



Uganda Sanitation for Health Activity (USHA)

Harnessing the Private Sector to Improve Household Sanitation: Case Study of the USHA/Lixil/NHOP Partnership

Overview

- Market-based Sanitation approaches can help advance progress towards SDG 6.2 through household investment in desirable and affordable toilets delivered sustainably by private sector actors and supported by enabling government structures.
- USAID’s Uganda Sanitation for Health Activity (USHA) catalyzed private sector actors and social enterprises at all levels to manufacture and distribute responsive and affordable sanitation products sustainably.
- USHA partnered with Lixil and Nice House of Plastics (NHOP) to add the SATO to its product offering for household sanitation improvements.
- The partnership explored two models: the BRAC-CHP Model and the Independent Retailer Model. The collaboration’s joint activities included expanding the distribution network by adding BRAC and hardware stores, training masons, the provision of branding and promotional materials, and promotional campaigns.
- The collaboration led to the expansion of the SATO distribution network, increased SATO sales, and increased income and profits for the participating private sector actors.

Lessons Learned

- Donor-funded projects supporting market strengthening for improved sanitation should strategically deploy project funds to address systemic bottlenecks. This can help strengthen and expand local supply chains and unlock household investments to improve sanitation. - The SATO market remains largely undeveloped outside of the USHA districts. There are opportunities for market growth and expansion for the SATO product line.
- SATO donations should be used to support existing value chain actors, onboard new ones, and reward high performers.
- Properly identified, trained, and linked value chain actors (agents/distributors, hardware stores/SACCOs, CHPs and masons), motivated by income, can increase product sales and household sanitation improvement.
- Higher product sales require investment for staff, storage, and related infrastructure support to remain operational.

This brief documents USHA’s support to NHOP and Lixil to improve household access to basic sanitation using the BRAC CHP and Independent Retailer models. The brief also describes how the two models were used to expand the SATO distribution network and expand product offerings of private sector actors.

Background

The Uganda Sanitation for Health Activity (USHA) was financed by the United States Agency for International Development (USAID) in Uganda with the goal of increasing the number of people with access to improved sustainable water, sanitation, and hygiene (WASH) services. USHA worked at the national, district, community, and household levels to promote and reinforce market-based sanitation to increase household access to improved sanitation.

To accomplish these goals, USHA partnered with Lixil/SATO to expand product offerings through local markets. Lixil/SATO has an established office in Uganda where the local staff work towards increasing brand awareness, expanding market penetration, and maintaining brand competitiveness. Lixil manufactures high-end sanitary products. Lixil started Safe Toilets (SATO), as a social enterprise to develop, make, and distribute sanitation products to poorer households at or near the bottom of the pyramid. SATO tackles the global sanitation challenge through the manufacturing of affordable, customer-centric products.



SATO Production at NHOP

Their product range includes the SATO pan, SATO flex, SATO stool and several variants which can be fitted onto new or existing latrines to improve latrine user experience and safety. The SATO products eliminate odor, flies, and cockroaches, and provide improved safety for children. Lixil introduced SATO products in Uganda in 2016. In 2017, Lixil signed a Production Agreement with Nice House of Plastics to manufacture and distribute SATO products in Uganda and regionally. NHOP is a local private company

that manufactures a wide range of plastic consumer, agricultural, and industrial products including agricultural implements, furniture, packaging materials, tableware, toothbrushes, cleaning supplies, and writing pens. NHOP also distributes the products and provides support to value chain actors.

In August 2018, USHA signed a three-year agreement with Lixil to include SATO in the project’s selection of products to improve household sanitation. Lixil provided production molds used to manufacture three SATO products- the pan, flex, and stool- at its Namanve plant, while NHOP recruits, train and support independent distributors/agents in major towns and regions to distribute these products. The distributors stock and sell a wide range of NHOP products to local retailers as well as to customers interested in buying the products in bulk at the recommended wholesale prices.

USHA’s SATO Models

To facilitate the penetration of these SATO products into local markets, USHA developed and piloted two mutually reinforcing models to leverage private sector investment into household sanitation improvement through the promotion and sale of SATO products: the BRAC CHP model and the Independent Retailers’ Model.

The BRAC CHP Model

USHA’s consortium partner BRAC runs a social enterprise model to deliver essential medicines, family planning services, child growth monitoring, fortified foods for children and vulnerable populations, energy saving cookstoves, briquettes, nzas well as other products in rural areas. BRAC carefully identifies, recruits, trains and supports Community Health Promoters (CHPs) – an all-women team of community actors who stock and sell these products to households within their communities. The CHPs are microentrepreneurs who earn a markup (profit) on each product sold.

In 2018, USHA agreed with Lixil and NHOP to designate BRAC as a distributor of SATO products. In doing so, BRAC was able to buy directly from NHOP and sell the products to the CHPs through their branch networks. The CHPs in turn sold the products to households.

About USHA

USHA is a USAID funded five-year project (2018–2023) implemented by Tetra Tech with partners SNV USA, Sanitation Solutions Group, FSG, and BRAC. USHA works in 20 districts in three regions in Uganda implementing contemporary and integrated WASH interventions to increase access to sustainable water and sanitation products and services.

USHA outputs:

1. Increased household access to sanitation and water services
2. Key hygiene behaviors at home, school, and health facilities adopted and expanded
3. Strengthened district water and sanitation governance for sustainable services



BRAC CHPs after a monthly refresher meeting

Thirteen¹ branches with a total of 500 CHPs clustered in eight districts were selected for the pilot. The selected CHPs participated in a four-day training covering aspects of improved sanitation, the SATO product range and functionality, as well as selling skills. The CHPs were then linked well-trained masons to support household customers with fee-based installation of the SATO products. The CHPs were also introduced to Local Council Chairpersons and other leaders to facilitate access to local communities. Each CHP was responsible for promoting and selling the products to 100-200 households.

Twenty-three Project Officers, based at the BRAC branches, provided day-to-day supervision and technical backstopping to the CHPs. The Project Officers were supervised and supported by four Program Officers, who in turn were supervised and supported by the BRAC Project Coordinator and Assistant Project Coordinator. The Private Sector Development Advisor provide overall coordination, engagement with external partners, and supporting the teams.

In addition to the door-to-door sales, CHPs also promoted and sold SATO products during community events (Local Council meetings, national and local celebrations, as well as market days). Additionally, the CHPs were supported to conduct targeted sales events to introduce, promote, and sell SATO products. To improve CHP participation and drive sales, BRAC introduced two incentive schemes. The CHP incentive scheme rewarded CHPs who stocked and sold at least 10 SATO products in a month with a free SATO pan for every 10 sold. The BRAC Team incentive also provided monetary incentives to branch teams who met/exceeded their targets for SATO sales and CHP activeness.

BRAC also used monthly refresher meetings where the CHPs shared experiences, challenges, and advice including how to increase sales. Moreover, BRAC provided the CHPs with smart phones uploaded with ODK ONA, a web-based platform, to enable them upload sales data in real time. Review and analysis of the sales data enabled the Project and Program Officers, as well as Project Coordinator and Assistant Project Coordinator, to provide data-driven support to the CHPs to improve sales.

To inform demand estimates, Project Officers aggregated branch-level demand for SATO products, and would send their requirements to the regional Program Officers. The Program Officers used this data to aggregate the demand for all branches in their regions and submit to BRAC Central Office for procurement. BRAC purchases SATO products directly from NHOP at Distributor prices – the lowest price point – in large quantities of 2000 pieces or more, which are transported to the BRAC Central Stores in Rubaga, Kampala. Upon receipt of the SATO products from NHOP into the central warehouse, the logistics team dispatches the products to the regional stores based on received demand plans. The regional offices also dispatch the products to the branch stores based on the branch demand plans. The CHPs buy products from the branch stores in cash, and then sell to the households. Customers who purchase are linked to a trained mason for installation.

¹ Kitgum (Kitgum Branch), Masaka (Nyendo Branch), Bukomansimbi (Kinoni Branch), Kyotera (Kaliisizo Branch), Mpigi (Buwama Branch), Kaliro (Kaliro Branch), Jinja (Buwenge, Buyala, Bugembe Branches) and Buikwe (Buikwe, Lugazi, Njeru and Nkokojeru Branches).

The Independent Retailers Model



Select partner hardware stores stocked with SATO products

Under the second model, USHA identified, onboarded, and trained 215 hardware stores and 12 Savings and Credit Cooperative Organizations (SACCOs) stores to support the Market Based Sanitation Implementation Approach (MBSIA) model in the project districts and sub-counties. Hardware stores largely sell to walk-in customers, while SACCOs primarily sell to their members, usually as part of other products or loan offerings. These hardware stores, located in towns, urban centers, and trading centers closer to communities, stock and sell building materials. SACCOs are community-based financial institutions which provide saving, loan and money transfer services to their members. They also stock and sell products that are determined to be beneficial to their members. USHA collaborated with these private sector actors to make latrine construction materials accessible and affordable. USHA signed commitment letters with the stores and SACCOs to stock and sell construction materials in quantities and sizes that households need. These materials include cement, iron bars and wire mesh which are used in the construction and upgrade of latrines.

The SATO products were added to the hardware stores' product offerings in 2019 and SACCOs in 2020. Hardware store owners/operators were oriented on improved sanitation, business opportunities in the sector, the anticipated volume of materials required by customers, as well as the SATO product range, attributes, usage and maintenance.

Hardware stores and SACCOs sourced SATO products in bulk from the NHOP Agents in the major towns. USHA linked the hardware stores and SACCOs to USHA-trained masons to help fulfill customer demand for installation support of purchased SATO products.

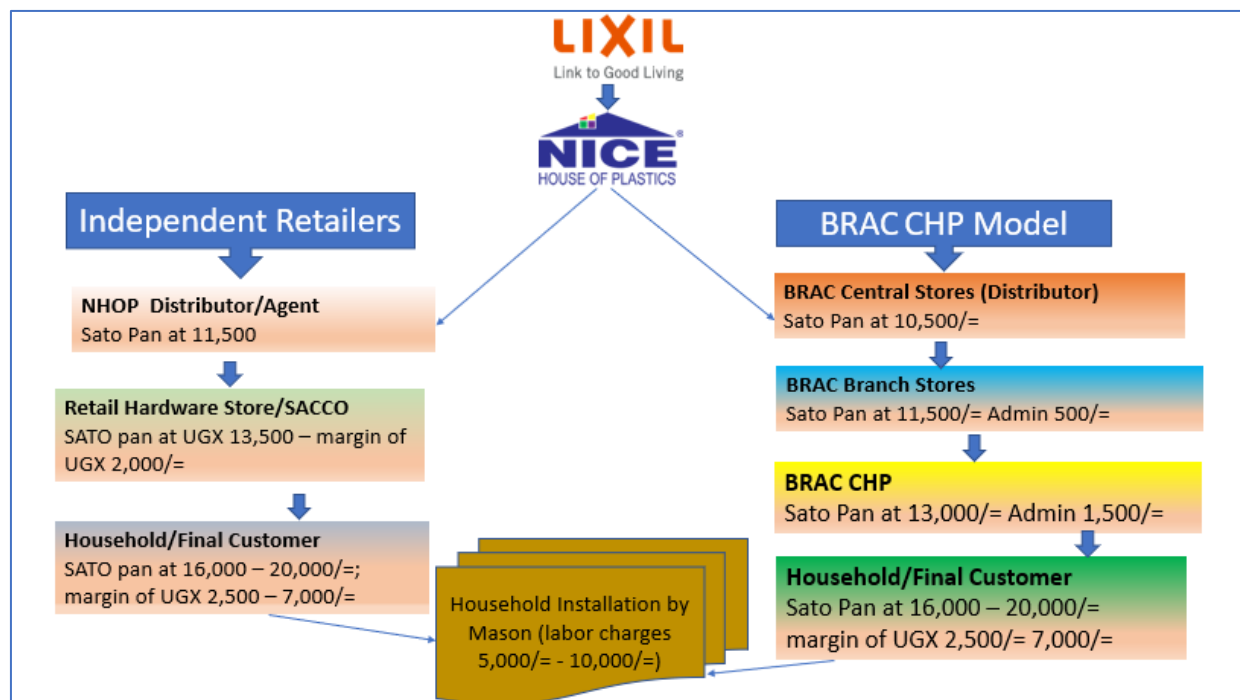


Figure 1: The BRAC and Independent Retailers Models in Practice SATO Pan from NHOP to Households

Joint Activities to Promote SATO Sales

In a bid to increase product awareness and uptake, as well as to increase sales, USHA, NHOP, and Lixil also carried out several jointly funded activities:



Emma Plumbers Shop branded with a SATO ABS Board

Branding of actors and their premises: UHSA, NHOP, and Lixil collaborated to enhance branding of SATO products within local markets. Participating hardware stores, SACCOs and BRAC branches were provided with SATO-branded ABS boards. Hardware store owners/operators and frontline SACCO staff were provided with branded t-shirts and aprons. Additionally, trained masons were also provided with branded t-shirts, overalls, and protective caps, in addition to gumboots and gloves. BRAC CHPs were also provided with branded aprons, t-shirts, bags, and umbrellas. This branding made it

easier for customers to identify genuine stockists and sellers of the SATO products, as well as the trained masons for installation. Lixil, USHA (through BRAC) and NHOP all contributed towards the purchase of the incentive items.



Mason training

Mason Training: USHA also provided targeted training to local masons. The masons, identified from within their communities, offer installation services for a fee. Masons have found additional work and income, while at the same time helping households improve their sanitation facilities. Identified masons participated in a 4-day training where they covered the importance of improved sanitation, the USHA promoted MBSIA Network Delivery Model, the various latrine products promoted under the project, as well as aspects of youth, gender and communication. The training also

included a practicum that allowed participants to construct the USHA-promoted latrine products, with the option of including a SATO product. The masons were also linked to sanitation promoters, hardware stores and BRAC CHPs.

Incentives to end-user customers: To promote product uptake, customers who bought a SATO product received a gift. The incentives included SATO branded jerricans for handwashing and/or cleaning the SATO, SATO branded exercise books, as well as pens and keyholders. Inasmuch as the incentives were primarily meant to drive SATO sales, they also helped to promote handwashing and latrine cleaning.

The Sons and Daughters of the Soil (SODAS) Campaign: To improve product awareness and uptake, Lixil, NHOP, and BRAC (USHA) developed and implemented an integrated campaign including TV, radio and social media campaigns, urging urban people to improve the sanitation conditions in their villages by purchasing and installing a SATO product to their village latrine. The campaign included radio adverts, DJ mentions and talk shows, TV spots, as well as promoted social media messages. The campaign also provided material incentives (i.e. handwashing jerricans, exercise books, brushes.) to people who purchased a SATO product. Although the campaign was cut short by the onset of the COVID pandemic, its impact on SATO product awareness and uptake resulted in a substantial sales increase.

WEMNET Media Tour: USHA contracted the Water and Environment Media Network (WEMNET) to undertake a media tour of project activities and impact. The tour captured stories, testimonies, and experiences of select district, sub-county and local leaders, value chain actors, implementing partners, as well as the CHPs. The captured memories were provided to Lixil to support future campaigns and promotional activities.

Overall Results and Impact of the Collaboration

Expanded SATO Distribution Network: At the start of the collaboration, Nice House of Plastics had only eight distributors in Uganda, with four of these in Kampala Capital City. BRAC became a SATO product distributor through its 13 branches in 8 districts and end mile point of sales through the 500 Community Health promoters. Additionally, USHA onboarded 227 hardware stores in 20 districts who

also became stockists of SATO products in communities. This increased dispersion of SATO products into local markets helped reduce product prices.

Increased Business and Incomes Opportunities:

Stocking and selling of SATO products by the hardware stores, partner SACCOs and BRAC CHPs has generated increased business opportunities and incomes. The masons who do the installation also reported increased incomes and work. Moreover, the value chain actors also reported diversification of product offerings, as well as increased assets acquired through the incomes or profits earned.

Increased National SATO Awareness and Sales:

From the first quarter of 2019 through the end of the fourth quarter of 2022, 73,913 SATO products were sold in the 20 USHA districts by partner hardware stores and SACCOs, as well as the BRAC CHPs, improving sanitation facilities for 369,565² people. SATO sales through the BRAC CHP model account for 55% of total project sales and 18% of national sales. Moreover, SATO sales through the hardware store and SACCO model account for 45% of total project sales and 15% of national SATO sales (see chart below).

The collaboration with BRAC and the independent retailers helped significantly increase sales of SATO products at scale. For example, national annual SATO sales were 29,750 in 2018, the year before USHA commenced its collaboration with BRAC and the independent retailers. Product sales increased to 41,048 in 2019, 63,451 SATO products sold in 2020, 77,652 products sold in 2021, and 44,603 products sold in 2022. The increase is attributable to the additional distribution points (500 CHPs and over 230 hardware stores that comprise the USHA network), joint national promotional campaigns, which increased product awareness and penetration, as well as the training of masons who were readily available to install the products for purchasing households.



Namwanje Sarah and Nanjeru Hadija are CHPs in Bukomansimbi since 2018. They added the SATO products to their product offering in 2019 after training. Together, they have sold over 3000 SATO products to households, during community events, and even to neighbouring districts. Namwanje has bought household assets, restocked her shop, contributes to her children's school fees. Nanjeru bought farm animals (goats and chicken) which she rears and sells for additional income. Namwanje was also elected as a village counsellor, largely attributable to her outstanding community work.

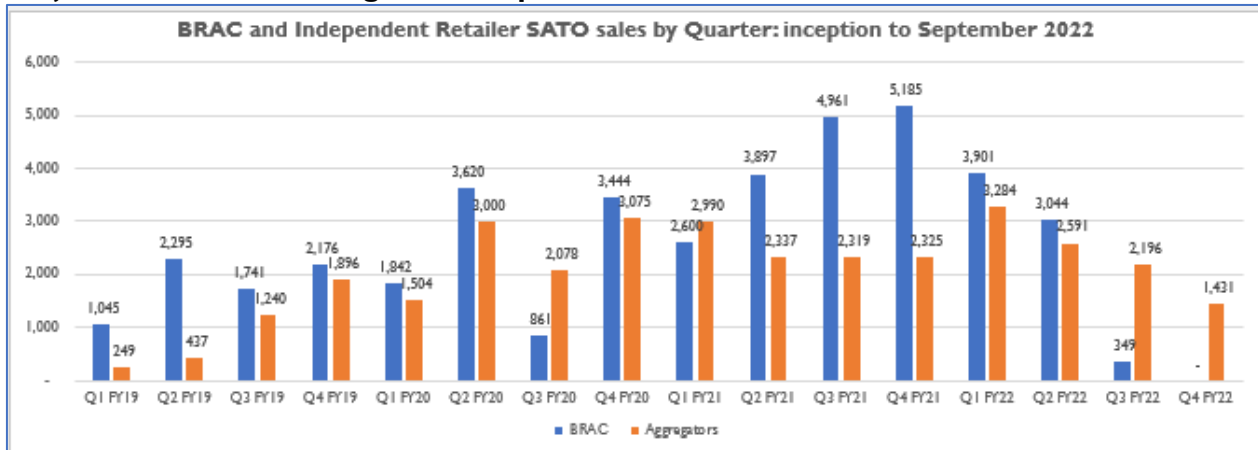
Masons and Hardware Store Operators



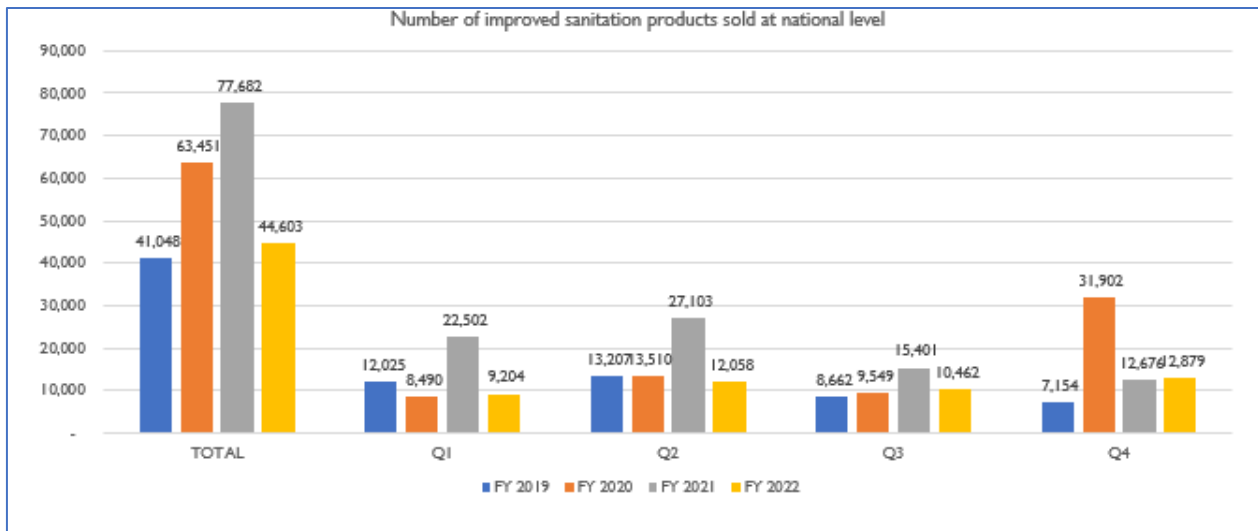
Masons reported increased work and income opportunities, as well as community recognition. Hardware stores and SACCOs also reported additional income and increased traffic to their business premises.

² An installed SATO product in a household on average serves 5 people.

Project SATO Sales through the Independent Retailers and BRAC Models



National SATO sales – FY2019 – FY2022



Implementation Challenges

- There were instances of missing pins and SATO color changes noticed in the marketplace. Nice House of Plastics is working to improve their supply chain and get more consistent quality of inputs.
- Following the expansion of the distribution network and awareness promotions, counterfeit products began to emerge in local markets, often at much lower prices. NHOP and Lixil have countered this by strengthening relationships with the partner distributors/agents, as well as linkages with the hardware stores. Media adverts highlighting the attributes and features of the SATO were also used to increase product knowledge. Similarly, in a bid to increase product knowledge and uptake, Lixil provided free or highly subsidized SATO products households. The donated products often found their way into the market, with the potential to undo the market development initiatives over the years.
- Currently, the support Lixil provides to value chain actors is limited – especially outside of the project districts due to limited staff and resources. Lixil will need to increase its staff to at least 4 full-time people to work alongside the NHOP Agents in the project districts where USHA is exiting, as well as to expand into new areas.

Lessons Learned

- Donor-funded projects supporting market strengthening for improved sanitation should strategically deploy project funds to address systemic bottlenecks to strengthen and expand local supply chains and unlock household investments to improve sanitation.
- The SATO market remains largely undeveloped outside of the USHA districts. There are opportunities for market growth and expansion for the SATO product line beyond the current product penetration and coverage . Expanding sanitation markets can be achieved through broadened distributor/agent networks and wider networks of retail hardware stores linked to trained masons.
- SATO donations should be used to support existing value chain actors, onboard new ones, and reward high performers. Giving free SATO products to noncommercial actors could result in a household getting the products freely, in addition to reversing the market development gains already achieved.
- Properly identified, trained, and linked value chain actors (agents/distributors, hardware stores/SACCOs, CHPs and masons), motivated by incomes or profits, can increase product sales, as well as household sanitation improvement.
- Higher product sales require investment for staff, storage and related infrastructure support to remain operational. This model will need to explore leveraging on technology, a more robust distribution system informed by market demand, as well as strengthening the link between producers, vendors, sales agents, and masons.
- Better branding, targeted incentives to value chain actors, well-structured promotional campaigns and timely resolution of emerging challenges are key to market development.

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