Sanitation Marketing in Indonesia

Challenges and response

November 2010
Why Sanitation?
Sanitation in Indonesia

The facts

1. About 70 millions Indonesians still do not have latrines, and practice open defecation
2. The use of ponds, rivers, bushes and farms as a defecating site is widely observed
3. Household access to off-site sanitation system is only 1.65% (only Denpasar has off-site waste water system)
4. Diarrhea: First cause of mortality of children between 1 and 14
Sanitation-related economic losses in the region

(Hutton, Bartram WSP/WHO 2008)
Experiences of Sanitation Marketing in Indonesia

- Efforts to increase access to latrine have been going on since the 1980s with very slow success.

- Some examples:
  - Clean Friday Movement launched by the late President (1994)
  - Providing subsidy/stimulant fund to poor families
  - Establishing production centers
Experiences in Indonesia (cont’d)

- Latrine bowl manufactured in big cities **could not reach** remote communities with affordable price
- Unsanitary / unsafe / poor latrine construction lead people to **go back to previous habits**
- Sanitation projects were considered as social services instead of as a **business opportunity**
Recent Update

- CLTS part of Ministry of Health strategy in INDONESIA
- Entrepreneurs have started “sanitation” as an income generating activity, (Takalar, West Lombok, East Java)
- GoI together with WSP, UNICEF, SIMAVI, Plan Indonesia are working on the sanitation marketing concept in the context of the STBM policy (Total Sanitation)
National Target:

- National wide open defecation free (ODF) by the end of 2014

- Ministry of Health Decree No 852/2008 on National Strategy for Community based Total Sanitation (STBM):
  1. Open Defecation Free and latrines
  2. Handwashing practices
  3. House hold water Treatment
  4. Solid Waste management
  5. Domestic drainage
UNICEF’s response
UNICEF’s geographical support to sanitation
| Current Programme (NL funded) | - CLTS and Hygiene *in Rural Areas (180 villages)*
| | - Sanitation Planning, training of teachers, boys / girls latrines and handwashing facilities, and Hygiene Education *in Schools (500 schools)*
| | - Sanitation and Hygiene *in Urban Slums (5 cities)*
| New Programme (NL funded) | STBM (*Promotion of total sanitation* with 5 pillars) and development of sanitation marketing activities *in 28 Districts*
| New School Sanitation Prog. (Dubai Cares funded) | Water, Sanitation and Hygiene *in Schools (500 schools)*
| New Green and Clean Slums Project (USAID funded) | CLTS, Communal latrines, solid waste, drainage and hygiene promotion in 3 urban slums of eastern Indonesia and 2 slum areas of Jakarta
| Technical assistance to National Strategy (ADB funded) | Support to the Main National Poverty Reduction Programme in Indonesia (PNPM Mandiri), on capacity building of Community facilitators for Urban Slum Sanitation and advocacy at Municipal level
Although CLTS is giving encouraging results, many villages do not sustain the use of latrines and majority of latrines not safe.

Scaling up needs are enormous, and the local governments do not have all the resources to promote adequately sanitation development.

• As a response, introduction of additional component: Sanitation Marketing should not only be promoting CLTS but also promoting small sanitation businesses locally
About the Sanitation Marketing course
Now tested in 2 areas
Main objectives

• To understand the basic characteristics of sanitation marketing (This course complements the CLTS approach and focuses on the supply side)

• To review the products and services that can be sold

• To demonstrate that sanitation is a business

• To introduce selling techniques

• To develop an individual sanitation marketing business plan
The modules

- **Module 1:** Introduction & concepts
- **Module 2:** Products and services
- **Module 3:** Sanitation is a business
- **Module 4:** Promotion & sales techniques
- **Module 5:** Business planning

Annexes on technical aspects:
  a. Latrine and rings (production)
  b. Rain Water Tank (production)
  c. Bio sand filter (production)
## The Program

<table>
<thead>
<tr>
<th>Day 1</th>
<th>Day 2</th>
<th>Day 3</th>
<th>Day 4</th>
<th>Day 5</th>
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<tbody>
<tr>
<td>Registration and Opening</td>
<td>Module 2 Products &amp; services</td>
<td>Module 3 Sanitation is a business</td>
<td>Module 5 Business plan</td>
<td>Technical sessions (optional)</td>
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<td>Introduction of participants</td>
<td>Latrines</td>
<td>Basic principles</td>
<td>Group exercise</td>
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<td>Module 3 Sanitation is a business</td>
<td>Module 5 Business plan</td>
<td>Technical sessions (optional)</td>
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<td>Latrines</td>
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<td>Module 2 Products &amp; services</td>
<td>Module 4 Promotion &amp; sales</td>
<td>Module 5 Business plan</td>
<td>Presentations</td>
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<td>Field visit</td>
<td>Basic principles</td>
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<td>Module 2 Products &amp; services</td>
<td>Module 4 Promotion &amp; sales</td>
<td>Module 5 Business plan</td>
<td>Presentations</td>
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<tr>
<td>General background</td>
<td>Field visit</td>
<td>Group exercise</td>
<td>Presentations</td>
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Sanitation Marketing Concept

**Demand**
Communities take responsibility

**Supply**
Local artisans provide skills & materials

**Enabling support**
- CLTS, Hygiene Promotion
- Access to credit
- Reward system
- Government policies
Module 2
Products
(Background on latrines and water supply)

Sanitation development in Indonesia
Overview

PART I : Background on latrines
- On site and off site sanitation
- Parts of a latrine
- Super-structure, squatting Platform/Slab, sub structure

PART II : Background on water supply
- Type of Water Sources
- Water supply
- Household water treatment
Latrine Components

- Latrine Components:
  - Bowl
  - Seat
  - Concrete cylinder
  - Concrete slab
  - Key hole concrete latrine slab

- These components can be produced locally using Fiberglass / metal moulds
3. “Cubluk” (pit/ground hole)

- It is a hole dug in the ground
- It has to be located min. 10 m away from the water source to avoid pollution
- It should be protected from collapsing by brick, concrete cylinder, bamboo plait etc.
- After it is filled up, a new one has to be made.
Module 3
Sanitation is a Business
Sanitation marketing in Indonesia
Outline

1. The concept
2. Understanding the market
3. Estimating costs, and defining a price
4. Business strategy
5. Group exercise
Understanding the market
Key questions

1. What are the existing defecating practices in your area (cultural specificities, if any)?
2. What are the social groups that have toilets and those who have not?
3. Are there any projects promoting sanitation, hygiene in the area, in the schools?
4. What have been the past experiences in sanitation in the area?
5. How is water provided in the area, how is the rain pattern?
<table>
<thead>
<tr>
<th>Item</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. District / area sanitation coverage (can be obtained in DHO)</td>
<td>30%</td>
</tr>
<tr>
<td>B. District / area population (can be obtained in DHO)</td>
<td>300,000 people</td>
</tr>
<tr>
<td>C. Number of people who do not have a latrine</td>
<td>$70% \times 300,000 = 210,000$</td>
</tr>
<tr>
<td>D. Number of households who do not have latrines (5 per hh)</td>
<td>$210,000 / 5 = 42,000 \text{ hh}$</td>
</tr>
<tr>
<td>E. Total potential number of new latrines to be built</td>
<td>42,000 latrines</td>
</tr>
<tr>
<td>F. Number of people with existing latrines</td>
<td>$30% \times 300,000 = 90,000$</td>
</tr>
<tr>
<td>G. Number of existing latrines</td>
<td>$90,000 / 5 = 18,000$</td>
</tr>
<tr>
<td>H. Number of existing potentially to be rehabilitated (estimation 25% to be discussed with cadres)</td>
<td>$18,000 \times 25% = 4,500 \text{ latrines}$</td>
</tr>
<tr>
<td>Total</td>
<td>46,500 latrines</td>
</tr>
</tbody>
</table>
Understanding the market
(More realistic scenario)

Once external factors have been considered, can re-estimate your actual market (in this case, 60% of potential market)
Estimation of costs and defining a price
Cost components

- **Costs of production** (material and labour)
- **Costs of construction** (excavation, installation and transport)
- **Investment costs** (molds, equipment, tools)
- **Overhead costs** (office / administration costs, promotion, flyers, reimbursement of loans / credit, commission fees paid to other professionals)
Setting up a price

Costs + Margin = Price
<table>
<thead>
<tr>
<th></th>
<th>Key hole slab latrine with man dug hole (dug by community)</th>
<th>Key hole slab latrine with man dug hole (dug by artisan)</th>
<th>Key hole slab latrine with man dug hole (dug by community) with rings</th>
<th>Key hole slab with hole dug by the artisan, with rings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key hole slab</td>
<td>57,800</td>
<td>57,800</td>
<td>57,800</td>
<td>57,800</td>
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<tr>
<td>Excavation</td>
<td>0</td>
<td>50,000</td>
<td>0</td>
<td>50,000</td>
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<tr>
<td>Rings</td>
<td>0</td>
<td>0</td>
<td>150,600</td>
<td>150,600</td>
</tr>
<tr>
<td>Installation costs</td>
<td>20,000</td>
<td>20,000</td>
<td>50,000</td>
<td>50,000</td>
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<tr>
<td>Transportation costs</td>
<td>25,000</td>
<td>25,000</td>
<td>50,000</td>
<td>50,000</td>
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<tr>
<td>Sub-total 1</td>
<td>102,800</td>
<td>152,800</td>
<td>308,400</td>
<td>358,400</td>
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<tr>
<td>Overhead 10%</td>
<td>10,280</td>
<td>15,280</td>
<td>30,840</td>
<td>35,840</td>
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<tr>
<td><strong>Total (without margin)</strong></td>
<td><strong>113,080</strong></td>
<td><strong>168,080</strong></td>
<td><strong>339,240</strong></td>
<td><strong>394,240</strong></td>
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<td></td>
<td>Water sealed Pit latrine with man dug hole (dug by community)</td>
<td>Water sealed Pit latrine with man dug hole (dug by artisan)</td>
<td>Water sealed Pit latrine with man dug hole (dug by community) with rings</td>
<td>Water sealed Pit latrine with hole dug by the artisan, with rings</td>
</tr>
<tr>
<td>------------------------</td>
<td>---------------------------------------------------------------</td>
<td>-------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------</td>
</tr>
<tr>
<td>Slab</td>
<td>31,200</td>
<td>31,200</td>
<td>31,200</td>
<td>31,200</td>
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<tr>
<td>Bowl</td>
<td>70,000</td>
<td>70,000</td>
<td>70,000</td>
<td>70,000</td>
</tr>
<tr>
<td>Seat</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Excavitation</td>
<td>0</td>
<td>50,000</td>
<td>0</td>
<td>50,000</td>
</tr>
<tr>
<td>Rings</td>
<td>0</td>
<td>0</td>
<td>150,600</td>
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<tr>
<td>Installation costs</td>
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<tr>
<td>Transportation costs</td>
<td>30,000</td>
<td>30,000</td>
<td>50,000</td>
<td>50,000</td>
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<tr>
<td>Sub-total 1</td>
<td>151,200</td>
<td>201,200</td>
<td>351,800</td>
<td>401,800</td>
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<tr>
<td>Overhead 10%</td>
<td>15,120</td>
<td>20,120</td>
<td>35,180</td>
<td>40,180</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>166,320</strong></td>
<td><strong>221,320</strong></td>
<td><strong>386,980</strong></td>
<td><strong>441,980</strong></td>
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<tr>
<td></td>
<td>Latrine with septic tank, hole dug by community, 1 chamber</td>
<td>Latrine with septic tank, hole dug by artisan, 1 chamber</td>
<td>Latrine with septic tank, hole dug by community, 2 chambers</td>
<td>Latrine with septic tank, hole dug by artisan, 2 chambers</td>
</tr>
<tr>
<td>------------------------</td>
<td>------------------------------------------------------------</td>
<td>----------------------------------------------------------</td>
<td>------------------------------------------------------------</td>
<td>----------------------------------------------------------</td>
</tr>
<tr>
<td>Bowl</td>
<td>70,000</td>
<td>70,000</td>
<td>70,000</td>
<td>70,000</td>
</tr>
<tr>
<td>Seat</td>
<td>27,700</td>
<td>27,700</td>
<td>27,700</td>
<td>27,700</td>
</tr>
<tr>
<td>Excavation</td>
<td>0</td>
<td>150,000</td>
<td>0</td>
<td>150,000</td>
</tr>
<tr>
<td>Slab</td>
<td>93,600</td>
<td>93,600</td>
<td>124,800</td>
<td>124,800</td>
</tr>
<tr>
<td>Rings</td>
<td>200,800</td>
<td>200,800</td>
<td>351,400</td>
<td>351,400</td>
</tr>
<tr>
<td>Installation costs (+additional cement, pipe and bricks)</td>
<td>200,000</td>
<td>200,000</td>
<td>250,000</td>
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</tr>
<tr>
<td>Transportation costs</td>
<td>100,000</td>
<td>100,000</td>
<td>150,000</td>
<td>150,000</td>
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<td>Sub-total 1</td>
<td>692,100</td>
<td>842,100</td>
<td>973,900</td>
<td>1,123,900</td>
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<td>Overhead 10%</td>
<td>69,210</td>
<td>84,210</td>
<td>97,390</td>
<td>112,390</td>
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<td><strong>Total</strong></td>
<td><strong>761,310</strong></td>
<td><strong>926,310</strong></td>
<td><strong>1,071,290</strong></td>
<td><strong>1,236,290</strong></td>
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</tbody>
</table>
Business strategy
Sources of funding (panel discussion)

It is proposed that the organizers of the course invite:

- Kabupaten staff (Health, Planning, Public works, AMPL Pokja members)
- Local bankers
- Project leaders from the area

With the aim to explain what are the financing possibilities for the development of small businesses for sanitation development
Who is involved in the sanitation business?

- Local entrepreneur / manufacturer
- Shop owners
- Sanitarian
- Village cadres
- Artisan
- Village / users
- Local banks?
Module 4
Promotion and sales

Sanitation marketing in Indonesia
Outline

1. Demand and supply meet
2. Sales techniques
3. Group exercise
Demand and supply meet

The buyer

The seller
Sales components

- Preparation
- Promotion
- Transaction
- After sales service
Exercise: 5mn to convince

- Greetings, introducing him/her self and state the objective of your visit (selling latrine) 30s
- Create an interested opening to draw the attention of audiences; (situation in the village, government priority / program in the area, sanitation benefits in general) 1mn
- Explain the product (benefits of the product; various options; costs), using visual aids if available. 3mn
- Create a good closing (Provide related future image healthy family, high social status etc; can come back; indicate demonstration site; transaction; and contacts) 30 s

Then, if customer interested, expand and go in more details: use transmission routes, government programs, detailed explanations of sanitary options.
Module 5

Sanitation Business Plan

Sanitation marketing in Indonesia
Outline

- Introduction
- Key features of business plan
- The plan step by step
- After the course
Key features of the B-plan (1)

1. Understanding your market
2. Defining your product
Key features of the B-plan (2)

3. Estimating costs and margin

4. Revising financing capacity
Key features of the B-plan (3)

5. Making a decision

Yes or no. Is this a business for me?

6. Plan for next steps
After the course

The Program proposes to those who have started to organize themselves and have made a more detailed business plan, to provide 2 types of incentives:

- Flyers for sanitation promotion
- Loan of moulds (in discussion with kabupaten)
Thank You!