# BACKGROUND NOTE

## NIAS-CASUMM Workshop on
## Water Challenges in Greater Bangalore

*National Institute of Advanced Studies*
*Indian Institute of Science Campus, Bangalore*
*March 27, 2007*

The urban poor and especially those living in slum areas comprising 25-30 per cent of Bangalore's population do not have reliable water supply, even as other 'posh' areas can be considered water rich. Many areas in different parts of Bangalore are already facing serious water shortages from the BWSSB supply, while other areas have enough and more. The recently created Bruhat Bengaluru only compounds these water challenges.

In view of this, making water available to the urban poor and other citizens in both peripheral and inner city parts of the newly notified Bruhat Bengaluru Mahanagara Palike (BBMP) assumes great importance. In addition to the question of access, delivery of water and sewerage services are not necessarily determined by citizens' needs but by various other factors, including the conditionalities placed on foreign loans taken for water projects.

Karnataka has taken several loans from the World Bank, Asian Development Bank, Japan Development Bank and other international agencies for urban and rural water supply projects. Many of these loans have 'conditionalities' attached, to which state and local governments agree when they sign Memoranda of Understanding (MoUs), Memoranda of Agreement (MoAs), or contracts with the banks. In the last two years alone, loans taken by the Urban Development Department for Bangalore water supply schemes from the JBIC (Japanese Bank for International Cooperation) and the World Bank add up to close to Rs 4,000 crore. How do these loans and their attendant conditionalities affect the provision of water to the poor and middle classes in Bangalore?

Such international financial institution (IFI) sponsored water sector reform or restructuring loans require state governments to eliminate public subsidies (for facilities such as public taps and standposts) and to establish a policy promoting 'full cost recovery' or '100 per cent rational user charges'. Already a tariff hike based on full cost recovery and capital recovery has been proposed to implement the state's urban drinking water policy (May 2003). This means that citizens are not only transformed into water consumers but that they must also pay the full price for the operation, maintenance, and sometimes even the expansion of the water utility. Many economists have criticised this move of pushing the capital costs of water onto consumers because it puts an unfair burden on the current generation of users, who pay for benefits that will be enjoyed by a future generation of users.[1] Commercialisation and the

[1] Coelho, Karen. 2006. 'Unpacking Water Sector Reforms'. Paper written for Workshop on JNNURM, April 2006.

creation of new 'greenfield' projects, such as the Greater Bangalore Water Supply and Sanitation Project (GBWASP), clearly leads to an increase in water tariffs, which typically go towards shoring up the salaries of multinational company executives, private consultants, and to shareholder profits. In India, a country where the majority of the population (75-80 per cent) makes less than US$2 per day, **this reduces the majority's access to clean water.**

Pressures to ensure cost recovery often translate into negative impacts for the urban poor. In a situation where cost recovery and revenue generation guide allocations and maintenance and water utilities function with severely reduced staff, water sector restructuring loans not only put existing infrastructure into disuse but lead to dangerous short cuts in maintenance. One of the criteria for measuring the efficiency of water utilities in the country, for example, is a low ratio of agency staff to customers serviced. Moreover, water agency field officials face sanctions if they do not achieve ambitious revenue collection targets.

Another key aspect of water sector restructuring is removing water services and the associated huge loans from the political and public sphere, even if they remain within the 'public sector'. There is a need for much more transparency and involvement of civil society, NGOs (non-government organisations) and CBOs (community based organisations) with urban poor membership in determining the terms of these MoAs. Questions must be raised such as: How do these debt-financed projects affect the provision of water to the poor? Is there a need to develop a new state level Urban Drinking Water and Sanitation Policy more suited to the poor? There is clearly a need for a change in the mechanism of governance and service management in the delivery of water to ensure greater transparency, political debate, and civil society involvement.

**The current scenario in Bangalore**

The current water supply scenario is given in the table below. It highlights the source of water that supplies piped drinking water to the citizens of Bangalore.

**Table 1**

| Scheme | Potential (mld) | Availability | Year Commissioned |
|---|---|---|---|
| **Hesarghatta** | **36** | **2.3** | **1896** |
| **Chamaraja Sagar** | **149** | **46** | **1964 & 1994** |
| **Cauvery Stage I** | **135** | **125** | **1974** |
| **Cauvery Stage II** | **135** | **125** | **1982** |
| **Cauvery Stage III** | **270** | **253** | **1995** |
| **Cauvery Stage IV (phase I)** | **270** | **-** | **2002** |
| **Cauvery Stage IV (phase II)** | **500** | **Not known** | **2012 *** |

*Source*: Modified from Bangalore Water Board Master Plan, Ausaid 2003
* Estimated year of completion

The water supply sources listed in the table mainly cover the Bangalore Mahanagara Palike. Most areas outside of this core city are currently not covered by what is commonly referred to as 'Cauvery water'. The situation has completely changed with the formation of BBMP. The

whole area surrounding the erstwhile BMP areas have been amalgamated into a Corporation which is suddenly three times bigger. This is based on a promise for many citizens of a better quality of life and world class infrastructure facilities. The GBWASP was initiated in 2003 with the aim of providing water and sanitation to these outlying areas, now within the purview of BBMP. However, the GBWASP project is only about 35-40 per cent complete and is behind schedule. Cost overruns are being borne out of increased user contributions and, to a lesser extent, by government funds or loans. Surprisingly, even the sewerage component operations and maintenance are proposed to be privatized, according to project documents from the World Bank. This is expected to be a monopoly for a large portion of the area where brand new 'water infrastructure' is being laid. Water supply should have already begun in many areas covered by the GBWASP while sewerage works are yet to begin. This also leads to public health and environmental concerns about increased supply of water but no provision for disposal of the resulting sewage, especially where public health facilities are inadequate.

While the government and citizens are funding GBWASP, private water companies are not providing funds for the expansion of water facilities. Their managements prefer service contracts enabling companies to collect water tariffs and charges from consumers without providing such investment. It is not surprising, therefore, that just in this one project United States Agency for International Development (USAID), Japan Bank for International Cooperation (JBIC), World Bank (WB), Water and Sanitation Project (WSP), Water Supply for the Urban Poor (WSUP), Water Aid, Thames Water, Halcrow, Cities Alliance, and Department for International Development (DFID) are all involved in either funding or implementation. New experiments and alliances are being tried out and/or formed in GBWASP, such as WSUP[2] and the involvement of civil society intermediaries such as Janaagraha.

The state-level water sector project, Karnataka Urban Water Supply and Sanitation Improvement Project (KUWASSIP), is also behind schedule after the pre-loan effectiveness conditionalities were fulfilled by the Government of Karnataka in 2005. Similarly, many GoK Government Orders, including those facilitating private sector participation -- in this case CGE viz Veolia (earlier called Vivendi) -- and the deputation of Water Board officials, were issued in 2004. The water is to be supplied to the pilot wards (approximately 10 per cent of the consumers) over the next three months. A pro-poor policy developed or endorsed by the funders / donors was also issued in 2006, followed by a circular to corporations specifying guidelines to implement the same.[3]

Clearly, the crucial basic need of water supply and sanitation has been interpreted and intercepted by a few elite groups, most often those who stand to substantially benefit financially from it. The role of democratically elected representatives and local self government as mandated by the 74th Amendment has been minimal. The role of citizens, who are the actual users of water services, is negligible, with contract negotiations and decisions occurring behind closed doors and contract agreements remaining confidential. There is an urgent need to review current policy, to take back control over national and local

[2] WSUP is a non-profit company, a partnership between NGOs and private water and sewerage companies, which develops models of cost recovery from the urban poor.

[3] The pro-poor policy and circular are available in the background material for this Workshop.

decision-making, and to demand and ensure the access of all people to a basic life resource such as water. This workshop proposes to take some steps toward this goal.