

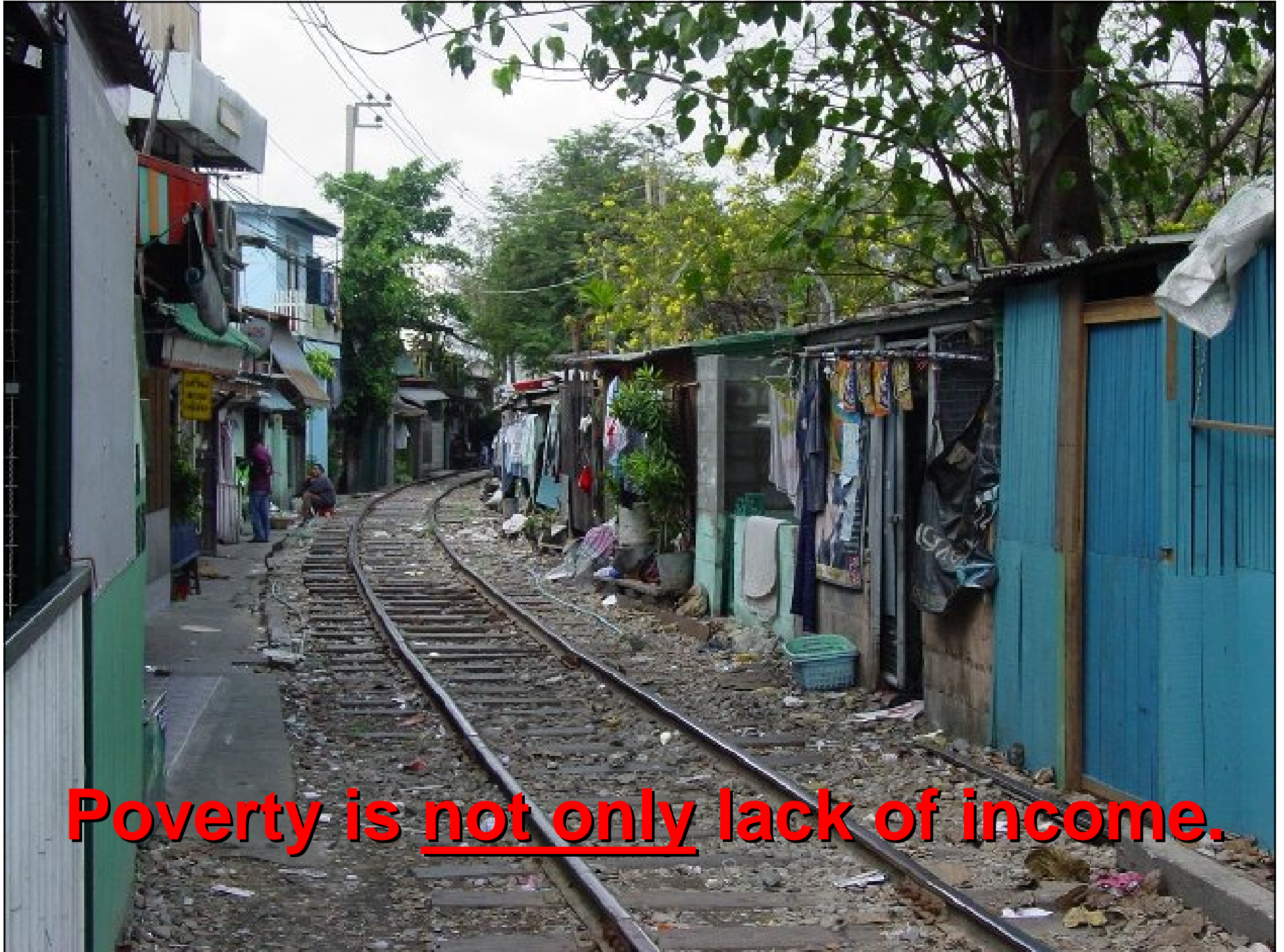
UNDP/BDP/CDG/Public-Private Partnerships for Service Delivery (PPPSD)



Legal Empowerment of the Poor: *Developing Capacities to turn Developmental Challenges into Business Opportunities for the Poor – a PPPSD Contribution to the Dialogue*

Regional Dialogue on Legal Empowerment of the Poor

3 – 5 March 2009, Bangkok, Thailand



Poverty is not only lack of income.



It is lack of:

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



Access to Basic Services is vital for poverty alleviation & the achievement of the MDGs.



Basic services are public goods. As markets fail to provide such services equitably, primary responsibility & accountability for their provision remains with the State/Public Sector

...however:



Growing demand for basic services is not matched by the existing capacity (e.g., human, institutional & financial) of traditional service providers

...as a result:



Various Non-State Providers (*large & small, formal & informal private sector, CBOs, NGOs, CSOs, FBOs*) are filling-in the gap, but in a regulatory vacuum

...leading to: poor getting services at high prices, albeit poor quality & limited quantity...



For instance, in the Philippines, the Caloocan City Barangay dwellers get:

- deep well water at **P20-25 per drum** consumption;
- bulk water at **P35 per drum** consumption; &
- bottled mineral water at **P35-45 per 5 gallons**

whereas, **those directly connected to the formal system - at approximately P2.20 per drum consumption**



The cost of 1 m³ of Water in Lao PDR



Piped Water Supply	200 litre drum	20 litre bottle	0.75 litre bottle
Kip 860 (US\$ 0.09)	Kip 5,000 (US\$ 1.57)	Kip 100,000 (US\$ 10.47)	Kip 1,333,333 (US\$ 139.61)

Source: WSP 2002

2006 UNDP HDR: ...Water Crisis is not so much one of absolute scarcity but one of Governance...



- ⇒ It is the direct responsibility of the State, in close consultation with all stakeholders, including the poor, to adopt Pro-Poor Policies for extending Basic Services to the poor, &
- ⇒ Put in place regulatory regimes that effectively & consistently coordinate & oversee the achievement of such poverty alleviation objectives.

All actors need to work together to achieve poverty reduction objectives



Cannot be achieved easily & voluntarily, unless the State, in close consultation with all stakeholders:

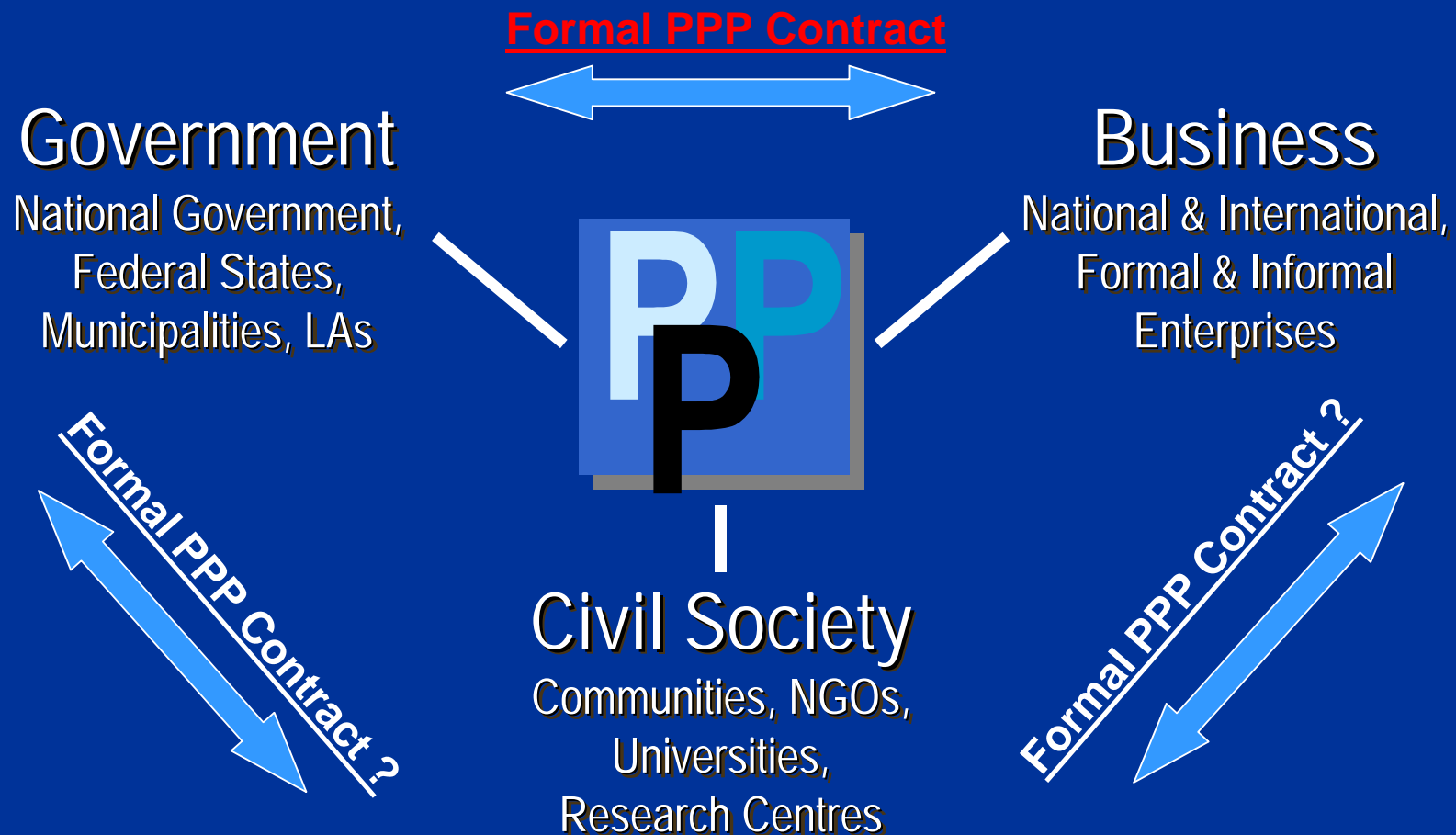
- Institutes clear rules & procedures of engagement to achieve poverty alleviation objectives &
- Regulates the Basic Services Sector so that all actors, including itself, are accountable on Pro-Poor delivery, while each of them benefits in a tangible way from their concerted effort

**PPP can provide a practical tool / framework
for actors to work together to:**



- Deliver Basic Services to the Poor,
- Provide Economic/Livelihood Opportunities to the Poor,
- Ensure Participation & Representation by the Poor, &
- Contribute to Local Development Efforts

UNDP advocated approach to PPP & its Processes: Mobilize & Draw on Strengths of All Partners to Address Basic Services Delivery Challenges



The Philippines Experience: Enhancing Access of the Poor to Water Supply Services, Metro Manila (*work in progress*)



Supporting the water regulators & the main water supply concessionaires:

- to improve safe drinking water supply to communities on the outskirts & informal settlements of the city
- by piloting a model Tri-Partite Partnership for fresh water supply,
- where the formal engagement of Small-Scale Water Service Providers into the water supply network is facilitated, &
- an enabling regulatory environment is proposed & promoted.

The Philippines Experience: the Tri-Partite Partnership in Action



Maynilad Water Services, Inc. (main water utility) supplying water to Streams of Knowledge @ special bulk rate



Community members capacitated to operate & manage the water supply scheme & timely collection & disbursement of user fees



Streams of Knowledge (small-scale water service provider) providing individual connections to 7,000 poor households of the two Caloocan Barangays



Barangays 181 & 182 of Caloocan City (local authority/community) supporting the process & enjoying the benefits of 24/7 potable water supply

The Philippines Experience: some of the work behind this Pro-Poor PPP

- ✓ Organisation of SSWSPs into the National Water & Sanitation Association of the Philippines (NAWASA);
- ✓ Annual convening of the National Conference on SSWSPs, in conjunction with National Water Resources Board & sponsorship of, *inter alia*, ADB, GTZ, USAID, WB;
- ✓ Through NAWASA stepping up Capacity Development support & training on PPPs, regulation, financing, technology, etc. for SSWSPs;
- ✓ Formulation of regulatory guidelines for SSWSPs, with the participation of concerned government agencies, water sector regulators, water supply concessionaires & parastatals, SSWSPs, NGOs as well as representatives of the ADB, GTZ, & WB.



Nepal Experience: Engaging the Poor through Pro-Poor PPPs into the Delivery of Local Basic Services



Employers & Employee of a Solid Waste Management PPP in Biratnagar Municipality



Husband & Wife running a public toilet in a market place in Biratnagar Municipality under a PPP contract

Nepal Experience: Public Toilet, Hetauda Municipality



- CBO won the bid to operate the municipal public toilet under a PPP contract
- CBO brought toilets into operation; daily revenues went up from Rs.200-500 to Rs.1,300-1,500
- Not required to pay royalty to LG on condition that: CBO invests 50% of net profit into infrastructure upgrading
- Received loan of Rs. 300,000 from LG
- Paid back from 2nd year of operation

Nepal Experience: some of the work behind these Pro-Poor PPPs



- ✓ Adoption of minimum legislative provisions, including PPP Policy, PPP Guidelines, & Municipal Level Working Guidelines;
- ✓ Establishment of PPP committees in partner municipalities;
- ✓ Creation of PPP development funds in partner municipalities.



Nepal's PPP Policy Document

PPP Policy Content

- Policies
- Strategies
- Forms of partnership
- Property rights of the local bodies
- Provisions concerning transfer of security & contracts
- Framing of legislation
- Public-Private Partnership Committee
- Settlement of disputes concerning Public-Private Partnership
- Manuals & implementation procedures



Nepal's PPP Guidelines Document

PPP Guidelines Content

- Scope, principles & priorities of partnership
- Institutional arrangements
- Partnership project identification & development stages
- Project appraisal, sustainability & risks
- Partner selection, MoUs, etc.
- Project monitoring, reporting & regulatory provisions
- Dispute settlement, project evaluation & amendment
- Clearance

Nepal Experience: some of the work behind these Pro-Poor PPPs



✓ Holding High-Level National Consultations on “PPP in Economic Development of Nepal”, in conjunction with the Ministry of Local Development & the Federation of Nepalese Chambers of Commerce & Industry;

✓ Establishment of National PPP Coordination Committee in the Ministry of Local Development;

✓ Institutionalisation of PPP training programmes & academic courses.



Key Lessons Learned: a Comprehensive / System-Wide Approach to addressing issues hindering such collaboration & delivery of basic services to the poor – is a must!



Need for concerted efforts at **all levels** of a government:

- **a system-wide** review for contradictory & conflicting policies, rules & regulations;
- their streamlining for consistency

Implications for Policy & Regulatory Frameworks



Need to, *inter alia*:

- Provide flexibility in adapting technical standards to reduce costs to serve poor neighborhoods
- 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-scale providers to serve poor neighborhoods – sometime need to have preferential policies to encourage local & community-based businesses' involvement
- Accountability – promote users forums & adequate customer care & poor users' feedback mechanisms for monitoring SP's performance
- Promote & facilitate micro-credit for small-scale providers
- Local development policies must ensure that private contractors do not “cherry pick” only most attractive neighbourhoods

Imperativeness of Addressing **Capacity Challenges**



Not only that of National Governments, but also that of:

- Sub-national Governments/Local Authorities;
- Private Sector & other Non-State Providers; &
- Civil Society



Thank You!