



ily borne out by the facts. In a sample of 1,200 water and energy utilities in 71 developing and transition countries, no systematic change in residential prices occurred as a result of PPPs.

Both PPPs and the companies that operate them have evolved to meet the needs of people in the most affected areas. The nature of these partnerships varies widely and builds on the private sector's ability to improve quality and efficiency and to extend access—as well as the government's capacity to raise finance and subsidize expansion to the poor. In 2010, IFC supported the government of Uganda in successfully bidding out the expansion and management of water services for the town of Busembatia to the domestic private sector. The traditional transaction advice provided by IFC was complemented by a range of activities that addressed some of the key challenges faced by the domestic private sector, such as access to credit. This project will help the government facilitate the management of water PPP contracts by developing a generic management contract for use on privately-managed piped water systems that will ensure consistency in contract administration and management.

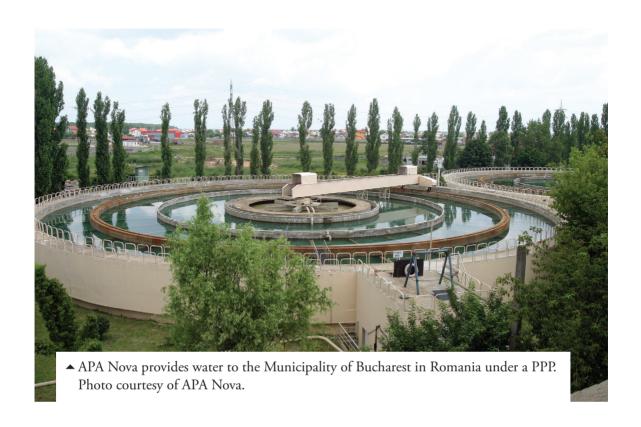
Part of the solution is also to strengthen the existing operator's ability to expand the availability of safe, clean water at affordable prices. In Kenya, 30 community water providers are accessing finance and improving services through an innovative partnership with K-Rep Bank. Today K-Rep Bank has disbursed over \$1 million to community groups, benefitting nearly 40,000 people. This project brought together a partnership of development organizations committed to expanding services to the poor, including WSP,

PPIAF, and GPOBA. Each organization relied on the other to provide technical assistance and finance.

NEW APPROACHES FOR **AGRICUITURE**

For the private sector to have a role in solving the water crisis, it must play a stronger role in agricultural water management. Here at IFC, we saw firsthand the success of this approach. Throughout the 1990s, citrus farming in the Guerdane district of Morocco was becoming increasingly unsustainable. The area's 600 citrus farmers were dependent on rapidly falling groundwater and facing increasing pumping costs as the water table fell by two to three meters per year. To address this chronic overexploitation, in 2004 the government of Morocco, supported by IFC, implemented the world's first public-private partnership in the irrigation sector to attract private investment to construct a new irrigation network that would deliver water from an existing dam.

Such a non-traditional PPP model for domestic and agricultural water use is crucial to supporting the development of the water sector in many other developing countries. If well-designed, and implemented by strong and committed public and private partners, these partnerships can have a significant and lasting impact—so that "Nor any drop to drink" may one day echo only in the realm of poetry.



"The polarization of debate between public and private is unhelpful and lumps together two very diverse sets of actors and agencies on both sides. Each circumstance should be looked at individually and a suitable propoor, affordable, and sustainable solution found to fit each context. The decision-making process should be transparent and consultative, involving all relevant parties, to determine how these services will be provided and managed to commonly agreed standards."

WaterAid International Policy Statement on Private Sector Participation in Water