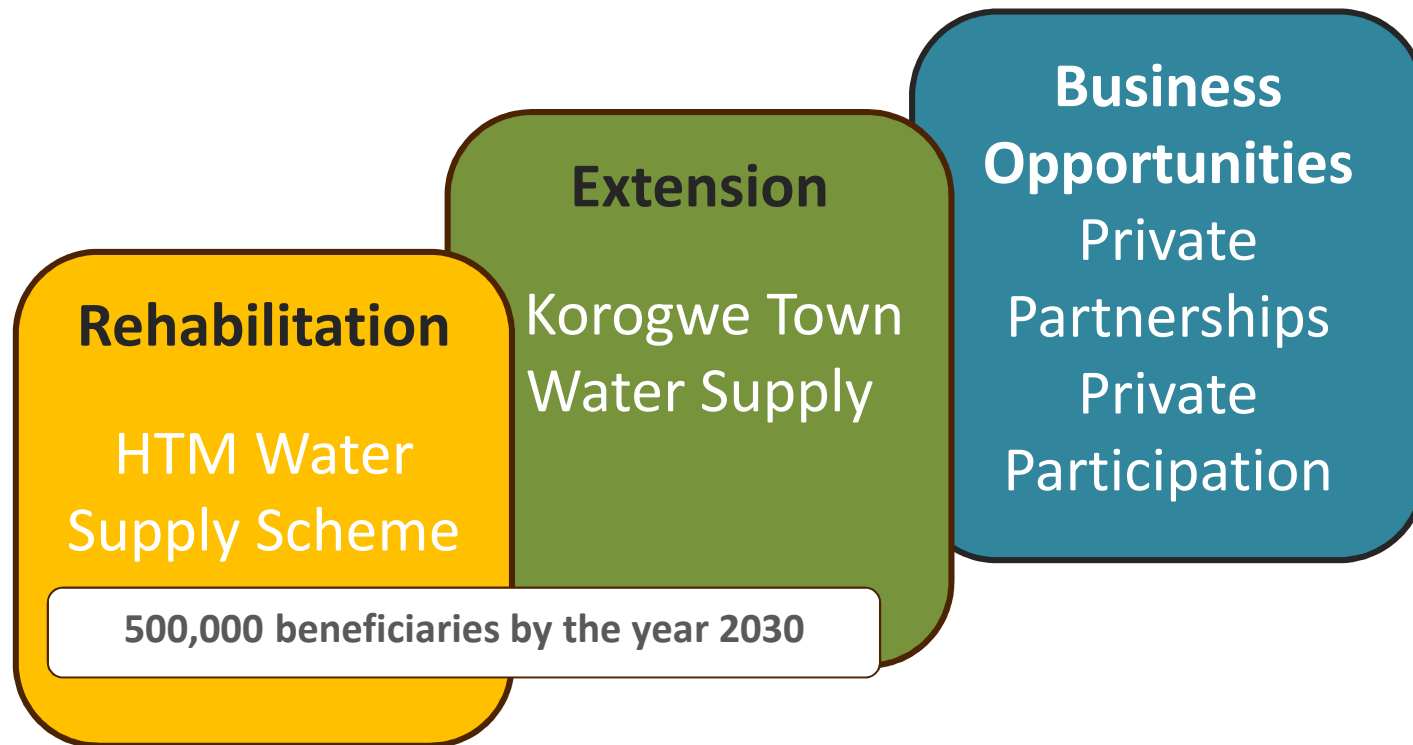




Handeni Trunk Main – HTM – Business Cases



Handeni Trunk Main Water Supply and Sanitation Authority
Handeni and Korogwe Districts | Tanga Region | Tanzania



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Where to start ?

O & (M) costs covered by MoW: underfinanced and no rehabilitation taken place in last 40 years

“Tired” infrastructure: malfunctioning valves and fragile PVC pipes lead to frequent supply interruptions

Low staff performance: basic salaries, no incentives, no performance measurement, basic education only

80% NRW: little revenue

...taking account of...

Pump intensive supply: frequent electricity supply failures

Here! Lack of financial resources: too-limited funds available at MoW and preference to find a “Sustainable investment solution” for HTM.



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Elaboration of a “Sustainable Investment Solution”

June 2013: MoW’s idea to “finance EUR 30 Mio. through PPP”.

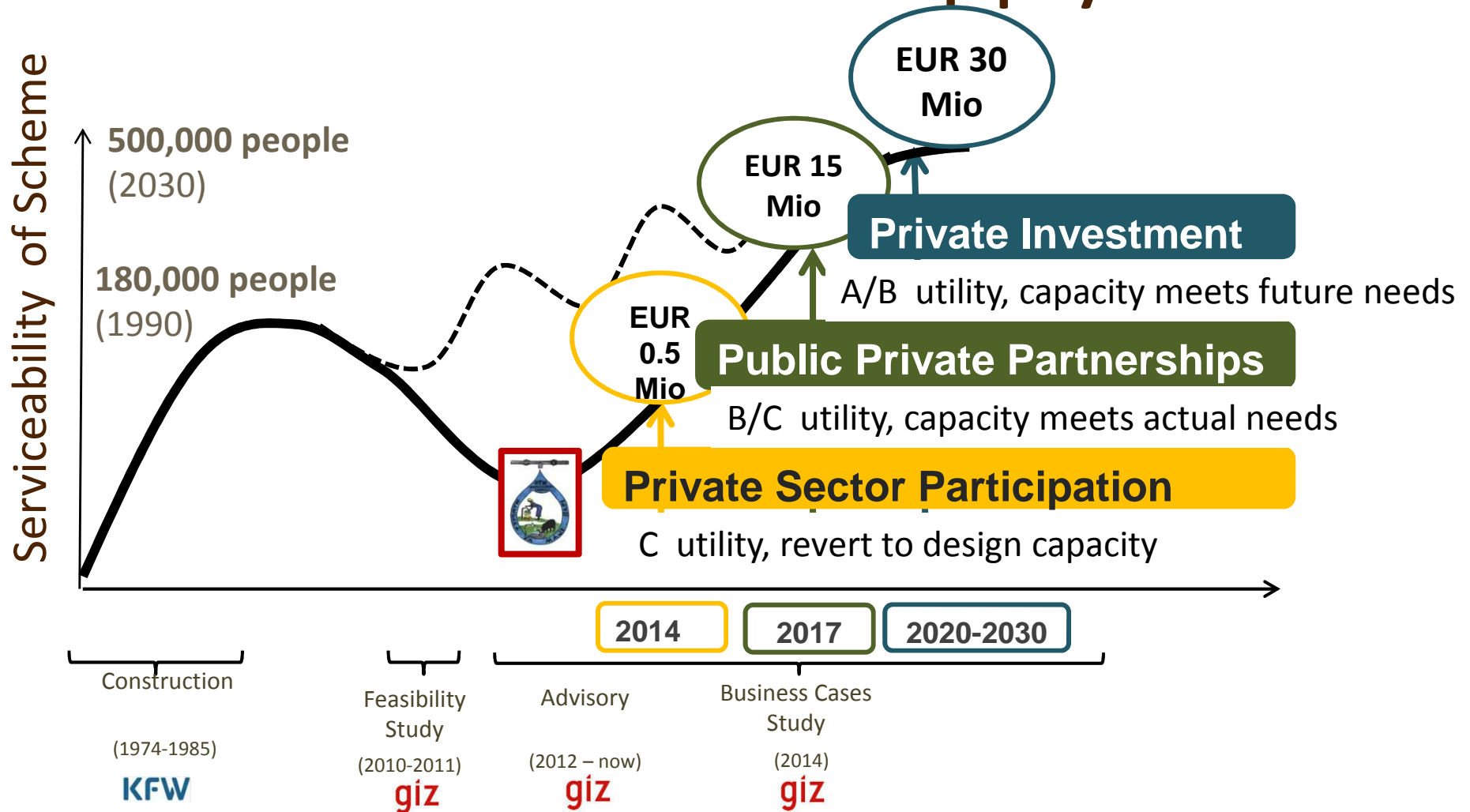
March - July 2014: Elaboration of Business Cases for the rehabilitation and extension of the Scheme with the focus to identify business opportunities for the private sector. Inputs:

- Feasibility Study on the Rehabilitation and Extension (Sept. 2011)
- Involvement of district, regional and national stakeholders
- GiZ private sector cooperation experiences
- Detailed O&M indicators from 2011 onwards

October 2014: Presentation to Ministry of Water

November 2014: Presentation to the Private Sector

Step-by-Step to Cost-effective water supply



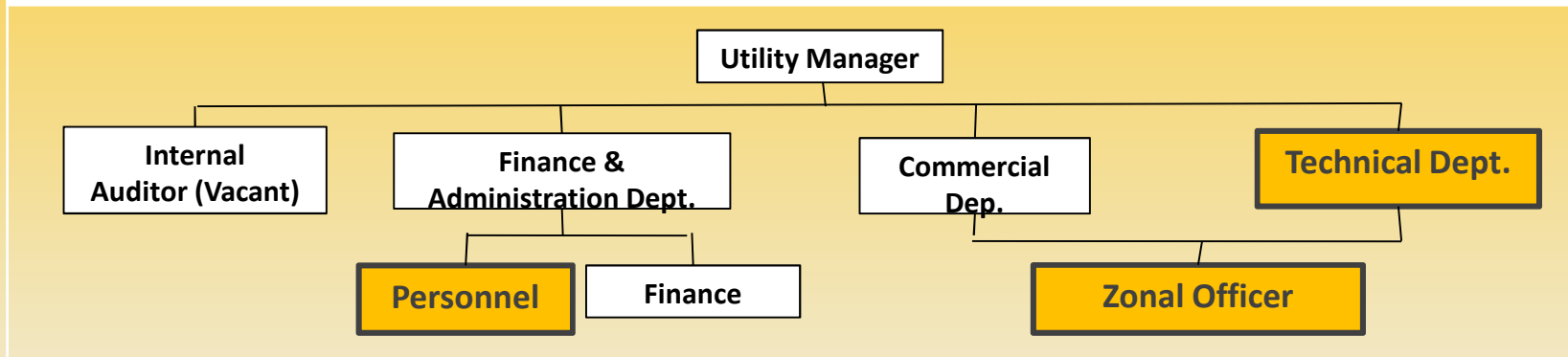


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Private Sector Participation

Long-term managerial Options (1)

Private Sector Participation for discrete O&M responsibilities



- Employee recruitment and assessment
 - Efficient and effective management of O&M zones
 - Preventative Maintenance and Efficient Operations
- Bonus and incentive schemes



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Private Sector Participation

Long-term managerial Options (2)

Opt. 1

Engineering firm operating in Water Sector.

Cost: EUR 0.5 Mio / year

Opt. 2

Utility Partnership

Cost: to be determined

Opt. 3

HTM by itself

Cost: to be determined



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Private Sector Participation

Lessons still to be made

- **find a reliable counterpart at the MoW** with whom to strive for implementation of the business cases.
- **receive** the promised MoW **finances** of EUR 0.5 Mio. to **implement the Emergency Procurement Program** and enable Service Contract options.
- **realize Value-for-Money analysis** for different implementation options.
- **change the public servant attitude** of long-serving staff **to fit commercial operations.**

How would you go about it?