Against the Current: Community-Controlled Water Delivery in Savelugu, Ghana

By Al-Hassan Adam

Ghana is a country in West Africa, populated by about 20 million people. The country has experienced colonial domination from different European powers, including the Dutch, Portuguese, Danes, Germans and British, who plundered the wealth of the nation (gold, timber and people). The colonial name the Gold Coast was replaced by the name Ghana after the country became independent from Britain in 1957 and became a republic in 1960.

The provision of essential services in the then Gold Coast was to meet the needs of the colonial administrators and their priests who lived in fortified castles and forts, mainly in coastal towns. Cape Coast, the seat of the colonial government, was the first place to get potable water in 1928. After meeting the demands of the colonialists, water was extended to the auxiliary staff of the colonial administration. It was only after satisfying these classes of people that the administration extended water to the public in the form of communal "stand pipes", out-door taps located mostly in public spaces such as schools, hospitals and market squares. When the nationalist government assumed power in 1957, in a bid to fulfil the demands of self-rule, they created a Water Supply body under the Ministry of Works and Housing in 1958.

In 1965, parliament created Ghana Water and Sewerage Corporation (GWSC) as a legal, public entity charged with responsibility for providing and managing water resources. This move was not unusual; most newly-independent countries were undertaking state-led development. This arrangement created a massive, centralised bureaucratic institution, which made it next to impossible for decision-making at regional level, much less district and unit levels, and state bureaucracy had its own setbacks due to alienation of the general populace from effective participation in policy making.

In order to overcome these challenges, the state and its major donors thought it best to decentralise some of GWSC's operations. The donors, particularly the World Bank, were guided by neoclassical economic school of thought and saw decentralisation as a step towards minimising the government's expenditure and influence over water provision. The decentralisation took place from 1970 to 1985, but the results did not match the targets. The political landscape also contributed to the alienation of the services from the consumers. The military dominated political power and decision-making processes, crowding out citizen participation. The military junta (PNDC) dominated the political scene from 1981 to 1992, when it catapulted itself into a political party (National Democratic Party-NDC) led by J.J. Rawlings, and won the elections from 1992 to 2000. Not only did PNDC and NDC crowd out citizens' voices, but they followed the economic agendas laid down by the World Bank and IMF to the letter.[1] Ghana's economy was celebrated by the IMF and World Bank as a model, yet, the reign of this military junta brought about unbridled corruption in the public sector.

This corruption engulfed GWSC, as the corporation was restructured purposely for fiscal policies, which meant the sacking of 2000 workers from 1990-93. The private water company Thames (UK) was contracted by the government and

[1] The PNDC/NDC instituted the IMF and World Bank's Economic Recovery Programme (ERP) and Structural Adjustment Programme (SAP).

donors to strengthen GWSC's managerial and financial capacity through World Bank's financial support (Project Credit 1342GH). Ghana supplied Thames with $13,5 million through a World Bank loan. There are similar packages that were carried through up till 1997. At the end of the day the restructuring failed to deliver potable water to Ghanaians and the corporation was running into crisis.

The collapse of phase 1 of the neoclassical Structural Adjustment Programme (SAP) gave way to further and harsher economic models. Phase 2 meant massive deregulation with the focus on transferring public resources to private purses. In 1993, the NDC government accepted the World Bank's recommendation to restructure the water sector in preparation for privatisation, a process which worsened the plight of rural people, who face the toughest water burden, because the government relinquished responsibility for providing them with water and gave the responsibility to under-funded local authorities and unreliable philanthropists. Seeking to sell GWSC, the NDC government went into negotiations with the private water company Azurix (a subsidiary of Enron). There were a lot of clouds hanging over the deal with Azurix and it was later alleged that a minister accepted a bribe of $5 million from Azurix in 1995. The government could not push through the Private Sector Participation (PSP) deal in 1996 since it was an election year and publicity of the bribery scandal would be detrimental to their campaign.

After winning the elections in 1996, the NDC government continued preparing the ground for water privatisation and the Water Resources Commission oversaw the giving of water rights and permits, opening the floodgates for selling water bodies to private companies and individuals. In 1999, the government incorporated Ghana Water Company Limited (GWCL) as a public, limited liability company, and it assumed responsibility for 100 relatively larger urban potable water supply systems. Under the privatisation process, the 100 systems were reclassified into 69 systems and packaged into two business units to be sold to two separate companies. The business units were supposed to be leased out for 10 to 25 years.

A wave of opposition to the neo-liberal policies in 1995 - dubbed "Kume Preko" - resisted the moves of the NDC to liberalise the economy. Mass demonstrations were held and the state responded by killing four of the demonstrators. At the forefront of the demonstrators were the leadership of the then biggest opposition party, NPP (New Patriotic Party). This party later became the ruling government, after which it changed course and also started promoting privatisation.[2]

In 2001 a national water stakeholders' workshop was organised by the Integrated Social Development Centre in the capital, Accra, to look at the pros and cons of PSP. At the end of the workshop, the PSP plan which was previously shelved by the NDC, but now being re-invigorated by the new government of NPP led by John Kufour, was seen as a proposal that would not deliver water to all, especially the poor. A declaration was signed and the signatories formed the National Coalition Against Privatisation of Water (NCAP).

The coalition membership cuts across civil institutions in the country; Organised labour, students, communities and NGOs are all involved. Since the start of the campaign, the government has come down heavily on members, calling them terrorists and un-patriotic among other names. Newspaper advertisements by the government to tarnish its reputation did

[2] One of the leading members of the NPP, Kan Dapaah, wrote in a national daily "In Defence of GWSC: Stop the butchering." (Daily Graphic, August 4, 1999, p7). His article was very critical of the privatisation process but Dapaah is now a minister who supports Private Sector Participation.

not scare them. The smear campaign was masterminded by the water sector restructuring secretariat, an outfit sponsored by the World Bank and the UK development agency the Department for International Development (DFID).

A principle argument in support of the privatisation of GWCL was that there would be more money for the utility after implementation of the project, but this argument is flawed. There was an initial promise of $500 million from international donors which would be made available for the company to borrow at no interest. The final two private water companies who will win the bids are obliged to contribute $70 million each for each business unit. This amount was challenged and the amount was dropped to $30 million. Soon after the private companies refused to inject even these small amounts into GWCL, citing currency devaluation, political instability after the September 11 attacks and war conflicts in the West African sub-region that make investment unattractive.

According to the World Bank, on offer at the time of writing is a three-year service contract rolled into a five-year lease contract, by which time there will be less political and financial risk in the sub-region. In essence, all risks are offloaded onto the public and all profits to the private operator.[3] GWCL's existing debt will be cleared and the private water corporations are not required to make any significant investments.[4] Additionally, the foreign company is allowed to repatriate

[3] According to the new management service contract, 42 months after operation of the service contract, the operator could be served six months' notice for the termination of contract when it is realised out right lease is possible. Reading in between the lines, the contract document says that 42 months after using public money to clear the debt of GWCL, the contract would be transformed into "Lease".

[4] This became clear at a meeting to inspect the bid document. The private companies asked if they were expected to service the debt of GWCL and Alex McPhail of the World Bank said only a deposit of $500,000 as working capital was required and would be fully refundable at the end of the contract (p5 of contract document). Even the World Bank's Fact Sheet on the Management Contract says the company is not required to invest in or expand the water sector.

100% of the profits and has no obligation to re-invest in GWCL. Therefore, whether the reform is a success or a failure, the private operator will make a profit, while the Ghanaian government will be deeper in debt.

Mr. Lamptey, managing director of GWCL, has estimated the company requires US$100 million per annum to provide safe water on a sustainable basis. Currently, GWCL has a budget of only $45 million. With the onset of the management contract, it will have a budget of $135-145 million over a five year period. Therefore, there will be a significant de-investment in GWCL, as it will be running on a budget of only $27-29 million per annum within the Private Sector Participation (PSP) framework. The de-investment in GWCL of about $17 million per annum is bound to cause far-reaching damage to the water sector. In order to raise the necessary funds to keep GWCL functional, the private operator will not provide the capital, but rather potable water consumers will bear the cost in increased tariffs. The government and the donors are finding it difficult to tell the public that the private water companies, previously presented as strategic investors, are in fact strategic managers. The World Bank, meanwhile, has embarked on a new strategy to gain the support of tribal chiefs in order to win over Ghanaian citizens to PSP. World Bank President Wolfensohn has pledged a $30 million loan to an Ashanti chief to enable him to provide water and sanitation services to some communities in the country. This is despite the fact that the chief has no previous experience in water and sanitation and is not democratically accountable to anyone.

Ever since government and donors (backed by NGOs like WaterAid) have pushed hard to sell GWCL to Suez, Veolia or Biwater, investment in GWCL has dwindled. Rampant water shortages are the norm and private water vendors are cashing in on this situation by drawing water from filling points with

trucks and selling it at 600% of the original price, which is unaffordable for most consumers. Worst affected are rural areas. There has also been a surge in guinea worm infection, a debilitating water-borne disease. Ghana has the second highest rate of guinea cases even though it was almost eradicated 10 years ago.

Savelugu: the Case for Public Investment and Control

It has been demonstrated that community control of water resources is feasible by a guinea-worm infested community called Savelugu in northern Ghana. Savelugu is a small town whose inhabitants are basically farmers and middle men and women who sell farm produce. It is also in one of districts where guinea worm is most endemic. Savelugu, with a population of 20,000, had 600 cases of guinea infection, the highest in the country. Out of necessity, this community has been able to develop a water distribution model based on citizens taking control of their water and has been celebrated by local water activists, water service providers and international activists alike.

The achievements in Savelugu were possible due to the injection of funds and human resources from central government represented by GWCL, and international NGOs (UNICEF, GLOBAL 2000, World Vision). These organisations, in collaboration with the community, approached GWCL to sell water in bulk to the community who will then distribute it.

By taking over distribution, the community is able to drastically reduce unaccounted for water, set lower tariff rates and also do routine maintenance and some expansion of connections.[5] Tariff setting is undertaken by the community water

[5] For any amount of water supplied, the water board allows up to five percent losses at the fetching points. Thus, water committees account for up to 95% of water supplied to their respective sections.

board and tariffs are cross-subsidised so water is affordable even for the poor and the elderly. At the time of writing, cases of guinea worm are virtually unknown in Savelugu. Access to potable water has increased to 74,4%, compared to the national average of 36% access for the rural population.[6]

How can this model be replicated in other parts of the country and the world at large? First, there must be public investment in the huge capital outlay associated with water infrastructure development. The community cannot mobilise the investment required upfront for these types of projects on its own. The community should be given the mandate to take full control of the utility and its water distribution, with capacity building in project management and monitoring. Part of this should include how to recruit skilful technicians, preferably residents or others who have a sense of community development. The main task of water production should be the responsibility of a bigger public institution. In the case of Ghana this should be GWCL.

The sustainability of such public schemes is assured when there are public funds available to support them. Also, the recognition that consumers and community members can make a meaningful contribution towards management of utilities and the demystification of decision making in the utilities is important. Consumers and community involvement guard against mistrust and help build public confidence in management. Acrimony associated with tariff collection would not arise if consumers and the community were involved.

[6] "Report on Public-Community Partnership Model for Water Delivery In Ghana: a Case Study of the Savelugu Water System", Integrated Social Development Center and Community Partnership for Health and Development, 2002.

Current international economic trends, however, result in public institutions being short of funds and undermined. This is a great danger to the success of initiatives like that of Savelugu. The general crisis of Ghana urban water, created by lack of investment and the privatisation preparation processes, now also impacts on the performance of the Savelugu scheme. GWCL in Tamale, the main supplier of bulk potable water to Savelugu, has begun rationing its water which has drastically affected Savelugu. The lesson here is that you cannot guarantee a successful performance of an enclave in the midst of crisis. The issue of delivering water for all should always be seen in a wider context. There should be a common policy and purpose. The private corporations have recognised this and are trying feverishly to institute a global water policy geared towards privatisation. What we have to do is to fight to consolidate public funding and control of water resources and management. This will ensure cross-fertilisation of ideas and resources for the common good.

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