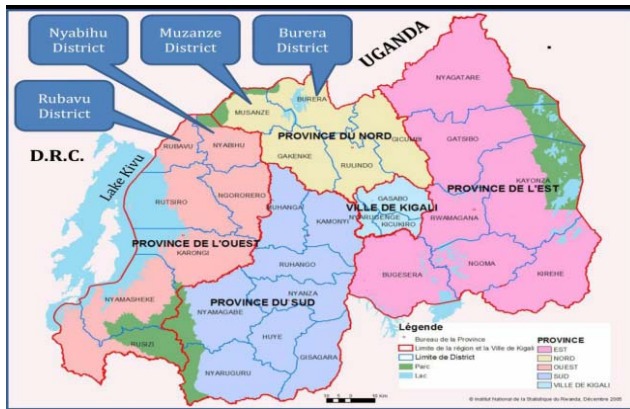


Public Private Partnerships in rural water and sanitation

ONGAWA - Spanish International Cooperation for Development Agency
 Madrid, 20 November 2013

Case: PPP for sustainable rural water supply in Rwanda
 michiel.j.verweij@gmail.com

Ladies and gentlemen. *Un muy buenos dias a todos.* I am Michiel Verweij, advisor water sanitation and hygiene at the SNV Netherlands Development Organization in Rwanda. I want to thank the organization ONGAWA and specially Alberto Guijarro for giving me the opportunity to share the SNV's experience in setting up Public Private Partnership for rural water supply in Rwanda.



The experience comes from a project implemented in partnership with the Energy Water and Sanitation Authority and UNICEF from 2009-2013. This project included the construction and rehabilitation of water supply and sanitation infrastructures as well as hygiene behavior change. SNV focus was on functionality and sustainability of the services.

First, let me clarify that I am talking about PPP for operation and maintenance, not for infrastructure investment. Hopefully, in the future users will become more self-reliant to take on also costs for

infrastructure. However, for the time being subsidies from the State and donors will still be needed for the initial investments and rehabilitation.



SNV in close collaboration with the energy and water and sanitation authority has been facilitating the set up of 14 PPP contracts serving over a million people in 4 districts. These districts are located in the densely populated fertile Volcanic region with rainfall to 1200 mm per year. The area carries about 142 water supply systems and over 1500 springs. The piped systems are mostly gravity fed but some use pumps to deliver the water to public water kiosks and stand pipes where it is sold to the consumers. Users pay normally 15 Rwandan francs per jerrycan of 20 litres which is equivalent to almost one Euro per cubic meter.

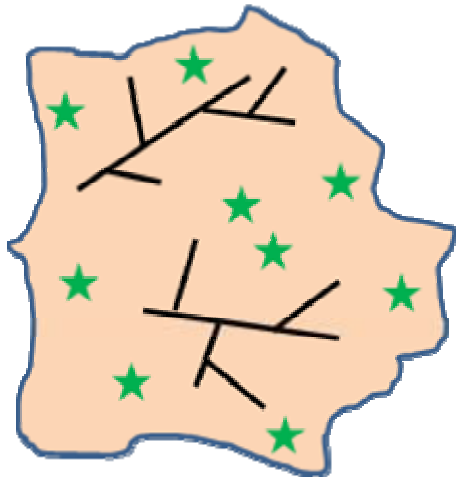
The activities led by SNV can be grouped in 3: 1) Making an inventory of existing systems and water points. 2) Defining the service area, the contract, and advising on the procurement process. 3) Training of the operators and raising awareness of the population on the PPP.

In our programme we implement where possible the national water and sanitation sector policy. Our vision is to see the PPP model contribute to more sustainable service delivery. It is about putting together the best of public and the private sector for the well-being of the people. The public sector is important for the social perspective of water as a human right and essential for public health, while the private sector brings in efficient management skills and the entrepreneurial approach.

Rwanda started implementing the PPP approach in 2004 when it became clear that community management in water and sanitation- in many cases- did not work. When a breakdown occurred the systems were left without repair. This was because many people were not used to pay for water so it was difficult to raise the money when repairs were needed.

The public party in the PPP is the district authority and the private is in some cases a company and others are service cooperative. The company that bids for the contract gets a kind of concession to manage the system mostly for upto 5 years. In return, the company pays a sort of royalties to the district with the aim to build up funds for the renewal of the system.

The PPP contract outlines the responsibilities of district authorities and the operator. It ensures that there is a water company that can be held accountable for the operation and maintenance of the water system. The district is responsible to deliver a fully functional system. Also access roads, repairing flood damage and the bigger rehabilitation are the responsibility of the district. In the past this was different. Then it was not clear who was the owner and who was responsible for the service. Is it the NGO that built the system, or the national water and sanitation authority or is it the community? As soon as the system required a repair everybody passed the buck.



100 facility-based water service providers replaced by one area-based water service



The PPP worked well in the systems that are robust and with clients that can pay. However, the PPP worked less for the remote areas where it is even difficult to attract private companies for managing water supply. In these water systems sometimes difficult to access cost recovery was nearly impossible.

The response was the design of an inclusive 'area based' service delivery model. The social objective is to provide all waterusers with quality maintenance. Within the boundaries of a service area one find for example one profitable system and one less profitable system together with some protected wells at the other side of the mountain. The company would then have a balanced set of clients on a sufficient scale to run a viable enterprise.



How were the boundaries established? The National water authority preferred to have one professional and financially strong water provider per district, while SNV believed in engaging many, small, providers. This is because the operators do not have the capacity to oversee large number of systems and water points. It also gives more local water providers a chance to start business. Finally a middle ground was achieved through dividing the district into 3 or 4 service areas and an open tendering procedure, giving every player an opportunity to apply and compete.

The biggest challenge in implementation has been to make people pay for water. Non-revenue water is a headache for the operators. Initially there was resistance to install water meters to enable billing for consumption. There was need to install trust in the relation between consumers and the operators. Dialogue was established between the users and the operators about the calculation of the price of water.

Government is creating incentives by making sure the systems are in good shape before handing over. And by promoting low cost water supply to keep water affordable, while maintaining transparent and fair tendering procedures. The water authority is also stimulating discussion on water tariffs. The next step is to include protection of the source and the catchment as well as sanitation in the new PPP arrangements. The next step is to establish and communicate service standards



So what is the key to a successful PPP? Many elements such as quality information, clear contracts and joint monitoring are important. But probably the most crucial factor to success is good old principle of involving the stakeholders by giving people a voice in the decision making process, and establishing moments for dialogue to learn together for improved service delivery.

Finally, where is the place of NGOs in the PPP story? I believe NGOs have an added value as neutral players to broker information on technology and management between the private and public sectors. Especially in the initial stages, NGOs can assist in social mobilization to organize and create demand for water, sanitation and hygiene therefore maximizing impact of the PPP.

I thank Lambert the project coordinator from EWSA, Jean Marie and Gedeon from UNICEF and my SNV colleagues Antoinette, Beatrice, Richard and Radjab for their contributions.

Thank you very much and I wish you a fruitful continuation of the conference.

SMART DEVELOPMENT WORKS



Guiding questions:

1. Which is the SNV vision regarding the public private partnerships in rural water and sanitation projects?
2. Which are the main elements that PPPs can achieve comparing to traditional cooperation projects? And what PPPs cannot achieve?
3. Which are the main difficulties that SNV has found working with PPPs in rural water and sanitation?
4. Which are the main advantages to work with PPPs in rural water and sanitation?
- 5 Which are the main incentives that must be promoted to develop successful PPPs in rural water and sanitation sector?