



Sani Mark "Zena"

Ethiopia's National Sanitation Marketing and Business Development Newsletter

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Open for Business

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The foundations laid for Sanitation Marketing in Ethiopia

Demand creation and behaviour change for improved sanitation and hygiene are central elements of the Government of Ethiopia's health strategy. The government's commitment to reduce the number of people who defecate in the open and improve sanitation and hygiene is evident by the central role they play in the work of Health Extension Workers and Health Development Army volunteers. Over the years, the Ministry of Health has worked with development partners, NGOs and community based organizations to develop and improve technologies and approaches to support the use of hygienic latrines and increase understanding on the importance of good hygiene practices. While good progress has been achieved in

moving people from open defecation to using latrines in a fixed place, the supply of appropriate and affordable sanitation products and materials has hampered the adoption of hygienic and sustainable latrines.

It is now widely agreed within the sector that to increase awareness and demand for improved sanitation, it is important to place increased emphasis on strengthening the supply chain for related products and services. Such an approach requires new thinking amongst development actors working on sanitation issues and the forging of new multi-sectoral partnerships, specifically with the private sector and non-traditional partners.

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In 2013, the Federal Ministry of Health developed a National Sanitation Marketing Guideline, to strengthen sanitation supply chains and business development initiatives, as well as their linkage with ongoing sanitation initiatives, such as Community Led Total Sanitation & Hygiene (CLTS-H).

Three Pillars of National Sanitation Marketing Guideline

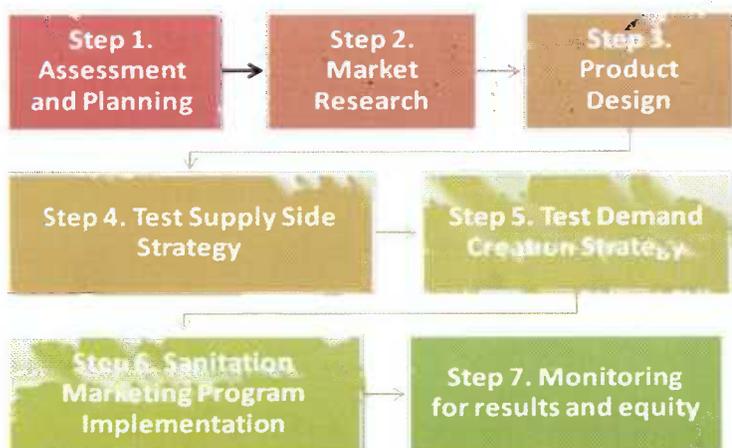
- ✓ Strengthen an enabling environment for sanitation marketing program
- ✓ Create access for improved sanitation technology options
- ✓ Generate demand for improved sanitation technology options

The Guideline provides a clear framework for stakeholder involvement in sanitation related supply and demand activities. The Guideline was launched in February 2014 at a National Sanitation Marketing Workshop. The event provided the opportunity for development partners and private sector actors to discuss the implementation of the Guideline. The presentations and discussions facilitated sharing and learning on the wide range of ongoing research and implementation initiatives aimed at context-specific application of the sanitation marketing approach in Ethiopia. Timely discussion on the roles and comparative advantages of different actors in relation to the implementation of sanitation marketing helped develop new partnerships. The Guideline was translated into Amharic and is ready for printing and dissemination.

A robust and well-functioning market for sanitation and hygiene related products and services is needed to support the achievement of sector targets. Successful pilot models in sanitation marketing are emerging in Ethiopia. The challenge moving forward is to scale up innovative and successful initiatives to achieve national impact ■

7-STEP FRAMEWORK

A framework for designing, implementing, monitoring and evaluating sanitation marketing programs



Why do we need Sanitation Marketing Newsletter?

New sanitation marketing interventions are born annually. There are many workshops, training, researches and studies undertaken by the government, development partners, and the private sector. However, weak collaboration and information sharing systems can lead to duplication of effort and inefficient resource utilization. Existing synergies are not being harnessed effectively. Such synergies can be more effectively harnessed and capitalized on through a more systematic and continuous flow of information.

A sector newsletter dedicated to sanitation marketing and business development activities can improve the flow of communication between actors working in this area. The newsletter will capture ongoing interventions and activities, knowledge and experiences around sanitation marketing, leading to increased clarity on both the opportunities and the challenges we face in the sector. It is also hoped that the newsletter will increase the visibility of and interest in sanitation marketing activities and achievement amongst sector and non-traditional actors to support improvements in sanitation marketing. Overtime the newsletter will create a historical record of developments in sanitation marketing in Ethiopia.

The newsletter's target audiences include Government Ministries and line agencies, development partners and the private sector currently working on sanitation marketing initiatives. In addition, reaching donors supporting the area of sanitation is important to demonstrate progress and mobilize additional resource to scale up sanitation marketing. The secondary audiences will be those actors, who are currently not working in or supporting the area of sanitation marketing or business development, but might be well placed to engage in this area ■



Opportunities for Microfinance in WASH

The WASH Ethiopia Movement Sector Learning and Sharing Forum was organized on 23rd July 2014 at Desalegn Hotel in Addis Ababa in collaboration with Water.org and COWASH. The meeting aimed to disseminate the findings of the WaterCredit market potential assessment. Close to 70 participants representing Ministry of Water, Irrigation and Energy (MoWIE), Microfinance Institution (MFIs) and Civil Society Organization (CSOs) in the WASH sector attended the one day workshop to deliberate on the potential for MFIs to involve in the provision of financial services to enhance WASH service delivery in the country.

Mr. Abiy Girma, National Coordinator of the National WASH Coordination Office at the MoWIE, made a keynote presentation highlighting the existing challenges in the sector which included the shortage of financial resources, the investment needed to develop water resource projects and a low level of infrastructure development. The One WaSH National Program highlights the important role of private suppliers, artisans and other private sector service providers in establishing efficient supply chains for WASH products, spare parts and repair services and in supporting self-supply activities.

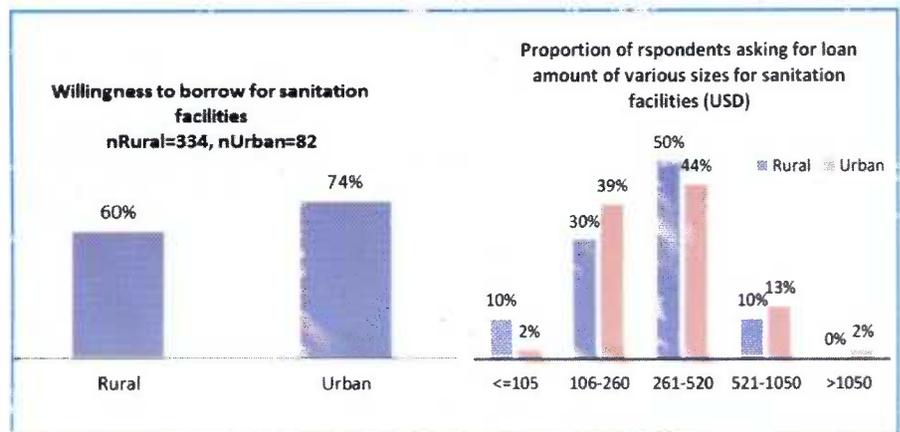
The WaterCredit Market Assessment was conducted in Ethiopia in March and April 2014 in eight woredas in Amhara, Oromiya, SNNPR and Addis Ababa. The assessment examined the following: MFI's involvement in WASH; the existing demand and potential market segments for credit; opportunities for WASH financing in the country; institutional gaps; and other impediments affecting MFI's participation in WASH. The study demonstrated limited engagement of MFIs in the WASH sector.

If you need further information on this article please contact Mesay Birhanu at MesayBirhanuGemechu@wateraid.org.
<https://s3.amazonaws.com/static.water.org/watercredit/WASH+Resources/Market+Assessments/2014-07-16+Water.org+Ethiopia+WaterCredit+Assessment+Executive+Summary.pdf>

Some of the factors for this low level of engagement were indicated to include the lack of understanding of MFIs on WASH issues, the perceived potential market size, and the perception of high credit risk secondary to the non-income generating nature of sanitation. In addition, the absence of credit enhancement and risk sharing mechanisms for market making were cited as impediments.

There are, however, some initiatives focused on engaging MFIs in the WASH sector. Among the limited efforts made to involve MFIs in WASH are:

- The partnership between OMFI and JICA to help install 200 rope pumps in four woredas in SNNPR.
- The partnership between OCSSCO and ROSA in Oromiya was also noted which aimed at the construction of 500 toilets in Adama city.
- WASTE's involvement in Arba Minch and the upcoming Millennium Water Alliance (MWA) and CNHF's engagement in the promotion of Self-Supply in 23 woredas in Amhara, SNNPR, Oromiya and Benishangul Gumuz regions were also identified in the assessment.



The study shed light on the respondents' willingness to borrow for water and sanitation services, which were noted to be 69% and 60% in rural and 71% and 74% in urban areas respectively. The highest priority (with 54%) was given to access to improved water facilities while the combined priority for both services was 32% far more than the 12% who had given priority for improved sanitation services alone.

The study recommended that agencies such as the Development Bank of Ethiopia or Water Resource Development Fund (WRDF) create dedicated lines of credit, soft loans, or guarantee fund for MFIs to provide financial services for WASH initiatives. It also indicated the need to sensitize MFIs on WASH and involve senior managers and work in collaboration with WASH – NGOs on demand creation and establishing credit risk sharing mechanisms, among others. In conclusion, the assessment underlined the existing high demand for improved water supply and sanitation services from consumers. In addition, it was clear that despite the high priority given to WASH by the government, they are keen to promote households to self-finance their WASH services ■

UNICEF –iDE Deep Dive Market Assessment & Improved Latrine Product Prototyping

Over the last year UNICEF, in partnership with International Development Enterprise (iDE), developed an improved sanitation product and business model, following the Human Centred Design (HCD) approach. A “Deep Dive Market Assessment” was conducted,

aimed at providing a deeper understanding of the needs and constraints of rural Ethiopian households, the supply chain, and enabling environment actors in order to develop market-based solutions.

Key Results of the Deep Dive Assessment:

- ✓ Cash flow is seasonal, with the highest income coming after harvest. Immediate purchase priorities are fertilizer, clothes, school and mobile phones.
- ✓ Women feel shame and exposed when openly defecating. In general people find it stressful.
- ✓ Most people construct a simple pit latrine from local materials, without a slab or pit lining.
- ✓ People believe that having an improved latrine is convenient and achievable, but are discouraged due to the cost. There is a small, but growing, demand for improved toilets.
- ✓ People prefer a strong easily cleaned slab, with foot rests and keyhole shaped drop hole.
- ✓ Building supplies are locally available, but demand is seasonal, margins are low and have a do-it-yourself attitude to construction.
- ✓ Transportation is the responsibility of the customer, and use donkey carts. Pro-active sales and promotion is not employed.
- ✓ The Micro and Small Enterprise Development Agency provides training on skill building, basic business financial management, and business planning.
- ✓ Masonry and carpentry skills training is done in partnership with Technical and Vocational Education Training Centres.

Based on the Deep Dive Assessment, an improved latrine product was designed, taking into account the fact that the product should be affordable but aspirational and durable, allow consumers to upgrade their latrine and maintain cleanliness. Prototypes were built and feedback from community members was then used to improve the

product, this process was repeated several times. The final product is a strong (thick and heavy) concrete slab with a keyhole shaped drop hole cover and parallel and inclined foot-pads . A vent pipe is added to evacuate smell and block flies.

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After the design of the business model, slab manufacturers and local sales agents were selected and trained in slab manufacturing, business development and different promotional techniques. Sales testing was done for 10 weeks. No significant differences were found between Open Defecation Free (ODF) and non-ODF kebeles, while differences in demand seemed to be related to the efforts of sales agent, income level of the household, and distance to the manufacturer. Recommended price of the slab and vent pipe was between 288 and 313 ETB, with a profit margin of 40 ETB for the manufacturer and 10 ETB commission for the local sales agent. A total of 121 slabs were ordered, and 49 delivered during the sales test period. The delay in delivery was due to the long concrete curing period of 21 days.

Main lessons from the pilot are:

- People are interested in buying the product, but are restricted by seasonality of income
- Users are comfortable installing the slab themselves, and mostly dig a new pit
- Transportation is a major sales barrier
- Group sales and sight sellers are a very effective channel
- Follow up process places a high burden on the local sales agents, and the efforts exerted are not equal to the benefit they gain

UNICEF and iDE are continuing their partnership to address some of the challenges faced in the pilot phase, including the further design of additional product prototypes, and the refinement of the business model (this includes attention for promotion and local sales agents) ■

The final 'Deep Dive Market Assessment', 'Market Development Report', 'Implementation Plan' and training manuals for slab manufacturing, business training and promotion can be requested from UNICEF (misalrai@unicef.org or mbroekhuijsen@unicef.org).



Sanitation Business Matchmaking

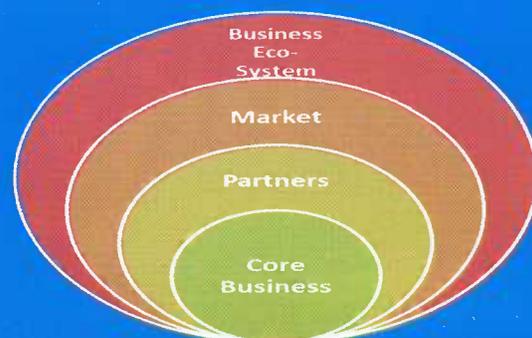
The Global Sanitation Business Matchmaking 2014 was held alongside the Bottom of the Pyramid (BoP) World Convention & Expo in Singapore between 28th and 30th August. The event was a joint initiative of Aqua for All, IRC, Simavi, WASTE, BMGF, Euromoney, Water and Sanitation Program - World Bank (WSP) and the World Toilet Organisation. The Global Sanitation Business Matchmaking aimed to bring full scale sanitation services for the BoP market. The sessions linked investors to sanitation business opportunities and at the same time, strengthened the mechanisms that make these partnerships work.



BoP WORLD
CONVENTION & EXPO

Ato Asfaw Abebe, the Deputy Director of the Federal Micro and Small Enterprise Development Agency (FeMSEDA), attended the meeting on behalf of the Government of Ethiopia. The meeting gave FeMSEDA the opportunity to share their unique Enterprise Development Process and discuss their desire to establish 9,000 new sanitation related businesses

in Ethiopia over the coming five years. FeMSEDA presented the sanitation challenges in Ethiopia to a panel of potential investors, donors and development partners. In addition, FeMSEDA was able to interact with private sector businesses based in East Africa and beyond who were interested to operate in Ethiopia, in the areas of plastic sanitation product development, sanitation supply logistics, financing for micro-finance agencies and training initiatives. Ato Asfaw Abebe said "The Sanitation Business Matchmaking event was a unique event that brought those working in development, both in government and development partners, in direct contact with private investors and entrepreneurs interested to engage in the sanitation sector" ■



For more info visit: <http://bopworldconvention.org/>

Establishment of Sanitation Marketing Multi-Stakeholder Platform

The sanitation market and business development activities in Ethiopia are expected to benefit from the establishment of a multi-stakeholder platform through the creation of a space to interact and share experiences. The platform aims to support a more conducive enabling environment and effective coordination of stakeholders at the national level. With these assumptions, a meeting was hosted on 29th May 2014 by the Ministry of Health, at the offices of the World Bank, Addis Ababa, to launch a Sanitation Marketing Multi-Stakeholder Platform (MSP) in Ethiopia. The genesis of the MSP came out of the National Sanitation Marketing Workshop held in Adama, Ethiopia, in February 2014. The MSP brings together a wide range of sector actors both within the public and private sector working to develop sanitation businesses and promote improved sanitation in Ethiopia. It was agreed that the MSP would be chaired by the Ministry of Health and co-chaired by the Federal Micro and Small Enterprise Development Agency (FeMSEDA). A Steering Committee was elected, including representatives from the private sector, financial institutions, government agencies, development partners and civil society. The Water and Sanitation Program of the World Bank (WSP) was nominated to play the role of Secretariat to the MSP.

The MSP aims to engage stakeholders operating in the sanitation and hygiene sector. The MSP currently represents policy and decision makers, private sector actors, business development service providers, financial institutions, consumers and consumer group, civil society organizations, development partners and academic and research institutions. It is hoped that additional members can be encouraged to join over the coming months.

The MSP aims to contribute to the objectives of the ONE WASH program, through supporting the achievement of an open defecation free Ethiopia in the next five years. Through dialogue, partnership and shared learning the MSP will support the scale up of sanitation marketing interventions and help increase access to and use of affordable, sustainable, and improved latrines.

The MSP will also provide a space for stakeholders to discuss the practical implementation of the Ministry of Health's National

Sanitation Marketing MSP Actors

Chair: Ministry of Health
Co-Chair: Federal Micro and Small Enterprise Development Agency
Secretariat: Water & Sanitation Program (WSP) of the World Bank

Steering Committee:

1. Association of Ethiopian Micro Finances Institutions
2. Citrus International
3. CRS
4. PSI
5. UNICEF
6. USAID
7. WASH Ethiopia Movement

Membership:

If you are interested to join the Sanitation Marketing MSP or would like more information regarding the MSP, please contact Meseret Tsegaw - mtsegaw@worldbank.org

Sanitation Marketing Guideline and support the creation of an enabling business environment for the private sector actors to take up sanitation as a business area. Through the review of different partners policies and proposed program interventions, the MSP aims to promote the development of focused and holistic action plans to support effective and efficient sanitation value chain development at scale within the sector.

Following review of the knowledge gaps identified at the National Sanitation Marketing Workshop, the MSP members agreed that the MSP's initial focus will be on product development, quality control and accreditation, mobilizing finance and the identification of effective business models for different context across Ethiopia. The second meeting of the MSP was held on August 14 2014 at Ministry of Health office premises. The third MSP meeting is planned to be held on October 30, 2014 ■



MSP Inagural Meeting, May 29, 2014



Ato Dagnew Tadesse opening the meeting



Field Experiences

Women's Group diversify to support sanitation business

Sire Woreda, in the Oromia Region, has 1 urban & 17 rural Kebeles, with a total population of 87,066. Twenty-eight percent of communities have been declared as Open Defecation Free. In order to improve the uptake of improved sanitation in the Woreda, "SaniCenters" were established to help create businesses selling a variety of sanitation products.

One of these SaniCenters is run and managed by a Women's Group. The Group has been organized into a small enterprise with the support of the Woreda Health Office, Sire Municipality, the Woreda Micro & Small Enterprise Office and UNICEF. The group received seed capital to establish the business, to buy tools and initial raw production materials. In addition, the group was provided space to produce and sell their products. They have also been trained on production techniques needed to manufacture concrete latrine slabs.

The group positioned itself as a low cost solution providers aspiring to serve poorer households. Product promotion activities are self-initiated through their well-located shop in the main local market and enhanced through the demand creation activities being undertaken

by Health Extension Workers across the Woreda. They have found that demand for their sanitation products comes in peaks and troughs, due to waves of promotional activities and the availability of household income. This causes the business challenges in managing production and cash-flow.

To maintain continuous revenue and mitigate the risk of failure, the women's group plans to diversify their business using the skills they have acquired. New business lines include new sanitation related products (such as different shapes and sizes of slabs) and non-sanitation related products, such as cook stoves. Their engagement on potentially more lucrative business lines may in time result in the group efforts and resources being concentrated away from sanitation, especially if sanitation products are viewed as a loss leader for their business. In the future, further external support might be needed to encourage the continuation of sanitation business lines, without distorting the market. However, for now the Women's Group is committed to sell sanitation products and meet the needs of customers seeking sanitation solutions ■

Photo By: Sirak Wondimu



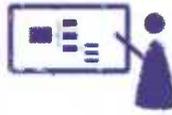
Sanitation Marketing Resources... Page 8

Ministry of Health	National Sanitation Marketing Guidelines Ethiopia	http://www.cmpethiopia.org/media/national_sanitation_marketing_guideline_20132
SanMark Community of Practice	The 7 Step Process to Sanitation Marketing	http://www.sanitationmarketing.com/sanitation-marketing-process-overview
SNV	Rural Sanitation Supply Chains and Finance: Progress Brief	http://www.snvworld.org/en/regions/asia/publications/rural-sanitation-supply-chains-and-finance-progress-brief
UNICEF	Sanitation Marketing Guidance Notes	http://www.unicef.org/wash/index_documents.html
USAID	Sanitation Marketing for Managers: Guidance and Tools for Program Development	http://www.hip.fhi360.org/page/5007.html
Water & Sanitation Program – World Bank (WSP)	Sanitation Marketing Tool Kit	http://www.wsp.org/toolkit/toolkit-home



Sanitation Marketing Resources

What is Sanitation Marketing?
Learn WSP's definition of-and conceptual framework for-sanitation marketing.



Formative Research
Learn why you should perform formative research, and what steps you'll need to take.



Product
Learn about the role of product in the "marketing mix", including principles, challenges, and strategic options.



Price
Learn principles, challenges, and strategies to optimize price-the monetary an nonmonetary costs a household incurs when purchasing sanitation materials.



Place
Learn principles, challenges, and strategies to optimize place-that is, where a product or Service is sold, obtained, and/or distributed.



Promotion
Learn principles, challenges, and strategies related to promotion-communicating details about the product, price, place and behavior to the target audience.



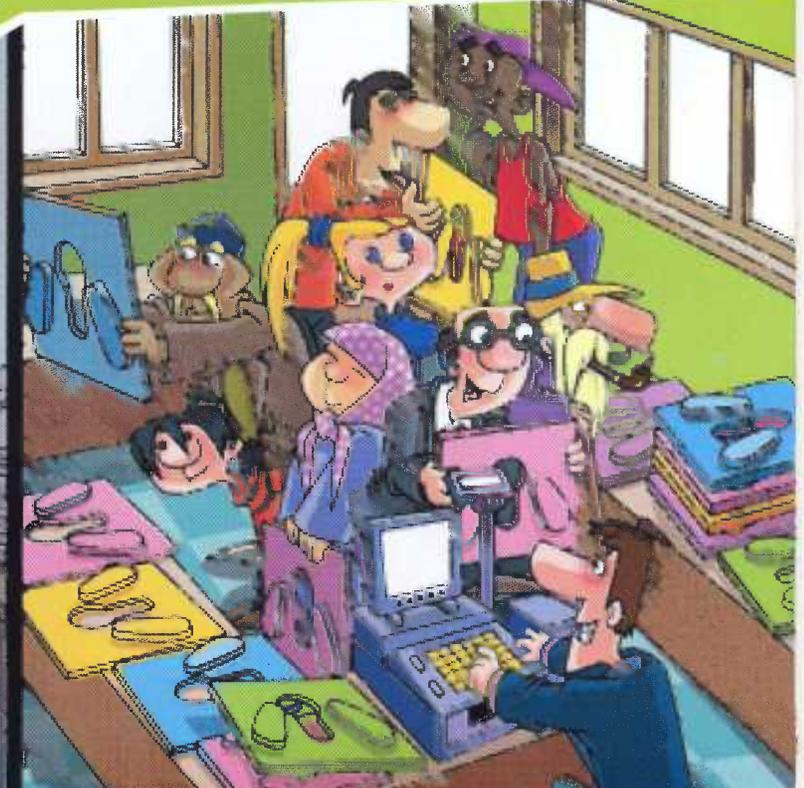
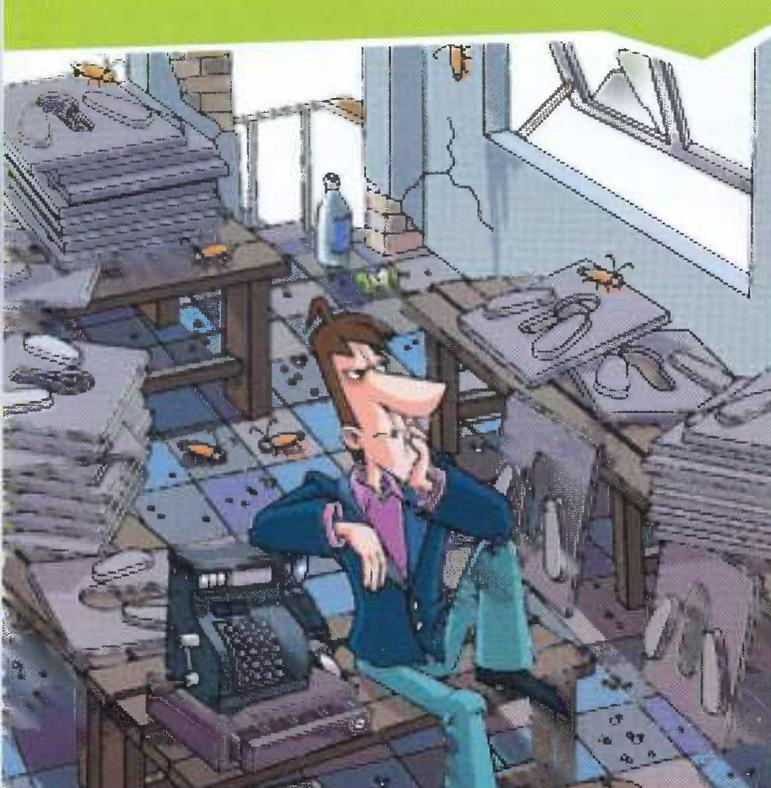
Communication Campaign
Learn how to develop your communication campaign, including how to best manage the campaign-development process.



Implementation
Learn strategies for implementing a sanitation marketing program, including tips on procurement, costing and monitoring.



WSP/World Bank: Sanitation Marketing Toolkit



WSP/World Bank



MSP Newsletter Editorial Team

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- Marije Broekhuijsen- **UNICEF**
- Meseret Tsegaw – **WSP/World Bank**
- Mesay Birhanu - **WASH Ethiopia Movement**
- Oliver Jones - **WSP/World Bank**
- Smita Kumar – **USAID**



Upcoming Meetings

Provisional Dates for Sanitation Marketing Meetings

Upcoming Meetings	When
Multi-Stakeholder Platform Meeting	6 th November 2014
	30 th December 2014
Multi-Stakeholder Platform Steering Committee Meeting	21 st October 2014
	20 th November 2014
	4 th December 2014
	8 th January 2015