

# Water and Poverty

There are many links between water and poverty, and some of these are identified at the start of this chapter. One of these links—the economic link—is best illustrated by the dramatic effect it has on the poor getting connected to piped water. Disposable income can increase by up to 20% as a result of moving from vended water to piped water. This chapter discusses the access of the urban poor to piped water, how connection fees act as a constraint, and affordability and willingness to pay. The issue of environmental sanitation and how it affects the poor is also discussed. Comparisons are made between those connected and those not connected in terms of the volume of water used and its cost.

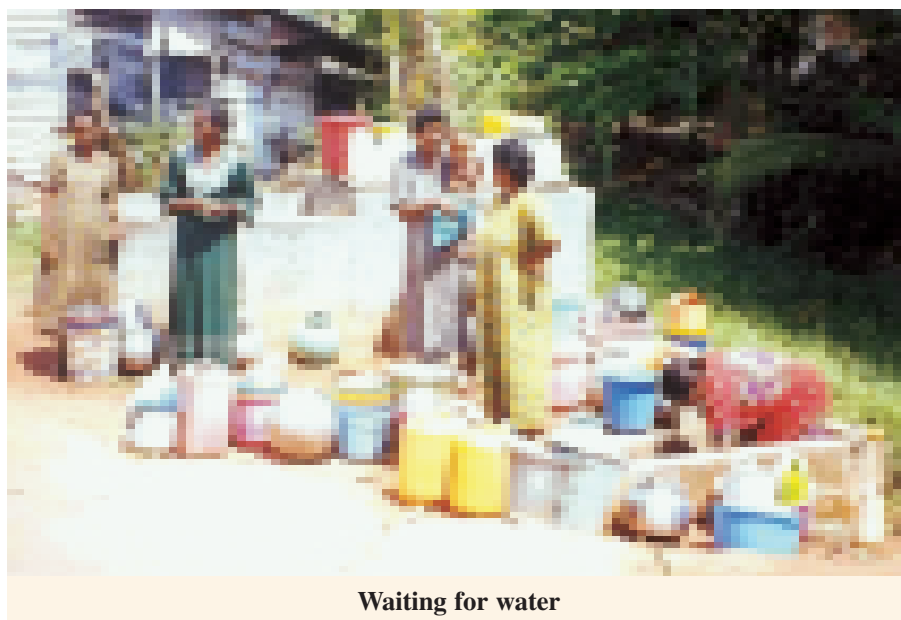
## A. Links

There are many links between water and poverty.

- (1) Water and poverty are linked by access to potable piped water. There are two parts to this. The objective is 24-hour access to potable piped water in every home. **Poor people either have no access to piped water and must buy water from vendors or they have access but service is very poor** (like standpipe water that is 500 meters away from the home and available for one hour each day).
- (2) Water and poverty are linked by **the economic effects of inadequate service**. If a poor family in Manila pays 900 pesos each month for vended water, but would only be paying 100 pesos each month if connected to piped water, that family is greatly affected economically. That extra 800 pesos each month, out of a total monthly household income of 6,000 pesos, could be the difference

between a family of six living in a building made of temporary materials (without windows) that rents for 1,000 pesos per month and living in a house made of permanent materials (with windows) that rents for 1,500 pesos per month. It could be the difference between buying rice or electricity on credit with effective interest rates of 20% per month or buying those commodities at normal prices.

- (3) Water and poverty are linked by the people who are **last in line to get piped water**. Private concessionaires are not too eager to connect the poor because they do not buy much water, cannot pay for connection fees up front, and often lack the security of land tenure (see Box 6.1). Concessionaires fear that the poor will not pay and that they will not be able to afford to connect properly in unauthorized settlements. Elected officials often tell these families that “piped water will be available next year,” but often nothing happens. The poor do not have access to reliable information.
- (4) Water and poverty are linked by the **quality of water that the poor receive**. The cheaper vended water cannot be used for drinking, and it



Waiting for water

### Box 6.1 Difficulties Encountered in Serving the Urban Poor

*It was realized that land tenure is complex and an issue. The reason for this is that supplying water will alter the status of the land. Moreover, regularization of land tenure before introducing water and sanitation is important. Tap water in every home cannot be seen as an aim in itself. A transition period will be required to achieve this goal.*

- **Problems in equipping poor neighborhoods:**

- (a) Connection costs are too high.
- (b) There are high percentages of unpaid bills.
- (c) There are high rates of unbilled or fraudulent consumption.
- (d) There are low levels of individual consumption.
- (e) Network maintenance costs are high.

- **Problems related to equipping areas of spontaneous and temporary housing:**

- (a) Authorities will not legalize/recognize settlements.
- (b) Crime and vandalism are rampant.
- (c) It is impossible to draw up a customer file.
- (d) Billing methods are inappropriate.
- (e) The situation is precarious.

- **Solutions regarding connection fees:**

- (a) Spread out payments over several months.

- (b) Labor participation.
- (c) Extend grants where town councils supply materials.
- (d) Welfare connections.
- (e) Microloans.
- (f) Pooled investments.
- (g) Municipal tax compensation.

- **Neighborhood resale:**

- (a) A person connected to a network sells water to a person who is not connected (this is regularized in Jakarta, Phnom Penh, and Ho Chi Minh City).
- (b) In Jakarta, 30% of the people buy water from street hawkers.
- (c) Is believed to make a considerable contribution to making potable water more widely accessible in disadvantaged areas, which justifies its gradual regularization in developing countries.

- **Conclusion:**

*Disadvantaged areas need a special approach that leaves concessionaires some flexibility.*

*It is best to spread the cost of the work in disadvantaged areas among customers who are already connected, municipalities, developers, future customers, and any donor institutions. (Lyonnaise des Eaux, 1998)*

often stains clothes during washing. The **reliability** of supply is not good, and new sources sometimes must be found at a day's notice.

- (5) Water and poverty are linked by **intermittent supply**. The extra costs related to this type of service can be seen in terms of **distance to access**; **inconvenient** times of supply (in Kathmandu water could arrive at 2:00 a.m.); uncertainty and **anxiety** over when water will come; **bribes** to ensure that water will come; **sleep disorders**; waiting in **queues**; **conflicts** with neigh-

bors; the **burdens** of carting water, in-house storage, and boiling and filtering water for drinking and cooking; and finally the **security** risk for women sent to retrieve water at night (see Box 6.2).

- (6) Water and poverty are linked by the poor who rely on groundwater and household or community wells. Water and poverty are also linked by the always increasing and real threat of **falling groundwater tables**, which require water to be pumped or the unaffordable deepening of wells. Saline intrusion, caused by overextraction of

### Box 6.2 Poor Water Supply Service in Kathmandu

In a letter published in the Kathmandu Post on 17 June 2002, Paliza Shrestha stated the following.

*The supply of water in Kathmandu city is grossly irregular. There's literally no schedule, whatsoever, for when the water comes and goes, and on several occasions we (Bansbari tole) have no supply of water. Water is a daily necessity. It is impossible to carry out household activities without water. Also, it becomes very annoying to get up early in the morning every time to check whether water has come or not. Due to this we have had to put up with sleep disorder. Almost every day the issue worries us. Most of the time since there is no water supplied to our taps, we have to walk long distance to collect water from waterspouts and at other times from the neighborhood. We use our store of water cautiously as we are afraid there won't be enough water for the next day. Add to this the pain of going to a Dhungedhara (waterspout) waiting in long queues, washing clothes, and bringing them back to our houses. Sometimes there are conflicts between landlords and tenants over sharing water. I see many people at Dhungedharas fighting.*

*It is the responsibility of the Government to provide a reliable water supply. The Government should take our plight seriously. Why on earth can't they just provide a regular supply of water? I don't think we are asking too much. A fixed timing of water should be printed in the newspapers (both in English and Nepali) as well as posted on radios and TVs. Perhaps this will make the life of the urbanites a bit easier.*

groundwater by industries, can also wipe out a cheap source of water for the poor.

- (7) Water and poverty are linked by the possibility that the poor connected to piped supplies can be exploited. If one family manages to get a connection and shares the water received with several neighbors, all are charged at high consumption penalty rates, because of **block rates** tied to consumption.
- (8) Water and poverty are linked by the whole **inequity** of a situation in which the poor get the worst service—intermittent water supply through standpipes, no service at all, or vended water in lieu of piped water—while the rich or better off get relatively inexpensive piped water. Invariably, the poor consume around one fifth (6 m<sup>3</sup> per month) of what those directly connected to piped water consume and pay five times the amount the rich pay. Subsidies benefit the rich more than the poor.
- (9) Water and poverty are linked by private sector contracts not being based on a policy of connecting the poor, which leads to **regulation by contract**. This situation has made it necessary for concessionaires to increase tariffs to invest in connections to the poor, and this has proved hard to do.
- (10) Water and poverty are linked by **private operators** with concessions promising to bring investment funds to the table to improve coverage, which they have not done, and water and poverty are linked by the poor suffering as a consequence.
- (11) Water and poverty are linked by the status quo and vested interests working against the poor. **Water vending** is a very big business, and elected officials and utility staff have been



Even the water vendor is poor

known to receive a share of the profits. It is not in the interests of such persons to help the poor get connected to piped water. Some of the so-called NRW can be bought by water vendors with the permission of certain authorities, and these authorities would then collect money from its distribution.

- (12) Water and poverty are linked by the **poor suffering more than others from corruption**. In Bangalore (India), a study on governance (Paul and Sekhar, 1999) concluded that one poor household in four pays bribes for getting its problems solved at public agencies. Moreover, evidence indicated that the poor pay a higher price for corruption than others. While government subsidies are high and the money trail runs through governments, the poor will remain underserved or not served with piped water, because there are not enough funds to invest.
- (13) Water and poverty are linked by the **lack of transparent government policies** that target water service to the poor. Sometimes these policies are made for development agencies but are later ignored or forgotten.
- (14) Water and poverty are linked by the rich being able to afford to protect themselves from disease by buying **bottled drinking water** and the poor not being able to afford this luxury.
- (15) Water and poverty are linked by the poor being made to suffer in regard to sanitation as well as water service. Many underprivileged citizens have no access to **formal sanitation facilities** and must defecate in the open or in hanging latrines. Women in particular suffer ill health as a result of not being able to use public sanitation facilities.
- (16) Water and poverty are linked by **very low consumer expectations** in regard to water services. In parts of South Asia, people are happy to get water from standpipes for one hour every day. They do not know that they are entitled to a 24-hour piped supply in their homes, like that enjoyed by others elsewhere in the world.
- (17) Water and poverty are linked by the rich being able to afford to pay bribes to get **illegal connections** and the poor not being able to do the same.
- (18) Water and poverty are linked by **connection fees** being often over \$100 and the need to pay these up front. The poor cannot save that amount of money, especially when paying for expensive vended water.

- (19) Water and poverty are linked by connected consumers having a collective voice and **the poor who are not connected having no voice**.

## B. Water Policy

ADB's water policy is linked to its poverty reduction strategy. The policy specifically provides for the involvement of the poor in water conservation and management. It recognizes that the specific needs and vulnerabilities of the poor are central in formulating sound and equitable water strategies. The poor must be enabled to influence decisions that affect their access to water for both consumptive and productive uses. The policy also reflects the considerable potential that exists for mobilizing community efforts to directly contribute to pro-poor water development, and it requires the development of knowledge bases related to the water needs of the poor.

## C. Connection Fees

Connection fees in many Asian countries can be as high as one fifth of a poor household's annual income, thereby making it difficult if not impossible for



Burden of carrying water



Should be in school

the poor to connect. In most cities there is no option apart from up-front lump sum payment. A survey of 20 Asian cities revealed that half require the connection fee to be paid up-front in a lump sum.<sup>7</sup> Phnom Penh officials say that the problem the urban poor face is the connection fee being too high, which inhibits connection and therefore demand. Formal water supply is one fourth the informal cost in terms of the tariff but higher in terms of the connection fee. In Andhra Pradesh (India), when the Government dropped the connection fee from 4,000 to 2,000 rupees, more than 5,000 households registered. Using the cash inflow, the municipality extended its distribution lines to other areas that were not served. **One-off connection charges may impede access, so these costs should be recovered by monthly charges over a period of up to 5 years. In the case of new development, these charges can be included in financing the total cost of the undertaking.**

<sup>7</sup> I have found from field experience that, even if the official policy is to allow connection fees to be paid in installments with the tariff, often the people are unaware of that policy.

## D. Low Coverage and Low Service Levels

Notwithstanding PSP in water supply in Manila, there are still about 5 million people in the city who do not have direct access to piped water. This would be reasonable if they have an acceptable alternative supply, such as tubewells with handpumps or dug wells, but in most cases they do not. Instead, many pay up to 20% of their household income to buy water from vendors. A typical example would be one quarter of a family's water (sourced from the utility) purchased at high cost for drinking and cooking and three quarters of its water (sourced from groundwater) purchased at lower cost for washing and bathing. The situation that pertains to Manila is repeated in other cities in Southeast Asia. In South Asia, the situation is somewhat different. In general, coverage with piped water is more complete, but the service levels are lower than in Southeast Asia. Intermittent water supply is the norm, with many people receiving water for only one hour every other day in the dry season. Furthermore, there are many people served only by standpipes, which results in queues for water and the burden of carting it home, when and if it comes. It is important to note that it is mostly the urban poor who do not have 24-hour access to supplies of piped water. The more fortunate rich often enjoy 24-hour piped supplies. The experience of a standpipe user in Delhi is described in Box 6.3. This illustrates that, even though standpipe water may be nominally free, the cost of transport to get this water home makes it effectively very expensive (\$2.50/m<sup>3</sup>).

It seems that increased scarcity of water results in those who control it taking advantage of the poor. For example, a valve operator in Kathmandu once confessed (with a grin on his face) that he worked 18 hours per day, 7 days per week, because the bribes he received paid him to do so.

The cost of intermittent water supply to the consumer is considerable. A group of consumers in Kathmandu was asked to compare what they paid for water with what they paid for electricity. The finding was that their electricity bills were almost 20 times higher than their water bills. This was unusual, because the average ratio in Asia is around 4:1. Upon further discussion, however, it was revealed that half of the cost of the electricity bills resulted from pumping water. So, from this example, it can be seen that pumping can be a major cost associated with intermittent water supply. Storage and treatment (boiling and filtering) costs are also appreciable.

### Box 6.3 Standpipe Supply in Delhi

A family of five people living in an unauthorized settlement uses groundwater for washing, bathing, and cleaning, but travels 1,500 meters to a standpipe each day to get 40 liters of water for drinking and cooking. The water is available at the standpipe for just six hours each day and is free. The journey on foot takes about 25 minutes, and depending on the season (summer or winter) it may be necessary after arrival to queue for water for 15–60 minutes. The journey home is by rickshaw and costs \$0.10 per day (this equates to buying water at \$2.50/m<sup>3</sup> or a monthly water bill of \$3). At home the family has 500 liters of storage, which is used mostly for groundwater. The standpipe water is used for drinking without boiling or filtering. The family members are happy enough with the water utility, because they can access good water. But they say nothing can be done to get them a house connection to piped water, as the utility has not planned to provide water to this unauthorized settlement. When asked about the worst thing related to collecting water, the answer was “the long distance to be traveled and the long queue.”

The unsatisfactory state of water supply in Asia (many people not served or poorly served) is the consequence of numerous forces interacting to reach a comfortable situation for the controlling stakeholders. The status quo is a natural state and has its own inertia. Moving from that state requires considerable new forces to overcome that inertia.

### E. Affordability

People often hear that the poor cannot afford to pay water tariffs. This is not the case, and proof of this comes from Manila, where a typical household connected to a piped supply pays around \$4 each month for water and uses 30 m<sup>3</sup> per month, while the urban poor not being served pay around \$20 each month for their water and use 6 m<sup>3</sup> per month. Having to pay an up-front lump sum of around \$100 for connection fees, however, is more than can be expected of the poor. Other arrangements are needed.

If a ceiling of 5% of household income is imposed for combined water supply and sanitation affordability,

there will be plenty of revenue. In cities like Manila the income profile is wide ranging, so the tariff structure can be fine-tuned to optimize this state. Utilities must, however, become better informed about that profile before they do the fine-tuning. They must also not ignore alternative water sources and services.

*It was recently found in India that households in Dehradun receiving the existing intermittent water supply were willing to pay more than twice the prevailing rate to receive a continuous water supply. It was further discovered that, on average, households were paying up to five times the prevailing rate in coping costs, which arise from the existing irregular and unreliable supply. In Delhi, in 1998, households paid up to 2,000 rupees per year in direct and indirect coping costs resulting from existing intermittent supply. This revenue source was not tapped by formal providers, as it was paid directly to smaller and unregulated private sector interests. It was also found that if tariff increases are implemented without increases in service, consumers are not likely to be convinced to accept future proposed increases. (Water and Sanitation Program, 2001)*

### F. Environmental Sanitation

City slums are often located in areas where the installation of water systems presents engineering problems. For example, several such areas are on steep slopes and at higher elevations than storage reservoirs. Water must therefore be pumped, resulting in additional costs. Invariably it is the poor who live on marginal lands



Health risk



Unsanitary conditions

that suffer from flooding one time and poor drainage the next. Land tenure has been an issue, so the poor are often forced to be unauthorized settlers and still pay an informal rent to those who control even public lands. Toilets are often hanging latrines. Hygiene education is lacking for many of the poor, so they suffer from bad hygiene as well as bad water service. The matter of the right of the poor to live and work in our cities is addressed in Box 6.4.

## G. Government Policy and Governance

The issue of water and poverty is about governance, including the lack of transparent and implemented policies directed at getting the poor 24-hour access to piped water. The poor are willing and able to pay for piped water, but governments are in general unwilling to increase tariffs to a level that would provide the funds needed to invest in connecting the poor. A large underground economy involving water vendors is flourishing, but vested interests (including governments, utility staff, and the private sector) are not eager to change the status quo.

**Everything begins with policy—let us not forget that.** But policies must be developed after consulting with stakeholders, and the policies must address the main issues. Most of all, policies must be transparent and kept in the public eye. They must specifically target the urban poor in terms of (i) piped water access in homes; (ii) 24-hour supply; (iii) affordability, willingness to pay, tariffs, and tariff structure; (iv) priority of service; (v) water quality; (vi) alternative sources; (vii) water quantity; (viii) private sector obligations; (ix) sanitation facilities; (x) information; (xi) water vending; (xii) bottled

### Box 6.4 Mega Slums—The Coming Sanitary Crisis

*Too often in the past development policies have failed because those whose lives were supposed to be transformed were not consulted, and their views and wishes were not heard. Policy makers must therefore recognize that the energies of the poor are a resource that can be tapped to help find solutions to the problem of squalor. A fundamental change in public attitudes is needed. Instead of simply using the poor as a source of cheap labor, the right of the poor to belong to a city, and to become permanent residents in every meaning of the term, must also be acknowledged. In line with this, more modest types of urban settlements and amenities, within the scope of building and other municipal regulations, must be accommodated. And it must be recognized that appropriate service delivery systems need to belong to their own consumer context, not to standards of technological excellence set in Europe that come with a corresponding price tag. What poor communities need is freedom from extreme commercialization generated by water scarcity in their neglected and underserved localities. They also need help in overcoming the many disadvantages they experience due to their relative lack of socioeconomic and political clout. NGOs have a special role to play in facilitating change. (Black, 1994)*

water; (xiii) connection fees; and (xiv) the right of access to water. In line with this, policy makers may want or need to do the following.

- Look at how water vendors can be turned into distribution caretakers.
- Require an assessment of subsidies to determine tariff policies.
- Consider the income profile of a city first.
- Consider a ceiling on affordability set at 5% of household income.
- Consider that hiking tariffs helps the poor, not only by having the funds to invest in connecting them to piped water but also through reducing water demand and releasing the water to serve them without the extra costs of source development.

- Consider that those with piped water should be obliged to pay a little more, so that those without piped water can get connected.
- Encourage NGOs to form consumer societies that look after the interests of the poor, especially those not connected to piped water.
- Consider direct subsidies to the poor, such as those subsidies introduced in Chile (see Box 6.5).
- Consider installing public toilets, such as those used in Pune (India).
- Consider recognizing water vendors and other small-scale water providers.
- Look at rainwater harvesting as a way of helping the poor.
- Encourage the media to bring information to the urban poor.
- Encourage a consumer service targeted at the urban poor.
- Require that the plight of the urban poor is benchmarked, monitored, and published regularly through a public audit of water service levels.
- Insist that policies for the poor are regulated and that social auditors are appointed.
- Consider whether bulk sales of water to the poor and neighborhood resale comply with policies.
- Consider hygiene education for the urban poor.
- Target the schools first.
- Look at how one connection can equitably serve several families.

The PRC has some good (safety net) policies related to water and poverty. For example, in the city of Zhangjiakou, Hebei Province, poor families (those that receive welfare from the Civil Affairs Bureau) are entitled to receive a cash rebate on 5 m<sup>3</sup> of consumption per month.

Civil society can help create the necessary public awareness to pressure governments into enacting the right policies (those that will ensure equitable water service for all) and the proper strategy (increase tariffs significantly) to achieve this. Civil society should include all stakeholders, including served consumers, the urban poor not being served, utilities, the private sector, unions, government officials, elected officials, NGOs, journalists, and academics.

## H. Raise the Tariff to Help the Poor

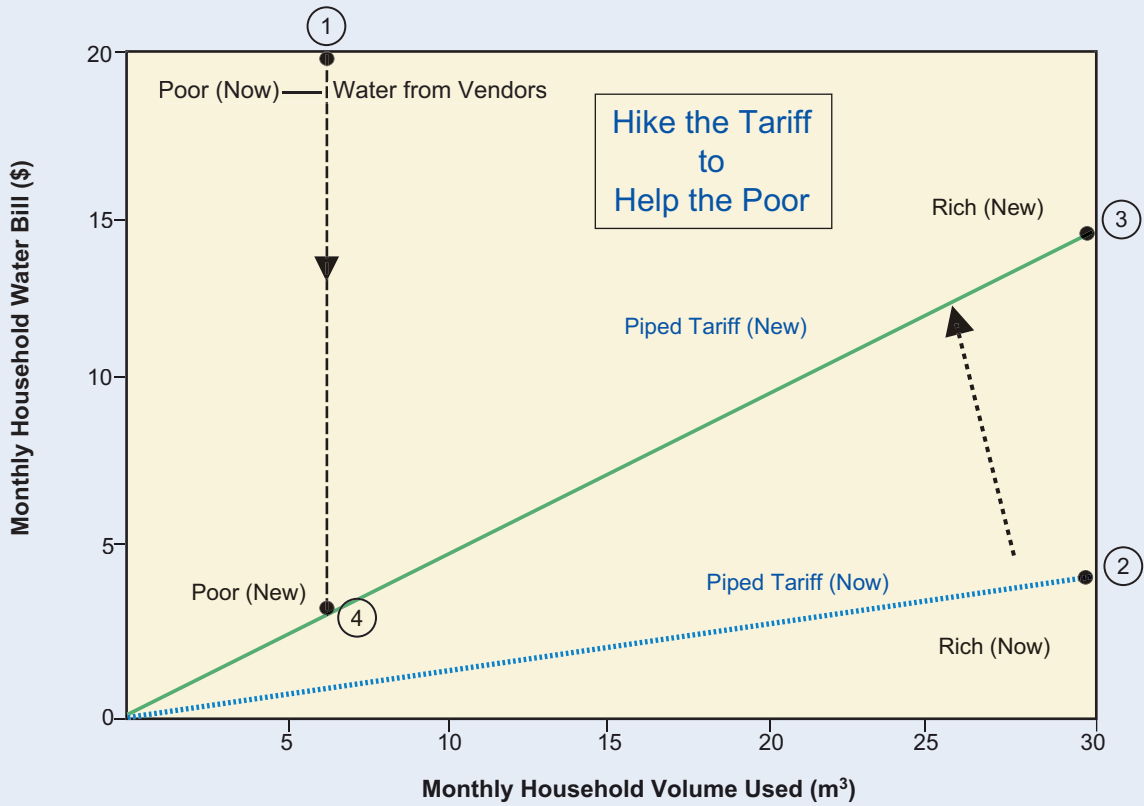
The irony of the situation is that the main way to help the poor is to substantially raise tariffs. This will free up funds for investments designed to connect the poor and turn intermittent water supply into 24-hour supply (without standpipes). A hypothetical example is shown in Figure 6.1, and an actual example is related in Box 6.6 (see also the Colombo and Phnom Penh case studies in Appendix 2, which illustrate the ability of consumers to pay for water).

### Box 6.5 Output-Based Subsidies for Water Consumption

- *Chile introduced an individual means-tested consumption subsidy a decade ago. Although the public authorities determine how the subsidy is applied, the mostly private companies deliver the service.*
- *An important part of the reform was a new tariff setting methodology aimed at raising water prices to the true economic cost of the service.*
- *The Government reimburses the companies for the subsidies based on the actual amount of water consumed by each beneficiary.*
- *By law the subsidy can cover 25–85% of a household's water and sewerage bill for consumption of up to 15 m<sup>3</sup> per month, with the client paying the rest. All consumption above that limit is charged at the full tariff.*
- *An eligibility scoring system is the main instrument used in Chile for distributing means-tested subsidies. It produces a score for each household wishing to be evaluated, which is based on a personal interview and the answers to 50 questions. The score is valid for 2 years and can be used to avail of other subsidies, including pensions, family benefits, and health benefits.*
- *Metering is essential, and it requires a strong institutional capacity at the municipal level. It is expensive to apply output-based subsidies just for water, but when combined with other benefits it is more cost-effective.*

(World Bank, 1999)

Figure 6.1 Effect of Tariff Increase on Rich and Poor



- For the Poor ① \$20 → ④ \$3 (6 m<sup>3</sup>)
  - For the Rich ② \$4 → ③ \$15 (30 m<sup>3</sup>)
- Average Tariff (Now) = \$0.13/m<sup>3</sup>  
 Average Tariff (New) = \$0.50/m<sup>3</sup>



Water queue for the poor



Bottled water for the rich

### Box 6.6 Hiking Tariffs to Help the Poor

Winnie Flores (shown on front cover) lives at the Manggahan floodway in Metro Manila. She is one of about 5 million people who still have no access to piped water. She pays almost as much for water as she does for rent. Winnie could greatly improve her quality of life if she could get connected to piped water. "It's coming next year," she has been told. But she has listened to that line for the last 5 years.

Recently, when her husband lost his job, they and their four children had to move to cheaper accommodations, costing 1,000 pesos a month. Yet Winnie pays 900 pesos a month for 6 m<sup>3</sup> of water, while many connected to piped water pay about 160 pesos a month for 30 m<sup>3</sup>. She gets her water from two sources: the first is an entrepreneur who drilled a well to pipe water to some families in the neighborhood. Winnie buys eight 16-liter jerry cans per day from this vendor for 10 pesos. The water is of poor quality. Her second source of water is another vendor, who comes twice a day to deliver 16-liter jerry cans of drinking water sourced from a water main about 2 kilometers away. She buys four containers a day at 5 pesos a container.

Why are Winnie and so many others in this deplorable situation? It is not a question of land tenure—the neighborhood has concrete streets and many homes built with permanent materials. It is all about where the funds are to bring the urban poor piped water. When PSP was introduced, many said that the private sector would invest funds in water supply and improve efficiency by reducing NRW, etc. In reality, after almost 5 years, NRW has not been reduced greatly and new funding has been much less than expected. What happened?

The "water crisis" in Manila in 1996 was the rationale for the introduction of PSP, which was completed in just 18 months. Unfortunately, two mistakes were made. First, the contracts with two different concessionaires were not based on a formal and publicized government policy that might have included serving the urban poor. There was no independent regulator to monitor the implementation of the policies and to see that the contract conformed to these. Instead, the former Metropolitan Waterworks and Sewerage System was appointed as a regulator, but it ended up acting as a contract administrator. The second mistake was having

concessionaires compete to provide water based on the lowest tariff. The winning bids were 57% and 26% of the pre-bid MWSS tariff. The signal most likely sent to consumers was that water was very plentiful and ready to be used. It lulled consumers into a false sense of security.

When El Niño and the Asian currency crisis came along, one of the concessionaires started asking for a major tariff adjustment. When would they get the money to get on with the efficiency measures and connect the millions without access to piped water? The answer was, "Sorry, it is not in your contract." Of course, had the contract been based on a policy of connecting the poor, it would have been easy for the two parties to get together to amend the contract and align it with the policy and agree on a tariff hike. After all, both concessionaires are guaranteed a certain rate of return based on the whole contract. But there was no policy, only a constricting and restrictive contract. So, for a couple of years, the Government (not the regulator!) fought to resist the tariff increase. Who was this hurting? Without a doubt the poor, like Winnie, who are still not connected.

One of the mysteries is why NGOs did not assist the poor by demanding a tariff increase. In the end, the poor asked for the tariff increase themselves. The logic was simple: If the tariff for those people connected was raised from an average of 5 pesos/m<sup>3</sup> to 10 pesos/m<sup>3</sup>, and if that allowed the concessionaires to connect the poor, the poor would go from paying 150 pesos/m<sup>3</sup> to 10 pesos/m<sup>3</sup> and be much better off. Is it too much to ask those connected to piped water to help pay for those not connected to get the same access? The Government finally capitulated and gave the tariff adjustment to both concessionaires.

What are the lessons to be learned? First, policy is everything, but it must be in front of the public at all times. Second, counter intuitively, hiking tariffs can help the poor who are not yet connected to piped water. Third, in the future, investments in large city water supplies should be financed directly from tariffs.

*Note:* This material was originally produced by the author for ADB and UN-Habitat newsletters.

### Water and Poverty (Problems) in a Nutshell

- The poor are willing to pay but governments are unwilling to charge.
- The poor often pay \$20 per month for 6 m<sup>3</sup> of water. The rich often pay \$4 per month for 30 m<sup>3</sup> of water.
- Up-front lump sum connection fees are an impediment to the poor getting connected to piped water.
- The status quo is determined by those with vested interests who profit from the plight of the poor.
- Intermittent water supply exploits the poor.
- The private sector is not very willing to connect the urban poor—there are few incentives.
- The poor have no voice.
- Standpipe supplies are not an adequate service.

### Water and Poverty (Solutions) in a Nutshell

- Public audits are needed to obtain the facts about service levels.
- Policies are needed that focus on providing the poor with piped water.
- Raise the tariffs to connect the urban poor.
- Employ a block tariff structure, but watch the sizes and prices of blocks.
- Soften the terms of payment for connection fees.
- Eliminate standpipes wherever feasible.
- Encourage civil society (NGOs) to champion the poor.
- Detach land tenure issues from access to piped water.
- Governance is at the core of the solutions.
- Develop knowledge bases related to the water needs of the urban poor.
- Enable the poor to influence decision making.