



CIVIL SOCIETY  
WATER, SANITATION  
AND HYGIENE FUND

**Australian  
Aid** 

 **Palladium**  
MAKE IT POSSIBLE

 **UTS**  
UNIVERSITY OF TECHNOLOGY, SYDNEY

## Day 3: Focus on sanitation and the private sector

East Asia Regional Learning event, 12-15 July 2016

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**UTS:ISF**   
INSTITUTE FOR SUSTAINABLE FUTURES

**ENTERPRISE IN**  
  
**WASH**

## Market-based approaches and the middle path...



The public sector  
AND private sector  
both have roles

Targeted  
subsidies are  
possible and  
needed



Sanitation problems and  
solutions are BOTH  
technical and behavioural

# Acknowledgements



## A Guide to Day 3

Session	Timing
<b>1. CSO roles and know your private sector</b>	9.00 am
Break	10.15 am
<b>2. Sanitation Marketing/ WASH Markets</b>	10.45 am
Lunch	12.30 pm
<b>3. Financing approaches to reach the poor</b>	1.30 pm
Break	3.00 pm
<b>4. Working effectively with the enabling environment</b>	3.30 pm
Day wrap-up	4.40 pm
Conference dinner	6.00 pm

Meet someone new and say 'hello'!



# SESSION 1

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CSO roles and 'know your private sector'



# Session 1 format



ACTIVITY: CSO roles... where do you stand?





# Sanitation supply chains and private sector in the CS WASH Fund

Deliverables related to sanitation across the Fund

Focus of sanitation-related deliverables	# of Deliverables	Relative emphasis (%)
Changes in demand for basic sanitation facilities	33	36%
Changes in use of improved sanitation facilities	29	32%
Changes in the safe transport, treatment, and disposal or reuse of excreta and/or waste water	7	8%
<b>Changes in availability of sanitation products and services</b>	<b>22</b>	<b>24%</b>
	91	100%

Source: CS Fund MERP

## Examples of 'expected changes' concerning how CSOs expect to influence private sector actors

Minimum of 15 latrine manufacturers engaged in the sales of 3,596 latrines to beneficiaries including the ID Poor households

25 local entrepreneurs providing sanitation services and certified sanitation products for 150 households (including modifications that are for different accessibility needs e.g. elderly) [6]

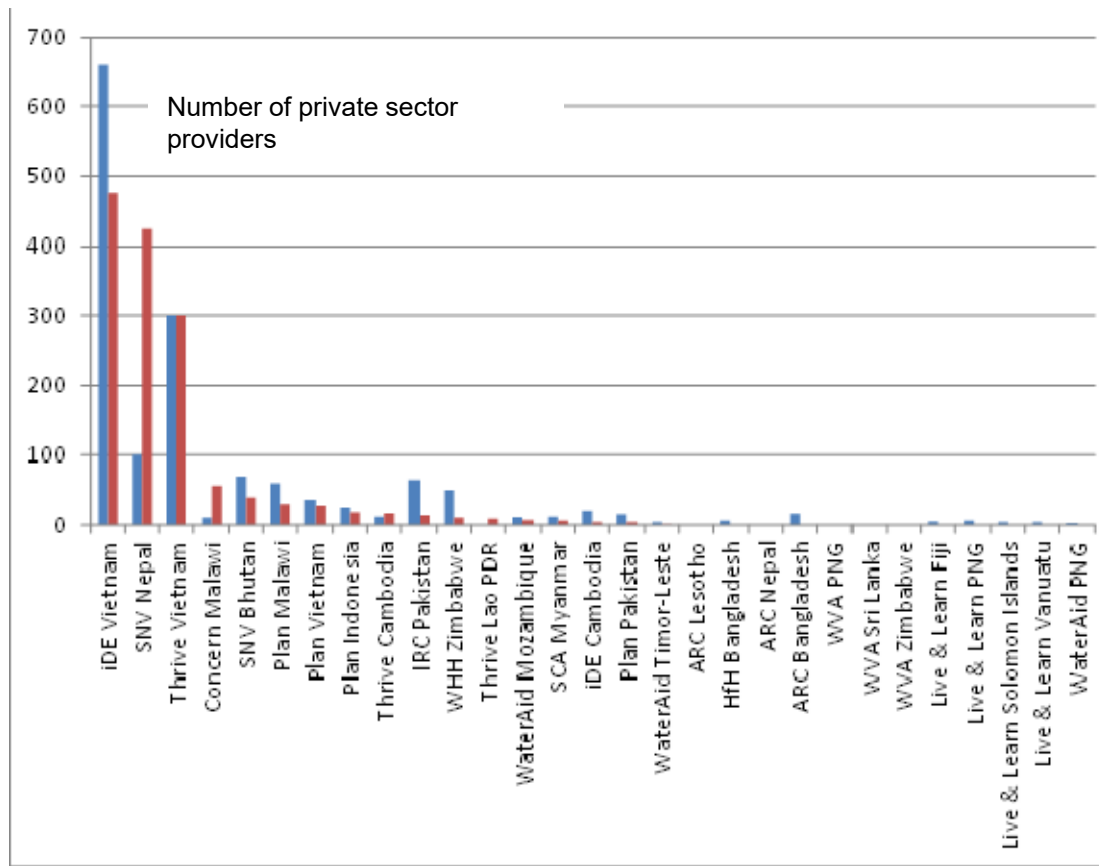
No evidence of change in 45% of expected changes in private sector actors across the Fund

sanitation marketing agencies are present in all the 10 districts of 2 provinces

10 Latrine Business Owners and Sanitation Teachers offer latrine shelters

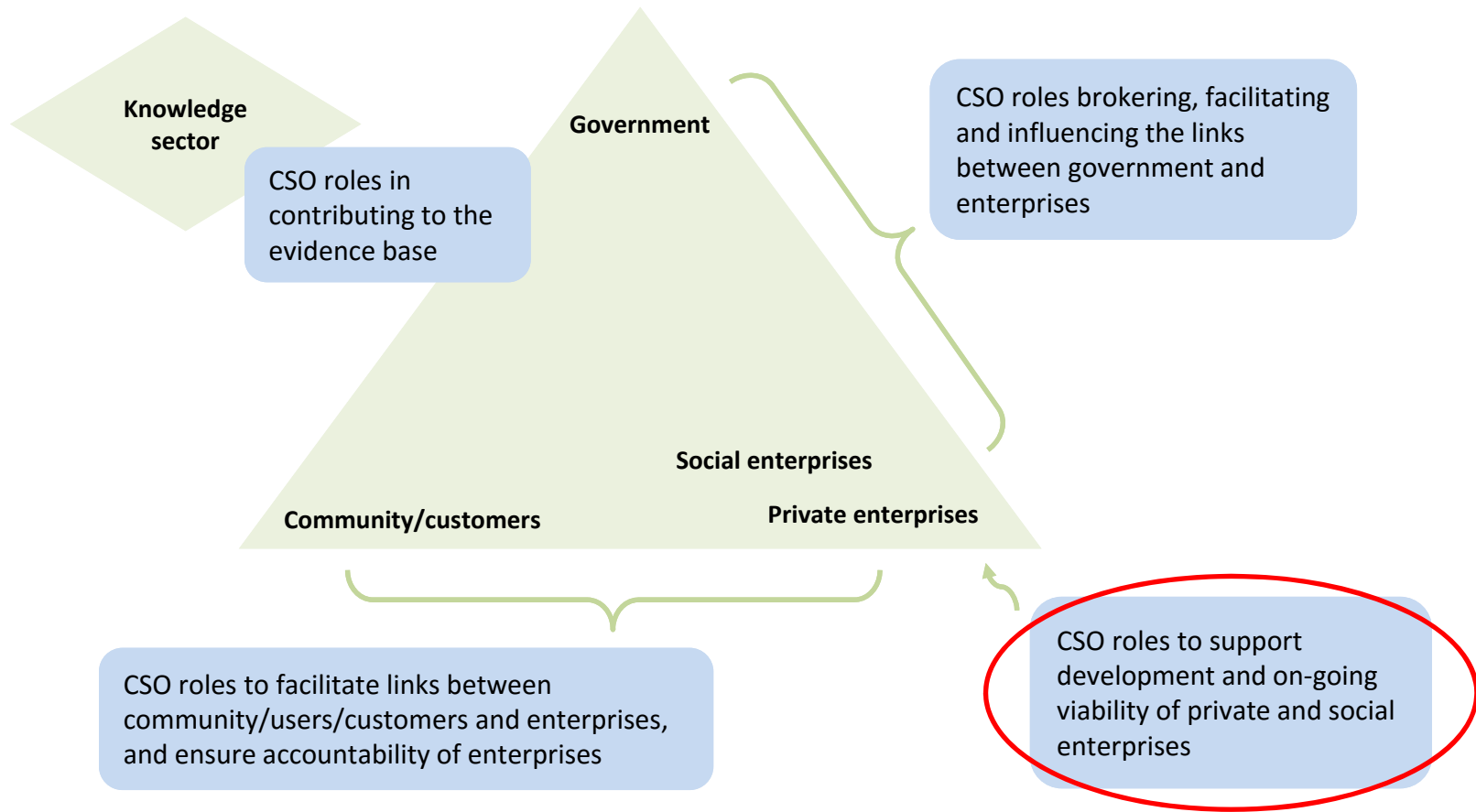
Source: CS Fund MERP

Key performance indicator (KPI) on private sector activity in sanitation:  
 “Number of additional private sector providers selling sanitation products and services”.



Source: CS Fund MERP

# CSO roles



## Based on 'Enterprise in WASH' research: Four principles to identify *strategic* CSO roles in supporting private sector

1. *Strengthen relationships and engagement* between different actor groups (enterprises, government and community) in ways that value what each group brings and that supports equitable outcomes and sustainable service delivery.
  2. *Analyse the context and maximise your impact*– 'think before you act' and 'look before you jump!', and make any direct support to enterprises part of a more extensive strategy, including over the long term and at scale, to ensure wider impact
  3. *Work with incentives* – be conscious of incentive structures for different actors as well as underlying motivations, and work with them.
  4. *Innovate and evaluate* – consider the many possible ways both enterprises and CSOs can play roles, concurrently testing, analysing and documenting the outcomes to contribute to the evidence base.
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# Know your private sector!

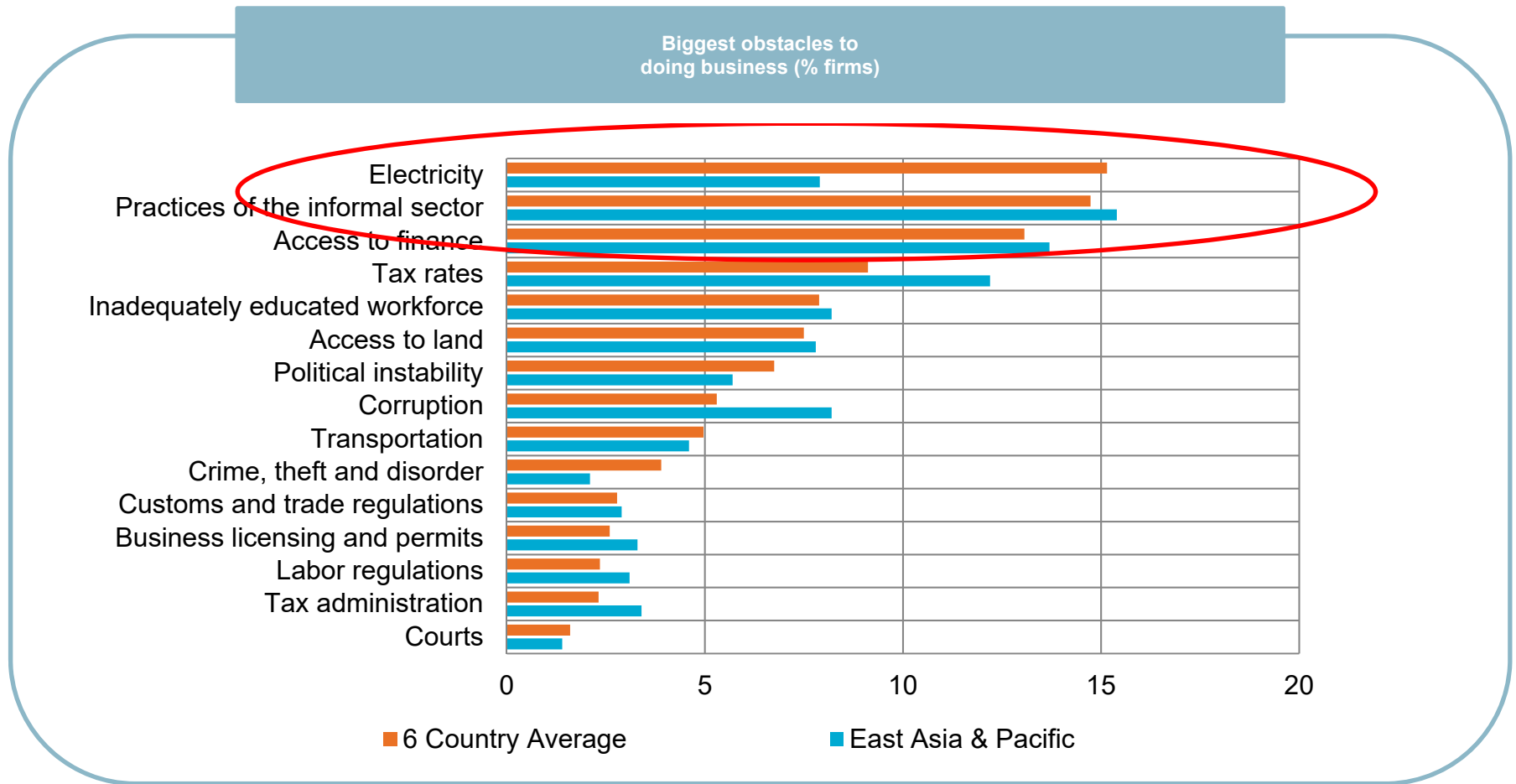


# Ease of doing business

Ease of doing business Global rankings  
(out of 189 countries)

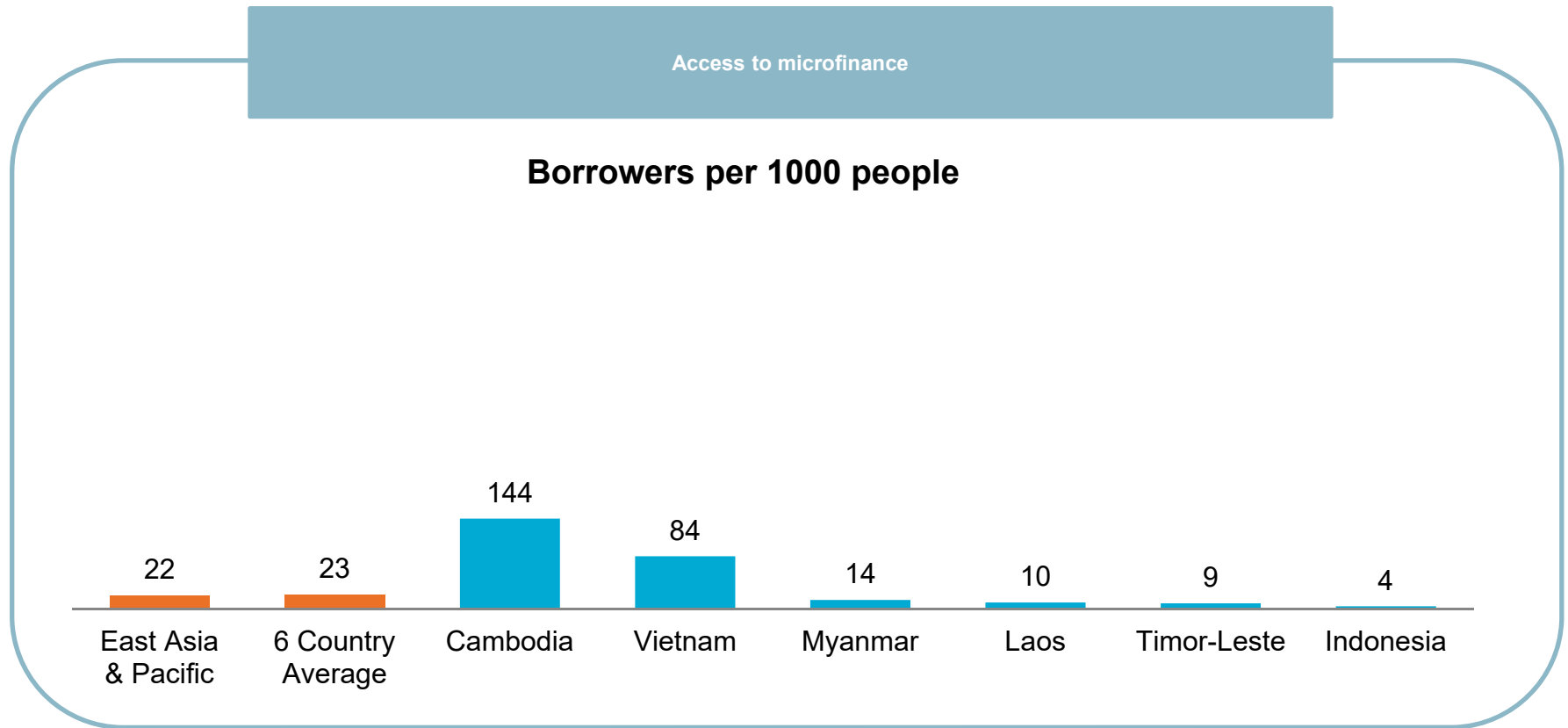
	Myanmar	Cambodia	Vietnam	Indonesia	Laos	Timor-Leste	6 country average	East Asia & Pacific
<b>Ease of Doing Business</b>	<b>167</b>	<b>127</b>	<b>90</b>	<b>109</b>	<b>134</b>	<b>173</b>	<b>133</b>	<b>96</b>
Starting a Business	160	180	119	173	153	104	148	103
Dealing with Construction Permits	74	181	12	107	42	154	95	78
Getting Electricity	148	145	108	46	158	95	117	82
Registering Property	145	121	58	131	66	189	118	98
<b>Getting Credit</b>	<b>174</b>	<b>15</b>	<b>28</b>	<b>70</b>	<b>70</b>	<b>162</b>	<b>87</b>	<b>80</b>
Protecting Minority Investors	184	111	122	88	178	81	127	102
Paying Taxes	84	95	168	148	127	57	113	84
Trading Across Borders	140	98	99	105	108	92	107	97
Enforcing Contracts	187	174	74	170	92	189	148	104
Resolving Insolvency	162	82	123	77	189	189	137	106

# Biggest obstacles to doing business

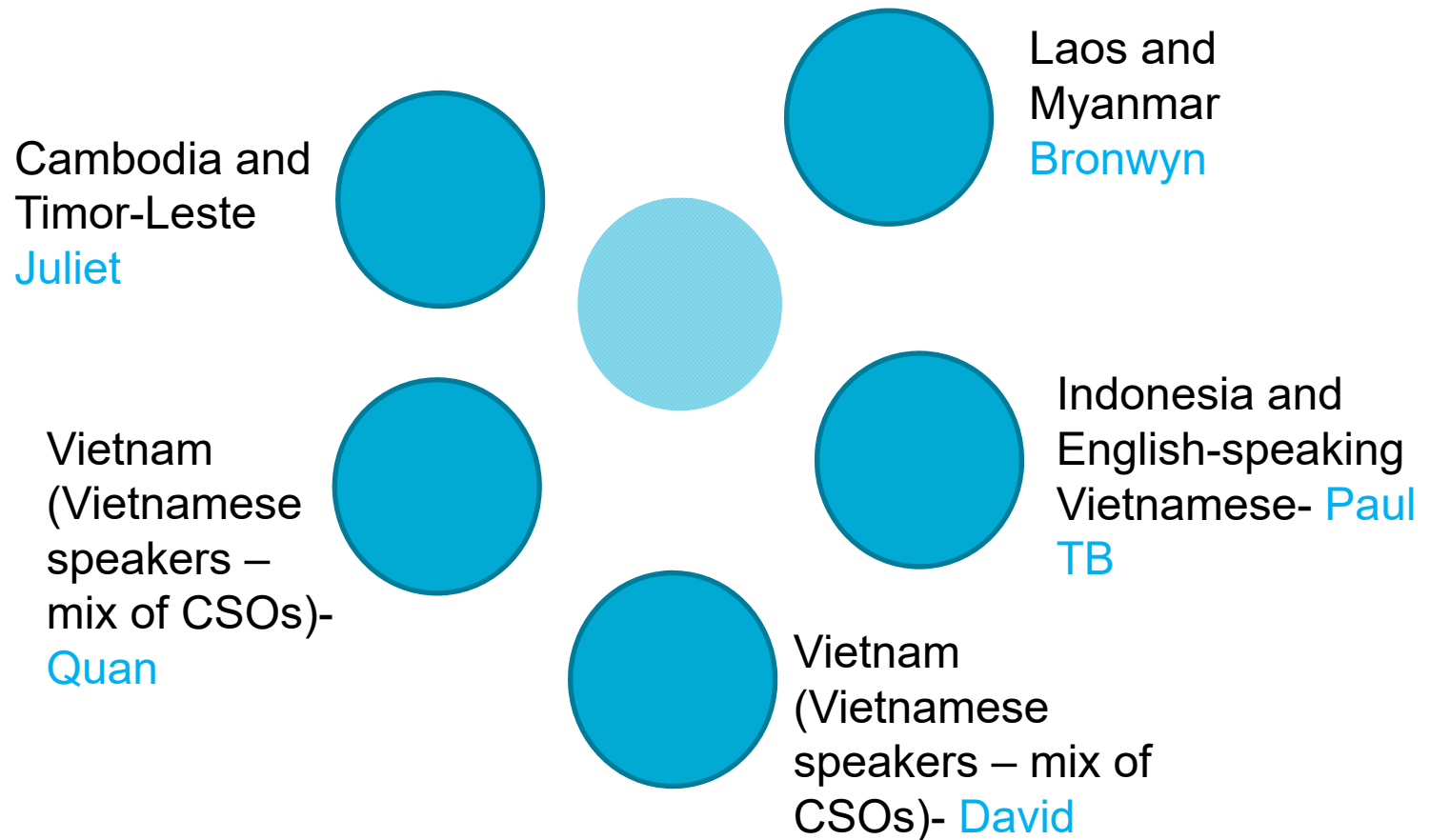




## Access to micro-finance



## ACTIVITY: 'Know your private sector'



## ACTIVITY: 'Know your private sector'

1. INTRODUCE YOURSELVES!

2. Compare and discuss your **COUNTRY**, look at:

- Access to sanitation by *wealth quintile*
- Overall status of the formal private sector (lots of green? or lots of red?)
- Getting credit/access to finance
- Freedom from corruption/corruption
- Access to micro-finance

How does this country context affect market-based sanitation?

3. Compare and explain your 'Context Maps' for private sector involvement

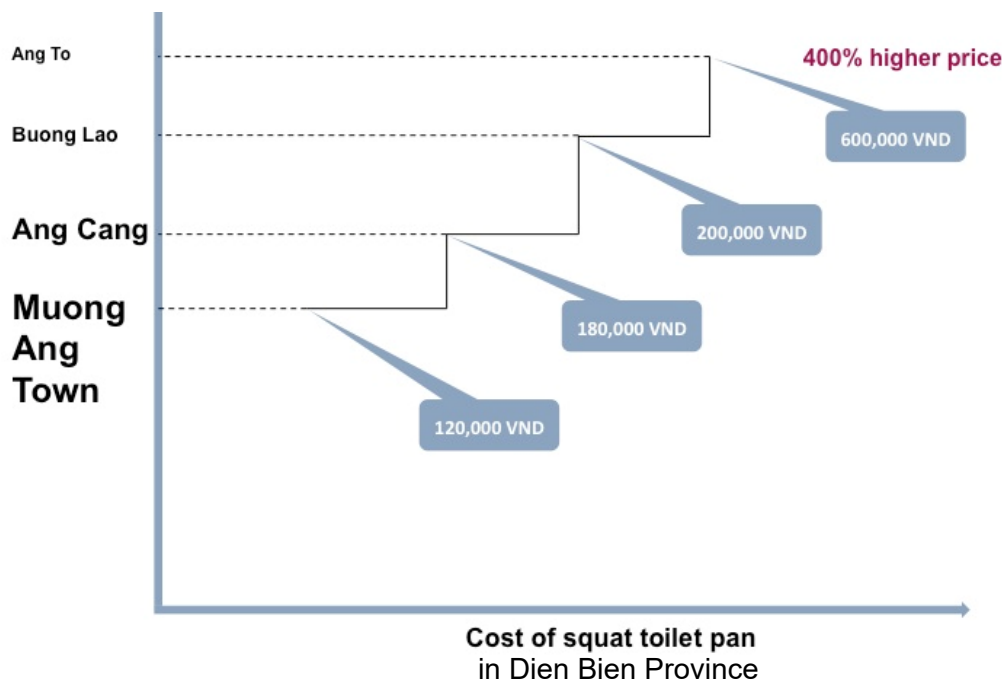
4. In terms of the private sector in your **LOCAL** context, what is favourable? What is challenging?

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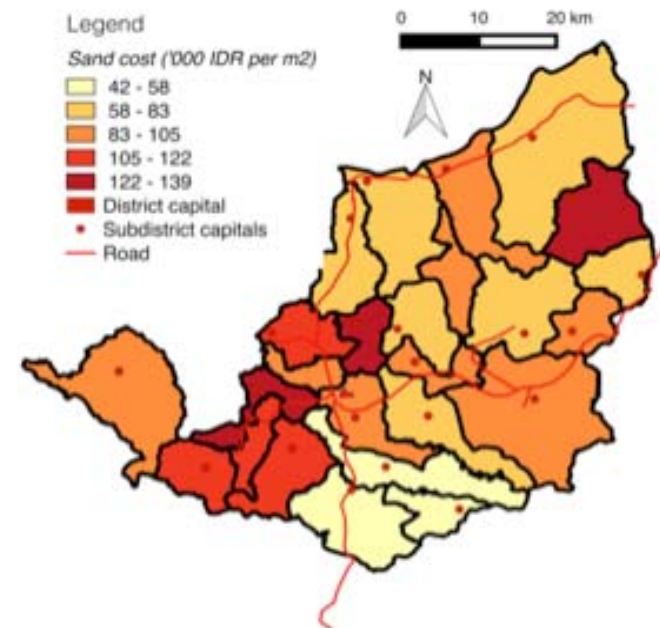
# The LOCAL context for private sector roles matters a lot!



Transport costs and profit-margins along the value-chain increased costs significantly in remote areas

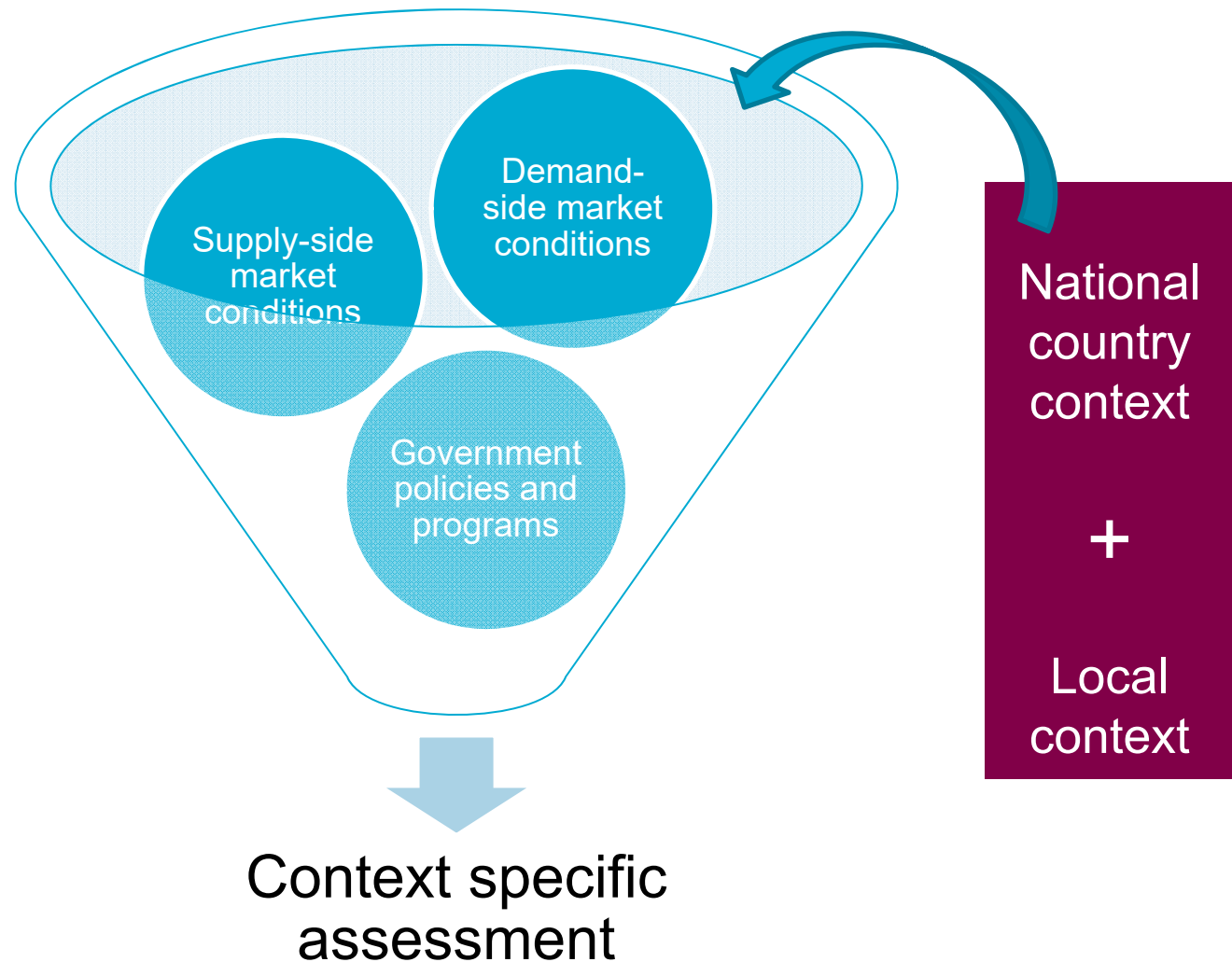


Sand cost in Timur Tengah Utara, Indonesia



Costs of local materials (e.g sand and gravel) varies a lot

Conditions can be **favourable** or **challenging** for implementing a market-based approach



## Key take-home messages from this session

1. The roles for CSOs are many! – some key principles can inform your strategy. Take a ‘middle path’ and:
  - Strengthen relationships between different actors
  - Analyse the context and maximise your impact
  - Work with incentives
  - Innovate and evaluate
2. The private sector status and conditions will influence the effectiveness of your approaches to strengthen the market
  - Know your context and how favourable or challenging it is likely to be
  - Carefully assess the expected economic viability of enterprises

## SESSION 2

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### Sanitation marketing and WASH markets



# Session format



**Scaling up Sanitation in Kani Township**  
Session 3b: Sanitation Marketing / WASH Markets

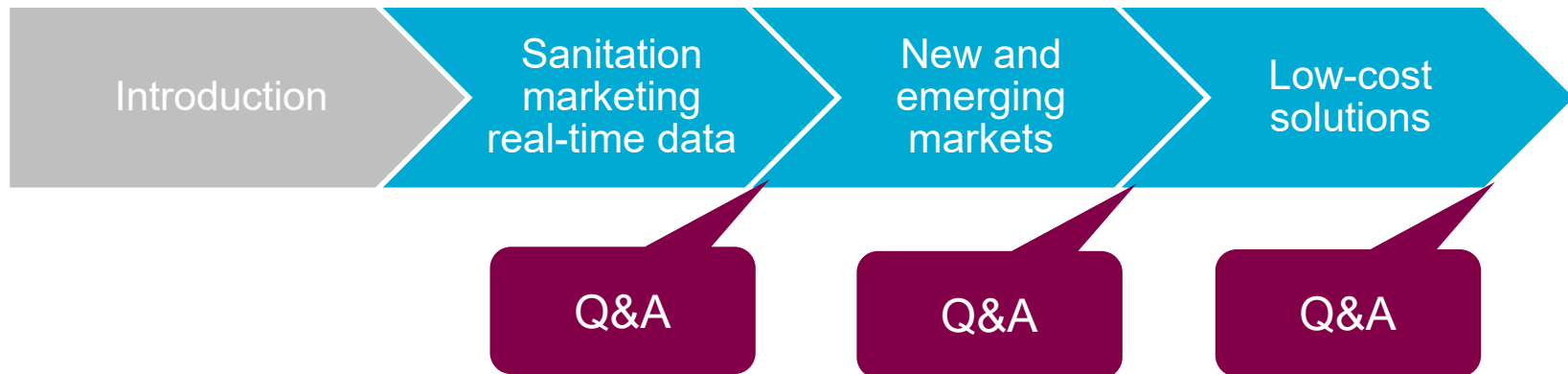
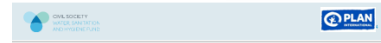
**The Reflections of SanMark in Timor-Leste**  
Session 3b: Sanitation Marketing / WASH Markets

Edmund Wiking | Valentim da Costa Pinto

Australian Aid | Pubsulum

## What we have achieved to date

- Development and testing of a portable low-cost toilet mould
- SanMark introduced and masons trained on low cost options
- Demo of low cost options in all 5 project districts





# What is sanitation marketing? What is it not?

An approach to:

- **Increase consumer demand** and investment in durable, hygienic latrines
- **Catalyse the market** by supporting enterprises to supply affordable, desirable sanitation products and services

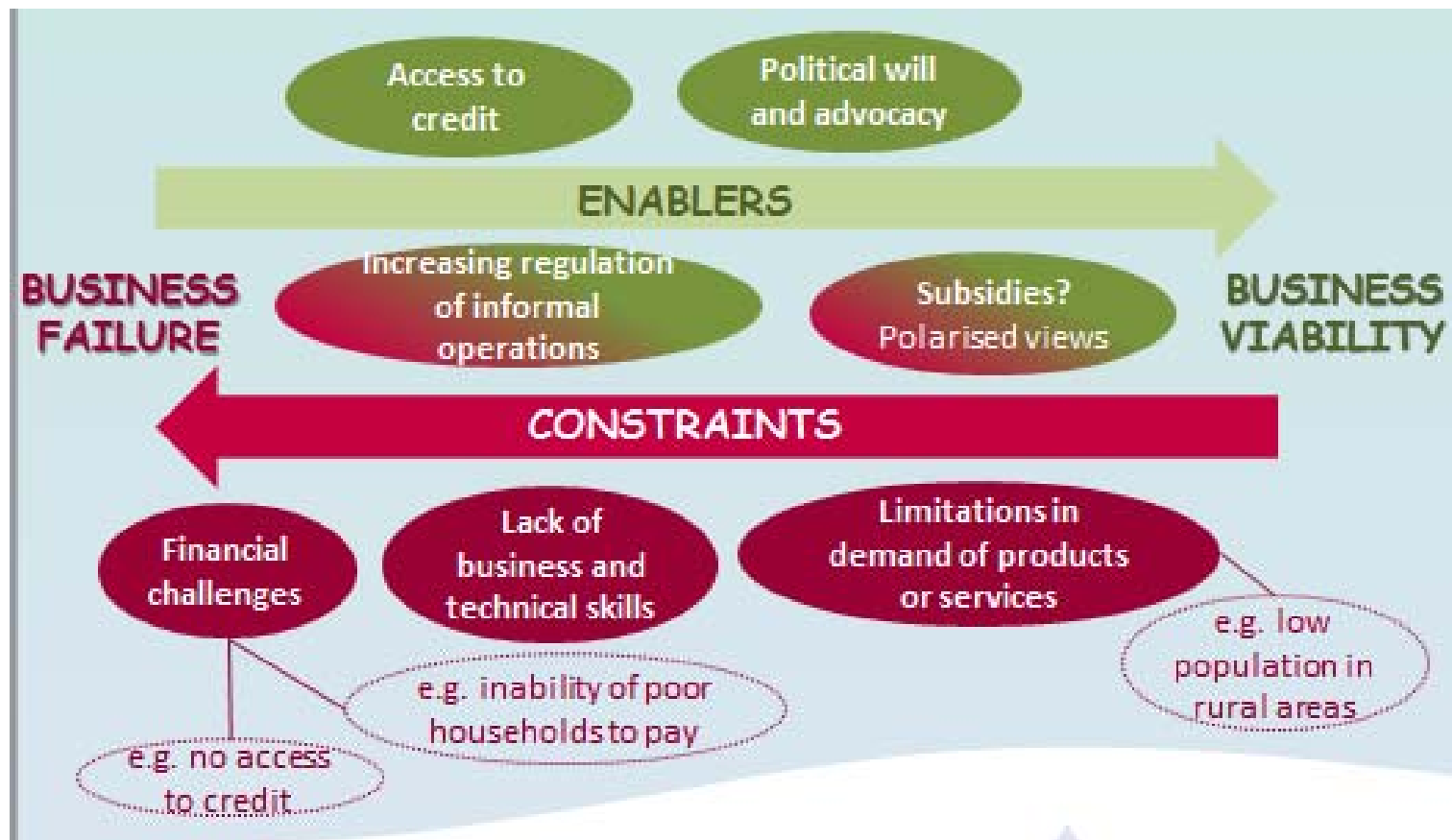
*“sanitation marketing is not just ‘training masons’”*

Common SanMark principles:

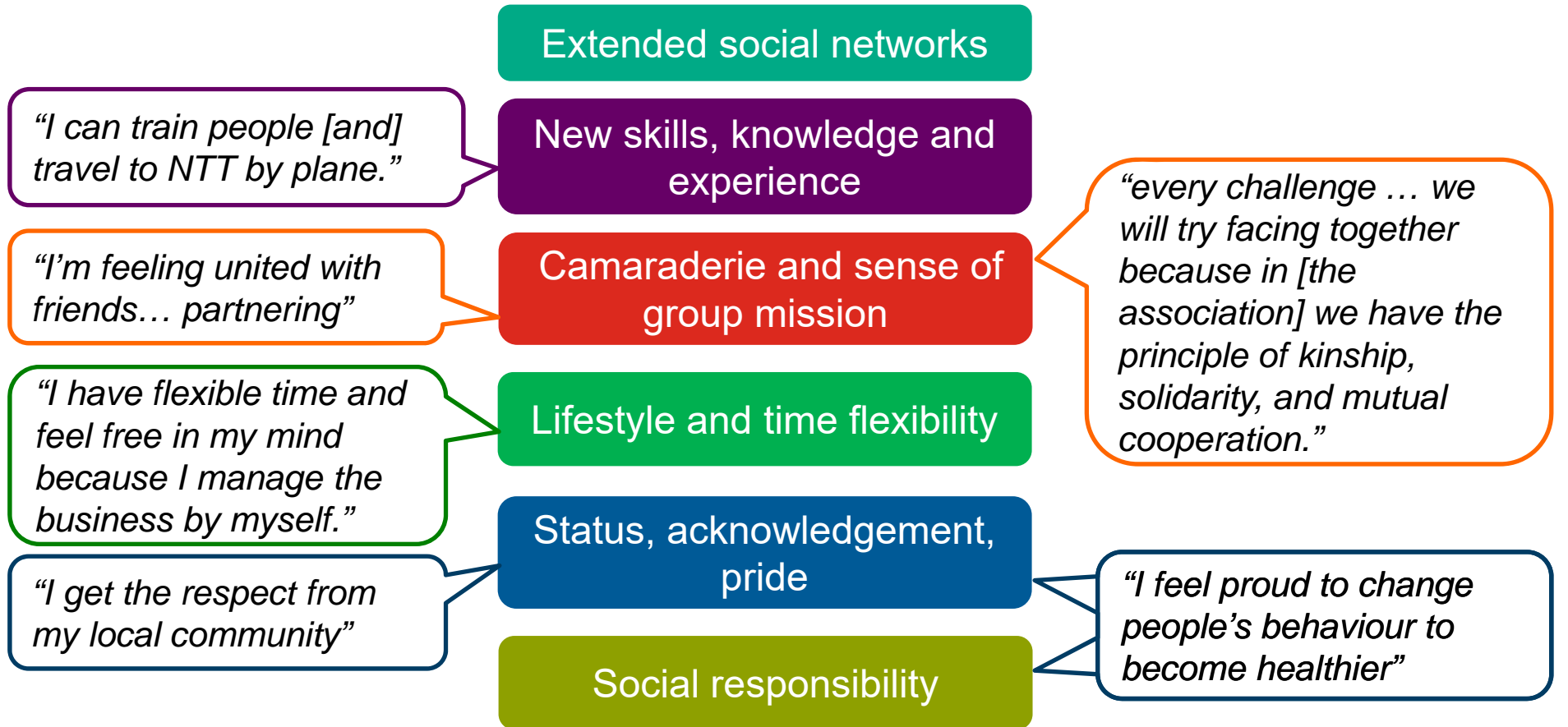
- i. Households as consumers
- ii. User-focused/user-centred
- iii. Applies commercial and social marketing techniques (e.g. 4 Ps- product, price, place and promotion)
- iv. Enables local governments to play a role in facilitating, regulating and ensuring equality



## Enablers and constraints to building sanitation markets – what the literature tells us...



## Private sector are not only motivated by profit...



## Questions about how CSOs are catalysing and building the 'market' and supply

Does the approach adequately fit the context?

Ability to reach the poor?

Linkage of supply with demand-creation activities in terms of timing, scale, actor roles and incentives?

Cost-effectiveness of the investment?  
Do the outcomes justify the resources put in?

Thinking ahead to an exit strategy?

Working with local government to support their role?

# CSO presentations



## Key take-home messages from this session

1. Spend time adapting the recommended external model to realities of local context
  2. Take time to map potential resources and the supply chain
  3. There are options that can be explored in 'unfavourable' or difficult contexts
  4. Working with other actors (eg Women's Union) can support the approach
  5. Innovations in technology create opportunity for new approaches to monitoring market-based approaches
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# SESSION 3

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Financing approaches to reach the poor

# Session format


What was the financing approach?

Output-Based Aid

A targeted subsidy disbursed after independent verification of a completed latrine



Engaging Koperasi (Cooperative) with Sanitation Marketing in NTT, Indonesia  
Session 3c: Financing approaches to reach the poor

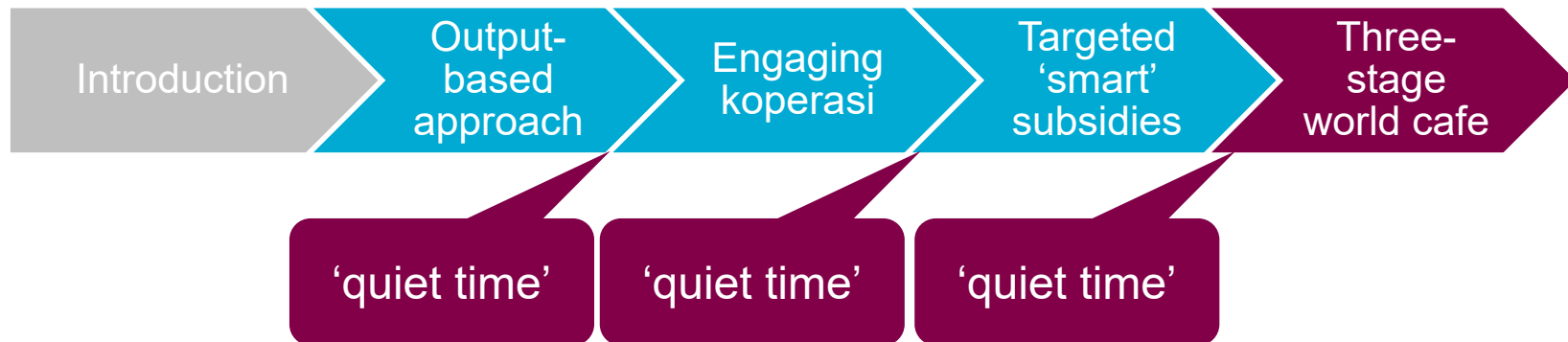


**Targeted Subsidies Play a Key Role**

**Sanitation Marketing Scale Up (SMSU)**  
Current SMSU 2 program explores how to capture the majority and laggards

22% Purchasers are IDPoor  
What models and tools can be used for deeper penetration into the poorest segments?

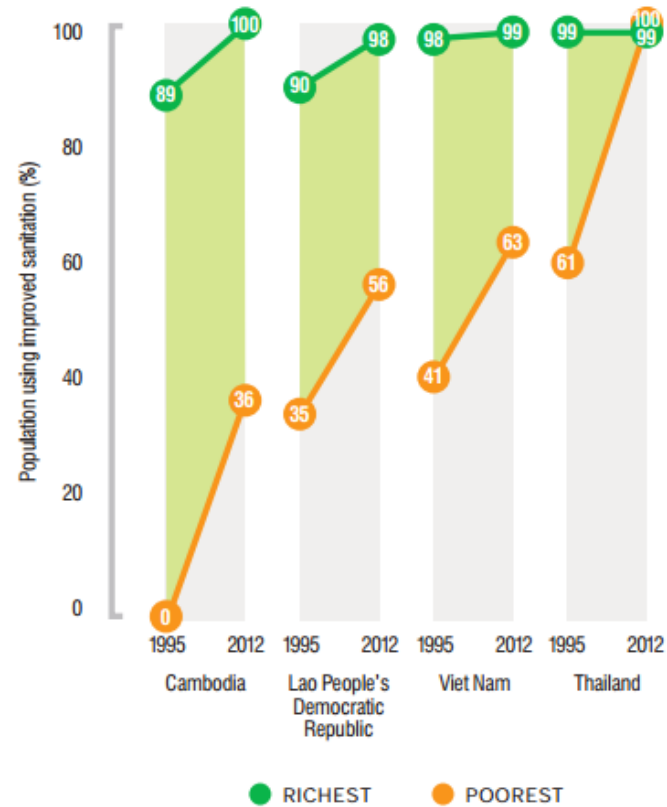
Early Adopters, Early Majority, Late Majority & Laggards, Innovators, Pilot Project, SMSU 1, SMSU 2, SMSU 3





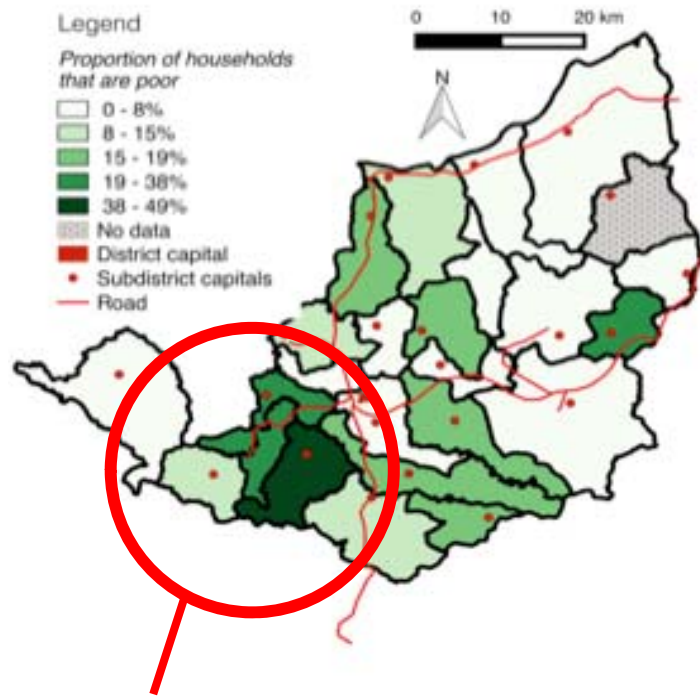
# Why is financing important?

## Remaining inequalities in access to sanitation

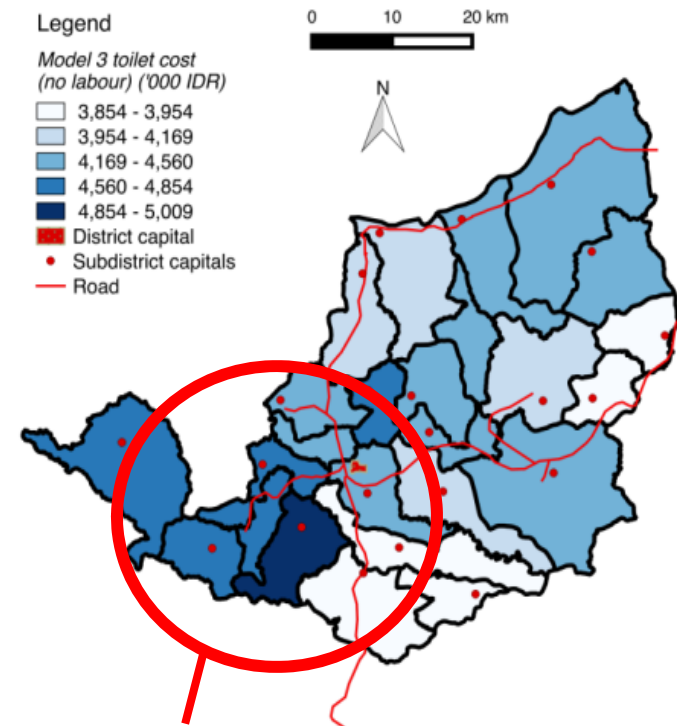


Source: JMP 2015

And using the market may INCREASE inequalities - highest costs were found to also be the areas of highest poverty

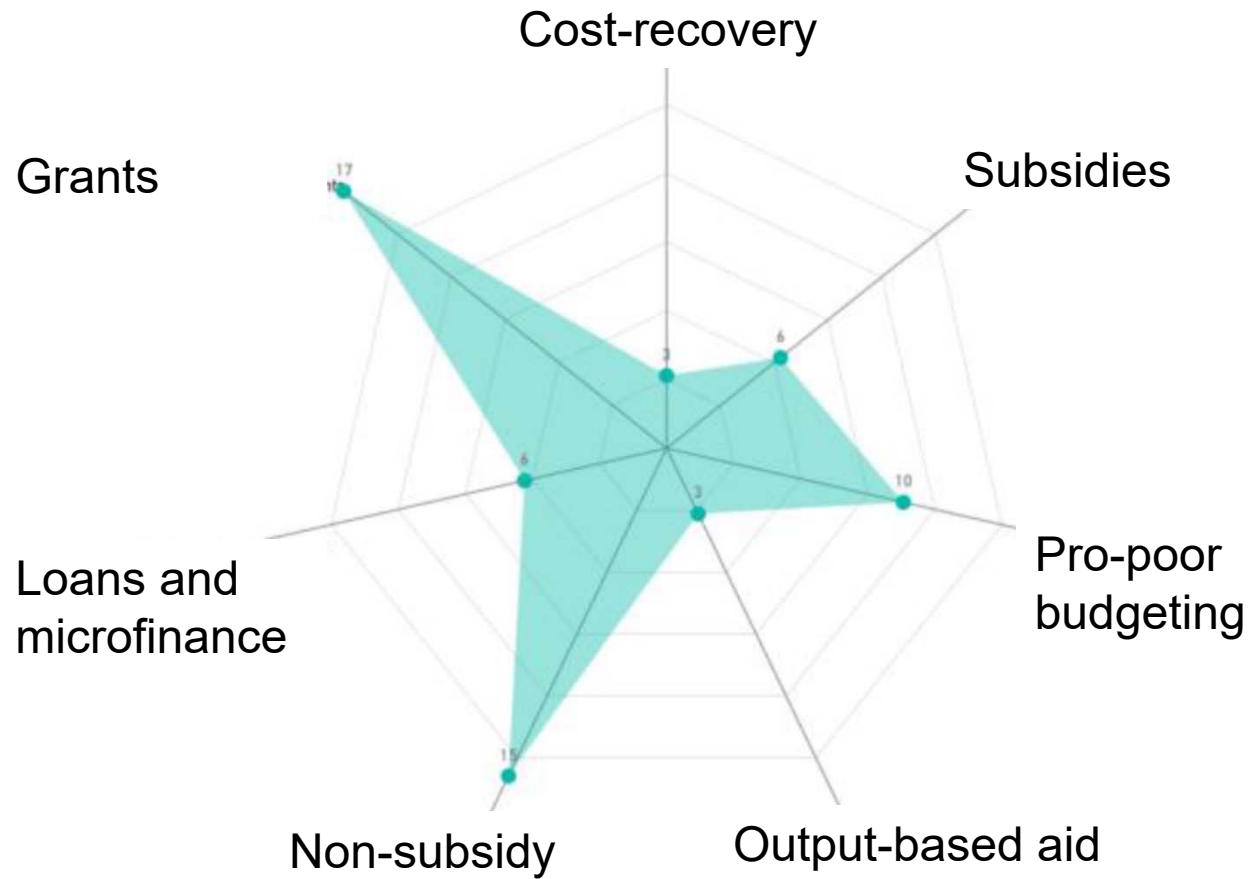


**Subdistricts of highest poverty**

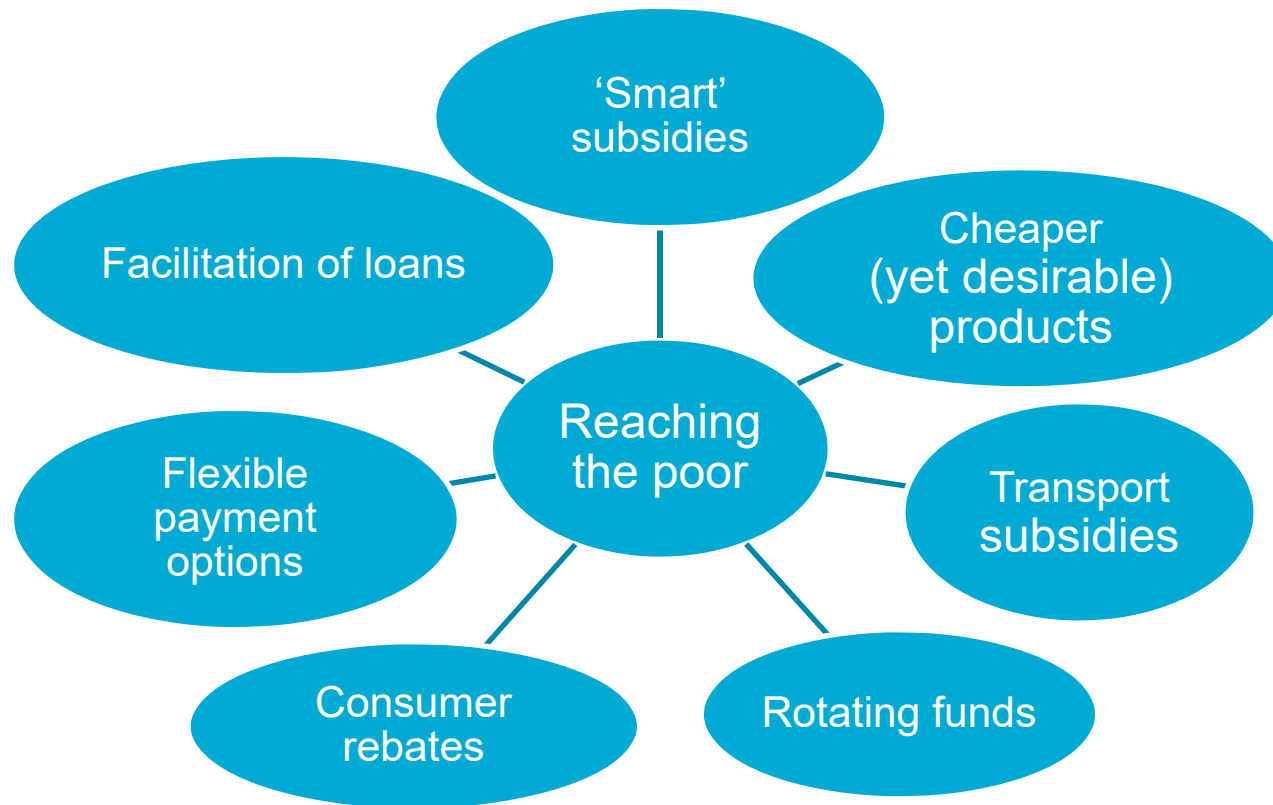


**Subdistricts with highest costs**

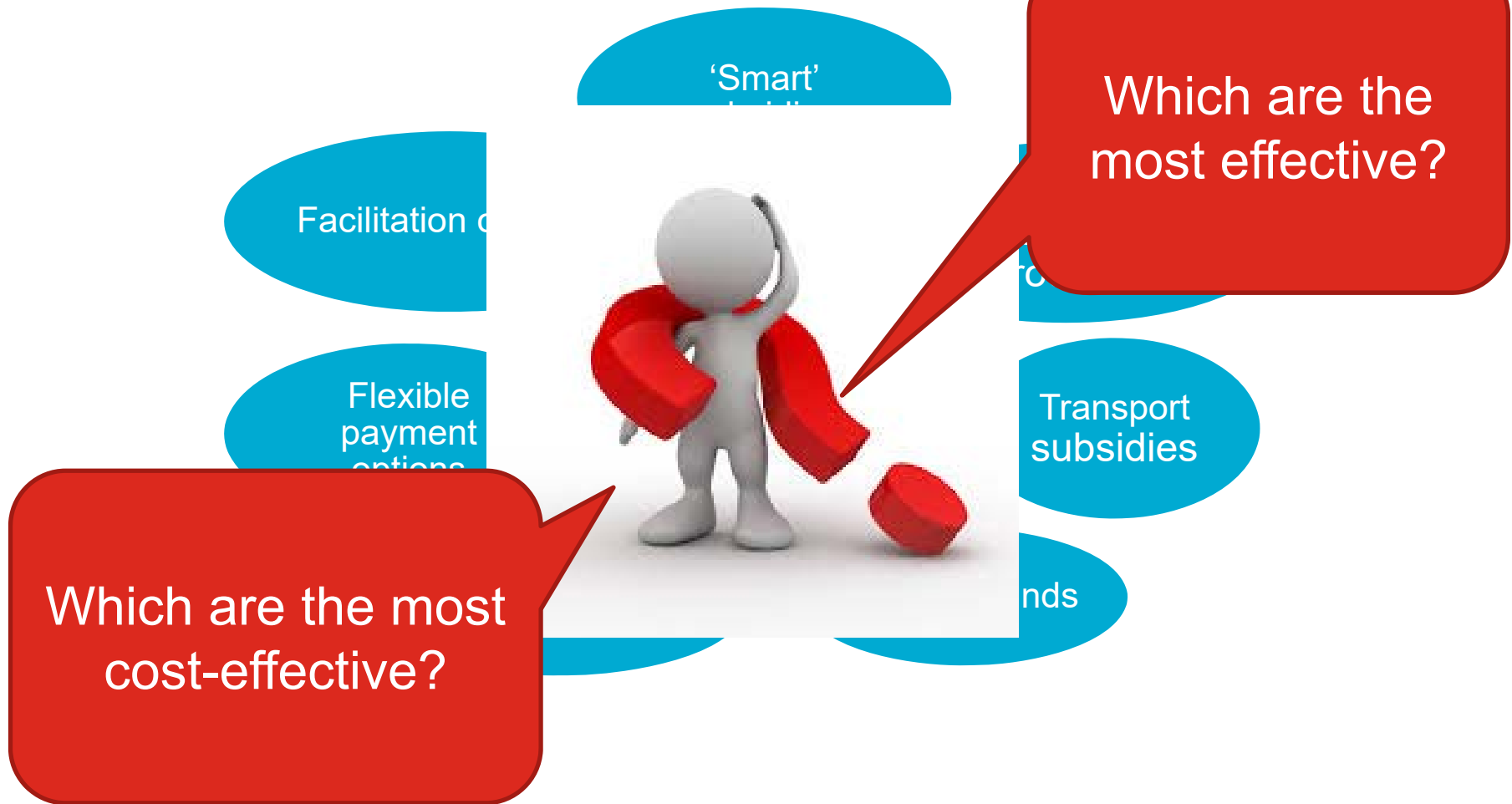
# CS WASH Fund approaches to financing infrastructure



## Current solutions being implemented



## Current solutions being implemented



# CSO presentations and world-cafe



## Key take-home messages from this session

1. There is no perfect solution to financing mechanisms to reach the poor!!
2. We should be testing our potential solutions for:
  - Effectiveness to reach the poor and disadvantaged
  - Cost-effectiveness – as we are talking about allocating scarce resources



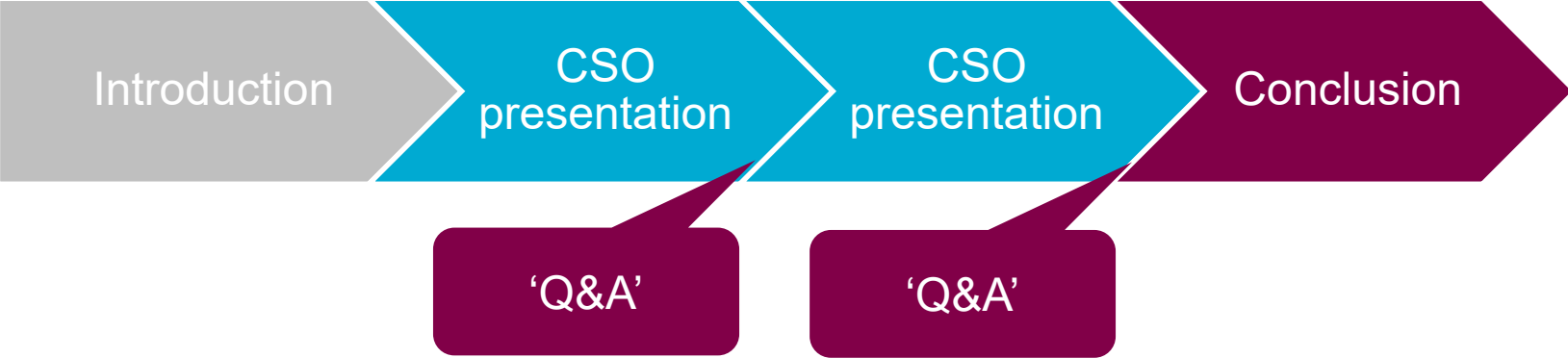
# SESSION 4

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Working effectively with the enabling environment



# Session format



## Why not just work with enterprises? Why work with local government too?

- Governments are **duty bearer** in the context of the right to sanitation, responsible to facilitate equal access to everyone
- Governments **set the governance and policy context**, which may **support or hinder** enterprise roles
- Reaching **scale** requires working beyond individual enterprises in individual locations
- **Sustainability** requires imagining what happens after a CSO leaves
- **Aid effectiveness principles** encourage development partners to support partner country government strategies and institutions



The Rights To  
Water And  
Sanitation

But why would local governments care?  
What would their interest be in getting involved?  
What incentives might help?



- **Targets** – many local government actors are responsible for increasing coverage in their localities and supporting enterprises can contribute to this goal
- **Status** – beyond meeting targets, recognition or rewards for promoting progress or for innovative practice
- **Material interests** – in some contexts local government actors play roles as sales agents or have enterprises as a second job
- **Core business** – besides sanitation-related line agencies (eg health), other agencies for private sector or enterprise development have a mandate to support enterprises

## CSO presentations and discussion

STAY HERE:

Plan Indonesia

iDE Vietnam

Bronwyn

SONG THAO (middle room)

Thrive Vietnam and Laos

Plan Vietnam

Juliet/Quan

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## Types of local government roles in relation to sanitation markets

### Facilitation

- link demand and supply
- provide training to entrepreneurs
- offer business development support
- facilitate access to finance
- support associations of entrepreneurs
- market assessment

## Types of local government roles in relation to sanitation markets

Facilitation	Oversight / regulation
<ul style="list-style-type: none"><li>• link demand and supply</li><li>• provide training to entrepreneurs</li><li>• offer business development support</li><li>• facilitate access to finance</li><li>• support associations of entrepreneurs</li><li>• market assessment</li></ul>	<ul style="list-style-type: none"><li>• set quality standards</li><li>• accredit products and designs</li><li>• provide licences and registration</li><li>• monitor enterprises</li><li>• ensure consumer protection</li></ul>

## Types of local government roles in relation to sanitation markets

Facilitation	Oversight / regulation	Ensuring equality
<ul style="list-style-type: none"><li>• link demand and supply</li><li>• provide training to entrepreneurs</li><li>• offer business development support</li><li>• facilitate access to finance</li><li>• support associations of entrepreneurs</li><li>• market assessment</li></ul>	<ul style="list-style-type: none"><li>• set quality standards</li><li>• accredit products and designs</li><li>• provide licences and registration</li><li>• monitor enterprises</li><li>• ensure consumer protection</li></ul>	<ul style="list-style-type: none"><li>• monitor coverage and who gains access</li><li>• identify who requires support</li><li>• provide targeted subsidies for poor or disadvantaged</li></ul>

# Report back





# THANKYOU



Coming soon later in 2016 –  
learning briefs for CSOs on  
engaging with enterprises and  
private sector



For research reports, summaries  
and other outputs please see:  
[www.enterpriseinwash.info](http://www.enterpriseinwash.info)



# My Action Plan Reflections

