

Partnerships for Water & Sanitation

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The Water & Sanitation Challenge

- **1.1 billion people** (17% of the world's population) lack access to safe water.
- **2.6 billion people** (40% of the world's population) lack access to safe sanitation.
- **1.8 million children** die every year as a result of diseases caused by unclean water and poor sanitation. This amounts to around 5000 deaths a day.

WaterAid

Complexity of Water & Sanitation

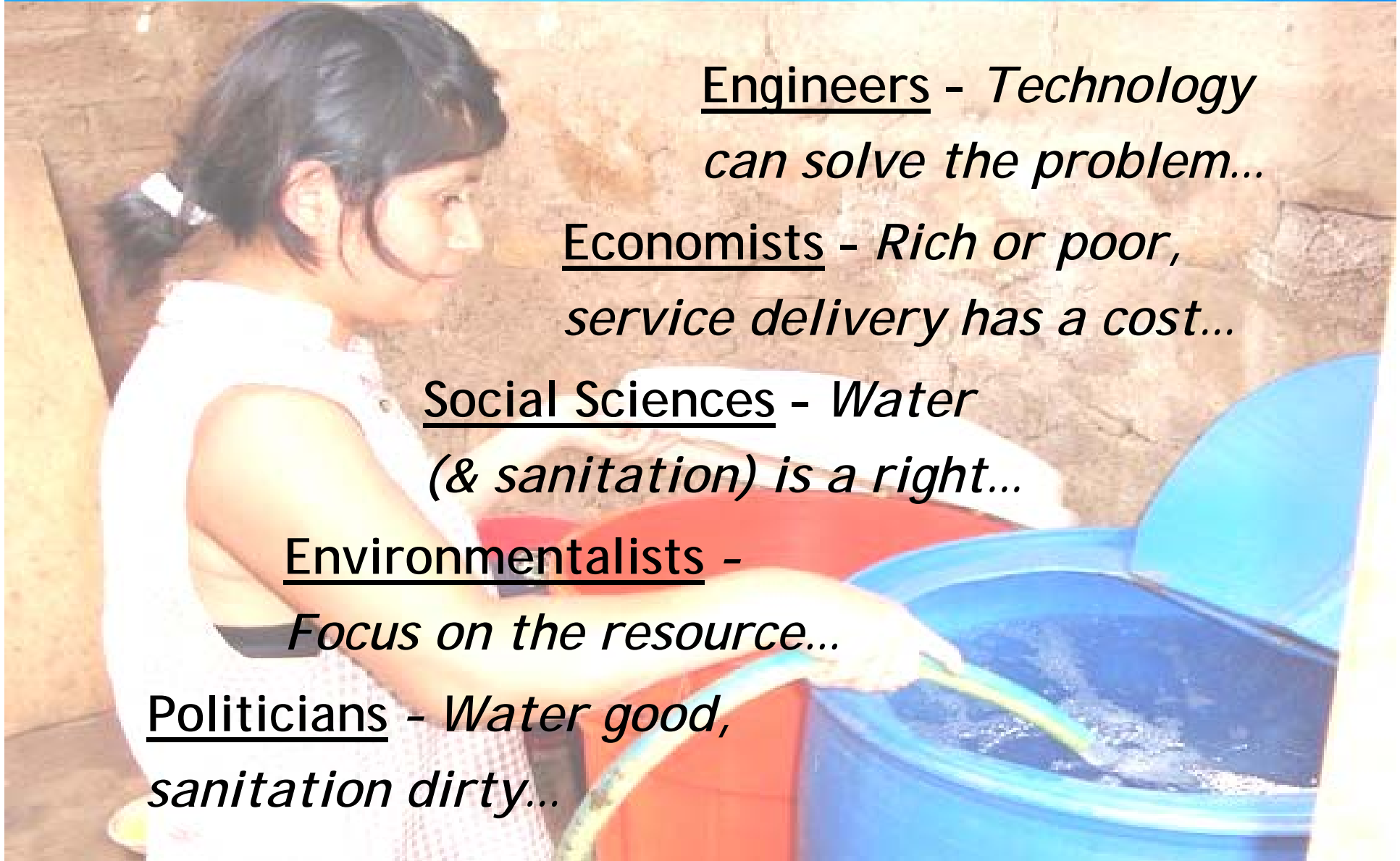
Engineers - *Technology
can solve the problem...*

Economists - *Rich or poor,
service delivery has a cost...*

Social Sciences - *Water
(& sanitation) is a right...*

Environmentalists -
Focus on the resource...

Politicians - *Water good,
sanitation dirty...*



EXPECTED PRIVATE SECTOR CONTRIBUTION

- ✓ Improve quality of service
- ✓ Increase effective use of existing infrastructure
- ✓ Introduce / enhance technical / managerial expertise
- ✓ Introduce improved commercial management
- ✓ Improve operating efficiency & system performance
- ✓ Introduce net cost savings in service provision
- ✓ Increase efficiency of capital investment
- ✓ Reduce or eliminate public subsidies to the sector for recurrent expenditure (operating subsidies)
- ✓ Restructure troubled public enterprise
- ✓ Reduce political interventions in utility operations
- ✓ Introduce some competition in a monopoly service



<i>Type of PPP</i>	<i>Time Frame</i>	<i>Operator / Contractor Responsibility</i>	<i>Payment</i>	<i>Asset Ownership</i>
Service Contract	1-5 years	Specific task (NRW management, leak detection, meter reading,	Fee	Public
Management Contract	3-5 years	All O&M excluding Investments	Fee	Public
Lease/ Affermage	8-15 years	All O&M including renewal excl. other investments	Contractual tariff	Public
Concession	20 - 30 years	All O&M and investments	Contractual tariff	Private then public
Divestiture	Duration of license	All	Contractual tariff	Private license



Public Sector



Civil Society

Private Sector



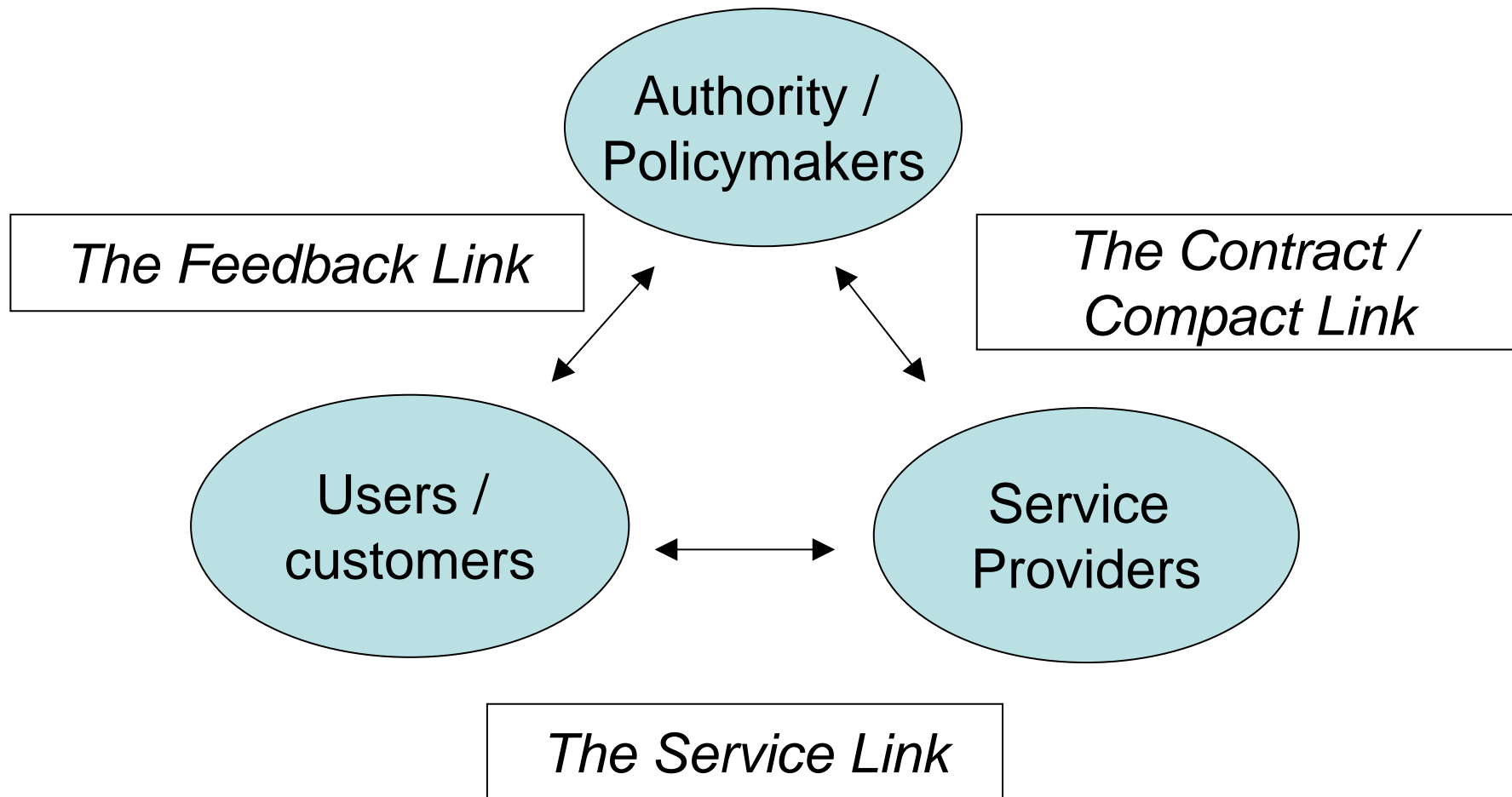
Defining Partnership

Partnerships involve two or more organisations that enter into a collaborative arrangement based on....

- 1) synergistic goals and opportunities that address particular issues or deliver specified tasks that single organisations cannot accomplish on their own as effectively; and
- 2) whose individual organisations cannot purchase the appropriate resources or competencies purely through a market transaction.


Public-Private Partnerships (PPPs)	Multi-Stakeholder Partnerships (MSPs)
<i>Contracts-based arrangement (clear vertical accountability structures)</i>	<i>Less emphasis on transactions with significantly more emphasis on horizontal accountability</i>
<i>Specific performance targets, deliverables and timeframes</i>	<i>Greater flexibility around targets, deliverables and timeframes as expected to evolve organically</i>
<i>Within legal / regulatory constructs</i>	<i>Partners operate within legal / regulatory construct but partnership itself is unregulated</i>
<i>Limited stakeholder engagement expected</i>	<i>Extensive stakeholder engagement generally considered a critical success factor</i>

Simplified Stakeholder Framework*



*Adapted from The World Development Report 2004

The Nature of the Relationship

- 
- Greater Commitments
 - Higher Level of Interdependence & Blurred Branding
 - Higher Level of Risk and Reward
 - Generally more specific deliverables
 - Stronger accountabilities

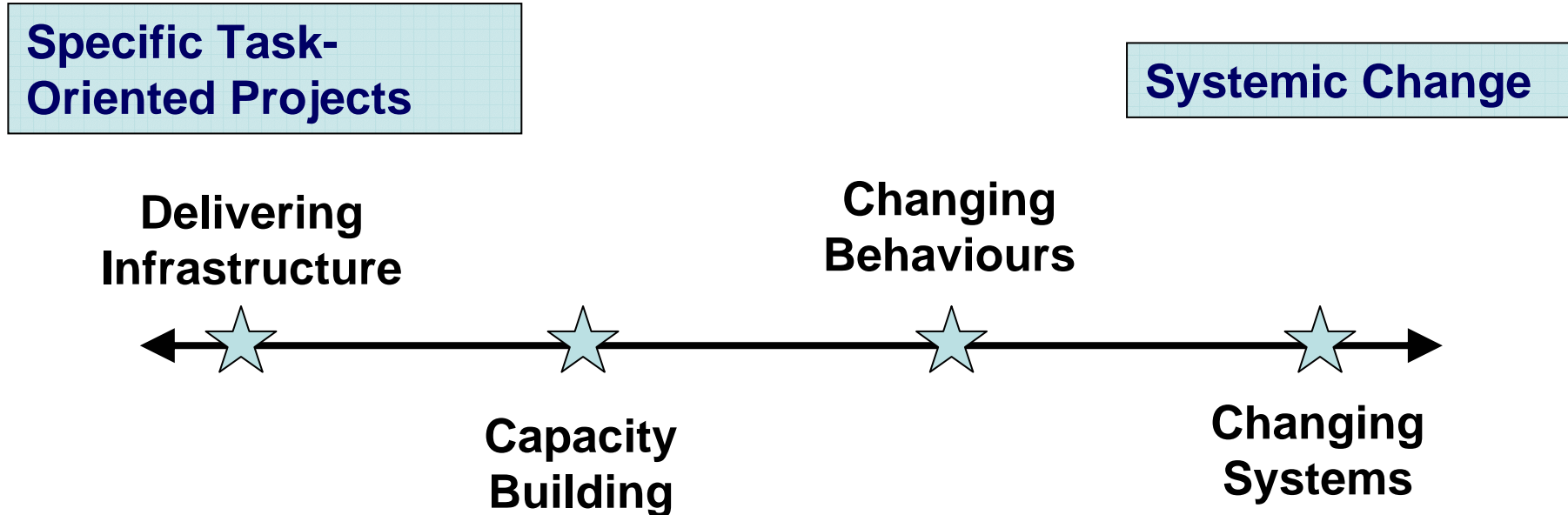
Networks

Partnerships

Coalitions

**Joint Ventures /
New Institutions**

The Ambition of the Partnership



Implications for partnerships:

- Is a partnership the most appropriate mechanism or would a contract / transaction be more effective?
- Who participates in decision-making?
- What timeframes are partners working towards?

Partnerships in Practice

- Partnerships are rarely simple and often involve an understated and unresolved competition between partners.
- Partnerships must be tailor-made (though partnership processes can be somewhat standardised).
- Partnerships (between institutions) are rarely trust-based, though must be based on respect of partner contributions.
- Whether there is a choice of partner or not needs to be better understood. The term “voluntary” can be misleading.
- The overarching mission of the partnership needs to be agreed. Partners will rarely share a common vision though of how to get there.
- Partnerships are not meant to be permanent but a transitional mechanism until practices become institutionalised or transactions-based.

Global PPP for Hand Washing - Peru

*Non-Government
Organisations*



*Numerous Private
Soap Manufacturers*

*World Bank, Municipalities and
Regional Governments*

Goal: Reduce infant mortality by curbing water-borne disease

Partnership Activities: Joint advocacy campaign promoting hygiene education

Expected Results/Outputs: Behaviour Change to increase use of soap and thereby improve hygiene

Global PPP on Handwashing - Peru (2)

Partner	Incentive	Constraint
<i>Companies</i>	Expanding the market for soap	Overcoming competition between brands
<i>Government</i>	Reduced illness; reduced public health expenditure	Budget competition between preventative and curative approaches
<i>NGOs (Communities / Families)</i>	Healthier families; Status; etc.	Cost; Other social and environmental factors

La Paz-El Alto Project (1)

Aguas del Illimani
(private
concessionaire)



Fejuves (neighbourhood
associations)

*Ministry of Housing and Basic
Services*
Municipalities (La Paz & El Alto)

Other Actors: Donors,
National regulator &
ONDEO (parent of
Aguas del Illimani).

Goal: Reduce cost of connecting poor households

Partnership Activities: Pilot appropriate technologies
(condominial systems) with a view to wide replication

Expected Results: Significant expansion of utility network

La Paz-El Alto Project (2)

Partner	Incentive	Constraint
<i>Company</i>	Meeting contractual obligation through less expensive technology	Managing community expectations
<i>Government</i>	Satisfied electorate	Untested technology in Bolivian context
<i>Fejuves (Community Groups)</i>	Affordable connections; security	Requirements to maintain system



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