

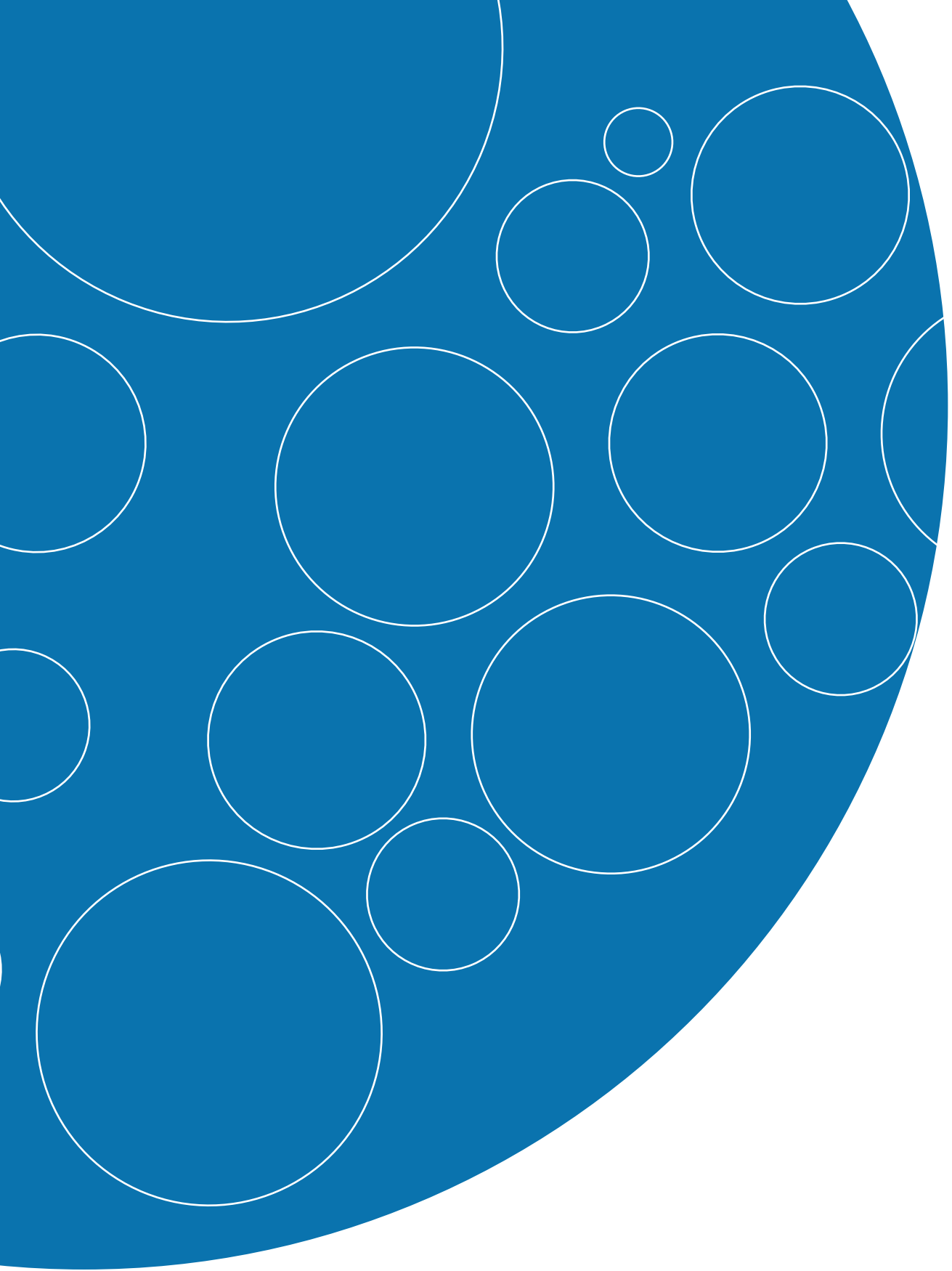


**ጤና ሚኒስቴር - ኢትዮጵያ**  
**MINISTRY OF HEALTH-ETHIOPIA**

**የዜጎች ጤና ለሃገር ብልጽግና!**  
HEALTHIER CITIZENS FOR PROSPEROUS NATION!

# NATIONAL MARKET-BASED SANITATION IMPLEMENTATION GUIDELINE

November 2020  
Addis Ababa, Ethiopia



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### III. FOREWORD

The Federal Ministry of Health (MoH) is committed to improve the Sanitation, Hygiene and Environmental Health conditions of its citizens and has developed and is leading coordination of planning and implementation of Sanitation, Hygiene and Environmental Health development programs, strategies, plans, implementation guidelines, and training manuals in collaboration with various development partner organizations. To this effect the market based sanitation and hygiene initiative was started in 2013 to create an enabling environment for implementation of sanitation marketing, increasing consumers' access to appropriate and affordable basic sanitation and hygiene technology options and services through private sector engagement and to create demand for basic sanitation and hygiene technology options.

For the last 7 years Market based sanitation initiative implementation has made impressive progresses but it requires further strengthening and expansion. In particular, one of the challenges is to ensure that weak coordination among stakeholders receives sufficient attention. In addition established centers sustainability, delivery of different feasible technology options, lack of strong government support and lack of sustainable market for sanitation and hygiene products and services are common constraints for strengthening the enabling environment for sanitation business growth. Therefore, it is believed that this revised market based sanitation implementation guideline will alleviate and solve challenges and constraints faced in the implementation of market based sanitation initiative.

In the second Health sector transformation plan, MoH planned to increase the proportion of households with access to basic sanitation services from 20% (2019) to 60% (2025) through effective and sustainable market-based system for hygiene, sanitation and environmental health facilities and services as well as designing and promoting inclusive market based hygiene, sanitation and environmental health technology options.

Thus, preparation of this revised national market based sanitation implementation guideline has undergone several document reviews, stakeholders consultations and consideration of relevant best practices and experiences related to development and implementation of market-based sanitation interventions at national, various districts, development partner organizations and other countries.

This revised guideline aims to facilitate development of sustainable sanitation and hygiene markets whereby households have access to broader range of quality, affordable and preferred basic sanitation and hygiene products and/or services from private-sector suppliers at accessible delivery outlets. The guideline is also designed to support accelerated implementation of market-based sanitation interventions on a wider scale in the regions, districts and ensure sectoral accountability at all levels in Ethiopia.

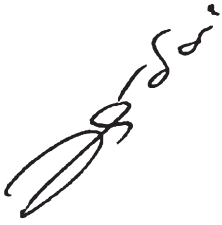
Thus, this implementation guideline describes different types of basic sanitation and hygiene products and services that are expected to be offered by interested enterprises/entrepreneurs. It also provides step-by-step guidance on sanitation market development, including conducting formative research and product supply chain analysis to inform local businesses on the benefits of developing and standardizing sanitation products and service delivery, setting of affordable yet profit-making prices, promotion/demand creation, distribution, and sales of products and services to consumers. In addition, the guideline describes important enabling environment considerations that are vital for smooth implementation of market-based sanitation interventions with key performance indicators to monitor implementation.

Finally, the Federal Ministry of Health is fully committed to making sure this guideline is used by all

1. Federal Democratic Republic of Ethiopia, Ministry of Health, Health Sector Transformation Plan (HSTP I, 2016-2020), October, 2015

2. Federal Democratic Republic of Ethiopia, Ministry of Health, National Hygiene and Environmental Health Strategy (2016-2020), December 2016

Sanitation, Hygiene and Environmental Health stakeholders, and calls upon the private sector, entrepreneurs, and development partner organizations to use the guideline consistently for the improvement Sanitation, Hygiene and Environmental Health facilities and services across the country.



**H.E Dr Dereje Duguma (MD, MPH)**  
State Minister, Ministry of Health

## IV. ACRONYMS

<b>AgDA</b>	Agricultural Development Agents
<b>AV</b>	Audio-Visual
<b>CLTSH</b>	Community-Led Total Sanitation and Hygiene
<b>DCC</b>	Direct Consumer Contact
<b>DHMIS</b>	District Health Management Information System
<b>DHO</b>	District Health Office
<b>FMSEDA</b>	Federal Micro and Small Enterprise Development Agency
<b>HDA</b>	Health Development Army
<b>HEW</b>	Health Extension Workers
<b>HSTF</b>	Hygiene and Sanitation Task Force
<b>HSTP</b>	Health Sector Transformation Plan
<b>MBS</b>	Market-based Sanitation
<b>MFI</b>	Micro-Finance Institution
<b>MoA</b>	Ministry of Agriculture
<b>MoH</b>	Ministry of Health
<b>MoT</b>	Ministry of Trade
<b>MOU</b>	Memorandum of Understanding
<b>MSE</b>	Micro and Small Enterprise
<b>N/RSRF</b>	National/Regional Sanitation Revolving Fund
<b>SCCO</b>	Saving and Credit Cooperative
<b>OD</b>	Open Defecation
<b>ODF</b>	Open Defecation Free
<b>OVC</b>	Orphan and Vulnerable Children
<b>OWNP</b>	One-WASH National Program
<b>PHCU</b>	Primary Health Care Unit
<b>SDG</b>	Sustainable Development Goal
<b>SM MSP</b>	Sanitation Marketing Multi-Stakeholder Platform
<b>SM TWG</b>	Sanitation Marketing Technical Working Group
<b>SSBCC</b>	Sanitation Sustainable Behavioral Change Communication
<b>STH</b>	Soil-Transmitted Helminths
<b>TVET</b>	Technical Vocational Education and Training
<b>T-WASH</b>	Transform-WASH
<b>VSLA</b>	Village Saving and Lending Association
<b>WASH</b>	Water, Sanitation and Hygiene



## V. DEFINITIONS OF TERMS

- **Basic sanitation Products:** includes a range of products used for construction of sub-structure, interface (flooring) and superstructure of improved latrine
- **Hygiene Products:** components of the hand washing facility, materials used for menstrual hygiene management, consumables (soap, sanitizer, etc.) used for hand washing
- **Improved Water Supply Products:** spare parts (fittings and fixtures) as well as point-of-use water treatment products including chemicals (such as WaterGuard/WuhaAgar, Aqua Tabs, and/or P&G Purifier of Water) and physical products (sand filter, candle filter, Tulip filter, Sawyer filter, and /or water straw)
- **Improved latrine:** a sanitation facility that ensures hygienic separation of human excreta from human and environmental contact (these include: flush/pour flush connected to piped sewer system, septic tanks or pit latrines, ventilated improved pit latrines, composting toilets or pit latrine with washable slabs)
- **Sanitation Services:** pit digging, construction/installation/repairing of parts or full components of the improved latrine, operation and maintenance (pit emptying), as well as shower services
- **Water Supply Services:** installation, maintenance, and repairing of the community water supply schemes and household/institutional connections
- **Demand for basic sanitation products and services:** the level to which households seek improved products and services that are important to improve their health and dignity. It requires awareness of and knowledge about sanitation products and services that are available to them through private supply systems
- **Market-Based Sanitation (MBS):** is a sanitation market whereby the household fully pays at once or through installments to the supplier for the preferred/desired basic sanitation and hygiene products and/or services
- **Private Sector:** includes sanitation and hygiene product importers, manufacturers, wholesale distributors, retailers, and those providing installation, construction and maintenance services. It also includes, development consultancy firms that provide business development services (BDS) to MSEs/entrepreneurs, policy and operational researches, capacity building services to other private sector, government and development partners
- **Safely Managed Sanitation Services:** use of improved facilities that are not shared with other households and where excreta are safely disposed of in situ or transported and treated offsite (as per JMP definition)<sup>3</sup>
- **Basic Sanitation Service:** use of basic sanitation facilities that are not shared with other households (as per JMP definition)
- **Limited Sanitation Services:** use of improved facilities shared between two or more households (as per JMP definition)
- **Unimproved Sanitation:** use of pit latrines without a slab or platform, hanging latrines or bucket latrines (as per JMP definition)
- **Open Defecation:** disposal of human faeces in fields, forests, bushes, open bodies of water, beaches or other open spaces or with solid waste
- **Open Defecation Free (ODF):** refers to an environment wherein no human faeces is openly exposed to the air. It describes a state in which all community members use the latrine at all times and a situation wherein no open defecation is practiced at all
- **Basic Hygiene:** Availability of hand washing facility on premises with soap and water

<sup>3</sup> Core questions on drinking water, sanitation and hygiene for household surveys: 2018 update. New York: United Nations Children's Fund (UNICEF) and World Health Organization, 2018.

- **Limited Services Hygiene:** Availability of hand washing facility on premises but without water or soap
- **No Hygiene Services:** No hand washing facility on premises
- **Hand Washing Facilities:** are fixed or mobile and include a sink with tap water, buckets with taps, tippy-taps, and jugs or basins designated for hand washing
- **Soap:** includes bar soap, liquid soap, powder detergent, and soapy water but does not include ash, soil, sand or other hand washing agents
- **Safe Water Management:** The management of drinking water at home (including the practices of household water treatment, safe storage, and use).
- **Sanitation MSEs:** Organized peoples/ individual/ entrepreneurs/ enterprise implementing MBS guideline and

# 1. INTRODUCTION

Ethiopia is located in the horn of Africa covering an area of around 1.1 million square kilometers. Ethiopia's population is estimated to be about 101 million in 2020 (HSTP II, 2020-2025) of which about 79% lives in rural areas.<sup>4</sup> Ethiopia has a federal government structure composed of ten regional states and two city administrations. These regional states and city administrations are further divided into an estimated 950 districts and 17,000 kebeles. The kebele, with an estimated average population of 5,000 or about 1,000 households on average, is the smallest administrative unit at the bottom of the overall administrative structure.

Government is committed to improve the hygiene and environmental health conditions of its citizens and has developed and is leading coordination of planning and implementation of sanitation development programs<sup>5</sup>, strategies<sup>6</sup>, plans, implementation guidelines, and training manuals in collaboration with various development partner organizations. Additionally, government has planned and implemented various capacity building interventions, promulgated legal frameworks that facilitate households to construct latrines as a critical part of their homes.<sup>7</sup> Furthermore, it has initiated the Community-Led Total Sanitation and Hygiene (CLTS-H) approach to create demand for sanitation and persuade communities to take collective action to stop open defecation practices and attain 100% adoption of any type of latrine. It has also initiated a sanitation marketing program<sup>8</sup> so as to increase households' access to a broader range of affordable basic sanitation products that enable them to move up the sanitation ladder.

Development and implementation of sanitation and hygiene interventions are coordinated by the Federal Ministry of Health (MOH), Regional State Health Bureaus and the District Health Offices. The District Health Offices are mainly responsible for immediate management and technical support to Primary Health Care Units (PHCU) where a health service delivery is organized to support three to five satellite health posts. Primary health care units are responsible for promotion of sanitation and hygiene interventions, which are core components of the health extension program packages.

## 1.1. Status of Sanitation and Hygiene in Ethiopia

Poor hygiene and sanitation practices are directly associated with the transmission of enteric pathogens responsible for diarrheal diseases outbreaks and transmission of respiratory tract infections. Data from the health sector show that poor sanitation and hygiene associated diarrhea and intestinal parasite infections remain among the ten top leading causes of morbidity.<sup>9</sup> In spite of improvements in access to improved water sources over the last two decades, infectious diseases such as pneumonia and diarrhea remain leading causes of death for children under the age of five years<sup>10</sup>, and diarrhea alone remains the third leading cause of under-five mortality in Ethiopia<sup>11</sup> indicating presence of unmanaged risks.

In addition, the Demographic and Health Survey report (2016) also confirms that globally 90 percent of diarrhea-associated deaths can be linked to unsafe water supply, poor sanitation and unsafe hygiene behaviors.<sup>12</sup> However, the importance of a household's access to and use of an basic latrine facility has

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4 Federal Democratic Republic of Ethiopia, Ministry of Health, Health Sector Transformation Plan (HSTP II, 2020-2025), July, 2020

5 Federal Democratic Republic of Ethiopia, Ministry of Health, Health Sector Transformation Plan (HSTP I, 2016-2020), October, 2015

6 Federal Democratic Republic of Ethiopia, Ministry of Health, National Hygiene and Environmental Health Strategy (2016-2020), December 2016

7 FDRE, Council of Ministers, Public Health Law: Proclamation No. 200/2000, Act. 18 (2), Federal Negarit Gazeta

8 FDRE, MoH, National Sanitation Marketing Guidelines, 2013

9 FDRE, MoH, Health and Health Related Indicator, 2010.

10 United Nations –Interagency Group for Child Mortality Estimation Report 2019

11 WHO 2013, Child Health Epidemiology Reference Group 2000-2011; Global Health Estimates Technical Paper, WHO/HIS/HSI/GHE/2013.2 [http://www.who.int/healthinfo/statistics/ChildCOD\\_method.pdf](http://www.who.int/healthinfo/statistics/ChildCOD_method.pdf)

12 FDRE, Demographic and Health Survey Report (DHS) 2016.

impact on the reduction of prevalence of under-five child diarrhea by 33%<sup>13</sup> and on the risk of infections from debilitating soil transmitted helminths by 35%.<sup>14</sup> In addition, the costs of poor sanitation in terms of costs of treating sanitation-related diseases, productivity loss due to sanitation-related sicknesses, premature death due to filth diseases, and so on, is high and is compromising government's efforts to improve the health status of the population. Thus, averting health, social and economic impact of poor sanitation requires putting sanitation at the top of the priority agenda.

According to the National Hygiene and Environmental Health Strategy (2016-2020), all households (100%) are responsible for building their own basic sanitation and hygiene facilities, while attainment of total coverage depends on the government's political commitment, administrative, programmatic, and budget support. To change the hygiene and sanitation status of the population, government has developed and implemented strategies and plans, capacity building and community mobilization interventions using the CLTSH approach. However, existing evidence shows that only 7% of the population (1.5 million households) has access to basic sanitation facilities and the remaining 71% of the population (15.3 million households) have access to shared and/or unbasic sanitation facilities, and 22% (4.73 million households) are currently practicing open defecation<sup>15</sup>. This means that Ethiopia is far behind in attaining the 82% basic sanitation coverage goal set by the National Hygiene and Environmental Health Strategy (2016) or the global Sustainable Development Goal (SDG) for sanitation by the year 2030. Therefore, 93% of the population may expect strategic support from federal, regional and local governments to increase access to basic sanitation and hygiene facilities.

13 Fewtrell L, et al; Water, Sanitation and Hygiene: Interventions and Diarrhoea, A Systematic Review and Meta-analysis, HPN discussion paper, The World Bank, 2004

14 Strunz, E, et al. 2013, Strunz, E, et al. (2013). A systematic review and meta-analysis on the associations of improved water, sanitation and hygiene on infections with soil-transmitted helminths

15 Progress on Drinking Water, Sanitation and Hygiene: 2017 Update and SDG Baselines. Geneva: World Health Organization (WHO) and the United Nations Children's Fund (UNICEF), 2017

## 1.2. Sanitation Marketing Implementation in Ethiopia

The national sanitation marketing guideline was developed in 2013 during the second half of the Health Sector Development Program (HSDP-IV, 2011-2015). The sanitation marketing guideline was designed to create an enabling environment for implementation of sanitation marketing, increasing consumers' (households and institutions) access to appropriate and affordable basic sanitation and hygiene technology options and services through private sector engagement and to create demand for basic sanitation and hygiene technology options.

In this regard, the Federal MoH has actively engaged in a number of preliminary and preparatory activities (from 2014 to the end of 2017) focusing on introduction of the sanitation marketing initiative across sanitation sector stakeholders. These include:

- Establishment of the national and regional multi-stakeholder platforms and publication of a quarterly bulletin to document and exchange best experiences and practices;
- Development of an on-site household latrine technology options manual;
- Occupational Standard for Sanitary Construction Works (level I, II and III);
- Establishment of partnerships among Federal Micro and Small Enterprises Development Agency (FMSEDA), MFIs, MoH and Technical Vocational Training and Education (TVET);
- Launching of the sanitation marketing initiative at and signing of Memorandum of Understanding (MoU) at national and regional levels;
- Resource mapping and mobilization at all levels.

However, weak coordination among stakeholders and inadequate support has been identified as common constraints for strengthening the enabling environment for sanitation business growth.

Since June 2017, regional governments have gradually begun implementation of sanitation marketing and business development interventions in selected pilot District Health Offices (DHOs) and with heads of PHCUs and conducted sanitation product needs assessments. Furthermore, regions have consecutively recruited and legalized sanitation enterprises and provided them with basic entrepreneur and skill enhancement training. Specifically, training was given on concrete slab production and sales tracking, as well as on business and financial management. Finally, sanitation enterprises have established sanitation market centers at locations assumed to be relatively easily accessible to households.

Though there were inconsistencies across all regions and in pilot districts, it was observed that some of the sanitation MSEs obtained technical and financial support upon the initiation of a sanitation MSEs with startup capital, such as premises for production and sales of sanitation products, molds, and construction of raw materials provided by local government and development partner organizations.

In general, with continuous efforts from government and development partner organizations, more than 532 Sanitation MSEs were supported or established over the last five years in more than 230 districts. These businesses offered supply of basic sanitation products and services, such as concrete and plastic slabs, including construction and installation services in pilot project districts throughout the country. Types of basic sanitation and other complementary products commonly offered for sale by the businesses were concrete slabs of various sizes and shapes, fitted with lids or with SATO pans, vents, pipes, hand washing facilities, cooking stoves and liquid soaps. In addition, AIM plastic slabs, SATO pans, and SATO stools were among the sanitation products supplied by business partners in USAID Transform WASH (T/WASH) project districts. With the exception of the installation of plastic slabs and SATO pans into concrete slabs or retrofitting into the cement floors of existing household latrines by masons, many installations of products were done by households themselves, with varying results.<sup>16</sup>

According to reviews of regional Sanitation Marketing Multi-Stakeholders Platforms (SM MSP), meeting minutes and WASH development partner organization reports (from UNICEF, Transform WASH, WVI, iDE, CoWASH, Amref Health Africa, CARE, and ORDA), more than 73,494 concrete slabs of different sizes and shapes, components of 264 compost latrines, 5,540 hand washing facilities, 28,860 reusable menstrual hygiene pads, 20,114 improved energy saving cooking stoves, 6,569 liters of liquid soap, and 1,800 hollow blocks were manufactured and sold to households by more than 532 Sanitation MSEs throughout the country. Additionally, a review of T/WASH and Feed the Future/Growth through Nutrition project records shows that a total of 1,721 plastic latrine slabs, 51,977 SATO pans and 1,061 SATO stools have been distributed to households through sanitation entrepreneurs (business partners) and sales agents. In addition, Sanitation MSEs have provided services such as installation of latrine slabs to 13,344 households, shower services to more than 7,374 users and maintenance and installation of community water supply schemes.

In addition, a number of development partners organizations such as UNICEF, T/WASH, World Vision, CoWASH, Water.org, FINISH project (Amref/BBBC), iDE, CARE, ORDA, have made efforts to increase household access to basic sanitation products at affordable prices by linking households with local financial services and programs, such as village savings and loan associations (VSLA), and linking sanitation-related enterprises with cooperative associations and private and/or public MFIs, such as OMO, OSCCO, Dynamic, Metemamen, Vision Fund, and Special Finance and Promotional Institute (SFPI) with or without providing a credit risk sharing grant fund. Though consumer financing for sanitation facility improvement is not well developed, information from the development partner organizations proved that sanitation loans have created opportunities for thousands of households to improve their sanitation facilities.

However, shortage of disposable income, lack of awareness about availability of sanitation loans from microfinance institutions, lack of experience in taking out loans for sanitation improvement,

<sup>16</sup> Reviews of SM MSP meeting minutes and UNICEF, CoWASH, iDE, Amref, World Vision, PSI, water.org project implementation reports

and fears of being a loan defaulter are consumer-associated barriers to access such loans. These remain critical constraints. On the other hand, limited awareness and lack of experience in the sanitation sector, considering sanitation a slow moving and risky business are critical barriers for microfinance institutions to provide loans to businesses and households for provision and purchase of such products and services.

Health extension workers (HEWs), health development armies (HDAs), kebele and religious leaders, private-sector sales agents and district health offices have played a significant role in demand creation for improved hygiene and sanitation behaviors and the promotion of basic sanitation products and services. They have used local promotional materials and have integrated health extension services. In addition, reviews of regional SM MSP meeting minutes show that businesses have promoted their products using the direct consumer contact approach. They have displayed product samples on market days, religious and cultural events, bazaars, schools and health facilities. However, use of mass media (TV and radio) has not been common in the majority of the regions, except Tigray, Amhara and Benishangul Gumuz regions. In addition, HEWs, sales agents and kebele leaders have played an active role in linking households with nearby businesses that offer basic sanitation products and services.

Furthermore, perceived benefits of basic sanitation products, such as privacy, pride, comfort, durability, health and safety, prevention of flies, and reduction of foul odors and contamination of the environment are identified as important motivational factors for households to purchase these products.

It is to be noted that survival of enterprises engaged in sanitation business is contingent upon the profitability of such business activities, which in turn affects consistent supply of the basic sanitation products and services. Field observation shows that entrepreneurs with prior experience in construction work, business product diversification and smaller size enterprises are more likely to survive and continue providing sanitation products and services.

The following constraints were identified for entering and sustaining such business:

- Lack of access to startup capital, manufacturing and sales premises
- Escalation of costs for raw materials
- Weak support from enterprise development offices
- Underdeveloped marketing/demand creation and business management skills
- Slow moving nature of the business associated with immature demand
- Sluggish sales during non-harvest seasons of the year
- Lack of prior experience in similar business
- Entrepreneurs or their employees drop out due to:
  - ✓ Inadequate revenue generated from a standalone sanitation business, which does not provide enough revenue for survival or growth
  - ✓ Preference of graduates for a permanent job in the public sector
- High profit expectation and financial return within short period of time.

In summary, sanitation marketing and business development experiences gained from the pilot interventions by the stakeholders at federal, regional and district levels are important input for performance improvement of the existing sanitation-related enterprises. These experiences can serve as springboard to adopt best practices to other districts in Ethiopia. For example, household awareness about benefits of improved sanitation, demand for basic sanitation products, and households' willingness to invest in sanitation improvement have been increasing and can be leveraged for business growth. Therefore, the sanitation sector can be considered a major business opportunity for the private sector.

Thus, preparation of this revised version of the national sanitation marketing guideline, renamed the national market-based sanitation guideline, and has undergone several reviews. Relevant best practices related to development and implementation of market-based sanitation interventions, including experiences of the national program, various districts, development partner organizations and those of other countries, have been considered. This guideline is designed to support accelerated implementation of market-based sanitation interventions on a wider scale in the remaining districts and ensure sectoral accountability at all levels in Ethiopia.

## 2.OBJECTIVES

Market based sanitation approach recognizes that households improve components of their sanitation and hygiene facilities step-by-step to reach higher levels of basic services. The main purpose of the market-based sanitation implementation guideline is to facilitate development of sustainable sanitation and hygiene markets and supply whereby households have access to broader range of quality, affordable and preferred basic sanitation and hygiene products and/or services from private-sector suppliers at accessible delivery outlets. Therefore, objectives of the MBS implementation guideline are as follows:

- To improve sanitation and hygiene facilities and services quality and status of the country
- To facilitate the development of a sustainable market for basic sanitation and hygiene products and services;
- To create a favorable enabling environment for growth of demand and private-sector supply of quality sanitation and hygiene products and service options at affordable prices to the majority of consumers;
- To increase sales and service outlets at district and kebele centers.



## 3. IMPLEMENTATION OF MARKET-BASED SANITATION

Market based sanitation approach recognizes that sanitation and hygiene consumers will improve components of their sanitation and hygiene facilities step-by-step to reach higher levels of basic sanitation services. Thus, this revised implementation guideline first describes different types of basic sanitation and hygiene products and services that are expected to be offered by interested enterprises/entrepreneurs. It provides step-by-step guidance on sanitation market development, including conducting formative research and product supply chain analysis to inform local businesses on the benefits of developing and standardizing sanitation products and service delivery, setting of affordable yet profit-making prices, promotion/demand creation, distribution, and sales of products and services to consumers. In addition, the guideline describes important enabling environment considerations that are vital for smooth implementation of market-based sanitation interventions with key performance indicators to monitor implementation.

### 3.1. Scope

This guideline mainly focuses on the development of a growing market for a range of sanitation and hygiene products and services that are used for construction and management of household sanitation and hygiene that provide basic sanitation facilities and services. The guideline is expected to be consistently used by Sanitation, Hygiene and Environmental Health stakeholders', private sector, entrepreneurs, donors and development partner organizations as guiding document for national market based sanitation implementation.

### 3.2. MBS-ODF linkage

The introduction and use of Community Led Total Sanitation and Hygiene (CLTSH) in Ethiopia had contributed to a significant numbers of self-constructed unimproved household latrines. Community-Led Total Sanitation and Hygiene (CLTSH) focuses on igniting a change in sanitation behavior rather than constructing toilets. It is fundamental that CLTSH involves no individual household hardware subsidy and does not prescribe latrine models. Most of the self-constructed latrines fall short of fulfilling the minimum standard of improved sanitation and hygiene facilities. Despite of a good achievement in terms of ODF coverage and access to latrine, a significant numbers of communities are slipping back from their ODF status back to practicing open defecation. As a coping mechanism, celebrating secondary ODF after re-verification for secondary ODF status is helpful.

To achieve secondary ODF and ODF sustainability, the three key variables that should be achieved in the promotion of safe sanitation and hygiene include:

- Safely manage excreta (basic/improved latrine),
- Hand washing facility and Washing hands with water and soap or substitute at critical times and
- Household Safe water handling and management, to realize all of these variables creating access to improved sanitation and hygiene products and services are vital.

In the process of creating an enabling environment for MBS, where consumers have access to affordable and improved sanitation and hygiene products and services based on their needs and preferences, supplied by sustainable private sector.

MBS provides directions to establish the appropriate enabling environment for developing, testing and commercialization of appropriate products to meet consumer demand and preference in proper human excreta disposal, proper hand washing facilities and safe water chain through purely market regulations.

MBS applies social and commercial marketing approaches to scale up the supply and demand for improved sanitation facilities. While formative research is the foundation of any market based program, essential to understanding what products

the target population desires and what price they are willing to pay for them. It also involves collecting evidence on current practices, the factors that influence these practices, the current supply, and the types of sanitation products and services needed.

Generally linking the MBS approach with the post ODF period is important for creating access to improved sanitation and hygiene products and services, promotes ODF sustainability and ODF by itself is a favorable condition to successfully implement MBS.

### 3.3. Basic Sanitation and Hygiene Products and Services Description

Local businesses may manufacture and market different types of basic sanitation products in various shapes and sizes (Annex 1) for sale to target customers. To be successful in the market, the products and services must be responsive to the needs, desires, and preferences of customers (households), some of which are listed below.

Basic sanitation and hygiene products as well as other complementary product options that can be offered by Sanitation MSEs

- Product options for improvement of latrine flooring - concrete and/or plastic, washable, durable and safe slabs of different sizes and shapes and PVC vent pipes;
- Products for pit hole sealing - e.g. SATO pans, SATO stools, plastic slabs with attached lids);
- Products for pit lining - compacted mud-cement blocks, concrete rings, interlocking bricks
- Product options for superstructure construction – hollow blocks, mud-cement compacted blocks, plastic, stone, wooden logs
- Hand washing vessels with taps - jerry cans, tins, and accessories such as faucets
- Hygiene products - liquid soap, sanitizers and reusable sanitary pads
- Energy-saving smokeless cooking stoves

#### Service options that could be provided by Sanitation MSEs include:

- Construction of whole or parts of latrines
- Manufacturing and installation of concrete slabs
- Installation of plastic slabs
- Retrofitting/upgrading of existing latrines with improved components, such as SATO pans or plastic slabs, into concrete or wood/bamboo/dried mud floors
- Delivery or transportation of raw materials and/or ready-to-install basic sanitation products from place of manufacturing to kebeles, village centers, or directly to households
- Latrine pit emptying services, particularly in areas using composting latrines
- Upgrading or repairing of the latrine slab or superstructure
- Shower services
- Retailing of sanitation products, such as plastic slabs and pans
- Retailing of point-of-use water treatment products
- Retailing of toilet cleaning materials, brushes, and complementary products, such as water supply fittings and fixtures and solar lanterns.

### 3.4. Formative Research and Sanitation Supply Chain Analysis

To understand markets and inform businesses of potential sales opportunities, design and implementation of market-based sanitation interventions begin with gathering of demand and supply information through formative research and a sanitation supply chain assessment. Formative research helps compile and assess the following information for market segmentation, sizing, and understanding potential need and demand, but is not limited to:

- Household socio-economic status

disaggregated by gender, socio-economic status and information concerning family members living with disabilities

- Current hygiene and sanitation behaviors and facility status of households and communities
- Awareness of basic sanitation and nearby suppliers/installers
- Households' intention to improve their latrines
- Motivation and driving factors for adoption of improved latrines
- Barriers/constraints faced by households to adoption of improved latrines
- Sanitation product preferences (type, size and shape of the product)
- Household ability and willingness to pay for sanitation and hygiene products.

In addition, a sanitation supply chain assessment provides information on the product and service supply chain, including availability of raw materials, imported and locally manufactured products, distributors and wholesale outlets, transportation, and delivery of ready-to-install basic sanitation and hygiene products to end users. It also provides information about the reliability of supply chain linkages among the actors and on opportunities and constraints for consumers, local businesses, and the external environment. Thus, collecting and analyzing the following data will help identify market enabling factors and constraints on the supply side:

- Detailed description of actors involved in supply of raw materials and finished sanitation products and services
- Distinctive roles of various supply chain actors
- Awareness of existing private and government offices involved in supporting sanitation MSEs
- Availability of commercial and non-commercial raw materials and their unit costs
- Availability of access roads and common transportation means to deliver construction materials from the nearest town market to households

- Identification of local entrepreneurs engaged in related hardware retail and construction business (manufacturing and sales of hollow blocks and similar materials; household, institutional and business construction/contracting; maintenance services; etc.), including experience and interaction with other businesses offering manufacturing, sales and promotion, and delivery to customers (market exchanges between supplier and consumers)
- Local experience and skills related to construction, simple product manufacturing, hardware retail, delivery, promotion, and sales of basic sanitation and hygiene products and services
- Availability of financial or credit services for other products
- Awareness of micro financing institution loan products for sanitation-related business and existence of sanitation loan policies and experience
- Seasonal sales patterns for similar products (such as cook stoves, bricks, hollow blocks)
- Most preferred sources of information for consumers and their availability and accessibility
- Existence of hardware subsidy programs in the woreda/kebele
- Population settlement patterns, social capital, and other similar community attributes
- Local cultural and economic traditions that affect development of supply chains.

**Once market assessment information has been collected, it can be analyzed for opportunities and barriers related to sanitation business development:**

- Demand side (consumer-related) factors such as awareness, perceptions, attitudes, motivation/intention, and beliefs associated with adopting improved sanitation, including seasonality of income, financial capacity and willingness to purchase
- Supply side (enterprise/entrepreneur-related) factors such as technical, business

and marketing capacities, ability to adopt successful business models according to potential market/customer needs and demand, local availability of raw materials, road infrastructure, product and service delivery systems, startup capital, and availability of financial services)

- External/enabling environment (EE) factors such as involvement of formal and informal community/government structures; commitment to improving local infrastructure; fiscal, investment and tax policies; legal enforcement and standards; geological conditions; land availability and access for business activity; economic conditions and trends).
- Devise strategies to systematically minimize the effects maximize the enablers
- Use the information and determine potential market segment
- Develop sanitation business that fits in that specific area

### 3.5. Strategies to Promote Adoption of Sanitation Products and Services

Government and sanitation businesses must develop behavior change and marketing strategies that take into account the 4Ps: identification, development and standardization of quality sanitation products and services that respond to identified local needs and problems; affordable yet profit-making prices, convenient places or delivery for purchase of products and services; and attractive promotion to interest potential customers. The following section describes step-by-step some of the activities that can be undertaken under each component of a sanitation marketing strategy. Although business development services (BDS) for sanitation MSEs are expected to be provided by the government, development partners, and other private sector actors, each enterprise/entrepreneur is expected to develop their own marketing strategies.

#### 3.5.1. Products Identification, Development and standardization

Based on information obtained from the formative research, basic sanitation and hygiene products that are most likely to be successful among local consumers can be identified, based on most preferred types, sizes, shapes, and functionality. Field testing/prototyping is important to determine the attributes of sanitation and hygiene products that fit the local culture, geography, and demand of customers. Considerations might include local availability of nearby water sources, type and status of sanitation facilities predominantly in use by area households, income levels, seasonality, and access to raw materials and other supplies.

##### 3.5.1.1. Sanitation Product and Service Diversification

Experience shows that sales of sanitation and hygiene products in rural areas generally peaks during the post-harvest season when households have sufficient disposable income to buy the products. Sanitation and Hygiene Businesses that rely solely on sales of these products to remain viable may be forced to close their operations or merge with others during low seasons due to inadequacy of revenue generated by a standalone business. More successful Sanitation and Hygiene businesses diversify their product and service offerings such that they can overcome seasonality effects and sustain themselves throughout the year. This could include similar or other business categories, such as manufacturing, construction, retail trade or complementary services, such as operation, maintenance and repair.

##### 3.5.2. Pricing of Sanitation Products and Services

Sanitation and Hygiene businesses are responsible for establishing retail prices for their products and services. Such pricing for existing sanitation products (e.g. concrete slab) was mainly based on a calculation of the unit costs of production plus a markup (profit). The price of a concrete slab varies from district to district and is based on the size of the slab and availability of construction and raw materials, such as rebar, sand, and gravel plus labor costs. Locally manufactured sanitation and hygiene product prices are usually determined by the enterprises in negotiation with the customers.

Prices can be kept more affordable when the local government covers costs related to product promotion, demand creation, and transportation of the product to kebele centers, mainly covered by the district health offices and health extension workers. Additionally, sanitation enterprises are provided with production and sales premises by the municipal governments, district and/or kebele administrative offices, which also helps keep costs down.

Through business training, government can help entrepreneurs set prices optimally for sustainability and growth, based on local demand and supply conditions. Hence, if price setting is fair and reasonable, or affordable to large numbers of customers while earning enough profit to allow for further investment, the entrepreneur can grow the business (and will attract competitors and efficiency into the market). Therefore, local governments (mainly trade and market development offices) should provide technical support to enterprises by taking into consideration the following points:

- Provide information about households' (consumers') willingness and ability to pay, based on perceived benefit of using basic sanitation products compared to unimproved products (price of low-quality product substitute)
- Assess the price of other products of the same quality and services offered by other Sanitation MSEs in the area
- Assess the most preferred payment terms among customers, whether a one-time payment or in installments over a period of time (this information helps to segment the customers and plan for the payment modality)
- Plan for seasonal turnover of different sanitation products (to prepare production and distribution plans and possible price reductions in low season)
- Calculate unit costs of production (including direct and indirect costs), adding a markup and estimating possible cost reductions at scale

- Consider market changes in raw material prices
- Show how to calculate depreciation of equipment and hand tools used for manufacturing of the products
- Amortize costs incurred for startup capital by the local government and development partners

### 3.5.2.1. Making Sanitation Products and Services Affordable

To make the prices of the basic sanitation products affordable to low-income households, alternative options that can be implemented by local government offices are the following:

- Arrange credit service options for households through locally available and accessible microfinance institutions and/or saving and credit associations
- Decentralize product manufacturing locations to kebele/village centers by making land available to enterprises, thus reducing costs related to transportation and cost of delivery from point of production to households
- Create a conducive business environment for retailing of ready-to-install finished sanitation products at kebele/village centers
- Promote flexible business models to include simple, inexpensive upgrades sold and installed door-to-door
- Encourage use of substitute construction materials based on evidence from field testing and product standardization
- Introduce cost sharing in areas where raw materials are locally available. Households bring sand, gravel, unskilled labor, water and curing, and the entrepreneur brings commercial construction materials and skilled labor
- Organize households in the village jointly to buy and/or avail required raw materials and labor at village centers and hire skilled labor (mason) for manufacturing and/or installation.

### 3.5.2.2. Construction Raw Materials Supply Chain

Sustainable and timely supply of construction/ raw materials is important for proper functioning of the sanitation product supply chain. However, there are times when raw materials costs may increase or decrease mainly due to external factors. It was observed that price escalation of construction/ raw materials is a common constraint that has forced sanitation enterprises to periodically interrupt production of concrete latrine slabs. There were even circumstances when enterprises could not find construction or raw materials in the local market.

Hence, in order to ensure a consistent and timely of supply of sanitation products, it is very important to establish a reliable supply chain for raw materials.

Linkage between MSEs, MFI/Cooperative Union (s) and raw material suppliers: Through this supply chain model, construction and raw materials are purchased in bulk directly from the manufacturer (industry) or through single suppliers. This model ensures the timeliness of supply, transaction costs and unit costs of the material, and eventually increases profitability of the MSEs. Also, consumers will get the product at a relatively affordable price. Consequently, enterprises will broaden their customer base and large numbers of households will have access to basic sanitation and hygiene facilities. Therefore, to realize this supply chain model, the Regional States Enterprise Development Bureau/Agency shall MSEs that are engaged in construction businesses, establish Associations and legalize them. In addition the bureaus should facilitate MSE associations to create a bank account and have their own savings to demonstrate their credit worthiness and to be able to access sanitation loans.

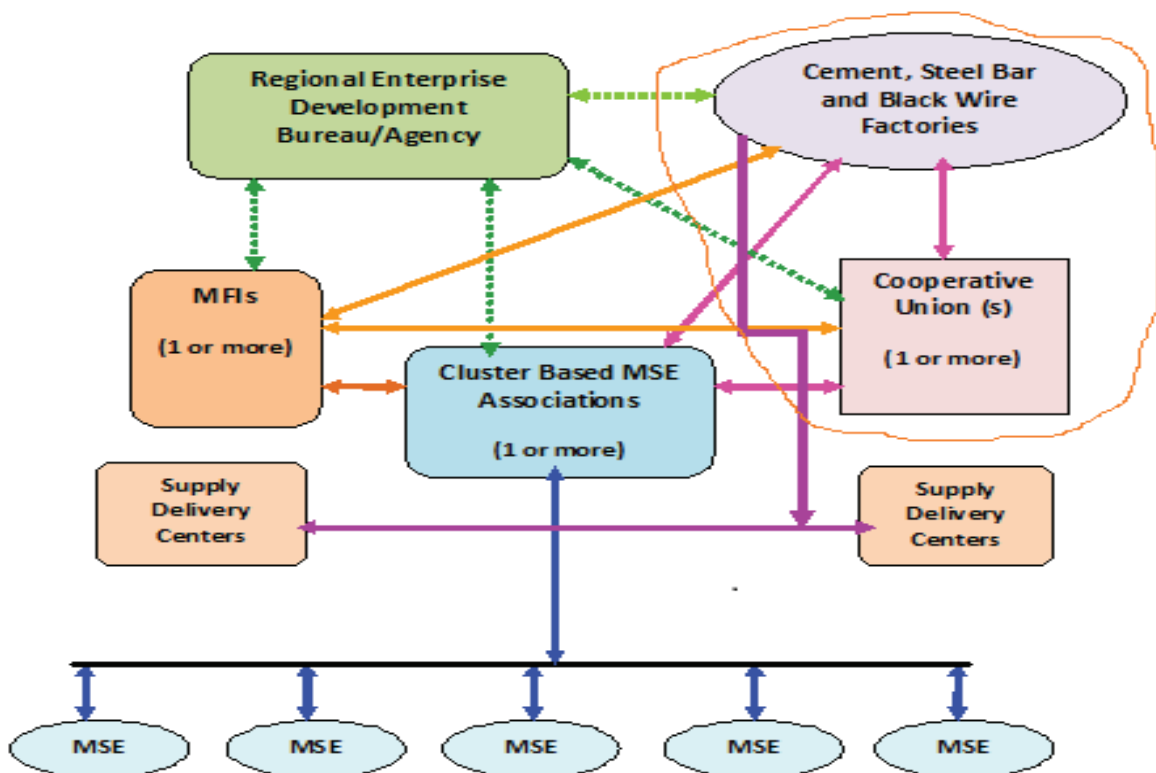


Figure 2. Linkage between Sanitation MSEs and construction/manufacturing raw material suppliers

### 3.5.3. Placement of Basic sanitation Products and Services

Placement is the mechanism through which sanitation products and services are produced and conveniently delivered to consumers, including easy accessibility of manufacturing and sales sites to customers by minimizing barriers that affect supply (delivery) of the products and services.

Currently, locations for manufacturing of concrete sanitation products and retailing of imported, ready-to-install products are commonly found at district centers, often quite far from actual consumers, especially those in more rural communities. In many cases, district health offices and sometimes development partners provide transportation services to enterprises to deliver the products to the kebele centers and/or consumers. This could be a donkey-pulled cart, for example. There are also occasions whereby commissioned sales agents (in the case of plastic slabs and SATO pans) and local artisans/masons collect the sanitation products from the producers/retailers and transport them to the home of the customers while also providing an installation service.

It is well understood that the majority of rural communities in Ethiopia lack road access that is connected to the district town. There are also a number of villages that are far away from the kebele centers. Moving production and sales locations to kebele centers or villages not only solves the transportation problem, but also reduces costs of transportation (delivery) and time lost by the consumer traveling to purchase the product from the district centers. In addition, having production and sales in the kebele/village also increases chances of direct consumer contact (DCC) and making it more affordable to a large number of households.

It is hard to find local artisans (masons and carpenters) in rural areas whose construction service is a core business and sufficient livelihood. However, it is more likely to find artisans whose core business is farming and who are at the same time engaged in construction services as one of the off-farm activities (side business). Hence, the following alternative methods are suggested

to make product manufacturing/retail and sales locations more accessible and convenient to rural households:

- Encourage manufacturing and sales locations of the sanitation products nearer to towns and kebele or village centers by supporting establishment of rural sanitation micro-enterprises or by engaging existing entrepreneurs or local masons
- Identify and inventory local artisans (masons, carpenters, water supply scheme caretakers, metal smith workers, etc.) from each kebele who are providing regular or occasional construction services as side businesses
- Based on their willingness:
  - ✓ Provide orientation for jobseekers or potential business partners on the characteristics and opportunities of each business category (manufacturing, construction, retail trade and services)
  - ✓ Support sole proprietors to come together to form micro construction enterprises that comprise 2-5 members (but by taking into consideration region specific policy guidelines related to MSEs) and with mixed professional backgrounds (construction, accounting, management, etc.).
  - ✓ Give priority for female entrepreneurs and those who have prior experience or have similar businesses.
- Provide basic entrepreneurial and construction skills enhancement training on sanitation products and services: concrete slab manufacturing, toilet upgrades and retrofits, pit lining (in areas with problems of pit collapsing), full toilet products, and sales and installation by experienced and skillful trainers.
- Provide the Sanitation MSEs with startup capital (basic equipment such as molds and mason's hand tools) and raw materials (iron bar, cement, black wire, sand and gravel)
- Provide premises for production, storage and sales around kebele growth centers (this could be in the compound of farmers

training centers (FTC), health center or kebele administration) or separate places, if land is available

- Link the Sanitation MSEs with kebele and religious leaders, schools, Health Extension Workers and Health Development Armies
- Link the Sanitation MSEs with construction and raw material suppliers (building material shops).

#### 3.5.4. Promotion of Basic sanitation Products and Services

Promotion of basic sanitation products and services will include activities that focus on creation of awareness of and demand for hygienic sanitation behaviors and products and services that enable these behaviors. It also includes providing consumers with clear and specific information about available basic sanitation product options and services that the household can buy to construct or improve their sanitation facilities. Therefore, promotion of the sanitation products and services will use available, accessible and affordable complementary communication approaches and channels to reach out to potential customers.

Sanitation product communication through mainstream mass media is relatively accessible and affordable for private investors engaged in manufacturing, importing and wholesale distribution of plastic sanitation products in remote areas of the country. Mainstream mass media campaigns can be expensive for micro and small enterprises that are operating at woreda and kebele levels, but these businesses should get involved in marketing of the products and services that they offer local consumers. The Federal Ministry of Health and regional state health bureaus can also promote hygienic toilets by integrating activities within routine health extension programs and occasionally on the annual toilet and hand washing celebration events. Use of interpersonal and group promotional approaches is more practical and relatively affordable for micro and small enterprises.

Demand for improving latrines could vary between groups of households within the same village or kebele depending on the state of the household

latrines. Hence, information on the state of the existing household latrines and specific latrine improvement needs of the group households are very important to design audience specific promotion activities. Therefore, in designing promotion interventions:

- Cluster the communities in to major categories based on their sanitation backgrounds using simple checklists by health extension workers (Annexes 2 and 3).
- Develop uniform and user-friendly messages and communication materials in local languages tailored to the sanitation backgrounds of the communities and pilot the materials in each clustered community
- Prepare and use tailored communication materials for demand creation interventions.

Furthermore, good marketing will include focus-group discussions that seek to understand what motivates buyers, whether attributes like attractiveness, stopping the smell, facilitating cleanliness, or simply the dignity of having an improved toilet.

##### 3.5.4.1. Branding of Basic sanitation Products

Branding a product (giving it a unique name and identity) is an effective technique for attracting customers. Businesses can build trust and recognition of quality that differentiates their sanitation products from others. In addition, branding helps the enterprise promote its products easily among existing and new customers.

##### 3.5.4.2. Mass Communication

Promote sanitation products and services by focusing on brand awareness and attributes. This may include demand generation through advertising using mass media such as public and private television channels, FM radio, newspapers, magazines, e-media, telephone marketing (SMS and voice messages).

##### 3.5.4.3. Large and Small Group Communication

- In areas where households have disposable income during the post-harvest season and with access to sanitation credit services, adjust product promotion campaigns to that season to increase uptake of the product by



households

- Promote sanitation products and services at local public gathering, such as marketplaces, kebele meetings, religious gatherings, exhibitions, cultural holidays, and announcements using visual displays, posters, and distribution of pamphlets.
- Direct Consumer Contact – display samples of the products by the enterprises and/or sales agents
  - ✓ In marketplaces, public meetings, religious gatherings, exhibitions, cultural holidays, Health Centers and Health Posts, schools and on international toilet and hand washing days
  - ✓ At fortnightly and monthly meetings of the health development armies
  - ✓ Encourage businesses to recruit, train and use leaders of the health development armies as sales agents (paid on commission)
  - ✓ Produce local dramas, performances and film shows using mobile vans
  - ✓ Develop key messages in local languages, produce and distribute printed materials like pamphlets, stickers, brochures
  - ✓ Erect billboards and banners on roads, in public places and manufacturing & sales sites
  - ✓ Construct model /demo latrines using basic sanitation products at public places (market, FTC, local businesses, production/sales sites, etc.)

#### 3.5.4.4. Interpersonal Communication

Personal interaction with target consumers by commissioned sales agents through repeated door-to-door sales pitches to promote the products using either colored picture catalogues (brochures, posters, flip charts, stickers) or showing real product samples to persuade households to purchase basic sanitation products from partner enterprises/entrepreneurs.

In parallel integrate product promotion key messages with routine health extension program activities to create awareness on the benefits of using basic sanitation and demand for basic sanitation behaviors.

In addition, once the most desired sanitation and/or hygiene products and services are determined, standardized and branded, enterprises have to prepare key information (messages) about their products and services that are consistently communicated with their target market (customers). The key messages include:

- Name (brand) of the product
- Specific benefits of the product
- Location/place where the consumers can purchase the product (point of sale).

Hence, sanitation enterprises/entrepreneurs, commissioned sales agents, health extension workers, leaders of the health development armies and kebele leaders can easily use the promotional materials to counsel target households and persuade them to purchase/adopt basic sanitation and hygiene products and services.

## 4. ENABLING ENVIRONMENT FOR IMPLEMENTATION OF MBS

An enabling environment is an important factor for sanitation enterprises or entrepreneurs to engage in the sanitation market and provide products and services in a sustainable manner. Key elements of an enabling environment are coordination, capacity building, and financing. These key elements are described in the following sections.

### 4.1. Coordination of Market-based Sanitation

Implementation of market-based sanitation interventions requires the participation of various stakeholders. Each sector stakeholder can integrate and implement MBS activities into its strategic and annual operational plans. Some of the interventions may require coordinated efforts of two or more sector stakeholders at all levels.

Market-based sanitation interventions are already integrated into the One WASH National Program (OWNP)<sup>17</sup>, WASH implementation frameworks and National ODF Campaign<sup>18</sup>. Hence, coordination of market-based sanitation is an integral element of the existing Hygiene and environmental Health steering and technical committee. Existing MBS coordination mechanisms, such as the Sanitation Marketing Technical Working Group (SMTWG) and the Multi-Stakeholder Learning Platform (MSP), encompass four government sectors, namely, Health, MSE development and job-creation agency/bureau, TVET and MFIs with active engagement from various WASH development partner organizations.

However, sanitation marketing implementation experiences in pilot districts and recommendations from consulted stakeholders have shown the importance of involvement of other sector ministries either at policy, strategy and/or operational levels. For instance, participation of departments of the Ministries of Agriculture, Education, Energy, and Trade at all levels and active involvement of Municipality and District Administrations are identified as being very important for smooth implementation of the market-based sanitation. Therefore, it is important to:

- Revitalize the existing sanitation marketing coordination structures at national and regional levels in the pilot districts (incorporate new sector ministries), amend and sign a MoU, provide orientation to members of the SMTWG on their specific roles and responsibilities
- Establish SMTWG in the new districts in line with the revised MoU and roles and responsibilities, strengthen their capacity to plan, coordinate implementation, monitor and evaluate performances of the market-based sanitation interventions
- Prepare joint sanitation marketing action plans with clear performance indicators at national, regional, district and kebele levels, implement, and monitor interventions and shared roles and responsibilities
- Convene regular MSP meetings, joint performance reviews, share best practices and solve implementation challenges.

To provide clear guidance, organizations to be involved in coordination of MBS interventions at federal, regional/zonal, district and kebele levels are listed in the following table. The Federal Ministry of Health and its regional and district structures will play a leading role. Development partner organizations will be democratically chosen by the coordinating body and will play the role of secretariat. In addition, expected roles and responsibilities of the coordinating bodies in planning, coordination, implementation monitoring have been revised and described.

<sup>17</sup> FDRE, OWNP-II Program document, 2018-2020

<sup>18</sup> Federal Democratic Republic of Ethiopia, Ministry of Water, Irrigation and Electricity /MoH (2019) National ODF Campaign 2024, May 2017, Addis Ababa

### 4.1.1. Coordination Structures of the MBS Intervention

Administrative levels	Organizations	Remark
Federal	<ul style="list-style-type: none"> <li>Ministry of Health (MoH)</li> <li>Micro and small Enterprise /Job Commission</li> <li>TVET Commission</li> <li>Ministry of Trade</li> <li>Association of Micro-Finance Institutions</li> <li>WASH Development Partners (DP)</li> </ul>	Lead: MoH  Secretariat: DP
Region/Zonal	<ul style="list-style-type: none"> <li>Health Bureau</li> <li>Micro and small Enterprise /Job Creation Bureau</li> <li>TVET Agency</li> <li>Micro-Finance Institutions (MFIs)</li> <li>Cooperative Development Bureau</li> <li>WASH Development Partners (DP)</li> </ul>	Lead: RHB/ZHO  Secretariat: DP
District/Town	<ul style="list-style-type: none"> <li>Municipal/District Administration</li> <li>Health Office (HO)</li> <li>Micro and small Enterprise /Job Creation Office</li> <li>Town Water Supply and Sanitation Enterprises</li> <li>Women and Children Affairs Bureau</li> <li>MFIs and Cooperative Development Office</li> <li>Micro and small Enterprise/Entrepreneurs</li> <li>WASH Development Partners (DP)</li> </ul>	Lead: HO  Secretariat: DP/MSE
Kebele	<ul style="list-style-type: none"> <li>PHCU director</li> <li>Health extension workers</li> <li>Kebele Administrators/Kebele managers (KM)</li> <li>Schools</li> <li>Farmer Training centers/development agents</li> <li>Women and Children Affair Bureau</li> <li>WASH board/WASH committees</li> <li>Saving and Credit Associations/cooperatives</li> </ul>	Lead: KM  Secretariat: PHCU/HP

## 4.2. Roles and Responsibilities

### 4.2.1. Ministry of Health and Regional Health Bureaus

The Health Sector Transformation Plan and the national Hygiene and Environmental Health Strategy clearly stated that sanitation marketing is a mechanism through which household access to basic sanitation services can be achieved so as to reduce burden of communicable diseases associated with poor hygiene and sanitation practices and to create a healthy population that is economically productive. Hence, as leading and coordinating sanitation and hygiene

is a proclamation and policy mandate of the federal Ministry of Health and its regional, zonal and district and kebele structures, the Ministry continues to play a leadership role in sanitation marketing coordination at all levels. It will have the following roles and responsibilities:

- Lead and coordinate national and regional market-based sanitation interventions and set sanitation service standards, working modalities and approaches
- Lead coordination and partnership between other government sectors, non-governmental development organizations and the private

sector for planning, implementation, monitoring and evaluation of market-based sanitation interventions

- Capacity building of market-based sanitation program coordinators and implementers
- Mobilize technical and financial resources from different organizations
- Facilitate promulgation of regulations and directives to enforce adoption of basic sanitation at all levels
- Develop and disseminate standard design and construction standards for household basic sanitation technologies
- Conduct formative research and inform development and implementation of sustainable sanitation behavioral change communication (SSBCC) interventions
- Devise, lead and coordinate the accelerated national sanitation program and strategies through which all households can get access to basic sanitation and hygiene products at affordable prices
- Advocacy work and negotiation with the boards of the MFIs to provide sanitation micro loans to households and sanitation MSEs
- Advocate for and mobilize funds by negotiating with the federal and regional state governments, industries, financial institutions, private sector, foundations, and with development partners and facilitate establishment of the national and regional sanitation revolving fund
- Develop and implement targeted sanitation subsidy program, directives, implementation manuals to provide poor and vulnerable population with access to basic sanitation products and services
- Coordinate and facilitate periodic reviews of the market-based sanitation interventions jointly with sector stakeholders
- Document best practices of implementation of the market-based sanitation interventions, periodically share with sector actors and use for scale up of the interventions.

#### 4.2.1.1. District Health Offices and PHCUs

- Support on establishment of sanitation enterprises and capacity building
- Support enterprises to promote sanitation products and services at events like toilet and hand washing days, community and religious meetings
- Coordinate and implement demand creation and product promotion interventions
- Advocacy and social mobilization interventions for improved sanitation
- Create demand for basic sanitation products and services
- Train PHCU workers, Health Extension Workers, community leaders and kebele structures on promotion, proper use, operation and maintenance of household sanitation and hygiene facilities
- Identify and collect orders from households and link with MSE through kebele administration
- Facilitate establishment of transparent village saving and credit systems to contribute cash for purchasing of basic sanitation products
- Periodically conduct action research, collect data on household satisfaction related to sanitation and hygiene products (feedback) and services.

#### 4.2.2. Job Creation and Urban Productive Safety Net Agency

Creating permanent and casual job opportunities for existing or potential entrepreneurs and reducing unemployment are the primary motivations for the National MSE Development and Job Creation Agencies and their regional, zonal and district structures in both urban and rural areas. That is why the MSE agencies take the opportunity to engage job-seeking youths in sanitation businesses.

Roles of the Federal and Regional MSE/Job Creation offices:

- Integrate WASH/sanitation-related

businesses in the strategic and annual operational plans with resources and clearly defined performance indicators

- Periodically assess viability of businesses and devise strategies that enhance sustainability of the sanitation-related business
- Provide policy and strategic support to urban and rural sanitation enterprises and entrepreneurs to diversify their business products and services
- Develop mechanisms through which sanitation enterprises or entrepreneurs can be linked with raw material manufacturers or wholesalers or with the locally available suppliers
- Support sanitation MSEs ) to standardize, brand and promote their products and services at events such as bazaars, and exhibitions organized within and outside the region
- Support SME to expand their sales outlets into neighboring towns/district
- Facilitate and negotiate with the management boards of the MFIs to provide financial service for sanitation-related enterprises and entrepreneurs
- Negotiate with the Ministry of Trade to sustain micro and small sanitation businesses by Sanitation and hygiene as business category and give licensing code.

#### 4.2.2.1. District MSE/Job Creation Offices

- Recruit entrepreneurs who have prior experience in construction work, manufacturing, retail and service provision. If appropriate for local needs, organize them into small size (2-5 members) businesses taking into consideration regional specific policy guidelines related to MSE establishment and support and facilitate legalization of the enterprises
- Provide basic entrepreneur training and business specific skill enhancement training for organized sanitation/WASH enterprises and entrepreneurs

- Facilitate access to premises for production and sales and startup capital
- Regularly monitor performance of enterprises offering sanitation/WASH products and services, assess challenges associated with viability of the business and provide prompt solutions

#### 4.2.3. Technical and Vocational Education and Training

- Provide basic entrepreneur and skill enhancement training for sanitation enterprises in collaboration with health, MSE development and job creation offices
- Conduct basic sanitation product design and development /technology adaptation, piloting and transfer
- Provide mentorship support (counseling service) to local enterprises or entrepreneurs during startup stage to ensure manufacturing/ construction quality of the sanitation and hygiene products and of the installation services
- Provide support to entrepreneurs or enterprises on assessment of customers' satisfaction concerning products and services
- Provide hands-on refresher training for sanitation service providers.

#### 4.2.4. Ministry of Trade

- Create conducive business environment for enterprises and entrepreneurs to diversify their business products to include basic sanitation at the stage of micro and small enterprise level (for the first five years) in view of eliminating the youth unemployment rate
- Facilitate sanitation and hygiene products and services as business category and give licensing code.

#### 4.2.5. Women and Children Affairs Bureau, Labor and Social Affairs

Compared to male family members, women are more engaged in taking care of family hygiene including the cleanliness of the dwelling house and latrine. This gender role disproportionately exposes them to faeco-oral disease transmission.

Thus, improving the quality of household sanitation facility could minimize their exposure to health hazards. In addition, with women running small businesses they contribute to the families' income and improve livelihoods. Hence, a sanitation- and hygiene-related business (e.g. manufacturing of concrete slabs, sale of reusable menstruation pads, liquid soap, retaining/sales of plastic sanitation products, household water treatment products, etc.) could be a potential income generation opportunity for women in their kebele. Similarly, the Labor and Social Affairs Bureau and the Women and Children Affairs Bureau are jointly responsible to assure the inclusiveness of sanitation products and accessibility to sanitation subsidy schemes for poor and vulnerable men and women in the community. Hence, the offices are expected to play the following roles:

- Mobilize kebele level women groups to advocate the benefits of basic sanitation and hygiene services
- Mobilize finance for female MSE from the Women's Development Fund
- Identify and encourage women to engage in the sanitation business
- Support in screening of poor and vulnerable men and women in households that could benefit from a targeted sanitation subsidy scheme
- Monitor inclusiveness of the sanitation products to special needs of peoples

#### 4.2.6. Micro-Finance Institutions (MFIs) and Cooperative Associations

- Incorporate sanitation loan service into the consumer product loan portfolio and include it in strategic, annual operational and budget plans
- Develop sanitation capital loan products that are favorable for both sanitation and hygiene SMEs and consumers
- Provide financial services (loans) for WASH products and services to enterprises, entrepreneurs and households in accordance with their policies.

#### 4.2.7. Private Sector

Market-based sanitation aims to strengthen the primary role of the private sector in providing household customers with sustainable access to affordable, quality basic sanitation products and services. This includes importers, manufacturers, wholesalers, retailers of construction/raw materials and basic sanitation products, mass media, and local sanitation service providers (installers). They are mainly responsible for:

- Manufacturing and/or importing, supply and distribution of the sanitation products
- Developing basic sanitation products and services
- Providing latrine construction, upgrading, repair and maintenance services including pit emptying in areas using reusable composting latrine facilities
- Engaging in sales promotion and delivery of basic sanitation products
- Providing sanitation business development services
- Innovating new technologies and approaches
- Developing knowledge and skill by participating in capacity building sessions
- Developing and producing sanitation product and service communication materials
- Advertising, promotion and communication of sanitation products and services

#### 4.2.8. Development Partner Organizations

- Organize and facilitate MBS best practice exchanges between local sanitation enterprises within the country and between countries
- Work on policy to ensure MBS program buy-in from decision makers at all levels
- Provide capacity building support to government at all levels
- Support the government in the processes of sanitation product development, testing and standardization

- Support the government to introduce new and innovative MBS learning experience in/out of country
- Support the government and enterprises on formative research, product diversification, development of behavior change communication materials, translation into regional languages, production and dissemination
- Support the government on implementation of monitoring, joint reviews of market-based sanitation interventions, documentation and sharing of best practices.

#### 4.2.8.1. Development Partners at District Level

- In coordination with TVET and district health offices, support development and testing of new sanitation/WASH business products (physical and financial products) that increase households access to basic sanitation products and services
- Provide support to entrepreneurs/enterprises in conducting market studies and link them with the private sector engaged in sanitation products and/or manufacturing of the raw materials supply chain
- Provide technical capacity building support to Sanitation MSEs to enhance their businesses, and get access to financial services
- Link households with sanitation loan service providers to improve sanitation facilities.

#### 4.2.9. Municipal Governments Administrations

Municipal and local government administration offices are leading the steering committees of the Town and district WASH team (TWT/DWT) and make critical decisions concerning implementation of sanitation. As market-based sanitation interventions are core elements of the GTP-II, municipal government administrations are expected to create a favorable environment for sanitation MSEs including:

- Providing land/space for production, storage and selling of sanitation and hygiene products
- Providing administrative support to facilitate connecting of water supply and electric power

linens to the manufacturing premises of the sanitation MSEs/entrepreneurs

- Mobilizing local resources either from youth and women development programs, urban/rural Productive Safety Net Program (U/R-PSNP) and/or provide guarantee for sanitation MSEs/entrepreneurs to access startup capital and sanitation loans for business expansion
- Mobilizing kebele level administrative structures to provide necessary support to MSEs including provision of space for production and sales of products
- Regular monitoring and evaluation of performances of the town/district SMTWG (sectors).

#### 4.2.10. Schools

School children are most at risk from soil-transmitted helminthes (STH), which, when infected at a young age, could debilitate their educational achievements. Additionally, availability of menstrual hygiene products (reusable sanitary pads) for adolescent girls increases girls' school attendance and their educational achievements. Therefore, schools are expected to:

- Integrate demand creation for basic sanitation and hygiene products into school WASH program interventions and promote sanitation and hygiene products
- Engage students to persuade their parents to adopt basic sanitation products and link up their parents with SMEs
- Support MSEs by promoting their products at events organized by the schools.

#### 4.2.11. Farmers Training Centers / Agricultural Development Agents

District and kebele level structures for the agricultural sectors are actively supporting farmers to diversify their livelihoods by involving them in different off-farm income generating activities. By involving households that have skills such as masonry, carpentry in the business as complementary off-farm income generation is one of the employment opportunities in rural areas. In addition, converting faecal sludge into a resource (soil conditioner) is another area where

the agricultural sector can benefit from sanitation interventions. Furthermore, access to and use of basic sanitation facilities by rural households reduces lost working days due to illness caused by sanitation and hygiene associated diseases. These are some of the economic incentives (motivation) for the agricultural sector to get actively involved in the implementation of market-based sanitation interventions. Therefore, at district and kebele structures, the agriculture sector should:

- Provide premises for production and sales for rural sanitation enterprises and entrepreneurs
- Exploit the possibility of faecal sludge processing as one of the complementary soil conditioning options (organic fertilizer) into its strategic and annual operational plans with clear performance indicators and resources
- Support health extension workers on demand creation for basic sanitation and product promotion by integrating it into farmers education interventions

#### **4.2.12. Water Supply and Sewerage utilities, WASH Boards and Committees**

Indiscriminate disposal of human faeces and poor hygiene practices are potentially hazardous as microbes can enter into the community water sources and compromise the safety of drinking water including at point of use. WASH boards and WASH committees are mandated to manage community water supply schemes which include mobilizing the community (users) to keep the areas surrounding the water sources clean and to create awareness on safe water handling/management. According to the national WASH inventory-II, there are more than 150 thousand WASH committees throughout the country and they can play an important role, including in:

- Promoting the adoption of basic sanitation and hygiene products among water users
- Incorporating latrine construction and use into the water use bylaws
- Engage scheme caretakers (artisans) in manufacturing and sales of basic sanitation products and installation services (as local private sanitation service providers).



# 5. CAPACITY BUILDING

Successful implementation of market-based sanitation depends on level of awareness, understanding, and capacity of the sectors that are directly and indirectly involved in the planning, coordination, implementation, monitoring and evaluation of interventions at all levels. Design and implementation of customized capacity building programs are important for stakeholders at federal ministries, regional bureaus, zonal and district offices, and for kebele level service providers including sanitation MSEs where the capacity building interventions are mainly tailored to their mandates, roles and responsibilities.

Apart from market-based sanitation capacity building interventions there must be focus on

- (i) institutionalization of the sanitation market into each sector actor's strategic and operational plans and performance monitoring systems (to ensure accountability),
- (ii) strengthening of technical and coordination capacity of the implementers (public and private sectors including enterprises/entrepreneurs),
- (iii) establishing working systems and
- (iv) Policy and strategic support for smooth implementation of the program interventions. In addition, there should be focus on building the capacity of sanitation enterprises and entrepreneurs on basic entrepreneur and construction skill enhancement, financial management, promotion and communication of products and services, and on sales inventory.

## 5.1. Institutionalization of Market-based Sanitation

Each sector ministry has strong institutional arrangements /structures up to the district level. Administrative structures, health, education, and agriculture have formal institutional arrangements up to kebele level, and informal structures up to groups of households. Ensuring accountability for market-based sanitation interventions requires higher level commitment by customizing MBS activities into their sector's mandate and is expected to be integrated into their strategic and operational plans. Responsible persons are assigned and resources are incorporated into the sector performance monitoring systems. This requires continuous advocacy and policy influencing activities jointly by the coordinating bodies and development partner organizations. They have to:

- Conduct analyses of sector policies, programs, plans and practices and identify components where market-based sanitation interventions could be integrated
- Develop policy influencing and advocacy plans and implement them accordingly
- Provide technical support to the sector ministries to integrate market-based sanitation interventions

- Jointly review performances of market-based sanitation interventions sector by sector.

## 5.2. Capacity Building of MBS Coordination Structures and Implementers

Implementation of market-based sanitation interventions requires sufficient awareness and understanding of the approach as well as technical and managerial knowledge and skills to plan, coordinate implementation, monitor and evaluate performances. Thus, it is important to plan and implement custom-tailored in-service capacity building training for MBS program coordinators, sanitation enterprises/entrepreneurs, kebele level government structures and sales agents.

### 5.2.1. Training for Coordinators of Market-based Sanitation Programs

In-service training has to be organized for coordinating bodies (sectors) on the concept, objectives and added value of sanitation marketing geared to their sectoral mandates. In addition, in-service training for officers/experts at all levels should be customized to their specific duties and responsibilities. The following topics are important in order to strengthen their technical capacity for planning and implementation of sanitation marketing program interventions. For

example,:

- Design and execution of sanitation supply chain assessment and formative research
- Development of sanitation business model canvas
- Managing sanitation sector coordination and partnership
- Tailored business product enterprise capacity building
- Sanitation product development
- Development of sanitation behavioral change communication materials
- Sanitation sector policy review/analysis and resource mobilization techniques
- Market-based sanitation monitoring and evaluation.

#### 5.2.1.1. Training of Sanitation MSEs

A tailored hands-on training is given to established members of Sanitation MSEs mainly on:

- Basic entrepreneurship skills including sanitation market development
- Preparation of viable business plans
- Basic bookkeeping, price setting, financial management and customer handling
- Marketing techniques including promotion and communication of products and services
- Construction of sanitation products including concrete slabs, lining pits, latrine superstructures, installation, upgrading/repair and maintenance of latrines.

#### 5.2.1.2. Training of Kebele Leaders, HEWs, HDAs, AgDAs, and Sales Agents

Direct involvement of kebele level government structures is very important for smooth facilitation of market-based sanitation interventions. To build their facilitation skills, hands-on training will be provided on:

- Demand creation for basic sanitation services, household counseling and product communication techniques for Kebele leaders, Health Extension Workers (HEWs), Health

Development Armies (HDAs), Agricultural Extension Agents, religious and village leaders

- Procedures for handling orders from households and linking households with MSEs
- Proper use, operation and maintenance of latrines.

#### 5.2.1.3. Pre-Service Training on Market-based Sanitation

Experiences in the pilot districts show that leadership and skilled professional turnover remain a challenge and sector offices continuously face recurrent loss of knowledge, skill and institutional memory concerning sanitation marketing. These challenges need lasting solutions through:

- Identification of key professional categories directly related to rural and urban sanitation (such as environmental health, health education and behavioral science, etc.)
- Revise the curriculum and incorporate market-based sanitation planning and implementation tools into pre-service training courses in consultation with the universities.

#### 5.2.2. Strengthening the Working Systems

Implementation of sanitation marketing interventions requires use of consistent approaches between implementing bodies without holding back innovations. However, the sanitation marketing approach should be responsive to socio-cultural and livelihood differences between the societies. For example, implementation of sanitation marketing may vary in areas where households are recurrently affected by drought, are dependent on humanitarian aid, or where pastoralists live. Hence, the practical application of sanitation marketing approach may require customization to the local contexts.

While being aware of specific issues, sanitation marketing has to be implemented using the same guidelines, training manuals, tailored promotional materials, monitoring and evaluation indicators. Otherwise, it makes difficult to coherently capture and document contributions of different stakeholders, challenges and best practices, and to evaluate expected outcomes and impacts of the sanitation marketing interventions.

In addition, implementation of sanitation marketing interventions requires legal backing including development of standards for basic sanitation technologies/services to be adopted by each household and directives to enforce a minimum standard.

### 5.2.3. Policy and Strategic Support to Market-based Sanitation Intervention

Furthermore, availability of skilled human resources, guidelines, training manuals, standards, directives, demand creation, product promotion interventions and other working systems are not sufficient by themselves to solve sanitation challenges and attain national sanitation targets and global targets (SDG 2030). Strong policy measures from federal and regional state governments need to be in place. Above all, limited access to basic sanitation products and services by low-income and vulnerable households due to financial constraints should be solved either through design and implementation of the smart subsidy policy and/or by establishing sustainable and inclusive sanitation financing mechanisms without compromising the zero-subsidy sanitation policy. Otherwise all citizens and the government continue to bear the health and economic costs from poor sanitation.

#### Conducting action research is required:

- Test how to integrate CLTSH and MBS in favorable (virgin) communities with varying socio-cultural and economic backgrounds. This requires the development of uniform protocols for action research including documentation of lessons. Lessons obtained from the action research will be used to tailor CLTSH tools with market-based sanitation interventions.
- In areas (kebeles) where CLTSH is implemented but not successful at persuading communities to stop open defecation practices, to test the effectiveness of PHAST tools (by pre-modifying its subsidy elements), and develop a simple but resilient community mobilization tool which will be used to persuade households to use basic sanitation products.

- Piloting of sanitation subsidy schemes/models in pastoral and agrarian regions.
- Conduct joint national assessments on the effectiveness of market-based sanitation implementation practices.

## 6. FINANCING OF MARKET-BASED SANITATION

Finance is an important enabler for startup and proper operation of a business and uptake of sanitation products and services by the consumers. Lack of startup capital (in cash or in kind) and operational budget are identified as critical barriers to micro and small enterprises to enter and sustain a business that offers sanitation products and services. Thus, access to finance is very important for both sanitation MSEs and households to ensure a sustainable supply and uptake of sanitation products and services. Therefore, the guideline tries to point to alternative sanitation financing options for consumers and sanitation enterprises / entrepreneurs.

### 6.1. Sanitation Loans to Households

In this guideline, consumers have been categorized into sub-groups: (i) those who can afford to directly purchase basic sanitation products and services (ii) those who are willing to purchase the products and services but face financial constraints during non-harvest seasons and/or are not able to pay at once but can regularly save some amount of cash into a saving and credit scheme (iii) those who cannot afford sanitation products and services due to lack of means or lack of livelihood or other chronic social problems.

It is possible to solve affordability problems of households in the second category through either of the following alternatives:

1. Lowering the purchase price of the basic sanitation product by altering product design and/or substituting low-cost raw materials without compromising the quality of the product
2. Positioning slab manufacturing places and sales outlets within the kebele/village centers
3. Providing access to a sanitation micro-credit service through village saving and credit associations and/or from other formal micro-finance institutions to purchase the desired product or service and repay the loan over a period of time (installments).

The two cost minimizing alternatives are discussed under product pricing and placement (sections 4.2.1 and 4.3) and the designing alternative has to be designed and implemented step-by-step based

on information from the willingness to pay study/assessments.

#### Stage I: Delivery of the sanitation products/services through out-of-pocket financing

Households in the first category can easily adopt and buy basic sanitation products and services. Targeting these households at the very outset is important as they will also promote the products/services to their friends and social networks.

#### Stage II: Delivery of the sanitation product/service through sanitation loan services

Households in the second sub-category are primary targets for the sanitation credit/loan scheme. Establishing sanitation loan services requires efforts to remove barriers by creating understanding among both consumers and financial institutions. Therefore:

- Create awareness among microfinance institutions about business opportunities in the sanitation sector through advocacy and policy influencing activities
- Build on the sanitation financing experiences of different MFIs and other micro-credit service providers (VSLA and cooperatives)
- support MFIs to develop feasible financial product models for consumers and sanitation enterprises
- Advocate integration of sanitation loans into other income generating loan packages such as agriculture and business loans and with other consumer loans (housing, furniture, etc.)
- Create awareness among households and

kebele leaders on the availability of sanitation loans, eligibility criteria, and loan policies of the MFIs

Develop household loan disbursement models that avoid likelihood of using sanitation loans for other priorities by establishing tri-party agreement between household + enterprise/entrepreneur + MFI.

### Stage III - Delivery of the sanitation products/ services through targeted subsidy

Households in the third sub-category are the primary targets of the targeted subsidy scheme. In spite of alternative measures taken to make sanitation products and services affordable to the consumers, there are population groups those cannot afford them due several factors. They might be reached through a full or partial hardware subsidy. Design and implementation of a targeted sanitation subsidy requires special care to avoid sanitation market failure. Providing a subsidy at the outset could create a sanitation market distortion and discourage households from investing in sanitation improvements, expecting free supply of products and services.

The sanitation subsidy scheme requires the use of subsidy eligibility criteria to be developed and implemented in consultation with the formal and informal community leaders to identify very poor and other socially vulnerable households in the kebele. In addition, the sanitation subsidy scheme should be initiated and implemented at a later stage after households who are willing to pay have acquired basic sanitation products.

The following points have to be considered when planning a sanitation subsidy for vulnerable households who cannot afford sanitation products and /or services:

- Identify specific Population group: (screen using the eligibility criteria)
- Component of the latrine : sub structure, slab or superstructure
- Challenging geologic formation: stable soil, loose soil, water logging/high water table areas
- Determine forms of subsidy: whether it could

be in cash or in kind

- Determine timing of subsidy: is about providing the subsidy to acquire the product or after verification of installation and use of the sanitation product by the household
- Identify channel of subsidy is about directly giving subsidy to the household or through MSEs
- Determine amount of subsidy is about fixed amount or percentage of the total or partial cost of the sanitation product and/or services to be covered through subsidy scheme.

#### To provide pit lining product subsidy:

- Vulnerable households living in areas with loose sandy soil
- Vulnerable households living in areas with seasonal Water logging
- Other groups of households, etc.

Steps to implement targeted sanitation subsidy scheme:

- Develop a hardware sanitation plan for vulnerable population/household groups (decide on forms, set timing, channel and amount of subsidy by considering components of the latrine and geographic areas)
- Enlist and categorize vulnerable households based on eligibility /screening criteria (Annex 4)
- Set up sanitation subsidy fund management modality (could be either through MFIs and public/private commercial banks) and / or direct payment to the household or to sanitation enterprises / entrepreneurs (based on verification, approval and reporting by the District Health Offices) and/or link with productive safety-net program (PSNP) interventions
- Provide orientation for vulnerable households on the forms, timing, channel and amount of the sanitation subsidy, roles and responsibilities of the households, MSEs, District Health Office/PHCUs and/or the subsidy fund managing body.

## 6.2. Sanitation Loan for Sanitation Enterprises/ Entrepreneurs'

At the inception stage, entrepreneurs / enterprises need startup capital for purchasing manufacturing equipment, raw materials and promotion of their products. Once they have established their business, they need additional capital to expand and grow their business at a bigger scale. However, lack of access to startup capital is identified to be the major constraint to enter into sanitation business and/or limited operational capital to diversify and/or expand their businesses enterprises/entrepreneurs. This challenge is mainly associated with a lack of fixed assets that can be used for credit collateral by the enterprise/entrepreneurs. On the other hand, there is limited awareness and experience with offering sanitation loans and there are misconceptions on viability of the sanitation business from the side of the Micro-Finance Institutions.

- Local government continues to encourage enterprises /entrepreneurs to start their business on their own/family's premises, their own and family assets and savings for credit collateral and facilitates access to capital good leasing services
- Local government and development partners shall continue to provide in kind or cash startup capital loans (for purchasing equipment and hand tools for manufacturing and raw materials) to enterprises /entrepreneurs (as part of capital goods leasing services) and
- Government facilitates access to cash (loan) to stimulate and encourage to diversify their business when MSEs/entrepreneurs face financial constraints
- Create awareness among Sanitation MSEs and government offices concerned on the availability, eligibility criteria, and loan policies of the MFIs
- Identify legally established Sanitation MSEs with a credit-worthy business plan (or support the Sanitation MSEs on preparation of a viable business plan) and link with existing financial institutions

- Increase awareness of the MFIs on viability of the sanitation-related business through experience sharing and negotiation
- Support MFIs in development of sanitation loan modalities with favorable interest rate, maximum loan size and loan term, etc.
- Advocate and negotiate with the MFIs to integrate sanitation loans into other income generating loan packages such as manufacturing, trade, and micro-investment loans
- If possible or required, design and provide the MFI with credit risk sharing fund (revolving fund) by linking micro-finance institutions with development partners or foundations
- Establish linkages between sanitation MSEs and capital investors (importers, wholesalers, retailers of the construction materials and manufacturers of raw materials) to work in a joint venture. This could be an alternative way to access finance.

## 6.3. Sustainable Sanitation Financing Scheme

Experience shows that Ethiopia is far behind in reaching the Sustainable Development Goal for sanitation in the coming 10 years (2020-2030). This is mainly due to slow uptake of basic sanitation products by households. Financial constraints during non-harvest periods and the absence of well-established financial products for consumers from financial institutions are some of the causes. The loan size is also very small and is below the minimum loan size rule of microfinance institutions. Therefore, more effort is required to enable 71% of the households to upgrade their unimproved latrine and the remaining 22% who are currently open defecators to adopt basic sanitation facilities. To achieve this target;

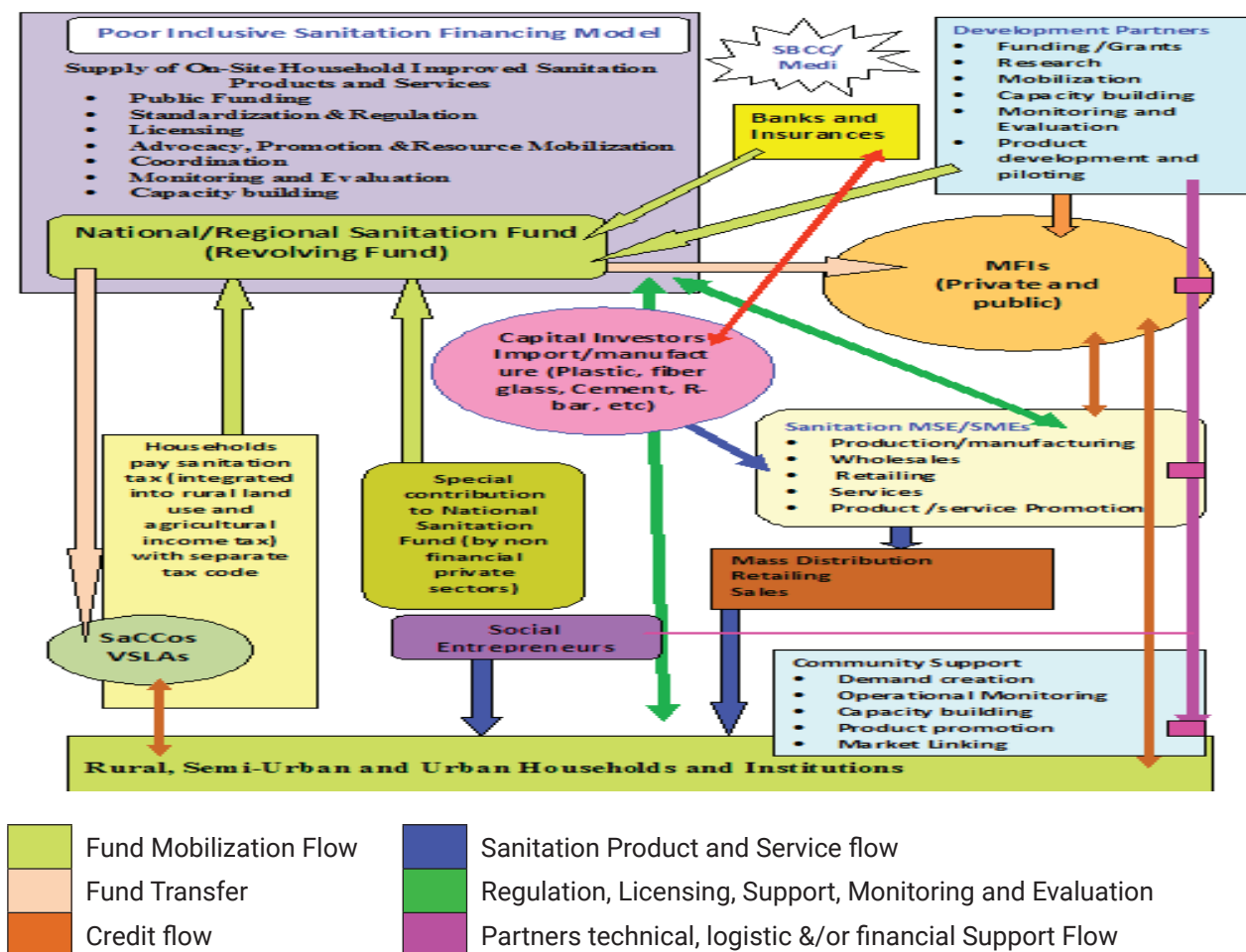
- (i) it is important to transform the customary hygiene and sanitation promotion approach to generating and activating demand for basic sanitation products and services,
- (ii) increase mass media engagement to advocate and promote basic sanitation products and technologies

- (iii) strengthen capacity of sanitation product and service providers and
- (iv) establish sustainable sanitation financing scheme by establishing National/Regional Sanitation Revolving Funds (N/RSRF).

The establishment of a sustainable sanitation financing scheme requires strong policy decisions from the federal and regional state governments, and direct involvement from households, private sector, financial institutions and development partner organizations. To make this happen, a basic sanitation service has to be considered both a public and a private good. Otherwise, the country will continue to bear the costs of poor sanitation, which means treating sanitation-related diseases, accepting productivity loss due to sanitation related sicknesses and associated premature deaths due to diarrheal diseases.

Therefore, MoH and Regional State Health Bureaus have to initiate the establishment of the National and Regional Sanitation Revolving Fund (N/RSRF) through contributions from households, government, private sector, financial institutions and development partners.

This initiative requires policy actions by the federal and regional state governments in line with the FDRE Constitution (1995)<sup>19</sup>, Act. 95, 96, 97, 98 and 100 including standardization of basic sanitation products and technology options, development of directives that enforce Public Health law 200/2000 Act 12 (1-3) and Act 18 (2) throughout the country.



**Figure 1 Sustainable Sanitation Financing, Products and Service Supply Scheme**

<sup>19</sup> Constitution of the Federal Democratic Republic of Ethiopia, Proclamation No. 1/1995

## 6.4. Sanitation Business Sustainability

Field observations have identified that maintenance, growth and sustainability of a sanitation business is affected by factors related to the business (supply), the customers (demand), enabling environment (access to finance, premises and support) and external factors such as material cost escalation and seasonality. Even if further assessment is required to determine specific effects of each factor, a number of suggested complementary solutions that are important to sustain the existing sanitation business, have been summarized and made available in Annex 5.



## 7. MBS MONITORING, EVALUATION AND LEARNING

The objective of MBS is to increase household access to basic sanitation and hygiene facilities by ensuring the availability of affordable and appropriate basic sanitation products and services. Attainment of these objectives can be monitored using process/ output, and outcome indicators.

One of the outcome indicators, the number of households with access to an improved latrine, is already incorporated in the existing District Health Management Information System (DHMIS). Other output indicators, like the number of sanitation centers, are included in the Hygiene and Environmental Health program performance reporting system. However, it is important to regularly track demand and supply progress (Annex 6A, 6B and 6C) to timely identify and solve challenges.

MBS intervention performance data (quantitative and qualitative) will be periodically collected and analyzed at kebele level (by HEWs). At enterprise/entrepreneur and district levels, frequency and modes of reporting are integrated into existing health management information systems/program reporting systems. As there is a direct reporting system between district health and MSE/ job creation offices and other stakeholders, data on production and sales of basic sanitation and hygiene products and services delivered will be captured/exchanged during regular joint TWG meetings and review sessions. Furthermore, details concerning when, what and how to exchange reports/information between members of the MBS TWG at national, regional/zonal and district levels will be elaborated in the revised memorandum of understanding.

No	Performance indicators and definitions	Data sources	Reporting frequency
1	Demand Side Performance Indicators		
1.1	Increased number of households with access to basic latrines facilities	HMIS/DHIS2	Quarterly
1.2	Increased number of households hygienic latrine utilization	HMIS/DHIS2	Quarterly
1.3	Number of households with access to basic sanitation products and services through MBS	Admin HEWs and sales Report	Quarterly
1.4	Number of poor and vulnerable households with access to basic sanitation products and services	Admin Report	Quarterly
2	Supply Side Performance Indicators		
2.1	Number of functional Sanitation MSEs delivering different types of basic sanitation and hygiene products disaggregated by gender	Admin Report	Quarterly
2.2	Average sales volumes of the sanitation products	Admin Report	Quarterly
3	Enabling Environment Performance Indicators		
3.1	Number of functional national, regional, zonal and district sanitation marketing coordination groups (SM technical working group)	Admin Report	Quarterly
3.2	Number of regions and districts with sanitation sector offices with integrated market-based sanitation strategic and annual operational plans	Admin Report	Quarterly
3.3	Number of national, regional and district sanitation marketing program joint quarterly performance reviews	Admin Report	Quarterly
3.4	Number of households and sanitation Sanitation MSEs with access to sanitation loan services (number of financial institutions engaged in providing sanitation loans to consumers and enterprises)	Admin Report	Quarterly
3.5	Number of Sanitation MSEs with access to sanitation loan services (or number of financial institutions engaged in providing sanitation loans to enterprises)	Admin Report	Quarterly
3.6	Number of sectors that integrated sanitation marketing into their strategic and annual operational plans and performance monitoring systems	Admin Report	Annually
3.7	Sanitation product and service standards, regulations, directives and training manuals developed and implemented	Admin Report	Annually
3.8	Policy and operational research conducted, communicated and used for policy and operational decisions	Research reports and records	Annually
3.9	Return on market-based sanitation investment	Assessment report	Annually

In addition to documenting and sharing performance reports (processes, outputs and outcomes of the

MBS interventions), it is very important to make an assessment analysis and document and share lessons associated with expected and/or unexpected intervention outcomes. For example, the following learning questions have been identified:

- To what extent have the MBS interventions contributed to an increase in the kebele, district, region and national basic sanitation service targets?
- To what extent have sanitation businesses contributed to the growth of MSEs/ entrepreneurs and what are associated intrinsic and extrinsic factors?
- To what extent have low-income and vulnerable households benefited from targeted sanitation subsidy schemes? And what are the effects of the sanitation subsidy scheme on the effectiveness of the sanitation business?
- To what extent have availability and accessibility of the sanitation loan products affected the volume of basic sanitation and hygiene products and service supplies? And to what extent have the loans affected the uptake of basic sanitation and hygiene products and services?

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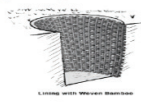




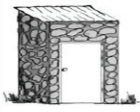





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# 9. ANNEXES

## 9.1. Annex 1: Illustrations of different sanitation products

Basic sanitation product options	Pictures
<p><b>Substructure:</b></p> <p><b>Pit lining materials</b></p>	<p style="text-align: center; font-size: small;">On-site Household Latrine Technology Option Planning, Design and Construction Manual</p> <p><b>Pit Lining Options</b></p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p><b>Figure 2:</b> Lining with Stone</p>  <p>Lining with Stone</p> </div> <div style="text-align: center;"> <p><b>Figure 3:</b> Lining with Bricks</p>  <p>Lining with Bricks</p> </div> <div style="text-align: center;"> <p><b>Figure 4:</b> Precast Reinforced Concrete Ring</p>  <p>Precast reinforced concrete ring</p> </div> </div> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p><b>Figure 5:</b> Lining with Wooden Log</p>  <p>Lining with Wooden Log</p> </div> <div style="text-align: center;"> <p><b>Figure 6:</b> Lining with Woven Bamboo</p>  <p>Lining with Woven Bamboo</p> </div> <div style="text-align: center;"> <p><b>Figure 7:</b> Lining top 500mm with Stone or Bricks</p>  <p>Lining top 500mm with stone or bricks</p> </div> </div>
<p><b>Improved slab options</b></p>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p><b>Figure 16:</b> Reinforced square or rectangular concrete slab</p>  <p>Reinforced square or rectangular concrete slab</p> </div> <div style="text-align: center;"> <p><b>Figure 17:</b> Reinforced circular concrete slab</p>  <p>Reinforced circular concrete slab</p> </div> <div style="text-align: center;"> <p><b>Figure 18:</b> SanPlat concrete slab</p>  <p>SanPlat concrete slab</p> </div> </div>
<p><b>Latrine Superstructure materials</b></p>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p><b>Figure 35:</b> Stone-mud wall (movable wall)</p>  </div> <div style="text-align: center;"> <p><b>Figure 36:</b> Brick wall (permanent wall)</p>  </div> <div style="text-align: center;"> <p><b>Figure 37:</b> CIS wall and roof (movable wall)</p>  </div> <div style="text-align: center;"> <p><b>Figure 38:</b> Wooden wall with CIS roof</p>  </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;"> <p><b>Figure 39:</b> Mud plastered wooden wall/thatched roof</p>  </div> <div style="text-align: center;"> <p><b>Figure 40:</b> Grass/leaf wall and roofing</p>  </div> </div>

Source: FDRE, MoH On-site household Latrine Technology Option, Planning, Design and Construction Manual, 2017

## 9.2. Annex 2: Behavioral change Interventions, Messages and Media channels

Village/community segments	Behavioral change /communication interventions	Key Message	Medium (channel) of communication tailored to different social and community groups
<ul style="list-style-type: none"> <li>Villages Triggered but not ODF</li> <li>Villages attained ODF but slipped back to OD</li> <li>Villages unfavorable for CLTSH implementation</li> </ul>	<p>Form sub-groups of households [OD and users of unimproved latrine]</p> <ul style="list-style-type: none"> <li>Organize leadership and stakeholder planning meetings (kebele, religious, iddir, village, and HDA leaders)</li> <li>Persuade community leaders to install washable latrine slabs and upgrade latrine superstructures with available materials</li> <li>Show samples of basic sanitation products and inform the community on point of sale (actual or picture catalogue and/or AV show)</li> </ul>	<p>Message in different local languages</p> <ul style="list-style-type: none"> <li>Dangers of open defecation practices</li> <li>Limitations of unimproved latrine</li> <li>Benefits of using improved latrine</li> <li>Integrate the messages with religious scriptures</li> <li>Use key drivers</li> </ul>	<ul style="list-style-type: none"> <li>Social Mobilization (leadership meeting)</li> <li>Community Conversation (face to face) – through HAD, weekly religious gatherings</li> <li>School Mini-Media (integrate with school WASH interventions)</li> <li>Direct consumer contact through product display on events like bazaars, market days, local toilet and hand washing days, religious celebrations, community meetings, FTC, PHCU, etc.</li> <li>Large scale mass communication/advertisement by integrating with national toilet and hand washing days</li> <li>TV spots advertisement (public and private TV)</li> </ul> <p>Materials</p> <ul style="list-style-type: none"> <li>Actual sample of the product</li> <li>Laminated Colored Picture catalogue (poster/Flip chart)</li> <li>Audio-visual, video/film (that shows OD practice and features and benefits of improved latrine products)</li> <li>Demonstration (leadership latrine)</li> <li>Pocket calendars, fliers, T-shirts</li> <li>Mikikir (dialogue) card (used by volunteers and HEWs for household counseling)</li> </ul>
<p>Triggered and attained and sustained ODF status</p>	<p>Series of community conversations and communications</p> <ul style="list-style-type: none"> <li>Organize leadership and stakeholders planning meetings (kebele, religious, iddir, village, and HDA leaders)</li> <li>Persuade community leaders to install washable latrine slabs and upgrade latrine superstructures with available materials</li> <li>Show samples of basic sanitation products and inform the community on point of sale (actual or picture catalogue and/or AV show)</li> </ul>	<ul style="list-style-type: none"> <li>Limitations of using unimproved latrine</li> <li>Benefits of using improved latrine in terms of motivators (behavioral determinants)</li> <li>Integrate the messages with religious scriptures</li> <li>Use key drivers</li> </ul>	<ul style="list-style-type: none"> <li>Use the above-mentioned media channels and communication materials</li> </ul> <p>Specific Communication Materials</p> <ul style="list-style-type: none"> <li>Audio-visual, video/film (that shows limitation of unimproved latrine and features and benefits of improved latrine products)</li> </ul>

Village/community segments	Behavioral change /communication interventions	Key Message	Medium (channel) of communication tailored to different social and community groups
III Villages favorable for CLTSH but yet not triggered	<ul style="list-style-type: none"> <li>• Organize leadership and stakeholders planning meeting</li> <li>• Show samples of basic sanitation products and inform on point of sale up on meeting</li> <li>• Persuade community leaders to install washable latrine slabs and upgrade latrine superstructures with available materials</li> <li>• Conduct community triggering using CLTSH tool and plan for change</li> <li>• Show leaders latrine and inform on point of sale of the products</li> <li>• Promote the basic sanitation products during post triggering follow up support</li> <li>• Link with the nearest MSEs</li> </ul>	<ul style="list-style-type: none"> <li>• Dangers of open defecation practices</li> <li>• Limitations of unimproved latrine</li> <li>• Benefits of using improved latrine</li> <li>• Use key drivers</li> <li>• Integrate the messages with religious scriptures</li> <li>• Shame, disgust and fear</li> </ul>	<ul style="list-style-type: none"> <li>• Use the above-mentioned media channels and communication materials</li> <li>• CLTSH triggering (tool)</li> </ul> <p>Specific and additional Communication Materials</p> <ul style="list-style-type: none"> <li>• Audio-visual, video/film (community arousal, dangers of open defecation and features and benefits of improved latrine products)</li> <li>• ODF Sign/Billboard</li> </ul>

## 9.3. Annex 3: Household latrine status Inventory checklists

Region: \_\_\_\_\_ District: \_\_\_\_\_ Kebele: \_\_\_\_\_ Village: \_\_\_\_\_

Name of the Household: \_\_\_\_\_

- Does the household have latrine? \_\_\_\_\_
- If the household has any type of latrine,

### Latrine Substructure [Ask the household]

- Pit depth \_\_\_\_\_
- Pit shape (square/rectangular or circular); \_\_\_\_\_
- Who dug the pit? the household \_\_\_\_\_ or by labor \_\_\_\_\_
- If dug by the labor, how much did you pay: \_\_\_ Birr
- Is the Pit lined? 1. Yes 2. No, if yes, material used for lining \_\_\_\_\_
- Who lined the pit? by the household \_\_\_ or by the local mason\_\_\_\_, Paid\_\_\_\_ Birr

### Latrine Floor (Slab) materials [Observation]

- It is open pit – with wooden log placed over the pit \_\_\_\_\_
- Wooden riprap but not plastered \_\_\_\_\_
- Wooden riprap is mud plastered \_\_\_\_\_
- Wooden riprap is mud plastered and SanPlat slab installed \_\_\_\_\_
- Wooden log supported concrete slab that covers the whole floor \_\_\_\_\_
- Does the slab have a concrete squat-hole cover? 1. Yes 2. No
- Is the slab squat-hole cover fitted with SATO pan? 1. Yes 2. No
- Is floor elevated above the ground level (> or equal to 20cm)? 1. Yes 2. No
- Shape of the concrete slab (circular\_\_\_\_, rectangular \_\_\_ or square \_\_\_\_
- Size of the concrete slab (\_\_\_m\* \_\_\_m or \_\_\_m diameter)
- Is there an opening on the concrete slab to install vent pipe? \_\_\_\_\_

### If the floor is concrete or plastic slab [Ask the household]

#### Ask how the household acquired the concrete slab

- Free of charge (supplied by government or NGO) \_\_\_\_\_, when \_\_\_\_\_
- Purchased \_\_\_ if purchased, from where \_\_\_\_\_ and price in Birr \_\_\_\_\_
- How did you transport to your home \_\_\_\_\_ did you pay \_\_\_\_\_ Birr \_\_\_\_\_
- Who installed the slab on your latrine \_\_\_\_\_
- When (month/year) concrete slab is installed: \_\_\_\_\_
- What comment do you have (mention likes and dislikes) with the concrete slab: \_\_\_\_



## Latrine Superstructure (walling and roofing material) – OBSERVE and circle

### Walling Materials

1. Has no wall
2. Grass
3. Plastic
4. Wooden not mud plastered
5. Wooden mud plastered
6. Iron sheet
7. Dry stone
8. Bricks
9. Hollow blocks

## Roofing Materials

1. Has no roofing
2. Grass
3. Plastic sheet
4. Iron sheet

Height of the Superstructure \_\_\_\_ meter

- Is the wall mud plastered? 1. Yes 2. No
- Does the wall have door/curtain? 1. Yes 2. No
- Does the wall have vent pipe? 1. Yes 2. No, if yes, is top of the vent mesh screened?
- Direction of latrine door towards the (east, north east, west, north, south, south west)

Who constructed the latrine superstructure? The household \_\_\_\_\_ by carpenter \_\_\_\_\_

If constructed by the carpenter, how much did you pay (Birr) \_\_\_\_\_

## Availability and functionality of the Hand Washing Facility (HWF)

- Is the hand washing container ( $\geq 3$  L) placed inside/nearby the latrine? 1. Yes 2. No
- Is there water in the hand washing container/vessel? 1. Yes 2. No
- Is there soap/ashes placed with hand washing facility? 1. Yes 2. No
- Is there sign of use of hand washing facility (wet soil)? 1. Yes 2. No

## Latrine Use and Operation

- Is there fresh foot path leading to the latrine? 1. Yes 2. No
- Is there splash of urine/water on the floor/slab? 1. Yes 2. No
- Is there fresh stool in the latrine pit? 1. Yes 2. No
- Is there faecal matter or dirt on the floor of the latrine? 1. Yes 2. No
- Is there faecal smear on the squat-hole? 1. Yes 2. No
- Is latrine about to fill (faecal sludge  $\leq 0.5$ m from the floor/slab)? 1. Yes 2. No

## 9.4. Annex 4: Vulnerability screening, scoring and categorization

Name of the HH	Full or partial sanitation hardware subsidy eligibility criteria (1. Yes 0. No)										Total Yes
	1	2	3	4	5	6	7	8	9	10	
<p>Criteria for selection of vulnerable households for sanitation hardware and service subsidy</p> <ol style="list-style-type: none"> <li>Female-headed households without adequate social support from any sources</li> <li>HH living with disability without support or means of livelihood</li> <li>Elderly (aged 60 years and above), that have no external support</li> <li>HH who have no external support and no regular source of income or no external support</li> <li>HH living with chronically ill persons (chronic) with no external support</li> <li>Households with orphans or vulnerable children (OVC) and no external support</li> <li>Widow/widower without external support and no permanent source of income</li> </ol> <p>To provide pit lining product subsidy:</p> <ol style="list-style-type: none"> <li>Households living in areas with loose sandy soil</li> <li>Households living in areas with seasonal water logging</li> <li>Other groups of households, ..., etc.</li> </ol>											
Household vulnerability categories	Subsidy Score	% of subsidized direct cost of the slab		% of subsidized direct cost of latrine substructure				Latrine Superstructure			
		Slab	Services	Loose soil/water logging							
				lining products	Services (pit lining)						
Low	1-3							Self/Community			
Medium	4-6							Self/Community			
High	7-10							Self/Community			
Very High	>10										

## 9.5. Annex 5. Sanitation Business Sustainability Challenges and suggested solutions

Prevailing Challenges	Pathways through which the challenge affected sustainability of the sanitation businesses	Proposed Solutions to sustain the Business
Business category/stream (Supply)	Sanitation and hygiene businesses are distributed over different business categories (construction, manufacturing, retail trade and service), which might be hindrance to MSEs / entrepreneurs to diversify their business due to the fact that each business category requires a separate business license	<ul style="list-style-type: none"> <li>• Advocacy and continued consultation with MoT to bundle sanitation and hygiene business products under single category (e.g. WASH product) and give single license code at MSE level, and then split it into separate categories at the stage of medium enterprise level</li> </ul>
Larger size of the enterprise (Supply)	The business is not attractive to engage with the fact that revenue from the stand-alone sanitation business is usually seasonal and observed as not sufficient to support MSE members	<ul style="list-style-type: none"> <li>• Minimize size of the sanitation enterprise to 2-5 members</li> <li>• Identify and engage entrepreneurs who have similar business</li> </ul>
Seeking high profit and financial return within short period of time	This was one of the main reasons for members to drop out and quitting the sanitation business	<ul style="list-style-type: none"> <li>• Provide adequate orientation on the nature of the sanitation business and associated challenges before forming MSEs</li> <li>• Provide continuous technical and facilitation support</li> </ul>
Lack of prior experience and skills in similar business stream (Supply)	Those with prior experience in managing other similar businesses are more likely to continue to run sanitation business compared to those new to the sanitation business (MSEs) and having no other complementary businesses. In addition, MSEs organized by members with no technical skills in the business areas (e.g. construction/manufacturing skills / experiences) are reported to be quitting their business	<ul style="list-style-type: none"> <li>• Consider prior business experience and technical skills of the job seekers at the outset of organizing MSE</li> <li>• Give priority to those who have core businesses in the same business category (construction, manufacturing, retailing)</li> <li>• Organize MSE for members who have mixed technical skills (accounting, construction, management, etc.)</li> <li>• Minimize size of the enterprise to 2-5 members</li> </ul>
Immature or latent demand (Demand)	<p>Demand side challenges are likely to be associated with either due to</p> <ul style="list-style-type: none"> <li>• lack/inadequate awareness of the benefits of basic sanitation facility (basic sanitation services) compared to unbasic sanitation facility</li> <li>• Household's low priority to spend on sanitation compared to other needs</li> <li>• Household's lack of disposable income,</li> <li>• Inadequate /limited attention on demand creation and promotion of basic sanitation products by health extension program interventions mainly associated with workload (multiple responsibilities).</li> </ul>	<ul style="list-style-type: none"> <li>• Identify and engage schools, kebele leaders, agricultural development agents, religious leaders, women's groups, volunteers, and sales agent in the promotion of basic sanitation products and services.</li> <li>• Health Development Armies and HEWs continue on demand creation of basic sanitation and supporting the households in the proper use, operation and maintenance</li> <li>• facilitate household access to sanitation credit services such as saving and credit associations/cooperatives, Iddir and the likes</li> <li>• Develop and implement targeted sanitation subsidy schemes for vulnerable households in a way that the scheme does not create market failure, including linking with PSNP</li> </ul>
Lack of access to startup and operational capital likely due to lack of collateral (Enabling Environment)	<ul style="list-style-type: none"> <li>• Very low awareness on availability of business in the sanitation sector, considering sanitation business as slow moving, lack of experience, lack of sanitation loan policy, fear of defaulting, high administrative cost associated with very small loan size (HH loan) .... resulted in limited willingness of the micro-finance institutions to offer sanitation loans to MSEs and consumers</li> <li>• Sanitation MSEs lack collateral and /or bankable business plan</li> <li>• Households lack experience in taking out sanitation loan (non-income generating), fear of being defaulter and limit their access to income generating loan, or expectation of subsidy</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing MFIs' awareness about business opportunities in the sanitation sector through advocacy and communication work and experience exchange visits</li> <li>• Technical support to MFIs (business development services)</li> <li>• Increase MFIs access to credit risk sharing fund sources</li> <li>• Facilitate and support to MSEs engaged in manufacturing and construction business to get access to financial projects such as projects implemented by DAI, Itad and First Consult, NGOs, foundations, etc. in Ethiopia</li> <li>• Increase households' awareness and opportunities to access sanitation loans from VSLA and/or from available financial sources such as iqub, Iddir and the likes</li> <li>• Facilitate business linkage between capital investors and MSEs</li> </ul>

Prevailing Challenges	Pathways through which the challenge affected sustainability of the sanitation businesses	Proposed Solutions to sustain the Business
Liquidity problem- (Enabling Environment)	Experience of AMREF/BBBC that piloted Turnkey Sanitation Solution (TSS) delivery approach to basic sanitation has identified liquidity problem to be key challenge for MFIs	<ul style="list-style-type: none"> <li>Link MFIs to liquidity supporting fund such as SME finance project implemented by the consortium of DAI, Itad and First Consult in Ethiopia and/or from other foundations, NGOs, etc.</li> </ul>
Lack of support from local government	Lack of access to land for production and sales are among other challenges associated with weak enabling environments that have limited sanitation businesses to grow or sustain both in urban and rural settings	<ul style="list-style-type: none"> <li>Strengthen SM coordination between municipal / town and district administration to provide MSEs with access to land</li> </ul>
Seasonal effect on the sanitation business	Production and sales of basic sanitation and hygiene products are mainly during post-harvest seasons of the year when households have access to cash	<ul style="list-style-type: none"> <li>Adjust demand creating and product promotion activities during post-harvest season</li> <li>Vertically and/or horizontally diversify the business products</li> </ul>
Construction and raw material cost escalation (external factors)	Construction and raw material cost escalation has forced MSEs to suspend production and sales. It also resulted in an increase of unit costs of products, which in turn affected affordability	<ul style="list-style-type: none"> <li>Organize MSEs/entrepreneurs into associations based on their business stream/category and link with raw material manufacturers/wholesalers to directly obtain raw materials</li> </ul>

## 9.6. Annexes 6 Sanitation products and services monitoring form

### Annex 9A: Quarterly sanitation and hygiene products manufacturing reporting format

Region \_\_\_\_\_ Zone \_\_\_\_\_ District: \_\_\_\_\_

	Name of MSE	Sanitation and Hygiene Products PRODUCED/manufactured by the WASH/Sanitation MSEs/Entrepreneurs					
		Concrete slab of different size and shape (each)	Hand Washing Vessel >= 3 liters (each)	Reusable MHM pad (each)	Liquid soap (in liters)	Improved cooking stove (each)	Mud/ concrete blocks (each)
1							
2							
3							
4							
5							
	Total						

### Annex 9 B: Quarterly sanitation and hygiene products sales reporting format

Region \_\_\_\_\_ Zone \_\_\_\_\_ District: \_\_\_\_\_

	Name of MSE	Sanitation and Hygiene Products SOLD by the WASH/Sanitation MSEs /Entrepreneurs					
		Concrete slab of different size and shape (each)	Hand Washing Vessel >= 3 liters (each)	MHM –reusable pad (each)	Liquid soap (in liters)	Improved cooking stove (each)	Mud/ concrete blocks (each)
1							
2							
3							
4							
5							
	Total						

Annex 9 C: Quarterly sanitation and hygiene services reporting format

Region \_\_\_\_\_ Zone \_\_\_\_\_ District: \_\_\_\_\_

Name of MSEs	Sanitation and hygiene services provided by the WASH/Sanitation MSEs /Entrepreneurs/Sales agents										
	Retailing of plastic latrine slab (each)	Retailing of SATO pan (each)	Retailing of SATO stool (each)	Retailing of water supply spare parts (each)	Installation of concrete or plastic latrine slabs (# of HHs)	Installation of SATO pan/SATO stool to existing concrete slab or floor ((# of HHs)	Latrine pit lining (# of HHs)	Maintenance of latrine superstructure (# of HHs)	Installation of water supply schemes (each)	Maintenance/ repair of water supply schemes	Shower services (# of users)
1											
2											
3											
4											
5											
Total											





**ጤና ሚኒስቴር - ኢትዮጵያ**  
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