Introduction

A key challenge faced by water authorities in developing countries is how to manage their service delivery obligations to rural communities. Even in decentralized sectors the water authorities may find it hard to provide services to remote rural communities. It is recognized that water user associations and/or local private operators may be the best placed to provide services as they are close to the users. This page looks at some jurisdictions in Sub-Saharan Africa where private operators are being used to meet some of this demand and the forms and models of simplified agreements that they have developed for this purpose. The majority of the agreements currently in place are short term (1 to 3 years) management or operation and maintenance contracts for existing systems that involve minimal investment from the private sector. There are a number of countries in French West Africa which have developed affermage arrangements that are based on the operator being able to achieve cost recovery + an amount to go towards rehabilitation and expansion of the system.
One key issue that arises repeatedly is how to regulate and monitor performance under these contracts. The local government may not find themselves in a dispute between residents and the operator and the operator may not trust local government to be objective. A number of solutions are emerging. In the affermage arrangements typically it is the "communes" that monitor performance and set tariffs.

The Water and Sanitation Program (WSP) has been involved in a number of the initiatives highlighted on this page. WSP has also developed a survey of 7 African countries to see how they have approached involvement of the private sector, the contractual frameworks for a number of which are featured on this page. You can find the paper entitled Public-Private Partnerships for Small Piped Water Schemes, in French Délégation de Gestion du Service d’Eau en Milieu Rural et Semi Urbain.

**Contrats d’affermage and variations thereof – commune/ fermier**

In francophone Africa there are a number of examples of contrat d’affermages that have been developed for provision of water to small rural populations, service provision being provided by the private sector or the water users association or both.

A contrat d’affermage is a term of art under the civil code for francophone countries whereby the fermier (farmer) is delegated the responsibility for providing a public service (service public).

Samples of contracts developed in a number of West African (francophone) countries are set out below:

**Benin**

Benin decentralized its water services in 1999 and ownership of assets and responsibility for water provision passed to the “communes” (districts). The legal framework prescribes that where there is a water post with or without network connected then the communes should delegate the provision of water to a water service provider or to the water users association.

The Direction Generale D’Eau has developed a Guide for communes in developing water services for rural areas and a suite of contractual and bidding documents to be used in the different contexts discussed in the Guide:

- a form of request for proposals (appel a concurrence).
- the 4 types of contract proposed by that Guide to be used for delegation of services:

  **Model 1 - contract d’affermage between the commune and the operator** - The first is a contract d’affectage between the commune and the private service provider (PSP) under which responsibility for operation and maintenance of the facility and provision water services to customers is delegated to the PSP and the commune is responsible for renewal and expansion of the system using the fee paid by the PSP out of revenue to the commune.

  **Model 2 - a tripartite agreement between the commune, the water user association (AUE) and the service provider** similar to the contract d’affectage except that the fee paid by the provider is paid into a joint account of the commune and the AUE who jointly manage all renewal and extension of the system and the AUE has some responsibility for oversight of the contract.

  **Model 3 - contract for production by the provider and distribution by the water user association (AUE)** whereby the provider is responsible for the water kiosk and for delivery of bulk water to the AUE for a fee (by volume) payable by the AUE and the AUE is responsible for operation of the network and delivery to customers and collection of tariffs from customers.
**Model 4 - affermage delegation by the commune to the WUA** to operate and maintain the system and provider water services to users. It is also recommended in this case that the WUA then sub-delegate some of these responsibilities to the private sector.

There are other materials that could be of interest on [Direction General d’Eau website](http://www.directiongeneraledau.gov.mg).  

**Mali**

Mali has developed a simple contract (general and special conditions) for rural and peri-urban water supply. Here is a [summary (in English) of the 2004 version, together with the contract (in French)](http://www.directiongeneraledau.gov.mg).

For more information on the water sector in Mali, go to the Web site of [Commission Nationale d’Hydrolgie](http://www.cmnh.gov.mg).

**Niger**

**Water and Sanitation Affermage Type Agreement - Example 4** (French) - The affermage is focused on rural water supply and covers 55 rural (village) centers. The framework is in the form of Operator’s Contracts for 51 Mini-Water Supply Systems (Contrats d’Exploitation de 51 Mini-AEP). The project is for 5 years from 2008. Each contract is between the local government (as asset owner), the local consumer association and the private operator. Summaries in English, documents in French Language.

A summary of the legal and institutional framework in the water sector, and the challenges facing the sector, in Niger can be found in a [International Secretariat for Water Blue Book for Niger](http://www.sgw.org) (2005).

**Burkina Faso**


**Management Contracts under common law (some involving performance incentives)**

A number of common law based countries in Africa have developed management contracts for involving small scale operators in small town and rural projects. Samples from some of these countries are set out below:

**Uganda**

Uganda has a decentralized water sector with the Ministry of Water and the Environment appointing a number of water supply and sewerage authorities to be responsible for water and sewerage service provision. Under the Water Act 1997 the ministry has entered into performance contracts with the local water and sewerage authorities. These are public contracts setting out the key performance criteria and requirements for service provision. The Performance Contract requires that the authority sub-contracts the services stipulated in the performance contact to an independent operator under a management contract. Here is the [sample performance management contract for a town/ sub-county water supply system and the sample performance contract, together with a summary](http://www.gtz.org). While the contracts are intended for small towns, and so would probably be too detailed for rural arrangements, they are well-drafted and contain some useful provisions, particularly the performance requirements in the fourth schedule to the management contract.

For further information on use of performance contracts in Uganda go to [GTZ Review of Water Utilities in Uganda and use of Performance of Contracts](http://www.gtz.org).

For more information on the water sector, go to the [Website of the Ministry of Water and Environment](http://www.mwe.go.ug).
Kenya

In Kenya the water sector is decentralized and there is a central regulatory body. There are a number of model water service provision agreements (SPAs) that have been developed for water service provision by the Water Service Providers (publicly held private limited companies) on behalf of the Water Service Boards. The Water Service Boards are given responsibility for provision of water and sanitation services under licenses issued by the Water Services Regulatory Board (WASREB). The model SPAs differ based on the size of the community that they are serving. The model SPAs that have been developed are to be found on the WASREB Web site. However, for small rural water projects the water service boards can delegate activities to water trusts who can then sub-contract directly to small scale water providers and or water user associations or cooperatives. A number of forms of agreement are currently being developed to support such projects and will be featured here once they have been approved.

Further Reading

The Water and Sanitation Program (WSP) has assisted a number of developing countries in developing contract forms for involving the private sector in rural and semi-urban water supply. Some of these are found in the examples above. In addition, there are a number of guides and materials:

- WSP - Private Operator Models for Community Water Supply - 2010, Kleimeier, Narkevic
- Analyse du service de l'eau potable et de l'assainissement pour les populations pauvres dans les villes de Côte d'Ivoire
- IFC - Uganda: Water Small Scale Infrastructure Provider (SSIP) Program
- There is also a World Bank Group Smart Lessons on this topic - Smart Lessons – Private Operators and Rural Water Supplies – Can it work?

- Rural Water Supply & Sanitation Initiative of the African Development Bank

- Professionalized Rural Service Areas: A Strategy for Improving Rural Water Supplies Vol.1 (strategy overview of PRSA approach jointly provided by the Water and Sanitation Program and the African Development Bank)

- Rural Water Services: Emerging Approaches to Achieve Sustainability at Scale Vol. 2 (PRSA implementation guidelines jointly provided by the Water and Sanitation Program and the African Development Bank)

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