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it all begins with water

Network event 2018

Investing in and collaboration with Africa – role of and support to entrepreneurs in the public service of water and sanitation

Ghent, 23 May 2018



- 1. 3 kinds of involvement of private partners**
- 2. Support to small entrepreneurs: why and preconditions in a public service**
- 3. Examples in drinking water service**
- 4. Examples in sanitation services**
- 5. General conclusions, lessons and challenges**

3 kinds of involvement of private partners

Involvement of private partners

- Support to development by private partners
- Subcontracting works and services
- Support to local entrepreneurs → core of this presentation

Support to development by private partners

- **Support from private sector as part of their social responsibility**
- **Some examples from 'Flemish Partnership Water for Development'**
 - see also presentation by Jos
 - Study of artesian water in Benin by IMDC
 - Support to JIRAMAH (national water and energy company of Madagascar) by Watergroep
 - Support to faecal sludge treatment in Mali and Madagascar by Aquafin
 - Support to study on integrated water resource management in Mali by ANTEA
 - Training of staff of local authorities of Benin organized by Port of Antwerp



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Subcontracting works and services

- Existing, well-established local / national / international companies
- Support to be given to ‘prime contractor’ (in French: Maître d’Ouvrage’) as ‘owner’
 - local authorities (certainly in drinking water in rural areas)
 - farmer groups (e.g. irrigation infrastructure)
 - catchement management committees, ...
- It concerns the complete chain
 - from strategy, planning and programming
 - over subcontracting (tender, selection, contract, implementation, delivery and reception)
 - until management
 - and including all necessary stakeholders!

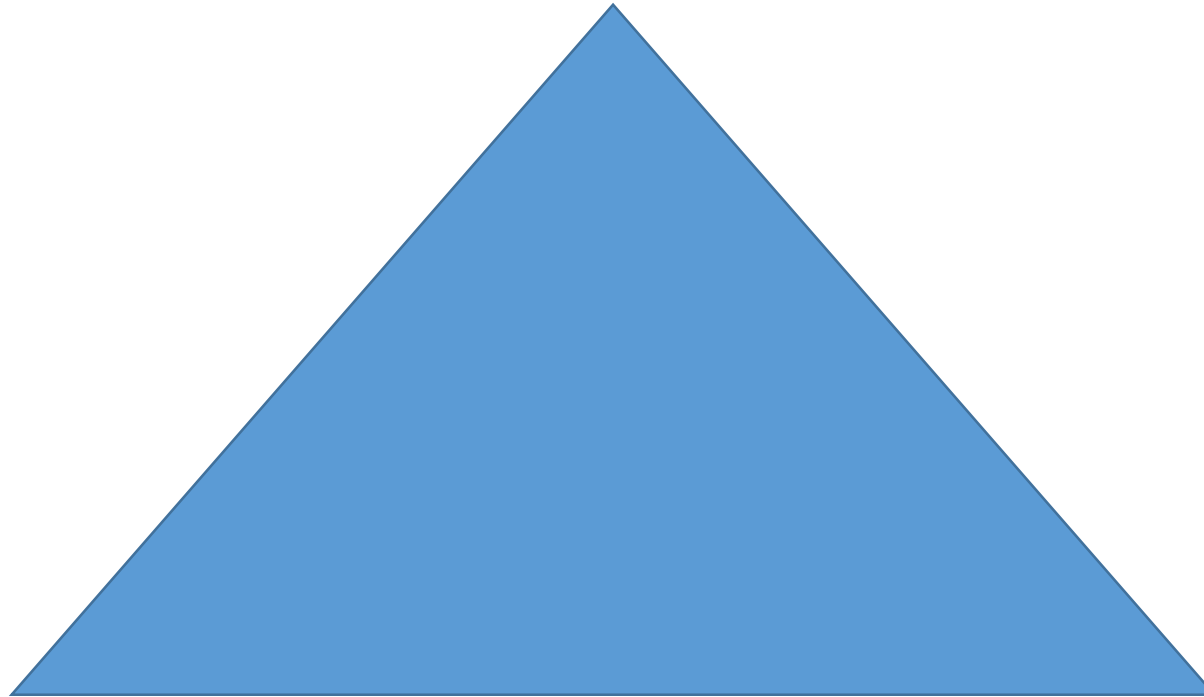
Support to local entrepreneurs

Why, what, preconditions

Different sectors, different roles

- **Public sector**
 - Water = public good = should be governed by public = authorities with implication of all stakeholders, thus also users
 - Sanitation is rather private matter → authorities have important role in change of behaviour, conscientisation, ... + supporting sector development + sanitation rules and control
- **But private sector has a role to play**
 - » In organisation
 - » In management
 - » ...

Local authorities



**Users
(individual / organized)**

**Service providers
Incl. private sector**



Important things to take into account

- **(Local) authorities**
 - Final responsible / owner
 - Steering the process
 - Setting the price (or the range)
 - Assure access for all groups; avoid exclusion
 - Follow-up, control, adjust
- **Civil society**
 - To be involved in strategy, planning, control, follow-up
 - Transmit demands and complaints from users to private sector and/or authorities
 - To be organised to have more influence
 - Try to find a constructive collaboration

Important things to take into account

- **Private sector**

- Key factor to assure a quality service
- Often little interest in the WASH sector so far (except for big water systems), certainly in rural areas
- Possible role in design, delivery materials, operation, maintenance, management
- Need to have a 'social interest', not only profit
- Knowledge of local context & local relations are important
- Open mind to collaborate with local authorities and accept role of civil society
- Reinforce local, existing and often unofficial entrepreneurs, or create new structures?

Examples in drinking water

Mali and Benin: manual drilling

- Produce local equipment
- Training of drillers
- Support developing business
- Advantages
 - Local people
 - Lower prices
 - Interest in single drillings
 - Access to difficult areas
- Limits
 - Small scale
 - Depth & characteristics of substrate



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Madagascar: management of big water system

- Municipality of Ampitatafika, central highland, rural area
- Several springs, 100 km pipes, several reservoirs, pressure chambers
- 3 kind of connexions to users
 - Individual (can also sell to neighbours a fixed price)
 - Shared connexions (± 5 households)
 - Selling points



Madagascar: management of big water system

- **First testing stage with staff project + municipality**
- **Transfer of management to company 'VELO'**
- **Financial equilibrium**
- **Slight benefice**
- **Advantages**
 - Professional management
 - Clear distinction of roles
 - Access to drinking water
- **Challenges**
 - Capacity municipality for control
 - Investment in extension and replacement



Madagascar: management of big water system

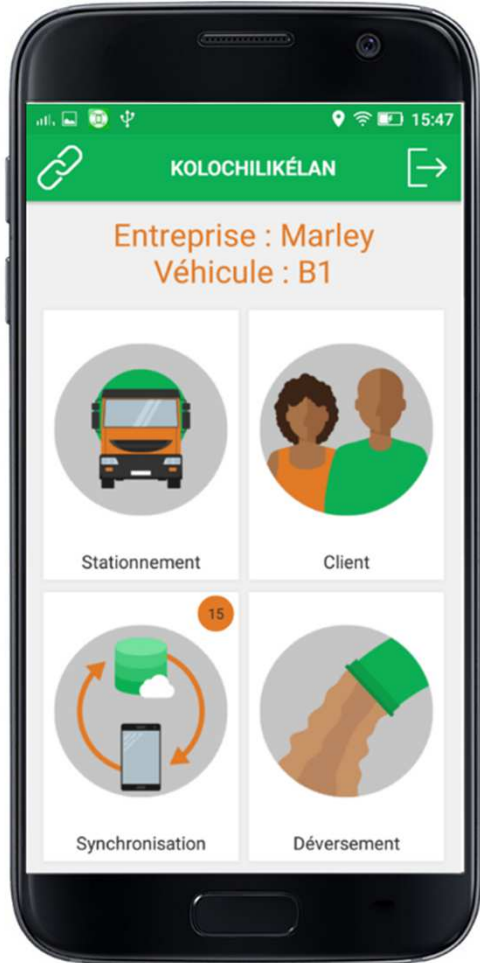
- **Tariffs (1 euro = 3.920 Ariary:**
 - individual connexion: 1 Ar/l; shared connexion: 0,5 Ar/l; public entities (school, hospital, ...): 0,5 Ar/l; selling points: 1 Ar/l
 - fixed price selling = 50 Ar/23 l from individual connexion or selling points; 30 Ar/23 l from shared connexions
- **Actually 644 clients (527 individuals, 80 shared, 29 public, 8 selling) serving 16.911 people (50%)**
- **3% of income to municipality for follow-up**
- **7% of income to be saved for replacement and extension → in 2017 investment of 5.000 from this fund in extension.**
- **However: this fund remains small <> cost total system = 400.000 euro!**
- **Price of connexion = 50.000 Ar (13 euros; 16% of real cost) → incentive to ask for a qualitative service from VELO**

Examples in sanitation services

Mali: faecal sludge service

- Existing local entrepreneurs
- Improving quality of material for emptying, collecting, transport
- Support to business development:
 - smart phone application to improve efficiency
 - call centre to connect clients and companies
- **Figures (February 2017 – march 2018)**
 - 346/393 days operational
 - 3297 customers
 - 15 disposal sites (non controlled), 2 798 disposal operations and total of 16,813 m³ sludge
 - Turnover: 68,348,104 FCFA (= 194 106 €)

Mali: faecal sludge service



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Madagascar: faecal sludge service

- Toamasina, 2nd town in Madagascar
- No official / professional emptying services
- Traditional emptying in very bad conditions
- Creation of local company 'IMPACT'
- Technical support (equipment, training)
- Support in business development



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Madagascar: faecal sludge service



Madagascar: faecal sludge service

- Figures 2017

Total volume	754.07	m ³
Number of customers	500	customers
Days worked	247	days
Average daily 'production'	3.1	m ³ /day
Average monthly 'production'	62.8	m ³ /month
Average number of customers per month	41.6	customers
Averaged worked days per month	20.5	days

Madagascar: faecal sludge service

- **Figures 2017: revenues and expenditures per month**
 - Figures in Ariary: 1 euro = 3920 Ar.
 - Revenues = 1.440 euro/month
 - Expenditures = 1.340 euro/month
 - Benefit = 100 euro/month

Category	Amount (MGA)
Emptying <0.5m ³	159 000
0.5m ³ < emptying < 1m ³	931 667
Emptying >1m ³	3 907 962
Opening tank/pit	69 167
Closing tank/pit	26 667
Tank repairs	547 500
TOTAL	5 641 963

MONTHLY EXPENDITURE	
Category	Amount (Ar)
Human resources	2 549 817.50
Rent	55 833.33
Maintenance	474 722.70
Transport	866 625.00
Treatment	237 641.67
Operation	213 558.33
Depreciation	787 206.00
Promotion	60 000.00
Total	5 245 404.53

General conclusions, lessons and challenges

Points of interest - challenges

- **Private sector ≠ privatization**
- **Triangle → role of each actor (authorities, users, providers) + interaction between them**
- **Importance of universal access for all → avoid exclusion**
- **Financial sustainability for local entrepreneurs in public sector**
 - No self-evidence for financial break-even nor profit
 - Willingness to pay
 - Benefits remain low → need for ‘social attitude’ of entrepreneur
- **Control by (local) authorities**
 - Capacity for small municipalities with little resources
 - Outsource it to other structure? Role regional / national authorities?
- **Need to subsidise certain services? If yes, how?**



Belgium
partner in development



Flanders
State of the Art



Flemish Partnership
Water for Development

VIAWater



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