



**Capacity Building Workshop on Partnerships for Improving the
Performance of Water Utilities in the LAC Region**
11-13 June 2007, Recife, Brazil

Meeting Water and Sanitation Goals in the LAC Region: Role of Public Water Utilities

By

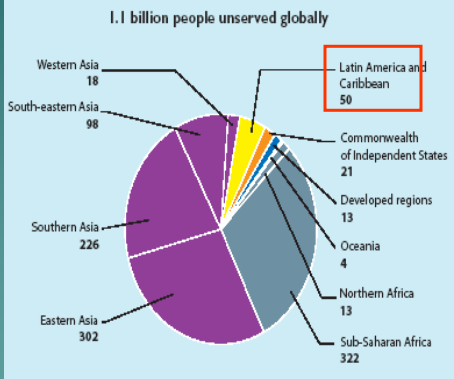
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PRESENTATION OUTLINE

- 1. Progress on Meeting the MDGs: An Overview**
- 2. Key Players in Provision of Services in Urban Areas**
- 3. Main Challenges Facing Water Utilities**
- 4. Water-Poverty Nexus**
- 5. Key Messages**

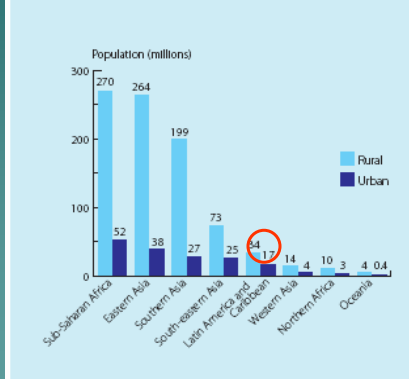
PROGRESS ON MEETING THE MDGs ACCESS TO WATER

Population (millions) without improved drinking water sources by region in 2004



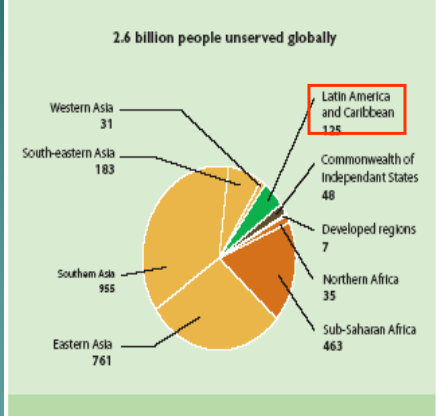
Source: JMP Report of WHO and UNICEF 2006

Rural and urban population (millions) without access to an improved drinking water source in 2004 in developing regions

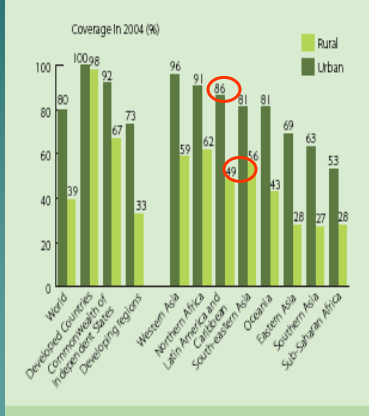


PROGRESS ON MEETING THE MDGs ACCESS TO SANITATION

Population (millions) without improved sanitation by region in 2004



Urban and rural disparities in sanitation by region in 2004



STATUS OF REACHING THE MDG ON WATER

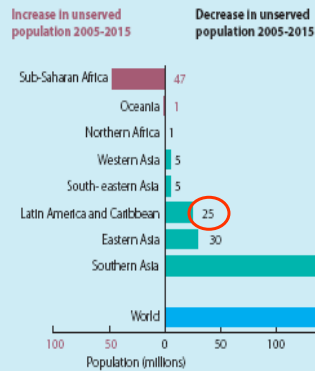
Region	1990 Coverage	2004 Coverage	Required Coverage
North Africa	89	91	93
Sub-Saharan Africa	49	56	65
Latin America and Caribbean	83	91	88
East Asia	71	78	80
South Asia	72	85	80
South East Asia	76	82	83
West Asia	85	91	90
Developing Region	71	80	80
Developed Regions	100	99	100
WORLD	78	83	85

STATUS OF REACHING THE MDG ON SANITATION

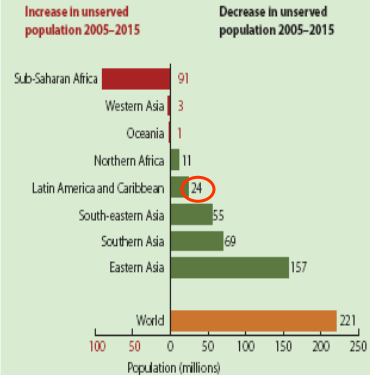
Region	1990 Coverage	2004 Coverage	Required Coverage
North Africa	65	77	76
Sub-Saharan Africa	32	37	52
Latin America and Caribbean	68	77	78
East Asia	24	45	47
South Asia	20	38	44
South East Asia	49	67	65
West Asia	81	84	87
Developing Region	35	50	55
Developed Regions	100	99	100
WORLD	49	59	65

PROJECTING CURRENT TRENDS TO 2015

Projected change in the absolute numbers of people without access to an improved drinking water source 2005–2015, by developing region, if the 1990–2004 coverage trends continue to 2015



Absolute change in population without access to improved sanitation 2005–2015, by developing region, when the 1990–2004 coverage trend is projected to 2015



Source: JMP Report of WHO and UNICEF 2006

LINKING PROGRESS TO OTHER INDICATORS

Region	HDI	PC/GDP \$	Population Growth Rate %	Access Sanitation %	Access Water %
Developing Countries	0.679	4,775	1.9	49	79
Least Developed Countries	0.464	1,350	2.5	37	59
Arab States	0.680	5,680	2.6	71	86
East Asia and the Pacific	0.760	5,872	1.4	50	79
Latin America and the Caribbean	0.795	7,964	1.9	78	91
South Asia	0.599	3,072	2.1	37	85
Sub-Saharan Africa	0.472	1,946	2.7	37	56
Central and Eastern Europe	0.802	8,802	0.3	NA	94

MAINTAINING THE MOMENTUM

- Gains made so far could be eroded
- Achievement of other MDGs could be Jeopardized
- May lead to wider inequalities in health, education and poverty reduction
- Reaching the other half
- IYS and Water for Life Decade

KEY PLAYERS IN PROVISION OF W&S SERVICES IN URBAN AREAS

- State/City Governments (Municipalities)
- Public Utilities
- Privately Operated Utilities
- Small Scale Water Providers
- Community Based Organizations

REFERENCE TO CSD-13 DECISIONS (WATER & SANITATION)

1. Decentralization of water services
2. Strengthen governance of public water Utilities
3. Enhance the contribution of small scale water providers
4. Public-private partnerships
5. Adequately empower local authorities
6. Partnerships for scaling up

GENERAL STATE OF PUBLIC WATER UTILITIES

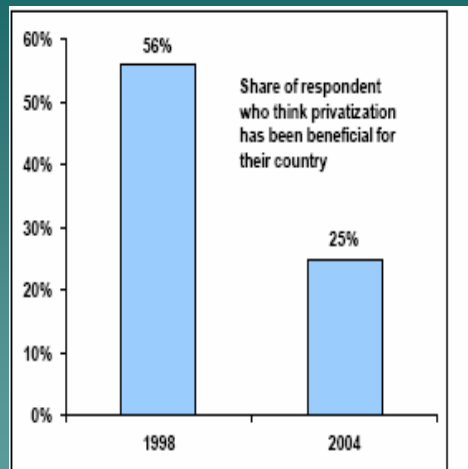
Performance Variables	Developing Countries Utilities	Developed Countries Utilities	Realistic Targets Possible
High UFW	40%	16%	23%
Failure to recover O&M costs	>1	0.7	0.7
Over-inflated costs	20/1000	2/1000	5/1000
Slow collection rate	10 months	NA	3 months
High connection fees (GDP/pc)	60%	NA	20%
Low service coverage	<50%	100%	100%
Service is intermittent	12 hrs/day or less	24 hrs/day	24 hrs/day

Source: IFC/World Bank Survey of 246 Utilities (small and large) in 51 developed and developing countries.

CHALLENGES FACING THE PUBLIC WATER UTILITIES

- Pressure to expand provision of services
- Sustainability of existing/new services, including infrastructure
- Inadequate capital investments
- Limited technical and institutional capacities
- Negative external environment
- Changing perceptions about partnerships

PERCEPTIONS ABOUT PRIVATIZATION IN LATIN AMERICA



Source: Latinobarometro surveys, 1998-2002

REGULATING PUBLIC WATER UTILITIES

It is important to regulate because:

- Water network systems are natural monopolies
- Large sunk investments and economies of scale
- Parties could be subject to opportunistic behavior

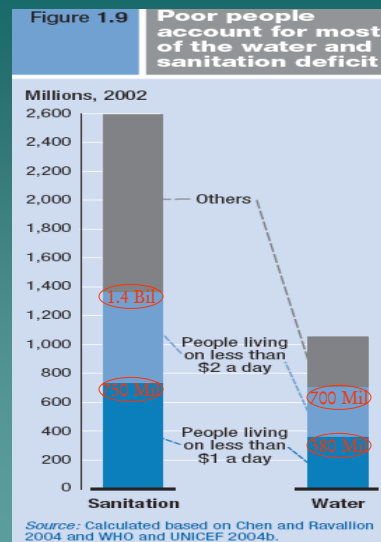
Therefore, a strong regulator is needed to:

- Achieve outcomes consistent with those from a competitive market
- Implement government policies
- Balance interests of all parties

WATER-POVERTY NEXUS

WHO SUFFERS THE MOST ?

The perverse reality in much of the developing world is that the poorest people get less water, and they also pay some of the world's highest prices.



Adapted from the Human Development Report, UNDP, 2006.

KEY MESSAGES

- 1. Public sector has a great potential to contribute**
- 2. Financing to the sector must be increased**
- 3. Balancing governance reforms with financing needs**
- 4. Partnerships for capacity building**