

**SMALL SCALE PRIVATE SECTOR  
PARTICIPATION IN THE RURAL WATER  
SUPPLY SECTOR**

**R8335**

**PHASE 3 ANALYSIS AND DISSEMINATION**

**FINAL COUNTRY REPORT  
FOR  
GHANA**

**September 2005**

**Prepared by:**

**Community Water and Sanitation Agency  
and  
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## EXECUTIVE SUMMARY

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This report is the culmination of activities of the three phase DFID funded KaR study on the role of the small scale private sector in the rural water sector in Ghana. The report presents a summary of activities that were undertaken in Phases 1 and 2 and presents details on Phase 3 activities including the guidelines developed.

A Multi Stakeholder Working Group (MSWG) with facilitation support from a two person country study team developed the guidelines. The MSWG had six meetings during which members discussed issues in groups for presentation at plenary. The country study team, developed draft guidelines based on the ideas generated at the meetings of the MSWG. WaterAid and CWSA organised two national workshops in July and September 2005 to present and discuss the draft guidelines. The country study team held discussions with identified institutions after the first workshop with a view to testing the feasibility or otherwise of certain recommendations in the guidelines.

The key elements of the guidelines include: the need to decentralise the process for the registration of businesses in Ghana so as to make it feasible for all small-scale operators to carry out their activities within the legal framework; training and regulation of sector players; adoption of flexibility in the implementation of the provisions of the Public Procurement Act to make room for the small scale private sector to obtain contracts and the extension of financial support to small-scale private operators by the rural banks under a special package under the aegis of the ARB Apex Bank.

One of the lessons learned from the study are that the findings from a survey in only one region out of 10 regions in the country may not necessarily be representative of the situation countrywide, even though CWSA and WaterAid have validated the findings from their activities in the other nine regions. The other lesson learned is that the study has provided information to the key officials in the water sector on the virtual neglect of the small scale private sector in the formulation of policies and guidelines. Finally, the study has revealed that the formulation of guidelines is the preferred method to create an enabling environment for private sector participation in the rural water sector.

The interest demonstrated in the guidelines by the deputy Minister of Works and Housing and the Director of Water as well as key officials from CWSA and WaterAid give an indication of the successful implementation of the guidelines. To this end, government has recognised its role as facilitator of the growth and development process of the small-scale private sector in the rural water sector.

To ensure that the guidelines are translated into reality, the Ministry of Works and Housing should champion its pilot implementation in the country prior to nationwide implementation.

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## 1 INTRODUCTION

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### 1.1 General

This report is the final report of the Ghana team in relation to the Knowledge and Research (KaR) Project No. R8335 'Small scale private sector participation in the rural water supply sector'. The report presents peer reviewed guidelines for enhancing the participation of the small scale private sector in the provision of rural water supply services in Ghana.

Funded by the UK Department for International Development (DFID), the project began in November 2003 and has taken place in Ghana, Tanzania and Zambia.

The project was divided into three phases:

- Phase 1 – Inception, including a knowledge review of published and grey literature
- Phase 2 – Surveys
- Phase 3 – Analysis and dissemination.

This report has been produced at the end of Phase 3.

The research has been characterised by a participatory approach built around country teams whose origin in each country was a partnership between the relevant government water department and WaterAid. This core process of involvement was broadened to include a wide spectrum of sector stakeholders as the means to arrive at an acceptable set of guidelines.

Water Management Consultants Ltd has managed the study and has been responsible for the production of synthesis and final project reports, in conjunction with the various partners, covering the three countries. Project reports can be found at the project website [www.ruralwaterpsp.org](http://www.ruralwaterpsp.org) and project documentation is listed in Appendix A of this report.

## 1.2 Objectives and assumptions

This research focuses on investigating the legal, financial and institutional frameworks through which governments can create an environment to enable an effective contribution to the rural water supply sector to be made by the small scale private sector. As a consequence, the nature of the government's role as a regulator of such an enabling environment can be analysed.

The stated objective of the project is to:-

- Enhance the effective participation of the rural based, small scale private sector in rural water supply service provision through the production and dissemination of best practice guidelines.
- A key assumption of this research in all three countries is that the small scale private sector has a productive role to play in rural water supply. The research was not designed to question whether this assumption was valid.

## 1.3 Importance of this study

The study is imperative as it focuses on mechanisms for governments to create an enabling environment in which firstly, rural-based small-scale private service providers can contribute effectively to the rural water supply sector and secondly in which governments can develop their capacity to regulate service providers. This has a strong poverty element as the livelihoods of the rural poor stand to be strengthened through the provision of better water supplies through the enhanced role of the private sector in providing water supply services. Employment opportunities in service provision will also be enhanced, further contributing to poverty alleviation.

In the case of rural-based, small scale, private service providers' participation in rural water supply sector, the study dovetails into the government's programme of making the private sector the engine of growth as manifested in the creation of a Ministry for Private Sector Development in Ghana.

## 1.4 Composition of the Ghana team

	Institution
Francis Mawuena Dotse	Consultant for WaterAid
Frank Anim	(Assistant to Mr Dotse during the surveys)
Edward Aboagye	Consultant for CWSA

The Director of the Water Directorate of the Ministry of Works and Housing, (the sector ministry for water) was the chairman of the multi-stakeholder working group (MSWG) that prepared the guidelines. A deputy Minister for the Ministry of Works and Housing was the chairman for the 1<sup>st</sup> national workshop that discussed the initial draft guidelines. The multi stakeholder working group held monthly meetings at the offices of CWSA under the chairmanship of the Director of the Water Directorate of the Ministry of Works and Housing or his representative. The chairmanship of the MSWG by the Director of Water was significant because it provided the necessary clout and influence to the preparation of the guidelines. It was also provided assurance for the likely acceptance and implementation of the guidelines by the government.



## **1.5 Structure of this report**

This report has been divided into 7 main sections. Section 1 is the Introduction and it includes information on the objectives, assumptions and importance of the study, the composition of the Ghana study team as well as the structure of the report. In Section 2 we present the methodology for the development of the guidelines including information on the membership, schedule of meetings of the members of the Multi stakeholder Working Group (MSWG) as well as their involvement in the development of the guidelines. The detailed guidelines are presented in Section 3. Section 4 is on the analysis and lessons learnt during the study. The dissemination and uptake on the findings of the study are presented in Section 5, including details on the target audiences and communication strategy, activities already undertaken as well as anticipated upcoming activities. Sections 6 and 7 constitute the next steps and the conclusions of the study, respectively.

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## **2 GUIDELINES DEVELOPMENT METHODOLOGY**

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### **2.1 Introduction**

This section of the report summarises the research methods which have led to the development of the guidelines. As far as possible, the same methods were developed and applied in all three of the project countries. Each country has produced its own separate report on each phase of the project. Therefore whilst the research methodology is effectively the same in all the countries, the application and outcomes are different. The process of engaging partners in the development and application of the research methodology has emerged as a fundamental requirement upon which to build and disseminate understanding and acceptance of these guidelines. This chapter presents a summary of the experiences and outcomes from the country teams in addressing the task of developing best practice guidelines for the involvement of the small scale private sector in rural water supply services.

### **2.2 Phase 1: Inception**

The inception phase involved the formation of project teams and management systems in Ghana to contribute to the knowledge review, electronic discussions and the development of project management guidelines.

A knowledge review (R8335/1788/R1) was carried out of published and unpublished material and of knowledge covering the small scale rural based private sector, the financial, legal and institutional elements of an enabling environment for the private sector and of the situation in Ghana. The review formed an input to the Phase 1 Inception Report (R8335/1788/R2) of the study. The objective was to present the basis for planning the survey work to be carried out in Phase 2-Surveys. The review and the surveys were intended to provide the supporting information on which these guidelines are based.

Key findings indicated that the emerging financing strategy to build up the rural water sector envisages a larger role for local government in administering local finances and a greater role for local private sector, civil society and communities in developing and managing water supplies. Further, a range of financial bottlenecks are likely to become priorities if funds are to be put to use at the project level. Internationally there remains much to be done to attract financing for rural water. Nationally, governments must have an explicit water pricing policy and must give priority to the allocation of finances for rural water so that funds reach local government. Of particular concern is the need for finance mechanisms to subsidise legitimate short falls in full cost recovery. Communities benefiting from water supplies remain responsible for the payment of water tariffs and the mobilisation of finance for repairs. This income stream must be robust if the private sector is to be attracted.

The knowledge review came out strongly about the need to identify priority legal issues that can be addressed at the local level and are likely to have a large impact and public benefit for a relatively small cost. In addition, it is paramount to identify those aspects in which the engagement of the local private sector is likely to operationalise and achieve the objectives of 'the right to water' and further recognise what is needed to enable local level contracts to be fully identified and supported by the law.

It was apparent from the review that in Ghana, there is a significant demand for service providers to drill boreholes, however the terrain, geology and technical concerns have so far meant that this work has been more successful in the hands of larger rather than smaller scale service providers.

The inception report brought together present knowledge related to rural water policy reform, the character of emerging guidance for reform and knowledge and experience of the local and national reform environment in Ghana.

### **2.3 Phase 2: Field work**

Phase 2 involved a survey of the rural water sub sector in order to understand rural business livelihoods and supply chains and of the capacity of local government to enable and regulate the sub sector in Ghana. The objective of the survey was to provide improved understanding of rural business livelihoods and supply chains in the rural water sector and of capacity of local government to enable and regulate the sector in Ghana.

The study survey took place in the Volta Region of Ghana given its prior selection. Three districts in the region were chosen based on geographical locations. Nkwanta District representing the savanna belt, Ho District representing the middle belt and Akatsi District representing the coastal belt.

A number of survey methods were used to help achieve the objectives of the study. The survey instruments took cognisance of the sub sector analysis, livelihoods analysis and supply chain mapping. The main instrument used was the questionnaire that was administered to the identified target groups. These groups included government at national and local levels, development partners at national level, rural – based private sector and communities in the study areas.

The primary aim of the questionnaire was to assess:

- The demand for guidelines among key stakeholder groups.
- The capacity of local government to enable and regulate small rural-based private sector.
- The capacity of small and medium size enterprises and non-governmental organisations.

The questionnaire was also used to gather information from the identified target groups on the following issues:

- legal and institutional arrangements of private sector actors
- financing arrangements
- knowledge about private sector participation in rural water supply
- technical capability and availability of spare parts
- information dissemination on guidelines and reforms

An important revelation during the survey was a shallow knowledge of the existence of any legal framework on the water sector. This was especially very pronounced among the local private sector operators. With the exception of DIT Services that had registered as a limited liability company, none of the operators had registered their activities at the Registrar-General's Department in accordance with the laws of the country. To most of these operators, registering a company was out of the question.

The survey showed the existence of an adequate institutional framework on which the concept of SSPSP can be effectively anchored. The major statutory bodies identified and responsible for rural water delivery are CWSA and the DAs/DWSTs. These institutions are linked directly to the communities by water and sanitation (WATSAN) committees and indirectly by the Unit committees. While the WATSAN committees are not statutory bodies but a creation of the CWSA as tools of ensuring the sustainability of facilities provided, the Unit committees are statutory institutions created as part of the institutional framework for decentralisation.

Findings from the survey showed the presence of laid down mechanisms for payments to small-scale service providers such as area mechanics (AMs), pump electricians and plumbers. In most cases, WATSAN committee executives, specifically the chairman and treasurer effect these payments. It was indicated that regardless of the existence of the mechanism, all the service providers expressed dissatisfaction with the level of remuneration and felt unfairly treated by CWSA that drew up the guidelines for payment. It was clear that if any challenging job is offered they will be drafted into it. Another issue that was observed is the upward adjustment of the prices of spare parts due to inflation and the depreciation of the cedi against the dollar and other major currencies. The reported incidents of AMs returning to their communities because prices of parts had been adjusted beyond their means is a worrying phenomenon. It was also unambiguous from the survey that the small-scale private sector entrepreneurs lack the capacity to raise funds as most of them do not meet the financial requirements needed by most banks for contracting loans.

Phase 2 culminated in a multi-stakeholder workshop held in Accra on 10 March 2005 to present and discuss the results obtained from the surveys. The report of the workshop is presented in Appendix B.

## 2.4 Phase 3: Analysis and dissemination

The third phase entailed the analysis and dissemination (development of guidelines for the enhanced participation and regulation of the rural based private sector in service provision for rural water supply). The specific outputs of this phase are:

A multi-stakeholder working group (MSWG) was formed by the study team. The function of the MSWG was to produce a document that provides:

- An articulated vision of the role of the private sector in rural water supply service provision and the enabling environment that would promote the involvement of the small-scale private sector in Ghana.
- A series of recommended country-specific actions that different stakeholders can implement, either alone or by working together, to effect a number of changes that would promote the enabling environment and hence the greater participation of the private sector in the role envisioned by the working group.

The MSWG has also made recommendations for the effective dissemination of the guidelines to maximise uptake by key stakeholders. The Terms of Reference for the MSWG are presented in Appendix C.

### *Membership of multi-stakeholder working group*

The membership of the working group is presented as follows:

<b>Representative</b>	<b>Institution</b>
Minta A. Aboagye	Ministry of Works & Housing
Kwame Frempe–Yeboah	
Samuel Victor Dodoo	Ministry of Local Government & Rural Development
Fay Ephraim	Community Water & Sanitation Agency (Head Office)
E. F. Boateng	Community Water & Sanitation Agency (Volta Region)
Amanda Duff (Ms)	DFID
Stephen Sandiford	CIDA
Atta Agyapong	KfW
Kojo Bibah	DANIDA
Stephen Ntow	WaterAid
Paul Kwame Sewor	Ho Municipal Assembly
Bonni Jones P.	WATSAN Committee
Paul Attah	DIT Engineering (Private Sector)
John Asimeku	Area mechanic (Private Sector)
Ate Ofosu-Amaah	Ministry for Private Sector Development & President's Special Initiatives (PSI)

Based on the recommendations of the National Stakeholders Workshop in March, 2005, the membership of the MSWG has been enlarged to include representatives from the Ministry for Private Sector Development and the National Board for Small Scale Industries (NBSSI) even though the representative of the latter institution did not participate in any of the meetings convened

#### *Schedule of meetings of MSWG*

The MSWG discussed a working calendar and by consensus agreed on the under-listed dates for meetings/workshops.

	<b>Date</b>
1 <sup>st</sup> Meeting	4 April 2005
2 <sup>nd</sup> Meeting	3 May 2005
3 <sup>rd</sup> Meeting	6 June 2005
4 <sup>th</sup> Meeting	11 July 2005
1 <sup>st</sup> National Workshop	22 July 2005
5 <sup>th</sup> Meeting	5 September 2005
2 <sup>nd</sup> National Workshop	22 September 2005
6 <sup>th</sup> Meeting	3 October 2005

The minutes of the final MSWG meeting on 3 October, following production of the guidelines, are presented in Appendix D.

#### *Involvement of the members of MSWG*

The MSWG worked primarily as a team to ensure the development of guidelines for the enhanced participation and regulation of the rural based private sector in service provision for rural water supply. Members, individually, initially studied the country and synthesis reports. This allowed members to have an in-depth knowledge about Phases 1 and 2 of the study and the issues thereon. Working groups were formed during each meeting to deliberate on critical issues about the development of the guidelines. Each working group later presented to plenary its findings for further discussions by the entire house. MSWG members also derived significant benefits during peer review processes at plenary sessions at meetings. This methodology as it were enhanced a high level of consensus among members of the MSWG.

During MSWG meetings, members benefited from the leadership of WaterAid and inputs from the Ministry of Works and Housing and CWSA on critical issues including the role of the small scale private sector in the new water policy.

The members of the MSWG had the opportunity to critically examine the contents of the draft guidelines prior to the first and second national workshops. As a sequel to the first workshop, the members of the country team held a session with Messrs Melvin Woodhouse (WMC) and Tony Oyo (ITC) who provided additional ideas on clarifying the guidelines. This was complemented by follow-up visits to the offices of the Registrar-General's Department and the ARB Apex Bank to discuss the feasibility of the proposals made in the first draft of the guidelines.

Dissemination of the findings of the study have been limited to the national workshop in March 2005 (Appendix B) and the two workshops in July and September 2005 (Appendix E) to present the guidelines. The proceedings of these national events have been elaborately captured in the media.

## **2.5 Vision of the role of the small-scale private sector in rural water supply**

In crafting a vision of the role of the small-scale private sector in rural water supply, the MSWG was informed by the key findings of the survey, views and critical issues raised at the first stakeholders workshop. Taking cognisance of the above, the MSWG provided a mental picture of the small scale private sector as;

“A vibrant small scale private sector capable of providing goods and services to communities and District Assemblies on a sustainable and profitable basis. The development of a positive environment to promote the development of a healthy interface among the key stakeholders.”

## **2.6 Implementation chart**

The work schedule as carried out in Phases 2 and 3 is shown in Table 2.1.



Table 2.1 Phase 2 and 3 work schedule as implemented

	2004										2005									
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	
<b>PHASE 2 – SURVEYS</b>																				
<b>Output 2: Report providing improved understanding of rural business livelihoods, supply chains and local government capacity.</b>																				
<i>2.1 Activity: Assessment of demand for guidelines among key stakeholder groups.</i>																				
Task 2.1.1 Participatory survey of communities and water committees																				
Task 2.1.2 Interviews with local authorities																				
Task 2.1.3 Data analysis, interpretation and reporting																				
<i>2.2 Activity: Assessment of capacity of local government to enable and regulate small rural-based private sector.</i>																				
Task 2.2.1 Participatory survey of village governments																				
Task 2.2.2 Participatory survey of district councils and water departments																				
Task 2.2.3 Participatory survey of regional and national level capacity and policy																				
Task 2.2.4 Data analysis, interpretation and reporting																				
<i>2.3 Activity: Assessment of capacity of small and medium size enterprises and non-governmental organisations.</i>																				
Task 2.3.1 Analysis of RWS sub-sector																				
Task 2.3.2 Supply chain maps and livelihoods analysis of private service providers																				
Task 2.3.3 Data analysis, interpretation and reporting																				
<i>2.4 Activity: Synthesis of small scale, rural-based private sector participation in RWS</i>																				
Task 2.4.1 Synthesis and reporting																				
<b>Output 3: Guidelines for enhanced small private sector participation and regulation.</b>																				
<i>3.1 Activity: Establishment of multi-stakeholder Working Group (MSWG) in each country to develop guidelines and dissemination strategy.</i>																				
Task 3.1.1 Discussions with all stakeholders																				
Task 3.1.2 Drafting of terms of reference																				
Task 3.1.3 Meetings of MS Working Groups																				
<i>3.2 Activity: Multi-stakeholder workshop in each study country involving target audiences to discuss results so far and plan Phase 3.</i>																				
Task 3.2.1 Organise workshop																				
Task 3.2.2 Hold workshop																				
Task 3.2.3 Lessons learned and detailed work plan for Phase 3																				
Task 3.2.4 Report on workshop																				

Table 2.1 Phase 2 and 3 work programme as implemented (continued 1)

	2004										2005									
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	
<b>PHASE 3 - ANALYSIS AND DISSEMINATION</b>																				
<i>3.3 Activity: Legal and institutional analysis by the Multi-Stakeholder Working Groups.</i>																				
Task 3.3.1 Develop & agree vision for small scale private sector participation in rural water sector													X							
Task 3.3.2 Legal and institutional environment for small private sector providers														X						
Task 3.3.3 MSWG Meetings															X					
<i>3.4 Activity: Development of country-specific Guidelines and other documents by Working Groups.</i>																				
Task 3.4.1 First draft of Guidelines																				
Task 3.4.2 Second draft of Guidelines																		X		
																		X		
<i>3.5 Activity: Testing of guidelines in study countries by Working Groups on target audiences.</i>																				
Task 3.5.1 Workshops with key members of target audiences																		X		
<i>3.6 Activity: Synthesis of guidelines into generic guidelines and recommendations for different stakeholders.</i>																				
Task 3.6.1 Synthesis and reporting																		X		

Table 2.1 Phase 2 and 3 work programme as implemented (continued 2)

	2004										2005									
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	
<b>Output 4 Peer reviewed guidelines and recommendations by target audiences.</b>																				
<i>4.1 Activity: Development and implementation of strategy for dissemination of study guidelines.</i>																				
Task 4.1.1 Define target audiences																			X	
Task 4.1.2 Develop communications strategy																			X	
Task 4.1.3 Disseminate Phase 2 findings																			X	
Task 4.1.4 Disseminate Phase 3 findings																			X	
<i>4.2 Activity: Final multi-stakeholder workshop</i>																				
Task 4.2.1 Organise workshop																			X	
Task 4.2.2 Hold workshop																			X	
Task 4.2.3 Report on workshop																			X	
Task 4.2.4 Project Final Report and Guidelines																			X	
<i>Milestones</i>																				
Milestone 2: Phase 2 Synthesis Report incorporating Phase 2 Workshop																				
Milestone 3: Phase 3 Final Report and Guidelines																				

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### 3 GUIDELINES

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#### 3.1 Introduction

Guidelines for enhancing the involvement of the small-scale private sector in the rural water sector in Ghana are presented below under the following headings:

##### *Legal*

- Registration of businesses

##### *Institutional*

- Demand for services
- Training
- Regulation
- Procurement
- Formation of institutions.

##### *Financial*

- Financial support

#### 3.2 Legal

##### 3.2.1 *Registration of businesses*

###### *Characteristics*

Decentralisation of the processes for the registration of businesses by the Registrar-General's Department. Forms for registration should be distributed to 95 selected post offices in the country within the framework of an agreement reached with the Ghana Post Company. As part of the decentralisation process, a counter will be opened in selected postal outlets in the country where prospective customers will be required to pick up registration forms for a fee. Officials manning the counters will assist prospective customers to complete the registration forms for submission to the headquarters in Accra. It is expected that the registration process will be completed within thirty (30) days. In addition to facilitating the process of company registration, the post offices will also facilitate the process of replacement of business registration certificates and serve as the avenue for the sale of forms for the submission of business renewal and annual returns.

*Direct objectives*

This is aimed at creating a friendlier environment for the registration of businesses. Complementary to decentralising the registration process, all small-scale private sector operators should register their organisations.

Water and Sanitation (WATSAN) committees and Water and Sanitation Development Boards (WSDB) should enact appropriate constitutions and have their institutions registered. This would enable them enter into valid contracts with the private sector. As legal entities they can therefore sue and be sued.

*Relevance*

A decentralised registration process would bring registration closer to the doorsteps of the local small scale operators and enable them register their organisations within the appropriate legal framework existing in the country. This would also encourage Small Scale Private Sector (SSPS) operators to register their businesses without much hindrance and reduce down time for registration transaction. Registration would result in clothing all businesses in the garment of legality and remove some of the impediments for obtaining financial support to expand their activities.

*Current situation*

At the time of the study, the registration process was centralised at the national office of the RGD, a situation that requires all entrepreneurs irrespective of their location in the country to travel all the way from their abode to Accra (the national capital) to facilitate registration. Given that the registration exercise is not completed in one sweep, applicants have to make more than one trip to Accra for registration. In a particular instance, an applicant had to travel to Accra for about 3 (three) times to have his company registered. This process is costly in terms of time and money to all applicants. To avoid the frustrations associated with pursuing registration, many small scale private sector operators are driven to the point of despair and consequently do not register their businesses.

Even though the RGD has a zonal office in Takoradi to cater for the Central and Western regions, the office is not operational given the absence of a legal officer to process the registration documents.

To address some of the problems associated with the centralised registration process, the RGD has advertised the implementation of a new decentralised system for registration with effect from 1<sup>st</sup> September 2005 as discussed in the preceding section. We are yet to determine the efficacy of the new system.

*Current effectiveness*

The current situation is not effective as it denies the small -scale private sector the opportunity to register their businesses expeditiously. This phenomenon has resulted in the lack of accurate data on the number of small- scale private sector operators in the country.

### *Political and financial cost*

The implementation of the guideline seems feasible as the decentralisation of the process could dovetail into the proposed decentralisation programme of the RGD. However, the RGD and Ghana Post need to crystallise all arrangements for the early commencement of the programme to which the Ministry of Finance and Economic Planning has granted its concurrence.

Financially, the administrative cost of implementation is average as the funds from the World Bank/DANIDA will provide implementation financed project to strengthen the RGD.

The information in the Box 1 indicates the current developments at RGD for the decentralisation of businesses.

## **3.3 Institutional**

### *3.3.1 Demand for services*

#### *Characteristics*

Awareness of the existence of a capable private sector at the local level coupled with the development of a maintenance culture among communities.

#### *Direct objectives*

To ensure an increased and sustained demand for small-scale private sector services to the end users of rural water systems.

#### *Relevance*

Creating and sustaining awareness about the existence of a capable private sector at the local level would allow operators at the local level to make informed decisions about the capacity of private sector operators and also remove doubts about the capability of the local private sector.

The development and deepening of the culture of maintenance among communities would create the requisite demand for the services of small-scale operators to undertake periodic preventive maintenance.

#### *Current situation*

Generally, there is a low demand for small -scale private sector services due to a low level of awareness of who the service providers are, the types of services provided and the location of these service providers. With respect to maintenance of facilities, many communities do not show interest in its preventive aspects and are only interested in breakdown maintenance. The implication of this phenomenon is the low demand for the services of the small-scale operators.

#### *Current effectiveness*

The current low awareness situation is not helpful, as end users of water facilities do not know who the service providers are, the types of services provided and the location of these service providers.

### **Box 1 Decentralisation in the Registration of Businesses at the Registrar General's Department**

The RGD has concluded negotiations with Ghana Post to decentralise the process of business registration in Ghana with effect from 1<sup>st</sup> September 2005. Under the terms of the agreement, 95 Post Offices in the various regions will serve as the avenue for the procurement, completion and submission of registration forms as well as for business renewal and submission of annual returns. The regional breakdown of the post offices is:

Greater Accra	23
Ashanti	13
Eastern	13
Volta	10
Western	10
Central	10
Brong-Ahafo	5
Northern	5
Upper East	3
Upper West	3

The project which has been approved by the Ministry of Finance and Economic Planning forms part of the restructuring of the RGD and is being jointly financed by the Danish International Development Agency (DANIDA) and the World Bank.

Under the project, a counter will be opened in selected postal outlets in the country. Prospective customers will be required to pick up registration forms at the postal outlets for a fee. Officials manning the counters will assist prospective customers to fill the registration forms. The registration process will be completed in thirty (30) days just as it pertains to the other licensing organisations such as the Vehicle Examination and Licensing Department. Sensitisation workshops have been held in Accra, Kumasi and Tamale on the issue.

The project is modeled based on what pertains in South Africa where the system was discovered. The RGD has reached an advanced stage in setting up offices in Takoradi, Kumasi and Tamale. The offices have not commenced operations because there are no lawyers at post. When operational, the Takoradi office will serve customers in Central and Western Regions. The Kumasi office will also serve the Ashanti and Brong Ahafo regions whiles the Tamale office will serve the three northern regions. These offices are also expected to handle applications through the Ghana Post in their respective areas of operation. The RGD is hopeful of developing this system to the stage where prospective customers will register their businesses on the Internet.

#### *Political and financial cost*

The political and financial costs for awareness creation of the existence of the small-scale private sector are low. Politically, it would boost the image of the government since it would be perceived as attempting to facilitate solutions to their problems in relation to the maintenance of their water facilities. The financial cost for awareness creation would be low since the DA and its sub-structures would be used for the process.

The estimated financial cost for the development of a culture of maintenance among communities would be high in the interim but low in the long run



### 3.3.2 Training

#### *Characteristics*

CWSA and DAs to organise relevant training programmes to enhance the knowledge base and skills of the private sector.

#### *Direct objectives*

To build up the capacities of the small scale private sector service provider to effectively provide rural water supply services and manage their business entities.

#### *Relevance*

The training programmes would be in basic book-keeping, accounting and financial management, marketing, bid preparation/proposal writing, office management and communication as well as improved technologies. Participation in the training programmes would enhance the performance of the operators in the discharge of their technical duties and in the management of their entities through the acquisition of the relevant skills and knowledge.

#### *Current situation*

At the moment, many small-scale operators lack the requisite managerial skills to manage their business entities. A manifestation of this is the dearth of records on key transactions of the operators. The lack of skills is also exhibited in the inability of many small-scale operators to market their services with a view to securing contracts from communities. There are very few avenues for updating the knowledge base and skills of operators on improved technologies.

#### *Current effectiveness*

The prevailing situation negatively affects the performance of the small-scale private sector operators. The mechanism for the payment for training has also not been structured.

#### *Political and financial cost*

The political cost for training is estimated to be low. The financial cost in the interim would be high. However, the financial cost is estimated to be average when cost sharing is introduced when the capacity of the private sector is developed.

### 3.3.3 Regulation

#### *Characteristics*

The operations of the small-scale private sector to be regulated within the prevailing liberal economic framework in the country.

*Direct objectives*

Regulation is to ensure the adoption of appropriate mechanisms in the interface between the private sector and communities.

*Relevance*

The implementation of this guideline is to enhance the interaction between the communities and the small-scale private sector. In this connection, floor and ceiling levels would be indicated to regulate the fees charged by the private sector for services rendered. In the same vein, the cost of spare parts from the distribution outlets would be regulated. Even though regulation seems to connote control, regulation of fees and prices is to ensure the payment of a minimum guaranteed price for the services of the operators. Restricting skill utilisation to only trained and certified artisans by CWSA is to prevent the emergence of charlatans who could undermine the integrity of the genuine service providers. Certification should be based on biennial assessment of skills, working tools and facilities. This is to ensure that water is safe and in consonance with national and international principles and standards.

The approval of new pumps is to ensure safety of new products and provide a platform for the viability of enterprises that produce and distribute these new products.

*Current situation*

CWSA and the Water Resources Commission (WRC) currently regulate the activities of the private sector. Regulation is manifested in the fees paid to service providers, payment for spare parts, training and utilisation of area mechanics and water extraction. All stakeholders are satisfied with the current state of regulation.

*Current effectiveness*

The existing situation is effective as it ensures the payment of a minimum guaranteed price to the operators for goods and services provided. The philosophy behind financial regulation is that since the area mechanics have been trained and equipped at the expense of government, their fees should be affordable to the poor communities. The training, certification and skill utilisation of private sector operators is acceptable to the key stakeholders. This particular form of regulation is to ensure the safety of the water from the water facilities.

*Political and financial cost*

The political cost of financial regulation is very low as it would paint the government in a favourable light since the private sector would not be able to fleece the communities. The financial cost for regulation is estimated to be average.

### 3.3.4 Procurement

*Characteristics*

There should be flexibility in the implementation of the Public Procurement Act. Given the significance of the rural water sector, the Ministry of Works and Housing should explore the possibility of the Public Procurement Board granting exemption to small-scale entrepreneurs from competitive bidding specified construction activities in the rural water sector at the district level.

*Direct objective*

The creation of space for the small-scale private sector operators to compete exclusively within its ranks for contracts at the DA level.

*Relevance*

The guideline would allow the small-scale private sector to obtain contracts from the District Assembly to undertake simple assignments e.g. hand dug well construction, platform/drainage construction, pump test, etc. This would improve the financial fortunes of the service providers.

*Current situation*

The Government of Ghana in 2003 enacted a Public Procurement Act (Act 663), the hallmark of which is competition for the procurement of goods and services at all levels within the public sector. Strict adherence to the provisions of the Act would jeopardise the fortunes of the small private sector that face stiff competition from medium and large firms who are better placed financially and technically. The small-scale private sector is therefore disadvantaged as its contribution to the provision of goods and services is marginal.

*Current effectiveness*

The existing situation is ineffective in enhancing the development of the small-scale private sector to bid for and win contracts for small contracts within the framework of the Procurement Act.

*Political and financial cost*

The political cost of adopting flexibility in the procurement process is estimated as high as it could lead to non-transparency and marginalisation of some small-scale private operators.

The financial cost is also estimated to be high as it could result in inflated contract sums.

### 3.3.5 Formation of associations

*Characteristics*

Small-scale private operators to be encouraged to form trade/professional associations at district, regional and national levels.

*Direct objective*

To provide support and a platform for the discussion of issues relevant to the development of the small-scale private sector.

*Relevance*

These associations would serve as a self-regulatory body in addition to providing the platform for lobbying and advocacy to champion their interests

*Current situation*

The private sector in the rural water sector currently operates virtually in a vacuum and independently of each other. This is in contrast to associations and unions formed by similar trade groups and professions in other sectors of the economy. (e.g. national association of tailors and dressmakers, national association of beauticians and hairdressers, national plumbers association etc). Given this, there are very few avenues for the small-scale private sector in particular to discuss issues pertaining to their growth and development.

*Current effectiveness*

The current situation is not effective, as it has contributed to the virtual paralysis of an organisational framework for the small-scale private sector.

*Political and financial cost*

The political cost for encouraging the formation of trade/professional associations is low. This is because the process could enhance the image of the District Assemblies as being supportive of small-scale entrepreneurs in the rural water sector.

The financial cost is estimated as average since the DAs could use their existing sub structures ( Urban/ Zonal/Area/ Town/Area councils and Unit committees) to mobilise the entrepreneurs.

**3.4 Financial***3.4.1 Financial support**Characteristics*

Provision of financial support to the small-scale private sector by rural banks.

*Direct objective*

The ARP APEX Bank should facilitate the availability of funds from the Ghana government to rural banks for on lending to the small -scale private sector in the rural water sector.

These funds could be obtained from the following sources:

- Government of Ghana.
- Highly Indebted Poor Countries (HIPC) initiative.
- Ministry of Women and Children's Affairs (MOWAC)/Japanese Government funds.
- Food and Agricultural Sector Budgetary Support.
- Community Based Rural Development Project.
- Social Investment Fund.

The loans granted should be within the threshold of ₵200,000 and ₵1 million with a concessionary interest rate (only 5% higher than the prevailing Bank of Ghana prime rate). There may however be the need to increase the loan levels to cater for the specific needs of the rural water sector depending on the loan recovery rate of the proposed scheme.

The banks should, during the initial stages of implementation, waive the availability of legal documents (registration certificates etc) as a pre-requisite for the grant of loans

In lieu of the company registration documents, loan applicants should: (a) attach passport size photographs indicating their identity, (b) provide information on their residential address and (c) have the loans guaranteed by guarantors who should be prominent persons in the community such as pastors, head teachers, family heads and Assembly members.

The amount of the loan, interest rate and the waiver of legal documents are consistent with prevailing practice by rural banks in favour of small-scale entrepreneurs.

In furtherance of meeting the objective of granting loans to the small-scale entrepreneurs in the rural water sector, there should be sensitisation of rural banks about their role in rural water delivery. This will allow the banks to appreciate their contribution to national development. Further to this, CWSA and DAs should provide information to the banks about existing and potential business opportunities in the rural water sector. The provision of this information would generate interest among the small-scale operators as well as provide the basis for credit support from the rural banks.

In addition to the grant of loans, CWSA should explore further the lease concept for equipment that was implemented in the Volta region in the 1990s under a DANIDA financed rural water and sanitation project.

#### *Relevance to enhancing SSPS*

Financial support by the rural banks would provide the small-scale private sector with the necessary wherewithal to purchase equipment and to pre-finance operational expenses (if need be) when undertaking assignments that require constant cash flow. It would also enable the operators to construct simple water facilities (hand dug wells, spring protection boxes, etc) independent of government or donor interventions.

#### *Current situation*

Even though Ghana anticipates to reach a water supply coverage of 85% by the year 2015, the financing requirement for this is beyond the reach of government and the projected cash flow of donor interventions. This would create a financing gap of about US\$580 million. Meeting this financing gap would require the intervention of the small-scale private sector. However, the small-scale private sector currently lacks the wherewithal to face the challenges. The financial constraint of the small-scale private sector is due to the exclusion of the small-scale private sector operators in the water sector from the existing facilities and avenues for small and medium enterprises (SMEs) in Ghana. These include interventions from the Ministry of Private Sector Development and President's Special Initiative, African Development Foundation, National Board for Small Scale Industries (NBSSI), EMPRETEC, Ghana and Ghana Private Sector Development Fund (GDSDF).

The private sector may be able to access funds from the following sources:

- Highly Indebted Poor Countries (HIPC) initiative.
- Ministry of Women and Children's Affairs (MOWAC)/Japanese Government funds.
- Food and Agricultural Sector Budgetary Support.
- Community Based Rural Development Project.
- Social investment Fund.

The lack of focus on the small scale private sector in the water sector is due to (a) low level of awareness of the water sector by financial institutions and (b) non registration of businesses by entrepreneurs in the sector. This has resulted in inadequate provision of working capital since the grant of credit to the small scale private sector operator in the water sector is sometimes seen as credit risk by financial institutions.

#### *Current effectiveness*

The current situation is inimical to the interest of the small-scale private sector as the operators in the water sector are unable to access credit to undertake assignments. This has resulted in the stagnation of businesses in the small-scale private sector.

#### *Political and financial cost*

The political cost for the grant of loans to the small -scale private sector in the water sector is low. This is because the amount of the loan and the interest rate are consistent with industry practice.

The estimated financial cost is average since we do not expect any marked difference in the general rate of repayment of loans granted by rural banks to small scale entrepreneurs in the country.

Notwithstanding the estimated average financial cost, implementation of the guideline should be considered as the necessary starting point for strengthening the financial capability of the small-scale private sector.

**Box 2 Support for the Small-Scale Private Enterprises Sector by the ARP APEX Bank**

The ARB APEX Bank receives money from the Government of Ghana for on lending to rural banks in the country. The rural banks in turn disburse the money to small-scale entrepreneurs in the rural areas. The money it receives from government comes from varied sources. These include the Government of Ghana's own sources, funds from the Highly Indebted Poor Countries (HIPC) Initiative, Ministry of Women and Children's Affairs (MOWAC)/Japanese Government Funds, Food and Agricultural Sector Budgetary Support, Community Based Rural Development Project and the Social investment Fund. Apart from the Food and Agricultural Sector Budgetary Support fund which directly goes to benefit small scale enterprises involved in agro-processing activities, all the other funds go to support small scale economic activities especially those in the agricultural sector.

In providing assistance to small-scale enterprises in rural areas, the ARB APEX Bank deals with about 70 rural banks spread throughout the country. The least number of banks the organisation has had to deal with is about five (5) banks. The credit offered to the small scale rural enterprises often range between 200,000 cedis and one (1) million cedis. The credit offered attracts an interest rate of 20% per annum.

Legal documentation of business venture such as registration of enterprises is not a prerequisite for granting of credit to beneficiaries. However, beneficiaries are required to provide passport pictures, residential address and guarantors who should be prominent persons in the community such as pastors, head teachers, family heads and Assembly members. Collateral security in the form of landed property is also not a prerequisite for a prospective beneficiary to obtain a loan. In lieu of this, applicants could use their machinery for production (e.g. oil or corn mill) as collateral for the loan. Prospective beneficiaries could also form groups to access credit. Default rates on the various funds vary but generally, the recovery rates have been good.

**3.5 Conclusions on the guidelines**

The guidelines are a sequel to the country report and synthesis reports and the multi stakeholder working group meetings as well as an initial national stakeholders' workshop coupled with supplementary information obtained from RGD and ARB APEX Bank. While the guidelines that relate to the decentralisation of the registration process at RGD and the provision of credit facilities by rural banks to small scale private sector operators are based on empirical evidence and therefore feasible, the others need to be subjected to further scrutiny to determine their practicality or otherwise. The issues that fall into this category are:

- Regulation of the activities of the small-scale private sector operators.
- Demand for services.
- Packaging of contracts exclusively for small scale operators within the framework of the Public Procurement Act (Act 663).

To ensure the availability of funds for continued study on, and implementation of the guidelines, it is recommended that CWSA and WaterAid (Ghana) should continue to seek financial support from the Government of Ghana and other development partners with a view to refining and implementing the recommendations on a pilot basis in three regions including the Volta Region. The rationale is to ensure that the guidelines are operational.



## 4 ANALYSIS AND LESSONS LEARNED

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### 4.1 The process

To a large extent, the process for the research has worked towards the attainment of the expected outputs in the project's logical framework (see WMC report R8335/1788/R4D), main final report). The success of the process is largely due to the participation and support of CWSA and WaterAid in the research assignment. Notwithstanding the acknowledged success of the process, its notable flaw was the survey being limited to three districts in only one region out of the country's 10 regions. This limitation raised questions whether the choice of this 1 region was representative of the other regions and whether the findings of the survey were applicable to the rest of the country. However, the findings were validated by CWSA and WaterAid based on their experiences in 10 and 6 regions respectively.

The study provided information to key officials in the sector (MWH, CWSA, WaterAid, development partners etc) on the apparent neglect of the small scale private sector operators in the formulation of policies and guidelines in the rural water sub sector. Sector officials are now aware of the special needs of small-scale operators and have indicated their preparedness to support them with a view to enhancing their capacity.

At the moment, the formulation of a set of guidelines is the preferred method to create an enabling environment for PSP in the rural water sub sector. This is due to the current lack of policy direction on PSP in the rural water sector. These guidelines, it is expected, will kick start the process for regulating and supporting the involvement of the PSP in the rural water sub sector.

The guidelines with respect to registration are likely to succeed on account of the firm agreement reached between the Registrar-General's Department and Ghana Post on the decentralisation of the registration process. The guidelines with respect to financial support, award of contracts by District Assemblies and institutional development of the private sector are also likely to be successful provided a "champion" is identified to spearhead consensus building with other stakeholders with a view to facilitating implementation. In this connection, there is the need for further consultations among key stakeholders to ensure the integration of the small-scale private sector operators into mainstream activities in the rural water sub sector. This calls for a possible Phase 4 of the KaR project with financial support from the Ghana Government and development partners including DFID, DANIDA, the World Bank etc.

Prior to the full scale nationwide implementation of the guidelines, it would be preferable to implement them on a pilot basis in six districts in three regions representing the various geographic (northern, forest and coastal) zones of the country. The lessons learned during pilot implementation should be incorporated into the nationwide implementation programme.

As pointed out, the guidelines have to be supported by a “champion institution” that will be at the centre stage of implementation. The guidelines “per se” will not bring about the required transformation of the small scale private sector. What is required is continuous interface among key stakeholders to bring the guidelines to reality. CWSA and WaterAid should monitor the progress on the decentralised registration programme announced by the RGD. There is also the need for further discussions with the officials of the Public Procurement Board and the ARP Apex Bank on

- a) flexibility in the procurement process and
- b) provision of financial assistance by rural banks.

Even though the development partners including DFID have not made any direct commitment to supporting the implementation of the guidelines, there are indirect indications that they will comply when the guidelines are crystallised for implementation under the auspices of the Ministry of Works and Housing. This is borne out of the fact that the Ministry is on the threshold of unveiling a consolidated national water policy to which all the development partners have made commitments to support and comply.

Support to rural PSP is likely to receive more support from donors if it is linked to improving rural livelihoods in addition to accelerating rural water delivery.

The key challenge encountered in the development of the guidelines was the initial reluctance of the members of the MSWG being in the driving seat in the formulation process. During the first meeting, members of the MSWG were of the view that it was the responsibility of the consultants to come up with draft guidelines for discussions at meetings. However when the consultants explained the process to them and asked them to discuss issues in groups, the situation took a positive turn. With this understanding, members defined the vision for the rural private sector and generated the ideas for the guidelines. It is heart-warming that all the members of the MSWG were unanimous on the role of the private sector in the rural water sector. Significantly, there was no dissenting opinion expressed by members on any of the guidelines (see Appendix D).

The members of the MSWG were able to develop guidelines for all issues raised in the format provided. However, some of the guidelines need to be tested in a pilot implementation programme as suggested in an earlier section.

## 4.2 The private sector and its operating environment

Who are the rural PS ?	<p>The rural small scale private sector operators are usually “one person” family owned entrepreneurs who operate as hand dug well contractors, area mechanics ( auto mechanics, bicycle repairers, black smiths etc), pipe fitters, plumbers, masons and in isolated cases, spare parts distributors. Most of these categories of people operate in the informal sector and seldom register their activities and do not operate a bank account.</p> <p>These entrepreneurs live in the rural communities with some of them being resident in the district capitals. Their standard of living is usually below average and their income from rural water activities is inadequate hence the need to have a second income. Given the relatively lower remuneration from rural water activities, these small scale entrepreneurs are motivated to continue working in the sub sector because of the desire to help in the improvement of water delivery in the communities coupled with the expectation that no matter how small the remuneration may be, it would improve their livelihood.</p>
Supply Chains	<p>To a limited extent supply chains are useful because it has facilitated some understanding in the relationship of supply and demand in the sub sector. However, given the limited goods and services in the sector, it is doubtful whether investments in the sector can be based on a supply chain. Supply chains would only become useful for investment when a critical mass of goods and services is attained. At the moment CWSA is finding it very difficult to identify spare parts distributors at the district level on account of the perceived un-profitability of the spare parts distribution system for a limited number of hand pumps.</p>
Legal Framework	<p>The legal framework suggested in the guidelines are feasible since the RGD and Ghana Post have started implementing the decentralisation of the legal registration process. It is expected that the small- scale entrepreneurs in the rural water sub sector will take advantage of this development to register their businesses.</p>
Institutional Framework	<p>The guideline for institutional framework is feasible but will require further exploratory discussions with other stakeholders. The private sector operators need to be sensitised on certain aspects of the institutional framework particularly, on training and the formation of associations.</p>
Financial Framework	<p>There is the need for further discussions with the officials of the ARP Apex Bank and the Ministry for Private Sector Development and President’s Special Initiatives.</p>

### **4.3 Policy environment**

The government is on the threshold of adopting a consolidated national water policy in which the role of the private sector in the growth and development of the water sector has been recognised. Since the adoption of the national Community Water and Sanitation Programme in 1994 and the consequential implementation of community ownership and management of water facilities, communities are expected to pay for services rendered in respect of their water facilities. Even though communities are responsible for the total cost for the operation and maintenance of facilities, their contribution towards the capital cost of facilities is 5% of the cost of the facility with donors paying the rest of the cost. In some cases, the District Assemblies are expected to contribute 5% of the investment cost. It is proposed under the new water policy to harmonise the contributions to investments by limiting the donor contribution to 90% with the community and DA contributing 5% each.

The conditions necessary for the creation of an enabling environment for rural water PSP are the existence of a trained and capable private sector, critical mass of water facilities, a demand for services and an articulate and effective association that will serve as an advocacy group.

None of these conditions are currently in place but could be met if the government in concert with the other stakeholders addresses the challenges identified in the study. If the level of investments in the rural water sector is increased to meet the Millennium Development Goals, the critical mass of facilities would be created resulting in an increased demand for services. The government should facilitate training and the formation of relevant associations.

The non-existence of these conditions should not be construed to mean the irrelevance of these guidelines. The guidelines should be considered as the first steps by the government towards strengthening the small-scale operators.

In effect the government should lead the transformation process for rural water psp by creating an enabling environment for them to thrive. In this connection, government should actively support and strengthen key institutions that are relevant for the growth and development of the rural private sector. The KaR study was timely as it has provided policy makers with the necessary information on the current state of the small scale private sector in the rural water sub sector. The implementation of the guidelines should result in a vibrant small-scale private sector capable of responding to the increased demand for goods and services. The increased demand will result in a higher income and an improvement in the livelihood of the operators thereby helping to meet the poverty reduction objective of the government.

## 5 DISSEMINATION AND UPTAKE

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### 5.1 Introduction

The dissemination strategy is one of the tasks of the Multi-Stakeholder Working Group. In general, information and knowledge tend to stay where it is generated. A critical challenge is to improve the accessibility of research findings not only in physical terms but also in terms of user comprehension.

The aim of the dissemination strategy is to ensure that those who would benefit from the project's information are conscious of its existence as much as possible. The information will therefore be disseminated to different target groups having different sources of information.

### 5.2 Target audiences and strategies

Target audiences are the direct and indirect beneficiaries of the interventions in rural water supply. The project has several target audiences for dissemination; including the following:

#### *National government*

These are Ministries and other national agencies in the rural water sector; viz Ministry of Works and Housing, Ministry of Local Government & Rural Development, Community Water & Sanitation Agency and Water Resources Commission. They consist of planners and policy makers at national level and are key stakeholders as an outcome of their responsibility in sector improvement planning and developing an enabling environment for small rural private sector service delivery. These national level institutions will be able to access policy briefs, articles and power point presentations, both on the Internet and on CD ROM and paper. The communication medium for this target group is the preferred mode of accessing information at that level

#### *Local government*

These are District Assemblies (DA) who are generally responsible for assisting communities to develop and maintain rural water supplies. Responsibilities of the DAs include selection of project beneficiary communities, contracting out of specialist services such as community sensitisation, drilling and pump installation. Another responsibility is the funding and regulation of service provision to communities. District level departments in general will access information about the project through information sheets produced on the guidelines in English. Training materials will also be produced. Summary notes on the involvement of the private sector, the guidelines and how to execute them will be provided in English. These will also include suggestions on how to slot in the communities and the private sector to become concerned about rural water supply. The training materials and guidelines will serve as a useful medium for this target audience since they are familiar with using these communication methods in the course of performing their normal duties and during training sessions.

*Rural-based, small scale, private sector service providers*

They include partner organisations, pump electricians, hand pump spare parts dealers, masons and area mechanics. Their position in community water supply service provision is very central and therefore the need to develop the environment within which they function. Summary sheets, in English and local languages will be produced on how the private sector can engage with communities and local government to be responsible for rural water delivery services. This will include their roles and responsibilities, provision of quality services and contract management. The communication methods selected for this target audience is due to their educational level to satisfy those who are not very proficient in the use of the English language.

*Communities*

Communities have need of rural water supply services and for that reason it is imperative that they know how to join together their interest with that of private sector service providers. The guidelines would enhance this development through local government and NGOs. In a situation where better rural water supply results from enhanced service provision from the small-scale rural private sector, the poor will directly benefit in terms of access, quality of service delivery and cost. Communities may be reached by mass media (local radio, television and newspapers) coverage. The DWSTs would also have regular meetings with communities to ensure the information gathering and normal feedback to happen. Leaflets should be produced in local languages to ensure user friendliness, better comprehension and feedback. Communities depend on the electronic mass media for information and the choice of this communication medium is to reach rural dwellers whose main source of information is the radio and television and in isolated on print media.

*Donor agencies and NGOs*

Donor agencies and NGOs are key stakeholders and significantly deal with the needs and priorities of national and local governments. They also work with communities in poverty reduction interventions. It is therefore vital that they are informed of new dimensions in government views and priorities and to widen policies on effective donor assistance. External agencies and NGOs will be able to access policy briefs, articles, technical papers and presentations on the guidelines. The argument for the choice of the communication medium for this target audience is similar to that of the central government ministries and agencies.

**5.3 Government to government/donor exchanges**

Another strategy to enhance dissemination of study findings is government to government/donor exchange of guidance on strategies to enable private sector participation as well as government to donor discussions. Where this is likely, the country teams will be encouraged to examine the nature and demand for such exchanges.

**5.4 Activities already undertaken**

A number of activities have been taken to disseminate project information on the KaR study. The two national stakeholders' workshops organised have been focal points for the discussion and dissemination of findings on the study. The stakeholders include small scale private rural service providers, NGOs, donors, national and local government institutions and communities (the ultimate beneficiaries). The Deputy Minister of Works and Housing who was the chairman for the 1<sup>st</sup> national stakeholders' workshop expressed interest in the findings of the study and pledged support for the implementation of the guidelines.

In addition, the two national stakeholders' workshops had attracted high media attention with news items on the print and electronic media covering findings of the study as well as a presentation on the guidelines. It is anticipated that with the high national network of these media houses, the information on the findings of the study is gradually seeping.

Members of the Multi-Stakeholder Working Group have acted as key resource persons in the dissemination of research findings to the interest groups they represent.

As a result of the issues raised at the national stakeholder workshops, there have been calls for the inclusion of specific issues on the rural water psp in the National Water Policy.

## **5.5 Future activities**

There is the need for target audiences to be actively involved in activities geared towards dissemination of project information, as activities so far undertaken have been peripheral. There is the need for a possible phase 4 of the study to cater the dissemination and pilot implementation of the guidelines.

## **5.6 Uptake and implementation**

The Ministry of Works and Housing, CWSA, WaterAid, Ministry of Local Government and the District Assemblies are in the best position to implement the guidelines given their involvement in sector activities. The Ministry of Works and Housing has responsibility for the development of the national water policy and would thus be able to monitor its implementation. However, the current lack of coordination between the Ministry of Local Government and Rural Development and the Ministry of Works and Housing in facilitating water delivery in the country could imperil the implementation of the guidelines.

Despite this fear, the guidelines have generated interest among key stakeholders including the deputy Minister of Works and Housing and the Director of the Water Directorate. These officials have indicated their commitment and support in the implementation of the guidelines. WaterAid, which is the biggest NGO in the rural water sector, demonstrated leadership, support and commitment during the preparation of the guidelines will also support its implementation. The presence of an official of the coalition of NGOs in water and sanitation (CONIWAS) is heart-warming and indicates the interest of this umbrella organisation to support the implementation of the guidelines. The officials in these organisations have the right orientation towards sector activities and would pursue the right actions when given the right direction.

The Water Directorate of the Ministry of Works and Housing will be motivated to act as the champion organisation to facilitate the implementation of the guidelines since it would place premium on its activities being undertaken by the nascent department and bolster its image.

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## 6 NEXT STEPS

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The government has recognised the private sector as the engine of growth in the Ghanaian economy. To this end, policy makers and financial institutions have formulated policies aimed at assisting the private sector, particularly small and medium enterprises (SMEs) in the industrial and agricultural sectors to the exclusion of enterprises in the rural water sector. This study has highlighted the special needs of the small-scale operators in the rural water sector and drawn attention to them. To obtain a deeper insight into the operations of the small-scale operators in the rural water sector, it is considered necessary to conduct a complementary study on the following issues that will throw more light on their activities and operational environment. Specifically, the following need to be studied:

- a) organisational set-up
- b) equipment and workshop facilities
- c) activities being undertaken and fees charged
- d) type and number of clients
- e) turn over and profit margins.

Stakeholders are familiar with PSP in the urban water sector but not in the rural water sub sector. The proposed complementary study and the pilot implementation of the guidelines, it is expected will draw more attention to the small-scale private sector in the rural water sector.

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## 7 CONCLUSIONS

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The interest being generated in rural PSP following the conduct of the study coupled with the potential of the private sector to respond to the special needs of the rural water sector give an indication of the likely success of rural PSP in Ghana. The rural private sector could respond favourably to District Assemblies that are currently implementing decentralised water and sanitation projects where the invitation is limited to small-scale operators and excludes the medium and large-scale operators who have the organisational and financial clout to out-manoeuvre small-scale operators. In effect, invitations to participate in rural PSP should be limited to small-scale operators. The KaR study has indicated the weaknesses of the small-scale operators in competing directly with medium and large-scale private sector for assignments in the rural water sub sector and the recommendation for flexibility in the award of contracts under the Public Procurement Act is aimed at addressing the imbalance in the award of contracts at the district level.

The use and impact of the study could be limited by the intransigence or reluctance of district level actors to support the small scale operators.

Private sector participation in the rural water sector could be affected by the lack of understanding of the roles and responsibilities of the small scale operators, lack of sympathy and support for the operators and the lack of responsiveness to the opportunities as a result of the poor organisational set-up of these small-scale enterprises.

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**APPENDIX A**  
**Summary of project documentation**



## APPENDIX A

### LIST OF PROJECT DOCUMENTATION

Community Water and Sanitation Agency (2004) Annual Progress Report. Year 2003 Accra.

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**APPENDIX B**  
**Phase 2 workshop report**



## APPENDIX B

**PROCEEDINGS FROM KaR STUDY ON SMALL SCALE PRIVATE SECTOR PARTICIPATION IN THE RURAL WATER SUPPLY SECTOR****NATIONAL STAKEHOLDERS WORKSHOP ON  
10 MARCH 2005 AT KAMA CONFERENCE CENTRE, ACCRA****1. INTRODUCTION****1.1 Background**

It is believed that more than one billion people in developing countries lack access to safe drinking water. Most of these people live in Africa. There is an increasing tendency of governments limiting their role in the provision of water facilities to Non Governmental Organisations (NGOs) and the private sector. However, there is the realisation that there is a lot of potential in rural artisans who could play a meaningful role in enhancing the provision of water within the framework of an enabling environment. Given this realisation, the United Kingdom Department for International Development (DFID) engaged the services of Water Management Consultants (WMC) to undertake a study on the role of the small scale private sector in Ghana, Zambia and Tanzania. WaterAid (Ghana) and the Community Water and Sanitation Agency (CWSA) collaborated with WMC in undertaking the study.

This report highlights the proceedings of the workshop held on 10<sup>th</sup> March 2005 in Accra to present the Ghana country report (study findings) to a multi stakeholder group.

**1.2 Workshop objectives**

The objectives of the workshop were bifurcated into a general objective and a set of specific objectives.

The general objective was to ***enhance participation of the small-scale private sector in rural water supply service provision and disseminate best practice guidelines.***

The specific objectives for the stakeholders' workshops were to:

- present the key findings from the survey
- discuss the findings of the survey
- make recommendations for the development of appropriate guidelines for small scale private sector participation in rural water provision.

**2. METHODOLOGY**

The workshop adopted a mix of methodologies including formal opening and closing sessions, the use of audio visual aids during presentations and participatory approaches during discussions.

**2.1 Opening ceremonies****2.2 Opening Prayer and Introduction of Chairman**

The programme started at 10.05 a.m. with an opening prayer by Mr. E.F Boateng, the Volta Regional Director of CWSA. Thereafter, Ms Fay Ephraim, the CWSA Eastern Zonal Planner, introduced Mrs Cecilia Amoa, the chairman of the CWSA Board of Directors as the chairman for the workshop.

### **2.3. Welcome Address**

Mr. Kofi Asamoah, the Chief Executive of CWSA delivered the welcome address. In so doing, he presented a general overview of the project and iterated the rationale for the project, namely the need to unearth the potential of the small scale private sector operators and integrating them into the general framework of rural water delivery. He indicated that even though the survey was conducted in the Volta region, he expected that its findings nevertheless will serve as a model for integrating the SSPS in the rural water delivery and that the guidelines to be developed will constitute a working document for the government of Ghana and other stakeholders in rural water delivery.

### **2.4 Use of audio visual aids**

The facilitators and presenters of the workshop used audio visual aids during the workshop. The main tool utilised was the power point presentation. The use of this tool contributed immensely in highlighting the key presentations.

### **2.5 Participatory approaches**

As a way of giving meaning to enhancing participation, the workshop facilitators encouraged discussions after the presentations. These discussions enlivened the workshop proceedings and o contributed to eliciting the active participation of workshop participants.

*The various presentations given are presented with a little text editing.*

## **3.PRESENTATIONS, OVERVIEW OF STAKEHOLDERS' RESPONSES AND WORKSHOP DISCUSSIONS**

### **3.1 Presentations**

Messrs Edward Aboagyee and Mawuena Dotse presented the highlights of the study's findings.

### **3.2 Overview of stakeholders' responses and workshop discussions**

After the presentation, participants were allowed to ask questions within the framework of the participatory approach adopted.

#### *Progress in the study countries*

In response to a participant's inquiry as to the progress of the study in the other two countries, it was indicated that while Zambia held its stakeholders workshop on 22<sup>nd</sup> February 2005, Tanzania coincidentally planned to conduct its workshop on the same day as Ghana ie, 10 March 2005.

#### *Male domination of survey respondents*

The members of the study team explained that questionnaires were administered to more male respondents than females because of the male dominance of the occupations from which the respondents were selected. It was further explained that cultural factors have precluded females particularly in the rural areas from venturing into occupations that are considered the preserve of males. The study team however pointed out that female members of community water and sanitation (WATSAN) committees were interviewed as part of the focus group discussions at the community level. Participants were urged to commence advocacy in their respective communities to break cultural barriers that hindered females venturing into supposedly male occupations.

### *Registration of business entities*

The inability of SSPS operators to register their business entities was an issue for discussion. Some participants recommended that the District Assemblies should collaborate with the Registrar-General's Department with a view to the creation of business registration centres at the offices of the former. This recommendation, it was expected would minimise some of the problems that affected the registration of local entrepreneurs at the local level. Indeed, its implementation would save local entrepreneurs trips to Accra for registration.

### *Sanitation*

Given the linkage between water and sanitation, some participants questioned why the study report excluded sanitation. In response, the study team indicated their recognition of the linkage but explained that sanitation did not feature in the study because it was excluded from the Terms of Reference (ToR) prepared by DfID excluded sanitation.

### *Private water providers*

It was suggested that in future, such a study should include individual or family house providers who sell water from hand –dug wells during the lean season.

### *Gender balance of study team*

Some participants expressed reservations on the all male composition of the study team and questioned the non-involvement of females on the team. Representatives of both CWSA and WaterAid explained that the all male team was purely accidental and not by design. It was pointed out that Ms Fay Ephrim, a zonal Planner from CWSA participated in the first phase of the study.

### *Sample size of survey respondents*

A participant indicated dissatisfaction with the relatively small size of the survey respondents, particularly the area mechanics and spare parts dealers and recommended that a bigger sample size should have been used. It was however pointed out that the respondents were actually not a sample but constituted the total number of area mechanics and spare parts dealers in the respective districts. It was explained that the small number of respondents was due to the limited number of area mechanics and spare parts dealers. Given this explanation, participants were of the opinion that the survey should have been conducted in all the ten (10) regions.

### *Establishment of a centralised galvanising plant*

In order to facilitate the production of cost effective and affordable locally manufactured pumps to meet ISO specifications, a participant who manufactures local hand pumps suggested establishment of a centralised galvanising plant to aid the process of manufacture.

### *Community Based Volunteer Mechanics*

A participant suggested the identification and training of community based volunteer mechanics who would not have to travel long distances to repair broken down facilities.

*Provision of motorbikes to area mechanics*

In a reaction to why motorbikes are no longer provided to area mechanics by CWSA as was the practice in the Central region in the 1980s, a participant from CWSA explained that experience has indicated that the practice was not sustainable. The Volta Regional Director of CWSA said they realise that the maintenance and supply was not sustainable since many of the area mechanics were unable to replace the motor bikes provided them. The current practice is to encourage the use of public transport and bicycles.

*Preventive maintenance*

Participants endorsed the suggestion that preventive maintenance should constitute a central part of the operation and maintenance regime for the water facilities. This is due to the realisation that many communities pay inadequate attention to preventive maintenance and only need the services of area mechanics. The adoption of preventive maintenance by each community would enhance the life span of the hand pumps and increase the demand for the services of area mechanics. An increased demand for the services of the area mechanics would improve their income and livelihoods.

*Pricing of water*

A participant was of the view that, the pricing of water should have been considered as part of the study.

**4.CONCLUSIONS AND OUTCOMES**

The workshop was successful. This is evident in the high level participation of senior public officials in the water sector in Ghana coupled with the level of discussions. The closing remarks of Mrs. Cecilia Amoah, the Chairman of the CWSA Board of Directors who was the chairman for the function also gave credence to the success of the workshop in her closing remarks. She commended the consultants for the study and expressed the hope that the findings will be used by policy makers.

Participants made the following recommendations at the end of the workshop:

- There should be a harmonised approach in the implementation of all projects being implemented under the auspices of CWSA.
- Restructuring of the various functions of the stakeholders to remove unnecessary overlapping
- Area Mechanics should register their business activities at the Registrar-General's Department to enable them operate within the legal framework.
- CWSA should expedite action on the modalities for the establishment of spare parts distribution centres at the district level.
- District Assemblies should take the lead role in supporting SSPS operators in the water sector. In this connection, key DA officials are to be sensitised on the role of the SSPS in the water sector.
- Women should be encouraged to participate in SSPS activities. To this end, further studies should be conducted on the role of women in SSPS activities.
- CWSA should subject the "DIT wonder pump" and the "rope pump" to further testing with a view to considering adding them to the list of standardised pumps.
- CWSA need to expand to have pumps which be for shallow wells
- Representatives of the National Board for Small Scale Industries(NBSSI) and the Ministry of Private Sector Development should be members of the multi stakeholder working group.
- The survey should be extended to at least 2 or 3 other regions to give it a national character.

## ANNEX 1

### Workshop Agenda

#### PROGRAMME KaR STUDY ON SMALL SCALE PRIVATE SECTOR PARTICIPATION IN THE RURAL WATER SUPPLY SECTOR

#### NATIONAL STAKEHOLDERS WORKSHOP ON 10TH MARCH 2005 @ KAMA CONFERENCE CENTRE, ACCRA

9.30am	Opening Prayer
9.30 am – 9.45am	Introduction of Chairperson <i>Fay Ephraim (Ms)</i>
9.45 am – 10.00 am	Chairperson's Opening Remarks
10.00 am – 10.15am	Welcome Address <i>Chief Executive, CWSA</i>
10.15 am – 10.30 am	Presentation of Objectives of KAR Study & Collaborative Arrangements - <i>WaterAid</i>
10.30 am – 11.00 am	Snack Break
11.00 am – 12 noon	Presentation of Study Findings - <i>Study Team</i>
12 noon – 1.00pm	Discussions of Study Findings
1.00pm – 1.25pm	The Way Forward
1.25pm – 1.30pm	Chairperson's Closing Remarks
1.30pm	Lunch & Departure





## ANNEX 2

## List of workshop participants

Name	Organisation	Designation
1 Cecilia Amoah (Mrs)	CWSA	Chairman, Board of Directors
2 Kofi Asamoah	CWSA	Chief Executive
3 Mintah Aboagye	MoWH	Director of Water
4 Frempah Yeboah	MoWH	Deputy Director
5 E. F Boateng	CWSA	Regional Director (Volta)
6 Fay Ephrim(Ms)	CWSA	Zonal Planner
7 Paul Attah	DIT Services, Ho	Managing Director
8 Ben Attah Anyomi	Avenui WSDB	Member
9 Paul Kwame Sewor	Municipal WST, Ho	Member
10 John Asimeku		Area Mechanic, Assin Fosu
11 Evans Vakpo Kofi	APDO	Field Officer
12 Kofi Atta Agyepong	KfW	Programme Officer
13 Stephen Ntow	WaterAid	Deputy Country Representative
13 M.A. Nashiru	WaterAid	Advocacy Manager
14 Kojo Bibah	DANIDA	Programme Officer
15 Dr Fink Helge	GTZ/EVORAP	Project Manager
16 James Amissah	GTZ/EVORAP	Project Officer
17 Edward Aboagye	Project Impact Con	Managing Consultant
18 Frank Anim	MAPLE Consult	Associate Consultant
19 Mawuena Dotse	MAPLE Consult	Managing Director



**APPENDIX C**  
**Multi-Stakeholder Working Group terms of reference**



## APPENDIX C

### STUDY OF SMALL SCALE PRIVATE SECTOR PARTICIPATION IN THE RURAL WATER SUPPLY SECTOR

#### MULTI-STAKEHOLDER WORKING GROUP

#### TERMS OF REFERENCE

##### Introduction

The UK Department for International Development is funding a study of small-scale private sector participation in the rural water supply sector in Ghana, Tanzania and Zambia. The aim of the study is to enhance the participation of the small-scale private sector in the provision of services through the production and dissemination of best practice guidelines. The project is managed and coordinated by Water Management Consultants Ltd of Shrewsbury, UK. In each location a country team comprises staff the government agency responsible for rural water supplies and WaterAid. In the case of Ghana the Community Water and Sanitation Agency is the lead agency. In Tanzania it is the Regional Water Engineer's office, Dodoma Region and in Zambia it is the Department of Infrastructure and Support Services within the Ministry of Local Government and Housing.

The study comprises three phases, as follows:

- Phase 1 – Inception (review of knowledge of private sector participation in the rural water sector and detailed planning of Phases 2 and 3)
- Phase 2 – Surveys (field surveys by the country teams of (i) the capacity of the private sector to provide services for rural water supply, (ii) the capacity of government to enable and to regulate the private sector, and (iii) the need for guidelines for enhancing the participation of the small scale private sector).
- Phase 3 – Analysis and dissemination (development of guidelines for the enhanced participation and regulation of the rural-based private sector in service provision for rural water supply).

Phase 1 began in November 2003 and ended with the production of the Knowledge Review and the Inception Report. Both reports are available on the project website at [www.ruralwaterpsp.org](http://www.ruralwaterpsp.org) under Internal Reports and Documents. Phase 2 began in April 2004 and will close towards the end of 2004. Phase 3 will begin in December 2004 and the project will end in October 2005.

Outputs of Phase 2 are a country report produced by each country team, and a synthesis report. The country report presents the findings of the three surveys carried out by the country team. The synthesis report brings the results of the three country reports together and highlights commonalities and differences.

Phase 2 will end with the presentation and discussion of the respective country report in a workshop with a wide audience drawn from the water sector.

## **Multi-stakeholder Working Group**

A Multi-stakeholder Working Group will be formed in each study country. The working groups will play a major role in Phase 3 of the study, ie between December 2004 and October 2005.

Membership of the MSWG will be by invitation and those invited will be expected to work as a team. The working group members will be key individuals drawn from different disciplines in government/private sector/NGOs/donors. They will have particular knowledge of the rural business environment and the rural water sector and a common interest to enhance the participation of the small scale private sector in the provision of services for rural water supply

## **Role and functions of the Multi-stakeholder Working Group**

The role of the MWSG is to be a think-tank on private sector participation in the rural water sector. The MWSG will be informed by the country report and the synthesis report. The function of the reports is to provide improved understanding of the private sector and of government capacity and of the need for guidelines. The MWSG will be advised by the Government-WaterAid team that carried out the surveys and wrote the country report.

Based on the improved understanding imparted by the reports and the team, the functions of the MWSG are to:

- Develop an agreed vision of (i) the role that the rural-based private sector should play in providing services in the rural water supply sector, (ii) the role that government should take in promoting the involvement of the private sector, and (iii) the interaction between government and the private sector that will be required in order to enhance participation.
- Based on that vision, discuss and document an enabling environment and a series of actions or guidelines by identified stakeholders that should be followed if the enabling environment is to be promoted and participation of the private sector in rural water supply is to be enhanced.

## **Outputs**

The output of the Multi-stakeholder Working Group will be a document providing:

- An articulated vision of the role of the private sector in rural water supply service provision and the enabling environment that would promote the involvement of the small-scale private sector in your country.
- A series of recommended country-specific actions that different stakeholders can implement, either alone or by working together, to effect a number of changes that should promote the enabling environment and hence the greater participation of the private sector in the role envisioned by the working group.
- The Multi-stakeholder Working Group will also make recommendations to the country team for the effective dissemination of the guidelines to maximise uptake by key stakeholders.

The document will initially form a discussion document and will be presented, reviewed and discussed at a final project workshop before a final version is produced. The final guidelines document will form a key output of the study and will be designed to be widely disseminated.

**Resources**

It is expected that Multi-stakeholder Working Group will meet once a month starting in January 2005. WaterAid has sufficient resources to convene up to seven meetings and the final project workshop.

The country team will act as secretariat to the working group and will advise the working group on particular issues and questions that arise.





**APPENDIX D**  
**Multi-Stakeholder Working Group meeting minutes**



## APPENDIX D

**MINUTES OF THE MULTI STAKEHOLDER WORKING GROUP MEETING HELD ON  
3 OCTOBER, 2005 AT THE CWSA CONFERENCE ROOM**

**Members present**

<b>Name</b>	<b>Designation</b>	<b>Organisation</b>
E.F. Boateng	Regional Director	CWSA-Volta Region
Abdul-Nashiru Mohammed	Advocacy Manager	Water Aid Ghana
John Asimeku	Area Mechanic	Private Sector
Paul Kwame Sewor	DWSTMember	Ho Municipal Assembly
Bonni Jones	WATSAN C'ttee Chairman	Hodzo, Ho

**Absent with apology**

Kojo Bibah	Programme Officer	DANIDA
Fay Ephrim	Zonal Planner	CWSA
K. Frempah Yeboah	Assistant Director	Water Directorate
Ate Ofosu Amaah	Director	Ministry for Private Sector
Edward Aboagye	Member, country team	Project Impact Consult

**In attendance**

Aissa Toure Sarr	Country Representative	Water Aid Ghana
Yaw Asante Sarkodie	Zonal Planner	CWSA, Head office
Mawuena Dotse	Member, country team	Maple Consult
Joseph Ampadu-Boakye	Junior Consultant	Maple Consult

**1. Opening**

The meeting, held under the chairmanship of Mr. E.F Boateng started with a prayer by Mr. Paul Sewor. Mr. Abdul-Nashiru Mohammed welcomed participants to the meeting and highlighted the agenda for the meeting. He indicated that the main objective for the final meeting was to reach consensus on the appropriate steps to be taken to ensure the successful implementation of the guidelines. He told the house that inputs from the second national workshop for the presentation of the guidelines have been incorporated into the final guidelines.

**2. Post workshop issues**

Mr. Mawuena Dotse presented the outcome of the second national workshop to the meeting and indicated that participants at the workshop were in broad agreement with the guidelines and accordingly there were no substantial changes. He indicated that participants at the workshop rather made contributions as to the way forward in implementing the guidelines.

He also informed the house that that the country team was able to meet the deadline of 30 September 2005 for the presentation the presentation of the country reports to Water Management Consultants with copies forwarded to CWSA and WaterAid.

After the presentations by Mr. Dotse, Mr. Abdul-Nashiru invited the house to make contributions on the way forward for the guidelines. In response to this invitation, Mr. Sarkodie said there was an opportunity to take the guidelines forward and have its relevant sections incorporated into the national water policy that was being formulated. In this connection, it was decided that the MSWG could constitute an "Action Group" to draw an action plan with a view to influencing CWSA and the Ministry of Works and Housing to inculcate some of the guidelines into the national water policy Mr. Sarkodie also informed the meeting that as part of the restructuring of CWSA, legislative instruments will be enacted passed to empower CWSA to perform more effectively some of its current functions. To this end, CWSA could play a lead role in facilitating the registration of private sector operators.

Mr. Abdul-Nashiru informed the house that officials of WaterAid Ghana will take advantage of an upcoming meeting with the Deputy Minister for Works and Housing to discuss modalities for the implementation of the guidelines with the Deputy Minister.

### **3. Implementation of the Guidelines**

A member of the MSWG suggested that the proposed "Action Group" should contact the Decentralisation Secretariat of the Ministry of Local Government and Rural Development (MLGRD) to determine the latter's support since the guidelines would be implemented at the district level.

Mr. Abdul Nashiru proposed that monitoring of the decentralisation of business registration should be done at two levels,-national and district. He added that the MWH could undertake monitoring at the national level whilst the Action Group selects two post offices in one of the regions for monitoring.

On the formation of associations, a member suggested that in view of the cost implications of forming groups, the Action Group should develop a budget line for the exercise. It was also suggested that the exercise should commence from the district level possibly with the Ho Municipal Assembly.

To ensure availability of funds for the implementation of the guidelines, the members of the MSWG agreed that the proposed "Action Group" should prepare and present a proposal and a budget to DFID for financial support to implement the guidelines.

The MSWG also agreed that in registering the private sector operators, CWSA and District Assemblies could collaborate to register all community Water and Sanitation (WATSAN) committees, Water and Sanitation Development Boards and private sector associations. Mr. Paul Sewor was requested by the house to discuss the feasibility of this proposal with the Municipal Coordinating Director of the Ho Municipal Assembly

The house also asked Mr. E.F Boateng to investigate the lease concept that was previously implemented in the Volta region with financial assistance from DANIDA. To ensure ease of preliminary implementation of the guidelines, it was decided that the country should be divided into three zones for pilot implementation in predominantly rural areas. The zones and the regions selected are:

<b>Zone</b>	<b>Region</b>
▪ Northern	Northern Region
▪ Middle	Brong Ahafo Region
▪ Southern	Volta Region

The following members of the MSWG were nominated to constitute the “Action Group”

Mr. E. F. Boateng	CWSA Volta Region
Miss Fay Ephraim	CWSA Head Office
Mr. Abdul-Nashiru Mohammed	WaterAID
Mr. Kojo Bibah	DANIDA
Mr. John Asimeku	Private Sector

The Director of the Water Directorate is to nominate a representative to serve as a member of the “Action Group” To facilitate the commencement of activities of the “Action Group”, it was decided that CWSA should officially write to the nominees informing them of their appointment and the terms of reference for the assignment. It was also agreed that the minutes of the day’s meeting should be forwarded to CWSA to enable the Chief Executive issue appointment letters to the “Action Group” members.

#### **4. Closing**

The WaterAid Country Representative, Mrs. Aissa Toure Sarr thanked the MSWG for the excellent work done and expressed optimism that the members of the Action Group will support the implementation of the guidelines. Mr. Mawuena Dotse also expressed his appreciation and that of Mr. Aboagye, his co-consultant on the study, to the MSWG members for the collaboration extended during the formulation of the guidelines. The meeting came to an end at 12:30pm



**APPENDIX E**  
**Phase 3 workshop report**





**APPENDIX E**

**WORKSHOP REPORT**

**SECOND NATIONAL STAKEHOLDERS WORKSHOP FOR  
NATIONAL ADVOCACY FORUM ON DRAFT GUIDELINES  
ON SMALL SCALE PRIVATE SECTOR PARTICIPATION IN  
THE RURAL WATER SUPPLY SECTOR**

Held on 22<sup>nd</sup> September, 2005  
Hotel Wangara, Labone, Accra

Facilitation and Documentation by:

Ghana Study Team

22<sup>nd</sup> September 2005

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### List of Abbreviations

CWSA	Community Water and Sanitation Agency
DA	District Assembly
JICA	Japan International Cooperation Agency
KaR	Knowledge and Research
MSWGMulti	Multi Stakeholders Working Group
NBSSI	National Board for Small Scale Industries
RGD	Registrar General's Department
SME	Small and Micro Enterprises
SSPS	Small Scale Private Sector
WMC	Water Management Consultants
IRS	Internal Revenue Service

### 1. Background to the Workshop

As a follow up to the presentation of the findings of the survey conducted as part of the activities of the second phase of the Knowledge and Research (KaR) study on the involvement of the private sector in the rural water sector, a multi stakeholders working group (MSWG) was constituted. The role of the MSGW was to formulate guidelines for the involvement of the small-scale private sector entrepreneurs in the rural water sector. The guidelines to be developed constitute the third and final phase of the KaR study.

### 2. Objectives of the Workshop

The objective of the stakeholder workshop was to present the findings of the MSWG on the guidelines for the involvement of the private sector in rural water sector in Ghana. The workshop also sought to provide an opportunity for stakeholders in the rural water sector to make inputs into the guidelines prepared by the MSWG and to contribute towards the implementation of the guidelines.

### 3. Participation

A total of 26 participants attended the one-day workshop. The participants were drawn from all stakeholders in the rural water sector- District Assembly, private sector operators, CWSA officials, donor agencies, water and sanitation development board officials, financial institutions and the study team.

### 4. Workshop Methodology

The workshop adopted a combination of power point presentations and plenary discussions. This was to allow the consultant for the project an opportunity to brief the gathering on the guidelines and the processes undertaken to arrive at those conclusions. It was also to keep participants informed of the processes and outcomes of the study and to generate discussions among them.

### 5. Proceedings at the Workshop

The workshop, held under the chairmanship of Mr. Robert Van-Ess, the Director of Technical Services of CWSA, started at 10:15am with an opening prayer by Miss Fay Ephraim of CWSA.

Mr. Abdul Nashiru apologized to the gathering for the delay in the commencement of the programme. He explained that it was due to the change in venue and that the organizers wanted to wait for participants who may have gone to the earlier announced venue.

#### *Welcome and Briefing*

The WaterAid Country Representative, Mrs Aisa Toure Sarr welcomed participants to the workshop and provided a brief overview of the project. She noted that the project entailed three main phases. Phase 1 was the inception phase; Phase II was the knowledge and survey phase and Phase III the analysis phase. She added that the MSWG was formed to deliberate on the Phase II and Phase III components of the project and to formulate guidelines for enhancing small -scale private sector participation in rural water supply delivery and to recommend country specific guidelines to achieve this objective. She implored all participants to contribute to the formulation of the guidelines.

#### *Chairman's Opening Remarks*

The Chairman apologised to the gathering for the apparent no representation by the sector ministry at the workshop. He attributed this to a duty tour the Minister for Works and Housing had undertaken to the Brong Ahafo Region and the fact that officials of the ministry who could have been invited to the meeting were part of the minister's entourage.

The Chairman underscored the importance CWSA attaches to the role of the private sector in rural water and sanitation delivery. He added that CWSA recognised the role of area mechanics, larine artisans, drilling contractors and partner organisation to mention but a few private who are playing a tremendous role in rural water delivery. He indicated that CWSA was currently implementing projects with financial assistance from the International Development Association (IDA) of the World Bank, the Danish International Development Agency (DANIDA) and the African Development Bank (ADB) and stressed that all the projects were district based. This provision therefore allows the DAs to package the projects in units which the SSPS sector can take advantage of. He also observed that CWSA was moving towards decentralizing its operations to the private sector. He added that the new Public Procurement Act makes provisions for private sector participation in water delivery. This was because the Act makes provisions for contracts within a certain threshold to be awarded to the SSPS sector.

### *Presentations*

Mr. Abdul-Nashiru Mohammed of WaterAid Ghana presented the study background, objectives and collaborative arrangements of the KaR study. Mr. Mawuena Dotse, the consultant presented the draft final guidelines to the gathering. In his presentation, Mr. Dotse highlighted the current state of the private sector, vision of the MSWG for the private sector, the relevance of the proposed intervention and the anticipated financial and political cost of the intervention. The presentation dealt with the following key areas of the SSPS:

legal and regulatory framework;  
institutional and financial.

### Comments from Participants on the Study Guidelines

#### *SNV Interest in Study Guidelines*

Mr. Johan Naude of SNV-Netherlands Development Organisation observed that the SSPS sector is relevant in the delivery of water in Ghana and indicated that as a development organisation that was currently formulating a position document to intervene in the water and sanitation sector in Ghana, SNV found the study a useful tool to guide them in planning their intervention. He added that SNV will dialogue with other actors in the sector in its bid to formulate an intervention in the sector. He however advised that the MSWG should also consider the sanitation sector because water and sanitation go hand in hand.

#### *Registration*

The DCE for Kwabre, Alhaji Kwasi Yeboah indicated that the National Board for Small Scale Industries (NBSSI) had branches in all the regions in the country and has a Business Advisory Centre (BAC) in all districts. Given this, District Chief Executives (DCEs) should endeavour to provide office space for the BAC. He stated that the Kwabre district had linked up with the Registrar General's Department (RGD) through the BAC office and urged other DCEs to contact the NBSSI and the RGD to have BAC offices established in their districts. Miss Fay Ephraim proposed that the trade associations to be formed by the private sector operators should also register with the RGD to legitimize their existence and operation.

#### *Availability and Distribution of Spare Parts*

A participant wanted to know the extent to which the study addressed the challenges of the private sector in the sanitation sector. He also wanted to know the extent to which the guidelines addressed the issue of availability of spare parts and the supply chains in the rural areas especially with regards to pricing.

The consultant responded that the financiers of the study restricted it to the water sector and for which reason there was no information on private sector involvement in the sanitation sub sector. He indicated that the study considered availability of spare parts and developed the supply chain for its distribution. The reality however is that spare parts distribution in Ghana is handled by a large organisation. The Chairman explained that CWSA had to start spare parts delivery and distribution on a large scale and the first step was to set up a national network in order to minimise the cost of distribution. The next step has been to link the SSPS to the national network. CWSA is currently exploring the possibilities of linking the SSPS sector to the national network and to supply spare parts to rural areas and to keep the SSPS sector vibrant. According to him, there is a plan to hold a forum for all area mechanics, DWSTs and the national network operator to discuss how these linkages could be cemented.

### *Regulation*

A participant also proposed that the guidelines should not place a ceiling on the charges the SSPS sector could charge for service delivery. He indicated that in a bid to register the SSPS sector to legalise their operations, there was the tendency for the sector to be roped into the tax net by the government. This will therefore bring about discrepancies in the cost of service delivery by the SSPS. He therefore called on the consultant to consider the impact of taxation on the cost of service delivery before coming out with a ceiling on service charges. The Chairman added that as much as the guidelines try to regulate the SSPS sector, it must not kill the initiatives and enthusiasm of the private sector.

The consultant asked an area mechanic, Mr. John Asimeku to comment on the issue as to whether registration of their businesses affected the cost of operation. Mr. Asimeku said the service/cost charge depends on the quality of work and the type of spare parts used for the repair work. The Chairman acknowledged the fact that the Internal Revenue Service (IRS) is widening its tax net and so the SSPS should expect to be given Tax Identification numbers (TIN) to enable the IRS trace them for taxes. A participant also advised the SSPS not to downplay the intelligence of the rural communities by thinking that they (rural folks) might not appreciate adjustment in service charges due to increase in taxation. Miss Fay Ephraim advised the SSPS to maintain good records on their activities to enable them enjoy favourable taxes otherwise they risk being charged high taxes.

### *Financial*

The representative of the ARB Apex Bank indicated that funds channelled through the bank have their target beneficiaries and will therefore be very difficult for the ARB Apex Bank to channel funds to the SSPS sector for rural water delivery as the guidelines appeared to be proposing. He added that funds at the disposal of the ARB Apex Bank currently are targeted at the agricultural sector.

The consultant responded that the guidelines did not indicate that the ARB Apex Bank should provide funds for the SSPS sector. Instead, the guideline proposed that the government should acknowledge the role of the SSPS sector and provide funding for the sector through the ARB Apex Bank as it had done for the agricultural sector and for women.

### *Procurement*

The Chairman advised that the issue of flexibility in the application of the Public Procurement Act should be reconsidered so as to ensure transparency that the Act seeks to promote.

In a response, the consultant indicated that so far as the SSPS cannot participate in major contract works such as drilling, minor works such as apron construction and pump fixing could be contracted to the SSPS. In effect, the guideline was proposing that contracts should be broken into smaller lots to allow the SSPS to execute such contracts. The consultant however did not rule out the possibility that the large scale firms could bid for such projects.

The District Chief Executive for Kwabre District, Alhaji Kwasi Yeboah indicated that DCEs had a threshold of ₵100million within which they could award contracts to any registered contractor by following the processes within the framework of the Public Procurement Act. He proposed that some of these contracts should be channelled to the SSPS.

## 6. The Way Forward

Mr. Abdul-Nashiru Mohammed presented the next steps to be taken on the study guidelines to the gathering. He said a plan was to be developed to deepen the role of the ARB Apex Bank in financing the SSPS and to address the SSPS role in sanitation delivery. He also indicated that proposals will be developed to seek funding to implement the ideas put forward in the guidelines.

He outlined the next steps as follows;

- Final meeting of the MSWG
- Dissemination of the guidelines
- Pilot testing of the guidelines in three (3) districts
- Transitional plans to develop research to deepen some emerging issues
- Proposals for further funding to implement guidelines.
- Any other business

In the closing remarks, the Chairman for the workshop, Mr. Van Ess, expressed his deep appreciation to the country team and other stakeholders for their participation in the workshop. He also gave the assurance that the comments and discussions made at the workshop will be inculcated into the final guidelines.

**ANNEXURES****Annexure 1  
Workshop Programme**

9:30am- 9:40 am	Welcome and Briefing
9:40am-9:50am	Chairman's Opening Remarks
9:50am-10:00am	Presentation of Study Background
10:00am-10:15am	Snack break
10:15am-11:15am	Presentation of Draft Final Guidelines
11:15am-12noon	Questions and Answers (Adding Value)
12noon-12:15pm	Presentation of Next Steps
12:15pm-1:00pm	Chairman's Closing Remarks
	Lunch and Departure





## Annexure 2

### List of Participants

<i>Name</i>	<i>Designation</i>	<i>Organization</i>
Aissa Toure Sarr	Country Representative	WaterAid Ghana
R.K.D. Van Ess	Director, Technical Services	CWSA
E.F. Boateng	Regional Director	CWSA – V/R
Alhaji Kwasi Yeboah	District Chief Executive	Kwabre District
Abednego Chigumbu	Sen Programme Officer	UNICEF
Johan Naude	Senior Advisor	SNV
Pauline Tambro	Public Relations Manager	CWSA
Fay Ephraim	Zonal Planner	CWSA
Mr. Mante	Manager	ARB APEX BANK
Angelina Adogla-Bessa	Technical Coordinator	Oyibi Area WSDB
Divine Ofoe Gorleku	Secretary	Oyibi Area WSDB
Boakye Dede Emmanuel	Tech.Coord.	Abokobi-Oyarifa- Teiman WSDB
Paul Kwame Sewor	Member	MWST–Ho Municipal Assembly
Bonni Jones P.Chairman committee		Hodzo WATSAN
John AsimekuArea Mechanic		Private sector
Gordon Komla Atsyor	Programme Officer	CONIWAS
Frank Anim	Member, country team	MAPLE consult

### Facilitators

<b>Name</b>	<b>Designation</b>	<b>Organization</b>
Abdul-Nashiru Mohammed	Advocacy Manager	WaterAid Ghana
Akosua Konadu Asamoah	Human Res & Adm. Officer	WaterAid Ghana
Joseph Ampadu-Boakye	Junior Consultant	MAPLE Consult
Mawuena Dotse	Member, country team	MAPLE Consult