



**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

but...

- Civil servants regard enterprises as exploitative
- Private sector works in spite of government

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How to replicate these isolated examples on a larger scale...?



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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



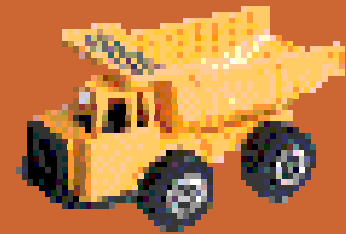
Technical Assistance

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They Are Also...



Market Access



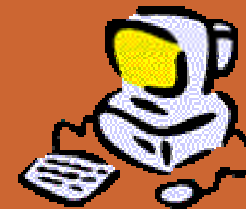
Inputs & Infrastructure



Advocacy



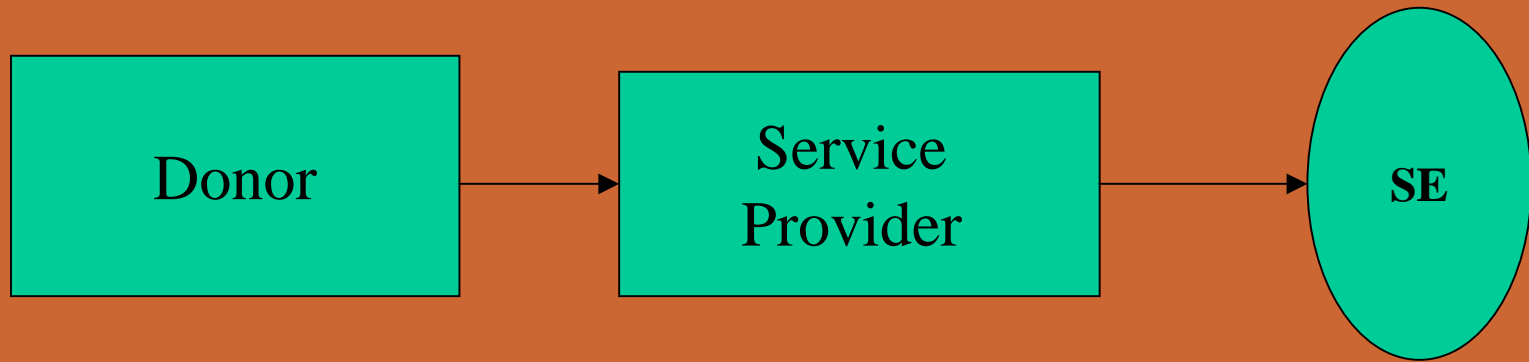
Product Development



Technology

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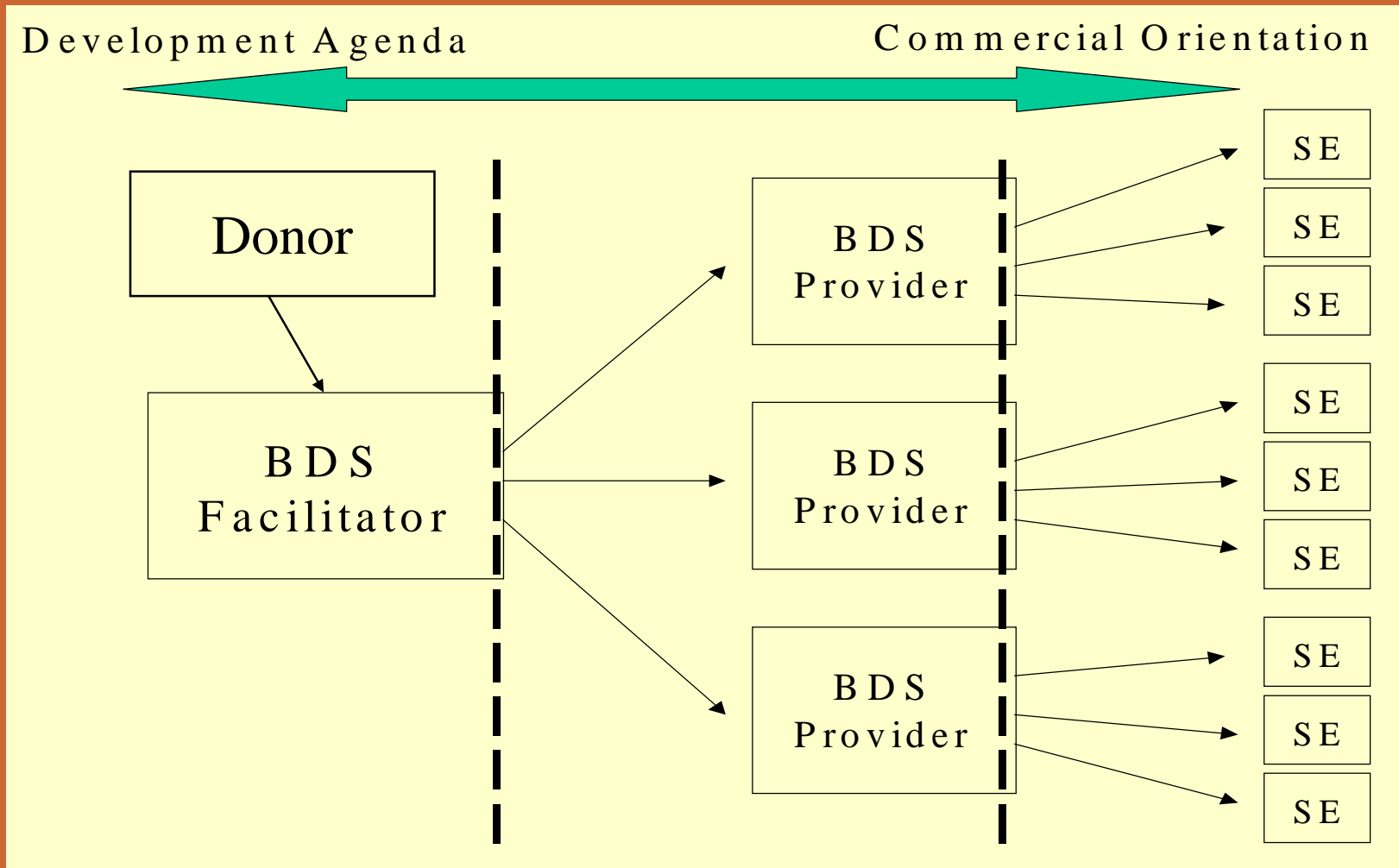
Subsidized Program Model



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



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.ilo.org/public/english/employment/ent/sed/bds/seminar/index.htm>
- <http://www.ilo.org/public/english/employment/ent/sed/bds/donor/index.htm>

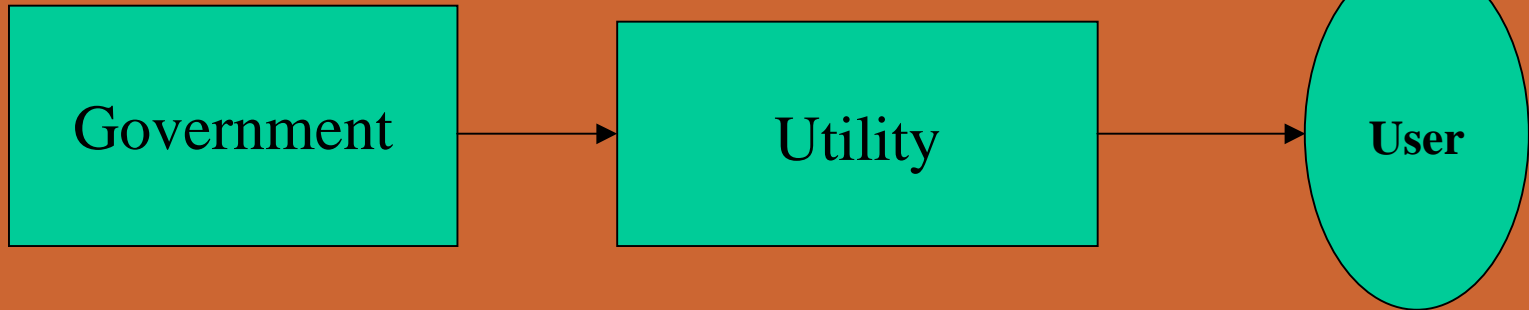
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Relating the BDS Market Development Approach to Infrastructure provision

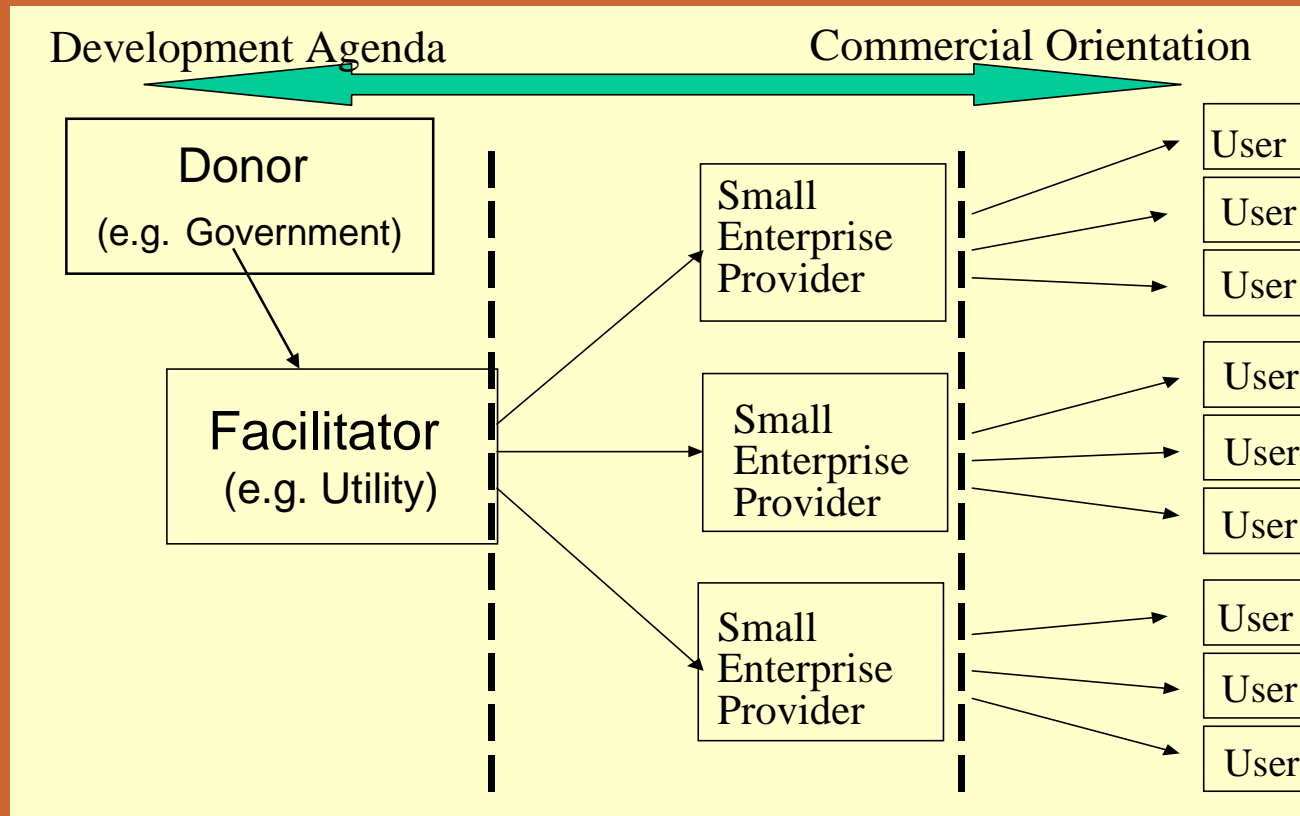


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Old Model



NEW APPROACH



Donors, Facilitators and Providers in Infrastructure ?

	Does	Typical examples
Donor	Initial subsidies, technical inputs, budgetary support	World Bank, Governments, DFID, SDC, EU
Facilitator	Provides framework, TOR, regulatory environment, training, technical support	Governments, Local Authorities, Specific Ministries, Parastatals
Provider	Provides service, collects fees, monitors quality	Small enterprises, Communities, Associations

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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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