

PUBLIC-PRIVATE PARTNERSHIP IN IRRIGATION AND DRAINAGE: NEED FOR A PROFESSIONAL THIRD-PARTY BETWEEN FARMERS AND GOVERNMENT

**A. Vidal¹, B. Préfol², H. Tardieu³, S. Fernandez³, J. Plantey⁴,
S. Darghouth⁵**

(1) Cemagref, BP 5095, 34196 Montpellier Cedex 5, France, Tel : +33 4 67 04 63 38, alain.vidal@cemagref.fr

(2) CACG, Chemin de l'Alette, BP 449, 65004 Tarbes Cedex, France, b.prefol@cacg.fr

(3) IPTRID, FAO, Viale delle Terme di Caracalla, 00100 Rome, Italy, sara.fernandez@fao.org

(4) SCP, Le Tholonet BP 100, 13603 Aix en Provence Cedex 1, France, jacques.plantey@canal-de-provence.com

(5) The World Bank, ARD, 1818 H Street NW, Washington, DC 20433, USA, sdarghouth@worldbank.org

ABSTRACT

The Irrigation and Drainage Sector (I&D) is facing a variety of issues, the most controversial being poor water efficiency, heavy public contribution, lack of asset maintenance, and often socio-economic inequity. Numerous attempts have been made to try to find a way out of this vicious circle, and lately the idea of trying to involve the private sector through Public-Private Partnership (PPP) has been growing, nurtured by encouraging 'pilot' experiences.

The recent decades have shown some concern and effort to improve the performance of the sector, with the focus switching from on-farm improvement, to farmer involvement through Participatory Irrigation Management and Irrigation Management Transfer, and to quality service-oriented organisations. PPP should really be viewed as a logical sequence to these successive efforts, where the investment and the governance functions remain largely public; the OMM (operation, maintenance and management) functions show a slight tendency toward private sector participation, while the agricultural production function remains entirely private. Investment or OMM, such seem to be the two domains of potential PPP.

These theoretical conclusions were tested with 21 examples of existing (15) or projected (6) PPPs in I&D, analysed and modelled in terms of demand, offer, content, contracts, and risks, with the following main findings: (i) the PPP demand is mostly a government initiative wishing to reduce recurrent public subsidies ; (ii) service providers are more reactive than pro-active ; (iii) while 2/3 of the case studies contracts concern private participation in one or more of the investment functions, 90% of the contracts concern private participation in one or more of the OMM functions ; (iv) service (and management) contracts account for 13% of the total, whereas Public Service Delegation (PSD) accounts for 81% of the contracts ; and (v) while investment PPPs are understandably more sensitive to country risks (devaluation), PSD arrangements are just as understandably more averse of commercial risks (fee collection from farmers) than service or management contracts.

Last but not least, the important point is not so much to find an 'absolutely private' partner but rather a professional 'third party' between farmers and government, whether it be public (e.g. a reformed and financially autonomous government agency) or private (e.g. a private service provider looking for business or a WUA turning into a private corporation).