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LOCAL ACTION WITH INTERNATIONAL COOPERATION TO IMPROVE AND SUSTAIN WATER, SANITATION AND HYGIENE SERVICES

**Addressing the sanitation crisis through
a market-based approach**

N. Akwunwa (Nigeria)

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In Nigeria, population growth and insufficient progress on sanitation have meant that the portion of the population with access to improved sanitation dropped between 1990 and 2015, and the number of people open defecating actually increased.¹ This paper presents a market-based approach to sanitation that focuses on increasing the availability, affordability and sustainability of rural sanitation options in two states of Nigeria with large rural populations and low rates of access to improved sanitation. Key components of this initiative include developing a product line based on consumer preferences, working with motivated sanitation entrepreneurs, and establishing community-based sales agents. Challenges include difficulties changing cultural norms around open defaecation, and lack of affordable financing options.

Water and sanitation provision in Nigeria

Nigeria's National Water Supply and Sanitation Policy was approved in 2000. This was to encourage private sector participation in the provision of water and sanitation services and was also expected to trigger institutional and policy reforms at the state level. Despite the "decentralisation policy", no actual decentralisation was experienced, as the capacity of local governments to plan and implement investments or even operate and maintain systems – even after several capacity building initiatives – was far too low.

Another important element of the national policy was the regulation of water and sanitation. With regards to water supply, t Federal, State, and local government all have relatively clear roles and responsibilities; while for sanitation these responsibilities are not so clearly delineated.

The Federal Ministry of Water Resources is responsible for large water resource development projects and water allocation between states. State governments are responsible for the provision of potable water through the State Water Agencies (SWAs) or State Water Departments. SWAs are semi-autonomous but report to the State Ministries of Water Resources.

Local Government Authorities (LGAs) are responsible for the provision of rural water supplies and sanitation facilities in their areas. In the communities, water, sanitation and hygiene committees (WASHCOMs) are formed to operate and maintain water facilities.

Nigeria's water and sanitation sector also has a vibrant and dynamic civil society, which implement initiatives to address the sectoral crisis, including the Society for Water and Sanitation (NEWSAN) which acts as an umbrella network of WASH-focused NGOs. Nigeria also has active investment and support from various donor agencies. However, in spite of these efforts, the dream of adequate water and sanitation services, especially for the rural poor, remains unrealised.

What is WaterAid doing?

Presently, WaterAid is implementing a project that is adopting a market-based approach to help realise total sanitation in Ekiti and Enugu states of Nigeria. The market-based approach being implemented is sanitation marketing (SanMark) and is a component of the Sustainable Total Sanitation (STS) project funded by the Bill & Melinda Gates Foundation. The SanMark approach being used does not include any direct subsidies to help achieve sustainability and scale. The STS project includes a research component which is examining

performance of the approaches being used, including the added benefit of implementing SanMark in areas where Community-Led Total Sanitation (CLTS) has been carried out.

SanMark approach

SanMark is an emerging field that combines social and commercial marketing approaches to scale-up demand and supply of improved sanitation facilities. SanMark is distinguished by several characteristics including:

1. It seeks to respond to consumer demands: Demand-based approaches focus on what people want, but those people often have limited information. This implies a need for a two-stage process:
2. *Establishing demand* - assessments (formative research) are made to see whether households want improved sanitation; and where people do not show through their actions that they want improved sanitation demand is stimulated through promotion campaigns.
3. *Informing demand* - demand may not be realistic once it has been established; potential users may have an incomplete understanding of the options open to them, or the likely costs and benefits. Unrealistic expectations about who pays for the desired service will also need to be addressed.
4. It focuses on the promotion of sanitation and marketing of relevant services and/or products.
5. Its promotion/marketing strategies are based on motivational drivers for improved sanitation rather than on subsidies for latrine acquisition.
6. It involves working closely with stakeholders like, communities, district authorities, artisans, rural finance institutions, community-based organizations (CBOs), government agencies etc., to minimize barriers to acquisition of sanitation facilities.

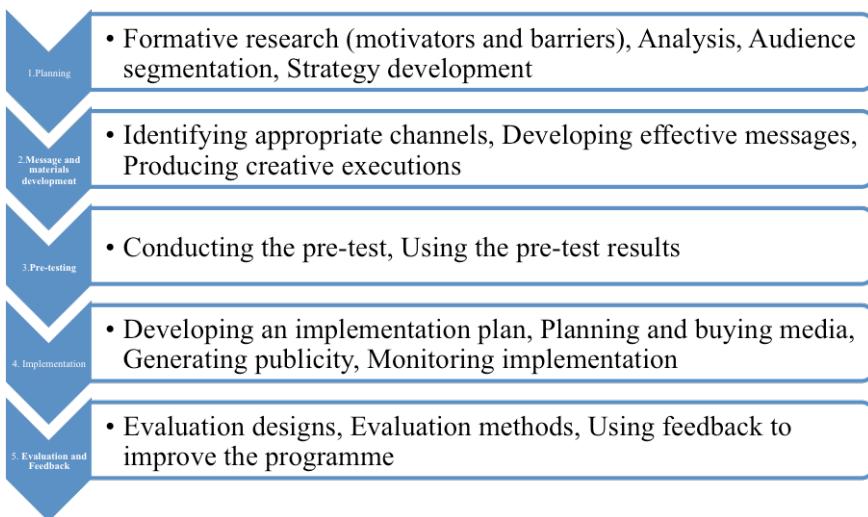


Figure 1. A schematic representation of the SanMark approach adapted from the “7-step framework of the SanMark community of practice”

Source: WEDC - Source

In Nigeria, SanMark is being used to complement CLTS in a bid to ensure attainment of total sanitation by communities. As part of the STS project SanMark is providing households with a range of toilet options that are durable, affordable, and accessible. The approach also facilitates the creation of sustainable livelihood in the commercial and social space, but engaging local concrete businesses in the development and supply of household toilets. WET products offer households an opportunity to upgrade basic latrines to a more durable model, which in turn could help reach and/or sustain Open Defecation Free (ODF) status.

What we have done and how we did it

SanMark is being implemented in Enugu and Ekiti States, Nigeria. SanMark was piloted in one LGA in each state and the pilot is being scaled up. As part of the pilot two businesses were approached in each state. WaterAid worked closely with these businesses to carry out stage 3 of the SanMark process, developing and testing toilet prototypes and avenues to reach households with these new products. Pilot businesses were identified from lists provided by WaterAid's research partner (Institute for Fiscal Studies) and were invited to participate in the SanMark programme. Some challenges were faced in finding businesses that were willing and interested to participate in the SanMark pilot.

Our process

Firstly, we conducted consumer research to better understand and segment the market. Through this process we were able to gain important insights about household needs and desires, for example the preference for water based latrines. We then went through an iterative process of developing, testing and refining product prototypes. This was done alongside pilot business and with regular inputs from consumers. All products were subjected to simple integrity testing before sales, we also encouraged innovations by the businesses to facilitate ownership at all levels. During this process we also provided on-the-job tools fabrication and components production sessions. A total of four new fit-for-purpose products were identified to be sold on the market, which come together to form the Water Easy Toilet (WET) product line. The flagship WET product is a dual-seat toilet comprised of direct pit and offset pit components. As the direct and offset pit components can be sold independently, the product line can be said to have three individual models.

After the products were finalised we worked with businesses to identify the quantity and costs of materials needed. We also developed community-based sales activities, with multi-dimensional messaging. These activities are being delivered in part by 'Door-to-Door' (D2D) sales agents who were recruited by LGA partners via a competitive process, with the support of traditional leaders. All those that applied were given clear information about the fact that they would be working for commission. Finally, we are continuously monitoring and providing technical support via training and retraining. This is delivered through consultants and civil society partners and has included the development and use of a sales tracker and latrine uptake inventory.

What we did

Specific activities completed as part of the SanMark process so far include:

1. Market Research – Deep Dive.
2. Engagement with interested businesses.
3. Product development and integrity testing.
4. Training and technical support for businesses already engaged.
5. Communications and consumer awareness campaign.
6. Design, test, and refine promotional materials to include community input.
7. Develop training modules for producers and sales agents.
8. Support to businesses for prospecting and actualizing demand prospects.
9. Encourage product innovation based on context (e.g., adapting WET products for conversion and upgrade of existing toilets)
10. Production of a SanMark "How To" manual.

Our results

Since the pilot began in early 2015, the following results have been achieved:

1. A total of 5 businesses are now selling WET products in Enugu and 2 businesses in Ekiti.
2. In Enugu ten (10) Concrete Block Producers (CBPs) supported with the necessary tools to produce the WET. The same support is ongoing for the businesses in Ekiti states.
3. Four (4) welders have been trained on mould fabrication in Enugu State and five (5) in Ekiti State.
4. Over 170 WET toilets have been sold to households in the two states.
5. Over 100 D2D sales agents have been trained and commissioned to increase demand for the product.

The role of private sector - entrepreneurs

The role of the private sector has spanned all stages of the sanitation marketing approach, starting from product development through to sales and installation of the latrines.

Who is the private sector?

The private sector is the segment of a national economy owned, controlled and managed by private individuals or enterprises.

In time past, the private sector in sanitation provision and marketing was seen as those individual entrepreneurs that usually engage in offering simple products and services that do not require high investments (e.g. repairing and installation of water pipes, toilets and bathrooms and act as masons, plumbers and water traders, etc.). With social marketing this has changed. The private sector in typical sanitation businesses in the past focused only on supply side functions.²

With social marketing in sanitation, the private sector has not only become aware of the complementing demand side, but has taken ownership of facilitating the demand side services such as:

- Product development based on consumer preference
- Development of communication materials for social marketing
- Engaging sales agents
- Conducted mass communication and marketing for product promotion
- Engaging in person-to-person promotion, marketing, and sales

The private sector in our SanMark project is slowly but steadily becoming a “voice” in promoting market-based approaches to sustainable total sanitation.

Lessons learnt

During this pilot phase, the following lessons were recorded among others:

- Overall the development of products and a suitable business model took much longer than initially planned. Future projects should allocate substantial time for these critical steps.
- Most businesses that were approached to be a part of the SanMark project seem motivated by the prospects of quick returns on their investment. They were also comfortable to invest in products and services they were familiar with to minimize risk. However, some businesses seemed more risk averse and were not interested in testing a new product. The reasons behind some businesses being willing to engage while others not willing to engage are still not apparent.
- Businesses who decide to involve themselves in the SanMark project need ongoing support and mentoring, for example in basic business management such as record-keeping, managing customers, sourcing alternative finance, and profit and loss tracking.
- Sanitation as a business is still a new and emerging concept in Nigeria. Businesses do not seem aware of how large the market is in this area.
- Early on in the pilot we identified one very enthusiastic business who eventually became our trail blazer; this entrepreneur has played an important role in gaining buy-in from other businesses.
- Financial products to support sanitation businesses in the two STS states are not readily available; as a result, fit-for-purpose financial instruments may need to be developed for these businesses. This lack of financing options will need to be further addressed before SanMark can be taken to scale in Nigeria.
- Businesses can play an important role in developing context-specific marketing strategies for their products. For example, community sales events, “August meeting” sales drives, and use of individual promotional materials such as caps, shirts, etc.
- The community-based D2D sales agent model is still new, but they have been accepted by their communities, and show initial promise in terms of increasing sales.

Ongoing activities and future thrust of our SanMark intervention

Based on the lessons learnt, the following are included in our plans for increasing the market space for sanitation businesses:

- Provision of additional business development support to CBPs, including short-term consultants who are familiar with micro, small and medium enterprises (MSMEs), and who can help CBPs learn to function more effectively in both rural and small town settings.
- Development and assessment of alternative financing options for sanitation businesses and consumers.
- Production and dissemination of instructional manuals for the Water Easy Toilet (WET) to help both existing and new businesses who wish to enter the market
- Creating more options for improved toilets at different price points.

Conclusion

The Nigerian private sector holds great potential to help the nation end open defaecation and bring hygienic, improved sanitation to all, especially in poor and rural communities. However, this potential will need unlocking by finding the right entrepreneurs and introducing them to viable products and the techniques of social marketing. With time and encouragement, these entrepreneurs can not only help supply much-needed sanitation products and services, but also can serve as a voice to increase the demand for sanitation in the country. A shift to market-based approaches also has the potential to help create jobs and at the same time help propel Nigeria closer to her SDG sanitation targets.

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Notes

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Contact details

Nneka Akwunwa is the Sanitation Marketing Manager at WaterAid Nigeria, and is an internationally accredited trainer on entrepreneurship. Her background includes a Master's degree in Business Administration with a specialisation in marketing, a Bachelor's degree in Business Education, and 15 combined years of working in the private and development sectors.

Nneka Akwunwa
WaterAid Nigeria, No 8 Mike Akhigbe Way
Jabi Abuja
Tel: +234 (0)8037173159
Email: nnekaakwunwa@wateraid.org
