



The role of small-scale independent water providers in urban areas

By Mike Albu and Cyrus Njiru

Most people who live in cities and large towns throughout much of the developing world occupy neighbourhoods and informal settlements that do not have adequate water services. In fact, evidence suggests that more than 75 per cent of the urban poor obtain domestic water from sources other than a direct-piped mains supply. Is it time we looked at the positive alternative role which independent small-scale water providers play in meeting these people's needs?

There are many interlocking factors that obstruct the extension of piped mains services to the poor living in informal housing. The poverty of urban communities and associated lack of municipal resources is one. Political bias is another. The lack of formal legal status for many urban settlements, and associated uncertainty about land tenure, is often critical too. Among other things, it creates further problems over the financing of secondary pipelines, household connections and meter installation.

Many problems caused by these factors are notoriously hard to resolve; they will constrain the extension of piped mains services to poor people in informal urban settlements for many years to come. Private sector involvement in running water utilities via public private partnerships (PPP) will not necessarily solve these access problems either.

As the population of southern cities grows rapidly in forthcoming decades and new areas of land become urbanized, the number of people who live without direct access to piped water at a household level looks, therefore, more likely to increase than to decline.

The realities facing the poor

Given the poor prospects for extending mains water services to many informal urban settlements in the near future, it is imperative to improve the reality of alternative water provision for the growing numbers who live in such settlements. The reality for most urban communities at the moment revolves around the services of

small-scale independent water providers (SSIPs), commonly known as 'water vendors'.

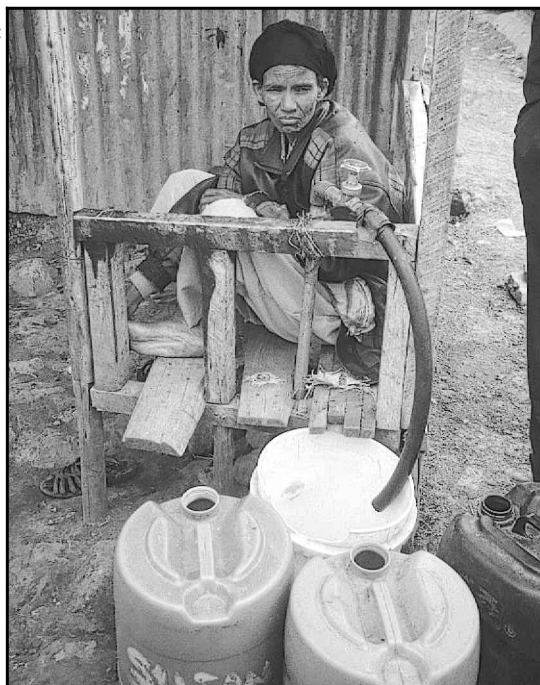
There is a common stereotype of water vendors as exploiters of the poor – providing over-priced, low-quality access to a natural resource that ought (ideally) to be a human right. In addition, they are often accused of damaging mains systems in their attempts to gain illicit access to water sources. Not surprisingly 'vendors' often come into conflict with mains-water utilities and public health authorities that see them as profiteers and a hazard to public health.

However, recent studies by The Water, Engineering and Development Centre (WEDC) and the Water and Sanitation Program/IRC suggest SSIPs often provide useful services valued by poor consumers. Furthermore their charges for water are not necessarily excessive for the service provided. In many ways they can be highly efficient – providing water when and where people need it, in quantities they can afford, while creating local employment opportunities that keep cash within the local economy.

In practice, SSIPs often extend water services to informal settlements that have little prospect of being supplied with piped water. The reality is that private vendors may be one of the few practical options many poor people will have for water delivery for some time to come.

The challenge facing water service planners is to recognize SSIPs' potentially positive role and help them to play a more effective, less hazardous part in the provi-

'The reality is that private vendors may be one of the few practical options many poor people will have for water delivery for some time to come.'



A male Somali water vendor gathering drips to sell

sion of water, in order to reduce costs and increase the quality of water access available to the poorest urban populations. To do this it is necessary to understand more about the way SSIPs operate and find practical methods of enabling them to collaborate constructively with water utilities, public authorities and the communities they serve. The goal must be to find win-win solutions that bring benefits to all the different stakeholders involved (urban water

consumers, water utilities, public authorities and SSIPs).

The role of the independent providers

Independent water providers operate for profit (i.e. their own survival), often within competitive markets. It is necessary to understand the market forces that guide their behaviour, and investigate how these can be modified to create incentives for better water services for poor people.

Several different channels exist in the water market depending on local conditions and sources:

- Wholesale vendors (tanker users): Obtain water from a source and sell

the water on to consumers and distributing vendors

- Distributing vendors: Obtain water from a source or from a wholesale vendor, and sell the water directly to consumers, via door-to-door sales
- Direct vendors: Sell water directly to consumers who come to collect and pay for water at the source. Direct vendors also include household resellers, who are usually women

The functions of distributing and directly vending water within poor communities in particular often provide a crucial economic safety net for highly vulnerable people such as new immigrants to urban areas.

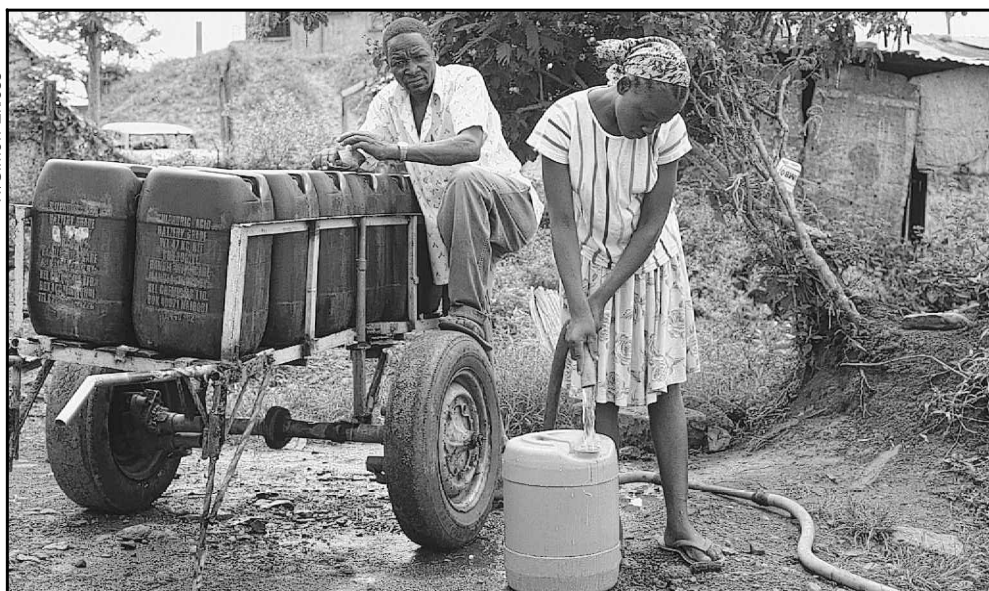
Water utilities, and the authorities that regulate water-service provision, play a powerful role in determining the operating environment for SSIPs. Where public utilities or large private operators are given exclusive rights to deliver water to an area, it forces SSIPs into illegality. This inevitably makes it more likely that they operate both dangerously (from a public health perspective) and inefficiently as service providers. Conflict around contested water sources is a common feature and forced illegality tends to make-criminal elements exploit the independent water-supply sector.

Alternatively, where SSIPs are recognized and co-opted as legitimate agents in the water-supply industry, it increases the possibility of poor consumers getting access to a safer, less costly product in a less exploitative, financially and socially sustainable manner.

Why co-operate with SSIPs?

Effective collaboration between water utilities and SSIPs could generate a number of social and economic benefits. Water consumers in informal urban settlements could benefit from less time-consuming, more reliable and consistent access to water, improved quality of water and possibly lower prices. Women and children in particular may benefit from reduced carrying of water.

The people who work as distributors and vendors may



Water delivery is a one way water is used to improve rural livelihoods

enjoy more secure livelihoods as a result of better physical access to water sources, introduction of more-efficient water-carrying technologies, better public perceptions of their role, higher social status, improved relationships with utilities and reduction in conflicts around contested water sources.

Water utilities and regulatory authorities could benefit from a more constructive business relationship with the small-scale informal water providers. Such a relationship has the potential to:

- Reduce vandalism of water distribution pipes (often broken to create illegal sources)
- Improve revenue collection with appropriate attention to tariffs and payment methods
- Reduce the level of investment needed in water distribution by permitting and facilitating informal water providers to sell water in areas without a formal distribution system
- Provide water services to informal (often considered illegal) settlements, where the utility may lack the authority or mechanism to provide services

The benefits of SSIP involvement

A key requirement for positive change is that water utilities regularize arrangements with independent providers. Partnership between providers and the public sector may ensure a degree of control while avoiding full-scale regulation that might undermine the sustainability of existing SSIP practices. Partnership can reduce technical and business inefficiencies that currently exist due to the lack of official recognition of the SSIPs' role and consequently their insecure status.

Many studies suggest that SSIPs are typically no wealthier than those they serve. Water distributors such as hand-cart operators and water carriers are often drawn from the most vulnerable populations in cities. Direct poverty-reduction benefits may therefore follow from supporting them to provide a more efficient service.

Key needs of SSIPs are likely to include:

- Convenient, reliable and legal physical access to safe water sources at a fair price
- Physical and legal protection for their business investments (particularly water-carrying equipment and pumps)
- Innovative technology to lower investment costs, improve efficiency and reduce labour inputs
- Financial services such as credit or equipment leasing
- Systems for monitoring and guaranteeing water quality

None of this is likely to happen unless, along with the water utilities and SSIPs themselves, organizations that represent the poor urban water consumer such as non-Governmental Organizations (NGOs) and community groups are invited to bring their local understanding, experience and skills to the negotiating process.

With financial support from DFID Knowledge and Research funds (R8060), WEDC and ITDG are conducting a research project in five African cities that will test constraints, opportunities and strategies for enabling SSIPs to deliver an acceptable water service to poor urban consumers.

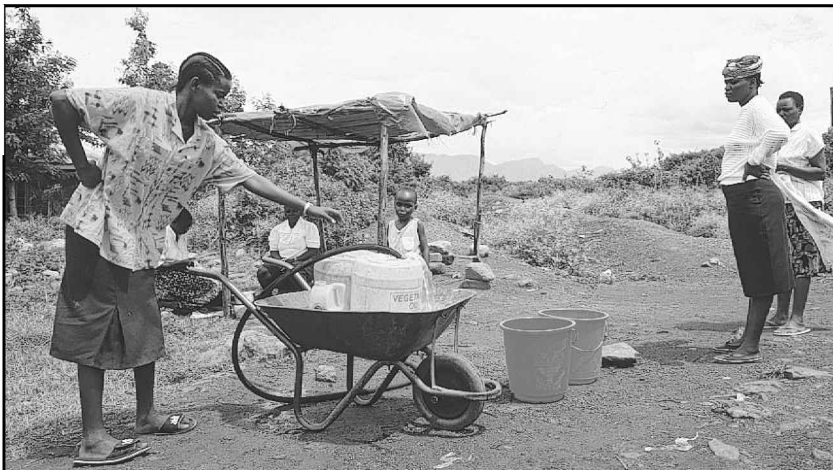
References

- Collignon B. and Vézina M. (2000), *Independent water and sanitation providers in African cities – full report of a ten-country study*, WSP, The World Bank, Washington.
- Forrest, C. (1999), *Water Vending In Urban Areas Of Developing Countries*, unpublished MSc thesis, WEDC Loughborough University, UK
- Farid M. (1999), *Small Scale Independent Providers of Water and Sanitation to the Urban Poor: a case of Nairobi, Kenya*, IRC/WSP, Nairobi.
- Sykes A. (1999), *Small Scale Independent Providers of Water and Sanitation to the Urban Poor: a case of Dar es Salaam, Tanzania*, IRC/WSP, Nairobi.

about the authors

Mike Albu is a Senior Enterprise Development Specialist with ITDG. He can be contacted via the editor.

Cyrus Njiru is a Chartered Civil/Water and Sanitation Engineer currently working with WEDC. He can be contacted via email at: C.Njiru@lboro.ac.uk



It is often women who act as water vendors