

WATER

FEATURED:

Aqua Clara Kenya

Deep Springs International/
Gadyen Dlo

Ecofiltros

Enviro-Stewards/
The Safe Water Project



MARKET-BASED APPROACHES

ISSUE 1

START WITH

Welcome to CAWST's Household Water Treatment and Safe Storage (HWTS) market-based approaches series. In this series, we will explore how market-based approaches are being used to scale HWTS. We'll discuss the rationale for market-based approaches and hear from HWTS practitioners already using market-based approaches. We'll also provide some guidance on best practices and link to existing resources that will provide additional guidance and support.

In the first part of this series, we discuss why market-based approaches are important, explore the entrepreneurial mindset, and look at how to plan and adapt market-based approaches. We also showcase four existing organizations using market-based approaches to provide HWTS solutions around the world. Also accompanying this first edition are interviews and business model canvases for the organizations we are showcasing.

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Why are market-based approaches to HWTS important?

Taking a market-based approach to Water, Sanitation, and Hygiene (WASH) is about supporting markets to provide products and services to those who need them.

Taking such an approach usually involves strategies to support the private sector, social enterprises, or entrepreneurs, which can include training entrepreneurs, providing product financing, and improving customer relations. It can also involve setting up your own business to provide WASH products and services. More importantly, however, it involves shifting from thinking about community members as beneficiaries to thinking about them as customers or consumers.

Four great examples of market-based solutions to HWTS can be found on pages 7–10 of this magazine.

Market-based approaches have become popular in WASH, and particularly HWTS, over the last decade as practitioners seek ways to improve ownership of the solutions they provide and as reduced availability of funding has forced practitioners to share the costs with households. Market-based solutions also offer several other benefits over the traditional subsidized distribution of HWTS, including:

■ **Meeting customer demands more effectively**

Market-based solutions allow households to choose their solutions and require that businesses meet their needs and preferences to be successful.

■ **Improved efficiency**

Market-based approaches typically build on existing supply chains, which can be more efficient, reduce duplication, and provide solutions quicker than setting up parallel supply chains, as happens in many nongovernmental organization (NGO) projects.

■ **Greater focus on customer service**

Businesses thrive on repeat customers and word of mouth, which means businesses must keep their customers satisfied and provide follow-up services in order to remain viable. Project-based initiatives do not require the same focus and are often designed to satisfy donors rather than households.

■ **More rapid innovation**

Businesses and entrepreneurs are well known for their ability to rapidly innovate and adapt. Market-based approaches can leverage this expertise, quickly improving existing solutions and delivering new solutions to customers.

It involves shifting from thinking about community members as beneficiaries to thinking about them as customers or consumers.



■ Access to a larger pool of talent

While there are many talented people who work in the NGO sector, it does not often attract talent from individuals who have worked in other sectors. Market-based approaches tend to draw talent from many different sectors with experience in sales and marketing, financial product development, product design, and other areas.

■ Access to a larger pool of money

Donor money for WASH and HWTS initiatives is limited. Market-based solutions increase the possibilities for financing HWTS providers, including the use of customer contributions, investments, and traditional loans.

■ Ownership

Many NGO projects find that products delivered to households rapidly fall into disrepair and disuse, especially if a problem occurs. Market-based approaches require that households purchase their HWTS solutions, which results in households that are more invested in the continued use, maintenance, and repair of those solutions.

■ More varied product financin

Many donor-based initiatives are highly limited in terms of the financing they can provide to households. Market-based approaches tend to have a greater capacity to offer innovative financial products and greater flexibility to partner with a range of financial institutions.

Market-based solutions are, however, not without their challenges. Criticisms of market-based approaches include:

■ Market-based approaches cannot reach the poorest

No matter how low your price and how innovative your financing, there will always be some poor households that simply cannot afford to purchase HWTS solutions.

■ Water and sanitation are public goods and should be provided by the state

Access to clean water is recognized as a human right and considered to be a benefit to the public, not just individuals. As such, many believe that it should be provided by the state and not by private companies who benefit by making a profit.

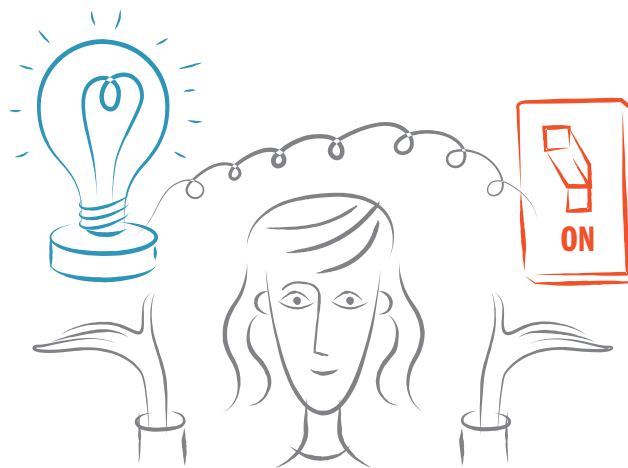
Whether or not you choose to take a market-based approach, you should make yourself aware of market-based solutions to ensure that at the very least you do not do any damage to existing markets when you introduce your intervention. We will explore this idea further in our interviews with our four showcased organizations.

A woman in Guatemala enjoys safe, clean water from her Ecofiltro unit.

Market-based approaches require that HWTS solutions be purchased, which results in households that are more invested in the continued use, maintenance, and repair of those solutions.



Thinking like an entrepreneur.



Some people are great at articulating their big vision; others are great at just getting started. Successful entrepreneurs can do *both* at the same time.

“Can anyone become an entrepreneur?”

This question is frequently discussed in connection with market-based approaches, particularly when organizations want to train and support entrepreneurs or new WASH businesses.

At CAWST, we have worked with many entrepreneurs and business leaders. They have often impressed us with their passion, focus, and ingenuity, as well as the transformational initiatives they have brought to life. While some of these people are natural entrepreneurs, many had to work hard to develop an entrepreneurial mindset. Based on experience, CAWST believes that you do not have to be born an entrepreneur, but that you can also learn how to become an entrepreneur. Such transformation is only possible, however, if there is a focus on the development of the entrepreneurial mindset and not simply building business and technical skills.

So, how do successful entrepreneurs think? From our experience, the main characteristics of the entrepreneurial mindset we see in our HWTS clients are:

■ Think big but start small

Entrepreneurs want to have a big impact, but often need to start with just a single family. Some people are great at articulating their big vision;

others are great at just getting started. Successful entrepreneurs can do both at the same time. They are also experts in breaking down massive projects, problems, and activities into smaller, more manageable pieces.

■ Always ask questions

Entrepreneurs rarely make assumptions or think that they know everything. They also have enough confidence in themselves that they are not afraid to admit when there are gaps in their knowledge. Instead, they take the time to question everything so that they will be better informed and be able to make better decisions.

■ Are decisive and action-oriented

Being an entrepreneur is about rapidly adapting to whatever challenges you face. This means entrepreneurs need to be comfortable making decisions and taking action quickly, even if they have limited information available. They believe that a course of action can easily be altered, but taking action is essential.

■ Always seek their customer's opinions and make relevant improvements

Successful entrepreneurs are always very well connected to their customers and are keen to ensure their products and services meet their

customers' needs. If entrepreneurs can improve something in their work, they always act to do so.

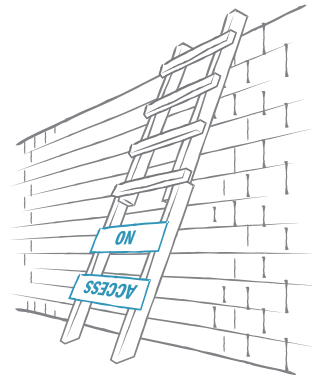
■ See mistakes and obstacles as learning opportunities

Many people are afraid to make mistakes and fail. They see obstacles as negative experiences that only hinder progress. Not entrepreneurs. They see mistakes and obstacles as learning opportunities. For successful entrepreneurs, each challenge leads to either improving an existing weakness or actions to avoid similar obstacles in the future.

■ Get in outside expertise when needed

Successful entrepreneurs realize that they are not the experts at everything, and they realize that the challenges they face are too big to be solved by one person. They, therefore, seek out others who bring different skills, experiences, and perspectives. And instead of trying to learn everything, they actively seek others with the expertise they need and integrate that into their work.

There are, of course, many other great characteristics common among successful entrepreneurs. Some of our favourite alternative lists will also give you interesting perspectives.



Many people see obstacles as negative experiences that only hinder progress. Not entrepreneurs. They see mistakes and obstacles as learning opportunities.

Our favourite articles on what makes entrepreneurs different

10 Ways Entrepreneurs Think Differently
Entrepreneur.com

7 Amazing Ways Entrepreneurs Think Differently
Vancruzer.com

6 Things That Make Entrepreneurs Unique
Entrepreneur Magazine

10 Important Personal Characteristics of Entrepreneurs
Hiscox

10 Ways Entrepreneurs Think Differently
CEO Magazine

Planning and adapting market-based approaches.

The typical NGO approach to WASH initiatives is to create a big master plan, execute that plan, and then evaluate whether the plan was successful.

While not ideal, it is at least feasible for individual projects that have limited scope. For entrepreneurs, businesses, or market-based approaches, however, this approach is not feasible. Why not? Because market-based approaches have a longer-term focus and can only be successful when they develop long-term relationships with their customers and respond to their needs. This means plans and strategies need to be constantly adjusted to take account of customer feedback and how well your products and services are selling. In some extreme cases, it may even mean ripping up your plan and starting again once you know your customers and your context better. Without evolving the plan, market-based approaches quite simply won't work.

As you will see from the accompanying interviews and business profiles, very few businesses end up doing exactly what they originally planned and most of them become far more effective as a result. In fact, in the case of some businesses, it can take many years to hit upon the formula that allows them to best serve the needs of their customers.

So how do we create flexible plans? A great tool used by many businesses is the Business Model Canvas created in 2010 by Osterwalder and Pigneur. The Business Model Canvas is a one-page business plan that clearly sets out the nine key elements you need to consider in planning your business. By writing a plan in this format, it will become obvious very quickly what parts of your plan are already strong and which parts need more work.

A great way to get started using the canvas is to simply write down the parts you have already planned. You'll then see where the gaps in your plan lie and can work with others to fill them. Some gaps may be easy to fill while others may require significant time to test ideas or discuss with your customers and partners. While this may seem intimidating, real entrepreneurs simply see it as an opportunity to learn and expand their understanding of how to solve their problem. And remember, once you create your plan, you'll need to test it and then return to improve the plan again, and again, and again.

To get you started in your thinking and help you understand how others are already approaching HWTS with market-based approaches, we have also worked with our showcased organizations to create business model canvases for their current operations. You can find their business model canvases [here].

Useful Business Model Canvas links

A great introductory video to the business model canvas, by Strategyzer, can be found [here](#).

A blank business canvas template, by [xxxx](#), can be found [here](#).

An in-depth 20 minute guide to completing a business canvas, by Alexander Cowan, can be found [here](#).

And an interactive online business model canvas, by [Canvanizer](#), can be found [here](#).

STWTH

A selection of market-based HWTS initiatives.

We have collated some information on four organizations using market-based approaches to deliver HWTS solutions. For each organization, we have written a brief description of their work, recorded an interview with their CEO or Founder, and designed a business model canvas so you can see at a glance how they work.

We have also created a 10-minute summary podcast, which can be found [here](#).

An Aqua Clara agent describes the benefits of water filtration to community members in Kisii, Kenya.



Aqua Clara Kenya



Where do you work?

Kenya—Nairobi and Kisii.

What HWTS products do you provide?

Biosand filters and membrane filters, handwashing and safe water storage containers.

How does your organization work?

Aqua Clara produces and assembles the majority of its HWTS products in Kenya. It trains and supports a network of local entrepreneurs to sell its products to low-income households, usually working in partnership with local Savings and Credit Cooperatives (SACCOs) to enable households to pay for the filter in instalments. Aqua Clara also sells filters through local and national retailers. Aqua Clara uses the carbon credits to help finance the cost of continued monitoring of all the filters it sells.

What are your main reasons for adopting a market-based approach?

Sustainability and household ownership of the filters: We believed a market-based approach could be more locally driven and could impact the local economy through fostering entrepreneurship which would help provide local people with income. We wanted to build something that did not require the continued benevolence of donors to exist but that could provide solutions as long as households have a need and the means to pay for them. We also saw that many approaches make people dependents and rob them of initiative and self-pride. A market-based approach allows our customer to have pride, a pride that comes from investing hard-earned income in the health of their families. There can also never be a question of who owns it. Since they own it, they then have an incentive to maintain and repair the filter and to fully appreciate the benefits of their investment.

Aqua Clara Kenya team members outside their main office building in Nairobi.



aquaclarakenya.com

ACK's Business Model Canvas can be found [here](#).

Our podcast with ACK's Director John Nuagwencha can be found [here](#)



Deep Springs International/Gadyen Dlo



Where do you work?

Haiti—Leogane, Northwest, North, Artibonite, and Centre departments.

What HWTS products do you provide?

Gadyen Dlo, a liquid chlorine solution.

How does your organization work?

DSI works with a local Haitian partner to manufacture, market, and distribute a locally affordable household water treatment solution, Gadyen Dlo. It trains and manages a network of local sales agents to make sales and train users of its product. It also uses these agents to monitor and evaluate their work on an ongoing basis.

What are your main reasons for adopting a market-based approach?

We have always been committed to sustainability for theoretical reasons and had a strong belief in markets as a way of making development sustainable. Many donor-funded models have significant limitations, especially in terms of longevity. We believed we could save more lives if we used donor money to jump-start a model that could perpetuate itself and ultimately provide better value for money.

The Artibonite River in Haiti.

Photo by Kendra Helmer, USAID



deepspringsinternational.org

DSI's Business Model Canvas can be found [here](#).

Our podcast with DSI's Co-founder Michael Ritter can be found [here](#).

Ecofiltro



Where do you work?

Guatemala, Mexico, Honduras, El Salvador, Nicaragua, and Costa Rica.

What HWTS products do you provide?

Ceramic pot filter.

How does your organization work?

We produce ceramic pot filters that are placed in different types of receptacles. We then sell these filters in a hybrid model where sales of more expensive ones finance the distribution of rural filters at a more affordable price. Urban customers primarily purchase filters through local shops and rural customer through rural entrepreneurs. Customers can benefit from a month's free trial of the products before they make a final decision to purchase.

ecofiltro®

ecofiltro.com

Ecofiltro's Business Model Canvas can be found here.

Our podcast with Ecofiltro's CEO and Co-founder Philip Wilson can be found here.

What are your main reasons for adopting a market-based approach?

Sustainability and scalability:

When I took over Ecofiltro, I found our biggest limiting factor was that everything we did relied on donations. I saw that in many homes that had received a filter for free that these filters were not valued because they were free. To reach a million families without safe water in Guatemala, I knew we would need a different model. I also knew from conversations with potential customers that having a filter would actually save families money by reducing what they spent on firewood to boil water. I saw a market-based approach would allow us to remove our dependency on donors, move families from being beneficiaries of a handout program to customers who are buying a product to solve their own problems, and because they bought it, they would use it and take care of it.

Local workers in Guatemala finalising the production of Ecofiltos ceramic ssssssspot filters



Enviro-Stewards/The Safe Water Project



Where do you work?

Canada, South Sudan, Uganda, and Kenya.

What HWTS products do you provide?

Biosand filters and bottle refilling services.

How does your organization work?

The Safe Water Project seeks out local entrepreneurs in East Africa. It trains, mentors, and partners with these entrepreneurs to support them in running successful businesses that build and sell biosand filters. The Safe Water Project also channels funds generated through Enviro-Stewards' work in Canada to these East African businesses to either provide targeted subsidies for the poorest filter users or to pay for ongoing support to families that have purchased a filter.

What are your main reasons for adopting a market-based approach?

Initially, our decision was based on practical reasons: People were reluctant to invest in South Sudan due to its ongoing war, and our project needed to be self-sustaining. We didn't have any funds, just expertise. We also saw there was a marked difference between families with donated and purchased filters, that there was a hidden cost to donated filters in terms of dignity for the families receiving them. We also found when we were looking for partners that old filter projects had all closed when donations had dried up. Taking a market-based approach allowed us to be sustainable and scalable, and eliminates the reliance on donations or charity. It empowered individuals to provide safe water to their communities, brought dignity to their communities, and also provided local economic benefit—training, jobs, income.

The Safe Water Project's CEO and founder, Bruce Taylor, helps to install a biosand filter in the home of a South Sudanese family.

ENVIRO-STEWARDS

SAFewater PROJECT

thesafewaterproject.org

The Safe Water Project's Business Model Canvas can be found [here](#).

Our podcast with Enviro-Stewards and the Safe Water Project's CEO and Founder Bruce Taylor can be found [here](#).

10 great resources

recommended by our featured organizations and CAWST staff

**HWTS specific
resources**

1

SSWM Safe Water Perspective Fact Sheets

The fact sheets of the Safe Water Business Perspective present validated tools and business models to start and scale up safe water business approaches based on Point-of-Use (PoU) water treatment, such as HWTS solutions and water kiosk models.

2

PATH's Commercialization Toolkit for Small- and Medium- Sized Enterprises

This commercialization toolkit offers guiding principles, tools, and case studies to demonstrate how PATH has helped partners through the commercialization process for household water treatment and safe storage products in several developing countries.

**General web
resources for
start-ups and small
businesses**

3

Inc Magazine Guides

A very comprehensive list of short, educational articles on many business topics, from starting a business through key challenges faced by growing organizations.

4

Entrepreneur Magazine

Another comprehensive list of short articles and how-to guides to help you understand and overcome many of the challenges faced by entrepreneurial businesses.

5

Steve Blank's Startup Tool List

Steve's tool list is a great starting point to find answers to key questions new businesses face. It has a focus on tech start-ups but also has a comprehensive list of resources that almost all businesses will find useful. Steve also has a number of tools and guides he has developed that you may also find useful.

**Global
networking**

6

Startup Grind

Founded in 2010, Startup Grind have become "the global leaders in Startup Events." Over 100,000 entrepreneurs have attended Startup Grind in the past years. It is now in 150+ countries with over 100 events going on each month, making this one of the largest entrepreneur organizations on the planet. They have a Startup Global Event once a year.

**Online
courses****7****Coursera**

Coursera offers a number of online courses in social entrepreneurship, small business management, and other topics that are useful for those involved in starting and growing businesses, as well as for the staff they employ.

Books**8****The Startup Way by Eric Ries**

There are many books out there that can help individuals involved in market-based approaches, but this one is particularly useful for those starting their journey and planning to embark on a new initiative.

9**Mastering the Rockefeller Habits:
What You Must Do to Increase the
Value of Your Growing Firm
by Verne Harnish**

Specifically mentioned by Philip Wilson of Ecofiltro, this book is a compilation of best practices adapted from some of the best run firms on the planet. The 10 habits it distils are a useful guide to ensuring your business is focusing on the right things.

**Our
number 1
resource****10****Mentors and other successful
local entrepreneurs**

Every one of our featured organizations pointed out that it had been shaped by the mentors available to its leaders and the local entrepreneurs they became friends with. If you wish to be successful, you should also seek out mentors with the experience you lack and make sure you make use of local networking opportunities to mix with local entrepreneurs who can share their experiences with you.





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