



International Conference

Palais des Nations, Room XVIII, Geneva, Switzerland

21 - 22 October 2014

“Public–Private Partnerships in the water and sanitation sector: an exchange of experiences between Europe, Central Asia, the Middle East and North Africa”

Background

Access to water is key to development and it is a basic human right. According to the 2013 Millennium Development Goals (MDGs) Report, most of the regions of the world, with the exception of Sub – Saharan Africa, will likely meet the MDG target by halving the 1990 level of population without access to an improved water source by 2015. However, global water distribution is still uneven. Large segments of the world population, 768 million people, still do not have access to improved drinking water sources and existing estimates do not address the safety and reliability of water supplies. In addition, the MDG target for sanitation is one of the indicators most off track, with 2.5 billion people currently lacking access to improved sanitation and over one billion still practising open defecation. Water quality has also been very much neglected. The World Bank estimates that 1.7 million people die annually because of unsafe water, lack of sanitation and unhygienic practices. Accordingly the Sustainable Development Goals post 2015 are likely to set new targets for universal access to safe and sustainable water supply, including sanitation and hygiene, water resource management, wastewater management and water quality.

To achieve significant improvements globally in water and sanitation supply, partnerships are essential for success. Governments play a key role in securing water for competing demands. However a water secure world is a joint responsibility and it can only be achieved through cooperation in water management, provision and use at local, national, regional and global levels and through partnerships with a number of stakeholders including the private sector.

Despite several successful cases in developing countries between 1991 and 2000¹, in the early 2000s public private partnerships (PPPs) in water became increasingly criticised and politicised and private operators were blamed for failing to comply with contractual commitments. Governments had no

¹ By 2000, 38 developing countries had water PPPs in place – with 93 million people served by private water operators. Over a period of a decade private companies’ management permitted an additional 25 million people to gain access to reliable water networks.

previous experience in PPPs and the partnerships were unbalanced. These mixed results illustrate the need for proper risk allocation, managing the expectations of the client authority and the investor, and the importance of proper regulation. In the past few years, water PPPs have, however, seen something of a revival. The results of a World Bank global review of PPPs in water², showed that the majority of water PPPs contracts entered into remained in place and had brought significant benefits in terms of improved access to water, service quality and operational efficiency.

The PPP approach provides a clear definition of service level requirements and payments for such services under a binding contract which enables water projects to become bankable or financially sustainable. Today many of the world's most dynamic emerging economies are using PPPs in the water sector, not just in water provision but also expanding into sub-sectors such as irrigation, dams' management or wastewater. PPPs are also developed with small scale local private operators. The efficiency gains which the private sector can generate, through Build Operate and Transfer contracts , concessions or management contracts seems not to have been fully explored yet.

Given the renewed interest in the PPP model in the water sector and increasing recognition of its usefulness in service delivery, the UNECE ICoE is establishing an international Specialist Centre on water and sanitation PPPs with the participation of a cluster of member states, international financial institutions and the private sector which will focus on the development of best practice guidelines and international standards on water PPPs as well as act as an international platform for information sharing and dialogue. The Centre will also organise a yearly international conference on water and sanitation PPPs with the aim of discussing recent developments and ensuring an inclusive dialogue among all stakeholders. This is the first of a series of international Conferences and it focuses on an exchange of best practices and lessons learnt between Europe, Central Asia and the Middle East and North Africa.

Framework

The first international conference on water and sanitation PPPs is organized under the auspices of the UNECE International PPPs Centre of Excellence, the World Bank, the European Bank for Reconstruction and Development and the Islamic Development Bank. Each partner organization has contributed to the case studies of projects, best practices and lessons learnt from their respective regions.

Objectives

- Explore challenges, bottlenecks, results and achievements in water and sanitation PPPs through case studies of experiences in Europe, Central Asia and the Middle East and North Africa and with the aim to identify best practices
- Identify a roadmap for future work on water and sanitation PPPs in the regions

² Philippe Marin 2009 "Public Private Partnerships for Urban Water Utilities – A review of experiences in developing countries", The World Bank.

- Officially launch the ICoE international centre on water and sanitation PPPs with the establishment of the cluster³ of member states, private sector representatives, IFI's and partner organizations (International Organizations, NGO's, universities, think tanks).

Outcome

- Improve understanding of water and sanitation PPPs with the aim to identify best practices and successful PPPs models used in the selected regions.
- Prepare a checklist of issues to inform the work plan of the international PPP water centre.

In the framework of the international centre on water and sanitation PPPs, project teams will be established for the development of selected international standards on water and sanitation PPPs⁴.

³ A cluster is a community of practice. Members of the cluster will take the lead on a work stream on water and sanitation PPPs.

⁴ The UNECE International Centre of Excellence on PPPs is developing international PPPs standards in selected sectors. The process for the development of international standards was endorsed by the Team of Specialists on PPPs on 23 – 24 June 2014 in Geneva.