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Fostering Water and Sanitation Markets in Latin America and the Caribbean

How the Public Sector Can Support the Private Sector to Bridge Coverage Gaps and Improve Service Quality for Low Income Populations

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What is the Challenge?

- More than 100 million people in LAC without access to sanitation services
- 34 million without access to safely managed drinking water
- SDG 6: Ensure availability and sustainable management of water and sanitation for all



Population with access to sanitation services; Source JMP/UNICEF 2015

Where is the Challenge?



- Different countries, markets in LAC have different challenges
- Higher % of rural populations do not have access
- Urban areas are often not able to keep up with population growth

Who Lacks Access?

- Those that lack access to water and sanitation services in LAC are from poorest wealth quintiles
- Households are usually financially constrained, lack financial options, and in many markets have high expectation for subsidy



How can the challenge be addressed?

- Governments, NGOs and other public actors will not be able to resolve this challenge on their own
- More household investment is needed
- Private sector engagement is crucial



Private sector involvement and opportunities in water markets

- Market opportunities in water
 - Post-construction support
 - Household Water Treatment Systems (HWTS)
 - Water supply and provision
- Financial Services
 - Alleviating water committee financial constraints



Photo Source: Paul Hicks and CRS

Private sector involvement and opportunities in sanitation markets

- Market Opportunities
 - Household sanitation infrastructure construction
 - Waste collection, transport and treatment services
 - Compost / humanure sales
- Financial Services
 - Household sanitation loans



Sanitation Value Chain

Image Source: Bill & Melinda Gates Foundation

Recommendations: Support Supply-and-Demand Dynamic

- Demand Side
 - Better market understanding and segmentation
 - Stimulate household demand and investment (carrot and/or stick)
 - Alleviate financial constraints
- Supply Side
 - Support existing supply chains where they exist; help develop them where they don't
- Technical Support



Recommendations (Continued)

- Leverage information systems
- Reframe Subsidies:
 - Avoid market distortion
 - Base on objective, transparent criteria
- Acknowledge importance of private sector

