# Public-public partnerships (PUPs) in water

(and the scope of the public sector)

by

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## Summary

- PUPs in water
- PUPS in practice
- Advantages of PUPs
- The scope of the public sector

### Limits of PPPs (public-private partnerships)

- In the past 15-20 years donor policy promotes the private sector through public-private partnerships (PPPs).
  - Possibility of public sector reform and improvement was ignored, the private sector was seen as the only solution
  - Water colleges and training for engineers/managers close down
  - Loans and aid often conditional on the use of the private sector
- Unsatisfactory results of PPPs:
  - underinvestment: very little private investment in water or sanitation in developing countries 1990s-2007. National governments and public finance remains main source.
  - unprofitable: multinational companies fail to make profit from PPPs in water (or other infrastructure)
  - unpopular: widespread public opposition to private sector water operators, north and south
  - no efficiency gains from using private sector
  - PPPs fail elsewhere eg London underground rail

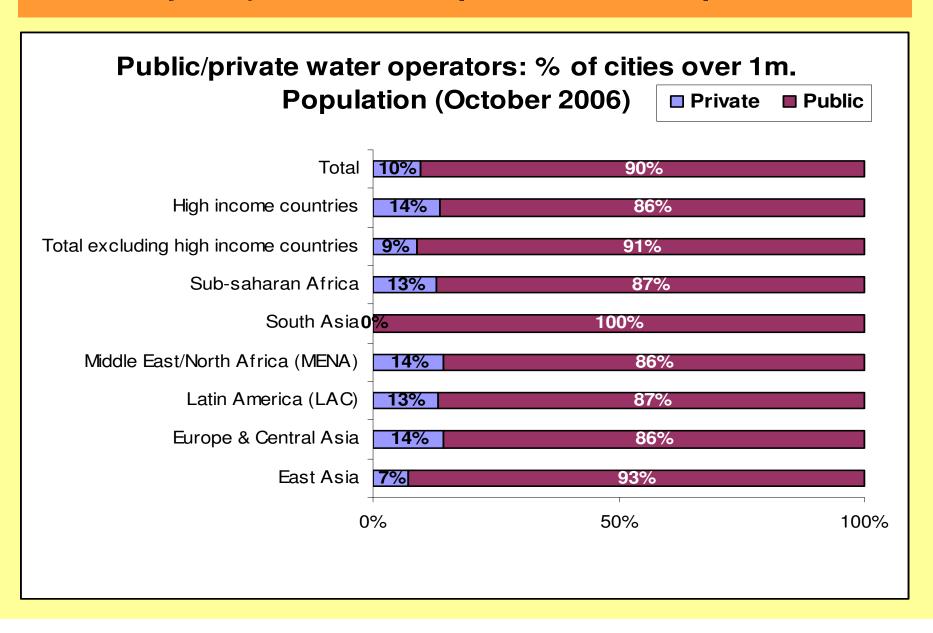
# Labour and PUPs, capital and public finance

- Two big issues in water and sanitation
  - capacity-building (human resources, labour)
  - Finance for investment (capital)
- PUPs provide for capacity-building
- Investment capital requires public finance
  - Private finance does not happen, historically
  - Need for public finance and taxes
  - Donor finance is only a marginal extra
  - Affordable: household water and sewerage connections in less than 10 years for less than 1% of GDP per year
  - see 'Sewerage Works' PSIRU www.psiru.org

# Public-Public Partnerships (PUPs) and Water Operator Partnerships (WOPs) in water sector

- A public-public partnership (PUP) is a collaboration between two or more public authorities.
- In water and sanitation this means a not-for-profit arrangement between a public water operator and a supporting public service provider, aimed at building capacity through training and technical assistance.
- Where the partners are in different countries it is known as an 'international PUP'. Where they are in the same country it is known as an 'internal PUP'.
- A water operator partnership (WOP) is a wider definition, adopted by the UN Secretary-general Advisory Board on water. It allows for private sector partners but only on a strict not-for-profit basis. Public-public schemes expected to represent majority of WOPs.

## Majority of water operations are public



#### International water PUPs in Asia

- Japanese PUPs in sanitation
  - Tokyo Metropolitan Sewerage Bureau provides training in sewerage management for Beijing, also help design sewerage treatment plant (funded by JBIC)
  - Osaka and other cities' sewerage bureaus run training courses all over Asia and world for public sector managers (funded by JICA)
  - (see 'Sewerage Works@ www.psiru.org for more details)
- Vietnam long-standing ADB project provides training and support for Ho Chi Minh City from Bangkok Waterworks
- Vietnam: sanitation authority of Paris (SIAAP) partners with city of Hue, Vietnam, to renovate and plan future design of sewerage system
- Netherlands-Indonesia: Oasen provides assistance and training centre to water operator in Pontianak, Indonesia

## International PUPs in Africa, Europe, Latin America

Home country		External partner	External country	Water/ san
Egypt	Alexandria	Amsterdam	Netherlands	
Malawi	Lilongwe	Severn Trent (pre-private)	UK	Water
Tanzania	Dar-es-Salaam	NWSC Uganda	Uganda	Water-SAN
Estonia	Tallinn	Stockholm Vatten	Sweden	SAN
Latvia	Riga	Stockholm Vatten	Sweden	SAN
Lithuania	Kaunas	Helsinki Water	Finland	SAN
Peru	Huancayo	ABSA	Argentina	Water
Paraguay	Essap	Copasa	Brazil	water

- Note south-south partnerships (Tanzania, Paraguay)
- Note partnerships in Europe: based on sanitation improvements to clean up shared Baltic Sea

#### Internal PUPs

Country	Support partner	Supported water operators	Water/sanitation
Philippines	LWUA		Water/SAN
Cambodia	Phnom Penh WA	Siem Reap	Water/SAN
Japan	Internal sanitation PUPs		SAN
Morocco	ONEP		Water/SAN
Honduras	SANAA	Juntas de Aguas	Water/SAN
Netherlands	VEWIN		Water

- Honduras use state-owned water company (SANAA) for capital city as source of expertise to provide training and consultancy to smaller towns
- Morocco use central water company ONEP in similar fashion, also to provide capacity building support for other countries e.g. Chad, Guinea
- Japan operates system of internal support for sewerage systems
- Netherlands use national association for mutual benchmarking etc
- Philippines municipal water association channels capacity-building and aid

### PUPs: advantages

#### Advantages

- Mutual understanding of public sector objectives and ethos
- Non-commercial relationship, low risk to municipality
- Transparency, local control over objectives, methods
- Many public partners to choose from, north and south
- Low transaction costs: admin costs around 2% of projects
- Can involve local civil society, workforce

#### Avoids disadvantages of PPPs:

- no extraction of profit, no commercial contracts, no long-term dependency on external expertise
- General flexibility of public sector
  - Easy to cooperate, merge, form new structures
  - E.g. intermunicipal water ops, municipality-health authority links

# The possible range of the public sector

Agriculture	Allotments, forestry, subsidy
Mining/oil	Coal, statoil
Water, energy	normal
Production: steel+	Korea et al
Production: consumer goods	School meals, China
Distribution and comms	Post, telecom, eg milk, beer
Transport: roads, rail, bus	normal
Finance	Banks!
Health, education	normal
Public admin	normal

- No necessary limits, political choice, socio-economic reasons
- Public sector state as guarantor of trade and market: our terms

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