

**oikos Case Writing Competition 2007**

**2<sup>nd</sup> Prize**

**City Water Tanzania**

**Case Summary**

**Part A: Dar es Salaam's Free and Expensive Water**

**Part B: Privatizing Dar es Salaam's Water Utility**

**Part C: The Private Sector Experiment**

**Part C: Striking a Deal**

**Part D: Things Fall Apart**

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## Case Summary

The first part of the case examines how the Tanzanian government intends to address a pressing deterioration in the infrastructure and services of Dar es Salaam's Water and Sewerage Authority (DAWASA). The decision process unfolds in the spring of 2002, on the heels of the Cochabamba uprising and increasing dispute over the involvement of the World Bank and the International Finance Corporation (IFC) in other water development projects in Ghana, Mauritania and South Africa. At that time, the World Bank was already sponsoring similar projects in Angola, Benin, Guinea-Bissau, Niger, Rwanda, Sao Tome and Senegal, despite some vocal local opposition.

Part A's decision point concerns: a) the privatization of the utility in line with the ongoing economic reforms; b) the choice between partnering with an international operator (as required by the World Bank) and local models (government-led or entrepreneurial ventures) and c) the implications of these choices for Dar es Salaam's residents, donors, investors, and politicians.

Part B describes Tanzanian government's privatization of DAWASA. It details the terms of the lease contract with an international operator, City Water, discussing the alternatives that were considered and discarded, the bidding process, and the roles and motivations of the parties. The key questions revolve around a) the adequacy of the decision; b) the responsibility for the next steps; and c) milestones and metrics to gauge the success of the privatization.

Part C provides a dual role play, casting students in the position of Edward Lowassa, Tanzania's Minister of Water, and Cliff Stone, a former director of sales for Africa for Biwater and now part of City Water's management. The two role plays ask each party to review the progress by May 1st, 2005. Each party reviews their accomplishments and shortcomings, two years after the signing of the lease in February 2003.

Part C triggers a negotiation between representatives of the two sides (Lowassa and Stone) and an analysis of their competing expectations and only partial fulfilment of their assumed roles.

Part D summarizes the decision of the negotiation: the break-up of City Water Tanzania, and its aftermath, including litigation and forgone opportunities to meet the needs of the local residents.