

## LEARNING BRIEF 1

CSO ROLES TO SUPPORT EFFECTIVE  
ENTERPRISE ROLES IN WASH

Guidance for Civil Society Organisations

ENTERPRISE IN  
WASH

## KEY POINTS FOR CSOs

- CSOs could usefully expand the roles they play in relation to small-scale enterprises. CSOs typically support enterprises directly, however there is opportunity for other CSO roles that are possible and suitable.
- Four principles can help CSOs clarify and improve their strategies:

**Principle 1:** Strengthen relationships and engagement between different actor groups (enterprises, government and community) in ways that support equitable outcomes and sustainable service delivery.

**Principle 2:** Analyse the context and maximise your impact – ‘think before you act’ so that you adapt your approach to the context; and make any direct support to enterprises part of a more extensive strategy, including thinking about scale and about the long-term, to ensure wider impact.

**Principle 3:** Work with incentives – be conscious of the underlying motivations and incentive structures that shape the behaviour and actions of different actors, and design your work in ways that take these into account.

**Principle 4:** Innovate and evaluate – consider the many possible ways both enterprises and CSOs can play roles. Concurrently test, analyse and document the outcomes to contribute to the evidence base.

- CSOs should play to their strengths, and in doing so they can take up emerging opportunities and roles in relation to enterprise engagement. For example they can take action in the following areas: citizen voice, accountability, gender equality, business support mechanisms, the needs of poor and disadvantaged households, social enterprises, formative and market research, and building the evidence base on water and sanitation services to have a wider impact.

What is this learning brief  
and who is it for?

This learning brief is for civil society organisations (CSOs) active in supporting small-scale local enterprises that provide water and sanitation services for the community, including the poor and disadvantaged. Its purpose is to inform CSO approaches, strategies and their program designs. Therefore, the primary target audience is CSO *program planners and designers*, but these briefs will also be useful for a wide range of WASH practitioners.

This document is the first of a series of six learning briefs developed on the basis of the ‘Enterprise in WASH’ research initiative. These include:

- **Learning brief 1: CSO roles**
- Learning brief 2: Know your private sector
- Learning brief 3: Working with governments
- Learning brief 4: Driving equality
- Learning brief 5: Private and social enterprise business models
- Learning brief 6: Working with motivations and incentives

## Why do CSOs engage with enterprises?

In recent years, CSOs have been working with small-scale private and social enterprises as part of the trend towards the professionalisation of water and sanitation service delivery. Engaging with enterprises creates opportunities to move beyond voluntary, solely community-focused approaches for water service delivery, and towards developing much needed supply chains and services for sanitation, particularly in rural areas.

CSOs can support enterprise engagement in water and sanitation in a variety of ways. These include: considering when and how supporting enterprise engagement (as one of many service delivery models) is appropriate; providing business development and market assessment; and considering how they could advise governments on how they could incentivise and regulate enterprise roles. However, research to date shows that at present, CSOs do not typically provide a range of support measures, but focus on *direct support* to enterprises.

This learning brief aims to explain the breadth of approaches available to CSOs, and to encourage CSOs to work in innovative, creative ways to support the *full range of actors* to deliver sustainable, equitable services. The four main relevant actor groups include:

1. **Communities** who are the service users or customers of enterprises
2. **Government**, including local and national agencies acting as service authorities, legislators or policy makers in relation to water, and sanitation enterprises. Governments are responsible for ensuring that the human rights to water and sanitation are met
3. **Enterprises** involved in providing water and sanitation products or services, including both private and social enterprise types
4. **Knowledge sector institutions**, who conduct research and share evidence, learning and innovation to inform policy and practice.

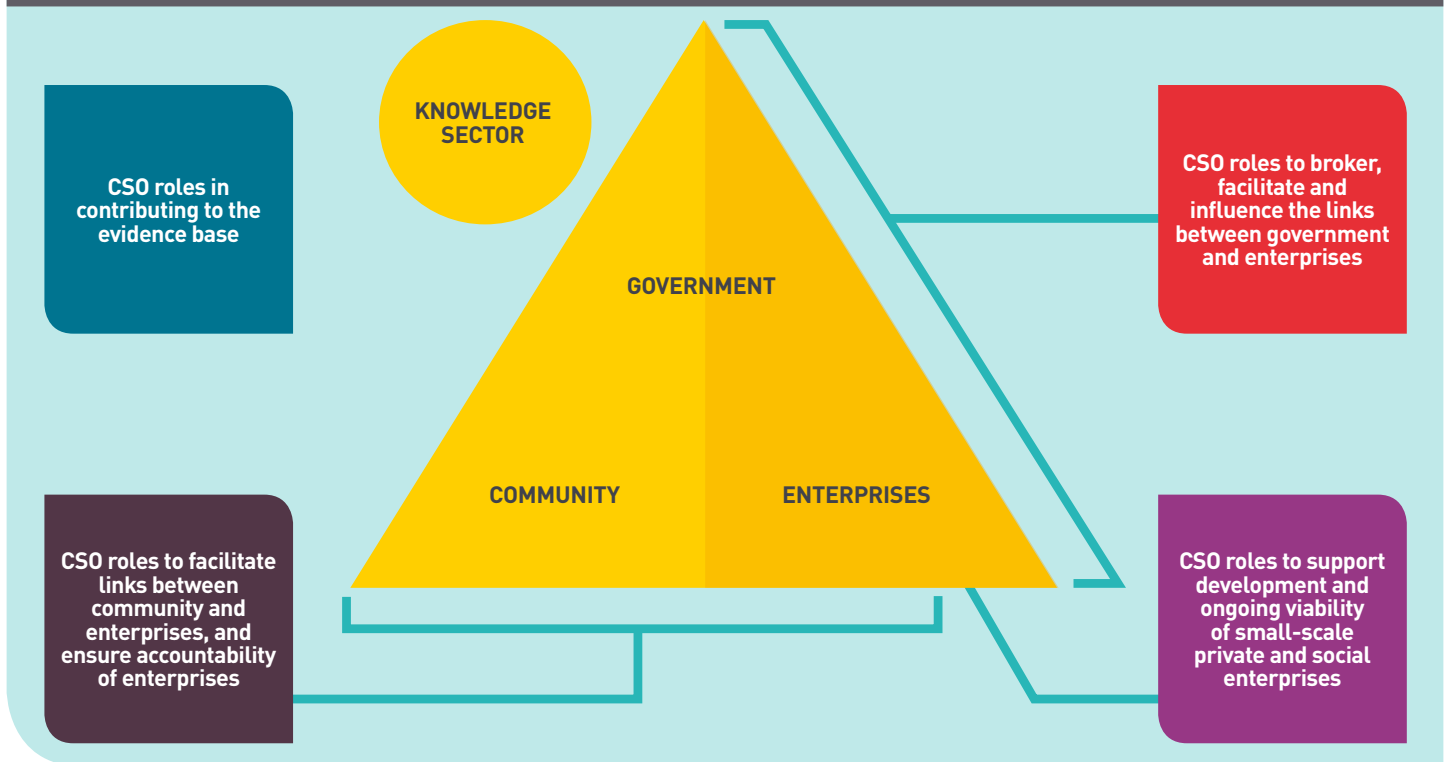
## What CSO roles are possible?

**Many roles are possible!** As previously mentioned, CSOs typically focus on providing direct support to emerging small-scale water or sanitation enterprises. However, many other roles are possible. A systematic literature review, and 'Enterprise in WASH' research with CSO partners in Indonesia, Vietnam and Timor-Leste, revealed a diversity of activities and roles played by CSOs. These included providing direct support for enterprise development, and strengthening relationships to support an enabling environment for good service delivery (see Figure 1 overleaf).

**Enterprise roles (and therefore possible related CSO roles) are evolving and expanding:** The types of roles enterprises and CSOs are playing are evolving across different contexts and as innovation occurs. For example, many CSOs have focused on sanitation marketing, but this is just one of the many areas in which CSOs can support water and sanitation enterprises. CSOs can also design other novel ways of involving the private sector in sanitation supply chains and services, and CSOs have also started to engage with other types of small-scale enterprises, for instance in relation to faecal sludge management, menstrual hygiene management, and water-related products and services.

**Combining rights-based and market-based approaches:** CSOs typically work within a rights-based framework,<sup>1</sup> meaning that they focus on reaching disadvantaged and vulnerable groups. This differentiates CSO engagement from other initiatives that support enterprise development more broadly. It also requires creative ways to ensure the profit-seeking motives of relevant enterprises do not lead to the exclusion of the poor.

FIGURE 1: KEY ROLES FOR CSOs



## Description and examples of different types of CSO roles documented through 'Enterprise in WASH' in Indonesia, Vietnam and Timor-Leste

### CSO roles to support development and ongoing viability of small-scale private and social enterprises

#### CSO roles

- Undertake and communicate market assessments and analysis.
- Support establishment of enterprises to provide water or sanitation products or services, through training, start-up capital, loan of materials etc. Training may include basic market assessment and business planning, sales force development, customer service development etc.
- Support supply chain development (sanitation products or water spare parts) through analysis of bottlenecks or developing all-inclusive services linking product and service providers (including transportation, masonry and installation, financing).
- Mobilise or facilitate access to finance.
- Assist existing informal enterprises to register legally and professionalise or expand their operations.
- The CSO itself can act as a social enterprise (in service delivery or the supply chain).
- Link together new or existing enterprises through, for example, establishing associations.
- Support product and service innovation, design and development (including low-cost models and offerings, technology adaptations and improvements).

#### Examples

- Diversifying existing businesses: SNV Vietnam and Plan Indonesia and other CSOs work with masons by training them in quality construction of toilets and by providing capacity development in business skills. Such masons are ideally then integrated into latrine service provision in an integrated way (for instance as part of the service network of a one-stop shop) as otherwise without an adequate entrepreneurial mindset it may be difficult to transform their work into successful businesses. Many CSOs also work with existing enterprises to diversify or expand their services, for instance to provide a full package including toilet installation, or selling water spare parts at a kiosk.
- CSO as a social enterprise: In Timor-Leste, two sanitation businesses emerged from pre-existing local non-governmental organisations who are implementing partners of WaterAid in sanitation projects.
- Linking together enterprises: Plan Indonesia encouraged and assisted establishment of PPSIGRO, an association of sanitation entrepreneurs in the district of Grobogan. This association provides access to cheap materials, promotes cross-learning opportunities, and provides training for sanitation entrepreneurs. WaterAid in Timor-Leste assisted with the formation of the association of community-based water committees (GMFs), providing financial and technical support.

**CSO roles to broker, facilitate and influence the links between government and enterprises**

**Description of CSO roles documented through 'Enterprise in WASH' research**

- Support or broker government-enterprise engagement (see Learning brief 3: Working with governments).
- Work with government and enterprises to identify how equality measures can be built into any enterprise engagement in WASH services so that all people can benefit from WASH goods and services provided by enterprises (see Learning brief 4: Driving equality).
- Advocate for government support or incentives for enterprise development where appropriate, and if this is the best option for the community with respect to WASH service delivery.
- Assist in securing government funds to support professional associations.
- Influence government policy and regulatory environment, including enforcement mechanisms to ensure safety, health, environmental sustainability, and equality outcomes are achieved.
- Shift assumptions about government-private sector interactions and overcome mistrust of the private sector.

**Examples**

- Advocating for government support to enterprises: Plan Indonesia worked closely with the local government in the district of Manggarai Timur in Flores, eastern Indonesia, to increase the attention given to sanitation and include budget allocations for supporting sanitation enterprises.
- Eliminating mistrust and valuing private sector roles where appropriate: SNV Vietnam have used relationships and evidence to shift assumptions of government staff about the private sector, to help them better recognise the potential of, and barriers faced by, enterprises in the provinces of Dien Bien, Nghe Ahn and Hoa Binh.

**CSO roles to facilitate links between community and enterprises, and ensure accountability of enterprises**

**Description of CSO roles documented through 'Enterprise in WASH' research**

- Develop mechanisms for making enterprises accountable to community.
- Mobilise finance for customers, particularly the poor and disadvantaged.
- Promote products and services of enterprises – link supply and demand.
- Work to shift assumptions of mistrust of enterprise models where appropriate and in support of equitable and well regulated outcomes.
- Assist community with informed choice.

**Examples**

- Linking supply and demand: SNV Vietnam and Plan Indonesia both support government-led demand-side activities to stimulate household interest in investing latrines.
- Developing accountability mechanisms for enterprises to community: EMW's output-based aid approach ensures that toilets and their underground sub-structures are built to quality standards, and checked through verification activities before households are provided their rebate.

**CSO roles in contributing to the evidence base**

**Description of CSO roles documented through 'Enterprise in WASH' research**

- Partner to strengthen the evidence base for programs.
- Share evidence for analysis and aggregation.

**Examples**

- Partnering to strengthen the evidence base: 'Enterprise in WASH' itself is an example of CSOs partnering with an academic institution to build the evidence base. All our CSO partners and many others also conduct component studies themselves (for example supply chain analyses by SNV and Plan, output-based modalities by EMWF).

## What principles can help CSOs identify the most strategic roles that they can play?

To achieve the best outcomes in terms of sustainable service delivery, CSOs supporting enterprise engagement in water and sanitation can consider the following principles to inform their approaches and implementation:

**Principle 1: Strengthen the relationships and cross-sector engagement** between different actor groups (enterprises, government and community) in ways that value what each group offers and that support equitable outcomes and sustainable service delivery.

**Principle 2: Analyse the context and maximise your impact** – ‘think before you act’ so that you adapt your approach to the context, and make any direct support to enterprises part of a more extensive strategy which also includes thinking about scale and about the long term, to ensure a wider impact.

**Principle 3: Work with incentives** – be conscious of the underlying motivations and incentive structures that shape the behaviour and actions of different actors, and design your work in ways that take these into account.

**Principle 4: Innovate and evaluate** – consider the many possible ways both enterprises and CSOs can play roles. Concurrently test, analyse and document the outcomes to contribute to the evidence base.

### Principle 1:

#### Strengthen relationships and cross-sector engagement

Sustainable and equitable service delivery requires that different actor groups – communities, government, the private sector – work in complementary and mutually supportive ways. Purely market-based approaches are unlikely to reach all of those in need, particularly the disadvantaged, and so it is particularly important to work with government as duty bearers in relation to enterprise roles (see Learning brief 3: Working with governments) and to focus on prioritising equitable outcomes (see Learning brief 4: Driving equality).

CSOs can play a role clarifying, brokering and strengthening the roles of actor groups and the relationships between them by building trust in the private sector (once the private sector has demonstrated integrity relationships and practices), and by helping to define a shared agenda among all actors.

#### Roles might include:

- Strengthening effective regulation of enterprise activities
- Advocating for transparency concerning enterprise engagement, particularly with respect to profit levels and reaching the poor and disadvantaged
- Helping enterprises to comply with regulations and to access available government support mechanisms
- Helping coordinate government demand promotion activities with enterprises to ensure households are informed of enterprise products and services
- Working with enterprise and community groups to

strengthen accountability mechanisms related to the quality, accessibility and affordability of services

- Working with financial institutions to facilitate access to loans for households or for enterprises
- Strengthening appropriate government support and incentives for enterprise activities so that services reach the poor and the disadvantaged
- Partnering with research institutions to develop evidence-based policy advice.

### QUESTIONS TO CONSIDER:

- Which relationships between actors are working well to support effective enterprise roles? Which are not and why?
- Where would be the most strategic place to intervene as a CSO?
- Are any actors missing that could be contributing to enterprise roles towards improved services for all?

### Principle 2:

#### Analyse the context and plan for maximum impact

‘Enterprise in WASH’ research identified that at times, CSOs were attempting to undertake work in contexts that were challenging and not conducive to market development and the involvement of enterprises. This risks making the use of resources ineffective, and points to the need for grounded, realistic assessment of the context and how to respond in terms of appropriate enterprise roles.

‘Enterprise in WASH’ research also identified that CSO activities typically focus on directly supporting enterprises at the local level. This can be a valuable contribution, however it is likely to have limited reach and as a stand-alone activity it may not be the most effective use of resources.

Hence, this principle focuses on analysing the context, and also on planning with a view to maximising impact. To have broader impact, CSOs need to think about scale, and they need to situate any direct support work within a strategy that seeks to effect system-wide changes. This usually involves engagement with government (see Learning brief 3: Working with governments). To ensure CSOs are matching their approaches to the context, a clear understanding of the private sector (see Learning brief 2: Know your private sector) and possible business models (see Learning brief 5: Private and social enterprise business models) is needed. CSOs will also need to consider market dynamics and how to support the market with a ‘light touch’. They need to avoid inadvertent market distortion through the ways in which they provide support, or through their approaches to reaching the poor and disadvantaged.

This requires articulating a theory of change and deliberately planning a suite of activities that aim to embed positive changes in the enabling environment. Your strategy might include:

- Activities that help to establish ongoing business support mechanisms for emerging enterprises, such as professional associations of enterprises or business development support agencies

- Working from the outset with other actors that could take over any roles you are playing (such as training or market assessment or development) once your program ends – for instance government agencies, community organisations or other enterprises. How could you facilitate or build their capacity as an integral part of your programming?
- Mechanisms for sharing learning from your activities and advocating for ongoing improvement and adaptation. For example, if you have undertaken a successful enterprise establishment program, think through how to demonstrate this to government to advocate for ongoing support, and publicise and share it with the broader WASH sector.

### QUESTIONS TO CONSIDER:

- **Have you fully considered inclusivity, sustainability, profitability, scalability and replicability?**
- **What would it take to have impact at a larger scale?**
- **Is there a local actor that could play the role your CSO is playing? What would we need to do to make that happen?**

### Principle 3: Work with incentives

Motivations (internal drivers) and incentives (external drivers) can influence actions in different ways (see Learning brief 6: Working with motivations and incentives). Being conscious of the relevant drivers for those people you engage with (across private, community and government actors) is important for defining a realistic and constructive strategy.

In particular, it is important to think about the motivations and incentives for enterprises. Business sustainability and profit generation will be important motivations for enterprises, yet 'Enterprise in WASH' research also found many entrepreneurs also displayed "pro-social" traits such as social responsibility and empathy, and were driven by a desire to ensure services reached their communities, including the poor. We also found that entrepreneurs were driven by aspirations to improve their status, develop new skills and extend their social networks. Tapping into these motivations can foster the development of enterprises that value positive outcomes both for themselves and their communities.

**CSOs can therefore create incentives that tap into a range of enterprise motivations. These include:**

- Increasing business volumes and profit by increasing demand, for instance through demand creation activities (ideally at scale in coordination with government) or supporting communication campaigns that engage customers in a targeted way
- Designing competitions, awards or reward systems for enterprises that tap into their desire for status, for example through recognition or accreditation from government agencies
- Developing and promoting business models for entrepreneurs that help them to concurrently meet financial and social objectives (for example reaching poor and disadvantaged households by cross-subsidising these with other customers, or by seeking external support to reach these groups)
- Supporting collective organisations (such as associations) to develop strategies and incentives that appeal to entrepreneurs' desire to develop social networks and to develop their skills.

Beyond the incentives mentioned here which are focused on enterprises, it is also important to consider incentives relevant to the behaviours of other actors who could support enterprise development. This is covered further in Learning brief 6: Working with motivations and incentives.

### Principle 4: Innovate and evaluate

There are many ways enterprises can play a role in water and sanitation service delivery, and there are many ways CSOs can support effective enterprise engagement. What is right for one context will not be right in another. There is therefore significant opportunity for CSOs to innovate.

It is helpful to keep a focus on the ultimate objective of *affordable, equitable, sustainable water and sanitation service delivery*, and then to think creatively about potential roles for enterprises (and other actors) and the possible ways to support them, while keeping the rights of communities in mind. Importantly, when trialling innovations, it is necessary to decide how you will test, analyse and document the outcomes. Taking seriously your contribution to the evidence base on enterprise roles in WASH will enhance your CSO's reputation and will strengthen learning amongst your staff and with your partners.

Considering potential enterprise roles requires assessing both how these roles will contribute to service delivery, and whether they are likely to be viable over the long term from a business perspective, or whether they might only offer a short-term opportunity (see Learning brief 5: Private and social enterprise business models). It is also possible that business offerings could change over time – for instance they could first involve providing latrine products and installation, and could later include faecal sludge removal services.

Thinking through how you can support enterprise engagement requires being creative. Think about smart ways to trial and adapt different approaches. For example:

- Explore the breadth of enterprise roles and models (see Learning brief 2: Know your private sector) and think through alternative ways to support enterprise contributions, for example by supporting associations of water and/or sanitation enterprises, or working with government to create a stronger enabling and regulatory environment
- Consider potential social enterprise models
- Think about opportunities to tap into corporate social responsibility activities across the broader private sector
- Don't assume solutions that work in one context will be right for another. For example our research on sanitation in remote locations identified a need for human-centred design approaches to develop effective, durable toilet and superstructure designs that use local materials and reduce the need for costly transportation.

Further examples that build on CSOs' strengths are provided in the following section.

### QUESTIONS TO CONSIDER:

- **What are all the different ways enterprises could contribute to sustainable service delivery in your context?**
- **Are enterprises likely to be viable over the long term in these roles? How could they evolve and adapt?**
- **What are some creative or innovative ways CSOs might catalyse action and contribute?**

## Opportunities suited to CSO strengths

Keeping the above four principles in mind, there are opportunities for CSOs to work more on critical areas of water and sanitation service delivery that are a good fit for CSO strengths:

- Work to **strengthen citizen voice** as part of building accountability mechanisms and striving to realise the human rights to water and sanitation. This includes strengthening the accountability of private actors to communities, ensuring communities are well-informed and can make informed choices, and supporting communities to engage their governments to call for effective enterprise regulation.
- **Strengthen accountability**, including public sector regulation, by working either with government, enterprises, or associations of enterprises, or with combinations of these actors, depending on the context. This might include working towards accreditation of enterprises or their products or services, use of service agreements between different actors, or more formal regulatory measures.
- **Focus on gender equality** while supporting enterprise development (e.g. ensuring opportunities for women to benefit from the economic opportunity of developing a WASH-related enterprise or become part of sales' agent networks), and also in terms of ensuring women's needs are met by the products and services provided by enterprises (see Box 1 and Learning brief 4: Driving equality).
- Consider options to support enterprise sustainability including the **role of business support mechanisms** such as associations of enterprises, or facilitating access to other business development and financing services (either public or private) (see Box 2).
- Pay particular attention to **meeting the needs of poor households** and other disadvantaged groups, and advocate for this focus (see Box 3) (see Learning brief 4: Driving equality).
- Tap into emerging opportunities to assist in the establishment of **social enterprise models** that combine financial and social objectives (see Learning brief 5: Private and social enterprise business models).
- Conduct **formative research and market assessments** on areas such as product development and ways to make the market more inclusive and efficient, for instance through low-cost technologies, or on behaviour change strategies to evolve enterprise communication and marketing strategies.
- Plan how your **monitoring** can make an impact. Think beyond funder monitoring requirements to consider what data might be useful for learning, advocacy or government monitoring initiatives concerning enterprise roles. This is particularly important for areas where current data is typically poor, such as equity and service quality. There is significant potential for innovation.

### BOX 1

#### SNV – ensuring women benefit from enterprise development

In 2011, SNV conducted training in Muong Ang on building toilets, specifically targeting women as participants. One of the participants became a skilled mason after attending SNV's training program. She chose the profession of a mason to earn money, as it was a stable job and she had work every day. Initially, she used to disguise herself as she was ashamed to be a woman mason, as it was hard to overcome the widely held view that mason work is for men. However, after a year, she was no longer ashamed, and became a successful, respected entrepreneur.

### BOX 2

#### Plan Indonesia supporting a sanitation enterprise association

In Grobogan District, Indonesia, Plan provided financial and technical support for the formation of an association of entrepreneurs (PAPSIGRO). PAPSIGRO is membership-based and provides forms of social enterprise to support sanitation entrepreneurs with the intention of expanding access to sanitation. The types of support provided to sanitation entrepreneurs include access to cheaper materials, networking and cross-learning opportunities, and training. PAPSIGRO also works with a micro-finance institution delivering a 'water and sanitation credit program' to expand services to low income community members by allowing affordable monthly instalment payments with no requirement for collateral. PAPSIGRO's role includes promoting the program and supporting the construction of the water or sanitation facilities.

### BOX 3

#### East Meets West Foundation's Output-Based Aid approach

East Meets West Foundation (EMWF), funded by the Global Partnership for Output-Based Aid, has provided funding to private piped water enterprises in rural Viet Nam since 2007. Two models were used to implement rural water supply systems under this scheme.

EMWF was responsible for the construction of rural water systems and then handed these over to the Commune People's Committee (CPC). EMWF guaranteed the system for a year, and trained operators chosen by the CPC to manage the system.

Private enterprises constructed the rural water system with guidance from EMWF, and as agreed between EMWF and the enterprise, a capital grant (of \$80-\$120) was provided to the enterprise for each connected household under an output-based aid arrangement.

While connecting the poor was not a specific condition of the output based aid (OBA), the focus of the program was on low-income rural communities, and research found better results in terms of poor household connection rates compared with other schemes.

## What skills are needed?

To work effectively with enterprises, CSOs need to draw on core skills in community and partnership development, and build skills in areas of private sector engagement, brokering relationships and engaging with government regulatory frameworks.

### THE FOUR PRINCIPLES:

#### 1) Strengthen Relationships

#### 2) Analyse the Context and Maximise Impact

#### 3) Work with Incentives

#### 4) Innovate and Evaluate

### RELEVANT CSO SKILLS

**Community engagement and development skills**, including skills in promoting citizen voice and social accountability mechanisms in the context of enterprise-community interactions.

The **ability to engage with and understand the private sector regulatory environment** at national and subnational levels as these relate to water and sanitation services and enterprise activities, including how these create incentives for different actors.

**Skills in negotiation and brokering** to help with strengthening relationships across communities, government and enterprises. **Strategic thinking skills** in planning for impact, including developing a strategy to communicate with and inform government initiatives and how these can support and monitor enterprise roles.

**Knowledge of business principles and business models, including local business culture.**

This includes thinking beyond western cultural business norms. Particularly in rural areas, businesses may be more focused on relationships and trust rather than purely market economics. This requires extending CSO skills to **understand how enterprises work** and how to work with them. Ability to identify the full range of potential **motivations for enterprises and other actors.**

**Creative thinking** about possible approaches and an appetite to innovate (rather than following one particular approach). **Evaluation and analysis skills** to ensure systematic testing and documenting of any new piloted approaches.

Skills in identifying and developing **strategies for reaching marginalised and disadvantaged** groups, including working with enterprises and governments to support this.

Skills in **balancing potentially competing agendas** – markets and human rights.

## Matching your approach to your organisations' values and philosophy

Zooming out, reflect on your organisation's overall approach and consider how your work supporting enterprise engagement in water and sanitation service delivery fits with that approach.

### Key questions to consider:

- Will you be a long-term part of the system, or will engagement only be for the duration of a particular program? Related to this, do you see your role as playing an ongoing function, or as catalysing something that will continue without your involvement? What's your organisation's "exit strategy" and how will sustainability of the intervention be maintained?
- A critical role for CSOs is to innovate and test ideas. Are you thinking creatively about your approach? What new ideas are worth pursuing? While it can be hard to get financial support for innovative approaches, don't be afraid to push funder boundaries and make your case for a creative idea. Even if it does not succeed, documenting attempted innovations well helps everyone learn and the sector to progress!
- What's your organisational philosophy and what roles align most closely with it? For some CSOs, working with the concept of 'for-profit' organisations is challenging and foreign – if this is the case then other forms of social enterprise, including not-for-profit models, can be considered. This may require trialling models that are different from mainstream market-based approaches.

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