



A multi-party partnership by Water.org to leverage privatization and BOP

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Water.org's effort towards the watsan crisis through WaterCredit has achieved a substantial yet still limited impact compared to the 100m-5yr goal.

Watsan Situation and WaterCredit



 Active Programs

 Countries Served

Water Credit

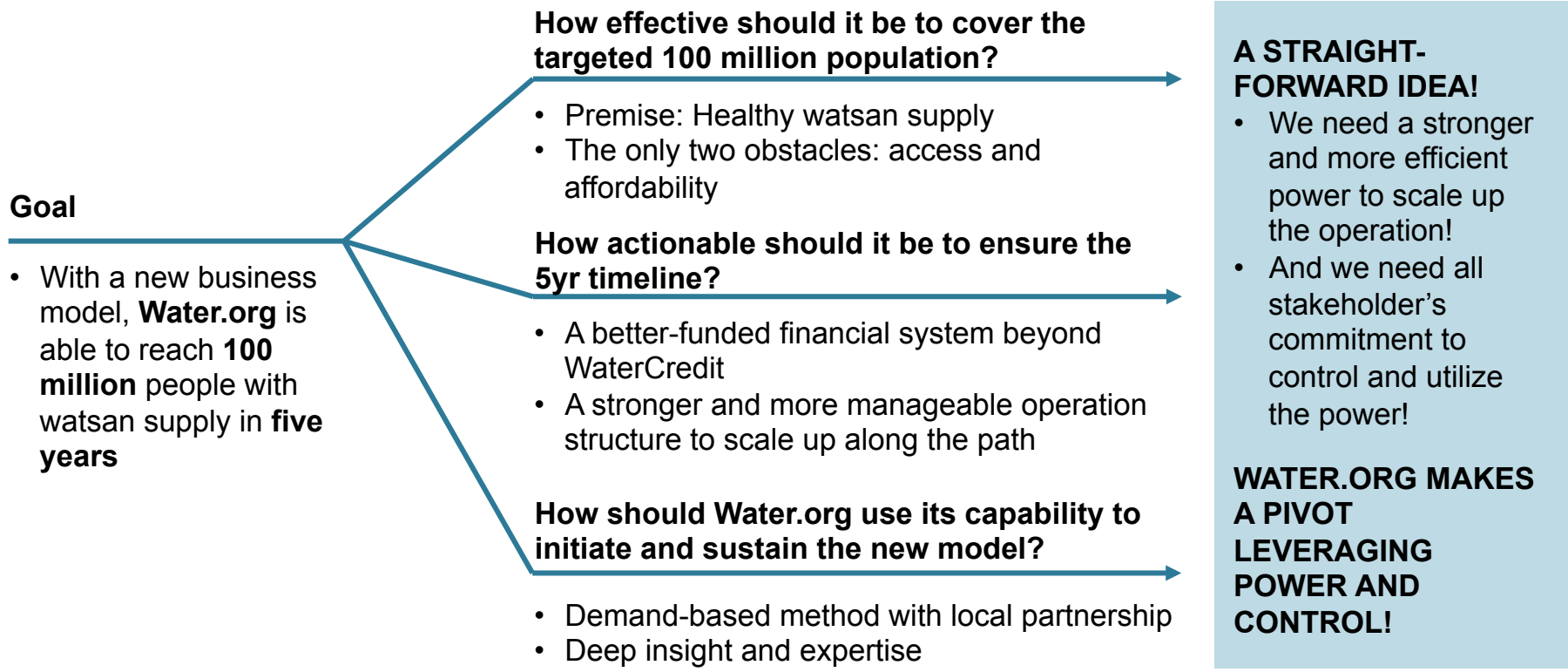
- Parties Involved:
 - Water.org with local partnerships
 - Microfinance Institutions (MFI)
 - Self-help Groups (SHG)
- Accomplishments:
 - More than 130000 beneficiaries
 - 91% repayment rate with MFI

Limitations

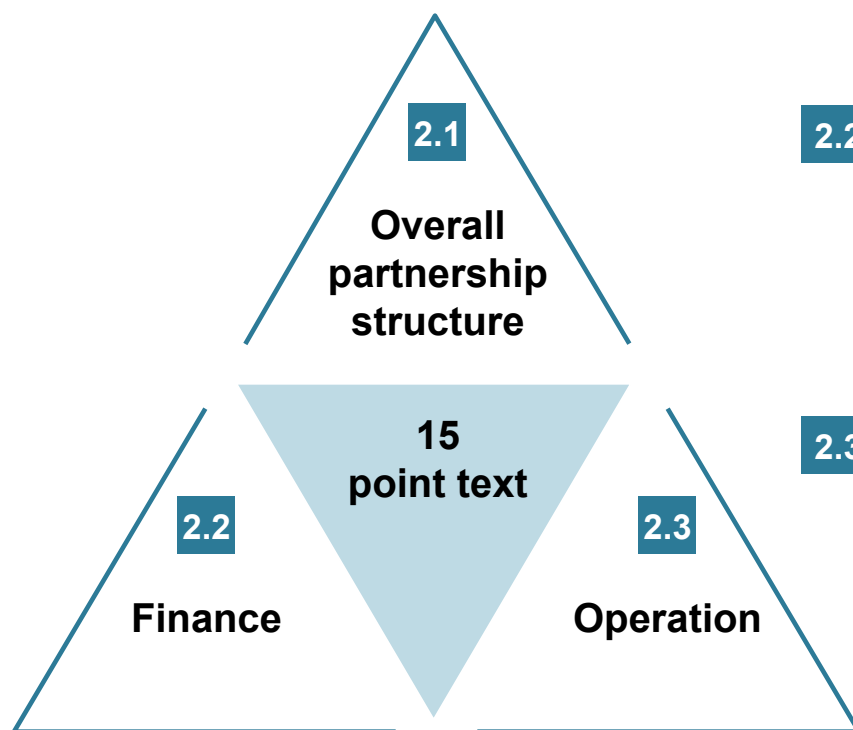
- Existence of Local MFI
- Funding limits of Local MFI
- Relatively improved Infrastructure (Urban / Peri-urban areas)
- Energetic economy (for people to monetize saved time)

Thus, a game-changing solution to accomplish the 100m-5yr goal must go beyond the limitations and accommodate better affordability and access of watsan supply.

Paths to follow



The new partnership among private sector, local BOP, Water.org and local government will make water & sanitation sustainable and easy to expand



2.1 Overall partnership structure

- Water.org works as facilitator to establish multi-partnership between private sector, government and local people and introduces the advanced corporate governance system

2.2 Finance

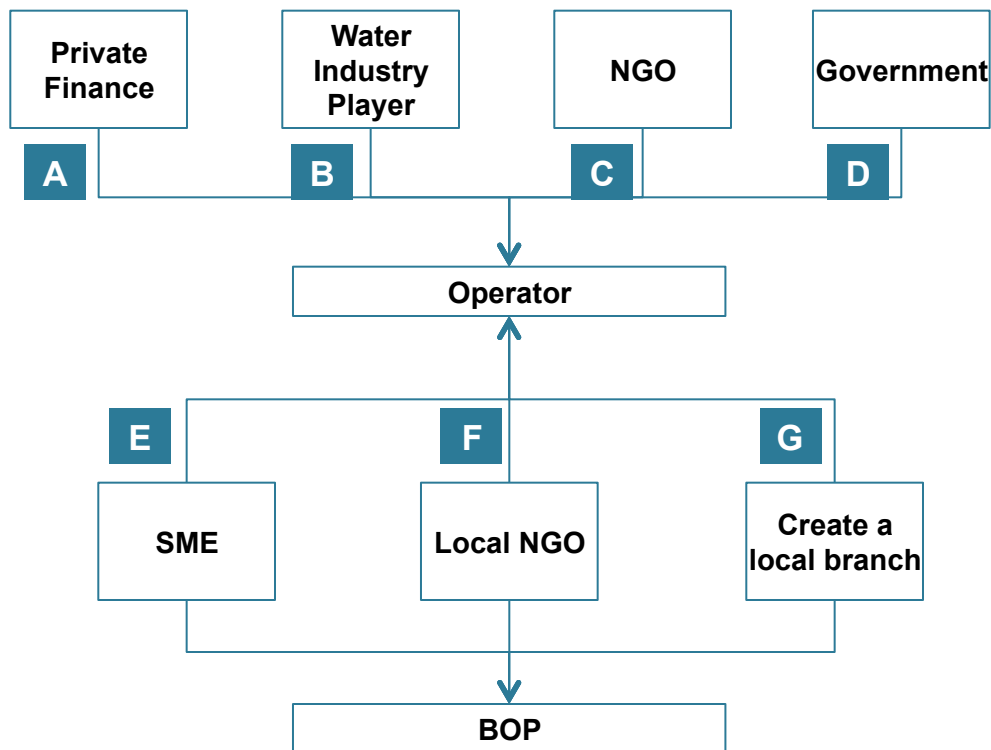
- A multi-partnership model manages financial resources well, creating favorable investment climates
- A multi-partnership model enables all parties working together towards transparency, accountability and financing feasibility

2.3 Operation

- The introduction of private sector will bring efficiency and sustainability under the supervision of Water.org and local government ; while local participation will lower the cost
- Partnership between private sector and local BOP will make water and sanitation profitable for private sector and sustainable for local BOP
- Under the help of Water.org, private sector and local BOP are able to work together to scale up the business

Water.org works as facilitator to establish multi-partnership between private sector, government and local people and introduces the advanced corporate governance system

Organizational structure of the multi-partnership



Description

- | | Description |
|----------|--|
| A | Private Finance <ul style="list-style-type: none"> • Contracts with gov. to attract funds • Bring corporate governance |
| B | Water Industry Player <ul style="list-style-type: none"> • Technology with low costs • Industry experience |
| C | NGO <ul style="list-style-type: none"> • Network to local BOP • Facilitator in the JV |
| D | Government <ul style="list-style-type: none"> • Supervision on private sector to control water price and quality • Favorable policy |
| E | SME <ul style="list-style-type: none"> • Responsible for local operation |
| F | Local NGO <ul style="list-style-type: none"> • Responsible for local operation |
| G | Create a local branch <ul style="list-style-type: none"> • Create demand • Responsible for local operation |

A multi-partnership model manages financial resources well, creating favorable investment climates

Different roles in water and sanitation financing

Private Sector

- Big Companies: major investor and players
- SMEs from BOP: financing from various sources
- Commercial Capitals: gain support from local infrastructure bank

Government

- Policy makers: improve legal recognition, strengthen legitimacy and create favorable investing climates
- Government funds: invest in joint-venture if applicable

NGOs

- Local NGOs: assist in investigation of local water and sanitation services demand and potential customers
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- Water.org: initiate first hand investigation and build up the bridges, solve conflicts between different parties

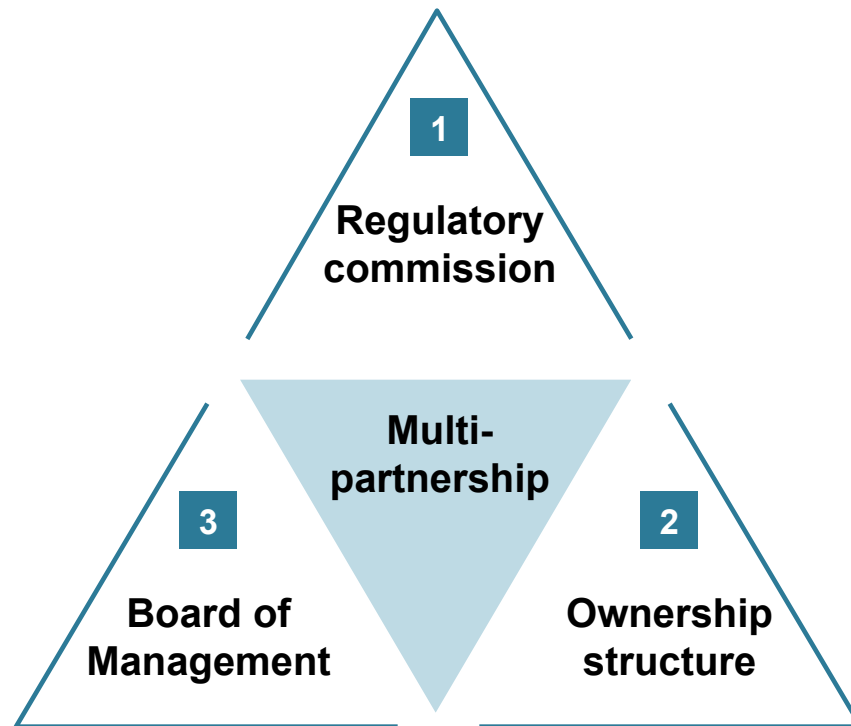
Demand-base

→ **Mutual monitoring**

Sustainable financing

A multi-partnership model enables all parties working together towards transparency, accountability and financing feasibility

An ideal structure of multi-partnership initiated by Water.org



- 1 Regulatory commission**
 - Develop effective policies and legal framework
 - Monitor the process of fund raising and using by mutual supervision
- 2 Ownership structure**
 - Mainly owned by big private companies
 - Multiple ownership acceptable from governments and SMEs
- 3 Board of management**
 - Leveraging all parties' financing capabilities
 - Accelerate commercial capital engaging in watsan space

Notes: refer to a back up case study on Vietnam's successful multi-partnership model

The introduction of private sector will bring efficiency and sustainability under the supervision of Water.org and local government ; while local participation will lower the cost

Role for each player in the multi-partnership in terms of operation

	Private Sector	Local Participation	Water.org	Government
<p>Management</p> <ul style="list-style-type: none"> Responsible for the strategy of the company 	<ul style="list-style-type: none"> Controlling partner <ul style="list-style-type: none"> Bring efficiency into the system 		<ul style="list-style-type: none"> Facilitator <ul style="list-style-type: none"> Establish the partnership Supervision <ul style="list-style-type: none"> Ensure water affordable & safe 	<ul style="list-style-type: none"> Supervision <ul style="list-style-type: none"> Ensure water price affordable and safe
<p>Operation</p> <ul style="list-style-type: none"> Responsible for the operation on sites 	<ul style="list-style-type: none"> Infrastructure Establishment <ul style="list-style-type: none"> Professional so as to lower cost Scale of economy <ul style="list-style-type: none"> Unite nearby areas to utilize the scale of economy 	<ul style="list-style-type: none"> Local NGO/SME exists <ul style="list-style-type: none"> Franchise the operation Create local branch <ul style="list-style-type: none"> Educate people Responsible for local operation 	<ul style="list-style-type: none"> Facilitator to connect local to private sector <ul style="list-style-type: none"> Well-establish network with local NGOs or communities 	
	<p>↓</p> <ul style="list-style-type: none"> Profit-driven so as to lower cost Realise scale of economy 	<p>↓</p> <ul style="list-style-type: none"> Lower costs Local participation will strengthen feasibility 	<p>↓</p> <ul style="list-style-type: none"> Ensure BOP is able to pay for the water at a fixed price 	

Partnership between private sector and local BOP will make water and sanitation profitable for private sector and sustainable for local BOP

The synergies between local BOP and private sector

	Type	Responsibility		Participant	Responsibility
Local Participation	<ul style="list-style-type: none"> Existing player suitable for cooperation <ul style="list-style-type: none"> Local NGO Local SME 	<ul style="list-style-type: none"> Responsible for local operation <ul style="list-style-type: none"> Sales Simple training for simple maintenance 	Private Sector Participation	<ul style="list-style-type: none"> Private financier 	<ul style="list-style-type: none"> Monitor the management Finance support
	<ul style="list-style-type: none"> Create a local partner <ul style="list-style-type: none"> Recruit local female to set up a local water branch 	<ul style="list-style-type: none"> Local education <ul style="list-style-type: none"> Educate people the importance of water Responsible for local operation <ul style="list-style-type: none"> Sales Simple maintenance 		<ul style="list-style-type: none"> Water industry player 	<ul style="list-style-type: none"> Responsible for operation Provide technology Maintenance and development
<ul style="list-style-type: none"> Lower costs indicates profitability <ul style="list-style-type: none"> Local participation indicates lower human costs Private sector will bring professional management and industry tech. 		<ul style="list-style-type: none"> BOP's participation makes it sustainable <ul style="list-style-type: none"> Chance to get access to safe and affordable water and sanitation Participation will increase employment and self-supervision to avoid corruption and inefficiency 			

Private sector's introduction can lower the cost of water and sanitation service

Bolivia Case

- Bolivia government cooperated with the private sector to improve urban water and sanitation services.
- The first major contract was a twenty-five-year concession for the neighboring cities of La Paz and El Alto. It was implemented in August 1997.
- The mandated service levels were expensive and could hinder expansion. Thus efforts had been made to lower costs by the concessionaire.
- Eg. Condominial systems reduced costs by using smaller pipes, installed in relatively shallow trenches, often under households' yards rather than under roads.

Privatization – Lower cost

- Contracts that only mandate outputs and not inputs allow the private sector to choose the most efficient way to provide the desired outputs.

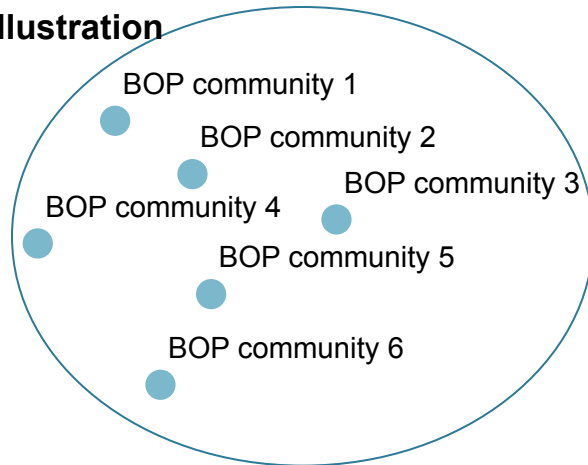
Under the help of Water.org, private sector and local BOP are able to work together to scale up the business

Interaction between Water.org, private sector and local BOP

BOP communities

- Nearby areas
 - Take advantage of scale-up in terms of geography
 - Urban and peri-urban areas

Illustration



- Water.org research to find out potential connection between areas



Private sectors

- Private sector
 - Technology support
 - Experience in the industry



- Chance of scale up

• Chances to scale up to make it scalable

- Unite local BOP communities together if there's a geographic advantage
- Water.org takes the advantage of knowledgeable of local situation and networks

Water.org is capable to push forward the privatization plan and realize the target of reaching 100 million people within 5 years

1 Sustainability

- The introduction of private sector will successfully improve BOP's life standard; and give BOP an opportunity to pay for water & sanitation service and make a better living.
- JV operator achieves both lower cost and higher return via economic scale and innovative payment model

2 Feasibility of multi-partnership

- The feasibility of a multi-partnership can be achieved for every partner showing strong interest in this market

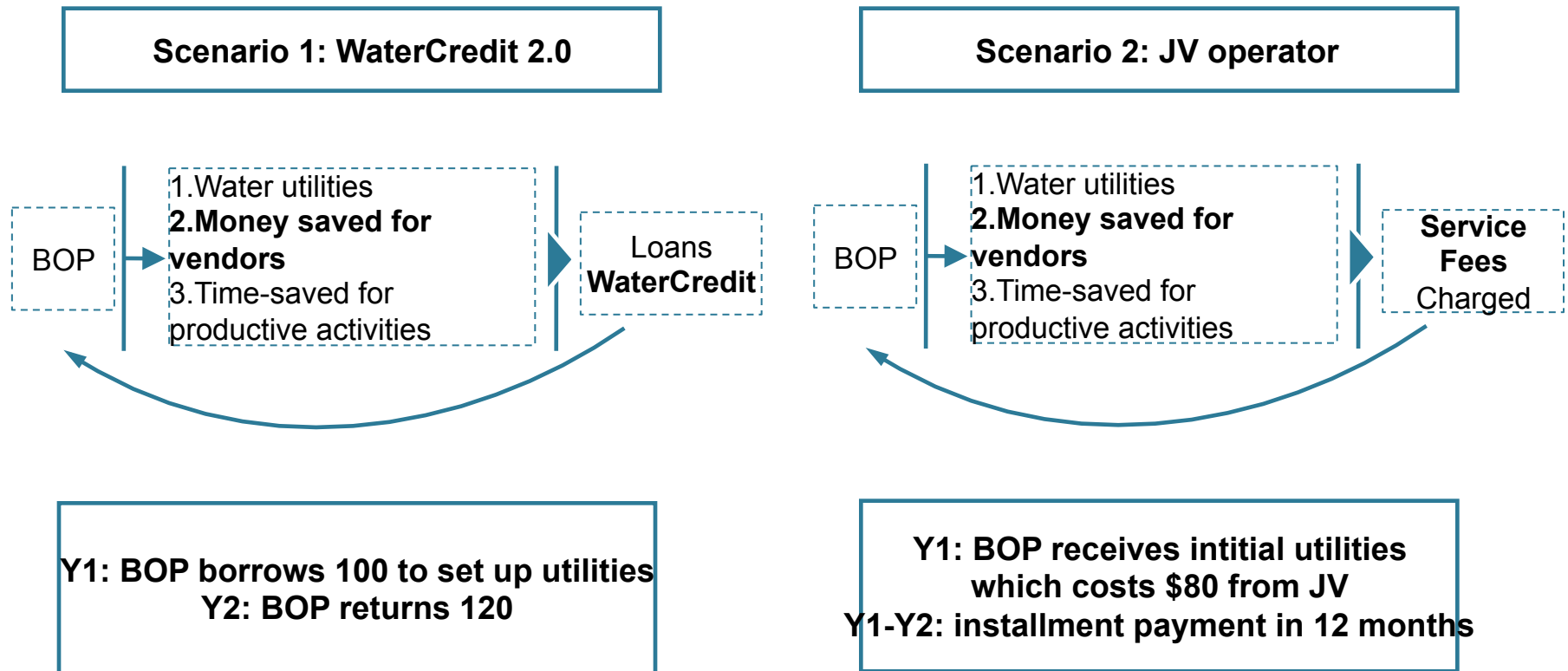
3 Pilot project and Timeline

- Pilot programs in Kenya and India as well as nearby countries start operating.

Water.org is capable to push forward the privatization plan and realize the target of reaching 100 million people within 5 years

JV operator achieves both lower cost and higher return via economic scale and innovative payment model

Case benchmark with original model



The introduction of private sector will successfully improve BOP's life standard; and give BOP an opportunity to pay for water & sanitation service and make a better living.

Direct and Indirect influence of new partnership

Direct influence of new partnership



- Avoid loan sharks and water vendors which provide expensive water with low quality
- Access to safe and affordable water

- Better living conditions
 - Safe and affordable water
 - Time for monetizing activities to better their living standard
- Able to pay for water and sanitation service
 - Save time to make money
 - BOP is reliable under the supervision of the whole community

Indirect influence of new partnership



- Time-saved to make money or have education
- Liberalize the productivity of female and help solve gender disparities

The feasibility of a multi-partnership can be achieved for every partner showing strong interest in this market

Government

- Government can make its residents to have access to safe water
- The fiscal income will increase by collecting tax from private sector

Private Sector

- Private Sector can enter a new profitable market
- Local government will provide favorable policies

The multi-partnership is feasible by satisfying each group's interest

Local Community

- The water and sanitation in those areas problem can be solved
- Women and children's time has been saved to create extra economic values
- Local people earn chance to run their own business and to have technical training

Water.org

- This partnership enables Water.org's to accomplish its mission
- This project is cost efficiency and sustainable

Process- Pilot Projects

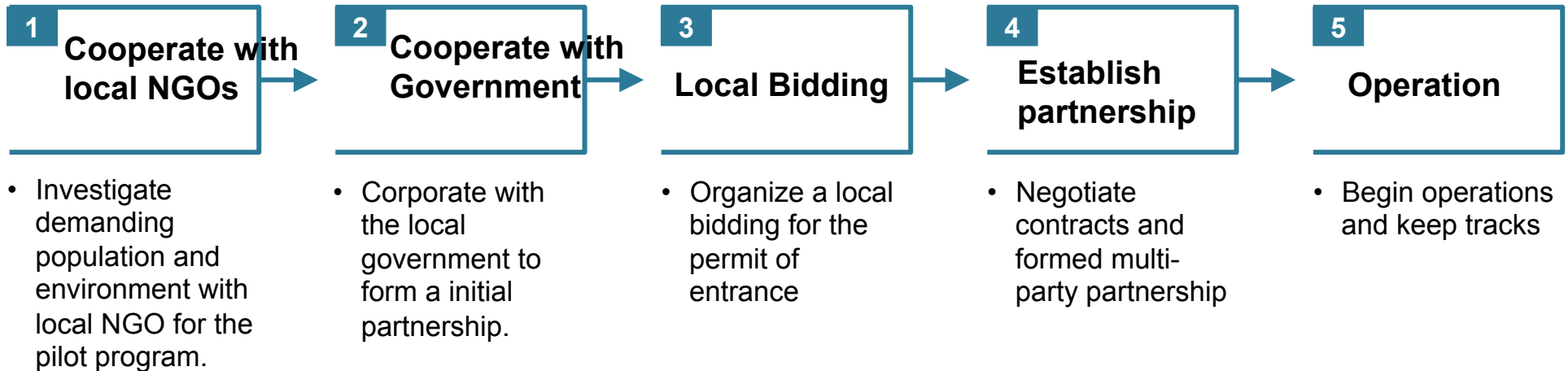
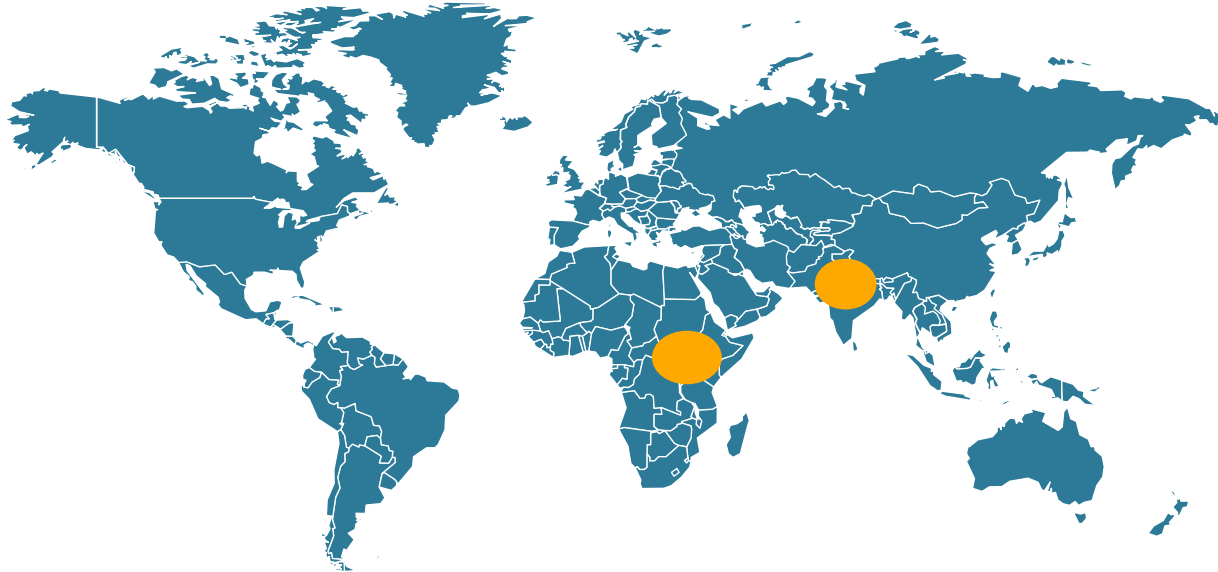


Table –Target Districts (Pilot Project)

Country	Population Without Access to Improved Drinking Water	Population Without Access to Sanitation	Percent of People Using Household Piped Connections	Percent of Population Less than \$1.25 USD Per Day
India	126,692,610	714,085,620	21%	42%
Bangladesh	31,198,200	74,875,680	5%	50%
Afghanistan	20,348,640	18,261,600	3%	0%
Kenya	15,717,790	7,676,130	19%	20%
Uganda	10,763,640	16,145,460	2%	52%
Democratic Republic of the Congo	32,747,760	41,844,360	9%	54%
Ethiopia	46,992,180	66,437,220	9%	39%

Data from: <http://watercredit.org/map-explorer/>

Description: The poverty rate at \$1.25 a day is the proportion of the population living on less than \$1.25 a day, measured at 2005 international prices, adjusted for purchasing power parity (PPP). This conversion factor is applicable to private consumption.