TERMS OF REFERENCE

MARKET ANALYSIS FOR SANITATION PRODUCTS AND SERVICES TO IDENTIFY POTENTIAL BUSINESS MODELS FOR SCALING UP OF AFFORDABLE SANITATION OPTIONS

(Re-Advertised)

1. Introduction

CARE, in partnership with Emmanuel International, IFPRI, NASFAM, Save the Children, and WaterAid, is leading the implementation of a five-year $75 Million USAID Titukulane Development Food and Nutrition Security Activity funded by Bureau for Humanitarian Assistance (BHA) of USAID. The goal of Titukulane is to achieve equitable, sustainable and resilient food and nutrition security for 723,111 individuals in the hanging in, stepping up and stepping out households and communities in 20 Traditional Authorities in Mangochi and Zomba districts. To achieve the goal, Titukulane will implement activities under three purposes as follows: Purpose 1, increasing stable and equitable incomes from agriculture and non-agriculture livelihoods for the poor and extremely poor households and youths; Purpose 2, improving the nutritional status of children under five years of age, adolescent girls and women of reproductive age and Purpose 3, building institutional and local capacities to reduce risk and increase resilience among hanging in, stepping in and stepping out households. CARE and consortium partners designed Titukulane to reduce the number of chronically food insecure households by enhancing the capacities of local and national governance structures to implement resilience-focused policies. Three clusters of households namely, hanging in, stepping up and stepping out households will be targeted with various interventions. Integrated throughout the Titukulane design are three domains that CARE sees as fundamental to elimination of poverty and inequality namely: following the principle of good governance; ensuring increased household, community, and systems resilience capacities; and enhancing gender equality, women’s empowerment and youth opportunities and their participation in project interventions at the household, community and systems levels.

2.0 Key result areas of the project

The project aims at achieving the following results based on its three outcomes.

i. Increased incomes from farm production and off-farm livelihoods activities
ii. Improved nutritional status of children under five years of age, adolescent girls and women of reproductive age.
iii. Well-built institutional and local capacities to reduce risk and increase resilience among hanging in, stepping in and stepping out households.

To ensure optimal benefits from nutrition specific interventions (aimed at improving the nutritional status of children under five years of age, adolescent girls and women of reproductive age), Titukulane Theory of Change (ToC) aims at increasing the proportion of households with sustainable and improved basic drinking water supply, improved sanitation and hygiene practices. The intervention will focus on 1) the improvement of water services provision through rehabilitation of existing infrastructures in Zomba district in T/As of Mwambo, Chikowi, Mlumbe, Mbiza and Nkapita and in Mangochi district in T/As of Chowe, Namavi, Chilipa, Sub Ntonda and Chiunda 2) the increase of the Supply, Demand for sanitation products and services and, 3) the strengthening of the enabling environment required for developing a sustainable sanitation market.

3.0 Background to the study

Titukulane seeks to promote adoption and continued use of safely managed sanitation facilities meeting the needs of all household members including women, girls and infants. The study seeks to provide guidance on how to promote improved sanitation allowing households to move up the “sanitation ladder”. It seeks to recommend solutions to enable, especially women and youths, to venture into sanitation marketing businesses to increase their access to financial services and more stable incomes. Guided by USAID’s conceptual framework on Sanitation Marketing the study will comprehensively assess the current market for sanitation products and services and use the results of this assessment to design a multi-pronged strategy to:

- Build the capacity of appropriate market actors to provide necessary sanitation market functions;
- Create and strengthen the incentives for these actors to participate in the market and to collaborate with one another
- Permit actors to proactively take on functions from which they will benefit, e.g., financially, politically
- Develop appropriate products and services that respond to consumer preferences;
- Create appropriate marketing messages and plans for promotion and communication to market the products and services to consumers.

Thus, this study will facilitate development of a sanitation marketing strategy and many of the necessary supporting materials and partnerships to launch an effective and scalable sanitation marketing program for a selected population in Mangochi and Zomba Districts. The study will provide detailed guidance for designing and developing a program tailored to the local demand and supply situation of target groups in Zomba and Mangochi with an eye on scaling-up the program strategy to reach populations with similar sanitation conditions in Malawi.

4.0 Purpose of the Study / Main Objective
This study is an analytical and evaluative research mainly aimed at assessing the size of sanitation business opportunities in the rural and peri-urban areas of Zomba and Mangochi.

The study will:

I. Assess and analyses the demand by:
   a. Exploring and analyzing key motivational factors for purchasing of sanitation products and services by the households (hanging in, stepping in and stepping out) and analyze key barriers to accessing desired products.
   b. Provide qualitative data on existing demands, as well as the willingness and ability of households’ streams in purchasing sanitation related products and services.
   c. Classify the types of latrines currently existent, locally available construction materials and their purchase price at the community level and prioritize them according to household preferences.
   d. Determine key characteristics of desirable sanitation products and services based on consumer requirements and aspirations.
   e. Determine the existing communication channels used by the community that could be suitable for use in the promotion of sanitation products and services.

II. Assess and analyze the supply chain.
   a. Map out the existing sanitation market entrepreneurs (product, service suppliers and producers).
   b. Identify and analyze gaps in the current sanitation product and service supply.
   c. Identify potential suppliers/service providers who can reinforce or fill in gaps in the current sanitation market.

III. Determine Policy and partnership issues.
   a. Review of the regulations in force in the WASH sector to identify opportunities and constraints for the development of sanitation marketing in Malawi in general and in Zomba and Mangochi in particular.
   b. Identify and consult with all stakeholders (government, NGOs, CBOs and private sector) who will be involved in the implementation of the sanitation marketing in the project districts.

IV. Identify potential strategies.
a. Propose potential supply chains for the identified sanitation products and services.
b. Propose actions which can be taken by the project to support business in developing identified supply chains and build capacity particularly of women and youth.
c. Propose key communication channels for the promotion of sanitation products to stimulate demand.
d. sanitation services supply chain including demand for sanitation service.

V. Explore viable integrated business models particularly for women and youth and develop an evidence-based marketing strategy

VI. Recommend pathways for commercial markets for sanitation and hygiene products including models for scaling up.

5.0 Specific areas of focus for the study:

a. Establish baseline of sanitation and hygiene practices among target populations including behaviors related to:
   i. Constructing and/or building improved latrines,
   ii. Use of latrines,
   iii. Maintenance of latrines,
   iv. Practices pertaining to hand washing with soap (HWWS), and safe disposal of children’s faeces,

b. Identify key factors (or determinants) that influence above practices, identify opportunities for change in case of negative trends and examine/analyze barriers to adopting improved sanitation and hygiene facilities.

c. Assess sanitation products and/or services currently available in the communities and solicit improvements households envisage in future.

d. Assess the households’ ability and willingness to either build or pay for the sanitation and hygiene products to be built for them.

e. Map out existing businesses in sanitation marketing currently available in the catchment area (Who is currently providing sanitation marketing services - women, youth? What is scale of their business e.g., small scale, medium scale etc? what are the prevailing sanitation and hygiene facility models/products being marketed and demand variation across the available models including corresponding prices/costs?)

f. Assess the successes, limitations and/or challenges faced by these existing businesses. (How do these businesses measure success? What is their annual turnover/profit? Is the environment enabling for private sector participation and job creation in the sanitation sector considering also existing policy and legal frameworks and other external support among others.? What challenges or
limitations are affecting business growth? What is the material cost of such limitations in monetary terms?)

g. Qualify and quantify the size of the market demand for sanitation and hygiene services including production capacities, the supply chain, profitability, willingness, and ability to pay for such services (What is the potential size of the sanitation market in the impact areas in monetary and employment terms? What is the level of willingness to pay for such services? What is the level of ability of households to pay for such services, what partnerships exist?)

h. Develop a WASH and livelihoods integrated business strategy and business models that could be implemented or explored to maximize the market demand for viable private enterprise - including thorough value chain analysis of each business model (what potential viable/profitable business models exist within the sanitation chain? What are the likely income and expenditure projections for each proposed business models? What is the likelihood that such a business will be financed by local finance institutions?).

i. Based on the developed business strategy and models, develop business and skills training content for sanitation marketing entrepreneurs who will be involved in the sanitation marketing value chain

j. Develop a marketing plan or a business promotional strategy employing the market mix of the 6" Ps" (product, price, place, promotional, policy and partnership)

6.0 Scope of work

The study will be a combination of desk review, field interviews and meetings with key stakeholders. In doing this work, the consultant will develop tailor-made tools to collect and analyze the needed information which will be vetted and approved by the client prior to utilization.

The consultant will be responsible for conducting the following activities in accordance with the terms and conditions of the consultancy contract:

1. Develop appropriate methodology for the study including the data collection tools, workplan which will be vetted and approved by the client.

2. Conduct the study to understand major issues included under section 3. Specifically, the consultant will:
   - Conduct Household Surveys, FDGs and KII in peri urban and rural communities in Zomba and Mangochi.
   - Conduct KIIs / meetings with key stakeholders (suppliers, manufactures, SanMark entrepreneurs both at national and district levels including (not
limited to) District Trade officers, District youth officers, Community Development officers, DWDO, WASH Coordinators

- Carry out analysis of findings to isolate key determinants influencing observed behaviors, key barriers to adoption of the improved sanitation products, successes or limitations, performance of the existing businesses, the size of the market.
- Based on the analysis develop WASH and livelihoods integrated business models and corresponding gross margins and marketing strategies
- Develop training content for the proposed and prioritized business models and strategies.
- Facilitate a key stakeholder input meeting on the draft report including dissemination of study findings and recommendations.

3. Submit all deliverables as outlined under section 6 below and on agreed timelines.

**Team Composition / Team Lead Competencies**

The desired consultant/firm should comprise of a lead team of 2 to 3 people with diversified skills in environmental Health, business management and marketing with demonstrated experience in carrying out complex research studies. Should have a comprehensive knowledge of sanitation chain within the Malawi context. The lead team shall ensure that the research team is gender balanced and youth considerate. The Consultant Team or firm will have the following set of required qualifications:

- Advanced university degree in Environmental Health, Marketing, MBA and other related fields with a proven record of carrying out similar kind of work. At least one team member with university degree in business management and/or a focus on sanitation marketing
- At least 5 years’ relevant work experience in conducting Sanitation Marketing Formative Research, product market analysis, market development, sanitation baseline studies, social and gender analysis.
- Knowledge of the WASH context in Malawi and the main approaches for WASH promotion with a focus on integrated WASH and livelihoods business
- Extensive experience in conducting product market analysis and developing practical business strategies and business models.
- Team members who understand/ or are familiar with human rights-based approach to research and advocacy on issues related to the financing of WASH and other public services.
- Team members who have demonstrable comprehensive range of analytical skills especially in key macro and micro-economic fundamentals.
● Team members who have experience and knowledge in regional social service delivery issues will have an added advantage.
● Team members who have demonstrable experience and solid track record in similar assignments will have added advantage.
● Team members should have proven understanding of the importance of ethics in research work.

Proposals will be evaluated using the following criteria; clarity of methodology, profile of team members, understanding of the task, demonstrable understanding and availability of tools, equipment required to effectively carry out the study and cost.

The Consultant will report to the WASH Programme Manager but closely work with WASH Infrastructure Specialist based at the PMU.

**Key deliverables and consultancy period**

Guided by an approved scope of work, the consultant will:

1. Produce an inception report outlining the methodology/approach, work plan with clear timelines on how the assignment will be carried out.
2. Prepare data collection and analysis tools.
3. Prepare electronic and hard copies of the analysis report (including relevant data tables).
4. Prepare powerpoint presentation on the key findings of the draft market analysis for sanitation products and services.
5. Prepare an integrated WASH and livelihoods business strategy and business models for scaling up of affordable sanitation options.
6. Present study findings and recommendations to Titukulane Consortium partners including Bureau of Humanitarian Assistance (BHA), district and national level governments.
7. Submit a final study report.

The consultancy will be conducted in June and July and is estimated to run for 30 days.

**9.0 Final report**

The final report (electronic & 3 bound copies – 50 pages max) should comprise the following:

- A comprehensive report on baseline of sanitation and hygiene practices among target populations including behaviors as well as key factors (or determinants) that influence the behaviors, perceived benefits derived from the use of sanitation and hygiene facilities, barriers to adopting improved sanitation and hygiene facilities, affordability, and willingness to pay the improved sanitation products and services.
- An inventory of the existing sanitation entrepreneurs, including an analysis of success, limitations of the existing sanitation marketing businesses.
• A thorough analysis of the size of the market demand for sanitation and hygiene services including production capacities, supply chain, profitability, and willingness to pay for services.
• Well thought through, evidence-based WASH and livelihoods integrated business strategy and business models to maximize the market demand including value chain and gross margins for each model.
• Based on the proposed business strategy and models, present a clear business and skills training content for sanitation marketing entrepreneurs who will be involved by the project in the sanitation marketing value chain.

11.0 Application

Interested consultant firm(s) should send an electronic Expression of Interest (financial & technical proposals) by 22nd July 2021 to procurementmw@wateraid.org with subject line “Titukulane SanMark”. The expression of interest should contain: (a) a technical offer and (b) a financial offer, comprising:

11.1 Technical offer:

• Technical proposal detailing proposed methodology (max 5 pages).

• At least three traceable references & references for similar assignments successfully delivered

• An example of a report from similar work which demonstrates evidence of the skills and experience required.

• Up to date CV of the consultant(s) & all team members to be available for the assignment.

11.2 Financial offer:

• Details of charges and expenses in line with proposed methodology strictly in Malawi Kwacha.