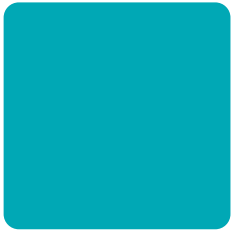
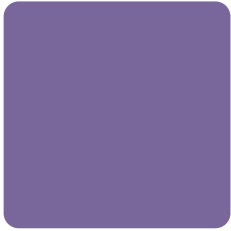


Mission-critical: Invest in water, sanitation and hygiene for a healthy and green economic recovery



WaterAid

Executive summary

The attainment of universal access to water, sanitation and hygiene (WASH) is fundamental to inclusive and sustainable development.

Inadequate access to WASH is responsible for as much as 10% of the global disease burden, contributing to 1.6 million preventable deaths each year, including 60% of all diarrhoeal deaths. A lack of basic WASH requires households to spend 1–2 hours per day on average collecting water, displacing time spent in employment or education. The incidence of these impacts on health and economic opportunity skews heavily towards women, meaning a lack of WASH is a critical barrier to female empowerment and gender equality.

Aspects of the case for investment in WASH are captured in benefit-cost ratio assessments, which consistently demonstrate strong value for money.

Benefit-cost ratios (BCRs) compare the socioeconomic gains from an investment against their costs, all measured in monetary terms, in order to assess value for money. Leading estimates have shown that universal WASH offers excellent value for money, with BCR ranges of 4–8 even where key societal impacts such as gender equality are not accounted for.

In the wake of COVID-19 and with increasing risks from climate change, it is timely to revisit the case for investment in WASH.

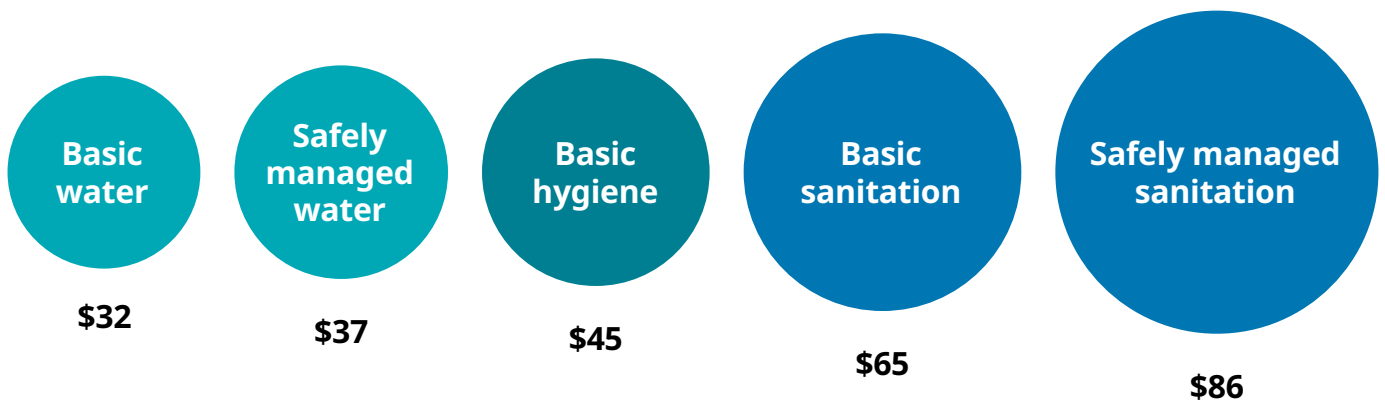
The pandemic has exposed the devastating economic and societal consequences of infectious disease – the risks of which are expected to increase significantly as a result of climate change. Yet the potential role of WASH in mitigating the risks of airborne infectious disease, which is significant for COVID-19, and in promoting climate resilience, has yet to be included in a BCR. At a time where many governments and donors are seeking to ‘build back better’ in the aftermath of COVID-19, the contribution of this study is to revisit the case for investment in universal WASH, updating previous estimates and accounting for its effects on resilience to climate change and respiratory disease.

Table 1: Global BCRs of achieving universal coverage by 2030, maintained through 2040

Service level	Water	Sanitation	Hygiene
Basic	14–18	4.4–5.5	15–21
Safely managed	1.5–1.9	2.2–2.9	–
Safely managed and climate resilient	1.6–1.9	2.2–3.0	–

Source: Vivid Economics

Figure 1: Annualised net benefits of achieving universal services 2021–2040 (USD billions)



Note: The area of each circle corresponds with the magnitude of net benefits from 2021–2040.

Source: Vivid Economics

Updated analysis confirms the value of universal WASH, which could unlock trillions of dollars of value over the next two decades (Table 1). It finds:

- Basic services can provide up to 21 times more value than expenditure, and are a necessary step towards universal safely managed services;
- Upgrading basic services to safely managed WASH infrastructure is a long-term investment that will yield net benefits of US \$37–86 billion per year (Figure 1), avoiding up to 6 billion cases of diarrhoea and 12 billion cases of helminths between 2021 and 2040, with significant implications for child health and nutrition;
- Every dollar spent on strategic flood resilience upgrades could avoid at least US \$62 in flood restoration costs. Flooding is the most prevalent climate change-related threat to global WASH infrastructure, with service disruptions expected for up to 13% of the population in the most vulnerable countries. Flood-resilience is a highly cost-effective investment for flood prone areas, with costs significantly lower than those of disruption and repair.

Investment in WASH can be an effective means of achieving transformative economic growth in the wake of COVID-19.

The BCR analysis presented in this report highlights how proximate benefits clearly outweigh costs of investment, but there are additional strategic dimensions to the decision. Over the short term, with many economies facing high unemployment as a result of the pandemic, WASH investments can be an effective form of stimulus spending, rapidly deployed and targeted towards job creation. Over the longer term, WASH can support healthier, more educated, more productive and resilient workforces, crowding in further private investment and sustaining more rapid and equitable economic growth.

Urgent actions required

WaterAid calls for governments, international organisations, donors and businesses to lead the way in providing substantially increased and sustained investments in WASH infrastructure and services in low income countries (LICs) and lower middle-income countries (LMICs) during 2021 and 2022. These investments are an essential public health response to COVID-19, a mission-critical fiscal stimulus for economic recovery and a core element of future pandemic preparedness plans.

- Governments, international organisations, donors and business should lead the way in financing the annual US \$229 billion capital requirement for LICs and LMICs to restore progress and be on track to achieve SDG 6 by 2030.
- G20 governments must urgently phase out their US \$580 billion annual subsidies to fossil fuels and redirect this to a healthy and sustainable COVID-19 recovery, including supporting investments in WASH services.
- Fiscal stimulus packages – supported by the international community – should include financing of the estimated US \$6.5 billionⁱ required to ensure every healthcare facility in Least Developed Countries (LDCs) has safe and sustainable WASH services.
- All high-income countries (HICs) should fulfil their responsibilities to provide new and additional climate finance, complementing increased Official Development Assistance (ODA), in line with the US \$100 billion annual commitment to climate finance – with substantial increases in grant-based adaptation funding to WASH in LICs and LMICs.
- As part of meeting promises to spend 0.7% of gross national income (GNI) on ODA, high-income countries should lead a doubling of ODA for WASH in 2021 and 2022.
- Multilateral and bilateral donors and private sector investors should strengthen collaboration and create the enabling environments for increased water investments for the poorest, most vulnerable communities in climate change hotspots, in order to better align international climate finance with the highest needs in LICs and LMICs.
- G20 governments and private creditors must provide comprehensive debt cancellation to debt-distressed LICs and LMICs, including through the reallocation of Special Drawing Rights to enable investments in SDG 6 and Agenda 2030 as part of the fiscal stimulus for economic recovery from COVID-19.

ⁱ Estimate based on WHO costing currently under peer review, as outlined in Gordon B, Montgomery M, Neira M (2021). **Opinion: How to ensure WASH services in all health care facilities.**



Vivid Economics is a leading strategic economics consultancy with global reach.

They are a premier consultant in the policy-commerce interface and resource- and environment-intensive sectors, where they advise on the most critical and complex policy and commercial questions around the world.

WaterAid is an international not-for-profit, determined to make clean water, decent toilets and good hygiene normal for everyone, everywhere within a generation. Only by tackling these three essentials in ways that last can people change their lives for good.

This report draws on multiple sources, including economic analysis and case study research from Vivid Economics. WaterAid is responsible for the conclusions and recommendations of the research.

Find out more at washmatters.wateraid.org/mission-critical



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