

# Cleaning Up: Environmental Services in Botswana

by Seteng Motalaote, Wave Sanitation Services

How can a developing country firm compete in this capital-intensive, highly specialized business where the company may need to educate the client about the issues before making the sale, where procurement rules may be hard to fathom and competition from big firms is fierce?

Wave Sanitation Services was founded in 2000, offering waste-water treatment, a toilet rental service and solid waste management. We at Wave understand that in a cleaner environment, all industrial sectors can perform efficiently and generate sustained profits. In a cleaner and safer environment, people — our most important resource — will spend more time on productive work and less time sick or seeking medical attention.

The world market for environmental clean-up services reached US\$ 376 billion in 2002, according to Environmental Business International.

The market in Africa for environmental services is huge. In our sector alone, it ranges from waste containerization to transportation and disposal. Sanitation remains quite undeveloped. In some African countries, even universities do not have sufficient toilet facilities. Many people drink water that is not safe. In some African states, the little rain

that falls is unreliable: this creates a market for water conservation measures and technologies, increasing demands for environmental services. However, despite the need, governments in developing economies are sometimes unable to afford such environmental services.

After 2005 was declared a year of drought in Botswana, Wave designed, tested and launched a grey water recycling system, for homes, hotels and hostels within eight months. (Grey water is the relatively clean waste water from baths, sinks, kitchen appliances, etc.) We embarked on this project because we felt conserving limited water resources would be critical.

## Local presence

Botswana is a small economy of 1.7 million people; entering international markets is, therefore, a priority. Recruiting people from the Southern African Development

## Best practices

Executive Forum participants identified several best practices for those concerned with exports of environmental services:

- **Educate potential buyers.** Environmental service demonstrations and fairs can help firms introduce themselves to governments, donors and industrial buyers. Strategy-makers can work with environmental service providers to target foreign buyers, public sector consumers and business customers with unique marketing and information materials.

service providers should work hard to capture technologies through joint ventures and association with providers abroad, which they can adapt to local and regional markets.


- **Focus on environmental protection.** Firms can leverage donor interest in protecting the environment through specific environmental projects.

**Tap into regional market opportunities.** Providers can tap into the high potential of South-South trade in consulting and operational environmental services. Publicly sponsored export delegations to neighbouring countries can help providers to market their products and educate potential consumers.

Source: Linda Schmid, ITC Trade in Services Officer and Moderator of the Executive Forum session on environmental services.

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Community makes it easier for us to expand into the regional market. But we try not to develop international networks at the expense of local presence. We believe that to leapfrog to international markets, we must develop a strong local base. We have therefore ensured that we build a strong partnership with local authorities and communities as well as the private sector.

Information management is crucial. We try to act quickly on the information that is gathered by our branches. We also try to reward those who convey the information, and try to

change bad news into value for Wave. Our accounts, stock and human resource data are stored and managed digitally. This has helped us to be more competitive.

### Smart partnerships, sleeping with giants

To address the concerns of global competition, we have embarked on a policy of smart partnerships with a regional company and an international giant. This has helped in building the capacity of our environmental engineers and gives us access to superior technologies that we can market in our region.

However, this also poses a "sleeping with a giant" threat. One needs to be quite skilful to manage such relationships. The small firm is more dependent on the kindness of the "big brother company". Small and

medium-sized companies need more competent lawyers to protect themselves but they can be quite expensive, often unaffordable.

### Finance, aid and corruption

Another concern that we have as a small firm is access to reasonably priced finance. It is very difficult to compete with a global establishment, endowed with many resources and borrowing money at 3%, while at Wave we are required to pay 18%. We therefore recommend assistance to poorer economies to improve their lending environment.

Further, educational institutions need help exposing children and young people to environmental conservation services, so they can develop a culture that protects the environment. In most schools in Africa, simple tools like waste bins are non-existent so children can't get used to simple environmental practices. It is common to find an adult throwing waste on the ground next to a waste bin. It is important to create awareness about the environment and environmental services, especially as disease may result from neglected environments.

Corruption remains a clear and present danger. At Wave we have zero tolerance for corruption because we understand that it is not only morally wrong, but also poses a serious threat to the sustainability of business. We are lobbying our governments to address the problem because it results in unfair competition. ▀

**Seteng Motaleote is the Chief Executive Officer of Wave Sanitation Services. This article is based on Mr Motaleote's presentation to ITC's 2005 Executive Forum on National Export Strategies. The full paper can be found at <http://www.intracen.org/execforum/ef2005/montreux/programme.htm>**

## Strategies

ITC's Executive Forum discussions produced several recommendations for strategy-makers to improve conditions for environmental service exporters:

- ▶ **Improve financing.** Strengthen the financial environment to reduce the cost of capital to environmental service providers to ensure their competitiveness. Consider export promotion financing, which offers favourable terms to environmental service exporters.
- ▶ **Link clean environments to tourism opportunities.** Position services that help clean the environment as a means to ensure a vibrant tourism market. Dirty environments can have

negative connotations, such as crime, which detract visitors.

- ▶ **Take part in standard-setting.** Ensure that least developed and developing country voices are heard in the creation of environmental service standards that are achievable in countries with limited resources.
- ▶ **Engage with lawmakers.** Work with lawmakers to write environmental protection legislation that is practicable and achievable. Yet laws must be rigorous enough to strengthen service providers' competitive ability.
- Leverage competitive position.** Help environmental service providers to identify export markets where they

can leverage their competitive position in, for example, specialization, brand identification, cost position, technological leadership or quality of service.

**Consider procurement practices.** Assess domestic and foreign procurement practices to ensure transparency and eliminate donor preferences for their domestic firms, while in some cases providing safe harbour for fledgling national firms.

Source: Linda Schmid, ITC Trade in Services Officer and Moderator of the Executive Forum session on environmental services.