



PROGRAM BRIEF

# Catalyzing Markets for Urban Sanitation in West Africa

Sanitation Service Delivery (SSD) Program: Benin, Cote D'Ivoire, Ghana



## THE VISION

Together, PSI, PATH and WSUP envision a thriving sanitation marketplace with increased capacity to deliver products and services to low-income consumers in a sustainable manner. In the process, SSD will learn and share findings, models, and tools regionally that facilitate rapid expansion of successful approaches and position the project and USAID as regional leaders in the sector.

## THE APPROACH

To achieve this vision, the SSD team will serve as market facilitators for scaling high-potential solutions. This includes:



Strengthening the enabling environment



Linking the public and private sectors to efficiently and effectively provide sanitation services



Innovating in product and service technology by advancing creative, scalable business models that provide affordable solutions



Sharing learning in new ways so that knowledge dissemination translates into action



## WHAT IS SSD?



The Sanitation Service Delivery Program (SSD) is a USAID/West Africa urban sanitation project implemented in Benin, Cote d'Ivoire and Ghana by PSI in collaboration with PATH and Water and Sanitation for the Urban Poor (WSUP). The goal of the program is to improve sanitation outcomes by developing and testing scalable business models that engage private sector service providers and by contributing to the creation of a strong enabling environment for sanitation in West Africa.

The main objectives of this 5-year, \$15.8 million program are to:

- ⇒ Increase use of improved sanitation
- ⇒ Increase safe disposal and/or reuse of fecal waste at scale
- ⇒ Share learning on market-based approaches to the provision of sanitation services throughout West Africa

## BACKGROUND

Benin, Cote d'Ivoire and Ghana have some of the lowest rates of access to improved sanitation in the world, at 20%, 22% and 15% respectively.<sup>1</sup> There are minimal services for safe disposal and treatment of waste, meaning that even if a household has access to a toilet, the fecal sludge is rarely disposed of appropriately and the waste soon returns to the environment, often being dumped into nearby water sources. As a result, households face poor living conditions in environments contaminated by feces, causing the spread of deadly diseases.

Among the scarce options for the safe disposal and treatment of waste, most are unaffordable for low-income households. Sewage treatment plants are few and far between, and those that do exist are not running at full capacity and are often deteriorated.



## INCREASE USE OF IMPROVED SANITATION AND SAFE WASTE DISPOSAL

### PRODUCT AND SERVICE DESIGN

SSD uses market research to gain a deep understanding of the sanitation situation in all three countries and gather user insights to support the expansion and scaling-up of access to existing and new, innovative sanitation products and services. Products developed by the SSD team are incorporated into market-based models, including sales of household and compound toilets and sales of services that offer the most viable fecal sludge management (FSM) technologies for waste catchment, transport and treatment. SSD looks at the drivers and barriers to the purchase and use of toilets and FSM services identified from the market analysis to determine the best solutions for the targeted urban and peri-urban areas in each country.

### BUSINESS MODEL DEVELOPMENT

The learning and insights gained from the market research and product design is the foundation for prototyping business models, which includes sales, distribution, marketing and finance components. Models are tested and evaluated for their replicability and capacity to scale. The following models for sanitation access are being tested, based on existing sanitation programming, and other

models that emerged from the market research and design process:

#### COMMUNITY PAY-FOR-USE TOILETS

- Private enterprises buy and maintain public toilets
- Consumers charged a small fee

#### COMPOUND & HOUSEHOLD TOILETS

- Landlords purchase and provide toilets for tenants
- Build government capacity to implement regulations requiring compound sanitation

In addition to using business models to increase accessibility to sanitation facilities, fecal sludge management models are also being tested. Again, building off of promising interventions in Ghana and lessons learned globally, SSD is testing the following models in addition to exploring other options:

#### MECHANIZED EMPTYING

- Improve efficiency and capacity of existing FSM suppliers
- Government advocacy to facilitate use of treatment facilities
- Improve enabling environment and access to finance

#### PACKAGED PRODUCT & SERVICE

- Purchase of toilet through monthly fee
- Fee includes regular emptying

#### END-TO-END

- Address front and back-end of sanitation value chain, including potential re-use
- Partial treatment of waste in communities far from existing treatment site and/or micro-sewerage

### GOVERNMENT PARTNERSHIPS

For market-based approaches to flourish, the public sector needs to help create demand for sanitation through effective behavior change communications (BCC). SSD works with governments in Benin (Ministry of Health; Ministry of Living Environment and Sustainable Development, ...), Cote d'Ivoire (ONAD) and Ghana (GWMA and KMA) to provide technical assistance to the government in social marketing for the promotion of improved sanitation and FSM that links public and private initiatives.

### DEMAND AND SUPPLY-SIDE FINANCING

A key market barrier that must be overcome in all three countries is improving access to credit to facilitate the purchase of toilets by low-income households. The SSD sets up and operationalizes consumer loans for sanitation that facilitate the rapid design, testing and roll-out of finance via the most relevant channels. For instance, WSUP has created a partnership with HFC Bofo, the MFI division of a Ghanaian bank, to offer sanitation loans for qualified households with flexible payment terms. The loan can be used to install a toilet or a septic tank. Funds of participating households go directly to an entrepreneur, who is subsequently trained to install the sanitation facility.

On the supply side, many emerging enterprises in sanitation lack institutional access to finance, as most investors consider sanitation a risky business. SSD is making sanitation loans an operational success and an attractive investment for MFIs, social investors and commercial banks. This entails providing technical assistance to design loan products and optimize the operational model, connecting local MFIs to capital from social investors and advocating with the government.

### SHARING LEARNING

Limited data in the region on urban and peri-urban sanitation have hampered efforts to coordinate and improve sanitation service delivery in West Africa. More specifically, there is little information on the effectiveness of market-based approaches and few tools that support effective engagement with the private sector.

SSD will leverage progress from and work in partnership with regional actors to disseminate actionable learning that will influence policy and practice at scale across the region. It will build on the experience of PSI, PATH and WSUP and leverage other global efforts to present a comprehensive and user-friendly body of knowledge by developing materials, resources and platforms tailored to the needs of stakeholders such as enterprise actors and government officials.

