A Market-Based Approach to Water, Sanitation, and Health (WASH)

Center for Global Health
Global Health and Disaster Course
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The Agenda

- Who is iDE?
- Why Water, Sanitation, and Hygiene (WASH)?
- What are we doing?
Who is iDE?

iDE’s Mission:
To create income and livelihood opportunities for the rural poor.
Established in 1982

Market-Based Approach (Agriculture and WASH)
- Micro-irrigation and WASH Technologies
- Value Chain Development
- Capacity Building

11 Countries (Nepal, Bangladesh, Cambodia, Vietnam, Zambia, Mozambique, Ethiopia, Ghana, Burkina Faso, Nicaragua, Honduras)

19 Million People Reached
iDE and WASH

• 10 years of Experience in WASH
• 300,000 WASH technologies purchased – 1.5 Million People
• Awards
  – **Easy Latrine:**
    • Best in Show at International Design Excellence Award competition in 2010
    • World Toilet Organizations’ Hall of Fame.
  – **Sanitation Marketing:** Inaugural winner of the University of Pennsylvania’s Wharton School of Business Lipman Family Prize
  – **Ceramic Water Purifier (CWP)**
    • 2012 IMPACT business award for its business model
    • 2012 Ashden Award for “avoided deforestation”
  – **Top 10 WASH NGOs**
What is ‘WASH’?

Use a Latrine

Wash Hands With Soap

Drink Treated Water
Why is WASH/Sanitation Important?

- Over 780 million people are still without access to improved sources of drinking water and 2.5 billion lack improved sanitation.

- Poor sanitation is directly linked to diarrheal disease which kills more children than HIV/AIDS, malaria, and tuberculosis combined every year.

- Millennium Development Goal 7c: ‘Halve, by 2015, the proportion of the population without sustainable access to safe drinking water and sanitation’
  - Three years to reach Millennium Development Goals – and sanitation is one of the most lagging!
That’s approximately 35% of the global population lacks improved sanitation.

...or nearly 1 out of 3 people.
Meaning....

Fields

Flies

Food

Fingers

Fluids
Poor WASH Practices Keep People Poor

Diarrhea ↔ Poverty Trap

No Toilet

No money

No school

No employment
What is Sanitation

• Sanitation is any system that promotes proper disposal of human and animal wastes, proper use of toilet and avoiding open space defecation

• Specifically in the rural context we are talking about household toilets (latrines)

• Open Defecation Free (ODF) – gold standard
How has this problem been approached?
Subsidy

The provision of hardware with little to no behavior change intervention

• Results
  – Supply-focused without actually creating demand
  – Toilets are not used/neglected because people are not committed to the behavior change
  – Those without are waiting for subsidy rather than investing themselves
  – Has depressed potential sanitation markets
Community Led Total Sanitation

Community mobilization and use of shame, embarrassment, disgust- messaging

- Results:
  - Demand focused **without** considering supply
  - Dry Pit Latrines – not improved sanitation
  - Significant reversion to open defecation
  - Not making toilets aspirational

More information?
www.communityledtotalsanitation.org
Remaining Challenges

• Improved Sanitation
• Waste Management
• Reaching the Poorest
• Scale
• Sustainability
• The Total Package – Water, Sanitation, and Hygiene (WASH)
iDE’s Approach: Sanitation Marketing

Develops sustainable businesses that create **demand** for sanitation products and services **AND**

supply those products and services to better serve the needs of low-income households
Why Sanitation Marketing?

- Globally most latrines that are owned have been purchased through supply chains rather than given away by subsidy programs.

- Scalable – the market can reach 1000’s of people.

- Sustainable – markets continue after a program ends.
SanMark Goal: Sustainable Businesses

• **Profitable:** provides sufficient income for the business owner.

• **Enduring:** Has the opportunity for continued sales over time.

• **Independent:** Functions without continued subsidies or support from outside organizations.
Methodology

Developing markets for sanitation

1. Human Centered Design
2. Supply, Demand, & Enabling Environment Assessment
3. Stakeholder Engagement
Methodology 1:
**Human Centered Design (HCD)**

IDE collaborated with IDEO and the Bill & Melinda Gates Foundation, to launch the first Human-Centered Design Toolkit – an HCD manual, specific to designing for the BoP.
Innovations that emerge are desirable, feasible and viable.

The best and most sustainable product options will address all three of these factors successfully.
Desirability = Users

Desirability is an assessment of needs and wants of the users:

Does the product address people’s needs?

Do people want the product?
Feasibility is an assessment of technical possibility:

- Can the product be easily made?
- Will the product work well?
- Will the product be strong enough and last long enough (in use and in transportation)?
Viability is an assessment of the business and finances surrounding the product:

Can users afford the product?

Can sustainable businesses be built around the sale and servicing of the product?
Human Centered Design

Design ≠ Technology

• Design = suppliers’ and users’ entire experience with a sanitation product or service

• This can include innovations in how components are built, combined, packaged, presented, distributed, etc

• More holistic approach
Methodology 2: Demand, Supply, & Enabling Environment Assessment
2. Demand Assessment

Understanding the customer:
Identify opportunities for the private sector to increase demand for latrines

• E.g.: removing purchase barriers, linking households to the supply chain, and ensuring there are options available in the marketplace that are *aspirational*, *accessible*, *affordable*
2. Supply Assessment

Understanding the supply chain:
Identify opportunities for strengthening the ability of small-scale enterprises to produce and promote affordable latrines.

• E.g.: improve value chain linkages, business strategy, product development, production methods, sales approach, supplier relationships, and access to finance, etc
2. Enabling Environment Assessment

Understanding the Enabling Environment:
Identify opportunities for government and local NGOs to engage in sanitation markets (roles)

• social marketing/behavior change promotion, act as sales agents, CLTS coordination, public-private business forums, pro-market policies and programs, etc
Methodology 3: Stakeholder Engagement
3. Stakeholder Engagement

To ensure local commitment and to maximize long-term impact and scale, a wide range of stakeholders need to be involved from the early stages:

- Government
- Private sector
- NGOs
Cambodia
Redesign the entire Sanitation market
Experience
We heard this...

Difficult purchase process

Difficult & expensive to install
We heard this...

No options between $0 and $100+
So, what did we do?
Sanitation Marketing Pilot Project

Designed and introduced to the market an Affordable, Accessible, Aspirational latrine.

www.makingsanitationoneasy.com

Easy to Buy
Easy to Build
Easy to use
Remarkable for the Consumer
Easy to Buy
Remarkable for the Consumer
Easy to Build
Remarkable for the Supply Chain

Radical shift in business model

- Low margin ($5-10 profit) high volume
- Greater business priority
- Invest $1000 in business opportunity
Remarkable for the Supply Chain

Radical shift in business model

– Actively do Sales and Marketing
– Distribution/transportation
– Work with local government
We Heard This: Toilets Not a Purchase Priority
We heard this...

Health is not a motivator

STOP SPREADING GERMS!

- Cover your mouth and nose when you sneeze or cough. Or wear a mask.
- Clean your hands often with soap and water.
- Avoid touching your eyes, nose and mouth.
- Simple actions can stop the spread of germs and prevent illnesses.
- Stay healthy by maintaining good habits such as eating right and exercising.
- Stay at home when you are sick and see a doctor if required.

Healthy Habits can Help Protect You and Your Family.

Together We Care

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So we did this....

Aspiration, status, pride
Embarrassment & disgust
NOT health messages!
So we did this...
Social Marketing that is shocking

A dog can’t use latrine, but you can.
Have a Latrine yet?
We heard this...

Waiting for government subsidy to promote sanitation
So we did this...

Government as commissioned sales agents
Sanitation Marketing Pilot Project

Location: 11 districts in two provinces

Results (16 months):

- 16 enterprises engaged, 8 ‘copycats’
- **10,621** Easy Latrines purchased without subsidy
- 1.12 - Number of ‘other latrines’ purchased relative to number of Easy Latrines purchased

  • **TOTAL: 17,424 total purchased latrines!!!**
  • 300% above baseline installation rate
Are the poor reached?

- 20% of non-subsidy latrines purchased by ID Poor households (SVR province)
- On average, poorer households tended to buy the Easy Latrine
Why Sanitation Marketing?

- Sanitation markets already exist but they may not connect supply and demand effectively.
- Once demand is 'triggered' people need access to durable and affordable sanitation options.
- It doesn't end at ODF – there will be an ongoing need for sanitation products and services.
- Where conditions are right, it can help governments meet their sanitation goals in a scalable, sustainable way.

What we are doing now...
Sanitation Marketing Scale-Up (SMSU)

- **Scale-Up:** GOAL - Ignite sanitation markets in 5 additional provinces
- **Going Deep:** GOAL - Test strategies and approaches for deeper market penetration to then apply at scale
- **Global Replication:** GOAL - Establish a platform to support the dissemination and replication of Sanitation Marketing globally.
To be achieved on or before August 31, 2014:

- **115,000** latrines purchased:
  - **70,000** from project-connected enterprises and **45,000** from enterprises not connected to the project
  - **30,000** latrines purchased outside of IDE target districts
  - **10,500** latrines purchased by poor households

- **41%** total latrine coverage in target districts

- In **50 out of 60 districts**, 95% of adults consistently use their latrine at least six months after installation

- **90** enterprises profitably serving rural households with affordable sanitary latrines

- Sanitation Marketing programs designed in **4** countries and launched in **2** countries
  - **20,000** latrines purchased in other countries through Sanitation Marketing programs influenced by iDE
Global WASH Initiative

- Cambodia
- Vietnam
- Bangladesh
- Nepal
- Ethiopia
- Zambia
- East Timor
- Laos
Strategic Partnerships
SanMark: Key Principles
Principle: Product innovations can be a useful tool for stimulating markets

E.g.: For every 1 Easy Latrine purchased, 1 other type of latrine was also purchased

The Easy Latrine was the ‘proof of concept’ for the market – it showed the supply chain that affordable sanitation can be a viable business.
Principle: Profit Drives Motivation

Businesses are motivated by profit.

For a business to become engaged in sanitation markets there must be a clear profit opportunity.
Principle: Risk is Fundamental

Let enterprises take the risk & make the investment: it is not your business

Risk = Monetary Investment

Risk = Having something to lose

Risk = ‘Buying in’
Competition drives five key aspects of sustainable market development:

1. Aggressive demand creation
2. Innovation
3. Quality
4. Price
5. Collaboration
In the end success is dependent on the entrepreneur, it is not up to the supporting NGO to ensure they succeed.
Principle: ‘Hands Off’

- Sanitation Marketing nurtures an environment for businesses to grow
- What a business chooses to do or not do is up to them
- We cannot restrict the geographical reach of businesses
- We cannot expect businesses to adhere to program timelines
• Understand the constraints that cause supply and demand to be ineffectively connected and provide training to close capacity gaps

• **TOUGH LOVE** - Training and mentorship needs to be for a limited time duration

• Example – iDE Cambodia:
  – Sanitation & Latrine installation
  – Manufacturing
  – Sales & Marketing
  – Business Management (inventory & record keeping)
  – Government relations
Principle: Supply will create demand

Businesses will invest in, and innovate on promotional material

Businesses will undertake a level of sanitation promotion activities

Greater reach through sales agent network
Principle: Strike when the iron is hot

- Cash flows of the poor:
  - Small
  - Irregular
  - Unpredictable

- Businesses need to have stock on hand to supply demand or demand will disappear!
Principle: Plan for 100s of villages

This is not a village-by-village approach

Easy Latrine sales recorded in 1060 villages

- **Demand**: Marketing campaigns look to reach the largest possible market for the lowest possible cost

- **Supply**: Enterprises look to grow their businesses by selling more products to more people
Principle: Sanitation Marketing works best with other approaches

There are many opportunities for Sanitation Marketing to synergize with these approaches:

- **CLTS** = demand creation

- **Hardware subsidy & Output-Based Aid** can support a well-functioning market through the use of voucher systems, etc.
Principle: Sanitation Marketing does not ignore the poorest!

- Alternative financing - savings groups, MFI loans, installment plans, etc.

- Affordable, accessible, and aspirational product innovations
  - e.g. 20% of non-subsidy latrines purchased by ID Poor households (SVR province)
Success???

Yes......BUT......
We’re not solving the issue yet!!!

• It’s not just about toilets- We need to deal with waste!

• It’s not just about Sanitation, it’s about reducing diarrheal related disease! This requires addressing WASH holistically – iDE’s next venture......
#1 in the #2 business!
Thank You!

Questions?

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