

**Water Supply & Sanitation Services,  
the Poor &  
Public-Private Partnerships**

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**Poverty is not just lack of income.**

**It is lack of:**

- Income & Productive Assets**
- Access to Essential Services**
- Power, Participation & Dignity**

**Urban Poverty has some distinct characteristics:**

- **high cost of living in a monetary urban economy**
- **exclusion from services due to “illegal” status of house or its occupants**
- **cost of public services from private providers at market price**
- **cost of living in unhealthy, insecure and/or dangerous environment**
- **cost of bribes and harassment**

**..., poor are getting water, though at high cost, poor standards & quality, & very limited quantities... . For instance, in Sta. Ana, the Philippines:**

- deep well (not used for drinking and cooking) - P20-25/drum;
- MWCI water (commonly called NAWASA) - P35/drum consumption; &
- bottled mineral water, costing P35-45/5 gallons (used specifically for drinking; for infants & families who can afford it), whereas

those directly connected to system - one drum - approximately P2.20

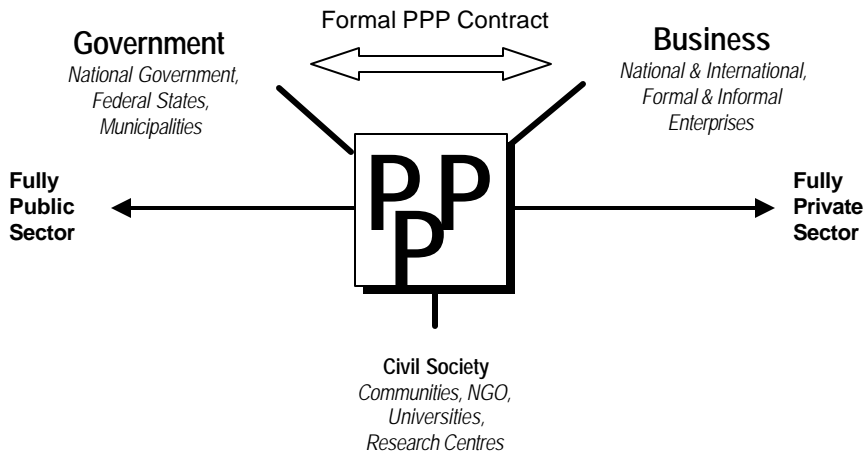
## **Provision of Water Supply Services & the Poor**

- Service Provision Costs are too High (including maintenance costs)
- Customer Management Costs are too High (high percentage of unpaid bills; high rate of unbilled or fraudulent consumption; it is not always cost-effective to bill due to low consumption)
- Problems of providing the service to areas without Secure Land Tenure

## **PPP as Solution to the Problem**

- Acknowledge the need for Partnerships to maximise the benefits that both the Public & Private sectors can contribute to public good
- While Acknowledging the potential risks associated with it
- Tailor Partnerships that best suit local contexts and meet local needs.

## Inclusive Partnerships Using Strengths of all Partners to Address Growing Urban Challenges



## Government's Role & Responsibility

- National & sub-national governments need to adopt Pro-Poor Policies for extending services to the poor
- In a PPP context, it is the government's role & duty to define these policies, make necessary regulatory changes & build them into contracts with the private sector with incentives for the private sector to meet these objectives

## **Civil Society's Role**

- Are well informed and aware of the situation
- Can mobilise community's support
- Undertake public awareness raising / promotion campaigns
- Mediate dialogue between partners & community / users
- Be the watchdog for abuse / oversee customer services meeting the needs of the poor

## **PPP Option**

- Usually a contract between LG & private partner
- Options: service contract, management contract, lease contract, concession contract, B.O.T., etc...
- Name is not important; being clear about basic arrangements is the key!

## **UNDP-PPPUE Field Experience in Enhancing Access of the Poor to Water Supply Services: Hetauda Municipality, Nepal**



- CBO investment in infrastructure
- Not required to pay royalty on condition
- Invest 50 percent of net profit in infrastructure
- Loan Rs. 300,000

## **UNDP-PPPUE Field Experience in Enhancing Access of the Poor to Water Supply Services: the Philippines – Manila Water Company, Inc.**

Launched a project in Barangay Sta. Ana, Taytay Municipality:

- to improve access to safe drinking water for the community
- by piloting a model Public-Private-Community Partnership for water supply
- where the formal engagement of local SSOWPs into the water supply network will be facilitated
- & enabling environment for collaboration between different stakeholders created and promoted

**UNDP-PPPUE Field Experience in Enhancing  
Access of the Poor to Water Supply**

**Services:**

**Mozambique – Águas de Moçambique**

- Rehabilitation & reallocation of standpipes in poor areas of Maputo & Matola
- Small Systems – AdeM & SSWP (Identification & Cooperation)
- Training & Implementation of New Model
- Pre-Paid System (to avoid outstanding payments / protecting users)
- Reselling in bulk water rate (where networks available)
- Introduction of user fees/charges culture/principle

**UNDP-PPPUE Field Experience in Enhancing  
Access of the Poor to Water Supply**

**Services:**

**Mozambique – Águas de Moçambique**

(continued)

- Quality control (detection of improper/unsafe water from wells)
- Awareness raising campaigns (in schools)
- Involvement of CRA & FIPAG with Local Authorities & Municipality – agreement to be concluded with NGO's
- Improvement of the model to solve the illegal connections (through contracts & benefits for the operator)
- Pro-poor tariffs

## **Policy, Institutional & Regulatory Frameworks for Pro-Poor PPP**

Some of the Pro-Poor PPP Policies include:

- Reducing costs to serve poor neighbourhoods by adapting flexible technical standards
- Allow services to be differentiated in order to satisfy user preferences
- Allow phased payments of connection/service provision fees
- Addressing land tenure issues
- Providing direct, well targeted subsidies to the poor
- Non-exclusive clauses that allow small providers to serve poor neighbourhoods
- Promote users forums and adequate customer care
- Promote & facilitate microcredit

### **as regards the PPPs themselves:**

- Service improvements may mask reduction in services to the poor
- Modifying an existing poverty neutral model may prove to be costly & time consuming
- Design & implementation of pro-poor tariffs requires considerable investment in data collection & management
- Contractual arrangements – allow for meaningful discussion of legal, regulatory & risk sharing issues governing relationships
- Urban policies must ensure that do not “cherry pick” most attractive neighbourhoods



- There is a lot to learn from each other, share experiences, & work together among Developing Countries

- Let us know what you know, what you can share, & let's work together

**Contact:**

**<http://pppue.undp.org>**

**Thank You!**