

State of efficiency in the WASH sector

Status quo is not an option

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Washington DC, 19th April

Sources of financing



Funding sources

Tariffs

User fees for services provided and households' investment for self-supply

Taxes

Domestic taxes levied by local and central governments and provided as grants or subsidies

Transfers

Transfers from external sources, such as international donors (ODA grants), foundations, NGOs, remittances

Repayable financing

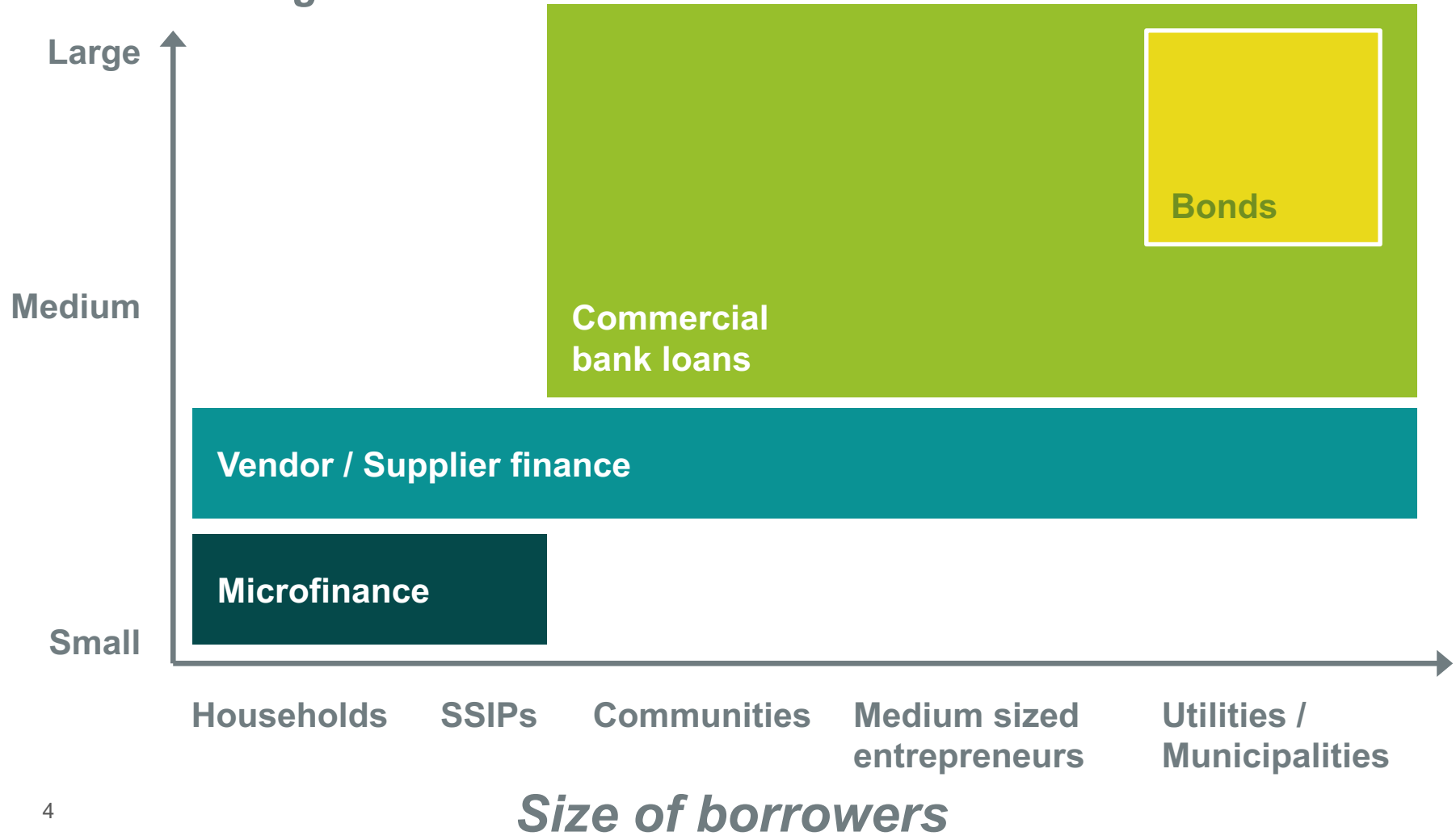
Concessional finance

Commercial finance

Multiple options for private finance



Size of financing needs





Efficiency – A no-regrets investment

How can we improve efficiency?



**Operational
efficiency**

**Capital
efficiency**

**Financial
efficiency**

**Allocative and
pricing
efficiency**

Improving operating efficiency



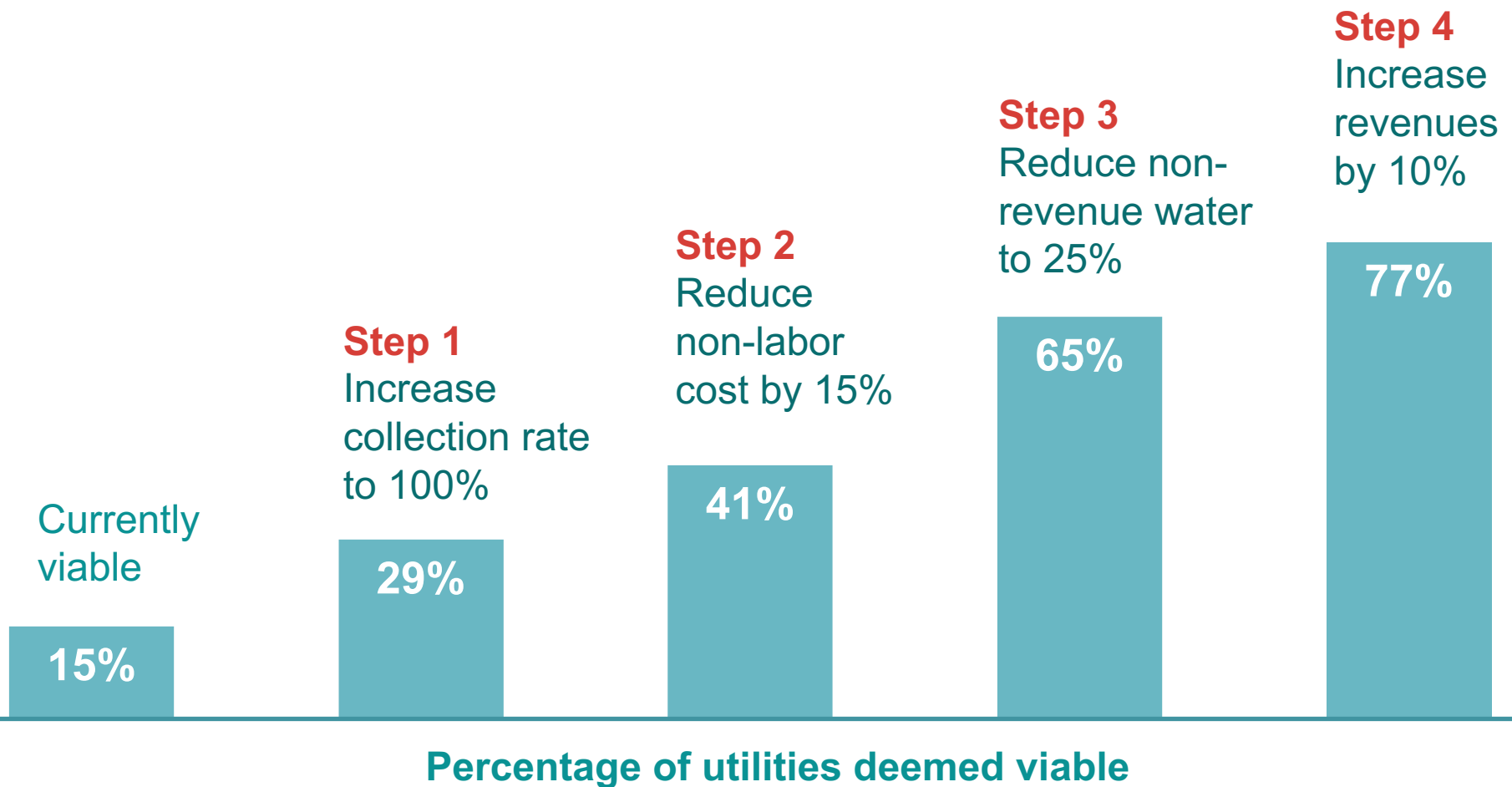
Improving bill collection

Reducing non-revenue water

Boosting energy efficiency

Improving staff productivity

Improving operational efficiency to move to financial viability



Improving capital investment efficiency



Cost-effective investment approaches

Timely and adequate maintenance

Maximum efficiency of selected approach
- Procurement, governance, results-based

Improving financial efficiency



Use public funds for areas of most externalities

- Sanitation has a high public good element

Blend public funds to mobilize private finance

- Liquidity, guarantees, first loss provisions

Target public funds to provide services to the poorest

- Subsidies, micro-finance, output based aid

Allocative efficiency – Pricing and valuing water



**Pricing
water**

**Sustainable and equitable
approaches**

**Valuing
water**



High-level panel on water
Global dialogue on valuing water

Innovative approaches to improve efficiency



**Use of ICT to
improve services
and collections**
Nairobi, Kenya

**Well-managed
FSM vs sewers**
Senegal

**Cost-efficient
condominial
sewers**
Brazil

**Contract based
NRW**
Vietnam

**Community
participation helped
reduce capital costs**
Uttarakhand, India

**Re-using waste
water**
South Africa

TO CONCLUDE Efficiency is a no-regret investment



**Operational
efficiency**

**Capital
efficiency**

**Financial
efficiency**

**Allocative and
pricing
efficiency**

Critical to attracting more financing in the sector

It is the right thing to do!

IT IS WITHIN (Y)OUR CONTROL