

All systems go Africa

Adapting systems strengthening
principles for rural water utility
systems:

Opportunities for PPPs in Madagascar

All Systems Go Africa

October 19-21, 2022



USAID
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BushProof



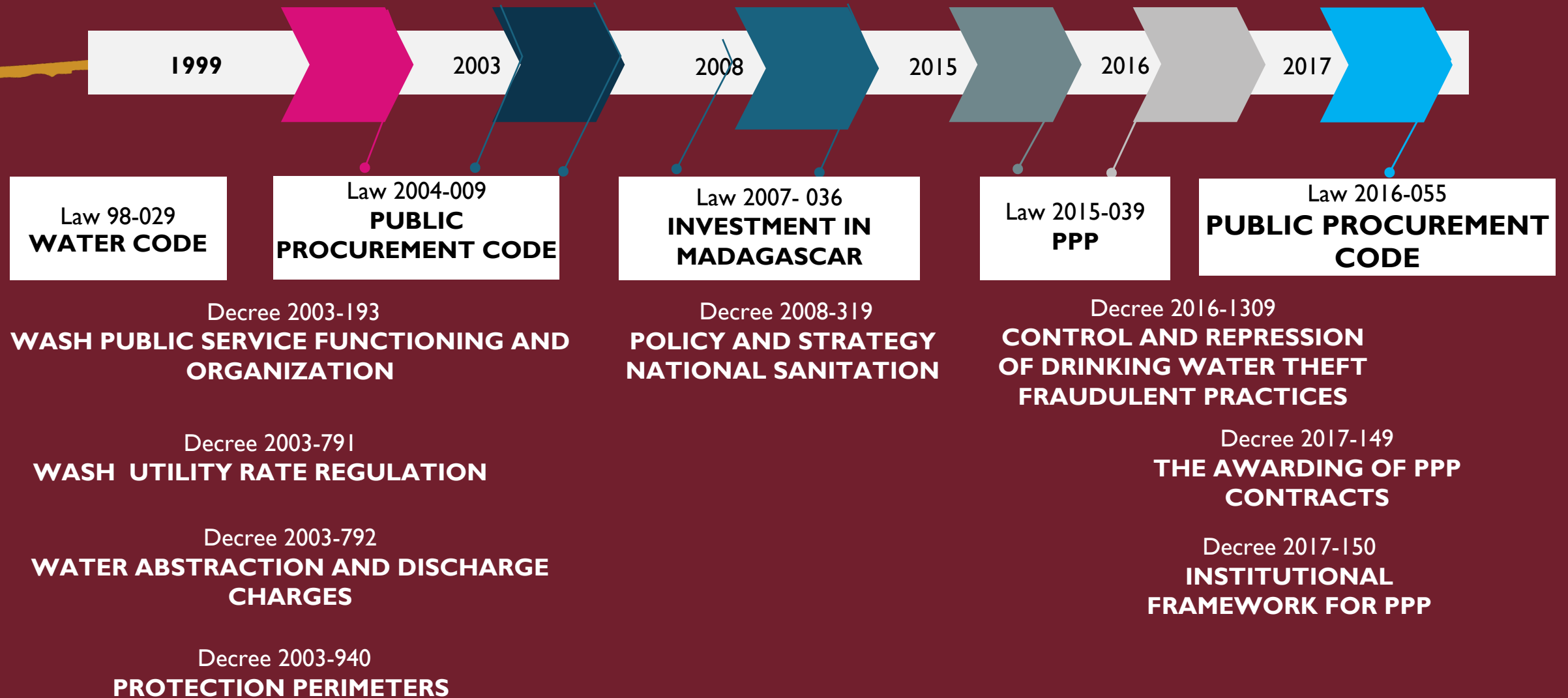
Agenda

1. Context
2. Steps taken to operationalize PPP for rural water services
3. Performance and viability of water service providers, and the impact on service levels
4. Key considerations for future investments in water PPPs in rural areas

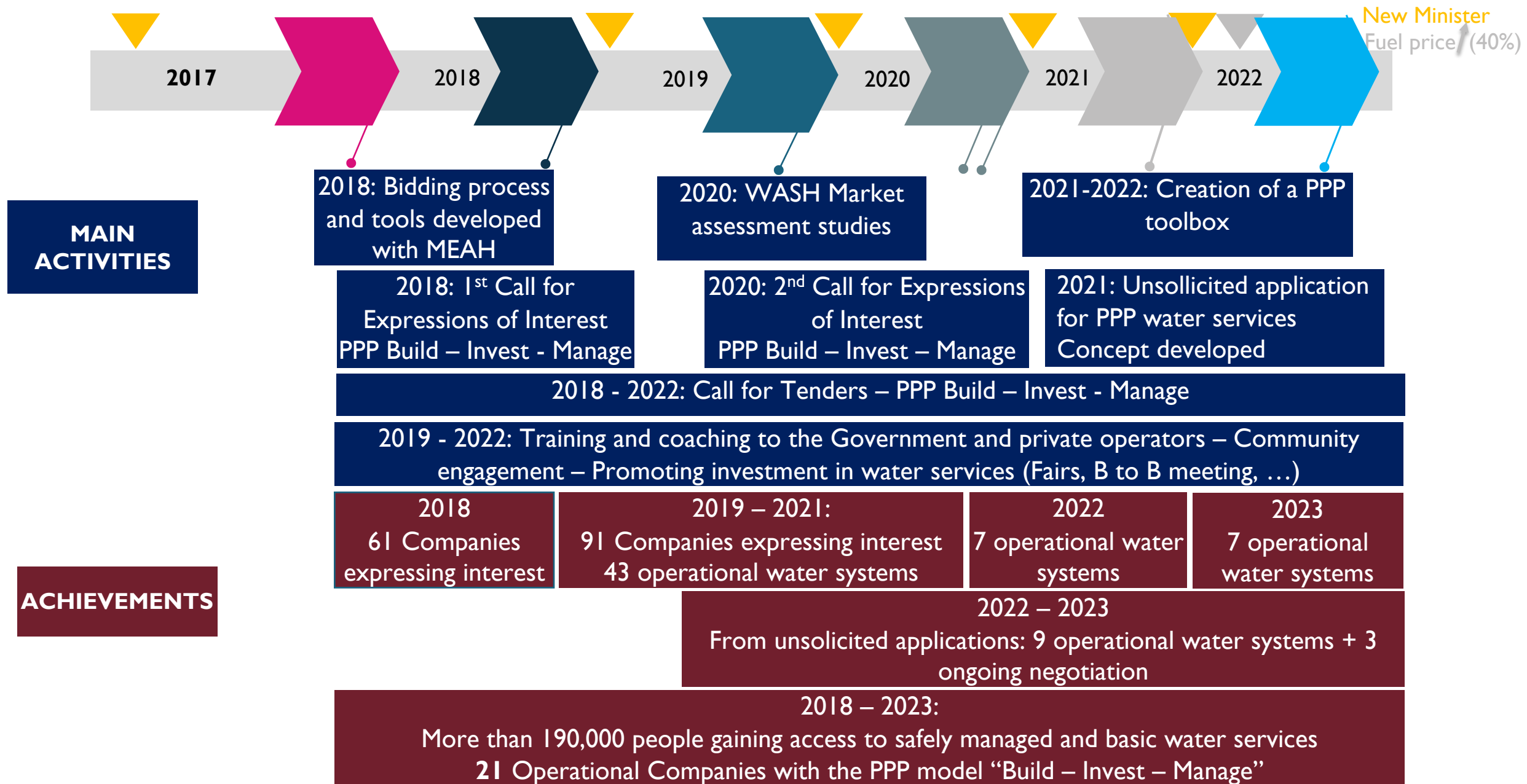
DISCUSSIONS and DEBATE



Evolution of the legal framework



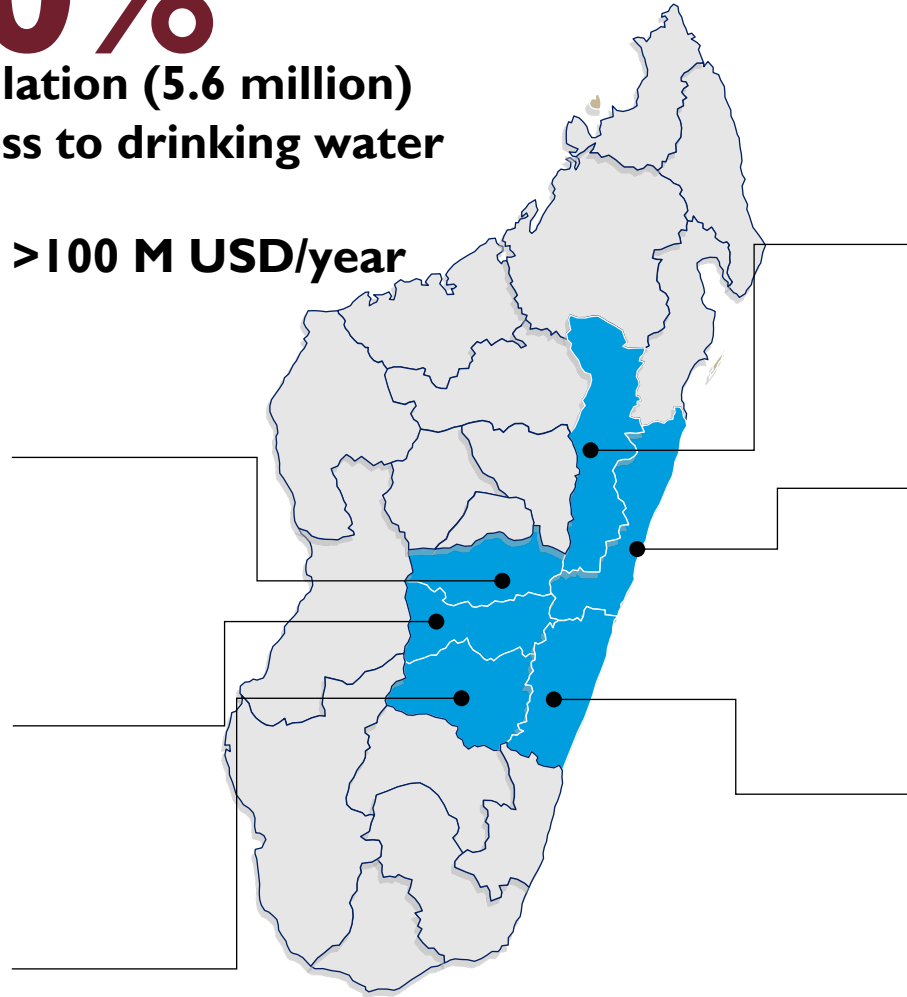
RANO WASH'S PPP MODEL EVOLUTION



WASH Market Opportunities

70%
of the rural population (5.6 million)
does not have access to drinking water

Potential market >100 M USD/year



72%
Vakinankaratra

88%
Amoron'i Mania

76%
Haute Matsiatra

95%
Alaotra
Mangoro

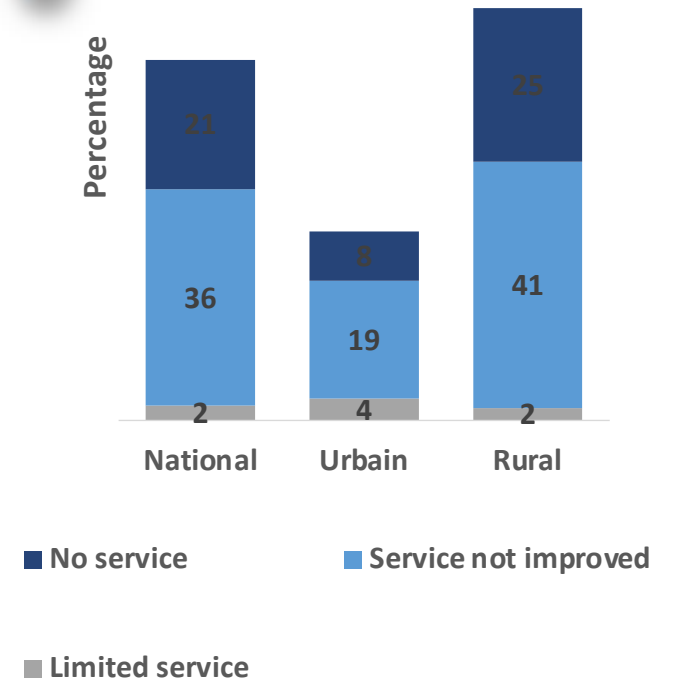
98%
Atsinanana

89%
Vatovavy
Fitovinany

RANO WASH: access to clean water for 300,000 people



Drinking water



2 billion USD
To be invested by 2030

To achieve SDG 6

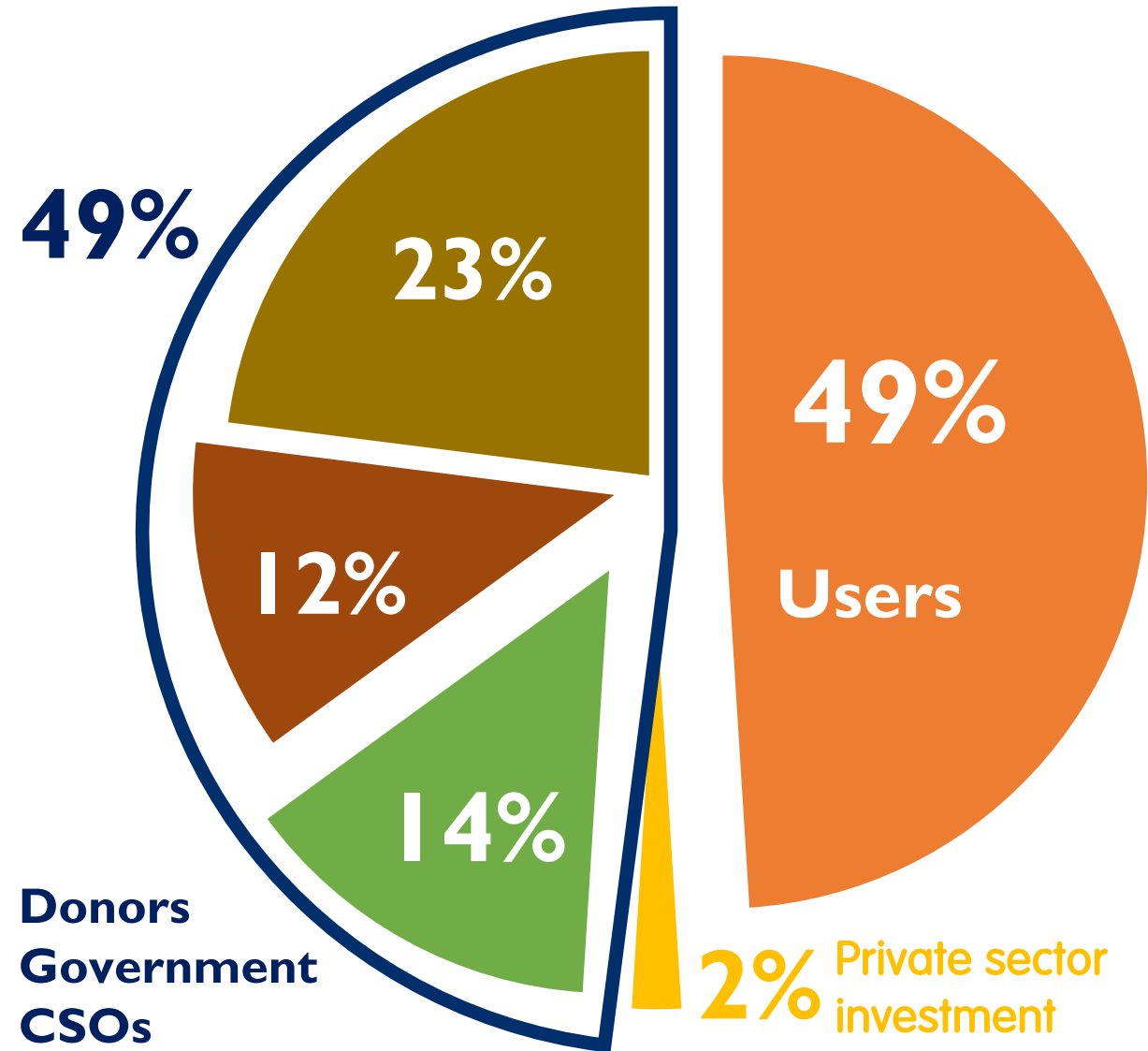
Water and Sanitation
for All

in Madagascar

MEAH estimates

~ 180 M USD/year

WASH FINANCING



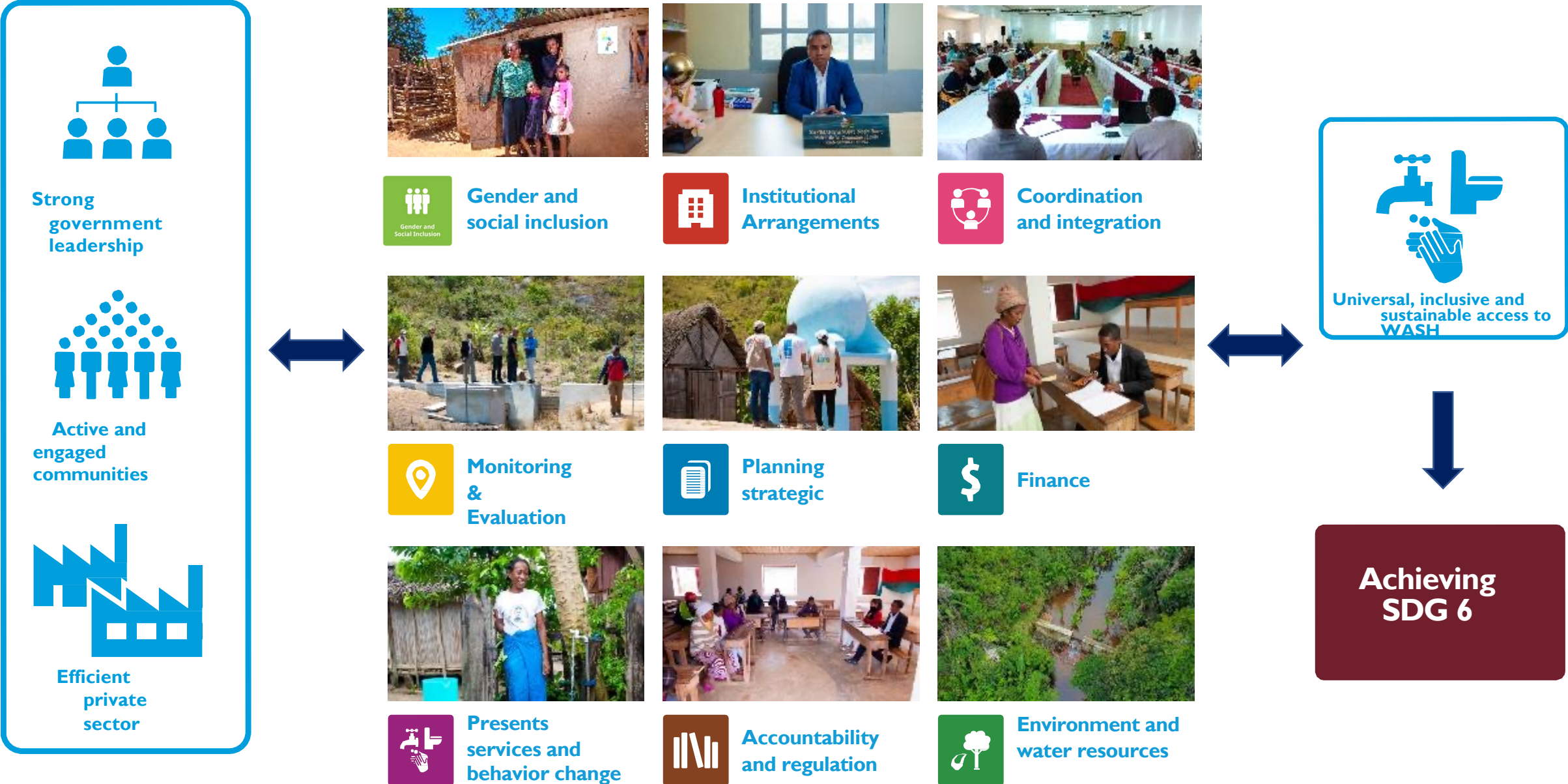
INVESTMENT ISSUES IN THE WASH SECTOR

- Dissemination of the **legal framework** (Water Code, PPP)
- **Paradigm shift:** Promote the WASH sector and market opportunities to the private sector (EDBM, CCI, banks, etc.)
- Demystify and **promote PPP**
- **Paradigm shift:** Seeing the private sector as an actor and partner in development, TFPs must become co-investors rather than donors.
- **Enabling environment for the private sector** (tax breaks/incentives)
- **Capitalize on existing models/experiences** (e.g. RW's PPP model).
- Facilitating **access to capital and promoting investment**
- **Strengthen the capacities of public and private actors** (operations, service coverage, etc.)
- **Effective decentralization**



SYSTEMIC IMPACT

WASH SYSTEM + MARKET SYSTEMS AT NATIONAL AND LOCAL LEVELS





RANO WASH STRATEGIC FRAMEWORK

PRIVATE SECTOR ENGAGEMENT

OBJECTIVES

- Support public, private and civil society stakeholders to **develop the WASH market**
- Promote an **enabling environment for private sector investment**
- **People First:** Putting people at the heart of actions; leaving no one behind, in times of stability and crisis (COVID-19)

PRINCIPLES

- Value for People
- Gender and social inclusion
- Environment & Climate Change
- Replicable and scalable models
- Economic efficiency / viability

WHAT IS MEANT BY PRIVATE SECTOR & WASH SECTOR

Private Sector IN WASH

Providers: water system managers, sludge management system companies, water kiosks, toilets, etc.

Private Sector FOR WASH

Financial institutions (banks, MFIs, investment funds) technology companies, design offices, training providers, suppliers of construction materials and equipment, AOPDEM

Private Sector WITH WASH

Synergies with other sectors (energy), telecom, Universities, EDBM, CCI, national and international platforms



Mapping in progress



APPROACHES

- Strengthening the WASH market
- Technical assistance to enterprises, communes, CSOs
- Promoting integrated approaches (WASH system)
- Promote entrepreneurship
- Community involvement
- Linking private WASH operators with financial institutions
- Capacity building (public, private, CSOs)

PRIVATE SECTOR

BUSINESS ISSUES

Commercial profitability
Scalability, replicability, synergies with other departments/areas



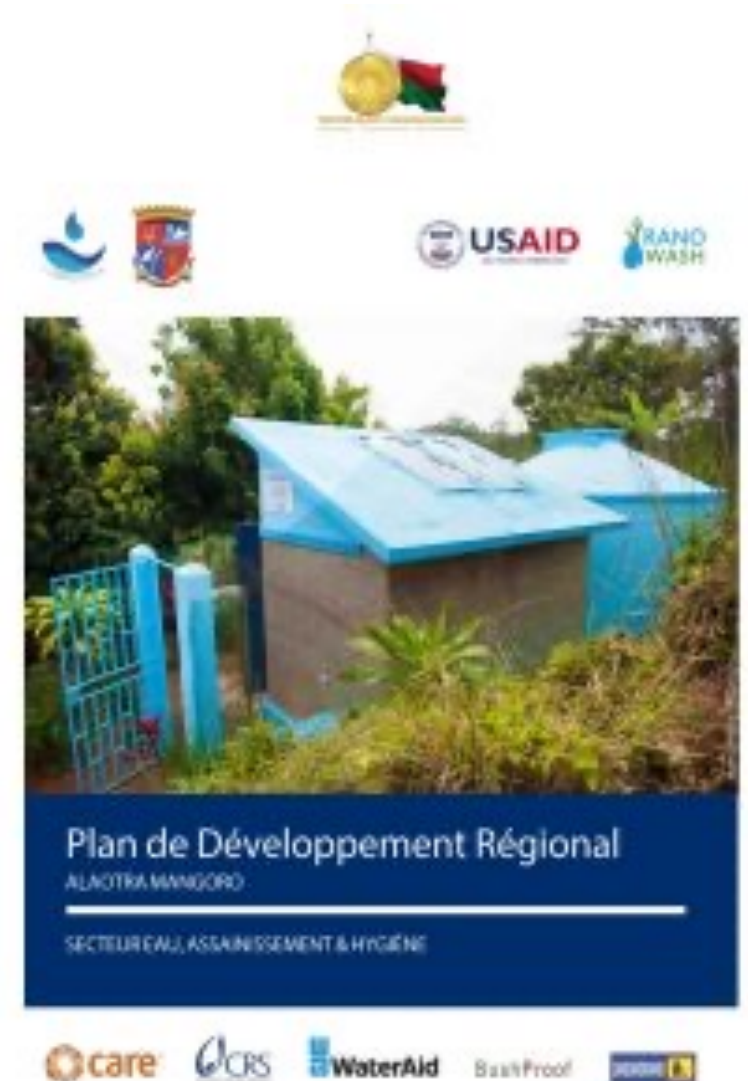
Social Responsibility
(affordable prices, adapted offers for the most vulnerable, universal access)

PUBLIC SECTOR

SOCIAL ISSUES

STRENGTHEN THE WASH MARKET

- **WASH market research** in 6 regions
- **Regional WASH market development plans**
 - Drinking water systems
 - Sanitation
 - hygiene
- **Market-Based Sanitation pilot** with iDE
- **WASH Communal Development Plans** targeting the private sector
- Private Sector **Mapping**
- Promotion of **women's entrepreneurship**
- **Synergies** with other sectors (e.g. energy)
- Community Based Management -> Private Management



FACILITATE ACCESS TO FINANCING

- **Prequalification, tendering and contracting process RW +40 water supply systems (PPP)**
 - USAID co-financing (65% GoM 20% Water Service Provider 15%)
 - Technical support from banks on the development of RW business plans
- **Promotion of the WASH sector to financial institutions and professional associations**
- **Organization of WASH fairs in partnership with the MEAH: linking communes with potential investors**
- **Exploration of financial arrangements Public-Private WSPs + Communes + Regions + MEAH + investors**
- **CSR: Corporate Social Responsibility (entry point)**
- **Business Support Funds (Fihariana)**



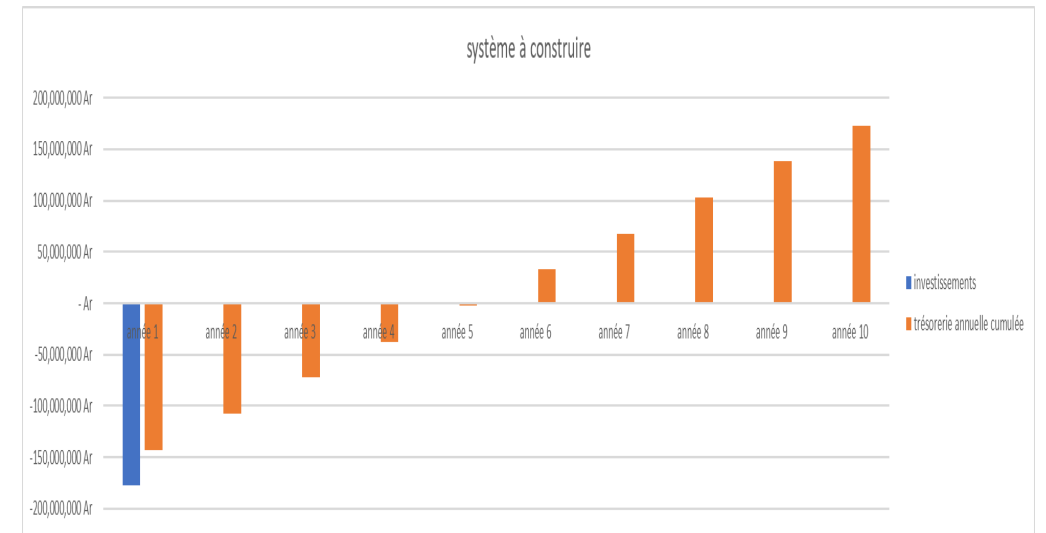
Fédération des Chambres de Commerce
et d'Industrie de Madagascar

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BUILDING CAPACITY

- Support for the development of **business plans**
 - Marketing plans linked with service coverage plans
 - Incubation (collaboration opportunity with NextA)
- Maximizing WASH **service coverage**
 - Drinking water supply plan
 - Online tools (ODK, etc)
- Development of a **PPP Toolkit**
- **Distance learning**



Boîte à outils PPP de RANO WASH

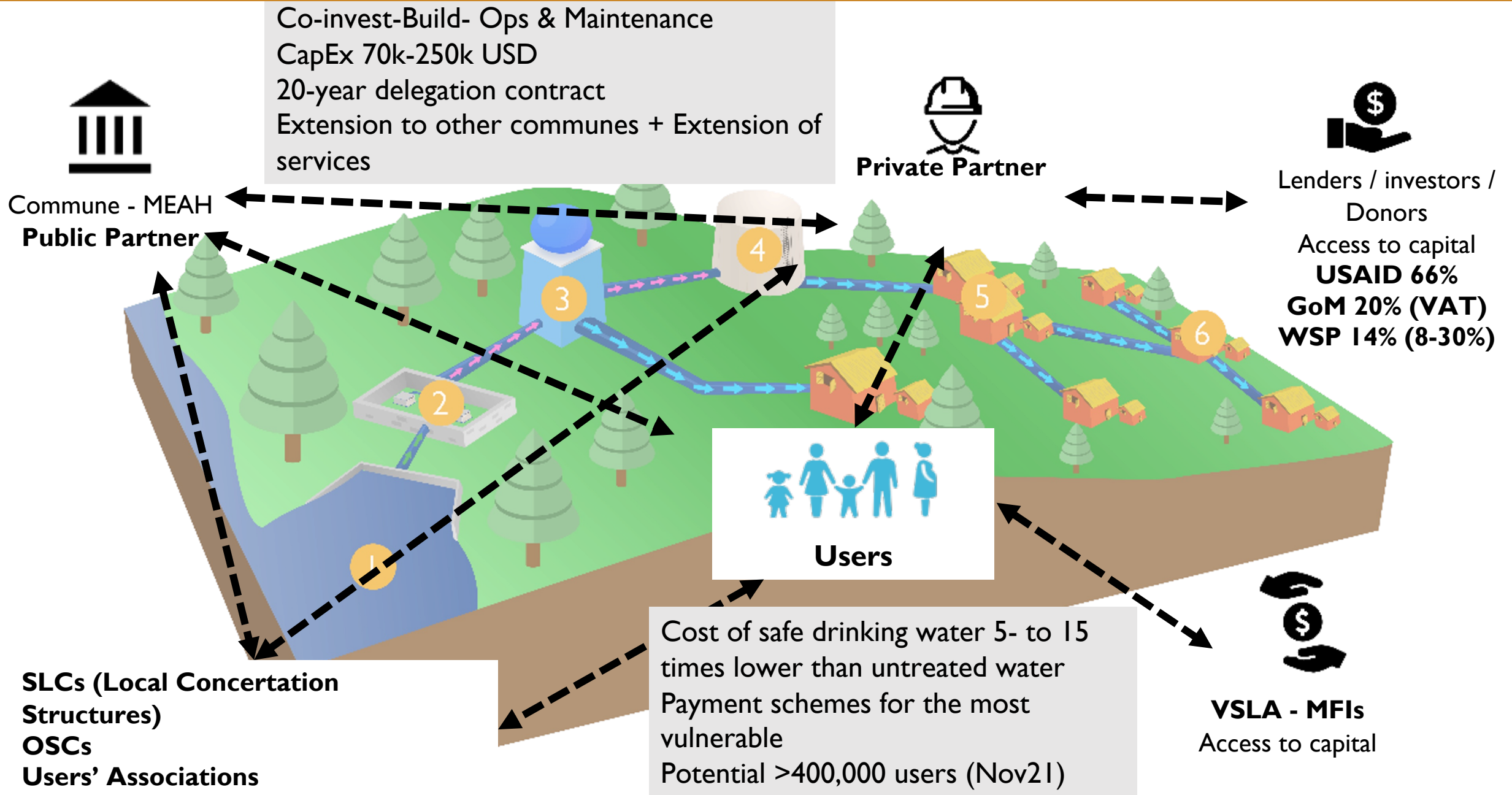
Cette section a pour objet de présenter les modalités de mise en œuvre de partenariats public-privé (PPP) dans le cadre du projet RANO WASH à Madagascar.

- [A propos des PPP](#)
- [Textes législatifs et réglementaires](#)
- [Outils et modèles RANO WASH](#)
- [Publications et rapports](#)
- [Événements PPP](#)

<https://care.mg/ranowash/ppp/>



PEOPLE-FIRST PUBLIC PRIVATE PARTNERSHIP (PPP)



PPP: EXTENSION OF SERVICES



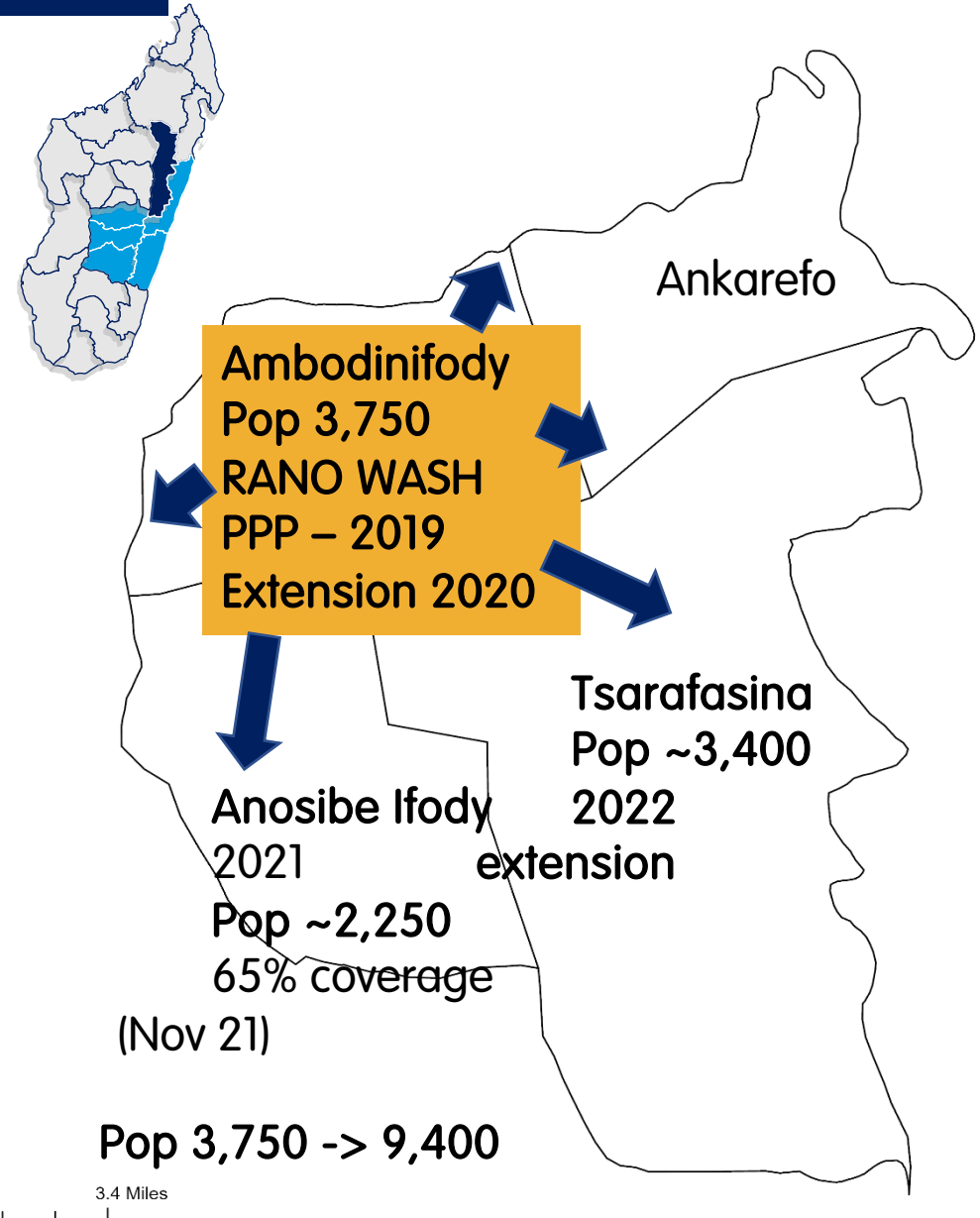
Example: Water Supply in Alaotra Mangoro

Drinking water supply system in Anosibe Ifody Commune (5 fonkontany)

- Water Supply System inaugurated in September 2020
- Funding 90k USD: USAID 90% ~10% WSP
- 2021: Extension of the network 100% financed by the WSP

Other opportunities the Alaotra Mangoro region

- Commune of Mandialaza
- Commune of Andaingo
- Studies carried out (APS, APD)
- Co-financing from the Communes
- Co-financing from Rano an'ala B (60M MGA /17k USD)
- Co-financing from other financial partners (excluding RW)
- RANO WASH facilitator role



Performance and viability of water service provider, LOVA VELU CASE STUDY

EVOLUTION OF THE BUSINESS PLAN DURING A 4-YEAR MANAGEMENT PERIOD

EAST ILAKA and EAST RANOMAFANA Municipalities



- LOVA VELU manages 19 drinking water systems in 11 rural communes in 4 regions of Madagascar.
- Provides access to approximately 15,000 beneficiaries with drinking water (3000 households)
- Produces 12500m³ of paid water per month
- 2327 private water connections and 619 social connections
- USD 300,500 investment for drinking water since 2017 (12% to 17% of project cost)
- Its water tariff: varies from 1000Ar to 2000Ar per m³ (USD 0.25 to USD 0.5 per m³)
- Number of staff: 33 including 09 permanent and 24 service contracts

Septembre 2022



Performance



Productivity indicators

Product : Drinking water	DATA OF THE INITIAL BUSINESS PLAN OF THE OFFER	ACTUALIZED BUSINESS PLAN DATA (Reality)	Achievement of objectives (%)
Average annual consumption	50 000 m3	30 000 m3	60%
Ratio	BP : 30l/d/pers	BP : 28l/d/pers	93%
	BS : 20l/d/pers	BS : 12l/d/pers	60%



Performance



Quality indicators

Product: Drinking water		DATA FROM THE INITIAL BUSINESS PLAN OF THE OFFER	ACTUALIZED BUSINESS PLAN DATA (Reality)	Achievement of objectives (%)
Number of subscribers (BP and BS)		417	403	97%
Household satisfaction	Quality	100%		90%
	Quantity	100%		98%
	Management	100%		98%

Performance



Capacity indicators

	DATA FROM THE INITIAL BUSINESS PLAN OF THE OFFER	ACTUALIZED BUSINESS PLAN DATA (Reality)	Achievement of objectives (%)
Number of subscribers (BP and BS)	417	403	97%
Average annual consumption	50 000 m3	30 000 m3	60%
Ratio	BP : 30l/d/pers	BP : 28l/d/pers	93%
	BS : 20l/d/pers	BS : 12l/d/pers	60%



Performance and sustainability

Strategic indicators



	DATA OF THE INITIAL BUSINESS PLAN OF THE OFFER	ACTUALIZED BUSINESS PLAN DATA (Reality)	Achievement of objectives (%)
Number of subscribers (BP and BS)	417	403	97%
Average annual consumption	50 000 m ³	30 000 m ³	60%
Ratio	BP : 30l/d/pers	BP : 28l/d/pers	93%
	BS : 20l/d/pers	BS : 12l/d/pers	60%
Return on investment	From the 5th year ^{ème}	From grade 8 ^{ème}	-
Water Price Review	From the 4 ^{ème} year	Not yet implemented	-

STRENGTHS and NEEDS FOR IMPROVEMENT



STRENGTHS

- Have competent and experienced teams in the field
- Connection policy: application of promotional price for connection
- Close collaboration with the communes, the DREAH (Government) and the Project
- Collaboration with suppliers of products and equipment



NEEDS FOR IMPROVEMENT TO DEVELOP THE MARKET

- Economy of scale: a single manager in the neighboring municipalities
- Revision of the water price according to the increase in inflation
- Promotional connection price to be continued in close cooperation with suppliers

1- Appropriate allocation and sharing of risks

2- Political engagement

3- A strong private platform



4- Effective regulation – Zero corruption

5- Effective decentralization

6- Rural Financial Sustainability:
Consolidating Systems

7- Public - Community engagement

8- Other sources funds

9- Attractive and adaptable products to scale up access



Critical success factors from RANO WASH experiences

All systems go Africa

19 - 21 octobre 2022 | Accra, Ghana

En savoir plus

<https://www.ircwash.org/all-systems-go-africa-fr>



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