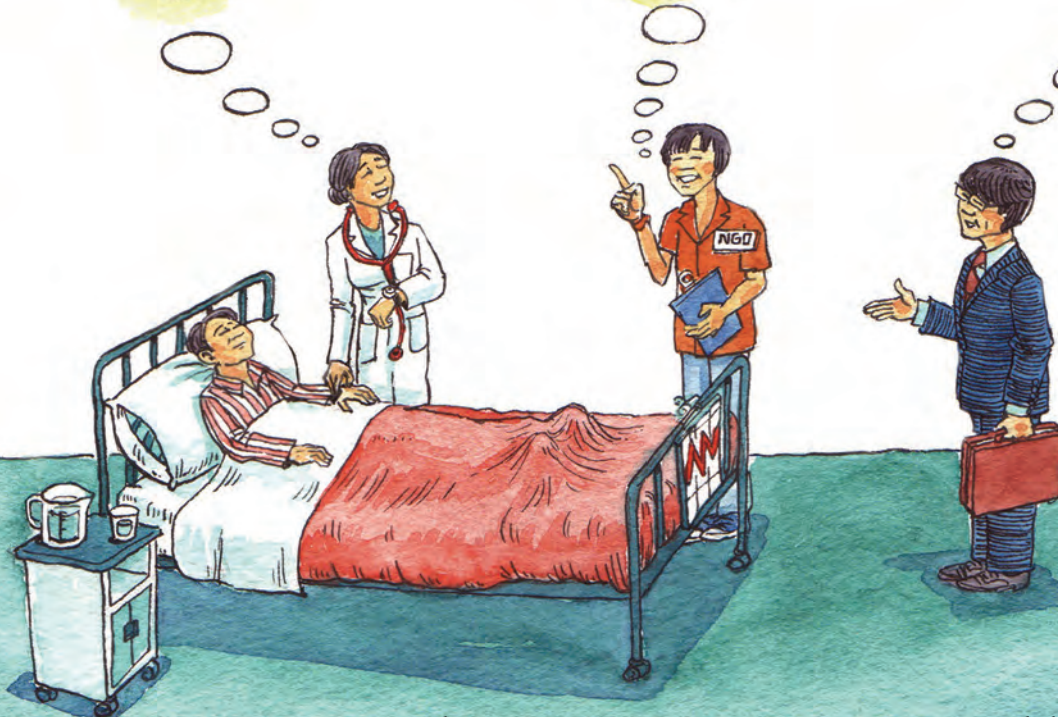
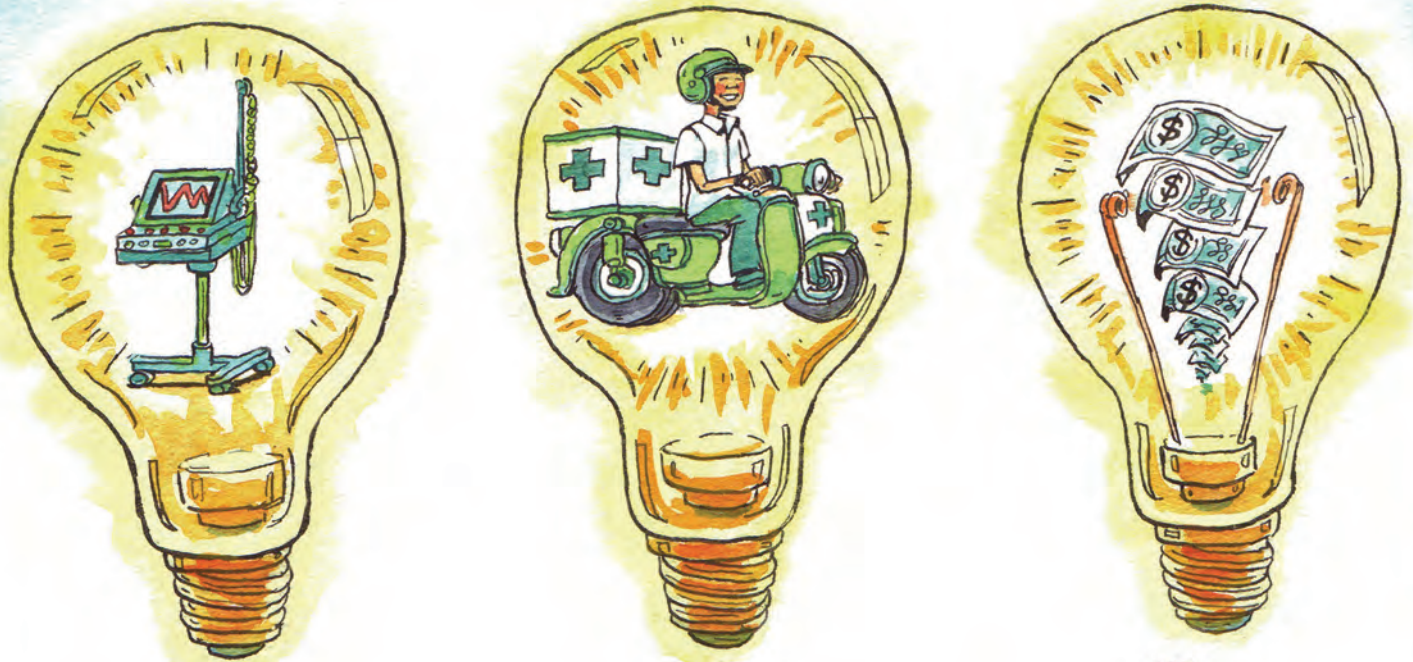


Healthcare in Asia

The innovation imperative



A white paper by the Economist Intelligence Unit

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An excrement idea

Health innovation is most often associated with new medical technology and better ways to organize hospitals, clinics and health insurance schemes. But conditions in the wider community often have much more influence on health.

Take issues of water quality, sanitation and hygiene. Globally, 1.5m people die of diarrhoea every year, most of them children under the age of five. Many more would die without the widespread use of oral rehydration therapy, whereby patients are fed a life-saving solution of salts and sugars. Arguably a better solution, though, would be to prevent diarrhoea from striking in the first place. That requires improving the quality of water and sanitation in low-income communities so that the germs that cause diarrhoea don't get into the body in the first place.

This is the idea behind WaterSHED, an alliance of social enterprises and NGOs that strives to raise standards of water, sanitation and hygiene in Cambodia, Laos and Vietnam. **Set up with support from the University of North Carolina in the US, and funded by donors such as USAID, WaterSHED approaches the problem by developing innovative products that can be made and sold by local entrepreneurs for a profit—all supported by marketing and education programmes to raise understanding of why clean water and sanitation are important.**

So far, WaterSHED has developed innovative water filters and latrines. All of them use extremely low-level technology, all made from locally available materials, but which work just as effectively as expensive products from multinational companies.

"Our solutions are not hi-tech, they are right-tech," explains Tom Outlaw, co-founder of WaterSHED. "They're cheap to make, affordable to buy, extremely durable, and appropriate to the setting."

Its water filters, for example, use an innovative mix of clay, rice husks, and silver nitrate. An urn made from this mix is filled with water that then seeps through the walls at a rate of two liters per hour into a plastic container below. As it filters through the ceramic

walls, the clay, rice husk and silver nitrate mix kills all the harmful bacteria in the water.

WaterSHED spent US\$140,000 to set up a factory in Cambodia in October 2010 with a capacity to make 8,000 filters a month. Operating under a company called Hydrologic, the plant produces several designs—a basic one with a cheap plastic receptacle, and a more aspirational model made from transparent blue plastic with a metal spigot for pouring the water. Production costs range from US\$10 to US\$25, and the filter typically lasts for five years before needing to be replaced. The cost to a consumer to buy these filters is higher and varies.

"We tell our [distribution] partners to sell the filters for as much as they can get," says Mr Outlaw. "The typical NGO mentality would be to give them away, or sell them at cost, but we want this project to be sustainable and scaleable." Hydrologic is currently owned by the project donors, but it's likely to be put into the hands of employees soon to be run as their own business.

To build even deeper commercial foundations, WaterSHED has also launched an aggressive advertising campaign in Cambodia that not only educates about the importance of clean water, but also portrays the product as hip and cool. The water filter, called "Rabbit"—an animal considered both wise and cute in Khmer culture—is now a widely known brand in the country.

WaterSHED has also developed an innovative latrine technology to address lack of sanitation in rural villages where the poor tend to defecate in their fields or on open public spaces and roads. The latrine project is built on the same commercial foundations as the water filters, using local builders to manufacture the latrines (for a cost of around US\$100), and local entrepreneurs to sell and install them in their communities. Once again, though, marketing and education have been critical to the project's success.

"We take a model of a latrine into a village and organise a festival, with lots of hoopla and fun, and in the process explain why good sanitation is so important," says Mr Outlaw. "Local entrepreneurs win the business and build the latrines using our designs, and we help the sales process by bringing in micro-lenders."