

An Impact Assessment of Consumer Service Committees:
A case study of Consumer Perspectives in Obuasi

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Outline of Presentation

- Purpose & Justification of Study
- Methodology & Limitations
- Obuasi: District & Utility Services Profile
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- Conclusions
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Purpose of this Study

- Intended to be established in districts throughout the country, to date, Consumer Service Committees (CSCs) have been implemented in 3 areas of Ghana: Wa, Takoradi and Obuasi
- In 2012, when the PURC head office changed leadership, funding for CSCs was cut, but funding discussions have been recently reinstated
- Purpose of this study: To provide an impact analysis of the Consumer Service Committee established in Obuasi in 2010
- Goal: To provide insight that will assist policymakers and sector professionals, specifically those working within the PURC, ECG, and GWCL, in evaluating progress made towards achieving targets of:
 - Enhancing community participation in governance, as set forth by the Ghana Shared Growth and Development Agenda
 - Supporting the PURC in regulating services provided by utility companies
 - Assessing the potential for CSCs to assist utility providers in achieving objectives and priorities established by the energy and water sectors

Justification for this Study

- The importance of CSCs as a strategy to assist the PURC in regulating utility providers and safeguarding consumer interests nation-wide is well supported by literature on international best practices for utility regulation, as well as Ghana's national policies
 - Internationally: the African Forum for Utility Regulators has declared including competent private sector managers and representatives of consumer groups in regulatory governance as means to make structures more effective and accountable
 - Nationally, participatory decision-making through increased transparency and community inclusion in governance is a well-established strategy for achieving development goals
 - The Agenda for Shared Growth and Development: the role of civil society, as "key stakeholders/partners in the development process," very "crucial to achieving transparency and accountability"
 - Ministry of Energy: to realize objectives to ensure the successful production, transportation, and end-use efficiency and conservation of energy, the Ministry intends to develop and implement programs to help "consumers optimize their energy use," along with supporting a "sustained and comprehensive public education and awareness campaign."
 - Ghana's National Water Policy: "ensure participation of all stakeholders, including the private sector, local communities, particularly women, in decision-making on water-related issues," and "ensure that existing regulations regarding participation, disclosure and procurement are adhered to."
- Locally, the CSC of Obuasi helps create the enabling environment beneficial for the municipality to achieve development agendas to provide "adequate and reliable power to meet user needs" and "accelerate the provision of affordable and safe water," as their presence and efforts ensure that the ECG and GWCL are held accountable to consumers and regulators in upholding their mandate to provide quality, reliable, and affordable services

Methodology

- ▣ Research carried out over a period of 9 months
 - ▣ Data collection techniques
 - ▣ Literature review of national policies & official documents detailing international best practices
 - ▣ Fieldwork with the assistance of a translator
 - ▣ Surveys of and informal interviews with approximately 27 residents/utility consumers of Obuasi
 - ▣ Interviews with members of the Consumer Service Committee, officials of the PURC, the GWCL & ECG of Obuasi

Limitations of study

- ❑ As a case study, findings of this project are not necessarily indicative of other Consumer Service Committees (CSCs) in Ghana
 - ❑ Conclusions and policy recommendations based solely on information regarding the CSC in Obuasi
 - ❑ Insight afforded on the CSC in Obuasi through this study does not consequentially apply to the CSCs in Wa and Takoradi, as data on the groups in these areas was not collected and local contexts are different than in Obuasi
- ❑ Not every consumer who had lodged a complaint with the Committee was surveyed
 - ❑ 27 out of 51 recorded complainants were interviewed
 - ❑ Every effort made to obtain a representative sample; however, conflicting schedules, unexpected cancellations, unwillingness to participate, time, relocation of former residents, and a limited budget were all constraints to conducting surveys with every resident who had formerly lodged a complaint

Profile of Obuasi

- Capital of Obuasi Municipal, one of 30 districts in the Ashanti Region
- Population
 - Recorded as 168, 641 in 2010 Census; projections place current population at 195,624
 - 48% males; 52% females
 - High rates of migration (mostly due to employment-seeking in the mining sector)
 - Predominantly urban: 90:10 urban-rural ratio
- Economy & Employment
 - Service & Commerce Sector (55%)
 - Mining (35%)
 - Agriculture (10%)

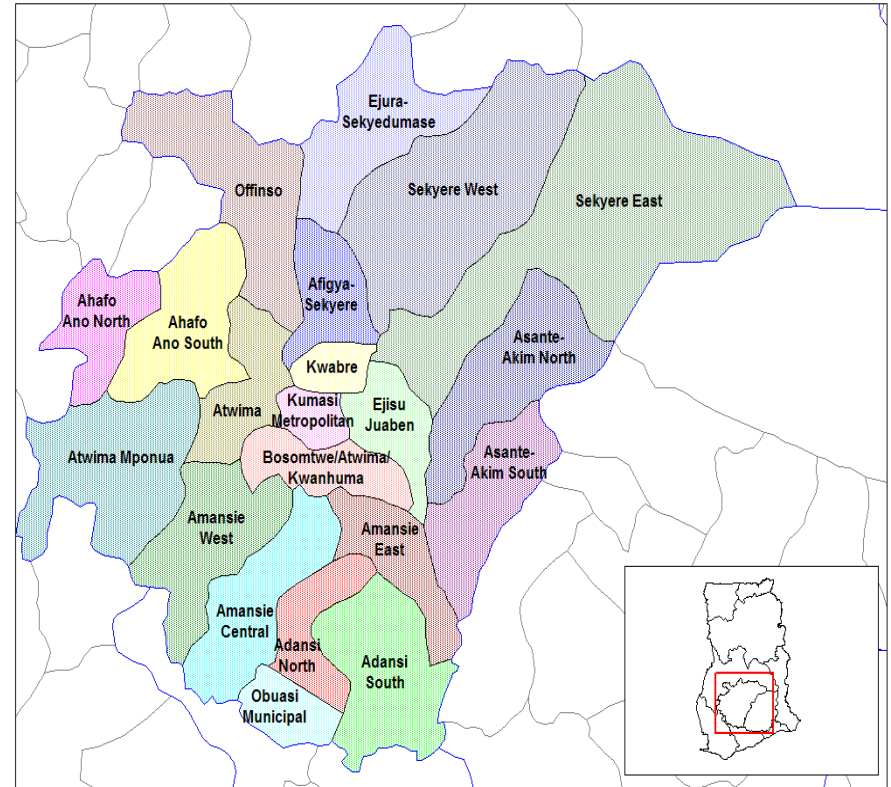


Figure 1: Map showing the districts of the Ashanti Region, Ghana
Image Source: Ashanti Region. (2014, February 17). Wikipedia. Retrieved April 24, 2014, from http://en.wikipedia.org/wiki/Ashanti_Region

Utility Service Profile of Obuasi

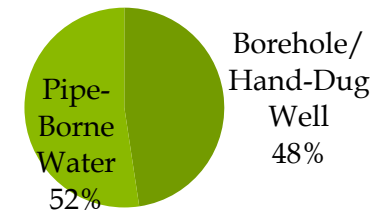
○ Water Coverage & Services

- Coverage: approximately 91% (The Municipal Medium Term Development Plan 2006-2009)
- Existing potable water supply not sufficient compared to existing demand; projected existing potable water supply gap of 9% will increase to about 11% over the plan period (The Municipal Medium Term Development Plan 2006-2009)
- “Utilization of the pipe borne water is very low and limited to washing and other domestic uses instead of drinking purposes due to the fact that the water is contaminated by mining activities especially illegal mining and domestic waste” (The Composite Budget for the Obuasi Municipal Assembly for the 2014 Fiscal Year)

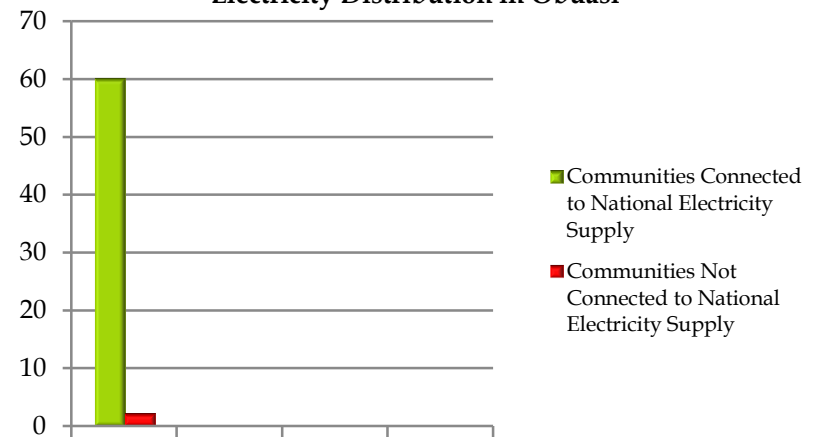
○ Electricity Coverage & Services

- Electricity coverage: 97% (The Composite Budget for the Obuasi Municipal Assembly for the 2014 Fiscal Year)

Water Coverage by Source Type in Obuasi



Electricity Distribution in Obuasi



What are Consumer Service Committees (CSCs)?

- ❑ Policy calling for the establishment of Consumer Service Committees set forth under Section 31 of Act 538* in 1997
- ❑ In 2002, Consumer Service Committee Regulations, LI 1704A, created by the Public Utilities Regulatory Commission (PURC)
 - ❑ LI 1704A established regulations to direct CSCs
- ❑ First CSC established by PURC in Sekondi-Takoradi in 2008

Committee Composition, Roles & Responsibilities

- ❑ Comprised of 5 members, selected by the PURC
 - ❑ A Chairman/Chairwoman
 - ❑ One representative of Domestic Consumers
 - ❑ One person nominated by organized labor/industry
 - ❑ Two people with “knowledge in matters relevant to the functions of the committee, at least one of whom shall be a woman”
 - ❑ PURC is also supposed to appoint a coordinator to help organize CSC activities and any other staff deemed necessary to assist in organizational functions
- ❑ Membership voluntary
- ❑ Member may hold office for period of 4 years & is eligible for re-appointment following first tenure
- ❑ CSCs are supposed to meet once a month and undertake community outreach and educational programs in their area of jurisdiction
- ❑ Primary purpose of CSCs is to act as non-biased watchdog on behalf of consumers. They are tasked with the following roles/responsibilities:
 - ❑ Intercede on behalf of consumers & consult with public utility providers on matters affecting consumers in the area
 - ❑ Advise the PURC on service quality and issues facing residents & make recommendations to the Commission on how to improve services to consumers
 - ❑ Educate consumers on their rights and responsibilities

CSC of Obuasi: A Basic Overview

- ❑ Founded in 2010; operations began officially in 2011
- ❑ Committee does not have own office, so operates out of the Chairwoman's office in local radio station, Shaft FM
- ❑ 4 members*, selected by leadership of PURC Kumasi Regional Office
 - ❑ Chairwoman/President
 - ❑ A Secretary
 - ❑ Two members who assist with Committee operations

Communication and Committee Relations with Utility Providers & PURC

- Positive rapport between head leadership of ECG in Obuasi & Committee members, as well as between GWCL in Obuasi management and Committee members
 - ECG and GWCL seem receptive to presence of Committee and work they are doing
 - Members invited leadership of GWCL and ECG to participate in past activities
- Well established working relationship between Committee and Regional Manager of PURC office in Kumasi, who acts as the main point of contact to the PURC for the Committee
 - Committee supposed to submit budget proposals and quarterly activity summary reports to Regional Manager
 - Maintain open lines of communication

Challenges faced by Committee

- Funding
 - Inadequate funding for activities
 - Lack of money for daily operational expenses; Committee members reportedly having to use personal funds
 - Reimbursement discrepancies

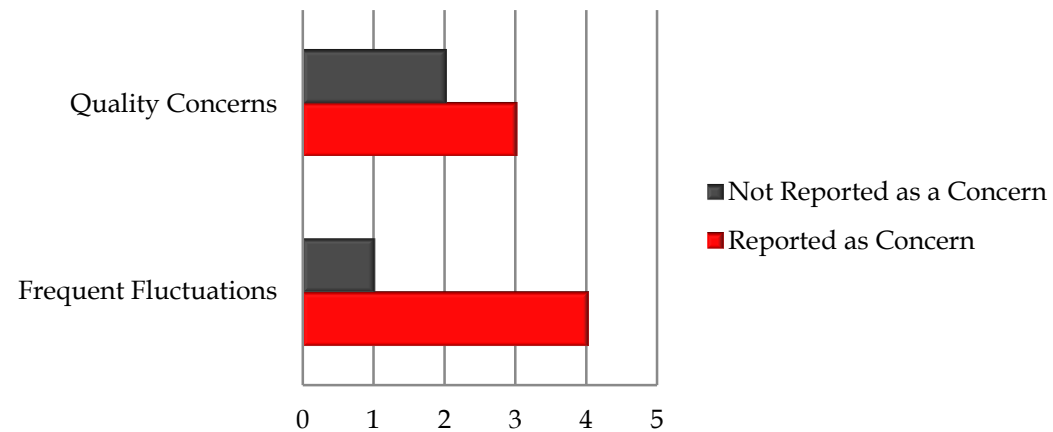
- Weather
 - When Committee was still receiving funding and doing activities, sometimes rain and bad weather would prevent programs from moving on as scheduled

- Communication
 - Miscommunication over resolution of consumer complaints and various aspects of Committee activities noted by both PURC leadership and Committee members

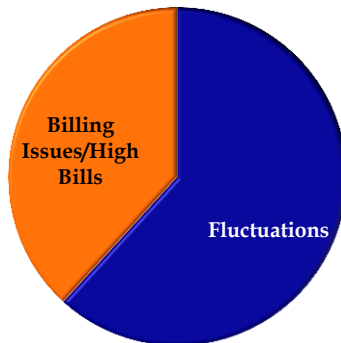
Common challenges in utility services faced by Consumers

- Consumers stated issues with water quality including concerns over the smell and color of the water, and frequent disruptions to supply as challenges they face in water service delivery by the GWCL

Challenges in GWCL Service Delivery Reported by Consumers



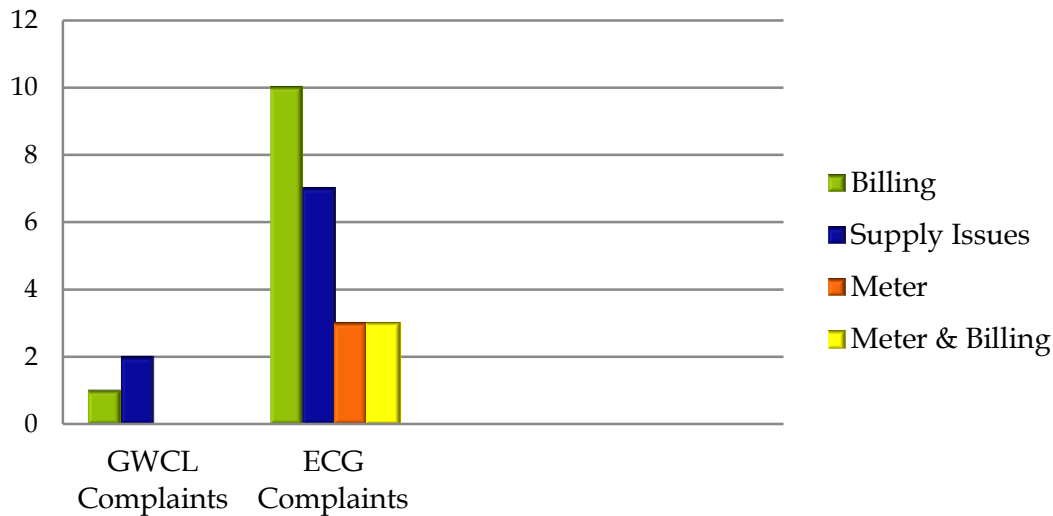
Most Common Challenges in Electricity Service Delivery Reported by Consumers



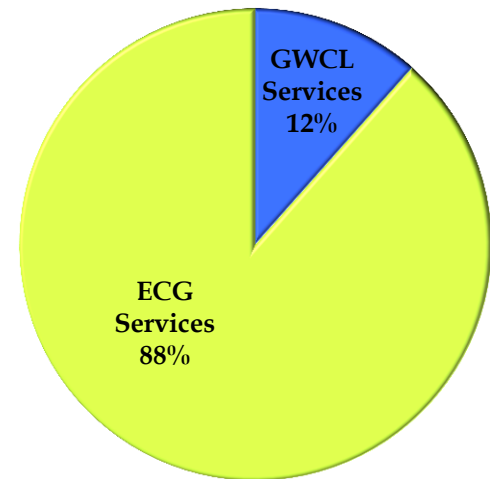
- The typical problems reported collectively by consumers in terms of electricity services were frequent fluctuations, billing issues, including high bills {as depicted on the graph}, as well as faulty meters and overloaded transformers

Complaints lodged by Consumers to Committee

Nature of Complaints Lodged by Consumers to CSC

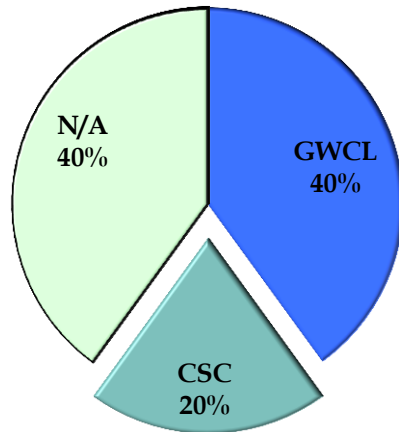


Complaints Lodged by Consumers to CSC



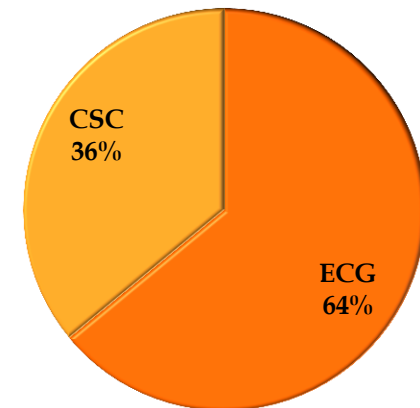
Consumer Complaint Preference

Preference for Lodging a Complaint: Utility Provider vs. CSC



- N/A accounts for respondents who used the GWCL piped network, but had not lodged complaints regarding services, or who were just recently connected so had not experienced any problems with services to-date

Preference for Lodging a Complaint: Utility Provider vs. CSC



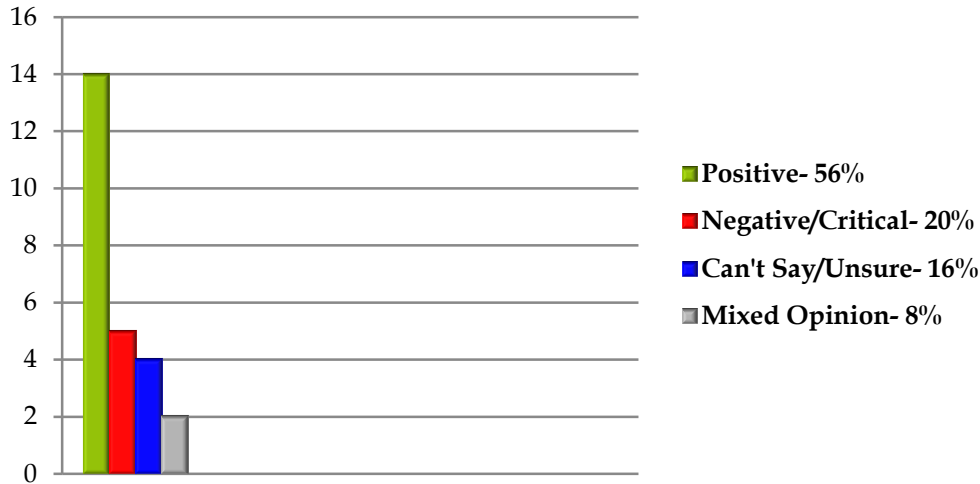
- Of those who preferred to complain to utility service providers directly as opposed to the CSC, the reason stated for this preference was because it is the ECG and/or GWCL who provides the utility services, so they should be the entity charged with rectifying any challenges faced by consumers in their service delivery

Selected Consumer Testimonials & Recommendations of Study Participants

- ❑ CSC playing beneficial role on behalf of community
- ❑ Help place pressure on utility providers to improve services
- ❑ The Committee makes community members feel like they have someone supporting them and helping to fight their problems
- ❑ "I have great confidence in Victoria Owusu and her committee. Considering the magnitude of their work and constant growth of Obuasi and the complexity of problems, they are doing great and their work is as it should"
- ❑ Committee should resolve complaints in a more timely manner and do better about following up with consumers who lodge complaints
- ❑ Committee should do more community outreach programs & should publicize their activities to make a greater portion of residents aware of their presence

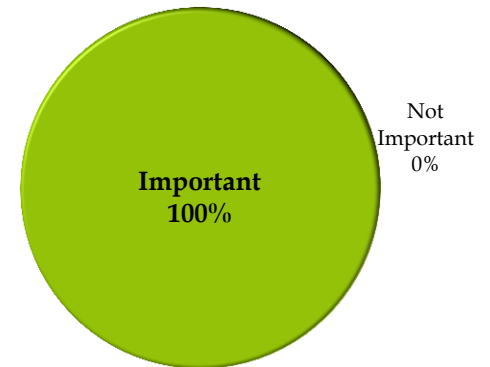
Consumer Perceptions of & Attitudes Towards Committee

Breakdown of Consumer Attitudes Towards Committee



- Those of the general point of view that the Committee was doing a good job, but had critiques based on their own personal experience with the CSC, were classified as having a 'Mixed Opinion.'

Percentage of Participants who feel the work the Committee is doing is important



- Regardless of whether consumers had a positive, negative, mixed or uncertain opinion of CSCs, 100% of participants, when asked, stated that they felt the work the Committee does is important

Conclusions

- Consumer perception and attitudes towards the Committee make clear that the organization plays a pivotal role in
 - giving consumers a voice
 - providing a platform upon which citizens can express their opinions and stances on utility services in their locality
 - advancing PURC's mandate to regulate electricity and water service delivery provided by the ECG and GWCL in Obuasi
- Beneficial for helping the municipality achieve local development agendas by creating an enabling environment for objectives aimed at improving water and electricity services to be achieved
- Committee is important for helping Ghana achieve national development goals in water & energy sectors, as well as in utility regulation
- Committee should improve upon conflict resolution on behalf of consumers and ensure that they follow up with consumers regarding the status and/or outcome of their complaint

Policy Recommendations

- The recommendations on the subsequent slides are made with the following objectives in mind:
 - To build the capacity of the CSC of Obuasi and those throughout the country
 - To increase the potential of the Committees and the initiative to improve utility services for all Ghanaians
 - To strengthen the regulatory environment of utility providers

Policy Recommendation #1: *Reassess current membership requirements for Consumer Service Committees*

- **Rationale:** Existing membership totals and composition are insufficient to effectively and efficiently fulfill all of the Committee's duties set forth by the PURC; increasing membership numbers and drawing from various sectors would ensure all relevant stakeholders have a voice in the process and would better facilitate the process of complaint resolution and utility regulation
- When reconsidering membership numbers, similar groups established in Uganda and Zambia can provide some guidance
 - **The Electricity Consumers Committee (ECC) of Uganda**
 - Key features:
 - 11 members, selected from group's operating area
 - A Chairperson, four representatives of domestic electricity consumers, one representative of large industry organizations, a representative of small scale industry organizations, a Uganda National Chamber of Commerce and Industry representative, a representative of an active NGO nominated by local administration, a representative from the Private Sector Foundation, and representative from the Local Government Structure
 - membership driven by community-based principles and ensures balanced representation of relevant stakeholders
 - **The Water Watch Groups (WWGs) in Zambia**
 - 6-9 members
 - Group is run independently and appoints 1 member as a coordinator to serve as the main point of contact with the National Water Supply and Sanitation Council (NWASCO)
 - Organizational tasks split between remaining 5-8 members, who do not have specific titles or roles

Application of International Best Practices to Recommendation #1

- Drawing upon these models, it is suggested that the PURC increase membership of Consumer Service Committees to approximately 14 people
 - Organization divided into:
 - an 8-member Committee responsible for functions assigned to CSCs under current perimeters and would be the main point of contact for consumers in lodging complaints
 - A Chairperson (chosen by and from the members themselves),
 - four representatives of domestic utility consumers: two to represent water services and two to represent electricity services (in the relevant CSC locality), who will also fulfill secretarial tasks
 - a Coordinator
 - a Public Relations Officer
 - a Treasurer
 - a 6-member board with whom members of the CSC would communicate on a regular basis and would serve as assigned liaisons between the Committee, industry, utility providers, and local government
 - one representative of large industry representative organizations (based on the largest industry in the area)
 - a representative of small scale industry organizations
 - a GWCL representative from the relevant area
 - an ECG representative from the relevant area
 - a representative of an active NGO nominated by local administration of the area,
 - a representative from the Local Government Structure (DA or MDA) in the relevant area

Policy Recommendation #2: *Increase dialogue between the relevant stakeholders, specifically, coordinating offices in the PURC at the national and regional levels, utility providers and members of the Consumer Service Committees*

- **Rationale:** Lack of communication constrains the regulatory environment and hampers effective decision-making; communication is vital to track progress of institutional objectives of the PURC as utility regulators, the CSC as a consumer-interest group assisting the PURC in its regulatory capacity, and the ECG and GWCL as utility providers.
- Best practices of ECCs in Uganda and WWGs in Zambia are worth consideration
 - **ECCs**
 - Required monthly meetings with a Customer Care Assistant of the national Electricity Regulatory Authority (ERA) to discuss resolutions to complaints and information to relay to complainants/consumers
 - Actively gather and compile consumer complaints into a report to present to ERA
 - ECC members attend monthly meetings, organized by ERA, also attended by representatives from the electricity company, Umeme, and the ERA, to exchange knowledge and provide feedback; ECC also takes this information to consumers in their areas of operation
 - On a quarterly basis, Chairpersons and Secretaries from each of various ECCs meet together with senior ERA and utility officials to exchange information on emerging concerns of consumers of the electricity sector services
 - Meetings have led to improvements in customer care and response time to consumer complaints by Umeme.
 - Consultations amidst utility providers, regulators and ECC members have also helped “bridge the gap between electricity consumers and the service providers” while “creating a positive public image of electricity service providers”
 - ERA publishes a Consumer Affairs Journal that summarizes the activities and meetings of stakeholders and provides consumers with relevant updates.

Policy Recommendation #2 con't..

- WWGs
 - Management of NWASCO notifies water service providers of an area when WWG is newly established
 - Service provider obliged to nominate a senior employee as point of contact mandated to handle issues brought forth by WWG
 - This individual must be readily available to the WWG whenever necessary
 - WWG and the service provider devise a schedule, conducive to both parties, to meet and handle complaints
 - Service provider must display contact information of WWGs in all pay stations and offices to which customers have access
 - WWGs often invite area managers from providers to public awareness meetings to respond to questions from consumers
 - Successes of WWGs country-wide:
 - received and handled more than 50,000 complaints between 2004 and 2005 (most recent statistics available during time of the report's publication),
 - Increased expediency of complaint resolution by service providers
 - Expanded consumer's knowledge of rights and responsibilities.
 - WWG of Lusaka selected out of more than 870 entrants to participate in the Tokyo Water Action Contest

Application of International Best Practices to Recommendation #2

- Regarding the experiences of Uganda and Zambia, it is proposed that the PURC:
 - Require the ECG and GWCL offices in areas where CSCs are established to select a representative to act as a point of contact for Committee members, as executed by the NWASCO for WWGs in Zambia
 - These meetings have been successful in facilitating transparent governance, sharing knowledge on best practices and identifying areas for improvement and has been integral to the success of the ECCs in achieving intended outcomes.
 - Hold monthly meetings between the CSC, PURC and utility companies and quarterly meetings between Committee leadership and senior officials of the PURC, GWCL and ECG, similar to those organized by the ERA in Uganda
 - This would ensure positive rapport and open communication between the Committee members and service providers, as well as ensure that there were individuals who would be held accountable for ensuring the timely resolution of consumer complaints

Areas for Further Research

- A quantitative measurement of how the presence of the Committee has effected utility service delivery in Obuasi
- How to make CSCs self-financing/ financially sustainable
- Identify best practices regarding and barriers to communication between the PURC, utility providers, CSCs and consumers
- Holistic investigations into Committee impact, consumer perceptions of Committees, communication cycles between relevant stakeholders (community members, PURC, GWCL, CSCs, ECG), Committee operations, and financing and sustainability of the CSCs in Takoradi and Wa

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