

## *Water, sanitation and poverty*

### **Clean water is a right**

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*But it also needs to have a price*

AFP



GROWING up on the shores of Lake Victoria in the 1950s, Anna Tibaijuka would earn a couple of cents by sorting coffee beans for her father. With one of these coins she would buy a sweet from an Indian shopkeeper. With the other, she would buy potable water from a kiosk.

But when she returned to her hometown in early 1960s, the kiosk was no more. Julius Nyerere, Tanzania's first president, had declared water free. When it cost a cent, not a drop was wasted, Mrs Tibaijuka recalls. But when the tap ran freely, water was squandered, and—invariably—stopped.

Mrs Tibaijuka now heads UN-Habitat, the United Nations Human Settlements Programme, one of 23 UN agencies with some stake in helping the 1.1 billion people around the world who do not get enough safe water, and the 2.6 billion who live in unsanitary squalor. This week another of those agencies, the United Nations Development Programme (UNDP), published its annual report on human development.<sup>[\*]</sup> It denounces the world's complacent disregard for such unglamorous subjects as standpipes, latrines and the 1.8m children who die each year from diarrhoea because the authorities cannot keep their drinking water separate from their faeces.

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[\*Human Development Report 2005 – <http://hdr.undp.org/reports/global/2005/>]

The study is both coldly analytical and angry. Its lead author, Kevin Watkins, recalls a visit to Kibera, a Nairobi slum where people defecate into plastic bags, which they toss onto dumps or by the road. These “flying toilets”, as they are called, often land on fractured water-pipes. When the pressure drops, the pipes suck in the matter piled on top. In such conditions, drains and sewers are not just nice to have; they are vital tools of preventative medicine, needed to combat diarrhoea (see chart).

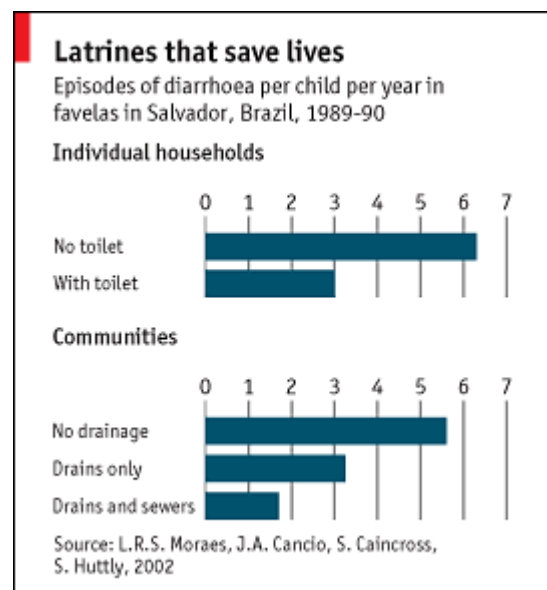
The report calls for access to water to be recognised as a human right by governments around the world, as it is by South Africa's. But for all its idealism, the study does not repeat Nyerere's mistake. It acknowledges a hard reality that some people find as unsavoury as the technical details of building latrines: whatever they put in their constitution, governments should also make better use of the most reliable guarantor of supply—price.

Whether or not water is a right, it is also a commodity which, unlike liberty of expression or freedom from torture, is costly to provide. If those costs are not covered, water will not be supplied. Moreover, unlike most human rights, a litre of H<sub>2</sub>O enjoyed by one person cannot be consumed by anyone else. If some people underpay and overconsume the stuff, there will be less of it for others. As the human development report puts it: “Underpricing (or zero pricing in some cases) has sustained overuse: if markets delivered Porsche cars at give-away prices, they too would be in short supply.”

But can the poor afford to pay the costs of supplying water? Not without help, the report argues. As a rule of thumb, it takes about \$10 a month to supply a household in a poor country with the water it needs to subsist, according to Vivien Foster and Tito Yepes of the World Bank. They calculate that about 90% of Latin American households could afford a water bill that size, without spending more than 5% of their income. But in the continent's poorer countries, such as Honduras, Nicaragua and Bolivia, 30-50% of urban households could not stretch that far. And in India and sub-Saharan Africa, more than half of households would struggle to pay.

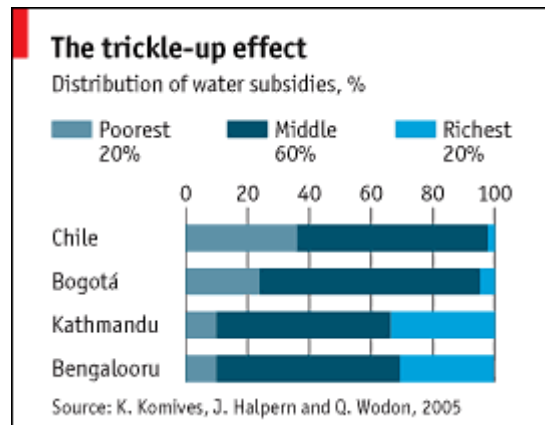
If the poor cannot pay, someone else must. Taxpayers already bear some of the costs of water, shovelling money into loss-making public utilities. Ms Foster and Mr Yepes reckon that almost 90% of water utilities in low-income countries do not charge their retail customers enough to cover the costs of operating and maintaining their pipes, let alone investing in them.

Utilities, then, are thirsty for taxpayer handouts. But as with blocked plumbing, these subsidies flow largely in the wrong direction. It is mostly the better-off who enjoy connections to the water grid, and so it is they who mostly benefit from its underpriced water (see chart *on next page*).



In Chile subsidies are better aimed. Poor households must prove their straitened means to the government, which then picks up between 25% and 85% of the monthly tab for up to 15 cubic metres (3,960 American gallons) of water. The UN report praises Chile's model—but it cautions that such an approach requires a government that can identify the poor, and a firm that can meter their consumption.

The upshot is that asking utilities to cover more of their costs is not as callous as the left-wing “water-warriors” claim. It may benefit the poor if the money the exchequer saves can then be handed to them through cash transfers, or spent on connecting them to the mains, rather than on filling the baths and basins of the rich.



Nonetheless, “cost-recovery” is taboo in some circles, because of two other unmentionables that are assumed to follow from it: profit and privatisation. The report is sceptical about privatisations of the past, several of which ended badly.

But now, the report suggests, arguments over the principle of privatisation are merely a distraction. The same sentiment was expressed earlier this year at a World Water Forum in Mexico, where many delegates were eager to get past the old dichotomy of “public versus private” forms of water supply. Left-wing NGOs, such as the World Development Movement, say this change of tone means the private sector is now on the defensive.

The poor would be puzzled to hear that the profit motive is in retreat. As the report points out, many of them rely on water freelancers—laying pipes, drilling wells, or trucking water—who sell water to people unserved by public utilities. In Latin America this “other private sector”—as Tova Maria Solo, a World Bank analyst, calls it—shows business acumen and sets surprisingly keen prices.

For all the passion of their utopian defenders, the poor know better than to count on help from their own governments or even on foreign donors for water. Unless Mr Watkins's case for rationally administered aid is heard, poor, thirsty people will continue to turn to the “other private sector”, which is often the only provider they can rely on.

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