

WASHPALS SANITATION ENTERPRISE VIABILITY AND SUSTAINABILITY SERIES

REQUEST FOR PROPOSAL: STATEMENT OF WORK TEMPLATE

OVERVIEW AND DOCUMENT PURPOSE

Inadequate access to sanitation remains a significant problem globally. According to the Joint Monitoring Programme (WHO/UNICEF), 2.4 billion people still do not have access to basic sanitation facilities, while 970 million people still practice open defecation. The scale of investment required to deliver sanitation services to millions of people around the world without access to basic toilet facilities is immense, and public finance alone cannot resolve these concerns.

Market-based sanitation (MBS)—an approach through which private sector actors supply toilets and related services to individual households—is now actively adopted as an enabling and inclusive approach that can help deliver onsite sanitation products and services to low-income populations in need of improved sanitation facilities.

A strategy adopted by many implementers of MBS programs 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. In contrast, assessing the performance of sanitation enterprises is not always factored as a critical and integral component of MBS programs. At the minimum, enterprise assessments aid reporting and contributing to the evidence base, but more importantly, they help implementers devise strategies to enhance enterprise performance.

Donors and funders of MBS programs are well-positioned to shift implementers towards conducting such assessments for reporting, developing a foundation for business development strategies, and enriching the evidence base. **Incorporating enterprise viability assessments in RFPs** is one lever for which this document provides suggested text. This document is intended for donor/funder personnel involved in sanitation programming, specifically those authoring proposal requests. The suggested text provided in this template is a starting point for incorporation in broader RFPs for programs adopting MBS approaches.

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.

SAMPLE STATEMENT

BACKGROUND, CONTEXT, AND PURPOSE

This section typically contains an overview, a brief introduction to the project, and the rationale for the requirements. The suggested framing below should be adapted according to the intended project design, outcomes, and RFP format. It should be inserted along with other elements / components of the RFP in the relevant section.

Background/Purpose: Suggested Framing

<Provide region-specific sanitation problem overview – one or two sentences with citations>

Problem statement

Market-based sanitation (MBS)—an approach through which private sector actors supply toilets and related services to individual households—is increasingly viewed as a promising approach to deliver onsite sanitation products and services to low-income populations that are not connected to centralized wastewater collection and conveyance systems.

The presence of viable sanitation enterprises is critical to the MBS approach and ensuring the market delivers desirable and affordable products to households. The viability of sanitation enterprises is inextricably linked to their profitability, which is of ultimate interest to entrepreneurs. The sustainability of sanitation enterprises is essential for long-term supply, well beyond the end of a program. But sustainability may be at risk when enterprises are financially or operationally dependent on MBS programs or other forms of non-market subsidized support, which have a finite duration.

Donor/Funder Response

Understanding the factors that influence profitability of sanitation enterprises is crucial for MBS programs because profitability is inextricably tied to the viability of sanitation enterprises (USAID, 2018). Measuring enterprise profitability and understanding the influencing factors is, therefore, essential for MBS programs to develop strategies and design interventions to improve their performance.

Donor/Funder seeks to advance MBS programming practices and expand the evidence base. Offerers should propose approaches to demonstrate the viability and sustainability of sanitation enterprises as part of market-based sanitation activities.

Theory of change <Alternative for “Donor/Funder response”>

IF sanitation enterprises are designed and supported with sound strategy support to generate profits, adequate to incentivize entrepreneurs to start and operate sanitation enterprises, AND they are neither financially nor operationally dependent on subsidized, non-market support THEN enterprises, and the broader supply-side of sanitation markets, will provide desirable and affordable toilets viably and sustainably, contributing to improved health outcomes.

STATEMENT OF WORK

The text suggested below lists several areas and related activities inviting responses from an offerer. RFP authors should use these suggestions and customize the statement of work to meet their requirements. Customization may include selecting one or more objectives and the accompanying requirements. The text suggested should be inserted along with other elements / components expected from the proposer.

The offerer must provide a detailed approach to address one or more of the areas listed below with the ultimate goal of strengthening the supply-side of sanitation markets.

- 1) Evaluate the potential financial performance of enterprise or business models designed or promoted by the program
- 2) Measure financial and other performance metrics of sanitation enterprises supported by the program
- 3) Develop strategies to improve their viability and sustainability

The offerer should propose a plan for assessments and channeling insights for objectives such as designing or adapting program strategy, interventions, business models, or support for partner enterprises. The plan should situate these activities, their objectives, and inter-linkages, if any, in the lifecycle of the program. The approach should propose methods for data collection and analyses, which may include designing new and/or adapting existing methodologies and tools. The approach should demonstrate methods or plans to translate the insights into coaching and business development support for improving the performance of sanitation enterprises. The offerer should plan for and demonstrate that it has the skills and capabilities required to implement its approach, including potential partnerships, sub-contractors, and tools/resources. The offerer should propose enterprise-related metrics for incorporation into the program's MEL plan and demonstrate their utility in informing program strategy and interventions.

Expected outcomes:

- <<ADD YOUR ORGANIZATION'S PREFERRED INDICATORS HERE>>
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