Public-Private Partnerships

Project: Public-Private Partnerships for Urban Environment (PPPUE)

Background
Nepal’s 58 municipal authorities struggle to provide their rapidly growing populations with clean drinking water, waste disposal, sanitation and other services. In towns and cities around the world public-private partnership (PPPs) provide a sustainable way of improving access to services. These partnerships bring together the strengths of the private sector (innovation, technological knowledge, managerial efficiency and entrepreneurial spirit) with the social responsibility, public accountability and local knowledge of the public sector and civil society. A key rationale behind public-private partnerships is that businesses often provide services more efficiently than the public sector.

The project
Since 2002, UNDP has worked with the Ministry of Local Development, municipalities and the private sector (FNCCI and district and city chambers of commerce) under the Public-Private Partnerships for Urban Environment (PPPUE) project to build an enabling policy environment and the human resources to implement public-private partnerships. Such partnerships involve municipalities facilitating private businesses, NGOs and communities to provide services. In 2010 new funding from the Asian Development Bank and AusAID enabled the project to extend to four of Nepal’s quickest growing municipalities — Butwal, Birgunj, Dhangadhi and Dharan.

Enabling environment
Considerable progress has been made on creating an enabling environment to increase community and private sector participation in providing urban services. The project’s support to the Government to improve the policy, legal and regulatory environment has seen the Government adopt PPPs as an alternative way of building local infrastructure and providing services. The project’s advocacy work and support has led to ministries, the FNCCI, MuAN, the partner municipalities and local chambers of commerce setting up PPP units. Another important development was the establishment of a National PPP Coordination Committee in 2006 in the Ministry of Local Development.

Capacity building
The project has trained more than 4,000 persons on managing and running PPPs:
- Municipality staff have learned from developing new PPP projects (see below) by preparing contracts and carrying out feasibility studies on proposed projects.
- Local entrepreneurs have been trained to prepare PPP project proposals and business plans and to mediate in PPP disputes.
- Representatives from neighbourhood user committees have been trained on implementing small works contracts so as local communities can benefit directly as an alternative to work being given to conventional larger contractors.

The project has paved the way for the wider training of government personnel and the municipality staff by supporting the training institutes for civil servants and local government staff to include public-private partnerships in their curricula. This enables trainees to oversee the implementation of PPPs and mediate in disputes.

Demonstration projects
The project has supported its partner municipalities to implement 88 PPP projects to demonstrate this way of providing services and developing infrastructure. Most
of the projects in 2010 and 2011 are in the four new partner municipalities for solid waste management, mobile toilets, sewage-attached biogas, solar street lighting, the management of recreational areas and a market, and for building and operating slaughterhouses. Many of these have gone ahead after the project supported feasibility studies. Two such studies have recently been carried out on a multipurpose building complex in Nepalgunj and a common treatment facility for hazardous medical waste for Pokhara’s hospitals.

Three of the most promising services for management under PPPs are municipal waste, solar street lighting (see right) and slaughterhouses. The project’s piloting of PPPs for running slaughterhouses in three municipalities has led to the Government allocating funds in 2011/12 to build 12 slaughter sheds in the Kathmandu Valley to be operated by cooperatives. This is an important initiative given that previously buffaloes and other livestock have been slaughtered in unhygienic wasteland areas. The Kathmandu pilot PPP was in partnership with UN Habitat and WaterAid.

Most of these initiatives are improving the urban environment and services for urban dwellers as well as providing new employment. Whilst doing this the involved municipalities, service providers, small businesses, informal private entrepreneurs and community members learn many important lessons about how to manage PPPs. Also, United Nations volunteers have been posted in 25 municipalities as dedicated support to manage and facilitate projects, track the services provided and disseminate the PPP model. They work alongside PPP focal persons in the municipalities and chambers of commerce.

Managing solid waste through public private partnerships

Since 2004, PPPUE has helped its partner municipalities work with the private sector to manage their growing amounts of solid waste. The first initiative in 2005/06 saw the programme helping Biratnagar Sub-Metropolitan City carry out a feasibility study on managing its waste under PPP arrangements. This project serves as a model for other waste management projects in Dhangadhi, Birgunj and other partner municipalities.

A private operator is now responsible for collecting the waste from Biratnagar’s streets, commercial areas and households. Small businesses pay a monthly charge of 1,000-2,000 rupees and the 1,300 households pay 100-300 rupees per month. Households are provided with separate buckets for bio-degradable and non-biodegradable waste to facilitate composting and recycling and tol-e lane organizations assist the operator to collect fees. The municipal authority and local residents are very pleased with this service that has led to a much cleaner environment.

Promoting national PPPs

Up to now most experience on implementing PPPs has accumulated at the municipal level. There is now a great need to extend these experiences to the central level to give an impetus to large-scale PPPs. PPPUE support has enabled the National Planning Commission (NPC) to produce a white paper on PPPs. This important document was published in 2011 and explains the large potential of PPPs, presents a road map for promoting PPPs and identifies the following priority sectors:

- Physical infrastructure and transportation (roads, bridges, ports of all types)
- Energy sector: large hydro-power, rural energy and renewable energy
- Information and communication sector
- Environment sector: solid waste management and water and sanitation
- Basic services: health and education.

This work was used by the NPC to produce parts of the National Three Year Plan (2010/11–2012/13), which identifies PPPs as a way of implementing development programmes particularly for physical infrastructure improvements. It has also led to the Asian Development Bank assisting the NPC to establish a PPP centre — a key initiative for promoting PPPs.

Importance for achieving the MDGs

The number of the urban poor is increasing as more and more Nepalis move from the country to the town. The project is contributing towards MDG Target 11 of “achieving by 2020 a significant improvement in the lives of at least 100 million slum dwellers.” This target defines slum dwellers as people who live in substandard dwellings without proper access to water and other basic facilities. PPPs provide a very suitable mechanism for improving access to services in the increasingly crowded towns and cities as well as for building the much-needed new infrastructure for economic development.

Solar street lighting in Butwal

The installation of solar lighting in Butwal’s central business area has allowed the shops of this busy municipality to open later, which in turn has boosted business. Previously, the long hours of load shedding and the disadvantages of noisy generators meant that shops often had to close early.

This project has gone ahead as a multi-faceted partnership with the municipality and its PPP committee installing the lights and bringing partners together, the municipality and local businesses monitoring the scheme and a private operator responsible for operation and maintenance over five years in return for a fee. PPPUE has provided expert advice and a seed grant whilst the Alternative Energy Promotion Centre (AEPC) has assisted with technical support. This project has also led to the government, through AEPC, committing funds to install solar street lighting across the whole of Butwal city.