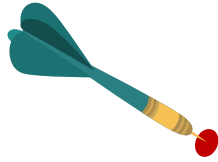


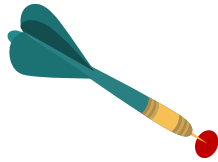
## **Part 2 – Sanitation Solutions**

### **2.4 Working with the Private Sector**

**Inclusive urban sanitation – Capacity development for consultants**



Distinguish the important roles that the private sector can play in urban sanitation



Identify how to develop private sector capacity to fully unfold its potential.

## Involving the private sector

- Why involve the private sector?
- Structuring private participation
- Attracting the private sector

## Building up the private sector

- Building skills and capacity
- Supportive legal and regulatory environment

# Why involve the private sector?



## Market discipline: Individual services

- Lower prices
- Flexible response to client demand
- Expansion and movement to new areas



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Kampala shop specialising in sanitary hardware

# Why involve the private sector?



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## Market discipline:

### Individual services

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### Shared services

- Competitive tendering
- Performance targets

# Why involve the private sector?



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## Resource mobilisation:

- Already present – formally or informally
- Experienced staff
- Equipment, tools and materials
- Access to loans and own capital

# Why involve the private sector?



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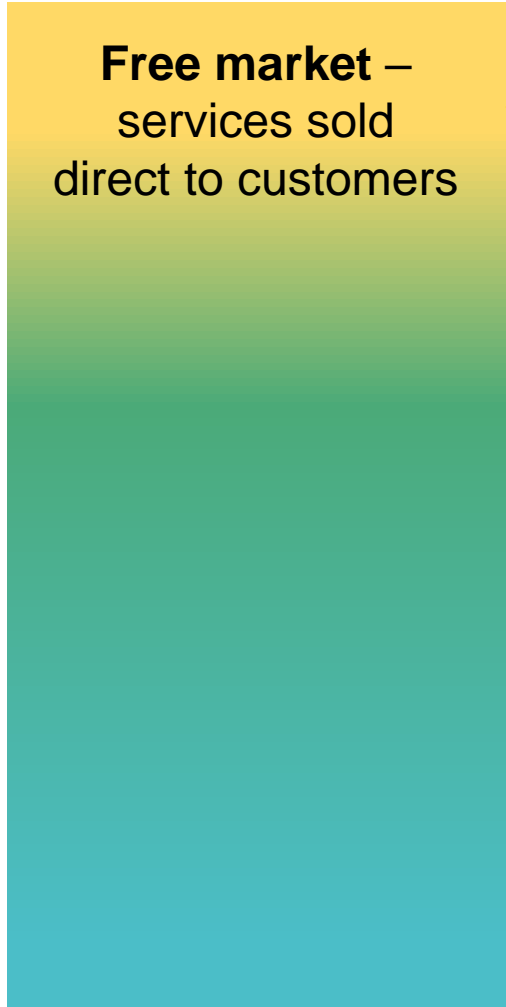


## But markets *might not deliver*

- Reliable quality
- Affordable products for the poorest

# Structuring private sector participation

---



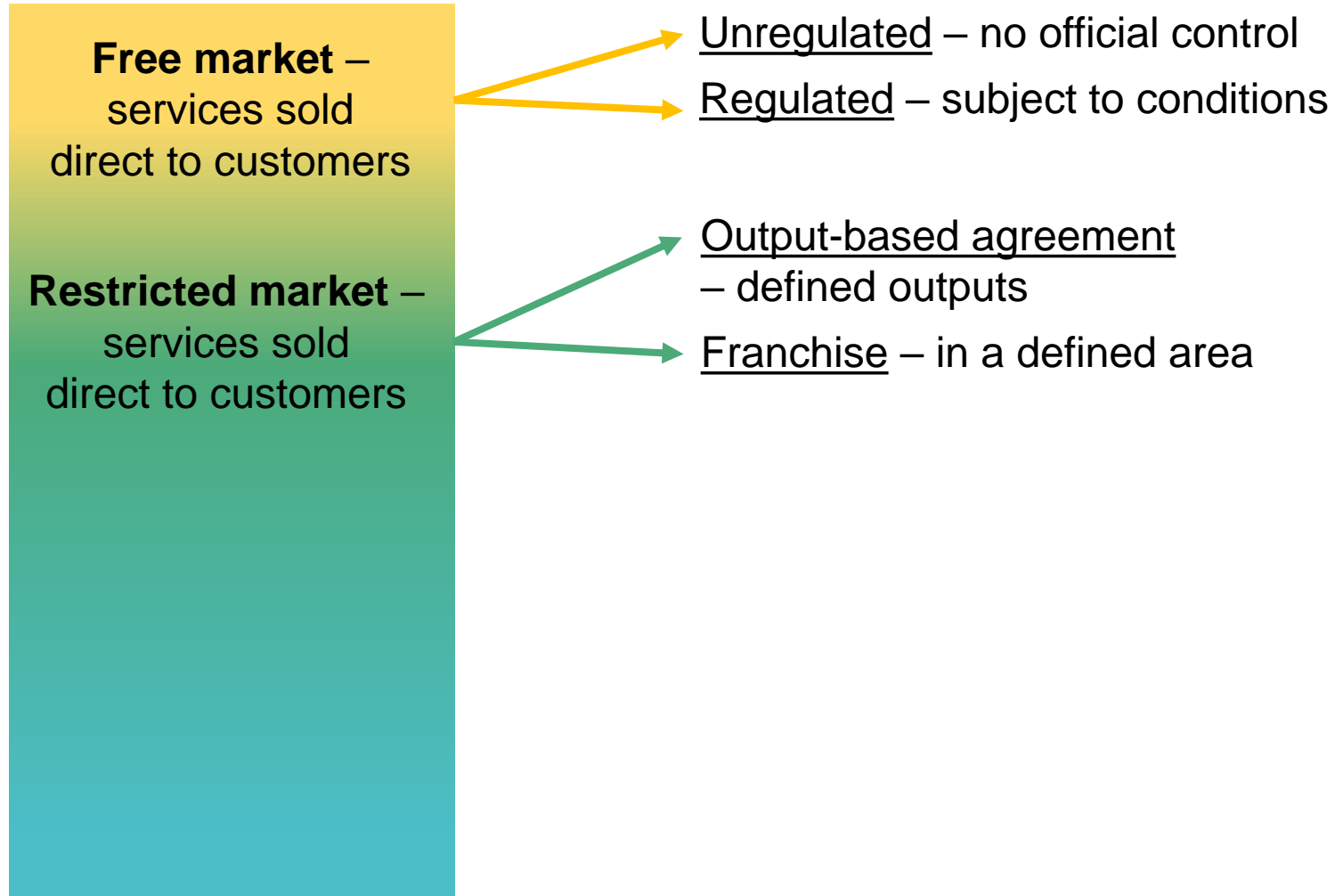
Unregulated – no official control

Regulated – subject to conditions

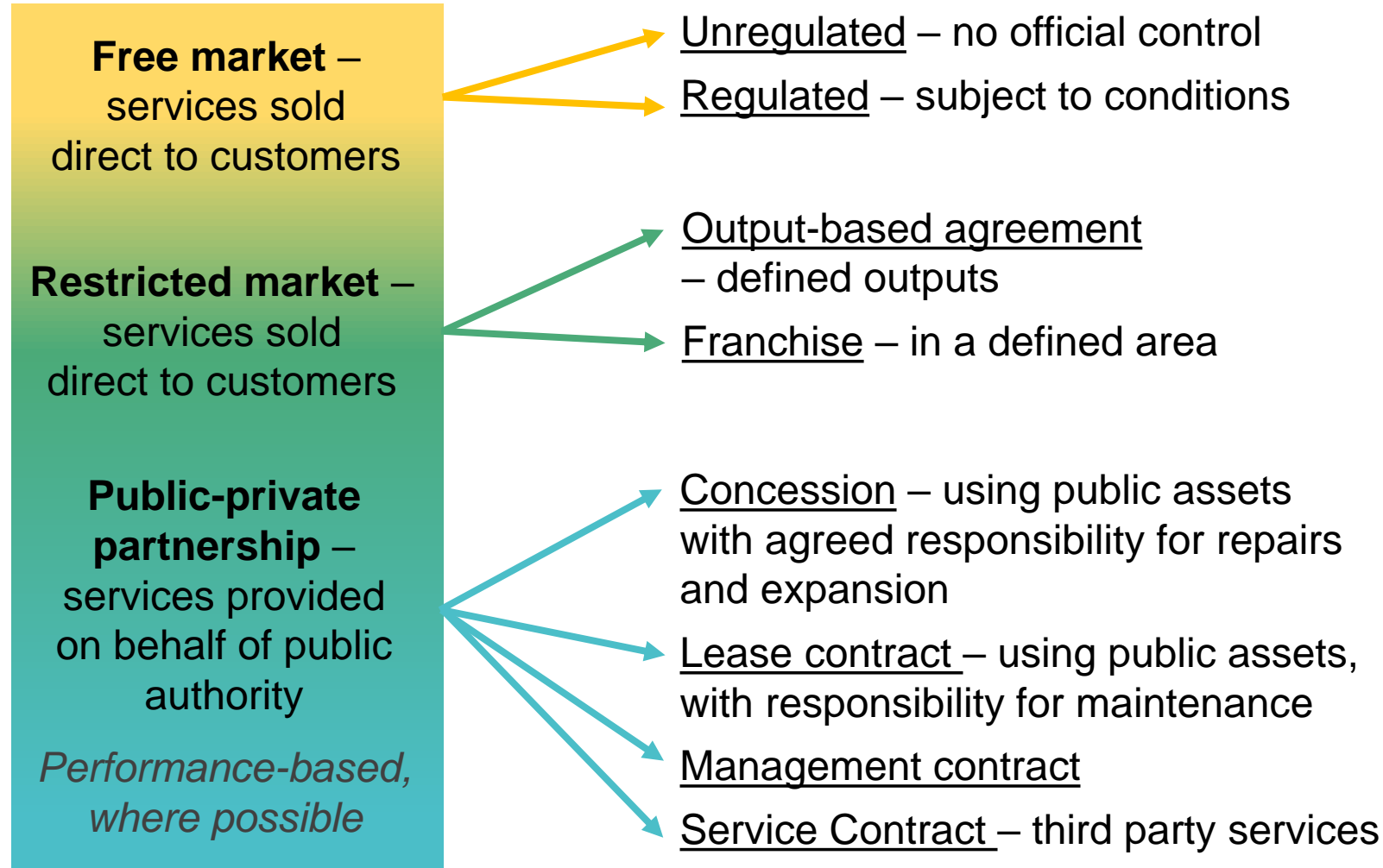
**No price regulation!**



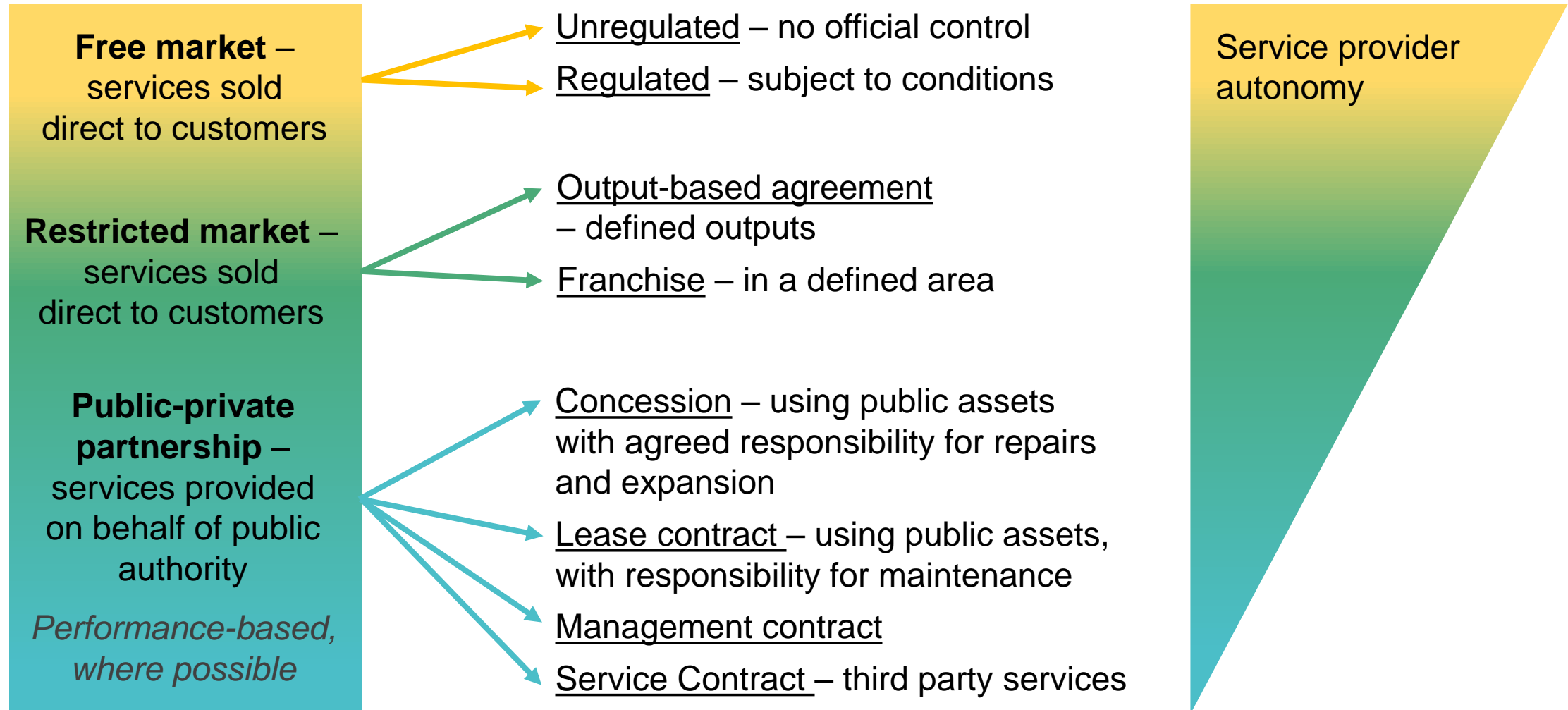
# Structuring private sector participation



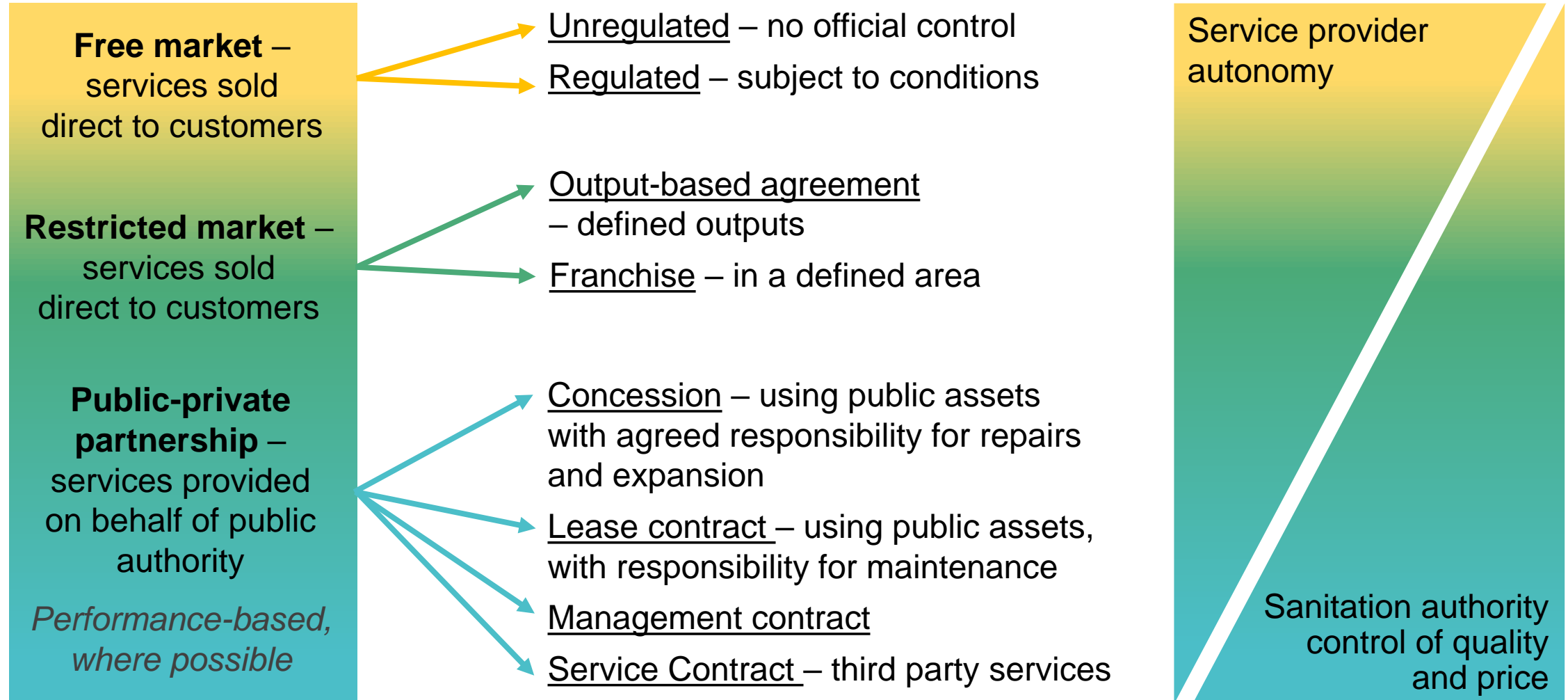
# Structuring private sector participation



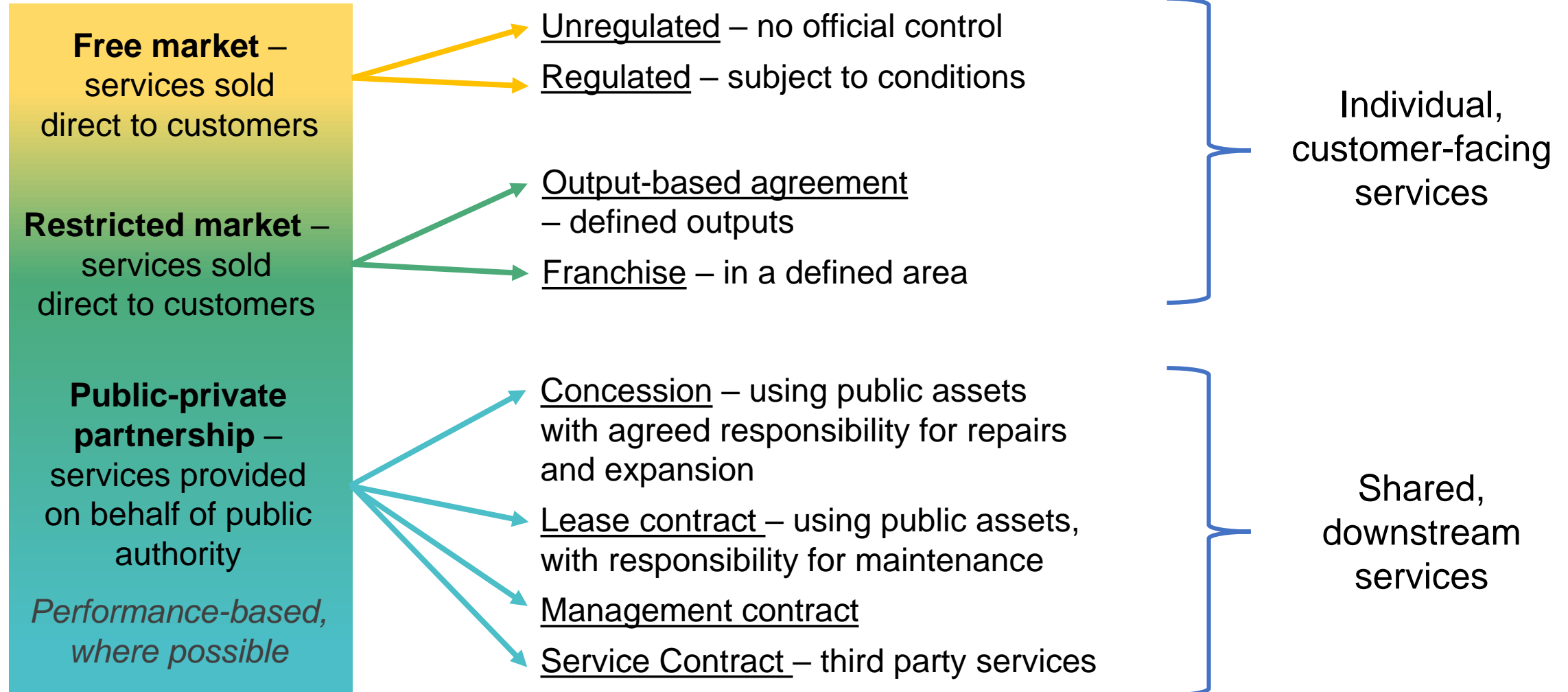
# Structuring private sector participation



# Structuring private sector participation



# Private sector model depends on service type



# Example – service contract in Wai, India

## Performance benchmarks

- Scheduled emptying 2,000 septic tanks/yr. for three years
- Use of PPE, disposal at designated site
- Promotion activities
- Establish control centre



# Example – service contract in Wai, India



## Performance benchmarks

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## Payment

- Payment against service targets
- Households pay sanitation tax

# Example – service contract in Wai, India



## Performance benchmarks

- Scheduled emptying 2,000 septic tanks/yr. for three years
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- Promotion activities
- Establish control centre

## Payment

- Payment against service targets
- Households pay sanitation tax

## Monitoring

- Service receipts verified at emptying, discharge
- GPS tracking of vehicles
- Self-reporting by service provider
- Municipal inspections



# Attracting the private sector

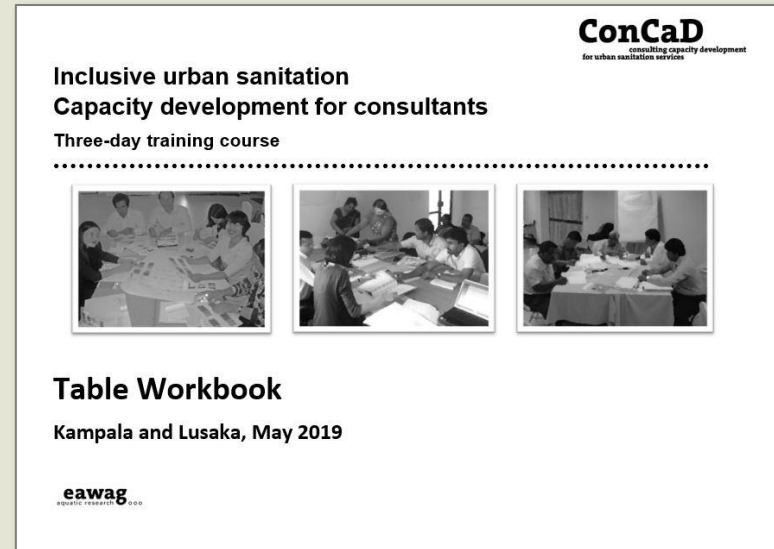


SWEEP branded services in Dhaka

- Reach out and listen to service providers
- City-wide branding and sustained marketing of customer-facing services
- Formalisation and clean smart uniforms bring social acceptance
- “One-stop shops” packaging toilet materials, construction and credit



## Follow Table Workbook activity 2.4



Page 10

8 mins





Septage and pit emptiers training, Kampala 2018

- Business skills, technical know-how, health and safety
- Structured mutual learning by service providers
- Capital formation, access to credit, leasing, guarantees, etc.
- Formation of specialist trade associations

# Growing the business



- Demand generation
- Facilitate access to critical infrastructure
- Assistance in procurement processes



Branded promotional material used in Maputo, Mozambique, to support pit emptying start-ups

# Supportive legal and regulatory environment



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John Businge, Forever Sanitation  
Kampala, Uganda

- **Establish institutional capacity**
  - clarify legal and regulatory systems and institutional roles
  - build capacity for and allocate budgets to enforcement
  - adapt procurement processes

# Supportive legal and regulatory environment



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- **Develop Regulation**
  - experience-based standards
  - incremental approach over five or more years
  - be realistic about enforcement capacity and incentives

# Supportive legal and regulatory environment



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- **Develop Regulation**
  - experience-based standards
  - incremental approach over five or more years
  - be realistic about enforcement capacity and incentives
- **Address critical regulatory needs** 
  - containment
  - manual emptying
  - mandatory safe disposal
  - product licensing

- ✓ Improves sanitation
- ✓ Helps generate business



## Quiz 2.4 Q1

Hold up a  
green (you agree),  
red (you disagree) or  
yellow (not sure or maybe)  
card to indicate what you  
think.

3 min

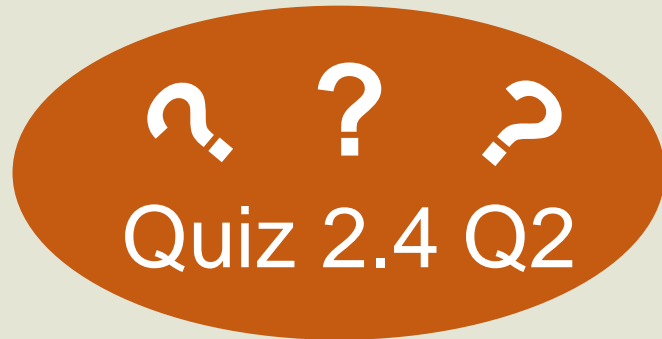


### True, false or maybe?

In urban sanitation, the private sector:

- a) can provide increased efficiency
- b) doesn't need help to effectively and equitably service the community's sanitation needs
- c) is motivated, agile, and can mobilise capital





Hold up a green (you agree), red (you disagree) or yellow (not sure or maybe) card to indicate what you think.

3 min

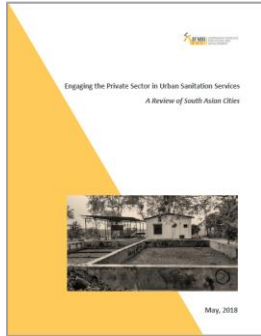


## True, false or maybe?

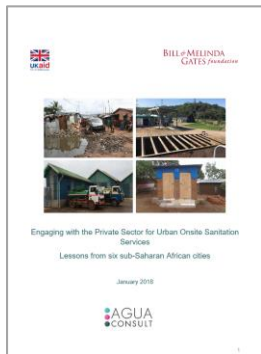
In urban sanitation:

- a) Compared to licensing arrangements, performance-based contracts give the sanitation authority more control over quality and price control
- b) Supportive, legal, regulatory and institutional arrangements do help to improve sanitation, but are not good for generating businesses

# Further Reading



Engaging the Private Sector in Urban Sanitation Services –  
A Review of South Asian Cities, IFMR (May 2018)



Engaging the Private Sector for Urban On-site Sanitation Services –  
Lessons from Six Sub-Saharan African Cities (January 2018)

[www.aguaconsult.co.uk/wp-content/uploads/Africa-SLA-Synthesis-report\\_24.1.2018.pdf](http://www.aguaconsult.co.uk/wp-content/uploads/Africa-SLA-Synthesis-report_24.1.2018.pdf)



Service Level Agreements for Inclusive Urban Sanitation Services – Lessons from a  
Global Review, IFMR (August 2018)

[http://ifmrlead.org/wp-content/uploads/2019/01/SLA-Global-Review\\_Project-Brief-.pdf](http://ifmrlead.org/wp-content/uploads/2019/01/SLA-Global-Review_Project-Brief-.pdf)