

Briefing Note: Market-based sanitation approaches in South-East Asia: Why and how?ⁱ

What is the status of sanitation in South-East Asia?

Sanitation coverage lags behind water coverage in South-East Asia, and this is particularly true for the poor, the vast majority of whom suffer a lack of hygienic sanitation. Whilst there was significant progress during 1990 to 2015, in which sanitation coverage increased by 24% in South-East Asia (WHO/UNICEF 2015), there remains significant progress still to make (see Figure 1). The sanitation Millennium Development Goal (MDG) was 74% for the region, and was almost met, with overall coverage of improved sanitation increasing to 72%. However inequalities remain across urban and rural areas, across wealth quintiles and between different countries. In addition, issues of menstrual hygiene remain in need of attention, and since these are linked to lack of access to appropriate sanitation facilities. Finally, access to sanitation in health care centres and in schools are low. In health care centres in South-East Asia, only 42% have access to improved sanitation facilities (WHO/UNICEF 2015).

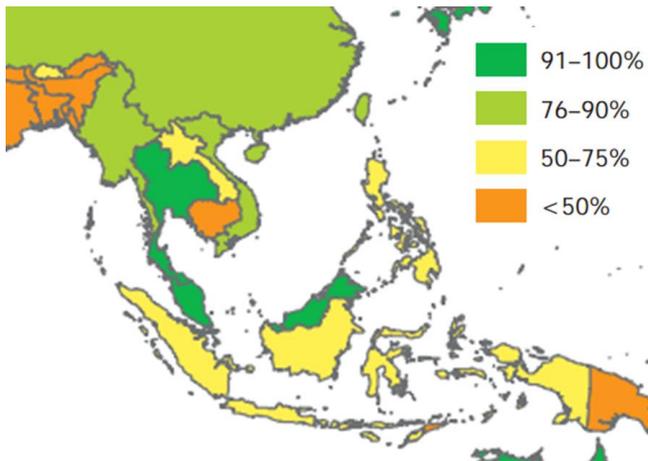


Figure 1: Sanitation coverage in South-East Asia at 2015 (WHO/UNICEF 2015)

Whilst there was significant progress during 1990 to 2015, in which sanitation coverage increased by 24% in South-East Asia (WHO/UNICEF 2015), there remains significant progress still to make (see Figure 1). The sanitation Millennium Development Goal (MDG) was 74% for the region, and was almost met, with overall coverage of improved sanitation increasing to 72%. However inequalities remain across urban and rural areas, across wealth quintiles and between different countries. In addition, issues of menstrual hygiene remain in need of attention, and since these are linked to lack of access to appropriate sanitation facilities. Finally, access to sanitation in health care centres and in schools are low. In health care centres in South-East Asia, only 42% have access to improved sanitation facilities (WHO/UNICEF 2015).

The Sustainable Development Goals (SDGs) in South-East Asia have been calculated to require 0.45% of the gross regional product, including some US\$2332 million and US\$1552 million annually for urban and rural sanitation respectively (Hutton and Varughese, 2016). This is a significant investment, requiring investment across governments, households and private sector. In addition, recent analysis from the Global Analysis and Assessment of Sanitation and Drinking Water (GLAAS) demonstrates gaps as regards institutional dimensions concerning monitoring, human resources and financing in the South-East Asia region (see Figure 2).

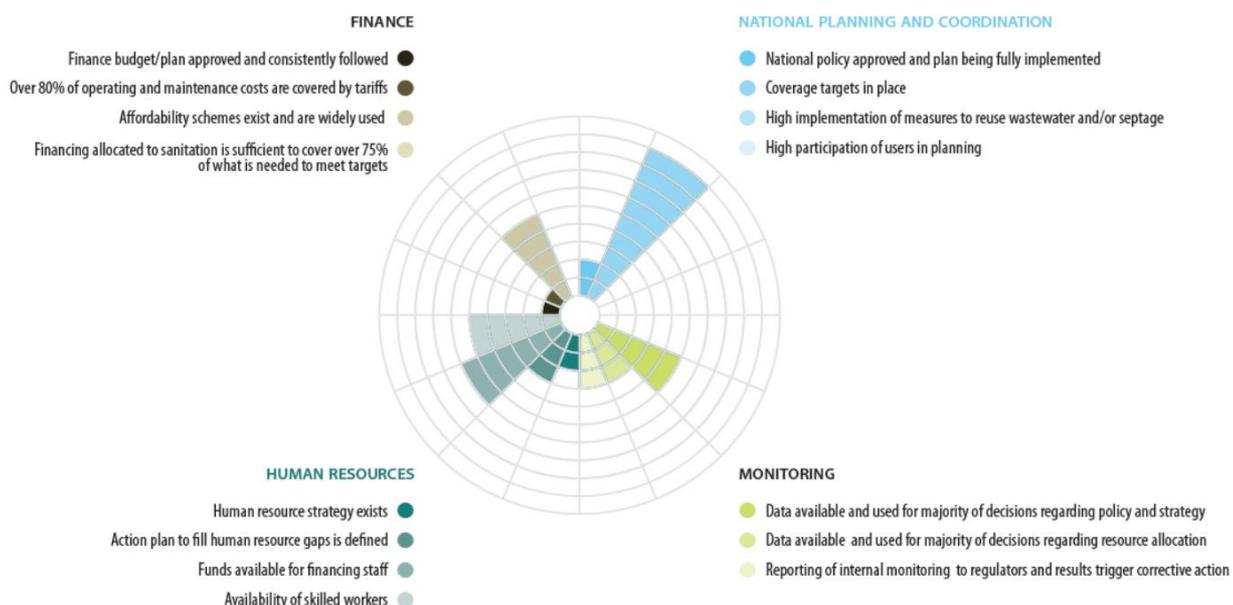


Figure 2: Policy, monitoring, human resources and financing GLAAS results for sanitation in South-East Asia (WHO/UN Water, 2014)

Why market-based approaches are important

Market-based approaches to sanitation are increasingly seen as important in achieving the goal of 100% hygienic sanitation in East Asia. As mentioned above, the investments needed in sanitation are extensive, and require investment from both government and households. Market-based approaches can fill gaps in availability of materials as well as contribute to behaviour change communication. In rural areas, often there is no readily available supply of sanitation products and materials, particularly in the form of a service. In addition, motivations for households to build latrines include prestige and status, and hence meeting consumer aspirations for latrines is an important factor in stimulating household investment in sanitation. Once households have invested in a more durable, desirable toilet option, there is less likelihood of ‘slippage’ back to open defecation.

Taking a **‘market-based approach’** to sanitation is about working to facilitate the role of private sector actors (or also social enterprises) for the exchange of sanitation products and services.

Facilitating access to sanitation through market-based approaches – the ‘how’

Key trends in addressing sanitation

The history of attempts to address sanitation has moved between different extremes, each time in the hope of finding ‘the solution’ to addressing low sanitation coverage. Since the 1980s and earlier, toilets were provided to the poor by the public sector or civil society organisations, often with a full subsidy, assuming that access to the ‘hardware’ would change behaviour. However, growing concerns about the costs and ineffectiveness of this approach, particularly at scale, prompted new thinking (Willetts et al. 2009; Perez et al., 2012).

Emerging from the Bangladeshi context in 2000, community-led total sanitation (CLTS) reframed approaches to sanitation with a core focus on empowerment and behaviour change (Kar and Chambers, 2008). However issues have arisen in lack of adequate access to technical expertise or materials, resulting in slow or non-existent movement up the sanitation ladder (Tyndale-Biscoe et al., 2014), and questions have arisen about whether the extreme stance of ‘no subsidy’ is appropriate in the context of the human right to sanitation¹ (de Albuquerque, 2014).

Then came the emergence of ‘sanitation marketing’ in the sector (Cairncross, 2004), also initially with a focus on ‘no subsidy’ since it was perceived to distort the market and be at odds with a market-based approach. However more recently, various organisations have been experimenting with combining market-based approaches with targeted mechanisms to support the poor, often termed ‘smart subsidies’ (Halcrow et al., 2014; Willetts, 2013).

There is increasing agreement within the sector that we need to take a **‘middle path’**: to support and to *use market to the extent possible*, to address both behaviour change and technical aspects of sanitation, and to carefully use subsidies or other forms of pro-poor support as and where needed, avoiding and mitigating to the extent possible the potential risks and negative consequences.

¹ In 2010, the United Nations (UN) General Assembly and the UN Human Rights Council each declared in separate resolutions that safe drinking water and sanitation are human rights and essential for enjoyment of all other human rights. These resolutions impose obligations on governments to respect, protect, and fulfil rights to water and sanitation services that are safe, sufficient, accessible, affordable, and acceptable to everyone. Among specific obligations, governments are expected to take progressive, incremental steps toward realising the rights using the maximum available resources

The imperative to increase co-operation and coordination across public, private and community sectors, including by civil society organisations (CSOs), in developing market-based approaches

Taking a ‘middle path’ means different actors need to work together to address sanitation, and therefore cooperation and coordination between actors becomes critically important. CSOs have typically taken up engagement with private sector and market-based approaches with a core focus on enterprises themselves (Gero et al, 2014). However CSOs have a unique opportunity to work at the interface of different actors to broker and facilitate roles, including working with local government to play market facilitation and regulatory functions (Pedi and Jenkins, 2013), working directly with communities to ensure informed choice and build demand, as well as working directly with enterprises and supply-chains and their links with both government and communities. Working with each actor type requires understanding their ‘interest’ and underlying motivation to engage, and using this knowledge to engage effectively. For instance local government may be motivated by targets, recognition for progress in their locality or other non-material incentives (Murta and Willetts, 2016). Entrepreneurs and enterprises can be motivated by profits, as well as other drivers such as a sense of social responsibility, status and camaraderie (Murta and Willetts, 2016).

Reaching the poor and disadvantaged

Without dedicated attention, it is both possible and likely that the poor and disadvantaged may be left behind. In the context of the human right to sanitation, and the Sustainable Development Goals (SDGs) a renewed focus on ‘addressing the last first’ is needed to close gaps in inequalities (WHO/UN Water, 2014). Costs for sanitation products and services can escalate due to transport costs in remote areas (Willetts et al., 2016) and certain households will require specific needs to be met, for instance for people living with a disability.

There are a many possible strategies to reach the poor and disadvantaged that can be carefully applied and coordinated with market-based approaches, including:

- Discounts: offer discounts to pre-identified households
- Flexible payments: provide ‘pay-late’ policies and payment by instalments
- Cheaper or specially designed products: developing low-cost yet desirable designs, or designs that meet particular needs (eg for people living with a disability, elderly, or challenging environments such as flood-prone areas)
- Savings groups: facilitate savings groups among households
- Transport subsidies: provide transport subsidy for remote community bulk purchases
- Loans: facilitate loans households through microfinance organisations and banks
- Consumer rebates: offer rebates for pre-identified households.

However, the application of these approaches is not simple, and poses questions on how they affect or distort the sanitation market. There continues to be significant debate and discussion within the sector on the ways in which the use of these different financing mechanisms affects market-based approaches (Halcrow et al., 2014; WSP, 2016). Ongoing experimentation, implementation and related research are needed to ascertain the most effective and the most cost-effective strategies to reach the poor and disadvantaged, whilst avoiding undermining other households’ motivation to invest.

References

- Cairncross (2004) The Case for Marketing Sanitation Field Note, http://www.wsp.org/sites/wsp.org/files/publications/af_marketing.pdf, August 2004
- de Albuquerque, C. (2014). Realising the human rights to water and sanitation: A Handbook by the UN Special Rapporteur Catarina de Albuquerque. Geneva: OHCHR. <http://www.righttowater.info/handbook/>
- Gero, A., Carrard, N., Murta, J., Willetts, J. 2013, 'Private and social enterprise roles in WASH for the poor: A systematic review', Review Paper, Journal of Water, Sanitation and Hygiene for Development, vol. 1
- Halcrow, H. Rautavuoma, P and Choden, T. (2014) Tailoring pro-poor support strategies with local governments to improve sanitation services- Practice Paper, SNV Development Organisation
- Hutton, G. and Varughese (2016) The costs of meeting the 2030 Sustainable Development Goal targets on drinking water, sanitation, and hygiene. World Bank Water and Sanitation Program (WSP) Technical Report
- Kar, K. and Chambers, R (2008) Handbook on Community-Led Total Sanitation, Institute for Development Studies (IDS), <http://www.communityledtotalsanitation.org/sites/communityledtotalsanitation.org/files/media/cltshandbook.pdf>
- Murta, J. and Willetts, J. (2016), 'Traits, drivers and barriers of water and sanitation entrepreneurs and enterprises in Indonesia, Vietnam and Timor-Leste', Enterprise in WASH – Working Paper 4, Institute for Sustainable Futures, University of Technology Sydney, www.enterpriseinwash.info
- Pedi, D and Jenkins, M (2013) UNICEF Sanitation Marketing Learning Series, Guidance Note 6 Enabling environment: What roles and functions are needed in the new sanitation market?
- Perez, E., Cardosi, J., Coombes, Y., Devine, J., Grossman, A., Kullmann, C., Kumar, C.A., Mukherjee, N., Prakash, M., Robiarto, A., Setiawan, D., Singh, U and Wartono., D. (2012) What Does It Take to Scale Up Rural Sanitation? Prepared by the World Bank Water and Sanitation Program (WSP), <http://www.wsp.org/sites/wsp.org/files/publications/WSP-What-does-it-take-to-scale-up-rural-sanitation.pdf>
- Tyndale-Biscoe, P., Bond, M., Kidd, R. (2013) ODF Sustainability Study, Plan Australia www.communityledtotalsanitation.org/resource/odf-sustainability-study-plan
- Willetts, J. Wicken, J and Robinson, A. (2009) Meeting the Sanitation and Water Challenge in South-East Asia and the Pacific, Synthesis Report on the 2008 Sanitation and Water Conference, March 2009
- Willetts., J. (2013) Supporting the poor to access sanitation in Bokeo Province, Laos. Prepared by Institute for Sustainable Futures, University of Technology Sydney for Plan Laos and Plan Australia,
- Willetts, J., Gero, A., Susanto, A.A., Sanjaya, M.R., Doan Trieu Thanh, Mohr, S., Murta, J. and Carrard, N. (2015) Sanitation value chains in low density settings in Indonesia and Vietnam, Enterprise in WASH - Working Paper 3, Institute for Sustainable Futures, University of Technology Sydney www.enterpriseinwash.info
- WHO/UN Water (2014) Investing in water and sanitation: increasing access, reducing inequalities. GLAAS 2014 findings- Highlights for the South-East Asia Region.
- WHO/UNICEF (2015) Joint Monitoring Program 2015 Update
- WSP (2016) Study to measure impact of output-based aid and sanitation marketing on sanitation adoption in Cambodia, Research findings Presented at WASH Futures 2016, Brisbane, May 2016

Key resources on market-based approaches to sanitation

- Sanitation Marketing Community of Practice (an initiative of the Australian WASH Reference Group): <http://www.sanitationmarketing.com/> Resources section of the site: <http://www.sanitationmarketing.com/resources-overview#.VGKdOjSUC3Q>
- World Bank Water and Sanitation Program Sanitation Marketing Toolkit <http://www.wsp.org/toolkit/what-is-sanitation-marketing>
- UNICEF Sanitation Marketing Learning Series: http://www.unicef.org/wash/index_documents.html
- 'Enterprise in WASH' ISF-UTS research initiative on enterprise roles in services for the poor. Working papers, research reports and summaries currently available, and guidance materials for CSOs available late 2016: www.enterpriseinwash.info
- The World Bank e-book Tapping the Markets: Opportunities for Domestic Investments in Water and Sanitation for the Poor, <https://openknowledge.worldbank.org/handle/10986/16538>
- World Bank's Water and Sanitation Program (WSP) and International Finance Corporation (IFC) briefing papers:
 - Transforming Markets, Increasing Access: Early Lessons on Base-of-the-Pyramid Market Development in Sanitation <http://smartlessons.ifc.org/smartlessons/lesson.html?id=1747>.
 - Market Intelligence Brief - an overview of market sizing data for Kenya: http://www.ifc.org/wps/wcm/connect/6a110500420b6e0d96fddf494779b2ad/WSP_Kenya_Market+Intelligence+Brief_FINAL.pdf?MOD=AJPERES
 - Demand Generation Brief – a summary of sanitation consumer demand characteristics and overview of potential demand generation, sales and marketing strategies to unlock this demand <http://www.ifc.org/wps/wcm/connect/0b26bb00420b6ef5970edf494779b2ad/WSP+Kenya+Demand+Generation+Strategies+Brief+FINAL.pdf?MOD=AJPERES>
 - Product and Business Model Design – a review of the product design process used to support planning <http://www.ifc.org/wps/wcm/connect/81daad00420b6f239717df494779b2ad/WSP+Kenya+Product+and+Business+Model+Design+Brief+FINAL.pdf?MOD=AJPERES>

ⁱ This Briefing Note was prepared by A/Prof Juliet Willetts, Topic Expert, East Asia Regional Learning Event and Research Director, Institute of Sustainable Futures University of Technology to accompany the Keynote Address of the East Asia Regional Learning Event (July 2016).