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# *Public private partnerships in emergencies: case of Dollow Water Management Company, Gedo region, Somalia*

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**TRANSFORMATION TOWARDS SUSTAINABLE  
AND RESILIENT WASH SERVICES**

**Public private partnerships in emergencies: case of Dollow  
Water Management Company, Gedo region, Somalia**

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**PAPER 2879**

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*This paper presents the success of the Public Private Partnership Model in the management of water supplies in Dollow town, Gedo region of Somalia. Somalia as a region continues to undergo a serious and complex emergency since the fall of a central government in 1991 as a result of civil war. PPP approach in provision of water has succeeded in providing a stable and sustainable water supply system for the town. The entry of the private sector in the management of water supply has resulted in expansion of the water system, timely and efficient operation and maintenance and reduced donor dependency. There are key lessons that have been learnt, include: need for regulatory framework, close supervision from the state and local authorities, continuous mentoring, and funding that does not reverse the gains made by the companies of financial independence.*

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### **Setting the scene**

Somalia continues to undergo a serious and complex emergency since the fall of a central government in 1991 as a result of civil war. Somalia's water supply and sanitation (WSS) sector hardly exists outside of the relatively stable Somaliland and Puntland regions. The remaining two-thirds of the country (South-Central Somalia), including rural areas, is devoid of any real WSS institutional organization or oversight. (USAID, n.d). Dollow town is located in south western Somalia, on the Somalia-Ethiopia border. The population of the town is estimated at 25,000 people. The main economic activities are business enterprises. Because it is relatively safe compared to many other areas in south central Somalia, this attracts many people fleeing conflicts and seeking humanitarian assistance. The population of displaced persons and the refugees is estimated at 12,000 people. The main sources of water for the town is Dawa and Juba rivers that converge at the location. Other sources of water include boreholes and infiltration galleries which are connected to distribution lines and water accessed through water points.

- Before the establishment of the Dollow water management company in 2011, the water supply system was managed by a committee of community elders. The water supply system was unreliable and there were constant requests from the water supply to NGOs and UNICEF for support in the provision of fuel, replacement of submersible pumps, and other interventions whenever breakdowns were experienced in the supply. During this time, the water provision for Dollow town was done by donkey cart operators. The residents were subjected to high tariffs and the water quality was suspect.
- Before establishment of the company in 2011, there were different actors providing water services to host communities and IDPs in Dollow, their efforts were not coordinated and their impact was minimal and unsustainable. These actors included NGOs that constructed the water facilities and when the project period expired there were no organized groups or government structures to take over the management of constructed facilities. The facilities constructed were later neglected and water supply services collapsed. Frequent requests for fuel assistance, replacement of pumps, and repair of engines were made to UNICEF and other donors. The company was established to manage the water system in a sustainable manner. Any profits generated by the company were to be used to expand the water supply system. There are five (5) directors of the company, selected from different among the community, local authorities, local NGOs and the business community and accounting procedures are cash based.

Reduced donor funding in 2011 made it necessary to tap the local capacities and resources to expand the water supply system and provide a sustainable system. There was need to harness the local entrepreneurial capacity that existed in the community to help in the management and expansion of water the supply system

### **PPP framework**

The WB/UNDP Joint Needs Assessment (2006) reported that only less than 20% of rural population and about 30% in urban population in Somalia had access to safe water<sup>1</sup> (Luciano, 2009). Therefore, there was need to improve access and quality water services for Dollow town. Public-private partnerships (PPPs) was a mechanism (among others) to help the local governments/communities to fund much needed investment and bring the technology and efficiency that could improve the performance and financial sustainability of the water supply system. In 2013, NCA supported by UNICEF developed the PPP regulatory framework for Dollow having in mind the the socio cultural nature of the community and also the nature and structure of water service delivery. The agreement was negotiated between the utility service provider, the local authority and the community. Considering that majority of the beneficiaries from the system are IDPs, the risks are largely managed by the water company. However the host community member's pay 1.56 USD per cubic metre of water while IDPs pay 0.75USD for the same amount and Payments are done on a monthly basis. Investments done include pipeline extension to include more consumers on the system.

Public Private Partnership is an arrangement between government (the public sector), both local and central, and other organizations (e.g. private sector) for the purpose of providing public infrastructure, community facilities and related services. They are long-term partnerships to deliver assets and services underpinning public services and outcomes. (Puntland State of Somalia, 2011). Among the strengths of the PPP arrangement are:- it Ensures higher quality and timely provision of public services, Private sector expertise and experience are utilized in projects implementation, the weakness of the PPP include:- Limited influence of public authority over the investment, there may be an increase of the prices charged to the users of the infrastructure, there is a reduction of bargaining position of public authorities and in some cases poorer quality of the services. (PÂRVU Daniela, 2009). In Somalia, there are recorded cases of successful involvement of the private business people as shareholders in the operation and management of public water services. These cases include Boroma, Bosasso, Gardo and Jowhar urban water supplies<sup>2</sup>.

The public oversight by local authority, NGOs, WASH cluster has ensured that the poor and the IDPs were not left behind. The private sector was represented by local businessmen and professionals. They provided their managerial and technical experience to ensure the operation and sustainability of the water supply in return for some profit.

### **Dollow Water Management Company**

The company was first established in 2011, under the pilot phase of the Public Private Partnership project spearheaded by UNICEF and NCA. The company was registered under the Dolow local administration (office of the district commissioner). Board of Directors with representatives from several sectors (business community, women leaders, NGOs, religious leaders and local district administration were elected and a framework agreement developed between the Water management company and the community. It is an instrument that has guided the operations of the company and its relationship with the community. The framework agreement is underpinned by Somali community system of binding traditional norms, which are not documented, but have been followed to encourage, approve or sanction human activities. Stakeholders from the different sectors (business community, religious leaders, NGOs and district administration were selected and trained on the importance of PPP framework in the management of water supplies. NCA took on the training and guidance role throughout the policy development process while UNICEF financed the process and supported learning through exposure visits to Borame Somalia for best practices. The board is composed of members from the above sectors and often takes on the managerial roles in the company.

The development of the legal framework at the project level was as a result of a series of meetings, training with the relevant stakeholders. The legal approval of this process was obtained from the local administration who composed part of the team that was working on the policy framework. Among these steps were:

- Analysis of operating environment in Dollow, this involved identification of all the stakeholders (water service providers, target communities, local authorities, women, and youth) in the sector.

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- Training on the importance of PPP that targeted the communities, public and private sector in understanding their roles, responsibilities, rights and benefits of the new approach.
- Empowering the stakeholders (water committees, private sector and local authorities) to negotiate their own guiding framework (legal, regulatory, policy). The whole process involved consultations and agreements between the above stakeholders.
- At the end of the training and consultative process, a board of directors consisting of business people, representative from the district administration, religious leaders and women leaders were appointed to manage the affairs of the Dollow water supply. The representatives in the board are managing various functions in the PPP including human resource, finance, logistics and operations etc.

The success of the PPP structure for Dollow Water Company can be attributed to the close collaboration between the management of the company, local district authorities and NGOs operating in the district<sup>3</sup>. There has been a continuous support and monitoring from UNICEF and NCA on the performance of the company. NCA trained the PPP on financial management while UNICEF funded an exchange visit to Borame for the Board members to draw on lessons from the Borame systems. UNICEF and NCA together with the PPP have continued to hold regular review meetings. The directors of the company are renowned businessmen and professionals from Dollow town, they have a track record of success in other business ventures and there is a lot of pressure from the local community for them to succeed in managing the water supply system.

### Achievements

Dollow Water Management Company started with 50 Household connections in 2011, in 2018, there are over 850 connections. These connections are to individual households with 6 persons per HH<sup>4</sup>, business premises and offices of NGOs. The water consumption is based on sphere standard of 15L/per/day. The increase in the number of connections has enabled the company increase its revenue collection. This has been reinvested in the operation and maintenance and extension of the water supply network.

The water supply to IDP camps is done through communal water points. Each communal water point serves about 70 HHs. The breakdown is as shown in the table below.

<b>Table 1. Beneficiaries, connections and populations served</b>			
<b>No</b>	<b>Category of beneficiary</b>	<b>No of Connections</b>	<b>Estimated Population served</b>
1	Individual HH connection, business premises	850	5500
2	IDP camps (Kabasa & Qansahaley)	36 Communal water points	2520
3	Schools (Dollow Pri Sch, Kabasa Pri Sch, and Qansahaley Pri, Sch, 8 Mosques, 1 Administrative offices, 3 MCH, 1 Hospitals, 2 Police check points	18 institutions	6436
<b>4</b>	<b>Total population served</b>		<b>14056</b>

Source: Dollow district authorities and International Organization for Migration (IOM)/ DWMC.

The current water demand is 352m<sup>3</sup>/day against a daily water output of 160m<sup>3</sup>/day from two water supply sources. The current water demand is based on the current population of Dollow town and the IDP camps and daily consumption of 15L/per/day. The available water supply is only able to serve 30% of the population. Dollow is regional hub and is home to many agencies, and is considered safe and common destination for IDPs and returnees, therefore this demand is expected to grow as the town population increases.

The table below illustrates the growth the company has achieved.

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No	Year	Annual production( m <sup>3</sup> /day)	Number of Connections	Revenue /month(\$)	Revenue /Year (\$)	O&M expenses (85%)	Balance 15%
1	2011	160	50	900	10,800.00	9,180.00	1,620.00
2	2012	160	70	1,700.00	20,400.00	17,340.00	3,060.00
3	2013	160	90	2,000.00	24,000.00	20,400.00	3,600.00
4	2014	160	120	2,300.00	27,600.00	23,460.00	4,140.00
5	2015	160	125	3,100.00	37,200.00	31,620.00	5,580.00
6	2016	240	200	4,000.00	48,000.00	40,800.00	7,200.00
7	2017	240	805	6,500.00	78,000.00	66,300.00	11,700.00

Exchange Rate 1 USD= 23,000 SomSh

Source: Dollow Water Management Company

Among the other achievements of the company are:

- Extension of water supply system- using its own resources, the water company has been able to connect 1500m of pumping pipeline from a shallow well located outside the town to boost the towns water supply system.
- Operation and maintenance of Dollow water supply system without support from NGOs and other donors, the company has been able to replace 14 submersible pumps, pays a monthly power bill of \$1620 for diesel, power bill of \$2500.00, and provides monthly salaries for staff and the company directors.
- Increase in number of household connections, - currently there are 850 Individual Household connections, and over 1400 Households in the camps get water through the communal water points
- The company has maintained a differential tariff structure taking into consideration the poor and vulnerable members of the community. The water tariff is \$1.56/m<sup>3</sup> for the urban/host community and \$0.75/m<sup>3</sup> for the IDP camps. The tariffs are set to attain cost recovery to ensure sustainability. There are limited economic activities for the town, opportunities for working are few and therefore, a typical household rely on remittances from relatives in diaspora, the average income is about \$60.00. Despite this achievement, there are challenges in collecting revenue i.e. late submissions. Monthly collections average 60% of the potential funds that are supposed to be collected
- The company maintains a 10% profitability, however this is taken up in emergency interventions like replacement of submersible pumps and other unforeseen circumstances. 5% of the company revenues are used to support the education sector through payment of incentives for teachers in local schools.
- After the mentoring trip to Boroma water supply system that was facilitated by UNICEF, the Dollow water management company replaced all its old water meters that were difficult to read and required a large number of personnel to conduct meter readings. They were replaced with more efficient and easy to read meters that were more transparent and last longer. The new maters also reduced the number of meter readers required. After the visit a customer care desk was set up to address complains from the consumers, efforts were made to increase the number of Household connections in order to generate more revenue.
- They also improved the governance structure, previously, the management board of the company were also engaged in the day to day operations of the company. The management boards provide overall direction and policy for the company and departments such as finance, Operations and Maintenance are headed by technical personnel who are responsible for the day to day operations of the water supply system.
- The water company is accountable to the consumers; the oversight is provided by the local authority in Dollow and regional Wash cluster.

- The company provides free water services to 18 public institutions such as school, health facilities and mosques.

### Lessons learnt

**Mentoring:** the company has embarked on a path of sustainability in management of water systems, this is a long term process. A significant mentoring effort is still required to ensure that gains made by the company are sustained. Exchange visits such as one to Borama are useful, there are other well managed and sustainable water supplies in south central Somalia that should be visited to enhance the mentoring process from others who have succeeded. After the visit, the company improved its management structures, increased the number of connections, and improved its revenue collection.

**Careful use of external funding:** The financial autonomy and independence is one of the key results expected from the company. Therefore, any available funding should be channeled towards improving the management capacity and expansion of the system for increased revenue. For Dollow water supply company, the funding from donors such as UNICEF has focused on capacity building for the management staff, this was done through exchange visits to successful PPP companies in Somalia, focus of providing sustainable solar pumping systems for the water supply, this will reduce operation and maintenance costs and have more resources put into the expansion of the system. There are also other measures such as strengthening the role of the various stakeholders such as the public, interest groups such as IDPs, women, this is ongoing through the formation and capacity building of the water user association. Alongside the formation and training of the WUA, an MOU between the company and the WUA and consumers, Donors, District administration has been finalized. The role of the MOU is to allocate clear roles and responsibilities for each party, and improve accountability.

**Existing local capacity:** Local private business people are able to raise funds to invest in the water company, this is despite lack of reputable financial institutions. They draw credit from the local financial market (relatives, customers, merchants). The company has been able to expand services, increase revenue collection, reduce volumes of unaccounted for water, improve efficiency, increase staff loyalty and decrease breakdowns within the water supply system. (John Welch). The impact of the input from the local business community have been encouraging: UNICEF, NGOs no longer receive support requests from the water supply, they are now able to deal with O&M challenges on their own.

**Need for regulatory framework:** A clear commitment of the local district and state authorities and beneficiary communities is necessary. Currently the success of the PPP system is based to a large extent on the goodwill of the parties involved. While the importance of this goodwill should be recognized, a firm legal and institutional framework needs to be put in place, while, at the same time, avoiding over-regulating<sup>5</sup>.

### Challenges/constraints

- Insecurity- this causes massive displacement of population who come to the town thereby stretching the capacity of the water supply system. This could be mitigated by encouraging humanitarian agencies to provide assistance to victims in their respective locations. This will stop them from migrating to the urban centres to seek assistance and in the process stretching the social services such as water and health facilities
- Lack of strong enforcement structures – governance structures are weak; the south central Somalia lacks a water policy document that can guide the operations of such companies. There will be need to strengthen the supervisory role of the government. Weak government policy and weak governance structures need to be strengthened and capacity building conducted for government officials.
- Possible conflict of interest between the private business people and the community. This could be addressed through the enforcement of the framework agreement and MOU signed between the company and the community. A Water User Association (WUA) should be formed to take care of the interest of the water consumers
- Water supply sources/ intakes have limited capacities/ huge investment required to extend the distribution network. These limit access of water to all locations especially for the poor, this forces them to rely on direct river abstractions. More investment in new water sources, extension of the pipe network will be required. The management capacity of the company will need to be strengthened to improve revenue collection.

- The main challenge is lack of regular income for many households. The consumers are unable to pay their water bills on a monthly basis when required. The company is able to collect on average 60% of the monthly revenue. The revenue collected only covers part of the O&M costs and is not sufficient to cover capital expenditure costs such as expansion of water pipelines to new locations, construction of new infrastructure such as water tanks.

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### Notes

This paper is an original piece from the works and experiences of Norwegian Church Aid supported by UNICEF in implementing Public Private Partnership activities in emergency settings.

<sup>1</sup> Based on UNDP data the population of Somalia in 2009 should be around 8 million out of which 40% urban and 60% rural.

<sup>2</sup> Estienne Cedric, E. M. (2012). Final evaluation of UNICEF's Programme "Making PPP work for rural water Supply in Somalia".

<sup>3</sup> Review of NCA Supported PPP projects in Dollow and Bullahawa Districts, Gedo region - Somalia September 2014

<sup>4</sup> United Nations Population Fund (UNFPA) *Population Estimation survey Somalia (2014), Data for a better tomorrow*, UNON, Publishing Services

<sup>5</sup> John Welch. (n.d.). *Water & Sanitation: The EC Experience in Somalia & Lessons learnt*.

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