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Cities Alliance
Cities Without Slums

Hosted by:  UNOPS



Financial Support Mechanism

Loan Facility for Community-Based Enterprises in the Solid Waste Sector

Cities Alliance is implementing a solid waste management project: **Delivering Climate Resilient Solid Waste Management Service in Greater Monrovia through Community-based Enterprises.**

Overall, the European Union-funded initiative seeks to enhance and improve solid waste collection services, while reducing greenhouse gas emissions through sorting, composting and recycling.

Solid waste management in Greater Monrovia has become an overwhelming task for city authorities who face severe constraints. A public-private partnership is vital to sustain a fully functional service provision in the area. Community-based

enterprises (CBE) through their umbrella body National Association of Community Based Enterprises (NACOB) are key private sector players in the waste sector across Greater Monrovia.

To effectively achieve its goals, the project is establishing a **loan facility** that will provide financial support to CBEs and small and medium enterprises (SMEs) to improve solid waste collection and management services through procurement of waste collection equipment and venturing in composting and recycling of organic and plastic waste.

The objectives of the project are:



Disburse at least 35 loans to CBEs operating and registered in Greater Monrovia.



Enhance vertical (value addition) and horizontal expansion (geographic coverage) of CBEs in Greater Monrovia.



Establish a revolving loan facility to increase CBE and SME access to financial services.



Improve primary solid waste collection services in Greater Monrovia.

The loan facility will provide CBEs and SMEs an opportunity to access capital to expand their businesses and improve their services through the purchase of waste collection equipment and tools. It will propel them towards venturing in recycling and composting of both plastic and organic with flexible payment terms and low interest rates.



Community-based Enterprises

About 40 registered CBEs operate in 222 communities in Greater Monrovia.

Primary waste collection is the bedrock of the solid waste management system; thus, the importance of CBEs in assisting municipalities fulfil their core mandates of keeping the cities and communities clean cannot be overemphasized.

The CBE model complements the solid waste management value chain

system in Greater Monrovia. With recognition from city corporations, CBEs collect household door-to-door waste and dispose it directly in skip buckets managed and controlled by city corporations. They entirely depend on user fees collected from households. Although CBEs face such as challenges as low- client subscription levels, CBEs have remained in business and continued to operate.

Loans

To be awarded a loan, each CBE or SME will need to develop a feasible business plan. The loans are intended to support CBEs and SMEs with the following:

- **Procure any equipment to be used for waste collection, including wheelbarrows, push carts, tricycles, pick-up trucks, rakes and shovels.**
- **Procure spare parts to rehabilitate existing equipment to enhance the delivery of solid waste collection at household level in informal settlements.**
- **Procure office equipment that allows the CBEs to improve their administrative management.**
- **Improve existing composting facilities across Greater Monrovia that are owned and managed by the applicant CBE and consequently reducing the amount of organic waste dumped in the landfill.**



- **Improve existing plastic recycling initiatives that are owned and managed by the applicant CBE.**
- **Procure protective and personal equipment for CBE staff.**

support from Eco Bank staff will provide mandatory training to all CBEs on loan access, management, repayment, and development of compelling business plans. CBEs will be requested to prepare compelling and feasible plans and consequently submit the plans for review.

Loan Facility

The revolving loan facility procedure will follow a cyclical-based approach of implementation with eight major steps:



Cities Alliance has opened an account with Eco Bank Liberia Limited to host the proposed \$436,000¹ CBE loan amount. Eco Bank will charge a loan interest rate ranging from 1 per cent to 5 per cent per year.

Support to CBEs

Eco Bank Liberia will establish accounts for all CBE beneficiaries at no cost and no initial deposit. A focal person at the Bank will provide banking and advisory services to CBEs. Cities Alliance with

Loan Disbursement, Monitoring and Repayment

Upon evaluation of the business plans or proposals submitted by the CBEs, Eco Bank will disburse an agreed amount of loan through the CBE account.

Average loan packages will range from a minimum of \$3,000 to a maximum of \$15,000 per CBE.

¹ All dollar amounts are in U.S. dollars, unless noted.

However, submissions for smaller and larger amount are eligible. The loan facility will be opened to receive applications until the total amount for investment is exhausted.

Approved loan amounts will be evaluated considering the amount requested against the CBE's current capacity and current financial standing presented in the business plan. Once a CBE has been authorized by Cities Alliance, Eco Bank will issue a regular contract agreement with the CBE. Cities Alliance will develop indicators to monitor and evaluate the financial performance and waste collection improvement of the CBEs, while delivering waste collection services at the household level after getting the loan.

Expected Results

Overall, the establishment of the loan facility targets the following results:

- **Expansion of the CBE operations both vertically and horizontally in terms of geographical coverage and venture in solid waste value addition approaches, including recycling and composting.**
- **Establishment of a loan facility that will in the long run be handed over to a national institution for further implementation.**
- **Increase in the number of communities and households served by CBEs.**
- **Increase in revenue generated by beneficiary CBEs and SMEs.**

About Cities Alliance

Cities Alliance is a global partnership that supports cities in delivering sustainable development and tackling urban poverty, with a particular focus on informality in secondary cities. It brings together all urban actors to foster well-run, sustainable cities that provide equal opportunities for all residents.

About Cities Alliance Liberia

The Cities Alliance Liberia Country Programme (LCP) provides long-term, programmatic support to help Liberia realise its developmental objectives. Launched in 2016 with funding from Comic Relief, it is an ambitious, multi-level, urban development programme that aims to improve the lives and opportunities of 400,000 slum dwellers in Greater Monrovia. It also includes two projects on primary waste collection (2018–2021) and innovative waste-to-energy initiatives (2018–2020) funded by the EU.

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