



# **Water and Sanitation**

## **People First PPPs**

**Session 6 - UNECE International PPP Forum**

**Anand Chiplunkar**

**Former Director, CWUW/CWRD**

**Asian Development Bank, Philippines**

**09 May 2019**

# Coverage of the Presentation

- **Background on the Standard for Water and Sanitation PF-PPP**
- **Drafting the ‘output specifications’**
- **Suitability for low and middle-income countries**
- **Cases of PPP which most epitomize the People-first PPP approach**
- **Recommendation on the use of the existing standards**
- **Concluding Remarks**

# Background on Water Standards for PfPPP

- The Water Standard on PfPPP is under review and yet to be approved
- The Standard is intended to assist governments in
  - choosing the appropriate PPP model
  - addressing important success factors of these arrangements, among others such as
    - operational and financial sustainability,
    - reliability of baseline data and contract flexibility,
    - institutional and social support,
    - key legal and regulatory issues,
    - willingness and ability to charge and pay tariffs and/or taxes

# Concerns – What is the right way to approach PPPs?

## ➤ **Developing public sector capacity first**

- approaching IFIs, multi-stakeholder partnerships like the Sanitation and Water for All Partnership and/or
- reaching out and organizations like AquaFed

OR


## ➤ **Sequential approach to private sector participation starting with a “private sector - light” arrangement (like Management or Lease contracts) and building on its success**

OR

## ➤ **Entering into Concession Arrangements with the private sector**

# What does the situation demand?

- **No single answer – informed choice needed**
- **Some key issues:**
  - Water supply system Information reliability – who bears the risks of information gap
  - Robustness of PPP framework/experience in a country/sector
  - Knowledge and capabilities of the public sector of working with the private sector
- **What situation drives the decision making for ‘People First’:**
  - Improving public sector capacity first – services are reasonably good even if not efficient
  - Urgent need for private investments - services are very poor and public sector investments lagging?



**How can Governments draft the  
'output specifications' in contracts to  
achieve People-first outcomes in this  
sector?**

# Categorization of the Output Specifications

- **Continue KPIs specifications related to the technical aspects of utility management (better known)**
  - For SDG monitoring need to go beyond mere physical deliverables
- **PF-PPPs must monitor indicators linked to SDGs not only 'Output' specifications alone, but 'Outcome' and 'Impacts'**
- **Direct contract deliverable indicators (Outputs and some Outcomes) can be monitored by the Private Sector**
- **Other Outcomes and Impacts, as additional contributions by the sector to SDGs, can be monitored by the public-sector agency**

# Primary SDGs for Water and Sanitation PFPPPs



6.1, 6.4, 6.6, 6.2, 6.3, 6a, 6b



5.5

Need to set measurable indicators



# Primary SDGs Addressed (Goal 6)

## Goal 6- Clean Water and Sanitation: Ensure availability and sustainable management of water and sanitation for all

6.1. Target to provide **equitable access** to safe and affordable drinking water to all by 2030

Measured by:  
6.1.1 Proportion of population using safely managed drinking water services

6.4 Target to **increase water-use efficiency** and ensure sustainable withdrawals by 2030

Measured by:  
6.4.1 Change in water-use efficiency over time;  
6.4.2 Level of water stress: freshwater withdrawal as a proportion of available freshwater resources

6.6. Target for **water source/catchment area protection** by 2030

Measured by:  
6.6.1 Change in extent of water-related ecosystems over time

## Goal 6- Clean Water and Sanitation: Ensure availability and sustainable management of water and sanitation for all

6.2. Target to provide **access to adequate and equitable sanitation and hygiene** to all and elimination of open defecation by 2030

Measured by:  
6.2.1 Proportion of population using safely managed sanitation services, including a hand-washing facility with soap and water

6.3 Target for **improvement of water quality** by reducing pollution by 2030

Measured by:  
6.3.1 Proportion of wastewater safely treated  
6.3.2 Proportion of bodies of water with good ambient water quality

6.3. Target for substantially increasing **recycling and safe reuse** of wastewater

Measured by:  
Existing/baseline volume or % recycled/reused

# Primary SDGs Addressed (Goal 6)

Contd...

## Goal 6- Clean Water and Sanitation: Ensure availability and sustainable management of water and sanitation for all

6a. Deliverable that demonstrates **expanded international cooperation and capacity-building support** to developing countries in water- and sanitation-related activities and programs

Measured by:  
6.a.1 Amount of water- and sanitation-related official development assistance that is part of a government-coordinated spending plan

6b. Deliverable that demonstrates **participation of local communities** in improving water and sanitation management

Measured by:  
6.b.1 Proportion of local administrative units with established and operational policies and procedures for participation of local communities in water and sanitation management

# Primary SDGs Addressed (Goal 5)

## GOAL 5: Gender Equality: Achieve gender equality and empower all women and girls

5.5. Target to achieve **women's effective participation** and provision of **equal opportunities** in employment and leadership at all levels of decision making in water and sanitation projects to promote gender equality

Measured by:  
5.5.2 Proportion of women in operating and managerial positions in the concessionaire utility

# SDGs linked to Outcomes of the Water and Sanitation PFPPPs

Directly controlled by the project in its area  
– Private Contractor/Govt. to monitor



3.3, 3.9



13.1



17.9, 17.17

# SDGs affected by Outcomes of PF-PPP Projects

## GOAL 3: Good Health and Well-being: Ensure healthy lives and promote well-being for all at all ages

3.3. Target to progressively **reduce water-borne diseases** by 2030 or during the project period

Measured by:  
3.3.4 Hepatitis B incidence per 100,000 population

3.9. Target substantial **reduction in the number of deaths and illnesses from hazardous chemicals** and air, water and soil pollution and contamination

Measured by:  
3.9.2 Mortality rate attributed to unsafe water, unsafe sanitation and lack of hygiene (exposure to unsafe Water, Sanitation and Hygiene for All (WASH) services)

# SDGs affected by Outcomes of PF-PPP Projects

## GOAL 13: Take urgent action to combat climate change and its impacts

13.1. Target strengthening resilience and adaptive capacity to climate-related hazards and natural disasters

Measured by:

13.1.1 Existence of national and local disaster risk reduction strategies

# SDGs affected by Outcomes of PF-PPP Projects

**GOAL 17: Partnerships to achieve the Goal: Strengthen the means of implementation and revitalize the global partnership for sustainable development**

17.17. Expected contribution to promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of multi-stakeholder partnerships

Measured by:  
17.17.1 Amount of United States dollars committed to public-private and civil society partnerships

17.9. Expected contribution to enhance capacity-building support (to developing countries)

Measured by:  
17.9.1 Dollar value of financial and technical assistance committed to developing countries.



# SDGs linked to Impacts of the Water and Sanitation PFPPs

Not directly controlled by the project outputs and outcomes, depends on other factors beyond project boundary - Govt. to monitor



1.4, 1.5



8.5



9.1, 9.4



10.1



11.3



12.2, 12.5



16.5

# Are these People-first projects also suitable for low and middle-income countries?

- **Poor sector performance since decades**
- **Lack of accountability of public sector to deliver**
  - But at the same time rejecting potential improvements with private sector through PPPs inspite of some successes
  - Lessons of failures – risk sharing arrangements, revenues and returns
- **Are there cases of PPP in this sector which most epitomize the People-first PPP approach?**
  - Definitely there are successes, so develop cautiously and judiciously with hope instead of rejecting private participation.

# Examples – different People First Approaches



## Manila East Water Supply PPP - Concession Agreement

- Driven by lack of coverage and inefficient services
- Concession agreement with regulation (1997)
- Reforms and institutional development
- Financial sustainability (1999)
- Excellent overall performance and governance
- Market borrowing done
- People – First: Strong engagement of all stakeholders

## Phnom Penh Water Sector Authority - Corporatization

- Driven by lack of coverage and inefficient services
- Autonomy, good leadership with adequate financial support (1993)
- JICA, UNDP, WB, ADB, AFD support t different stages
- Reforms and institutional development
- Financial sustainability in 1997
- Excellent overall performance and governance
- People – First: Strong engagement of all stakeholders

# Recommendations-using PfPPP Water Standards

- **The PfPPP Standards for Water should deal with PPP approach, not with corporatization as that is not the scope of the Standard**
  - It can make a **reference to it as another option** of improved service delivery
  - Maybe prepare a separate Standard for Corporatization for Water Supply
  - Broader mandate that may include PPP. But the vice versa loses the focus intended on PPP.
- **Selection of PPP approach should address needs of the specific government entity**
- **There is need for greater transparency**
  - **Users should know what is to be achieved**, why, and the ongoing performance of the utility
- **The focus should be on how PfPPP can delivery services in line with the SDGs and what it takes to succeed**

# Concluding Remarks

What are we trying to answer through People First PPPs:

- **Goal 17: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development**
  - 17.3 Mobilize **additional financial resources** for developing countries from multiple sources
  - 17.17 Encourage and promote effective public, public private and civil society partnerships, building on the experience and resourcing strategies of **partnerships**.
- **We need to be clear that the route of PPP is trying to do above, as a subset of SDG 17, to strengthen Goal 6.**
- **It is one way of doing it. It is not discarding public sector management and Corporatization.**



**Thank you  
for your patient hearing**

# SDGs affected by Impacts of PF-PPP Projects

## GOAL 1: No Poverty: End poverty in all its forms everywhere

1.4. Expected contribution to ensure that all men and women, in particular the poor and the vulnerable, have **access to appropriate new technology and financial services**, including micro-finance by 2030

Measured by:  
1.4.1 Proportion of population living in households with access to basic services

1.5. Expected contribution to **build the resilience** of the poor and those in vulnerable situations and **reduce their exposure and vulnerability** to climate-related extreme events by 2030

Measured by:  
1.5.3 Existing national and local disaster risk reduction strategies

# SDGs affected by Impacts of PF-PPP Projects

**GOAL 8: Decent Work and Economic Growth: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**

8.5. Expected contribution to achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Measured by:  
8.5.1 Average hourly earnings of female and male employees, by occupation, age and persons with disabilities



# SDGs affected by Impacts of PF-PPP Projects

**GOAL 9: Industry, Innovation and Infrastructure: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation**

9.1. Expected contribution to **develop quality, reliable, sustainable and resilient infrastructure**, to support economic development and human well-being, with a focus on affordable and equitable access for all

Measured by:  
9.1.1 Existing national indicator values for service coverage using such an approach

9.4 Expected contribution to **upgrade infrastructure** to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and treatment processes

Measured by:  
9.4.1 CO2 emission per unit of value added

# SDGs affected by Impacts of PF-PPP Projects

## GOAL 10: Reduced Inequality: Reduce inequality within and among countries

10.1 Expected contribution to progressively **achieve and sustain income growth** of the bottom 40 per cent of the population at a rate higher than the national average

Measured by:  
10.1.1 Growth rates of household expenditure or income per capita among the bottom 40 per cent of the population and the total population

# SDGs affected by Impacts of PF-PPP Projects

## GOAL 11: Sustainable Cities and Communities: Make cities and human settlements inclusive, safe, resilient and sustainable

11.3. Expected contribution to **enhance inclusive and sustainable urbanization** and capacity for participatory, integrated and sustainable human settlement planning and management by 2030

Measured by:  
11.3.2 Proportion of cities with a direct participation structure of civil society in urban planning and management that operate regularly and democratically

# SDGs affected by Impacts of PF-PPP Projects

## GOAL 12: Responsible Consumption and Production: Ensure sustainable consumption and production patterns:

12.2. Expected contribution to achieve the **sustainable management and efficient use of natural resources** by 2030

Measured by:  
12.2.2 Domestic water consumption per capita, and domestic water consumption per GDP

12.5. Expected contribution to substantially **reduce waste generation** through prevention, reduction, recycling and reuse by 2030

Measured by:  
12.5.1 National wastewater recycling rate, volume of wastewater recycled

# SDGs affected by Impacts of PF-PPP Projects

**GOAL 16: Peace and Justice Strong Institutions: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**

16.5. Expected contribution to substantially **reduce corruption** and bribery in all their forms

Measured by:  
16.5.1 Proportion of persons who had at least one contact with a public official and who paid a bribe to a public official, or were asked for a bribe by those public officials, during the previous 12 months