

The National Microfinance Fund to Invest FCFA 500 million for Accessible Sanitation Sector Financing



Promotion of sanitation products in Allada Municipality (Benin), Photo credit @MuniWASH, May 2023

The USAID Municipal Water, Sanitation, and Hygiene (MuniWASH) Activity initiated a collaborative partnership with the National Microfinance Fund (Fonds National de la Microfinance, FNM) to offer technical and financial support to two microfinance institutions (MFIs), MuniWASH partners PEBCo-BETSHESDA and AFRICA FINANCES. This partnership will enhance sustainable access to finance for households and micro, small, and medium enterprises (MSMEs) in Benin's sanitation sector. Through a series of productive exchanges, the FNM made a firm commitment to invest FCFA 500 million to help facilitate water and sanitation loans to households and MSMEs.

“To start, the FNM is ready to inject FCFA 500 million for the benefit of the microfinance institutions for the financing of the sanitation credit.”

—Pascal KOUNNOU, MuniWASH/FNM

In line with its mission to address the needs of low-income populations, the FNM has taken measures to ensure that these funds will be accessible to households and MSMEs with limited financial resources. Discussions centered on the need to ease and streamline the conditions for

accessing these future loan facilities. Key points included addressing the credit rate, commission rate, and financial guarantee, and the parties reached consensus on how to optimize these factors to maximize accessibility for the targeted populations.

Under the partnership between the FNM and MuniWASH, the two microfinance institutions will benefit from FNM financing at a lower interest rate than is offered by local commercial banks. The collaboration aims to facilitate access to sanitation loans for households and MSMEs operating in the sanitation sector by lowering interest rates, removing barriers, and simplifying the application process.

The FNM's support will empower the two MFIs to offer credit at a reduced cost—making sanitation facilities more affordable for poor and vulnerable households. It will also enable MSMEs to expand their business activities and contribute to increasing the supply of sanitation products and services in Benin. Recognizing the significance of this sustainable financing intervention for the sanitation sector, MuniWASH will continue to engage the FNM to provide the necessary support and technical assistance to ensure it is implemented successfully.

This collaboration is creating a promising path to improve access to financing in the water and sanitation sector in Benin, which aligns with the Government of Benin's mission to enhance the standard of living for low-income populations and foster sustainable development.

About the FNM

The National Microfinance Fund's mission is to contribute to strengthening the financial and technical capacities of actors in the microfinance sector, in particular Microfinance Institutions (MFIs), to meet the needs for financial and non-financial services expressed by low-income populations. As part of its mission, the FNM sets up small loans for vulnerable segments of the population through the Decentralized Financial Systems.

About USAID MuniWASH

MuniWASH works with municipal governments, national agencies, water and sanitation service providers, and civil society organizations to improve and expand water and sanitation services in West Africa. The project focuses on four intermediate results: 1. financial sustainability and investment; 2. operational reliability; 3. governance, and municipal management; and 4. learning and knowledge sharing. In Benin, MuniWASH is implemented in eight municipalities: Abomey-Calavi, Ouidah, Allada, Cotonou, Avrankou, Bohicon, Aplahoué and So-Ava. The MuniWASH Activity is implemented by Tetra Tech in Benin and Côte d'Ivoire in collaboration with its learning partner, the African Water and Sanitation Association (AfWASA).

About the Author



Mr François AZIMBLIGBO, based in Cotonou, Benin, is the Finance and Investment Advisor for USAID's Municipal Water, Sanitation and Hygiene (MuniWASH) Project. He is responsible for mobilizing resources for the benefit of WASH sector players, i.e. households, companies and municipalities.

Mr. AZIMBLIGBO is an expert in business plan development, resource mobilization and capacity building for the search for financing, and has more than 10 years' professional experience in consulting and support for the financing of micro, small and medium-sized enterprises (MSMEs). Over the course of his career, he has held several positions, including Credit Officer at PADME-Microfinance, Consultant at the Millenium Challenge Corporation (MCC) and Advisor at TECHNOSERVE on the BeninCajù project.