



Principles of
Commercialisation

Privatisation

LAGOS STATE WATER CORPORATION

STRATEGIES FOR

EFFICIENT WATER SUPPLY



LAGOS STATE WATER CORPORATION



Introduction

LSWC edict cap 108 of 1994 of Lagos State mandates Lagos State Water Corporation to provide potable water supply to the entire populace. In the past ten years, LSWC with the assistance of the World Bank has invested about N500 million for provision of water to Lagos State residents, which translate to about 5000 per capita. This investment covered additional Primary Main (Supply & Laying) Secondary & Tertiary Mains (Detailed design, Supply & Laying) House connections, Rehabilitation works on primary, secondary & territory pipes, house connections mini water works, anti-salinity weir, and Ishashi waterworks Administrative Infrastructure institutional support. Adiyawater works phase 1 and procurement of equipments.

Audited accounts shows that in 1994, 95 and 96 LSWC spent N170, N275 and N400 million on chemicals respectively. Electricity charges attracter N48, N77 and N111million for the same period. Total direct operational expenses amount to N233, N439M, N581M, and N662M in 1994, 95, 96, 97 respectively. These trends have continued till this present time. The financial obligation of LSWC to World Bank and other funding agencies that provided the loan for this investment have always been met, though with much strain.

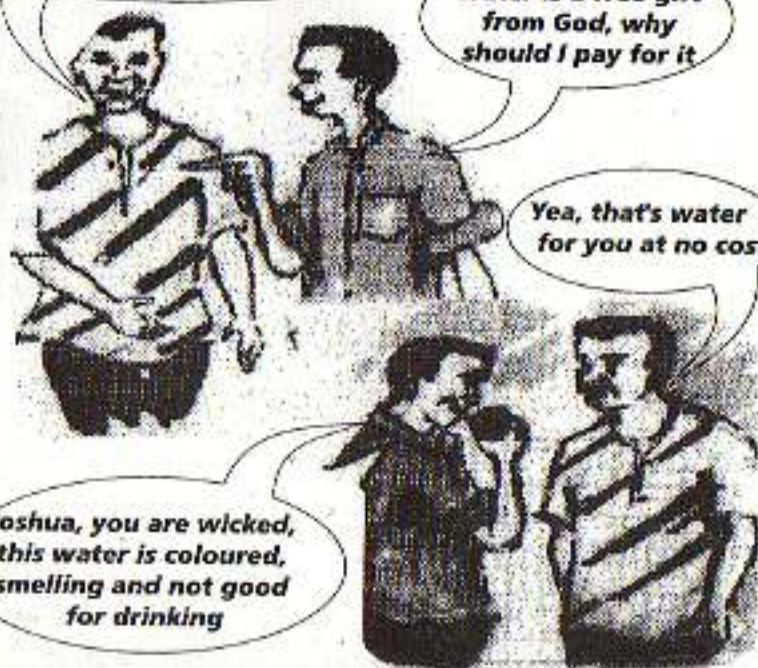
Thomas And Joshua

Clean water cost something

Water is a free gift from God, why should I pay for it

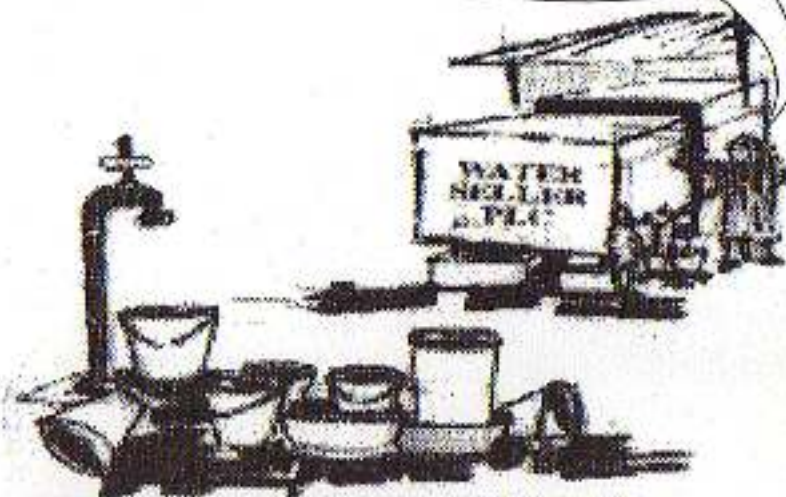
Yea, that's water for you at no cost

Joshua, you are wicked, this water is coloured, smelling and not good for drinking



Pay Your Bill To Pay Less

Look, a bucket is N5.00,
take it or leave it.



Water costs a lot to make it portable. Raw water is free but treated. Clean water costs money, the chemical, pipeline Water Treatment, etc cost millions...

From the foregoing it is established that LSWC spends over a billion to make water available to consumers yearly. It is therefore expected that LSWC should also cover its costs through collection of water rates from consumers. Unfortunately though, this remains a thorny issue between consumers and LSWC.

Due to the failure of many consumers to see potable water as an economic good with a cost, implication many people defaults on payment for consumption made. Some have often justified their actions by clinging to the notion that water should be a free social good.

Ironically this same people are ever willing to pay for water supplies from borehole operators and water vendors in the neighbourhood whenever the LSWC supply is not forthcoming. The public is therefore expected to change its attitude to payment of water rate. Common sense also dictates that payment of water rates will guarantee a regular flow of potable water via LSWC pipes to our houses

Don't Default Payment, Avoid Pains

*There shall be
showers of blessing...*



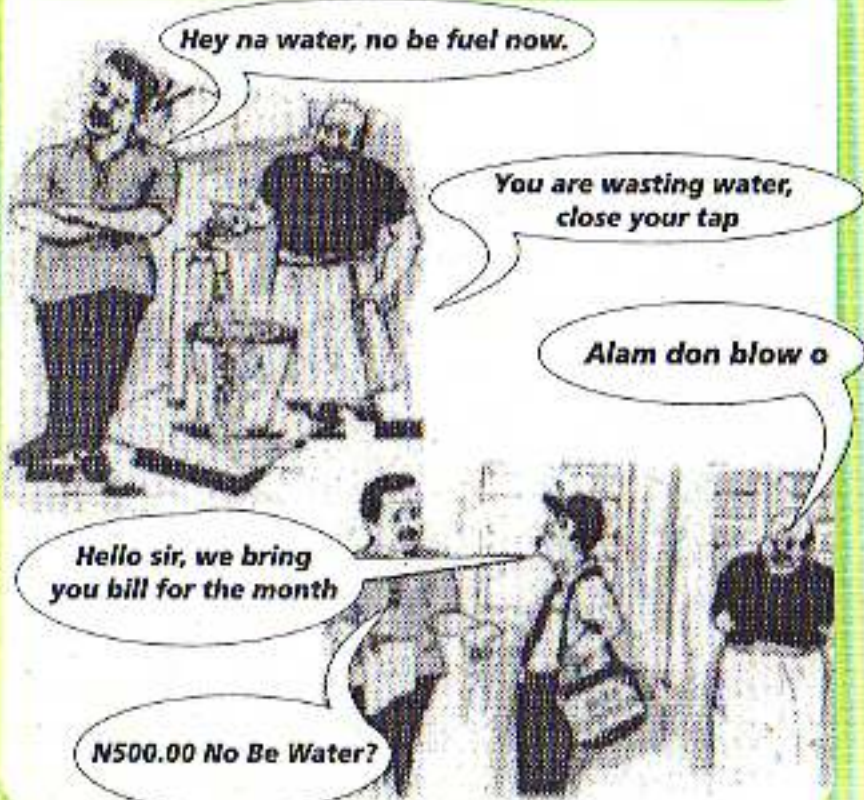
*Papa bonboy dis wahala don too much o,
I beg make you pay your bill o.*

or at our backyard. This is a more convenient source than going through the rigors of fetching water across the streets, like the family in the above illustration. The collection efficiency of LSWC is at such a dismal level. Ideally, tariff and other revenue collection efforts should reflect the recovery of costs (including debt service and depreciation) and the limited accumulation of funds for future development. But collection efficiency calculated as payments received in relation to the billing is 23.6% for metered customers and 20.5% for flat rate customers out of the 110,000 quarterly bills issued, about 35,000 are either making partial or full payment. The cumulative arrears in 1998 is about N3,094 million for flat rate customers and N540 million for metered customers.

Don't Stop The Flow, Stop Vandalising Pipes



Stop Wasting Money, Stop Wasting Water



The Governor's Budget



Fellow Lagosians,
the budget for this year is N10 Billion.
We shall spend N2 Billion for road, N5 Billion for
Salary, N1 Billion for health, N500,000 for water
and N1 Million for housing



Ha, Oga have mercy,
water no go flow o.



Ladies and gentlemen,
what is the way
forward



Sir, improvement on our rate
collection and involvement of
the Private Sector.



For us to meet the demands of Lagosians, we need N500 Million
for Chemicals, N200 Million for Pipelines, N500 Million for Power,
200 Million for Salary, N100 Million for expansion.

Another issue affecting LSWC supplies is the vandalising of water mains by thieves and people making illegal connection. It increases the unaccounted for water in the system. All hands should be on deck to protect this installation. An illegal connection will surely lead to reduced pressure through serious leakage and pipe bursts. And this will dampen the enthusiasm of the few willing consumers.

Having identified the myriad of problems facing LSWC, in the face of scarcity of funds from the government, due to increasing competing demand of various department of the government, a change of attitude is inevitable. A new approach to water management, incorporating a robust commercial orientation with involvement of the private sector in water production, transmission, distribution sales and general administration in highly desired.

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