

Guide to the Presentation

Case Studies from Dhaka, Jakarta, and Manila

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The DHAKA WATER STORY:

- At least 3 million slumdweller/informal settlers, or one-third of Dhaka City's 9 million population. There are 3,000 slums in the city.
- Slumdweller are generally ignored in Dhaka City's urban development and water service plans. The city government requires households to present titles to their land or holding numbers to their rented dwellings before they are given piped water connections.
- But 150 waterpoints (one or two simple suction handpumps mounted on an underground storage reservoir and a concrete platform, which slumdweller can use for a fee collected from individuals or families) have been built by an NGO consortium. The waterpoints are now serving 17,500 families or 110,000 people.
- Waterpoints serve a negligible 3% of 3 million slumdweller.

OPPORTUNITIES:

- NGO consortium, including DSK, PSTC, and Proshika (with technical and financial assistance from WaterAid, Plan International and Unicef) has launched the "Urban Water and Sanitation Initiative for Dhaka Urban Poor" to build 113 more waterpoints.
- Culture of partnership drives relationship among NGOs, DWASA, Dhaka City Corporation (DCC), and slumdweller.
- DWASA and DCC senior officials very receptive to working with NGOs. Waterpoints help reduce non-revenue water. The slumdweller's record in paying water bills on time is a high 94%.
- Slumdweller are organized to solve their own problems, in this instance, the lack of steady and safe water in the slums. Those interviewed say they want to move on to other projects in education and health.

CONSTRAINTS:

- **Land tenure issue hangs. Eviction of slums continues.** Of the 69 waterpoints launched since 2000 with funding from WaterAid-UK, and the World Bank and UNICEF, nine are in slums that had been evicted; six had been closed, and seven other remain "inactive."
- **No funding yet for 80% of the 113 waterpoints** to built by NGO consortium. The UK's DFID has expressed interest to extend credit, however.
- **Village thugs (*mastaan*)**, who are also linked to illegal guns and drugs in the slums, remain a threat. In one slum, a *mastaan* grabbed the project from the community.

- **Waterpoints need to be scaled up** (i.e., to include environmental sanitation and health services at the area, and as DWASA projects, for integration eventually as water cooperatives) but this will require more money.
- **Expansion of waterpoints to more slums** (NGOs and DWASA dream of building 10,000 waterpoints to serve all 3,000 slums in the city) will also require a huge amount of funding.
- **Water, sanitation and sewerage services in the city urgently need rehabilitation and upgrading.** To meet the goal of 80% coverage by 2015, DWASA needs \$500 million in investment; to acquire mechanical equipment for treating wastewater, \$30 million; to rehabilitate the existing water system, \$1.2 billion; and to open new areas to cover 70% of the total area, \$500 million.

(DWASA has proposed to secure 750 million taka from the World Bank/France for the 4th Dhaka water supply project; the government of Bangladesh is funding three other water supply improvement projects worth about 17 billion taka; a fifth project (water treatment plant) has no identified funding yet but China is being eyed as a "probable donor.")

- **No plans for privatization yet.** DWASA Managing Director, Engineer K Azharul Haq says, "Privatization is an obscene word here. Everybody starts to get worried that they will lose their jobs but that is a big misconception."
- **Arsenic contamination of groundwater is a problem in some areas.**
- **Rapid growth in urban population (onsite and due to migration) continues.** UNICEF sets the number of slum dwellers across Bangladesh at 15 million, or half the urban population of 30 million by 1996. By 2020, UNICEF expects the urban population to rise to 70 million, and the slum dwellers, to 30 million.

VOICES FROM NOT-SO-THIRSTY SLUMS:

On the benefits of the waterpoint:

"Everyday we can take our bath and wash our clothes. We have this feeling of cleanliness... This waterpoint was a dream fulfilled for all of us. We now want to work on our next project."

Ms Hosina Begum, 32, chairperson of the BRI Slum water management committee, and widowed mother of two

"The women are mostly benefited... (Before), we used to take our bath in the open air, now we do it inside. We used to walk long distances to fetch water, now we have it here."

■ **Ms Shamsun Nahar, 20 and mother of four**

"With our waterpoint, birth delivery is now safer and easier. Before, sometimes we'd just get water from the pond and purify it by boiling for washing when someone is giving birth."

- **Ms Firoza,
Traditional birth attendant
In Government Resettlement Area
In Bauniabad**

On why the women compose the water management committees:

"It's not really extra work. Sometimes, we just gossip or sit around for one hour, two hours. We don't feel like it is extra work."

- **Ms Mapium,
Secretary of Water
Management Committee**

Before the waterpoint and pit latrines were built in their slum:

"We went but somehow I don't want to tell you. We used the drain, the open drain. We used an empty tin or container or pot. Sometimes we'd wrap it in paper and we'd dispose it at night," says this widowed mother of two. "There were times we could not go even at night."

- **Ms Hosina Begum**

"Before we had these latrines, we used open latrines, the drains. The chicken and the ducks joined the people in the latrine."

- **Water Management Committee
Member, Government Resettlement
Area in Baunuiabad**

"Before, we used to get water from the factory. It's not actually safe water but we drank it. We walked a kilometer or so. We could not buy water, you see. Sometimes, we stored rainwater in buckets for bathing, or used wastewater for bathing."

- **Ms Renu, 30, mother of two
Water Management Committee
Member in BRI Slum**

On the concept of the waterpoints:

"The DSK Model" (waterpoint) is all about community mobilization and promoting the principle that "nothing is free."

"The community must be the owner of the project...so they feel it's their problem and they must solve it... they need to contribute, up to 100% (of the cost), although it varies from organization to organization."

- **Ms Rokeya Ahmed, Program Coordinator for Advocacy, WaterAid-Bangladesh**

On the urban poor' record of paying water bills:

"In my country, the rich evade taxes... it is very difficult to collect water bills from them...(but) the poor have a habit of paying well, and being responsible for their water...With a record of consistent payment by the residents, slowly, slowly, their legal identity is being established

- **Muhammad Nurul Huda Mian, DWASA Commercial Manager**

"Let us not talk about subsidy. The poor can pay. The poor don't need pity... people should learn how to survive in a very difficult situation."

- **Dr. Masudul Quader, agricultural scientist, DSK co-founder and program director**

On why DWASA and DCC are supporting the waterpoints project of NGOs:

"We're more than management people. Since they (squatters) are here, we cannot part with them. We just have to accommodate them in our system.

"Our vision-mission statement says water is the people's right. It is not only our moral obligation; it is our social responsibility... One in every three people in Dhaka is a slumdweller. If we cannot give them anything, we must at least give them water. Water is the carrier of all kinds of diseases. Water is a basic human right."

- **Muhammad Nurul Huda Mian, DWASA Commercial Manager**

"As a government official, I cannot welcome this (waterpoint for slumdweller) but as a person, I welcome it. These people have a right to stay in the city. There are no jobs in the rural areas."

- **Tafazzal Hossain
Chief Slum Development Officer,
Dhaka City Corporation**

THE JAKARTA WATER STORY

Indonesia has a total population of 210 million people, including 9 million residing in the capital city of Jakarta. From 40 to 50% of Jakarta's residents are slumdweller/informal settlers.

Before Privatization in February 1998:

1993-97: *(Data from ADB Second Water Utilities Data Book and Thames Pam Jaya)*

Total connections: 327,433 - 428,764

Population covered: 38% - 42%

Non-revenue water: 53% - 57%

Volume sold (in million cubic meter) 158 - 191

After Privatization:

1997-2001 *(Data from Ondeo and Thames Water, April 2002)*

Total connections: 30% overall increase from 466,000 connections at time of takeover (February 1998) to 610,000 by end of 2001

- 787 kilometers of network extension
- 454 kilometers of network rehabilitation

Total combined investment: 896 billion rupiah over last four years until end of 2001

According to Jakarta Water Supply Regulatory Body Chairman Achmad Lanti (April 2002 data):

Total Connections: 290,524 in the West Zone covered by PT Pam Lyonnaise Jaya (Palyja, a subsidiary of Ondeo Services or Palyja), a 47% increase in number of customers in the area; and

320,282 in the Eastern Zone covered by Thames Pam Jaya (TPJ), a 20% increase in number of customers in the area.

Coverage Ratio: 43.77% in Palyja area
61.36% in TPJ area

Unaccounted for Water: 47.75% in Palyja area
49.91% in TPJ area

Technical Targets in the June 1997 agreement					
	1998	1999	2000	2001	2002
1. Total connections	470,674	571,776	653,885	711,003	757,129
2. Population covered	49%	57%	63%	67%	70%
3. Nonrevenue water	50%	47%	42%	38%	35%
4. Volume sold (in million cubic meter)	210	244	281	317	342
<i>Source: Jakarta Water Regulatory Office</i>					

Water Service for the Urban Poor:

- **Cross-subsidy regime in multi-tiered tariff grid imposes very low tariff on the poor.** The multi-tiered tariff grid grants the poorest of Indonesia's households a minimal 375 rupiah tariff per cubic meter of water, compared with 2,500 rupiah for luxury house residents, and 5,200 rupiah for non-domestic customers.

If they were to buy from water vendors, the poor would have to pay at least fifty times per cubic meter more than what they would for piped water from the private companies, the water companies estimate.

- **Increased number of urban poor customers.** Palyja (West Sector) reports a 255% increase, and TPJ (East Sector), 55% increase, in the number of their customers from Tariff Category KII, or families with domicile space of only 36 square meters.
- **Corporate Initiatives to serve the urban poor.**
 - TPJ's Business Partner Development is "an informal network seeking to demonstrate synergy." It maintains that "partnership between private business, civil society and government can achieve more at a local level than any group acting alone." The Marunda Project in northern Jakarta is an example of this application.
 - Palyja has launched its "Water for All Program," which is designed to "provide sustainable water services to low income areas." It reports success in Pasar Ikan and other northern areas.

(Source: Mr. Manfred Giggacher, Contracts Manager of Palyja, and Mr. Rhamses Simanjuntak, Contracts Manager for Thames Pam Jaya, joint presentation to the ADB-Regulatory Body Workshop, Jakarta, 25 April 2002)

Water companies' corporate values/vision:

- Palyja (Suez Ondeo Services) pursues the corporate values/vision of "Delivering the Essentials of Life" and the "Water Truce."
- TPJ (Thames Water) defines its corporate values/vision as "to be the Water Partner to the World."

OPPORTUNITIES:

- **According to the water companies:**
 - High demand for water services from poor customers
 - Willingness to pay is a driver that must be considered
 - Piped water is far cheaper than alternative supplies (e.g., people pay the equivalent of 25,000 to 50,000 rupiah per cubic meter from vendors vs. a much lower tariff for piped water)
- **According to the Jakarta Water Supply Regulatory Board's Chairperson, Mr Achmad Lanti, and Chief Consultant Alizar Anwar:**
 - **Renegotiated contract** (signed on September 19, 2001) timed with the creation of the regulatory board, did away with a number of provisions in the original deal that was considered disadvantageous to PAM Jaya, or vague as to which party was accountable for which risk.

Mr. Lanti said the main reason given for appointing a regulatory body is "the obvious need for an independent, impartial 'umpire' between the private operators and the government." However, he also sees his role as that of achieving a balance between "the interest of private sector (basically return on investment) and the public interest (basically an affordable service)."

On the other hand, he says that "What is important about profit is its amount in relation to the amount of funds put at risk by the investor, and the return received in relation to the risks faced."

- Restiveness of 2,800 PAM Jaya employees seconded to water companies may be eased with the termination of secondment agreement on December 31, 2002, and the signing of a new agreement designating them as employees of the private companies.

- Willingness of the poor to pay for piped water service that is 50 times cheaper than the water they are buying from vendors.

CONSTRAINTS:

According to the water companies:

- Current tariff structures need fundamental overhaul
- Overall tariff should at least reflect inflation
- Provision of services to the poor not properly considered within the contractual framework.
- To meet the unsatisfied demand within the next two years, the water companies say "it is deemed necessary to accelerate investment and require the participation of stakeholders (PAM Jaya, regulatory body, DKI Jakarta) to create an appropriate institutional framework for long-term sustainability.
- In particular, the companies are proposing the need for a balanced tariff structure/banding; implementation of applicable laws/regulations; fast-track permits and approval.

According to water regulators:

- Water service for urban poor comes "only in the form of cross subsidy" spelled out in multi-tiered tariff grid, and corporate initiatives of water companies.
- Absence of water advocates among Indonesia's growing number of NGOs.
- Tariffs scheduled to increase in 2003 and 2004 by 8% and 35%, respectively.
- Eviction of squatters and seizure of means of livelihood of pedicab drivers and street vendors continue, on orders of the city government. Campaign started in January 2001 has affected 197,260 persons, according to Urban Poor Consortium. City government said the forced evictions are being conducted to enforce Jakarta Regulation 11/1988, a Suharto-era law, to maintain order in the city, implement its flood control project, ensure public security, improve traffic flow, prevent crime, and discourage migration to the city.
- Water system's network capacity is low but demand is high.

THE METRO MANILA WATER STORY:

Metro Manila, the Philippines' capital region, has 185,570 poor families (or 857,333 persons with 4.62 persons average per family in Metro Manila) as of 2000. The poor make up 8.7 percent of the 2.13 million households in capital region. Most poor families are found in Manila, Quezon City and Caloocan City.

- **Water and incomes:** The poor spend up to 8 percent of their income on water. Urban households who buy water from vendors spend up to 12 percent of their income on water.
- **Sources of water:** The National Statistical Coordination Board, citing a 1994 FIES (Family Income and Expenditures Survey said:
 - 59 percent of families (not just poor families) in Metro Manila got water from faucets inside the house or yard
 - 22 percent depended on other existing community water systems
 - 7.1 from peddlers
 - 5.1 percent from tubed or piped well owned by other people
 - 3.8 percent from owned wells, tubed or piped
 - 2.8 percent from dug wells
 - 0.03 percent from other bodies of water
- **Land tenure an issue:** Most poor households were not eligible for water connection either because they did not have titles to their land or permission for a water connection from their landlords, who refuse to legitimize their squatting
- **Illegal water expensive.** "Criminal gangs and profiteers" sell lower quality at 7.4 times the basic rate charged by the water agency in 1995.

Privatization: Broad Strokes

Two problems hobbled the government's Metropolitan Water and Sewerage System (MWSS) when it was privatized in August 1997 -- it was deep in debt and perceived to be grossly inefficient.

A 25-year concession agreement was awarded to Manila Water Services Inc. (Ayala Group-British Water, West Zone) and Maynilad Water Corp. (Benpres Holdings-Ondeo), after public bidding, according to the following service and performance targets:

Targets for water supply, sewerage and sanitation under the Concession Agreement

	2001	2006	2011	2016	2021
West	87	97	97	98	98
East	77	94	94	94	95

Table 2: Sewerage coverage targets (% of population)					
	2001	2006	2011	2016	2021
West	16	20	21	31	66
East	3	16	51	52	55
Table 3: Sanitation coverage targets (% of population)					
	2001	2006	2011	2016	2021
West	43	46	43	39	27
East	38	32	27	24	19

Water for the Urban Poor:

To reduce non-revenue water due to illegal connections and to keep pace with the performance targets, the water companies rushed the connections of urban poor households over the last four and a half years.

- Manila Water Co. and Maynilad Water Services Inc., increased new water connections by 238,000 to 1.031 million 2001. This means about 59,000 new connection a year, or three times the 17,000 new connections per year made by the MWSS in the last five years of its operations.
- Population covered by water service rose from 67 percent to 93 percent in the east zone (above the 77 percent target) and 85 percent in the west zone (below the 87 percent target) as a result.
- Of the 238,000 new water connections installed from 1997 to 2001, 54 percent, or 128,000, were in urban poor communities covered by the two concessionaires' special programs for depressed areas -- Manila Water's *Tubig sa Barangay* and Maynilad's *Bayan Tubig*.
- The companies said they have provided 128,000 urban poor households, or 69 percent of the estimated 185,570 poor families in Metro Manila, with water. Other studies place the number of squatters without piped water connections at 50%. The disparity in the claims suggest that some of the water connections intended for the poor may have also covered middle-income households
- The benefits of piped water are savings in money, time and productive work .One family, which used to pay up to 900 pesos a month for trucked water now pay only a monthly water bill of 150 pesos.

OPPORTUNITIES:

- Water companies have relaxed the requirement for land tenure and other documents establishing the urban poor's domicile.
- There is an active and plural NGO community in health, the environment, and environmental sanitation that could serve as water advocates for the urban poor.

- The policy regime is well-defined and predictable, and subject to close scrutiny by a vigilant and rambunctious media. The tariff grid is based on consumption volume.

CONSTRAINTS:

- The companies are preparing for rate-rebasing negotiations with the regulator, which will likely result in a significant rate increase. Pricing is always a sensitive issue in Manila.
- The regulatory office needs to be strengthened and receptive to the clamor of NGOs for adequate representation in major discussions.
- Politics drives major decisions on tariff, especially because the regulator is answerable to the board of trustees of MWSS.
- Development plans for the urban poor are disparate and not connected, and eviction of slumdweller in some areas continues.