

The Case for Capacity Building with Water Service Providers to Meet SDG6

Billions Lack Access to Water and Sanitation as Urban Water Service Providers Fall Behind

Most water service providers (WSPs) serving urban areas in low- and middle-income countries face substantial challenges that leave them performing below standards. Staff turnover is high. Limited budgets leave few resources for honing leadership skills and keeping technical abilities current. Many WSPs deliver service inconsistently on aging equipment and are losing income, while extreme climate events impact their infrastructure, and pandemics like COVID-19 disrupt their supply chains. Their finances are tenuous at best.

This matters because urban WSPs who serve billions—whether utilities or municipalities—are key to meeting the United Nations’ Sustainable Development Goal 6 (SDG6)¹: Safe and affordable drinking water and sanitation for all by 2030. Rural solutions, while indisputably helpful to some, aren’t going to make the exponential impact we need to positively impact billions of people awaiting a solution.

Two billion people lack clean, affordable, and sustainable drinking water and a jaw-dropping 3.6 billion don’t have access to adequate sanitation services².



Most of these people—56%—live in cities. By 2050, that will jump to nearly 70%,³ including informal settlements, which are growing alarmingly. As the climate changes, residents are flocking to cities searching for safety and resources. The result is an increasing number of people who are un- or under-served.



The health and economic impacts of this crisis are dire, particularly for women and children. Polluted water and untreated wastewater contaminate food and cause diarrheal diseases such as cholera and dysentery, typhoid, intestinal worms, and polio⁴.

To provide *durable* solutions to these problems, we need strong WSPs in urban areas.

ROCKBlue's Low-Cost Model is Proven Effective

The **good news** is that urban WSPs' water security concerns are often due not to a lack of available resources but rather to how resources are managed. ROCKBlue has proven that there is a realistic way to make a sizable impact in providing water to most people where they live. We help extend the reach and improve urban WSPs' operations and finances. **More good news:** ROCKBlue's model proves that significant and *lasting* impact, through sustained capacity building, **doesn't have to be expensive.**

ROCKBLUE'S MISSION is to improve the lives of urban residents in low- and middle-income countries with clean, affordable, and sustainable water and sanitation services.

Our specialists use industry best practices to help WSPs become more self-reliant. Consequently, WSP managers make better decisions and improve service delivery, which ultimately affords people better health and more economic opportunities. Without ROCKBlue, WSPs and governments struggle—sometimes fail—to provide water and sanitation. They settle for short-term, externally mandated solutions or engage expensive contractors. Urban residents suffer economic hardship, disease, and death.

The Proof is in the Outcomes

During the past eight years (including the Covid pandemic, when most WSPs struggled to maintain the status quo), ROCKBlue's partners, collectively:

- Increased the number of people they served by 742%
- Over 85% of our partners increased their Collection Efficiency and 75% increased their Operating Cost Ratio
- Over 50% of our partners reduced non-revenue water (NRW) and 28% held their NRW steady since starting with ROCKBlue
- Created and sustained positive change in 83 percent of the 96 impact indices tracked



Every one of our WSP partners has requested an ongoing relationship with ROCKBlue since our work began.

“The BBB+ credit rating can clearly be attributed to ROCKBlue's support.”

Hellings Hezekiya Nasoni
Information Officer
Lilongwe Water Board

EXAMPLES

Lilongwe Water Board Dramatically Improves Finances and Expands Service, Creating Virtuous Cycle of Improvement

ROCKBlue began working with the Lilongwe Water Board (LWB), which served nearly one million customers in Malawi

in 2019. At the time LWB didn't have a credit rating which meant they had no power to negotiate loan terms because they relied on lending agencies to determine their financial health. Their revenue was unpredictable and they were leaving millions of dollars of revenue on the table.

With over 1,600 hours of coaching and mentoring, including participation in the innovative ACORN program to improve finances and access to funding, ROCKBlue helped LWB achieve the following:

- **A BBB+ credit rating, increased operating profits by 435% in one year, and successful negotiation of a 35% tariff increase.** LWB is now engaging with funders and can secure more favorable lending terms for much-needed infrastructure improvements that prepare the WSP for future expansion and help them weather extreme climate events.
- **Increased service levels by adding 40% new customers. Sanitation to 93% of their service area, an increase of 10%, and sustained a nearly continuous 24/7 water supply.** This has reduced disease and freed residents from the time-consuming daily task of collecting water so that children can focus on their education and adults can pursue more sustaining work.
- Consistent **Collection Efficiencies >80%** and an **Operating Cost Ratio >125%**.

Lusaka Water Supply and Sanitation Company Focuses on Debt Collection While Expanding Services & Improving Quality

In 2018, the Lusaka Water Supply & Sanitation Company (LWSC), which provides most of Zambia's capital city and 2.2M residents with water and sanitation, only produced half the daily water they needed. Also, high levels of indebtedness limited investments in infrastructure, increased operational costs, and diverted funds from essential service improvements.

ROCKBlue coached and trained managers for 1,872 hours over five years. Among their accomplishments:

- **To date LWSC has collected more than \$800,000 in overdue debts, increasing their operating cash nearly three-fold and almost tripling profits.** This has increased LWSC's resiliency and they are better positioned to meet the community's present needs as well as prepare for extreme health and climate events in the future.
- ROCKBlue led the LWSC team in creating six annual plans, emphasizing LWSC's revenue collection and meeting their aggressive growth goals. **As a result, LWSC added 38% more customers and improved water quality to 95% compliance. They increased the percentage of the community served by 9% and increased sanitation services by 15%.** Overall health conditions are better because more people in Lusaka have water and it is cleaner. This is especially true for the women and children who are most vulnerable.

"We were looking at the wrong parameters for NRW. We even bought equipment which gathered dust on our shelves. We can never overemphasize the kind of help ROCKBlue provided."

Brian Muwwo
Director of Commercial Services
Lusaka Water Supply & Sanitation Company

- Key among planning activities has been **helping LWSC identify the top 3-5 WSP management activities with the greatest impact, and tracking progress** in meeting those goals. Daily, LWSC uses ROCKBlue's performance monitoring tools to align activities to their strategic plan.

ROCKBLUE HELPED THE CITY OF MASVINGO IN ZIMBABWE STRENGTHEN WSP FINANCING

When the city of Masvingo, in Southeastern Zimbabwe, began working with ROCKBlue in 2019, their revenue covered only 53 percent of their costs. 1,732 hours into our partnership, they have made impressive progress:

- ROCKBlue's specialists led Masvingo through five annual planning cycles including outlining goals and establishing accountability metrics. **Today they cover 72 percent of their operational costs despite ongoing severe economic conditions in Zimbabwe.**
- Masvingo managers have attended **18 Performance Achievement Workshops** where they share progress against goals to create accountability and learn from other WSPs who have worked through similar situations.
- One of Masvingo's greatest successes was achieved during the Covid-19 pandemic when it successfully **lowered non-revenue water to 36%** and **increased coverage by 6%**.

"Our curriculum in school does not include finance. This basic knowledge is missing at the utility. ROCKBlue has assisted the folks who manage the utility on how to understand their financial health and financial strategic planning."

Danister Jori
Financial Director
City of Masvingo

How Does it Work?

Our specialists apply industry best practices to help WSPs become more self-reliant. Consequently, WSP managers make better decisions and improve service delivery, which ultimately affords people better health and more economic opportunities. Partner WSPs receive 24 hours of free consulting from ROCKBlue per month. If they need more time, they can purchase it at below-market rates. ROCKBlue embeds specialists as collaborators who essentially drink from the same water fountain as the WSP's management.

We are one of the few willing to take on these low-cost capacity-building interventions. And now we have proof that a little help can make a rapid, large, and durable difference. We don't do work that either the WSP staff or the private sector can and should do. Rather, we are sounding boards, highly experienced and connected resources that the WSP can call upon *before or during* challenging problems. Our assistance isn't project-related; we commit to a long-term relationship that could last decades if required.

Because the WSPs we serve have very limited budgets, we currently rely on philanthropic support. However, ROCKBlue's business model includes several opportunities for earned income, including consulting fees, success fees for financing, and sponsorships which offer for-profit corporations valuable access to prospective customers.

Time is Running Out and We Must Act Now

Collectively we will only supply “safe and affordable drinking water and sanitation for all by 2030” if governments, development partners, and the private sector expand their efforts and focus on **durable, high-impact**, approaches. The fastest, most **cost-effective**, way forward is by supporting urban WSPs with capacity building. ROCKBlue has proven it.

For more information, please contact us at info@rockblue.org.

Sources

¹ <https://www.unep.org/explore-topics/sustainable-development-goals/why-do-sustainable-development-goals-matter/goal-6>

² <https://www.unesco.org/en/articles/imminent-risk-global-water-crisis-warns-un-world-water-development-report-2023>

³ <https://www.worldbank.org/en/topic/urbandevelopment/overview>

⁴ <https://www.who.int/news-room/fact-sheets/detail/sanitation>