

*CSD 12, April 28<sup>th</sup>, 2004*  
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## **Creating an Enabling Environment**

Poverty is the greatest enemy in our world today. Poverty forces people to live in squalor. Poverty prevents people from gaining access to clean water and sanitation, from fulfilling their most basic needs. Poverty steals people's health, limits people's choices, takes away people's dreams.

We are here today because we know something must be done. Between us we have the will and the means to fight poverty, to provide sanitation and safe water to poor settlements, to change the pitiful conditions which millions of people are forced to endure every day.

This morning the Secretary General once again reminded us that we have failed to provide the poorest with what they need. The least developed countries, the least developed regions, the poorest communities – this is where our joint efforts must be directed, and soon.

The Millennium Development Goals and the Johannesburg targets are sadly behind schedule. The resources are there – but sufficient political will is not. Many governments still lack the regulatory frameworks necessary to allow more effective use of existing resources and to attract investment. Donor countries and organisations are not doing enough to target the poor, nor are we doing enough to co-ordinate our support.

We make plans, we create projects – but do we listen to the people? In my opinion, neither often enough nor well enough. *This* is where we must start, on the ground, among the people we are trying to help. Unless we do a better job at involving the people whose lives we are trying to change, our efforts will fail, and fail miserably.

## **Empowerment**

We need to keep in mind that much of what we are looking to achieve is neither complicated nor costly.

Co-operation is the key – co-operation with local people, using local knowledge, to find the best local solution.

Take water and sanitation improvements – the most sustainable successes have often been small-scale projects where local people have been involved in the entire process, from planning to construction to maintenance.

One example of this is a project involving a local NGO, the Women's Union, in three cities in Vietnam. This World Bank-funded project provides credit for household toilets through a revolving fund. The Women's Union has over 350 savings and credit groups. More than 4,000 households took up a loan during the first year and the recovery rate is over 95 per cent. There are monthly meetings to generate demand and build hygiene awareness. The target is to achieve almost full coverage of low-income households.

This project in Vietnam illustrates that the poor must be part of the process – because they are the ones who have to live with the solutions. If their cares and concerns are not appropriately addressed, water and sanitation projects may have little lasting value.

We need to listen to the poor – and not just the men. I believe it is vital to make sure that the voices of women are heard and heeded in the work we are trying to do. They are often the hardest workers – they are the ones who tend to farm, food and family – yet their concerns may be the last to be heard. Remember - no one knows the community better than the women. No one can see the needs of the town or village more acutely. No one needs good solutions more. For themselves, for their families, for their future.

One of the reasons we are here today is to find practical ways of ensuring safe drinking water, improving basic sanitation services for the poor and making life in poor settlements a little bit better, a little more bearable. Our greatest challenge is to empower the poor. How can we best give people the means and motivation to change their situation for the better? How can we improve on appropriate low-cost technologies and community-based management? How can local resources be mobilised and the poor be included? How can money and management skills be made available to local government bodies?

We need to answer these questions in more concrete and innovative ways if we are to succeed in fulfilling our agenda. We need more small-scale or community-level private sector involvement in order to reach and empower the poor. We need more micro finance and community banks that allow poor people to pay for small-scale infrastructure. Everybody concerned must feel that they are part of the process, listened to, taken seriously. Those who are not part of the process will take little pride in the solution – they may not even believe it is the solution. That, as we all know, is a sure-fire recipe for disaster.

What is it that needs to be done then, to include the poor, to make sure they are truly a part of what we are trying to achieve? How can we make sure that solutions are successful and sustainable, that the poverty of today is replaced by the progress of tomorrow, that a child born in a poor settlement today has a chance not only to survive, but to succeed?

We cannot talk about empowerment of the poor without addressing the issue of formalising ownership for the poor. The majority of poor people lack formal rights to their assets. In many developing countries the size of the informal economy far exceeds the size of the formal one. Poor people are thus kept out of the formal economy, including access to credits. Due to lack of formal systems for registering their assets, poor people cannot transform their assets into capital. Smallholders who lack title to their buildings and land cannot use these to secure funds to develop their farming or create new enterprises. Thus, the assets of potential investors remain idle. Their capital is “dead”.

However, formalising land rights in developing countries is a complicated task. It requires a supportive regulatory and legal framework at the community level as well as the national level. And it requires the involvement of the people concerned – the potential beneficiaries. All of this cannot be achieved overnight. It will take time and determination, and it will require each government and each community to tailor the process to its own specific situation.

But – if we can succeed in awakening “dead” capital in developing countries, we may have acquired an important economic tool in our fight against poverty. Governments in developing countries must be encouraged to reform the informal economy, and we as the donor community must stand ready to assist them. Norway does, and I hope others will follow.

### **National governments**

Donors must assist – but developing country governments must act.

The primary responsibility for improving the situation for the poor rests with the governments, with national leadership.

Good governance means ensuring that sufficient financial resources are available and that they are used effectively. Good governance means ending corruption. Good governance means taking all stakeholders into account. Good governance means investing in human resources and empowering the poor. Good governance is the initial and indispensable step to a better future for the poor, the world over.

Governments must be facilitators, enablers and regulators. Governments must provide a sound legal framework, ensuring basic services for the poor at affordable prices. The public sector must provide a framework for both public and private participation in financing the infrastructure for water, sanitation and human settlements.

Many governments still have a long way to go before such an enabling national environment is in place. Too often we see crises of governance caused by lack of adequate institutions, fragmented institutional structures, sector-by-sector approaches and unpredictable application of legislation. Poor infrastructure, corrupt civil servants, inequitable distribution, lack of public services – this is still part of everyday life for millions of people, in thousands of communities, in dozens of countries around the world. They are waiting for our attention. They are waiting for us to act.

We must act to improve policies and governance. We must act to give water, sanitation and human settlement issues the attention they so desperately need.

We have plenty of examples of why.

Take health. WHO estimates that the cost of premature deaths due to water-related diseases amounts to 186 billion US dollars every year. 186 billion! More than three times the total annual amount of development assistance.

Or education. In Tanzania, school attendance went up by 12 per cent when water was made accessible closer to where people were living. In Madagascar, poor sanitation causes children to miss 3.5 million school days every year.

Inadequate water and sanitation facilities translate directly into health problems, missed education, lost opportunities. Millions of children are about to lose what little hope they may have of a better future – more often than not because of things that can be fixed, at low cost, with just a little more effort on our part.

Improving water and sanitation facilities is vital for enabling a country to grow, develop and prosper. Clean water nearby means more time to study and work, adequate sanitation nearby means a healthier and more productive population.

No one can doubt the importance of clean water and adequate sanitation. No one can doubt the impact they have on people's lives.

This is why these issues ought to figure prominently in the Poverty Reduction Strategy Papers of developing countries.

Water, sanitation and human settlements should be part of the analysis of the poverty situation and the causes of poverty in a country, part of the efforts to improve poor people's health and education, and part of the entire economic growth strategy.

Developing countries must, however, be given enough time, space and flexibility to develop Poverty Reduction Strategy Papers that fit their national needs and priorities. The effort that goes into PRSPs gives them a unique political legitimacy. The plans and their execution must be owned by the developing countries themselves. These countries must be in the driver's seat – but we, the donors, must make sure that the car has enough fuel to reach the goal.

We must be flexible – but we must be focused. We have no time to lose.

At the rate we are going, it will take Africa more than 30 years to achieve the water target. The sanitation target will *never* be met. We need to act – and act now.

### **Donor countries and private actors**

The Water Supply and Sanitation Collaborative Council claimed in a recent report that the main barrier preventing access to improved water and sanitation is not lack of resources, but “a lack of willingness to learn from past failures and to listen to those who have pioneered the new approaches”. I believe this is true.

One of many examples in the Council's report:

In an interview with Betty Soto, a doctor who has been involved with water and sanitation programmes in Bolivia for 20 years, she explained that some fifteen years ago hundreds of villages in rural Bolivia were given wells and hand pumps that rapidly fell into disuse. The foreign-made pumps were impossible to maintain, largely because new parts were unavailable. Local needs, knowledge and capacity had been ignored.

A new programme, known as the Yakupaj Initiative, was then launched, which pioneered a new approach. This involved local NGOs known and respected by the communities. Simple manual water pumps were manufactured in Bolivia – pumps that could be dismantled and reassembled by one woman and a child helper. The pumps were called Yaku, meaning water in the Quechua language. A year later, nearly all the families in the programme area chose to install a Yaku pump and about 70 per cent decided to build a toilet as well. Local needs – local solutions.

We cannot afford to continue our work in a half-hearted way. We cannot afford to ignore the lessons of the past, to proceed without making sure that we bring with us and use our collective wisdom in these areas.

Drawing on this wisdom, we know very well what is needed:

- More and better development assistance – otherwise we will not fulfil our Monterrey obligations.
- Harmonisation of our donor efforts – otherwise we will never operate efficiently and relieve the recipients of the burden of hundreds of reports, thousands of requirements.
- A focus on budget support and recipient-led efforts and avoidance of single projects and donor “bragging” – otherwise we will never see true and lasting development in the countries that need it the most.  
We need to take a close look at how and where our assistance can make a difference. At the moment our priorities are not straight. We are not putting our money where our mouth is.

The Camdessus report reminded us that only 12 per cent of total water sector aid goes to the countries that need it most desperately – the countries where more than 40 per cent of the population lack access to satisfactory water sources. This is just *not good enough*. We *have* to target the least developed regions and countries, we *have* to find the right entry points through which we can reach the poorest communities. If we don't, we will fail, and we will fail soon.

We must increase funding – yet we must realise that external aid can only fill part of the bucket. ODA is a supplement, not a solution in itself.

What is needed is more investment. We must develop a variety of ways of attracting investment, which must appeal to as many financing institutions as possible – public and private alike. Multilateral financial institutions such as the development banks will have crucial roles to play. Private actors can supply the much-needed investment and cost-effective solutions. We need all the competence and capital we can get. It makes no sense to exclude anyone in a position to help. Our challenge is to find the best possible combination of public sector legal and regulatory mechanisms and private participation for each poor community, for each poor country.

Governments are responsible for providing basic services to the poor, services that everyone is entitled to. *How* these services are provided is also the government's decision. If the government's priorities are right, and the legal framework is in place as regards access, affordability and sustainability, the question of whether services are provided by private or public contractors need not be an issue. The results in the field must be our main concern.

We must look at how services can be priced differently according to different user groups' ability to pay, regardless of whether the services are provided by the public or the private sector. We have to look at new and different types of targeted subsidies that will meet the needs of the poor. This means that the people with more money pay more than the people with less. The international community can and must assist in bringing about equitable solutions. There is a lot to be done in this area.

## **Conclusion**

Excellencies, fellow delegates,

Our goals have been set. Our deadlines are fast approaching. Our promises will ring hollow unless we renew and re-energise our efforts – together, here, today.

We have no time to lose in our fight against poverty, in our struggle to spare the child born tomorrow the misery of yesterday. Our words are not enough – it is our collective will that has the power to move the world forward. We are talking too much – and doing too little.

We *can* keep our promises. We *can* win over poverty. But only if we push ahead, together, now.

Let us remind ourselves not only of where we want to go, but also of how we are going to get there.

Let us use this conference to renew our promises and re-pledge our commitments.

Let us redouble our efforts – our efforts to reach a goal that in the end will reward us all: clean water, adequate sanitation and decent living conditions – not just for a few, not just for some – but for all.

Thank you.