Supporting Scale-Up of FSM Enterprises in Dhaka, Bangladesh

HABIBUR RAHMAN

Water & Sanitation for the Urban Poor, BANGLADESH
Outline of this presentation

• FSM context in Dhaka
• FSM entrepreneurs supported
• Supporting local utilities in relating to private sector
• Challenges
Dhaka FSM Context

- >80% on-site sanitation, over 12,000,000 people
- mostly manual emptying, no safe services
- septic tank connections to stormwater drains
- No clear institutional mandate – neither utility nor local government interested
- NGOs filling the gap with subsidized services thus failing to scale up delivery of safe FSM services
1st - Support Small-Scale Entrepreneurs

Support
- select appropriate equipment & provide loans
- provide technical and business training
- construct transfer station

Results
- Gulper, diaphragm & mud pumps tested
- Training of 3 entrepreneurs
- $1,000 invested /entrepreneur
- 1,067 m³ sludge emptied serving 20,440 people
- transfer station constructed
Transfer Station

**Purpose:** Aggregate, dewater (reduce volume), partial treatment and temporarily hold sludge

**Major Components:** Headworks (including screens), solid waste storage, underground holding tank, wash area
2nd - Support Medium-Scale Entrepreneurs

Planned Support

• build business case
• select appropriate entrepreneurs
• negotiate partnership with utility
• provide technical and business training

Results

• Selected 2 entrepreneurs
• Training provided
• Lease contract between DWASA and entrepreneurs
• Service will start once lease contract signed
Supporting Utility’s Ability to Relate to the Private Sector

- Dhaka Water and Sewerage Authority (DWASA) received Vacutugs from Unicef
- DWASA agreed to lease contract with entrepreneurs based on business models developed
- lease contract allows for future scale up – now of interest to DWASA
Evidence Generation through Business Modeling

Contracts Modeled

– Lease
– Loan
– Service

Performance-Based Lease Contract Selected

– low start-up cost
– higher return
– greater flexibility
# Lease Contract: Roles & Responsibilities

<table>
<thead>
<tr>
<th>Role</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Operation</td>
<td>Entrepreneur</td>
</tr>
<tr>
<td>Frequent (minor) Maintenance</td>
<td></td>
</tr>
<tr>
<td>Receiving Demand</td>
<td></td>
</tr>
<tr>
<td>Infrequent (major) Maintenance</td>
<td>Utility</td>
</tr>
<tr>
<td>Mass Marketing</td>
<td></td>
</tr>
<tr>
<td>Regulation</td>
<td></td>
</tr>
<tr>
<td>Replacing and Increasing Fleet</td>
<td></td>
</tr>
<tr>
<td>Disposal and Treatment</td>
<td></td>
</tr>
</tbody>
</table>
## Future Challenges

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Potential Approaches</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating and sustaining demand</td>
<td>Mass marketing, regulatory enforcement</td>
</tr>
<tr>
<td><strong>Land scarcity</strong> for disposal (transfer station or treatment)</td>
<td>Sustained advocacy with authorities to provide land</td>
</tr>
<tr>
<td><strong>Regulation</strong> of safe disposal</td>
<td>Support establishment of monitoring systems</td>
</tr>
</tbody>
</table>
Thank You