

# A Policy Framework for Small Scale Private Service Providers (SPSPs) in Africa

a prescription or subscription



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## Outline of the Presentation

- What are SPSPs/SSIPs/SWE?
  - Characteristics of SPSPs
  - Typology of SPSPs
- Water Access Situation in Africa
- Global Prevalence of SPSPs
- Prevalence of SPSPs in Africa
- How Much Does it Cost?
- Regulation
- Policy Implications
- The Way Forward
- Final Thought



## What are SPSP's/SSIP/SWE?

***“They are people and businesses involved in the buying and selling (transaction) of water.”***

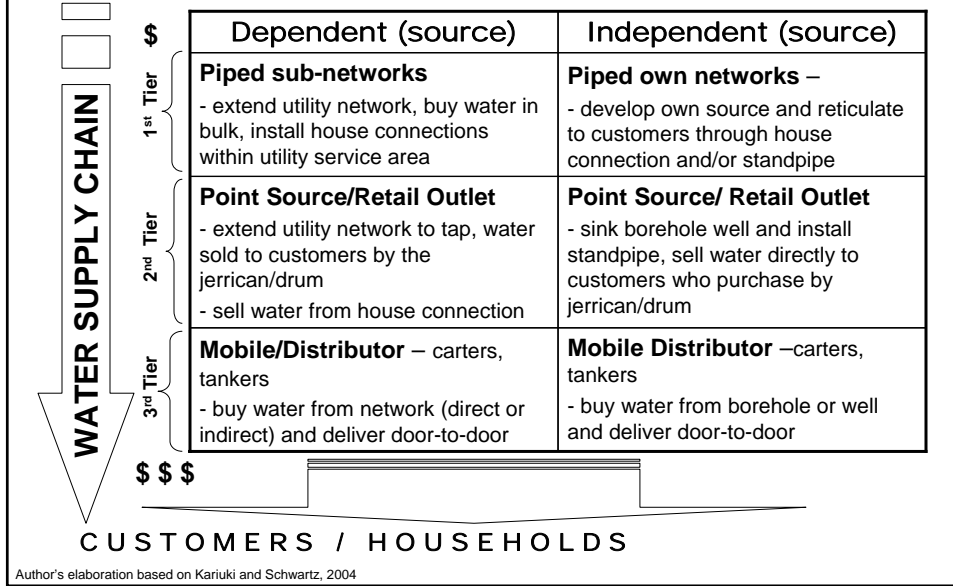
- Commonly known as water vendors.
- Different agencies have different acronyms for it:
  - SPSP – Small-scale Private Service Providers (World Bank)
  - SSIP – Small Scale Independent Providers (ADB)
  - SWE – Small Water Enterprises (WEDC)
- SPSPs are prevalent in areas with:
  - Low coverage levels
  - Ineffective public utilities
  - Remote regions difficult to access
- SPSPs have traditionally played three basic roles
  - *Gap Filler*
  - *Pioneer*
  - *Subconcessionaire*



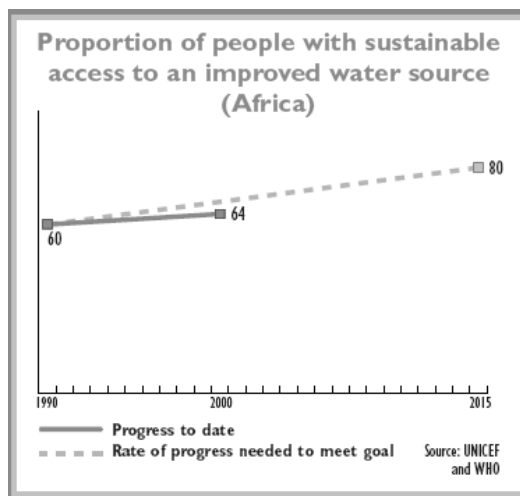
## Characteristics of SPSPs

- Market response to deficient and unreliable water supply
  - Commonly seen all over world operating in a complementary and supplementary capacity of supplying water
  - Initiative – self starters or entrepreneurs, ready to capture available opportunity
- Motivation
  - For profit or non-profit; own use (community) or business
- Organizational Form
  - Co-operatives; self-help groups; company; sole proprietor; family business etc.
- Legal Status
  - License; permit; contract with utility; registration with Chambers of Commerce; informal and unregulated.
- Financing
  - Personal savings; family; commercial bank; loan sharks; member fees; customers; micro-credit etc.

# Typology of SPSPs

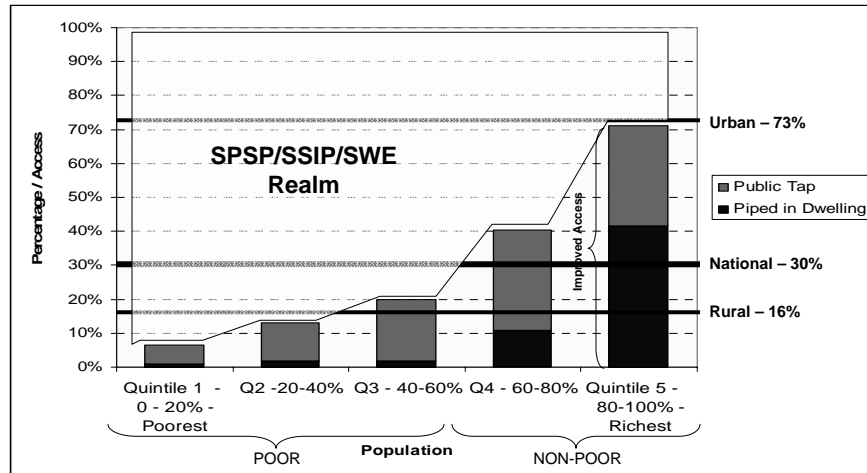


# Access Situation in Africa



- Africa is still lagging behind on meeting the MDG goal for access to improved water source
- But current progress gives little cause for optimism, particularly in Africa. As the graph demonstrates, if current trends continue, Africa will not achieve the 'water target' set for 2015

## Access Situation in Africa



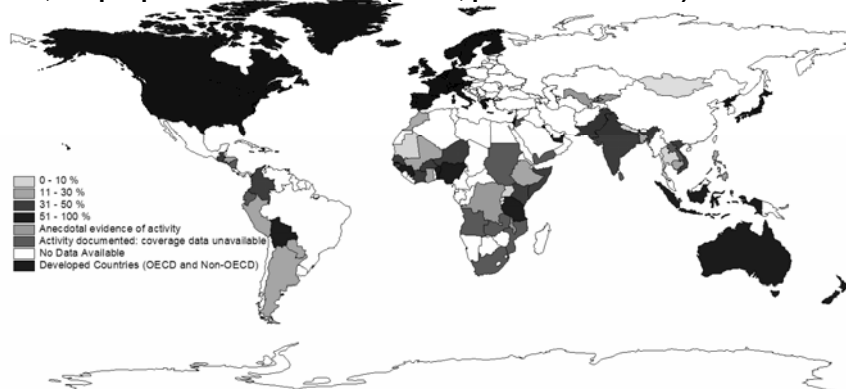
Author's elaboration based on Diallo and Wodon, 2004 – Based on data from 26 countries 1991-2001

## Where are SPSPs?

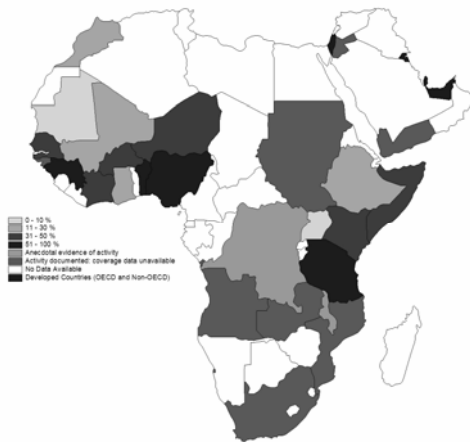
East Asia and the Pacific	South Asia	Africa	Middle East and North Africa	Eastern Europe and Central Asia	Latin America and the Caribbean
Cambodia Indonesia Laos Philippines Mongolia Thailand Vietnam	Bangladesh India Nepal Pakistan Sri Lanka	Cote d'Ivoire, Senegal, Somalia, South Africa, Tanzania, Uganda, Ethiopia, Ghana, Kenya, Mali, Mozambique Angola, Benin, Burkina Faso, Democratic Republic of Congo (A), Guinea, Mauritania, Niger Nigeria, Sudan, Zaire (A), Zambia	Morocco Yemen Jordan	Uzbekistan Kyrgyzstan, Albania	Argentina Bolivia, Peru Guatemala Honduras Nicaragua Colombia Ecuador El Salvador Haiti Paraguay

## Global Prevalence of SPSP's

- Approximately 40% countries in the world show prevalence of SPSPs in water (documented and anecdotal). Of which almost 25% report level of incidence.
- Based on estimates, almost about 10,000 SPSPs serve communities up to 50,000 people around the world (urban, peri-urban or rural)



## Prevalence of SPSP's in Africa

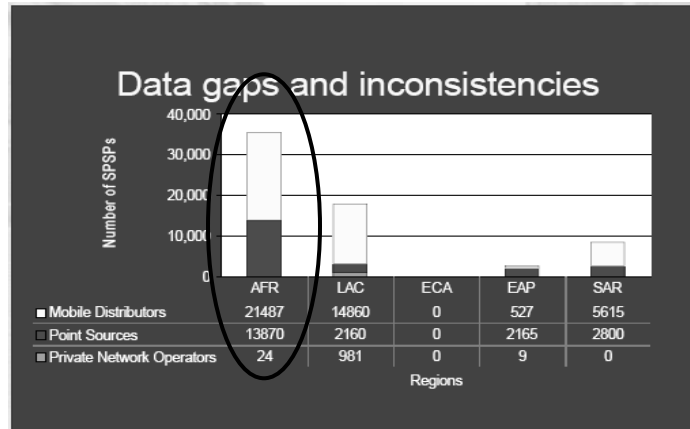


■ Almost 50% of the countries in Africa show incidence of SPSPs

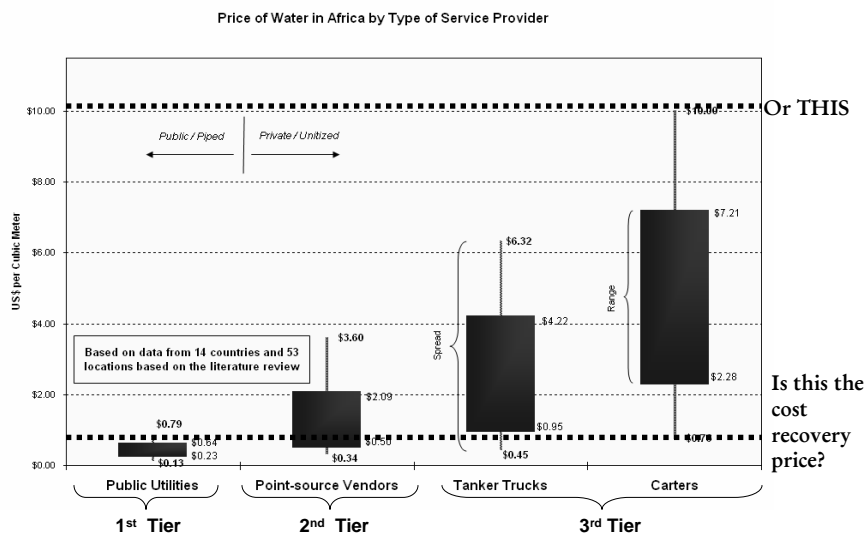
■ Of which 30% of countries reported, based on one or two location, the extent of SPSPs prevalence.

■ On average, countries report almost 40-45% SPSP coverage.

# Types of SPSP's in Africa



# How Much Does it Cost?



## Where Has SPSPs Regulation Worked?

- **Ho Chi Minh City, Vietnam** - Legitimizing alternative providers for them to extend and expand service
- **Asuncion, Paraguay** - PNOs
- **Water Trusts in Zambia**
- **Maputo, Mozambique** - PNOs
- **Abidjan, Cote d'Ivoire** - Resellers
- **Barranquilla, Colombia** - PNOs
- **Cordoba, Argentina** - PNOs
- **Guatemala City, Guatemala** - PNOs
- **Accra, Ghana** – Tanker Trucks

## Regulatory Issues (1)

Dependent (source)	Regulatory Issues
<p><b>Piped sub-networks</b></p> <ul style="list-style-type: none"> <li>- extend utility network, buy water in bulk</li> <li>- install house connections within utility service area</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Customer agreements</b></li> <li>■ <b>Operator performance incentives</b></li> <li>■ <b>Transport license and vehicle regulations</b></li> </ul>
<p><b>Point Source/Retail Outlet</b></p> <ul style="list-style-type: none"> <li>- extend utility network to tap, water sold to customers by the jerrican/drum</li> <li>- sell water from house connection</li> </ul>	
<p><b>Mobile/Distributor</b> – carters, tanker trucks</p> <ul style="list-style-type: none"> <li>- buy water from network (direct or indirect) and deliver door-to-door</li> </ul>	

- Contract with utility
- Bulk water rate
- Business / Operating licenses
- Consumer tariffs
- Service quality

## Regulatory Issues (2)

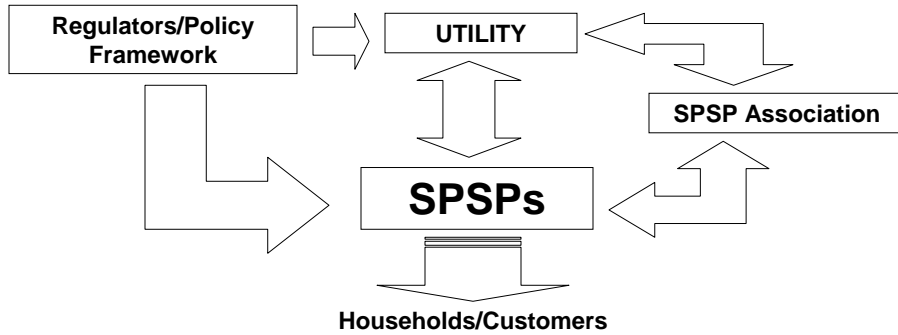
Independent (source)		Regulatory Issues
<p><b>Piped own networks –</b> - develop own source and reticulate to customers through house connection and/or standpipe</p>	<ul style="list-style-type: none"> <li>- Abstraction permits</li> <li>- Business / Operating licenses</li> <li>- Bulk water quality testing</li> <li>- Consumer tariffs</li> <li>- Service quality</li> </ul>	<ul style="list-style-type: none"> <li>■ Land title deeds</li> <li>■ Resale permits</li> <li>■ Customer agreements</li> </ul>
<p><b>Point Source/ Retail Outlet</b> - sink borehole well and install standpipe, sell water directly to customers who purchase by jerrican/drum</p>		<ul style="list-style-type: none"> <li>■ Transport license and vehicle regulations</li> </ul>
<p><b>Mobile Distributor</b> –carters, tankers - buy water from borehole or well and deliver door-to-door</p>		

## Policy Framework

- The nature of policy, legislative and regulatory **frameworks for SPSPs** would vary based on the **Source of Water** – dependent or independent on one axis and **Technology/System** – PNOs, PSs, MDs on the other
- SPSP could be:
  - **Autonomous**, as that is their source of innovation;
  - **Partner** with the utility;
  - **Extension** of the utility
- Explicit policy towards SPSPs existence and role be created to provide:
  - The basis for laws, regulations, institutional roles and allocation of resources
    - Should be developed through open, structured, ongoing dialogue among all stakeholders: SPSPs, principal utility, regulator, government and consumers.
    - Accurate data on SPSPs customers and the poor, their ability to access water and the characteristics of SPSP services and SPSP market

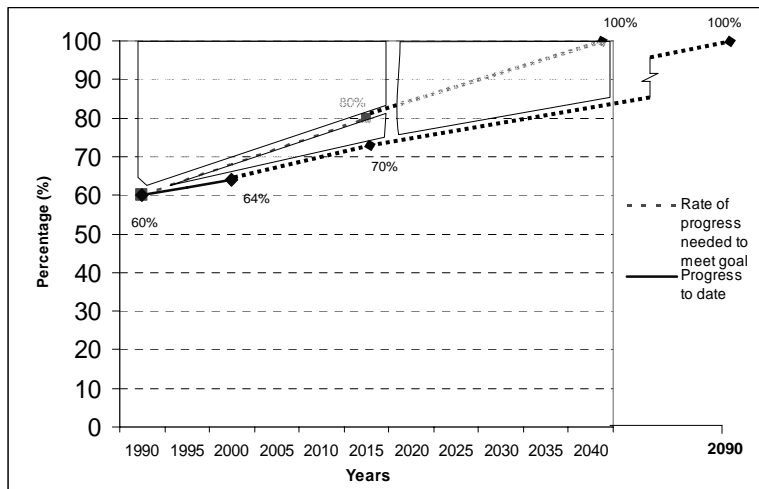


# The Way Forward



- One size fits all approach cannot be adopted.
  - The policy framework approach has to be formulated individually based on national and local context, type of provider etc.
- Define relationships, responsibilities, and level of accountability and prescription for each team player

# Final Thought



Author's elaboration based on UNDP & UNICEF, (2002). *The Millennium Development Goals in Africa: Promises and Progress*.



Water and Sanitation Program (WSP) Calendar, 2002.

## Thank You

Most of the work presented here, unless otherwise noted, comes from the author's contribution to Kariuki and Schwartz, 2004. However, data has been updated for this exercise