

Sustainability of Water Supplies with domestic private sector participation in Africa

Benin Rural Water PPP experience

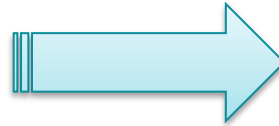
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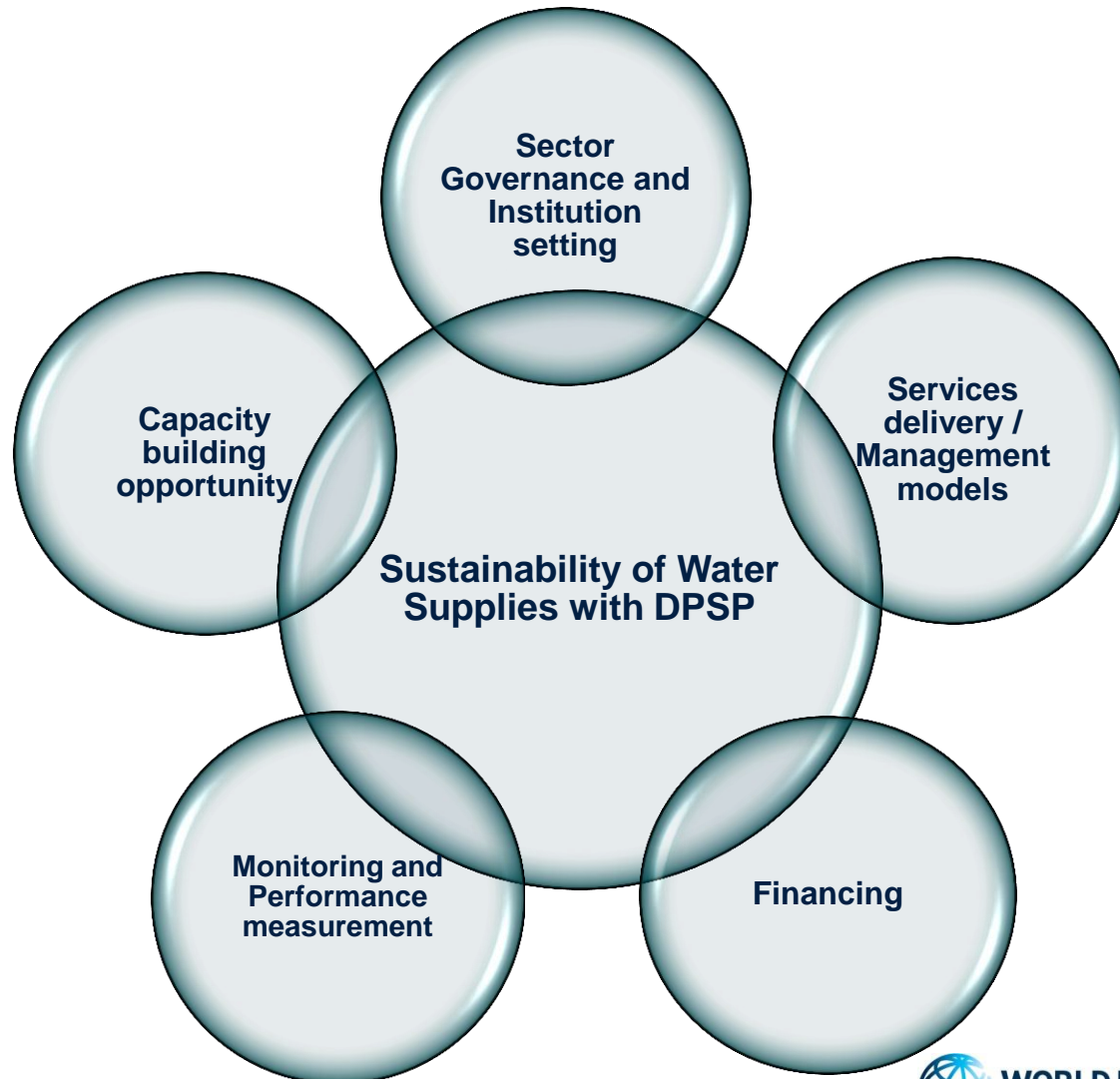
Benin rural water service provision context

- **Localities with population from 2,000 to 20,000 served by Rural/Small Town Piped Water Schemes that are more complex to operate.**
- **Specific challenge: sustainable service provision to more people at affordable price**
- **Solution implemented: PPP with Domestic Private Sector Participation**

The expected outcome in short using PPP financing



What does it take to develop rural water service provision sustainability with PPP financing?



Sector Governance and Institution Setting

- **Institution / Legal responsibility for Water supply provision (Central State vs Decentralization)**
- **Rules**
- **Asset conditions (Asset owning)**
- **Control and regulation**
- **Capacity**

Services delivery / PPP Management models

PPP options vary according to the levels of risks transfer

- Management contracts and lease agreements
- Concessions contracts:
- Transfer of assets or disinvestments

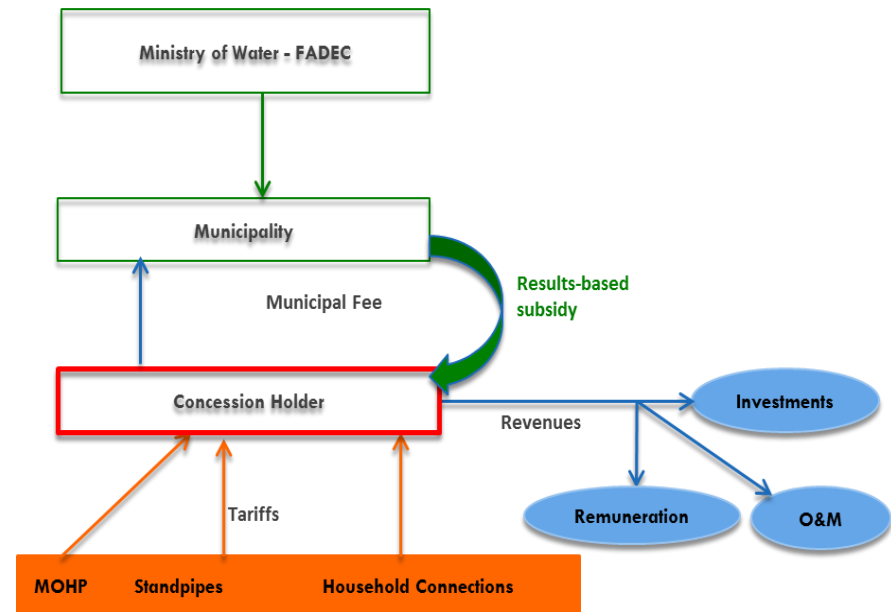
	Assistance Technique	Contrats de Gestion	Bail/ Affermage	Concession	Desinvestissement Total
Risq.Commercial					
E & M					
Invest. Renouvel.					
Actifs neufs					
Accès financement					
Service de la dette					

Etat: Opérateur Privé:

PPP Contracting and financing in rural

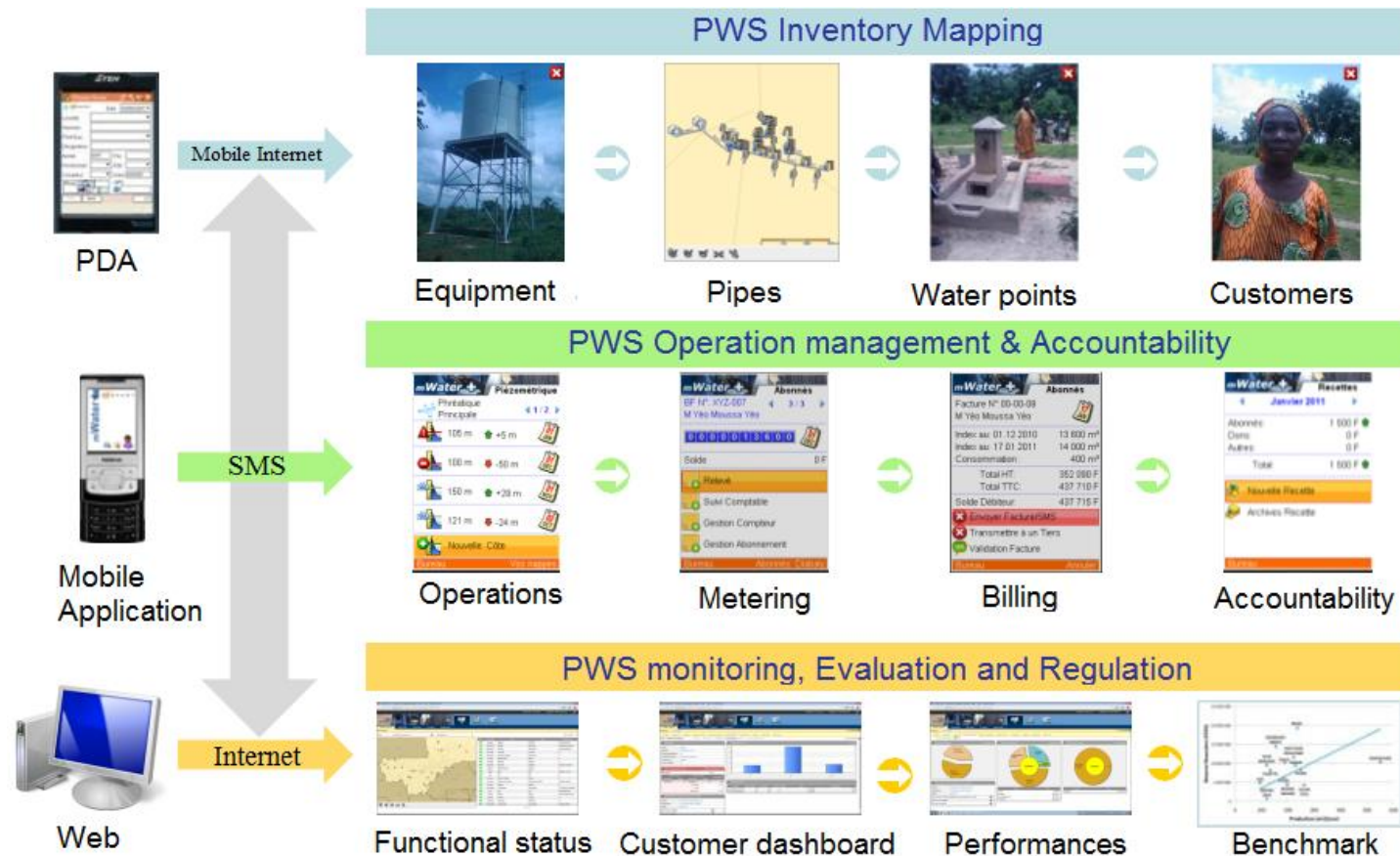
Subsidized concession key features and related financial flows

- **Clustering the PWS tendered in clusters**
- **Contract duration:**
 - ✓ Long enough to incentivise POs to invest
- **Risk allocation**
- **Commercial bank loans pattern: two distinct lines of credit**
 - ✓ one line of credit for pre-financing the subsidized works,
 - ✓ one line for the works that are financed from the POs through commercial loans



Monitoring and Performance measurement

ICT based service solutions for monitoring and efficient management, risks mitigation and regulation

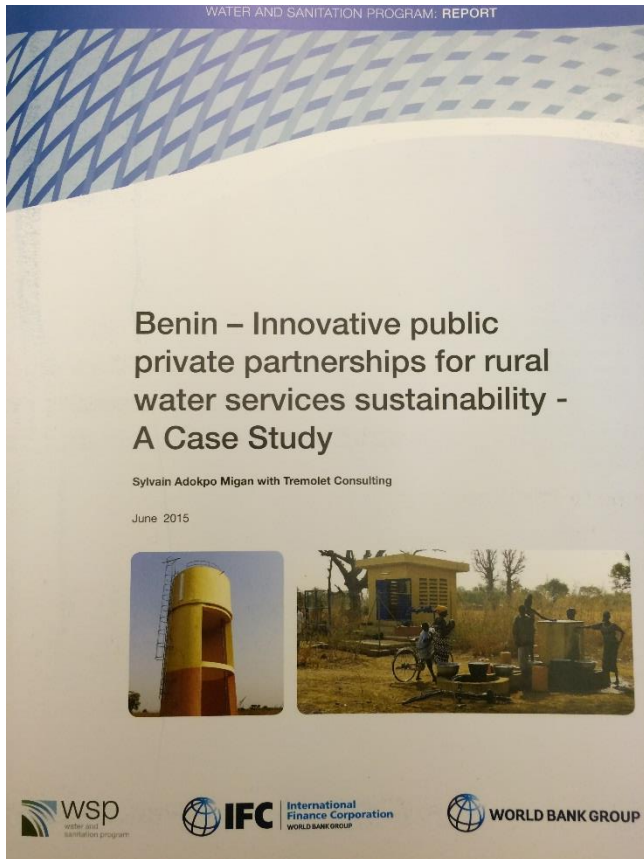


Capacity building

Using Business Development Service (BDS) to build and enhance key stakeholders capacity:

- **Support to the Public Sector (Central and Decentralized levels)**
- **Support to the Private Sector**

Key lessons from Benin experience



- **Implementation of pilots built on successive sector reforms and careful assessment of weaknesses**
- **Strengthening the private sector was critical to ensure successful transactions**
- **Subsidized concession contract is a credible alternative to the *affermage*.**
- **PPP Bidding process**
- **Monitoring contract implementation beyond the transaction is critical**

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