

Chapter 10

Governance and enabling systems

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Chapter objectives

The aim of this chapter is to help the reader to identify dominant actors, coordination mechanisms and type of governance of IFSVC. It also shows how enterprises and actors in the value chain are making it possible to bring products and services from design and development to the marketplace. Furthermore, it illustrates how formal and informal institutions are used in monitoring and enforcing the norms and rules with which the stakeholders collectively manage their common affairs in the IFSVC.

10.1 INTRODUCTION

Value chains come with a certain degree of coordination or chain governance, particularly when independent firms are linked to each other in a network-like structure to exchange products, services and knowledge for competitiveness (UNIDO, 2011). The IFSVC governance refers to the organization of the actors in the value chain that makes it possible to bring a product from design and development (Chapter 1) to the marketplace (Chapter 7). Governance also is about power and the ability of certain enterprises to exert control along the chain (UNIDO, 2011) as well as the ‘official’ rules that address output, and the commercial imperatives of competition that influence how IFSVC is structured. This ensures that interactions between actors in the value chain are frequently organized in a system that allows competitive enterprises to meet specific requirements of products, services, processes, and logistics in serving their markets (M4P, 2008). Furthermore, this governance implies the setting, monitoring and enforcing of norms and rules with which the stakeholders collectively manage their common affairs. The collective management can be a value chain (thus value chain governance) or a local, national and/or global community of practice interested in resolving a common problem or promoting a common goal. The basic types of governance include markets, networks and hierarchies (Springer-Heinze, 2018a) and governance instruments range from contracts between value chain participants to government regulatory frameworks and also the unwritten norms that determine who can participate in the market (M4P, 2008).

Requirements for governing the IFSVC could be official and originate within or outside the value chain as requirements could be imposed by any lead member of the value chain in any of the stages (Chapters 2 to 9), which could guarantee that only high-quality products and services are provided to the end-users. Conversely, they may be as complex as government enforcement of rules and regulations regarding quality standards that sanitation infrastructure, products and/or hygiene consumables should meet before they are imported and/or exported into any particular country. Product and service quality is an important aspect in value chain governance, which supports economic growth, environmental and social improvement (see Chapter 3, section 3.4). The quality of a marketable good not only relates to the features of the products and services, but also to the entire process of the IFSVC. The core quality and standards benchmarks for value chain products and services are: (i) legal requirements regulating the minimum level of product safety; (ii) industry-specific technical norms and quality grades facilitating contracts; (iii) quality criteria defined by individual enterprises to position a product and/or service in the market; and (iv) sustainability standards on a wide variety of issues of social and political interest (Springer-Heinze, 2018a). In general, a lead enterprise within the IFSVC should take responsibility for setting, monitoring and facilitating compliance with the rules regarding quality and standards in the value chain.

Leading actors/enterprises that may engage in value chain governance are private (lead) enterprises, government bodies, and (UN or bilateral) development agencies (such as UNIDO, the United Nations Industrial Development Organization). The motivation to enter into IFSVC activities will vary for each type and each will use different programmes and/or projects (Springer-Heinze, 2018a). Relevant legislation may assign the responsibility to some lead actors close to the market who will have to ensure that other actors in the value chain comply with the set rules (Dietz, 2014). For instance, it could also be certain conditionalities and procedures imposed by a multinational sanitaryware firm and/or treatment plant manufacturers or a bulk buyer of sanitation-derived resources as a requirement for participation by a subcontractor in its global value chain (M4P, 2008). Some of these conditions may limit the IFSVC actors from being able (or not) to access services and other forms of support required for meeting the value chain standards, and insufficient support could hinder their participation in higher-value segments of the chain (M4P, 2008). Hence, the IFSVC must operate in a business-enabling environment that includes norms and customs, laws, regulations, policies, and international trade agreements that facilitate or hinder the movement of products or services along the value chain (Market Links, 2021). Also, national and local encompassing policies, administrative procedures, enacted regulations and public infrastructure such as roads, electricity, and so on. (Market Research, 2021) will enhance the ability of the IFSVC to support the sanitation economy and societal requirements for safely managed sanitation.

In the end, appropriate governance of the IFSVC will help to determine the following (Market Links, 2021; Market Research, 2021):

- production and service capabilities for best practices in IFSVC transmitted by lead enterprises through embedded services or provision of hands-on advice on how to improve processes and procedures of small and medium-scale enterprises in the value chain;
- market access by lead enterprises so other actors in the value chain could benefit; small and medium-scale enterprises need to be on the radar of lead enterprises in the IFSVC to ensure that decisions taken are in the best interest of other actors and enterprises in the value chain;
- distribution of gains through engagement in those activities in the IFSVC that bring in the most profitable returns and also help to identify those that engage in these value-adding segments;

- understanding how the governed chain provides small and medium-scale enterprises in the value chain and practitioners with valuable information on how to develop skills and with whom to develop relationships that create flexibility and freedom to undertake additional functions within the IFSVC, thereby attracting extra gains; and
- leverage for policy initiatives that provide opportunities for lead global and/or national enterprises to assist local enterprises for better equitable distributions of gains.

Governance is an important instrument to improve the performance of value chains and sustain increased competitive advantage (Dietz, 2014; M4P, 2008). Key instruments in value chain governance that could support the IFSVC and sanitation economy may include among others: (i) contracts between value chain actors; (ii) standards for products, services and processes; (iii) self-regulatory systems in the value chain; (iv) management enterprises and actors at various stages of the value chain; (v) government regulatory frameworks; and (vi) unwritten norms that determine participation in the market, as well as expectations from the public (Dietz, 2014); see Figure 10.1. Thus, a particular governance system can either help groups of enterprises to grow and develop or it can retard their growth. Understanding how and when lead enterprises set, monitor and enforce rules and standards can help refine integration and coordination (Market Research, 2021).

Drawing on M4P (2008), the key issues that IFSVC governance should attempt to address are:

- The system of coordination that exists for meeting value-chain standards, especially in issues of quality, quantity and consistency; the leading or coordinating enterprises in the value chain; the degree of formalised arrangements (contracts, e.g.) and informal coordination.
- The rules and standards (both official and commercial) that actors must comply with in order to participate, and their origin and enforcement.

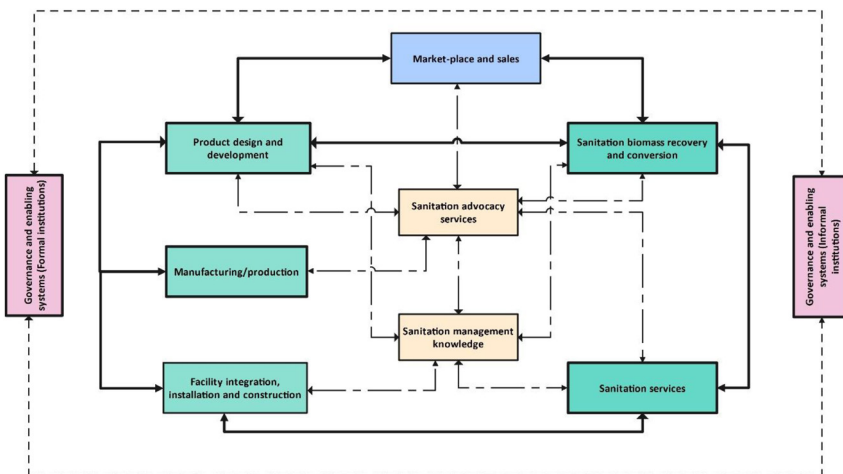


Figure 10.1 Nine stages of the integrated functional sanitation value chain (IFSVC) and linkages between governance and enabling systems (adopted and modified from Kootatep *et al.*, 2019).

- The effects of these rules and regulations on the participation (as economic activities) of poorer actors, especially on actors that enforce these rules, and the system in place for coordination.
- The transmission of information (across the value chain) about applicable rules, standards and services that support compliance, especially through the lead actors or its coordination system.
- The inability of poor actors to comply with these rules, either due to lack of protection information or capacity, and how it limits engagement in higher-value chain activities.

Consequently, the functioning of IFSVC will be governed by the broader enabling business environments, especially how the regulatory environment influences the choices value-chain investors and entrepreneurs make in locating, operating and expanding their businesses. The businesses' ability to access credit and enforce contracts, buy property, process goods through customs, pay taxes and conduct other everyday activities efficiently depends on a governance business environment that protects property rights without unnecessarily burdensome or inappropriate regulations (Market Research, 2021). This means that poor economic choices and onerous regulations can hinder the growth of the value chain and indirectly affect access to safely managed sanitation services even when a country makes significant progress on other development fronts (Market Research, 2021; Springer-Heinze, 2018b). Well functioning and coordinated national policies, regulations and institutional frameworks are crucial to provide a healthy business governance environment. The ability of enterprises to realize their market potential depends on the general conditions of doing business in the economy as a whole and on specific conditions in the IFSVC (Springer-Heinze, 2018b).

Generally, the value chain offers many opportunities for small and/or medium-scale enterprises in the sanitation sector to become more competitive, especially when the rules are transparent and fair. But, if the rules make it difficult for them to get access or benefit from the value-chain activities, they may not be able to comply with them due to lack of knowledge and skills or the cost of compliance may not allow the operation of a profitable business (Dietz, 2014; Gereffi *et al.*, 2005). However, good and effective governance in the value chain could build the capacity of small and/or medium-scale enterprises to strengthen their position in the value chain and lift them out of poverty, which in turn could enhance access to safely managed sanitation services (Dietz, 2014). Also, a well functioning and properly enforced system of sound rules could create an enabling environment for the sanitation business that reduces the risks and lowers the cost of transacting vertically and horizontally within the IFSVC (Agrilinks, 2011). The vertical interactions and/or linkages are between actors that have different market functions, and horizontal linkages exist among the actors who have the same market function in the value chain; linkages within a value chain are mostly business linkages such as contracts between sellers and buyers and can be formal or informal (Dietz, 2014; Gereffi *et al.*, 2005).

10.2 TYPES OF VALUE CHAIN GOVERNANCE

There are different types of value chain governance (VCG) that could be used to manage the IFSVC depending on the environment and existing interactions within the value chain. Connections between value-chain activities and enterprises as well as actors can be described as a long continuum extending from the market, whereby the parties of a transaction are independent and in an equal relationship, to hierarchical value chains that illustrate direct control of the chain by a lead enterprise (or enterprises). Between these two extremes are three network-style forms of governance (Figure 10.1) that

represent situations in which the lead firm exercises influence and power by coordinating activities to varying degrees (Dietz, 2014; Gereffi *et al.*, 2005; Market Links, 2021; Market Research, 2021; Springer-Heinze, 2018a, 2018b):

- (I) *Market governance* which involves transactions that require little or no formal cooperation between participants and little information is exchanged between enterprises and actors in the chain, where products change hands in a one-off interaction (Springer-Heinze, 2018a). The main interactions between firms in the value chain are price interactions at the point where products and services are sold (UNIDO, 2011). Market-based chains are common when the product is fairly standard and non-differentiated and the price is determined by supply and demand (e.g., sanitaryware products, toilets-related products, plumbing materials, cements and other hygiene products, etc.), and which buyers can easily obtain from the suppliers. In such cases the buyer has no controlling interest because the parameters are defined by each enterprise.
- (II) *Modular governance* which ensures that products and services in the value chain are provided to customer specifications. In other words, producers make products and services available according to end-users' specifications (Springer-Heinze, 2018a). These value-chain enterprises tend to take full responsibility for the process technology. The linkages are more substantial than in simple markets, owing to high volumes of information flowing across the links between firms. Classical examples are the delivery of turnkey infrastructure such as faecal sludge treatment plants, sewage treatment plants, sanitation resources recovery and conversion plants, and other technologies used to deliver effective sanitation services by utilities and enterprises (both public and private) to customers.
- (III) *Network governance* which could be relational and captive, occurs between enterprises with complementary capabilities and equal say on business decisions. Enterprises that engage in this type of governance are equally skilled in complementary high-value-added activities such as design capabilities, knowledge of the market, a particular technology, and so on. These are captive relations and vertically integrative forms of governance, in which small enterprises depend on a lead enterprise in the value chain (Springer-Heinze, 2018a). Vertical integration means formalizing business linkages between lead enterprises and other smaller enterprises in the chain through written agreements and contracts (Springer-Heinze, 2018a).
- (IV) *Hierarchy* which occurs when one enterprise completely dictates the business of another enterprise. Hierarchies can also occur when transnational corporations work with subsidiaries in developing countries. The mother company dictates the subsidiaries' procurement, production and marketing strategies. Market and hierarchy are the extreme opposites in the value-chain governance continuum.

The forms of governance can change as enterprises evolve and mature and also the patterns within enterprises vary from one stage of the chain to another. The dynamic nature of the governance depends on three variables: the complexity of product development and service delivery information (design and process); the ability to codify or systematize the transfer of knowledge to other partnering enterprises in the chain; and the capabilities of partnering enterprises to deliver products and services efficiently and reliably as specified by the lead enterprises (Dietz, 2014). Other influences on the value-chain governance structure are product and service quality, stability, and power of the business-enabling environment and institutions, as well as other sources of power in the value chain such as suppliers and end-users (Dietz, 2014). Studies need to be carried out to determine the most appropriate option(s) for the IFSVC in specific locations and cultures.

10.3 POLICY, REGULATION AND ENABLING BUSINESS ENVIRONMENT

Policy has two sides: one is regulation in the sense of rules made by government or other authorities in order to control the processes and administration of the value chain. The other is the creation of favourable conditions to support enterprise business activities and policies have to be restrictive one way and enabling on the other (Springer-Heinze, 2018b). In most developing countries the main governance challenge that retards sanitation coverage and service improvement is the absence of fit-for-purpose policies and a business-enabling environment. By implication, when supportive policies for planning and implementing sanitation projects and programmes are non-existent, it causes a missing link in the formal recognition and development of an IFSVC (Koottatep *et al.*, 2019). Constraints caused by sanitation policy frameworks and other trade policies could affect the sanitation value chain in most developing countries and could be the major reason for its slow development in comparison with its agricultural counterpart (Springer-Heinze, 2018b). The policy framework needs to promote a business environment that not only makes countries attractive for the location of value chains but facilitates upgrading opportunities over time. This business-enabling environment is an important factor for investment, and subsequent employment and income generation (Springer-Heinze, 2018b). Policies can be regulatory in nature, and at the same time they may promote value chains and guide them into a certain direction. For instance, providing financial incentives for enterprises involved in the circular bioeconomy may trigger actors in the sanitation biomass recovery and conversion value chain (Chapter 6).

Well structured policies, regulation and institutional frameworks are crucial to provide an enabling business environment and for IFSVC enterprises to realize their market potentials, but this depends on the general conditions of doing business in that economy as a whole and on the particular conditions in the value chain (Springer-Heinze, 2018b). The most important factors that set the enabling business environment are the rule of law, infrastructure and an atmosphere of trust and security. Others are social norms, business culture and local expectations, and quite important to value chains enabling environment (Market Links, 2021; Springer-Heinze, 2018b). Apart from the global and lead national value-chain actors and/or enterprises, other actors, especially enterprises at the local levels of the value chains (such as a growth-oriented small business person), have to choose whether to comply with regulations and incur unreasonably high costs that jeopardize business viability; this sometimes makes small enterprises stay in the informal sector for survival (Market Research, 2021; Springer-Heinze, 2018b). Informal rules or regulation found in any business environment do have influence in the value chain of that area. These social institutions exist because they serve a social purpose – which is often to protect the power or privilege of particular groups. An essential part of value chain analysis is the consideration of power, and in particular the power relations that emanate from different social institutions (Market Research, 2021). The business climate (or investment climate) affects value chain governance across all sectors.

Thus, favourable conditions should make investment in the IFSVC easier and safer. Policy design for the IFSVC governance should be guided by the eight principles described by Springer-Heinze (2018b):

- (I) Policies need to address targeted problem because in some cases policies have been created without properly aiming to solve a particular problem. If there are technological solutions available, they should be formulated clearly.
- (II) Policies also need to address only one single problem because policies that are design to hit several birds with one stone can be inefficient and contradictory.

It is best to seek a solution of one particular problem for each policy recommendation formulated.

- (III) Policies should be implementable; in many countries, policies are formulated, but not implementable. If the chances for implementation are low, then the policy are likely to have no impact and it would be better to look for other interventions outside the policy field;
- (IV) Policies should consider different interests to find a political majority because simply offering sound technical solutions without majority support may not be enough to successfully pass. Negotiating the interests of value chain policy actors is a matter of influencing the process between public policy and politics.
- (V) Policies should consider the target groups because it is always crucial to identify the possible winners and losers before making recommendations.
- (VI) Policy implementation should be affordable because if funds are lacking to support implementation, the suggested policy is most likely to fail.
- (VII) Policies should comply with the state's constitution and existing legal framework or other relevant rules and regulations.
- (VIII) Institutions to enforce policies should be in place to ensure implementation; and it is important to move within the existing legal frameworks or other relevant rules and regulations.

Thus, improving the business environment – by lifting constraints and filling gaps in regulatory and administrative support mechanisms – is critical for the improvement and upgrading of the IFSVC. Other issues that policies need to address to ensure ease of doing business in a country include but not are limited to ([Dietz, 2014](#); [Market Research, 2021](#); [Springer-Heinze, 2018a, 2018b](#); [UNIDO, 2011](#)):

- (I) Ease of business registration, as establishing a legal entity makes business ventures less risky and increases their longevity and chance to succeed in several ways.
- (II) Ease of business licensing will reduce over-regulation and red-tape associated with lower levels of income and productivity as well as higher levels of informality. In good business licensing regimes licensing is a means to fulfil legitimate regulatory processes such as protection of public health and safety, environmental protection, national security and allocation of scarce resources.
- (III) Labour regulations ensure protection of the interests of workers and minimum standards of living for the population as well as basic civil rights protections.
- (IV) Ease of property registration ensures that entrepreneurs can obtain mortgages on their homes or land to start or expand businesses. Financial institutions prefer lands and buildings as collateral since they are difficult to move or hide. However, a large proportion of properties in developing countries are not formally registered, which makes it difficult for entrepreneurs to use it as collateral to improve their businesses.
- (V) Credit regulations in most developing countries could limit the ability of entrepreneurs with promising business opportunities to obtain loans from banks to expand their businesses. Good credit institutions define property rights for both creditors and debtors. Collateral and insolvency regulations define the rights of creditors to recover their loans. In addition, collateral regulations help debtors by extending the right of property title to the right to use property as security for finance.
- (VI) Corporate governance is an essential tool that enhances good business and ethical practices at the national level and is primarily to raise standards and drive reform efforts. Many developed and developing countries have adopted

corporate governance codes of best practice to restore and sustain investor confidence in the wake of a financial crisis or corporate scandals.

- (VII) Cumbersome tax administrations could be responsible for the reason many businesses operate in the informal economy. Tax compliance costs are often regressive and put a disproportionate burden on small and medium-scale businesses. Since non-compliance is not an option, ease of tax compliance should be a priority of government.
- (VIII) Contract enforcement using the court system encourages new business relationships (because partners do not fear being cheated); generates confidence in more complex business transactions by clarifying threat points in the contract and enforcing such threats in the event of default; enables more goods and services to be provided by encouraging investments; and limits injustice and secures social peace. Without a good court system, commercial disputes often end up in feuds, to the detriment of everyone involved.

The appropriate governance and enabling system to guide the IFSVC in any economy or location will determine the effectiveness of the chains, the success levels of the players within each chain, and interactions between chain actors. Governance enablers will resolve all concerns and challenges of the actors and their activities to ensure collaborative and quality management systems along the value chain, and ensure that standard policies, guidelines and sustainability regulating systems are put in place to guarantee effective and efficient service delivery. Public policy regulation of countries' sanitation industries may not be visible in many value-chain maps, but they are important to the system. Thus, typical enabling services for the IFSVC will be provided by relevant government institutions, major providers of public utilities, governance and regulatory services of the value chains and communities of practice (CoP) in each chain. While chain supporters will mostly be chain-specific, public agencies do not normally cover specific value chains, but rather oversee entire subsectors (such as agriculture or fisheries) and have regulatory roles over the economy as a whole.

The IFSVC support services would include professional standards setting, provision of information, trade fairs and export marketing, research on generally applicable technical solutions, vocational/professional training, CoP, political advocacy, and knowledge management in the sanitation economy. Support services are often provided by business associations, chambers of commerce and/or by specialized public institutions. This implies that IFSVC governance is a collaborative venture involving multiple chain actors – private enterprises, public and private support service providers, government and public administration – and this constitutes a cooperative system in which the partners perform different functions. It is important for role clarification, and the principle is that those who benefit should get engaged with value chain development and contribute actively. In general terms, the roles of chain actors could be set out as follows (Springer-Heinze, 2018a, 2018b):

- (I) *Private sanitation enterprises*, large or small that may be engaged in product design and development (Chapter 2), manufacturing (Chapter 3), facility integration, installation and construction (Chapter 4), sanitation services (Chapter 5), sanitation biomass recovery (Chapter 6), marketing and sales (Chapter 7), sanitation advocacy (Chapter 8) and sanitation management knowledge services (Chapter 9), as well as other commercial business operations; they all assume the risks and pay for the costs. This applies to state-owned enterprises as well. Private operators primarily create benefits for themselves – the viability of their business is the foundation for the competitiveness of the value chain. Large enterprises do have an incentive to contribute to value chains because they benefit from the performance of other value chain actors.

- (II) *Sanitation industry associations* and businesses, as well as professional sanitation and related associations and communities of practice, provide support services to groups of value chain operators or the entire value chain and make contributions to regulatory processes and approaches.
- (III) *Public and private research, include training institutes*, and specialized units of public administration provide information and other support services to the sanitation and related business community, and also assist enterprises.
- (IV) *Government organizations*, from national, state/provincial and local/municipal administrations relevant to the sanitation value chain, regulate and supervise enterprises' activities in the sanitation sector and the value chain for the purpose of employment creation, environmental sustainability, and provide basic infrastructure, such as roads, in the public interest at large.
- (V) *Donor agencies and multilateral organizations* are external to the IFSVC system; their main role will or should be to facilitate value chain development and provide support to value chain actors – in the global interest.

Civil societies are stakeholders with great influence upon value chain governance, and they include advocacy groups (Chapter 8). They play an important role in driving the course of the sector and exercise pressure as well as supply energy to the process of change (Springer-Heinze, 2018a). Obviously, governments produce national value-chain strategy documents only if a product and/or service is highly relevant, if the sector has a multiplier effect on other sectors, and if the issues represent a large share in the national economy and could contribute to achieving sustainable development goals and significantly add to foreign currency earnings. Sanitation value chains already exist in some form or the other at local, national, regional and global levels, but mostly with weak governance and enabling business environments in developing countries, and with poor interactions between chain actors. To build and enhance the IFSVC proposed in this book will require some key public promotion strategies (Springer-Heinze, 2018a):

- (I) *Support services*: research and technology, trade promotion, professional education, skill development, knowledge management, export promotion;
- (II) *Financial incentives*: public co-investment of private productive capital, support to business start-ups and entrepreneurs, especially those that will operate in the circular bioeconomy;
- (III) *Public infrastructure investments*: roads, ports, facilities at marketplaces, treatment plant infrastructure, recovery and conversion plants, community gardens, educational institutions;
- (IV) *Regulatory interventions*: quality standards, legislations for product safety, legal regulations on labour conditions and the use of technology, taxes and tariffs;
- (V) *Coordination and steering*: information, such as value chain data, analyses and studies, facilitation of meetings, organizational strengthening, building strong communities of practice.

The activities mentioned above are just examples. The range of policy instruments is much larger and may include instruments of other policy areas. Ideally, the configurations of activities and instruments are informed by value chain analyses and the strategic considerations covered in this book. Furthermore, this book has shown that value chain growth and indeed improved access to safely managed services can never rely on market processes alone to generate the desired social and environmental outcomes, but acknowledges the explicit role of regulatory improvement, in the economic, environmental, and social development of the value chain (Springer-Heinze, 2018a, 2018b). Adequate policies that will regulate and support the IFSVC are fundamental preconditions for its development, and at the same time sustainably developing the value

chain will require strong collective actions of other key players because government alone cannot provide these regulatory services and the requisite leadership (Springer-Heinze, 2018b). Policy failure is as notorious as market failure and value chain development and improvement would be negligent if they simply shifted the responsibility to already overstrained government agencies.

Furthermore, value chains are cooperating systems of private enterprises, and this is visualized by the IFSVC map showing the sequence of value chain operators who are the key stakeholders. The benefits of partnering to develop the value chain will provide better insights to understanding of existing problems; and thus greater relevance of the project, access to the know-how of partners, mobilization of funds, complementary actions and then greater efficiency. For a value chain project to be effective and efficient, the different partners have to deliver their contributions in a coordinated manner and at the right time (Springer-Heinze, 2018a), as vision formulation, strategy generation and specific programme objectives are not enough to create an operational value chain. Vision and programme objectives have to be translated into output and activities to achieve impact. Finally, implementing IFSVC will need a scheduled plan with specific objectives and corresponding activities (Springer-Heinze, 2018a).

10.4 CONCLUSION

There have always been some forms of SVC operating at all levels – locally, regionally, nationally and globally. However, they have not been recognized due to weak linkages and interactions between players, especially in developing countries. In essence, there always has and will be a sanitation market, and sanitaryware manufacturers like those that produce pour flush and toilet systems have existed for centuries and are leading enterprises in the sanitation value chain from the global to the local levels. Going forward, it is key to recognize that the sanitation market has expanded beyond locally made latrines and toilet facilities for rural and semi-urban sanitation programmes to include the higher-level players that can support local-level players in a well developed IFSVC. In addition, the sanitation market is not just for rural areas, but also includes urban players and luxury products which could provide support for interventions for the population at the base of the pyramid (BoP) to increase access to safely managed sanitation services. The IFSVC will still face the same challenges as existing SVCs unless all stakeholders come together to develop a working system with strong linkages and active interactions between all players. This means that governance systems will have to be specific, clear and far-reaching, while enabling business environments will need to be created in such a way that incorporate/aid an intervention for the vulnerable groups of society. Education, promotion and capacity building in the IFSVC are very necessary and studies on comprehending, developing, implementing and analysing the IFSVC in different contexts are required as well. Furthermore, governance and enabling systems have a crucial role to play when it comes to setting the right conditions and are capable of providing some targeted services for IFSVC to flourish.

10.5 Take action

- (I) Review the enabling business environments in your country and how they support the sanitation businesses and enterprises
- (II) Write a letter to your legislator to consider making laws that support the growth of the IFSVC and its effect on achieving the SDG 6 and other related SDGs

10.6 Journal entry

- (I) Identify local and national policies, laws and regulations that affect sanitation businesses and organizations positively and/or negatively.
- (II) What could be the best governance options and/or integrated options to manage and enhance the IFSVC for your country and city?

10.7 Reflection

Consider the role of governance and enabling business environment in your city and country, for developing, upgrading and strengthening an existing SVC to IFSVC

10.8 Guiding questions

- (I) What is IFSVC governance?
- (II) List the core quality and standards benchmarks for value chain products and services?
- (III) Identify the leading actors/enterprises that may engage in IFSVC governance?
- (IV) What are the key instruments in value chain governance that could enhance the IFSVC and sanitation economy?
- (V) List the key issues that effective and efficient IFSVC governance should address?
- (VI) Differentiate between the three main types of valuechain governance and how could they be use to manage the IFSVC.
- (VII) What are the two sides of policy in value chain governance?
- (VIII) What are the eight principles of IFSVC policy?
- (IX) What are some of the policies required for ease of doing business in a country?

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