Handeni Trunk Main – HTM – Business Cases

Rehabilitation
HTM Water Supply Scheme

Extension
Korogwe Town Water Supply

Business Opportunities
Private Partnerships
Private Participation

500,000 beneficiaries by the year 2030

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

10/10/2014
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Continuity of HTM water supply services

42% of beneficiaries receive untreated water.

34% receive little water.

24% do not receive water.
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

**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.
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

Serviceability of Scheme

EUR 0.5 Mio
A/B utility, capacity meets future needs

EUR 15 Mio
B/C utility, capacity meets actual needs

EUR 30 Mio
Private Investment

Public Private Partnerships

Private Sector Participation

C utility, revert to design capacity

500,000 people (2030)
180,000 people (1990)

Construction (1974-1985)
KFW

Feasibility Study (2010-2011) giz

Advisory (2012 – now) giz

Business Cases Study (2014) giz

2014 2017 2020-2030

HTM-WSSA National Water Project
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
HTM-WSSA National Water Project

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
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?