A learning paper on sanitation marketing outcome based performance payment: an experience from the FINISH Mondial Kenya programme

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Background/Introduction

Great strides have been made in improving sanitation access in many developing countries, however 2.4 billion still lack access to adequate sanitation while the poor and vulnerable members of society are often not reached (Bongartz, 2016). Despite Kenya committing itself under Sustainable Development Goal 6 to achieve by 2030 universal and equitable access to safe and affordable water, sanitation and hygiene for all, only 29% of the total population are accessing improved sanitation (WHO/UNICEF, 2019). In Embu County for instance, 24% of the total population are accessing improved sanitation, while in Tharaka Nithi County and Meru County it is 20.1% and 27.4% respectively (Respective 2018-2022 CIDP).

Among the strategies that have been identified and adopted for improving sanitation access is sanitation marketing, an emerging field which applies both social and commercial marketing approaches to scale up demand for and supply of improved sanitation facilities (Okwueze, 2020). Sanitation marketing's main focus is to facilitate the adoption of improved sanitation products and services while creating a profitable, sustainable enterprise which will continue to serve the ongoing sanitation needs of the communities (Dhakal, 2019). Most often, community-based sanitation marketing works through local community health structures, for example, Community Health Volunteers (CHVs) and community-based sanitation promoters who have been found to perform better and even dedicate much of their time to a given task when incentivized (Hermen Ormel, 2019).

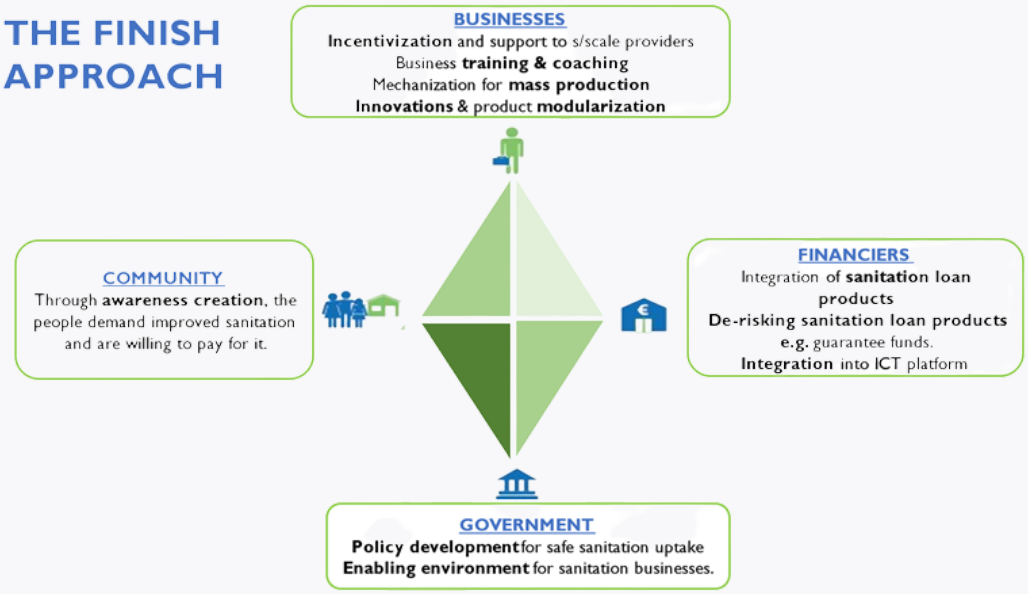
Project Context

The Financial Inclusion Improved Sanitation and Health (FINISH) Public Private Partnership started in 2009 in India and expanded to Kenya (2013), Ethiopia, Uganda and Tanzania (2018) and Bangladesh (2019) and became known as FINISH Mondial. FINISH Mondial's mission is to empower and support stakeholders to create functioning sanitation and circular economy markets which contribute to a better future and health for communities, including youth, in which they are financially and socially included.

It follows a holistic approach, facilitating the creation of both an enabling as well as a market environment to provide products and services for the whole sanitation service and value chain (circular sanitation economy). The so called 'Diamond model' approach (figure 1) encourages and supports building local partnerships and cooperation in providing 'Sanitation for all'. The approach is system oriented and is driven by demand and supply mechanisms.

https://repository.lboro.ac.uk/articles/Sanitation_marketing_in_Nepal_in_support_of_open_defecation_free_social_movement/9589307

In Kenya, FINISH Mondial is currently being implemented in Nakuru, Meru, Embu, Tharaka Nithi and Kitui County. It creates demand for improved sanitation by engaging local community members through building local capacities of community health volunteers (CHVs), public health professionals and local freelance youth on sanitation marketing skills. These are then responsible for demand creation and linking of clients to readily available sanitation service providers (trained artisans and local sanitation product suppliers) and financial institutions for sanitation financing.



About Amref Health Africa In Kenya's role in the FINISH – a focus on demand creation

Amref Kenya is responsible for demand creation and government engagement, with FINISH INK Ltd. responsible for the development of sanitation businesses, inclusive finance and the linkage with financial institutions such as Sidian Bank, Family Bank and Take-A-Stake Fund. Amref worked with 2 sub-grantees, Caritas, in three Counties, Embu, Meru and Tharaka Nithi.

The first phase was implemented between January 2019 and October 2019 by Caritas Embu and Caritas Meru where contracts were implemented on the basis of sub-awards. These were fully funded projects majorly focused on processes and outputs, with Amref Kenya offering grant management, quality assurance and technical assistance. During this phase the following results were achieved; 552 safely managed sanitation systems against a total sub-granted budget of Eur 60,580(KES 6,966,723).

This outcome based performance payment was conceptualized following a series of meetings and negotiations, first internally at Amref (between the accounts, grants and programme departments), and later on with the sub-grantee during a co-creation workshop. This process was spearheaded by the grant administrators at Amref and follows a logic that there are bare minimums that must be met for a sub-grantee to undertake activities. These bare minimums include payment for performance fees paid to the sanitation marketers, monitoring and follow up cost, and administration costs.

Why Performance Based Incentives

Incentive pay is a form of a financial or non-monetary reward offered for performance rather than the total number of hours worked and is used as a motivational tool to boost morale. For the case of the model, the performance-based incentives were in two forms:

1. Unrestricted 25% of total program budget as performance based administrative cost to be recouped by the sub-grantee based on project activities burn-rate.
2. KES 500 performance-based fee paid by the sub-grantee to a sanitation marketer (CHVs, community-based sanitation promoters, public health officers etc.) per safely managed toilet reported and verified as a motivational tool and compensation for time spent marketing.

A project workplan, including deliverables and milestones, was first developed and agreed upon in a planning workshop held together with the sub-grantees. This was then captured in a memorandum of understanding, clearly stipulating the modus operandi. The budget as captured in the agreement, had three budget lines: payment for performance, M&E/follow up and administration costs.
A first down-payment was disbursed to the sub-grantees to ensure project kick-start. At the end of each month, the sub-grantee is required to share a list of the approved toilets vs the reported systems endorsed by the respective County verification, quality and sustainability groups (See described below) for further review and verifications by the Amref Kenya grant administrator. The grant administrator will then undertake a due diligence on all the supporting documents (fuel receipts, airtime, payment vouchers etc.) and upon approval would then draw up a document detailing the calculation of total amount (KES 500 per approved toilet) to be paid to the marketers by the sub-grantee and administration cost (25% of the accumulated total payment for performance monthly). This circle would continue until the first disbursed amount is exhausted after which the sub-grantee will send in documents to call-down the subsequent disbursement as appropriate, based on projected deliverables.

The Sanitation Verification Process

In FMK, sanitation verification is conducted on a monthly basis by the project team (consisting of Amref and Caritas staff) in collaboration with the ministry of health officials (consisting of the County Public Health officer, WASH coordinator and the sub-county public health officer) during the last week of the month.

Phase 2 was implemented between November 2019 and June 2020 with active demand generation activities starting in January 2020, also in these target counties. This phase had ambitious targets of creating a demand of 15,350 safely managed sanitation systems in the 7-month period. This called for creativity in ensuring speed of implementation and engagement on a wider scale and a need to expand its 'supplier' base. There was a need for deeper thinking in the project design and execution therefore the conceptualization of an outcome-based financing model - the *SanMark pay-for-performance model* - where payment was to be made against outcomes attained. The target counties included Embu, Meru and Tharaka Nithi counties.

The model is driven by a realization that focusing on delivering the key outcome, i.e. a safely managed toilet, as being 'most' useful. In addition, this was also driven by the poor results against high budget expenditure realized during phase 1 as the partners over-promised and under-delivered, with there being no possibility to apply a 'penalty'.

Amref decided that for the model to work best, there was need for the sub-grantee to strongly understand the model, have clarity on key indicators and standards that could be independently verified and measured, have adequate capacity and control to deliver results; and also, performance-based incentives built-in. As a result of implementing this model, there has been a marked strengthening of the project monitoring and verification systems, improved value for money, enforced clarity about desired results, and an alignment on incentives. It also has given Caritas a chance to earn unrestricted income to cover their overhead costs.

The Sanitation Marketing Outcome Based Performance Payment

The sanitation marketing outcome based performance is a win-win for sanitation marketing that allows for the involved parties I.e., sub-grantee and Amref Kenya, to truly target sanitation marketing campaigns in a strategic manner with bias on efficient acquisition cost, all based on performance. It allows for payment to a sub-grantee by Amref Kenya, only when safely managed toilets are realized, therefore building confidence of money well spent since there is already an outcome before payment is made.

For the successful implementation of this model, the following criteria were defined to recruit the sub-grantee:

- have good reputation and standing – a sub-grantee should have built a "name" or some kind of industry authority as they are more likely to produce more returns.
- clearly demonstrates commitment and an understanding of sanitation and hygiene marketing - have experience in sanitation marketing, with proven results, or are actively working in sanitation and hygiene.
- active within the target market - should be well connected as the premise is to 'sell' to their own communities, undertake awareness creation and community engagement, providing technical support for design/construction of safely managed toilets, and sharing experiences. This is usually a positive indicator.
- deep community networks and linkages – the premise is also to leverage on a partner's 'infrastructures' – institutional 'past' experience, human resources and physical assets.

Data of the monthly reported toilets are captured in the real-time reporting (RTR) tool [2] . The verification steps include:

- Step 1: Prompt to sanitation marketers to upload the marketed sanitation systems for the month to ensure that all the toilets constructed as a result of our marketing efforts within the month are accurately uploaded and captured in the real-time reporting tool.

- Step 2: Temporary lock of data entry in the real-time reporting tool from the 25th of the reporting month till the end of the month to allow for time to accurately analyze and verify the reported toilets during the month.

- Step 3: Desktop verification of the reported toilets. Owing to the large volume of the reported toilets during the month, physical verification of all the reported toilets is usually not viable and instead desktop verification is conducted. This process entails

    - Downloading of the summarized file from the RTR tool.
    - Sorting of all the reported toilets by date of reporting (the RTR tool usually aggregates all entries reported over the entire period of time that the data entry form has been in existence).
    - Review of each reported toilet – this entails thoroughly reviewing every entry made and flagging out any inconsistencies. The issues flagged commonly include – double reporting, unclear photographs uploaded, toilets that do not meet the required threshold, toilets that do not appear recently constructed amongst others.

- Step 4: Physical verification of the flagged toilets usually performed to (1) physically check any flagged toilets following the desktop verification and (2) randomly verify select sample of the reported toilets to ascertain quality. This process is usually led by the FMK team lead in the county who is usually accompanied by the 'reportee' marketer, an official from the MOH and a representative from a local organization. There are key parameters that inform the physical verification process and include:

- Step 5: Preparation of verification report by the progamme M&E officer (between2-3 days).

Discussion and Results

The Sanitation marketing outcome based performance payment increased cost-effectiveness significantly by driving rapid sales growth and attainment of results (see Figure 1). The graph compares phase 1 of the project (January – October 2019) and phase 2 (January to June 2020). The pay-for-performance model commenced in the second phase and it is marked by increase in sales of safely managed latrines. Commendably, the cost of delivery of a single safely managed latrine by the sub-grantee is seen to average at 6 Euros as compared to 137 Euros in the previous phase.

[2] The Real Time Reporting tool is a platform hosted on the open data kit (ODK) and is a database where sanitation marketers enter data of toilets marketed and constructed through their mobile phones. This allows for data collation and visualization.

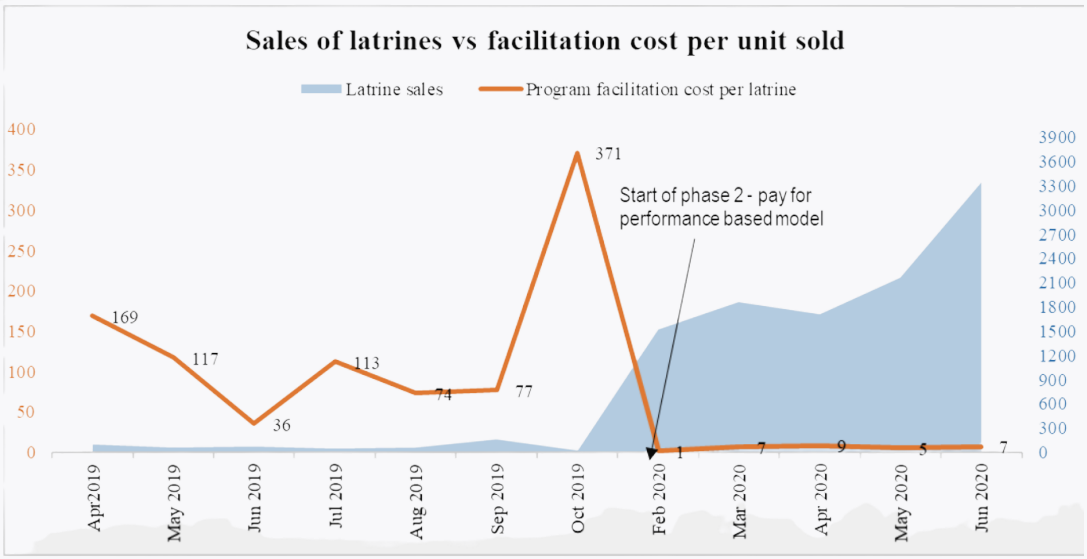


Figure 1: FMK Sanitation marketing outcome based performance payment – latrine sales vs facilitation costs

Of the targeted 15,350 improved sanitation systems to be delivered through the sub-granted organizations, the total reported sanitation systems were 16,910. Upon verification for sustainability, quality and attribution, only 10,468 sanitation systems were approved by the County verification, quality and sustainability groups (check figure 1 below).

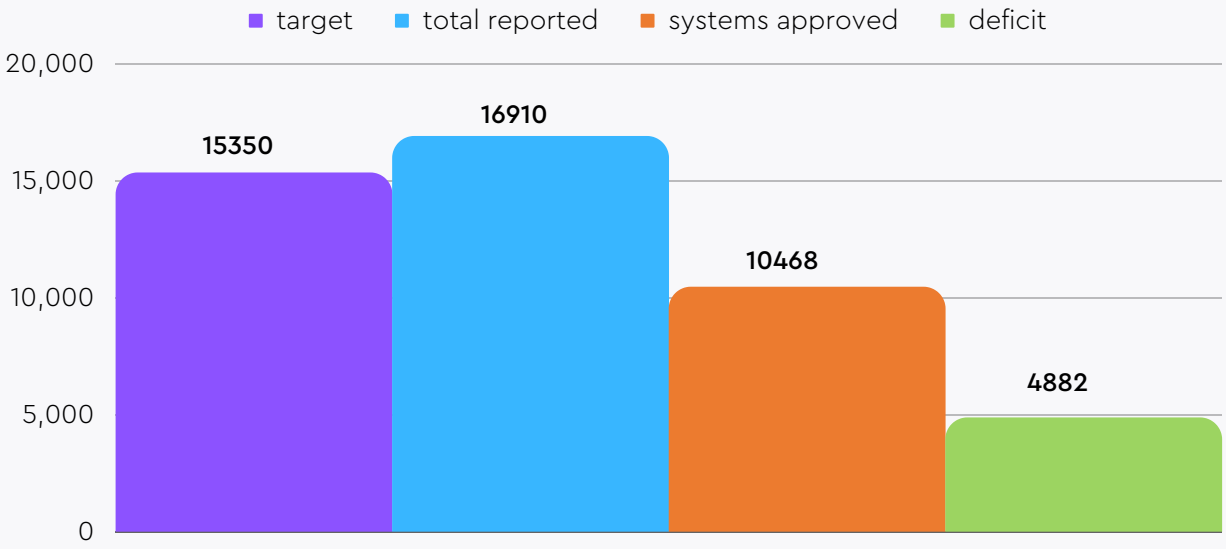


Figure 2: Total safely managed improved toilets reported through the implementation of the Sanitation marketing outcome based performance payment

The notable deficiency of 4,882 sanitation systems is partly attributed to the interruption of key program activities such as demand creation by the COVID-19 pandemic mostly in March and April before program realignment.

Figure 3 below illustrates the monthly reporting of improved sanitation systems and those that were verified by the County verification, quality and sustainability groups. It is evident from the graph that the reporting sequence was high in February due to marketers' positive energy as a result of their engagement in planning and reviews in January. The subsequent downward trend witnessed in March and April was a result of confirmation of COVID-19 cases in the country and the stay-at-home measures the government adopted in order to contain the pandemic. As a result of this, the project had to be re-configured with the then government agenda to ensure business continuity. This resulted in demand creators supporting local response of creating COVID-19 awareness integrating sanitation marketing hence the rise in reported systems in May and June.

On the difference between reported and approved, this was due to gap in marketers understanding of the minimum standards of improved sanitation as the model was fairly new, which was later improved as result of continuous mentoring and support from the FINISH team. However, the great variance witnessed in May is largely attributed to sanitation marketers trying to explore any loopholes that could give them the unfair advantage of reporting sanitation systems that are disallowed.

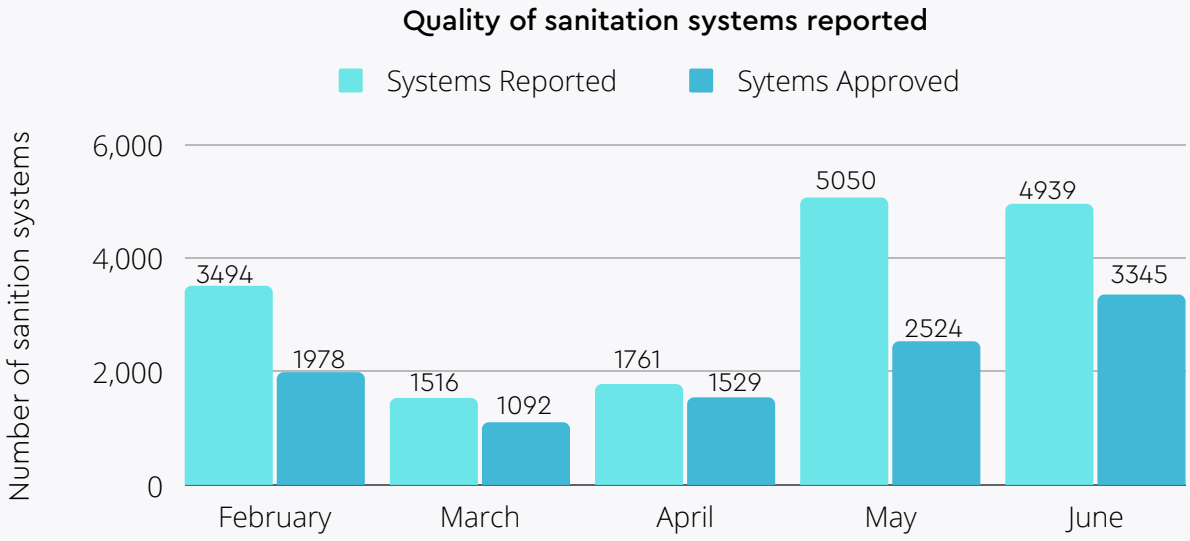


Figure 3: Monthly quality of sanitation systems reported and those approved.

Total People reached with sanitation marketing and the conversion rate	
Embu County	19505
Tharaka Nithi County	1056
Meru County	29029
Total	**49590**
Sanitation Systems achieved	10468
Conversion ratio	1 in every 5 people directly reached

Table 2: Total demand created vs sanitation systems constructed

Key Findings And Challenges

- There have been some challenges that have been experienced so far and they includ
- Sometimes the sub-grantee staff felt entitled to the 'pay', showed jealousy of others who received incentives, or tried to game the system. This challenge was alleviated through periodic and/or on-a-needs basis coaching and mentorship to the marketers to allow them earn attractive returns.
- The model requires rapid improved sanitation system verification of all the reported safely managed toilets constructed before payment was made, which is hectic whilst few resources and skills were available to undertake these verifications/quality checks. A three-tier verification system was adopted where a select check of reported toilets that were not clear/'problematic' was conducted instead of verifying all the reported systems. This meant that only a few toilets would be checked instead of all the reported toilets and therefore less work-load to the team.
- This was a new way of working and hitches were experienced as the sub-grantees are not used to keeping and updating real-time records, including initial challenges with server space for storing data. This meant that there was some friction between FMK and the sub-grantee due to the demands placed on them to be able to recoup their 'incentive' whilst implementing the project and that the data had to be moved to another server that has more space. Continuous capacity building on the use of the real time reporting tool, coupled with simplification of the online reporting tool, alleviated this challenge.
- The model proved challenging to design and monitor, but **the use of technology (real-time monitoring and virtual technologies) ensured successful tracking of results**. For example, initial targets were unrealistic but catch-up strategies and presence of continuous mentorship and coaching ensured that results were met.

- Tension between pressure to disburse/accelerate burn-rate and having payments conditional on results. This was alleviated through continuous capacity building and mentorship offered to the marketers and the sub grantee allowing room for early failure when innovating.
- The heavy focus on the final results/outcomes (improved sanitation systems) meant that other aspects around creating a sustainable sanitation market as captured in the diamond model TOC and measuring the strength and sustainability of systems was lost. FMK team conditioned themselves towards the delivery of the final outcome (improved toilets) as this was the 'ultimate' result that would result to payment of incentives. Therefore, other aspects that include marketing of sanitation loans, GESI, policy influencing etc. was not prioritized.
- Geographical vastness of implementation areas – FM is usually implemented in counties which are fairly large administrative units. Usually, sanitation marketers are spread out across the region hence systems are reported all over the counties. This poses a challenge during verification as it is conducted by one team which has to travel large distances with often difficult terrain. To overcome this challenge, the project team agreed to conduct verification over a week's period to allow for comprehensive coverage.

Key Findings

- Verification eliminates instances of double counting- the process is able to pick out any systems that may have been reported more than once over a period of time.
- The model can only cater for the prioritization of toilet construction as the overarching goal but activities that are focused on systems change including behavior change (e.g. government engagement, advocacy, GESI, mass mobilization) and supply side market development are to be separated from the pay-for-performance model as laid out above and clearly described in RBF type elements of sanitation programmes.

Key Recommendations

The following are the key lessons and recommendations that can aid the implementation of the improved sanitation marketing pay-for-performance based model within FM or other market models:

- It is important to track, monitor, reflect and adjust as much as needed. There is great need to gain insights to what is working and what is not and adjust accordingly. Without this analysis and adjustments for optimization, the project results will not have been realized.
- It is important to have a shared vision of success, agree on key deliverables, measures of success/key indicators and minimum standards at the onset to ensure compliance and standardization.
- There is constant need for capacity building and mentoring of marketers and sub-grantees on a number of elements of the model including quality and reporting.
- It is important to build in monitoring, verification and evaluation components which will provide independent verification of results achievement. FM should explore way of simplifying the verification and payment process e.g. by having artisans, households or businesses pay commission to the marketers.

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Annex 1: Safely managed toilet design specifications

Ventilated Improved Latrines (single pits and double pits)

1. The Ventilated Improved Pit Toilet (VIP) is an improvement over the direct pit. The improvements made eradicate foul smell and flies. The verification criteria used is:
2. The slab & floor should be permanent; preferably concrete floor; raised, well finished and impervious (no cracks) for easy cleaning. In addition, the floor should slope towards squat hole to facilitate draining.
3. The walling materials used should be permanent and can withstand harsh conditions such as winds, heavy rainfall. Common materials considered are: interlocking bricks, ordinary bricks, treated timber, stones/blocks or iron sheet
4. The ventilation pipe fitted with a fly screen and a cap should be provided on the outside of the pit latrines for enhanced ventilation.
5. Permanent ventilations should be minimized; 1-2-inch space below and above door allowed to let in fresh air
6. The superstructure should offer maximum privacy, with roof and doors.
7. The toilet allows for safe exhaustion of fecal matter

Flush Toilets Linked to Septic Tanks

1. A septic tank decomposes faecal matter by breaking it down into liquids and gases through anaerobic digestion. The verification criteria used is:
2. Flush toilets linked to septic tank when complete should be installed with pedestals and cisterns, or komodo (where necessary)
3. The septic tank on completion must be connected to a soak away pit
4. The first compartment should be twice the length of the second.

(Pour) Flush Toilets Linked to Leach Pits

1. Leach pits facilitate the infiltration of the waste liquids and gases into the soil while retaining and digesting excreta. The verification criteria used is:
2. Flush toilet linked to leach pits when complete should be installed with pedestals and cisterns (where necessary)
3. The leach pit should be connected to a junction box along the system in cases where more than one pit is being considered.
4. The structure should have perforations or a honey-comb structure to allow for leaching to take place

Rehabilitated Toilets

1. This is an existing sanitation system where improvement/modifications have been done to ensure it meets the standards set by SDG 6.2.1 (safely managed sanitation services).
2. Rehabilitations done MUST be on the slab, wall, roof, doors, permanent ventilations, vent pipe and fly screen or on disposal of MHM products and ramp/ komodo for disability