



HOW MUCH POTENTIAL HAVE PPPS TO ASSIST SUSTAINABLE WATER SERVICES DELIVERY AT LOCAL LEVEL?

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(Scientific Research Council Act 46 of 1988,
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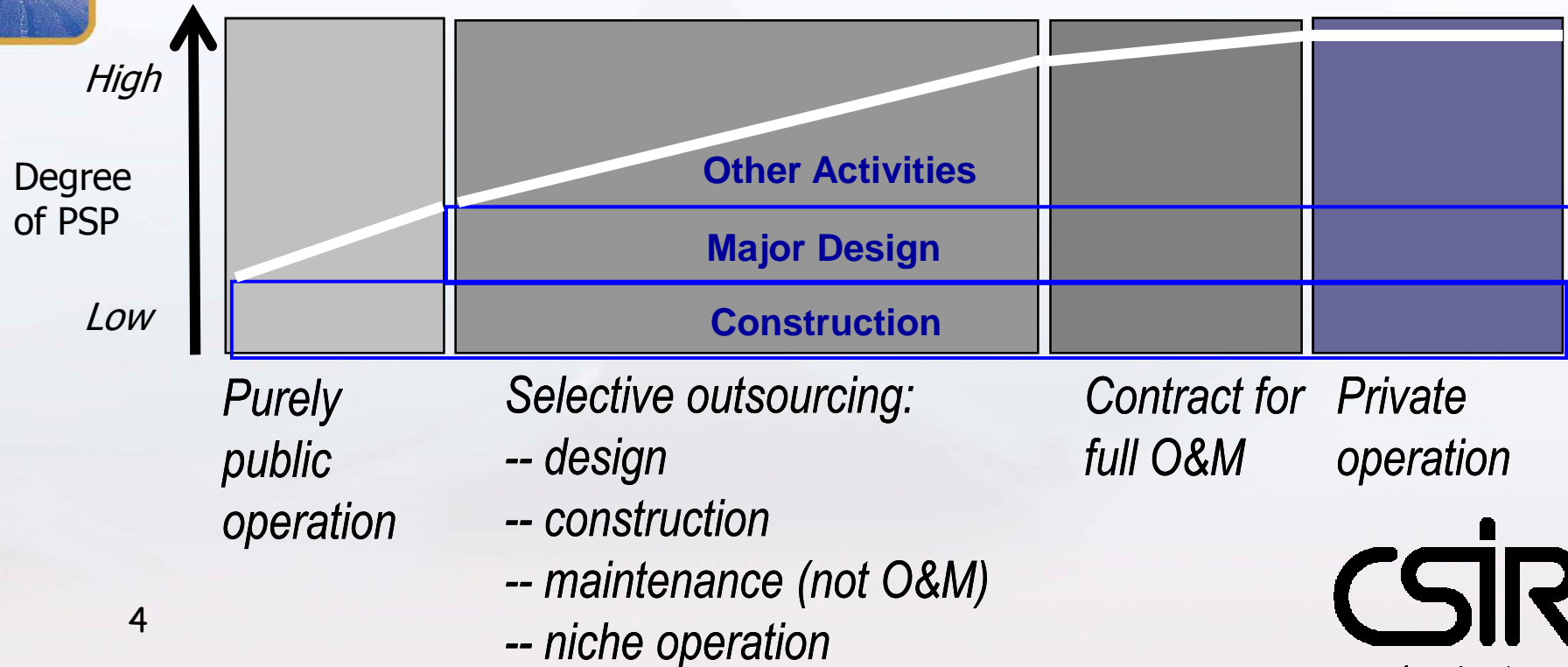
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Public-private is a continuum

Public ownership of assets and control of policy Private ditto





What have we learned?

- Water and wastewater utilities are the engines of the economic well being of cities
- Problems associated with water and sanitation service provision in lower and middle income countries are increasing, not shrinking
- The potential contribution of private sector support in the form of specialized knowledge and general know-how is significant
- Discussion of PSP/PPP has been overshadowed for 15 years by one form of PSP, i.e. full delegation of responsibility to the private sector in the form of concessions or affermage arrangements



Why look wider?

- Full delegation approaches to PPP have been controversial, in part because of real/perceived lack of control by public sector and community
- Need to look at broader range of possibilities for improving service delivery in the water sector.
- The traditional private sector marketplace has evolved in a way that could provide additional tools for strategic outsourcing
- Other forms of PPP - forms which allow public sector to retain full ownership and more managerial control



New service offerings:

- Increasing use of management contracts
- Performance-based outsourcing of specific functions (e.g., leakage reduction)
- At the same time, non-traditional resources are emerging
 - Public sector utility service providers
 - Contributions through Water Operator Partnerships
 - Scope for supporting microentrepreneur operators, and raising their standards



Moving on (1):

Develop a common understanding that

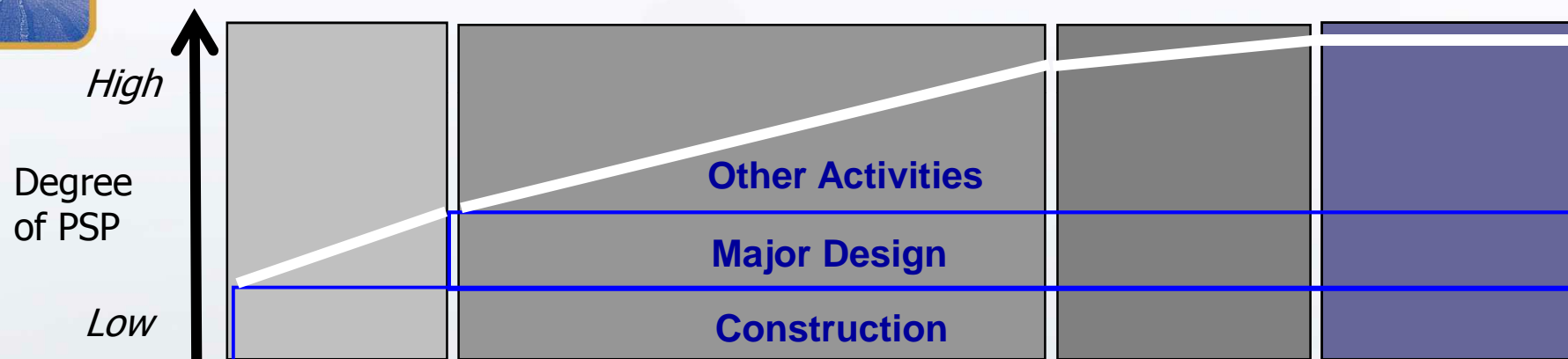
- Recognizes that water and san are special
- Acknowledges that high (or low) performance not necessarily characteristic of either public or private
- Broadens the discussion beyond utility management to the entire supply chain
- Acknowledges that in the "grey zone", both public and private operators have role to play



Operating in the Grey Zone

Public ownership of assets and control of policy

Private ditto



Purely public operation

Selective outsourcing:

- design
- construction
- maintenance (not O&M)
- niche operation

Contract for full O&M

Private operation



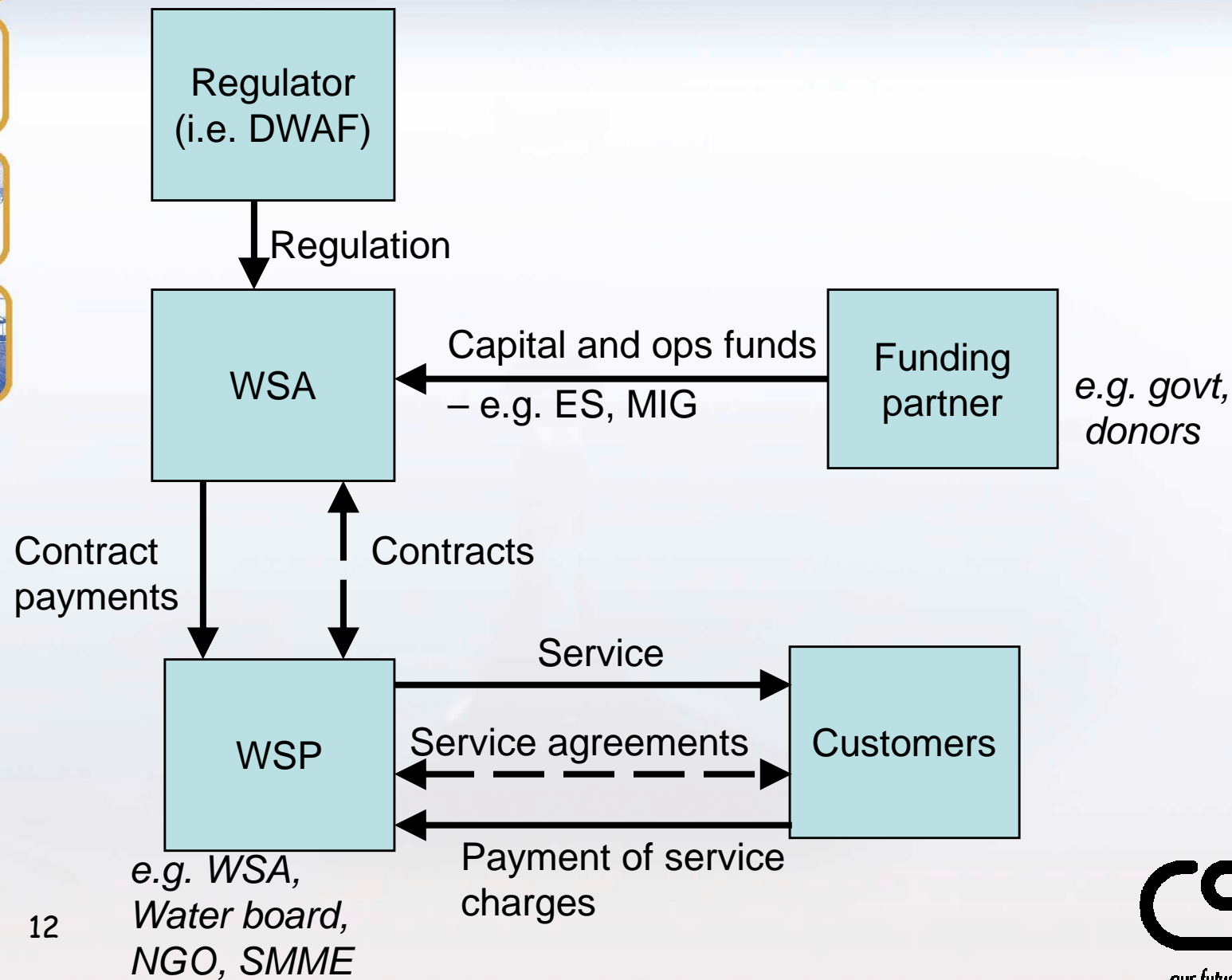
Moving on (2):

- Make the needed commitments
 - Performance standards
 - Accountability, and mechanisms for monitoring and rewarding performance
 - Sufficient institutional underpinnings are in place
 - Financing needs addressed
- Recognize each unique situation - one size does not fit all
- Facilitate capacity development to support process
 - Understanding of different modes of private participation and when/where each are appropriate
 - Alternative procurement models
 - Risk management



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- In South Africa, ownership of water infrastructure to serve the public can only be by the public sector - in the case of water services infrastructure, invariably by the statutory water services authorities (WSAs) or water boards.
- However the public sector owners can, and often do, use private sector for specific tasks.



What problems with public service delivery?

Understand origins of decentralisation in SA:

- Uncommon to decentralise to local government so quickly
- Particularly when some of the institutions did not even exist

A product of negotiations for a peaceful transition

- Minority wanted some autonomy to retain control of their lives
- ANC supported decentralisation -- and vision of participatory local democracies



How are we doing with WS IAM?

SAICE report card 2006

Water

D+

for DWAF
infrastructure

Well maintained but ageing bulk infrastructure reaching end of useful life, and requires refurbishment or replacement. 43% of dams have safety problems and require urgent refurbishing. Serious concerns about funding.

C+

for major urban areas

South Africa is one of few nations where in most urban areas water can be drunk directly from the tap. Major, and ongoing, strides in provision of water and sanitation since 1994. However, erratic compliance with water quality requirements in most municipalities. Water wastage (leakage) is much too high. Shortage of skilled personnel.

D-

for all other areas

Sanitation (including wastewater)

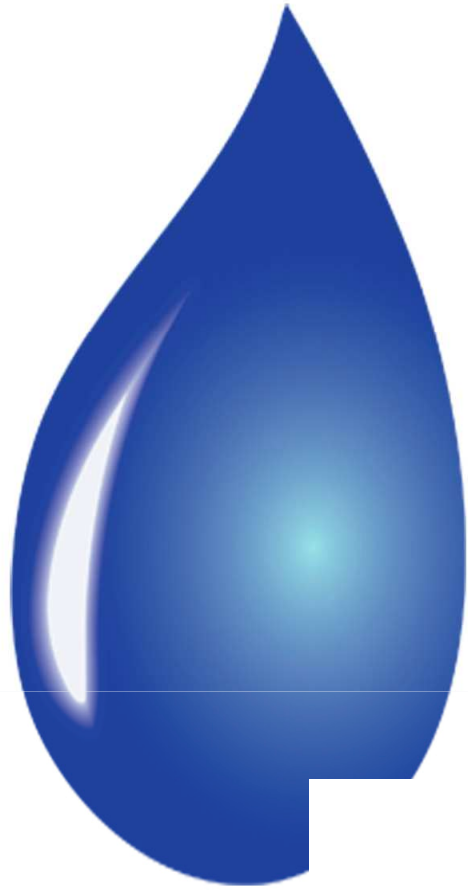
C-

for major urban areas

Serious problems with management of many wastewater (sewage) treatment works. Wastewater leakage and spillage much too high, and frequent problems with on-site sanitation. Inadequate operation and maintenance capacity, and shortage of skilled personnel. Major urban areas grade is pulled down by Cape Town and Sebokeng.

E

for all other areas



blue drop

CERTIFICATION

drinking water quality

REGULATION



green drop

CERTIFICATION

waste water service

REGULATION



How does infrastructure get to be "bad" or "ugly"?

- Poor operation. Or too little maintenance. Or both.
- Ageing infrastructure » growing replacement need
- Maintenance backlog of existing infrastructure
- Why?



Why?

- Too little O&M budget. And/or
- O&M budget during year got diverted to other things. And/or
- Staff insufficiently skilled. And/or
- Staff insufficiently motivated. And/or
- Wrong infrastructure (i.e. too complex, not robust, wrong process (e.g. in relation to local water types), etc.



Numerous studies have pointed to skills shortfalls as the main problem area

What skills?

- Simply put, higher up the ladder, the greater the scarcity
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