Chapter 6
Designing and Managing Public–Private Partnership in the Water Sector in Big Cities of the Developing World

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ABSTRACT

The chapter examines the available designs and management styles of public-private partnership (PPP) in the water sector and how they can be used to realize the desired outcomes. The chapter applies a qualitative approach based on deductive methods where the design and management styles of PPP in water sector are analyzed through a review of documents from different sources. The chapter concludes that different PPP designs and management styles can be adopted according to the nature and objectives of the intended PPP venture. This reflects that there is not a universally perfect model that can be claimed to be the best for ensuring successful PPP. However, the success or failure of a PPP project partly depends on how the designing was done to meet the intended goal and how management of the joint venture is done to balance the interests of the parties involved.

INTRODUCTION

Big cities in developing countries face big challenges in water governance and management that need numerous efforts to tackle them. These efforts involve several interest and actors (Philip et al. 2011). Studies (OECD 2011a; Gombo, 2005) show that there significant challenges facing water governance at different levels. The challenges include: (1) institutional fragmentation, (2) ambiguous legislation,
Designing and Managing Public-Private Partnership in the Water Sector in Big Cities of the Developing World

(3) poor implementation of multi-layered governance, (4) limited capacity at local level, (5) unclear allocation of roles and responsibilities, (6) fragmented financial management, (7) uncertain allocation of resources, (8) inadequacy of water sources and (9) technical/technological bottlenecks. Along with these challenges, the demand for water services has increased significantly with the rapid population growth particularly in the big cities of the developing countries and attempts by state to address the challenges have become impossible (OECD, 2005). It is from this situation the governments in many developing countries have established legal frameworks for public private partnership (PPP) in the water sector (World Development Movement, 2008 & UNESCO, 2006). Different countries have come up with different models of Public Private Partnership (PPP) in order to pool resources and capability to manage the water sector. However, several PPPs in water sector for instance Bolivia, Uganda, Uruguay, Guinea, Argentina, Chad, Mali, and Tanzania have been terminated due to poor performance. The reason for failure is argued to be the fact that most of the PPPs contracts in the developing world have been implemented along with the massive privatization of public entities which was not successful. As such, countries like Tanzania, Venezuela, Turkey and Jordan have gone back to public management of water services due to the PPP contracts failing to bring about the desired outcomes. These incidences have contributed to a notion that perhaps PPP in the water sector is a failed approach particularly in the developing world. The chapter therefore attempts to question the validity of this claim particularly due to the fact that there are some PPP arrangements in the water sector in some countries such as South-Africa and Ghana that have been successful. Based on these success stories, one of the arguments raised in the chapter is that PPP in the water sector requires unique designing and management. A crucial question being addressed in the chapter is: What are the available designs and management styles of PPP in water and how they can be used to realize desired outcomes? Hence, the chapter contributes to the existing knowledge on PPP particularly in the water sector by suggesting design and management styles for PPP schemes that can be useful in addressing water challenges in the cities of the third world countries.

The chapter applies qualitative approach based on deductive methods investigating the design and management styles of PPP in water sector. This is accomplished through reviewing documents from different sources such as websites and databases using the specific keywords; then organizing the content into different themes as specified in the purpose and scope of the chapter.

The subsequent sections of this chapter are organised as follows: the second section conceptualises water governance, PPP, PPP designs and management styles. The section will describe PPP arrangements in water sector and highlight some successful cases of PPP in water sector. In section three, the types of PPP and its effective area particularly in water sector are discussed. How PPP can be designed and managed to bring about the intended outcomes in the water sector is discussed in detail in section four of this chapter. The chapter will culminate with a conclusion and reflection on PPP in water sector in big cities of developing countries.

CONCEPTUAL UNDERPINNINGS

Conceptualization of Water Governance

World Water Forum of 2000 in The Hague and the Global Water Partnership Framework for Action (GWP, 2000) declared that the water crisis is often a crisis of governance, and emphasized effective water governance as one of the highest priorities for action to address the crisis. It was emphasized that