Market Development Reaching the Most Vulnerable

Asia Regional Knowledge Sharing Meeting

Richard Rose, iDE, Fouzia Nasreen, Swisscontact & F. Conor Riggs, iDE
Richard Rose
Technical Director – Programs for International Development Enterprises (iDE) in Bangladesh

Responsible for the Food Security and Nutrition and Agricultural Markets portfolios. Including:

✓ Profitable Opportunities for Food Security (PROOFS) project funded by the Embassy of the Kingdom of the Netherlands (EKN)
✓ USAID-funded Cereal Systems Initiative South Asia – Mechanization and Irrigation (CSISA-MI)
✓ iDE’s technical advisory support to the USAID MYAP Program for Strengthening Households Access to Resources (PROSHAR)

Previously a consultant for Swisscontact for the AusAID-funded Introducing Market Development Indonesia (IMDI) program
M4C facilitates market systems for the poor living on the chars - which are vulnerable islands on the major rivers in Northern Bangladesh. M4C is funded by SDC and implemented by Swisscontact and Practical Action.

Fouzia has worked for 10 years with Swisscontact beginning with the Katalyst market development project. Worked in the design, implementation and monitoring of interventions in rural sectors.

Masters degree in Business Administration from University of Dhaka
F. Conor Riggs
Technical Director - Programs for International Development Enterprises (iDE) in Bangladesh

☑ Responsible for the WaSH and Technology Innovation portfolios. Including:
☑ iDE’s SanMark program which uses M4P and Human-Centered Design (HCD) approaches to generate affordable, accessible and aspirational products and services which benefit the poor.
☑ Leads iDEsign product innovation and the innovation and quality assurance (iQ) teams at iDE-B
☑ Previously worked for organizations including The SEEP Network, FHI 360, and the U.S. Department of the Treasury.
Session Objectives and Overview

Objective 1: Describe the pros, cons, and trade-offs inherent in facilitative market development and direct delivery approaches

Objective 2: Evaluate two cases of how market development has been able to reach the vulnerable in Bangladesh

Objective 3: Formulate your takeaways and lessons learned and apply these to your own work

1. Brief overview presentation, Richard Rose, iDE
2. Case studies:
   - Market Development in the Context of the Chars presentation, Fouzia Nasreen, Swisscontact
   - SanMark Programs Portfolio Case study with F. Conor Riggs, iDE
3. Q&A session with the key speakers, facilitated by Richard Rose
3. Group task to identify takeaways and learning points and applicability to their work, facilitated by all speakers

Wrap Up
Market Facilitation/ Market Development

✓ Facilitation approach seeks to change the behaviors of market actors in a way which is beneficial to a target (poor) group without the project taking a direct role
✓ Focuses on enabling market actors to respond and adapt to changes in market trends or in the enabling environment
✓ Interested more in the durability of the new ‘system’ rather than the individual players involved. Seeks replication, and ongoing re-investments.

Promoted by DFID, SDC. posits that all poor people already participate in markets.

M4P looks at the core value chain, the supporting services, and the enabling environment of a market ‘system’.

Interventions can be designed through systems analysis - identifying weaknesses/ opportunities in the system which can be addressed (or capitalized upon).
Facilitation/ Market Development

Pros/ Advantages

- Facilitation/ market based interventions are **cost effective** as they leverage funds from existing market actors.
- Where the ‘root causes’ of market failure are tackled, **results are more likely to be sustainable, replicable, and scalable**.
- Decision-making and **agency are rooted in the market actors** rather than the external agencies—the users decide what to do and how to buy: ‘voice of the customer’
- **Interventions are ‘stress-tested’** against reality on the ground. Need for contextualization and recalibration works against the deployment of standardized models.

Cons/ Challenges

- Reliance on investments by market actors carries an inherent risk—willingness or capacity to participate may change.
- **Results may be slow to materialize** (front-loading investments and back-loading results) and difficult to measure. Requires new ways of measurement.
- Facilitation requires different skill sets than most project field staff possess (such as negotiation and deal-making).
- **Loss of fidelity in targeting interventions**. Difficulty in channeling products/services to the ‘poorest’ through market actors/service providers.

Adapted from: Harnessing Market Power for Rural Sanitation: Private Sector Sanitation Delivery in Vietnam, WSP Field Note, February, 2005

Adapted from: USAID Briefing Paper: Understanding Facilitation, Accelerated Microenterprise Advancement Project (AMAP), Ruth Campbell (ACDI-VOCA), Jeanne Downing (USAID).
Who are the Most Vulnerable?

SDC (2015) ‘SDC understands the poor as those people who earn less than USD 1.25 per day. The disadvantaged are those people, who are not only poor but also excluded from rights or services in particular for social or political reasons’

‘Chronic poverty with deep-seated structural causes’. Key issues identified as:
- Insufficient economic opportunities
- Poor access to public services and transfers
- Vulnerability to external shocks
- Health and nutrition vulnerability
- Gender inequality
- Marginalized group specific risks and vulnerability

DFID Shiree, Manifesto for the Extreme Poor.

USAID (2015) ‘The poor and extreme poor lack assets to enable them to bounce back from the recurrent shocks and stresses, resulting in a vicious cycle of poverty’

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The Westin Hotel, Dhaka, March 3, 2015
CASE STUDY PRESENTATIONS

Fouzia Nasreen and F. Conor Riggs
Making Markets Work for the Jamuna, Padma and Teesta Chars (M4C)

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FSN Knowledge Sharing Meeting, Dhaka
03 March 2015
About Swisscontact

www.swisscontact.org

• Swisscontact was established in 1959 as an independent foundation made up of notable figures from the worlds of commerce and science in Switzerland.

• It is exclusively involved in international co-operation and since 1961 has carried out its own and mandated projects.

• Since it was founded, Swisscontact has had close ties with the private sector.

• We have presence in 27 countries with 110 projects.
M4C Target Locations
About Chars

Char Population

2 Mill+ People;
<USD 1.25 Per Capita Income;
50% Women;
Agriculture Livestock based livelihood

Energy-starved & Media-dark
Exposed to Climatic Shocks
Geographic Isolation
High Transaction Costs
Poor Infrastructure
Poor Access to Basic Services
Weak Markets
Fragmented Economic Activities

Public and private sector services do not reach the chars
Theory of Change

Poverty Reduction

Improved Growth or Access

Market System Change

Interventions

Reduced vulnerability and increased well being

Increase in household income from economic activities in targeted sectors

Char HHs improve performance of their economic activities

Lead firms/service providers expand to serve more HHs and adopt models effectively for the chars

Producers get and use better inputs/services

Lead firms and service providers adopt commercially viable and sustainable models for the chars

Producers have improved knowledge/skills

Producers and market actors have improved linkages and trust

Lead firms/service providers test business models

Facilitate linkage between producers and other actors

Support producers to organize themselves in effective groups

Partner with lead firms/service providers to design char appropriate business models
Agricultural Market System

Consumption

Trading

Production

Services

Input Retailing

Input Supply

Processing Company

Wholesalers/Retailers

Traders

Traders

Farmers’ Group

Farmers’ Group

Retailers

Retailers

Input Company

Retained Seeds

- No linkages
- Lack of market info
- Poor quality
- Insufficient volume
- Terms & conditions

- Poor quality, limited value addition
- Insufficient volume
- Transactional relationship
- Terms & conditions

- Poor business practices
- Demand-supply mismatch
- Lack of Knowledge
- Perception; lack of trust
- Terms & conditions

- Limited distribution and capacity
- Perception
- Poor product quality
- Insufficient volume
- Terms & conditions
## Project Partners

### Public
- Maize Research Council (21), Traders (200)
- Drying Material Service Providers
- Silage/Storage Service Providers

### Private (Agro)
- ACI Limited
- PRAN

### Private (Others)
- Mercantile Bank Limited
- Banglalink
- Grameenphone

### Private (Others, Local)
- Maize Contractors (21), Traders (200)
- Shelling Service Providers (40)
- Drying Material Service Providers
- Silage/Storage Service Providers
Addressing Vulnerability of Char Women

Targeted interventions
(Introducing new income earning opportunities for char women)
- Forming women groups
- Facilitating skills training on handicrafts
- Linking to markets

Integrated interventions
(Enhancing existing role of women in agro-sectors)
- Facilitating knowledge provisions in services / business models

Dialogue & Informing
(Motivating public/ private sector on WEE issues)
- Testing pilots
- Feeding back from research findings
Addressing Vulnerability from Disaster Risks

- Reducing existing risks that disasters bring to the functioning of the market chain
  i.e. ensuring access to char-suitable seeds that reduce loss from disasters

- Adapting to changing factors created by disasters
  i.e. improving cropping practices such as early sowing to avoid loss due to disasters

- Preventing further risks to the market generated by disasters
  i.e. facilitating new opportunities for access to financial protection
Poverty Reduction

Improved Growth or Access

Market System Change

Interventions

Results

- 40,000 char households have benefitted due to increased income
- Productivity of char households have increased by ~30%
- 40 new/improved services are reaching the chars through over 1000 service providers

Facilitated
- 13 large private companies,
- 5 government agencies and
- more than 300 local entrepreneurs
... to introduce char-suitable products/services

40,000 char households have benefitted due to increased income
Mission to create **income and livelihood opportunities for poor rural households.**

**iDE delivers Market Systems Development** through:

- Technology commercialization
- Institutional commercialization
- Product design and innovation

**Focused on:**

- Agricultural Markets
- Food Security & Nutrition
- Water, Sanitation & Hygiene (WaSH)
- Technology & Innovation

- Founded in 1982
- iDE currently operates 12 country programs in Asia, Africa, and Latin America
- Delivered more than 250 projects in market and private sector developed valued at over $150 million in over 20 countries worldwide
- Funding from more than 90 donors, including USAID, the Bill and Melinda Gates Foundation, DFID, CIDA, and the World Bank
- Recipient of over 10 international development and design awards since 2004
- Employs over 500 staff worldwide
The Reality: 50% of people in Bangladesh lack improved sanitation facilities.

The Goal

The Reality

JMP 2010: Sanitation Coverage

- Unimproved Sanitation: 15%
- Open Defecation: 6%
- Improved Sanitation: 54%

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Inadequate sanitation brings a cost

- **Health, 84.3%**
  - US$3.56 billion
  - (BDT 249.2 billion)

- **Water, 4.9%**
  - US$207.3 million
  - (BDT 14.5 billion)

- **Welfare and access time, 10.8%**
  - US$456.3 million
  - (BDT 31.8 billion)
**Improved sanitation reduces vulnerability**

<table>
<thead>
<tr>
<th>Improvement</th>
<th>Primary Impact</th>
<th>Expected Economic Impact</th>
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<tbody>
<tr>
<td>Closer latrine access and more latrines per capita</td>
<td>Less use of public latrines</td>
<td>Saved entry fee costs</td>
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<tr>
<td>Improved latrine system</td>
<td>Less open defecation</td>
<td>Improved aesthetics</td>
</tr>
<tr>
<td>Improved hygiene practices</td>
<td>Less latrine access time</td>
<td>School participation</td>
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<tr>
<td>Improved isolation, removal and treatment of human excreta</td>
<td>Intangible user benefits</td>
<td>Better living standards</td>
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<tr>
<td>Reuse of human excreta</td>
<td>Improved health status due to less exposure to pathogens</td>
<td>Higher house prices</td>
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<td>Improved quality of ground and surface water</td>
<td>Health Related Quality of Life improvement</td>
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<tr>
<td></td>
<td>Improved quality of land and external living area</td>
<td>Higher labor productivity</td>
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<td></td>
<td>More fertilizer available</td>
<td>Saved healthcare costs</td>
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<td></td>
<td>More fuel available (cooking, lighting)</td>
<td>Value of saved lives</td>
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<td></td>
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<td>Saved water treatment</td>
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<td></td>
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<td>More domestic uses of water</td>
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<td>Higher cottage industry income</td>
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<td>Higher tourist revenue</td>
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<td>Foreign direct investment</td>
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<td>Better fish production</td>
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<td>Better agricultural production</td>
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<td></td>
<td></td>
<td>Improved aesthetics</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Greater fuel cost savings</td>
</tr>
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<td>Education</td>
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The Sanitation Market is Complex
The Sanitation Market is Complex

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Service to the Consumer in Bangladesh

- Public Sector
- Devt. Sector
- National Govt.
- Local Govt.
- Private Sector
- Users + Service Providers

- NGO
- Community
- Household
- Sanitation Entrepreneur
- Input Supply Lead Firms
- Private Sector
- Sales Rep.

- Low Quality Products
- Truncated Locations
- Insufficient Products
- Passive Promotion

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Small enterprises are unsupported

SERVICE PROVIDERS + SUPPLIERS

- Unknown Users/Consumers
- Inconsistent Know-How
- Insufficient Products
- Passive Promotion

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Public Private Partnerships

ENABLING ENVIRONMENT
+ SERVICE PROVIDERS
+ SUPPLIERS

- Disconnected subsidy/supply
- Limited information flows
- No links between product & policies

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Local Provision is Fundamentally Tied to Wider Market Systems

Local Demand for Improved Solutions

National Supply of Improved Solutions

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Sanitation Marketing can help us link local provision to wider systems...

- Increase of Market Readiness of the technology
- Draw investment into the system
- Analysis to overcome systemic constraints
- Government Funding
- Private Sector Funding

Basic scientific research process

Products demonstrated and scaled-up
Sanitation Marketing combines demand & supply

**Demand**

Applying Commercial Marketing & Social Marketing

to promote demand and uptake of durable hygienic sanitation facilities and services in a defined target market

**Supply**

Applying Human Centered Design, Skills Training & Market Linkages

to develop desirable, affordable products and services that businesses can profitably produce and sell, and to expand supply and sales in target markets

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iDE’s SanMark Portfolio in Bangladesh

- SanMark-HYSAWA (2011)
- SanMark-PILOT (2012-2014)
- SanMark-CITY (2014-2015)
- SanMark-SEAMs (2014-2015)
- SanMark-SUPPORT: IFRC (2015-2018)
- SanMark-SYSTEMS (2015-2019)
SanMark Utilizes the Market System to Address Weaknesses

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SanMark Utilizes the Market System to Address Weaknesses

1. CONSUMERS + SERVICE PROVIDERS
Getting the Product Right for Customer-Orientated Solution

Through HCD, IDE developed a desirable product offering with a basic needs focus but upgradeable.

HCD in Product Design and Marketing Package

✓ Simple hygienic design in the key component – the SaTo® Pan (developed with American Standard Brands)
✓ Packaged product into aspirational and upgradable product range – the Family Friend Toilet (built upon the same core product)
✓ Selected price points to engage ALL local consumer levels USD $10-$50

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In 2012-2013, iDE supported American Standard Brands to develop an improved latrine pan that was inexpensive but hygienic.

- The SaTo pan
  - Is inexpensive ($1.50 per unit).
  - The manufacturing can be sourced locally.
  - It lends itself easily to mass production and economies of scale.

- To date, over 300,000 SaTo pans have been installed in Bangladesh.
SanMark Utilizes the Market System to Address Weaknesses

2. SERVICE PROVIDERS + SUPPLIERS

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A critical step is linking “upstream” suppliers to small enterprises
Small enterprises are then supported to more actively market sanitation to consumers.
The SanBox

- The only complete, scalable, hygienic and inclusive, plastic latrine midstructure in a box for US $20
- A Human Centered Design by iDE-Bangladesh that is safe, innovative, easy and high quality
- Designed to address the major quality control and installation concerns of rural latrines
- Pipe segments, elbow bend and brush included in box
- Upgradable from single to twin pit
- Faulty product replacement guarantee
- Market entry in Bangladesh Q4-2014
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SanMark Utilizes the Market System to Address Weaknesses

3. ENABLING ENVIRONMENT
+ SERVICE PROVIDERS
+ SUPPLIERS

Public Sector

Local Govt.

National Govt.

DPHE

Community

Household

NGO

Sanitation Entrepreneur

Input Supply Lead Firms

Private Sector

Sales Rep.

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iDE links national government to suppliers with aim of securing endorsement and promotion
This endorsement creates an incentive for local government to allocate subsidies toward endorsed products and services.
iDE then facilitates routines in which the private sector must “pitch” its solutions at the local level
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The Result: Models in which a combination of incentive-driven “push” and “pull” relationships drive diffusion of improved sanitation to low-income and marginalized HHs
The Problem

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The Opportunity
Impact: Early Days but Promising...

**Poverty Reduction**
- Estimated USD 1.4 million in mitigated costs annually due to inadequate sanitation

**Improved Growth or Access**
- 10,000+ households (50,000+ people) access improved sanitation facilities

**Market System Change**
- ~400 small enterprises linked to national supply chains for improved sanitation

**Interventions**
- Approx. USD 600,000 facilitated
  - Human-Centered Research & Design
  - Market linkages development
  - Capacity development
  - Product innovation
  - Business modeling

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iDE’s Sanitation Marketing Portfolio in Bangladesh: Reducing public health vulnerability through a markets-based approach
Q&A SESSION ON PRESENTATIONS

Fouzia Nasreen and F. Conor Riggs
GROUP TASK: Takeaways, learning points and applicability to your work

Richard Rose, Fouzia Nasreen and F. Conor Riggs
1. IN PAIRS
identify 3 key learning points applicability for your work and discuss with your partner

2. IN GROUPS
Discuss and discuss the top 5 learning points and applications and write them down for the group
THANK YOU!

Richard Rose, Fouzia Nasreen and F. Conor Riggs