

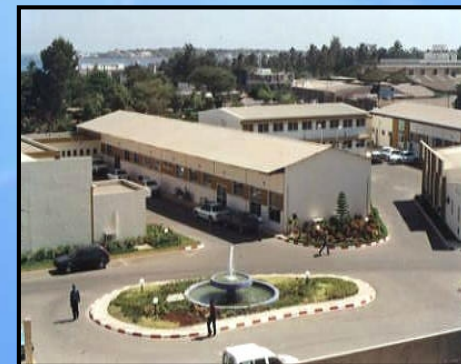
# SENEGALAISE DES EAUX



Lisboa November 2010

## SDE : The company

- ▶ SDE, private operator (62,2%), created in 1995
- ▶ A ten year “Affermage” (Lease Type) and Performance Contract which was won through an international tender. A contract renewed in 2006 for 5 years.
- ▶ Responsibility for the production and distribution of drinking water in the major cities and towns of the country.
- ▶ 513 200 customers representing more than 4.8 million consumers.
- ▶ 1151 staff. (Sept. 2010)

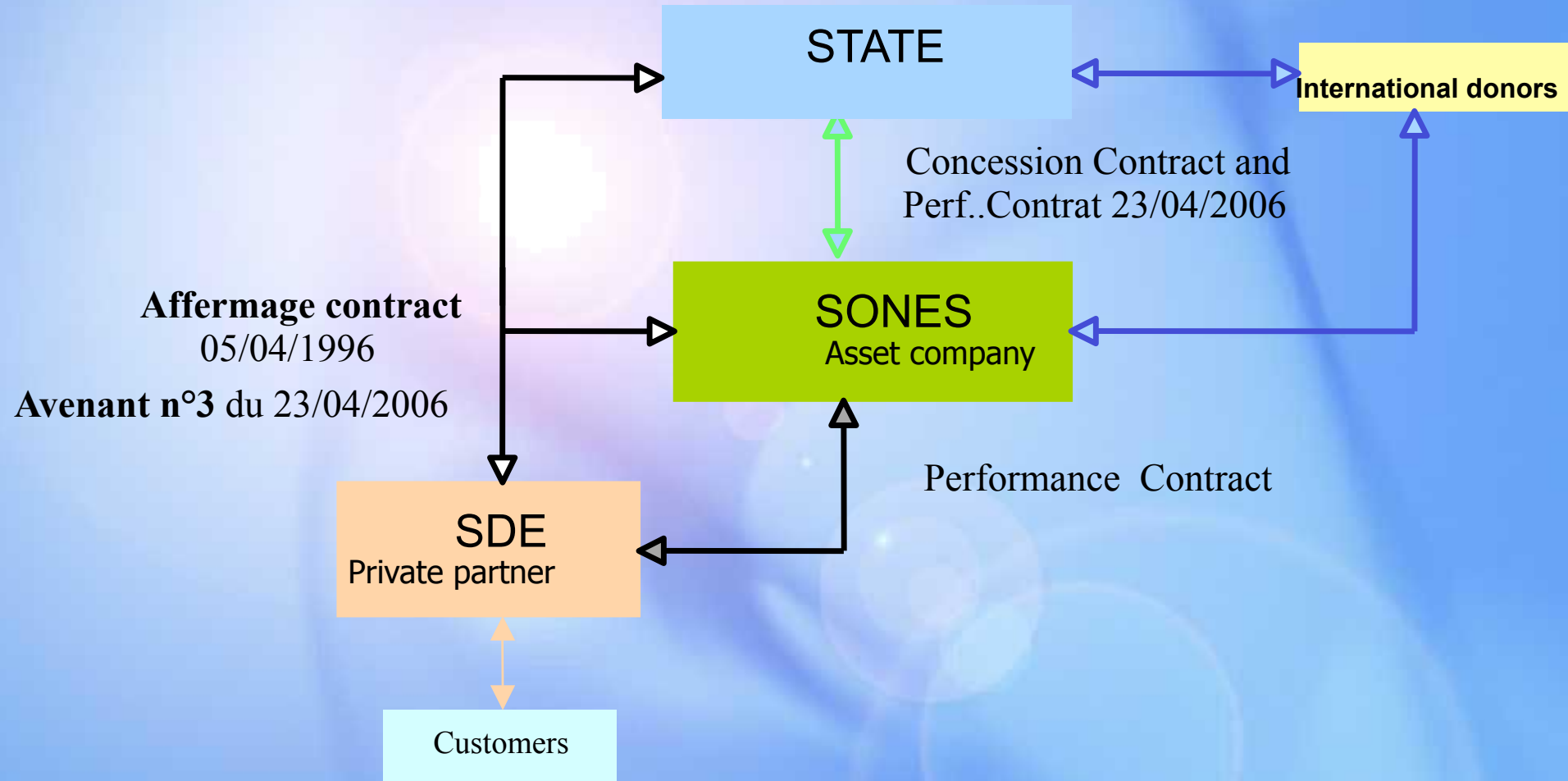


## Objectives of the urban water reform in Senegal



- ▶ To rapidly resolve the 1995 problems :
  - Great shortage of drinking water in the Dakar region
  - No banks willing to lend money to the sector because of the lack of trust in its capacity to repay this debt.
  
- ▶ To simulate a competitive environment through a performance contract so as to stimulate the private partner and quickly and significantly improve the quality of the services.
  
- ▶ To choose a contractual system in which the State keeps control of sector policy and structural assets
  
- ▶ To restore the water infrastructures without increasing the average price of water by more than 3% a year.

# The institutional arrangements



► The real innovation lies in the Performance Contract based on international benchmarking in quality service. This system compensates efficiently the natural monopoly of a water service. Each year measured improvements must be achieved to keep up with the rise of the contractual objectives.



# Innovative adaptations of the contracts

- ▶ **Specific contractual targets for NRW and bill collection backed by financial penalties for non compliance**
- ▶ **Set of targets related to water quality and service standards**
- ▶ **Private operator directly responsible for carrying out a portion of the network's rehabilitation**



▶ **SOCIAL CONNECTIONS ARE INTENDED TO BOOST WATER COVERAGE IN POOR NEIGHBORHOODS**

The connections are provided free of charge

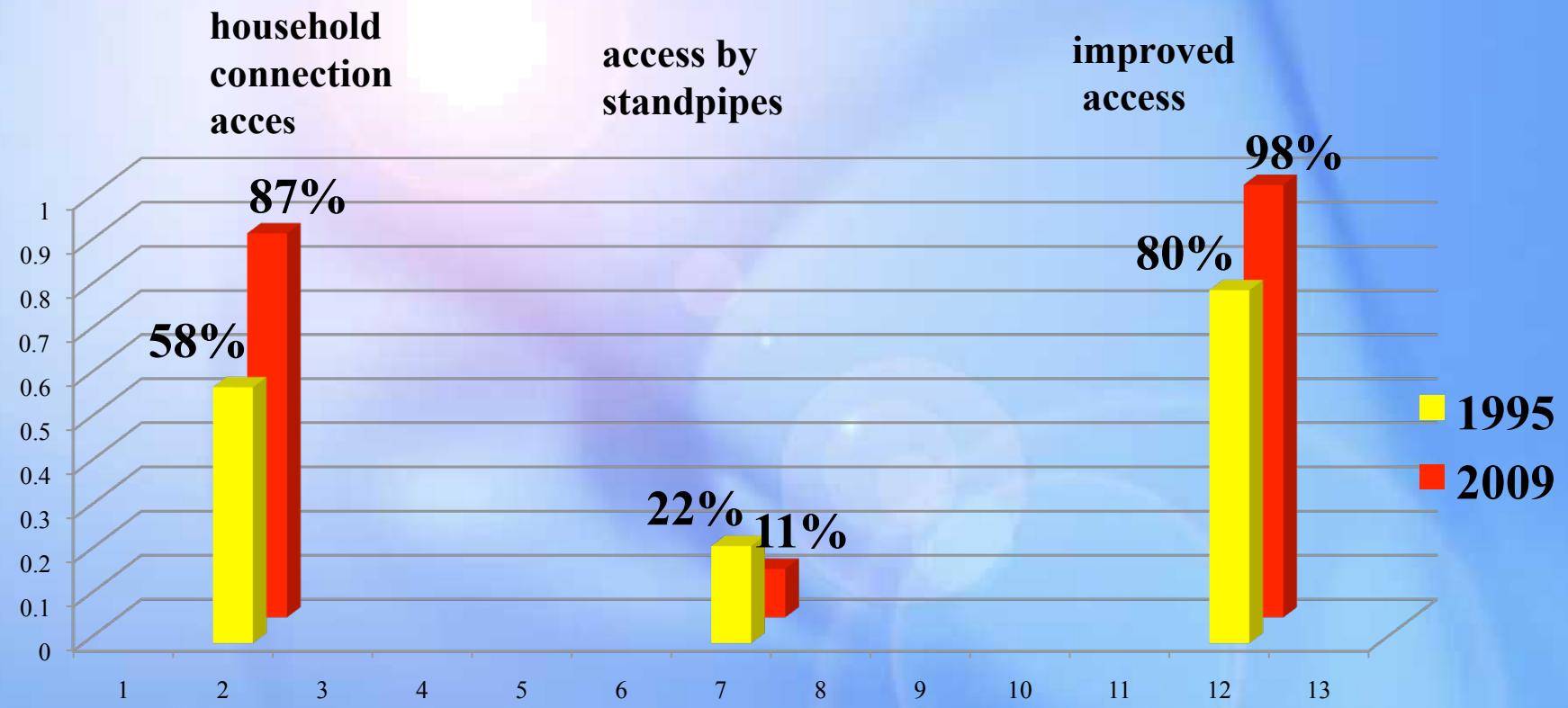
Eligibility criteria:

- Applicants cannot be wealthy;
- A house must exist on the lot that is to be served by the connection;
- It must be a residence, not a business;
- The applicant pays only a security deposit of CFAF 13,566 ( 20,7 Euros)

▶ **AN IMPRESSIVE ACCESS TO SAFE WATER**

- 154 151 social connections** ( 71,2% of all new connections) were installed between 1996 and 2009
- A coverage ratio jumping from 80% in 1996 to 99 % in 2009
- A program of 51 000 social connections financed by AFD, EIB and European Union will be implemented from 2011 to 2013
- An other programm of 19 100 social connections financed by World Bank is starting in december this year

# IMPROVEMENT OF ACCESS



# Social tariffs

- Subsidized consumption at low levels of consumption, financed through a cross subsidy between customer categories
- Social tariff for household consumption under 10 m<sup>3</sup> per month, equivalent to 35 l/ day /person for a household of 10 persons to meet basic needs
- Exemption of VAT on household consumption below 20 m<sup>3</sup> per month
- Bi-monthly billing for small consumers instead of a monthly billing for big ones.
- The high level of operational efficiency achieved par the operator is a key factor for maintaining tariffs at an affordable level : the social tariff has remained the same since 2004.





# Standpipes

**They are installed especially in the poor and informal settlements that do not have piped networks**

- **They are a response to a social need and will still be necessary as towns grow up and new informal areas appear**

- **Every house must be in a 200 meter distance from a standpipe**

- **Standpipes are gradually replaced by household connections**

- **They are financed by Government,**
- **municipal ,or NGOs funds.**



- **Despite the high coverage ratio there are still some people who are not served by the piped network ( 2%) and who rely on other sources : the challenge is to supply them.**

# Management of the standpipes

Managed by operators recruited by the Community. The operators sign a contract with SDE and pay a deposit. Every month they receive a bill from SDE.

- **Tariff is subsidized:**  
**322 FCFA per m<sup>3</sup>**
- **Resell tariff is fixed par by the Government:**
  - 15 FCFA per m<sup>3</sup> for a bucket of 40 liters
  - 5 FCFA for a bucket of 10 liters



# Household tariffs

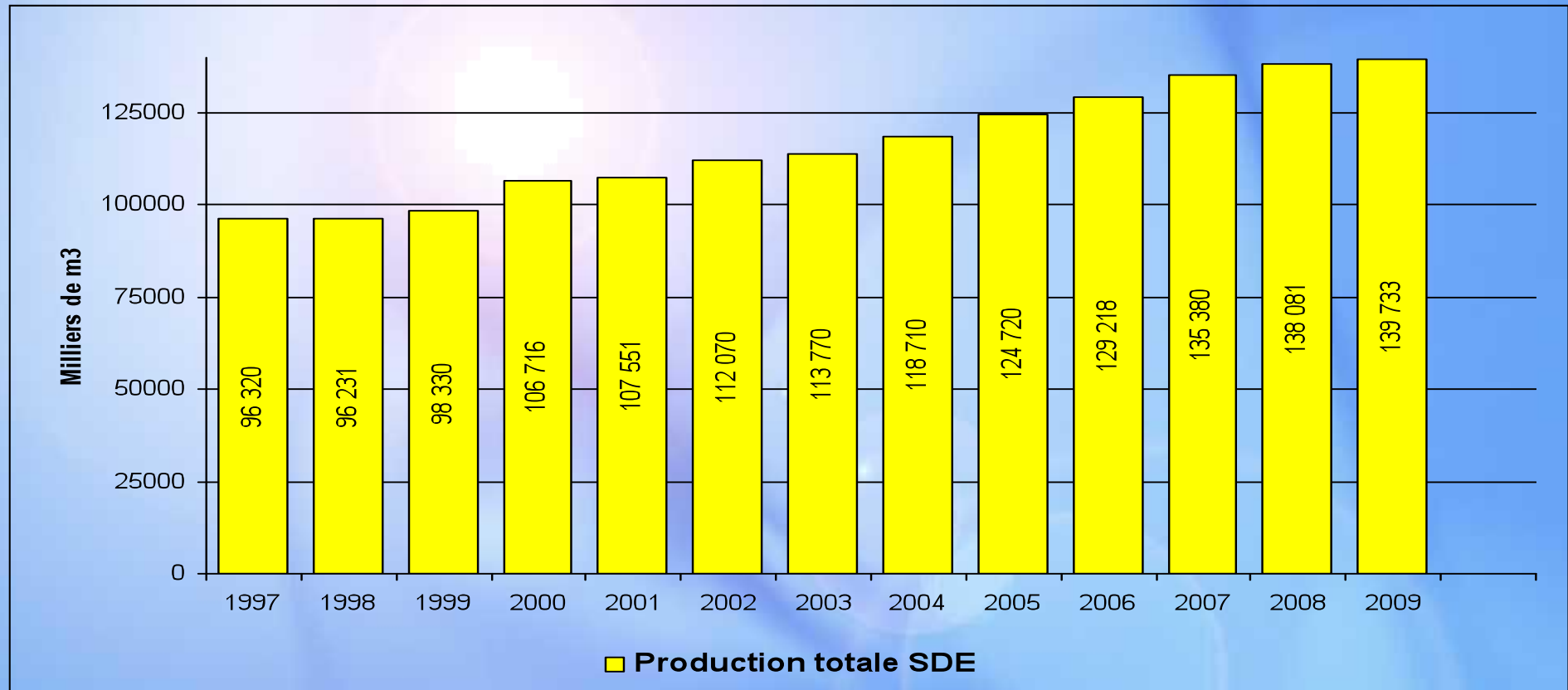


	<b>Tarif hors taxes FCFA</b>	<b>VAT</b>	<b>Total TTC FCFA</b>	<b>Total Euros</b>
<b>Social block : 0 to 20 m<sup>3</sup>/bim</b>	<b>189,37</b>	<b>0</b>	<b>191,32</b>	<b>0,29</b>
<b>Block 21 to 40 m<sup>3</sup>/ bim</b>	<b>624,68</b>	<b>0</b>	<b>629,88</b>	<b>0,96</b>
<b>Above 40 m<sup>3</sup>/ bim</b>	<b>663,96</b>	<b>119,51</b>	<b>788,67</b>	<b>1,20</b>

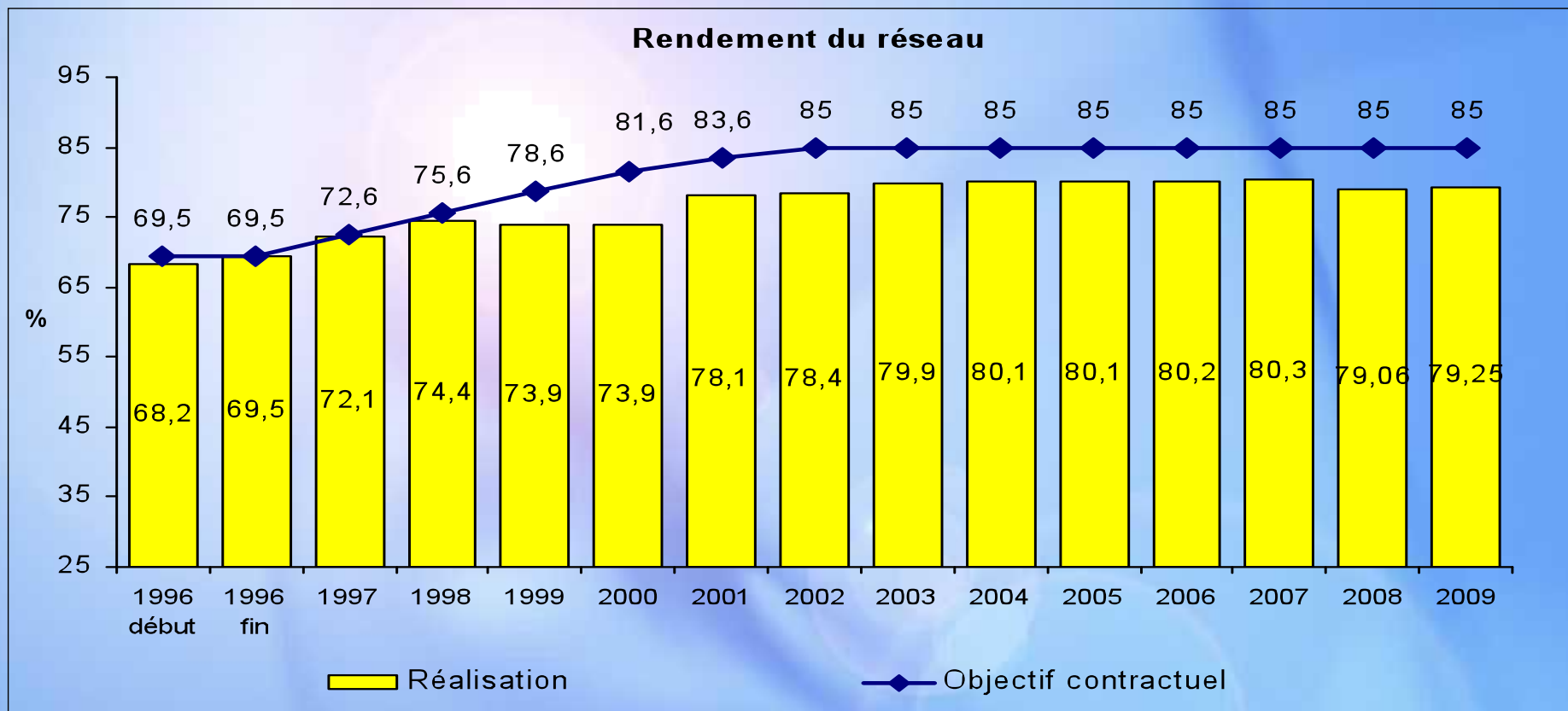
# Significant achievements



# A Production capacity sufficient to satisfy the demand since 2000

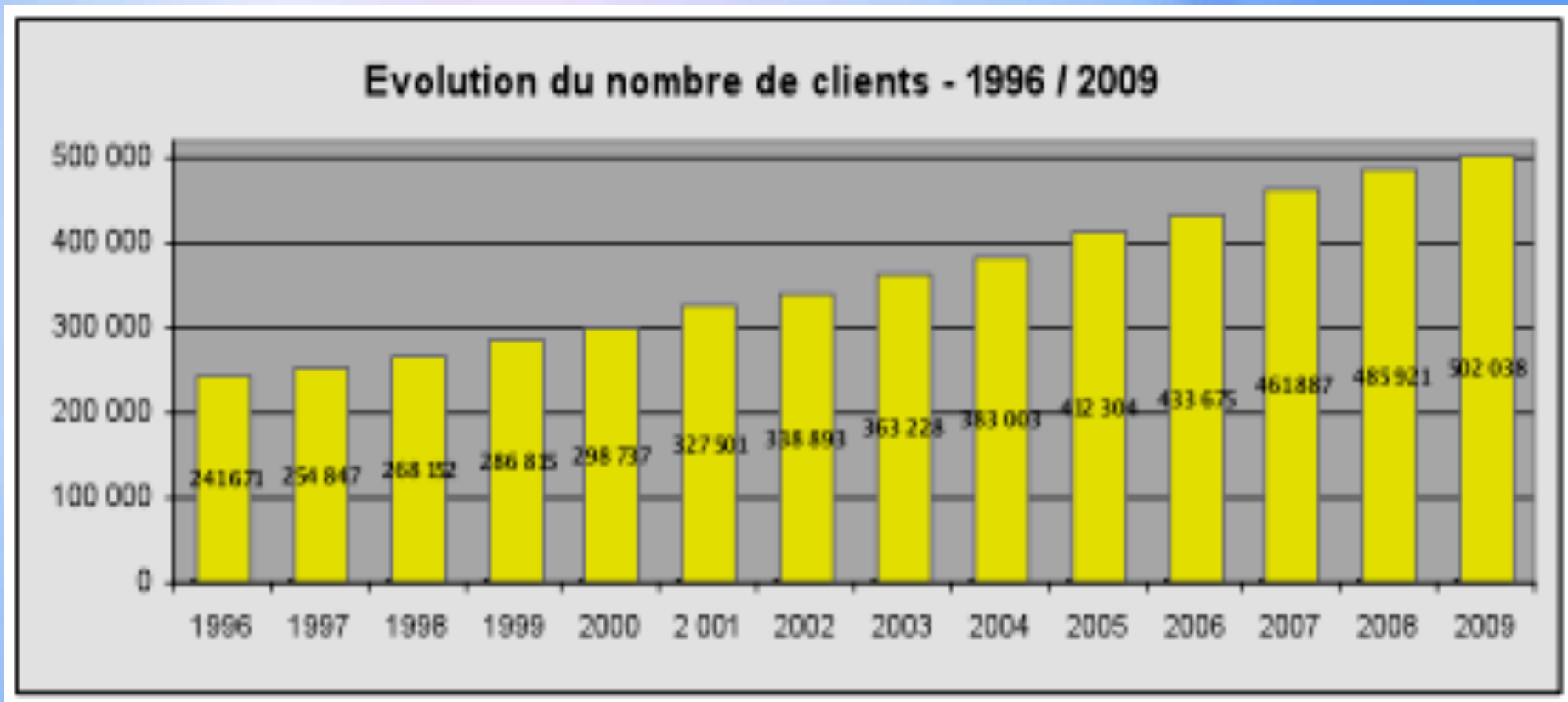


**Earlier water shortages have been resolved due to the implementation of an important infrastructure investment program combined with leak reduction**



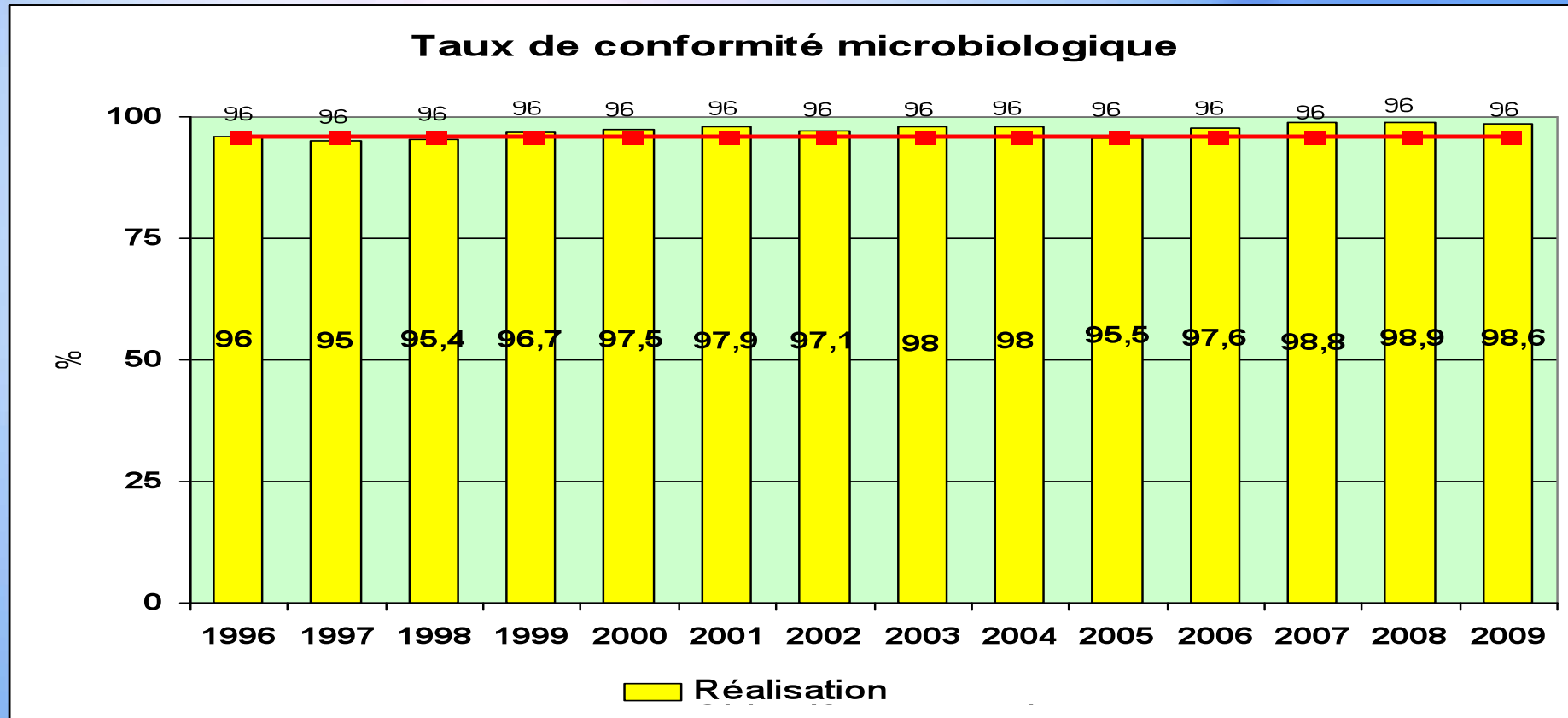
**A sharp increase in network efficiency due to :**

- A leak detection program**
- Metering and billing improvements**
- A toll- free number**



**A remarkable increase of the number of connexions**

# The water distributed exceeds the contractually required quality standards



**Annual bacteriological water quality compliance with the contract**



# Permanent customer care



- ▶ **Adressing customer complaints in a rapid and effective way**  
**Customer surveys**
- ▶ **Two annual meetings with customer associations**
- ▶ **A weekly survey of a panel of 100 customers ( on continuity of service, water quality)**
- ▶ **New offices in poor neighborhoods**



## ISO 9001 V.2000 then ISO 9001 V 2008 a revolution in the way of listening to the customers' needs

- ▶ Specific marketing policy for “sensitive” customers
- ▶ Generalization of the customer registration books for suggestions, remarks or demands so as to launch efficient improvement plans.
- ▶ Realization of a clear, constant and transparent communication process with consumer associations
- ▶ Materialization of the partnership with the State client.
- ▶ Execution of an independent consumer survey so as to launch efficient improvement plans.



## Results for SDE and the water sector



- ▶ Quality approach helped SDE structure its management more efficiently so as to speed up productivity gains and thereby sustain the price policy for the sector.
- ▶ The government is satisfied. Quality and Quantity of information has been improved, which has generated greater transparency and strengthened public-private partnership.
- ▶ SDE plays a key role in poverty alleviation through the social connexions programmes
- ▶ Customers feel listened to, recognize improvements and are well satisfied, as surveys clearly demonstrate.
- ▶ Employees feel they can be heard and can demonstrate their abilities. They are proud of the new company and the trade unions have agreed to sign a three-year peace protocol.
- ▶ The financial credibility of the sector is restored.

- **THANK YOU FOR YOUR ATTENTION**