

**International Year of Sanitation (IYS) Follow-up Conference
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Message

By

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Ladies and Gentlemen, Friends,

My colleagues and I from the Asian Development Bank are very pleased to be part of this follow-up conference to the International Year of Sanitation. We would like to thank the Government of Japan for creating a venue for us – development partners, practitioners, planners, policymakers and users – to once again re-examine the challenges we are faced with, and to also look at new solutions.

The logic of Sanitation is immutable. People are at the centre of development, and their health and wellbeing are crucially dependent on sanitation. The economic returns of sound sanitation have been demonstrated universally. And yet progress in providing full sanitation cover is not as rapid as we would like it to be. So, reaching the MDG targets by 2015 is going to be very difficult. We continue to be plagued by traditions, beliefs, politics, poverty, and an insufficient knowledge base. These are important to understand and overcome because they inhibit demand from households, communities, and industry for improved, effective sanitation. This is an extraordinary challenge which is compounded by climate change. We now have to deal with vulnerability, increased pollution, and climate-proofed infrastructure.

While the challenge is serious, there are glimmers of hope which we should try and rapidly expand. But before I discuss those, let me turn briefly to the situation in Asia. The picture is mixed if we look at it in terms of individual countries. However, in aggregate terms, about 780 million people still practice open defecation in South Asia (about 2/3rd of the world's total) – about 660 million are in India alone. This is an

unacceptable situation. India, Bangladesh, and Pakistan have a lot of catching up to do. Cambodia and Indonesia, in Southeast Asia, need to accelerate progress. So do the Pacific Island countries with the exception of Tonga and Samoa. In East Asia, China has made very good progress as have also most countries in Central and West Asia.

But it is not just the absence of domestic toilets that is an issue. There are huge concerns about wastewater management. It is estimated that up to 90 per cent of Asia's wastewater is discharged with little or no treatment. In India, for instance, treatment capacity exists for less than a third of the 38,000 million litres per day of sewage generated. Of this capacity, 40 per cent fails to meet environmental protection standards. In China, only 38 percent of municipal wastewater is treated, and often not to acceptable standards. In the Hai River basin, which is heavily urbanized, unusable surface water exceeds 50 percent. So, this is a major issue closely tied with the continent's rapid industrial growth and urbanization. The pressure put on our water resources is enormous.

So why is the picture so grim? Recent studies in Cambodia, Indonesia, Laos, the Philippines and Viet Nam, have shown that the economic impacts of lack of sanitation have cost them from 1% to 7% of their GDP each year. In Cambodia's case it was 7.2 percent of GDP; for Indonesia, it is about \$6.3 billion annually. On the other hand, a WHO study revealed that \$1 invested in water and sanitation would provide an economic return of between \$3 and \$34, depending on the region – indicating that there are multiplier effects to the economy. Are planners not listening? And why are the investors not there?

We know that the problems are complex. But there is change in the air. A change of mindsets and a mix of political will, national and city sanitation strategies, technologies, infrastructure solutions, social interventions and financing mechanisms are unfolding in communities, classrooms and board rooms across Asia. Let me review these briefly for your benefit.

First, making sanitation a national priority and including it explicitly in the national development plan has resulted in increasing urban and rural sanitation coverage in

Thailand and Malaysia as well as in lower income countries like Viet Nam, Myanmar, Bangladesh and Sri Lanka. This must happen more widely, and rapidly. Also, the focus is increasingly on rural sanitation – open defecation is practised far more widely in rural areas than in urban centres.

Second, sanitation and taking care of our hygiene and environment are now being inculcated among schoolchildren. In the Philippines, the Department of Education has adopted the *Fit-for-School* program, which addresses the high elementary school dropout rate, caused by illnesses, such as diarrhea. It teaches children the importance of basic hygiene (washing hands and brushing teeth), and has a simple healthcare plan that covers de-worming of affected children.

Third, women and community-based organizations have used their creativity to explore financing solutions to address the most pressing sanitation problems. In Orissa state in India, a socialized community fund raising system is a key strategy of the NGO, Gram Vikas. The villages raise a corpus fund to co-finance water and sanitation projects, and families contribute to the corpus according to their economic capacity. Gram Vikas is also able to use this corpus fund in leveraging additional funds to start community-based enterprises to provide employment.

Fourth, some privately-owned utilities have shown that sanitation is a financially viable business, provided that the enabling conditions are in place, particularly a clear regulatory framework. Manila Water is a good example, and it is planning to invest over \$1 billion over the next 8 years to ensure full sewerage coverage in its concession area. This tells us that environmental sanitation is good business. We need to make this model multiply a hundredfold.

Fifth, some cities have gone beyond basic sanitation, and have taken steps in recycling treated sludge and wastewater to meet food needs, and in converting waste to energy and reducing carbon footprints. Reuse of wastewater in Bali, Indonesia; Xiamen, China; India and Viet Nam has resulted in additional water supplies for irrigation and other non-potable uses as well as in additional revenues. Biogas digesters in India, China, Cambodia and Viet Nam have produced cheap energy for lighting and cooking. The

eco-san toilets not only provide on-site sanitation but also provide organic fertilizer, reducing the use of chemical fertilizers. Again, technology has demonstrated that there are profits, both environmental and financial, in sanitation. We now need clever policy environments to scale these up across the rapidly growing urban centres in Asia.

Sixth, we have champions among our community. We are privileged to have in our midst today the winner of last year's Stockholm Water Prize, Dr. Bindeshwar Pathak. His organization, Sulabh International, has changed the sanitation landscape in India in amazing ways. We need more champions like Dr. Pathak to make the link between demand for improved sanitation and its provision.

These examples tell us that the Sanitation challenge can be addressed. They give us hope and should be replicated and scaled up. Policy makers and those who allocate budgets must be cognizant of impacts and benefits. Investors must be brought closer to technology and financing options. And communities should be brought centre-stage to better match demand with supply. Building capacity, especially at local government level, must get more attention than it does currently because it is at that level that effective solutions can be put in place. Essentially, like water, Sanitation has to be considered a business. The sooner we make this happen, the better.

Finally, let me say that all of the good work that is being done in Sanitation must be leveraged through partnerships. In a sense, all of us here today are partners at one level or another. The question is: how effective are we as partners? Are we creating value above and beyond that which we contribute individually? My view is that we need to re-evaluate our partnerships and create coalitions at local level that will move the Sanitation agenda further and faster than at any time past.

This meeting gives us the welcome opportunity to learn from each other, and to craft solutions together. I would like to once again thank our hosts in the Government of Japan who have taken great pains to make this possible. Thank you very much indeed.