

Advancing the Human Right to Water and Sanitation (HRTWS) through inclusive business approaches

May 13th to 17th 2019, Spiez, Switzerland

About AGUASAN

AGUASAN (www.aguasan.ch) is an interdisciplinary Swiss Community of Practice (CoP) that brings together a broad range of specialists to promote wider and deeper understanding of key water and sanitation management issues in developing and transitioning countries. It builds on committed sector professionals from various specialized institutions involved in Swiss development cooperation, humanitarian aid and research. Since 1984, the CoP provides an exemplary, vibrant and most pertinent exchange platform and think-tank serving the water sector and constitutes an essential link in the innovation and knowledge management strategy of the Swiss Agency for Development and Cooperation (SDC).

Besides convening quarterly knowledge sharing events, every year members of the CoP organize an international **AGUASAN Workshop** in Switzerland. During these events water and sanitation specialists as well as other development practitioners from all over the world gather for five days to collectively reflect on a cutting-edge topic of the water sector. The workshops provide a joint learning experience and utilise the broad knowledge gathered by the participants to elaborate strategies and conceptual tools of practical use for development work, highly relevant for sector interventions at the local, national and global level. They are the annual highlight of AGUASAN and provide a unique forum for in-depth exchange and cognition by exploring new issues, whilst consolidating relevant experiences.

Workshop focus

Leaving no one behind – from social burden to business opportunity

The focus of this year's AGUASAN Workshop will be on understanding how private and civil society organizations can contribute to the promotion of the Human Right to Water and Sanitation (HRTWS) by adopting inclusive business approaches. We will also determine what strategies and tools are the most promising for countries to create functional HRTWS ecosystems that enable inclusive businesses to scale up.

Water is a fundamental human right and its achievement a precondition for the guarantee of other

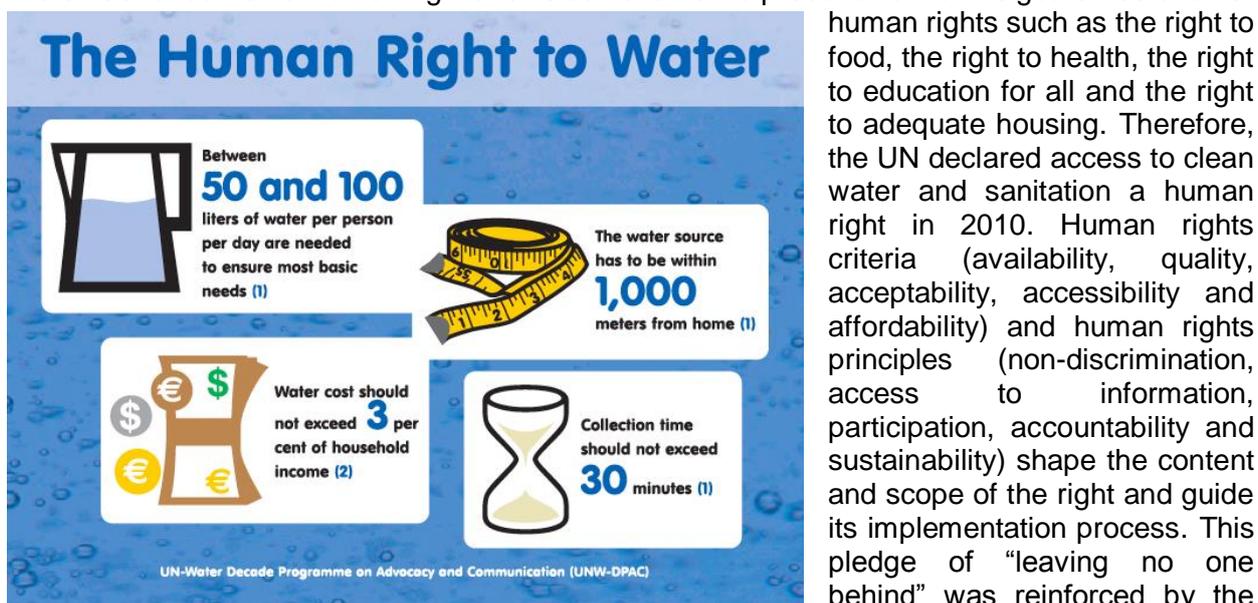


Figure 1: Examples of HRTWS criteria

human rights such as the right to food, the right to health, the right to education for all and the right to adequate housing. Therefore, the UN declared access to clean water and sanitation a human right in 2010. Human rights criteria (availability, quality, acceptability, accessibility and affordability) and human rights principles (non-discrimination, access to information, participation, accountability and sustainability) shape the content and scope of the right and guide its implementation process. This pledge of “leaving no one behind” was reinforced by the 2030 United Nations Agenda of

Sustainable Development Goals – among which the Water Goal (SDG6) that demands availability and sustainable management of water and sanitation for all.

The AGUASAN Workshop 2011 discussed tools and practical examples for considering the HRTWS aspect in the different steps of the project cycle. Building on these results, this coming workshop will tackle questions around design, operation and scale-up of inclusive business approaches that promote the HRTWS in low- and middle-income countries.

The rationale for adopting a business perspective is based on the [call for a new paradigm](#)ⁱ for sustainable water and sanitation services. The SDG6 and the HRTWS can only be achieved and guaranteed if long-term sustainability of water and sanitation services is ensured by organisations that adopt sound and innovative financing and operating mechanisms. Organisations that consider supplying unserved communities with basic services and goods as an opportunity rather than a burden and are striving to become independent from subsidies and donor funds.

The focus of the workshop will thus be on the service providers that take a business approach and drive the advancement of the HRTWS. We will analyse their motivation, challenges and opportunities and how they can be supported in being more inclusive and financially viable. Because the barriers for upscaling are in many cases beyond the business' scope, we will adopt a systemic perspective and discuss the enabling and disabling factors of the HRTWS ecosystem.

What does the HRTWS mean for business?

For businesses, the human rights-based approach to water and sanitation means that they consider the above-mentioned HRTWS principles when making decisions. Private water service providers are directly involved in decisions over water provision, therefore their compliance requirements are even more extensive than for businesses that indirectly impact water provision like big corporate water users such as hydro energy or beverage producers. Private water service providers must factor in the HRTWS aspect in tendering, negotiations of terms, the content of contracts, and post-contract operations.

To help private water providers comply with these extensive requirements, numerous stakeholders provide guidance for businesses on the HRTWS. For example, WaterLex has developed a [checklist on HRTWS for small scale water service providers](#)ⁱⁱ. These guiding documents help in translating the HRTWS into a practicable tool for businesses to assess if their business activity complies with human rights, measure their social impact and *what* to improve for better implementation of the HRTWS. However, they give little guidance on *how* to improve implementation which is inherently linked with financing and operating mechanisms.

From compliance to active promotion of the HRTWS through inclusive business

Recent calls for complementing these “top-down” compliance approaches to guaranteeing the HRTWS with market-driven, bottom-up initiatives have drawn attention to the potential of “inclusive businesses” to actively promote the HRTWS in low- and middle-income countries. Inclusive businesses strive to align a social mission such as the provision of water and sanitation services for marginalized populations with more traditional business goals such as creating profit and providing the basis for sustainable organizational growth. Their business approaches are designed to tap into the “Base of the Pyramid” (BoP) that refers to the more than four billion people who earn less than US\$ 8 per dayⁱⁱⁱ. The BoP perspective sees underserved people as potential customers with substantial cumulated purchasing power rather than passive recipients of development aid^{iv}.

Given the sheer size of this group of potential customers, the combined market value for the BoP is enormous. The World Bank estimates potential market value globally at \$20 billion for water-related products and services. The private sector shows a growing interest in the BoP market and is exploring inclusive business models that provide products and services based on the HRTWS-criteria (availability, quality, acceptability, accessibility and affordability). To improve financial sustainability as well as their long-term social impacts, these business models typically adopt strategies to engage members of BoP communities also as co-designers, employees or business partners (e.g. distributors, suppliers, etc.)^v. To innovate and design such business models, organizations usually need to think out-of-the-box and question long held assumptions.

Young water professionals and youth in general are especially well positioned to contribute to such disruptive ideas and initiatives.

In the workshop we will explore how private service providers can move beyond compliance approaches and incorporate BoP business strategies to assume a more proactive role in the promotion of the HRTWS. Accordingly, we will discuss meaningful engagement of youth for inclusive innovation and disruptive ideas in the context of the HRTWS.

What are the barriers in scaling up inclusive businesses?

Although BoP markets are characterized by (dormant) needs for basic services and goods, businesses struggle to turn this need into actual purchases and to deliver goods and services on a financially sustainable basis. Challenges remain for businesses that wish to venture into BoP markets and scale up due to the unique traits of these markets.

Common marketing challenges relate to customers having **low and unstable abilities to pay**. Furthermore, the willingness to pay is often low due to highly subsidized or free products that are typically distributed through charities. Additionally, there is a tremendous lack of awareness for the need for safe water and hygienic sanitation.^{vi} For example, the inclusive business TARAlife decided to sell their water purifiers through partners across Northern India, such as NGOs, retailers, and micro-franchisees. TARA had originally set a price to cover the company's cost but after a few months after launch, it became clear that they were not able to create sufficiently attractive margins for the external sales agents who depended on them to make a living. Accordingly, the promotion of the product was very slow.^{vii}

BoP customers often live in remote locations where they have no or little access to information due to illiterateness or limited access to the internet. This makes it hard for businesses to reach them both for advertising and delivering products and services. The **costs of last mile delivery** in BoP markets is high, especially if the market penetration rate is low and only low product volumes are being delivered. For example, the social enterprise Spring Health which offers a safe water home delivery service in rural villages of Orissa, had to cope with an increase in delivery costs due to a raise in rural wages. To break-even, the company therefore had to increase their daily delivery rate of 100 jerry cans per day to 400 cans per day. This was the reason why Spring Health switched to motorized rickshaws for faster home water delivery.^{viii}

Common institutional challenges for inclusive businesses relate to being caught in **power asymmetries between public authorities, public service providers and users**. For example, water distribution in the slums area in Dhaka (Bangladesh) is informally governed by various groups such as political leaders and middlemen with the help of DWASA¹ officials. Middlemen of the slums control the whole water distribution process and stay out of the reach of law enforcement by bribing DWASA officials. Water charges set by those middlemen are not controlled and thus usually too high for the slum dwellers.^{ix} Catastrophes that lead to humanitarian crisis can have similar impacts on marginalized communities due to the weakened capability of the state to respond to citizen's needs.

These characteristics of dysfunctional ecosystems hamper revenue potential and drive costs of providing services and goods up to a point where it can become unsustainable for businesses to engage in these markets when operating with a traditionally designed business approach.

In the workshop we will look at how a solid business case for HRTWS can be developed and what the drivers and barriers are to financial viability of inclusive business approaches in BoP markets. We will also put a particular focus on contexts of contested or weak state power (e.g. emergencies, failed states) and the roles of the humanitarian aid organizations.

¹ Dhaka Water and Sanitation Authority

What is needed for scaling inclusive business approaches?

Researchers and practitioners have worked towards understanding success factors for inclusive businesses and commonly agree on a set of inclusive business strategies that have the potential to help organizations venture into BoP markets.

- **Involving BoP in business approach:** To tackle the cost of last mile distribution and engage the community in the distribution process, the social enterprise Spring Health has developed a decentralised (hub and spoke) organizational model to oversee its large rural network in India (see also [graphic here](#)). The operations are divided into units of 50 villages, each of which has a chlorine production site (electro-chlorination point) and is overseen by a sales manager. Within this unit of 50 villages, the sales manager oversees 5-10 sales executives who are responsible for ensuring the operations of up to 10 villages each. In turn, each village has a business associate (the franchisee) who provides the water source, oversees delivery, collects payment and aids in sales.^x By selling to but also sourcing labour force from the BoP market and engaging local leaders in the distribution process, Spring Health ensures an enduring presence in every village and thus manages smooth operations and cuts costs.
- **Co-marketing bundles of products and services for the BoP:** TARAlife saw that – next to water purifiers – there is a demand for many other products in rural areas, overlooked by formal markets. In order to increase interest of sales people (i.e. micro-franchisees), TARAlife decided to offer multiple products and services via existing sales agents and developed a portfolio of “Quality of Life” products and services that would be sold in addition to their water purifier in order to increase the revenues of the micro-franchisees. The portfolio includes:
 - Preventive care to combat early childhood diseases: malaria testing kits, oral rehydration salts & zinc to combat diarrhoea mortality and deworming medication
 - Children’s health & nutrition related services: workshops on breastfeeding, vaccinations and nutritious food preparation
 - Money saving products for the BoP: high efficiency stoves & cookware, water purifiers, solar lights,
 - Family planning & pregnancy and child support: condoms, pregnancy tests, nutritious foods & supplements, individualized counselling and workshops open to families and offered by trained community workers.^{xi}
- **Blending marketing and awareness raising strategies:** To raise awareness Tinkisso uses a step-by-step approach combining a social and commercial marketing strategy (see also [video here](#)). For this purpose, a partnership with regional health centres and local NGOs was initiated to combine awareness-raising campaigns and to foster local sales of chlorine at low costs through door-to-door activities. In addition, Tinkisso hired and trained social marketing agents that execute awareness raising campaigns directly to the target audience and address influencers and trusted people (e.g. village leaders, imams and priests). Beside these activities and a broad network of mosques, churches and community centres, Tinkisso leads commercial activities on the ground to increase product visibility.^{xii}
- **Cross-subsidizing costly business activities and finding alternate revenue streams:** Hydrologic, a social enterprise from Cambodia, manufactures, sells and distributes water filters in rural households. Next to more commonly observed BoP-strategies like partnering up with microfinance institutes (see also [video here](#)) and cross-subsidizing prices for low-income customer segments with sales from middle-income segments, Hydrologic has started to exploit the potential for generating revenues from selling carbon-credits since its customers reduce their use of firewood stoves for boiling water with the purchase of water filters and therefore their CO₂ emissions.

From dysfunctional to functional HRTWS ecosystems

Organizations like TARAlife, Spring Health, Tinkisso and Hydrologic can be understood as inclusive businesses in the sense that they have developed the capability to align social and financial goals within the same business approach and therefore successfully adopted a market-driven, bottom-up approach to actively promote the HRTWS and contribute to more functional ecosystems.

Best practice examples and success stories like these exist, but they are rare and knowledge exchange as well as uptake into policies and impact on ecosystems support are slow. Even

though progress has been made in understanding which inclusive business approaches work for the promotion of HRTWS, many open questions remain as to how inclusive businesses can be supported in the ecosystem. It is especially unclear where the entry points are to change dysfunctional ecosystems where supportive legal frameworks and incentives are missing, corruption and power imbalance are present, basic infrastructure is missing, financing options for small businesses are limited and where subsidies for competing solutions are distorting market prices.

In the workshop, we thus also want to find out where the entry points are to move from dysfunctional to functional HRTWS ecosystems that enable, support and leverage inclusive businesses in promoting the HRTWS.

Target audience

The AGUASAN Workshop 2019 is open to NGO field and desk staff, service providers, consultants, researchers, government representatives, multilateral organisations, donor agencies, entrepreneurs and other specialists of WASH in the development and humanitarian context, particularly those with expertise and interest in inclusive business and HRTWS-based approaches.

Workshop features

- A **steering committee** carefully prepares the workshop. To support a dynamic workshop, it only defines the programme of the workshop, but does not anticipate its outcomes.
- **Resource persons** bring in key inputs and practical insights of participants make the topic tangible for different contexts.
- A team of **facilitators** and interactive formats support the participants to share their experiences and leave the event with concrete learnings as well as strengthened professional ties.
- Alternate working in **plenary and small groups**, whilst proceeding in a stimulating and participatory manner by using a variety of visual aids and innovative working methods.
- A mid-week **field trip** (half-day) for illustrating the workshop topic in the Swiss context.
- An afternoon session with **free time** – for catching up on office work or going for a hike in the area.
- A **market place** where the participants present their specific experiences or challenges in a market or storytelling setting.
- A **networking event** with Swiss-based water and sanitation experts from SDC, the private sector, academia and NGOs.
- A venue (www.abzspiez.ch) ideal for a workshop and sufficient time for informal exchanges in a beautiful **mountain setting**.

Application

- A full application must be submitted by **January 31st, 2019** by filling in this [application form](#). Late applications cannot be considered. The Steering Committee will develop a workshop methodology that integrates all days of the workshop, particularly the group work sessions that will run from Monday through Friday. Therefore, please only apply if you are committed to attending the full workshop week.
- Workshop participation does not involve any registration fee, but you must count on **costs of approx. 1'100 CHF** (approx. 975 EUR or 1'110 USD) for food, lodging, facilities and field trip (excluding transport to and from the venue, visa, insurance, drinks and all personal expenses) to be settled by you on the spot or by your sponsoring organisation. The workshop convener does not provide any financial support to participants.
- To optimise the working environment the number of participants is limited to 50. A **well-balanced mix** regarding the participants' expertise and gender as well as their thematic, organisational and geographic background is aimed at. English is the workshop language – working groups may exchange in a language understood by all group members, but inputs and feedbacks in plenary are always in English.

- The **participants constitute the main knowledge resource** for the event by bringing in topic-related questions and expertise. Participants that are willing to prepare and present relevant lessons learnt (in a practical insight presentation) or approaches, tools or research results (in a market place poster) are given priority in the selection process (see also [application form](#)).
- **Call for case studies:** The Steering Committee **invites junior water professionals to submit their innovative business approaches that are already serving or are destined to serve the BoP.** These youth-led initiatives will constitute the 6 clinical cases that will be worked on in groups during the workshop. The **participation of the junior water professionals in the workshop will be sponsored** (including transport to/ from and within Switzerland, full board, lodging in twin rooms, facilities and field trip, excluding travel insurance, drinks and any personal expenses). The **initiative winning the pitching contest at the end of the workshop will receive 5'000 CHF in funding and mentorship** before, during and after the workshop. For more information and the selection criteria, please consult this separate [call for case studies](#).

ⁱ See also Heierli, U. (2018), Why scaling-up safe water has failed - the need for a new paradigm, <https://sswm.info/safe-water-business/background/why-scaling-up-safe-water-has-failed---the-need-for-a-new-paradigm>

ⁱⁱ See also van der Grift (2017), Linking safe water businesses to the human right to water and sanitation, <https://www.ircwash.org/blog/linking-safe-water-businesses-human-right-water-and-sanitation>

ⁱⁱⁱ inclusive business accelerator (n.y.), Scaling Inclusive Business, <http://www.bopinc.org/updates/publication/scaling-up-inclusive-business>

^{iv} Graser, R. (2018), Background on "bottom of the pyramid", <https://sswm.info/safe-water-business/background/background-on-%22bottom-of-the-pyramid%22>

^v inclusive business accelerator (n.y.), Scaling Inclusive Business, <http://www.bopinc.org/updates/publication/scaling-up-inclusive-business>

^{vi} Heierli, U., Graser, R. (2018), Scaling Safe Water - The Need for an Industry Facilitator, <https://sswm.info/safe-water-business/background/scaling-safe-water---the-need-for-an-industry-facilitator>

^{vii} Haldimann, M., Graser, R. (2018), Simple vs. complex business models - TARA (case study), <https://sswm.info/safe-water-business/case-studies/simple-vs.-complex-business-models--tara-%28case-study%29>

^{viii} Heierli, U. (2018), Why scaling-up safe water has failed - the need for a new paradigm, <https://sswm.info/safe-water-business/background/why-scaling-up-safe-water-has-failed--the-need-for-a-new-paradigm>

^{ix} Water Sector Integrity in Bangladesh – Country Baseline Assessment, 2014

^x Haldimann, M.; Erismann, G.; Graser, R. (2018), Value creation - Spring Health (case study), <https://sswm.info/safe-water-business/case-studies/value-creation---spring-health-%28case-study%29>

^{xi} Haldimann, M.; Graser, R. (2018), Simple vs. complex business models - TARA (case study), <https://sswm.info/safe-water-business/case-studies/simple-vs.-complex-business-models--tara-%28case-study%29>

^{xii} Heierli, U.; Graser, R. (2018), Social marketing - TINKISSO (case study), <https://sswm.info/safe-water-business/case-studies/social-marketing--tinkisso-%28case-study%29>