

WASHPALS SANITATION ENTERPRISE VIABILITY AND SUSTAINABILITY SERIES

TERMS OF REFERENCE TEMPLATE

OVERVIEW AND DOCUMENT PURPOSE

In the context of market-based sanitation (MBS) approaches, a strategy adopted by many implementers of program implementers (hereafter referred to as “implementers”) is to bolster the participation of local entrepreneurs in the sanitation value chain. However, the viability¹ and sustainability² of sanitation enterprises are often barriers to attracting and retaining entrepreneurial participation in sanitation markets (USAID, 2018). The sector grapples with inadequate evidence on the factors that influence viability and sustainability across contexts. Therefore, the need for assessments to inform appropriate business development support and intervention design is pronounced. However, thorough performance assessments of sanitation enterprises are rarely factored as critical and integral components of MBS programs. At the minimum, enterprise assessments aid in reporting and contributing to the evidence base. But their importance is in helping implementers devise strategies to enhance enterprise performance.

USAID/WASHPaLS developed a toolkit to aid implementers in conducting assessments of sanitation enterprise model designs or active sanitation enterprises operating in the market. Implementers of MBS programs may opt for a fixed-term, external consultant with the necessary skills and experience to undertake these assessments. This document offers sample terms of reference as a starting point for implementers to formulate requirements based on their needs and the organization’s procurement protocols. The template provides sample text interspersed with input fields (denoted by <text>).

¹ Viability is a subjective measure, evaluating profit relative to a variety of explicit or implicit factors considered by an entrepreneur (e.g., minimum income expected, income from other non-sanitation specific enterprises, time and effort, or financial investment and risk).

² Sustainability is the likelihood that an enterprise remains viable over an extended period of time (i.e., multiple years) and continues operations without external, non-market-based support.

TERMS OF REFERENCE (Template)

BACKGROUND

Section purpose: Provide the program overview and the context of the assessment.

This section may include the following:

- Program name and details of donors and partners
- Brief on the sanitation context in the program's intervention geography
- Overview of the program, including development approaches, intervention geography, key focal areas, and current stage of the program

Suggested framing is provided below and organizations are encouraged to adapt these elements as per their contexts, requirements, and procurement formats.

Background

<Regions/Country> has made progress towards increasing basic / improved sanitation coverage with <insert data>% of households owning or sharing basic sanitation facilities, <insert data>% using unimproved sanitation, and <insert data>% of households practicing open defecation (WHO/UNICEF, 2017). Private sector participation in the supply of improved sanitation facilities is <nascent/limited/growing> but <state the key challenge>.

<Name of Program>, funded by <Donor/funder name(s)>, aims to increase the adoption of basic sanitation facilities in <name of regions, country> to improve basic sanitation coverage and health outcomes. The program uses market-based sanitation approaches to increase the adoption of improved toilets and enable access to basic sanitation for <target number of households>. The program began in <date> and is currently <brief description of current status such as intervention design, number of partner sanitation enterprises (if any), etc.>. The program seeks to actively partner with and support sanitation enterprises to sell toilets to customers while ensuring they are viable and sustainable. <Designing viable sanitation enterprises and/or providing business development support> is a critical element of the program to fulfil its objectives.

The program invites a consultant to assess sanitation enterprise models and generate insights that will be used to <select one or more from the following or add others facets as may be applicable>:

- Develop, refine, and pitch sanitation enterprise model designs to potential entrepreneurs
- Identify the profit drivers that differentiate performance among enterprises, and advise entrepreneurs on strategies to improve sanitation enterprise profits based on their context, capabilities, and resources
- Bolster enterprises' ability to meet future financial investments and operate independently without reliance on subsidized support or mechanisms
- Design and implement metrics as part of the program's monitoring, evaluation, and learning (MEL) system to assess and report the performance of sanitation enterprises

OBJECTIVES

Section purpose: Based on the stage that a program is at, an appropriate set of objectives best suited to the situation may be identified and listed.

Suggested generic objectives are mentioned below:

Objectives

- Develop financial projections for enterprise models designed by the program and recommend strategies to improve their viability
- Assess the financial performance of its partner sanitation enterprises and recommend strategies to improve their viability and sustainability
- Assess the financial performance of partner enterprises for baseline/mid-term/end-line evaluation
- Design a monitoring system to track the performance of sanitation enterprise partners

SCOPE OF WORK

Section purpose: Highlight the nature of tasks that the consultant is expected to undertake.

Based on common parameters highlighted within the scope of work for a project/study of this nature, the following activity listing can be adapted as may be necessary:

Scope of Work

- Review the program's relevant documentation and interview staff to understand the context and <add aspects such as program strategy and interventions, enterprise models and partners landscape, MEL system, etc.>.
- Develop an assessment approach and methodology, including enterprise sampling approach, data collection, and analytical tools. The consultant may refer to the [USAID WASHPaLS Sanitation Enterprise Viability and Sustainability toolkits](#) to develop the approach.
- Conduct field research with local enterprises, other value chain actors, and key stakeholders (i.e., suppliers, manufacturers, community development officers, and WASH coordinators), if required. The research may document delivery models, available products and services, sales & marketing practices, and price and cost management tactics.
- Analyse the financial performance and qualitative data to identify key performance drivers in the program's intervention geographies.
- Develop recommendations for the program, including business development support, and performance improvement strategies for enterprises according to their current levels of performance.
- Design and setup an enterprise performance monitoring system, including data collection, analysis, and reporting protocol consistent with the program's MEL framework and format.
- Design and conduct workshop(s) to present findings and co-create recommendations.

OPTIONAL (if relevant and applicable):

- Develop business and entrepreneurship training content for delivery by the program.
- Train program staff on conducting enterprise viability and sustainability assessments / implementing the monitoring and evaluation protocol.

DELIVERABLES AND TIMELINE

Section purpose: Specify the deliverables and associated timelines based on the program's work plan and requirements.

A suggested template is shared below:

Deliverables and Timeline

In line with the approved scope of work, the consultant/team will:

1. Create an MS-PowerPoint presentation with the key findings and recommendations, specific to <region, country>.
2. Prepare and submit a final report with findings, strategies to improve the performance of enterprises, and a comprehensive set of recommendations for the program and other key stakeholders, if applicable.
3. Database with key financial and business performance metrics of sanitation enterprises analyzed.
4. Workshop with program staff and other stakeholders proposed by the consultant.
5. Enterprise performance monitoring design and operating manual for program staff.
6. Recruitment pitch and tools (proposed by the consultant) to aid recruitment of entrepreneurs to start sanitation enterprises.

<Note: Add other deliverables that arise from the scope of work or program requirements>.

The consultancy will conclude no later than <enter month and year>.

QUALIFICATIONS

Section purpose: Broaden the potential pool of consultants to solicit applications from professionals with business and financial skills.

Key requirements may be adapted from the following list:

Eligibility and Qualifications

Applications are open to individual professionals and firms demonstrating the below qualifications and adequate resources.

The consultant or lead consultant should have:

- Bachelor's degree in Business/ Accounting/ Economics or other relevant disciplines
- Minimum <5 or other number> years' professional experience in management consulting
- Demonstrated experience in managing and conducting field-based research activities
- Proven track record of advising senior executives in the private/non-profit/public sector
- Proficiency in <add list of preferred business communication language and local language(s) required for field research and interactions with stakeholders>

Preference will be given to consultants demonstrating:

- Track record in delivering similar projects in WASH
- Knowledge of the rural context in <region/country> and/or rural water & sanitation, in general
- An experience with engaging or an understanding of informal enterprises in <region/country>
- Familiarity with rights-based approach to research in WASH and/or public services

<Note: Append or modify the above with other potential requirements such as adherence to diversity, equity, and inclusion (DEI) principles>

APPLICATION

Section purpose: This section must contain information regarding the technical offer, financial offer and contact details.

Suggested text is provided below:

Application

Individuals and firms are encouraged to apply. Interested candidate/firms may send a proposal by <enter date and time> to <enter contact email> with subject line **Application** <Task name, Program Name>.

The proposal must contain:

a) Technical Offer

- Understanding of the context and requirements
- Detailed methodology <mention maximum number of pages and format>
- Three references
- Work sample (Report), demonstrating work experience and skills
- Recent resumé

b) Financial Offer

- Details of charges for consultant/s chargeable on a monthly basis/upon project completion
- Expenses in line with proposed methodology
- Payable in local currency <or mention currency>