

## Session Report Cover Sheet

<b>SESSION CODE: CITI - 04</b>	
<b>Name of Convener(s): Arthur C. McIntosh</b>	
<b>DATE:</b> 18 March, 2003 (12:30 – 3:15 pm )	<b>Session Title:</b> Water in Asian Cities
<b>Contact information in Japan</b>	<b>Accommodation: Rihga Royal HotelOsaka (Room 1130)</b>
	<b>Contact No.: 6448-1121 (Room 1130)</b>
	<b>Contact E-mail: amcintosh@adb.org</b>

## Session Report

<b>SESSION CODE: CITI - 04</b>
<b>Reporter/Rapporteur: Arthur C. McIntosh</b>
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### 1. Key Issues

- Lack of water utility autonomy and low tariffs
- Low piped water coverage (less than 50% in most Asian cities)
- Land tenure – water rights for the poor
- Inequity of rich getting 30m<sup>3</sup>/ and paying \$4/month versus the poor getting 6 m<sup>3</sup> and paying \$20/month
- No voice for the poor
- Lack of transparent government policy especially on serving the poor
- Independence of regulatory functions/institutions
- No clear performance targets on PSP contract
- Don't bid on low tariffs – bid on service improvements
- Apart from social and economic aspects, also consider political and religious aspects.

### 2. Actions

- Manage at the lowest practicable level of decentralization.
- Identify key stakeholders for consultation in developing policy.

### 3. Commitments

- MOU between ADB and UN Habitat on Water for Asian Cities Program (\$500 million in loans over 5 years)
- Cities Alliance Program (up to \$500,000) for slum water supply and sanitation improvements leveraged against community commitments.

### 4. Recommendations

- Phase out cross-subsidies especially in industry
- Be careful in ADB – UN Habitat Water for Asian Cities Program to see that “\$500 million is not used in the name of the poor to subsidize the rich”.
- “Hike the tariffs to help the poor” - to raise investment monies to expand coverage
- Regulation and civil society involvement through, among others, NGO Forum (e.g. Kathmandu) type of advocacy/monitoring.
- Strong champion of the cause with political will (e.g. Phnom Penh) is a success factor.
- Integrate water supply and sanitation development with municipal management and development.

## Session Report Cover Sheet

<b>SESSION CODE: CITI - 15</b>	
<b>Name of Convener(s): Maria Paniagua</b>	
<b>DATE:</b> - March, 2003 (19 at 8:45-11:30 )	<b>Session Title: The Role of Small Scale Private Water Providers in Serving the Urban Poor</b>
<b>Contact information in Japan</b>	<b>Accommodation: Room 1009 Osaka</b>
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## Session Report

<b>SESSION CODE: CITI - 15</b>
<b>Reporter/Rapporteur: Mari a Paniagua</b>
<b>Contact E-mail : mpaniagua@adb.org</b>

### 1. Key Issues

Public authorities and water utility companies are struggling to supply water to low-income urban households, in Asian cities utilities coverage is less than 50 percent. Most studies on water supply focus on the services provided by utilities and there are few systematic studies that look at how the populations not connected to the utility obtain their water. The gap between the supply by the utility and the demand from this growing population is met by Small Scale Independent Private Water Operators which we define as: Small in terms of number of employees and ownership; Independent from government or donors; Private as they invest their own capital and receive no direct subsidies; and water operators as this represents more than 75 percent of their income. The session presented the profile of SSIWPs in 8 cities, which serve about 5million people.

Recent research has shown that some Small Scale Private Water Providers invest in pipe network systems and that they produce and/or distribute water to urban poor communities through a household connection. Although their tariff is in most cases a little higher than the utility, often they do not charge a connection fee and they do not require any legal documentation from their customers. Households appreciate this service because it is still cheaper than that from vendors and resellers, and they provide a good service. Because of the high level of service of these types of providers and the affordable prices they offer, the session proposed to focus on these local operators of networks.

The session identified as the main problem of local operators of networks that they are often not recognized by the government or by the utility. This means that they have to invest in a very risky business environment, which increases the price of their operations. When public-private partnerships are discussed, the small local private sector is left out of the equation, although they are currently providing water to the urban poor, investing their own resources and using sustainable financial and managerial strategies. The session also emphasize that these local operators are in rise and that one single of them is currently serving as many as 25,000 households in Manila.

## **2. Actions**

Among the participants, representatives from some utilities express their interest in exploring further working with small local network operators.

## **3. Commitments**

Local network operators invest their own time and money to lay pipe and in some cases, pump and treat water they sell. They have, up till now, sustained their operations despite little or not recognition from authorities. Supporting them to continue to improve their services to low-income neighborhoods could help bring cost down and lower their tariff to consumers as well as leverage local financing to expand coverage.

The panelist and a number of participants show their commitment to continue calling for public authorities to factor in poverty alleviation in the way they provide incentives to water utilities to work with local network operators.

## **4. Recommendations**

To improve the services that these local small network operators offer to the urban poor and to encourage further investment, the session proposed the following recommendations:

- To recognize the role of small local network operators and include them in water supply strategies by local governments, utilities and donors.
- To review the legal framework of the water sector, and especially private utility concession contracts, to allow utilities and local governments to engage in partnerships with small local network operators
- To provide incentives to water utilities to work with small local network operators.
- To ensure special bulk tariffs to small local network operators distributing water to low income areas.

# Session Report Cover Sheet

<b>SESSION CODE: CITI-20</b>	
<b>Name of Convener(s): K. E. Seetharam</b>	
<b>DATE: - March, 2003 ( 19 )</b>	<b>Session Title: Impact Evaluation Study of Water Supply and Sanitation Projects</b>
<b>Contact information in Japan</b>	<b>Accommodation:</b>
	<b>Contact No.:</b>
	<b>Contact E-mail: kseetharam@adb.org</b>

## Session Report

<b>SESSION CODE: CITI-20</b>
<b>Reporter/Rapporteur: K. E. Seetharam</b>
<b>Contact E-mail : kseetharam@adb.org</b>

### 1. Key Issues

Impact of ADB's lending and technical assistance for water supply and sanitation projects. How improved water supply and sanitation has affected the different user groups, particularly the poor. The presentations focussed on the best practices in the region that came from 6 ADB and 2 non-ADB case study projects. The examples ranged from typical projects financed by ADB to innovative examples of public-private-ngo-community involvement, all aiming at the sustainable delivery of water supply and sanitation services to the poor.

### 2. Actions

An integrated and comprehensive set of actions has emerged from the IES. The action plan is consistent with the Water for Asian Cities program (for which the Memorandum of Understanding was signed between ADB and UN-Habitat on 18 March 2003 at Osaka, during the WWF3). The action plan aims to accelerate the implementation of ADB's Water policy.

It is called WATER, and comprises five categories of action.

### 3. Commitments

Nine actions to be implemented under the Water for Asian Cities program. The program comprises \$10 million in grant, provided equally by ADB and UN-HABITAT, and \$500 million in loans provided by ADB over the next five years.

The Program aims to help expeditiously meet the targets for water supply and sanitation in the Millennium Development Goals.

#### **4. Recommendations**

Nine recommendations: 1. Provide drinking water for all, including distributing it bottles; 2. initiate value-based health and hygiene awareness education; 3. promote cost-effective water conservation; 4. harvest rain water; 5. launch initiatives for non-revenue water reduction; 6. improve financial management of utilities; 7. encourage community based sanitation; 8. promote integrated water resources management; and 9. disseminated success stories.

ADB and partners are envisaged to act on the recommendations between 2003-2010.

# Session Report Cover Sheet

<b>SESSION CODE:PPPA - 06</b>	
<b>Name of Convener(s):Richard Franceys and Almud Weitz</b>	
<b>DATE: - )19 March, 2003</b>	<b>Session Title: Public-Private-Community Partnerships to Serve the Urban Poor</b>
<b>Contact information in Japan</b>	<b>Accommodation:</b>
	<b>Contact No.:</b>
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## Session Report

<b>SESSION CODE:PPPA - 06</b>
<b>Reporter/Rapporteur: Richard Franceys</b>
<b>Contact E-mail : r.w.a.franceys@cranfield.ac.uk</b>

## **Objectives:**

The objective of the session was to highlight the strengths and weaknesses of public private partnerships in their role of delivering the universal service obligation - that is service which includes the poorest and to report on research that, through focus group discussions with women in the urban slums of Asia in addition to fieldwork in small towns in Uganda and with customer service committees in UK, demonstrates the extent to which the poor can benefit from well planned, managed and regulated public-private partnerships (PPPs) that include civil society as active partners.

## **1. Key Issues**

Recognizing the limitations of public, government providers in delivering adequate urban services such as water supply and sanitation, and the impossibility that nongovernment organizations (NGOs) will meet the needs of all urban poor, governments around the world are now experimenting with radical institutional reform involving the private sector. Many of these reform approaches are delivering better-quality services at-at least initially-lower prices; however, expansion of these services has been limited. The challenge is to make the reforms benefit the poor.

## **2. Actions**

We reported to participants on the Asian Development Bank research into Public Private Community Partnerships for the Poor, detailing over 20 studies into water, sanitation and solid waste, which was launched during the Wednesday 19th presentation at the Gran Cube, Osaka.

Although these are very uncertain times for public private partnerships (eg Manila, Atlanta, Buenos Aires) the research into the results of one PPP reported that *members of a focus group (Liwang Block leaders - all women) freely expressed their appreciation of the water supply project in their respective areas; one resident related her experience of having to spend up to P40 pesos per day for water bought from a vendor or obtained through a water carrier and now pays only P25 to P50 per month to the private operator for a household connection. Another resident who used to pay a flat rate of P300 per month to a neighbor with water, now spends only about P60 per month for her own connection.*

*Aside from the largely reduced water expense, the group mentioned other benefits: more time available to them which now they can use for other household chores; and even time for leisure such as going to the malls; no more stress from queuing (where rows often occurred when others do not follow the queues leading to so much stress) and waiting for water to become available; no more waking up at 3:00 a.m. to queue; more money for other household needs, and can now take a shower.*

Although this 2001 data on Manila has been overtaken by events, such as the planned increases in tariffs due to the government inclusion of a sanitation charge as well as unplanned events such as tariff increases due to devaluation and most recently the handing back of one of the Manila concessions to the government, the research indicates that reform of urban water supply and sanitation through partnerships has the potential to deliver significant benefits.

## **3. Commitments**

Where conventional urban water supply and sanitation services have failed to reach the

poor, small-scale private enterprises and NGOs have stepped in to fill the gap by providing flexible, innovative service. While many of them are working quite successfully, a challenge remains in scaling them up to cover larger geographical areas. At the same time, “classical” public-private-partnerships aimed at reforming the utilities have in a number of cases managed to serve the urban poor by default but have also reached a performance ceiling in further coverage extension to low-income areas. We are committed to develop partnerships between the public and private sectors and especially with civil society to show that service can be reformed *and* extended to the urban poor through participatory development and service differentiation.

*‘One thing we have decided in this session is that Government still has the most important role in water and sanitation, in owning the assets and in creating the enabling environment’  
- Kayaga, Uganda*

#### **4. Recommendations - moving forward:**

For future PPP contracts, a number of **key pro-poor elements** should be built in to make sure that service coverage extension to the urban poor is achieved on a sustainable basis. These include an emphasis in the contracts on early service coverage to all urban areas, flexible service delivery (creative technology as well as billing and payment flexibility), well-targeted subsidies, financially viable tariffs with specific consideration to affordability for the urban poor and the proactive involvement of civil society. It is only possible to achieve the desired universal service obligation when all stakeholders are enabled to act as Partners.

Further details are available from Almud Weitz ([aweitz@adb.org](mailto:aweitz@adb.org)) or Richard Franceys ([r.w.a.franceys@cranfield.ac.uk](mailto:r.w.a.franceys@cranfield.ac.uk)) and an overview of the research is available at <http://beyondboundaries.adb.org>.