

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

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 #WASHFutures18



# ENTERPRISE IN WASH



<http://enterpriseinwash.info/>

# 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

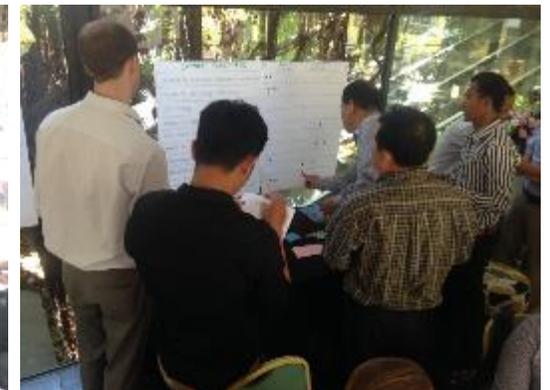
## Why?

- **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!!)

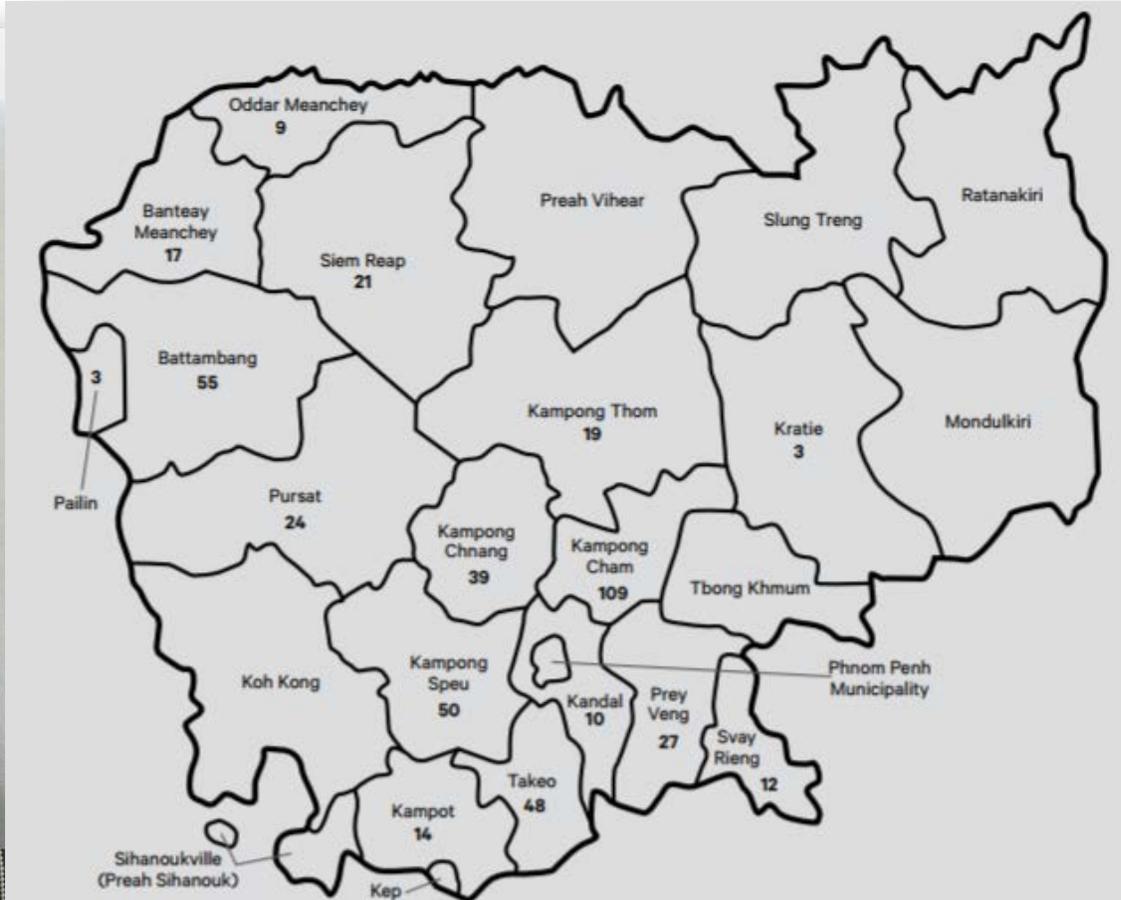
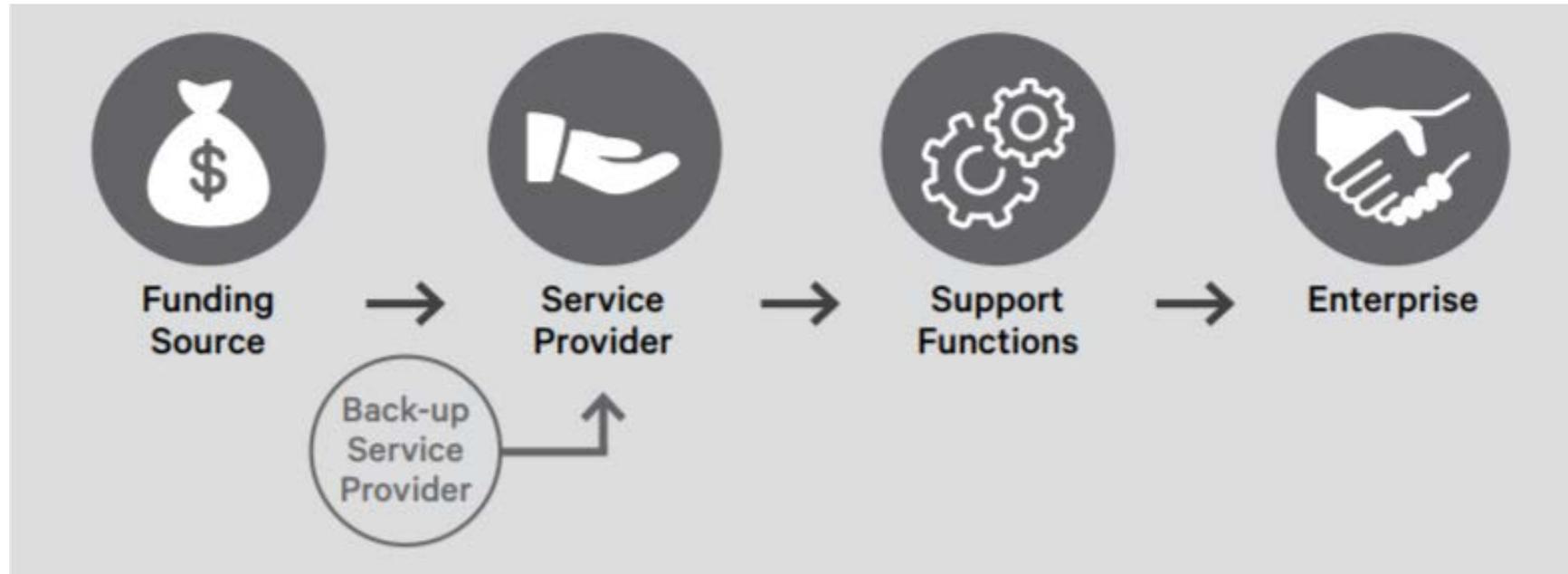


FIGURE 2: REPORTED NUMBER OF SANITATION ENTERPRISES SUPPORTED BY NGOS PER PROVINCE



# 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

## Principle 1

Encourage the principle of 'client pays' where possible (such that sanitation enterprises contribute to the costs of BDS)

## Principle 2

Create a market for BDS rather than a dependency on external development agencies

## Principle 3

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

## Principle 4

Ensure accountability systems are in place to ensure BDS services meet BDS needs

## Principle 5

Ensure BDS are accessible to those enterprises who genuinely cannot afford to pay for them (whilst avoiding crowding the market)

## Principle 6

Design BDS that promote and support sanitation enterprises to be socially inclusive

## Principle 7

Use donor funding to leverage government or other investment in BDS

## Principle 8

Seek opportunities for alignment between BDS and government mandates, including those beyond the WASH sector

## Principle 9

Look for synergies with both WASH and non-WASH organisations and potential intra-sectoral and cross-sectoral collaboration for BDS

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

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Learning briefs on working with private sector

#### 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

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