Obstacles to universal sanitation

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IN THE FIRST DECADE of the century Brazil's sanitation sector reached major milestones. The approval of Law No. 11,475 in 2007 established national guidelines for basic sanitation. There followed a significant financial stimulus provided by the federal Program for Growth Acceleration (PAC). After a long period of funding shortages, national hope of universal water supply and sewage was revived—something extremely important for socioeconomic development because this sector had shown the least progress in coverage and quality of service.

In the last seven years Brazil has invested about R$67 billion in water supply and sanitation—double the amount invested from 1998 to 2006. However, since mid-2010 the initial optimism has visibly cooled. The results of these investments have been lower than expected and 50% of Brazilians still have no access to sewage services, 17% have no access to clean tap water, and 36% of the water distributed is lost or diverted through illegal connections. Access to tap water has gone up by only 2 percentage points, to 83%, and connection to sewage disposal systems by just 8 percentage points, to 50%.

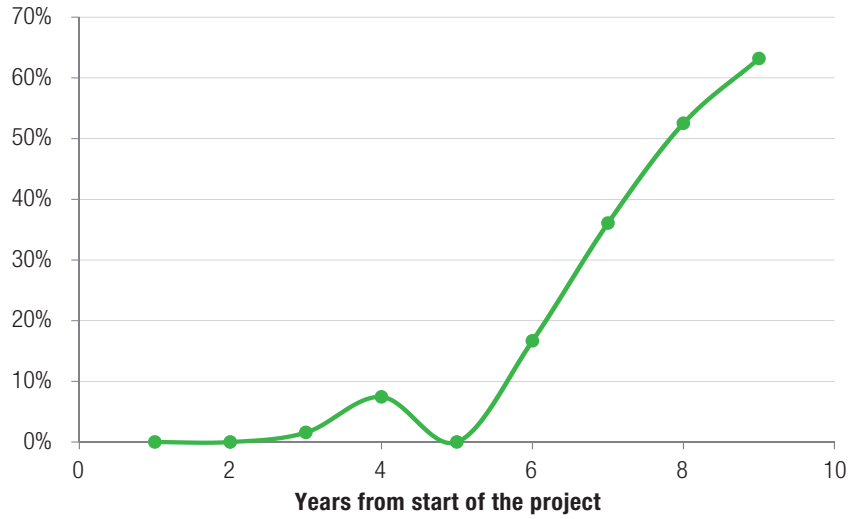
This slow progress demonstrates that barriers are not being addressed with the necessary urgency—something not related exclusively to the availability of financial resources. What also matters for the universalization of sanitation services are the ability to access the funding available, steps required to access those resources, effective management of these projects, and ensuring that they result in systems operating efficiently and families connected to water supply and sewage systems.

A preliminary analysis of information from the federal savings bank since 2007 reveals that water and sewage projects are relatively ineffective. In general, long periods elapse between the signing of a contract and its completion. No sanitation project took less than three years from signature of the contract, 50% took seven years, and of works contracted for nine years ago, 37% still have contractual obligations pending.

In terms of the amounts invested, since 2007 R$28.6 billion has been committed to 851 sanitation contracts. Of these, only 14% have been completed (R$3.9 billion, 289 contracts) and just 24% (R$7.1 billion) are on schedule. This

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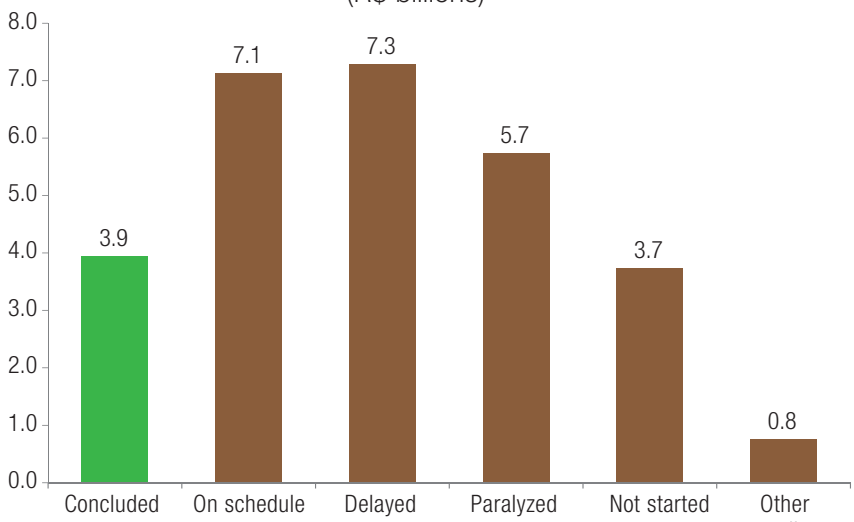
(Proportion of contracted projects concluded, %)



Source: Federal Savings Bank (CEF).

Of the R$28.6 billion invested in sanitation projects since 2007, only R$3.9 billion have been completed, 14% of the total.

(R$ billions)



Source: Federal Savings Bank (CEF).

means that 61% of the 289 sanitation contracts signed since 2007 (R$17.5 billion) are either behind the schedule, paralyzed or has not yet started. Thus, more than half the resources available have not been used because of difficulties encountered in executing contracts.

This preliminary analysis suggests that although funding for sanitation projects is important, what may be more important is to ensure that the resources are used effectively. In particular, it is urgent to define and realize a strategy to improve project management, which involves government agencies investing in delivery of services and coordination with each other and with other segments of the sanitation sector. Inevitably, then, the strategy must emphasize, e.g., businesslike management of service providers, designing and conducting a comprehensive staff training program, and establishing databanks of high-quality engineering projects, among others. For local governments, the strategy should encourage integration between local sanitation, urban development, and other policies that promote coordination between local sanitation agencies.