



Ethiopia: Introducing Commercial Principles for Efficient Water Services in Hawassa Town

SUWASA promotes commercially oriented principles in the management of water utilities



Photo Credit: SUWASA

SUWASA is a six-year USAID activity working in nine countries in sub-Saharan Africa fostering innovative reforms and financing for providing safe and affordable water and sanitation in urban and peri-urban areas.

SUWASA CONTACTS
Dennis Mwanza
SUWASA Chief of Party
dmwanza@ard-suwasa.org
www.usaid-suwasa.org

U.S. Agency for International Development
www.usaid.gov

As in the case of most urban towns in the Ethiopia, Hawassa has experienced steady population growth and increased economic activities in recent years. However, the delivery of water and sanitation services has not kept pace with new demands. The town's utility continues to struggle to serve its existing customers and is challenged to expand its water network to accommodate new customers.

USAID's Sustainable Water and Sanitation in Africa (SUWASA) activity provided technical assistance to the Hawassa Town Water Supply and Sewerage Service Enterprise (HTWSSSE). The key focus of the activity was to help transform the HTWSSSE into an autonomous utility that operates as a business enterprise, has the ability and tools to implement cost reflective pricing, has authority to make investment decisions, and is held accountable by the city administration to transparent performance standards and targets.

Beginning in June 2011, SUWASA supported the utility to develop and implement an improved tariff regime that covers operation and maintenance costs, and which gradually lead to full cost recovery and encouraged efficient water usage. The city administration approved the tariff which the utility started implementing in September 2012. The new tariff provided subsidies to the poorest and generated revenues to expanded water services.

SUWASA also developed performance agreements as a critical tool to enhance accountability, transparency and efficiency in utility operations. Once the performance agreements are signed between the utility's management and the city administration, transparent incentives and performance standards are expect to result in improved and expanded water supply services to customers in Hawassa.

To strengthen the internal capacity of the utility to provide services more efficiently, the utility's financial and administrative processes were improved with training on a more advanced accounting system which was integrated into the utility information management system.

Finally, SUWASA is supporting HTWSSSE with the construction of 14 new water kiosks in un-served locations to introduce a new, local, and private water operator management model which will improve sustainable service provision and revenue generation for HTWSSSE.