



ADDRESSING SANITATION MARKET CHALLENGES

Through the Enhancing Water, Sanitation, and Hygiene (En-WASH) program, USAID Ghana is helping to increase access to sustainable and affordable sanitation in six regions of northern Ghana by identifying solutions to motivate the private sector to work towards closing the service delivery gap.

SANITATION MARKET POTENTIAL

Per Ghana’s Environmental Sanitation Policy, the private sector should provide the majority of sanitation services for household sanitation.¹ According to census data from 2021, roughly 70 percent of the rural population in Upper West, Upper East, North East, Northern, Savannah, and Oti (the six regions the En-WASH program is working in) do not use improved toilet facilities.² This equates to a market of roughly 550,600 households not being served (given a total households count of 792,000), meaning there is a huge market opportunity for entrepreneurs to serve these households.³

Households are also willing to pay for sanitation. In 2023, the En-WASH program found that the maximum stated willingness to pay (WTP) of a majority of the population (75 percent of the population surveyed) is GHS500 for a water closet (WC) type toilet facility.⁴ Based on this willingness to pay and the number of households needing improved toilets, at a high-level, the market opportunity could be up to roughly GHS275 million.

SANITATION MARKET CHALLENGES

Despite the potential size of the market, sanitation entrepreneurs are not currently motivated to serve the market. On the demand side, market demand is suppressed for reasons such as competing priorities for household income (such as food, clothing, school fees), societal norms not prioritizing having a toilet on-site, the limited availability of technological options to accommodate the diverse environmental conditions and customer preferences, and households’ inability to afford the full cost of the toilet. For example, as of 2023, the stated WTP of GHS500 for the WC-type toilet is GHS12,735⁵ below the actual

¹ Government of Ghana. “Environmental Sanitation Policy.” 2010. p.26.

² Toilet that hygienically separates human excreta from human contact. Ghana Statistical Service, “Ghana 2021 Population and Housing Census, General Report Volume 3M: Water and Sanitation” February 2022. Table 5.8

https://statsghana.gov.gh/gssmain/fileUpload/pressrelease/Volume%203M_Water%20and%20Sanitation_240222a.pdf

³ Ghana Statistical Service, “Ghana 2021 Population and Housing Census, General Report Volume 3M: Water and Sanitation” February 2022. Table 5.8 https://statsghana.gov.gh/gssmain/fileUpload/pressrelease/Volume%203M_Water%20and%20Sanitation_240222a.pdf

⁴ Aquaya, *Willingness and ability to pay for water and sanitation*, 2023.

⁵ All cost estimates in this brief include materials and labor for the sub and superstructures.

price of GHS13,235.⁶ For lower cost solutions, like the Digni-Loo, the stated WTP is GHS1,835 below the actual price of GHS2,135.⁷

On the supply side, entrepreneurs are unable to reduce the price due to a range of factors, including:

- **Transportation losses:** Damage from transporting toilets made with ceramic materials;
- **Storage limitation:** Only able to stock a limited inventory due to store size constraints;
- **Marketing capacity:** Lack of capacity to market and generate demand for products;
- **Credit defaults:** Unable to recover full cost of products sold on credit due to defaults and inflation; and
- **Lack of liquidity:** Often not enough money on hand to grow and achieve scale.

POTENTIAL SOLUTIONS EN-WASH IS PILOTING

The En-WASH program is working to reduce the gap between WTP and costs of sanitation facilities by 1) increasing demand for sanitation facilities, 2) improving product affordability, 3) increasing access to finance for WASH services, and 4) increasing sanitation products and services accessibility at the local level. Specific strategies include:

1. Incentive programs for sanitation entrepreneurs

- A pay-for-results grant program to incentivize the private sector to meet and generate demand for sanitation products among its customer base, ultimately with a goal of increasing private sector sales and access to toilets; and
- A product incentive program that offers entrepreneurs an in-kind incentive for each latrine product purchased to increase access to newer, more affordable technologies.

2. Promoting toilets designed for the context

- Global Communities designed, and is promoting under En-WASH, the Digni-Loo, an easy to install toilet, manufactured from plastic locally (i.e. no risk of damage in transportation); and
- Total Family Health Organization is promoting under En-WASH a range of SATO products, an affordable plastic solution, primarily used to improve traditional cement latrines.

3. VSLAs with Sanitation Fund

- Forming new Village Savings and Loans Associations (VSLAs) to increase community members' savings and provide loans for sanitation products
- Introducing across all VSLAs (existing and new) a sanitation fund and forming co-operatives to pool funds; and
- VSLA co-operatives could jointly open bank accounts and potentially take out loans for sanitation with the VSLA funds acting as collateral.

Recognizing that evolving social norms takes a broad and sustained effort, En-WASH is working closely with local leaders, local governments, and other partners to accelerate the mindset change towards sanitation practices. Additionally, En-WASH is working to support UNICEF in implementation of the District Sanitation Fund that will onboard financial institutions in the En-WASH programming areas to manage a sanitation revolving fund.

⁶ Aquaya, *Willingness and ability to pay for water and sanitation*, 2023.

⁷ Aquaya, *Willingness and ability to pay for water and sanitation*, 2023.

In Years 4 and 5 of implementation, the Program will focus on (1) Strengthening sanitation market actors through incentives, (2) Igniting customer sanitation demand, and (3) improving access to finance for households and businesses.

Please reach out if you have any questions:

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