

Public Private Partnerships
and the Poor

Private Sector Participation and the Poor

1 - Strategy

Series Editor: M. Sohail

Public Private Partnerships *and the Poor*

Private Sector Participation and the Poor

1 - Strategy

Halcrow Management Sciences



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Private Sector Participation and the Poor:
1 - Strategy
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About this series

The purpose of the project *Public Private Partnerships and the Poor in Water and Sanitation* is to determine workable processes whereby the needs of the poor are promoted in strategies which encourage public-private partnerships (PPP) in the provision of water supply and sanitation services. One of the key objectives is to fill some of the gaps which exist in evidence-based reporting of the facts and issues around the impacts of PPP on poor consumers. This series of reports present the interim findings and case studies of an analysis of both the pre-contract and operational phases of a number of PPP contracts. A broad view of PPPs has been taken and situations where the public sector is in partnership either with formal private sector companies, or with small scale local entrepreneurs, or with NGOs employed in a private sector capacity have been included.

M. Sohail
Series Editor

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1.

Introduction

Over the past decade there has been considerable interest world-wide in private sector involvement in the provision of water services. In general (but not universally) provision of water services means producing, treating, distributing and selling of clean water and the charging for, collecting, transferring, treatment and disposing of sewage. PSP frequently embraces the full scope of all these activities, but there are examples where private sector involvement has been confined to specific functions within the overall water services delivery process (e.g. revenue management). Similarly in a range of scale options, PSP can be applied nationally or at local or municipal level – both are commonplace.

Global interest in PSP was stimulated by successes in other utility sectors (particularly telecommunications and electricity) but PSP in the delivery of piped water services received a particular boost from the successful privatisation of water services in England and Wales in 1989. In the last decade significant private sector arrangements have been set up by national water bodies by engaging the global water franchising organisations (e.g. Suez Lyonnaise and Vivendi), and the newly privatised UK water groups (notably Thames and North West). In the early years of the 1990s, aside from UK, hot spots of PSP interest were centred on the newly industrialised nations of the Far East (such as Malaysia and The Philippines) and on those economies in transition in Latin America (such as Argentina and Chile). Lately, often under the auspices of an IFI, water sector PSP has been considered “bankable” in the emerging and lesser developed economies of Africa and the Indian sub-continent. In some cases (such as Mozambique) an element of increasing private sector involvement in utilities was required as a demonstration of governmental commitment to an economic reform package. *The increasing emphasis on alleviating the plight of the urban poor has raised the question of whether this tide of privatisation of water services is properly addressing the needs of vulnerable groups.*

To inform the readers we set out to understand the driving forces in water sector PSP and whether in the dash for PSP, sufficient priority is given to safeguarding the interests of the poor. Further research was undertaken to follow the later stages of PSP (implementation and regulation) and to identify where the opportunities are greatest for improving the provision of services for the poor throughout the entire PSP life cycle.

The authors have carried out a large number of water sector reform and restructuring projects in the water sector – many including transfer of operational responsibilities from the public to

private sector. The work in this area includes the development of regulatory models and assistance with enforcement of regulatory frameworks. In addition to this detailed project knowledge we also receive many invitations to participate in water sector reform projects – mainly sponsored by IFI’s (primarily IBRD, IADB, ADB & EBRD) but occasionally sponsored by bilateral institutions (mainly DfID or other national agencies such as DANIDA or GTZ).

This knowledge derives from both Halcrow’s own projects and through access to a global network. As an initial step we decided to investigate sponsors’ policy statements, objectives and Terms of Reference (for appointment of advisers) upon which basis key professional advisers to the water sector restructuring process are appointed. We believed that these would provide valuable clues as to the emphasis (or lack of it) given by sponsors on servicing the poor. We started with the premise that there was scope for raising the emphasis for addressing the needs of the poor within the execution of the PSP process and we set out to test this hypothesis.

We are mindful of the different imperatives in individual countries for increasing private sector involvement in the water sector, and that information available to the authors as an might not be representative of all situations. However, the purpose of the research into past projects was to crystallise the key messages and recurring themes and identify potential areas for reinforcing the provisions to the poor in future projects. We suggest that the research could form a basis for international dialogue with participants in a wider spectrum of water sector reform projects, to which the project does not have access.

The study sought to define the prominent driving forces throughout the PSP **strategy planning** process by investigating case studies (principally drawing upon our experience in urban water supply systems) and by noting any recurring themes. For completeness similar research at both the implementation and regulation stages is also desirable. (See Section 5). The report also suggests steps for additional studies and for communicating the principal issues surrounding the water sector and the poor. (See Section 6).

We have mentioned above that there are significant differences in the overall driving forces behind water sector PSP. There are also substantial differences in the **type of PSP** actually deployed, which need to be recognised. These range from institutional support through to franchising and full privatisation through divestment. Due to the varying private sector financial commitments implicit in each type, the duration (or term) of the arrangements can vary from five to thirty years. Details of PSP types and terms are well documented elsewhere and not repeated here. For this study we have confined our research to those examples of PSP where it is envisaged that the arrangements will entail **a transfer of management and control of the water and sanitation functions from public to private sector predominantly over a 20-30 year period**. By definition this excludes the technical

assistance and institutional strengthening arrangements – many of which are aimed at capacity building in public bodies.

Aside from the type of PSP proposed, key differences arise in the **scope and scale** of operations envisaged. In this context scope relates to the degree of vertical integration of the services (for instance the extent to which water resources, networks, customer management and sewage disposal functions are included); while scale relates to whether the PSP applies nationally, regionally or at municipal level. The distinction in both scale and scope is important insofar as services to the poor are concerned. Vulnerable groups are most affected by operational and customer management functions - particularly the revenue collection function. It is worth noting that a distinctly different approach may be needed to address the needs of the urban poor from those in rural areas. Inevitably different mechanisms will be needed to address particular problems.

2.

Principal stages in PSP involvement in water sector

2.1 PSP process

The transition from a public to private water sector is a continuum process separated by key events. It can therefore be represented by a number of discrete stages, grouped into the following three broad steps:

1. Step 1 – Planning and Consensus of type, scale and scope of PSP
2. Step 2 – Procurement, Implementation and Operation of PSP
3. Step 3 – Delivery, Regulation and Termination (or renegotiation)

For any PSP initiative to come to fruition there must be an underlying desire by one of the parties (the Sponsor) and a willingness to participate by the private sector (the Operators). There must also be sufficient agreement (Consensus) and enough support by the involved parties (the Stakeholders) to enable the key processes to proceed.

At each stage, the scope for Sponsors and Operators to plan and influence the improvement of services to the poor vary and we have illustrated this on the first presentation slide in Appendix C.

In order to understand the key stages we outline below the key stages in the entire PSP cycle from inception to termination. We have described the stages commonly specified by sponsors where IFIs are involved. This may not always be the case (see 2.2)

The commonly adopted formal process can be described by the stages shown overleaf:

Step	Stage	Description
Strategy		
1- a	Responding to PSP drivers	Gaining an awareness and consensus of the possibilities for restructuring the water sector, often “driven” by at least one stakeholder (e.g. people pressure for better levels of service, or treasury pressure to improve financing). This stage is often sensitive to political pressures or externally imposed economic reforms and can be susceptible to governmental processes or electoral timetables.
1- b	Developing overall policy	Taking the political, economic or social objectives as an imperative, the policy formation stage identifies a PSP model in terms of type, scale and scope. Depending upon circumstances, host governments may seek sponsorship from IFIs to assist in funding the policy formation and for appointing advisers (normally an association of technical, legal and financial consultants). In these circumstances, in combination with visiting missions from donor agencies, host authorities may invite international competitive bidding from experienced (Western) consulting firms. In other circumstances, governments may source internally or directly appoint advisers. Advisers are normally appointed after competitive tendering in response to Terms of Reference (TOR), which define the investigation works and selection criteria. On appointment, the advisers work to Client instructions as set out in the ToR. The TORs commonly specify time and cost constraints and a success fee structure to provide the incentive for securing an economically advantageous PSP arrangement
1- c	Investigating the range of Options	Following selection, the advisers will mobilise a team, gather data, appraise issues and draft recommendations within the type, scale and scope defined by the TOR. The process is informed by extensive financial modelling linking capital and operational expenditure with coverage and tariffs. The political and social unacceptability of steep tariff hikes is often decisive and willingness to pay studies may be used to inform decision making. Client approval of key reports is invariably required allowing substantial scope for aligning the preferred option to the sponsor’s expectation. Obtaining IFI “no-objection” can be a significant hurdle and exert influence on both Adviser and Sponsor.
1- d	Selecting a preferred option	Further modelling and development of the selected preferred option (technical, legal and financial) will allow the sponsor to commit to a specific PSP option. Gaining stakeholder consensus is critical through repeated workshops and seminars to government, civil service and staff. The sponsoring IFI has a significant input to the consensus process, which occasionally (but not always) includes customer groups.
1- e	Developing the detailed PSP format	On receipt of clear commitment by the sponsors to proceed, the advisers will develop a detailed PSP model in terms of key financial, legal, contractual and regulatory frameworks. These will form the basis under which Sponsor and Operator will engage into a long-term relationship. The contractual framework will specify standards of customer service and requirements for enhancing capacity and extending areas served. This is a critical stage as it sets the outputs required of the potential PSP bidders allowing competitive procurement on a common basis.

Step	Stage	Description
Implementation		
2-a	Procuring the PSP arrangements	<p>This stage is crucial to the successful appointment of a PSP operator and comprises balancing the promotion of the PSP opportunity (and ensuring a successful outcome) with selecting a bid list of technically competent and financially robust bidders. IFI procurement procedures require at least three compliant bids and place great emphasis on transparency and equality of opportunity. A multi-stage process is adopted including:</p> <ul style="list-style-type: none"> ▪ Pre-qualification (say 5 firms) where rigorous procurement processes are followed (particularly with IFI sponsored projects) pre-qualification can be a critical path activity which entails matching PSP requirements with Operators' capacity. Ample time for due process is needed and to ensure an adequate bid-list this activity may need to commence shortly after appointment of advisers. For the purpose of this report we have considered pre-qualification as a Stage 1 process. ▪ Bidding (say 3 compliant bids) ▪ Technical negotiations ▪ Financial closure ▪ Contract award
2-b	Implementing the PSP arrangements	<p>This stage comprises the post-award mobilisation of the private sector in the operation of the water services and the eventual achievement of longer term objectives. The key steps in implementation being mobilisation, transition, operation and management of facilities and the enhancement and expansion of new facilities to improve and extend services. Achievement of the PSP objectives can take many years. Investments in new infrastructure and improvements in operational processes have significant lead times, with results often being several years away from management decisions. Establishing operational autonomy from government, changing culture and re-orienting management from public to private sector ethos are critical to the success. Additionally new financial, legal and corporate arrangements may be needed, together with transitional provisions for staff. These can be particularly contentious areas. Monitoring tariff adjustments, operator performance and customer service levels as set out in the contract are the remit of regulatory bodies.</p>
Regulation		
3	Regulating the PSP arrangements, re-basing prices and termination	<p>Competitive bidding, (stage 2-a) is intended to ensure best value PSP arrangements over a very long term. In practice best value is difficult to define. All being equal, tariff levels and the quantum of committed foreign capital tend to dominate the selection criteria although service improvements may feature. Hence the parties may agree to a long term contract based on agreed tariff levels and outputs. In view of the duration of the PSP arrangements (frequently 20 to 30 years), detailed regulatory provisions are included –primarily as a means of monitoring and enforcing the agreed contract. These can include major price reviews at periodic intervals (say 5 years), market testing or performance assessments by specialist independent advisers. These regulatory reviews provide a mechanism for changing the quantum or timing of outputs</p>

Step	Stage	Description
		<p>and tariff levels.</p> <p>On completion of the PSP contract, suitable follow-on arrangements for extension, reselection or hand-back are needed. As most water PSP arrangements are relatively recent there is as yet little expertise in this area.</p>

The table above describes the conventional steps that Sponsors follow in appointing a PSP operator. However, such a formalised process may not always be followed, especially if the needs for transparency throughout the PSP selection process can be reduced. Such an approach may arise for instance where IFI's are not sponsors or where local procurement rules provide for direct negotiation with preferred suppliers. In these circumstances engagement of the private sector is more akin to a commercial merger or acquisition than a public tender. There has been considerable activity in the telecommunications sector using this approach where auctions (rather than competitive bidding) may be used to select an operator. Despite the reduced transparency there can be significant benefits in terms of time and cost if such an approach can be adopted.

In the context of protecting vulnerable groups it would be interesting to hear whether there are sufficient mechanisms to assess their needs and target improvements. Comparisons with other sectors (e.g. Telecomms or Electricity) may be informative.

2.2 Alternative routes to PSP

Where circumstances permit flexibility in approach, certain clients have found it possible to short-circuit stages of the procurement process. In particular it may be possible to foreshorten the bidding process by negotiating directly with one of the pre-qualified PSP Operators. In these circumstances the timescale can be reduced by some 12 to 18 months with negotiations taking the place of competitive bidding. In view of the regulatory framework and the provisions for periodic price and output reviews it is arguable whether this short-circuit approach does in fact detract from the overall process.

In the context of protecting vulnerable groups, it is not clear to us whether fast-tracking the PSP process (with its accelerated investigations) is any less effective than the formal procurement process with its staged investigations into prescribed areas. This area may be worthy of further investigation.

2.3 Obstacles to promoting PSP

There can be considerable obstacles to be faced in the route to PSP. Typically these include:

1. Obtaining relevant data for baseline diagnosis and planning of future water services. Proper identification of future expenditure and service delivery profiles is critical to the future PSP contractual arrangements. This is particularly important in assessing deficiencies and estimating expenditure needed to overcome them. In connection with addressing the needs of the poor any improvements in levels of service must relate to the baseline levels which naturally form a platform for monitoring.

2. Establishing effective mechanisms to determine priorities and resolve anomalies or conflicts between the achievement of objectives and delivering tasks defined in the Terms of Reference for advisers.
3. Securing consensus (customers, staff and government) on type, scope and scale of PSP. This can be addressed by awareness raising through workshops, seminars and publicity campaigns
4. Developing new legal and regulatory frameworks to permit transfer of operations from public to private sector. This may need a radical overhaul of national or local government legislation
5. Developing resources and educating key staff involved in the promotion of PSP. Lack of capacity can put Promoters at a severe disadvantage in negotiating contracts with Operators.
6. Establishing monitoring and enforcement structures. New structures may need to be set up from scratch, leaving regulators at a relative disadvantage in the initial phases of the PSP
7. Creating sponsors' commercial business culture. Lack of contractual know-how can severely disadvantage promoters compared with PSP Operators
8. Dealing sensitively with staff and labour. Some issues, particularly on possible downsizing to achieve efficiency targets, can potentially enflame national labour unrest.

The overall procurement process usually takes some 24 months, however, many sponsors under pressure from governments or IFI's will seek to reduce this to 12 months. In the context of addressing the needs of vulnerable groups, this programme acceleration can limit the scope of peripheral studies (see 2.4 below).

PSP Operators are normally consortia comprising international water companies, contractors, banks and local companies. To assess risks and build in appropriate premiums to their prices, bidders will carry out detailed diligence checks, and the preferred bidder could be involved in a series of rounds of negotiation prior to any eventual contract award.

A key feature in this sequence is that competitive bidding will dominate the provision of services, and with time constraints and the complexity of issues, this leaves precious little room for imaginative solutions to the problems being faced.

Because there are so many obstacles relating to the general scarcity of data and securing of approvals, there is no extra time to explore socio-demographic aspects of vulnerable groups. We postulate that a higher profile for the needs of the poor supported by more readily available information would facilitate recognition of the issue.

2.4 Programmes and costs for PSP preparation

To demonstrate how commercial pressures influence the process, we use a recent PSP advisory and planning programme, which is typical of IFI sponsored PSP development projects, as an example of the advisory and planning process. The brief to potential advisers comprises the following key stages:

Phase 1: Development of PSP strategy

This phase is fundamental to the development of the PSP arrangements and, in the context of providing for vulnerable groups, the need to get it right cannot be over-emphasised. The allowed time is often some 9 weeks from commencement to completion, with a further 28 days for government and sponsors' approvals – a total of 3 months.

By the end of this phase, the advisers will have assessed and set out the key issues, the legislative, regulatory, financial and service performance context, requirements and expectations, and the options for PSP implementation. On these bases they will have provided a recommendation to enable government and sponsors to agree the broad form of PSP. The advisers are expected to have completed the following tasks:

- Data Collection and Review
- Review of Objectives, Service Area and National Factors
- Legal, Institutional and Regulatory Review
- Technical, Environmental and Planning Review
- Organisational Review
- Financial Analysis
- Market Testing and Development, and Operator Qualification
- Risk Assessment, Success Factors and PSP Options

A key concern for the potential advisers is the availability of robust past information on which to carry out proper studies, to make proper interpretations and form sound conclusions in the very limited time available.

Phase 2: Preparatory work for the transaction

Phase 2 commences with finalisation of the pre-qualification criteria based on comments received from government and potential operators. A key issue, which should have been addressed in Phase 1, concerns the number of operators permitted to pre-qualify. A delicate balance between making terms attractive to bidders and obtaining maximum benefits for all stakeholders (including poor user groups) will need to be struck. This issue is of concern as a long short-list may deter good bidders from risking the considerable investment in their bid preparation.

To meet the timetable, pre-qualification evaluation is likely to be required by week 8 of phase 2, but this depends on government confirming the bid list. The other main deliverables in phase 2 comprise :

- Public Relations Material
- Legal and Regulatory Drafting
- Bidding Documents

The sheer volume of work in phase 2 coupled with the shortage of time - particularly in obtaining stakeholder consensus and governmental approvals , can be a serious hurdle. Without changes to national or local laws, implementation of PSP may not be able to proceed. As a result, much effort is focused on overcoming potential legal problems, inevitably diverting resources from ensuring an equitable provision of services to the poor.

2.5 Bidding and contracting for implementation

In order to follow procurement rules and obtain the best possible commercial arrangements, it is considered desirable to give bidders the maximum bidding period possible insofar as it is consistent with the overall timescale

Due time must be allowed for finalisation of the Bidding Documents and obtaining “no objection” from the sponsors and IFI as needed, and normally an absolute minimum of 3 months is required for bidding. To overcome time shortages, data rooms, containing relevant technical and operational reports, are often established. Additionally to compress the timetable the sponsors can hold pre-bid conferences and respond to queries throughout the bidding period.

On receipt of the bids, detailed evaluation can often take several weeks before a preferred bidder emerges. Even after evaluation, a significant period may be needed for financial closure and commencement of PSP. This can take several months.

In terms of planning for the protection of vulnerable groups, it can be seen from the above sequencing, that insufficient attention, time or resources may be directed towards understanding the needs of vulnerable groups and planning improvement measures. We question whether readily available financial, legal or regulatory instruments would facilitate inclusion of special provisions for the poor (see Section 7).

2.6 What operators want

In any consideration of Operators' motives, it would naïve to ignore the commercial reality of a commercial desire to sustain the businesses in the long term by securing profitable contracts at least practicable cost within acceptable risk envelopes. Despite a number of new entrants in the last decade – primarily from UK and USA, the market is dominated by a handful of major providers, and hence there are still supply side constraints when selecting PSP operators and arguably it is a sellers market. Furthermore, as sponsors often have to work to attract the quality bidders, there is an emphasis on marketing only attractive propositions.

In general, the opportunities that Operators will find the most appealing (and which will enable the government concerned to negotiate a competitive deal) are likely to contain the following:

1. strong political will to allow private access to the water sector
2. stable political structures
3. controlled inflation and stable foreign exchange rates (or a fair means of compensating for uncertainty)
4. strong legislative structure providing for fair regulation
6. transparency in the selection process
7. credit-worthy customers backed by sovereign government guarantee
8. a strong and established regulatory regime protecting not only the rights to abstract water but also the prevention of pollution of the raw water
9. freedom from political interference in the operation of the sector and absence of socio-political interference in the setting of tariffs and the acceptance that the water 'business' has to be operated in a financially sustainable way that is affordable by the people.

We question whether, in striving to strike the most favourable economic arrangements, there is asymmetry of influence between sponsors and bidders. Should this prove valid, it may be worth exploring whether a better balance could be achieved through alternative PSP arrangements (for instance tapping a more competitive supply side market as in facilities management).

3.

Selection of past projects

In order to test our ideas we set out to gather evidence from projects to identify any recurring themes relating to the provision of services to the poor. We sought to examine whether Sponsors, host authorities and advisers are able to influence the direction taken within PSP projects, and how certain key requirements are addressed and defined. We hoped to find evidence to support our initial thoughts and ideas, which were essentially that the needs of the poor would be subordinate to the economic and financial needs of business.

The search for evidence drew freely upon information available to the Halcrow Group. We also hoped that this selection of past projects would provide us with a good geographic coverage of PSP work.

We selected 20 past projects and applied the methodology as detailed in Appendix A. The source data comprised the host authority's Terms of Reference, and the results were entered onto a standard format and are presented in Appendix B. From this exercise it was apparent that recurring themes existed and we have presented these findings in Section 4.

A summary of the past projects is contained in Table 3.1 overleaf.

We feel that the adopted approach has certain strengths, for example there is a large amount of data available from different host authorities and different types, scale and scope of PSP projects and there is also a considerable degree of intangible/tacit knowledge within Halcrow.

There are however certain weaknesses in our approach. Our sample is not statistically representative, although this may be overcome if the work is opened to a wider forum to allow greater participation and view from different perspectives. In addition, Halcrow has not been exposed to "lower order" PSP processes as we are at the commercial end of the process and only involved with IFI funded projects.

No	Country	Starting Timescale	Type of PSP envisaged	Key "Drivers" and Features	Outcome /Position
1	Malawi	Oct 95	Corporatisation (state owned commercial companies)	Restructuring of the entire water sector to create three autonomous regional water boards, together with making the two existing urban water boards more commercially orientated.	Not known
2	Mozambique	May 96	Separate concessions for each of 5 separate cities	Modernise the water supply sector for the 5 largest cities in the country. Complete financial structuring. Operator to act within pre-defined areas	Single contract entered into with one Operator under a lease arrangement for the capital Maputo. Management contract arranged in the other 4 cities. New regulatory structure has been defined. To commence in 2000.
3	Trinidad	March 94	Public-Private Joint Venture	Transfer of operations of the national water and sewerage authority to the private sector to increase efficiency and service levels. Target full cost recovery.	Management contract entered into for 3 year period with exclusive rights for following with a longer-term concession arrangement (subject to performance). Implementation of management contract has experienced serious difficulties and reversion to public control
4	Antalya (Turkey)	Dec 94	Public-Private Joint Venture	Promote institutional changes and significant PSP for the metropolitan area with full cost recovery at affordable prices and institutional strengthening (introduction of managerial and technical experience) in order to reduce borrowing.	Concession awarded (Details not known)
5	Ethiopia	May 96	To be defined	To improve the capacity of the regional water boards. Restructure financial and organisational systems. Improve technical capacity to manage water supplies. Desire for a strong, independent local decision making ability. Inclusion of a social baseline study and a two-phased tariff increase to cover 'initial' and 'post investment' situations.	Outcome not known
6	Bursa (Turkey)	April 95	BOT/Concession	Desire for PSP to improve efficiency of sector. Source information, investigate and recommend strategy for private sector participation for this municipal authority.	Outcome not known
7	Ghana	March 97	Country-wide	Following on from a sector review, a decision was	Selection of broad PSP option and ToR

No	Country	Starting Timescale	Type of PSP envisaged	Key "Drivers" and Features	Outcome /Position
			concession	made to adopt PSP nation-wide. Advisers were required to define best type of PSP and the regulatory structure.	enabled for PSP implementation. The next phase is ToR for the implementation. Final outcome not known.
8	Dhaka/Bangladesh	April 97	To be defined	Prepare strategy that will enable the government to raise the necessary finance for much needed investment.	Halcrow – Thames Water twinning project continues to be more effective. No progress with PSP.
9	South Africa	Jan 99	(Technical Support)	Specialist advice and guidance for a variety of BOT style water schemes being provided. Project evidence of PSP work in South Africa.	Public authority establishing PSP arrangements and affecting a corporate change. Re-shaping process on-going
10	Lusaka (Zambia) Concession Contract	Oct 98	Concession for management of LWSC	Government wished to increase efficiency and reduce debt burden for LWSC (a public corporation spun-off from Lusaka City Council). Report on arrangements under which the water supply for Lusaka will be run under a concession. Report to conclude with the recommended draft concession contract. Recognition that certain supply areas are managed by NGOs.	PSP not adopted as decide to keep municipal control of water services. Now undertaking investigations into a BOOT scheme for bulk water supply.
11	Grenada	Apr 97	Concession	Institutional assessment of the National Water and Sewerage Authority including a strategic review and implementation plan. Provide options for privatisation, licensing and contracting-out of water sector.	Outcome not known
12	Ghana : Capacity building for regulatory commission	June 99	(Technical Support)	Provide medium term capacity building support, including training sessions, identifying skill gaps and recruiting	Outcome not known, but it will be an important aspect of any reconstructing exercise.
13	Guyana : Water Supply & Sanitation Sector Studies	June 1999	Corporatisation (2 state owned commercial companies)	Desired to restructure the entire water sector. Develop national water policy, regulatory framework and long term strategic plan.	Advisory work on-going
14	Chennai, India: Strategic Review of Institutional Options	Oct 1999	Capacity building through private sector involvement	To promote PSP and reform the water sector for this metropolitan area in India.	Halcrow bid failed. Advisory work possibly commencing.

No	Country	Starting Timescale	Type of PSP envisaged	Key "Drivers" and Features	Outcome /Position
15	Poland: Water Sector Benchmarking Study	June 1999	Concession and/or joint ventures with operators	Desire to expand PSP throughout the country and need to assess (and prioritise) those cities that are most suitable	(?)
16	Oman	August 1994	Concession	Global objectives to expand coverage increase efficiency and restructure the water sector. PSP is the desired option.	Project not started
17	Russia: NIS	May 1999	To be determined	Desire by IFI to promote PSP throughout the NIS region. Feature of the project is the extensive data gathering required to see if sector is commercially viable.	(?)
18	Minas Gerais, Brazil	July 1996	Concessions and/or joint ventures with operators	Desire to restructure the sector to include PSP to enable expansion of services to the whole of metropolitan area	Multiple joint venture companies
19	Sri Lanka	November 1999	Multiple concessions for different areas	Government decided to explore all possible ways of expanding the water sector and most appropriate PSP strategy sought.	Advisor bids being considered.
20	UK, Ofwat	December 1999	Regulatory provisions	Introduction by the Regulator of measures to assist vulnerable customers	New regulations come into effect on 1/4/2000

4.

Recurring themes

4.1 Recurring themes from past projects

Our review of the past projects suggests that:

1. The primary driving force for water sector PSP is the desire for a more efficient and responsive sector;
2. the sponsor's policy statements, objectives and Terms of Reference do not generally draw attention to the existence of disadvantaged user groups and fail to define specific deliverables that may be required to address the needs of the poor;
3. the absence of internationally recognised minimum standards for services to vulnerable groups means that advisers have to set their own standards and obtain government approval;
4. The lack of pressure from vulnerable groups means that the issue can be subsumed by issues more central to securing the timely appointment of the PSP Operator;
5. the quest for full cost recovery features prominently;
6. many water supply organisations suffer with insufficient coverage, low levels of billings and collection, high reliance on external funding for investments and environmental pressures;
7. Terms of Reference mostly appear to be drafted by advisers distant from the sponsor's organisation;
8. revisions or modernisation of the tariff structure are mostly unrestricted and without reference to any standard of accepted practice;
9. the terms 'Ability to Pay' and 'Willingness to Pay' are used without definition or detail of the scope of services required for their effective study;
10. information campaigns are sometimes requested but seldom are they expressly required to ensure access to all disadvantaged groups;
11. only in one instance were the proposed new tariff levels to be compared with prices in other countries;
12. competitive bidding dominates the overall strategy-forming process; attention is seldom drawn to the "beneficial goods" nature of a more efficient water sector.

The occurrence of these themes is represented in the table below.

Table 4.1 – Recurring themes

No	Country	Defined needs of the poor	Quest for full cost recovery	Determination of tariffs left	Ability and Willingness to pay	Information campaigns	Inclusion of Interim Measure for
1	Malawi: Technical Assistance	✘	✓	n/a	n/a	n/a	n/a
2	Mozambique: Transforming Water Sector	✘	✓	✓	✓	✓	✓
3	Trinidad: Selection of Private Operator	✘	✓	✓	✘	✘	✘
4	Antalya (Turkey): Implementation of new institutional arrangements	✘	✓	✓	✓	✓	✘
5	Ethiopia: Regional Capacity Building	✘	?	✓	✘	✘	✘
6	Bursa (Turkey): Institutional Restructuring	✘	✓	✓	✘	✘	✘
7	Ghana: Increase PSP in Water Sector	✘	✓	✓	✓	✘	✘
8	Dhaka: Strategy Study	✘	✓	✓	✓	✘	✘
9	South Africa: Advice and Guidance	n/a	n/a	n/a	n/a	n/a	n/a
10	Zambia; Lusaka Concession Management	✘	✓	✓	✓	✘	✘
11	Grenada: Institutional Assessment	✘	✓	✓	✘	✘	✘
12	Ghana: Regulatory Capacity Building	n/a	n/a	n/a	n/a	n/a	n/a
13	Guyana: Water Sector Study	✘	✓	n/a	✓	✓?	✘
14	Chennai, India: Strategic Review	✓	?	?	✓	✓	?
15	Poland: Water Sector Benchmarking	n/a	n/a	n/a	n/a	n/a	n/a
16	Oman: Privatisation Study	✘	?	✓	✘	✘	✘
17	Russia: NIS: Commercial Investigations	n/a	n/a	n/a	n/a	n/a	n/a
18	Minas Gerais, Brazil: Institutional Arrangements	✓	?	?	?	✓	✘
19	Negombo, Sri Lanka: Strategic Investigations	✓	✓	✓	✘	✘	✘
20	UK, Ofwat: Vulnerable Customers	✓	n/a	n/a	n/a	✓	n/a

Legend

- ✓ = Yes, covered
- ✘ = No, not included
- ? = Uncertain
- n/a = not applicable

Notes

1. Project one of institutional support
2. Project one of institutional support
3. Project principally data gathering
4. Project principally data gathering
5. Project included for information only

5.

Next steps

We have defined in Section 2 the three broad stages of securing PSP involvement in the water sector and we would suggest that our investigations mirror each one in turn. As indicated in Section 4.2 we envisage structuring the investigations as follows:

5.1 PSP strategy

1. Firstly, we believe this Report on PSP Strategy is effectively a pilot study that requires exposure to a wider audience for review and comment. Information gathered from comments can be assimilated and the lessons learnt included in a final draft, prior to any submission by WEDC to DfID.

5.2 PSP implementation

2. Secondly, investigating the consideration and treatment given to poor user groups throughout the implementation of PSP arrangements will be an essential extension to this first Strategy study. Once again, we propose drawing upon Halcrow's knowledge and access to a global project network to investigate the PSP bidding process, contract award, period of operation of the existing systems, and period of extension and improvements to the original service.

5.3 PSP regulation

3. Thirdly, we believe that a final stage of Regulation and Renegotiation (or termination) will provide another essential period within which the consideration and treatment of the poor may yield valuable information. Halcrow also has extensive knowledge of regulatory practices, and we would once again seek to exploit our unrivalled access to a global network of projects to investigate a series of projects and note any recurring themes.

6.

Communication of issues

An additional mechanism of communicating ideas and receiving feedback is via presentations, and our initial ideas for such a presentation are set out below. We are mindful of the general lack of understanding of the process in many recipient countries that are unduly influenced by extensive misinformation provided from relatively uninformed sources. We consider that awareness raising of the issues of protecting vulnerable groups should underpin the dissemination and discussion stage.

To assist in this, we have developed, as a first attempt, several graphical presentation slides to facilitate the process of communicating some of the critical issues that inextricably dominate the relationship between PSP projects and poor customer groups. Six slides, illustrate the following issues:

1. “Navigating a successful PSP”
2. “Deciding what you really want”
3. “Climbing the Mountain of Commitment”
4. “Rising to the Challenge”
5. “Understanding the Commercial Process”
6. “Finding the balance”

Notes to accompany the slide presentation are outlined below:

6.1 Navigating a successful PSP

1. Ideas need to be explored and understood
2. Strategic options need to be developed and decided upon
3. The transition will require considered planning and detailed management.

6.2 Deciding what you really want

1. Knowing what you want and understanding the desires of other parties
2. How will you prioritise items?
3. How can you act transparently?
4. Thinking about yourself, but at the expense of others, and when will disadvantaged groups gain a platform?

6.3 Climbing the mountain of commitment

1. As you climb towards the goal you may face any number of ‘false horizons’ on your way up, but with each step commitment to reach the top increases
2. The planning horizon is initially in view, overcome a couple of problems and you will be there, but a false horizon may deflate plans
3. With a new partner on-board, and a new promise, but another false horizon and delays and difficulties slowing progress

4. However, every step up the mountain is closer to the summit, and another reason for not turning back!

6.4 Rising to the challenge

1. The water provider will be an institution (built upon a structure of resources, capital and networks) it needs to be strong enough to support the provision of services to the poor.
2. How many steps up the ladder do new customers have to make?
3. And all the time, a secondary market will be there

6.5 Understanding the commercial process

1. Break free from the cycle, as consultants constrained by competitive bidding
2. Universality of standard responses, thereby “damping down” innovative ideas for servicing the poor
3. Constraining process will focus attention on bigger / richer customers
4. All the time, costs and prices will constrain the ability to initiate services to poorer groups.

6.6 Finding the balance

1. The existing public provision is out of balance, as with low payments, debts, arrears and high margins - only borrowing will 'balance the books'
2. Existing customers dissatisfied, as poor service, non-access and a lack of awareness all generate an atmosphere of 'unwillingness to pay'
3. But, the future will balance the customer recognising the value of reasonable service with a reasonable return for the Operator.

7.

Initial items for future consultation and dialogue

In this Section we highlight items where feedback from the wider audience is desirable. Headings under which future consultation could be organised are set out below and each section concludes with a question that hopefully will facilitate dialogue.

7.1 Legal instruments

We suggest that standardising basic rights to water (say a “water charter”) could be more clearly defined. This would parallel WHO guidelines for basic water quality standards. “Citizen charters” have re-appeared in recent years to recognise certain rights or expectations that societies should expect from public bodies. Charters do not necessarily carry the same force as ‘declarations’ (for example, the United Nations Declaration of Human Rights) but they translate often complicated government statements into more straight-forward and tangible language for the wider good.

The legality of land tenure, disconnection rights and minimum health standards are all areas where the absence of standard legal systems for the water sector can cause difficulties and are issues that could be embraced in a wider research.

Operation and regulatory action generally require a well defined legal standing for the water sector, and the effectiveness of PSP arrangements will rely heavily upon its constitutional standing.

Question 1. Is it possible to declare and define access to water as a basic human right? (and what might be an appropriate standard?)

7.2 Contractual framework

Requirements for social and environmental responsibilities within the water sector need to be more clearly understood, together with the manner in which they are incorporated into PSP arrangements. Variations in approach to social and environmental issues can cause problems for bidding operators, and finding common ground when adjudicating proposals is also difficult.

Question 2. Is it possible to define social and environmental responsibilities in PSP arrangements?

7.3 Regulatory mechanisms - 1

In general, the initial regulation of PSP has been less effective due partly to the relative disadvantage of the regulator in the face of a recently negotiated contract, but also due to the relative inexperience. Regulators have tended to focus on monitoring operators’ activities and compared them with the corresponding contract provisions. Similarly regulatory actions tend to focus on target setting and monitoring

performance against set levels of service. It has been normal practice to apply universality of service standards throughout the whole of a supply area, but could this actually be inappropriate for developing countries?

Rich and poor user groups have differing requirements and aspirations in relation to water, and therefore understanding and translating these aims within the regulatory framework is a critical function.

Question 3. Should Regulators abandon universality of service standards and apply “service bands” with the tariff structures?

7.4 Regulatory mechanisms – 2

Regulation must be seen to be evolutionary (even allowing for the formative years when the mind set of public affairs will need to adjust to PSP arrangements) as forces acting within the water sector are not static, but dynamic, as inputs vary with time. Regulatory systems have become attuned to dealing with changes in price and environment, but have been slow to address social issues (for example, the provision of safety nets for vulnerable customers in the privatised UK water industry took over 12 years to be introduced).

Question 4. Have Regulators concentrated on price and environment at the expense of equality of service?

7.5 Financial instruments

The ability of IFIs to steer policy and raise the emphasis of the needs of the poor within the overall PSP process should be explored. IFIs are a major stakeholder in the PSP strategy stage, but exhibit lesser power during the implementation and operation stages. It is therefore essential that IFIs outline their agenda during the early stages of strategy formation and not wait until it is too late.

There are several ways in which financial instruments could induce Operators to increase investment to improve the plight of the poor. For instance:

- Cost of capital differentials could provide a greater rate of return to Operators for investing to improve services to the poor
- Providing a ready vehicle for channelling grants and soft loans into capital infrastructure to serve the poor
- Positive tariff discrimination to cross-subsidise revenues to the poor.

Whilst rather simplistic in approach, public water companies have traditionally sought to identify separately capital expenditure that is expressly benefiting poorer user groups and seek softer loan conditions for such expansion in coverage. Under PSP arrangements, overall tariff levels are designed for full cost recovery, and it may be worth exploring whether expenditure expressly benefiting the poor is identified and weighted within the tariff basket calculation.

If operators have an economic incentive to promote expansion projects that focus on the poor, then such measures could act as a further cross-subsidy to the rising tariff structure, and it could therefore be argued that this is unfair to rich consumers. To counter this argument, it will be important to have an understanding of how middle and upper band users paid for their connections (and usage) in the past, as it is possible that they have benefited from underpayment for many years. Should this be the case, then additional cross-subsidy for projects expressly benefiting the poor, may be more justified.

Question 5. Should capital expenditure on projects expressly benefiting the poor be identified and weighting permitted in tariff increases?

7.6 Technical mechanisms

The practical difficulties of expanding and running water networks must not be overlooked, as extensive consideration must be given to a wide variety of matters, such as road access, easements, housing densities, vandalism, future maintenance and on-going management of the network. Identifying and designing the needs is a sizeable undertaking that may include provision of large infrastructure items (such as tanks and pumping stations) in addition to pipework reticulation networks. Such works are expensive and require long payback periods for which revenue guarantees may be required.

Technical difficulties first arise with uncertainties over policy standards. Promoting design standards in parallel with regulatory targets would be beneficial (for example, the target in South Africa is to supply a maximum of 200 people within 200m of a supply point). Technical problems will continue in the design and implementation stages, during which time, all stakeholders should be encouraged to participate?

Question 6. Could local communities be made responsible for managing and taking care of distribution sub-systems and standpipes?

7.7 Lobbying for the poor

As noted in Section 2, the absence of robust information on operational data is a severe impediment to the PSP process. This dearth of information applies equally to the poor. One way in which greater emphasis could be given to the plight of the poor would be to present reliable and soundly researched information to the sponsors and their advisers at the key strategic planning stage.

Question 7. Would it be feasible for vulnerable groups to provide such information? (and who would fund such research?)

APPENDIX A – Appraisal methodology

The availability of source information varied with each past project investigated. It was essential that the data collection followed a standard format so that variations were kept to a minimum and a degree of uniformity was achieved.

For each case study, the initial Terms of Reference (TOR) from the client organisation are contained in the consultant bid document, and this was read to ‘answer’ the following questions:

1. What were the objectives of the project?
2. Did the TOR discuss any expansion in coverage or indicate the presence of poor user groups?
3. Did the TOR introduce requirements for encouraging community participation or for the introduction of alternative, low-cost technology?
4. How did the TOR discuss tariff structures?
5. What is, or what might be, the regulatory framework?

These questions sought to highlight how important issues of access, participation, cost and control were considered and presented. Extracts from the TORs were taken to show how these issues were described and whether any guidance was given on addressing the needs of poorer user groups. Any other notable features were recorded, together with contact details for the client organisation and the funding agency. A pro-forma sheet was devised as a checklist, which is shown overleaf;

Project / Document		
Date of Project		Halcrow Ref: x
Objectives of the Project?		
Do the TOR discuss expanding coverage or introduce "the poor"?		
Do the TOR introduce community participation or low cost technology?		
How do the TOR deal with tariff structures?		
What is (or what might be) the Regulatory framework?		
Other features		
Contact & Funding Agency		

The past project results are contained in Appendix B

APPENDIX B – Past project results

Project / Document 1	Project One	
Date	October 1995	Halcrow Ref: OFF 2031
Objectives of the Project(TOR)	<p>Provide technical assistance to the Govt. of Malawi to create 3 Regional Water Boards, and to amend the charter for the existing Lilongwe and Blantyre Urban Water Boards.</p> <p>Technical assistance for business planning and operational support, encompassing</p> <p>(1.3) <i>“Creation of . . . commercially orientated water boards”</i></p> <p>(4.2) <i>“decentralised water service institutions that are financially self-sufficient”</i></p>	
Do the TOR discuss expanding coverage or introduce “the poor”?	<p>The TOR state (2.2) <i>“revenue is presently insufficient . . .”</i></p> <p>The project will (6.2.3) <i>“identify and quantify the customer base . . .”</i> (so presumably this will be an extensive exercise)</p> <p>Project aims at delivering water supply and sanitation services for a growing population.</p> <p>(2.3) details extending services to new areas and that service levels will depend upon “willingness to pay”.</p> <p>Raised again in (3.1), as part of Govt Policy, which aims to ensure that all citizens have access to water and adequate sanitation.</p>	
Do the TOR introduce anything on Community Perspectives/Motivation/ Low Cost Technology etc?	<p>This project falls under the “umbrella” of the wider National Water Development Project (NWDP), and whilst not totally clear, the community perspectives appear to be within the NWDP, and therefore not a defined element of this specific project.</p> <p>For example (1.4) <i>“The . . .NWDP . . . based on user preferences, with emphasis placed on transfer of ownership to beneficiaries . . . at agreed to payment by the user community . . .”</i></p> <p>(1.6) <i>“supportive investment programs for rural services derived from village level proposals . . .”</i></p> <p>(2.2) <i>“. . . include an established and justified government policy to provide financial support to the rural communities that inadvertently cannot afford to pay for basic domestic water supply services”</i></p> <p>(6.4.1) <i>“develop . . . plans for community activities in operations and maintenance”</i></p> <p>However, none of these ideas are specifically mentioned as a “project deliverable”.</p>	
How does the TOR deal with tariff structures?	The TOR only state <i>“an appropriate response to the problem”</i>	
What is (or what might be) the Regulatory framework?	The Water Board performance will be monitored by the Government.	
Other features	<p>Expanding upon the ‘project vs programme’ topic, an extract from the TOR reads:</p> <p>The NWDP objectives are <i>“ensure all citizens have . . .and will continue to have convenient access to water . . . for basic needs, have available adequate sanitation, provide such levels of service as the community agree as appropriate for their requirements and for which they confirm their willingness to pay in cash or kind”</i>. This is impressive, but not within the TOR for the project.</p>	

Project / Document 2	Project Two	
Date	May 1996	Halcrow Ref: OFF 2249
Objectives of the Project(TOR)	To modernise the water supply for the five largest cities in the country, and to turn the presently inadequate service into a well-run and self-financing entities To prepare and implement the transition that will involve the private sector.	
Do the TOR discuss expanding coverage or introduce "the poor"?	<p>The TOR states that the "investment programme should ensure the provision of water that meets basic standards of quality and service"</p> <p>However, more noteworthy (13), "<i>the responsibility of the Operator should be clear with respect to areas of each city where the customers have the right to be provided with services with clearly delineate the areas " In addition, the consultant shall "also define the terms and conditions under which new areas which meet the criteria of urbanisation and settlement conditions should be integrated into the initial area of responsibility of the Operator"</i></p> <p>The TOR (13(c)) acknowledge that in the initial period some areas may not be supplied with piped water, but require the consultant to look into alternative or interim measures such as import by trucking, wells or local private operator.</p> <p>TOR (1): "sector characterised by poor coverage" P.S.P. aimed at improving the sector, so this will presumably increase coverage.</p> <p>TOR (13.): "the responsibilities of the Operator should be clear with respect to areas of each city where the consumers have the right to be provided with services".</p> <p>(13e (iii)) Seeking to avoid "excessive prices".</p> <p>(14, 6) Pricing is progressive, ie, the more you use the more you pay</p>	
Do the TOR introduce anything on Community Perspectives/Motivation/ Low Cost Technology etc?	The TOR require the PSP Model to include " <i>opportunities for the participation of the local private sector</i> ", and there are also requirements for the dissemination of information, but there are no specific references to any community perspective or community participation.	
How do the TOR deal with tariff structures?	<p>Under the TOR financial aspects, the consultants will (14) "study each city's present billing and collection procedures and make recommendation" . . . "for an improved tariff structure" " . . . and a tariff policy such that users will meet the full cost of supply".</p> <p>Other financial issues will . ." pay particular attention to include the collectability of the current high levels of accounts receivables . . ."</p> <p>Finally, as part of the bidding document for the Operator, the consultant shall "define the tariff levels, tariff structure and revision tariffs."</p>	
What is (or what might be) the Regulatory framework?	No framework is defined, and hence it is open for proposals.	
Other features	TOR Clause 13 (c) is interesting as it allows for providing different levels of service to areas where " <i>due to various constraints</i> " it may not be possible to provide piped water supplies.	

Project / Document 3	Project Three	
Date	March 1994	Halcrow Ref: OFF 890
Objectives of the Project(TOR)	<p>The TOR have the following key elements:</p> <ol style="list-style-type: none"> 1. The transfer of the water supply and sewerage sectors to the private sector. 2. “. . .apply economic efficiency criteria in the provision of the service as a key element for substantially improving service quality and ensuring investment levels that will permit expansion of coverage” 3. Financial restructuring of WASA 	
Do the TOR discuss expanding coverage or introduce "the poor"?	No mention of "the poor", but it does aim to improve service quality and state that "consumers of the extreme end of the transmission and distribution systems receive an intermittent water supply, or no water at all", so this can be interpreted as expanding the coverage. See also Point No. 2 in previous section.	
Do the TOR introduce anything on Community Perspectives/Motivation/ Low Cost Technology etc?	<p>Not really. Only the use of local employment is mentioned.</p> <p>(5.8) <i>"The consultant will identify and define . . . areas where it would be efficient and cost effective to use local firms . . . "</i></p> <p>The Government is seeking "... a private operation..... to provide water at affordable prices".</p>	
How does the TOR deal with tariff structures?	The document states (5.5(ii)). . . <i>"review the proposed tariff system and the needs for changes, adjustments or provision of more details . . ."</i> , so there is no specific reference to any particular user-group, or the need for cross-subsidence.	
What is (or what might be) the Regulatory framework?	<p>The TOR asks for a new regulatory body to be established . (5.6). . . <i>"the Consultant shall undertake the detailed design of the institutional structure for the sector . . . "</i></p> <p>The TOR also ask for (5.5(iii)) <i>"design institutional framework, identifying possible areas of conflict "</i></p>	
Other features	-	

Project / Document 4	Project Four	
Date	December 1994	Halcrow Ref: OFF 886
Objective of the Project(TOR)	<p>Key items from the TOR are:</p> <ol style="list-style-type: none"> 1. "to promote important institutional changes and significant private sector involvement . ." and (3.0) " . . . ensure sustainability provide necessary managerial, technical and financial capabilities to achieve the required level of service with full cost recovery at affordable prices.." 2. <i>"the proposed institutional arrangement should be replicable and serve as an example of self-financing in the delivery of public services" and also "strengthen the capacity of local institutions"</i> 	
Do the TOR discuss expanding coverage or introduce "the poor"?	No mention of this. See the 'Tariff' section below	
Do the TOR introduce anything on Community Perspectives/Motivation/ Low Cost Technology etc?	No references to this either.	
How does the TOR deal with tariff structures?	The TOR state (8.1) " <i>. . Consultant should review all the pertinent ratios (sales development, connection, production, billing, collection etc) and performance indicators. In particular, the Consultants should review the financial projections including the proposed tariff and consumer ability to pay</i> "	
What is (or what might be) the Regulatory framework?	The new framework will be "the creation of an autonomous water & sewerage authority . . . as operator under a single lease & management contract, but it will not be responsible for any investment."	
Other features	-	

Project / Document 5	Project Five	
Date	May 1996	Halcrow Ref: OFF 2321
Objectives of the Project(TOR)	<p>Key extracts from the TOR are:</p> <p>(2.2) "The objectives are to improve Regional Governments' organisational, financial and technical management of water supply and sanitation operations; to ensure cost recovery and monitor sector performance"</p> <p>(3.0) "<i>The first requirement a strong and independent local decision-making authority . . to organise an adequate development of infrastructure and the second requirement need for reorganising the management of the services in order to reach higher levels of efficiency</i>"</p> <p>Another extract reads (3.0) "<i>The attainment of self-financing is, accordingly, a priority target in a proper reorganisation of primary public utilities</i>"</p>	
Do the TOR discuss expanding coverage or introduce "the poor"?	<p>The fact that the existing water supply and sanitation facilities are in a very poor condition is only briefly mentioned.</p> <p>The proposal includes the production of a customer database</p> <p>(4.4) The Proposal details the "Baseline Study" to look at the socio-economic profiles of the towns, to assist in the development of project elements and to provide the basis for an on-going monitoring system to evaluate the effectiveness of the project (and its socio-economic impact) once it is under implementation.</p> <p>This "Baseline Study" will form the basis of (4.5.2 (6)) "<i>. . . assessing willingness and ability to pay the existing and proposed tariff levels . . .</i>"</p> <p>Other extracts include 4.5.1 (3) "to evaluate the ability and willingness to pay."</p> <p>(4) "to propose new water tariff system..... acceptable to the lowest user groups."</p> <p>4.5.2 (3) "Public Awareness campaign will be important."</p> <p>P.37 "Affordability, ability to pay and impact on low-income households to be examined."</p>	
Do the TOR introduce anything on Community Perspectives/Motivation/Low Cost Technology etc?	<p>The proposal details the participation of counterpart staff in the project and training, but this is different from 'community perspectives'.</p>	
How does the TOR deal with tariff structures?	<p>Comprehensively detailed in (4.5). The object is defined as "<i>alternative tariff structures. . taking into account affordability and future sector investments</i>".</p> <p>(4.5.1 (3)) "<i>evaluate the ability and willingness to pay . . .</i>"</p> <p>(4.5.1 (3)) "<i>propose a new viable tariff system , , , , capable of recovering the present operating expenditures being at the same time acceptable to the lowest income consumers . . .</i>"</p>	
What is (or what might be) the Regulatory framework?	<p>Not described.</p>	

Other features	<p>The proposals for a computerised management and accounting (& billing) system are extensively detailed. The proposals (4.2.5(a) '<i>Revenue collection and debt management</i>') states that work will be undertaken to look at</p> <ul style="list-style-type: none"> ▪ metering and meter reading ▪ methods of collection of charges ▪ powers of debt recovery other than direct payment ▪ systems for reminders, debt age analysis and trends by customer type <p>The work for the new tariff study will be in two parts (Phase 1 = Initial, followed by a Phase 2 = more detailed), as it will need to take into account a second project. An engineering study will run in parallel with this institutional strengthening project and a programme of investment will arise from the engineering study. Once this is known, together with better project information, the initial revised tariffs will be amended in a second, updated, tariff increase.</p>
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Project / Document 6	Project Six	
Date	April 1995	Halcrow Ref: OFF 902
Objectives of the Project(TOR)	<p>Firstly, “. . . to provide all information to choose among the alternative strategies to increase the participation of the private sector in the provision of the water supply and sewerage services . . .”</p> <p>Secondly, “. . .the selection of a strategy. . and the preparation of the bid documents. “</p>	
Do the TOR discuss expanding coverage or introduce "the poor"?	The TOR clearly state that "affordability is a key issue".	
Do the TOR introduce anything on Community Perspectives/Motivation/ Low Cost Technology etc?	No references to these themes.	
How does the TOR deal with tariff structures?	Only a straight-forward reference to “. . . the way tariffs paid by the users and the contractor's compensation will need to be fixed and adjusted”	
What is (or what might be) the Regulatory framework?	-	
Other features	-	

Project / Document 7	Project Seven	
Date	March 1997	Halcrow Ref: OFF 2676
Objectives of the Project(TOR)	This project follows a 1995 study which examined a variety of options for restructuring the water sector in Ghana. This study aimed to improve the efficiency of the water supply sector following a “process to procure PSP in the provision of water supply and sewerage services”	
Do the TOR discuss expanding coverage or introduce "the poor"?	(3.1.4) “The economics of the recommended approaches would be analysed, particularly with respect to it’s impact on the poor and disadvantaged groups, and propose strategies to mitigate the negative impact” (1.4) “Sensitive issues are involved....relating to perceived negative impacts on...customers of GSWC”. Options for expanding coverage are discussed in the proposal document. If a profit-seeking water service is in place, then there will be an incentive to expand coverage. Alternatively, regulatory devices could be introduced to expand coverage.	
Do the TOR introduce anything on Community Perspectives/Motivation/ Low Cost Technology etc?	Reference made to negative impact upon workers and customers, and the development of strategies to alleviate resultant problems. No reference to any "stakeholder participation".	
How does the TOR deal with tariff structures?	The TOR state that the consultants shall consider “...the need for adjustments of the tariff system”. No further references made. The proposal details how the new tariff structure must address the need for substantial investment, but also the need to protect vulnerable groups. It concludes that "ways must be found to ensure that the benefits of reform are shared between poorer and richer groups”.	
What is (or what might be) the Regulatory framework?	Consultants will assist in preparation of regulatory mechanisms and framework (ie a new body will be established).	
Other features	The Consultant is also required to contact potential Operators to obtain an indication of the scale of interest in any subsequent bidding process.	

Project / Document 8	Project Eight	
Date	April 1997	Halcrow Ref: OFF 2757
Objectives of the Project(TOR)	<p>The broad aim of the project is (Point 6) "to prepare a strategy that will enable the Government ... to raise the finance required for an accelerated investment programme and to increase the efficiency with which investments are implemented and operated"</p> <p>The TORs do not hide the fact that the present system is inefficient, has very high UFW, low coverage, is overstaffed and requires substantial new investment.</p>	
Do the TOR discuss expanding coverage or introduce "the poor"?	The TOR detail the low level of water and sewerage coverage. New, ambitious, targets are set.	
Do the TOR introduce anything on Community Perspectives/Motivation/ Low Cost Technology etc?	<p>The TOR require the Consultant to propose new formats of operation, but do not specifically encourage a "participatory approach"</p> <p>Community issues for employment issues are however mentioned</p>	
How does the TOR deal with tariff structures?	<p>The TOR contain the following two statements (39) "Where tariff increases are required, the Consultants should assess the social impact. If tariff increases have an unacceptable impact on low-income groups, offsetting measures should be proposed and costed"</p> <p>(41) When recommending an option, the main selection criteria should be "the impact on consumer tariffs"</p> <p>In addition, the TOR explain that the present tariff system penalises large volume customers (ie industry) who then choose to develop their own, unregulated supplies.</p>	
What is (or what might be) the Regulatory framework?	<p>A new arrangement is sought. Consultants will ".. for each option... propose an appropriate form of regulation", they should also "describe the scope of work of the regulatory body, its legislative underpinning, its financing, and ways in which regulatory autonomy can be assured".</p> <p>The desire for greater PSP is reflected in the TOR, but acknowledgements made that appropriate legal frameworks and new regulation will also be required.</p>	
Other features	-	

Project / Document 9	Project Nine	
Date	January 1999	Halcrow Ref: OFF 4066
Objectives of the Project(TOR)	<p>The project entails the provision of specialist advice and guidance on the "Build-Operate Train and Transfer" (BOTT) style water supply schemes. The work involves:</p> <ul style="list-style-type: none"> - resolving outstanding problems experienced on the existing BOTT contracts - making proposals for and support DWAF staff with the implementation of changes to the existing BOTT contracts to improve performance - propose and develop procedures within the contracts to ensure sustainability of services by the transfer of the operation and maintenance, and cost recovery functions, to local government - make recommendations and provide support for a modified BOTT form of contract (which may include provisions for PPP) - advise on the tendering procedures and provide support in their implementation when the existing contracts end in July 99 - provide advice to the functional Directors in respect of their roles in supporting the BOTT programme, and their other areas of responsibility. 	
Do the TOR discuss expanding coverage or introduce "the poor"?	As background information, the TOR (2.2.4) explain that the Water Services Act, 1997, provides for the "right of access to basic water supply and sanitation" and that (4) "the DfID funded project is intended to support the provision of sustainable water supply and sanitation services to poor and previously disadvantaged South Africans"	
Do the TOR introduce anything on Community Perspectives/Motivation/ Low Cost Technology etc?	There is a desire to decentralise the organisation of water supply and target the funding of small projects. However, there is specific reference to a community-wide "participatory approach".	
How does the TOR deal with tariff structures?	Not readily applicable.	
What is (or what might be) the Regulatory framework?	The Department of Water Affairs and Forestry is responsible for regulating water supplies - Nothing in this project will change this.	
Other features	The project is principally the secondment of staff to provide specialist advice, so not necessarily a "PSP project". However, the guidance / advice could focus or "shape" future policy.	

Project / Document 10	Project Ten	
Date	October 1998	Halcrow Ref: OFF 3918
Objectives of the Project(TOR)	<p>To report on the arrangements under which Lusaka Water and Sewerage Company will work for Lusaka City Council.</p> <p>A concession management contract is envisaged, and the aim of the report is to conclude with the finalised contract terms and conditions.</p>	
Do the TOR discuss expanding coverage or introduce "the poor"?	The report highlights the social aspects of water supply. Revenue collecting is a major problem, but disconnections are not socially or politically acceptable.	
Do the TOR introduce anything on Community Perspectives/Motivation/ Low Cost Technology etc?	Recognition made that certain supply areas are managed by NGOs. A series of recommendations are made for introducing a code of practice for the informal selling of water at standpipes, namely volumetric metering and payment, advertisements detailing prices, arrangements for prosecution of vandals, arrangements for reporting leakage, and setting out how resources will be shared in the event of insufficient supplies.	
How does the TOR deal with tariff structures?	<p>(4.3) "Ability to pay ought to be considered when setting tariffs for water supply."</p> <p>The aim is to gather full cost recovery for both water and sewerage services. The report details how there is a difference in priority between healthy areas and poor areas. Customers in wealthy areas are mainly concerned with water quality, continuity of supply and standards of service. Residents in the poor areas want access to safe water and to obtain enough water.</p> <p>Water tariffs are intended to reflect the service provided to the customers but there is also a social element that should be borne by those who can afford to pay. The tariff structure should be redesigned to ensure full cost recovery for the water service, whilst still allowing the poorer customers an element of subsidy from those better able to pay.</p>	
What is (or what might be) the Regulatory framework?	This planned concession award is being implemented without any competitive bidding. However, recent legislation gave assent to a National Water Supply and Sanitation Council which will be responsible for regulating services. However, it is important that no "conflicts of interest" arise, and that the Council is open and impartial.	
Other features	<p>Licensing of unregulated private boreholes is an important topic as there is no control over abstraction of ground water. (There is for surface water, but not for ground water).</p> <p>Very low billing rate. Very low collection rate.</p> <p>Interesting point that the water company should be made a statutory consultee in all town planning processes.</p>	

Project / Document 11	Project Eleven	
Date	April 1997	Halcrow Ref: OFF 2704
Objectives of the Project(TOR)	<p>The project encompasses the institutional assessment of the NAWASA of Grenada, including a strategic review and an implementation plan.</p> <p>The goal is simply improving the efficiency of water delivery of water and sewerage services in Grenada.</p> <p>Options for privatisation, licensing and contracting out of water supply services are required.</p>	
Do the TOR discuss expanding coverage or introduce "the poor"?	The project is centred on managerial and financial aspects, rather than any technical or customer focus, so no specific reference to any one particular user group.	
Do the TOR introduce anything on Community Perspectives/Motivation/ Low Cost Technology etc?	<p>There is an emphasis is placed upon training of local staff and the involvement of local officials in any restructuring of the Authority.</p> <p>The TORs call for (18) "the development of conclusions, solutions and recommendations should be a collaborative process and ... should command broad support", but this is probably more in relation to 'internal' consultations rather than a community wide approach.</p>	
How does the TOR deal with tariff structures?	<p>The Authority suffers from "financial problems" and there is a desire to "remove the need for Government Subsidy" (3.4).</p> <p>The TOR highlight that poor legislation maker collection of rates and prices difficult, and that a significant number of customers are dissatisfied with the supply, and hence refuse to pay their rates.</p> <p>The TOR call for a review of the structure of tariffs for the different consumer categories.</p>	
What is (or what might be) the Regulatory framework?	The Authority reports to the Government, but the study may recommend alternative arrangements.	
Other features	<p>The water sector is presented as the main "engine for growth" in the national economy, but it is failing to deliver an adequate performance. Rectifying deficiencies is therefore seen as critical, to not only keep pace with an expanding population, but also helping the economy in general.</p> <p>It would appear that external providers have provided sufficient capital assistance for a number of specific projects, but that it is now the weaknesses and constraints in the management and financial planning of the National Authority that now need attention.</p>	

Project / Document 12	Project Twelve	
Date	June 1999	Halcrow Ref: OFF 4400
Objectives of the Project(TOR)	To provide medium term capacity building support to the Public Utilities Commission (PURC). Advising and training of PURC staff to improve their knowledge, skills, and abilities. Organise training sessions, identifying skill gaps and recruiting graduates to fill these positions.	
Do the TOR discuss expanding coverage or introduce "the poor"?	N/A	
Do the TOR introduce anything on Community Perspectives/Motivation/ Low Cost Technology etc?	N/A	
How does the TOR deal with tariff structures?	N/A	
What is (or what might be) the Regulatory framework?	N/A	
Other features	Not applicable as a PSP project, as it's principally a training scheme.	

Project / Document 13	Project Thirteen	
Date	22 June 1999	Halcrow Ref: OFF 4443
Objectives of the Project(TOR)	<p>To provide the Ministry of Housing & Works with technical assistance to formulate plans in a number of critical areas, namely:</p> <p>the development of a national water policy and regulatory framework</p> <p>the assessment of the cost-benefit of a merger between Guyana Water Authority, the Georgetown Sewerage and Water Commissioners;</p> <p>the preparation of a long-term strategic plan for the sector.</p>	
Do the TOR discuss expanding coverage or introduce "the poor"?	<p>The TOR state that "equity considerations are critical to any reform programme"</p> <p>Improvements in the supply of and access to water is an important part of the Governments overall objective of poverty alleviation.</p>	
Do the TOR introduce anything on Community Perspectives/Motivation/Low Cost Technology etc?	<p>Emphasis placed on 'stockholder' participation. All interests to be heard and an overall participatory approach throughout.</p>	
How does the TOR deal with tariff structures?	<p>(2.3.3) "..... there is a need for tariffs to be set to provide for social considerations by ensuring the affordability of water supplies for poorer consumers" and also that "measures to offset the impact of tariff increases for the most vulnerable need to be developed".</p> <p>The aim "is to define an optimum price strategy based on willingness to pay and tariffs required to meet Operation and Maintenance costs.</p>	
What is (or what might be) the Regulatory framework?	<p>Work under the guide of a National Water Policy Framework.</p>	
Other features	<p>The project will encompass an 'Ability and Willingness to Pay' customer survey, together with a report on the findings.</p>	

Project / Document 14	Project Fourteen	
Date	October 1999	Halcrow Ref: OFF 4584
Objectives of the Project(TOR)	<p>The project has defined the following primary goals:</p> <ul style="list-style-type: none"> - to provide fresh impetus to the CMWSSB's work in improving waste and sanitation services in the city - opening up a more informed debate on the reform of the water and sanitation sector in India 	
Do the TOR discuss expanding coverage or introduce "the poor"?	<p>(Intro, P.3): "The team has wide appreciation of needs of poor" and has experience in projects which "aim specifically at enhancing the provision of services to the poor"</p> <p>(P.14): inclusion of a "social issues" is a key part of methodology</p> <p>The needs of the poor are presented as an important consideration in this proposal document.</p>	
Do the TOR introduce anything on Community Perspectives/Motivation/ Low Cost Technology etc?	<p>(P.6): "Consumers make up another key stakeholder group" and there are acknowledgements that to be a successful process, it must engage the "hearts and minds" of people involved.</p> <p>It is however recognised that not all key stakeholders will be identified through the offices of CMWSSO, and hence some "outside" work will be required.</p>	
How does the TOR deal with tariff structures?	<p>The study will determine whether the existing tariff structure does, in practice, provide the cross-subsidy to the poorer members of society and the incentive for conservation.</p>	
What is (or what might be) the Regulatory framework?	<p>CMWSB was established in 1978 with a mandate to provide water supply and sewerage services.</p>	
Other features	<p>Communication plans feature strongly in the proposal, with consideration given to the 'messages', the 'audience', the 'feedback', the media of communication and the timing of the process. Dissemination of information is therefore an important item within the proposal document.</p>	

Project / Document 15	Project Fifteen	
Date	June 1999	Halcrow Ref: OFF 4396
Objectives of the Project(TOR)	The EBRD has highlighted water utilities in selected Polish cities which are being considered for being given EBRD financing. These cities must be ranked and prioritised (i.e. by reference to credit-worthiness and the merits of lending to each city). Thus benchmarking is to be used to give an indication of comparative performance in key areas.	
Do the TOR discuss expanding coverage or introduce "the poor"?	N/A. The project is concerned with collecting information for financial decision making, which in the fullness of time might lead to improved coverage and service.	
Do the TOR introduce anything on Community Perspectives/Motivation/ Low Cost Technology etc?	N/A	
How does the TOR deal with tariff structures?	N/A	
What is (or what might be) the Regulatory framework?	N/A	
Other features	This project highlights the importance of data collection. However, the selection of comparators and the robustness of the data acquisition processes are equally critical, as benchmarking draws upon qualitative and quantitative assessments across all aspects of water supply provisions. Allowances for unique factors are also important.	

Project / Document 16	Project Sixteen	
Date	August 1994	Halcrow Ref: OFF 2750
Objectives of the Project(TOR)	<p>The project calls for consultants to advise and prepare a report on the strategy and implementation programme for a desired privatisation process</p> <p>Overriding objectives for the water supply in Oman include</p> <ul style="list-style-type: none"> ▪ improving production and distribution efficiency (through improved O&M, cost effectiveness, and pricing) ▪ expanding supply of safe water in remote and less developed areas ▪ ensuring that poorer households have access to water supply, and ▪ ensuring sustainability (through cost recovery and better sector management). 	
Do the TOR discuss expanding coverage or introduce "the poor"?	References to poorer households and the less developed regions of the country are included in the TORs, but the project is mostly geared to financial and managerial restructuring. The cost of water as a proportion of low range salaries (and how any increases in rates may not be affordable) is discussed within the proposal.	
Do the TOR introduce anything on Community Perspectives/Motivation/Low Cost Technology etc?	No reference to this.	
How does the TOR deal with tariff structures?	<p>The TOR call for the consultants to "examine tariff levels and propose new tariff structures. . . .", but otherwise there are no firm instructions or guidelines on the matter.</p> <p>The TOR call for a study to compare the cost of water in Oman with other countries (which interestingly is the first time this has appeared in any of the TORs we have studied).</p>	
What is (or what might be) the Regulatory framework?	The consultants shall "... recommend an appropriate... regulatory framework for a selected option"	
Other features		

Project / Document 17	Project Seventeen	
Date	May 1999	Halcrow Ref: OFF 4342
Objectives of the Project(TOR)	<p>This project is almost a research activity in its own right, as it seeks to identify the obstacles and opportunities to introducing PPP into the water sector.</p> <p>DfID recognised that there was a need to prepare a summary of the current status of the water sector, the legal and institutional arrangements and analyse issues surrounding whether or not the services are commercially viable.</p> <p>The identification of obstacles and options for commercialisation and the possible means for promoting PPP was the overall goal.</p>	
Do the TOR discuss expanding coverage or introduce "the poor"?	The consultant's experience in examining readiness and ability to pay, together with the impact on the poor is requested in the TOR.	
Do the TOR introduce anything on Community Perspectives/Motivation/Low Cost Technology etc?	Not mentioned	
How does the TOR deal with tariff structures?	<p>In the NIS there is often cross-subsidisation, with households paying tariffs, but at below cost-recovery levels.</p> <p>The TOR call for the "analysis of the potential and options for the increase of tariffs ..." but "... at the same time, affordability and ability of different customers to pay should be examined".</p> <p>The extent to which "...poorer people may be affected by tariff increases associated with commercialising water services" has to be investigated.</p>	
What is (or what might be) the Regulatory framework?	The TOR give the impression that the Authorities have a great desire to move away from ownership of the utilities, to being Regulatory bodies.	
Other features	<p>The project has to investigate the whole range of water infrastructure problems, which together with the majority of developing countries, include</p> <ul style="list-style-type: none"> ▪ inadequate financial and legal frameworks ▪ emphasis on capital development at the expense of maintenance ▪ deteriorating assets ▪ poor management practices ▪ non cost recovery ▪ cross subsidisation of tariffs ▪ inequitable distribution 	

Project / Document 18	Project Eighteen	
Date	July 1996	Halcrow Ref: OFF 2442
Objectives of the Project(TOR)	The purpose of the project is to examine the existing situation surrounding the sector, and to consider and recommend ways of restructuring the sector within the State to allow, where appropriate, increased PSP.	
Do the TOR discuss expanding coverage or introduce "the poor"?	<p>A key driving force behind the encouragement of PSP in Brazil is to expand coverage and to "further extend the service to the whole population"</p> <p>The TORs detail that "regulation may be used to ensure that all customers, even the poorest and most vulnerable, can afford enough water to meet their basic needs". Consultants are required to pay particular attention to protecting vulnerable groups and to finding ways that ensure benefits are shared by all parties.</p> <p>The objective to expand coverage may require regulation as the Government wishes coverage to be expanded in uneconomic areas, but specifies that this is to be financed by cross-subsidy from existing users.</p>	
Do the TOR introduce anything on Community Perspectives/Motivation/ Low Cost Technology etc?	<p>The Consultants must "aim to involve all those affected, especially when considering regulation". The proposal details the ideas for consumer and community participation, through customer service committees, market surveys, and public hearings.</p> <p>Furthermore, the proposal states that "ways will need to be found to bring in the opinions of customers who are illiterate, or in other ways disadvantaged in the conventional formal settings, and an identification process will be undertaken to see if there are existing consumer / community groups which could provide the required input."</p> <p>(Note: this is the first specific reference to this issue highlighted in any of the TORs we have studied).</p>	
How does the TOR deal with tariff structures?	The TORs do not describe the tariff requirements in any detail. The tariff setting is presently the responsibility of the States, but it is unclear how this will change.	
What is (or what might be) the Regulatory framework?	A new framework is being called for, so "open for ideas".	
Other features		

Project / Document 19	Project Nineteen	
Date	November 1999	Halcrow Ref: n/a
Objectives of the Project(TOR)	<p>The Government of Sri Lanka (GOSL) has decided to explore all possible ways of expanding the water sector and has assigned the highest priority to the matter. There are a number of “driving forces” and the objectives of the assignment are to:</p> <p>assist the GOSL to decide the most appropriate PSP strategy for the Greater Negombo Area Water Supply (plus other areas)</p> <p>help the GOSL structure feasible approaches to augment the water supply . . . based on the recommended PSP strategy</p> <p>prepare documentation for a transaction to be implemented with the participation of the private sector.</p>	
Do the TOR discuss expanding coverage or introduce "the pool"?	<p>“The GOSL has decided to explore all possible ways of expanding the sector...on a top priority basis”.</p> <p>Present access to safe water is 66% (but only 30% have piped water supplies) and the target is to gain 100% coverage by the year 2010. (Note, if this is expanding the 66% “safe access” to 100% by 2010, then this is a 4% per annum compound increase . . . but if it is for the 30% piped water supply, then it is a 13 per annum compound increase).</p> <p>The TOR call for “an evaluation of the chosen PSP approach”, and to check that the chosen PSP approach would be beneficial for the GOSL from social welfare viewpoints”</p> <p>One of the GOSL’s key objectives is “Safe Water for All Residents by 2010”</p>	
Do the TOR introduce anything on Community Perspectives/Motivation/Low Cost Technology etc?	<p>The TOR do not call for any “community participation”. References to ‘stakeholder workshops’ only appear to concern Government organisations.</p> <p>The TORs do however call for investigations of the “likely impact on employment levels across each job category” following-on from any restructuring exercise.</p>	
How does the TOR deal with tariff structures?	<p>The TORs call for the “design of an acceptable, but economically driven, tariff structure and a transparent system for tariff evolution and tariff revision”</p> <p>There is recognition of the need to not over-charge, but this does not appear to be a main consideration, as there is a belief that tariffs are already low.</p> <p>In addition, “report on . . . immediate and future tariff structures and tariff levels within the context of affordability by various consumer segments”</p>	
What is (or what might be) the Regulatory framework?	This will be recommended by the Consultants as part of the chosen PSP approach	
Other features		

Project / Document	Project Twenty	
Date	December 1999	Halcrow Ref: n/a
Objectives of the Project(TOR)	<p>The Department of Environment, Transport and the Regions (DETR) introduced these new regulations on the 23rd Dec. 1999 to protect vulnerable groups in society. They come into effect on 1st April 2000, which is the start of the new charging year for the UK water companies.</p> <p>The water companies are now required to introduce a special tariff for certain pre-determined groups of people.</p> <p>The tariff will be no greater than the average household bill. It will be calculated from lowest of either the average household bill or the standard measure tariff, rounded down to the nearest £5.</p> <p>For example, North West's average household bill in 2000/01 is £103, the vulnerable group tariff will therefore be £100. The special tariff only applies to customers living in England.</p> <p>In order to qualify for the special tariff customers must have 3 or more children, or suffer from a medical condition that requires a higher than average consumption of water. The Vulnerable Group Tariff may only be applied to those consumers in receipt of a measured supply of water.</p> <p>The Government will continue to review the scheme, and is ready to introduce amendments if customers are facing extreme hardship.</p> <p>The interesting aspect of this new regulatory measure it that it has taken over 12 years for the regulated / privatised UK water industry to introduce such "social measures"</p>	
Do the TOR discuss expanding coverage or introduce "the poor"?		
Do the TOR introduce anything on Community Perspectives/Motivation/ Low Cost Technology etc?		
How does the TOR deal with tariff structures?		
What is (or what might be) the Regulatory framework?		
Other features		

