



FRISIAN URBAN SANITATION PROGRAMME

Xai Xai - Chókwè - Inhambane - Maxixe - Chimoio - Manica - Gondola - Beira



FACTSHEET 5 PRIVATE SECTOR DEVELOPMENT AND INCLUSIVE-FINANCING

CONTEXT

Following the start of the Frisian project in 2010 it soon turned out that households had no place to go and buy decent and affordable sanitary products. In the cities participating in the project there were very few entrepreneurs active in the sanitation business. These include companies that build latrines and toilets, sell materials, run public toilets, builders, septic tank cleaners, companies emptying septic tanks using vacuum pumps, composting companies and other waste disposal companies.

Entrepreneurs who were active supplied products of substandard quality, or worked in poor, often unhygienic working conditions. Besides, little cooperation exists in the sanitation chain. Toilet installers are often insufficiently aware of the need that toilets should be easy to empty, and septic tank cleaners often dispose of faecal sludge and urine in the nearest gutter.

Mozambican small and medium-sized enterprises generally have to cope with inadequate management capacity. Few entrepreneurs know how to draft a business plan which will give them access to funding in order to upscale their activities.

In relation to this, the project's awareness-raising activities play an important role in creating demand at household level. For further reading cf. the FACTSHEET 'Household sanitation'. The larger the demand the more interesting the market becomes to entrepreneurs.

Households often give priority to spending money on TV sets or telephones.



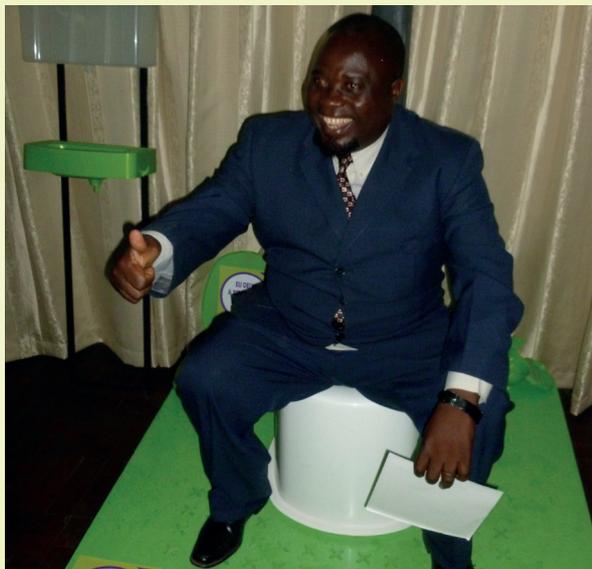
Two examples of successful cooperation with the local private sector. 'Lavar As Maos' toilet paper and latrine lids in the colours of the Mozambique flag.

One of the requirements for encouraging the demand for sanitary products is to offer access to financial products or services which facilitate acquisition.

THE APPROACH TO THE THEME 'PRIVATE SECTOR DEVELOPMENT AND INCLUSIVE-FINANCING'

According to the Frisian project the private sector is of crucial importance to the sustainable development of improved sanitation. The interests of entrepreneurs in preserving and improving their own companies ensure continuity and development. For this reason the project tries to interest entrepreneurs in the sanitation market. The project focuses on increasing the quality of products and services supplied, enhancing entrepreneurial skills and enabling easier access to financing for both households and sanitation companies.

INCLUSIVE-FINANCING IN SANITATION: ENABLING ACCESS TO FINANCIAL PRODUCTS TO HOUSEHOLDS AND SMALL ENTERPRISES THAT WISH TO INVEST IN SANITATION.



The Xipoti system also has the approval of this civil servant.

Firstly, the project invests in a so-called '*local business support structure*': entrepreneurs who are interested in the sanitation sector receive intensive training and guidance in the field of entrepreneurship. The entrepreneurs involved also participate in various technical sanitation training

sessions. This creates a stronger local business community that is more capable of attracting capital for investments. The entrepreneurs are encouraged to work together more closely throughout the chain, to enjoy the advantages of scaling-up by developing joint purchase and marketing activities. Secondly, the Frisian project invests in involving local financiers. To this end a partnership was set up with domestic development bank *Banco Oportunidade de Moçambique (BOM)*, Not only to enable companies to grow, but also to enable households to buy toilets. The objective is the introduction of sanitation loans to both individual households and groups. Involving *BOM* also aims at promoting sanitation on a larger scale in the longer term. *BOM* intends to introduce the loans not only in the cities participating in the project, but also elsewhere in Mozambique.

ACTIVITIES AND RESULTS

- Technical training on producing and installing good standard and safe sanitary products.
- Selection, training and consultation of entrepreneurs with regard to starting and extending their companies.
- Supporting initiatives aimed at strategic cooperation between entrepreneurs.
- Enabling access to a inclusive-loan institute, resulting in the launch of BOM micro-credits for sanitation in Chimoio.
- A pilot project with savings- and loan groups.
- Participation in business training sessions by informal and small entrepreneurs.
- Small and medium-sized businesses founded an association of sanitation entrepreneurs to serve the market better and more efficiently.
- Experiments with attractive sanitary products: Xipoti and Xibagi, which resulted in positive changes in attitudes towards sanitation.

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