

TANZANIA GENDER NETWORKING PROGRAMME (TGNP)

PRIVATISATION OF THE WATER SECTOR IN TANZANIA

**Implications to the Basic Right to Water
and
Gender Equity in the Care Burden**

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ACRONYMS

DAWASA	Dar es Salaam Water Supply and Sanitation Systems
DAWESCO	Dar es Salaam Water Supply and Sanitation Company
HBS	Household Budget Survey
HIPC	Highly Indebted Poor Countries
IFIs	International Financial Institutions
MOWLD	Ministry of Water and Livestock Development
PER	Public Expenditure Review
PHDR	Poverty and Human Development Report
PORALG	President's Office Regional Administration and Local Government
PRSP	Poverty Reduction Strategy Paper
PSSS	Public Services Satisfaction Survey
REPOA	Research on Poverty Alleviation
LGRP	Local Government Reform Programme
TA	Technical Assistance
TGNP	Tanzania Gender Networking Programme
UWSSA	Urban Water Supply and Sewerage Authority
WEDECO	Water and Environment Development Company

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EXECUTIVE SUMMARY (TO BE COMPLETED)

1. Introduction

“To those who are rich, access to safe water is limitless;

the poor have to do with less because they cannot afford to pay”

Is Universal Access to Water by 2025 achievable through privatization alone?

1.1 Background to the Water Sector

The Water Sector in Tanzania involves the supply of water for human consumption both urban and rural areas as well as the provision of water for several other sectors: agriculture and livestock keeping, industries, mining, production of electricity, fisheries, wildlife and tourism, etc. This paper however, will deal only with water supply for human consumption in urban and rural areas.

Water resources in the country include rain, rivers, lakes, wetlands, springs, reservoirs and groundwater aquifers within the country and many water bodies including those that are shared with neighbouring countries. Tanzania's known annual renewable water resources were estimated 89 cubic metres or 2,700 cubic metres of water per person per year by 2002. This average is well above the minimum required 1,700 cubic metres/person/per year of water.¹ The water experts predict that the favourable water situation will change by 2025. This assumes that no new sources of water will be available. For instance, the potential for rain water harvesting for domestic agriculture and livestock has hardly been touched in the country. Therefore, what precautions have to be taken such as preventing leakages in the existing water system and protecting water sources from wanton destruction of vegetation, the current water resources in Tanzania are adequate for human consumption and other uses.

The water resources are managed by the Ministry of Water and Livestock Development (MOWLD) through three main divisions: (i) Water Resources Assessment a

¹ National Water Policy, 2002, p.9

Exploration Division; (ii) the Urban Water and Sewerage Division and Rural Water Supply Division. At the local level the water supply systems are implemented by variety of organizations including the communities themselves.

1.2 Burden of Water Collection

It has been documented in many studies that the main collectors of water are women and children, particularly female children. A study that compared the collection of water between the 1960's and the 1990's found that:

“The burden of water collection is still borne by women and children. This aggravated by long waiting times at the source and labour intensive methods of carrying water” (*Mujwahuzi, 2002, p. 60*)

It was interesting that the study found that in the rural areas more women were involved in collecting water in the 1990's than in the 1960's while in the urban the combination of women and children had increased.

The pandemic of HIV/AIDS has increased the burden of collecting water since a great deal of additional water is required to treat patients with AIDS—cleaning the clothes, bedding, etc. This has been recently shown in a pilot study carried out in Kinondoni and Hai Districts which involved 40 households. Out of these, 31 households reported increased demand for water and increased time and money spent in collecting water as a result of having to take care of those who were suffering from HIV/AIDS.²

Access to water has been defined by the government as a water source being within 400 metres distance. This definition does not take into account the time taken to collect water. Women and children can spend hours waiting for water. A study by WaterAid found that the time taken to collect water has actually increased even when the distance to the water source has decreased. All three factors: distance, time taken to collect water and the incidence of AIDS in the household all affect female adults and children more than males directly. Indirectly, however, the amount collected and the quality of the water collected affects the health and well-being of everybody in the household.

² TGNP, A Report on the Pilot Study of the Care Burden of the HIV-Affected Households in Hai and Kinondoni Districts, Dar es Salaam, 2004

1.2 Water as a Basic Human Right

Since the late 1960's, water has been considered a basic human need and right. User payments towards construction costs were abolished in 1965 and user contributions for operations and maintenance ceased in 1970.³ Following the adoption of water as a basic human right, the country received a great deal of investment from the government and development partners in the 1970's and the mid-1980's. Each donor took on a particular responsibility for a particular region or set of regions in order to allocate investments in rural water supply: Japan, for instance, took the responsibility for Kilimanjaro Region, the Netherlands for Shinyanga and Morogoro Regions, and Danida for Iringa, Mbeya and Ruvuma Regions, to name only a few development partners. Estimates differ but one source claims that these schemes increased access to 40% of the population.⁴ Improved access to water was seen in terms of the number of new schemes provided and little attention was paid to operation and maintenance. Nevertheless, by 1990 about 42% of government water supply systems covered 42% of the rural population and 50% overall. This was also found by the Household Budget Survey (HBS) of 1991/92.

In line with the country's policy of socialism and the adoption of water as a basic right, the 1971 Water Policy set a goal of providing clean and safe water to the population within 400 meters from their households within 20 years on a cost free basis by 1990. This trend in policy continued until 2002. For instance, one of the goals of the *Tanzania Vision 2025* was universal access to water by 2025.⁶

While water supply remained an important concern of the government, by the mid 1980s it became apparent that the target to provide everyone with access to safe water by 1990 would not be reached. The best estimate was that by the 1990's the existing schemes would serve only 50 per cent of the population. In 1991 the Government removed the subsidies on water and introduced a number of institutional changes such as the creation

³ O. Therkildsen, "State, Donors and Villagers in Rural Water Management" IN: Tanzania, Crisis and Struggle for Survival, edited by Jannik Boesen et al. Uppsala, Scandinavian African Institute, 1986, p. 20

⁴ O. Therkildsen, 1986, *ibid.*, p.304. The author however, says that this does not take into consideration the schemes that failed after a short time of operation.

⁵ Mujwahuzi, Mark, *Drawers of Water, II. Thirty years of change in domestic water useTanzania country study*, London, IIED, 2002, Table 2.1 p. 9

⁶ Tanzania Vision 2025, Dar es Salaam, 1999

of semi-autonomous water associations in municipalities. The Dar es Salaam Water Supply and Sewerage Association (DAWASA) became the first of these. The New Water Policy of 1991 stated that the central government is a sole investor, implementer and manager of the water project, both in rural and urban areas and had a responsibility for protecting water sources.

2.0 Changes in Policies Regarding Access to Water

In accordance to the policy and principle that water is a basic right, water, especially in the rural areas was considered to be one of the six priority sectors of *Poverty Reduction Strategy (PRSP) 2000 to 2005* with the single specific target of increasing access to safe water nationally from 48.5% (2000) to 55% in 2003.⁷ However, during this period there were a number of radical changes within the overall policy generally and the water sector specifically, that affected the strategies for achieving this PRSP goal

One of the macro political changes was the decision by the government to abandon the policy of socialism and to adopt and intensify structural adjustment, globalization and related policies. This change had already been initiated in the late 1980's but was further intensified in the 1990's and (and is still going on). The process included:

- Liberalization of foreign and domestic trade;
- Privatization of the state owned enterprises and sectors;
- Reduction of government investment in the economy and service delivery;
- Removal of barriers to private investment and financial sector reform⁸

Privatization of the state owned enterprises and sectors became a conditionality that was tied to Tanzania qualifying for the HIPC grant which was meant to reduce its external debt burden. The HIPC qualifying formula was as follows: High divestiture of state owned enterprises and sectors would enable the country to get US\$ 300 million a year. The baseline for medium level divestiture was US \$200 million/year while low divestiture

⁷ Poverty Reduction Strategy Paper (PRSP), Dar es Salaam, 2000, p. 24

⁸ Mjema, G. D. Macroeconomic Policies and Their Gender Impact on Employment in the Context of SAI: an Overview, Mimeo, 1997

would result in a mere US \$100 million a year.⁹ The pressure came mainly from the International Finance Institutions (IFI's) both directly and indirectly. Directly, the divestiture from certain institutions such as the National Bank of Commerce and sectors such as agriculture, were directly linked to the completion point for HIPC debt relief. Indirectly, pressure came in the form of technical assistance. In 1993 for instance, the World Bank provided \$34.9 million as technical assistance to the Parastatal and Public Sector Reform Project to purchase Technical Assistance (TA) for privatization. The Government of Tanzania therefore scrambled to privatize its enterprises and sectors. One of these was the Water Sector, beginning with the Dar es Salaam Water Supply and Sanitation Authority (DAWASA) but also using the principle of cost recovery for the rural areas and cost sharing/cost recovery in the rural areas.

2.1 National Water Policy 2002

In 2000, in line with this trend of pressure by the IFI's and some donors for privatization and cost recovery, and also in view of the breakdown of the rural water system established in the 1970's and the 1980's, the Government opted to revise its policy on water and initiate institutional reform. The *National Water Policy of 2002* introduced a number of new concepts generally and specifically with regard to the supply of water in rural and urban areas. Generally, some of these were:

- *The principle of demand management would be used in water supply provision (p.23)* This means that those communities or areas that asked for water and showed willingness to be able to maintain the system would be given priority for expansion of services through new schemes or through rehabilitation of old schemes. Demand = ability to pay; not the mere need for it.

This concept was particularly hard on the female adults and children who were the main fetchers of water but who generally had a lesser capacity to pay and had less opportunity to make decisions about how the household income would be used.

⁹ Actionaid, Turning off the taps: donor conditionality and water privatization in Dar es Salaam, Tanzania, September, 2004.

- *The roles of **water resource management** including standard setting a regulatory enforcement shall be separated institutionally from service provision at all levels – national, urban, district and community level. (p.25)* This separation meant that the Government would no longer be the sole provider of water to its people.
- *Water is a public good of **very high value** in all its competing uses and requires sustainable utilization; (p.27).* The implications here were that (i) the users were not using water sustainably; and (ii) that they would have to pay for it. Who was using the water unsustainably? Certainly not the poor women and girls who were only concerned in meeting the basic needs.

These principles were spelt out in greater detail for rural and urban water supply

2.1.1 Rural Water Supply in the New Policy

For domestic water supply in the rural areas the Policy defined the basic level of service in rural areas as a year round supply of 25 litres of potable water per capita per day through water points located within 400 metres from the furthest homestead and serving 250 households per outlet.

The strategy for rural water supply was guided by two main principles:

- “Water is an **economic good** and will therefore be treated as an economic undertaking requiring efficient management of the resource and financed by the water users themselves;” (p.52). This meant that water could be considered a basic right only as far as the user could purchase it.
- Sustainability of the water systems was to be achieved through;
 - **Demand Responsive Approach** – those who show evidence of being able to pay will be given first priority;
 - Communities will establish a mechanism to **contribute a portion of their capital costs in cash and kind.**
 - “Ensuring **full cost recovery for operation and maintenance and replacement**”

- “Involvement of user organizations and the **private sector** fundamental”

The policy of contributing 5% towards a cost of a system seems like a small contribution however some of the schemes can be quite expensive. For instance, one recent estimation was as follows:

- Rehabilitation of a rural scheme is Tz. Sh. 30 million;
- Expansion – intake, storage and 2 kiosks is 25 million
- Construction of a new scheme is 100 million.¹⁰

Five (5%) of these amounts would be in the range of three (3) to 10 million. In view of the goal of water for all by 2025, what happens to the approximately 40% in the rural areas who fall below the poverty line, according to the HBS, 2000/01 are too poor to contribute towards the scheme nor pay user fees to recover the operations and maintenance cost?

What happens if the community is not able to ensure paying for the operations and maintenance after the scheme has been set up? Will the problems of lack of maintenance and poor operation systems that bedeviled the schemes set up in the 1970's and early 1980's not re-appear? Would the government then abandon its investment?

Participation and the Role of Women in Rural Water Supply

A great deal of attention was paid in the New National Water Policy to community participation in planning, designing, and construction and operation and maintenance. What has been the reality? To what extent are community members able to participate in key decision making backed up by the necessary information, skills and resources? In actual fact the real aim seems to get the communities to pay in cash or kind for water services which so far had been free of charge.

¹⁰ Economic Research Bureau and TGNP, PER Expenditure Review for the Financial Year, 2003/04, Dar es Salaam, 2004.

Some lip service was paid to the role of women in the water sector without any specific strategies to ensure that this role was mainstreamed in public and private enterprise. There was no mention even of the practice that had been started in some donor support schemes of observing 50% representation of males/females in the water committees. In one village in Kilosa District, the new water point in the village was located even further than the traditional source of unprotected water. Women therefore ignored the new water point. In another, village the water from the newly constructed well was used for brick making by the men and women were restricted to certain hours to collect water – the hours were not always convenient to the women. ¹¹

Privatization as a Panacea

Attention was also paid to private sector participation on the grounds that:

“Involvement of the private sector in the delivery of water supply services will improve efficiency and effectiveness and enhance development and sustainability of service delivery.”

This was stated despite the fact that there was no evidence nor any models were provided on which to base this assertion for Tanzania and ignored the fact that there had been progress in access to water supply in the 1970's and 1980's through government water supply services. Overall, the coverage was 40 per cent and in some areas like Kilombero District the coverage had been 100% at one time.

2.1.2 Urban Water Supply and Sanitation (UWSS)

For urban water supply, the basic level of service was defined as 40 litres/per capita/ day. The principles were equally radical and contradictory. They started well by stating that

“Water and sanitation are critical components of development, thus access to UWSS services is a right of every Tanzanian”. However, the principles went to say that “C

¹¹ Author's field experience in Kilosa District in 1997-2002

recovery is the foundation of sustainable service delivery;”—a really radical move from the past where water was largely free. Again, as in the case of rural water supply, it was stated that **“Water demand management shall be emphasized”** meaning that preference was to be given to those who could pay. *“Private sector participation in the management and development of urban water supply and sewerage services will be encouraged”* and *“Public/private sector partnerships shall be promoted where appropriate”* Who was to decide the appropriateness? As one study put it, the privatization of the water supply system of Dar es Salaam was not even discussed in parliament!

The New Water Policy thus set the stage for privatization, cost recovery and a consideration of the ability to pay and recover costs as the yardstick for supplying water. There was one important proviso *“UWSS entities to take into consideration the existence and the needs of the low income groups”* (p.69). However, as in the case of participation and the role of women, there was no strategy on how to achieve this. The proviso also did not seem to apply to the rural areas. The implication here seems to be that in the rural areas females from poor households could access other sources even if these were very far and the quality of water dubious.

2.2 Rationale for the Changes: Was this Correct?

One of the reasons for the changes in policy that have been put forward is the need for efficiency, and the lack of adequate resources for the country to provide water free of charge for all. It has been pointed out that despite the heavy investments in the 1970s and early 1980's in water supplies especially in the rural areas the situation had deteriorated in the 1990's. However, this is not consistent with some data. For instance in Kagera Region there was a consistent improvement from 1960/65 to 1989/90: access to safe water within 1 km. rose from 5% in 1960/65 to 17% in 1970/75 to 32% in 1985 to 34 % in 1989/90. In Mtwara the water system had been established between 1971 and

1981, and had an infrastructure system that could supply 74% of the population but practice only 30% had access to clean water by 1989/90.¹²

Studies point out that many of the donor schemes did not operate at full capacity because (i) that the investment in the water sector had not been commensurate with the needs of the planned schemes; (ii) that not enough attention was paid to operations and maintenance, particularly after the adoption of structural adjustment; (iii) and the measures such as decentralization of the government had caused disruptions of responsibilities and budgeting for the operations and maintenance.

Investments in the water sector, dropped from a high of \$21 per capita in 1977/78 to less than \$10 per capita throughout the period of 1984/85 to 1989/90, the period of structural adjustment.¹³ For operations and maintenance which come out of recurrent budget the situation was even worse: water share dropped from 6.5% to 1.0% and in real terms the value of the budgets dropped from Tanzanian shillings 362 million to Tanzanian shillings 261 million. After decentralization in mid-1980's, MOWLD, had little say in what happened in the districts which had their own funds for water and used it as they thought best.

By 2002 only 50% of the rural populations overall had access to a reliable water supply. In addition, over 30% of the rural water schemes were not functioning properly due to poor maintenance and operational arrangements.¹⁴ The situation was slightly better in the urban areas where overall coverage was 73%.¹⁵ These overall figures hide a great deal of differences among regions and districts and within districts. Both the Household Budget Survey and the data from the MOWLD show significant differences among regions.¹⁶ The data from the MOWLD published in 2005 shows that while on average

¹² Tibaijuka, Anna *The Social Services Crisis in the 1990's*

¹³ Strom, Gabriel Winai, *Change in Tanzania, 1980-1994; Political and Economic Reforms Observed by Four Tanzania Scholars*, SIDA, 1995, p.111. The same point has been put forward by Mark Mujwahuzi in Tibaijuka, Anna. *The Social Services Crisis of the 1990's*, Ashgate, 1998, p. p 185-197.

¹⁴ National Water Policy, 2002, p.2. This view is also expressed by Mark Mujwahuzi, *Drawers of Water II*, Uppsala, 2002

¹⁵ *Ibid*, p.2.

¹⁶ Household Budget Survey, 2000/01; MOWLD, Statistical Year Book, January 2005, p. 19.

53.47% of the population had access to water in 2003, the rate was only 26.94% for Tabora Region and less than the national average for Singida, Lindi, Mara, Shinyanga, Manyara, and Mwanza Regions. In Nzega township, for instance, the system broke down in the 1990's and the people had to get water from sources that were both very far off and of dubious water quality.

While there is some truth in the fact that schemes were not operated and maintained for optimal reasons for all the reasons discussed above, and while it is true that people expect water to be a free service, the real reason for privatization of the water sector was the growing pressure from external sources including the IFI's and the development partners but also some multinationals who have gone so far as to even insure foreign companies against any breach of contracts by the Tanzanian government.¹⁷

Both the IFI's and the government have reneged on their earlier commitments to provide access to all as a matter of right. Privatization has meant the maximum increase in costs for the lowest levels in services. For instance in telephone services, tariffs have been lowered for foreign calls while local calls using the landline have increased by 60% (from 60/- to 100/- per minute). Electricity tariffs have been lowered for industries but they have been increased for domestic consumption.

The same trend is likely to happen in water – the poor are very likely to be marginalized as it happened in South Africa where there were 10 million water cuts after South Africa's commercialization of the water sector which started in 1994. About 2 million people were evicted from their homes for not paying their bills.¹⁸ Ghana is facing a similar situation and in the United States and Europe there are fears that one private company alone will control 70% of the water systems in North America and Europe. Worldwide, less than 10% of the world's water resources are controlled by the private sector yet it is being pushed for the developing countries.

¹⁷ For instance, City Water was insured for U.S. \$ 2 million (Source: Action Aid Turning off the taps.....2004)

¹⁸ " 10 million water cuts after South Africa's water privatization: 2005

¹⁹ Is Water a Human Right? African Agenda, Vol.8, No.2, p.30.

3.0 The Status of Privatization of Water in Tanzania

3.1 Rationale for Privatization of the Water Sector

The author was told in no mistaken terms by a very senior official at MOWLD that there is no privatization of water resources, only of water services. This is this high interesting in view of the discussion that followed.

The rationale for the privatization was given as follows:

- Bringing in new revenue and relieving the government budget;
- Improving the management of the water system in order to increase efficiency service provision using economic and business indicators to assess the efficiency;
- Combination of commerce and service—putting the service on a commercial basis;
- Improved access to water, especially for poor people.²⁰

The term privatization in the water supply sector implies ownership by a number of different institutions, individuals and entities. Thus privatization of the water supply services in Tanzania has taken a number of modalities, ranging from international commercial companies, to local indigenous commercial companies, registered autonomous authorities and boards; to registered water user associations and finally user groups in the process of registration. In addition there are associated companies such as the private drilling companies. In 2005 the MOWLD listed 34 such companies who had begun such operations between 1992 and 2002.²¹ Of special interest is the fact that while there is a National Drilling Authority as part of the MOWLD, it is not allowed to compete in any of the tenders. Many of these are foreign owned.

The data on these various private bodies is summarized in Table 1 below.

Table 1: Types of Private Water Supply Organisations

²⁰ Action Aid, "Turning off the taps", 2004; and Interview with a very senior official at MOWLD

²¹ MOWLD, Statistical Year Book, Dar 4es Salaam, January, 2005

C/No.	Entity Type	Location	Total
1	Water user associations	Rural	81
2.	Water companies in rural areas	Rural	22
3.	Trustees	Rural	2
4.	Cooperative societies	Rural	0
5	Corporations	Rural	0
6	Water user groups	Rural	1,709
7.	Water Boards (District Headquarters)	Urban	27
8	Water Boards (Other small towns) (45 fully operational; 47 in various stages of completion)	Urban	92.
9	Urban Water Supply and Sewerage Systems (UWSSA's) in regional headquarters	Urban	20
10	Private commercial companies in urban areas	Urban	2*

* Known

Source: MOWLD, Statistical Yearbook, 2005

3.2. Privatization of Water Supply in Urban Areas

3.2.1 Large municipalities: Example Dar es Salaam City

Water supply operations and maintenance in large municipalities which are also regional capitals, are run by Urban Water Supply and Sewerage Associations (UWSSA's). At present there are 20 such bodies, including DAWASA, the Dar es Salaam Water Supply and Sewerage Association. These are commercially operated private institutions using commercial principles and are eligible to take loans from banks for their operations. In 2004/05 the 19 authorities (excluding DAWASA) provided 98.779 million cubic meters to 159,611 customers and collected 17.89 billion shillings and provided water to 159,611 customers.

For DAWASA, the situation was very specific. International pressure and public dissatisfaction with its services compelled it to privatize the water delivery system in Dar es Salaam. City Water was awarded an "operating lease contract" to take over responsibility for billing, tariff collection, operation and routine maintenance of the water supply system.

supply system in Dar es Salaam from DAWASA. The bidding documents were prepared by a foreign company known as Severn Trust which did not have a good record providing water either within the UK or even outside UK. City Water was the only bidder but still got the contract which was signed in August 2003.

It was agreed that DAWASA would retain ownership of the assets and backed by a loan of \$143 million from the World Bank, African Development Bank (ADB) and the European Investment Bank (EIB) agreed to retain responsibility for rehabilitating and expanding the network although some \$40 million was to be sub-contracted to City Water for specified works. It was agreed that DAWASA would provide an additional \$12.5 million through internal cash generation. Both DAWASA and City Water would share the profits.

As it turned out the arrangement did not satisfy MOWLD and the Minister for Water and Livestock Development terminated the contract. In a budget speech to Parliament the Minister gave the following reasons (among others):

- Failure to collect sufficient revenue – expected at 1.2 billion shillings but only 0.8 billion were collected; yet the same workers were able to collect the money with short time after the contract with City Water was terminated;
- Failure of City Water to pay DAWASA the rent for the lease of the assets;
- Failure to increase customers to the agreed number of 1000 in the first year; instead was able to connect only 400 new customers;
- Failure to pay in full the cost of electricity used by the Company.
- Disagreement over the decision of City Water to raise water costs by 10% for domestic consumption and 12.2% for commercial enterprises.

In addition, the Minister pointed out that the government had incurred an expense of 4 billion shillings to pay terminal benefits that were retrenched on a voluntary basis²²

²² MOWLD, Hotuba ya Waziri wa Maji na Maendeleo ya Mifugo.....akiwasilisha Bugeni Makadirio ya Mapato na Matumizi ya Fedha kwa mwaka 2005/2006, Dodoma, Julai, 2005

The implications of the fiasco are immense and will be covered in the next section. Meanwhile some pertinent questions need to be asked:

- Who is benefiting from such privatization?
- Who is paying or will have to pay the price for such privatization?
- What reason do we have to trust the new company, DAWESCO which has taken over from City Water?
- Why should the government take a loan to benefit a private company?
- How much did the private company actually invest in this affair?
- What are the cost implications for the government by canceling the contract?

3.2.2 Privatization of Water Supply in Smaller Towns –a District Headquarters

The Nzega District headquarters at Nzega Township did not have water for about 10 years because the system had broken down. People experienced a great deal of hardship in accessing safe water/ Distances to water sources were also great putting a severe hardship on women and children, the main fetchers of water. A nearby mining company, Resolute, agreed to rehabilitate on condition that the operations of the rehabilitation scheme should be privatized. The contract for the rehabilitation and the operations and maintenance was given to a private company, Water and Environment Development Company, (WEDECO) with extensive experience obtained through working with foreign companies such as DHV in Morogoro, Japan Techno Company, and NGO's such as World Vision and Water Aid.

The Nzega Municipality already has a well established Water Board but due to the conditionality was compelled to agree to have a contract with WEDECO. The water source is a dam and water is supplied through individual household connections at water kiosks. WEDECO claims that about 80% of the population have access to water which is supplied at the price of 1/- per litre at the kiosks and in the households which all have water meters. At this rate, and with the minimum requirement being 60 litres per capita and assuming an average household to be 6 persons, it would cost the household about 150/- per day or 4,500/- per month. This requirement could be quite

²³ Information provided by

hard on those households who earn less than 30,000/- per month and who also have consider other needs such as food, health services, children's education, etc.

The WEDECO official agrees that the standard rate is hard on the poor and that they are considering a differentiated rate in order to lower the price for the poor. However, it has not been done. In the meantime one therefore has to ask? Who are the 20% who do not use the water system operated by WEDECO? I was told that some of these could well be the very well off who have their own boreholes but the majority are probably the very poor.

3.2.3 Water Vendors

The erratic water supply in the urban areas has led to the sale of water and has made water a commodity for sale and purchase rather than a basic right. Further it has encouraged some vendors in bad business practices which endanger human health by collecting and selling water obtained from polluted sources. Privatization also has an individual and class aspect. The sale/purchase takes two forms: privately owned water tankers selling water on a large scale basis to the better off who have large storage tanks and vendors selling water in 20 litre containers to the less well off households but who can still afford to purchase water in order to save time and labour in getting water from the public kiosks or from other sources of water.

Where do the tankers get the water? I was informed at the MOWLD that most of the tankers get the water from private boreholes. The business is highly competitive so the tankers are careful about ensuring good water quality. In 2004/05 alone in Dar es Salaam there were 214 deep wells/boreholes that were dug on a private basis. The tankers buy the water at 1/- per litre and sell it at 5/- per litre. Each tanker has a capacity of 9,000 to 10,000 litres. Who says that water itself has not been privatized? People who operate boreholes and sell water are providing a service but they have also privatized and commoditized water. The good point is that they are selling water to the better off populations leaving the water at the kiosks for the poorer sections of the population.

However, they do not really pay for the water except through the cost of digging the well or borehole. I was informed that the owners do not pay any fees for such business except if the volume of water exceeds 22 cubic metres an hour. A public resource is exploited for individual gain but no taxes are paid? Is this fair? Even the poor subsistence farmer has to pay taxes; why not these people? If the government wants to collect extra revenue from water why is private business like this not taxed and the proceeds used to build more community shared taps or kiosks to expand access? The taxes would only affect the better off so there is also an equity issue here.

The other aspect of sale of water is through small scale vendors who use a bicycle or hand drawn cart to sell water from house to house. This service is more equitable than the previous one because it serves the less well off households and the poor can access since they can buy water in small quantities such as one container of 20 litres. However, prices can be quite high during periods of water shortages and during the dry season – the very time when the poor cannot access water from nearby sources replenished by the rains during the wet season.

The vendors can get the water from public kiosks or private households who pay a fee for water use and therefore can afford to sell water cheaply to the vendors. At other times the vendors resort to water sources which are free but of dubious quality. This system can be said to be the privatization of the national water supply system – the water is supplied to the households by the UWSSA's and resold to other households. In some cases such services are provided directly by one household with a connection to others who do not have such connections and do not have public kiosks nearby.

3.2.4 Water for urban agriculture

Another form of privatization is through the use of water for urban agriculture – vegetable gardening as well as the keeping of livestock. In many places urban agriculture is carried out near a natural water source and provides much needed income for the poor. In other places piped water is used to irrigate vegetable gardens? Who pays for the water? Should water treated at a high price be used to grow vegetables? Can this be

justified in the name of poverty reduction when such large proportions of the population are subjected to severe rationing of water supply?

3.2.5 Bottled water

A new phase of privatization is the sale of “safe” water in convenient bottles. There is a whole range of businesses involved here, from multinational corporations like Coca Cola involved in the bottling of water, to people who supply water containers of “bottled” safe water to offices, hotels and other public places. The containers have taps to draw down the water and come conveniently with disposable glasses/cups for drinking the water. The term “safe water” has now got a new meaning. There is no doubt that the sale of water in bottles – small and large is a convenience to many persons in the high and medium income groups especially when traveling. However, at Tanzanian shillings 100 for the smallest water bottle (500 cc or half a litre), the price is beyond the reach of the very poor who still have to resort to poor quality or even unsafe water to meet their needs if the public water supply system is not working or too expensive.

3.3 Water Supply in the Rural Areas

3.3.1 Private Water Companies in the Rural Areas

A recent publication (2005) by the MOWLD reported that there are 22 water companies in all in rural areas, 21 in Morogoro Region and 1 in Kilimanjaro Region.²⁴ No data were available on these companies.

3.3.2 Water Associations and Groups

The main form of water supply privatization in the rural areas is a form of quasi-privatization in which people contribute about 5% of the capital costs of a new scheme or the rehabilitation of an old system and 100% towards the cost of operations and maintenance including depreciation. In order to manage these rural entities are encouraged to establish water users associations and groups. By June 2004, there were 76 water users associations concentrated mainly in Mara Region, 1709 user groups again concentrated

²⁴ MOWLD, Statistical Yearbook, 2005.

mainly around the lake regions and 7254 water committees spread throughout all the regions, with the highest again being in Shinyanga Region with 2,194 water committees (no data was available for Dar es Salaam). These water committees had collected about Tanzanian shillings 1.3 billion by December 2003.

4.0 Implications of the New Water Policy and Various Modalities Privatization

4.1 Re-examining the Objectives of Water Privatization

In order to carry out this assessment, one needs to re-visit the reasons given for privatization and see to what extent these have been met. The reasons are:

- Bringing in new revenue and relieving the government budget;
- Improving the management of the water system in order to increase efficiency of service provision using economic and business indicators to assess the efficiency;
- Combination of commerce and service—putting the service on a commercial basis;
- Improved access to water, especially for poor people.²⁵

Some extra funds seem to have been collected through the various forms of privatization. Specifically, the amount collected by the UWSSA's during 2003/04 is Tanzanian shillings 13.384 billion against an operations cost of Tanzanian shillings 14.211 billion. So it still makes a loss. The rural water committees in the various regions collected a total of 1.275 billion giving a grand total of about Tanzanian shillings 14.5 billions. One could conceivably argue that the amount collected was indeed a contribution towards the budget. However how significant is this?

²⁵ Action Aid, "Turning off the taps", 2004; and Interview with a very senior official at MOWLD

²⁶ MOWLD statistics, 2005

In 2005/06 the budget for the Ministry for Water and Livestock Development was Tanzanian shillings 148.087 billion, therefore the funds collected were about 10% of the Ministry's budget. The money collected was slightly more than half of what the Ministry received for current expenses. Nevertheless, it can be said that the new system did provide the government with some much needed financial resources for operating the water system and would eventually benefit all users if such funds were properly managed for improving the water quality and access.

For the second objective, this paper was not able to get sufficient data to assess the efficiency in service provision since there was no baseline data, nor readily available indicators of efficiency. The water service has been put on a commercial basis to some extent and efficiency may have improved, but the impact of this on people's access to water and consequent impact on the health is an issue that needs to be taken into consideration when considering "efficiency". How many person hours particularly of female adults and children are spent and thus lost to productive activity, education, care of children, in collecting water from distant sources or recovering from water related illnesses by those who cannot afford the commercialization of water? Outbreaks of cholera and other water borne diseases are a common feature of the poorer unplanned settlements in Dar es Salaam. In contrast one does not hear of children dying from cholera in well to do areas, Oyster Bay or Mbezi Beach nor see long queues of women and children waiting patiently at the public tap or kiosk.

4.1.1 Improved Access to Water specially for the Poor

According to the MOWLD access to water, it means access to safe/protected water. Using this definition a comparison was made for some ten regions (selected on the basis of having lower than average access) of the data from the Household Budget Survey (HBS) which was carried out in 2000/01 and data from the MOWLD (which is considered to be exaggerated by some) for the year 2003. The data shows that there is little significant improvement (see Table 2).

National surveys such as the Participatory Poverty Assessment -TzPPA by the Economic and Social Research Foundation (ESRF), the Public Services Satisfaction Survey – PS: by the Research for Poverty Alleviation (REPOA), and interviews with stakeholders including households in Dar es Salaam, Morogoro and Coast Region held in March 2004 all show that people are generally not satisfied with the supply since the new system was instituted. For instance, in Kimara, Dar es Salaam, all the interviewees said that there had been no achievements in the supply of water between 2000 and 2003. In Mazimwini Ward, Morogoro Urban only 50% felt that there was some achievement.²⁷ One study also claims that access to the poor has been largely ignored by the new emphasis on privatization. This study claims that 98% of the spending on water in Dar es Salaam has gone to the better off 20%; the people in the unplanned areas where there are no pipe connections to the households are largely ignored or at best have been made the responsibility of NGO's²⁸. Critics of the 2005/06 Water Budget have also questioned why nearly 98% of the development budget is going to the Lake Victoria Water Scheme. Who will benefit most, the big gold mining companies or poor village communities?

Table 2: Access to Piped and Other Protected Water Sources between 2000/01 and December 2003 (in percentage %)

Regions	HBS findings (2000/01)	MOWLD data for 2003	Comment
Tabora	25	26.94	<1%/year
Mara	40	44.35	About 1%/yr
Singida	61	37.17**	Major decline
Lindi	20	37.66*	Good
Mwanza	53	47.01**	Major decline
Rukwa	55	59.03	About 1%/yr
Pwani	35	37.66	<1%/yr
Shinyanga	39	44.35	About 1.5%/yr
Iringa	54	55.93	About 1%/yr
Kilimanjaro	77	58.96	Major decline

Source: HBS, 2000/01 and MOWLD, Statistical yearbook, 2005

The National Water Policy has made some concession to the need to consider the plight of the poor in its policy objectives and strategies for urban water supply. This was

²⁷ Field study carried out in March 2004

²⁸ Action Aid, Turning off the taps.....September 2004

further stated by the Minister for Water and Livestock Development in his budget speech for 2004/05. He declared that the poor households who cannot afford to purchase water should get the equivalent of 8 containers of 20 litres each per household. That is admirable because it comes very close to the specified 25 litres per capita or 180 litres per household of 6 persons.

However, the policy is difficult to implement if the main goal is cost recovery and it is difficult to monitor because no records are kept. MOWLD has also not set any criteria for those entitled to free water. There are obvious places, such as hospitals, the very poor, the aged burdened with looking after HIV/AIDS orphans, etc.

4.2 Abandonment of Universal Access

All these aspects set the stage for the transition from sole responsibility of the Government for the provision of water to urban and rural areas to privatization of the services using a variety of modalities and have many implications. In the first place the concept of access to safe water to all that was embedded in the Water Decade, the 1991 Water Policy and Vision 2025 was abandoned through the policy of demand responsiveness. Water will now be given to only those communities that were (i) able to contribute about 5% of the capital costs of a rural scheme as well as all the costs of operation and maintenance. In order to do this communities have been urged to form user groups. Membership of the groups will depend on ability to pay which means that the poorest can easily be marginalized. So what happens to those who cannot pay? They will be marginalized and have to use unsafe water. In the urban areas, the case of Nzega Town already shows that about 20% of the population was not able to access water. How does this fit in with providing universal access by 2025, the goal of *Tanzania Vision 2025*? Is the government still committed to this goal?

4.3 Increased Urban/Rural Inequalities in Access to Water

There are already a number of inequalities in access to water between urban and rural areas. If water supply is linked to ability to pay and privatization, there is even a likelihood that these disparities will continue because the rural areas are worse off than

the urban areas in all socio-economic indicators. As the HBS found out, “Rural areas have the highest poverty levels, with 39 per cent of the population below the basic poverty line compared to 18 per cent for Dar es Salaam and 26 per cent in other urban areas” (HBS, p.xxiv). There was already evidence in the past that the urban areas got the majority share of the budget; this trend has continued with the rural areas getting far less than the combined urban/national budget in the MTEF 2004/05-2006/07 even though about 80% of the population live in the rural area.

4.4 Risk is still carried by the Public Sector

Another aspect of the privatization is the fact that the risk is still carried by the public sector. For instance, in the privatization of water supply system in Dar es Salaam, the government had to spend a whopping 4.1 million dollars (4.1 billion shillings) to pay for the terminal benefits of the DAWASA staff that were retrenched? The 143.5 million dollars taken by DAWASA has been guaranteed by the Government who will have to pay the loan if DAWASA/ DAWESCO are unable to meet the obligations. This risk is not applicable to private companies especially international ones. City Water, for instance, was insured by Biwater (UK). All major development expenditure for rehabilitation and establishment of new schemes are borne by the Government of Tanzania. So why is the public sector involved if we have privatized the supply of water in Tanzania?

An associated question is the loans going to be better managed than the grants from donors? Who is monitoring the use of such loans? Who for instance will now use the loan given to DAWASA in the light of the fiasco of City Water? If the loans are not well managed, the situation will be worse than before – the country’s debt will increase without corresponding benefits to the citizens including the poor, who will have to repay the loan!

4.5 Disparities in Quantity of Water Consumed May Intensify

Even if access to safe water is improved there will be a continuation of the present disparities in the amount of water consumed. MoWLD regards the minimum consumption of water to be 40 litres per person per day in the urban areas and 25 litres per person per day in the rural areas. Data from urban areas revealed that those with in-house connections used about 200 to 240 litres a day or an average of about 50 litres per person per day, assuming the HBS national average of 4.9 persons per household. Those households that had to use water from public or private water points or kiosks tended to use between 80 to 100 litres per day, or an average of 16 to 20 litres per day/person assuming the same national average.²⁹ In the rural areas the differences ranged from 10 buckets to 2-3 buckets of 20 litres each per household per day (**Field data from Mtwara Region, Jan. 2004**). There are two main reasons for these disparities:

- (i) affordability
- (ii) distances and time involved in collecting water.

Cost was a major factor in urban areas although it was also beginning to affect rural areas. In Mlandizi Division, for instance, a number of households have water piped to their households and get supplied for 6 hours a day every alternate day. After the initial connection cost, they pay a flat monthly rate of Tz.Sh. 19,900 per month. Those that do not have such facilities can purchase water at Tz.sh. 150/-200/- per 20 litre container from vendors or at Tz. Sh. 50 per 20 litres from neighbours or public water kiosk. Households with in-house connections used about 200-240 litres per day; those without used about 80-100 litres. If the latter were to use 200 litres per day like their better-off neighbours, they would have to pay at least 1,500/- per day for water from vendors or 500/-per day from kiosks or neighbours – costs that are beyond the means of many low-income urban dwellers. Hence they reduce the amount consumed.

²⁹ Data from a household survey of Mlandizi Division, 2004

In the rural areas an additional factor was the seasonal differences in distance travel and time taken to fetch water. In many parts in the rural areas, households have to rely on unprotected sources for part or all of their needs. During the rainy season many of these unprotected sources are close by – perhaps even closer than the public access water points. However, these tend to dry up during the dry season.

Seasonal and climatic factors affect supply of water throughout the year. Fetchers of water mainly women and children, often have to walk longer distances during the dry season than during the wet season. Shallow wells also tend to be affected by seasonal variations and droughts. In Mabeti, Tandahimba District, 70% of the water fetchers walked less than 1 kilometre; 30% walked between 1 and 2 km. in the wet season. Conversely, in the dry season, 70% had to travel between 4 to 5.9.km. while 30% had to travel 2 to 3.9 km. There is definite evidence that water consumption falls drastically when distances and travel time increase (see Box 1). In addition to the burden of traveling far there is also the risk of physical danger. The number of women and children being killed by crocodiles and lions is increasing, going by the data from the media alone.

Box 1: Two Studies Showing Impact of Time Taken to Fetch Water on Water Consumption

Village	DRY SEASON Time taken to collect water	DRY SEASON Amount of water collected	WET SEASON Time taken to collect water	WET SEASON Amount of water collected
Mabeti Village, Mtwara region	4 hrs walking by women; 2 hrs by bicycles by men	2-3 buckets of 20 litres each	30 minutes	4 buckets of litres each (mostly women)
Mwaluzillo Village, Nzega District	2-8 hrs mostly by women	2-4 buckets of 20 litres each	15-30 minutes	6-10 buckets of litres each mostly by women

Source: Mascarenhas and Shitundu, *PRS Water Consultation and Review*, Dar es Salaam, 2004 (Field Study, 2004)

³⁰ Field study in Tandahimba District, March, 2004.

These disparities will also be evidenced in the quality of water consumed and the loss of productive time especially for women and children, the main purveyors of water in poor households.³¹

4.6 Continued Lack of Gender Mainstreaming in the Privatization of the Water Sector

The National Water Policy makes several references to the important role of women in the provision of water at the household level. However the policy does not make any provisions of how women should be involved in the design and operation of water supply systems. There is therefore real danger that the females in the poorer will be the most affected in terms of collecting water if it has to be paid for. The situation is made more difficult by outbreaks of diseases like diarrhea and the HIV/AIDS pandemic which require extra quantities of water for washing clothes, bedding and the patients themselves. As the main caretakers, the burden of collecting the extra water falls mainly on the female members of the household at the cost of their productive contribution to poverty reduction.

When a water source is far, women compensate by reducing the amount of water collected. Data from field studies found that when distances increase beyond a certain limit, the amount of water consumed is almost halved (see Box 1 above). Alternatively they have to purchase water at the cost of meeting other basic needs.

There are no in-depth studies of the impact of the quantity and quality of water on health. However, the location of outbreaks of cholera in Dar es Salaam and the relationship between diarrhea and access to safe water show that reduction in quantity and quality of water has serious negative health impacts.

³¹ For a more detailed discussion of these aspects see Mascarenhas, O and Shitundu, J. PRS Water Consultation and Review, Dar es Salaam, 2004

5.0 Conclusion

Privatization in the water sector has been promoted as a response to the inefficiencies in the operation of the urban and rural water schemes and as a more sustainable way to expand access to safe water particularly for the poor. It has been legalized by the National Water Policy with its dual concepts of providing water on a demand responsive approach and the need for cost recovery.

Privatization has taken many forms from commercialization of the services to the commercialization of the water itself. Water has become a commodity – to be bought and sold, instead of a basic human right. To date the privatization of the water sector has not produced the expected outputs. The revenue collected is still too small to make the sector self-sufficient; access has not increased radically; and there is very great danger that the poor will be even further marginalized in both the urban and rural areas. In this marginalization, the worst sufferers will be the women and children who are most involved in fetching water.

The National Water Policy mentions the need for participation of the water users but the policy of privatization has not been fully discussed with the users. Secondly, it mentions the need to consider the role of women in the water sector but again both the budget and the implementation of the annual plans pay little attention to gender mainstreaming. This becomes even more difficult in water supply operations and maintenance systems operated by private commercial firms. Thirdly, it mentions the need to consider the plight of the poor but the modalities for considering the rights of the poor are not clearly defined and logically are the antithesis of a cost recovery strategy.

5.1 Some Issues for Advocacy

For NGOs like TGNP who are concerned with the rights of the poor and gender equity there are many issues for advocacy. Some of these are presented below but it is hoped that more will come from the participants.

- Ideally, the Government should return to the policy of free basic water supply : all as defined in the 1991 water policy for rural and urban water. Supply should be at public water points or kiosks. Anyone who wants in house connections more water should pay for this on a graduated scale – the higher the use of water the higher the water tariff.
- In the short term until that is achieved,
 - Fuller discussion on who benefits and who pays the price for privatization
 - implementing and monitoring the implementation of, the policy of free water (160 litres a day/household for the very poor); who should implement and who should monitor?
 - Fairer deal on tariffs so that the large “domestic “ users of water with their swimming pools and businesses (dairy, selling of water) pay higher tariff than the average users, with the poor paying the least.
- Get the investor in water supply schemes to really invest in the up-grading of the water supply systems on the same basis as the mining sector or the tourism industry.
- Get schemes that are cost effective using a variety of affordable technologies such as windmills instead of pumps using generators to make the costs affordable for the communities.
- In the long run what kind of alternative water supply system is needed which is people centred and people led. How do we move forward to create the alternative, beginning with small steps in our communities and districts.

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