

## Cebu City:

### A Context Favorable to Small-Scale Private Water Providers

Intense human activities have put a great strain on Metro Cebu's water supply in recent years. Metro Cebu's water supply is mostly derived from groundwater aquifer, which is rapidly being depleted. Bringing surface water is an investment that is not within the short-term planning of the government-owned Metro Cebu Water District (MCWD). Consequently, extension of service is not a priority and coverage with piped water based on connections is only 32%. In Cebu the requirements to access a connection from MCWD are many and very difficult to meet by most of the 35% of the population living under the poverty line.

**MCWD Requirements to Connect to the Network:** US\$100 connection fee plus evidence of the land title or tax declaration, current residence tax certificate, affidavit of house ownership, plumbing permit, applicant's identification card and filled application form. Due to this situation, in those areas served by the water utility, many inhabitants have developed different strategies to provide a house connection to those in their neighborhood that cannot afford the connection fee and/or cannot meet the administrative and legal requirements.

1. There are many small-scale systems that use water from a private well equipped with an electric pump and a small water tank (few m<sup>3</sup>). Originally, the system is developed by the owner for his own need. However, because of the demand, neighbors (within a radius of 50m) who wish to avail of the service, shoulder the expenses for plumbing services, a water meter and galvanized iron pipes, and for an average cost of \$60 they



can have access to the service. No specific documents are required by the owner of the system. Each provider serves 100 to 250 m<sup>3</sup>/month to 10 or 20 households. Customers (neighbors) pay their bill on a periodicity defined with the provider (weekly to monthly basis).



2. A different kind of system consists of a well that feeds into a reservoir with a capacity of around 15 to 20m<sup>3</sup> with a main pipe system bringing water into the neighborhood. The technical standards set up by the provider are similar to those implemented by MCWD in low-income areas. The water provider extends the network in a radius of 500m to 1km within the neighborhood and offers a service comparable to that of MCWD, but does not require any legal or administrative documentation. The customer purchases the needed materials for the connection (pipe, meter) from a hardware store or from the water provider. The connection cost amounts to approximately US\$60 paid by the customers. These providers served a total of 1,000 m<sup>3</sup>/month to 100 households. The customers pay their water bill on a monthly basis.

3. Some water providers supply water to households 3 or 4 days a week using flexible polyethylene hoses. The source of water is the main distribution line which is connected to a well. Customers are served on a request basis by a caretaker who fills the household containers. The system does not have a metering device and the caretakers records the consumption of each customer in individual cards that compute the weekly water consumption and are the bases to calculate the fee charged by the owner. The connection cost is around US\$10. These providers served a total of 500 m<sup>3</sup>/month to 100 households.

All these operators are operating legally with all necessary permits, including local government (barangay) clearance, an authorization from MCWD, a permit from the National Water Resources Board and a business permit from the Municipality. The tariff charged by these SSIWPs is in line with the type of service, and the size of the initial investment.

	MCWD	System US \$ (1)	System US \$ (2)	System US \$ (3)
Initial Invest-ment		2,000	6,000	2,000
Connec-tion Fee	100	60	66	20
Tariff US\$/m3	0.24	0.5	0.8	1 to 1.5

The case of Cebu highlights the following:

- high connection fees and complex legal requirements, not water tariff, are among the most important barriers that customers face when it comes to connecting to the water utility network; and
- there is a strong demand for water delivered at home and the willingness to pay for this kind of service.