Water Services Entrepreneurs: A private operator model for water systems in Tanzania

**WHY USE A PRIVATE OPERATOR?**

- Basic Business Acumen
- Drive and Passion
- Collection of fees
- Managing Financial records
- Minor Repair work
- Ensuring smooth site operations

- Skills to operate professionally
- Deposits into capital replacement account help assure money is available when needed
- System is maintained to maximize water availability
- Community can count on consistency and reliability of water availability

**HOW DOES OUR PRIVATE OPERATOR MODEL WORK?**

**Flow of funds**

- Water tariffs collected by the entrepreneur are applied in the following order:
  1. Attendant salaries, maintenance, minor repairs
  2. Capital Replacement Account
  3. Village Council
  4. Profit

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<th>Color</th>
<th>Description</th>
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<tbody>
<tr>
<td>Green</td>
<td>Associated parties</td>
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<td>Blue</td>
<td>Bank accounts</td>
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<td>Blue</td>
<td>Ongoing funds flow</td>
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<td>Green</td>
<td>Oversight</td>
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<td>Brown</td>
<td>Key operator interfaces</td>
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- District Govt.
- COWSO

- Financial Oversight
- Contractual Oversight

- Capital Replacement Account
- Operating Account
- Entrepreneur’s Profit

- Deposit
- Lease payment
- Water Tariffs
- Operating Expenses

- Village Council
- Customers (Mobile Payments)
- Attendants, Maintenance, Minor Repairs
WHAT ARE THE ASSUMPTIONS AND FINANCES BEHIND THE MODEL?

BUSINESS MODEL CONSIDERATIONS AND ASSUMPTIONS

- Customer water price per 20 L container: TSH 50 (Tanzanian shillings)
- The population served by a single well that supports multiple water distribution points is 3,000
- Customer demand during the dry season is 1,098,000 liters per month (6,588,000 total) and 414,000 liters per month (2,484,000 total) during the wet season for a total of 9,072,000 liters per year
- Borehole yield is at least 1.7 liters/sec
- Solar array supports pumping at 1.7 liters/sec for a minimum of 6 hours a day in the dry season
- Annual revenue: TSH 22,680,000 ($10,035 @ a rate of USD $1 to TSH 2,260)
- Entrepreneurs’ share: TSH 3,402,000 (USD$1,505)
- Projected operations and maintenance costs as a percentage of revenues:
  - Operating infrastructure (water point attendants) and local maintenance: 50%
  - Capital Replacement Account (CRA) deposit: 20%
  - Village Council: 10% (for lease of water points and to help cover the cost of water for vulnerable community residents unable to pay for water)
  - Water service entrepreneurs: 20%