

**THE OPERATOR’S ROUND TABLE, ON  
“INSITUTIONAL AND MANAGEMENT MODELS FOR  
DAR ES SALAAM WATER SUPPLY AND SEWERAGE SERVICES”**

**Eng. Christopher Sayi, Permanent Secretary, Ministry of  
Water and Irrigation,**

**Dr. Eve Hawa Sinare, the Chairperson, Dar es Salaam Water  
Supply Authority (DAWASA) Board of Directors,**

**Eng. Suleiman Said Suleiman, the Chairman, Dar es Salaam  
Water Supply Company (DAWASCO) Board of Directors,**

**Representatives of Financing Agencies ,**

**Workshop Participants,**

**Distinguished Guests,**

**Ladies and Gentlemen.**

It gives me profound pleasure to be able to officiate the opening of this very important workshop namely, the Water Operators Round Table, which is due to discuss the Institutional and Management Models for Dar es Salaam Water Supply and Sewerage Services.

Let me take this opportunity to welcome you all to this meeting and to Tanzania and especially to Dar es Salaam, for those of you who are from outside the country. **Karibu sana.** Tanzania, a peaceful country, is endowed with an abundance of natural resources, unique and diverse of wildlife and a few kilometers north of here captivating scenery. The town of Bagamoyo is rich in history. It was the main slave trade centre along the coast. Just next to Bagamoyo is Sadani National Park, the nearest to Dar es Salaam. Zanzibar is world renowned for its history, its beaches, the stone-town, and the spice tour attractions. It is just across the ocean from this venue. It is my

sincere hope that you will enjoy your stay here and at the same time achieve the objectives of this unique and important workshop.

Getting back to today's business, I am aware that you all know that providing sustainable water supply and sanitation services is a daunting challenge. While coverage in the urban areas is slightly better, the situation in the rural areas leaves much to be desired.

I am sure you will all agree with me that delivery to the public of efficient, sustainable and affordable water and provision of sewerage services is dependent on, among other things, having people and institutions to provide these services.

Dar es Salaam, a major and fast growing metropolis provides a major challenge to those of us entrusted by the nation with oversight on water delivery. The water supply and sanitation infrastructure for the City of Dar es Salaam has progressively deteriorated over the last 30 years. Investment in infrastructural improvement and expansion lagged behind the rapid growth of the city. The last major addition to Dar es Salaam Water Supply was in 1976 when the Lower Ruvu plant was commissioned.

As is the case of many such cities in developing countries, its spatial growth has largely been unplanned. The evolution of unplanned settlement has outpaced the ability of the city and its municipalities to cope with planning requirements. A study conducted in the mid nineties with financing from the African Development Bank (AfDB), put the cost required for rehabilitation of the water supply and sewerage systems at US\$ 280 million.

In order to address a situation which was fast getting out of hand, the Government embarked on implementing an ambitious project, whose aim was to improve the infrastructure by carrying out a major rehabilitation of the same. Coupled with this, the government set about to restructure the institutional set up for delivery of services in Dar es Salaam. This is how the on-going Dar es Salaam Water Supply and Sanitation project evolved. Given the state of the infrastructure and the inadequate information about the water supply

and sewerage system, the risks involved in bringing about changes through the involvement of the private sector were considered high. It was decided to mitigate the risks by the public and private partnership route.

The Dar es Salaam Water and Sewerage Authority (DAWASA) was turned into an Asset Holding Authority responsible for investment and major maintenance, and provision of oversight over the private operator. The Operating Company Leased the assets from DAWASA through a ten year Lease Contract. The Operator was to be in charge of operating and maintenance of the assets, making connections to and delivering water to customers, billing and revenue collections and delivery of sewerage services through collection, treatment and disposal of sewage effluent from domestic and commercial customers.

The DAWASA Act was amended to allow for the involvement of the private sector and to allow for regulation through the Regulator, Energy and Water Utilities Regulatory Authority (EWURA). DAWASA Act of 2001 and EWURA Act of 2001, provide the legal underpinning for the asset ownership and regulation respectively, of water supply in Dar es Salaam.

You will recall that selection of the private Operating Company was also not an easy task. The bidding process started in 1997 and was concluded towards the end of 2002. Under the Parastatal Sector Reform Commission, the process had to go through three bidding processes before finalisation.

Implementation of the Dar es Salaam Water Supply and Sanitation (DWSS) project started on 1<sup>st</sup> August, 2003 after securing soft Loans amounting to US\$ 164.0 million from the World Bank (IDA), the European Investment Bank (EIB) and the African Development Bank (AfDB).

City Water Services Ltd, a locally registered operating company was formed through a joint venture between Biwater Gauff (T) Ltd. as a majority shareholder and Superdoll Trailer Manufacturers Ltd., a

Tanzanian company with 49% of the shares. Biwater Gauff (T) was in essence a subsidiary of Biwater Company of the United Kingdom and Gauff Company of Germany. DAWASA entered into a ten year lease contract with City Water Services Ltd. The contract became effective in August, 2003.

However, the contract was terminated in May 2005 because of City Water's failure to comply with contractual obligations. In its place DAWASCO, a public company, formed under the Public Corporations Act of 1992 was established. DAWASCO entered into a Lease contract with DAWASA on terms not dissimilar to those of the City Water contract. This was planned to be a temporary arrangement until the Government was in a position to determine the best mode to provide efficient, sustainable and affordable water to Dar es Salaam.

A lease contract arrangement, whether meant for a Public Private Partnership or a Public Public Partnership contract is as novel as it is challenging. The lease contract can be a very powerful instrument irrespective of whether the players are public or private.

Likewise, the current institutional set-up of having two separate entities, each with its own distinct responsibilities, if well managed, could result in a high degree of efficiency, allowing each institution to be more focused on what they are doing. This is indeed especially so at the moment. The Government has decided to implement a major additional water supply investment through the exploitation of the Kimbiji and Mpera underground aquifer, the construction of the Kidunda Dam and expansion of the Ruvu stations. As it does so, it is mindful of the unfinished business of rehabilitation and expansions of the distribution and delivery services. In view of the foregoing, this workshop has to advise how best to improve the framework for the delivery of water supply and sanitation services in Dar es salaam.

I have over the years been privileged to be involved with the Water Sector and in particular, with the challenge of supplying water services to Dar es salaam. A lot has changed since I headed the National Urban Water Authority (NUWA) as its Chairman of the

Board. Except for the word National, there was nothing national about NUWA. It was essentially a precursor to DAWASA. I am also mindful of the fact that when things do not work as well as envisaged, the easiest option is to change the institutional framework. No doubt, a few of you have come here to push through an option of a single institution, whether public or private. Some of you look for a return to the City Water option. Whatever advice you come up with, we will be mindful of the experiences of the recent past, as we continue to learn from experience elsewhere.

I also wish to assure our cooperating partners that we cherish their wise counsel and advice in the hope that you appreciate the specific circumstances of Dar es Salaam. For too often, outputs of workshops such as this have eventually resulted into conditions precedent for assistance extended to us, with in many cases, disastrous results. In the end, let all of us be guided by the knowledge that institutions are not an end in themselves. The challenge is how best to provide clean safe and reliable water to as many people of Dar es Salaam as possible.

By way of conclusion, I would like to thank all those who have contributed towards making it possible to have this Round Table today. These include the following: The World Bank, the European Investment Bank (EIB) and the African Development Bank (AfDB). Through their acceptance to finance the Dar es Salaam Water Supply and Sanitation Dar es Salaam Water Supply and Sanitation (DWSS) project, they have made it possible for us to improve the Dar es Salaam Water Supply services.

I now declare this workshop on “Institutional and Management Models for Dar es Salaam Water Supply Services” officially opened and I wish you fruitful deliberations.

**Thank you.**