

Small and micro entrepreneurs in small towns and rural water service delivery: Prospects & Challenges in Bangladesh and beyond

Digbijoy Dey, Shiny Saha

IRC International Water and Sanitation Centre, The Netherlands

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Objective

- Locate the private sector in water service delivery in the small towns and rural areas of Bangladesh
- Identify enablers/ challenges for the private sector in sustaining their business

Methodology

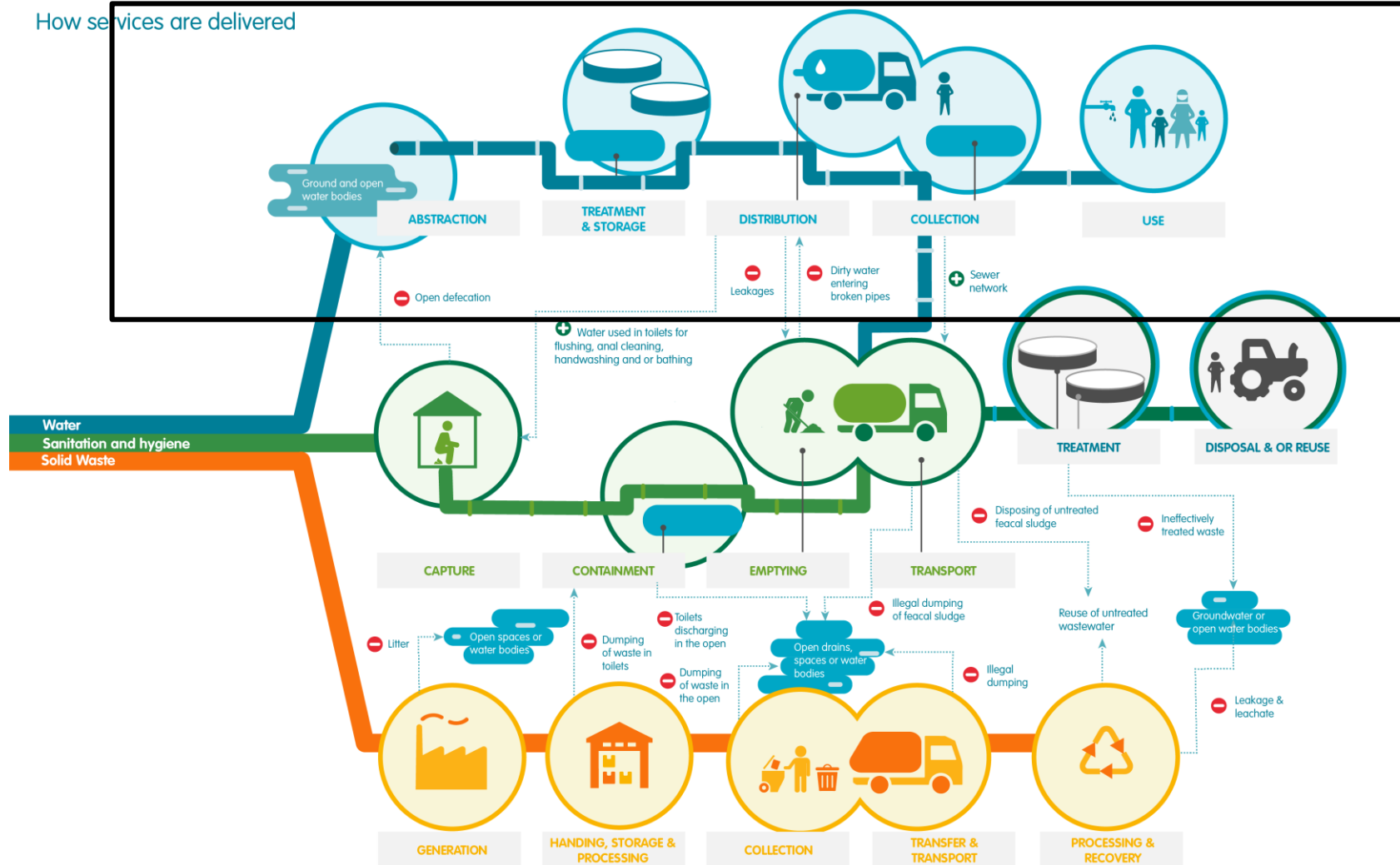
Qualitative study

- Review of secondary literature.
- Key personal interviews (KII) with sector actors and experts
- Focus group discussion for validation of the findings

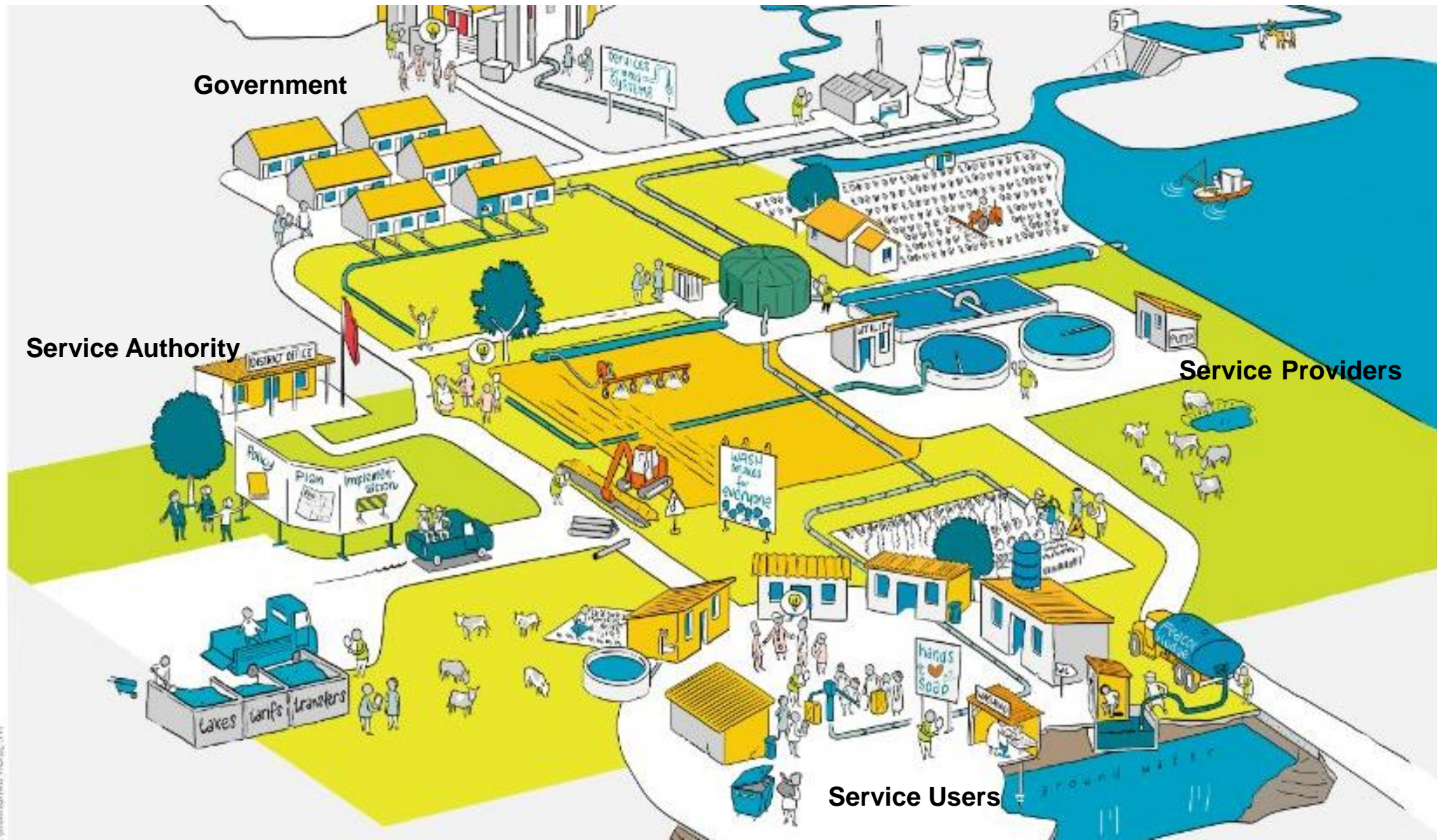
WASH Service Chain

Water, sanitation and solid waste service chains

How services are delivered



Multiple Actors in the WASH system



Different actors in drinking water service delivery chain in small towns and rural areas

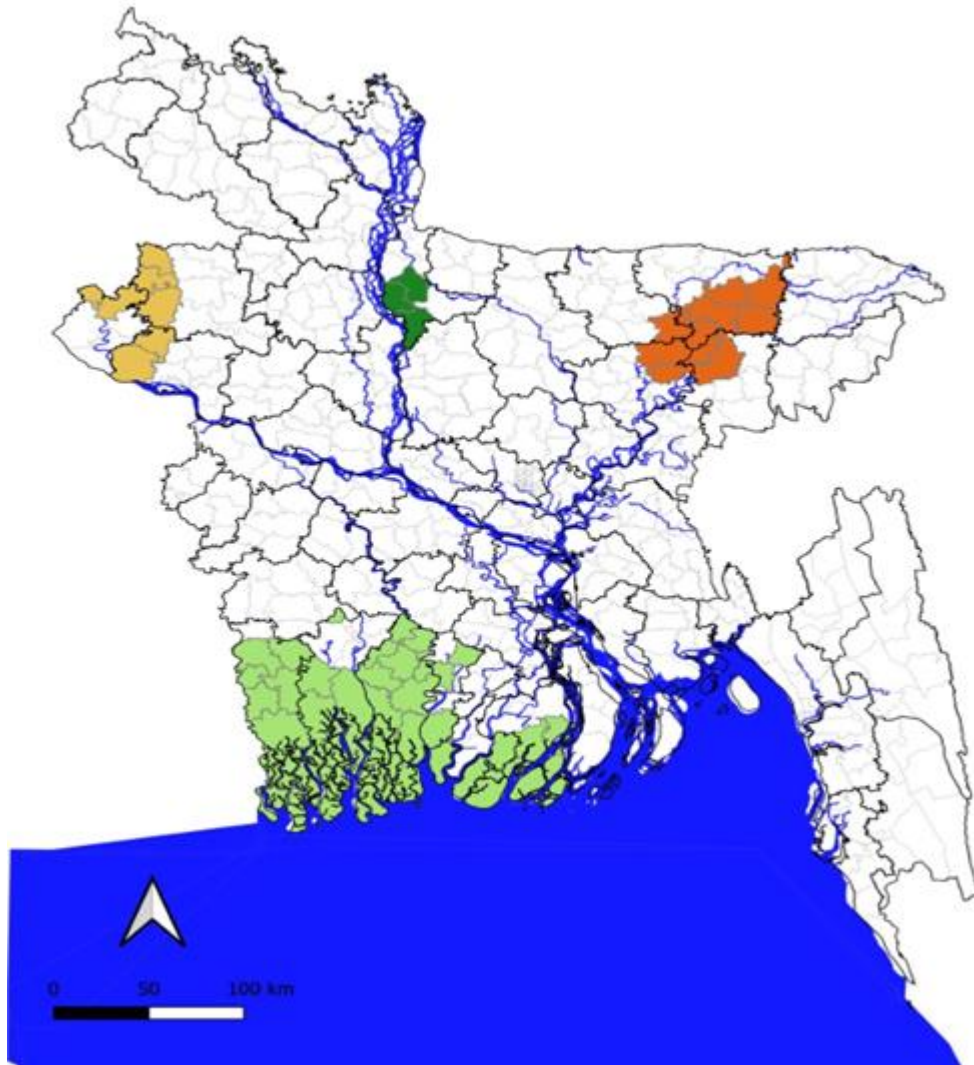
	Abstraction, Treatment and Storage	Distribution	Collection	Use	Treatment and reuse
HHs	<ul style="list-style-type: none"> Invest in case of Self-supply Pay tariff-for service delivery 	<ul style="list-style-type: none"> Invest in case of self-supply Pay for service 	<ul style="list-style-type: none"> (Invest in Storage) Pay for service 	Consumption	Household level treatment and reuse
Govt/ Local Govt	<ul style="list-style-type: none"> Develop policy Develop action plans Infrastructure Finance 	<ul style="list-style-type: none"> Set standards Support poor households Monitor progress Infrastructure 	<ul style="list-style-type: none"> Set standards Monitor compliance 	<ul style="list-style-type: none"> Set standards 	<ul style="list-style-type: none"> Set standards Monitor compliance Finance and operate facilities Infrastructure
Private sector	<ul style="list-style-type: none"> Innovate technologies (Retail, Promotion & marketing) 	<ul style="list-style-type: none"> Innovate technologies / delivery models Manufacture goods (pipes, jars, vans) Provide goods and services 	<ul style="list-style-type: none"> Innovation (taps, faucets) 	Quality control	<ul style="list-style-type: none"> Construct facilities Provide services

Water Service delivery model in small towns and rural areas in Bangladesh

- Municipal piped water system
- Self-supply
- Private water entrepreneurs



The Opportunity



- About 40 sub-districts of 5 coastal districts are highly affected by salinity intrusion in ground and surface water
- An ecosystem of private entrepreneur managed water treatment and vending system has developed in these areas
- The ecosystem includes treatment, technology innovation, repair and spare parts supply chain
- The water tariff ranges from 0.5 bdt to 2 bdt per litre, depending on the water treatment technology and vending system

Recognition

- The National Strategy for Water Supply and Sanitation 2021 of Bangladesh has emphasized the importance of private sector involvement in drinking water and sanitation service delivery.
- The Operation and Maintenance Guideline for Water Supply and Sanitation-Rural Areas (2012) also suggests private sector involvement

Challenges

- Small and micro water entrepreneurs in water sector are **not recognised** as a proper service sector in the country
- Without recognition, they **cannot access finance** from formal banking sector.
- So, entrepreneurs rely on **microfinance or informal sources for investment**
- Microentrepreneurs **lack business literacy**, which hinders them from starting the business with long-term planning
 - There is no specialized training (vocational or business) available for private water entrepreneurs that can help them institutionalize the business.
 - Private entrepreneurs do not scan the market methodically before starting the business. Most of the private water entrepreneurs have dived into this business for quick return.
 - Sometimes there is competition between public and private service leaving some areas unserved
- As per the local government act of 2009, the Local Government Institutes are authorized to **regulate** these private sector players. But often they do not have the capacity to regulate these private players.

References/further reading

- [Market-Based Sanitation :: IRC](#)
- [Role of private sector in universal access to sanitation :: IRC](#)
- [REGULATING URBAN SANITATION TO PREVENT INTEGRITY FAILURES](#)
- [Learnings from the WASH SDG WAI sub-programme in Bangladesh :: IRC](#)
- [Rethinking private sector participation in the water sector :: IRC](#)

Questions

- How could the private sector address the existing challenges, how could we enable them to function?
 - Equity in water services
 - Contaminants and climate change
- What could be the future role of the private sector in drinking water service delivery?

Thank You

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