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Public Expenditures Review

Rural Water and Sanitation Sector

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ACRONYMS AND ABBREVIATIONS

BH	Borehole fitted with a hand pump
CAGD	Controller and Accountant General's Department
CONIWAS	Coalition of NGOs in Water and Sanitation
CWSS	Community Water and Sanitation Sector
CWSA	Community Water and Sanitation Agency
DA	District Assembly
DACF	District Assembly Common Fund
DP	Development Partner
DWD	District Works Department
DWSP	District Water and Sanitation Plan
DWST	District Water and Sanitation Team
EHSU	Environmental Health and Sanitation Unit of the MLGRDE
ESP	Environmental Sanitation Policy
GoG	Government of Ghana
GPRS II	Ghana Poverty Reduction Strategy II
GSS	Ghana Statistical Service
GWCL	Ghana Water Company Limited
HDW	Hand dug well
HR	Human Resources
HSD	Hydrological Services Department
IGF	Internally Generated Funds
MDA	Ministries, Departments, Agencies
MDBS	Multi Donor Budget Support
MDG	Millennium Development Goals
MLGRDE	Ministry of Local Government, Rural Development and Environment
MoFEP	Ministry of Finance and Economic Planning
MoH	Ministry of Health
MOM	Monitoring of Operation and Maintenance units
MTEF	Medium Term Expenditure Framework
MMDA	Municipal/District Assembly
MWRWR	Ministry of Water Resources, Works and Housing
NWP	National Water Policy
NDPC	National Development Planning Commission
NCWSP	National Community Water and Sanitation Programme
OHCS	Office of the Head of Civil Service
PPIAF	Private Infrastructure Advisory Facility
PPP	Public-Private-Partnership
RCC	Regional Coordinating Council
RWST	Regional Water and Sanitation Team
SD	Sanitation Directorate
SEC	State Enterprise Commission
SWAp	Sector-wide (programme) approach
SIP	Strategic Investment Plan
WB	World Bank
WRC	Water Resources Commission

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1. EXECUTIVE SUMMARY

Access to potable water in rural and semi-urban areas in Ghana has evolved at a pace of approximately 2 % by year over the period 2001-2006. Coverage at the end of 2006 is estimated at 53 %. Ghana is relatively well endowed with water resources except in the coastal zone where severe problems occur in terms of mobilisation of water resources and in terms of water quality (saline intrusion). Ghana has opted for an integrated water resources management approach and is quite far in establishing the institutional and legal framework for managing water resources.

Drinking water constitutes a priority in the Ghana Poverty Reduction Strategy. Budgetary allocations to the rural water sub-sector have increased in real terms by more than three times over the past six years 2001-2006. On the whole, budgetary allocations to the sector increased by 36 percent in real terms per year over the observed period 2001-2006 due to increases in donor aid by an annual average of 68 percent in real terms per year. However, the level of domestic funding declined on average per year by 7 percent in real terms. Then, about 93 % of the activities are funded by Development Partners. The relatively low GoG fiscal commitment is increasingly being questioned by Development Partners and it is being argued that GoG funding should at least cover a reasonable funding level of the government sector institutions.

A project approach to sector activities is still predominant in the sector. Though most projects follow the principles of National Community Water and Sanitation Program, little progress has so far been achieved in implementing joint procedures for planning, monitoring, and reporting on activities. Therefore, information on actual spending of donor aid is fragmented and not consistent in the sector and substantial strain is put on sector institutions in terms of “servicing” the various funding sources. To strengthen CWSA’s strategic budget planning and sector coordination, it would be important for the agency to develop jointly with the MoFEP and the development partners a financial reporting system.

Commitment by government to move towards a SWAP in the water sector is very positive. The development of the Strategic Investment Plan (SIP) for the rural and semi-urban water supply and sanitation sector constitute a good starting point to move away from a project approach to sector activities. Critical elements of the SWAP are a strong leadership by the Government, an established funding mechanism and enhanced sector coordination and aid harmonisation (including an improved donor aid reporting); while efforts have been made recently in some of these areas, there is still a long way to go..

To achieve the MDGs by 2015 for the water sector (76 % coverage¹), the effectiveness of the sub-sector has to be improved substantially. The Strategic Investment Plan developed by the Community Water and Sanitation Agency (CWSA) implies that the yield of the sub-sector (expressed in terms of facilities delivered) has to be increased by 70 % compared to the period 2001 to 2006. The average number of people being annually provided with safe water will thus have to increase from 437,000 to 850,000. To achieve this objective, bottleneck problems in terms of absorption capacity will have to be addressed; measures, as an example, do have to be implemented in order to ensure a substantial increase in the budgetary execution rate (less than 50 % in 2006²) or to address capacity building needs both at CWSA and the District Assemblies.

The total cost of achieving the targets of the Sector investment Plan by 2015 is estimated at approximately 400 million US\$. The funding gap of the SIP amounts to approximately 233 million US\$ (140 million US\$ in a 2012 perspective). A key issue in funding of the SIP is whether

¹ The target set out in the CWSA Strategic Investment Plan is 85 % coverage by 2015.

² It is important to note that available figures on actual donor aid spending have to be taken with caution as reporting on donor aid spending is weak. Disbursed donor aid as captured by CWSA’s regional offices is questionable with regards to reliability and coverage. The budget execution rate is based on CWSA’s annual reports 2001-2006 (see table 8)

the GoG will commit itself to increasing its contribution to the sub-sector from approximately the actual 5 % to a more substantial part of all sector activities. Other issues that remain to be addressed and clarified is the annual update of the SIP (on the basis of District Assembly planning, donor projects etc.), its link to the annual MTEF process and the funding mechanisms for the implementation of the SIP. Lastly, given that the SIP 2008-2015 does not provide funds for the rehabilitation of facilities, the financing needs for rehabilitation in the sector should be identified in a complementary exercise.

Sustaining past investments is another issue that needs attention in the perspective of attaining the government objectives. Functionality of facilities does not currently receive the attention it deserves even though it seems that 20 to 30 % of all facilities are non-functional or facing serious operation and maintenance problems. Among the key factors contributing to the non-functionality are the limited domestically-funded budget for CWSA to carry out important tasks such as supervision (e.g. post construction support activities) and quality control of investments as well as shortcomings in DA's institutional capacity and their availability of resources.

Finally, achieving the objectives for the sub-sector requires that organisational strengthening and capacity building be implemented within sector institutions (e.g. the Water Directorate and CWSA), but especially at the District Assembly level. The strengthening of the WD is vital in order to provide an adequate framework that will be in a position to spearhead the sector development and in particular the emergence of SWAP in the water supply sector. CWSA plays an important role to ensure water delivery in an environment with relatively weak capacity at DA but needs to adjust its organisational structure and core functions to the decentralization process. Regarding the DA's, it would be important to explore mechanisms for integrating the District Water Sanitation Teams (DWST) into the District Works Departments (DWD).

Sanitation activities remain marginal. Most often sanitation is addressed as a minor component in the water supply projects. A first step to strengthening this sub-sector is to ensure that an adequate policy framework, strategic and operational guidelines and a policy leadership taken up by the Ministry of Local Government and Rural Development and Environment (MLGRDE) is developed. Furthermore, in order to enhance patronage and sanitation facilities services, the sub-sector would also benefit by an intensive approach involving hygiene education and social marketing undertaken jointly by CWSA, the Environmental Health and Sanitation Unit (EHSU) and Das.

2. INTRODUCTION

The Public Sector Review aims at supporting the Government of Ghana in enhancing effectiveness and efficiency in the rural and semi-urban water and sanitation sub-sectors on the basis of an analysis of trends in sector development over the period 2001 to 2006. The present report provides a number of conclusions and recommendations that have been discussed with national stakeholders at a final workshop. On this basis a first draft of an action plan for moving towards a SWAP in the sector has been formulated.

3. RURAL WATER SUPPLY AND SANITATION STATUS

DELIMITATION BETWEEN RURAL/SEMI-URBAN AREAS AND URBAN AREAS

Definition of the Rural and Semi-urban Areas

Ghana's total population was estimated at 18.9 million in 2000 and is growing at a rate of 2.7%³. There is no clear cut definition or criteria for delimitation of rural and peri/semi urban areas in Ghana. Different institutions have adopted different definitions for the two concepts. The Ghana Statistical Service (GSS) delimitation of urban and rural settlements differs from what is identified as urban and rural water supply systems by Community Water and Sanitation Agency (CWSA) and Ghana Water Company Limited (GWCL). Whereas the GSS defines an urban community/area as a community with a population equal or above five thousand (5,000), the reality is that there are many communities with populations higher than 5,000 with water facilities under community management and thus classified as semi-urban according to the CWSA definition. In the same vein, there are communities classified as urban which are not supplied with water by the urban water supply system.

According to CWSA, the number of people living in rural and small towns within their area of operation fell from about 15 million in 2002 to about 14.4 million as at 2006. They are distributed as follows: 11.6 million inhabitants in rural areas against 2.8 million in semi-urban areas. Although this scenario reflects the national trend and could be attributed to the increasing rate of urbanisation in the country, it has implications for demand for water supply and sanitation services in urban areas. To ensure consistency, the figures used in this report for population, access and coverage rates are those used by CWSA⁴.

Norms utilised in the Sector

Based on the national sub-sector strategy, CWSA facilitates the provision of facilities for populations between 75 and 2000 for rural communities and between 2000 and 50,000 for small towns. Given this, rural communities are entitled to either a hand dug well (HDW) (preferably with a hand pump) or a borehole (BH) fitted with a hand pump. While 1 HDW is designed to serve 150 residents, 1 BH is expected to serve 300 people. With respect to piped systems, a stand pipe with two taps is designed to serve 300 people. To ensure harmony in the maintenance system, the hand pumps in the country have been standardised. The approved pumps are: Ghana Modified Indian Mark II, Afridev and Vergnet.

³ 2000 Ghana Population and Housing Census. Ghana Statistical Service. Accra. 2002.

⁴ Target population to be covered by CWSA has been modified on several occasions during the review period, thus complicating comparison over the period 2001-2006.

SECTOR STRATEGY AND INSTITUTIONAL FRAMEWORK

Water Supply

The sub-sector strategy for rural and small towns' water and sanitation in Ghana has to a large extent been guided by the National Community Water and Sanitation Programme (NCWSP) since 1994. The NCWSP has the following key elements: (i). providing basic water and sanitation services for communities that will contribute towards the capital cost (5% of the capital cost) and to the full cost of O&M; (ii) ensuring sustainability through effective community ownership and management of facilities, active participation of women, public sector facilitation and private sector provision of goods and services; and (iii) maximising health benefits through the integration of water, sanitation and hygiene education interventions, including the establishment at community level of capabilities for hygiene education and latrine construction. In 2002, the small towns' water and sanitation policy as well as design and operation and maintenance guidelines were elaborated by CWSA on behalf of the Ministry of Water Resources, Works and Housing (MWRWH). This policy re-affirmed the principles of the NCWSP for water supply and sanitation in small towns.

The majority of stakeholders in the water and sanitation sectors have adopted the national strategy. There, however, exist differences in the strategy adopted by some local and international non-governmental organisations and faith-based organisations. The differences centre on contribution to capital cost by District Assemblies and communities and on water supply technology options.

The first National Water Policy in Ghana was adopted mid-2007. The policy entails guiding principles related to: (i). water resource management; (ii) urban water supply; and (iii) rural (community-managed) water supply and sanitation. It also describes the GoG institutional set-up (roles and responsibilities), the legal and regulatory framework. The National Water Policy reaffirms the principles of the ESP, NCWSP, Growth and Poverty Reduction Strategy II (GPRS II), MDGs and New Partnership for Africa's Development (NEPAD).

Adoption of the National Water Policy expresses a strong political will from the GoG to embrace a sector-wide (programme) approach (SWAP) in implementing policies, plans and programmes in the water sector with a view to ensuring "effective harmonisation in implementation and monitoring approaches, and reduce the overall cost of delivery of plans and programmes. The objective of this approach is to strengthen linkages between sector programmes and the country-wide planning, budgeting and evaluation processes at all levels - communities, districts and the central agencies"⁵.

Sanitation

Implementation of the Environmental Sanitation Policy (ESP) from 1998 has been fraught with considerable challenges including the following: (i). the sanitation sub-sector remains marginalised in many projects/ programmes; (ii) there is lack of clear leadership of the sub sector considering the mandate of CWSA, MLGRDE and MoH; (iii) the Environmental Health and Sanitation Unit (EHSU) of the MLGRDE has inadequate capacity to facilitate policy dialogue and strategic planning for Environmental Sanitation; and (iv) the National Environmental Sanitation Policy Coordinating Council (NESPoCC), which was established to coordinate the implementation of the policy has never received the needed impetus to function.

The ESP is currently being revised in line with the changing context of national and international priorities and the need to re-examine and address challenges with poor environmental sanitation in the country. The revised ESP is yet to be presented to GoG for

⁵ National Water Policy. Ministry of Water Resources, Works and Housing. July 2006.

approval. As part of developing the national framework for the promotion of sanitation, a substantial work is ahead of the MLGRDE to define norms and precise definition of appropriate technologies for latrines, clarify the issue of subsidy levels and develop operational approaches (hygiene promotion, social marketing etc...).

The use of subsidies for household latrines in the sub-sector needs urgent clarification in order to create a common ground on which sector activities can be developed. At present, given the vague policy framework, the application of subsidies and contributions depends on the individual development partner. The World Bank, for example, subsidises 50 percent of the capital cost of latrines for household.⁶ DANIDA did that too during phase I of WSSPS but has abandoned this practice during the second phase.

Water resources Management

The 1992 Fourth Republican Constitution of the Republic of Ghana vests the control of all water resources in the President on behalf of, and in trust for the people of Ghana. The establishment of the Water Resources Commission (WRC) in 1996 by Act 522 was in fulfilment of this constitutional provision. Accordingly, the Act indicates that no person shall divert, store, abstract or use water resources, or construct or maintain any works for the use of water resources except with the prior grant of a right by the Commission. The WRC also levies charges for water abstraction. In reality however, only CWSA and GWCL apply for rights from the WRC as a result of weak enforcement of the regulation. CWSA secures the rights for and on behalf of other stakeholders in the rural and small towns' water sub-sector including NGOs and faith-based organisations.

Main Actors

Ministry of Water Resources, Works and Housing (MWRWH)

The MWRWH is the lead government institution for water resources and water supply and accordingly, it is responsible for formulation of strategies, resources mobilisation, and coordination of budgets, monitoring and evaluation as well as facilitating inter-sectoral and sub sector coordination.

A Water Directorate (WD) has been established within the MWRWH to coordinate the activities of all key sector institutions operating under its umbrella notably Community Water and Sanitation Agency (CWSA), Ghana Water Company Ltd (GWCL) (a limited liability company fully owned by GoG) and the Water Resources Commission (WRC).

The formal government establishment of the WD has been very slow. Pending formal approval, the WD has up to now operated with a very limited staff (3 staff members seconded from CWSA, WRC and GWCL respectively) and on the basis of funds provided by Development Partners (DPs). However, in 2007, the WD has finally received formal regularisation by the Office of the Head of Civil Service (OHCS) as a Directorate within the MWRWH. It is therefore expected that an operational budget will be provided by GoG from 2008 and that the current staff will be increased gradually up to the total of 14 staff positions approved by the Office of Head of Civil Service.

The Ministry of Local Government, Rural Development and Environment (MLGRDE) is the lead government institution for sanitation. While it is clear that the primary responsibility for policy and strategic guidance lies with this ministry, it is also clear that there is presently an institutional leadership vacuum regarding sanitation.

⁶ The initial household sanitation approach required 50 percent of households in a community to sign up for latrines before a subsidy could be given; this approach resulted in serious delays and a lag in delivery. The initial approach was modified whereby the subsidy was given regardless of the percentage of households signing up for latrines. In addition, a key lesson learned is to provide cheaper latrines (using for example local materials) and design sanitation interventions with an emphasis on sustained community-level marketing.

A Sanitation Directorate (SD) proposed to be established under the MLGRDE is yet to be formally regularised by the OHCS. The SD is expected to spearhead the implementation of the proposed national sanitation policy which is still at the preparatory stage.

The Community Water and Sanitation Agency, under the auspices of the MWRWH, is the national agency charged with coordinating and facilitating the implementation of the NCWSP.⁷ The organisation, established by Act 564 in 1994, comprises a head office and 10 regional offices (Rural Water and Sanitation Teams – RWST). Staffing of CWSA consists of approximately 200 officers (around 40 in the head office and 160 in the RWSTs). As shown in the box 1, the CWSA mandate under Act 564 is clearly drafted in the spirit of promoting decentralisation and a phasing-out of government structures in project implementation.

Box no. 1: CWSA mandate under Act 564

- Support to DAs to:
 - Promote sustainability of community water supply and sanitation services
 - Plan and execute projects with community participation
 - Enforce sector standards
- Support and coordinate sector activities by NGOs
- Encourage private sector participation in sector activities
- Collaborate with other MDAs in hygiene education
- Prescribe sector standards and guidelines
- Collaborate with international agencies

To this should be added:

- Monitor sector activities
- Prepare strategic plans for community water sector
- Contribute to policy development

CWSA has been quite successful in fulfilling its mandate. It is, however, clear that especially the slow development of capacity in the District Assemblies to manage sub-sector activities has been a key factor in CWSA going beyond its prescribed role and playing a more direct role in delivery of water facilities. An institutional assessment of CWSA⁸ noted that even though a more direct involvement by CWSA in project implementation has helped to ensure a relatively high rate of investment in the rural and semi-urban water supply sub-sector, it has also: (i) diverted the focus of management and staff away from CWSA's core tasks of coordination, planning, regulation, capacity building and monitoring; (ii) imposed an extra administrative burden on CWSA; (iii) reduced the pressure on CWSA to build capacity in DAs and the private sector; and (iv) created a conflict of interest between implementation and quality assurance. The study therefore recommended that "CWSA refocuses on its core functions, particularly on capacity building, monitoring and supporting long-term sustainability of water supply and sanitation facilities. Implementation of investment programmes should be firmly anchored in the DAs and executed by the private sector"⁹. The CWSA Board has in mid-2007 approved CWSA management's proposal to embark on the restructuring process.

The Ministry of Health formulates the national health policy and provides strategies for health delivery through preventive and curative methods. The ministry supports the water and sanitation sector by playing active roles in guinea worm eradication, personal and environmental sanitation.

⁷ Section 5.3 assesses, among others, how the institutional structure of CWSA affects its budget management.

⁸ Institutional, Organisational and Financial Assessment and Restructuring of the Community Water and Sanitation Agency. Phase II. MWRWH/Water Directorate. June 2006.

⁹ Above mentioned study – page 9.

The National Development Planning Commission (NDPC) established in 1994 by Act 479, is the main body responsible for broad national policy formulation, implementation, monitoring and evaluation on which basis Ministries, Departments and Agencies (MDAs) formulate their sectoral policies and programmes. The NDPC facilitates the development of the country's development agenda as captured in the GPRS II. The NDPC, in collaboration with CWSA and the United Nations Development Programme (UNDP) has produced two manuals to guide district water supply and sanitation planning as an integral component of the District Medium-Term Plan.

The Regional Coordinating Councils (RCCs) and Municipal/District Assemblies (M/DAs). By law, RCCs have no direct executive or legislative authority over M/DAs and only act in a coordinating capacity at the local level. However, in reality, coordination has been administered to imply some authority to insist on, or ensure compliance with approved procedures and formats. The challenge is whether RCCs can modify the decisions or plans of the M/DAs. Even though water supply is not explicitly provided for among the functions of M/DAs, it is a key development issue and therefore within the ambit of M/DAs. In this regard, M/DAs are required to have functioning Municipal/District Water and Sanitation Teams (M/DWSTs) and a Municipal/District Water and Sanitation Plan. The Local Government Act of 1993 (Act 462) makes provision for the establishment of Metropolitan, Municipal and District Assemblies with functioning departments. One of the departments is the Works Department. This department is to integrate the functions of all infrastructure related activities at the sub national level. In this connection, the DWSTs are to be absorbed into the District Works Department. The essence of this among others is to ensure efficiency in operations and to give recognition and legality to the DWSTs.

While DWDs have been established in some DAs, others are yet to do so. Notwithstanding the inability of some DAs to establish the DWDs, a critical challenge to the reforms is the actual integration of the DWSTs into the DWDs. To meet this challenge, DANIDA, under phase II of the DANISH Support to District Assemblies, piloted the absorption of the DWSTs into the DWDs in two (2) districts in the Greater Accra Region and three in the Volta Region. Given the inconclusiveness of the results of the pilot in the two regions, DANIDA is again piloting the integration of the DWSTs into the DWDs in three districts in the Northern Region as part of the transport sector rehabilitation programme. In addition to the challenge of integration, members of the M/DWSTs are often transferred frequently, a situation that has implications for institutional memory and capacity. Furthermore, DWSTs are perceived as representatives of CWSA at the district level.

Apart from water related sanitation which is still being championed by the regional offices of CWSA with donor support, sanitation services at the district level are provided almost exclusively by DAs. This includes provision of public toilets, the collection and disposal of human, industrial/commercial and domestic waste. Fees are charged for the provision of such services. However, revenue collected is often insufficient to meet both the capital cost and recurrent expenses. Most DAs have considered private sector involvement to overcome their financial resource and management capacity constraints in sanitation delivery.

Despite the aforementioned challenges, there appears to be a gradual transfer of implementation responsibilities in the rural and small towns water and sanitation delivery to the DAs. CWSA's future role should probably be re-defined towards monitoring of sector developments, quality assurance of processes and implementation works, and provision of technical back-stopping services to DAs.

Ghana Standards Board (GSB), Environmental Protection Agency (EPA) and the Public Utility Regulatory Commission (PURC). The issue of who is responsible for monitoring drinking water quality is currently unclear in terms of statutory mandate and in terms of actual practice considering the mandate of GSB, EPA and the PURC. The inability of a regulatory body to monitor water quality has resulted in the weak enforcement of drinking water standards, a situation that

could affect the health of consumers. The GSB is the body responsible for setting national drinking water standards while the EPA regulates and enforces environmental quality laws including policies and regulations pertaining to pollution control of water resources. The PURC is responsible for examining and approving rates chargeable for provision of utility services for water (in addition to electricity and gas) and monitoring the standards of performance of service providers.

There are a number of civil society organisations (CSOs) operating in the rural water and sanitation sub-sector. These organisations classified generally as international and local NGOs provide interventions to fill the void of the absence of government. The activities of some of these CSOs run counter to the operational principles of the NCWSP particularly issues relating to community cash contribution to capital cost. To ensure harmony in the activities of these CSOs and to align their operations with the NCWSP, the Coalition of NGOs in Water and Sanitation (CONIWAS) was established as an umbrella organisation. In addition to harmonisation and alignment, CONIWAS serves as a general advocacy organisation for its members.

The private sector continues to play a key role in the implementation of the NCWSP and the ESP. The private sector is made of local and international firms as contractors, consultants and suppliers. The size of the private sector organisations varies from an individual through small/medium to large firms. The private sector is engaged on competitive basis with defined contracts to provide services such as solid and liquid waste management, project management, capacity building and training and construction supervision. On the whole, small-scale private sector participation in the provision of rural water services is mostly “informal” and restricted to repair and maintenance services and the supply of spare parts¹⁰. Monitoring and supervision of the private sector especially in the sanitation sub-sector is weak.

Sector Planning, Monitoring and Coordination

Recent discussions in the sector have focused on the move to Sector Wide Programme Approach but depend largely now on GOG leadership and DPs commitment to move beyond the discussions. Such a program would ensure an effective harmonisation in implementation and monitoring approaches, and reduce the overall cost of delivery of plans and programs. As mentioned above, the NWP demonstrate a GoG commitment to move towards a SWAP in the water sector and the Water Directorate has initiated steps to prepare the water sector for such an approach.

Some elements of a SWAP exist already: There is an SIP to orient investment in CWSS (see below), an agreed sector coordination and dialogue framework has been established, a nationally owned sector policy has been approved with clear mandated institutions, the National Procurement Act provides a framework to ensure the integrity of the procurement process, and a performance monitoring system exists. Finally, CWSA has drafted a Programme Implementation Manual that has been submitted for comments to all stakeholders in December 2007.

The key issues is the need for a strong leadership by the Government. It is also not clear who effectively of the DPs will be able to move to a programmatic approach. Lastly, there is also an urgent need to clarify the funding mechanism of the SWAP, for example, would domestic and external resources be pooled to support a newly established water community fund, managed by CWSA, or, following the current trend of externally financed programs, would the DPs provide joint financing to the District Development Fund (DDF) that will be managed by the DACF Administrator’s Office, as a parallel funding stream for Municipal/District Assembly (MMDAs).

In 2004, a Strategic Investment Plan (SIP) was developed by CWSA for the period 2005-2015 to guide the implementation of the NCWSP. Rural and semi urban water coverage of 85 % by 2015 was targeted even though the MDG target implies 76 % coverage. A revision of the SIP

¹⁰ DFID (2004) Small-Scale Private Sector Participation in the Rural Water Supply Sector R8335 Phase 2 – Surveys. Synthesis Report.

(2008-2015) and the Medium-Term Plan of the SIP for the period 2008-2012 based on water coverage target of 76 % by 2015 has been prepared and is awaiting approval by government.

The total cost of achieving the targets of the SIP by 2015 is estimated at approximately 400 million US\$. The funding gap of the SIP amounts to approximately 233 million US\$ (140 million US\$ in a 2012 perspective).¹¹ A key issue in funding of the SIP is whether the GoG will commit itself to increasing its contribution to the sub-sector from approximately the actual 5 % to a more substantial part of all sector activities. The SIP constitutes a useful exercise to determine overall funding requirements to meet GPRS/MDG objectives, but a number of questions need to be addressed in order to ensure that the SIP becomes a dynamic tool for sub-sector programming and budgeting. It is in particular noted that the annual update of the SIP (on the basis of District Assembly planning, donor projects etc.) remains to be determined as well as the link to the annual MTEF process. Funding mechanisms for the implementation of the SIP are to be clarified. CWSA has suggested the establishment of the Community Water Fund to fund the implementation of the SIP. The position of GoG and the main external financiers is yet to be clarified.

CWSA has given substantial attention to the development of District Water and Sanitation Plans (DWSPs) in four regions (Greater Accra, Volta, Eastern and Central regions) and a planning tool has been put in place in all districts in these regions. Plans are advanced for the training of District Assemblies in the preparation of the DWSPs in the six other regions (Brong-Ahafo, Western, Ashanti, Northern, Upper East and Upper West regions). In the four regions where DWSPs have been prepared, these plans constitute the bedrock on which subproject proposals are prepared and submitted for approval by Regional Approval Committees (RACs) instituted under the DANIDA funded District Based Water and Sanitation Component. The challenge, however, lies in the commitment of DAs outside the project environment to implement the programmes in the DWSPs. An additional challenge is the tendency for other water and sanitation projects to be formulated and implemented based on the programmes outlined in the DWSPs.

Information on the evolution of water supply coverage in rural and semi urban areas is not entirely consistent and should be treated with caution. A nation-wide monitoring and evaluation system in the rural and semi urban water supply sub-sector has been underway for quite some years but is still to be finalised by CWSA. Data on water facilities are in principle collected by the District Water and Sanitation Teams (DWST) of the DAs and transmitted to the RWSTs. The compiled data and the estimated regional coverage are forwarded to CWSA Headquarters by the regional offices of CWSA. No data validation exercise has been undertaken by CWSA Headquarters for data received over the period 2001-2005 and reports on coverage from the RWSTs were captured as authentic without any form of validation. In 2006, CWSA Headquarters carried out a synchronization of CWSA population data with the population census data received by Ghana Statistical Service. Subsequently, a nationwide validation exercise was undertaken to validate data on water facilities and coverage rates from all regions. It is unlikely that CWSA will be able to provide reliable data in the future unless special attention is given to the development of a functional system for data collection, validation and treatment based on the decentralised structures.

Donor coordination in the water and sanitation sector is weak even though most of the DPs in the sector are members of the MDBS group (9 out of 10 MDBS partners). A study financed by AFD on aid effectiveness and harmonization¹² revealed that although DPs appreciate the need to harmonize and align their interventions in the sector, the majority of DPs are consistently providing sector support on a project basis. This includes the widespread use of donor procedures regarding procurement, disbursement and reporting procedures. The study further points out that operational coordination, though e.g. a common Project Implementation Manual for projects, joint technical

¹¹ An annual breakdown of the SIP investment plan by government and donor funding was not available by the time of the completion of the report.

¹² Assessment on Aid Effectiveness, including Alignment and Harmonisation in the Ghana Water Sector. Ministry of Water Resources, Works and Housing. January 2007.

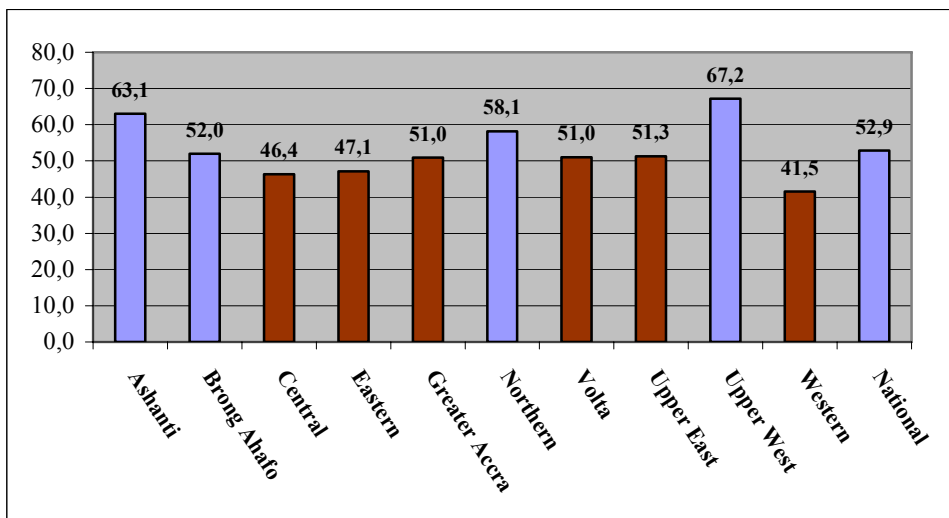
assistance and joint reviews, does not take place currently. Finally, co-funding of activities also remains extremely limited.

4. WATER AND SANITATION COVERAGE

ACCESS TO POTABLE WATER

Out of a total rural and semi-urban population totalling 14.4 million people, 7.6 million inhabitants had in principle access to a potable water point in 2006, thus yielding a national water supply coverage rate of 52.9 %. There are substantial variations in the overall coverage rate in the various regions: 41.5 % in Western Region against 67.2 % in Upper West Region.

Table no. 1: Water Supply Coverage in Rural and Semi-urban Areas (2006)



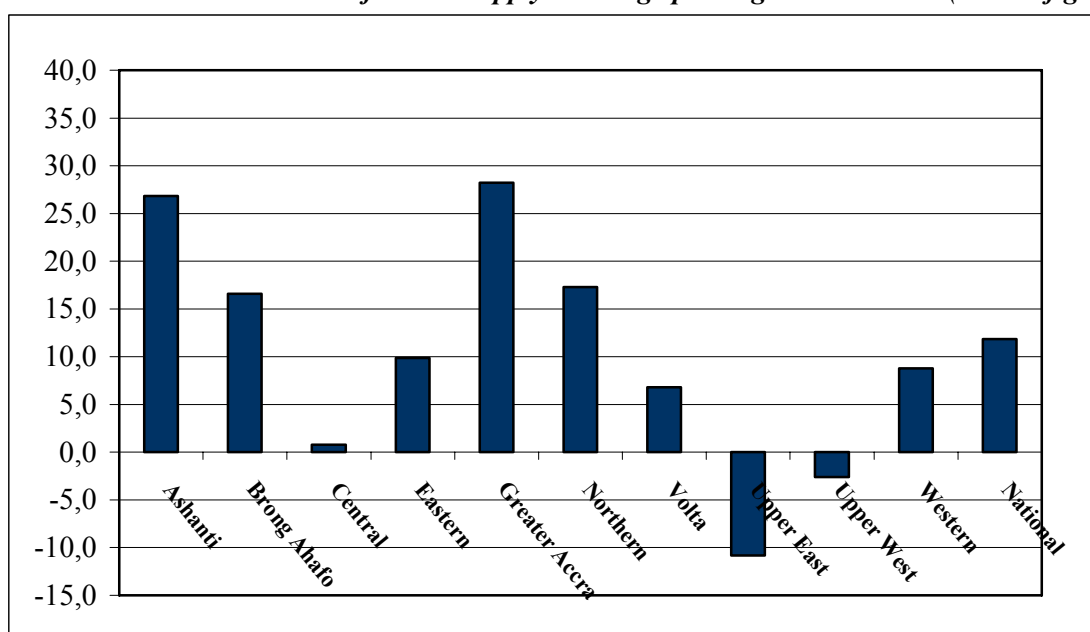
A desegregation of 2006 coverage figures on rural and semi urban areas shows a coverage amounting to 52 % and 56 % respectively in 2006¹³. Within the rural areas, there are significant differences in the water supply coverage rate between regions. The rural water supply coverage ranges from 36.8 % in Western Region to 73.4 % in Upper West Region. Similarly, coverage rate in small towns under community management ranges from 36.5 % in Central Region to 81.8 % in Northern Region.

It is estimated that water supply coverage in rural and semi-urban areas has evolved from 41 % in 2001 to approximately 53 % in 2006, thus representing an average annual increase of 2 % per year over a 6-year period. Figures obtained from CWSA suggest that investments during this period have to a large extent been made in regions that had a low coverage in 2001 (e.g. Ashanti, Brong Ahafo, Northern and Greater Accra Regions), whereas regions with a high coverage in 2001 have benefited far less or have even encountered a decrease in the coverage rate. This is the case for Upper East and Upper West Regions, where coverage has decreased (UER: - 11 % and UWR: -2.5 % from 2001 to 2006)¹⁴. According to CWSA figures, the gap between the region with the highest coverage and the lowest coverage has decreased from 47% to 26 % between 2001 and 2006.

¹³ Coverage figures on rural and semi-urban areas respectively have not been desegregated by CWSA for the period 2001-2005.

¹⁴ The data obtained from CWSA is contradictory with the data in the World Bank Implementation Completion Report on the Second Community Water and Sanitation Project Phase I that indicates that coverage rates in the Upper East and Upper West regions increased by 20.6% and 25% respectively from 2000-2004. This percentage increase is consistent with the increase in the Brong Ahafo and Ashanti regions which also experienced a 25% and a 20% increase in water coverage during the same period under the CWSP/II. Source: World Bank Implementation Completion Report on the Second Community Water and Sanitation Project Phase I (CWSP/II Report No. 32309 Dated June 10th 2005)

Table no. 2: Evolution of Water Supply Coverage per Region 2001-2006 (CWSA figures)



During the period 2001-2006, approximately 2.6 million people have been provided with safe water through the delivery of 6,645 boreholes equipped with hand pumps, 829 hand dug wells and 367 piped schemes. In addition to this, a number of rehabilitation activities have been carried out. It is estimated that up to 45 % of hand pumps and 70 % of hand dug wells in Ghana have been provided outside the CWSA programme by NGOs, faith based organisations, individuals and other projects. The importance of non-governmental partners in contributing to the delivery of water facilities emphasises the need for strengthening the collaboration and dialogue between CWSA and civil society organisations on one hand and the need to establish a monitoring system at the district assembly level that captures all investments made annually on the other.

The table 3 below shows the number and types of facilities provided by CWSA over the study period:

Table no. 3: CWSA Delivery of Facilities 2001-2006

	2001	2002	2003	2004	2005	2006	Total
New Facilities							
Boreholes	198	622	1.290	2.098	1.112	1.325	6.645
Hand dug wells	629	65	61	64	1	9	829
Total Water Points	827	687	1.351	2.162	1.113	1.334	7.474
Piped systems (rural)	92	4	19	40	2	5	162
Piped Systems (Small Town)	63	25	46	57	2	12	205
Total Piped Systems	155	29	65	97	4	17	367
Rehabilitations							
Boreholes	606	407	115	85	31	77	1.321
Hand dug wells	6	2	0	0	6	9	23
Conversions	932	362	0	0	31	4	1.329
Total Rehabilitations	1.544	771	115	85	68	90	2.673

The average annual delivery of facilities totals 1,250 new water points (boreholes with hand pumps and hand dug wells) and 60 piped systems. Boreholes equipped with hand pump remain by far the most utilized technology over the study period. This is consistent with the distribution of the population (only 19 % of the total rural/semi urban population living in a semi urban

environment). The table also shows that the communities' demand for hand dug wells is declining drastically. Compared to neighbouring countries, the annual yield of sector investments remains relatively weak. The relatively modest level of annual implementation is not linked to lack of funding (less than 45 % of budgeted donor funds disbursed in 2005-2006), but seems to be linked to capacity problems, especially at district level and to bottlenecks in the planning and implementation procedures. A comparison between planned and delivered facilities over the period 2001-2006 shows that approximately 80 % of planned point sources (boreholes with hand pumps and hand dug wells) have been implemented whereas the actual number of piped schemes delivered is 130 % compared to planning figures. There are huge discrepancies between planned and actual facilities from one year to another and it is obvious that there is substantial scope for improving annual planning of facilities. For details, please refer to Annex 1.

No nation-wide information to assess the functionality of water facilities in Ghana is available.

Functionality is not systematically monitored by CWSA and/or the DAs and it is thus not possible to quantify the number of facilities encountering severe operational problems or systems being non-functional. Senior management in CWSA estimates that 70 to 80 % of all facilities are functional. A survey of the functionality of piped water systems in the Volta Region in 2003 revealed that a large proportion of these were in a state of disrepair or malfunction and that limited funds were devoted to address the operation and maintenance issues¹⁵. On the same line, the EVORAP project in the Eastern Region has indicated that many small towns systems are facing severe problems especially where no post-construction has been provided. A study on functionality in Volta and Brong Ahafo regions estimated the functionality rate of hand pumps at approximately 90 %¹⁶.

Limited attention is given by CWSA and the District Assemblies to support the community level organisations in operating and maintaining the facilities. Post-construction support is generally provided within a project framework and is thus questionable in terms of long term sustainability. This is, as an example, the case of the Monitoring of Operation and Maintenance units (MOM) that have been established within the regional offices of CWSA in the Volta, Eastern, Greater Accra and Central regions to provide post-construction support and monitoring. As the MOM is not a recognised entity under the current organisational structure of the Regional CWSA, employees (2 officers per region) and operational costs are borne by the Danida programme. CWSA has expressed interest in extending this initiative to the other eight regions in Ghana, but this has not yet been materialised, allegedly due to funding problems.

CWSA has gone far in the establishment of a sustainable distribution network for hand pump spare parts. With support from KfW and Danida, CWSA has been instrumental in the establishment of a private sector managed distribution system of spare parts for the four recognised hand pumps in Ghana. Sales outlets are now opened in all ten regions and the private operator has started repayment of the seed funds provided to kick-start the network. According to senior CWSA management, the privatised network is becoming financially sustainable and will stay operational when subsidies to the private operator end in 2009.

Private management of water facilities remains an area to further develop with a view to ensuring long term sustainability of facilities. According to CWSA's policy on small town's Water supply and sanitation¹⁷, WSDBs managing piped water facilities in communities with a population of above 10,000 should contract a firm to operate and maintain the facility. CWSA has received assistance to develop the partnership with private sector on management of small towns facilities (e.g. through the World Bank funded Public Private Infrastructure Advisory Facility – PPIAF) but impact remains limited for the time being: only 3 small towns water schemes are today

¹⁵ District Based Water and Sanitation Component. Water and Sanitation Sector Programme Support Phase II. September 2003

¹⁶ Post-construction Support Activities and the Sustainability of Rural Water Projects in Ghana. 2005. Study funded by the World Bank.

¹⁷ Small Towns Water and Sanitation Policy – Operation and Maintenance Guidelines. CWSA. July 2003.

managed by private operators under a contract with the water boards. A study sponsored by the Netherlands Water Partnership in 2004 led to the following conclusions regarding the PPIAF projects: (i). The introduction of private operators allows some continuity in a regularly changing political stage where local level institutions (like DAs, water boards and Watsan committees) regularly change composition due to e.g. elections; (ii) Before the PPP can be feasible and adequately pro-poor, fine-tuning of institutional frameworks and substantial capacity building is required for most stakeholders. Regulation of small town's water supply, in particular, needs clarity; and (iii) there is strong evidence that NGOs in small towns often contribute in a creative and innovative way to support the roles of the small town's operators and are effective in advocating for the needs of the poorest in the community.

SANITATION AND HYGIENE EDUCATION

Limited information is available on actual sanitation coverage and the Ministry of Local Government, Rural Development and Environment that is ultimately accountable to Government for the state of national sanitation has no information yet. According to the Ghana Living Standards Survey 2005/2006, the use of appropriate latrines/toilets remains rather low in rural areas as shown in the following table.

Table no. 4: Latrines/toilets used by households (2005-2006)

	Accra	Urban Coastal	Urban Forest	Urban Savannah	Rural Coastal	Rural Forest	Rural Savannah	All
Flush toilet	33,4	22,9	17,6	5,1	1,4	1,1	0,7	10,2
Pit latrine	5,0	22,7	23,3	11,6	43,5	57,6	20,8	31,5
Pan/ Bucket	57,2	42,3	52,8	65,5	27,2	33,5	9,2	37,4
KVIP	3,2	1,5	3,2	0,3	0,1	0,3	0,3	1,3
Other	1,1	10,6	3,0	17,4	27,8	7,5	69,0	19,6
All	100	100	100	100	100	100	100	100

The survey also indicates that the proportion of households having access to adequate toilet facilities (a flush toilet or the KVIP toilet) has increased sharply in urban areas over the last fifteen years, whereas increase in rural areas has been quite modest, thus widening the gap between urban and rural areas¹⁸.

CWSA plays an important role today related to hygiene promotion (including hand-washing with soap) and education as well as the disposal of physical excrements, especially at institutional sanitation facilities (health centres or schools) and household latrines. CWSA estimates that the agency has facilitated the construction of approximately 43,000 VIP latrines and 2,500 KVIP latrines over the period 2000-2006¹⁹.

In Ghana all rural water supply programs are required to integrate sanitation and hygiene activities to maximise health benefits. A focal point over the past years has been the hand washing programs at all times, launched since 2001 and led to a national campaign (Public Private Global Initiative) since 2004. A range of awards were given to CWSA based on the TV adverts and other public educational paraphernalia produced in relation to the Public Private Partnership in Hand washing with Soap campaigns²⁰. An innovative approach had been introduced under the DANIDA funded District Based Water and Sanitation, part of DANIDA's Ghana Water Sector Support Program Phase II, that supports small towns to undertake environmental sanitation assessment and

¹⁸ Patterns and Trends of Poverty in Ghana 1991-2006. Ghana Statistical Service. April 2007.

¹⁹ Update of the Strategic Investment Plan 2008-2015. CWSA. June 2007

²⁰ The awards include: Chartered Institute of Marketing Ghana (CIMG) Best TV Award 2003, Advertising Association of Ghana (AAG) Gong-gong Awards 2003, Gold Awards TV (Corporate and Social services, Gold Award Radio (Corporate and Social Services) and overall Platinum Award Best TV. (See WB Implementation Completion Report CWSP II, 2005).

audits to aid the development of plans for incremental improvement in excreta management and disposal/treatment, refuse collection and others (as part of District Water and Sanitation Plans).

Changing and sustaining hygiene behaviour is increasingly being recognised as essential for maximizing health benefits from water and sanitation projects and justifying investments made. There is thus a need to further strengthen hygiene education and sanitation in relation to water supply programmes. This is supported by health statistics indicating that:

- Diseases related to water and sanitation like malaria, anaemia and diarrhoeal diseases account for 45 % of the causes for hospital admission²¹.
- The six main causes of morbidity and mortality among children have persisted. Malaria is still the number one killer among children, followed by acute respiratory infections (ARI), diarrhoea, malnutrition, anaemia, measles and neonatal causes. These health problems account for about 50% of all childhood admissions and 30% of childhood deaths²².

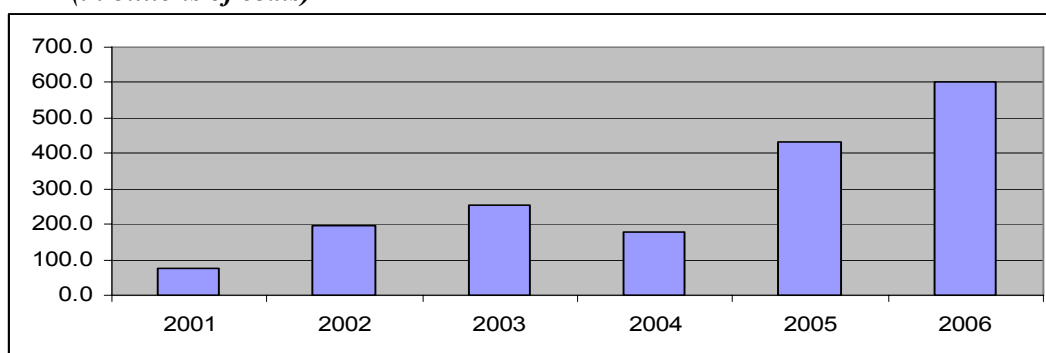
5. ANALYSIS OF PUBLIC EXPENDITURE IN THE RURAL WATER AND SANITATION SECTOR

PUBLIC FUNDING OF THE RURAL WATER SUPPLY SUB-SECTOR

Trend Analysis of the Sector's Public Expenditures

Budgetary allocations to the rural water sub-sector have increased in real terms by more than seven times over the past six years 2001-2006 (see table 5 below). The Government of Ghana finances three public institutions to provide services in the rural water sub-sector, namely CWSA, Hydrological Services Department (HSD) and WRC which are under the aegis of the Ministry of Water Resources, Works and Housing (MWRWH).

Table no. 5: Ghana - Budgetary allocations to the Water and Sanitation Sector 2001-2006 (in billions of cedis)



Source: MFEP Appropriation Acts, IMF Article IV 2007, 2005, WRC annual reports

As shown in table 6 below, total budget appropriations to these three entities together have to some extent fluctuated over the past years, reflected in an upward trend between 2001 and 2003 by 126 percent in real terms, followed by a sharp decline (37 percent) in 2004 and steady increase over the next years 2005-2006.²³ The drop in budgetary allocations in 2004 is a reflection of the temporary decrease in donor aid, notably due to the closure of the IDA funded CWSP II (Phase I). The sharp increase in budgetary allocations in 2005 can be mainly attributed to planned funds available under

²¹ Causes of Admissions 2006. Data from 7 regions (ER, GAR, ASH, UWR, BAR, NR and AER. Ministry of Health.

²² The Health Sector Poverty Reduction Strategy. MoH. 2004.

²³ Note that MoFEP budget appropriations do not capture all sources of funding of the three entities, for example both WRC and HSD benefit from donor aid, but only WRC documents these funding sources in its annual report. Furthermore, WRC appropriation in table 1 does not include its Internally Generated Funds (IGFs) since the Commission started to report on its IGFs since 2005.

the new IDA funded Small Town Water and Sanitation Project and phase 2 of the DANIDA-funded Water and Sanitation Sector Programme Support (WSSPS II). On the whole, budgetary allocations to the sector increased by 36 percent in real terms per year over the observed period 2001-2006 due to increases in donor aid (by an annual average of 68 percent in real terms per year over the same period). **During the same period the level of domestic funding declined on average per year by 7 percent in real terms.**

Table no.6: Ghana - Budgetary Allocations (Recurrent and Capital) to the Water and Sanitation Sector¹

	2001	2002	2003	2004	2005	2006
Allocation (in billions of cedis)						
Hydrological Services Department (HSD)	18.2	7.4	10.6	34.8	28.7	22.8
Water Resources Commission (WRC)	2.1	2.7	2.6	5.0	7.8	6.5
Community Water and Sanitation Agency (CWSA)	56.7	187.7	239.8	139.5	396.6	571.7
Total HSD, WRC and CWSA	77.1	197.8	253.1	179.2	433.0	601.1
Total HSD, WRC and CWSA (in million US\$)						
	10.7	24.9	29.2	19.9	47.7	65.5
Share of the National Budget (%)						
Hydrological Services Department	0.3	0.1	0.1	0.2	0.1	0.1
Water Resources Commission	0.0	0.0	0.0	0.0	0.0	0.0
Community Water and Sanitation Agency	0.9	2.3	2.1	1.0	2.0	2.5
Total HSD, WRC and CWSA	1.2	2.5	2.2	1.3	2.2	2.6
Share of GDP (%)						
Hydrological Services Department	0.05	0.02	0.02	0.04	0.03	0.02
Water Resources Commission	0.01	0.01	0.00	0.01	0.01	0.01
Community Water and Sanitation Agency	0.15	0.38	0.36	0.17	0.41	0.48
Total HSD, WRC and CWSA	0.20	0.40	0.38	0.22	0.45	0.51
Allocation in real terms (in billions of cedis)						
Hydrological Services Department	18.2	6.4	7.3	21.2	15.2	10.6
Water Resources Commission	2.1	2.4	1.8	3.1	4.1	3.0
Community Water and Sanitation Agency	56.7	163.5	164.9	85.1	210.4	264.7
Total HSD, WRC and CWSA	77.1	172.3	174.0	109.4	229.7	278.3
Real Growth (%)						
Hydrological Services Department		-64.8	13.6	190.9	-28.4	-30.5
Water Resources Commission		12.1	-25.2	71.4	35.3	-27.0
Community Water and Sanitation Agency		169.4	-0.6	-49.2	147.3	25.8
Total HSD, WRC and CWSA		123.5	1.0	-37.1	109.9	21.1
Memo items						
MWRWH (in billion cedis)	325.5	623.2	656.3	428.2	957.2	1,324.8
Ghana Water Company Ltd. (in billion cedis)	13.9	73.8	77.8	50.9	323	328
CPI (annual average)	32.9	14.8	26.7	12.6	15.1	10.9
National Budget Estimate (in billion cedis) ²	6,329	7,456	10,442	13,005	18,528	22,359
National Budget Actual (in billion cedis)	4,177	7,815	11,153	16,198	19,601	22,415
Nominal GDP (in billion cedis)	38,071	48,862	66,158	79,888	97,261	118,404
Exchange rate (¢ per US\$, annual average)	7,179	7,944	8,677	9,005	9,073	9,183

Source: MFEP Appropriation Acts, IMF Article IV 2007, 2005, WRC annual reports

¹ The assessment is based on initial budget appropriations. Mid year adjustments can take place but have in general not affected the rural water sub-sector.

² In Ghana the terminology budget estimates corresponds to budget appropriations.

It is important to note that the budget in Ghana is fragmented, consisting of various sources of funding, which makes the establishment of a comprehensive planned and actual national budget difficult. These sources are either reported differently in the budget compared to the Controller and Accountant General's Department (CAGD) report or have not been documented at all prior to 2006. For that reason, the definition of the national budget estimate used in this report is based on discretionary budget, donor aid and the HIPC resources, excluding other statutory funds and the spending of internally generated revenues. These funds and revenues have accounted for 17 percent of total national budget in 2006.

The Community Water and Sanitation Agency is the key agency through which funds have been channelled and coordinated in the Community Water and Sanitation (CWS) sub-sector. As shown in table 6 above, over the past six years, 2001-2006, the lion's share of the sector's resources (around 88 percent) have been inscribed under the budget of CWSA. CWSA's allocations represent on average around 2 percent of the national budget. It is noteworthy, however, that CWSA directly controls only a small share of these funds, namely those that comprise domestic resources and IDA²⁴; the remaining funds inscribed under CWSA's budget originate from other donors and are managed outside of CWSA's accounting system (see section 0 below).

As for the remaining agencies of the sub-sector water, allocations in real terms to HSD and WRC are small, accounting for 0.1 percent and even less than 0.1 percent in the case of WRC of total national budget in 2006. The limited funds are indicative of a general under funding of the sector's institutions that are, to a large degree, dependant on external funding. WRC, for example, was set up in 1999 but has struggled since to fulfil its responsibilities as its operation has been affected by unreliable GOG funding, particularly for services and investment. Limited staffing of the Commission has put a further strain on the WRC's timely execution of planned tasks.²⁵ Given the low level of GOG funding, the sustainability of the Commission is dependant on donor funding and constituted on average 61 percent of the Commission's budget between 2001 and 2006. However, since 2005 the Commission agreed with MoFEP to retain its IGFs as an additional source of income. This has since contributed to evenly budget fluctuations, stemming from delays in GoG releases.

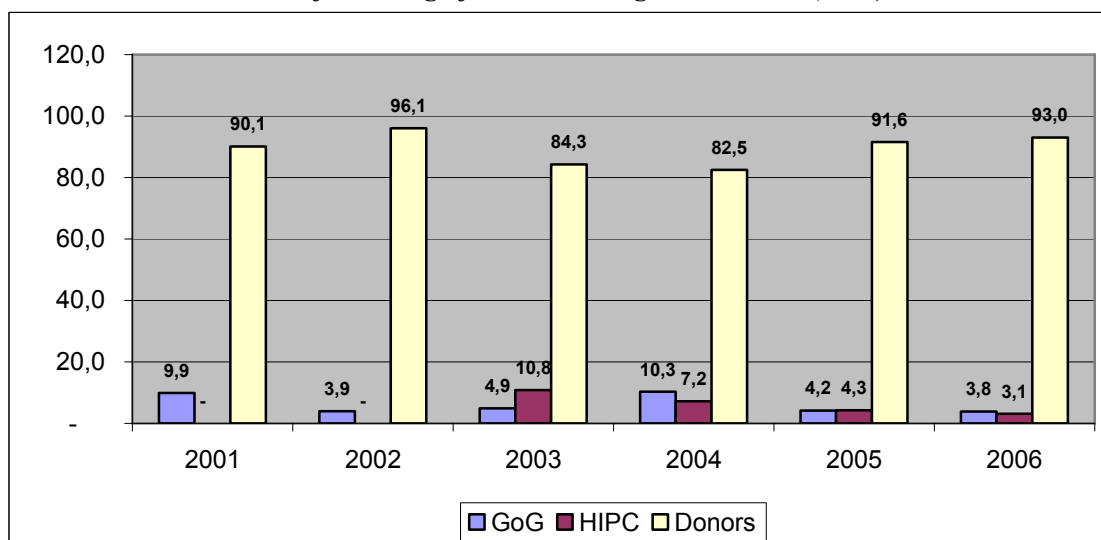
An analysis of CWSA's budget composition reveals that Government's domestic financing of the agency constitutes on average 6 percent of total CWSA funding in the past five years, and in recent years the share has fallen below this average (see table below). Whereas Government's domestic funding (GoG) of CWSA increased by 80 percent when compared to the total sub-sector budget envelope between 2001 and 2006, its share of public investment has declined from almost 10 percent in 2001 to 3.8 percent in 2006. Likewise, if one compares GoG's release with total CWSA's spending, expenditures declined from 12 percent in 2001 to 7 percent in 2006.²⁶ Note that in practice the share might be even smaller given that the figures of total spending in the sector appear to be much higher due to the underreporting of donor aid.

²⁴ In addition to IDA, the funds from DANIDA, KfW and recently AfDB also pass through CWSA's accounting system. However, contrary to IDA's transfers, the DPs transfer their aid in aggregated form to CWSA's account from which it is transferred directly to the accounts of the DA's. As such, these funds are not audited by the Auditor General and therefore do not appear in CWSA's financial statements.

²⁵ See Water Resource Commission, Annual report, 2004

²⁶ See Annex 3.

Table no. 7: Sources of Funding of CWSA's budget 2001-2006 (in %)¹⁾



¹⁾ CWSA controls only directly a small part of these funds (GoG and IDA); the remaining funds (from other donors and HIPC) are managed outside of CWSA's accounting system)

Most of the sub-sector funding derives from the development partners. Donor assistance has increased by 382 percent between 2001 and 2006 and accounts for 90 percent of total CWSA budget envelope over the period 2001-2006.

Table no. 8: Budget Estimates and Actual Spending of CWSA 2001-2006 (in billion cedis)

	2001	2002	2003	2004	2005	2006
CWSA budget estimates						
GoG funding	5.6	7.3	11.6	14.4	16.5	21.8
Donors	51.1	180.3	202.2	115.0	363.2	532.0
HIPC	-	-	26.0	10.0	16.9	18.0
Total	56.7	187.7	239.8	139.5	396.6	571.7
<i>Total (in US\$ million)</i>	<i>7.9</i>	<i>23.6</i>	<i>27.6</i>	<i>15.5</i>	<i>43.7</i>	<i>62.3</i>
CWSA estimates (composition in %)						
GoG	9.9	3.9	4.9	10.3	4.2	3.8
Donors	90.1	96.1	84.3	82.5	91.6	93.0
HIPC	-	-	10.8	7.2	4.3	3.1
Total	100.0	100.0	100.0	100.0	100.0	100.0
CWSA actual spending						
CWSA (CWSA financial statements, incl. IDA)	22.9	38.8	69.0	122.4	85.6	102.5
Donor aid (CWSA annual reports, excl. IDA)	59.5	53.2	227.0	136.0	83.8	166.3
Total spending	82.5	92.0	296.0	258.4	169.4	268.8
CWSA actual spending/budget estimates (in %)	145.4	49.0	123.4	185.3	42.7	47.0
Memo item						
GoG estimate (approved budget)	5.6	7.3	11.6	14.4	16.5	21.8
GoG releases ¹⁾	9.0	8.3	7.8	10.1	14.2	16.3
GoG execution rate (GoG releases/estimates, in %)	161.4	113.5	67.1	70.1	86.0	74.8
CWSA donor aid execution rate²⁾	128.3	32.9	116.9	126.2	25.4	44.2

Source: GoG Appropriation Acts 2001-2007, CWSA Annual reports 2001-2006, MWRWH

¹⁾ Note budget releases refer to transfers made by MoFEP to CWSA's account

²⁾ The actual spending figures are based on CWSA's annual reports 2001-2006

Based on the available information on CWSA's actual spending, it is observed that actual spending is erratic (notably related to project disbursement). Sometimes significantly higher than the annual estimates (especially in 2001, 2003 and 2004) and at other times significantly lower (notably in 2002, 2005 and 2006). The figures have to be taken with caution as reporting on donor aid spending in the sub-sector is weak which makes it difficult to interpret the data. In fact, disbursed donor aid as captured by CWSA's regional offices is questionable with regards to reliability and coverage. For instance, a large share of externally financed technical assistance is financed outside the country with the payments made directly from the DP's headquarters to consultants (e.g. this is the case for CIDA, KfW, AfD, EU and recently AfDB).²⁷ The MoFEP captures actual spending of donor aid in the sector on a quarterly basis but faces difficulties in establishing a comprehensive data base aligned to the allocated budget. Therefore, an assessment of the MoFEP data is not possible.

Despite shortcomings in the reliability of actual donor aid, the figures on donor aid (planned and actual) from MoFEP and CWSA regional offices point to two main shortcomings: first, the sub-sector's capacity for planning of projects may need to be significantly strengthened and **second,** despite an increase of available resources in particular over the past two years, the implementation capacity of the sub-sector was not able to keep up with the scope of financing. In view of the sub-sector's commitments to achieve the MDGs, it will need to increase its absorption capacity considerably to keep up with the speed and magnitude of funds to be implemented in the context of the MDGs.

A comparison between GOG estimates (approved budgets) and actual releases indicates a low execution rate over the past four years 2003-2006. It is not possible to compare GoG estimates (approved budget) for CWSA and actual spending by the agency, as it only reports on the releases but not on spending of government funds. The spending of the agency is classified according to the economic classification (personal emoluments, administration, service and investment expenditures). Each category is financed through various sources, but the funding source for actual spending is not clearly identified. The funding of CWSA's operational budget is discussed more in in-depth in section.

Off-budget funding is likely to be significant but financial information is not available. Apart from the Development Partners and the Government, private individuals, NGOs, faith based organisations and other associations have funded rural water supply systems. These investments are, however, not captured in the budget and are referred to as off budget funding. CONIWAS is committed to strengthen the reporting on financial information by its members but this will take some time and require capacity building on financial planning and management.

Community Contribution

The policy of a five percent community contribution to capital cost for water facilities. The principle underlying such policy in terms of community ownership is recognised by GoG, all major DPs and some of the NGOs. In general, all the regions, collect a consistent figure of about €2.2 million per point source from each community as k-cost. Nevertheless, there are variations in the interpretation and eventual application of the policy. Inconsistencies can stem from the small towns' water supply projects, where some projects charge 2.5 percent instead of the 5 percent. An example constitutes the AFD funded project in the Northern region. The project had conducted a baseline study in the Central Region when executing the Regional Water and Sanitation Plan (RWSP). The study highlighted the high poverty levels and indicated that communities cannot afford 5 percent for small town systems. According to the project, this resulted in a policy decision to lower the community contributions in the Northern region. Furthermore, different procedures of

²⁷ COWI, Assessment of Aid Effectiveness, including Alignment and Harmonisation in the Ghana Water Sector, 2007

collecting the contribution are applied (in some projects, the collection of the contribution is a prerequisite to start the construction works while others do not require this). There are also variations in the usage of the 5 percent contribution. In some projects the contribution is used to pay the contractors (the project contributes 95 percent to capital cost), while in others the contributions is deposited in CWSA account (the project contributes 100 percent to capital cost).

Contribution of District Assemblies to capital cost remains a contentious issue. The CWSP II funded by the World Bank has applied a 5 percent DA-contribution to capital cost but most other projects do not apply this principle. It has been widely debated whether a community contribution to capital cost excludes the poorest communities from benefiting from support to a water facility. However, a study commissioned by CWSA in 2002 concluded that “the majority of communities that dropped out was not because of their inability to pay but because of other priorities for the expenditure of community generated funds”.²⁸

Detailed Analysis of the Community Water and Sanitation Agency Budget

Given the importance of CWSA for the sub-sector in terms of planning, monitoring and operational coordination of programs and resources, the following section will review a few issues related to CWSA’s operational and investment budget. At the outset, it is important to establish a few facts about CWSA’s budget. The agency has access to several income sources: Government of Ghana subsidy (GoG), internally generated funds (IGFs), HIPC funds, community contributions, funding from the water levy and donor aid (mainly IDA). As illustrated in box 2 below, CWSA’s core cost (personnel and administrative cost) is financed by GOG, IGFs and donor funded management fees while its investment activities (service and sub-project expenditures) are financed by the remaining income sources.

²⁸ CWSA 2002: Study of Community Contributions towards the Capital Cost of Water Facilities.

Box 2: Composition of CWSA's Income and Expenditure

Income	Expenditure
<p>Government of Ghana subsidy <i>Contributions of GOG towards administrative expenses</i></p> <p>Internally generated income <i>Comprises largely of interest on short term investment and other revenue, as well a sale for bid documents, rent income and transport deduction</i></p> <p>Donors funded management fee aims to support CWSA's core expenditures</p>	<p>Personnel Emoluments</p> <p>Administrative expenses</p>
<p>IDA Grant</p> <p>Donors funded management fee aims to cover "incremental cost" associated with project implementation.</p> <p>Community contribution <i>5% contributions made by beneficiary communities to cover project cost in respect of projects implemented by CWSA regional office</i></p> <p>Funding from GWCL <i>2% rural water levy on water bills contributed by consumers and ceded to CWSA by the Ghana Water Company (CWCL)</i></p> <p>HIPC <i>Funds received in 2004 and used until 2007 for projects in Guinea Worm endemic areas.</i></p>	<p>Service activity expenses <i>Relate 100% to donor funded training, workshops etc.</i></p> <p>Sub-project expenses <i>Sub-project expenses are funds that are released to and implemented by the DAs.</i></p>

Expenditures from all the sources mentioned in the table above are documented in CWSA's financial statements and have been subject to annual audits by the Auditor-General. However incomes from other donors are excluded from that table and the audits. In order to present a more comprehensive look at CWSA's budget, the assessment of CWSA's investment budget also includes the donor funding.

i) CWSA's Operational Budget²⁹

There are two ways of assessing CWSA's operational budget: First, given that GoG is the main income source for CWSA's budget, the assessment compares GoG estimates and GoG releases. Second, a comparison can be made between CWSA's income (from the GoG, IGFs and management fees) and CWSA's spending (on personnel emoluments and administration).

GoG funded budget releases to CWSA's operational budget have been lower than budget estimates since 2003. Over the first two years, GoG subsidies were still sufficient to cover the operational expenditures and even allowed the agency to create a surplus. As shown in table 9 below, in 2001 MoFEP released under P.E. and administration more funds during the fiscal year (€9

²⁹ See Annex 2 for a more detailed explanation of the composition of CWSA's budget.

billion) compared to what was inscribed in the budget (¢5 billion). However, since 2003 budgetary releases to CWSA's operational budget have been lower than the budget estimates.

Table no. 9: GoG Budgetary Allocations and Releases to CWSA 2001-2006 (in million cedis)

	2001	2002	2003	2004	2005	2006
<u>Budget estimate</u> ¹⁾	5,594	7,342	11,636	14,405	16,481	21,794
Sub-total operational budget	5,051	7,196	11,536	12,864	14,940	16,747
Personnel Emolument	2,236	3,436	7,123	8,009	9,278	12,048
Admin	2,815	3,760	4,414	4,855	5,662	4,699
Sub-total (service and investment)	544	147	99	1,541	1,541	5,047
Service	45	24	0	0	0	506
Investment	499	123	99	1,541	1,541	4,541
<u>Release</u> ²⁾						
Operational budget	9,031	8,331	7,813	10,102	14,178	16,301
Service	0	0	0	0	0	253
Investment	0	0	0	0	0	4,541

Source: ¹⁾MoFEP, ²⁾CWSA Financial Statements

Note: Releases for investments and services were received only in 2007

CWSA's operational expenditure exceeded its income since 2002 (with the exception of 2004).

A comparison of CWSA's income (comprising of GoG resources and IGFs) to CWSA operational expenditures shows that CWSA's income declined by around 0.1 percent on average per year in real terms over the period 2001 and 2006, whereas spending on personnel emoluments and administrative expenses increased in real terms by 10-11 percent per year over the same period (see table 10 below), resulting in a deficit of regular activities since 2002. Despite spending more than the budgetary allocations given by the Government, CWSA was somewhat able to break even by drawing on IGFs as well as donor financed management fees to ensure the operation of the agency. The management fees (a levy of 5 percent) is supposed to cover "incremental cost" associated with project implementation.³⁰ Over the past years, CWSA succeeded in increasing the number of donors that support incremental operational cost and software related activities (including IDA, DANIDA, EU, GTZ, DFID, UNCEF CIDA, AFD and ADB).³¹ Though CWSA's account department can identify expenditures paid from the management fee (in form of administrative costs, service activity and transfers to regions), it is difficult to distinguish to what extent these payments represent incremental costs or to what extent they represent support for the regular operating budget.³² It is also not clear whether the financial statements have covered all management fees. On the whole, it is reasonable to say that owing to the low GoG subsidies over the past years, the management fee has not been only used to meet incremental cost but also supported CWSA's core expenditures.

³⁰ Incremental cost is broadly defined as the extra operational costs (e.g. supervision and monitoring, communication with the DPs etc.) a region will have to incur due to the presence of a particular project in the region.

³¹ It is noteworthy only DANIDA and IDA apply the concept of Management fee as defined in the CWSA set up. Payments made by other DPs to support the incremental operational cost constitute basically an insignificant lump sum paid to region at the project operational level which is labelled budget support. CWSA's head office does not have any knowledge of some of these funds.

³² The flaws in the reporting of the management fees that constraints an analysis of the level and impact of management fees has been already discussed in the 2005 CWSA's institutional assessment. (GoG, DANIDA, Institutional, Organisational and Financial Assessment and Restructuring of the Community Water and Sanitation Agency, Phase II – Assessment of CWSA and Recommendations for change, 2005)

Table no. 10: CWSA Funding of Operational Budget 2001-2006 (in million cedis)

	2001	2002	2003	2004	2005	2006
Regular Income	9,218	9,500	9,994	14,844	16,079	18,556
GoG subsidy (releases of P.E & Admin) ¹⁾	9,031	8,331	7,813	10,102	14,178	16,301
Internally Generated Income (Admin)	186	1,169	2,181	4,742	1,902	2,255
Expenditure (operational budget)	8,762	12,226	14,702	16,156	23,415	29,300
Personnel emoluments	3,286	5,703	6,712	6,895	8,880	11,053
Administration expenses	5,477	6,523	7,991	9,261	14,535	18,247
Surplus/deficit on regular activities	456	-2,726	-4,708	-1,312	-7,335	-10,744
Net operating surplus/deficit	541	1,018	-2,048	516	-4,640	-8,958
Surplus/deficit on regular activities ²⁾	455	-2,726	-4,708	-1,312	-7,335	-10,744
Exchange adjustments	86	286	785	278	64	514
Management Fee IDA	0	3,458	1,875	1,550	2,631	0
Management Fee DANIDA						1,272
Real growth (%)						
Regular income (GoG subsidy + IGF)		-10.2	-17.0	31.9	-5.9	0.7
Personal Emolument		51.2	-7.1	-8.8	11.9	8.6
Administration expenses		3.8	-3.3	2.9	36.4	9.5
Memo item						
Surplus/deficit on regular activities (in US\$'000)	64	-343	-543	-146	-808	-1,170
Net operating surplus/deficit (in US\$'000)	75	128	-236	57	-511	-975
Regular income in real terms	9,218	8,275	6,871	9,064	8,530	8,590

Source: CWSA Financial Statements

¹⁾ Excluding HIPC

²⁾ Surplus/deficit is based on the difference between the regular income and CWSA's total recurrent expenditures

Despite the management fees and other additional income, CWSA still ran a net operating deficit in 2003, 2005 and 2006. CWSA's spending on administrative activities has by far exceeded its budget estimates (see table 11 below). Important tasks such as supervision and control functions are financed under this item and do not seem to be sufficiently funded by GoG. The need for more spending on these tasks is supported by the assessment in section 0 that highlighted the degradation and malfunctioning of facilities. Administrative expenditures constitute on average less than 6 percent of CWSA's total expenditures (recurrent and investment spending). This further supports the finding that the administrative budget is too small when compared to the investment volume in the sub-sector and the need to ensure the sustainable development of the infrastructure.³³ On the whole, this suggests that (i) the overall level of appropriation to CWSA's administrative budget is too low and constraints the agency in adequately carrying out important tasks such as supervision (e.g. post construction support activities) and quality control of the investment and (ii) the limited

³³ See Annex 2, table G

GoG releases obliged the agency to draw on its reserves; this, in turn, has allowed CWSA to overspend its administrative budget.

Table no. 11: Comparison of allocated and actual Expenditures of CWSA's administrative Budget 2001-2006 (in million cedis)

	2001	2002	2003	2004	2005	2006
Budget estimate						
Administrative expenses	2,815	3,760	4,414	4,855	5,662	4,699
CWSA expenditures						
Administrative expenses	5,477	6,523	7,991	9,261	14,535	18,247
Surplus/deficit	-2,662	-2,763	-3,577	-4,406	-8,873	-13,548
Surplus/deficit in US\$ '000	-371	-348	-412	-489	-978	-1475

Source: MoFEP, CWSA's financial statements

ii) CWSA's Investment budget

A comparison of CWSA's income and services and investment expenditures in the past five years reveals that CWSA's expenditures have often exceeded the agency's income for these spending items, in particular for service related activities. The service spending item constitutes a core area of CWSA's responsibilities in terms of training and the sector's capacity building (notably the District Assemblies and communities). GoG budgetary allocations to CWSA included resources for service and investment activities over the observed period 2001-2006; however, these appropriations were never released to the agency (see table 12 above). Consequently, due to limited income to support this spending item, the agency had to draw on its reserve to carry out community and DA training that is needed in particular at time of project closure. Evidence suggests that service spending has been inadequate for DA's, private sector practitioners, NGOs and in particular CWSA's Human Resource Development. Since its inception CWSA has never been able to implement a comprehensive HR Plan which has the short to long term vision of the sub-sector in perspective. A bold attempt was made to develop one in 2003/4 but it never got Board approval, let alone to be set before DPs for financial support.

Table no. 12: CWSA funding of the services and investment budget 2001-2006 (in million cedis)

	2001	2002	2003	2004	2005	2006
Income	5,397	25,277	57,845	126,104	58,225	70,446
2% Urban water levy	1,300	500	5,400	5,000	5,500	5,500
Community contribution	0	194	583	357	1,173	0
HIPC	0	0	0	36,669	0	0
Donor (notably IDA)	4,097	24,583	51,862	84,078	51,553	64,946
Expenditures	14,171	26,624	54,308	106,247	62,175	73,160
Service expenses	1,435	4,071	6,019	12,523	10,102	7,664
Project expenditure ¹	12,736	22,553	48,290	93,724	52,073	65,495
Net investment activity	-8,773	-1,347	3,536	19,857	-3,950	-2,713
Net operating budget	541	1,018	-2,048	516	-4,640	-8,958
OVERALL SURPLUS/ DEFICIT	-8,232	-329	1,488	20,374	-8,590	-11,671
Memo item						
Accumulated fund	11,620	12,668	17,247	40,750	35,796	26,825
Accumulated fund (in US\$ million)	1.6	1.6	2.0	4.5	3.9	2.9
Overall surplus/deficit (in US\$ million)	-1.1	0.0	0.2	2.3	-0.9	-1.3

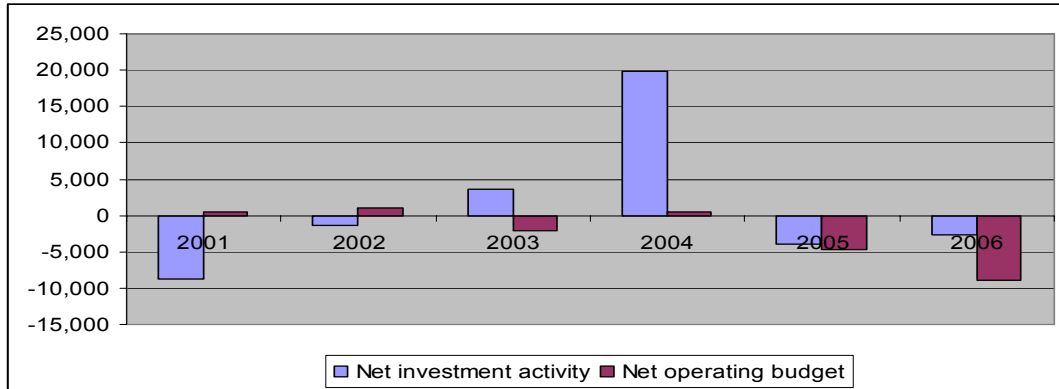
Source: CWSA's financial statements

¹ Excludes HIPC spending for the period 2004-2006

When adding together CWSA's net operating budget and net investment activity, the agency has run an overall deficit in most years with the exception of 2003 and 2004 (see table below). CWSA has an accumulated fund which allows the agency to carry over funds stemming from

certain income sources (e.g. community contributions, HIPC, donor aid, IGFs) to the next fiscal year. Thus, the overspending of the budget has been financed by reserves accumulated in this account. At the rate at which the accumulated fund is used up to finance the deficit in recent years, the account will be drawn down in the near future. This raises an important sustainability question regarding the spending pattern of the agency and government's commitment to support the agency once the fund has been run down.

Table no. 13: Comparison between operating and investment spending 2001-2006 (in million of cedis)



Source: CWSA's financial statements

Several further observations can be made regarding CWSA's investment budget:

Most of the sector's service spending is financed by donors. Except in the IDA Small Town Water and Sanitation Sector Project where the service cost of the investment component is shared on a ratio of 90 percent to IDA and 10 percent to the government, all other projects pay 100 percent for services and investments. Overall, it is difficult to assess the adequacy of service expenditures since a breakdown of disbursed donor aid by economic classification is not available. (According to the composition of estimated donor aid as inscribed in the budget, donor assistance has largely been towards investment activities (around 80 percent) while on average 20 percent of total donor aid had been allocated to service expenditures).³⁴

Government's investment in the water and sanitation sectors is mainly limited to the earmarking of HIPC resources for water and sanitation facilities. However, the management of the funds has been shifted away from CWSA to the Ministry since 2005. The transfer of HIPC funds to the sector since 2003 constitutes one important move by the Government to provide financial support to the National Community Water and Sanitation Program. The funds aim at eradicating the guinea worm disease by improving the provision of safe drinking water and sanitation facilities in the guinea worm endemic regions of Northern, Volta and Brong Ahafo and in Western Regions. According to Government's estimates, around ¢ 86 billion have been made available for the sub-sector since 2003, however, only ¢ 37 billion were released to CWSA in 2004 out of which almost all were spent by 2007 (see table 14 below). Due to delays by CWSA in disbursing the HIPC funds, the MWRWH decided to manage the funds since 2005. However, with the Ministry executing these funds now outside of CWSA's budget, this contributes to the fragmentation of the sector's funding and renders the monitoring and evaluation of funds utilisation more difficult.

³⁴ See Annex 2, table J.

Table no. 14: HIPC allocations and investment (in billion of cedis)

	2003	2004	2005	2006	2007
CWSA estimates ¹⁾	26.0	10.0	16.9	18.0	15.1
Release to CWSA ²⁾		36.7			
Actual spending by CWSA ²⁾		16.9	13.9	4.6	0.4

Source: MWRWH, CWSA

¹⁾ Based on MWRWH annual budget estimates

²⁾ Based on figures provided by CWSA

The overall low level of domestic resources (limited to HIPC funds) towards the investment of the sub-sector raises questions about the long term sustainability of the sector's development. While the sub-sector has been a key priority for the donors in the past, the lack of Government commitment in supporting adequately CWSA's operational budget as well as investment and service expenditures begins to constitute a disincentive for the development partners to be involved in the sub-sector.

According to the information available in CWSA's annual report, around eight donors and several NGOs (notably Water Aid and World Vision) are supporting the sub-sector, amounting to €235 billion in total spending in 2006 (see table 15 below). The most important donors in terms of funding are Danida (45 percent of total expenditures), followed by IDA (around 29 percent) and CIDA (around 7 percent), all supporting implementation of rural water supply and sanitation.

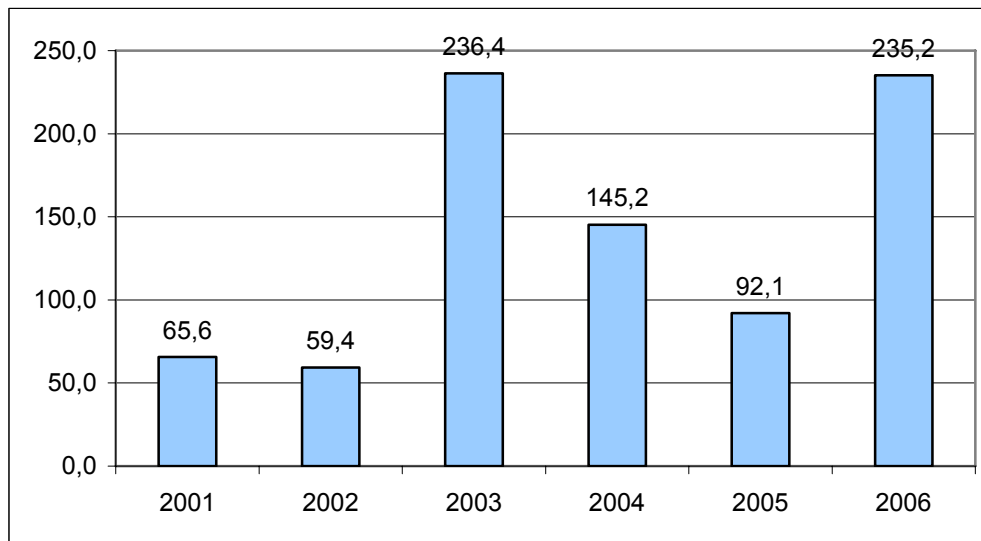
Table no. 15: Composition of Disbursed Funds by Donor 2001-2006 (in million of cedis)

	2001	2002	2003	2004	2005	2006
AFD			284	284	336	25,752
CIDA	2,060	11,202.3	7,158	8,193	4,488	17,100
DANIDA	24,747	35,052.1	131,363	116,789	56,554	105,777
EU	11,566	0.0	13,895	8,926	3,486	14,757
JICA	14,678	0.0	0	0	0	-
IDA	6,067	6,208.6	9,462	9,264	8,326	68,912
KfW	6,337	6,900.7	73,389	1,767	18,916	2,149
UNICEF	6	4.2	2	0	0	757
DFID	19	0.1	0	0	0	-
WHO	122	0.3	0	2	0	-
NGOs		0.0	866	0	0	4
Total	65,601	59,368	236,419	145,226	92,106	235,207
Total in US\$	9.1	7.5	27.2	16.1	10.2	25.6

Source: CWSA's annual reports

Note: IDA expenditures figures are based on the information documented in the annual report

Table no. 16: Actual Donor Spending 2001-2006 (in million of cedis)



The fluctuation in donor aid over the observed period can be partially attributed to the nature of the project cycle as well as weaknesses in the reporting system on donor aid. On the whole, given that the development partners provide the majority of the sub-sector's development spending, this makes it vulnerable to the erratic nature of donor funding commitments and often lowers the level of actual disbursements. In fact, Ghana's rural water sub-sector demonstrates many of the problems associated with dependency upon donor-financed projects. For example: (i) poor predictability of donor aid, (ii) sustainability of the investment as frequently seen once projects are completed there is not adequate maintenance³⁵, (iii) different reporting formats used by DPs or inadequate reporting result into a weak monitoring and evaluation of the sub-sector programs, (iv) diversion of CWSA officials time away from core agency activities due to donor-related demands and (v) lack of effective sector coordination because meetings are infrequent and the harmonisation of implementation procedures has not been fully explored.

Expenditures at the Regional Level

Budgetary allocations and budget management at CWSA's regional offices remains very limited and are irrespective of the level of donor aid in the region. CWSA has an office in each of the regions. The regional offices play a key role in assisting the DAs in the implementation of the externally funded projects and programs by preparing sub-projects, tender procedures and carrying out overall capacity building. The operating budget of the regional offices (P.E. and administrative expenditures) is financed through the budget of CWSA's headquarters. As shown in table 17 below, around 75 percent of CWSA's salary and 85 percent of its administrative budget is spent at the regional offices. All regional offices receive more or less the same allocation, irrespectively of the activity level in the region. At occasions, some regional offices have complained about the even distribution of being unfair. For instance, the Northern Region argued that given its largest land mass, they should be given a higher percentage share than smaller regions. However, it is important to note that the development partners have supported the regional offices through the management fee in the past, albeit the exact level of support is not known.

³⁵ At present, new funding has been committed by ADB and AfD and the EU. CIDA has not yet indicated if it will further support the sector, whereas DANIDA and WB will close their programs in the near future (2009).

Table no. 17: GoG salary and administration spending of regional offices by region in 2006

Region	P.E.		Administration	
	<i>in mill c</i>	<i>%</i>	<i>in mill c</i>	<i>%</i>
Ashanti	878.7	8.0	1,558.3	8.5
Brong Ahafo	789.2	7.1	1,521.8	8.3
Central	802.4	7.3	1,558.3	8.5
Eastern	729.5	6.6	1,596.6	8.8
Greater Accra	824.5	7.5	1,510.9	8.3
Northern	1,050.0	9.5	1,572.9	8.6
Upper East	883.1	8.0	1,489.0	8.2
Upper West	788.1	7.1	1,572.9	8.6
Volta	789.2	7.1	1,576.6	8.6
Western	792.5	7.2	1,463.4	8.0
Head Office	2,725.6	24.7	2,842.9	15.6
Total	11,052.9	100.0	18,263.7	100.0
Total in US\$	1.2		2.0	

Source: CWSA

Regions are selected based on low water and sanitation coverage, and the attachment of some donors to certain geographical zones. For instance, CIDA has some affection for Northern Ghana, just as Danida is inseparable from the Volta region. The role of a region in fund management is contingent upon whether the project is decentralised to district level or is centralised at head office/regional level. In the case of IDA and Danida, project activities are district based. As such the funds (based on the approved sub-projects) are transferred by portions from the head office directly to the districts. The regions engage financial management consultants who go to the districts to help them compile FMRs on transferred funds. The FMRs are submitted to Head Office indicating how the transferred funds have been spent, and based on the returns more funds are transferred to Districts for spending. Over 90 percent of the procurement is district based in IDA and Danida funded projects. In projects that are not ‘decentralised’ the procurement is largely handled by the RWSTs and the Project Implementing/ Executing Agencies (eg. CIDA, EU, AFD).

Table no. 18: Donor investment spending by region 2002-2006 ¹⁾ and water supply coverage 2006

Region	Spending (in %)					Water supply coverage (in %)
	2002	2003	2004	2005	2006	2006
Ashanti	0.3	6.5	0.5	0.4	0.1	63.1
Brong Ahafo	1.3	6.1	0.4	0.5	0.2	52.0
Central	0.0	1.0	3.4	9.3	6.8	46.4
Eastern (Danida)	18.3	30.3	47.5	16.7	14.5	47.1
Greater Accra (Danida)	9.9	8.9	11.6	17.9	13.1	51.0
Northern (CIDA, EU, AFD)	17.0	8.1	11.3	10.1	23.6	58.1
Upper East	1.9	0.6	0.9	0.6	1.9	51.3
Upper West	2.1	1.9	3.9	1.6	8.3	67.2
Volta (Danida)	26.7	15.0	17.4	18.8	9.5	51.0
Western	0.2	0.0	0.0	0.7	0.1	41.5
Head Office (Danida, IDA, KfW)	22.3	21.5	3.0	23.3	22.0	-
Total	100.0	100.0	100.0	100.0	100.0	52.9
Memo item						
Total spending (bill ₵)	59.4	236.4	145.2	92.1	235.2	

Source: CWSA Annual report

¹⁾ Including donor contributions provided by AFD, CIDA, DANIDA, EU, JICA, IDA, KfW, UNICEF, DFID, WHO and NGOs.

²⁾ National average

Shortcomings in DA's institutional capacity have slowed down the sector's implementation performance in the past years. The Government of Ghana has for several years pursued a decentralization reform as part of a wider effort for enhancing good governance. The objectives of decentralization reform are enshrined in the 1992 Constitution of Ghana and the Government has over the years implemented various activities and programs in support of the decentralization process. The NWP endorses the decentralised approach to wash delivery. While awaiting the establishments of Works Departments within DA structures, depending on the effective implementation of the Local Government Service Bill, CWSA would facilitate the capacity building of the DA's and strengthen the process of preparing and implementing the district water and sanitation plans.

Funding for water and sanitation projects for the DAs is available under the District Assemblies Common Fund (DACF) but the budget is small and related largely to sanitation activities.³⁶ In 2004, less than 5 percent of the DACF has been spent on water and sanitation projects; the DACF, in turn, represented less than 5 percent of total spending of Ghana's national budget³⁷ Until today, the capacity of the DAs is rather weak with releases of the Common Fund to the DAs being far from regular; this is further aggravated by frequent staff rotations/transfers among the staff in the DAs. Several donors have put significant efforts and resources to overcome these challenges but much depends on Government's adoption of the appropriate legal framework to support the fiscal decentralisation and management systems.

³⁶ Subject to annual changes, a formula is applied that determines the distribution of the DACF. In 2003, this was based on a (i) need factor (50%), including health (facilities and doctor/population ratio), education and water facilities, (ii) a responsiveness factor (5%), an equalizing factor (35%) and a service service pressure factor (10%). (ISODEC, Tracking the disbursement of the District Assemblies Common Fund, 2003, Annual report to Parliament from the Administrator of the District Assemblies Common Fund in 2004)

³⁷ Annual report to Parliament from the Administrator of the District Assemblies Common Fund 2004, Report of the Auditor-General on the Public Accounts of Ghana (Consolidated Fund) for the Year ended 31 December 2006.

PUBLIC FUNDING OF THE SANITATION SECTOR

Information on the funding of the sub-sector sanitation is limited and fragmented. Sanitation is rightly combined with water supply in the CWSS approach, as the health impact of combined water and sanitation interventions is greater than the sum of their individual impacts. However, contrary to the rural water supply sub-sector, it is more difficult to capture and assess the resource flow to this sub-sector. This is partially due to the weak capacity of the Ministry of Local Government, Rural Development and Environment through the Environmental Health and Sanitation Unit (EHSU) to manage, coordinate and regulate sanitation programs. The unit has only a small budget, accounting for ₵3.5 billion (around US\$380,000) or 0.02 percent of the national budget in 2006.³⁸ The funding of the water related sanitation sub-sector is primarily financed by donor assistance, but outside EHSU's budget. The Unit is at occasions informed and consulted regarding the preparation of water related sanitation activities that are in most cases a sub-component of a water supply program. However, the EHSU does not collect and document any financial information regarding the sanitation programs. A key constrain of the sub-sector's M&E is the fact that funding of the water related sanitation and hygiene activities constitute in general an integrated component of the total water supply program cost and is as such not captured separately by Government's accounting system.

A well established policy framework in the sub-sector would provide the opportunity to strengthen the funding of environmental sanitation services at the DA's level. The DAs are primarily responsible for the delivery of sanitation services at the district level.³⁹ Over the past years, there has been a gradual shift to district level based implementation of water supply and sanitation by the development partners. The aim is to support Ghana's decentralization policy agenda by developing capacity at the local level to enable water supply and sanitation services to be decentralized to local governments. To further strengthen this process, it is suggested in the current draft National Sanitation Policy that DAs establish separate budget lines for environmental sanitation services to ensure the funding of recurrent costs of environmental sanitation services and the upkeep of facilities and equipment. Additionally, the EHSU seeks to suggest the establishment of a District Environmental Sanitation Fund for all revenues stemming from the sub-sector and other funds to be used for environmental sanitation.

ISSUES IN BUDGET MANAGEMENT

i) Budget Preparation

Ghana's budget planning process has failed to reap the full benefits of the 1999 reforms aimed at improving the efficiency and effectiveness of public sector spending.⁴⁰ At the core of the reforms in the Medium-Term Expenditure Framework (MTEF) was the quest to strengthen budget planning through the development of Sector Investment Programmes and linking them to the macroeconomic framework. Specifically, the reforms sought to improve the budget process by: (i) explicitly linking sector objectives to the national development plan (ii) costing policy interventions and matching resource needs to the macroeconomic framework, (iii) linking funding requirement to the achievement of objectives and targets, (iv) abandoning the incremental share basis for preparing the recurrent budget; and (v) adopting a detailed system for the classification of expenditure

³⁸ See Annex 2, table K.

³⁹ Under the Government Act, 1993 (Act 462) the responsibility for all urban infrastructure services has been transferred to the Assemblies under a decentralized system. In the past, much of the responsibility in particular with regards to large investment operations and salary payments has been managed at the central level owing to delays in the fiscal decentralization. In 2007, budgetary allocations to the District Assembly Common Fund have been increased from present 5 percent to 7.5 percent, allowing the MMDAs to increase the funding for sanitation and waste management services.

⁴⁰ Guidelines for the preparation of the Estimates can be found in the draft handbook: Medium Term Expenditure Framework (MTEF), Ministry of Finance, August 1999. The Handbook seeks to rationalize and improve financial management arrangements.

categories. The critical difference in the budget process would be the adoption of the annual performance targets determined by the Strategic Plan, as a point of departure.

Strategic planning in the rural water and sanitation sector has been strengthened over the past years with the preparation of the Sector Investment Programme by CWSA, though the link between the SIP and the national budget remains weak. In developing a Strategic Implementation Plan as early as 1994 and updating it every few years, CWSA satisfies the essential criterion for budget preparation. Since the publication of the 2005-2015 SIP, the agency has focused on preparing a detailed outlook that provides an investment path towards achieving the Millennium Development Goals. The budget process, however, has not yet benefited fully from the SIP and its potential for determining medium-term and annual *Performance Indicators* has not been fully exploited.⁴¹ This is due to several reasons: First, the SIP's targets are neither linked to the three-year rolling MTEF nor the annual budget estimates. Second, consultations between the MoFEP and the Development Partners on the prospective level of donor assistance (the major source of investment funding for the sector) take place at a very late stage of the budget process resulting in a failure to factor this in CWSA's projections. Third, the sector's *Performance Indicators* are settled in meetings between the State Enterprise Commission (SEC) and CWSA that take place after the budget has been approved. This dual budget planning practice results in the MoFEP disregarding entirely the SIP while the SEC utilizes the indicators implied in the SIP in its annual negotiations of the agency's Performance Contract.

CWSA's budget preparation starts on the basis of zero-based budgeting, but it loses the benefits of this process when the ceilings based on historical shares are published. The CWSA budget process begins with the Mid-Year Review meeting usually convened after the end of the second quarter.⁴² Based on decisions at this review, Regional Offices submit budget proposals to Head Office where Budget Hearings are held to rationalize Regional submissions. Thereafter a Budget Planning Committee composed of staff from CWSA's Finance and Planning Departments reviews and collates the proposals into a draft budget. This draft is approved by Senior Management and submitted for the approval of the Board⁴³ and onward transmission to the MWRWH. The statutory deadline for Board approval is no later than three months before the end of the financial year. However budget ceilings are usually communicated to the Agency by MWRWH in late July or early August.

The subjectivity and lack of transparency in the allocation of the sector ceilings by the MWRWH to the agencies under it is a major concern. The MWRWH mediates between the MoFEP and CWSA in the budget process in three specific roles. It receives the overall sector ceilings from MoFEP. It then distributes the allocated funds to the Departments and Agencies in the sector. It is not obvious what guiding priorities and criteria are employed by MWRWH in the allocation of sector funds. Finally, after the Departments and agencies in the sector submit budget proposals based on their allocations, MWRWH collates and presents the overall sector budget to MoFEP. It leads the sector at the Budget Hearings held at MoFEP.

A weakness in budget planning is the "rigidity" and lack of serious interaction between the different actors at the budget hearings. The Budget Hearing is meant as an interactive process involving MoFEP, the sector Ministry and the relevant Department or Agency aimed at refining the draft budget. However the predominant mood is MoFEP's insistence on reducing allocations to fit within the published ceiling. MoFEP usually accepts programme justifications which do not lead to

⁴¹ The planned investments and performance indicators for national water and sanitation coverage developed in the SIP have provided the reference for the physical targets stated in annual budgets. The performance indicators also form the basis of the annual Performance Contracts negotiated between the State Enterprise Commission (on behalf of the Government) and CWSA.

⁴² Section 152(1) requires the Minister of Finance to submit, not later than eight months before the end of the financial year, a 'Budget Framework Paper' to the Office of the President outlining the draft preliminary constraints for the next budget period.

⁴³ Section 16(5) of Act 564 requires the draft budget to be submitted to the Board before end-September

increases in the expenditure ceilings communicated to the sector. But MDAs interest is to seek additional resources to execute approved programs. The futility of getting MoFEP to agree to increase funding is best exemplified by the CWSA which has failed to negotiate increases of its budget despite the obvious under funding of the operational budget. According to an internal review conducted on behalf of CWSA's Board, GoG allocation for administration expenses averaged 46.1 percent of the requests it submitted during the period 2001 to 2006; ranging from a low of 24.8 percent in 2001 budget to the highest 60.9 percent in 2003.

Due to its own failure to base its proposals on annual performance targets developed from the SIP, the agency fails to deploy its most effective tool in the negotiation for increased resources.

The budget process remains a mechanical process with little opportunity for agreement on policy-based allocations and so denies CWSA the allocations it deserves. The hearings do not provide much scope for negotiation because sector ceilings are determined on the basis of incremental shares ratios, providing little room for variation year on year (see the paragraph above).

Budget planning of donor funded investment projects/programs is weak. As mentioned above, the low execution rate of the sector's expenditures can be partially attributed to weaknesses in budget planning, notably of externally financed service and investment activities. In general, CWSA's budget ceilings (notably P.E. and administration) are determined as a function of MoFEP's assessment of the aggregate national expenditure levels it can sustain and the intra-sector priorities of MWRWH.

The failure to achieve the donor funding targets result from the failure of the budget planning process, especially unrealistically ambitious project targets. The Aid and Debt Management Unit (ADMU) of MoFEP is responsible for receiving and collating submissions from donors of their estimate of planned disbursements. This contributes to the weakness of budget planning. Because donor funding is seen as a positive benefit to the budget, submissions by Development Partners are not critically examined by either MoFEP or CWSA. This results in the maintenance of over-ambitious targets and contributes to implementation delays.

The principal reason for discussing the level of donor funding at the Hearings is for the purpose of determining the level of domestic matching funds required to facilitate donor support. Because of domestic resource constraints, inadequate provisioning of domestic resources for services and investment is the norm. Funding constraints adversely impact the disbursement of foreign-financed projects, resulting in lower disbursements of development assistance.

The operational and investment budget process are poorly integrated. There is weak linkage between the investment and operational budget. The recurrent cost implications of completed capital projects are not taken into account when the administrative budget is being drawn up, implying either a lack of knowledge of these donor-funded projects or a weak capacity to estimate rehabilitation needs (see also section 4.1.3). Moreover, though the budget provides a detailed economic classification of programmed donor aid, such a breakdown is not available for actual expenditure levels, making it difficult to monitor the actual extent of aid disbursed for service and investment activities.

CWSA financial management could benefit from the systemisation that the development of a budget manual (incorporating formal expenditure norms) provides. CWSA has argued that the denial of adequate funds for administration expenses explains its inability to meet its performance targets without a reliance on the Management Fee. The core budget depends solely on grant transfers from the Government and as noted earlier, GoG allocation of resources for these budget items is erratic. But the agency has not provided the necessary justification for the core budget, i.e. emoluments and administrative expenses. The development of expenditure norms in budgeting for Administration expenses can provide greater accuracy and objectivity in the assessment of expenditure needs.

CWSA faces a difficult problem in balancing the requirements of three parties : MoFEP, Donors and District Assemblies. The legal requirements oblige the CWSA to conform to the financial management system of the Government of Ghana by adhering to certain processes and procedures in the design and execution of the budget. By statute the investment budget is to be drawn up from the bottom, taking account of the plans and choices developed at the lowest level of planning, which is the District level. Weak planning capacity means that District plans do not exist in a form to provide the basis for the investment budget. In practice however, the bulk of the funds required to meet the development expectations of the communities are provided by donors. Therefore as much as possible, CWSA must conform to the rules of the donor.

Weaknesses in the institutional capacity of DAs have constrained the preparation of District Water and Sanitation Plans, currently applied by only DAs in 4 regions. The District Assemblies are expected to provide inputs for the implementation of the Community Water and Sanitation strategy, particularly in planning and donor management. The failure to recruit and retain staff for the establishment of District Works Department is an illustration of the weak implementation capacity at the DA. Such staffing weakness makes it difficult to prepare District Water and Sanitation Plans, design water and sanitation projects and generate data on on-going projects as required by the Local Government Act (Act 462). The role of CWSA is to facilitate and enhance the capacity of the District Assemblies to deliver water and sanitation services by means of community management

ii) Budget Execution

Progress needs to be accelerated in some aspects of budget reform, such as in developing a procurement system, improving the recording and projection of aid and debt flows and improving the overall efficiency of internal audit by extending pre-audit to the Regional Offices.

The computerization of accounting and budget data was an important component of the MTEF reform but its full impact has not been felt. CWSA has implemented a number of the modules for the Budget and Public Expenditure Management System (BPMS) component that were introduced in the MTEF reform. Progress has been made in computerizing the accounting system to improve accuracy and timely flow of information and the preparation and management of monthly cash flows.

The adoption of different software platforms by C&AG-D (ORACLE) and CWSA (NAVISION) has prejudiced the transmission of budget data to the centralized G&AG-D system. The data consolidation process is further weakened by the operation of centralized cost centres that input budget data into the system from hard copies produced by the agency. The failure to upload already inputted data by the agency unnecessarily duplicates the data input process.

A number of bottlenecks exist in the procurement process and adds considerably to project cost. Though it only manages a small share of donor funds, the absence of a dedicated procurement unit at CWSA is a source of weakness in implementation capacity. The composition and regularity of meetings of the Ministerial Tender Committee and the low contract sum threshold of the District Tender Committee contribute to delays in approving contract awards and thus to delays in completion of projects

The project approach to program implementation by many donors results in the application of multiple procedures and creates implementation delays. To assure donors that their funds can be tracked through the contract management system, Ghana's Public Procurement Act allows for the application of different procurement rules. However when this is done, the agency must obtain a "no-objection" from donor Head Offices, often contributing to delays.

iii) Monitoring and Financial Audit and Reporting System

CWSA has not deployed the expenditure classification system to analyse expenditure patterns. The MTEF reforms introduced an elaborate classification system to identify expenditure categories (outputs and activities) at all levels of aggregation and facilitate multi-dimensional reporting and the preparation of management reports at all levels. While CWSA's budget is published on the basis of this new classification, its annual expenditure reports do not apply the same level of desegregation. This makes it difficult to get the precise indication of resource use, particularly in distinguishing between water and sanitation expenditures. The full tracking of donor funds, failure which compels donors to insist on their procedures, is possible with the full observance and compliance with the GoG Chart of Accounts.

Audits of projects are not used. The Auditor-General has been consistent in the conduct of the statutory audit of CWSA's financial statements as required by Section 16 of Act 564. This audit provides assurances to the Board and Government that proper records have been kept and that all financial transactions have been accurately recorded in the books of the Agency. However it does not appear that the audits consolidate into a single document all the activities of CWSA including the Regional Offices, especially where these are funded by donors.

When the project agreement makes it obligatory, the auditors have conducted separate project audits. But these reports are treated as isolated and discrete interventions and do not form part of a comprehensive annual audit of the agency.

The Annual Financial Statements vary considerably from the Annual Reports which are based on the aggregation of Regional Reports. By incorporating Regional reports and project audits into the existing Financial Statements, CWSA would benefit from a comprehensive financial statement which can be used to cross-check the activities recorded in the annual report.

Budget information on planned and actual donor aid in the rural water sector is distorted and difficult to consolidate. Various data sources provide the information captured in CWSA's quarterly and annual reports. With respect to the monitoring and evaluation of donor aid, the difficulty results from several reasons. First, regional offices collect information on planned and disbursed donor aid which is captured in CWSA's management information system but is not subject to the same level of scrutiny by the Auditor-General as CWSA's accounts. Second, the annual report documents disbursed funds whereas information on the allocated budget is only available in form of the total project cost. This makes it difficult to compare allocated and disbursed donor aid. Third, The MoFEP documents the disbursed funds reported by donors on a quarterly basis but cannot verify if the number of projects (accounted for as disbursed) amounts to the number of projects providing estimates.⁴⁴ Fourth, owing to different procedures applied by donors some of the definitions applied are not identical. An example is the confusion between release and disbursement of funds when the donor is not involved in contract management. Donor funds transferred into CWSA's bank accounts for purposes of project implementation must remain 'releases' until they are paid to contractors and become disbursements. But some donors refer to the transfer of funds to CWSA's accounts as disbursements because this is the final activity for them, as they have no further involvement in the process.

The development of a functioning Management Information System (MIS) for CWSA has been characterised by problems of coordinating the different systems sponsored by the different donors and inherited by the agency. As the problems generated from software incompatibility, the initial focus of management was for its resolution. This has taken many years but has been successfully concluded. The current task is to develop an efficient field system to acquire and input primary data. The acquisition of financial flows forms an important aspect of the

⁴⁴ The budget estimates are prepared by CWSA's regional offices based on collected information provided by donors and submitted to Finance in an aggregated figure.

task. The process of data collection on existing facilities commenced in early 2007 and it is hoped that comprehensive and timely data will be available to support the development and monitoring of the budget.

COMPARATIVE ASSESSMENT OF SECTOR PERFORMANCE

The following assessment points to a number of findings in terms of efficiency and effectiveness in the sub-sector that determine the overall sector performance.

The cost of water supply facilities remains fairly low in Ghana compared to other countries in Africa especially regarding boreholes with hand pumps and wells (see table no. 19 below). The main reasons explaining that situation are probably a combination of number of factors: (i) the private sector in Ghana at all levels is quite developed and there are many providers of goods, works and services; (ii) the participation of foreign companies in sector activities, especially drilling, has had a positive influence on unit costs; (iii) drilling contracts in Ghana are in many cases larger than in many other countries, thus leading to lower unit cost per borehole; and (iv) transportation costs in Ghana are smaller than in neighbouring countries without access to the sea.

Table no. 19: Unit costs for Water Supply Facilities (in US\$ per capita)

	Borehole with Hand Pump	HDW	Piped schemes (rural and small towns)
Ghana	22	20	65/50
Mali	42	56	39/83
Madagascar	50	17	
Burkina Faso	36	26	30

The investment cost for water facilities, however, varies substantially from one project to another and the above figures reflect averages used for the SIP exercise in CWSA.

Ghana might benefit by a more efficient utilization of its expenditures as a comparison with other African countries reveals that Ghana, in terms of cumulated actual spending over the past six years, has the highest contribution to the sub-sector but positions itself in terms of results only after Burkina Faso that has invested less over the same period.⁴⁵ While Ghana has invested approximately US\$ 134 million over the past six years and reached a water supply coverage rate of 53 percent in 2006, Burkina Faso had spent only US\$ 92 million and achieved a water coverage rate of 60 percent.

Though information on actual spending is not reliable, available data suggests that there is a scope for improvement in terms of the budget execution rate that remains fairly low in particular since the last years. There is also substantial scope for improvement on the execution rate on external sub-sector resources as in neighbouring countries.

Table no. 22: Budget Execution Rate

<i>in %</i>	Budget Execution Rate - Domestic Funding	Budget Execution Rate – External Funding
Ghana	-	44.2 ¹⁾
Burkina Faso	79.8	46.1
Mali	98.1	59.5

¹⁾Based on figures provided in Ghana's budget appropriation act and in CWSA's annual report

⁴⁵ See Annex 2, table A

Available information on sector expenditures indicates that the per capita cost in the sub-sector totals around US\$ 52. A comparison with some neighbouring countries is given in the following table.

Table 23: Per capita Investment Cost in the rural and semi-urban water supply and sanitation sub-sector (2001-2006)

	2001-2006		
	Actual spending in US\$	Population Served	Actual spending in US\$ per person served
Ghana	133,800,000	2,600,000	51
Burkina Faso	91,700,000	2,625,000	35
Mali	103,100,000	1,150,000	90

Note: Actual number of people served in Burkina is 75% of actual numbers in order to reflect people served by sector ministry only

Finally, the annual yield of the sub-sector expressed in terms of constructed facilities in Ghana remain fairly low and will have to substantially increased if MDGs are to be met. The relatively low yield is confirmed in a regional comparison as shown in the table below⁴⁶.

Table no. 24: Implementation Capacity - CWSA Delivery of Facilities 2001-2006

	Average annual number of facilities delivered 2001-2006	Rural and Semi-urban Population - 2006
Burkina Faso ¹⁾	1,950	9.85 millions
Mali ¹⁾	750	9.5 millions
Ghana	1.250 point sources + 60 piped schemes	14.4 millions

1) All types of facilities converted into water point equivalents

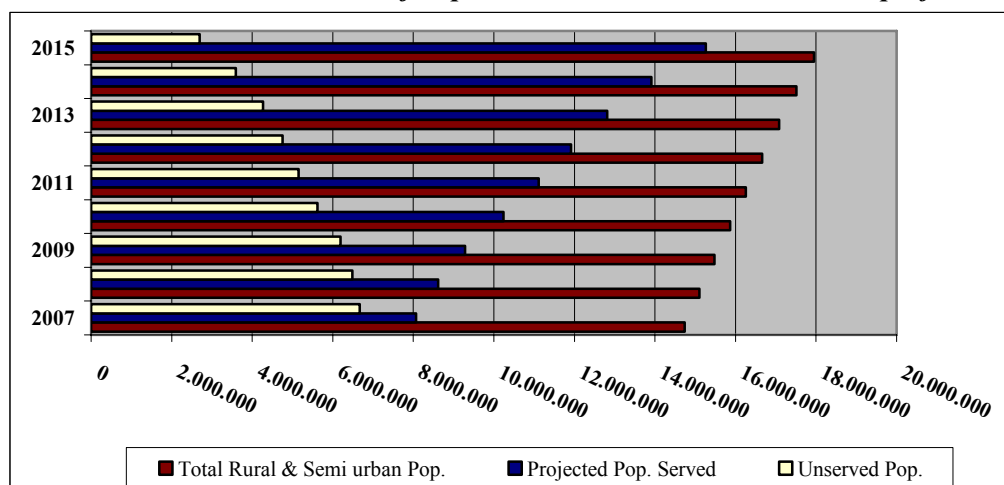
6. MEETING THE MDGS ON WATER AND SANITATION

To achieve the MDGs for water supply by 2015, rural and semi-urban water coverage rate in Ghana should increase from 53 % in 2006 to 76 % in 2015. However, the Ghana Poverty Reduction Strategy II has fixed a water coverage target of 85 % for 2005. This implies that approximately 15.2 million Ghanaians living in rural and semi-urban areas will have access to potable water by 2015. Potable water should thus be provided to 7.6 million people living in a rural or semi-urban environment in the period 2007 to 2015.

The number of persons served annually will have to be increased by approximately 90 % compared to the period under review in order to achieve the GPRS II target. From 2001 to 2006 potable water was provided to approximately 2.6 million people living in rural and semi-urban areas. In order to meet a of 85 % coverage by 2015, water will have to be provided for an additional 7.6 million Ghanaians (see table 20). The average number of people being annually provided with safe water will thus have to increase from 437,000 to 850,000.

⁴⁶ It should, however, be noted that this comparison is hampered by the lack of data regarding piped schemes (number of standpipes and/or number of people served). It is thus not possible to convert the Ghana data into water point equivalents.

Table no. 20: Evolution of Population Served 2007-2015 – MDG projection



According to the SIP, 18,150 new water facilities will have to be constructed in the period 2007-2015 to achieve 85 % coverage. This corresponds to the construction of 2,270 new facilities per year. Compared to the period 2001-2006, delivery of facilities will have to be increased with approximately 70 % in average by year in the period 2007-2015 to meet the GPRS II target.

Table no. 21: Facility Delivery to meet GPRS II target by 2015 (85 % coverage)⁴⁷

	Facilities 2007-2015	Per year 2007-2015
Boreholes	11.153	1.394
HWD	5.916	740
Piped Systems (rural)	855	107
Piped Systems (small town)	226	28
Total	18.150	2.269

The SIP 2008-2015 does not provide funds for the rehabilitation of facilities in the period. This underlines the importance given by CWSA to new water facilities to the detriment of ensuring functionality of existing ones.

Information on the challenge in increasing sanitation coverage remains scarce, but one source indicates that meeting the MDGs would imply serving an additional population of 750,000 persons per year at a cost of 25 million US\$⁴⁸.

7. CONCLUSIONS AND RECOMMENDATIONS

GENERAL CONCLUSIONS

Meeting the sector objectives set out in the GPRS and the MDGs by 2015 will require a substantial effort in terms of mobilizing additional funding. However, the study also clearly points to current institutional and structural weaknesses which need to be addressed in order to enhance the ability to consume existing available funding and to absorb additional ones.

⁴⁷ Source: Draft Joint Cabinet memorandum on the Updated SIP 2008-2015 and the Medium-Term Plan 2008-2012 of CWSA. August 2007.

⁴⁸ Getting Africa on Track to Meet the MDGs on Water and Sanitation. A status Overview of Sixteen African Countries. December 2006.

The challenges which need to be addressed in the near future are related to GoG level of funding; especially core funding of sector institutions, to bottleneck problems in the planning, execution and monitoring of activities both at the physical and financial levels and to an optimisation of investments on the ground, i.e. enhancement of functionality of facilities.

Private sector involvement in the operation and maintenance of water facilities remains negligible and there is a need to regain momentum on the PPP process in the sector.

Information in CWSA suggests that non-government funding of facilities is already quite important, especially for point sources. This points to the need of strengthening the dialogue and information sharing with non-government service providers, such as the Coalition of NGOs in the water sector. It, however, also points to the need to develop new avenues for funding water activities in order to boost sector investments. In this respect, the MWRWH and CWSA also need to be more proactive in relation to the fact that more and more sector funds are channelled directly to the District Assemblies. How can government institutions better support decentralized water supply and sanitation delivery and ensure that activities are implemented in accordance with sector norms and strategies?

Substantial progress has been achieved in terms of hygiene promotion and mainstreaming of the hand washing initiative into project approaches. However, sanitation in rural and semi-urban areas remains a neglected area and it is unlikely that the national water and sanitation programme will have a tangible impact on health issues if sanitation is not given a more prominent attention.

Transaction costs and the work load on key sector institutions in the sector remain quite high due to lack of uniform approaches among the various funding sources to planning, execution, monitoring and disbursement of funds. The establishment of the SIP by CWSA constitutes a first step towards a programmatic approach in the sector but needs to be further strengthened by updating the SIP on an annual basis, linking it to the annual MTEF process and clarifying the funding mechanisms for its implementation.

More actions towards harmonisation and alignment of sector activities are also paramount. Based on a study funded by AFD in 2006 on aid effectiveness and harmonisation, an action plan was adopted by all main stakeholders to enhance harmonization and alignment, but so far follow-up has been quite modest. It is suggested that key recommendations from the study should be integrated in the discussion of the recommendations below.

RECOMMENDATIONS

The following section suggests a number of key recommendations that addresses the identified shortcomings. These recommendations will be discussed with national stakeholders at a final workshop and form the basis on which an action plan will be drawn.

A. STRENGTHENING OF KEY SECTOR INSTITUTIONS

Strengthen the Water Directorate

An institutional assessment of staffing profiles needed in the WD should be carried out as soon as possible and recruitment of staff positions should start immediately. Furthermore, GOG should provide adequate operational resources that will enable the WD to function adequately.

The WD has finally received formal regularization by the Office of the Head of Civil Service as a Directorate within the MWRWH. However, the strengthening of the WD by GoG is vital in order to provide an adequate framework that will be in a position to spearhead the sector development and in particular the emergence of SWAP in the water supply sector. The strengthening of the WD is further crucial to ensure adequate liaison with other key government institutions (e.g. Ministry of Finance and Economic Planning) and to lobby for sector interests in GoG.

Strengthen the CWSA

With a view of adjusting the CWSA organisational structure and core functions to the decentralization process, the restructuring of CWSA should be pursued.

Whilst it is undeniable that CWSA in an environment with relatively weak capacity at DA-level has an important role to play in order to ensure water delivery in Ghana, there is a risk that CWSA will run itself out of business in a medium term perspective if it does not firmly move towards refocusing on its core functions (particularly in the areas of capacity building, monitoring and supporting long-term sustainability of water supply and sanitation facilities) and contributes to the anchoring of implementation of investment programs in the DAs.

Increase the Government's Support to the Sector

In view of the agency's urgent need to increase its supervision and control activities while facing inadequate funding of its budget, it would be important for the Government to increase the appropriations for administrative expenditures and to ensure its timely releases.

Likewise, the Government should ensure that appropriations of the service and investment budget are effectively released to support CWSAs in terms of training and sector's capacity building (notably the District Assemblies and communities).

The review also flags the existence and utilization of an accumulated fund that allows the agency to carry over most of its income as well as to finance the agency's deficit, in particular in recent years. One could argue that in fact the agency's deficit does not exist because supplementary resources in the reserve fund are available to the agency. It would be important to clarify if the Government is willing to support the agency once the funds have been run down or if such funds are needed to ensure the sustainability of CWSA's activities.

Align Sector Approaches to the Decentralization Process

With a view to mainstreaming sector activities into the decentralization process, the development of District Water and Sanitation Plans in all districts should be given high priority and these plans should form the basis on which all facility investments are approved. By end of 2008, all DAs should have a DWSP.

So far, the DWSPs are prepared and are used as the basis on which investments are approved in the DAs in four regions. There is a need to extend the DWSP process to all regions and DAs and to ensure that these plans form the basis in all programs/projects. Guidelines need to be developed by CWSA and adhered to by all DPs.

The WD of MWRWH supported by CWSA should hold discussions with MLGRDE with a view to exploring the mechanisms for integrating the DWSTs into the DWD.

As a preliminary activity, issues relating to the composition, career progression and placement of staff in the DWD should be thoroughly discussed and agreed by the two (2) ministries to set the integration process in motion. This recommendation is against the background that the membership of the DWST is drawn from three distinct departments (Community Development, Environmental Health and Works) within the DA to which they still owe allegiance. It is therefore important that all knotty issues relating to integration into the DWD be adequately addressed.

With the promulgation of the Local Government Service (LGS) Act 2003 (Act 656), and subsequently the establishment of the LGS, it is expected that efforts would be directed at instituting consolidated budgeting at the DA level. This would give impetus towards integrating the community water and sanitation activities and likewise that of the DWST into the mainstream activities of the DA. In line with the decentralised approach to water and sanitation delivery, the integration of DWSTs into the DWD could give recognition and legality to the activities of the DWST within the DA.

B. ENHANCEMENT OF IMPACT OF SECTOR INVESTMENTS

Strengthen Leadership and Approaches to Sanitation

MLGRDE, which is the lead government institution for sanitation delivery, should provide the requisite leadership in the drive towards improving sanitation delivery and in expediting action on the formulation of the national sanitation policy. An intensive approach involving hygiene education and social marketing should be undertaken jointly by CWSA, EHSU and DAs to enhance patronage of sanitation facilities and services.

This will address the seemingly weak institutional framework, policy vacuum and lack of leadership for the sanitation sub sector in the country. In addition, MLGRDE should speed up the process towards elevating the EHSU to a Sanitation Directorate (SD) to spearhead the implementation of the proposed national sanitation policy and making sanitation delivery an explicit responsibility of DAs.

In addition, CWSA should explore other less costly household sanitation technology options and make such options known to the general public. It is important that the capacity of latrine artisans are developed not only to construct latrines but to market the technology options to people in their respective communities. This recommendation is borne out of the limited technology options approved by CWSA for adoption for household use and the relatively high cost of these technology options. Generally, experience with the implementation of several sanitation programs indicate that households have increasingly been unable to construct latrines based on the current technology options from CWSA, even with 50% subsidy.

Enhance Functionality of Facilities

With a view to ensuring efficiency of sector investments, more attention should be given to monitoring of functionality and post construction support.

Monitoring of Operation and Maintenance Units has been established in four regions on a project basis. Clarification has to be sought on whether this test is to be replicated in all regions and on the funding of these units.

Furthermore, there is a need to investigate on how to enhance the way in which sector data are collected, analyzed and validated. This would not only contribute to more consistent information on water coverage development but also on functionality of facilities

The PPP in the water sector should regain momentum and CWSA should encourage communities to consider contracting out the operation, maintenance and management of small towns' water supply systems especially for schemes serving populations above 10,000 to the private sector.

This recommendation is against the backdrop of an increase in the number of small towns' water supply systems and the perceived weaknesses in the management of the water supply systems and the fact that only 3 schemes are presently under private management. This recommendation is a viable option towards enhancing the functionality and the smooth operation of the piped schemes and is in line with the principles of the NCWSP. Furthermore, Ghana abounds in talent in the private sector who could utilize their expertise in the management of these small towns systems.

C. INCREASE OF SECTOR INVESTMENTS

Create a Conducive Environment for Boosting Non-governmental Investments

To promote new ways of doing business in the sector and enhance service delivery, the Water Directorate and CWSA need to embark on an analysis with a view of developing a conducive environment for further non governmental funding of sector investments and to further strengthen relations with existing non-governmental providers of water facilities.

Based on CWSA information, there seems to be evidence that a substantial part of investments in boreholes with hand pumps (45%) and hand dug wells (70 %) has been provided by non

governmental organisations and private investors. This situation emphasises the need to further strengthen collaboration and information sharing with e.g. the NGO-coalition CONIWAS. There is, however, also a need to make an in-depth analysis of the avenues and bottlenecks regarding more non-governmental/private investments in facility delivery, especially bigger piped schemes. Such a study, which could to some extent build on experience gained under the PPIAF, should in particular address the legal framework, issues related small towns' water supply and the need for marketing and training related to non-governmental investments.

D. CREATE THE FOUNDATION FOR A SWAP

Strengthen Budget Planning

To establish the needed consistency between the agency's annual budget and its long-term goals, it is important for the SIP to be fully integrated into the budget process. The SIP provides the broad policy objectives and investment requirements which must be ultimately reflected into the short-term plans of CWSA and must also inform the priorities of the budget.

The development of a long-term SIP and its regular revision has provided the necessary foundation for realising the strategic objectives of the CWS sector. But the reality is that the budget practice does not allow the necessary link between the SIP's targets and either the three-year rolling MTEF or the annual budget. Thus the coherence of the SIP is not systematically exploited; the targets in the annual budget are not developed from the SIP. The development of a medium-term program that links the long-term vision of the SIP to the immediate challenges of the annual budget is required. The development of a medium-term Investment Plan will link the sector plan to the Government's three-year MTEF and improve the correlation between the sector program and the overall macroeconomic framework.

Strengthen Budget Reporting and Transparency

Given that information on actual spending of donor aid is fragmented and not consistent in the sector, CWSA jointly with MoFEP and the development partners should pursue the development of a joint reporting system with standardised formats to be applied by all projects/programs. The development partners may wish to support government in supporting the agency in the development of the sector's financial reporting system in order to ensure the effective utilization of the system.

This recommendation is against the background that figures on donor aid presented in the annual report are not consistent with figures reported in the financial statements of CWSA or by the budget documents of the MoFEP, which impacts CWSA's strategic budget planning and poses substantial management cost for the agency. Moreover, there is a need to strengthen the financial section of the annual reports by i) inserting an assessment on the annual planned and disbursed donor aid and ii) reporting on the utilization of community contributions and management fees. Furthermore, CWSA should consider presenting its expenditure report according to the detailed GoG expenditure classification proposed in the MTEF Handbook. This will be useful in establishing the actual distribution of funding for water and sanitation. An improved reporting of the sector's donor aid constitutes also an important prerequisite for the successful implementation of a SWAP. At last, to limit the fragmentation of the sectors budget and ensure transparent utilization of the resources, it is also strongly recommended to channel the HIPC funds through CWSA as it was the case in 2004.

Conduct internal Evaluation of Procurement Activities annually

The preparation of an annual report to evaluate the conduct of procurement will be invaluable in providing feedback to aid the improvement of the standard of practice.

Bottlenecks in the procurement process create delays and add considerably to project cost. But the practices that impact negatively on costs need to be critically analyzed and systematically removed. The important parameters to be assessed annually should include the time taken to complete the procurement cycle, the number and values of contracts the various Tender Committees had to deal

with as well as the frequency of meetings. Based on such a review, reasonable financial limits can be introduced.

The absence of a dedicated procurement unit at CWSA is a source of weakness in a contract management process that relies on staff working only part-time in such a specialized area. The creation of a one-stop shop in the agency should aid the development of technical competence and provide useful support for program implementation. Initially the responsibility for the proposed comprehensive annual review of the procurement process could be assigned to the Internal Audit Department and shifted to the procurement unit when it is formed.

Create Uniformity in the Conduct of Project Audits

The appointment of a single audit firm to audit all aid projects should resolve the segregation of audits that has resulted from the obligatory project audits, separate for differently-sponsored projects by the different DPs.

The use of a single audit firm should enhance uniformity in the quality and coverage of the project and Regional office audits and would facilitate the development of a consolidated financial statement of CWSA.

Strengthen EHSU's monitoring and evaluation function

Given the dearth of information in the water related sanitation sub-sector, the EHSU, jointly with CWSA, the MoFEP and the DPs, should give a priority to strengthening the sector's data collection, documentation in the budget and evaluation by CWSA and the EHSU.

The funding of the water related sanitation sector is mainly donor funded but outside EHSU's budget. Additionally, sanitation programs constitute in general an integrated component of water supply program, and as such, their budget is often not documented separately. The EHSU should take the leadership towards monitoring and evaluating the sector's funding level and implementation performance. There is also a need for the EHSU, in conjunction with CWSA, the MoFEP and the DPs, to consider how the planned and actual spending in the sub-sector can be better integrated in the chart of accounts and deployed by the MTEF classification system.

Enhance Sector Coordination and aid Harmonisation

In order to improve the implementation performance of programs and financial monitoring in the sector, CWSA, jointly with the Water Directorate and the development partners, should establish regular discussion forums/meetings on a bi-monthly (between DPs and GoG to discuss implementation management, monitoring and evaluation) in quarterly basis (between the donors and the deputy minister to monitor progress and discuss policy issues).

In recent years, efforts have been made by Government and the DPs to improve sector coordination but the efforts have not yet yielded results. Meetings have taken place often on the odd occasion. According to a study on aid effectiveness, there is also scope for further harmonization of implementation procedures. Thus, a priority for the abovementioned forums/meetings should be the implementation of several of the study's recommendations such as the application of a joint Project Operational Manual, joint missions, and coordination of workshops, in particular the establishment of a sector training plan.

8. ACTION PLAN

The draft report was presented and discussed at a workshop in Accra on January 18, 2008. The main decision taken during the workshop was to engage on a process towards a SWAP in the rural and semi urban water supply and sanitation sector. A first draft of a roadmap for the SWAP process was agreed upon (see the following pages) and the Water Directorate of the MWRWP was made

responsible for leading the process, including the finalization of the roadmap by end of February 2008 at the latest.

Overall Objective	Improve access to potable water and better sanitation	Overall outcome: 1. Increase access and usage of water supply from 55% in 2007 to 63% in 2010 in rural and semi-urban areas 2. Increase access to sanitation from x % in 2008 to x% in 2010
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Verification : Annual service delivery surveys and household surveys

Specific Objectives	Priority Actions	2010		Indicator	Base line	Expected Results		Responsible
		2009	2010			2008	2010	
Strengthening of key sector institutions	<p>Implement CWSA Change Management Plan to adjust to decentralization policy</p> <p>Continue and strengthen the Mole series as a way of consolidating NGO data</p>	<p>Recruit x staff for the Water Directorate and provide adequate logistic</p>		Total WD staff number	3 (2008)	3	x	<u>MWRWH</u>
	<p>Elevate the EHSU to a Sanitation Directorate</p>	<p>Increase administrative budget and ensure its timely released</p> <p>Explore new concepts developed internationally likely to boost demand for sanitation</p>		Number of meetings per year		x	x	?
				Administrative budget for DW and CWSA	x million Cedis	x	x	<u>MWRWH</u>
								-

Strengthen budget planning, execution and monitoring	Prepare CWSA 2009 budget on results oriented Program Budget basis	Prepare CWSA 2010 budget on results oriented Program Budget basis	Prepare 2011 results Program oriented budget basis	CWSA Total budget performance rate	x % in 2006	x %	x %	x %	CWSA/DP's
		Develop a Strategic and annual procurement plan to aid and speed up disbursement of funds.		Increase in annual disbursements	x % in 2006	x %	x %	x %	CWSA/DP's
		Create a Procurement Unit at CWSA and staff it		Average number of days for contracting cycle	157 days?	x	x	x	CWSA
	Develop a mechanism for capturing data on NGO investments and outputs (to enable a credible M&E)			Number of NGO's providing data to DW	x % in 2006	x	x	x	CWSA/DP's
		Develop Harmonised M&E system for the rural water sub-sector	Finalise Harmonised M&E system for the rural water sub-sector	Statistics on achievements, population served and access rate to potable water are published annually		0	0	1	DW/MWR WH
		<i>Appoint a single audit firm to audit all aid projects.</i>		Number of audit firms recruited per year		x	x	x	CWSA/Do nors

ANNEXES

ANNEX 1: CWSA FACILITY DELIVERY 2001-2006

	2001		2002		2003		2004		2005		2006		Actual 2001- 2006	Target 2001- 2006	Deviation in %
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual			
NEW FACILITIES															
Boreholes	550	198	1.500	622	1.600	1.290	2.000	2.098	1.647	1.112	1.152	1.325	6.645	8.449	78,6
Hand dug wells	50	629	240	65	220	61	100	64	35	1	49	9	829	694	119,5
Total Water Points	600	827	1.740	687	1.820	1.351	2.100	2.162	1.682	1.113	1.201	1.334	7.474	9.143	81,7
Small communities pipes	10	92	20	4	15	19	10	40	1	2	0	5	162	56	289,3
Small Town pipes	10	63	20	25	48	46	40	57	27	2	89	12	205	234	87,6
Total Piped Systems	20	155	40	29	63	65	50	97	28	4	89	17	367	290	126,6
REHABILITATION															
Boreholes	500	606	140	407	100	115	130	85	49	31	118	77	1.321	1.037	127,4
Hand dug wells	0	6	0	2	0	0	0	0	0	6	0	9	23	0	
Conversions	20	932	5	362	0	0	0	0	0	31	0	4	1.329	25	5.316,0
Total Rehabilitations	520	1.544	145	771	100	115	130	85	49	68	118	90	2.673	1.062	251,7
SANITATION															
Household latrines	3.400	10.295	8.000	4.275	10.000	10.485	10.000	5.501	4.655	3.092	6.179	5.295	38.943	42.234	92,2
Inst- latrines (KVIP)	150	679	260	144	0	246	5.000	465	539	77	500	230	1.841	6.449	28,5
Total latrines	3.550	10.974	8.260	4.419	10.000	10.731	15.000	5.966	5.194	3.169	6.679	5.525	40.784	48.683	83,8

Source : Update of Strategic Investment Plan 2008-2015 & the Medium Term Plan 2008-2012. CWSA June 2007

ANNEX 2: REGIONAL COMPARISON OF SPENDING IN RURAL WATER SUPPLY AND SANITATION

Regional Comparison of Spending in Rural Water Supply and Sanitation

	2001	2002	2003	2004	2005	2006
Access to potable water (in %)						
Ghana	41					53
Mali	45					50
Burkina Faso	46 (?)					60
Total spending (in million US\$)						
Ghana ¹⁾	11.5	11.6	34.1	28.7	18.7	29.3
Mali	10.1	10.1	8.8	15.7	27.1	31.3
Burkina Faso	18.0	6.6	9.8	8.7	16.0	32.6
Share of the total National Budget (in %)						
Ghana ²⁾	n.a	n.a	n.a	n.a	n.a	n.a
Mali	1.5	1.1	0.7	1.2	1.9	4.7
Burkina Faso	3.1	1.3	1.5	1.0	1.6	2.8
Share of GDP (in %)						
Ghana	0.2	0.2	0.4	0.3	0.2	0.2
Mali	0.4	0.3	0.2	0.3	0.5	0.6
Burkina Faso	0.9	0.2	0.2	0.1	0.3	0.5

Source: PER reports Ghana, Mali and Burkina Faso. 2007

¹⁾ Figures are based on CWSA's actual expenditures

²⁾ In Ghana the budget comprises of various funding sources (GOG, IGFs, HIPC, donor aid etc.) which are documented by different public entities. Due to difficulties to obtain actual spending figures of all funding sources, an assessment of CWSA's actual spending as a national budget could not be conducted.

ANNEXE 3: STATISTICAL TABLES ON SECTOR FUNDING AND EXPENDITURES

STATISTICAL TABLES

Table A: Budgetary allocations to WRC 2001-2007 (in billion cedis)

	2001	2002	2003	2004	2005	2006	2007
GoG funding	0.9	1.0	1.2	1.0	1.8	2.0	2.5
Donors	1.2	1.7	1.4	4.0	6.0	4.6	-
Total	2.1	2.7	2.6	5.0	7.8	6.5	2.5

Source: MoFEP Appropriation Act, excluding IGFs

Table B: GOG execution rate 2001-2006 (in billion cedis)

	2001	2002	2003	2004	2005	2006
GoG estimate	5.6	7.3	11.6	14.4	16.5	21.8
GoG release ¹⁾	9.0	8.3	7.8	46.8	14.2	16.3
GoG (GoG releases/estimate)	161.4	113.5	67.1	324.7	86.0	74.8

Source : CWSA's financial statements

Table C: Real growth of CWSA sources of funding 2001-2006 (as a %)

	2002	2003	2004	2005	2006	Growth 2001/06
GoG payment	-19.6	-26.0	431.6	-73.7	0.3	-16.5
Internally Generated Funds ¹⁾	446.5	47.3	93.1	-65.2	3.5	460.4
IDA grant	496.1	51.3	40.2	-57.3	17.4	533.5
Other donors				1,279.5	-29.1	
2% Water levy ²⁾	-66.5	752.4	-17.8	-4.4	-12.7	95.8
Community contribution ¹		137.4	-45.6	185.3	-100.0	
Exchange difference	189.9	116.9	-68.6	-80.0	601.6	177.1
Total	128.2	44.4	79.9	-53.1	2.9	185.9

Source: CWSA

Table D: Composition of CWSA actual budget spending 2001-2006

	2001		2002		2003		2004		2005		2006	
	In billion Cedis	in %	In billion Cedis	in %	In billion Cedis	in %	In billion Cedis	in %	In billion Cedis	in %	In billion Cedis	in %
Personnel emoluments	3.3	14.3	5.7	14.7	6.7	10.4	6.9	5.6	8.9	10.4	10.4	10.8
Administration expenses	5.5	23.9	6.5	16.8	8.0	10.9	9.3	7.6	14.5	17.0	17.0	17.8
Service expenses	1.4	6.3	4.1	10.5	6.0	8.7	12.5	10.2	10.1	11.8	7.7	7.5
Project expenditure	12.7	55.5	22.6	58.1	48.3	70.0	93.7	76.6	52.1	60.8	65.5	63.9
Total	22.9	100.0	38.8	100.0	69.0	100.0	122.4	100.0	85.6	100.0	102.5	100.0

Source: CWSA financial statements

Table E: Real growth of CWSA actual budget spending 2001-2006 (in %)

	2002	2003	2004	2005	2006	<i>Growth 2001/06</i>
PE	51.2	-7.1	-8.8	11.9	8.6	55.7
Admin	3.8	-3.3	2.9	36.4	9.5	54.2
Service	147.2	16.7	84.8	-29.9	-33.8	147.3
Project expenditure	54.3	69.0	72.4	-51.7	9.8	138.0
Total	47.6	40.2	57.5	-39.2	4.5	106.8

Source: CWSA financial statements

Table F: Administrative expenditures as a share of CWSA operating budget and total spending 2001-2006 (in million cedis)

	2001	2002	2003	2004	2005	2006
CWSA total operational spending¹	8,762	12,226	14,702	16,156	23,415	29,300
Personnel emoluments	3,286	5,703	6,712	6,895	8,880	11,053
Administration expenses	5,477	6,523	7,991	9,261	14,535	18,247
<i>Administration expenses (% of total operational spending)</i>	<i>62.5</i>	<i>53.4</i>	<i>51.1</i>	<i>57.3</i>	<i>62.1</i>	<i>62.3</i>
CWSA spending of the sector (recurrent & investment)^{1,2}	82,467	92,009	295,968	258,364	169,369	268,755
CWSA (including IDA) ¹	22,933	38,850	69,011	122,403	85,590	102,460
Donor aid (excluding IDA) ²	59,534	53,160	226,957	135,961	83,780	166,296
<i>Administration expenses (% of total CWSA spending)</i>	<i>6.6</i>	<i>7.1</i>	<i>2.5</i>	<i>3.6</i>	<i>8.6</i>	<i>6.8</i>

Source: ¹CWSA's financial statements, ²CWSA's annual report**Table G: GoG release as a share of total CWSA's spending 2001-2006 (in billion cedis)**

	2001	2002	2003	2004	2005	2006
GoG release ¹⁾	9.0	8.3	7.8	46.8	14.2	16.3
Total	82.5	92.0	296.0	258.4	169.4	268.8
CWSA (including IDA) ¹	22.9	38.8	69.0	122.4	85.6	102.5
Other donors (excluding IDA) ²⁾	59.5	53.2	227.0	136.0	83.8	166.3
GoG release as a share of the spending (in %)	11.0	9.1	2.6	18.1	8.4	6.1

Source : CWSA's financial statements¹⁾, CWSA's annual report²⁾

**Table H: GoG budgetary allocations of CWSA's services and investment expenses 2001-2006
(In million cedis)**

	2001	2002	2003	2004	2005	2006
Service	45	24	0	0	0	506
Investment	499	123	99	1,541	1,541	4,541
Total	544	147	99	1,541	1,541	5,047
<i>Service + Invest. (% of total GOG budget to CWSA)</i>	<i>9.7</i>	<i>2</i>	<i>0.9</i>	<i>10.7</i>	<i>9.4</i>	<i>23.2</i>
Memo						
Total GoG budgetary allocations	5,594	7,342	11,636	14,405	16,481	21,794

Source: MoFEP

Table I: Composition of allocated donor aid to CWSA (in million cedis)

	2001	2002	2003	2004	2005	2006
<u>CWSA budget estimates</u>						
Services	8,003		24,517	30,000	78,154	78,154
Investment	43,137		177,691	85,047	285,046	453,817
Total	51,141	180,331	202,209	115,047	363,200	531,971
<u>Composition of CWSA donor aid (in %)</u>						
Services	15.6	n.a	12.1	26.1	21.5	14.7
Investment	84.4	n.a	87.9	73.9	78.5	85.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: MoFEP

Table J: Composition of EHSU budget 2002-2006 (in million cedis)

	2002	2003	2004	2005	2006
Budgetary allocations to EHSU	10,033.8	4,699.3	2,550.0	2,499.0	3,473.0
PE	9,428.0	4,185.0	1,812.0	1,386.0	1,279.0
Admin	422.3	367.0	392.0	370.0	362.0
Service	102.0	85.0	150.0	145.0	1,153.0
Investment	81.5	62.3	196.0	598.0	679.0
Memo					
<i>Share of the National Budget</i>	<i>0.12</i>	<i>0.04</i>	<i>0.02</i>	<i>0.01</i>	<i>0.02</i>

Source: MoFEP

Table K: Spending of donor aid by region 2002-2006

	2002		2003		2004		2005		2006	
	In million cedis	Share of the total	In million cedis	Share of the total	In million cedis	Share of the total	In million cedis	Share of the total	In million cedis	Share of the total
Ashanti	190.4	0.3	15,344.3	6.5	772.0	0.5	406.7	0.4	314.5	0.1
Brong Ahafo	760.1	1.3	14,491.9	6.1	644.9	0.4	479.6	0.5	382.5	0.2
Central	0.0	0.0	2,262.7	1.0	4,873.2	3.4	8,535.0	9.3	16,010.7	6.8
Eastern	10,867.1	18.3	71,695.7	30.3	68,945.5	47.5	15,362.3	16.7	34,014.3	14.5
Greater Accra	5,858.1	9.9	20,995.9	8.9	16,913.1	11.6	16,500.5	17.9	30,746.6	13.1
Northern	10,101.1	17.0	19,111.9	8.1	16,357.7	11.3	9,339.5	10.1	55,478.7	23.6
Upper East	1,101.2	1.9	1,426.6	0.6	1,345.1	0.9	551.7	0.6	4,440.7	1.9
Upper West	1,255.4	2.1	4,588.9	1.9	5,709.6	3.9	1,498.9	1.6	19,445.3	8.3
Volta	15,878.7	26.7	35,502.3	15.0	25,203.5	17.4	17,300.8	18.8	22,459.0	9.5
Western	123.9	0.2	92.3	0.0	37.7	0.0	631.2	0.7	223.0	0.1
Head Office	13,232.3	22.3	50,906.6	21.5	4,423.3	3.0	21,499.7	23.3	51,691.7	22.0
Total	59,368.3	100.0	236,419.1	100.0	145,225.6	100.0	92,106.0	100.0	235,207.1	100.0