

Business Plan 2020 – 2025

Water & Sanitation for the Urban Poor



Image: Resident using a
community laundry block in
Madagascar. Credit: Tsilavo Rapiera



Water, sanitation and hygiene: a critical issue for cities

Water and sanitation are essential for healthy lives. People need water and sanitation to live, work and prosper. Yet today, 2.3 billion people lack access to basic sanitation, and nearly 1 billion lack access to even basic water services.¹

Increasingly, this is becoming an urban issue.

Some 55% of the world's population lives in urban areas, and this is projected to reach 68% by 2050.

The UN predicts that another 2.5 billion people will be living in cities by 2050², with almost 90% of this increase occurring in Asia and Africa.³

Cities are uniquely placed to drive forward positive global change as they are hubs for innovation, creativity and growth, accounting for 85% of global Gross Domestic Product (GDP).⁴ So getting their development right is essential to the sustainability and future prospects of the world. Water and sanitation play a vital role in the development of successful cities.

But at present, water, sanitation and hygiene provision is far from adequate. Whilst some progress has been made to improve basic services, it has not occurred fast enough, nor at the scale that is required.

Of considerable concern is the number of cities and countries who are falling significantly behind in terms of percentage of residents covered, as they struggle to deal with the pace of population growth in urban areas. An increasing number of people are living in settlements which lack the basics like clean water, or safe sanitation.



Image: Water flowing. **Credit:** Tsilavo Rapiera

In addition, climate change is making living conditions much tougher for the poorest communities.

Increased frequency of flooding is damaging infrastructure, and increasing contamination of water sources. In some urban locations, droughts are exacerbating water scarcity: disrupting water resources, slowing city development and impacting on residents' health and prosperity.

As cities focus on improving their resilience to climate change, driving towards universal coverage of water and sanitation must be a critical adaptation strategy.

¹ SDG6_SynthesisReport2018_WaterandSanitation supporting High Level Political Forum formal review of SDG 6 UN HQ NY July 2018

² <https://www.un.org/development/desa/en/news/population/2018-revision-of-world-urbanization-prospects.html>

³ The 2018 Revision of World Urbanization Prospects produced by the Population Division of the UN Department of Economic and Social Affairs (UN DESA) <https://www.un.org/development/desa/en/news/population/2018-revision-of-world-urbanization-prospects.html>

⁴ World Bank Urban Development Overview (March 2017) <https://www.worldbank.org/en/topic/urbandevelopment/overview>



The world's **urban population** grows by **1.5 million** each week⁵



883 million people live in **slums** around the world⁶



Due to **climate change** and **population growth**, by 2050 water availability in cities could be **two-thirds** what it was in 2015⁷



In urban areas in sub-Saharan Africa and south Asia: **Nearly 1 in 10** lack access to safe water **More than 1 in 3** lack access to safe sanitation⁸



At the intersection of water and cities

WSUP operates at the intersection of Sustainable Development Goal 6: Clean Water and Sanitation, and Sustainable Development Goal 11: Sustainable Communities and Cities.

At present, neither Goal is likely to be met.

Altering this reality must be a global priority for action between now and 2030, the date by which the Sustainable Development Goals (SDGs) are expected to be achieved.

The priorities are as follows:

- Fundamental shifts in city resilience, institutional capacity and capabilities;
- Action at the city level;
- Interventions that focus on the poorest customer segment, particularly women and girls;
- Market-based action and robust regulatory reform; and
- Creating partnerships to drive these actions.

Much of WSUP's focus is very deliberately on the systemic level. But let's be clear: this work has a direct impact on people's lives:

- Children die as a result of diseases related to poor water, sanitation and hygiene, or do not reach their educational potential due to chronic infections.
- Women are shamed by poor sanitation and may be afraid to use outside toilets, or open defecation sites at night because of the risk of rape.
- The high monetary and time cost of getting hold of drinking water has a crippling impact on people's disposable income and ability to work.



"There was rejoicing in my home in Ghana the day we had our first flushing toilet. But today, a lack of basic water and sanitation is still a major challenge for many communities. As a result, too many in our world remain trapped in a vicious cycle of poverty, for without these essential services, they are denied health, education and employment opportunities."

The Rt Hon The Lord Paul Boateng of Akyem and Wembley PC DL
Chairman, WSUP

⁵ Source: <https://www.pwc.co.uk/issues/megatrends/rapid-urbanisation.html>

⁶ Source: 2018 Review of SDGs implementation: SDG 11, https://sustainabledevelopment.un.org/content/documents/197282018_background_notes_SDG_11_v3.pdf

⁷ Source: High and Dry – Climate Change, Water and the Economy, World Bank, May 2016, <http://www.worldbank.org/en/topic/water/publication/high-and-dry-climate-change-water-and-the-economy>

⁸ Source: www.washdata.org

Response to date

WSUP is the world's leading specialist in water and sanitation solutions for under-served urban residents. We help transform cities to benefit the millions who lack access to water and sanitation.

After over 10 years in 25 major cities in Africa and Asia, we have demonstrated that high-quality services can be achieved for low-income city dwellers, in ways that are financially viable, socially equitable and sustainable, and enhance the functioning and resilience of the whole city.

Improving service delivery

We work with city institutions and other actors to improve water and sanitation access, building on-the-ground understanding of how to extend services.

We support start-up businesses and facilitate investment in water and sanitation services. Our work helps strengthen climate change adaptation by building city resilience through improved service delivery, reducing the stress on infrastructure and local water resources.

Highlights:

- Worked with the water utility and city authorities in Antananarivo, Madagascar, to improve over half a million water services alongside over 500 community water, sanitation and hygiene facilities.
- Brought the skills of large corporates to tackle issues such as behaviour change (working with Unilever) and improved infrastructure (working with Borealis & Borouge).
- Helped over 100 small businesses deliver improved services, with the standout achievement being the establishment of a franchise model for sanitation waste collection services across Bangladesh, known as SWEEP.

20 million

The number of low-income residents benefitting from improved water, sanitation and hygiene services as a result of our work to date.

These insights have been based on long-term, strategic engagement with utilities, municipal governments, regulators, businesses and other institutions.

Enabling environment

We work with local and national governments to build the enabling environment for sustainable business. We support the development of legislative, regulatory and public finance mechanisms that ensure pro-poor inclusion.

Highlight:

With support from WSUP, the Kenyan regulator, WASREB, has introduced a new Key Performance Indicator (KPI) which requires utilities to demonstrate how they are serving the poorest.

The resulting change on utility priorities has been dramatic, with over half of Kenya's utilities reporting pro-poor activities in the first two years of the KPI.

Technical assistance

We work alongside utilities and municipal governments to build their technical and business skills. We extend global know-how through our consulting arm, WSUP Advisory. We deliver tools, learning and research that helps to identify solutions and build the evidence base for scale up of urban services.

Highlights:

- Our Sector Functionality Framework helps city decision-makers to identify and prioritise action to move towards a well-functioning, more resilient and better served city.
- In India, assistance from WSUP enabled the city of Visakhapatnam to eradicate open defecation and improve sanitation services for all, including low-income residents.

Lessons learnt

WSUP is an unusual and exhilarating institution, which has never been short on ambition nor a willingness to try the innovative, alternative or stretching. This is a fantastic quality in a social business, but one that creates a series of complex consequences.

We have shown that we are able to analyse challenges from a variety of perspectives, matching business model analysis with engineering know-how and community understanding.

We are adept at deploying varying and complementary skill sets to problem solve, and are proud of the results our work has led to.

But regardless, there is always something new to learn. Here, we outline four key lessons which inform our priorities for 2020-2025:

Lesson 1:

The desire to innovate can lead us to try to do too much

WSUP operates in multiple countries and has expanded to several cities in each of those countries.

Our success in those countries meant we have grown quickly and it has sometimes been a challenge for our organisational infrastructure to keep up.

In the same way as the organisations we work with, WSUP needs robust internal systems to support our delivery. We have invested in putting this in place to facilitate the next stage of growth.

We need to manage the growth and development of WSUP very carefully to ensure sustained success and impact, and reach out to other institutions with alternative and complementary skills, particularly those outside the water sector.

Lesson 2:

Identifying the elements to creating long-term change

We have learned how action to create change should be delivered, and over what time frame, to achieve impact.

We know that sustainable action must include both public and private sectors, understand local political and market realities, and focus on creating robust regulation and well-functioning service providers.

Building trust, and demonstrating long-term commitment, has been a fundamental aspect of our approach. Much of WSUP's biggest wins have required immense patience, resisting the temptation to focus work into short-term projects which cannot address the most complex challenges.





Image: Nilufar using a shared latrine in Dhaka, Bangladesh. Credit: Yellow Rose

Lesson 3: Scaling-up requires turning intuition into more structured approaches

Much of our work in our early years was based on intuition, experimentation, and building on failure as well as success.

Now, in order to scale-up more rapidly, we have learnt that approaches need to be turned into more structured frameworks and processes, whilst still giving flexibility for variation in different cultures and contexts.

Consequently, we have invested in creating evidence-based tools such as our Sector Functionality Framework, the complementary Utility Strengthening Framework, and Citywide Surveys which now provide us with a robust framework for the strengthening of all actors in the city system.

Lesson 4: Connecting water and sanitation to the wider urban development process

To be able to influence the development of cities, and achieve greater impact, we need to connect our work to the wider urban development process.

Policymakers rarely have a pure water and sanitation focus: they may be looking at wider issues such as health, environment, climate change or urban planning. We need to be able to speak their language.

To do this we will need to form wider partnerships with private sector companies, city leadership and mayors, local and national governments, and a wide range of institutions with expertise in urban and service development, to facilitate the resources that will make this change happen.

Vision for change

WSUP's driving vision is to create a world in which all urban residents, including the poorest, informal settlement dwellers, and women and girls, enjoy affordable, safe water and sanitation services of a high standard.

If universal coverage for all were to be achieved in all towns and cities across the globe, it would generate massive gains in human prosperity, wellbeing and economic activity. The associated increase in GDP of impacted cities, urban hubs and countries would be transformative, creating a step change for their citizens, business and economic potential.

Creating a world with universal water and sanitation coverage in urban areas requires change at a system level: improving the way that parts of the city work so that those responsible for delivering services are able to do so.

WSUP's Sector Functionality Framework is a framework, based on WSUP's experience, for the building blocks required to achieve inclusive citywide water and sanitation.⁹

Achieving this end state for a functioning urban water and sanitation system will only be achieved

in partnership with others, and by mobilizing the appropriate type of resources, with the characteristics and scale for the size of the challenge.

It will require deeper capacity from national governments, international finance institutions, new development banks and funds and the private sector to reach the poorest citizens. It will require the creation of new and alternative partnerships to promote wider urban and economic development, city resilience and water resource management as complementary and supporting activities to long-term sustainable service delivery.

It will require the strengthening of capabilities at a whole city level, and targeted business model development to overcome barriers and gaps in service coverage. Finding ways to utilise technology so that it can increase effectiveness of services, will be crucial.

A multi-disciplinary approach

Since its inception, WSUP has been focused on solving challenges in a different way.

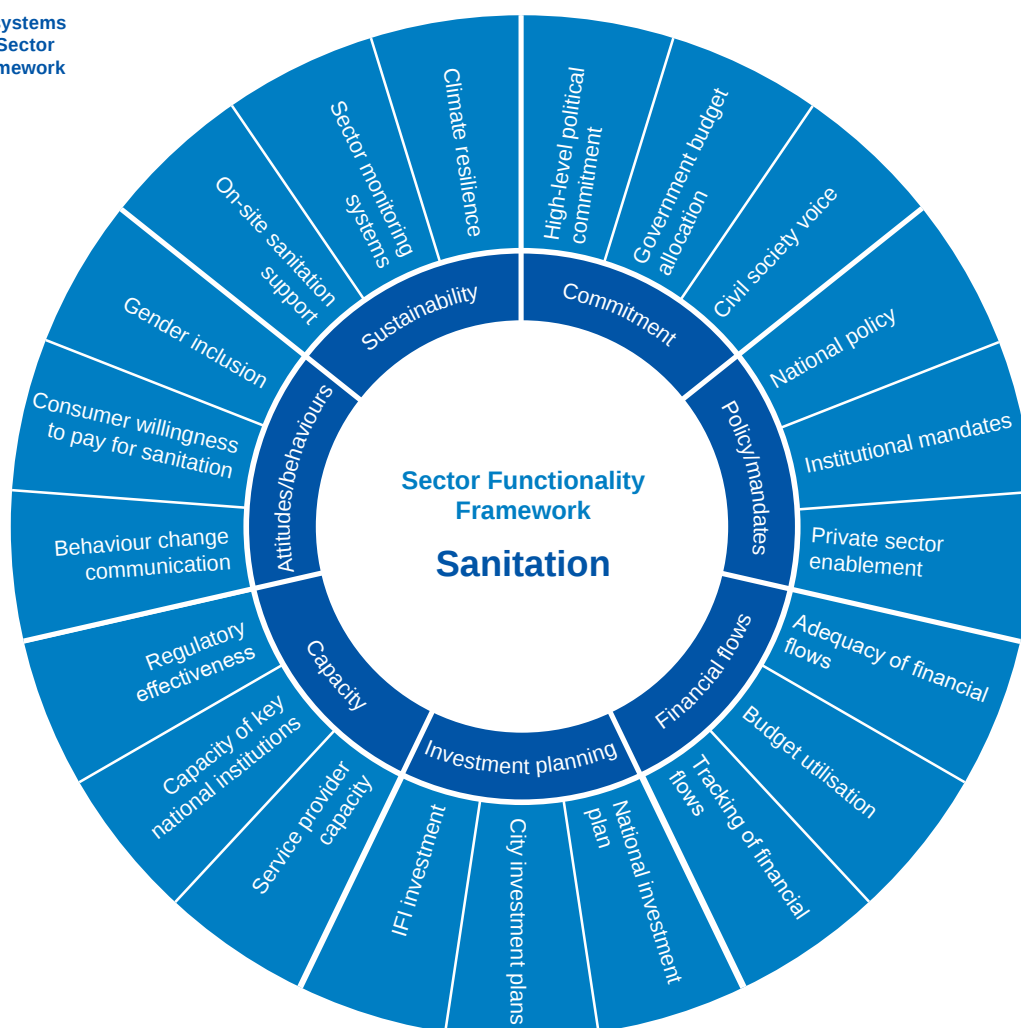
As a bridge between the private, non-profit and research sectors, we aim to bring the best of these three worlds, developing rigorous, financially viable and inclusive approaches.

This strategy is rooted in our governance, with members from business (Borealis & Borouge, Thames Water, Unilever), charity (WaterAid, Care International) and academia (Cranfield University).



⁹ WSUP has two versions of its Sector Functionality Framework, one for water and one for sanitation. For more, read An evaluative framework for urban WASH sector functionality <https://www.wsup.com/insights/an-evaluative-framework-for-urban-wash-sector-functionality/>

A framework for systems change: WSUP's Sector Functionality Framework



We passionately believe in the transformative power of markets and innovation. We recognize that markets must be made to work for the poor, and therefore a deep and well-grounded understanding of the needs of the unserved and underserved populations is required to facilitate this outcome.

Equally critical is institutional and consumer behaviour change at a city and national level. Sustainable impact at scale will only be achieved if investment levels, regulatory reform and policy change are all prioritised by city leadership.



Image: Aftermath of Cyclone Idai in Beira, Mozambique. As climate change gathers pace, investment in more resilient water and sanitation services is needed to help cities cope with extreme weather events. **Credit:** WSUP

Strategic Goals 2020-2025



Integrated City Development:

We will integrate water, sanitation and hygiene services within wider urban development to make cities inclusive, safe, resilient and sustainable.



Stronger Service Providers:

We will strengthen and expand our technical and business support to utilities, municipalities and water and sanitation enterprises.



Enhanced Partnerships:

We will seek out and build partnerships to accelerate urban water, sanitation and hygiene provision at scale.



Effective Policies and Regulations:

We will drive transformation within the urban water, sanitation and hygiene sector through rigorous research, data-driven learning, dissemination and influencing.



Increased Scale:

We will implement a considered strategy of geographical expansion, to increase our scale and impact.

Internal strategic goals

Develop Organisational Skill-sets:

We will develop the skills needed to deliver the substantial growth envisioned in the 2020-2025 plan. We will grow and retain talented and committed team members across our operations, creating an environment that empowers them to perform and strive for more. Additionally, we will review WSUP's governance to ensure that it meets the need of our global presence and proposed expansion of operations and competencies.

Strengthen Learning Capabilities:

Learning will underpin the delivery of our five-year strategy, both to improve our own activities and drive sector change. We will strengthen the learning capabilities of all our teams to develop WSUP as an evidence-based implementer and influencer of high quality urban water, sanitation and hygiene. Our Urban Sanitation Research Initiative will provide us with an excellent platform to develop research activities which will support all the strategic goals.



Our commitment:

By 2030, our goal is to support universal access to water, sanitation and hygiene in the urban areas of the countries in which we work.

We will expand into new countries to increase our impact and make a meaningful contribution to Sustainable Development Goal 6.



STRATEGIC GOAL 1:

Integrated City Development

We will integrate water, sanitation and hygiene services within wider urban development to make cities inclusive, safe, resilient and sustainable.

We will achieve this through developing partnerships that link water, sanitation and hygiene with other areas of urban development, such as housing, drainage and solid waste management and by connecting our work into broader urban development investment programmes.

1.1 Build skill sets and capacity related to urban development and city planning

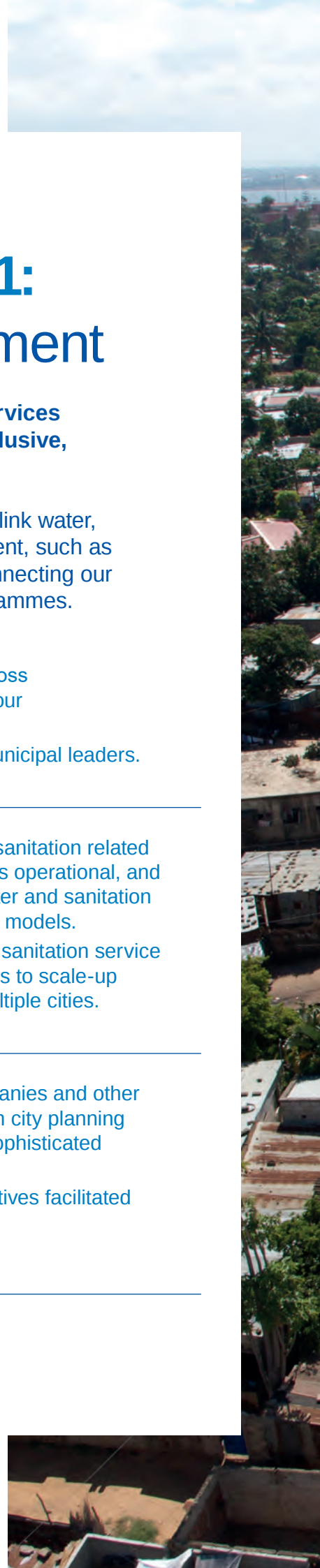
- Developing staff capabilities across the organisation, building upon our experiences to date.
- Building skills to engage with municipal leaders.

1.2 Increase skills in city services or functions that are directly related to water and sanitation, such as solid waste management or urban drainage

- Mapping out gaps in water and sanitation related services in cities where WSUP is operational, and considering how to combine water and sanitation models with other urban service models.
- Working with existing water and sanitation service providers to identify opportunities to scale-up integrated service models to multiple cities.

1.3 Develop partnerships that can integrate wider urban issues, such as urban planning, basic services or slum development, with our operations

- Building partnerships with companies and other institutions that have expertise in city planning and services to develop more sophisticated service propositions.
 - Arranging joint partnership initiatives facilitated by support from city funds.
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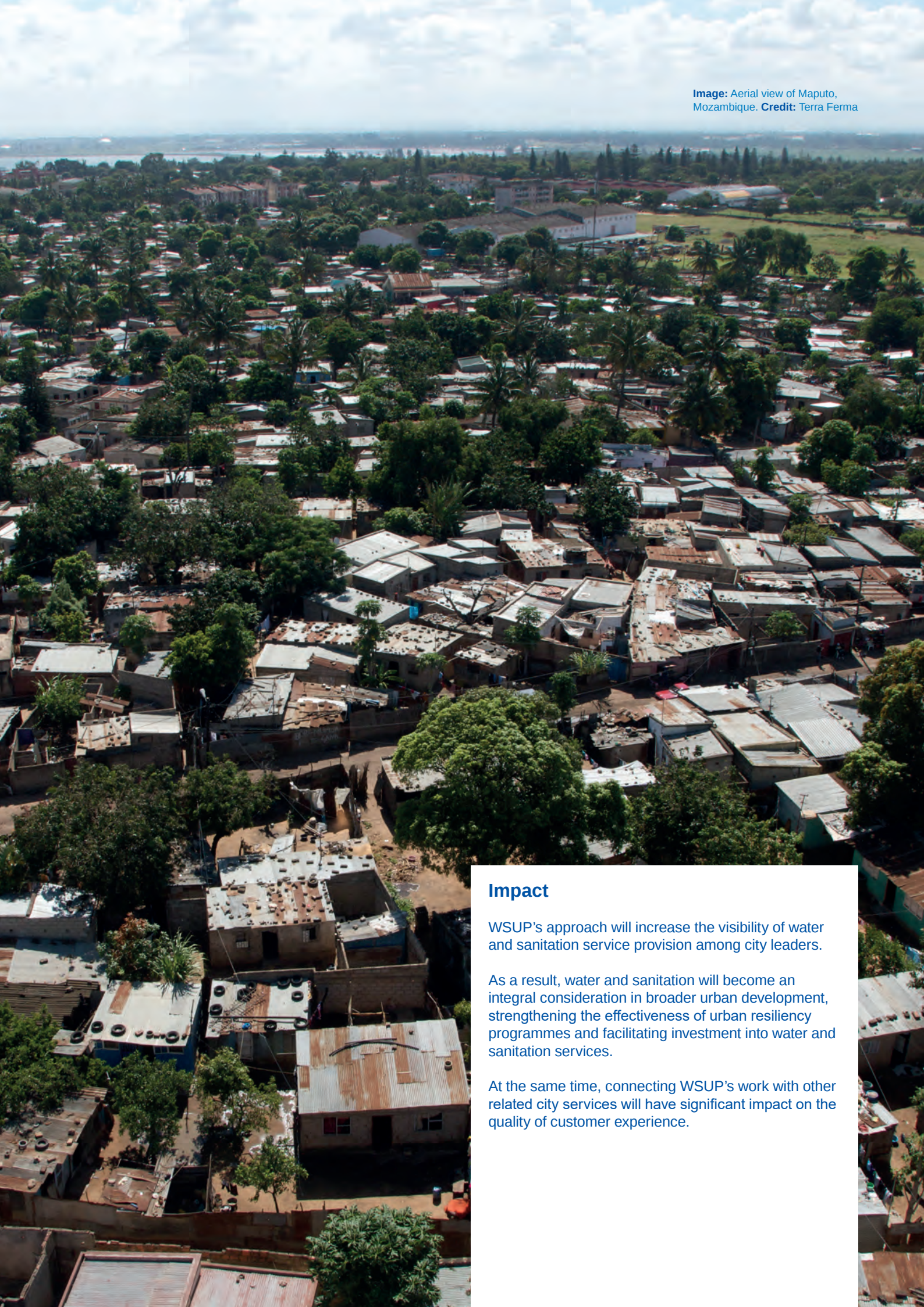


Image: Aerial view of Maputo, Mozambique. **Credit:** Terra Ferma

Impact

WSUP's approach will increase the visibility of water and sanitation service provision among city leaders.

As a result, water and sanitation will become an integral consideration in broader urban development, strengthening the effectiveness of urban resiliency programmes and facilitating investment into water and sanitation services.

At the same time, connecting WSUP's work with other related city services will have significant impact on the quality of customer experience.



STRATEGIC GOAL 2: Stronger Service Providers

We will strengthen and expand our technical and business support to utilities, municipalities and water and sanitation enterprises.

We will drive innovation in technology, service delivery models and business design, linking this to systems change and investment mechanisms to take models to citywide scale.

2.1 Develop innovative enterprise and market-based solutions

- Progressing WSUP's existing business models, which have been proven to provide sustainable services to the low-income customer segment whilst making a profit, and taking them to scale.

2.2 Enhance our support to utilities

- Using our Utility Strengthening Framework as the basis for engagement with utilities, informing the type of intervention required for service providers at different stages of development.

2.3 Provide targeted support to municipalities to help them build a better enabling environment

- Using the Sector Functionality Framework and citywide survey methodology to advise city leadership on the most appropriate initiatives to promote service extension, urban development and resilience.
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Image: JIRAMA's Non-Revenue Water team in action. Credit: Tsilavo Rapiera

Impact

WSUP's approach will address the complexity of the water and sanitation service providers we work with, going beyond technical support for service provision, and instead considering business functions related to the overall effectiveness of the service provider.

As a result, these organisations will become stronger, and better able to provide sustainable and scalable services to low-income communities.

The allocation of the appropriate type of capital to assist these service providers to grow could be hugely influential in their path to scale.



STRATEGIC GOAL 3: Enhanced Partnerships

We will seek out and build partnerships to accelerate urban water, sanitation and hygiene provision at scale.

We will prioritise building and joining partnerships that enable us to influence more effectively and mobilise financing mechanisms to drive large-scale change in urban water, sanitation and hygiene.

3.1 Build partnerships with non-profits, businesses and other global institutions to develop more collaborative action

- Developing coordinated approaches within specific markets to create systems change, and influencing at a city leadership level.
- Working with partners at a global level to build momentum around the importance of clean water and safe sanitation as a part of urban development.

3.2 Engage with international finance institutions (IFIs) and other global financing institutions to assist them to advance citywide urban water, sanitation and hygiene investment and planning

- Contributing to building regional hubs to support major IFI and other investments that can advance citywide water and sanitation development, by providing technical assistance, strategic advice and capacity building.
- Supporting the development of a fund to take initiatives to scale, bringing WSUP's national expertise to help improve and focus investments in pro-poor service delivery.

3.3 Improve knowledge about how partnerships in urban development can achieve scale and impact

- Embedding learning into WSUP's partnership work to increase impact of urban water and sanitation programmes.
- Disseminating evidence about partnership approaches that have been successful at driving citywide systems change.

Image: Susana is part of a community management committee that is responsible for managing a public toilet in Ashanti, Ghana. **Credit:** WSUP



Impact

WSUP's approach will ensure that we collaborate more effectively with non-profits, multinational corporates, other businesses and investors working in water and sanitation and the wider urban development sector. This will be a key step in achieving scale and contributing to city development and resilience.

Working in partnership will also enable the flow of increased and better targeted capital to facilitate the development of citywide, inclusive services across Africa and Asia.

In turn, the cities supported will provide evidence of the success of this approach, helping to stimulate investment in other markets.



STRATEGIC GOAL 4: Effective Policies and Regulations

We will drive transformation within the urban water, sanitation and hygiene sector through rigorous research, data-driven learning, dissemination and influencing.

We will focus our efforts on regulatory change, policy development and other areas of the enabling environment, reflecting our experience that well-designed evidence-based learning activities and targeted research can be a powerful driver of global change.

4.1 Develop learning regarding market-based and enterprise solutions, and associated citywide investment portfolios

- Undertaking detailed analysis on profitable sanitation business models that focus on low-income customers.
- Using this analysis to develop a better understanding of how to strengthen market conditions and capital to support business scale-up.

4.2 Develop learning around the enabling environment

- Enabling city leaders to use evidence to take actions to remove barriers to service delivery.
- Examining the impact of policy decisions relating to the water and sanitation sector, such as tariff or regulation change, on the provision of services to low-income communities.

4.3 Work in partnership to broaden learning and research capacity and benefit from expertise from others

- Building a joint portfolio with academic institutions, major global institutions and other technical players to develop research and learning.

4.4 Link learning and research to national sector change

- Strengthening the contribution that learning makes to decision-making by regulators and municipalities through consultation and education.



Image: Showcasing the importance of handwashing in Maputo, Mozambique. **Credit:** Lior Etter | WfW

Impact

WSUP's approach will provide transformational impact within the sector from several angles.

It will build understanding of how business models focused on low-income customers can be successful and can have a major influence on design of large-scale city development programmes.

Learning-based advocacy will result in policy changes that can have a long-term impact across entire cities, regions and even at the national level.

WSUP's enhanced learning portfolio with partners will play a positive role in improving working relations with major global institutions, increasing credibility and justification for action.



STRATEGIC GOAL 5: Increased Scale

We will implement a considered strategy of geographical expansion, to increase our scale and impact.

We will build upon the opportunities arising from new financing mechanisms, especially those that are able to unlock service provision for the poorest residents, to increase our global footprint.

5.1 Identify and help develop financing mechanisms to support expansion into new locations

- With partners and city leaders, developing a sanitation fund to target specific cities to promote citywide coverage.
- Helping to develop a challenge fund to support, develop and scale water and sanitation businesses and social enterprises in markets where WSUP has expertise and credibility.

5.2 Transition short-term projects into long-term strategic presence in target countries

- Investing in longer-term presence in locations where we have existing successful activities through our consulting arm WSUP Advisory.
- Supporting WSUP Advisory to respond to more consultancy opportunities in new markets, expanding the opportunities for WSUP to establish more permanent operations.

5.3 Establish partnerships that can support scale-up into new cities and countries

- Partnering with major international and regional business leaders and philanthropists.
- Becoming the technical and operational partner of choice for select international business and social enterprise initiatives.

Image: Water meter inspection in Nairobi, Kenya. Credit: Brian Otieno



Impact

WSUP's approach will result in new geographies benefitting from our and our partners' expertise, and from access to investment opportunities.

This includes expansion into new cities in countries where we already operate, as well as the possibility of entering new countries.

This expansion will provide an impetus for transformational change in these markets, taking to scale those models that are proven to provide water and sanitation services to those most in need.

WSUP's Theory of Change

Our Theory of Change, which underpins our vision of the future, reflects our view that sustainable progress is about systems change.

We believe that long-term, transformational change can only be achieved by the creation and maintenance of a well-functioning system for water and sanitation service delivery to all customers in a city, involving both private and public sectors.

The Strategic Goals set out in the Business Plan are the five activities that WSUP will prioritise from 2020-2025 to best contribute to our Theory of Change, given the stage that WSUP is at in its growth and current thinking on how best to achieve impact.

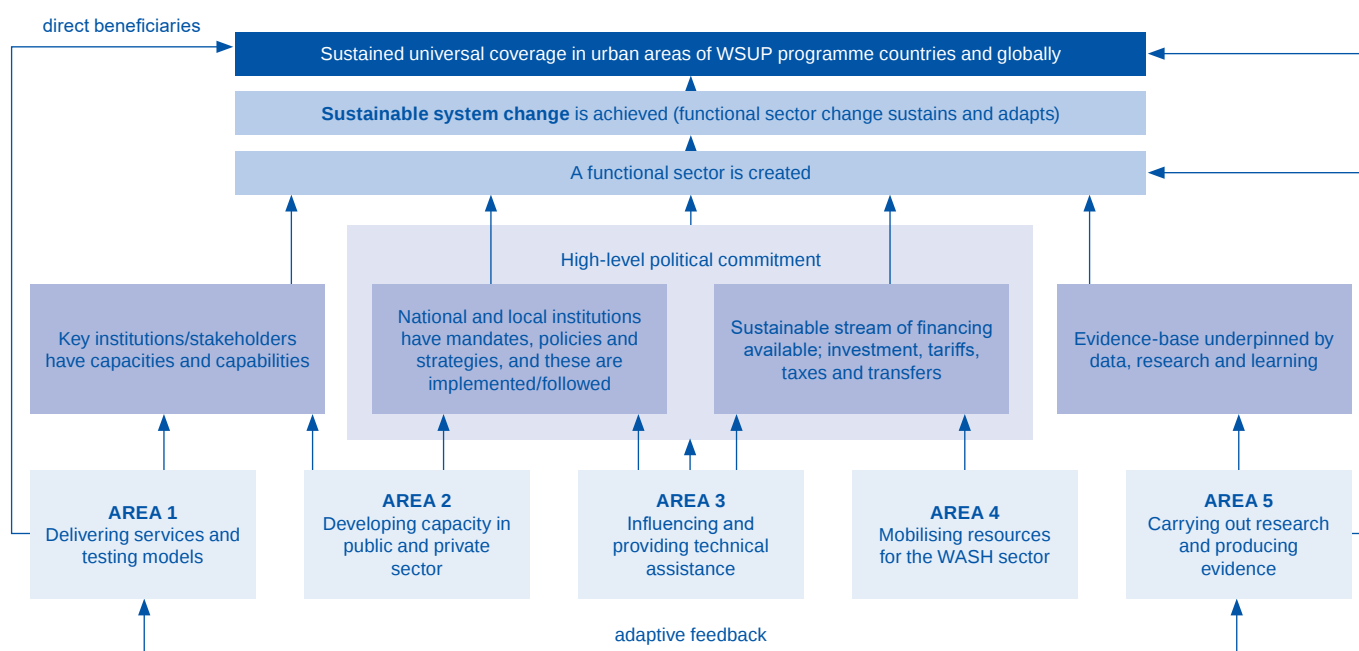


Image: Mapping community needs in Dhaka, Bangladesh. Credit: Yellow Rose



Business Plan 2020 – 2025

WSUP | Water & Sanitation for the Urban Poor

7th Floor
Fleet House
8-12 New Bridge Street
London, EC4V 6AL
UK
+44 (0)20 7822 1867

Twitter @WSUPUK
Facebook @wsupuk
www.wsup.com

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Image: An informal settlement
in Nairobi. **Credit:** Brian Otieno

