



Leadership in Public Private Partnerships

Day 1 Session 2 Prototype Learning Module

Involving Stakeholders for Infrastructure Service Delivery

*Moira Hart-Poliquin
Senior Operations Officer
World Bank Institute (WBI)*

The views expressed in this presentation are the views of the author and do not necessarily reflect the views or policies of the Asian Development Bank Institute (ADBI), the Asian Development Bank (ADB), its Board of Directors, or the governments they represent. ADBI does not guarantee the accuracy of the data included in this paper and accepts no responsibility for any consequences of their use. Terminology used may not necessarily be consistent with ADB official terms.

Module Overview

- Learning Objectives
- Target Audience
- Key Outcomes / Applied Use of Learning
- Case Studies and Exercises
- Additional Readings and Materials for Target Audiences

Learning Objectives

To apply an understanding of:

The important role of Leadership and Stakeholder Participation for Infrastructure Service Delivery



- Identify Key Stakeholders
- Develop appropriate strategy for involving Stakeholders
- Use appropriate approaches and techniques to deal with different Stakeholder Groups
- Evaluate and use outcomes of Stakeholder Participation to optimize and improve scheme design and implementation

Target Audience

- Senior policy makers
- Infrastructure program/project managers
- Infrastructure project practitioners

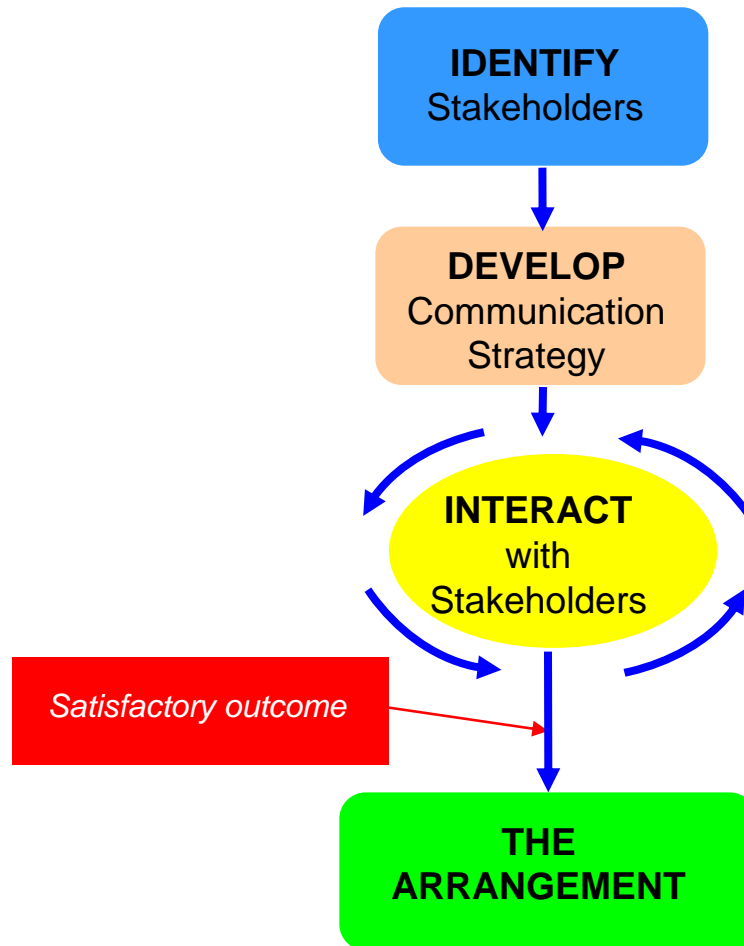
Leadership for Communities

Effective Engagement of Stakeholders for Infrastructure Service Delivery

To Achieve –

- **Customer focus**
- **Optimised and sustainable design and operation**
- **Transparency of Process and accountable results**
- **Viable working partnerships with service providers**

Strategy for Engaging Stakeholders



Identifying Stakeholders

- Consumers
- Private Firms & Financiers
- NGOs
- Workers
- Alternative Providers
- Leaders & Politicians
- Media

Involving Stakeholders

Infrastructure Service Delivery Project Stages:



Stakeholders:

Government

Community

Beneficiaries

Private Sector

External Organizations

Stakeholder Involvement

The specific interest and influence of Stakeholder groups varies throughout the project cycle. The method and timing of dealing with Stakeholder groups needs to vary to take account of this

Stakeholder Identification

The specific involvement and importance of particular stakeholder groups has to be identified specifically for each scheme & sector.

Case Study 1: La Paz & Cochabamba

Could Stakeholder Consultation have Helped?

In **La Paz-EI Alto** the government focused on extending service through in-house connections engineered to first-world standards. One target for service expansion was the poorer areas of El Alto. A concession contract was designed and awarded to the bidder that offered the most rapid expansion of in-house water and sanitation connections. The winning bidder proposed ambitious expansion targets, which were written into the contract.

As the expansion program got under way, however, it became clear that:

- the newly connected households used less water than already connected households and less than expected.
- This meant lower revenue for the operator, causing financial problems.

The government, the regulator, and the operator addressed the problem by allowing for lower cost connections, such as condominium sewerage. However, this proved insufficient, and disagreements over service in La Paz resulted in Government requests for cancellation in early 2005

The problems in **Cochabamba, Bolivia** were significantly greater. After the concession was signed, extensive civil disturbances caused the government to cancel the contract. Many things contributed to the failure of the arrangements, including a decision to require the operator to build an expensive dam. This required significant investment, financed through a 35 percent increase in tariffs at the start of the concession and a 20 percent increase once the new dam became operational.

While technical and financial design issues such as these played a part in the failure, some commentators have argued that more extensive and open consultation could have led to a more sustainable arrangement. Examples of apparent consultation and communications problems included:

- Farmers on the periphery of Cochabamba believed that the operator would be given control of their irrigation water. This led to the first major protest against the project.
- Insufficient appreciation that a combination of a rising block tariff and an increase in water supply would result in higher bills. This coupled with tariff increases agreed under the arrangements caused many customers' bills to increase by 100 percent or more.
- Limited participation of professional associations in the design stages of the concession contract meant that there was no adequate mechanism for addressing concerns of these groups. Two groups rapidly assumed the role of consumer advocate. The long-established Civic Committee, an association that generally represented local business interests in each department, called for modifications in the contract and a freeze on tariffs. The Coordinadora del Agua y de la Vida, which included professional associations and pressure groups such as the coca growers and the irrigation farmers, demanded the outright cancellation of the contract.

Case Study 2: Involving NGO's

Box 3.4 Advantages of involving stakeholders in Cartagena, Colombia

In Colombia national regulation requires that water utilities bill monthly. In the town of Cartagena (see Examples), the operator found that this billing regime made it difficult for low-income workers—especially those paid by the day—to manage bill payments. Through consultation it became clear that if bills were sent twice a month, these households would find it easier to pay, benefiting both them and the operator.

The regulator refused to adjust the national standards, but by working with community organizations that organized to collect payment twice monthly, the operator was able to achieve the same result. It was only through consultation and engagement with local organizations that the problem was identified and the solution developed.

Checklist 1: Stakeholder Identification

Stakeholders	Subgroups	Questions to answer
Consumers	Middle-class Poor, connected Poor, unconnected Women	Where do they live? What service do they get now? What service do they want? How much are they willing to pay? What monetary and nonmonetary barriers stop them connecting? What are their views on types of arrangement that may be suitable?
NGOs and community based organizations	NGOs and community based organizations that represent consumers	To what extent does the organization represent consumers? Which consumers do they represent?
	NGOs that represent broader interests outside the immediate scope of services in question (for example, the environment)	To what extent does the NGO represent the people in the community or country? Which issues are they concerned about? What information and ideas can the NGOs offer?
Workers	Managers Permanent workers Contractors and informal workers Unions	What ideas do they have for improving operations? What are their biggest fears about reform? What hopes do they have for benefiting from reform?
Private firms and financiers	International water operating companies Local water operators and potential operators, for example other utilities Financiers Local contractors and consultants	What contribution can they make? What ideas to they have to improve the situation? What risks are they willing to accept? How would they like the arrangement designed? What are likely deal-breakers?
Alternative providers	Water vendors and truckers Standpipe operators Cesspit emptiers Public toilet providers	What services are they providing now? How might private participation threaten them? How can private participation help them improve their business and the service they offer?
Politicians and officials other than those designing the arrangement	National government Provincial or local government Government departments Political parties and individual politicians	How might private participation alter their responsibilities? How might individuals, parties, or organizations portray private participation? What issues might be grouped with private participation?
Media	Journalists writing for foreign audiences Journalists writing for national audiences	What sources of information do they rely on? Who is their main audience? What are the competing sources of information?

Checklist 2: Stakeholder Interaction

INTERACTION	APPROACH
Collecting information	Gathering information about people such as: who are they, where are they, what do they say they want?
Providing information	Letting people know what is planned
Consulting	Identifying the problems, offering options and proposed solutions, listening to feedback, and revising the proposed approach if appropriate
Deciding together	Not only consulting the group but giving it a decision-making role
Acting together	Different interests deciding together what is best, then forming a partnership to make it happen

Checklist 3: Stakeholders Communication

Methods	Description	Comment
Printed materials	Standalone brochures and flyers as well as information pieces in local bulletins creates direct and cost-effective information transfers	Requires knowledge of local conditions and preferences to effectively target stakeholders
Opinion polls and surveys	Household or community surveys to measure general trends or preferences Demographically representative of the stakeholder group	Accurate results are difficult to obtain due to wording of the survey questions and other local conditions that influence respondents.
Focus groups	Discussion forum with stakeholders of similar interests or contentions Open or wide forum for discussion allows for array of stakeholder comments and correspondingly less control of dialogue by mediator or organizer	Can reveal more depth of stakeholder preferences and concerns than polls and surveys, but the groups' views may not always reflect those of the wider population. Allows for engagement with specific stakeholder groups and specific issues
Open forum	“Town hall” meetings with open participation for announcing statements and soliciting responses or questions	Open forum lends the organizer little control of the dialogue Suitable for public announcements where audience discontent is low

Exercise 1: Stakeholder Assessment

Themes for Stakeholder Discussion and Agreement:

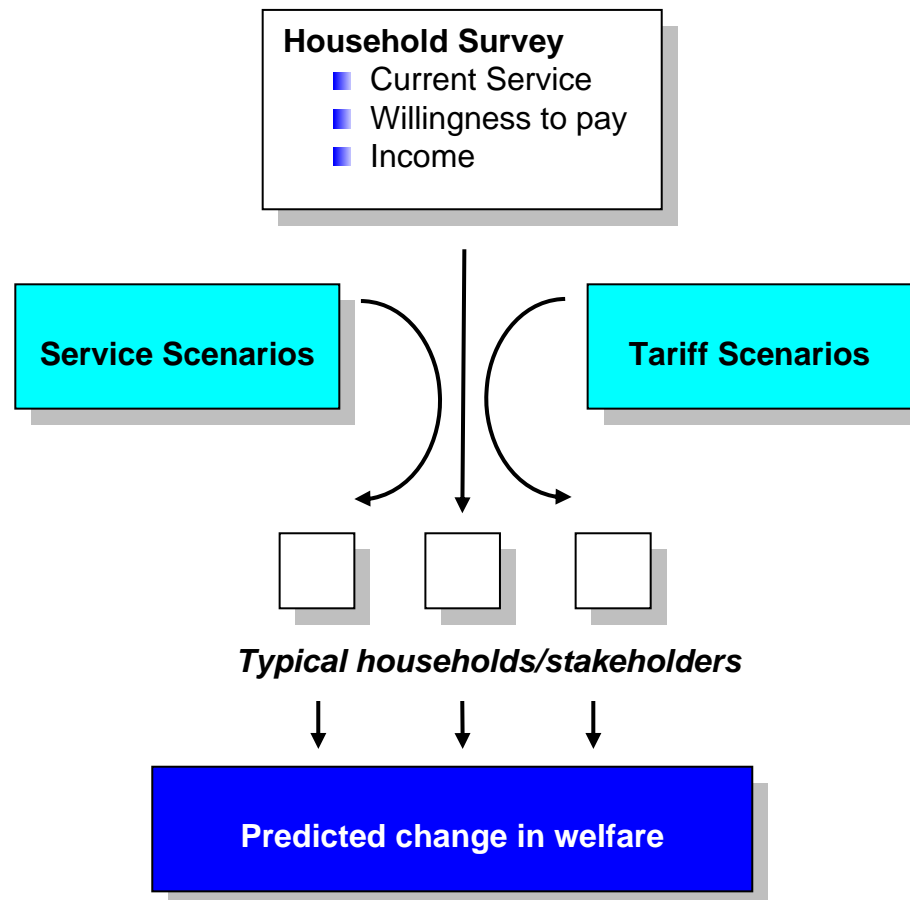
- **Accountability**
- **Customer focus**
- **Power-balanced partnership**
- **Results orientation**
- **Poverty responsiveness**
- **Proactive Risk Management**
- **Shared incentives**
- **Sound financing mechanisms**
- **Transparency**
- **Specific Sector Issues (e.g. resource limitations, environment etc.)**

To elicit Stakeholder Positions on key issues.

To sensitise Stakeholder Groups to key issues

Exercise 2: Policy Simulation - Winners & Losers

Social impact modeling can quantify effects of different scenarios



Additional Readings:

PPP Policy Principles: Framework for Sustainable Partnerships SDC, Swiss Re and SECO (Swiss State Secretariat for Economic Affairs) - 2007

Stakeholder Assessment Tool – BPD

Learning from Success : Capacity Building Report (Bolger) - ADB

Labor Toolkit – Module 6 Engaging Stakeholders: World Bank

http://rru.worldbank.org/Documents/Toolkits/Labor/Toolkit/pdf/modules/06_TOOLKIT_Module6.pdf

Strengthening Governance through Engaged Societies

Lessons from the Implementation of Poverty Reduction Strategies:

Luca Barbone and Katrina Sharkey- World Bank Policy Research Working Paper 3898, April 2006 *Policy Research Working Papers are available online at <http://econ.worldbank.org>.*

Making Poverty Reduction Strategies Work –

Good Practices, Issues, and Stakeholder Views A Contribution of German Development Cooperation for the 2005 PRSP Review May

Advantages of involving stakeholders: Cabanero-Verzosa and Mitchell 2002, Plummer 2002, Trémolet and Browning 2002, and Water and Sanitation Program 2002b.

Consultation techniques and stakeholder interaction: Asian Development Bank 2002 (pages 25 to 29), Mukherjee and van Wijk 2003, Plummer 2002, Plummer and Nhemachena 2001, PPIAF and Water and Sanitation Program 2002d (Chapter 6), Sohail 2003, Wilcox 1994, and World Bank 1996.

Sustainable partnerships with NGOs and community organizations: Trémolet and Browning 2002 and Trémolet and others 2004.

Engaging the media: Osborne 2003

Household surveys: Hanley and others 2001 and Whittington 1998.

Engaging the media: Osborne 2003.

Interacting with workers: Chong and Rama 2000, Idelogovitch and Ringskog, 1995, Kikeri 1998, PPIAF and World Bank 2004, and Rama 2000.

Advisor support for consultation and effective communication campaigns: World Bank Development Communications webpage “Publications and Articles” available at <http://www.worldbank.org/developmentcommunications/Publications/publications.htm>

Quantitative analysis of impacts on stakeholders: Catalyst Solutions in association with Castalia 2003 and van den Berg 2000.

Involving Stakeholders for Infrastructure Service Delivery



THANK YOU!