

Theme	<b>5. FINANCE</b>
Topic	<b>5.3 Pro-Poor Policies and Strategies</b>
Main Question	<i>How can governments and utilities expand service coverage to meet the needs of poor communities and realistically address the goals of MDGs?</i>
Related sub-questions	<p>Question 1: <i>How do the poor differ from non-poor and how does this affect their demand for services?</i></p> <p>Question 2: <i>How can utilities address the needs of the poor without jeopardizing their overall financial viability?</i></p> <p>Question 3: <i>What is the experience of small-scale providers in servicing the poor?</i></p>
<u>General introduction</u>	<p>Over the next two decades, the bulk of the population growth in developing countries will be concentrated in urban areas, especially in small- and medium-sized cities. In Africa, informal settlements currently account for an estimated 50% to 60% of the urban population. Many of these urban dwellers will be poor. Providing effective water supply and sanitation services to the poor in general, and the poor in informal settlements specifically confronts a number of significant challenges for water and sanitation service providers, among them the fear of not recovering costs which can jeopardize the well being of the water utility. Experience in a number of countries indicates that it is possible to significantly improve services to low-income urban populations through innovation in management and financing mechanism and by building on community and private sector initiatives. Often many assumptions are made about the poor, including that they will consume less water and sanitation services, and are unable or unwilling to pay for such services. To get the policies and instruments right to better service the poor, it is important to have a proper understanding of how the poor differ from the non-poor.</p> <p>Resulting Question 1: <i>How do the poor differ from non-poor and how does this affect their demand for services?</i></p> <hr/> <p>What is the responsibility of a public utility in meeting the needs of the urban and peri-urban poor? Many utility managers struggle with this issue as many are confronting significant pressure to provide access to poor communities but at the same time are also responsible to attain financial targets without much financial support from their local and central government stakeholders. Often the decision has been one of two avenues: either abandon the poor to ensure the financial sustainability of the main utility, or succumb to political pressure to extend coverage to the poor with a significant downfall of the institutions financial condition. But these alternatives are not the sole choices available to utility managers.</p> <p>Resulting Question 2: <i>How can utilities address the needs of the poor without jeopardizing their overall financial viability?</i></p> <hr/> <p>Consumers often have come to rely on small scale providers of water supply and sanitation (WSS). These providers can operate independently from the more formal water utilities or can operate as an extension of these utilities. Small scale private sector providers can include a number of different service delivery players, such as private water kiosks, water vendors, private borehole operators, water tankers, and latrine pit exhausters. They can also include non-governmental organizations or community based organizations that organize themselves to deliver services to their own community. These forms of service delivery take place in the context of a variety of legal and regulatory arrangements and different institutional frameworks. But generally they do play an important role in reaching the poor communities in remote</p>

	<p>areas and cater to very specific niche markets that the formal utility is not well placed or even interested in serving.</p> <p>Small scale providers can work as an extension of the utility by taking on very specific functions. These again can be regulated or not, such a private water vendor purchasing bulk water and retailing it to customers within the utilities service area. If this is done under a formal contract, the small scale operator may benefit from specific bulk tariff rates which would allow him to render the service at affordable tariffs. Also some regulatory oversight can be established allowing both the utility and the small operators to work side by side and benefit consumers. Such regulation would enable the small operators to legitimize their business, through permitting, or licensing of the service.</p> <p>Over the last decade, practitioners are gaining insight in the roles of small scale providers and how they can benefit the poor communities when more formal providers cannot – either in the short-or longer term.</p> <p>Resulting Question 3: <i>What is the experience of small-scale providers in servicing the poor?</i></p>
(Types of ) Organizations to be involved in topic consultations	<p>National Governments (min of finance/economic affairs/ infrastructure/public works)</p> <p>National regulators: from developing and industrialised countries</p> <p>Local governments</p> <p>Service providers: private, public, local, international</p> <p>Users: Consumer associations</p> <p>Organised civil society: associations, NGOs, international and local</p> <p>Multilateral donors: WB, EIB, EBRD, AfDB, ADB, IADB, IDB,</p> <p>Bilateral donors</p> <p>Private financiers: Banks, specialised funds</p> <p>Foundations: Gates, Rockefeller</p> <p>Micro-finance institutions:</p> <p>Research Institutions: ERM</p> <p>International Agencies:</p>
Process of paper and session development:	<ol style="list-style-type: none"> <li>1. Draft 1 of topic scoping paper to be sent to key institutions for comments</li> <li>2. Improved draft to be placed on website</li> <li>3. Improved draft with comments received to be discussed at the February coordinators meeting to: <ol style="list-style-type: none"> <li>a. Agree on key questions</li> <li>b. Agree on the topic document so that it can be placed on the Forum web-site</li> <li>c. Agree on key stakeholders to take part in the development of the topic</li> <li>d. Agree on consultation process: relevant meetings with key stakeholders</li> <li>e. Agree on the process and actors to develop the forum session.</li> </ol> </li> </ol>