Currently, sixteen countries have active DPSP programs: Bangladesh, Benin, Burkina Faso, Cambodia, India, Indonesia, Kenya, Mali, Mozambique, Nicaragua, Niger, Peru, Philippines, Rwanda, Senegal, and Uganda.

WSP believes that the private sector can help address the needs of the poor significantly, given that they have lower capital and operating costs and

Enabling sustainable services through domestic private sector participation is one of six core business areas for WSP. The UK Department for International Development (DFID) is one of the key partners of WSP in supporting client governments to leverage domestic private sector finance and expertise to scale up sustainable water and sanitation services.

DPSP in Action
In Kenya, the Maji ni Maisha (Water is Life) Project involving K-Rep Bank, with support from WSP, PPIAF, and GPOBA, financed 27 water service projects for US$1.7 million. The main approach was to use performance-based subsidies to buy down the cost of capital-incentives performances (therefore likelihood of payment and brings down cost of commercial financing so that services can be extended to the poor.

By 2013, an expected US$3 million in infrastructure subsidies will help leverage over US$6 million from private resources for over 50 projects that will benefit around 125,000 people.

The experience in Kenya is drawing interest from Indonesia and Mali, where similar mechanisms are being developed to leverage additional finance from the domestic private sector to improve the delivery of water services.

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1 Hutton, Guy and Jamie Bartram, Bulletin of the World Health Organization, January 2008, 86 (1).
thus can afford smaller profit margins. These factors
suggest that the market incentive of making a return on
investment can better promote the delivery of water and
sanitation services than the public incentive of receiving
political support from citizens.

To improve access of the poor through private sector
participation, the long-term marginal cost of delivering
services needs to decrease through efficiency and
innovation, so that services become affordable to more
and more poor people. This requires interventions that help
water and sanitation enterprises address constraints,
such as lack of solutions that the poor can afford and are
willing to pay for or the inability of enterprises catering to the
poor to expand their services because of a lack of capital.

Additionally, policies and practices that crowd out the
private sector, and barriers to private sector entry limit
market innovation and efficiency; thus, programming
must also address institutional constraints.

About WSP

The Water and Sanitation Program (WSP) is a multi-donor partnership administered by the World Bank
to support poor people in obtaining affordable, safe and sustainable access to water and sanitation services.

We work directly with client governments at the local and national level in 24 countries through regional
offices in Africa, East and South Asia, Latin America and the Caribbean, and in Washington, D.C.

WSP has led or supported many of the advances made within the water and sanitation sector over the last
three decades. We are able to share best practices across regions and place a strong focus on capacity-
building by forming partnerships with academia, civil society organizations, donors, governments, media,
private sector, and others. Our work helps to effect the regulatory and structural changes needed for broad
water and sanitation sector reform.

Our challenge is to replicate successful approaches, continue targeted learning efforts, and support reforms
that ensure the adoption of sustainable investments in the sector that help people rise from poverty.