LEARNING BRIEF 4

DRIVING EQUALITY IN WATER AND SANITATION SERVICES DELIVERED BY ENTERPRISES

Guidance for Civil Society Organisations

ENTERPRISE IN WASH

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 will also be useful for a wide range of WASH practitioners.

This document is the fourth 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

KEY POINTS FOR CSOs

- Consideration of equality must be built into CSO engagement with water and sanitation enterprises from the outset, otherwise, the poor and disadvantaged may not be reached.
- Connection fees for water services and the high costs of latrines in remote areas remain key barriers for low-income people accessing water and sanitation services in a range of contexts.
- Mechanisms CSOs can use to reduce inequalities are numerous and span working with governments (through influence, training, and policy support), civil society organisations (through funding and influence), enterprises (through finance and conditionalities), and householders themselves (through subsidies and other support mechanisms).
- CSOs and enterprises need robust ways to identify the poor and disadvantaged who may need support. Where possible, alignment with existing systems is encouraged.
- Addressing equality requires understanding and meeting specific circumstances and needs. This includes tailoring product and service design, as well as programming, for instance to support female entrepreneurs.

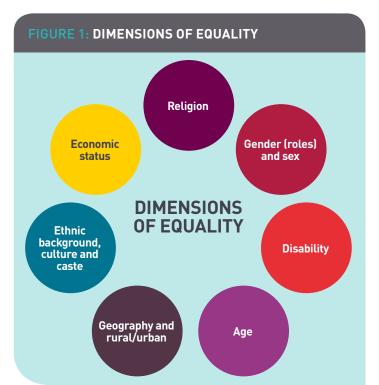


Why is it important to focus on equality?

Access to water and sanitation are human rights, however, they are not experienced equitably. A significant gap exists in most developing countries between the lowest and highest quintiles with respect to access to safely managed water and sanitation services. These inequalities are largely due to economic disparities compounded by issues pertaining to gender, disability status, education level, ethnicity, religion and caste. Water, sanitation and hygiene (WASH) services provided by enterprises, unless specifically designed to increase equality in access, may result in deepening the existing inequalities and disadvantage experienced by many people, especially the poorest.

Dimensions of equality

This learning brief focuses on economic barriers to equality, but also considers other important dimensions of equality as shown in the following figure.



This learning brief uses the term **equality** rather than equity, since 'equality' is a legally binding term in the context of the human right to water and sanitation, and equity is not. Addressing equality requires a focus on all groups experiencing direct or indirect discrimination, and the adoption of affirmative action or special temporary measures where barriers exist and persist, and lead to a denial of rights to individuals and groups.¹ Promoting equality is about "levelling up" or progressively working to improve the quality and levels of service for groups that are disadvantaged. In relation to water, sanitation and hygiene, promoting equality entails, for example, gradual reductions in the inequality of coverage rates.

What do we know about equality when enterprises provide services?

Small-scale water and sanitation enterprises are playing increasingly important roles in supporting access to water and sanitation. However, evidence on whether or not those in the poorest quintile are reached by these actors is limited. A systematic review of literature on enterprise engagement concluded that there was relatively limited evidence on outcomes for the poor.² And yet, inequalities in WASH services are evidenced through JMP monitoring data, which provides wealth quintile trend data for rural and urban areas in over 70 countries.³ This shows that the poorest quintiles have higher levels of open defecation and lower levels of access to improved and piped water sources.⁴

What can enterprises do to advance equality in access to their products and services?

CSOs can work with enterprises to encourage them to adopt pro-poor approaches to service delivery by providing:

- A better understanding of poor or disadvantaged community members and their needs and aspirations
- Flexible payment schemes
- Cross-subsidised discounts for the poor
- Low-cost design solutions
- Access to government and donor funding to subsidise services for the poor.

Who are the poor and disadvantaged?

One of the most fundamental steps in any program aiming to address inequality is to identify who are the marginalised or disadvantaged community members, and barriers to their access to water and sanitation services. Table 1 identifies some of the methods that CSOs or the enterprises they work with can use to identify these groups, and the advantages and disadvantages of these methods.

TABLE 1: METHODS FOR DETERMINING WHO ARE THE POOR AND DISADVANTAGED Method Advantages **Disadvantages** Government data sources: Alignment with government sources Limited to a focus on economic facilitates alignment with poverty inequality. Official definitions of poverty a) Government systems of poverty reduction or social protection programs may not correlate with reality. identification (for example, registered and may facilitate access to existing lists poor and near poor in Cambodia and May not incorporate all those who of those defined as poor. Viet Nam). are actually experiencing poverty or disadvantage. For example, in Viet Nam, If widely understood, provides clear b) Secondary data from government categories for who will or will not receive those classified "near poor" also have sources like access to piped water support (important for avoiding marketincomes that are less than one dollar or road infrastructure (for example, distorting effects). a day. in Viet Nam there is a classification of remote areas that could have a Potential to engage with improving high correlation with poverty levels). government systems when CSOs work with government. Use of standardised Demographic and Existing dataset that provides information Data is often updated on 5-yearly cycles, Health Survey (DHS) wealth quintile data. on wealth quintiles. and hence may not be current. Supports consistent approaches across Requires technical skills to use different countries. appropriately. More detailed assessment beyond Independent assessment of household Time consuming and expensive – hard to incomes and assets to determine "scale up" i.e. exponentially increase the income assessment only. poverty status. number of people reached. Visual assessment of asset ownership Self-reported income (as part of (for instance mobile phone, TV set, motorbike, etc.) can be more practical this method) is subject to significant and accurate than income self-reporting. inaccuracy. Assess households on a case-by-May have potential to enable a nuanced Lack of a clear boundary around who case basis. For instance CSOs or approach to providing support when can or cannot access support may create and where it is needed and a better conflict and challenges, and potential for enterprises can offer support (eg. in the form of discounts, flexible payment understanding of household finances those deserving support to miss out. arrangements etc.) on a case-by-case and how these limit people to access Requires human resources to WASH services. basis as households request support. administer and manage the program over the long term. Promotes transparency and self-Facilitate the community (or local Could cause controversy and conflict government administration or determination at community level. within the community related to who is leadership) to make a self-assessment. perceived to need assistance and who Potential to appropriately and accurately For example, support the community in is not. target poor and disadvantaged. a transparent, participatory process to Requires significant human resources Numbers included for support can be identify the poor and disadvantaged that to administer and manage sensitively matched with available support and level may require assistance to access WASH and appropriately. of support possible. services. Difficult to operate at any type of scale. May be a time-consuming process Partner with a local charity, community Draws on the knowledge of the organisation or welfare entity community and close ties that community and may be open to misdirection or (or strategic partner for example organisations may have with the corruption. Women's Union, national level Disabled disadvantaged in their jurisdiction. People's Organisation and ask them to define who is and isn't poor or disadvantaged based on experience and knowledge of the community).

Gender and disability: critical areas of inequality

Meeting specific needs

People who are gender-discriminated (women, transgender and intersex peoples) and people living with a disability (PLWD) are profoundly affected by inadequate water and sanitation services. They have specific needs, and disadvantages in relation to accessing WASH services. For example, toilets need to be designed to be accessible to PLWD; transgender people suffer discrimination and harassment when appropriate toilet facilities are not available to them.

CSOs that support enterprises can influence the range of products and services offered by those enterprises, such that these groups are given attention. Enterprises can innovate toilet and hand-pump design for PLWD, and custom made products for various groups. In addition, addressing menstrual hygiene management is a key area of opportunity for CSOs to work with enterprises in conducting formative research, and in the development of products to ensure latrine and bathroom designs meet women's and girls' needs.

Female entrepreneurs

The extent to which women are able to become entrepreneurs in the water and sanitation sector is an area of research, and women wishing to become entrepreneurs are supported by donors and community organisations.⁵ 'Enterprise in WASH' research found that men and women have different perceptions about whether it is possible for women to become sanitation masons or work in other roles in the sector. Preconceptions based



A female entrepreneur working in the Mekong region.

on traditional gender roles and other barriers were found to limit women's opportunities. In Viet Nam the study found that women thought it would be easy for them to take up such roles, but men thought it would be difficult, because of women's housework and family duties⁶ (see Box 1 for a case where such barriers were overcome). Another challenge for women was access to capital. Women were more economically stressed than men, which created an obstacle to entrepreneurship. This finding aligned with research which found that Vietnamese women face challenges accessing finance if their land is only registered in their husband's name, rather than jointly.⁷

What can CSOs do to support gender equality in enterprises?

CSOs can make a difference by developing tailored strategies to support female entrepreneurs. Such strategies need to move beyond ensuring equal participation by women and men in training activities. They need to provide follow-up mentoring support to female entrepreneurs, they need to understand and address the barriers women face, and they need to work with men to change perceptions (see Box 1 for a success story). 'Enterprise in WASH' research also showed that female entrepreneurs in Viet Nam demonstrated stronger pro-social traits than their male counterparts. CSOs could build on these pro-social traits to promote female-led social enterprises. Lastly, CSOs can continue to play roles in gender advocacy, both within and beyond WASH.

BOX 1

THE STORY OF A SUCCESSFUL FEMALE SANITATION ENTREPRENEUR, SUPPORTED BY A CSO IN VIET NAM

Ms Nguyen Thi Toan is a skilled chief mason who specialises in building toilets. Her views on female masons have changed considerably since she began working as a mason. Her confidence grew with the knowledge and experience she gained. She grew up in a poor family, but her parents placed importance on her education, and she helped pay for her school fees by collecting and selling crabs before school. When working as an assistant mason, she was trained by SNV and then became a skilled mason specialising in toilets.

Ms Toan noted that before, she used to wear a hat and scarf to disguise herself as she was ashamed to be a female mason. She was teased, and it was hard to change public opinion. When she wore her disguise, people did not know she was a woman until they came close. Initially, people asked *"Who is he?" But no, I am a lady! Sometimes I felt ashamed to be a mason. When I build, people look at me."* After one year working as a mason, she became

used to people's reactions and dispensed with her hat and scarf. She is not ashamed anymore. When asked what changed, she responded: "Because I think a mason is just work. I don't need to feel ashamed. Men can be a mason, women can be a mason, women can be a mason. My thinking has changed. The first time people said – you're a woman, why are you a mason? Now I feel very proud that I am a skilled mason."



Ms Nguyen Thi Toan, mason.

Roles CSOs can play in driving equality

Consideration of equality must be built into CSO engagement with enterprises from the outset, otherwise, the poor and disadvantaged may not be reached. There are many ways that CSOs can support and drive equality in WASH delivery by private enterprises. Some of these are outlined in Box 2 and are focused around the themes of: understanding who the poor are and how to reach them; including the poor in decision making around services; influencing key actors such as government and enterprises themselves; and providing finance to support the poorest gain access.

UNDERSTAND

- Where do the poorest live? How many people are in the lowest quintiles? Who else is disadvantaged?
- Research and assess market and non-market options to reach the poor and disadvantaged
- Include equity and inclusion indicators in monitoring and evaluation processes
- Conduct monitoring to understand whether or not inequalities are increasing or decreasing.

INCLUDE

- Work closely with those that do not have access to WASH, including the poor and the disadvantaged. Conduct separate focus groups with each of these cohorts, seek their views, identify their needs and their ability to access services
- Identify ways to help women and members of other disadvantaged groups to become entrepreneurs should they wish to.

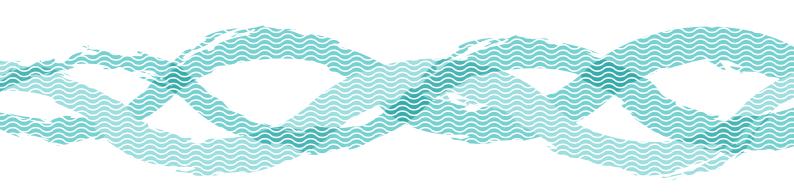
INFLUENCE

- Partner with and support civil society organisations with an equality agenda
- Work with government (at all levels as appropriate) to address the potential for inequalities that arise from enterprise roles in WASH
- Build the capacity of enterprises to reach all community members
- Build on social motivations amongst entrepreneurs and enterprises, and promote social enterprise models.

- Influence the policy and strategy of governments to ensure that the needs of the poorest are addressed
- Influence WASH infrastructure design by investing in R&D for context-appropriate designs drawing on local materials
- Strengthen or facilitate local supply chains and products in order to reduce costs. This can include using local materials in designs, and developing economies of scale
- Run focus groups so that community voices can be understood and heard by decision-makers and enterprises.

FINANCE

- Develop approaches based on who should be targeted and then work with government to standardise such approaches, since piecemeal approaches which apply different standards and which groups are targeted, and which are run by different organisations, are likely to be confusing and problematic
- Experiment with 'smart' forms of subsidies (targeted and resulting in desired outcomes and limiting unintended negative consequences) to demonstrate 'proof of concept' of how it can work, and then undertake advocacy and encourage government to subsidise carefully and appropriately
- Place conditions on grants and funding to ensure that services reach the poor
- Provide links to financing for enterprises or householders.
- Support the community to access government social subsidy programs where they exist.



Critical questions to drive equality:

Who are entrepreneurs?

Who is benefiting from the economic opportunity of establishing an enterprise?

Critical questions to drive equality

- What do we know about current entrepreneurs? Sex, age, education level, ethnic background etc.
- Are there barriers that lead to inequality in who can and who cannot establish an enterprise? (e.g. relative access finance, to capital, to skills development)
- What support is needed for women to able to be entrepreneurs to the same extent as men?

Roles CSOs can play

- **Tailored strategies:** Develop strategies that provide differentiated support tailored to the particular needs of female and male entrepreneurs
- Additional capacity building support for excluded: Where appropriate and possible, support capacity building for people who may be excluded from establishing an enterprise, with a focus on the poor, people with disabilities, ethnic minorities or other forms of disadvantage
- Contribute knowledge and evidence: Commission research to inform strategies to ensure equity in who benefits from enterprise opportunities
 - Tailor support for female entrepreneurs.

What strategies can support enterprises to deliver equitable services?

Critical questions to drive equality

- What can governments (at all levels) do to encourage, to support (for example through subsidies) and to regulate equitable outcomes from products and services delivered by enterprises?
- Are there opportunities to cross-subsidise services across different wealth quintiles or geographic areas?
- Do enterprises know who is economically or otherwise disadvantaged amongst potential customers or users?
- Do enterprises have a strategy to ensure equality of access to their products or services?

Roles CSOs can play

- Identify policy drivers and work with government: Work with government to identify policy drivers for more equal distribution of services or affordability of products
- Promote pro-poor enterprise development: Work with enterprises to help them consider cross-subsidies for consumer segments or for particular products. Develop low-cost products or services, or to take up explicit social enterprise business models
- Experiment with financing mechanisms: Consider a range of financing options for enterprises to increase access to WASH services (including approaches such as conditionality in output-based aid, flexible payment arrangements, revolving funds, micro-credit etc.)

Roles CSOs can play

- **Identify barriers:** Understand where the poorest and most disadvantaged live. Understand their needs and the barriers they face when accessing services
- Support effective participation: Empower excluded and marginalised people to demand their rights to safe water and sanitation, and participate in decisionmaking processes, and simultaneously raise awareness among duty-bearers on equality and inclusion issues
- Facilitate multi-stakeholder engagement and dialogue: Facilitate engagement between government, the private sector, and householders to identify the most effective ways to target financing options (including loans, social subsidies) where they are needed.

How can all householders access services from enterprises?

Critical questions to drive equality

- What are some of the most costly aspects for households when accessing water and sanitation services?
- What are the barriers to people accessing services including affordability, geography, culture, behaviours, time, disability etc.
- Are pro-poor approaches being employed? Are they effective?
- What examples are there of enterprises that have effectively reached the poor and disadvantaged? How can we build on this?
- Across the dimensions of equality, where are inequalities most significantly experienced by householders?

CASE STUDY 1: Viet Nam piped water services: focusing on the poor

Research conducted in Viet Nam on piped water systems delivered by private enterprises revealed four key findings related to inequality of access and service, and the implications this has for poor householders as shown below.

[•] Enterprise in WASH [•] research finding: piped water services in rural Viet Nam ¹⁰	What CSOs can do to drive equality of access to piped water services
Poor householders sometimes paid higher connection fees to access piped water than non-poor households.	 Find out where the poor live and whether or not they experience barriers to accessing piped water schemes Work with governments to identify how equitable tariff arrangements could be implemented, including cost-sharing/postage stamp pricing Advocate on development aid working groups and with multilateral donors for the design of inclusive WASH funding initiatives at the national level Encourage governments to incentivise enterprises to reach the poorest and most remote communities Work with governments and enterprises to regulate tariffs so that pricing is consistent, fair and transparent.
Connection fees were the main barrier to poor households in rural Viet Nam accessing piped water services.	 Find out in your context what the main barriers are for poor households. Are barriers due to connection fees or other factors? Consider how poor households can be supported with one or more of a range of options including: performance-based programs which explicitly require connections to poor households in their funding conditions; smart subsidies such as covering the cost of connection fees; tariff arrangements that incorporate connection fees; and flexible payment arrangements.
Piecemeal service coverage disadvantaged the poor since poor households were sometimes living far away from the main pipe network. Some private enterprises struggled with a lack of economies of scale which limited the expansion of their networks to remote locations.	 Support government-planning processes and coordinate efforts with government strategies for expanding service provision Undertake or commission research into how piped water services can be planned optimally to achieve economies of scale, and expand services to remote locations, or consider decentralised solutions for remote areas. There is potential to draw on lessons learned from the national biogas program in Viet Nam, where a flat subsidy is provided for remote areas, and the subsidy goes to the area as a whole, rather than to specific households.
Although water service providers of different types (e.g. enterprises, cooperatives, commune-managed etc.) offered support mechanisms for the poor, these were not consistently available across providers, and when available, were not evenly communicated or applied. Often poor households did not access subsidies or exemptions, as they were not aware that these support mechanisms were available as a result of inconsistent communication approaches (usually case by case).	 Consider working with private enterprises (and other providers) to promote support mechanisms for poor households, and to reach poor households so that they are aware of the options available to them Make the provision and promotion of carefully designed subsidies for the poorest a condition of performance-based payments, or of grant funding provided by CSOs or government to enterprises. Such subsidies should be made available on a permanent basis and should be available for all poor households (at least at a provincial or regional level). Otherwise, another inequality may be created, in that some poor households in selected locations may receive subsidies whilst others do not. All subsidies are costly and there is an administrative burden associated with implementing them. Hence appropriate analysis is needed to understand whether support is only needed for connection fees, or whether poor households need support to pay ongoing fees.

CASE STUDY 2: Strategies to improve the affordability of durable hygienic toilets in Viet Nam

Research conducted in two remote areas in Viet Nam, Muong Ang District (Dien Bien Province) and Mai Chau District (Hoa Binh Province) investigated the value chain and costs at the household level.¹¹ This study focused on economic inequality, and hence other important issues, such as tailoring approaches for different ethnicities, were not considered. Key findings and their implications for CSO programming are shown below.

Research finding: sanitation value-chain in rural Viet Nam ¹²	What CSOs can do to improve equality of access
Poverty, low latrine coverage and remoteness were related: The research found a relationship between poverty and low hygienic toilet coverage. In the remote communes, poverty and hygienic latrine coverage were lowest.	 Find out where the poor live and their experience of barriers to accessing appropriate designs that use durable materials Where there are correlations between poverty and lack of access, ask questions about why, and raise this issue in CSO advocacy with government in sanitation policy and programming, particularly when market-based approaches are used Find out whether particular ethnic groups, or particular locations, face specific challenges that need to be addressed.
Latrine costs in remote locations were very high: In remote communes, costs of toilets were also the highest. For pit latrines, households paid up to approximately 2.75 times the government estimates (US\$243 as compared with US\$82) in Mai Chau District, and 1.7 times the estimate in Muong Ang District (\$182 as compared with US\$82). For double vault latrines, Mai Chau's remote households pay almost 3.5 times the cost of the government's estimates (US\$461 as compared with US\$126).	 Develop low-cost technology and designs that use local materials to minimise costs yet still ensure durability Poor households can contribute local labour and local materials to make the toilet superstructure (bamboo, wood, grass), instead of subsidising relevant labour and materials. They can also be encouraged to support one another in labour Work with government to support tax incentives for enterprises that work in remote rural areas Facilitate access to finance for community members: Approaches that can reduce the outlay for households include rotating funds, savings
	 mechanisms and micro-loans Provide carefully designed smart targeted subsidies: Address affordability barriers whilst avoiding undermining enterprise viability and market distortion by providing smart and targeted subsidies with strict criteria, clear communication and appropriate timing. Match the approach to the country context and align with government policy Train local masons and involve them in latrine construction instead of hiring more highly skilled, higher-paid masons.



Variations in toilet models in Viet Nam - from left to right: VIP latrine, double vault latrine and septic tank latrine

Research finding: sanitation value-chain in rural Viet Nam ¹³	What CSOs can do to improve equality of access
The major components needed to build toilets were cement, bricks, iron, sand, roof tiles (used for superstructure). There was little opportunity to optimise the supply chain for these materials since turnover was already high and low profit margins (5-7%) were already being accepted by the relevant stores in the supply chain. Toilet pans had a higher profit margin (16%) however since these are a small fraction of the overall cost, reducing the toilet pan cost by reducing the profit margin did not significantly lower the overall cost of a toilet.	 CSOs often focus on low-cost toilet pans, but should consider what proportion of the overall cost this component represents – the toilet pan may not be the key opportunity to reduce costs Innovate in latrine designs adapted to low-income customers in remote areas, reducing the required quantities of heavy construction materials.
In Muong Ang and Mai Chau districts illustrate that major increases in the cost of latrines in remote locations are due to transport and distance. Profit margins for transport providers delivering construction materials were high. In Muong Ang District, the profit margins were estimated to be between 53 – 69%. This was considerably higher than the margins reported by other actors in the supply chain, and may provide an area to leverage to reduce costs in remote locations.	 Reduce transport costs by developing technologies that are easier to transport, (for example smaller rings, rolling slab, plastic tanks) or by producing components onsite (concrete rings, slabs etc) Develop one-stop shops that provide transportation services, reducing the cost margin of the service compared with other transportation services Facilitate collective purchasing within communities: Communities could be encouraged and supported to buy materials collectively to reduce costs.

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1 Report of the UN Special Rapporteur on the human right to safe drinking water and sanitation to the General Assembly, Integrating non-discrimination and equality into the post-2015 development agenda for water, sanitation and hygiene, August 2012, Para. 29, UN Doc A/67/270

- 2 Gero, A., Carrard, N., Murta, J. and Willetts, J. 2013, A systematic review of current evidence', Private and social enterprise engagement in water and sanitation for the poor Working Paper 1, Institute for Sustainable Futures, University of Technology, Sydney. Available at: www.enterpriseinwash.info
- 3 JMP Wealth Quintile data can be accessed at: http://www.wssinfo.org/wealth-quintiles/
- 4 Ibid
- 5 For example, WaterSHED's Women's Empowerment Program seeks to create greater opportunities for women to succeed in the rural markets for water, sanitation and hygiene in rural Cambodia.
- 6 Gero, A., Murta, J., Doan Trieu Thanh, Bui Ha Ly and Willetts, J. (2015) Motivators and Barriers for sanitation enterprises in Vietnam, Enterprise in WASH Research Report 5, Institute for Sustainable Futures, University of Technology Sydney. Page 42. Available at: www.enterpriseinwash.info
- 7 Hampel-Milagrosa (2010) in Gero et al (2015), page 42
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- 10 Ibid

11 Gero, A. and Willetts, J. (2014) 'Incentives for enterprise engagement in Vietnam', Private and social enterprise engagement in water and sanitation for the poor – Working Paper 2b, Institute for Sustainable Futures, University of Technology, Sydney. Available at: www.enterpriseinwash.info

12 Ibid 13 Ibid