

Contents

- **Challenges of the current model**
- Recommendation
- Implementation plan
- Potential risks

WaterCredit has its limitations, which can be overcome only by simultaneously implementing multiple business models

Challenges of WaterCredit

	Challenge	Required new solution
<p>Availability</p> 	<ul style="list-style-type: none"> ▪ Applicable only if water network is present 	<ul style="list-style-type: none"> ▪ Need non-household solutions
<p>Cost</p> 	<ul style="list-style-type: none"> ▪ The poorest may still not afford it 	<ul style="list-style-type: none"> ▪ Need to share costs
<p>Limit of funds</p> 	<ul style="list-style-type: none"> ▪ Investment size is limited 	<ul style="list-style-type: none"> ▪ Need new sources of funding
<p>Scalability</p> 	<ul style="list-style-type: none"> ▪ Difficult to reach 100 million people one-by-one 	<ul style="list-style-type: none"> ▪ Need to share access

- **There is no one model that satisfies all criteria**
- **A multitude of models can achieve the 100 million goal**
- **Water.org should become a facilitator of locally driven watsan business initiatives**

A number of industries offer business models that can be “cross-bred” with water and sanitation to bring clean water to BOP communities

Implications from successful BOP strategies

Industry

Successful BOP strategy

Applicable models for watsan

▪ **Healthcare**



- **CFWShops** (Kenya): self-sustaining franchise network of health products and pharmaceuticals

- **Create franchise networks of successful solutions**

▪ **Telecom**



- **Vodacom Community Services** (South Africa): offering shared phone access franchises for prospective entrepreneurs

- **Empower local entrepreneurs to start businesses**
- **Create shared access models**

▪ **Housing**



- **Patrimoni Hoy by Cemex** (Mexico): providing fully managed construction service
- **Saiban** (Pakistan): providing affordable mortgage for those earning ~\$3 per day

- **Provide services that lower overall cost**
- **Provide larger loans for bigger size investments**

▪ **Food**



- **DrumNet** (Africa): Connects farmers with input vendors, banks and markets through mobile phone text messaging

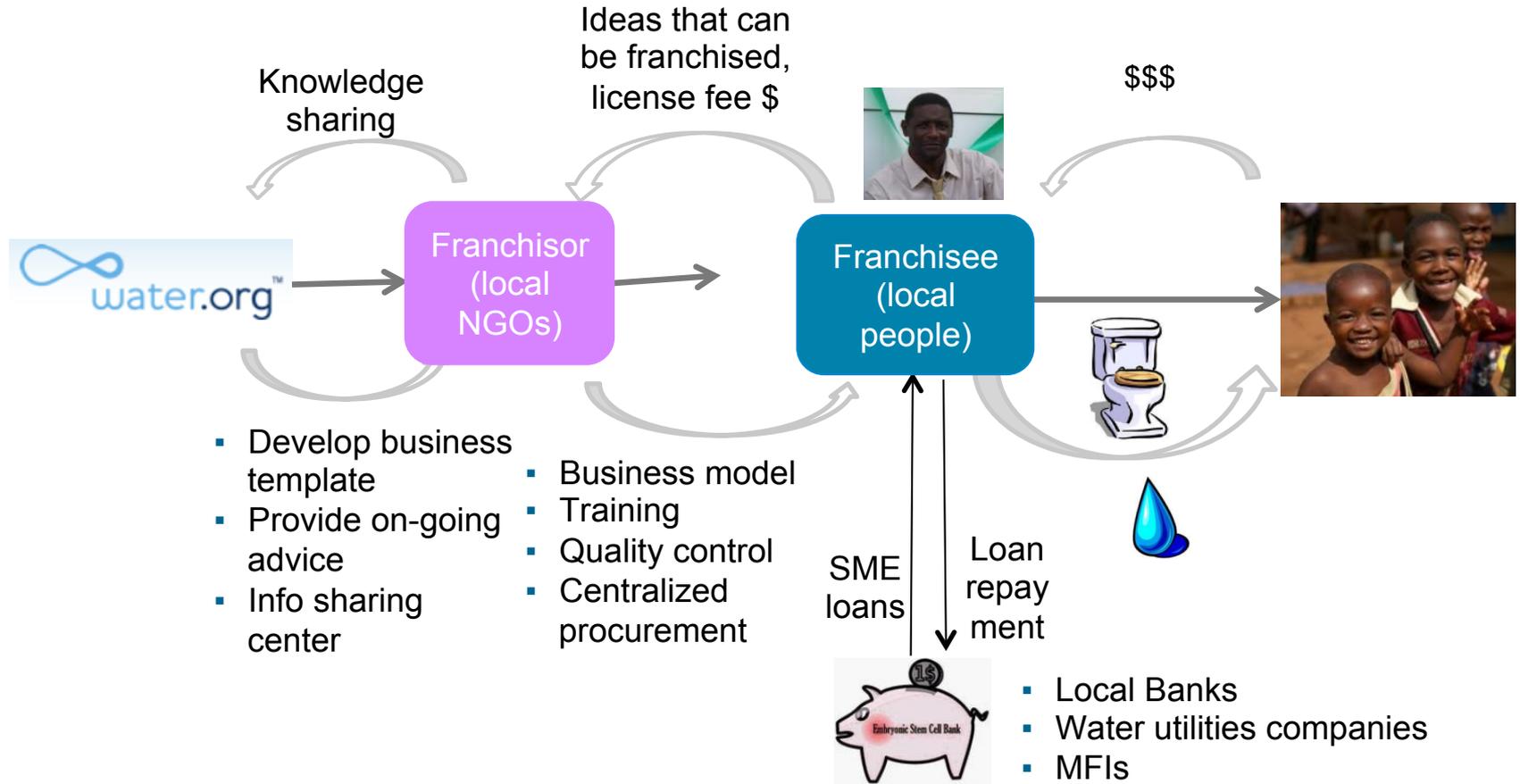
- **Facilitate sharing of information and best-practices**

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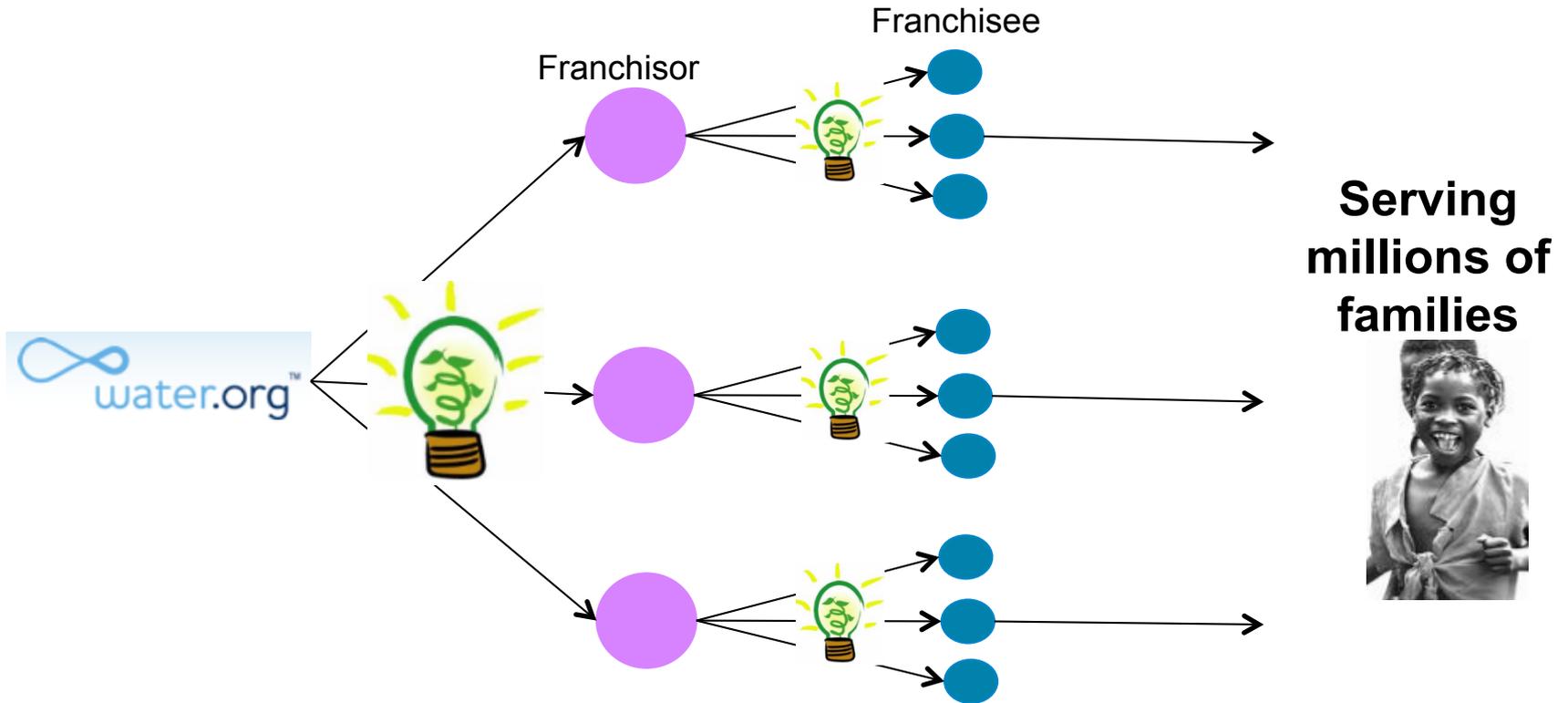
Water.org needs to become a facilitator of franchise businesses in water and sanitation

Microfranchising in the water business



Ideas can be shared across geographies and can be scaled up to reach 100 million people in five years

Microfranchising in the water business



Knowledge sharing/facilitation Operational efficiencies Empowering locals

Managing multiple watsan franchise networks ensures both rapid scalability and a tailored solution for each community

Benefits of microfranchising

Demand-driven

- Driven by local entrepreneurs

Scalable

- Can be rapidly spread using the franchise model

Service-oriented

- Helps to set up and run businesses

Watsan microfranchising



Accessible

- Shares the cost across multiple households

Sustainable

- Builds on multiple sources of financing

Examples of potential franchise businesses are a network of water storage tanks or community-owned water trucks

Examples of franchisee's idea

Areas with access to main pipe

Short walk to water tank

Available 24/7

Standardized water container

Extra filtering for drinking water (7%)



One tank per 100 households

Areas with no access to main pipe

Short walk to water truck

Available 5 times/day

Standardized water container

Extra filtering for drinking water (7%)



Water truck is coming!



I have jobs. =)



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After further research and development of an initial set of watsan business templates, a pilot project can be started in 6 months

Implementation plan



	In-depth research	Development	Preparation for pilot
Goal	<ul style="list-style-type: none"> ▪ Compile and organize site information <ul style="list-style-type: none"> – Country, city, community ▪ Identify stakeholders <ul style="list-style-type: none"> – Water utilities – Funding institutions – Local NGOs (franchisors) – Local entrepreneurs – Local community groups ▪ Determine stakeholders' interests and willingness to participate in projects 	<ul style="list-style-type: none"> ▪ Organize leadership team ▪ Establish assessment criteria ▪ Identify specific needs and opportunities ▪ Develop initial set of business templates, e.g. <ul style="list-style-type: none"> – Water tank – Water truck ▪ Prepare a project plan 	<ul style="list-style-type: none"> ▪ Consult stakeholders in developing action plan ▪ Develop project goals and identify actions to achieve goals ▪ Select pilot locations ▪ Select appropriate business templates ▪ Develop pilot action plans ▪ Secure commitments and endorsements for action ▪ Secure human, financial and technical resources
End product	<ul style="list-style-type: none"> ▪ List of potential partners 	<ul style="list-style-type: none"> ▪ Project plan ▪ Initial business templates 	<ul style="list-style-type: none"> ▪ Pilot action plan
Timeline	<ul style="list-style-type: none"> ▪ 1 month 	<ul style="list-style-type: none"> ▪ 2 months 	<ul style="list-style-type: none"> ▪ 3 months

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Key risks

Potential Risks

Technology Risk

- Technologies might not be manageable by local people

Operational Risk

- Business templates might not be applicable to different social settings
- Franchisees might overcharge local people because of their own interests

Financial Risk

- Local entrepreneurs might be unable to repay loans with designated schedules

Risk Mitigants

- Use of existing, proven technologies, not novel technologies
- Rely on bottom-up initiatives

- Involvement with locals to determine the best solution according to local settings increases success rate
- Forfeiture of franchises

- Well-structured franchising model which enables stable revenue stream
- Using equipment purchased as collateral
- Risk diversification through a group lending scheme

Questions

**We are happy to answer any
questions**

BACKUP

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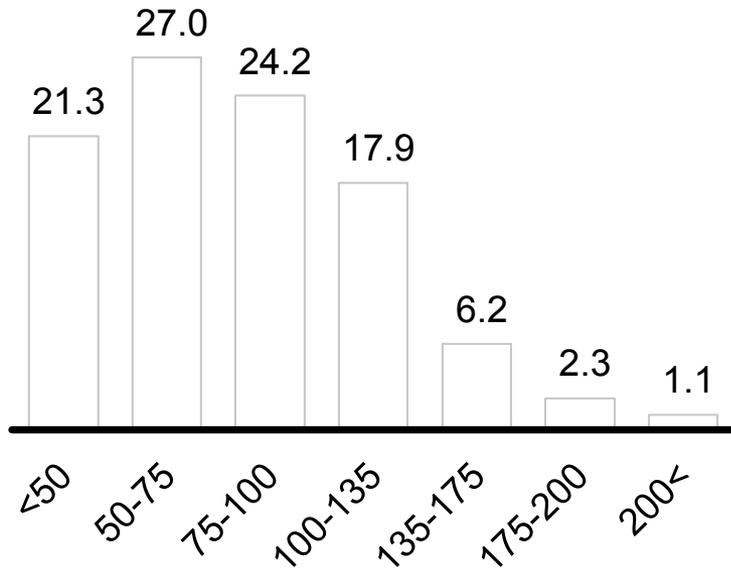
Solution's ability to reach 100 million people in 5 years

	Water Credit Model	Franchise Model	Multiplication Factor
Payback period (months)	18	12	1.5
Investment/ Household (\$)	130	14.5	8.97
Sources of loan	Micro Finance	Micro finance, Banks, Water company	3
Reach in 5 years (person)	2,500,000	100,862,069	40.34

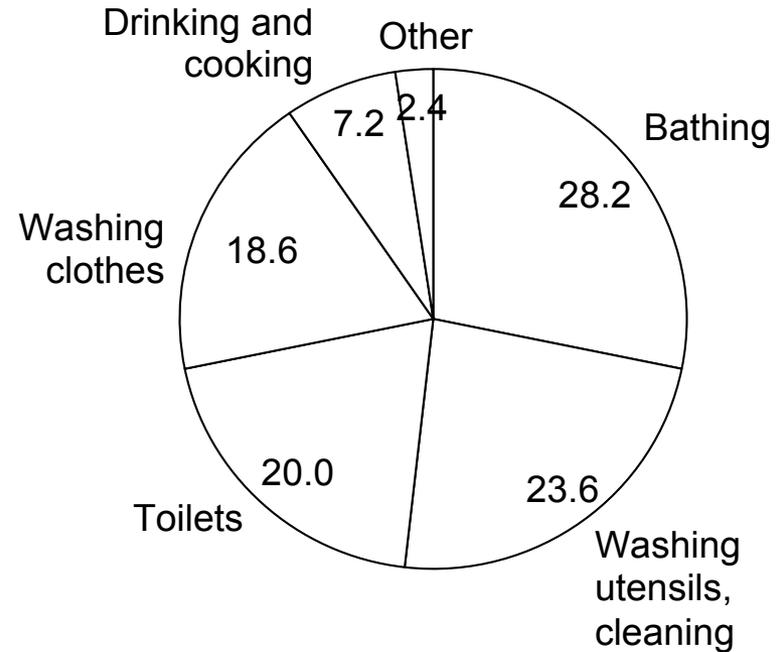
Detailed title

Water consumption patterns in Indian cities

Distribution of households by liters of water available/capita/day (percent)



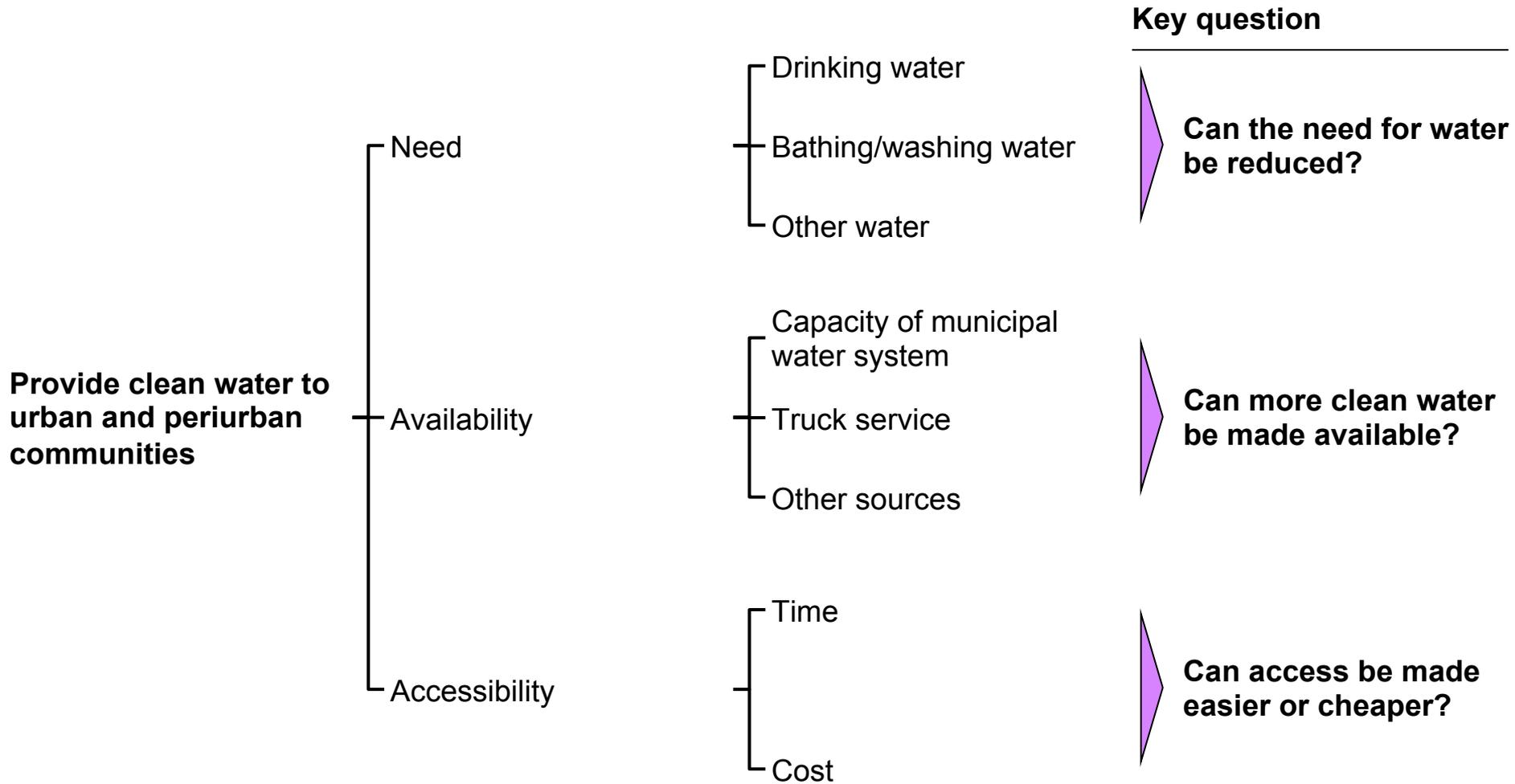
Share of water use by activity (percent)



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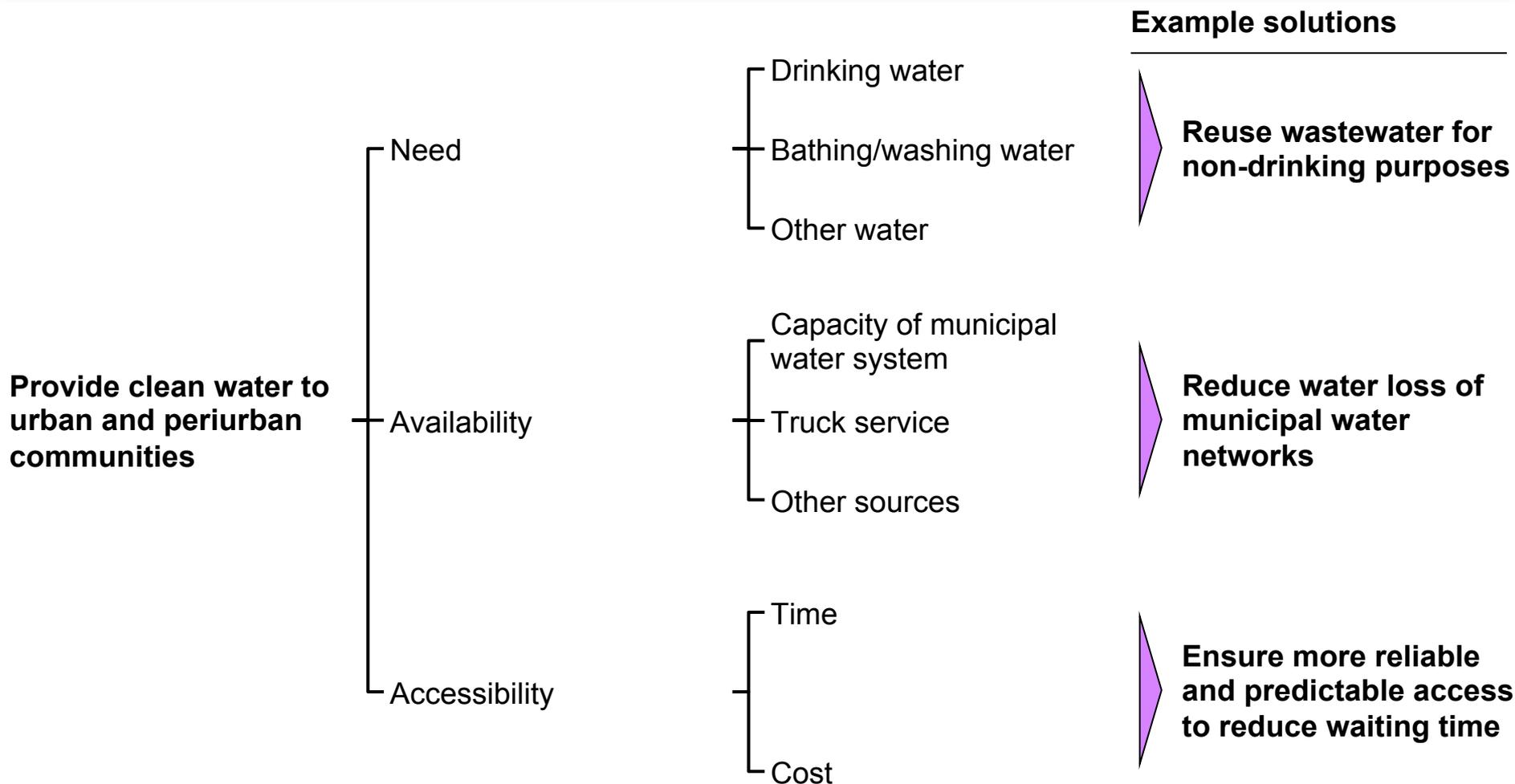
Poor urban and periurban communities cannot satisfy their needs for water because of availability and accessibility issues

Issue tree of clean water provision



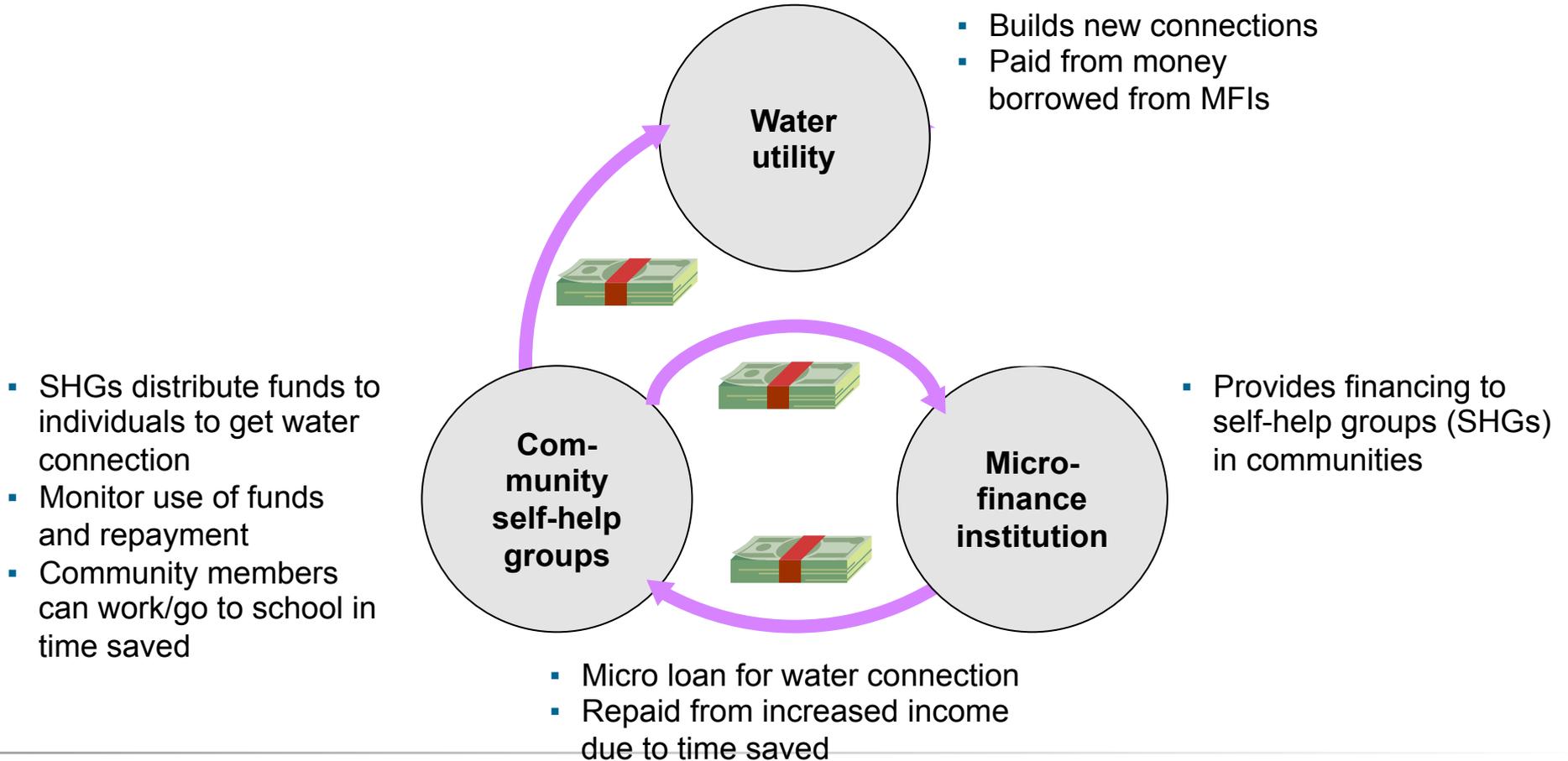
Each issue can be addressed to provide communities with cleaner water

Issue tree of clean water provision



WaterCredit connects microfinance institutions with poor communities in need for better water access to finance their investment in new water connections

Overview of WaterCredit



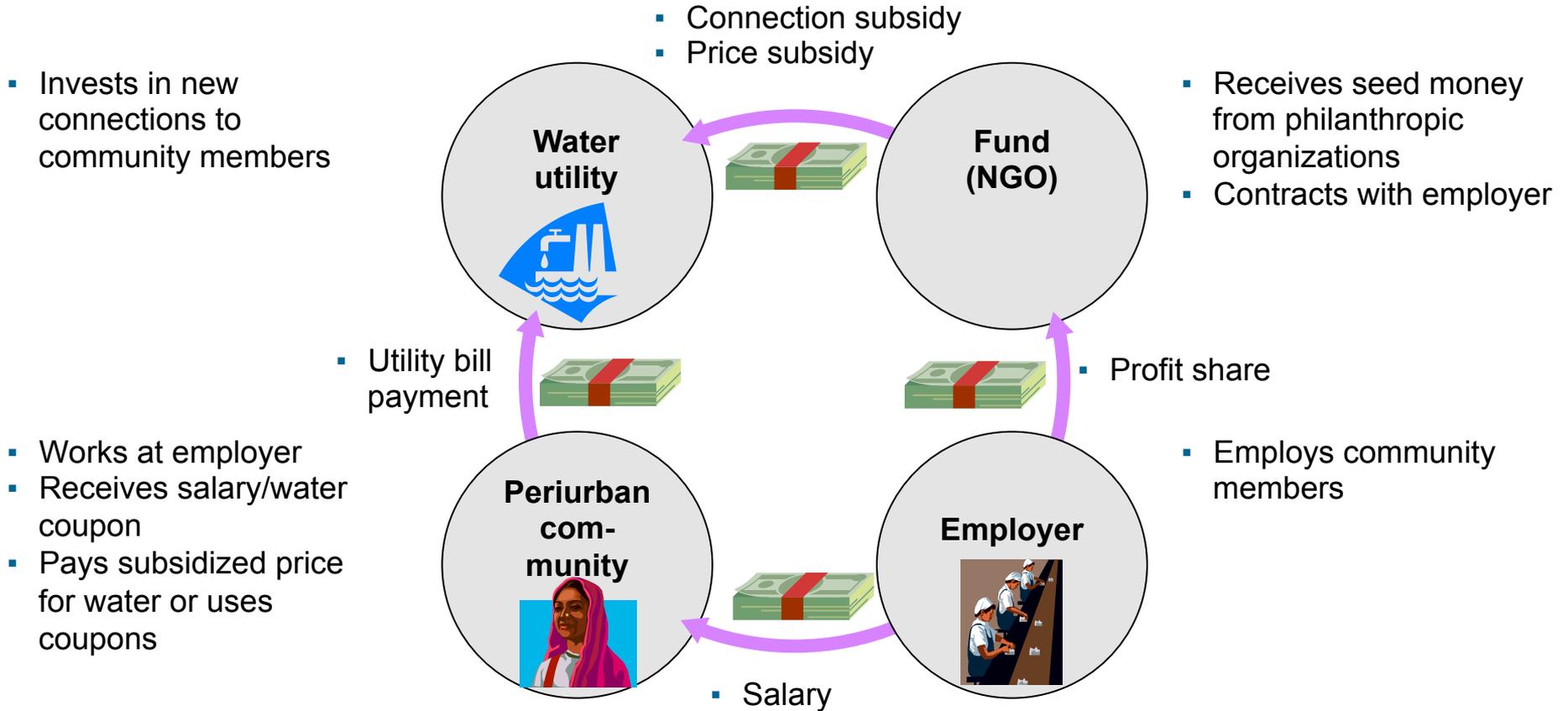
Detailed title

Key question

What other industry intersections can be used to provide clean water to poor communities?

Detailed title

Ensuring income generation through employment partnerships



People at the bottom of the pyramid face four key challenges in getting clean water

Challenges of sustainable water supply

	Possibilities	Challenge
Distance	<ul style="list-style-type: none"> ▪ Water truck at the slum's edge ▪ Community standpipe ▪ At-home connection 	<ul style="list-style-type: none"> ▪ Water source is typically located far from home, home connection is rare
Time	<ul style="list-style-type: none"> ▪ Unpredictable, irregular ▪ Predictable, regular ▪ 24/7 	<ul style="list-style-type: none"> ▪ Women lose time by waiting in line for water which may not come at all
Amount	<ul style="list-style-type: none"> ▪ Abundant, no limit ▪ Limited by provider ▪ Limited by carrying capacity 	<ul style="list-style-type: none"> ▪ Women can carry a limited amount of water due to long distances
Cost	<ul style="list-style-type: none"> ▪ High cost at private vendors ▪ Lower cost of municipal water 	<ul style="list-style-type: none"> ▪ Extra water can only be bought for very high price (10x normal)