Strategies and lessons for achieving scale in Sanitation

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Water For People

FSM4

We have pilots which have -

- Successful market tested business
- Entrepreneur happy – margins good
- Customers happy – affordable and efficient
- Water for People can exits and business continues
- Government officials accepting / supportive
- Equipment affordable and locally available

Result - sustainable sanitation services

Pilots never fail and never scale

What is scale?

Nobody seems to have a good answer.

Only vague suggests such as

"The size or level of something, especially when this is large"

Is building 10,000 latrines scale?.

PSI in India

PSI have 100,000 toilets on their list.

The total market in Bihar maybe as many as 10M latrines. PSI have impacted 1% of the market"

Academic view

"If you cannot measure it, it does not exist"

Need to start by defining scale

*"Scalability is a characteristic of a system that describes its capability to cope and perform under an **increased or expanding workload** …*

*… **a scalable company is one that can maintain or improve profit margins as the sales volume increases**".*

A scalable sanitation program is one that can spend the same or less money on increasing the rate at which latrines are built or pits are emptied.

- Provides third tier support. Two organizations between facilitator and the householder.

- Play no part of the supply chain

- Improving implementation efficiency Increasing workload and decreasing unit costs

- Facilitating the industry, not individual businesses.

- Encourages new businesses to start up and crowd-in

- Supports and works with government to regulate the 'crowding-in' process

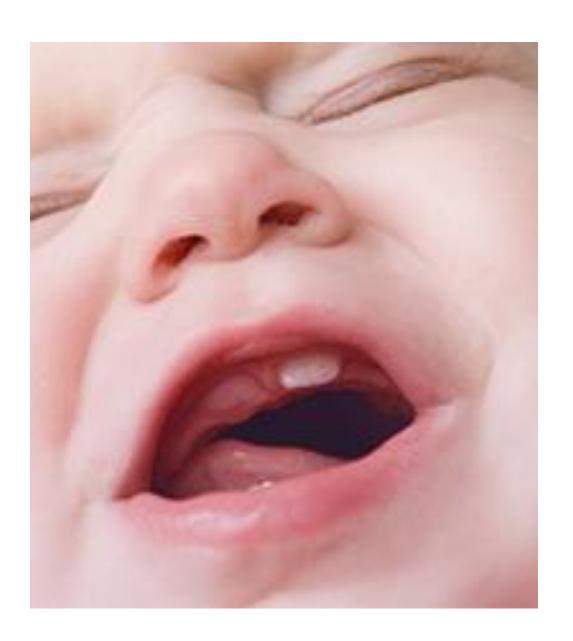- Lets go of control with a view to finally exiting the sector

Strategy 1: Achieve scale through 'big' actors

"Work with a market actor that already have the finance and ability to reach large numbers of people"

- limited - too few large companies interested
- 'Thin markets', particularly for brand new type of service
- Role is to make the linkage between company and impact investors.

Strategy 2: Work with 'first movers' to create a demonstration effect

*"Work with a small number of 'first movers' in order to demonstrate the viability of the innovation to other market actors. The demonstration effect leads to **spontaneous** 'crowding-in' by other market actors"*

Strategy 3: Actively support 'second movers'

"If no crowding-in the programme can provide more direct support to second movers. Second batch of programme-supported actors needed to create a further demonstration effect to reach a tipping point"

Demonstration effect to works
- Has to be visible
- Second movers need the incentives, capacity, and resources to copy
- Barriers to entry are low
- Second movers are able to access the know-how

Sanitation markets is an unattractive disgusting job.

Strategy 4: Create or strengthen supporting functions

"To create or strengthen a set of intermediary service providers to increase crowding in"

BDS
- Not used to informal businesses
- How to make them sustainable
- Not want to encourage competition
- Franchising?

Strategy 5: Strengthen or reform rules and regulations

"Change rules and regulations in a way that supports uptake …. regulations provide greater certainty to businesses"

- laws exist, but not enforced
- Could make things worse
- Compulsion doesn't work

That is the theory

The practice is possible, but challenging

Requires a shift in mind set and collaboration

The End

Thank you…

..and brush your teeth twice a day.