WSDB with private operator: Bekwai and Atebubu

Fact Sheet

Tripartite Partnership Project
TPP Project

This fact sheet gives an introduction to Public-Private Partnerships in small town water management in Ghana. It gives a description of the management model in theory and assesses it in the cases of Atebubu and Bekwai. Furthermore, it gives an overview of the challenges related to this model and how it works.

Introduction

Public Private Partnerships (PPP) in small town water supply bring together the expertise of the private sector, the local government and the community for the operation and maintenance of water supply systems. An EU project in 1998 was the first project to suggest the introduction of the PPP model in Ghana. This was in the early years of the introduction of Community Ownership and Management (COM) approach in the management of small town water systems, where the national utility (GWCL) had just transferred about 120 systems to the district assemblies for community ownership and management. Six small towns were identified, but the pilots never materialised. In 2001, a study to assess the potential of private sector participation in the small town water sector was conducted on the request of the World Bank and CWSA. The study recommended six small town systems for various forms of private sector participations (two of which had earlier been recommended by the EU). The model was implemented on a pilot basis in four small towns: Atebubu in the Brong Ahafo Region, Bekwai in the Ashanti Region, Wassa Akropong and Enchi in the Western Region.

The model

The basis of the public-private partnership is a 5 year operation and maintenance contract agreement

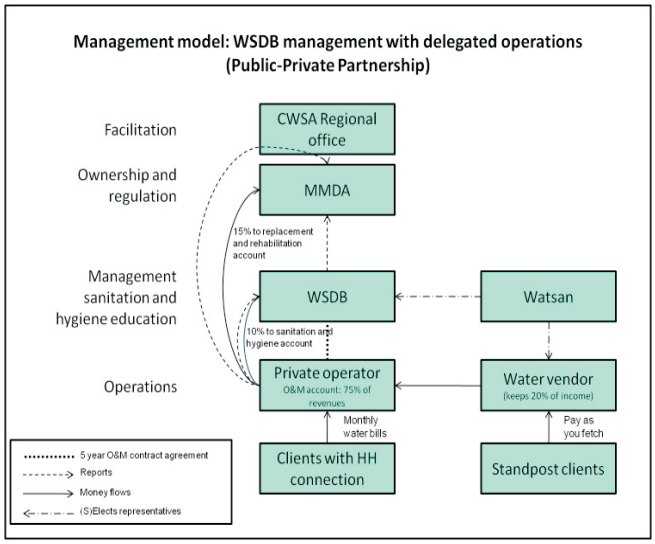
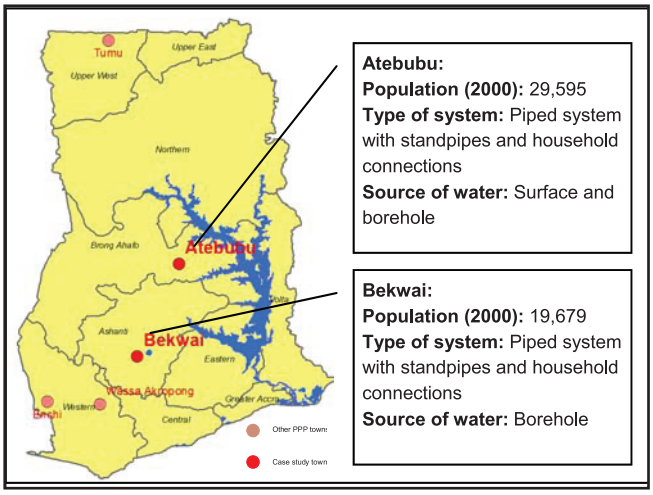


Figure 1: Roles and responsibilities of stakeholders



Atebubu:
Population (2000): 29,595
Type of system: Piped system with standpipes and household connections
Source of water: Surface and borehole

Bekwai:
Population (2000): 19,679
Type of system: Piped system with standpipes and household connections
Source of water: Borehole

between a private operator and the Water and Sanitation Development Board (WSDB) on behalf of the Municipal or District Assembly (MA or DA). The operation and maintenance role, which normally lies with the WSDB, is transferred to the private operator. The private operator is responsible for the production and distribution of water, collection of revenues and maintenance of the system (including pipes, tanks, valves, surge vessels, pumping system). The WSDB plays the oversight role over the activities of the operator on behalf of the DA and the community; and is responsible for sanitation and hygiene promotion. The MA or DA is the legal owner of the facility and has the responsibility of system renewal and expansion .

Under the agreement, the operator is required to submit quarterly and annual reports on its activities to the DA through the WSDB. The WSDB is required to communicate with the community the performance of the operator and the system.

The agreement states that the operator is entitled to 75% of revenue collected from water sales, to cover the operational expenses and secure a profit margin. In addition, 10% goes to the WSDB for sanitation and hygiene promotion and 15% to the MA or DA for system rehabilitation and extension. Water vendors are entitled to 20% of the sales at their water points.

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The Atebubu and the Bekwai case

In Bekwai, the partnership between the MA/WSDB and the private operator (Vicco Ventures Ltd) seems to have generally operated well, in terms of the production, distribution and supply of water to the community. The operator has also met his reporting requirements and financial obligations to the MA/WSDB. In 2008, the O&M contract was renewed for another 5 years.

Figure 2: Bekwai small town water system

Even though the operation in Bekwai has been good and the operator has been able to honour his financial responsibilities, the MA has not been able to utilise the expansion and rehabilitation fund for such activities. The WSDB has not been able to access the hygiene and sanitation fund because they are not signatories to the accounts. The efforts to get the MA to release the funds have proved futile due to conflicts between the two parties over the years.

Quarterly reports have not been submitted by the operator since 2007 and quarterly meetings with the MA/WSDB have not been effective. The WSDB has not been able to organise dialogue sections with the general community.

The Atebubu partnership between the DA/WSDB and the private operator (Armco Ltd) has faced major challenges with regard to production of water and cost recovery. Due to the inability to access adequate ground water resource, the system has to depend on a surface water source (Pru River), located 18 kilometres from Atebubu. It has not been possible to connect the treatment plant at the river to the national electricity grid, as the closest access point to the grid, Atebubu, was too far. Therefore, two 60kv diesel-powered generators were installed to power the water system. It was the DA's responsibility to extend the electricity grid to the plant. However, this never happened. The generators had encountered several breakdowns since 2007. The system had to rely on only one generator, which operates 6 hours a day. Production levels had therefore been low and water rationing had been instituted. This had obvious implications on the production costs and on the costs of water for the consumer.

The operator met his reporting requirement, but not the financial obligations towards the DA and WSDB. The contract was therefore not renewed at the end of the first term in 2007. This has also led to the perception of the DA that the WSDB was not monitoring the operator effectively.

Challenges

At the end of a WSDBs' term of office, the election of new members to it poses a problem. There is no mechanism for the replacement of members who leave the WSDB. There is, therefore, no sustainable electoral system for the WSDB.WSDBs have also faced series of threats of dissolution, by the DA (Chief Executive).

Tensions, which are politically influenced, between the DA (legal owner) and WSDB (with the oversight responsibility) mean the breakdowns of monitoring and oversight systems which may lead to improper behaviour of the operator going unchecked.

Applicability of the model

Public-Private Partnership for operation and maintenance has a great potential for efficient and effective delivery of water supply in small towns. However, water consumption should be high enough to ensure adequate revenue to meet cost of operations. Regulatory framework and monitoring systems should be adequate to ensure that all parties play their role in a collaborative way. The system should be technically and financially viable. CWSA Operation and Maintenance Guidelines recommend small towns with populations above 15,000 and / or with complex systems to adopt Public-Private Partnership Model.

Key References: The factsheet is based on a case study, written by Benedict Tuffuor, under the TPP project. The full report can be found on www.ghana.watsan.net/page/777.

This Fact Sheet has been produced under the Tripartite Partnership (TPP) project in collaboration with the Resource Centre Network (RCN) Ghana Secretariat. The RCN Ghana is an institutional partnership of organizations who have committed themselves to improve WASH sector learning, through knowledge development, knowledge management and dissemination. For more information, please visit www.ghana.watsan.net. The TPP project seeks to tackle the core problem of weak sector capacity for planning and delivery of WASH services in poor urban areas through the demonstration of new approaches to pro-poor WASH service delivery in three pilot areas involving Tripartite Partnerships of NGO, Public and Private sector. For more information, please visit http://www.ghana.watsan.net/page/687