

Public Private Partnerships for sustainable rural water supply



be
think
innovate

GRUNDFOS 

Grundfos in brief

Founded in 1945

World leading manufacturer of pumps and pump solutions

More than 18,000 staff in more than 56 countries

A world map is shown in a light blue color. Three regions are highlighted with darker blue callout boxes: AMERICAS (North and South America), EMEA (Europe, Middle East, and Africa), and ASIA/PACIFIC (Asia and Oceania).

AMERICAS:

8 sales companies
2 production companies
3 other brands

EMEA:

33 sales companies
12 production companies
7 other brands

CHINA:

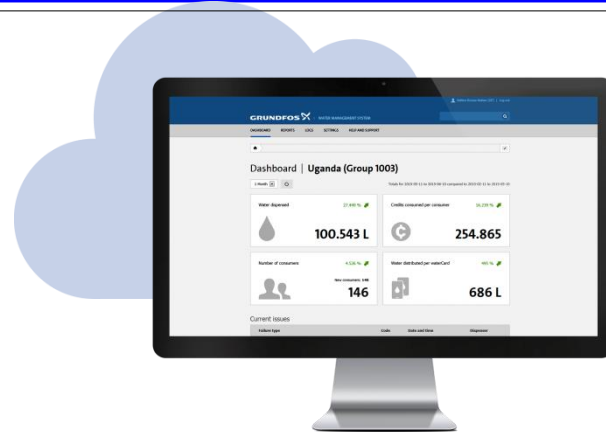
2 sales companies
2 production companies

ASIA/PACIFIC:

12 sales companies
2 production companies
2 other brands

The Innovative Technology for Efficient & Transparent Revenue Collection

<https://www.youtube.com/watch?v=ZNdz4V260GE>



Lifelink Water Management System

...provides real-time data on system performance & data on consumer behaviour

Lifelink Revenue Collection Platform

...provides secure revenue collection through pre-paid 'SmartCards' and mobile payment

The PPP Approach

Challenges in Rural Water Supply can not be met by one sector alone

The NGO/Water Utility is the water system operator and administrator of the revenue collection

Asset
Owners

The NGO/Water Utility is the water system operator and administrator of the revenue collection. Local service suppliers provide service and maintenance

Operators
& Service
supply

Multi
stakeholder
Partnerships

International donors & foundations provide funding. Investors provide financing on commercial terms.

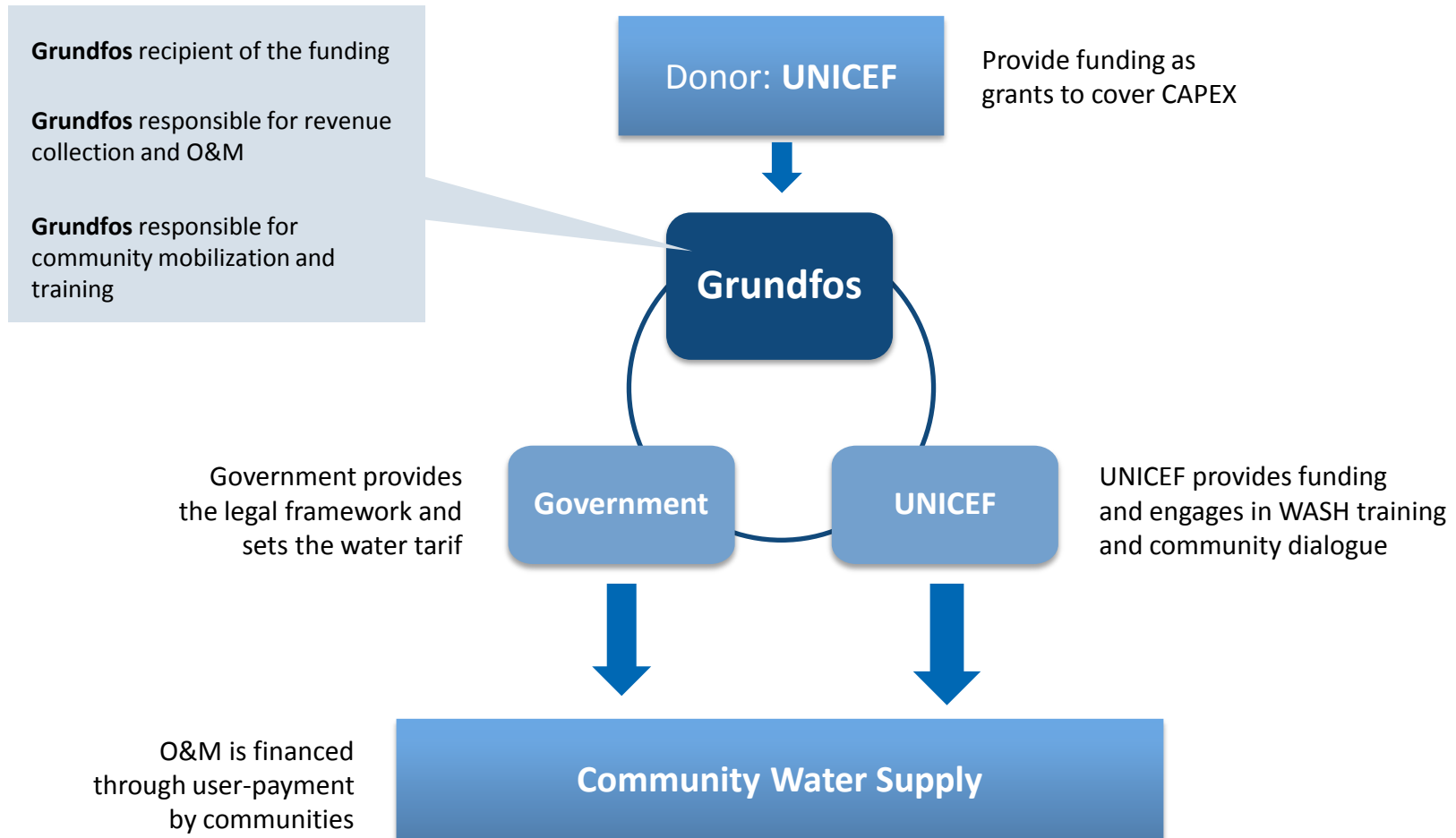
Funding &
Investment

Regulators

National and local governments provide the policy and regulatory framework for sustainable water supply

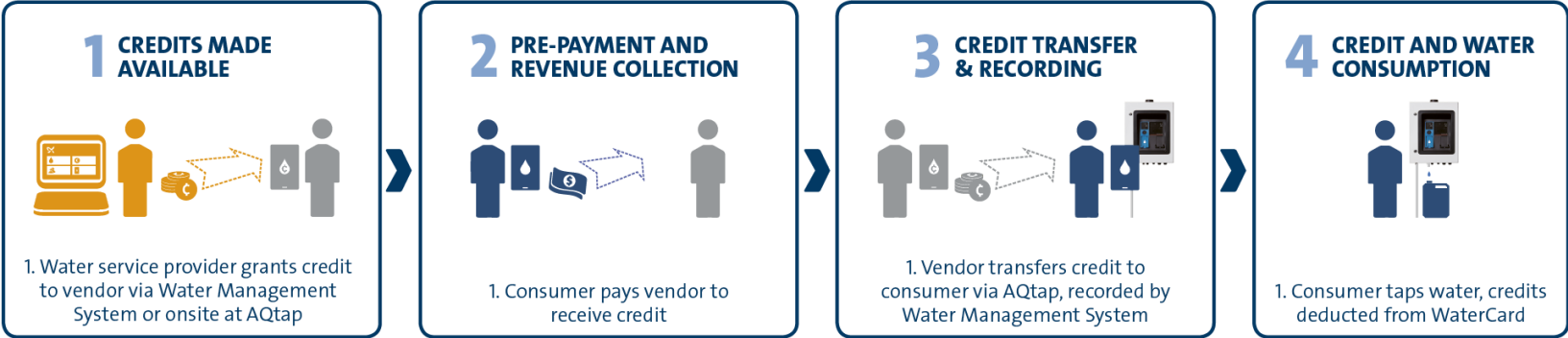
Financing Rural Water Supply in Kenya:

Case: Mumias (pop. 2500)



The Financial Model

WATER VENDOR METHOD



MOBILE PAYMENT METHOD



Rural Water supply in Kenya



Crucial Factors for Providing Sustainable Water in Rural Areas

- Good Governance
- Willingness to pay – educating consumers on cost of water
- Multi stakeholder partnerships
- Clusters, Scale & Cross-subsidising
- Government to provide legal framework and fee structure
- CAPEX still needs to be covered by external funding
- Part of donor funding could be allocated as subsidy for recovery of O&M
- Lack of commercial incentives for private investors/small water service providers to engage in rural water supply
 - Donors could issue guarantee for revenue stream

Way Forward

Securing Access to Water in Rural Areas

Public Private Partnerships

- Walk the talk – engage the private sector
- Commercialization of rural water supply instead of CSR activities
- Clear government policy and strategy for engagement of private sector supported by donors

Technical & Business Model Innovation

- Key players must allocate necessary funding and grants for promoting innovative solutions for rural water supply
- Testing and promoting of the leasing model

Taking and sharing risk

- Action and evidence based implementation (rather than heavy focus on reporting and monitoring)

Future Scenarios for Sustainable Rural Water Supply through Partnerships

Based on implementation of more than 40 Projects:

- The cost of providing sustainable water for rural populations can be as low as 3.4 USD/person annually
- ROI on a USD 65,000 investment for a population of 2000 will be between 5-10 years

The crucial factors on ROI are

- Daily water consumption
- Water tariff
- Community mobilization
- Clusters of installations

Thank you for your attention

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