

SAAB PROGRAM- UGANDA.

22nd June 2012

Frederick Murunga

Saidi Bukenya.



| | |
|--|-----------|
| Background | 3 |
| Sanitation Chain Value | 6 |
| Sanitation As A Business (SAAB) | 7 |
| Implementing (SAAB) | 8 |
| Recruiting of Businesses into SAAB | 13 |
| Final List | 15 |
| SAAB For Rural Kapchorwa | 19 |
| SAAB: Systems Approach | 25 |
| Collaborations with other Market-based Programs | 26 |
| Fundraising | 33 |
| Conclusion | 37 |

Background

- In the past Water for People (WfP) assisted households access sanitation by offering to directly subsidize purchase of sanitation products and services.
- This approach has for various reasons been found not to be **sustainable**.
- To make investments more **sustainable**, WfP is now looking to support the sanitation market by facilitating the **private sector** in the offering of sanitation products and services.

4. Sanitation as a Business (**SAAB**) program seeks to make the **private sector** the driver for improving access to sanitation for the marginalized population.

Role of Captiva

- Captiva was retained in 2011 to assist in crafting and implementing the strategy for SAAB in Uganda

- This strategy has since been adopted in Rwanda and Malawi with varying modifications
 - Pilot - June 2011- Feb 2012
 - Phase II- March 2012

- Charles Nsawo- Kimmi Island.
- Charles Niwagaba
- Kapchorwa.
- Modular Latrine.
- Pour Flash.

Capture



- Dewarts

Storage



- Dewarts

Treatment



- Just Clean It.
- Daniel Kolyango.
- Gulper and Piki piki.
- Emmanuel Mikando

Transport



- Solar Dryer.

Reuse



Two-pronged Approach

- In implementing SAAB, Captiva has adopted a ***systems approach*** where we seek to facilitate system-wide changes in the sanitation market;
- As well as provide business development support services to select businesses in sanitation.

Key Features of SAAB

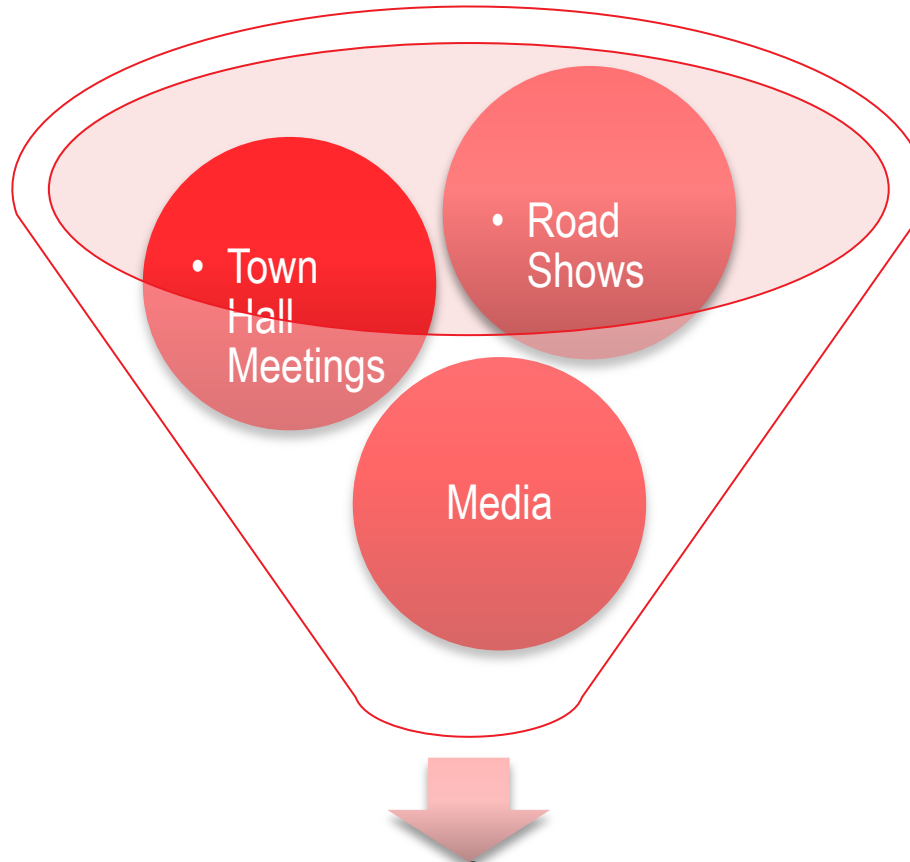
- ✓ Recruit businesses with potential for significant scale into SAAB program
- ✓ Identify opportunities and barriers to growth for businesses in sanitation
- ✓ Assist select businesses exploit opportunities and overcome barriers to scale-through various business development support services
- ✓ Identify sources of funding for businesses in sanitation and assist access such finance
- ✓ Create linkages between SAAB and the private sector

Key Features of SAAB

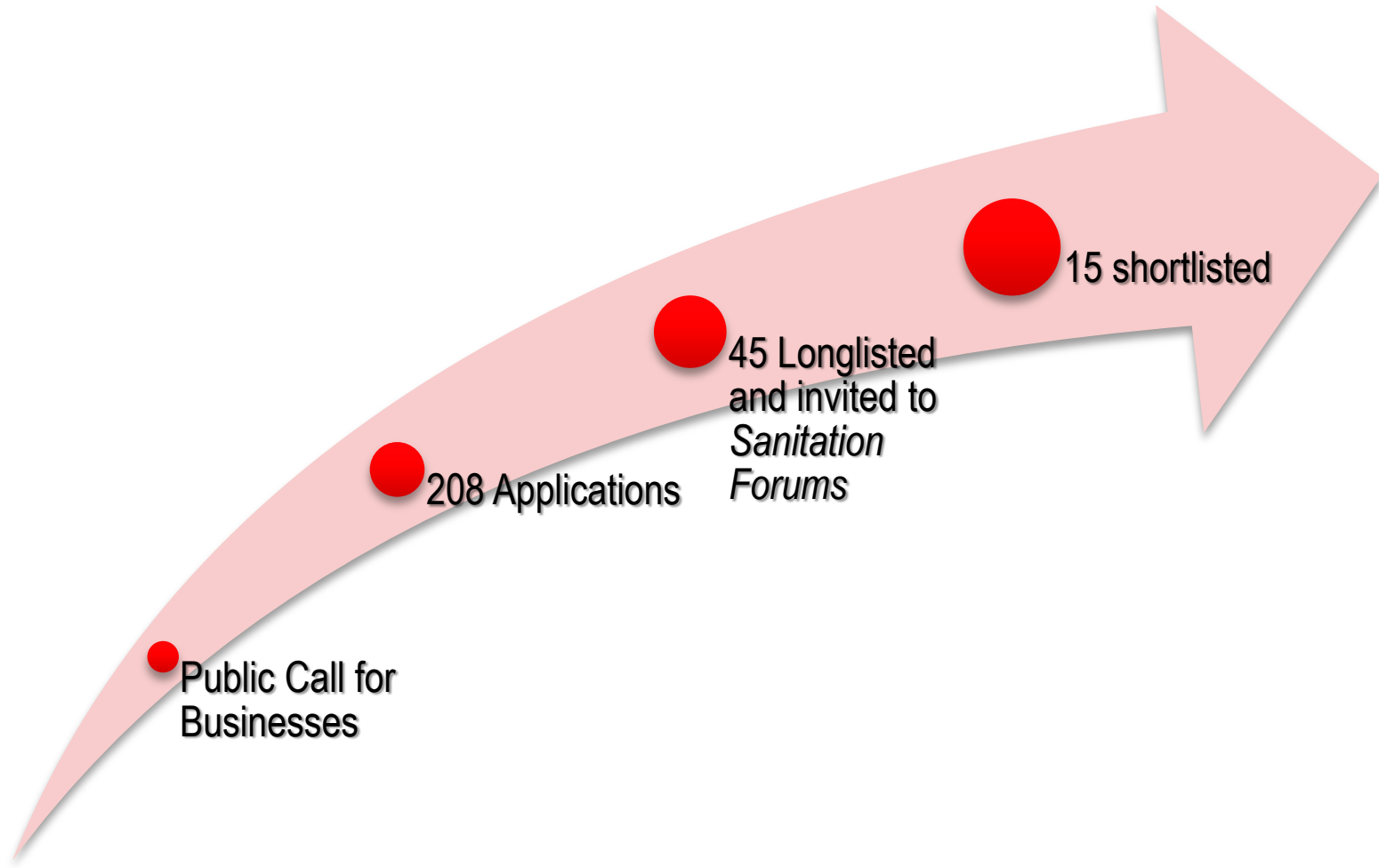
- ✓ Determining characteristics and segmentation of sanitation industry in supply of products and services.
- ✓ Estimating sanitation market and market growth potential.
- ✓ Addressing systemic opportunities and barriers.
- ✓ Stimulating demand for improved sanitation.



Methods we used to recruit businesses into SAAB



These methods of recruitment were based on findings during the ***Rapid Market Assessment***



* Two trade associations

Sanitation Business Forums

- ✓ Captiva facilitated four one-day forums for 45 businesses
- ✓ Each forum comprised 10-12 businesses

Objectives of the Forums:



Selection Criteria

Viability and scalability of the business

Amount of Capital Needed

Creativity and Innovation

Track record of success

Entrepreneurial Acumen

Financials

Passion and Commitment



JustCleanit

122 Employees

5 Trucks

Solid Waste Management

Diversifying into sludge disposal and recycling

Requires:US\$150,000



Clean Land Ltd

8 years in pit emptying

Looking to expand & diversify into construction and operation of public latrines

Requires \$120,000



Ecotact Ltd

5 years in constructing and operating public toilets

Requires \$ 2 million to fund 50 sites in 2 years





Nansana Solid Waste
Managers Ltd
5000 Households
Trucks: 2 Self owned
Diversifying into human
waste management



Mr. Julius Mugisa
Commercial tobacco farmer:
Leased land from local
government to build and
Operate public toilets
Pit Emptying & Construction
in Hoima



M.E Pit Emptiers
9 years experience in Pit
Emptying
One truck and casual
laborers





KMM Civil Contractors
Experienced in constructing
wide range of toilets
Seeking US\$ 320,000
Committed to sanitation specific
business



Mr. Charles Nsawo
Prospect of serving 3000
households on Kome Island
Businessman: Beer Distributor

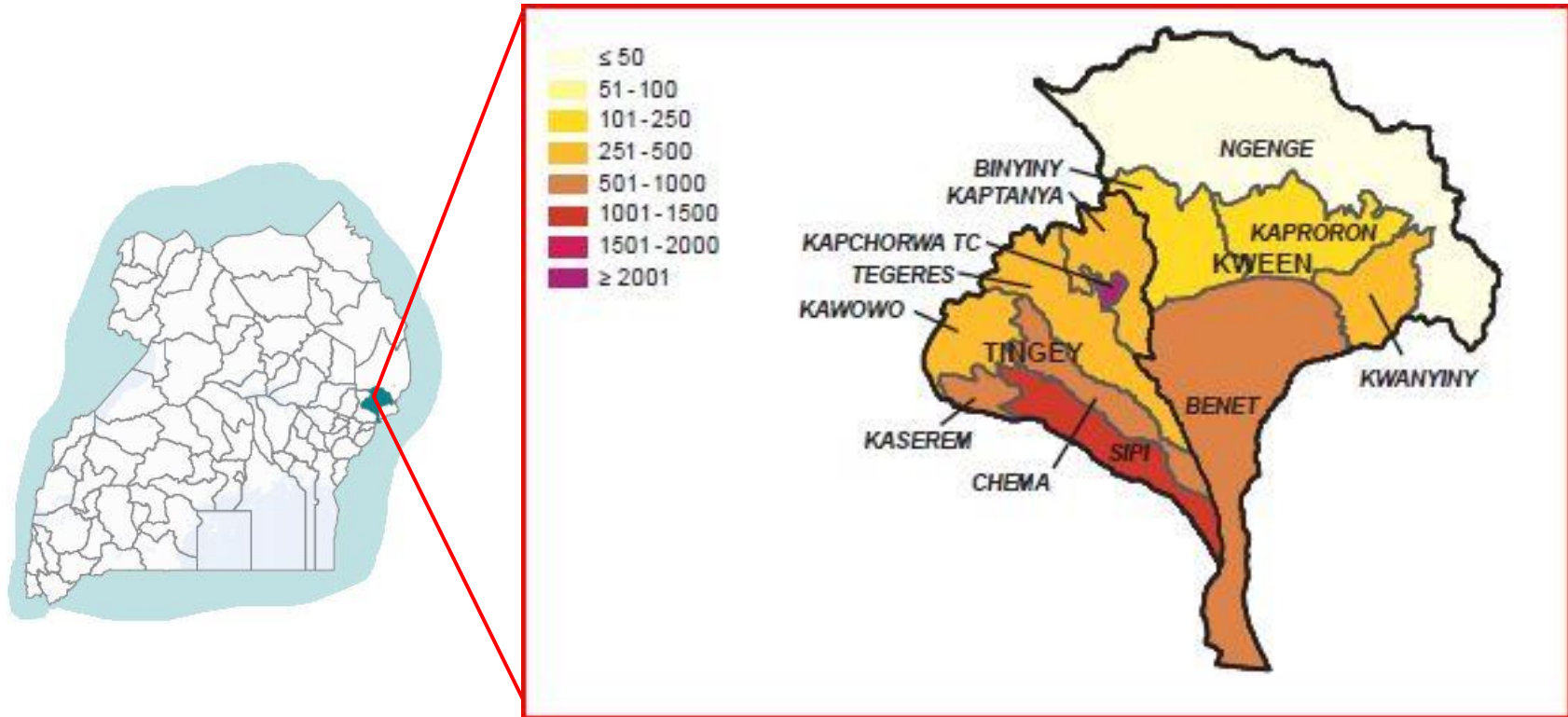


Dr. Charles Niwagaba
Plans to 500 toilets in slum
areas
Has raised seed capital of
US\$320,000





Population Density of Kapchorwa



| | Total | Urban | Rural |
|-------------------|---------|--------|---------|
| Population | 219,000 | 12,200 | 206,800 |
| Sanitation Access | 48% | 45% | 18% |
| Popn. rate | 4.9% | | |

Economy.

Agricultural community. Coffee, Maize, Millet, bananas.

Very Low savings and access to credit.

Poorly developed market infrastructure/ Cash economy.

Land use.

Customary land laws.

Titles very expensive

Area.

1739 sq Meters.

Covers Kapchorwa, Kween, Bukwa and Swan Districts.

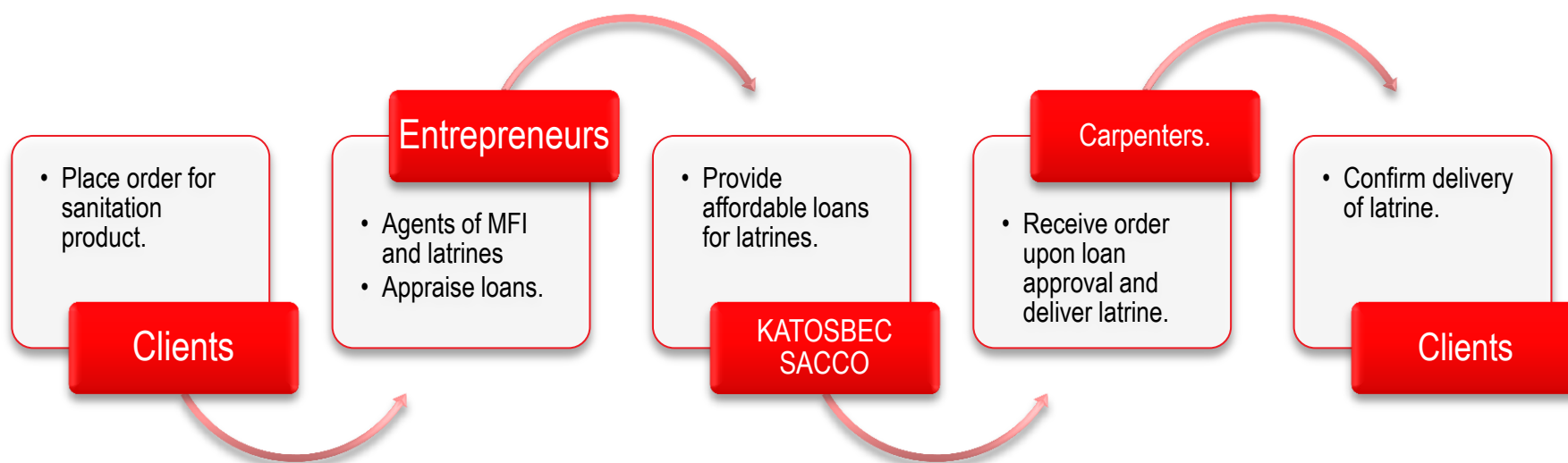
Literacy.

46% of population aged 10 and above is illiterate.

65% of these are women.

Figure is 95% in rural areas.

VALUE CHAIN FOR PIT LATRINES IN RURAL KAPCHORWA



KEY PLAYERS IN THE VALUE CHAIN FOR PIT LATRINES IN KAPCHORWA



KATOSBEC SACCO

- Offers 18 Month loan.
- Latrine costs 400,000
- 20% Interest per annum
- Issue Sanitation share worth 50,000.

25 Marketers

- Sell MFI Loan.
- Earn 50,000 per latrine.
- Cover the entire area.

4 Carpenters

- Produce standardized VIP Latrine
- Paid by SACCO.

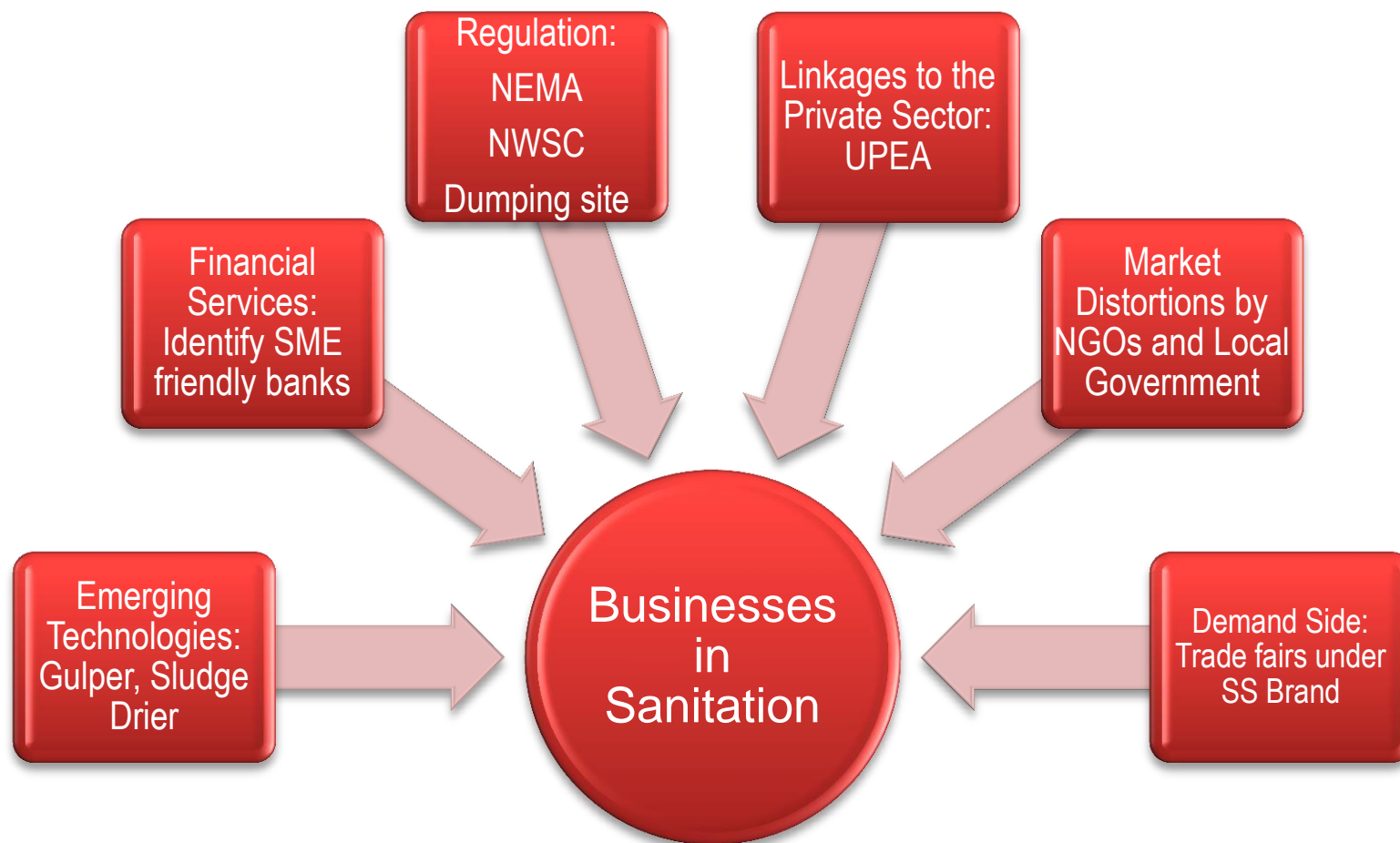
Captiva is providing the following suite of services:

1. Assist in preparing and implementing business plans and financial models

2. Identify sources of, and help access funding-equity and debt

3. Technical assistance with product development and emerging technologies

4. Assist entrepreneurs protect their businesses- contracts,



The Brand

Captive has created the **Sanitation Solutions** brand to identify the “sanitation as a business” program.

Captive plans to develop **Sanitation Solutions** into a **dominant brand** in sanitation sector in Uganda.

The brand is intended to increase the **visibility** and **credibility** of the informal entrepreneurs in sanitation



The Brand

Entrepreneurs who succeed during the **incubation** shall be invited to use the **SS** Brand as:

- Symbol of trust
- Mark of **excellence**
- Guarantee of **Quality**
- Assurance of good industry practice



Highlights of the program

MARKET

- Highly fragmented
- No dominant players
- People willing to pay for sanitation
- Market size= willingness to pay

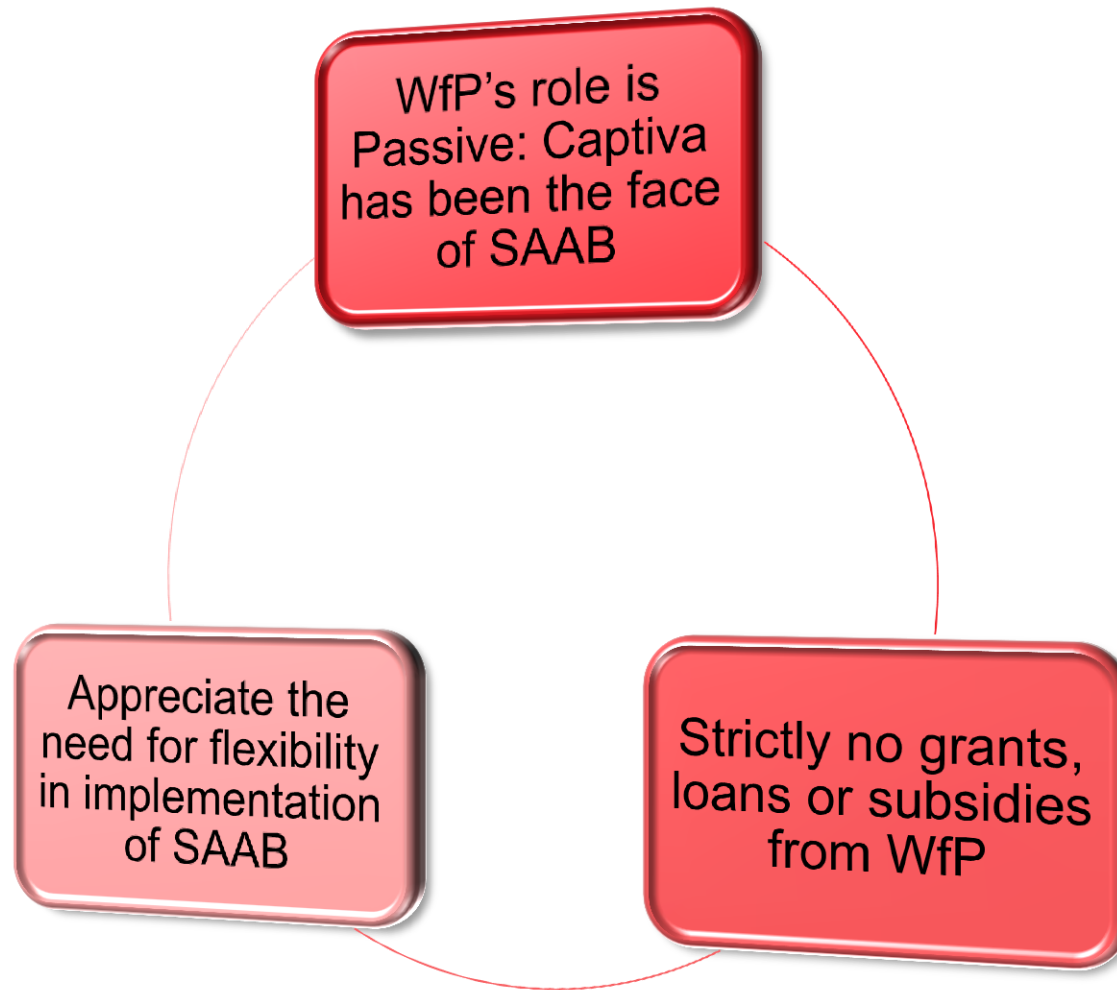
BUSINESSES

- Criteria for selection is key to success
- Not put off by lack of subsidies
- Under-capitalization is a symptom not the problem
- Marginalized by the banking sector

BUSINESSES Contd.

- No business plans
- Have positive cash flows
- Scope to benefit from the advantages of size
- Inadequate management information systems

Other Highlights of the Program



Fundraising

1. Prepared 6 business plans for which we are following up on fundraising
2. Funding requirements range from US\$50k- US\$2 million and key issues include;
 - Investment readiness
 - Willingness to borrow
 - High and volatile interest rates
 - Unavailability of medium- long term financing from the banks
3. We have identified two other sources of funding who may step in should the commercial banks not take up the opportunity

Creating Linkages with other Lending Institutions

We are varying stages of discussions with the following institutions to assess funding criteria and requirements:

- World Sanitation Financing Facility- Washington DC
- KIVA- San Francisco, California
- Acumen Fund- New York
- Clean Technology Investment Fund- Washington DC
- Grass Roots Fund- Washing DC

IFC's SANITATION AND SAFE WATER FOR ALL PROGRAM (SSAWA)- KENYA

Captiva has been contracted to implement IFC's Sanitation and Safe Water for All (SSAWA) program in Kenya

Like SAAB, SSAWA is a market-based approach that seeks to make the private sector the driver for improving access to water and sanitation

Captiva's brief comprises recruitment of promising businesses in sanitation and providing a range of business development support services including fund raising.

| Plan | Reality |
|---------------------------------------|--|
| Recruit large, high impact businesses | Highly fragmented and informal |
| Hold forum for banks | Road Show |
| Advisory Committee | Role redefined |
| Business Plans 2 weeks | More time required due to incomplete records |

| Plan | Reality |
|-----------------------|----------------------------|
| 36 entrepreneurs | 45 entrepreneur |
| 10-12 | 12-15 |
| 4 dedicated resources | Need more |
| No training planned | Training for entrepreneurs |
| Media campaign | Not critical in Phase One |

Challenges

Market distortions

*Subsidies from NGOs and
local government*

Fragmented

*No dominant, high impact
players*

Lifestyle Entrepreneurs

Lack business skills

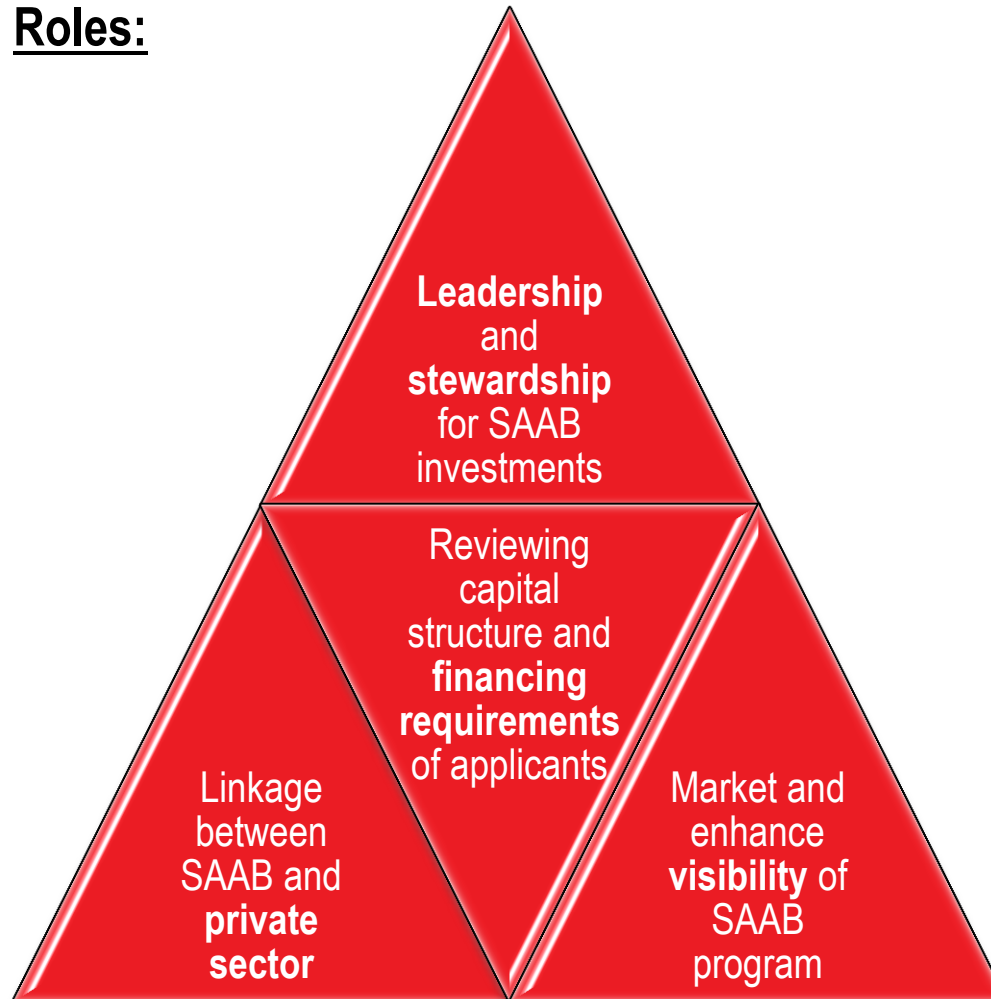
Negative Perceptions

*Sector marginalized alienated
by financial services system*

Role of the Advisory Committee

- Non-executive, not more than 8 members, 5 of whom shall form a quorum
- Term of 3 years subject to renewal

Roles:



Structure of the Investment Committee

| Nominee | Background |
|-----------------------------|--|
| 1. Dr Maggie Kigozi | Former CEO-Uganda Investment Authority |
| 2. Harriet Ntabi | Head of WSP-Africa, Uganda |
| 3. Judith Tuhakira | Technical Advisor- Water & Sanitation- Kampala City |
| 4. Ian Clarke | Founder – Kampala International Hospital |
| 5. Julius Kakeeto | MD-Orient Bank |
| 6. Thomas Benninger | Chair- Donor Committee Economic Affairs- Irish Embassy |
| 7. Abu Mayanja | Director- Uganda National Chamber of Commerce |
| 8. Saidi Bukonya- Secretary | Representing Captiva |

Clients.

- IFC, SSAWA.

Financial

- WSFF, KIVA, Acumen
- Grassroots Fund

Training

- Global Market Based Approach (MBA) in Sanitation
- Training World Bank/WSP on developing Sanitation Supply Chains.

Awards

- Entrepreneur nominations for Pop Tech Award.

Status as at June 2012

Looking to support 13 businesses during the year

Prepared and presented 6 business proposals to banks and investors

Working with the businesses to form an umbrella Sanitation trade association

Identified 4 multi-lateral agencies that could provide funding to the businesses

Stimulate 4 Rural sanitation markets before end of year.

THANK YOU