



Public-Private Partnerships for the Urban Environment

Achieving the MDGs through Effective PPP Service Delivery

Improved Service Delivery and Job Creation



Outline of the Presentation

- ➔ Brief overview of PPPUE Facility and its works
- ➔ Why do we need domestic private sector in service delivery?
- ➔ Private sector and Governments: Challenges service delivery?
- ➔ What policy frameworks and approaches can be used to respond to these challenges?
- ➔ Sharing of Few Lessons Learned



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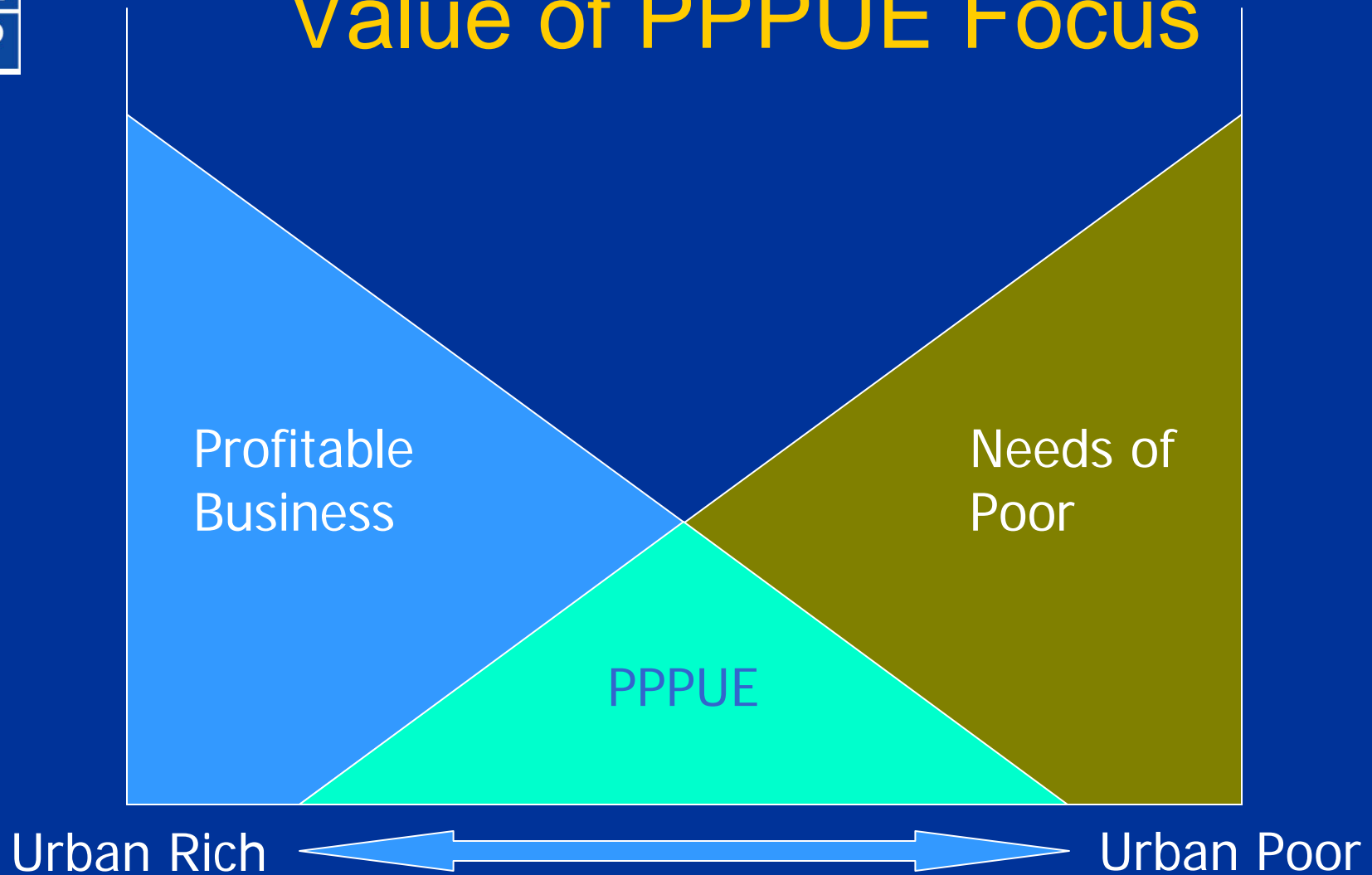
PPPUE Focus

- **Focus on small and medium-sized cities**
Population between 20,000 and 500,000 inhabitants.
- **Focus on PPP with poverty reduction impacts**
Service extension to poor neighbourhoods and job creation for the disadvantaged communities.
- **Focus on Basic Urban Services (B-U-S)**
Water Supply and Sanitation, Solid Waste Management, Local Energy Services, Central Municipal Services.



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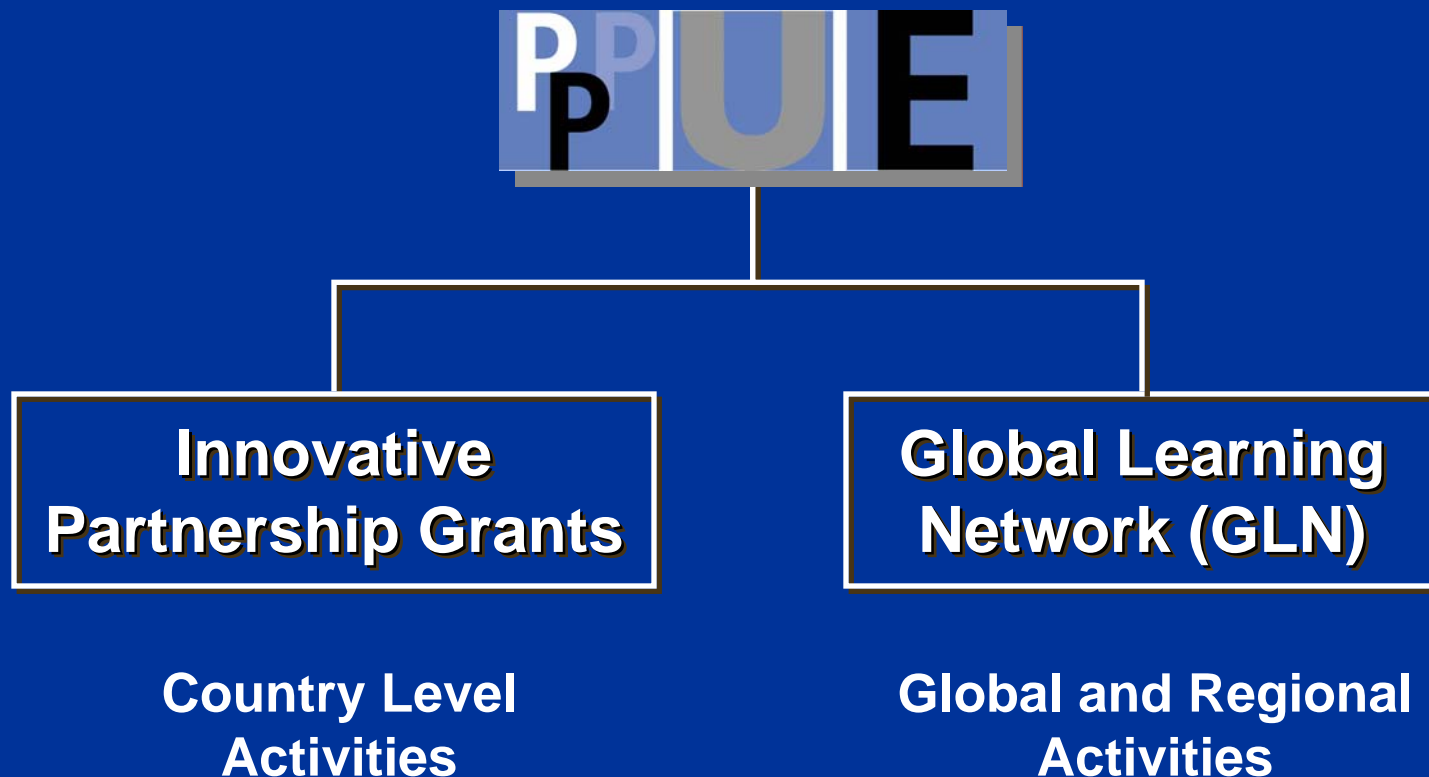
Value of PPPUE Focus





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PPPUE Facility Overview





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IPG Areas of Support

- Establishment of policy, legal and institutional frameworks for local PPP.
- Building local capacity for PPP.
- Preparation, design and facilitation of innovative and all inclusive PPP arrangements benefiting the poor.
- Implementation of PPP municipal service projects



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GLN Areas of Activity

- Facilitate exchange on municipal PPP good practices and lessons.
- Develop PPP professional capacity.
- Facilitate exchange & development of PPP resources.



Why Domestic Private sector in service delivery?

- ⇒ Government has not been doing very well (e.g.: about 65% of Water Supply in developing countries and mainly in Africa are unmet by public water utilities): same with other service
- ⇒ DPS/NGOs filling this gap in many ways.
- ⇒ DPS play important role in service provision to the poor.
- ⇒ Growing need for services not matched by capacity of traditional service providers to deliver



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PPP: Who are the Partners?

Government

*National Government,
Federal States,
Municipalities*

Business

*National & International,
Formal & Informal
Enterprises*



Civil Society

*Communities, NGO,
Universities,
Research Centres*



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Domestic Private Sector (DPS) and Governments

- ⇒ DPS should operate within the broad government policy framework. There has to be a definite operational policy from Government for DPS engagement.
- ⇒ Governments can usefully engage with DPS for MDG realisation; government to use them for service provision since DPS are filling the gap for government already.
- ⇒ Better understanding of the issues relating to the roles of DPS and government, specifically- facilitation, regulation and direct provision and modes of interaction.



DPS and Governments

- ⇒ Identify Sector specific attributes of DPS that influence the partnerships between DPS and Government.
- ⇒ DPS operate in a wide array of services and are seen as society's entrepreneurial response to neglected services. The regulatory regime should be enabling and should not threaten their growth.
- ⇒ Government can have supportive/facilitative role for DPS to address the needs of the poor but will need adequate capacity to regulate DPS.
- ⇒ Government needs to involve DPS Associations in dialogue on policy issues.



DPS and Governments

- ⇒ Need to change Government attitudes towards some DPS (e.g. ISPs, cooperatives etc...).
- ⇒ Need to have a consultative framework in implementing service delivery between Govt/DPS that moves agenda beyond policy dialogue to 'REAL' dialogue.
- ⇒ Need for establishing, operationalising and strengthening PPPs within policy framework, (Governments should be more pro-active towards DPS).



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Challenges for DPS in services delivery

- ⇒ The need for far greater understanding of donors, on DPS.
- ⇒ The complexity of dealing with DPS makes it extremely challenging to remain focused on pro-poor service delivery. DPS should be means to an end, not an end in itself.
- ⇒ Challenge of scaling-up and reaching broader scale.
- ⇒ Importance of umbrella organisations to interface with Government (e.g.: DPS Association).



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Challenges for DPS in service delivery

- ⇒ Alternative provider of services for both the poor and the non poor.
- ⇒ Collaboration and tension among different stakeholders (e.g. Development partners, Government and DPS).
- ⇒ Donor Harmonisation.



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Addressing the challenges of DPS

- ⇒ Set a conducive policy and legal frameworks for DPS
- ⇒ Political decisions whether free service, partial or full cost-recovery.
- ⇒ Set realistic standards and targets in service provision and provide space for options, level of services for consumers.
- ⇒ Regulate market entry of DPS through accreditation/licensing, mutual control, empowerment of poor consumers to exercise an oversight role.
- ⇒ Public infrastructure to pave ways for DPS and to keep costs of services affordable to the poor to meet MDGs.
- ⇒ Oversight role by consumers through representation in Regulatory Bodies (Mozambique exploring this in WS)



Few Lessons Learned

- Effective policy and regulatory reforms for DPS involvement in service delivery **must** involve all stakeholders (Local Government, Business & CSO/CBOs);
- Need to build a **broad consensus** around the priorities at a very early stage of the process;
- Effective PPP policy requires solid **trust** between stakeholders and this takes time as motives are often different and sometime contradicting.



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Lessons Learned (*ctd*)

- ↗ Partnerships building with DPS is a long process and requires **continuous dialogue** between partners.
- ↗ Capacity building is needed for **all** stakeholders.
- ↗ **Knowledge documentation and sharing** are key to build and maintain a Community of PPP practitioners and learn from others experiences.



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Lessons (ctd) -Conditions for PPPs

⇒ **Constraining**

- Lack of history / precedence of govt-private working together
- Prior PPP 'failures' (national, other sectors)
- Lack of trust / high suspicion to private sector motivations.

⇒ **Enabling Environment**

- Presence of government-private communication channels
- Private sector well organized and 'ready' to jump in.
- Enabling environment: political commitment, policy, regulation.



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Two stage option:

- ⇒ 1st : Business Association (DPS Association) in Policy Making/Consultation
- ⇒ 2nd : Individual business for specific PPPs through competitive tendering.



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Lessons (ctd) DPS Engagement

- ⇒ How to approach business?:
 - Using Corporate Social Responsibility (CSR) window
 - Using Profit making window
- ⇒ Choice means very different PPPs:
 - CSR = PPP for 'charity': question of LT sustainability
 - Profit Making = PPP for 'reasonable profit' more sustainable in LT.
- ⇒ There is the for a balance: CSR=Conditional Grant= pilot; then investment finance (loan) for full scale project



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PPPUE Projects in Africa





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Perspectives for Job creation Using MSM Scale SP's

- ⇒ Capacity Building- Focus on:
- ⇒ Skills development to enrich artisan's knowledge
- ⇒ Business development to enhance entrepreneurial skills
- ⇒ Mindset transformation from individual business owners to cooperative/pvt partnership business owners to pool resources for market competition



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Perspectives (ctd)

- ⇒ Establishment of inclusive financial sector to create access to finance and credit for DPS
- ⇒ Empowerment of DPS through culture of savings (Less than 14% of popn in Africa having savings)
- ⇒ Enforce professionalism among DPS (thro' associations) to help them adhere to standards
- ⇒ Always identify service, analysis service for key components
- ⇒ Identify potential DPS through screening/selection



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Analyzing Housing Services

Type Of Project	Services –Direct & Indirect Jobs			
Housing Services	Masonry Works	Carpentry Works	Steel Works	Electrical Works



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END OF PRESENTATION

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Thanks – Merci –