



**Presentation by Kathy Sierra, World Bank Vice President for Infrastructure
at 13th Session of the UN Commission for Sustainable Development**

Mr. Chairman, Honorable Ministers, Your Excellencies, Distinguished Participants,
Ladies and Gentlemen:

The World Bank delegation appreciates the productive discussions in the past days. We commend the CSD chair and the United Nations for organizing a series of focused and high-quality discussions.

Many of the discussions at CSD-13 have focused on the "desirable". While we should never stop focusing on our long term aspirations, it is imperative to focus on feasible actions to implement our dream. The major challenge facing the development community is one of implementation. Today, I would like to focus on feasible actions to provide water supply and sanitation services to the urban poor.

Why focus on the urban poor?

The majority of population growth in the developing world over the next two decades is projected to occur in urban areas. Informal settlements are mushrooming. In many cities in developing countries they now account for 40 – 70% of the population. Informal settlements are characterized by poor housing structures, water supply and sanitation services, roads, and communication facilities. Absence of land tenure and lack of effective 'voice' are often binding constraints for the poor to get access to minimally adequate services.

What are the main challenges in delivering water supply and sanitation to the urban poor?

The poor already pay a high price for water. Despite the perception that the poor cannot pay for water, the poor often pay more than better-off consumers: for instance paying for water from vendors at high cost, bribing water officials, paying fees for access to illegal connections to slum landlords, or queuing for long hours at public water sources.

Absence of land tenure is often a binding constraint for the poor to get access to minimally adequate services. The poor often reside in unplanned or informal areas, and they may lack the legal status to demand, or qualify for, direct access to formal services under existing legal and regulatory frameworks. Granting tenure may be the subject of other government reform measures, and is invariably outside the mandate of water utilities.

Poor utility performance hurts the poor more than others. During shortages, rationing of water affects the poor most adversely as their storage facilities are either non-existent or inadequate. They are commonly dependent on daily wages which means that any time spent queuing for and collecting water cuts into their earnings. People with little political influence often have to resort to bribery in order to obtain services they should be entitled to, or else they go without. Fundamentally, utilities that are not financially viable find it difficult to extend service to new areas, particularly the peri-urban areas, where the poor live.

The urban poor often rely on small-scale providers. Private vendors to community groups play a significant role in delivering water supply services, particularly poor households in slums. It is estimated that up to a quarter of the urban population in Latin America and nearly half of the urban population in Africa rely on small-scale providers.

The sanitation crisis is acute in the rapidly growing high-density slums. Given the scale of the problem in urban areas, more effort should be placed on building sanitation firmly into the urban development prognosis. Progress needs to be made on at least two fronts. First, the process of restructuring informal settlements needs to be accelerated and needs to integrate sanitation and hygiene provision. At the same time the informal sector should be supported to serve communities until the restructuring is well under way.

So what needs to be done...

And how does the World Bank support client countries to reach the urban poor?

Providing better WSS services to the urban poor requires concerted action within broader citywide initiatives. The World Bank Urban Strategy focuses on livability, bankability, competitiveness, and good governance of cities. Reaching poor consumers will require engagement with policy and regulatory processes at national and city level, and the integration of environmental sanitation, hygiene education and water supply issues within broader citywide initiatives. This will need to be done within the context of urban and local government reform initiatives, and in the preparation of city development strategies.

by working with our clients

Extending Water Supply and Sanitation Services to the Urban Poor is an important area of work for the World Bank. Reaching poor households requires both targeted interventions and broader actions at the municipal level.

Let me briefly focus on three key elements:

1. Working with utilities to ensure that utilities offer communities a menu of service options with appropriate tariffs and subsidies;
2. Expanding the range of service providers to include small-scale operators; and
3. Increasing the emphasis on both the hardware and software elements of sanitation.

We support countries to design and implement utility reform that help the poor. The needed changes in service provision usually require overhauling legal, regulatory and institutional frameworks. As part of utility reform, utilities need to seek innovative ways to address the constraints to service provision in low-income areas.

An example of this is the two consecutive IDA credits that supported the government of Senegal, supported, to bring in a private operator. The program has successfully connected about 60,000 low-income households living in slums under a comprehensive program of public standpipes and economical house connections. The public asset holding company also contracts with a CSO whose main work is to assist development of slums that lack infrastructure; it helps them identify leaders, elicit preferences for improved water and sanitation, and communicate their views to the government and private operator.

We have to expand the range of service providers to include small-scale operators. I think all of us agree that the "ultimate goal" is a household connection for all. This will not be achieved in the short term in many countries, so the question is what to do in the meantime – which often might be a rather long time. Ignoring the problem has not made it go away. The only solutions are work with what you have - for the unserved or under-served the gaps are being filled by self provision or small scale providers.

The World Bank and the Water and Sanitation Program have been working with water utilities and water vendors' associations in Africa to strengthen their capacity to optimize the role of independent providers. Water utilities, policy makers and NGOs have built strong relationships under the Water Utilities Partnership in Africa.

Scaling up our support to our clients on sanitation and hygiene is probably our biggest challenge in the coming three to five years. The challenge is not so much technical, but institutional and financial. We have to collectively get better at large scale sustainable affordable sanitation solutions.

We are in a learning mode here. For instance we supported the government of Brazil to launch a pilot project called PROSANEAR in the mid 1990s. After extending services to nearly one million urban poor, PROSANEAR became a national program financed fully by national funds. PROSANEAR has a flexible learning-by-doing approach. Each state water company has been free to incorporate participation, using its own procedures. What we learned from the PROSANEAR experience was that communities should participate fully, especially in cost recovery and tariff policy. We also learned that water and sanitation interventions should be carried out as part of a local area development plan, and critical complementary investments should be identified early in the process. We are now using those lessons to better support other countries.

In conclusion

At the World Bank we believe that investments to improve services to the urban poor are vital for growth and poverty reduction. And we believe that a lot has been learned about feasible actions to do this. The World Bank is firmly committed to staying heavily engaged and to continuing, along with our borrowing countries, to learn the lessons of experience and build on these.

The raison d'etre of the World Bank Group is the reduction of poverty. Water, sanitation and human settlements are at the very core of our mission. We look forward on working with you to extend services to the urban poor.