Remarks at the Second World Water Forum: "From Vision to Action"

by
James D. Wolfensohn
President
The World Bank Group

The Hague, March 22, 2000

I am delighted to be here for the concluding session of what I understand from the Crown Prince and my colleagues has been an exciting and fruitful Forum. We must now learn from the lessons that have been shared this week and focus on the way ahead.

There is no subject more important than water for people, for growing food, for the environment. Every time I visit one of our client countries, I am struck by the magnitude of the challenge portrayed so well in the World Commission on Water's report to this Forum.

There is no way we can continue with business as usual. By 2025, we will need 40% more water for cities and 20% more for food. Yet already the environment is over-stressed.

In Yemen, once regarded as the garden of the Arabian peninsula, the introduction of diesel pumps over the last 30 years risks literally pumping the country dry. In the basin around Sana'a, for example, four times more water is pumped out than is recharged by streams and run-off. Water tables are sinking several meters every year and, as in many cities of the developing world, poor people pay 5 times more for a bucket of water than it costs people in The Hague or Washington, D.C.

This kind of scenario is not restricted to Yemen. It is estimated that 10% of the world's food is grown with water from aquifers which are being depleted faster than the rate of recharge.

What does this mean for ordinary people in the developing world? Let me share with you what some of them have to say about it.

A farmer in Kenya: "Water is life and because we have no water, life is miserable."

A young man in Russia: "How can we sow anything without water? What will my cow drink? Water is our life."

An old woman in Ethiopia: "We live hour to hour, wondering whether it will rain."

These voices of the poor offer poignant witness to their concerns and needs. In many parts of the world, access to water distinguishes the poor...
from the non-poor. When I was in Vietnam recently, some children told me that poor people were those without access to safe drinking water. Indeed, lack of access to water is synonymous with poverty throughout the developing world.

Some countries have made progress. In Cote D'Ivoire and Benin more than 70% of people now have access to safe water.

But elsewhere the situation is dismal. In Eritrea only 7% of people have such access, in Cambodia the figure is 13%, in Mozambique 24%, and in Paraguay 39%.

If we don't meet this challenge, we will not succeed in our broader mission of alleviating poverty for the two billion people who live on less than $2 a day. Good intentions are not enough. We must do development differently by grounding it in equity, in justice, in new partnerships as well as solid economics in the case of water, through full-cost pricing matched by carefully targeted subsidies for the poor.

Institutions and Participation

We must look at our institutions to see how we can give stakeholders a real stake, how we can use water more efficiently, and how we can make service providers more accountable.

Take, for example, the Hermosillo aquifer in Sonora, Mexico where the situation is quite similar to Yemen. The introduction of pumps has boosted agricultural output. But the water table has fallen below sea-level, and the aquifer is being destroyed by saltwater seeping in from the sea.

In recent years, however, there has been encouraging progress thanks to a new Mexican Water Law which stresses integrated water resources management at the basin and aquifer level, participatory management, and the use of tradable water rights.

What has happened in Hermosillo is remarkable. First, there is a new partnership. It is the users who make the decisions while the government provides information and helps with enforcement. Second, users now have clear property rights and an incentive to manage the water sustainably rather than pursue the "race to the bottom". The result? Farmers have voluntarily decided to reduce extractions by 50%, so that off-take and recharge are in balance. Water is used much more efficiently and low value uses have stopped. Amazingly, regional income and employment have actually increased while pumping has been reduced.

What does the World Bank do with this information? We share it, distilling the lessons learned in places like Hermosillo and using them to inform groundwater management reforms in other parts of the world.

For example, we took two Turkish officials to Mexico to see how farmers' associations were managing their local irrigation networks. They were impressed by what they saw and went back to Turkey determined to make similar changes. Today Turkey runs its irrigation systems the same way.
And, more recently, the huge state of Andhra Pradesh in India has, with support from the World Bank, done the same.

Technological and Financial Innovation

These kind of institutional reforms are not enough on their own. Technology also has an important part to play in finding more efficient, more environmentally-friendly ways of ensuring that there is enough water for people, for food, for energy and for nature.

We also need financial innovation if we are to meet the enormous demands for water. The World Commission estimates that investment will have to double over the next 25 years from some $70 billion today. This cannot be done unless the private sector plays a much larger role in the provision and financing of water services.

Yet most water utilities in developing countries are still financed and run by governments. A few of them are well managed. But in most cases, they lose half of their water through leakage and generally provide terrible service. A few hours supply each day is the norm. And who suffers most from such systems?

Go into the pueblos jovenes of Peru, the favelas of Brazil or the bairros populares of Mozambique everywhere you see the same thing. It is the poor who don't have service. It is the poor who are at the end of the empty pipe. It is the poor who must buy water from vendors at many times the price paid by better-off people who have service.

In recent years a number of countries have made a decisive change. In many cities – from Abidjan, Cote d'Ivoire to Buenos Aires, Argentina – the authorities have transferred the water utilities to private companies. The most obvious advantage is that the private sector brings money – about $30 billion during the 1990s. It also brings know-how. But more important, the private sector brings transparency and accountability because for the first time there is a contract between supplier and consumer.

The Challenge of Inclusion

Less tangible is the impact of these changes on poor peoples' sense of dignity and self-worth. This was vividly brought home to me a few years ago when I visited a large water and sanitation project that the Bank is supporting in the favelas of Brazil. The project, which is now self-sustaining, brings together the local community, the private sector, and NGOs.

With my host, the vice governor of the state of Rio, I went from one makeshift home to the next, talking with the women who live there and who used to carry water on their shoulders from the bottom of the hillside to their dwellings at the top. One after the other, they proudly showed me their running water and flushed their toilets and told me how the project had transformed their lives.
And as I walked around, more and more of the women came up to me displaying pieces of paper showing charges and receipts for a few reals a month. I watched and listened to this until the vice governor, said, "What they're showing you, Jim, is that this is the first time in their lives that their name and address have appeared on an official notice. This is the first time their existence has been officially recognized. This is the first time that they have been included in society. With that receipt they can get credit to purchase goods, with that receipt they have recognition and hope."

As I walked back down the hill from that favela, I realized that this is what the challenge of development is all about - inclusion. Bringing people into society who have never been part of it before. This is why the World Bank Group exists. This is why we are all here today. To help make it happen for people."

What conclusions can we draw from Yemen, Mexico, Turkey, Cote d'Ivoire, Argentina and the favelas of Brazil? To my mind, they provide powerful evidence that the principles set out in Dublin in 1992 were the right ones. The challenges remain holistic management, inclusive governance arrangements, and a recognition that water is an economic resource. We must now move from analysis and vision to action if we are to meet the twin objectives of poverty reduction and environmental sustainability.

Dublin was a broad, participatory process, and the hundreds of consultations that prepared the ground for this Forum, and the Forum itself, are testimony to the soundness of the approach.

I am struck by the similarities with the way the Bank has been rethinking its approach through what is known as the comprehensive development framework (CDF). Working with many partners, including Evelyn Herfkens and the government of the Netherlands, the aim is to allow developing countries to decide on their own priorities in an informed, transparent and participatory way.

We need to apply the same kind of participatory approach to resolving the tensions over the use of water in many of the world's 300 or so international rivers. As you know, it is these tensions which have given rise to the suggestion that the wars of the 21st century may be fought over water rather than oil.

When we hear about water and conflict, in the same sentence we often see references to the River Nile. Instead, in this Forum we have heard of a visionary and courageous initiative of the Nile riparian states, exploring win-win opportunities and joint development in the Basin. With such cooperation, the aspirations of the peoples of the basin rich in their cultures but too many of them desperately poor are more likely to be achieved.

While conflict over water is possible, it can also be the focus for cooperation and peace. To this end, we are working with many partners in moving away from the zero-sum game implicit in the notion of "sharing water" to the win-win possibilities of "sharing benefits". In southern
Africa, for example, the Lesotho Highlands Project which provides water and power to South Africa results in a net, permanent 5% increase in Lesotho's GDP.

Dams are another example of how participation and partnership can help address the thorniest of problems: in this instance, when and how to plan, build and operate dams. The World Bank has been an active partner, with the IUCN, in establishing the World Commission on Dams, so ably chaired by Minister Kader Asmal from South Africa.

There are many remarkable things about this commission. One is the highly participatory process that lead to its formation and the key role being played by people of great stature from developing countries in forging consensus. A second is the breadth of views among its members - it includes the CEO of one of the world's leading engineering companies, leaders of movements opposing dams; environmental activists, water resource managers, and government officials. For the Bank it is a new departure it is a recognition that we have to develop new approaches to critical and controversial development issues.

We are following the same participatory approach in designing a new Water Resources Strategy for the World Bank which we plan to present to our Board later this year. All of the material from the six broad-based regional consultations that are part of this exercise is on our web site - read it and send us your views!

One of the messages we heard time and again during the consultations in Brasilia, Sana'a and Manila is that we at the Bank talk holistic management but don't yet walk it. This may have been the case in the past, but it will not be so in the future. I am pleased to tell you that we have appointed lead Water Resources Specialists in 4 of our 6 regions to bring consistency and integration to our work on water resources. And we have recently constituted a "Water Resources Sector Board" (the equivalent of a "Water Resources Ministry" inside the Bank) to provide leadership to staff cross the institution and to manage our portfolio.

I should like to pay particular tribute to the Global Water Partnership, of which the Crown Prince is patron. It is becoming a powerful network of regional partnerships with the regions in command, defining what to share with others and how to improve their own performance. The donors who have underwritten the Partnership deserve our special thanks.

Finally, as the Vision Commission has ably laid out, we face an enormous challenge over the coming decades in ensuring that every person has the water services he or she needs for health, for food and for energy. As the Commissioners and many others have said this week, we need a new "water movement". And what better place to launch it than here in The Netherlands where the struggle with water has been a constant of history, and where - the Crown Prince tells me - the oldest democratic institutions, dating back to the 14th century, were created to manage water.
As we launch this important new initiative, we must recognize that it addresses just one part of a much broader agenda. Our overarching goal remains to bring together all the elements that will enable us to eradicate the human, social and economic degradation of poverty; all the elements that will help us build a peaceful and secure world for future generations; all the elements that promise people healthier and more prosperous lives. These aspirations underpin this Forum and provide us with our common source of inspiration. They also provide a framework to guide our work as we move from vision to action.