


**POLICY AND INSTITUTIONAL
OPPORTUNITIES AND
CHALLENGES TO ACHIEVING
SUSTAINABILITY IN THE
GHANA WATER SECTOR**

Order of Presentation

- ▶ Objectives of Study
 - ▶ Introduction
 - ▶ Key Sector Institutions
 - ▶ Framework for Implementing Recommendations on Assessment of Aid Effectiveness (Alignment and Harmonisation)
 - ▶ Analysis of the Project Implementation Manuals” contents In Relation to Flow of Funds, Strategic Investment Programme etc.
 - ▶ Conclusions
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Objectives of Study

- ▶ Conduct literature review
- ▶ Describe and analyse key national level institutions and Development Partners in the water sector;
- ▶ Describe the framework for implementation of the recommendations on the study on Assessment of Aid Effectiveness (Alignment and Harmonisation) In the Ghana water sector;
- ▶ Analyse the contents of the Project Implementation Manual in Relation to Flow of funds within the sector and the Strategic Investment Programme for both rural and urban sectors

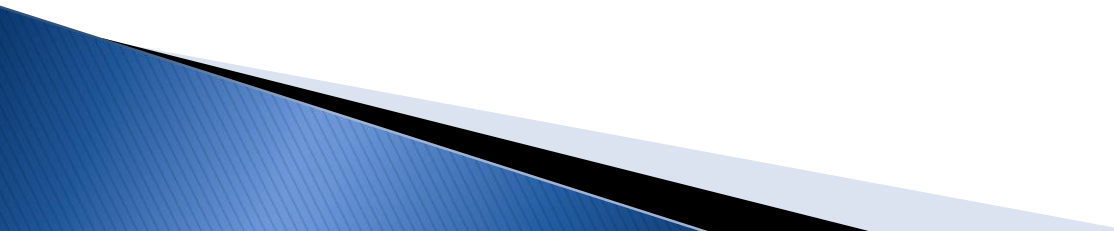
INTRODUCTION

- ▶ Methodology (3 main: Literature Review, Interviews and Internet)
- ▶ Limitation – Inability to meet many officials including DANIDA
- ▶ **Socio Economic features**
- ▶ Political status
- ▶ Independence in 1957
- ▶ Republic in 1960
- ▶ Since 1992 constitutional rule uninterrupted

- ▶ Economy mainly cocoa & minerals, recent discovery & oil production to start in late 2010
- ▶ Highest growth rate of 7.27 in 2008, lowest in 2000 of 3.74
- ▶ 72nd out of 133 countries with a gini coefficient of 0.40 (0 is perfect equality and 1 perfect inequality)
- ▶ UNDP ranked Ghana 40th out of 121 countries in the HDI; Transparency International placed Ghana 69th out of 179 countries in its Corruption Perception Index
- ▶ Life expectancy – 51-females 60-males
Infant mortality 51 per 1,000 births

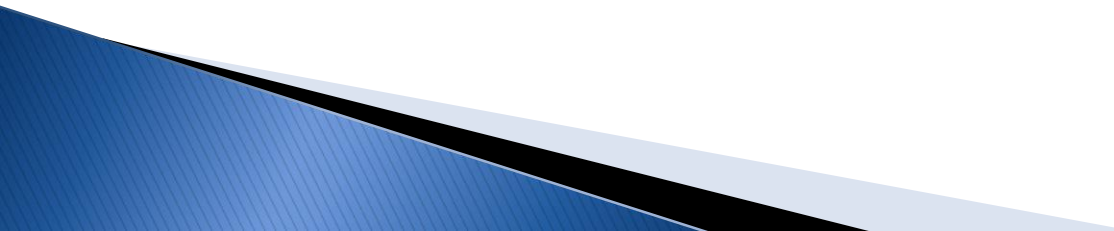
Key sector institutions

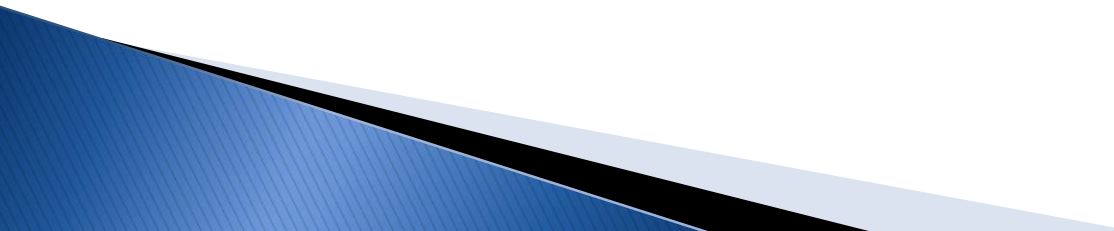
- ▶ *The Ministry of Water Resources, Works and Housing*
- ▶ *Ministry of Local Government and Rural Development*
- ▶ *Ministry of Health*
- ▶ *National Development Planning Commission*
- ▶ *Water Resources Commission*
- ▶ *Public Utilities Regulatory Commission*
- ▶ *Ghana Water Company Limited*
- ▶ *Community Water and Sanitation Agency*
- ▶ *Municipal and District Assemblies*
- ▶ *Water Research Institute*
- ▶ *Ghana Standards Board*
- ▶ *Development Partners*
- ▶ *Environmental Protection Agency*
- ▶ *Private Sector*
- ▶ *Communities*

- ▶ **Investment decision making**
 - ▶ In the rural water sub sector, investment decisions are made based on thorough analysis of the entire country focusing on geographical equity with respect to existing investments in the sub sector. The analysis undertaken takes into consideration current investments as well as planned (pipe line) ones.
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- ▶ The information contained in the analysis is presented to the Management of CWSA for decision making on the choice of geographical locations for the investments. Notwithstanding decision making based on analysis by CWSA, there have been instances where some DPs, due to “special” attachment to some geographical areas insist on concentrating their investments in those areas.

- ▶ The existence of the National Water Policy, the Growth and Poverty Reduction Strategy (GPRS II) and the other complementary documents provide the semblance of strong GoG ownership of sector programmes and activities. However, the reality on the ground is distant from this perception. To fill the void, the DPs have established a working group (WG) to discuss sector issues.

- ▶ Some of the issues discussed at the WG meetings include Activities Under the Framework for Implementing Recommendations Of the Study On Assessment on Aid Effectiveness Including harmonization. They Include the following:
 - ▶ Sector Wide Approach (SWAp)
 - ▶ Need to focus on urban water supply
 - ▶ Shift from project to programme approach
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- ▶ The issues discussed at the DP working group meetings are expected to dovetail into the broad framework of the GPRS II and the National Water Policy. However, it was realised that the DPs contribute a disproportionate amount (over 90%) of the investment costs in the sector.
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- ▶ The apparent persistent leadership of the DPs and the lack of strong ownership by GoG of sector activities is due to the absence of a sector wide approach (SWAp) and the inadequate funding by the government in the sector.

- ▶ **Analysing Contents of the Project Implementation Manual**
- ▶ **Flow of funds**
- ▶ The current mechanism for financing investments in the water sector indicates cost sharing between the DAs and the communities on the one hand and the DP (as represented by a project) on the other hand. Under the cost sharing framework, the DAs and the beneficiary communities are expected to contribute 5% each (a total of 10%) with the project paying the remaining 90%.

- ▶ **Flow of funds (Contd)**
- ▶ (CWSA Project Implementation Manual: 2004). The government in its 2009 budget indicated the abolition of the 5% community contribution without indicating the source of financing the expected investment gap (for projects which require the amount to effect payments to cover investment costs).

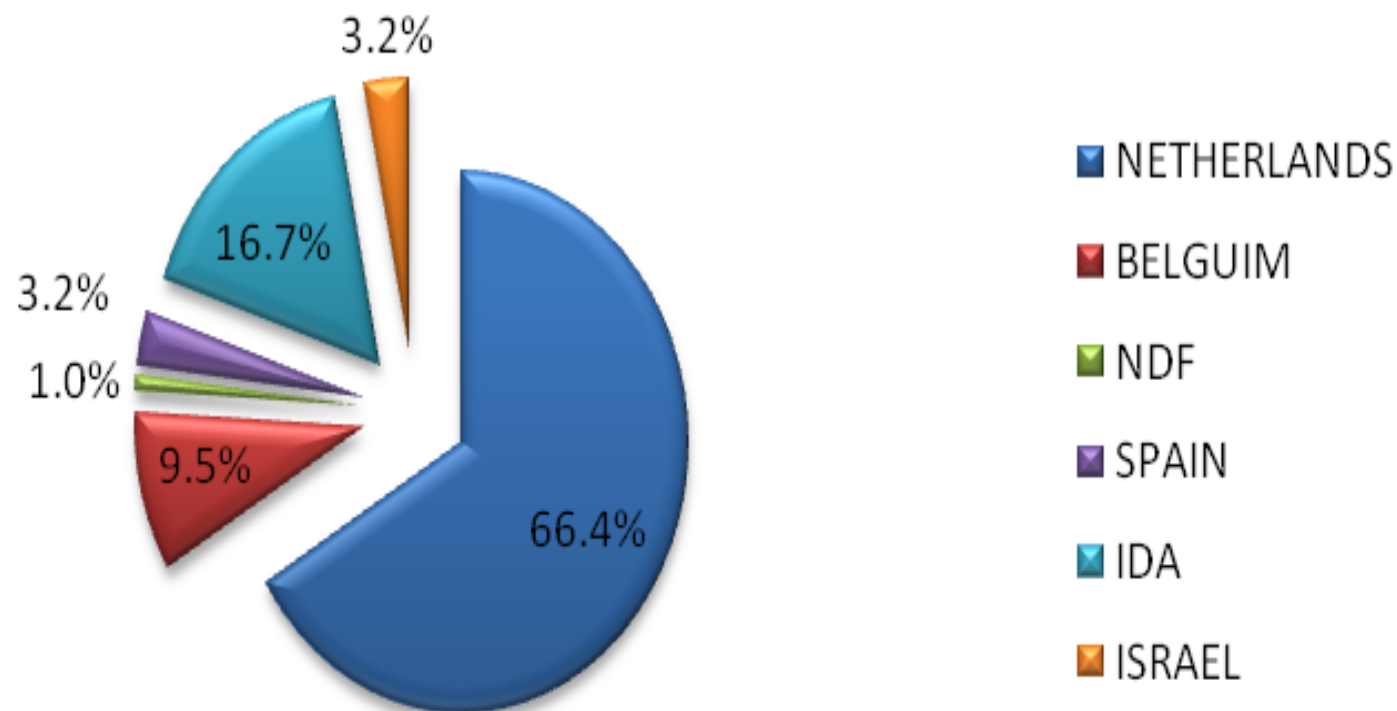
- ▶ While the Project Implementation Manual (PIM) requires DA and community contribution to investments, some DPs have nonetheless provided funds to cover 100% of the investment costs for rural water supply (e.g. KfW, EU, AFD, DANIDA etc).

- ▶ From the presentation on financing in the sector, it is manifestly clear that the DPs bear a disproportionate amount (over 90%) of the investment costs of the rural water sector.

- ▶ **Sources of Funding**
- ▶ **Development Partner Support**
- ▶ The leading financiers in the rural sub sector are the International Development Association (World Bank), DANIDA, CIDA, the Government of Germany (KfW and GTZ) and the European Union (EU). The leading financiers in the urban sub-sector are largely the World Bank, the Governments of the Netherlands and Belgium as well as the African Development Bank (AfDB).
- ▶ The major NGOs in the sector include World Vision International (WVI), WaterAid Ghana, Plan International and Church of Christ.

- ▶ Data presented in the report on the Water and Sanitation Monitoring Platform (WSMP) funded study on water and sanitation sector investments in Ghana indicates that between 2001 and 2008, “The Netherlands was the lead contributor to investments to the urban water sub sector contributing 66.4% out of a total investment of US\$616,256,910.64. The International Development Association (IDA) made the second largest contribution of 16.7%, followed by Belgium (9.5%). Israel, Spain and NDF contributing 3.2%, 3.2% and 1%, respectively” (see MAPLE Consult/WSMP:2010).

% Contribution to Donor Investment (2001-2008)



Source: MAPLE Consult/WSMP:2010

- ▶ The key donors in terms of funding rural water projects were DANIDA (62.8% of total inflows), IDA followed with a contribution 15.9%, KfW (8.8%), EU (4.2%), CIDA (4%), AFD (2.1%) and AfDB, (0.7%).
- ▶ **Central Government financial allocation to the water sector.**
- ▶ In the 2009 water and sanitation sector review conducted by MAPLE Consult for WaterAid Ghana, it was reported that GoG's budgetary allocation to the sub sector between 2001 and 2006 was only 3.61% of the national budget whereas the education and health sectors were allocated 33.35% and 10.48 % respectively.

- ▶ **District Assembly investments in the water sector**
- ▶ In the sector investments study conducted by MAPLE Consult, it was realized from interaction with selected DAs in the Northern (2), Upper East (1), Upper West (1), Brong Ahafo (1), Ashanti (2) and Western (1) regions. that the DAs used less than 6% of the District Assemblies Common Fund (DACF) in 2008 for investments in water as opposed to investments in educational and health facilities.

- ▶ *Coverage Rates*

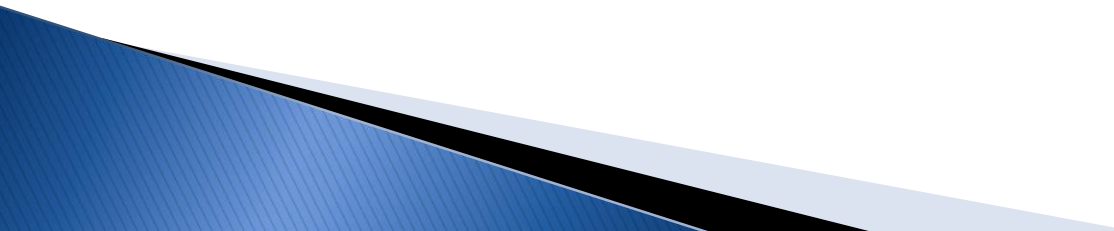
- ▶ As at the end of 2008, 59% and 57.1% of the population were served for urban water and rural water supply respectively (see MAPLE Consult/WSMP 2010).

- ▶ *Urban Water Supply*

- ▶ Information from the sector investments study indicated that whereas the Greater Accra Region had the highest coverage rate of 75% for urban water supply as at 2008, the Upper West region had the lowest coverage rate of (14%).

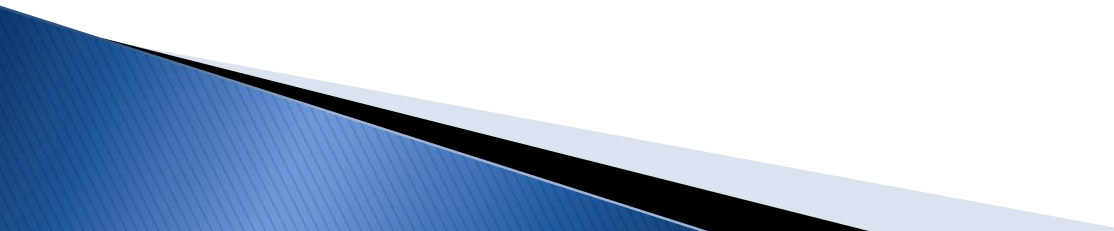
▶ Rural Water Supply

- ▶ Unlike the situation in the urban sub sector, the Upper West region had the highest coverage rate of 76.76%, in the rural water sub sector as at 2008. At 41.27%, the Western Region recorded the lowest coverage rate.

- ▶ **Non functional facilities**
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 - ▶ As a country, there has not been a very conscious and deliberate attempt to ensure that facilities keep working for as long as their designed lives. Consequently, at any point in time, it is alleged that at least about 25% of all pumps are inoperative in many projects some 3 years after project completion (**Mc Common et al: 1990**).
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- ▶ **Sector harmonisation**
- ▶ Within the framework of private sector participation (PSP) in the water sector, the government in June 2006 entered into a 5 (five) year management contract with Aqua Vitens Rand (AVRL) to manage the production and distribution of water as well as to manage the collection of revenue.

- ▶ According to some officials of GWCL, the success or otherwise of the performance of AVRIL would be difficult to measure given the absence of baseline indicators to measure performance at the time of engagement. It was indicated that to date, both parties have been unable to agree on baseline indicators almost 4 years into the contract. Independent of lack of agreement on baseline indicators, officials of GWCL expressed worry on the inability of AVRIL to minimise the incidence of non-revenue water from the high level of 50% as at 2006.

- ▶ **The Co-ordinating role of the Water Directorate**
 - ▶ The creation of the Water Directorate in 2006 to enhance the policy formulation and co-ordination role of the MWRWH with respect to the water sector was through the instrumentality of DPs. This was a fundamental flaw as the process adversely affected ownership of the Directorate .
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- ▶ As a DP creation, the funds for the activities of the Directorate were initially provided by DANIDA with virtually no budgetary allocation from the GoG since the WD was not integrated into the Ministry and the civil service until after about 4 years of its creation . Given the lack of GoG ownership of the Directorate, inadequate government funding and the withdrawal of the DANIDA funding (at the end of the project) the WD is bereft of an institutional anchor within the MWRWH and has no independent budget from the Ministry to cover its activities.

- ▶ The activities of WD are currently being supported by the European Union (EU).

- ▶ **Harmonisation of procedures and approaches**
- ▶ Harmonization is one of the key principles of the Paris Declaration in which DPs made commitments to improve alignment behind the priorities of developing countries and to harmonise their own (DPs) procedures. The other key principles of the Paris Declaration are: ownership, alignment, results orientation and mutual accountability (COWI:2007)

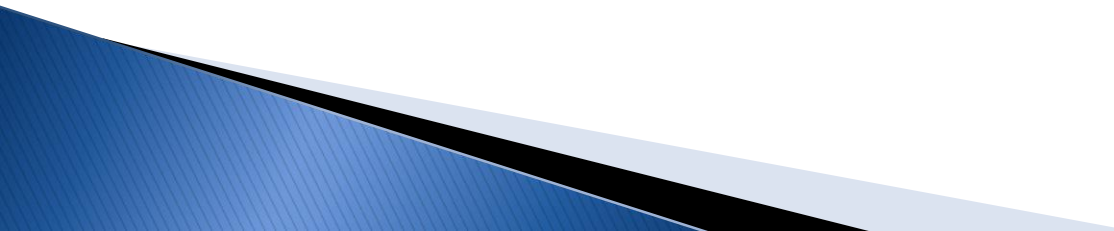
- ▶ The DP working group with financial assistance from AFD and CIDA, commissioned a study in 2006 to assess “Aid Effectiveness including alignment and harmonization in the Ghana water sector” At the time of the study, AFD was the chairperson of the DP water sector working group. As part of efforts towards achieving harmonisation in the rural water sub sector, the World Bank and DANIDA initiated action for the development of a common implementation manual for the planning and implementation of projects.

- ▶ Initially, the idea for a joint (PIM) was actuated by the implementation of projects by the two DPs (World Bank and DANIDA) in the Central Region around the same time. The initiative to develop the PIM has received the support of other DPs particularly AFD which made its finalization and approval a pre-condition for the start of its current project in the Brong-Ahafo Region (Rural and peri-Urban Water Supply project in the Brong Ahafo Region 2009-2013).

- ▶ Impliedly AFD has signed on to the use of the PIM. It is paradoxical that CIDA which co-financed the study on harmonization has not signed on to the use of the PIM in the implementation of its current project; Northern Region Small Towns Project (NORST).

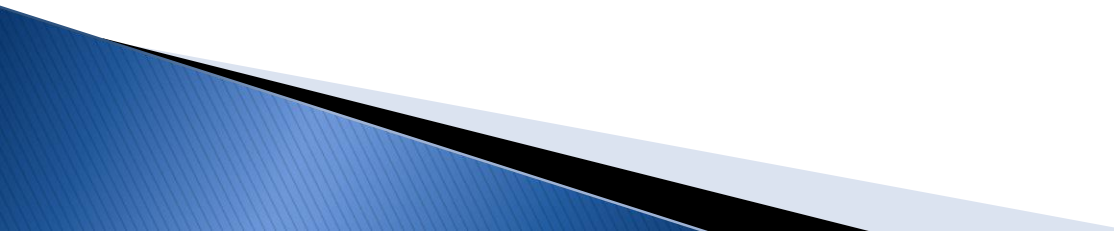
- ▶ Harmonisation in the urban sub sector relates to clarifying and reaching consensus on definitions and terminologies, streamlining approaches and reaching accord on service areas, (i.e. drawing a distinction between urban centres on the one hand and peri urban, small towns and rural areas on the other hand) and implementation guidelines and strategies. The Water Directorate is expected to champion this process.

- ▶ However it is unfortunate that this effort has not been successful given the current state of the Directorate. On account of this, there are no clear guidelines with respect to the service areas to which GWCL and CWSA could make interventions. The lack of harmonization in the urban sub-sector has resulted in many un-served areas in the urban centres.

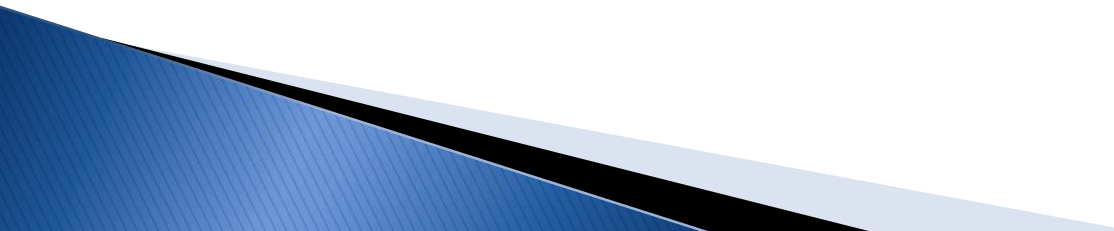
- ▶ **Sector Wide Approach (SWAp)**
 - ▶ A SWAp which is a way of working has the objective of directing the support of DPs and the government on the holistic development of a given sector. In this respect, attention is paid to the entire sector rather than on sub-sectors, institutions, regions or projects.
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- ▶ The Water and Sanitation Sector Group (comprising DPs and GoG officials), under the leadership of the Water Directorate in 2009 prepared a SWAp roadmap for implementation in 2010. Some of the activities identified in the roadmap are a string of workshops. The first of these workshops was held in early February, 2010.

- ▶ The first workshop was financed by CIDA with the EU likely to bear the cost of the second workshop.

- ▶ **Processes of organizational behaviour change**
 - ▶ Organizational change processes have been initiated for both CWSA and GWCL. The CWSA change process was initiated by WD with financial support from DANIDA
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- ▶ However, a critical flaw was the lack of ownership of the process by CWSA itself and inadequate GoG financial support to sustain the change management interventions since the project ended.

- ▶ The change process in GWCL is being championed by AVRL as part of its management contract. As part of the change process, AVRL has created positions of General Managers who do not have subordinate staff within the framework of chain of command in an organizational setting.
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- ▶ **Current state of harmonization and coordination**
 - ▶ The progress towards harmonization appears to be mixed.
 - ▶ A critical issue germane to pushing the harmonization agenda is the level of commitment of GoG officials. The perception is that GoG officials are lukewarm towards harmonization because of the opportunity the “status quo” offers them to ‘shop around’ the different DPs. This is coupled with the lack of demonstrated commitment at the senior political level.
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- ▶ There is no evidence of other DPs adopting the document for their projects.
- ▶ Both GWCL and CWSA are aware of the need to delineate their service areas as part of co-ordination mechanisms. While the need to co-ordinate through delineation has been recognized, there is no information on the concrete steps initiated to move this agenda forward. It is however expected that the strategy to be developed by consultants for GWCL on the delivery of water to peri-urban areas, would serve as the basis for engaging the two institutions in dialogue on the issue.

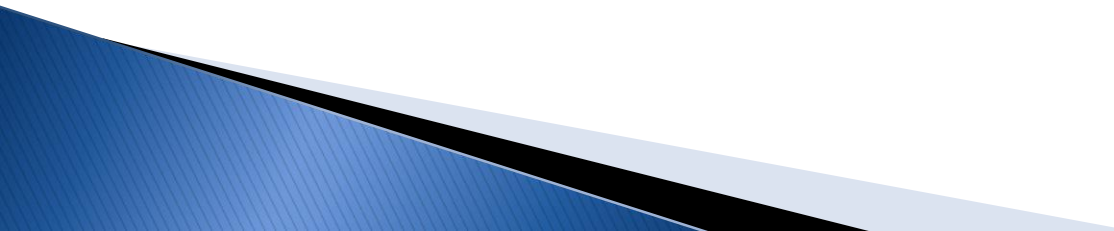
- ▶ One of the recommendations in the report on “harmonization and alignment in the Ghana water sector” was the adoption of a code of conduct among DPs. The draft code of conduct prepared as part of the report has not been translated into reality.

▶ Conclusions

- ▶ The Water Directorate is the pivot around which the water sector is expected to move forward. A critical starting point in promoting sustainability of policies and procedures in the water sector is the sustainable institutional development of the Water Directorate. The approach for the development of the Directorate should be carefully thought through and in alignment with the prevailing circumstances in the civil service.

- ▶ The urban sub- sector needs substantial capital outlays to expand the facilities nation-wide. The expansion of the systems is contingent on the government's ability to mobilize the required financial resources for the investments. If the systems are not expanded to cope with population increases, demand would continue to outstrip supply, resulting in dissatisfaction to consumers.

- ▶ The tariffs currently being paid for water is considered inadequate by GWCL and AVRIL. The relatively low tariff is beneficial to consumers in the affluent neighbourhoods and deprives GWCL of the needed revenue to maintain the existing systems and undertake expansion. To improve and sustain the water supply in the urban areas would require the upward adjustment of the tariffs to improve the financial health of GWCL.

- ▶ The reluctance of the government to charge realistic tariffs as a result of subsidies is a hindrance to the growth and development of the urban sub sector.
 - ▶ However, would the government muster the necessary political will to effect the required upward adjustment?
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- ▶ The trend in the rural water sub sector is a shift towards decentralized service delivery. The implication of this is a move away from funding projects directly from CWSA to the District Assemblies (DAs). The introduction of this model of project delivery reinforced by the introduction of the District Development Facility as a complementary financing mechanism means placing the DAs in the driving seat with respect to direct delivery.

- ▶ The implication of this model is that the role of CWSA in the sector has to be clarified vis-a-vis the DAs. CWSA should re-position itself to set and regulate standards for delivery. Given the current weak capacity at the DA level, CWSA could also transform itself into an institution of excellence and offer consultancy services to the DAs and other institutions that may require their services.