

Sales glitch

Can Ghana unblock its toilet sales market?

Topic Brief | November 2019



Executive summary

WSUP has been working to catalyse the Ghanaian market for improved sanitation through introducing and selling affordable and desirable products. While it sounds simple, efforts to sell various sanitation products in Ga West (in Greater Accra) and Kumasi were thwarted by overarching issues that prevented potential customers from purchasing and installing sanitation products in their homes.

In urban Ghana, it's rare for people to have toilets inside their house. Instead, public toilets, many of them pay-per-use, fill the gap and open defecation remains prevalent. Headway towards universal access is slow, and if the sluggish rates of progress continue it will take another 400 years for everyone in the country to gain access to basic sanitation.¹ A multitude of stakeholders, particularly in low-income, informal or even illegal settlements, co-exist and interact with each other in ways that are hard to foresee. Many of these wider systemic problems were anticipated at the beginning of the programme, and preventative efforts were made to alleviate some of their effects.

However, some proved so embedded in political, cultural and legal norms that progress towards tackling these challenges has been slow, such as: public toilets continue to be a culturally and politically accepted alternative to household improved facilities; only those who own their own homes are eligible for the few loans that are available for sanitation; tenants cannot build toilets on land that they did not own, partly because landlords do not want to lose space for which they could otherwise collect rent.

Using quotes from residents of Ga West and Kumasi as discussion points, this report explores the financial, social, legal and physical hurdles to improving household sanitation in Ghana. We demonstrate the impact that such a 'disabling' environment, visualised in Figure 1, can have on market-based programmes and make suggestions for practical activities that WSUP and other actors could pursue to ease the path to the market for safe sanitation products in the future:

1. Incentivise product and business development to reduce costs
2. Reduce dependence on public toilets as primary sanitation facilities
3. Enforce existing by-laws in a sensitive manner
4. Target and inform landlords about investing in sanitation
5. Increase local government funding for sanitation activities
6. Tailor financial mechanisms to be more inclusive
7. Apply subsidies carefully to avoid distorting the market

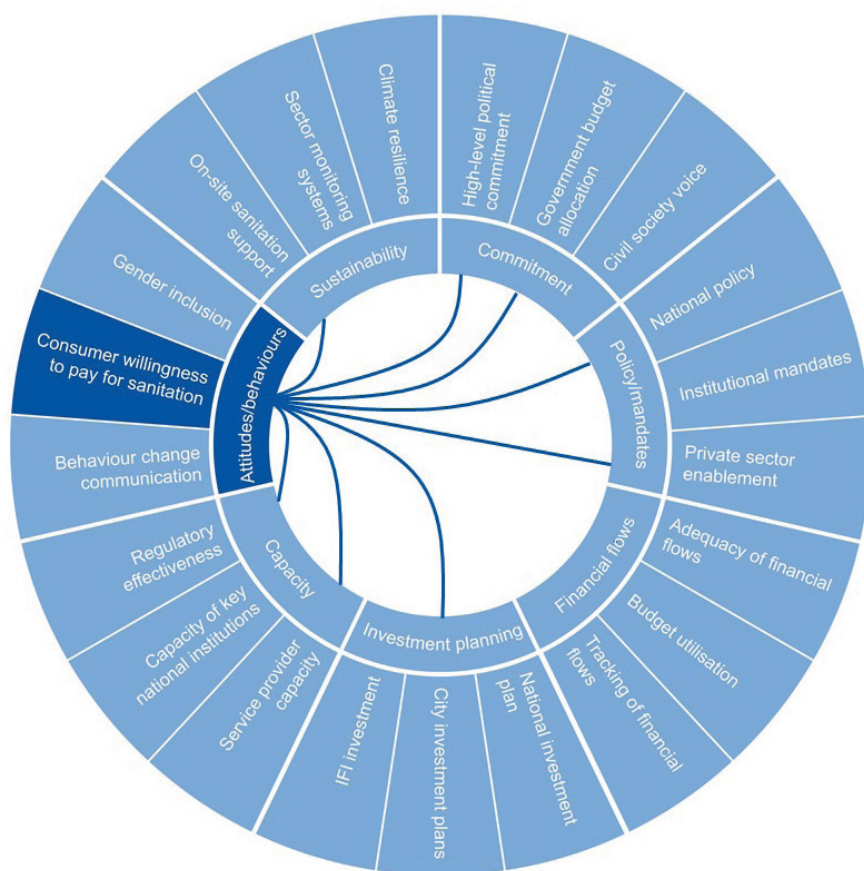


WSUP experienced these issues directly throughout the **Sanitation Service Delivery** project, a USAID-funded programme implemented by PSI, WSUP, and PATH, spanning five years and three West African countries - Benin, Côte d'Ivoire and Ghana. The SSD programme aimed to catalyse the market for improved sanitation through introducing and selling affordable and desirable products. The on-site sanitation eco-system in urban Ghana severely constrained sales of sanitation products, resulting in 973 toilets sold in Kumasi and Accra over five years.

1. WaterAid blog post (13 July 2017) 'New statistics reveal scale of challenge ahead to bring water and toilets to all by 2030' <https://www.wateraid.org/uk/media/new-statistics-reveal-scale-of-challenge-ahead-to-bring-water-and-toilets-to-all-by-2030>. Web page last accessed 3 October 2019

The concept of 'sector functionality' is central to WSUP's approach in Ghana and other focus countries. The Sector Functionality Framework visualises two ideal end states for service delivery: one for urban water and one for urban sanitation. The sanitation SFF below highlights the main issues discussed in this report: the barriers cited by people living in Kumasi and Accra as constraining their willingness and ability to pay for sanitation.

Figure 1. WSUP Sector Functionality Framework for urban sanitation. Consumer willingness to pay for sanitation is, according to respondents, affected by numerous other indicators.



Incentivise product and business development to reduce costs

“I am a tenant and not the landlord... I am not able to put up my own toilet facility because it is too expensive for me to acquire one given my level of income.”

Male tenant, 37, Amamole, Ga North, Accra

Context

The cost of constructing, upgrading and maintaining household toilets is frequently cited by low-income residents as a barrier to improving their sanitation facilities. High rates of inflation in Ghana exacerbated this, pushing up prices for labour and materials as well as the cost of borrowing money from banks and other financial institutions. It must be recognised that costs are important, but are only one of the barriers to toilet uptake - however cheap toilets become, cost reduction alone will not result in significant uptake in Ghana at the moment. This is evidenced by slow consumer reaction to heavily subsidised toilets (up to 70%) in projects in Accra. However, cost clearly must be addressed to facilitate toilet uptake.

The cost-to-customer of toilets offered by WSUP in Kumasi and Accra ranged from US\$200-1000. In the first three years of the project, the cost of toilets installed by the project were \$820. The top of this range was gradually reduced to around \$460 through a combination of cost-saving measures including reducing depth of soak pit units, optimizing the size of concrete rings, standardising labour input and introducing cheaper SatoPan units.

Toilet sales agents (TSAs) trained by WSUP reported that price continued to be the major stumbling block to sales. If prospective customers professed interest in a sanitation product like a biofil digester or a Round Concrete Tank (a containment system of one or two tanks with round concrete walls, constructed by artisans using pre-cast rings or cast in-situ, linked to perform like a septic tank), the quoted prices were discouraging to customers, even with staggered payments.

Even the lower priced products, such as the double off-set leach pit which cost around \$275, were beyond the average monthly incomes of those living in the target areas. Incomes can be inconsistent from month to month, often fluctuating with seasonal work patterns, so forward planning to save money for a toilet becomes difficult.²

Lessons

Prolonged research and development into new, lower-cost products was not part of the project in Ghana. With experience of the sanitation landscape and from other projects, it was clear that cost was only one of the barriers to toilet sales. However, it is one of the key barriers so optimisation of costs of materials for each design is important. In Ghana, more than one toilet design is required - there is no one design that is a magic bullet for all contexts.

Our work on toilet financing - mainly provision of toilet loans to consumers - has shown very low uptake. This is due to the complexity of the process in applying for a loan and concerns over the interest rate.

Recommendation

We do, however, recommend more work be done to optimise how toilets are built. There are very few companies working in Accra or Kumasi that provide all stages of toilet construction to prospective customers. If a household chooses to install a new latrine, for example, they have to source and pay a pit excavator, a mason to create the concrete slab and ring, and a plumber to install the pipework, the toilet bowl, the SatoPan and the handwashing facilities.

While there are certainly some businesses in Ghana that are attempting to create toilet products that respond to cost concerns while still offering safety and comfort, they are not particularly prevalent; other projects in Accra, for example, offered substantial subsidies to businesses, so entrepreneurs chose to wait for the next subsidy programme rather than invest their own money into product development.

2. For more detail on the costs of toilets in Ghana, see WSUP (November 2019) Why are toilets so expensive in Ghana? Experience from Kumasi. Practice Note.

Reduce dependence on public toilets as primary sanitation facilities

“...most of us stopped using the [compound’s] toilet because of the lack of water. Sometimes you fetch your own water to go to the toilet only to find it unclean. In the end you use your own water to flush other people faeces with no water left for yourself to flush. So instead of going to buy water for 1 cedi to come and flush, I prefer to go straight away to the public toilet where I can pay 50 pesewas to defecate.”

Context

The public toilets that cover urban Ghana are rarely convenient, clean or cost-efficient. A typical family of five, for example, will spend around GHS 900 (around \$165) using these toilets each year, assuming each member of the family only goes to the toilet once a day and pays 50 pesewas per use. Sales agents were trained to highlight the long-term savings potential customers would make within a few years of constructing their own sanitation facility, compared to continuing to pay to use public toilets. However, with no cost-free solution provided as an alternative, families find it very difficult to save money while still paying to use public toilets.

Lessons

While public toilets may not be to the standard that their customers would like, they continue to offer some form of sanitation at prices that align with incomes and appeal to those who lack the savings required to invest in their own toilet. In addition, fees are capped so funding of these facilities’ operation and maintenance is hamstrung; higher-quality public toilets charge the same low fees as other public toilet blocks that are dirty, unsafe and poorly managed. There is therefore little incentive to invest in facility improvement unless an organisation such as WSUP covers capital and/or ongoing costs – an unsustainable situation.

The Government of Ghana is committed to enforcing laws that mandate ‘one house, one toilet’. This could signify the gradual phasing out of public toilets as the primary sanitation facility for most urban Ghanaians, but the Ghanaian government is still funding construction of new public toilet blocks.

The existing situation seems unlikely to change soon; management of public pay-per-use toilets is highly politicised as they are a regular source of income for whoever is granted the right to collect the fees through a public-private partnership arrangement.

Recommendation

While the implicit acceptance of public toilets as primary facilities for most city-dwellers continues, they will continue to act as a viable alternative to safely managed sanitation. This is despite their shortcomings for those less able to walk or queue, the potential for violence or harassment and their general lack of suitability for children or those accompanying children. While using a public toilet is, of course, better for public health than open defecation, a strategy to reduce many urban Ghanaians’ reliance on public toilet facilities as their primary sanitation facility must be designed and implemented by municipal authorities, with appropriate measures put in place to ensure that users are able construct and maintain household or compound toilets.



Image: Communal toilet in Kumasi. Credit: Qwasie Asephua Photography

Enforce existing by-laws in a sensitive manner

“I have many tenants in this house so there is a problem of space... Apart from that no one wants a toilet to be built closer to their rooms or windows because they think it will smell and be an inconvenience for them.”

Female tenant, 40, Ahinsan, Kumasi

“I am willing to build [a toilet] for my tenants, but we do not have space in this house anymore. The house is old as you can see, so this old building was put up without due consideration for hygiene and sanitation facilities.”

Landlady, 80, Ahinsan, Kumasi

Context

Space is at a premium in urban Ghana, particularly in Accra, and landlords often choose to maximise their potential income by prioritising rentable bedrooms rather than toilets. Designs for new homes are required to include space for a toilet if they are to be approved by municipalities but retrofitting existing buildings is more difficult. Not only are there obvious space constraints, but tenants could be evicted if their room is demolished to make space for a toilet or to be re-purposed as a bathroom.

Landlords may, understandably, wish to raise rents to cover the costs of toilet installation or because their property becomes more desirable to renters willing to pay higher prices for a household toilet. However, it is not always possible for landlords to do so if tenants are related to them.

Lessons

Enforcing existing by-laws that require landlords to provide toilets for their tenants is a potential leverage point for increasing take-up of sanitation products in Kumasi and Accra (see p7). However, this could have unintended consequences for both landlords and tenants. While the threat of prosecution may spur action, landlords in these areas of Ghana are often not particularly well off.

Enforcement activities performed by Environmental Health Departments of the relevant Metropolitan, Municipal and District Assemblies (MMDAs) - Kumasi Metropolitan

Assembly and Ga West Municipal Assembly - will have to be carefully calibrated to ensure that toilets are being provided by those who can do so, while financial and technical advice and support is given to those who lack funds or information about their sanitation options.

Recommendation

Tenants' rights to proper sanitation must be pursued, but not at the expense of their ability to afford decent accommodation. Some mechanisms exist to ensure that the more vulnerable are not forced out of their homes in order to make room for toilets or for those willing to pay more to live in a house with its own toilet.

For example, under the World Bank-funded Greater Accra Metropolitan Area Sanitation and Water Project (GAMA), those who wish to build toilets in certain areas are eligible to receive a subsidy that covers much of the cost. Landlords who take that particular subsidy are prevented from passing on the remaining cost to their tenants for a given period of time. However, this process is not universal and there is no government strategy to address the issue of how toilets are to be paid for in this situation. WSUP would not recommend a subsidy system that is reliant on donor organisations due to the unsustainability of this approach. Organisations should work with the Ghanaian government and other stakeholders to improve enforcement of sanitation laws, while working in parallel to support landlords to abide by those laws. This could include carefully-targeted subsidies for installation costs, for example.

Target and inform landlords about investing in sanitation

“...our situation is so because of complex landlord and tenant agreements. The owner of this house bequeathed it to his children as inheritance. So, the rooms were divided, and each room has a ‘Room Lord’. So, they all collect rent in advance, but no one is prepared to use his rent to build a toilet for their tenant.”

Female tenant, 30, Ahinsan, Kumasi

“There are many tenants in this house, so we have to collectively take a decision to get the landlady to put up a toilet facility for us or we agree to put up one for ourselves.”

Female tenant, 47, Bisease-Ejisu, Kumasi

Context

Property and land ownership issues abound in urban Ghana. Tenants outnumber owners and land/property ownership is often ill-defined, with properties handed down from generation to generation, or ‘split’, so rooms are rented out by different members of a family.

It is also common practice for tenants to pay rent months in advance, even up to a whole year’s rent in one payment, reducing what little bargaining power they may have with the landlord. When landlords do not live in the compound or the property, it may be difficult for tenants to engage with them directly about problems they may be experiencing.

Lessons

Insecure, quasi-informal tenancies and unequal landlord/tenant relationships complicate efforts to sell toilets. Tenants are rarely the ultimate decision-makers regarding construction, and so TSAs will often have to revisit properties multiple times in order to engage landlords about investing in a toilet. When landlords live outside the neighbourhood, this can be extremely difficult and costly in terms of TSAs’ time and travel. When landlords are eventually engaged, TSAs may not have the skills required to facilitate productive negotiations between them and their tenants.

Tenants may not want to invest their money in improving a property that they do not own, particularly if their rental agreements are insecure, informal or short-term. When multiple houses share a common plot or compound, and

even different households, families and individuals share rooms within houses, then reaching a settled agreement becomes even more challenging. In some cases, one plot of land may be ‘owned’ by multiple landlords, none of whom may agree on the need for a toilet, the location, how to finance its construction and how to manage its maintenance.

Recommendation

TSAs should support tenants to make a compelling case to their landlords regarding the necessity of constructing a toilet. This would likely involve raising awareness of the local by-laws that require landlords to provide sanitation for their tenants, as well as providing clear marketing materials that communicate the different options being offered and by whom, given that tenants must have these preparatory conversations with landlords prior to any sales activity.

The TSAs can also call in the municipal Environmental Health and Sanitation Department in cases where they find there is significant danger to public health. This can improve their marketing of sanitation products through the application of legislation.

As a wider consideration, working with the relevant authorities to strengthen the rights of tenants may improve the situation that many renters in urban Ghana find themselves: unable to make positive changes to their living situations and/or unwilling to do so because they are not confident in the long-term security of their tenancy.

Increase local government funding for sanitation activities

“One day I had a quarrel with my neighbour who reported me to the Ga West Municipal Authority. The sanitation task force descended on me and arrested me. But my charge was to procure... a household latrine within a reasonable period of time. I accepted this charge and was introduced to a latrine artisan who helped with the design and the super-structure.”

Landlady, 47, Pobiman, Ga West, Accra

“[my neighbour]... dug a dangerous pit which he and his household and visitors use. But it is not safe and I think the municipal authorities need to enforce their laws on this.”

Female tenant, 47, Bisease-Ejisu, Kumasi

Context

Metropolitan, Municipal and District Assemblies (MMDAs) are responsible for planning, budgeting and delivering sanitation. This includes the enforcement of by-laws contained in the National Environmental Sanitation Policy and the Local Government Act, which require landlords to provide sanitation facilities for their tenants. However, a lack of financial resources and incentives for the enforcement of these by-laws means that their impact is effectively nil.³

The prosecution process for non-compliant property owners takes at least three months from initial notice to the final prosecution in the magistrates' court. Even when recalcitrant landlords appear in front of a judge, it is common for the case to be thrown out due to inadequate paperwork. There have been instances of political interference, where local leaders have disrupted proceedings in order to protect 'their people'.

Lessons

WSUP sought to improve communication and co-operation between households, toilet artisans, TSAs and the Environmental Health Officers (EHOs) - the municipalities' enforcers on the ground. This was achieved through clarifying each groups' responsibilities regarding sanitation, ensuring that EHOs prioritised sanitation during inspections and knew the law well enough to inform residents of what they needed to do. However, EHOs do not receive any revenue from fines regarding sanitation, in contrast to fines that they are able to impose on vendors for poor food hygiene.

There is therefore little incentive for them to pursue non-compliant property owners when they could be earning money through other activities.

EHOs need training to support, motivate and encourage households to acquire toilets and they need to be able to travel in the field, for which they need transport and/or fuel costs to be covered by the municipal Environmental Health Department. Currently, neither this resource nor training is being provided as there is no dedicated budget for by-law enforcement.

Recommendation

This is a symptom of a much wider issue – levels of government funding for sanitation are low in Ghana, part of the wider issue of poor internal revenue generation. In 2019, for example, the Government of Ghana contributed only 30% of the Ministry of Sanitation and Water Resources' overall budget. Other internally generated funds make up less than 1% of the MSWR's budget, with the remainder provided by development partners.

Ga West Municipal Assembly (GWMA) introduced a sanitation surcharge to the property tax in 2016 with the revenue raised ring-fenced for expenditure on sanitation improvements. However, revenue raised through the property tax is low, with only GHS 151,000 (~ \$27,600) collected in 2017; the surcharge can therefore only have raised up to \$2,760 for sanitation in Ga West. Until GWMA can improve its performance collecting the property tax, the surcharge will continue to be insufficient despite its potential as a viable mechanism for internal revenue generation.

3. Antwi-Agyei, P. et al. (2019) 'Toilets for tenants: a cooperative approach to sanitation bye-law enforcement in Ga West, Accra', *Environment and Urbanization*, 31(1), pp. 293–308. doi: 10.1177/0956247818800654.

Tailor financial mechanisms to be more inclusive

Context

Many Micro-Finance Institutions (MFIs) are unwilling to offer loans to businesses and households for sanitation, as they are not regarded as profitable products. Despite this initial reluctance, WSUP partnered with Sinapi Aba, Opportunity International, HFC Bofo and Pathway Microfinance to offer loans to households and artisans. By the end of the project, GHS 2.5 million had been mobilised by the MFIs, around GHS 800,000 of which were provided directly to WASH businesses.

While this was encouraging, particularly given the novelty of a sanitation loan, the process of applying for the loans was sub-optimal and MFIs do not typically structure their products for low-income customers.

Lessons

There are two major barriers to uptake of sanitation loans. Firstly, interest rates are high: 16-36% among the Financial Institutions and Micro-Finance Institutions surveyed in Accra and Kumasi.⁴ The lower rates are subsidised, the market-based loans demand the higher interest rates.

Secondly, proof of home or land ownership is required for an individual to access a sanitation loan in Ghana, otherwise applicants need to demonstrate they have enough collateral to offset the risk. Even applicants who collect rent from tenants, as discussed earlier, may not possess the original property or land deed, given the informal nature of ownership in Ghana.

While proof of other collateral can be offered instead of a deed, this is not made clear and many potential applicants are not aware of this option. The high interest rates and this emphasis on proof of ownership means that many who are eligible for a sanitation loan do not apply.

When customers do start the loan application process, it is lengthy and elaborate. In a mystery shopping exercise, applicants had to visit the MFI four to five times to complete the process, including information-gathering. Applicants spent a substantial amount of time travelling to the MFI, waiting to speak to someone and then discussing loans with an advisor. The time required is off-putting and constrains uptake of loans. In addition, if multiple landlords are involved it is rare for one person to agree to be accountable for the repayment of the loan.

A complementary household survey found that customers want sanitation loans to be flexible, with lower requirements for documentation and offer alternative modes of repayment, such as mobile money; loans currently offered in Ghana do not respond to these concerns. The demand for proof of home or land ownership means that loans that are ostensibly designed to serve low-income customers contain criteria that excludes most of them.

Project data demonstrates that most low-income customers in Ghana prefer to finance their toilets without a loan from a financial institution (65% of the products were paid for by households directly without a loan); understandable, given the design of many available loan products, but reflective of the fact that many Ghanaians are not comfortable borrowing money from people they do not know.

Recommendation

One option could be to develop a service that responds more directly to households' desire to finance sanitation products themselves, perhaps by offering financial advice or through offering various options for repayment that fit with different income streams.

In the meantime, it is important to work with MFIs to develop their marketing approach to eligible customers and their design of the loans so that access to credit is easier and fits customers' ability to repay.

In Benin, the SSD team partnered with the MFI PEBCo-BETHESDA to provide landlords with loans for buying and emptying toilets, reimbursement being guaranteed through the 'tontine' system. The project provided an initial grant to PEBCo, which in turn provided more than 1,200 loans for landlords through its 8 agencies at a monthly repayment rate of 1.9% - much lower than the 16-36% in Ghana.

4. WSUP (November 2019) How can sanitation actors in Ghana stimulate toilet loan uptake? Practice Note

Apply subsidies carefully to avoid distorting the market

“This house has a toilet facility, but only the landlady and her family use it. I wish my husband could also put up one for us, but we don’t have money. So, we are hoping the municipal authorities could offer us a subsidy to help us also to get a toilet.”

Female tenant, 47, Bisease-Ejisu, Kumasi

Context

Given the costs of materials and labour involved in household toilet construction in Ghana, several governmental and non-governmental programmes have attempted to ease the financial burden for urban residents. Many of these programmes have included some form of subsidisation.

Lessons

In some areas, this appears to have created the expectation that toilets will be heavily discounted or even provided for free; it is common for potential customers in these areas to cite a potential future discount as a reason not to engage with non-subsidised sanitation businesses.

This phenomenon was widespread in Accra, to the point where WSUP had to scale back activities significantly in the city, with the team choosing instead to focus on selling toilets in Kumasi where subsidy-based programmes were less prevalent.

Current practices have skewed the market, drawing customers away from sanitation businesses who struggle to sell to customers who are willing to wait for a discounted, subsidised product. However, it is clear from the results of projects that offer subsidies that cost is only one of the barriers that must be overcome to significantly increase household toilets uptake.

Recommendation

The current cost of household sanitation in Ghana appears to be above either willingness or ability to pay, particularly for the poorest; some form of subsidy will likely be necessary to bridge this gap. However, this must be carefully targeted to only the most vulnerable or least able to pay.



Takeaways

While the eco-system for sanitation in Ghana is challenging, it is not intractable. With careful co-ordination and concerted effort from stakeholders, including different levels of government, non-governmental organisations, business owners and customers themselves, the market can be unblocked. Some suggested next steps based are below:

1. Toilet sales must be seen and dealt with in the wider context of barriers to implementation of sanitation services in Ghana. These include costs of toilets but also inadequate legislation, lack of enforcement of existing legislation, prevalence of public toilets as a zero capital cost option, and the lack of prioritisation of sanitation by consumers.
2. To facilitate sales of household toilets, optimisation of the costs of materials for every option offered is required. However, further work is also required regarding labour costs - this could improve business efficiency and further reduce costs in Ghana.
3. Sanitation subsidies should be applied with care and only with the support of local government.
4. Simplified loan products and procedures are required if those eligible to apply are to be incentivised to do so. To increase the pool of eligible candidates in lower income areas, requirements for collateral and documentation could be relaxed.



Credits and acknowledgements:

This report is made possible by the support of the American people through the United States Agency for International Development (USAID). The contents are the sole responsibility of PSI and do not necessarily reflect the views of USAID or the United States Government.

This report is a product of the USAID Sanitation Service Delivery (SSD) Program. SSD was a USAID-funded project lasting from 2014-2019 that aimed to improve sanitation outcomes in Ghana, Côte d'Ivoire and Benin, through the development and scale-up of sanitation business models. The project was implemented by PSI in collaboration with PATH and WSUP.

Authors: Rosie Renouf, Frank Kettey, Annie Hall and Andrzej Nowosielski. With thanks to Azzika Tanko and Elizabeth Prosser (WSUP) and Jennifer Marcy and John Sauer (PSI). Series Editor: Sam Drabble.

Front cover image: Toilet in a Kumasi landscape. **Credit:** Qwasie Asephua Photography