

# **The State of Urban Water Management in Ghana:**

## **A Civil Society Perspective or a WORRY?**

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## **Presentation Outline**

- 1. Sector Reforms – 1957 to Current**
- 2. 1990 Kokrobite Declaration**
- 3. Private Sector Participation in Ghana**
- 4. The Emergence of AVRL**
- 5. Perspective of Civil Society Organisations**
- 6. Challenges**
- 7. The Conception of a “Messiah or John the Baptist**

### **Background/Context**

In 1957, there were **35 pipe-borne water supply systems in the country**. In 1961, the number of systems rose to 69. In 1979, there were 194 pipe-borne and 2,500 hand pumped borehole systems in the country. By 1984, additional 3000 boreholes had been drilled and fitted with hand pumps. **By the late 1980's and early 1990, 33% of the water supply systems had deteriorated greatly or completely broken down due to inadequate funding to carry out maintenance and rehabilitation.** The name was **Ghana Water and Sewerage Corporation (GWSC)**

### **Sector Reforms**

Interventions in the area of sector reforms and projects implementation were made in **1970, 1981, and 1988** to reverse the decline in water supply services. This continued through the **decade of 1983 to 1993**. During this period tariffs were increased and subsidies removed

**In 1987, a "Five-Year Rehabilitation and Development Plan" for the sector was prepared which resulted in the launching of the Water Sector Restructuring Project (WSRP). \$140 million was provided to support the implementation of the WSRP. The reforms were aimed at reducing unaccounted for water, introducing rationalization through the reduction of the workforce, hiring of professionals and training of the**

**remaining staff. A strong focus in the WSRP was also put on improved management and increased efficiency through organizational change of the water sector.**

**During this period the Civil Society Sector was at its infant Stage and the focus of their activities was to advocate for decoupling of rural water from urban water.**

### **1990s Organizational Reform – “The Korkrobite Declaration”**

In 1990s, comprehensive organizational reforms within the Sector were initiated.

Decoupling of Rural Water Supply from GWSC, Establishment of CWSD (1993/4)/leading to CWSA/Establishment of EPA (1994) /Establishment of PURC (1997)

Finally on the **1<sup>st</sup> of July 1999**, GWSC was converted into a **100% state owned limited liability, the Ghana Water Company**, with the responsibility for urban water supply only.

### **Private Sector Participation in the Water Sector**

**Private Sector Participation in the Sector has been on the drawing board since 1990s as *a reaction to poor service quality and low efficiency of the existing urban water utility Ghana Water and Sewerage Corporation (GWSC).***

Following preparatory studies and a national consultation workshop in 1995, the government opted **for two 10-year lease contracts among 8 options, including the option to continue public sector operation.**

Each of the leases was to cover about half the cities and towns of Ghana. The private operators were expected to invest **US\$132 million** from their own resources, corresponding to about **one fourth** of the total expected investments over the lease period. The contracts were expected to increase water production by **85%, connections by 50%** and reduce non-revenue water from **52% to 25%**. These expectations proved to be clearly unrealistic in retrospect.

In March 2000, the government of Ghana awarded **a 30-year Build-Operate-Transfer (BOT)** contract for one half of the country including the capital Accra to the US Company **Azurix**, a subsidiary of **Enron**.

**The Civil Society Organisation/NGOs have had their voices through Mole Series, Criticized the process – one workshop was not enough, NGOs were not represented**

## **The Urban Water Project and Emergence of AVRL (2006-11)**

The main objectives of the Urban Water Project are:

- To expand the reliable supply of safe water in the urban areas;
- To ensure that low income consumers have access to potable water at affordable price
- To ensure sustainability of the sector through cost recovery
- To ensure steady flow of investment fund, with emphasis on low cost and concession financing;
- To support the introduction of the private sector into management and operation of the water supply systems

AVRL was engaged in **6<sup>th</sup> June 2006** with responsibilities for operation and management of **81 urban water supply systems**. The services of AVRL was acquired as a result of **the same or similar problems** which have bedeviled the Company since the late 50s

### **Principal Obligations and Responsibilities of the Operator (AVRL)**

The Operator has exclusive right and obligation to provide the services in the Service Area on an exclusive basis during the Management Contract period. The Operator is entitled to:

- conclude contracts with customers for the supply of potable water in the name and on behalf of the Grantor,

- issue bills on delivery of potable water,
- receive payments from customers
- **disconnect customers for non-payment and/or for other grounds in accordance with applicable law.**

The Operator's responsibility covers the following:

- **Technical Services**
- **Commercial Services**
- **Administrative and**
- **Financial Services**

➤ **Technical Services**

- abstraction, receipt, transfer and collection of raw water
- production, transportation, treatment and delivery of piped potable water.
- procurement and supply of energy,
- definition of technical procedures, meters specifications and locations, attainment of service standards,
- repair, replacement and rehabilitation of facilities for producing water.

➤ **Commercial Services**

- management of applications for new service connections, new subscriptions, customers' files, customers' disconnections,
- identification and removal or regularization of illegal connections
- definition and establishment of commercial procedures.

➤ **Administrative and Financial Services**

- preparation and presentation of suggested capital investment report,
- definition and establishment of accounting procedures
- preparation of report, records and accounts

A grant of **US\$133 million** made available for fees and systems expansion and rehabilitation

**AVRL contract was not renewed at the end of the contract period because of non-performance as per the performance targets agreed on during the Contract period.**



## **Perspectives of Civil Society on the Urban Water Sector**

**What have we achieved after all these reforms when we are confronted with same challenges since 1957?**

**All these reforms come with some level of Investment. How have utilized these investments?**

### **Challenges**

1. Inefficiency in operation and management of water systems
2. Inefficiency in the use of resources
3. Inadequate investment for infrastructure development, rehabilitation and expansion
4. Increased in demand for water supply as a result in population increase and expansion in water-based economic activities
5. Expanding urban communities
6. Ineffective management practices, systems and structures (Dual Management Structure)
7. Lack of performance-based management systems within Ghana Water Company Limited
8. Attitude of some staff of the Company
9. The Systems are too many, too huge for a single company to efficiently manage
10. Loss of revenue through NRW
11. Inability to collect revenue from MMDAs (almost 20% of total revenue)

## **The Conception of Ghana Urban Water Limited: A “Messiah” or “John the Baptist”**

The Company is yet to be incorporated (Still at the Conception stage). However, its job description has been defined: **To take over the responsibilities of AVRL, A “Messiah” indeed.**

- 1. What is the organizational structure of this Company?**
- 2. Who will this company report to – the Castle, MWRWH, GWCL, National Security?**
- 3. Who are the managers of the COMPANY? How will this people be constituted?**
- 4. Will the company operate under the same conditions as AVRL?**
  - **Use of seconded staff?**
  - **Operating under performance contract?**
  - **How much is the fee for the company and who determines the fees?**
- 5. How would the birth of the new company solve the challenges enumerated above?**

### **Some Ideas for Consideration – John the Baptist and Jesus in the Same Sea**

1. Decentralized the Management and Operation of some of the Systems to Local Area Management – Using the Bulk Water System – “The Waste Collection Model”
2. Decentralized to MMDA
3. Institute Performance-based management for the Company (Accountability regime across the company)
4. Invest in systems expansion and rehabilitation