

## Pacific WASH Webinars



Event details:

### Financial Sustainability of Water Utilities and the Impacts of COVID-19

23 February 2021

Presenters:

- Paul White  
Director, Wedgewood White Limited (NZ)
- Paul Webber  
Director, Wedgewood White Limited (NZ)
- Frederic Petit  
Director of Development, UNELCO (Vanuatu)

Participants:

- Pacific Water and Waste Association
- Samoa Water Authority
- Chuuk Public Utility Corporation
- Solomon Islands Water Authority
- Nauru Utility Corporation
- UNELCO Engie (Vanuatu)
- Southern YAP Water Authority
- Water Authority of Fiji
- Tuvalu Ministry of Public Utilities and Environment
- Majuro Water and Sewer Company

Event recording and resources available [here](#).

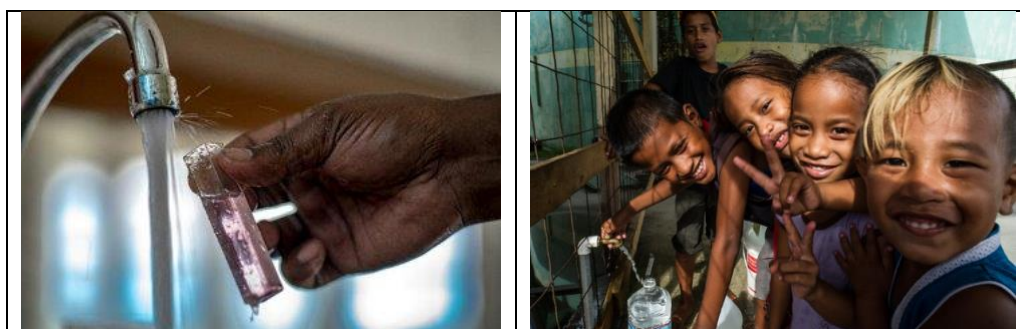
*COVID-19 has had a financial impact on national economies in the Pacific and the bottom-line of utilities operating in the region. Some utilities have seen a drop in the consumption of water and energy resulting from a decline in household income of utility customers. The Asian Development Bank's (ADB) Pacific WASH Technical Advisory Team is supporting Pacific utilities to review and develop their financial stability and to plan and prepare for financial shocks from external events like COVID-19.*

### Workshop Overview

In February 2021, the ADB ran a virtual workshop in association with the Pacific Water and Wastewater Association (PWWA), a financial advisory company, UNELCO (Vanuatu), Solomon Water with remarks from ADB and PWWA. A total of 51 participants from 8 water authorities across the Pacific region attended the webinar. The workshop explored the dimensions of financial stability and the effects of COVID-19 on utility expenditure and income, presented a 4-step business continuity planning process to manage external shocks and maintain financial viability and featured a case study from Vanuatu demonstrating the effects of COVID-19 on utilities. The workshop was targeted to CEOs of partner utilities in the Pacific.

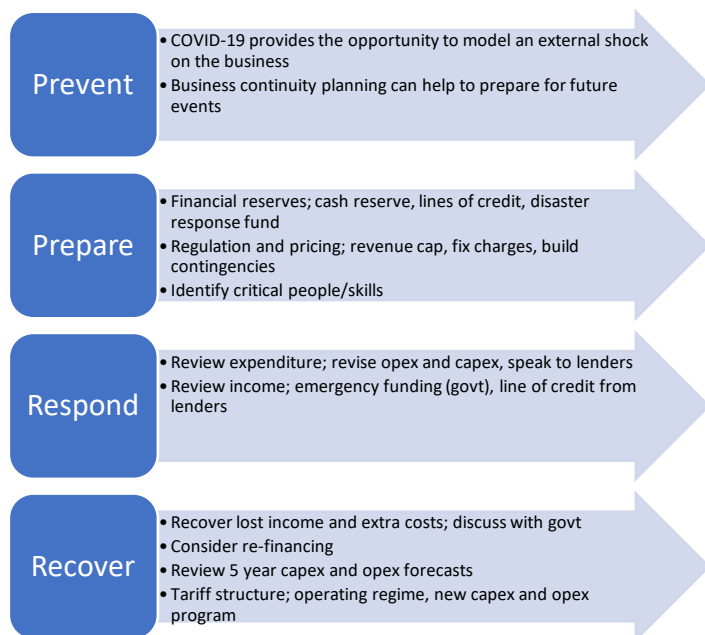
### The workshop responded to these key questions:

- ❖ What is financial stability?
- ❖ How can expenditure be reduced, and income recovered?
- ❖ What steps should the utility follow to prevent a financial loss from COVID-19?
- ❖ How did COVID-19 impact specific countries in the Pacific?



## Workshop Outputs

### Business continuity planning approach to financial management



Source: Wedgewood White (NZ)

### UNELCO steps to manage financial stability during 2020

The Vanuatu case study provided insights into the effect of COVID-19 on the economy and operations of the utility provider, UNELCO. COVID-19 has *severely impacted the country's GDP* including closure of *tourism resorts, restaurants, beverage manufacturers and retail stores*. The pandemic has driven up the prices of basic commodities in the country as the government imposed a hard border closure from March 2020. During its 2020 fiscal year, UNELCO saw a *decline in the consumption of energy (-21%) and water (-7%)*. As a result, UNELCO's *bad debts increased by 30%* while the company took steps to *protect its financial position by reducing the volume of investment and capital cash flows, optimizing the use of in-house staff and resources and improving leak detection*.

## Learning Snapshots

- **COVID-19 has been a commercial crisis.** While most utilities reported a low level of financial impact, business continuity has been affected.
- **Small revenue base.** Utilities are vulnerable to reduced consumption by large commercial customers, who typically form a significant proportion of the customer base.
- **Water and wastewater tariffs are low.** The low-income customer base in Pacific nations suggests that opportunities to raise tariffs are limited.
- **Limited independent regulation.** Tariff rates, capital and operating budgets are set by government and there is limited independent review of service standards or utility financial operating procedures.
- **Limited automation.** Bill delivery and payments and meter reading is frequently performed manually requiring a labor force with higher operating costs, compared to automated services.

## Upcoming Events

To register for the upcoming 2021 webinar topics, please contact: [llfernando@adb.org](mailto:llfernando@adb.org)

Topic	Month (2021)
Chlorine disinfection	June
Affordable water services	July
Access to water and gender issues	August
Non-revenue water	September
Organisational culture	October

ADB continues to support water service providers in the region to build resilience, knowledge and capacity to manage threats in our changing world.

TA 6551 *Strengthening WASH Practices and Hygiene Behavioral Change in the Pacific*