

IFC-WSP “SELLING SANITATION” PROGRAM



Project	Selling Sanitation
Organization	IFC-WSP
Geography	Kenya
Areas	Rural
Solution	Individual
Date started	April 2012
Stage	Pilot
Scale	-



Testing consumer preferences on slab design
Source: www.ifc.org/Sellingsanitation

Project description

History of organization

Selling Sanitation is a joint initiative of the International Finance Corporation (IFC) and the World Bank Water and Sanitation Program (WSP). Funded by multiple donors, it is a market transformation program aiming to improve access to individual sanitation products in rural Africa. Helping local and regional companies expand products and services to the BoP, while closely involving public authorities. The approach has been developing in Kenya since April 2012 and will be piloted in 2014, with subsequent expansion planned into other African nations.

Value proposition and profile of customers

The Selling Sanitation program helps manufacturers design, produce, promote and distribute improved sanitation products. The initial focus has been plastic latrine slabs, allowing large segments of the population to upgrade their current latrines, which are often un-hygienic and unsafe to use. The slabs are an off-the-shelf product that can be manufactured centrally and distributed through local retail channels, rather than produced by local masons, who are small, informal entrepreneurs. The products consist of different sized plastic slabs, which can be retrofitted on existing pits and basic home latrines. The products offer a number of advantages over current unsanitary latrine designs including:

- Health benefits due to a plastic lid which can be easily placed over the latrine to keep flies away
- A well-proportioned hole that makes it safer for children to use An easy-to-clean, hygienic surface which will help take away malodor, and
- Edges that make it easy to install.

Its durability and the fact it can be moved around when a latrine is full or collapses (or for rented properties) are other key selling points. With an estimated recommended price of \$60, \$37, \$28 and \$17 (depending on the size), it compares attractively to a concrete slab (\$94), which is the only durable alternative to plastic (ceramic pans are designed for flush toilets, while most rural houses use dry pits).

The two local manufacturers involved since the beginning of the project are currently setting up the production to launch the product, along with a marketing campaign, in April 2014. IFC-WSP will help pilot different road-to-market approaches and sales channels, so as to identify the most effective and scalable option, carrying out an impact evaluation starting in October 2014.

The slab is specifically designed for rural and peri-urban areas, where households have already invested an estimated \$70-110 in some form of basic, unimproved sanitation solution (i.e. a deep, hand-dug, non-lined pit with a basic toilet shelter usually consisting of planks and/or mud).

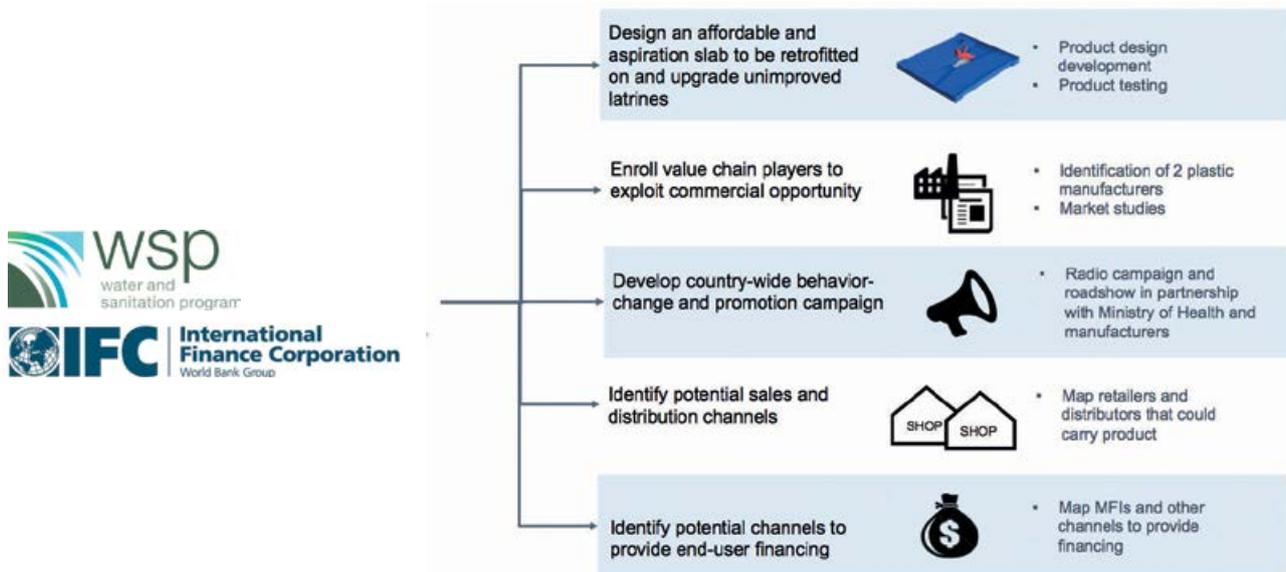
Value chain

In order to offset much of the first-mover costs for this new product and market, and therefore catalyze the participation of local value chain players, Selling Sanitation provides technical assistance:

- On the supply side; with market studies to inform value

chain players on commercial opportunities and market intelligence, product design, road-to-market strategy and collaboration with public authorities to create the necessary support locally

- On the demand side; with end-consumer financing solutions, and behavior change material and awareness/promotion campaigns



In addition, the project works on the enabling environment and has supported the Ministry of Health to develop a national definition for improved sanitation, national guidelines for pit standards and latrine options and work on accreditation of improved sanitation options produced by local manufacturers.

Manufacturing

At the early stage of the project, discussions were held with a large number of Kenya-based plastic manufacturers, out of which two decided to move forward. Others expressed interest in engaging later, based on indication of project success. These two manufacturers are Silafrica (a company focusing on serving large multinationals with hard plastic packaging, materials handling, water tanks) and Kentainers (a company used to produce goods for large development organizations). Both are present across East Africa. These two companies have an interest in developing their product range and networks so as to make better quality products available at affordable prices, using their trusted brand. However, they have limited experience working in BoP markets, and B2C in general. While Selling Sanitation invested throughout the R&D process, the final design guidelines were given to each manufacturer (and will be given away to future interested

manufacturers), for them to add their own design touch and make a final selection of the range they want to produce. The manufacturers then invested capital for new molds and equipment, as well as in some cases investing further in independent proprietary design modifications. The support of the project in developing the product was essential to these manufacturers: as B2B players, they have little understanding of the needs and wants of BoP end customers, and as the sector is vulnerable to imitations, no manufacturer is willing to invest much in the design costs to start with. The project also gives them valuable government support, the Ministry of Health will be involved in disseminating and accrediting the product.

Marketing & sales strategy and organization

At national level, Selling Sanitation works with the Ministry of Health to develop and roll-out a behavior change campaign promoting improved sanitation. The campaign is comprised of three components:

- A generic component, which will focus on creating 'dissatisfaction' with current, existing unimproved sanitation and stress the importance of improved sanitation
- A plastic category component, which will promote the advantages of plastic slabs over cement, but which also

talk about the practices households can adopt to improve on their current situation

- A manufacturer-specific component, which will be mostly managed by the manufacturers themselves and focus on promoting their range of products.

The three components will unfold over several weeks and will include interactive radio programs that tell the story of a marriage that is called off because the groom has an unsanitary latrine. The story will be enacted during a roadshow consisting of village trigger events and one large final event with popular actors, culminating in a 'happy end' wedding, possibly attracting tens of thousands of villagers. Before and during the roadshow, printed material will be made available on the different sanitation options available and manufacturer stands will be set-up. The campaign will be orchestrated on a national level and will be open source, accompanied by a toolkit for other organizations or governments to copy and brand themselves. It is expected that the roll-out of the campaign will reach out to over half a million people and will cost \$1-1.5m.

The product will be positioned as very aspirational, with a zero-subsidy policy. The main adoption triggers will focus on social status and the importance of a latrine that does not smell, without flies, which is clean and private. The main challenge of the promotional effort will be to create dissatisfaction with the current, unimproved solutions. While the wide majority of the targeted population prefers some form of latrine to open defecation, 78% express a lot of pride and satisfaction with their current toilet. Another challenge is that matters related to sanitation are considered very private matters in Kenya.

As for sales, the Selling Sanitation team will provide technical assistance to the manufacturers for them to explore the potential and hurdles linked to different sales and distribution channels, including:

- Market hawkers specialized in plastic items who tour weekly regional markets and permanent market stall owners specialized in plastic; while many are very small traders carrying low-quality goods, some are more established businesses, which could carry more bulky and expensive items. However, most of these micro-entrepreneurs are not viable partners as slabs are likely to be slow-moving products, take up too much space and weigh too heavy to allow hawking
- SACCOs (formal savings and credit associations often linked to trade associations, out of which 2,500 are deposit taking groups) and Chamaas (informal women's savings groups, estimated at 500,000 across the country), which help their members jointly save and withdraw

loans from the group. Though very fragmented they can help aggregate groups of clients, ensure financing, and are an alternative to MFIs, where SHK5000 is the minimum loan size and which have high interest rates. In general these channels are attractive as they can cover the last-mile and promote the product directly to the customers

- Hardware stores carry construction materials. While the ones located in towns are reasonably well stocked, the smaller ones have very limited inventory and do not do any proactive selling. Hence, while being the more natural route for plastic manufacturers, this channel is passive and has limited interaction with the households. The clients for these stores would most be the local masons, who are the most influential source of information on the store's inventory
- Community Health Workers are volunteers attached to the local health ministry division. They are the most trusted source of information regarding health in their communities. Well connected with villagers (about 1 community health worker for 20-50 families), they could be federated and trained to channel inventory and do quality control of the local masons' installation work. With their volunteer status, they can be given a commission to promote public health products
- NGOs and CBOs, which may struggle to sell the product on a purely commercial basis, given the history of subsidized product distribution in the country.

The project will also explore how to engage local masons (fundis), with their prominent role in the consumer latrine purchasing process.

Depending on the channel, the added retail cost would amount to 15-45% of the end consumer price.

Installation

Plastic slabs are easily transportable and require limited installation, more often than not by a local mason when it needs to be retrofitted on an existing structure. The price of the labor and possibly additional material such as wooden off-cuts is estimated at roughly \$10. The product will come with instructions to guide masons and/or household members in the process.

Cash/payment collection

Selling Sanitation is exploring financing mechanisms reducing initial customer upfront payment, possibly by channeling products through SACCOs, Chamaas and MFIs.

Usage and hygiene

The program does not promote hygiene more broadly.

However, it will be rolled out with the support of the Ministry of Health, whose local officials are actively involved in the promotion of broader WASH efforts. The project also developed a hand washing station, which is being tested and refined by the two manufacturers.

Maintenance and cleaning

Users can easily clean the slab thanks to the plastic, inclined surface

Waste storage and collection

The product can be retrofitted on any type of pit (with the exception of the largest slab, which is exclusively for newly built latrines). Many pits are not lined up, which results in frequent repairs during the rainy season, if not collapses

Waste treatment, disposal and recovery

N/A

Technology

Description of toilet-related technology

Key features (example “large and small slabs”):

- Recommended retail price: \$60 for large and \$17 for the smallest one
- Design: 14 – 16 kg, 1.15 m x 1.15 m (for the large slab); 6 – 10 kg 70 X 90 cm (medium slab); 3.2 – 5.1 kg, 60 cm x 80 cm (small slab). The product was designed following extensive user consultations and feedback on affordability, durability, cleanliness and ease of installation and use.



- Durability: 5 - 10 years (with warranty)
- Water and energy efficiency: No energy/water required
- Malodors and safety: Product can prevent malodors and flies thanks to the plug that can be fitted on the hole
- Waste storage: Waste is stored in the pit
- Waste collection: N/A
- Potential and limitations:
 - » Re-usable once the pit is full or collapses
 - » Health benefits will mostly be captured if the plug is properly and systematically used

Social impact

- Penetration: N/A. However, the product has a large potential - about 47% of all Kenyan households own basic, unimproved sanitation facilities, and 16% have no latrine at all. Unimproved latrines typically comprise deep unlined pits, packed mud or timber floor slabs, and simple natural shelters.
- Acceptance and usage: N/A. However, it was designed following extensive rounds of customer preference surveys and feedback. The plastic slab is an attractive option in-between the traditional dry pit and the much more expensive poured concrete dry pit slab and shelter. Both options generally offer poor value for money, provide little guarantee of durability or quality and involve a complex purchase process for the consumer
- Customer satisfaction: N/A
- Evidence of impact on health: N/A. However an impact evaluation is planned, with baseline data collection commencing in October 2014
- Promotion of related behaviors: The project is also developing a hand-washing device that may be promoted in the future along with the slabs
- Waste collection and disposal strategy: None

Economic sustainability

End consumers

Depending on the product size and design, the recommended end-user prices for the products range from \$17 to \$60. The lowest price points fit more or less into the price range that customers announced they are willing to pay, while the most expensive product may be out of range for most respondents.

In comparison, the average cost to build a concrete latrine is \$150-170 (\$90-100 for the slab alone), while wood or packed mud latrines would cost \$70-100 (\$20-25 for the slab, \$36 for the shelter, and \$24 for the pit digging labor cost). As mud or wood latrines regularly collapse or get damaged, households tend to pay high recurring costs for these sub-optimal solutions.

The project is also exploring financing mechanisms for consumer lending and upfront payment reduction as 86% of targeted consumers do not currently spend any of their income on building or improving their toilets. But potential customers could save \$1-8/month, depending on whether a family member earns a living or not.

Upstream organization

All project costs are covered by grants. However, now that the market opportunity is identified and the product is developed, selected manufacturers will be producing and distributing the slabs as a commercial product line. No information is available yet as for the expected profitability of their operations, nor the sales volumes required for them to break-even. None of the manufacturers envisage significant investment in a dedicated sales force, but rather plan to distribute their products via existing channels.

Innovations

- Off-the-shelf, aspirational product, that brings higher health benefits and an 'upgrade' vs. the prevalent unsanitary solutions.
- Initial investment into developing the product and business model should be offset by the expected sustainability of operations going forward, once manufacturers start producing and distributing the product.
- In addition to providing industry-wide support, and so facilitating the emergence of strong private players, the program is also working closely on the enabling environment (promotion campaigns, national product standards, etc.).

Remaining hurdles and bottlenecks

- The sales and distribution strategy is still not fully developed, as many existing channels present the disadvantage of being either very fragmented, or too 'passive' when it comes to actively pushing new products. The plastic manufacturers, on the other hand, have limited B2C experience, as their traditional business is done B2B
- The installation of the slab as a 'retrofit' on an existing structure can be complex enough for some households to require the help of a mason, driving the final price up
- There is no social stigma attached to owning poor quality latrines; unimproved latrines are the social norm and have been promoted by extensive CLTS efforts over the years. Hence, to create demand, the project will first need to create dissatisfaction with current solutions and aspiration for better ones.

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Appendix

Sources: London School of Hygiene and Tropical Medicine in collaboration with Domestos, Mapping Sanitation Solutions; www.ifc.org/Sellingsanitations; In-field visit to project and IFC-WSP team in December 2013.

Exchange rate: 1 USD = 87 KES