



USAID'S WATER, SANITATION AND HYGIENE FINANCE (WASH-FIN), CAMBODIA

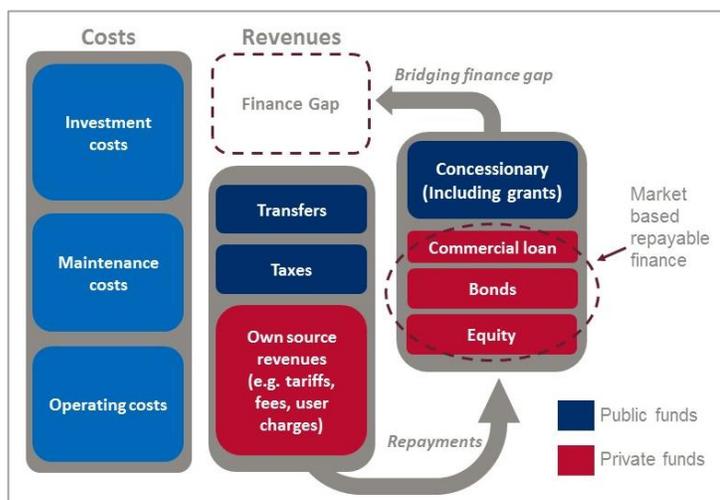
Closing financing gaps to achieve universal access to water supply through improved creditworthiness of private water operators.

Access to piped water in Cambodia is among the lowest in Southeast Asia, estimated at 21% in 2015. A mere 7% of rural households have direct connections to piped water, with even lower access to improved sanitation (42%). While access rates are higher in urban area (75%) this is largely due to the high-performing Phnom Penh Water Supply Authority, which serves almost the majority of the city. In 2014, the government set ambitious targets for universal access to water and sanitation by 2025, requiring an unprecedented mobilization of funding estimated to be \$212 million annually.

Public water utilities serve 13 out of 25 provincial towns. The remaining provincial towns, small towns and rural areas are partially covered by over 500 private water operators (PWOs) serving nearly 2 million residential consumers. PWOs are mainly family-owned, small-to-medium sized businesses that face significant challenges in financing operations and expanding services. A survey of Cambodia Water Supply Association (CWA) members revealed that 70 percent of all licensed PWOs are planning an expansion and require finance. WASH-FIN Cambodia, in collaboration with the CWA, will further contribute to closing finance gaps by connecting well performing PWOs to local commercial banks to enable access to local market finance for infrastructure investments.

APPROACH TO CLOSING THE FINANCING GAP

WASH-FIN's approach to closing financing gaps is based on the premise that citizens should be treated as valued customers and adequately served by WASH service providers operating on sustainable business models that strengthen creditworthiness, within clear regulatory and governance structures. Only then can increased public investment and market finance be effectively leveraged to expand or improve service delivery for all.



The goal of the activity is to expand the market for commercial lending for PWOs to expand and improve WASH access and service delivery.

ACTIVITIES

WASH-FIN is providing technical assistance and capacity building support to local stakeholders on the demand and supply side of the market in Cambodia across the following categories of activities:

CREDITWORTHINESS AND MARKET ASSESSMENT. To expand the market for commercial lending, WASH-FIN prepared an assessment of local financial institutions (supply side), and continues to assess creditworthiness, financial statements, and business plans of PWOs on the demand side.

ACCESS TO LOCAL COMMERCIAL MARKET FINANCE. Over 40 PWOs requested WASH-FIN support, and at least 20 will be supported in preparing loan applications to local financial institutions and facilitating transactions. Activities to support the PWOs include preparing business plans, exploring investments in efficiencies such as solar power, and facilitating access to credit enhancements such as USAID DCA Guarantee if and when needed.

KNOWLEDGE MANAGEMENT. To promote local commercial finance for WASH and build local capacity, WASH-FIN shares knowledge through workshops and knowledge products to disseminate lessons learned among stakeholders and raise awareness and understanding of WASH sector opportunities with local financial institutions.

PROJECT DETAILS

The three-year, \$3 million WASH-FIN Cambodia activity is funded by the United States Agency for International Development (USAID) and began in October 2017. WASH-FIN implementation in Cambodia is led by Tetra Tech with support from the Cambodia Water Supply Association (CWA). For more details, visit <https://www.globalwaters.org/WASH-FIN>

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