

Development of a Management Contract for a Water and Waste-water System

German water utility /KfW

Background

The German Ministry of Economic Co-operation has adopted a policy to promote private sector participation in development co-operation. GTZ faces a major challenge to implement this new policy. Ownership of projects has for example to be shared with the private sector.

DFIC developed a PSP strategy for development co-operation in the infrastructure sector, taking into account the tradition and new approaches of development co-operation on one hand and the mechanisms and expectations of the Private Sector on the other hand.

Objectives

The objective of the project was to prepare a pilot PSP project in the Arab region for a German utility. At the same time the transfer of know-how regarding management contracts was to take place.

Results

In first step PPP funds have been acquired with KfW for the development of the tender. A second step was to identify and mobilize a suitable local partner. During an 18 months period the project has been maturing. The technical approach and a management team have been carefully selected. Financial modeling has been introduced and risk management mechanisms were evaluated. Political engineering has been involving KfW, GTZ and the German embassy. Furthermore a PPP training projects has been initiated with InWEnt. A full fledged management contract has been developed. The project is still under evaluation

