



**PUBLIC-PRIVATE PARTNERSHIPS  
FOR WATER SUPPLY  
TO URBAN POOR**

Researched by

Eng. N H D P DHARMAPALA

B.Sc. Eng. (PRC), C Eng., MIE (SL)

THIS THESIS IS SUBMITTED TO  
THE DEPARTMENT OF CIVIL ENGINEERING,  
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IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR  
THE DEGREE OF MASTER OF SCIENCE  
IN CONSTRUCTION PROJECT MANAGEMENT 200212003

Supervised by

Prof. K A M K RANASINGHE

B.Sc. Eng. (SL), M.A.Sc. (UBC), Ph.D. (UBC), C Eng., FIE (SL)

DEPARTMENT OF CIVIL ENGINEERING  
UNIVERSITY OF MORA TUWA, SRI LANKA

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## Abstract

Development of new infrastructure, providing social services efficiently and effectively, and better targeting of services to those in most need, are critical to alleviate poverty and provide economic opportunities for the less fortunate. Reforms using "quasi- public" contracts, commercializing public agencies, contracting out specific services to the private sector, and transferring responsibility for providing services to the private sector would be better alternatives to leverage with private sector skills and resources.

Small-scale entrepreneurs and urban poor communities are the focus of this paper in developing a model as a feasible strategy of private sector financing of development and operation of water services for improved efficiency and reduced wastage. The case study on urban water supply at Halgahakumbura low-income settlement is developed using base data of various pilot studies of the National Water Supply and Drainage Board in the recent past and the recent initiative of 'Pro-poor Public-Private Community Partnership' to provide an individual water connections in urban low income settlements.

The analysis shows that further subsidy is required to make the project viable. It is clear that in order to reap the maximum benefit to the economy as well as attracting competitive private service providers, the users should pay the full cost of service. If the social affordability level is inadequate, then the Government should complement user fees with a carefully targeted subsidy payment, ensuring the subsidy to those in most need.

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## ABSTRACT

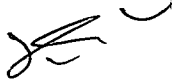
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## DECLARATION

I, N H D P Dharmapala declare that the work included in the dissertation '*Public Private Partnerships for Water Supply to Urban Poor*' in part or whole, has not been submitted for any other academic qualification at any institution.



N H D P Dharmapala  
(Applicant of the dissertation)

Date: 04/10/2007



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I, K A M K Ranasinghe certify that the declaration is true to the best of my knowledge.

K A M K Ranasinghe  
(Supervisor of the dissertation)

Date:

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## Abbreviations

BET	Break Even Tariff
CB I	Consumer billing area of Colombo 10, 11, 12, 13, 14 & 15
CB II	Consumer billing area of Colombo 2, 3, 8, 9 & 10
CB III	Consumer billing area of Colombo 4, 5, 6 & 7
CEB	Ceylon Electricity Board
DSCR	Debt Service Coverage Ratio
GOSL	Government of Sri Lanka
ILA	International Lending Agencies
IRR	Internal Rate of Return
JBIC	Japanese Bank for International Corporation
JICA	Japan International Cooperation Agency
LIS	Low Income Settlements
MARR	Minimum acceptable rate of return
MDG	Millennium Development Goals
NGO	Non-governmental organization
NPV	Net Present Value
NRW	Non-revenue water
NWSDB	National Water Supply & Drainage Board
OECF	Overseas Economic Corporation Fund
PPP	Public- Private Partnerships
PPPCP	Pro-poor Public Private Community Partnership
SAP	Special Assistance for Project Sustainability
SAPROF	Special Assistance for Project Formation
SAT	Social Affordable Tariff
UN-ESCAP	United Nations - Economic and Social Commission for Asia and Pacific



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