

Harnessing Market Power for Rural Water Supply and Sanitation

Activating the private sector in Vietnam and Cambodia

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Based on learning gained from :

Small-scale Private Sector Development and Marketing for Sanitation

Executed by IDE Vietnam with fund support from DANIDA.
2003-2005.

Promotion of Household Water Treatment

Executed by IDE Cambodia with support from CIDA, AusAID, World Bank, and UNICEF. 2001-2005

INTERNATIONAL DEVELOPMENT ENTERPRISES (IDE)

website: www.ide-international.org





Principles of the small-scale private sector approach

- Production and distribution of appropriate and affordable water and sanitation options by local small-scale enterprises
- User pays full cost of products and services
- Donor investment applied to market-building activities:
 - Research and development
 - Supply chain development
 - Promotion

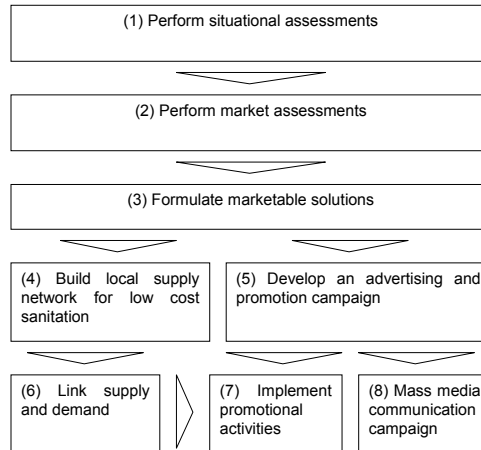


The pay-off

- Take advantage of private investment and local entrepreneurial capacity
- More responsive to consumer needs
- Increased range of choice available in rural areas
- More efficient delivery of water and sanitation
- More sustainable
- Easier to scale-up



A process to unleash market forces



Case 1: Marketing Household Water Treatment in Cambodia





Introducing a new water treatment option for Cambodian households

Ceramic Water Purifier (CWP)

- Porous ceramic filter coated with colloidal silver
- Filter pot set in a plastic receptacle to store filtered water
- Produces 20-30 liters per day with 2 to 3 fillings (typical)



- Low maintenance, easy to clean, minimal training required
- Production cost \$5.25
Retail cost \$7.50 to \$10.00



Field tests of performance under conditions of rural household use

CWPs placed in 1,000 households over a one year period:



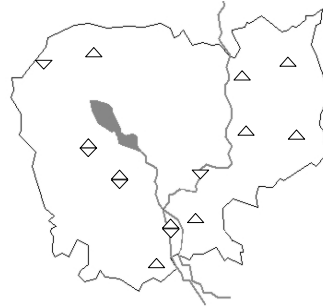
- 99% of CWPs produced water meeting or exceeding WHO low-risk guidelines (<10 *E. coli* /100 ml)
- Saved 22 hours per month in time spent collecting firewood and boiling water
- Half as many diarrhoea cases per person
- One third of the diarrhoea treatment costs per person
- Four times fewer school/work days missed due to diarrhoea



Field testing distribution methods

Market-based (▽) and subsidized (△) approaches tested

- Subsidized distribution through NGOs
- User contribution ranging from zero to \$5.00
- 25,000 CWPs distributed over three years
- Donor investment: \$30-\$40/unit (including subsidy)



Field testing distribution methods



- Market distribution through 71 retailers in 5 provinces
- Promotional campaign including mass media, market demos, store displays.
- User pays full cost ranging from \$7.50 to \$10
- 5,000 CWPs sold in first 14-month period
- Donor investment: \$20/unit (will decrease over time)

Case 2: Marketing Sanitation in Vietnam



Marketing Sanitation in Vietnam

IDE Project aimed at testing:

- Whether rural families will invest in latrines when a range of low-cost models are available from local private sector suppliers
- The extent to which targeted promotional campaigns can influence consumers' decisions regarding sanitation investments.

Communities	Households	Poor households as % of total population	% of households owning a safe latrine
Experimental group	53,886	19.1	16.0
Control group	5,440	19.7	18.3

2 Coastal provinces in rural Vietnam, with similar conditions:

- Socioeconomic
- Environmental



Project duration: 2 years



Market constraints

Demand constraints	Supply Constraints
<ul style="list-style-type: none">• Customers lacked market information• Customers lacked access to competent latrine builders.• Sanitation was a low priority for the family	<ul style="list-style-type: none">• Masons lacked capacity to innovate & develop market• Few incentives for service providers to enter the market• Lack of masonry skills to meet the local consumer needs• Village masons lacked of credibility before prospect customers

Aims

- To increase the coverage of competent sanitation services
- To stimulate competitiveness of small-scale service providers



Targeted interventions to improve market functioning

- Building capacity of the local network to supply a range of affordable and desirable sanitation options
- Stimulating demand for these latrines through social marketing, promotion
- Endorsing the competencies of the local network of masons through the local health structure
- Developing capacity of the local network of masons to further build their consumer base
- Creating market linkages between service providers and prospect customers

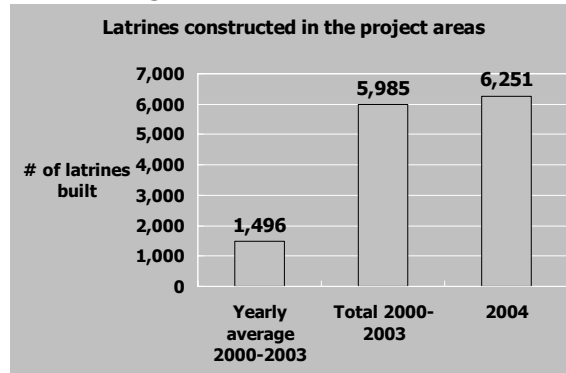




Increased access to improved sanitation

In the experimental group of communities:

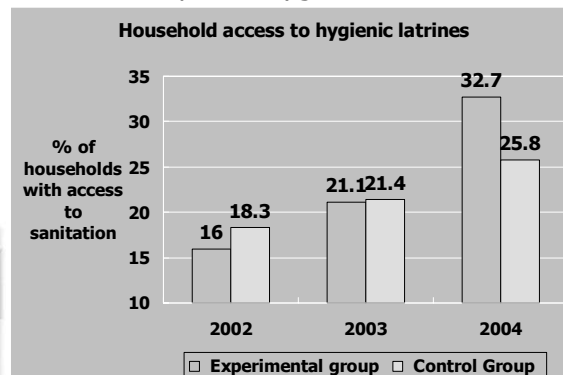
- Latrine construction has grown fourfold



Increased access to improved sanitation

In the experimental group of communities:

- Rate of household ownership of a hygienic latrine has doubled





The market reached the rural poor

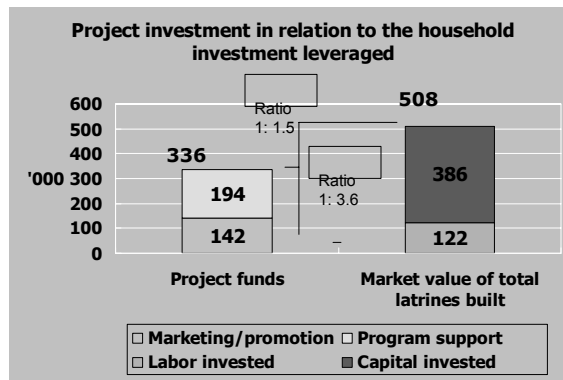
% of poor households in the total population (Dec 02)	% of poor households among all latrine buyers (Sep 03 – Dec 04)
19.1	10.7

Population category	Household annual income (US\$)	Average household investment in sanitation (US\$)	Investment as % of annual household spending
All latrine buyers	592	66	11.1
Poor latrine buyers	362	55	15.2



A cost effective approach

The market value of capital investment leveraged by 2004



Thank You !

