

# Privatizing Ghana's water sector — interested parties and stakeholders

by Carolynne Dennis

**The free-market model may be appropriate when looking at providing water to large cities, but is it a model possible to replicate in Africa's small towns and rural communities? And what are the alternatives?**

THIS ARTICLE DOES not provide details of a water-based technology, nor does it introduce a particular way of working in the water sector. It focuses on the need to understand some widespread developments in the water sector in many countries, especially the privatization of water supply, which have important implications for the provision of water and sanitation. They also affect related issues such as the integration of water provision and health education, and the manner in which community management is introduced. At present, attention is focused on the objective of transferring water supplies for large urban centres from the public to the private sector, a process which is being

encouraged in many transitional and developing countries by influential donors.

Every experience of the transition to privatization is different, but there are likely to be some similarities between these experiences — and potentially useful lessons to be learned from the differences. One peculiarity of the situation in Ghana's small-town and rural water sector is the intensive involvement of a large number of donors in the encouragement of the continued restructuring of the public sector. This makes the views of the relevant donors of great importance because of their dual role in both setting priorities and in identifying the strategies for their implementation.

## Government and donors

The context within which this process is taking place is the pressure from a combination of donors to restructure the public utilities, especially water and electricity, and also to promote decentralization and community participation in order to remove from central government what are regarded as inappropriate responsibilities. But decentralization and privatization in these circumstances can be interpreted in many ways, as can the important issue of identifying the appropriate boundaries between public and private responsibilities.

One consequence of the redefinition of the role of central government and the move to different types of decentralization has been the emergence of the assumption that government departments are automatically less effective than NGOs or the private sector. More and more, this is

being interpreted to mean that, if it is necessary for the provision or improvement of water supply to be combined with other activities such as health education or creating an increase in community management capacity, this should also be undertaken by the NGO sector.

In establishing links with appropriate organizations to undertake health education, Ghana's water providers have received funding on the condition that this should not involve a partnership with a government organization, for example, relevant units in the Ministry of Health. This can lead to an apparent contradiction between the activities of a given donor in different sectors; take the case of the UK's Department for International Development (DFID) project to improve the capacity of the Health Education Unit of the Ministry of Health in Kumasi. The DFID-financed Two Regions Water Project in this area has a health-education component, with the condition that this be provided by appropriate Ghanaian NGOs — and specifically not by the Health Education Unit itself.

In the development and standardization of training and capacity building for the management of water supplies in the regions in which the World Bank and DFID are the major donors, a model has been developed of encouraging the creation of registered companies. These are usually composed of recent male graduates who train and support community water committees, mainly consisting of older women. The companies are often paid by results, in terms of the number of water committees they have trained and whether they are operational; there appears to be no provision for long-term support for these committees.

The model being used is that of introducing the discipline of the market into this rather complex and contentious area of rural water provision, thus avoiding any contact with the local offices of Ghana's Department of Community Development. Could this be a deliberate model of training and institutional development rather than a pragmatic adaptation to local circumstances and generally accepted lack of capacity? Such a suggestion is supported by the fact that, in the Eastern Region where DANIDA is the dominant donor, the Department of Community Development is being used to train and support community water committees. It will be interesting to see



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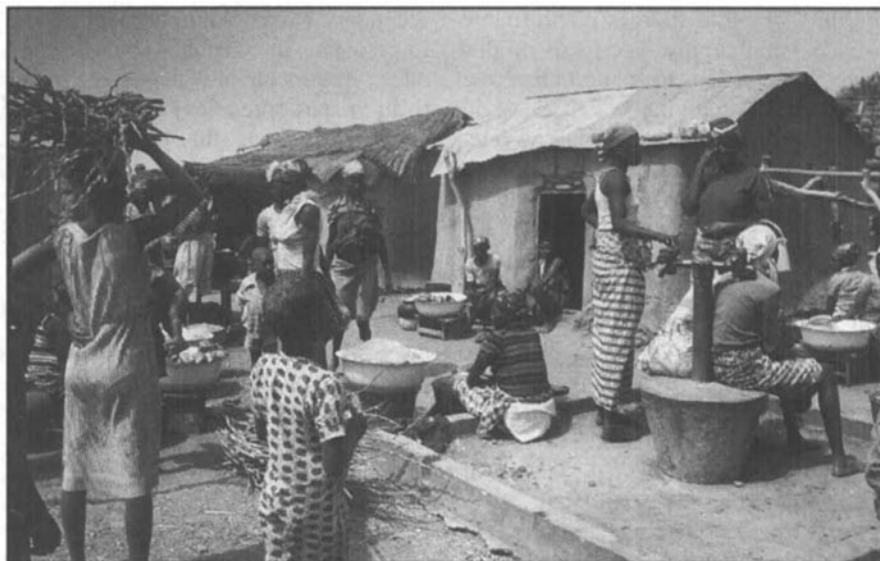
*Ghana's capital, Accra — however paltry the supply in question, the transferral of provision to the private sector will have huge implications.*

how these various models will be incorporated into the Community Water and Sanitation Division<sup>1</sup> (now responsible for providing water to rural communities and small towns) which has been hived off from the Ghana Water and Sewerage Corporation.

### Small-town water supplies

The component of the water sector for which a donor-encouraged move to privatization is likely to be most interesting is in the development of a strategy for supplying water to small towns. The Government of Ghana has taken responsibility for supplying water to district capitals and, as described above, the preferred model of water provision for rural communities is community-managed supplies. This leaves the problem of supplying water to those small urban centres which do not fit easily into these strategies.

One creative model to emerge is to make the supply of headwater (streams flowing from the sources of a river) to these towns the responsibility of the Ghana Water and Sewerage Corporation or its privatized successor. The town would be responsible for both ensuring water-dues payment and



Anna Tully/Panos Pictures

*Waiting for water in north Ghana. Will the new district water and sanitation teams be able to effect more-sustainable rural systems?*

providing a link with the provider. It is likely that the district assemblies might take on this role as an extension of their responsibility for local development. State-provided services and infrastructure are accountable to the elected assembly.

Imminent privatization throws up a number of issues: how would a private provider be properly accountable to the

district assembly? And — even more challenging — supposing the assembly needs to liaise with a foreign water provider? A more systemic point is that the whole debate about privatization has focused on the question of supplying water to Accra and Kumasi. It is widely regarded as likely that supplying water to these cities will be cherry-picked by potential purchasers as being

## Small-town and rural water provision in Ghana

by Stephen Nkansa Buabeng

Most Ghanaians suffer from their country's imbalance in the levels of water provision for urban and rural populations. Over 90 per cent of the urban population (constituting only one-third of the total population) has access to potable water. For the rural majority, this figure drops to less than 40 per cent.<sup>1</sup> The situation in rural areas is exacerbated by poor-quality sources and irregular supplies during the dry season.

In an attempt to redress this situation, the Government of Ghana has decentralized the authority for local development. District assemblies were formed in 1989, both to enable people to participate in decision-making, and to ensure better utilization and equity in the distribution of national resources for development. The assemblies are responsible for all planning and development within their jurisdiction; this encompasses providing schools, health facilities, markets, and water and sanitation facilities. They have been given a high degree of financial autonomy over funding supplied by locally generated revenue and from central government grants.

In harmony with this approach, there has been a recent shift in government policy regarding water-supply provision in rural areas. Previously, the Ghana Water and Sewerage Corporation (GWSC) was solely responsible for the development and operation of water supply and sewerage systems in both urban and rural areas. Now, however, the rural water-supply division has been separated from the GWSC and established as the Community Water and Sanitation Division (CWSD). The CWSD's remit is to work with rural communities with populations of less than 5000, and small towns with populations numbering between 5000 and 15 000, while the focus of the GWSC has narrowed to the provision of urban facilities on a commercial basis. These distinctions are based on the expectation that urban dwellers are better able to pay for water than their rural counterparts, who need to rely on government funding for the provision of facilities.

The roles for government, the community, the private sector

and NGOs are taking shape under this new scenario. Elected members of the district assembly serve as advocates for their communities and as promoters of projects amongst their constituencies. This is in marked contrast to the past when project identification was done in the national capital. The CWSD, through its regional offices, provides training and assistance to the district assemblies to establish district water and sanitation teams, which are responsible for implementing projects at the district level. Individual communities are expected to apply for participation in the programme, choose the type of water-system technology to be installed, and manage the systems themselves (including collecting revenue) through a community water and sanitation committee. The community is also expected to finance at least 5 per cent of the total cost of the system, to be paid in cash or in kind on an instalment basis. Private commercial organizations and NGOs are responsible for community motivation, construction, and revenue collection where communities have contracted with them to do so.

The scheme has only recently been implemented and it will take some time before results can be monitored. Possible constraints on its effectiveness include the lack of funding from donor agencies and the lack of human resources at the district level. Benefits anticipated in the long term include the greater sustainability of rural water-supply systems, increased local capacity for community management, cost-sharing between the community, district assembly, central government and external agencies, and more cost-effective provision of goods and services through use of the private sector.

### Reference

1. Ghana Water and Sewerage Corporation Corporate Plan, 1996-7.

*Stephen Buabeng works for the Bureau of Integrated Rural Development at the University of Science and Technology in Kumasi, Ghana. He can be contacted by fax at: +233 051 60137 or by E-mail at: birdust@ighmail.com.*

the only possible sources of profitable private water supply. The focus on this issue has tended to marginalize the question of supplying water to small towns. The market model may be relevant to the provision of water to large cities but it is proving difficult to extend it to small towns and rural communities. The success of the decentralization process, and the substantive role being played by the district assemblies means, however, that there are potentially interesting and creative possibilities for the institutional arrangements for supplying water to small towns, which may be in danger of being ignored or underestimated.

Providing adequate water supplies to small urban centres is an important issue in many contexts, with questions arising about the relevance of the two currently dominant strategies: privatization and NGO-sponsored community management of this sector. On the other hand, there is evidence of creative and pragmatic thinking in relation to this important sector in different social and economic contexts which is in danger of being relegated to the margins of the water-provision debate because of the increasingly single-minded focus on the initiation and management of privatization.

secondary stakeholders is emphasized. Experience in Ghana suggests that, once rumours about water-sector privatization start spreading, there is a constant shifting of the debate around water, new alliances are made and existing networks reinforce their positions, as the various stakeholders reposition themselves. How important the various strands in this process will be is not immediately clear, but they do have an effect on both the creation of new forms of consensus, and on simple common sense, within the sector, and the priorities and strategies it suggests as appropriate.

There is one element of this background manoeuvring which might have an immediate influence on the manner in which different components of the water sector are understood and policies developed. Professionals — in this case, water engineers — constitute a series of interlocking networks whether they work for parastatals, donor agencies, or indigenous or foreign private water-construction and management firms. Once, again, personal observation in Ghana — confirmed by evidence from other countries — suggests that the initiation of privatization leads to an intensification of these networks as private water firms move towards a

This emergence of the importance of the stakeholders' friends has different implications in different contexts. In Ghana it appears to be leading to an even greater emphasis on the expansion of the headwater supply of cities such as Accra and Kumasi, while the emphasis on the development of appropriate delivery systems and the implications of pricing issues for the water consumers of these cities is reduced. It has also tended to displace and downgrade the issue of supplying water to small cities, and to marginalize the Community Water and Sanitation Division).

## Ongoing concerns

This article raises more questions than it answers — but these are increasingly important questions for those concerned with water supply. A few of the most important questions which accompany the rumours surrounding the initiation of privatization and its later implementation are:

- its effect on existing inter-departmental co-operation, especially between health and water officials;
- its effect on the models developed to implement the community management of rural water supply;
- the issue of small-town water supply, which sits uneasily between privatizing large-scale schemes and community-managed small-scale schemes; and
- the manner in which professional networks and stakeholders' friends become even more important when privatization is imminent, possibly influencing how challenges and issues within the sector are prioritized.

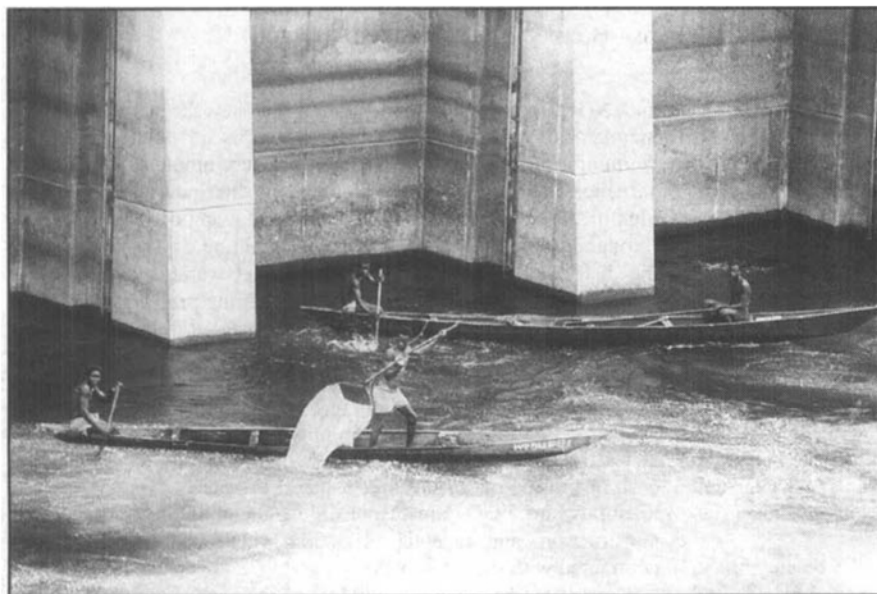
These issues are not comprehensive, and it will be important to construct the story of privatization in other countries to identify the effect it is having and is likely to have on small-scale rural and urban water supplies. Exploring these concerns will help to build an understanding, both of processes within the water sector, and of their impact on policies and strategies. This is a necessary step in order to develop modified and alternative policies, and fight for their adoption.

## Reference

1. Personal communication, Dr Deniz Kandiyotti, March 1997.

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*Carolynne Dennis is a Senior Lecturer at the Development and Project Planning Centre at the University of Bradford. She has worked extensively in Ghana and was recently involved in an evaluation of a water project there. She can be contacted at DPPC, Pemberton Building, University of Bradford, Bradford BD7 1DP, UK. Phone: +44 1274 233963; E-mail: c.j.dennis@bradford.ac.uk.*



Anna Tully/Panos Pictures

*Fishing beneath the Akosombo dam on Ghana's Volta river in the east of the country.*

## Stakeholders' friends

The most significant — although intangible — effect of the numerous examples of the preparation of Ghana's water sector for privatization may be how it has affected on the professionals concerned, and the categories of their networks and alliances. At the project level and, increasingly for sectors as a whole, the need to identify primary and

more central role in water provision, thereby changing the map of stakeholders (clarify). This is likely to be most evident in the many countries in which the move to privatization is associated with considerable donor influence. There is often some blurring of the boundaries between foreign-government and private intervention in these circumstances.