

# Chapter 1

## Overview

### 1.1 Introduction and document overview

Managing water services and sanitation successfully is like any other business, where the responsible organization seeks to: keep customers satisfied, increase market share, and maximize revenues. This entails using commercial and market orientated approaches, which have been successfully utilised by utilities throughout the world and are increasingly being used in developing countries.

A key question to consider is how best commercial approaches to utility management can be adapted to serving low income areas so that sustainable services are achieved? There are many instances of this being done successfully and this issue is addressed in this series of three books entitled: '*Serving All Urban Consumers*'. This title is intended to be a challenge to network utilities and to the governments who help create their enabling environment.

The specific purpose of this series of books is to provide appropriate guidance on how water utilities working with other key stakeholders, can meet the needs and demands of urban water consumers - including the poor - through developing an understanding of the needs and demands of all consumer groups, and by the adaptation of a commercial/marketing approach. These documents are suitable for public or private sector providers, who should be encouraged to pilot new approaches before eventual scaling up.

Book 1 (this publication) focuses on how governments can support an enabling environment, both for utilities and other stakeholders, to work effectively towards achieving these objectives. Unless governments and regulators do provide an appropriate enabling environment for the key stakeholders to serve the poor, then substantial improvements are unlikely to be achieved. A summary of the contents of Book 1 is as follows:

- Chapter 1 provides an overview of the experiences and challenges in the sector, as well as examples from around the world where innovative marketing-type approaches have been used successfully.
- Chapter 2 summarizes marketing approaches to water services for all consumer groups - that is described in more detail in Book 2 -guidance notes for managers. If the relevant government departments and regulators understand how marketing principles can best be adapted to the urban water sector, they can encourage utilities to utilise or adapt such approaches for serving low income areas.

- Chapter 3 considers how to improve incentives for different stakeholders in order to provide better services in low-income communities. Governments and regulators have substantial influence over the various incentives for utilities and civil society institutions to improve services.
- Chapter 4 considers how best governments and regulators can support utilities and other stakeholders in improving services to all consumer groups.

## **1.2 Who is this book for?**

These summary guidance notes (Book 1) are intended for use by senior and middle-level managers in government departments and regulators who are developing an enabling environment for improving urban water services to all consumer groups including the poor. This book should also be of interest to sector advisors and senior utility managers.

This book is complemented by Book 2, which is targeted at managers and is a more comprehensive publication that examines how to use marketing approaches for urban water services to serve all consumers. Book 3 gives a detailed explanation of the PREPP methodology for utility consultation with low-income communities, including demand assessment and decision making about improved service levels.

Having undertaken detailed research based on strategic marketing plans in cities in Africa and India to prove the concepts, these three books are designed as simplified approaches that will give sufficient accuracy to be implemented immediately. The goal is for 'good enough' marketing and business plans that encourage early achievement of a universal service obligation.

We hope that the guidelines will also assist civil society organizations, whether water consumer organizations or CBOs and NGOs acting on behalf of the unserved poor, detailing what can reasonably be expected as good practice utility service in the sector and the potential roles of government.

## **1.3 Urban water context**

Many governments in developing countries have adopted policies for providing better services for the urban poor, including water supply. This is in recognition of the experiences of low-income communities who are either unserved by water utilities or their municipalities, or they experience inadequate service levels and have to resort to other expensive or unprotected water sources. People living in informal settlements often pay high prices to water vendors or incur high coping costs in terms of time spent on collecting water. Only limited progress has been achieved in implementing these poverty reduction policies in the urban water sector.

How can urban water utilities provide better services for more of their expanding populations, including low-income communities, while improving the financial viability and credit worthiness of the utility? The people without adequate water supply and sanitation services often live in the unplanned, informal and illegal slums, the low-income settlements of the metropolitan and secondary cities. The task of filling this service gap is further compounded by the rapid growth of population in the urban areas of low-income countries.

Network water utilities are well placed to provide cheaper and more convenient piped water supplies compared with alternative providers such as vendors. The difficulties arise in planning, justifying and implementing service expansion in a sustainable manner. If the utilities, with their potential economies of scale, are able to capture a larger share of the 'water markets' in their cities and towns, at a fair price for each group of customers, they should be able to reduce the price that the poor currently have to pay for water and dramatically improve services, whilst ensuring the utilities' long-term financial viability.

The present situation is that utilities tend to price their water below cost, a subsidy which is then absorbed by the middle- and high-income groups who already have household water connections. The poor then have to pay more for a limited supply of poorer quality water, often delivered less conveniently by the vendors or other sources outside the utility's operations. However, capturing a larger share of the water market cannot be achieved by perpetuating the conventional 'one size fits all' approach. Traditionally utilities have offered consumers a conventional, full pressure, buried pipe household connection only if they live in 'legal' areas and pay a large connection fee. This approach automatically excludes about half the population in many cities.

#### **1.4 Lessons for serving the poor**

Water services providers and the governments who support and regulate them generally have two key objectives:

- To improve water services and increase service coverage, so that all consumers, including the poor, have adequate provision.
- To ensure utilities are financially sustainable - and therefore creditworthy - so that they can raise the funding to invest further.

To meet the needs of the poor whilst remaining financially viable water utilities have to learn to differentiate their services and prices of service provision. This entails offering and supporting a variety of viable service options (e.g. in-house or yard connections or water kiosks), as well as payment and management options to the various consumer groups. Only by this approach can they hope to meet the needs of their customers, present and potential where they are, not where the utility would like them to be. This approach means adopting and adapting the marketing techniques that the consumer goods and service industries have long had to use to ensure their commercial survival in a competitive market.

The value of partnerships is clear, particularly where utilities cannot provide services directly to certain areas for whatever reason and there is the potential to form partnerships as part of shared management arrangements with either small water enterprises such as vendors or with community-based organizations. In addition, in unserved areas that are far from pipe networks, a utility can provide information to potential customers about how to seek alternative water supply options such as borewells and rainwater harvesting, until the utility is able to serve those areas. By such means the utility is improving its reputation as a consumer-focused organization and developing trust amongst existing and potential customers.

There is evidence that utilities can do far more directly to serve the unplanned and often illegal low-income areas that have traditionally been ignored. In recent years a number of

utilities have demonstrated that it is possible to differentiate service and prices to meet the needs of the poor. As part of the research that forms the basis for these guidance notes, and through complementary research, we have investigated those suppliers, public and private, that have been most successful at differentiating their services and prices to serve low-income customers, wherever they live. The examples described come from public utilities in South Africa and India as well as from private operators in Argentina, Bolivia and the Philippines.

The research also demonstrates, however, that services to low-income customers cannot be sustainable unless they are considered in the context of a long-term and city-wide strategy. It is not possible to give all customers exactly what they want at the price they want to pay. There has to be a balancing of different services and prices so that overall the utility achieves sufficient revenue to pay the costs of delivery to all consumers. In our desire to serve low-income consumers in the best possible way at the lowest price we also have to be aware of the overall impact on utility efficiency and sustainability.

Therefore we have also included in this document an introduction to the strategic marketing approach that is necessary to ensure overall viability of service to all consumers, the necessity for which is included in the title. Serving the lowest-income consumers also demands an efficient utility selling water to higher income customers at a cost-reflective price. Our international research partners have tested this methodology in six urban areas with varying degrees of detail: Kampala, Uganda (Kayaga); Mombasa, Kenya (Njiru); Lesotho (Kamalie); Guntur, India (Narender and Chary); Agra, India (Gupta; and various small towns in Nepal (Bhattarai).

A fully functioning and sustainable water utility is clearly the key to any attempt to better serve the poor (Water and Sanitation Programme, 2002). Poor utility performance hurts the poor more than others, as they are usually the first to be affected when service is rationed or there is low pressure; hence the need for a strategic approach.

The research results suggest that in most situations it is possible to develop a financially viable marketing plan that can enable a city to serve the needs of all consumers in partnership with other key stakeholders.

## **1.5 Water, sanitation and urban poverty reduction**

There is overwhelming evidence of the health and economic benefits of improved water supply and sanitation for households and individuals. Table 1.1 highlights the key effects or adverse impacts of inadequate water supply and sanitation on poverty dimensions such as household income, health, education, and gender/social inclusion. Low-income communities who experience poor services are particularly prone to the adverse effects listed in the table.

Effective programmes that focus on water supply and sanitation services for the poor can make positive contributions to improving health and economic productivity in low-income countries, and are therefore a vital component of any effort to reduce poverty. Water utilities in partnerships with other key stakeholders have a vital role to play in the urban context.

**Table 1.1. Linkages between water and sanitation and poverty<sup>1</sup>**

Poverty dimensions	Inadequate water, sanitation and hygiene - Potential key effects
Income	High proportion of household budget used on obtaining water  Reduced income earning potential because of: <ul style="list-style-type: none"> <li>· Poor health</li> <li>· Increased time spent collecting water</li> <li>· Less opportunity for businesses requiring water inputs</li> </ul>
Health	Increase in illnesses related to water and sanitation  Stunting from diarrhoea caused by malnutrition  Reduced life expectancy
Education	Reduced school attendance by children (especially girls) due to ill health, or lack of available sanitation or water collection points
Gender and social inclusion	Burdens borne disproportionately by women, limiting their entry into the cash economy

1. Source: Adapted from Bosch et al. (2001)

The percentage of poor people living on less than a US\$1 per day in South Asia is 40 per cent and in Sub-Saharan Africa is 46 per cent (World Bank, 2000)Source: . Informal settlements and unplanned areas are generally growing faster than more middle and high-income areas, so governments and other stakeholders need to be innovative in their efforts to improve services and reduce poverty.

Over 75 per cent of the urban poor in Africa get their water from small-scale providers such as vendors, water tankers, etc. (Collignon and Vezina, 2000) and about half the people living in urban areas of Africa are not served by a piped water supply. The gap created by the low service coverage is often filled by small-scale independent water service providers, who generally charge prices that are many times greater than the piped water in the same city.

There are clear opportunities for utilities in cities to provide water service options that are cheaper than the vendors or small-scale providers that are currently being used. New utility services such as shared water connections or yard connections that allow people to sell water on to their neighbours can have a substantial impact on poverty reduction in those areas compared to expensive vendor water.

Many developing countries are in the process of agreeing or implementing Poverty Reduction Strategy Papers. As such strategies are developed in detail, improved water and sanitation and services for the urban poor are likely to play an important part in the overall strategy.

## 1.6 Sector challenges

The water and sanitation sectors in low-income countries face substantial challenges. According to the WHO/UNICEF Joint Monitoring Programme, at the turn of the century over 2.4 billion people around the world lacked access to adequate sanitation and over 1.3 billion people lacked access to a safe water supply.

About 40 per cent of the people in Africa still have no access to clean water and improved sanitation, while in India only about 65 per cent of urban dwellers have access to tap water and only 42 per cent have tap water in their premises.

The Water Supply and Sanitation Collaborative Council estimates there is a need to serve an extra one billion urban dwellers in developing countries by the year 2015 - 1.9 billion by the year 2025 - with improved water supply. The challenge is even greater with sanitation services, where 1.1 billion and 2.1 billion extra urban dwellers need to gain access to urban sanitation services by the years 2015 and 2025 respectively (WHO/UNICEF, 2000). According to the World Health Organisation, in order to meet the millennium development goal of 'halving the unserved population by 2015, urban Africa would require an 80% increase in the number of people served (WHO/UNICEF, 2000). This would require on average 6,000 to 8,000 connections every day (WUP, 2003).

The people most affected by inadequate service coverage are low-income households, who often have to spend considerable time collecting water from a variety of sources, some of which may be of dubious quality. The proportion of low-income consumers is also likely to grow as informal settlements grow faster than planned areas.

The high proportion of people using alternative water suppliers and the high prices paid to water vendors (mentioned in Section 1.3) is a clear indication of both the ability and willingness of poor consumers to pay for water. This demonstrates good opportunities for utilities to provide viable improved service options for low-income consumers.

When considering the best means of improving services, we need to be aware of the constraints commonly faced by water utilities, including:

- a supply-driven engineering and management philosophy;
- lack of clear roles and responsibilities between the various stakeholders;
- inadequate strategic and tactical planning;
- bureaucratic controls that inhibit effective management;
- ineffective staffing policy and human resources management;
- high unaccounted-for-water and poor O&M practices;
- low bill collection efficiency leading to high arrears;
- increasing capital costs to obtain water from deteriorating or more distant water sources;
- a lack of staff with the required skills in key areas;
- inadequate management information and systems - a lack of transparency;

- political interference and a lack of a 'willingness to charge' increased water and sanitation tariffs; and
- a lack of incentives to make improvements.

Many utilities are positively addressing such constraints as part of ongoing sector reforms, in some cases using the private sector. Overcoming such constraints mainly involves institutional development, which in turn requires funding from more water revenues. Innovative approaches are required to achieve the twin objectives of improving and extending services whilst ensuring that utilities are financially sustainable. Effective marketing has been used to achieve these two objectives in other sectors and there are good prospects for doing so in the urban water sector. Summary case studies are presented in Section 1.6 on different water sector approaches that have been developed with some success in Asia, Africa and Latin America.

## 1.7 Marketing sanitation

In this publication, with its focus on city-wide sustainability of a utility, we tend to focus more on water supply than sanitation, particularly with regard to serving the poor. The reason for this is that except in particular situations sewerage with an adequate level of wastewater treatment tends to be unaffordable for those in low-income areas. The challenge of threading gravity-flow sewer pipes at a suitable gradient through illegal, unplanned areas is significantly greater than the extension of water pipes. This is not to say that such areas do not need sanitation, in fact the reverse is true; in public health terms the lowest income householders will benefit disproportionately compared to other areas. However a good means of sanitation for the poor does exist, which is on-plot and on-site sanitation, which is rarely the main responsibility of a water utility.

Because of its individual and discrete characteristics, on-site sanitation does not require the skills of a network utility. Traditionally it has also been co-ordinated by Municipal Departments rather than water utilities. Many professionals dealing with on-site sanitation have also realized the benefits of marketing approaches, whether through 'social marketing' concepts of hygiene promotion, or the conventional marketing of sanitary components such as latrine slabs or pour-flush toilet seals. There are good research-based publications available on marketing discrete low-cost sanitation systems for the poor such as:

- *'Hands on social marketing - a step by step guide'* (1999) by Nedra Kline Weinrich, Sage Publications and
- *'PHAST step by step guide - a participatory approach for the control of diarrhoeal disease'* (1998) a WHO publication by Sara Wood, Ron Sawyer and Mayling Simpson Hebert.

## 1.8 Examples of innovative approaches in serving the poor

There are many cases of innovative marketing approaches being used to promote water and sanitation services in a collaborative manner in poor communities where both services and prices have been differentiated. Some examples are summarized below from Durban in South Africa, Manila in the Philippines, Guntur and Rajmundry in India, Buenos Aires in Argentina and El Alto in Bolivia.

Durban Metro Water Services, a department of Durban municipality in South Africa, has been offering, promoting and providing different service options in poorer communities since 1993. Box 1.1 summarizes some of the key aspects of their programme.

### **Box 1.1. Durban Metro Water Service options for poor communities**

Durban Metro Water Services, the public water utility in Durban, South Africa, differentiated its water supply to unplanned peri-urban areas by offering:

- water kiosks where people fetch and pay per 20-litre container;
- water kiosk with storage, where people fetch and pay per 20-litre container;
- individual connection with a 200-litre ground tank in the yard, with trickle feed;
- individual house connection with limited pressure through roof tank; and
- individual house connection with full pressure (conventional 24 hour supply).

Durban Metro Water have systematically developed these various options, focusing on the individual connection options, with the price of water to consumers adjusted to suit the costs and then promoted their use amongst poorer communities in newer areas. (Note that this was done prior to the current free water policy for households who consume less than 6M3 per month)

The ground tank concept was first piloted in 1993. The utility supplies the ground tank, a plastic barrel, once the householder is committed to this approach. The tank is often mounted on an old car tyre, to lift it a little above the ground. The tank is covered to prevent contamination and has a float valve to prevent over-filling and wastage. The tank is connected to the water supply main at a manifold or valve cluster situated where it is convenient and cost effective for the utility. In the original concept, the ground tank water system is operated and maintained by a water bailiff, who is selected by the community in the informal settlement, and trained by Durban Metro Water. After training the bailiff looked after about 150 ground tank connections and a water kiosk. Where the consumer had paid their water bill in advance, the water bailiff would open the particular valve once a day until the 200-litre ground tank was filled.

Costs were reduced because householders could pay significantly lower connection charges and there was no need for a full pressure distribution system locally. Bill collection costs were also reduced as there was no need for metering, meter reading or bill delivery.

Private operators have also used innovative options with encouragement from regulators. Box 1.2 highlights interesting developments on concession contracts in Manila in the Philippines. The demands in the contract for increases in service coverage have encouraged the private operators to differentiate service and price to previously unserved low-income consumers, using innovative technologies and approaches with generally successful results.

### Box 1.2. Approaches in Manila<sup>1</sup>

In Manila, the Philippines, water supply in the city has been made the responsibility of two private operators who manage water services under a concession contract, supervised by a government regulator. Examples of innovative approaches are briefly described below.

**Group taps or yard connections for two to five households** where users form groups, register connections, and share the cost of usage. The group is given one mother meter and while it is encouraged to install sub-meters to avoid problems with sharing the costs, some groups opt not to install sub-meters to reduce overall costs further. The group leader collects payments from each member and pays Manila Water.

**Bulk water supplies to a community group for on-selling** was successfully developed in some settlements where access was difficult. The utility supported the community organization by helping households to complete application forms, etc. With this approach, installation costs as well as the utility's non-revenue water (refer to the glossary for a definition) are minimized with the mother meter located outside the area, usually along main roads, where it can be easily seen and monitored for illegal tapping. The majority of the households in one community paid the costs of pipe installation from the mother meters to the respective households. To minimize project cost, the community coordinated and organized their efforts and contributed their labour (men, women, and children alike) to reduce costs. This project initially provided water to about 250 families. Within the community association there is some 'community' pressure for each household to pay their bills, otherwise the entire community suffers in case of a disconnection for non-payment.

**The 'Bayan Tubig' ('water for the community') programme**, provides individual household connections in low-income areas at a reduced cost. This programme waives the land title requirement and allows payment of connection fees by instalment over a period of 6 to 12 months (in some cases this has been stretched to 24 months). Technically, this approach involves constructing a conventional underground water main until the narrowness or condition of the access route makes this impractical. From this point the rest of the network is built either above ground or on the ground, partially covered or attached to a wall. This distribution pipe delivers water to a battery or cluster of water meters from where each homeowner makes their own plastic connection, above ground. The programme shows that, given the opportunity, residents of unplanned areas would prefer individual water connections rather than public standposts.

As a result of these initial programmes the researchers observed that the once mostly dilapidated houses have been slowly replaced by structures made of more permanent materials. With more time and water, the women are able to clean their surroundings. Sanitation in the areas covered has also improved as households now have own toilets and bathrooms within their homes.

1. Source: An edited version of Inocencio (2002)

Further examples of interesting pilot programmes have occurred in Buenos Aires, where a private operator, Aguas Argentinas, was awarded a concession in 1993 to manage water and sanitation in the capital of Argentina. The concessionaire had a contractual target of achieving full service coverage by the end of the 30-year contract. They began to develop programmes to serve the poor through differentiating services and in particular connection charges. A summary of their approaches is set out in Box 1.3.

### **Box 1.3. Pilot programmes in Buenos Aires<sup>1</sup>**

In a range of projects the utility Aguas Argentinas found that they had to differentiate their projects to suit each low-income community - no single approach suited all situations. Two programmes were particularly interesting:

**'The Participative Water Service'** projects are described as based on 'direct links' between the residents of the area (via an association or 'leader' or NGO) and Aguas Argentinas. The company found that this 'barter' operating method, with the community providing the construction labour to reduce costs, is only feasible for areas where the idea of community work is already accepted.

The utility generally designs the projects and supervises implementation. To promote subsequent payment, a single invoice is given to the community for a year, to see if they are really willing to pay. Meters are installed for the community bill to limit wastage of water. Typically, one person signs on behalf of the neighbourhood, often designated by minuted community committee meetings. After the trial year is successfully completed, individual billing is introduced, based on an assumed water usage. In one *barrio* (area), shallow pipes were laid in each alley and just one meter was provided for the entire area.

In this *barrio*, each family was paying their own bill (unmeasured, using average consumption), and there was no connection fee. To reduce costs and promote participation, all the bills for the neighbourhood were given to one community representative for distribution.

#### **Appropriate sanitation in Buenos Aires**

A system of shallow sewers was designed for one area because of the high ground water table, using individual or collective septic tanks with liquid effluent transported by a small-diameter PVC network (75mm instead of the 200mm traditionally used in Aguas Argentinas secondary networks) with shallow gradients.

Since the plots were too small ( $< < 100\text{m}^2$ ) to take both a septic tank and a soakaway, the removal of liquid effluent was essential. The cost of the secondary network (the largest item in the sanitation network) was reduced by more than half by the small diameter network and the low gradients (less excavation required in areas where the water table is less than one metre below the surface).

The effluent collected is at present evacuated directly into a nearby river: as a result Aguas Argentinas does not charge for the service. When the company network is extended into this area, the collector will simply need to be connected to the mains: the service will then be charged for.

1. Based upon Lyonnaise des Eaux (now Ondeo, Suez), 1999, and site investigations by one author (Franceys) as part of a BPD study visit in 1999.

Another example from Bolivia is summarized in Box 1.4. Aguas del Illimani, the private operator in La Paz, El Alto have specific performance targets clearly spelled out in their concession contract which increase annually until the end of the contract in 2026. To achieve these targets the utility sought to use a marketing approach to target services to the needs of the poor.

**Box 1.4. Programmes for serving the poor in La Paz, El Alto in Bolivia<sup>1</sup>**

Aguas del Illimani, the private operator in La Paz, El Alto has embarked on a series of promotional programmes aimed at raising the company's profile among its users and encouraging wider use of its services, such as:

The '**School Programme**' increases awareness about the water and sewerage system by taking children to visit the treatment plants.

The '**Neighbourhoods Programme**' advises and explains the procedures necessary to obtain a water and sewerage connections in selected neighbourhoods.

**The 'IPAS' programme (Peri-urban Initiative for Water and Sanitation)** tests innovative approaches for sustained provision of water and sanitation services in the low-income areas of La Paz and El Alto. The project promoted the use of appropriate technologies, sound social intervention methodology, and access to micro-credit mechanisms for construction costs. The micro-credit mechanism also allowed families to develop their credit history and later request subsequent loans for income-generating activities.

At the IPAS project level, community selection procedures were based on the *Demand Responsive Approach*, where communities are consulted beforehand about their interest to participate. Aguas del Illimani first approached different communities in their expansion areas and presented the IPAS project, explaining how it worked and the technology involved. After internal consultation, the community showed its commitment to the project by presenting signatures of at least 70 per cent of its dwellers.

As a result of savings in installation costs and also as an incentive for participating communities, the utility offered a discounted connection fee which is about 60 per cent of the original connection fee, payable in 60 monthly instalments in the water bill at no interest.

1. An edited version of Vargas, M., Incentives for utilities to serve the urban poor El Alto, Bolivia, in Incentives for utilities to serve the urban poor, Franceys, R, ed, IHE for WSSCC, 2002

Finally, an example from Guntur, in India, where marketing research has been undertaken by the Administrative Staff College of India (ASCI), is briefly described in Box 1.5.

In the Indian cases the utilities have adopted marketing-type approaches to serve poor communities, whether this has been done consciously or otherwise. They have developed appropriate products or service options that they have promoted to selected people (potential customers) at viable prices, using appropriate processes in selected places where there are demands for service improvements. In doing so the utility has enhanced its presence as a consumer-orientated organization. They have therefore been addressing the 7Ps of marketing, a tool that helps providers get the 'marketing mix' right for each situation. This provides a useful framework for developing, promoting and providing different options, refer to section 2.6 on the marketing mix

### **Box 1.5. Marketing initiatives in Guntur, India<sup>1</sup>**

The poor in Guntur and Rajhamundry in Andhra Pradesh, India, depend mainly on free public standposts and tankers provided by the Municipal Corporations for their potable water (Narender and Chary, 2002). The water supplied through public standposts is quite inadequate to cover the needs of the majority of the households.

A significant proportion of the poor have expressed their willingness to make individual connections and were prepared to pay the required monthly charges. However, they were discouraged by the Corporation policy that demands a one-off connection fee of about Rs.5000-7000 (US\$100-\$130). As a result, many poor households were excluded from individual coverage by the water system; they were in effect not allowed to enter the 'shop'. This has resulted in a proliferation of illegal connections.

During long discussions with the Corporations as part of marketing research, however, the leaders of the Municipal Corporations realized the need to increase the coverage of water services to the poor through innovative approaches.

In 2002 the leadership of the Municipal Corporations made significant efforts to remove the entry barrier. They have not only lowered the connection charges as prescribed by Government norms, but also allowed the poor to pay these one-off charges in two or three instalments. They have also reduced or waived the associated supervision charges for executing the work. The mayors and commissioners have visited several slums, conducted public meetings and issued on-the-spot connection approvals to the willing households. As a result of these sustained efforts, the number of poor households with individual connections has gone up significantly in these cities in the past year. In another variation poor households were also encouraged to form groups of six to eight households to access a single connection to reduce the burden of connection and tariff charges.

The Municipal Corporations have also experimented with marketing ideas such as promoting (advertising) new connections in 'Saturday connection camps' and through offering the poorest household in a group of ten a special 'bargain' low-cost connection. The experiences of Guntur and Rajhamundry demonstrate that the city governments are becoming aware of and are willing to adopt marketing approaches to increase water services particularly to the poor.

1. Source: Drafted by S.Chary, 2002