Social Entrepreneurship & WASH
What is a ‘Social Enterprise’?
There is no one definition.
It’s a spectrum.

100% Social Impact

100% Profit
Social Enterprises leverage market forces

Exchange of goods or services for money

Supply and demand

Commerce / Trade

Business / Sellers

Double Bottom Line
Why Social Entrepreneurship & WASH?
WASH = massive social issue

~10% global disease preventable with WASH improvements (Sanitation >HIV + Malaria + TB)

30% of child deaths due to inadequate WASH access

$260 Billion in economic losses annually
A history of lack lustre results
We started with a supply focus...

- Only fraction of funds actually reach intended groups
- Desired behavior change not realized
- Depresses demand, discourages private sector investment
- Not scalable, impact ends with funding
- Lack of dignity and voice
Then realized we needed to focus on demand...

• ‘Demand creation’ did not translate into stimulated supply chains

• High reversion and technology failure – you only have one chance to make a first impression

• Lack of aspiration and true understanding of behavior adoption barriers
And are starting to realize we need both...
Leveraging the market is key to success.

- **Impact**: Continued sustainability
- **Scale**: 100,000,000’s
- **Effectiveness**: Cost + Speed
Leveraging the market is key to success.

• Powerful vehicle for behavior change.

• People as customers with needs to be met, not recipients of charity.

• Innovation in the pursuit of profit and in the face of competition.
BUT!
“The market won’t reach the poorest.”
A Social Enterprises can

- Exchange of goods or services for money
- Supply and demand
- Commerce / Trade
- Business / Sellers

Double bottom line
Sounds Great! How?
There is no one way.
Keys to success.

• Risk

• Sufficient profit

• Tenacity

• Creativity, innovation & continuous iteration

• Grounded in solid business principles
A large range of options for how a ‘social entrepreneur’ can enter the market
iDE social enterprise case studies.

1. Market Facilitation

2. Market Participation (actor)
Case Study 1: The ‘Easy Latrine’
~18% rural latrine coverage in 2009.
Market Failure: Purchase Barriers

Toilets Not a Purchase Priority
Market Failure: Purchase Barriers

Too little or too much information
Market Failure: Purchase Barriers

Difficult purchase process
Market Failure: Purchase Barriers

No options between $0 and $100+
Market Failure: Not Very Profitable

Opportunity costs making latrines
Product Design: “The Easy Latrine”

Designed and introduced to the market an Affordable, Accessible, Aspirational latrine.

Easy to Buy
Easy to Build
Easy to Use
Business Model Design

Designed and introduced to the market a profitable business model with a clear market opportunity.

- Economies of scale
- Low margin, high volume
- Active sales and promotions
- Distribution/transportation
- Work with local government
Behavior change integrated into sales.

Designed sales tools that focus on understanding the needs and challenges of customers.
Household micro-finance introduced.

MFI Partner

**Provincial Manager**
- Responsible for all operations in province
  *(Part-time with pilot)*

**“Dedicated” Loan Officers**
- Responsible for assessing and approving all customer loans
  *(Part-time with pilot)*

**“Normal” Loan Officers**
- Responsible for servicing all customer loans
  *(Role rotates between many, part-time with pilot)*

**District Managers**
- Responsible for all operations within their districts
  *(Part-time with pilot)*

**Village Organizers**
- Responsible for organizing village meetings and serve as a local representative
  *(Part-time with pilot if available)*

IDE, PATH & Latrine Businesses

**Financial Advisor** *(IDE Staff)*
- Responsible for training latrine businesses, sales agents, and coordination with MFI
  *(1 full-time with pilot)*

**Latrine Businesses** *(Independent)*
- Responsible for managing their business including constructing and delivering latrines
  *(4-8 part-time with pilot)*

**Sales Agents** *(Independent)*
- Responsible for selling latrines to customers
  *(2-3 per latrine business, 8-20 total, part-time with pilot)*

**Construction Engineer** *(IDE Staff)*
- Responsible for regional technical construction issues
  *(1 part-time with pilot)*

**Commercial Advisor** *(PATH Staff)*
- Responsible for field oversight and technical advisory
  *(1 part-time with pilot)*
8 provinces, 150+ businesses, 70,000+ latrines.
Critical investment in time and funds in the beginning.
Case Study 2: Hydrologic
Production established.
Retail network established.
Spun off into a social enterprise in 2009.
Aspirational product introduced.
Direct sales model introduced.
Micro-finance linkages developed.
Carbon credit accreditation achieved.
300,000+ units sold to date.
Pushing the envelope further...
We’re at the tip of the iceberg.

- Public health outcomes have not been achieved.

- Public health outcomes will not truly be realized until WASH issues are addressed holistically.

- There is a huge market for WASH related products and services in developing countries.

- Waste management will continue to be a constraint (cost center).
How can donor funds be used more effectively to holistically, sustainably, and as quickly as possible address WASH related public health issues?
How can the development sector social enterprises?
Be a catalyst.

• Seed innovation – fund Research & Design

• Develop proof of concept of the business model – technology is only one part of the equation

• Reduce initial risk and barriers to market entry

• Be patient but persistent. Success will not come overnight.
What are the three take-aways?
Three key take-aways

1. Markets are a powerful tool for significant, sustainable social impact.

2. There is no one way or one definition for social entrepreneurship – so innovate, be creative.

3. Be a catalyst, reduce the risk for social entrepreneurs.
Thank you!

Questions?