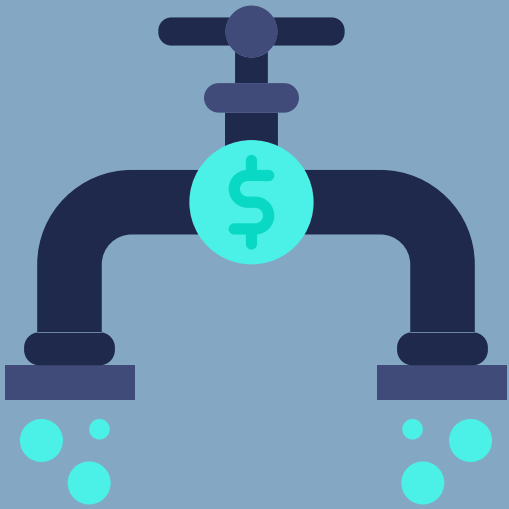


VIABILITY GAP FINANCE: LESSONS FROM CAMBODIA



300 private companies currently supply water to 1.4 million Cambodians. They could supply millions more, but are constrained by capital investment.



1 in 7 Cambodians have access to piped water

4:1



investing in water supplies an average 4:1 return on investment from higher productivity and reduced health care costs.

WHAT IS VIABILITY GAP FINANCE?

Viability Gap Finance (VGF) is a subsidy tool that governments use to incentivise private investment in infrastructure projects that are economically and socially viable but are not financially viable in the short term

INVESTING IN INFRASTRUCTURE PROGRAM

Investing in Infrastructure (3i) is an Australian bilateral aid program supporting infrastructure development in Cambodia. It offers viability gap finance to private water and electricity companies to expand into less commercially viable areas.

RESULTS TO DATE

\$15.6M

Private investment has been leveraged for expansion of water services

53

Water companies have expanded to less viable areas

24,264

More Cambodians have access to piped, treated water

LESSONS FOR ELSEWHERE

Although the political economy of Cambodia's water sector has contributed to the success of the viability gap financing to date, many countries share similar characteristics to Cambodia - low levels of coverage, a weak domestic resource allocation, some existence of private operators, and a post-conflict history

Public agencies and donors operating in countries with such characteristics may benefit from considering viability gap financing in their portfolios.

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