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PPPs for the Poor: A picture containing underprivileged person, child

Contractual examples supporting pro-poor service delivery

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Contracts may also be used to promote certain policy to support an enabling environment for pro-poor PPPs.

Find guidance notes, sample contracts and specific clauses of in-support of PPPs in service delivery for the poor below.

Examples Pro-Poor PPP Contracts:

Reference: Public-Private Partnerships and the Poor - Pro-poor longer term (Concession and lease) Contracts

This document published by the Water, Engineering and Development Centre of Loughborough University, seeks to serve as a guideline to PPP practitioners to draft and design pro-poor concession and lease contracts in the water service sector. Sector 6 includes a detailed outline of a pro-poor concession contract.

Here are a few specific clauses included in this document that are relevant to pro-poor PPPs

Clause	Content	Pro-Poor Impact
Definitions	Use of terms and abbreviations	Vocabulary such as ‘poor’, ‘services for the poor’ and ‘poor communities’ should be clearly defined to avoid ambiguity or confusion.
Obligations of the provider	Service area and coverage: details in schedules; extent of service areas; timescales; targets.	It must be established the locations and extents of poor communities (and different characteristics) that are to benefit from the pro-poor provisions. Also, the division of responsibilities if there are areas where the service is provided directly or through subcontracts. It is included the extension of infrastructure and provision of appropriate levels of service in permanent low-income communities.

Service performance in areas of developed and underdevelope infrastructure	Existing customers would usually receive individual supply. Poor customers could receive supply through other means such as yard taps, yard tanks, semi-pressure, and delivery tanks. In the case of underdeveloped infrastructure, the basis of permissible means of service delivery would be defined including through a subcontractor, or NGOs. Relations with independent providers should also be defined.	
Performance Criteria – Water quality, pressure, continuity and connections	Standards should be defined. Water quality should be uniform, but other elements may deviate with regard to the services to the poor. This should also be described. Performance targets for the poor should be included.	
Tariff and charges	Future tariff increases and criteria for adjusting tariffs. Connection charges	Tariffs changes that imply an increase and that have a direct impact upon poorer costumer must vetted (ideally by an independent third party, and taking into account the positive effects of the increased tariffs, such as any cross-subsidies for the poor). Connection charges may be subsidized or free

Reference: Contracting out water and sanitation services - Vol. 1: Guidance notes for service and management contracts in developing countries

This document explains the lessons learned from contractual arrangements with third parties for service provision, and ways to deliver improved management service in the water sector mainly in low income countries. It provides examples and different ways that would enable a practitioner to understand local needs and carve existing and new solutions accordingly.

The document mentions some examples of protecting the interests of the poor, such as:

- Pay attention to the process: Refers to approaching the communities and understanding what they real needs and preferences are; however, it advises against inadequate consultations that do not take the

have a proper data collection and would not help to provide a better service.

- Establish robust regulatory structures that are pro-poor: It indicates that for example not granting exclusive rights of water provision in certain areas would allow to small operators to access poorly served areas, or allowing them to have different service provision options.

Reference: Rules Governing the Leased Drinking Water Supply Utility in Urban and Sub-Urban Centres in Cameroon

This agreement provides the terms under which the drinking water supply is delivered to users by Camerounaise Des Eaux (leaseholder).

In its Article 6 “Conditions for obtaining and executing a connection”, it is established that:

- “The leasing authority and the concessionaire may make facilities for subsidizing connections available for the very poor.” Paragraph 8.

- The price of the establishment of the connection may be paid in monthly installments. Being the first payment made when signing the application for connection/subscription; and the remainder in the remainder months.

Reference: Water and Sanitation Affermage Type Agreement - Example 3

This is a sample document of a Technical Annex for a Water Lease Contract. In the document it is established a specific provision (Provision 2.6 – New Water and Sewerage connections) that allows the contracting entity to indicate the number of new household connections to water and sewerage that the Operator must install yearly over the course of the contract.

In the Table 1 - Goals and Minimum Standards that the Operator must comply with (Provision 2 – Service and Quality and Operation conditions), new water and sewerage connections in low-income areas are stipulated as Definitive Goals and Intermediate Goals.

Reference: Water and Sewerage Lease Contract – Example 2

This sample agreement of a water and lease includes the possibility of including in the contract alternative water provision means such as standpipes and water kiosks; and indicates that whenever possible, the Operator shall subcontract local standpipe and kiosk management to standpipe agents and to communities. (Provision 23).

Reference: AMADER-Cahier de Charges (Undated, 15 pages, in French). Technical Specifications to Concession Contract (Unofficial English translation)

This is a detailed annex to a Mali rural energy concession document that allows a retail service provider to serve a specified community. It specifies minimum daily duration of the service and the requirement that voltage cannot fluctuate by more than 12% from the target level and frequency by more than 5 % from the target level. It also specifies the information that the concession holder must report to AMADER, the rural electrification agency in Mali. Article 21 specifies reporting requirements for the concession holder. Article 25 gives detailed formulas on how retail tariffs will be set. The tariff setting formula allows the concession holder to recover the costs of pre-financing the customer’s connection costs. The overall effect is that AMADER (a rural energy agency) functions both as a grant giving agency and a de facto regulator.

For more information on Pro-Poor PPPs, visit Laws and Regulations Supporting Pro-Poor Services Delivery, Contractual Examples Supporting Pro-Poor Services Delivery, Other Mechanisms Supporting Pro-Poor Services Delivery or the section on Case Studies and Further Reading for additional resources.

Related Content

- **PPPs for the Poor**
- **Key Issues in PPPs for the Poor**
- **Laws and Regulations Supporting Pro-Poor Services Delivery**
- **Other Mechanisms Supporting Pro-Poor Service Delivery**
- **Case Studies on Pro-Poor PPPs**
- **Further Readings on Pro-Poor PPPs**

Additional Resources

- Sub-national and Municipal PPPs
- Rural Electrification Funds: Sample Operational Documents and Resources
- Concession and PPP Laws
- Water & Sanitation PPPs
- Renewable Energy

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