



WATER COMPONENT BRIEF | JUNE 2019

# Supporting Private Sector Engagement in Water and Sanitation

**LIFE OF ACTIVITY**

August 2016 through August 2020

**TOTAL USAID FUNDING**

USD 3 million

**PARTNERS**

Association of Private Water Providers (AFORAMO)

National Directorate of Water Supply and Sanitation (DNAAS)

Water Regulatory Authority (AURA)

Water Supply Investment and Asset Fund (FIPAG)

Water and Sanitation Infrastructure Administration (AIAS)

National Directorate of Water Resources Management (DNGRH)

Regional Administration of Waters

Provincial Directorate of Public Works, Housing and Water Resources (DPOPHRRH)

**IMPLEMENTED BY**

DAI Global and Nathan Associates

**OVERVIEW**

Mozambique has committed to achieving the United Nations Sustainable Development Goal 6: Universal and equitable access to safe and affordable drinking water for all by 2030. To date, however, the public water sector provides access to clean water for less than 50% of the total population, and as low as 32% of rural households. The dynamic private water provider industry, since the early 2000s, has been expanding rapidly, especially in the peri-urban areas. Almost 2,000 PWP are currently serving 2 million customers. In 2015, the Government approved the Regulation for Licensing of Private Water Providers in the Supply of Potable Water (Decree 51/2015 of December 31). SPEED+ is working with the National Directorate of Water Supply and Sanitation (DNAAS), the Water Regulatory Authority, and the Association of Private Water Providers (AFORAMO), among others, to facilitate the full and effective implementation of the Decree to encourage investment, reduce risk, limit transaction costs and expand markets.



Support for implementing the Regulation for Licensing Private Water Providers

- Public dissemination of the new regulatory framework
- Capacity building for licensing authorities
- Water quality and technical standards for private water supply systems
- Tariff model for setting and adjusting PWP tariffs



Providing data and analysis of private sector water provision in Mozambique

- Census and mapping of private water providers
- Water and sanitation market assessment



Strengthening sustainability of PWP and the PWP Association

**GUIDING FRAMEWORKS FOR WATER AND SANITATION**

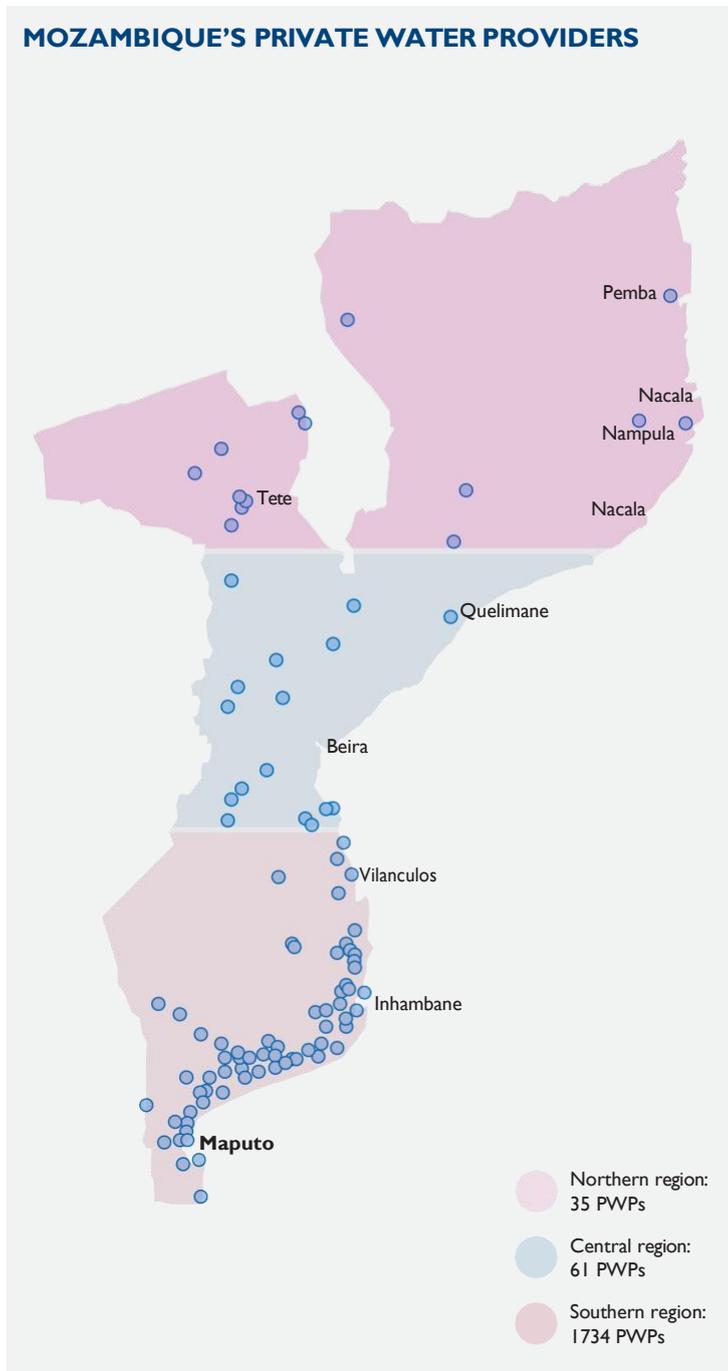
SPEED+ prioritizes water sector activities based on USAID’s Water and Development Strategy (2013–2018), Mozambique’s National Strategy for Water and Urban Sanitation 2011–2025 and National Gender and Water Strategy, and Mozambique’s commitment to Sustainable Development Goal 6. These policies are supported through SPEED+ assistance for implementation of the Regulation for the Licensing of Private Water Providers in the Supply of Potable Water (Decree 51/2015).

**SUPPORT FOR IMPLEMENTING THE REGULATION FOR LICENSING PRIVATE WATER PROVIDERS**

The Regulation for Licensing Private Water Providers (PWP) created a framework for the almost 2,000 previously informal and unregulated PWP, serving 2 million customers, to become licensed formal sector businesses, and for the licensing and regulatory authorities at national, district and municipal levels to ensure that PWP meet required water quality and service standards.

SPEED+ tools and training have supported licensing authorities to issue 237 licenses to PWP as of March 2019, providing clean drinking water to 225,000 people. SPEED+ supported a nationwide dissemination campaign with DNAAS, AFORAMO and AURA to launch the large-scale licensing effort. The campaign targeted district and municipal licensing authorities, PWP, and interested new investors. SPEED+ developed a Guide to Implementation of the Decree 51/2015 and Procedures for Licensing brochure which were distributed. SPEED+ supported DNAAS, ARA-Sul, and the respective DPOPHRRH to deliver on-the-job training for 41 local licensing authorities. SPEED+ is also developing guidelines for conflict resolution in the licensing process, and supporting DNAAS to establish a client relationship management database.

## MOZAMBIQUE'S PRIVATE WATER PROVIDERS



### Water Quality and Service Standards

Effective implementation of Decree 51/2015 requires the development of technical standards to ensure that private water systems meet public health, safety and service requirements. Following an in-depth review process engaging all stakeholders, including consultation with 80 AFORAMO members, SPEED+ and DNAAS finalized the Technical Standards for Private Water Supply Systems which are now under ministerial review.

### Tariff Model for Private Water Supply

Formalizing private water supply requires a standard tariff setting model. Using a participatory approach with DNAAS, AURA and AFORAMO, SPEED+ created a tariff model that will ensure cost recovery for PWP operations and infrastructure development; service quality and equity for consumers; incentives for efficient use of water; return on investment and reasonable margin of profit; and stability and simplicity for consumers. The *Tariff Model for Private Water Supply Systems* has been adopted by AURA, and SPEED+ has provided training in using the model to AURA, DNAAS and AFORAMO.

## PROVIDING DATA AND ANALYSIS OF PRIVATE SECTOR WATER PROVISION IN MOZAMBIQUE

SPEED+ supported the first-ever comprehensive nationwide survey and mapping of private water supply systems. 1830 systems were identified and presented on a [webmap](#): 1734 in Southern region, 61 in Central region, and 35 in Northern region. The survey created a rich dataset, including relevant gender data, which will be important for the licensing and monitoring process and as a baseline for analyzing the private water supply industry. SPEED+ is assisting with the integration of relevant data into the National Information System for Water and Sanitation (SINAS).

SPEED+ also supported a Capacity and Willingness to Pay survey which provided detailed information on the potential customer base for the private water sector. Importantly, 95% of those surveyed expressed willingness to pay for a water connection to their home.

Despite rapid development of the water services market in the southern region and urban areas, much of the country, especially in the northern region, remains un- or under-served, and development of the sanitation market lags even further behind. To better inform policy makers, entrepreneurs, and funders about these markets in Mozambique, SPEED+ completed a *Rapid Water and Sanitation Market Systems Assessment*, which uncovered constraints to business growth and profitability as well as opportunities for expansion and efficiency.

## TOTAL NUMBER OF LICENSES ISSUED

Province	July-September 2018	October-December 2018	January-March 2019
Maputo City	0	16	21
Maputo Province	11	29	43
Gaza	71	4	12
Inhambane	4	7	19
<b>Total per quarter</b>	<b>86</b>	<b>56</b>	<b>95</b>
<b>Cumulative total</b>	<b>86</b>	<b>142</b>	<b>237</b>

## STRENGTHENING SUSTAINABILITY OF PWP<sub>s</sub> AND THE PWP ASSOCIATION

The long-term success of the private water industry demands that businesses are efficient and profitable and that the industry can professionally represent its needs and interests. SPEED+ supports AFORAMO to professionalize and build operational and financial sustainability through member services. A key service is training to improve PWP compliance with licensing and water quality management requirements and better business and financial management. SPEED+ is also analyzing and piloting options for solar powered pumps, which can make potable water provision more affordable for customers and create a more attractive investment opportunity.