

Accelerating water supply access in Cambodia

What does it take?

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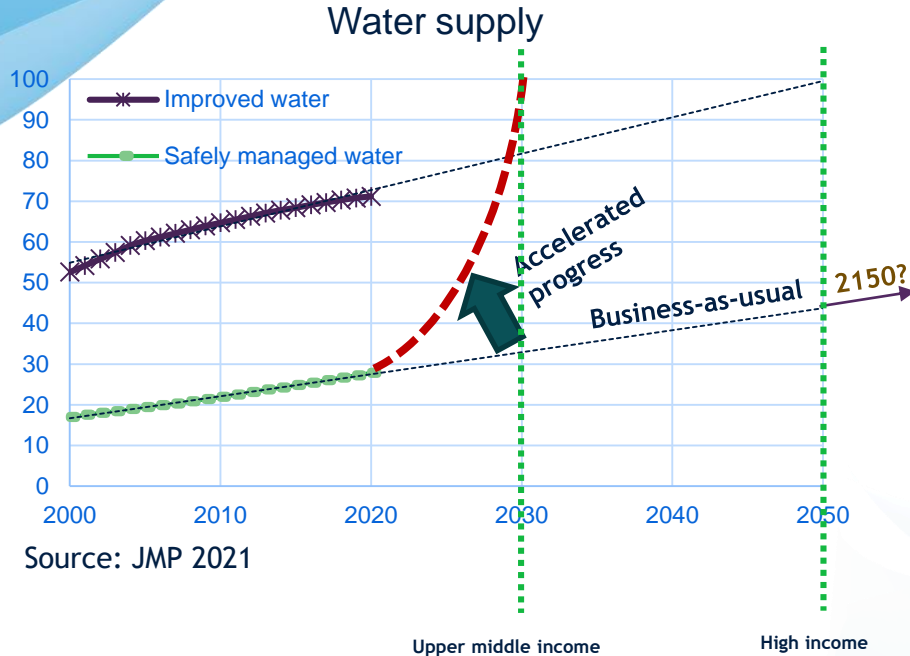
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Is Cambodia on track to achieve universal coverage for safely managed water supply?



- With business-as-usual, universal access to safely managed water will be missed substantially
- Business-as-(un)usual is needed to accelerate progress: the J curve!

Three key areas need to be addressed to achieve scale and reaching universal coverage



Innovation in
mobilizing finance



Strengthening
regulatory
framework



Adopting efficient,
inclusive, and
resilient service
delivery

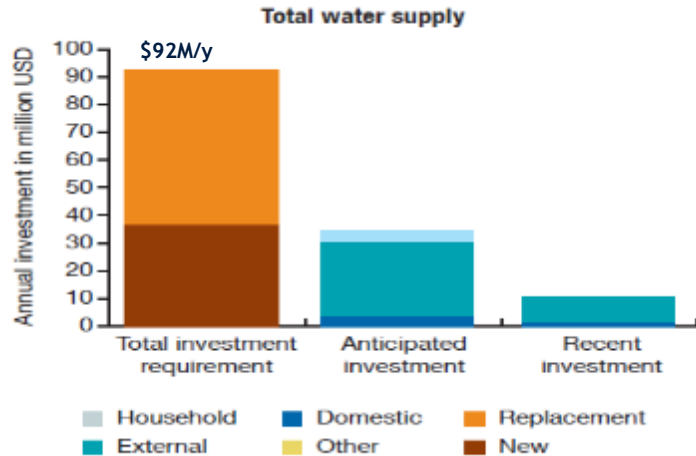


Area 1



**Innovation in
mobilizing finance**

Financing need is huge to reach universal access

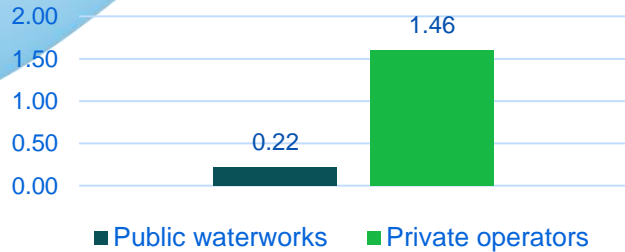


Source: Service Delivery Assessments, 2015

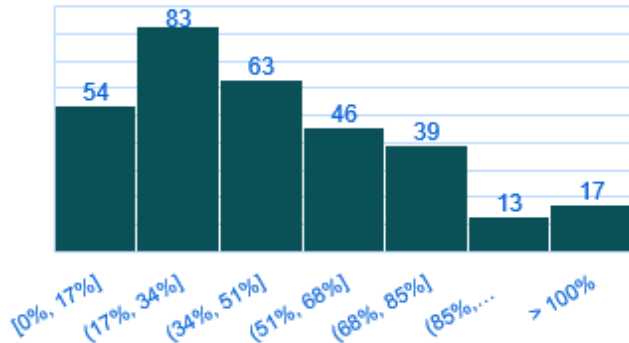
- **\$92 million** is needed annually over ten-year period to reach universal access → difficult to rely on public sector resource
- Mobilizing **private sector** is crucial to reduce burden on public budget
- Although private sector participation in water is vibrant (share 60% of total connections), **public resource** is needed to further **leverage** private sector financing

Why public intervention is needed to leverage private sector?

Number of households in service areas
(millions)



% of household metered connections



- There are **7x** more households living in licensed private operator service area than in public utility area (excluding PPWSA)
- **Half** of PWOs service less than **1/3** of households under their license

Expansion challenges:

- Areas covered by private operators are **less urbanized**
- Private operators operate in **poorer areas**
- Cost of finance is **higher** for private operators
- **Overall viability** may not be ensured, even with (on average) higher tariffs.

Area 2



**Strengthening
regulatory
framework**

Having an enabling regulatory framework is central to increasing access and improving sector performance



- Adequate regulation can give predictability and stability to private sector
- In Cambodia, water supply regulatory framework exists, **but...**
 - Less degree of **autonomy**
 - Constraint in **capacity, tools and resource**
 - Focused only on **service aspect** and not on water source

Recommendations:

- Strengthen **effectiveness of regulatory framework and capacity**
- **Widely introduce regulation by contract** where public and private sector join hand in developing water service

Area 3



**Adopting efficient,
inclusive, and
resilient service
delivery**

Adopting efficient, inclusive, and resilience service delivery to reach scale and sustainability



Efficient

- Aggregating service
- Corporatizing WSS utilities

Inclusive

- Reaching the marginalized group

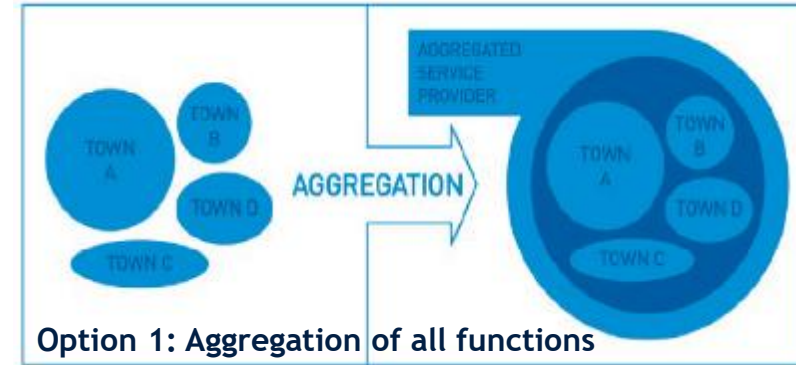
Resilient

- Ensuring water security

Improving efficiency through aggregation and utility corporatization

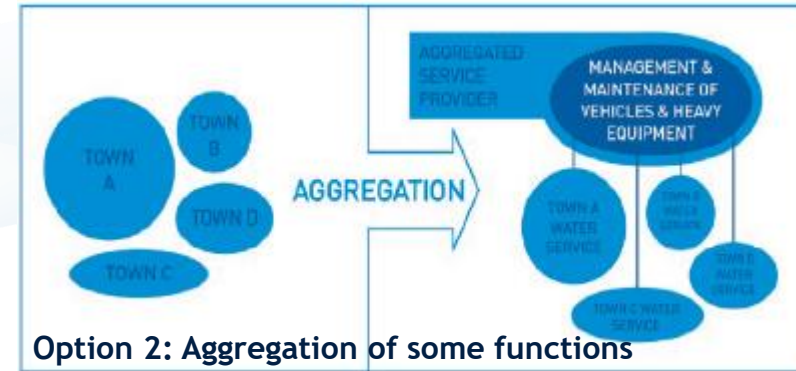


- Aggregation of WSS service could:
 - Improve efficiency in operation
 - Increase effectiveness in regulation implementation
- Turning public utilities into corporatized utilities could create incentive for improvement of efficiency, accountability and resilience



Recommendation:

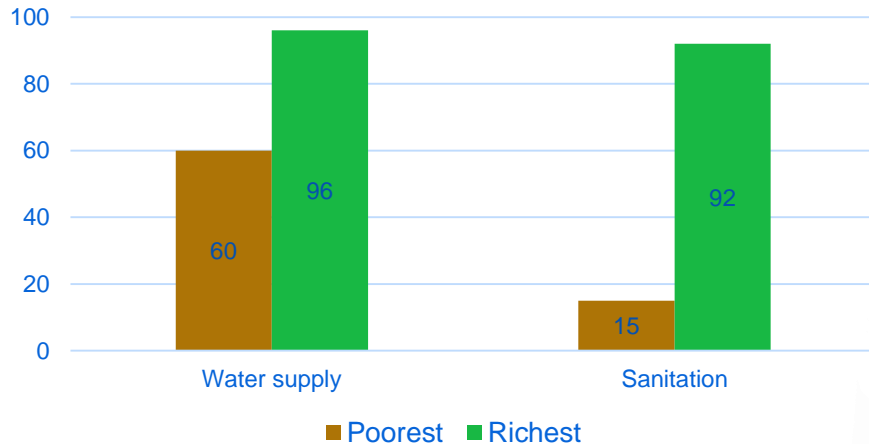
- Aggregating WSS service may be explored as a policy option
- Corporatization of the remaining public utilities should be a priority



Ensuring inclusive service by paying attention to marginalized group



Disparity in Water Supply and Sanitation
(basic service) - 2017



Compared to the rich, the poor is **1.6 times less** likely to get water

➔ Achieving universal coverage requires **accelerated access** among the poor

Recommendations:

Establishing **mechanism to provide subsidy** to poor/vulnerable households to gain access to WSS

Achieving resilience by ensuring water security



- Cambodia is getting hit by drought affecting a number of water operators
- Increasing water demand, climate change, and pollution has put pressure on availability of fresh water

Recommendations:

Achieving resilient water service requires **integrated management at basin level**



In summary, accelerating water supply access would require addressing three key areas



Rethinking of **sector financing**, including using public resource to improve viability of investment



Strengthening the **regulatory framework** and its implementation



Improving **efficiency, inclusiveness and resilience** in service delivery

Thank you



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