

PPPs in Rural and Peri-Urban Water Sector: Victoria Delmon and Jane Jamieson

Full Description

Although there is a sense that water is a public good, in urban areas it can be very expensive to get it to tap water, while it is very likely that in rural areas in developing countries the majority of households do not have a tap connection. With cases from Uganda and South Sudan, [Victoria Delmon](#), from the World Bank, and [Jane Jamieson](#), from the IFC, illustrate the history of PPPs in this sector as well as the organic growth of small-scale water PPPs.

[PPPs in water and sanitation: Ensuring foundations of equal access to infrastructure" \(ppt\)](#)

Session 2: PPP in Rural and Peri-Urban Water Sectors

Notes of [Victoria Rigby Delmon](#) and [Jane Jamieson](#)

- Background--urban: low cost recovery; sense that water is a public good, and that it should not be priced; but getting water to a tap is expensive; general lack of maintenance and investment in infrastructure; 24-hr water service is not a global reality and many populations are unserved; regular theft of water, with urban dwellers paying the most significant amounts; sanitation coverage is very limited, with septic tanks being the most widespread mechanism used; very little sewage treatment around the world.
- Background--rural: community-run systems (water pumps, pipes); likelihood that the majority of households do not have a tap connection, or that people (especially women and children) travel great distances to the source; very low sanitation coverage, if at all.
- Massive opportunities in the water sector: sanitation treatment and systems; more sophisticated technologies (e.g., desalination projects).
- Challenges: water is seen as a public good, and there is suspicion about involving the private sector. Water-borne diseases are a very significant problem, but water is not a political priority because the assets are hidden and there is a significant vested interest in keeping the status quo.
- Poor performance of water PPPs around the world (historical).
- Recognition that water resources have to be shared with industry and with agriculture.
- WSP rural projects: WSP has been rolling-out rural projects around the world. Most of the contracts have involved little investments. A lot can be learned from West Africa, Peru, and other civil law countries where there is a greater tradition of affermage-type contracts. We need to try to scale-up these types of projects and carry-out greater investments (by the private sector) and also ask how to bring in commercial banks to this sector.
- Uganda (very clear, well established environment, where the challenge is to move out of traditional procurement): Growth of small-scale water PPPs has been very organic (systems not working). Long history of PPPs in small towns. Well-established market, with 80 percent of small towns managed by the private sector, generally under management contracts. IFC was asked by the Ministry of Water to provide support on these contracts. In 2010, it prepared a review of several towns, and advised on a specific transaction, in Busembatia (town of 15,000 people). Busembatia project--key features: advise to (i) extend term of the contract so tariffs allow private sector to recoup its investment; (ii) build some capital investment into the PPP structure; (iii) short term contract helped banks and operators to understand each other. Once lessons have been learned, transition to management contract where the private sector takes financial risks for the project. 400 connections have been built.

- **South Sudan** (emerging post-conflict market): Very low coverage. Lack of public sector delivery; private sector has really stepped in and there are hundreds of small-scale providers, but the market is very unregulated. Users pay 8-12 dls/m³ which often means that people have to resort to very unsafe sources. In terms of the enabling environment, there is a national policy to promote private sector participation in small towns, but it has not really been enacted into law. There is a lack of clarity as to roles--some say water provision falls under states and some others under national government. Government asked IFC what opportunities were and how to develop PPPs. IFC prepared a preliminary study and analyzed options on how to move forward. This is still in initial stages but we need to learn by doing, by taking small steps and develop a form of PPP accordingly.
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Presentation:

Victoria Rigby Delmon: Mrs. Delmon is a Senior Counsel at World Bank Legal Vice-Presidency's Finance, Private Sector Development, and Infrastructure Unit. She brings extensive private sector experience in water, transport and solid waste sectors. She also advises on the enabling environment for PPPs across sectors. Prior to joining the World Bank she was an international counsel for the utility company Veolia Environment and before that associate at the London, Paris and Frankfurt offices of the international law firm Freshfields Bruckhaus Deringer. She is a UK lawyer and holds an MA from Oxford University.

Jane Jamieson: Mrs. Jamieson is a Senior Industry Specialist in the IFC's Public-Private Partnerships in Advisory Services Department which supports government clients to develop and procure Public-Private Partnerships. Jane joined IFC from the UK Department for International Development where she led DFID's support to private sector participation in infrastructure and delivered water sector programs in Central Asia, China and Guyana. She holds Master's degrees in engineering from the University of Southampton, UK and Ecole Nationale du Génie de l'Eau et de l'Environnement de Strasbourg, France.