

IEG RELEASES EVALUATION ON WORLD BANK SUPPORT TO WATER

Washington DC, March 22, 2010. Faced with mounting shortages of water, a worsening trend in water pollution and growing damages from climate change, the international community must find additional ways to support countries in managing their water resources. The challenge, according to the World Bank's Independent Evaluation Group, is to meet today's water needs while putting in place innovative strategies to address water stress -- manifested in shortages projected in the order of 40 percent by 2030 according to some calculations. IEG's latest report, "Water and Development: An Evaluation of World Bank Support, 1997-2007", released today, examines the World Bank's support for water-related activities and draws implications for what ought to be done.

Water scarcity affects every continent of the globe. About 700 million people in 43 countries are under water stress, led by Ethiopia, Haiti, and Niger with the least amount of water available. The United Nations calculates that even if the Millennium Development Goals for clean water supply are achieved, 800 million people will still lack access to safe drinking water in 2015. And 1.8 billion people will still not have access to basic sanitation. Sustained population growth, urbanization and the demand for better livelihoods are contributing to a steadily deepening global water crisis.

Water has been a major focal area for World Bank lending to developing countries. Almost a third of all Bank projects approved since 1997 have been water related, including irrigation, groundwater, hydropower, floods and drought, water supply and sanitation, watershed management, rivers, lakes, coastal zones, inland waterways, and fisheries. Loan commitments grew 55 percent during 1997 to end-2007. Together, these projects represent Bank financing of US \$54.3 billion.

IEG finds that project performance in water has been good, being the most improved sector against stated objectives in recent years, and with the biggest improvement in the Africa region. Water has also been successfully integrated with many other sectors. The Bank has contributed to improving access to clean water, especially in urban areas. It has balanced investments in infrastructure with improvements in the institutions that manage and allocate water.

"Bank projects, in recent years, have largely met their stated goals. The challenges going forward require some adjustments in order to confront the mounting problems -- as was done, for example, by paying more attention to wetlands in Vietnam, being cautious in expanding irrigation that relies on falling underground water tables in Yemen, or confronting agricultural water pollution in Morocco," said Vinod Thomas, IEG's Director-General, "And the direction taken in the case of dams must continue to take into account the experience with environmental and social impacts."

In these respects, the IEG report points out that the Bank needs to continue to work with countries and partners to tackle several vital, but relatively under-emphasized issues as countries will face heightened challenges in the coming decades.

First, water stress needs to be confronted systematically. The most water-stressed group consists of 45 countries (35 of them in Africa) that are water poor and not creditworthy enough to borrow their way out of water crisis. "The evaluation suggests that the Bank and its partners find better ways to make water

sustainability become central to the development plans of those countries and propose tailored measures to help them address the most urgent water needs,” said Ronald Parker, lead-author of the evaluation.

Second, investments and management of water supply need to be coupled with more effective management of demand. Demand management is a key challenge in the face of increasing water scarcity. Cost-recovery in Bank supported water projects has rarely been successful and efficiency enhancing technologies alone do not necessarily reduce water use in the agriculture sector. Fixing and enforcing quotas for water use is a relatively recent approach and deserves careful evaluation in the future. Effective demand management must become an integral theme of development assistance.

Third, better groundwater conservation should be a growing priority. Groundwater is increasingly threatened by over-exploitation, inadequate environmental flows, and contamination. The most severe groundwater depletion is in the Middle East, North Africa, and South Asia. Groundwater conservation needs to become a priority for the Bank and the donor community. Relevant activities should include monitoring groundwater quality, landfill site improvements, and the reduction of infiltration by contaminated surface water into groundwater.

Fourth, there needs to be a greater focus on environmental restoration. It is not always necessary to restore the water-related environment to a pristine state in order to obtain major social, economic, and environmental benefits and reduce vulnerability. Priority improvements to degraded environments, even when small, can have big impacts. The Vietnam Coastal Wetlands Protection project, for example, tried to balance environmental protection with the livelihood needs of people dependent on natural resources. The project helped to reduce the coastal erosion area by as much as 40%.

Fifth, there needs to be greater attention given to sanitation. Population growth in developing countries has been rapid, as has urbanization. An expansion of piped water services and higher household water use will lead to an accelerating demand for adequate sanitation. Within sanitation, more emphasis is needed on household connections, low cost technologies. Connection targets in projects are generally not met because households have not connected to the systems, in part because willingness to pay has been over-estimated and facilities have been over-designed. In addition, the contribution of water supply and sanitation to health outcomes needs to be emphasized more. Although achievable improvements in water, sanitation, and hygiene could reduce the burden of disease, only one in ten of the Bank’s water projects had an objective to improve health.

IEG also finds that data on all aspects of water and relevant socio-economic conditions need to be strategically collected and more systematically monitored to ensure adequate attention to the issues mentioned above. Use of data has also been lacking within projects. The collection and analysis of data on groundwater, water quality, and precipitation are more important now than ever for successful project implementation, and it needs to be taken on board more commonly.

“Emerging trends in the global outlook for water call for adjustments and a more strategic approach by countries and financing agencies to planning,” said Vinod Thomas, “To be effective, future directions will also need to build on strong partnerships, knowledge creation and sharing.”

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To view World Bank Senior Management’s response to the evaluation and to download the report or order hardcopies: Please visit <http://www.worldbank.org/ieg/water>