



GLOBAL WATER STRATEGY

ACTION RESEARCH INITIATIVE

Transforming Sanitation Markets: Key Learnings from Ethiopia and the Global Implications

Featuring USAID Transform WASH

Presented by:

USAID

PSI Ethiopia

LIXIL

August 14, 2024

Today's outline

1. Overview of Global Water Strategy
Action Research Initiative
2. **Transform WASH: 3 Major Learnings**
3. **Reflection from Lixil** and the
Partnership for Better Living
4. How these learnings advance and align
with the global evidence base from
WASHPaLS #2
5. Q&A



U.S. GOVERNMENT
GLOBAL WATER STRATEGY

2022-2027

USAID is guided by the **USG GWS**

VISION

A water-secure world

GOAL

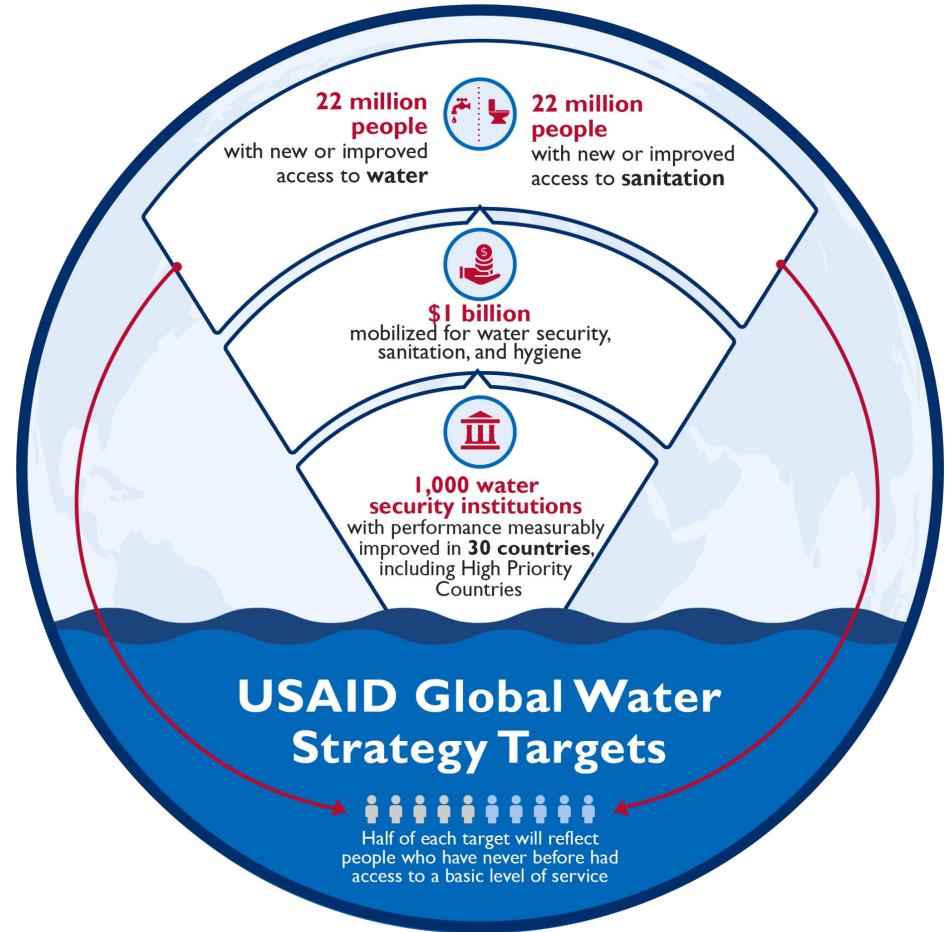
To improve health, prosperity, stability, and resilience through sustainable and equitable water resources management and access practices



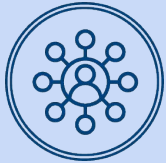
Read the [strategy](#)

USAID has set ambitious targets that:

- Reflect our efforts to directly **increase the number of people reached** with services
- Capture how we intend to strengthen essential systems by **mobilizing financing and improving institutional governance and performance.**



GWS Operating Principles - acknowledge that there are evidence gaps in achieving our goal



Work Through and Strengthen Global, National, and Local Systems



Focus on Meeting the Needs of Marginalized and Underserved People and Communities and Those in Vulnerable Situations



Leverage Data, Research, Learning, and Innovation



Incorporate resilience across all aspects of this strategy



GLOBAL WATER STRATEGY

ACTION RESEARCH INITIATIVE

USAID's Action Research Initiative will generate evidence for decision making in WASH and WRM

Learn more at www.GlobalWaters.org/research

What is it?

USAID's Global Water Strategy Action Research Initiative is a multi-million dollar investment in water security, sanitation and hygiene action research—namely research that will benefit the effectiveness and impact of sector investments made by USAID, partner governments, and other funders and practitioners.

Who is involved?

Two Tracks

Implementing Partners

- Central “research” mechanisms (e.g. PRO-WASH & SCALE, REAL Water, WASHPaLS #2, URBAN WASH) or activities with critical learning and policy findings (e.g. Fragile Waters, WASH FIN 2)
- Bilateral activities with critical learning and policy findings

BOTH will be demonstrated in today’s webinar!



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ACTION RESEARCH INITIATIVE

Findings:

USAID Transform WASH Ethiopia

Outline

1. Background on USAID Transform WASH Activity
2. Key Lesson 1: Business Models and Supply Chain
3. Key Lesson 2: Demand Activation
4. Key Lesson 3: Capacity Building



Ingredients of Market Development



Strengthen the enabling environment for the WASH market through GoE engagement and capacity building



Grow sustained demand for low-cost, quality WASH products and services through user-centered marketing techniques



Improve supply with more WASH product choices, technologies, and financing in more places

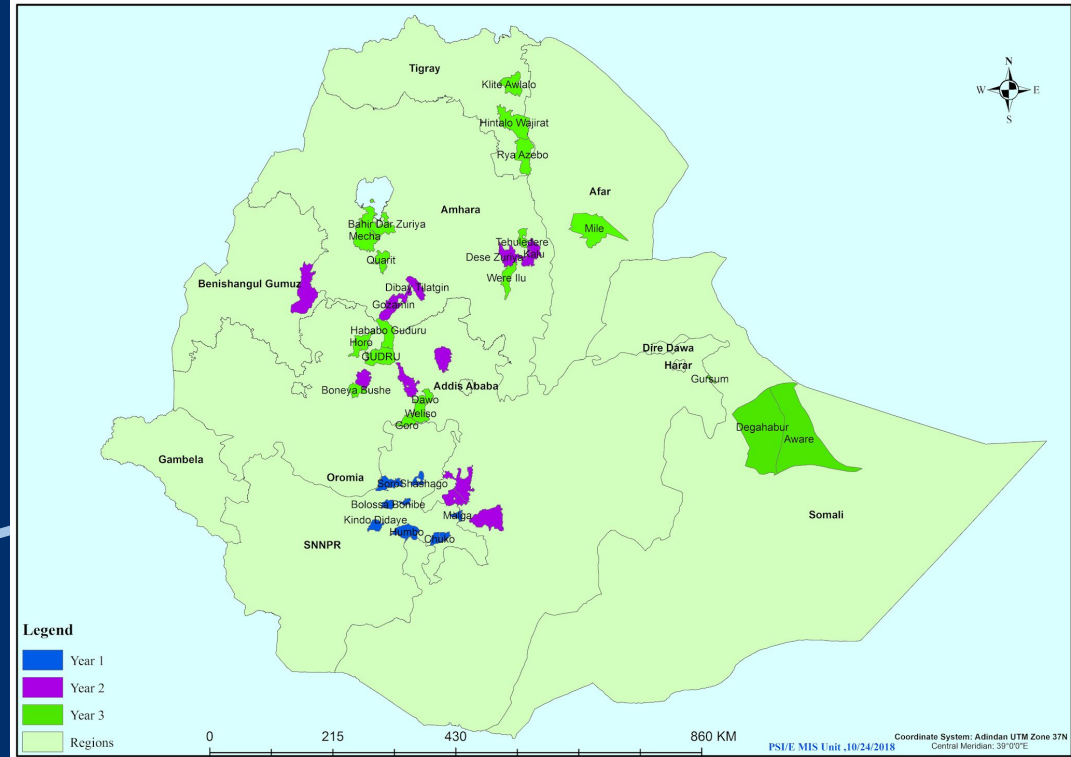


Learn and scale

Early Decisions

- Phased approach
- Business partners (2 per district)
- Direct sales of plastic products
- Concrete slab manufacturing and sales

Transform WASH Intervention Weredas (Year 1,2&3)



Early challenges and approach



- Poor DIY installation of SATO (and GoE “pause” in SNNP region)
- High transaction cost for concrete casts
- Fragile market of construction inputs
- Low sales and interest from promoters (commission agents)



- Develop and scale new business and service delivery models
- Diversify product and services options
- Customer-centered approach (reaching households at their doorsteps)
- New business partners come into the picture (mason installers)

Lessons Learned in Business Models and Supply Chain

T/WASH Supported Various Business Models

Model name	Description	
Advanced Product Manufacturing & Construction	Worked with well-established construction business, providing a range of products and services from precast toilet floor to full toilets for rural and urban households with no toilet and unimproved toilets	
Basic Product Manufacturing & Installation	Small-scale manufacturing with informal local masons producing smaller precast concrete slabs and simple installations.	

T/WASH Supported Various Business Models cont.

Model name	Description	
Door-to-door Simple Upgrades	Worked with independent masons providing sales and installation services of SATO pans plastic slabs with concrete plastering of floor for Rural or urban households with unimproved traditional latrines or open pits.	 A photograph showing two men in a rural setting. One man is kneeling and using a blue bucket to pour concrete or plaster onto a floor made of stones and dirt. The other man is standing and observing. They appear to be upgrading a traditional latrine.
Plastic Product Sales & Support	Worked with retailers direct and Business to Business (B2B) sales of Sales of manufactured sanitation products (SATO pan and SATO stool and plastic slabs), Handwashing and menstrual hygiene products, household water treatment products.	 A photograph of a woman standing in a small shop or stall. She is wearing a patterned headscarf and a patterned dress. The shop is filled with various items, including blue plastic jerrycans, buckets, and other household goods. She appears to be a retailer or distributor of these products.

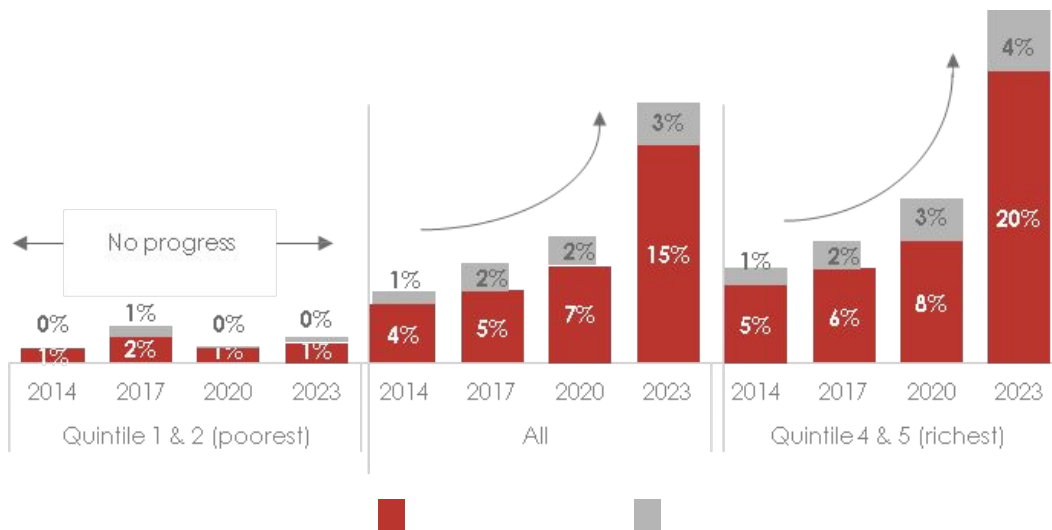
Early Adaptations to Business Models

- Diversified offerings into 40 different **product and service options**
- Adopted **successful local innovations**, like *SATO skirting* and *SATO retrofitting*
- Supported **local entrepreneurs** in the design of innovative products
- Supported additional **locally manufactured products**: AIM plastic slabs



More than one million people gained access to basic sanitation

- Sold 220,543 sanitation products
- 38,000 other products sold (e.g. handwashing stations, water filters)
- Averaged 10–20 percent increase in access across 63 districts
- Improvement beyond intervention districts



Sanitation service levels in the three T/WASH woredas over the past 10 years

Key Business Models Lessons Learned

- **Plastic products** are an attractive alternatives due to affordability and ease of transportation
- Upgrade options introduced to a **low cost and simple** improvement for households with unimproved sanitation
- Focused on **experienced businesses** who bring established viability and likelihood of sustainability.
- Learned the effectiveness of **door-to-door promotion** and installation services



Lessons Learned in Sales

Utilized the DQ[®] SALES APPROACH

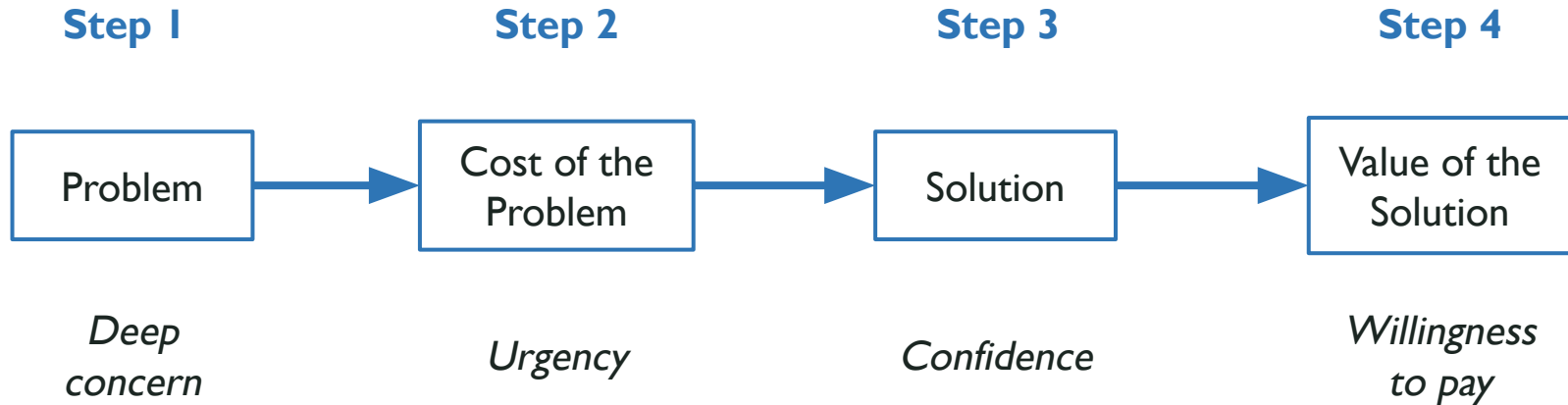
“Decision Intelligence” (DQ[®] sales), developed by Whitten and Roy's Partnership (WRP), is a process that walks a customer through a problem-led decision making process.

Sales Competencies

- That facilitates conversation rather than confrontation
- Uses referrals, stories, and customer testimonials to create momentum in sales conversations

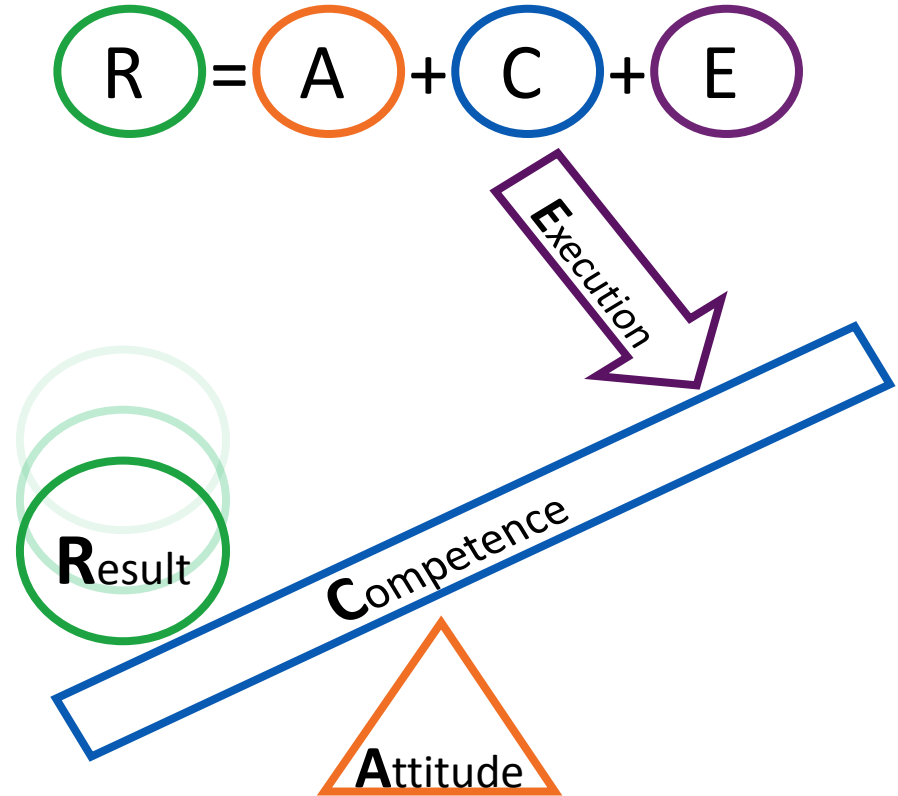


DQ process leads customers to a purchase



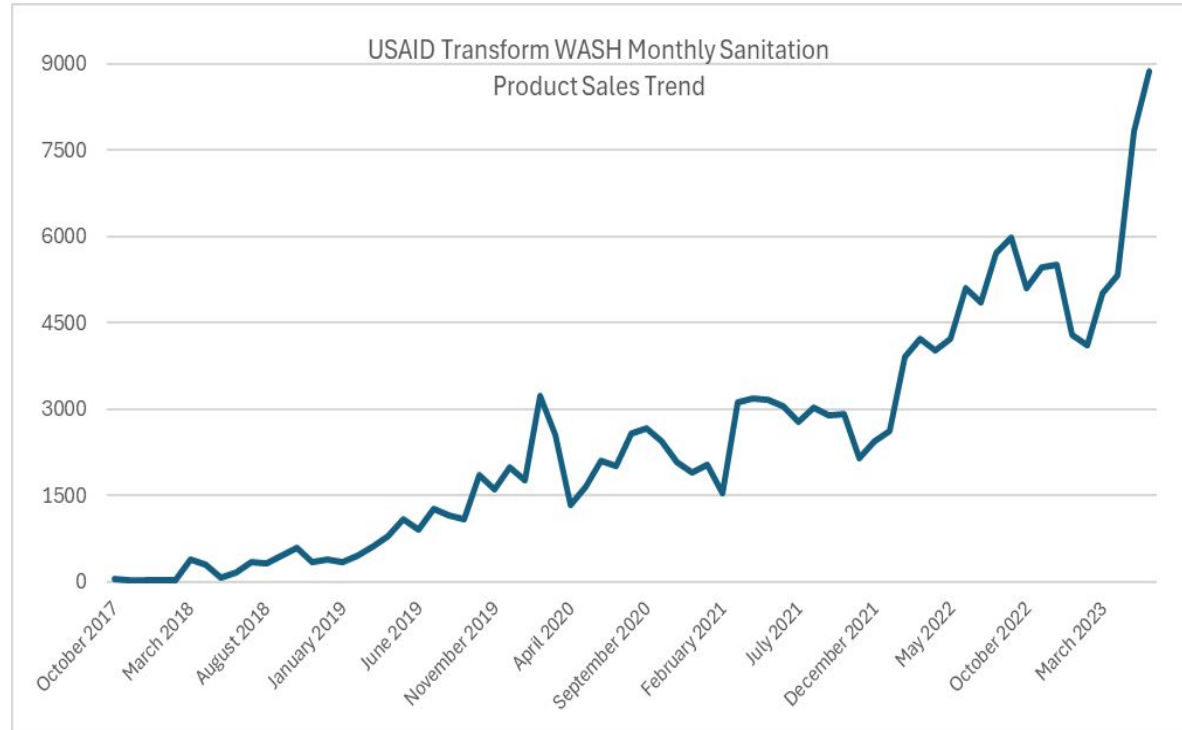
Applied the RACE™ Sales Management Approach

- Organizes sales management into RACE™ levers
- Dedicated sales support
- Determine inputs required to meet targets
- Weekly data collection and analysis on select key performance indicators
- Continuous focus meeting targets
- Coaching and support



DQ® sales and RACE™ led to 80 percent of sales

- Introduction of DQ® sales resulted in promotion to sales conversion rate that ranges between 30–70 percent
- Sales increased by 300 percent within one year of introduction of DQ



Key Sales Lessons Learned

- Sales of sanitation is difficult and requires a **well defined consumer-focused approach**
- Critical to build on **existing relationships** among supply chain actors (masons and retailers)
- **Commercial actors** are more effective than health promoters at selling toilets



Lessons Learned in Capacity Building

T/WASH strengthened governance

- Developed and supported the MBS components of the OWNP (One WASH National Program)
- Refreshed MBS guidelines
- Conducted trainings and mentoring for administrative and technical Govt staff
- Strengthen monitoring through JSS (Joint Supportive Supervision) and consultative meeting
- Implement a self-assessment and improvement tool (Institutional Strengthening Index)
- Facilitate learnings through exposure visits and dialogue forums



T/WASH focused on filling key capacity gaps in the market

Technical Skills

- Developed standardization
- Introduced new construction methods
- Developed Teachers Training Learning Manual and competency assessment and certification (COC)
- Partnered and institutionalized training with TVETs

Sales and Management

- Institutionalized “Decision Intelligence sales and sales management approach.
- Designed and prototyped a skill transfer monitoring and feedback structure
- Partnered and institutionalized with EDI (Entrepreneurship Development Institute), TVETs and MOH.

T/WASH focused on filling key capacity gaps in the market

Business Development Services

- Developed training, coaching, and mentoring guideline on business planning and operation
- Standards on trainings and mentoring packages
- Partnered and institutionalized training with EDI and TVETs

Strategic Business Development Support

- Supports to improve core business performance: access to loan, market and working space, incentives
- Advocacy to improve access to finance, industry classification, incentives (Incentives)
- Engage new sectors: MOLS (Ministry of Labor and Skill), MOT (Ministry of Trade), MOF (Ministry of Finance)

T/WASH was instrumental in WASH market growth

- GoE adopted MBS as a key strategy in the WASH Sector
- Strengthened government capacity at all administrative levels
- BDS institutionalized within structures with extended reach (MoLS, MOH)
- Established standardized training materials and approaches with TVETs and EDI



Establishing systems and capacity for sustainable sanitation market growth

- Standardization is critical to institutionalization and scaling of capacity building.
- Close collaboration with GoE structures helped to integrate MBS into key government strategies.
- Strengthening existing coordination mechanism has helped to scale MBS.





Scan for Transform WASH resources

