

## VI. TAKING STOCK OF RESULTS

### A. Case study results

**To one extent or another, the projects in the case-studies achieved meaningful, tangible results.** Those results are summarized in the box below.

#### Box VI.1 Results from case-study projects

##### Benin (water)

- The number of piped water systems (PWS) managed through affermage contract rose from 1 to 269 (57% of total number of PWS) from 2007 to 2014, delivering water services to an estimated 1.7 million people (28% of the total population) in 2014.
- Four 8-year subsidized concession contracts for 10 PWS in three municipalities with three different private operators, estimated to generate 1 million USD in total investment, of which 277,000 USD for domestic private sources for 10 sites and create 1071 new connections within two years of implementation, providing improved access to water services to 48,500 people.

##### Somalia (water)

- 7 PPP companies established in Puntland and 1 PPP smaller local private company in Somaliland in October 2010, covering a population of 45,000 (64% of 70,000 target beneficiaries)
- Female empowerment: 3 women are part of shareholders of Luganhaye in Puntland.

##### Mali (energy)

- 63 private operators active
- 74,000 electricity customer beneficiaries
- In 6 years, rate of access to electricity in rural areas increased from 1% to 16.88% in decentralized system
- 21 small piped water systems under private management, reaching population of 300,000

##### Cambodia (energy)

- 4 private renewable energy companies were developed.
- Daily service hours of Rural Energy Enterprises increased from 4 hours (2003) to 12 hours by project's closing (higher than the 8-hour target).
- 411 representatives Rural Energy Enterprises and financial institutions trained on understanding of renewable energy technologies, business development, promotion, as well as capacity building for financial institutions.

##### Rwanda (water)

- Local contractors executed USD \$10.6 million worth of contracts (94% of all construction activities for subprojects), and local operators took over delivery of water and sanitation services even beyond the project era—25%+ of 850 water systems across the country managed under PPPs.
- By December 31, 2007, average per capita consumption of water was 10 liters/cap/day (lpcd) for 16 communes

- By February 28, 2009, 100% of water systems were fully covering their operation and maintenance costs
- By December 31, 2007, 408,000 additional people had access to improve water services (excluding Mayaga system), and 120,000 people with access to water services from the Mayaga system.

## B. Indicators and frameworks for measuring results

**Frameworks for measuring the results achieved by establishment and implementation of infrastructure PSP projects operated by SMEs flow from the development objectives of such projects.** Relevant development objective would typically involve increasing infrastructure service coverage in the targeted areas. Additional development objectives might include, depending upon the nature of the project, establishment of institutional and regulatory frameworks relevant to the infrastructure services being provided.

**Examples of the types of indicators for performance measurement and results frameworks for the projects of the type referred to in the Toolkit include<sup>143</sup>:**

- (a) Per capita consumption of the product/service of the infrastructure facility (e.g., water);
- (b) Extent to which the infrastructure facility covers its own costs
- (c) Percentage of key facilities being properly maintained
- (d) Number of communities becoming involved in small-scale PSP projects under an overall program promoting such activities
- (e) Number of communities with the capacity to manage contracts with service operators
- (f) Extent of new-build infrastructure (e.g., kilometers of new water supply network laid and operational)
- (g) Extent of increase of access to an infrastructure service (e.g., number of households served by infrastructure facility – in a water project this might be formulated in terms of the number of piped household water connections)
- (h) Number of private operators delivering services
- (i) Preparatory steps such as completion of asset identification surveys, financial and technical feasibility studies

**When measuring results in FCV contexts, bearing in mind the “dual objectives” of such projects may be relevant.** Those objectives include not only providing infrastructure, but also promoting conflict management and resolution, stabilization, promotion of peace, including through steps such as reintegration and medical treatment of ex-combatants, reconstruction of housing, creation of communal infrastructure and job creation. The

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<sup>143</sup> See, for example, Rwanda ICR, *supra*, note 14, pp. 2-3.

applicable FCV circumstances should be taken into account in setting goals and indicators.<sup>144</sup>

### C. Lessons learnt

**The experience in the case studies examined in the Toolkit provide a number of lessons that can be useful in identifying possible priority steps in establishing an enabling environment for SME-based PPPs in FCV contexts.** Those lessons are highlighted below.

#### Legal framework

##### *Legislation and regulations*

Importance of strong legal framework, coordinated with institutional arrangements, that addresses procedural and capacity issues and ensures clear PSP standards. (Cambodia - energy)

##### *Contract drafting*

- a) Need for a consumer-responsive and clearly- detailed responsibilities of each party in contract for a sustainable PSP (Rwanda – water)
- b) Need for a flexible approach to PSPs; e.g. local private operators can be found anywhere and use of tailored contracts (rather than standard ones) in uncertain operating and demand conditions.

#### Institutional and regulatory aspects

##### *Policy*

- a) Need for strong political will with financial support (Mali – energy)

##### *Institutional and oversight framework*

- b) Adoption of clear institutional framework defining key roles (e.g. of regulator) (Mali – energy)
- c) Essential to ensure sufficient monitoring and regulation (Benin – water)

##### *Capacity building*

- d) Use of innovative technology (mWater) to facilitate capacity building, planning (e.g. asset inventory) and monitoring of performance (Benin – water)

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<sup>144</sup> *Fragile Settings, Lasting*, supra, note 15, p. 27.

- e) Capacity building essential for success in water sanitation services in rural areas, with proper monitoring of results by central government and accountability among local authorities. (Rwanda- water)

#### Empowerment of private sector participation

##### *Consortia*

- a) Value of consortia to allow local companies to overcome capacity constraints—for example, Waa'iye, Juurile and Addinzone joined in a Danwaadag umbrella company. (Somalia - water)

##### *Access to finance*

- b) Need to address access to finance issues for POs (Benin – water)
- c) Critical need for financing options for local providers: The project in the was unable to reach its target of five private renewable energy companies (instead developing four) because of insufficient interest of local commercial banks to finance renewable energy and rural electrification businesses (Cambodia – energy)
- d) Pricing policy providing for financial capability of operators (Mali – energy)

##### *Technical support*

- e) Need for back-up technical services for start-up companies given shortage of technical staff. This has been done in other countries such as Mali and Mauritania through “breakdown diagnosis, spare parts procurement and operation data monitoring from distinct communications (e.g. by radio in Mali), mutualization of efforts (e.g. common procurements, joint transportations), and payment of a fee by private operators.” (Somalia – water)<sup>145</sup>
- f) Strengthen private sector (e.g. support during contract preparation and entire transaction process) (Somalia – water)
- g) Need for technical assistance of local operators, which may be privatized and maintained through fees in water price—support includes advice, monitoring, tariff setting, procurement facilitation, etc. as does CCAEP.<sup>146</sup> (Mali – energy)

##### *Subsidies*

- h) Importance of sustainable subsidy policy in partnership with key stakeholders (Mali – energy)
- i) Subsidized concession contract credible alternative to affermage contract (Benin – water)
- j) Need to ensure and incentivize the provision of services to rural areas (Cambodia – energy)

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<sup>145</sup> [http://www.unicef.org/evaluation/files/Somalia\\_2012-011\\_Rural\\_PPP\\_evaluation\\_final\\_evaluation\\_report.pdf](http://www.unicef.org/evaluation/files/Somalia_2012-011_Rural_PPP_evaluation_final_evaluation_report.pdf), 36.

<sup>146</sup> [http://www.unicef.org/evaluation/files/Somalia\\_2012-011\\_Rural\\_PPP\\_evaluation\\_final\\_evaluation\\_report.pdf](http://www.unicef.org/evaluation/files/Somalia_2012-011_Rural_PPP_evaluation_final_evaluation_report.pdf), 43.

- k) Disburse public subsidy based on results (Benin – water)

#### *Multiplier effects*

- l) Further benefit of PSPs include job growth for local technicians and creation of district water account from fees paid by managers. (Rwanda – water)

#### Community and stakeholder engagement

- a) Importance of a participatory approach involving beneficiaries through project cycle (Rwanda – water)
- b) Utility of agreements that engage all stakeholders (communities, companies, central government and mayor) (Somalia – water)
- c) Importance of accounting for risks of low community unity, in particular to gain acceptance of the project (Somalia – water)
- d) Need for decentralization so that all major stakeholders may have a role in deciding actions in water sector (Rwanda – water)
- e) Viability of community-led company creation representing key factions in the community when there is a lack of local private sector entities to operate water services (in rural areas); also enables community empowerment (Somalia – water)
- f) Need for village councils to deal with arbitration in absence of the Ministry at these levels to ensure quality contract implementation. (Somalia – water)
- g) Tariff setting that is communal (i.e. documented and managed at the local level) more likely to be accepted by community. (Somalia – water)

#### Award process

- a) Need for competition: e.g. by allowing multiple groups/individuals to bid for services in the community. (Somalia – water)
- b) A formal tender process may be an effective way to ensure the legitimacy of the company in the eyes of public perception. (Somalia- water)
- c) Difficulty of ensuring competition in local water service, given Ministry's interventions in these decisions and constraints for multiple groups or individuals within community to bid for the services. (Somalia – water)
- d) Need for cost reduction policy with sufficient technical standards (Mali – energy)