

# Public-Private Partnership for Yangon's Water Supply<sup>1</sup> (A case study)

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## PROFILE OF YANGON

Yangon formerly known as Rangoon in its popular and Anglicised name is a city with history of more than three thousand years, as related to the genesis of its world-famous Shwedagon Pagoda.

The city lies on a dagger-shaped peninsula at the confluence of Yangon River, Pazundaung Creek and Sago River in the central part of Yangon Division. The topography of the city comprises slightly undulating and hilly land in the center of the city and low flat land on the fringes. Drainage channels which generally originate in the highest parts run in all directions and finally drain into the Yangon and Bago Rivers.

The climate of Yangon is marked by three distinct seasons, namely the rainy season from June to September, Winter lasting from October to February and Summer from March to May.

The lowest temperature is about 25°C and the highest 35°C. Because of close proximity to the sea, the weather is generally cool and mild. But it can be very hot in summer.

The average annual rainfall is around 100 inches which adequately meets the demand of water supply to the citizens, from 4 main reservoirs located about 40 miles to the north of the city.

## ORGANIZATIONAL STRUCTURE

The present city authority, Yangon City Development Committee which was formed under the provisions of Yangon City Development Law of 14 May 1990, is an independent body, bestowed with wide powers and authority.

The Chairman of Yangon City Development Committee, concurrently the Mayor of Yangon, holds the position of a Senior Minister and is responsible directly to the Head of State: Under the Chairman, Vice-Chairman (Vice-Mayor), Secretary, Joint-Secretary, and Committee Member currently 3 function virtually as a Cabinet, performing all relevant duties and functions, stipulated in Rangoon Municipality Act of 1922, which is still valid, and Yangon City Development Law of 14 May 1990. The organizational chart of YCDC is shown Annexure (A).

The primary duties of the City Committee, such as street-lighting, water supply, garbage disposal, maintenance of parks and gardens, markets, slaughter houses remain unchanged. Additional powers vested in the Committee by virtue of Yangon City Development Law authorize territorial limits of the city, to operate city development works independently with its own funds, to assess and levy its own taxes, to utilize the funds currency derived from the lease of its own lands and premises for development works and to take loans and grants from the Government or from foreign organizations on its own responsibility.

## WATER AND SANITATION DEPARTMENT

This department, which is responsible for supply of clean and potable water to more than 5 million citizens of Yangon was formerly known as Water and Sewage Department. Headed by senior engineer with the position of Director-General, the engineers and staff of this department have been working with their own resources to provide not less than 90MGD of safe water to the city from 4 main reservoirs (Hlawga, Gyobyu, Phugyi, and Ngamoyeik) and over 200 tube wells lying in various parts of the city. The organization chart of Water & Sanitation Department is shown at Annex (B).

## FINANCIAL STRUCTURE

The income from former municipal organizations entirely depended on property tax, made up of water-tax, conservancy tax, and general tax. The income from property tax amounts to a small fraction of the annual budget, the principal source of income being from the condominiums, hotels, markets, and golf courses belong to YCDC and from vehicle tax.

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The Committee's income for current fiscal year 2002-2003 is estimated at Kyats 15 billion out of which the income from Water and Sanitation is estimated at Kyats 600 million.

YCDC is an entirely independent body, which has to stand on its own feet for all development works and services rendered to the city of Yangon. By virtue of the Yangon City Development Law of 14 May 1990, it is authorized to levy its own taxes, to draw its own budget and to utilize its own funds, independently on its own.

Bills for collection of water charges prepared by the staff of Water and Sanitation Department are distributed to Executive officers, in charge of each of 33 townships. The fees collected from consumers are sent by staff of Executive Officers to Water and Sanitation Department.

At the present rate the water charges for domestic use is, if the supply it is unmetered is Ks 120 per month for each household and Ks 30 per 1000 gallons. For commercial/industrial use, the charge is Ks 135 per 1000 gallons.

The income from water supply sector falls far below the level of expenditure involved in construction and maintenance of reservoirs main pipe lines, boosters, treatment plants and water connections. However, in all city development works relating to environmental protection, the Committee is subsidizing these works from funds received from other sources.

YCDC is now faced with the urgent problem of financing a project for connection of a pipe line from newly constructed reservoir, called Ngamoyeik to Yangon. A foreign assistance to the tune of USD 30 million is being expected from an international organization or a friendly country.

It is an irony of fate that the leadership and the City Committee who have done so much is so short a line to upgrade the City of Yangon and to keep its image of a garden city, has been persistently denied. The opportunity to receive grant or aid from international community purely for political reasons.

The City Committee is, however, conscious of the urgent necessity to look for new sources of water supply and to improve the existing supply system.

Arrangements are being made to draw up a Master Plan for Yangon's water supply and to lay down priorities. Under this project which envisages a long term plan from 2002 to 2020, Yangon's water supply will eventually reach the mark of 400MGD. The plan calls for improving water supply from existing reservoirs as well as harnessing water from fresh sources such as Hlaing river and Lagunbyin reservoir.

### **PUBLIC-PRIVATE PARTNERSHIP**

Since the time of Yangon Corporation which was established after the promulgation of Rangoon Municipal Act of 1922, which is still in force, Yangon's water supply has all along been one of the principal functions of successive municipal organizations.

In order times, people living in suburban townships like Thingangyun and Insein had to depend mainly of artesian wells and ponds for water. With the advance of time increasing widening spectrum of water connections has emerged within the city limits. A popular programme, called self-help under which YCDC has to provide required equipments, machinery and engineers and the local residents provide financing, has contributed significantly to Yangon's water supply. This plan involves digging of tube wells and pipe connection.

To illustrate a recent operation of this programme, residents from ward No.3 of Hlaing township, which lies in the north western part of City and a little distance from YCDC's main pipe line, formed a water committee, composed of leading residents and engineers/staff of Water and Sanitation Department. After working out the details of expenditure and equipments machinery and man power required, this Committee dispatched a petition to the Mayor of Yangon for permission to undertake a new water connection in their area. This resulted in the laying of 6", 4", and 3" pipe with total length of 22000', costing approximately kyats 50 million, collected from local residents. This programme enabled 180 households to enjoy adequate supply of potable water.

Another shining example of public private partnership in water supply sector relates to energetic efforts being made by factory owners in the city's new industrial zones. The emergence of private enterprises after the introduction of market oriented economy in 1990s has created a tremendous pressure on YCDC's resources. Construction of industrial zones in new suburban towns, such as Hlaingtharyar, Shwepyithar and Dagon (South) was implemented with great speed. To meet the target for water supply YCDC had to depend on the business community who agreed to participate in financing the projects under "self-help" programme. To date several projects are under way for water connection from YCDC's main pipe to industrial zones with the use of 12", 6", 4" PVC pipes, the total length of which amounts to 46000'.

Total expenditure will be approximately Kyats 700 million, to be borne safely by local community. 450 factories will be able to enjoy fresh and potable water, after completion of these projects.

### **EXISTING AND FUTURE GOALS**

Privatization programmes launched by the central government have gained momentum. But they are not likely to include infrastructure sectors which are closely associated with national security, such as telecommunication, energy and water supply.

Investments for improvement of Yangon's water supply, either from local or foreign resources will not be forth-coming, at least in the near future, due to heavy volume of expenditures involved and slow, inadequate returns. To increase the water charges so that the total income from water supply will be commensurate with capital and current expenditure is a matter of national policy.

Under Article 9 (c) Chapter IV of the city of Yangon Development Law, YCDC has the power to prescribe, revise, assess and collect duties and taxes relating to development works in accordance with the existing laws. The Chairman of Yangon City Development Committee, who is concurrently the Mayor of Yangon has direct access to the Head of State. Acting under the guidance of the Head of State, YCDC always takes special care not to increase the tax burden befalling the citizens of Yangon. The scenario in the foreseeable future is for YCDC to expand its efforts for inviting foreign investors in Yangon's water supply with a certain scheme under which the investment, cost plus a certain percentage can be recovered say by exporting the country's staple products like rice and timber.

Meanwhile, the ongoing attempts to augment, the city's water supply by digging tube wells on the basis of self help will continue to be a main feature of public-private partnership.

### **GENERAL CONCLUSIONS**

In this age of globalization, all nations and cities are subject to some form of impact on their social, economic, political, and cultural sectors, as a result of IT revolution. The city authorities and planners attempting to meet the challenges of growing population and increasing pressure on infrastructure, have become conscious of the need to employ innovative approaches in city governance. In the context of maintaining the status of a sustainable city, synergic efforts in terms of public private partnership has become an essential element. In the sector of water supply, as well as in other sectors of environmental protection, community conceive, at this stage how the citizens of Yangon, business community citizens who can participate in the financing and management of Yangon's water supply.

The exchange of views and experiences at this Kitakyushu Initiative Seminar on Public-Private Partnership will definitely contribute to enhanced comprehension of this theme. Japan and China are in the forefront of advanced Asian Nations. YCDC wishes to place on record their appreciation for the initiatives of the Japanese and Chinese authorities concerned for organizing this important Seminar.

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