

824 TZMO99

Royal Netherlands Embassy
Dar es Salaam
Tanzania

IRC
and
Tel
Pam



SWOT Mission 1999

October 1999

*Domestic Water Supply Programme
Morogoro Region*

Main Report

on sustainability of 1st batch
Water Supply Companies

Ministry of Foreign Affairs
The Hague
The Netherlands

824-TZ-15872

DHV Consultants BV

Laan 1914, no. 35

P.O. Box 1399

3800 BJ Amersfoort

The Netherlands

Telephone +31 - 334682500

Telefax +31 - 334682601

fez@cons.dhv.nl

Royal Netherlands Embassy
Dar es Salaam
Tanzania

SWOT Mission 1999

October 1999

*Domestic Water Supply Programme
Morogoro Region*

Main Report

on sustainability of 1st batch
Water Supply Companies

Ministry of Foreign Affairs
The Hague
The Netherlands

LIBRARY IRC
PO Box 93190, 2509 AD THE HAGUE
Tel.: +31 70 30 689 80
Fax: +31 70 35 899 64
BARCODE: 15872
LO: 824TZ1099

Royal Netherlands Embassy
Dar es Salaam
Tanzania

SWOT Mission 1999

*Domestic Water Supply Programme
Morogoro Region*

Main Report

on sustainability of 1st batch

Water Supply Companies

Ministry of Foreign Affairs
The Hague
The Netherlands

file H4031 10 001

date 9-Nov-99

registration number

version 2

© DHV Consultants BV

No part of these specifications/printed matter may be reproduced and/or published by print, photocopy, microfilm or by any other means, without the prior written permission of DHV Consultants BV, nor may they be used, without such permission, for any purposes other than that for which they were produced. The quality management system of DHV Consultants BV has been approved against NEN ISO 9001.

CONTENTS	PAGE
EXECUTIVE SUMMARY	7
1 INTRODUCTION	9
2 AIM AND OBJECTIVES OF THE STUDY	11
3 METHODOLOGY	13
3.1 SWOT methodology for WSCs	13
3.2 Sustainability Risk Analysis	14
4 THE WATER SUPPLY COMPANY AND ITS ENVIRONMENT	15
4.1 Legal status and organisation structure	15
4.2 Spheres of Influence and Institutiogramme	16
4.3 Key areas influencing the sustainability of the WSCs	18
4.4 The Enabling Environment and the Rural Water Policy	23
4.5 The Role of the Domestic Water Supply Programme	24
5 FINDINGS FROM SWOT EXERCISES	27
5.1 Institutional issues	27
5.2 Social / community issues	28
5.3 Financial issues	29
6 FINDINGS FROM SUSTAINABILITY RISKS ANALYSES	31
6.1 Sustainability Risk Analysis	31
6.2 Common Strengths	32
6.2.1 Institutional Issues	32
6.2.2 Social / community issues	33
6.2.3 Financial issues	34
6.3 Common Weaknesses	35
6.3.1 Institutional Issues	35
6.3.2 Community and Social Issues	36
6.3.3 Financial Issues	38
6.3.4 Categorisation of the 21 WSCs	39
6.4 Company Profiles	41
7 CONCLUSIONS AND SPECIFIC RECOMMENDATIONS	43
7.1 Overall conclusion	43
7.2 Institutional issues	43
7.2.1 Legal framework	43
7.2.2 Ownership	44
7.2.3 WSC structure, roles and responsibilities	44
7.2.4 Management, - system, processes and style	45
7.2.5 Capacities and confidence	46

7.2.6	Communication and trust	47
7.3	Social and community issues	47
7.4	Financial issues	48
7.5	Categorisation of WSCs	50
7.6	The need for continuing support to the WSCs	50
8	STRATEGIES TO STRENGTHEN WSCs	53
8.1	Future scenarios	53
8.2	Strategies to strengthen the WSCs	56
8.2.1	Federation of WSCs	56
8.2.2	Rural Water Supply Development Fund	58
8.2.3	Private sector capacity building	59
8.2.4	Ownership of assets and lease agreement with WSCs	59
8.2.5	Consolidation of WSCs	60
8.2.6	WSC Development Model	60
8.2.7	WSC support methodologies and attitudes	60
9	RECOMMENDATIONS	61

Figures

Figure 1	Organisation structure of the WSC	15
Figure 2	Spheres of influence on the sustainability of the WSCs	16
Figure 3	Common relationship between WSCs and their main stakeholders	17
Figure 4	Five main areas of influence on the sustainability of the WSCs	18
Figure 5	Context of the Technical Supply System and the Service Delivery	19
Figure 6	Scenario 1	54
Figure 7	Scenario 2	54
Figure 8	Scenario 3	55
Figure 9	Relationship between the Federation of WSCs and its major stakeholders	57

Tables

Table 1	Examples of sustainability factors and their primary level of influence	21
Table 2	Local Governments' formal and potential roles versus WSCs' sustainability	25
Table 3	Sustainability Risk scores for the seven WSCs	31
Table 4	Summary of water fees and fee collection rates	35
Table 5	Summary of gender specificity	37
Table 6	Categorisation of 22 Water Supplies Companies in Morogoro Region	40
Table 7	Example of Company Profile of Ikela WSC	41

Appendices

1	ToR
2	Sustainability factors in three subject areas institutional, social and community, and financial
3	Extracts of the Rural Water Policy (draft July 1999) relevant for existing WSCs
4	Prioritised SWOT and strategic options per company
5	Profiles of the WSCs
6	Possible organisation structure of Federation of WSCs
7	Final Workshop results

Abbreviations and acronyms

BoD	Board of Directors
CD	Community Development
CDO	Community Development Officer
DC	District Commissioner
DED	District Executive Director
DFID	Department for International Development
DPM	District Programme Manager
DWE	District Water Engineer
DWP	Domestic Water Point
DWSP	Domestic Water Supply Programme
GS	Galvanised Steel
HID	Human Resources and Institution Development
HoD	Head of Department
HRD	Human Resources Development
IWP	Improved Water Point
KDC	Kilombero District Council
MP	Member of Parliament
NBC	National Bank of Commerce
NGO	Non Governmental Organisation
NRWP	National Rural Water Policy
O+M	Operation and Maintenance
PMO	Prime Minister's Office
RNE	Royal Netherlands Embassy
RTDC	Regional Training and Development Centre
SW	Shallow well
SWOT	Strengths, Weaknesses, Opportunities and Threats
TSh	Tanzanian Shilling
VG	Village Government
WSC	Water Supply Company
WUG	Water User Group

EXECUTIVE SUMMARY

The DWSP assisted in the construction and / or rehabilitation of 22 piped water supply schemes in Morogoro Region. For the management of the schemes autonomous Water Supply Companies (WSC) have been established. Morogoro is the first Region in Tanzania where this option for rural piped water supply schemes was introduced three years ago. As a result the Programme is on experimental grounds with this management option. Because of this experimental character, it was decided in January 1999 not to continue supporting all registered WSCs but to concentrate on seven.

The aim of the so-called SWOT mission is to develop and field-test models to streamline the social and business developments of the WSCs. SWOT means Strengths, Weaknesses, Opportunities and Threats and is an analytical model with a high degree of participation of all stakeholders. Next to the SWOT analysis the mission, which consisted of four experts, carried out a detailed sustainability risk analyses on the first batch of seven WSCs.

The objectives of the study have been to

- Categorise the WSCs and determine three to four models
- Develop SWOT analysis models
- Test the SWOT methodology
- Carry out detailed Sustainability Risk Analyses
- Recommend on immediate actions, long-term activities and approaches

Throughout the study the mission focussed on a wide variety of aspects related to sustainability. In that respect the sustenance was defined as "The capability of the WSCs to continue providing adequate water services to all users for a very long period of time even without financial or technical support from the present donor." The basic question emanating from this was "What are the risks on the sustainability of the Water Supply Company and its water supply services to the users?"

As such the study team looked into the water supply Company and its environment. In particular with regard to 1) legal aspects, 2) organisational setting and spheres of influence, 3) sustainability, 4) Rural Water Policy and 5) the role of the DWSP.

The mission draws the following general conclusions

- 1 None of the WSCs has reached a sustainability level sufficiently high to continue without further intensive support. With a promising future Companies are still in the development phase.
- 2 Provided that after a consolidation phase of another year, during which permanent and effective support should be rendered, possibly through an independent institution, sustenance would be reachable.
- 3 The level of achieved sustainability varies among the companies. Both the SWOT and sustainability risk analyses indicate that the three larger companies, i.e. Ikela, Ruaha and Rudewa, are further in their development than the smaller ones.
- 4 Complexity of technology (pumped versus gravity) is not the most important parameter to become more sustainable, but the number of user families is. Particularly the number of private connections and their effective demand are determining factors.
- 5 The readiness to pay for a higher and guaranteed service level makes the financial sustainability strong. More private connections indicate also a strong economic base in

DHV Consultants BV

the community. Smaller systems do not have that critical mass of regular payers and their management is weaker.

- 6 The Programme has given intensive support to seven WSCs since the beginning of 1999. The present improved performance of the WSCs, as compared with previous years, shows the positive effects of these efforts.
- 7 The companies consider DWSP as the true supporter in their development to become sustainable. Another year of support for consolidation is needed with varying degrees of intensity per WSC.
- 8 The SWOT and sustainability risk analyses methodologies are sound methods for assessing the performance of the companies. They complement each other, but can also be used separately. The SWOT methodology is particularly strong in assessment of the company's performance. The second methodology contains a rich set of good indicators.

The mission identified five key tasks on which DWSP should focus future assistance:

- Finalisation of legal aspects and ownership arrangements,
- Further development of the WSC option,
- Need for development of an independent support organisation (federation),
- Continued emphasis on involvement of the private sector,
- Due emphasis on methodologies and attitudes.

Out of three possible scenarios for future support to the water supply companies the mission is of the opinion that the best option is that DWSP continues to consolidate the achievements and to support the establishment and development of a supporting agency (regional federation) for further development of the WSCs.

The mission discourages the idea that DWSP should cease the assistance, while the WSCs have to rely on support from the Local Government and the private sector. Both parties lack the required capacity and means. The SWOT team neither favours the option that DWSP continues to support the WSCs nor develops further capacities in the Districts and private sector at the same time.

1 INTRODUCTION

The Domestic Water Supply Programme (DWSP) is a joint programme of Tanzanian Government and Netherlands Government represented by the Royal Netherlands Embassy in Dar es Salaam. At the Tanzanian side the Local Governments implement the Programme, and at the Netherlands side at this moment DHV Consultants is responsible for the Programme. The Programme is active in Morogoro and Shinyanga region. The present phase of the Programme started in 1993 for a period of five years but got a budget neutral extension of one year till the end of 1999.

The DWSP assisted in the construction or rehabilitation of 22 piped water supply schemes in Morogoro Region. Some of these schemes have not been fully completed yet. For the management of the schemes, autonomous Water Supply Companies (WSC) have been established. For rural water schemes Morogoro is the first Region in Tanzania where this option was introduced three years ago for autonomous water schemes management. As a result the Programme is on experimental grounds with this management option. Because of this experimental character, it was decided in January 1999 not to continue supporting all 21 registered WSCs but concentrate on seven. These seven WSCs are well distributed, also geographically, over the four districts the DWSP is active in. The seven WSCs are Ndole and Kambala in Morogoro District, Rudewa and Ruaha in Kilosa District, Ikela (Mkamba/Kidatu) in Kilombero District, and Makanga and Isongo in Ulanga District.

It was only towards the present programme phase (1993-1999) that the sustainability of the WSCs was linked to the legal framework required. This legal framework includes ownership of assets, surrounding land and water rights, and the legal status of the WSC as institution.

The aim of the present mission is to develop and field-test models to streamline the social and business developments of the WSCs. The ToR (Appendix 1) indicates that the Mission uses the SWOT model. SWOT means Strengths, Weaknesses, Opportunities and Threats, an analytical model with a high degree of participation of all stakeholders. The second report of this Mission describes the two methodologies used in this Mission.

Next to the SWOT analysis of the seven WSCs, the Mission carried out a detailed sustainability risk analysis for the seven WSCs on the request of the RNE¹. The risk analysis validates also the results from the SWOT analysis. An analytical model was developed and applied. The methodology of this model is also described in Report 2.

The objective of the Mission to develop model blueprints / guidelines for all relevant management issues has been removed from the objectives (ToR objective 4 and task 12).

The outputs of the Mission are

- ◆ A documented and field-tested SWOT methodology that can be used by DWSP, Districts and WSCs, and can have a wider application in Tanzania and abroad.

¹ as discussed at the RNE in Dar es Salaam on 10 May 1999

DHV Consultants BV

- ◆ A documented and field-tested Sustainability Risk Analysis methodology that can be used by the DWSP and organisations as Federations of WSCs
- ◆ SWOT results, including indicative strategic orientations, from seven WSCs discussed and validated with representatives from the WSCs and close stakeholders
- ◆ Detailed Sustainability Risk Analysis results of seven WSCs
- ◆ Documented output of a one-day National Workshop on sustainability of WSCs with representatives from all 21 WSCs, Districts, DWSP, Region and Central level

The reporting of the Mission is done in 9 volumes

- ◆ Report 1 is the Main Report covering the overall findings, conclusions, scenarios/strategies and recommendations
- ◆ Report 2 describes in detail the two main methodologies applied SWOT and Sustainability Risk Analysis
- ◆ Report 3 to 9 give the findings, conclusions and recommendations per Water Supply Company, one report for each company. These could be very useful for the companies when translated into Kiswahili

The Mission was composed of four consultants

Mr Deo Binamungu	HRD and Institutional Development specialist	WEDECO, Shinyanga
Mr Audace Kanshahu	Financial specialist	Morogoro
Mr Issae Madundo	Community Development specialist	Iringa
Mr Jo Smet	Water supply institutional development specialist and team leader	IRC, Delft, The Netherlands

The programming of the Mission was in three phases

Phase 1	9 May to 6 June 1999	Development of SWOT and Sustainability Risk Analysis methodology and tools, SWOT Analysis in three WSCs Rudewa, Ruaha and Ikela
Phase 2	7 June to 25 June and 26 July to 13 August 1999	Sustainability Risk Analysis in all seven WSCs
Phase 3	12 August to 11 September 1999	SWOT Analysis in four WSCs Kambala, Ndole, Makanga and Isongo

2 AIM AND OBJECTIVES OF THE STUDY

According to the ToR (Appendix 1) the aim of the Mission is to develop SWOT models for streamlining required social and business developments of the WSCs. The Mission will apply these SWOT models to jointly review with the WSCs and their stakeholders the past experiences and advise them on possibilities to arrive at sustainable social and business developments. On the request of the Netherlands Embassy, the aim was expanded to include a sustainability risk analysis of seven WSCs in the Programme. The objectives and tasks of the Mission have been adjusted after the briefing at the RNE on 10 May 1999.

The objectives are

- ◆ To categorise the WSCs and determine three to four models
- ◆ To develop SWOT analysis models
- ◆ To test the SWOT methodology on the seven selected WSCs and to amend the approach if needed
- ◆ To carry out a detailed Sustainability Risk Analysis for the seven WSCs
- ◆ To recommend immediate actions and long-term activities and approaches for the DWSP and the rural piped water supply segment in Tanzania

3 METHODOLOGY

Two methodologies were used as indicated in the ToR and as a result from the briefing at the RNE

- SWOT Analysis
- Sustainability Risk Analysis

Detailed descriptions of these two methodologies are given in volume 2
Methodology Report (on sustainability of 1st batch Water Supply Companies)

The two methodologies were meant to complement each other so that the team would be able to draw up general and specific conclusions related to WSCs sustainability and make recommendations for direct actions and for the longer term. In reference to the ToR the team defined 'sustainability' as

The capability of the WSCs to continue providing adequate water services to all users for a very long period of time even without financial / technical support from the present donor.

The SWOT and Sustainability Risks Analysis were to identify external and internal factors and actors, which in one way or another affected the continuity of services rendered by WSCs

3.1 SWOT methodology for WSCs

In general terms SWOT analysis is a tool designated to analyse Strengths, Weaknesses, Opportunities and Threats in a project or organisation. The tool can be used to analyse the aspects of an organisation at different stages of its cycle. It involves the analysis of internal factors (Strengths and Weaknesses) and external factors and actors (Opportunities and Threats) of an organisation.

In the SWOT analysis the stakeholders described the institutional setting of the WSC in which various external influences (Opportunities and Threats) were identified. Likewise, stakeholders analysed factors affecting the internal functioning of their WSC (Strengths and Weaknesses) related to the basic question

What are the risks on the sustainability of the Water Supply Company and its water supply services to the users?

Strategic Orientation (SOR) on the other hand is a method to formulate strategies. This is usually done after the SWOT analysis with the aim of generating major realistic options for improving the situation and specifically after the SWOTs have been prioritised.

The SWOT methodologies and tools provided the primary and secondary data for the Mission to draw her conclusions and recommendations. Furthermore, the SWOT Analysis enabled the stakeholders to get instant feedback about their companies (Strengths and Weaknesses), exposed to them new insights (Opportunities and Threats) and raised their awareness on how to proceed for a longer period of time (Strategic Orientation).

The SWOT Analysis demands for a balanced approach between participatory and conventional analytical tools. The main tools used during the study included

- review of relevant documents
- semi-structured interviews with individuals / groups of stakeholders
- field observations
- focus group discussions at all levels
- a series of SWOT-SOR workshops
- institutional and organisational analysis tools: Institutiogramme and Integrated Organisation Model (IOM)

Participatory tools were mainly applied throughout the study. Stakeholders were split for discussions according to their interest-groups such as water users (women), water users (men), WUG committees, WSC members / representatives, Board of Directors, District functionaries, Village Government leaders, private sector representatives and politicians such as MPs and Councillors.

The main steps in the SWOT Analysis were:

- Definition of Field of Analysis and Basic Question
- Review of relevant documents
- Identification of various stakeholders per WSC
- Carrying out a series of SWOT meetings with the identified stakeholders (one day per WSC)
- Analysis of SWOTs from meetings
- Validation and prioritisation of SWOTs and formulation of strategic orientations in one-day WSC Workshop

3.2 Sustainability Risk Analysis

Since the information gathered during the SWOT meetings tended to be cross-cutting in nature and sometimes conflicting, there was a need to cross-check facts, fill in gaps and validate it by applying conventional methods of data collection. This was done through the Sustainability Risk Analysis exercise. A structured checklist was developed with 20 main risks areas for sustainability with for each a relevant number of sub-areas. The 20 key risk areas covered seven social and community, seven institutional, and six financial areas. The number of sub-areas depended on the specific risk sub-areas there are in that key area. On the basis of this checklist a set of questionnaires for different interviewees was developed, tested and used during the second phase of the assignment (6 weeks).

In each WSC 2-3 days were spent to discuss with all stakeholders *within* the WSC, i.e. users, WUG Committee, Members and BoD. Most discussions were done bi-laterally with the most knowledgeable persons in the WSC. For instance, financial information and evidence was collected from the accountant and/or Treasurer.

Each sub-area got a score. The average score of all the sub-areas gave an area or factor score, indicating the risk for sustainability contributed by that specific key area. All factor scores for the 20 key areas gave a good relative indication of the risk for sustainability as the social/community, institutional, technical and financial areas were being covered.

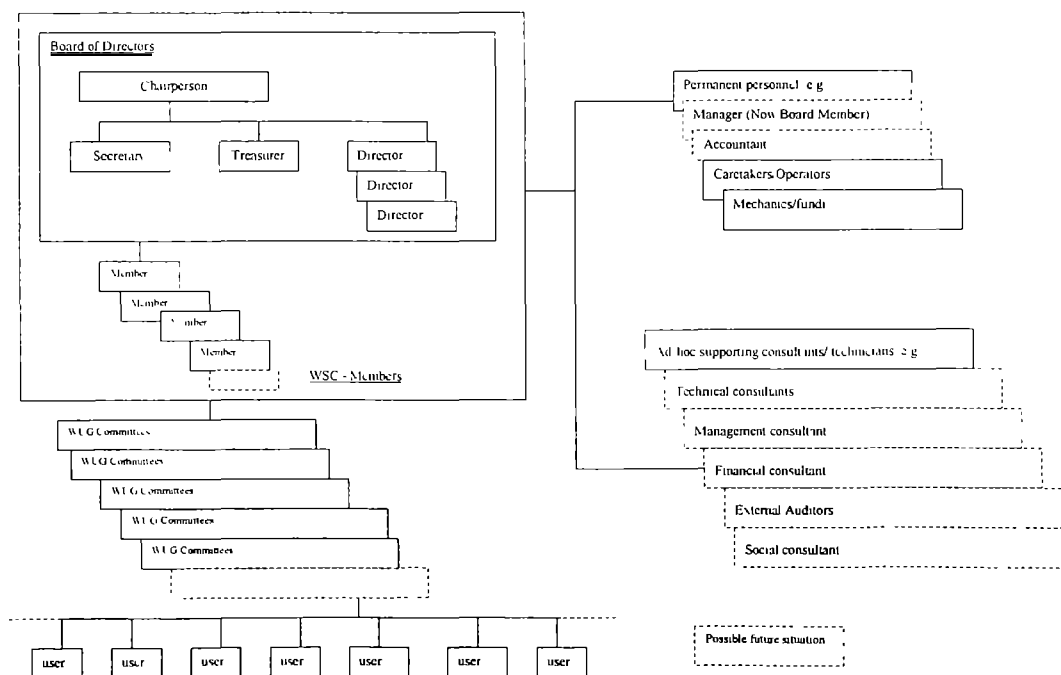
4 THE WATER SUPPLY COMPANY AND ITS ENVIRONMENT

4.1 Legal status and organisation structure

The WSCs are legal entities registered under the Companies Ordinance (Cap 212) as Companies Limited by Guarantee. A signed Memorandum and Articles of Association of the Water Supply Company in principle makes them the legal owners of the assets. However, until official handing-over has been effected the District Councils are the legal owners according to the Local Government Act of 1982². This Act stipulates that all water works and other properties of the kind situated in the respective district are vested in the district council. By virtue of this legislation all water works are deemed properties of the district council. The district council is empowered to delegate the discharge of these functions. Although the original, signed version of the Memorandum and Articles of Association is in English, all companies received recently the latest Kiswahili version.

The organisation structure of the company consists of four main groups: users, Water User Group Committees, Members and Board of Directors. Some companies have also the permanent personnel and ad-hoc supporting consultants / technicians. Figure 1 gives the common organisation structure and the detailed composition of the Board of the present WSCs. Although most WSCs have no personnel, the organogramme indicates also possible personnel and ad-hoc consultants/technicians. The roles and responsibilities of the different groups within the company, and the election procedures and terms for the Members and Directors are indicated in the Articles of Association in a way and language common for legislation but not structured for easy understanding. So are the election procedures and terms for the Members and Directors.

Figure 1 Organisation structure of the WSC



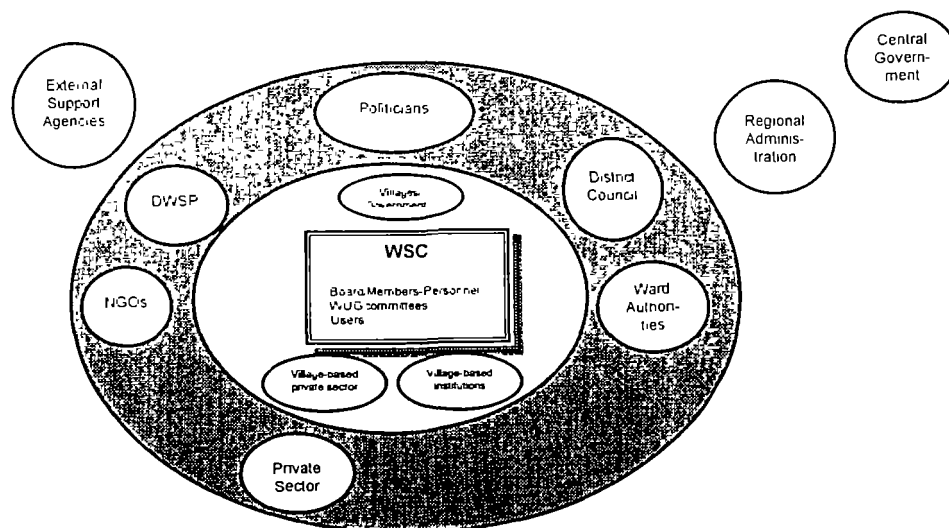
² Local Government Act no 9 of 1982 Section 5 (2)

4.2 Spheres of Influence and Institutiogramme

Several different environments influence the WSCs in such a way that all have an effect on Companies' sustainability. These environments may be internal, close-by or at a distance from the WSCs.

Figure 2 shows four distinctive spheres of influence, i.e. the internal block of the WSC, the ring of the village sphere, the sphere at the district level and the sphere outside the district.

Figure 2 Spheres of influence on the sustainability of the WSCs

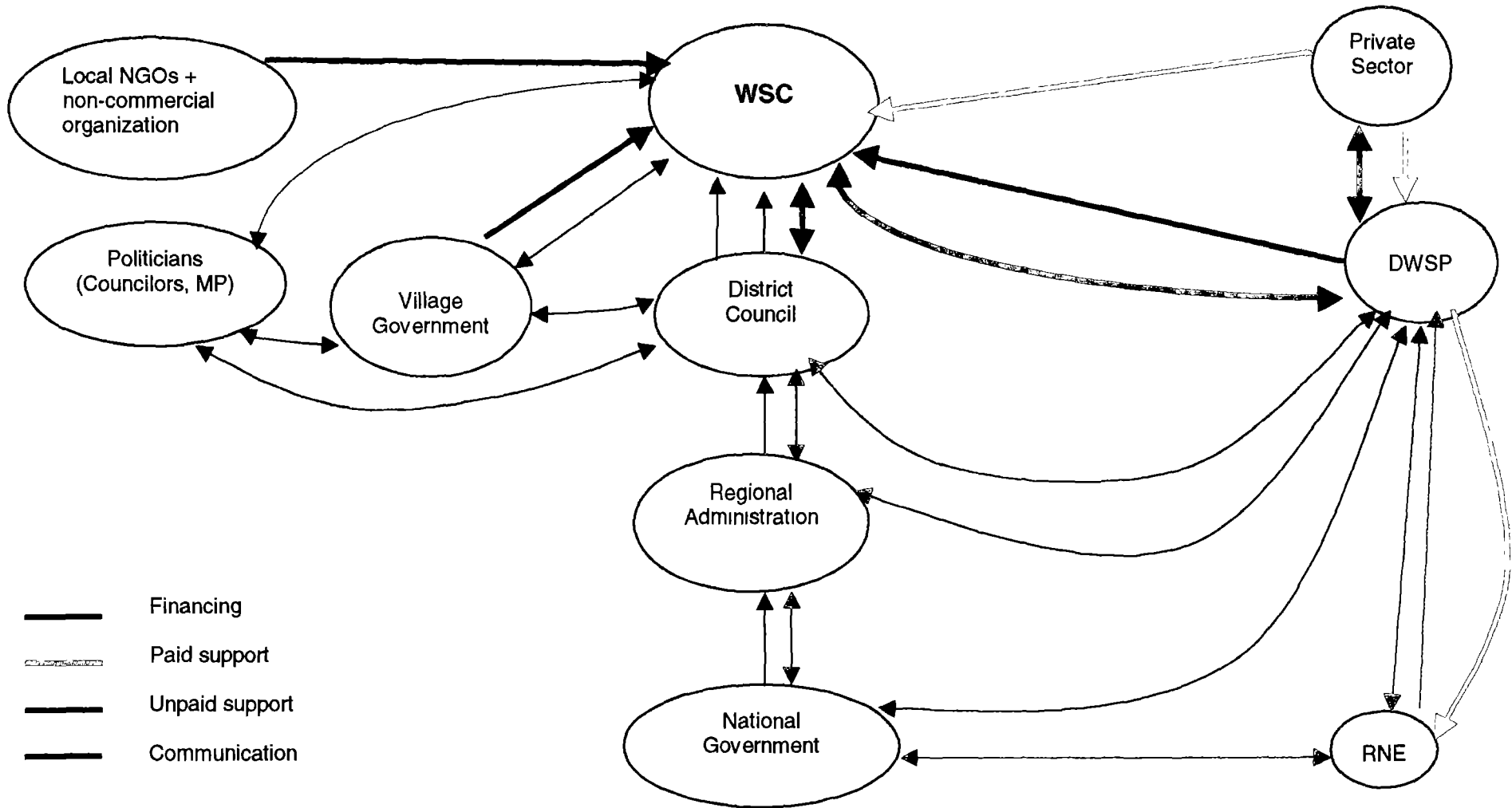


The closer the sphere of influence the more direct the effects are on the daily functioning, the performance and the sustainability of the WSCs. This does not mean that the outer spheres would be less important for the sustainability, but their effect on the WSCs is less direct. For example, if in the internal WSC sphere the Board is misappropriating funds, then the risk exists that the WSC may end up in an organisational crisis. On the other hand, if the Central Government would not timely produce the required legislation on the ownership, then this would not influence the supply of water to the people in the short term.

During the SWOT Analysis, the WSCs indicated their relationships with different stakeholders, which lead to "their" institutiogrammes. These WSC-specific institutiogrammes are referred to in the Chapter 5. There are numerous stakeholders in different spheres, but most WSCs mentioned only the ones in the direct spheres hardly going beyond the district spheres. The common stakeholders are, apart from the internal ones, the Village Government, the District Council (including district functionaries), the DWSP, politicians (Councillor and MP), local NGOs or institutions, and the local private sector.

The common relationship between stakeholders around the WSCs is drawn in Figure 3 (next page). The Regional Administration, Central Government and the RNE are included to give a complete picture of the present situation. The prevailing relationships are financing (and temporary DWSP financing), paid support (and temporary paid support by DWSP for activities), unpaid support and communication lines. The hierarchical relation is

Figure 3 Relationship between WSC and main stake holders



left out as this exists only within the WSC. The stronger the relationship the thicker the linking relationship line.

The indicated lines of relationship between the WSCs and the different stakeholders are a rather simplistic way to picture the reality. Under the heading of "unpaid support" provided by the Local and Central Governments, many roles and activities are covered (e.g. co-ordination of sector development, monitoring, planning for rural water supply etc.). The same applies for the linkages to the DWSP.

4.3 Key areas influencing the sustainability of the WSCs

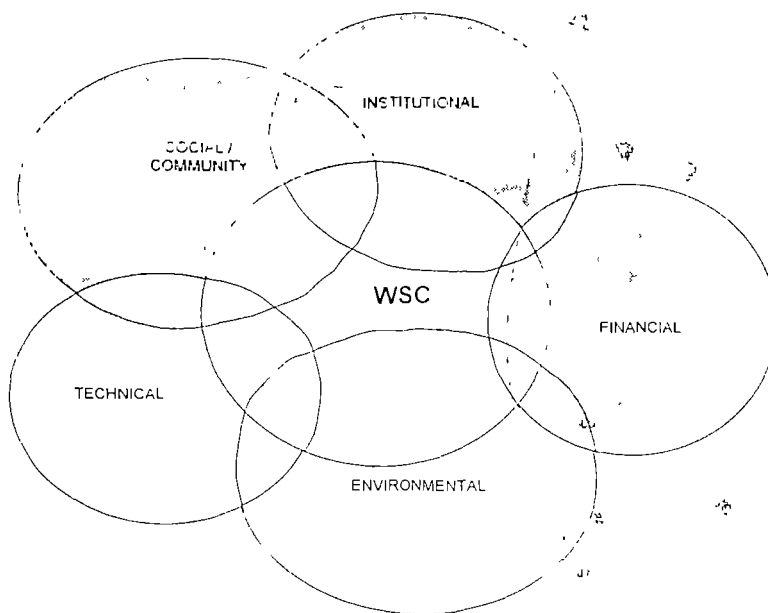
The Mission had in its ToR three main subject areas to include in its SWOT analysis and the Sustainability Risks Analysis:

- Institutional factors
- Social and community factors
- Financial factors

There are two more subject areas that influence the sustainability of the WSCs, i.e. technical factors and environmental factors.

Figure 4 illustrates the sustainability areas but also how they overlap with each other. For instance, the financial sustainability is also depending on the strength of the institution. So is the technical sustainability depending on several environmental factors such as pollution and catchment protection, and climatic changes. Some may be within, while others are beyond the control of the WSC and even entirely beyond the control of the District Authorities, such as rainfall.

Figure 4 Five main areas of influence on the sustainability of the WSCs

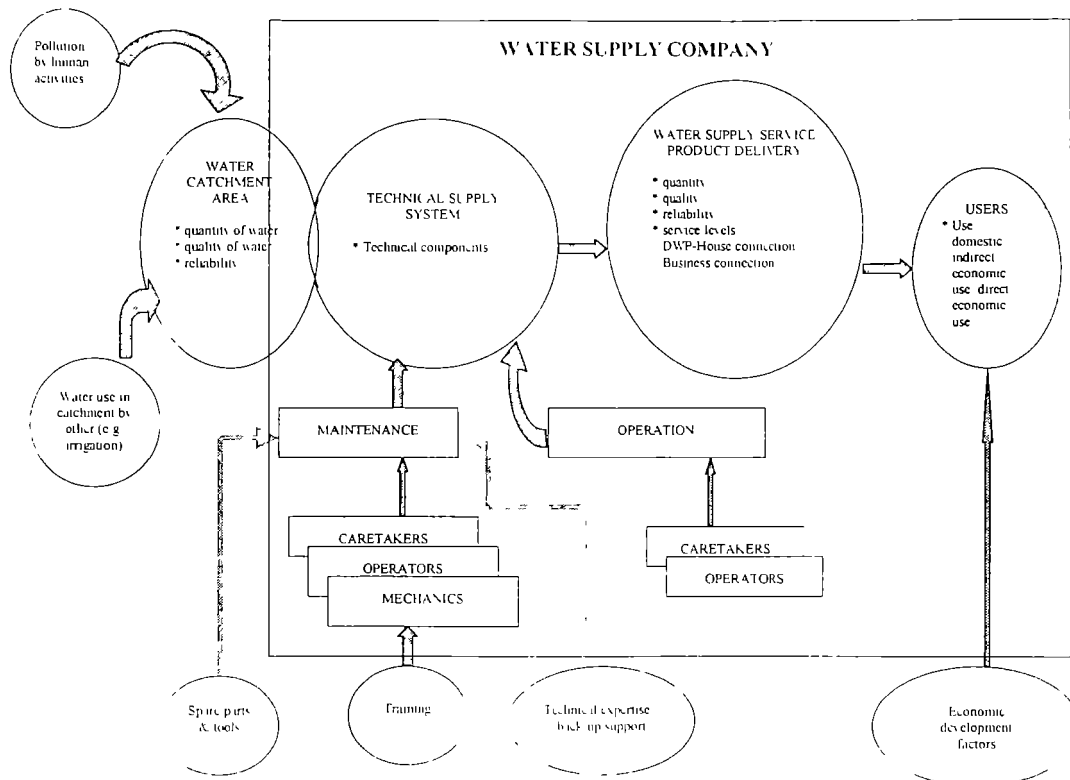


Although not explicitly mentioned in the ToR these two subject areas, i.e. environmental and technical factors, were included in the detailed Sustainability Risk Analysis, but not to the same degree of detail as the others. The specific factors were included in the community factors. They referred to the functionality of the water supply system (functioning DWPs, days the scheme does not provide water and reliability of the water source) and to

the appreciation, usage and benefits (water quality and quantity, the availability of alternative water sources)

The technical system and the service delivery of the WSC are illustrated in Figure 5 giving both the internal relationships and the external factors influencing system and service delivery

Figure 5 Context of the Technical Supply System and the Service Delivery



The full list of factors in the three subject areas is added as Appendix 2

Most of these sustainability factors refer to the inner spheres of the WSC, i.e. the WSC itself and the village sphere. That means that the sustainability of the WSC is primarily influenced by factors close to the Company, and to a lesser extent by factors further away such as the District and the outer sphere further than the district. This, however, does not mean that the WSCs can exist and continue without the support of institutions outside the village environment. The enabling environment from the Central and Local Governments are crucial, as well as the different types of support from programmes such as the DWSP.

DHV Consultants BV

When referring to the list of factors or issues in the three main sustainability areas (institutional, social and community, and financial), it is clear that these nearly all refer to the WSC and its relationship to, and support from, the users. Just to clarify this, Table 1 gives some factors within the three spheres

Table 1 Examples of sustainability factors and their primary level of influence

<i>Sustainability areas/ ----- Level of influence spheres</i>	<i>Institutional factors</i>	<i>Social and community factors</i>	<i>Financial factors</i>
Within WSC	<ul style="list-style-type: none"> • Separation of powers (Board and executives) • Members/Board Election and termination procedures • Management/technical competence • Work style and attitude • Trust • Transparency and accountability • Internal communication 	<ul style="list-style-type: none"> • user involvement in WSC • gender-specific issues • sanctions and social pressure on defaulters • acceptance of new responsibilities • community conflicts and factions • trust towards Committees and Board • perceived benefits • functioning of scheme and DWPs 	<ul style="list-style-type: none"> • Adherence to financial procedures and control • Financial reporting to users • Criteria for tariff setting • Fee collection • Tariff collection ratio • Enforcement of defaulters • Cash custody
Village level	<ul style="list-style-type: none"> • relationship with and support from Village Government • availability of spare parts • availability of technical capacities 	<ul style="list-style-type: none"> • attitude of village politicians and village opinion leaders • availability of alternative sources • economic base and level of commercial activities • population growth 	<ul style="list-style-type: none"> • presence of banks
District and Programme level	<ul style="list-style-type: none"> • Suggested organisational framework • Provision of training opportunities • Availability of private sector • Support from District Authorities • 	<ul style="list-style-type: none"> • user involvement in planning and construction of scheme • information and clarity on future ownership, management and payment for water • support from Ward and District politicians (MPs and Councillors) • Support from District Authorities • Water source capacity and other water abstractions, and pollution 	<ul style="list-style-type: none"> • Provision of financial formats and manuals • Presence of banks • Access to bank credits • Access to loans/grants
Regional and Central level	<ul style="list-style-type: none"> • Legal framework 	<ul style="list-style-type: none"> • Legal ownership 	<ul style="list-style-type: none"> • Availability of external auditors for WSC

4.4 The Enabling Environment and the Rural Water Policy

The Government of Tanzania is in the process of formulating a new *Rural Water Policy*. The latest draft is dated July 1999. For easy reference, those parts of the Policy which are of importance to WSCs established at this moment have been extracted and added as Appendix 3.

Under *Sustainability principles* the Policy Paper states that

- The management of the water schemes should be at the lowest appropriate level
- The ownership and management of the schemes rests with the users
- Full cost-recovery is aimed at for operation and maintenance, replacement and system expansion

The draft Rural Water Policy is further clear on the roles of the Central Government, Local Governments and the private sector through the overall statements captured in the two boxes below.

Government will change its role from being an implementer to a regulator, facilitator, promoter and co-ordinator

The private sector participation will be encouraged to improve efficiency and effectiveness of the rural water sector

The roles indicated for the Central Government and of particular importance to the existing WSCs are

- Provision of an adequate legal framework
- Promotion of institutional capacity including of the private sector
- Provision of technical and financial support to the rehabilitation and expansion of existing schemes

The roles indicated for the Local Governments and of particular importance to the existing WSCs are

- Monitoring and provision of back-up support to the communities
- Provision of technical and financial support to rehabilitation and expansion of existing schemes
- Support in the capacity building at district and community level and in the private sector
- Assistance to communities in contracting private sector services for the design, construction and management of water facilities
- Provision of technical and management support for communities to maintain their water facilities
- Provision of adequate legal framework for safeguarding ownership of water supply schemes by water user entities and private sector investments using provisions of the Local Government Authority Acts
- Monitoring and facilitation of the protection and conservation of catchment areas for enhanced water quality and quantity
- Co-ordination of sector development at district level
- Facilitation of participatory monitoring and evaluation at district and community levels

The private sector is expected to perform the following tasks, which are of particular importance to the existing WSCs

- Mobilisation and training of communities for responsive demand
- Assistance to communities to plan, to design, to supervise, to construct and to manage their systems
- Construction of water facilities
- Delivery, installation and servicing of plant and equipment
- Operation and maintenance of facilities under contracts with communities
- Promotion and training of communities in hygiene and health education
- Carrying out of innovative research cum development and dissemination of technology
- Facilitation of communities to have access to credit

The Mission had discussions with the seven WSCs and the District functionaries in the four districts. The present overall capacities in personnel and skills at the district and private sector level were roughly assessed. From these, it can be concluded that either the Local Governments or the private sector can not fulfil the above roles. Further in the report, findings and conclusions are detailed and potential strategies presented. The importance of the formulated roles of Local Governments for the sustainability of the WSCs and the present and envisaged future fulfilment of their roles is indicated in Table 2.

4.5 The Role of the Domestic Water Supply Programme

The DWSP is a joint programme of the Governments of Tanzania and of the Netherlands. The Programme started in 1993. The Tanzanian Government has the districts as the main actors steered through the Region, and the GoN has contracted DHV Consultants as advisors. In Morogoro DWSP is active in four districts. It has two types of water supply, shallow wells and piped water supply schemes.

Regarding the water schemes, the DWSP has been concentrating on the institutional aspects for the last year or so. Before, the technical aspects of rehabilitation and/or construction received the main attention. Within the spirit of the (draft) Rural Water Policy, the Programme assisted the communities to establish autonomous Water Supply Companies as the legal user entities owning and managing the water schemes. The Programme has over the last year intensively supported seven WSCs that were also the subject of this SWOT and Sustainability Risk Analysis. There is at this moment a continuous institutional and capacity building process aiming at building strong institutional frameworks and capacities of the seven WSCs.

Although the Programme is supposed to be implemented jointly by the Districts and the Consultants, it is particularly Programme staff (Programme Advisers and District Programme Managers) who is active in the development and implementation of the capacity and institutional building efforts and activities. They have developed concepts, frameworks and formats for the institutional operations of the WSCs.

In general, some excepted the District functionaries are not very pro-active in these efforts. This may be due to personal capacities but also to district financial, institutional and managerial capacities. Furthermore, the attitude and the approaches of district staff are in

Table 2 Local Governments' formal and potential roles versus WSCs' sustainability

Roles of the Local Governments (= District Councils)	Availability at the moment for existing WSCs. and how realistic to expect that for the future			Importance for WSCs' sustainability
		↓	↓	
a To monitor and provide back-up support to the communities	No monitoring capacity available. ad-hoc back-up is only through verbal advice often facilitated by DWSP			Back-up support needed on specific new problems
b To plan for rural water supply based on community demand	Community request reach district and plans are made depending on available funds		-----	Not applicable
c To provide technical and financial support to construction of new schemes and rehabilitation and expansion of existing schemes	Financial support absent, limited technical support (materials) only after political pressure			Schemes are in good condition when handed-over, but future expansion will be needed
d To support capacity building at district and community level and in the private sector	Capacity building in community only through DWSP in private sector absent			Capacity building very much needed. also of new members and committees
e To assist communities in contracting private sector services for the design construction and management of water and sanitation facilities	Absent			Private sector support is needed but WSCs need guidance
f To provide technical and management support for communities to maintain their water facilities	Absent			Business management is needed but lacking
g To provide adequate legal framework for safeguarding ownership of water supply schemes by water user entities and private sector investments using provisions of the Local Government Authority Acts	Legal documents have been prepared by DWSP and handing over documents by district			Needed for creating ownership among users and Members
h To monitor and facilitate protection and conservation of catchment areas for enhanced water quality and quantity	No monitoring and hardly facilitation of protection and conservation			To safeguard water quality and quantity, and reliability
i To co-ordinate sector development at district level	Usually one donor, but if more then limited co-ordination because donors determine what they want to fund		-----	Not applicable
j To facilitate participatory monitoring and evaluation at district and community levels	absent			Monitoring is important tool in management

LEGEND:

Availability

Good

adequate

poor

absent

Importance for sustainability

High

low

low

very low

DHV Consultants BV

general still of hierarchical nature with authoritative and paternalistic tendencies. This is counter-productive in the relations with autonomous bodies as WSCs. They need through joint review and learning-oriented contacts constructive advice to build up their capacities.

Although the Local Governments have a strong stake in the development and support towards the rural water supply including the WSCs, the effective role they play is due to the above reasons very limited. The low level of potential support is generally recognised by the WSCs. The role of the DWSP is appreciated.

5 FINDINGS FROM SWOT EXERCISES

The following are the common finding from a series of SWOT meetings and workshops with stakeholders in all the seven WSCs. These are the SWOT views and perceptions of the stakeholders! The findings have been analysed according to the three key study areas namely institutional issues, social and community issues, and financial issues. A full list of prioritised SWOTs and strategic options per company is given in Appendix 4.

5.1 Institutional issues

(a) Strengths

- All seven WSCs are registered as autonomous legal entities under the Companies Ordinance (Cap 212) with a private company limited by guarantee option
- The mission statement for each company is clearly indicated in the Memorandum and Articles of Association
- BoD are generally committed to the mission of the companies and as much as possible strive to implement their tasks in order that the entities continue to deliver satisfactory services to the users
- Most companies have their own local funds and in some cases like Ikela and Ruaha they are sufficiently skilled and competent in making less complicated repairs and maintenance of the schemes e.g. DWPs

(b) Weaknesses

- There is a general management weakness in all companies due to lack of skilled business managers
- The general absorptive capacity of WSC management is very low in comparison to the volume of responsibilities, money and other assets handled in each scheme
- Company structures including roles and responsibilities for various WSC functionaries are not very clear. In many cases the tasks overlap and conflict with each other since there is no clear demarcation of mandates between some board members (Chairman, Secretary and treasurer) who are also company executives
- BoDs do not usually communicate to users (not even through WSC members) on how companies are run especially on financial issues i.e. reports on income and expenditures
- All companies lack transparency and accountability mechanism because there are no operational guidelines for management to follow. Decisions are usually made either depending on one's pro-active and on intuitive capacity (top down approach) or many ad hoc meetings by BoD have to be held

(c) Opportunities

- Relatively large WSCs such as Ruaha and Ikela have access to local spare parts dealers who are prepared to enter into supply business with the companies
- In several company areas there are reliable local institutions e.g. Tabora and Ikoma disabled centres, Kilombero Sugar Company etc. which not only presently use water from the schemes (and KSC pays promptly), but also are ready to assist the companies in management and technical issues

DHV Consultants BV

- There are a considerable number of business management experts in district and regional headquarters within Morogoro who can be utilised by the companies
- All companies recognise the crucial and continued supportive role played by DWSP either through DPMs or the regional consultants

(d) Threats

- WSCs are in a situation of uncertainty of how they can survive without external technical support from DWSP
- There is a paternalistic and authoritative tendency of the government staff (District Council) towards the companies
- Government functionaries at the village and ward levels do not yet recognise the legal autonomy of the WSCs, a fact reflected in their negative attitude of mobilising users to pay for water. This state of affairs can be explained by the fact that initially (before the WSCs were established) it was through the government leadership that villagers were mobilised to construct the schemes e.g. trench excavation, collection of sands, aggregates etc

5.2 Social / community issues

(a) Strengths

- Users generally appreciate the services being rendered by the companies since most of the schemes have a continuous supply of water close to their homesteads
- Water users have strong belief that they own the DWPs and not necessarily the companies. This belief is expressed in the commitment they have in maintaining the surroundings of the DWPs and their prompt requests from BoD in case the DWPs run out of order
- Users have in the past demonstrated their willingness and capability to participate in community water projects
- Most users are willing to pay water fees as long as water is running
- WSCs have dependable intakes and supply lines
- WSCs have instituted criteria for equitable distribution of water particularly to the poorer strata of the population within their localities

(b) Weaknesses

- The willingness to pay for water is in many cases hampered by the old culture/attitude among some users that water is a "free" commodity
- Users as well as WUG committees do not regularly meet to discuss issues pertaining to their WUG
- Women are predominantly active in traditional roles e.g. cleaning of DWPs and less active in decision making
- Users have no clue regarding the ownership of companies
- Non-transparency by BoD on financial matters puts at stake the whole attitude of trust by users to company leadership

(c) Opportunities

- Women form particularly an important force to keep the companies in operation since they are the major stakeholders as far as potable water is concerned

- The demand-driven approach is one of the principles in the Draft Rural Water Policy

(d) Threats

- In nearly all villages with WSCs there are several other alternative water sources e.g. springs, open shallow wells and rivers, which some users find as substitutes to improved water schemes especially when they want to avoid paying water charges
- WSCs see DWSP and District councils as prime movers of action since most important decisions such as constitutions, tariff rates, prohibition of using scheme water for economic-productive purposes are passed on to them without prior consultations
- Donor/GoT have not yet explicitly stipulated the modalities for the transfer of ownership of assets, which to WSCs is a bottleneck to confidence building
- Environmental control over intakes is sometimes beyond WSCs' powers since some are in national conservation areas, e.g. Ikela and Ruaha and others have polluted water sources, e.g. Makanga

5.3 Financial issues

(a) Strengths

- At least each company has set a water tariff and it is well known to all users
- WUG committees are required (and they know this role) to collect water fees from users at DWPs and submit the money directly to BoD treasurer. In principle the WUG treasurer is supposed to be paid a commission of 10% for the amount collected
- The present rates (tariff) are generally affordable by most of the users
- Majority of users is willing to pay for water if they get the services

(b) Weaknesses

- Water fees are not set on business considerations
- The general absorptive capacity of WSC (management) is very low compared to the amount of responsibilities and assets
- With the exception of Ikela and Ruaha, most companies have no provisional funds / account for depreciation and expansion. Hence, the present tariff rates are very low and unable to cover for full depreciation of schemes
- The majority of users do not pay water bills in time, which leads to higher outstanding bills

(c) Opportunities

- There is a very high (effective) demand for private connections in almost all the WSCs
- Productive use of water, e.g. brick-making, vegetable gardens etc. have a spin-off effect on users incomes
- In areas where population growth is increasing fast, e.g. in Ruaha and Ikela water requirements are expected to increase correspondingly
- Local institutions such as Kilombero Sugar Company in Ikela and Regina Mundi Secondary School in Isongo are an opportunity to increasing water demand and sales from WSCs

(d) Threats

- Unstable prices of spare parts pose a possible threat to companies especially when they have to purchase them from private local hardware shops
- Acts of God, e.g. El-Ninno, famine, droughts etc. are said to have serious adverse effects on incapacitating users from paying water fees
- Users regard water fee collection through legal enforcement by VG sometimes as harsh and an incentive to evade paying water tariffs
- Lack of political support from MPs and Councillors in mobilising people in their own development contributes to users' laxity to pay tariffs or engage themselves in productive activities

6 FINDINGS FROM SUSTAINABILITY RISKS ANALYSES

6.1 Sustainability Risk Analysis

The Sustainability Risk Analysis had 20 key areas (with sub-areas) assessed. The results are compiled in the company-specific reports. The compound scores per key area and for the three main clusters are given in Table 3. These main clusters are institutional, social and community, and financial issues.

Table 3 Sustainability Risk scores for the seven WSCs

No	Key factor	Rudewa	Ruaha	Ikela	Makanga	Isongo	Kambala	Ndole	average
INSTITUTIONAL OVERALL		2.8	2.8	2.6	3.0	2.8	3.1	3.2	2.9
1	WSC structure	2.3	2.3	2.3	2.5	2.3	2.5	2.8	2.4
2	BoD Performance	2.3	2.3	2.2	2.8	2.5	2.8	2.7	2.5
3	WSC Personnel	3.2	3.2	2.8	3.2	2.9	3.3	3.2	3.1
4	Management	2.4	2.4	2.3	2.4	2.7	2.9	3.0	2.6
5	Management System/process	3.6	3.6	3.6	3.6	3.0	3.8	3.8	3.6
6	WUG and Committee	2.8	2.8	2.8	3.3	3.0	3.0	3.5	3.0
7	Networking collaboration etc.	3.2	3.2	2.4	3.4	3.4	3.6	3.8	3.3
SOCIAL COMMUNITY OVERALL		2.3	2.0	2.1	2.0	2.2	2.2	2.1	2.1
8	Demand-driven, part & gender	1.9	1.9	1.7	1.9	2.3	1.9	2.1	2.0
9	Community/political dynamics	2.2	2.2	2.1	1.9	2.0	1.7	2.0	2.0
10	Ownership, commitment, trust	2.4	2.4	2.4	3.6	2.6	2.4	2.2	2.6
11	Communication	4.0	3.0	3.0	1.5	2.5	3.0	3.0	2.9
12	Functionality System	3.3	2.9	3.0	1.9	2.6	2.7	1.6	2.6
13	Usage, benefits and appreciation	1.0	1.0	1.8	1.8	1.5	1.5	1.0	1.4
14	Economic bases	1.7	1.0	1.0	1.7	1.7	2.0	2.7	1.7
FINANCIAL OVERALL		2.9	2.4	2.8	3.2	3.0	3.6	3.3	3.0
15	Financial procedures	3.0	2.5	3.0	3.0	3.0	3.0	3.0	2.9
16	Financial management	3.0	2.2	3.0	3.5	2.5	3.5	4.0	3.1
17	Financial performance	2.8	2.7	2.2	2.3	2.5	3.3	3.0	2.7
18	Transparency and reporting	2.5	1.7	2.5	4.0	4.0	4.0	4.0	3.2
19	Accountability	2.0	2.0	2.0	2.5	2.0	4.0	2.0	2.4
20	Access to alternative financing	4.0	3.5	4.0	4.0	4.0	4.0	4.0	3.9
OVERALL SCORE		2.7	2.4	2.5	2.8	2.7	3.0	2.9	2.7

Score range 1 = relatively low sustainability risk
 2 = relatively medium low sustainability risk
 3 = relatively medium high sustainability risk
 4 = relatively high sustainability risk

data collected June-July 1999

The scores range from 1 to 4, 1 being a low risk and 4 a very high risk. The results are very interesting and confirm impressions from the SWOT analysis. The lowest sustainability risk of the seven WSCs has Ruaha, closely followed by Ikela. In the middle group are Rudewa and Isongo. Makanga, but particularly Ndole and Kambala, face a high sustainability risk at this moment. Interesting are also the variations in scores of the clusters. Ikela scores best on the institutional issues while Ruaha has a good score on financial issues, and Kambala is extremely weak there. Social and community issues score relatively good, except in Rudewa where communication is extremely poor.

Most key areas are assessed using verifiable SMART¹ indicators. Some areas, particularly among the Social and Community key areas were assessed using qualitative indicators. Subjectivity influences the level of the scores. However, the scores can be compared with each other as the same persons were assessing all the WSCs. The scores give also a good impression of the relative sustainability at the time of the data collection. From the detailed analysis on the sustainability risks of the WSCs a number of outstanding strengths and weaknesses were identified. These were not, as in the SWOT analysis, indicated by the people but based upon evidence found in the WSCs including the WUGs.

6.2 Common Strengths

6.2.1 Institutional Issues

- All WSCs are registered as legal entities under the Companies Ordinances (Cap. 212). Community members and institutions including the Village Government and authorities like MPs and Councillors increasingly recognise WSCs as autonomous institutions. It was commonly found that these authorities support the WSCs towards their mission.
- None of the WSCs were faced with serious labour disputes for the last 12 months. This is also due to the fact that none of the WSCs has personnel but just temporary or voluntary executives who are also elected WSC Members, and a technician (fundu) who are paid allowances. There are no BoD-members (selected as executives or temporary executive), who have left or have been sacked in any of the WSCs for the last year.
- Managers of WSCs (who are also Directors in the Board) – use their wisdom to establish good relations with all company staff. The WSCs have also established good relations with external stakeholders, e.g. DWSP and District Water Department, local institutions including private sector and opinion leaders.
- Boards leadership strives to consider ideas and views from the company staff and WUG Committees in order to improve the WSC management, for example accepting kind payment for water.
- BoDs of the seven WSCs meet at least once a month. They discuss common issues related to water supply, management, community involvement and how best they could improve fee collections.
- In order to maximise transparency and accountability very few documents (less than 20%) are classified as confidential, which does not imply that the WUG committees consult these.
- Electoral procedures for committees are available and communicated to users. Elections at all levels adhered to procedures. All the DWPs have WSCs committees.
- Major roles and responsibilities for BoD and WUG Committees are stated in the WSC “Articles of Association”. Up to 1999, these were only in English, and in typical legislative formulation. Therefore these were not effectively and clearly communicated to users.

¹ SMART means Specific, Measurable, Accurate, Realistic and Time-specific

- Election and termination procedures for BoD, are stated in the WSC 'Articles of Association'. However, there is not an abridged version, and these are not communicated to Members of WSCs or to users
- More and more private firms are selling spare parts for schemes. Local private shops have spares for distribution systems, e.g. bib-cocks and some pipes of common diameters. But none has specific valves or spares for pumps, diesel engine or electro-motors
- DWSP, including the support from the District Council, and especially the water engineers and community development officers, assist the WSCs in technical fields through advice, guidance and training

6.2.2 Social / community issues

- All the WSCs meet the expressed demand and need in the communities for clean and adequate water. Although some of the projects may have been more supply-driven during the time of implementation, the water supply services are now much appreciated by most of the villagers (more than 80%) in the supply area. Appreciation concerns particularly quality and quantity of the water, and reliability and service level of the supply
- Generally 50% or more of the community members were readily prepared to contribute to the scheme construction and financing, i.e. in kind, labour and in cash. Between 25% and 75% of community members had, at the time of the construction / rehabilitation, clear knowledge that the water had to be paid for and would no longer be a free commodity
- Users and WUG committees are jointly participating in the O&M of the DWPs. Most WUG committees take their job serious. The WUG Committees are commonly permitted as a group with special authority to collect fees from the users. The WUG committees are recognised by the community as a team of leaders who represent others to discuss, and make decisions on behalf of all other users
- Men and women are jointly and effectively participating in maintaining the DWPs. Through own and internal arrangements, women furnish and clean the concrete floors and even plant flowers around the water points. Men on the other hand are mainly involved in cleaning the drainage furrows and DWP surroundings. Though not often, men also repair broken water ways and soak pits tanks and assist in the maintenance tasks of intakes and distribution system where the skilled technicians are not necessary
- More than 40% of WUG committees' members are women. All treasurers of the seven WSCs are women. This indicates the result of gender-sensitivity awareness raising
- All the WSCs involved in this exercise received support from the village government on putting sanctions on defaulters. Social peer pressure by other users helped defaulters to pay outstanding charges
- More than 80% of users interviewed responded that they have enough trust in the elected WUG committee members. They gave as main reasons of trust the facts that the WUGs committees issue receipts when collecting fees, and make sure that they ensure continuous water supply and that DWPs are kept clean

- Four out of seven WSCs involved in this exercise have normal population growth rates for the last three years. However, there is an influx of labourers in two WSC areas. In Ikela the population grew from 9,000 to 27,500, and in Ruaha from 8,900 to 17,000 within 4 years. It was noted that the temporary labourers, who come to the villages in the months of June to September to work at the sugar estate, later opted to stay in guest and boarding houses until next sugar harvest seasons.
- All WSCs except Rudewa have a water source, which is reliable throughout the year.
- Four out of the seven companies, i.e. Ruaha, Ndole, Makanga and Isongo, have adequate water in quantity and quality.
- All interviewed water users in the seven WSCs mention at least two benefits they gained or were realised from water supply services. Mentioned benefits include economic, health, time saving and clean domestic environmental impact.
- Although the villages supplied by the seven WSCs have also alternative sources of water available to users, the water quality to these is very poor compared to that of the scheme water. Such alternative sources include rivers, shallow wells, and springs.
- Generally about 35% of the community members served by the seven WSCs are eligible to pay water fees. It is noted that more than 60% of the population belongs to the group of youths under 18 years and the disabled (i.e. elders and handicapped) and therefore are unable to pay for water tariffs.
- There is an increasing demand for water supply through DWPs and private connections in all seven WSCs. In one year Ikela WSC received 327 applications for private connections and Ruaha WSC 43. Five new DWPs have been requested by the users in the seven WSCs.
- Many users in the seven WSCs demand to use the scheme water also for productive purposes against payment of economic sites. Therefore, they requested the companies to lift the rule that forbids that. Productive use includes small-scale irrigation, brick-making, local brewing etc.

6.2.3 Financial issues

- Two out of seven WSCs prepared and presented their annual budget to WSC Members for approval.
- Treasurers of all companies have started to use financial manuals and the formats prepared and issued by the DWSP.
- The ratio of payment of water fees is much higher for private connections than for DWPs. For the first the ratio ranges between 32% and 100%, while for DWPs the range is between 6 and 45%.

Table 4 Summary of water fees and fee collection rates
(Based on 1998 and/or first quarter 1999)
Fees in TSh

WSC	Domestic Water Point		House Connection		Business Connection	
	Water fee / household per month	Fee collection rate (%)	Water fee/ connection per month	Fee collection rate (%)	Water fee / connection per month	Fee collection rate (%)
Rudewa	400	18	1000	100	11,000	83
Ruaha	200	44	1000	99	3,000	99
Ikela	200	45	1000	81	3,000	94
Kambala	500 (per adult)	11	-	-	50 (per calf)	0
Ndole	200	42	500	52	-	-
Makanga	200	5	400	49	1,000	-
Isongo	200	6	500	32	2,000 and 3,000	72
Average	200 (gravity) 700 (pumped)	26	730	69	2,400 (Rudewa and Kambala not included)	87 (Kambala not included)

- All seven WSCs have opened bank accounts and keep their monies under proper custody. So far no theft was reported in any of these seven companies

6.3 Common Weaknesses

6.3.1 Institutional Issues

- None of the seven WSCs separated the authorities. Leaders elected to make broad decisions and control business affairs of these companies are at the same time executives who implement day-to-day activities. Users fear that the company leaders cannot control the executives as they have the same position in the company. As a result users have less trust in the company leaders.
- None of the WSC members, who have taken executive tasks, have sufficient knowledge and skills required accomplishing the task. In all companies, users have no idea of what their BoD is doing or how their companies are performing because WSC managers do not prepare adequate reports and do not give them to the members.
- The WSCs lack personnel with the required skills. For example, most of the executives were just selected from among either users or BoDs. In most cases they have very limited management and technical skills. Two out of seven companies have technicians with full Trade Test Certificates (i.e. Ikela and Ruaha).
- Most of the staff in WSCs is not paid fixed salaries. Some of them get allowances, which are not fixed, (range from TShs 5,000 to 20,000 per month). Ruaha WSC staff gets as incentive a housing allowance of TShs 2,000 per month.

DHV Consultants BV

- Although the Company's constitution stipulates measures to sanction directors in case of mismanagement or misconduct, members are not aware of these articles and there are no procedures. Hence, the members do not sanction irresponsible directors, they remain in position. As a result, trust and commitment is dwindling, no regular meetings, poor transparency and other practices, which all seriously affect the WSCs' sustainability.
- Currently the WSCs have no manpower planning or staff development strategies. Therefore, for example no staff recruitment procedures. Most executives in WSCs are using the past experiences. None of them has been exposed to training. WSCs do not have training plans for their members or staff.
- The terms of office for company members and BoD is too short to gain sufficient experiences and build confidence. In all WSCs' most members of BoDs are replaced after one year. This makes them miss the opportunities to learn by themselves or be trained by the WSCs.
- WSCs' have no operational management guidelines to assist the executives to implement their activities and to assist BoD to direct and control their WSCs. These guidelines need to be specific for the type and size of the scheme.
- Most of the WSCs neither have short or long-term development plans to improve their performance. Present plans are poorly prepared. The companies lack vision on where they want to be, to go, in 3-5 years from now. As a result most of the WSCs' BoD are not aware of major repair requirements, expected expansion, depreciation and replacements in the future.
- WUG committees do not have a document, which defines clearly their roles and responsibilities. Although most users have trust in the committee, they are complaining that the committees only discuss tariffs, collection of fees and cleaning of the DWPs. These are the instructions from the BoD.
- The BoD complains that the constitution is not very clear to them, partly because it is so far in English and is much professionally written.
- The WSCs have not yet gained enough confidence to own and manage their activities. The DWSP has trained and is supporting the WSCs in the development of the institutions and management operations. Three companies still need the DWSP continuous intensive support, i.e. Makanga, Ndole and Kambala. These companies have enough potential but shall require intensive advice and guidance to build up and consolidate institutional and management capacity.

6.3.2 Community and Social Issues

- Currently the percentage of female company members is very low, e.g. in Ruaha it is only 6%. This is a weakness considering that women are direct users of water and their ideas and preferences are now not integrated into decision bodies.
- No training on gender aspect was conducted for the last twelve months. Because the users (men and women) own the company, its services should satisfy the specific water requirements for men and women. The management should be gender-conscious in

their water development plan. The present state of affairs on gender balance is much due to social and cultural factors, which can be reduced by the training and support in gender-specific planning.

Table 5 Summary of gender specificity
(As per June / July 1999)

WSC name	Board of Directors			Members			WUG Committees		
	total	women	women %	total	women	women %	total	women	women %
Rudewa	7	1	14	19	4	21	84	No data	
Rudewa	10	1	14	33	2	6	204	No data	
Ikela	10	2	20	50	5	10	468	No data	
Kambala	7	1	14	14	5	36	42	No data	
Ndole	6	2	33	12	6	50	36	No data	
Makanga	7	1	14	14	6	43	66	No data	
Isongo	10	2	20	36	6	17	102	No data	
Average %			18			26			40-50

- Most of the water users are not willing to pay water fees. The records on water payment show that at the moment about 50% of users are defaulters. The situation is worse for WSCs without house and business connections. For example Kambala and Ndole (only 1 and 2 connections respectively) the percentage of defaulters is 89% and 58% respectively (based on 1999 first quarter data).
- Company members and WUG committee members find it difficult to hold meetings with users. They cannot cope with the challenges of users' participation in the management of the company and WUGs. For example WUG committees use meetings to give order, direct and tell users what they are expected to do. But users want to know what the state-of-affairs is, what is in the financial reports, what the problems are and how the management plans to solve these.
- Ownership of WSCs is not clear to most of the users. Some users think that the district council, DWSP and the users through their WUGs jointly own the companies. But also other users see that the companies belong to BoDs. Users feel that they have neither control or influence on important issues of their WSCs, for example on the formulation of the constitution, on budgeting and water tariffs setting. Many users indicated that the DWSP and the districts imposed certain measures on the WSCs. Makanga and Ndole users said that usually what the District and DWSP want is what will happen in the WSCs.
- Several Village Governments interfere in the companies' autonomy and legal ownership. This interference jeopardises the companies' management and control. This also affects the whole spirit of ownership (as felt by users), commitment and self-determination. On the other hand the relationship with village government, District Council and DWSP should not be denied.

- Several politicians and respected village authorities at different level sent wrong messages to users and community members contradicting the mission and interests of WSCs
- Most local communities and so the WSC lack adequate technical skills. This weakness is prevailing in all companies, but it is much less a problem for gravity schemes. Local technicians who are involved in pumping, maintaining and repairing schemes have very low technical competence. For example in Kambala the team found that the scheme is not functioning for about 3 months past. The ability to organise and supervise technicians from outside the community, e.g. private technicians rectifying problems, is limited. Several BoDs had to ask the districts and DWSP to supervise the private technicians in fear that some things may go wrong without the outside supervision. This is too bad because it affects the functionality of the water supply system and therefore the WSCs sustainability.

6.3.3 Financial Issues

- Fee collection enforcement, procedures and the quality of follow-up is problematic in most of the WSCs. In some companies, and at rare cases, defaulters have been sanctioned and increasingly paying both the arrears and the current fees. The weakness is that both the Boards and WUG committees are unable to enforce collections by using the power invested and procedures laid down. The current Boards pass over the complaints to previous Boards. Defaulters who are not paying and still collect water, the "free riders", discourage users willing to pay at the moment. The company management does not make deliberate efforts to educate and convince users to pay for water they draw. In Makanga users were told to pay because regional officials are coming. In Ndole about 90% of defaulters paid whenever management puts stiff sanctions with support of village and ward government authority. And in Isongo deviants have paid after few of them were taken to court. When and where many of the users do not pay fees the WSCs financial sustainability is at risk.
- Board does budgeting without members' influence or approval. Most of WSCs have annual budgets, which are results of BoD proposal. In most cases members, like other users, know about water charges. The WSCs lack competency and confidence to prepare and present budgets to users. Other reasons to this weakness include lack of vision, lack of commitment and poor business management and communication skills. In discussion with BoD it was noted that they are in short of experience and they lack training for improving their competency and confidence.
- WSCs lack reserve funds for future expansion and rehabilitation. Currently the seven schemes are intact and they only incur maintenance and operation costs. Provision for future work is far from WSC's management vision. The Kambala WSC faces a problem, as it must raise some TSh 600.000 to rectify the diesel driven generator failure. Meanwhile it is known that loans from commercial banks are not only too difficult to get, also interest rates are very high. The management of WSCs finds it difficult to make arrangement for such reserves. They argue that it is already a constraint for the current water fee payments, let alone the higher tariffs. Another worry among the WSCs is on management and safety of the reserves. In Ruaha, Rudewa and Isongo new applications were received but just like in other WSCs users complain that the

charges for private connections are too high to be paid by ordinary people. So by this weakness the future is blink and sustainability is at a risk.

- WSCs lack financial transparency and reporting to users. In most of the meetings with stakeholders, it was revealed that users demand for financial reports, i.e. how much was collected and how it was spent. At present the Board does not meet this demand. It was noted that when the team indicated that the boards are required to do so, they gave counter-arguments. Such as: too technical to users, it is expensive, no papers, users do not come to meetings, Board is not paid to produce the reports, inadequate collections, it is not a right, it is confidential, and it is against the business ethics. This weakness is a risk to WSC's sustainability because it prevents the crucial communication, accountability, feedback and trust towards elected cadres.

6.3.4 Categorisation of the 21 WSCs

Using the data provided by the DWSP a categorisation of the WSCs was made. Five main categories were identified, viz. type of technology, number of villages, potential number of users, number of DWPs and number of private connections. On the last category no data were available from all WSCs, for the seven the mission collected the data. Table 6 gives the overview of the 21 WSCs according to these categories. The scoring in sustainability risk can be cross-linked with this categorisation.

Table 6 Categorisation of 22 Water Supplies Companies in Morogoro Region

As per June/July 1999

Name WSC	District	Technology			No of villages	Potential no of users			No of DWPs			No of house/business connections	
		Gravity	Pumped diesel	Pumped electro		< 5,000	5,000 - 10,000	>10,000	<15	15-40	>40		
1 Kambala	Morogoro Rural				1							1	
2 Mlali/Kiperi/Melela	Morogoro Rural				4							74	
3 Mkuyuni	Morogoro Rural				1							0	
4 Lukenge	Morogoro Rural				1							0	
5 Ndole	Morogoro Rural				1							22	
6 Ikela (Mkamba/Kidatu)	Kilombero				2							219 plus KSC (bulk water supply)	
7 Ichonde/Kisawasawa	Kilombero				2							33	
8 Mlimba	Kilombero				2							0	
9 Kibaoni	Kilombero				1								Not operational
10 Lumemo/Mahutanga	Kilombero				2							11	
11 Mwaya/Mgudeni	Kilombero				2								Not operational
12 Magubike	Kilosa				1							22	
13 Mikumi	Kilosa				1							180	
14 Ruaha	Kilosa				1							260	
15 Msowero	Kilosa				1								Not operational
15 Rudewa/Gongoni	Kilosa				2							27	
17 Kimamba	Kilosa				2							280	
18 Dumila	Kilosa				1								Not operational
19 Isongo	Ulanga				1							19	
20 Makanga	Ulanga				1							6	
21 Mlimbira	Ulanga				6							0	
22 Rumwamchili	Ulanga				3							14	

6.4 Company Profiles

For all companies profiles have been made that give on one page the present performance of the WSC. A selection of the most important indicators has been made. This profile can be updated any moment but half-yearly profiles would give a good indication on the progress in development towards sustainability. The profile for Ikela is shown in Table 7 as an example. The profiles of the seven WSCs are added as Appendix 5.

Table 7 Example of Company Profile of Ikela WSC

As per December 1998

1	Type of scheme	Gravity
2	Short history of scheme	Completed by DWSP July 1997
3	Number of villages served	2
4	Population served	27 693 (10,658 house holds)
5	Number of DWPs	78
6	Number of house and business connections	250 (old gravity scheme)
7	Invested value of scheme	TSh 244,000.000
8	Registration date of WSC	August 1995
9	Number of WSC members	50 (5 females)
10	Number of Directors in Board	10 (2 females)
11	Average term (in years) of Board of Directors since registration	1 year (constitutionally)
12	Number of employed staff and functions (and no. staff per 1,000 users)	none
13	Average monthly income (last 12 months) (TSh)	TSh 310 000
14	Average monthly recurrent expenditure (last 12 months) (and recurrent expenditures per 1 000 users)	TSh 165.150 TSh 52.70
15	Present bank balance for recurrent expenditures	TSh 1,176.000
	Percentage of monthly recurrent expenditure	80.6%
16	Present bank balance for future investments (reserve)	TSh 1,474 000
	Percentage of asset value	0.6%
17	Tariffs DWP / House-connection / Business connection	DWP (per hh in July 1999) TSh 200 House connection TSh 1000 Business connection TSh 1500 to 3,800
18	Revenue collection rate DWPs (average last 12 months)	44%
19	Revenue collection rate private connections (average last 12 months)	99%
20	Frequency BoD meetings and presence of minutes	meetings per year 24 x
21	Frequency of meetings between BoD and Members (times per year)	per year 1x

DHV Consultants BV

22	Number of decisions taken during last Annual General Meeting	none
23	Presence of business plan (investment and management plan) (planning period in years)	none
24	Frequency of financial reporting to members and WUGs	per year 1x
25	Yearly external audit (report available)	none
26	Functioning rate of DWPs	95%
27	Average number of days per month without water (average last 12 months)	-
28	Trust from users	average

7 CONCLUSIONS AND SPECIFIC RECOMMENDATIONS

7.1 Overall conclusion

None of the WSCs has reached a sustainability level sufficiently high to continue without further intensive support. Companies are still in the development phase and consolidation is still at some distance. The future is promising for them provided that after the consolidation phase of another year, permanent and effective support is available through an independent institution.

The level of sustainability achieved varies among the companies. Both the sustainability risk and the SWOT analyses indicate that the three larger companies, Ikela, Ruaha and Rudewa, are further in their development than the smaller ones. Complexity of technology (pumped versus gravity) is not the most important parameter to become more sustainable, but the number of user families is. Particularly the number of private connections and their effective demand, i.e. the readiness to pay for a higher and guaranteed service level, makes the financial sustainability strong. More private connections indicate also a strong economic base in the community. Smaller systems do not have that critical mass of regular payers and their management is weaker.

The Programme has given intensive support to seven WSCs since the beginning of 1999. The present improved performance of the WSCs as compared with previous years shows the positive effects of these efforts. The DWSP is seen by the companies as the supporter in their development to become sustainable. Another year of support for consolidation is needed with varying degrees of intensity per WSC.

The SWOT and sustainability risk analyses methodologies are sound methods for assessing the performance of the companies. They complement each other, but can also be used separately. The sustainability risk analysis methodology contains a rich set of good indicators. Sub-sets of these can be used for specific assessments, (e.g. for financial performance) and can form also the basis for the development of participatory corporate monitoring-for-effectiveness system. The SWOT methodology is particularly strong in assessment of the company's performance of the consumer / owner relations. The SWOT analysis needs the assistance of a moderator.

The developed Company Profile format gives a good and quick overview of the state-of-development of the WSC.

7.2 Institutional issues

7.2.1 Legal framework

The present legal arrangement of the water supply companies being registered under the Company Ordinance (Cap 212) as Companies Limited by Guarantee appears to be appropriate. The Members of the companies signed the Memorandum and Articles of Association (constitution) at the time of registration. That time, some three years ago, was only an English copy available, which was very hard to understand for the common man in the village, but also for the members. The Swahili version has only been produced recently by the DWSP. But abridged versions of the Memorandum and Articles, and guidelines on election procedures, office terms, membership termination etc. needed to manage and control the company have not been produced by the DWSP. Users, as the actual owners of the

company through their members, do not know these articles. This creates mistrust from the users towards the Board and members.

Recommendation

The DWSP could make abridged versions of the Constitution in easy understandable Kiswahili language for all users and reflecting the specific conditions of the company being gravity or pumped etc. Institutional guidelines can be developed incorporating procedures including elections terms and termination of members and BoD.

The fact that the WSC is an autonomous institution makes it strong in its management. Creating such an institution is not easy in rural areas because of the historically strong hierarchical government administration and political interference. Nearly all WSCs have survived the power play of the traditional forces.

Recommendation

The Programme (including the Districts) should support the WSCs in their discussions with the village government and ward officials as well as with the MPs and Councillors. Politicians would gain credibility if they join the efforts of the company and further contribute to its autonomy and even further improvement of delivering the water supply services. Make politicians the WSCs allies.

7.2.2 Ownership

Although most users feel ownership of their "own" DWPs and some also of the scheme, others indicate that it still belongs to the Districts. And they are right. It is understandable that the Local Governments and the donor are hesitant to transfer the full ownership of assets with an average value of TSh 111 million to the very young, inexperienced and not yet sustainable WSCs. Only one WSC has started to reserve some funds for major repairs and future investments, i.e. Ikela, this is also because they receive monthly a substantial amount for its bulk supply to Kilombero Sugar Company. Other WSCs' time-horizon is not more than one year.

Recommendation

The Programme should soon come up with a strategy to arrange for this ownership dilemma. According to earlier plans and communicated to Districts and WSCs, handing over of the seven schemes would take place before the end of 1999. The Mission proposes a strategy on an alternative solution: the leasehold ownership, which can change in full ownership if performance is satisfactory.

7.2.3 WSC structure, roles and responsibilities

The organisation structure of the WSC is in principle good. The problem is that roles of the different levels are not recognised. No operational documents in Kiswahili stipulate the roles and tasks of the users, WUG Committees, members and the BoD. The Board views itself as the highest body, acts as the owners of the scheme and is authoritative and directive to the members, committees and users. This may be attributed to the traditional leadership style in most Tanzanian political and governmental organisations. Communication on actions and performance is minimal. In a community-based company such attitudes destroy the trust. This resulted in very short office periods of the members and Board. This in its

turn prevents the development of corporate knowledge and experience. Particularly as most members have no experience in managing or controlling a company of this size. It is impossible for any supporting organisation / programme to train every year the Boards, members and WUG committees of 21 WSCs

Recommendation

The DWSP should develop a very structured WSC development model. All company issues (organisational, managerial, social, community) can be taken up in that Model. This includes apart from short specific training courses and supporting formats a strong component on structured and result-oriented coaching of the Boards and other groups within the WSC's. Investment from the company side is a requirement. To avoid this fast turnover of company staff because of mistrust of the users, the model must include a strong component on communication and the coaches must follow that up. A crucial component is the participatory learning approach and attitude the trainers and coaches must have, otherwise the effort is useless. A strategy on this WSC development model is elaborated in this report.

7.2.4 Management, - system, processes and style

None of the seven companies has the roles of the Board separated from that of the manager and accountant. These functions are conflicting, the Board steers and controls and the manager is responsible for the daily operations of the company. Managing a company serving more than 10,000 people is a complex task for which certain knowledge and skills are required that can not be acquired in a few days training.

Recommendation

Companies serving to more than 5 000 people should have a professional manager (medium-level management) be it part-time responsible for the daily operations and answerable to the Board. This must be a condition in the agreement of transfer of full and lease-ownership. This would be financially feasible for those companies. For the companies serving less than 5 000 people it is practically and financially not feasible to have a professional manager. Other solutions need then to be found such as making use of locally available capacities or potential company members. The Programme can include these in the WSC development model.

The Annual General Meeting of the members is practically only used for the election of the Board. This AGM is supposed to be the highest decision-making body in the company. It is the platform where performance is reported, the company's final accounts, activities planned and related budgets are presented for approval.

Recommendation

The Programme should assist all WSC's in the preparation and organisation of the AGM to optimise the communication and so the trust of the Board.

The performance of the company hinges on the management process. This is a serious weakness of the seven companies. Important tools to run any corporate body include the budget, the operational plan, the annual plan, a business plan covering several years, operating manuals, the guidelines and the management information system. It is obvious that efficiency will not be obtained without the institutionalisation of these processes in the management of water supply companies. At present DWSP has introduced a financial

manual, which includes central topics like budgeting, tariff setting and reporting. But the implementation of these leaves still much to be improved.

Recommendation

The Programme should support the companies through further systematising these management processes. The mission proposes a structured WSC development model that would cover all these organisation building elements. The coaching element to follow-up training and introduction can not be over-emphasised.

In the Institutionalgrammes on the relationship with stakeholders, the Districts and the companies indicated several roles to the Districts. These fit in the roles that the policy ascribes them. However, both companies and districts conclude that the districts lack financial, human and technical resources. It is unrealistic to expect districts to become effective future supporters of the companies. Considering the many attention fields and consequent sustainability risks, the WSCs are too small to completely independently survive.

Recommendation

The present support role by the Programme (including the Districts) needs to be taken over by an independent, permanent Tanzanian organisation. The mission has proposed the Federation of WSC's as a service-oriented association towards to autonomous WSCs. Some institutional and organisational issues are worked out in the strategy chapter.

7.2.5 Capacities and confidence

All WSCs lack sufficient capacities to run the company as a business. Because of the short office term of the members, also due to their poor communication, the Board can not build up a corporate knowledge and experience. This is very much needed in a rural setting where it is hard to find people with capacities required for these functions. But there is no company that can train every year all its new members, Board and WUG committees. Therefore, the trust must be improved through communication, to which the Programme can very much contribute. Also users (owners) ought to be informed on the need to build up corporate competence through longer office periods. Only then capacity building of company staff will be effective and will contribute to their confidence.

Recommendation

The Programme as a neutral stakeholder can facilitate informing the users on the importance of corporate capacity building and the positive effects on the company's performance from building capacities in and coaching of the company staff.

Several companies fear that the handing-over of the assets will be the end of the support by the DWSP and they see that as a threat for their sustainability. They miss the confidence on their ability and the capacities to survive on their own.

Recommendation

The mission recommends a strategy of further consolidation, which is worked out in the next chapter on strategies.

7.2.6 Communication and trust

The lack of communication has been indicated above. Accountability and transparency are in most cases rather poor till completely absent. Users (owners) demand monthly or quarterly reporting on the flow of money. Communication is the corner stone for trust from the users, i.e. particularly in these community-owned companies. There is a lot to improve for the Boards. They do not frequently communicate to the members, who do not have to information to pass on the committees and the users. Specific information demanded is the income and expenditures overviews.

Recommendation

The Programme should help the present Boards in communication through the use of good communication techniques and tools. The coaching on the practising and the joint monitoring of the effectiveness, that is appreciation by users, should be started using staff with participatory learning skills and attitudes.

7.3 Social and community issues

Both analyses show that the community and social factors are the most sustainable areas. There has been in the past a good participation by both men and women, particularly when they requested for the water supply improvement themselves (demand driven). This participation continued at the WUG level. Users feel that the DWP is very much theirs, so they participate to keep it up.

Participation is also high when there is harmony between the local politician and the WSCs. It is obvious that the village government have still the power to mobilise the villagers for rural development. For example, a campaign for payment of water fee and sanctioning of the defaulters, when organised by the local Government, the Councillor, the Village Executive Officer, the Ward Executive Officer or the Member of Parliament, has been always successful. This power is however dangerous for the company sustainability if it is misused, for instance in campaigning against the payment of water fee. This has been the case in few instances where the WSC and the Village Government were not in good terms.

Recommendation.

The Programme has an authority and should stronger facilitate the dialogue between the companies and the local political entities.

Appreciation of the services is high. Impacts expressed by the users include health, well-being and economic enhancement. Particularly people with business connections appreciate the service, as it is crucial for their business. Their compliance to payment is high and this contributes to the financial and institutional sustainability of the companies.

Recommendation

Whenever the capacity of the water source and the reticulation network allows (or when other new water sources can be found and reticulation system expanded) the company should encourage people to have private connections. However, adequate and continuous supply to the DWPs should never put at risk for equity reasons.

The economic base of the community is obviously important. It makes people able to pay for the water services and also to apply for house and business connections.

The water tariffs are generally low and nearly all users say that these are within their ability to pay. It is because of reasons such as poor communication on financial issues, the past social policy to offer these services free and the political messages that still only one out of four DWP users pay.

Recommendation

Communication between Board, WUG committees and users should be optimised. The Programme (and Federation) should support the development and coaching of effective communication. Peer pressure between WUGs and individual users will help in the willingness to pay for water.

Companies' leaders have a low level of awareness on environmental issues (catchment and water source protection) to safeguard the water quantity and quality. But water sources have a limited capacity. While on the other hand the demand for water is growing because of the increase in number of private connections and consumers, and per capita consumption number. Particularly business connections may use water for purposes not initially meant for (small-scale irrigation). Water meters are not used for technical and organisational reasons.

Recommendation

There is a strong need for water demand management to avoid water shortages resulting from limited quantity of water or design of distribution network. The DWSP should pilot test the feasibility of gradual introduction of water meters. That is to say first on branch lines, then private connections and eventually for all DWPs. Results from the Programme-supported project in Mlumba (Kilombero), that introduced water meters, should be evaluated.

7.4 Financial issues

Finance is an area for concern in all companies. The situation is alarming in Kambala, Ndole and Makanga. In Ruaha and Ikela there is a good base for improvement.

A particular problem is the financial procedures. The DWSP has prepared some financial guides which are not well known at present and which are not completely adhered to. In two companies (Ruaha and Ikela), they have already started to use external professional accountants and auditors. In other companies the leaders are not knowledgeable on these procedures. In most companies the company managers have too low an educational level to be able to implement proper financial procedures. The financial guides are not sufficiently simple, clear and detailed enough to be well grasped by company BoD and the WUG committees. There is however a common attitude that the companies are committed to learn how to use the financial procedures.

Recommendation

The Programme is to further simplify the financial guidelines particularly for the smaller WSCs. Training and coaching of the Treasurers of these small companies is needed.

Financial management is rather poor in all the seven companies except Ruaha. But it is more alarming in Ndole, Makanga and Kambala. Major problems include lack of skills to prepare a sound budget. In most of the companies there is failure to present the budget to the water users for discussion and approval. One of the weaknesses is that companies are

not able to set an appropriate water tariff. There is still the thinking that water tariffs should be related to the purchasing power of the users, which is not the right way.

Recommendation

The Programme should assist the companies' managers to improve the financial management through improvement of skills (in case of no professional manager)

Another issue of concern is the inability of companies to keep properly the accounting records in a professional way, hence the failure to prepare a proper income and expenditure report, a profit and a loss account and a balance sheet. Only Ruaha WSC has complete accounting records, although it is not of the required quality. The reason for this state of affairs is lack of financial skills and inability to afford the use of expensive professional accountants and auditors. It is critical for the WSCs to produce proper records so that there is transparency in the companies. This can improve tremendously the payment of water fee, and hence the financial sustainability of the companies.

The financial performance of the seven WSCs is not bright. Ikela ranks high in financial performance, while other companies are dwindling. Large financial surplus in the rural WSCs is not justifiable because the aim is to ensure efficient water service delivery to users. But a sufficient surplus is required to enable the companies to face rehabilitation and expansions. Unfortunately because of insufficient fee collection, many companies have no reasonable surplus.

Financing through loans is not possible. At the moment the companies have no access to credit facilities, because they are neither solvent enough, nor do they own assets, which can be used for mortgage purposes. This is a crucial requirement in the loaning process from financial institutions.

Recommendation

Apart from support to the improvement of the financial through coaching, the Programme (and the Federation) should look for alternative ways to co-finance future expansions and rehabilitation, e.g. Rural Water Development Fund (elaborated in chapter on strategies). It is not justifiable to have a huge surplus in communities as Ndole. That will invite misappropriation.

The real problem resides in the fee collection rate. Low payment of water fee is experienced in all the seven companies. The rate at the DWPs has an average of 26% (lowest 18% in Rudewa). This rate is reasonable for house and business connections with an average 69 and 87% respectively. The concern is therefore the payment of WUG, which is the majority of water users. The main factors of low water fee collection are low awareness, presence of alternative source of water, unclear procedures to sanction defaulters, lack of transparency and poor economic base. It is crucial to address these issues to enable the water supply companies to achieve financial sustainability.

Recommendation

The Programme can help the companies to strategize to overcome the main factors.

At present, the procedure to sanction defaulters in the payment of water fee is not clear. The common sanctions include social pressure, fine, even prosecution. There is now a by-law, which can be used to prosecute the defaulters, but it is felt that more educational cam-

campaign to increase the willingness to pay is a better approach, which should be encouraged, in rural communities

Recommendation

The Programme can assist the companies to find the most effective sanction ways through discussions with users

None of the companies has the skills to prioritise the costs among the major budget items available. In other terms, company managers do not see any difference between the importance of maintenance costs, operations costs and overhead costs. They do not have an idea on the priority or implications of the magnitude of these items in the company financial results. There is therefore a strong need for bringing financial management skills and financial resources in the company.

7.5 Categorisation of WSCs

In the findings the categorisation of the WSCs using five main categories is presented. The conclusion is that not the technology, but the number of user families and private connections is a good categorisation for the sustainability. Particularly private connections are at this moment the reliable payers. These categories indicate the present contribution to the critical mass for financial sustainability. It is not possible to distinguish categories for the type of support needed. The entire support package is to be offered to all WSCs. The intensity of coaching depends on the comprehension and the professionalism present in the Boards and management. A few companies have employed or plan to employ (part-time) experienced managers and accountants. Obviously, they need less training and coaching than where management tasks are taken up by Company and Board Members.

7.6 The need for continuing support to the WSCs

Both the SWOT and the Sustainability Risk Analysis indicate clearly that none of the seven WSCs has reached a sufficiently high level of sustainability to be left on their own. Some are closer to the ability stage to survive, but not when they are left completely on themselves. Based upon the above conclusions, the DWSP has several key tasks for the coming years to further contribute to the sustainability of these seven and more WSCs. These tasks are:

- ***Finalisation of legal aspects and ownership arrangements for Water Supply Company***
DWSP is the first Programme in Tanzania that introduces this institutional option for the small and medium-sized rural water schemes. The option fits very well in the policy frame for rural water supply. Legal aspects need further fine-tuning. The ownership is to be further looked into and be discussed with Local Governments. At this moment even the strongest WSCs (Ikela and Ruaha) are not ready to manage assets worth more than TSh 200 million. In the next chapter on strategies an intermediary solution is presented. It can be concluded from the findings and above conclusions that the Company option is viable in the rural setting with many traditional political and government powers.
- ***Further development of the Water Supply Company option***
The SWOT study has shown that many issues related to institution, social and community dynamics and finance need to be further developed. The Company option has

passed its experimental stage, but many issues need further crystallisation to leave them in the hands of user entities in rural areas. The DWSP is the only Programme that can give that support to the WSCs on their road to maturity. Without this support and considering the resources and capacities of the Local Governments and the present level of sustainability of the WSCs, most of them, possibly all, will stop functioning. Three scenarios for the future have been elaborated in the next chapter. The (further) development of a replicable WSC development model methodology is needed. This model can be used for the other 15 schemes constructed and / or rehabilitated with DWSP co-operation. Thereafter a Federation could continue for other rural and urban water schemes.

□ *Need for development of an independent support organisation*

The WSCs can not function and perform well in isolation. They depend on many types of support from outside their village sphere. In realistic terms the Districts are not equipped and have no resources to provide this support. In addition, the Programme will not go on forever. The private sector may develop to provide most of these required support services. An intermediary organisation that protects the interests of the WSCs is needed. Federations of WSCs are a proven solution established in many countries to fulfil this mission. The Federation would take over most functions of the DWSP while using optimally the private sector. This Federation has to be established and developed. This strategy is further worked out in the next chapter.

□ *Private sector involvement has to be emphasised*

The private sector is emerging in Tanzania. The water sector is in a transition stage from government-driven to private sector supported. The Rural Water Policy underscores this. However, the private sector is hesitant. How attractive is this sector for them when district actors try to maintain their traditional roles and water companies are not financially strong as yet to pay for the private sector inputs? The Programme can make a definite contribution to the private sector enhancement in rural and urban water supply by using their capacities and contribution to the sustainability of the 21 WSCs and through the development of the Federation the establishment of many more rural and urban WSCs.

□ *Stronger emphasis on methodologies and attitudes*

As said before, there is need for development of the support methodologies building upon the present methodologies and experiences. The methodology should be much structured and covering all attention areas emerging from the SWOT and Sustainability Risk Analysis. But crucial is how the contacts are with the companies, users etc. A participatory learning and coaching approach is very much needed. Some people may know these approach, but the application is not easy and people easily return to the directive way to tell the "ignorant" what to do! This does not lead to adoption of new procedures, techniques etc.

DHV Consultants BV

8 STRATEGIES TO STRENGTHEN WSCs

8.1 Future scenarios

In principal there are three scenarios for support to the piped water supply schemes in Morogoro Region

- 1 The DWSP ceases its operations and the WSCs get support from the Local Governments (Districts) and the private sector
- 2 The DWSP⁴ continues for another phase to consolidate the achievements and develop further capacities in Districts and private sector
- 3 The DWSP continues for another phase to consolidate the achievements and to support the establishment, development of an independent organisation (Federation) supporting the WSCs

Scenario 1:

The conclusions show that several of the seven WSCs have reached a level of sustenance that gives an optimistic perspective for future continuation of water supply services by the WSCs. However, this "optimistic" perspective does definitely not mean that the present state of development is strong enough to survive without adequate support from outside. The SWOT and Sustainability Risks Analyses have made clear that there are many risks present to undermine the sustainability of the WSCs. The sustainability of the other 14 WSCs that received less support during 1999 is much lower than of the seven WSCs included in this SWOT Analysis.

This scenario anticipates and builds on the support of the Districts and the private sector. The draft Policy Paper indicates their possible roles. District Councils have been given that support for quite some time in the Programme area. But it is realistic to say that this has only been possible through the capacity building, transport facilities, allowance and material provision from the Programme's external funds. Furthermore, the Programme Consultants provided strong expertise support directly to the WSCs. It has been stated earlier that the four districts in the Programme are not capable to raise the required resources to support the WSCs adequately. The risk exists that other political priorities, for instance support to the not yet supported WSCs and other water schemes, may deviate the entire attention from the seven to other district water schemes in the Region (>100 schemes)⁵.

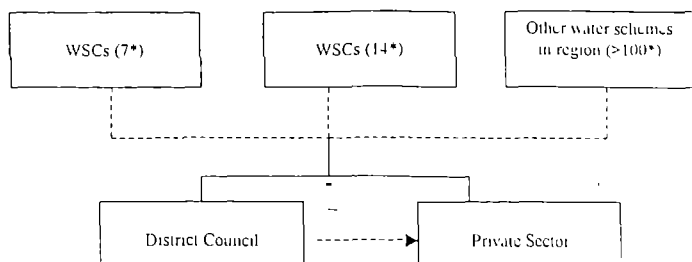
At the moment, the private sector has only got capacities to provide basic technical skills and spares for scheme components. Capacities in the private sector to carry out the other tasks (indicated in the Rural Water Policy) are entirely absent in Morogoro Region, and it is not expected that these will be developed as there is too limited demand in the Region.

Conclusion: This scenario will put the WSCs (7 +14) entirely on their own. The Districts do not have the resources to give the required support. The sustainability of the WSCs will be substantially reduced. Actually, it is expected that in this scenario, only a few strong WSCs will survive in the long run. The others will see their scheme gradually crumble down till within five to ten years the entire system is inoperative.

⁴ DWSP is the joint project of the GoT and GoN, and involving District Councils and DHV Consultants

⁵ Information received from the Water Engineer in the Regional Administration

Figure 6 Scenario 1



Scenario 2:

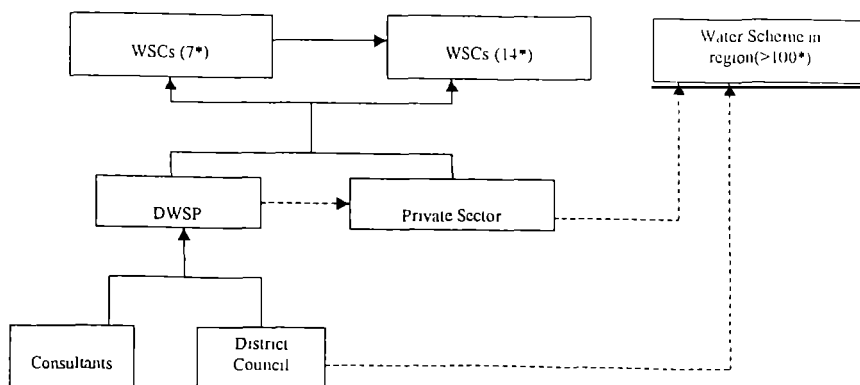
During the next phase of the Programme, prime emphasis will be put on the WSCs development model to reach a high sustainability status of the seven WSCs and to have the WSC development model tested and further used in the remaining 14 WSCs. During this phase private sector capacities will be supported to take on their tasks as indicated in the Policy paper. These private sector tasks will also include assistance to the WSCs on management issues (including e.g. communication, auditing etc.) But it must be realised that because of limited financial capacity most WSCs can not afford fee rates of professional consultants.

In this scenario the Districts will continue with their present support to the WSCs through Programme facilitation. This support level is not sustainable for resources-related reasons stated earlier. This means that after the end of this proposed phase, the district support to the WSCs will go to a minimal level.

Although the private sector is positively developing it is doubted whether the private sector will be interested in the types of services to WSCs such as capacity building and management support. For them there are more lucrative areas than rural WSCs. The Districts support will cease after the end of the Programme.

Conclusion: Although at the end of the Programme the 21 WSCs will be in a consolidated state, for many WSCs the supporting environment will stop to exist. It is expected that many of these WSCs then will stop to function soon after the technical supply system starts deteriorating. When the service level decreases, users are less satisfied do not pay their fees and the system comes in a downward spiral of disrepair.

Figure 7 Scenario 2

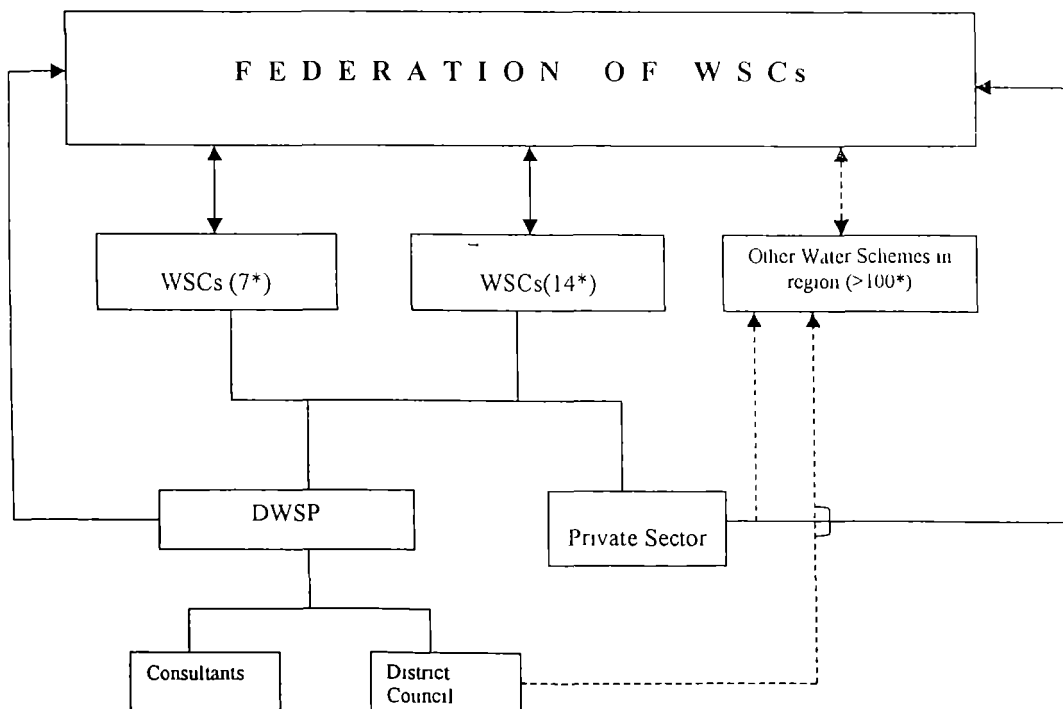


Scenario 3:

The Programme will continue in a consolidation phase and focus on a WSC development model phase, as in scenario 2. The private sector will be supported to take up their tasks as indicated in the Policy Paper. A permanent organisation will be established that will give continuous support of different kinds to the WSCs. This can be an umbrella organisation, a *Federation of WSC's*. The specific characteristics of this Federation are worked out in the chapter on strategies. The Programme will facilitate the formation and strongly support the development of this Federation. The Federation will gradually take over the support roles to the WSCs now provided by the Programme. The Federation will be primarily a small unit of staff for co-ordination and facilitation. It will optimally utilise and encourage the private sector involvement. At the end of the phase the Federation must be strong enough to survive on its own. The period of support is to be based upon the pace of institution building of the organisation, but a period of three to five years may be needed.

Conclusion: This scenario builds upon the commitment of the WSCs to deliver a sustainable service. They themselves will initiate and establish the Federation as a professional genuine local organisation that will be the continuing major WSCs support institute. Through their membership they receive services from the Federation. The present support roles of the Programme provided by the districts staff and consultants, will be taken over and ensured for the future by the Federation. The WSC development model can also be applied to the other water schemes in the districts (>100), if there is a genuine demand for water supply improvement and to become a WSC. This third scenario does not build upon unrealistic expectations from the District Councils. The Federation will facilitate optimal involvement of experienced independent experts. It will become a small but strong organisation with a small number of core staff. Scenario 3 is the best scenario for the long-term sustainability of the WSCs.

Figure 8 Scenario 3



The Federation would initially cover the Morogoro Region, so it would be a *Regional Federation of WSCs*. There may be also an interest in this model from other regions where water schemes have been constructed and/or rehabilitated and community-management or other management structures have been put in place. Then either the Regional Federation could be expanded to cover more regions (zonal Federation) or different Regional Federations could co-operate to make more effective use of resources through sharing experiences, materials and capacities.

Another option to strengthen the viability and sustainability of the Regional Federation is to expand the membership of the Federation to Urban Water Supply Companies. Many of these companies are at the moment under the District Council and are probably facing several sustainability problems. They could become independent Urban WSCs. These options have to be further worked out and feasibility studies have to be carried out during the new phase.

8.2 Strategies to strengthen the WSCs

From the SWOT and Sustainability Risks Analysis many ideas to increase the sustenance of the WSCs emerged. Many can be brought under a few major strategies that will be presented here. They include:

- Federation of WSCs
- Rural Water Supply Development Fund
- Private sector capacity building
- Ownership of assets and lease agreement with WSCs
- Consolidation of WSCs
- WSC development model
- WSC support methodologies and attitudes

8.2.1 Federation of WSCs

To strengthen the sustainability of the WSCs the Regional Federation of WSCs will be established. This Federation is an autonomous, non-governmental organisation and will be established on the initiative of the WSCs. It is a Tanzanian organisation and a continuing actor in the support to the member WSCs. They will be the members of the Federation and make up the Board of Directors. The primary aim is to provide specific services to the WSCs which they as separate WSC can not afford or have problems to acquire such external support services because they miss the contacts and lack experience on contracting. These services have primarily an institution and capacity building oriented character. There must be a clear added value for the WSCs to become a member of the Federation.

Possible services that the Federation could provide to its members are:

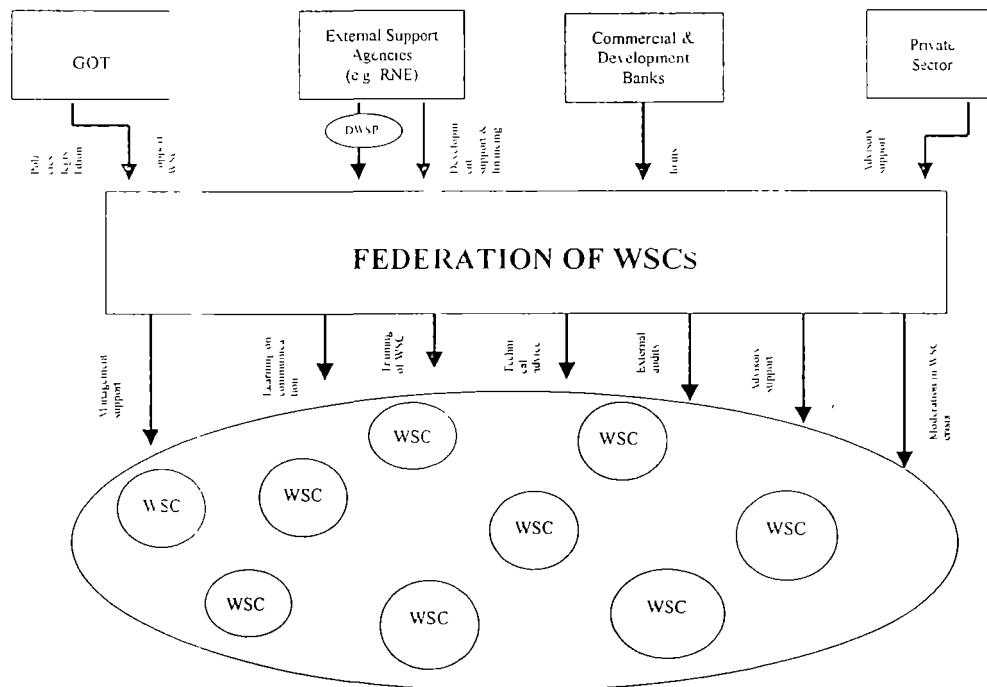
- ◆ Development of models and materials (formats) to assist the WSCs in their management, accounting, customer relation etc to improve their functioning and performance
- ◆ Development of business management tools, e.g. participatory monitoring on sustainability
- ◆ Orientation and specific short training courses for WSC members and directors
- ◆ Specific short courses for WUG committee members
- ◆ Specific training and refresher courses for executive staff of WSCs, e.g. on business management, accounting, customer relationship and communication
- ◆ Specific technical training, e.g. for water scheme fundis, diesel engine and water pump mechanics

- ◆ Regular follow-up or coaching visits based upon an adaptive-learning approach
- ◆ Facilitation in possible annual SWOT Analysis
- ◆ Annual external auditing services
- ◆ Assist communities that requested for water supply improvement to assess the people's effective demand and to formulate proposal
- ◆ Maintaining a pool of capable consultants for different types of tasks supporting the WSCs' operations
- ◆ Facilitation in contracting specific expertise (broker), e.g. for proposal development for new or expansion of systems, planning, design, construction, specific technical studies and surveys, water quality surveys
- ◆ Facilitation in arrangements for promotion and training on water-related hygiene
- ◆ Assistance in recruitment of executive personnel, or facilitation in the sharing of part-time executive personnel
- ◆ Promote research on innovative technology to cost-effectively improve the meeting of the WSCs' mission
- ◆ Facilitate the WSCs' access to credits for expansions and/or improvements
- ◆ Management of a Regional Water Development Fund

Some of these services may be provided free-of-charge as part of the membership services, while other services have to be paid for

Figure 9 gives the relationship between the Federation and the major stakeholders

Figure 9 Relationship between the Federation of WSCs and its major stakeholders



In principal, the Federation must be financially self-supporting. The member WSCs will pay a membership fee for instance related to the number of user families or connections. Differentiation in the calculation of membership is needed between domestic use from DWPs and domestic use from house connections, business connection, or connections making economic use of the water provided. In Mali a Federation provides O+M services to the members and charges on the basis of volume of water supplied. That system would not differentiate between the different economic base of the WSCs' users. To become a

financially sustainable organisation it needs a critical mass of contribution-paying members

The relationship with the Central and Local Governments is important. The roles of the Federation and the District Council must be complementary and not conflicting. Financing for new water schemes could be channelled through a Regional Water Development Fund that could be managed by the Federation. The Federation is also a lobby body at the Government level for the interests of the WSCs. The Federation may propose adaptations in the Rural Water Policy and the legislative framework of the WSCs, including issues on ownership.

A possible organisation structure of the Federation is drawn and attached in Appendix 6. The General Meeting is the highest decision-making body. The Board of Directors steers and controls the organisation. Special Technical Committees discuss common problems and make proposals for solutions. The Technical Committees will only be established when the need arises from the WSCs. An executive unit including a manager is responsible to run the daily affairs of the Federation. This unit remains small, to start with for instance two sector generalists. This can organically grow to some 4-5 professional staff depending on the number of WSCs to be supported.

As indicated earlier, to increase the viability and the sustainability, expansion of the scope of the WSCs could be either in the direction of more regions by creating a *Zonal Federation of WSCs* or include the urban water supply companies in the Region. Another option to be studied is the collaboration with similar Regional Federations in other regions.

In many countries WSCs have established such Federations (or sometimes called Associations). In The Netherlands the Association⁶ started exactly 100 years ago and is active in many of the areas mentioned above. It was established on the initiative of the WSCs and is independent of the Dutch Government, although it maintains good relations.

8.2.2 Rural Water Supply Development Fund

Existing WSCs may have to expand their services in the future as the population they serve is growing. For instance Ikela WSC faced a population increase of 200% in four years time. Extensions of the reticulation systems, enlargement of the intake works etc. may have to be undertaken. Usually the reserves do not allow for that kind of investment, and external funds, grants or loans, are needed. But also not yet covered communities or communities with non-operational or poorly functioning schemes⁷ may be sufficiently committed (driven by demand) and organised to apply for a grant or loan. The GoT states in its Policy Paper that it will financially support such new construction, rehabilitation and system expansions (although no percentage of investments or subsidy indications per user has been stated). This government contribution needs to be supplemented. Commercial banks do not give loans to WSCs, not yet at least. Therefore a Regional Rural Water Development Fund will be established to provide loans (or partly grants) to such WSCs in need of funds. The subsidy from the Central and Local Governments could also be channelled through this

⁶ Called VEWIN (Vereniging van de Nederlandse Water Industrieën or Association of Dutch Water Supply Companies)

⁷ These may include the more than 100 rural water schemes in Morogoro region supported by the District Councils which are not included in the DWSP.

Fund Also financiers, such as national and international Development Banks and multi- and bi-lateral donors could contribute to this fund

The Federation of WSCs is strategically located to manage such a fund Requests for loans or grants from this fund need to meet specific criteria (to be established) A special financing committee of the Federation could review and decide on such requests

8.2.3 Private sector capacity building

The private sector is not much involved in the water schemes in the rural areas as yet Local shopkeepers in larger villages as Ruaha and Makamba stock basic spares and materials also needed for house connections Less current items for the gravity schemes and the parts for pumps, diesel engines and electric motors are not available at village level and also not at district level The private sector in the regional capital could be made interested to have a basic stock and to become agents for suppliers based in Dar es Salaam

As the government has redefined its role, the challenges for the private sector are there But this new private sector is different from the traditional one, i.e. shopkeepers As indicated in section 4.4, the tasks the sector expects the private sector to take up are ranging from training communities to technical designs and management of schemes Also medium-level technical, organisational and management professionals will be required In the constellation of the Federation the private sector can directly operate with the WSCs or indirectly through the Federation as facilitator (broker) As Government has retrenched a number of people, these and also others may get interested in these new consultancy opportunities The DWSP will encourage those people to step into this business and train them on specific business and marketing skills A good example of a resource group is the Water and Environmental Development Consultants (WEDECO) in Shinyanga

8.2.4 Ownership of assets and lease agreement with WSCs

Because the sustainability of most analysed WSCs is not yet ensured for reasons given in the chapters on Findings and Conclusions, the Local Governments may be hesitant to fully hand-over ownership of assets to poorly performing WSCs The range of invested value of the 22 schemes constructed and/or rehabilitated in the DWSP is between TSh 20 million to 380 million, with an average TSh 111 million

The proposed strategy is to lease the assets to the WSCs under a leasehold ownership Hereby agrees the WSC to be fully responsible for the management and O+M of the water scheme and keep its condition as were it its own The Namibian Directorate of Rural Water Supply has developed a legal format for such leasehold agreements on ownership and applies it for water scheme associations (with WUG Associations) as well as for borehole associations

To qualify for full ownership the WSC must reach a sufficient level of sustenance To assess the sustenance the DWSP would define a number of SMART⁸ performance indicators A WSC profile sheet was designed that gives a wider range of key sustainability areas and indicators (Figure 6 and Appendix 5). A selection hereof could assess the critical performance, for instance

- ◆ Separation of executive functions and control functions

⁸ An indicator is SMART if it is subject Specific, easy Measurable, very Accurate, Realistic and Time-specific

- ◆ Presence of business planning (plus planning period in years)
- ◆ Average monthly revenue collection rate for DWPs and for private connections
- ◆ Average monthly financial balance (income minus expenditure) as percentage of income
- ◆ Bank balance for current expenditures as percentage of annual expenditure
- ◆ Bank balance for future investments as percentage of asset value
- ◆ Frequency of meetings including financial reporting to members and WUGs
- ◆ Functioning rate of DWPs (%)
- ◆ Number of days that scheme did not distribute water during last year

To qualify for full ownership a WSC should score three sequential years more than the required minimum

8.2.5 Consolidation of WSCs

The seven WSCs that are receiving intensive support during 1999 need further consolidation to become sufficiently sustainable to eventually meet the qualification level. More follow-up support and coaching of the WSCs through adaptive learning approaches will be done. The private sector will be involved for this by using medium-level but committed communicators, managers and technicians. This consolidation phase will take for most of the seven WSCs about one year.

8.2.6 WSC Development Model

The DWSP will develop a methodology that can be generally applied in the development model for the WSCs towards business-oriented management entities. Approaches, packages of training in the different areas, such as institutional / organisational / managerial, financial, social and community-related, and technical aspects will be developed. This WSC development model methodology builds upon the present experiences (successes and failures) of the DWSP and expands where necessary (see also conclusions and recommendations in this report).

The WSC development model methodology will then be applied in the 14 remaining WSCs by first involving and eventually fully through the newly developed Federation of WSCs. Later it could be applied also to the more than 100 rural water schemes depending on the genuine demand and to the urban water supply schemes.

8.2.7 WSC support: methodologies and attitudes

The learning and teaching methodologies applied in training and coaching are further adapted. Attitudes of the staff and consultants involved in the institution and capacity building of the WSC are changed. Both methodologies and attitudes will be conducive for the background, comprehension level and age of the Board, members and committee members of the WSCs. In the past too much directive methods were applied and authoritarian attitudes shown. Learning-oriented methodologies will be used and peer relationships attitudes practised. WSC members and committee members will not be seen as ignorant people, but as experienced and respected community members who have been elected and therefore recognised and committed to represent the users as owners to steer and control the management of the WSC.

The short training courses will be followed by intensive coaching to help WSCs to apply the new procedures, formats etc. in their specific environments. Emphasis is put on this follow-up coaching as an effective means for good results.

9 RECOMMENDATIONS

The seven Water Supply Companies, which are being intensively supported by the DWSP in the four districts in Morogoro Region, are developing in the right direction. Some are quite far in their organisational development as institutions. The level of sustainability depends on several factors, strong factors are the payment of water fees and number of private connection. Because there is still some way to go before the companies have reached a sufficiently high level of sustainability that they can continue their "business", the mission recommends that the DWSP continue for another phase. Three scenarios have been analysed. They show that the risks that most, if not all, of the seven WSCs will gradually reduce their service levels and eventually stop functioning, is very big. At the moment, there is no other support organisation present than the DWSP. The discontinuity of support to the rural WSCs is one of the most serious problems for the short and long-term sustainability of the WSCs. The Districts do not have the capacities and resources to meet the support needs of the WSCs and the local private sector is hardly operating in this sector, apart from construction and sale of some spare parts.

To make the WSCs sufficiently sustainable a number of strategies have been worked out. The mission recommends that the DWSP (including the districts) implement these strategies, which include

□ *Establishment of a Federation of WSCs*

This Federation will be the permanent, independent Tanzanian organisation to render support services to the WSCs. It will belong to and be service-oriented towards the WSCs.

The DWSP will support this organisation and involve them in the support to the companies. DWSP will gradually work through the Federation until the Federation has taken over all support tasks. As it is the intention to have a small Federation, the role of the private sector in the support operations will be substantial.

□ *Private sector capacity building*

In line with the draft Rural Water Policy and the proposed structure of the Federation of WSCs the role of the private sector will significantly change. In this strategy they will provide many types of support to the WSCs. It must be realised that the private sector must be encouraged to take up this role.

It is recommended that the DWSP will optimally involve them, in line with the intentions of the Federation, give them opportunities to learn and assist in the development of their capacities. Possibly an organisation as WEDECO in Shinyanga may emerge, including also middle level managers, accountants, technicians etc. capable to assist the companies in their business management and technical problems.

□ *WSC Development Model and methodologies and attitudes*

Many issues, important for the sustainability of the WSCs, need further attention at the WSC level. The DWSP has to take that up, of course by involving the districts as partners in this Programme, and the private sector, also through the Federation. It is recommended that the DWSP develop a much-structured development model including all the attention areas from this SWOT and Sustainability Risk Analysis. This model can later be used (and adapted where necessary) by the Federation in their mandate to assist new emerging WSCs in their development and consolidation. The mission wants to emphasise that it is of crucial importance to apply participatory

learning tools and coaching techniques and involve staff and private sector consultants / advisors who fully support these learning methodologies and master them

□ *Ownership of assets and lease agreement with WSCs*

The present plan to hand over the assets to the seven WSCs by the end of 1999 has some serious risks because of the immature state of the companies. It is therefore recommended to have a transition period whereby the companies lease the assets from the districts. If they qualify for full ownership, the assets can be transferred. It is recommended that the DWSP look into the legal and implementation aspects of both the leasehold agreement and qualification criteria for full ownership, and makes the required preparation with the Federation.

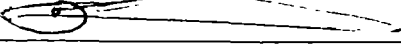
□ *Rural Water Supply Development Fund*

Development means that gradually demand for water services will grow. Also population will grow. This means new intakes, expansion of the distribution network, new pumps etc. But also existing systems have to be replaced after some years. WSCs can build up reserve funds, but may not have sufficient to finance the entire plan. Therefore the mission recommends that the DWSP is instrumental in the establishment of a Rural Water Supply Development Fund. This can be managed by the Federation and financially supported by national and international development banks and donors.

□ *Consolidation of the first batch of seven WSCs and the 14 remaining WSCs*

The present WSCs can not be left in this stage of partial development. Leaving them will mean for most the end and back to the old type of services of water supply, i.e. very irregular and mostly nothing. It is recommended that the DWSP, in collaboration with the Federation (in development stage), continue the consolidation of the seven WSCs and takes also the remaining 14 companies⁹ for development and consolidation. The consolidation of the first batch may take about one more year. The development and consolidation of the remaining batch will be started by the DWSP and completed by the Federation.

⁹ Those 14 schemes have been constructed or rehabilitated through the DWSP and registered as WSCs

Client	Royal Netherlands Embassy Dar es Salaam Tanzania
Project	SWOT Main Report
File	
Length of report	63 pages
Author	SWOT team Jo Smet, Deo Binamungu, Audace Kanshahu, Issae Madundo
Contributions	DWSP Team Morogoro
Project Manager	R P Floor
Project Director	J H C M Oomen
Date	18 October 1999
Authorisation	

APPENDICES

- 1 ToR
- 2 Sustainability factors in three subject areas institutional, social and community, and financial
- 3 Extracts of the Rural Water Policy (draft July 1999) relevant for existing WSCs
- 4 Prioritised SWOT and strategic options per company
- 5 Profiles of the WSCs
- 6 Possible organisation structure of Federation of WSCs
- 7 Final Workshop results

Appendix 1

Terms of Reference

Terms of Reference

For Consultancy Mission on
SWOT analyses Water Supply Companies
Morogoro Region

Terms of Reference

For Consultancy Mission on SWOT analyses Water Supply Companies Morogoro Region

1. Introduction

The long-standing cooperation between the Governments of Tanzania and the Netherlands with respect to rural water supply started in the late 1970s. Through a process of studies, master planning, construction and rehabilitation enormous experiences, both positive and negative, have been gained. From an initial supply driven top-down approach activities are now carried out following a demand oriented and participatory methodology

The current phase of cooperation has, by means of the Domestic Water Supply Programme, put emphasis on the latter. In accordance with the bilateral agreement Districts, Region and the consultants have to prepare annual work plans and budgets and submit these before October 15th for approval to the donor for funding. The 1999 District plans have in first instance been disapproved by the Royal Netherlands Embassy (RNE) The plans represented rather routine and traditional activities without any form of actual prioritisation or accountability towards input over time. The Embassy formulated clear recommendations to revise the plans

As a result of the first donor comments a regional programme meeting was conducted with all stakeholders on January 29th, 1999 to discuss the various opinions and observations. Among the many subjects discussed the meeting concluded that support to Water Supply Companies (WSC) should be concentrated towards one or two enterprises per District, rather than to all 21 established WS companies in Morogoro Region. Prior to the meeting District staff and consultants first made a Rapid Appraisal of each WSC. Subsequently, seven WSCs have been selected by the four Districts for programme support in 1999. Each will be subject to a detailed assessment and so far four action plans have been drafted. In the mean time revised plans have been resubmitted and approval has been granted.

In order to be able to accelerate future assistance to selected and remaining companies, consultants proposed the input of short-term expertise to prepare models to streamline required social and business developments for WSCs

2. Background DWSP

The Domestic Water Supply Programme (DWSP) started on February 1st 1993 in two Regions in Tanzania, i.e. Morogoro and Shinyanga. The anticipated duration of

the programme was estimated to last five years. At present DWSP is in its last year of a budget neutral extension

The overall long-term objective of the programme has been formulated as:

To provide rural population with access to improved water points for domestic supply, which is sustainable with regard to operation and maintenance, thus contributing to improving their living conditions

The water points can either be (improved) shallow wells with a hand pump or communal water points (public taps) fed by a piped scheme. In Shinyanga Region the DWSP programme constructed so far an estimated 1,500 shallow wells. There are only three piped schemes rehabilitated under the DWSP programme. Whereas in Morogoro Region 30 % of the people served receive water from 21 piped schemes and the rest withdraws water from around 1,200 shallow wells. For both types of facilities applies the basic rule that water supply services will be focused on so-called Water User Groups (WUG). A WUG consists of 20 - 50 families who are using water from and are responsible for the upkeep of their water point. For each piped scheme one Water Supply Company (WSC) has been established as an umbrella organisation. A Water Supply Company may serve up to six villages. The population served per scheme varies between 1,300 and 27,700 people. In total the 21 WSCs should supply some 180,000 people regularly.

It was only towards the end of the current programme stage that the users linked sustainability with the need of legal ownership of the water facilities and the surrounding land. With regard to shallow wells appropriate steps have been made to ensure that assets can be correctly handed over to the users from a legal and administrative point of view. The processes of the legal framework and transfer of ownership of assets to the WSCs are obviously more complex and thus time consuming.

The legal framework for the water companies consists of three main components:

- *By-laws* to a) recognise the water user groups, consisting of 25 to 50 households, as legal customer groups and b) to ensure that the environment surrounding both the water sources, i.e. boreholes and intakes, and the Domestic Water Points will be properly managed and sustained according to predefined regulations,
- *Land rights* to allow the WSC to own the land where company facilities are located; this includes the right of way to maintain and work on transmission and distribution pipes laying in public or private properties,
- *Water right* for the WSC to draw water from a ground water source or river intake.

With respect to the transfer of ownership of assets the following elements are at stake: -river intakes, -transmission lines, -break pressure tanks, -reservoirs, -valve chambers, -water meter pits, -distribution pipes, -domestic water points and shallow wells.

Above mentioned activities are and will be carried out in close co-operation with the Prime Minister's Office, the Ministry of Water, the Ministry for Regional and Local Government, the Regional and District Authorities, the RNE and the consultants

However, in addition to these issues there are the equally important aspects of management of the company and O+M of the installation. In January 1999 programme staff has carried out Rapid Appraisals of all 21 WSCs. Subsequently, detailed assessments of the different performances of six WSCs have been made. The 1999 Work plans entail concentration of assistance to the following seven WSCs only

Morogoro Rural District	Ndole and Kambala
Kilosa District	Rudewa and Ruaha
Kilombero District:	Mkamba / Kidatu
Ulanga District	Makanga and Isongo

For the development support it is foreseen that emphasis be put on:

1. how users and their committees should improve their performance,
2. the enhancement of the performance level of the technical installations,
3. advanced business attitude of the WSC and
4. human resources and institutional developments.

Tentative observations show that due attention needs to be given to a number of (sometimes common) matters in each of the fields. It is realised that set up and approaches to form, support and develop WSCs may need to be reviewed and/or improved as well. The envisaged short-term mission is expected to assist the respective parties in reviewing the past achievements and to advise stakeholders on possibilities to arrive at sustainable social and business developments

3. Objectives of the Mission

The objectives of this consultancy are:

- 1) To categorise the WSCs and determine three to four models, e.g. a simple one village supply system, a multi village supply and possibly gravity versus pumped supply. However, other criteria could be decided upon.
- 2) Development of SWOT (Strengths – Weaknesses – Opportunities – Threats) analysis models, with a systematic methodology and clear indicators of actual and required performance levels for each category.
- 3) Test the methodology on the seven selected WSCs and amend the approach if required.
- 4) Develop for the models blueprints/guidelines including all relevant issues for adequate management and operation & maintenance of the WSC's, such as organisation structure and staffing criteria depending on type and size of systems, supervisory board and its monitoring duties and responsibilities, operation & maintenance procedures, financial management (re. O&M, replace-

ments and investments), and other issues relevant for adequate and sustainable systems.

- 5) The blue prints/guidelines shall provide the WSC's and local consultants with the necessary background information for establishment and sustainable up-keep of WSCs so that they can be used by national experts for further analysing of the remaining WSCs, as well as for establishment of new companies
- 6) Also, it is expected that the study will bring the WSCs in a closer working relation and understanding with the national consultants in development of a so-called "In Service Support Programme" for rural Water Supply Companies

4. Preparation and general issues

- 1 The following documents are relevant for this assignment. These documents are available at the project offices. Part of them could be made available prior to the mission.
 - Step-by-step approach for piped schemes
 - Memorandum and Articles of Association for a Water Supply Company established under DWSP
 - Financial Management and Administration of WSCs
 - Results of the Rapid Appraisal WSCs
 - Assessment and (draft) action plans WSCs
 - District Work plans 1999
 - Consultant's Work plan 1999
 - Draft Rural Water Supply Policy 1999
- 2 For all office work in Morogoro and in Dar es Salaam DWSP will avail suitable accommodation and facilities, as well as secretarial services
- 3 The programme will provide transport related to the mission.

5. Tasks for the consultants

1. Inventory and study relevant documents.
2. Detail activities to be carried out by the team members and establish a planning, which shall contain clear milestones to reach the above mentioned objectives.
3. Timely consult the Regional Programme Consultant on changes necessary to duly implement the tasks.
4. Meet with relevant Tanzanian authorities to ensure sustainable development of the WSCs

5. Communicate and co-operate with the short-term missions on "Water Rights" and the one on "The function of National Policies and Strategies on current social and rural water supply development in Tanzania"
6. Develop and test SWOT models in which the fields are covered where required development support is foreseen.
7. Subject the selected WSCs to the respective SWOT analysis model
8. Clarify and specify the roles and responsibilities of the GoT, GoN and the Programme
9. Indicate what immediate actions have to be taken by the programme to remedy shortcomings
10. Prepare realistic recommendations, which should fit within the existing Tanzanian legislation
11. Prepare and conduct a one-day meeting for programme stakeholders in Morogoro at the end of the mission. The presentation is to brief interested parties on the outcome of the consultancy.
12. Elaborate the models into practical guidelines in accordance with item 4 of the objectives. Apart from providing guidelines re. establishment and management and O&M of WSC's, the blueprints/guidelines shall also include guidelines for WSC's to undertake their own periodical SWOTs so as to permanently pursue performance improvements.

6. Consultancy team

The consultancy will be carried out by a team consisting of

- WSC model development expert, Mission leader (expatriate expert)
- SWOT financial analyst (national expert)
- SWOT institutional analyst (national expert)
- SWOT social analyst (national expert)

6.1 Timing

The mission is foreseen to start early May and will last for 14 weeks. The first results should be available before the external review mission is fielded, which is planned to take place by mid of June. The duration of the input by the respective mission members is indicated in the attached schedule.

6.2 Reporting

A brief mid term status report shall be availed to the external review mission at the time the mission arrives in Morogoro.

At the end of the period a draft final report shall be prepared for submission and discussion with the RNE.

The final report shall be available within two weeks after comments by the RNE have been received. The programme consultants will take care of multiplication and distribution of the reports.

The final guidelines shall be ready by

Appendix 2

Sustainability factors in three subject areas; institutional, social / community and financial

INSTITUTIONAL ISSUES

- 1 WSC structure
 - 1 1 legal framework
 - 1 2 organisational framework
 - 1 3 roles and responsibilities Members
 - 1 4 capabilities of organisation (e.g. absorption capacity)
 - 1 5 election procedure Members

- 2 BoD credibility
 - 2 1 election procedure BoD
 - 2 2 roles and responsibilities BoD
 - 2 3 term and procedure to "sack" Directors
 - 2 4 average function-period present Directors
 - 2 5 separation of powers BoD and executives
 - 2 6 trust from Members, Committees and users
 - 2 7 responsiveness to complaints/problems

- 3 WSC Personnel
 - 3 1 Recruitment procedure
 - 3 2 Task description and mandates
 - 3 3 Management capacity: qualification and skills
 - 3 4 Overall staff capacity in number (Sufficiency/efficiency)
 - 3 5 Salary level and other incentives
 - 3 6 Teamwork or authoritarian/shared values
 - 3 7 Occurrence of conflicts

- 4 Management style
 - 4 1 Decision-making process
 - 4 2 Communication between Directors (horizontal)
 - 4 3 Communication with Members
 - 4 4 informal communication with Committee and users
 - 4 5 relationship between manager and other staff
 - 4 6 learning attitude and flexibility
 - 4 7 Transparency and accountability attitude

- 5 Management system/processes
 - 5 1 Availability of operational guidelines and their use
 - 5 2 staff's Work quality control-procedures
 - 5 3 business plan available (investment/ management plan)
 - 5 4 Yearly Plan of Operations
 - 5 5 Monitoring procedures for improved planning

- 6 WUG and Committee
 - 6 1 Roles and responsibilities of Committee
 - 6 2 Appreciation of responsibilities/ tasks Committee
 - 6 3 Election process of Committee
 - 6 4 Communication between Committee and users

- 7 Networking, collaboration and external advisory support and assistance
 - 7 1 Availability of private sector for technical skills
 - 7 2 Availability of private sector for spares
 - 7 3 Availability of advisers/expertise (managerial, organisational, financial and funding, technical)
 - 7 4 availability of training opportunities

COMMUNITY / SOCIAL ISSUES

- 1 Demand-driven project and participation and gender
 - 1 1 scheme history: initiative, demand-driven and community inputs
 - 1 2 good information/clarity on payment for water during planning/construction
 - 1 3 enthusiastic users' participation/ co-operation during planning/construction
 - 1 4 participation in present O&M
 - 1 5 gender specificity during planning, in meetings, decision-making, representation, management, training
- 2 Community/political dynamics
 - 2 1 sanctions and social peer pressure on defaulters
 - 2 2 attitude/support of village politicians
 - 2 3 attitude/support of ward/district politicians
 - 2 4 attitude/support of (traditional and formal) opinion leaders
- 3 Ownership, commitment and trust
 - 3 1 ownership clear and accepted
 - 3 2 trust towards elected cadres
 - 3 3 willingness to pay
- 4 Communication
 - 4 1 communication between WSC and village, ward and district politicians (systems and channels)
 - 4 2 Frequency of meeting with Committee/Members
- 5 Functionality system
 - 5 1 Population growth
 - 5 2 water source reliable
 - 5 3 water adequate in quantity and quality
 - 5 4 functionality 1
 - 5 5 functionality 2
 - 5 6 functionality DWP
- 6 Usage, benefits and appreciation
 - 6 1 only domestic or also for business and even for productive purposes
 - 6 2 expressed benefits
 - 6 3 expressed appreciation of service levels and other benefits
 - 6 4 non-coverage (utilisation)
 - 6 5 availability of reliable water supply alternatives
- 7 Economic base
 - 7 1 eligible to pay
 - 7 2 ability to pay
 - 7 3 economic base 1
 - 7 4 economic base 2
 - 7 5 water from scheme available for productive use (irrigation)

FINANCIAL ISSUES

- 1 Financial procedures
 - 1 1 using advised financial formats and manuals (or similar acceptable)
 - 1 2 following advised financial guidelines/regulations
 - 1 3 following financial procedures and controls
 - 1 4 fee collection procedure and quality
- 2 Financial management
 - 2 1 Availability of yearly auditor's report
 - 2 2 yearly budget and quality
 - 2 3 discrepancy budget/expenditures
 - 2 4 criteria for tariff setting (for DWPs and private connections-tariffs)
 - 2 5 enforcement of defaulters
- 3 Financial performance
 - 3 1 Income/expenditure 98/97/96
 - 3 2 Profit/loss 98/97/96
 - 3 3 Balance 98/97/96
 - 3 4 Tariff collection ratio (private connections and DWPs)
 - 3 5 Liquidity 98/97/96
 - 3 6 Efficiency in O&M 98/97
 - 3 7 Efficiency in personnel 98/97
 - 3 8 reserves for future 98/97
- 4 Accountability
 - 4 1. Safety valves against funds misappropriation (cash custody/bank depositing)
- 5 Transparency and reporting
 - 5 1 financial reporting and quality
- 6 Access to alternative financing
 - 6 1 Access to bank credits (overdrafts)
 - 6 2 Loan trustworthy
 - 6 3 Access to loans and grants

Appendix 3

**Extract of Rural Water Policy
(draft July 1999)
relevant for WSCs**

WSCs AND THE RURAL WATER POLICY

(based on July 1999 draft version)

KEY POLICY PRINCIPLES FOR EXISTING WSCs

Social principles

- Use of water for human consumption has first priority

Economic principles

- Development of water for productive purposes is treated as an economic good requiring efficient management

Environmental principles

- Water sources are protected from human-induced land degradation
- Water sources will be protected and conserved
- Promotion of health through integrating water, sanitation and hygiene education programmes

Sustainability principles

- Management of water schemes at the lowest appropriate level
- Ownership and management by the users
- Full cost-recovery for operation and maintenance, replacement and system expansion
- Private sector supplies spares and know-how for repair and maintenance
- Standardisation of equipment
- Selected technology within economic capacity of users
- Women are principal actors in provision of rural water supply services

PRIVATE SECTOR PARTICIPATION WILL BE ENCOURAGED TO IMPROVE EFFICIENCY AND EFFECTIVENESS.

Private sector is expected to perform the following tasks:

- Mobilise and train communities for responsive demand
- Assist communities to plan, design, supervise, construct and manage their systems
- Construct water and sanitation facilities
- Supply, install and service plant and equipment
- Operate and maintain facilities under contracts with communities
- Promote and train communities in hygiene and health education
- Carry out innovative research and development, and dissemination of technology
- Facilitate communities to have access to credit

GOVERNMENT WILL CHANGE ITS ROLE FROM BEING AN IMPLEMENTOR TO A REGULATOR, FACILITATOR, PROMOTER AND CO-ORDINATOR

Roles of the Central Government:

- To provide clear policy framework
- To provide adequate legal framework and review water resources management legislation
- To develop performance standards for all actors
- To facilitate research and development of appropriate technology and dissemination
- To promote institutional capacity, including private sector
- To create enabling environment for private sector participation
- To allocate water rights and provide legal framework for ownership of schemes by water user entities
- To co-ordinate sector development including donor support

- To provide technical and financial support to construction of new schemes, and rehabilitation and expansion of existing schemes

Roles of the Local Governments

- To monitor and provide back-up support to the communities
- To plan for rural water supply based on community demand
- To provide technical and financial support to construction of new schemes, and rehabilitation and expansion of existing schemes
- To support capacity building at district and community level and in the private sector
- To assist communities in contracting private sector services for the design, construction and management of water and sanitation facilities
- To provide technical and management support for communities to maintain their water facilities
- To provide adequate legal framework for safeguarding ownership of water supply schemes by water user entities and private sector investments using provisions of the Local Government Authority Acts
- To monitor and facilitate protection and conservation of catchment areas for enhanced water quality and quantity
- To co-ordinate sector development at district level
- To facilitate participatory monitoring and evaluation at district and community levels

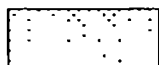
Roles of the Local Governments (= District Councils)	Availability at the moment for existing WSCs, and how realistic to expect that for the future		Importance for WSCs' sustainability	
<ul style="list-style-type: none"> To monitor and provide back-up support to the communities 	No monitoring capacity available, ad hoc back-up only, through verbal advice, often facilitated by DWSP			Back-up support needed on specific new problems
<ul style="list-style-type: none"> To plan for rural water supply based on community demand 	Community respect for each district and planning made depending on availability		-----	Not applicable
<ul style="list-style-type: none"> To provide technical and financial support to construction of new schemes and rehabilitation and expansion of existing schemes 	Financial support almost limited technical support mainly through political pressure			Schemes are in good condition when handed over, but future expansion will be needed
<ul style="list-style-type: none"> To support capacity building at district and community level and in the private sector 	Capacity building in community only through DWSP, in private sector absent			Capacity building very much needed, also of new members and committees
<ul style="list-style-type: none"> To assist communities in contracting private sector services for the design, construction and management of water and sanitation facilities 	Absent			Private sector support is needed but WSCs need guidance
<ul style="list-style-type: none"> To provide technical and management support for communities to maintain their water facilities 	Absent			Business management is needed but lacking
<ul style="list-style-type: none"> To provide adequate legal framework for safeguarding ownership of water supply schemes by water user entities and private sector investments using provisions of the Local Government Authority Acts 	Legal documents have been prepared by DWSP and handing over documents by district			Needed for creating ownership among users and Members
<ul style="list-style-type: none"> To monitor and facilitate protection and conservation of catchment areas for enhanced water quality and quantity 	No monitoring, and hardly facilitation of protection and conservation			To safeguard water quality and quantity, and reliability
<ul style="list-style-type: none"> To co-ordinate sector development at district level 	Usually one donor, but if more limited co-ordination because donors determine what they want to fund		-----	Not applicable
<ul style="list-style-type: none"> To facilitate participatory monitoring and evaluation at district and community levels 	absent			Monitoring is important tool in management

key



Availability is good,

importance for sustainability is high



Availability is adequate,

importance for sustainability is fair



Availability is poor,

importance for sustainability is low



Availability is absent,

importance for sustainability is very low

Appendix 4

Prioritised SWOT and strategic options per Company

RUDEWA GONGONI WATER SUPPLY COMPANY

1 PRIORITY SETTING OF SWOTs

STRENGTHS

- 1 Water Users are convinced that they are owners of the WSC
- 2 Users have the willingness and ability to pay for water
- 3 Strong and committed WSC management
- 4 Water Supply is reliable
- 5 A transparent system (procedures) of collecting tariffs is in place

WEAKNESSES

- 1 The Company is not managed on commercial/business lines
- 2 Lack of field and experienced local technicians (artisans), spare parts and tools for maintenance
- 3 The main water pipe is far from the majority of users who are able to have private connections
- 4 Reports (financial etc) on company operations do not reach the water users
- 5 Insufficient public water points

OPPORTUNITIES

- 1 Support form DWSP and GoT (at district and regional levels)
- 2 Availability of private sector with ability to provide spare parts and maintenance services
- 3 There is real need for water and increasing demand for water
- 4 Existence of untapped resources, e g potential for introduction of more cash crops to increase financial capacities of users
- 5 Availability of external experts capable of providing professional advice on how to manage the company on business lines

THREATS

- 1 Imminent withdrawal of donor (DWSP) support (in the near future)
- 2 Absence of another water source near the villages
- 3 Regular power (electricity) interruptions
- 4 Unpredictable increase in tariffs for electricity supply
- 5 Fear of immediate handing-over of the scheme

2 STRATEGIC OPTIONS

- (i) Since users are convinced that they are owners of the company (S_1) and have the willingness and ability to pay the tariffs (S_2) the company could request DWSP support (O_1) to identify specific (technical + business management) professional experts (O_3) to advise it on other potential sources of finance or technical support (O_4) which it can exploit in order to avoid the consequences of the imminent withdrawal of the donor-DWSP (T_1) and be in a position to generate more revenues to cater for unpredictable increase in electricity tariffs (T_4)

- (ii) Because the water supply at the moment is relatively reliable (S_4) and which users are prepared and able to pay for (S_2) through transparent collection procedures (S_5), the company, with the present back-up support from DWSP (O_1) can utilize its strong and committed management (S_3) to mobilize other untapped sources/resources so that it can improve the capacity of its existing source of water (T_2) in order to ensure that power (electricity) cuts do not interrupt its normal supply of water (T_3)
- (iii) By effectively using the DWSP support (O_1) and the available experts in business management (O_5), the company's management is able to learn through on-job training, advice and experience on how to run the company on commercial lines (W_1) and consequently develop an efficient and transparent financial system (W_2) for effective communication which could improve its credibility to users
- (iv) In a situation whereby the company is faced with lack of tools and full-time skilled and experienced fundis (W_2) it can hire existing ones from the private sector in order to extend the main pipe line (W_3), increase the number of water points (W_5) and provide materials and regular maintenance services (W_2) so long as the users are ready and able to pay for the services (S_2)
- (v) By ensuring that management is skilled and as such operating on business lines with clear operational guidelines (W_1), the company can, with the present DWSP support (O_1) and other available external expertise institutions (O_5) develop into an independent business entity which could, as a result help it to minimise its fear of the DWSP withdrawal or handing over (T_1, T_4).
- (vi) Strong and committed management (S_3) coupled with financial management skills (W_2) gained from the available external expertise (O_5), the company could develop an accountability mechanism through which users could be informed regularly on issues pertaining to the company's operations especially financial matters (W_4)

RUAHA WATER SUPPLY COMPANY

1 PRIORITY SETTING

STRENGTHS

- 1 Water users believe that Ruaha Water Supply Company is theirs (they own it)
- 2 The company has skilled and capable technicians
- 3 Procedures for fees collection and payments are known to water users
- 4 Board of Directors (BoD) is committed to the company's work
- 5 Users are ready to pay for water services because they are pleased with the services

WEAKNESSES

- 1 The BoD lacks skills and capacity to manage a business entity
- 2 Poor communication between the company's BoD and the Government
- 3 Water interruptions during dry seasons
- 4 Lack of transparency on constitution, financial reporting and specially reporting on income and expenditure
- 5 Committees and company representatives unaware of their roles and responsibilities

OPPORTUNITIES

- 1 Water sources/catchment continues to supply sufficient water
- 2 Continued support services from water programmes (advisory and training)
- 3 Community leaders are seriously interested to assist the Ruaha Water Company
- 4 Competent WSC managers and staff are available in the personnel market
- 5 Presence of untapped/potential resources and sources suitable for increased company income

THREATS

- 1 Paternalistic attitude of Government (village and district levels) leaders and staff to control WSC attributes/decisions
- 2 Rapid increase in population in Ruaha (small township)
- 3 Continued dependency on donor support
- 4 Poor knowledge and fear among the villagers have made them unable to challenge their leaders
- 5 Prices of spare parts and materials are not steady, they may increase substantially / rapidly

2 STRATEGIC OPTIONS

- 1 As the users are prepared to pay for water services and are pleased with the current service delivery (**S₅**), the company should look for a competent business management expert available in the labour market (**O₄**) to advise BoD/management on how to run the WSC on commercial basis in order to remove its present weakness of lack of business management skills (**W₁**) which

could open up other potential avenues for its sustainability and thus avoid the dependency on DWSP support (T₃)

- 2 The committed BoD (S₄) should closely work together with the community leaders (MP, Councillor) who are very supportive to the company's undertakings (O₃) so that they can together bridge the communication gap between BoD and the village government leaders (W₂) through regular and transparent meetings
- 3 The BoD should ensure that before DWSP withdraws its present support (O₂) efforts must be made to strengthen its organization by eliminating the weaknesses related to poor management structure, including job descriptions of different actors (W₅) and lack of transparent operational guidelines especially on financial matters (W₄).
- 4 The company should look for new and untapped resources and sources from within and outside in order to increase its financial capacity (O₅) so that it could make corrective maintenance on its intake-tank pipe line and construct extra reserve tanks which could ensure continued supply of water even during dry seasons (W₃) and also be able to take care of the increased demand for water due to rapid population growth in Ruaha township (T₂)
- 5 By fully utilizing its skilled, capable and motivated technicians in all aspects of O+M (S₂) and by increasing its financial capacity through other untapped resources/sources (O₅), the company is in a position of becoming more independent and therefore avoid being parternalised / controlled by government leaders and staff (T₁).

IKELA WATER SUPPLY COMPANY

1 PRIORITY SETTING OF SWOTs

STRENGTHS

- 1 Company supplies reliable and safe water
- 2 Water users recognize that they are owners of DWPs
- 3 People know that water is not free and have the ability to pay for it
- 4 The company has qualified management and skilled fundis for operation and maintenance of the scheme
- 5 There is adequate participation of women in cleaning the DWPs and in WUG committees

WEAKNESSES

- 1 Majority of the water users do not know the owner of the company, some think it is owned by the Board of Directors
- 2 Communication between users and Board is very weak and the former do not meet regularly
- 3 There is no transparency as far as financial issues are concerned (from Board to users)
- 4 WSC members do not know their legal and operational roles and responsibilities
- 5 Some directors have double role of being directors and executives – which reduces accountability and transparency

OPPORTUNITIES

- 1 The present water source is good and reliable
- 2 There exists effective demand for water services and many pending requests for private connections
- 3 Continued support from the donor – supported DWSP (financial and advisory)
- 4 WSC has good relations with KSC as they give technical assistance in major repairs and other civil (technical) works
- 5 Existing private sector can supply required spare parts and equipment to WSC

THREATS

- 1 The company does not own the intake (water source) and its surroundings since it is within the National Park (TANAPA) area
- 2 Very weak communication between Ikela WSC and village government, councilor, Member of Parliament and other local politicians
- 3 There is fear that DWSP is to hand over
- 4 Kilombero Sugar Company may develop its own water sources e.g boreholes and consequently break away from WSC as good customers
- 5 Water sources do not supply sufficient water during dry season and water is saline

2 STRATEGIC OPTIONS

- 1 With already a qualified management and skilled fundis for operation and maintenance (S₄) the company should additionally strive to utilize the present DWSP support (O₃) to assist it in the process of reviewing/amending its Memorandum and Articles of Association so that roles and responsibilities of various stakeholders (users, WUG committees, WSC members, BoD and district council) are conveniently articulated and streamlined (W₄, W₅) to ensure a sustainable management structure before DWSP pulls out its support (T₃).
- 2 The fact that people know that water is not free and have ability to pay (S₃), WSC management should reinforce this line of thinking through regular meetings with users during which it will expose its financial and operational reports (W₃) and consequently discourage the negative influence largely propagated by the local politicians, village government that water is free (T₂), and at the same time convince the users that they are true owners of the company and not the BoD (W₁).
- 3 Because at present Ikela WSC continues to supply reliable water services to all consumers including KSC (S₁) from a reliable source (O₁), it should as well expand its services to other users who have applied for private connections (O₂) in order to generate more revenues for long-term investment (expansion) in the scheme so as to continue supplying water on reliable basis to KSC something which could in the end dissuade it (KSC) from exploring other water sources (T₄).
- 4 By effectively and efficiently combining the company's strength of having skillful and qualified management/fundis (S₄) with the technical support from KSC (O₄) and the locally available spare parts and equipment from the private sector (O₅), the company should make improvements on the intake and the main line supply and at the same time explore other water sources in the area in order to continue rendering reliable and quality water services even during the dry season (T₅).
- 5 Women's active participation in maintaining cleanliness of DWP's and in WUG committees (S₅) should be further encouraged by the company management with some support from DWSP (O₁) through user – awareness seminars on cost recovery issues/responsibility in order to be able to break the communication barriers currently existing between WSC and local politicians (T₂).

KAMBALA WATER SUPPLY COMPANY

1 PRIORITY SETTING OF SWOTs

STRENGTHS

- 1 BoD and WUG committee members are committed to implement their tasks
- 2 Availability of some users who can be trained as fundis
- 3 Provision of constant water nearby the homesteads allows users to have more time for other activities
- 4 Women appreciate water services and actively participate in leadership at WUG committee level
- 5 Majority of users are more willing and able to pay for water from the WSC directly than paying water fees on monthly basis

WEAKNESSES

- 1 Most users do not attend meetings arranged by the WSC
- 2 Non-transparency (poor communication) by the WSC leadership to water users especially on income and expenditure
- 3 Most users are unwilling to pay water fees on monthly basis
- 4 High illiteracy rate among members of BoD and WUG committees
- 5 Company has no competent fundi

OPPORTUNITIES

- 1 The existing shallow wells pose serious health risks to the community
- 2 Availability of mechanics and contractors in Morogoro town who are ready to assist in maintenance of the scheme
- 3 VG is supportive to Kambala WSC
- 4 Availability of external auditors to work on the company's accounts (for transparency)
- 5 DWSP support

THREATS

- 1 Availability of several alternative water sources within the village
- 2 Too much dependency on external support e.g. DWSP, District Council etc
- 3 Very low hygienic education given to majority of people in the community e.g. risks from drinking unsafe water
- 4 Neighboring villagers get free water from similar schemes
- 5 Spares are not easily available

2 STRATEGIC OPTIONS

- 1 Commitment of BoD and WUG committees' (S1) coupled with good working relations with VG (O3) would enable the company to convince users to attend meetings regularly (W1) so that they could be informed of the financial position and operations of the company, something which is at present not properly done (W2)
- 2 Since majority users appreciate water services close to their homesteads because it allows them more time for other economic activities (S3), and they are more

readily to pay for water to the company as they get the service rather than on monthly basis (S4), the company can request DWSP support (O5) to identify a suitable mechanic in Morogoro to maintain/repair the scheme on short term arrangements (O2) while training available local fundis on the job (S2) and as a result the company will have its own competent fundis (W5) who will constantly maintain the scheme and water could be sold per buckets at DWPs instead of users paying monthly fees which they do not prefer (W3)

- 3 Through DWSP support (O5) the company can get its available local fundis trained on the job (S2) and hence maintain the scheme regularly so that users can continue to get water close to their houses (S3) something which would dissuade them from walking long distances for 'free' water in other villages (T4)
- 4 With the assistance from VG (O3) and possibly from DWSP (O5) users can be educated on risks of drinking unsafe water (T3) especially from the existing alternative sources e.g. open shallow wells (T1)
- 5 Because some BoD and WUG committee members are illiterate (W4) and as such unable to perform their duties effectively (W2), DWSP can support the company (O5) to find external auditors who can put its financial records in proper order and draw up financial regulations (O4) in order to remove the company's major weakness of non-transparency to water users

NDOLE WATER SUPPLY COMPANY

1 PRIORITY SETTING

STRENGTHS

- 1 Users contributed to the construction of the scheme through labour and cash
- 2 Women spend less time in collecting water as it is close to their homes and hence can use their saved time for other productive activities which can raise their incomes for future contribution towards development (O+M) WSC
- 3 WSC leaders are committed to WSC mission
- 4 Most users have ability to pay water charges by using their income from sale of crops and local brewing
- 5 Improved water supply resulted in reduction of water-related diseases, which were common especially during rainy seasons

WEAKNESSES

- 1 No regular (planned) meetings of users since 1998 i.e. Board and WUG Committees, WUG Committees and Users
- 2 WSC does not produce monthly financial reports and there is no proper planning and management of activities
- 3 WSC has one untrained fundi
- 4 BoD has insufficient business management skills to run the WSC and as such no effective monitoring system of the functioning of the scheme at intake, tank and pipelines
- 5 Most users are not serious enough to pay water fees especially outstanding ones

OPPORTUNITIES

- 1 Village government is prepared to support WSC in raising awareness and motivating users to pay for water and also enforcing the by-law on defaulters
- 2 Availability of external auditors and other advisers e.g. in financial matters who can support WSC management
- 3 Water is adequate and therefore can be used for other productive purposes to increase incomes of users
- 4 Continued support from DWSP including D/Council
- 5 WSC can approach MP and Councilor to support it in mobilizing users on payment for water and in general village development activities

THREATS

- 1 Uncertainty over continued DWSP/District support
- 2 Poor accessibility to Ndole village due to bad road condition prevents villagers to get proper market for their crops (i.e. buyers cannot easily come to Ndole)
- 3 The mountainous character of the area makes expansion of the scheme impossible to villagers who would otherwise have contributed to WSC development
- 4 MP and Councilor have forgotten Ndole in general and the WSC in particular

- 5 Existence of several traditional water sources in the village

2 STRATEGIC OPTIONS

- 1 The strong commitment of the WSC leaders to its mission (S3) should enable them to grab VG's preparedness to support them in motivating users or enforcing by-laws to pay water tariff (O1) and consequently get rid of the habit of many users, who do not pay their water bills (W5)
- 2 Poor or lack of financial reporting (W2) can be done away with if the company gets DWSP/Council support (O4) to avail it with external auditors e.g. from cooperative department to put its financial records in order (O2) so that users' trust may be increased, something which could lead them to pay water fees promptly (W5)
- 3 With the present support from DWSP/Council (O4) BoD can request for external advisors to support it in technical and management issues e.g. training or drawing up simple operational guidelines (O2) and get rid of the BoD's incompetence due to lack of business management skills (W1, W4) have it's own skilled funds (W3) and be able to avoid continued external dependency in matters related to scheme management (T1)
- 4 Community participation which users demonstrated during construction of the scheme (S1) and the resulting appreciation especially by women of the benefits derived from the scheme (less time to collect water and reduction of water-related diseases (S2, S5) can be further strengthened through VG's support (O1) so that the company might be prepared to stand on its own when DWSP/Council support stops (T1)
- 5 Ndole villagers generally see their MP and councilor as catalysts to their development (O5) though they are presently dissatisfied by their contribution (T4) especially regarding the poor road conditions which prevents crop buyers to have access to the village, a fact that retards their economic capacities (T2) Hence, through BoD's commitment (S3) and VG's preparedness to support it (O1) MP and Councilor can be approached on this issue (O5) so that villagers and district authorities can join hands in improving the road infrastructure which could result into improved economic capacities of the villagers

MAKANGA WATER SUPPLY COMPANY

1 PRIORITY SETTING

STRENGTHS

- 1 Most DWPs are well constructed, close to the users and provide clean water
- 2 Users are willing to contribute to the development of the WSC
- 3 Women and men collaborate effectively in running WUG committees
- 4 Availability of two fundis in the village who are currently undergoing on the job training by the District Water Department
- 5 Board strives to cooperate with VG in water development

WEAKNESSES

- 1 Board has no leadership vision and as such depends on directives from DWSP and District authorities for action
- 2 Most users (including BoD and WUG leaders) do not pay water fees
- 3 Poor follow-up measures on defaulters by the company leaders
- 4 BoD does not satisfactorily perform their tasks
- 5 Users do not see that non-payment will lead to the collapse of their water supply system

OPPORTUNITIES

- 1 Leaders at village, ward and district levels are ready to support the WSC in water development activities.
- 2 There is potential for introducing cash crops in the village which would raise people's incomes
- 3 There is an idle workforce in the village, which could be engaged in alternative economic activities
- 4 Institutions like Tobora Disabled Centre could support Makanga WSC in management and financial aspects
- 5 With support from District Health Department it is possible for the intake to be improved or shifted to a safer location at Chamangi

THREATS

- 1 Availability of alternative free water sources (rivers, springs) in the village
- 2 The village community still has hangover of free water
- 3 There is generally low community awareness on health risks from poor quality water
- 4 Economic status of most of the villagers is very low because cash crops are limited and no market for the available produce
- 5 Village government does not assist WSC

2 STRATEGIC OPTIONS

- 1 By continuously striving to cooperate with VG (S5) the BoD, through legal enforcement, can manage to collect sufficient water fees from users who

deliberately refuse to pay (W2) and thus discard existing wrong notions that water is purely a free commodity (T2)

- 2 Through the available support from the ward and district council (O1) users could be educated on health risks which may arise from drinking poor quality water (T3) and also with the assistance from the health department the intake can be improved (O5) and consequently avoid users opting for other alternative water sources which are very often contaminated (T1) and further strengthen the users' willingness to contribute towards the development of their company (S2)
- 3 With local fundis already available and currently being trained by the water department (S4) coupled with the existing well-constructed DWPs which continue to provide clean water nearby the users' homesteads (S1), the company can as well request the district to support (O3) in training its BoD so that they may develop a leadership vision and eventually to avoid unnecessary external dependency for key decisions (W1)
- 4 In closer collaboration with local institutions such as the Tobora Disabled Centre (O1) the company could get some support in terms of skills/advice in management and finance so that it can get rid of the weakness of poor managerial performance of the BoD (W4)
- 5 Since there are committed men and women running WUG committees (S3) they could put more pressure on users who are willing but unable to pay tariffs to be engaged in other alternative economic activities like vegetable growing, in order to raise their incomes (O3) and at the same the ward /district leadership can assist the idle workforce in the village to identify other income generating activities (O1)

ISONGO WATER SUPPLY COMPANY

1 PRIORITY SETTING OF SWOTs

STRENGTHS

- 1 Currently users get clean and sufficient water close to their homesteads
- 2 Users' willingness to pay water fees even if it requires to do so in kind (maize)
- 3 New WUG committees and BoD are committed to fulfil their responsibilities
- 4 Users' boldness to question (as individuals) their leaders on expenditures of previous collections
- 5 Appointment of two local fundis who are currently on the job training

WEAKNESSES

- 1 Most users are unaware of the company constitution, structure and operations
- 2 BoD and WUG committees lack knowledge of their tasks and skills to run the company on commercial lines
- 3 Poor communication between BoD and users especially regarding the reports on income and expenditure
- 4 Poor repairs and maintenance of the DWPs especially the quality of bib corks
- 5 Refusal by some users to pay water fees claiming to have participated fully in the initial construction/rehabilitation of the scheme

OPPORTUNITIES

- 1 Availability of sufficient and fertile land for productive (agriculture) use
- 2 Assistance from Water department to train WSC fundis (2)
- 3 Availability of experts within the district who can render technical and management advisory services to the company
- 4 Cooperation between VG and WDC in specific issues such as legal enforcement of water tariff payments
- 5 Willingness of various district departments to support the company e.g. auditing, health education, lands issues etc

THREATS

- 1 Feelings of some users that the available alternative water sources provide same quality of water from the scheme
- 2 Most villagers especially the youth do not engage themselves in productive activities (idleness)
- 3 General tendency among villagers not to accept innovations (development changes)
- 4 Existence of some development agencies e.g. NGOs in the district which, give monetary incentives e.g. sitting allowances which are not offered by the WSC
- 5 Non-availability of agencies in the district which can give credit facilities to users for income generating activities

2 STRATEGIC OPTIONS

- 1 Because users currently get clean and sufficient water close to their houses (S1) and they are at least willing to pay for it even if means paying in kind (maize)

- (S2), the company should ensure that its two fundis who are being trained on the job by the water department (O2) become sufficiently competent to repair/maintain DWPs all the time (W4) so that users may get water continuously something which can discourage them to go for other alternative sources which provide water (T1)
- 2 The company should be its present strength of commitment of BoD and WUG committee members (S3) to grasp the support from various district departments e.g water and community development (O5) and at the same time enhance its cooperation with VG and WDC leadership (O4) in order to educate and mobilize water users on the mission, constitution and operations of the company (W1) and their role to operate and maintain it on sustainable basis (W5)
 - 3 Since BoD and WUG committees lack management skills in running the company on commercial lines (W2) it is crucial that the BoD requests immediately the council (O5) or identify on their behalf the available experts within the district (O3) to train them in these fields
 - 4 Company leaders should regard users' boldness to question them on income and expenditures of the previous collections (S4) as a result of poor communication/transparency existing within the company (W3) and therefore motivate them to urgently request the district (accounts or cooperative unit) (O5) to audit its books of accounts and present to the users the financial report, something which would increase their willingness to contribute towards the development of their company i.e avoiding some of them refusing to pay water fees (W5)
 - 5 Since there is sufficient and fertile land for productive use especially, agriculture (O1) VG, WDC can mobilize villagers especially the youth who are often idle (T2) to engage themselves in productive activities e.g using water from scheme (which is sufficient) (S1) to grow vegetables for sale and at the same request the district support (O5) in identifying and soliciting other opportunities for the villagers e.g youth and women fund or NGOs which would be prepared to extend credit facilities or facilitate income generating activities (T3)

Appendix 5

Profiles of the WSCs

PROFILE OF: ISONGO WATER SUPPLY COMPANY

As per July 1999, completed by Madundo & Kanshahu

1	Type of scheme	Gravity piped water scheme	
2	Short history of scheme	Scheme was completed by DWSP in November 1995,	
3	Number of villages served	1	
4	Population served	Total population 3,290, users 419 households (about 2300 people) Coverage about 70% (3 alternative sources available)	
5	Number of DWPs	17	
6	Number of house and business connections	12	
7	Invested value of scheme (TSh)	TSh 42,500,000	
8	Registration date of WSC	February 1996	
9	Number of WSC Members	36 of whom 6 are women	
10	Number of Directors in Board	10 of whom 1 is a woman	
11	Average term (in years) of Board Directors since registration	1 year	
12	Number of employed staff and functions (and no staff per 1,000 users)	0 0 00	
13	Average monthly income (last 12 months) (TSh)	TSh 12,854	
14	Average monthly recurrent expenditure (last 12 months) (TSh) (and recurrent expenditures per 1,000 users)	TSh 2,884 TSh 1,250	
15	Present bank balance for recurrent expenditures (TSh) (% of monthly recurrent expenditure)	TSh 30,200	
16	Present bank balance for future investments (reserve) (kilo TSh) (% of asset value)	Nil	
17	Tariffs DWP / House-connection / Business connection	DWP TSh 200/household.month House connection: TSh 500/conection.month Business connection: TSh 2,500/connection.month	
18	Revenue collection rate DWPs (average last 12 months) (%)	6%	
19	Revenue collection rate private connections (average last 12 months) (%)	House connections 32% Business connections 72%	
20	Frequency BoD meetings (times per year) and presence of minutes	12 times/year	
21	Frequency of meetings between BoD and Members (times per year)	Once per year	
22	Number of decisions taken during last Annual General Meeting	No information	
23	Presence of business plan (investment and management plan) (planning period in years)	No	
24	Frequency of financial reporting to Members and WUGs (times per year)	Once per year	
25	Yearly external audit (report available)	Yes, 1998	
26	Functioning rate of DWPs (%)	95%	
27	Average number of days per month without water (average last 12 months)	More than 20 days per month as intake was leaking	
28	Trust from users towards BoD	Above average	
29	Trust from users towards Committees	Average	

PROFILE OF:
MAKANGA WATER SUPPLY COMPANY

As per July 1999, completed by Madundo and Kanshahu

1	Type of scheme	Gravity piped water scheme	
2	Short history of scheme	Completed by DWSP in December 1995	
3	Number of villages served	1	
4	Population served	Total population 2,260 User families 219 (about 1,100 people) Coverage 50% (several alternative sources around)	
5	Number of DWPs	10	
6	Number of house and business connections	6	
7	Invested value of scheme (TSh)	34,058,000	
8	Registration date of WSC	February 1996	
9	Number of WSC Members	14 of whom 6 are women	
10	Number of Directors in Board	7 of whom 1 is a woman	
11	Average term (in years) of Board Directors since registration	First BoD was replaced after three years, only one person continued	
12	Number of employed staff and functions (and no staff per 1,000 users)	0 0 00	
13	Average monthly income (last 12 months) (TSh)	1998. TSh 3,500	
14	Average monthly recurrent expenditure (last 12 months) (TSh) (and recurrent expenditures per 1,000 users)	1998 TSh 2,700	
15	Present bank balance for recurrent expenditures (TSh) (% of monthly recurrent expenditure)	TSh 38,700 1400	
16	Present bank balance for future investments (reserve) (TSh) (% of asset value)	Nil 0	
17	Tariffs DWP / House-connection / Business connection	DWP. TSh 200/month.household House connection TSh 400/month.connection Business connection: TSh 1,000/month connection	
18	Revenue collection rate DWPs (average last 12 months) (%)	5	
19	Revenue collection rate private connections (average last 12 months) (%)	49	
20	Frequency BoD meetings (times per year) and presence of minutes	4 no	
21	Frequency of meetings between BoD and Members (times per year)	1	
22	Number of decisions taken during last Annual General Meeting	1	
23	Presence of business plan (investment and management plan) (planning period in years)	No	
24	Frequency of financial reporting to Members and WUGs (times per year)	1	
25	Yearly external audit (report available)	Yes (1998)	
26	Functioning rate of DWPs (%)	100	
27	Average number of days per month without water (average last 12 months)	1	
28	Trust from users towards BoD	Good	
29	Trust from users towards Committee	Good	

PROFILE OF: NDOLE WATER SUPPLY COMPANY

As per July 1999, completed by Madundo and Kanshahu

1	Type of scheme	Gravity piped water scheme	
2	Short history of scheme	Scheme was completed by DWSP in September 1997	
3	Number of villages served	1	
4	Population served	Total population village 1730 (319 households), user households 104 (about 570 users) coverage 33%	
5	Number of DWPs	7	
6	Number of house and business connections	2	
7	Invested value of scheme (TSh)	24,849,000	
8	Registration date of WSC	August 1995	
9	Number of WSC Members	12 of whom 6 are women	
10	Number of Directors in Board	6 of whom 2 are women	
11	Average term (in years) of Board Directors since registration	One	
12	Number of employed staff and functions (and no staff per 1,000 users)	0 0 00	
13	Average monthly income (last 12 months) (TSh)		
14	Average monthly recurrent expenditure (last 12 months) (TSh) (and recurrent expenditures per 1,000 users)	6,000 10,500	
15	Present bank balance for recurrent expenditures (TSh) (% of monthly recurrent expenditure)	Nil	
16	Present bank balance for future investments (reserve) (TSh) (% of asset value)	84,500 0.3 %	
17	Tariffs DWP / House-connection / Business connection	DWP TSH 100/month.adult House connection: TSh 500/month.connection Business connection: TSh 3,000-5,000/month connection	
18	Revenue collection rate DWPs (average last 12 months) (%)	42%	
19	Revenue collection rate private connections (average last 12 months) (%)	52%	
20	Frequency BoD meetings (times per year) and presence of minutes	10	
21	Frequency of meetings between BoD and Members (times per year)	Nil	
22	Number of decisions taken during last Annual General Meeting	1	
23	Presence of business plan (investment and management plan) (planning period in years)	No	
24	Frequency of financial reporting to Members and WUGs (times per year)	0	
25	Yearly external audit (report available)	No	
26	Functioning rate of DWPs (%)	100%	
27	Average number of days per month without water (average last 12 months)	3	
28	Trust from users to BoD	Average	
29	Trust from users to Committees	Very good	

PROFILE OF: KAMBALA WATER SUPPLY COMPANY

As per July 1999, completed by Mr Kanshahu

1	Type of scheme	Diesel-pumped piped water scheme	
2	Short history of scheme	Scheme completed by DWSP in April 1997,	
3	Number of villages served	1	
4	Population served	Users 1700 (622 HHs), total population 3,780 Coverage 45%	
5	Number of DWPs	7	
6	Number of house and business connections	1	
7	Invested value of scheme (TSh)	37,000,000	
8	Registration date of WSC	March 1996	
9	Number of WSC Members	14 of whom 5 are women	
10	Number of Directors in Board	7 of whom 1 is a woman	
11	Average term (in years) of Board Directors since registration	Two year	
12	Number of employed staff and functions (and no staff per 1,000 users)	0 0.00	
13	Average monthly income (last 12 months) (TSh)	First quarter 1999 TSh 74,883/month	
14	Average monthly recurrent expenditure (last 12 months) (TSh) (and recurrent expenditures per 1,000 users)	First quarter 1999 TSh 80,000/month 1998. TSh 71,000/month (recurrent exp TSh 47,000/month 1000 users)	
15	Present bank balance for recurrent expenditures (TSh) (% of monthly recurrent expenditure)	Nil	
16	Present bank balance for future investments (reserve) (TSh) (% of asset value)	TSh 130,000 (0.35%)	
17	Tariffs DWP / House-connection / Business connection	DWP: TSH 500/adult.month House connections Business connection TSh 50/calf	
18	Revenue collection rate DWPs (average last 12 months) (%)	11%	
19	Revenue collection rate private connections (average last 12 months) (%)	0%	
20	Frequency BoD meetings (times per year) and presence of minutes	6 no information	
21	Frequency of meetings between BoD and Members (times per year)	Once a year	
22	Number of decisions taken during last Annual General Meeting	No information	
23	Presence of business plan (investment and management plan) (planning period in years)	No	
24	Frequency of financial reporting to Members and WUGs (times per year)	0	
25	Yearly external audit (report available)	No	
26	Functioning rate of DWPs (%)	100%	
27	Average number of days per month without water (average last 12 months)	12.5 days (since April 1999 pump broken)	
28	Trust from users to BoD	Poor	
29	Trust from users to Committees	Good	

PROFILE OF: RUAHA WATER SUPPLY COMPANY

As per July 1999, completed by Madundo and Kanshahu

1.	Type of scheme	Gravity piped water scheme	
2.	Short history of scheme	Scheme completed by DWSP in May 1995	
3.	Number of villages served	1	
4.	Population served	Total population: 16,486	
5.	Number of DWPs	34	
6.	Number of house and business connections	212 (according to DWSP 260)	
7.	Invested value of scheme (TSh)	50,336,000	
8.	Registration date of WSC	April 1996	
9.	Number of WSC Members	33 of whom 2 are women	
10.	Number of Directors in Board	10 of whom 1 is a woman	
11.	Average term (in years) of Board Directors since registration	Most directors on year	
12.	Number of employed staff and functions (and no staff per 1,000 users)	2 fundis but they are paid only allowance	
13.	Average monthly income (last 12 months) (TSh)	TSh 381,800 (1998) TSh 23,159/month 1000 users	
14.	Average monthly recurrent expenditure (last 12 months) (TSh) (and recurrent expenditures per 1,000 users)	TSh 368,200 TSh 22,300 /month 1000 users	
15.	Present bank balance for recurrent expenditures (TSh) (% of monthly recurrent expenditure)	TSh 456,600 124 %	
16.	Present bank balance for future investments (reserve) (TSh) (% of asset value)	TSh 545,000 1 1%	
17.	Tariffs DWP / House-connection / Business connection	DWP TSh 200 / month / family House connection TSh 1,000/month connection Business connection TSh 3,000/month connection	
18.	Revenue collection rate DWPs (average last 12 months) (%)	44%	
19.	Revenue collection rate private connections (average last 12 months) (%)	99%	
20.	Frequency BoD meetings (times per year) and presence of minutes	12	
21.	Frequency of meetings between BoD and Members (times per year)	4	
22.	Number of decisions taken during last Annual General Meeting	2	
23.	Presence of business plan (investment and management plan) (planning period in years)	No	
24.	Frequency of financial reporting to Members and WUGs (times per year)	5	
25.	Yearly external audit (report available)	Yes (1996-1997-1998)	
26.	Functioning rate of DWPs (%)	97%	
27.	Average number of days per month without water (average last 12 months)	1	
28.	Trust from users to BoD	Average	
29.	Trust from users to Committees	Good	

PROFILE OF: RUDEWA WATER SUPPLY COMPANY

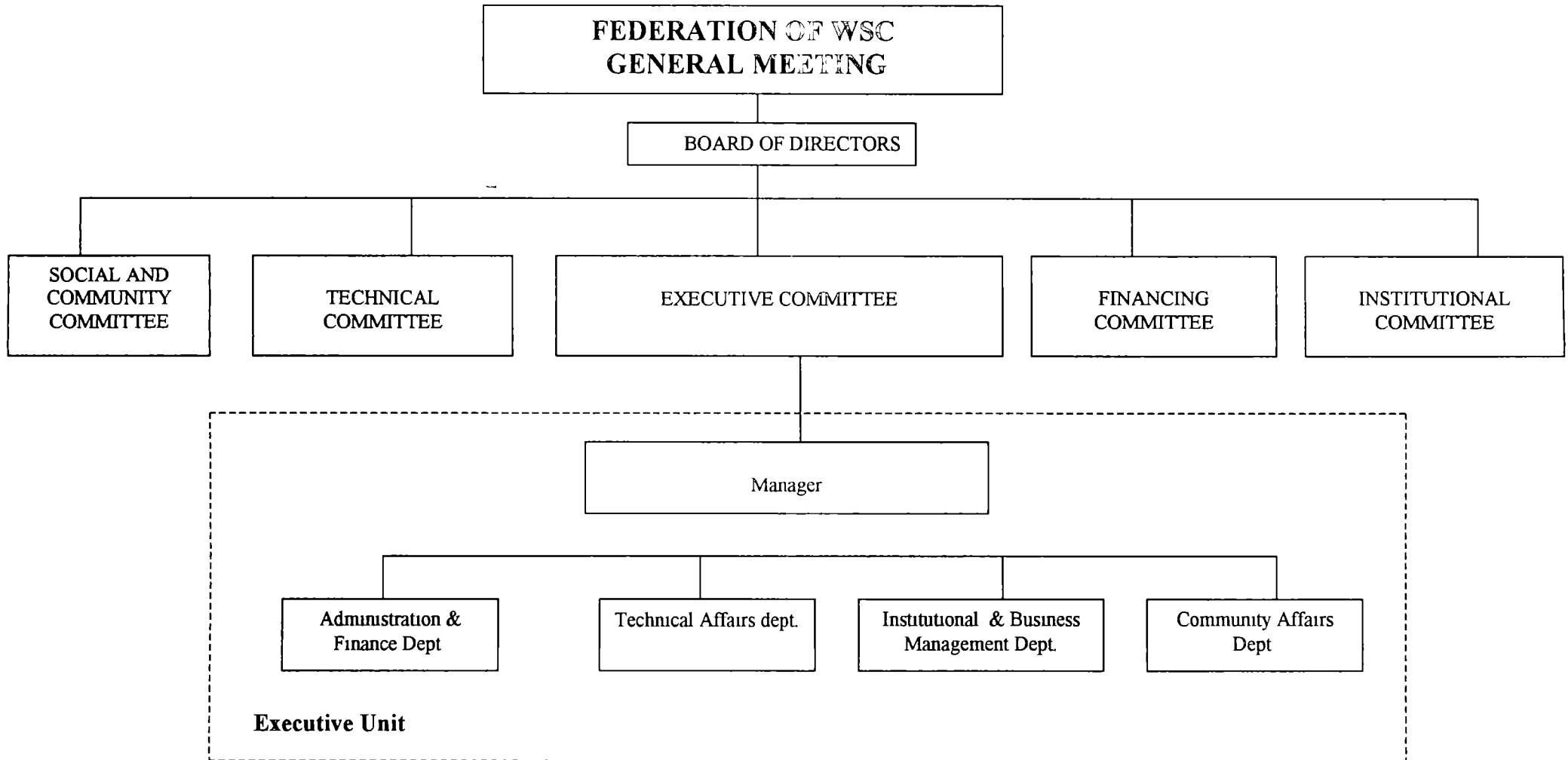
As per July 1999, completed by Madundo and Kanshahu

1.	Type of scheme	Electro-pumped piped water scheme	
2.	Short history of scheme	Scheme completed by DWSP in May 1996	
3.	Number of villages served	2	
4.	Population served	Total population: 5,734, users: 1,755 Coverage: 31%	
5.	Number of DWPs	14	
6.	Number of house and business connections	27	
7.	Invested value of scheme (TSh)	62,014,000	
8.	Registration date of WSC	November 1995	
9.	Number of WSC Members	19 of whom 4 are women	
10.	Number of Directors in Board	7 of whom 1 is a woman	
11.	Average term (in years) of Board Directors since registration	Most directors stay one year (according to constitution)	
12.	Number of employed staff and functions (and no. staff per 1,000 users)	Operator and watchman, but they get only allowance	
13.	Average monthly income (last 12 months) (TSh)	TSh 67,800	
14.	Average monthly recurrent expenditure (last 12 months) (TSh) (and recurrent expenditures per 1,000 users)	TSh 57,521 TSh 32,775	
15.	Present bank balance for recurrent expenditures (TSh) (% of monthly recurrent expenditure)	Nil	
16.	Present bank balance for future investments (reserve) (TSh) (% of asset value)	107,000 0 2% of asset value	
17.	Tariffs DWP / House-connection / Business connection	DWP TSh 200/month.adult House connection: TSh 1,000/month house connection Business connection, one pays TSh 11,000/month	
18.	Revenue collection rate DWPs (average last 12 months) (%)	18	
19.	Revenue collection rate private connections (average last 12 months) (%)	100	
20.	Frequency BoD meetings (times per year) and presence of minutes	6	
21.	Frequency of meetings between BoD and Members (times per year)	1	
22.	Number of decisions taken during last Annual General Meeting	Nil	
23.	Presence of business plan (investment and management plan) (planning period in years)	No	
24.	Frequency of financial reporting to Members and WUGs (times per year)	1	
25.	Yearly external audit (report available)	No	
26.	Functioning rate of DWPs (%)	100%	
27.	Average number of days per month without water (average last 12 months)	1	
28.	Trust from users towards BoD	Average	
29.	Trust from users towards Committees	Good	

Appendix 6

Possible organisation structure of Federation of WSCs

**PROPOSED ORGANISATION STRUCTURE OF THE
FEDERATION OF WSCs**



Appendix 7

Final Workshop results

REPORT

ON THE WRAP-UP WORKSHOP ON STEPS TOWARDS AUTONOMOUS AND SUSTAINABLE WATER SUPPLY COMPANIES

held at TANESCO TRAINING INSTITUTE
in Morogoro on 8 September 1999

1 INTRODUCTION

As a last step in the SWOT consultancy, which has taken 14 weeks, a wrap-up workshop on steps towards autonomous and sustainable water supply companies was held in Morogoro on 8 September 1999

2 OBJECTIVE OF THE WORKSHOP

The objective of the workshop was to give a presentation of the major findings, conclusions and recommendations resulting from the SWOT consultancy, which has involved seven WSCs during 14 weeks starting from May 1999. At the same time, the aim was to give to the stakeholders of the WSCs an opportunity to comment on major conclusions and recommendations of the SWOT and sustainability analysis of seven WSCs

3 PARTICIPANTS

The workshop involved 52 participants, most of them came from the WSCs. Other participants included senior officers from the Ministry of Water, the District councils the DWSP. The workshop was conducted by four consultants who have been involved in SWOT analysis and sustainability study of seven selected WSCs. These companies were Rudewa, Ikela, Ruaha, Kambala, Ndole, Makanga and Isongo. The list of workshop participants is attached in attachment 1

4 PROGRAMME WORKSHOP

After a brief opening by Mr Ronald Floor, the DWSP Team Leader, consultants presented in a participatory manner the following themes

- (i) Methodology used in SWOT and sustainability study by Mr D Binamungu & Mr I Madundo
- (ii) Major findings and conclusions from the study by Mr D Binamungu, Mr I Madundo, Mr A. Kanshahu and Mr J Smet
- (iii) Strategies for strengthening sustainability of WSCs. Lease ownership as transitions to full ownership by D Binamungu
- (iv) Strategies for strengthening sustainability of WSCs. Federation of WSCs, the permanent support organisation by Mr I Madundo and Mr J Smet
- (v) Strategies for strengthening sustainability of WSCs. Private sector supports Rural Water sector crucial factor for long-term sustainability by Mr A Kanshahu

Every theme was discussed in groups and one representative of each group made a presentation to the workshop. Groups were formed as shown in attachment 2

5 PRESENTATION

(i) Methodology

The methodology used in SWOT and sustainability analyses was presented to the participant by emphasizing the use of various participatory by emphasising the use of various participatory tools in SWOT analysis, and the use of detailed data collected from the WSCs, and the development of key issues and indicators of these by issues. Issues concerned community/social, constitutional and financial areas. The consultant indicated that the two methodologies proved complementary.

(ii) Major findings and conclusions

Major findings and conclusions were presented by area (community, institutions, finance).

(iii) Strategies for strengthening sustainability of WSCs

These strategies were identified as follows:

- (a) Lease ownership as a transition to full ownership
- (b) Establishment of a Federation of WSCs
- (c) Support of the private sector

6 DISCUSSION

Discussions in groups and presentation in plenary show that generally most of the stakeholders agree with the findings and conclusions of the SWOT analysis and sustainability risks analysis of the WSCs. However, it was clear that the Districts do not agree that they have a small resource capability to support the WSCs, and that they would like to have more involvement in the WSCs. The consultants and the WSCs (see attachment 3 and 6) did not share this.

As far as the recommendations are concerned most stakeholders specially WSCs think that long term lease is a possible solution provided that the conditions for learning and obtaining full ownership are conducive to fast improvement of the management of the WSCs.

On establishment of a Federation of WSCs most participants think that a Federation of WSCs can be an important support of WSCs since it can provide technical, management and financial support. On private sector support, most participants think that the private sector is still weak and is not very much aware of the water policy on its role. They suggested that a campaign to educate the private sector on its role in WSCs is necessary.

7 CLOSING

The workshop was closed by Mr. Christopher N. Sayi, Director Rural Water Supply from the Ministry of Water by emphasizing that all stakeholders should support the new water policy which is under review and which stresses a regulatory role of government, support by private sector, and participation of users. He commended the effort of the DWSP and the Dutch Government to assist the water sector and he urged all the stakeholders to collaborate so that to make sure there is improvement in the management of water scheme by the communities.

Attachment 1.

LIST OF WORKSHOP PARTICIPANTS

NAME	TITLE	WORK STATION
1 N Sayi	Director RWS	Ministry of Water, DSM
2 Gabriel Lwakabare	Programme Co-ordinator	Ministry of Water, DSM
3 Ismail Mwaka	UL RWSSP	Ministry of Water, DSM
4 Godfrey K Mbabaye	District Water Engineer	Kilosa
5 P A Mutiganzi	District Water Engineer	Kilombero
6 Beatrice T Minja	DPLO Acting DED	Kilombero
7 Annu A Lyimo	DPM	Kilosa
8 Anne Mazalla	DPM	Morogoro Rural
9 Martin Ndikwege	DPM	Kilombero
10 Yakobo Mandago	Secretary	Ikela-Kidatu
11 Miraji Mirangi	Chairman	Ichonde
12 Cyprian Ng'atigwa	Secretary	Mikumi
13 Salum Ngusuma	Chairman	Kimamba
14 A Ngulangwa	Acting DPLO	Morogoro Rural
15 Jack Luanda	Ag DED	Morogoro Rural
16 H J Uledi	for RPLO	RAS Morogoro
17 Sofi Mboneye	Chairman	Rudewa Gongoni
18 R A Mkini	Director	Ikela WSC Ltd
19 Bakari Killo	Secretary	Ruaha Co
20 Anthony Lyezia	Secretary	Makanga Ulanga
21 Rajabu Mziwanda	Secretary	Rudewa Gongoni
22 Angelina Mbunda	Accountant	Makanga Ulanga
23 F Chumala	Chairman	Rumwanchili Ulanga
24 Andrew Likwachala	Secretary	Isongo Ulanga
25 Ben Mganga	DPM	Ulanga
26 P M Jerome	DWE	Ulanga
27 O T Mloka	RWE	Morogoro Region
28 I Kijina	Secretary	Kambala
29 Abdallah Ndaria	Treasurer	Kambala
30 Karangı Bwire	Engineer	Morogoro
31 Tadei M	Treasurer	Mlali
32 Antony	Chairman	Ndole
33 Venance Mokiwa	Secretary	Ndole
34 Said Kondo	Secretary	Mlali
35 A R Rwegayura	Managing Director	Daily Mail DSM
36 D A Mkumba	Chairman	Mlimba
37 Z R Ngwasi	Chairman	Mahutanga
38 S Foya	Chairman	Mwaya Mgudeni
39 S H Kusupa	Chairman	Magubike
40 I Chimwela	Chairman	Dumila
41 Laurence Msike	Secretary	Mlali
42 R K. Mwimba	Chairman	Ruaha
43 E Kihata	Director	Ikela
44 Cletus Chaka	Secretary	Mtimbira
45 Maxmillan Magumba	Chairman	Isongo
46 Christopher Sayi	Director	DSM

NAME	TITLE	WORK STATION
47 Jo Smet	Teamleader	SWOT Analysis IRC
48 Audace Kanshahu	Consultant	SWOT Analysis
49 Madundo Issae	Consultant	SWOT Analysis
50 Deo Binamungu	Consultant	SWOT Analysis
51 K Shaaban	Treasurer	Mikumi
52 C H Mahiyaga	Chairman	Mororogo Rural
53 G P Lipinga	HID	DWSP Morogoro
54 K Bwire	Consultant	DWSP Morogoro
55 E Chisunga	Consultant	DWSP Morogoro
56 F Vallerian	Consultant	DWSP Morogoro
57 R Floor	Consultant	DWSP Morogoro

Attachment 2: GROUP DISCUSSIONS

Participants were divided into five groups as follows

Group I **Water Supply Companies**
Mwaya/Mgudeni
Mlali/Kipera
Msovero
Kimamba
Magubike
Mtumbira
Rumwanchili
Lumemo

Group II: **Water Supply Companies:**
Ikela
Makanga
Ndole
Ruaha
Isongo
Mikumi
Rudewa
Kambala

Group III: **District Representatives**

Group IV: **DWSP participants**

Group V: **National Level Representatives**

Attachment 3: CONCLUSIONS ON OVERALL ISSUES

MAJOR CONCLUSIONS	REACTION OF NATIONAL LEVEL REPRESENTATIVES	REACTION OF DISTRICT LEVEL REPRESENTATIVES	REACTION OF DWSP
1 The Districts have insufficient capacities and resources to give adequate support to WSCs, and no improvement of these resources/capacities is expected for the near future	No The capacities of districts' councils are low at present. Implementation of the Local Government agenda among other efforts is expected to increase these capacities. District councils should be more involved in the programme.	No The Districts have insufficient financial and manpower resources, but they can be improved.	Yes
2 Most of district staff does not have a participatory learning oriented attitude towards developing WSCs, but rather paternalistic and authoritative attitude which is not conducive to build confidence of WSCs	Not certain But, if so, district staff should get an orientation in the participatory approaches in all the stages of programme development.	No The programme is consultant driven.	No
3 Rural Water policy sound since but have a lot of wishful thinking like unrealistic expectations from private sector and lack of sufficient financial and technical support from government to rehabilitate the RWS	No Water policy can be implemented, but it will take time to carry out all activities expected under the policy. Government is making everything in its capability to improve its capacity to rehabilitate and water supply schemes.	No The policy is available but review is necessary.	Yes
4 Government at national level has not prepared guidelines and strategies to put RWS Policy in practice	Yes Guidelines are normally prepared after complete policy review.	Yes	Yes
5 No price regulating body for WSC to protect users risks of misusing monopoly with hiking tariffs	Yes Central Government is studying this issue.	Yes Water is a public utility.	Yes
6 There is no institution that can provide permanent and adequate support services to the developing WSCs after the DWSP	No It is the responsibility of district and private sector to support the WSC.	No Councils are here to support WSCs. VETA provides skills to lower level technicians, there exists a worker Institute.	Yes
7 No catchment or water source protection practice, serious risks that water source produce less and poor water. Districts and regions give only lip service in this. No water demand management policy and practice.	Yes This issue is considered by central government in the policy review.	Yes	No for boreholes Yes for granty water
8 RWS Development fund needed but not to be managed by District because of too many political interference, better to have it managed by independent organisation	Yes There is a need to prepare a proper structure to run the Water Development fund.	No Rural Water Supply Fund available but not sufficient.	Yes
9 Building up large capital reserves (for future expansions/rehabilitation) is unrealistic	Yes	Yes	Yes

MAJOR CONCLUSIONS	REACTION OF NATIONAL LEVEL REPRESENTATIVES	REACTION OF DISTRICT LEVEL REPRESENTATIVES	REACTION OF DWSP
tic and inappropriate in rural areas, better use also RWS Development Fund			

Attachment 4:

CONCLUSIONS OF FINANCIAL ISSUES

MAJOR CONCLUSIONS	REACTION OF DISTRICT LEVEL REPRESENTATIVES	REACTION OF WSCs
<p>1 Financial procedures</p> <ul style="list-style-type: none"> - Financial procedures are not well known - Budgets are not presented to users for discussions and approval - Water tariff is not set on a commercial basis but is set on the basis of the ability of users to pay 	Yes	Yes
<p>2 Budgeting</p> <ul style="list-style-type: none"> - There are insufficient skills to prepare round budgets - Budgets are not presented to users for discussions and approval - Water tariff is not set on a commercial basis, but is set on the basis of the ability of users to pay 	Yes	Yes
<p>3 Financial performance</p> <ul style="list-style-type: none"> - Financial performance is poor except for Ruaha and Ikela WSCs because of insufficient fee collection, availability of alternative water services, unclear sanctions to defaulters, lack of transparency and poor economic base 	Yes Water fee rate should be based on water use	Yes
<p>4 Low rate of water fee collection</p> <ul style="list-style-type: none"> - The rate of water fee collection is low for the DWPs. It is higher for house connections and business connections 	Yes	Yes
<p>5 Accounting</p> <ul style="list-style-type: none"> - Companies are not aware of the need for distinguishing operation costs, maintenance costs, depreciation costs and overheads - Most companies do not prepare annual final accounts neither do they make financial audit 	Yes	Yes

MAJOR CONCLUSIONS	REACTION OF DISTRICT LEVEL REPRESENTATIVES	REACTION OF WSCs
1 Company registration WSCs are legally registered but not company leaders are not conversant with their roles and responsibilities	Yes Users to be educated on the constitutions of their WSC	Yes Users to be educated of the company constitutions
2 Most users do not know the memorandum and articles of association of their company	Yes If users are educated on the issue of ownership, they will understand that they also own the whole WSC	Yes Users have started to understand after of training
3 Government and Donors hesitate to hand over completely the water supply schemes including the assets	No Government/donors do not hesitate, handing over delays because of lack of strong institutions to continue to provide the required water supply services	Yes Reasons many schemes are not technically complete From a management view point they require strengthening before handing over
4 Company structure There is confusion between the roles and responsibilities of the company representatives and the company executives	We are not certain But if such a confusion exists, the suggest to change the company structure and redefine job descriptions of the concerned officers	No The constitutions are clear, but management do not adhere to them
5 Management They are no management guidelines to run the companies effectively	We are not certain Guidelines and manuals should be prepared to improve efficiency of company officers Transparency and accountability should be emphasized	Yes Committed and voluntary managers are discouraged if they are not backed by the users Communication should be strengthened at all levels
6 Insufficient management skills of company executives to run the WSCs commercially	Yes Determined efforts should be made to improve the management capacity of the WSCs	Yes WSCs have no financial resources to pay salaries or allowances to skilled manager Training should be given to existing executives
7 Some companies have not confidence in managing their affairs without the assistance of the DWSP	Yes This is because of fear of change Efforts should be made to empower the company leaders to be confident and to manage their companies in a self-reliant manner	No There is insufficient financial resources and skills in WSCs The right statement should be the WSCs have no capacity to manage themselves commercially

MAJOR CONCLUSIONS	DWSP	WSCs
1 There was a good participation both of men and women during construction of schemes However the proportion of women in company leadership is small	Yes - Culture and religion do not allow always women to become leaders - There are instructions to select 3 men and 3 women in the WUGs This is not done - Many men do like women to lead	Yes - Women depends on their husbands - Men should be educated - Women should get confidence
2 Government leaders and politicians have a great capacity to mobilise people in rural development There is a danger Therefore to lack water supply services if these leaders and politicians tell people not to pay water fee	Yes - Many projects were previous to the programme, managed by villages - Many village leaders do not like to educate users on the new policy because they do not want to loose their influence - Some leaders ignore purpose of the new policy	Yes - There is insufficient cooperation - Leaders should be given their job descriptions which show their roles and responsibilities - Leaders should be accountable
3 Water users are aware and happy to own to run and to maintain DWPs Users and company members do not receive important information on the progress of their WSCs specially the financial reports	Yes Many users do not attend meetings on DWP and WSC levels	Yes The company representatives have limited Capacities they need orientation
4 Many families/households can the economically pay water fees Many users are not ready to pay for water because they used to get free water, their leaders do not educate them nor give them sufficient progress report	Yes	Yes The Board should educate and mobilize users Representatives should include knowledgeable and educate members
5 Many users are satisfied with the water services delivery (there is plenty of potable water near the homesteads) But lack of skilled water supply technicians and managers in rural areas cause destruction of water intakes pump and DWPs breakdowns and therefore prevents users to reduce water at continuous basis	Yes No WSC failed to get water because of the cited reasons More information is required here	Yes WSCs should have a training programme WSCs should recruit only qualified and experienced technicians