EL ALTO
A Peri-urban Challenge in Latin America

THE SITUATION OF EL ALTO

Population¹: 610,246 habitants
Annual growth (INE-1992): 9.23%
Percent below poverty line (UNDP²-1993): 73%
Principal languages: Spanish and Aymara
Annual per capita income: US$488
(UDAPSO³-PNUD-1993)
Water supply household connections: 86%
(Aguas del Illimani)
Sewerage coverage (Aguas del Illimani): 42%
Rainwater drainage coverage (HAMEA⁴-1995): 12%
Solid waste collection coverage (INE-1992): 40%

OVERVIEW OF PERI-URBAN AREAS

What are Peri-urban Areas?

Peri-urban areas are considered to be those on the periphery of urban areas, usually with high-population growth, low priority in terms of urban planning, diverse socio-cultural composition, and a low-income, socio-economic situation. Peri-urban areas often have low health indicators, and are generally lacking basic services such as water and sanitation, necessary for the wellbeing of the inhabitants.

What is the Peri-urban Situation in Latin America?

According to the United Nations, the population increase in urban Latin America between 1930 and 1990 was on the order of 237%. Until 1930, only three countries (Uruguay, Argentina and Cuba) had the majority of their population in the urban areas. However, 60 years later, 14 countries had an urban population majority and overall, 71.2% of people in Latin America lived in urban cities and in the peripheries of these cities. Low service levels are a serious problem in the rapidly expanding peripheries of the cities. Accordingly, most city-dwellers will live in crowded, poverty-stricken areas for the foreseeable future. Cost-effective technologies and innovative strategies are therefore urgently needed for cities and water and sanitation companies currently lacking the resources required for reliable service delivery. In Bolivia, 52.4% of the population lives in the three principal metropolitan areas: La Paz, Cochabamba, and Santa Cruz. On the periphery of La Paz is El Alto, a sprawling city that has expanded during the 1990’s at a rate 5% higher than the nation as a whole (INE 1992). Providing water and sanitation services to El Alto represents one of the peri-urban challenges of Latin America. For this reason, the UNDP-World Bank Water and Sanitation Program is supporting the process of implementing a pilot project in a number of communities of El Alto.
DESCRIPTION OF EL ALTO PILOT PROJECT

OVERVIEW

Challenge: Provide water and sanitation services to the rapidly growing peri-urban city of El Alto.

Action: Pilot project intends to address and meet this challenge through a consultative mechanism involving all sector partners.

Objective: The objective of the project is to develop a model for private sector participation in collaboration with local stakeholders, most particularly the community and local government, for the provision of water and sanitation services to peri-urban areas.

Proposed options: Household water connections and a mixture of conventional and non-conventional sewerage connections.

Families to receive service: 60,000

Time frame: Four years (1997-2000)

Budget: US$5.4 million dollars

ANTICIPATED RESULTS

This pilot project will realize multiple benefits to the stakeholders involved. For example, for the:

UNDP-World Bank Water and Sanitation Program: the chance to test the private participation model in the urban low-income areas that can later be applied to similar peri-urban areas in Latin America and other regions of the world.

Aguas del Illimani: the opportunity to develop practical experience in providing appropriate technologies, and in the development of intervention strategies for supporting low-income communities to access water and sanitation services.

Local Government of El Alto: heightened awareness of the water and sanitation problems existing in the city, the people’s perception to these existing problems, and an understanding of the potential solutions that can be used to solve the water and sanitation problems that are currently plaguing the city.

Government of Bolivia: policy recommendations to develop and implement strategies in the provision of water and sanitation services for the rest of El Alto and Bolivia.

Communities: access to improved basic services, heightened awareness of sanitary health issues, and improved health in family unit.

COLLABORATION PROCESS

Stakeholders Involved:

- Municipality of El Alto
- Aguas del Illimani (water and sanitation utility)
- Departmental Government of La Paz
- Ministry of Housing and Basic Services
- Vicemministry of Public Investment and External Financing
- Water Regulatory Agency
- Swedish International Development Cooperation Agency [SIDA]
- Residents of proposed intervention areas of El Alto
- UNDP-World Bank Water and Sanitation Program
- United Nations Development Program
Stakeholder Collaboration:

The preparation for the pilot project has been conducted through a consultative process: community representatives and local government, the private water utility, and the Water and Sanitation Program have been able to define project objectives and implementation framework and make important decisions to move the project forward.

PROJECT PHASES

Phase 1: Preparation
(December, 1996 - present)

Collaboration between the stakeholders involved was a critical step in the preparation phase of this pilot project. Considerable discussion and project transparency has ensured the continuation of the project through a change in government (August 1997) and greatly assisted in securing financing from external donors and local participants. A Participatory Rapid Urban Assessment (PRUA) on the conditions in El Alto will serve as a basis for future investigations and pilot project. The PRUA is a process being used by the Water and Sanitation Program to assess the demographics and water and sanitation conditions in a minimal amount of time (2-3 months). A consensus was then reached between the stakeholders as to Project objectives, implementation framework, and the particular community intervention zones.

Phase 2: Execution (Start Date: September, 1998)

Activities planned for this phase include the training of local and central government staff, formulation of strategies and methodologies for technical and social intervention and finally, the implementation of the water and sanitation infrastructure. Important components being incorporated into project implementation include social promotion, a microcredit payment system for installation services, and non-conventional sewerage options. A follow-up and evaluation period is planned to assess the impact of the project on the communities involved and their satisfaction with the various components. Drawing of lessons learned and documentation of the project are the final components of the execution phase.

Microcredit - The way to pay

To increase accessibility of water and sanitation services to those of low resources, the Project will use the microcredit system of payment. In this system community participants pay an initial portion (i.e. US$2.5) and the rest of the installation cost in proportioned amounts (i.e. US$5 monthly) over a specified period of time. For peri-urban neighborhoods of low financial resources, most households cannot afford a large initial investment at one time for basic services. In pilot projects previously completed in conjunction with the Program, this method of payment has been very effective and accepted by the communities involved.

Phase 3: Beyond this Project

Beyond the immediate benefits to be realized by this project, the Program is optimistic that a wider expansion and repetition to a larger scale can be achieved. Future expansion and repetition of peri-urban projects in Latin America can benefit from the lessons learned from working with the private sector in the fastest growing peri-urban area in Bolivia (and one of the fastest growing peri-urban areas in South America).
ACTIVITIES TO DATE

1. Opening of peri-urban department by Bolivian National Directorate for Basic Sanitation (DINASBA), December 1996
2. Donor's round table to discuss the national water and sanitation action plan, January 1997
3. Funding solicitation - looking for financing from multi- and bilaterals, February 1997
4. Swedish express their intention to finance the technical assistance and institutional strengthening components of the project, February 1997
5. Capitalization Ministry, under Sanchez de Lozada presidency, opens tender for the concession of water and sanitation services for the municipal La Paz-El Alto, previously handled by the water and sanitation utility SAMAPA, April 1997
6. Aguas del Illimani wins the bid, July 1997
7. Negotiations with Aguas del Illimani and the Water and Sanitation Program to work in El Alto and confirmation of their interest in participating and financing the project, August 1997
8. Initiation of dialogue with newly-elected Banzer government to ensure the continuation of the project, August 1997
10. Participatory Planning Seminar with major stakeholders, March 1997
11. Preparation of job descriptions for consultants, April 1998
12. Selection of the community intervention zones, May 1998
13. Socio-economic study to compliment the Participatory Rapid Urban Assessment, started May 1998
15. Project Implementation planning, June 1998

---

2. UNDP – United Nations Development Program
3. UDAPSO – Unidad de Análisis de Políticas Sociales
4. HAMEA – Honorable Alcaldía Municipal El Alto
7. For more information on the microcredit payment system or this Pilot Project, contact the UNDP - World Bank Water and Sanitation Program. Casilla 8692, La Paz, Bolivia. Tel. (591-2) 316718, Fax. (591-2) 392769, Email. rorgaz@worldbank.org

Author: Laureen Chung • Editor: Remy Orgaz • Graphic Design: VISION &M