

Policy Principles and Implementation Guidelines for Private Sector Participation in Sustainable Water Supply and Sanitation Services

Situation and Goals: Improving the ‘rules of the game’ to build trust and to make PSP a valid option in sustainable water supply and sanitation services

Making safe water for all a reality and securing sustainable services requires enormous financial, institutional and technical efforts. In the drive to meet the Millennium Development Goals (MDG) for water supply and sanitation, all efforts and resources are needed. Among others, Private Sector Participation (PSP) is one option for increasing overall water sector performance. As the poor record of existing PSP to date shows, the contribution of PSP to sustainable water services has remained below its potential due to existing constraints on PSP as well as missing trust among involved actors and consumers.

The Swiss government (represented by the Swiss Agency for Development and Cooperation, SDC, and the State Secretariat for Economic Affairs, seco) in co-operation with the global reinsurance company Swiss Re, are addressing the challenge to improve the frameworks for PSP in developing countries and countries in transition. The focus is on trust-building mechanisms between the partners, clearly stating that PSP in water and sanitation should be an option among others and not conditionality in any way.

Approach and expected Outcome: A set of documents to propose policies, state values, build trust, and enable effective implementation

The PSP initiative will support developing countries and countries in transition in their strive to improve not only their overall performance in water supply and sanitation but also to deliver water to poor and so far unserved consumers by promoting strong and effective partnerships while at the same time minimizing the risks of unnecessary friction among partners.

The outcome of this initiative will offer guidance for the design and implementation of transparent, effective, efficient and equitable PSP projects in water supply and sanitation. It is composed of a system of interlinked supportive documents going from the policy and decision-maker level (answering the question: “what has to be done to make PSP projects more effective, efficient and equitable?”) to the implementation level (“how has it to be done?”). Although focusing on PSP, a large proportion of the content will also be applicable for systems managed by public utilities.

The matrix below shows the three levels of products, their targeted audience and highlights the prevailing methodology used to develop it.

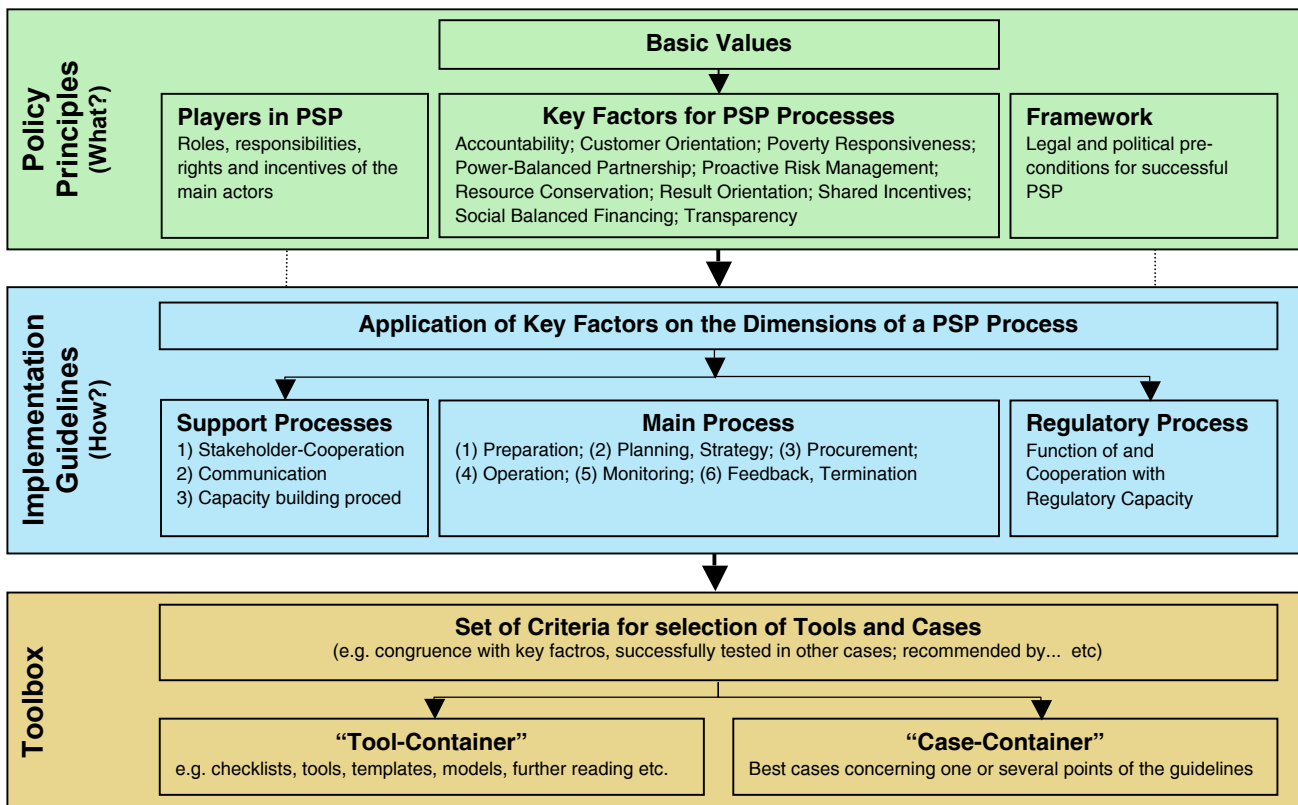
Level of Product	Audience	Method/Process
Policy Principles on the policy making level	High-level representatives and decision makers of governments / water administrations Executive-level industry representatives Public and private development agencies (strategic levels) Investors, financing institutions and donors Key NGOs	Phased Multi-Stakeholder Dialogue (MSD): Phase I: core Stakeholder group Phase II: broader consultation on existing platforms and regional MSDs Phase III: public MSD
Implementation Guidelines in given areas (e.g. urban / peri-urban / small towns / rural)	Responsible for preparation and implementation of a PSP from public administration, regulation, private operator Public and private development agencies (operational levels) Donors and investors Water professionals Water User and Consumer associations	Case Study Analysis Input by Experts Partner consultation Backtesting
Toolbox and Case Container as references to supportive tools	Operational Level Practitioners	Continuous collecting and building up of an online database with toolkits, checklists, templates, case studies etc.

Structural Logic: consequently user-oriented

The structural logic of the interlinked papers is built along the following concept (see also figure below):

In the Policy Principles, based on a set of Basic Values (e.g. Human Rights; Sustainable Development; Good Governance), a number of Key Factors for PSP processes are elaborated (e.g. Transparency; Proactive Risk Management; Poverty Responsiveness). Additionally, a chapter on roles, responsibilities and incentives ensures that all affected groups are involved accordingly and a chapter on framework conditions outlines the most basic legal and political preconditions for a successful PSP project.

In the Implementation Guidelines, the Key Factors are applied on all phases of the PSP process including regulation and support processes. The guidelines outline the practical consequences of every key factor in the time-line of a PSP project and provide means and methods to achieve the goals of the principles throughout the PSP-lifecycle.



Timeline

After a first conference on water governance and preliminary studies in the year 2002, a case study analysis, an expert dialogue, stakeholder interviews and a parallel workshop organized by the two work streams were carried out during 2003. The project is now in an important phase: in the year 2004, the “Policy Principles” and the “Implementation Guidelines for urban areas” will be further elaborated, discussed and (back-)tested in PSP projects in various regions of the world. Version 1 of the documents should be ready for public dissemination and discussion by the end of 2004.

Steering Committee of the Initiative

Dieter Rothenberger, State Secretariat for Economic Affairs (seco), +41 31 322 88 19, dieter.rothenberger@seco.admin.ch

François Münger, Swiss Agency for Development and Cooperation (SDC), +41 31 325 92 52, francois.muenger@deza.admin.ch

Martin Weymann, Swiss Re, +41 43 285 72 01, martin_weymann@swissre.com

Project Policy Principles: Daniel Wiener, +41 61 205 10 10, daniel.wiener@ecos.ch

Project Implementation Guidelines: Ernst A. Brugger, +41 1 299 95 81, ernst.brugger@bruggerconsulting.ch