Safeguarding economic progress in East Asia through sanitation

Jamal Saghir
Director
Energy, Transport and Water
The World Bank

Beppu, Oita
Japan
November 30, 2007

Region’s remarkable achievements in the last decade

- Economic growth rates 6-10%
- 300 million lifted out of poverty
- Significant increase in life expectancy and girls’ schooling
- Decrease in infant mortality rates
- Financial recovery & stability
- Market liberalization, regional integration & increased competitiveness
- Bold political reforms including decentralization

East Asia a region where leadership, innovation and regional integration have yielded great success
Poor Sanitation

A public concern

A private issue

Sanitation:
infrastructure & services for the safe management of human waste

Hygiene:
behaviors related to the safe management of human waste

This presentation:
- Examines progress made in sanitation in East Asia
- Explores the relationship between sanitation and economic progress
- Highlights challenges in scaling up provision to meet and go beyond the MDGs
- Presents the objectives of the conference
Is sanitation coverage consistent with the level of development of East Asia?

**YES!**

- One of few regions which will meet its 2015 sanitation MDG target
- 440 million people gained access to sanitation since 1990 (>25 million/year)
- Some countries already achieved their sanitation MDG; others will reach targets by 2015 or soon afterwards

Is sanitation consistent with the level of development?

**But, oh no!**

- 40% of the world’s population with unimproved sanitation live in East Asia
- Despite meeting MDG target 700 million will still be without sanitation
- Every second person in rural East Asia will not see sanitation improvement
- Some countries risk missing the MDG target unless progress accelerates
Outline

- Progress in sanitation in East Asia
- The relationship between sanitation and economic progress
- Challenges in scaling up provision to meet and go beyond the MDGs
- Objectives of the conference

Why should sanitation concern East Asia?

Poor sanitation has major economic impact

Improved sanitation can avert much of it

- World Bank and Water and Sanitation Program undertook with partners an assessment of the economics impacts of sanitation in Cambodia, Indonesia, Philippines and Vietnam
- Quantified economic impact estimates for Health, Water resources, Land use, Sanitation access time, Tourism
- Qualitative assessment of intangibles (e.g., aesthetics)
Investing in sanitation results in huge benefits

of US$9 billion loss/year >70% can be averted (US$6.6 billion)

Sanitation affects production

In 4 countries sanitation-related losses ~2% of GDP
Poor sanitation causes disease and death

- Evaluation of selected economic impacts associated with diarrheal disease, skin disorders, helminthes, trachoma and diseases related to malnutrition
  - Cost of health care
  - Time loss (productivity)
  - Premature death (discounted earnings)

At least 1 disease episode for every 2 people annually

- At least 80% of disease episodes and deaths in <5 age group
- Poor people with higher rates & more vulnerable to effects of disease
Concerns about water quality…

Would you drink from this river?

People do.

High mitigation costs

Most households treat their water

% households treating water

Cambodia  Indonesia  Philippines  Vietnam
Poor sanitation affects the wider environment and living space

- Open defecation
- Leaking shared and public toilets, sewers
- Uncollected garbage, littered streets and markets, flies, animals
- Unsanitary unofficial dumpsites

Leading to

- “No go” zones – loss of valuable land, especially in cities
- Welfare loss – putrid smells, diseases, poor image

What homes are being built for 2 billion East Asians?

Some important quality of life measures aren't easily quantified

*Most people perceive benefits in using private, sanitary latrines*
Practices out of line with preferences, out of line with the level of progress

- Vietnam
- Philippines
- Indonesia
- Cambodia

Population (million)

Coverage linked with income: the poor suffer more

Phnom Penh, Cambodia

Average (all)

Richest 20%

Poorest 20%

Rural Cambodia

Average (all)

Richest 20%

Poorest 20%
Sanitation in institutions also lags behind

- Inadequate facilities in
  - Schools
  - Work places
  - Public places

- Impacts on
  - School and work absence
  - Life decisions
  - Quality of life of those using foul latrines or practicing open defecation

The forgotten half of provision

Tourists are sensitive to their environment

- Tourism is a high value and fast growing source of revenue and foreign exchange in the region

- Most tourists will not:
  - Choose holiday destinations they suspect are unsanitary or have poor food safety
  - Come back or recommend to friends if they got sick or expectations were not met
Tourism revenues can be put at risk by poor sanitation

High value tourists will not come...if the drains lead to the beach

Outline

- Progress in sanitation in East Asia
- The relationship between sanitation and economic progress
- Challenges in scaling up provision to meet and go beyond the MDGs
- Objectives of the conference
Why not universal sanitation?

- Per capita impacts in 4 countries range from US$10 to over US$30
- Impacts are likely to be similar in other countries participating in EASAN

Why is the sector under invested?

Political demand for sanitation from lower levels of government remains low

- Low overall spending in Asia (1990-2000 annual)
  - 3.6% of investment for W&S
  - Water: US$ 6 billion split rural/urban 50/50
  - Sanitation: US$1.1 billion split rural/urban 10/90
- Spending has lifted only marginally since then
- Local governments need strong direction from national leaders

Indonesia: sanitation <10% of sector budget
More is required

The estimated annual water and sanitation expenditure need is US$12 billion in the region

<table>
<thead>
<tr>
<th>Region</th>
<th>Rural Water and Sanitation</th>
<th>Urban Water</th>
<th>Sanitation &amp; Wastewater</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Asia and the Pacific</td>
<td>0.20%</td>
<td>0.34%</td>
<td>0.10%</td>
<td>0.64%</td>
</tr>
<tr>
<td>Europe and Central Asia</td>
<td>0.07%</td>
<td>0.18%</td>
<td>0.05%</td>
<td>0.30%</td>
</tr>
<tr>
<td>Latin America and the Carribean</td>
<td>0.03%</td>
<td>0.14%</td>
<td>0.05%</td>
<td>0.23%</td>
</tr>
<tr>
<td>Middle East and North Africa</td>
<td>0.18%</td>
<td>0.19%</td>
<td>0.08%</td>
<td>0.45%</td>
</tr>
<tr>
<td>South Asia</td>
<td>0.87%</td>
<td>0.34%</td>
<td>0.16%</td>
<td>1.36%</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>0.93%</td>
<td>0.44%</td>
<td>0.25%</td>
<td>1.63%</td>
</tr>
<tr>
<td>Developing Regions</td>
<td>0.25%</td>
<td>0.26%</td>
<td>0.09%</td>
<td>0.61%</td>
</tr>
</tbody>
</table>

Annual Investment Needs (2006-2010) as percent of GDP

Investments may have different objectives

- Recognize that limited resources will have to cover both basic access to sanitation and environmental protection
- Countries will continue to balance brown and green objectives
Investments need to be sustained; not boom-bust

5-year moving average for WB-supported sector investments

Mechanisms & capacities in place to translate investments into benefits?

Checklist of good practice

- Investments based on:
  - Comparative costs and benefits of feasible options
  - Not just feasible but implementable and hence with real impact
  - Population demand

- Mechanisms and funds for improved targeting of poor; reward based on sanitation outcomes achieved by whole communities

- Quick and cheap wins: hygiene education accompanying basic sanitation interventions
Outline

- Progress in sanitation in East Asia
- The relationship between sanitation and economic progress
- Challenges in scaling up provision to meet and go beyond the MDGs
- Objectives of the conference

Moving into the next 2 days...

Expected outcomes

- Exchange of experiences – take home new ideas
- Personal commitment to sanitation in the lead up to the International Year of Sanitation 2008
- Create (and build on) high level political will
- A ministerial declaration committing countries to action
Moving into the next 2 days...

- Challenge ourselves
- Challenge your fellow East Asian nations
- Challenge the strength of regional cooperation

The contribution you make is valuable to the region going forward

Thank you.