

PhATS Field Note



Sustaining
Demand Through
Supply Side
Intervention

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Samaritan's Purse Sanitation Marketing Toilet Fairy, Arleyn Nalda, promotes the use of a sanitary toilet, reminding communities of key hygiene messages previously promoted in the PhATS strategy. The SP team's SanMark promotional program event is brimming with a colorful cast of characters, games, prizes, and - in typical Filipino fashion - song and dance.

Sustaining Demand Through Supply Side Intervention: The Samaritan's Purse SanMark Approach



The supply component of the Philippines Approach to Total Sanitation (PhATS) aims to strengthen local supply chains for sanitation and hygiene goods and services and encourage Sanitation Marketing (SanMark). Through SanMark, suppliers and service providers market their goods and services to rural households, with the aim of increasing demand, improving supply and achieving greater sales and profits.

Samaritan Purse (SP), in an initial step, enrolled 25 local entrepreneurs in training and coaching on topics such as latrine product fabrication, marketing, and business model development with the goal to enable the entrepreneurs to

develop small sanitation businesses which could serve their neighbors with the sanitation products they so desperately need. Sanitation Marketing activities are harmonized with the Demand Creation component of the PhATS program. Before SanMark is introduced in a community, the barangay is "triggered" by the SP Hygiene Promotion team, leading them to reach Zero Open Defecation (ZOD) at, Grade 1 (G1) status (shared latrines), creating a demand for low-cost sanitation products within the community at household level.



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SP facilitated a Human Centred Design Workshop series at their "Toilet Factory" in Tanauan, Leyte in order to provide hands-on technical product production training and business education to sanitation entrepreneurs. The training series was open to all PhATS partners and was well attended. Pictured above are examples of hands-on sessions in toilet bowl and superstructure fabrication.

STRATEGY AND IMPLEMENTATION

A major component of SP's typhoon Yolanda relief strategy was a large-scale sanitation project which saw 11,700 household latrines (with septic tanks) constructed by Samaritan's Purse across two municipalities in Region VIII. Already during the implementation it became clear that demand creation and sustaining demand within the community members is a key feature for sustainability of the project. In addition, after a successful humanitarian needs-based response was implemented at scale, a roster of skilled masons and contractors were available, experienced in septic tank construction, and eager to continue using their newly acquired skills. SP approached the contractors with a proposition. SP would no longer pay the contractors directly but would instead offer training and coaching if the contractors were interested in running their own sanitation enterprise. Many contractors were eager to sign on. SP introduced the

idea of developing their own businesses and assisted these fledgling entrepreneurs in obtaining the necessary government registrations, opening bank accounts, learning how to make a sales pitch, basic accounting, business model generation, and others. The opportunity for this coaching was then opened up to entrepreneurs from across the Yolanda Affected Areas within the PhATS program partnership. Within weeks 25 people had newly registered as sanitation business owners.

The next step in SP's approach to operationalize SanMark within its PhATS program was to provide the prospective businessmen and women with training on sanitation product design and fabrication. SP held two three-day workshops using the Human Centered Design (HCD) approach to evaluate existing low-cost sanitation products already on the market and to ideate,

AFTER COMPLETION OF THE TWO TRAINING WORKSHOPS, ENTREPRENEURS WERE PROVIDED WITH A PROMOTIONAL SALES KIT WHICH INCLUDED:

1 DETAILED **PRODUCT CATALOG** TO BE USED AS A VISUAL AID WHEN CARRYING OUT A SALES PITCH

50 **BROCHURES** TO BE DISTRIBUTED TO POTENTIAL CUSTOMERS

1 **TARPAULIN** TO HANG AT CONSTRUCTION SITES DURING AN INSTALLATION

50 **STICKERS** TO BE LEFT IN INSTALLATIONS AS LONG TERM ADVERTISEMENTS

50 **BUSINESS CARDS**

1 **UNLI ASENSO T-SHIRT**



ADDITIONAL BROCHURES AND BUSINESS CARDS WERE GIVEN TO THE ENTREPRENEURS AS NEEDED.



The SP SanMark Caravan is set up and ready to receive customers in Barangay San Antonio, Basey. The truck features life-sized super structures, toilet bowls, select septic tank options, and even a model kitchen to display the biogas digester's ability of transform waste into cooking fuel!

innovate and design new products or improve the existing offerings taking note of the post emergency conditions and a human rights based approach of programming. SP invited engineers, university professors and other sector experts in low-cost sanitation from across the Philippines to lecture and provide hands-on training in sanitation product fabrication. Training topics ranged from strengthening the sales pitch to construction of a ferro-cement septic tank.

A key feature of SP's approach to SanMark in PhATS is brand promotion. Although 25 new businesses were created, all new entrepreneurs agreed to work under one brand: "UNLI ASENSO". This brand and its logo were developed by the World Bank's Water and Sanitation Project (WSP) in collaboration with the Philippines Department of Health (DoH) in 2014 as an open source sanitation brand in the Philippines.

Business registration posed the next hurdle to small business

development among the entrepreneurs. The initial registration needed by all entrepreneurs was Registration of a Business Name from the Philippines Department of Trade and Industry (DTI). To obtain it, an application needs to be submitted, initiating a DTI search for businesses with similar names. The DTI also looks at the number of other similar businesses. The process of registration takes one day and costs 215PHP for the Barangay level registration and 15PHP for a document stamp. Upon completion, businesses are assigned Social Security System, PhilHealth and Tax Information Numbers.

Obtaining the Business Permit application is the next step. Entrepreneurs will not apply for this until they earn 20,000PHP due to the cost of the permit. Processing this permit requires one month: a sanitary inspection and fire safety inspection of the production area are needed. The cost of the permit is incremental and dependent upon business capital (for example, if business capital is 50,000PHP, permit cost is equal to 3%).



ABOVE: Residents of Barangay San Antonio, Basey participate in a SanMark game.



ABOVE: Members of the SP SanMark Promotions team lead the crowd in a game titled "Toilet Fairy, Poo, Fly," in which participants are rewarded with hygiene products.

After obtaining the Business Permit, entrepreneurs needed to register with the Bureau of Internal Revenue (BIR) for a permit to print official receipts, known as Official Receipt Registration. The application costs around 5,000PHP and garners 25 receipt books with 25 pages in each book upon completion.

Once trained, registered and equipped with promotional materials, the entrepreneurs were prepared to start selling. At this point in the process, SP launched the SanMark Caravan, a mobile showroom to help entrepreneurs make sales barangay by barangay embedded in it demand creation activities.

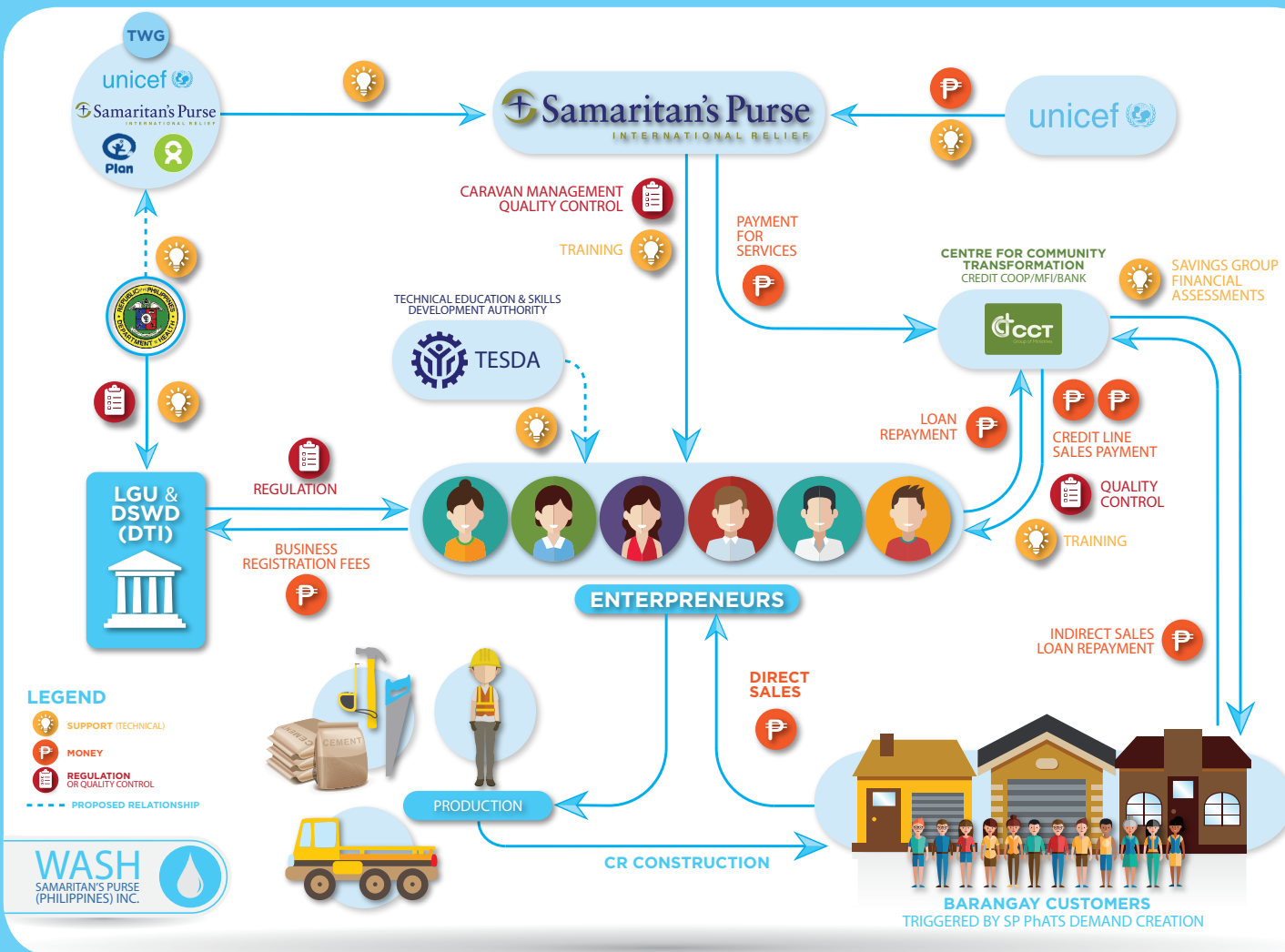
SP outfitted a 24ft flatbed truck with actual full-size models of superstructures and toilet bowls along with slightly modified versions of septic tank sub-structure models. Its bright colors, eye-catching branding and unusual cargo draw a crowd wherever

the SanMark truck goes.

To advertise the new sanitation products, a promotional event program was designed and is now being presented by a designated SP team of promotion coaches. Time and date of promotional events are arranged with barangay leadership after each community has undergone PhATS triggering/demand creation organized by the SP hygiene team in partnership with Barangay Health Workers, or BHW's.

On promotion day, community members are gathered and reminded of previously communicated hygiene messaging through use of visual aids like the F-Diagram. During the promotional performance, audience members are quizzed and

SP SanMark Business Model





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ABOVE: A crowd gathers to experience in the SP SanMark caravan in a Pastrana, Leyte Barangay.

rewarded with toilet themed prizes for correct recollection of sanitation facts and key messages, and encouraged to join the game of "Toilet Fairy, Poo, Fly" led by fun costumed characters. The game, including an original composition song and dance number entitled "UNLI Asenso for You" was developed by SP to further support demand creation for household sanitation. " The song is played on a Tacloban area radio station once a week to promote the Unli Asenso brand. After the program's finale, participants are invited to tour the SanMark display truck, where they are guided around the exhibition by SP SanMark Officers and Barangay Health Workers in order to provide a learning opportunity for potential clients to experience products and ask questions. Each barangay resident is given a candy upon entrance to the truck and an UNLI Asenso Product Brochure upon exit.

Nearly all households in the project area are considered low-income, having monthly income of 2,750php or lower (approximately \$60 USD) and are unable to purchase a full latrine system with cash. SP initially approached the top ten micro-finance institutions in the Philippines (as ranked by the Micro-finance Council of the Philippines). Among those contacted were the Center for Agriculture and Rural Development, Inc. (CARD), ASA Philippines, and Tulay sa Pag-unlad, Inc. Development Corporation (TSP). However, none of these organizations would agree to engage in sanitation financing, as the risk is considered to be too high and the ROI, return on investment, too low. SP then approached the Center for Community Transformation (CCT), a Philippines-based Micro-finance Institution/Credit Cooperative in operation for 40 years with 140 branches located across the country. SP requested a consultative meeting to explore partnership options. As a non-profit organization seeking economic sustainability and social

development, CCT views micro-finance as a social service, and was willing to accept the partnership with SP.

CCT offers loans to households or customers to cover the cost of sanitation products and installation with an interest rate of 1% per month. While this partnership has exciting potential to enable low income families to invest in a sanitary CR, CCT does not yet have the capacity to process loans at the rate that entrepreneurs are selling products. SP and CCT are exploring ways to bring this model to scale across other regions of the country.



ABOVE: During the promotional program, SP SanMark officers make distribute product brochures and answer customer questions to help entrepreneurs make sales.

PROGRESS AND RESULTS

After only the first 6 weeks of promotional events, 1,257 household latrine orders had been placed. Behind the crowds on promotion day, entrepreneurs are busy at work: clusters of customers can be seen surrounding each business owner, their fingers busily pointing to sales brochures they've been given.

In addition to sales made directly to private customers, the SP SanMark entrepreneurs were awarded a contract from the municipality of Giporlos, Eastern Samar, to construct and install 400 toilets using DCT, Direct Cash Transfer, funds UNICEF had previously provided directly to the municipality, harmonizing different modes of aid delivery and therewith strengthening the SanMark approach developed by SP. An important factor in the entrepreneurs winning of the tender was the support provided

by SP to the new business owners to navigate the complex government bidding process for the first time.

The new businesses have also been approached by other PhATS PCA NGO partners to build toilets for households qualifying for subsidies therein supporting large scale learning beyond SP implementation areas.

Still lacking the critical capital and cash flow needed to sustain a business, cash transactions will go a long way to building the capital of these small businesses and establishing their ability to accept and fill large contract orders in the future.



CCT creates home savings groups in the communities where they work. These groups are intended to train members how to manage their finances responsibly.



An entrepreneur promotes low cost sanitation options at a Barangay Sales Event. Often, multiple business owners visit the same barangay in order to encourage product purchase.

UNLI ASENDO
PAG MAY INIDORO
INSTALLATIONS | IMPROVEMENTS | MAINTENANCE | REPAIRS

PRODUCTS

EASY AS 123

UNLI ASENDO makes buying a sanitary CR simple! Step 1: choose a superstructure; Steps 2 & 3: pair it with a mid-structure & substructure system! Both pour flush and dry flush options are available.

WHY INVEST IN A SANITARY CR?

Across the Philippines, poor sanitation poses serious risks to health. In addition to protecting your family's water source and providing safety and dignity for women and girls, building a sanitary CR can improve your financial! For every peso invested in sanitation, the average economic return is FIVE pesos!

Sustainable solutions are yours with UNLI ASENDO. We offer a choice of low cost, high quality products to enable consumers easier access to CR installations and improvements.

MAINTENANCE & REPAIRS

UNLI ASENDO offers affordable maintenance and repair services. All of our products carry a **One Year Warranty**. For advice or inquiries about further CR improvements, please contact your UNLI ASENDO representative today!

AT A GLANCE

WALL: NIPA SHINGLES	WALL: AMAKAN	WALL: PLYWOOD	WALL: AMAKAN	WALL: PLYWOOD	WALL: FERROCEMENT
ROOF: NIPA SHINGLES PHP2,600	ROOF: NIPA SHINGLES PHP3,140	ROOF: NIPA SHINGLES PHP4,625	ROOF: CGI PHP5,660	ROOF: CGI PHP5,150	ROOF: CGI DOOR: PLYWOOD PHP5,570

DRY FLUSH

CEMENT ARBORLOO BOWL	CEMENT ECO-SAN BOWL	CEMENT BOWL	CERAMIC BOWL
PHP300	PHP350	PHP300 W LIQUID TILE PAINT PHP350	PHP600-700

POUR FLUSH

UNLINED PIT	ECO-SAN SEPTIC SYSTEM	CONCRETE RINGS	4m³ CONCRETE CUBE	PLASTIC DRUM
PHP950	PHP2,713	PHP2,530-2,759	PHP3,300-4,150	PHP2,463

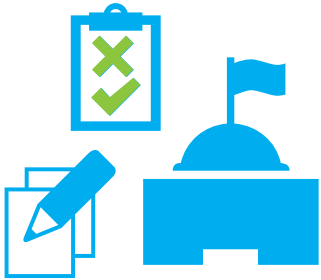
PAYMENT OPTIONS

UNLI ASENDO is proudly partnering with the Center for Community Transformation (CCT), a Philippines-based MFI to make financing sanitation accessible for every family. CCT offers loans to cover the costs of sanitation installations, with an interest rate of just 1% per month! The loan will be repaid in affordable weekly installments. Ask your UNLI ASENDO representative to connect you with a CCT advisor today!

SP designed and printed a trifold Tagalog Sales Brochure (English version pictured above) in order to enable entrepreneurs to provide potential customers with a streamlined and professional display of products when away from the caravan. The brochure adds legitimacy to the brand and allows customers opportunity to share the experience with those unable to attend caravan sales promotions.

LESSONS LEARNED

REGISTRATION OF BUSINESSES IS COMPLEX AND NEEDS QUALIFIED EXTERNAL SUPPORT:

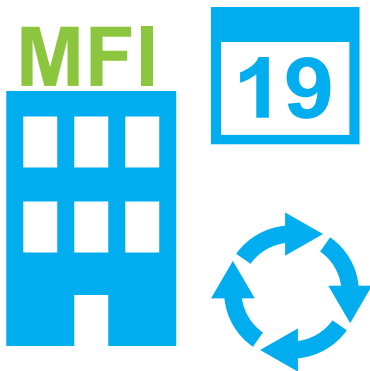


In order to participate in government project tenders (like the one in Giporlos, Eastern Samar) the following are required: Business Name Registration with the DTI; BIR Tax Clearance; documented record of past projects (summary of previous accomplishments engaging with public bids and governments); Permit from Engineering Association of the Philippines (EAP); and an

Official Receipt Registration.

As none of the SP entrepreneurs were able to meet these requirements, an outside contractor was approached who was willing to partner with the group. Through his business, the SP entrepreneurs were able to operate within the Giporlos bid guidelines.

EXPERIENCE WITH ENGAGEMENT OF MICROFINANCE INSTITUTIONS IS LIMITED AND SLOW LOAN PROCESS CAPACITY HAMPERS PROGRESS OF LATRINE CONSTRUCTION:



The CCT strategy employs a long-term outlook, investing in a community over a period of months before loans are given out in order to develop home savings groups and social collateral in order to mitigate the likelihood of loan default. This comprehensive slow approach, coupled with a shortage of CCT qualified staff to process financial assessments of clients has revealed a bottleneck in the SanMark process train. Orders are rolling in, but the cautious pace of loan issuance and therefore payment has kept fabrication and installation of products equally slow. SP hopes to see this challenge resolved as CCT grows in capacity and efficiency in the coming months. SP is talking

with CCT about adding motorcycles to their field teams in order to facilitate speedier service delivery. CCT and SP are also looking for ways to further capitalize CCT as their funds available for issuing loans is limited. For example, if every household in the municipality of Pastrana, Leyte who needed a toilet wanted to place an order at the same time through a loan from CCT, CCT would need 20,000,000PHP on hand. Unless a large infusion of capital is made, CCT will continue issuing a few loans at a time, and then issuing more loans as payments are made on existing loans.

HEALTHY COMPETITION AMONG ENTREPRENEURS IS AN EXPECTED FEATURE OF A GROWING A MARKET THAT MAY NEED REGULATION:



SP's original promotion approach was to divide entrepreneurs into two groups according to geographic areas of program implementation: one group was to accompany the SP team to promotional events in the municipality of Pastrana, Leyte, and the other to the Municipality of Basey, Samar. However, some entrepreneurs began to arrive in targeted communities a few hours before the event in order to carry out door to door pre-sales. This frustrated other business owners, as they felt it diminished the number of people at the promotional events and caused those who followed the agreed-upon plan to be disadvantaged. Similarly, many entrepreneurs began to carry out door to door sales in communities regardless of location, barangay inclusion in PhATS programming, or promotional event schedule.

While this development signals a success in terms of entrepreneur initiative, independence and assertiveness, it also raised concerns by SP team about their initial strategy to segregate the market. It was decided that SP would continue with a free market approach; SP promotional events were to be considered a service provided to the entrepreneurs, one they could choose to take advantage of or not. The SP team has seen no significant drop in event attendance since the discovery of sideline or pre-sales in communities. Promotional event programs are well attended and considered important in helping customers visualize and experience products, foster excitement for the service provided, and build confidence in the UNLI Asenso Brand.



NEXT STEPS

SP will continue to work with the entrepreneurs and CCT to further develop business plans and finance models respectively. Additional Sanitation Entrepreneur's Training workshops, which will incorporate business plan and finance model development, are scheduled to take place in the remaining months of the PhATS program in 2015.

In order to improve sustainability, product diversification was introduced into the SanMark entrepreneur product portfolio. SP plans to incorporate limestone hollow block fabrication into the product portfolios of the entrepreneurs to diversify the product catalogue and strengthen the economic viability of the new business. Hollow blocks are a high-demand, profitable product especially after the majority of houses were destroyed or at least affected by Typhoon Haiyan and the majority of the SanMark business owners are masons by trade. The sale of the blocks will supplement entrepreneur income from sanitation product sales.

SP believes that creating a sustainable alternative source of materials for hollow blocks will result in environmental gains. Compared to the way hollow blocks are traditional made in Region VIII using river and sea sands, limestone offers environmental benefits not currently found in the local market. Overharvesting of river and sea sands in the central Philippines has denuded the watershed for municipalities such as Tacloban, Palo, and Pastrana, Leyte.

It is hoped that by November 2015, at least 15 of the 25 existing entrepreneurs will have sustained their businesses, and established a good credit record with CCT in order to continue their sanitation businesses beyond the initial PhATS program timeline. With the current success of the SP developed SanMark approach, reaching that goal is possible.

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