

South-South Learning on Creating a Sustainable Urban and Peri-Urban Sanitation Market: Experiences from the Sanitation Services Delivery Project

South-South learning on the urban sanitation market

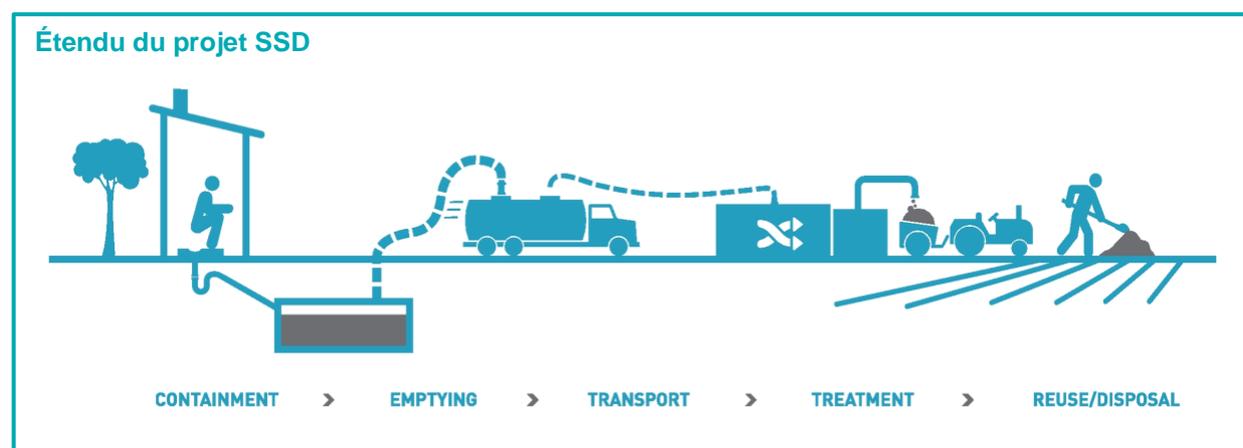
During the South-South learning facilitated by the SWA Secretariat on 16 June 2020, dealing with [WASH in schools](#), it was requested to learn more about the ongoing Sanitation Services Delivery (SSD) project in Benin, Côte d'Ivoire and Ghana. In response to this request the SWA Secretariat facilitated a South-South learning between the partner countries on 16 July 2020. The intervention was made mainly by the Project Manager in Benin, and complemented by representatives of USAID and the Ministry of Health in Benin. 70 participants, including governments, technical and financial partners and the private sector, took part in this webinar which addressed the technical, financial, strategic and partnership aspects of this project.

The SSD project in Benin

The Sanitation Services Delivery (SSD) project received USAID funding for an initial period from October 2014 to September 2019, and is currently extended to September 2020. The total funding is \$17.8 million for activities in the three project implementation countries. The implementing partners are Population Services International (PSI) and Water and Sanitation for the Urban Poor (WSUP).

Benin has a very low rate of access to sanitation, due to factors such as: low availability of technologies adapted to the needs of low-income households; demand and supply financing constraints; weak government coordination of the sector; and low private sector capacity.

To address this gap, USAID/West Africa signed a cooperation agreement with PSI to implement the regional Sanitation Service Delivery program, which aims to foster a sanitation market with increased private sector capacity to provide services to low-income consumers. Of the five components of the sanitation value chain, the project intervened on the first three components namely user interface, containment, emptying and transport of faecal sludge.



The strategies implemented to achieve the project's objectives are as follows: Analysis of the functioning of the market and the needs of households; development of the supply chain (training of micro-entrepreneurs to ensure the production of the components used in the construction of the latrines; artisanal masons to ensure the construction of the latrines, well-diggers to clean the pits - and the creation of local sales points); the development of financial products to finance demand and supply; creation of demand at the community level; advocacy and strengthening the capacity of communes (quality assurance, law enforcement, coordination of efforts).

The "Sanitation Credit" has been set up - with substantial resources, a simple selection algorithm and reasonable interest rates. In 2 years, around 2,500 households have been able to build their own latrines thanks to this Credit, and the loan repayment rate is 80%. In 2018, toilets built with this Credit constituted 75% of all toilets built under the project (the other 25% were self-funded). This shows that the implementation of the Sanitation Credit has stimulated toilet purchases by low-income urban households.

With two communes of intervention at the start, the project currently covers 30 communes, with 3 more in the process of being integrated in 2020. For more information on the project, the slides of the intervention are available [here](#).

The project puts in place several mechanisms to ensure its sustainability and success

- The project is **based on sector strategies**, in particular the strategy in charge of hygiene and basic sanitation in urban and peri-urban areas, which takes into account sanitation marketing.
- The **synergy of action between authorities at various levels** - the government draws up the strategic texts governing the sub-sector; the local authorities apply these texts and support the project in the quality control of the works and the creation of demand.
- The **"sanitation marketing" approach complements CLTS** and allows for the scaling up of sanitation. Both approaches are included in the strategic documents for hygiene and basic sanitation in Urban and Rural areas.
- A **"Finance Scan"** enabled the project team to meet with actors from the finance sector (Banks and microfinance structures) to identify their willingness to finance the supply and demand of hygiene and sanitation products and services.
- A **"sustainability plan"** was developed during a workshop involving all stakeholders. Through this plan, stakeholders (communes, micro-entrepreneurs, microfinance institutions, the Ministry of Health through the Directorate of Basic Sanitation) committed to take concrete actions to continue the project activities after its closure.
- For the **"scaling up"** to other communes in Benin, the project team is involved in an advocacy process with the authorities of the Ministry of Decentralization and Finance to ensure that part of the FADEC funds intended for the communes is allocated to basic sanitation to enable them to improve the hygiene and sanitation component of their communes.
- The **"Sanitation Credit"** is based on a careful selection of eligible households, so that repayment rates remain high and the financing mechanism becomes autonomous and sustainable.
- The biggest **"motivating factor" for the actors** in the supply chain is the fact that they are in a business that allows them to earn a living while contributing to improve the environmental conditions of households.

Lessons to be learnt from the SSD project

The presentations and discussions identified important lessons for the implementation of sanitation services in urban areas, access to these services, especially for low-income people, and the sustainability of services. In addition to mechanisms for sustainability and success, market development requires a holistic approach on three levels.

Market development requires a holistic approach on three levels

- Across the entire sanitation service chain
- Financial support to suppliers (very small businesses) AND consumers (low-income households)
- In an enabling environment that provides policy guidance, rules and incentives to motivate all market players.

The technical-financial perspectives are to improve access to finance for businesses and households (via additional guarantee funds or credit lines); to ensure the constant availability of hardware; to ensure that all actors involved understand and play their roles. In terms of extension and sustainability, the quality of services should be maintained after project completion and the target of 2500 sanitation products per month should be reached.

Currently the project covers 30 of the 77 communes in the country. For the other communes, the project team in collaboration with MCDI and WSSCC have advocated to the authorities of the Ministry of Decentralization and Finance to allocate part of the FADEC funds to the communes to enable them to improve the hygiene and sanitation component of their communes.

Follow-up to the learning

This learning has already led to a bilateral exchange between the SSD project in Benin and the "Sanitation Market Development" project implemented by Water & Sanitation for the Urban Poor (WSUP) Madagascar. The SWA Secretariat will explore further South-South learning, particularly on the political and financial aspects of water, sanitation and hygiene. The scope of these learnings will also be determined by the linkage with other SWA activities, including the preparation, holding and follow-up of the [Finance Ministers Meeting](#) in the last quarter of 2020.

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