1 indicate the magnitude by which actual investment in the sub-sector will need to be increased, thus allowing the governments to adjust their financial responses to meet the water MDG.
Position in DPSIR chain	Responses (Policies)
Definition of indicator	It is the ratio of actual level (AL) of investment to the desired level (DL) of investment in providing safe drinking water supply as warranted under the relevant MDG.
Underlying definitions and concepts	The indicator is based on the following definitions: <i>Actual level of investment:</i> Actual investment in provision of safe drinking water supply and services from all sources. <i>Desired level of investment:</i> A value that captures cost of providing safe drinking water to different settlements (urban and rural) for given technological choices and target to be met in terms of providing access to water services.
Specification of determinants needed	Actual level of investment Desired level of investment
Computation	The indicator can be computed as: AL_{ws} / DL_{ws} Where : AL _{ws} = the actual level of investment in expanding access to safe drinking water DL _{ws} = the desired level of investment in expanding access to safe drinking water for given level of technological choices and given national targets
Units of measurements	Indicator measured as a ratio. Determinants measured in national currency.
Data sources, availability and quality	Data on actual investments by economic sub-sectors is usually available from national budget documents, national statistical yearbooks and reports, as well as from country economic review reports. Data on desired level of investment could be obtained from project documents and feasibility studies of infrastructure development projects relevant to safe drinking water supply. In the absence of data from these reports specific technical studies need to be undertaken using a standardized methodology as guidelines.
Scale of application	Global, regional and national
Geographical coverage	Global
Interpretation	Ratio of actual level (AL) of investment to the desired level (DL) of investment in safe drinking water supply subsector measured as AL/DL, indicate the magnitude by which investments need to be increased to meet the targets set.
Linkage with other indicators	One part of this indicator (actual level of investment) is a portion of the numerator of the previous indicator as defined to be “drinking water subsector share in total public expenditure”. In itself, it bears strong relationship with the rate of O&M cost recovery indicator.
Alternative methods and definitions	Key problem in estimating this indicator stems from the fact as to what should be considered as the desired level of investment. It could vary with the choice of technology which, in turn, depends upon the source of safe drinking water as well as the types of settlements (rural, urban, peri-urban etc.) together with number of people in each settlement to be covered for a given target. A weighted average approach might allow addressing this problem to some extent.
Related indicator sets	Millennium Indicators Database (Accessed 02 March 2012)
Sources of further information	Current and desired level of investments, an example at national level: http://www.un.org/esa/sustdev/tech_coop/sdea/english/index.html (Accessed 02 March 2012) Global Water Partnership : Tool Box for Investment policy. http://www.gwptoolbox.org/ (Accessed 02 March 2012)
Other institutions involved	National Water and Finance Ministries UN Millennium Development Project http://www.unmillenniumproject.org/ (Accessed 02 March 2012)