

Strategies for meeting international water supply and sanitation targets



A WaterAid briefing paper

International development targets to halve both the proportion of people lacking access to safe water and the proportion lacking access to sanitation present huge challenges to the international community. However, WaterAid believes they are achievable, provided actors at all levels prioritise services to the poor and resources are both increased and used more effectively. WaterAid maintains that the potential of the international private sector to deliver the targets is exaggerated.

The targets and their implications

At the beginning of 2000, 1.1 billion people (one sixth of the world's population) had no access to safe water, and 2.4 billion people (two fifths of the world's population) lacked access to improved sanitation. The international community has pledged to halve both the proportion of people without access to hygienic sanitation facilities and the proportion of people without adequate quantities of affordable and safe water by 2015¹.

To meet the targets in Africa, Asia, Latin America and the Caribbean, taking in to account the increase in population to 2015, the number of people served by water supply must increase by 1.6 billion (32%) and those served by sanitation must increase by 2.2 billion (59%). The Global Water Partnership estimates that an additional US\$30 billion per year needs to be spent on water supply and sanitation (WSS). Of this, US\$17 billion needs to go to sanitation.

What approaches should policy-makers take in order to bridge the resource gap and make sure that the international targets become reality? This paper briefly outlines some broad strategies. In combination, they would enable the international community to deliver on these ambitious objectives.

Strategies for meeting the targets

Redirect resources towards reducing water poverty

Increasing water and sanitation coverage would lead to a range of social and economic benefits, but its importance is not reflected in either development assistance or domestic public funding to the sector. Priorities between different sectors (inter-sectoral) and within the water and sanitation sector (intra-sectoral) need to be changed:

Change inter-sectoral priorities

In general, neither developing country budgets nor donor funding prioritise spending on WSS. Even within the area of basic social services, which as a whole receives only 13% of government budgets², WSS tends to lose out to other priorities such as health and education. WSS infrastructure also does badly compared to other types of infrastructure. For instance, in 1996, WSS received only about 0.4% of developing countries' gross domestic product (GDP). In general, areas where public spending might

¹ The UN Millennium Summit in 2000 added the target for safe water to the Millennium Development Goals, and two years later, the World Summit on Sustainable Development agreed the target for sanitation.

² UNDP et al (1998) "Implementing the 20/20- Initiative – Achieving universal access to basic social services".

be reduced in order to fund improvements in WSS include subsidies for the non-poor and military expenditure.

Change intra-sectoral priorities

At international level, Official Development Assistance (ODA) for WSS is not channelled to the countries that are most in need. For instance, during the 1990s, the least developed countries received less aid for WSS than the low-middle income countries. According to the Development Assistance Committee of the OECD (Organisation for Economic Cooperation and Development), only 1.7% of all WSS aid in 1996-97 was earmarked for programmes based on sustainable, affordable low-cost technology that targeted the poor (most recent figures available). This type of intervention also receives a very small proportion of domestic public sector investment, ranging from 1% in sub-Saharan Africa to 3% in Latin America and the Caribbean (IMF, UN, OECD and World Bank Group, 2000)³.

National water strategies should be developed to prioritise the provision of sustainable services to the poor. This will entail improving both cost-effectiveness and targeting.

Improve cost effectiveness

Many WSS programmes funded from ODA achieve only modest impacts in return for very high expenditure. For instance, in Mozambique, a Japanese-funded bilateral water supply programme has cost US\$180 per head, compared with a per capita cost of about US\$13.5 for similar WaterAid-funded programmes in Mozambique. The high cost of some donor-funded WSS programmes represents a barrier to fulfilling WSS targets. Value and sustainability should be prime considerations. To make inroads on water poverty, the technologies used need to combine an appropriate standard of service, affordability (even by people on very low incomes), and local management structures that ensure the sustainability of systems.

Improve needs analysis and target the poor

Priority should be given to expanding services to those who lack safe WSS, rather than improving services to populations who already have access. Priority needs to be focused on improving access to rural areas where 80% of those without access live. In towns and cities resources should be directed to low-income slum districts that have no direct access to basic services rather than better-off communities who already do.

Improve WSS-related governance

Misjudged priorities in public sector spending reflect a failure of governance as there is a mismatch between the high priority poor people give to safe water supply, when consulted, and governments' spending decisions. Transparency in the decision-making process is crucial. Independent regulation and scrutiny by parliaments and civil society groups can help ensure that WSS investments are not squandered.

Decentralised participatory budgeting and social auditing by stakeholders could be used to enhance WSS governance. Civil society organisations are often well placed to champion the interests of poor people and develop their ability to oversee the use of public funds. ODA to enhance this capacity should reduce the amount of funding lost to corruption and wastage. In addition, a substantial proportion of new funding for WSS should be allocated to building the capacity of national and local government as well as civil society and local private sectors, to plan, deliver and monitor WSS services to the poor.

Increase development aid overall

Bilateral donor funding for WSS, through DAC (Development Assistance Committee), represents over half of the total development aid for WSS⁴. At the UN Financing for Development Conference in 2002,

³ "A Better World for Us All – Progress towards the International Development Targets. A joint publication by IMF, UN, OECD and World Bank Group, June 2000

⁴ "Recent trends in ODA to Water and Sanitation" Internal WaterAid paper, 2000

European bilateral donors agreed to increase development assistance to 0.39% of GNP by 2006. Donor countries would then be in a position to allocate more resources to basic social services, including WSS. WaterAid calls on donors to increase their allocations to WSS within this general increase.

Put WSS on the poverty reduction agenda

WSS funding priorities are unlikely to change in favour of pro-poor spending unless policy-makers and government planners recognise the multi-dimensional links between the lack of access and poverty. The impact of inadequate WSS falls mainly on the poor. Many economic and social benefits flow from improving their access to improved WSS, including the indirect consequences of health improvements, the reduction in time spent collecting water and the increase in livelihood activities of the poor. For instance, researchers studying the long-term impacts of water supply projects in India, Ethiopia, Ghana and Tanzania found significant positive impacts in the areas of health, livelihoods, social relationships and people's self-esteem (WaterAid 2001)⁵.

However, in spite of such evidence many agencies tend to regard WSS as an aspect of infrastructure, rather than a priority that belongs firmly on the poverty reduction and social development agendas. This is reflected in the way WSS programmes often neglect participation and community development, even though the lack of user participation in selecting technologies has been identified as a major constraint to WSS development.⁶

The failure to connect WSS to poverty-reduction is clearly seen in Poverty Reduction Strategy Papers (PRSPs). In principle, they provide an important opportunity to put WSS centre-stage in anti-poverty plans, thereby unlocking resources for the sector from both domestic governments and official development aid. Yet, WSS tends to be given a relatively low priority in PRSPs. A recent study by the Overseas Development Institute and WaterAid highlights this. Researchers analysed the PRSPs for Malawi, Madagascar, Kenya, Zambia and Uganda, assessing the degree of priority given to WSS in both the PRSPs themselves and the processes leading up to them. Among other things, they found that funding allocated to WSS tends to be low and does not reflect the true poverty significance of the sector. Also, some of the PRSPs include WSS activities that are inappropriate in a pro-poor strategy.⁷

Where planning and finance ministries have opened up the PRSP process and engaged with other stakeholders, there has been more scope to ensure that WSS is properly addressed as in Uganda. WaterAid calls on governments to continue to open up PRSP development and for bilateral donors to help fund this, as well as supporting civil society networking and capacity building for pro-poor advocacy.

Explore ways to lever financing

Policy-makers could enhance the impact of WSS resources by looking at the potential to lever other sources of finance, particularly user contributions, household, community and domestic capital investments. The ability and willingness of households and local communities to pay for WSS needs to be better recognised as a strength that can be built on.

In addition, locally based financial mechanisms, such as micro-credit, can be an important source of finance both in rural and urban areas. This has been shown in the case of the Soozhal initiative, a programme in Tamil Nadu, India, supported by WaterAid. The programme includes micro-credit schemes earmarked for sanitation. Its credit worthiness, due to low transaction costs and repayment default rates, has attracted local bank finance for WSS investments where none was previously forthcoming⁸. Concessional finance to begin revolving loan funds is a very strategic use of donor

⁵ "Looking Back: The long term impact of water and sanitation projects", WaterAid 2001

⁶ "Global Water Supply and Sanitation Assessment 2000 Report" WHO and UNICEF

⁷ Overseas Development Institute & WaterAid UK (2002) "Watsan and PRSPs: Integrating WatSan activities within PRSP development and implementation"

⁸ WaterAid (2003) "The Soozhal Initiative: a Model for Achieving Total Sanitation in Low-income Rural Areas", case-study, WaterAid 2003

resources. Donors should also support non governmental organisations (NGOs) and other institutions that assist local communities to develop and run micro-finance schemes for WSS.

Develop pro-poor cost-recovery mechanisms

The sector needs to become more sophisticated in the way it recovers costs from users. The reality is that recovery of capital costs and, in some cases, even operation and maintenance costs, is beyond the capacity of many people living in poverty, even where low cost technologies are used. This is especially true for large urban systems. In the context of the international WSS targets, it would be self-defeating to allow cost recovery objectives to become a barrier to poor people's access to WSS.

Options include transparent subsidy arrangements from public funds, cross-subsidisation from wealthier to poorer users or from commercial to domestic users. The basic principle should be that, where the poor cannot afford to pay the full cost of WSS, tariff systems should facilitate social targeting.

Work in partnership with civil society and communities

WSS programmes should seek to bring about qualitative change for households and communities rather than simply focussing on physical output targets, such as the number of water points built. This involves building the capacity of communities, local government and other local stakeholders to be effective development actors. Donors and governments can draw from the experience of WSS projects such as the Orangi Pilot Project (OPP) in Karachi, which has mobilised a poor urban community to address its own sanitation needs.⁹

The role of the international private sector

Much of the current debate on financing WSS coverage is concerned with the pros and cons of boosting private sector involvement. In WaterAid's view, there are several reasons why the international private sector, as opposed to domestic private actors is unlikely to play a key role in meeting the 2015 water and sanitation goals. The water industry is capital intensive, with low profitability and long delays before investors can expect to make profits. In the developing country context, WSS investment is also subject to risk from factors such as exchange fluctuation and political instability. All these add up to an unattractive investment environment. That is why foreign direct investment tends not to favour the low-income countries where the majority of people currently unserved by WSS live. If low-income countries try to overcome this by, for instance, offering tax concessions, weakening restrictions on profit remittances and other regulations, the overall benefits of foreign direct investment (FDI) will be reduced. Any substantial increases in international private sector investment in WSS are likely to be heavily dependent on debt financing, with its associated drawbacks. Lastly, in middle-income developing countries that are successful in attracting FDI, such investment is unlikely to be directed towards poor areas, such as remote rural districts, or disadvantaged sections of the urban population, because of the difficulty of recovering costs.

The WSS international targets are achievable and affordable. But to achieve the targets the international community and national governments must change their investment priorities to focus on the poor, put sustainability at the heart of all investment decisions and work with local actors.

WaterAid—water for life

WaterAid is an international NGO dedicated exclusively to the provision of safe domestic water, sanitation and hygiene education to the world's poorest people. These most basic services are essential to life; without them vulnerable communities are trapped in the stranglehold of disease and poverty.

⁹ "From the Lane to the City: the impact of the Orangi Pilot Project's Low Cost Sanitation Model" Wateraid report by Akbar Zaidi

WaterAid works by helping local organisations set up low cost, sustainable projects using appropriate technology that can be managed by the community itself.

WaterAid also seeks to influence the policies of other key organisations, such as governments, to secure and protect the right of poor people to safe, affordable water and sanitation services.

WaterAid is independent and relies heavily on voluntary support.

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