Thinking sector-wide and at scale: Business support services for sanitation enterprises in Cambodia

Murta, J. and Prof. J. Willetts

Institute for Sustainable Futures, University of Technology Sydney

AUSTRALIA
Key messages

1. Business development services for sanitation enterprises in Cambodia are fragmented and dependent on NGO resources and roles.

2. Principles oriented to support a ‘needs-based’ approach can inform a more coordinated sector-wide approach.

3. Consider scale and sustainability from the outset: including roles of existing actors and the breadth of business support functions.
The idea for this research

Why?

• **Many NGOs**: There are many NGOs working in Cambodia on sanitation enterprise roles

• **Government policy**: Strengthening services by sanitation enterprises is part of the Cambodian Government *National Action Plan*

• **Voiced demand**: There was a ‘live’ sector conversation about if and how business support services could be provided at scale, and if so, how? A national association? Some other decentralised format?

How?

• We **reviewed literature** on business support services, including from other sectors (eg agriculture)

• We developed, facilitated and documented a **joint sector workshop** with government, NGOs, World Bank and UNICEF

• We **interviewed** selected sanitation enterprises about their needs
What do sanitation enterprises typically need to support their business development?

Typical business development support functions

- Access to market/demand creation
- Capacity building/training*
- Counseling
- Access to information
- Cost reduction or access to key resources
- Access to finance/credit
- Advocacy/political lobbying
- Networking/partnerships
- Quality assurance
- Product/service development and innovation

*Formal or informal e.g. peer-to-peer learning

How do sanitation enterprises access these?
We knew the picture was complex- but this looked like spaghetti (or noodles)!
Zooming back - how can we think about the system of provision of business development support?

Key dimensions of a system of business support service provision
Current status of the business support service system in Cambodia

• NGOs are currently the predominant business development support providers directly to sanitation enterprises.

• In some situations NGOs act as back-up business development support providers to another actor:
  • e.g. local government, another NGO or a larger private enterprise for certain support functions (for demand creation, or for capacity building and training).

• Funding for business development support is donor dependent

• Functions provided:
  • Mostly focused on access to market and demand creation, training, product development, mentoring, networks, and information
  • Gaps were identified in access to finance, quality assurance, and advocacy
A ‘needs driven’ model in providing business support services

• **Supply-driven** approaches (the current approach) involve accountability to donors rather than the enterprises as clients

• **Demand-driven** or **market-driven** model is based on ‘client pays’ principles

• **Needs-driven model**: supply-driven and demand-driven co-exist using donor funds to meet gaps (eg where clients can’t pay), without crowding market
  • Could be **more centralised** (eg national association) or **decentralised** (providers operating a district or provincial level)
  • Could include multiple functions by one provider, or multiple providers each offering different functions
## Principles to shift towards a sector-wide approach

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<tr>
<th>Principle</th>
<th>Description</th>
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<tbody>
<tr>
<td>Principle 1</td>
<td>Encourage the principle of ‘client pays’ where possible (such that sanitation enterprises contribute to the costs of BDS)</td>
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<td>Principle 2</td>
<td>Create a market for BDS rather than a dependency on external development agencies</td>
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<td>Principle 3</td>
<td>Avoid crowding out the market for paid services provided by commercial or other civil society actors and also consider opportunities for government actors to act as BDS providers</td>
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<td>Principle 4</td>
<td>Ensure accountability systems are in place to ensure BDS services meet BDS needs</td>
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<td>Principle 5</td>
<td>Ensure BDS are accessible to those enterprises who genuinely cannot afford to pay for them (whilst avoiding crowding the market)</td>
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<td>Principle 6</td>
<td>Design BDS that promote and support sanitation enterprises to be socially inclusive</td>
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<td>Principle 7</td>
<td>Use donor funding to leverage government or other investment in BDS</td>
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<td>Principle 8</td>
<td>Seek opportunities for alignment between BDS and government mandates, including those beyond the WASH sector</td>
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<td>Principle 9</td>
<td>Look for synergies with both WASH and non-WASH organisations and potential intra-sectoral and cross-sectoral collaboration for BDS</td>
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**Key:**

BDS = business development support services
From Cambodia to other contexts…

• In Cambodia the next steps involve **increased collaboration:**
  • **Joint work** to consider shift to NGOs as ‘backup’ service providers
  • **Roles** of other existing actors
  • **Assessing needs** of sanitation enterprises
  • **Principles** can inform a sector-wide approach

• **Lessons** for other countries include:
  • Consider **scale and sustainability** from the outset
  • Consider how **existing actors** could play roles in enterprise development
  • Consider the **full spectrum of business development support functions**
THANK YOU

For more information:

juliet.willetts@uts.edu.au
janina.murta@uts.edu.au

References:
Murta, J. and Willetts, J. (2017) Business development services for sanitation enterprises in Cambodia, Enterprise in WASH – Research Report 8, Institute for Sustainable Futures, University of Technology Sydney

Available at www.enterpriseinwash.info