



International  
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Development

**Address by Jan Pronk on  
*Meeting the MDG Targets on  
Water and Sanitation*  
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Thank you for inviting me as keynote speaker at the 12<sup>th</sup> International Conference on Health and Environment with the topic of Water and Health: Problems and Solutions. My address which focuses on "Meeting the Millennium Development Goals' Targets on Water and Sanitation" draw mainly on the work of the International Institute for Environment and Development of which I am chair. The International Institute for Environment and Development (IIED) is an independent, non-profit research institute working in the field of sustainable development.

Health and environment improvement are complementary goals, both of which can claim to be central to sustainable development. However, while environment concerns have been a defining feature of sustainable development from the start, health concerns often seem peripheral. This is unfortunate. A stronger health focus in environmental policy could help ensure that the environmental needs of the poor receive the priority they deserve. A stronger environmental focus in health policy could help avoid an overemphasis on curative measures.

Health experts have added little to our understanding of how, people's health (for instance malnutrition) is affected by environmental risks (for instance land degradation threatening food security). And the institutional base of most health professionals lies in curative rather than preventive care.

Environmental experts, on the other hand, have added little to our understanding of how, for example, bad sanitation affects people's health. And the institutional base of most

environmental professionals lies in preventing humans from damaging the environment rather than preventing the environment from damaging humans.

From a sustainable development perspective, this division is problematic. It can foster environmental agendas that ignore many of the most serious, life threatening environmental problems – implying that they are not really environmental issues. It can foster health agendas that ignore the potential health impacts of ecological damage and global environmental change – implying that they are not really health issues.

If sustainable development is about meeting the needs of the present generation without compromising the abilities of future generations to meet their needs, and if the environment is to be one of the basic pillars of sustainable development, then the approach to environmental issues must consider both the needs of present generation as well as those of future generations. This implies taking the environmental burdens currently contributing to the ill health of many of the worlds' poor much more seriously.

The environmental burdens associated with poverty, particularly in low-income countries, tend to be localised: e.g. inadequate household sanitation, indoor air pollution, pressures on local resources.

Bad sanitation may lead to contaminated groundwater and faeces finding their way into the solid waste, onto the open land, into the drainage ditches, and generally into contact with people. Flies may breed in the human and other waste, and contaminate the food. Solid waste may find its way into the drains, causing accumulations of water in which mosquitoes breed. Crowding and poor housing can exacerbate most of these problems.

These are not merely environmental issues. After all, income poverty alone is enough to ensure that poor groups suffer more than the affluent from the ill-health, injury and premature death caused by environmental hazards. Individuals and households without adequate incomes are less able to afford accommodation that protects them from environmental risks – for example, good quality housing, piped water and adequate provision. In their struggle to secure a livelihood, they are liable to undertake work that exposes them (and often their families) to environmental hazards. They live in the poorest countries, on the worst places therein, and with the least resources to cope with illness or injury when they occur. However, it is neither only bad environment, nor specifically ill health, nor purely

economic set backs, which lead to poverty. It is also politics: political decision making, the capacity of the poor to take part in decisions concerning their health, their environment, their resources.

Neither environmental nor health concerns can ensure that the needs of the poor receive the attention that they deserve. However, when these concerns are taken seriously in economic development policy-making they may lead to a more balanced and equitable approach, provided that the political setting ensures that local community initiatives for sustainable development enter the mainstream of local politics and policies, and that people have the right to decide on the use and allocation of resources directly affecting their well-being.

That is my first conclusion: an integral approach towards environment, health and sustainable development will only benefit the poor if access to resources necessary for survival and life itself is accepted as a human right for all. This also applies to water. Health is a human right. Water is a human right.

### **The Millennium Development Goals and Water Targets**

Does the confirmation at the World Summit on Social Development, of the Millennium Development Goals, help to guarantee this human right? Last year, in Johannesburg, we committed ourselves, amongst others:

- To halve, by 2015, the proportion of people without sustainable access to safe drinking water
- To halve, by the year 2015, the proportion of people who do not have access to basic sanitation

These targets are important.

As of 2000 “one sixth of the world’s population lacked access to improved water supply and two-fifths (2.4 billion people) lacked access to improved sanitation”. And the statistics may underestimate the problem. A significant share of so called “improved” water supplies and sanitation facilities are still likely to be inadequate, at least in urban areas.

Inadequate water supply, water pollution, poor sanitation and lack of hygiene are among the most important global causes of ill health. Halving the share of people without reasonable access to adequate water and sanitation to meet their basic health needs would be a major step forward. However, and this is my second conclusion, it would not be enough.

What about the other half? Policies are necessary which arise anyway at creating a perspective for the other half, the poverty of which will not be eradicated by 2015, and that they will get adequate access to water resources very soon thereafter.

That is necessary also for health reasons. Access to drinking water is not enough. Water for sanitation is as important, together with the means necessary to step up hygiene. All that requires capacity building, not merely at the national level but above all at the level of the individual household. Capacity building at this level means awareness creation, dignity, self-respect, knowledge, a good physical condition, less fatigue. It also means that time should not have to be spent on fetching water but on earning a livelihood. These are essential dimensions of human capacity, next to access to resources, including water. All these dimensions are crucial for families and households to live a life beyond mere survival.

This brings me to my next conclusion: we need a new Agenda in the field of water and health. A mere continuation and extension of the Agenda of the nineties is not good enough.

During the 1990's, the two 'new' policies that received the most attention were private sector participation in water and sanitation utilities, and integrated water resource management. These were not driven by the desire to improve water and sanitation provision in deprived areas. The push for private sector participation was part of a broader neo-liberal agenda that was actually more pronounced in other utility sectors, such as telecommunications, power and transport. Water resource management was part of an environmental agenda mainly concerned with preventing environmental resources from being abused, rather than with improving access for those currently without. In promoting these agendas, however, many over ambitious claims were made concerning the role that increased private sector participation and integrated water resource management could play in addressing the water and sanitation problems of those groups that currently lack adequate access.

The new water and sanitation agenda should aim at fulfilling the needs of local communities and households. Water sector reforms are clearly needed, but the role of the private sector and of water resource management should emerge FROM, not DRIVE, local water sector reforms.

A new agenda does not simply imply a return to the idea that water and health ought to be taken care of by the public sector. There was a time when publicly owned and operated utilities seemed to be the ideal route for achieving universal access to adequate water and sanitation. The challenge for the idealised public utility was to plan the best way to pipe the clean water in and drain the dirty water out; and then to implement the plan. Good planning included choosing the appropriate technologies (especially challenging in rural areas), finding the requisite finance (especially challenging in low-income countries), preventing pollution (especially challenging in densely populated areas), and avoiding excessive leakage and over-consumption (especially challenging in dry regions). But once the public sector had helped to achieve near universal coverage in most high-income countries, this also seemed the obvious way to go in other parts of the world.

In the nineties all this changed. Environmentalists were talking of a global water crisis, driven by increasing water demand in the face of limited supplies. Planning was in disrepute. International agencies were debating how rapidly to privatise the state enterprises in formerly planned economies. In Western countries, governments agreed to liberalise markets. From both environmental and free-market perspectives, public utilities came to be seen as part of the water and sanitation problem rather than part of its solution.

The two agendas that responded to these emerging concerns were those of improving water resource management (from the environmental perspective) and increasing private sector participation (from the free market perspective). Terms like Integrated Water Resource Management (IWRM), Demand-Side Management (DSM), Private Sector Participation (PSP) and Public-Private Partnership (PPP) began to appear with increasing frequency in international policy documents.

Advocates of both water resource management and private sector participation have made ambitious claims for how well their agendas coincide with the goal of reducing the share of the world's population without reasonable access to adequate water and sanitation. It

is often presented as part of a global water crisis, and symptomatic of water resource scarcity and mismanagement.

Such claims should be treated with skepticism. When new policy agendas are being promoted, their benefits tend to be exaggerated. Benefits to groups considered deserving, but not directly represented in the policy arena, are especially prone to exaggeration. Neither water resource management nor private sector participation derives its core support from the desire to extend water and sanitation services. The fact that so many people in regions with plentiful water resources lack reasonable access to adequate water and sanitation does not sit well with the claim that water resource scarcity is at the root of their access problems. Public sector failures may well help explain existing deficiencies, but there is little evidence to suggest that bringing in the private sector will cure these failings, and improve access to adequate water and sanitation for those currently without.

#### **Misinterpreting the global water crisis**

Integrated water resource management is necessary, but not sufficient. It is necessary that meeting one demand for water should be balanced against the opportunity costs of not meeting others. The use of water to bear away wastes should be balanced against the impacts this may have on its capacity to meet other human and environmental demands. Managing supplies should be integrated with managing demands, so as to ensure that costly additions to supply are not undertaken when there are less costly opportunities to reduce demands. Environmental demands for water and the relations between water and land use, should be considered alongside human water withdrawals, so as to ensure ecological sustainability.

Water users (and others) often affect the water systems to the detriment of other users, without having to bear the costs. The water-related decisions of one ministry (e.g. agriculture) often has consequences for users outside of that ministry's traditional concerns. Similarly, the water related decisions in one district (or country) often has consequences for people living in other districts (or countries).

So IWRM is necessary, but not good enough. The reasons so many low-income households fail to gain reasonable access to adequate water and sanitation has little to do with the growing global scarcity of water resources. Better management of upstream water

resources can be important to achieving sustainable water systems, but will only rarely improve access to adequate water or sanitation among currently deprived downstream residents.

Similarly, avoiding water waste is important, but if water policies focus narrowly on saving water, the water that is saved is unlikely to find its way to the residents who need it most.

Of particular concern, the international promotion of IWRM has been grounded in a misleading narrative of a global water crisis, driven by increasing water demand in the face of limited supplies. The basic message of this narrative is that the world is running out of water, and that the current water problems are just a foreshadowing of the problems to come if the appropriate messages are not taken to heart.

Numerous attempts have been made to measure this growing water resource scarcity. The term water stress has been coined to describe a region or watershed where there is 'insufficient water of satisfactory quality and quantity to meet human and environmental needs', and the indication that such conditions are present is most often taken to be that there are less than 1,700 cubic meters of freshwater resources per capita. On the basis of this indicator, it has been estimated that some 25% of the world's population live in regions facing water stress, and that by 2025 this share will increase to 35%.

If water stress were a major cause of the difficulties so many households face getting reasonable access to adequate water and sanitation, one would expect to find a negative relationship between water stress and the share of households with access to 'improved' or adequate water supplies. Recent water access statistics show that this is not the case. For all countries, the average share of the population estimated to have reasonable access to improved water supplies increases with per capita income. However, at each income level, the average share of people with access to water is actually higher in countries facing water stress than among those countries not facing water stress.

This finding is damaging to the claim that better water resource management at the water basin level is going to enable the water and sanitation targets to be met. Instead, water resource scarcity as such cannot explain serious water supply problems at the household level. Political, economic and institutional factors can and often do lead to water deprivation

even where overall water resources are plentiful. Human settlement with adequate water supply may be located in regions facing water stress. In any case the quantities of water required to meet household water needs are small relative to total water withdrawals. This even applies at world level: supplying 3 billion people with an additional 50 litres a day would still require less than 2% of the total amount of freshwater withdrawn for human use, estimated at over 3,000 cubic kilometres a year

Thus, if IWRM is to take the water and sanitation targets seriously, it cannot treat water scarcity as the pre-eminent concern. It must also address those aspects of water management that prevent a significant part of humanity from gaining access to water even when it is plentiful. We have to get away from both a narrow supply-fix approach investing in large infrastructure projects to tap more distant water supplies, and ignoring opportunities for using local water resources more efficiently as well as from an approach that focuses too narrowly on preventing water resources from being misused, ignoring other opportunities to achieving better water and sanitation provision. -

Can 'demand-side management' help? Yes if it is more than water conservation, and also more than 'economic' water pricing – an approach intended to be more 'demand-responsive, while still preventing water from being wasted or polluted. Demand-side management aims to extend provision to more people, and improve the services water can provide. Indeed, from a health point of view this also implies an emphasis on hygiene education and sanitation, and their potential role in helping people get the most out of their water supplies. From a sustainable development point of view this implies capacity building at the household level.

The local context should be critical to demand-side management. Some, mostly affluent, cities urgently need to conserve water, but have few water-related health problems. Some, mostly low-income, cities have severe water-related health problems, including inadequate provision for sanitation, but abundant freshwater resources. In some cities the most critical demand-side improvements could be achieved through getting water markets and prices right, while in others the key is to help low-income communities organise to address their own water and sanitation problems or make appropriate demands of water and

sanitation utilities. But most urban centres face a variety of water and sanitation problems, and their demand-side strategies need to reflect this.

So, my fourth conclusion is that from the perspective of the water and sanitation targets, the tendency to emphasize only the conservation and economic perspectives is a problem, and demand-side management must pay more attention to:

- *Securing better access to water for the poor*
- *Promoting sanitation and the hygienic use of water; and*
- *Empowering deprived groups*

The 'supply-fix' approach has often favoured affluent consumers over both future generations and the poor. Orthodox demand-side management attempts to address the concerns that are particularly relevant to future generations. To assist the currently deprived, demand-side management must help ensure that those most likely to be deprived (including especially women in low-income households) gain more influence over water and sanitation provision and use.

#### **Overselling private sector participation**

My fifth conclusion concerns private sector participation. Its supporters claim that public utilities are inclined to be inefficient, overstaffed, manipulated by politicians to serve short term political ends, unresponsive to consumer demands, and, particularly in low-income settings, inclined to provide subsidised services to the urban middle class and leave the urban and rural poor unserved. In many instances, there is at least some truth to these claims..

In the 1990s, private sector participation was promoted as the fresh new alternative to the public utilities. Private companies would bring sorely needed private finance to the sector. They would depoliticise water and sanitation provision, introduce efficiency improvements and reduce costs. They would recognise the economic value of water, and ensure that it was distributed to its most valuable uses. Independent regulation, along with competition for concessions and other contracts, would prevent the abuse of monopoly powers. If necessary, targeted subsidies would be used to assist those households who could not afford to pay the real cost of adequate water and sanitation. But new research indicated that even the poor were usually willing to pay at least for water, and indeed were often already paying more than their more affluent neighbours, who tended to be better connected in both senses of the term.

However, private sector participation and public private partnerships are not actually new, and there is little in the history of private sector water and sanitation provision to suggest that increasing private sector participation will, in itself, help meet the water and sanitation targets.

Even 'innovations' such as public-private partnerships and competitive bidding for water concessions, have existed in various forms for well over a century, and these past experiences do not inspire a great deal of confidence.

So as a matter of fact investments in water and sanitation PSP projects have grown rapidly in the 1990s. However, a big part of this came from the public sector and international development banks. The share of foreign direct investment in water and waste infrastructure in low and middle income countries remained small.

Generally, there is little evidence of private companies or lenders wishing to invest in projects providing water and sanitation to the economically depressed villages, towns and squatter settlements where most households without adequate water and sanitation actually live. There seems to be a strong preference for middle income countries and for large cities, preferably with a substantial middle class.

The claim that that private sector participation depoliticises water and sanitation provision might superficially seem far fetched, given the political conflicts that have accompanied some of the more contentious private sector initiatives. To be fair, however, the sort of politics that proponents of privatisation claimed it would help avoid was the politics of patronage not that of civil dissent. Many public utilities have ended up providing subsidised services to the middle classes, while leaving the poor unconnected. This may in part reflect the greater political influence of the more affluent residents, and their ability to wield it more selectively. Thus, the population at large may be able to rally around issues such as water prices, but it takes a different sort of political leverage to lobby for extending the water pipes and sewers to a specific neighbourhood. It is quite possible that in many instances low-income residents would be better off if they were at least offered water and sanitation services at their true cost, rather than having them be subject to political and well as economic manipulation.

Unless the public sector creates a regulatory environment that actively prevents patronage politics from interfering with water and sanitation provision, there is no reason to expect private sector participation to make a positive contribution. Indeed, in countries where corruption is rife, public-private collaboration can provide many opportunities for patronage politics. Moreover, many of the urban residents without adequate access to water and sanitation live in settlements where tenure is disputed, and private companies are unlikely to want to invest in water pipes or sanitation infrastructure without unambiguous government endorsement.

Speaking about politics, the vested interests in PSP can cause serious political problems. When international development agencies require PSP as a condition for loans, this is not economics but politics. The fact that services, potentially including water and sanitation, are emerging as an important political issue in international trade negotiations (through the General Agreement on Trade in Services) will not benefit the poor. Decisions on pricing and network extension should not be left to private water and sanitation operators, since private network operators with the right to set prices would have a strong incentive to use their monopoly positions to overprice water.

But what about the claim that private operators are more efficient than public sector operators? This claim is much too personal. With a poorly designed contract or an inappropriate regulatory environment, there may be no incentive for a private utility operator to strive to reduce costs and increase efficiency. Indeed, under a poorly regulated cost-plus contract, a private operator faces pretty much the same efficiency incentives as the stereotypical public utility operator. Also, the fact that a handful of transnational companies dominate the sector is not only politically controversial, but economically disquieting.

As a matter of fact debating the relative merits of public and private provision detracts attention from the many reasons why people fail to gain access to water and sanitation that have nothing to do with whether utility operators are public or private. Where extending networked systems is the key to improving access to water and sanitation, many of same challenges need to be addressed regardless of who is operating the utility. If tenure problems can inhibit public utilities from extending provision to low income communities, they can also

inhibit privately operated utilities. If pervasive corruption can subvert public utilities, it can also subvert privately operated utilities. Conversely, if a sound regulatory environment is needed to prevent profit seeking private utility operators from ignoring the water and sanitation needs of the economically and politically deprived, good regulation is also needed to curb similar tendencies among public utility operators.

For a large share of those without adequate water and sanitation, improvements are unlikely to come from conventional water and sanitation utilities in any case. Sewerage systems and piped water networks are ill suited to the dispersed rural settlements where most of them live. Piped networks are generally the least cost means of transporting water around a city, but even in urban centres water-borne sewerage systems are not always the least cost means of disposing of human waste safely. If investment funds are channelled into the networked utilities at the expense of more cost-effective and decentralised options, then, again regardless of the ownership and operation of large utilities, this will not only favour those who are already relatively well served, but will also favour water over sanitation improvements. This is one reason why sanitation improvements lag behind water improvements.

There is also another kind of private sector participation. For many of the more deprived urban dwellers, the most relevant private operators are informal water sellers delivering water on foot or by truck (or in some cases through pipes), vendors of water pumps and latrine components, and private latrine and water kiosk operators. The participation of these private operators is not being promoted internationally with the same vigour, however.

Lets sum up. My first conclusion was that an integrated approach to health, water and the other dimensions of sustainable development is necessary, but not sufficient. Poverty eradication requires that the poor themselves get the right to decide about the resources concerned.

Second conclusion: The acceptance of the Millennium Development Goals, including on water and sanitation, is a major step forward. But it is not enough. We should focus also on the other half of poverty and not wait until 2015.

Third conclusion: Household access to water is essential, but not enough. Access to sanitation is as essential, in order to improve human health.

Fourth conclusion: We need a new agenda in the area of water and sanitation. Integrated Water Resource Development is good, but not good enough. Commercial privatization is no solution. Both have to be complimented by local community ownership in order to guarantee access by deprived parts of communities, which otherwise would be forgotten or excluded.

These five conclusions are also essential in order to avoid a widening gap in terms of health between people with and without access to resources.

#### **About IIED**

The International Institute for Environment and Development (IIED) is an independent, non-profit research institute working in the field of sustainable development. IIED aims to provide expertise and leadership in researching and achieving sustainable development at local, national, regional and global levels. In alliance with others we seek to help shape a future that ends global poverty and delivers and sustains efficient and equitable management of the world's natural resources.

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