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Professionals for
Fair Development



5th of November – on the web

PPP contracts as a process

Sharing Gret's experience

Devoted to Action and Innovation for Global Solidarity

Gret, Professionals for Fair Development

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A French development NGO



- Fighting poverty and inequalities
- Providing sustainable, innovative solutions for fair development in the field
- Promoting inclusive policies and development practices.



Created in **1976** - **700** professionals

Working in **30** countries

150 projects per year

30 publications per year

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A budget of **23 million euros**

Where we are speaking from

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Gret's 15 year experience on contracting processes in the water sector emerges from

- An early interest in grey zones: no longer rural, not quite urban (small towns, periurban areas)
- Building policy and methodology references from local experiences
- Formalising relationships between existing public and private stakeholders
- Professionalising their work

Our earliest work was in Cambodia, we now develop these approaches also in Laos, Madagascar, Mauritania and Senegal.

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What is the issue?

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(Beyond the obvious question: *how to make services last?*)



- The grey zones are demographically fast growing
- The demand in these areas is at least partially solvable and fast changing, it is diverse
- Local domestic private providers are emerging, their role is being recognised and they are being encouraged to enter the sector

What tools can be used to make sure their services are fair, affordable, lasting without stifling innovation and adaptability?

How can contracting help?

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The contracting process is one of these tools

It helps to:

- Define needs
- Set objectives
- Clarify roles and responsibilities
- Identify risks and benefits and allocate them
- Consider checks and balances
- Make service management accountable

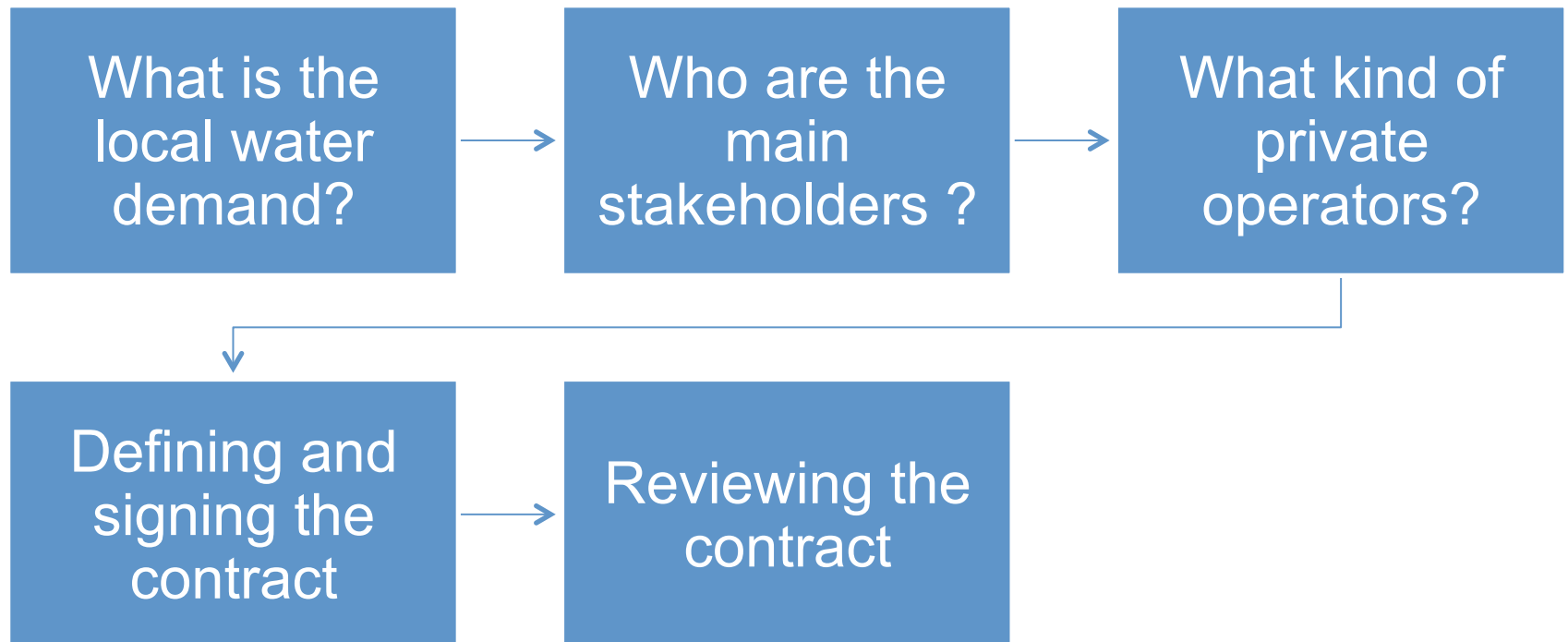


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The contract – a step, not the first one

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The contract – as a document – is only the embodiment of a process, that is ongoing



Estimating the water demand

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Estimating local demand is essential to:

- Understand existing water practices
- Analyze water perceptions and expectations
- Define acceptable management and financial solutions



Some potential tools:



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Data from monitoring

Socio-economic studies

Identifying the main stakeholders

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Mapping existing stakeholders with the aim to

- Identify different strategic groups and leaders (public figures, local officials, entrepreneurs, poor or vulnerable families, etc.)
- Understand their specific positions, interests and relationships
- Analyze the profiles of local entrepreneurs

Some potential tools:



Local planning

Stakeholder meetings

Clarifying ownership?

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Placing contracting authorities in a position of responsibility is essential

- The subsidiarity principle
- Decentralisation processes are underway across the world
- The water sector is sometimes devolved at levels closer to citizens

- Mauritania: water services are a communal or state responsibility
- Laos: district and provincial authorities are involved in contracting
- Madagascar: water services are in theory a communal responsibility but there is a transitional phase



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Choosing the operator: a key moment

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Giving responsibility to the contracting authority at the lowest level

- Technical assistance to local authorities
- Selection committees that include local stakeholders

Bidding processes that are within their reach

- Training
- Simple evaluation criteria
- Adapted tools (templates, scoring cards, etc.)

Promoting proximity (in Cambodia many water investors have a link to the sites they invest in...)

And when the operator already exists? Negotiation is essential



Negotiation: who sits at the table?

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Who sits at the negotiation table?



Who are the stakeholders that the contract binds?



- The operator
- The local authorities
- The sector authorities (at national level? At local level?)?
- The users?



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The perfect contract...

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... does not exist!



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- The temptation to try to predict all possibilities and to add articles and clauses must be resisted, a contract is necessarily incomplete
- It must be understood by all stake-holders (thus in a local language rather than an international one)
- It serves to help the emergence of a common language on the water service
- It spotlights major issues
- It is better short, flexible, capable of change (through periodical contractual meetings)

Building trust

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A lasting service is one where there is trust, and trust needs to be built.



Building trust requires building understanding:



- of the contract and its obligations
- of the constraints each stakeholder faces
- of the compromises reached



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The contract must live

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The relationship the contract embodies must live

- Contractual review processes can help to reinforce trust
- Periodical meetings should allow all stakeholders (particularly users) to discuss service quality

In Laos

- Yearly contract review meeting is organised
- It gathers the district, the concessionaire and user representatives
- Review of service performance and key issues (using a small range of indicators)

Some questions

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Does a contract concern only private operators?

> *Contracting community managed services could reinforce their accountability*



Is the contract the only solution?

> *The licensing process in Cambodia*



Service regulation: contract, independent agency, how are they articulated?



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**Thank you for your
attention**

Mathieu Le Corre (lecorre@gret.org)