

# Driving Sanitation Market Growth in Nepal



**BACKGROUND** Nepal has made impressive progress in improving access to sanitation over the last several years. iDE Nepal has played a critical role in this environment through its Sanitation Marketing program, which harnesses market forces to increase access to improved sanitation in the country's terai, or plains, region. The Sanitation Marketing model's success is due in part to a push by national and local governments to achieve nationwide access to improved sanitation by 2017. Civil society has also played a critical role, leveraging public sector support and national and international resources to drive toward ODF. This note outlines the key elements of the Sanitation Marketing program's success and lays out a vision for the future in Nepal, where increasing sanitation coverage rates are creating additional needs and opportunities for market-driven solutions.

## Nepal's Sanitation Journey

Through the early 2000's, open defecation was a common practice throughout Nepal. This was especially true in the terai region on Nepal's southern border with India, where 73 percent of the population practiced open defecation as of 2011. This began to change in that same year, when the Government of Nepal initiated its nationwide Sanitation and Hygiene Master Plan, which aimed to achieve 100 percent nationwide access to improved sanitation by 2017.

The national plan initially concentrated heavily on community-based approaches such as Community-Led Total Sanitation (CLTS). These approaches trigger households and communities to cease open-defecation practices through emotions like shame and disgust and by eliciting community-level

commitments. This triggering process aims to encourage households to purchase or build their own latrines. iDE saw an opportunity to build on these CLTS campaigns by building local private sector capacity to produce and deliver high quality sanitation products, and by directly generating greater consumer demand for aspirational and durable products through sales and marketing.

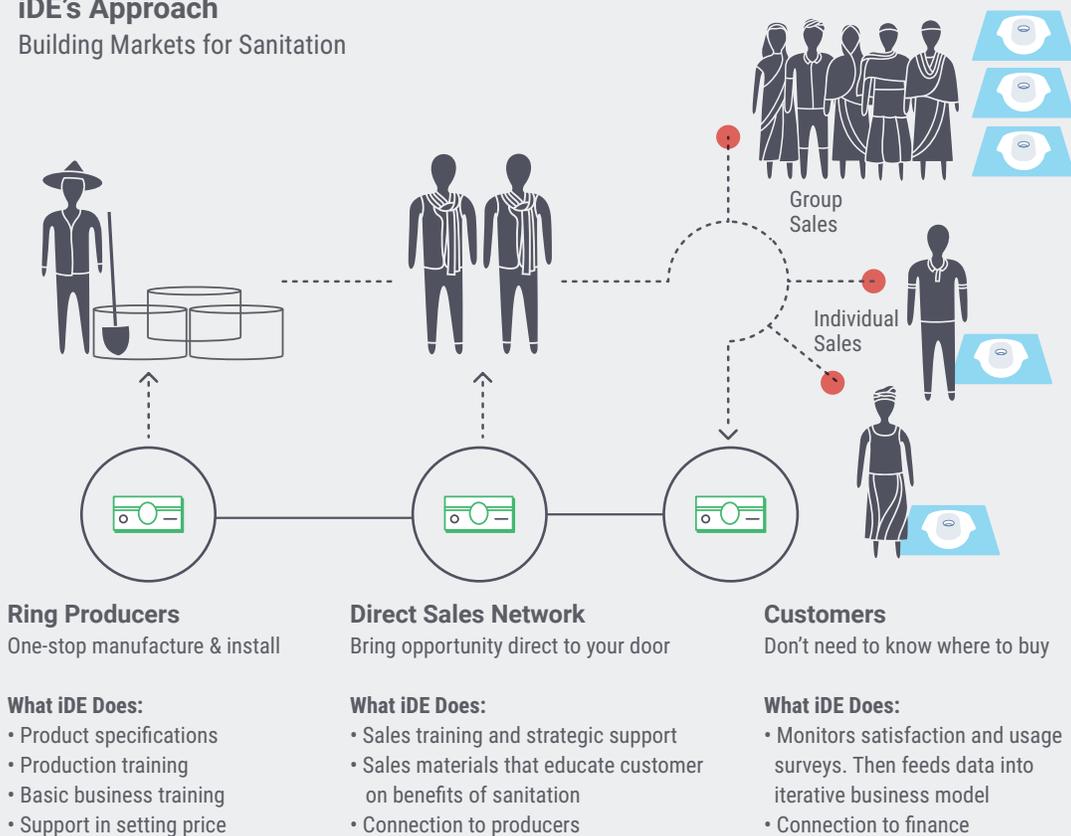
## iDE's Sanitation Marketing Approach

iDE has been building agriculture markets to increase incomes and improve livelihoods for poor rural households in Nepal since 1992. In 2011, the iDE Nepal team turned its attention to WASH through a pilot project in sanitation marketing. Through the pilot, iDE used a Human-Centered Design (HCD) approach to better understand user needs and

sanitation market conditions. The HCD “Deep Dive” confirmed that households faced little choice in quality sanitation products. In addition, the Deep Dive team found a weak and fragmented sanitation supply chain in which the few market actors that existed were operating independently and without coordination. As a result, potential latrine customers usually had to visit several businesses in order to purchase and install a latrine.

With this market intelligence in hand, iDE Nepal prototyped and finalized a design for the Easy Latrine, an integrated, ready-to-install sanitation solution. The Easy Latrine’s base slab is lighter than other options on the market, and the tile finish makes the unit both easier to clean and more aspirational than a plain cement fixture. The offset-pit design separates waste from the environment, minimizing odor and transmission of disease.

### iDE's Approach Building Markets for Sanitation



iDE Nepal also used insights gained from the HCD process to design business models and training curricula for two key market actors: sales agents — also known as Community Business Facilitators (CBFs) — and latrine producers. Latrine producers receive training on producing and costing the Easy Latrine, as well as strategies for managing the CBFs with whom they work. CBFs receive rigorous training on marketing the Easy Latrine directly to individual households and larger groups, emphasizing the need to focus on the motivations and desires of their customers, rather than the health messages that more traditional approaches prioritize. The HCD process also provided insight on how purchase decisions are made in the households, indicating that women often show more interest in buying a latrine, while men are generally the ultimate decision makers. This information was critical in creating an effective sales pitch, resulting in a presentation that focused on providing women with key technical and financial information to influence purchase decisions (see call-out box called *Gender in Sanitation Marketing*).

This new approach to sales and marketing, combined with the aspirational Easy Latrine product, was a key driver in motivating households that had not previously adopted improved sanitation products or practices. Customers who purchase Easy Latrines buy at a market price that allows latrine producers to earn a profit and for CBFs to earn a commission. Latrine producers pay commissions directly to CBFs based on the number of latrine sales. Because the Easy Latrine is sold as a package by a single latrine producer or sales agent in a “one-window” system, customers do not incur the costs associated with visiting multiple vendors and also face fewer barriers in terms of adoption. As a result, the Easy Latrine is typically 25 percent less expensive than similar latrine options, making the product more accessible for poor customers.

## Keys to Success: Partnerships and Local Presence

The iDE Nepal team built its Sanitation Marketing program as a holistic and collaborative effort with local civil society and government partners. In most cases, the program was implemented in areas where other civil society partners had a strong CLTS presence. iDE Nepal leveraged this opportunity by focusing its efforts in geographic areas with high rates of CLTS triggering. This approach ensured that CBFs were often speaking with households that had already been exposed to messages about the social and health impacts of open defecation. CBFs built on these social forces through sales and messaging that emphasized the aspirational, durable, and affordable nature of the Easy Latrine. Through group sales talks, CBFs also leverage their contact with customers to raise awareness of the importance of hygienic practices such as using and maintaining an improved latrine and handwashing after latrine use.

### iDE's Approach

Leveraging relationships with government and civil society

#### NATIONAL AND PROVINCIAL



Advocacy and policy for market-based approach

#### DISTRICT AND VILLAGE LEVEL



Coordinating with government and other NGOs to determine where need is.

From the beginning of the Sanitation Marketing program, iDE Nepal also dedicated time and effort to building relationships with key local government partners, especially WASH Coordination Committees (WASH-CCs). WASH-CCs are organized at the village, district, and provincial levels, and are empowered to drive progress toward national WASH goals. At the village and district levels, iDE Nepal engaged WASH-CCs as planning partners, soliciting input on sales and rollout strategies and coordinating efforts with other civil society actors on the ground. The team also built relationships with provincial WASH-CCs by educating them on market-based approaches and communicating progress and lessons learned on a regular basis. This proactive approach to public-sector partnership ensured a strong and dedicated cohort of government advocates for the sanitation marketing model. In fact, these same government stakeholders were enthusiastic enough about the program's initial results and approach that they loosened strict geographic implementation restrictions and encouraged iDE to expand our reach to adjoining districts.

iDE Nepal also leveraged its presence in the agriculture and nutrition sectors to optimize resources and maximize impact in the Sanitation Marketing program. For example, iDE Nepal's Enhancing Livelihoods of Smallholder Farmers of Central Terai Districts of Nepal (ELIVES) increased

agricultural incomes in the same geographic region where the Sanitation Marketing program was implemented. Thus, CBFs were able to access this network of iDE-connected farmers at a time when the farmers had more resources to invest in improving sanitation conditions for their families.

## Results

The sanitation marketing model, in combination with a set of strong local and national partnerships, has resulted in the sale of over 63,000 improved latrines through CBFs and latrine producers supported by the program. These private sector partners have invested a total of \$325,000 into their businesses to meet the growing demand for quality sanitation products. In addition, according to government data, non-program supported business have sold 57,000 toilets that are similar to the Easy Latrine, indicating a strong imitation or "copy cat" effect. This figure is especially informative given how unique the Easy Latrine design is when compared to other products on offer in the area. For instance, the Easy Latrine's tiled base and ceramic pan set it apart from more basic models being produced before 2011.

The sanitation marketing model has also proven to be sustainable from both an end-user and private-sector perspective. Early evidence indicates that 99



Photo: Bimala Rai Colavito/iDE/2018



percent of customers who have invested their own resources in purchasing an Easy Latrine are still using them. This is in contrast to research that has shown high reversion rates among communities that lack access to high quality, affordable sanitation solutions. From a business perspective, the Easy Latrine and the accompanying business model appear to be a financially viable option: of the 91 latrine producers trained during the second phase of the program, 46 are still producing Easy Latrines for the market. This retention rate is on par with what we've seen in other countries.

## What's Next

The Government of Nepal has pushed hard to achieve 100 percent access to improved sanitation across the country. Despite challenging conditions in the terai, the national effort has resulted in substantial gains such that most terai provinces are expected to reach 100 percent access by mid-2018. iDE Nepal is proud to have played a key role in these advances, but we also recognize that 100 percent access does not signify a lack of challenges and opportunities in the future. This is especially true in light of the Sustainable Development Goals (SDGs), which have an increased focus on safely managed sanitation, rather than just basic access.

In this context, iDE plans to apply the same principles that led to the success of our Sanitation Marketing program to build inclusive markets that meet the terai region's evolving WASH needs.

We are working to adapt the Sanitation Marketing model in an effort to increase equitable access and adoption of sanitation products and services, hygiene products, and safe drinking water. iDE will leverage its existing network of private sector actors to test and scale integrated WASH products sales, including latrine shelters with handwashing stations and nondurable hygiene goods. The model will also address safe drinking water issues by commercializing products like water filters, solar pumps, and multiple-use water systems. The last-mile supply chains we develop through this model will meet new demand created by other organizations' community-based total sanitation programs, which use community-based methods to influence latrine use, maintenance, and hygiene behaviors.

In addition, iDE plans to test innovative products and business models to meet increasing demand for fecal sludge management (FSM) services in rural areas of the country. This is an especially critical component of our model (and any other approach in Nepal) given the rapid increase of sanitation products that safely contain fecal sludge, but do not provide options for waste disposal. The technologies and business models we ultimately promote will need to address the challenges particular to FSM in rural areas, including low population density, high transportation costs, and weak regulatory frameworks. These efforts in particular will build off FSM piloting work in other iDE WASH countries such as Cambodia and Bangladesh.



Photo: Bimala Rai Colavito/iDE/2018

## GENDER IN SANITATION MARKETING

Gender considerations have always been central to iDE Nepal's Sanitation Marketing model. The initial HCD Deep Dive revealed that women and men play different roles in purchase decisions, wherein women often play a strong influencing role, but men typically make the final purchase decision. With this insight in mind, we designed latrine sales presentations to provide women with key technical and financial information such as product costing details, delivery mechanisms, payment methods, and links to masons and installers. This allowed women to more effectively advocate for purchasing a latrine.

Women also play a key role in the sanitation value chain, especially as CBFs. Women CBFs have the opportunity to become agents of change themselves, through community leadership and by acting as role models for girls and other women in communities that

typically have very traditional views of the appropriate role of women. Over time, iDE has begun focusing more heavily on women's roles in the sanitation supply chain. Under a current research grant from USAID's WASHPaLS program, we are investigating the drivers and barriers to women's participation. Initial Deep Dive findings suggest that women view the CBF role in particular as a full-time income generating opportunity, while men are more likely to consider the job part-time or temporary. In addition, women on average have been more successful in terms of sales performance than men.

We are incorporating these insights into a research plan aimed at understanding what determines women's success as CBFs, and if women sales agents are more likely to effect lasting behavior change outcomes in their customer households.

## CHALLENGE FUND – ATTRACTING THE PRIVATE SECTOR TO THIN MARKETS

At the outset of the Sanitation Marketing program, iDE was operating in thin and fragmented markets for sanitation products. Very few businesses were operating in the space, which translated to high levels of uncertainty and perceived risk for potential market entrants. To address this challenge and “crowd in” local businesses, we adopted a successful approach from our agricultural programs: the Challenge Fund. The Challenge Fund is an incentive mechanism that defrays a portion of the cost and risk of market entry for businesses that are interested in expanding their product line.

In practice, this meant providing small funding incentives (typically less than USD 1,000) to concrete producers to make an

initial investment in promotional and other awareness-generating activities. Challenge Fund recipients are required to make a cash investment of their own to be eligible, encouraging a “skin in the game” attitude.

Over the life of the Sanitation Marketing program, iDE funded 11 enterprises with a total of USD 4,700. In total, these businesses produced over 4,200 Easy Latrines, and were among the top performers across the program. This innovative and cost-effective approach to de-risking market entry for interested businesses may serve as a useful example for iDE Nepal’s evolving WASH program, and for other organizations working in nascent markets.

Photo: Bimala Rai Colavito/iDE/2018



### Challenge Fund Implementer

Mr. Sanjaya Gwalwal,  
Barsha Tiles Udhyog,  
Mahottari District, Nepal

**ODF Status** — The government of Nepal set a national goal to be Open Defecation Free by 2018. iDE played a critical role in this drive in poor rural regions of Nepal.

**The Easy Latrine** — An offset, pour-flush toilet developed by iDE through a human-centered design process.

**Direct Sales** — A strategy for selling toilets in rural areas similar to door-to-door sales. In some models, sales agents are tied to a single producer, and in other models sales agents are centrally managed.

 Read More: **Learn about iDE Nepal's work engaging Community Business Facilitators to address the sanitation gap for rural customers:**

[www.ideglobal.org/nepal](http://www.ideglobal.org/nepal)

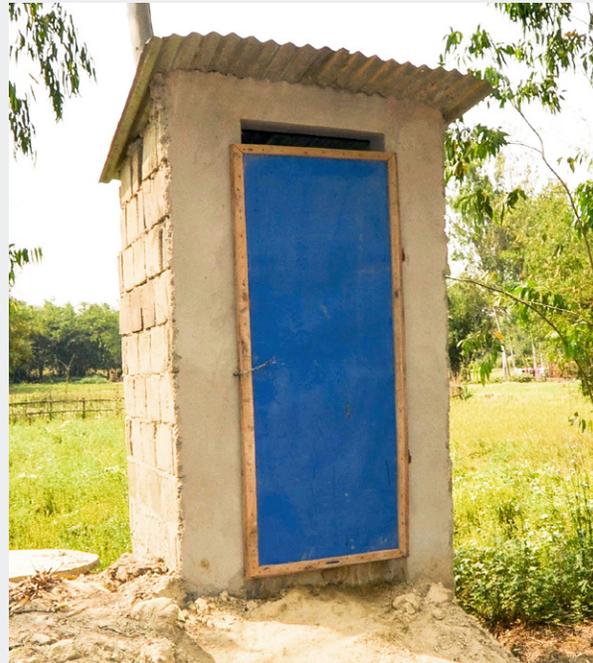
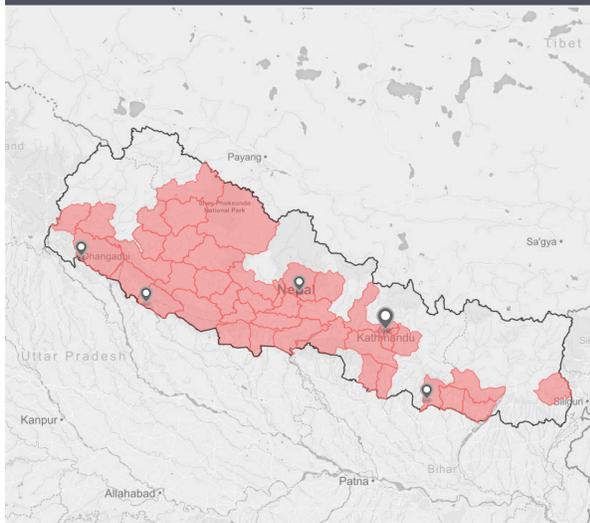


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## iDE

iDE creates income and livelihood opportunities for poor rural households across Asia, Africa, and Latin America. iDE builds markets in a range of sectors, including agriculture, water, sanitation, hygiene, and access to finance.

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