



PPIAF

Enabling Infrastructure Investment

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PPIAF Supports Ghana's Urban Water Supply Sector

PPIAF supported a series of three technical assistance grants to help the Government of Ghana develop a strengthened and more clearly-defined institutional arrangement for managing its urban water supply sector. As a result of PPIAF's support, the transformation of Ghana's urban water supply sector into a more efficient sector that provides high quality service to more people is well underway.

As one of Sub-Saharan Africa's fastest growing economies, Ghana's urban areas face increasing population growth and strained water supply systems. Despite decades of reform in the water sector, the country's urban water supply remains extremely inefficient. Fifty percent of produced water fails to translate into revenues. This poor financial performance barely covers operational expenses and leaves nothing to fund investment. The most recent attempt to improve sector performance, a management contract from 2006-2011, did not deliver expected results, and the Government of Ghana, unhappy with the performance and the sizable management fee, let the contract expire in search of a better solution. Recognizing the importance of a functioning urban water supply system, the country made improving urban water supply a key part of its sustainable economic growth plan and reached out to donors like PPIAF for help in achieving its vision.

PPIAF SUPPORT

Between 2011 and 2013, PPIAF provided a series of three technical assistance grants to help the Government of Ghana develop a strengthened and more clearly defined institutional arrangement for managing its urban water supply sector. The first, conducted under PPIAF's rapid needs assessment tool, examined Ghana's existing institutional structure and provided short-term recommendations to strengthen the accountability of Ghana's national water utility. It also reviewed successful institutional

arrangements in countries — Uganda, South Africa, and Senegal — with similar levels of economic development to distill a suite of nine well-structured institutional options potentially transferrable to Ghana. These options coalesced around three main themes: (i) maintaining a single national utility with subsidiaries (regional or metropolitan); (ii) breaking-up the national utility into regional and/or metropolitan companies; and (iii) decentralizing the water supply responsibilities to the local governments. The Minister of Water, Resources, Works and Housing selected three of the nine options for further analysis under the second technical assistance grant.

For the second phase, a team of experienced institutional and financial international consultants reviewed all relevant documentation and held expansive stakeholder meetings to analyze the three selected options. After careful consideration, the Minister of Water, Resources, Works and Housing chose to proceed with the “Uganda” model of transformation and appointed an Implementation Committee (IC) responsible for the achievement of key milestones. This model maintains a single national utility, but establishes delegated performance contracts with regional offices. The performance contracts include strong incentives and penalties based upon results.

PPIAF’s final grant supported, in collaboration with the World Bank Institute and Ghana’s Ministry of Water Resources, Works and Housing (MWRWH), a national workshop from 6 – 9 May 2013 to review and revise draft performance contracts with the key actors responsible for achieving their outcomes. The workshop also aimed to strengthen participants’ capacity such that they could more efficiently run a modern water utility. The objectives of the workshop, among others, were to: (i) inform participants on the institutional option selected for the national water utility (GWCL); (ii) share the progress and status of the implementation of the selected reform option; (iii) share experiences in success cases within the region; (iv) obtain stakeholders’ buy-in in respect to performance contracting and measures to strengthen governance and accountability in GWCL.

OUTCOMES

The GWCL reform has made a good progress thanks to a well-represented Advisory Committee and a highly qualified chair of the ongoing Implementation Committee. In June 2013, Ghana’s Cabinet of Ministers endorsed the proposed reforms to GWCL. The reform process was thoroughly discussed through three workshops with about 200 key staff of GWCL, and with other key stakeholders, such as the regulator, Ministry of Finance, and others. Several aspects of the reform have been implemented. Ghana Urban Water Limited, the government operator, merged into GWCL, forming one single, strengthened entity charged with ensuring urban water supply. Board members to GWCL have been appointed and the evaluation of candidates for the managing director position is underway. Finally, the execution of the performance contracts is imminent, given GWCL will appoint a transaction advisor with support from the World Bank’s Urban Water Project in Ghana.

DONOR COORDINATION

These series of grants helped provide value added support to a larger World Bank project — the Ghana Urban Water Project (P056256). The Urban Water Project was designed to help improve and expand access to water services in Ghana’s urban areas by improving the management of GWCL. In addition, PPIAF support was coordinated with other donors through the Government of Ghana’s Development Partners Water and Sanitation Working Group. These partners include the World Bank, the International Finance Corporation (IFC), the Water and Sanitation Program (WSP), the Global Program for Output-based Aid (GPOBA), and the Cities Alliance.

RELATED PPIAF ACTIVITIES IN GHANA’S WATER AND SANITATION SECTOR

2001: Small Private Water and Sanitation Providers in Rural Areas, \$295,000.00

2013: Assessing PPP Options to Improve the Provision of Public Toilets in Kumasi, \$295,650.00

ENABLING INFRASTRUCTURE INVESTMENT

PPIAF is a multi-donor trust fund that provides technical assistance to governments in developing countries to develop enabling environments and to facilitate private investment in infrastructure. Our aim is to build transformational partnerships to enable us to create a greater impact in achieving our goal.