Private Sector Collaboration in Sustainable Development

Experiences from Asia and the Pacific
Acknowledgements

Fostering private sector engagement and public private partnerships (PPP) for Sustainable Human Development is one of the priorities of the Knowledge, Innovation and Capacity Group (KICG) of the UNDP Asia Pacific Regional Centre in Bangkok.

In view of the increasing relevance of non state actors and the private sector in the region, not only in terms of economic growth, but also in sustainable development; the KICG, in collaboration with national and local governments, civil society organisations and the private sector; has been engaged in the development of policy, partnership and capacities for PPPs, with a particular focus on service delivery.

This booklet presents the context of PPP for sustainable development in Asia and the Pacific with illustrative good practice examples from three countries: Bhutan, Nepal, and Maldives. We hope that it will help strengthen the policy advocacy efforts on the issue and facilitate South-South learning.

The KICG would like to thank Pramod Kumar (independent consultant), Diana Brandes-van Dorresteijn (Regional Programme Specialist Public Private Partnership for Service Delivery) and Li Zhou (Programme Officer Public Private Partnership for Service Delivery) for writing this document and Jayne Musumba (KICG's Global Knowledge Management Specialist) and Peter van der Pol (KICG's National Implementation Capacity Advisor) for their review. Additional contributions were received from UNDP Country Offices from around the Asia Pacific region.
Introduction: Learning from the Rio+20 Summit

Capacity development and public private partnerships are among the critical issues that the Rio+20 Summit\(^1\) has emphasised as crucial to achieving sustainable development. As reflected in the outcome document of the Summit, *The Future We Want*, there is increasing political consensus among world leaders that sustainable development is not just about poverty reduction and closing the gap between the developed and developing countries; but achieving all-round progress that addresses the economic, social and environmental concerns of communities and nations.

The debates around the Millennium Development Goals (MDGs) as well as the post-2015 development agenda also reflect this need for an integrated and multi-sectoral approach to sustainable development, which requires concerted efforts not just by national governments, but also by several other stakeholders including the private sector.

Additionally, achievements of sustainable development goals and the MDGs, are best measured and are the most relevant at local levels as national averages conceal the development-mismatch between different regions of the country and slower progress in certain parts of a country.

In Asia and the Pacific, efforts towards sustainable development, including progress on the MDGs, face complex challenges from rapid urbanisation: by 2026, half of the region’s population will live in urban areas\(^2\) and within the region, East Asia will witness the fastest rate of urbanisation, followed by South Asia and the Pacific.\(^3\)

Urban poor, service-delivery and inadequate capacity

The demographic transition and unequal economic growth in the countries of the region have outpaced the supply and access of millions of urban poor to adequate housing, water and sanitation, environmental services, and social infrastructure. Nearly half of the world’s population that lives in informal settlements, an estimated 500 million people, are from the Asia-Pacific region.\(^4\) High rates of urban poverty, deprivation and poor service-delivery prevailing in the region may retard the progress towards the MDG target of improving the lives of at least 100 million slum-dwellers by 2020, among others.\(^5\)

In recognition of these challenges, capacity building is a key component to improve development outcomes. Capacity building is one of five “means of implementation” of the Rio+20 Outcomes Document *The Future We Want*.\(^6\) This includes strengthening institutional, planning, management and monitoring capacities at both the individual level (human resources) and organizational level (institutional capacity). Additionally, the Outcomes Document also called for the United Nations system to support capacity building through “promoting public-private partnerships”.\(^7\)
**Collaborative capacities and public private partnerships**

Although UNDP’s primary partners are governments, there is much untapped collaborative capacities beyond the public sector that could help accelerate sustainable development and progress on MDGs. Harnessing these capacities requires partnerships among various stakeholders, including public, private, the NGO sectors and the informal sector, in which participants agree to work together to achieve a common purpose while sharing responsibilities, risks, resources and benefits.

Such a collaborative interface is broadly referred to as Public Private Partnerships (PPPs). In simple terms, PPPs are multi-stakeholder approaches that bring together partners from different sectors with strong interest in sustainable development for common public goods. PPPs also enable partners to take up different roles, responsibilities, and joint arrangements.

PPPs have proven to be remarkably successful in accelerating progress in areas such as service delivery, environmental management, inclusive business and value chain programming. They also open up avenues for further learning, innovation, knowledge diffusion and scaling up.

The private sector has been acknowledged for its key role in the economic growth in some of the least developed countries in the Asia-Pacific region, therefore directly contributing to poverty reduction and expanding access to services and commodities. However, it is under increasing pressure to internalize social and environmental externalities and to operate in ways that will protect the environment and communities.

At the same time, the sustainability of business operations is increasingly under pressure due to factors such as political instability, regulatory uncertainty, decreasing access to natural resources that possibly resulted from unsustainable management, inadequately skill-pools and social unrest. In part, these business risks arise from the notion that private sector does not contribute sufficiently to producing public goods and common benefits beyond the interests of the shareholders and the management. In addition, they are also often accused of appropriating public resources. These dynamics not only create challenges to sustainable business operations, but also create a dichotomy between ‘development-minded’ and ‘business-minded’ views. The polarization of these viewpoints in turn hinders possible dialogues and exploration of collaboration among the private and public sectors, and civil society.

Inclusive business practices and corporate social responsibility (CSR) are some the strategies used to better address external risks, become more resource efficient and fulfill environmental and social obligations and regulations. Many large companies and well-known brands already recognize the strategic relevance of integrating sustainable development into their core business strategies and across their business practices. These business strategies also aim contributing to poverty reduction and expanding access to services and commodities. However, it is under increasing pressure to internalize social and environmental externalities and to operate in ways that will protect the environment and communities.

* A disclaimer: Capacity Development for Sustainable development is not simply a function of collaborative capacities. Successful management of the Sustainable Development regime will rely on a number of other management changes e.g. managing risk through strengthening country systems such as procurement or cultivating change champions through leadership development. Some of these have been covered in UNDP CDG’s Issue Brief: Implementing Rio+20: The Unfinished Capacity Agenda. This paper focuses more readily the issue of collaborative capacities as a pathway into the supporting SD. With reference to the internal draft submission to the Rio+20 taskforce on Collaborative Capacities as a pathway to Capacity Development for Sustainable Development by Nils Boesen, Niloy Banerjee & Diana Brandes, Capacity Development Group, UNDP, 2012.
private sector collaboration in sustainable development: experiences from Asia and the Pacific

To ensure that the private sector contributes to achieving longer-term development goals in an inclusive and equitable manner without compromising environmental sustainability. However, to date most of the engagement between the development sector and business on sustainable development have been limited to specific projects, which are relatively limited in scope and scale.

PPPs and service delivery – pathways to sustainable development

PPPs often emerge as possible solutions to crises in service delivery and create the necessary impetus for appropriate action. Political support, appropriate incentives and social acceptance of private sector involvement are vital since successful PPPs depend on the actual performance and quality of services delivered at reasonable cost. Therefore, mechanisms need to be developed for accountability of service delivery to the customers with partnerships that build on, and build up, equity, transparency and mutual benefits.

Conversely, private interests had expected to see the role of public investments as essentially catalyzing forces to enhance the reach and value proposition of their investments. Not all private sector interests are necessarily for profit. Private sector stakeholders will frequently join social initiatives for enhancing brand equity, goodwill and the ability to attract better talent.

Market-driven private sector participation may not always balance economic efficiency, social equity and environmental concerns. Locally piloted PPP approaches have demonstrated that specific efforts are required to align with the realities of the poor and the existing capacities of the local governments, municipalities and communities. Such local situations often call for a strategic focus on small-scale private partners including the informal sector.

Partnerships and collaborative relationships often deliver critical benefits to women. For example, majority of the beneficiaries of two PPP initiatives that UNDP facilitated in Pakistan - in garments and livestock/dairy sector - were women. In the first phase of a training programme for garment workers implemented in partnership with the private sector since 2006, 70 per cent of the 14,000 beneficiaries were women. The second phase of the programme will see more women participants. In another project, implemented in partnership with the private sector and a university, about 5000 rural women have been trained not only in modern livestock and dairy development, but also in basic veterinary techniques. The project saw women in many lead roles – some as village milk collection agents and some delivering veterinary services.

Developing capacities for implementing PPPs can therefore contribute to a number of objectives and provide a powerful pathway to sustainable development.

- UNDP’s Knowledge Innovation and Capacity Group (KICG) is a practical solution provider. KICG develops practical approaches on how development challenges and opportunities can be tackled. Key activities of the KICG team include: research to find out what works and what do not; technical support to UNDP country offices and national and provincial governments; facilitating partnerships between government and non-government actors; and contribution to global debates and South-South learning.

- The UNDP KICG team also designs ways on how development challenges and opportunities can be tackled through knowledge, capacity development, innovation and partnerships. The team works with national and local governments and a wide range of state and non-state partners. Fostering PPP for sustainable development and improving service delivery is one of the priorities of KICG.
Modes of partnerships

PPPs can include a broad range of partnership engagements (based on a written agreement which may involve the exchange of resources) and collaborative relationships (based on an informal agreement without involving transfer of resources), both of which evolve over time. Some relationships start as or develop into formal partnerships while others remain informal. Even when partnerships and collaborative contractual arrangements are commercial, there can be an effective delivery of services or provision of goods under appropriate policy and regulatory frameworks. Partnerships facilitate to connect across actors: national governments, scientific and research communities, urban authorities, local governments, private sector and civil society, and various combinations of these to harness synergies.

PUBLIC PRIVATE, PUBLIC COMMUNITY, PRIVATE PRIVATE PARTNERSHIPS ADD VALUE WHEN THERE ARE CLEAR POLITICAL AND FINANCIAL INCENTIVES TO PURSUE THEM FOR BOTH SIDES, WITH A DEMONSTRATED IMPACT AT THE END.

UNDP as a facilitator of PPP

UNDP’s approach has a strong emphasis on Sustainability: we look closely at how the role of private sector and civil society is reflected in, and contributes to national strategies. UNDP supports alternative service delivery approaches, across sectors and themes that complement the efforts of governments by harnessing the comparative advantages of both state and non-state actors including the informal sector. The overall focus is to advance MDGs and bring about sustainable development results with particular focus on improving service delivery, local economic development, women’s empowerment, environmental management, inclusive business and value chain programming.

UNDP supports development of collaborative capacities through providing advice on policies, regulatory frameworks, contractual arrangements, and governance mechanisms for PPPs; strengthening institutional arrangements and leadership capacity; organisational development; fostering innovation; and facilitating knowledge-sharing through for example, community of practices.

UNDP’s role in this space is often that of an independent broker/facilitator and trainer for collaboration, change management and capacity development. This function is essential in many contexts and it enables multiple actors from across sectors to be good partners and participants because of strengthened collaborative capacities. For instance, with national and local partners, UNDP plays a facilitator’s role in the Cambodia green economy roadmap and the MDG3 acceleration plans that emphasize partnership development.

UNDP’s role

UNDP supports development of collaborative capacities through:

- Providing advice on development of mandates, policies, regulations and governance mechanisms that establish and facilitate (Pro Poor) Public Private, Public Community, Private Private Partnerships
- Strengthening institutional arrangements, e.g. structural design, processes, roles and responsibilities (across ministries, sectors, programmes)
- Strengthening leadership’s ability to support policy-making, resource management and implementation; enhancing “soft” skills needed for partnering, consensus building, etc.
- Facilitating knowledge-sharing, particularly through the use of Public Private Dialogue mechanisms, emerging technologies and social media

And further through:

- Advisory and policy support to national and sub-national institutions
- Organisational Strengthening of provincial and municipal governments, private sector, civil society, small-scale private sector operators, user groups, youth and women organizations as well as medium sized and micro level women-led and/or owned enterprises and communities, including the informal sector
- Institutionalized PPP dialogue mechanisms at both the national as well as the local level
- Design and implementation of PPP arrangements
- Design/reform and wider awareness of local level regulatory frameworks for PPPs in service delivery sectors
- Strengthening inclusion and participation of the informal sector and their institutions in decision making processes and prioritization of services delivery
- Support Knowledge brokering and diffusion and Innovation
UNDP helps the private sector leverage its financial and professional resources to move beyond philanthropy towards a more sustainable approach to reaching out to the poor, and to support sustainable development. It is one of the key mechanisms to translate the UN Global Compact, a framework for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption, into concrete actions. By partnering with a highly-networked, partnership-based, and globally trusted organization such as the UNDP, with its extensive knowledge and experience in addressing development challenges around the world, the private sector can ensure that its commitment to sustainable development is translated into effective and appropriate action.

**Sustainable Development and PPPs in Action - Snapshots from the region**

In Bhutan, UNDP is engaged in designing and piloting a successful model of PPP for sustainable waste management in the national capital of Thimphu. Implemented by the Thimphu Thromde, the project has converted the challenge of garbage disposal that the city faced into multiple sustainable business enterprises. Through segregation of waste at source, composting of bio-waste, recycling, appropriate transportation and bare essential land filling, the PPP initiative has perfected a replicable model. The city is now managing about 50 tonnes of waste a day. Instead of “outsourcing” the garbage to private companies, the partnership has been able to generate resources for running the project from the garbage itself (see Case Study A).

The initiative to provide self-funding public toilets at strategic locations is an excellent example of PPP facilitated by UNDP in Nepal. These facilities are run by young people from disadvantaged communities and women. The experience in Nepal showed the transformation of the government’s role from that of a direct service provider to a regulator, which facilitates the support of the private sector in delivering local services. It has also led to the emergence of a tripartite partnership between the government, the private sector (including both formal and informal sectors) and civil society (see Case Study B).

In Samoa, the UNDP-government-private sector partnership has helped expansion of the tourism industry through strengthening capacity. Given the primacy of tourism in the island’s economy, the focus has been to expand market access across the world, thereby improving employment opportunities at home. In Pakistan, UNDP has supported a PPP initiative that employed about 5000 women in livestock and dairy development in partnership with DFID, NESTLE and ANGRO.

In Maldives, UNDP supports the government in strengthening partnerships that focus on women’s empowerment through a programme called “Partnering for Development.” The efforts are to create a policy framework and develop avenues for PPP (see Case Study C). In Indonesia, UNDP is helping the local governments to identify areas of collaboration and partners, and provide technical support. It is also involved in the development of new guidelines for PPP, particularly in service delivery.

Recently, countries such as Afghanistan, Fiji, Mongolia, Iran, Indonesia, Thailand, Myanmar and Viet Nam, Cambodia and several Pacific Island States have also formulated projects related to urban development, climate change and (women’s) economic empowerment all of which include strong partnership components.

**Mechanisms for accountability and inclusion**

Successful PPPs depend on the actual performance and quality of services delivered at reasonable cost. Mechanisms therefore need to be developed for accountability of service delivery to the customers with partnerships that build on, and build up, equity, transparency and mutual benefits. Specific efforts are also required to align PPP services with the realities of the poor as well as with the existing capacities of the often institutionally weak local governments and municipalities. Conversely, private interests see the role of public investments as essentially catalyzing forces to enhance the reach and value proposition of private capital. For such partnerships to work, however, it is critical to better advocate that not all private sector interests are solely profiteering in nature and that they are also linked with social initiatives for enhancing reputational equity and brand value, the ability to attract talent and indeed the larger ‘good’.

Services delivered through partnerships need to be based on an adequate understanding of how service delivery (improvements) can be designed to not only increase business efficiency and effectiveness but (in addition) to benefit the poor and to ensure gender equity. Partnerships using, for example, demand-led or community-driven service delivery, with community participation in planning, implementation and management of services and infrastructure is advantageous for increasing service sustainability and user benefits. It also promotes transparency and mutual accountability, and builds social capital by empowering individuals and groups to participate and to eventually lead their own development.
UNDP and partnerships
- Technical support to governments on legislation, policies, regulation and governance mechanisms
- Strengthening institutional arrangements and organisational capacities
- Strengthening leadership
- Knowledge-sharing, Community of Practice, Innovation & multi-stakeholder dialogues

Such a community inclusive approach also creates a stable social environment for operation of the partnership and business, which in turn lowers business risks and potentially increases profit margins and share values.

UNDP’s comparative advantage
UNDP and their partners can bring to this agenda practical concepts, tools and methodologies for partnerships across governments, business, NGOs, academia and communities for service delivery; participatory processes to shift focus from symptoms to systems; identification of needs/goals, design interventions; and embedding action, learning and thinking into these approaches.

Over the past decade, globally, UNDP have developed a systematic approach towards capacity development for pro-poor PPP policing, programming and implementation. It has been and will continue to be constantly improved upon using user feedback and emerging knowledge and experiences, often through regional learning events and South South exchanges.

While the overall institutional framework for sustainable development and PPP is somewhat in place in most Asia Pacific countries, institutional strengthening and organisational development will remain a continuous process as development circumstances and needs evolve, and new methodologies and practices emerge.

Institutional development and the management of inclusive innovation processes with the private sector will have to be pursued at all levels with particular emphasis on local government institutions, and their partners, to enable them to bring about direct social, economic and environmental benefits to the grassroots. This will augment the progress of strengthening local governments and decentralization processes initiated in many countries of Asia and the Pacific.
Two years ago, garbage was one of the biggest civic challenges of the Thimphu Thromde in Bhutan. Lack of a sustainable municipal waste management strategy, poor civic sense among people, inadequate legal tools, and inefficient service delivery had left the civic authorities with the most primitive form of garbage disposal - collect, transport and dump.

The Thimphu Thromde had to collect about 50 tonnes of solid waste from different parts of the city every day and dump it at Thimphu’s only landfill at Memelakha, which was overflowing and polluting its surroundings. Unable to find any more space at Memelakha, the Thimphu Thromde was desperate to identify another landfill to dump the mounting waste.

Since there was no practice of segregation of biodegradable and non-biodegradable materials from the garbage before it is dumped, informal scrap dealers scavenged the landfill everyday and recovered some part of the waste that could be recycled. The city’s open spaces, areas near the landfill and even some water bodies had been littered with garbage. One of the biggest pollutants of the valley was pet bottles, which were seen clogging the drainage system and scattered on the streets.

The problem was that there was no integrated system for sustainable solid waste management.

But that is not any more.

Thimphu Thromde, with its partners is moving towards an integrated sustainable waste management (ISWM) system. With the enforcement of the waste prevention and management regulations (2012), the city’s streets are cleaner and Thimphu Thromde is on its way to modern garbage management. It is not the collect-transport-and-dump routine any more. Instead, it is about segregation, reuse, recycling, and dumping only what is absolutely unusable.

The pressure on Memelakha has substantially eased after the rehabilitation work to convert it into a semi-sanitary landfill and also due to the recycling initiatives taken by the informal sectors. The TT is now on its way to achieve a waste management model that pays for itself. Pet bottles, which were considered to be of no value till a few years ago, have become a real money-spinner.

This dramatic transformation, that is vital to an ecologically sensitive Thimphu of about 120,000 people, has been brought about by a Public Private Partnership (PPP) initiative of UNDP, the Dutch NGO WASTE Advisers on Urban Environment, Thimphu Thromde, Royal Society for Protection of Nature (RSPN, local environmental NGO) and local private companies, often young entrepreneurs.

Launched in 2010 with financial support from the Dutch government, the initiative aimed to stimulate improved cooperation between public, private and civil society actors that contributed to sustainable solid waste management; minimise the impact of waste on poor communities; and improve the lives and livelihoods of people and enterprises.

**The lessons learned - how did it work?**

Fundamental to the success to the project was its integrated approach and partnerships. The groundwork was raising awareness among the people on the environmental hazards of improper waste management and the need to segregate at source and recycle. It was followed up with putting in place systems that adopted right methods and processes for collection, transport and treatment of both biodegradable and non-bio degradable materials.

UNDP facilitated the process, supported a municipal wide capacity assessment and designed a capacity development roadmap that brought partners (including other development partners) together: technical support came from WASTE and private companies while the TT provided the overall municipal infrastructure and its personnel. The project was implemented on a daily basis by TT with day-day to backstopping from UNDP’s country office as well its regional office.

Today, the buildings in the four pilot areas of the city are given two types of garbage bins at subsidised rates: green for biodegradable waste and grey, for non-bio degradable waste. Thanks to the continuous awareness programmes in partnership in local NGOs and door-to-door communications, the residents know how to segregate the waste.

The municipal trucks collect the segregated garbage door-to-door and send the biodegradable waste to a facility for composting and producing manure. The non-biodegradable materials are sold to local private companies for recycling. The aim of the project is to send only 20 per cent of the city’s waste into the landfill and recycle everything else once the project is scaled up across the entire city.
About 49 percent of the total waste of the city is organic that can be composted. Out of the rest, 25.3 percent is paper, 13.7 percent plastics, and 3.6 percent glasses – all of which can be recycled.

The most interesting turn-around has been the management of PET bottles. In the past, they littered the entire valley and the local scrap dealers were not interested to collect them since they were considered a low value waste. With very little investment (about Rs. 1 million), an innovative PPP arrangement between TT and Greener Way, a local private company, has dramatically transformed the PET bottle management.

Today, PET bottle waste is a source of revenue for the private company as well as source of livelihood for many poor sections of society. The Thimphu Thromde is also earning some income through the lease of land. Through this initiative, Greener Way has been able to collect and sell significant quantities of recyclable materials every month: about a million PET bottles, weighing 20-22 tonnes; 18-20 tonnes of mixed-waste; and 40-45 tonnes of paper-waste.

Although the project has been implemented with grant support from UNDP (with TT co-financing), authorities are optimistic that it will pay for itself in future while keeping Thimphu and its environment clean and its people healthy. The city residents will have to pay a small user-fee for the waste disposal service since the government is completely subsiding the service at the moment.

The project had the right ingredients for a successful PPP initiative: right partnerships (local authorities, NGOs, formal and informal private sector, UNDP, WASTE and service users) right technology (WASTE and the private sector) and a systematic implementation (UNDP, TT, WASTE and the private sector) of the most appropriate strategy.
**CASE STUDY B**

**PPPs transforming the service delivery landscape**

**Nepal**

Faced with a swelling urban population (4.7 percent growth per year) and strained technical and financial resources, Nepal’s municipal governments have been under severe stress in providing civic amenities to people. With very limited options, even basic services such as drinking water, sanitation, street lighting and waste management have become a major challenge to government authorities. Lack of resources and low capacities to designing Public-Private Partnerships (PPP) regulatory frameworks and developing viable partnership arrangements with non-state actors constrain municipalities to respond adequately to the rising demand for services. In 2001, The Government of Nepal with the support of UNDP, embarked on exploring alternative municipal service delivery, and identified pro-poor PPP have proven to be effective and innovative approach in addressing the capacity challenges of municipalities and to enable them to use pro-poor PPP to improve access to urban services.

Over the last few years, PPPs have begun to slowly transform the landscape. Starting with five out of the 58 municipalities in 2002, PPPs for service delivery has spread to 15 municipalities now. Increasing awareness of the concept and tangible results are taking the idea to other municipalities as well. Today, there are several examples of PPP in service delivery that was previously perceived as challenging to implement.

PPP initiatives in Biratnagar, Dhulikhel, Pokhara, Bharatpur, Siddarthanagar, Mechinagar (Jhapa), Dhulikhel, Kathmandu and Hetauda today cover several aspects of basic urban services - water, sanitation, waste management, renewable energy and urban transport. Sustainable public toilets that are financing themselves; solid waste management using modern segregation and recycling techniques; and turned dumping sites into nurseries and composting sites were created through business support to community, and women groups. Siddarthanagar and Kathmandu engaged with local waste collectors to set up collection points for higher quantities of waste generated from fruit and vegetable markets to allow compost conversion by small entrepreneurs and sales to rural farmers. Also, in both municipal areas the collection of local taxes was improved and; management of hazardous hospital waste and street lighting using solar panels are among the bright spots of Nepal’s emerging PPP success stories.

Sanitation has been a major challenge in Nepal that the PPP initiatives are set to change. Sanitation services such as mobile and public toilets have improved in Biratnagar, Dhulikhel, Bharatpur and Hetauda, where partnerships between the municipality, local private sector and local community organizations improved the bus terminals and park’s facilities, raising the park’s daily revenues in Hetauda fourfold while producing bio slurry through a biogas plant that supplies gas to neighboring restaurants. In Hetauda three young persons from a disadvantaged community in the area are employed and the modest fee that the users pay keeps the facility running.

Two similar toilets at city service centres in Kathmandu offer even more services. Set up by two private companies on a “develop, operate and transfer” plan, they also have shower rooms, newsstands and hairdressers for additional revenue. Biogas generated from the toilets is fed to a restaurant. The facility employs 16 women. In Birgunj and a Butwal women from a disadvantaged community operate a mobile toilet - again in partnership with the private sector and sustained by user fees.

In waste management, through the global Public Private Partnership for Sustainable Waste Management project funded by the Dutch DGIS and implemented by UNDP with support of a Dutch NGO called WASTE, Biratnagar municipality significantly improved services to approx. 39,000 households in the town with increased coverage of solid waste collection, sweeping services and ensured more effective waste disposal through better managed landfill, improved transportation systems, recycling and composting.

Around 4,200 customers (including households and businesses) now use the door-to-door services for a fee, progressively increasing income generation. Aside from households, the effort has also benefited 65 Tole Lane Organisations (neighbourhood organisations). In addition, over one hundred people disadvantaged backgrounds are receiving employment.

Similarly in Birgunj, biogas generated from 25 households in a low income disadvantaged community, is providing essential fuel. This project, operated by the users themselves has created over 100 jobs for disadvantaged groups, especially women.

In Kathmandu, youth groups improved access to safe drinking water by creating businesses to supply affordable pet water bottles, benefitting approximately 4,000 marginalized people in communities in Kathmandu and Hetauda that were previously excluded from the water supply network.
In Butwal, local shopkeepers and commercial establishments have escaped the drudgery of 12-hour long power cuts and loss of business using electricity from solar panels established under a PPP arrangement. Shopkeepers who were earlier forced to close down the shutters by dusk are now open till late in the evening. The project is now expanding its reach in the area and the idea is spreading to other towns as well.

On a nationwide scale, capacity of the public sector to engage on PPPs have also been improved. Over a period of 5 years, more than 6,000 officials and graduate students benefited from various PPP related trainings including contract negotiation, leadership, proposal development and project financial analysis. Furthermore, a number of inter-municipality visits were undertaken to encourage in-country learning and exchanges and international visits to other countries implementing PPP in municipal service provision and to encourage South-South learning.

**Lessons learned - Why Scaling-up Local Development Innovations is Important for Transformational Change**

The fundamental reason is the increasing realisation that if utilized appropriately, PPPs can deliver services and mean better value for money while reducing the burden on governments. At a macro level, they can manage complex development challenges and accelerate the progress towards MDGs and Sustainable Development at the longer term.

The genesis of change can be traced to 2002 when UNDP in partnership with the Ministry of Local Development (now called the Ministry of Federal Affairs and Local Development) established the Public-Private Partnerships for Urban Environment Project (PPPUE) and began to bring the municipalities, private sector and other stakeholders together. The initial years saw continuous awareness on the nascent concept until they were convinced of the idea followed by capacity building of government and non-government partners, both on policy and implementation, which included designing and running pilots.

Considerable progress has been achieved in creating an enabling environment to increase community and private sector participation in providing urban services. The project’s on-going support to the government to improve the policy, legal and regulatory environment has seen the government adopting PPPs as an alternative way of building local infrastructure and providing services. Several key policy documents today acknowledge the role of PPPs.

The project’s advocacy and support has led to the FNCCI (Federation of Nepalese Chambers of Commerce and Industry), MuAN (Municipal Association of Nepal), the partner municipalities and local chambers of commerce setting up PPP units. Following on this, FNCCI and MuAN have spearheaded many new PPPUE interventions in non-project areas.

It has been a systematic process of awareness generation, followed by capacity development on both policy and practice, and design and implementation of pilot projects that led to the present transformation. In the initial years, both government and non-government actors needed considerable persuasion to adopt PPP for service delivery in the face of severe resource-crunch.

Once a considerable consensus was achieved, the next stage was capacity development. More training on PPP areas ranging from development of policy and legal frameworks to implementation of projects was delivered.

Along with the efficiency of the PPP in providing services, the new role of governments also played a critical role. From an overburdened service provider, the governments became enablers and regulators. It didn't completely withdraw from service delivery; but it partnered with non-government and the private sector organisations and pursued new pathways.

Over the last few years, 91 PPP initiatives have been implemented across the 15 municipalities in different aspects of service delivery ranging from sanitation to sustainable energy. All of them have proven how effective and sustainable public-private partnerships could be, in terms of addressing local issues, increasing efficiency and catalyzing social service entrepreneurship in resource-poor settings. There is still significant scope to expand PPPs across more local areas and other sectors such as health, education, tourism etc.

Hence, scaling up can be seen as an effective and necessary step in the process of moving from project or programme results to transformational change. Scaling up is emphasizing the strategy of ensuring sustainable, effective and efficient national and local structures through expansion of services, increase in capabilities of local organizations and agencies to deliver agencies, and improvement of policies and institutional frameworks. Transformational change focuses on the process of ensuring that these results are institutionally sustainable, as well as consistent or sustained over time (at least 10-20 years). In order for transformational change to occur, the positive development results achieved through successful scaling up must lead to "real and sustained improvements in the lives of people, households and communities" that are measured not only by MDG targets but also "process freedoms and enabling factors" such as human rights, democratic governance, and participatory and inclusive processes. In short, transformational change occurs when the positive developments results of a scaled up initiative are sustained over time, and ultimately empower lives and build resilient nations. Examples of such innovation are the cases illustrated above from Nepal’s UNDP Public-Private Partnership for Urban Environment Programme.
In the Maldives every fourth employee works for the government, making it the largest employer. The tourism industry is the largest economic industry contributing to over 30 percent of GDP (indirectly to over 90 percent). While some advocate against the economy’s heavy reliance on tourism, one can also advocate for increasing the benefits of tourism to the wider population. As the Maldives marks forty years of tourism in 2012, tourist arrival is expected to reach a million and the industry is valued at more than a billion dollars. For a population of 300,000, this would seem to bring only prosperity. The reality is however very different. Unemployment stood at a staggering 28% in 2011, income inequality is increasing and disparities between the capital Male’ and the outer lying 200 inhabited islands have only widened.

More than 90 percent of ‘Maldivian’ souvenirs sold to tourists are imported from East Asia, causing a major decline in local artisanal industry. Tourism operates almost in an economy of its own, a parallel economy in the Maldives, completely disconnected from the local livelihoods of the islanders. With a recent shift in policy such as these that allow for Public Private (Community) Partnerships, efforts are now being made to expand the benefits of tourism to the larger population and to make the industry pro-poor. Actions to reverse the dichotomous nature of tourism sector and the local economies involved supporting livelihood projects on handicrafts making and innovative agriculture targeting the tourism sector.

Besides supply and logistical difficulties faced to overcome the geographical isolation, there was a major information and communication gap at the local levels resulting from years of isolation. The resorts were dependent on imports, unaware of what the locals produce or could produce and unwilling to change the direction of their sourcing. At the same time the local communities did not trust the resorts and were not willing to adapt to the needs of resorts, be more organized and bring scale and quality to meet the market requirements.

Achievement of national development goals is dependent upon a variety of state and non-state actors, coming together on issues of the day and pursuing a common agenda. As major development issues become more complex and erase traditional boundaries, of sector, geography etc; the importance of collaboration becomes ever more important.
In the coming years, Public Private Partnership (PPP) mechanisms will drive this change of "collaboration" not only in Tourism but also in Climate Resilient Initiatives.

That the dominant part of the economy, i.e. tourism, is self-sufficient, confined to exclusive spaces and minimum dependence on the state or communities, often limits the PPP options but expansion of the economy in other sectors such as fisheries and agriculture, retail, telecom, trade, and small and medium industries will open up the opportunities and contribute to the much-needed diversification.

Privatization is a politically sensitive issue in Maldives but it does offer lessons and opportunities for partnerships in which the private sector, the government and the people can come together. The country is in the initial stages of developing its PPP agenda but there is increased acknowledgement of the concept for overall socio-economic empowerment, particularly to strengthening community participation in the remote atolls.

In 2010-2011 discussions with the Government and their partners such as the Maldives National Chamber of Commerce and Industry (MNCCI) illuminated that since 2009, CSR is promoted through UN Global Compact. The UN Global Compact is still relatively new and evolving, and requires strategic direction and development and they are interested to play a role in such redirection. MNCCI believes CSR has a real potential to contribute to development in the Maldives but is practiced in an ad-hoc manner and is understood by the business community as financial support for social activities. Efforts are being made by the Maldives National Chamber of Commerce and Industry (MNCCI) and the Capital Market Development Authority (CMDA) and NGOs to integrate CSR in corporate strategies, to promote it as beneficial to the private sector growth. The government policies also aim to facilitate expansion of CSR in the Maldives. The discussions evolved around various aspects and areas of concerns from MNCCI part including:

- Lack of formal PPP dialogue forum and mechanism and the need for regional knowledge sharing (PPD Dialogue).
- Need to be more involved in policy making on private sector participation and mainly PPP in development.
- Need for focused training on PPP concepts/models to follow up on the Presidency Office workshops (particularly at the sub-national and local levels).
- Scope for a comprehensive capacity assessment of the MNCCI to define strategic PPP capacity development interventions and enable it to have an improved engagement with government on PPP in development.

Following several interactions with national stakeholders UNDP provided the following recommendations to the Government:

- Establish a regulatory PPP framework for increased transparency, improve enabling environment (post investment care), and monitoring of PPP implementation (service provider performance and service access).
- Ensure awareness raising for Maldivians to better understand that PPP in LSD is also about social justice and equitable access to services.
- Provision of targeted technical assistance to develop a regulatory framework for the social sector that ensures safety nets.
- Support in brokering PPP dialogue; match making by neutral partner.
- Support the piloting of PPP in the water and sanitation sector and climate adaptation initiatives.
- Support the regulation of CSR to ensure that it supports local level PPP in livelihoods and poverty reduction.

The PPP concept and its application in various sectors are understood differently by various actors in Maldives including the wider population and the media and efforts to ensure a common understanding of the concept, its application and its contribution to poverty reduction are needed and awareness creation on PPP and its contributions to poverty reduction and development in general is much needed to address perceived misunderstanding.
UNDP has been providing technical support in bringing about this much needed change. With the support of UNDP regional and head office colleagues led a mission to facilitate private sector engagement which resulted in PPPs being embedded into the UN Development Assistance Framework (UNDAF) in 2011–2015. The UNDAF and the UN/Government National Country Programme Strategy now recognizes the importance of participation of the private sector and non state actors in service delivery, inclusive business, livelihoods development and value chain programming.

Specific areas for UNDP support for the implementation of the UNDAF and Country Programming include:

- Design of a capacity development programme on PPP and its application to LSD for government officials and stakeholders including CSO/CBO, media, parliamentarians and utilities to ensure a common understanding of the PPP concept and strengthen skills and capacities on formulating capacity development responses, institutional development, Value Chain approaches, CSR, ISWM and Gender Equality.

- Strategies merging policies and strategies on “privatisation” and “PPP” with reference to the Maldives Private Sector Participation Policy (2009).

- Inclusive communication channels between the state and non-state actors (Public Private Dialogue) to facilitate a broad dialogue between the government, business and civil society groups to build trust.

- Expanding collaboration with Academic and Learning institutions for curriculum development on PPP building on existing learning experiences on PPP underway in Asia and in other regions of the world (LAC, Africa, and Eastern Europe & CIS).

- Targeted CD for the Public Evaluation & Monitoring Board of Ministry of Finance and sectoral regulators.

- Experts’ referrals, knowledge brokering, sharing of good/bad practices, networking to support PPP.

- Development of an ISWM strategy by following an assessment of the solid waste management sector.

- Development of a Policy Paper on local services partnerships building from other countries’ experience.

In recent years, UNDP hosted a series of Public Private Dialogue forums targeting managers from resorts and local producers.

In 2010/2011 UNDP conceptualized an initiative which has come to be known as the “resort forum”. For the first time in the country’s 40 year tourism history a Public Private Dialogue processes was established by facilitating resort management and local producers to meet at one point physically, talk and exchange information on business requirements, opportunities and capacities needed. The most challenging aspect of the effort was mobilizing the resort’s general managers or high level decision makers from the resorts to attend the forum, to spend a full day away from their busy schedule and to talk on possible change of their supply channels which seemed unattractive.

UNDP carefully focused the messaging on establishing business linkages for mutual benefit and not solely for one and off Corporate Social Responsibility (CSR) or charity support since most resorts would say that they already do CSR or contribute to charity. UNDP also promoted the event as a pilot through partnership with the National (Youth) Chamber of Commerce not because it was an experimental effort, but to support the enhancement of the image of resorts to become part of something new and historical. UNDP supported for example to establish the incentives so that resorts would not only be able to network with locals, but also with other resorts in the same region, as well as with their potential competitors.

To organize Public Private Dialogue and Community dialogue events, UNDP supported the establishment of an interministerial committee and strategically engaged the Ministry of Tourism to encourage the resort managements to attend the forum. UNDP also lobbied actively by approaching the head offices of the respective resorts based in the Capital, Male’ and in some cases by writing directly to the hotel owners. These interactions provided more insights on the arguments that the resorts wanted to put forward at dialogue forums. Most arguments illuminated related to the lack of reliability of local suppliers in terms of quality and consistency. UNDP therefore identified and invited producers with whom both UNDP and Government had already experience in other (livelihoods and service delivery) programmes.

Named now as the “Partnering for Development (P4D)” initiative managers from five resorts and about 25 producers in the Northern region have been interacting. During meetings producers are supported to showcase their products and to conduct “business meetings” (such as by preparing their profile and contact details, and by
documenting supply capacity and pricing schedules). Such documentation was often prepared for the first time. The business “options” presented by local communities and entrepreneurs focused on various farm products, handicraft and artisanal work and services that resorts could outsource to local communities including laundry, tailoring, maintenance and carpentry, gardening and excursions to local villages. Specific efforts were made to promote local businesses that women were involved in. The entire messaging of the presentation of producers and business options focused on how resorts would benefit from local sourcing so that for example fruits and vegetables can be made available in fresh conditions resulting in lower carbon foot prints compared to imports.

Further, approaches to source local products and services would add value to tourism especially because today’s travelers are more conscious and are seeking authentic, local and meaningful travel experiences.

Today, the Government is committed to:

• Reducing the role of Government as a provider of goods and services that could be better delivered by non-state actors including the private sector.

• Promoting private sector participation in investing and delivering good quality infrastructure facilities and services.

• Strengthening the capacity and role of Government in monitoring performance of private providers of services in achieving economic and social objectives.

• Promoting competition and regulating efficiently sectors where an element of competition is absent and providing targeted support to poor households that will not be able to afford essential goods and services delivered through the partnerships arrangements.

As this case shows, institutionalized Public Private Dialogue forums have already enhanced the confidence of the government and the local producers to seek collaboration and to continue dialogues, and the forums also contributed to pave the way for the government to submit the Small and Medium Sized Enterprise (SME) bill to the parliament.

It is evident that there is a great potential to further harness Corporate Social Responsibility and Public Private (Community) Partnerships opportunities in the Maldives to boost job creation through business opportunities. By virtue of UNDP’s mandate and its presence in 177 countries, UNDP is positioned to be a unique connector and broker of knowledge, experience and people on an unparalleled scale. By its convening power for South-South and triangular cooperation, UNDP is well situated to leverage the potential of partnerships and collaboration for development, and UNDP remains very much committed to continue its support to the Maldivian Government.
Endnotes

1. The UN Conference on Sustainable Development (UNCSD) held in Brazil from 20 to 22 June 2012 to mark the 20th anniversary of the 1992 United Nations Conference on Environment and Development (UNCED), in Rio de Janeiro; and the 10th anniversary of the 2002 World Summit on Sustainable Development (WSSD) in Johannesburg.


3. Ibid, pp. 38-44.


5. Millennium Development Goal 7, Target 11, is aimed at significantly improving the lives of at least 100 million slum dwellers by 2020.


7. Ibid.


10. Ibid.

11. Thimphu city corporation

12. The Global Compact asks companies to embrace universal principles and to partner with the United Nations. It has grown to become a critical platform for the UN to engage effectively with enlightened global business - UN Secretary General Ban Ki-moon (www.unglobalcompact.org)
**Abbreviations**

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<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>Corporate Social Responsibility</td>
<td>CSR</td>
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<td>Federation of Nepal Chambers of Commerce and Industry</td>
<td>FNCCI</td>
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<tr>
<td>Knowledge, Innovation and Capacity Group</td>
<td>KICG</td>
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<tr>
<td>Integrated Sustainable Waste Management</td>
<td>ISWM</td>
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<tr>
<td>Millennium Development Goals</td>
<td>MDGs</td>
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<td>Municipal Association of Nepal</td>
<td>MuAN</td>
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<tr>
<td>Partnering for Development</td>
<td>P4D</td>
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<td>Public Private Partnerships</td>
<td>PPP</td>
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<td>Public Private Partnership for Service Delivery</td>
<td>PPPSD</td>
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<td>Royal Society for Protection of Nature</td>
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<td>Small and Medium Enterprises</td>
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<td>Thimphu Thromde</td>
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<td>UN Conference on Sustainable Development</td>
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<td>United Nations Development Programme</td>
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