

THE MANY BENEFITS OF MARKETS



Blake McKinlay
Global WASH Knowledge Manager
bmckinlay@ide.org

Markets are Efficient

Markets, at their most basic, are a highly efficient means for allocating resources between those that have them and those that want/need them. They are an excellent mechanism for distributing goods and services cost effectively to the majority of the population.

Markets are Everywhere

They exist, in some form, in every country of the world. Even in the most remote or isolated areas, people are buying or exchanging goods and services. As a result, the large majority of people around the world are already comfortable interacting with market forces.

Markets are Effective

- iDE has enabled 23 million people to increase their income and improve their livelihood through markets.
- iDE Bangladesh facilitated the adoption of 1.4 million treadle pumps in one country alone
- iDE Cambodia facilitated the sale of 120,000 hygienic latrines in less than 3 years

Markets are Sustainable

By ensuring customers get what they want and need, and businesses generate a profit, stakeholders on both the supply and demand sides are motivated to stay involved in the market. This helps ensure that the products and services being offered through the market are available as long as they are desired.

Markets are Scalable

Markets enable businesses to profit. This profit is a powerful motivator, pushing existing businesses to expand their customer base and attracting new businesses to enter the market. The potential profit incentivizes the private sector to expand its reach, effectively scaling the market itself

“If you want to go fast, go alone. If you want to go far, go together.”

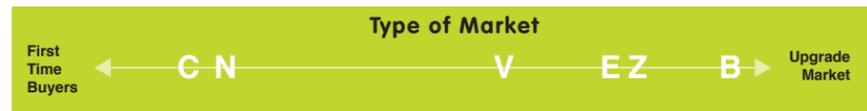
— African Proverb

MARKETS ARE FLEXIBLE

iDE has 30+ years of experience developing markets to meet the needs of the rural poor. We implement market development projects in 11 countries across Asia, Africa, and Latin America. Each of these countries is unique in many ways, yet markets thrive in all of them. The real beauty of markets is that they are flexible, can adapt to the local context, and can be leveraged in a variety of ways. The spectrums below highlight some of the factors that influence what form of market development is necessary and plot the six iDE WASH sanitation programs on these spectrums.

- Identify market development factors that are relevant in your programs
- Identify constraints in your market environment and see which iDE program might have relevant learnings

DEMAND



Thought Starters

- Are your customers currently using any sort of latrine technology?
- Do customers want to climb the sanitation ladder rung by rung or leap-frog?



Thought Starters

- Are your customers 'sold' on the need for sanitation? To what degree?
- How much of your time is spent raising awareness?

KEY

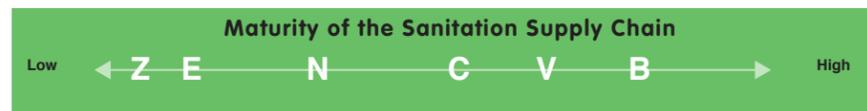
- B Bangladesh
- C Cambodia
- E Ethiopia
- N Nepal
- V Vietnam
- Z Zambia



Thought Starters

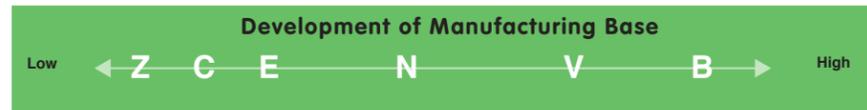
- How many latrine products are available to your customers?
- How sophisticated are these latrine products?
- Do current latrine products satisfy users' needs and wants?

SUPPLY



Thought Starters

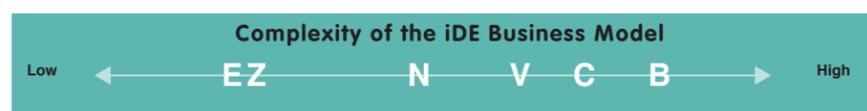
- Can people that want sanitation products get them?
- Are there any groups of people that can't access the sanitation products they want?
- Is the sanitation supply chain functioning properly?
- Are there any major challenges?



Thought Starters

- Is there a well-developed manufacturing sector in your country?
- What products does it specialize in?
- Are your sanitation programs tapping into this sector?
- Why or why not?

BUSINESS MODEL



Thought Starters

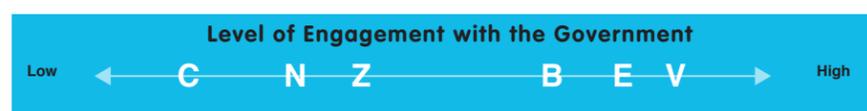
- Is your business model simple or complex?
- How many "roles" do you and your team play in the market?
- Are there opportunities to simplify your business model? What are the advantages and disadvantages of that?
- Are there opportunities to expand your business model? What are the advantages and disadvantages of that?



Thought Starters

- Is micro-finance available in your region?
- Are social loans given in your region?
- Are WASH loans given in your region?

GOVERNMENT ENGAGEMENT



Thought Starters

- Is the government tasked with sanitation?
- How active is the government in the sanitation sector?
- Ideally, does government staff want to work in sanitation?
- What level of decisions requires government support?

EXIT STRATEGIES



Thought Starters

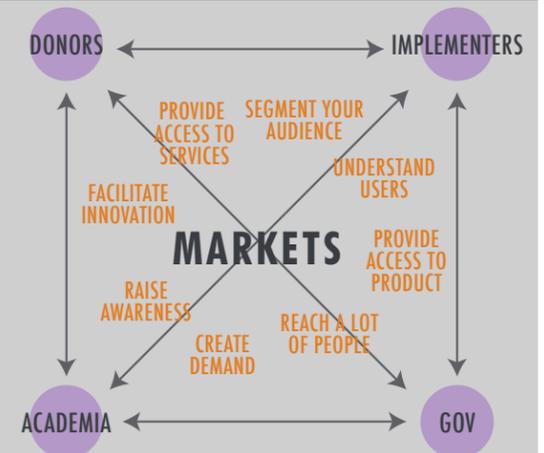
- What stakeholders can/will always be active in your region?
- Who drives sanitation forward currently?
- What stakeholders are essential to success? What stakeholders could leave without significant impact?
- How does the government envision sanitation being supplied going forward?

CALL TO ACTION

WE WILL NOT BE SUCCESSFUL WITHOUT STRATEGIC COLLABORATION

Markets are a flexible and powerful tool at your disposal and they already exist (in some form) in the areas where you are working. Markets can support efforts to raise awareness, create demand, provide access to latrine products, provide access to related services, segment the market, help you understand users, reach large amounts of people, facilitate innovation, etc. Thinking creatively about how to engage markets, in some form or in their entirety, is an opportunity to improve the scale, impact, and cost-effectiveness of your sanitation program.

The Sustainable Development Goals (SDGs) are still being developed, but current information (WSSCC, UNICEF, WHO, JMP) indicate that WASH solutions should be adequate, sustainable, equitable, and strive towards universal access. The multiple sanitation approaches that are being implemented contribute towards these goals in various ways, but none of them are a silver bullet. Thus, achieving the SDGs will require leveraging the achievements and strengths of multiple approaches and building off one-another. For this type of collaboration to be successful, it must be intentional and strategic, requiring all stakeholders in the sector (donors, implementers, governments, academics, etc.) to prioritize working together



CONTRIBUTIONS OF VARIOUS SANITATION APPROACHES

Adequate

- Market Development → product innovation, supply chains, demand for adequate facilities
- Public-Private Partnerships → product innovation, supply chains, demand for adequate facilities
- Government Programs → demand for adequate facilities

Sustainability

- Market Development → sustainable demand and supply, competition, putting the focus on the customer
- Public-Private Partnerships → sustainable demand and supply, competition
- Community Mobilization → (CLTS, PHAST, etc.) behaviour change, education, awareness, communal accountability
- Government Programs → behaviour change, education, awareness, public service

Equity

- Community Mobilization → (CLTS, PHAST, etc.) focus on 100% coverage
- Government Programs → subsidy, focus on 100% coverage

Universal Access

- Market Development → reach a large portion of the population
- Public-Private Partnerships → reach a large portion of the population
- Community Mobilization → (CLTS, PHAST, etc.) Focus on 100% coverage
- Government Programs → subsidy, focus on 100% coverage

THOUGHT STARTERS

How Do You currently work with markets?

How Might You leverage market forces more strategically?

How Might You integrate markets into your program to achieve greater scale and impact?

How Might You support market development projects to be successful?

How Might You harm market development efforts?

What Might You do in your program that markets cannot achieve?