

Background a
company based in
dubai whose role



**ASSIGN
BUSTER**

Background

Dubai Water and Electricity Company is a company based in Dubai whose role is to provide water and electricity to people living in Dubai. The company is known to provide reliable water and electricity related services.

It is also famous for provision of clean water as well as safe electricity to the people. This company was started in 1992. Shaikh Maktoum Bin Rashid Al Maktoum is the one who ordered the merging of two companies that had been operating independently to form this company. The two companies merged to form this company were Dubai Electric Company and Water Department.

The main issue of the project.

The Dubai Electricity & Water Authority has been undertaking projects in the field of power transmission in Dubai.

The aim has always been to serve the customers to their satisfaction. The company has been the backbone of Dubai power grid. It has been aiming at providing uninterrupted power supply which is reliable to Dubai judicious government. The company is the sole provider of water, electricity and sewerage in the region. There has been ever-growing demand for these services in the region. With this growing demand for services by customers, the management of the company has become complex. This therefore calls for a complex administrative system that will ensure efficiency in service delivery. According to Bayt.

com, Inc, for about five decade that the company has been in operation, today “ it is an inspiring success story known for its efficiency and reliability in every facet of its operations” (Bayt. com, Inc, 2011, pg. 1). The company has also employed enough workers to help serve the customers and ensure quality and quantity of services they provide.

The company has employed 7696 employees to support it achieve its customers. The demand for electricity in UAE is estimated to grow by 10% every year up to around 2013. The growth is escalated by rapid industrialization taking place in the region.

This is accompanied by the need residential sector customers for water and electricity. According to the study by Nokia Siemens Networks (2011), the consumption of water in Dubai is also has recently been growing and about 600 liter/capita is consumed every day. Nokia Siemens Networks further state that “ Keeping up with such surging demand is the responsibility of the Dubai Electricity and Water Authority, or DEWA, which supplies electricity and water to nearly half a million customers in Dubai as well as exporting electricity to other emirates” (Nokia Siemens Networks, 2011). The high consumption of energy comes with costs to be shouldered by the state. For example, there is provision of subsidized electricity which is at the cost of the state.

There is also need to increase energy generation capacity. This will require installation of expensive new power plants. The government has also been making major administrative reforms that are likely also to affect or trigger reforms in the company. The question that remains unanswered in this case

is the following: what are the major reforms that have taken place in Dubai Electricity and Water Company/Authority to enable it achieve its objectives.

The objectives of the project

The solution of the above issue will be guided by the following objectives that the research seeks to achieve: To find out the genesis of reform in Dubai Electricity and Water Company. To explore the process of reforms in Dubai Electricity and Water Company.

To find out who are the participants in the reforms. To find out the components of these reforms. To explore the state of implementation of these reforms. To find out the outputs and the outcomes of the reforms To evaluate the success of the implementations of the reforms

Methodology

To achieve the above objectives, the information required will be gathered through review of the literature that has been written about the reforms that have taken place in Dubai Water and Electricity Company.

The literature will also be collected about the administrative reforms that have taken place in the United Arab Emirates (UAE) which could have catalyzed reforms in Dubai Water and Electricity Company. The literature regarding the adoption of NPM and the performance based budgeting in the UAE and their linkage to Dubai Water and Electricity Company.

The theoretical discussion

Glimpses of NPM in the UAE.

In an attempt to make the administrative systems of the government of Dubai more efficient and effective, the government has over the years sought to adopt some components of the NPG model. The NPG model has been used by many governments since its inception in the 1980's. It has been a very useful tool for these governments because it has assisted in the modernization of the public sectors within the government. Although the UAE was aware of the existence of this model, which it could adopt in order to modernize the public sector, it has taken them a long time to accept to implement this model. When the UAE agreed to incorporate some of the aspects of this model in order to improve its service delivery to the public, some market oriented have occurred in recent years. For instance, there has been much attention given to excellence and quality of services that are offered by public organizations. Dubai Water & Electricity Company being a government organization providing civil services has adopted this policy of providing excellent and quality services to the customers.

The other reform has been to introduce information technology in civil service organizations. Dubai Water & Electricity Company has not been left behind in this initiative. The company has invested heavily in Information Technology. For instance, bills and payment for the services can be made online through online bill payment portal. Other reforms that have come up with the adoption of NPM include privatization of government institutions, adoption of Total Quality Management concepts in public administration in order to improve the efficiency of delivery of services and introduction of

performance budgeting and quality management in federal government ministries and departments.

Performance Based budgeting is one of the elements of NPM that has contributed greatly to the Dubai administrative system effectiveness.

The performance based budgeting

The government of UAE also introduced a new budgeting model as part of its reforms called performance based budgeting. This method enables organizations to justify the reasons for spending money on a given project. It enables the companies to allocate resources in a manner to achieve specific objectives. This approach was adopted by UAE governments in 2002 with the technical assistance of UNDP. The Dubai Water and Electricity Company are not exceptional in this initiative since it is part of the target firms.

Actually, in the company's Balanced Score Card is the financial perspective as one of the elements and this ensure full adoption of performance based budgeting.

The major reforms that have take place in Dubai Water and Electricity Company

The genesis of reforms in Dubai Water and Electricity Company

The reforms that have taken place in the company are actually need based. As discussed above, there has been steady, demand growth for the services that Dubai Water & Electricity Company offers. This has created the need to reform the operations of the company to ensure quality and timely services are provided to the customers. The pother factor that has initiated reforms in the country is the administrative reforms that have taken place in the UAE.

Dubai Water & Electricity Company being a public company was bound to adopt these reforms.

The process of the reforms

According to Al-Asaad (2011), electricity and water reforms means different things to different people but it basically involves separating generation from transmission and distribution. This is achieved by allowing competition to exist in generation and to allow the companies involved to access all network users without interference. It also entails privatization of water and electricity sector. This has already been done in Dubai aiming at meeting the growing needs of the customers. The process of reform entails laying down strategies that will help the organization achieve the set goals and objectives. It also entails adopting the reforms that have been put in place by the government and the industry in which the company operates.

For example the adoption of NPM and Performance Based Budgeting which were adopted by the UAE government to all government organizations was affecting the company. Also, the adoption of Information technology by the UAE governments was also embraced by Dubai Water & Electricity Company. The process of reforms in Dubai Water & Electricity Company therefore took place as needs for reforms unfold. For example, in 2006, a connection for electricity was made between Abu Dhabi and Dubai.

Participants in the process

The major participants in the reforms are the governments and the executive board of Dubai Water & Electricity Company. The other stakeholders like customers and the suppliers have contributed greatly to the reforms.

Other bodies like UNDP have come in to provide technical assistance to the company especially in the implementation of Information Technology. The government of Emirates has played a big role in these reforms. It is the key authority which has the mandate of allowing privatization of water and electricity sector as a step towards reformation.

Components of the reform

Mostly reform involves privatization of the sector in order to allow competition in the sector. The major reforms that the company is making are meant to meet the needs of customers and also reduce the level of energy consumption.

According to Neuhof, Abu Dhabi is preparing to move towards greater energy efficiency and will consider a range of measures to reduce consumption that could include a reform of electricity tariffs” (Neuhof, 2011). The government entities with a stake in the electricity sector are also involved in making these policies.

State of implementation

The basic indicator of the state of implementation of the reforms is the fact that Dubai Water & Electricity Company has already been privatized.

Most of the reforms have already being completed and improvements are still being done in order to accommodate the emerging needs. According to Regulation & Supervision Bureau, “ Both the water and electricity sectors continue to provide a high reliability of performance, and, given the continued rapid growth rates of 8 – 12 per cent, this is an excellent achievement and indeed, the reliability of the electricity cable network in the

city of Abu Dhabi is comparable to that of London and similar major cities worldwide” (Regulation & Supervision Bureau, 2006). According to the report, improvements in the system reliability were likely over in the coming years. The 400kV overhead line connection between Dubai and Abu Dhabi were completed by mid-2006.

The graph below shows the generation capacity that took place in the past.

Outputs and outcomes

The reforms have greatly improved the quality of services offered by Dubai Water and Electricity Company. The electricity and water connections have been put in place.

The volume of production of both water and electricity has increased in the recent years. A large part of the demands has been met. For example, water production capacity increased to 634 MGD and this was achieved via the additional plants namely SCICO in western region and SembCorp at Fujairah.

Evaluation of the reforms

The reforms are evaluated based on the level that they have been implemented and succeeded in achieving the targeted goals. The reforms for Dubai Water and Electricity Company have been well implemented and the level of attainment of the goals is high.

Conclusion

The main goals of the reforms undertaken by Dubai Water & Electricity Company is to reduce electric costs on governments in UAE, attract private capital, need the growing needs in the market and at the same time maximize the public revenue from the assets owned by the government and <https://assignbuster.com/background-a-company-based-in-dubai-whose-role/>

at the same time come up with an efficient and sustainable electric and water sector in the region (Chaudhury, 2005). The process of attaining these reforms entailed coming up with independent power and water production and ensuring competition in generation. As a result, the government came up with Dubai Water & Electricity Authority which is an independent body regulating production and distribution of water and electricity.

Reference List

Al-Asaad, H. K., 2011.

GCC: The Backbone of Power Sector Reform. Available at <http://www.gccia.com.sa/articles/GCC%20The%20Backbone%20of%20Power%20Sector%20Reform.pdf> [Accessed 23 December, 2011]

Bayt. com, Inc., 2011. Company Details: Dubai Electricity and Water Authority, company profile. Available at <http://www.bayt.com/en/company/?xid=138967> [Accessed 22 December, 2011]

Chaudhury, M. D., 2005. UAE water consumption one of the highest in the world. Available at http://www.khaleejtimes.com/DisplayArticle.asp?xfile=data/business/2005/July/business_July470.xml&ion=business [Accessed 23 December, 2011].

Neuhof, F., 2011. The National: Heat on Abu Dhabi's energy efficiency could impact Bills. Available at <http://www.thenational.ae/thenationalconversation/industry-insights/energy/heat-on-abu-dhabis->

<https://assignbuster.com/background-a-company-based-in-dubai-whose-role/>

energy-efficiency-could-impact-bills [Accessed 22 December, 2011] Nokia Siemens Networks..

, 2011. DEWA matches Dubai power demand with higher Capacity Communications network. Available at http://www.nokiasiemensnetworks.com/sites/default/files/document/3W_Networks_DEWA_success_story_Web.pdf [Accessed 22 December, 2011] Regulation & Supervision Bureau., 2006. Annual report 2006.

Available at <http://www.rsb.gov.ae/PDFs/pub3.pdf> [Accessed 23 December, 2011].