

WATER & SANITATION

East Africa

“UNCLOGGING THE BLOCKAGES IN
SANITATION”

FEBRUARY 2014

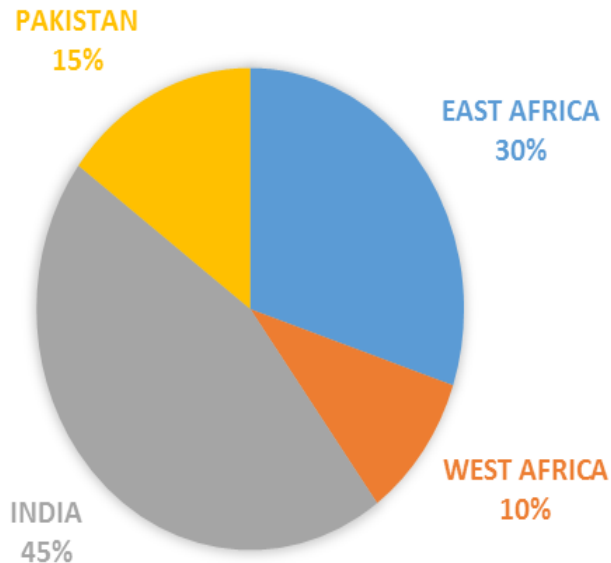


ACUMEN
CHANGING
THE WAY
THE WORLD
TACKLES
POVERTY

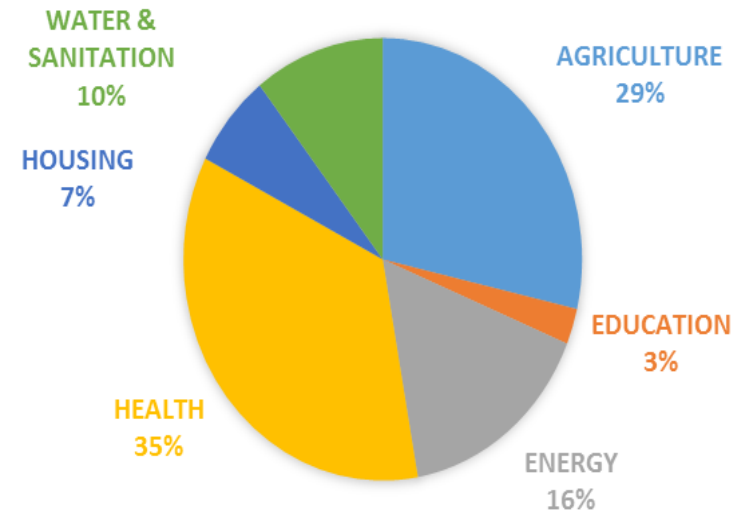
ACUMEN FUND - OVERVIEW

- Acumen Fund Incorporated is an impact investor that invests in ideas, leaders and companies who provide goods and services that serve persons at the BOP with a daily income of between \$2 - \$4.
- Acumen is a global organization, with representation in Asia, Africa, Europe, North America and South America, and has invested over \$ 87.1M in 58 companies globally.

INVESTMENTS BY GEORGAPHY

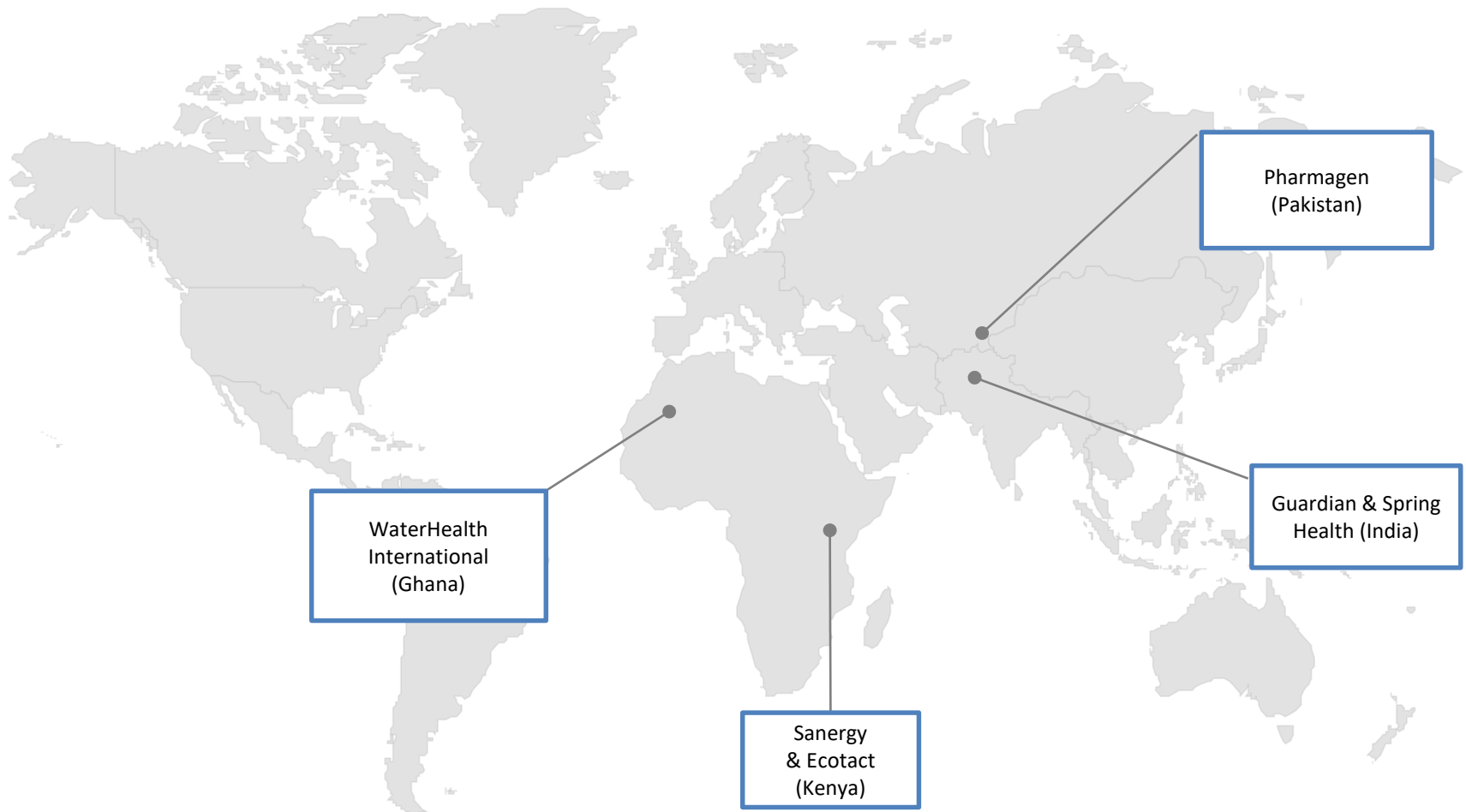


INVESTMENTS BY SECTOR



ACUMEN'S WATER & SANITATION PORTFOLIO

“We've invested ~\$8M in innovative companies Asia & Africa”



DAY1: FINANCING & BUSINESS MODELS : WORLD CAFÉ



FINANCING & BUSINESS MODELS: WORLD CAFÉ

	Do-It-Yourself Model	Turnkey-Service-Provider Model	Pay-as-you-go Model
What is working? What do different actors need to know?	<ul style="list-style-type: none"> -Customer aggregates input materials and hires an executor/mason to construct the toilets. -Quality is dependent on the skill-set of the mason and the ability-to- pay of the customer. -Works well in the rural areas where there is available space for construction of sanitation facilities. 	<ul style="list-style-type: none"> -Entrepreneur/Business entity provides a turn-key solution and has an end-to-end delivery responsibility from demand generation to fulfilment -Proactively engages in marketing and demand generation ,uses catalogs, marketing campaigns, and model toilets to help customers visualize the product -May have a franchise model to enable entrepreneurs generate income from provision of sanitation services -May also have other income generating activities such as processing of organic fertilizers from the waste generated. 	<ul style="list-style-type: none"> -A business entity provides sanitation services for commercial use. -Have a pay-per-use model where each user pays some money to use the service. -Mostly Public-Private-Partnerships with the local Municipal Governments to provide residents with sanitation services -There is a revenue share agreement between the Entrepreneur and the Municipality, and often have a DBOT (Design-Build-Operate-Transfer) arrangement
What do different actors need to know?	<ul style="list-style-type: none"> -Use existing input material suppliers & executors, reducing time-to-market -Delivery mechanism familiar to the customer -Greater flexibility to customers to choose individual value chain actors; can also contribute labor and/or bricks, and thereby reduce toilet to them 	<ul style="list-style-type: none"> -Market-based solution; organizes an otherwise unorganized and dispersed delivery mechanism -Standardized consistent quality products, delivered faster by established on-stop shops, higher convenience for customers -Redress for customers in case of issues i.e. provision of a warranty. 	<ul style="list-style-type: none"> -Revenue generating because of the per-use payments -Support from government to the business -Standardized and consistent quality for the users -Maintenance is done by the business entity hence the end-user doesn't incur the cost of maintenance

FINANCING & BUSINESS MODELS: WORLD CAFÉ

	Do-It-Yourself Model	Turnkey-Service-Provider Model	Pay-As-You-Go Model
What are the key challenges?	<ul style="list-style-type: none"> -High dependence on NGO's and MFI's to engage at multiple stages of the value chain, from demand building to training monitoring -NGO's and MFI's abilities may be limited in some of these areas -High coordination needed between "market maker", NGO's ,MFI's and other value chain actors in initial stages (unless the MFI is the lead actor) 	<ul style="list-style-type: none"> -Need to identify, convince and incubate large numbers pf TSP's could potentially be an intensive effort, resulting in higher ramp-up time and greater need for "market-maker" bandwidth. -Will require 1-2 service points per block high dependence on the capability to deliver. -Available profit margins may not be as attractive to large players ; TSP's would pre-dominantly need to be micro-entrepreneurs 	<ul style="list-style-type: none"> -The PPP agreements may not be beneficial to the business entity especially with change in government regimes -There may be some revenue leakages of there is no system to capture the number of users per day -In slum areas, the pay per use system may not generate as much revenue as the city center -Revenue may not be sufficient to cover the cost of investment as the DBOT arrangement may come to a close before the business entity receives their return on investment.

DAY 2 : LOOSENING THE BLOCKAGES



LOOSENING THE BLOCKAGES – GENERATING IDEAS

	Do-It-Yourself Model	Turnkey-Service-Provider Model	Pay-as-you-go Model
What financing solutions and mechanisms are unclogging the blockages?	<p>NGO's, MFI's , Sacco's & Government</p> <p>-There have been efforts by Governments to support sanitation initiatives, where they provide subsidies to rural homes to construct sanitation facilities</p>	<p>MFI's, Commercial Banks, Private Equity & Venture Capital Firms</p> <p>-The MFI's provide financing to the franchisees to pay for the sanitation facilities they get from the TSP. The entrepreneur then repays the MFI monthly and charges for their services per use. The community benefits especially for urban slum areas.</p>	<p>MFI's, Commercial Banks, Private Equity & Venture Capital Firms.</p> <p>-The entrepreneur mostly seeks financing from PE/VC firms or from Commercial Banks as they have PPP agreements with the government. They charge per use of their facilities and are mostly suited for high traffic areas such as bus-stops, hospitals etc.</p>