

Measuring cost-effectiveness in market-based approaches to sanitation

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Cambodia and Bangladesh

WASH
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Water, Sanitation & Hygiene Conference 2018

Collaboration for Universal WASH

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What we'll be discussing today

- iDE Sanitation Marketing model
- iDE's approach to measuring program cost-effectiveness over time
- How we think about the relationship between cost-effectiveness and sustainability

The basics of SanMark

- We work through the private sector to build markets
- We design products to context
- We train businesses to produce and distribute products
- We recruit and train independent sales agents who are paid by suppliers

What this looks like in practice

Cambodia Sanitation Program

Taking an active role in the market to scale sanitation

Market Actor

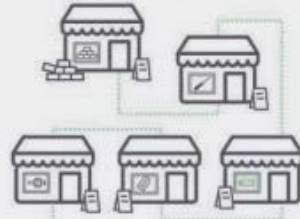
PROBLEM

Most households did not have toilets, and the sanitation supply chain was fragmented.



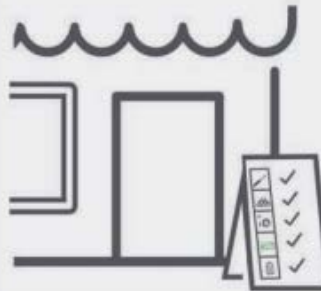
OPPORTUNITY

Some businesses were selling toilet supplies, and people were interested in buying high quality toilets.



APPROACH

Aggregate parts for easy production and distribution.



USER NEEDS

We want a convenient way to purchase quality pour-flush products that convey status to our families and communities



PRODUCT

The Easy Latrine can be sold with one of the following shelter choices.

Ring Shelter



PRICE

Prices below are for the Easy Latrine with shelter of choice.

\$247	\$170	\$77
RETAIL	PRODUCTION	MARGIN



Easy Shelter



\$439	\$358	\$81
RETAIL	PRODUCTION	MARGIN

PLACE

Manage a professional salesforce to sell directly to households and in village presentations.



PROMOTION

Buy a high quality, status-enhancing product without having to leave your home. Installation included!

Figures shown are averages. Margins are calculated before commissions and fees.

What this looks like in practice

Bangladesh Sanitation Program
Engaging lead firms and local entrepreneurs to improve sanitation

● Market Facilitation

<p>PROBLEM</p> <p>Lots of people have toilets, but most are unhygienic and smelly.</p> 	<p>OPPORTUNITY</p> <p>Strong private sector with capacity to mass-produce affordable, quality sanitation products.</p> 	<p>APPROACH</p> <p>Design affordable, hygienic solutions. Connect large national lead firms with local producers and installers in the field.</p> 	<p>USER NEEDS</p> <p>We want our waste separated from our environment. And minimize space, too.</p> 									
<p>PRODUCT</p> <p>Direct and offset pit latrines using innovative components such as the SaTo Pan and SanBox.</p> 	<p>PRICE</p> <p>Prices below include pan, slab, and direct pit, but not superstructure.</p> <table border="0"> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td>\$22.80</td> <td>\$18.80</td> <td>\$4</td> </tr> <tr> <td>RETAIL</td> <td>PRODUCTION</td> <td>MARGIN (21%)</td> </tr> </table> <p>Production costs and retail prices vary within countries. Figures shown are averages.</p>				\$22.80	\$18.80	\$4	RETAIL	PRODUCTION	MARGIN (21%)	<p>PLACE</p> <p>Product sales are led by local latrine producers through sales agents in village meetings and through farmer groups.</p> 	<p>PROMOTION</p> <p>If you hear the tak*, you know it's safe.</p> <p>*Sound of the pan closing</p>
												
\$22.80	\$18.80	\$4										
RETAIL	PRODUCTION	MARGIN (21%)										

Measuring program cost-effectiveness

- How much does it cost to build markets for sanitation products and services?
- Do those costs change over time?
- Do unit costs differ across our portfolio?
- Is iDE improving over time?

Measuring program cost-effectiveness

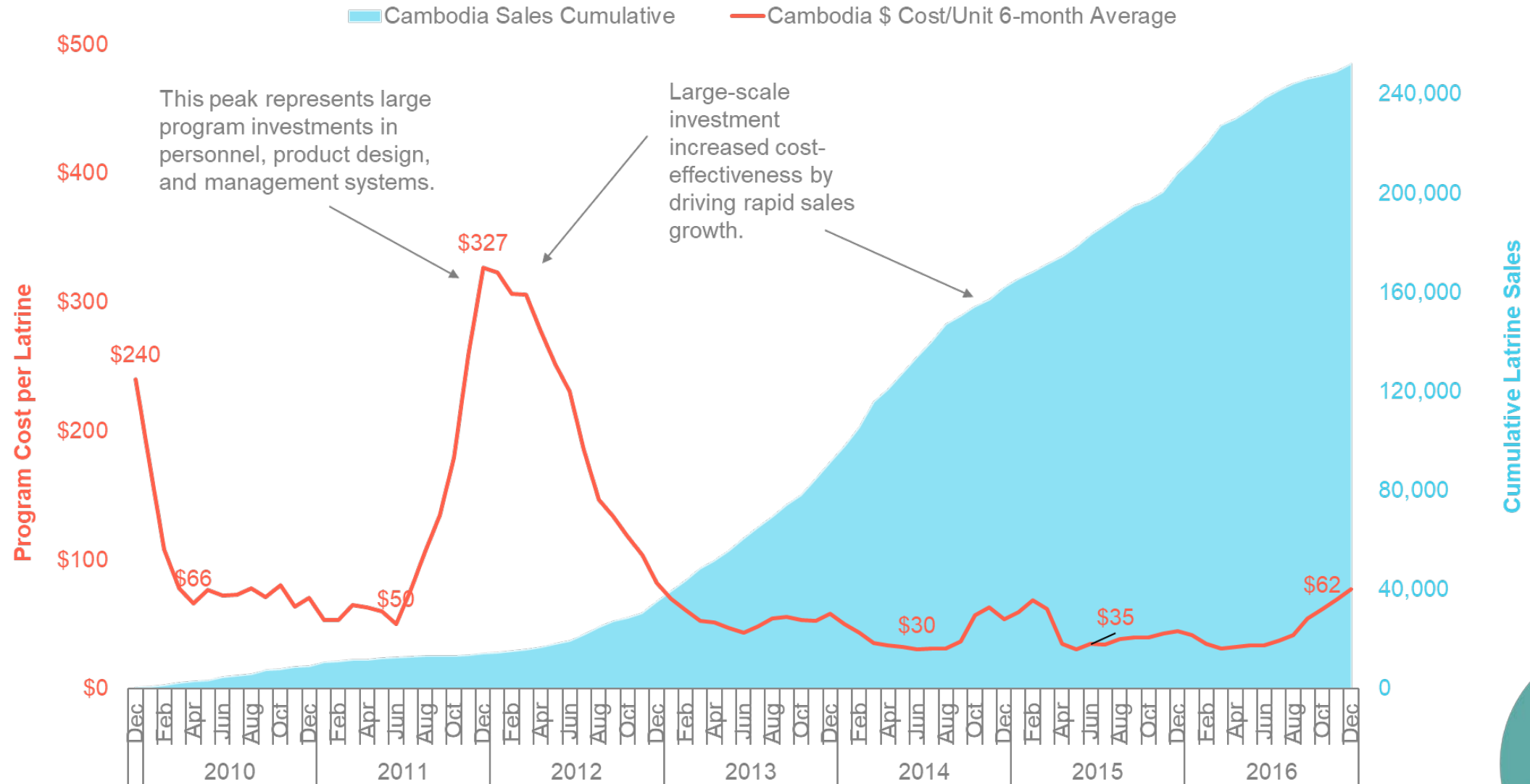
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Measuring program cost-effectiveness

$$\text{Cost Per Latrine} = \frac{\text{Monthly Program Expenses (six-mo. avg.)}}{\text{Monthly Latrines Sold (six-mo. avg.)}}$$

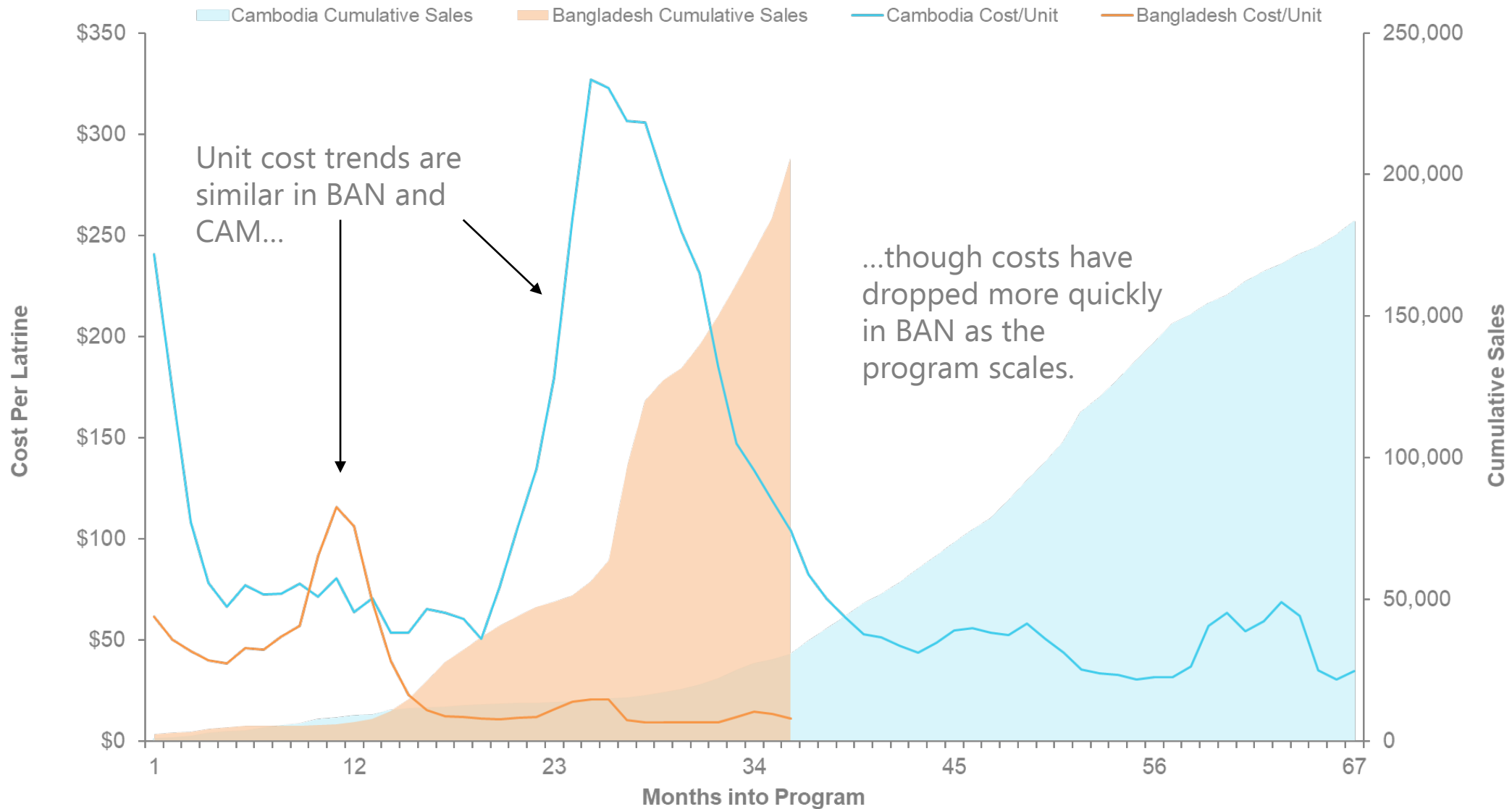
Measuring cost-effectiveness: Cambodia

Cambodia SanMark - Cumulative Latrine Sales vs Cost per Unit Sold



Cost-effectiveness across our portfolio

Overlaid SanMark Programs - Cumulative Latrine Sales vs Cost per Unit Sold



Looking forward

- How does timing of investments change ROI and path to scale?
- Can we disaggregate innovation and operational investments to better understand drivers of cost-effectiveness?
- How do we work with other to benchmark costs?

Thank you very much!

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