

## **The Third Party Evaluator's Opinion on the Ghana Water Sector Rehabilitation Project**

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### **Criteria 1-Relevance of Project**

The project was meant to rehabilitate and expand water systems in northern, Volta and Greater Accra regions of Ghana. Even though rehabilitation and expansion is critical for Ghana, for me equally relevant issues, which are largely managerial, include: 1) dealing with unaccounted for water (about 50%), 2) rationing the water in view of insufficient water to serve all populations in the urban areas, 3) involving communities in the management of the systems. Slippages in implementation time, abandonment of some aspects of the project and failure of expansion to meet increasing population are examples of the relevance of the managerial issues over the technical ones in tackling the issues of providing water to urban and peri-urban populations effectively, affordably and equitably.

### **Criteria 2-Sustainability of Project**

*For me, the Key challenge of the water sector* at the time of project inception and evaluation was and still is: Reducing unaccounted-for water and devising a tariff structure which balances commercial requirements with considerations of health, social equity and affordability for the poor. This was confirmed from a rapid poverty assessment and social mapping of the Kumasi water system carried out by the Integrated Social Development Centre (ISODEC) supported by the UK Department for International Development (DFID). Specifically, the following two issues are critical to enhance the sustainability of the project:

1. *Poverty, social and environmental impacts assessment.* Such a study would have enhanced the ability of the governments of Ghana and Japan as well as system operators to exercise their responsibility of upholding the right of poor people to share in the benefits of the investment. The institution of the Public Utilities Regulatory Commission (PURC) is an attempt to protect consumers, but it is weak and cannot withstand the pressures of multinational corporations some of whose monthly turnover is more than the annual income of Ghana.

2. *Community involvement:* The involvement of communities directly affected by the project would have enabled a discussion of different policy options aimed at ensuring that poor and vulnerable people will not be needlessly excluded from the benefits of the investment in the improvement in availability and quality of water. The Savelugu water project, an attempt by the Savelugu community and other stakeholders like the UNICEF, District Assembly, Guinea Worm Project to facilitate community-public sector partnership model of resolving the problems of urban water management, for health reasons, is already paying off with the water company realising 100% payment and almost zero overheads for all water supplied to the community. The community has also realised predictable supply of water, lower tariff levels as a result of reduction of unaccounted-for water level from an average of 70% for peri-urban to about 20%, and reduction in Guinea worm diseases.

Beside these two points, I am sceptical about the effectiveness of privatisation of water and other essential services pushed by international financial institutions like the World Bank, IMF and World Trade Organisation and some industrialised countries, because it leaves no room for governments and communities to discuss/explore other options of managing these services to allow poor people access. In fact, the decision in Ghana to privatise water has been met by civil society resistance. The national coalition against the privatisation water (NCAP) has been campaigning against this decision, and it has made some gains, such as the

constitution of a fact-finding mission in 1999, the conversion of the world bank assistance from a loan to a grant, and the conversion of the proposed lease into a management contract instead of an outright transfer of assets to private operators. Furthermore, the present Private Sector Participation Proposal (PPP) is unlikely to deliver quality, affordable water on a sustainable and equitable manner. This is because, as the fact finding study revealed, economic considerations would largely determine who gets water as health weight is only 10% as against 60% for economic according to the PPP proposal for managing the system. Experience in countries such as Guinea also show that privatisation does not necessarily lead to efficiency as unaccounted for water is still high, tariffs levels escalated and default rates increased.