Poor Infrastructure, Poor services, Poor delivery - Can the poor help…?

The role of small enterprises in infrastructure service delivery
Cigarettes and soft drinks are available in every village, almost everywhere. Clean water, primary education and health services are not.

What has gone wrong?

*Public service through Private Enterprises: Micro privatisation for improved Delivery* M.Harper 2000
Infrastructure problems

- Governments can’t provide essential services (health, education, water) to rapidly expanding populations.

- How will they pay for and provide other “non essential” services that people still need.
Making Connections with SSIPs

- “the poor often rely on small scale private infrastructure service providers” 3.18
- “subsidies are concentrated on the non-poor, while the poor pay so much” 3.22
- “where there is potential for new joint ventures with the private sector… DFID should consider support, and in the absence of such potential, should explore possibilities for reform of public services” 4.15
Examples of small enterprise involvement

• Uganda city markets
• Indian telephone services, street cleaning, ambulances, roadside and railway car parks, electricity bill collection
• Kenyan veterinary services
• Peruvian park maintenance services
• Indian TB Health treatment
• M. Harper calls “micro-privatisation”
What do these examples show us?

- Rarely a need for policy change at national level
- Occurs when activity too complex for public sector
- Profit is compatible with pro-poor services,
- Most services are divisible
- Competition delivers quality services
- Civil servants regard enterprises as exploitative
- Private sector works in spite of government
How to replicate these isolated examples on a larger scale...?
What support do SE’s need

• “Enterprise Development” recently has focused on providing Business Development Services to support SE’s

• Donor committee has developed a new Market Development “paradigm” of how to provide BDS services.
What are Business Development Services

More than...

Finance

Training

Technical Assistance
They Are Also...

Advocacy

Market Access

Inputs & Infrastructure

Product Development

Technology
Subsidized Program Model
Market Development Model

- High Impact strategy
- Sustainable services
- Demand-driven services
- Focused and specific services
- Developing a competitive market for BDS services
BDS Market Development Model

Donor

BDS Facilitator

BDS Provider

BDS Provider

BDS Provider

Development Agenda

Commercial Orientation

SE

SE

SE

SE

SE

SE

SE

SE
Seven BDS Market Development Strategies
BDS Development Strategies

- Voucher programs
- Information services
- Network development
- Business linkages
- Technical assistance
- Product development
- Venture Capital / Social Enterprise
Unresolved questions

• Pro-poor yet using the private sector?
• How can subsidies be used to grow the market?
• Private sector is risk averse - needs development
• Blurred boundary between donor, facilitator and provider - who has what role?
• Collective action required to avoid market distortions
BDS Resources

- [www.seepnetwork.org/bdsguide.html](http://www.seepnetwork.org/bdsguide.html)


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Relating the BDS Market Development Approach to Infrastructure provision
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Old Model

Government \rightarrow Utility \rightarrow User

New Approach

Donor (e.g. Government)

Development Agenda

Facilitator (e.g. Utility)

Commercial Orientation

Small Enterprise Provider

Small Enterprise Provider

Small Enterprise Provider

User

User

User

User

User

User

User

User

User

User

User

User

User

User
## Donors, Facilitators and Providers in Infrastructure?

<table>
<thead>
<tr>
<th></th>
<th>Does</th>
<th>Typical examples</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Donor</strong></td>
<td>Initial subsidies, technical inputs, budgetary support</td>
<td>World Bank, Governments, DFID, SDC, EU</td>
</tr>
<tr>
<td><strong>Facilitator</strong></td>
<td>Provides framework, TOR, regulatory environment, training, technical support</td>
<td>Governments, Local Authorities, Specific Ministries, Parastatals</td>
</tr>
<tr>
<td><strong>Provider</strong></td>
<td>Provides service, collects fees, monitors quality</td>
<td>Small enterprises, Communities, Associations</td>
</tr>
</tbody>
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Relevance to Infrastructure

• SE’s need infrastructure to operate, yet SE’s can deliver infrastructure direct to the poor.
• Working with SE’s to deliver infrastructure can accomplish (in jargon terms)
  – Infrastructure improvements
  – Poverty reduction
  – Economic Development
  – Capacity building
  – Good Governance support
Ways forward..?

• Linkages needed at local level
• Acceptance of this concept in infrastructure provision and support for local interventions at donor and national level
• Dissemination and synthesis of methods and successful results and failures.
• Advocacy and support at national and policy level
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