



SPM's unique approach to Public-Private Partnerships (PPPs)

As public-private partnerships become increasingly popular in the development sector, it is important to highlight the fundamental principles of a PPP without which it is difficult to sustain such a partnership over the long-term. We believe that these principles constitute the unique SPM approach and build on over ten years of experience.

- 1. Community outreach and engagement.** As the final stakeholders in any project focused on improving the delivery of water, waste and energy services, it is critical that the community play an integral role in shaping the PPP from the beginning of a project. SPM helps identify community partners for research, planning and execution of a PPP project, working continuously to assure that community interests remain a top priority. Disenfranchising the community must be avoided through the engagement of representatives in the formative stages of the PPP and a continuous evaluation of the community interests.
- 2. Requirement of the LGU to be engaged through ownership and investment.** Local government units (LGU) must play an integral role as project investors, whether in a strictly financial perspective or through the provision of land, infrastructure or consulting services. An LGU provides local knowledge and community synergy, understanding of the regulatory and contractual issues, access to land and local financing, and finally integration with existing government programs. If LGUs rely entirely on external private investors, the project does not constitute a true partnership and cannot be sustained. SPM helps assure the involvement of local governments in order to secure their long-term commitment to the PPP.
- 3. Private sector as co-owner/investor/manager.** The strengths of the private sector lie in their experience in project management, provision of technology, equity investment and business management. A partnership between the public sector and the private sector obviously requires negotiation between the two core partners. Past arrangements for infrastructure projects have tended to marginalize both the public sector and concerned communities. To redress the balance in negotiation requires a third party to act as an honest but technically competent broker that is able to facilitate a win/win deal, with the compromises it can entail. Managing this process is a core strength of SPM.
- 4. Commitment to a technology choice that reflects the principles of sustainable development.** Each project requires a different assessment of its technological needs, with an examination of local resources as the first priority. If the required technology needs to be outsourced, SPM draws from a global network of technology providers in order to assess the best solution for any given project. Defining the project brief and evaluating proposals that are viable over the long-term is a critical part of what we do. A transfer of knowledge and ownership of technology by the public sector is achieved through planning for an exit strategy from solely private management.
- 5. Centralizing agent for up-front planning, financing and long-term results.** Community water, waste and energy projects must be viewed over the long-term and evaluated prior to execution in order to understand the issues, players and interests involved. SPM acts as a catalyst for bringing together key partners and places a great emphasis on the formative stages of the PPP. Through its unique role as a neutral and centralizing facilitator, SPM is able to maximize resources and act as the continuous "red line" that runs from the start of a project through its sustained execution. This can also include mobilizing project finance from local and international markets. SPM believes that without a long-term perspective and up-front planning, the complexities of a sustainable PPP approach would quickly unravel a project.