Partnerships in Business Development Services to Expand Water Services to the Poor

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Water operators with sound business and technical capabilities can sustainably deliver services

- Business Development Services to small-scale water operators
  - Optimize labor, inputs, assets
  - Improve business understanding
  - Respond to regulations

- Accessing finance through local financial institutions

- Growth and financial sustainability of water businesses

- Expand sustainable water supply services to poor customers
Cambodia: Transforming a capacity building project into a scalable BDS-program

Our results showed

1. Performance of 9 operators:
   - reduce losses from 45 to 25%
   - collection ratios > 95%
   - expand services with 20%

2. Interest in enterprise software

3. Peer-to-peer learning works

Can we institutionalize and use a market-based approach for scaling the delivery of business development services?
Facilitating Business Development Services is justified by market failure

Market assessment in Cambodia found:

1. Demand and exposure to business development services is weak
2. Supply fragmented and dominated by donor contracts

Triggers for take-up of business development services are:

1. Use of enterprise software
2. Prospects of accessing finance
Cambodia: Introducing strategies for scale-up of business development services

1. **Viability**
   - less intensive package and self contribution required

2. **Client-orientation**
   - Tailoring to ensure use of enterprise software

3. **Platform for delivery**
   - Cambodian Water Association to pool demand

4. **Diversification**
   - Access to Finance services added
Cambodia: Developing credibility and services for members of the industry association

**Cambodia Water Association:**
Marketing, hotline, website

**Other Services:**
Networking events
Enterprise software support

**Technical and business services for 30 operators**
*Fundamentals:* 15% self contribution
*Advanced:* 30% self contribution

**Access to Finance services for 15 operators:**
Business plan & loan proposal
20% self contribution

**Local Banks:**
Financial Services to operators

**Local BDS providers:**
diversifying services
Philippines: Use of business development services pushed by regulatory compliance

Constraints of 2200 small operators
- Poor operations and access to finance
- Regulatory compliance such as license, water permit, tariff model

Partnerships to create win-wins
- Accreditation Program local firms
- Revolving Fund with Regulator
- Cost recovery and bridge financing

Results
- Scalable model
- Tangible benefits for 21 operators
  - expanded supply to 120,000 people
  - a third of households poor
Philippines: Scaling-up through regional expansion and value-adding services

1. **Doubling pool** of accredited business development service providers through training

2. **Marketing events** targeting over 100 operators in Mindanao, Luzon, Visayas

3. **Value adding services** to develop business plan and loan application for 45 utilities

**Other complementary instruments:**
- Operator registration and light-handed regulation
- Assistance to banks for investment appraisal
Crafting our Theory of Change for scaling up Business Development Services

3. Transformational change
- National program with accreditation
- Industry association facilitating / providing BDS services
- Direct market transactions

2. Critical mass
- Transactions between water operator and service providers
- Quality assurance and accreditation
- Adding services to increase value
- Institutionalize platform for scale

1. Proof of concept
- Understanding water operator needs and triggers
- Design of business development services package
- Demonstrating results to gain confidence
Key messages for achieving better water service outcomes at industry-level

1. Integrate Business Development Services as a critical element to improve industry performance along the value chain

2. Development partner support to align with foster long-term transformational change for at-scale delivery of business development services

3. Importance of a platform for achieving scale
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