

People's PPP in Water and Sanitation in Odisha (IDFC Project)

Water and sanitation sector has several impediments marred when it comes to private sector participation. The constraints are from all stakeholders in the value chain such as supply side, demand side and from community. While local bodies/gram panchayats face major problems in financing the projects for asset creation and service delivery, there is apprehension about private sector participation on a very sensitive social need. Fear of ownership, consumer perception on water service delivery as a free service is one of the major cause of concerns. There are constraints because of political sensitivities and activism of select NGOs/CSOs on social vs. capital issue which makes it even harder for the entry of private players in this sector.

Till now majority of PPP experiments in water and sanitation sector have not been very successful in India. Asset creation and service delivery improvements are the two major areas of intervention for the private sector in this area. Authorities favour transferring both responsibilities of asset creation and service delivery but are averse to transfer management control. Private sector parties are willing to enter into the sector but their profit motive always remains under scrutiny by all stakeholders. They find it hard in terms of financial viability when tariff offered to them is too low and there are constraints on them on collection of higher user fees from the public.

Thus, there is a need to create a structured approach for enabling private investment to the sector, including training and capacity building for the state units. This research is an initiative to focus on identifying various PPP models and structures which can be successfully implemented in water and sanitation sector. The pilot state identified for the study is Odisha .

Odisha has a high proportion of socially marginalized population: 23% belong to Scheduled Tribes (ST) and 17% to Scheduled Castes (SC) as per 2011 Census. KBK districts have a much higher proportion of tribal population- 38.7% are STs while 15.8% are SCs. The region is characterized by chronic income poverty resulting in absolute hunger, persistent drought conditions, and high levels of food insecurity, regular distress migration, and periodic allegations of starvation deaths. This region is also highly vulnerable to diarrhea epidemics during monsoon which can be directly attributed to poor sanitation and hygiene. Of the 314 Blocks in the state, 47 Blocks in 8 districts have been identified as drought-prone and particularly western part of Odisha is highly vulnerable in this respect.

Ironically, the state is also frequently inundated and the six coastal districts are affected by floods almost every year. 33 Blocks in the coastal districts are affected by high salinity level in ground water. Fluoride in groundwater has also been a major problem in the districts of Nuapada, Khurda and Nayagarh. There is no water quality map of the state providing all information related to ground water.

The State Government has not been adequately investing in the sector owing to the poor financial condition of the state. There is no clear cut policy on water and sanitation which attracts less investment to this sector. There is common public perception that the state is giving priority to industry , mining and other commercial ventures a priority in use of water over the community. While government is shifting its focus to attract PPP in drinking water and sanitation sector , it faces a larger hurdle from human right bodies, several local NGOs and activists . The much needed

awareness about the benefits of PPP and models like community and people participation in these programs from conceptualization to delivery is completely missing from the government initiatives.

Thus, we have selected the state of Odisha as our pilot state for this project. The study would majorly focus on rural and semi urban centres with a cluster approach to provide for a minimum economic size of 50-75,000 population. However, as we enter the first phase, other states could be added depending upon the response of the respective governments.

The objective of the project will be development of sustainable and inclusive PPP model through promotion of People first PPPs. The model will focus on development of infrastructure assets and the delivery of associate services that specifically focus on the poor and the under serviced sections of the society.

The model developed should be scalable and be able to give customized solutions to different states in India and could be replicated in other developing countries. The project will focus on developing a framework for promoting good governance in PPPs that impact the poor and the under serviced sections of the society, within and outside India.

While designing a model PPP framework, several factors need to be taken into consideration such as people's buy-in for such an arrangement as ultimately they are going to pay for these assets and services directly or indirectly. The objective is to design

- A framework which promotes long term concession for construction and maintenance and gives operational and technical flexibility to the private player.
- Should be people friendly and accepted by the community at large
- Should be local issue responsive, well-structured and institutionalized.