Sanitation as a Business: market-based solutions to sustainably address the global sanitation crisis.

Malawi

Emma Pfister
Organization type: nonprofit/ngo/citizen sector

Budget: $1 million - $5 million

Website: https://www.waterforpeople.org

Project Summary

Concise Summary: Help us pitch this solution! Provide an explanation within 3-4 short sentences.

Basic sanitation helps prevent water-related diseases that kill over 1 million children annually, yet globally 2.6 billion people do not have access to a decent toilet. Traditional, subsidy-based approaches to addressing this crisis (giving away toilets for free) have proven to be unsustainable and have failed to reach scale. There simply isn’t enough donor funding in the world to provide a toilet to everyone who needs one. Water For People is testing a market-based approach – Sanitation as a Business – which combines profit incentives for local entrepreneurs and income generation for households and schools to build and sustainably maintain latrines thus improving the health, economic, and social conditions of millions of people in developing countries.

About Project

Problem: What problem is this project trying to address?

Chikhwawa, rural region in Malawi Most of the inhabitants of the rural District of Chikhwawa in southern Malawi are subsistence farmers. Like the rest of Malawi, Chikhwawa is extremely poor. The majority of residents live on about 50 cents a day, and have a life expectancy of just 36 years. Less than half of Chikhwawans have access to safe water and proper sanitation. Hence, the general population lacks not only the financial resources, but the expertise and empowerment to build and maintain their own water and sanitation facilities. Without these basic services, the people of Chikhwawa face chronic water-related illness and lack economic potential. Blantyre, peri-urban Malawi Blantyre, the second largest city in Malawi, has 21 officially recognized Low Income Areas (LIAs) in which Water For People has focused their work. In Ndirande, a large LIA, although latrine coverage is relatively high (93%), the residents face a number of problems in maintaining access and high levels of dissatisfaction over existing latrine designs. The average latrine in Ndirande was found to have more than 8 users and an average useful life of just 3.3 years. The findings indicate that there could be a vibrant market in Ndirande for latrines with longer life expectancies and an affordable pit emptying service to remove waste in order to keep them in a usable condition.

Solution: What is the proposed solution? Please be specific!

Sanitation as a Business is an approach that uses business principles to ensure sustainability, increase scale and maximize impact of sanitation interventions. Water For People recognizes the significant limitations of the traditional subsidized development model of addressing sanitation: subsidized solutions often don’t last, because donors don’t consider the consequences beyond the implementation stage – what happens 8 or 10 months later when latrines are full, can’t be used, and no maintenance or repair system is in place? Water For People wants to create long term sustainability by incentivizing and supporting local businesses to address sanitation access, and encourage not only the provision of a product (a toilet) but an ongoing service of maintenance as well. The main contribution and promise of this initiative is that the local private sector becomes engaged and committed to providing sanitation solutions, rather than leaving households waiting for the next NGO to come along. Water For People works with the private sector to: encourage their investment in sanitation; develop affordable projects; and see every household without a toilet as a potential client. Moreover, the program uses sanitation as a vehicle for business development by merging principles of market research and segmentation with comprehensive community involvement and thorough evaluation of results. Water For People is investing in approaches that can achieve scale, expanding affordable, sustainable sanitation coverage in locations worldwide.

Example: Walk us through a specific example(s) of how this solution makes a difference; include its primary activities.

Market analysis, obtaining government institution and political support: Identify sanitation problems and existing management situations in a given area, linking with possible business solutions, identifying and addressing political, technical, social, economic factors needed to create a conducive business environment. Business model development based on market research; In-depth study of key products and services identified; stakeholder meetings at country level to discuss and confirm findings; test market, demand and willingness to pay through small scale product and service development; conduct market survey based on product and service tests; identify specific businesses with potential for production and service delivery; develop business plans, present to financing institutions; provide support. Catalyze small scale businesses and take to scale: Test and modify innovative sanitation technologies through small scale businesses, provide third party mentoring support; bring together business mentors/private sector operators, elicit comparisons between customers’ attitudes, technologies, working practices, promotion techniques; share...
methodologies with interested institutions and organizations; new promotion techniques, better quality control, financing mechanisms, improve business management capacities; train potential businesses in management, marketing, accounting; conduct customer satisfaction surveys, utilize external evaluators to review balance sheets; work with relevant government authorities to gain support for business development.

About You

Organization:
Water For People

About You

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Katie

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Scolari Borden

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About Your Organization

Organization Name
Water For People

Organization Country
, CO, Denver County

Country where this project is creating social impact
, XX

How long has your organization been operating?
More than 5 years

Is the project that you are entering related to this organization?
Yes

The information you provide here will be used to fill in any parts of your profile that have been left blank, such as interests, organization information, and website. No contact information will be made public. Please uncheck here if you do not want this to happen.

Innovation

What stage is your project in?
Operating for more than 5 years

Share the story of the founder and what inspired the founder to start this project

Edward (Ned) Breslin, playfully known as “toilet man”, is a 24 year veteran of international water and sanitation development. Ned’s journey began in 1987, working on a water supply initiative through his undergraduate university and Lutheran World Relief in Kenya. There he became intimately aware of the threats that the lack of basic water and sanitation facilities has on the rural poor. He spent 16 years working for WaterAid Mozambique, the Mvula Trust, Operation Hunger in South Africa and AGRITEX in Zimbabwe. With these organizations he worked tirelessly to build programmatic models that effected change within his sphere of influence. During this time, one of Ned’s chief frustrations was seeing the trail of broken water pumps and disused latrines left behind from well-meaning international groups that were not held accountable for the long-term success of the project. After years of seeing such results, Ned became uncompromising and outspoken about the need for sustainable solutions that are monitored over time and for greater sector accountability.

In January 2006, Ned joined Water For People and used his experience to transform the International Programs department. Working with Kate Harawa, Country Director of our Malawi program and Steve Sugden, Senior Program Manager for Sanitation, Ned refined the Sanitation as a Business concept that won a $200,000 award through the World Bank’s Development Marketplace Program. Since that time, the program has grown from rural focus to one that addresses peri-urban and urban sanitation needs as well.

Social Impact

Please describe how your project has been successful and how that success is measured

In Malawi, where Sanitation as a Business has been evolving since 2008, we have reached several key metrics such as training of 62 sanitation entrepreneurs, who have developed ongoing maintenance relationships with households to service over 1,000 latrines. A prime example of this metric at work is in the village of Ngombe, where sanitation coverage was around 10%. Since Water For People-Malawi intervened, the coverage level has increased to about 85%.

Other indicators of success will include: Local Business Development Service Providers, who help businesses undertake market analysis and
conduct feasibility studies, have increased knowledge of the potential in the sanitation sector and are encouraging new investment by potential entrepreneurs. • Businesses emerging from this process develop viable models to extend coverage and services to the poorest member of the communities. • Businesses making profit and re-investing their own income into expanding sanitation coverage further, thus breaking the unsustainable cycle of traditional sanitation grant financing. • National sanitation policy changes encouraging or enabling sanitation businesses. • Financing from local banks supporting the emerging sanitation private sector. • Replication of the Sanitation as a Business approach by other organizations. • Increased coverage in villages and districts without direct support from Water For People. • Hygienic, ongoing use of latrines • Elimination of open defecation.

How many people have been impacted by your project?
1,001- 10,000

How many people could be impacted by your project in the next three years?
More than 10,000

How will your project evolve over the next three years?
Sanitation as a Business has evolved since the program first started in 2008. The next programmatic stage is to replicate and scale the program in Malawi and test similar implementation models in Uganda, Rwanda, India, Bolivia, and Peru. As new sanitation business models and affordable technologies are developed under this project, Water For People is making them available on our Tap Portal website, which allows feedback, comments, and knowledge sharing both within and external to the organization. Eventually, we also anticipate that our water sector programming will begin to adapt more of these market-based approaches to ensure long term sustainability without continued grant funding.

-Sustainability

What barriers might hinder the success of your project and how do you plan to overcome them?
Water For People understands that there is a delicate balance between not–for–profit organizations and for–profit businesses. As an organization we are committed to increasing sanitation coverage for the poor in a sustainable manner, which we believe can be achieved through promotion of the private sector. We will not be subsidizing businesses directly with any hardware, but will be supporting them with market analysis and feasibility studies of potential profitable sanitation businesses. We need to understand the market better, including segmenting potential customers (who have different sanitation wants and needs), further examine the demand and profitability of the sanitation market, and study the differences and similarities of different locations (urban vs. peri–urban vs. rural). In the past many market-based sanitation programs have focused on the potential value of human manure as compost and fertilizer. Water For People will explore this option where appropriate, but our studies have found that there are many barriers in the approach, including ensuring that “humanure” prices are competitive with artificial fertilizer, and the composting process is done correctly to ensure the product is safe. This project will first and foremost focus on the demands of the customers (the households), and then the potential profit of a sanitation business, which may or may not include eco-san latrines which produce “humanure ”.

Tell us about your partnerships
To ensure sustainability, Water For People partners with communities, local non-governmental organizations (NGOs), and local government. We bring all stakeholders together to establish creative, collaborative solutions that allow people to build and maintain their own reliable safe water and sanitation systems. In the Sanitation as a Business project, key to our approach is the development of relationships and capacity for local Business Development Support Services. These are private services which can work with local entrepreneurs to develop sanitation business ideas into a full–fledged, profitable business capable of expanding coverage to the poor. These services will exist long after Water For People.

In Chikwawa, Water For People partners with the Chikhwawa District Assembly, local NGO - the Fresh Water Project, the Water Development Office, Health Office, Education Office and Community Development Office to facilitate water, sanitation, health and hygiene programming.

In the peri-urban areas of Blantyre, Water For People initially partnered with the Blantyre Water Board to facilitate water programming. However, with our established credibility in Chikhwawa around the Sanitation as a Business model, Blantyre Water Board selected Water For People to provide technical support for $1.56 million European Investment Bank grant to implement a service based sanitation approach in 21 low incomes areas of peri-urban Blantyre.

Explain your selections
Programmatically, Water For People always works with local, regional and/or national governments. This partnership ensures sustainability, scalability and replicability are at the forefront of the program development. Additionally, Water For People works to co-finance projects when possible.

The Sanitation as a Business project is supported by both Foundations, Regional and National Governments. The Blantyre Water Board and Chikhwawa District Assembly have contributed financial support to the project.

Last year the Bill & Melinda Gates Foundation awarded a four-year grant to Sanitation as a Business to test possible sustainable sanitation services of profit incentives and income generation programs in Africa, Asia, and Latin America. ERM Foundation and the Colorado Women’s Foundation both provided additional funding for Chikhwawa in the initial implementation of Sanitation as a Business.

How do you plan to strengthen your project in the next three years?
The project is based on the assumption that commercially viable sanitation businesses will thrive and continue to supply the sanitation based products and services in which they trade. Individual businesses may fade and die, but as long as the underlying viability and demand remains, new entrepreneurs will take advantage and further develop the proven opportunities.

Over the next three years, the project plans to develop strong relationships with local Business Development Service providers in Malawi, Rwanda, Uganda, India, Peru, and Bolivia. We have also hired new field-based staff with business development expertise to help guide these relationships and seek out potential sanitation entrepreneurs. All business ideas will be subjected to rigorous feasibility analysis, which will determine the viability of the proposed business. Only those that meet strict criteria and show the most promise will receive support to develop detailed business plans. In addition to working with the Business Development Service providers (who will, over time, have increased knowledge of the sanitation sector and the latent business potential), Water For People will also work with local banks to encourage investment in new promising business. Over time, Water For People’s role will shift into an advisory nature with ownership of the business process clearly in the hands of local business development service providers and the sanitation entrepreneurs themselves.
Challenges

Which barriers to employment does your innovation address?
Please select up to three in order of relevancy to your project.

PRIMARY

Need for regulatory/policy support

SECONDARY

Lack of visibility and investment

TERTIARY

Other (Specify Below)

Please describe how your innovation specifically tackles the barriers listed above.

Barriers associated with the need for regulatory/policy support around subsidies will be worked out by diversifying work in multiple locations, developing a sense of ownership with government officials to discourage “give away” operators, and through negotiations with implementing organizations for integration rather than competition. Mitigation to barriers around lack of investment will be addressed through early relationships with banks and utilities to build buy-in, reducing cost through partnerships and further innovation, identifying approaches to get quick wins for private companies, and use of affordable, appropriate technologies that add value. The program is developing new monitoring tools to ensure this approach results in increased sanitation coverage for poor populations.

Are you trying to scale your organization or initiative?
If yes, please check up to three potential pathways in order of relevancy to you.

PRIMARY

Grown geographic reach: Multi-country

SECONDARY

Enhanced existing impact through addition of complementary services

TERTIARY

Influenced other organizations and institutions through the spread of best practices

Please describe which of your growth activities are current or planned for the immediate future.

Influencing other organizations and institutions is the heart of Water For People’s programmatic work. Sanitation as a Business is designed to develop businesses which can be taken to scale. Success is determined by the reach of the businesses supported. The project has considerable scalability as its expansion does not rely on external funding or subsidies. Currently, Water For People is enhancing impact in multiple countries and geographic areas, including peri-urban Malawi, Rwanda, Uganda, India, Bolivia and Peru. Each area, with its geographic, cultural, environmental and political differences, will develop distinct functioning Sanitation as a Business models that will continue to be evaluated and reviewed for replicability and scalability.

Do you collaborate with any of the following: (Check all that apply)

Government, NGOs/Nonprofits, For profit companies, Academia/universities.

If yes, how have these collaborations helped your innovation to succeed?

Government:

Water for People always works with local and regional governments to implement government standards and influence policy and administration development.

NGOs/nonprofits:

The role of NGOs and nonprofits has been to assist funding opportunities of the project, such as ERM’s funding for the initial project implementation in Chikhwawa.

Academia/universities:

Water For People’s Senior Manager of Sustainable Sanitation, Steve Sugden, engaged his former employer, the London School of Hygiene and Tropical Medicine, to assist in the initial Sanitation as a Business modeling, and we continue to partner with other universities, such as the University of Colorado in Boulder, to develop monitoring indicators and conduct research.

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