Advancing the Human Right to Water and Sanitation through Inclusive Business Approaches

Results from the 35th AGUASAN Workshop
May 13th to 17th 2019, ABZ Spiez, Switzerland
Executive Summary (Workshop Visualization)
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Glossary

Accountability Mechanism
Procedures, agreements, and any other means by which individuals and organizations report to a recognized authority and are held responsible for their actions.

Base of the Pyramid
The segment of a population, region, country or locality that lives close to or below the poverty line.

Business Ecosystem
A community of different types of organizations working together to create optimal conditions for a business to thrive.

HRWS Ecosystem
The community of organizations and institutions that are crucial for making HRWS for all a reality. This includes (inclusive) businesses.

Human Right to Water and Sanitation
Human Right that entitles everyone to sufficient, safe, acceptable, physically accessible and affordable water for personal and domestic use.

Inclusive Business
An organization that has aligned their economic goals with their goals to maximise positive social impact.

Inclusive Business Approach
Approaches that help lower the cost of tapping into underserved markets and increase the long-term sustainability of impact-driven organizations or initiatives.

Industry Facilitator
An entity that supports and coordinates the activities of different actors in order to align their efforts working towards common goals.

User-Centered Design
An iterative approach towards creating services, processes and products that is focused on the needs, preferences and particularities of a particular user (group).

Value Proposition
Describes how a service, process or product solves a problem of the user (better than existing alternatives).

Last mile (distribution)
Refers to the last step of a service or product delivery system where the good is (physically) handed over for consumption or use by the customer. Bridging this last mile is usually linked with elevated costs and complex logistical challenges.
### Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>BM</td>
<td>Business Model</td>
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<tr>
<td>BoP</td>
<td>Base of the Pyramid</td>
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<td>HRWS</td>
<td>The Human Right to Water and Sanitation</td>
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<td>IB</td>
<td>Inclusive Business</td>
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<tr>
<td>O&amp;M</td>
<td>Operation and Maintenance</td>
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<td>PPP</td>
<td>Public Private Partnership</td>
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<td>SIINC</td>
<td>Social Impact Incentives</td>
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<td>SME</td>
<td>Small and Medium-sized Enterprise</td>
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About the Workshop
The AGUASAN Community of Practice

• AGUASAN is an interdisciplinary Swiss Community of Practice (CoP) that brings together a broad range of specialists to promote a deeper understanding of water and sanitation issues in developing and transition countries.

• Since 1984, the CoP provides an exemplary exchange platform and constitutes an essential link to the innovation and knowledge management strategy of the Swiss Agency for Development and Cooperation (SDC).

• Besides convening quarterly knowledge sharing events, members of the AGUASAN CoP organise annual international AGUASAN workshops to collectively reflect and exchange experiences on cutting-edge topics of the water sector.

• The workshops build on the broad knowledge of the participants to create outputs of practical use for development work and sector interventions at local, national and global level.

• The 35th AGUASAN workshop was jointly organised by seecon gmbh and the workshop steering committee¹ and tackled the topic: “Advancing the Human Right to Water and Sanitation through Inclusive Business Approaches”.

Visit the AGUASAN website for more information (www.aguasan.ch)

Objective and Guiding Question

• The **overall goal** of the AGUASAN Workshop Series is to forge and facilitate the implementation of the Swiss response in water and sanitation issues in developing and transition countries. The workshops are aligned towards poverty reduction and exploring synergy effects with other development and humanitarian sectors. The workshop is aimed at furthering the realization of good governance, human rights principles and promoting gender sensitive approaches as well energy efficient and environmentally sustainable practices.

• An **overarching question** guided the workshop methodology and the results: How can Inclusive Business Approaches help to advance the Human Right to Sanitation and Water?
Methodology

• Creating a **common understanding** on the topic through introductory and keynote inputs
  - Tatjana Von Steiger: Welcome Address
  - Catarina de Albuquerque: From Human Rights-based to market-based approaches
  - Amanda Loeffen: What is the Human Right to Water and Sanitation?
  - Bjoern Struewer: Financing Strategies for inclusive WASH businesses
  - Erik Simanis: Reality Check at the Base of the Pyramid

• **Learning** from practical insights:
  - Valentin Post: Approaches by the Dutch development cooperation for scaling inclusive businesses
  - Adriaan Mol: More Business in Charity
  - Mikael Dupuis: Sustainable Model for Rural Water Services in Burkina Faso & Mali
  - Hester Foppen: Utility-led Distribution Model for Water Filters in Ethiopia
  - Abur Rehan: Multi-Stakeholder Engagement to promote Water as Human Right
  - Selma Hilgersom: Water as a Business.
  - Tania Marcela Garcia Mendez: ASIR-SABA
  - Samir Adriano: Business of Spare Parts of Water Pumps
  - Lucien Blaser: Sanitation Market Approach for the BoP?

• **Exchanging** experiences and good practice examples in a market place

• **Embarking** on a field trip to learn about the HRWS ecosystem in Switzerland

• **Exploring and developing** case studies: leveraging inclusive business approaches to promote the HRWS for all
# Agenda (May 13 – May 17, 2019)

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<th>Tuesday</th>
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<th>Thursday</th>
<th>Friday</th>
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<tr>
<td>Welcome and Introduction</td>
<td>GW</td>
<td>P1: Utility-led distribution of water filters</td>
<td>P11: Smart water vending machines</td>
<td>Group Work Presentations</td>
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<td>KN: Approaches by SDC for advancing the HRWS</td>
<td>Panel: De-Risking WASH investments</td>
<td>P12: Community management of water provision</td>
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<td>KN: What is the HRWS and what roles do</td>
<td>GW</td>
<td>P11: Multi-Stakeholder engagement for improved governance</td>
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<td>entrepreneurs play?</td>
<td>GW</td>
<td>P11: Spare parts businesses for water pump maintenance</td>
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<td>PR: Approaches by the Dutch development</td>
<td>GW</td>
<td>P12: Addressing the absence of sanitation through entrepreneurship</td>
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<td>Lunch</td>
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<td>Introduction to the case studies</td>
<td>KN: Financing strategies for inclusive WASH</td>
<td>Field trip: HRWS and universal water and sanitation</td>
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<td>Pitching Competition</td>
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<td>Businesses</td>
<td>coverage in Switzerland</td>
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<td>Introduction to the HRWS Checklist</td>
<td>KN: Reality check at the BoP</td>
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<td>PI: Learnings from a serial impact entrepreneur</td>
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<td>GW</td>
<td>PI: Sustainable model for rural water services</td>
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<td></td>
<td>Market Place &amp; Networking</td>
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**KN: Keynote; PI: Practical insight presentation; GW: Group Work**
Workshop Participants

- The event was joined by **39 participants from 22 countries** (41% women); 15 of which contributed keynote inputs, Case Studies or practical insight presentations.

- Most participants represented an **NGO or CSO** (13 representatives). Next best represented was the **private sector** (6 representatives) followed by SDC cooperation offices (5 representatives). followed by **governmental organisations and academia** (6 representatives respectively). 2 representatives joined from the **academia**, one was a **service provider** and one a **bilateral donor**.

- **6 young water professionals** were sponsored to participate in the workshop and contribute a case study (candidates aged between 20-35 years old that are operating or have recently launched an inclusive business).
Knowledge
Introductory Presentation and Keynotes

To familiarize the participants with the workshop topic, key-note speakers were invited to the event to talk about their approaches to tackle challenges related to the HRWS as well as to share their experiences and insights with the workshop participants.

Click on the PowerPoint icons do download the presentations.

Welcome Address
Tatjana Von Steiger – Deputy Assistant Director General of the Global Cooperation Department at the Swiss Agency for Development and Cooperation
Tatjana Von Steiger welcomed all participants with a speech on the importance of thinking big and embracing transboundary water cooperation in order to meet the extremely challenging goals set by the 2030 agenda.

Introduction to the Workshop’s approach towards the topic of HRWS and inclusive business approaches
Raphael Graser – Antenna Foundation
In this introduction, Raphael Graser introduced the two concepts of HRWS and inclusive business by using Spring Health as a Case Study.

What is the Human Right to Water and Sanitation and what role do entrepreneurs play? + Introduction to the HRWS Checklist
Amanda Loeffen – Director General at WaterLex & Nicolas Lorne – President and Co-Founder at Waterpreneurs
Amanda Loeffen and Nicolas Lorne shared the stage to dive deep into the question what HRTWS means on a day-to-day level for WASH service providers and demonstrate innovative ways to de-risk investments in the sector.

From human rights-based to market-based approaches
Catarina de Albuquerque – Sanitation and Water for All (SWA)
Catarina de Albuquerque explained the SWA-Approach to multi-stakeholder accountability and international commitment mechanisms for reaching national SDG targets and complying with the HRWS.
Click on the PowerPoint icons to download the presentations.

Financing strategies for inclusive WASH businesses

*Bjoern Struwer – Roots for Impact*
In his talk, Founder & CEO of Roots of Impact Bjoern Struwer gave his answer to the question: How to use public funds to attract private investment? He explained how Social Impact Incentives (SIINC) can help to attract investors in to the WASH sector.

Reality Check at the Base of the Pyramid

*Erik Simanis – TIL Ventures*
TIL Ventures Partner Erik Simanis used the lens of a private company to explain the challenges of private sector engagement in BoP Markets to make the HRWS for all a reality. He highlighted the major challenges for BoP enterprises trying to “Investment Profitability” and key strategies to overcome them.

Ecosystem Due Diligence

*Nicolas Lorne – Waterpreneurs*
The presentation of Nicolas Lorne reflected upon the different entry points for private businesses to promote the HRWS for all. He described different business models for the WASH sector and highlighted best practice examples.
Practical Insights

For providing the base upon which the workshop topic could be tackled in an in-depth and practical way, the event featured a set of practical insight presentations. The practical insights illustrated different approaches to making the HRWS for all a reality in low- and middle-income countries. They allowed the audience to learn about tools and approaches, drivers and barriers to scale as well as potential pitfalls for inclusive businesses.

*Click on the PowerPoint icons do download the presentations.*

**Approaches by the Dutch development cooperation for scaling inclusive businesses – the Financial Inclusion Improves Sanitation and Health (FINISH) Program**
*Valentin Post - WASTE*

WASTE, founded in 1983, is a Dutch Public-Private Platform that aims for sanitation for all through an integrated model that addresses both the demand and supply side of the sanitation challenge by generating cross-sectoral partnerships.

**More Business in Charity. Practical Insights from a Serial Impact Entrepreneur**
*Adrian Mol - BushProof*

Serial Impact Entrepreneur Adrian Mol told the story of his transition from more traditional non-profit, donor-based approaches towards inclusive business and the lessons he learnt during that journey.

**Sustainable Model for Rural Water Services in Burkina Faso & Mali**
*Mikael Dupuis - Uduma*

Mikael Dupuis presented the Uduma case which is successfully implementing a water sales point management model in rural western Africa using modern technology and an integrated, hybrid inclusive business approach.

**Utility-led Distribution Model for Water Filters in Ethiopia**
*Hester Foppen – Aqua for All*

Hester Foppen shared her lessons learned from implementing an innovative partnership with local water utilities in Ethiopia to give low-income customers access to water filters.
Practical Insights (cont.)

Click on the PowerPoint icons do download the presentations.

Multi-Stakeholder Engagement to promote Water as Human Right
Abu Rehan – SDC Pakistan
Abu Rehan told the story of the SDC Khyber Pakhtunkhawa Water Governance (KPWG) Project in Pakistan which brings together key stakeholders and decision makers to successfully implement and comply with the legislative and institutional framework in Pakistan.

Water as a Business. Approaches for Sustainable Water Services in Tanzania
Selma Hilgersom - Simavi
Selma Hilgersom gave an introduction on the Simavi approach to delivering safe water in rural Tanzania using smart Water Vending Machines.

ASIR-SABA. Community Water Management
Tania Marinela García Mendez – SDC Colombia
Tania Garcia presented the ASIR-SABA Community Water Management concept in Colombia. Using participatory and inclusive methods, ASIR-SABA designs and implements rural water management schemes for low-income populations in Colombia.

Business of Spare Parts of Water Pumps
Samir Adriano – Helvetas
Samir Adriano presented Helvetas’ activities in Mozambique aimed at promoting sustainable supply chains for rural water management. The program applies inclusive approaches to create water businesses selling spare parts and providing repair services.

Sanitation Market Approach for the BoP?
Lucien Blaser – Helvetas
Lucien Blaser told the story of Helvetas’ presence in Haiti and its experiences with applying a market-based approach to providing improved latrines to low-income customers.
Market Place

The market place provided an open space for participants to present posters about their tools, approaches or study results. The aim was to foster exchange between participants on new and innovative tools or approaches applied in practice. During the market place, participants were “selling” (i.e. sharing or pitching a project, tool, approach or study result) and “buying” (i.e. crowdsourcing a solution or gathering new in-sights).
# Field Trip

During the half-day field trip, the participants visited and learned about different aspects of universal coverage of water and sanitation services in Switzerland.

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<thead>
<tr>
<th>Time</th>
<th>Description</th>
<th>Partner(s)</th>
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<tbody>
<tr>
<td>11:30am</td>
<td><strong>Packing of lunch bags and departure of bus to Berne (Schützenmattparkplatz)</strong></td>
<td>Straubhaar Carreisen</td>
</tr>
<tr>
<td>12:00pm</td>
<td><strong>Field trip: Access to public water and sanitation services in Switzerland for handicapped citizens and the role of the private sector</strong></td>
<td>Jojo Linder, Kompotoi, Herbert Bichsel, Agile</td>
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<tr>
<td>1.00pm</td>
<td><strong>Departure of bus to Lucerne (in front of Stadttheater Luzern)</strong></td>
<td>Straubhaar Carreisen</td>
</tr>
<tr>
<td>2:30pm</td>
<td><strong>City-tour: Universal access to safe public water and sanitation services in the city of Lucerne in a historical perspective</strong></td>
<td>Thomas Schmied, Supervisor of public wells of the City of Lucerne</td>
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<tr>
<td>4:00pm</td>
<td><strong>Innovative approaches for promoting international cooperation in the water and sanitation sector</strong></td>
<td>Lior Etter, Wasser für Wasser</td>
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<td>5:30pm</td>
<td><strong>Closing remarks and free time for visiting the old city center of Lucerne</strong></td>
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<td>6:30pm</td>
<td><strong>Dinner in the Restaurant Les Alpes</strong></td>
<td>Restaurant Les Alpes</td>
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<tr>
<td>9:00pm</td>
<td><strong>Departure of Bus to Spiez</strong></td>
<td>Straubhaar Carreisen</td>
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</table>
Field Trip

During the half-day field trip, the participants visited and learned about different aspects of universal coverage of water and sanitation services in Switzerland.
Movie Corner: Assorted Films Screened or Recommended During the Workshop

- WASTE Diamond Model: [https://vimeo.com/99321519](https://vimeo.com/99321519)

- Spring Health: [https://youtu.be/54RM94uPzoU](https://youtu.be/54RM94uPzoU)

- SDC / Trend Observatory: [https://youtu.be/pHcJvwz9n-A](https://youtu.be/pHcJvwz9n-A)

- UDUMA Cashless solution: [https://youtu.be/fyE0syDO8-8](https://youtu.be/fyE0syDO8-8)
To tackle the workshop topic in an in-depth and practical manner and to apply the lessons learnt from practical insights, the event featured case studies. These real-life water and sanitation businesses were studied and further developed during group work sessions which took place throughout the week. The groups identified opportunities for optimization of the business models from a Human Rights-based perspective using the WaterLex HRWS Checklist and applied the inputs and approaches presented during the workshop to improve, consolidate and potentially scale the entrepreneurial HRWS approaches.
**Case Study 1:**

**Location:** Bogotá, Colombia

**Problem statement:** Communities in informal and/or low-income settlements suffer from inadequate access to fresh water.

**Solution/Product/Service:** Production of modular rainwater harvesting facilities called «EKO Muro» made of reused PET bottles to reduce use of fresh water for non-drinking use.

**Value Capture/Business Model:** Schools and Rainwater buy the rainwater tanks at double of the price to finance rainwater tanks for low-income beneficiaries in informal settlements.

**More Information:** [https://ekomuroh2o.wixsite.com/eco2o](https://ekomuroh2o.wixsite.com/eco2o)

Ekomuro H2O+, Bogota, Colombia.
Tel: +57 311 558 74 33
Case Study 2:

Location: Rwanda (+ DRC, Uganda, Burundi)

Problem statement: (Rural) communities in Rwanda have inadequate access to safe drinking water

Solution/Product/Service: Drilling or rehabilitating boreholes, purifying water and managing water access points through a waterkiosk system «Inuma»

Value Capture/Business Model: Construction of new water access points is financed by investors, donors, government programs and/or NGOs. Water is sold per liter to low-income customers at affordable prices to cover operational costs and finance new water access points.

More Information: https://www.warwanda.com/
https://www.facebook.com/waterRwanda
info@warwanda.com
+250 78030 3482
Case Study 3: LiveClean

Location: Zambia

Problem statement: Over 70% of the Zambian population live with poor sanitation.

Solution/Product/Service: Build modern and safe, public sanitation facilities designed to promote conversion of waste into bio-fuel/fertilizers

Value Capture/Business Model: Investors/donors finance building of facilities, customers pay affordable prices to use the facilities and cover operational costs.

Office 101, 1st Floor
Foxydale Court Office Park
609 Zambezi Road, Roma
Lusaka, Zambia
+260 969239115
ak@livecleanzambia.com
Case Study 4: UNTAPPED
Unlock the Potential of the Next Billion

Location: USA (operating in Haiti and Kenya)

Problem statement: Low-income population lacking access to safe drinking water

Solution/Product/Service: Provide effective water distribution through operation of water kiosks, community water ATMs and Prepaid Smartmeters

Value Capture/Business Model: Investors/donors as well as equipment operating leases help to finance capital costs, customers pay affordable prices buy safe water and cover operational costs.

More Information:
https://www.untapped-inc.com/
USA Office:
353 Sacramento Street, Suite 1800
San Francisco, CA 94111
info@untapped-inc.com
Case Study 5:

Location: Colombia

Problem statement: Low-income (rural) population lack access to safely managed sanitation

Solution/Product/Service: Build safe sanitation facilities designed to promote the conversion of solid waste into compost

Value Capture/Business Model: Donors and customers co-finance the capital expenditures, customers operate and maintain the facilities on their own

https://www.facebook.com/tierragratacol/
Case Study 6: Pad2Go

Location: Nepal

Problem statement: The cultural taboo around menstruation and the inadequate access to safe hygiene products affect school attendance rate of young women.

Solution/Product/Service: Sell and install sanitary napkin vending machines and offer awareness raising workshops in schools and/or other institutions.

Value Capture/Business Model: Institutions such as schools / offices pay for the (imported) machine, sanitary napkins are sold at affordable prices to secure continuous supply of napkins.

Results
Answers to Key Questions: Introduction

The following section uses the concept of the «Business Ecosystem» to present the results from the Workshop

What is a (Business) Ecosystem?

“An economic community supported by a foundation of interacting organizations and individuals—the organisms of the business world. The economic community produces goods and services of value to customers, who are themselves members of the ecosystem. The member organisms also include suppliers, lead producers, competitors, and other stakeholders. Over time, they coevolve their capabilities and roles, and tend to align themselves with the directions set by one or more central companies. Those companies holding leadership roles may change over time, but the function of ecosystem leader is valued by the community because it enables members to move toward shared visions to align their investments, and to find mutually supportive roles.”

- J.F. Moore, 1993

For the purpose of the 2019 Workshop, we defined a functioning **HRWS Ecosystem** as an ensemble of different actors that work together to provide universal access to WASH services by all necessary means, including the support of inclusive businesses. According to the main topic of the 2019 Aguasan International Workshop we set the focus on the Inclusive Business and a number of key actors that make up the «HRWS Ecosystem»:

<table>
<thead>
<tr>
<th>POLICY MAKERS</th>
<th>REGULATORS</th>
<th>CIVIL SOCIETY ORGANIZATIONS</th>
<th>RESEARCHERS</th>
<th>INVESTORS</th>
<th>DONORS</th>
<th>INCLUSIVE BUSINESSES</th>
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In the subsequent slides, the answers to key questions regarding the roles, responsibilities and typical challenges of these actors as well as their interaction with each other are presented. The answers to these key questions look at different aspects of the overarching question of the workshop: How can Inclusive Business Approaches help to advance the Human Right to Water and Sanitation for all?
Answers to Key Questions

Click on the questions to navigate the answers, click on the icons to jump to recommendations for each actor

What role can inclusive business approaches play in the promotion of HRWS for all?

How can inclusive businesses be enabled to qualify for local governments procurements contracts?

What are promising approaches to empower minorities?

How can supportive ecosystems be developed?

How can a solid business case for HRWS be developed?

What are the most promising entry points for business development?
What role can inclusive businesses approaches play in the promotion of the HRWS for all?

• From a human development perspective and in the context of the SDGs, the debate of market-based versus state- or donor-led development strategies is obsolete; experience has shown that there is probably no universal cure but rather a strong need for adopting an agnostic and pragmatic approach to make the HRWS for all a reality. Which approach is suitable should be decided case by case using reasonable criteria such as => Criteria for successful private sector involvement.

• Accordingly, adopting business approaches can be a valuable option to promote the HRWS for all. Taking advantage of market forces can help accelerating the scale-up of social impact and delivery of essential WASH products and services for all.

• To make this happen, traditional approaches for delivering basic services and goods that focus either exclusively on generating profits or solely on creating social impact need to be redesigned to promote hybrid strategies that align these goals under the umbrella of a single operational/business model: an “Inclusive Business Model”

• This means that “beneficiaries” and “aid-recipients” need to be considered (also) as value-conscious customers with aspirational needs for convenient, attractive services and products; this entails the search for business models that help to convert “human needs” into “market demand”, strengthening the role of the private sector and making the provision of universal access to basic services more sustainable in the long run.

• In order to mitigate the commonly associated social and environmental risks of adopting business approaches in the field of human development, inclusive businesses need to consider HRWS aspects for the design of their business models, incorporate relevant tools in their decision making processes (e.g. HRWS Checklist) and be open for cross-sectoral partnerships with organizations that help.

“Memorable Quotes”

“Previously I saw development problems, but now I see business opportunities” – Adriaan Mol, Serial Entrepreneur

“It’s not about revenues vs. impact, but revenues AND impact” – Anonymous Workshop Participant
How can supportive ecosystems be developed?

• In most cases, there is no one-dimensional approach towards building successful inclusive businesses. There is a clear need to approach it from a systemic and cross-sectoral perspective, therefore the presence of “industry facilitators” can be of crucial importance.

• Where the State cannot assume the role of such an industry facilitator, other organizations such as donor institutions might be able to close the gap temporarily; These facilitators should incentivize actors to share responsibility of addressing demand for and supply of inclusive WASH products and services in an integrated way.

• To make this happen, support strategies should consider interests and the particular capabilities of all key actors while promoting shared ownership and responsibility for making the HRWS for all a reality. Any support strategy should incorporate mutual accountability mechanisms (e.g. **SWA Framework**)

A model for envisioning a WASH ecosystem support strategy

Click on the image to explore WASTE’s «Diamond Model»

“**Memorable Quotes**”

“The challenge ahead of us is to make the distinction between the good and the bad [inclusive businesses] and partnering with the first league among the good ones, to accelerate, to accelerate…and go to scale…” - Johan Gély, SDC
What are the most promising entry points for business development?

Innovation and start-up support systems

- Start-up support systems must focus on helping ventures to “convert human needs into market demand”. This means that supporting actors should work together to provide the basis for a thriving WASH market (e.g. by raising awareness, promoting cultural acceptance, providing infrastructure, etc.). This is not a straight-forward process and often requires (unusual) cross-sectoral partnerships.
- Incubation hubs and other organizations that promote inclusive WASH entrepreneurship hence need to become platforms for cross-sectoral coordination at least to some extent if they want to effectively “de-risk” investment in the sector.
- Such cross-sectoral partnerships should define the particular strengths and weaknesses of the different actors and try to align them in a way that promotes an enabling environment while answering to the actors’ individual needs and interests.
- For private sector actors or civil society organizations this entails reaching out more pro-actively to actors of the public sector like governments and regulators. If engaged the right way, they can be powerful enablers of effective, functioning start-up support systems for inclusive businesses.

An overview of different potential roles of enterprises in the WASH sector

Click on the image to explore Waterpreneurs overview of private sector actors

“Memorable Quotes”

“In a single toilet you have about 8 to 9 businesses“ – Valentin Post, FINISH Mondial
How can a solid business case for HRWS be developed?

Drivers and barriers to financial viability in the context of a market-based approach to the HRWS

**Barriers**
- Regulatory voids and rigidity
- Dysfunctional accountability mechanisms & corruption
- Freely available alternatives (e.g. open defecation / unsafe surface water)
- Characteristics of BoP Markets (low density, low literacy levels, lack of infrastructure, etc.)
- Political and economic instability

**Drivers**
- Legal and regulatory framework that allows for customizable financing & support strategies
- Awareness and sensitivity among civil society about HRWS and the value of related services
- Government with leadership capabilities and genuine willingness to engage
- Presence of agnostic, pragmatic industry facilitators, capable of promoting unusual alliances

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**Memorable Quotes**

“There are people all over the world sitting on enormous mountains of cash, wanting to invest and not finding the right opportunities.“ – Achim Steiner, UNDP

“It's not a WASH challenge, it's a livelihood challenge” - Anonymous Participant
How can a solid business case for HRWS be developed? (cont.)

The need for and value of hybrid finance models

• Blended business models / financing mechanisms can help organizations achieve “investment profitability” which is the key to replication and scale, especially for contexts of poverty and adversity.

• Less than 20% of Impact Investors are willing to completely forego returns on their investments. Attracting more impact investors into the WASH sector requires de-risking mechanisms such as state/donor guarantees or subsidies and Social Impact Incentives to reduce risks and improve profitability (see below).

• So-called Social Impact Incentives can help attract impact investors into the WASH sector and lift inclusive businesses above the profitability line by blending public spending for social value and private investment for financial returns (click on the illustration below).

An example of a blended finance scheme: Social Impact Incentives (SIINC)

SIINC acts as an additional revenue stream that directly improves the P&L of the impact enterprise and makes it more attractive for impact investors to continue or even accelerate its efforts to generate deep impact while scaling and offering sufficient returns to investors.
How can a solid business case for HRWS be developed? (cont.)

Different Inclusive Business Models with examples

There is a wide variety of different approaches that help to improve the sustainability of inclusive business models.

Examples:

- **O&M Model**: Building a service for Operating & Maintaining existing (abandoned) infrastructure. E.g. Uduma; COLLINS Sistemas de Agua

- **Franchising Model and last mile distribution**: Engaging other local entrepreneurs to decentralize service delivery management, cutting costs and improving service quality. E.g. JIBU; Spring Health

- **Bundled Services**: Offering a bundle of services under the umbrella of one model to improve financial viability and cross-subsidize offerings. E.g.: Joelex Uganda Ltd.; Live Clean Initiatives

- **Hybrid approach**: Cater to high- and low-income customer segments simultaneously to improve financial viability and brand: E.g. Hydrologic

- **AI-based or remote monitored models**: Using mobile technology to cut costs related to monitoring and data collection. E.g. Untapped Inc.; Swiss Fresh Water

- **Additional Revenue Streams**: Converting added social value, environmental benefits or by-products into revenue streams: X-Runner;
What are promising approaches to empower minorities (e.g. handicapped people, children, the elderly, etc.)?

**Moving away from a one-sided “victimization” of BoP customers**

- While discriminatory economic, political, or social processes must be acknowledged, a one-sided “victimization” of low-income populations tends to downplay the complexity of creating adequate and accepted services and goods for them successfully. Like everybody else, people with little resources want aspirational products and convenient, affordable services. The design process should take this into account.

- On the other hand, low-income customers need to be aware of the value of these services and goods and be incentivized to increase their willingness to pay as well as their capability to reclaim their rights effectively.
  
  ➢ International Organizations can partner with local organizations and businesses which have to assume leadership and allow for int. organizations to act in the background; this helps increasing the willingness to pay of low-income customers

**Inclusive Businesses can help empower fringe stakeholders in the context of the HRWS for deprived communities**

- Incorporate easy-to-use (mobile) tools for holding service providers and government institutions accountable (example: [Uduma Breakdown Alert System](#))

- Promote tools that operationalize the HRWS on the level of the organization (e.g. [HRWS Checklist](#))

- Create partnerships with specialized NGOs that focus on raising awareness, social organization and political education

"" Memorable Quotes ""

“*Yes, God gives us the water but the pipes need to be clean*” – Tatjana Steiger, SDC

“*Community is a nebulous concept. We imagine it as a homogeneous group, but in reality people have conflicts since generations.*” – Adriaan Mol, Serial Entrepreneur
How can inclusive businesses be enabled to qualify for local governments procurements contracts?

Opening up government procurement of services to Inclusive Businesses

• A prerequisite for successful partnerships with government institutions is their genuine willingness to provide better services to their citizens. To promote this attitude and allow public institutions to “officially” acknowledge the potential for improvement, partner organizations such as inclusive businesses need to develop sensitive communication strategies and allow governments to “remain in the driving seat”.

• Business strategies must be tailored to government’s needs (e.g. willingness to comply with long-term service provision contracts), but social enterprises typically need (third-party) support and advocacy to position themselves as trustworthy partners for delivering social goods and services.

• Business models for PPPs should take into account the particular capabilities of the government as well as they should aim at strengthening its leadership role and acknowledging its key responsibilities in the context of promoting HRWS.

• Associations of private sector actors pooling resources can play a key role in connecting governments and small service providers. By providing the required capacity building and information in one direction (top-down) as well as guidance on policymaking and access to supply networks in the other (bottom-up). Such associations can act as intermediate points of contact between governments and smaller service providers and promote a more active role of the private sector in making the HRWS for all a reality.

Memorable Quotes

“There is a business case IF the staff and board [of public institutions] are willing to acknowledge that the water has a quality problem” – Hester Foppen, Aqua for All
Recommendations
Recommendations for Policy Makers

Dos

• Develop a clear vision on how the sector should work as a whole to make HRWS for all a reality taking into account all geographical and socio-economic contexts of the state’s territory

• Create a complementary combination of partnerships to reach different income segments and coordinate multiple sector actors (e.g. investors, NGOs, SMEs, and customers)

• Promote dialogue with private sector actors and social entrepreneurs to consider their role and needs as well as their strengths and weaknesses within the institutional and legal framework

• Allocate resources towards capacity building programs that promote entrepreneurship in underserved WASH markets

• Allocate resources for data collection about rural contexts to improve decision-making and better adapt the legal and institutional framework to the particularities of rural/poor contexts and social entrepreneurs that aim at providing services and goods in these markets

• HRWS can be used as a tool to create a common denominator between actors from different sectors

• Develop different financing strategies for different contexts (urban vs rural, high-income vs. low-income, etc) and allow for finance mechanisms for medium-sized projects (1 mio – 10 mio USD) that makes it possible for social entrepreneurs to partner with government and scale-up their impact

• Implement measures and mechanisms to de-risk private sector investment in WASH (blended finance, guarantees, etc.)

Don’ts

• Avoid underestimating the pace of technology development; plan ahead for the incorporation of new technologies, that are able to respond to the demand in rural, low-density settlements

• Steer clear of not considering the voice of end-users in the decision- & policy making process to improve the acceptance rate of WASH infrastructure;

“Memorable Quotes”

“Corruption is a violation of the Human Right to Water and Sanitation because it diverts resources from the sector. Corruption is therefore a priority for all duty bearers.” – Catarina de Albuquerque, SWA
Recommendations for Regulators

Dos

• Coordinate pricing and impact according to a clear vision of how the sector as a whole should work together to make HRWS for all a reality (during the WS, the term “Sectoral Business Model” was coined in this context)

• Rural contexts differ greatly in their particular needs, gaps and challenges; regulations must take into account the differences between urban and rural contexts; this includes different WASH service delivery models (centralized vs. decentralized)

• Establish clear criteria for the award of a “social license to operate” that is in line with HRWS requirements (e.g. HRWS checklist)

• Accordingly, develop HRWS-sensitive monitoring and accountability mechanisms; this entails methods that account for power imbalances and tendencies of socioeconomic marginalization

Don’ts

• Avoid treating corruption as a separate issue. Corruption should be a prioritized area of regulation and needs to be understood as a violation of HRWS as it is diverting resources that could be used to guarantee HRWS for all

• While thinking in long terms is important, regulations need to allow for intermediate solutions (e.g. household filters) to be implemented and provide flexibility for blended approaches (private / public). Experiences has shown that there is no cure-all for making the HRWS for all a reality
Recommendations for Donors

Dos

• Involve multiple stakeholders from public, private sector as well as from civil society; find a common language and shared values; HRWS can function as a common denominator and starting point for creating alliances
• Stimulate demand for WASH services by promoting waste reuse concepts and user-centered, aspirational designs;
• Identify gaps in the financing landscape and aim for creating innovative financing mechanisms (Microfinance, blended finance, etc.) to close them; different actors in the sector have different financing needs
• Adopt a start-up mentality where it makes sense (e.g. «having the courage to fail») to create the preconditions of disruptive innovations and successful cross-sectoral partnerships
• As social entrepreneurship and inclusive business are gaining momentum, the need for industry facilitators is more pressing than ever. Donors can assume this role helping to plan, coordinate and co-finance a working HRWS Ecosystem
• Incorporate capacity building programs for local governments who often struggle with the lack of human resources required to become a trusted partner for (inclusive) businesses
• Consider pooling money to create basket funds with other donors to effectively meet private (impact) investor’s needs for guarantees

Don’ts

• Avoid focusing exclusively on stimulating demand vs. concentrating efforts on the supply side alone; both need to be addressed in an integrated way
• Steer clear of thinking to small. If you have a bigger scale in mind you can help creating environments that are by definition more sustainable, you can then start to attract investors who typically perceive the sector as too risky
Recommendations for Investors

Dos

• Consider your potential for impact: Investment can create momentum and help improving commitment from public actors in the context of public spending

• Propose mechanisms by which risks can be shared between private and public investors; Co-design working mutual accountability mechanisms to strengthen commitment between different actors

• Cooperate with actors from different sectors to de-risk your investments in improving the WASH situation for the BoP; seek out support from donors, governmental and non-governmental organizations

• Selection criteria that provide a basis for deciding upon where to invest should be aligned with HRWS-related requirements;

Don’ts

• Avoid disqualifying inclusive business models too quickly for not being profitable enough; with the right partner, win-win financing schemes can be built

Recommendations for Research

Dos

• Promote capacity building programs that help to promote sanitation as a potentially lucrative business, e.g. among masons

• Aim for creating integrated tools that allow for creation and implementation of HRWS-compatible, financially sustainable business models

Don’ts

• Avoid approaching sustainability from a one-sided perspective (either social impacts or financial viability) and help practitioners adopt a hybrid view on inclusive business models by providing adequate concepts and tools that help aligning social impacts and economic gains
Recommendations for NGOs

Dos

• Rethink what profit can mean for you: Profit through inclusive business approaches can make your operations more sustainable and help you to scale your outreach and impact without jeopardizing your organization’s mission

• Incorporate and adapt approaches and tools from the private sector to build more efficient service delivery models as well as more aspirational products that are in line with the needs and expectations of your beneficiaries

• Partner with private sector actors to create hybrid business models, where the partnership helps both parties to better achieve their goals and scale their outreach/impact. In such an alliance, both partners can help each other by concentrating on what they can do best

• A central driver of an enabling environment are people demanding their rights and exert pressure on local and national governments; NGOs can play a role by raising awareness about the HRWS and its implications for marginalized members of society.

• NGOs can improve their financial independence by reframing their core capabilities in market terms (e.g. a broad network of beneficiaries can be of value for creating customer data or for facilitating market entry for responsible private sector actors). Such additional revenue streams can help to increase the outreach and scale-up the impact of NGOs

• Help attracting responsible private investments by acting as a door opener and build a solid business case that is built around a user-centered value proposition and meets HRWS requirements

Don’ts

• Avoid limiting your search for solutions for low-income populations to purely donor-based service delivery models and consider (partially) profit-based models as a possible solution
Recommendations for inclusive businesses

Dos

• Adopt a broader HRWS Ecosystem perspective to think about ways in which you can slash your cost structure and expand your revenue model

• Consider the aspirations of your customers; low-income customers usually don’t want a «solution for the poor» but rather an aspirational product and service that has the potential to impact their social status in the community

• Create partnerships to build an enabling environment for users to buy your service/product (e.g. micro-insurance schemes; innovative health plans; awareness raising campaigns; etc.)

• Even if time-consuming, get involved in dialogue with policymakers, the government makes things easier for you in the long run.

• To identify new opportunities, start with reviewing what the resources are already available locally, in many cases, the infrastructure is already there but lacks a working, sustainable O&M model

• Focus on your specific strengths and partner-up to complement gaps and weaknesses

• Achieving financial sustainability can mean different things and can incorporate blended finance schemes and mechanisms to get paid for creating social value

Don’ts

• Avoid thinking exclusively about water and sanitation in order to open-up to the possibility to provide an integrated service that is adapted to the local context; Develop an understanding of what the «livelihood means» of low-income customers are: WASH habits are part of a lifestyle!

• Avoid thinking of the community as a homogeneous group; Don’t assume that all BoP customers get along and that all have the same interests. Identifying and defining the characteristics of customer segments is as important as for normal markets.
Conclusions
Conclusions

→ **Connect/Collaborate/Partner-up**: Making the HRWS for all a reality is not a straightforward process and typically requires the coordinated effort of multiple actors from different sectors, especially when delivering services to marginalized, low-income populations.

→ **Accountability**: Even the most inclusive legal framework can be ineffective without adequate accountability mechanisms. Therefore, a prerequisite for a functioning HRWS ecosystem are accountability mechanisms that work. All involved actors must have tools and measures to hold each other accountable.

→ **Revenue models**: For social entrepreneurs to reach financial sustainability, it can help to create hybrid revenue models that are based on diversified/bundled service delivery models, unusual/innovative partnerships and blended finance schemes (e.g. Social Impact Incentives), etc.

→ **Subsidies**: Subsidies are neither a cure-all nor a no-go. Their usefulness depends on the model through which they are delivered. They can play a vital role in helping the private sector tap into BoP markets and making the HRWS for all a reality faster.
Conclusions (cont.)

→ **Beneficiary vs. Customer Perspective**: For organizations that traditionally approach HRWS from a donor-driven perspective it can be helpful to adopt and adapt tools and concepts from the private sector. This is especially true for designing WASH services and products. Understanding and treating beneficiaries and aid-recipients (also) as customers can help to improve the sustainability of HRWS-related programs.

→ **Flexibility about the “how”**: Considering the complex and diverse contexts in which the HWRS needs to be realized for all, there is most probably no cure-all method. All key actors should generally adopt a flexible approach considering a combination of different models that take into account a broad range of different finance schemes and implementation tactics. Inclusive business models can be one valuable approach out of many different solutions and models.

→ **Assertiveness about the “who”**: Even though the state might delegate the role of making HRWS for all a reality to non-state actors such as inclusive businesses, he is not exempt from his role as primary duty-bearer and as such he is responsible for making sure that whatever model he chooses, he is responsible of guaranteeing the HRWS for all.

→ **Joint Value Propositions**: In order to align private sector actor’s goals with goals of civil society and public sector actors, joint value propositions must be developed that help to align economic and social goals.
Conclusions: Generic elements and strategies for inclusive business models

Based on the insights of the workshop, these generic elements or strategies have been identified and organized according to the format of the “Business Model Canvas”:

### HRTWS Inclusive Business Development Framework
(Aguasan Workshop 2019)

<table>
<thead>
<tr>
<th>Key Partners</th>
<th>Key Activities</th>
<th>Value Proposition</th>
<th>Customer Relationships</th>
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<td>- De-Risking</td>
<td>- Citizen Partnerships</td>
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<td>- Last Mile Management</td>
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<td>- Networking</td>
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<td>- Marketing Partners</td>
<td>- Impact Monitoring</td>
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<td>- Distribution Partners</td>
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### Key Resources

- Business Capacities
- Enabling Environment
- Functional States
- Regulatory Framework

### Value Bases

- Customer Focus
- Inclusion
- Affordability
- Last Mile Coverage
- Integrity
- Sustainability
- Collaboration

### Channels

- Co-Distribution
- Partner Channels

### Customer Segments

- Impact Customers

### Impact Customers

- (B)-BOP Customers

### Cost Structure

- Slashing Cost Structure

### Revenue Streams

- Expanding Revenues Model

### Internalization of External Costs

- Blended Finance
  - Impact Finance
  - SIINC

### Social and Environmental Costs

- Profit Sharing

### Social and Environmental Benefits
Conclusions: Workshop Visualization
Through marketing in waste management, customers have developed a demand for improved services and products in waste management. Creation of demand for improved service and products in sanitation and solid waste management through health marketing campaigns.

Financiers, such as MFIs and impact investors, see market opportunities in financing both customers and businesses and develop credit products for them.

The government has the responsibility to develop and reinforce laws and regulations in waste management standards and stimulates market growth. WASTE supports self-reliance of these stakeholders. As a consequence, WASTE never directly interferes in the interconnection between stakeholders to ensure the continuation of the system even after WASTE leaves the programme.

Local entrepreneurs (SMEs) are trained to meet demand by customers. They are incentivized to offer cost-effective and good quality services and products.

Capacity building of local authorities on how they could improve contribution to the sanitation field.

Technical and business training for sanitation and solid waste entrepreneurs such as on how to write a business plan and apply for a loan.
THE GUIDING PRINCIPLES

The values partners have in common and that guide all joint action.

- Multi-stakeholders efforts
- Sustainability of service and actions
- Leaving no-one behind
- Transparency and accountability
- Evidence-based decision-making
- Human Rights to water and sanitation
- International collaboration and aid effectiveness

THE COLLABORATIVE BEHAVIOURS

How partners work together to put in place the Building Blocks.

- Enhance government leadership of sector planning processes
- Strengthen and use country systems
- Use one information and mutual accountability platform
- Build sustainable water and sanitation sector financing strategies

THE MUTUAL ACCOUNTABILITY MECHANISM

Joint initiative that grounds the Framework in specific, measurable, attainable, relevant and timely actions.

It re-enforces multi-stakeholder decision-making and mutual accountability among partners at national, regional and global level.

THE BUILDING BLOCKS

What partners are jointly putting in place to achieve an effective sector.

- Sector Policy / Strategy
- Institutional arrangements
- Sector Financing
- Planning, monitoring, and review
- Capacity development

Input provided by Sanitation and Water for All
Input provided by Waterpreneurs

**CATEGORY 1**
Sole traders, Micro / small enterprises
(1-19 employees)
- Artisans
- Construction contractors
- Local networked water providers
- Water pump owners
- Water truck owners
- Water tankers

**CATEGORY 2**
Medium-sized businesses
(20-99 employees)
- Water re-sellers (non-networked water supply)
- Water filter manufacturers
- Social enterprises franchisees (non-networked water supply)
- Construction contractors
- Hand pump mechanics
- Suppliers of parts
- Drilling companies
- Water purification enterprises

**CATEGORY 3**
Large companies
(>100 employees)
- Utility
- Chemical suppliers
- Bottled water companies
- Water filter manufacturers
- Suppliers

**CATEGORY 4**
Foreign-based companies / multinationals
- Drilling companies
- Chemical suppliers
- Utility
- Bottled water companies

Source: Private Sector and water supply, sanitation and hygiene, ODI, 2015
Private sector involvement can best deliver benefits in the following situations:

- Deteriorating levels of service, lack of repairs, backlog in new connections, etc.;
- Severe budgetary pressure on the water undertaking and government reluctance to subsidise;
- Good regulation is provided by government to ensure political and public confidence;
- Tendering is open and transparent, and single bidder situations avoided;
- Government ensures investment security through legislation;
- Efficiency gains cannot be more cheaply and less controversially obtained by reforms to public undertakings;
- The balance between up-front financial bonus gains and long term higher tariff costs is positive;
- Specific targets are set for delivering services to the poor and socially excluded.

Input provided by Waterpreneurs
AGUASAN Community of Practice

Expand
Revenue Model

- Products
  - Bundle products
  - Integrate consumables
- Services
  - Provide financing
  - Add enabling services
- Data
  - Sell customer data to other companies
- Access
  - Sell customer access to other companies

Slash
Cost Structure

- Logistics
  - Last-mile pick-up points
  - Re-purposed platforms
- Sales & Marketing
  - Customer peer groups
  - Entertainment marketing
- Human Resources
  - Automated sales transactions
  - Digital HR training
- Collection
  - Time-based pricing
  - Digital cash transfer

Input provided by Erik Simanis
Downward Pressure on Operating Unit Revenues

- Limited geographic reach
- Lower unit sizes & price points
- Lower consumption/use rates
- Slower adoption rates

Less Money Per Sale

Upward Pressure on Operating Unit Costs

- Smaller operating units with lower economies of scale
- High touch sales to drive sustained adoption
- Low literacy rates and smartphone penetration
- Cash-based payments

Higher Costs Per Sale

Input provided by Erik Simanis
SIINC acts as an additional revenue stream that directly improves the P&L of the impact enterprise and makes it more attractive for investors. It enables the enterprise to continue or even accelerate its efforts to generate deep impact while scaling and offering sufficient returns to investors.
Udumas Breakdown Alert System for rural water selling points allows users to request maintenance services in a convenient way: If a water pump breaks down, users can simply send a message via mobile phone to inform the company asking for repair services.
Group Work Results: EKO Muro H2O+ [1/3]
Group Work Results: EKO Muro H2O+ [2/3]
Group Work Results: EKO Muro H2O+ [3/3]
Group Work Results: Water Access Rwanda [1/1]
Group Work Results: Live Clean Initiatives [1/2]
Group Work Results: Live Clean Initiatives [2/2]
Group Work Results: Tierra Grata [1/5]
Group Work Results: Tierra Grata [2/5]

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Costs:
- Fixed costs: 400 USD
- Handling materials (HMT costs)

Revenues:
- Subsidies (Grant, in-kind)
- Income from sales:
  - 20 USD
  - Family monthly support: 5 USD
  - Grant to start "Rural Riders"

Donations (100 USD)
Group Work Results: Tierra Grata [3/5]

- The product
  - Dry Toilet
    - Price: 500 USD
    - Current product
  - Eco-home sanitation
    - Price: 250 USD
    - New product
Group Work Results: Tierra Grata [4/5]

250 usd

Family Down-payment = 20 usd
Payments monthly = 50 usd
Months = 3 years x 36 months

Blended financing

- Families
- 130 usd
- Monthly payments
- 200 USD families
- 100 usd sponsor
- CSR
- Tourist tax in Cabo
- Donor grants
- Subsidies
- Toilet for 40/60
Group Work Results: Tierra Grata [5/5]
Group Work Results: Pad2Go [1/2]
Group Work Results: Pad2Go [1/2]
Conclusions: Workshop Visualization
(Full image available on www.aguasan.ch)