

**PRESENTATION OF POSITION PAPER ON THE ROLE OF THE
PRIVATE SECTOR IN WASH DELIVERY**

BY



**TO THE
MINISTRY OF SANITATION AND WATER RESOURCES**

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Recipients:	The Minister for Sanitation and Water Resources (MSWR) The Minister for Local Government and Rural Development (MLGRD) The Minister for Finance The Minister for Trade and Industry CABINET
Presented by:	The Alliance for Water, Sanitation and Hygiene (WASH) Advocacy (A4WA)
Topic:	A4WA Position on the Role of Private Sector in WASH Delivery

INTRODUCTION

This document highlights the status, key recommendations and actionable steps for attracting private sector investment, capability and other resources for achieving increased access to safely managed drinking water service, basic hygiene and sanitation for all.

BACKGROUND & CONTEXT

While Ghana has made dramatic economic and infrastructure improvements over the past 1-2 decades, it is estimated that about 8 million people are underserved by safe water services. The need for safe water is even higher when factors such as service reliability, quality and functionality are considered. Only **27%** of the population has safely managed water access delivered on premises. Access to sanitation is more abysmal. The 2017/18 Multiple Indicator Cluster Survey report estimated 21% having access to safe sanitation and 21% practicing open defecation. Only 5% have access to safely managed sanitation services. Inadequate financial investment, skill capability and an enabling policy environment are among the key barriers that account for this situation and the Ghana Government has expressed interest in leveraging resources and capability from the private sector to address this gap.

Both the National Water Policy (2007) and the 2010 National Environmental Sanitation (ESP) have clear statements on the private sector role in the provision of safe water and sanitation. For instance, the ESP states, “where possible, environmental sanitation services shall be provided by the private sector on full cost recovery basis. The services to be provided include provision and management of septage tankers, on a fully commercial basis subject to licensing and setting of maximum tariffs by the Assemblies”.

The National Water Policy capture private sector involvement as “to promote private sector participation in investment and management of urban water supply as a means of mobilizing investment and improving overall efficiency.” This is a recognition of the Government’s intent to partner with the private sector to provide environmental sanitation services in Ghana.

STATUS

Despite the interest shown by the Ghana Government in engaging the private sector, not much progress has been achieved:

- **Water Services**
 - Urban water supply is being managed exclusively by the public sector with no formally laid down procedures for private sector participation;

- In small towns, the Community Water and Sanitation Agency (CWSA) has taken over responsibility for direct service delivery. About 10 water systems that were previously under management contracts have had those contracted terminated;
- In the rural areas, investment in point sources (hand dug wells and boreholes) and transfer of responsibility for ownership and management to beneficiary communities make them unattractive for private sector participation

- **Sanitation Services**

- 50% of sewage and septage/faecal sludge is properly treated;
- 11 largest cities generate 12,000 Tonnes a day, of which about 75% is properly collected;
- Weak law enforcement to create demand for sanitation services;
- Poor infrastructure – landfill sites and recycling plants;
- Low service charges and lack of clear service benchmarks and certification procedures;

POSITION STATEMENT

To stimulate private sector interest and participation, the Ghana Government, through the Ministry of Sanitation and Water Resources should consider the following measures:

- **For water services**

- Expand the role of Public Utilities Regulatory Commission (if feasible) to include regulating rural water services, review and approval of tariffs to attract private sector;
- Place all existing viable piped water systems under management and lease contracts supervised by CWSA¹, and apply a cluster based approach in the allocation of water systems under management contracts;
- Include equity financing and capital recovery in the design and award of management contracts for piped water systems;
- Provide match funding of upfront capital expenditure (CapEx). This will lower the initial CapEx required and make it attractive for the private sector to co-invest with government;
- Apply water purchasing agreements (to the extent that the agreed price of water is within approved regulatory rates) to guarantee demand for water produced by the private sector;
- Provide guarantees for commercial loans. Given the potential high risk of investment in water supply as a social good, it is recommended that government provides credit guarantees that will enable the private sector to access funding to invest in the sector;
- Institute results-based or viability gap funding to private operators. This will encourage them to provide water to communities located in very challenging geographies;
- Provide tax reliefs for import of essential commodities required for water supply. This will ease import of essential inputs for investment in the sector by any credible private investor.

¹ Ownership of water system should be entrusted with CWSA and not DAs.

- **For solid waste:**

- Standardize and certify sanitation service providers
- Publish list of approved service providers and their respective service areas;
- Supervise/regulate the collection and disposal of waste;
- Encourage feedback by setting up a short code to receive complaints/commendations from consumers and put in place appropriate response mechanism.
- Provide tax waivers on equipment directly used for sanitation services;
- Institute a reward system for service providers that deliver effective services;
- Encourage and incentivize waste separation/ segregation at source and waste re-use.

- **For liquid waste**

- Develop and apply targeted subsidies for households in deprived communities;
- Roll out ESICOME to ensure enforcement of sanitation standards/byelaws at all premises;
- Support development and rolling out of low cost and mobile toilet options;
- Explore concessionary agreements as a means of leveraging partnerships with the private sector to invest in waste treatment plants;
- Provide tax incentives for the private sector to invest in the treatment of liquid waste.