

Water for Life: Implications for Developing Countries

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Outline

- Poverty and Development
- The Water Sector and Development
- Public Spending and Development Assistance in the Sector
- Key Messages

Outline

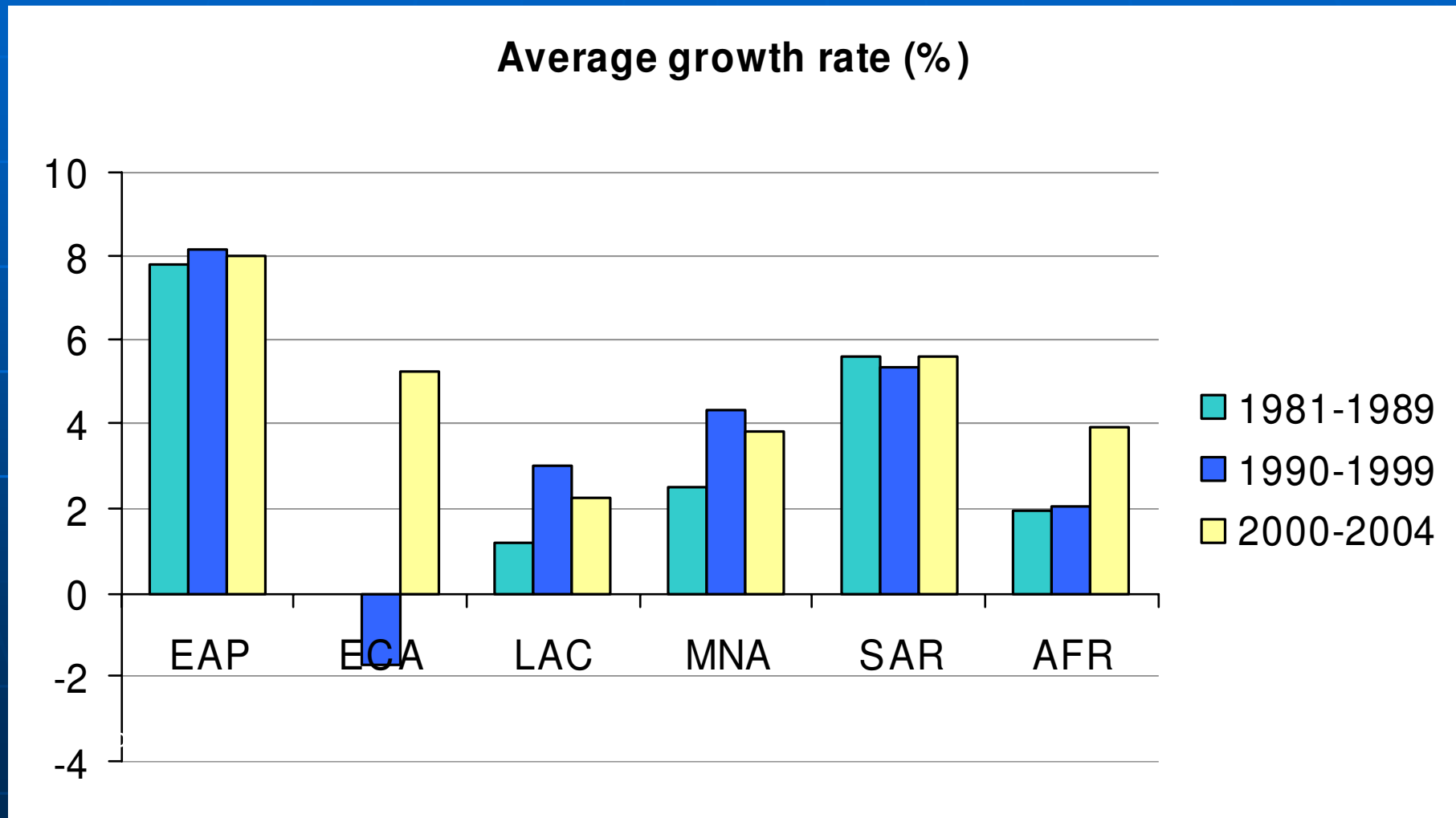
Poverty and Development

The Water Sector and Development

Public Spending and Development
Assistance in the Sector

Key Messages

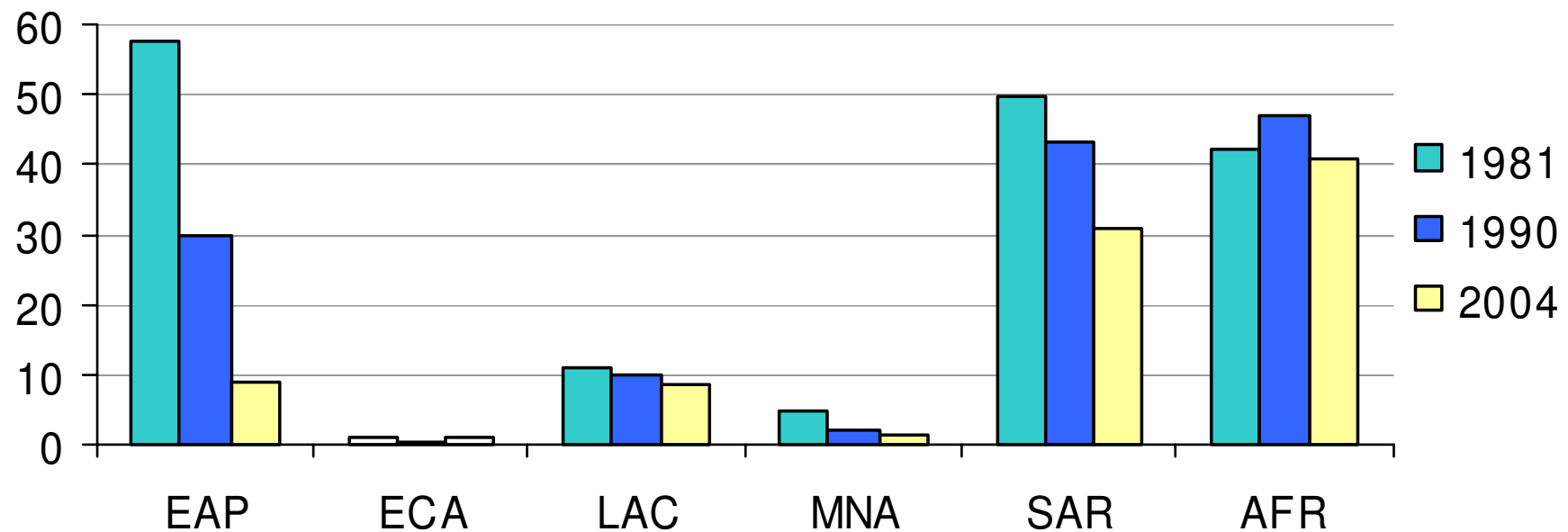
Growth and Poverty Relationship: Growth is vital for poverty reduction



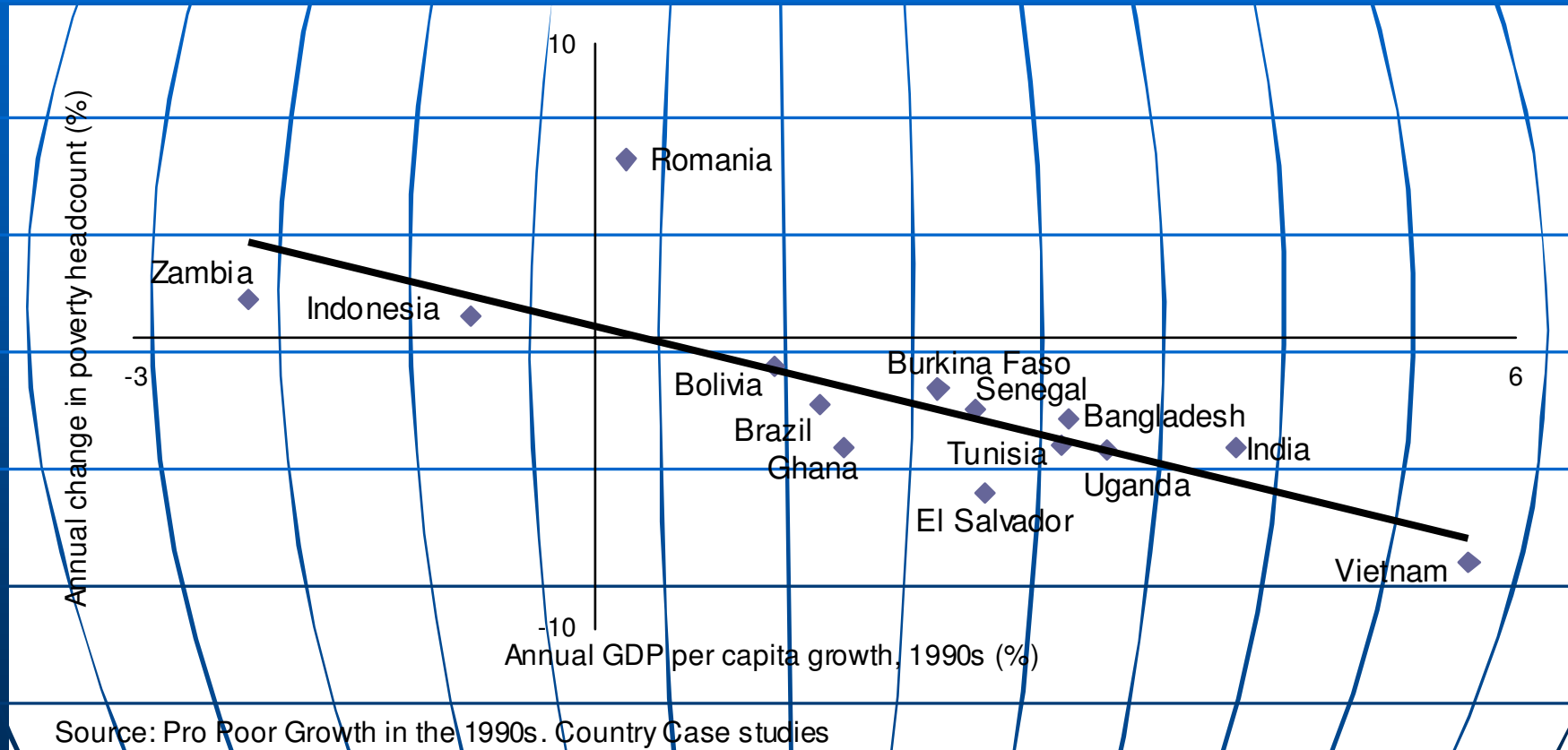
Source: WDI 2007

Growth and Poverty Relationship: Growth is vital for poverty reduction (cont.)

Poverty headcount ratio at \$1 a day (PPP)
(% of population)

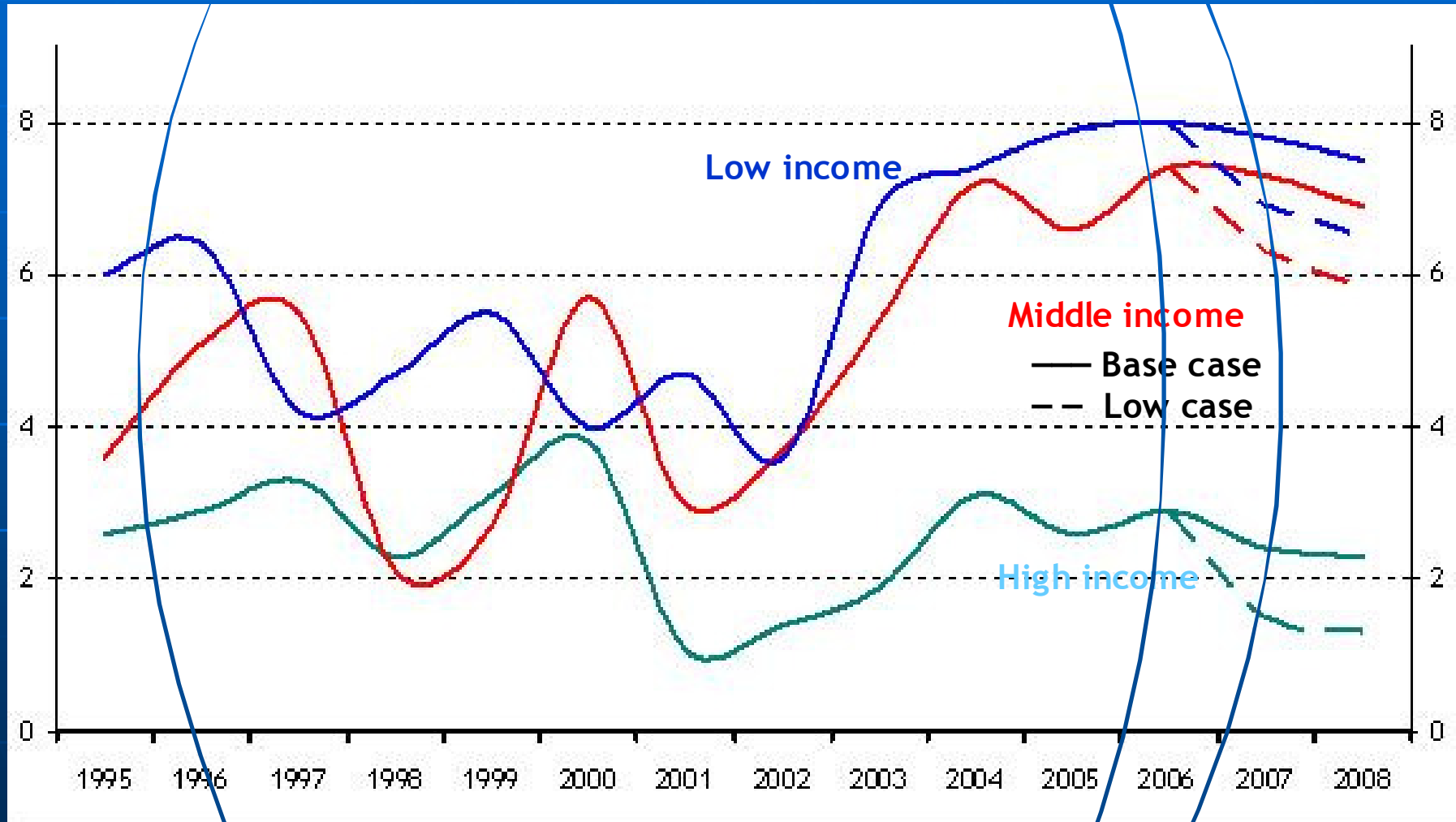


The Growth, Inequality and Poverty Triangle: Growth is vital for poverty reduction



Downside risks have grown

real GDP, percentage change



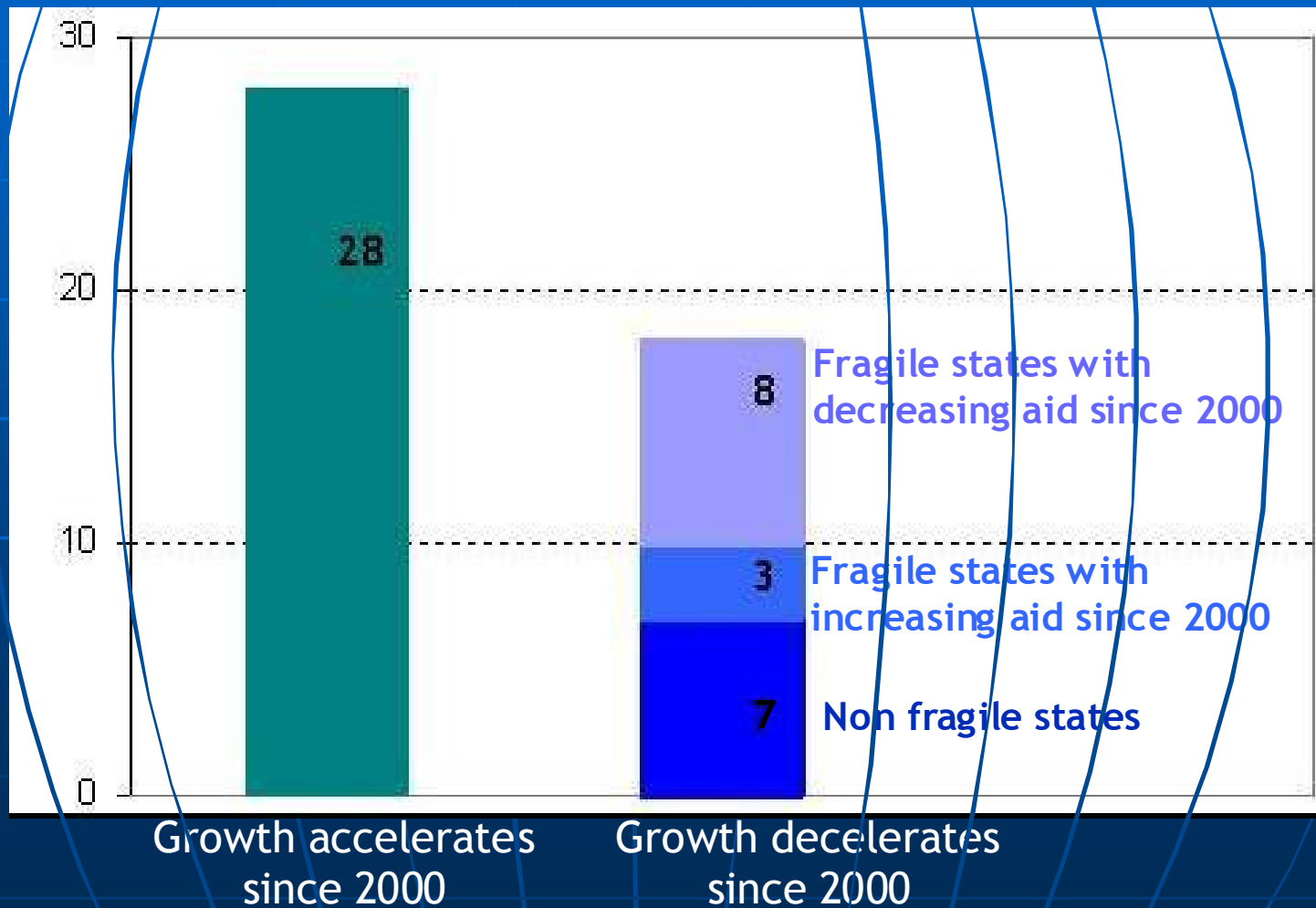
Source: World Bank staff calculations.

Delivering aid and promoting growth in fragile states has proven difficult

Per Capita GDP Growth in 1995 2000 vs. 2000 2005

Number of countries

in Low Income Countries



Source: World Bank staff calculations

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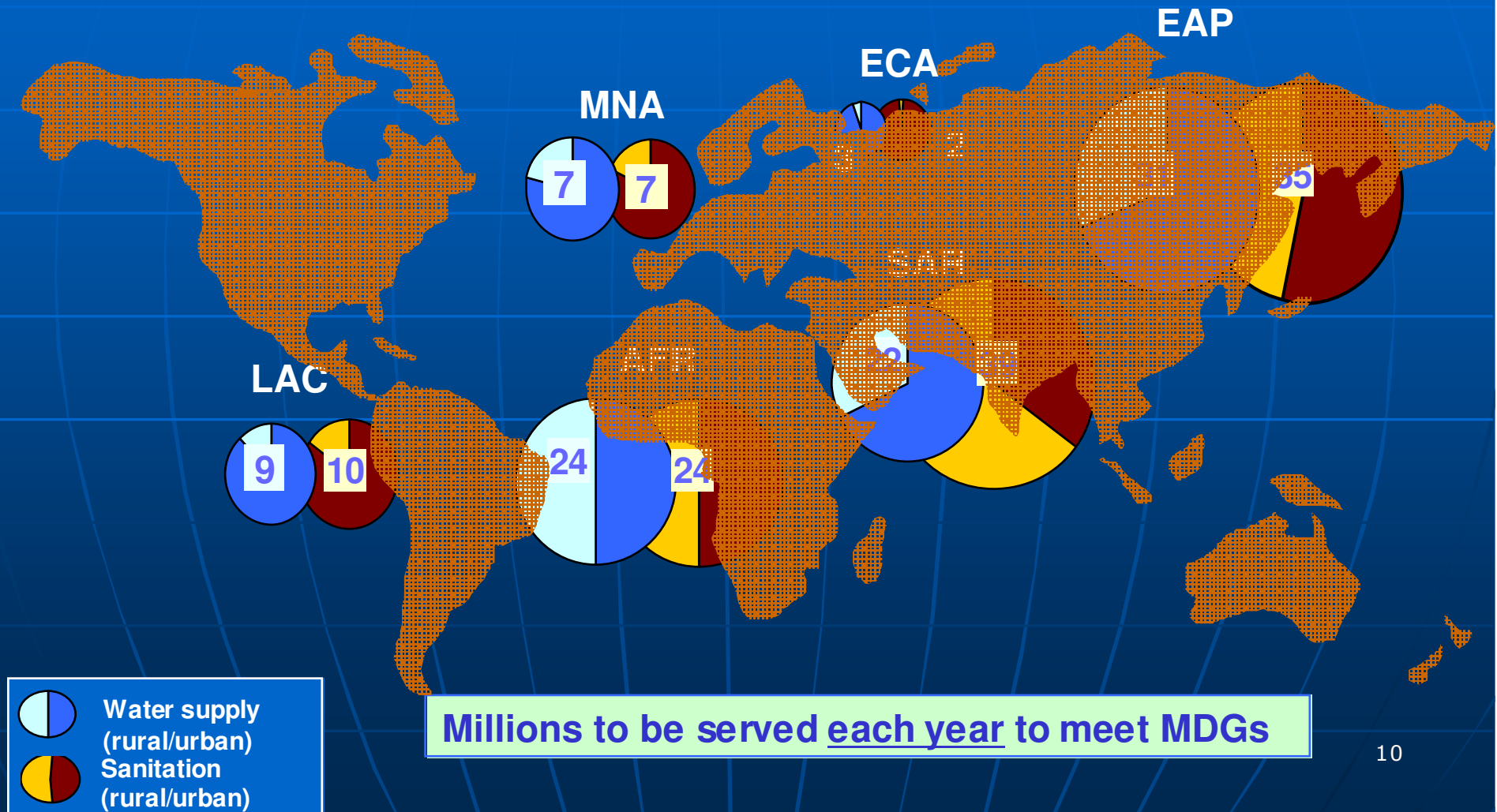
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Water: A Global Challenge



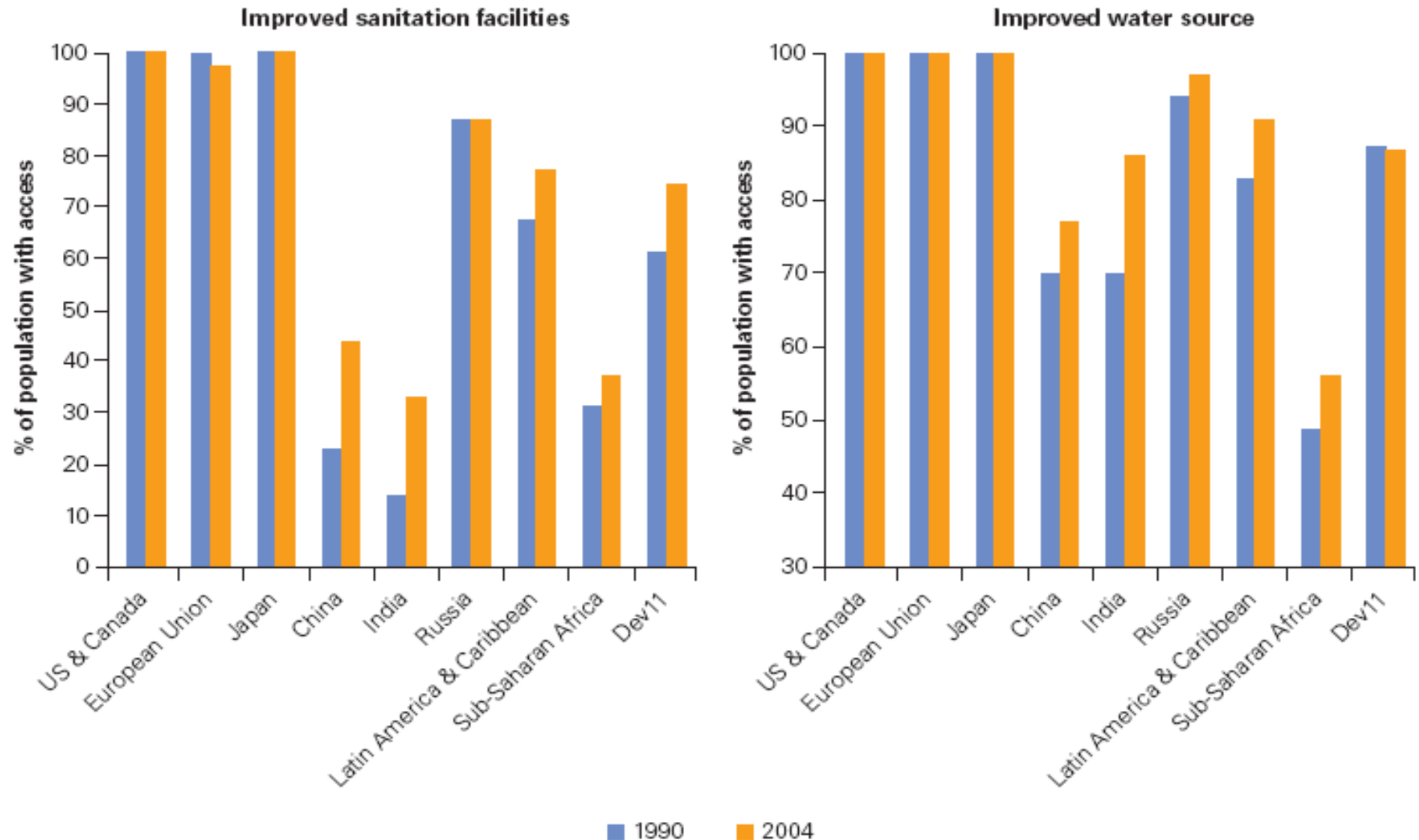
Investments in Water

Water investments provide multiple benefits and are drivers of growth and poverty alleviation.

- ***Health benefits***
- ***Environmental gains***
- ***Building government track record of credibility and inclusiveness***
- ***Education***
- ***Gender aspects***
- ***Economic growth consequences***



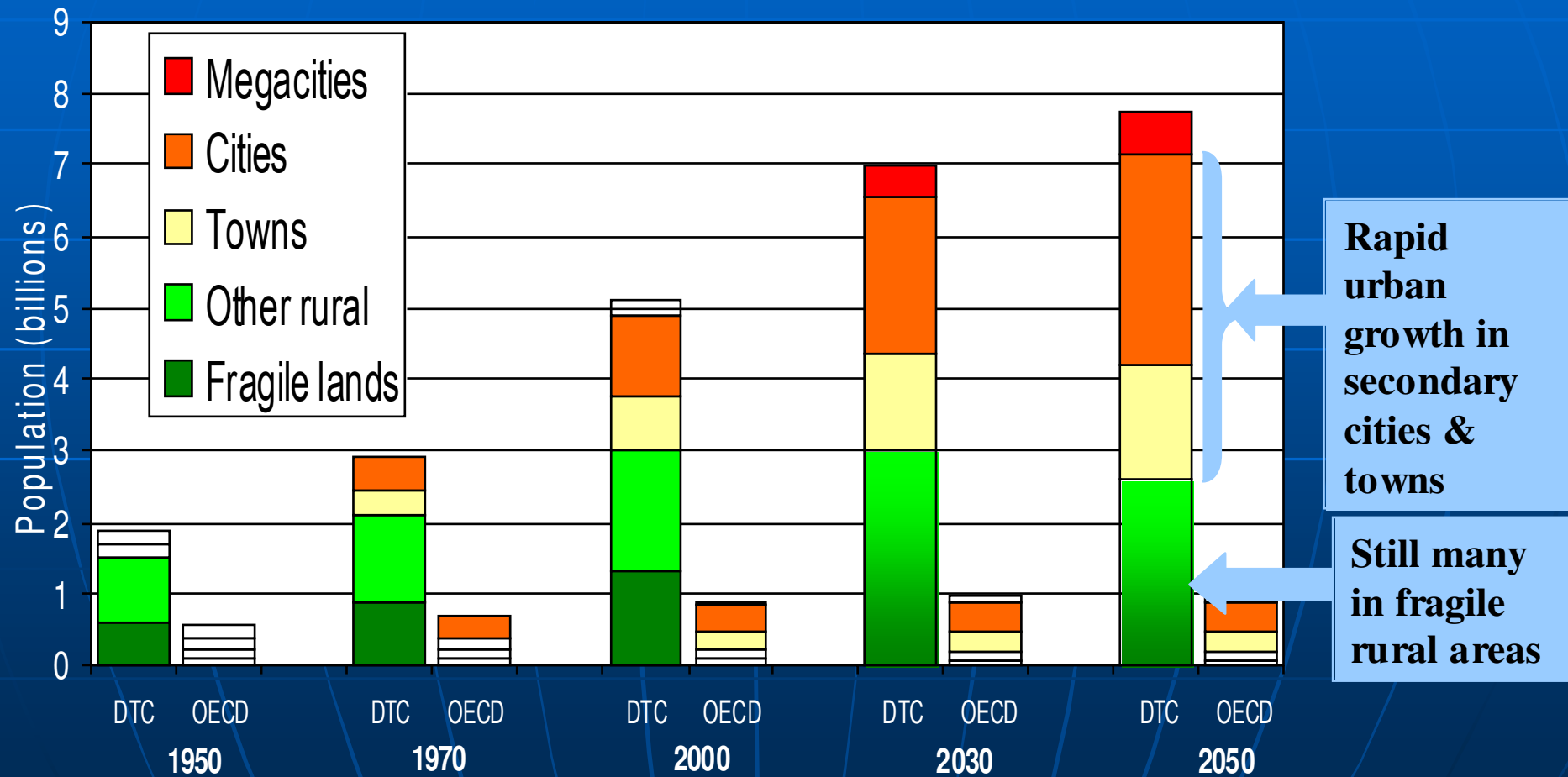
Improved Sanitation Facilities and Water Source



Urbanization

Projected Population

Developing & Transition Countries (DTC) and OECD

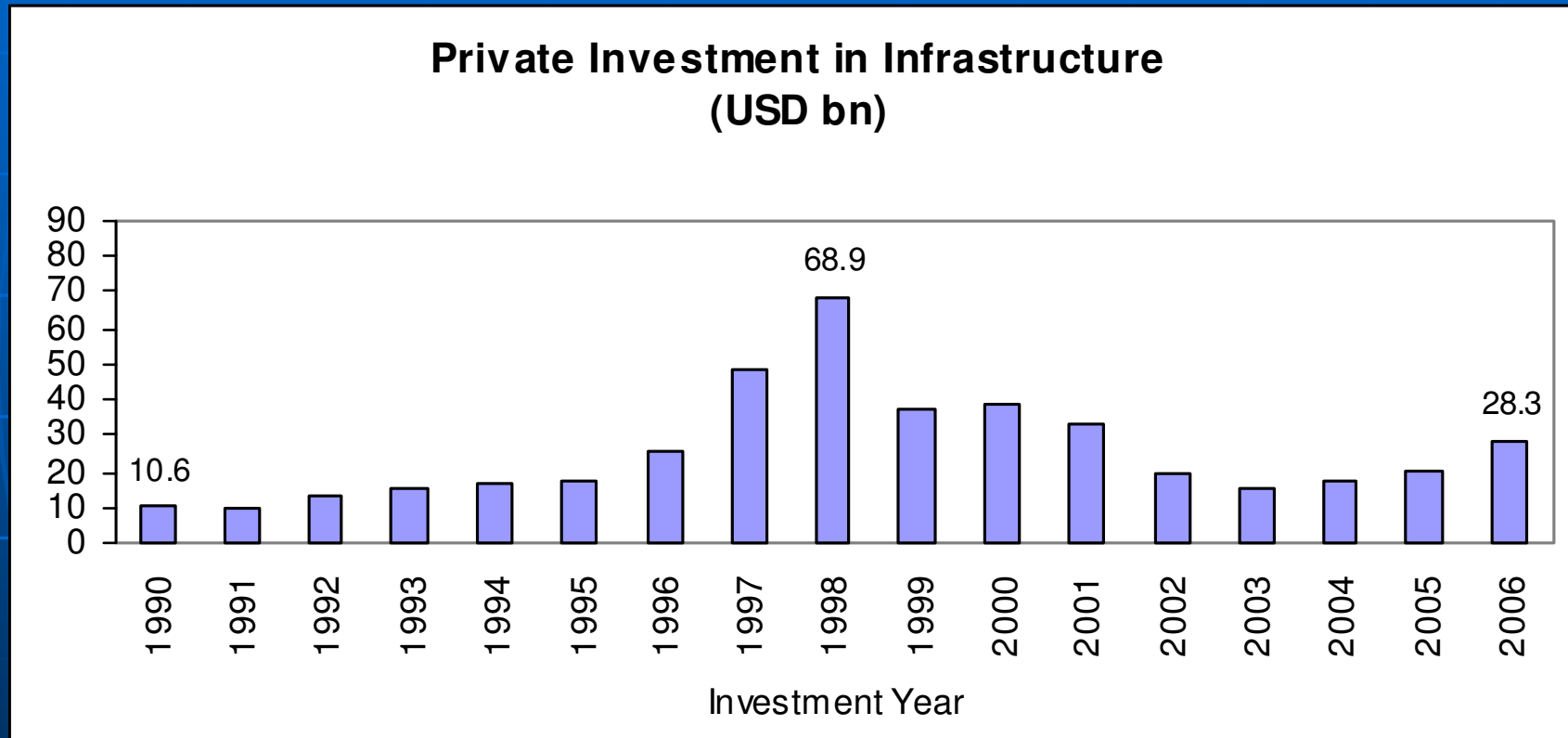


An illustration – coverage in Latin America

Many people still unserved:

- 51 million w/o access to improved drinking water source (9.2%)
- 116 million w/o adequate sanitation (23%), less than 13% of domestic sewerage treated
- 44 million w/o electricity (8%)
- 96 million using biomass for cooking and heating (19%)
- 203 million living in inadequate housing conditions (40%)
- Many w/o adequate transport options

Latin America: Private Investment in Infrastructure – back on the rise?



Source: Private Participation in Infrastructure (PPI) Database, World Bank

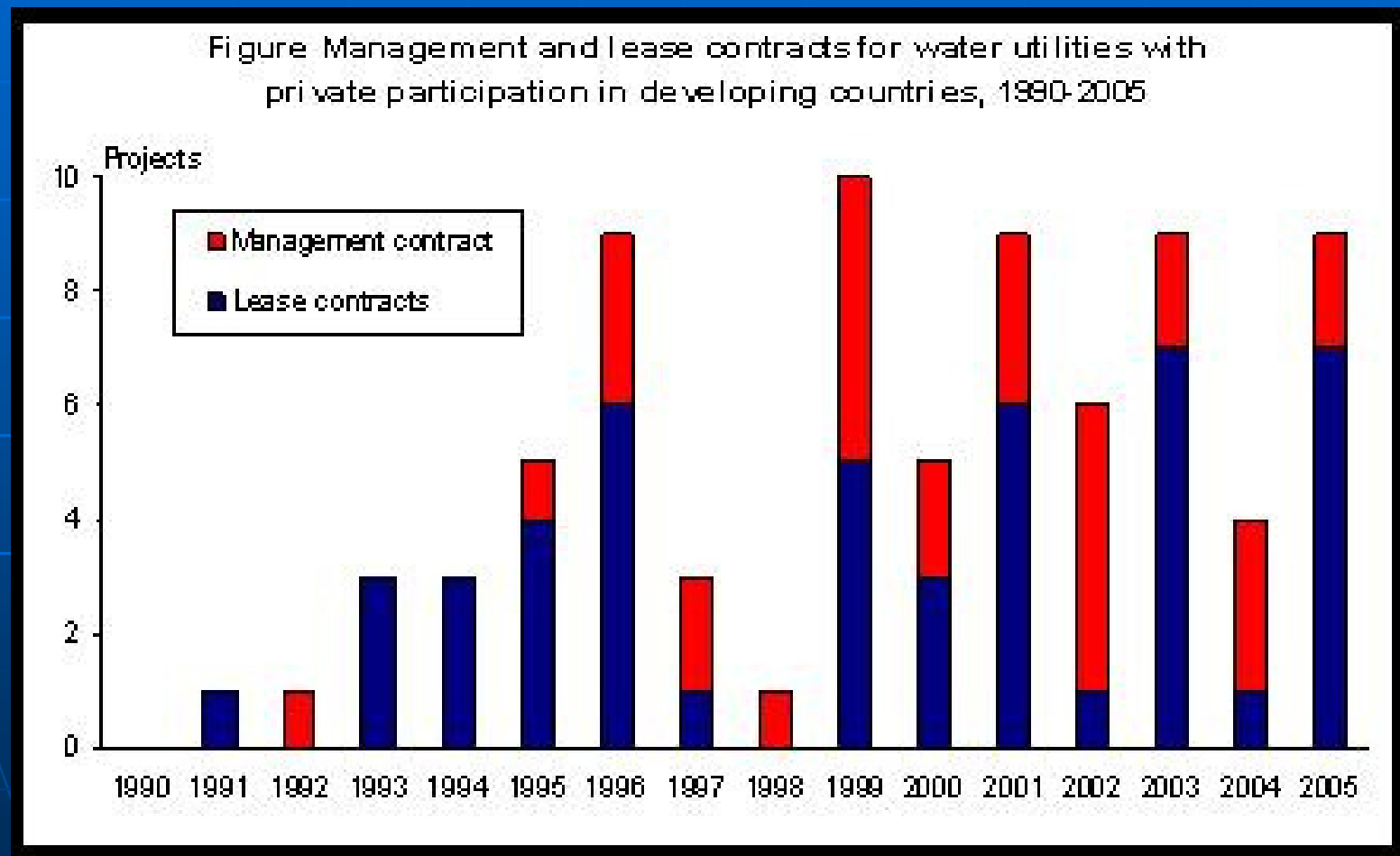
Investment Needs by Region by 2015

(percent of GDP)

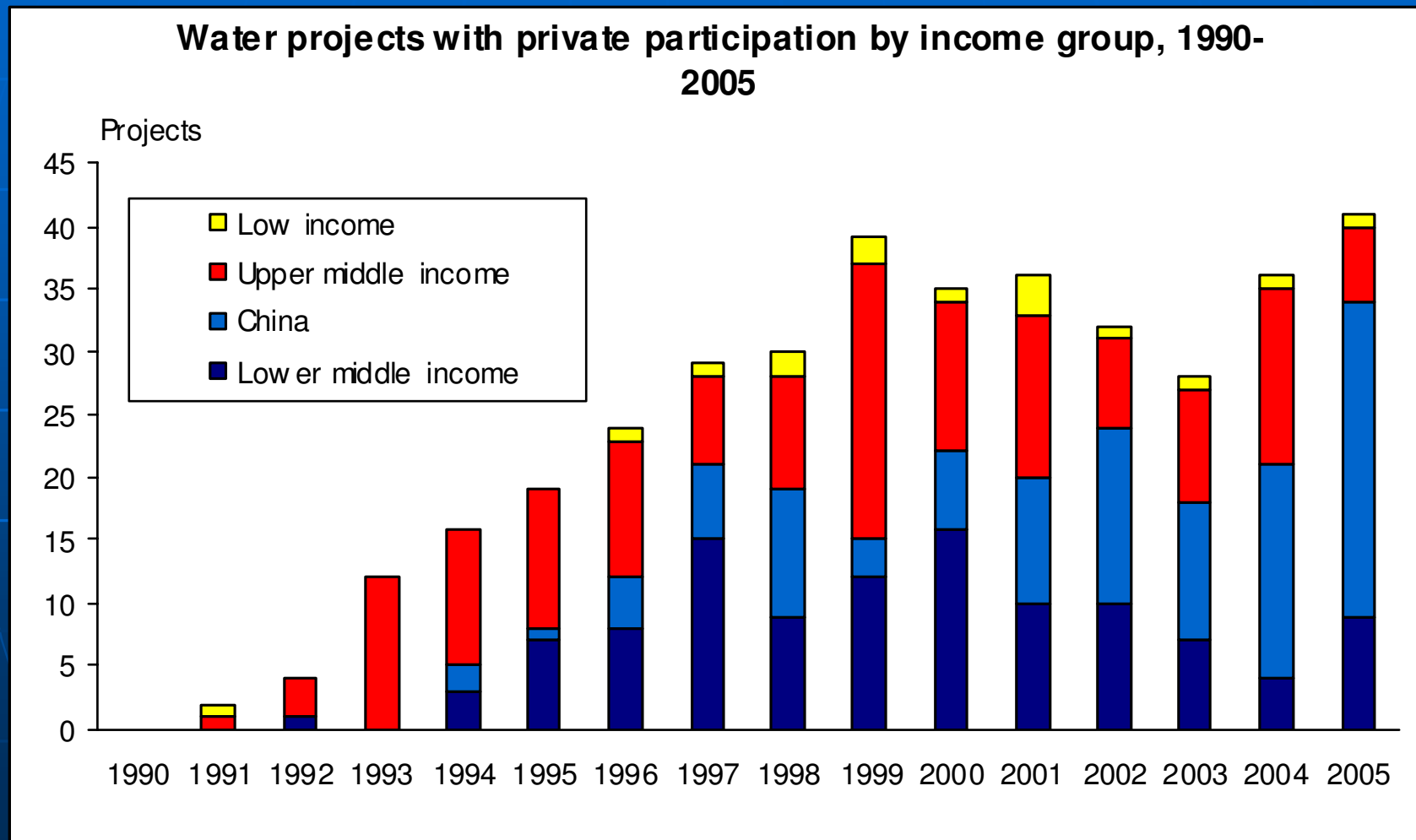
Annual Investment Needs, 2008–15 (at 2005 prices)

| Region | <i>Sector</i> | | | | | <i>Total</i> |
|------------|-----------------------|------------------|--------------------|-------------------|------------|--------------|
| | <i>Transport</i> | <i>Telecomms</i> | <i>Electricity</i> | <i>W&S+WW</i> | | |
| | <i>Percent of GDP</i> | | | | | |
| EAP | 1.7 | 0.4 | 3.2 | 0.5 | 5.9 | |
| ECA | 3.1 | 0.5 | 2.5 | 0.3 | 6.5 | |
| LAC | 1.5 | 0.6 | 2.0 | 0.4 | 4.4 | |
| MENA | 3.0 | 0.9 | 4.5 | 0.8 | 9.2 | |
| SAS | 4.0 | 1.3 | 4.3 | 1.7 | 11.3 | |
| SSA | 3.0 | 1.1 | 2.8 | 2.0 | 8.9 | |

The Face of Private Sector Participation is Changing

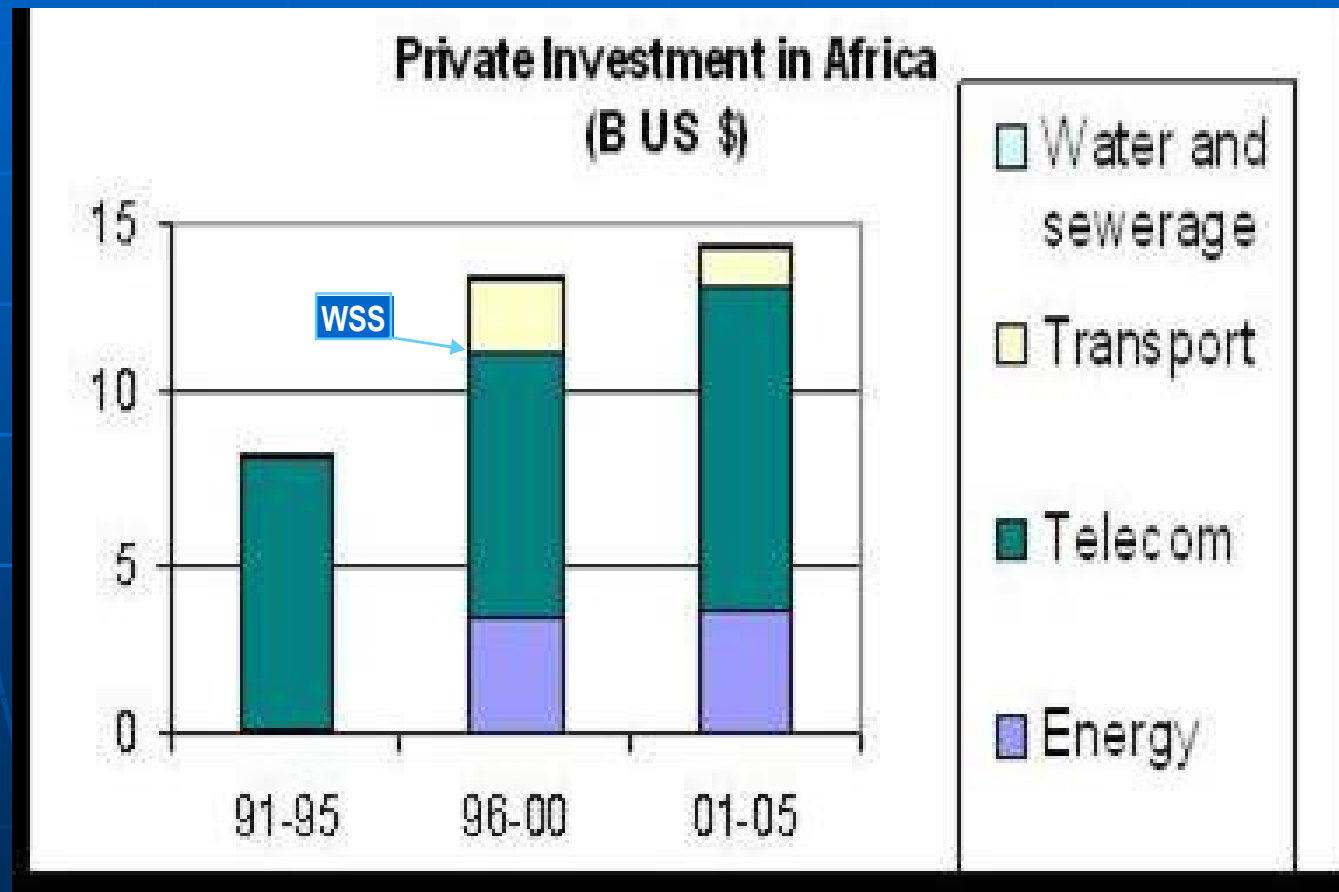


The Face of Private Sector Participation is Changing (cont.)



Africa: Financial Flows to the Sector

- Private investment is increasing but not in water



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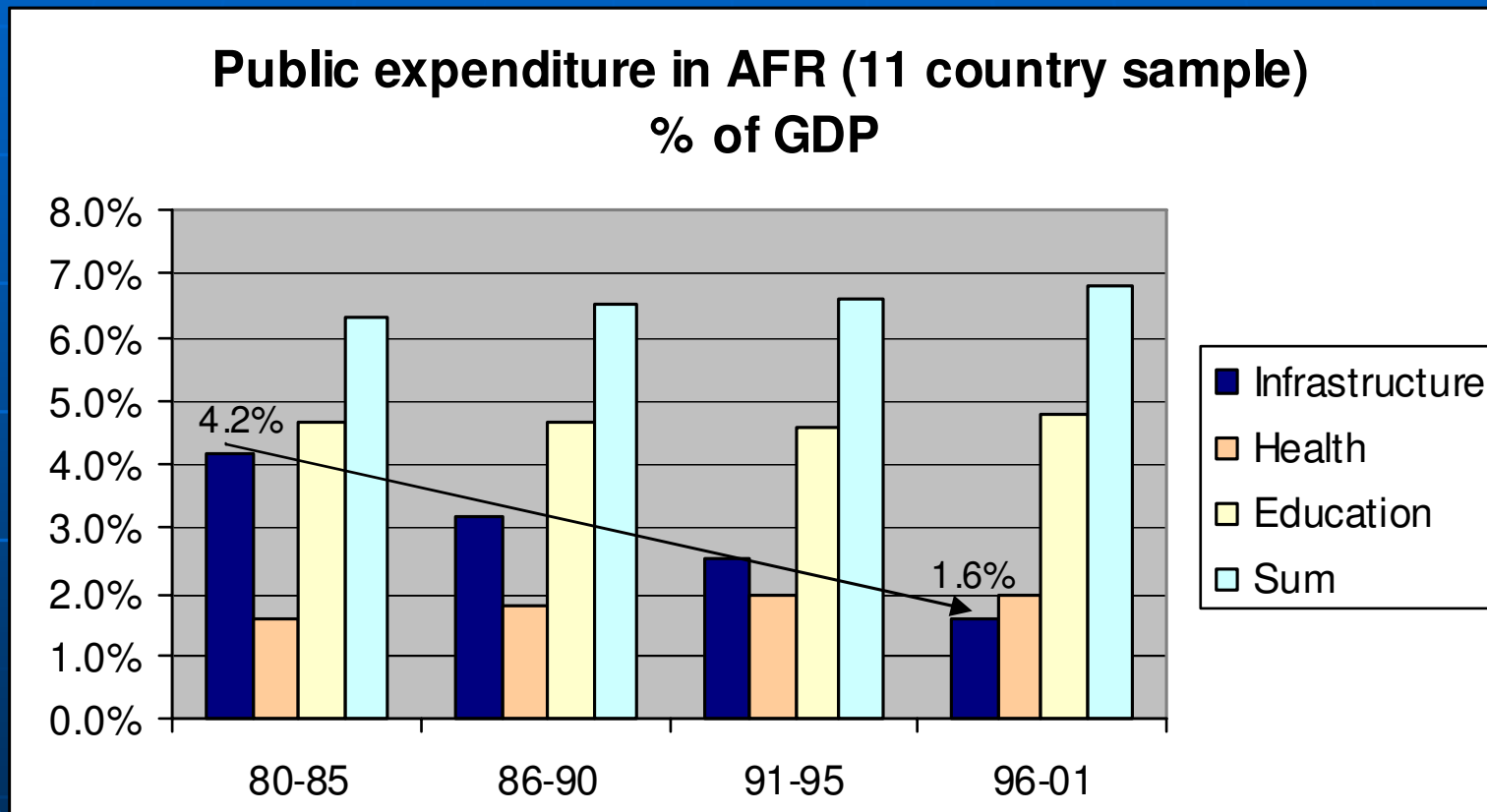
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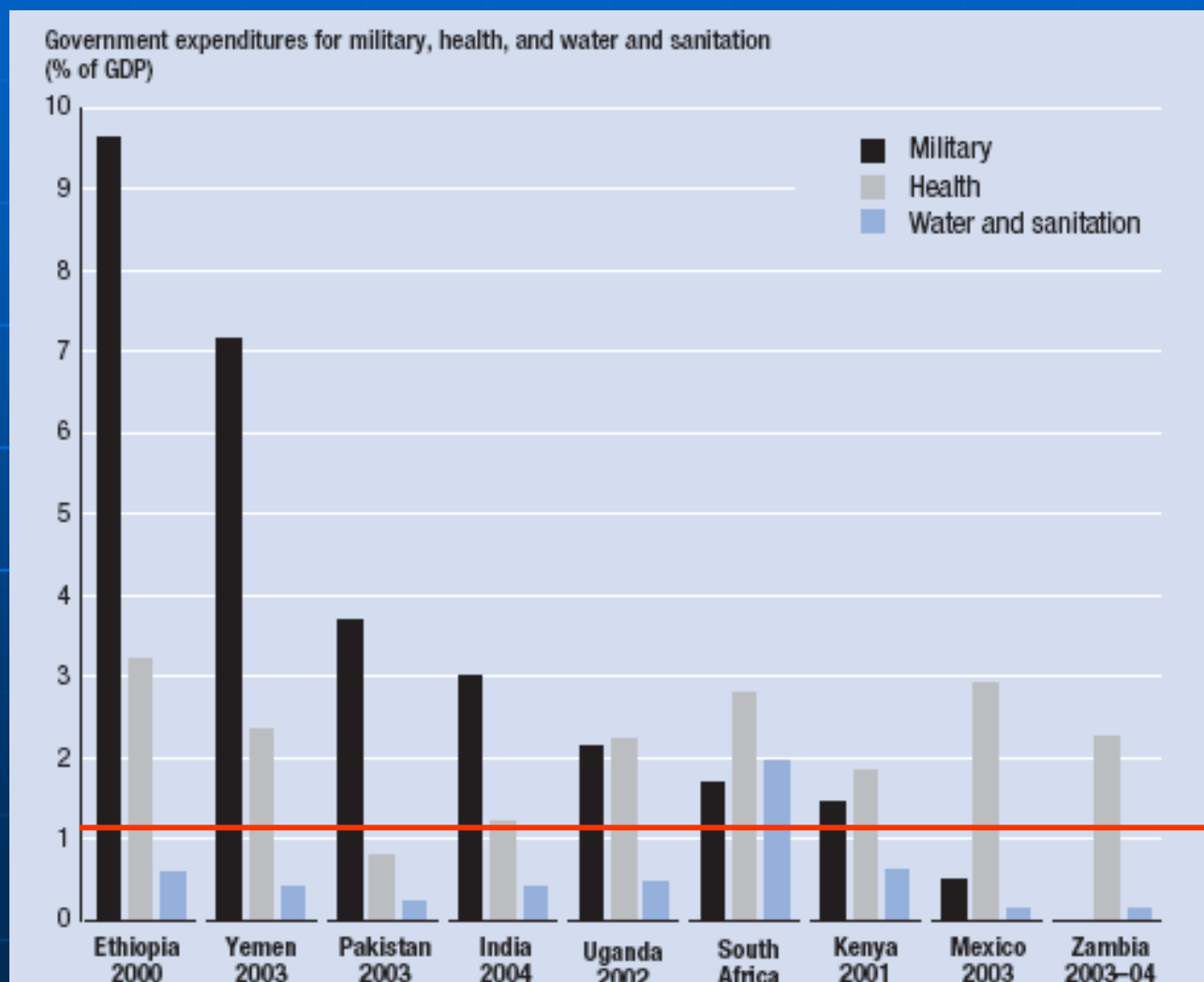
Public Spending and Development
Assistance in the Sector

Key Messages

Public investment in infrastructure decreasing



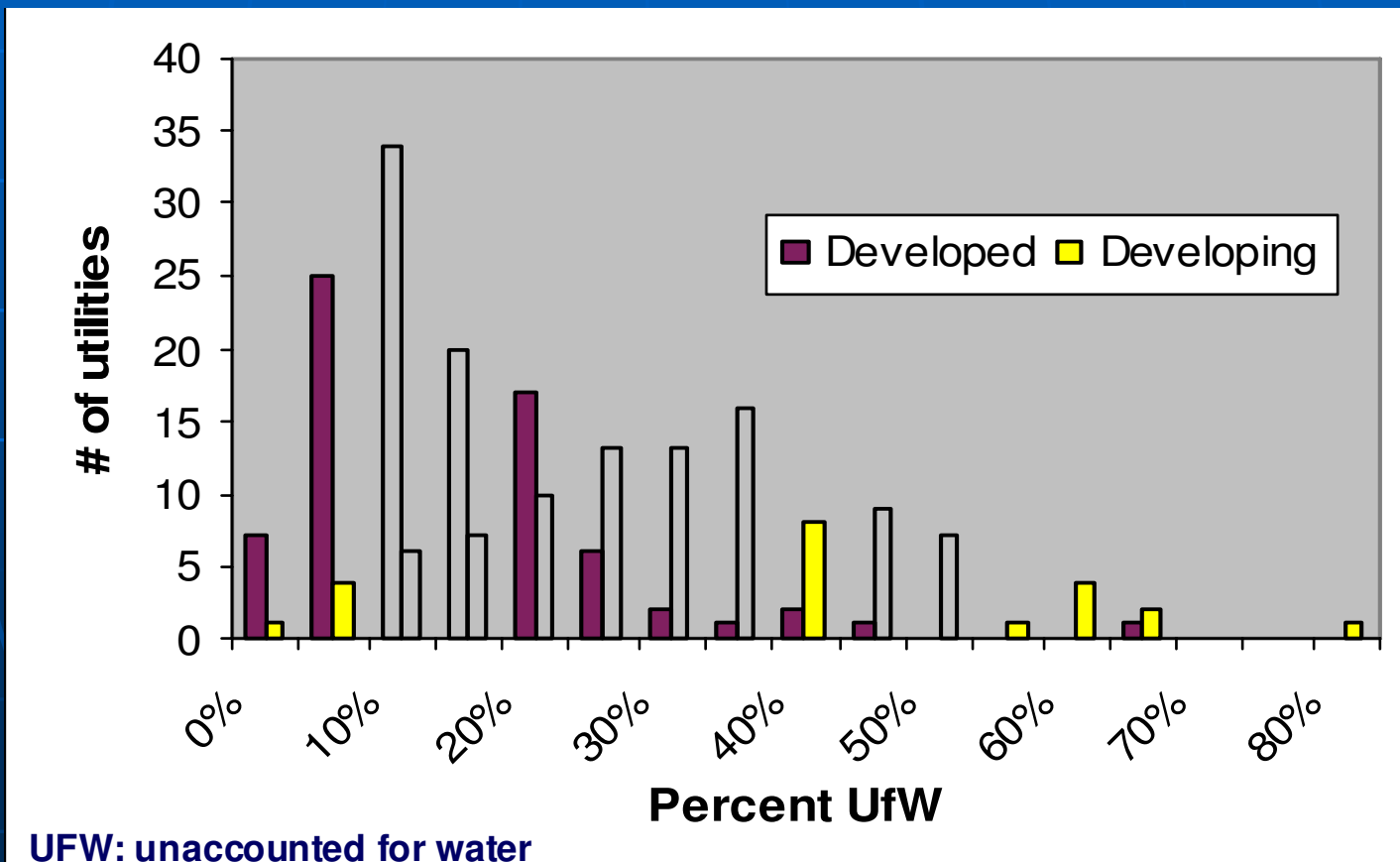
Bending the Negative Trend in Public Expenditure



Proposal in HDR2006:
Min expenditure 1% of GDP

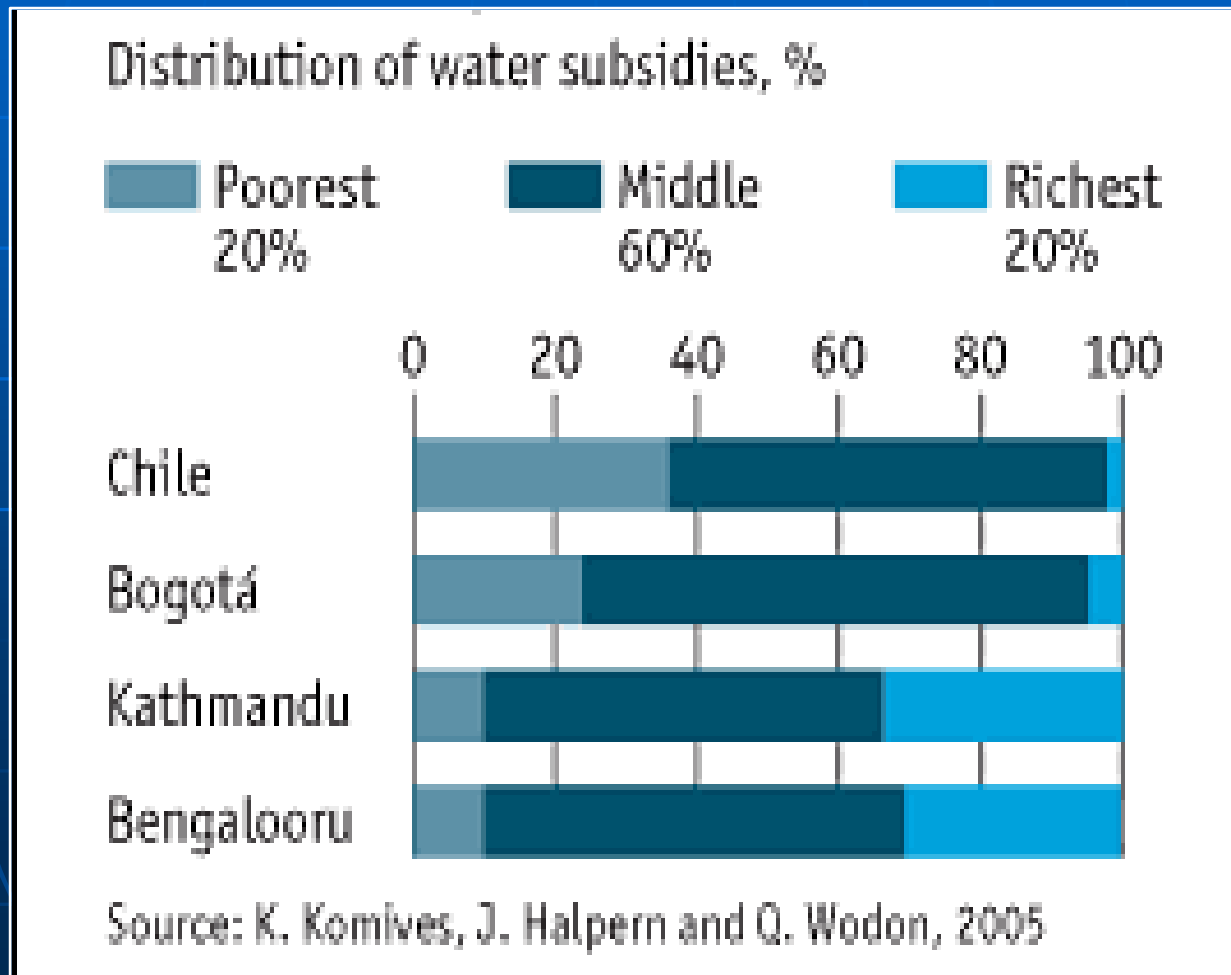
Improving the Efficiency of Scarce Public Expenditure

5B USD literally going down the drain: reduce NRW (non-revenue water)

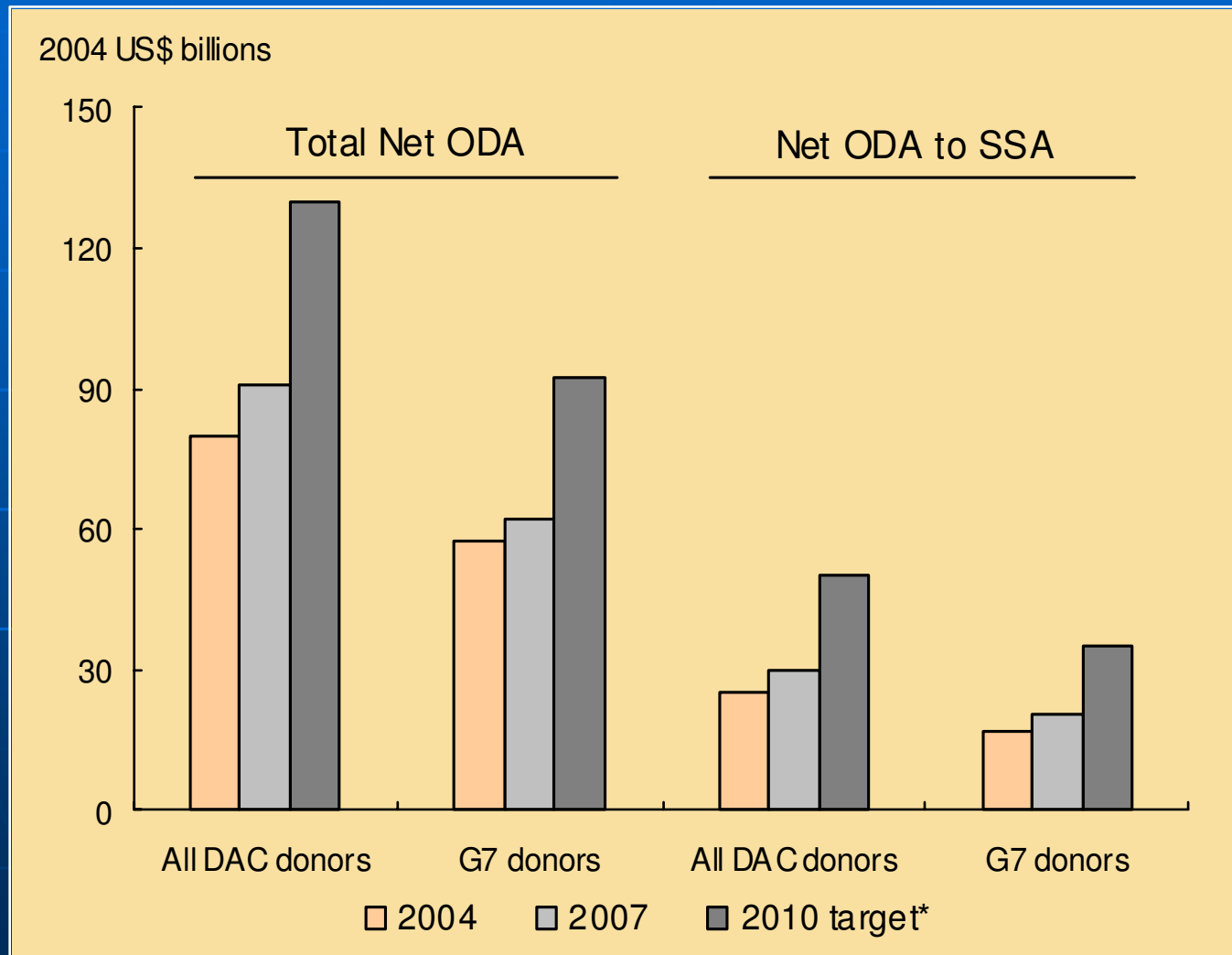


Improving the Efficiency of Scarce Public Expenditure (cont.)

- Subsidies are captured by the middle and upper class: change to access

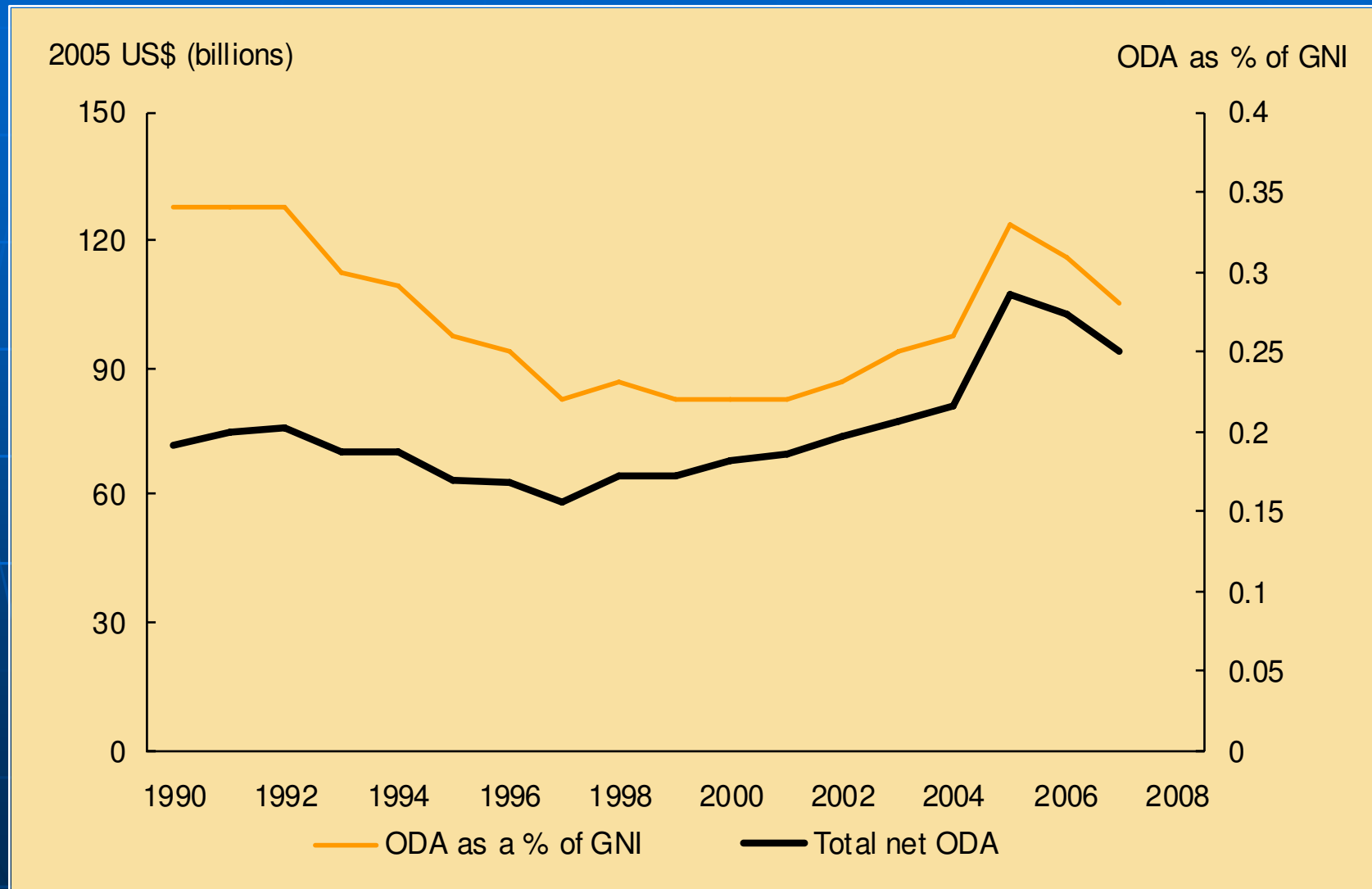


More and Better Aid?



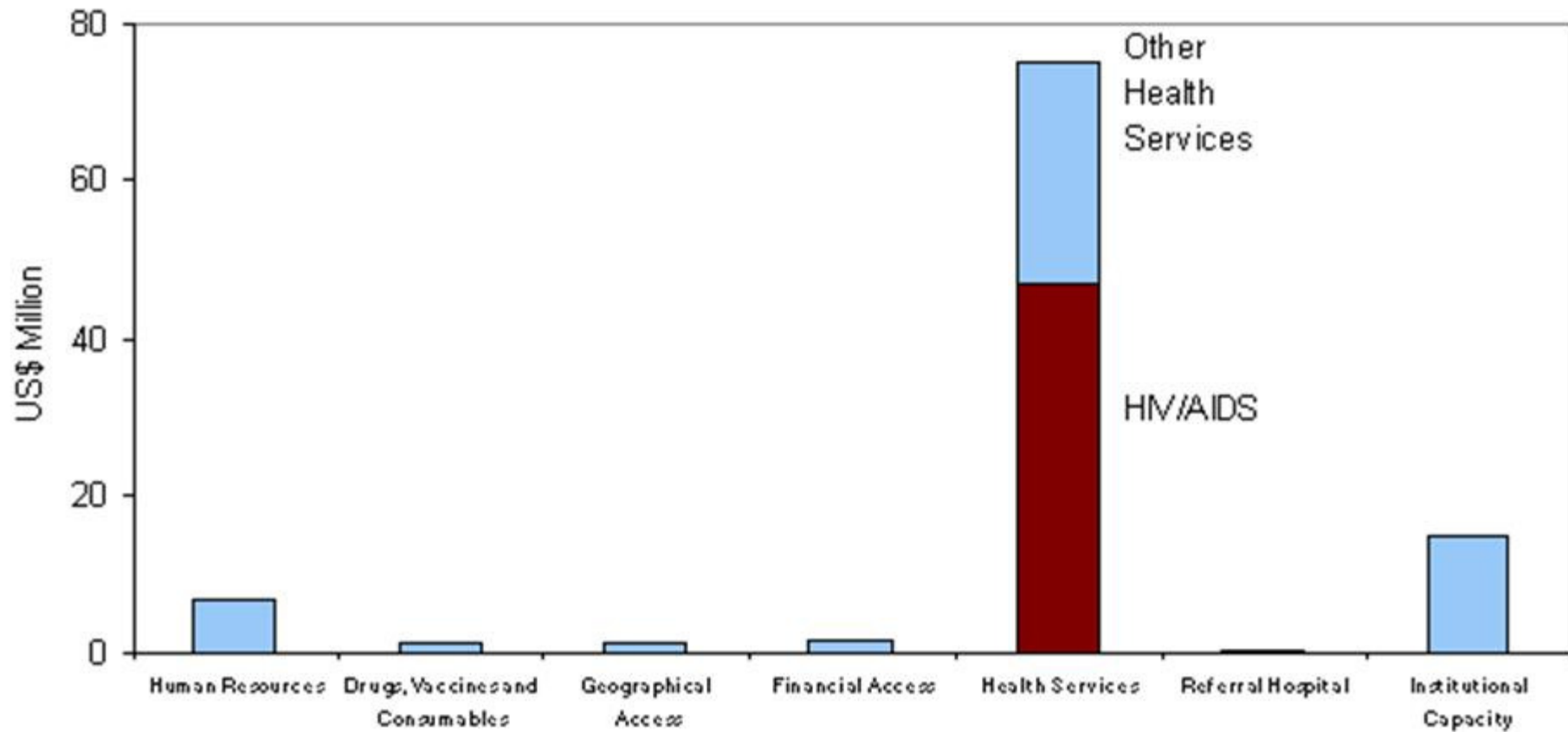
- **Time to deliver on aid commitment is NOW**
- **Most of the promised increase in aid has not yet materialized**

More and Better Aid?



More and Better Aid?

Distribution of Donor Funding by Strategic Objective in Rwanda
2005



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Clean water is a development necessity

Water and sanitation are public as well as private goods

Investment needs are large

Basic service delivery is part of inclusive development package



Thank You
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Gracias

