

Working Together With The Private Sector: Better Access to Water for Marginalized Communities

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1. Introduction

The private sector can make a substantial contribution toward reducing poverty and providing services to low-income communities. Lyonnaise des Eaux is involved mainly in four businesses: energy, water, waste services, and communication. Lyonnaise des Eaux is an international operator of water and wastewater systems, serving more than 110 million customers worldwide in places like Atlanta, Buenos Aires, Casablanca (Morocco), Jakarta, Macao, Metro Manila, and Sydney.

Usually, when a private company talks about serving poor areas, the question is why. These areas have very low income, which usually comes from informal activities. The illiteracy rate is high, there are no property titles, urbanization is nonexistent, and the poor are often ignored by public utilities. Lyonnaise des Eaux cares about this somewhat neglected demographic sector because the company's work is linked to public service. The services provided by the company are an added value to the municipality. It is part of Lyonnaise des Eaux's contractual commitment to serve 100 percent of its customers.

2. Low-income Areas: A Growing Market for Urban Services

From a business point of view, low-income areas are a growing market. In cities like Dhaka or Karachi, for example, the company serves the poor as well as the rich. In some cases, the company would lose 40 percent to 50 percent of its customers if it ignored the poor.

Many years ago, Lyonnaise des Eaux started to work on the specific issue of providing service to poor communities. The company has developed an operational methodology and has shared this know-how with its partners by publishing a manual. A dedicated task force has been working on this topic, developing new experiences and disseminating the information. Most of all, the company has developed strategic partnerships with the public and with civil society, often through community-based organizations and nongovernment organization (NGOs).

Lyonnaise des Eaux's know-how is based on field experience in various countries; however, there are no ready-made solutions. Many ideas, when put together, can bring the solution needed for a specific situation. This ongoing process still needs to be enriched with more experience.

3. Two Examples of Water Provision for Marginalized Communities

By way of example, this paper focuses on two cases: El Alto, Bolivia, and Manila, Philippines. In El Alto, a partnership was established at the beginning of the concession between Lyonnaise des Eaux, the Swedish International Development Agency, and the World Bank.

The project in El Alto was based on five principles as well as on a partnership with a public institution and user rights. The aim was to decrease the cost of services. The project also had to respond to community demand, not only for services but also for other components: education, training, and monitoring. The community had the choice to participate in all steps of the project, which began by identifying an area, signing an agreement, then offering community training for construction, operation, and maintenance, depending on the level of participation that the community wanted.

At the beginning of 1997, a 25-year international tender commenced for the concession of water and wastewater in Metro Manila. The Philippine government split the service area into two zones: the western zone was awarded to Maynilad Water Services and the eastern zone was awarded to Manila Water Company. Maynilad Water Services is a consortium formed by Benpres Holding Corporation and Suez Lyonnaise des Eaux. Benpres, a Filipino company, invests in public businesses such as broadcasting, telephone, energy, and infrastructure.

As part of the concession agreement, Maynilad must extend its services within a given time frame. These service areas are not covered by the existing water network. People in these areas used to take their water from public faucets, water vendors, illegal connections, shallow wells, rainwater, and other sources. It was initially thought that the installation of additional public faucets would provide coverage of this service area, but when the Bayan Tubig program started in early 1999, it became very clear that people did not want public faucets; they wanted individual connections. Anyone visiting these areas can easily see how difficult it was going to be to install individual connections: there were no property titles, no open space to run pipes, and direct connections to the houses were often a problem.

The solution came from the customers themselves. They were paying 15 pesos per hour for whatever was supplied and supplying their remaining needs from water vendors, shallow wells, and rainwater. Altogether, a family was spending more than \$20 per month for its water. The solution they proposed to meet their community needs was to construct an underground water line.

The program has been implemented, thanks to the support of *barangay* (administrative village) leaders and associations. For technical reasons, the company could not proceed with the groundwater line, so it routed an aboveground galvanized pipe to a battery of meters. From this battery of meters, the individual connections snaked out to houses. The idea to use galvanized aboveground pipes and to group the meters was in fact taken from Manila's electric company, which groups its electric meters the same way. Now the customers have a standard rate: 2 pesos (4 cents) per cubic meter for the first 10 cubic meters.

To facilitate the implementation of the project, Maynilad has dropped some of the previous requirements, namely those related to property titles. The 4,000-peso connection fee is spread over 6 to 12 months without interest. As of now, some 410,000 customers benefit from this program and Maynilad plans to add 100,000 more customers by year's end.