



# VIRTUAL ROUNDTABLE

## Private Sector Engagement for Scaling Up Small Water Enterprises

Webinar Proceedings | June 19, 2020



### Participating Organizations



Ministry of Housing and Urban Affairs  
Government of India



Kingdom of the Netherlands



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## EXECUTIVE SUMMARY

A Virtual Roundtable titled '**Private Sector Engagement for Scale-up of SWEs**' was organized on 19th June 2020 under the aegis of **Project SEWAH – Sustainable Enterprises for Water and Health**, which is a joint initiative of Safe Water Network India and USAID. The aim of the roundtable discussion was to discuss and debate, and generate ideas to attract private sector investment for Small Water Enterprises (SWEs) in the country as complementary safe drinking water solution to piped water thus contribute towards UN SDG 6.1.

The virtual event had participation from all three levels of government – **The Central Government, the State Administration, and the Urban Local Bodies** who discussed the opportunities and challenges for the SWEs from a government perspective. The other key speakers were Safe Water Implementers, Corporations that promote SWEs through their CSR, Technology Providers, and International Development Agencies. Recognizing that the Small Water Enterprises are cost-effective and customizable drinking water solutions that can synergize a major thrust in the safe drinking water provision specifically at places where the flagship government schemes such as the Jal Jeevan Mission cannot reach and are yet to reach. The participants discussed how public-private partnerships can play a major role in providing safe drinking water to water-stressed or quality-affected communities. The Small Water Enterprises have been set up as **public-private partnerships**, using a mix of funding that heavily leaned on the 2% corporate CSR grants. However, with declining CSR funds, as most of the CSR funds going towards COVID care, it has become imperative for the SWEs to explore new investment avenues.

The **keynote address** for the session was delivered by **Mr. Devender Singh, IAS, and Additional Chief Secretary of Government of Haryana, Public Health and Engineering Department (PHED) Haryana**. He outlaid the State Government's water delivery approach that has a primary focus on Jal Jeevan Mission and also that the State of Haryana has a Water ATM policy where sustainability is built on water sale revenue and the advertising through billboards. The Water ATMs are promoted in cities and towns for the mobile customer and also for the people in low-income colonies. Although the towns are small, in aggregate they nevertheless account for a substantial proportion of the overall urban population. **Mr. Tukaram Mundhe, IAS, Municipal Commissioner, Nagpur Municipal Corporation** gave a **special guest address** in the session. He elaborated that Nagpur City is demonstrating a successful PPP in piped water, where the services are privatized and the water rights remain with the government. The biggest problem is metering and collecting user charges from the consumer. The consumers are unwilling to pay meagre monthly amount Rs 50-70. We express our heartfelt gratitude to both our distinguished guests from the government for their thoughts and suggestions for the private sector role and participation in small water enterprises. We also thank **Mr. Anand Rudra, Senior Advisor – WASH, USAID India** for co-hosting the session and providing us with platforms and resources to voice the concerns of the sector to the relevant authorities for scale-up. **Ms. Jhalak Jain from Honeywell Hometown Solutions**, who have invested deeply in small water enterprises for public health and social development through their CSR, said that for the private sector support the essential services and for high visibility to the program, measurable outputs and ability to recover the local operating cost.

The other panelists on the roundtable included **Dr. Parag Agarwal, Founder, and CEO, JanaJal**, a dedicated small water services company that has benefited over 20 million people to date said that the private sector brings speed, talent, and efficiencies to the program. The government should consider them as partners and provide an enabling environment to perform and recover costs. **Mr. Dennis Abraham, Managing Director, Josab Water Solutions**, a technology solution as well as implementing organization said that their low-cost technology purifies water ecologically and sustainably. And, **Ms. Maya Acharya, Senior Policy Advisor, Embassy of Netherlands** who collaborates with the Government of India on infrastructure projects said that there is a huge need in the country for safe drinking water and the private sector is keen to participate. It can be done through collaboration and enabling environment.

With the diminishing CSR funds and falling revenue generation from user fees at the Water ATMs due to the COVID pandemic, the SWEs cannot rely upon the earlier models of operations. Financial sustainability has become the most important determinant for the survival and scale-up of SWEs as water is priced within certain socio-economic parameters to reach all. This lack of opportunities for the small water enterprises to generate operating revenues let alone make a marginal profit from the water sales also **keeps the private investors at bay**.

The **Small Water Enterprises provides a window of investment to the private sector**, but this option has its own set of challenges. The stakes for the private sector to invest in the SWEs remain very high. The challenges range from working through delayed infrastructure delivery, complex institutional frameworks with multiple regulatory authorities, politicians offering free water, leading to lower probabilities of recovering the capital investments, or even the operating costs. Experience suggests that unless major reforms are made at both policy and implementation levels, the path to successful private investments in the SWE sector will not be smooth. There is an increasing need for holistic collaboration with the government in terms of technological, monetary, and resource sharing partnerships. Despite the risks and the challenges, there is a clear potential for the private sector investment in the small water enterprises.

**Poonam Sewak of Safe Water Network India** summarized that there is a **need for forming a National Water ATM Policy** and the regulatory framework that governs the SWE sector. **Our ask** from government is the following: (i) to ease the stringent regulations on water treatment units, promote MSME and adopt more business-friendly policies, (ii) suitable water tariffs, (iii) undertake capacity building and expertise in the drinking water sector, (iv) to simplify the institutional framework and create opportunities for public-private partnerships in the drinking water sector, and (v) provide viability gap funding.

The **SWEs can make a lasting social and economic impact** by improving health, creating jobs, improving vocational skills, and bringing new technologies to bridge the existing gaps in the water supply chain.

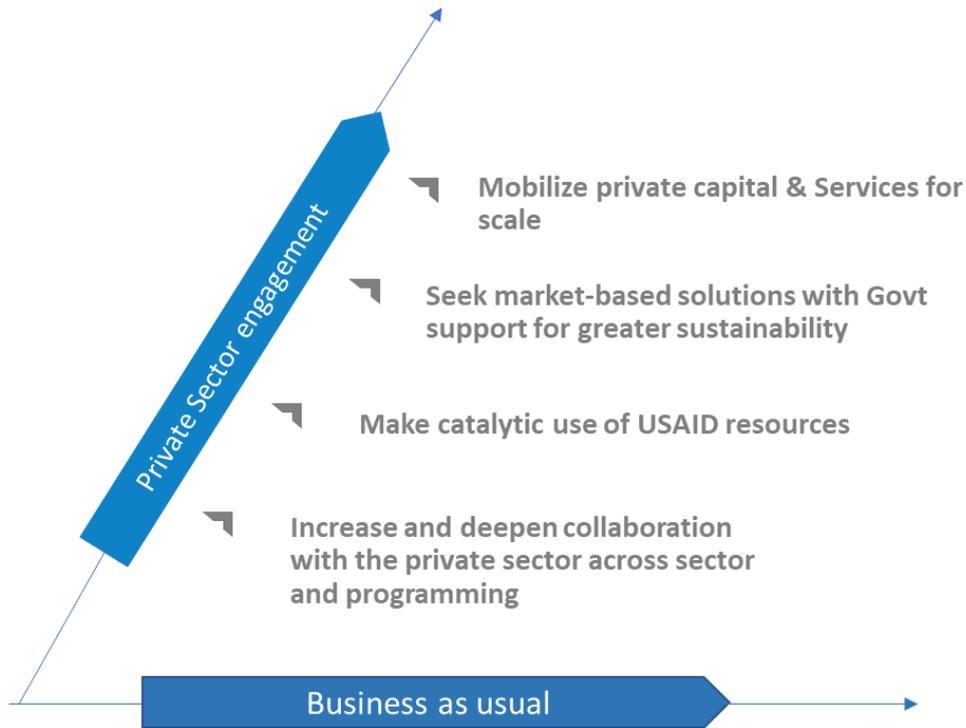
We **thank our patrons** and donors – USAID, Honeywell Hometown Foundation, Pentair Foundation and for their continuous support and guidance.

<sup>1</sup>Small Water Enterprises or the SWEs are decentralized water treatment plants that provide affordable safe drinking water. These are called by various names such as Water ATMs, Water Vends, Community Water Treatment Plants, Safe Water Stations, Water Kiosks, etc.



## CATALYSE GROWTH OF SWEs

We must change the way we do business to minimize the need for assistance



Source: Adapted from USAID Private Sector Engagement Policy

## Operating Models for SWEs to Attract PPPs

Comparative Analysis	Engineering, Procurement, and Construction (EPC)	Built-Operate-Transfer (BOT) – User fee	Build-Operate-Transfer (BOT) – Annuity	Hybrid Annuity Model (HAM)	Social Entrepreneur Model (SHG/Entrepreneur/Co m)
<b>Investment</b>	Government	Private	Private investment for construction and balance deferred payments	40% Government and balance deferred payments	Land – Social Entr Equipment – Philanthropic capital
<b>O&amp;M</b>	Included in contract as concessionaire’s responsibility				Independent Service Entity (paid out of rev)
<b>User Fee – Collection</b>	Awarding authority	Concessionaire/ Private developer	Awarding authority	Awarding authority	Affordable pricing to cover OpEx
<b>Funding from financial institutions</b>	None	Majority funded by FI’s	Substantial funding from FI’s	Up to 40% of the project cost	Limited
<b>Ease of contract management</b>	Comparatively simple and easy to administer		Requires constant monitoring		Scalable and Replicable
<b>Project Impact</b>	Low tender pricing, little focus on capacity building, results in higher slippages				High – community buy-in



*"There is a potential role of small water enterprises, in running and maintaining units which would have been created through schemes like Jal Jeevan Mission, or tying up with Skill Development Centers (SDCs) for capacity-build programs."*  
- **Devender Singh, IAS, Addl. Chief Secretary**  
Govt. of Haryana PHED Haryana

*"India has been selected as one of the 18 high priority countries for water by USAID Washington which means that there will be greater focus for USAID to work in water related issues in India. SEWAH Project opens doors for greater collaboration with SWE implementers to work in unison to provide safe drinking water solutions to urban communities in India."*  
- **Anand Rudra, Senior Advisor - WASH**  
USAID India

*"There are multiple areas where private enterprises can make themselves useful to the government. Treatment of water, reuse of water or end-to-end automation provides a good opportunity for public-private partnerships. It has an impact on water quality, health of the city and availability of potable and non-potable water for the usage for different purposes."*  
- **Tukaram Mundhe, IAS, Municipal Commissioner**  
Nagpur Municipal Corporation

*"A small water enterprise model should have a self-sustaining feature factored in, so that it continues to operate sustainably and there is lower dependency on perennial funding from the private sector."*  
- **Jhalak Jain, Sr. Manager- CSR**  
Honeywell Hometown Solutions India Foundation

*"The AMRUT Mission of Ministry of Housing and Urban Affairs seeks increased participation of private sector organisations in the overall implementation of water supply projects. While AMRUT will help in increasing the coverage of water supply to 100% in 500 AMRUT cities, water supply coverage in smaller towns needs attention. The private SWE players can be involved in projects with capital investment and management of water supply system to bring in operational efficiency."*  
**Mr. Suneet Mehta, IFS, (Deputy Secretary IC & AMRUT)**  
Ministry of Housing and Urban Affairs

*"Water is a critical service. SWEs should be recognized as support to the Government. It will save lives and contribute to the economy by creating jobs, self-employment opportunities, vocational trainings and skill development."*  
- **Dr. Parag Agarwal, Founder & CEO**  
Janajal

*"There is a huge gap in the market in terms of technology selection, fund rotation and implementation. We would need to bridge this gap together, bring in transparency into decision-making with the Government and explore for partnerships."*  
- **Dennis Abraham, CEO**  
Josab India

*"Government should not consider the international organizations as external parties but should look towards working with us in an integrated manner where we can bring our technology and best practices to make a difference at a local level."*  
- **Maya Acharya, Sr. Advisor**  
Embassy of the Netherlands

# Virtual Round Table Private Sector Engagement for Scaling Up Small Water Enterprises



**Mr. Tukaram Mundhe, IAS**  
Municipal Commissioner  
Nagpur Municipal Corporation



**Mr. Devender Singh, IAS**  
Addl. Chief Secretary to Govt. Haryana  
PHED Haryana



**Mr. Suneet Mehta**  
Deputy Secretary (IC & AMRUT)  
Ministry of Housing & Urban Affairs



**Ms. Poonam Sewak**  
VP - Programs & Partnerships  
Safe Water Network



**Mr. Anand Rudra**  
Senior Advisor - WASH  
USAID India



**Dr. Smita Misra**  
Lead Water Supply & Sanitation Specialist  
The World Bank



**Ms. Jhalak Jain**  
Senior Manager - CSR,  
Honeywell Home town Solutions India Foundations



**Ms. Maya Acharya**  
Senior Advisor Trade  
Embassy of Netherlands



**Mr. Dennis Abraham Thazhamon**  
CEO, Josab India



**Dr. Parag Agarwal**  
Founder & CEO  
Janajal



**Mr. Ravindra Sewak**  
India Country Director  
Safe Water Network

## PARTICIPATING ORGANIZATIONS

1001fontaines  
AB InBev Africa  
Accenture  
Ambuja Cement  
Amity University  
Aqua for All  
Banka BioLoo Limited  
Cairn India  
Center for Youth India  
Centre for Environmental Planning and Technology  
Centre for Science & Environment  
Charities Aid Foundation  
Council on Energy, Environment and Water  
CSIR-National Physical Laboratory  
Clean Water Energy Trust  
Delta Pure India  
Drinkwell Systems  
Durrah Sugar Refinery  
Embassy of the Netherlands  
Geofluid  
Group M  
Grundfos  
Honeywell technology Solutions India Foundation  
India Water Partnerships  
Indian School of Public Policy  
Indira Gandhi National Open University  
Indus Water  
IRC WASH  
Janajal  
Josab  
KPMG  
Maithri Aquatech (P) Ltd.  
Max Foundation  
Millennium Water Alliance  
Nagpur Municipal Corporation  
Naandi Community Water Services  
National Environmental Engineering Research Institute  
National Institute of Urban Affairs  
OCEO Water  
ONE MILLION WELLS  
Pams Enterprise  
PepsiCo Foundation  
Public Health Engineering Department, Haryana  
Piramal Water Private Limited  
Plan India  
Primus Partners  
Safe Water Network India  
South Asia Forum for Energy Efficiency  
Splash  
Spring Health  
Stratego Consulting  
Subash Mittal & Associates  
Swajal  
Tata Project  
The Energy & Resources Institute  
Underwriters Laboratories  
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Small  
Water  
Enterprise  
Alliance



**Honeywell**



**SEWAH** Sustainable Enterprises for Water And Health  
A Joint Alliance between USAID and Safe Water Network India