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Perspectives of small-scale water enterprises: Motivations, drivers and barriers

Stockholm, 2015

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Key messages



1. Small-scale enterprises offer one pathway to support sustainable, inclusive rural piped-water services
2. Motivations of enterprises extend beyond profit, and often include social goals, taking us into the emerging field of 'social enterprise'
3. Careful design of instruments and incentives combined with clear regulatory processes is needed to support the most effective service provider types and to achieve access to all



ENTERPRISE IN WASH



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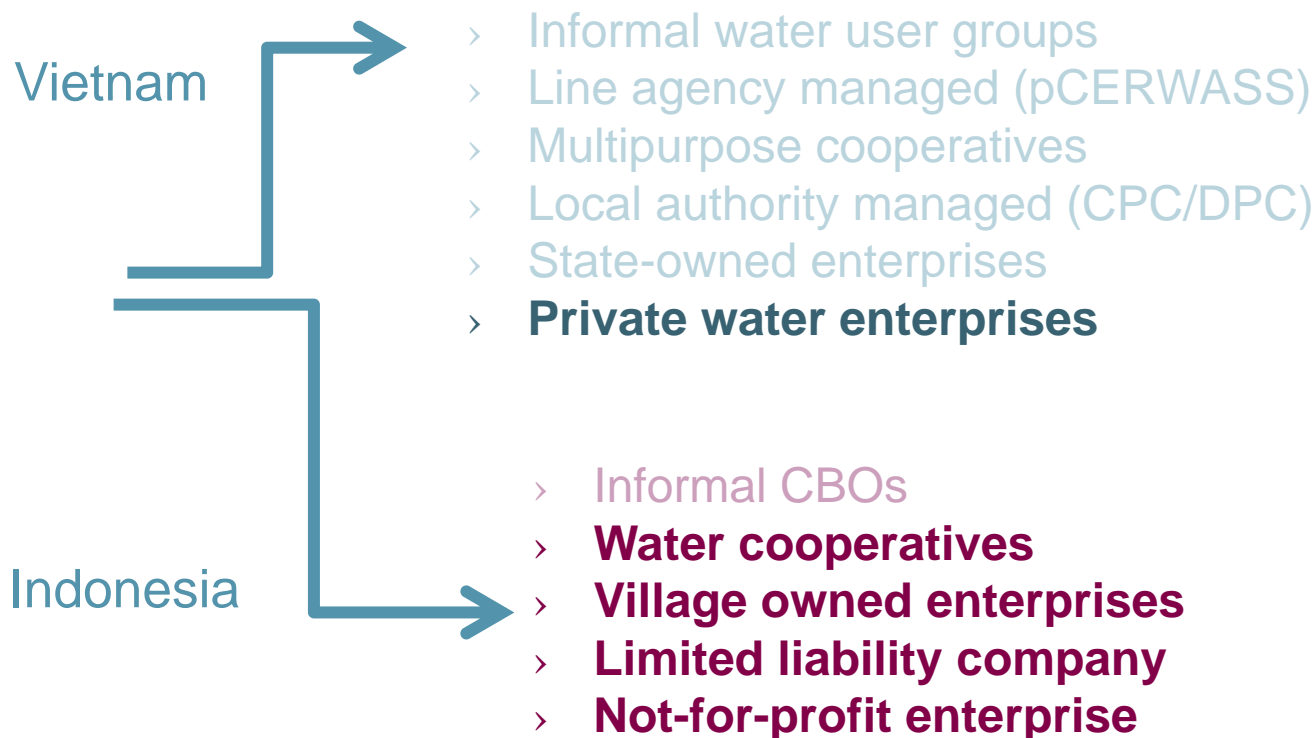


Literature since the late 1990's suggested the need to move beyond solely community management of rural water services...



“continued delivery and uptake of services, is threatened by numerous attitudinal, institutional and economic factors, and community participation approaches alone are no guarantee of success” (Carter, 1999)

Small-scale enterprises have emerged amongst other types of service provider...



Small-scale enterprises in Vietnam and Indonesia



What dynamics shape their role? What are their motivations and drivers? What challenges do they face?

Vietnam (n = 20): male and female led, serving 130-3000 households, 2-10 employees

Indonesia (n = 21): male-led, serving 180-2800 households, mostly 6-10 employees

Motivations included a sense of social responsibility...



"I feel happy when I'm doing something good for the community."

"I have compassion for local people who haven't got enough clean water to use."



"I get a good feeling from serving the society"

"Because they need help, the very poor families will be given the service free"

"the salary for this business is low so I do not do it because of financial concerns".

Vietnam
85%
demonstrated medium or strong pro-social traits

Indonesia
76%

And (some) actions to include the poor followed...



70% offer payment by instalments

Higher levels of pro-social traits



Higher percentages of low-income customers



69%

reported that they served the poor

38% offer payment by instalments, and of these, one-third reported that more than half of their customers paid in instalments.

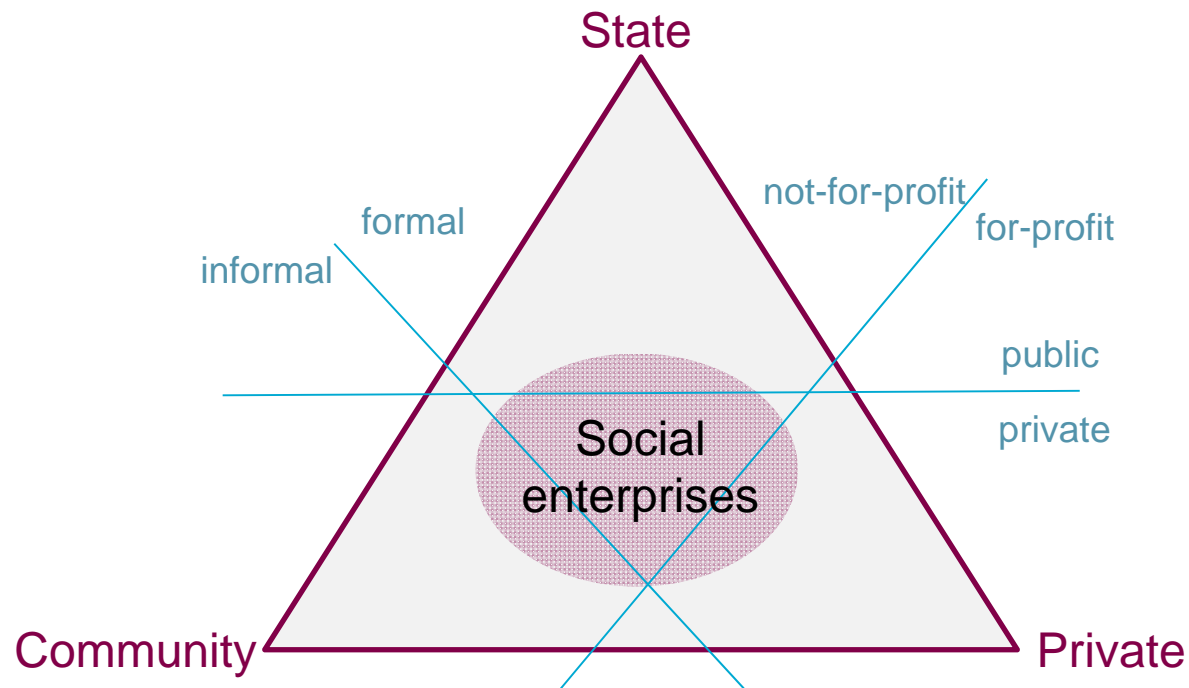
In both countries, amongst diverse challenges, operational challenges (particularly cost recovery) dominated...

- high cost of materials and equipment
- high fixed expenses (e.g. high-energy costs, high maintenance and repair costs, and management of water storage)

*“The piping system is relatively old, this causes high repair and operating costs, and leads to huge water losses”
[Vietnam water enterprise]*

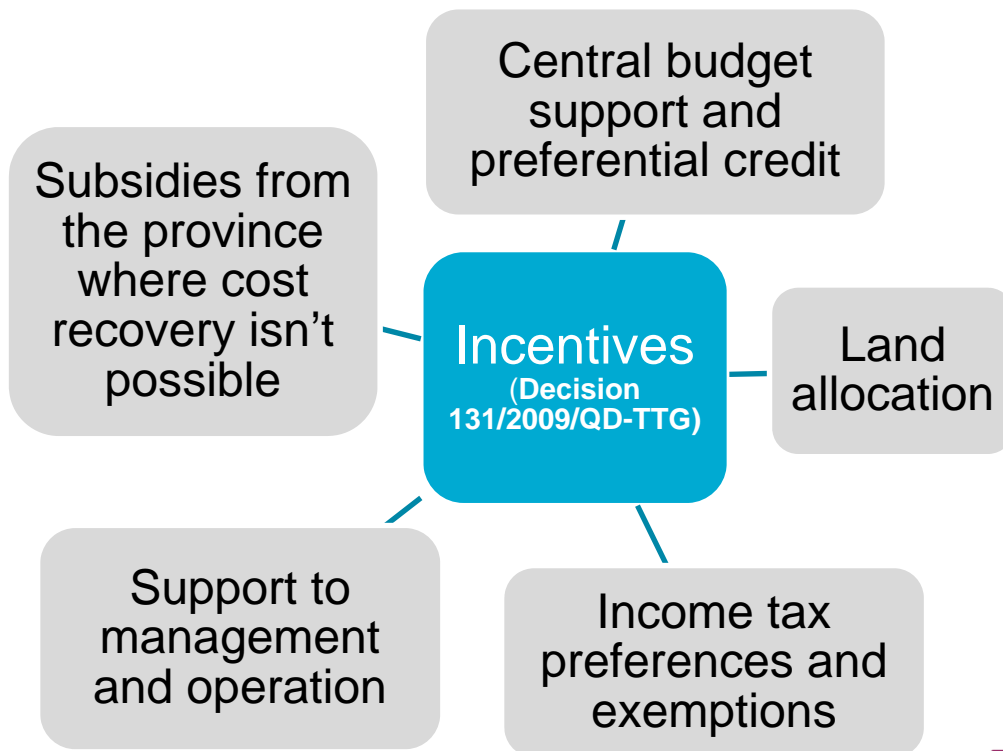


Entering the complex territory of social enterprise...



Adapted from Defourny and Nyssens, 2012

Incentives for private sector participation in Vietnam



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Opinion

Court decision brings water governance reforms to a halt (Part 1 of 2)

Mohamad Mova Al Afghani, Jakarta | Opinion | Mon, March 09 2015, 6:38 AM

Opinion News The Indonesian Constitutional Court finally invalidated Law No. 7/2004 on water resources on Feb. 18. This decision sent a shockwave through the Indonesian water community. Responding to the court's decision, investors put several planned water projects on hold. Ongoing projects are also under threat of invalidation.

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More importantly, the decision is a death knell for Indonesian water governance in general, since the framework for conservation and management of water resources no longer exists.

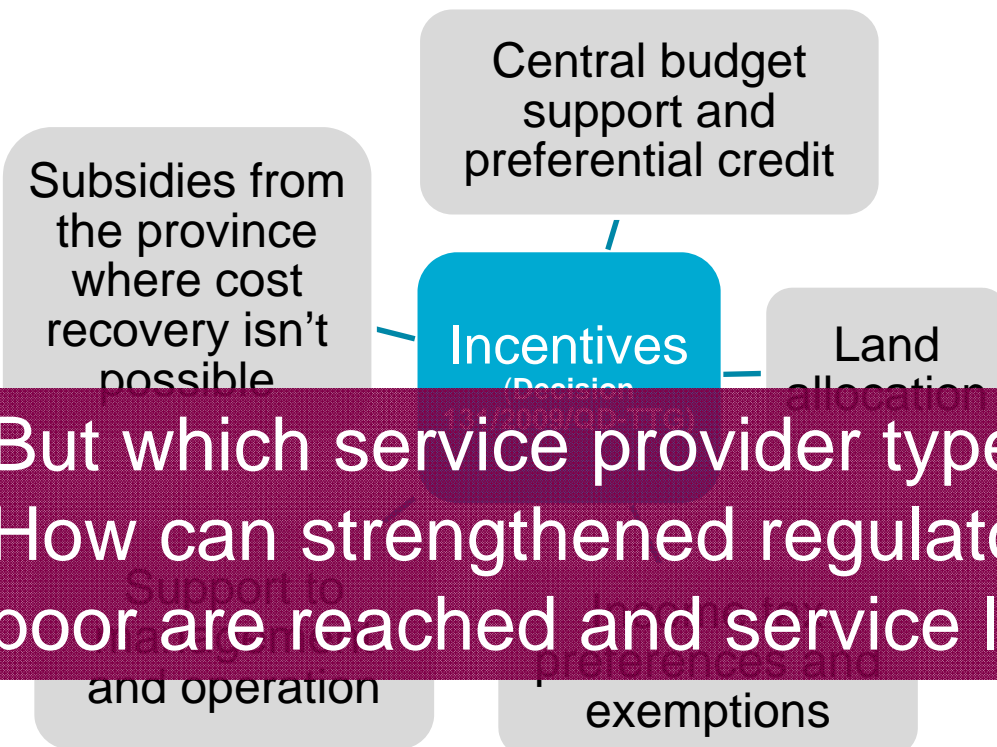
To be fair, the government, investors and other stakeholders had it coming. Ten years ago the court decided that the law was "conditionally

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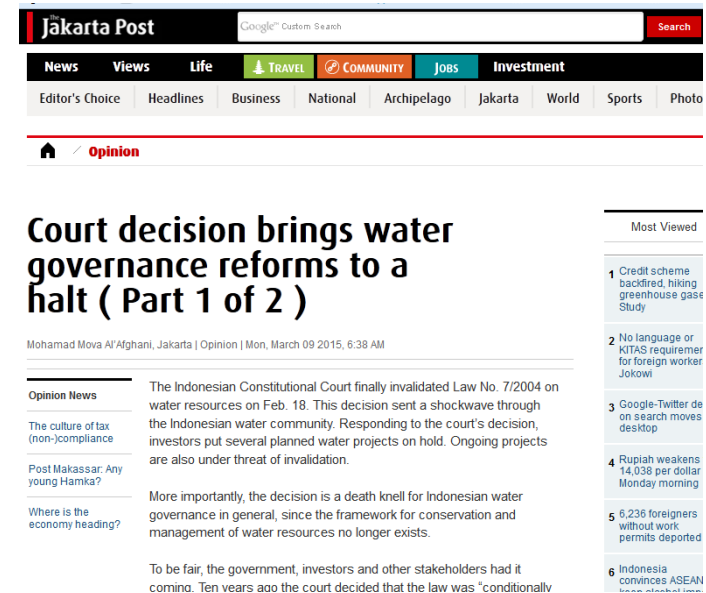
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Emerging focus on village-owned enterprises in Indonesia

Incentives for private sector participation in Vietnam



But which service provider types should be preferred?
How can strengthened regulatory measures ensure the poor are reached and service levels are achieved?



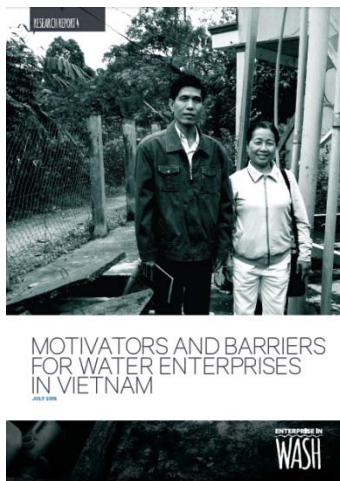
Indonesia

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Thank you!



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References: Carter, R. 1999. Impact and sustainability of community water supply and sanitation programmes in developing countries. *Journal of the Chartered Institution of Water and Environmental Management*, Vol 13, pp 292-296, August 1999

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