

Business models for rural water sustainability

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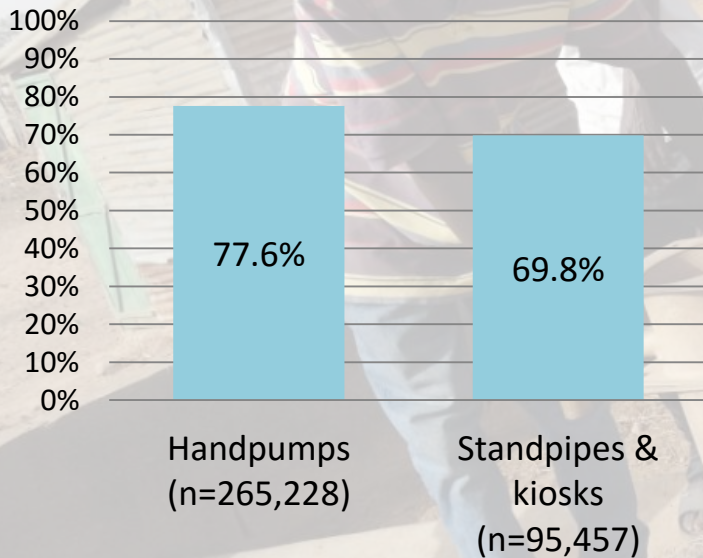
Growing interest in new business models for rural water service delivery...

The collage features several documents:

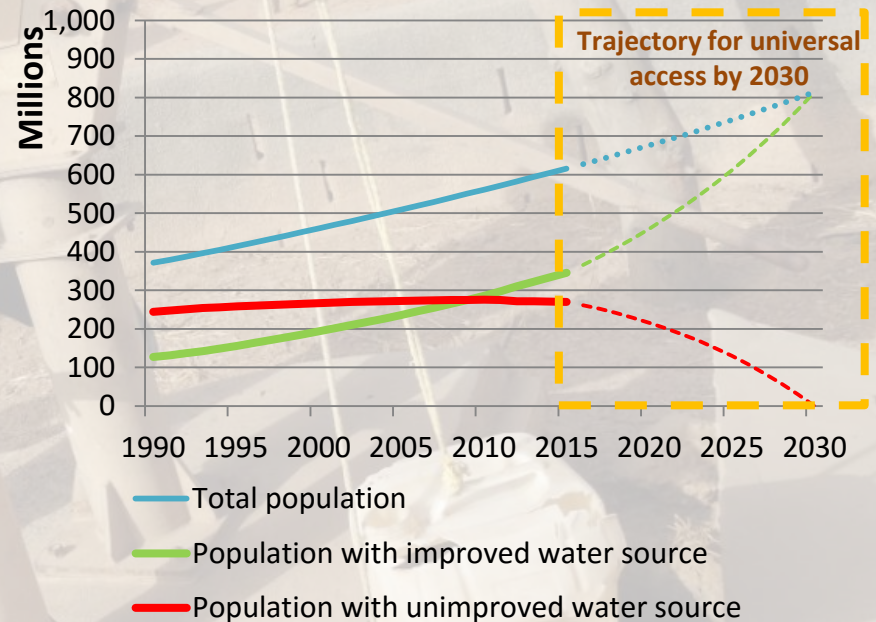
- WSP Field Note:** "The Water and Sanitation Program is an international partnership for improving water and sanitation service delivery, efficiency, and capacities to serve poor people." February 2010. Rural Water Supply Series.
- SmartLessons:** "A global review of Private Com...". "Poor cost recovery rural water supply review of private...". "SmartLessons real experiences, real development".
- HYSTRA:** "HYSTRA hybrid expertise consulting".
- water for people:** "water for people".
- Public Disclosure Authorized:** "Private Water S... A Desk Study". Tim Foster. February 2012. In collaboration with the Bill & Melinda Gates Foundation Center.
- Public-Private Partnerships for Rural Water Services:** "71791 PUBLIC-PRIVATE PARTNERSHIPS for Rural Water Services". BRIEFING NOTE No. 4. "WATER SERVICES that last". "Community management, the dominant model for rural domestic water service, works in many contexts but faces several critical challenges...". "Points for Action" for Governments, NGOs, Donors, and government. "Poor service delivery: Too many 'improved' rural water supplies are not functioning, or are functioning poorly...".
- ENTERPRISE IN WASH:** "PRIVATE AND SOCIAL ENTERPRISE ENGAGEMENT IN WATER AND SANITATION FOR THE POOR. A SYSTEMATIC REVIEW OF CURRENT EVIDENCE".
- THE WORLD BANK:** "THE WORLD BANK". June, 2012.

... driven by concerns about the status quo

Waterpoint functionality rate in 11 African countries¹



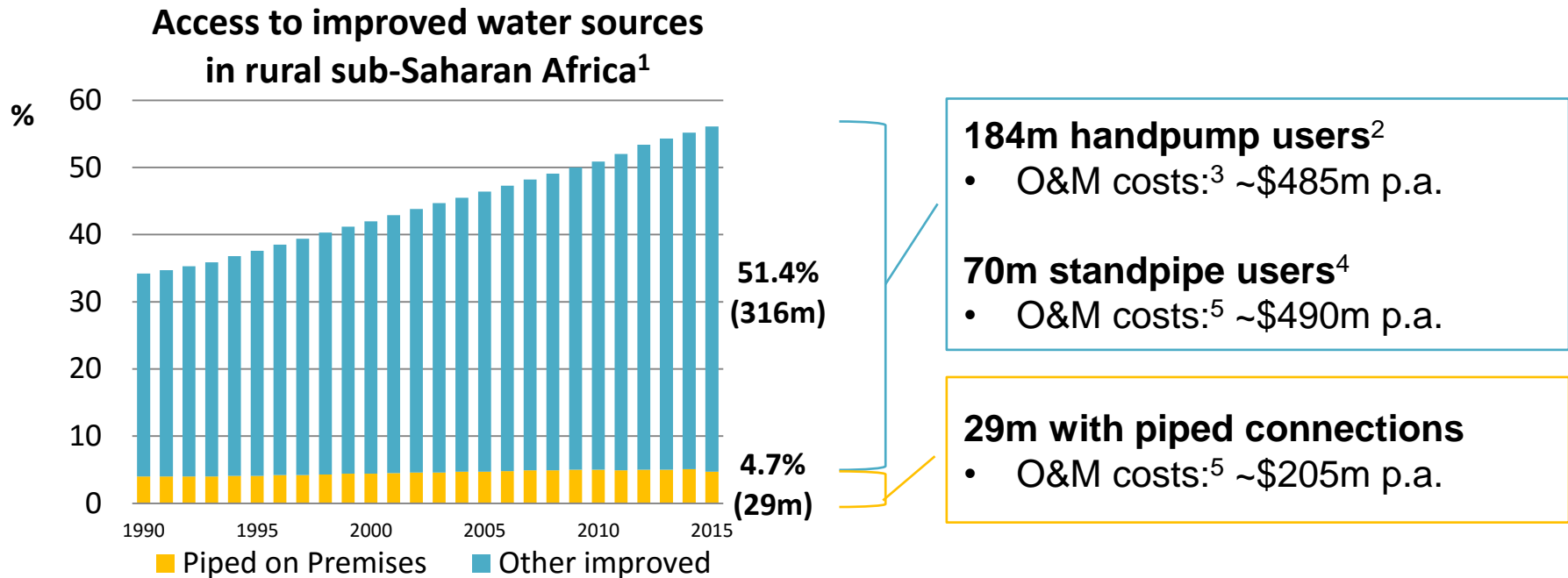
Access to improved water sources in rural Africa



Can the SDG of universal access to safe drinking water by 2030 achieved with a business-as-usual approach?

1. Data drawn from national waterpoint inventories in Uganda, Liberia, Malawi, Benin, Mali, Eritrea, Mozambique, Burkina Faso, Sierra Leone, Tanzania and Zimbabwe

Water service delivery costs in rural sub-Saharan Africa likely exceed \$1b per year, and will continue to grow

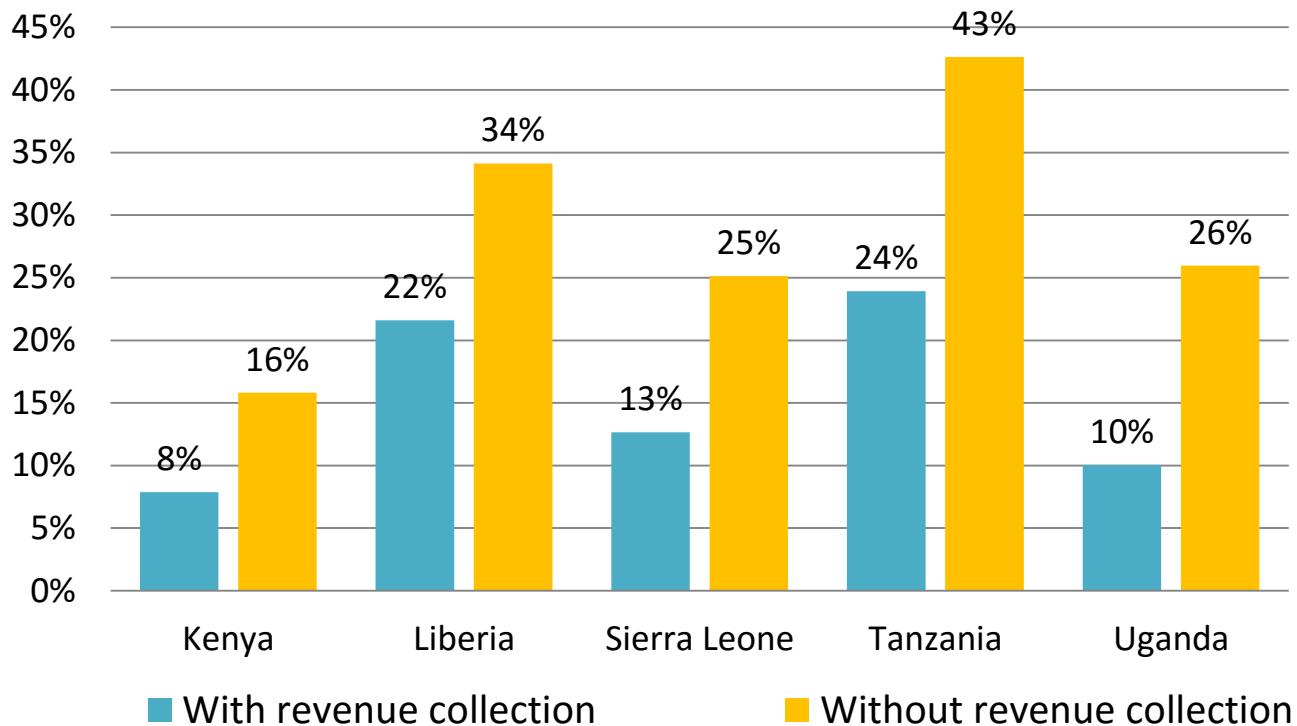


Policies and plans widely assume that rural water users will cover the bulk of O&M costs

1. Data drawn from WHO/UNICEF Joint Monitoring Programme (2015).
2. Estimate from Macarthur (2014). This corresponds with number of users of boreholes & protected wells, as calculated from JMP country files.
3. Based on mid-points of annual O&M cost requirement of US \$2-3 per person (WASHCost 2011, adjusted to 2014 values).
4. Calculated from JMP country files.
5. Based on mid-points of annual O&M cost requirement of US \$2-12 per person (WASHCost 2011, adjusted to 2014 values).

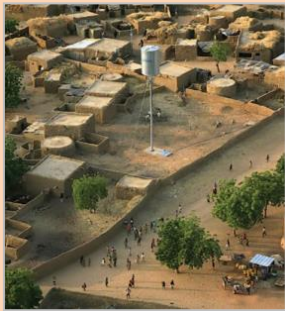
But services often stuck in a vicious cycle of poor operational and financial performance

% non-functional rural waterpoints (n=183,149)



Diversity of approaches and business models emerging across different regions and technologies

Privately operated piped schemes, West Africa



Privately operated piped schemes, East Africa



Handpump Mechanic Associations, Uganda



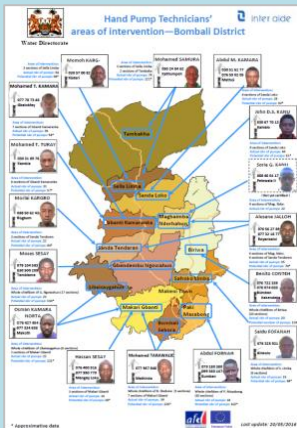
Privately operated metered handpumps, Uganda



Waterpoint maintenance subscription scheme, Turkana



Professionalising handpump mechanics, Sierra Leone



Safe Water Stations, Ghana



Maintenance subscription scheme, Tanzania



Grundfos Lifelink, Kenya

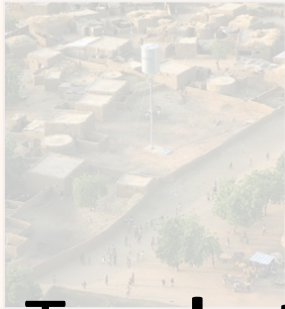


FundiFix maintenance business, Kenya



Diversity of approaches and business models emerging across different regions and technologies

Privately operated piped schemes, West Africa



Privately operated piped schemes, East Africa



Handpump Mechanic Associations, Uganda



Privately operated of metered handpumps, Uganda

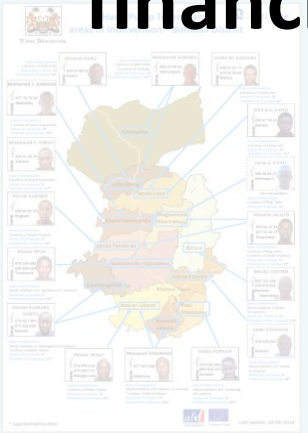


Maintenance subscription scheme, Turkana



To what extent and under what conditions can emerging business models improve operational and financial sustainability of rural water services?

Handpump mechanics, Sierra Leone



Safe Water Stations, Ghana



Maintenance subscription scheme, Tanzania



Grundfos Lifelink, Kenya



Mobile maintenance business, Kenya



Summary

- **Sustainability of rural water supplies a major concern, driving a growing interest in service delivery innovation**
 - Annual O&M costs in rural Africa US\$1 bn+
 - Users expected to cover the bulk of this cost
 - Services often stuck in a vicious cycle of poor operational and financial performance
- **In response, new and diverse business models emerging**
 - To what extent can they improve operational and/or financial performance?
 - Are water users always willing and able to pay the tariffs needed to cover the full cost of O&M and ensure financial viability? If not, how can services be supported to provide equitable and affordable access, and who will plug the revenue gap?
 - How scalable and replicable are the different approaches, and under what conditions?
 - Do business models encourage investment in system upgrades and expansions?
 - How can these business models be catalysed, supported and regulated?