

MEASURING THE FINANCIAL HEALTH OF SANITATION ENTERPRISES

iDE builds WASH markets by generating demand for high-quality, affordable products and services, and by building private-sector capacity to meet increasing demand. Sanitation enterprises are critical partners in delivering results through this model, so iDE has developed methods for measuring their financial health. The approach we take to measuring the financial success of sanitation enterprises differs across our portfolio based on the role that we and our private sector partners play in the market.

MODELING MARKET IMPACT

Bangladesh



IN BANGLADESH, where the private sector is relatively strong, iDE acts as a market facilitator by providing in-kind support on marketing and forming linkages with other market actors, developing record keeping and business management capacity, and fostering connections with institutional buyers such as local government and NGOs.

Given our light-touch interactions with a large number of sanitation enterprises, we perform a cost-benefit analysis across the range of enterprises, modeling changes in net income for project-coached latrine producers (LPs) and non-project-coached LPs.

How Net Income Changes for Project-Coached LPs

- Increased number of production options
 - + Higher quality product options
 - + Increased sales volume
- Greater net income

Comparative Impact Summary per LP

Baseline LP			Project-Coached LP			Increase in Profit				
Total Profit	Total Sales Volume	2019 NPV	Total Profit	Total Sales Volume	2019 NPV	2016	2017	2018	2019	Total
\$2,097	409	\$1,641	\$5,281	767	\$4,079	49%	147%	292%	106%	152%

MONITORING SUCCESS FOR SMALL BUSINESS PARTNERS

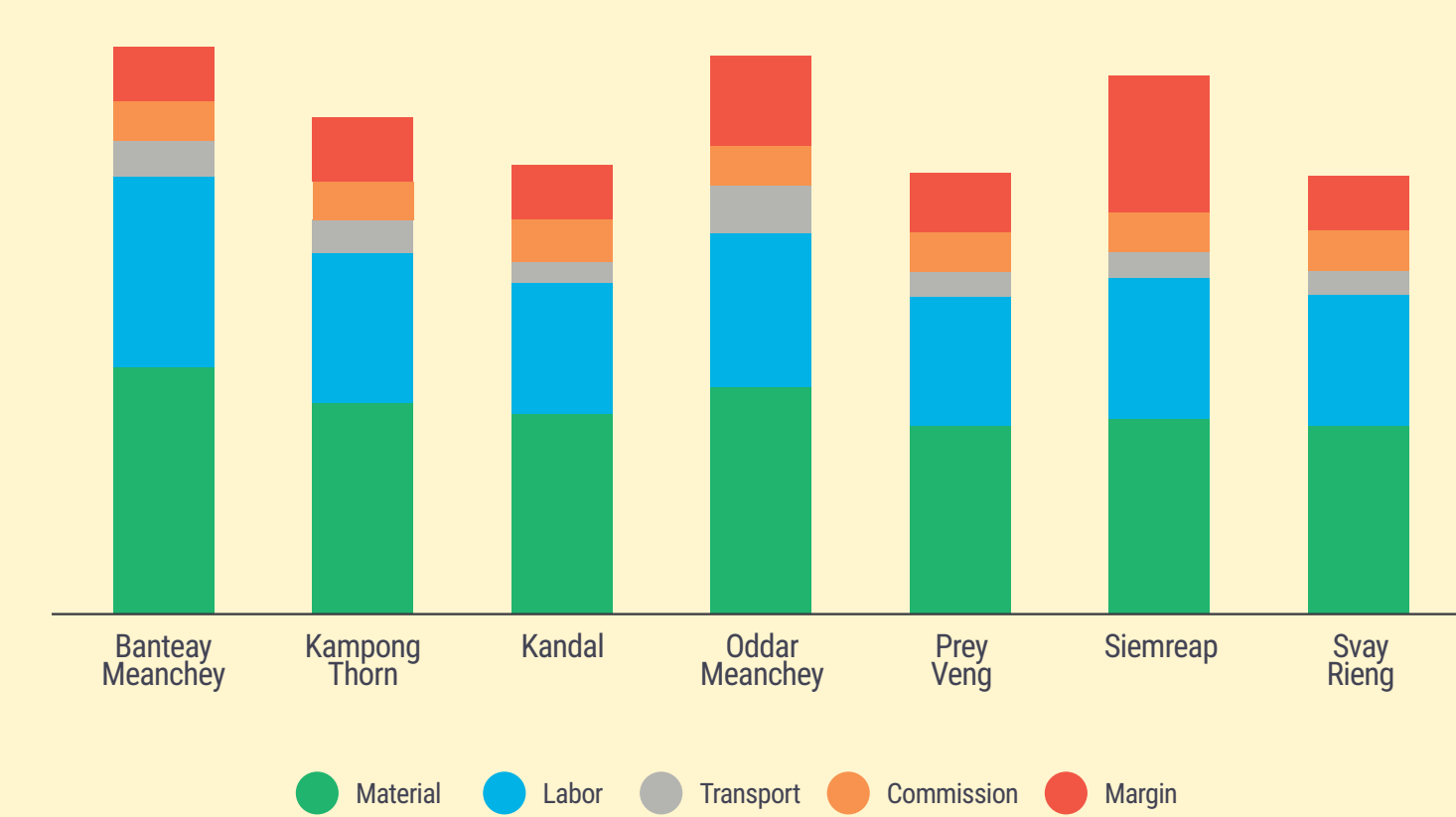
Cambodia



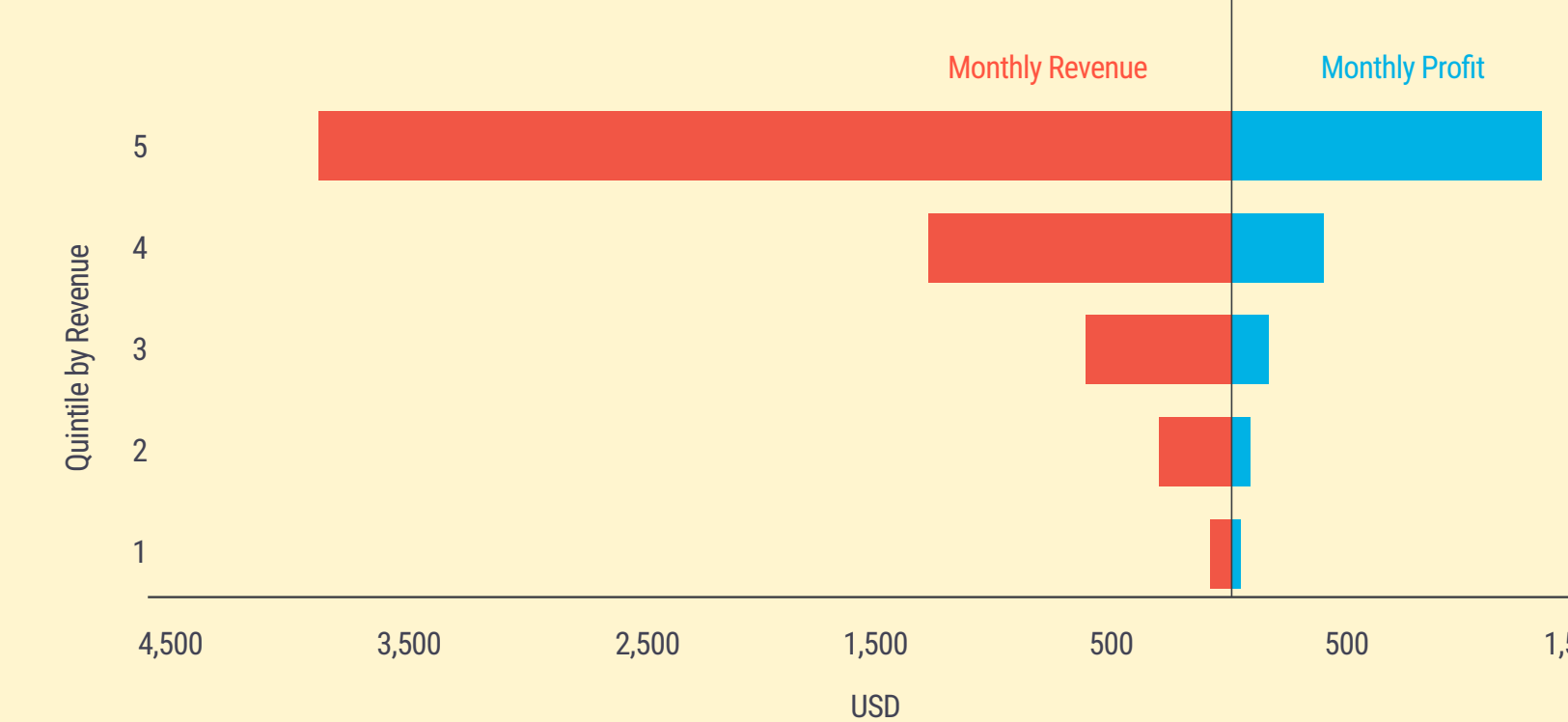
IN CAMBODIA, iDE plays a more direct role as a market participant. In this role, we interact directly with sanitation enterprises on a regular basis, from initial and ongoing production and sales training to coordinating the routing of orders and installations through a mobile, Salesforce-based load balancing platform. To better understand the strength of these enterprises, we conduct a periodic business analysis of their operations. The analysis gives us a granular picture of production costs and profit margins, which in turn informs the evolution of our business model.

For example, a revenue and profitability analysis in 2016 showed us that 30 percent of sanitation enterprises accounted for 70 percent of total revenues. This insight led us to focus on working with a smaller group of enterprises, allowing us to provide more substantial technical and business support.

Price Composition of Latrine Set from Latrine Businesses



Revenue and Profit by Quintile



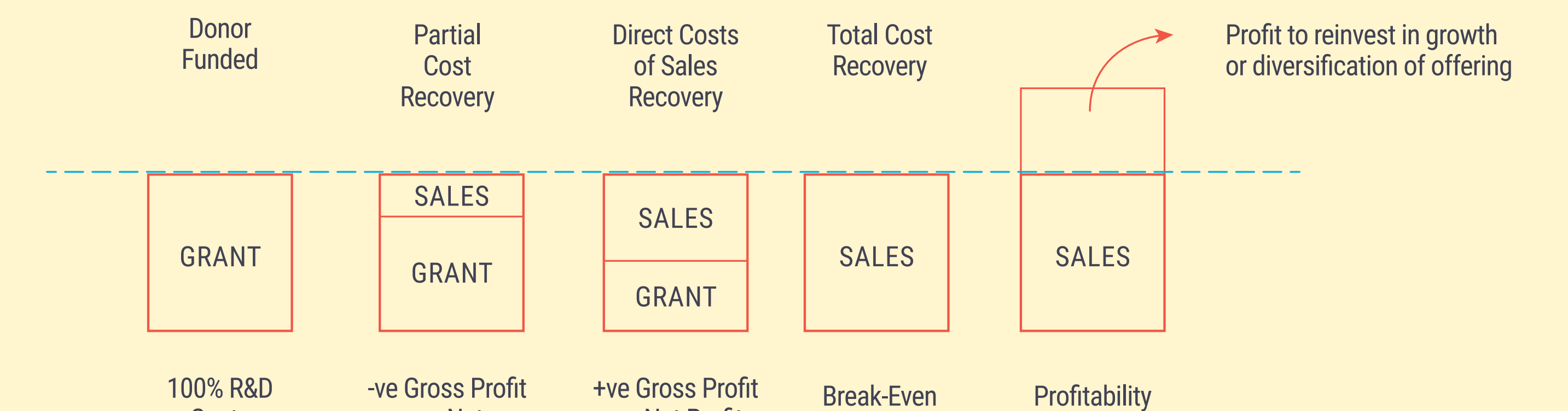
BUILDING A SUCCESSFUL SOCIAL ENTERPRISE

Ghana

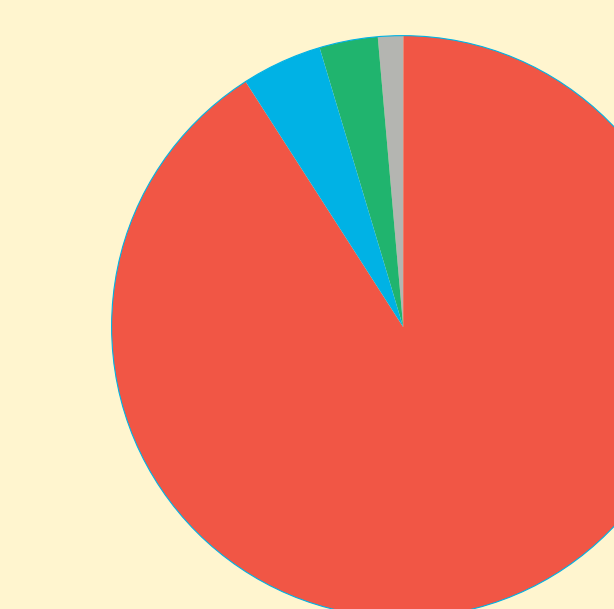


IN GHANA, we are building Sama Sama, a branded social enterprise whose goal is to be the go-to source for WASH products and services throughout the country. Our ultimate goal is to establish Sama Sama as a profit-making enterprise by following the steps laid out in the illustrations to the right.

Stages to Social Enterprise Profitability

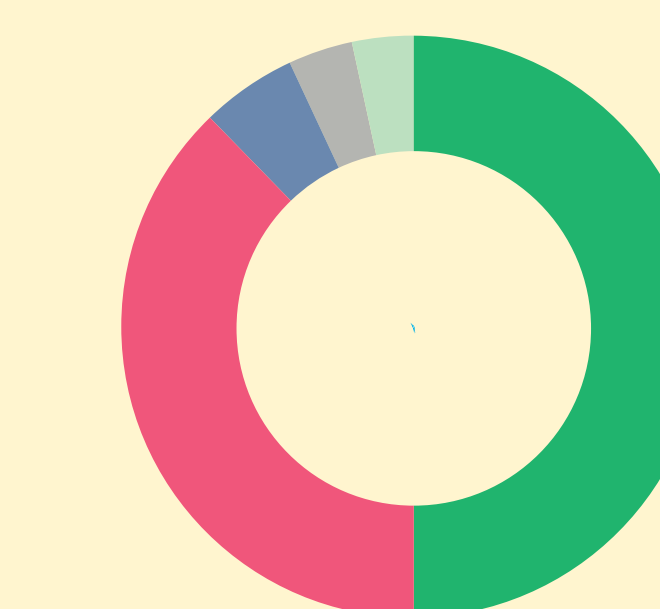


To gauge our progress and make course corrections to get us to our goal faster, our team has invested heavily in systems that allow us to track key business metrics such as revenue, cost of sales, and cash flow.



Expenditure Mix

- TBO Payments (91.1%)
- Moulds Consumed (4.4%)
- Commissions - SAs (3.3%)
- Squat Pans Consumed (1.3%)



Revenue Mix

- Complete Structure - Installment (52.6%)
- Substructure - Installment (35.1%)
- Sale of Squat Pans (5.3%)
- Substructure - Cash (3.6%)
- Complete Structure - Cash (3.4%)