Learning from Bihar, India
An evolutionary process and the impact of a market development program to create a functioning sanitation market

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About Us
PSI makes it easier for people in the developing world to lead healthier lives and plan the families they desire by marketing affordable products and services.
Development is best when it is nationally rooted and draws from global best practices.

65 national health organizations make up PSI’s global network.
We make markets work for Sara.

We convert need into demand and strengthen delivery systems and build local capacity, by:

- Communicating for Social Change
- Marketing Products and Services
- Franchising for Health
- Market Development
In 2014, PSI with our network partners added an estimated 53.7 million years of healthy life with our products and services.
Market Failures

Market failures

- When self-interested choices in markets do not result in socially efficient allocation

Examples

- Markets for goods and services are lacking
- Externalities and common pool resources
- Principal agent problems and moral hazard
- Factor immobility
- Inequalities
Construction Companies

MFIs

Product Designers

Community Health Workers

Donors

Local Artisans

Government agencies

Manufacturers

NGOs
3SI Bihar - Gaps in the Sanitation Ecosystem

1. Construction & Aggregation - Fragmented supply chain for toilets

2. Product design - Toilet that are affordable are not aspirational and those aspirational are not affordable.

3. Financing - Liquidity and affordability across population segments; limited / no access to credit for toilet
Market Failure 1: Construction and aggregation

Getting a toilet is cumbersome - Impacts time to delivery and cost for a household toilet
Intervention – Hook the entrepreneurs to provide easy access

209 Supply chain enterprises catalyzed

Business Training and access to finance
Scaling a broken supply chain ecosystem

Toilet enterprises/aggregators: 196
MFI: 3
Mould Manufacturer: 9
Door producer: 1
Door Supply chain: 1

# of Enterprises
# of Blocks

Oct-Dec 2013: 6
Jan-Mar 2014: 16
Apr-Jun 2014: 26
Jul-Sep 2014: 38
Oct-Dec 2014: 40
Jan-Mar 2015: 54
Apr-Jun 2015: 84
Jul-Sep 2015: 113
Oct-Dec 2015: 209
Building a toilet is a lot more easier for Households now

Data source: 3Si Program - Helpline

N: 6626
Gap 2: What is the product?

Costly toilets that do not solve HH problems or negate public health concerns. Quality assurance is nobody’s concern.
Intervention – Offer choice and experience

Standard | Deluxe | Super Deluxe
Intervention – Low touch quality assurance

Quality assurance

At production center

At household level
Distance of Pit from Water Source - Remains a challenge

- Above 30ft
- 10ft - 30ft
- Less than 10ft

Q1 (2014):
- Above 30ft: 46%
- 10ft - 30ft: 43%
- Less than 10ft: 11%

Q2 (2014):
- Above 30ft: 40%
- 10ft - 30ft: 40%
- Less than 10ft: 11%

Q3 (2014):
- Above 30ft: 44%
- 10ft - 30ft: 37%
- Less than 10ft: 19%

Q4 (2014):
- Above 30ft: 47%
- 10ft - 30ft: 41%
- Less than 10ft: 12%

Q1 (2015):
- Above 30ft: 44%
- 10ft - 30ft: 41%
- Less than 10ft: 15%

Q2 (2015):
- Above 30ft: 45%
- 10ft - 30ft: 44%
- Less than 10ft: 11%

Data source: 3Si Program – Technical Associate

N: 1305
Pit Depth – It’s no longer a deep hole in the ground

Data source: 3Si Program – Technical Associate

N: 1274
Approx. 80% households required financial facilitation to construct basic toilet costing $150-200

No MFIs has any experience in sanitation financing in Bihar.

MFIs are not interested to get into sanitation financing due to lack of exclusive funding for sanitation.
Intervention – Catalysing private sector credit supply

Investors → Wholesale Lending Institution → MFI → Consumer

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Trends of toilet credit over time

Applications Raised: 1462
Loans Disbursed: 1042
Are we reaching the poor?

- Toilets Cancelled: 14,811
- Toilets Sold to BPL Families: 5,525 (37%)

Are we reaching the poor?
Strategic Framework

Health Impact

- More poor people access improved sanitation (and use it)
- More poor people have access to improved sanitation
- Better performance of enterprises

Impact at Household Level

Impact at Enterprise Level

Market System Change

More efficient and inclusive sanitation market system for poor

Interventions

- Reform of supporting functions (Financing, Coordination and Innovation)
- Advocacy on rules, regulations, tariffs and public-private partnerships
- Increased demand and supply (product, price, place and promotion)
Summary

- Market failures are not treated as final, but rather become the target of programs or policies to improve them.

  - Patience and Time: Markets failures take time
  - Market understanding: No one size fits all model
  - Complementarity: Partners, sectors, interventions
  - Systems approach: Players and Functions
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