

**MINUTES OF THE 2ND AKATSI SOUTH DISTRICT LEARNING ALLIANCE PLATFORM (D-LAP)
MEETING HELD AT THE DISTRICT ASSEMBLY HALL, AKATSI ON THE 25TH OF NOVEMBER, 2016**

PROJECT INFORMATION





Name of Project: Strengthening Local Government Capacity to Deliver Water Services
AS D-LAP Meeting Number: 2
Date of meeting: Friday, 25nd November, 2016
Place of Meeting: District Assembly Hall, Akatsi

AGENDA FOR THE MEETING

1. Arrival and Registration of Participants
2. Opening Prayer
3. Self -introduction of Members/ Participants
4. Welcome Statement/Purpose of Meeting
5. Presentation / Validation of Findings on the Innovative Financing of Cap-Man-Ex
6. Any Other Matters
7. Closing Remarks from the Chairman
8. Closing Prayer
9. Group Photograph
10. Lunch and Departure

MINUTES OF THE MEETING

Ref	Activity/Discussions	Responsibility	Time
1	Call To Order; The meeting was called to order at exactly 11.00 a.m. by Mr. Samuel K .Wuadi, the District Chief Executive of the Akatsi South District Assembly.	The DCE	
2	Opening Prayer; Mr. Seth Damassah, the District WASH Engineer said a short prayer to start the meeting	Mr. Seth Damassah	
3	Self-introduction As is usually the case participants took turns to introduce themselves to the House.		
4	Opening Remarks / Information a) Welcoming the participants, the DCE, Hon. Wuadi expressed his sincere gratitude to the house for the massive turn out. He said this was a sign that his people were ready to support him in delivering to meet targets and deadlines. He again stressed the fact that he doesn't joke with water issues. He promised to do his best for the success to make the Platform succeed in the Akatsi South District. He was again full of praises for the role CWSA is playing in rural water delivery in his district. And b) The items on the Agenda were accepted for discussions.	The DCE	
5	Purpose of the Meeting, Mr. Divine Dugbartey, the Regional Director of CWSA VR reminded the House that this meeting is the 2 nd Learning Alliance Platform meeting for the Akatsi South District. He said the purpose of today's meeting is to do a presentation and get a validation and acceptance of the findings of the research on Innovative financing of Capital Maintenance Expenditure in the Akatsi North District	RD, VRCWSA	
6	The Main Presentation on the Innovative financing of Capital Maintenance Expenditure in the Akatsi North District The main presentation was done by Mr. Sylvester Eyramh of CWSA Volta region. He gave the outline of his presentation and proceeded to throw light on every subheading.	Sylvester Eyramh (ESS. CWSA-VR)	
7	Main objective of the study This study seeks to investigate mechanisms for financing capital maintenance of		

	WASH services in small towns.		
8	<p>Specific objectives</p> <p>The specific objectives of this study are:</p> <ol style="list-style-type: none"> To identify and describe the various management models To assess the existing maintenance regime for small towns To assess the effectiveness of their financial management system To examine the alternative funding mechanism practices for capital maintenance in the sector within and outside Ghana To make proposals on how to improve the mechanisms for capital maintenance financing 		
9	<p>The Study communities</p> <ul style="list-style-type: none">  Akatsi WSMT  Lume -Avete  Dagbamete  Avenorpedo 		
10	<p><u>Findings of the Research</u></p> <p><u>a. Awareness of tariffs setting guidelines</u></p> <p>It came to light that all the communities have awareness of the tariff setting guidelines but with the exception of the Akatsi town Water system the rest are not applying the guidelines.</p> <p>The tariff per an eighteen litter (18-lit) bucket is 2½ pesewas in Lume-Avete, Avenorpedo and Dagbamete</p> <p>The tariff in Akatsi is 10 pesewas per the same 18 litter bucket. The District Assembly is fully aware of the dangers of unrealistic tariff on the sustainability of the water system.</p> <p><u>b. District Assembly's Support for CapManEx</u></p> <p>The Akatsi South District Assembly has set aside GHc 54,000.00 (1.93% of the District Assembly Common Fund allocation) for WASH activities in 2016. However, no request came from the Small Town WSMTs therefore the money was spent on repairs and rehabilitation of broken down handpumps in the district.</p>		

	<p>Technical and financial audit is carried out annually on all piped scheme facilities by the DA and with occasional support from CWSA.</p> <p><u>c. Preparation of Budget by WSMTs</u></p> <p>Of the 4 WSMTs interviewed, it is only Akatsi WSMT that has prepared an annual budget. This more probably due to the fact that they have engaged the services of qualified staff who support in the preparation of the budget. Akatsi WSMT submits quarterly financial statement to the DA.</p> <p><u>d. Potentials for Self-financing WSMTs</u></p> <p>The DA expressed the view that the Akatsi WSMT is capable of self-financing. They are also of the conviction that though Dagbamete appears to be performing poorly in terms of standard management and financial practices, the homogeneous nature and strict religious environmental set-up of the community provides a strong financial backbone to the operation and management of the community's water facility.</p> <p><u>e. Issues on Bank Loans and pool funding</u></p> <p>The District Assembly has no arrangements in place to support any of the management structures to take loans. Almost all the respondents were not enthusiastic about the bank loans. In fact, none of the WSMT interviewed has ever approached the DA for loan guarantee. Notwithstanding, this the DA has expressed its readiness to support any genuinely distressed WSMT who is desirous to take a bank loan for major repairs and replacement provided they meet the conditions of the bank.</p> <p>The informed position of the DA is that there is no better promising innovative mechanism than for the water systems to generate their own revenue and be self-sustaining.</p> <p>Some think that the 'pool funding' idea is good but can be very challenging looking at the different levels of endowment in terms of financial strength and management capabilities of the WSMTs in the District.</p> <p>Here are some soundbites from the respondents.</p> <ol style="list-style-type: none"> i. <i>'The idea is good but can be a challenge looking at the different levels of endowment in terms of financial strength and management capabilities of the WSMTs in the District.'</i> ii. <i>"Pool funding can be done, but the differences in the sizes of the WSMTs has to be taken into consideration because this will affect their contribution into the kitty."</i> 		
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	<p>iii. “Pool funding can be done, but detail operational documents like constitution, procedures and modalities for accessing the support have to be clearly defined and spelt out before it is rolled out.”</p> <p>iv. “...for the Pool funding to work well, the systems should be evaluated and WSMTs’ contribution and benefits are pro-rated.”</p> <p>v. ‘..... for the pool funding to work, the DA must monitor and bring all participating WSMTs to a certain level of management capacity.</p> <p>vi. “.....for the pool funding to work, there is the need for constant, regular and effective monitoring from the DA”</p>		
12	<p><u>Functionality of Systems</u></p> <p>All the four piped systems surveyed are working well despite the fact that they are beyond their technical design life span. Apart from the Akatsi System which is 12 years old the other three are almost 20 years. Regular maintenance is required to ensure sustainable service delivery.</p> <p><u>Mobilization of Funds for repairs</u></p> <p>The major source of funding for repairs and replacements for all the systems is basically from the revenue generated from the sales of water. However, over the past twelve months the Dagbamete WSMT had financial support of GHC3, 000.00 to top-up for the cost of buying two new submersible pumps within a spate of two weeks</p> <p><u>Relationship between the WSMT and the District Assembly</u></p> <p>The relationship between the District Assembly and all the WSMTs is a cordial and mutually respectful one. There is a good link between WSMT and the District Assembly. The District Engineer in charge of the WASH Unit of the DWD is a permanent representative of the DA on the Akatsi WSMTs and is always involved in the decision making processes of the WSMT. The other WSMTs invite him to provide them with technical support when the need arises</p> <p><u>Tariff Setting</u></p> <p>The revenue collection mechanism in place is the ‘Pay-as-you-fetch’ at the pipe-stand and monthly postpaid mechanism for private subscribers and institutions.</p> <p>The Akatsi WSMT strictly fixed its tariff in accordance with the established CWSA standard guidelines.</p> <p>In Akatsi, tariff is derived from realistic budgets prepared by the WSMT and submitted to the District Assembly for study, approval and endorsement before it is implemented.</p>		

	<p><u>Institutional bills</u></p> <p>The Akatsi Water System provides water services to a number of Government institutions like Health, the police and schools in the town. These institutions are the greatest debtors to the water system because it is very difficult to collect user fees from them.</p> <p>The water systems in Akatsi, (with 435 connections), Avenorpedo (with 130 connections) and Dagbamete (with 56 connections), supply water to private subscribers. These private subscribers are heavily indebted to the systems.</p> <p>The Akatsi WSMT with the support of the District Assembly had the unpleasant duty of instituting legal action against some of these defaulters.</p> <p><u>Major maintenance needs in the future</u></p> <p>The Akatsi WSMT wants to shift from the use of power from the national grid to the use of solar power.</p> <p>They are saving towards the procurement of solar panels.</p> <p>The WSMT of Dagbamete is planning to drill a new borehole to augment what they have now.</p> <p>The population of Avenorpedo has overgrown the capacity of the elevated tank in town so the WSMT is planning to construct a new high level tank to meet their needs.</p> <p>All the WSMTs have identified pump replacement as a necessity.</p> <p>The source of funding for all these developments is the revenue from water sales.</p> <p><u>Existing major maintenance financing strategy</u></p> <p>All the WSMTs interviewed are of the view that if they can increase their revenue collection efficiency and exercise proper financial management practices coupled with financial transparency and accountability their systems can generate sufficient revenue to meet all operation and maintenance needs.</p> <p><u>Reaction to the Loan Funding Strategy</u></p> <p>All the WSMTs did not show any appreciable enthusiasm in the bank loan option due probably to what they perceive to be the ‘too big interest’ on the bank loan.</p> <p><u>Reaction to the Insurance Funding Strategy</u></p> <p>With the exception the Lume-Avete WSMT, all the other three had mixed feelings about the Insurance Funding Strategy. They argued that if within the insurance period there was no breakdown their premium will evaporate.</p> <p>This is how one of the most resourceful interviewees summarize the discussions on the various funding arrangements:</p>		
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	<p><i>“Bank loan will attract interest, It will not help..... Insurance is dead money, forget it Pool Funding is better, but the question is ‘How will the fund be managed “ However, to me, the best is revenue from the sales of water</i></p> <p>Proper management of the water system, accountability and regular supervision from the DA and CWSA can help to ensure the sustainable financing of the systems.</p> <p>Conclusion</p> <p>The four (4) piped systems studied had WSMT management in place. However, the WSMTs exhibited varying levels of managerial competence and capabilities. Akatsi WSMT from the survey appeared to be doing well whilst the other 3 WSMTs were performing poorly. Akatsi is said to be doing well because of the following reasons:</p> <ul style="list-style-type: none"> • The WSMT members elected on representative basis • They have qualified operational staff in place (because of the big size of the water system) • WSMT activities are governed by the standard operational guideline • WSMT have the three mandated accounts • WSMT prepares and submits annual returns on their transactions to the District Assembly • WSMT sets and operate budget based tariff • WSMT have good banking practices(daily lodging) <p>The study clearly showed that the concept of community management/WSMT model is good but if local level capacity, leadership and readiness is lacking or ignored, it will fail. It is quite clear that beneficiary communities will be unable to manage their own water supply systems without some form of external assistance in terms of technical back-stopping, monitoring and supervision from the DA and CWSA.</p> <p>All the four (4) WSMTs adopt the Pay As You Fetch (PAYF) system and proceeds from the sale of the water were deposited in WSMTs bank accounts. Some overarching issues however, are that even though the communities were practicing some form of cost recovery mechanisms (i.e. collect tariffs for operation, maintenance, and repairs), they are not moving towards a financially sustainable future in which they can (1) replace infrastructure when it reaches the end of its economic life, or (2) expand system capacity to accommodate population and economic growth due to poor management, low and unrealistic tariff and poor revenue collection</p>		
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	<p>efficiency especially in the case of Avenorpedo, Dagbemete and Lume Avete. There is the need for realistic tariffs and proper management system for WSMTs to generate enough money towards the financing of operation and maintenance activities.</p> <p>The district indicated that, WSMTs at Akatsi prepared annual financial statements because they were properly constituted and have the qualified staff. The DA also attributed Akatsi WSMT performance to DA's regular visit and monitoring because they are located in the District capital. Avenorpedo, Dagbemete and Lume Avete have a lot of management challenges that threatened sustainable service delivery.</p> <p>It is quite clear from the study that the needed post construction support to the beneficiary communities in terms of monitoring visit and routine checks is lacking. The communities are pretty much left alone without adequate back-up support for sustainable management of the water systems. This lack of support to communities has become a threat to efficient management of the water facilities. Three (3) out of the four (4) communities expressed concern for non-regular monitoring visit by the DA and CWSA. It is worth mentioning that the process of providing safe water supply does not end when the facility is constructed. It is therefore a good value for money to invest in follow-up support to assist WSMTs in post construction management.</p> <p>On WSMTs performance, it was observed that those with good management practices like Akatsi are doing well.</p> <p>Generally the WSMTs have applauded the pool funding and insurance as new ways of financing capital maintenance but expressed worries about the management of the fund. The WSMTs were not too enthused about the bank loan due to what they anticipate to be high interest rate, and interestingly no WSMT has ever approached the bank for loan.</p> <p>All the four (4) WSMTs together with the DA had identified efficient revenue collection from the sale of water as the most innovative and surest way to finance capital maintenance.</p> <p>The study did not unearth any innovative financing mechanisms as anticipated. It has however established that the most effective mechanism for financing capital maintenance is improved revenue collection where sufficient revenue is generated from the sale of water and is properly managed. WSMTs need to be strengthened to enable them perform this function effectively. A comprehensive and effective policy framework for institutional support is needed to ensure sustainable rural water management.</p>		
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	<p>Pool funding can also be a great idea for financing capita maintenance if issues raised by the WSMTs are addressed</p> <p>1.1 Recommendations</p> <ul style="list-style-type: none"> • The DA should step up its monitoring and support roles to the WSMTs. Regular and consistent monitoring visits coupled with technical support to the WSMTs will help ensure efficient service delivery. • Sustainability of WASH services delivery is still one of the core mandates of CWSA, Government should therefore provide adequate and regular funding for systematic monitoring of installed WASH facilities from the regional level. • The pool funding concept is a good idea however; the anticipated operational and managerial challenges as expressed by the stakeholders should be addressed • Regular monitoring and periodic audit of Operation and Maintenance as well as the financial audit of the systems need to be enforced by the DA. • The communities must consider instituting incentive packages for the WSMT members as a token of appreciation for their selfless dedication in seeing to the management of the facilities. The issue of volunteerism is killing the system. Need for the professionalization of the WSMTs • DA to support WSMTs to prepare realistic budget taking into consideration the current operational cost and to institute cost recovery mechanism that can generate a much higher and more regular stream of revenues. The DA should support the WSMTs to use the Life Cycle Cost Approach (LCCA) in determining a realistic operational tariff for the management of water facilities • Mere formation of WSMTs for management of rural water supply systems is not enough to enable them deliver. Regular refresher training in Operation and maintenance, record keeping, and management to ensure that they are competent enough to carry out the tasks they have been entrusted with. • The Akatsi South District Assembly must increase its budgetary allocation to the Water Unit of District Works Department to enable the unit intensify education, sensitization and post construction monitoring of rural water facilities. 		
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	<ul style="list-style-type: none"> Policy makers must plan beyond the construction and the implementation of the water project (i.e. typical life span of a project). There is the need for to move away from the short term system and project-focused approach towards a service delivery approach which takes into account the whole life cycle of a water service. There must also be a fair balance between investing in new infrastructure and ensuring sustainability of the existing ones. 		
	Question Time At the end of the end of the presentation, the presenter took a few questions from the floor. These questions were dealt with by the presenter with the other CWSA staff who were there with him		
	Validation and Acceptance The House made some inputs and was impressed by the findings of the study and pledged to start working with some of the recommendations that needed urgent attention whilst awaiting the finalisation of the study report. The report was unanimously accepted by the House		
	Closing Remarks The DCE said he will take a critical look at the recommendations made and do his utmost best to make the study beneficial to the district. He tasked the Head of DWD to seek technical support from CWSA in addressing the sustainability challenges. The Regional Director, CWSA pledged his readiness in providing the needed technical support to ensure sustainable service delivery.		
	Date for the Next Meeting The date of the next meeting was left to the Core Group to decide on and inform Platform members accordingly.		
	Closing Prayer The closing Prayer was said by Daniel Yao Gidi Secretary to the Akatsi WSMT at 2.30 pm.		