

**Oromiya Regional State  
Water, Mineral & Energy Resources Development Bureau**

**Amendments of Guidelines for Management  
of Rural Water Supply Systems**

**March 2000  
Finfine**

## **Amendments of Guidelines for Management of Rural Water Supply Systems**

According to Article 8 of the Regional State of Oromiya, Water, Minerals & Energy Resources Development Bureau Guidelines of Rural Water Supply Systems sub article 3.4 - 3.7.10 is hereby endorsed and amended as indicated below:

### **3.4 The Establishment of the Water Committee (WC)**

The Water Committee shall assume full responsibility for the Water Supply facility. It is authorized to manage and control all transactions concerning revenues and properties of the Water Supply scheme.

#### **3.4.1 Rights of the Water Committee (WC)**

The Water Committee has the right: -

- 3.4.1.1 to use the water supply systems to the benefit of the community.
- 3.4.1.2 to sale water according to the approved water tariff and to collect revenues from water sales.
- 3.4.1.3 to propose the selling price for water (tariff).
- 3.4.1.4 to incur water related expenditure.
- 3.4.1.5 to open and operate bank accounts.
- 3.4.1.6 to enter into and terminate employment contracts with support staff required for RWSS operations.
- 3.4.1.7 to fix the salaries of such support staff.
- 3.4.1.8 to decide upon modifications and extensions of the Water Supply system in co-operation with the ZO.
- 3.4.1.9 to employ private licensed contractors for maintenance, repair and expansion works.
- 3.4.1.10 to jointly establish a water board with other water committees and to terminate its establishment.

#### **3.4.2 Obligations of the Water Committee (WC)**

The Water Committee has an obligation: -

- 3.4.2.1 to properly maintain the Water Supply system
- 3.4.2.2 to provide the community with sufficient potable water

- 3.4.2.3 to organize timely repairs of any broken parts of the WSS and to keep proper operation needs.
- 3.4.2.4 to measure regularly the amount of water provided
- 3.4.2.5 to keep healthy sanitary conditions of the scheme
- 3.4.2.6 to submit quarterly reports to ZO
- 3.4.2.7 to use revenues collected for water sales for water related expenditure only
- 3.4.2.8 to safe keep of surplus funds in the bank account of the WC
- 3.4.2.9 to implement water tariffs which cover the cost of the RWSS
- 3.4.2.10 to keep proper records of all income and expenditure
- 3.4.2.11 to encourage the community to utilize the water supply scheme
- 3.4.2.12 to submit every minute of meeting concerning the establishment and termination of the Water Board to the Bureau (OWMERDB) and to the Zonal Office (ZO).

### **3.5 The Establishment of the Water Board (WB)**

Based on the legal status given from the Bureau (OWMERDB Art. 3.1) any water committee (WC) who like to form a Water Board (WB) because of economic, technical, etc. reasons which is situated in a specific project area has the right to establish a water board in collaboration with other water committees of the same status or similar nature to achieve their common objectives, if the source of water is from one source. Either WCs of isolated schemes or different schemes of various sources can establish WB when the need arises with the approval of the OWMERDB. If it is necessary for the sustainable activity of the Rural Water Supply System (RWSS) operations, the water committee shall employ technically skilled and other supporting workers according to the Labour Proclamation No. 42/1985 section two Art 10 on contract basis.

- 3.5.1 As stipulated under Art. 3.1. above more than two and less than 30 water committees situated in a project range area can voluntarily establish a water board based on the specific mandates given to them by the Oromiya Water, Mineral and Energy Resource Development Bureau (OWMERDB) to regulate and facilitate their common objectives.
- 3.5.2 The WB is elected by the representatives of the participating WC. Each WC may be represented by two delegates to form the general assembly. The board shall be accountable to the general assembly.
- 3.5.3 The service period of the Water Board shall be two years; re-election of members is possible but not more than two times continuously.
- 3.5.4 The water board shall consist of a minimum of five and a maximum of nine members, out of these the chairperson, the secretary, the cashier and the accountant shall be elected democratically.
- 3.5.5 The Water Board shall be liable, if failurity arises from any illegal performance, non-performance and absence of control.
- 3.5.6 The OWMERDB as well as the WC shall take the appropriate actions regarding the mis-management of the Water Board.

- 3.5.7 For the sustainable activity of the Rural Water Supply System (RWSS) operation, the Water Board shall employ and administer technically skilled and other supporting workers according to the Labour Proclamation No. 42/1985 section two Art. 10 on contract basis. Essential documents in this regard shall be prepared by OWMERDB and distributed to all Board administered sites.

### **3.6 Rights of the Water Board (WB)**

The Water Board has the right: -

- 3.6.1 to employ private contractors, skilled and supporting workers for maintenance, repair and expansion works required for member Rural Water Supply (RWSS) system operations.
- 3.6.2 to fix and decide the amount of salaries and payment of such skilled staff and contractors.
- 3.6.3 to enter into contractual agreements on behalf of the member water committees within the framework of the legal status given to the WC by OWMERDB.
- 3.6.4 to terminate employment contracts and contractual agreements which are signed by the Water Board (WB) on behalf of the member water committees (WC)
- 3.6.5 to facilitate the day-to-day activities of each water committee and to strengthen the relationships between the Water Committee (WC), Zonal Office (ZO), Urban Water Supply Systems (UWSS) and NGOs and others.
- 3.6.6 to decide upon modifications and extensions of each water supply systems in co-operation with the Zonal Office (ZO).
- 3.6.7 to find additional source of water if the scarcity or shortage of water arises.
- 3.6.8 to study and propose the selling price of water (tariff) and after approval by the Zonal Office (ZO) to implement according to Rules and Regulations given to the water committee by the OWMERDB.

### **3.7 Obligations of the Water Board (WB)**

The Water Board has an obligation:

- 3.7.1 to minimize the expense of each member Water Supply Schemes
- 3.7.2 to produce time schedule for repairing, maintaining and overhauling of pumps, generators, equipments etc of each member water supply schemes equally.
- 3.7.3 to provide advice to the Water Committee (WC) in all management, financial and technical matters such as water tariff, water metering, financial management, repair, maintenance and the expansion of all water supply schemes.

- 3.7.4 to keep proper records of all incomes, expenditures, minutes of meetings, payment certificates and attached financial documents.
- 3.7.5 to be audited at least once in a year by internal and external auditors.
- 3.7.6 to submit quarterly financial and technical report to the OWMERDB and to the Zonal Office (ZO) as well as to the water committee (WC).
- 3.7.7 The representatives of the WC shall meet twice a year for their ordinary meeting to receive the report of the Board and once in a year during the 2nd assembly of the water board to approve the annual budget of the Board.
- 3.7.8 To strengthen the activity of the WC as well as of the WB, the Water Board may invite the OWMERDB, Zonal WMERDD, Zonal and District Health, Agriculture etc. Departments to participate in the assembly.
- 3.7.9 Participants who are invited from the above mentioned offices (Art. 3.7.8) have no right to give voice, to choose and to decide on the agendas of the meeting but have the right to share their experiences, to give their advice and expertise opinions during the session of the meeting.
- 3.7.10 The representatives of the WC shall have the right to approve or dis-approve all major investments of the Board.
- 3.7.11 Emergency meetings of Board Assembly shall be called upon the request of 1/3 of the water board members or the representatives of 1/3 of the WCs.

## ANNEX 1

## LETTER OF RECOGNITION

Be it known by all that the Oromia Water Mineral and Energy Resources Development Bureau (OWMERDB), a duly constituted administrative body within The Oromia Regional State, does hereby appoint:

- 1.
- 2.
- 3.
- 4.
- 5.

Who are members of the Water Committee of.....  
 district, elected and so appointed pursuant to the „Guidelines for Management of Rural Water Supply Systems“ dated ....., as ist true and lawful agents and does hereby authorise the above named members of this Committee to jointly act for and on behalf of OWMERDB in the following matters:

Rights

- to use the Water Supply system to the benefit of the community
- to collect revenues from water sales
- to propose the selling price for Water (tariff)
- to incur Water related expenditure
- to open and operate bank accounts
- to enter into and terminate employment contracts with support staff required for RWSS operations
- to fix the salaries of such support staff
- to decide upon modifications and extensions of the Water Supply system
- to employ private contractors for maintenance, repair expansion works

Obligations

- to properly maintain the Water Supply system
- to provide the community with sufficient potable Water
- to organise timely repairs of broken parts
- to measure regularly the amount of Water provided
- to keep healthy sanitary conditions of the scheme
- to submit quarterly reports to ZO
- to use revenues collected for Water sales for Water related expenditure only
- to safe keep surplus funds on the bank account of the WC
- to implement Water tariffs which cover the Cost of the RWSS
- to keep proper records of all income and expenditure
- to encourage the community to utilise the Water Supply scheme

All acts pertaining to the above and done pursuant to a decision by a simple majority of these members of the Committee shall have effect.

signature

seal

.....  
for and on behalf of OWMERDB

Announced on.....(date)

to Zonal Administration of..... (name)  
Woreda Administration.....(name)  
Kebele Administration .....(name)  
Peasants Association .....(name)

## ANNEX 2

RWSS Bofa (SVR No. 12)  
as an example for the determination of cost coverage  
in accordance with section 7.7 of the New Guidelines

1. Calculation of Replacement Cost / Reserve  
(info obtained from the Bureau)

<u>component</u>	<u>today's cost</u>	<u>useful life</u>	<u>replacement</u>	<u>reserve p.a.</u>
borehole drilling (76 m)	114.000	20 years	Birr	5.700
steel casing	1.800	20 years	Birr	90
blank casing	15.000	10 years	Birr	1.500
screening casing	11.300	10 years	Birr	1.130
pipes and fittings	2.900	15 years	Birr	193
pump	75.000	10 years	Birr	7.500
reservoir (25 cbm)	25.000	15 years	Birr	1.670
water points (incl. meters)	40.000	10 years	Birr	4.000
EELPA connection	<u>12.800</u>	20 years	Birr	<u>640</u>
<b>Total Replacement Cost:</b>			<b>Birr</b>	<b><u>297.800</u></b>
<b>Replacement Reserve p.a.:</b>			<b>Birr</b>	<b><u>22.423</u></b>

Note:

Labour cost is not included and EELPA connection cost may not include a transformer.



## 2. Accounting for Cost Coverage

2.1 The following information has been obtained from the Adama UWSS to which Bofa is attached.

The accounting period is 3 months: October to December 1996.

	<u>Birr</u>	<u>Birr</u>
income from water sales	7.965,25	
expenses		
salaries		1.668.00
spare parts		670.50
water meter box		280.00
plastic tubes		850.00
electricity		1.016.65
other expenses		23.95
		<u>4.509.10</u>
<b>cash surplus</b>	<b>3.456,15</b>	

2.2 The transformation from cash accounting to income/expense accounting requires the following adjustments:

A	Only 2 monthly salaries have been paid in the 3 months period: deduct one monthly salary amount	- 850,00
B	Only one monthly EELPA bill has been paid in the a/c period: deduct 2 monthly electricity bills	-2.000,00
C	spareparts fall into the cost category maintenance and repairs: add back the cost of spareparts	<u>+ 670,50</u>

**running cost coverage (surplus I)** **1.276,65**

maintenance/repair reserve  
(1/4 of 3% of Birr 297.800 p.a.) - 2.234,00

**deficit II** **- 957,35**

replacement reserve (1/4 of Birr 22.423 p.a.) - 5.605,75

**deficit III** **- 6.563,10**

### 3. Conclusions

3.1 The water tariff of Bofa (Birr 2,50 per cbm) covers the "running cost" only. It can support neither the maintenance/repair nor the replacement reserve.

It can be calculated from above figures that the water tariff would have to be increased to a level of:

maintenance/repair reserve coverage:	Birr 2,80 per cbm
full cost coverage:	Birr 4,50 per cbm

3.2 Had Bofa not switched to EELPA connection and continued with a diesel generator, the cost coverage situation would have been as follows:

- the replacement cost would increase by about Birr 100.000 for a diesel generator to Birr 400.000
- the replacement reserve p.a. - assuming a useful life of 8 years for a diesel generator - would increase by Birr 12.500 to Birr 35.000.

As the running cost of Bofa using a diesel generator is not known (certainly higher than with EELPA connection) it is assumed for this exercise that it is the same. Consequently, the figures would look as follows:

surplus I	Birr	1.277
maintenance/repair reserve	Birr	<u>- 3.000</u>
deficit II	Birr	- 1.723
replacement reserve	Birr	<u>- 8.730</u>
deficit III	Birr	<u>- 10.453</u>

These figures would require tariff increases to a level of:

maintenance/repair reserve coverage:	Birr	3,00 per cbm
full cost coverage:	Birr	5,75 per cbm

This exercise demonstrates the advantage of EELPA connections over RWSSs which use diesel generators.

Note:

The estimated cost of 1 KWh produced by a diesel generator compares to EELPA connection as follows:

diesel generator	Birr	0,55
EELPA connection	Birr	0,22

## ANNEX 3

## Contract of Agency

This agreement is made on the \_\_\_\_\_ day of \_\_\_\_\_, 1998 between Oromiya Water, Mineral and Energy Resources Development Bureau (here in after called "The Principal" on the one part, and \_\_\_\_\_ district/Kebele water committee herein after called "The Agent" on the other part.

**Whereas,**

- a) The principal intends to make the beneficiaries of rural water supply system to administer the rural water supply systems.
- b) The principal wants to ensure the adequate and sustainable operation of rural water supplies by the community participation through water committees which shall democratically elected by the beneficiary communities.
- c) It is necessary to authorize an agent who will perform these acts on behalf of OWMERDB.

**Now therefore:**

The parties agree on the general terms and conditions of the agreement as follows:

**Article I. Short title**

This contract may be referred to as a "Contract of Agency"

**Article II. Terms and Conditions of the Contract**

The principal (OWMERDB) here by agree and appoints

- 1.
- 2.
- 3.
- 4.
- 5.

Who are members of the water committee of \_\_\_\_\_ district/kebele as its lawful agents and here by authorize the above named members of this committee to jointly act for and on behalf of OWMERDB in matters relating to Rural Water Supply System Schemes.

**Article 3. Rights of the Agent**

The agent has the right:

- to use the water supply system to benefit of the community
- to collect revenues from water sales
- To propose the selling price for water
- To incur water related expenditure
- To open and operate bank accounts

- To enter into and terminate employment contracts with support staff required for RWSS operations
- To fix the salaries of such support staffs.
- To decide upon modifications and extensions of the water supply system in co-operation with the zonal office
- To employ private licensed contractors for maintenance, repair and expansion works.

**Article 4. Rights of the principal**

The principal has the right

- To supervise the water related activities carried out by the agents governing the RWSS in area
- To approve the water tariffs proposed by the agents
- To regularly monitor the water quality of the RWSS
- To provide managerial and technical advises
- To monitor the financial management of the agents
- To advice upon modification and extensions of the water supply system
- To audit the financial states of the agents at any time

**Article 5. Obligations of the Agent.**

The Agent has an obligation:

- To properly maintain the water supply systems
- To provide the community with sufficient potable water
- To organize timely repairs of broken parts
- To measure regularly the amount of water provided
- To keep healthy sanitary conditions of the scheme
- To submit quarterly reports to the Z.O.
- To use revenues collected for water sales for water related expenditures only
- To safe keep of surplus funds in the bank account of the agent
- To implement water tariffs which cover the cost of RWSS
- To keep proper records of all income and expenditure
- To encourage the community to utilize the water supply scheme

**Article 6. Obligations of the Principal.**

The principal has an obligation:

- To provide advice to the agents in all management and technical matters
- To establish a revolving fund for the purchase of spare parts to be offered to the agent against payment
- To provide the agents with quarterly figures on replacement, maintenance and repair reserves
- To substitute members of the agents in collaboration with the beneficiaries if the need comes from the users
- To train the agents on the management of Rural Water Supply System
- To carry out operation and maintenance work if it is beyond the ability of the Agent
- To control and supervise the healthy sanitary conditions of the scheme
- To approve the water tariff proposed by the agent

**Article 7. Period of Service**

The service period of the agent is for two years as of the date of signing their agreement.

**Article 8. Accountability of the Agents**

The Agents accountable to the principal (OWMERDB or Zonal departments) and where there is a delegation of power is given to UWSS, the agents accountability would be to UWSS.

**Article 9. Applicable Law**

This contract, its meaning, and interpretation and their relation between the parties shall be governed by the Ethiopian law.

**Article 10. Language**

This contract shall be executed in Oromo language which shall be the binding and controlling language for all matters relating to the meaning or interpretation of the contract

**Article 11. Notice**

Any notice, request or consent required or made pursuant to this contract shall be in writing.

**Article 12. Termination of the Contract.**

The principal without prejudice to any other of its rights and premises can any time terminate this contract without compensation and by giving a written notice to the agents before the end of the service period, only if there is a miss use of revenues, materials and rights.

**Article 13. Force Majeure**

Where an event which is beyond the reasonable control of the party, occurs neither the principal nor the agents shall be responsible for non performance of their obligations, or for the delays arising from force majeure. Force majeure shall not include any event which is caused by the negligent or intentional acts of the parties.

**Article 14. Modification**

Any amendments shall be made by written agreement of both parties.

**Article 15. Disputes**

In the events that any dispute arises from non performance of the obligations set forth in the contract the parties has the right to institute the suit before the court of Ethiopia which has jurisdiction to see the case.

**Article 16. Entering into force**

This contract shall enter into force with all validity and effects from the date of the parties have affixed their signature and seal here under.

Signed at \_\_\_\_\_, Ethiopia on \_\_\_\_\_ 1998 by the contracting parties.

\_\_\_\_\_  
*On behalf of the Principal*

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_

Witnesses:	Name	Signature
1.	_____	_____
2.	_____	_____
3.	_____	_____

## ANNEX 4

# RWSS Management Manual

## The Concept

The Management Manual is designed to provide the WC with valuable information on how to successfully manage their RWSS. The basic information is the new Guideline on Management of RWSS which is by nature not detailed enough to describe all possible activities for the daily routine.

The concept of the manual is to provide short information on topics which are of importance for the WC which may be easily replaced or updated if necessary: the manual will therefore be organised as a folder containing of single pages.

The manual will contain already existing rules and regulations of the Bureau where applicable. Further information may be added from different sources if considered useful. In case that the implementation of the new guidelines is requiring additional information the project is requested to prepare them.

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April 20, 1998