INTERNATIONAL JOUNAL OF: AGRICULTURAL RESEARCH AND BIOTECHNOLOGY

TIMBOU-AFRICA ACADEMIC PUBLICATIONS
INTERNATIONAL JOURNAL, AUGUST, 2021 EDITIONS
VOL. 6 NO. 1 ISSN: 3438-2901

AN APPRAISAL OF PRIVATE SECTOR PARTICIPATION IN THE PROVISION OF URBAN UTILITIES IN NIGERIA

YAKUBU USMAN MOHAMMED; LAWAL KABIR TUNAU; & SULEIMAN MOHAMMED DAJI

Department of Urban and Regional Planning, School of Environmental Science Technology, Federal Polytechnic, Mubi Adamawa – Nigeria.

ABSTRACT

This paper appraises the private sector participation in the provision of urban utilities in Nigeria where the study looks at the trends of private sector participation in utility provision in developing countries, major impediments of private sector participation in utility provision, state of the water sector in Nigeria, water supply by the private sector in Nigeria and challenges for private sector

Introduction

Studies have been carried out by organisations like the AFD Research Department investigating into the participation of the private sector various service provisions in the international scene. These researches were focused on the infrastructures of public services in the fields of water, electricity, transportation, waste and telecommunications. One of the motives of these organization is aimed at involving the international private sector to contribute its professionalism and its financial capabilities, for accelerating the access by all to these services (Blanc and Botton 2010).

In the water sector, the Dublin conference of 1992 marked the passage to commercialization and commodification of service, by declaring water to be a social as well as economic good (Bakker 2009). This led to the private sector participation with many concession contracts signed in developing countries by major French companies,

with the illusion that the investment capacit y of the private sector would, via the commodification of services, lead to accelerating the access of all to water. The idea of private sector participation was voiced out also in the 1992 Earth Summit of Rio de Janeiro, with the promotion of public-private partnership (PPP) models, and then at that of Johannesburg, 2002 for reaching the Millennium Objectives.

The provision of utilities in urban areas by the private sector has swept through some few years especially in developing countries. Many governments in the 1990s embarked on ambitious reforms of their urban water supply and sanitation services that often included delegating the management of utilities to private operators under various contractual arrangements. Hopes were high that public-private partnerships (PPPs) would turn around poorly performing public utilities by bringing new expertise, financial resources, and a more commercial orientation. Since 1990, more than 260 contracts have been awarded to private operators for the management of urban water and sanitation utilities in the developing world (Marine 2009).

The initiation of the private sector participation in utility provision was positive, alas, faced with many setbacks. For example, following a few

participation in water supply in Nigeria. Data collection was carried out through literature review. The study concludes that Since water is a major source of life sustenance, it is pertinent not to see water supply provision as a one-way show. The private sector should be fully involved. This can be achieved by providing clear-cut agreements by the public side through appropriate legal frameworks which will make private participation more favourable. The study finally recommends that a legal framework should be put in place to ensure policy continuity for private sector participation and government should provide an enabling environment for the attraction and retention of the private sector's interest in water supply facilities development, provision and management.

Keywords: *Private sector, Water supply, Appraisal, Participation,, Utilities provision*

resounding failures of major water concessions in Buenos Aires, La Paz, etc., there was a reorientation of the international institutions with the reintroduction of the local policy principle in the water domain and the return of local public authorities as main players in the field. The donor organizations proposed a revisited participation of the private sector, through a growing interest in small private entrepreneurs. At the same time a paradigm shift took place, from access to drinking water services for all, to improved access for the greatest number (Blanc and Botton 2010).

CONCEPTUAL CLARIFICATION

As late as the 1990s, governments embarked on a series of reforms of urban water supply and sanitation services, often with support from international financial institutions. The issue of utility provision was Janus-faced; with the problem of non-availability and inadequacy. Governments were in dire need of reforms with millions of people lacking access to pipe borne water and sanitation; and for millions of others, service was often poor. Deteriorated infrastructure, fast urban growth and large investment needs coexisted with poorly run utilities, artificially low tariffs, and scarce fiscal resources. Efforts to strengthen publicly managed utilities had proved largely incapable of addressing the sector's mounting challenges (Blanc and Botton 2010).

The private sector is seen as the last resort in redeeming the utility provision sector since the public sector cannot suffice. For governments that lacked enough fiscal resources to cover the financial losses of public utilities and to invest in infrastructure rehabilitation and expansion, public-private partnerships for water utilities seemed to be an attractive solution. Hopes were high that with their expertise and financial resources, private operators would provide better services for a larger number of customers.

TRENDS OF PRIVATE SECTOR PARTICIPATION IN UTILITY PROVISION IN DEVELOPING COUNTRIES

Since 1990, governments in developing countries have signed more than 260 PPP contracts in the sector, and it is estimated that by 2007, PPP projects were supplying water to more than 160 million people in these

countries. In spite of this, the market share of water PPP projects in developing countries stood at only about 7% of the total urban population, up from less than 1% in 1997 and about 4% in 2002.

Private Financing of Utilities in the 1990s

Infrastructure utilities in some few countries, such as Chile, New Zealand, and the United Kingdom, had been privatised in the 1980s to serve as a remedy for poorly performing public utilities. The rationale was that a private operator would operate more efficiently because of its profit motive and the fact that its contract contained clear, consistent objectives (Harris 2003). The separation of policy and regulation from the provision of services would provide accountability through a close relationship that was largely missing under public provision. The gains from reforming poorly performing utilities were expected to be large enough to allow private operators to directly finance the investments that were needed to improve service quality and expand access for the poor.

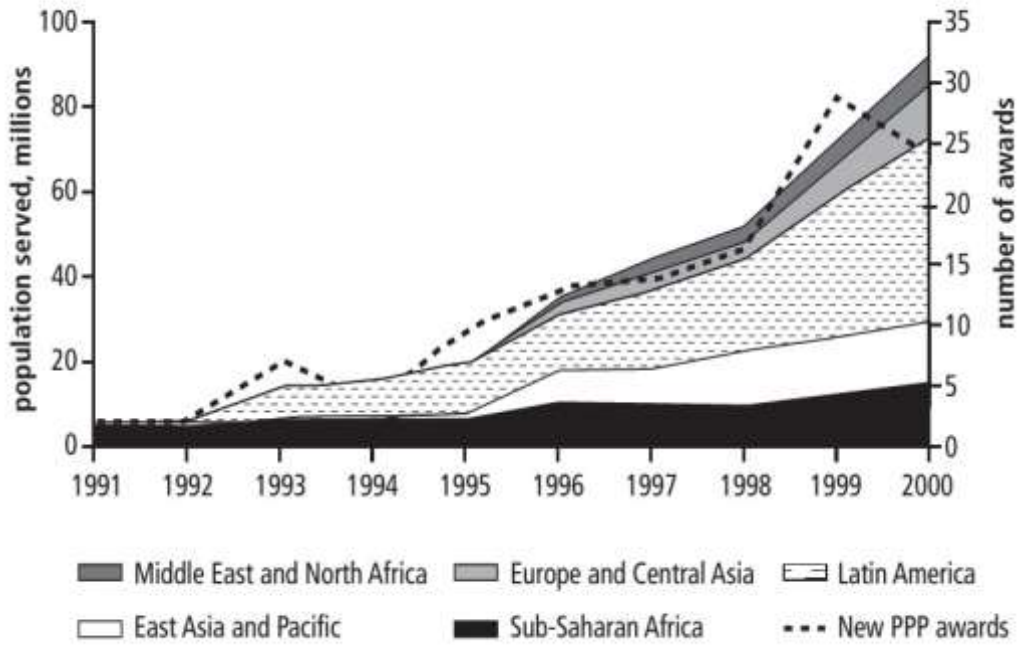
Private participation expanded rapidly in the early 1990s in the telecommunications, electricity, and transport sectors, bringing in massive amounts of private investment. The water supply and sanitation sector also appeared to be a good candidate, despite the special challenges involved. Competition in the sector was to be limited to contract awards, because water supply and sewerage services constituted a natural monopoly. Underground assets were difficult to assess, introducing much uncertainty in investment plans. Tariffs tended to be very low and the sector as a whole was beset with entrenched social and cultural issues (Marine 2009).

Private Involvement in Water Contracts

By the end of the 1980s, large private water operators had mostly vanished from developing countries. The major exception was in Cote d'Ivoire, where the private operator Société d'Amenagement Urbain et Rural (SAUR) had been present since 1960 and operated the national private water utility Société de Distribution d'Eau de Cote d'Ivoire (SODECI) under an affermage contract. Then, in the late 1980s, the government of Guinea requested assistance from the World Bank to

replicate the Cote d'Ivoire approach, leading to the award in 1989 of a 10-year affermage contract to SAUR. Under this arrangement, the private operator was to be responsible for improving service quality and efficiency, and the government would remain in charge of investment.
Several large countries in Latin America had undertaken water sector reforms in the 1980s, dismantling their national water utilities to create decentralized bodies at either the provincial level (as in Argentina) or the municipal level (Colombia). The first private involvement in provision of water in this region was a concession awarded in 1991, for the Argentine provincial utility of Corrientes, to a newly privatised British operator (Thames Water). This rather small venture was followed by two much more ambitious attempts, with tenders launched for the concession of the water utilities of two major capitals: Caracas (Venezuela) and Buenos Aires (Argentina). Although the Caracas tender did not go through, the Greater Buenos Aires concession was successfully awarded. The winning consortium took over in May 1993, committing to invest USD 4billion over the 30 years of the contract.

Figure 1. Water Utility PPPs Awarded and Urban Populations Served in Developing Countries, by Region, 1991–2000

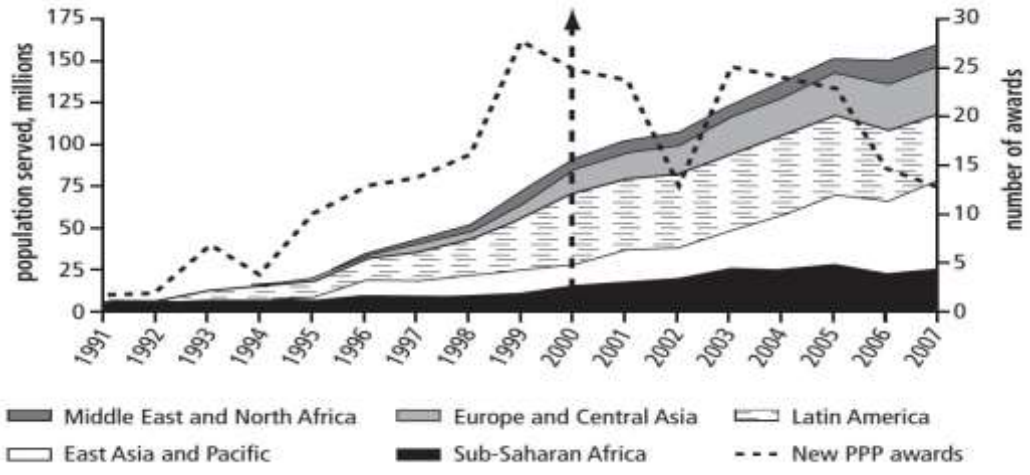


Source: Marine (2009)

The year 2001 was a turning point for water PPPs, with the fallout from the acute economic crisis in Argentina, which was the largest market for private water operators at the time. The number of contract awards dropped the following year, and in 2003 – 2005, new activities became concentrated essentially in four countries (Chile, China, Colombia, and the Russian Federation). Since 2006, the number of contracts awarded annually has dropped sharply to pre-1999 levels, and the new awards are concentrated in a few countries, with China taking the largest share (AFD 2006).

By the end of 2007, there were more than 220 active water PPPs in 41 developing countries. Water PPP projects have been developing in different ways, depending on the country or region, responding to the specific features of reforms, country risks, and financial markets, and to the local political economy. Between 2000 and 2007, the number of PPP customers fell from 44million to 39million in Latin America, but it rose sharply, from 14million to 50million, in East Asia, which has now become the biggest market for private water operators. It also rose in all other regions: from 15million to 25million in Sub-Saharan Africa, from 15million to 29million in Eastern Europe and Central Asia, and from 7million to 13million in the Middle East and North Africa.

Figure 2. Water Utility PPPs Awarded and Urban Populations Served in Developing Countries, by Region, 1991–2007



Source: Marine (2009)

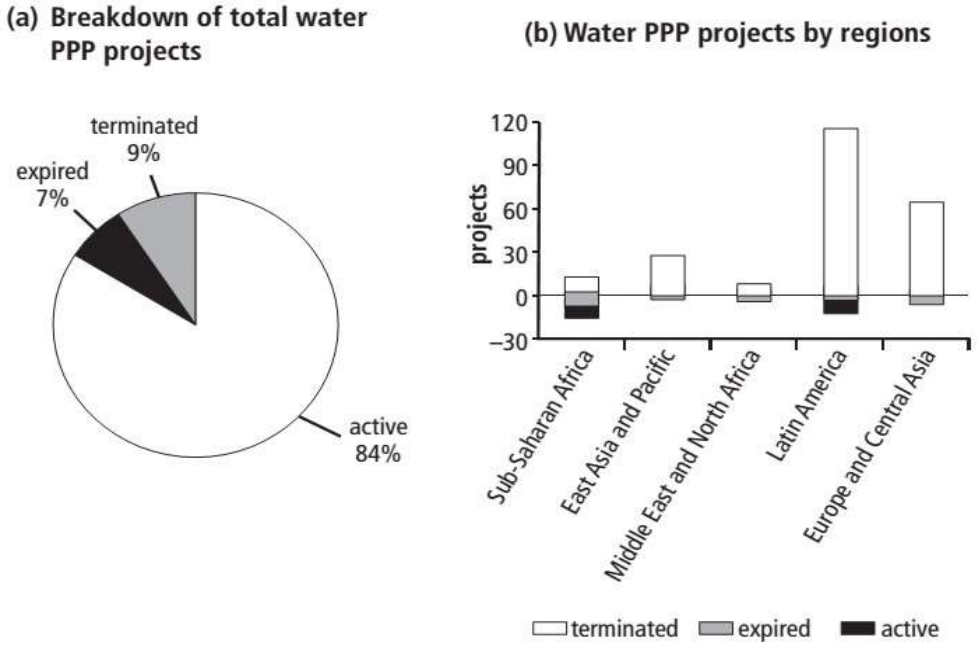
Some water PPPs ran into difficulties which led to the early termination of their contracts. This has encouraged the perception that many water PPPs in developing countries are encountering problems and being canceled. Indeed, PPPs did not always work as expected in the contractual arrangements, and several projects have failed. But a closer look at the whole picture shows that only a minority of PPPs have been prematurely terminated. At the end of 2007, water utility PPPs that have been in place in developing countries since 1990 are 268: 228 were active, 18 had expired (and the utility had returned to public management at the end of the contract), and 22 had been terminated early (Marine 2009).

PPP projects that expired at the end of their contract duration, and were followed by a return to public management, represent 7% of the cases. They must be clearly distinguished from PPP contracts that were terminated early. A large majority of the expired water PPPs were for short term management contracts, with limited transfer of responsibilities to private operators. The reasons these utilities returned to public management are varied, and not necessarily linked to a failure to improve or to satisfy the government's expectations (Marin, et al , 2009).

By 2007, private water operators from developing countries were serving as many as 67 million people, or more than 40% of the market. This figure is excluding China, where recorded PPPs served more than 24 million people and Cote d'Ivoire (SODECI) and Senegal (Senegalaise des Eaux, or SDE), where PPPs together serve more than 13million people.

Many private water operators from developing countries have now become significant players, and some are now taking a regional view of the market. For instance, Latinaguas (Argentina) won a concession for the city of Tumbes (Peru) in 2005, and ONEP (Office National de l'Eau Potable, in Morocco) won an affermage contract two years later for the national water utility of Cameroon. Malaysian companies have been actively looking for opportunities abroad, even purchasing an English water utility in 2002.

Figure 3. Status of Water Utility PPP Projects—Active, Expired, and Terminated, by Region, 2007



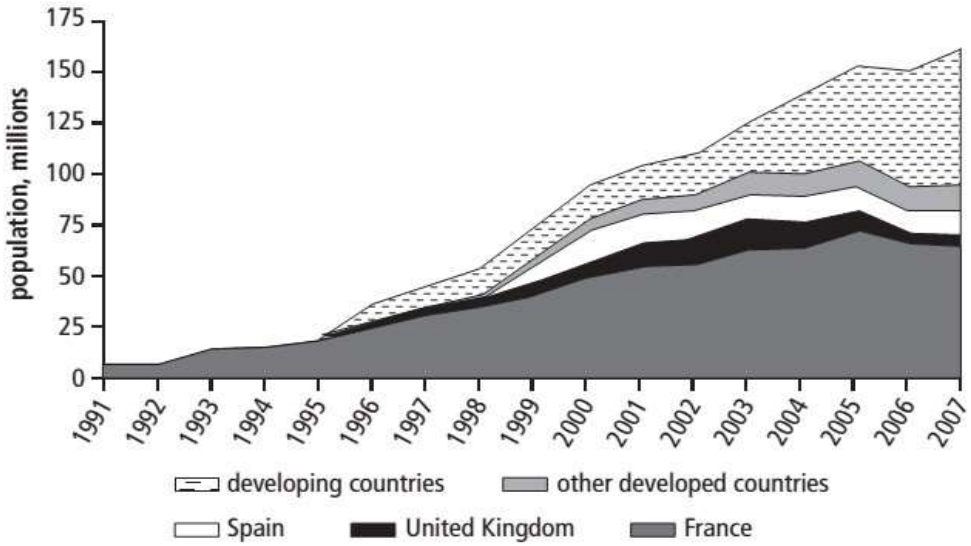
Source: Marine (2009)

Table 1: Large Water Utility PPPs That Returned to Public Management between 1990 and 2007

Region	Contracts terminated early	Contracts expired without renewal	Population served (millions)
Sub-Saharan Africa	Central African Republic, Chad, Comoros, The Gambia, Mali, Rwanda, Dar es Salaam (Tanzania)	Guinea, Guinea-Bissau, Madagascar, Zambia, Johannesburg (South Africa), Kampala (Uganda)	17.0
East Asia and Pacific, South Asia	Kelantan (Malaysia)		0.5
Middle East and North Africa	Hebron (West Bank and Gaza)	Amman (Jordan), Gaza (West Bank and Gaza), Tripoli (Lebanon)	3.5
Latin America	Buenos Aires, Santa Fe, Buenos Aires province (2), Tucuman (Argentina), La Paz–El Alto, Cochabamba (Bolivia), Punta del Este (Uruguay)	Guyana, Trinidad, Lara & Monagas (Venezuela, R. B. de)	20.0
Europe and Central Asia	Antalya (Turkey), Borsodviz (Hungary), Vladivostok, Volgograd (Russian Federation)	Kosovo, Elbasan (Albania)	4.0

Source: Marine (2009)

Figure 4. Urban Populations Served by Private Water Supply Operators in Developing Countries, by Country of Origin, 1991–2007



Source: Marine (2009)

In many countries, water PPPs seem to have withstood the test of time. By the end of 2007, 44 developing and emerging countries had active urban water PPP projects. In Armenia, Cameroon, Chile, Côte d'Ivoire, the Czech Republic, Gabon, Ghana, Malaysia, Niger, and Senegal, the majority of the urban population is now served by private operators. In several other countries, private operators serve close to or more than a third of the urban population; those countries include Algeria, Colombia, Cuba, Ecuador, Hungary, Morocco, and Mozambique. Even Argentina still has more than 10 water concessions serving 20 percent of the urban population. However, about one-third of the developing countries and economies that had water PPP projects during the past 15 years decided to revert to public management. This is a significant proportion, which underlines the fact that PPPs are complex and risky endeavors.

Private Involvement in Power Sector

The activities of the power sector is quite demanding when it comes to effective and efficient provision of the service. In most developing countries today, the most cost effective way of increasing electricity

supply is to improve the efficiency of existing facilities. This can be done by rehabilitating units out of service, improving the availability and efficiency of existing plants and by reducing losses incurred in distribution and transmission. Significant amounts of fuel can be wasted if thermal plants are not operated at optimal conditions of temperature and pressure. Preventive maintenance should be undertaken, since improving the availability of units reduces investment requirements for new plants. Simple corrective measures, such as cleaning blocked condensers or repairing leaking valves, can have payback periods as short as a few days. Adequate spare parts should be on hand. Staff training programmes need to be improved and expanded (Heron 1985).

The World Bank is giving serious attention to these matters in all of its power and energy assessment operations. As regards the latter, in April 1983 the United Nations Development Programme (UNDP) and the World Bank started a joint Energy Sector Management Assistance Programme (ESMAP), with the objective of assisting countries in implementing the main investment and policy recommendations of the energy sector assessment reports produced under another joint UNDP/World Bank programme (Heron 1985).

ESMAP provides staff and consultant assistance in formulating and justifying priority pre-investment and investment projects and in providing management, institutional, and policy support. Many studies being undertaken under the programme relate to power sector efficiency. The reports provide governments, donors, and potential investors with the information needed to speed-up project preparation and implementation. The programme aims to supplement, advance, and strengthen the impact of bilateral and multilateral resources already available for technical assistance for the energy sector. It is a major international effort and, while the core financing has been provided by the UNDP and the World Bank, important financial contributions also have been made by a number of bilateral agencies (Heron 1985).

MAJOR IMPEDIMENTS OF PRIVATE SECTOR PARTICIPATION IN UTILITY PROVISION

The problems encountered by PPPs can thus be explained by misunderstandings created by ambiguous institutional plans, improper

dissemination of information and competences between the contractual partners, and especially by power conflicts between the different actors, including among the authorities of the country where the reform should take place. All these can be explained under the following

Culture

Culture has a played a significant role in impeding the effective success of private participation in utility provision in developing countries. Since culture play a role in the development process, we therefore should not oppose cultural traditions against progress and modern universal values, as tradition in reality is an invented subject that will be reformulated in terms of specific historical settings (Warnier, 2008). The importance of cultural aspects in the success of PPPs shows how culture and development are linked. The subject of debates that are commonly marked by quarrels between culturalists and anti-culturalists, whereby the word culture has, without doubt, been overused, over-interpreted, politically instrumentalised and associated with a fixed social rank (Botton 2008). Cooperation or confidence are rooted in the culture of the society and for this to survive, the social values of this society should be embedded within the operations of private organisations providing utilities. This will in line give room for compatibility with local culture which is also favourable to performance (Dardenne 2007).

Performance Measurement

When a particular utility is provided, efficiency is necessary. This can be achieved through effective measurement of performance of the utility. Performance indicators are usually ambiguous especially in developing countries. These indicators are often based on rough estimates and are calculated differently from one country or utility to another. Measuring water losses is a phenomenon that cannot be easily achieved due to its complex nature, but even a seemingly straightforward indicator such as service coverage can be hard to estimate accurately. Components of performance are also multi-faceted and linked. Taking water and electricity for example, the number of connections cannot be entirely attained without taking service interruptions into consideration or

discuss a tariff raise without reference to possible improvements in access and service quality.

Operating costs of water utilities are largely determined by local factors such as availability of water resources and topography. A wide variety of tariff structures can be found among utilities, with consumption brackets, fixed charges and billing, sometimes based on estimates of consumption. The size of a utility also plays a significant role through economies of scale, because fixed costs represent a large portion of the cost structure. All these factors greatly complicate the task of comparing costs and tariffs across water utilities. Many public water utilities in the developing world lack a proper framework for performance monitoring, and often the data they report are unreliable. As a consequence, many projects have lacked an appropriate baseline against which to measure performance after the transfer to a private operator, neither is information on PPP contracts always easily accessible to the public.

Tariff

In many utilities, power tariffs do not even cover the operating costs and debt service, and in most countries rates are below the long-run marginal cost of supply, in some cases by very sizeable margins. In addition to its economic impact, underpricing electricity causes the wasteful usage of energy and critically impairs the operating revenues of utilities, forcing them to reduce inventories, forego essential maintenance, request government subsidies, and undertake additional borrowing that imposes a heavy debt service burden in later years. Many national power entities now need to increase their tariffs by as much as 40% to 60% to regain their long-term financial balance and to bring down their borrowing requirements to more manageable levels.

The unwillingness of governments to raise tariffs in line with cost systems both from the political unpopularity of these measures and the mistaken conviction that curbing utilities' tariffs helps control inflation. Recent tariff increases in most developing countries have been granted on a haphazard basis to overcome immediate difficulties, rather than to ensure their long-term financial equilibrium.

Maintenance

Poor maintenance organization is causing unsatisfactory plant availability and reliability, and heavy losses in the transmission and distribution of power. Plants are in urgent need of rehabilitation. Bad metering and poor collection of bills add to these problems. Unpaid bills exceeding six months of revenues are common. Even when tariff levels are adequate, uncollected bills payable by governments and other State enterprises often are a serious problem, and one that cannot be resolved without budgetary intervention, especially when the situation has been allowed to deteriorate for many ears. This is also applicable in the water sector.

Informality

The poor often live and work in the informal sector, lacking legal ownership of land, home and business. About one billion people worldwide live in informal settlements in urban areas alone. Firms have little incentives to make the large capital investment to extend infrastructures into such settlements, which could be cleared at any moment. In addition, the basic system (such as recognized addresses for access to mail services) that enables the firms to charge fees in exchange for services do not exist.

Inadequate Infrastructures

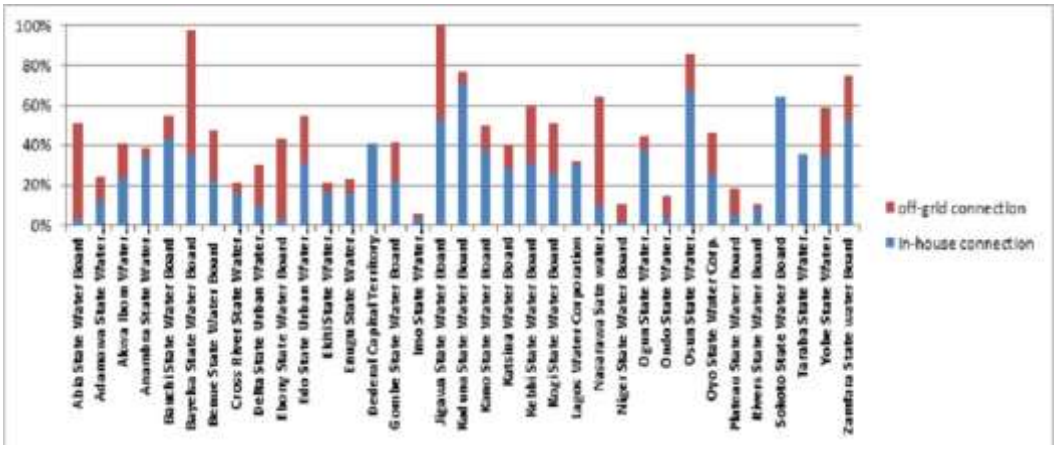
Inadequate infrastructures has hampered the private sector provision of utilities in the urban areas of developing countries. Many private firms inherited the provision of utilities from the public sector in with the infrastructures in a bad state. Pipe laying for water and power lines for example are already in a bad state or inaccessible to other areas of need. There are substantial fixed-costs associated with digging and laying water and sanitation pipes, putting up electric poles and cables, purchasing trucks to carry off solid waste and so on. In some instances, pricing before privatization have been artificially low, unrelated to the cost of operating or maintaining infrastructure. Where firms have been unable to change this low inherited prices points, they have been hindered in reaching profitability (Sutton 2007).

STATE OF THE WATER SECTOR IN NIGERIA

With a population of 173.6 million, Nigeria is the largest country in Africa by population. About 47% of the population lives in urban areas (World Bank 2005). The federal government offers a high degree of autonomy to its states, notably in water and sanitation services. It is estimated that states and LGAs control over 50% of government revenues and are responsible for the delivery of public services (FGN 2009).

At present, 64% of Nigeria's population has access to safe drinking water. The country is offtrack for meeting the Millennium Development Goal for water supply provision. Although access to improved drinking water increased between 1990 and 2012 from 45.6% of the population to 64%. 79% of the urban population has access to improved drinking water. Though having an inhouse water connection, only 6% of urban population, obtains drinking from the city's piped network (IBNET 2012). In Rivers State, for example, Port-Harcourt Water Corporation can only meet 5% of the demand for water services in Port-Harcourt. Bauchi State Water Board, responsible for providing water supply to 20 LGAs in Bauchi State, operates only four LGAs covering less than 19% of the state population. Similarly, Ekiti State Water Corporation offers intermittent service to less than 20% of Ekiti state population (World Bank 2014).

Figure 5: Off-Grid Connections and In-House Connections Coverage across State Water Agencies Service Areas

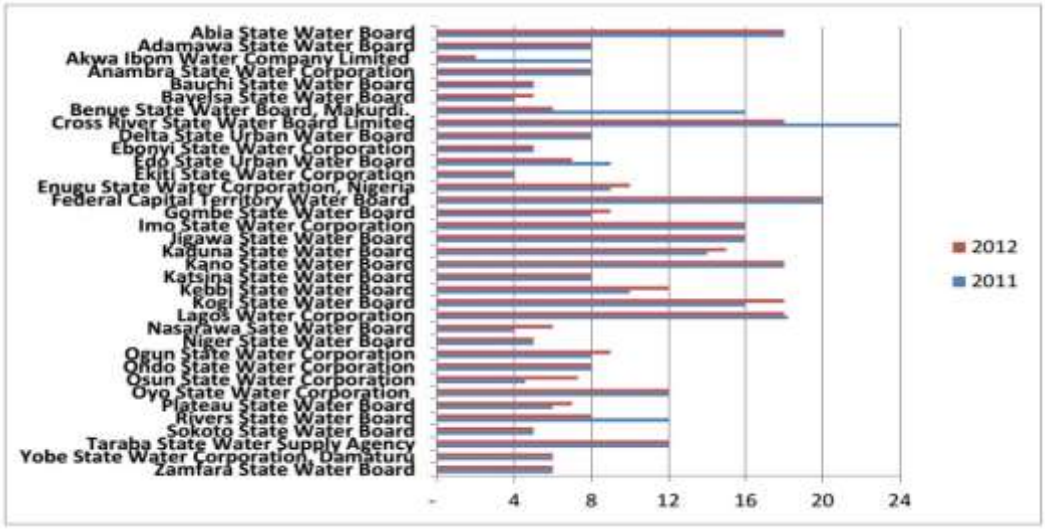


Source: IBNET 2012

According to IBNET (2012), Service levels including continuity of supply are generally low with only one water corporation provided a 24hours

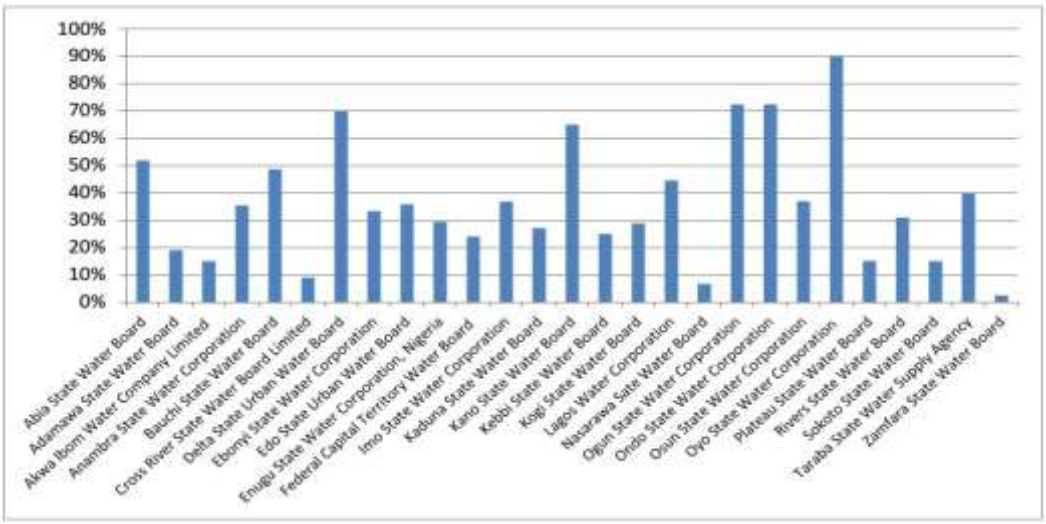
service in their operation areas in 2011. Also, Non-revenue water or unaccounted water (due to commercial and technical inefficiencies) is also high, reaching 80% in some states with only two water boards practicing production and consumption metering, and only one (Abuja) practicing billing based on water metering. This lack of monitoring of water consumption clearly hinders the ability to provide reliable figures and the participation of the private sector in terms of measuring performances.

Figure 6: Average Hours of Water Supply per Day



Source: IBNET 2012

Figure 7: Non-Revenue Water Levels per State



Source: IBNET 2012

WATER SUPPLY BY THE PRIVATE SECTOR IN NIGERIA

The Federal Government of Nigeria is committed to private sector participation in the finance and management of public infrastructure. In 2005, the Government passed the Infrastructure Concession Regulatory Commission Act (ICRCA) which provides room for the private sector in the financing, construction, operation and maintenance of infrastructure projects, but in isolation, the Act does not satisfy the legislative framework requirement for PPPs to move-on well in Nigeria.

There has been limited private sector involvement in the Nigerian water sector so far. Some state water boards entered into directly negotiated contracts, such as that between the Cross River State Water Board and ORTECH. Some private sector participation is also taking place at LGA and community levels, but this is not based on defined policy or legal frameworks. Legal frameworks that provide a stronger basis for PPPs in the water sector are in the process of being adopted at the Federal level and in various states, which should provide a stronger basis for PPPs in the sector going forward.

Some Policy and legal framework development for private sector participation in the water sector includes:

The National Economic Empowerment and Development Strategy (NEEDS) recognised that PPPs were central in strategies to develop water supply and sanitation services at urban and small town levels in investment, management and service delivery. NEEDS identified the low level of sanitation in urban and peri-urban slums as a critical issue and suggested that water supply and sanitation should be a government priority. The 2004 NEEDS National Water Supply and Sanitation Strategy specifically recommended an institutional and regulatory framework based on the concept of water supply as a service industry. It also recommended more autonomy for state water boards, and commercialization through service, management, and lease contracts with the private sector for improved efficiency (NPC and NEEDS, 2004).

The National Water Resources Bill presently undergoing review has a dedicated section to PPP.

Part XIII, Public-Private Partnership, comprises two clauses; Clause 132– Contracts and Concessions and Clause 133– Regulatory Framework for Public Private Partnership. Clause 132 provides that: *"the Ministry, any of its Agencies, extra-ministerial Department, Parastatal or body involved in the financing, construction, operation or maintenance of infrastructure, by whatever name called, may enter into a contract with or grant concession to any duly pre-qualified project proponent in the private sector for the financing, construction, operation or maintenance of any infrastructure that is financially viable or any development facility of the Ministry in accordance with the provisions of this Act"*. When passed into law, this clause will provide the legal backing for water sector agencies at the federal level to enter into PPPs (Tremolet Consulting 2015).

Some private sector participation in the provision of water supply in Nigeria are:

1. The concession contract between the Nasarawa State Government and River oaks Utilities Limited signed in 1999 for the construction, operation, and maintenance of water supply system within the Karu-Mararaba environs of the State.
2. The operation management contract between ORTECH Nigeria Limited and the Cross River State Water Board in operation since 2004. It is a tri-partite PPP management contract with ORTECH, the Water Board and with the Cross Rivers State Government as Guarantor in December 2003. It became effective in February 2004 and is still ongoing.
3. The management contract in Kano State, which developed a 150m3/day water scheme at Tamburawa and engaged the construction contractors to provide operation and maintenance services for three years for the scheme.
4. The Lagos State government developed (and is implementing) a Water Supply Master Plan, which includes the use of PPPs for the development and/or operation of water supply in the State. The programme is regarded as the most ambitious in the country, and construction activities have commenced in a couple of the water works on a build-operate transfer (BOT) basis.

CHALLENGES FOR PRIVATE SECTOR PARTICIPATION IN WATER SUPPLY IN NIGERIA

The legal reforms under preparation are expected to provide frameworks for greater Private Sector Participation in water supply services in Nigeria. However, there are many challenges for introducing water sector PPPs in the country.

1. Many stakeholders are reluctant to fully embrace the implications of PPP, which could include job losses, higher tariffs, and reduced government control.
2. Most of the utilities in Nigeria appear to be autonomous on paper only. In reality, state water boards depend on and are fully controlled by state governments. This will have direct impact on decision-making on the operations of the utility, and consequently, on the management of PPPs.
3. The lack of independent regulation, in particular for tariff setting, is not attractive from the private operator's perspective. Independent regulation is needed to provide equal jurisdictions for public and private sectors alike. Tariffs should be set on the basis of efficient production costs, if the private sector is to be attracted. Currently, in Nigeria, tariffs are determined by governments without reference to production costs and have become strong political tools. For example, free water is promised during political campaigns, and consumers promptly remind political office holders when they assume office. This unpredictable tariff framework would not be attractive for potential investors. An independent regulator will help to improve investor perception.
4. Most of the PPPs currently in place cannot be regarded as sound PPPs, due to the inadequate procurement processes applied for the engagement of private partners. For instance, it is clearly stated on the Cross Rivers state water board website that the concept of PPP was introduced to the Cross Rivers state water board by ORTECH Nigeria Limited, leading to the signing of a management contract. Such lack of competition in the procurement process for PPPs will have to be resolved in order to attract the right and capable private partners.

CONCLUSION

Since water is a major source of life sustenance, it is pertinent not to see water supply provision as a one-way show. The private sector should be fully involved. This can be achieved by providing clear-cut agreements by the public side through appropriate legal frameworks which will make private participation more favourable. Studies and researches should be encouraged by the government which will improving the availability of reliable data (on assets, operation and maintenance costs, service levels) and will serve as an attraction for finance to the sector (both from public and private sources), enhancing performance and transparency.

RECOMMENDATIONS

- Contracts should be design to include the right balance of incentives for both the private operator and the public side and that the broader institutional framework provides sufficient comfort to the private sector serving as a pull factor. Service contracts, for example, could be introduced in contexts where the public side is reluctant to engage into deeper forms of private sector partnership, focusing on specific tasks such as, improving the billing ratio, tariffs studies, reducing non-revenue water and operation and maintenance cost. This will gradually put state water boards on the path of well-performing utilities. Service contracts

  can also help with generating quick results (by improving the utility's operations), but can also enable skills and transfer knowledge, as the utility retains full control of its staff.
- A legal framework should be put in place to ensure policy continuity for private sector participation.
- Government should provide an enabling environment for the attraction and retention of the private sector's interest in water supply facilities development, provision and management. A clear regulatory framework, which would provide for cost-covering tariffs and identify where reliable subsidies are likely to come from (i.e. from taxes or transfers) would be essential for increasing the attractiveness of the water sector for private operators going forward. In addition, there should also be

improvement on the availability of reliable data to enhance performance measurement.

- Setting up of monitoring agency for the control and evaluation of PPP projects.

REFERENCES

AFD (2006). Water supply and sanitation project in small towns of Cambodia, Summary Note, Paris.

Bakker, K. (2009). Participation du Secteur Privé à La Gestion Des eaux: Tendances Récentes et Débats dans Les Pays en Voie de Développement. Espaces et Sociétés, No. 139, Erès, Paris.

Blanc, A. and Botton, S. (2010). Water Services and the Private Sector in Developing Countries: Comparative Perceptions and Discussion Dynamics. AFD's Research Department. France.

Botton, S. (2008). L'émergence D'une Politique De L'eau Dans Les Gros Bourgs Ruraux au Cambodge, Collection Études et Travaux, Gret, Nogent-sur-Marne.

Dardenne, B. (2007). La France Etla Problématique Mondiale De l'Eau in L'eau: Laguerre De L'eau Aura-t-elle Lieu? Revue Politique et Parlementaire, Paris.

FGN (2005). Infrastructure Concession Regulatory Commission Act (ICRCA).

Harris, C. (2003). Private Participation in Infrastructure in Developing Countries: Trends, Impacts,and Policy Lessons. Working paper, World Bank, Washington, DC.

Heron A. (1985). Financing Electric Power in Developing Countries: The Global Investment Outlook and the Role of the World Bank. IAEA Bulletin, Special Reports.

IBNET (2012). Nigeria Municipal Water Sector Status.

Marin, P., Mas J. P., and Palmer, I, (2009). The Johannesburg Management Contract. Working Note 20, World Bank, Washington, DC.

Marine, P. (2009). Public-Private Partnerships for Urban Water Utilities: A Review of Experiences in Developing Countries. The International Bank for Reconstruction and Development/ World Bank. Naylor Design, Inc. Washington DC.

Sutton, N. C. (2007). The Role of the Utilities Sector in Expanding the Economic Opportunity. Cooperate Social Responsibility Initiative Report No. 24 Cambridge, MA: Kennedy School of Government, Harvard University

Tremolet Consulting (2015). Public-Private Partnerships for the Water Sector in Nigeria: Framework Note. For the Federal Government of Nigeria.

Warnier, J. P. (2008). Invention Des Traditions et Esprit D'entreprise (EUDN). Conference Culture et Development, December 2007, Afrique Contemporaine, No. 226, AFD, Paris.

World Bank (2005). Second National Urban Water Reform Support Programme (NUWRSP): Project Appraisal Document. Washington

World Bank (2014). Third National Urban Water Sector Reform Project: Project Appraisal Document. Washington