

➤ *“Water for All”: Providing water service to disadvantaged population*

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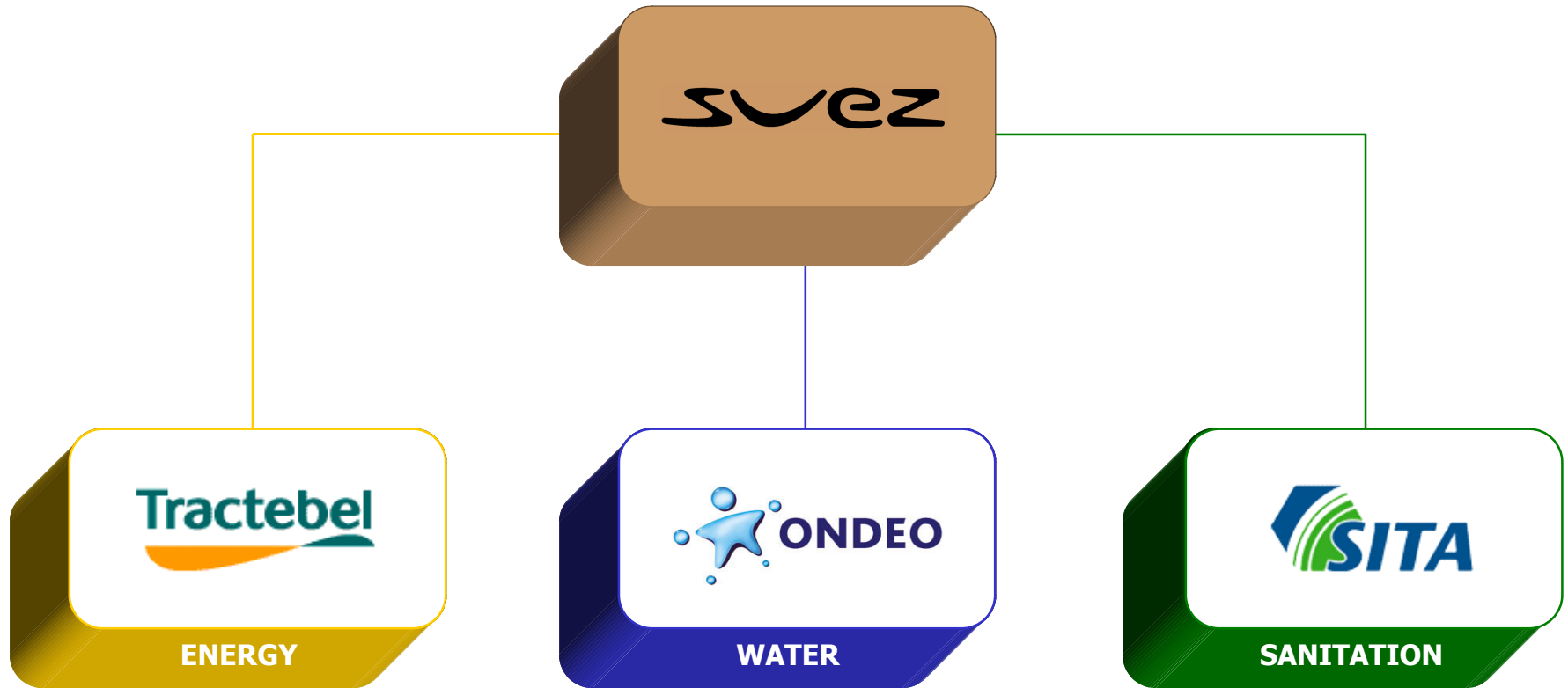
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Presentation

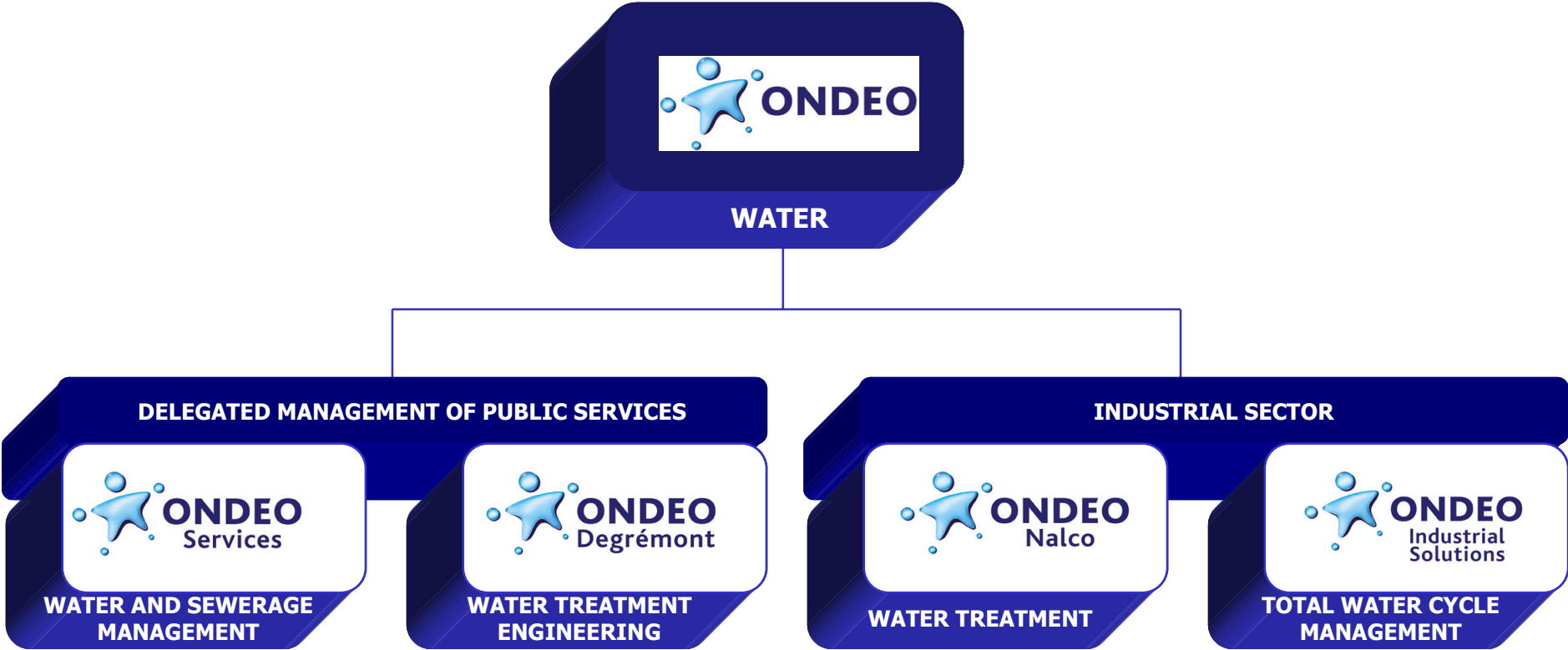
A wholly owned subsidiary of the SUEZ group, Ondeo has a presence in 130 countries throughout the world, managing water and sanitation services for 115 million consumers.

SUEZ is a global services company offering global solutions in the domains of energy, water and sanitation.

The group's structure



Ondeo's structure

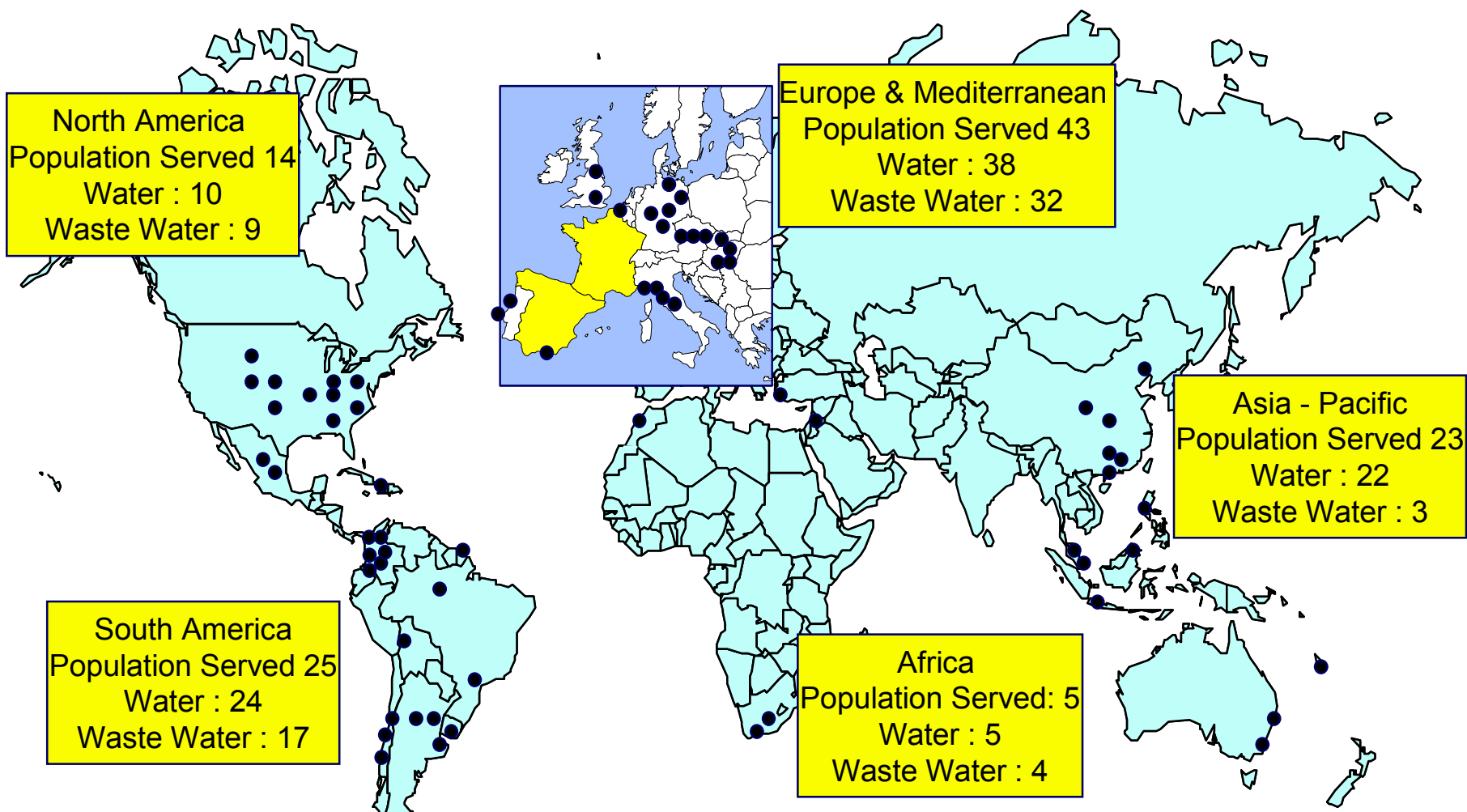


Our mission

To be the premier provider of sustainable water-related solutions and services worldwide, through long-term partnerships that benefit our customers, communities, employees and the environment.

Population served by ONDEO Services

(Contracts in force as of January 2001)



Total Population Served by LdE and its Partners: 110 Mn
Of which :- Water : 99 Mn **Of which :- Waste Water : 65 Mn**

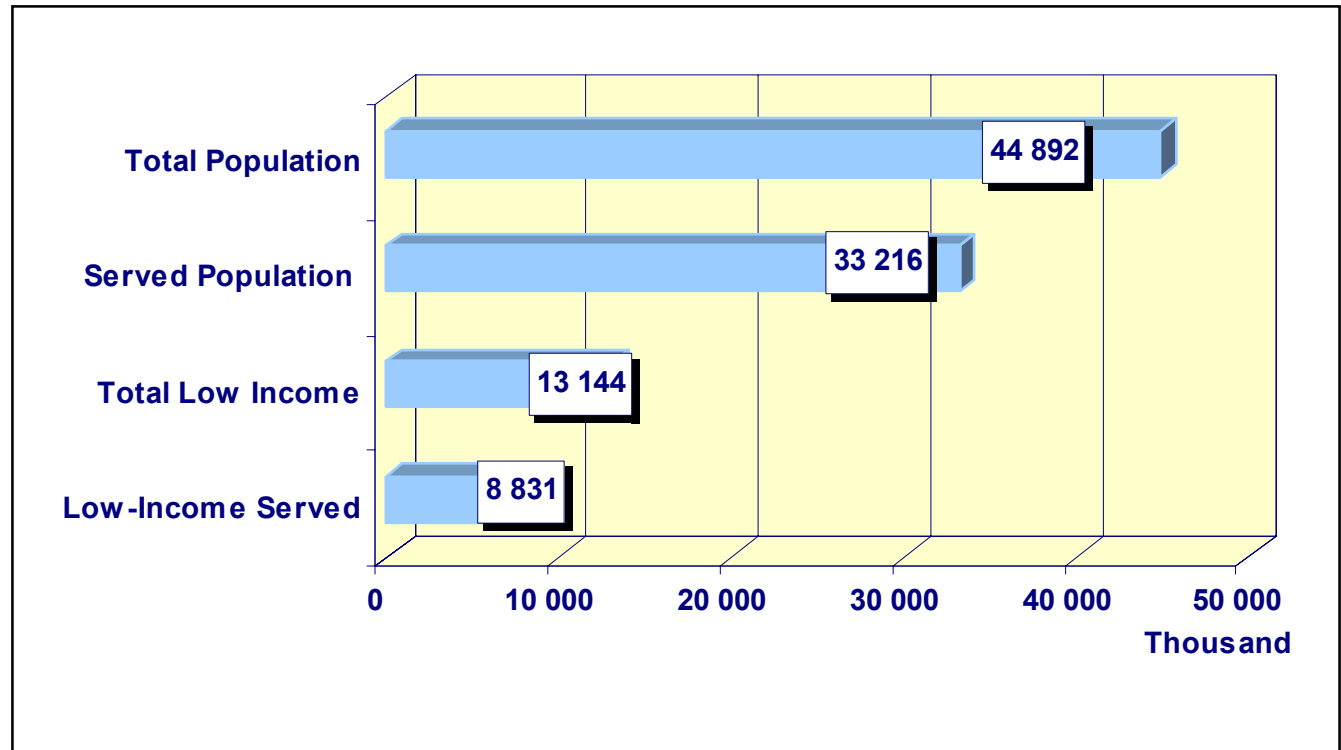
Low-income households :

27% of our customers in developing countries

8.8 millions served

(27% of total) in :

- Buenos Aires
- Casablanca
- Cordoba
- Jakarta
- La Paz - El Alto
- Limeira
- Manaus
- Manila
- Santa Fé
- Santiago
- South Africa



Challenges

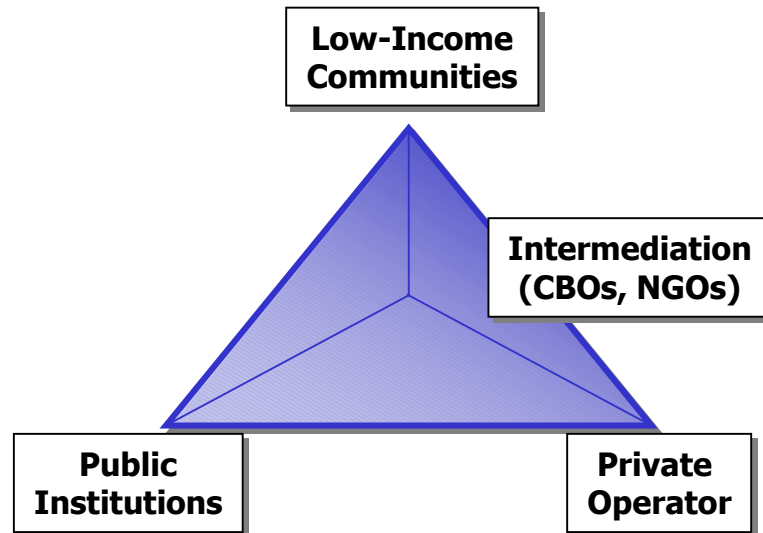
- Rapid growth of urban population
- High proportion of urban population that live in slums, without adequate urban services
- Urban poverty
- Need for large financial investment
- Lack of replicable models

Why Do We Care About the Urban Poor?

- Public service mission
- Respect of contractual agreements
- Strengthening of contract's long term sustainability
- Improvement of institutional relations
- Citizenship and responsible commitment
- Business development
 - Growing market
 - Contribution to company's image (country, international)
 - Competitiveness

ONDEO's Approach to Low-Income Areas

- Development of a specific know-how and a customer-oriented field based approach
- Knowledge management
 - make this knowledge available to our partners
- Development of strategic partnerships



Misconceptions

General idea

The poor cannot afford safe water and should not have to pay for it

Subsidies are provided to help the poor

The government will raise the financial resources needed for water and sanitation

Reality

The poor actually do pay for water, often far more than their fair share

But the subsidies benefit mainly those who are not poor

But the investment needs for water/sanitation are far too great for the government to afford it

Misconceptions

General idea

The poor do not pay their bill

Sanitation is not possible in the low income areas

A private operator will serve only the rich

Reality

With the proper arrangement, they are willing to pay

It is feasible and the demand for sanitation is higher than expected

A private operator will serve ALL ITS CUSTOMERS

ONDEO's Water for All Program

Our Mission

- To provide, within the framework of ONDEO's global offer, sustainable water and sanitation services that are appropriate to the needs and resources of low-income neighborhoods customers, with respect to the contractual agreements and in viable economic conditions

Our approach

- International task force
- Methodology and technical development
- Knowledge management
- Experience from the field and pilot projects

Principles of action

- ① Integration of low-income communities
 - Specific development of services
 - Co-operative decision making with users
 - Involvement of users in building and managing the infrastructure

Principles of Action

② Creation of strategic partnerships

- Effectiveness of the private sector
- A high level of performance
- Social development
- Efficient management models

Principles of Action

③ Optimization of technical standards

Develop suitable solutions,
based on:

- habitat-specific issues
- the economic context

Principles of Action

- ④ Real services, not just a connection
 - Technical and financial support
 - Health education campaigns
 - A programme of training in the trades
 - A special commercial and rates policy

Example: Buenos Aires (Argentina)

The position in 1993:

- The city is home to 10 million people (3 million living below the poverty line)
- 2.6 million of the city's inhabitants were excluded from the drinking water infrastructure
- 5 million were not connected to the sewerage network

Example: Buenos Aires (Argentina)

Since 1993:

- 2 million have been connected to the drinking water infrastructure
- 1 million have been connected to the sewerage network
- Production of water: up 39%
- Prices: down 13%

Example: Casablanca (Morocco)

The position in 1997:

- The total population was 4.5 million
- 30% were in low income areas
- 450,000 in shanty towns

Example: Casablanca (Morocco)

Since 2000:

Operation Branchements Bleus (Blue Connections):

The drinking water at home service

- 4,200 households connected in three years
- System of flat connection fees
- Set up credit over 5 years
- Customer satisfaction rate: 85% in 2000

Example: Western Manila (Philippines)

In 1997: 1.5 million people
living below the poverty line and
without access to regular water
services

Since 1997:

- 143,805 new connections
- More than 500,000 inhabitants of the shanty towns were connected to the network
- Safe and reliable water supply

Looking for a Solution - Western Manila (Philippines)

- Problems: property titles, space, house connections, etc.
- Initial idea was to make additional public faucets, but customers requested for individual connections
- This preference is more intensified because of poor management of community's association/manager
- Solutions have to be found with the customers, and must have the support of the barangay leader, the associations and the community.

Example: La Paz (Bolivia)

The position in 1997:

- 1,000,000 inhabitants (600,000 in El Alto)
- 17% were not connected to the drinking water supply (El Alto: 48%)
- 34% were not connected to the sewerage network (El Alto: 70%).

Example: La Paz (Bolivia)

Since 2001:

- 100% of the population have been connected to the drinking water network
- Superior quality service
- Reduced access costs.

Lessons Learned

- The worth of including low-income communities into business plans
- To adapt services to local conditions
- Base the development of service on communities demand
- The development of services has to be profitable for the community and the company
- 'Water for All' can become a reality for existing cities and cities to come

Conclusion

"Water for all" is an integral part of Ondeo's policy:

- it constitutes a true commitment to sustainable development
- A long-term vision
- A priority axis of its international development plans