

Case
study

Bangladesh



Low-income Customer Support Units

Country context

Bangladesh lies in the north eastern part of South Asia. It is bounded to the north and west by India, to the east by India and Myanmar, and to the south by the Bay of Bengal. Bangladesh is home to the Ganges, Brahmaputra and Meghna rivers, and networks of smaller rivers and canals.

Bangladesh has made significant progress in recent years, and has improved its human development indicators in spite of high population density, frequent natural disasters and widespread poverty. Bangladesh's population is estimated at 158.8 million (2014).¹ It is home to more than 32 million adolescents aged between 10 and 19 years, and is ranked 142 in the UNDP's 2014 Human Development Index.²

According to the Population and Housing Census 2011, a total of 35 million people live in urban areas – comprising 23.43% of the total population;³ 2013 figures cite the percentage of population in urban areas at 33%.⁴

The capital, Dhaka, is one of world's most populated cities and is home to about 7 million people.⁵ Its metropolitan area (Greater Dhaka) is home to almost 17 million people. An estimated 400,000 migrants, mostly poor, arrive in the city each year.⁶ Estimates suggest that about 28% of the city's inhabitants are poor, and 12% are extremely poor. A recent survey indicates that around 35% of Dhaka's population live in slums, which can be defined as low-income communities.⁷

Urban water policy context

Before the advent of the Water Supply and Sewerage Authorities (WASA), the Department of Public Health Engineering was responsible for supplying water to the citizens of Dhaka, and services were provided mostly free of charge.⁸ In 1963, WASAs were established in Dhaka and Chittagong. The 1996 Water Supply and Sewerage Authority Act⁹ passed by the National Parliament of Bangladesh established WASAs in cities as the sole authorities to provide water.

The 1996 Act specified categories of customers as residential, commercial or industrial, but omitted 'slums' or 'low-income communities' (LICs) as a category. Section 2 specified that an applicant for a water connection had to prove they were the legal owner of the building, and provide approved building and site plans with an application. The Dhaka WASA (DWASA) wanted proof of ownership to enable it to hold the customer accountable for water bills. These rules were a major hindrance to providing legal water supplies to renters in the slums. Hence, DWASA's Citizen Charter, along with Dhaka WASA Water and Sewer Connection rules 2011, which described the services provided by DWASA to its customers, did not provide for setting up water connections to inhabitants of low-income communities.

The Low-income Customer Support Unit in Dhaka

The idea of establishing a unit to support low-income communities gained impetus when the World Bank-funded Dhaka Water Supply and Sanitation Project (2006/07) created a platform to establish a unit for providing water services to low-income communities. This created a bigger push for developing the Citizen Charter (2007) and a move towards establishing a department to support low-income communities in Dhaka.

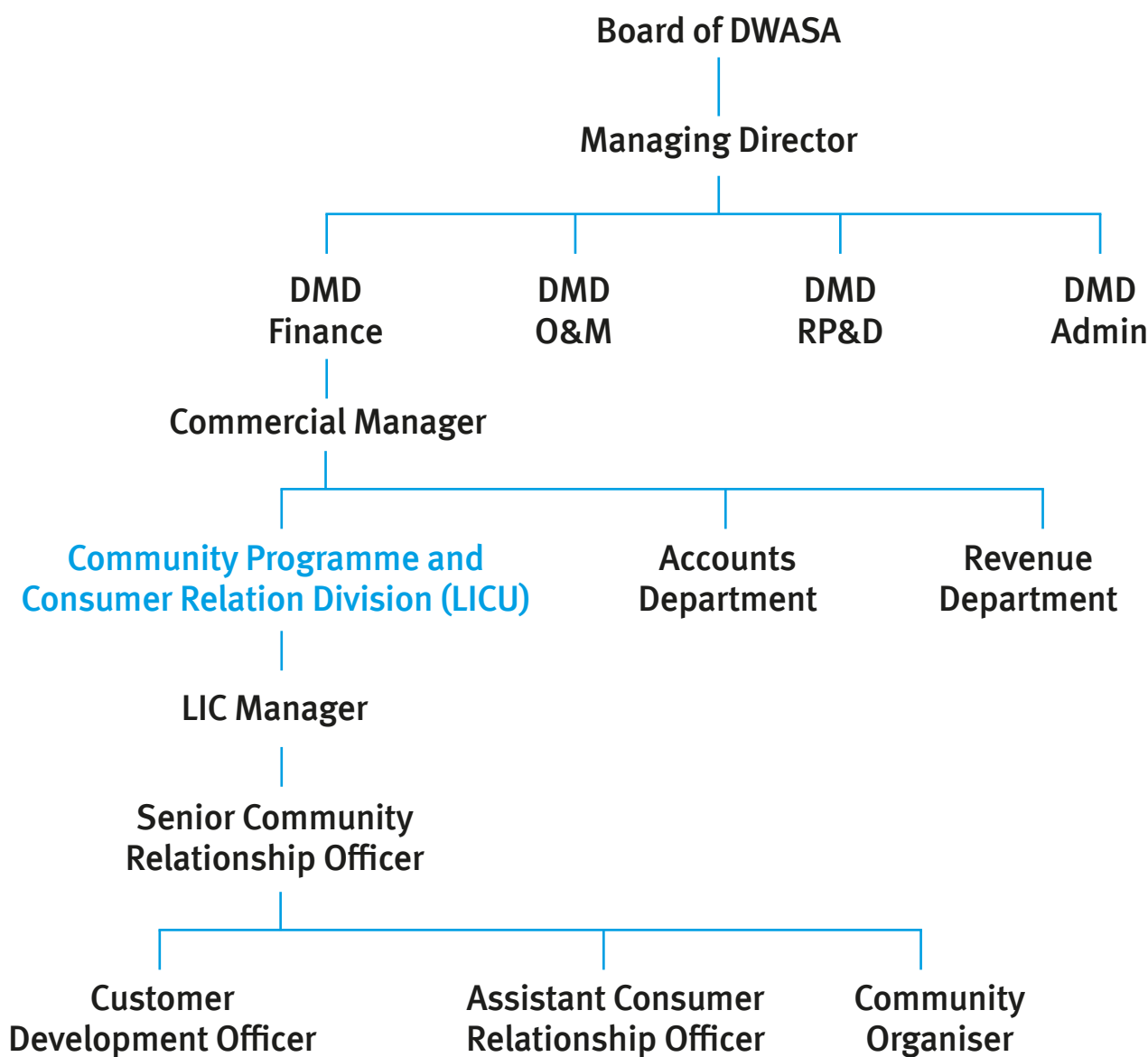
DWASA's Low-income Customer Support Unit was established in 2010 with permission from the Ministry of Local Government, under the title Community Programme and Consumer Relation Division (CP&CRD).

The unit currently has seven staff with responsibility for coordinating services to low-income customers, four of whom joined on secondment from the Water and Sanitation for the Urban Poor (WSUP) in 2013. These include the LIC manager and three Customer Development Officers under the Bangladesh LIC WASH Project. DWASA's three staff include the Senior Community Relationship Officer, Assistant Consumer Relationship Officer and Community Organiser. A

key function of the unit is to facilitate new water connections to LICs, coordinate the activities of the many NGOs working in LICs, and reconcile these with the activities of DWASA.¹⁰ The unit maintains close collaboration with zonal offices, and particularly with engineering and revenue collection staff. The work of the LICSU unit has been accompanied by a media campaign, including a television advert outlining the process for serving LICs and featuring interviews with DWASA staff and low-income consumers.¹¹

By November 2015 the CP&CRD division had 2,546 connections and the total number of households served was 88,726 out of a total population of 396,024.¹² Given the significant scale of migration from rural to urban cities, with approximately 400,000 people moving into Dhaka every year, the **CP&CR Division is understaffed**. It depends heavily on the NGOs that support the CBO formation process through which customers in low-income communities access services (see page 4).

Figure 1: Organogram of the reporting structure of DWASA



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Kalshi Takar Baa slum, Dhaka, Bangladesh, 2011



WaterAid/GMB Akash/Panos

Historical development of the LICSU

Getting legal DWASA connections to the slums began with a primary health care (PHC) project implemented by Dushtha Shasthya Kendra (DSK), a local NGO, during 1992. DSK installed tubewells as part of the PHC project, and after learning about various primary health care issues, slum dwellers understood the importance of safe drinking water and they wanted access to it. DSK at first explored the option of installing more tubewells – with unsatisfactory results. DSK and slum dwellers then explored the option of having a piped water supply from DWASA, but it was revealed that DWASA could only provide a piped water connection where there was a holding number (land title registration number) for the house. This condition was impossible to meet on the part of the slum dwellers, as these were illegal squatters on government land on roadsides or railway lines.

After much persuasion from DSK and slum dwellers, DWASA agreed to provide the connection in the name of DSK, and asked DSK to be the guarantor if the slum dwellers failed to pay their bills. DSK agreed. So, the first two connections were made in two Dhaka slums in 1992 – Koilar Bosti at Vowalbag, adjacent to Tejgaon rail station and Satrasta Begun Bari Bosti. DSK formed a committee to manage the water and connection, comprising five women and three men.

The pro-poor model – outsourcing low-income services to CBOs

Having demonstrated a successful model of access to utility water services in two slums, in 1996 the World Bank, UNDP and WaterAid, in partnership with DSK, provided funds for 30 connections in various Dhaka slums. The utility, seeing the willingness of the poor to pay for a reliable service, set about developing a low-income customer service unit to coordinate services in the slums. During that time only one connection was provided for each slum located mainly by a roadside. Slum dwellers paid for water with cash, and a caretaker was appointed to manage the money. It has to be noted that the bills were paid by the customers (slum dwellers) on time and there was very little ‘non-payment’ of water bills. The water bills are paid on a monthly basis and calculated on the amount of water used.

As the initial connections were given in the name of DSK, DWASA agreed to hand over connections to community based organisations (CBOs). DWASA encouraged residents living in close proximity to form user associations/CBOs that could function as one legal customer, paying a single bill for a shared connection.

The CBOs have constitutions that state their goals and objectives and provide eligibility criteria for membership. Each CBO has its Executive Committee which comprises a Chairperson, Vice-Chairperson, General Secretary, Treasurer and three to seven other members. The constitution also describes the roles and responsibilities of the Executive Committee and of executives.

When the CBO is established, a CBO representative applies (with all necessary papers for a water connection as outlined by DWASA for LICs/slums) to the DWASA Community Programme and Consumer Relationship Division for verification and approval

for the water connection. The CBO monitors the application through the various approval processes until the consumer community/group receives a connection for legal access to the utility's water source.

CBOs also have a role in maintaining the connection as well as the collection and payments of water bills. CBOs usually employ a caretaker who takes the meter reading on behalf of DWASA and collects the bill for each meter. The caretaker also collects bills from consumers and makes payments at the designated bank. The CBOs also take consumer complaints to DWASA for resolution.

The Citizen Charter

In **2007** DWASA revised its **Citizen Charter**¹³ (available in Bangla only) and set out a process whereby low-income customers in Dhaka slums could access a water connection. This change in policy is a result of a series of advocacy and mediated negotiations that lasted almost 15 years. This NGO-mediated process led to the development of a water supply delivery model that untied water connection in slums from land ownership.

The new Citizen Charter has a separate section on providing water connections in low-income communities/slums in Dhaka. It clearly identifies three low-income communities that can now access water from DWASA through CBOs. These are:

- Slums that have been established on the land of government/semi-government/autonomous institutions where DWASA will provide water connections to the CBO.
- Slums that have been established on private land and where the owner is unable to apply for water connection to the DWASA – in this case a CBO can apply for the connection with permission from the landowner.
- Slums where ownership of land cannot be established and where DWASA is now able to provide water connections.

This was vindication for the efforts given to struggle for legal water connection in the slums of Dhaka.

The charter gives the responsibility of maintaining the water supply system in the slums to the CBO.

Several government policies have since supported pro-poor service provision – two of these are the National Strategy for Water and Sanitation for Hard to Reach Areas of Bangladesh 2011, which sets out strategies for sustainable solutions for providing water for hard to reach areas, including urban slums; and the National Strategy for Water Supply and Sanitation 2014, which mandates “that each household has a water connection or a water point for water supply. In case of financial or technical reasons in low-income or other communities, piped and non-piped community water points may be considered. The basic minimum quantity of water for domestic uses should be 50 litres per person per day. Piped water supply should be available for 24 hours with adequate pressure and non-piped water points should have water available round the year. The water points should be within 150 metres of household premises and collection time should be within 20 minutes.”

Key drivers of the scale-up of the model

Several incidents and initiatives have combined to drive the scale-up of the service delivery model built on outsourcing low-income service operations to CBOs. These include:

- **Reliability of low-income customers in paying their bill:** DWASA soon realised that slum dwellers were paying their water bills on time, and wanted to better understand this group of customers. It conducted a survey of slums in the Mirpur area of Dhaka city and found many illegal connections. Based on this finding, DWASA invited Plan International, WaterAid, UNICEF and DSK to form a consortium to legalise these connections. DSK became the lead technical support provider to this process. DWASA also began to realise it was getting reliable revenue from a source that it did not previously consider. Besides, the level of non-revenue water (i.e. system loss) was significantly reduced. Currently non-revenue water is 22% whereas in 2008 it was 40.38%.¹⁴
- **Replicability of the model:** This model was replicated by the City Corporation in various projects of the slum improvement department funded by ADB and UNICEF.
- **Empowerment of slum dwellers:** As the connections were handed over to CBOs, community members began to develop a sense of ownership of the water connections and to understand that they have a right to get water from DWASA if they pay their bills. It was also seen during this period that slum dwellers on their own initiative started to engage DWASA to get legal water connection.
- **Extension of main water lines:** This sense of empowerment spread to other slums as people moved or were relocated because of government slum eviction programmes. Being relocated to areas that were less accessible or far from the main line of DWASA meant that the slum dwellers wanted DWASA to extend the main water line nearer to the slums. With the support of DSK, DWASA was persuaded to extend the main lines to several slums, including Kallyanpur in 2005/06, Dhaka Cantonment and Mirpur Cantonment, as well as Korail Slum. Based on these demands, DWASA installed a deep tubewell in the Korail slum in 2010, and laid pipelines into each of the slum alleyways. This was funded from an Asian Development Bank loan, which specified that DWASA has to provide water to low-income communities.

DWASA began gradually to support the extension of water pipelines in various Dhaka slums, after realising that providing water to slum dwellers was a feasible and viable option. In 2005, DWASA signed a multiparty agreement with WaterAid and Plan International as well as six local NGOs – DSK, PHDS, PHULKI, ASD and ARBAN – to provide water to almost all the slums located within the DWASA Zone 4. This also paved the way for the consolidation of recognition of the need to supply water to slum dwellers and the 2007 review of the DWASA citizens' charter.

“We are getting water through illegal means and DWASA is not getting the revenue, but some people are getting rich from the water which is supplied by DWASA. We are paying more than the DWASA rate for water. So, it would be cheaper for us to get a legal connection and pay for the water from DWASA direct to DWASA.”

Dhaka slum resident

Key success factors

Several factors can be identified as drivers of the successful implementation of the NGO driven pro-poor programme in Dhaka. These include:

- **Presence of external support and pressure:** Even though DSK started and self-funded the pro-poor initiative by itself with two water connections, the involvement from the early stages of the World Bank and WaterAid provided impetus for the whole process. These two entities acted as advocates and a pressure group for DWASA.
- **Multi-stakeholder engagement:** DSK, along with its funding partners, followed a simple rule which was to involve DWASA staff in various events and engage them in workshops (especially engineers from zone level and headquarters). They also engaged local counsellors (elected from each ward of Dhaka City Corporation), representatives of the slums and other development partners, and NGOs. During these engagements slum dwellers strongly expressed the opinion that they wanted water via a legal connection and were willing to pay all necessary fees to DWASA. The women of the slum also told their stories of sleepless nights because they had to get water from far away.¹⁵

Water tariffs in Dhaka

- Service delivery model:** The model for providing a legal water connection to low-income communities in Dhaka is based on partnership between slum dwellers and their CBO, and NGOs and DWASA (see figure 2, below). The requirement for getting a legal water connection starts with the formation of a CBO, so it is imperative that the people of the low-income communities/slums come together with a common vision and understanding, whose foundation might be the objective of getting legal water connection, but which ultimately branches into other avenues of common interest.

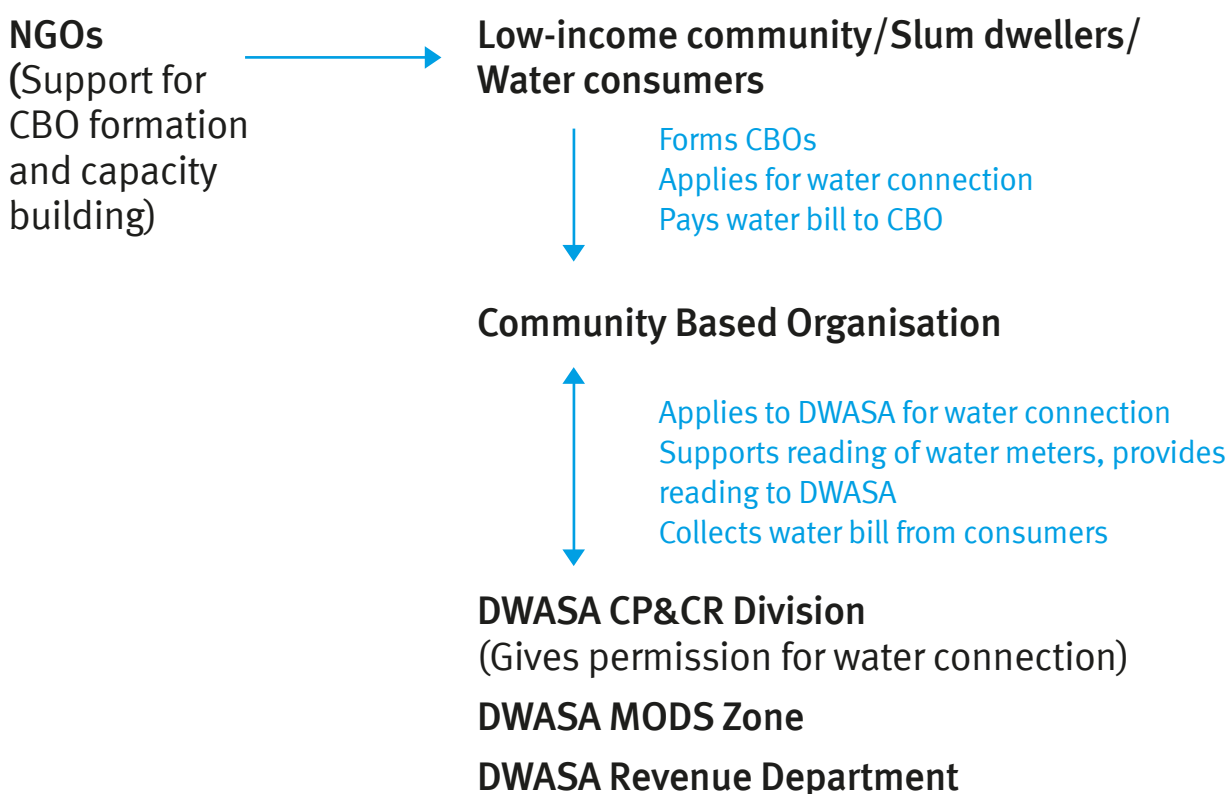
NGOs play a vital role in developing the CBO through supporting the low-income community/slum dwellers to become aware of the process, providing them the technical knowledge, facilitating the formation of CBO, supporting members to understand the management of the CBO, its responsibilities, and the roles and responsibilities of its office bearers.

Low-income customers in slum areas pay a connection fee of 5,000 Taka (equivalent to \$63.7) while for other domestic users the connection fee is 20,000 Taka (equivalent to \$254.9).

There is a universal subsidy on the consumption tariff as the cost of all domestic water is 9.30 Taka (\$0.119) (including VAT) for 1,000 litres of water – the rate for all DWASA domestic connections. The unit cost of production is said to be much higher (around 14 Taka per 1,000 litres). In low-income areas water consumers also pay a service charge of 50 Taka (\$0.64) on every bill to cover the salary of the caretaker, who has been appointed by the CBO for meter reading, the collection of bills and paying the collected fees into the central office.

So, there is no special DWASA tariff for low-income communities or slum dwellers. Clause 22, sub-clause 2 of the WASA Act of 1996 permits WASAs to increase the tariff at a rate of 5% each year. This provides a window for DWASA to bridge the universal subsidy through a differentiated tariff rate that would be pro-poor, allowing for middle and higher income customers to provide a cross-subsidy for the low-income support programme.

Figure 2: Model of accessing legal water connection by the LIC dwellers



Strengths and challenges

Strengths

The utility is successfully **providing water services to increasing numbers of low-income/slum areas** through the CBO-NGO-DWASA partnership model. Poor people access water at utility prices, and DWASA is reducing the proportion of non-revenue water lost to vandalism or water theft. Currently non-revenue water is 22% compared to 40.38% in 2008.

Customers in low-income communities and slums see their **ability to come together** and form CBOs to access utility water legally, and their ability to engage with DWASA and other power elites in the slums, as their main strengths. Customers and CBOs both consider their ability to solve water connection disputes as another strength.

The model was implemented in the city of Chittagong, demonstrating that if the tri-partite relationship works, then the model can be **replicated** and implemented in other areas where there is a similar operating environment.

Challenges

Those living in low-income communities and slums pay the same consumption tariff for water as other income groups. There is a need to rethink this strategy and **implement a more equitable tariff system** based on the amount of water used by a household. Thus a process should be started by DWASA to look at the options of cross-subsidy.

The utility is still dependent on NGOs/CBOs for collecting the meter reading that is used to generate the bills, and the challenge remains how DWASA can **standardise the process of billing in slums**.

Providing a legal water connection depends to a large extent on NGOs developing a CBO and building up its capacity and skills at managing the process of water connections, leaving the **CR&CR Division dependent on NGOs** to perform that function. DWASA needs to consider how it could implement the model if the NGOs were not there and ensure utility capacity to develop the model.

The capacity of NGO-supported CBOs is varied and there is a need to **take stock of their needs** so that NGOs can make a coordinated effort to strengthen them.

The LICSU is highly centralised, as it is situated at DWASA headquarters under the authority of the DWASA Commercial Manager. Having **CP&CR representatives at zonal offices** would enable low-income customers and the utility to interact, improving relationships between the two.

Low-income community consumers have to invest in buying and maintaining the water pipe lines from the main source line of DWASA to their connections. Generally these lines are not high quality and may break and be contaminated – or potentially contaminate the part of DWASA's water supply system that is connected to that particular line. DWASA's as well as the low-income communities' challenge is **maintaining these waterline/connections**, which in most areas are overground and crisscross drains and ditches.

According to the Water and Sanitation for the Urban Poor which supports the utility, several institutions are mandated to deliver water and sanitation services to low-income urban areas, but a lack of coordination and clarity around roles and responsibilities hinders progress. This situation is made worse by investment plans that are not targeted to meet the needs of the urban poor, the lack of a comprehensive urban policy framework and also a lack of capacity within local authorities and local service providers to address these needs.¹⁵

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- ¹² Interview with CP&CR Division, DWASA.
- ¹³ Dhaka Water And Sewerage Authority (DWASA) (2007) *Citizens Charter* Dhaka, Bangladesh <http://dwasa.org.bd/wp-content/uploads/2015/11/Cityzen-certer.pdf>.
- ¹⁴ Cited on the front page of the Dhaka Water and Sewerage Authority (DWASA) website, available at: <http://dwasa.org.bd/>.
- ¹⁵ As part of discussions during the development of this case study women described their predicament of having to fetch water at midnight and how they had to wait in long queues for hours to get a pitcher of water.

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Rupa, 11, enjoying fresh, clean water from the new water point in Kalshi Takar Baa slum, Dhaka, Bangladesh, 2011. WaterAid/GMB Akash/Panos

In Dhaka, Bangladesh, water service delivery in informal settlements is achieved through the successful tri-partite partnership between CBOs, NGOs and the utility. This case study captures the process leading to the development of this NGO-triggered pro-poor partnership. It explores the efforts of the Dhaka Water Supply and Sewerage Authority to establish a low-income customer support unit for water service provision, as well as the urban water policy context and drivers of the success of the utility's pro-poor model.

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Cover image: Ambia, 40, collecting water from another family's supply, which she has to pay for. Karail slum, Gulshan thana, Dhaka, Bangladesh, 2011. WaterAid/GMB Akash/Panos



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