

COMMUNITY-LED ACCELERATED WASH
(COWASH)

VOL G

VOLUME G

MICRO AND SMALL ENTERPRISES DEVELOPMENT



JANUARY, 2025

COWASH IV FTAT



ACRONYMS

Acronym	Interpretation	Acronym	Interpretation
ASCA	Accumulating Savings and Credit Associations	PTA	Parent Teachers Association
BMC	Business Model Canvas	PTSA	Parent Teachers and Students Association
BoE	Bureau of Education	PWDs	People with Disabilities
BoF	Bureau of Finance	RPMU	Regional Program Management Unit
BoH	Bureau of Health	RSU	Regional Support Unit
BoW	Bureau of Water	RWCO	Regional WASH Coordination Office
CBE	Commercial Bank of Ethiopia	RWMU	Regional Water Management Unit
CHC	Community Health Committee	RWSC	Regional WASH Steering Committee
CLTSH	Community-Led Total Sanitation and Hygiene	RWTT	Regional WASH Technical Team
CMP	Community Managed Project	SBC	Social and Behaviour Change
CMPS	CMP Supervisor	SDG	Sustainable Development Goal
COWASH	Community-Led Accelerated WASH in Ethiopia	SECRSM	Social, Environmental and Climate Risk Screening and Management
DPO	Disabled Peoples Organization	SLA	Saving and Loan Association
FTAT	Federal Technical Assistance Team	SLTSH	School-led Total Sanitation and Hygiene
GIS	Geographic Information System	ToT	Training of Trainers
GoE	Government of Ethiopia	TVED	Technical, Vocational and Enterprises Development
GoF	Government of Finland	TVET	Technical and Vocational Education and Training
HEW	Health Extension Worker	UAP	Universal Access Plan
HH	Household	VIP	Ventilated Improved Pit
IEC	Information, Education and Communication	VSLA	Village Saving and Loan Association
KWT	Kebele WASH Team	WASH	Water, Sanitation & Hygiene
M&E	Monitoring & Evaluation	WASHCO	Water, Sanitation & Hygiene Committee
MBS	Market Based Sanitation	WASH SLA	WASH Saving and Loan Associations
MFI	Microfinance Institution	WAT	Woreda Appraisal Team
MHM	Menstrual Hygiene Management	WIF	WASH Implementation Framework
MoE	Ministry of Education	WMP	Woreda Managed Project
MoF	Ministry of Finance	WoE	Woreda Office of Education
MoH	Ministry of Health	WoF	Woreda Office of Finance
MoLSA	Ministry of Labor & Social Affairs	WoFED	Woreda Finance and Economic Development Office
MoWE	Ministry of Water & Energy	WoH	Woreda Office of Health
MoWSA	Ministry of Women & Social Affairs	WoLSA	Woreda Office of Labor and Social Affairs
MSE	Micro and Small Enterprise	WoW	Woreda Office of Water
MSP	Multi Stakeholders Platform	WHO	World Health Organization
NGO	Non-Governmental Organization	WSP	Water Safety Plan
NWCO	National WASH Coordination Office	WUA	Water Users Association
NWSC	National WASH Steering Committee	WWT	Woreda WASH Team
O&M	Operation and Maintenance		
ODF	Open Defecation Free		
OWNP	One WASH National Program		
PMU	Project Management Unit		

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Appendices are not attached to this document and are available upon request:

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Appendices

Appendix 10 Business Skill Development Manual

1. INTRODUCTION

The COWASH project was established to promote the efficient use of CMP (Community Managed Project) financing for rural WASH facilities. It is conducted under the umbrella of the country's One WASH National Program and is funded by the Governments of Finland and Ethiopia, regional governments, and project beneficiaries.

The overarching goal of COWASH is to improve public health and well-being, social development, and climate resilience in the project area communities. A vital component of this is increased sanitation and hygiene coverage, which remains very low, and the eradication of open defecation. In addition to government/public efforts, the private sector can and should play a role in helping to achieve this goal. Micro and Small Enterprises (MSEs) are considered particularly well-placed to operate in this sector, as they are already engaged in construction, installation, operation and maintenance and have connections to local markets.

Under COWASH, the aim is to encourage the establishment and operation of WASH business MSEs. Under COWASH III, 24 WASH enterprises in 20 woredas were established; support continues for 18 of them. An additional 8 enterprises in 8 woredas have been established under COWASH IV.

Two documents have been developed to assist in MSE development:

- [Guideline for Women-led Micro and Small Enterprises Development \(April 2022\)](#), providing technical and capacity-building support for new and existing women-led enterprises in target woredas
- [Business Skill Development Training Manual \(July 2022\)](#), comprising training modules to support new COWASH entrepreneurs in basic skills of business start-ups.

This guideline summarises the procedures for establishing new WASH business enterprises and presents the COWASH strategy for enabling their start-up and supporting their operation. It also includes a summary of the training program to assist entrepreneurs who wish to enhance their capabilities in forming and maintaining their MSEs.

2. PURPOSE OF ESTABLISHING A MSE

COWASH strives to deliver improved household sanitation and hygiene through two parallel approaches. One is intensive sanitation marketing pilot activities, initially implemented in 1-2 woredas in each region and subsequently scaled up to other project woredas. The second is frequent demand creation and promotional activities through social behaviour change interventions (refer to Volume E: Social and Behaviour Change). The establishment of Market-Based Sanitation (MBS) marketing centres is a product of integrating these two efforts; making improved latrine options available within the community will help move rural households up the sanitation ladder from basic to improved latrines.

The establishment of WASH-focused enterprises fulfils a dual purpose:

- i. It contributes towards ensuring the sustainability of water schemes by providing maintenance and spare part supply services. At the same time, the MBS marketing

business enables user communities to have access to improved sanitation and hygiene facilities.

- ii. It attracts and brings pioneering WASH entrepreneurs into the sector, especially women and young adults.

3. RESPONSIBLE ORGANISATIONS

The Ministry of Labour and Skills is responsible for establishing, supporting, and building capacity in MSEs at federal level; the Labour and Skill Offices are responsible at regional level.

The regional Bureaus of Trade and Industry provide business licenses for MSEs. The Ministry of Urban Development and Housing's MSE development policy and strategy document (April 2016) defines micro and small enterprises; the type of enterprise is determined by the number of employed workers, total assets, and sectoral classifications (industry or service).

Several organisations/offices have roles and responsibilities in establishing and operating MSEs. The following tables describe these.

Table 3.1: Roles and Responsibilities of Woreda-level Partners

Office	Role in WASH MSE Establishment/Operation
Woreda Office of Health	<ul style="list-style-type: none"> • Lead and coordinate demand creation for improved sanitation and hygiene products, and sensitize the community to maintain sustainability of water supply schemes • Assist sanitation marketing entrepreneurs in designing, prototyping and standardization of products including setting of prices for products (e.g., slabs, jerry cans fitted with faucets for hand washing/shower facilities and liquid soaps) • Assist sanitation MSEs in business plan preparation and following up on its implementation • Assist MSEs with market linkages • Conduct periodical supervision to ensure quality of the products and services provided by MSEs (involving other WASH partners to conduct joint monitoring if possible) • Assess customer satisfaction on a quarterly basis on the quality of the products and services provided by the MSEs • Compile reports on the progress of the MSEs as part of the COWASH quarterly report • Link MSEs with established WASH Saving and Loan Associations (SLAs) for toilet slab purchases • Document lessons/best practices for wider circulation and advocacy to help scale up the initiative.
Woreda Office of Water	<ul style="list-style-type: none"> • Assist in providing training to MSEs on provision of water schemes maintenance services and conduct follow-ups to build their capacity • Support MSEs working on water scheme maintenance services in business plan preparation and following up on its implementation • Link the MSEs with WASH Committees (WASHCOs), WASH SLAs and kebele Administration to make use of their services. • Allow woreda water office involvement in water schemes maintenance if the maintenance service required is beyond the capacity of the MSEs • Assist MSEs to have market linkages • Create mechanisms to get feedback from WASHCOs to ensure user satisfaction regarding the service provided by the MSEs • Compile progress reports of water schemes maintenance business groups to be part of COWASH quarterly report • Document lessons/best practices for wider circulation and advocacy to help scale up the initiative.

Office	Role in WASH MSE Establishment/Operation
Depending on the Region: Woreda Office of Labor and Skill OR Woreda Office of Technical, Vocational and Enterprises Development (TVED) OR Woreda Office of Urban Food Security and Job Creation	<ul style="list-style-type: none"> Identify targets and establish MSEs working on Sanitation Marketing and/or water schemes maintenance activities Conduct capacity gap assessment to assign entrepreneurs for training Link entrepreneurs to the required training institution to acquire skill enhancement and entrepreneurship training Construct shades/stores for MSEs to use as production/selling centers Assist entrepreneurs in designing, prototyping and standardization of products (by involving water and health offices as deemed necessary) Equip entrepreneurs in business plan preparation skills, assist them to prepare business plans (by involving water and health offices as deemed necessary) and follow up their implementation Link MSEs with Micro-Finance Institutions (MFIs) to have access to credit (with low interest rates) Assist MSEs to have market linkages Compile progress reports on established/strengthened MSEs to be part of COWASH quarterly reports Document lessons/best practices for wider circulation and advocacy to help scale up the initiative.
Technical and Vocational Education and Training (TVET) Institution	<ul style="list-style-type: none"> Conduct skill enhancement, technology transfer, entrepreneurship and kaizen (continuous improvement) training Assist entrepreneurs in designing, prototyping and standardization of products Accredit trainees for skills learned in producing quality slabs, liquid soap and other related products. Prepare occupational standard and assessment packages for short-term slab production training.
Woreda Office of Women and Children Affairs	<ul style="list-style-type: none"> Use different grass root level women structures (Health Development Army, WASH Saving & Loan Groups, etc.) to reach the community in demand creation for services of WASH MSEs Work together with Woreda Labor and Skill Office in compiling jobless women data, identify and include women targets in the newly established groups holding leadership positions Provide leadership training for women entrepreneurs holding leadership positions in business Identify role model business women, award and ask them to share their experience with others Assist entrepreneurs to have market linkages
Micro Finance Institutions	<ul style="list-style-type: none"> Provide information to entrepreneurs on the preconditions to be fulfilled to get access to loans Mobilize and provide financial resources Review effectiveness and viability of entrepreneurs' business plan Participate in monitoring, learning and reflection activities Assist entrepreneurs to have market linkages

The responsibility for creating demand for improved sanitation and hygiene products to promote sanitation marketing and business development initiatives should not be limited to the health sector. All WASH partners should be involved, including woreda administrations, the education sector (teachers, parent-teacher associations, and students), and organisations such as the Office of Youth and Sports and Woreda Town Municipality. Relevant events usually organised in woredas (bazaars, exhibitions, and public annual events like National Handwashing Awareness Week, World Toilet Day, World Water Day, International Women's Day, and the like) should be used for promotional activities.

4. TARGETS

The goal is to establish new and strengthen existing WASH enterprises in the target woredas. In addition, as part of the campaign to strengthen sanitation product supply chains, entrepreneurs who operate in other businesses, such as construction or supply shops, will be linked to sanitation enterprises and companies that recently started manufacturing sanitation products (for example, SilAfrica, which produces plastic latrine slabs). As a result, more sanitation product options will be available to the target communities at potentially cheaper prices.

Each region provides WASH services in its own manner, some through government structures and some through the private sector. Most regional water bureaus are directly involved in procuring spare parts; companies providing maintenance services procure the spare parts through either the woreda and zonal water offices or urban water utility agencies. In Amhara, the business is left to the private sector.

In Benishangul-Gumuz, spare parts are provided through the Water Users Association (WUA), whereby WASHCOs make financial contributions and take lead roles in procuring spare parts. Although this modality doesn't align with the COWASH MSE development concept, COWASH supports this region in constructing spare parts stores and contributing matching funds to the WASHCOs.

COWASH strives to encourage service delivery through the private sector, which is the main objective of establishing WASH MSEs. To facilitate this, COWASH offers capacity-building support to MSEs, typically through funding for store construction or tailored training, if the woreda or zonal water office agrees to hand over sets of spare parts to the enterprise on an instalment payment basis. For such enterprises to be profitable, they should include water scheme maintenance and/or sanitation marketing activities.

Recent studies have shown that WASH sanitation enterprises can be attractive as part of a business line rather than a standalone, full-time business. COWASH, therefore, encourages the establishment of enterprises working on more than one WASH component (spare parts supply, water schemes maintenance, water schemes construction and sanitation marketing) to diversify and sustain business activities. To consider WASH as a business package, the commitment of the regional WASH actors and responsible bodies for enterprise development is needed to liaise with the Bureau of Trade and Industry to resolve potential licensing issues.

The target for COWASH IV is to continue supporting the enterprises established in phase III, provided that the woredas in which they are based are also phase IV woredas, and to help develop new enterprises in pilot woredas. The tables below show the locations of these MSEs.

Table 4.1: List of Existing Phase III MSEs to be Supported

No.	Region	Woreda	Zone	No. of Existing MSEs
1.	Amhara	Guagusa Shikudad	Awii	4
		Keyet	North Shewa	
		Basona Werana	North Shewa	
		Antsokia Gemza	North Shewa	
2.	Benishangul-Gumuz	Bambasi	Assosa	2
		Oda	Assosa	
3.	Oromia	Kersa	Jimma	5
		Gumay	Jimma	
		Nono Benja	Jimma	
		Abichu Negea	North Shewa	
		Jida	North Shewa	
4.	Central, South Ethiopia and South West Ethiopian Peoples			-
5.	Sidama	Arbe Gona		1
6.	Tigray	Lelay Koraro	North West	1
		Zana	North West	1
		Tahtay Maichew	Central	2
		Endamehoni	South	2

Table 4.2: List of New MSEs Established under Phase IV

No.	Region	Woreda	Zone	No. of Existing MSEs
1	Amhara	Dangila	Awii	3
		Dessie Zuria	South Wollo	
		Dejen	East Gojjam	
2	Oromia	Tole	South West Shoa	2
		Abay Chomen	Horo Gudur Wollega	
3	Central	Hadero Tunto	Kenbata	1
4	Sidama	Chirone		1
5	Tigray	Ahferom	Central	1

Based on feedback from the WASH MSEs establishment during Phase III, the following targets should be realised:

- Close cooperation with all pertinent organisations in pilot woredas (Offices of Water, Health, Women Affairs, MSE Development Agency, TVED Agency, Labor and Skill Agency, TVET, Woreda Administration, Trade and Industry) is necessary.
- Established WASH-focused enterprises should be strengthened without compromising the requirements that the MSEs be women-led and include people with disabilities (PWDS).
- Promotion activities must be aggressively conducted in collaboration with the woreda health office to create demand for WASH enterprise products and services.

- The focus needs to be on capacity building and strengthening market linkages between the MSEs and suppliers of plastic slabs, spare parts, and maintenance services, as well as between sanitation MSEs and health centre staff. The entrepreneurs should directly approach and bring on board sales agents.
- MSEs must be supported with skill enhancement, technology transfer, kaizen & entrepreneurship training.
- After receiving training, each MSE should prepare business plans and look to diversify their products and businesses.
- MSEs should be encouraged to work closely with the regional sanitation marketing multi-stakeholders platform to share knowledge and experiences and scale up sanitation marketing businesses in other woredas.
- Sanitation marketing enterprises benefit most from technical support and market linkage within health centre coverage areas.
- Water scheme maintenance and spare parts supply enterprises benefit most from technical support and market linkage within the main woreda towns.

5. APPROACHES

COWASH's approach is to provide as much support as possible to entrepreneurs who want to start businesses in the WASH sector. This approach involves training the entrepreneurs (see Section 6) and ensuring that the FTAT, RSUs, and relevant government, regional, and woreda-level agencies provide as much support as possible.

5.1 IDENTIFICATION AND CREATION OF MSEs

Young adults, women, and PWDs shall be identified as those who could establish MSEs. Enterprises led by women and PWDs must be specially promoted and executed.

The Woreda Labor & Skill and Technical, Vocational and Enterprise Development Offices, in collaboration with the Offices of Water, Health, Women and Children Affairs and Labour and Social Affairs, shall promote and identify WASH MSEs.

The following criteria apply for selecting entrepreneurs/members for the WASH MSEs:

- Women must hold leadership positions (Chairperson and Finance positions are mandatory) and must constitute 40% of the newly established MSEs.
- Newly established enterprises shall have 3 to 5 members unless more is justifiable.
- PWDs who are suitably qualified for the job must be considered, with no discrimination.
- Potential members must show a keen interest in engaging in sanitation marketing and water scheme maintenance business activities to generate income and contribute to customers' well-being.
- Members must have a positive attitude to working in groups and appreciate diversity (gender, disability inclusion, age and religion).
- Members must be willing to build group cohesiveness.
- Members should be able and willing to learn new business practices, attend business-specific skill enhancement, technology transfer, kaizen, and entrepreneurship training attentively, and use the knowledge gained practically.

- Members should have lived in the area for at least two years.
- Members must be willing to protect the group's property from damage or embezzlement.

The make-up of each type of WASH MSE should be as follows:

Table 5.1: Recommended MSE Membership According to Business Type

Business Type	Recommended Membership
Sanitation Marketing	<ul style="list-style-type: none"> • Artisans or TVET graduates with a sanitation background: 3 to 5 members having a minimum of 45 days hands-on training and certified by an eligible organization
Sanitation Marketing + Water Schemes Maintenance	<ul style="list-style-type: none"> • Artisans/TVET graduates with a sanitation background: 3/4 members having a minimum of 45 days hands-on training and certified by an eligible organization • Electro-mechanic Engineer/Technician: 1 member having completed vocation training level 10+1 or above
Construction + Sanitation Marketing + Water Schemes Maintenance	<ul style="list-style-type: none"> • Artisans/TVET graduates with a sanitation background: 3/4 members having a minimum of 45 days hands-on training and certified by an eligible organization • Electro-mechanic Engineer/Technician: 1 member having completed level 10+1 or above
Water Schemes Maintenance	<ul style="list-style-type: none"> • Electro-mechanic Engineers/Technicians or Electricians: 3/4 members having completed level 10+1 or above • Artisans: 1/2 members having a minimum of 45 days hands-on training and certified by an eligible organization
Spare Part Supply through Water Users Association	<ul style="list-style-type: none"> • 1 member with accounting experience • 1 sales person (able to read/write and knowledgeable about spare parts)

The division of tasks among members, including salespersons and storekeepers (if necessary), shall be decided by the members in each group and needs to be set out in the enterprise's by-law, which all members must endorse.

5.2 FEDERAL AND REGIONAL LEVEL ACTIVITIES

FTAT, in collaboration with the RSU teams in each region, should initiate and implement the following activities:

- Assess the existing status and understanding of O&M/Sanitation Marketing businesses in COWASH Regions
- Develop training manuals, guidelines and assessment tools for MSE Development
- Conduct training of trainers for regional stakeholders on women-led O&M/MBS MSE establishment & management
- Cascade this training to woreda stakeholders
- Conduct an assessment of the MSE business financing and consumer loan opportunities and options in O&M/MBS
- Prepare MSE establishment process documentation guidance notes to be used at the woreda level
- Provide on-the-job awareness raising for woreda staff on documenting O&M/MBS MSE processes

- Develop business health assessment tools to identify the strengths and weaknesses of enterprises and provide need-based business development services and training
- Help assess and identify other potential viable businesses that can be operated alongside WASH business lines to diversify products and secure profitability and sustainability
- Facilitate market linkage with suppliers and consumers
- Promote the products of enterprises in all suitable platforms in which they participate and work on WASH market development
- Advocate policies that can create enabling environments for WASH businesses with relevant decision-makers, such as WASH credit and tax exemption
- Develop record-keeping tools and provide assistance/training on how to use them.

5.3 WOREDA LEVEL ACTIVITIES

The following activities should be instigated/implemented by the Woreda Labour and Skills Offices in collaboration with the Offices of Water, Health, Women and Children Affairs and MFIs within the woredas.

- Identify/establish/strengthen new and existing women-led WASH business MSEs (O&M, MBS, sanitation marketing, spare part supplies and combinations of each)
- Facilitate with MFIs in supporting enterprises to get credit for business establishment and operation
- Assist the new enterprises in business plan preparation and implementation
- Train women-led enterprise members on entrepreneurship and skill enhancement.
- Construct stores and/or shades for the MSEs
- Support the enterprises with start-up materials
- Procure basic physical capacity-building items for the enterprises
- Assist MBS enterprises in installing sanitation products in households & institutions (slabs, vent pipes, etc.)
- Assist in the auditing of the enterprises
- Compute the annual volume of sales & maintenance services provided by the enterprises
- Compile data of WASHCOs or individuals who have procured sanitation products from MBS MSEs (annually)
- Document the process of Sanitation Marketing & O&M MSEs establishment
- Allocate operational budgets for the woreda agencies involved with MSEs
- Procure spare parts and construct stores for Water Users' Associations (currently only in the Benishangul Gumuz region)

5.4 ASSESSING THE BUSINESS HEALTH OF WASH ENTERPRISES

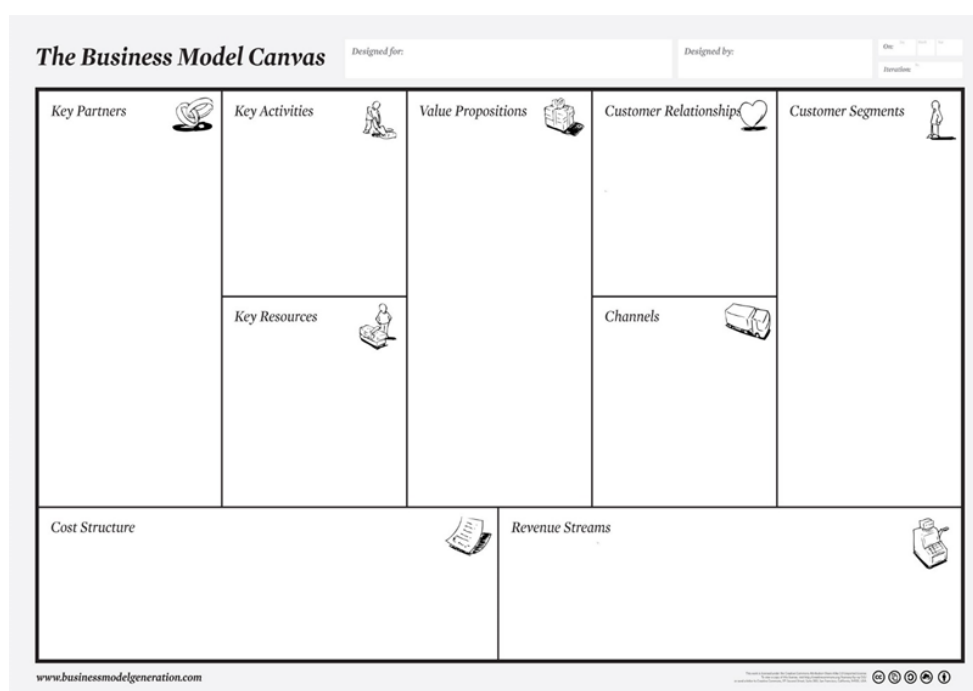
It is well understood that newly established WASH enterprises may not perform as expected due to technical and entrepreneurial skill shortcomings and the nature of the business, which requires strong promotional and awareness-creation activities. Thus, the Woreda Labour and Skill Office shall conduct capacity gap assessments of the enterprises in collaboration with the Woreda Water and Health offices and any appropriate/available business development services. COWASH has developed a Business Health Assessment Tool to assist in this, which is attached as Annex 1.

6. BUSINESS SKILL DEVELOPMENT TRAINING

Training is conducted following FTAT's 'Business Skill Development Training Manual (July 2022)' (Appendix 10) to support new COWASH entrepreneurs in the basic skills of business start-ups. Since WASH businesses are unique and emerging, they are recognised as having a better chance of succeeding if they follow an appropriate business model.

The training program uses the Business Model Canvas (BMC) tool to help entrepreneurs generate viable and sustainable business models. This encourages them to consider and analyse nine 'building blocks' when designing their business models. In doing so, they should be able to answer some key questions about their business: What value will be provided to the customer? Who exactly will be served? And how do we reach them?

Figure 6.1: The Business Model Canvas



The trainees are asked to examine these blocks to understand better, discuss, create, and analyse their new or existing business concepts/models.

Customer Segments: They should categorise their target audience, segmenting them based on their needs, distribution channels, willingness to pay, age groups, etc.

Value Proposition: They should examine how their products and services distinguish them from their competitors in terms of prices, quality, guarantee periods, customisation, etc.

Channels: They should examine the different ways that they can reach their existing and potential customers, such as social media, email marketing, public speaking, leaflet distribution, TV, and radio.

Customer Relations: To sustain and develop their business, they should examine their relationships with each customer segment. These relationships may be one-to-one, dedicated personal assistance, self-service, automated service (e-commerce), community-based, or co-creation (based on customer feedback).

Key Resources: They should list their most important assets, whether physical, financial, intellectual, or human, that are used to create a value proposition for customers.

Key Activities: They should describe the most important things/actions they need to do to make their business model work, such that they can offer value propositions, reach markets, maintain customer relationships, and earn revenues.

Key Partnerships: They should examine their network of suppliers and partners who make the business work to help optimise operations and reduce future risks.

Cost Structure: They should describe all costs incurred while operating their business and establish the most important ones. They can then allocate costs using either cost-driven (focusing on minimising costs) or value-driven (focusing more on the value proposition) models.

Revenue Streams: They should examine how they convert their value proposition into a problem-solving element for their customers, enabling them to get financial benefits in return. Different methods include asset sales, usage fees, subscription charges, lending/leasing, licensing, brokerage fees, or advertising.

The training program comprises nine modules, each lasting between 2 and 3 hours. The purpose and expected outcomes of each module are summarised as follows:

Module 1: Articulate Your Business Vision

Content	To Enable Participants to:
Introduces participants to the BMC, the core tool used throughout the training program	<ul style="list-style-type: none"> Develop their business vision statement Adjust their business based on anticipated market change

Module 2: Know Your Customers

Content	To Enable Participants to:
Explains that customer-orientated startups have a much better chance of success than those that are based on the founder's assumptions of the marketplace.	<ul style="list-style-type: none"> Place the customer at the heart of the business Create customer personas to represent their target customers

Module 3: Estimating Annual Sales Income

Content	To Enable Participants to:
Determines whether a business is sustainable based on estimates of market size. Estimating the size of the market early in the program allows participants to rethink their business concept before getting too deep into the rest of the process.	<ul style="list-style-type: none"> • Determine the size of their addressable market • Begin to fill out the Customers Sheet of their BMC • Estimate their annual income

Module 4: Validating the Customer Problem Assumptions

Content	To Enable Participants to:
Explains how to develop a plan for testing the assumptions that participants have made about their customers. Accurate testing and correction of these assumptions will guide participants to a sustainable, successful business.	<ul style="list-style-type: none"> • Compare the difference between 'needs' and 'wants' • Record their assumptions about customer needs and goals • Prepare to test those assumptions with customers • Develop a customer list for testing

Module 5: Design Your Value Proposition

Content	To Enable Participants to:
Guides participants in revising their product or service using their customer knowledge to date. They then apply the redesign and customer knowledge to determine key benefits and features that should be used in marketing and selling the product or service.	<ul style="list-style-type: none"> • Design a product or service that meets specific needs in the market • Communicate the features of that product or service • Determine key benefits for each feature based on customer desires

Module 6: The Value Proposition Sheet

Content	To Enable Participants to:
Assists participants to begin to record their detailed product or service learnings on the Value Proposition Sheet of the BMC. The BMC will act as a big picture record of what their business does, how it works and what is needed to deliver.	<ul style="list-style-type: none"> • Record key points from their detailed product descriptions on the Value Proposition Sheet of the BMC • Calculate the competitive value of their features • Estimate the cost of the problem to the customer, either in financial or other costs

Module 7: Test Your Minimum Viable Product (MVP)

Content	To Enable Participants to:
Shows participants how to design a MVP based on everything they know about their customers' needs and wants. They will use that MVP to get feedback on the attractiveness of the business offering and to revise their product or service to be more attractive to customers.	<ul style="list-style-type: none"> • Design a MVP • Design a customer test to get feedback on their MVP

Module 8: Revenue and Pricing Strategy

Content	To Enable Participants to:
Enables participants to explore a variety of ways of making income from a variety of customers, using the same product but different revenue models. The use of different revenue models determines different pricing and could help participants appeal to more customers than they have originally planned to serve. They will also establish a baseline price for their product or service, below which they cannot go and still make profit.	<ul style="list-style-type: none"> Decide on revenue models that are appropriate for each customer segment Determine the out-of-pocket expenses necessary for creating a product or service Establish a price for their product or service for each customer segment Use that price to estimate annual revenue

Module 9: Reaching Customers, Key Activities and Resources

Content	To Enable Participants to:
Enables participants to make decisions about what assets and activities the business must have in order to deliver the product or service that customers will value. They then determine whether or not the business can make money based on the business model that they have chosen.	<ul style="list-style-type: none"> Determine how they will reach their customers List key activities that make the business successful Estimate the cost of doing business Calculate the difference between cost and revenue to estimate profit

Trainees are asked to read through the entire manual, including the training materials, tools, and worksheets before the training commences to gain maximum benefit.

Annex 1: Business Health Assessment Tool

Name/Type of MSE _____

Group members:

at the establishment: (m= f=)

current: (m= f=)

Educational Background _____

Business line type (e.g. sanitation marketing; sanitation marketing + water schemes; maintenance; spare part supply): _____

Woreda _____ Tel _____

1. Business Age

How long have you been in business, or when did you start the business?

2. Is this the Right Business?

We started this business because: (Circle any that apply)

- It was the quickest way to get income
- It was the first idea we came up with
- We have been working in a similar business
- Someone/woreda offices advised us to
- There are successful businesses just like it
- It was based on our skills, passions and available assets
- It filled a need in the marketplace
- It has lots of potential customers

This question explores the principle of strategic business design and will indicate how they strategically thought about the business that they are in. It will also inform which type of entrepreneur should be considered when organising new WASH enterprise establishments.

3. Is the Business Customer Orientated?

We offer this product or service to our customers because: (Circle any that apply)

- We talked to our customers about what they want
- It is something that we might want, and we are like our customers
- Other businesses that offer the same products or services are successful
- There wasn't anyone doing this business in this local area

This question explores the concept of customer-driven product/market fit. It will indicate whether they designed their business based on understanding what their customers might want or need. It will also provide information for potential new startups and future training programs to focus on.

4. Is the Business Competitive?

When we compare our business against the competition: (Circle any that apply)

- We have many competitors offering the same items
- We don't know the difference between what we offer and what else is available
- Our competitor has a better/poorer location
- Our product or service is cheaper
- Our product or service is better

This question introduces the idea of competitive positioning. The answer will indicate how well they have researched the competition and whether or not they have positioned their business to compete.

5. Do they know their Business Finances?

A. We know the following regarding our business finances: (Circle any that apply)

- The cost of making each product or of delivering each service
- The amount of money the business makes each day/week/month/year
- How much money each product/service adds to the business
- The daily and weekly costs of doing business

This question explores simple financial management. The answer will show their knowledge of the cost of producing their product or service and their recording habits to track enterprise performance metrics.

B. We can predict the following about our business finance:

- The amount of cash that will come in during the month
- The amount of money that we will spend during the month
- The times of the day/week/month when business is slow/weak
- The times of the day/week/month when business is strong

The answer to this question will indicate how much they know about cash flow and business cycles. It will also inform them about the extent to which demand is infrequent or seasonal, which should drive them to consider their business lines.

6. How Resilient is the Business?

A. We have experienced the following business failures: never (1), once (2), more than once (3)

- Closed due to lack of supplies/raw materials _____
- Closed due to tax issue _____
- Closed to do social conflict _____
- Lack of business/technical skills _____
- Lack of skilled staffing _____
- Ran out of money _____
- Argument with members _____
- Theft or loss beyond my control _____
- Not enough customers _____
- Too many competitors _____
- Other _____

This question explores business risk mitigation. The answer will reveal the entrepreneur's personal experience with business risk and demonstrate their ability to work well in a group.

A. We can get emergency financial support for our current business: (Circle any that apply)

- From our own savings
- From friends
- From family
- From a microfinance institute
- From community-based organisation
- From a regular job or other paying activities away from the business
- From the business itself or another business
- We are not able to get emergency support
- Other _____

The answer to this question reveals whether the business has a financial cushion and how financially resilient it is.

A. When we have to take time away from our business: (Circle any that apply)

- We close our business
- Someone else operates our business unpaid
- We pay someone else to take care of our business
- The answer to this question will inform whether their business is at risk.

7. How Viable is the Business Location?

Our business location is: (Circle any that apply)

- Easy for us to get to
- Provided to us by the government
- Permanent
- Owned by us
- Borrowed from a friend
- Leased
- Of adequate size to serve our customers
- Allows us to grow
- Has good customer traffic
- Near many competitors

This question explores how strategically the business owners chose or provided the business location. The answer will inform how accessible the business is to the market and how invested the owner is in the current location.

8. How is Inventory and Production Managed?

The materials needed for our business: (Circle any that apply)

- Are purchased wholesale/in bulk at a discount
- Are purchased at retail
- Cost us a lot
- Are easily and locally available

- Are often unavailable
- Are available at short notice
- Are adequate to serve the needs of our customers for a day / a week / a month
- Are provided by a trusted partner

This question explores supplier dependability and resilience. The answer to this question will highlight issues with raw materials and business supplies (supply chain).

9. How Active is their Current Network?

A. What networks are you actively involved in? (list them)

- Business association _____
- Neighbourhood association _____
- Trade unions _____
- Supplier networks _____
- Women's networks _____
- Saving association _____
- Other _____

This question explores sources of business support and customer acquisition. The answer will reveal the networked nature of the business owners.

A. Our network provides: (Circle any that apply)

- New business practices and improvements
- Market knowledge and linkage
- New business opportunities
- Customer connections
- Financial support
- Help with business emergencies
- Help with family emergencies
- Moral and emotional support

The answer to this question will highlight network opportunities currently being used or needing to be expanded.