FROM BENEFICIARIES TO BUYERS

Creating a viable market for toilets in the Philippines

In 2013, super-typhoon Haiyan wreaked havoc on Eastern Samar and Bantayan Island and triggered a huge humanitarian response. Now the challenge is to support sustainable development. Having a toilet is a ‘damgo’ (a dream), not a necessity for poor families in the Philippines. If you didn’t think having a clean toilet at home was important before the disaster, why would it be important afterwards? By bringing together the right expertise and getting good financial products in place Oxfam has supported poor families to access new markets and products actively, with the intention of supporting long-lasting change.
1 INTRODUCTION

In 2013, super-typhoon Haiyan wreaked havoc on Eastern Samar and Bantayan Island and triggered a huge humanitarian response. People needed food, shelter, water and healthcare to stay alive. Oxfam’s contribution was to provide life-saving support through the provision of water, chlorination tablets and sanitation kits (which include bathing soap, laundry powder and other hygiene items). Hygiene campaigns also played a big role, explaining to people the importance of using safe water, clean toilets and proper waste-disposal services to reduce the possibilities of contracting diseases like cholera, typhoid and helminthiasis, all of which are linked to contaminated water and dirty toilets. By 2016, only 61 percent of families in Bantayan Island had access to a toilet. The situation in Eastern Samar was a little better at 77 percent, but that does not mean that all those families had their own toilet or that they were in a good condition. Sharing a toilet between two or more families is common practice in these areas, and many are poorly constructed, meaning that the faecal waste is not safely contained.

As people rebuild their homes and their lives after a disaster, a new challenge emerges, which is how to encourage people to start spending their own money on the products and services that they need. When your income is small, you have to prioritize what you spend it on – and if someone is going to give you something for free, there is no incentive to prioritize it in your own budget. If you didn’t think having a clean toilet at home was important before the disaster, why would it be important afterwards? This was the challenge faced by the Oxfam team.

2 ALIGNING SUPPLY AND DEMAND

A toilet is a product, and in order for people to be able to buy a product there needs to be a functioning market for it. In order for a market to work, supply and demand need to be matched. On the supply side, there needs to be a suitable product on offer at the right price; it needs to be easily available and well advertised so people know about it. On the demand side, people have to want to buy what you are selling. If they don’t like the product, or the price is wrong, or they can’t buy one easily, people will not buy your product and the market fails.

Two of the most significant challenges in the Philippines were that the toilet products already available on the market were too expensive for poor families to afford, and because of this, toilets were considered a luxury item – meaning that demand to buy toilets was low. The obvious answer is to make the toilets cheaper to buy, and that was done at first by re-designing the toilets available to make them cheaper to build. Oxfam trained local builders in how to make cheaper toilets so they could sell them to local families. However, reducing the cost of a product does not necessarily make it more affordable. If you only earn £80 per month and your family expenses total £79 per month, it does not matter if a toilet costs £10 or £100, it is still not affordable. The other problem that the builders had was in advertising their new products. They were good builders, but knowing how to sell a product is a different skill and takes time to learn. Oxfam realized that it needed a new approach to balance supply and demand challenges.
3 RETHINKING THE APPROACH

Bringing together the right expertise

Product innovations

Finding good quality builders was relatively easy, but Oxfam helped them to redesign the toilet products available, making them more cost-effective to produce and increasing the number of options available. By October 2016 there were 19 toilet models available in 8 ‘packages’, which included both substructures (the part underground that holds the faecal waste) and the superstructure (the walls, door and roof) that make it comfortable to use. In Guiuan, an area in Eastern Samar, Oxfam commissioned a group of local craftsmen to develop walls for the toilet superstructure that could be collapsed and safely stored if a new disaster was predicted. The craftsmen’s first response was negative, but after trying it, they realized it was possible. They are now selling the toilet superstructure as a new product line in their own businesses. The Oxfam trained builders also now supply toilets to other NGOs, expanding their business opportunities further.

Helping women become builders

Oxfam encouraged women to become builders, challenging communities’ views on what women can and cannot do. Isabela Herrera, a WASH and Market Assistant who led the recruitment of female builders, said, ‘When you say builder, they immediately think it’s a man’s job. There were already women trained in masonry and carpentry; they even had certificates and accreditation but they didn’t have the courage or confidence to use those skills because they were swayed by the general opinion that masonry was for men.’

The training and work provided by this project changed this perspective and opened up new opportunities for women to earn an income. According to Jennifer Aryas, a builder in Guiuan, Eastern Samar: ‘I wanted to work as a builder to help my family, to help with everyday expenses. Having worked as a builder, I realized that I, as a woman, can actually do it.’

Wilma Amado, another of the female builders trained in Guiuan, Eastern Samar urged other women to take on building. ‘More women should train to become builders because they can. We used to think only men could become builders but they’re wrong – we’re definitely capable of doing this work.’

As of October 2016, 8 out of 13 fully trained builders in Eastern Samar were women, while in Bantayan Island, the total was at 8 out of 15.

Sales agents

Oxfam approached Barangay Health Workers to serve as sales agents for the toilets. The health workers were already familiar with the communities Oxfam was working with, and the families living there. The health workers discussed the importance of having a good toilet with the families and explained how they could purchase one, linking them to a local builder. The health workers were paid a commission for each toilet unit sold and for referring clients to the microfinance cooperative for either a toilet loan or savings product.
Materials distribution

Transporting materials is expensive and delivery costs add to the overall cost of purchasing a toilet. To tackle this problem, Oxfam worked with the Department of Social Welfare and Development (DSWD) through their Sustainable Livelihood Program Associations (SLPA). The SLPAAs are community-based women’s livelihood groups formed and organized by the government. Each SPLA member is given an enterprise grant and some of the members are also entitled to receive the social subsidy support offered by the DSWD. This made the SLPAAs ideal enterprise partners. The SLPAAs took on the role of distributing the materials needed for toilet construction. This allowed them to identify which suppliers offered the best prices in their area and enabled them to take advantage of bulk purchase discounts. The SLPAAs purchased and stored the materials needed, then delivered them to the families that bought a toilet. Some members of the SLPAAs also became sales agents in their local area, allowing them to earn the commission on sales.

Developing business practices

Oxfam developed a partnership with Bayan Academy to provide the toilet builders and the sales agents with all the training they needed to help them run successful small businesses, focusing on product quality, financial management, marketing, sales and customer service. Under this partnership the brand ‘Kasilyas Ipon at Kita’ was co-developed to market both the toilets and financial products available. The ‘Kasilyas Pilipinas’ website was also co-developed as a marketing portal to showcase the toilet models, builders and finance products available.

Getting the finances right

Microfinance savings and loans

The other major component of Oxfam’s new approach was to tackle the affordability aspect of buying a toilet. Families in the Philippines struggle to make a one time, lump-sum payment for a toilet but can manage smaller, monthly payments to pay back a loan or pay into a savings account. Microfinance Institutions (MFIs) specialize in providing relatively small-value loans to customers who would not normally be able to get a personal loan through a commercial bank. They also offer the opportunity for families to have a savings account. There are several MFIs operating in the Philippines, all with large customer bases; however loans tend to be given for productive assets (e.g. to start a business). A toilet is not a productive asset and would therefore not usually be considered as suitable for a loan.

On Bantayan Island, the Cebu People’s Multi-Purpose Cooperative (CPMPC) was identified as being a suitable MFI partner. Oxfam worked with CPMPC to develop both a toilet loan product and a savings account product that were suitable for low-income families. The loan was payable over two years. Oxfam subsidized the membership and service fee, while CPMPC subsidized the management fees in a risk-sharing agreement for this new financial product. Families who wanted to buy a toilet could go through a sales agent or go to CPMPC directly and set up a loan, a savings account, or both. If a family had existing savings they could use a mixture of cash and a loan to pay for the toilet. In addition to loans for families, CPMPC has also created loan products for small businesses, including the toilet builders, soap manufacturers (who produce and sell bathing soap, laundry powder and fabric conditioner) and water entrepreneurs (who collect water in bulk and sell
it to customers in smaller quantities).

‘It had really been an eye-opener for us because who would have thought that we would be able to serve the community through the toilets? Our outlook about toilets and how important are sanitation and hygiene definitely changed. We were not limited to the usual credit and housing loans, that we could serve the community and also help improve their sanitation and hygiene, and overall the environment. The Cebu People’s Co-op really welcomed this project even if it was entirely new to us, because of its impact not only to the community it served, but to the cooperative as well.’

Maripeth Masion, Executive Director of CPMPCs youth branch

Re-directing government health-based subsidies

The Department of Social Welfare and Development provides financial support to the most vulnerable families in the form of subsidies. These are intended to help families with health-related expenditure. Oxfam worked with DSWD to enable these subsidies to be paid directly into a toilet savings fund for eligible families, giving them the extra support needed to be able to buy a toilet themselves from the products available to everyone else.

**LONG-TERM SUSTAINABILITY**

The programme empowered low-income families to actively access new markets and products, supporting them with the opportunity to build their own toilets, start their own small business or both. Behind all these efforts is the hope that low-income families will be able to support themselves in the longer term, but especially in times of disaster.

‘We want the community to play an active role in addressing their own water, sanitation, and hygiene needs by being active market actors themselves, So we’re trying to change the role of beneficiary from being a recipient of an intervention...into being the catalyst.’

Rona Ramos, WASH and Markets Specialist, Oxfam

All these efforts stemmed from the simple goal to provide families with access to low-cost toilets and affordable WASH services. In the process, however, the project blossomed into something bigger. Ultimately, WHAM’s success lay in the way it changed the perspective of communities, programme partners, and government leaders on water, sanitation, and hygiene services to ensure sustainability.
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For further information on the issues raised in this paper please email Tom Wildman: towildman@oxfam.org.uk

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