

National Level Learning Alliance Platform

Highlights of Investments in the Water and Sanitation sector in 2009

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Introduction

The National Water Policy has estimated the consumptive uses of water in Ghana to be:

- (37%) for domestic use
- (48%) for Irrigation and livestock watering
- (15%) for other uses

It also provides that Ghana's surface water resources alone are sufficient to meet present and future consumptive water demand. Water demand for 2020 has been projected to be 5 billion m³ (cubic meters), which is equivalent to about 12% of the total surface water resources. In spite of the availability of raw water to meet demand, there are deficits in coverage.

- Urban water supply coverage is estimated at 59%
- while rural and small town coverage is about 57.14%.

The key factor militating against the accessibility of water as found in the reports of the major agencies in the WASH sector is not the availability of water resources but the infrastructure necessary for the delivery of the water.

Reviews of the reports from these major agencies in the water and sanitation sector indicated gross inadequacy in investments.

The WASH sector is funded basically from four (4) main sources:

- Donor,
- GoG allocation, and
- Internally Generated Funds (IGF).
- NGOs

To achieve an increase in the funding of investments in the sector therefore could be by way of obtaining an increase in any/all of the four mentioned sources or by the introduction of new source(s) of funds

Financing of Water and Sanitation services- How much is needed for Investments and Services

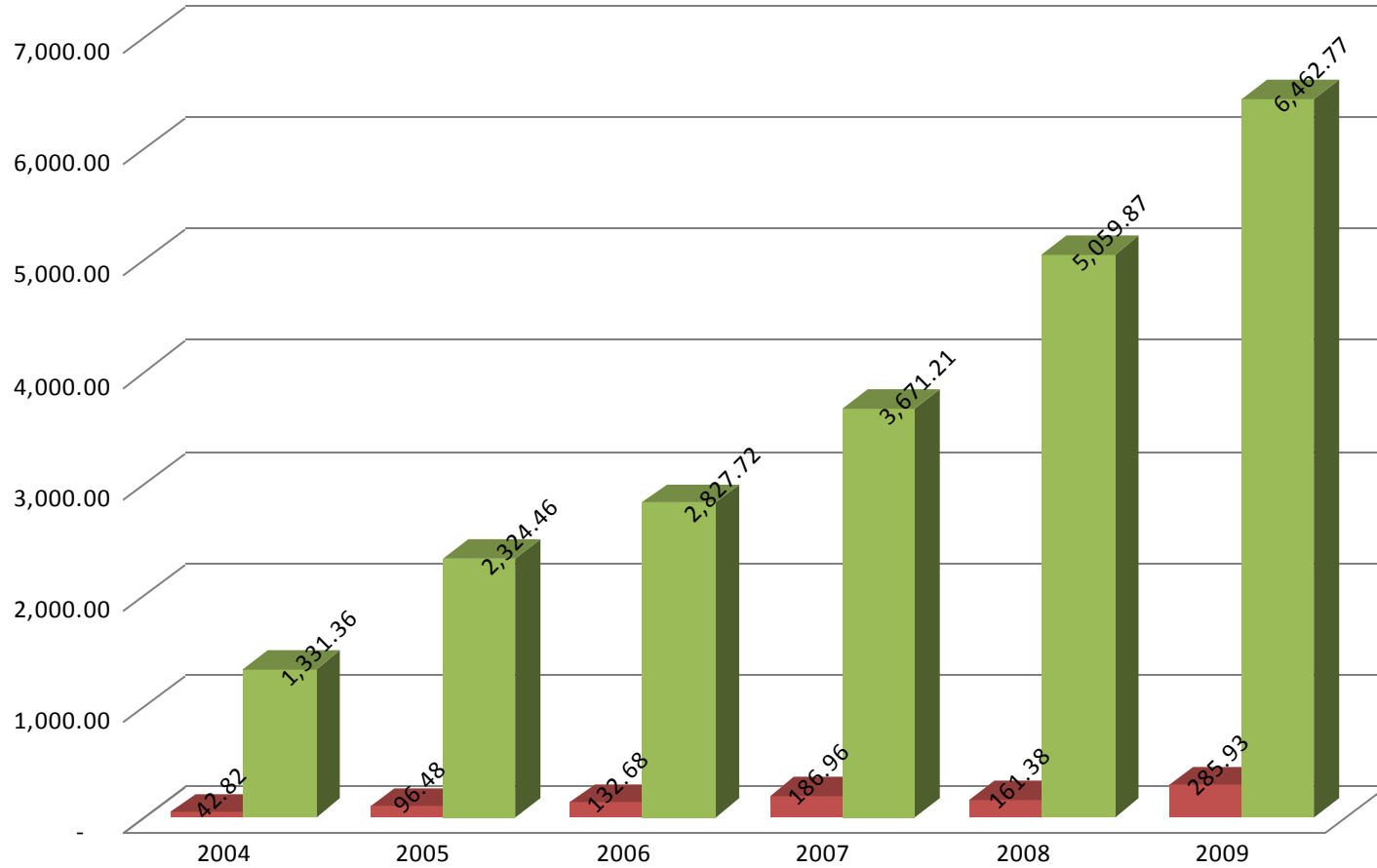
GWCL needs about 101.38 million dollars a year to be invested in infrastructure development alone, out of which:

- 30 million dollars from external sources
- 3 million dollars from internally generated fund
- The net resources required from Government therefore will be US\$ 68.38m (GHC 102.57m) annually. But currently they are only getting
- **2 million dollars from government annual development budget**

CWSA needs about US\$ 41.25m (GHC61.88m) from Government. This gives a total of **US\$ 109.63 million per annum for the two institutions.**

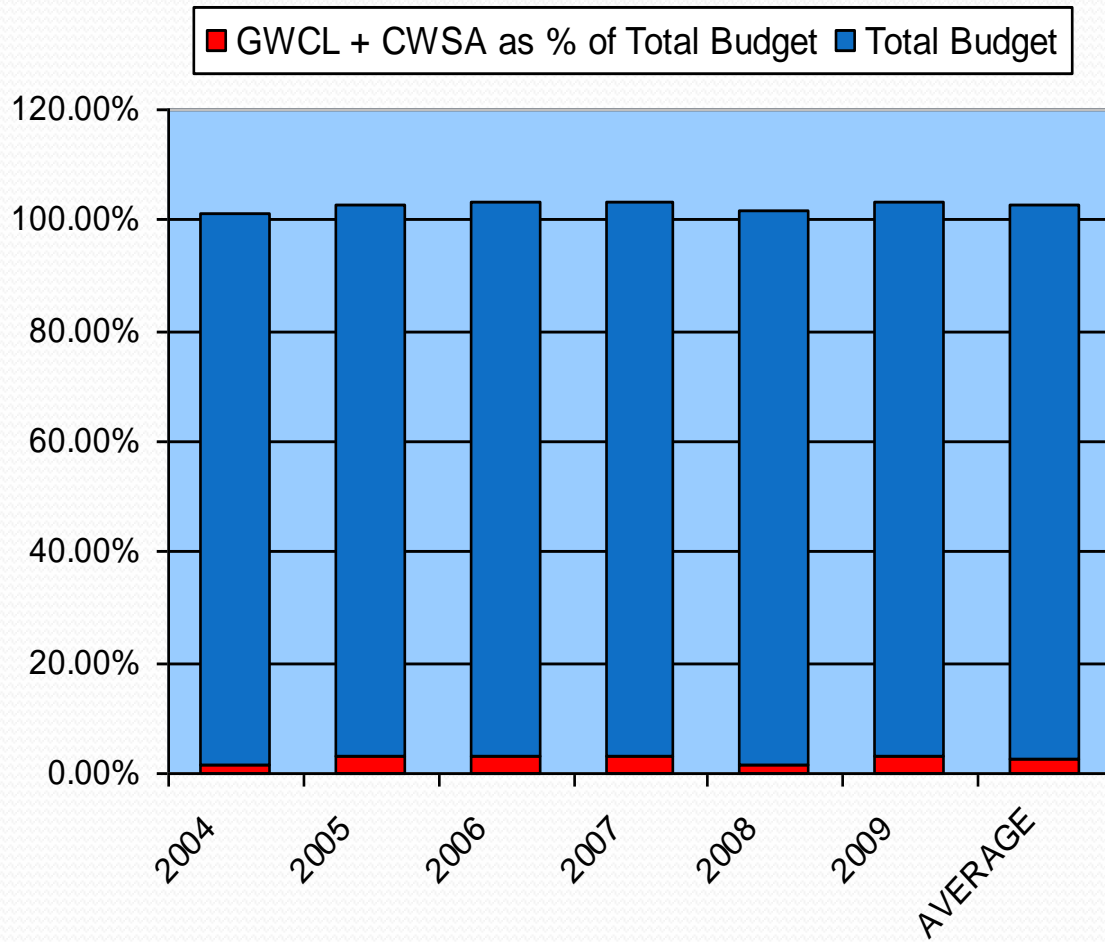
Total inflows to the Water sub sector in the past five years amount to just 35% of desired inflows to achieve GOG self-assessed MDG target of 85% for urban and 76% for rural sub sectors by 2015. 91.65% of this was provided by donors, whilst government contribution amounted to only 8.38%. Between 2004 and 2009, Central GOG Budget Allocations to the Water sub Sector amounted to 2.61% of the total discretionary budget.

BUDGET ESTIMATES 2004-2009 (in GH¢ mn)

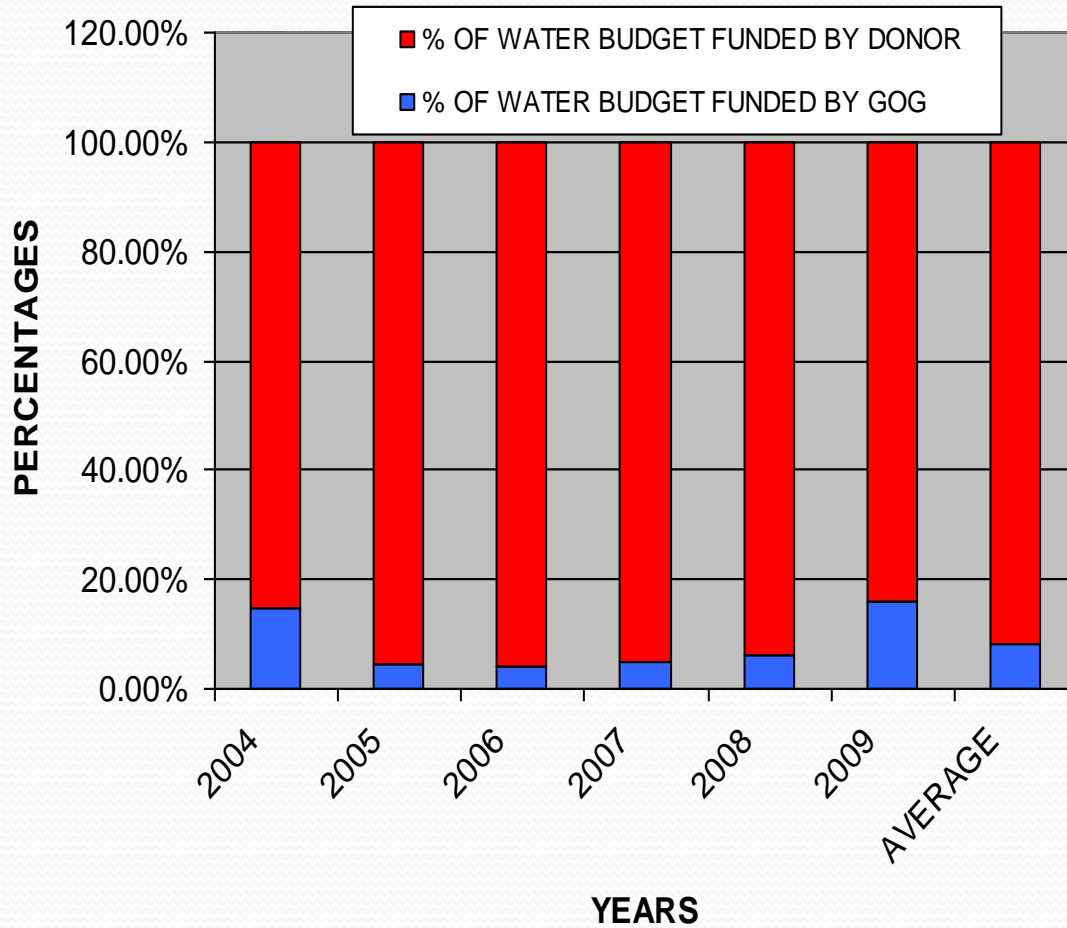


■ Ministry of Water Resources, Works and Housing ■ Total Budget

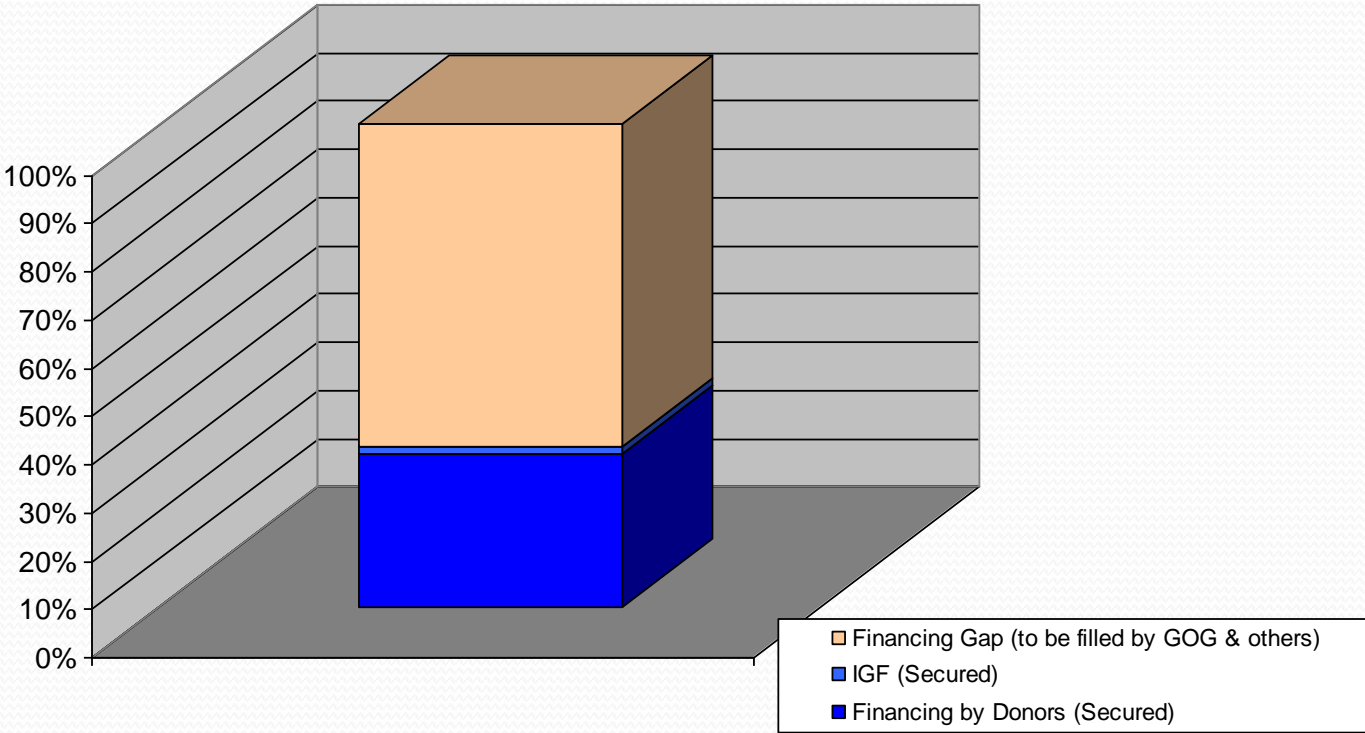
WATER BUDGET AS % OF TOTAL DISCRETIONARY BUDGET



FUNDING OF WATER BUDGET



FUNDING GAP



Budget Tracking

Disbursements for investments to the water sector from the consolidated fund to:

- Ghana Water Company Limited
- The Community Water and Sanitation Agency,
- The Sanitation Directorate and
- The Ministry for Water Resources Works and Housing for service and investment expenditures for the year 2009 was tracked

Budgetary Allocations to the Sector

Organization	Service	Investment
Ghana Water Company Ltd	6,319.00	GH¢1,342,277.00
CWSA	30,533.00	GH¢30,231,134.00
MWRWH	302,033.00	GH¢57,175,184.00
MLGRD	?	GH¢35,000,000.00
Total	338,885.00	GH¢123,748,595.00

Note:

1. Allocations to MWRWH include allocations:

- to other units of the ministry which are not into water delivery, e.g., Rent Control Department, Public Works Department.
- from the HIPC fund – GH¢19,507,000.00 which is available for any of the units

2. Figures for total allocation for Sanitation via MLGRD is still being consolidated with MMDA allocations

Disbursements from the MOFEP for the period 1st January to 30th September, 2009

Organization	Service	Investment
Ghana Water Company Ltd	5,206.00	HIPC 7,185,383.00 GOG 127,116.00
CWSA	7,633.00	GH¢3,029,978.54
MWRWH	182,044.11	GH¢11,999,115.07
MLGRD	?	GH¢20,000,000.00 (57.1%)
Total	194,883.11	GH¢42,341,592.61

Note:

Total disbursement to GWCL for Investments includes GHC 7,185,383.00 from the HIPC fund. The allocation to GWCL for investments has therefore been increased by GHC7, 185,383.00 for better presentation.

The Charts below shows the percentage of funds drawn by the above institutions against their budget allocations.

Chart 1:- Disbursements against total allocations on account of Investments

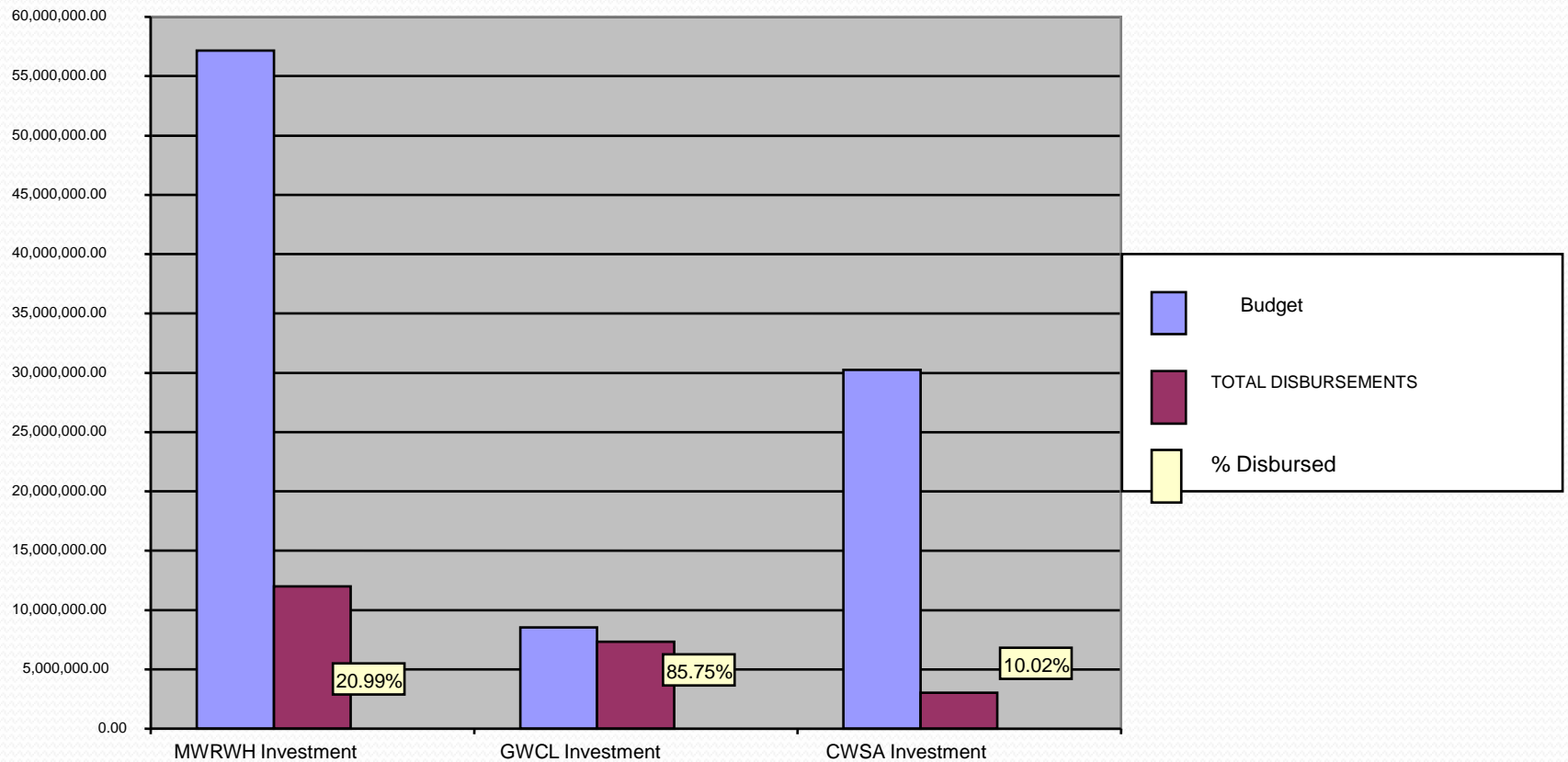
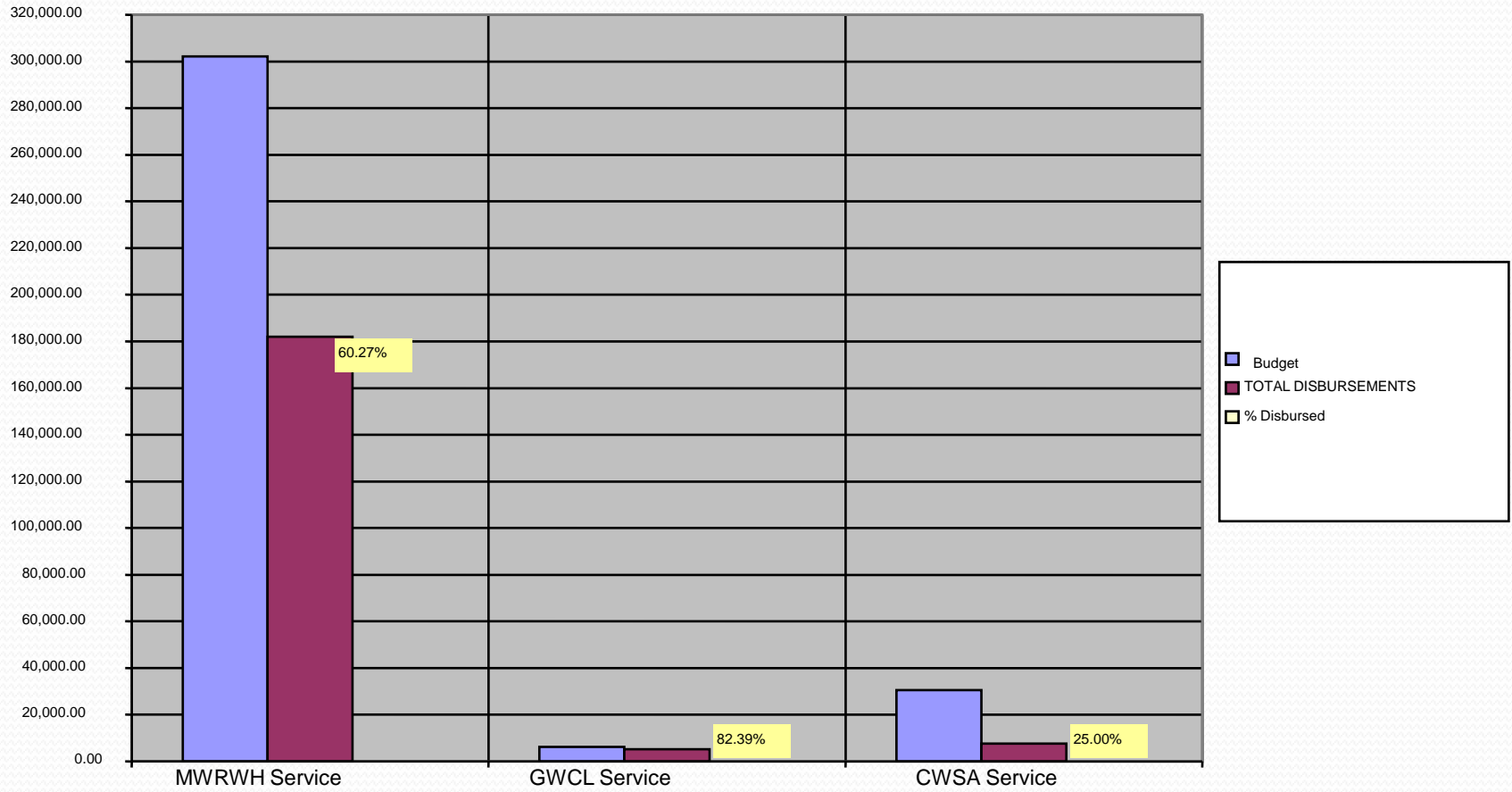


Chart 2 :- Disbursements against total allocations on account of Service



From the above charts one could see that:

whereas:

- GWCL has already received a little more than 80% of its allocation for both services and investments
- CWSA has received only 10% of its investment allocation and 25% of its service allocation
- Sanitation Directorate accessed GH¢20,000,000.00 representing 57.1%.

Recommendations for mobilizing revenue for the WASH Sector

Short Term Financing

- Advocate for Ports and Harbours water revenue to be reverted back to GWCL
- Advocate for a portion of the talk tax to be given to the WASH sector
- Advocate for 1% tax on water consumed for investment into the sector

Long Term Financing

Advocate the Water Fund as proposed in the National Water Policy and approved by cabinet be implemented, similar to the Education Trust Fund, the Road Fund and the National Health Insurance Fund to fund water and sanitation services as a public Good. The fund should however be renamed WASH FUND to tackle water, sanitation and hygiene in an integrated manner.

- Special tax on high water users, a portion of the Property Rate and a VAT related levy could be explored as potential revenue sources for the Water Fund

Conclusion and the Way Forward

Our experience over the last ten years has given us a sense of the myriad of problems confronting the WASH sector in Ghana. There are leadership and governance problems ranking from:

- perceived government interference
- to inadequate accountability,
- low and half-hearted budgetary allocations,
- and low citizens participation in water and sanitation governance.

Civil society response to the situation has been incomprehensive and scattered, barely scratching the surface. Thus the WASH sector is perhaps the least tracked in this country and advocacy has been limited to policy and management options and little about investments and the accountability of public officials and key stakeholders in respect of disbursements and the appropriateness of technologies and projects.

Conclusion continued

It is our hope that the subject matter of this report will open some new stream of thought and discussion in this direction.

And hopefully create the opportunity and space for civil society, through our Water and Sanitation Public Expenditure Tracking and Advocacy programme to consolidate work done so far to improve, investment transparency, accountability, participation and general governance in the WASH sector.



THANKS!