PARTNERSHIP FOR BETTER LIVING

USAID FROM THE AMERICAN PEOPLE

SATO PART OF LIXIL

Water & Sanitation Products: Plastic Manufacturing & Distribution in Ghana

Research by:

Archipel&Co.

March 2023

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The Partnership for Better Living (PBL) is a five-year cooperative agreement between USAID and LIXIL, through its social brand, SATO.

The partnership aims to expand household access to sanitation and increase adoption of key hygiene behaviors through market-based approaches for at least 2 million people by 2026.

To learn more, please visit:
https://www.globalwaters.org/content/partnership-better-living

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SATO has worked with social innovation agency Archipel&Co to inform its **West African Manufacturing and Distribution approach** as part of its USAID partnership: The Partnership For Better Living

Research objectives

1. **Help SATO** make faster and better decisions about future **manufacturing and distribution expansion in West Africa**.

2. **Help other water and sanitation innovators** make faster and better decisions about future **manufacturing and distribution expansion in West Africa**.

Geographical scope

West Africa

- Ghana
- Ivory Coast
- Liberia
- Nigeria
- Senegal

In 90 days, Archipel&Co has identified long listed organizations, deep dived into short-listed organizations, and developed a data visualization solution

Secondary Research

80+ plastic water and sanitation manufacturers identified

60 plastic water and sanitation distributors identified

Primary Research

5 countries visited in West Africa

20 companies shortlisted across Ghana, Ivory Coast, Liberia, Nigeria, and Senegal

Data visualization solution

1 database built on Airtable for both SATO & open access

24 company profiles built on Shorthand for open access

1 opportunity matrix generated across and within countries

Terminology of Stakeholders

	Definition	BUY FROM	SELL TO
Manufacturers	Refers to producers of households plastic goods or sanitary products	Import raw materials or components from abroad	Distributors and big retailers in large volumes
Distributors	Refers to companies buying directly from manufacturers or importers and selling in high volumes to sub-distributors and wholesalers	Manufacturers and importers	Sub-distributors and wholesalers in volume
Sub-distributors	Refers to companies buying from distributors and selling in medium volumes to wholesalers	Distributors	Wholesalers in medium volumes
Wholesalers	Refers to companies buying in high volumes, either from manufacturers/ distributors/ sub-distributors, and selling in smaller volumes retailers	Distributors and sub-distributors in volume	Retailers in medium and low volumes
Retailers	Refers to small shops (called *quincailleries* in franchphone West Africa) buying from wholesalers, and selling to end-customers (households, plumbers, or other small retailers)	Wholesalers	End-customers (households, plumbers, other small retailers)

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II. EXECUTIVE SUMMARY: WEST AFRICA REGION

A. KEY INSIGHTS

The West African water and sanitation distribution market for plastics is very **un-structured**

- The market is not formally regulated and all players are very opportunistic and **ready to engage with WASH players**
- A player in the distribution supply chain can **play several roles**: Distributor, sub-distributor, wholesaler and/or retailer
- Identifying key distributors can be a challenge, especially as players that may **appear small are sometimes handling massive volumes**

Learnings across 5 West African markets revealed key next steps and opportunities for WASH product commercial scale-up

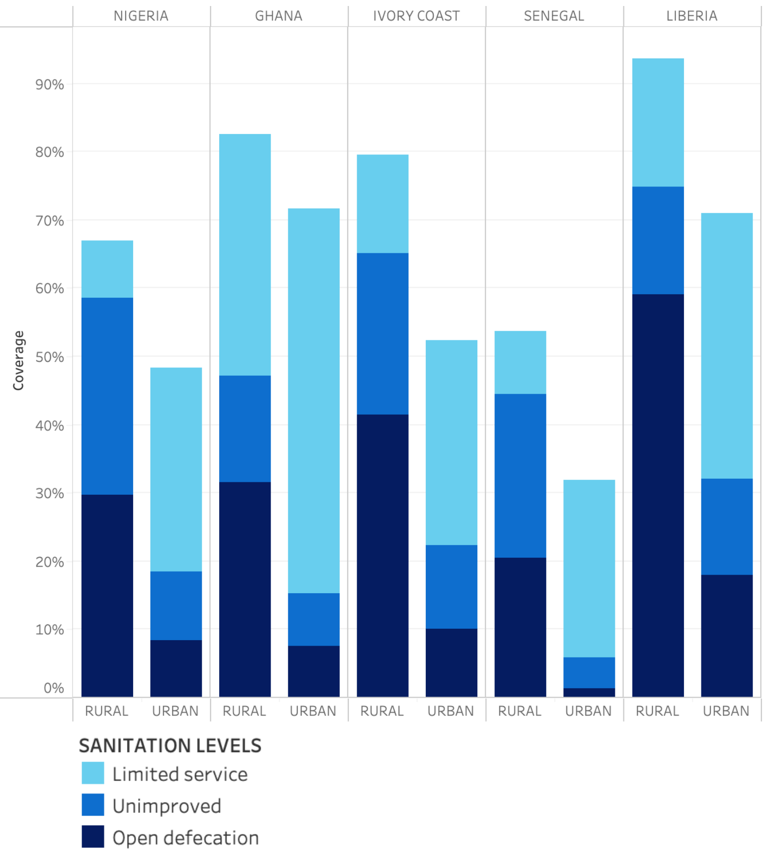
1. Every conversation with manufacturers and distributors included the question: **“what volumes?”** Organizations need to have an evidence-based answer and create demand

2. Relationships matter across all markets and any new entrant needs to **build trust with time and presence**

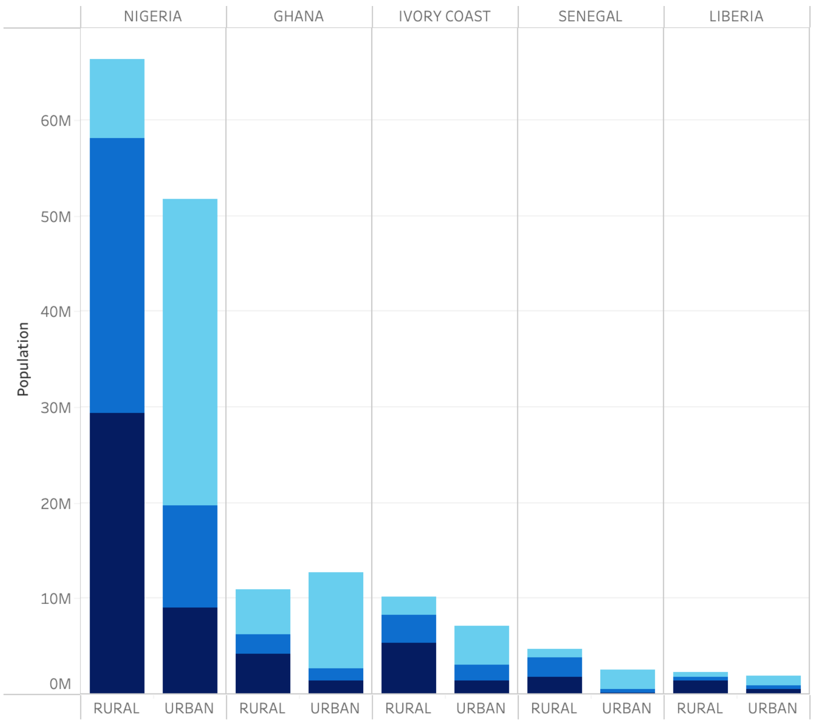
3. Social and public programs could seed and support commercial reach with **strategic links** (eg: combined awareness/ training/demo) and **tactical nudges** (eg: HQ in local market cluster)

Sanitation levels in rural versus urban areas

SANITATION LEVELS ACROSS COUNTRIES IN RURAL AND URBAN AREAS (%)



SANITATION LEVELS ACROSS COUNTRIES IN RURAL AND URBAN AREAS (# OF PEOPLE)



KEY FINDINGS

- Nigeria has the highest market potential in terms of market size
- However, Ghana has the highest percentage of limited and unimproved sanitation services in urban areas

5.35M

People living in Senegal only have access to limited or unimproved sanitation services

64%

Of people living in urban areas in Ghana only have access to limited or unimproved sanitation services

Source: WHO/ UNICEF JMP, 2020

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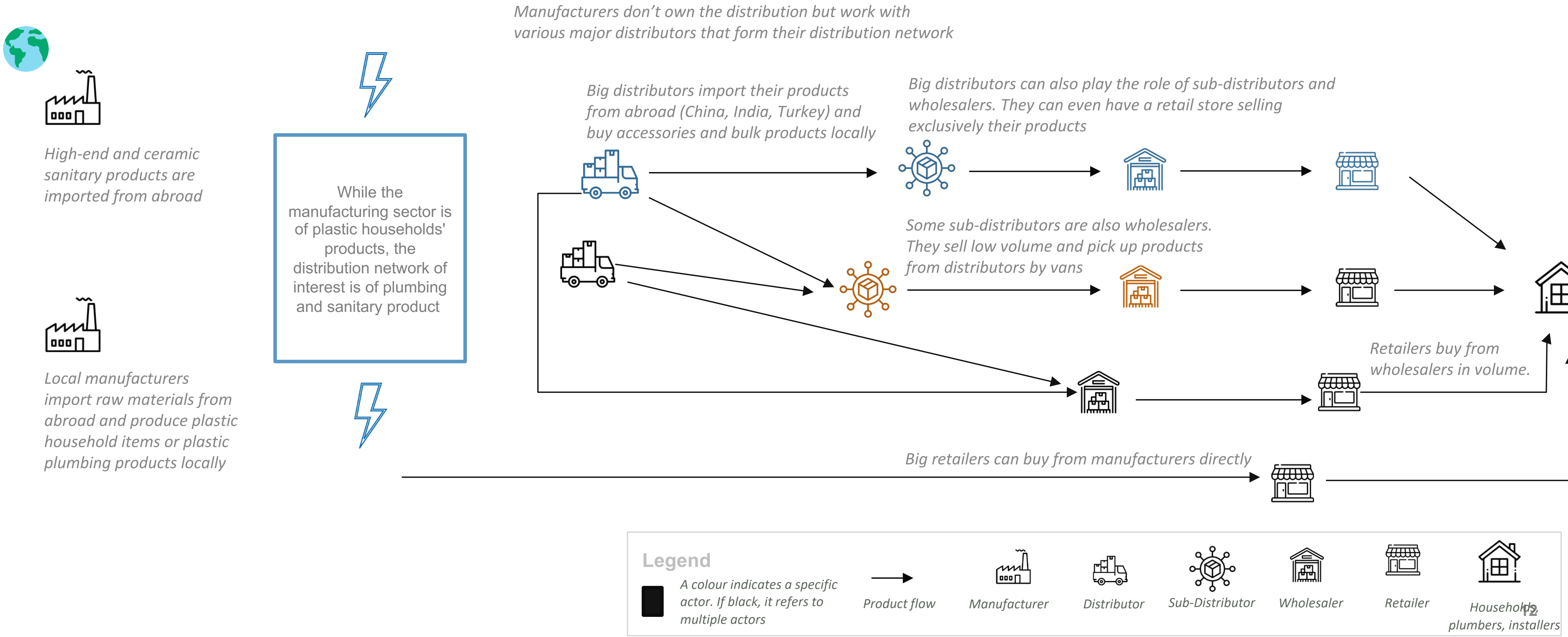
General diagram of primary product flow and market structure for plastic water and sanitation products

PLASTIC MANUFACTURING

81 companies recorded on Airtable

SANITARY AND PLUMBING DISTRIBUTION

60 companies recorded on Airtable



MANUFACTURING

Manufacturers' decisions are mainly **driven by volume**

Organizations can insist on the political capital and benefits* that companies can build

Manufacturers are not ready to assume the **costs for the molds**

Organizations must provide evidence of likely volumes and demand estimation to ensure manufacturers cover costs and/or organizations must provide the molds at their own cost

Manufacturers can easily fake products or **make cheaper copies**

Relationship with manufacturers cannot be based solely on trust

Major players have a **strong distribution network**

Organizations can leverage manufacturers' distribution partners while ensuring the channels they reach are those where plumbing products are expected

**Especially in Liberia*

DISTRIBUTION

Distributors are often found in **market clusters***

Organizations can focus on clusters where distributors are centralised to build relationships and unlock urban and rural distribution

**Except for Liberia and Senegal*

Distributors often **outsource transport***

Organizations can leverage on distributors' flexibility, hiring logistic assets when needed

**Except for Liberia*

Distributors **lack marketing experience** to push sales*

Organizations cannot rely on distributors to promote products. However, most distributors asked for samples to test the product and market before investing

**Except for rare exceptions*

Distributors' decisions are driven by **volume & distance**

Organizations will need to show evidence of demand and work with distributors that already have rural coverage

Major plumbing players are focused on **high-end products**

Organizations could work with major players whose focus is a different type of (non-WASH) plastic product, or smaller players who distribute lower-end products and may be more ready to invest and create demand

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Key importation insights across countries

	GHANA	IVORY COAST	LIBERIA	NIGERIA	SENEGAL
Total plastic importation (in millions)	$808	$506	$55	$2,203	$381
Share of plastic importation	5.4%	5.04%	0.58%	4.3%	3.5%
Import duty on plastic products	20%	5%	5%	5%	5%
Main country of importation for plastic products	China	China	China	China	China
Total plastic wash basin importation (in millions)	$7.83	$5.75	$0.309	$11.2	$3.3

Source: The OEC, 2022

Summary of stakeholders and hubs identified across countries

	GHANA	IVORY COAST	LIBERIA	NIGERIA	SENEGAL
MANUFACTURERS	• QUALIPLAST • KGM	• CORAXEL (TAJ PLAST) • OKPLAST	• DURAPLAST	• MC PLASTIC	• SOTRAMAP • SIMPA
DISTRIBUTORS	• SUNDA • TFHO • MY OWN TRADING STORE • SAMODAK • THE LORD OF HOST	• MCN	• SETHI BROTHERS • CITY BUILDERS • OMEGA	• DIVINE UCHESON INTERNATIONAL • FAVOURED DUBEK INTERNATIONAL • VERIS CHRIS ENTERPRISES • JAKADA BUSINESS ENTERPRISES • TANDO & BROTHERS • SMOOTHFLUSH • ANYITECH • STANTECH • FLOW CITY PLUMBING • ROLEX HOME	• TQG • LEGRAND
MAIN HUBS	• KANTAMANTO	• ADJAME	• GANTA	• ORILE (LAGOS) • KOFAR RUWA (KANO) • ONITSHA (ANAMBRA)	• RUE FLEURUS (LOW REACH)

Online profiles accessible here

II. EXECUTIVE SUMMARY: WEST AFRICA REGION

B. OPPORTUNITY MATRIX

Archipel&Co.

We built a **market prioritisation tool** to select the focus markets for profiling and deeper analysis

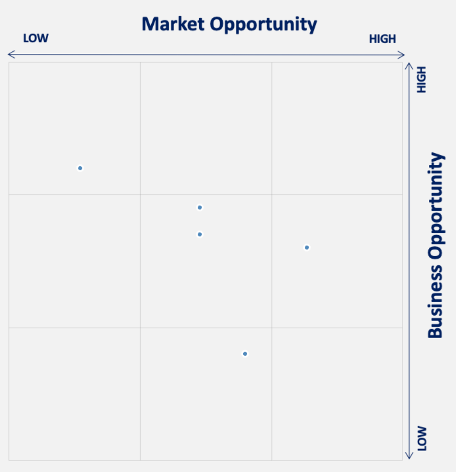
Business impact indicators

Internal stakeholder input
+
Country economic data
+
Country political data
+
Country trade and exchange data

Market need indicators

Access to septic systems
+
Sanitation levels (urban, rural, total)
+
Access to hygiene facilities
+
Access to water source
+
Water stress indicators

Opportunity Matrix



Market segmentation driven by internal data and public data on water and sanitation needs guides execution focus and prioritisation

Potential business impact indicators are driven by various metrics, organizational capability within regions, strategic and growth trends

POTENTIAL BUSINESS IMPACT INDICATORS

- Ease of Doing Business
- Inflation Rate
- Interest Rate
- Tariffs and Imports Rate
- Trade Facilitation Performance
- Corruption Perception
- Market Readiness
- Market Presence
- Importance of the country in organization's long term plan
- Importance of the country in USAID's long term plan
- Ease of distribution

COUNTRY	Ease of Doing Business Rating	Inflation Rating	Corruption Rating	Interest Rate Rating	Trade facilitation Rating	Market Readiness Rating	Market Presence Rating	Importance of the country in SATO's long term pla	Importance of the country in USAID's long term plan	Ease of distribution Rating	BUSINESS INDEX RATINGS
GHANA	1	4	1	4	1	2	2	2	2	2	2.1
SENEGAL	2	3	1	1	1	2	2	2	2	2	1.6
IVORY COAST	1	1	3	1	3	3	3	3	3	3	2.1
LIBERIA	4	2	4	3	4	3	3	3	2	4	2.8
NIGERIA	3	4	4	4	2	1	1	1	1	2	2.12

Ease of Doing Business Score (from 0 to 100, where 0 is the lowest and 100 the best performance) (2020)
60
59.3
60.7
43.2
56.9

SATO	COUNTRY	Market Readiness Rating	Market Presence Rating	Importance of the country in SATO's long term plan	Importance of the country in USAID's long term plan	Ease of distribution Rating
Donte	GHANA	1	1	1	1	
	SENEGAL	2	3	2	1	
	IVORY COAST	4	4	4	4	
	LIBERIA	3	2	2	1	
	NIGERIA	1	1	1	1	
Jed	GHANA	2	2	2	4	2
	SENEGAL	3	3	2	2	3
	IVORY COAST	3	4	3	4	2
	LIBERIA	3	3	3	1	3
	NIGERIA	1	1	1	1	1
SATO/USAID Average	GHANA	2	2	2	2	2
	SENEGAL	2	2	2	2	2
	IVORY COAST	3	3	3	3	3
	LIBERIA	3	3	3	2	4
	NIGERIA	1	1	1	1	2

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Market need indicators are driven by A&Co research and publicly available WASH data

MARKET NEED INDICATORS

- Coverage of septic tank and latrines
- Access to unimproved, limited, basic, and safely managed sanitation facilities in rural and urban areas (coverage and total number of people)
- Open defecation in rural and urban areas
- Coverage of basic hygiene facilities in rural and urban areas
- Coverage of basic, limited, and no sanitation in schools
- Share of the population without access to an improved water source
- Water stress level

COUNTRY	Coverage of Septic Tank - Rating	Coverage of Latrine - Rating	Access to sanitation RURAL - Rating	Open defecation RURAL - Rating	Access to sanitation URBAN - Rating	Open defecation URBAN - Rating	Open defecation TOTAL- Rating	Coverage of basic hygiene facility - Rating	Access to sanitation in schools - Rating	Access to water source - Rating	Water stress level - Rating	MARKET INDEX RATING
GHANA	1	1	1	3	1	4	4	3	4	4	2	2.55
SENEGAL	4	3	3	4	3	4	4	1	4	4	4	3.45
IVORY COAST	1	2	2	2	3	2	2	1	1	1	2	1.73
LIBERIA	3	4	3	1	2	1	1	No data	3	3	1	2.20
NIGERIA	2	2	2	4	3	3	3	2	2	2	3	2.55

1. Coverage of Septic Tank (2020)
19.59%
36.70%
17.28%
23.98%
21.26%

3.a Coverage of unimproved sanitation facilities in rural areas (2020)	3.b Coverage of limited sanitation facilities in rural areas (2020)	3.c Coverage of basic sanitation facilities in rural areas (2020)	3.d Coverage of safely managed sanitation facilities in rural areas (2020)
15.57%	35.39%	2.44%	14.98%
24.04%	9.29%	22.34%	23.90%
23.53%	14.48%	20.50%	*No data*
15.72%	18.83%	6.36%	*No data*
28.94%	8.34%	7.44%	25.59%

2. Coverage of Latrine (2020)
48.43%
29.31%
33.11%
23.24%
32.03%

Opportunity Matrix results for commercial scale-up

- **Senegal ranks highest for the Business** Index with **manufacturers and distributors ready to partner** with WASH companies. However, the market opportunity ranks lowest compared to the other countries: while the sanitation need is high in Senegal, it is mostly located in rural areas.

- **Ghana, Nigeria, and Ivory Coast are more attractive for both Market and Business** Indexes and seem to be optimal markets, with a sanitation need that remains high in peri-urban areas and potential partners with good capacity.

- Comparatively, **Liberia** may be more be **difficult to enter commercially**

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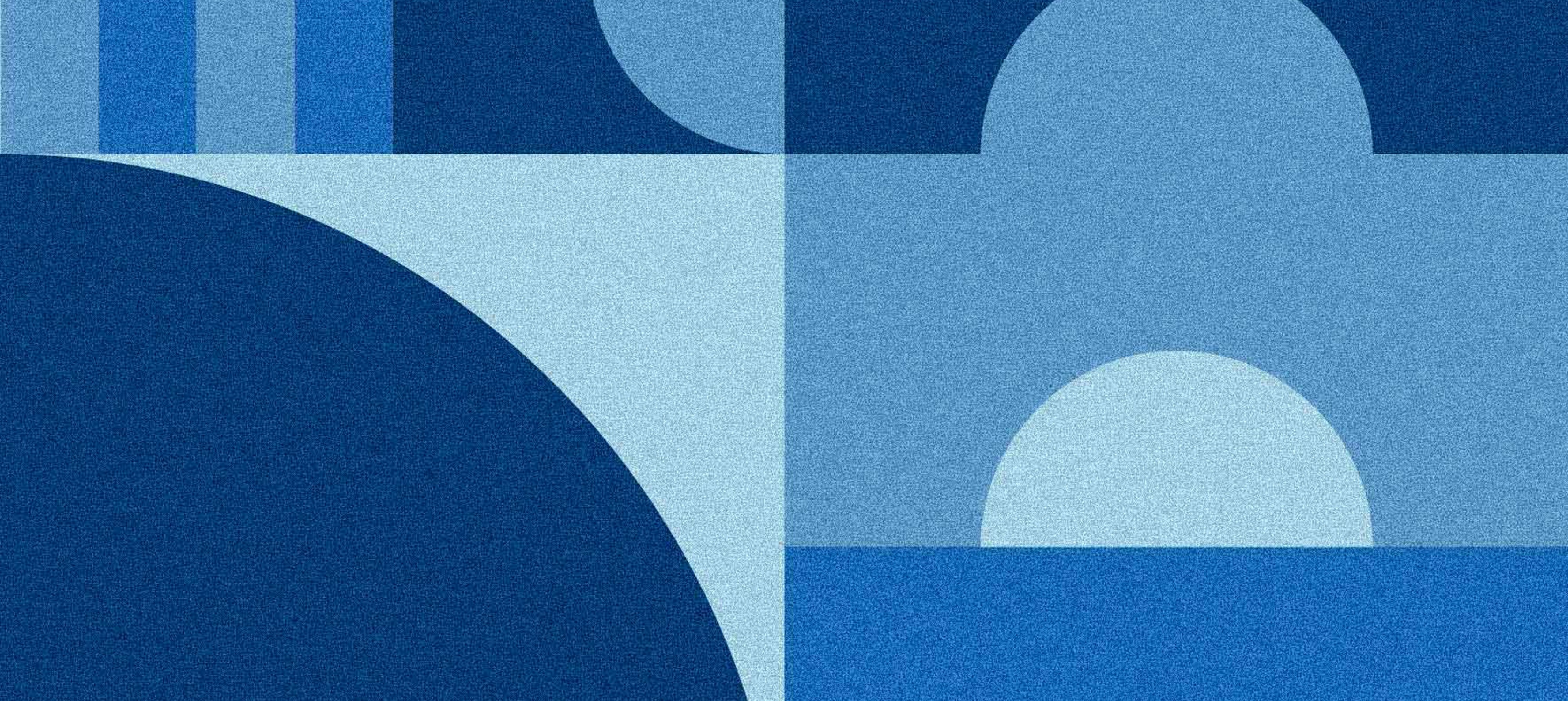


III. GHANA

A. COUNTRY OVERVIEW

Ghana

Demographics

- **Population**: 32.8 Million, 42% rural[1]
- **Households:** 8.3 Million HHs[2]
- **Economy:** Services (46%), Industry (28%), Agriculture (26%)[2]

Water & Sanitation

- **24%** of the population use at least **basic sanitary services** (basic and safely managed)[1]

Plastic WatSan Products

- The market is saturated
- The largest players are owned by Chinese, Lebanese and Indian
- General market observation:
  - Electricity network is very reliable compared to a few years ago
  - Currency depreciation and high inflation are significant factors
  - Very high SME interest rates (30%) for locals wanting to start their business

Sources: 1. World Bank, 2021
2. Statista, 2023
Image: Christian Thompson/Anadolu Agency/picture alliance

Country and market general information

Demographics

- Population: 32.83 Million (2021), 2% annual growth[1]
- Median age of the population: 20.4 years old[2]
- Urban (58%), rural (42%)[1]

Geography

- Country size ranking #82[3]
- Nature of land: Lowland with hills on the eastern border

Economy

- GDP per capita: 2,363.3$[1]
- Poverty rate: 25.5% (2020), +0.5 pts vs 2019[4]
- Economy model: Market-oriented policies blended with social policies[5]

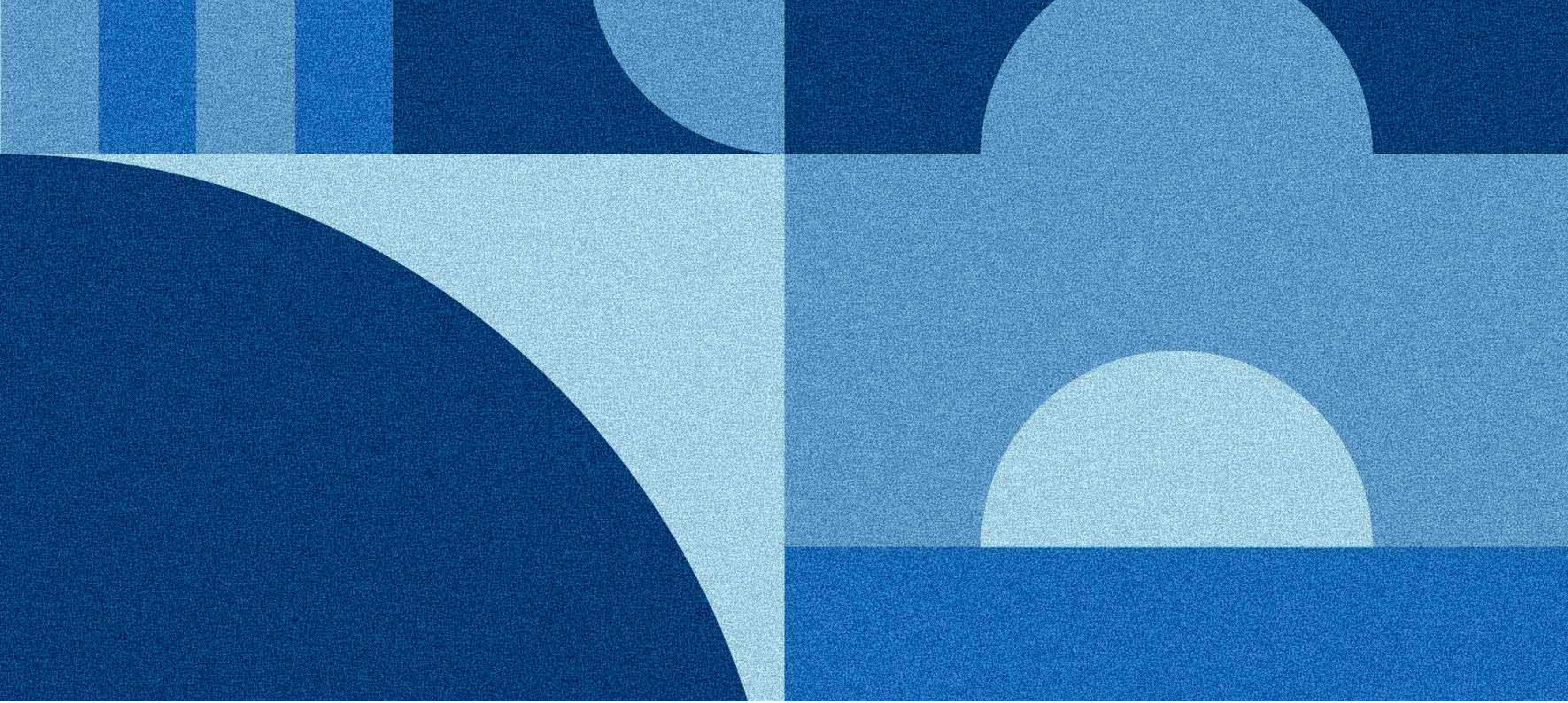
Politics

- Political stability index: 0.07 (-2.5 weak ; 2.5 strong)[6]
- Political system: Democracy

Culture

- Around 70% of the population is Christian and 20% is Muslim[7]
- Three (Akan, Mole-Dagbani and Ewe) out of the nine major ethnic groups constitute more than 77% of the population[7]

Sources: 1. World Bank, 2021
2. World Economics, 2022
3. World Population Review, 2023
4. World Bank, 2022
5. BTI Project, 2022
6. The Global Economy, 2022
7. Ghana 2021 Population and Housing Census



III. GHANA

B. OPPORTUNITY INDEX

Ghana, an attractive market

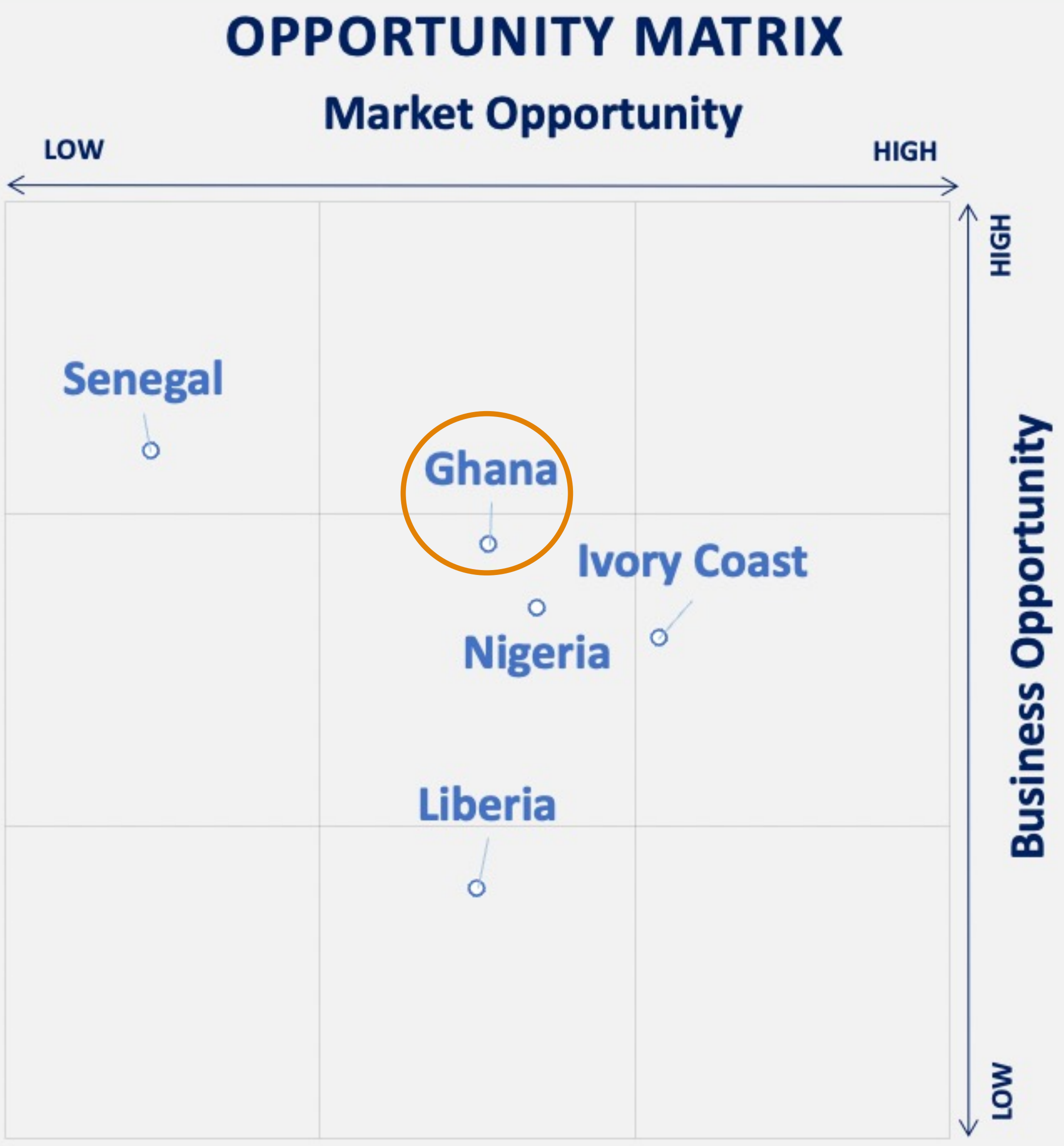
CHALLENGES

1. Inflation has reached record values in December 2022 (54.1% vs. 2021)[1]
2. High open defecation rate can be a first barrier to *commercial* scale-up, but indicates a public/social channel opportunity
3. Highly unstructured market which makes it harder to build a distribution network (but very effective once demand is created)

OPPORTUNITIES

1. Possibility to leverage on existing social sector partnerships (TFHO) to expand WASH product manufacturer presence
2. Real market potential with high levels of unimproved and limited sanitation facilities
3. High importance in USAID's growth trajectory

Source: 1. Reuters, 2023



[Access to the full matrix here]

Northern and Eastern regions have a higher critical need for access to basic sanitation facilities

Open defaecation is prevalent in the Northern regions, where **more than 50% households practise open defaecation in 5 regions**

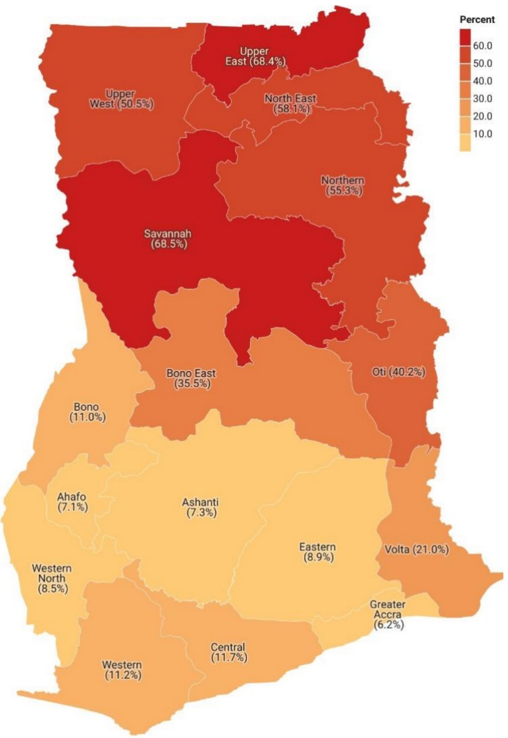
- Savannah (68.5%)
- Upper East (68.4%)
- North East (58.1%)
- Northern (55.3%)
- Upper West (50.5%)

3 of these regions have the **highest rate of unimproved toilets facilities across Ghana**

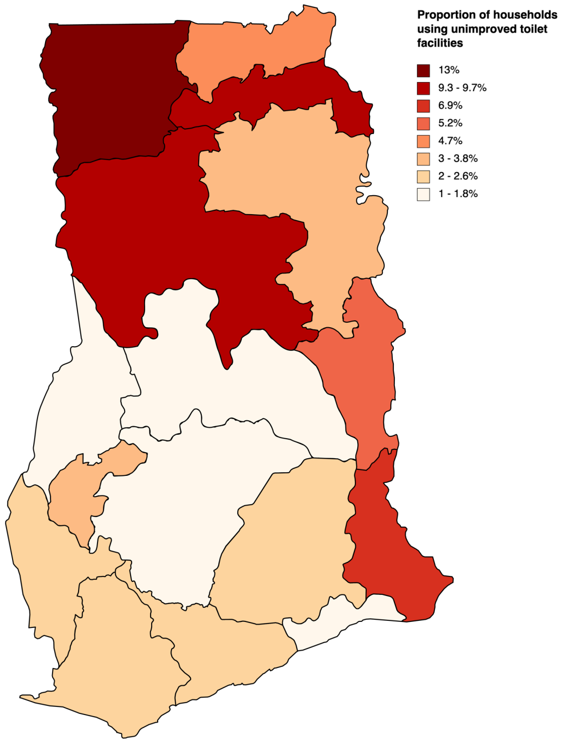
- Upper West (13%)
- Savannah (9.7%)
- North East (9.3%)

» With TFHO programs present in 6 Northern regions, the North represents a strong SATO social and public channel opportunity

PROPORTION OF HOUSEHOLDS THAT PRACTISE OPEN DEFECATION



PROPORTION OF HOUSEHOLDS USING UNIMPROVED TOILET FACILITIES



Source: Maps adapted from Ghana 2021, Population and Housing Census data

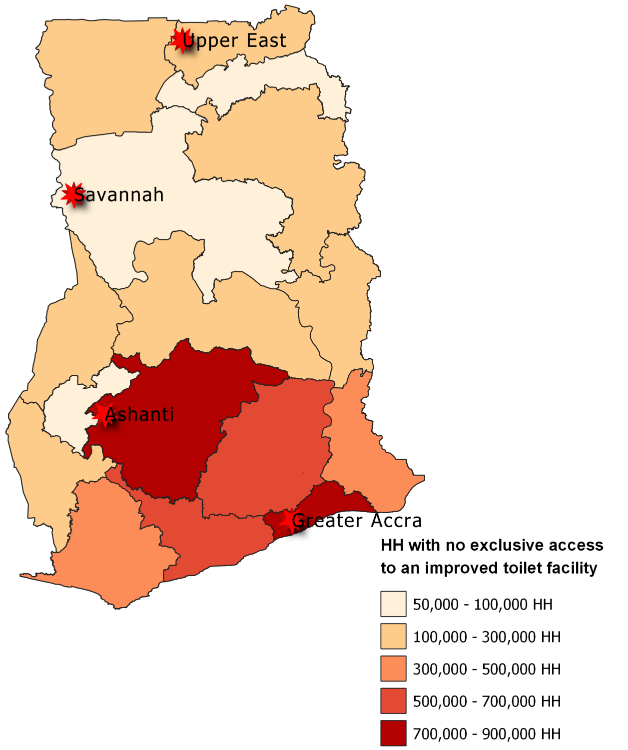
Population density is higher in Southern and Eastern regions, where distribution networks are stronger

More than **half of the population is located in 4 regions, all located in the South of the country** and where the number of households **without improved toilet facilities is the highest.**

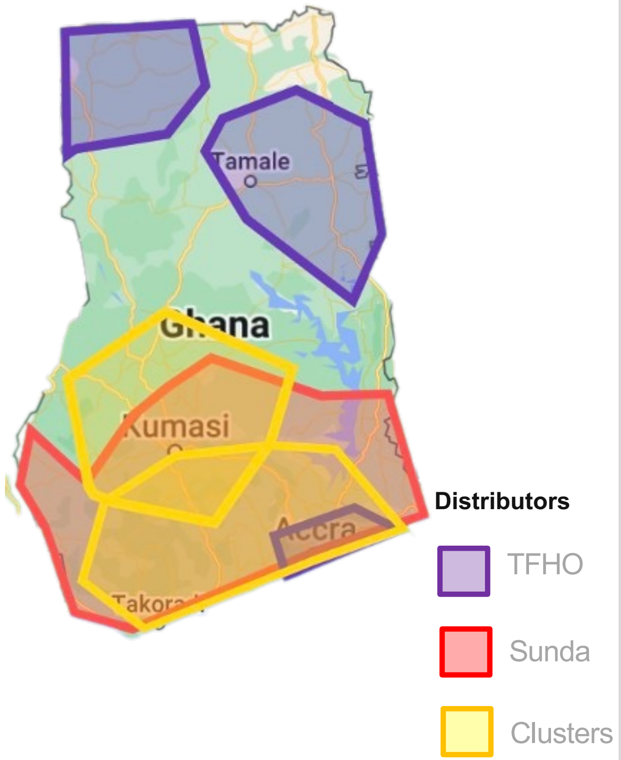
Most **distributors have hubs in Southern regions** with efforts located in the South and central regions.

» **South and more central regions represent the strongest commercial opportunity, which could focus in supplying Volta and Oti regions**

NUMBER OF HOUSEHOLDS WITH NO EXCLUSIVE ACCESS TO AN IMPROVED TOILET FACILITY



MAIN DISTRIBUTORS' REACH



Source: Archipel&co

Source: Map adapted from Ghana 2021, Population and Housing Census data

Source: Map by Archipel&Co based on in-field study

Plastic import reached $868 million in 2020[1]

- According to the World Trade Organization (WTO), MFN applied duty rate for plastic products are 20% AVE
- The first major import country of plastic is China, followed by the United States (10.2%)[1]
- In 2020, Ghana imported $7.83 million worth of plastic wash basins, 75.9% came from China, followed by the United Kingdom (4.55%)[1]
- Around 2.58 billion metric tonnes of raw plastic are imported into Ghana annually, of which 73% end up as waste[3]
- While there are procedures to facilitate imports (e.g. Pre-Arrival Assessment Reporting System), around 60-80% of imports go through inspection on arrival by the Customs Division of the Ghana Revenue Service, leading to increased costs and delays[4]

5.4%

Share of plastic import in overall import in 2020[1]

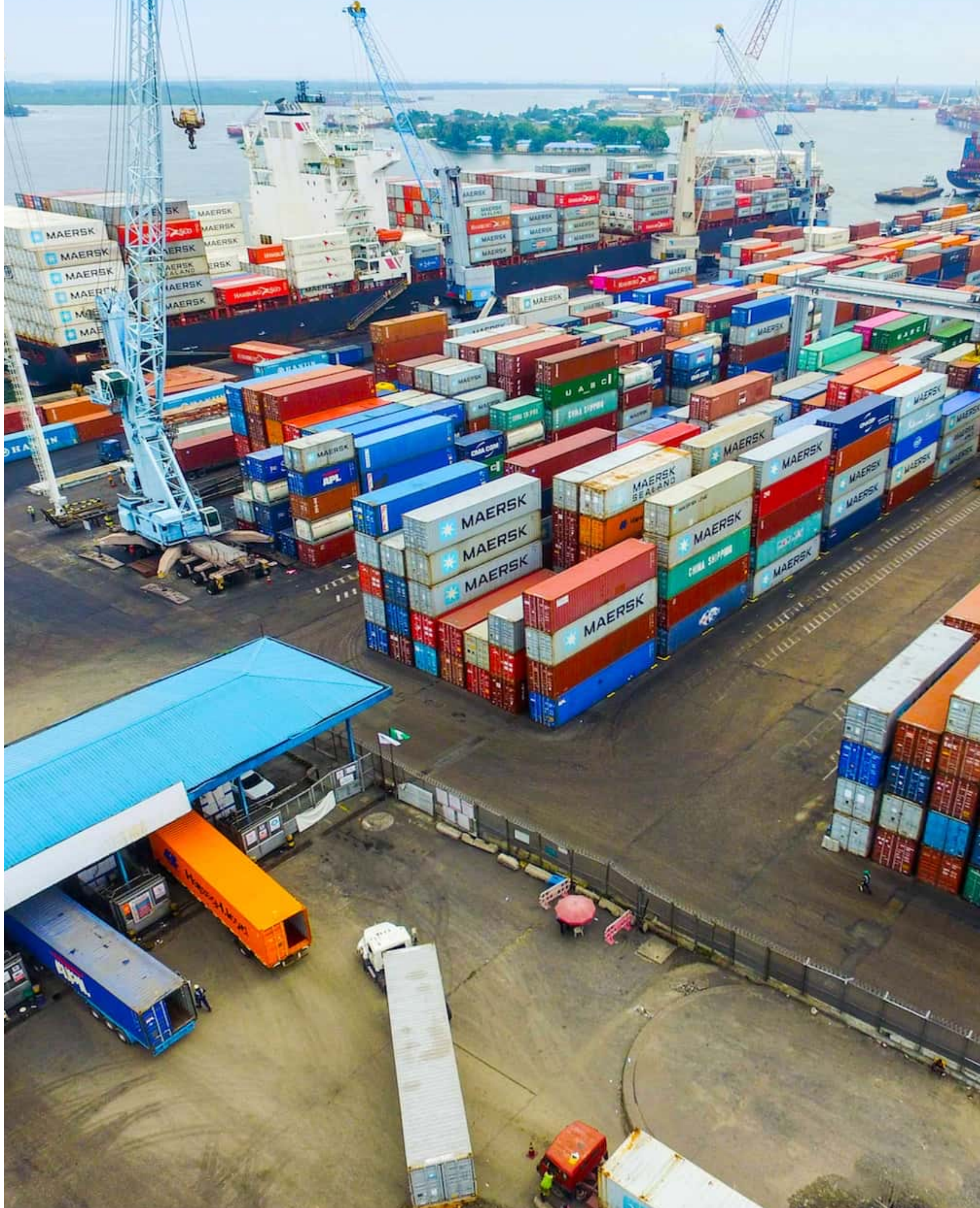
20%

Import duty on plastic products[2]

47.7%

Plastic import from China (highest) in 2020[1]

Source: 1. The OEC, 2022
2. WTO, 2023
3. Environmental Protection Agency, 2022
4. International Trade Administration, 2022



III. GHANA

C. MARKET STRUCTURE

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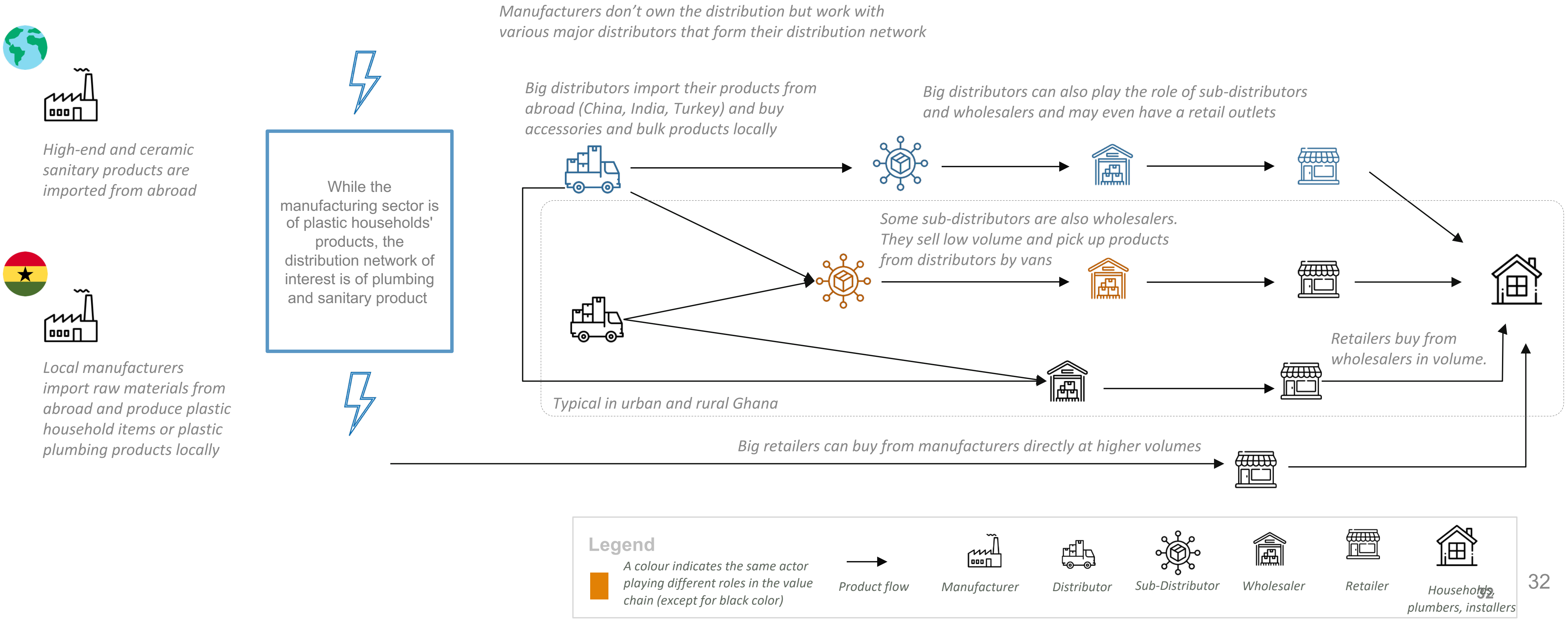
Diagram of primary product flow and market structure for Ghana

PLASTIC MANUFACTURING

22 companies recorded on Airtable

SANITARY AND PLUMBING DISTRIBUTION

16 companies recorded on Airtable



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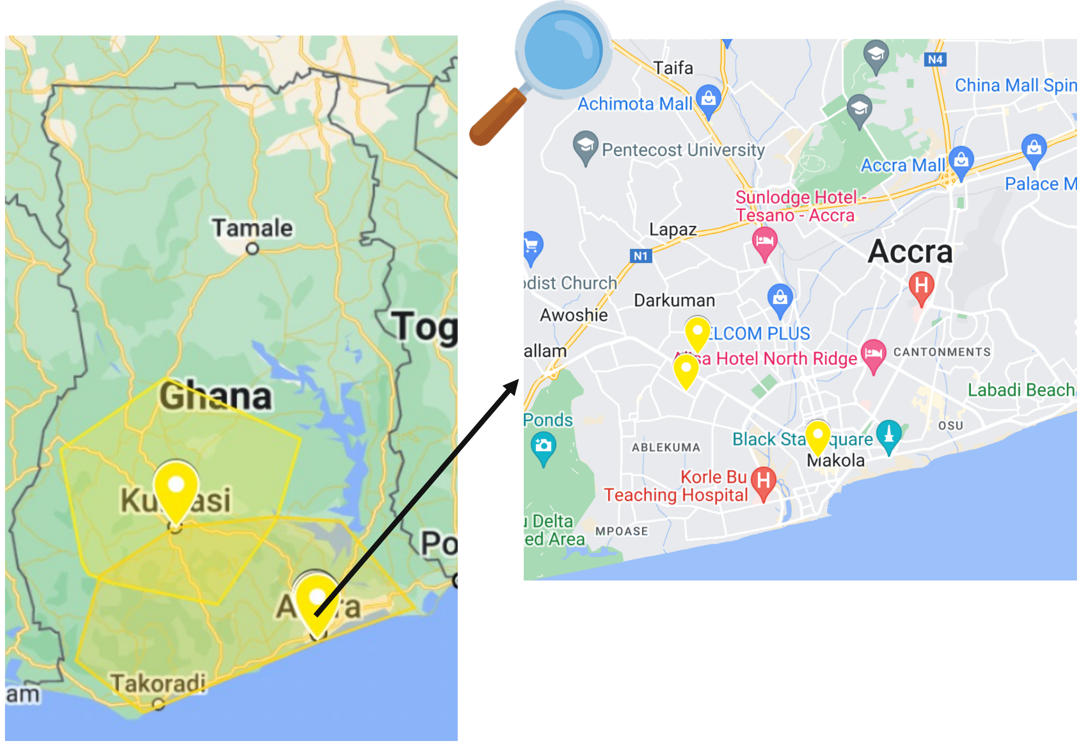
Distribution clusters in Accra serve the entire country and are dominated by wholesalers and large retailers

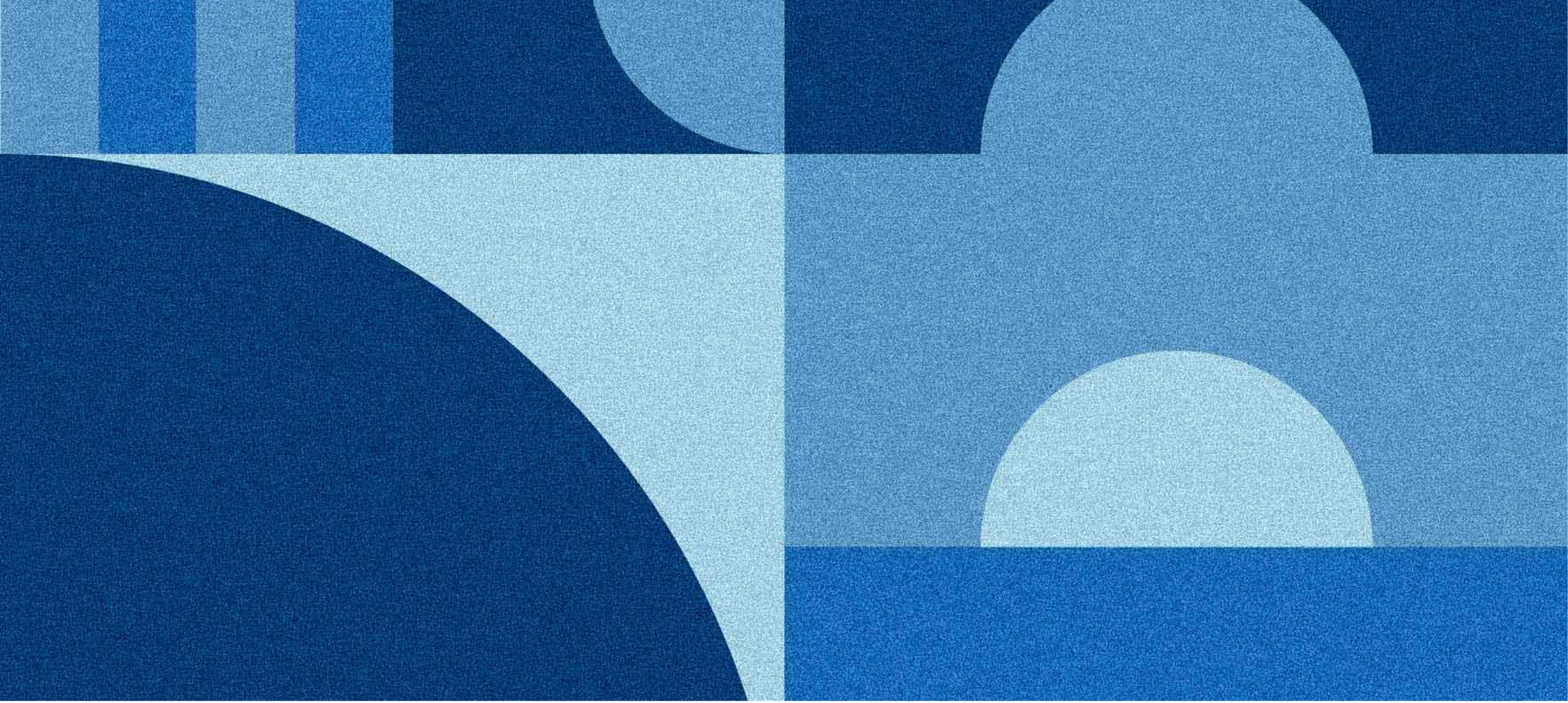
CLUSTERS MAIN FINDINGS

- **Kantamanto is the main cluster** for sanitary products (ceramic or porcelain, pipes, fittings and plumbing accessories)
- Other than pipes and tanks, most sanitary products are imported
- Some shops have diversified their business to sell security doors, home appliances and hardware
- Other smaller clusters include Kaneshie and Mataheko and get their stocks from Kantamanto
- Shop owners handle all the sourcing
- While not in scope, other major cities (eg: Kumasi) will probably have clusters



A small cluster located in Accra

Click on the image to access a 360 view of the cluster



III. GHANA

D. STAKEHOLDERS

Archipel&Co.

Amongst our interviews, we have shortlisted 2 manufacturers and 5 distributors in Ghana

MANUFACTURERS

1. QUALIPLAST
2. KGM

DISTRIBUTORS

1. SUNDA
2. TFHO
3. MY OWN TRADING STORE
4. SAMODAK
5. THE LORD OF HOST

MANUFACTURING

Manufacturers' decisions are mainly **driven by volume**

Organizations can insist on the political capital and benefits that companies can build

Manufacturers are not ready to assume the **costs for the molds**

Organizations must provide evidence of likely volumes and demand estimation to ensure manufacturers cover costs and/or provide the mold at organization's own cost

Manufacturers can easily fake products or **make cheaper copies**

Relationship with manufacturers cannot be based solely on trust

Major players have a **strong distribution network**

Organizations can leverage manufacturers' distribution partners while ensuring the channels they reach are those where plumbing products are expected

MANUFACTURING

Major players are **Lebanese or Indians** and work in **networks**

Organizations can unlock a distribution network by working with manufacturers who hold strong power in the plastic manufacturing industry

Ceramic toilets are **produced abroad and imported**

Plastic toilets can be cheaper products compared to ceramic products, if produced locally, as ceramic is considered a high-end product

Manufacturers can **export products internationally**

Plastic toilets could be produced in Ghana and exported to other West African countries

Manufacturers' **distribution networks span across Ghana**

Distribution could be facilitated as most manufacturers have warehouses in different cities in Ghana

All manufacturers have **recycling facilities and capabilities**

Plastic toilets could be produced with recycled materials but it would also change the cost of production and lifecycle of the product

QUALIPLAST

Lebanese households plastics manufacturer in Accra

[Access to the online profile here]

While not allowing any photos to be taken, Qualiplast appeared to be a high quality, international-standard manufacturer

INTERVIEW MAIN FINDINGS

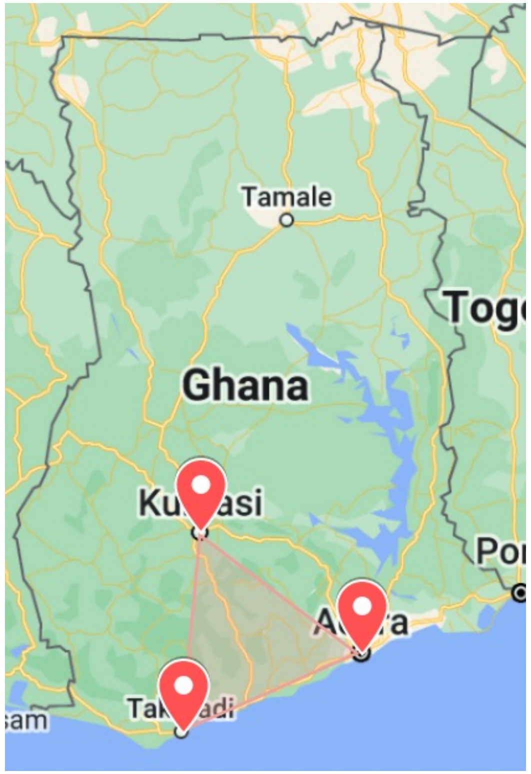
PRODUCTS & CUSTOMERS

- Plastic household items (700 types)
- Selling in volumes to wholesalers, who then sell to markets and retailers
- Some contract manufacturing (customers have their mold and take care of selling and distributing).

TECHNICAL INFORMATION

- Injection molding (from 50t, up to 3,000t), blow molding (120 liters)
- Rigorous security, QA and maintenance process
- Recycling facilities

GEOGRAPHICAL REACH



- Export to other African countries (Togo, Mali, Burkina Faso, Sierra Leone, Ivory Coast, Benin, Nigeria, Senegal, Gambia)
- 3 depots: Accra, Kumasi, and Takoradi
- They have trucks to transport to the North (at their cost or the client's)
- Don't own retail stores (like Ecoplast) to avoid competing with clients in the market

CERTIFICATIONS

- ISO 9001 (first company in Ghana to get this certification)
- ISO 14001
- OHSAS 18001
- In the process for another certification

KGM

Indian households plastics manufacturer

[Access to the online profile here]

INTERVIEW MAIN FINDINGS

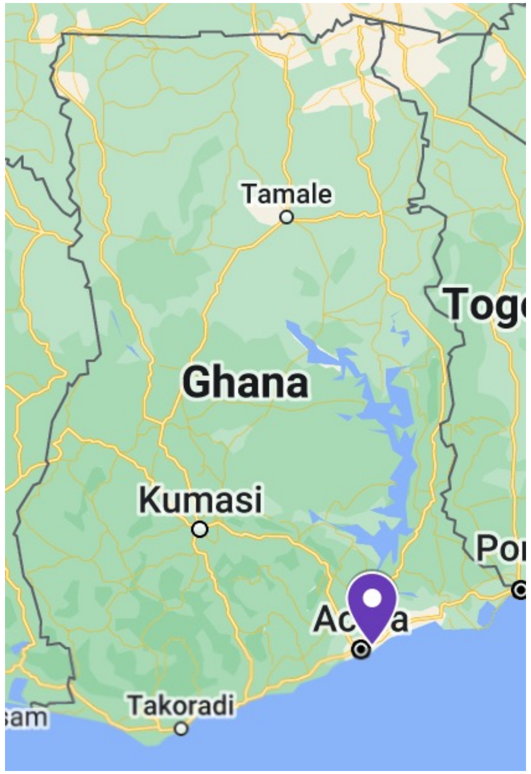
PRODUCTS & CUSTOMERS

- No contract manufacturing so far
- Sells in volumes to distributors and wholesalers
- Doesn’t handle the selling and promotion of products
- Initial conversations indicated a minimum 10,000 to 15,000 units a month for SATO
- Didn’t see any SATO-type of product on the market

TECHNICAL INFORMATION

- 175 permanent employees. 300-400 on contract. Engineers are from India
- 105 machines (100 for injection). Also blow molding
- Recycling facilities

GEOGRAPHICAL REACH



- Exports to other African countries (Senegal, Togo, Benin, Burkina, Mali)
- Exports to Europe recycled raw materials (around 70%)
- They have the capacity to deliver or distributors come (depends on the client)
- Other facilities in Nigeria

DUE DILIGENCE

- A fire destroyed the manufacturing facility in Accra in 2020
- What caused the fire remains unknown

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KGM

Indian household plastics manufacturer

INSIDE THE FACILITY (Photos were not allowed)

Company Overview

- Household plastic products and plumbing materials, water pipes
- 300 to 400 employees (on contract). 175 permanent employees
- Sells in volumes to distributors and wholesalers
- Has not done contract manufacturing so far

Machinery

- 105 machines, including 100 injection machines
- Uses all sorts of plastic raw materials (PET, PP, LDPE...)
- Has a recycling facility

Geographic Reach

- The company exports to other African countries (Senegal, Togo, Benin, Burkina, Mali)
- They have other facilities in Nigeria
- Can deliver across Ghana (predominant delivery regions are unknown)

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DISTRIBUTION

Distributors are often found in **market clusters**

Organizations can focus on clusters where distributors are centralised to build relationships and unlock urban and rural distribution

Distributors often **outsource transport**

Organizations can leverage on distributors' flexibility, hiring logistic assets when needed

Distributors **lack marketing experience** to push sales*

Organizations cannot rely on distributors to promote products. However, most distributors asked for samples to test the product and market before investing

**Except for rare exceptions*

Distributors' decisions are driven by **volume & distance**

Organizations will need to show evidence of demand and work with distributors that already have rural coverage

Major plumbing players are focused on **high-end products**

Organizations could work with major players whose focus is a different type (non-WASH) product, or smaller players who distribute lower-end products and may be more ready to invest and create demand

DISTRIBUTION

Sanitary products distributors don’t work with manufacturers of **household plastic products**

Organizations must look at the distribution network of plumbing and sanitary products rather than households products

The scope of a distributor spreads across **different level of the supply chain**

Organizations must navigate through a blurred distinction between distributors, sub-distributors, and wholesalers

Distribution partners are **unlikely to promote** or build demand for organization’s products

Organizations must create awareness for its products and train plumbers/installers

Retailers in **remote areas get supplies from the nearest city** or cluster market

Products must be strategically located, in different hubs, to get visibility across the country

Retailers can be found in several clusters (Kantamanto, Kaneshi, Mataheko)

Products must be easily found in Kantamanto, which is where most shops source their products

Distributors’ reach can vary greatly

A typical retail shop

A small retailer (not in a market) that can sometime handle large volumes, selling to end-customers and other retailers

A manufacturer retail shop

A retail shop selling exclusively products from Interplast, a major household plastic manufacturer

A wholesaler/ retailer handling high volumes

A wholesaler/ retailer that buys from manufacturers and sells to wholesalers, retailers and end-users.

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SUNDA

Chinese distributor visited in Accra

[Access to the online profile here]

INTERVIEW MAIN FINDINGS

PRODUCTS & CUSTOMERS

- Sunda imports all products but plans to manufacture some items in Ghana soon. Sunda wants to own their products
- Sunda has built its own distribution network. The company has exclusive customers and sells to big and medium distributors and wholesalers who come and pick up the products.
- Sunda doesn't have any retail outlets to prevent competition with clients
- Sunda can also deliver outside of Accra for a minimum number of products (ex: 400 waterclosets)
- Sunda controls the price and promotes different brands (premium brands can make more than 20% profit)

GEOGRAPHICAL REACH

- Sunda is serving 6 regions (out of Accra, towards the North)
- 1 outlet branch in Kumasi (Ashanti Region)
- Most of the clients are in the main markets (Kantamantou and Blapa).
- If a client is outside of Accra, he will usually go to Kumasi to get products.
- Sunda has several customers in Tarkwa (Western Region)
- Sunda is everywhere except to small communities (because they are looking at big volumes)
- They have good relationships with customers.

OTHER SIMILAR PLAYERS

- V-UK and T-UK are two Chinese sisters companies.
- Both were very reluctant to talk. No interviews were conducted.
- V-UK sells mostly pipes
- T-UK sells sanitary and plumbing products

The primary contact didn't want to talk within the office. An informal interview was conducted outside.

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TFHO

Social distributor in Accra

[Access to the online profile here]

INTERVIEW MAIN FINDINGS

CONTEXT

TFHO has been distributing SATO products through various social and development programs

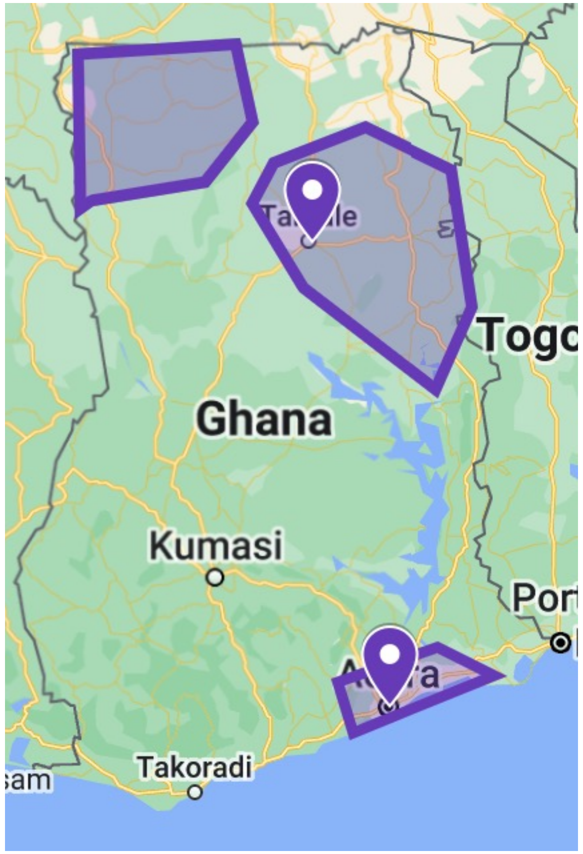
PRODUCTS

- Distribution of SATO pans (7,000), stools (500), taps, condoms, handwashing, sanitary pans

STRATEGY

- Creating a commercial market and supply chain for key health products, supported by the social sector
- Trying to leverage funding for sanitation projects to seed the market (as they have done for condoms)
- Training distributors in product knowledge. Government agency is training on management skills (procurement, finance…)
- TFHO does other market activation activities and installer training

GEOGRAPHICAL REACH



LOCATIONS AND REACH:

- Office and distributors in the North (in Tamale). Offices elsewhere too.
- Warehouse in Accra (Spintex Road)
- TFHO transports to distributors who sell to retailers and artisans
- TFHO outsources logistics but might buy some trucks in the future

PROJECTS

- Project in the North with very aggressive salespeople to promote alongside commercial adverts for SATO pan
- Activities are part of USAID HAND WASH program
- For every district there are 30 masons trained (over 900 over 5 years)
- Sales pilot in Upper West Region
- Similar project in Benin (ongoing talk with Johnsa). Supposed to build 50,000 households toilets for the project

TFHO

Social distributor in Accra

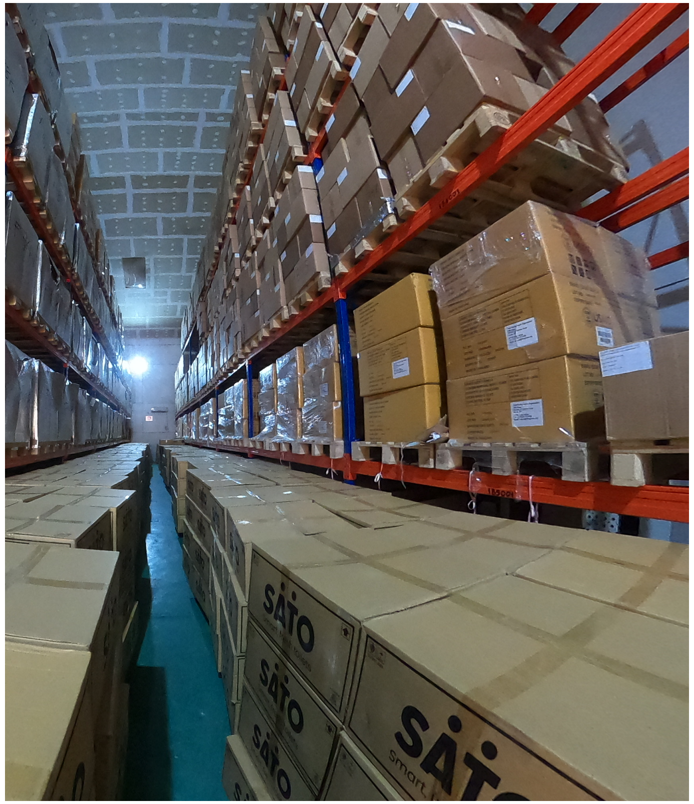
ACCRA WAREHOUSE WITH 3 MAIN ALLEYS

Click on the image to access a 360 view of the warehouse

TFHO

Social distributor in Accra

PRODUCTS ARE VERY ORGANIZED AND SECURITY A PRIORITY



MY OWN TRADING STORE

Wholesaler/ retailer visited in Accra

INTERVIEW MAIN FINDINGS

- The company has been in the business for over 20 years
- The manager handles all the sourcing of the products
- He buys mostly from manufacturers (Chinese companies T-UK and V-UK)
- Products are made locally or imported
- Customers include wholesalers and retailers who buy to sell everywhere in the country (ex: Kumase)
- The company has a warehouse and compound to put all the pipes
- Competition is high with 3-4 wholesalers
- There is another shop in Coco which is more retail and supplies lots of surrounding communities

SAMODAK

Distributor/ Wholesaler/ retailer visited in Accra

MAIN INTERVIEW FINDINGS

- The company has been in the business for over 30 years
- The owner is Samodak and manager's name is Adjua
- The company sources its products from manufacturers and other distributors
- Products are imported and made locally
- Customers include wholesalers and retailers. They come from other regions (including Kumase, and Western regions). They can also sell to end-customers (to a lesser extent)
- The company can handle the delivery (using third-party transport).
- They don't own any transportation fleet
- A majority of their customers are in Accra

THE LORD OF HOST

Distributor/ Wholesaler/ retailer visited in Accra

MAIN INTERVIEW FINDINGS

- The Lord of Host is a distributor, sub-distributor, wholesaler and retailer
- The store has a depot for large and bulk items (eg: pipes and tanks)
- It is strategically located on a main road on the outskirts of Accra to serve suburbs and peri-urban areas
- Relevant products are mainly high-end sanitary products (ceramics) for urban areas
- Storage and store were rather messy

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TABLE OF CONTENTS

From building demand for WASH products to building a network in the field

1. Demand creation

Every conversation with manufacturers and distributors included the question: “what volumes?” Organizations need to have an evidence-based answer and create demand.

- A&Co’s 2020 Go To Market study in peri-urban Accra included initial recommendations for a combined training, demand and sales model.
- Further demand quantification studies may be necessary to focus commercial efforts.
- Partners like WRP can also be helpful to build sales capacity.

2. Network building

Relationships matter across all markets and any new entrant needs to build trust with time and presence.

- Organizations can do so with incentivised local agents based in key market clusters.
- Social and public programs could seed and support commercial reach by locating staff and facilities in key market hubs
- Understanding product flows to tier 2-3 cities and rural areas to “reverse engineer” routes to these key markets would be a valuable build on this study

NEXT STEPS

Volume is the key element to unlock business opportunities

- **Manufacturers will only invest if there is enough volume.** In Ghana, KGM mentioned a minimum of 10,000 to 15,000 SATO units per month
- Volume will **determine distributors' level of interest**
- **Distributors are not reliable or experienced partners for demand creation**, but can and should participate in trials.
- Distributors expect **demand creation to be driven and delivered by organizations themselves**

Likely volumes must be supported by a **strong business plan** with both elements of:

1. **Likely market demand** through consumer research
2. **Funded plans for demand creation** & growth

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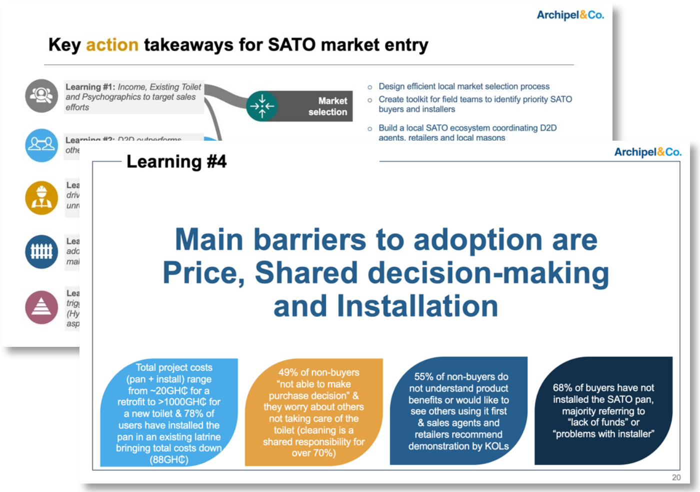
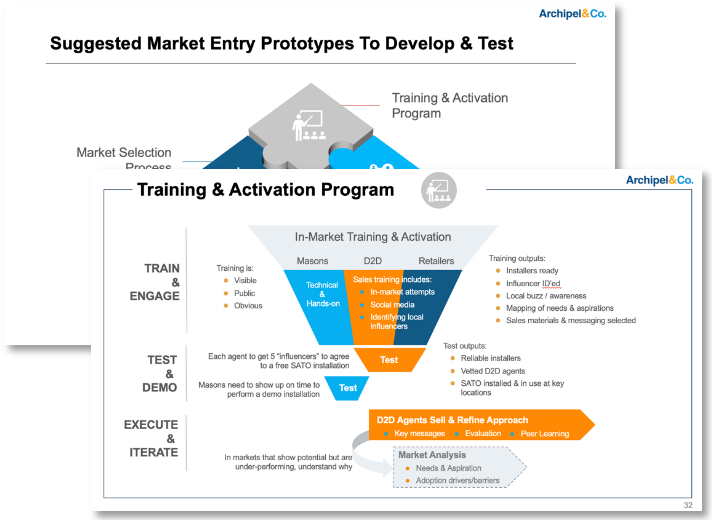
A&Co's 2020 GTM study included initial recommendations for a combined training, demand and sales model

- While open defecation presents an opportunity for the social channel, a WASH commercial strategy resides in unimproved and improved sanitation facilities
- Commercial opportunity is both B2C sales (for households), and B2B sales (for large implantations with households and employees)

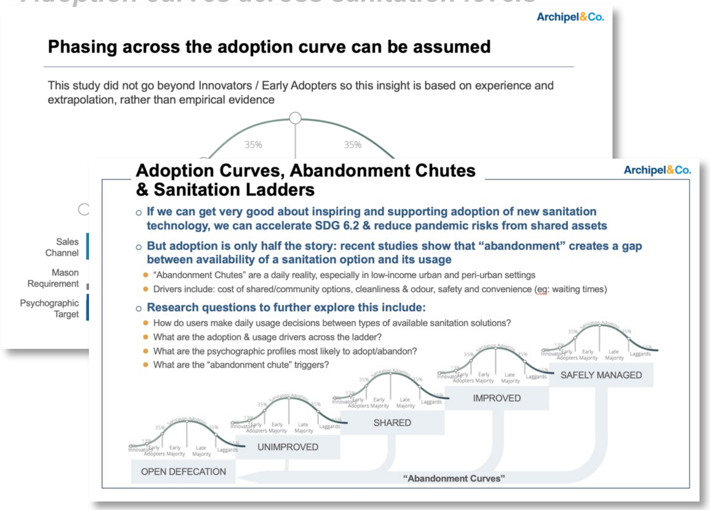
Key takeaways and learnings



Market entry training program



Adoption curves across sanitation levels



NEXT STEPS

Localised manufacturing or a hub and spoke model?

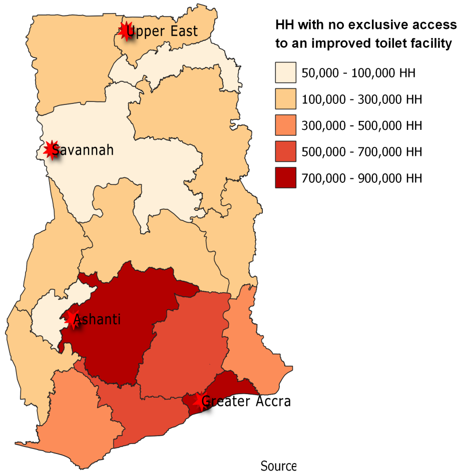
- All local distributors interviewed preferred locally made products
- For public tenders projects, bonus points can be given when products are locally made*
- There are viable manufacturers across all 5 West African countries studied
- An economic model should be built to quantify the thresholds for investing in local manufacturing

Import duties saved (~5%)	Fixed mold investment
Transport Cost & Time	Variable production costs
Product leakage & breakage	IP risk
Market positioning	Complexity

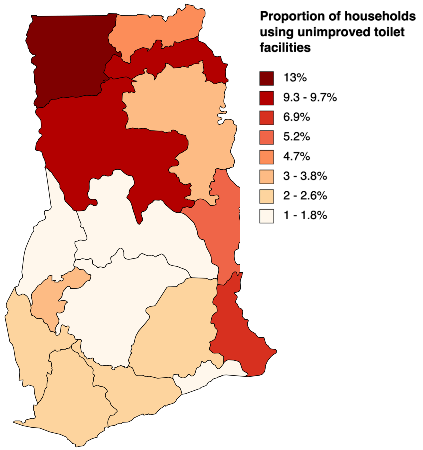
Success may depend on a dynamic symbiosis between social (meeting needs) and commercial (fulfilling demand)

- While the need for sanitation facilities might be greater in rural areas, the **demand for sanitation improvement may be higher in urban and peri-urban areas** due to population density
- Organizations should build the **commercial demand in urban and peri-urban areas**, where consumers have a slightly higher income and pre-existing infrastructure
- Improved **knowledge and experience sharing** across programs and geographies will be a driver of success
- Build **strategic links** (eg: combined awareness/training/ demo) and **tactical nudges** (eg: HQ in local market cluster) between social and commercial approaches

NUMBER OF HOUSEHOLDS WITH NO EXCLUSIVE ACCESS TO AN IMPROVED TOILET FACILITY



PROPORTION OF HOUSEHOLDS USING UNIMPROVED TOILET FACILITIES



In Ghana, while the proportion of households using unimproved toilet facilities is predominant in the North, the number of households with no access to improved toilet facilities is higher in the South

Thank You

To learn more about ways of working with SATO and the Partnership for Better Living, please contact:

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For more information, please visit:
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