



2004 OPEN WORKSHOP OXFORD



CASE STUDIES – TANZANIA

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**TURNING TO *PSP* IN WATER SUPPLY
AND SANITATION SERVICE: CASE
STUDY: DAR ES SALAAM WATER AND
SEWERAGE AUTHORITY
(DAWASA)**



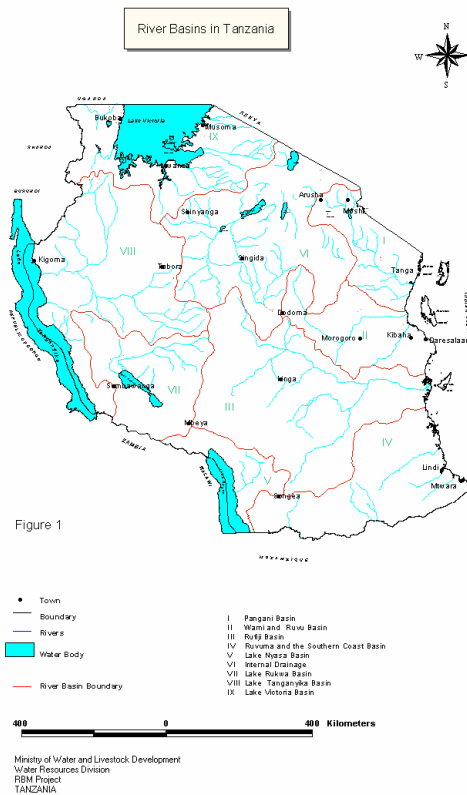
INTRODUCTION

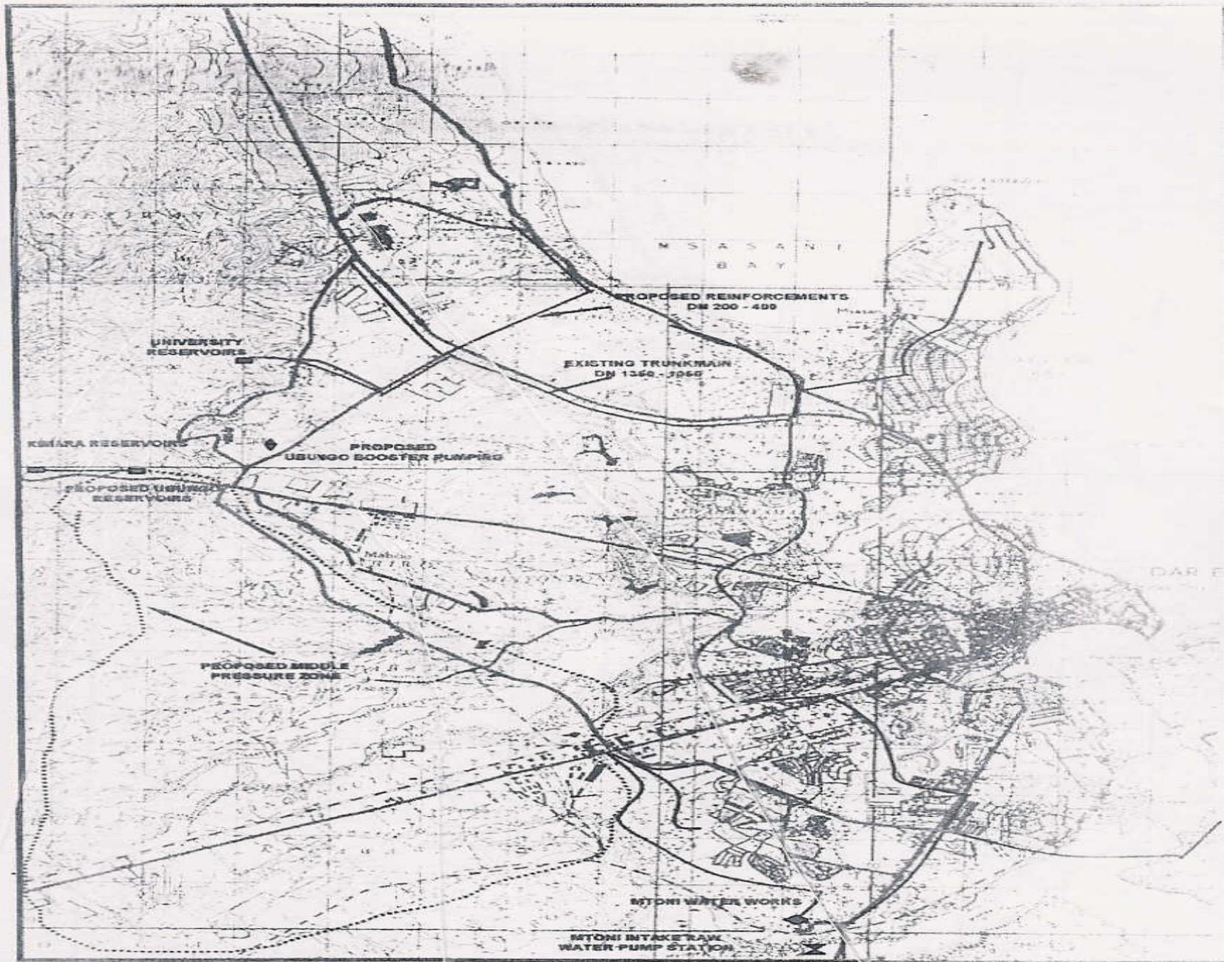
- NUWA-DAWASA (Amendment of Act-No. 7 of 1981.Establishment of DAWASA-1997)-Act was made to allow PSP in WSS in 1999
- EWURA (En-Acted in 2001)
- CITY WATER SERVICE Ltd.-(BIWATER-GAUFF & SUPPER DOLL TRAILER MANUFACTURE CO. Ltd. - 2003)



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RIVER BASIN MAP OF TANZANIA





MAP 1.2 : LOCATION OF WATER SUPPLY COMPONENTS IN DAR ES SALAAM



OBJECTIVES OF THE STUDY

- To examine the effect of Lease arrangement in WSS services for DSM and towns of Kibaha and Bagamoyo,
- Assessment of contribution of DWSSP on improving the infrastructure,
- To examine the current situation of water at domestic-end use and
- To propose a better private sector participation option if Lease arrangement cannot solve problems of DAWASA



ACHIEVING THE OBJECTIVES

- Primary and Secondary data were used for the assessment
- Primary data were obtained from;- field study through questionnaire filling, interviewing and site visits.
- Secondary data were obtained from reviewing documents obtained from; PPSRC, MoWLD, DAWASA(AHA), and City Water Service Ltd.



Quantitative analysis was done for field data, the following information were analysed

- Social economics of households
- Water supply component
- Sanitation component and
- Impacts of PSP on WSS service.
- Social economics of water vendors
- Water vending business in Ubungo area and
- Impacts of PSP on water vending



Upper Ruvu

| ITEM | EXISTING CONDITION | EXPECTED IMPROVEMENT UNDER NEW ARRANGEMENT | ACHIVEMENT AND REMAIN PROBLEMS |
|-----------------|---|---|---|
| INTAKE | | | |
| River flow | Unregulated flow,during rainfall in April 16,000 MI/d and 900 MI/d during dry season | Study for location site of Dam, but no actual construction activities | Problems of water scarcity during draught will continue until the dam is constructed to regulate the flow |
| River structure | Good structural condition | No rehabilitation | No – remark. |
| Screens | Poor condition in terms of performance, because rake has jammed it need freeing and maintenance | Refurbish screen and ranking mechanism | The problem is solved |



Strength

- ➤ **Secure US\$ 164 million for rehabilitation project**
- ➤ **Competent Private Operator was selected**
- ➤ **Create responsiveness and accountability to Private Operator through imposing financial penalties in case of failing to meet key performance targets**
- ➤ **Presence of duration of contract and clear procedures for termination of contract**
- ➤ **Presence of life line tariffs of 5m³ per month to domestic water customers**
- ➤ **Involve international capacity in the arrangement**
- ➤ **Involvement of International Private Partner (IPP) provide extra management capacity**
- ➤ **Intending to improve quality of water supply and effluent discharge**
- ➤ **Customer expenditure for buying water will be served after improvement**
- ➤ **High willingness to pay for water observed from water customers**
- ➤ **Time spent for water collection to be reduced**
- ➤ **Plans to increase population with access to water**
- ➤ **Meters to control consumption and charge accordingly to be installed**
- ➤ **Plans to reduce unaccounted for water will be implemented**
- ➤ **Level of service in water supply to be increased**
- ➤ **Rehabilitation works for both water supply and sanitation service will be implemented**



Weakness

- ➤ Lack of competition in the bidding process
- ➤ Conflict of interest arise between government and donors
- ➤ Low water price set in tendering process
- ➤ Inexperience of DAWASA to work with Private Operator
- ➤ Inexperience of EWURA to set tariffs and give licenses
- ➤ Inadequate co-ordination between DAWASA and Private Operator
- ➤ Poor staffing procedures for both DAWASA and Private Operator
- ➤ Over staffing by Private Operator (14 employees per 1000 connections instead of 3 employees per 1000 connections)
- ➤ Delay in the *implementation of EWURA*
- ➤ Absence of financial penalties to DAWASA
- ➤ Previous water tariff used for non-domestic water customers
- ➤ Inadequate adjustments of the customer tariffs after it was fixed for the coming 5 years
- ➤ Presence of huge debts left by former DAWASA
- ➤ Presence of huge debts left by former DAWASA customers
- ➤ Autonomy nature of Multi-national water companies
- ➤ Lease contract has nothing to do with investment
- ➤ High salaries scale for foreigners and low salary scale for locals
- ➤ Private Operator not much concerned with customers but to profit making
- ➤ Domination of foreign Companies in bidding due to weak local private sector capacity
- ➤ Insufficient evidence and experience to predict success for the arrangement
- ➤ Difficulties in Lease contract administration
- ➤ High chance of conflict between DAWASA and City Water Services due to absence of Regulator in place
- ➤ Higher water demand than the available supply
- ➤ Lack of sufficient fund to expand water works to un-serviced areas
- ➤ Public was not properly informed on private sector involvement in the service
- ➤ Some vendors will loose their jobs and revenues
- ➤ Revenue loss to household re-selling water



Opportunity

- Presence of ***political will*** to involve Private Operator
- ➤ Presence of ***ESA will*** to fund development project
- ➤ ***Political stability*** in Tanzania
- ➤ Opportunity to ***encourage new entrepreneurs***
- ➤ Government autonomy reduced
- ➤ New ***Technology and skills to be acquired***
- ➤ Water sector will be run by private company on ***commercial basis***
- ➤ Lease contract is a step towards Concession



Threats

- ➤ **Political interference on the regulatory authority EWURA**
- ➤ **Withdraw of Private Operator because of its low profitability**
- ➤ **Low discipline of Public agencies in paying their water bills**
- ➤ **Insufficient cash generation for investment after utilising the available funds**
- ➤ **Public perspective on the bad history of DAWASA credibility on performing its obligation**
- ➤ **Absence of environmental protection law in place**
- ➤ **Absence of new water law that encourages and protect the rights of private operator**
- ➤ **Essential National Interest on water sector is not protected as it used to be before**
- ➤ **Foreign control on Dar es Salaam water has emerged because of allowing private operator to have higher share holding up to 80% and limiting the Local company up to 49%**
- ➤ **Private sector transfers public property ownership to the hands of *minorities***
- ➤ **Difficulties in implementing government water policies**
- ➤ **Under investment in sanitation**
- ➤ **Profit obtained from billing collection will be channelled out of the country**
- ➤ **New source of funds after utilising the available US\$ 164 million**



CONCLUSIONS

- Turning DAWASA from Public to Private was a difficulty task **(perhaps due to poor preparedness in negotiation)**
- **EWURA must be in place i.o.t. achieve the goals of PSP.**
- PO achieving Targets depends much on DAWASA (**The Asset Holding Agency**)
- Extra management capacity, technology and skills will be acquired



Conclusions continue...

- Lease contract does not ***attract*** Investment
- Rehabilitation by DAWASA focuses at achieving the ***existing design capacity***
- Unreliable ***water source problem*** to continue



RECOMMENDATIONS

- Massive investment plan required
- Implementation of ***EWURA required*** asap
- Lease arrangement was ***a delaying tact*** towards Investment contracts
- Reliable ***water source*** is required
- Billing ***systems*** need to be improved



Recommendations continue...

- Best PSP option was ***Management contract*** followed by ***Concession*** contract not ***Lease***
- Contribution of Management contract:-
 - Reshuffle DAWASA administration
 - Implement DWSSP for 5years
 - Prepare future work plan
 - Estimate value of improved infrastructure
- Concessionaire implementing future plans.



THE END

THANKS FOR YOUR ATTENTION
ASANTENI SANA
KIITOKSIA PALJON