

Indicator name		Water sector share in total public spending
Prepared by	UNDESA	
Example	Under development	
Rationale	Determining what proportion of the public budget is devoted to the water sector would illustrate the investment priority and political commitment assigned by government to water sector, including the attainment of internationally agreed goals and targets.	
Position in DPSIR chain	Response	
Definition of indicator	Percentage of the national budget spent in water sector for expanding, rehabilitating and maintaining water related infrastructures and improving water resources management and governance vis-à-vis other economic sectors.	
Underlying definitions and concepts	<p>The indicator is based on the following definitions:</p> <p><i>National Public Expenditure:</i> Total public expenditure in all formal and informal economic sectors of the economy.</p> <p><i>Water Sector Expenditure:</i> It covers investments in the water sector infrastructure and its operation and maintenance, including those for capacity building, as well as for implementing policy and institutional reforms.</p> <p><i>Water Sector:</i> The water sector generally comprises: (i) infrastructure in various sub-sectors: water supply (for: urban and rural domestic needs, livestock and industrial needs); sewer and waste-water treatment; basic sanitation; rainwater harvesting, irrigation and drainage; navigation on canals; flood protection; and (ii) IWRM.</p>	
Specification of determinants needed	Public spending in the water sector Total public spending in all economic sectors	
Computation	<p>The indicator can be computed as:</p> $100(\text{PS}_{\text{ws}}/\text{TPS}_{\text{es}})$ <p>Where:</p> <p>PS_{ws} = Public spending in the water sector (which is the summation of investments in various water subsectors)</p> <p>TPS_{es} = Total public spending in all economic sectors.</p>	
Units of measurements	Indicator measured as a percentage. Determinants measured in national currency.	
Data sources, availability and quality	Data on public spending by economic sectors is usually available from national budget documents; Public Investment Programmes (PIP); national statistical yearbooks and reports; country's economic reviews or water sector reviews; and projects/ programmes implemented in various subsectors.	
Scale of application	Mainly national. However, data availability at lower administrative levels would allow comparisons between provinces or states within a country.	
Geographical coverage	Global	
Interpretation	An increasing trend in water sector investments in general will show high priority being assigned to the water sector. When disaggregated by water sub-sectors this indicator can also show government commitment to reducing poverty through (i) improving access to safe drinking water supply; (ii) improving access to basic sanitation; (iii) improved water productivity in various economic sectors; and (iv) IWRM.	

Linkage with other indicators	This indicator is linked to the chain of indicators, which capture the impact of macroeconomic policies in improving the water sector efficiency. One variable of this indicator (actual public sub-sector expenditure) is needed to estimate another indicator: actual vs. desired level of public investment in water sector. It is also closely related to the rate of O&M cost recovery indicator, since higher recovery ratio (higher revenues) would in principle allow increased investments in the water sector.
Alternative methods and definitions	The indicator is expressed in terms of a public expenditure framework (including state and donors contributions). This framework however might not adequately capture the investments made by the private sector or civil society or local communities in the sector. Moreover, share of water sector in total public spending will appear high for years in which major infrastructure development will take place (because of higher capital costs). This problem could be addressed by amortization of capital costs over the infrastructure time life.
Related indicator sets	United Nations Common Database (UNCDB) (Accessed 02 March 2012) Millennium Indicators Database (Accessed 02 March 2010) National Accounts Main Aggregates Database (Accessed 02 March 2012) World Bank Group - World Development Indicators (Accessed 02 March 2012)
Sources of further information	Macro-economic analysis and strategy for mobilizing funds :see pages 129-148 http://www.un.org/esa/sustdev/publications/sdea/english/pdf/07_Chapter_3.pdf (Accessed 02 March 2012) Global Water Partnership, Example: Tool box for water supply and sanitation: chapter on Financing and incentive structures: financial resources to meet water needs; chapter on Economic instruments - using value and prices for efficiency and equity. http://www.gwptoolbox.org/ (Accessed 02 March 2012)
Other institutions involved	National Water and Finance Ministries Public and Private Water Utilities Multilateral and Regional Development Banks