

SANITATION AS A BUSINESS



Sanitation business in South America is helping to grow crops of mushrooms.

Overview

Enough change is happening in the water sector to offer cautious optimism that the Millennium Development Goals for access to improved water supply will be met. In contrast, many have washed their hands (excuse the pun) of sanitation, as development efforts have not made a dent on access to improved sanitation in decades.

The reasons for this are varied. Some argue that sanitation is the unpopular cousin of water supply, and that investments, interest and motivation to transform the sanitation sector are lacking. Others point out that subsidized sanitation (free or discounted latrines) distorts markets, has yet to demonstrate success at scale and has not expanded coverage once subsidies are removed (in fact, most subsidized initiatives completely collapse once the subsidy is withdrawn). Projects that rely on demonstration latrines to “inspire/motivate/convince” others are particularly ineffective. Loan-financed sanitation support has shown some promise in some parts of the world but has generally been unsuccessful in Africa and Latin America, and even places where loan finance has shown some promise (like India), it often fails to grow beyond small-scale successes. Sanitation Markets (SaniMarts) offer a passive private sector response to sanitation delivery, and social

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marketing initiatives show promise but not scale as of yet. Community–Led Total Sanitation has energized the sector for all the right reasons but the failure of this initiative to monitor its work effectively has undermined its potential, and it is struggling to grow beyond a handful of countries.

Water For People has tried all of these approaches with some successes but more failures. We measure the potential of rolling sanitation out at scale, and don't view isolated, unsustainable projects as achievements. We are seeing evidence of success from an alternative approach known as “sanitation as a business,” where small loan–inspired investments in improved sanitation lead to dramatic expansion of service. Water For People is trying to find ways to make sanitation an on–going service between entrepreneurs and households, rather than a once–off delivery of a latrine.

Sanitation as a business is simple—we identify ways for the private sector to generate income from developing on–going business relations with households through sanitation services. As entrepreneurs realize that they will gain more income by providing new clients with sanitation services, they thus expand coverage and earn profit simultaneously. We are finding creative ways to achieve this pro–business service relationship through the use of ecological sanitation and the sale of compost, as well as support to innovative pit emptying services in cities.



A new pine nursery in Villa Victoria, Bolivia.



Pit emptying entrepreneur in Malawi.



Loan repayment for a latrine in India.

Why is this innovative?

- “Sanitation as a business” has the potential to transform sector programming by realizing that there is a business case to be made for sanitation services.
- It challenges conventional subsidy–driven approaches to sanitation and offers a fresh idea that will evolve as we gain more implementation experience.
- It has led to dramatic expansion of services beyond Water For People’s initial investments in a small number of villages.

Challenges

- There is a delicate balance between not-for-profit organizations and for-profit businesses—what is the role of the NGO in the “sanitation as a business” model?
- We need to understand the market better, including segmenting potential customers (who have different sanitation wants and needs), exploring the profitability of the compost market, and examining the differences and similarities of different locations (urban vs. peri-urban vs. rural, and in different countries and cultures)...
- Local microfinance institutions (MFIs) and commercial banks need to finance the replication of “sanitation as a business” for it to be truly sustainable.

Where we do this?

- Started in Malawi, spreading to India, Uganda, Rwanda, Bolivia and Peru.



Building Eco-San latrines in Uganda.



Dona Tomasina in South America.



Urine being converted to fertilizer.