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Pro-Poor Regulation

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What is Pro-Poor Regulation?

Regulation in the WSS Sector:

application of rules aimed at **balancing social and commercial objectives**

- Promotion of efficient and sustainable service delivery
- Protection of Consumers in a non-competitive environment

Pro-Poor Regulation:

adapting the rules so that to **poor consumers** in particular are **protected** and receive improved WSS while still **maintaining the balance**

Rationale for Pro-Poor Regulation

1. If there is a need to protect a consumer in a non-competitive environment there is even a much bigger need to **protect a poor consumer**



2. Regulating only service provision to connected customers = closing the eyes for the **biggest challenge** (extension of services to all)

3. Regulator is **setting the framework** = it must specifically target the poor if they are to receive any benefits from improvements in the sector



Pro-Poor Regulation: Access

Access: Distance, Reliability, Legality

- **Informal Providers:** formalise and integrate them into regulatory regime
- **Formal Providers:**
 - **Incentives/Rules** to extend services
 - Set and enforce **standards** for service provision to the poor without overburdening providers
 - Assist in mobilising grants for **investments** into extension of services to the poor

Keeping the Balance!

Lesson: Infrastructure Investments for the Poor usually cannot be recovered due to low quantities consumed -> access to be subsidised!

Pro-Poor Regulation: Affordability

Affordability: Price, Mode of Payment

■ Price Regulation:

- Regulated Tariffs for the Poor
- Setting the right tariff: „Social Fairness“ vs. Incentives for Providers
- Subsidies: subsidised investments combined with O&M Cost covering tariffs

■ Standards: Promote different modes of payments

Keeping the Balance!

**Lessons: Very low prices do not necessarily benefit the poor!
The poor are often willing to pay a lot for reliable and good services!**

Pro-Poor Regulation: Adequacy

Adequacy: Water Quality, Service Hours

■ Service Quality Regulation

- Quality Standards adapted to ability to pay

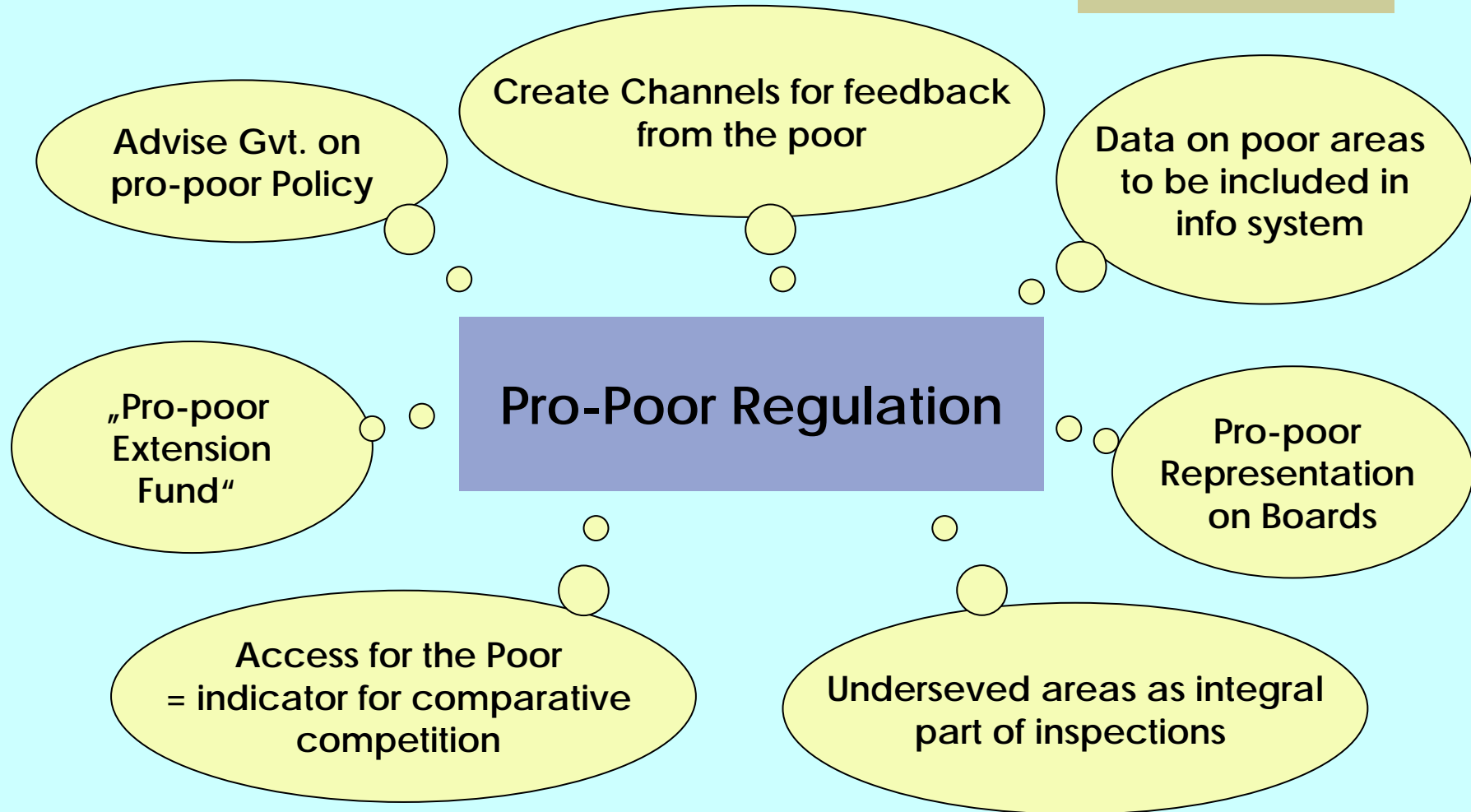
vs.

- Unnecessarily disadvantaging the Poor

Keeping the
Balance!

Lesson: Only Professional Service Providers have usually the capacities to ensure adequate water quality and sustainable service delivery.

Pro-Poor Regulation: Other Examples



Regulatory Challenges

- Obtaining **Information on the Poor**: Baseline and Regular Updates

Where are the Poor?
How are they currently supplied?
What can they afford?
What are their preferences?

- Design the **right regulatory tools** to get the incentives right and to keep the balance

Standards in terms of technology and operation,
tariff policy, incentives/rules for extension of services

- Monitoring the **effectiveness and impact of pro-poor tools**

Specific capacities required
– in house or outsourced

Thank You!