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.

- 1,151 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 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 program

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 program of 19,100 social connections financed by World Bank is starting in December this year
IMPROVEMENT OF ACCESS

- Household connection access: 58% in 1995, 87% in 2009
- Access by standpipes: 22% in 1995, 11% in 2009
- Improved access: 80% in 1995, 98% in 2009
Social tariffs

- Subsidized consumption at low levels of consumption, financed through a cross subsidy between customer categories
- Social tariff for household consumption under 10 m3 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 m3 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 meters 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 m3
- Resell tariff is fixed by the Government:
  - 15 FCFA per m3 for a bucket of 40 liters
  - 5 FCFA for a bucket of 10 liters
# Household tariffs

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<tr>
<th></th>
<th>Tarif hors taxes FCFA</th>
<th>VAT</th>
<th>Total TTC FCFA</th>
<th>Total Euros</th>
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<tr>
<td><strong>Social block:</strong></td>
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<tr>
<td>0 to 20 m3/bim</td>
<td>189,37</td>
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<td>191,32</td>
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<td><strong>Block:</strong></td>
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<tr>
<td>21 to 40 m3/bim</td>
<td>624,68</td>
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<td>629,88</td>
<td>0,96</td>
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<td><strong>Above:</strong></td>
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<tr>
<td>40 m3/bim</td>
<td>663,96</td>
<td>119,51</td>
<td>788,67</td>
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Significant achievements
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.
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