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
National Government, Federal States, Municipalities

Formal PPP Contract

Civil Society
Communities, NGO, Universities, Research Centres

Business
National & International, Formal & Informal Enterprises

Fully Public Sector

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 SSWPs 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!