

Metro Manila

Small Scale Private Water Providers can Reach Big Numbers

Inpart Engineering is family run business that provides water in 14 areas of Metro Manila. Their biggest area is located in Addition Hills, a long-term squatter area where public utility connection was not available because of the lack of land tenure. In 1997, given the existing demand for a piped system in the area, Inpart Engineering signed a BOT agreement with the local government to provide water to 17,000 households. Under this agreement, the local government requested a bulk connection to the public utility and handed it over to Inpart. Inpart agreed to invest in the development of the distribution system, pay the water utility bill, pay 10 percent of the gross revenue to the local government, employ people from the community and transfer the system to the local government after 20 years. The initial investment included US\$ 10,000 for the connection to the water utility, the construction of a water tower with capacity for 455 cubic meters, purchasing and installing 15 buster pumps of 1.5 horse power, 750 meters of PVC pipe, 287 mother meters and more than 50 kilometers of 2 inch distribution pipes. An approximate total investment of US\$ 134,000 was made in less than six months.

Inpart distribution and management system works as pyramid. Inpart distributes water from the water tower to 287 mother meter each connected to one distribution pipe that is managed by one Aguador from the community. Each aguador is responsible for one main distribution line and one master meter and he can branch out and install meters and pipes to households. He or she sells water to approximately 100 to 200 households through a household connection from his/her line



or by filling a 200 liter water container with a hose.

Customers with a connection pay US\$ 0.70 per cubic meter to the water manager, who reads the meter daily, while those served by hose pay US\$ 1.32 per cubic meter. A household

connection is free, but the customer has to provide his/her own meter and pay a plumber for the installation (between 12 and 15 dollars).



The water manager reads the water meters, bills his/her clients daily and keeps 20% of the total sales as his salary. Inpart also reads and bills the water managers daily. Any meter reader discrepancies or water losses are evident immediately and it is in the interest of each water manager to avoid illegal connections or water losses. Because of the presence of the water manager in the community, most of the distribution hoses are not buried which helps to identify illegal connections and losses. Inpart costs include monthly maintenance, electricity bill, salary for three full time employees, 10% of gross sales to local government, payment to water utility and cost of capital. Cost of capital is very high because no commercial credit is available. Inpart borrows from different sources, and interest rates vary from 10 to 20 percent per month with 30 to 90 day payment periods.