



NPRS-PRF

Helping Accelerate Poverty Reduction in Asia and the Pacific

PRO-POOR RURAL WATER SUPPLY AND SANITATION POLICIES FOR THE PEOPLE'S REPUBLIC OF CHINA

A technical assistance, designed to help the Government prepare pro-poor rural water and sanitation sector (RWSS) policies and strategic investment framework for integrated RWSS, was initiated to provide a strong base for preparing future RWSS projects.

The People's Republic of China (PRC) has the largest population in the world but it has limited resources per capita. Its estimated population growth to about 1.557 billion by 2043¹ is likely to cause mounting conflict between population increases, demand on resources, and the environment. The PRC already faces severe challenges with regard to sustainable development.

While access to water has significantly improved in the PRC, this is not the same as access to safe water. About 450 million rural people—making up 40% of the rural population—continue to use unsafe water. About 76% has access to improved water that does not meet national safety standards; the remaining 24% lacks access to any improved water source.² Rural residents with open wells and water cellars for storing rainwater enjoy only very basic improvement in terms of access to drinking water. Furthermore, nearly 122 million rural households require sanitary latrines to be constructed.

The rural water and sanitation sector (RWSS) of the PRC also faces environmental threats such as the overextraction and contamination of groundwater resources, arsenic contamination of safe drinking water (particularly in Xinjiang, Shanxi, and Inner Mongolia), and contamination of water supply because of use of latrine waste as fertilizer, particularly in rural poor regions.

The lack of safe drinking water directly impairs healthy nutrition, affects personal hygiene, and restricts basic latrine facilities. It is also likely to result in serious increases in water-related diseases, with residents being burdened with associated medical expenditures. The situation is worsened by a severe shortage of funds for work in the sector.

Toward Improving Rural Water Supply and Sanitation

The Improved access to safe drinking water was a key objective of the PRC's 10th Five-Year Plan (FYP) 2001–2005, and is similarly

reflected in the 11th FYP 2006–2010. RWSS work has been clearly identified as a major component in the strategic poverty reduction plan for implementation by the Government.

In the 1980s, the Government of the PRC participated in the "International Drinking Water Supply and Sanitation Decade," a campaign initiated by the United Nations. Clear targets, responsibilities, and organizations for all levels of governments were declared, including: (i) national water supply, sanitation, and latrine improvement guidelines; (ii) specification for application of the "National Drinking Water Standards" in rural conditions; (iii) rural water supply design standards; and (iv) standardized requirements of rural sanitation latrine construction and standard atlas of various kinds of sanitary latrines.

The PRC Government has welcomed the participation of international funding agencies, nongovernment organizations, and private funding sources in developing the RWSS sector.

With past efforts more focused on constructing physical facilities, key challenges remain. Despite the implementation of rural water supply regulations and latrine improvement objectives, the Government is behind schedule in fulfilling the Millennium Development Goal (MDG) commitments to ensure environmental sustainability.

To support the Government's development strategy and to reflect ADB's medium-term plans, the PRC's operational strategy in the next 5 years has been designed to promote pro-poor economic growth. One key objective is to enable the poor to have greater access to opportunities and benefits of economic prosperity. Constraints remain for reducing poverty and promoting rural economic prosperity because of the paucity of sustainable community-based safe water supply and sanitation systems.³

Increasing the Rural Poor's Access to Safe Water

Technical Assistance (TA) 4215⁴ of ADB on Safe Water and Sanitation for the Rural Poor was designed to help the Government prepare pro-poor RWSS policies, and a strategic investment framework for integrated RWSS. It was aimed that the framework would define viable models for financing sustainable pro-poor RWSS systems and related institutional capacity building.

TA 4215 focused on preparing a medium-term RWSS sector plan and investment strategy for 2006–2010 in line with the 11th FYP 2006–2010 and, in the context of realizing the related MDGs, a longer-term outline strategy up to 2015. The plan included decentralization initiatives, involving activities that would promote private sector participation, integration of water supply and sanitation, and enhancements to participatory processes (i.e., community consultations, women's involvement, and incorporation of children's needs) in the design and implementation of RWSS projects and programs.

Apart from formulating a strategic investment framework and RWSS sector plan, a number of case studies⁵ were carried out to test selected critical issues. These include an in-depth analysis of organizational models for water-user groups, pro-poor RWSS tariff setting, and community-based operations and maintenance (O&M) models for existing RWSS schemes. The TA was conducted nationwide, but it focused particularly on rural poor areas in the western⁶ and central regions.

From the identified constraints and relevant best practices, TA 4215 endorsed an integrated development strategy (called the 3-in-1 concept) for RWSS, hygiene promotion, and health education. The development strategy is informed by the Government's planning objectives for RWSS that, by 2020, 80% of rural households should have been serviced with piped water supply and more than 70% rural households should have and should be using sanitary latrines.

Key Issues

Among the issues identified by the TA were:

- It is difficult to achieve the twin goals of poverty alleviation and affordability, as the rural poor tend to be under pressure to repay loans;
- The concept of property ownership for RWSS facilities is nonexistent or very slight among the rural poor;
- Awareness and knowledge among the rural population about environmental hygiene and RWSS-related personal health issues are inadequate;
- Funding in promoting hygiene and health education at local levels is inadequate; and
- Managing O&M of RWSS facilities should be further strengthened, specifically in monitoring the quality of treated water.

Meanwhile, the inherent difficulties in formulating viable financing models for RWSS were identified as: (i) relatively high

investment requirements; (ii) requirement of subsidies, from both the central and provincial governments; (iii) cost-recovery problems and financial sustainability of RWSS systems in poorer areas; and (iv) low borrowing capacity in rural areas to finance RWSS.

Recommendations and Follow-up Actions

A workshop, held in January 2005, was attended by various Chinese government ministries (including Finance, Health, Water Resources, and Construction, and the Poverty Reduction Office of the State Council); international development partners the World Bank, United Nations Children's Fund, World Health Organization, the United Kingdom's Department for International Development, and Kreditanstalt für Wiederaufbau or KfW); and three leading independent PRC experts to present and discuss the RWSS investment framework and the findings of the four case studies developed under TA 4215. Among the recommendations made in the forum were:

- Central government should shoulder the responsibility for RWSS projects in poor rural areas of the western region;
- The availability of the central government funding should be considered when formulating the financing mix;
- Domestic and international loans should target areas capable of loan repayment, (e.g., rural townships with reasonable economic development, and rural areas in the central and eastern regions);
- The financing mix for international loans could contain grants, low-interest loans, and longer repayment terms;
- Appropriate size of water supply systems should be planned;
- Financing rural sanitation and latrines should be developed as public policy;
- Rural water supply projects financed by domestic sources should also include sanitation and health education (3-in-1 concept);
- Monitoring of water quality is a part of O&M management of water treatment plants, while water quality compliance is a responsibility of the municipal government; and
- RWSS and health education projects should be designed as sustainable development.

ADB's emphasis on integrated water resource management is in line with the PRC's rapid population growth, rising industrialization, and increasing environmental degradation and pollution. The TA thus provides a strong base for preparing future RWSS projects in the PRC.



Endnotes

- ¹ Available: www.chinadaily.com.cn/english/doc/2004-05/10/content_329290.htm
- ² Asian Development Bank (ADB). 2004. Technical assistance (TA) paper – TA 4215: People's Republic of China (PRC). Technical Assistance to the People's Republic of China for Safe Water and Sanitation for the Rural Poor. November 2003.
- ³ Endnote 2.
- ⁴ Endnote 2. TA amount: \$105,000 was government financing and \$400,000 was financed by the Poverty Reduction Cooperation Fund (contributed by the United Kingdom's Department for International Development Fund and administered by ADB). Executing agency was the Department of Disease Control of the Ministry of Health.
- ⁵ The team of consultants selected four targets for case study: Chuxiong City in Yunnan Province, Xiangxi area in Hunan Province, Gansu Province (Huangtu Highlands area), and Neimenggu Autonomous Region. These areas are representative of issues identified at the inception stage of the TA (e.g., remote location, poor economic conditions, underprivileged, lack of water resources, inadequate technical expertise, women and children labored in fetching water, arsenic or fluoride contamination, etc.). Moreover, they possess key success factors or lessons learned that could be transportable to other areas (Final Inception Report, October 2004).
- ⁶ Western region comprises 12 provinces, autonomous regions, and municipalities covering Chongqing, Gansu, Guangxi, Guizhou, Inner Mongolia, Ningxia, Qinghai, Shaanxi, Sichuan, Tibet, Xinjiang, and Yunnan; and three prefectures in Hubei, Hunan, and Jilin.

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