



Delivering water services at the local level in Vietnam

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FOR THE WATER supply agencies in Vietnam the 1990's have been a decade of struggles to reduce unaccounted-for-water and to increase water revenue. This resulted from the Vietnamese Government's decision to leave the water supply sector without subsidies in the late 1980's. The water supply agencies were no longer production units of a central planned economy, but they had to begin to operate on a self-financing basis. They had to start planning their operations, optimising water production, installing water meters, developing billing and revenue collection systems, applying new accounting practices and adopting maintenance and repair programs. The agencies also had to start thinking of customer services as an integral part of their image and operation.

Water users could no longer be beneficiaries of a free water supply service. They had to begin to pay for water but the water supply service did not satisfy their demand. For example in Haiphong at the time, especially during summer in a major part of the water supply network, people had to queue all night for water at public taps or they had to stand watch by their in-house taps for water. On the other hand where the network pressure was good people let their water taps open 24 hours a day. 70 per cent of water produced was unaccounted-for. People also made illegal connections, broke the water supply pipelines and drilled wells. Water was vended at a price 25 times the price of piped water but at the same time the Haiphong Water Supply Company could collect only 20 per cent of billed water charge.

The water supply network was not designed taking into account management aspects and revenue collection. Practically there were no water meters in the network. In the alleys the house connections were usually constructed as big bouquets of pipes so that it was very difficult to distinguish which pipe belongs to what connection. Network maps were also missing. So, when customers refused to pay saying that there had not been water, either, the company could not tell whether it was true or not. When payments were long over due the company could not disconnect the customers. When customers complained about inadequate water supply the company could not always find out the reason for it, and consequently, could not take any actions to remedy the situation. Relations between the water company and water users were sometimes severely strained. People even attacked employees of the Haiphong Water Supply Company.

However, the illegal connections, broken pipes, the drilling of wells and the blooming water vending business were

indicators of the water users' needs, willingness and ability to arrange water supply for themselves. This was a resource that the Haiphong Water Supply Company had to tap and turn to the advantage of the development of the whole water supply system instead of satisfying the needs of individual households. A clear need for consumer participation and community management arose. (T. M. Anh Thu 1994, 1995).

The Haiphong Water Supply Company took initiative in building relations to water users. The Company had to gain their confidence in its ability to produce water supply services and commitment in doing so. The Company started the rehabilitation of the water supply network in 1993. The principle is that the service level of water supply is improved by constructing and rehabilitating the water supply network of a whole *phuong* (ward) at a time, master meters are installed to record input flow, consumption meters are installed to every household and a local consumer service office is established at the *phuong* to offer easily accessible and prompt services to the customers.

A *phuong* is the smallest unit in the Vietnamese administrative system. It is usually an area of about 1.0 km² with 10,000 to 16,000 inhabitants. A *Phuong People's Committee* executes power in a *phuong*. The bureau of *Phuong People's Committee* has the authority to keep record of the residents and to issue certificates and permissions such as residence certificates, birth certificates, marriage certificates etc.. *Phuong* authorities are also responsible for military service recruitment and arranging small scale infrastructure improvement projects in *phuong*. A *phuong* has a police bureau of its own.

In December 1997 the Haiphong Water Supply Company failed to install a master meter because of a site clearance problem. The company contacted the phuong authorities and the site was cleared immediately. The company was reminded that it should have informed the phuong before hand.

In February 1998 when a branch manager of the Hanoi Water Business Company and a team of workmen were disconnecting a public tap in a phuong they were arrested by the phuong police, put into jail and accused for breaking public property. The team did not inform the phuong authorities of their operation in advance.

There are four districts and 38 *phuong*s in Haiphong city. Now, in 1998, the water supply network in 23 *phuong*s has been rehabilitated and 23 customer service offices, *phuong*

offices, have been established along with the completion of the network. In the non-rehabilitated area four local level customer service offices have also been established. Taking into account their geographical area of responsibility the offices in the non-rehabilitated area are actually district bureau's, not phuong offices. However, all the local level customer service offices are usually referred to as phuong offices. All together the Haiphong Water Supply Company has 27 phuong offices with 136 employees. The phuong offices reports to the Customer Services Department at the company Head Office.

A phuong office is a room in the same building or in the neighbourhood of the phuong authorities. There is a desk, a couple of chairs, benches and a bookcase. Only the four phuong offices that are located farthest away from the Head Office, are equipped with a telephone. The other phuong offices can use the telephone of the phuong police or the phuong People's Committee.

There are 18 customer service groups in charge of the 27 phuong offices. Each group is in charge of 1 - 3 phuong offices. In a customer service group there are 4 - 17 members. One of them is the group leader. The others are meter readers, revenue collectors, workmen and inspectors. The tasks of the individual team members are shared among the team. Every body may take part e.g. in meter reading and revenue collection. One reason for this is that the salaries of the group depend on the revenue collected. Revenue is collected door to door.

The tasks of the phuong offices include:

- receiving applications for water use contracts
- meter reading and monitoring of meter conditions
- revenue collection
- leakage detection and minor repairs (< £ 50 mm)
- handling of complaints and requests
- minor repairs of meters
- customer information

The phuong model has the following advantages:

- The operation costs in the phuong model are not high. All together the 27 phuong offices cost less than VND 20 million a month (» USD 1,500, 1USD = 13,000 VND, March 1998). Water revenue is 2.5 billion a month (» USD 190,000) on average. More than half of the costs are due to the payments to the phuong police for protection and co-operation.
- Having an office the members of the customer service groups have to go to work every day. Before the phuong offices were established most of the staff of the Consumer Service Department did not have a seat of their own at the head office. A seat was also considered unnecessary because their work was mainly out of the office. So revenue collectors and meter readers could go to work when they liked. Now at the phuong office everyone is under a pressure to show up at work every day.

- Located in phuong the consumer service group has a clear area of responsibility and they are known by their customers. This helps to improve relations between the two parties. Working at a phuong also discourages misdeeds and improper behaviour both from the staff and the customers. Also, it happened occasionally in the old times that some people who only pretended to be company staff came and collected revenue with faked bills and receipts. This can not happen any more because people know the local representatives of the Company.
- Located in phuong the Company offers services that are easily accessible to customers. Complaints and requests can be obtained quickly and be handled quickly. Customers can also come to pay their bills at the office. In some phuongs even 50 per cent of the customers prefer to pay their bills at the phuong office instead of home collection.
- The phuong model can provide the staff with opportunities to be responsible, to learn team work, to show ability and get opportunities for self-development. Among the 172 staff members of the Consumer Service Department currently only ten persons have a university degree and a dozen have some vocational training. The rest have only basic education or less than that. Opportunities for career development are few.

The Haiphong Water Supply Company plans to have the whole water supply network rehabilitated by the end of the year 2000. With the phuong model there will be more phuong offices. However, the phuong model will not require the Company to hire more people but actually it can help to ease the interrelated problems of over staffing and consequently low salaries in the Company.

However, in the rehabilitated area there seems to be no less cases of misdeeds as compared to the non-rehabilitated area. Every month several house connections are disconnected due to delayed payment. Every month several cases of tampering with water meters are found. Illegal connections are detected. Taps are encountered slightly open to allow such a small flow to storage tanks that cannot be registered by water meters. Dozens of disconnection orders are issued every month just as a warning to water users. These water use habits threaten the sustainability of the water supply service level development.

As a conclusion we can say that the phuong model as such does not automatically changes the water use habits of the consumers, but in any case, the phuong model has been a successful experiment of a systematic approach in developing the service level of water supply.

Since the completion of the first phuong the rehabilitated area has been continuously enlarged providing a reliable water supply of 2 bar (1 bar = 10 m) from 4 a.m. to 10 - 11 p.m.. The proportion of non-revenue water has been 20 per cent on average. Revenue collection rate has also been high with practically no bad debts. The number of customers has more than doubled. The customers are clearly more satis-

fied with the service level and with the staff than before. Relations to the local authorities and the media have also improved. The Haiphong Water Supply Company has been making a profit since 1995.

The phuong model is also an example of turning the characteristics of the local culture and administrative structure from a nuisance to an asset. In the case of Vietnam anything is possible with the co-operation of the local authorities, and impossible, at least very difficult, without them.

References

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