SUPPORTING WATER AND SANITATION IN BANGALORE, INDIA

Rebecca Black
Director, Office of Economic Growth
USAID/India
WATER SECTOR IN INDIA
BANGALORE – INDIA’S IT CENTER

• Located in Southern India, Karnataka State
• Known as Silicon Valley of India
• 250 sqkm area, 1,000m above mean sea level
• Fastest growing in Asia
• 6m people – 4.5m in core city Bangalore City Corporation, 1.5m in surrounding areas in 8 municipalities
WATER AND SEWERAGE SERVICES

- Bangalore Water Supply and Sewerage Board (BWSSB) provides services
- A public utility with limited autonomy
- 3 hours supply alternate days
- Recovers operating costs, ~50% Non Revenue Water
RATIONALE FOR DONOR INTERVENTION

• High immediate demand for water and sewerage; need to more than double capacity by 2020 in both bulk supply and distribution network
• Low credit capacity and resource mobilization capability of 8 local governments surrounding City of Bangalore
• Economies of scale in integrating all components of Water and Sanitation in Bangalore Metro area
I. JBIC Funded WSS Bangalore Project

Cauvery Stage IV Phase I

- 270 mld water supply and 250 mld sewerage treatment at US $200 million completed in 2005
- Completed
I. cont.

**Cauvery IV Phase II, underway**

- Water supply for additional 500 mld
- Sewerage treatment facilities of 405 mld
- Reduction in unaccounted for water for about 300,000 connections
- Improved water supply and sewerage services to 100,000 households distributed over 362 slums
- Total project cost is US $744 million to be implemented over 2005-6 to 2012-13
II. WATER AND SANITATION INVESTMENT IN GREATER BANGALORE

<table>
<thead>
<tr>
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<th>USD Million</th>
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<tbody>
<tr>
<td>Water</td>
<td>79.18</td>
</tr>
<tr>
<td>Sewerage</td>
<td>73.98</td>
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<tr>
<td>Total</td>
<td>153.16</td>
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<tr>
<td>Funding pattern</td>
<td></td>
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<tr>
<td>State grants</td>
<td>17.28</td>
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<td>Beneficiary contribution</td>
<td>27.77</td>
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<tr>
<td>Market borrowing for water</td>
<td>23.25</td>
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<tr>
<td>Loan for sewerage</td>
<td>53.28</td>
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<tr>
<td>Others</td>
<td>31.58</td>
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<tr>
<td>Total</td>
<td>153.16</td>
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POOLED BOND FOR WATER INVESTMENT BY 8 MUNICIPALITIES

• Pooled Fund Trust established and borrows from capital market to lend to 8 municipalities
• Tax free status from Government of India Double AA credit rating, with USAID DCA enhancement: $23 million
• 15-year tenure at 5.95% coupon rate

• Water supply to 1.5 million people (300,000) households
• Capacity building efforts in 8 ULBs will lead to doubling of property tax revenue in 3 years
BOND STRUCTURE

Private Placement Bondholders

1 Escrow Account
2 Bond Service Fund
3 Third Party Guarantees

Water & Sanitation Pooled Fund (WSPF)

Managed by KUIDFC

Funds from bond issue
Debt Service Payments (Semi annual Interest and Annual Principal)

Urban Local Bodies (ULBs)

Loan/Bond Disbursement
Debt Service Payments
ULB Cash Flows

BWSSB for Implementation of Water Supply Projects

BWSSB for Water Supply Projects

DEBT SERVICE PAYMENTS (Semi-annual Interest and Annual Principal)
Expected Results

• Water supply to 1.5 million people (300,000) households
• Service to 60,000 urban poor
• Capacity building efforts in 8 ULBs will lead to doubling of property tax revenue in 3 years
PROJECT PROGRESS
III. PROVISION OF WATER SERVICES TO POOR HOUSEHOLDS IN THE CITY OF BANGALORE

- 368 slums; 100,000 urban poor households
- Scaling-up successful AusAid funded pilot
- Infrastructure funding from JBIC
- USAID support in packaging social needs
- Cities Alliance Grant awarded $475,000 to fund soft costs
- WATERAID to be the lead NGO for implementation and would partner with credible local NGOs
- Pilot testing for Statewide Pro-Poor Policy
PUBLIC TAPS IN BANGALORE SLUMS
COMMUNITY AT WORK FOR CONNECTIONS