



Water and Sanitation Program

An international partnership to help the poor gain sustained access to improved water supply and sanitation services

Rural Water Sector Reform in Ghana: A Major Change in Policy and Structure

Africa Region



Water, sanitation and hygiene are vital components of sustainable development and the alleviation of poverty. Across Africa, political leaders and sector specialists are generating new momentum in these important areas. This Field Note, together with the others in the same series, constitutes a timely contribution to that work. It is intended principally to help politicians, leaders and professionals in their activities. As the Water Ambassador for Africa, invited by the African Development Bank and endorsed by the African Water Task Force and the African Ministerial Conference on Water (AMCOW), I commend it to your attention.

Salim Ahmed Salim
Water Ambassador for Africa

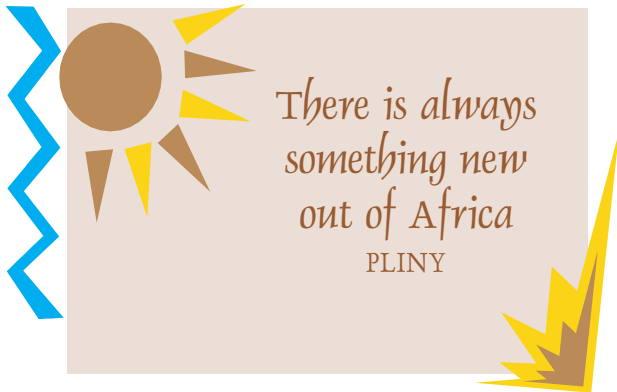


Summary

In little more than a decade Ghana has transformed the structure and strategy of its rural water supply sector. In 1990 external support agencies, NGOs and a government parastatal organisation planned and constructed rural water supplies, and the parastatal was also responsible for maintaining them. By 2000, district assemblies and communities played a significant role in planning supplies, the private sector had become active in drilling and other water supply services, and communities had full responsibility for maintaining their supplies. The new policy and structure are attracting extra funds, and work is accelerating.

This reform process started with an extended dialogue with the major stakeholders in the sector, out of which a new rural water and sanitation policy was developed. The policy was then implemented in several large pilot projects, supported by a number of external agencies, and finally the lessons from those projects were incorporated into the national programme itself. Both the policy and the process by which it was developed are of interest.

Certain conditions specific to Ghana favoured the new policy, but other elements in Ghana's path to success are replicable. The latter include: the extended policy dialogue; pilot testing; the phased transfer of responsibilities to districts; and the involvement of NGOs and CBOs for community mobilisation.



Background: the Ghana rural water sector in 1990

In 1990, the rural water sector in Ghana was typical of that in many African countries. The central government and external support agencies were responsible for planning, construction and maintenance of rural water supplies, with little involvement of the private sector except for the foreign consulting firms hired to run projects and international contractors to drill boreholes.

Administration and planning

The Ghana Water and Sewerage Corporation (GWSC),

a parastatal organisation under the Ministry of Works and Housing, had official responsibility for urban and rural water supply and sewerage. Most of GWSC's staff and resources, however, were devoted to the urban sector. With just two or three staff in GWSC headquarters handling rural supplies, decision making for the rural sector passed de facto to the large regional projects financed by external support agencies.

Construction

The public sector also dominated construction. The vast majority of rural water supplies were boreholes fitted with hand-pumps. GWSC and the NGOs had their own rigs, and carried out most of the drilling in Ghana, while foreign contractors were brought in by some externally funded projects. Only one Ghanaian private drilling company existed. The lack of competition made drilling artificially expensive. In 1990, a borehole drilled in Ghana cost on average US\$9,000 compared to an average of \$3,000 in UK and USA.


Maintenance

GWSC also had responsibility for maintaining the 8,600 rural point sources, mostly hand-pumps, and the eighty small-town piped schemes. In principle, GWSC sent out regional teams with trucks and district staff on motorbikes to maintain and repair the supplies. In practice, as few as 40% of the hand-pumps were working at any given time, and the piped systems suffered frequent and



sometimes long supply interruptions. These problems worsened as the number of supplies increased. One reason was that GWSC focused its attention on urban supplies, not rural. Also, GWSC collected only enough revenue from rural users to cover 10% of hand-pump maintenance costs and 20% of the operation and maintenance costs for rural piped schemes.

The progress of the sector by 2000

 A decade later, the structure of the rural water sector in Ghana had been transformed. The role of central government had reduced and changed from controlling the planning, construction and maintenance to facilitating others to carry out these responsibilities. The private sector, district governments and communities had emerged as important players with primary responsibility for planning and implementation, including the provision of limited co-financing for construction and full financing for maintenance.

Administrative changes

GWSC itself had been transformed in the process. Responsibilities for rural supplies – defined as any supply small enough to be managed by a community organisation – had been separated and were legally owned and managed by local government and communities, facilitated by the independent Community Water and Sanitation Agency (CWSA). In the process the government had withdrawn from drilling; CWSA contracted with private firms for borehole siting, construction and supervision. CWSA's other responsibilities included procurement and setting standards. The same government act that established CWSA also transferred ownership and implementation responsibilities to districts and communities.

The role of the private sector

The private sector had come into its own in more than just drilling. Private firms, individuals and non-governmental and community-based organisations working under contract delivered most services. These ranged from latrine construction and hand-pump repair to community mobilisation. Larger national NGOs were contracted to provide training and support to enable district NGOs and CBOs to take on the new responsibilities.

The role of the community

Finally, central government was withdrawing from maintenance work. In accordance with the national policy,

communities accepted responsibility for operation and maintenance of their water supplies, including financing. Rather than wait for the government to send out a repair team, the communities would hire local hand-pump mechanics to do the work.

The Government of Ghana's own projects, supported by the World Bank, the Canadian International Development Agency (CIDA), the German International Development Bank (KfW), Danish International Development Assistance (DANIDA) and other external support agencies, based new work on this policy. Through these projects, CWSA helped convert two and a half thousand existing hand-pumps to community-managed maintenance.

The process of change in Ghana

Ghana transformed its rural water sector through a step-by-step process that is still continuing.

The policy development process

The first stage spanned several years, from the late 1980s through the early 1990s, as the government, external support agencies and NGOs engaged in a consultative process about a new national policy for rural water supply. The World Bank and the Water and Sanitation Program (WSP) shepherded the process by commissioning a series of background reports on the sector. These analyses fed into a draft sector strategy that was discussed in a 1991 workshop by a range of sector specialists and representatives from organisations working in the sector in Ghana. In a further four workshops over the next year and a half, representatives from line ministries, local government, the private sector, NGOs, external support agencies and civil society refined the strategy. This broad participation gave all the groups a voice, while preventing any one group from derailing the reform process in order to protect its own interests.

The policy discussions also drew on the experiences of pilot projects which were already under way. For example, WSP worked with the government to test community-managed hand-pumps, the British NGO WaterAid tested community management of whole projects, and Catholic organisations were experimenting with community cash contributions.

Elements of the new policy

- **Administrative re-organisation.** This policy dialogue and experimentation culminated in a new national policy for rural water supply and sanitation. With the policy in place,

the next step was to base implementation on it. The major element in this was the World Bank-supported Community Water and Sanitation Project, a US\$20 million programme managed by CWSA to implement the new policy in 26 districts (out of a total of 110 districts nationwide). Under that project, the district assemblies and community organisations constructed 1,288 water points and 29 piped schemes.

The project helped to establish CWSA as a competent co-ordinator and facilitator of community-managed water supplies. First, the accounts and other functions related to community water supplies were placed in a separate division within GWSC. Later, in 1998, the division was made into an independent agency. In the process, CWSA became a sector leader, hosting stakeholder consultations, policy and project reviews, meetings with external support agencies and conferences.

- **Delegation of responsibility.** Another element in the national policy was the delegation of certain core responsibilities to districts and communities, with support from CWSA's regional offices. Through the project, the district assemblies were in charge of processing and prioritising community applications for water supplies, awarding contracts for hand-dug wells and latrine construction, and running the latrine subsidy programme. Communities, in order to be eligible for assistance, had to establish water committees (or boards in the case of piped supplies), complete plans detailing in particular how they would finance the supply, and contribute cash equivalent to 5% of the capital cost. In line with the new national policy, communities also had to pay for all maintenance costs and find repair services on the private market.

- **Private-sector involvement.** The final element of the strategy was private-sector provision of goods and services to an unprecedented extent. In the four regions where the Community Water and Sanitation Project operated, CWSA contracted the services of 4 drilling companies, 32 private hand-dug well contractors, 3 piped scheme consulting firms, 481 household latrine artisans, 32 NGOs and CBOs contracted to handle community mobilisation, and several national and international NGOs commissioned to build capacity in district NGOs and CBOs.

Recent developments

That project ended in 2000, but is now being followed by a nine-year World Bank-supported Adjustable Program Loan project with a budget of US\$80 million. The major objective of this project is to transfer responsibility for all contracting from CWSA to districts and communities, initially on a pilot basis in four regions. In addition, several external support agencies are working through CWSA

to fund sector investments in targeted regions, while DANIDA and the World Bank continue to support policy work and capacity building of all stakeholders throughout the country. CWSA intends to move to a comprehensive sector-wide approach, which was the theme of the last annual review conference, held in March 2002. This approach encourages all external support agencies to pool their resources to support a single national programme, rather than a series of separate projects.



Analysis: factors that favoured successful reform

National and international trends favoured private-sector involvement. The national mood in Ghana at the time favoured reform and innovation. In 1983 the government had begun the Economic Recovery Programme, its version of structural adjustment. The programme included promoting the private sector and making government more efficient. It had proved a success and international praise poured in. The rural water sector reform fitted well with the other changes transforming the country.

The International Drinking Water Supply and Sanitation Decade (1981-90) had been predicated on the idea that governments and external support agencies had the responsibility to provide a minimum level of water supply to as many people as possible as a matter of social good. But problems during the Decade gradually led many practitioners to see the provision of water as an economic good that could better be delivered by the private sector. In that conceptual model, the sector agencies respond to the demand of the users and provide the level of service for which they are willing to pay. In Ghana, therefore, these ideas fell on fertile ground, and it was one of the first African countries to attempt to take to scale those new ideas about a demand-responsive strategy.

There was an equitable balance of power between stakeholders. The conditions were also suitable for this major



institutional change because there was no significant established rural water organisation strong enough to oppose such a change. In other countries, by contrast, external support agencies had encouraged the creation of national ministries of water which then resisted any subsequent initiatives to decentralise control to districts and communities, to let the private sector take over functions, or to make implementation conditional on community cash contributions to costs.

All agencies supported decentralisation. The external support agencies recognised that a centralised government-run maintenance system could not maintain thousands of boreholes spread throughout rural Ghana. CIDA and KfW, in their projects, had already begun to look for ways to decentralise maintenance to the communities. DANIDA, which was just entering the sector, had a long-standing commitment to village level operation and maintenance. The new policy helped these external support agencies move in the direction that they wished to go. Meanwhile, GWSC realised that its own mission would be simplified, not threatened, by turning over the point sources and small piped schemes to community management, and concentrating its efforts on the remaining big schemes.

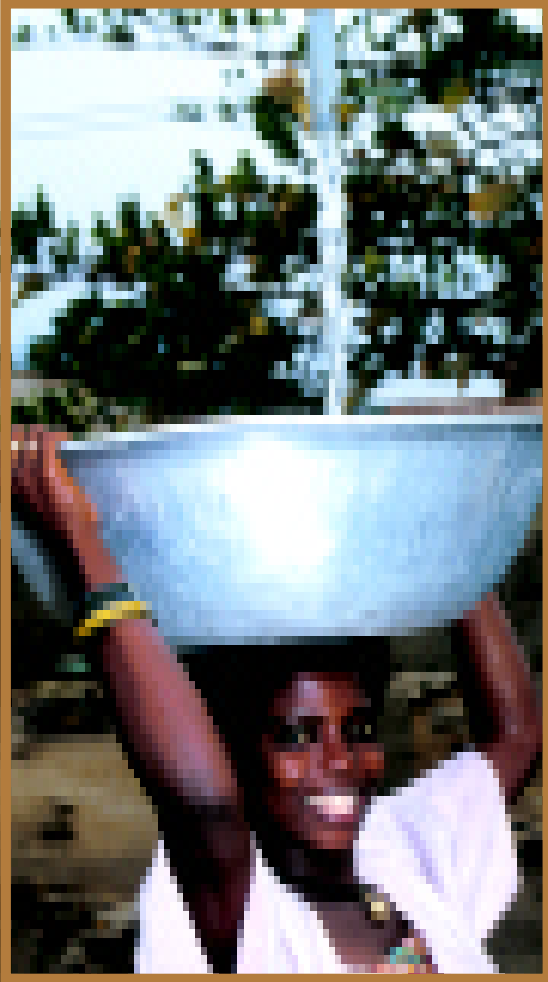
The structures for local and community management were already in place. National reform had included a Decentralisation Act of 1983 that created and empowered district assemblies, a process well under way by the time the Community Water and Sanitation Project began. Thus institutions existed to take on the responsibilities that national policy had allocated to the local level.

Lessons from Ghana's experiences

The Ghanaian sector reform has progressed well for a variety of reasons. Some related to circumstances unique to Ghana, but others can be copied and adapted elsewhere. The latter category includes the following points:

The timescale of several years spent on developing a consensus built broad-based support for the new national policy. The government did not try to rush the reforms hastily. As to the bilateral agencies, they continued to fund their own regional projects while incorporating principles from the policy. Ghana began to create a national programme through convergence. This is not to say the process has been without setbacks. Even today such basic aspects of a demand-responsive approach as the community cash contribution to capital costs are still being debated in Ghana. The financial sustainability of the new approach has not yet been conclusively established, and may not be for some years. However, Ghana did not suffer from the debilitating debates over such points that have affected community water supply programmes and slowed reforms elsewhere.

Transferring responsibilities to districts in stages rather than in a single step seems to be working well. The national policy, as well as the decentralisation reforms



more generally, set clear objectives for the district assemblies' and communities' roles, for example in contracting. However, there was a danger that the district assemblies would not have been able to cope with all the responsibilities at one time. During an interim stage over the past few years, CWSA therefore shouldered some of these responsibilities. Now they are being passed on to the district assemblies and communities, with CWSA providing support and facilitation.

The Community Water and Sanitation Project worked effectively and in a new way with NGOs and CBOs. The habitual approach to outside facilitation of community participation in much of Africa has been to pay costs and allowances to

government community development workers. The Ghana programme, by contrast, paid lump sums to NGOs and CBOs on a contractual basis as they completed tasks. This represents the difference between paying for inputs and paying for outputs. The former approach often seems to encourage government staff to make increasing demands for allowances and transport, with no corresponding efforts to show results. In Ghana, NGO supervisors and staff pushed themselves, even if resources were delayed, in order to get the job done. For example, rather than using 'no transport' as an excuse for failing to visit villages, the NGO and CBO staff bicycled, travelled by bus and even walked to do their work.

The success of this approach was helped because national and international NGOs were contracted to build the capacity of local-level NGOs and CBOs. Simply setting those organisations' incentives right is not enough; they need some help in learning how to respond to those incentives.

CWSA was created as a facilitating agency rather than an implementer. CWSA, as a semi-autonomous public-sector agency, signs an annual performance contract with the State Enterprise Commission. It is committed to staying efficient and lean, below 200 staff, and highly decentralised to its ten regional offices. The staff were also recruited on a competitive basis.

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