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

- Profitable Business
- Needs of Poor
- PPPUE
- Urban Rich
- Urban Poor
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PPPUE Facility Overview

Innovative Partnership Grants

Country Level Activities

Global Learning Network (GLN)

Global and Regional Activities
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.
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
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).
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).
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)
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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.
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.
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.
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

The World
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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
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

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<thead>
<tr>
<th>Type Of Project</th>
<th>Services – Direct &amp; Indirect Jobs</th>
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<tbody>
<tr>
<td>Housing Services</td>
<td>Masonry Works</td>
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<tr>
<td></td>
<td>Carpentry Works</td>
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<td>Steel Works</td>
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<td>Electrical Works</td>
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- Electrical Works
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END OF PRESENTATION

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Thanks – Merci –