



The most significant concern of our time is the degraded condition of both land and water, and the environmental functions that relate to these. These risks are not new. But appreciation of their scale and destabilizing potential continues to increase, as well as the awareness that there are interesting opportunities to manage these risks.

Whilst the market mechanism is often seen as one of the major factors causing the degrading conditions of our ecosystem, at the same time this market mechanism offers solutions worthwhile exploring: taking into account the value of natural resources when developing products and services.

The WASH Alliance International believes that recognizing Nature as this planet's very first factory, and land and water as products with a price tag, offers many opportunities for creating social, environmental and financial impact. Eventually it could help developing countries to get out of poverty, connect them to global markets and boost sustainable (economic) growth.

The business case effect

A business case is an argument to convince decision-makers in businesses to initiate, change or continue actions in a specific direction. A business case is often built upon a business model that describes exactly how value can be delivered through specific products or services (the Unique Value Proposition), and how they can earn money to cover the costs needed to produce these products and services and actually make a profit. Hence, presenting the management (conservation or restoration) of land and water as a business case, aims to increase the appreciation, valuation and monetization of natural resources by the market. And as private businesses play an important role in markets, this approach will lead to engagement of the private sector in land and water management activities.

Of course, in order to achieve collective and individual business gains while avoiding degradation of natural resources, cooperation across multiple groups is necessary. Businesses will need to recognize the interdependency between the state natural resources are in and business results and continuity. So, by adopting language that business decision-makers are accustomed to and understanding their true drivers and motivations, new and more successful ways to articulate environmental protection imperatives can potentially be developed.

Looking from a business perspective, landscape can add value to its users in different ways:

- Fulfilling basic needs for consumption and storage or treatment of waste, such as water and sanitation.
- Providing inputs for production, and storage or treatment of waste, such as food, energy and waste.
- Providing safety for consumption and production, such as space for shelter and flood protection.
- Providing 'soft' values like status, identity and culture, such as pride and inspiration.

A business case for land & water

So how do you increase the chance to engage private sector players in restoration and conservation activities? The WASH Alliance International has developed a Landscape Canvas tool allowing land and water management organisations worldwide to develop the value proposition of their restoration or conservation programme towards the private sector.

This Landscape Canvas tool helps you to frame land and water management activities as part of (existing) business models. The result will be a business case-driven intervention strategy that will fit into existing, local market structures that are relevant for the private sector. In addition, your exit as Civil Society Organisation (CSO), is the expectation that markets will take over the finance and management of restoration and conservation activities, creating a sustainable foundation for continuation, without you to remain involved in the long term. Also, the Landscape Canvas tool allows you to develop land and water management activities in a format that is appealing to alternative financing opportunities for your programme. Family offices, impact investors or foundations linked to private businesses are starting to play an important role in the domain of ecosystem restoration and conservation. Traditional donors are interested in their involvement as leverage of traditional funding.

6 steps to develop a business case for land & water

Not all conservation and restoration projects qualify for a business case. When selecting landscapes for restoration and conservation that have potential to provide a business case, the decision should be based on a few indicators, including the sense of urgency (socially, environmental or economical); the size of the landscape; and the willingness of users to pay for ecosystem services such as land and water.

Once you have selected a landscape there are six steps to develop your business case for land & water:

- 1** *Understanding the business case of landscape user segments (the individual business cases)*
The first step is to identify the most important landscape user segments and to describe the activities they perform and the gains and pains landscape users perceive that relate to these activities. You need to understand the set of dependencies users have in relation to the landscape.
- 2** *Identifying opportunities and developing the Unique Value Proposition*
When the set of dependencies is clear, we shift the focus to gain creators and pain relievers of what natural resources offer as product or service. What is the value these add to the different landscape user groups? Gain creators support landscape users to capture opportunities, while pain relievers support landscape users in managing risks and challenges.
- 3** *Making a ballpark calculation on revenue streams*
Another crucial element within a business case for land or water is the willingness of users to pay for ecosystem services. It is important to keep a clear view on who benefits, who pays, and who is paying for what. Although it might be difficult to calculate to which extent landscape users are willing to pay, it makes sense to calculate (in rough figures) the benefits landscape users gain when the value of natural resources improves.
- 4** *Take a snapshot of the landscape to measure the baseline*
During this step you make a quick assessment of your potential business: what is the state of the landscape, what is the quality of the natural resources and the potential volume available per year. You will use this snapshot as the starting point of making a 10-15 year strategy. This strategy should be based on one scenario where you do nothing and compare this scenario with another that is based on the activities you foresee in order to restore or conserve in such way that the ecosystem services can be delivered to the landscape users over a long span of time. Making scenarios is crucial in determining the activities that are needed, and to convince the landscape users to start working, collaborating and investing in the landscape. Use of scenarios creates a sense of urgency.
- 5** *Drafting the activities, identifying partners, and the first draft of a budget*
Not only the activities you need to perform are important, you also need to draft a list of facilities necessary to support the implementation of these activities, including buildings, vehicles, IT and specific equipment. You have to make a short assessment of the capacities you need to perform these activities, and you have to identify which partners you need to complement your own capabilities. Finally, you will need to draft a budget that makes a clear distinction between non-recurring expenses (investments) and recurring expenses.
- 6** *Assess the business case on feasibility*
Your first assessment is quick and dirty and compares to which extent landscape users are willing and able to pay for your ecosystem product in such way that the recurring costs are at least being covered. Next you will have a clear idea which financiers are willing and able to pay for the non-recurring upfront investments. When such an assessment is positive, the next phase is to write a proposal to pilot the business case.

CASE: Rwambu Wetland in Uganda



water point after earth ditch

What was the challenge?

The Rwambu wetland in Uganda and its catchment are drained by a stream called Rwambu. This stream runs into a bigger river called Mpanga that in turn runs into Lake George. Prior to 2012, the Rwambu area faced several challenges, such as encroachment on the wetland for crop farming, reduced soil fertility on the slopes and reduced dry-season-yield of boreholes. In addition, hill slopes had been stripped of natural vegetation (grasses and trees) as farmers started to cultivate on the hill slopes, because of increased pressure on land as population increased.

What did our partners do?

The programme was based on an integrated approach to in-situ water harvesting, wetland protection and WASH services. Activities included the construction of grass strips, terracing (trenches), stone bunds, check dams, reforestation and percolation pits to slow the speed of running water. This gave the water more time to infiltrate the ground and stay in the soil, for instance as soil moisture. The increased access to water had a significant impact on the farmers' lives and their business success.

What was the impact on the farmers' business case?

The result of the programme was significant: 96% of the farmers observed a 40 to 60% increase in crop yields. Mr Tumwebaze Jonas, a local farmer, explains: "I used to harvest 8 to 12 bags of coffee from the plantation before the trenches were implemented, but harvested at least 20 bags last season." The farmers know that although making the soil and stone bunds is labour intensive, the rewards in terms of increase in crop yields make it a worthwhile investment. Seeing the results, other farmers started to implement the water harvesting measures on their gardens, either using family labour or hiring youths and other farmers. "My plantation was not productive anymore, but now I can harvest a bunch of bananas for sales at 5,000 UGX. Before I could hardly get a bunch big enough to sell at 2,000 UGX" says Mrs. Turyakira Phiona, a farmer from Rwambu. This example clearly shows that conservation and protection of ecosystems go hand in hand with increased business opportunities.



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Financing the business case

As WASH Alliance International, we advocate including a financial strategy into integrated land and water management activities right from the start. This financial strategy, or financial proposal, exists of your finance need, the use of funds and the expected financial, social and environmental returns and impact.

In addition to a plan with a clear finance strategy, you need to appoint a landscape investment coordinator who will set up and manage the vehicle that funnels the different flows of finance to the activities that are planned. During this phase it is important to recognize the difference between asset investments, which generate cash flow, and enabling investments, which support asset investments in generating cash flow or mitigate specific risks within the landscape. These different types of investment will be financed differently, using semi-commercial finance for asset investments and grants for financing enabling investments.

Let's change the dialogue together

The WASH Alliance International aims to change the dialogue about nature conservation and bring different financiers on board in our efforts to restore and conserve natural resources like land and water. By framing land and water management as a business case and investment opportunity, we started bridging the gap that still exists between private sector and land and water specialists. We would like you to become part of this process too.

So do you recognize the added value of private sector involvement? Do you wish to access to new sources of funding for your conservation programs? Or are you an investor with a long-term vision who seeks to realize financial and social returns for a better world and improved access to bankable projects and programs?

We are looking for you! Please contact us via www.wash-alliance.org

Interested in reading more? Download the full reports "The Business Case for Land and Water" and "Finance of Land and Water" on www.wash-alliance.org

The WASH Alliance International is a multi-national consortium of over 100 partners worldwide. We work together with local NGOs, governments and businesses to make sure everyone on this planet has sustainable access to water and sanitation. Special focus within our sustainability approach is the recognition of the interdependencies between water, energy, food security and climate change. In our work we highlight an integrated approach whereby we can manage the risks of water, energy and food scarcity, while realising inclusive green growth. Developing and disseminating innovations that address these challenge is at the heart of how we work.
