

Harnessing Market Power for Rural Sanitation

**Rural Poor as customers
and not beneficiaries**



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Based on learning gained from :

Support to Small-scale Private Sector Development and Marketing for Sanitation Project

Executed by IDE with fund support from DANIDA in Vietnam.
2003-2005.



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Market based approaches: some characteristics

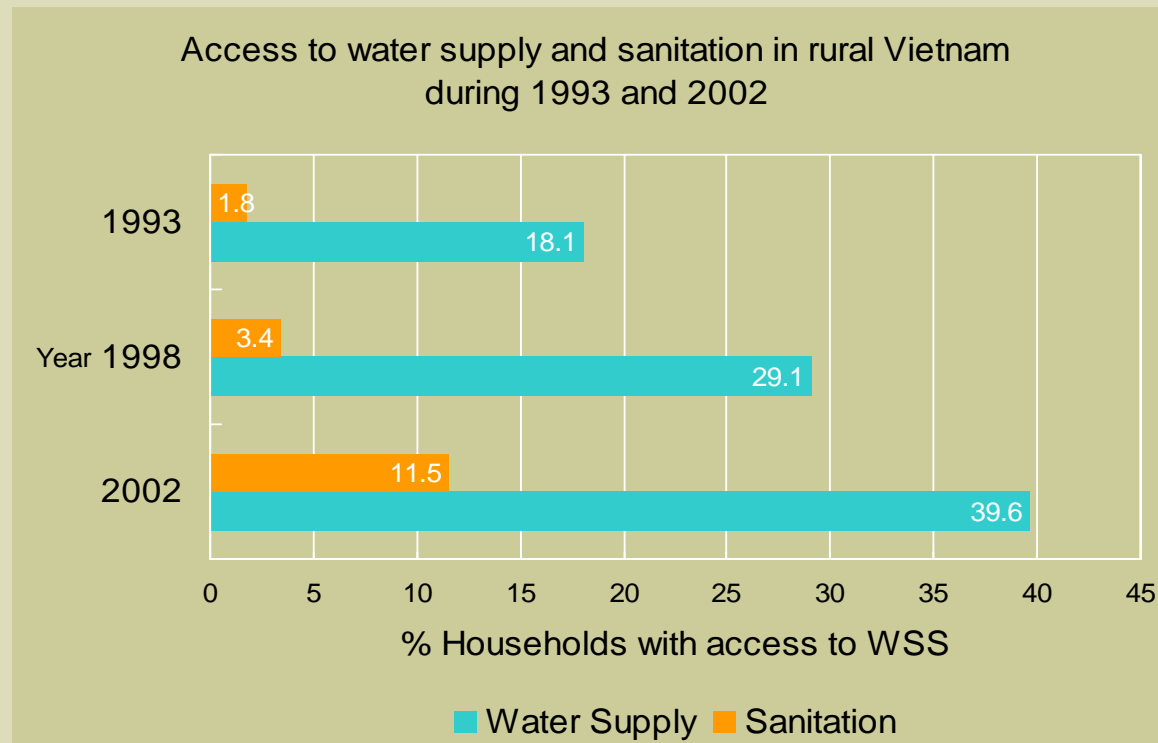
- Ability to perpetuate market development
 - masons continue to promote their services after the project phased out
- Responsiveness for the customer of sanitation services
 - Differed payments & PSS warranty
 - Market transaction (when, how, from whom to buy)
- Conduciveness to local innovation
 - walls can wait
 - proliferation of cement ring makers
- Conduciveness to operational efficiencies and accountability from SP
 - Full K Cost-recovery
 - The market price auto-regulation (competitiveness)





Rural sanitation in Vietnam: A reflection of the global sanitation stalemate

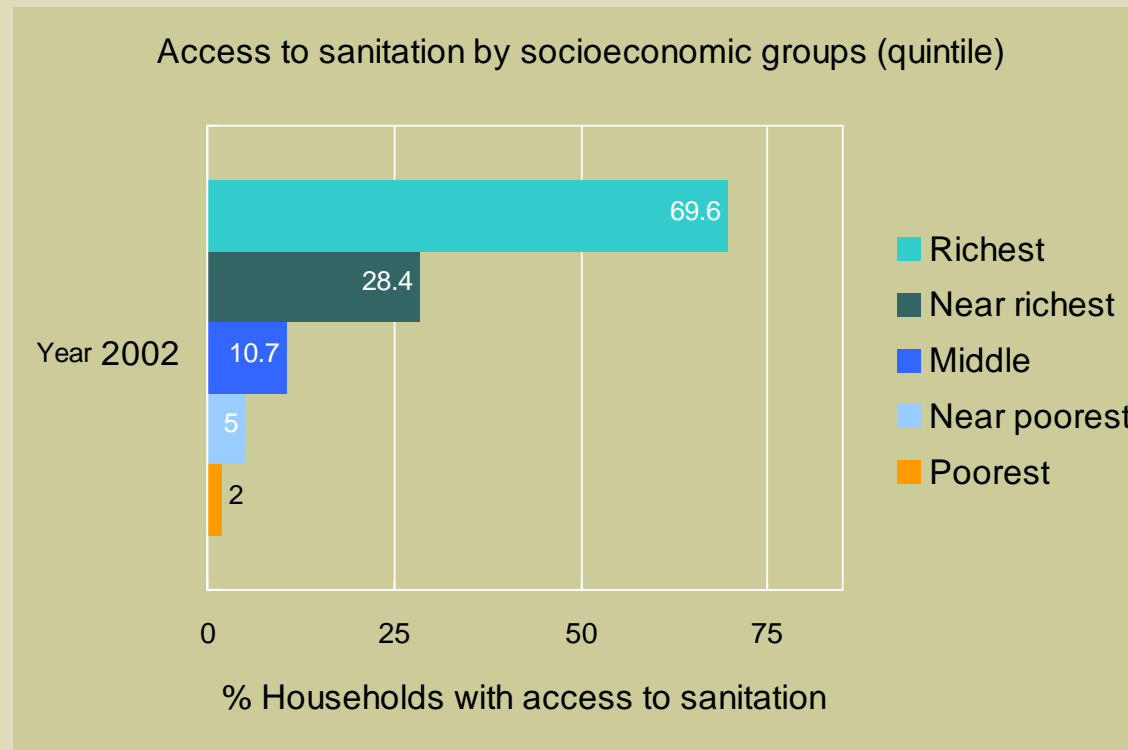
- Access to sanitation lags behind access to water supply





Rural sanitation in Vietnam: A reflection of the global sanitation stalemate

- Access to sanitation in rural areas remains a privilege of the richest groups





Validating the new paradigm

IDE Project aimed at testing:

1. Whether rural families will invest in latrines when a range of low-cost models are available from local private sector suppliers
2. The extent to which targeted promotional campaigns can influence consumers' decisions regarding sanitation investments.



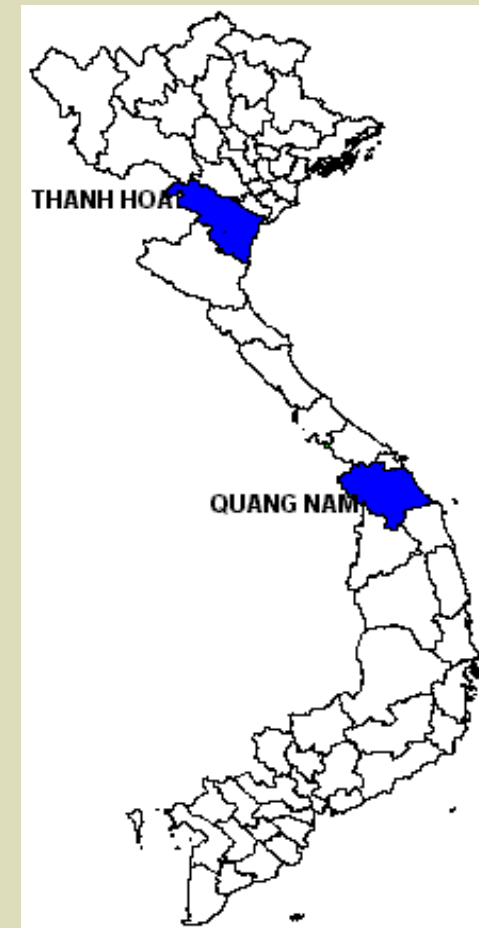
Validating the new paradigm

Communities	Households	Poor households as % of total population	% of households owning a safe latrine
Experimental group	53,886	19.1	16.0
Control group	5,440	19.7	18.3

2 Coastal provinces in rural Vietnam, with similar conditions:

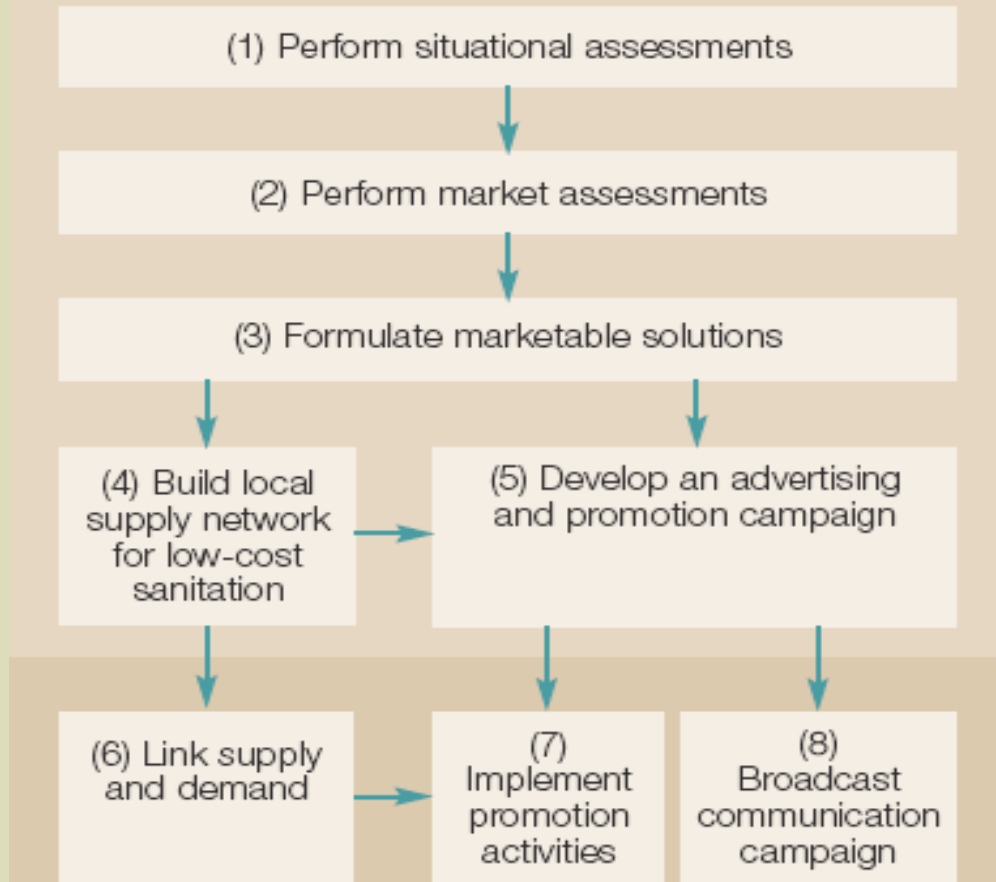
- Socioeconomic
- Environmental

Project duration: 2.5 years





A process to unleash market forces



“Mr. Latrine” representing
“Hygiene, Civilization, and Health”

Slogan: “Be an exemplary person in a cultured village”



Segmentation & targeting

Access-based

Socio-economic

Behavioral – based on practice and vulnerability

No latrines (60)

Un-hygienic latrine (24)

Hygienic latrine (16)

Households under government assistance – poor (19)

Primary care givers (43)

Children - under 16 y/o (43)

Core target group

Channel exposure

Message content

development of sanitary options

Partnerships & alliances

Performance assessments



Market assessments: some considerations

- The way latrines are acquired
 - Commercial vs. non-commercial
 - Roles of the household members
- The time when latrines are acquired
 - Seasonality of demand
 - Family events related factors



Market assessments: some considerations

- Innovation gaps

Which technologies are

- sustainable
- desired
- available
- affordable

- What prevents the market to work for the underserved

- Demand and supply constraining factors

- What opportunities exist to further develop the market

leveraging on:

- early adopters
- Peer pressure
- community mobilization



Lessons learnt from implementation

Biased cost perception of sanitation

- Soviet legacy of over-design
- Lack of local references (16)

Response:

- Standardized a range of options (demonstrations)
- Promoted on-the-spot information exchange
- Promoted competitiveness

Perception gap (respondents w/out latrines)

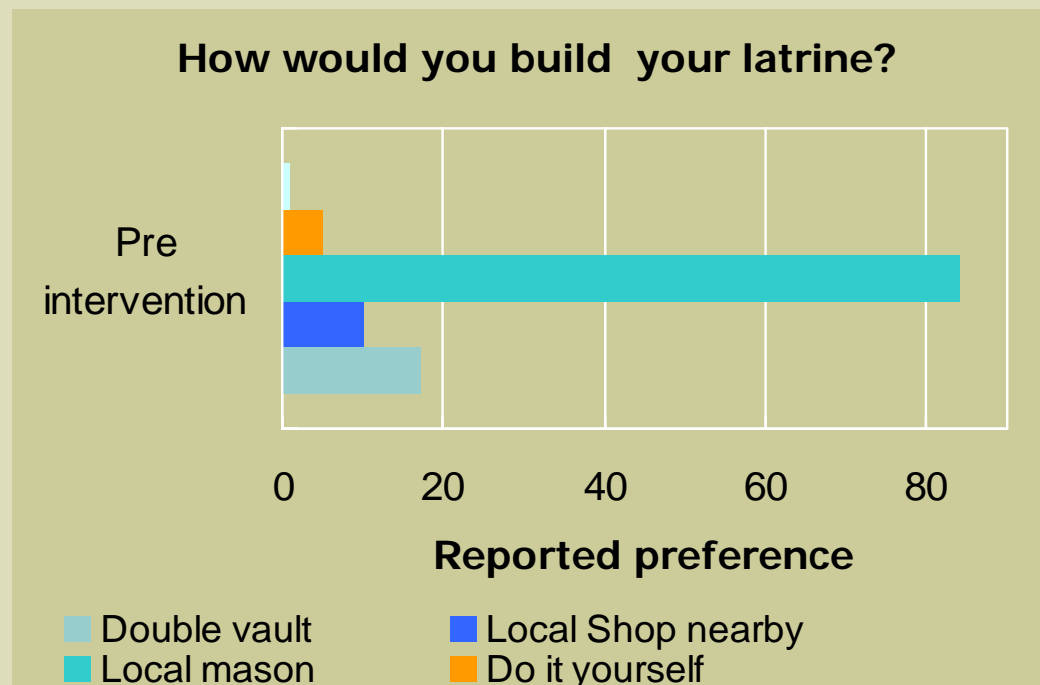
Cost	Initial perception (% respondents estimating cost)	Monitoring records (% latrines under that cost)
US\$71 or less	-	91
US\$65 or less	< 10	37



Lessons learnt from implementation

The market called for new sanitation masonry skills

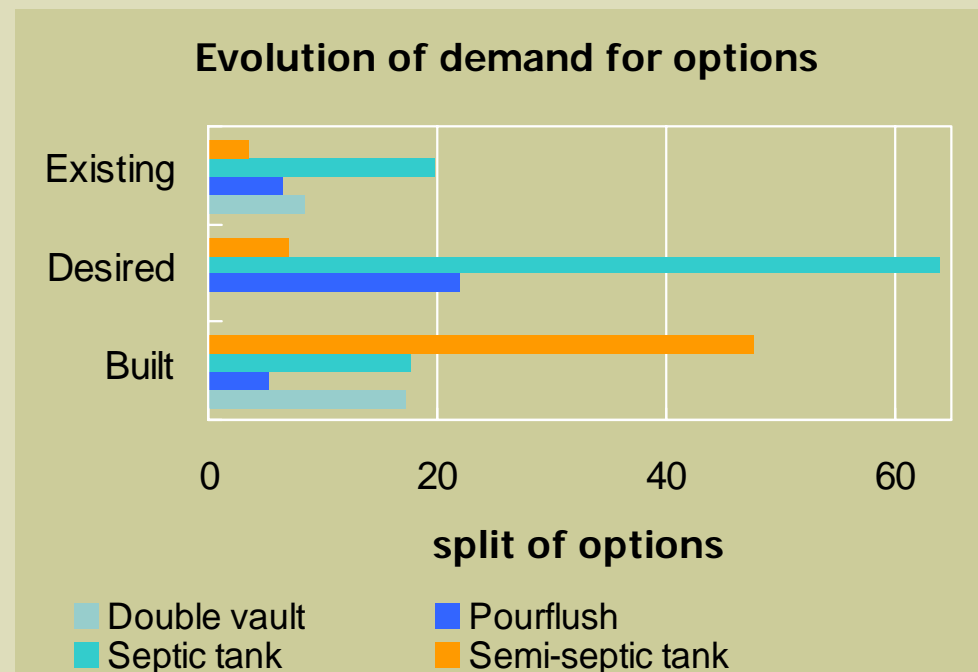
(respondents w/out latrines)





Lessons learnt from implementation

The market called for new sanitation masonry skills



Response:

- Engineered affordability through technical partnerships
- Trained 541 service providers



Lessons learnt from implementation

Investment in sanitation was not a priority

Cost	Households without latrines	Households with un-hygienic latrines	Households with proper latrines
Portion of respondents w/ cash constraint as a reason for not having a latrine	91		
Portion of respondents owning a TV or a karaoke set	58	88	90

Response:

- Conveyed a concept that contained proven drivers of demand
- Motivating benefits: prestige, convenience & children development
- Value reframing of latrines when compared to competing assets
- Mechanism to exert peer pressure were placed



Lessons learnt from implementation

Few incentives for service providers to enter & develop the market

- Sanitation masonry is a seasonal activity & a secondary source of income
- Low product differentiation was not conducive to local innovation

Response:

- Stimulated demand for sanitation on behalf of sp
- Covered investment for adapting appropriate technology to the local needs

- Village masons lacked of credibility before prospect customers
- The community relied on the commune health professional as the technical authority for latrine design

- Endorsed masonry skills through the local health network

Awakening the market: The results



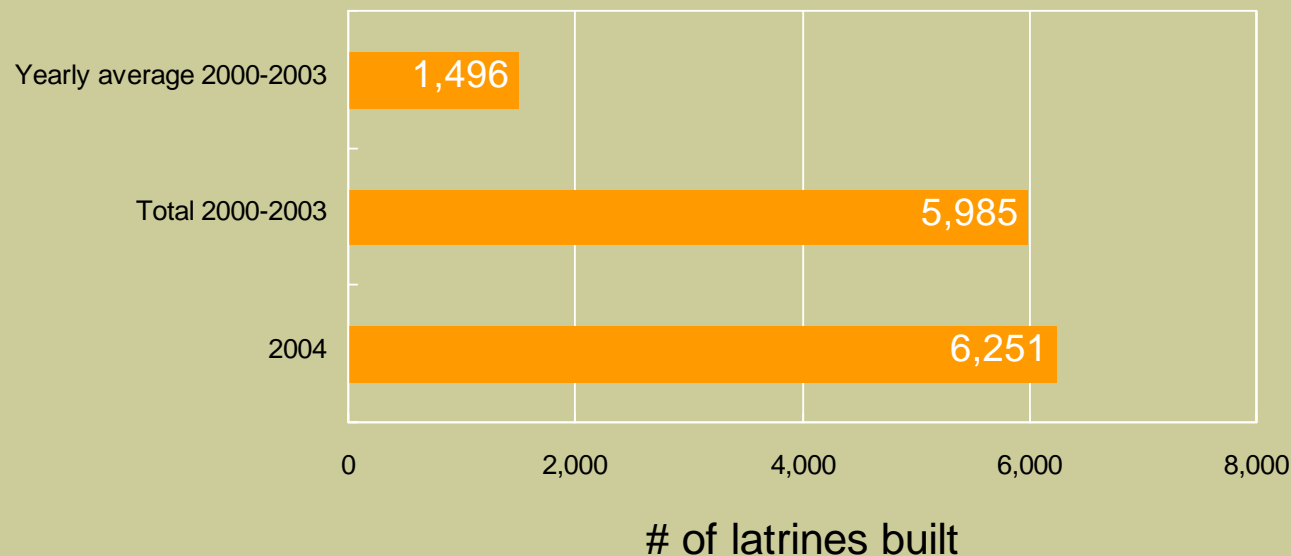
Increased access to improved sanitation

In the experimental group of communities:

- Latrine construction has grown fourfold



Latrines constructed in the project areas

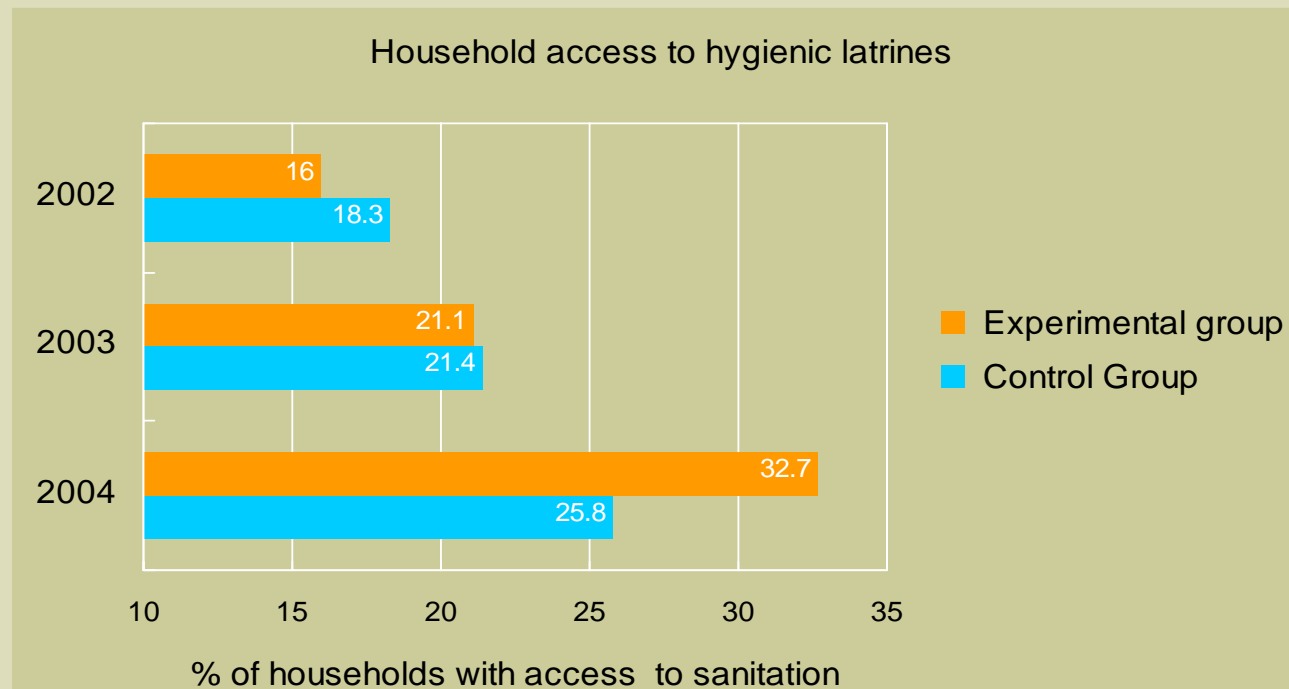




Increased access to improved sanitation

In the experimental group of communities:

- Rate of household ownership of a hygienic latrine has doubled





The market reached the rural poor

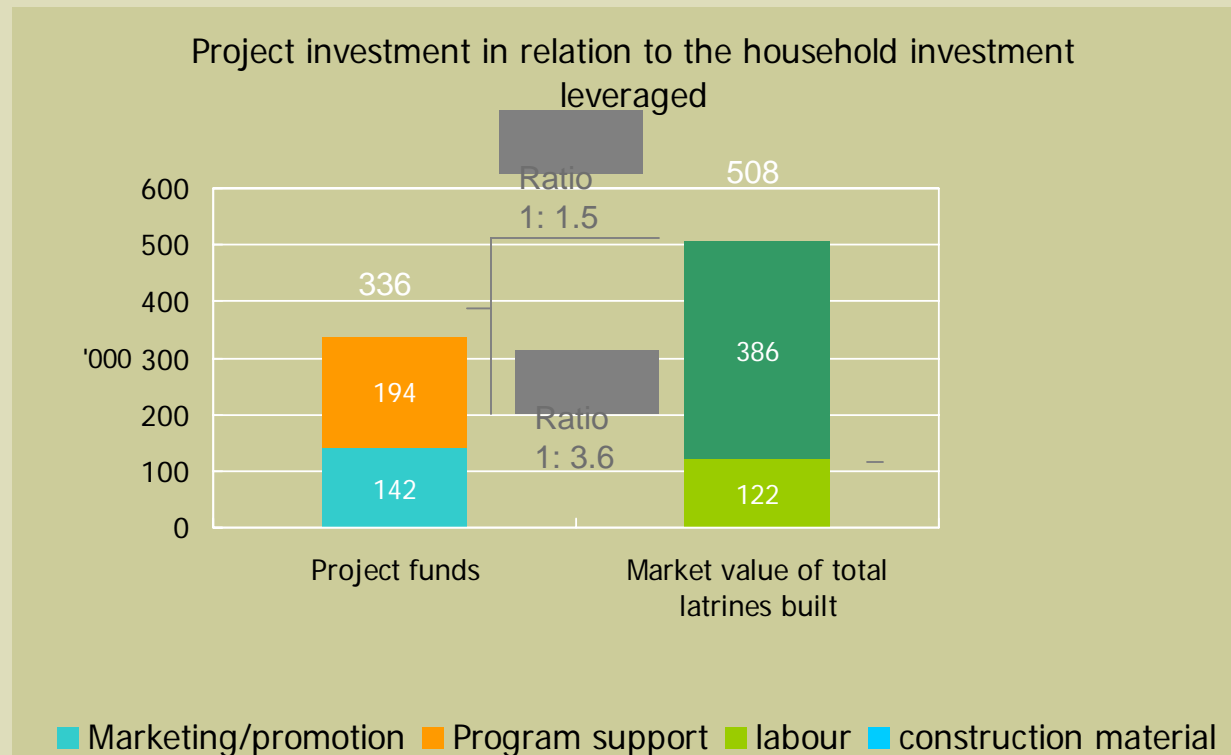
% of poor households in the total population (Dec 02)	% of poor households among all latrine buyers (Sep 03 – Dec 04)
19.1	10.7

Population category	Household annual income (US\$)	Average household investment in sanitation (US\$)	Investment as % of annual household spending
All latrine buyers	592	66	11.1
Poor latrine buyers	362	55	15.2



A cost effective approach

The market value of capital investment leveraged by 2004



Thank You !

