

Executive Summary

The unavailability of clean freshwater in the world's poor countries has extremely detrimental effects upon the productivity and health of these populations. Therefore, the provision of water supply services has come to be seen as pivotal to the development of these nations. The methods with which the World Bank, as one of the largest multinational development agencies in the world, has chosen to achieve this goal have changed throughout the organization's more than fifty years of existence. The changes have happened in response to the changing political and economic situation of the world. And as the global environment changes so too do the general development theories of the day and the development models the Bank has adopted.

This report presents a descriptive analysis of the evolution of the World Bank's programs and policies for the domestic water supply sector in developing countries. Through a brief examination of the changing development theory and the Bank's development models, explanations are found for the resultant changes within the water supply sector. The objectives of this report are threefold: first, to trace the evolution of the World Bank's evolving development models and ideologies, second, to relate these models and ideologies to the Bank's policies and programs within the domestic water supply sector and third, to discuss the effectiveness of the Bank's current water policy on a global scale despite vast administrative and cultural differences among developing countries. The method for this analysis consists of a periodization of the time since the World Bank's creation in 1944 to the end of the twentieth century and is used to examine the logical relationship and make connections between the three variables, time, the development theories and macro-policies of the Bank, and its water supply programs and

policies. The data sources for this report are primarily published documents and literature, many of which are published by the World Bank itself.

In the early years of the Bank's existence, economic growth was the goal of development. Economic growth by itself, however, proved to result in a very unequal distribution of benefits among the different income classes of developing societies. It was this realization that initially led to the Bank's more diverse and comprehensive lending portfolio and with that, the birth of the water supply sector. Lending in water supply and other social sectors was deemed to have a more direct effect on poverty alleviation that had emerged as, and remains, the overarching goal of development. However, it is these sectors that are overlooked or ignored when the economic situation of the world or developing countries seems to falter. Essentially, poverty alleviation is only the goal during times of strong fiscal performance. At other times, the goal of development seems to return to economic growth and stability, often at the expense of poverty alleviation.

The water supply sector, as one facet of development policy, has changed and emphasized different strategies in a similar manner. Initially, the productive aspect of water was dominant but this has changed over time, recognizing the role water has in human welfare. The water supply sector activities have changed as well to reflect this recognition. Once large physical infrastructure was the priority. But, to more efficiently serve the poor, smaller-scale, low-cost technology and service levels, as well as training, human resource development and community participation have all become central characteristics of the Bank's water supply projects. As with the Bank's definition of development, however, economic measures and instruments have not been forgotten

within the water supply sector. In the latter decades, decentralization, privatization, cost recovery, and pricing schemes have also come to hold a central place in Bank water supply projects and are even pushed at the expense of the more social aspects.

The Bank's current Water Resources Strategy contains components of both the economic considerations of water provision, such as appropriate pricing schemes and privatization, and the social considerations, such as addressing the water needs of the poor, community participation and skills upgrading. This Strategy, however, is applied universally over all countries within the developing world that display vastly different administrative and cultural environments. Therefore, the success of this Strategy is widely variable. In the future, this policy could be more successful if the Bank allowed the different countries greater freedom to decide on the best method of providing water to their populations, instead of making the provision of loans contingent on the strict adherence to all components of this policy.

The Bank has grown from an organization emphasizing economic growth and productivity to one concerned with social issues as well. Despite these changing activities and philosophies, there has been, however, one underlying assumption that has remained constant, and arguably very prominent, in the Bank's thinking; the assumption that economic growth is the most efficient and principal means of development and progress. However, if the ultimate goal of development is poverty alleviation and economic growth itself has not proved adequately to increase the welfare of the poor populations, in the future it should be ensured that the importance of the social indices of development does not fall secondary to those more economic measures. Both are required for poverty alleviation and, therefore, development.