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Presentation on public, private and people partnership model for sanitation at the 6th earth watch conference on water and sanitation 2008

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In 2002 at the world summit on sustainable development in Johannesburg, the most significant achievement was that all governments agreed to a target to halve the proportion of people without access to adequate sanitation by 2015. Prior to this meeting, sanitation had never been an issue of its own on the development agenda. A topic that had once been a taboo subject became a topic that had received global concern at the summit. Sanitation encompasses a wide range of issues including human excreta disposal, personal hygiene, solid waste disposal, water, environmental cleanliness and drainage. The greatest challenge to Nigeria and the rest of the West African region is finding the much needed financial resources to fund sanitary intervention projects. According to UNICEF, Nigeria requires more than 120 million dollars (14 billion naira) to provide 62 million citizens access to basic sanitation and hygiene by 2015. (Reported in This day publication on March 26th 2008). The statistics were provided by the UNICEF "D" field office in Bauchi in response to a National survey on sanitation and hygiene undertaken by the News Agency of Nigeria (NAN). The target is in line with the millennium development goal (MDG) on sanitation. Experts say this is a small amount in comparison to the billions of dollars worth of improved productivity that would come from improved hygiene and sanitation. The harsh reality as it concerns Nigeria and the West Africa region according to United Nations is that less than 40% of Africans have access to acceptable facilities for the safe disposal of human waste. In some of Africa's overcrowded cities, human excreta is disposed of in plastic bags and thrown into ditches, open spaces, drains and open sewers. They are called "flying toilets". In rural areas, less than a 1/3 of the people have access to toilets that efficiently separate waste from drinking water. It is clear that the practice of "open defecation" is fast becoming the normal practice. This is an unhealthy and undignifying practice which goes against the ideals of social human development. The result of such practices can be deadly. UNICEF reports indicate that diarrheal diseases mostly caused by poor sanitation and hygiene, kill nearly 2 million people around the world annually. Many of those affected are Africans. According to the UN agency, Nigeria needs to build more than eight million toilets before 2015 to achieve sustainable sanitation and hygiene. In essence, Nigeria requires at least one million toilets annually across the 774 local government areas. Three million dollars is required for hygiene intervention through the practice of hand washing with soap and water. Statistics given by UNICEF state that out of the country's population of 140 million, only 53% of urban and 36% of rural dwellers have access to safe sanitation. Less than 43% of the populations have access to hand washing facilities. In the West African region, diarrhea is the largest cause of childhood mortality after malaria; representing about 16% of annual childhood deaths. The agency sees poor sanitation as the largest direct cause of diarrhea, malnutrition and pneumonia. With these statistics in mind, one has a clearer picture of some of the sanitary challenges facing Nigeria and the West African region. It is evident that a lack of resources is a major contributing factor to the continued existence of poor sanitary and hygiene practices. Research show that Government resources are targeted more towards the water sector. Sanitation has been labeled as the poor cousin who is often neglected during resource allocation. With this dismal scenario, one begs the question as to where do we go from here? Further pressure has been mounted by the United Nations in declaring 2008 as the International Year of sanitation. This paper seeks to identify initiatives using the public-private partnership model as a vehicle to provide the much needed finance in this sector.

INTRODUCTION

In 2002 at the world summit on sustainable development in Johannesburg, the most significant achievement was that all governments agreed to a target to halve the proportion of people without access to adequate sanitation by 2015. Prior to this meeting, sanitation had never been an issue of its own on the development agenda. A topic that had once been a taboo subject became a topic that had received global concern at the summit.

Sanitation encompasses a wide range of issues including human excreta disposal, personal hygiene, solid waste disposal, water, environmental cleanliness and drainage. The greatest challenge to Nigeria and the rest of the West African region is finding the much needed financial resources to fund sanitary intervention projects.

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AIMS AND OBJECTIVES

To find new and creative ways in financing sanitation issues in Nigeria and West Africa.

METHODOLOGY

- A) Public-Private Partnership
- B).Public Social Private Partnership
- C). Private Sector Participation
- D).People Partnership (Citizen's participation)
- E). Community Mobilization

Public-private partnership (PPP)

In political discussions, a lack of public funds is often put forward as a limit to state activities. Instead of financing infrastructural projects alone, the government increasingly looks to the private sector. Another relevant factor are the arguments in debates on privatization that state bodies are inefficient and that management concepts typical in the commercial sector should be used to achieve more cost-effective provision of public services. All these factors taken together result in a shift away from the role of government as "producer" towards one of "quality assurer" PPP differs from other forms of provision of public services in the following points:

In Ppp, the ownership of the project is shared. The heart of a Ppp is thus the sharing of risks and profits.

Compared to providing the service directly, in a PPP, the government can concentrate on its core competences. The Government does not need to allocate experts of its own for the implementation of the project and is thus less intimately involved.

Additionally, PPP's exhibit a trend away from conventional, tax-based financing approaches towards financing through contributions of individual users (for example, tolls for motorways).

Public social private partnership (Pspp)

Existing types of PPP will likely need to be modified to include extra mechanisms and criteria in order to function adequately in social ser-

vices such as sanitation. In other words, public social private partnership (PSPP) is not merely an extension of the Ppp idea but a pre-condition for ensuring that a Ppp with a social goal will do the following: Assure and implement the public aims, agenda and tasks in the sense of community benefit, welfare e.t.c.

Agendas and aims of cooperation's are adhered to and sustained in the mid- and long term.

Ensure necessary conditions and resources (for example, financing) for sustainable results are planned and applied suitably.

For the government side of the partnership, the redefinition from PPP to PSPP has the following significance 'Mid-to long-term solutions are found for functions that the government needs to fulfill for reasons of the "common good" or welfare provision. By addressing government functions in the form of partnerships, the government partner gains options for action' firstly through a cooperative form of outsourcing (including financing) and secondly by involving additional partners from private and social enterprise in doing things which the government have responsibility for. Both of the points just mentioned allow the government to do its job in a more rounded, professional and sustainable way by bringing in additional finance, expertise and practical resources.

For private enterprises, Private sector participation opens up possibilities for new kinds of business activity through the cooperation with the government and social enterprise. PSPP offer social entrepreneurs an opportunity to act in their ideal role of intermediaries between the government and private sectors, helping to make sure that each partner's contribution to the project is in an area where they have special competence. This reduces the risks for all partners.

Finally, for target groups of disadvantaged people, PSPP's can mean the assurance of services that they need such as affordable housing, water and sanitation. To summarize, application of a PPP model to fulfilling social aims for people in disadvantaged situations naturally leads to expansion of the PPP to a PSPP. It becomes a PSPP programmed when public aims such as the common good and welfare are being pursued.

Distinguishing Features Between PPPs and PSPP: While PPPs are described as being used to execute public tasks in general, in PSPP the scope is narrowed to social needs. PSPP models carry out a phase of developing, planning and organizing the prerequisites for providing the social services.

In terms of the meaning of partnership, PPP projects can be formed with only two partners. In the case of PSPP, it ideally involves a minimum of three partners since there are three essential but different roles to be filled;

- 1). The Financier of the project (Banks, donors, financial institution)
- 2). the project leadership (social entrepreneur)
- 3)). the users/customers (people)

In summary, at least one of the partners ensures the financing, at least another partner takes on the overall responsibility for the project and thus leads the coordination of the project from planning through setting-up and realization of the social product or service (project leadership) and at least one of the partners ensures the flow of funds into the project by buying the product or service (users/customers).

CASE STUDY

Financing of public convenience facilities through corporate social responsibility under public social private partnership

A solution to financing sanitary intervention projects has been taken up by an NGO called Metamorphosis-Nigeria. The organization strongly believes that sustainable socio-economic development can only be achieved through

partnerships between government, civil society, private sector and Communities. Her mission is to promote safe sanitary and hygiene practices through hygiene education and the provision of public convenience facilities that are modern, functional and well maintained to WHO standards. Public-social private partnership has been the strategy adopted to finance her sanitary intervention projects in Lagos State. This strategy was first adopted in 2005 through a license given by Lagos State Government through the Ministry of Environment to build, own and operate public convenience facilities in Lagos State. Target areas are motor parks, markets, open spaces, central business district areas, commuter points and high density areas.

Roles and responsibilities of partnership

State and Local Government: Government provides the sites to locate the public convenience facility and to provide an enabling environment for project implementation.

Private sector: The construction of the facility is financed by the private sector body.
Non-Governmental organization/Social Enterprise

Stakeholder Engagement: The NGO is responsible for engaging stakeholders located in the sites earmarked for construction of public conveniences to ensure support and ownership of the project.

Hygiene Education: Stakeholders are educated about basic health and hygiene requirements and the link between diseases and unsafe sanitary practices with the ultimate aim of bringing about behavior change.

Capacity Building: To ensure project sustainability, the NGO runs and maintains the facility for an interim period of two years. After which a memorandum of understanding is signed, to enable the Community or stakeholders in the target area to take over the management and ownership of the facility through a governing council comprising of key stakeholder representatives.

Community: After a minimum period of two years post construction, the facility is handed over to a governing council to run and maintain the facility on behalf of the Community.

The pilot project has proven to be a sustainable venture. It serves approximately five hundred users daily. It is operated on a pay and use system. Revenue generated from usage is used to pay cleaning staff wages and to cover maintenance costs. The governing council overseeing the management of the facility has the responsibility to re-invest excess proceeds accruing from revenue in furthering the social mission to improve the quality of life of the local community. This model shows the success of a public social private partnership to fund a sanitation intervention project.

Financing of public convenience project through concession under public- private partnership

Governments are being encouraged to build and improve infrastructure through concession. This method can also be adopted for the construction of public convenience facilities. Governments may grant concessions on a build, own, operate and transfer license to private operators to finance and build facilities for an agreed number of years and then hand back the facility to Government after recovering the costs. The facilities will be operated on a pay as you use basis. Operating public convenience facilities is a profitable business venture that guarantees cost recovery to the investor.

Nigeria and the rest of the West African region is an emerging market blessed with a growing population. Facilities must be located where the need is great, such as busy commuter points, markets, motor parks, low income settlements and central business district areas to guarantee maximum impact and patronage to ensure cost recovery. Banks and financial institutions should be ready to provide financing to operators. The concession model through public private partnership guarantees a return on investments. Federal, State or Local government's role is to provide locations to site the public facilities and to provide an enabling environment for the success of the sanitary intervention projects. In order to meet up with the millennium development goals, creative measures and initiatives such as this must be carried out in the urban, rural and coastal areas in Nigeria and within the West African region.

Private sector participation (PSP) for water sector

Most of the conferences held on water supply show that there is an urgent need for new policies and strategies to manage water supply in a sustainable manner. This concept is supported by the World Bank, African development bank, DFID, European commission, UNIHABITAT; UNICEF e.t.c. Large sections of the population in West Africa are yet to be served with potable water. Major reforms are needed to generate funds. The dwindling quality of services are caused by numerous problems which include poor funding of the sector's infrastructure facilities, low capacity utilization of the existing supply infrastructure facilities, inefficient production and distribution of supply, inappropriate tariff structure and mis-applications of subsidy. All stakeholders which include government, donor agencies, private sector and civil society must work together to face the water challenge. The government must create an enabling environment to achieve this. It has been recognized that public participation in issues affecting their welfare like water, brings about efficiency in service delivery. It goes without saying that the issues of subsidy to make water available to the poor needs to be approached and implemented differently. Consultation with stakeholders should be held to

arrive at a mutually satisfactory arrangement. The priority should be to recognize that water supply is an economic activity.

This is a challenge that must be faced with a persistent enlightenment campaign that needs to be supported by civil societies. The development of a PSP mechanism (service or management contract) for delivery of safe water and sanitation is both innovative and challenging.

People's participation (citizen's partnership)

The Lagos State Government presently undertakes the supply of water through the Lagos State Water Corporation (LSWC) as constituted by the Lagos State Water Sector Law 2004. Citizen's participation is an integral part of delivering safe potable water to the consumers. This ensures a feedback on customer opinion of service delivery and educates consumers on water issues leading to improved service. This mechanism has been adopted by Lagos State and Cross Rivers State and research indicates that Calabar City now experience constant water supply. Objectives of citizens' participation (customer care) system are:

- To promote citizens participation.
- To promote and defend the interest and ensure water supply to vulnerable and special needs groups, for example, hospitals, schools, prisons and markets through community management systems.
- To promote and defend the interest of private customers and communities in the distribution services area (DSA) through continuous citizen's participation on service, performance and future improvements.
- To strengthen service-oriented relations between the customers and the water utilities.

Ensure the water utilities providers have appropriate knowledge on customer needs and priorities, improve performance and transparency and adapt to changing customer preferences through its customer care department officers working in collaboration with the Local government authorities at that level.

PSP's are viable only if tariffs are high enough to support sustainable cost recovery and provide sufficient margins for necessary investment for rehabilitation and expansion. The introduction of metering should be considered. Also, it is believed that increased output from plants will translate into increased revenue. Therefore, Independent power plant (IPP) should also be considered. PSP agreements need strong supporting legal and institutional framework.

It is critical to develop an institutional framework that expands the scope of customer care beyond receiving calls from customers to the ability to effect links with Civil society organizations and community based organizations to increase access to the communities. In this regard, customer care departments should be enhanced

and given support at the Local government level. Funding for private sector participation in the water sector should be taken up by banks, financial institutions and donor agencies.

Corporate bodies should be encouraged to fund the citizen's participation aspect through the customer care strategy. All viable alternatives for the provision of water, particularly to the poor in slum and low income areas must be explored through community managed water projects.

Community managed water facilities

Donor aid agencies and private sector organizations are enjoined to make grants available to Communities to construct locally fabricated water facilities. Funds can be made available to Community Based Organizations (CBOs) or Community Development Associations (CDAs) registered in the local communities to manage the water facilities on behalf of the community. The community should be involved in the planning and construction stages of the water facilities to ensure ownership of the project. After construction, water is made available for household use. The CDA or CBO will be responsible for engaging someone to man the water facility. Repairs to the facility and wages of the person manning the water facility will be paid from communal funds which are realized from a levy to each household for the use of the facility. This initiative is being successfully carried out in many parts of Africa and Asia.

KEY FINDINGS

Nigeria requires more than 120 million dollars to provide 62 million citizens access to basic sanitation by 2015.

PPPs exhibit a trend away from conventional tax based financing approaches towards financing through contribution of individual users (For example, tolls for motorways). They are used to finance public tasks in general.

PSPP assumes that projects are focused on financing social needs that will benefit communities.

A solution to financing sanitary intervention projects have been taken up by Metamorphosis-Nigeria, an NGO based in Lagos State. Target areas of intervention are markets, motor parks, central business district, low income settlements and high density areas.

Lagos State Government is improving infrastructure through concession. This method can be adopted for the provision of needed public convenience facilities.

Toilet facilities must be located where the need is great to guarantee maximum impact and patronage to ensure cost recovery.

Banks and financial institutions should be ready to finance sanitary projects.

Dwindling quality of water services are caused by poor funding of infrastructure, low capacity utilization of exist-

ing supply infrastructure facilities, inefficient production and distribution of supply, inappropriate tariff structure and misapplications of subsidy.

Citizen's participation in water sector ensures the water utilities providers have appropriate knowledge on customer needs and priorities.

Community managed water facilities can be run by registered CBO's and CDA's to manage the facilities on behalf of the communities.

This paper calls on corporate bodies and multinationals in the private sector to ensure that water and sanitation is one of the key areas they invest in through their corporate social responsibility arm. They should partner with NGO's and Government to provide these basic needs to the teeming population in Nigeria and in the West African region.

Recommendations

Banks, financial institutions, corporate bodies and donor development partners are needed to make financing available to social entrepreneurs who venture into running public convenience facilities for profit. Cost recovery is ensured by the very nature of their business. Public conveniences allow human beings to perform a daily natural body function in private. The need for such facilities is a huge one. Research has shown that people, particularly the poor and disadvantaged are not averse to paying for such services. The pilot project in Obalende in Lagos State taken up by Metamorphosis-Nigeria is an example. Users have been known to voluntarily tip the cleaning staff for providing a clean and well maintained facility.

Governments at the Federal, State and Local Government levels are encouraged to exercise political will to ensure that access to adequate and effective sanitation is part of their development programme. Sanitation has often been neglected by Government's especially in the provision of well maintained public toilets. There can be no valuable discussion on economic advancement until people have access to basic requirements such as water and sanitation. Lack of it further enhances the vicious cycle of poverty and disease.

The sanitary challenge in West Africa is daunting but not insurmountable. If the right approach is adopted, coupled with sincere political will and the active participation of the private sector, Africa as a whole will be able to provide adequate sanitation for her growing population in needed areas. The year 2008 has been declared by the United Nations as the International Year of Sanitation. The major challenge facing Nigeria and West African region is to devise creative ways in financing sanitation projects. I am of the strong opinion that the solution lies in public-private partnerships. It is now up to Government, private sector, donor agencies and civil society groups to work in partnership to ensure health and dignity

is given back to Africans by providing access to adequate and effective sanitation.

REFERENCES

Statistics from UNICEF (2008). reported in Thisday newspaper on March 26th. Lagos State Water corporation stakeholder/cso interaction on Lagos State Second Urban Water Project financed by World Bank.