



**Thematic Week:** Water services for supply and sanitation

**Thematic Axis:** Efficiency as paradigm for citizen, management's practices and development

**Title:** Water Treatment and cost recovery through social business of Grameen-Veolia Water Ltd in Bangladesh

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**Abstract:**

In 2007, Grameen Bank\* and Veolia Water\*\* have joined forces to create Grameen – Veolia Water Ltd, which objective is to supply water to a disadvantaged region of Bangladesh. Currently the only sources of supply in this region are arsenic-polluted aquifers.

The new venture aims at supplying potable water at the highest quality standards at socially acceptable rates. Infrastructures to deliver the project are currently being designed. Since Grameen – Veolia Water Ltd is not-for-profit, financial gains from the service will be reinvested into the project. This initiative belongs with the “social business” model, and aims at providing potable water to an ever larger number of people within disadvantaged populations.

\* Grameen Bank is chaired by Professor Yunus, father of the micro-credit concept and Nobel Peace Prize Laureate in 2006

\*\* Veolia Eau is world leader in water services and technological solutions

## **Background**

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Nature has bestowed the blessing of abundant fresh water on Bangladesh, in the form of numerous groundwater resources that are not too deep and are therefore easy to exploit. Nearly 8 million wells were bored during the 1970s and 80s, which now give almost 90% of the population access to water. However, for essentially geological reasons, almost all of the groundwater has been found to be contaminated with arsenic, very often at levels that make it a health hazard. At the beginning of the 1990s, hospitals in Bangladesh started reporting an alarming increase in the number of cases of arsenicosis. Today, more than 30 million Bangladeshis have fallen victim to chronic arsenic poisoning and some have even died.

Against this background, Grameen and Veolia Water have decided to join forces and combine their complementary skills to make clean and safe water accessible to villagers in the poorest parts of Bangladesh.

## **Joint Venture**

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A new company was formed and registered in Bangladesh under the name of Grameen-Veolia Water Ltd. It is jointly owned at parity by Grameen Healthcare Services (a Grameen subsidiary for health and hygiene) and Veolia Water AMI (Veolia Water's subsidiary for Africa, the Middle East and the Indian subcontinent) and its task will be to build and operate several water production and treatment plants in some of the poorest villages in the center and south of Bangladesh. All in all, 100,000 people in around 5 villages are forecast to be served by this initiative, for a total investment of USD 800 000.

Veolia will provide the technical know how and the transfer of technology while Grameen will provide its local knowledge and networks in rural Bangladesh for the success of this project.

Grameen – Veolia Water Ltd is a 50-50 joint venture. The new company has been established based according to the social business philosophy of Professor Muhammad Yunus.

## **Social Business**

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The aim of a social business is to have a social goal that the company can pursue on behalf of its investors. At the same time a social business is aimed at being self sustainable meaning it must attempt to avert losses just as any other normal company.

When profits are accumulated only the amount of invested shall be returned to the investors. Thereby not giving back dividends beyond the amount invested. Profits are reinvested for expansion and further social benefit by providing a good or service at the best price to help the people. To sum it all a social business is a company aimed at providing a good or service to help the people while operating with the motto of "No Loss, No dividends".

## **General scope**

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Grameen – Veolia Water Ltd will develop projects in 5 different villages. For each of them, the company will invest in a production / distribution unit of drinking water, and operate it.

Every plant will produce water according to WHO standards by treating surface waters. Drinking water will be, in each village, distributed via stand-pipes, through a dedicated network. At this stage, no domestic connection is forecast.

Main usage for water will be for drinking and cooking. Daily consumption for a 6 person family is estimated to be 30 Litres/day.

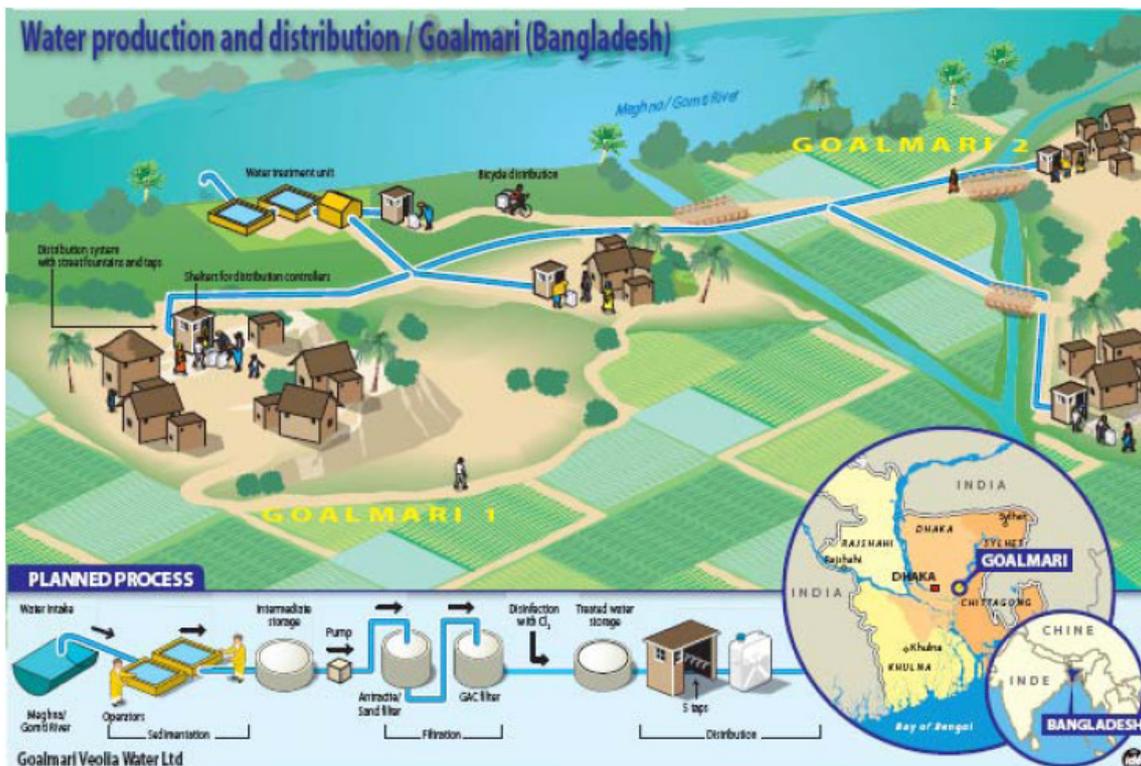
According to the social business model, drinking water will be sold at factory gate for 1 Bangladeshi taka per 10 litres (1 euro cent per 10 litres).

### First project: Goalmari Union

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The first project will take place in Goalmari, a village located 100 km east of Dhaka.

Goalmari's population is about 25 000 inhabitants. The local population use groundwater for cooking and drinking but 83% of the deep tube are naturally contaminated in arsenic ( $>10\mu\text{g/L}$ ). As the surface water is not contaminated in arsenic, the plant will use river water and provide it via a pipeline network, to tap point located in clusters.



Goalmari network will reach first the poorest part of the population of Goalmari living on the bend of the river (impacted by monsoon high water level). To provide the water to farer isolated area, some other distributing systems are being studied, like rickshaw water transportation.

The water will be further distributed by stand pipes where Grameen ladies can dispense the water at certain times during the day when people bring their pitchers or jars. These points will be located at key areas of the villages.

The water will also be transported at a slightly higher cost by an Auto rickshaw fitted with a water tank to people who prefer to travel the least to collect there and have a higher disposable income.

### Other projects

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Projects on 4 other villages will be implemented as soon as possible after Goalmari:

- Start up of village n° 2 (Padua Union) is scheduled in 2010.
- Start ups of villages n° 3 and 4 are scheduled in 2011 and village 5 in 2012.