Sustaining a regional output-based aid sanitation ecosystem for the poor through commercialization

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History of EMW’s Output-Based Aid Sanitation Approach

- EMW has pioneered output-based aid in rural sanitation for over a decade in Southeast Asia
- During this time, we have reached over 200,000 poor households
- We have successfully advocated for government co-financing over time

How can we financially sustain this approach at scale and introduce different approaches for reaching poor and non-poor?
1) Develop a **self-sustaining commercial model** through coordinating partnerships between community demand mobilizers and private sector suppliers of sanitation products

2) Sustainably **reach poor and non-poor** by re-investing returns in ongoing latrine delivery
What does SANOBA do?

VIETNAM WOMEN’S UNION

Central
Provincial/District
Commune
Village Promoters

CREATE DEMAND

Performance Incentive

Mobilize demand

EMW

SANOBA’s Value-Add:
- Connect supply with demand
- Provide quality assurance
- Engage women as mobilizers

Commission

PRIVATE SECTOR SUPPLIERS

PCERWASS
ROTO
TANA DAITHAM
Unilever
HappyTap
SÀTO

STRENGTHEN SUPPLY

Household

Purchase latrine
SANOBAs Value-Add: Connect Supply with Demand

SANOBAs helps to build markets for new sanitation products, such as plastic septic tanks. SANOBAs also strengthens markets for existing sanitation suppliers.

**Sales Increase as a result of new private sector partnerships and commission payments**

- The moment TADT company joined the project
- The moment ROTO company decided to give the commission to WU

Number of Model A latrines have been ordered successfully

- 0 in Sep-16
- 365 in Mar-17
- 471 in Sep-17
- 721 in Dec-17
SANOBA’s Value-Add: Quality assurance and engaging women

100% of suppliers (3,821 suppliers) have been verified by EMW staff in 5 provinces

83% Overall Satisfaction with COST

84% Overall Satisfaction with QUALITY

80% Overall Satisfaction with RESPONSIVENESS AND TIMELINESS
Sustainability through different approaches for different income groups

**Poor Households:** OBA approach

- Smart subsidy
- Simple, homogenous product
- Government co-financing

**Non-Poor Households:** SANOBA approach

- Sell latrines at market rate
- Introduce wider product range and mix
- Compelling sales pitch (no aid of rebate)
- Private sector partnerships and revenue

**Household financing**

- Introduce wider product range and mix

**Product type**

- Simple, homogenous product

**Demand mobilization**

- Community-led health education and awareness-raising, rebate

**Sustainability mechanism**

- Government co-financing
- Private sector partnerships and revenue
Through bringing these approaches together, we hope to create a sustainable sanitation ecosystem that reaches poor and non-poor.

**EMW provides capacity building, advocacy, and implementation support for:**

- **Phasing-in** government financial support to the poor
- **SANOBA approach** to generate income from targeting non-poor & gradually transition towards a women-led social enterprise

Which leads to sustainable...

- **Rebates for the poor to increase access to sanitation**
- **OBA sanitation ecosystem**
Lessons Learned in developing SANOBA thus far

Building the business model:

- Demand-generation innovations can help to overcome household reluctance

- Efficiency and high quality of customer service on the supply-side are important

- Business model innovations should be considered
Lessons Learned in developing SANOBA thus far

Partnerships:

- Cultivating “first mover” partnerships with private sector is key

- Despite CHOBA 2’s business-minded approach, government engagement remains critical

- Shifting implementation mindsets among partners from community mobilizers to sales agents can take time
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