Small Towns Pilot Project - STPP

Towards sustainability of the water and sanitation services in Peruvian small towns

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Overview of Peru small towns

- Extension: 1.285.220 km².
- 25 Regions 194 Provinces 1.828 Districts.
- Small towns: 2.001 to 30.000 inhabitants.
- 650 small towns have 4.1 million inhabitants (2003).
- 150 small towns are attended by municipal water and sewage regulated enterprises.
- 450 small towns are mostly attended directly by the local governments.
Challenges

PROBLEMS

• Deteriorated Municipal infrastructure
• No resources for rehabilitation and expansion
• Low service quality
• Low coverage
• High non revenue water
• Rudimentary household connections
• Collapsed sewages with no treatment
• Reduced impact on health and life quality

CAUSES

• No will to pay
• No supervision
• Inappropriate billing and collection systems
• No technical skills
• Tariffs determined politically
• Absence of resources to cover operation costs
• Local policies with no sustainability considerations
• Low disposition to collect from the municipal authorities
The Small Towns Pilot Project – STPP was an initiative of the Government of Peru to explore new water and sanitation management models for small towns that contribute to reach sustainability of services with improved quality and coverage, to have a positive impact in the health and life quality of the population.

The STPP (2003-2008) had the financial support of CIDA and the technical assistance of WSP-LAC.

The STPP had a complete direct intervention in 9 small towns from the coast, highlands and Amazon jungle of Peru, in localities ranging from 5,000 to 25,000 inhabitants.

In parallel, PRONASAR has an intervention in 25 small towns mainly ranging from 2,000 to 8,000 inhabitants. Even though the objective was the same, PRONASAR used a different intervention strategy with positive results.
## New management model

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<tr>
<th>Basic function</th>
<th>Traditional model</th>
<th>New model</th>
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<tr>
<td>Tariff determination</td>
<td>Municipality with no compromise with quality</td>
<td>Community approves proposal of price and quality</td>
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<td>Service delivery</td>
<td>Municipality with no technical knowledge</td>
<td>Municipality hires a local [Specialized Operator]</td>
</tr>
<tr>
<td>Quality supervision</td>
<td>None</td>
<td>Municipality delegates function to [Community Supervision Board]</td>
</tr>
<tr>
<td>Regulation of local service</td>
<td>None</td>
<td>Municipality regulates service delivery via municipal ordinances</td>
</tr>
<tr>
<td>Owner of infrastructure</td>
<td>Municipality</td>
<td>Municipality</td>
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The transit from the traditional model to the new model where a [Public-Private-Social Partnership](#) was put in place demanded a new social agreement between the Municipality and the community to reach commitment.
External support

- **Ministry of Housing, Construction and Sanitation.** As sector authority had the leadership of the initiative and transmitted a message to the local authorities of coherence of the change process with the sector policy in search for sustainability.

- **WSP-LAC.** Executing unit of the project that was seen in the localities as an impartial partner of the local government in the seek for improved sustainable services.

- **CIDA.** Financing agency of the STPP that send a message of support to sustainable services, friendly to environment and to a gender equity approach.

- **PRONASAR.** Government Program that had a component for small towns that promoted the change of management model in 25 localities, which shared lessons with the STPP.

- **Regional Governments.** That in some localities financed the expansion of the water and sewage systems.
After 4 years of direct intervention in the pilot localities (2004-2007), that comprised a change of national authorities (2006) and of local and regional authorities (2007), the results of the STPP are as follows:

• Results of STPP sector assessments on small towns included in the National Sanitation Plan (2006-2015).

• STPP new management model included in water and sanitation legislation (2005).

• STPP alternative technologies proposal included in the National Edification Norms (2006).

• From the 9 localities that changed management model, 6 new models remained with new local authorities.

• In the 6 localities that remain, tripartite committees have been established to administrate relations of the Public-Private-Social Partnership.

• There are 6 Peruvian specialized operators promoted and trained by the STPP and 6 from PRONASAR (it has finished intervention in 8 localities).
### Lessons learned

- The population -duly informed- will accept change including its associated costs.
- The change has a very delicate permanent communicational process.
- It is needed a new social agreement to break the existing low level equilibrium.
- Local entrepreneurial are willing to accept the challenge of being SO.
- It is very important that the infrastructure component is completed on time.
- It is very difficult to structure ToR to hire consultant firms or NGO in pilot projects.
- Mayors should assume leadership of process with broad community participation.
- The change must have consistency with national sector policies.
- The gender equity approach helps to shorten time of intervention.
- The majority of ST municipalities have little technical response capacity.
- With no external support it is very difficult to have a change due to local mistrust.
- Low cost alternative technologies can keep tariffs affordable for the poor.
Challenges and recommendations

Challenges

• Create and maintain political will and commitment with the PPP process at the local level.

• Give technical assistance with sense in the local conditions to the local governments, civil society and DPSP.

• Capacity building to anchor new model as an institution.

Recommendations

• Start with a pilot to adjust strategies according to the legal, social, economic and cultural conditions of the country.

• Keep expectations for results of the population within reality.
The Ministry of Housing, Construction and Sanitation won the 2007 price for Good Government Practices in the category Public – Private Cooperation through PRONASAR.
Thanks for your attention.