



Sanitation Business Viability in Rwanda

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A Knowledge Product from the Isoko y'Ubuzima Project



Background: The Isoko y'Ubuzima Project

The Isoko y'Ubuzima¹ project is a five-year intervention (2021-2026) funded by the U.S. government to expand access to safe, sustainable drinking water and sanitation services in Rwanda. It is implemented by a consortium led by Water For People in partnership with IRC, Vitens Evides International (VEI), CARE International, and African Evangelistic Enterprise (AEE). The Isoko y'Ubuzima project has promoted a market-based sanitation business model, informed by a local context assessment. As the project nears its conclusion, it is crucial to establish viable sanitation businesses that provide affordable services while remaining profitable, thereby sustaining progress and improving sanitation services nationwide.

Sanitation Business Viability in Rwanda

Experience from the Isoko y'Ubuzima project shows that sanitation businesses in Rwanda face mixed prospects. Although demand for improved sanitation exists, entrepreneurs often report low and inconsistent profits. As a result, many WASH-sector entrepreneurs treat sanitation as a secondary business rather than a primary venture, since standalone sanitation enterprises frequently struggle.

The main challenges with exclusive sanitation businesses include 1) seasonal and inconsistent demand, often due to a lack of awareness among community members, 2) fragmented supply chains, 3) absence of sanitation loans, constraining working capital and growth potential, and 4) dependence on subsidies and NGO support, which undermines long-term sustainability.

The Managing Director of *Inema Ltd.* in Kirehe District affirmed that sanitation and hygiene businesses are moderately profitable, sustaining themselves despite high transport costs and limited working capital. *"We mostly make money when we get bulk orders from schools. Sanitary pads and handwashing facilities are profitable, but their demand is irregular, and scale is hampered by limited working capital and poor rural road networks,"* the Manager said.

In the same vein, the Kirehe District Sanitation Centre has recorded modest profits in 2025 due to growing demand for sanitation products and services. *"We are still standing thanks to community mobilization efforts, awareness campaigns, and community showrooms that increase demand for households and institutions to adopt improved sanitation solutions. We leverage the Joint Action Development Forum (JADF) open days and local exhibitions to showcase our products and services,"* said the Director General of Umuti Ltd, which runs the Kirehe District Sanitation Centre.

Primary cost drivers in sanitation businesses

The Isoko y'Ubuzima project has identified several major cost drivers that impact WASH business viability:

¹ Isoko y'Ubuzima means *source of life*

- **Product availability:** The scarcity of WASH products such as SATO pans, prefabricated slabs, locally made toilet seats, handwashing stations, toilet brushes, SATO stools, etc., at the community level raises prices to end users because of transportation charges and increases operational costs to the entrepreneurs due to poor demand and hence low sales.
- **Entry limitations:** The sanitation sector requires high capital investment in equipment (e.g., fecal sludge emptying vehicles) and has limited wastewater treatment plants and container systems. These factors restrict entry for small entrepreneurs and make cost recovery difficult at low sales volumes.
- **Marketing and sales challenges:** Local entrepreneurs are often reluctant to invest in marketing and sales initiatives, which hinders demand activation. In addition, sanitation products cannot be sold or installed by anyone; sales agents and masons need training, which most local entrepreneurs cannot provide.
- **Financial constraints:** Limited access to affordable loans from financial institutions and microfinances. It is worth noting that there were no financial products tailored to sanitation, which forces entrepreneurs to rely on personal savings and informal loans, such as those provided by Village Savings and Loans Association (VSLA). This reliance does not guarantee viability in the sanitation business industry.

Addressing these cost drivers is essential for enhancing the viability of sanitation business models and ultimately improving sanitation outcomes in the targeted communities.

Lessons Learned on Market-Based Sanitation (MBS)

Demand creation and activation

The project adapted the Elephant, Rider, and Path (ERP) model to design² a successful MBS solution, which utilized Social Behavior Change (SBC) techniques such as Decision Quotient (DQ) selling and segmentation of market adopters. Through the ERP strategy, 150 sales agents conducted household visits and have sold over 25,000 SATO pans by 2026.

The market segmentation and demand creation technique classified community members into five groups based on their influence and financial capabilities: innovators, early adopters, early majority, late majority, and laggards. The groups were targeted sequentially to create momentum.

² The Elephant, Rider, and Path (ERP) model is a framework used in behavioral design, psychology, and change management to explain how people make decisions and how change can be effectively motivated

Sanitation supply chain strengthening

The Isoko y'Ubuzima project established a multi-tiered supply chain system, shown in Figure 1, from the national level to the village level. The supply chain starts with linking manufacturers and national distributors of sanitation and hygiene products with District Sanitation Centers (DSCs)³. DSCs are mandated to act as intermediaries between suppliers and communities and must therefore ensure the availability of standardized product lines. The project established showrooms at the sector level (sub-district) and networks of trained sales agents and masons at the village level. The sanitation showrooms featured products like SATO pans, handwashing stations, toilet slabs, and brushes.

To expand access to sanitation products, 150 sales agents were trained in selling using the DQ selling technique, while 720 masons were trained in the installation of improved toilets. Each sales agent earns a commission for each SATO product sold, while masons receive around 5,000 RWF for each SATO pan installed.

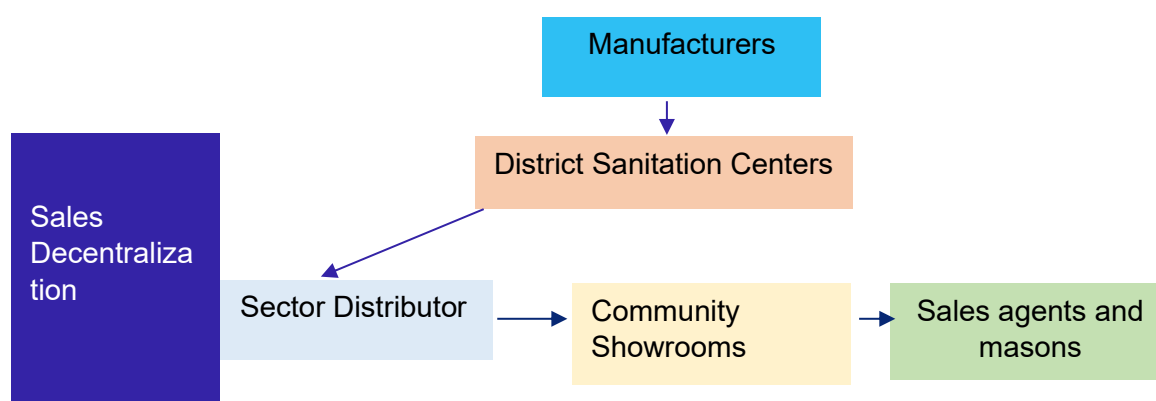


Figure 1. Sanitation sales model

Increase access to finance

The Isoko y'Ubuzima project linked VSLAs to Savings and Credit Cooperatives (SACCOs) to facilitate access to finance. CARE International trained community volunteers called Hygiene Focal Points (HFP) and Village Agents on hygiene and sanitation. In turn, these HFPs and Village Agents prioritized visiting VSLAs to encourage them to take out loans from SACCOs to improve hygiene and sanitation in all their member households.

³ District Sanitation Centers (DSCs) are one stop shops at the district level that sell WASH products, train and display different sanitation technologies. They function as public-private partnerships, with the government providing the infrastructure, and a private sector entrepreneur managing the center. There are currently 13 DSCs established across the country with 4 supported by the Isoko y'Ubuzima project.

However, VSLAs and SACCOs do not have the capacity to provide loans to sanitation businesses. In this regard, Water For People, in collaboration with UNICEF, worked with larger banks in Rwanda to develop WASH loan products for households and SMEs. In 2025, the Bank of Kigali launched the WASH loan, which is expected to boost sanitation businesses in Rwanda, and three other banks are in the process of customizing their products to facilitate loan access for WASH SMEs and households.



*Left: The UNICEF WASH Chief, Dr. Murtaza Malik, giving a speech during the WASH product launch
Right: The head of SME, Mr. Darius Mukunzi, presents the Bank of Kigali SME WASH product*

The growth potential and scale of sanitation businesses in Rwanda

Rwanda has set ambitious targets for WASH aligned with Vision 2050. The aim is that all households, in rural and urban areas, have improved water sources (piped water, well-protected springs), and sanitation that complies with health standards in schools and health facilities. Yet sanitation businesses remain small and local, reaching a handful of communities at a time. Scaling is still constrained by fragmented supply chains, households' limited ability to pay, and weak distribution networks. Despite these challenges, the following strategies can help sanitation businesses grow:

- **Go holistic:** Invest in a comprehensive approach to the sanitation value chain rather than focusing on a few products. For instance, an entrepreneur can sell and install SATO products, manufacture and sell handwashing stations, and provide sludge emptying services. By adopting a holistic strategy, entrepreneurs can mitigate business losses and ensure a more sustainable business venture.
- **Access to WASH Loans:** Leverage new WASH loans currently offered by the Bank of Kigali. This is an affordable loan with free financial management training.
- **Invest in demand creation:** Entrepreneurs must invest in marketing activities such as the MBS utilized by the Isoko y'Ubuzima project, where sales agents and masons were trained to increase access to sanitation products at the community level.

Recommendations to the Policy Makers

Based on Rwanda's context, experiences shared by local entrepreneurs investing in sanitation products, the following steps can help boost sanitation business viability and scale.

- **Promote improved sanitation culture:** Encourage individuals and companies to prioritize sanitation during construction activities. For instance, the government of Rwanda has increased investment in the construction of public toilets and handwashing stations at major public places after the outbreak of the COVID-19 and Marburg diseases. The rising positive WASH culture should be reinforced down to the individual household level in the village.
- **Reduce costs through strengthening local supply chains:** Avoid program designs that subsidize sanitation products/business costs, but instead strengthen local supply chains by attracting larger enterprises to invest in the sanitation business. In addition, the existing structures, such as the DSCs, community showrooms, and sales agents, are already pillars of a strong supply chain of WASH products and services.
- **Strengthen demand:** Promote the practice of community-based sales agents and include sanitation awareness messaging in community works, health campaigns, and community meetings. Demand activation should be particularly emphasized in and around major agricultural harvests, such as in December, January, June, and July, when households have a surplus of funds to purchase sanitation products.
- **Government support:** Collaborating with local government to contribute to business promotion and marketing through awareness campaigns, fairs, and exhibitions, which connect sanitation businesses with wider communities and increase product uptake.

Conclusion

Sanitation business in Rwanda faces persistent viability challenges, largely due to limited awareness, lack of related microfinance products, and ineffective supply chains. There is a need to reduce dependence on external support and government subsidies, but increase awareness among community members, and increase funding of sanitation businesses and projects through informal and formal local financial institutions. The viability challenges can be managed by effective and efficient local supply chains, improved sanitation culture, and innovative and context-based sanitation business solutions and strategies.

References

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Disclaimer

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