

## Helping people connect to water networks: good for business, good for the poor?

Even in city districts served by a water network, there are various barriers to connection by the poorest households. Sometimes a major barrier is simply the paperwork. In Maputo (Mozambique), the Tchemulane project is working with community groups and the water utility to help poorer consumers access a household connection.

Maputo has an extensive water network that covers most of the central part of the city, including the low-income districts of Maxaquene A and B. Until recently, however, only about 20% of households in these districts had an individual connection: about 50% purchased water from a neighbour, and about 30% purchased water from a kiosk owned privately or by the utility Águas da Região de Maputo (AdaRM).

Since 2009, the WSUP-supported Tchemulane project has been working with AdaRM to extend tertiary water networks within Maxaquene A and B, and to increase the number of household connections. This work has had a dual aim: to demonstrate to AdaRM and other institutional stakeholders that supplying water via household connections is a viable business in low-income districts; and to demonstrate to householders that they can improve their water services and quality of life by connecting to the network.

### Programme characteristics

Initial uptake of new connections following construction was low. In coordination with AdaRM, Tchemulane thus started a community campaign to encourage household connections. The campaign was limited to production of a pamphlet and meetings with local community leaders (*chefes de bairro*); but it became clear that this would be insufficient to achieve high connection levels. In particular, conversations with residents suggested that many households were not connecting simply because the paperwork was complex.

The Tchemulane project responded by contracting two local community-based organisations, Optar (in Maxaquene A) and Kutenga (in Maxaquene B), to implement community marketing programmes with the aim of helping householders to connect. Each team comprised 10–12 personnel: programmes involved meetings with *chefes de bairro*, group meetings, and house-to-house visits supported with information pamphlets and pre-filled application forms. AdaRM collaborated by relaxing several administrative requirements: householders were authorised to pre-sign the contract at application, and contract turnaround time dropped from over 20 days to 7–10 days.

### Lessons learned, questions remaining

This programme was successful in achieving increased connection rates in low-income districts. In addition, the experience demonstrated the commercial viability of this approach to AdaRM, which is now independently implementing similar programmes in other low-income districts of Maputo. However, for the poorest households in the intervention districts, the problem is not just “the paperwork” but also affordability. As further discussed overleaf, in order to benefit the poorest households, programmes of this type need to be accompanied by pro-poor payment facilities.



A household connection in Maputo

“It makes business sense for utilities to invest in programmes of this type independently, without external support”

# Business case and pro-poorness: detailed analysis

## The business case for community marketing

The overall marketing cost in these programmes was about US\$ 1.50 per household-in-the-district, and about US\$ 13 per connection achieved (Table 1). In the view of the WSUP Maputo team, most of the new connections would not have been made without the programme. Initial assessments suggest that it makes good business sense for utilities to invest in marketing programmes of this type independently, without external support.<sup>1</sup>

Table 1. Summary data on the 6-month community marketing programmes in Maxaquene A and B.

District No. of hholds <sup>a</sup>	Existing hhold connects <sup>b</sup>	New connects	Final % hholds with connect	Programme cost	Cost / hhold- in-district	Cost / connect
<b>Maxaquene A</b> 3,415	837	534	40%	\$5,500	\$1.60	\$10
<b>Maxaquene B</b> 5,254	600	473	20%	\$7,400	\$1.40	\$16
<b>Overall</b> 8,660	1,437	1,007	30%	\$12,900	\$1.50	\$13

<sup>a</sup> hholds = households.

<sup>b</sup> All data refer to AdaRM connections only: in Maxaquene B there is also a small local network with about 400 connections.

The data in Table 1 were obtained at the end of the Optar/Kutenga programmes: subsequently the number of connections has continued to increase, as a result of community marketing by AdaRM and the recently reduced connection fee.<sup>1</sup> As at August 2011, estimated coverage rates are about 80% in Maxaquene A and 40% in Maxaquene B.

Connection was also cost-beneficial for householders: the majority of new connections (over 80%) are families that previously purchased water from their neighbours. This implies a clear benefit in terms of both convenience and cost: water supplied to households by AdaRM costs about US\$ 1.00 per m<sup>3</sup>, versus about US\$ 1.60 per m<sup>3</sup> when purchased from neighbours.

## Did the programme reach the poorest households?

Maxaquene A and B are certainly low-income districts, with an average monthly household income of about US\$ 64. But did the programme reach the poorest households in these districts? We do not yet have detailed survey data to assess this. During the programme, about 30% of householders reported that they would not connect because the fee was too high. This partly reflects the high connection fee at that time (\$155).<sup>1</sup> However, the WSUP Maputo team considers that 10-15% of the population may still have difficulties paying the new fee of \$70.<sup>2</sup>

## Has the programme influenced the utility?

This programme was financed by WSUP, but AdaRM is now introducing similar initiatives without external support:

- A community marketing team has been set up, currently comprising 4 staff with responsibility for Maxaquene A and B.
- An AdaRM staff member has been given responsibility for facilitation of new contracts, including group contracts,<sup>2</sup> in low-income districts.
- AdaRM is implementing a programme in several low-income communities, with the aim of increasing household connection rates and reducing the number of illegal connections; this is accompanied by a waiver of the re-connection charge that would normally be applied to households disconnected due to non-payment.

<sup>1</sup> Cost-effectiveness calculations are not straightforward. Soon after this programme, and partly as a result of WSUP lobbying, the connection fee was reduced by political decree from US\$ 155 (approximately reflective of the cost to the utility) to about US\$ 70, with payment of 30% immediately and the remainder monthly for 13 months. This probably makes long-term business sense for the utility, given revenues from water sales. In the short term, however, the asset owner FIPAG must finance the gap (\$85) between the new fee and the real cost.

<sup>2</sup> Solutions for the poorest households include targeted subsidies (as under a current GPOBA programme in Maputo, which offers 70% of the connection fee for very poor households); and/or contract modalities that allow groups of families to club together for a single connection.

**Credits:** This Practice Note was researched and written by Zito Mugabe, Dinis Namburete and Jaime Palanane, with review inputs from Baghi Baghirathan, Carla Costa, Tim Hayward, Guy Norman, Helen Pankhurst, Alison Parker and Sam Parker. Coordination: Gemma Bastin. Design: AlexMusson.com. Version 1, October 2011.

This publication is produced by WSUP, a tri-sector partnership between the private sector, civil society and academia with the objective of addressing the increasing global problem of inadequate access to water and sanitation for the urban poor and the attainment of the Millennium Development Goal targets, particularly those relating to water and sanitation. [www.wsup.com](http://www.wsup.com) This is a copyright-free document: you are free to reproduce it.