

COSTING MDG TARGET 10 on Water Supply and Sanitation

Context

At the United Nation Summit in September 2000, one hundred eighty-nine UN Member States adopted the Millennium Declaration, from which emerged the Millennium Development Goals (MDGs). The MDGs form a set of political commitments aimed at tackling the major development issues faced by the developing world, within a fixed period of time.

While almost all the MDGs can be indirectly linked to water supply and sanitation (WSS) issues, Goal 7 on environmental sustainability addresses them directly: one of its targets, Target 10, is to “halve by 2015 the proportion of people without sustainable access to safe drinking water and basic sanitation.” The baseline year has been established as 1990.

Purpose of the report

In the past few years, many reports have been written assessing the investment requirements for attaining Target 10 of the Millennium Development Goals (MDGs) for water supply and sanitation, all with different results. It is therefore necessary to clarify what lies behind the figures presented in the reports and to explain the reasons for the differing estimates.

This paper does not aim to present a new cost estimate. On the contrary, it highlights the difficulty of comparing the various estimated costs and, more generally, of costing Target 10. It also identifies potential weaknesses in each calculation method, and formulates recommendations regarding elements overlooked by all the reports, which must imperatively be included, as well as main challenges in attaining Target 10.

Approach

Eleven reports have been selected (*see below*) to reflect, in particular, the diversity of the institutions publishing cost assessments (international organisations, multilateral financial institutions, NGOs, research institutes) and the varied scope of the assessments (at global, regional or national levels). They have been analysed and summarised using a common, detailed format that enables comparison of the investment sectors covered by the assessments, of the assumptions used and of the methods of calculation.

List of the 11 reports reviewed:

- Asian Development Bank: Asia Water Watch 2015: Are Countries in Asia on Track to Meet Target 10 of the Millennium Development Goals? 2005.
- COWI, Financial needs of achieving the Millennium Development Goals for water and sanitation in the EECCA region, draft main report, 2004.
- French Water Academy: Henri Smets: The Cost of Meeting the Johannesburg Targets for Drinking Water: A Review of Various Estimates and a Discussion of the Feasibility of Burden Sharing, revised edition, 2004.

- Global Water Partnership (GWP): Towards Water Security: A Framework for Action, 2000.
- Stockholm Environment Institute (SEI): Sustainable Pathways to Attain the Millennium Development Goals: Assessing the Role of Water, Energy and Sanitation, 2005.
- UN Millennium Project, Task Force 7 on Water and Sanitation: Health, Dignity and Development: What Will It Take?, 2005.
- Water and Sanitation Programme (WSP): Meera Mehta, Thomas Fugelsnes and Kameel Virjee: Financing the MDGs for Water and Sanitation: What Will It Take? 2005.
- Water Supply and Sanitation Collaborative Council (WSSCC): Vision 21: A Shared Vision for Hygiene, Sanitation and Water Supply, and a Framework for Action, 2000.
- WaterAid: The Water and Sanitation Millennium Development Targets in Nepal: What Do They Mean? What Will They Cost? Can Nepal Meet Them? 2004.
- World Bank: Progress Report and Critical Next Steps in Scaling Up: Education for All, Health, HIV/AIDS, Water and Sanitation, Addendum 3: “Water Supply and Sanitation and the Millennium Development Goals”, 2003.
- World Health Organisation (WHO): Guy Hutton, Laurence Haller: Evaluation of the Costs and Benefits of Water and Sanitation Improvements at the Global Level, 2004.

Main findings and recommendations

Causes for variations in the estimates

The global assessments reviewed range from 9 billion to 30 billion USD per year. The variations in these estimates is largely due to:

- Problems in defining Target 10: In particular, the terms “safe” water and “basic” sanitation need to be clearly specified, with consistent criteria;
- The lack of reliable data reflecting the real situation with respect to WSS: this leads to considerable vagueness and shortcomings in the assessments;
- The different methods and assumptions used to assess the target population for service provision by 2015, the level of service to be implemented and the unit cost of each water supply and sanitation technology. Consequently, it is difficult to compare the estimated costs.

The global assessments of Target 10 fulfilment needs are underestimated

In general, the estimates failed to include in their calculations:

- Costs for maintenance, rehabilitation or replacement of existing, aging or neglected infrastructure;
- Costs for development of water storage and conveyance infrastructure aimed at providing people with greater water resources;
- Costs for capacity building, hygiene education, policy planning, monitoring and regulation.



Yet, this kind of investment is vital if “sustainable” access to WSS is to be ensured for all targeted households, and may be very costly. As a result, the global cost of reaching Target 10 has been underestimated.

Furthermore, the reviewed cost assessments reflect only the economic cost of investment, with no allowance for the way in which the required investments will be financed. This explains why none of the reviewed reports have added financing charges (interest payments, commissions, commitment fees...) to the cost of the projected infrastructure.

Similarly, if local communities, for example in rural areas, contribute their labour to a project, the monetary cost of the required investment will be reduced. The fact that these factors have not been taken into consideration surely lessens the relevance of the MDG cost assessments, if their objective is a “real” funding requirement figure for fulfilling Target 10.

More funding is necessary in the water and sanitation sector

It must be stressed that Target 10 only covers water for people and not water for agriculture and industry. Moreover, other MDG targets are either directly or indirectly related to water and sanitation issues. For example, the fulfilment of Target 9 on environmental sustainability and the conservation of natural resources implies the need for wastewater treatment, which is extremely costly. Hence, limiting investment requirements in the WSS sector to Target 10 alone is too restrictive.

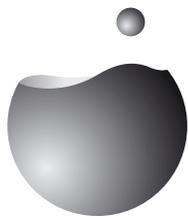
In any case, additional funding must be allocated to the WSS sector because the investment requirements are larger than their evaluations in the reports, and because current investment in water supply and sanitation in the developing world are estimated at a mere 14 to 16 billion USD per year (GWP 2000, “Camdessus report” 2003). The effort must focus primarily on sanitation, urban areas, and on Sub-Saharan Africa, India and China.

The need for assessments at the country level

Target 10 is particularly difficult to cost at the global level. Furthermore, given the number of global estimates that already exist, it seems pointless to spend even more time and resources refining them. To the contrary, future efforts should be concentrated on the local level, with more planning and, therefore, assessments at national and sub-national levels.

Moreover, that type of assessment is more accurate and may be more helpful to governments of developing countries and donors as an indicator to determine the amount of public funds or official development aid to be allocated to the WSS sector. A general agreement should be encouraged to establish on a more comprehensive, standardised calculation methodology that could be used by all to generate results at the country level. These results could then be compared with each other.





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